OHIO VALLEY BANC CORP
Form 10-K
March 16, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

o 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 Small Business Issuer 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
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, Without Par Value	The NASDAQ Stock Market LLC (The NASDAQ Global Market)

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ¨ NO þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES o NO þ

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 þ 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 þ NO ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer o	Accelerated filer þ
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO þ

Based on the closing sales price of $22.94 per share on June 30, 2014, the aggregate market value of the issuer's shares held by non-affiliates on such date was $84,755,776. For this purpose, shares held by non-affiliates are all outstanding shares except those held by the directors and executive officers of the issuer and those held by The Ohio Valley Bank Company as trustee with respect to which The Ohio Valley Bank Company has sole or shared voting or dispositive power.

The number of common shares of the registrant outstanding as of February 28, 2015 was 4,117,675.

Documents Incorporated By Reference:

(1) Portions of the 2014 Annual Report to Shareholders of Ohio Valley Banc Corp. (Exhibit 13) are incorporated by reference into Part I, Item 1 and Part II, Items 5, 6, 7, 7A, 8 and 9A.

(2) Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held May 13, 2015 are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14.

PART I

ITEM 1 - BUSINESS

Organizational History and Subsidiaries

Ohio Valley Banc Corp. ("Ohio Valley" or the "Company") is an Ohio corporation registered as a financial holding company pursuant to the Bank Holding Company Act of 1956, as amended ("BHC Act"). Ohio Valley was incorporated under the laws of the State of Ohio on January 8, 1992 and began conducting business on October 23, 1992. The principal executive offices of Ohio Valley are located at 420 Third Avenue, Gallipolis, Ohio 45631. Ohio Valley's common shares are listed on The NASDAQ Global Market under the symbol "OVBC." Ohio Valley has one banking subsidiary, The Ohio Valley Bank Company (the "Bank"). Ohio Valley also owns three nonbank subsidiaries, Loan Central, Inc., which engages in lending ("Loan Central"), Ohio Valley Financial Services Agency, LLC, which is used to facilitate the receipt of commissions on insurances sold by the Bank and Loan Central ("Ohio Valley Financial Services"), and OVBC Captive, Inc., a limited purpose property and casualty insurance company ("OVBC Captive"). Ohio Valley also owns one wholly-owned subsidiary trust formed solely to issue a trust preferred security. Ohio Valley and its subsidiaries are collectively referred to as the "Company." Ohio Valley's financial service operations are considered by management to be aggregated in two reportable segments: banking and consumer finance. Total revenues from the banking segment, which accounted for the majority of the Company's total revenues, totaled 90.6%, 90.5% and 91.2% of total consolidated revenues for the years ended December 31, 2014, 2013 and 2012, respectively.

Interested readers can access Ohio Valley's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through Ohio Valley's internet website at www.ovbc.com (this uniform resource locator, or URL, is an inactive textual reference only and is not intended to incorporate the information contained on Ohio Valley's website into this Annual Report on Form 10-K). These reports can be accessed free of charge through a link to The NASDAQ Stock Market's website from Ohio Valley's website as soon as reasonably practicable after Ohio Valley electronically files such materials with, or furnishes them to, the Securities and Exchange Commission ("SEC").

Business of Ohio Valley

As a financial holding company registered under the BHC Act, Ohio Valley's primary business is community banking. As of December 31, 2014, Ohio Valley's consolidated assets approximated to $778.7 million, and total shareholders' equity approximated to $86.2 million.

Ohio Valley is also permitted to engage in certain non-banking activities under the provisions of the Gramm-Leach-Bliley Act ("GLB Act"), such as securities underwriting and dealing activities, insurance agency and underwriting activities and merchant banking/equity investment activities. Ohio Valley presently has an insurance agency, Ohio Valley Financial Services, that is used to facilitate the commission receipts on insurance sold by the Bank and Loan Central. Ohio Valley also has a captive insurance company, OVBC Captive, that is engaged in the business of providing commercial property and various liability insurance to the Company and related entities. Management will consider opportunities to engage in additional nonbanking activities as they arise.

Business of Bank Subsidiary

A substantial portion of Ohio Valley's revenue is derived from cash dividends paid by the Bank. The Bank presently has fourteen offices located in Ohio and West Virginia, all but two offering automatic teller machines ("ATMs"). Seven

of these offices also offer drive-up services. The Bank accounted for substantially all of Ohio Valley’s consolidated assets at December 31, 2014.

The Bank is primarily engaged in commercial and retail banking. The Bank is a full-service financial institution offering a blend of commercial and consumer banking services within southeastern Ohio as well as western West Virginia. The banking services offered by the Bank include the acceptance of deposits in checking, savings, time and money market accounts; the making and servicing of personal, commercial, floor plan and student loans; and the making of construction and real estate loans. The Bank also offers individual retirement accounts, safe deposit boxes, wire transfers and other standard banking products and services. As part of its lending function, the Bank offers credit card services. The Bank's deposits are insured up to applicable limits by the Federal Deposit Insurance Corporation ("FDIC"). In addition to originating loans, the Bank invests in U.S. government and agency obligations, interest-bearing deposits in other financial institutions, and other investments permitted by applicable law.

The Bank began offering trust services in 1981. The trust department acts as trustee under wills, trusts and profit sharing plans, as executor and administrator of estates, and as guardian for estates of minors and incompetents. In addition, the trust department performs a variety of investment and security services where the Bank acts as an agent on behalf of the client. Trust services are available to all customers of the Bank.

The Bank also offers internet banking to its customers, which allows customers to perform various transactions using a computer from any location as long as they have access to the internet and a secure browser. Specifically, customers can check personal account balances, receive information about transactions within their accounts, make transfers between accounts, stop payment on a check, and reorder checks. Customers may also pay bills online and can make payments to virtually any business or individual. Furthermore, the Bank offers other financial management online services, such as cash management and news updates related to repossession auctions, current rates and general bank news.

Business of Loan Central

Loan Central is engaged in consumer finance, offering smaller balance personal and mortgage loans to individuals with higher credit risk history. Loan Central's line of business also includes seasonal tax refund loan services. Loan Central presently has seven offices, all located within southeastern Ohio.

Business of Financial Services Subsidiaries

Ohio Valley Financial Services is a licensed insurance agency that is used to facilitate the receipt of commissions on insurance sold by the Bank and Loan Central. Ohio Valley Financial Services is licensed by the State of Ohio Department of Insurance.

OVBC Captive is a pure captive insurance company engaged in providing commercial property and various liability insurance to the Company and affiliates. OVBC Captive has been approved under the guidelines of the State of Nevada Division of Insurance.

Variable Interest Entities

Ohio Valley owns one special purpose entity, Ohio Valley Statutory Trust III, which has issued $8.5million in trust preferred securities. Ohio Valley has issued a like amount of subordinated debentures to the Trust in exchange for the proceeds of the issuance of the trust preferred securities. Ohio Valley used the proceeds to provide additional capital to the Bank to support growth. Further detail on Ohio Valley Statutory Trust III is located in Ohio Valley's 2014 Annual Report to Shareholders under "Note H – Subordinated Debentures and Trust Preferred Securities," in the notes to the Company's consolidated financial statements for the fiscal year ended December 31, 2014.

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Financial Information

Financial information regarding the Company as of December 31, 2014 and 2013 and results of operations for the past three fiscal years is contained in the Company's consolidated financial statements for the fiscal year ended December 31, 2014.

Lending Activities

The Company's loan portfolio increased $28.4 million to finish at $594.8 million in 2014. The loan portfolio is comprised of commercial (commercial real estate and commercial and industrial), residential real estate and consumer loans, including credit card and home equity loans. During 2014, commercial loans increased $16.9 million, or 6.9%, consumer loans increased $7.3 million, or 7.1%, and residential real estate loans increased $4.3 million, or 1.9%, as compared to 2013. Consolidated interest and fee revenue from loans accounted for 72.89%, 75.53%, and 76.51% of total consolidated revenues in 2014, 2013 and 2012, respectively. The Company's market area for lending is primarily located in southeastern Ohio and portions of western West Virginia. The Company believes that there is no significant concentration of loans to borrowers engaged in the same or similar industries and does not have any loans to foreign entities.

Residential Real Estate Loans

The Company's residential real estate loans consist primarily of one- to four-family residential mortgages and carry many of the same customer and industry risks as the commercial loan portfolio. Real estate loans to consumers are secured primarily by a first lien mortgage or deed of trust with evidence of title in favor of the Bank. The Company also requires proof of hazard insurance, required at the time of closing, with the Bank or Loan Central named as the mortgagee and as loss payee. The Company generally requires the amount of a residential real estate loan be no more than 80% of the purchase price or the appraisal value (whichever is the lesser) of the real estate securing the loan, unless private mortgage insurance is obtained by the borrower for the percentage exceeding 80%. These loans generally range from one-year adjustable to thirty-year fixed-rate mortgages. The Company's market area for real estate lending is primarily located in southeastern Ohio and portions of western West Virginia. The Bank continues to sell a portion of its new fixed-rate real estate loan originations to the Federal Home Loan Mortgage Corporation ("Freddie Mac") to enhance customer service and loan pricing. Secondary market sales of these real estate loans, which have fixed rates with fifteen- to thirty-year terms, have assisted in meeting the consumer preference for long-term fixed-rate loans as well as minimized the Bank's exposure to interest rate risk. Currently, the Bank's fixed-rate real estate loan offerings are limited to maturity terms up to fifteen years, with 100% of its thirty-year real estate loan demand being sold to to Freddie Mac.

Commercial Loans

The Company's commercial loan portfolio consists of loans to corporate borrowers primarily in small to mid-sized industrial and commercial companies that include service, retail and wholesale merchants. Collateral securing these loans includes equipment, inventory, stock, commercial real estate and rental property. Commercial loans are considered to have a higher level of risk compared to other types of loans (i.e., single-family residential mortgages, installment loans and credit card loans), although care is taken to minimize these risks. Numerous risk factors impact this portfolio, such as the economy, new technology, labor rates, cash flow, financial structure and asset quality. The payment experience on commercial loans is dependent on adequate cash flows from the business to service both interest and principal due. Thus, commercial loans may be more sensitive to adverse conditions in the economy generally or adverse conditions in a specific industry. The Company diversifies risk within this portfolio by closely monitoring industry concentrations and portfolios to ensure that it does not exceed established lending guidelines. Underwriting standards require a comprehensive credit analysis and independent evaluation of virtually

all larger balance commercial loans prior to approval. The Bank's loan committee will review and approve all new commercial loan originations that exceed the originating loan officer's lending limits according to the following thresholds: up to $750,000 unsecured, up to $3.0 million secured, and up to $3.0 million aggregate. The Executive Committee of the Bank's Board of Directors will review and approve all new commercial loan originations up to the legal lending limit of the Bank.

Consumer Loans

Consumer loans are secured by automobiles, mobile homes, recreational vehicles and other personal property. Personal loans and unsecured credit card receivables are also included as consumer loans. The Company makes installment credit available to customers in their primary market area of southeastern Ohio and portions of western West Virginia. Credit approval for consumer loans requires demonstration of sufficient income to repay principal and interest due, stability of employment, a positive credit record and sufficient collateral for secured loans. The Company monitors the risk associated with these types of loans by monitoring factors such as portfolio growth, lending policies and economic conditions. Underwriting standards are continually evaluated and modified based upon these factors. A qualified compliance officer is responsible for monitoring the performance of his or her respective consumer portfolio and updating loan personnel. The Company makes credit life insurance and health and accident insurance available to all qualified borrowers, thus reducing their risk of loss when their income is terminated or interrupted. The Company reviews its respective consumer loan portfolios monthly to charge off loans which do not meet applicable standards. Credit card accounts are administered in accordance with the same standards as those applied to other consumer loans. Consumer loans generally involve more risk as to collectibility than mortgage loans because of the type and nature of collateral and, in certain instances, the absence of collateral. As a result, consumer lending collections are dependent upon the borrower's continued financial stability and are adversely affected by job loss, divorce or personal bankruptcy and by adverse economic conditions. Also included in the category of consumer loans are home equity loans. Home equity lines of credit are generally made as second mortgages and charged a variable interest rate. Home equity lines are written with ten-year terms but are reviewed annually. The Company's consumer loans also consist of seasonal refund anticipation loans ("RAL's") offered by Loan Central during the tax season. RAL's are short-term cash advances against a customer's anticipated income tax refund.

Underwriting Standards

The Company's underwriting guidelines and standards are updated periodically and are presented to the Board of Directors of the holding company for approval. The purpose of the standards and guidelines is to grant loans on a sound and collectible basis; to invest available funds in a safe, profitable manner; to serve the legitimate credit needs of the Company's primary market areas; and to ensure that all loan applicants receive fair and equal treatment in the lending process. It is the intent of the underwriting guidelines and standards to: minimize losses by carefully investigating the credit history of each applicant, verify the source of repayment and the ability of the applicant to repay, collateralize those loans in which collateral is deemed to be required, exercise care in the documentation of the application, review, approval, and origination process, and administer a comprehensive loan collection program. The above guidelines are adhered to and subject to the experience, background and personal judgment of the loan officer assigned to the loan application. A loan officer may grant, with justification, a loan with variances from the underwriting guidelines and standards. However, a loan officer may not exceed his or her respective lending authority without obtaining the prior, proper approval from a superior.

Investment Activities

The Company's investment policy stresses the management of the investment securities portfolio, which includes both securities held to maturity and securities available for sale, to maximize the return over the long term in a manner that is consistent with good banking practices and relative safety of principal. The Company's investment portfolio is comprised of U.S. government sponsored entity and mortgage-backed securities as well as obligations of state and political subdivisions. Revenues from interest and dividends on securities accounted for 5.60%, 5.02% and 5.22% of total consolidated revenues in 2014, 2013 and 2012, respectively. The Company currently does not engage in trading account activity.

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Funding Activities

Sources of funds for loan and investment activities include "core deposits." Core deposits include demand deposits, savings and NOW accounts, and certificates of deposit less than $100,000. The Company will also utilize certificates of deposit from wholesale markets, when necessary, to support growth in assets. Short- and long-term advances from the Federal Home Loan Bank have also been a significant source of funding. Further funding has come from one trust preferred securities offering through Ohio Valley Statutory Trust III, totaling $8.5 million. Ohio Valley used the proceeds to provide additional capital to the Bank to support growth.

Electronic Refund Check / Electronic Refund Deposit Activities

The Company began its participation in a tax refund loan service in 2006, in which it serves as a facilitator for the clearing of tax refunds for a single tax refund product provider. A tax refund clearing agreement between the Bank and the tax refund product provider requires the Bank to process electronic refund checks ("ERC's") and electronic refund deposits ("ERD's") presented for payment on behalf of taxpayers containing taxpayer refunds. The Bank will, in turn, receive a fee paid by the third-party tax software provider for each transaction that is processed. During the year ended 2014, the Company's ERC/ERD fees totaled $3.1 million, an increase of $577,000, or 22.6%, as compared to the same period in 2013. For the 2014 tax season, the volume of ERC/ERD items increased over 2013. As a result of ERC/ERD fee activity being mostly seasonal, the majority of income will generally be recorded during the first half of the fiscal year, with only minimal income recorded thereafter.

Management continues to be pleased with the significant contribution this revenue source has made, accounting for 32.0% of the overall noninterest income during the year ended 2014. However, management anticipates the contributions from this revenue source will decrease in future periods due to recent changes in product service agreements. On October 21, 2014, the Bank entered into a new agreement with the third-party tax refund product provider. Due to competitive pressures, the new agreement generally provides for a different fee structure, including different fees depending upon the tax refund product selected, and fees that generally will be lower for each refund facilitated, with a reduction in per transaction fees in future years. It is impossible to predict the number of refunds that will be facilitated, the products chosen and therefore the fees that will be received by the Bank. Nevertheless, the Bank anticipates that without an increase in the number of refunds facilitated by the Bank, the fees received by the Bank from this arrangement will be significantly reduced in future years. If the number of refunds facilitated in 2015 under this agreement is the same as the number facilitated in 2014, and if the mix of tax refund products chosen remains the same, the fees from this arrangement would decrease in 2015 by approximately $790,000. An increase or decrease in the number of refunds facilitated or a change in the mix of tax refund products chosen could cause the fees from this arrangement to be substantially different.

Competition

Competition among providers of financial products and services continues to increase, with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The principal factors of competition for the Company's banking business are the rates of interest charged for loans, the rates of interest paid for deposits, the fees charged for services and the availability and quality of services. The market area for the Bank is concentrated primarily in the Gallia, Jackson, Pike, Lawrence and Meigs Counties of Ohio as well as the Mason and Cabell Counties of West Virginia. Some additional business originates from the surrounding Ohio counties of Vinton, Scioto and Ross. Competition for deposits and loans comes primarily from local banks and savings associations, although some competition is also experienced from local credit unions and insurance companies. The Company also competes with non-financial institutions that offer financial products and services. Some of the Company's competitors are not subject to the same level of regulation and oversight that is required of banks and bank holding companies. As a result, some of these competitors may have lower cost structures.

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Loan Central's market presence further strengthens the Company's ability to compete in the Gallia, Jackson, Lawrence and Pike Counties by serving a consumer base which may not meet the Bank's credit standards. Loan Central also operates in Scioto and Ross counties of Ohio, which is outside the Bank's primary market area. With the exception of Loan Central's tax refund loan activities and the Bank's ERC/ERD activities, the Company's business is not seasonal, nor is it dependent upon a single or small group of customers.

Historically, larger regional institutions, with substantially greater resources, have been generating a growing market presence. Yet, in recent years, the financial industry continues to consolidate, which affects competition by eliminating some regional and local institutions, while strengthening the acquiring companies. Many financial institutions have experienced significant challenges as a result of the economic crisis, which resulted in bank failures and significant intervention from the U.S. Government.

Overall, the Company believes it is able to compete effectively in both current and newer markets. There can be no assurance, however, that our ability to market products and services successfully or to obtain adequate yield on our loans will not be impacted by the nature of the competition that now exists or may later develop.

Supervision and Regulation

The following is a summary of certain statutes and regulations affecting Ohio Valley as well as the Bank and Loan Central. The summary is qualified in its entirety by reference to such statutes and regulations.

Regulation of Bank Holding Company

Ohio Valley is subject to the requirements of the BHC Act and to the reporting requirements of, and examination and regulation by, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Federal Reserve Board also has extensive enforcement authority over bank holding companies, including, among other things, the ability to:

- assess civil money penalties;
- issue cease and desist or removal orders; and
- require that a bank holding company divest subsidiaries (including its banking subsidiaries).

In general, the Federal Reserve Board may initiate enforcement action for violations of laws and regulations and unsafe or unsound practices.

A bank holding company is required to serve as a source of financial strength to each subsidiary bank and to commit resources to support those subsidiary banks. The Federal Reserve Board may require a bank holding company to contribute additional capital to an undercapitalized subsidiary bank and may disapprove of the payment of dividends to the shareholders of the bank holding company if the Federal Reserve Board believes the payment would be an unsafe or unsound practice. The Federal Reserve Board also requires bank holding companies to provide advance notification of planned dividends under certain circumstances.

The BHC Act requires the prior approval of the Federal Reserve Board in any case where a bank holding company proposes to:

- acquire direct or indirect ownership or control of more than 5% of the voting shares of any bank that is not already majority-owned by it;

- acquire all or substantially all of the assets of another bank or bank holding company; or
- merge or consolidate with any other bank holding company.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). This law is significantly changing the regulation of financial institutions and the financial services industry. Because the Dodd-Frank Act requires various federal agencies to adopt a broad range of regulations with significant discretion, some of which still have not been adopted, some of the effects they will have on our company are not yet known.

Many of the provisions of the Dodd-Frank Act apply directly only to institutions much larger than ours, and some will affect only institutions with different charters than ours or institutions that engage in activities in which we do not engage. Among the changes pursuant to the Dodd-Frank Act that can still be expected to have an effect on our business are the following:

- the Dodd-Frank Act creates a Consumer Financial Protection Bureau (the “CFPB”) with broad powers to adopt and enforce consumer protection regulations;

- new capital regulations for bank holding companies have been adopted, which impose stricter requirements, and any new trust preferred securities will no longer count toward Tier I capital;

- new corporate governance requirements applicable generally to all public companies in all industries require new compensation practices, including providing shareholders the opportunity to cast a non-binding vote on executive compensation and considering the independence of compensation advisers, and new executive compensation disclosure requirements. In addition, companies will be required to “claw back” incentive compensation under certain circumstances, although regulations have not yet been adopted.

In addition, new regulations regarding debit card fees were enacted by the Federal Reserve in October 2011. The new rules cap debit card interchange fees for banks with $10 billion or more in assets and prohibit network exclusivity arrangements and routing restrictions. Although the fee standards do not apply to Ohio Valley, competition and other market forces may result in a loss of revenue to us from these fees.

Although it is impossible for us to predict at this time all the effects the Dodd-Frank Act will have on us and the rest of our industry, it is possible that our revenue could decrease, our interest expense could increase and deposit insurance premiums could change, and steps may need to be taken to increase qualifying capital. We expect that our operating and compliance costs will increase and could adversely affect our financial condition and results of operations.

We cannot predict what other legislation or economic policies of the various regulatory authorities might be enacted or adopted or what other regulations might be adopted or the effects thereof. Future legislation and policies and the effects thereof might have a significant influence on overall growth and distribution of loans, investments and deposits and affect interest rates charged on loans or paid on time and savings deposits. Such legislation and policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

Transactions with Affiliates, Directors, Executive Officers and Shareholders

Section 23A and 23B of the Federal Reserve Act and Regulation W restrict transactions by banks and their subsidiaries with their affiliates. An affiliate of a bank is any company or entity which controls, is controlled by or is under common control with the bank.

Generally, Sections 23A and 23B and Regulation W:

- limit the extent to which a bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of that bank's capital stock and surplus (i.e., tangible capital);

- limit the extent to which a bank or its subsidiaries may engage in "covered transactions" with all affiliates to 20% of that bank's capital stock and surplus; and

- require that all such transactions be on terms substantially the same, or at least as favorable to the bank subsidiary, as those provided to a non-affiliate.

The term "covered transaction" includes the making of loans to the affiliate, the purchase of assets from the affiliate, the issuance of a guarantee on behalf of the affiliate, the purchase of securities issued by the affiliate, and other similar types of transactions.

A bank's authority to extend credit to executive officers, directors and greater than 10% shareholders, as well as entities such persons control, is subject to Sections 22(g) and 22(h) of the Federal Reserve Act and Regulation O promulgated thereunder by the Federal Reserve Board. Among other things, these loans must be made on terms substantially the same as those offered to unaffiliated individuals or be made as part of a benefit or compensation program and on terms widely available to employees, and must not involve a greater than normal risk of repayment. In addition, the amount of loans a bank may make to these persons is based, in part, on the bank's capital position, and specified approval procedures must be followed in making loans which exceed specified amounts.

Regulation of Ohio State Chartered Banks

As an Ohio state-chartered bank that is a member of the Federal Reserve Bank ("FRB"), the Bank is supervised and regulated primarily by the Ohio Division of Financial Institutions, the Federal Reserve Board and the CFPB.

The Bank's deposits are insured up to applicable limits by the FDIC, and the Bank is subject to the applicable provisions of the Federal Deposit Insurance Act and certain regulations of the FDIC.

Various requirements and restrictions under the laws of the United States, the State of Ohio and the State of West Virginia affect the operations of the Bank, including requirements to maintain reserves against deposits, restrictions on the nature and amount of loans that may be made and the interest that may be charged thereon, restrictions relating to investments and other activities, limitations on credit exposure to correspondent banks, limitations on activities based on capital and surplus, limitations on payment of dividends, and limitations on branching. Consumer laws and regulations also affect the services provided to Bank customers.

Holding Company Activities

Ohio Valley became a financial holding company during 2000, permitting it to engage in activities beyond those permitted for traditional bank holding companies. In order to become a financial holding company, a bank holding company and all of its depository institutions must be well capitalized and well managed under federal banking regulations, and the depository institutions must have received a Community Investment Act rating of at least satisfactory.

Financial holding companies may engage in a wide variety of financial activities, including any activity that the Federal Reserve Board and the Treasury Department consider financial in nature or incidental to financial activities, and any activity that the Federal Reserve Board determines complementary to a financial activity and which does not

pose a substantial safety and soundness risk. These activities include securities underwriting and dealing activities, insurance and underwriting activities and merchant banking/equity investment activities. Because it has authority to engage in a broad array of financial activities, a financial holding company may have several affiliates that are functionally regulated by financial regulators other than the Federal Reserve Board, such as the SEC and state insurance regulators.

Loan Central is supervised and regulated by the State of Ohio Department of Financial Institutions, Division of Consumer Finance. Ohio Valley Financial Services is supervised and regulated by the State of Ohio Department of Insurance. OVBC Captive is supervised and regulated by the State of Nevada Division of Insurance. The insurance laws and regulations applicable to insurance agencies, including Ohio Valley Financial Services and OVBC Captive, require education and licensing of individual agents and agencies, require reports and impose business conduct rules.

The GLB Act provides that if a subsidiary bank of a financial holding company fails to be both well capitalized and well managed, the financial holding company must enter into a written agreement with the Federal Reserve Board within 45 days to comply with all applicable capital and management requirements. Until the Federal Reserve Board determines that the bank is again well capitalized and well managed, the Federal Reserve Board may impose additional limitations or conditions on the conduct or activities of the financial holding company or any affiliate that the Federal Reserve Board finds to be appropriate or consistent with federal banking laws. If the financial holding company does not correct the capital or management deficiencies within 180 days, the financial holding company may be required to divest ownership or control of all banks, including state-chartered non-member banks and other well-capitalized institutions owned by the financial holding company. If an insured bank subsidiary fails to maintain a satisfactory rating under the Community Reinvestment Act, the financial holding company may not engage in activities permitted only to financial holding companies until such time as the bank receives a satisfactory rating.

Capital Requirements

Financial institutions and their holding companies are required to maintain capital as a way of absorbing losses that can, as well as losses that cannot, be predicted. The Federal Reserve has adopted risk-based capital guidelines for financial holding companies as well as state banks that are members of the Federal Reserve Bank. The Office of the Comptroller of the Currency and the FDIC have adopted risk-based capital guidelines for national banks and state non-member banks, respectively. The guidelines provide a systematic analytical framework which makes regulatory capital requirements sensitive to differences in risk profiles among banking organizations, takes off-balance sheet exposures expressly into account in evaluating capital adequacy and minimizes disincentives to holding liquid, low-risk assets. Capital levels as measured by these standards are also used to categorize financial institutions for purposes of certain prompt corrective action regulatory provisions.

Prior to January 1, 2015, the guidelines included a minimum for the ratio of total capital to risk-weighted assets of 8%, with at least half of the ratio composed of common shareholders' equity, minority interests in certain equity accounts of consolidated subsidiaries and a limited amount of qualifying preferred stock and qualified trust preferred securities, less goodwill and certain other intangible assets (known as "Tier 1" risk-based capital). The guidelines also provided for a minimum ratio of Tier 1 capital to average assets, or "leverage ratio," of 3% for financial holding companies and bank holding companies that meet certain criteria, including having the highest regulatory rating, and 4% for all other financial holding companies and bank holding companies.

The risk-based capital guidelines adopted by the federal banking agencies are based on the "International Convergence of Capital Measurement and Capital Standard" (Basel I), published by the Basel Committee on Banking Supervision (the "Basel Committee") in 1988. In 2004, the Basel Committee published a new capital adequacy framework (Basel II) for large, internationally active banking organizations, and in December 2010 and January 2011, the Basel Committee issued an update to Basel II ("Basel III"). The Basel Committee frameworks did not become applicable to banks supervised in the United States until adopted into United States law or regulations. Although the United States banking regulators imposed some of the Basel II and Basel III rules on banks with $250 billion or more in assets or $10 billion of on-balance sheet foreign exposure, it was not until July 2013 that the United States banking regulators issued final (or, in the case of the FDIC, interim final) new capital rules applicable to smaller banking organizations which also implement certain of the provisions of the Dodd-Frank Act (the "Basel III Capital Rules"). Community banking organizations, including the Ohio Valley and the Bank, began transitioning to the new rules on January 1,

2015. The new minimum capital requirements became effective on January 1, 2015, whereas a new capital conservation buffer and deductions from common equity capital phase in from January 1, 2016, through January 1, 2019, and most deductions from common equity tier 1 capital will phase in from January 1, 2015, through January 1, 2019.

The new rules include (a) a new common equity tier 1 capital ratio of at least 4.5 percent, (b) a Tier 1 capital ratio of at least 6.0 percent, rather than the former 4.0 percent, (c) a minimum total capital ratio that remains at 8.0 percent, and (d) a minimum leverage ratio of 4%.

Common equity for the common equity tier 1 capital ratio includes common stock (plus related surplus) and retained earnings, plus limited amounts of minority interests in the form of common stock, less the majority of certain regulatory deductions.

Tier 1 capital includes common equity as defined for the common equity tier 1 capital ratio, plus certain non-cumulative preferred stock and related surplus, cumulative preferred stock and related surplus and trust preferred securities that have been grandfathered (but which are not permitted going forward), and limited amounts of minority interests in the form of additional Tier 1 capital instruments, less certain deductions.

Tier 2 capital, which can be included in the total capital ratio, includes certain capital instruments (such as subordinated debt) and limited amounts of the allowance for loan and lease losses, subject to new eligibility criteria, less applicable deductions.

The deductions from common equity tier 1 capital include goodwill and other intangibles, certain deferred tax assets, mortgage-servicing assets above certain levels, gains on sale in connection with a securitization, investments in a banking organization's own capital instruments and investments in the capital of unconsolidated financial institutions (above certain levels). The deductions phase in from 2015 through 2019.

Under the guidelines, capital is compared to the relative risk related to the balance sheet. To derive the risk included in the balance sheet, one of several risk weights is applied to different balance sheet and off-balance sheet assets, primarily based on the relative credit risk of the counterparty. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Some of the risk weightings have been changed effective January 1, 2015.

The new rules also place restrictions on the payment of capital distributions, including dividends, and certain discretionary bonus payments to executive officers if the company does not hold a capital conservation buffer of greater than 2.5 percent composed of common equity tier 1 capital above its minimum risk-based capital requirements, or if its eligible retained income is negative in that quarter and its capital conservation buffer ratio was less than 2.5 percent at the beginning of the quarter. The capital conservation buffer phases in starting on January 1, 2016, at .625%. The implementation of Basel III is not expected to have a material impact on Ohio Valley's or the Bank's capital ratios.

Federal banking regulators have established regulations governing prompt corrective action to resolve capital deficient banks. Under these regulations, institutions which become undercapitalized become subject to mandatory regulatory scrutiny and limitations, which increase as capital continues to decrease. Such institutions are also required to file capital plans with their primary federal regulator, and their holding companies must guarantee the capital shortfall up to 5% of the assets of the capital deficient institution at the time it becomes undercapitalized.

Effective January 1, 2015, in order to be "well-capitalized," a bank must have a common equity tier 1 capital ratio of at least 6.5%, a total risk-based capital ratio of at least 10%, a Tier 1 risk-based capital ratio of at least 8% and a leverage ratio of at least 5%, and the bank must not be subject to any written agreement, order, capital directive or prompt corrective action directive to meet and maintain a specific capital level or any capital measure. Ohio Valley's management believes that the Bank meets the ratio requirements to be deemed "well-capitalized" according to the guidelines described above.

Limits on Dividends

The ability of a bank holding company to obtain funds for the payment of dividends and for other cash requirements is largely dependent on the amount of dividends that may be declared by its subsidiary banks and other subsidiaries. However, the Federal Reserve Board expects Ohio Valley to serve as a source of strength to the Bank, which may require it to retain capital for further investments in the Bank, rather than for dividends for shareholders of Ohio Valley. The Bank may not pay dividends to Ohio Valley if, after paying such dividends, it would fail to meet the required minimum levels under the risk-based capital guidelines and the minimum leverage ratio requirements. The Bank must have the approval of its regulatory authorities if a dividend in any year would cause the total dividends for that year to exceed the sum of its current year’s net profits and retained net profits for the preceding two years, less required transfers to surplus. Payment of dividends by the Bank may be restricted at any time at the discretion of its regulatory authorities, if they deem such dividends to constitute an unsafe and/or unsound banking practice or if necessary to maintain adequate capital for the Bank. These provisions could have the effect of limiting Ohio Valley’s ability to pay dividends on its outstanding common shares.

In addition, Federal Reserve Board policy requires Ohio Valley to provide notice to the FRB in advance of the payment of a dividend to Ohio Valley’s shareholders under certain circumstances, and the FRB may disapprove of such dividend payment if the FRB determines the payment would be an unsafe or unsound practice.

Dividend restrictions are also listed within the provisions of Ohio Valley’s trust preferred security arrangements. Under the provisions of these agreements, the interest payable on the trust preferred securities is deferral for up to five years and any such deferral would not be considered a default. During any period of deferral, Ohio Valley would be precluded from declaring or paying dividends to its shareholders or repurchasing any of its common stock.

Deposit Insurance Assessments

The FDIC is an independent federal agency which insures deposits, up to prescribed statutory limits, of federally-insured banks and savings associations and safeguards the safety and soundness of the financial institution industry.

The deposits of the Bank are insured up to statutorily prescribed limits by the FDIC, generally up to a maximum of $250,000 per separately insured depositor. Insurance premiums for insured institutions are determined based upon the member's capital level and supervisory rating provided to the FDIC by the bank's primary federal regulatory and other information the FDIC determines to be relevant to the risk posed to the deposit insurance fund (“DIF”). Until a change in regulations adopted by the FDIC in February 2011, the assessment rate determined by considering such factors was then applied to the amount of the bank's deposits to determine the bank's insurance premium. On April 1, 2011, the assessment base was changed from total domestic deposits to average total assets minus average tangible equity. The new regulations also change the assessment for larger institutions and the assessment rate schedules.

Insurance of deposits may be terminated by the FDIC upon a finding that the insured institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition enacted or imposed by the bank's regulatory agency. Notice would be given to all depositors before the deposit insurance was terminated.

On May 22, 2009, the FDIC adopted a final rule imposing a 5 basis point special assessment on each insured depository institution's assets minus Tier 1 capital as of June 30, 2009. The special assessment was paid on September 30, 2009 and totaled $373,000.

On November 12, 2009, the FDIC adopted a final rule requiring insured depository institutions to prepay their estimated quarterly risk-based assessments for all of 2010, 2011, and 2012. The Bank paid a total of $3.6 million on December 30, 2009 that was recorded as a prepaid asset and was charged to expense during the periods to which it relates.

The FDIC may impose an additional special assessment if the FDIC estimates that the DIF reserve will fall to a level that would adversely affect public confidence or to a level that will be close to or below zero. Any future special assessments will increase insurance premium expense on deposits if and when they become effective. We cannot provide any assurance as to the ultimate amount or timing of any future special assessments.

Monetary Policy and Economic Conditions

The business of commercial banks is affected not only by general economic conditions, but also by the policies of various governmental regulatory authorities, including the Federal Reserve Board. The Federal Reserve Board regulates the money and credit conditions and interest rates in order to influence general economic conditions primarily through open market operations in U.S. Government securities, changes in the discount rate on bank borrowings and changes in reserve requirements against bank deposits. These policies and regulations significantly influence the amount of bank loans and deposits and the interest rates charged and paid thereon, and thus have an effect on earnings.

Patriot Act

The Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorist Act of 2001 (the "Patriot Act") gives the federal government new powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing and broadened anti-money laundering requirements. Title III of the Patriot Act takes measures intended to encourage information sharing among bank regulatory agencies and law enforcement bodies. Further, certain provisions of Title III impose affirmative obligations on a broad range of financial institutions. Among other requirements, Title III and related regulations require regulated financial institutions to establish a program specifying procedures for obtaining identifying information from customers seeking to open new accounts and establish enhanced due diligence policies, procedures and controls designed to detect and report suspicious activity. The Company has established policies and procedures to comply with the requirements of the Patriot Act.

Volcker Rule

In December 2013, five federal agencies adopted a final regulation implementing the Volcker Rule provision of the Dodd-Frank Act (the "Volcker Rule"). The Volcker Rule places limits on the trading activity of insured depository institutions and entities affiliated with a depository institution, subject to certain exceptions. The trading activity includes a purchase or sale as principal of a security, derivative, commodity future or option on any such instrument in order to benefit from short-term price movements or to realize short-term profits. The Volcker Rule exempts specified U.S. Government, agency and/or municipal obligations, and it exempts trading conducted in certain capacities, including as a broker or other agent, through a deferred compensation or pension plan, as a fiduciary on behalf of customers, to satisfy a debt previously contracted, repurchase and securities lending agreements and risk-mitigating hedging activities.

The Volcker Rule also prohibits a banking entity from having an ownership interest in, or certain relationships with, a hedge fund or private equity fund, with a number of exceptions.

The Bank does not engage in any of the trading activities or own any of the types of funds regulated by the Volcker Rule.

Employees

As of December 31, 2014, Ohio Valley and its subsidiaries had approximately 264 full-time equivalent employees and officers. Management considers its relationship with its employees and officers to be good.

Other Information

Management anticipates no material effect upon the capital expenditures, earnings and competitive position of the Company by reason of any laws regulating or protecting the environment. Ohio Valley believes that the nature of the operations of its subsidiaries has little, if any, environmental impact. Ohio Valley, therefore, anticipates no material capital expenditures for environmental control facilities in its current fiscal year or for the foreseeable future.

The Bank and Loan Central may be required to make capital expenditures related to properties which they may acquire through foreclosure proceedings in the future. However, the amount of such capital expenditures, if any, is not currently determinable.

Neither Ohio Valley nor its subsidiaries have any material patents, trademarks, licenses, franchises or concessions. No material amounts have been spent on research activities, and no employees are engaged full-time in research activities.

Financial Information About Foreign and Domestic Operations and Export Sales

Ohio Valley's subsidiaries do not have any offices located in a foreign country, and they have no foreign assets, liabilities, or related income and expense.

Statistical Disclosure

The following section contains certain financial disclosures relating to Ohio Valley as required under the SEC's Industry Guide 3, "Statistical Disclosure by Bank Holding Companies," or a specific reference as to the location of the required disclosures in Ohio Valley's 2014 Annual Report to Shareholders, which are incorporated herein by reference.

I. DISTRIBUTION OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY; INTEREST RATES AND INTEREST DIFFERENTIAL

A. & B. The average balance sheet information and the related analysis of net interest earnings for the years ended December 31, 2014, 2013 and 2012 are incorporated herein by reference to the information appearing under the caption "Table I – Consolidated Average Balance Sheet & Analysis of Net Interest Income," within "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

C. Tables setting forth the effect of volume and rate changes on interest income and expense for the years ended December 31, 2014 and 2013 is incorporated herein by reference to the information appearing under the caption "Table II - Rate Volume Analysis of Changes in Interest Income & Expense," within "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

II. INVESTMENT PORTFOLIO

A. Types of Securities - Total securities on the balance sheet were comprised of the following classifications at December 31:

(dollars in thousands)	2014	2013	2012
Securities Available for Sale			
U.S. Government sponsored entity securities	$ 8,917	$ 8,852	$ 1,012
Agency mortgage-backed securities, residential	76,319	75,216	93,953
Total securities available for sale	$ 85,236	$ 84,068	$ 94,965
Securities Held to Maturity			
Obligations of states of the U.S. and political subdivisions	$ 22,811	$ 22,814	$ 23,494
Agency mortgage-backed securities, residential	9	12	17
Total securities held to maturity	$ 22,820	$ 22,826	$ 23,511

B. Information required by this item is incorporated herein by reference to the information appearing under the caption “Table III - Securities,” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” located in Ohio Valley’s 2014 Annual Report to Shareholders.

C. Excluding obligations of the U.S. Government and its agencies, no concentration of securities exists of any issuer that is greater than 10% of shareholders’ equity of Ohio Valley.

III. LOAN PORTFOLIO

A. Types of Loans - Total loans on the balance sheet were comprised of the following classifications at December 31:

(dollars in thousands)	2014	2013	2012	2011	2010
Residential real estate	$223,628	$219,365	$226,022	$238,490	$236,878
Commercial real estate	177,612	183,871	175,010	207,455	226,622
Commercial and industrial	83,998	60,803	57,239	45,200	55,306
Consumer	109,530	102,280	100,017	107,163	122,516
	$594,768	$566,319	$558,288	$598,308	$641,322

B. Maturities and Sensitivities of Loans to Changes in Interest Rates - Information required by this item is incorporated herein by reference to the information appearing under the caption “Table VI - Maturity and Repricing Data of Loans,” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” located in Ohio Valley’s 2014 Annual Report to Shareholders.

C. 1. Risk Elements - Gross interest income that would have been recorded on loans that were classified as nonaccrual or troubled debt restructurings if the loans had been in accordance with their original terms is estimated to be $1.2 million, $887,000 and $1.1 million for the fiscal years ended December 31, 2014, 2013 and 2012, respectively. The amount of interest income that was included in net income recorded on such loans was $1.0 million, $804,000 and $938,000 for the fiscal years ended December 31, 2014, 2013 and 2012, respectively. Additional information required by this item is incorporated herein by reference to the information appearing under the caption “Table V - Summary of Nonperforming and Past Due Loans,” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” located in Ohio Valley’s 2014 Annual Report to

Shareholders.

2. Potential Problem Loans - At December 31, 2014 and 2013, there were no loans that are not already included in “Table V - Summary of Nonperforming and Past Due Loans” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” located in Ohio Valley’s 2014 Annual Report to Shareholders, for which management has some doubt as to the borrower’s ability to comply with the present repayment terms. These loans and their loss exposure have been considered in management’s analysis of the adequacy of the allowance for loan losses.

3. Foreign Outstandings - There were no foreign outstandings at December 31, 2014, 2013 or 2012.

4. Loan Concentrations - As of December 31, 2014 and 2013, there were no concentrations of loans greater than 10% of total loans which are not otherwise disclosed as a category of loans pursuant to Item III.A. above. Also refer to the Consolidated Financial Statements regarding concentrations of credit risk found within "Note A-Summary of Significant Accounting Policies" of the notes to the Company's consolidated financial statements for the fiscal year ended December 31, 2014, located in Ohio Valley's 2014 Annual Report to Shareholders which is incorporated herein by reference.

D. Other Interest-Bearing Assets - As of December 31, 2014 and 2013, there were no other interest-bearing assets that would be required to be disclosed under Item III.C. if such assets were loans.

IV. SUMMARY OF LOAN LOSS EXPERIENCE

A. The following schedule presents an analysis of the allowance for loan losses for the fiscal years ended December 31:

(dollars in thousands)	2014	2013	2012	2011	2010
Balance, beginning of year	$6,155	$6,905	$7,344	$9,386	$8,198
Loans charged off:					
Residential real estate	487	819	1,066	2,034	971
Commercial real estate	235	2	2,378	1,913	2,766
Commercial and industrial	41	600	70	4,725	191
Consumer	1,216	1,279	1,622	1,750	1,951
Total loans charged off	1,979	2,700	5,136	10,422	5,879
Recoveries of loans:					
Residential real estate	286	282	140	201	40
Commercial real estate	108	345	43	1,391	70
Commercial and industrial	392	65	2,019	1,127	25
Consumer	585	781	912	765	1,061
Total recoveries of loans	1,371	1,473	3,114	3,484	1,196
Net loan charge-offs	(608)	(1,227)	(2,022)	(6,938)	(4,683)
Provision charged to operations	2,787	477	1,583	4,896	5,871
Balance, end of year	$8,334	$6,155	$6,905	$7,344	$9,386
Ratio of net charge-offs to average loans outstanding	.10%	.22%	.35%	1.11%	.72%
Ratio of allowance for loan losses to non-performing assets	74.76%	122.81%	90.24%	99.34%	99.72%

Discussion of factors that influenced management in determining the amount of additions charged to provision expense is incorporated herein by reference to the information appearing under the caption "Allowance for Loan Losses and Provision Expense" within "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

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B. Allocation of the Allowance for Loan Losses - Information required by this item is incorporated herein by reference to the information appearing under the caption "Table IV - Allocation of the Allowance for Loan Losses," within "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

V. DEPOSITS

A. Deposit Summary - Information required by this item is incorporated herein by reference to the information appearing under the caption "Table I - Consolidated Average Balance Sheet & Analysis of Net Interest Income," within "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

C.&E. Foreign Deposits - There were no foreign deposits outstanding at December 31, 2014, 2013, or 2012.

D. Schedule of Maturities - The following table provides a summary of total time deposits of $100,000 or greater by remaining maturities for the fiscal year ended December 31, 2014 and 2013:

December 31, 2014 (dollars in thousands)	3 months or less	Over 3 through 6 months	Over 6 through 12 months	Over 12 months
Total time deposits of $100 or greater	$17,474	$10,498	$11,540	$46,778

December 31, 2013 (dollars in thousands)	3 months or less	Over 3 through 6 months	Over 6 through 12 months	Over 12 months
Total time deposits of $100 or greater	$15,265	$8,912	$25,205	$26,662

VI. RETURN ON EQUITY AND ASSETS

Information required by this section is incorporated herein by reference to the information appearing under the caption "Table X - Key Ratios" within "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

VII. SHORT-TERM BORROWINGS

During the years ended December 31, 2014 and 2013, the Company had no securities sold under agreements to repurchase on hand.

ITEM 1A – RISK FACTORS

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this Annual Report on Form 10-K which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, the statements specifically identified as forward-looking statements within this document. In addition, certain statements in future filings by Ohio Valley with the SEC, in press releases, and in oral and written statements made by or with the approval of Ohio Valley which are not statements of historical fact constitute

forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Examples of forward-looking statements include: (i) projections of income or expense, earnings per share, the payment or non-payment of dividends, capital structure and other financial items; (ii) statements of plans and objectives of Ohio Valley or our management or Board of Directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as “believes,” “anticipates,” “expects,” “intends,” “targeted,” and similar expressions are intended to identify forward-looki statements but are not the exclusive means of identifying those statements.

The Private Securities Litigation Reform Act provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the forward-looking statements. We desire to take advantage of the "safe harbor" provisions of that Act.

Forward-looking statements involve risks and uncertainties. Actual results may differ materially from those predicted by the forward-looking statements because of various factors and possible events, including those factors identified below. There is also the risk that Ohio Valley's management or Board of Directors incorrectly analyzes these risks and forces, or that the strategies Ohio Valley develops to address them are unsuccessful.

Forward-looking statements speak only as of the date on which they are made, and, except as may be required by law, Ohio Valley undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made to reflect unanticipated events. All subsequent written and oral forward-looking statements attributable to Ohio Valley or any person acting on our behalf are qualified in their entirety by the following cautionary statements.

The following are certain risks that management believes are specific to our business. This should not be viewed as an all-inclusive list of risks or presenting the risk factors listed in any particular order.

Difficult conditions in the financial markets, the real estate market and economic conditions generally may adversely affect our business and results of operations.

Negative developments in the capital markets in recent years resulted in uncertainty in the financial markets and an economic downturn. The housing market declined, resulting in decreasing home prices and increasing delinquencies and foreclosures. The credit performance of all types of mortgage and real estate assets, including loans and equity securities, resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. Many financial institutions have been forced to seek additional capital or to merge with larger and stronger institutions. Some financial institutions have failed.

Concerns over the stability of the financial markets and the economy caused some financial institutions to reduce their lending to customers and to each other. This tightening of credit led to increased loan delinquencies, lack of customer confidence, increased market volatility and a widespread reduction in general business activity.

While some improvements in the U.S. economy have occurred, including improvements in employment levels and housing prices, there is still some concern about whether such improvements will continue. Economic problems in Europe have added to volatility in the capital markets and concerns over whether improvements in the U.S. economy will continue. A worsening of current conditions would likely adversely affect our business and results of operations, as well as those of our customers. As a result, we may experience increased delinquencies, foreclosures and customer bankruptcies, as well as decreased loan demand.

Changes in economic and political conditions, both national and local, could adversely affect our earnings, cash flows and capital, as our borrowers' ability to repay loans and the value of the collateral securing our loans decline.

Our success depends, to a certain extent, upon economic and political conditions, local and national, as well as governmental fiscal and monetary policies. Inflation, recession, unemployment, changes in interest rates, money supply and other factors beyond our control may adversely affect our asset quality, deposit levels and loan demand and, therefore, our financial condition and results of operations. Because a significant amount of our loans are secured by real estate, additional decreases in real estate values likely would adversely affect the value of property used as collateral and our ability to sell the collateral upon foreclosure. Adverse changes in the economy may also have a negative effect on the ability of our borrowers to make timely repayments of their loans, which would have an adverse impact on our earnings and cash flows.

In addition, consistent with our community banking philosophy, substantially all of our loans are to individuals and businesses in Ohio and West Virginia. Therefore, our local and regional economies have a direct impact on our ability to generate deposits to support loan growth, the demand for loans, the ability of borrowers to repay loans, the value of collateral securing our loans (particularly loans secured by real estate), and our ability to collect, liquidate and restructure problem loans. Consequently, any decline in the economy of this market area could have a material adverse effect on our financial condition and results of operations. We are less able than larger financial institutions to spread risks of unfavorable local economic conditions across a large number of diversified economies.

New laws and increased regulatory oversight may significantly affect our business, financial condition and results of operations.

During the last several years, Congress, the Treasury and the financial institution regulators took numerous actions to address the liquidity and credit situation in the financial markets. These measures include actions to encourage loan restructuring and modification for homeowners; the establishment of significant liquidity and credit facilities for financial institutions and investment banks; the lowering of the federal funds rate; and coordinated efforts to address liquidity and other weaknesses in the banking sector. The long-term effect of actions already taken as well as new legislation is unknown. Renewed instability in the financial markets could weaken public confidence in financial institutions and adversely affect our ability to attract and retain new customers.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). This law is significantly changing the regulation of financial institutions and the financial services industry. Because the Dodd-Frank Act requires various federal agencies to adopt a broad range of regulations with significant discretion, some of the effects they will have are not yet known.

Many of the provisions of the Dodd-Frank Act apply directly only to institutions much larger than ours, and some will affect only institutions with different charters than ours or institutions that engage in activities in which we do not engage. Among the changes pursuant to the Dodd-Frank Act that can still be expected to have an effect on our business are the following:

- the Dodd-Frank Act creates a Consumer Financial Protection Bureau (the "CFPB") with broad powers to adopt and enforce consumer protection regulations;

- new capital regulations for bank holding companies have been adopted, which impose stricter requirements, and any new trust preferred securities will no longer count toward Tier I capital;

- new corporate governance requirements applicable generally to all public companies in all industries will require new compensation practices, including providing shareholders the opportunity to cast a non-binding vote on

executive compensation and considering the independence of compensation advisers, and new executive compensation disclosure requirements. In addition, companies will be required to “claw back” incentive compensation under certain circumstances, although regulations have not yet been adopted.

In addition, new regulations regarding debit card fees were enacted by the Federal Reserve in October 2011. The new rules cap debit card interchange fees for banks with $10 billion or more in assets and prohibit network exclusivity arrangements and routing restrictions. Although the fee standards do not apply to Ohio Valley, competition and other market forces may result in a loss of revenue to us from these fees.

In addition to laws, regulations and actions directed at the operations of banks, proposals to reform the housing finance market consider winding down Fannie Mae and Freddie Mac, which could negatively affect our ability to sell loans.

Although it is impossible for us to predict at this time all the effects the Dodd-Frank Act or other legislation not yet adopted will have on us and the rest of our industry, it is possible that our revenue could decrease, our interest expense could increase and deposit insurance premiums could change, and steps may need to be taken to increase qualifying capital. We expect that our operating and compliance costs will increase and could adversely affect our financial condition and results of operations.

Our earnings are significantly affected by the fiscal and monetary policies of the U.S. Government and its agencies, sometimes adversely.

The policies of the Federal Reserve Board impact us significantly. The Federal Reserve Board regulates the supply of money and credit in the United States. Its policies directly and indirectly influence the rate of interest earned on loans and paid on borrowings and interest-bearing deposits and can also affect the value of financial instruments we hold. Those policies determine to a significant extent our cost of funds for lending and investing. Changes in those policies are beyond our control and are difficult to predict. Federal Reserve Board policies can also affect our borrowers, potentially increasing the risk that they may fail to repay their loans. For example, a tightening of the money supply by the Federal Reserve Board could reduce the demand for a borrower’s products and services. This could adversely affect the borrower’s earnings and ability to repay its loan, which could have a material adverse effect on our financial condition and results of operations.

Periodic regulatory reviews may affect our financial condition.

The Company is subject to periodic reviews from state and federal regulators, which may impact our financial condition. As part of the regulatory review, the loan portfolio and the allowance for loan losses are evaluated. As a result, the incurred loss identified on loans or the assigned loan rating could change and may require us to increase our provision for loan losses or loan charge-offs. In addition, any downgrade in loan ratings could impact our level of impaired loans or classified assets. Any increase in our provision for loan losses or loan charge-offs as required by these regulatory authorities could have a material adverse affect on our financial condition and results of operations.

We operate in an extremely competitive market, and our business will suffer if we are unable to compete effectively.

In our market area, we encounter significant competition from other commercial banks, savings and loan associations, credit unions, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market mutual funds and other financial institutions. The increasingly competitive environment is a result primarily of changes in regulation, changes in technology and product delivery systems and the accelerating pace of consolidation among financial service providers. Many of our competitors have substantially greater resources and lending limits than we do and may offer services that we do not or cannot provide. Technology and other changes are allowing parties to complete financial transactions that historically have involved banks at one or both ends of the transaction. For example, consumers can now pay bills and transfer funds directly without banks. The process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of customer deposits and income generated from those deposits. Our ability to maintain our history of strong financial performance and return

on investment to shareholders will depend in part on our continued ability to compete successfully in our market area and on our ability to expand our scope of available financial services as needed to meet the needs and demands of our customers.

Our small to medium-sized business target market may have fewer financial resources to weather a downturn in the economy.

We target our business development and marketing strategy primarily to serve the banking and financial services needs of small to medium-sized businesses. These small to medium-sized businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger companies. If general economic conditions negatively impact our Ohio and West Virginia markets or the other geographic markets in which we operate, our results of operations and financial condition may be negatively affected.

Our business strategy includes growth plans. Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively.

We intend to continue pursuing a profitable growth strategy. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in significant growth stages of development. We cannot assure you that we will be able to expand our market presence in our existing markets or successfully enter new markets or that any such expansion will not adversely affect our results of operations. Failure to manage our growth effectively could have a material adverse effect on our business, future prospects, financial condition or results of operations and could adversely affect our ability to successfully implement our business strategy. Also, if we grow more slowly than anticipated, our operating results could be materially adversely affected.

Our ability to grow successfully will depend on a variety of factors, including the continued availability of desirable business opportunities, the competitive responses from other financial institutions in our market areas, our ability to raise sufficient capital and our ability to manage our growth. While we believe we have the management resources and internal systems in place to successfully manage our future growth, there can be no assurance growth opportunities will be available or growth will be successfully managed.

Our exposure to credit risk could adversely affect our earnings and financial condition.

Making loans carries inherent risks, including interest rate changes over the time period in which loans may be repaid, risks resulting from changes in the economy, risks in dealing with borrowers and, in the case of loans secured by collateral, risks resulting from uncertainties about the future value of the collateral.

Commercial and commercial real estate loans comprise a significant portion of our loan portfolio. Commercial loans generally are viewed as having a higher credit risk than residential real estate or consumer loans because they usually involve larger loan balances to a single borrower and are more susceptible to a risk of default during an economic downturn. Since our loan portfolio contains a significant number of commercial and commercial real estate loans, the deterioration of one or a few of these loans could cause a significant increase in nonperforming loans, and ultimately could have a material adverse effect on our earnings and financial condition.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information provided to us by customers and counterparties, including financial statements and other financial information. We may also rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to a business, we may assume that the customer’s audited financial statements conform with GAAP and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. We may also rely on the audit report covering those financial statements. Our financial condition, results of operations and cash flows could be negatively impacted to the extent that we rely on financial statements that do not comply with GAAP or on financial statements and other financial information that are materially misleading.

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If our actual loan losses exceed our allowance for loan losses, our net income will decrease.

Our loan customers may not repay their loans according to their terms, and the collateral securing the payment of these loans may be insufficient to pay any remaining loan balance. We may experience significant loan losses, which could have a material adverse effect on our operating results. In accordance with U.S. generally accepted accounting principles, we maintain an allowance for loan losses to provide for loan defaults and non-performance, which when combined, we refer to as the allowance for loan losses. Our allowance for loan losses may not be adequate to cover actual credit losses, and future provisions for credit losses could have a material adverse effect on our operating results. Our allowance for loan losses is based on prior experience, as well as an evaluation of the risks in the current portfolio. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and these losses may exceed current estimates. Federal regulatory agencies, as an integral part of their examination process, review our loans and allowance for loan losses. Moreover, the Financial Accounting Standards Board may change its requirements for establishing the allowance. We cannot assure you that we will not further increase the allowance for loan losses or that regulators will not require us to increase this allowance. Either of these occurrences could have a material adverse effect on our financial condition and results of operations.

Changes in interest rates could have a material adverse effect on our financial condition and results of operations.

Our earnings depend substantially on our interest rate spread, which is the difference between (i) the rates we earn on loans, securities and other earning assets and (ii) the interest rates we pay on deposits and other borrowings. These rates are highly sensitive to many factors beyond our control, including general economic conditions and the policies of various governmental and regulatory authorities. While we have taken measures intended to manage the risks of operating in a changing interest rate environment, there can be no assurance that such measures will be effective in avoiding undue interest rate risk. As market interest rates rise, we will have competitive pressures to increase the rates we pay on deposits, which will result in a decrease of our net interest income and could have a material adverse effect on our financial condition and results of operations.

The discontinuance of tax refund services, or a reduction in fees under a new contract, pursuant to an arrangement with a single tax refund product provider could have an adverse effect on our net income.

Through our relationship with a single tax refund product provider, the Bank offers products to facilitate the payment of tax refunds for customers who electronically file their tax returns. Under this program, the taxpayer may receive an electronic refund check or electronic refund deposit (“ERC/ERD”). In return, the Bank charges a fee for the service. For the 2014 tax season, the Company recorded ERC/ERD fee income of $3.1 million.

On October 21, 2014, the Bank entered into a new agreement with the third-party tax refund product provider. The new agreement generally provides for a different fee structure, including different fees depending upon the tax refund product selected, and fees that generally will be lower for each refund facilitated, with a reduction in per transaction fees in future years. It is impossible to predict the number of refunds that will be facilitated, the products chosen and therefore the fees that will be received by the Bank. Nevertheless, the Bank anticipates that without an increase in the number of refunds facilitated by the Bank, the fees received by the Bank from this arrangement will be significantly reduced in future years.

Prior to April 2011, the Bank also offered refund anticipation loans ("RALs"). On February 3, 2011, the Bank received a recommendation from the FDIC to discontinue offering RALs through third parties following the completion of the current tax filing season. The FDIC expressed concerns regarding the underwriting of RALs based on the 2010 decision by the Internal Revenue Service (the "IRS") to cease providing debt indicator information. The debt indicator information provided an indication of whether an individual taxpayer would have any portion of the anticipated tax refund offset for delinquent taxes or other debts, such as unpaid child support or delinquent federally funded student loans. In response to the FDIC's expressions of concern, the Bank discontinued offering RALs through unrelated third-party vendors after April 19, 2011. The Bank's termination of this product had a negative effect on its results of operations. The Bank has, though, continued offering ERCs and ERDs through its tax refund clearing agreement with the current tax refund product provider. Furthermore, the FDIC's recommendation did not affect the offerings of RALs by Loan Central.

The Company will continue to face risks within its ERC/ERD business that could potentially terminate its agreement with the third-party tax refund product provider. These risks include not being able to perform the required ERC/ERD clearing services and/or regulatory scrutiny that could lead to a discontinuation in offering the ERC/ERD product. Also, having an agreement with just one tax refund product provider, a termination of that relationship could significantly reduce the Company's ability to offer ERC's and ERD's due to limited alternatives of replacement. The termination of the ERC/ERD product would have a negative effect on earnings.

We could suffer a material adverse impact from interruptions in the effective operation of, or security breaches affecting, our computer systems.

We rely heavily on information systems to conduct our business and to process, record, and monitor our transactions. Risks to the system result from a variety of factors, including the potential for bad acts on the part of hackers, criminals, employees and others. As one example, in recent years, some banks have experienced denial of service attacks in which individuals or organizations flood the bank's website with extraordinarily high volumes of traffic, with the goal and effect of disrupting the ability of the bank to process transactions. We are also at risk for the impact of natural disasters, terrorism and international hostilities on our systems or for the effects of outages or other failures involving power or communications systems operated by others. These risks also arise from the same types of threats to businesses with which we deal.

Potential adverse consequences of attacks on our computer systems or other threats include damage to our reputation, loss of customer business, litigation and increased regulatory scrutiny, which might also result in financial loss and require additional efforts and expense to attempt to prevent such adverse consequences in the future.

Unauthorized disclosure of sensitive or confidential client or customer information, whether through a breach of our computer systems or otherwise, or other branches in the security of our systems could severely harm our business.

As part of our business, we collect, process and retain sensitive and confidential client and customer information on behalf of our subsidiaries and other third parties. Despite the security measures we have in place, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. If information security is breached, information can be lost or misappropriated, resulting in financial loss or costs to us or damages to others. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential customer information, whether by us or by our vendors, could severely damage our reputation, expose us to the risks of litigation and liability, disrupt our operations and have a material adverse effect on our business.

Our ability to pay cash dividends is limited, and we may be unable to pay cash dividends in the future even if we would like to do so.

We are dependent primarily upon the earnings of our operating subsidiaries for funds to pay dividends on our common stock. The payment of dividends by us is also subject to certain regulatory restrictions. As a result, any payment of dividends in the future will be dependent, in large part, on our ability to satisfy these regulatory restrictions and our subsidiaries' earnings, capital requirements, financial condition and other factors. Although our financial earnings and financial condition have allowed us to declare and pay periodic cash dividends to our shareholders, there can be no assurance that our dividend policy or size of dividend distribution will continue in the future. Our failure to pay dividends on our common shares could have a material adverse effect on the market price of our common shares.

We may be compelled to seek additional capital in the future but may not be able to access capital when needed.

Ohio Valley and the Bank are required by regulatory authorities to maintain specified levels of capital. Federal banking agencies have adopted extensive changes to their capital requirements, including raising required amounts and eliminating inclusion of certain instruments from the calculation of capital. Ohio Valley and the Bank began transitioning to the new requirements on January 1, 2015. Ohio Valley may be required to raise additional capital. If Ohio Valley experiences increased loan losses, additional capital may need to be obtained. In addition, Ohio Valley may elect to raise additional capital to support its business, to finance acquisitions, if any, or for other purposes. Our ability to raise additional capital, if needed, will depend on our financial performance, conditions in the capital markets, economic conditions and a number of other factors, many of which are outside of our control. There can be no assurance, therefore, that we can raise additional capital at all or on terms acceptable to us. If we cannot raise additional capital when needed or desired, it may have a material adverse effect on our financial condition, results of operations and prospects.

The loss of key members of our senior management team could adversely affect our business.

We believe that our success depends largely on the efforts and abilities of our senior management. Their experience and industry contacts significantly benefit us. In addition, our success depends in part upon senior management's ability to implement our business strategy. The competition for qualified personnel in the financial services industry is intense, and the loss of services of any of our senior executive officers or an inability to continue to attract, retain and motivate key personnel could adversely affect our business. We cannot assure you that we will be able to retain our existing key personnel or attract additional qualified personnel.

Loss of key employees may disrupt relationships with certain customers.

Our business is primarily relationship-driven in that many of our key employees have extensive customer relationships. Loss of a key employee with such customer relationships may lead to the loss of business if the customers were to follow that employee to a competitor. While we believe our relationships with our key producers is good, we cannot guarantee that all of our key personnel will remain with our organization. Loss of such key personnel, should they enter into an employment relationship with one of our competitors, could result in the loss of some of our customers.

Management's accounting policies and methods are the basis of how we report our financial condition and results of operations, and these policies may require management to make estimates about matters that are inherently uncertain.

Management's accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these

accounting policies and methods in order to ensure that they comply with U.S. generally accepted accounting principles and reflect management's judgment as to the most appropriate manner in which to record and report our financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in reporting materially different amounts than would have been reported under a different alternative.

Management has identified several accounting policies that are considered significant (one as being "critical") to the presentation of our financial condition and results of operations because they require management to make particularly subjective and/or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. Because of the inherent uncertainty of estimates about these matters, no assurance can be given that the application of alternative policies or methods might not result in our reporting materially different amounts.

Adverse changes in the financial markets may adversely impact our results of operations.

While we generally invest in securities with limited credit risk, certain investment securities we hold possess higher credit risk since they represent beneficial interests in structured investments collateralized by residential mortgages. Regardless of the level of credit risk, all investment securities are subject to changes in market value due to changing interest rates and implied credit spreads.

If we foreclose on collateral property and own the underlying real estate, we may be subject to the increased costs associated with the ownership of real property, resulting in reduced revenues.

We may have to foreclose on collateral property to protect our investment and may thereafter own and operate such property, in which case we will be exposed to the risks inherent in the ownership of real estate. The amount that we, as a mortgagee, may realize after a default is dependent upon factors outside of our control, including, but not limited to: (i) general or local economic conditions; (ii) neighborhood values; (iii) interest rates; (iv) real estate tax rates; (v) operating expenses of the mortgaged properties; (vi) supply of and demand for rental units or properties; (vii) ability to obtain and maintain adequate occupancy of the properties; (viii) zoning laws; (ix) governmental rules, regulations and fiscal policies; and (x) acts of God. Certain expenditures associated with the ownership of real estate, principally real estate taxes and maintenance costs, may adversely affect the income from the real estate. Therefore, the cost of operating a real property may exceed the rental income earned from such property, and we may have to advance funds in order to protect our investment, or we may be required to dispose of the real property at a loss. The foregoing expenditures and costs could adversely affect our ability to generate revenues, resulting in reduced levels of profitability.

Environmental liability associated with commercial lending could have a material adverse effect on our business, financial condition and results of operations.

In the course of our business, we may acquire, through foreclosure, commercial properties securing loans that are in default. There is a risk that hazardous substances could be discovered on those properties. In this event, we could be required to remove the substances from and remediate the properties at our cost and expense. The cost of removal and environmental remediation could be substantial. We may not have adequate remedies against the owners of the properties or other responsible parties and could find it difficult or impossible to sell the affected properties. These events could have a material adverse effect on our financial condition and results of operation.

A default by another larger financial institution could adversely affect financial markets generally.

The commercial soundness of many financial institutions may be closely interrelated as a result of relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This "systemic risk" may adversely affect our business.

Increases in FDIC insurance premiums may have a material adverse effect on our earnings.

Bank failures increased dramatically in recent years, which greatly increased resolution costs of the FDIC and depleted the deposit insurance fund. In order to maintain a strong funding position and restore reserve ratios of the deposit insurance fund, the FDIC took a number of actions, including increasing assessment rates of insured institutions, requiring riskier institutions to pay a larger share of premiums by factoring in rate adjustments based on secured liabilities and unsecured debt levels, changing the assessment base and requiring a prepayment of assessments for over three years.

The Emergency Economic Stabilization Act of 2008 instituted two temporary programs to further insure customer deposits at FDIC-member banks: deposit accounts became insured up to $250,000 per customer (up from $100,000) and noninterest bearing transactional accounts became fully insured (unlimited coverage). Since then, the Dodd-Frank Act permanently increased the maximum deposit insurance amount for banks to $250,000 per customer.

We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional financial institution failures, we may be required to pay even higher FDIC premiums. Increases in FDIC insurance premiums may materially adversely affect our results of operations and our ability to continue to pay dividends on our common shares at the current rate or at all.

A limited trading market exists for our common shares, which could lead to price volatility.

Your ability to sell or purchase our common shares depends upon the existence of an active trading market for our common shares. Although our common shares are quoted on The NASDAQ Global Market, the volume of trades on any given day has been limited historically. As a result, you may be unable to sell or purchase our common shares at the volume, price and time that you desire. Additionally, a fair valuation of the purchase or sales price of our common shares also depends upon an active trading market, and thus the price you receive for a thinly-traded stock such as our common shares, may not reflect its true value. The limited trading market for our common shares may cause fluctuations in the market value of our common shares to be exaggerated, leading to price volatility in excess of that which would occur in a more active trading market.

Our organizational documents may have the effect of discouraging a third party from acquiring us by means of a tender offer, proxy contest or otherwise.

Our articles of incorporation contain provisions that make it more difficult for a third party to gain control or acquire us without the consent of our board of directors. These provisions also could discourage proxy contests and may make it more difficult for dissident shareholders to elect representatives as directors and take other corporate actions. These provisions of our governing documents may have the effect of delaying, deferring or preventing a transaction or a change in control that might be in the best interests of our shareholders.

ITEM 1B – UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 2 - PROPERTIES

Ohio Valley does not own or lease any real or personal property.

The principal executive offices of Ohio Valley and the Bank are located at 420 Third Avenue, Gallipolis, Ohio. The Bank owns seven financial service centers located in Gallipolis (Gallia Co.), Jackson (Jackson Co.) and Waverly (Pike

Co.) in Ohio and Milton (Cabell Co.) in West Virginia. The Bank leases seven additional financial service centers located in Gallipolis (Gallia Co.) and Pomeroy (Meigs Co.) in Ohio and Point Pleasant (Mason Co.), and Huntington (Cabell Co.) in West Virginia. The Bank also owns and operates twenty-four ATMs, including eleven off-site ATMs. Furthermore, the Bank owns a facility and leases one facility in Gallipolis (Gallia Co.), Ohio which are used for additional office space. The Bank also owns a facility in Gallipolis (Gallia Co.), Ohio and leases a facility in Point Pleasant (Mason Co.), West Virginia which are both leased out to third parties.

Loan Central conducts its consumer finance operations through seven offices located in Gallipolis (Gallia Co.), Jackson (Jackson Co.), Waverly (Pike Co.), South Point and Ironton (Lawrence Co.), Wheelersburg (Scioto Co.) and Chillicothe (Ross Co.), all in Ohio. All of these facilities are leased by Loan Central, except for the Wheelersburg (Scioto Co.) facility. Loan Central leases a portion of its Wheelersburg (Scioto Co.) facility to a third party.

Management considers all of these properties to be satisfactory for the Company’s current operations. The Bank and Loan Centrals’ leased facilities are all subject to commercially standard leasing arrangements.

Information concerning the value of the Company’s owned and leased real property and a summary of future lease payments is contained in “Note D – Premises and Equipment” of the notes to the Company’s consoldiated financial statements for the fiscal year ended December 31, 2014, located in Ohio Valley’s 2014 Annual Report to Shareholders.

ITEM 3 - LEGAL PROCEEDINGS

Not applicable

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable

PART II

ITEM 5 - MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information required under this Item 5 by Items 201(a) through (c) of SEC Regulation S-K is incorporated herein by reference to the information presented under the captions “Summary of Common Stock Data” and “Performance Graph” located in Ohio Valley’s 2014 Annual Report to Shareholders and “Note N - Regulatory Matters” of the notes to the Company’s consolidated financial statements for the fiscal year ended December 31, 2014 located in Ohio Valley’s 2014 Annual Report to Shareholders.

On December 31, 2014, Ohio Valley sold 14,618 of its common shares, without par value, to the Ohio Valley Banc Corp. Employee Stock Ownership Plan (the "ESOP") for an aggregate of $351,000. No underwriters were involved, and no underwriting discount or commissions were paid. The sale was exempt from registration under Section 4(2) of the Securities Act of 1933 as a transaction by the issuer not involving any public offering, made only to the ESOP, with respect to which David W. Thomas, a director of Ohio Valley and the Bank, serves as the Trustee.

Ohio Valley did not purchase any of its shares during the three months ended December 31, 2014.

ITEM 6 - SELECTED FINANCIAL DATA

The information required under this Item 6 by Item 301 of SEC Regulation S-K is incorporated herein by reference to the information presented under the caption “Selected Financial Data” located in Ohio Valley’s 2014 Annual Report to Shareholders.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required under this Item 7 by Item 303 of SEC Regulation S-K is incorporated herein by reference to the information presented under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to interest rate risk, exchange rate risk, equity price risk and commodity price risk. Ohio Valley does not maintain a trading account for any class of financial instruments, and is not currently subject to foreign currency exchange rate risk, equity price risk or commodity price risk. Ohio Valley's market risk is composed primarily of interest rate risk.

The information required under this Item 7A by Item 305 of SEC Regulation S-K is incorporated herein by reference to the information presented under the captions "Interest Rate Sensitivity and Liquidity" and "Interest Rate Sensitivity -- Table VIII" found within "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Ohio Valley's 2014 Annual Report to Shareholders.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Ohio Valley's consolidated financial statements and related notes are listed below and incorporated herein by reference to Ohio Valley's 2014 Annual Report to Shareholders. The supplementary data "Consolidated Quarterly Financial Information (unaudited)" and the "Report of Independent Registered Public Accounting Firm" located in Ohio Valley's 2014 Annual Report to Shareholders is also incorporated herein by reference.

Consolidated Statements of Condition as of December 31, 2014 and 2013
Consolidated Statements of Income for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012
Notes to the Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

ITEM 9A – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

With the participation of the Chief Executive Officer (the principal executive officer) and the Vice President and Chief Financial Officer (the principal financial officer) of Ohio Valley, Ohio Valley's management has evaluated the effectiveness of Ohio Valley's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Annual Report on Form 10-K.

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Based on that evaluation, Ohio Valley's Chief Executive Officer and Vice President and Chief Financial Officer have concluded that:

- information required to be disclosed by Ohio Valley in this Annual Report on Form 10-K and other reports that Ohio Valley files or submits under the Exchange Act would be accumulated and communicated to Ohio Valley's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure;

- information required to be disclosed by Ohio Valley in this Annual Report on Form 10-K and other reports that Ohio Valley files or submits under the Exchange Act would be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and

- Ohio Valley's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting

"Management's Report on Internal Control Over Financial Reporting" located in Ohio Valley's 2014 Annual Report to Shareholders is incorporated into this Item 9A by reference.

Report of Registered Public Accounting Firm

The "Report of Independent Registered Public Accounting Firm" located in Ohio Valley's 2014 Annual Report to Shareholders is incorporated into this Item 9A by reference.

Changes In Internal Control Over Financial Reporting

There were no changes in Ohio Valley's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during Ohio Valley's fiscal quarter ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, Ohio Valley's internal control over financial reporting.

ITEM 9B – OTHER INFORMATION

None

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required under this Item 10 by Items 401, 405, and 407(c)(3), (d)(4) and (d)(5) of SEC Regulation S-K is incorporated herein by reference to the information presented in Ohio Valley's definitive proxy statement relating to the annual meeting of shareholders of Ohio Valley to be held on May 13, 2015 (the "2015 Proxy Statement"), under the captions "Proxy Item 1: Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Compensation of Executive Officers and Directors" of the 2015 Proxy Statement.

The Board of Directors of Ohio Valley has adopted a Code of Ethics covering the directors, officers and employees of Ohio Valley and its affiliates, including, without limitation, the principal executive officer, the principal financial officer and the principal accounting officer of Ohio Valley. The Code of Ethics is posted on Ohio Valley's website at www.ovbc.com. Amendments to the Code of Ethics and the waivers of the provisions of the Code of Ethics will also

be posted on Ohio Valley's website. Interested persons may obtain copies of the Code of Ethics without charge by writing to Ohio Valley Banc Corp., Attention: Larry E. Miller, Secretary, P.O. Box 240, Gallipolis, Ohio 45631.

ITEM 11 - EXECUTIVE COMPENSATION

The information required under this Item 11 by Items 402 and 407(e)(4) and (e)(5) of SEC Regulation S-K is incorporated herein by reference to the information presented under the caption "Compensation of Executive Officers and Directors" and "Proxy Item 1: Election of Directors – Committees of the Board – Compensation and Management Succession Committee" of the 2015 Proxy Statement.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under this Item 12 by Item 403 of SEC Regulation S-K is incorporated herein by reference to the information presented under the caption "Ownership of Certain Beneficial Owners and Management" of the 2015 Proxy Statement.

Ohio Valley does not maintain any equity compensation plans requiring disclosure pursuant to Item 201(d) of SEC Regulation S-K.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required under this Item 13 by Item 404 and Item 407(a) of SEC Regulation S-K is incorporated herein by reference to the information presented under the captions "Certain Relationships and Related Transactions" and "Proxy Item 1: Election of Directors" of the 2015 Proxy Statement.

ITEM 14 – PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under this Item 14 by Item 9(e) of Schedule 14A is incorporated herein by reference to the information presented under the captions "Pre-Approval of Services Performed by Independent Registered Public Accounting Firm" and "Services Rendered by Independent Registered Public Accounting Firm" of the 2015 Proxy Statement.

PART IV

ITEM 15 – EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

A. (1) Financial Statements

The following consolidated financial statements of Ohio Valley appear in the 2014 Annual Report to Shareholders, Exhibit 13, and are specifically incorporated herein by reference under Item 8 of this Form 10-K:

Consolidated Statements of Condition as of December 31, 2014 and 2013
Consolidated Statements of Income for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012
Notes to the Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm

(2) Financial Statement Schedules

Financial statement schedules are omitted as they are not required or are not applicable, or the required information is included in the financial statements.

(3) Exhibits

Reference is made to the Exhibit Index beginning on page 34 of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Ohio Valley has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OHIO VALLEY BANC CORP.

Date: March 16, 2015 By: /s/ Thomas E. Wiseman
Thomas E. Wiseman
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 16, 2015 by the following persons on behalf of Ohio Valley and in the capacities indicated.

Name	Capacity
/s/Thomas E. Wiseman Thomas E. Wiseman	President and Chief Executive Officer (principal executive officer)
/s/Scott W. Shockey Scott W. Shockey	Senior Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)
/s/Jeffrey E. Smith Jeffrey E. Smith	Chairman
/s/Lannes C. Williamson Lannes C. Williamson	Director
/s/Anna P. Barnitz Anna P. Barnitz	Director
/s/David W. Thomas David W. Thomas	Director
/s/Brent A. Saunders Brent A. Saunders	Director
/s/Steven B. Chapman Steven B. Chapman	Director
/s/Harold A. Howe Harold A. Howe	Director

EXHIBIT INDEX

The following exhibits are included in this Form 10-K or are incorporated by reference as noted in the following table:

Exhibit Number	Exhibit Description
3(a)	Amended Articles of Incorporation of Ohio Valley (reflects amendments through April 7, 1999) [for SEC reporting compliance only - - not filed with the Ohio Secretary of State]. Incorporated herein by reference to Exhibit 3(a) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2007 (SEC File No. 0-20914).
3(b)	Code of Regulations of Ohio Valley: Incorporated herein by reference to Exhibit 3(b) to Ohio Valley's quarterly report on Form 10-Q for the quarter ended June 30, 2010 (SEC File No. 0-20914).
4	Agreement to furnish instruments and agreements defining rights of holders of long-term debt: Filed herewith.
10.1*	The Ohio Valley Bank Company Executive Group Life Split Dollar Plan Agreement, dated April 29, 2003, between Jeffrey E. Smith and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.1 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2006 (SEC File No. 0-20914).
10.2*	Schedule A to Exhibit 10.1 identifying other identical Executive Group Life Split Dollar Agreements between The Ohio Valley Bank Company and certain executive officers of Ohio Valley Banc Corp.: Incorporated herein by reference to Exhibit 10.2 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2011 (SEC File No. 0-20914).
10.3(a)*	The Ohio Valley Bank Company Director Retirement Agreement, dated December 18, 2012, between Jeffrey E. Smith and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.3(a) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.3(b)*	Schedule A to Exhibit 10.3(a) identifying other identical Director Retirement Agreements between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Incorporated herein by reference to Exhibit 10.3(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.4(a)*	The Ohio Valley Bank Company Determination of Director's Fees Agreement, supplemental to the Director Retirement Agreement,

dated December 28, 2007, between Thomas E. Wiseman and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.4(a) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).

Exhibit Number	Exhibit Description
10.4(b)*	The Ohio Valley Bank Company Determination of Director's Fees Agreement, supplemental to the Director Retirement Agreement, dated March 2, 2010, between David W. Thomas and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.4(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.5*	The Ohio Valley Bank Company Salary Continuation Agreement, dated December 18, 2012, between Jeffrey E. Smith and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.5 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.6(a)*	The Ohio Valley Bank Company Director Deferred Fee Agreement, dated December 18, 2012, between Anna P. Barnitz and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.6(a) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.6(b)*	The Ohio Valley Bank Company Executive Deferred Compensation Agreement, dated December 18, 2012, between Jeffrey E. Smith and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.6(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.7(a)*	Schedule A to Exhibit 10.6(a) identifying other identical Director Deferred Fee Agreements between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Incorporated herein by reference to Exhibit 10.7(a) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.7(b)*	Schedule A to Exhibit 10.6(b) identifying other identical Executive Deferred Compensation Agreements between The Ohio Valley Bank Company and executive officers of Ohio Valley Banc Corp.: Incorporated herein by reference to Exhibit 10.7(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2012 (SEC File No. 0-20914).
10.8*	Summary of Compensation for Directors and Named Executive Officers of Ohio Valley Banc Corp.: Filed herewith.

10.9*	Summary of Bonus Program of Ohio Valley Banc Corp.: Filed herewith.
10.10*	The Ohio Valley Bank Company Supplemental Executive Retirement Plan agreement, dated March 6, 2012, between Thomas E. Wiseman and The Ohio Valley Bank Company; Incorporated herein by reference to Exhibit 10.1 to Ohio Valley's Current Report on Form 8-K filed on March 9, 2012 (SEC File No. 0-20914).

Exhibit Number	Exhibit Description
11	Statement regarding computation of per share earnings (included in Note A of the Notes to the Consolidated Financial Statements of this Annual Report on Form 10-K.)
13	Ohio Valley's Annual Report to Shareholders for the fiscal year ended December 31, 2014: Filed herewith. (Not deemed filed except for portions thereof specifically incorporated by reference into this Annual Report on Form 10-K.)
21	Subsidiaries of Ohio Valley: Filed herewith.
23	Consent of Crowe Horwath LLP.: Filed herewith.
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer): Filed herewith.
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer): Filed herewith.
32	Section 1350 Certifications (Principal Executive Officer and Principal Accounting Officer): Filed herewith.
101.INS #	XBRL Instance Document: Submitted electronically herewith. #
101.SCH #	XBRL Taxonomy Extension Schema: Submitted electronically herewith. #
101.CAL #	XBRL Taxonomy Extension Calculation Linkbase: Submitted electronically herewith. #
101.DEF #	XBRL Taxonomy Extension Definition Linkbase: Submitted electronically herewith. #
101.LAB #	XBRL Taxonomy Extension Label Linkbase: Submitted electronically herewith. #
101.PRE #	XBRL Taxonomy Extension Presentation Linkbase: Submitted electronically herewith. #

* Compensatory plan or arrangement.

Attached as Exhibit 101 to Ohio Valley's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are the following documents formatted in XBRL (eXtensive Business Reporting Language): (i) Consolidated Statements of Condition at December 31, 2014 and December 31, 2013; (ii) Consolidated Statements of Income for the years ended December 31, 2014, 2013 and 2012; (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012; (iv)

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2014, 2013 and 2012; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012; and (vi) Notes to the Consolidated Financial Statements.

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