REFINITIV

DELTA REPORT

10-K

OVBC - OHIO VALLEY BANC CORP

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3877
CHANGES	440
DELETIONS	1708
ADDITIONS	1729

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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022 December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission file number 000-20914 0-20914

OHIO VALLEY BANC CORP.
(Exact Name of Registrant as Specified in its Charter)

Ohio	31-1359191
(State of incorporation)	(I.R.S. Employer Identification No.)
420 Third Avenue,, Gallipolis,, Ohio	**45631**
(Address of principal executive offices)	(ZIP Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common shares, Shares, without par value	OVBC	The Nasdaq 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 ☑

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 ☐ NO ☑

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
YES ☑ NO ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated Filer filer ☑	Smaller reporting company ☑
Emerging growth company ☐	

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

YES ☐ NO ☑

Based on the closing sales price of $30.18 $24.74 per share on June 30, 2022 June 30, 2023, the aggregate market value of the issuer's shares held by non-affiliates on such date was $129,750,882. $106,283,807. 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, 2023 February 29, 2024, was 4,776,520 4,793,674.

Documents Incorporated By Reference:

(1) Portions of the 2022 2023 Annual Report to Shareholders of Ohio Valley Banc Corp. (Exhibit 13) are incorporated by reference into Part I, Item Items 1 and 2 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 on May 17, 2023 May 15, 2024, 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"). The Bank has two one wholly-owned subsidiaries, Race Day Mortgage, Inc., an Ohio corporation that provides online consumer mortgages ("Race Day"), and subsidiary, Ohio Valley REO, LLC, an Ohio limited liability company ("Ohio Valley REO"), to which the Bank transfers certain real estate acquired by the Bank through foreclosure for sale by Ohio Valley REO. Ohio Valley also owns three two nonbank subsidiaries, Loan Central, Inc., which engages in lending ("Loan Central"), and Ohio Valley Financial Services Agency, LLC, which is used to facilitate the receipt of commissions on insurance 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 herein 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 94.2% 95.2% and 94.1% 94.2% of total consolidated revenues for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, 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 (the "Exchange Act"), 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, LLC'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, 2022 December 31, 2023 and 2021, 2022, Ohio Valley's consolidated assets approximated to $1,210,787,000 1,352,135,000 and $1,249,769,000, $1,210,787,000, while total shareholders' equity approximated to $135,028,000 $144,007,000 and $141,356,000 $135,028,000 for the same periods, respectively.

Ohio Valley's financial holding company status allows it to engage in certain non-banking activities, 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, which is used to facilitate the receipt of commissions on insurance sold by the Bank and Loan Central. In July 2014, Ohio Valley also has formed a captive insurance company, nonbank subsidiary, OVBC Captive, that is Inc. (the "Captive"), which was engaged in the business of providing commercial property and various liability insurance to the Company and related entities. However, in December 2023, Ohio Valley discontinued the Captive's operations as a result of proposed IRS regulations that will adversely affect the taxation of small captives and will severely limit the Captive's ability to operate. Management will consider opportunities to engage in additional nonbanking activities as they arise.

Information about the Company's business segments is set forth in Note R to the Company's Financial Statements located in Ohio Valley's 2022 2023 Annual Report to Shareholders.

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 seventeen offices located in Ohio and West Virginia and all but one offer automatic teller machines ("ATMs"). Twelve of these offices also offer drive-up services. The Bank accounted for substantially all of Ohio Valley's consolidated assets at December 31, 2022 December 31, 2023 and 2021. 2022.

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"). The Bank is also a member of the Promontory Interfinancial Network and participates in their Certificate of Deposit Account Registry program, which provides customers with the ability to secure FDIC insurance on balances in excess of the standard limitations. In addition to originating loans, the Bank invests in United States 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, allowing customers to check personal account balances, receive information about transactions within their accounts, make transfers between accounts, stop payment on a check, and reorder checks all from their own computer. 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.

The Bank offers Tax Refund Advance Loans ("TALs") to Loan Central tax customers. A TAL represents a short-term loan offered by the Bank to tax preparation customers of Loan Central. Previously, Loan Central offered and originated tax refund anticipation loans that represented a large composition of its annual earnings. However, new Ohio laws that became effective in April 2019 placed numerous restrictions on short-term and small loans extended by certain non-bank lenders in Ohio. As a result, Loan Central no longer offers the service to its tax preparation customers, but it is able to do so through the Bank. After Loan Central prepares a customer's tax return, the customer is offered the opportunity to have immediate access to a portion of the anticipated tax refund by entering into a TAL with the Bank. As part of the process, the tax customer completes a loan application and authorizes the expected tax refund to be deposited with the Bank once it is issued by the IRS. Once the Bank receives the tax refund, the refund is used to repay the TAL and Loan Central's tax preparation fees, then the remainder of the refund is remitted to Loan Central's tax customer. Risk of loss could result with the Bank not receiving a tax refund from the IRS, caused by a number of reasons such as errors in the tax return, tax return fraud, or tax debts not previously disclosed during the underwriting process.

In April 2021, the Bank formed a subsidiary, Race Day Mortgage, Inc. ("Race Day"), which serves served as an online-only consumer direct mortgage banking company. Race Day was created to help fill the demand for home ownership in areas beyond the Bank's primary markets, while providing a more convenient and efficient process to its clients that live outside the Bank's primary market area. However, in December 2023, Ohio Valley discontinued Race Day's operations as announced in February 2023, the Company is taking steps toward closing Race Day. The decision to start this process was made due to a result of low loan demand, issues retaining personnel, poor employee retention, and lack of profitability. The Company plans to see current loan applications in progress to completion. An exact date of closing is anticipated to be set once existing loan applications have been processed.

Business of Loan Central

Loan Central is engaged in consumer finance, offering smaller balance personal and mortgage loans generally to individuals with higher credit risk history. Loan Central's line of business also includes seasonal tax preparation services as part of the TAL lending activity previously discussed. Loan Central presently has six 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 $8,500,000 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 2022 2023 Annual Report to Shareholders under "Note J – Subordinated Debentures and Trust Preferred Securities," in the notes to the Company's consolidated financial statements for the fiscal year ended December 31, 2022 December 31, 2023 and 2021. 2022.

Financial Information

Financial information regarding the Company as of December 31, 2022 December 31, 2023 and 2021 2022 and results of operations for the last two fiscal years are contained in the Company's consolidated financial statements for the fiscal year ended December 31, 2022 December 31, 2023.

Lending Activities

The Company's loan portfolio increased $53,858,000 $86,851,000 to finish at $885,049,000 $971,900,000 in 2022. 2023. The increase in total loans came primarily from the Company's residential real estate commercial loan portfolio. 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 2022, 2023, commercial loans increased $40,205,000, or 9.1%, while consumer loans increased $24,178,000, or 16.3%, and residential real estate loans increased $22,611,000, $22,468,000, or 8.2%, while commercial loans increased $16,665,000, or 3.9%, and consumer loans increased $14,582,000, or 10.9% 7.6%, as compared to 2021. 2022. Commercial loan growth was impacted primarily by an increase in new commercial real estate loan originations during 2023. Consumer loan growth was largely impacted by increases in automobile, home equity lines of credit, and other consumer loan balances during 2023. The residential real estate loan portfolio was largely impacted by higher warehouse lending and short-term adjustable-rate mortgage loan balances. Commercial loan growth was impacted by an increase in new loan originations during 2022. Consumer loan growth was largely impacted by increases in automobile and home equity lines of credit balances during 2022. Consolidated interest and fee revenue from loans accounted for 73.16% 73.59% and 77.14% 73.16% of total consolidated revenues in 2022 2023 and 2021, 2022, 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. Residential real estate loans also consist of the Company's warehouse lending activity. Warehouse lending consists of a line of credit provided by the Bank to another mortgage lender that makes loans for the purchase of one- to four-family residential real estate properties. The mortgage lender eventually sells the loans and repays the Bank. 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 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. Race Day also originated and sold long-term fixed-rate loans to various brokers using a convenient, online process during 2022. However, the Company intends to dissolve this subsidary of the Bank during 2023.

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 loan officer group's highest lending limit according to the following thresholds: up to $750,000 $1,000,000 unsecured, up to $3,000,000 $5,000,000 secured, and up to $3,000,000 $5,000,000 aggregate. The Executive Committee of the Bank's Board of Directors will review and approve all new commercial loan originations that exceed the Bank's loan committee thresholds 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 collectability 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 TALs offered by the Bank during the tax season.

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 purposes of the standards and guidelines are 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 United States 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 6.64% 5.59% and 4.43% 6.64% of total consolidated revenues in 2022 2023 and 2021, 2022, respectively. The Company currently does not engage in trading account activity.

Funding Activities

Sources of funds for loan and investment activities include "core deposits." Core deposits include demand deposits, savings, money market, NOW accounts, and certificates of deposit less than $100,000. The Company will also utilize certificates of deposit and money market deposits 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 $8,500,000. 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 service in 2006 by serving as a facilitator for the clearing of tax refunds for a single tax refund product provider. An agreement between the Bank and the original provider required the Bank to process electronic refund checks ("ERCs" ("ERCs") and electronic refund deposits ("ERDs" ("ERDs") presented for payment on behalf of taxpayers containing taxpayer refunds. The Bank, in turn, would receive a fee paid by the provider for each transaction that was processed by the Bank. In 2015, the agreement between the Bank and the original provider, which had a term ending at December 31, 2019, was assumed by MetaBank. MetaBank ceased utilizing the services of the Bank at the end of 2018. Due to the absence of tax processing activity, the Bank experienced a significant decline in ERC/ERD fee income in 2019 and 2020. On March 10, 2020, the Bank announced that it had entered into a new agreement with a third-party to process future electronic refund checks and deposits presented for payment on behalf of taxpayers through accounts containing taxpayer refunds. The new agreement provides that the Bank will process refunds for five tax seasons, beginning with the 2021 tax season and extending through the 2025 tax season.

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, Meigs, Jackson, Vinton, Pike and Lawrence Counties of Ohio, as well as the Mason and Cabell Counties of West Virginia. Some additional business originates from the surrounding Ohio counties of Scioto, Athens 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.

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 that may not meet the Bank's credit standards. Loan Central also operates in Scioto and Ross counties of Ohio, which are outside the Bank's primary market area. With the exception of TALs related to Loan Central's tax preparation activities and the Bank's refund advance activities, the Company's business is not seasonal, nor is it dependent upon a single or small group of customers.

Race Day permitted the Company to compete in select states outside of our core banking markets by using technology to originate and close mortgage loans. The loans were sourced from various mortgage rate listing websites and the market was considered highly competitive. Consumers were sensitive to interest rates and origination fees, which were easily compared on the website. The volume of loan originations could have been impacted by general economic conditions and influenced by the level and direction of market interest rates.

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 prior economic crisis, which resulted in bank failures and significant intervention from the United States 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, Loan Central, and Loan Central. Ohio Valley Financial Services. This summary is qualified in its entirety by reference to such statutes and regulations. The regulation of financial holding companies and their subsidiaries is intended primarily for the protection of consumers, depositors, borrowers, the Deposit Insurance Fund ("DIF") and the banking system as a whole, and not for the protection of shareholders. Applicable laws and regulations restrict permissible activities and investments and require actions to protect loan, deposit, brokerage, fiduciary and other customers, as well as the DIF. They also may restrict Ohio Valley's abilty ability to repurchase its common shares or to receive dividends from the Bank and impose capital adequacy and liquidity requirements.

Regulation of Financial 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 ("Federal Reserve Board"). The Federal Reserve Board 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.

Holding Company Activities

Ohio Valley is a financial holding company, which permits it to engage in activities beyond those permitted for traditional bank holding companies. A qualifying bank holding company may elect to become a financial holding company and thereby affiliate with securities firms and insurance companies and engage in other activities that are financial in nature and not otherwise permissible for a bank holding company, if: (i) the holding company is "well managed" "well managed" and "well capitalized" "well capitalized" and (ii) each of its subsidiary banks (a) is well capitalized under the Federal Deposit Insurance Corporation Act of 1991 ("FDIA") prompt corrective action provisions, (b) is well managed, and (c) has at least a "satisfactory" "satisfactory" rating under the Community Reinvestment Act of 1977, as amended ("CRA"). No regulatory approval is required for a financial holding company to acquire a company, other than a bank or savings association, engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board.

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, dealing, and market making activities, sponsoring mutual funds and investment companies, insurance and underwriting activities and merchant banking 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.

If a financial holding company or a subsidiary bank fails to meet the requirements for the holding company to remain a financial holding company, 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 holding company and its subsidiary banks meet the requirements, 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 deficiencies are not corrected within 180 days, the financial holding company may be required to divest ownership or control of all banking subsidiaries. If restrictions are imposed on the activities of the holding company, such restrictions may not be made publicly available pursuant to confidentiality regulations of the banking regulators.

Loan Central is supervised and regulated by the State of Ohio Department of Financial Institutions, Commerce, Division of Consumer Finance Financial Institutions ("ODFI"). 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.

Economic Growth, Regulatory Relief and Consumer Protection Act

On May 25, 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act ("Regulatory Relief Act") was enacted, which repealed or modified certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended ("Dodd-Frank Act"), and eased regulations on all but the largest banks (those with consolidated assets in excess of $250 billion). Bank holding companies with consolidated assets of less than $100 billion, including Ohio Valley, are no longer subject to enhanced prudential standards. The Regulatory Relief Act also relieves bank holding companies and banks with consolidated assets of less than $100 billion, including Ohio Valley, from certain record-keeping, reporting and disclosure requirements. Certain other regulatory requirements applied only to banks with assets in excess of $50 billion and so did not apply to the Company even before the enactment of the Regulatory Relief Act.

Regulation of Ohio State Chartered Banks

As an Ohio state-chartered bank that is a member of the Federal Reserve Bank of Cleveland ("FRB"), the Bank is supervised and regulated primarily by the ODFI and the Federal Reserve Board. The Bank is also subject to the regulations of the Consumer Financial Protection Bureau ("CFPB"), which has broad authority to adopt and enforce consumer protection regulations.

The Bank's deposits are insured up to applicable limits by the FDIC, and the Bank is subject to the applicable provisions of the FDIA 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, limitations on branching and increasingly extensive consumer protection laws and regulations.

Consumer Protection Laws and Regulations

Banks are subject to regular examination to ensure compliance with federal statutes and regulations applicable to their business, including consumer protection statutes and implementing regulations. The Dodd-Frank Act established the CFPB, which has extensive regulatory and enforcement powers over consumer financial products and services. The CFPB has adopted numerous rules with respect to consumer protection laws and has commenced related enforcement actions. The following are just a few of the consumer protection laws applicable to the Bank:

- Community Reinvestment Act of 1977: imposes a continuing and affirmative obligation to fulfill the credit needs of its entire community, including low- and moderate-income neighborhoods.

- Equal Credit Opportunity Act: prohibits discrimination in any credit transaction on the basis of any of various criteria.

- Truth in Lending Act: requires that credit terms are disclosed in a manner that permits a consumer to understand and compare credit terms more readily and knowledgeably.

- Fair Housing Act: makes it unlawful for a lender to discriminate in its housing-related lending activities against any person on the basis of any of certain criteria.

- Home Mortgage Disclosure Act: requires financial institutions to collect data that enables regulatory agencies to determine whether the financial institutions are serving the housing credit needs of the communities in which they are located.

- Real Estate Settlement Procedures Act: requires that lenders provide borrowers with disclosures regarding the nature and cost of real estate settlements and prohibits abusive practices that increase borrowers' costs.

- Privacy provisions of the Gramm-Leach-Bliley Act: requires financial institutions to establish policies and procedures to restrict the sharing of non-public customer data with non-affiliated parties and to protect customer information from unauthorized access.

The banking regulators also use their authority under the Federal Trade Commission Act to take supervisory or enforcement action with respect to unfair or deceptive acts or practices by banks that may not necessarily fall within the scope of specific banking or consumer finance law.

On July 22, 2020, the CFPB issued a final small dollar loan rule related to payday, vehicle title and certain high cost installment loans (the "Small Dollar Rule") that modified a former rule that was issued in November 2013. Specifically, the Small Dollar Rule revokes provisions contained in the 2013 rule that: (i) provide that it is an unfair and abusive practice for a lender to make a covered short-term or longer-term balloon-payment loan, including payday and vehicle title loans, without reasonably determining that consumers have the ability to repay those loans according to their terms; (ii) prescribe mandatory underwriting requirements for making the ability-to-repay determination; (iii) exempt certain loans from mandatory underwriting requirements; and (iv) establish related definitions, reporting, and recordkeeping requirements. The compliance date of the Small Dollar Rule was June 13, 2022. However, due to continuing appellate litigation regarding the constitutionality of the CPFB's funding structure, which stems, in part, from legal challenges to the Small Dollar Rule, the effective date for nationwide compliance with the final Small Dollar Rule remains uncertain at this time.

Further, the federal bank regulatory agencies issued interagency guidance on May 20, 2020, to encourage banks, savings associations, and credit unions to offer responsible small-dollar loans to customers for consumer and small business purposes. The Small Dollar Rule did not have a material effect on Ohio Valley's financial condition or results of operations on a consolidated basis in 2022 2023 and 2021. 2022.

Federal Reserve System

The Federal Reserve Board requires all depository institutions to maintain reserves at specified levels against their transaction accounts, primarily checking accounts. In response to the COVID-19 pandemic, the Federal Reserve Board reduced reserve requirement ratios to 0% effective on March 26, 2020, to support lending to households and businesses. The reserve requirement ratio remained at 0% as of December 31, 2023.

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 Board has adopted risk-based capital guidelines for financial holding companies as well as state banks that are members of a Federal Reserve Bank. The Office of the Comptroller of the Currency ("OCC") 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 incentivizes 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.

Capital rules applicable to smaller banking organizations (the "Basel III Capital Rules"), which also implement certain of the provisions of the Dodd-Frank Act, became effective commencing on January 1, 2015. Compliance with the new minimum capital requirements was required effective January 1, 2015, while a new capital conservation buffer and deductions from common equity capital phased in from January 1, 2016, through January 1, 2019, and most deductions from common equity tier 1 capital phased in from January 1, 2015, through January 1, 2019.

The Basel III Capital Rules include (i) a minimum common equity tier 1 capital ratio of 4.5%, (ii) a minimum tier 1 capital ratio of 6.0%, (iii) a minimum total risk-based capital ratio of 8.0%, and (iv) a minimum tier 1 leverage ratio of 4.0%.

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 otherwise permitted), 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 credit losses, subject to specified 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).

Under the guidelines, capital is compared to the relative risk included in 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.

The Basel III Capital 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% 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% at the beginning of the quarter.

In December 2019, the federal banking agencies issued a final rule to address regulatory treatment of credit loss allowances under CECL. The rule revised the federal banking agencies' regulatory capital rules to identify which credit loss allowances under the CECL model are eligible for inclusion in regulatory capital and to provide banking organizations the option to phase in over three years the day-one adverse effects on regulatory capital that may result from the adoption of the CECL model. Concurrent with the enactment of the CARES Act, federal banking agencies issued an interim final rule that delayed the estimated impact on regulatory capital resulting from the adoption of CECL. The interim final rule provided banking organizations that implemented CECL prior to the end of 2020 the option to delay for two years the estimated impact of CECL on regulatory capital relative to regulatory capital determined under the prior incurred loss methodology, followed by a three-year transition period to phase out the aggregate amount of capital benefit provided during the initial two-year delay. On August 26, 2020, the federal banking agencies issued a final rule that made certain technical changes to the interim final rule, including expanding the pool of eligible institutions. The changes in the final rule applied only to those banking organizations that elected the CECL transition relief provided for under the rule. The Company adopted the CECL model effective January 1, 2023.

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

In accordance with the Basel III Capital Rules, in order to be "well-capitalized" under the prompt corrective action guidelines, 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 10.0%, a tier 1 risk-based capital ratio of at least 8.0% and a leverage ratio of at least 5.0%, 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. At December 31, 2022 December 31, 2023, the Bank met the capital ratio requirements to be deemed "well-capitalized" according to the guidelines described above.

A bank with a capital level that might qualify for well capitalized or adequately capitalized status may nevertheless be treated as though the bank is in the next lower capital category if the bank's primary federal banking supervisory authority determines that an unsafe or unsound condition or practice warrants that treatment. A bank's operations can be significantly affected by its capital classification under the prompt corrective action rules. For example, a bank that is not well capitalized generally is prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market without advance regulatory approval. These deposit-funding limitations can have an adverse effect on the bank's liquidity. At each successively lower capital category, an insured depository institution is subject to additional restrictions. Undercapitalized banks are required to take specified actions to increase their capital or otherwise decrease the risks to the DIF. Bank regulatory agencies generally are required to appoint a receiver or conservator within 90 days after a bank becomes critically undercapitalized with a leverage ratio of less than 2.0%. The FDIA provides that a federal bank regulatory authority may require a bank holding company to divest itself of an undercapitalized bank subsidiary if the agency determines that divestiture will improve the bank's financial condition and prospects.

Regulations of the Federal Reserve Board generally require a financial holding company to maintain total risk-based capital of 10.0% and tier 1 risk-based capital of 6.0%. If, however, a bank holding company satisfies the requirements of the Federal Reserve Board's Small Bank Holding Company and Small Savings and Loan Holding Company Policy Statement (the "SBHCP"), the holding company is not required to meet the consolidated capital requirements. As amended effective in September 2018, the SBHCP requires that the holding company have assets of less than $3 billion, that it meet certain qualitative requirements, and that all of the holding company's bank subsidiaries meet all bank capital requirements. As of December 31, 2022 December 31, 2023, Ohio Valley was deemed to meet the SBHCP requirements and so was not required to meet consolidated capital requirements at the holding company level.

<u>Limits on Dividends</u>

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. The Federal Reserve Board also 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 capital levels. Dividends are also subject to limitations if the Company or the Bank fails to hold the required capital conservation buffer. 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. Under Ohio law, the Bank may pay a dividend from surplus only with the approval of its shareholders and the approval of the Superintendent of Financial Institutions. 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.

As insurer, the FDIC is authorized to conduct examinations of and to require reporting by insured institutions, including the Bank, to prohibit any insured institution from engaging in any activity the FDIC determines by regulation or order to pose a threat to the DIF, and to take enforcement actions against insured institutions. The FDIC may terminate insurance of deposits of any institution if it finds that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC or other regulatory agency.

The FDIA requires the FDIC's FDIC’s Board of Directors to set a target or Designated Reserve Ratio (“DRR”) for the DIF annually. The DRR is the total of the DIF divided by the total estimated insured deposits of the industry. Under the long-range plan, the FDIC set the DRR at 2.0% and set a schedule of assessment rates that would progressively decrease when the DRR reached 2.0% and 2.5%. The FDIC views the 2.0% DRR as a long-term goal and the minimum level needed to withstand future crises of the magnitude of past crises. Extraordinary growth in insured deposits during the first and second quarters of 2020 caused the DRR to decline below the statutory minimum of 1.35% as of June 30, 2020. In September 2020, the FDIC Board of Directors (“FDIC Board”) adopted a restoration plan to restore the DRR to at least 1.35% by 2028, absent extraordinary circumstances, as required by the FDIA. The restoration plan maintained the assessment rate schedules in place at the time and required the FDIC to update its analysis and projections for the DIF balance and DRR at least semiannually. In the semiannual update for the restoration plan in June 2022, the FDIC projected that the DRR was at risk of not reaching the statutory minimum of 1.35% by September 30, 2028, the statutory deadline to restore the DRR. Based on this update, the FDIC Board approved an amended restoration plan, and concurrently proposed an increase in initial base deposit insurance assessment rate schedules uniformly by two basis points, applicable to all insured depository institutions. In October 2022, the FDIC Board finalized the increase with an effective date of January 1, 2023, applicable to the first quarterly assessment period of 2023. The revised assessment rate schedules are intended to increase the likelihood that the DRR reaches the statutory minimum level of 1.35% by September 30, 2028.In the FDIC’s most recent semiannual update for the amended restoration plan in November 2023, the FDIC noted that increased loss provisions associated with the failures of Silicon Valley Bank, Signature Bank and First Republic Bank in 2023 that reduced the DIF balance, coupled with strong growth in insured deposits, resulted in the reserve ratio declining 15 basis points from 1.25% as of December 31, 2022, to 1.10% as of June 30, 2023. Despite the decline in the reserve ratio, the FDIC staff projected that the reserve ratio remains on track to reach the statutory minimum of 1.35% ahead of the deadline of September 30, 2028. As a result, the FDIC staff recommended no changes to the amended restoration plan and all scheduled assessment rates were maintained.

On November 16, 2023, the FDIC adopted a final rule implementing a special assessment to recover the loss to the DIF arising from the protection of uninsured depositors following the failures of Silicon Valley Bank and Signature Bank. The assessment base for the special assessment is equal to an insured depository institution’s estimated uninsured deposits reported for the quarter ended December 31, 2022, adjusted to exclude the first $5 billion in estimated uninsured deposits. The FDIC will collect the special assessment at an annual rate of approximately 13.4 basis points, over eight quarterly assessment periods, beginning with the first quarter of 2024. Because the Bank’s uninsured deposits were less than $5 billion for the quarter ended December 31, 2022, the Bank will not be subject to this special assessment.

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 bank’s regulatory agency. Notice would be given to all depositors before the deposit insurance was terminated.

Community Reinvestment Act

The CRA requires depository institutions to assist in meeting the credit needs of their market areas consistent with safe and sound banking practice. Under the CRA, each depository institution is required to help meet the credit needs of its market areas by, among other things, providing credit or other financial assistance to low and moderate-income individuals and communities. Depository institutions are periodically examined for compliance with the CRA. As of its most recent evaluation, the Bank was assigned an overall CRA rating of “Outstanding.”

On October 24, 2023, the federal banking agencies, including the Federal Reserve Board, issued a final rule designed to strengthen and modernize the regulations implementing the CRA. The changes are designed to encourage banks to expand access to credit, investment and banking services in low- and moderate-income communities, adapt to changes in the banking industry, including mobile and internet banking, provide greater clarity and consistency in the application of the CRA regulations, and tailor CRA evaluations and data collection to bank size and type. The applicability date for the majority of the changes to the CRA regulations is January 1, 2026, and additional requirements will be applicable on January 1, 2027. Ohio Valley cannot predict the impact the changes to the CRA will have on its operations at this time.

Customer Privacy Protections

The Bank is subject to regulations limiting the ability of financial institutions to disclose non-public information about consumers to nonaffiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a nonaffiliated party.

Patriot Act

The Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorist Act of 2001, as amended (the “Patriot Act”), 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 Anti-Money Laundering Act of 2020 (the “AMLA”), which amends the Bank Secrecy Act of 1970 (the “BSA”), was enacted in January 2021. The AMLA is intended to be a comprehensive reform and modernization to U.S. bank secrecy and anti-money laundering laws. Among other things, it codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the development of standards for evaluating technology and internal processes for BSA compliance; expands enforcement-related and investigation-related authority, including increasing available sanctions for certain BSA violations and instituting BSA whistleblower initiatives and protections.

The Company has established policies and procedures to comply with the requirements of the Patriot Act. Act and the AMLA.

Office of Foreign Assets Control Regulation

The United States Treasury Department’s Office of Foreign Assets Control (“OFAC”) administers and enforces economic and trade sanctions against targeted foreign countries and regimes, under authority of various laws, including designated foreign countries, nationals and others. OFAC publishes lists of specially designated targets and countries. Ohio Valley is responsible for, among other things, blocking accounts of, and transactions with, such targets and countries, prohibiting unlicensed trade and financial transactions with them and reporting blocked transactions after their occurrence. Failure to comply with these sanctions could have serious financial, legal and reputational consequences, including causing applicable bank regulatory authorities not to approve merger or acquisition transactions when regulatory approval is required or to prohibit such transactions even if approval is not required. Regulatory authorities have imposed cease and desist orders and civil money penalties against institutions found to be violating these obligations.

Cybersecurity

In March 2015, federal regulators issued two related statements regarding cybersecurity. One statement indicates that financial institutions should design multiple layers of security controls to establish several lines of defense and to ensure that their risk management processes also address the risks posed by compromised customer credentials, including security measures to reliably authenticate customers accessing Internet-based services of the financial institution. The other statement indicates that a financial institution’s management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the financial institution’s operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the financial institution or its critical service providers fall victim to this type of cyber-attack. If Ohio Valley fails to observe the regulatory guidance, it could be subject to various regulatory sanctions, including financial penalties.

In February 2018, the SEC published interpretive guidance to assist public companies in preparing disclosures about cybersecurity risks and incidents. These SEC guidelines, and any other regulatory guidance, are in addition to notification and disclosure requirements under state and federal banking law and regulations.

In November 2021, federal banking agencies issued a final rule that became effective in May 2022 requiring banking organizations that experience a cybersecurity incident to notify certain entities. A cybersecurity incident occurs when actual or potential harm to the confidentiality, integrity, or availability of information or an information system occurs, or there is a violation or imminent threat of a violation to banking security policies and procedures. The affected bank must notify its respective federal regulator of the cybersecurity incident as soon as possible and no later than 36 hours after the bank determines a cybersecurity incident that rises to the level of a notification incident has occurred. These notifications are intended to promote early awareness of threats to banking organizations and will help banks react to those threats before they manifest into larger incidents. This rule also requires bank service providers to notify their bank organization customers of a cybersecurity incident that has caused, or is reasonably likely to cause, a material service disruption or degradation for four or more hours.

Furthermore, once final rules are adopted, the Cyber Incident Reporting for Critical Infrastructure Act, enacted in March 2022, will require certain covered entities to report a covered cyber incident to the U.S. Department of Homeland Security’s Cybersecurity & Infrastructure Security Agency (“CISA”) within 72 hours after it reasonably believes an incident has occurred. Separate reporting to CISA will also be required within 24 hours, if a ransom payment is made as a result of a ransomware attack.

On July 26, 2023, the SEC adopted final rules that require public companies to promptly disclose material cybersecurity incidents in a Current Report on Form 8-K and detailed information regarding their cybersecurity risk management, strategy, and governance on an annual basis in an Annual Report on Form 10-K. Companies are required to report on Form 8-K any cybersecurity incident they determine to be material within four business days of making that determination. See Item 1C “Cybersecurity” in Part I of this Annual Report on Form 10-K. These SEC rules, and any other regulatory guidance, are in addition to notification and disclosure requirements under state and federal banking law and regulations.

State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and providing detailed requirements with respect to these programs, including data encryption requirements. Many states have also recently implemented or modified their data breach notification and data privacy requirements. Ohio Valley expects this trend of state-level activity in those areas to continue and is continually monitoring developments in the states in which our customers are located.

In the ordinary course of business, Ohio Valley relies on electronic communications and information systems to conduct its operations and to store sensitive data. Ohio Valley employs an in-depth, layered, defensive approach that leverages people, processes and technology to manage and maintain cybersecurity controls. Ohio Valley employs a variety of preventative and detective tools to monitor, block, and provide alerts regarding suspicious activity, as well as to report on any suspected advanced persistent threats. Notwithstanding the strength of Ohio Valley's defensive measures, the threat from cyber-attacks is severe, attacks are sophisticated and increasing in volume, and attackers respond rapidly to changes in defensive measures. While to date, Ohio Valley has not detected a significant compromise, significant data loss or any material financial losses related to cybersecurity attacks, Ohio Valley's systems and those of its customers and third-party service providers are under constant threat and it is possible that Ohio Valley could experience a significant event in the future. Risks and exposures related to cybersecurity attacks are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of Internet banking, mobile banking and other technology-based products and services by us and our customers.

Executive and Incentive Compensation

Public companies will be required, once stock exchanges adopt Following the adoption of additional listing requirements under in 2023 to comply with the Dodd-Frank Act and rules adopted by the SEC in October 2022, public companies are now required to adopt and implement "clawback" procedures policies for incentive compensation payments and to disclose the details of the procedures which allow recovery of incentive compensation that was paid on the basis of erroneous financial information necessitating an accounting restatement due to material noncompliance with financial reporting requirements. This clawback policy is intended to apply to compensation paid within the three completed fiscal years immediately preceding the date the issuer is required to prepare a restatement a three-year look-back window of the restatement and would cover all executives (including former executives) who received incentive awards. The Company adopted its clawback policy in September 2023, which is attached hereto as Exhibit 97 and is titled "Ohio Valley Banc Corp. Policy for the Recovery of Erroneously Awarded Compensation."

Employees

As of December 31, 2022 December 31, 2023, Ohio Valley and its subsidiaries had approximately 284 employees and officers and 275 270 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 Subpart 1400 of Regulation S-K, "Disclosure by Bank and Savings and Loan Registrants," or a specific reference as to the location of the required disclosures in Ohio Valley's 2022 2023 Annual Report to Shareholders, which are incorporated herein by reference.

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, 2022 and 2021 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 2022 Annual Report to Shareholders.

A. & B The average balance sheet information and the related analysis of net interest earnings for the years ended December 31, 2023 and 2022 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 2023 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, 2022 December 31, 2023 and 2021 2022 are 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 2022 2023 Annual Report to Shareholders.

INVESTMENT PORTFOLIO

A. Information required 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 2022 2023 Annual Report to Shareholders

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

LOAN PORTFOLIO

A. 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 IV V - Maturity and Repricing Data of Loans,” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” located in Ohio Valley’s 2022 2023 Annual Report to Shareholders.

ALLOWANCE FOR CREDIT LOSSES

A. & B. B **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 captions “Provision Expense” and “Allowance for Loan Credit Losses” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” located in Ohio Valley’s 2022 2023 Annual Report to Shareholders.**

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 V VI - 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 2022 2023 Annual Report to Shareholders.

Credit ratios - – Information required by this item is incorporated herein by reference to the information appearing under the caption “Table VI VII – Credit Ratios,” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” located in Ohio Valley’s 2022 2023 Annual Report to Shareholders.

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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 2022 2023 Annual Report to Shareholders.

C. C & D. D Foreign Deposits - There were no foreign deposits outstanding at December 31, 2022 December 31, 2023 or 2021. 2022.

E. Uninsured Deposits – Uninsured deposits were estimated at $366,649 and $254,993 at December 31, 2023 and $271,727 at December 31, 2022 and December 31, 2021, respectively.

F. Schedule of Maturities - The following table provides the uninsured portion of time deposits at December 31, 2022 December 31, 2023, with a maturity of:

December 31, 2022	Over	Over			
December 31, 2023				Over	Over

(dollars in thousands)	3 months or less	3 through 6 months	6 through 12 months	Over 12 months	3 months or less	3 through 6 months	6 through 12 months	Over 12 months
Total uninsured time deposits	$ 13,031	$ 4,015	$ 8,588	$ 11,236	$ 36,254	$ 7,466	$ 18,906	$ 15,174

ITEM 1A – RISK FACTORS

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this report and other publicly available documents incorporated herein by reference constitute "forward“forward looking statements"statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934 and as defined in the Private Securities Litigation Reform Act of 1995. Such statements are often, but not always, identified by the use of such words as “believes,” “anticipates,” “expects,” “intends,” “plan,” “goal,” “seek,” “project,” “estimate,” “strategy,” “future,” “likely,” “may,” “should,” “will,” and similar expressions. Such statements involve various important assumptions, risks, uncertainties, and other factors, many of which are beyond our control, particularly with regard to developments related to the current economic and geopolitical landscape, and which could cause actual results to differ materially from those expressed in such forward looking statements. These factors include, but are not limited to: the effects of risingfluctuating interest rates on our customers’ operations and financial condition; changes in political, economic or other factors, such as inflation rates, recessionary or expansive trends, taxes, the effects of implementation of legislation and the continuing economic uncertainty in various parts of the world; competitive pressures; the level of defaults and prepayment on loans made by the Company; unanticipated litigation, claims, or assessments; fluctuations in the cost of obtaining funds to make loans; and regulatory changes.

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. Readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. The Company undertakes no obligation and disclaims any intention to republish revised or updated forward looking statements, whether as a result of new information, unanticipated future events or otherwise. 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 as presenting the risk factors listed in any particular order.

Risks Related to Economic, Political and Market Conditions

Economic, political and market risks could adversely affect our earnings and capital through declines in loan demand, quality of investment securities, our borrowers’ ability to repay loans, the value of the collateral securing our loans, and deposits.

Our success depends, to a certain extent, upon local and national economic and political conditions, as well as governmental fiscal and monetary policies. Inflation, recession, unemployment, changes in interest rates, fiscal and monetary policy, tariffs, a United States withdrawal from a significant renegotiation of trade agreements, trade wars, and other factors beyond our control may adversely affect our deposit levels and composition, the quality of our assets including investment securities available for purchase, and the demand for loans, which, in turn, may adversely affect our earnings and capital. Recent political developments, such as the military conflicts in Ukraine and the Middle East, have resulted in substantial changes in economic and political conditions for the United States and the remainder of the world.For example, on February 24, 2022, Russian military forces invaded Ukraine, and sustained conflict and disruption in the region have occurred and remain likely. Although the length, impact, and outcome of the ongoing war in Ukraine is highly unpredictable, this conflict has resulted, and could continue to result, in significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences, as well as increases in cyberattacks and espionage. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time. 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.

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

The policies of the Federal Reserve Board impact us significantly, especially given the current economic and geopolitical landscape. 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.

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 (in particular, the Federal Reserve Board). 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.

In addition to the effect of changes in interest rates on our interest rate spread, changes in interest rates may negatively affect the ability of our borrowers to repay their loans, particularly as interest rates have been rising and adjustable-rate debt becomes more expensive. Increased defaults on loans could have a material adverse effect on our financial condition, results of operations and cash flows.

A transition away from the London Interbank Offered Rate ("LIBOR") as a reference rate for financial contracts could negatively affect our income and expenses and the value of various financial contracts.

LIBOR was used extensively in the U.S. and globally as a benchmark for various commercial and financial contracts, including adjustable rate mortgages, corporate debt, interest rate swaps and other derivative financial instruments. LIBOR is set based on interest rate information reported by certain banks, which are set to stop reporting such information after June 30, 2023. In the U.S., the Alternative Reference Rate Committee ("ARRC") has recommended the use of a Secured Overnight Funding Rate ("SOFR") as the set of alternative U.S. dollar reference interest rates. SOFR is different from LIBOR in that it is a backward-looking secured rate rather than a forward-looking unsecured rate.

These differences could lead to a greater disconnect between our costs to raise funds for SOFR as compared to LIBOR. For cash products and loans, ARRC has also recommended Term SOFR, which is a forward-looking SOFR based on SOFR futures and may in part reduce differences between SOFR and LIBOR. There are operational issues which may create a delay in the transition to SOFR or other substitute indices, leading to uncertainty across the industry. These consequences cannot be entirely predicted and could have an adverse impact on the market value for or value of LIBOR-linked securities, loans, and other financial obligations or extensions of credit.

We have a During 2023, the Company's limited number of loans, derivative contracts, borrowings and other financial instruments and continue to enter into loans, derivatives contracts, borrowings and other financial instruments, with attributes that are directly or indirectly dependent on LIBOR. The transition transitioned from LIBOR could create costs and additional risk for us. Since proposed alternative rates are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR. to using a SOFR rate. The transition will change our market risk profiles, requiring changes to risk and pricing models, valuation tools, product design and hedging strategies. Further, our failure to adequately manage this transition process with our customers could adversely impact our reputation. Although we are currently unable to assess what the ultimate impact of the transition from LIBOR will be, SOFR did not have any market-wide transition away from LIBOR could have an adverse effect on our business, financial condition and results of operations.

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

The capital and credit markets have been experiencing unprecedented levels of volatility in recent years. 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.

Structured investments have at times been subject to significant market volatility due to the uncertainty of credit ratings, deterioration in credit losses occurring within certain types of residential mortgages, changes in prepayments of the underlying collateral and the lack of transparency related to the investment structures and the collateral underlying the structured investment vehicles.

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

Many financial institutions and their related operations are closely intertwined, and the soundness of such financial institutions may, to some degree, be interdependent. 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.

Recent bank failures have created significant market volatility, regulatory uncertainty, and decreased confidence in the U.S. banking system.

The recent failures of several high-profile banking institutions in 2023 have caused significant market volatility, regulatory uncertainty, and decreased confidence in the U.S. banking system. These bank failures occurred during a period of rapidly rising interest rates, which among other things, has resulted in unrealized losses in longer duration securities and more competition for bank deposits, and may increase the risk of a potential economic recession in the United States. Given the current environment, we may experience more deposit volatility as customers react to adverse events or market speculation involving financial institutions.

In response to the bank failures, the United States government may adopt a variety of measures and new regulations designed to strengthen capital levels, liquidity standards, and risk management practices and otherwise restore confidence in financial institutions. Any reforms, if adopted, could have a significant impact on banks and bank holding companies, including us. We may also be subject to any special assessment that the FDIC adopts to recover the loss to the DIF, and such assessment, if significant, could have an adverse effect on our business, financial condition, and results of operations.

Risks Related to Our Business

The economic impact of COVID-19 or any other pandemic could adversely affect our business, financial condition, liquidity, cash flows, and results of operations.

COVID-19 negatively impacted global, national and local economies, disrupted global and national supply chains, lowered equity market valuations, and created significant volatility and disruption in financial markets. The extent to which COVID-19 or any other pandemic could impact our business, results of operations, and financial condition, as well as our regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted.

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. In addition, technological advancements allow parties to better serve customers, increase efficiency, and reduce costs. Our ability to maintain our history of strong financial performance and return on investment to shareholders will depend, in part, on our ability to use technology to deliver products and services that provide convenience to customers and to create additional efficiencies in our operations.

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 largely 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.

We may acquire other financial institutions or parts of institutions in the future and may open new branches. We also may consider and enter into new lines of business or offer new products or services. Expansions of our business involve a number of expenses and risks, including:

- the time and costs associated with identifying and evaluating potential acquisitions or new products or services;
- the potential inaccuracy of estimates and judgments used to evaluate credit, operations, management and market risk with respect to the target institutions;
- the time and costs of evaluating new markets, hiring local management and opening new offices, and the delay between commencing these activities and the generation of profits from the expansion;
- our ability to finance an acquisition or other expansion and the possible dilution to our existing shareholders;
- the diversion of management's attention to the negotiation of a transaction and the integration of the operations and personnel of the combining businesses;
- entry into unfamiliar markets;
- the possible failure of the introduction of new products and services into our existing business;
- the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse short-term effects on our results of operations; and

- the risk of loss of key employees and customers.

We may incur substantial costs to expand, and we can give no assurance that such expansion will result in the levels of profits we expect. Neither can we assure that integration efforts for any future acquisitions will be successful. We may issue equity securities in connection with acquisitions, which could dilute the economic and voting interests of our existing shareholders. We may also lose customers as we close one or more branches as part of a plan to expand into other areas or become more productive from other branches.

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Failure to integrate or adopt new technology may undermine our ability to meet customer demands, leading to adverse effects on our financial condition and results of operations.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers while reducing costs. Our future success depends, in part, upon our ability to address customer needs by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Digital or cryptocurrencies, blockchain, and other "fintech" technologies are being developed to change the way banks operate and are eliminating the need for banks as financial deposit-keepers and intermediaries. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological changes affecting the financial services industry could negatively affect our growth, revenue and profit.

Periodic regulatory reviews may affect our operations and financial condition.

We are subject to periodic reviews from state and federal regulators, which may impact our operations and 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 effect on our financial condition and results of operations. Findings of deficiencies in compliance with regulations could result in restrictions on our activities or even a loss in our financial holding company status.

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 that we will have inaccurate or incomplete information about borrowers, risks that borrowers will become unable to repay loans; 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. We may also have concentrated credit exposure to a particular industry, resulting in a risk of a material adverse effect on our earnings or financial condition if there is an event adversely affecting that industry.

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 United States generally accepted accounting principles ("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.

<u>We may be required to repurchase loans we have sold or indemnify loan purchasers under the terms of the sale agreements, which could adversely affect our liquidity, results of operations and financial condition.</u>

When the Bank sells a mortgage loan, it agrees to repurchase or substitute a mortgage loan if it is later found to have breached any representation or warranty the Bank made about the loan or if the borrower is later found to have committed fraud in connection with the origination of the loan. While we have underwriting policies and procedures designed to avoid breaches of representations and warranties as well as borrower fraud, we cannot give assurance that no breach or fraud will ever occur. Required repurchases, substitutions or indemnifications could have an adverse effect on our liquidity, results of operations and financial condition.

<u>If our actual loan losses exceed our allowance for loan credit losses, our net income will decrease.</u>

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 GAAP, we maintain an allowance for loan credit losses to provide for loan defaults and non-performance, which when combined, we refer to as the allowance for loan credit losses. Our allowance for loan credit 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 credit losses is based upon a number of relevant factors, including, but not limited to, trends in the level of nonperforming assets and classified loans, current economic conditions in the primary lending area, prior experience, possible losses arising from specific problem loans, and our 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 credit losses. Moreover, the Financial Accounting Standards Board ("FASB") has changed its requirements for establishing the allowance, which was effective for us in the first quarter of 2023. We cannot assure you that we will not further increase the allowance for loan credit 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.

<u>Failures of, or material breaches in security of, our systems or those of third-party service providers may have a material adverse effect on our business.</u>

We collect, process and store sensitive consumer data by utilizing computer systems and telecommunications networks operated by both us and third-party service providers. Our dependence upon automated systems to record and process the Bank's transactions poses the risk that technical system flaws, employee errors, tampering or manipulation of those systems, or attacks by third parties will result in losses and may be difficult to detect. Our inability to use these information systems at critical points in time could unfavorably impact the timeliness and efficiency of our business operations. In recent years, some banks have experienced denial of service attacks in which individuals or organizations flood the bank's 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 could also be adversely affected if one of our employees or a third-party service provider causes a significant operational break-down or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our operations or systems. We are further exposed to the risk that third-party service providers may be unable to fulfill their contractual obligations or will be affected by the same risks as the Bank has. These disruptions may interfere with service to the Bank's customers, cause additional regulatory scrutiny and result in a financial loss or liability. We are also at risk of 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.

Employees could engage in fraudulent, improper, or unauthorized activities on behalf of clients or improper use of confidential information. We may not be able to prevent employee errors or misconduct, and the precautions we take to detect this type of activity might not be effective in all cases. Employee errors or misconduct could subject us to civil claims for negligence or regulatory enforcement actions, including fines and restrictions on our business.

In addition, there have been instances where financial institutions have been victims of fraudulent activity in which criminals pose as customers to initiate wire and automated clearinghouse transactions out of customer accounts. Although we have policies and procedures in place to verify the authenticity of our customers, we cannot assure that such policies and procedures will prevent all fraudulent transfers. Such activity can result in financial liability and harm to our reputation.

Management cannot be certain that the security controls we have adopted will prevent unauthorized access to our computer systems or those of our third-party service providers, whom we require to maintain similar controls. A security breach of the computer systems and loss of confidential information, such as customer account numbers or personal information, could result in a loss of customers' confidence and, thus, loss of business. In addition, unauthorized access to or use of sensitive data could subject us to litigation and liability and costs to prevent further such occurrences.

Further, we may be affected by data breaches at retailers and other third parties who participate in data interchanges with us and our customers that involve the theft of customer credit and debit card data, which may include the theft of our debit card PIN numbers and commercial card information used to make purchases at such retailers and other third parties. Such data breaches could result in us incurring significant expenses to reissue debit cards and cover losses, which could result in a material adverse effect on our results of operations.

Our assets at risk for cyber-attacks include financial assets and non-public information belonging to customers. We use several third-party vendors who have access to our assets via electronic media. Certain cyber security risks arise due to this access, including cyber espionage, blackmail, ransom, and theft. As cyber and other data security threats continue to evolve, we may be required to expend significant additional resources to continue to modify and enhance our protective measures or to investigate and remediate any security vulnerabilities.

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 the size of dividend distribution will continue in the future, even if we are able to pay dividends. Our failure to pay dividends on our common shares could have a material adverse effect on the market price of our common shares.

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 we have strong relationships with our key producers, 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.

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 revenue.

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. We may also acquire properties with hazardious hazardous substances that must be removed or remediated, the costs of which could be substantial, and we may not be able to recover such costs from the responsible parties. The foregoing expenditures and costs could adversely affect our ability to generate revenues, resulting in reduced levels of profitability.

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.

Liquidity contingency funding is highly concentrated.

The Bank

Liquidity risk could impair our ability to fund operations and have an adverse impact on our earnings and financial condition.

Our primary funding and liquidity source to support our business strategies is a member stable customer deposit base. Deposit levels may be affected by a number of factors, including interest rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, banking industry conditions that can impact customers perceptions of the safety and soundness of the banking industry generally or of specific financial institutions, and general economic conditions. If our deposit levels fall, we could lose a relatively low-cost source of funding and our interest expense would likely increase as we obtain alternative funding to replace lost deposits. If local customer deposits are not sufficient to fund our normal operations and growth, we will look to outside sources, such as lines of credit with both the Federal Home Loan Bank of Cincinnati (FHLB). Access ("FHLB") and FRB, brokered CDs, a federal funds line with a correspondent bank, and available funds from select deposit placement services. Although the Bank has historically been able to funding through the FHLB is a significant component of the Bank's contingency funding needs. The ability to access funding from FHLB may be critical if a funding need arises. However, there replace maturing deposits and advances, no assurance can be no assurance given that the FHLB will Bank would be able to provide funding when needed, nor can there be assurance that replace such funds in the FHLB will provide funds to the Bank future if its our financial condition deteriorates. The inability were to access FHLB change. If we are required to rely more heavily on more expensive funding through a restriction on credit or the failure of the FHLB, could sources to support asset growth, our revenues may not increase proportionately to cover our costs, which would have a materially adverse effect on negative impact to profitability and the Bank's liquidity management. net interest margin.

Unrealized losses in the Bank's investment portfolio could affect liquidity.

As a result of market interest rates increased increasing during 2022 and 2023, the unrealized losses on the Bank's investment portfolio also increased. The increase in unrealized losses is reflected in Accumulated Other Comprehensive Income on the balance sheet and reduces book capital and therefore its tangible common equity ratio. Unrealized losses do not affect regulatory capital ratios. The majority of the Bank's access to liquidity sources securities portfolio is classified as AFS and therefore could be affected by unrealized sold for liquidity, investment management or similar reasons even if there is not an intention of such a sale. Unrealized losses if investments must be sold at a loss, tangible capital ratios continue to decline from an increase in unrealized losses or realized credit losses, the FHLB or other sources reduce capacity, or bank regulators impose restrictions on the Bank AFS debt securities portfolio amounted to $14,661 and $18,751 at December 31, 2023 and 2022, respectively. While we do not currently intend to sell these securities, if it was required to sell such as a limit on interest rates it securities to meet liquidity needs, we may pay on deposits incur losses, which could impair our capital, financial condition, and results of operations and, in the event that our other funding sources are insufficient, could require us to raise additional capital. While we have taken actions to maximize our funding sources, there is no guarantee that such actions will be successful or its ability to access brokered deposits.

sufficient in the event of sudden liquidity needs.

Risks Related to Legal, Regulatory and Accounting Changes

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

The financial services industry is extensively regulated. We are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of our operations. Laws and regulations may change from time to time and are primarily intended for the protection of consumers, depositors, borrowers, the DIF and the banking system as a whole, and not to benefit our shareholders. Regulations affecting banks and financial services businesses are undergoing continuous changes, and management cannot predict the effect of these changes. The impact of any changes to laws and regulations or other actions by regulatory agencies may negatively impact us and our ability to increase the value of our business, possibly limiting the services we provide, increasing the potential for competition from non-banks, or requiring us to change the way we operate.

Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets held by an institution, the adequacy of an institution's allowance for loan losses and the ability to complete acquisitions. Additionally, actions by regulatory agencies against us could cause us to devote significant time and resources to defending our business and may lead to penalties that materially affect us and our shareholders. Even the reduction of regulatory restrictions could have an adverse effect on us and our shareholders if such lessening of restrictions increases competition within our industry or market area.

Changes in accounting standards, policies, estimates or procedures could impact our reported financial condition or results of operations.

Entities that set generally applicable accounting standards, such as the FASB, the Securities and Exchange Commission, and other regulatory boards, periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. These changes can be difficult to predict and can materially affect how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, which would result in the restatement of our financial statements for prior periods.

In June 2016, FASB issued a new accounting standard for recognizing current expected credit losses, commonly referred to as CECL. CECL will result in earlier recognition of credit losses and requires consideration of not only past and current events but also reasonable and supportable forecasts that affect collectability. In October 2019, FASB announced it would delay the effective date of CECL for smaller companies, such as Ohio Valley, until fiscal years beginning after December 15, 2022. The Bank has developed a CECL model and is evaluating model results in relation to the new ASU guidance. The Company adopted the new accounting standard effective January 1, 2023, and recorded a net charge to retained earnings of $2,209,000 for the cumulative effect. Upon adoption, of the new standard on January 1, 2023, management expects to recognize a one-time cumulative–effect adjustment that will materially increase Company increased the allowance for credit losses. losses by $2,162,000. In addition, a reserve for unfunded commitments and held to maturity securities was established totaling $631,000 and $3,000, respectively. The Company will be electing elected to utilize the three-year phase in option of the day-one impact of this standard to regulatory capital. If the methodologies and assumptions used in our CECL model prove to be incorrect, inadequate or we fail to properly transition internal processes or systems, the allowance for credit losses may be insufficient, resulting in the need for additional allowance for credit losses to be established, which could have a material adverse impact on Ohio Valley's financial condition and results of operations. Additionally, the time horizon over which we are required to estimate future credit losses has expanded under CECL, which could result in increased volatility in future allowances for credit losses. If weak or deteriorating economic conditions are forecasted, our expectations for credit losses may be altered under CECL, with the potential to negatively affect our financial condition.

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 GAAP 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.

Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks.

Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social and governance ("ESG" (“ESG”) practices and disclosure. Investor advocacy groups, investment funds and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions and human rights. Increased ESG-related compliance costs for us as well as among our third-party suppliers, vendors and various other parties within our supply chain could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, access to capital, and the price of our common shares.

General Risk Factors

We may be the subject of litigation and other actions, which could have a material adverse effect on our financial condition, results of operations and cash flows.

From time to time, we may be subject to a variety of litigation arising out of our business. The risk of litigation increases in times of increased troubled loan collection activity. Our insurance may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation exceed our insurance coverage, they could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, we may not be able to obtain appropriate types or levels of insurance in the future or obtain adequate replacement policies with acceptable terms.

We are at risk of increased losses from fraud.

Criminals are committing fraud at an increasing rate and are using more sophisticated techniques. In some cases, these individuals are part of larger criminal rings, which allow them to be more effective. Such fraudulent activity has taken many forms, ranging from debit card fraud, check fraud, wire fraud, mechanical devices attached to ATM machines, social engineering and phishing attacks to obtain personal information, or impersonation of clients through the use of falsified or stolen credentials. Additionally, an individual or business entity may properly identify itself, yet seek to establish a business relationship for the purpose of perpetrating fraud. An emerging type of fraud even involves the creation of synthetic identification in which fraudsters "create" “create” individuals for the purpose of perpetrating fraud. Further, in addition to fraud committed directly against us, we may suffer losses as a result of fraudulent activity committed against third parties. Increased deployment of technologies, such as chip card technology, defray and reduce certain aspects of fraud; however, criminals are turning to other sources to steal personally identifiable information, such as unaffiliated healthcare providers and government entities, in order to impersonate the consumer and thereby commit fraud.

ITEM 1B – UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C – CYBERSECURITY

Ohio Valley recognizes the critical importance of assessing, identifying, and managing material risks from cybersecurity threats and safeguarding the security of its banking operations and data, including protecting its customers’ information. As a result, the Company has devoted significant financial and personnel resources to assessing, identifying, and managing cybersecurity risks and threats, including:

- Maintaining policies and procedures regarding security operations and governance through the implementation of the Company’s Information Security Program;
- Implementing multi-layered controls to avoid reliance on single controls;
- Utilizing both preventative and detective tools to monitor and block suspicious activity and to alert us of potential threats;
- Keeping abreast of new technology and evaluating tools to help respond to threats to cybersecurity in an efficient and effective manner;
- Collaborating with third-party cybersecurity consultants that perform regular penetration testing, vulnerability assessments, and other procedures to identify potential weaknesses in our systems and processes;
- Utilizing a third-party risk management program for purposes of identifying, assessing, and managing risks involved with external service providers;
- Conducting thorough due diligence concerning our third-party service providers, including evaluating their cybersecurity practices; and
- Providing regular cybersecurity training for both our employees and our Board of Directors.

The Board, through the Information Technology Steering Committee, works with senior management and other employee committees to oversee the development, implementation, maintenance, and administration of the Information Security Program, which is aligned and integrated into Ohio Valley's overall risk management system and processes. The Information Technology Steering Committee itself is comprised of diverse directors and officers of the Bank with vast knowledge and years of banking experience. The Information Security Officer of the committee has 25 years of banking experience including 24 IT related years as well as continuing education including a BA in Management Information Systems and Network+ and A+ certifications. The purpose of the Information Security Program is to:

- Identify and analyze cybersecurity risks;
- Provide the Company with direction on effectively managing such risks;
- Approve information security plans, policies, and programs;
- Assess whether the Company's current security programs are effective; and
- Provide recommendations for corrective action.

The Company has also implemented an Incident Response Plan which is reviewed and updated at least annually in response to an ever-changing threat landscape. The purpose of the Incident Response Plan is to provide long-term strategies for the remediation and prevention of, and resiliency to, cybersecurity threats and incidents. Our Incident Response Plan is executed through the incident response team comprised of both cybersecurity experts and select members of management, including one or more Information Security Officers, who are responsible for monitoring potential threats and identifying events that may warrant Board notification and/or public disclosure. Additionally, our Information Security Officers are responsible for responding to security events by ordering emergency actions to protect the Company and its customers; managing negative effects on the confidentiality, integrity, and availability of information; and minimizing the disruption and degradation of critical services.

Notwithstanding the strength of Ohio Valley's defensive measures, the threat from cyber-attacks is severe, attacks are sophisticated and increasing in volume, and attackers respond rapidly to changes in defensive measures. While to date, Ohio Valley has not detected a significant compromise, significant data loss, or any material financial losses related to cybersecurity attacks, Ohio Valley's systems and those of its customers and third-party service providers are under constant threat, and it is possible that Ohio Valley could experience a significant event in the future. Risks and exposures related to cybersecurity attacks are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of Internet banking, mobile banking, and other technology-based products and services by us and our customers.

ITEM 2 - PROPERTIES

The principal executive offices of Ohio Valley and the Bank are located at 420 Third Avenue, Gallipolis, Ohio. The Bank owns twelve financial service centers located in Gallipolis and Rio Grande (Gallia Co.), Jackson, Oak Hill, and Wellston (Jackson Co.), and Waverly (Pike Co.) in Ohio; and Point Pleasant and Mason (Mason Co.), and Milton and Barboursville (Cabell Co.) in West Virginia. The Bank leases five additional financial service centers located in Gallipolis (Gallia Co.), Athens (Athens Co.), and Ironton (Lawrence Co.) in Ohio; and Point Pleasant (Mason Co.) in West Virginia. The Bank also owns and operates thirty-seven thirty-eight ATMs, including twenty twenty-one off-site ATMs. Furthermore, the Bank owns four facilities in Gallipolis (Gallia Co.), Ohio, which are used for additional office space. The Bank also owns a facility in Gallipolis (Gallia Co.) in Ohio; and a facility in Point Pleasant (Mason Co.) in West Virginia, which are all leased to third parties.

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

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" and "Note E – Leases" of the notes to the Company's consolidated financial statements for the fiscal year ended December 31, 2022 December 31, 2023, located in Ohio Valley's 2022 2023 Annual Report to Shareholders.

ITEM 3 – LEGAL PROCEEDINGS

From time to time, the Company may be involved in various claims and legal actions in the ordinary course of business. The Company is not currently involved in any material legal proceedings outside the ordinary course of the Company's business.

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

Ohio Valley's common shares are traded on The NASDAQ Stock Market under the symbol "OVBC," and were held of record by approximately 2,153 2,096 shareholders as of February 28, 2023 February 29, 2024.

The payment of future cash dividends is at the discretion of our Board of Directors. The Company plans to continue to pay quarterly cash dividends comparable to those paid historically, subject to a number of factors, including results of operations, general business conditions, growth, financial condition, regulatory limitation and other factors deemed relevant by the Board. Further, our ability to pay future cash dividends is subject to certain regulatory requirements and restrictions discussed in the Regulation section in Item 1 above. For further information, see "Note P - Regulatory Matters" of the notes to the Company's consolidated financial statements for the fiscal year ended December 31, 2022 December 31, 2023 located in Ohio Valley's 2022 2023 Annual Report to Shareholders.

ISSUER PURCHASES OF SECURITIES

Ohio Valley did not sell any unregistered equity securities during the three months ended December 31, 2022 December 31, 2023.

Ohio Valley did not purchase any of its common shares during the three months ended December 31, 2022 December 31, 2023.

ITEM 6 - [Reserved].

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 2022 2023 Annual Report to Shareholders.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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 2022 2023 Annual Report to Shareholders. The supplementary data located under the captions "Report of Independent Registered Public Accounting Firm" located in Ohio Valley's 2022 2023 Annual Report to Shareholders is also incorporated herein by reference.

Consolidated Statements of Condition as of December 31, 2022 December 31, 2023 and 2021 2022
Consolidated Statements of Income for the years ended December 31, 2022 December 31, 2023 and 2021 2022
Consolidated Statements of Comprehensive Income for the years ended December 31, 2022 December 31, 2023 and 2021 2022
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2022 December 31, 2023 and 2021 2022
Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023 and 2021 2022
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

None.

ITEM 9A – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

With the participation of the President and Chief Executive Officer (the principal executive officer) and the Senior Vice President and Chief Financial Officer (the principal financial officer) of Ohio Valley, Ohio Valley's Valley's management has evaluated the effectiveness of Ohio Valley's Valley's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the President and Chief Executive Officer and Senior Vice President and Chief Financial Officer have concluded that Ohio Valley's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of December 31, 2022 December 31, 2023, in ensuring that the information required to be disclosed by Ohio Valley in the reports that Ohio Valley files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and were operating in an effective manner to ensure that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

“Management’s Report on Internal Control Over Financial Reporting” located in Ohio Valley’s 2022 2023 Annual Report to Shareholders is incorporated into this Item 9A by reference.

Changes In Internal Control Over Financial Reporting

There was no change in Ohio Valley's Valley’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during Ohio Valley's Valley’s fiscal quarter ended December 31, 2022 December 31, 2023, that has materially affected, or is reasonably likely to materially affect, Ohio Valley's Valley’s internal control over financial reporting.

ITEM 9B – OTHER INFORMATION

None.

(a) None.

(b) None.

ITEM 9C – DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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 17, 2023 May 15, 2024 (the “2023 “2024 Proxy Statement”), under the captions “Proxy Item 1: Election of Directors,” and “Compensation of Executive Officers and Directors” of the 2023 2024 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 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: Tom R. Shepherd, Secretary, 420 Third Avenue, Gallipolis, Ohio 45631.

The Board of Directors of Ohio Valley has adopted an Insider Trading Policy, which is attached hereto as Exhibit 19 and is titled “Ohio Valley Banc Corp. Insider Trading Policy.”

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 captions “Compensation of Executive Officers and Directors” and “Proxy Item 1: Election of Directors – Committees of the Board – Compensation and Management Succession Committee” of the 2023 2024 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 2023 2024 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 2023 2024 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 2023 2024 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 2022 2023 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, 2022 December 31, 2023 and 2021 2022
Consolidated Statements of Income for the years ended December 31, 2022 December 31, 2023 and 2021 2022
Consolidated Statements of Comprehensive Income for the years ended December 31, 2021 December 31, 2023 and 2021 2022
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2022 December 31, 2023 and 2021

2022
Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023 and 2021 2022
Notes to the Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm
Auditor Name: Crowe LLP
Auditor Location: Cleveland, Ohio
PCAOB Number: 173

(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 35 37 of this Form 10-K.

ITEM 16 – FORM 10-K SUMMARY

None.

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
3.1	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 (File No. 000-20914).
3.2	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 (File No. 000-20914).
4.1	Agreement to furnish instruments and agreements defining rights of holders of long-term debt: debt: Filed herewith.

4.2	Description of Registered Securities: Incorporated herein by reference to Exhibit 4.2 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2019 (File No. 000-20914).
10.1*	The Ohio Valley Bank Company Executive Group Life Split Dollar Plan Agreement, dated December 31, 2011, between Thomas E. Wiseman 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, 2015 (File No. 000-20914).
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, 2020 (File No. 000-20914).
10.3(a)*	The Ohio Valley Bank Company Third Amended and Restated Director Retirement Agreement, dated December 18, 2012, between Thomas E. Wiseman 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, 2020 (File No. 000-20914).
10.3(b)*	Schedule A to Exhibit 10.3(a) identifying other identical Third Amended and Restated 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, 2021 (File No. 000-20914).
10.4(a)*	The Ohio Valley Bank Company Salary Continuation Agreement, dated January 26, 2016, by and between Larry E. Miller and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.4 to Ohio Valley's Current Report on Form 8-K filed on January 26, 2016 (File No. 000-20914).

Exhibit Number	Exhibit Description
10.4(b)*	Schedule A to Exhibit 10.4(a) identifying other identical Salary Continuation Agreements between The Ohio Valley Bank Company and certain executive officers of Ohio Valley Banc Corp.: 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, 2020 (File No. 000-20914).
10.5(a)*	The Ohio Valley Bank Company Second Amended and Restated Director Deferred Fee Agreement, dated December 18, 2012, between Thomas E. Wiseman and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.6(a) to Ohio Valley's Quarterly Report on Form 10-Q for period ended September 30, 2015 (File No. 000-20914).
10.5(b)*	Amendment to the The Ohio Valley Bank Company Second Amended and Restated Director Deferred Fee Agreement, dated November 17, 2022, between Thomas E. Wiseman and The Ohio Valley Bank Company: Filed herewith. Incorporated herein by reference to Exhibit 10.5(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2022 (File No. 000-20914).
10.5(c)*	Schedule A to Exhibit 10.5(a) identifying other identical Second Amended and Restated Director Deferred Fee Agreements between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Incorporated herein by reference to Exhibit 10.5(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2021 (File No. 000-20914).
10.5(d)*	Schedule A to Exhibit 10.5(b) identifying other identical Amendment to The Ohio Valley Bank Company Second Amended and Restated Director Deferred Fee Agreement between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Filed herewith. Incorporated herein by reference to Exhibit 10.5(d) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2022 (File No. 000-20914).
10.6(a)*	The Ohio Valley Bank Company Executive Deferred Compensation Agreement, dated December 18, 2012, between Thomas E. Wiseman and The Ohio Valley Bank Company: 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, 2020 (File No. 000-20914).
10.6(b)*	First Amendment to The Ohio Valley Bank Company Executive Deferred Compensation Agreement, dated January 26, 2016: Incorporated herein by reference to Exhibit 10.2 to Ohio Valley's Current Report on Form 8-K filed on January 26, 2016 (File No. 000-20914).

10.6(c)*	Amendment to The Ohio Valley Bank Company Executive Deferred Compensation Agreement, dated November 17, 2022, between Thomas E. Wiseman and the Ohio Valley Bank Company: Filed herewith. Incorporated herein by reference to Exhibit 10.6(c) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2022 (File No. 000-20914).

Exhibit Number	Exhibit Description
10.6(d)*	The Ohio Valley Bank Company Executive Deferred Compensation Agreement, dated January 26, 2016, between Larry E. Miller 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 January 26, 2016 (File No. 000-20914).

Exhibit Number	Exhibit Description
10.6(e)*	Schedule A to Exhibit 10.6(a) 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 10.3(a) 10.7(d) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2020 (File No. 000-20914).
10.6(f)*	Schedule A to Exhibit 10.6(b) identifying the named executive officers of Ohio Valley Banc Corp. who executed with The Ohio Valley Bank Company the First Amendment to The Ohio Valley Bank Company Executive Deferred Compensation Agreement: Incorporated herein by reference to Exhibit 10.3(a) 10.7(e) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2020 (File No. 000-20914).
10.6(g)*	Schedule A to Exhibit Exhibit 10.6(c) identifying other identical Amendment to the Ohio Valley Bank Company Executive Deferred Compensation Agreement between The Ohio Valley Bank Company and named executive officers of Ohio Valley Banc Corp.: Filed herewith. Incorporated herein by reference to Exhibit 10.6(g) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2022 (File No. 000-20914).
10.7*	Summary of Compensation for Directors and Named Executive Officers of Ohio Valley Banc Corp.: Filed herewith.
10.8*	Summary of Bonus Program of Ohio Valley Banc Corp.: Filed herewith.
10.9*	The Ohio Valley Bank Company Supplemental Executive Retirement Plan agreement, 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 (File No. 000-20914).
10.10*	The Ohio Valley Bank Company Fourth Amended and Restated Director Retirement Agreement, dated May 13, 2015, between Brent A. Saunders and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.11 to Ohio Valley's Quarterly Report on Form 10-Q for period ended September 30, 2015 (File No. 000-20914).
10.11*	Schedule A to Exhibit 10.10 identifying other identical Fourth Amended and Restated Director Retirement Agreements between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Incorporated herein by reference to Exhibit 10.12 to Ohio Valley's Quarterly Report on Form 10-Q for period ended September 30, 2015 (File No. 000-20914).

Exhibit Number	Exhibit Description
10.12*	The Ohio Valley Bank Company Third Amended and Restated Director Deferred Fee Agreement, dated May 13, 2015, between Brent A. Saunders and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.13 to Ohio Valley's Quarterly Report on Form 10-Q for period ended September 30, 2015 (File No. 000-20914).

10.13*	Schedule A to Exhibit 10.12 identifying other identical Third Amended and Restated Director Deferred Fee Agreements between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Incorporated herein by reference to Exhibit 10.14 to Ohio Valley's Quarterly Report on Form 10-Q for period ended September 30, 2015 (File No. 000-20914).

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Exhibit Number	Exhibit Description
10.14*	The Ohio Valley Bank Company Director Retirement Agreement, dated December 14, 2016, between Brent R. Eastman and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.15 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2016 (File No. 000-20914).
10.15*	The Ohio Valley Bank Company Director Deferred Fee Agreement, dated December 14, 2016, between Brent R. Eastman and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.16 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2016 (File No. 000-20914).
10.16*	2016 Determination of Director's Fees Agreement for purposes of the Director Deferred Fee Agreements for Directors Thomas, Wiseman, Barnitz and Saunders: Incorporated herein by reference to Exhibit 10.16 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2021 (File No. 000-20914).
10.17*	2016 Determination of Director's Fees Agreement for purposes of the Director Retirement Agreement for Directors Thomas and Wiseman: Incorporated herein by reference to Exhibit 10.17 to Ohio Valley's Annual Report on Form 10-K for year ended December 31, 2021 (File No. 000-20914).
10.18*	2016 Determination of Director's Fees Agreement for purposes of the Director Retirement Agreement for Directors Barnitz and Saunders: Incorporated herein by reference to Exhibit 10.21 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2016 (File No. 000-20914).
10.19(a)*	The Ohio Valley Bank Company Director Retirement Agreement, dated December 19, 2017, between Kimberly A. Canady and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.22 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2017 (File No. 000-20914).

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Exhibit Number	Exhibit Description
10.19(b)*	Schedule A to Exhibit 10.19(a) identifying other Director Retirement Agreements between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Filed herewith. Incorporated herein by reference to Exhibit 10.19(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2022 (File No. 000-20914).
10.20(a)*	The Ohio Valley Bank Company Director Deferred Fee Agreement, dated December 19, 2017, between Kimberly A. Canady and The Ohio Valley Bank Company: Incorporated herein by reference to Exhibit 10.24 to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2017 (File No. 000-20914).
10.20(b)*	Schedule A to Exhibit 10.20(a) identifying other Director Deferred Fee Agreements between The Ohio Valley Bank Company and directors of Ohio Valley Banc Corp.: Filed herewith. Incorporated herein by reference to Exhibit 10.20(b) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2022 (File No. 000-20914).

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Exhibit Number	Exhibit Description
13	Ohio Valley's Annual Report to Shareholders for the fiscal year ended December 31, 2022 December 31, 2023: Filed herewith. (Not deemed filed except for portions thereof specifically incorporated by reference into this Annual Report on Form 10-K.)
19	Ohio Valley Banc Corp. Insider Trading Policy: Filed herewith.

21	Subsidiaries of Ohio Valley: Valley: Filed herewith.
23	Consent of Crowe LLP. 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.
97	Ohio Valley Banc Corp. Policy for the Recovery of Erroneously Awarded Compensation: 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. #

Exhibit Number	Exhibit Description
101.LAB #	XBRL Taxonomy Extension Label Linkbase: Submitted electronically herewith. #
101.PRE #	XBRL Taxonomy Extension Presentation Linkbase: Submitted electronically herewith. #
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* 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, 2022 December 31, 2023 are the following documents formatted in XBRL (eXtensive Business Reporting Language): (i) Consolidated Statements of Condition at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022; (ii) Consolidated Statements of Income for the years ended December 31, 2022 December 31, 2023 and 2021; 2022; (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2022 December 31, 2023 and 2021; 2022; (iv) Consolidated Statements of Changes in Shareholders' Shareholders' Equity for the years ended December 31, 2022 December 31, 2023 and 2021; 2022; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023 and 2021; 2022; and (vi) Notes to the Consolidated Financial Statements.

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 23, 2023 15, 2024 By: /s/Larry E. Miller, II

Larry E. Miller, II
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 23, 2023 March 15, 2024 by the following persons on behalf of Ohio Valley and in the capacities indicated.

Name		Capacity
/s/Larry E. Miller, II Larry E. Miller, II		President and Chief Executive Officer (principal executive officer) and Director
/s/Scott W. Shockey Scott W. Shockey		Senior Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)
/s/Thomas E. Wiseman Thomas E. Wiseman		Chairman of the Board
/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/Brent R. Eastman Brent R. Eastman		Director
/s/Kimberly A. Canady Kimberly A. Canady		Director
/s/Edward J. Robbins Robins Edward J. Robbins		Director
/s/K. Ryan Smith K. Ryan Smith		Director
/s/Edward B. Roberts Edward B. Roberts		Director

EXHIBIT 4.1

OHIO VALLEY BANC CORP.
420 Third Avenue
Gallipolis, OH 45631
(740) 446-2631

March 23, 2023 15, 2024

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

RE: Ohio Valley Banc Corp. – Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023

Gentlemen:

Ohio Valley Banc Corp., an Ohio corporation ("Ohio Valley"), is today filing an Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 (the "Form 10-K"), as executed on March 23, 2023 March 15, 2024.

Pursuant to the instructions relating to the Exhibits in Item 601(b)(4)(iii) of Regulation S-K, Ohio Valley hereby agrees to furnish the Commission, upon request, copies of instruments and agreements defining the rights of holders of its long-term debt and of the long-term debt of its consolidated subsidiaries, which are not being filed as exhibits to the Form 10-K. No such instrument or agreement represents long-term debt exceeding 10% of the total assets of Ohio Valley Banc Corp. and its subsidiaries on a consolidated basis.

Very truly yours,

/s/Larry E. Miller, II
Larry E. Miller, II
President and Chief Executive Officer
Ohio Valley Banc Corp.

EXHIBIT 10.5(b)

AMENDMENT TO THE OHIO VALLEY BANK COMPANY
SECOND AMENDED AND RESTATED
DIRECTOR DEFERRED FEE AGREEMENT

WHEREAS, The Ohio Valley Bank Company (the "Bank") entered into a Second Amended and Restated Director Deferred Fee Agreement with Thomas E. Wiseman (the "Director") dated November 17, 2022, as thereafter amended from time to time (the "Agreement");

WHEREAS, the Bank and Director wish to amend the Agreement, pursuant to Section 10.1 of the Agreement, to limit the pre-retirement death benefit under the Agreement;

NOW, THEREFORE, the Agreement is hereby amended as follows:

1. Section 5.1.1 of the Agreement is hereby deleted in its entirety and the following shall be substituted therefor:

5.1.1 *Amount of Benefit*. The benefit under Section 5.1 is the greater of: a) the Deferral Account balance as of the Director's death; or b) the projected Deferral Account balance had the Director continued to defer until Normal Retirement Age at an annual rate equal to the lesser of (i) the Director's elected deferral amount at the time of the Director's death or (ii) $10,000.

IN WITNESS WHEREOF, the Director and an authorized representative of the Company have signed this Agreement.

DIRECTOR:

\s Thomas E. Wiseman

COMPANY:
THE OHIO VALLEY BANK COMPANY
By:
Title:

EXHIBIT 10.5(d)

SCHEDULE A TO EXHIBIT 10.5(b)

The following individuals entered into an Amendment to the Ohio Valley Bank Company Second Amended and Restated Director Deferred Fee Agreement which is identical to the Amendment to the Ohio Valley Bank Company Second Amended and Restated Director Deferred Fee Agreement, dated November 17, 2022, between Thomas E. Wiseman and The Ohio Valley Bank Company, filed herewith.

Name	Date of Agreement
David W. Thomas	November 21, 2022
Brent A. Saunders	November 30, 2022
Anna P. Barnitz	November 23, 2022
Kimberly A. Canady	December 2, 2022
Edward J. Robbins	December 1, 2022
Edward B. Roberts	November 28, 2022

EXHIBIT 10.6(c)

AMENDMENT TO THE OHIO VALLEY BANK COMPANY
EXECUTIVE DEFERRED COMPENSATION AGREEMENT

WHEREAS, The Ohio Valley Bank Company (the "Bank") entered into an Executive Deferred Compensation Agreement with Thomas E. Wiseman (the "Executive") dated November 17, 2022, as thereafter amended from time to time (the "Agreement");

WHEREAS, the Bank and Executive wish to amend the Agreement, pursuant to Section 10.1 of the Agreement, to limit the pre-retirement death benefit under the Agreement;

NOW, THEREFORE, the Agreement is hereby amended as follows:

1. Section 5.1 of the Agreement is hereby deleted in its entirety and the following shall be substituted therefor:

5.1.1 *Amount of Benefit*. The benefit under Section 5.1 is the greater of: a) the Deferral Account balance as of the Executive's death; or b) the projected Deferral Account balance had the Executive continued to defer until Normal Retirement Age at an annual rate equal to the lesser of (i) the Executive's elected deferral amount at the time of the Executive's death or (ii) $10,000.

IN WITNESS WHEREOF, the Executive and an authorized representative of the Company have signed this Agreement.

EXECUTIVE:	COMPANY:
	THE OHIO VALLEY BANK COMPANY
\s Thomas E. Wiseman	By:
	Title:

EXHIBIT 10.6(g)

SCHEDULE A TO EXHIBIT 10.6(c)

The following individuals entered into an Amendment to the Ohio Valley Bank Company Executive Deferred Compensation Agreement with The Ohio Valley Bank Company which is identical to the Amendment to The Ohio Valley Bank Company Executive Deferred Compensation Agreement, dated November 17, 2022, between Thomas E. Wiseman and The Ohio Valley Bank Company filed herewith.

Name	Date of Agreement
Larry E. Miller II	November 21, 2022
Scott W. Shockey	November 28, 2022

EXHIBIT 10.7

SUMMARY OF COMPENSATION FOR
DIRECTORS AND NAMED EXECUTIVE OFFICERS
OF OHIO VALLEY BANC CORP.

Directors

All of the directors of Ohio Valley Banc Corp. ("Ohio Valley") also serve as directors of its subsidiary, The Ohio Valley Bank Company (the "Bank"). The directors of Ohio Valley are paid by the Bank for their services rendered as directors of the Bank, not Ohio Valley. Each director of the Bank who is not an employee of Ohio Valley or any of its subsidiaries (a "Non-Employee Director") receives $750 per month for his or her services. Each director of the Bank who is an employee of Ohio Valley or any of its subsidiaries (an "Employee Director") receives $350 per month for his or her services. In addition, each director of the Bank receives received an annual retainer of $17,000 paid in January or February 2023, as approved by the Board of Directors in December 2022, for non-employee directors and monthly for employee directors for services to be rendered during the year, pro-rated for time served for new or retiring members. In December 2023, the Board of each year Directors approved the payment of an annual retainer of $22,000 paid in January 2024, for non-employee directors and monthly for employee directors for services to be rendered during the year, pro-rated for time served for new or retiring members.

Each Non-Employee Director who is a member of the Executive Committee of the Bank receives $2,000 per month for his or her services. In addition, each Non-Employee Director who is a member of the Executive Committee receives an annual retainer of $16,695 paid in January or February of each year for services to be rendered during the year as members of that committee, pro-rated for time served for new or retiring members. Employee Directors receive no additional compensation for serving on the Executive Committee.

Brent A. Saunders, LPA received retainer fees of $22,000 for legal services to the Company and its subsidiaries during 2022, 2023, as approved by the Board of Directors in December 2021. 2022. In December 2022, 2023, the Board of Directors of Ohio Valley approved the payment to Mr. Saunders of $22,000 $23,000 in retainer fees for legal services to the Company and its subsidiaries during 2023. 2024.

The Bank maintains a life insurance policy for each director with a death benefit of two times annual director fees at time of death, reduced by 35% at age 65 and 50% at age 70, as part of the Bank's group term life insurance program. The life insurance policies terminate upon retirement. Messrs. Miller and Wiseman, as employees of the Bank, are excluded from this benefit under the terms of the Bank's group term life insurance program. Each director is entitled to retirement and deferred compensation agreements, and the Bank has executed agreements with all such persons, except that Mr. Miller and Mr. Smith have elected not to participate in the director deferred compensation plan. These documents are filed as exhibits to various documents filed by Ohio Valley with the Securities and Exchange Commission, as set forth in the Exhibit Index to Ohio Valley's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

Named Executive Officers

The following sets forth the current salaries of the executive officers of Ohio Valley named in the Summary Compensation Table in Ohio Valley's proxy statement (the "Named Executive Officers"):

Name	Current Salary

Thomas E. Wiseman	403,114 247,770
Larry E. Miller II	342,307 355,794
Scott W. Shockey	216,619 223,529

Certain Named Executive Officers are entitled to participate in several benefit arrangements, including the Ohio Valley Banc Corp. Bonus Program, the Ohio Valley Bank Company Executive Group Life Split Dollar Plan, the Executive Deferred Compensation Plan, and a supplemental executive retirement plan (currently only for Messrs. Wiseman, Miller and Shockey). These benefit plans are set forth in exhibits to various documents filed by Ohio Valley, as set forth in the Exhibit Index to Ohio Valley's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, and described in Ohio Valley's proxy statement for its 2023 2024 annual meeting of shareholders. In addition, Named Executive Officers are entitled to participate in various benefit plans available to all employees, including a Profit Sharing Retirement Plan, a 401(k) plan, an employee stock ownership plan, group term life insurance, health insurance, disability insurance and a flexible compensation/cafeteria plan, as described in Ohio Valley's proxy statement for its 2023 2024 annual meeting of shareholders.

EXHIBIT 10.8

SUMMARY OF BONUS PROGRAM
OF OHIO VALLEY BANC CORP.

The following is a description of the Bonus Program (the "Bonus Program") of Ohio Valley Banc Corp. (the "Company") provided pursuant to Item 601(b)(10)(iii) of Regulation S-K promulgated by the Securities and Exchange Commission, which requires a written description of a compensatory plan when no formal document contains the compensation information.

The executive officers of the Company receive no compensation from the Company. Instead they are paid by subsidiaries for services rendered in their capacities as executive officers of subsidiaries of the Company.

The objectives of the bonus component of the Company's compensation program are to: (a) motivate executive officers and other employees and reward such persons for the accomplishment of both annual and long range goals of the Company and its subsidiaries, (b) reinforce a strong performance orientation with differentiation and variability in individual awards based on contribution to long-range business results and (c) provide a fully competitive compensation package that will attract, reward, and retain individuals of the highest quality. Typically, all employees of the Company's subsidiaries holding positions with a pay grade of 9 or above, are eligible to participate in the bonus program, including all of the named executive officers. Bonuses payable to participants in the bonus program are based on (a) the performance of the Company and its subsidiaries as measured against specific performance targets; and (b) each employee's individual performance. At the beginning of each fiscal year, the Compensation Committee sets specific performance targets for the Company and its subsidiaries based on a combination of some or all of a number of performance criteria. The targets are based on one or more of the following performance criteria: net income, net income per share, return on assets, return on equity, asset quality (as measured by the ratio of adversely classified assets to tier 1 capital plus the ALLL), tier 1 leverage ratio and efficiency ratio. It is the objective of the Compensation Committee to establish goals that are "reaching" but "reachable." The Compensation Committee may not consider the goals to be of equal weight, but, in the aggregate, it considers them to be fundamental metrics which are important to the long-term performance of the Company and which, at the same time, do not expose the Company to, nor incent the employees to undertake, excessive risks which would threaten the Company's long-term value. At the end of the fiscal year, the aggregate amount available for the payment of a bonus, if any, is determined by the Company's Board of Directors upon recommendation of its Compensation Committee based on an evaluation of the accomplishment of the performance targets. A bonus may be paid without targets having been established or achieved. No officer or employee has any right to the payment of a bonus until the Board of Directors has exercised its discretion to award one and the amount to be paid to each person has been determined and announced.

Once the aggregate amount of the bonus pool is determined, individual bonus awards, for eligible employees in grades 12 and below, are typically determined through a formula that applies each employee's performance evaluation score to a "bonus grid," reflecting the individual employee's job grade and individual job performance using the performance criteria referenced above. For employees in grades 13 and above, individual bonus awards are determined by the level of achievement by the Company and its subsidiaries of some or all of a number of previously mentioned performance metrics. Upon the recommendation of the Compensation Committee, and if approved by the Board, individual bonus awards for grades 13 and above are typically awarded as a percent of base compensation. Employees are evaluated by their supervisors, except for Messrs. Wiseman, Miller and Miller, Jones, who are evaluated by the Compensation Committee. The Company's Board of Directors approves the bonuses payable to the executive officers under the Bonus Program based upon the recommendation of the Compensation Committee. For 2022 2023 bonus amounts, goals were based on net income, average loans, the efficiency ratio and asset quality.

Bonuses are normally paid in February in cash in a single lump sum, subject to payroll taxes and tax withholdings.

EXHIBIT 10.19(b)

SCHEDULE A TO EXHIBIT 10.19(a)

The following individuals entered into director retirement agreements with The Ohio Valley Bank Company which are identical to the Director Retirement Agreement, dated December 19, 2017, between Kimberly A. Canady and The Ohio Valley Bank Company filed herewith.

Name	Date of Agreement
Edward J. Robbins	December 19, 2017
Larry E. Miller II	December 30, 2019
Edward B. Roberts	October 19, 2022

K. Ryan Smith October 27, 2022

EXHIBIT 10.20(b)

SCHEDULE A TO EXHIBIT 10.20(a)

The following individuals entered into director deferred fee agreements with The Ohio Valley Bank Company which are identical to the Director Deferred Fee Agreement, dated December 19, 2017, between Kimberly A. Canady and The Ohio Valley Bank Company filed herewith.

Name	Date of Agreement
Edward J. Robbins	December 19, 2017
Edward B. Roberts	October 19, 2022

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Miller and Wiseman chat about the bank's Community First mission and its longevity with WSAZ's Susan Nicholas.

Message from Management

Dear Valued Shareholders,

2022 was a year of POSITIONING and PLANNING at Ohio Valley Bank and Loan Central ... literally. Chairman Wiseman took the entire year to visit every single branch and department to listen to suggestions and gain feedback from all employees to improve the company. He heard everything from changes that make banking easier to new ways to put our Community First. From this collaboration of ideas came a new five-year Strategic Plan for the company which enforces four executive initiatives:

Improve the customer experience
Increase efficiency
Serve with a sense of urgency
Foster professionals

The Bank also aggressively took on multiple major technology projects in the areas of mortgages, credit cards, consumer lending, and digital banking, to build the technology infrastructure needed to take our homegrown service to the next level.

You may have noticed these changes when you were able to digitally sign some of your mortgage documents, saving days (maybe a week) off the time it took to get to closing. Or, you may have noticed it when you could tap and go to pay with your OVB Platinum credit card at the register. These are just a couple of the small conveniences that our customers are seeing already from this investment in our technology foundations. We can't wait to show you what is coming next.

We invite you to attend this year's Annual Meeting of Shareholders, to be held at 5 p.m. (social hour begins at 4 p.m.) on Wednesday, May 17, 2023, at the Holzer Leadership and Innovation Institute in Gallipolis. Together we will celebrate our successes, talk through our challenges, and learn more about the small town success story that you loyally support through your ownership of shares. Be sure to bring a family member whom you wish to pass on your shares to one day, so that they may see first-hand why you care.

Sincerely,

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Thomas E. Wiseman
Chairman of the Board
Ohio Valley Banc Corp.

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Larry E. Miller II
President & CEO
Ohio Valley Banc Corp.

In honor of OVB's 150th Anniversary, employees of the bank dressed to different time periods in the bank's history. Pictured here in front of OVB on the Square from OVB's Executive Area are L-R: Adria Watson, Larry Miller, Polly Clay, Tom Wiseman, Ryan Jones, and Cindy Johnston.

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When a bank cares this much about your hometown…

Why bank anywhere else?

The employees of Ohio Valley Bank and Loan Central work hard to provide trusted guidance and support for the communities in which they live and work. When there is good work to be done, you will find one of these folks close by.

1. To the right, OVB is a proud supporter of all local Chambers of Commerce. Pictured here is L-R: OVB's Ryan Jones, Joe Wyant, Carrie Dugan, Samantha Perkins, and Adam Massie attending the Annual Jackson County Chamber Dinner in 2022.

Next page, from top to bottom:

2. Chris Burns (right) with OVB's Misty Caruthers was one of 80 winners who each took home $150 in cash during the bank's year-long celebration of its 150th anniversary.

3. OVB Jackson staff and family decorate a Christmas Tree in Manpower Park. L-R are Joe Wyant, Jessica Taylor, Timothy Jenkins, Helen Tripp, and Brittiany Hensley and her son.

4. OVB's Chris Preston with school administrators as he delivered free Marshall Green & White Game football tickets, compliments of the bank, to be given to Cabell County School students.

5. OVB's Larry Russell and Jenni Swain, present a donation to the local VFW Honor Guard as a result of fundraising held by the OVB employees' Veterans Action Committee, a volunteer effort.

6. Folks from the Walbrown family farm of Mason County decorate several OVB branches for fall.

7. Chris Preston, Tonya Sexton, and Haley Popp help teach kids how to plan for real world expenses during the "Get a Life" financial literacy event at Milton Middle School.

8. OVB's Joe Wyant is on hand for the coin toss before the Apple Festival Bowl.

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Director & Officer Listing

OVBC DIRECTORS

Thomas E. Wiseman
Chairman of the Board
Ohio Valley Banc Corp. and Ohio Valley Bank

Larry E. Miller II
President & Chief Executive Officer
Ohio Valley Banc Corp. and Ohio Valley Bank

David W. Thomas, Lead Director
Former Chief Examiner, Ohio Division of Financial Institutions
bank supervision and regulation

Anna P. Barnitz
Treasurer & CFO, Bob's Market & Greenhouses, Inc.
wholesale horticultural products and retail landscaping stores

Kimberly A. Canady
Owner, Canady Farms, LLC
agricultural products and agronomy services

Brent R. Eastman
President & Co-owner, Ohio Valley Supermarkets
Partner, Eastman Enterprises
grocery

Edward J. Robbins
President & CEO, Ohio Valley Veneer, Inc.
wood harvesting, processing and manufacturing of dry lumber & flooring in Ohio, Kentucky, and Tennessee

Edward B. Roberts
Co-owner, OakBridge Financial Partners LLC
Financial Advisor, LPL Financial
financial services

Brent A. Saunders
Chairman of the Board, Holzer Health System
Attorney, Halliday, Sheets & Saunders
healthcare and legal

K. Ryan Smith
President, University of Rio Grande, Rio Grande Community College
Former Speaker of the Ohio House of Representatives
higher education

OVBC OFFICERS

Thomas E. Wiseman, Chairman of the Board
Larry E. Miller II, President & Chief Executive Officer
Ryan J. Jones, Chief Operating and Risk Officer
Tommy R. Shepherd, Senior Vice President & Secretary
Scott W. Shockey, Senior Vice President & CFO
Bryan F. Stepp, Senior Vice President - Lending/Credit
Bryna S. Butler, Vice President
Frank W. Davison, Vice President
Allen W. Elliott, Vice President
Cherie A. Elliott, Vice President
Brandon O. Huff, Vice President
Marilyn G. Kearns, Vice President
Mario P. Liberatore, Vice President
Shawn R. Siders, Vice President
Paula W. Clay, Assistant Secretary
Cindy H. Johnston, Assistant Secretary

OHIO VALLEY BANK DIRECTORS

Thomas E. Wiseman, Chairman
David W. Thomas, Lead Director
Anna P. Barnitz
Kimberly A. Canady
Brent R. Eastman
Larry E. Miller II
Edward J. Robbins
Edward B. Roberts
Brent A. Saunders
K. Ryan Smith

LOAN CENTRAL DIRECTORS

Ryan J. Jones, Chairman
Cherie A. Elliott
Larry E. Miller II

WEST VIRGINIA ADVISORY BOARD

Mario P. Liberatore, Chairman
E. Allen Bell
Richard L. Handley
Stephen L. Johnson
John A. Myers

DIRECTORS EMERITUS

W. Lowell Call
Steven B. Chapman
Robert E. Daniel
Harold A. Howe
John G. Jones
Barney A. Molnar
Jeffrey E. Smith
Wendell B. Thomas
Lannes C. Williamson

OHIO VALLEY BANK OFFICERS

EXECUTIVE OFFICERS

Thomas E. Wiseman	Chairman of the Board
Larry E. Miller II	President & Chief Executive Officer
Ryan J. Jones	Chief Operating and Risk Officer
Tommy R. Shepherd	Executive Vice President & Secretary
Scott W. Shockey	Executive Vice President,
	Chief Financial Officer
Bryan F. Stepp	Executive Vice President,
	Lending/Credit
Mario P. Liberatore	President, OVB West Virginia

SENIOR VICE PRESIDENTS

Bryna S. Butler	Corporate Communications
Frank W. Davison	Operations
Allen W. Elliott	Branch Administration
Brandon O. Huff	Process Efficiency Officer
Marilyn G. Kearns	Human Resources
Shawn R. Siders	Chief Credit Officer

VICE PRESIDENTS

John A. Anderson	Director of Loan Operations
Shelly N. Boothe	Commerical Business
	Development Officer
Kyla R. Carpenter	Director of Marketing
Paula W. Clay	Assistant Secretary
Jody M. DeWees	Trust
Lori A. Edwards	Residential Loan Operations Manager
Brian E. Hall	Corporate Banking
Andrew G. Hudson	Senior Compliance Officer
Cindy H. Johnston	Assistant Secretary
Angela S. Kinnaird	Director of Customer Support
Tamela D. LeMaster	Branch Administration/CRM
Adam D. Massie	Northern Region Manager
Jay D. Miller	Business Development Officer
Diana L. Parks	Internal Audit Liaison
Christopher S. Petro	Comptroller
Benjamin F. Pewitt	Business Development
Gregory A. Phillips	Consumer Lending
Christopher L. Preston	Business Development West Virginia
Rick A. Swain	Western Division Branch Manager
Patrick H. Tackett	Corporate Banking

ASSISTANT VICE PRESIDENTS

Terri M. Camden	Asst. Human Resources Director
John M. Copley	Collections Manager
Barbara A. Patrick	BSA Officer / Loss Prevention
Stephenie L. Peck	Regional Branch Administrator
Raymond G. Polcyn	Manager of Buying Department
Richard P. Speirs	Facilities Manager / Security Officer
Terri L. Taylor	Lawrence County Region Manager
Kimberly R. Williams	Systems Officer
Melissa P. Wooten	Shareholder Relations Manager &
	Trust Officer
Joe J. Wyant	Region Manager Jackson County

ASSISTANT CASHIERS

Glen P. Arrowood II	Manager of Indirect Lending
Tammie L. Powell	IT Manager
William F. Richards	Advertising Manager
Pamela K. Smith	Eastern Cabell Region Manager
Melinda G. Spurlock	Accounting Specialist
Anthony W. Staley	Product Development
	Business Sales & Support

LOAN CENTRAL OFFICERS

Ryan J. Jones, Chairman of the Board
Cherie A. Elliott, President
Timothy R. Brumfield, Vice President & Secretary,
Manager, Gallipolis Office
John J. Holtzapfel, Compliance Officer,
Manager, Wheelersburg Office
Melody D. Hammond, Manager, Chillicothe Office
Joseph I. Jones, Manager, South Point Office
Steven B. Leach, Manager, Jackson Office
T. Joe Wilson, Manager, Waverly Office

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And speaking of the **next generation...**

Now is the perfect time to get your children and grandchildren involved as future shareholders of Ohio Valley Banc Corp. With kid-friendly services from our Statement Savings with no minimum balance requirement for students to our Right Start Checking to our online Virtual Classroom, the next generation is more interested in banking that the generations before. Many kids already know OVB from their classroom with our exciting OVB Classroom Adventures and BANKit! programs.

Share your pride in your ownership of OVBC stock with your loved ones. Encourage them to get involved too. It is easy for registered shareholders to transfer ownership of any number of shares at any time without brokerage fees. Current shareholders can gift one or more shares to anyone they choose. Contact the OVBC Shareholder Relations Department at 800-468-6682 or email investorrelations@ovbc.com to make it happen..

Every year, more and more residents of our communities see the value and benefit of ownership in Ohio Valley Banc Corp., the stock that pays dividends!

If you have a future OVBC shareholder in your family, encourage them to attend the Annual Meeting of Shareholders with you on May 17, 2023.

$4,720,074

in dividends paid to OVBC shareholders in 2022

$1,413,476

of those dividends reinvested in the company through the Dividend Reinvestment Program and Employee Profit Sharing Plan.

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SELECTED FINANCIAL DATA

	Years Ended December 31				
	2022	2021	2020	2019	2018
(dollars in thousands, except share and per share data)					
SUMMARY OF OPERATIONS:					
Total interest income	$ 47,616	$ 44,712	$ 46,173	$ 50,317	$ 49,197
Total interest expense	2,838	3,699	6,191	7,265	5,471
Net interest income	44,778	41,013	39,982	43,052	43,726
Provision for loan losses	(32)	(419)	2,980	1,000	1,039
Total other income	10,162	9,864	11,438	9,166	8,938

Total other expenses	39,040	37,280	36,133	39,498	37,426
Income before income taxes	15,932	14,016	12,307	11,720	14,199
Income taxes	2,594	2,284	2,048	1,813	2,255
Net income	13,338	11,732	10,259	9,907	11,944
PER SHARE DATA:					
Earnings per share	$ 2.80	$ 2.45	$ 2.14	$ 2.08	$ 2.53
Cash dividends declared per share	$ 0.99	$ 0.84	$ 0.84	$ 0.84	$ 0.84
Book value per share	$ 28.30	$ 29.74	$ 28.48	$ 26.77	$ 24.87
Weighted average number of common shares outstanding	4,769,135	4,780,609	4,787,446	4,767,279	4,725,971
AVERAGE BALANCE SUMMARY:					
Total loans	$ 844,413	$ 841,681	$ 811,434	$ 775,860	$ 773,995
All other interest-earning assets(1)	319,586	307,228	205,532	189,187	223,390
Deposits	1,071,682	1,042,364	906,315	850,400	886,639
Other borrowed funds(2)	28,454	34,564	40,416	45,850	48,967
Shareholders' equity	135,221	138,831	131,038	122,314	112,393
Total assets	1,254,652	1,233,801	1,096,191	1,035,230	1,063,256
PERIOD END BALANCES:					
Total loans	$ 885,049	$ 831,191	$ 848,664	$ 772,774	$ 777,052
All other interest-earning assets(1)	232,775	334,811	255,662	166,761	184,925
Deposits	1,027,655	1,059,908	993,739	821,471	846,704
Shareholders' equity	135,028	141,356	136,324	128,179	117,874
Total assets	1,210,787	1,249,769	1,186,932	1,013,272	1,030,493
KEY RATIOS:					
Return on average assets	1.06 %	.95 %	.94 %	.96 %	1.12 %
Return on average equity	9.86 %	8.45 %	7.83 %	8.10 %	10.63 %
Dividend payout ratio	35.39 %	34.25 %	39.20 %	40.37 %	33.20 %
Average equity to average assets	10.78 %	11.25 %	11.95 %	11.82 %	10.57 %

(1) All other interest-earning assets include securities, interest-bearing deposits with banks and restricted investments in bank stocks.
(2) Other borrowed funds include subordinated debentures.

CONSOLIDATED STATEMENTS OF CONDITION

	As of December 31		As of December 31	
	2022	2021	2023	2022
(dollars in thousands, except share and per share data)				
Assets				
Cash and noninterest-bearing deposits with banks	$ 14,330	$ 14,111	$ 14,252	$ 14,330
Interest-bearing deposits with banks	31,660	137,923	113,874	31,660
Total cash and cash equivalents	45,990	152,034	128,126	45,990
Certificates of deposit in financial institutions	1,862	2,329	—	1,862
Securities available for sale	184,074	177,000	162,258	184,074

Securities held to maturity (estimated fair value: 2022 - $8,460; 2021 - $10,450)	9,226	10,294		
Securities held to maturity, net of allowance for credit losses of $2 in 2023 and $0 in 2022; (estimated fair value: 2023 - $7,390; 2022 - $8,460)			7,986	9,226
Restricted investments in bank stocks	5,953	7,265	5,037	5,953
Total loans	885,049	831,191	971,900	885,049
Less: Allowance for loan losses	(5,269)	(6,483)		
Less: Allowance for credit losses			(8,767)	(5,269)
Net loans	879,780	824,708	963,133	879,780
Premises and equipment, net	20,436	20,730	21,450	20,436
Premises and equipment held for sale, net	593	438	573	593
Accrued interest receivable	3,112	2,695	3,606	3,112
Goodwill	7,319	7,319	7,319	7,319
Other intangible assets, net	29	64	8	29
Bank owned life insurance and annuity assets	39,627	37,281	40,593	39,627
Operating lease right-of-use asset, net	1,294	1,195	1,205	1,294
Deferred tax assets	6,266	2,428	6,306	6,266
Other assets	5,226	3,989	4,535	5,226
Total assets	$ 1,210,787	$ 1,249,769	$ 1,352,135	$ 1,210,787
Liabilities				
Noninterest-bearing deposits	$ 354,413	$ 353,578	$ 322,222	$ 354,413
Interest-bearing deposits	673,242	706,330	804,914	673,242
Total deposits	1,027,655	1,059,908	1,127,136	1,027,655
Other borrowed funds	17,945	19,614	44,593	17,945
Subordinated debentures	8,500	8,500	8,500	8,500
Operating lease liability	1,294	1,195	1,205	1,294
Allowance for credit losses on off-balance sheet commitments			692	—
Other liabilities	20,365	19,196	26,002	20,365
Total liabilities	1,075,759	1,108,413	1,208,128	1,075,759
Commitments and Contingent Liabilities (See Note L)	—	—		
Shareholders' Equity				
Common stock ($1.00 stated value per share, 10,000,000 shares authorized; 2022 - 5,465,707 shares issued; 2021 - 5,447,185 shares issued)	5,465	5,447		
Common stock ($1.00 stated value per share, 10,000,000 shares authorized; 2023 - 5,470,453 shares issued; 2022 - 5,465,707 shares issued)			5,470	5,465
Additional paid-in capital	51,722	51,165	51,842	51,722
Retained earnings	109,320	100,702	114,871	109,320
Accumulated other comprehensive income (loss)	(14,813)	708	(11,428)	(14,813)
Treasury stock, at cost (693,933 shares)	(16,666)	(16,666)		
Treasury stock, at cost (2023 - 697,321 shares; 2022 – 693,933 shares)			(16,748)	(16,666)
Total shareholders' equity	135,028	141,356	144,007	135,028
Total liabilities and shareholders' equity	$ 1,210,787	$ 1,249,769	$ 1,352,135	$ 1,210,787

See accompanying notes to consolidated financial statements

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CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31	2022	2021	2023	2022
(dollars in thousands, except per share data)				
Interest and dividend income:				

Loans, including fees	$ 42,273	$ 42,102	$ 54,821	$ 42,273
Securities:				
Taxable	3,340	1,948	3,678	3,340
Tax exempt	180	236	162	180
Dividends	316	231	324	316
Interest-bearing deposits with banks	1,493	163	2,870	1,493
Other interest	14	32	10	14
	47,616	44,712	61,865	47,616
Interest expense:				
Deposits	2,130	2,977	14,174	2,130
Other borrowed funds	412	564	1,067	412
Subordinated debentures	296	158	597	296
	2,838	3,699	15,838	2,838
Net interest income	44,778	41,013	46,027	44,778
Provision for (recovery of) loan losses	(32)	(419)		
Net interest income after provision for loan losses	44,810	41,432		
Provision for (recovery of) credit losses			2,090	(32)
Net interest income after provision for (recovery of) credit losses			43,937	44,810
Noninterest income:				
Service charges on deposit accounts	2,443	1,864	2,700	2,443
Trust fees	325	285	326	325
Income from bank owned life insurance and annuity assets	883	904	860	883
Mortgage banking income	697	854	175	697
Electronic refund check / deposit fees	675	675	675	675
Debit / credit card interchange income	4,862	4,644	4,860	4,862
Loss on sale of securities	(1,537)	(1,066)	(23)	(1,537)
Tax preparation fees	743	754	669	743
Other	1,071	950	2,387	1,071
	10,162	9,864	12,629	10,162
Noninterest expense:				
Salaries and employee benefits	21,615	21,649	23,391	21,615
Occupancy	1,910	1,796	1,903	1,910
Furniture and equipment	1,170	1,136	1,321	1,170
Professional fees	1,609	1,578	1,656	1,609
Marketing expense	1,428	826	1,010	1,428
FDIC insurance	335	326	569	335
Data processing	2,761	2,406	2,809	2,761
Software	2,197	1,858	2,649	2,197
Foreclosed assets	63	55	15	63
Amortization of intangibles	35	48	21	35
Other	5,917	5,602	6,024	5,917
	39,040	37,280	41,368	39,040
Income before income taxes	15,932	14,016	15,198	15,932
Provision for income taxes	2,594	2,284	2,567	2,594
NET INCOME	$ 13,338	$ 11,732	$ 12,631	$ 13,338
Earnings per share	$ 2.80	$ 2.45	$ 2.65	$ 2.80

See accompanying notes to consolidated financial statements

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31	**2022**	**2021**	**2023**	**2022**
(dollars in thousands)				
NET INCOME	$ 13,338	$ 11,732	$ 12,631	$ 13,338

Other comprehensive income (loss):				
Change in unrealized gain (loss) on available for sale securities	(21,184)	(3,253)	4,067	(21,184)
Reclassification adjustment for realized losses	1,537	1,066	23	1,537
	(19,647)	(2,187)	4,090	(19,647)
Related tax effect	4,126	459	(705)	4,126
Total other comprehensive income (loss), net of tax	(15,521)	(1,728)	3,385	(15,521)
Total comprehensive income	$ (2,183)	$ 10,004	$ 16,016	$ (2,183)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2022 and 2021												
For the years ended December 31, 2023 and 2022							For the years ended December 31, 2023 and 2022					
(dollars in thousands, except share and per share data)	(dollars in thousands, except share and per share data)						(dollars in thousands, except share and per share data)					
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholde Equity
Balances at January 1, 2021	**$ 5,447**	**$ 51,165**	**$ 92,988**	**$ 2,436**	**$ (15,712)**	**$ 136,324**						
Balances at January 1, 2022							**$ 5,447**	**$ 51,165**	**$ 100,702**	**$ 708**	**$ (16,666)**	**$ 141,3**
Net income	—	—	11,732	—	—	11,732	—	—	13,338	—	—	13,3
Other comprehensive income (loss), net	—	—	—	(1,728)	—	(1,728)	—	—	—	(15,521)	—	(15,5
Cash dividends, $0.84 per share	—	—	(4,018)	—	—	(4,018)						
Shares acquired for treasury, 34,194 shares	—	—	—	—	(954)	(954)						
Balances at December 31, 2021	**5,447**	**51,165**	**100,702**	**708**	**(16,666)**	**141,356**						
Cash dividends, $0.99 per share							—	—	(4,720)	—	—	(4,7
Common stock issued to ESOP, 18,522 shares							18	557	—	—	—	5

Balances at December 31, 2022							**5,465**	**51,722**	**109,320**	**(14,813)**	**(16,666)**	**135,0**
Cumulative change in adopting ASU 2016-13							—	—	(2,209)	—	—	(2,2
Balance at January 1, 2023 (as adjusted for change in adopting ASU 2016-13)							5,465	51,722	107,111	(14,813)	(16,666)	132,8
Net income	—	—	13,338	—	—	13,338	—	—	12,631	—	—	12,6
Other comprehensive income (loss), net	—	—	—	(15,521)	—	(15,521)	—	—	—	3,385	—	3,3
Common stock issued to ESOP, 18,522 shares	18	557	—	—	—	575						
Cash dividends, $0.99 per share	—	—	(4,720)	—	—	(4,720)						
Balances at December 31, 2022	**$ 5,465**	**$ 51,722**	**$ 109,320**	**$ (14,813)**	**$ (16,666)**	**$ 135,028**						
Cash dividends, $1.02 per share							—	—	(4,871)	—	—	(4,8
Common Stock issued to ESOP, 4,746 shares							5	120	—	—	—	1
Shares acquired for treasury, 3,388 shares							—	—	—	—	(82)	(
Balances at December 31, 2023							**$ 5,470**	**$ 51,842**	**$ 114,871**	**$ (11,428)**	**$ (16,748)**	**$ 144,0**

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 (dollars in thousands)	**2022**	**2021**	**2023**	**2022**
Cash flows from operating activities:				
Net income	$ 13,338	$ 11,732	$ 12,631	$ 13,338

Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for (recovery of) credit losses			2,090	(32)
Depreciation of premises and equipment	1,464	1,461	1,562	1,464
Accretion of building grant	(3)	—	(4)	(3)
Net amortization of purchase accounting adjustments	34	37		
Net amortization of securities	100	815		
Net amortization (accretion) of purchase accounting adjustments			(1)	34
Net amortization (accretion) of securities			(478)	100
Net realized loss on sale of securities	1,537	1,066	23	1,537
Proceeds from sale of loans in secondary market	7,831	18,972	125	7,831
Loans disbursed for sale in secondary market	(7,134)	(18,118)	(124)	(7,134)
Amortization of mortgage servicing rights	71	103	53	71
Recovery of mortgage servicing rights	—	(11)		
Gain on sale of loans	(768)	(946)	(228)	(768)
Amortization of intangible assets	35	48	21	35
Amortization of certificates of deposit premiums	22	—	7	22
Deferred tax (benefit) expense	288	(130)	(745)	288
Provision for loan losses	(32)	(419)		
Contribution of common stock to ESOP	575	—	125	575
Earnings on bank owned life insurance and annuity assets	(883)	(904)	(860)	(883)
Change in accrued interest receivable	(417)	624	(494)	(417)
Change in other liabilities	1,223	(113)	5,567	1,223
Change in other assets	(1,291)	(1,030)	1,477	(1,291)
Net cash provided by operating activities	15,990	13,187	20,747	15,990
Cash flows from investing activities:				
Proceeds from sales of securities available for sale	10,963	47,666	1,067	10,963
Proceeds from maturities and paydowns of securities available for sale	27,524	41,301	25,901	27,524
Purchases of securities available for sale	(66,821)	(157,686)	(586)	(66,821)
Proceeds from calls and maturities of securities held to maturity	1,044	3,700	1,217	1,044
Purchases of securities held to maturity	—	(4,001)		
Proceeds from maturities of certificates of deposit in financial institutions	445	935	2,100	445
Purchases of certificates of deposit in financial institutions	—	(764)	(245)	—
Purchases of restricted investments in bank stocks			(969)	—
Redemptions of restricted investments in bank stocks	1,312	241	1,885	1,312
Net change in loans	(55,028)	17,181	(87,481)	(55,028)
Purchases of premises and equipment	(1,988)	(1,085)	(2,689)	(1,988)
Disposals of premises and equipment	420	486	219	420
Proceeds from building grant	200	—	—	200
Proceeds from bank owned life insurance	—	172		
Reimbursement of building grant			(100)	—
Purchases of bank owned life insurance and annuity assets	(1,463)	(550)	(250)	(1,463)
Withdrawals from bank owned life insurance and annuity assets			144	—
Net cash (used in) investing activities	(83,392)	(52,404)	(59,787)	(83,392)
Cash flows from financing activities:				
Change in deposits	(32,253)	66,169	99,481	(32,253)
Cash dividends	(4,720)	(4,018)	(4,871)	(4,720)
Purchases of treasury stock	—	(954)	(82)	—
Proceeds from Federal Home Loan Bank borrowings	2	600	30,001	2
Repayment of Federal Home Loan Bank borrowings	(1,909)	(7,789)	(3,371)	(1,909)
Change in other short-term borrowings	238	(1,060)	18	238
Net cash provided by (used in) by financing activities	(38,642)	52,948		
Net cash provided by (used in) financing activities			121,176	(38,642)
Cash and cash equivalents:				
Change in cash and cash equivalents	(106,044)	13,731	82,136	(106,044)
Cash and cash equivalents at beginning of year	152,034	138,303	45,990	152,034
Cash and cash equivalents at end of year	$ 45,990	$ 152,034	$ 128,126	$ 45,990

Supplemental disclosure:				
Cash paid for interest	$ 2,845	$ 4,360	$ 9,674	$ 2,845
Cash paid for income taxes	1,975	2,800	2,750	1,975
Transfers from loans to other real estate owned	—	15	129	—
Operating lease liability arising from obtaining right-of-use asset	108	570	187	108

See accompanying notes to consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note A - Summary of Significant Accounting Policies

Description of Business: Ohio Valley Banc Corp. ("Ohio Valley") is a financial holding company registered under the Bank Holding Company Act of 1956. Ohio Valley has one banking subsidiary, The Ohio Valley Bank Company (the "Bank"), an Ohio state-chartered bank that is a member of the Federal Reserve Bank ("FRB") and is regulated primarily by the Ohio Division of Financial Institutions and the Federal Reserve Board. Ohio Valley also has a subsidiary that engages in consumer lending generally to individuals with higher credit risk history, Loan Central, Inc.; and a subsidiary insurance agency that facilitates the receipts of insurance commissions, Ohio Valley Financial Services Agency, LLC; and a limited purpose property and casualty insurance company, OVBC Captive, Inc. LLC. The Bank has two one wholly-owned subsidiaries, Race Day Mortgage, Inc. ("Race Day"), an Ohio corporation that provides online consumer mortgages, and subsidiary, Ohio Valley REO, LLC ("Ohio Valley REO"), an Ohio limited liability company, to which the Bank transfers certain real estate acquired by the Bank through foreclosure for sale by Ohio Valley REO. In February December 2023, Ohio Valley announced that it was taking steps toward closing ceased operating Race Day. Day Mortgage, Inc. ("Race Day"), which had been a wholly-owned subsidiary of the Bank since April 2021. The decision to start this process cease operating Race Day was made due to low loan demand, issues retaining personnel, poor employee retention, and lack of profitability. In December 2023, Ohio Valley plans also ceased operating OVBC Captive, Inc. (the "Captive"), which had been a subsidiary of Ohio Valley since July 2014. The decision to see current loan applications in progress cease operating the Captive was the result of proposed IRS regulations that adversely impacted the taxation of small captives and severely limited the Captive's ability to completion. An exact date of closing is anticipated to be set once existing loan applications have been processed. operate. Ohio Valley and its subsidiaries are collectively referred to herein as the "Company."

The Company provides a full range of commercial and retail banking services from 23 offices located in southeastern Ohio and western West Virginia. It accepts deposits in checking, savings, time and money market accounts and makes personal, commercial, floor plan, student, construction and real estate loans. Substantially all loans are secured by specific items of collateral, including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from business operations. The Company also offers safe deposit boxes, wire transfers and other standard banking products and services. The Bank's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). In addition to accepting deposits and making loans, the Bank invests in U. S. Government and agency obligations, interest-bearing deposits in other financial institutions and investments permitted by applicable law.

The Bank's trust department provides a wide variety of fiduciary services for trusts, estates and benefit plans and also provides investment and security services as an agent for its customers.

Principles of Consolidation: The consolidated financial statements include the accounts of Ohio Valley and its wholly-owned subsidiaries, the Bank, Loan Central, Inc., and Ohio Valley Financial Services Agency, LLC, and OVBC Captive, Inc. LLC. All material intercompany accounts and transactions have been eliminated.

Industry Segment Information: Internal financial information is primarily reported and aggregated in two lines of business, banking and consumer finance.

Use of Estimates: The accounting and reporting policies followed by the Company conform to U.S. generally accepted accounting principles ("US GAAP") established by the Financial Accounting Standards Board ("FASB"). The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, noninterest-bearing deposits with banks, federal funds sold and interest-bearing deposits with banks with maturity terms of less than 90 days. Generally, federal funds are purchased and sold for one-day periods. The Company reports net cash flows for customer loan transactions, deposit transactions, short-term borrowings and interest-bearing deposits with other financial institutions.

Certificates of deposit in financial institutions: Certificates of deposit in financial institutions are carried at cost and have maturity terms of 90 days or greater. The longest maturity date is September 22, 2023 Company had no certificates of deposit in financial institutions at December 31, 2023.

Debt Securities: The Company classifies securities into held to maturity ("HTM") and available for sale ("AFS") categories. Held to maturity HTM securities are those which the Company has the positive intent and ability to hold to maturity and are reported at amortized cost. Securities classified as available for sale AFS include securities that could be sold for liquidity, investment management or similar reasons even if there is not a present intention of such a sale. Available for sale AFS securities are reported at fair value, with unrealized gains or losses included in other comprehensive income, net of tax.

Note A - Summary of Significant Accounting Policies (continued)

Premium amortization is deducted from, and discount accretion is added to, interest income on securities using the level yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses are recognized upon the sale of specific identified securities on the completed trade date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note A - Summary of Significant Accounting Policies (continued)

Other-Than-Temporary Impairments of Securities:In determining an other-than-temporary impairment (“OTTI”), management considers many factors, including: (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, (3) whether the market decline was affected by macroeconomic conditions, and (4) whether the Company has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. The assessment of whether an OTTI decline exists involves a high degree of subjectivity and judgment and is based on the information available to management at a point in time.

When Allowance for Credit Losses (“ACL”) – AFS Securities: For AFS debt securities in an OTTI occurs, unrealized position, the amount of the OTTI recognized in earnings depends on Company first assesses whether an entity it intends to sell, the security or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis, less any current-period credit loss. basis. If an entity intends either of the criteria regarding intent or requirement to sell or it is more likely than not it will be required to sell met, the security before recovery of its security’s amortized cost basis is written down to fair value through income. For debt securities AFS that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair values has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any current-period changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss the OTTI shall be recognized in earnings equal to the entire difference between the investment’s amortized cost basis and its fair value at the balance sheet date. If an entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis less any current-period loss, the OTTI shall be separated into the amount representing the credit loss and the amount related to all other factors. The amount of the total OTTI related to the credit loss is determined based on exists, the present value of cash flows expected to be collected and is recognized in earnings. The amount from the security are compared to the amortized cost basis of the total OTTI related security. If the present value of cash flows expected to other factors be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income, net income.

Changes in the ACL are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of applicable taxes. The previous amortized cost basis less the OTTI recognized in earnings becomes the new amortized cost basis an AFS security is confirmed or when either of the investment. criteria regarding intent or requirement to sell is met.

Accrued interest receivable on AFS debt securities totaled $394 at December 31, 2023, and is excluded from the estimate of credit losses.

Management classifies the AFS portfolio into the following major security types: U.S. Government securities, U.S. Government sponsored entity securities, and Agency mortgage-backed residential securities. At December 31, 2023, there was no ACL related to AFS debt securities.

ACL – HTM Securities: Management measures expected credit losses on HTM debt securities on a collective basis by major security type with each type sharing similar risk characteristics and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The ACL on securities HTM is a contra asset valuation account that is deducted from the carrying amount of HTM securities to present the net amount expected to be collected. HTM securities are charged off against the ACL when deemed uncollectible. Adjustments to the ACL are reported in the Company’s consolidated statements of income in the provision for credit losses. Accrued interest receivable on HTM securities is excluded from the estimate of credit losses. Management classifies the HTM portfolio into two major security types: Obligations of states and political subdivisions and Agency mortgage-backed residential securities. Agency mortgage-backed residential securities consist of only two securities with balances that are not significant. With regard to obligations of states and political subdivisions, management considers (1) issuer bond ratings, (2) historical loss rates for given bond ratings, (3) the financial condition of the issuer, and (4) whether issuers continue to make timely principal and interest payments under the contractual terms of the securities. At December 31, 2023, there was $2 in the ACL related to HTM debt securities, which included a $1 recovery of provision expense during the year ended December 31, 2023.

Restricted Restricted Investments in Bank Stocks Stocks:**:** As a member of the Federal Home Loan Bank (“FHLB”) system and the FRB system, the Bank is required to own a certain amount of stock based on its level of borrowings and other factors and may invest in additional amounts. FHLB stock and FRB stock are carried at cost, classified as restricted securities, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. The Company has additional investments in other restricted bank stocks that are not material to the financial statements.

Loans**:** Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of unearned interest, deferred loan fees and costs, and an allowance for loan losses. ACL. Interest income is reported on an accrual basis using the interest method and includes amortization of net deferred loan fees and costs over the loan term using the level yield method without anticipating prepayments. The amount of the Company’s recorded investment is not materially different than the amount of unpaid principal balance for loans.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note A - Summary of Significant Accounting Policies(continued)

Amounts are in thousands, except share and per share data.

Interest income is discontinued and the loan moved to non-accrual status when full loan repayment is in doubt, typically when the loan is impaired or payments are past due 90 days or over unless the loan is well-secured or in process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days or over and still accruing include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis method until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Bank also originates long-term, fixed-rate mortgage loans, with the full intention of being sold to the secondary market. These loans are considered held for sale during the period of time after the principal has been advanced to the borrower by the Bank, but before the Bank has been reimbursed by the Federal Home Loan Mortgage Corporation, typically within a few business days. Loans sold to the secondary market are carried at the lower of aggregate cost or fair value. The Bank hadAs of December 31, 2023 and 2022, there were no loans held for sale as by the Bank.

ACL - Loans: The ACL for loans is a contra asset valuation account that is deducted from the amortized cost basis of December 31, 2022, as compared loans to $1,682 in present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. The ACL is adjusted through the provision for credit losses and reduced by net charge offs of loans.

The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers historical loss experience, current conditions and forecasts of future economic conditions. Determination of an appropriate ACL is inherently subjective and may have significant changes from period to period.

The methodology for determining the ACL has two main components: evaluation of expected credit losses for certain groups of loans held for sale at December 31, 2021. that share similar risk characteristics and evaluation of loans that do not share risk characteristics with other loans.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments and measures the ACL using the following methods:

Portfolio Segment	**Measurement Method**	**Loss Driver**
Residential real estate	Cumulative Undiscounted Expected Loss	National Unemployment, National GDP
Commercial real estate:		
Owner-occupied	Cumulative Undiscounted Expected Loss	National Unemployment, National GDP
Nonowner-occupied	Cumulative Undiscounted Expected Loss	National Unemployment, National GDP
Construction	Cumulative Undiscounted Expected Loss	National Unemployment, National GDP
Commercial and industrial	Cumulative Undiscounted Expected Loss	National Unemployment, National GDP
Consumer:		
Automobile	Cumulative Undiscounted Expected Loss	National Unemployment
Home equity	Cumulative Undiscounted Expected Loss	National Unemployment
Other	Cumulative Undiscounted Expected Loss, Remaining Life Method	National Unemployment

Note A - Summary of Significant Accounting Policies (continued)

Allowance Historical credit loss experience is the basis for Loan Losses:The allowance for loan losses is a valuation allowance for probable incurred the estimation of expected credit losses. Loan We apply historical loss rates to pools of loans with similar risk characteristics. In defining historical loss rates and the prepayment rates and curtailment rates used to determine the expected life of loans, the use of regional and national peer data was used. After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable andsupportable forecasts not already reflected in the historical loss information at the balance sheet date. Our reasonable and supportable forecast adjustment is based on the national unemployment rate and the national gross domestic product forecast for the first year. For periods beyond our reasonable and supportable forecast, we revert to historical loss rates utilizing a straight-line method over a two-year reversion period. The qualitative adjustments for current conditions are based upon changes in lending policies and practices, experience and ability of lending staff, quality of the Company's loan review system, value of underlying collateral, the volume and severity of past due loans, the value of underlying collateral for collateral dependent loans, the existence of and changes in concentrations and other external factors. Each factor is assigned a value to reflect improving, stable, or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. Expected credit losses are charged against estimated over the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume contractual term of the portfolio, information about specific borrower situations loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and estimated collateral values, economic conditions, and other factors. Allocations modifications unless either of the allowance may following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be made for specific loans, but executed with an individual borrower, or the entire allowance is available for any loan that, extension of renewal options are included in management's judgment, should be charged-off. the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

The Company has elected to exclude accrued interest receivable from the measurement of specific and general components. The specific component relates to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have been modified and for which the borrower is experiencing financial difficulties are considered troubled debt restructurings ("TDRs") and are classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length and reasons for the delay, the borrower's prior payment record, and the amount of shortfall in relation to the principal and interest owed.

Commercial and commercial real estate loans are individually evaluated for impairment. If its ACL. When a loan is impaired, a portion placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. We evaluate all loans that meet the following criteria: 1) when it is determined that foreclosure is probable; 2) substandard, doubtful and nonperforming loans when repayment is expected to be provided substantially through the operation or sale of the allowance collateral; 3) when it is allocated so determined by management that a loan does not share similar risk characteristics with other loans. Specific reserves are established based on the loan is reported, net, at following three acceptable methods for measuring the ACL: 1) the present value of estimated expected future cash flows using discounted at the loan's existing rate original effective interest rate; 2) the loan's observable market price; or at 3) the fair value of the collateral when the loan is collateral dependent. Our individual loan evaluations consist primarily of the fair value of collateral if repayment method because most of our loans are collateral dependent. Collateral values are discounted to consider disposition costs when appropriate. A specific reserve is expected solely from the collateral. Smaller balance homogeneous loans, such as consumer and most residential real estate, are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosure. TDRs are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If established or a TDR charge-off is considered to be a collateral dependent loan, the loan is reported, net, at taken if the fair value of the collateral. For TDRs that subsequently default, loan is less than the Company determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.
balance.

At December 31, 2023, there was $8,767 in the ACL related to loans, with corresponding provision expense of $2,030 during the year ended December 31, 2023.

The general component covers non-impaired loans and impaired loans that are not individually reviewed for impairment and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent three years for the consumer and real estate portfolio segment and five years for the commercial portfolio segment. The total Company's loan portfolio's actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments have been identified: identified as follows: Commercial and Industrial, Commercial Real Estate, Residential Real Estate, and Consumer.

Commercial and industrial loans consist industrial: Portfolio segment consists of borrowings for commercial purposes to individuals, corporations, partnerships, sole proprietorships, and other business enterprises. Commercial and industrial loans are generally secured by business assets such as equipment, accounts receivable, inventory, or any other asset excluding real estate and generally made to finance capital expenditures or operations. The Company's risk exposure is related to deterioration in the value of collateral securing the loan should foreclosure become necessary. Generally, business assets used or produced in operations do not maintain their value upon foreclosure, which may require the Company to write down the value significantly to sell.

Commercial real estate estate: Portfolio segment consists of nonfarm, nonresidential loans secured by owner-occupied and nonowner-occupied commercial real estate as well as commercial construction loans. An owner-occupied loan relates to a borrower purchased building or space for which the repayment of principal is dependent upon cash flows from the ongoing business operations conducted by the party, or an affiliate of the party, who owns the property. Owner-occupied loans that are dependent on cash flows from operations can be adversely affected by current market conditions for their product or service. A nonowner-occupied loan is a property loan for which the repayment of principal is dependent upon rental income associated with the property or the subsequent sale of the property. Nonowner-occupied loans that are dependent upon rental income are primarily impacted by the level of interest rates associated with the debt and to local economic conditions, which dictate occupancy rates and the amount of rent charged. The increase in debt service due to higher interest rates may not be able to be passed on to tenants. As part of the origination process, loan interest rates and occupancy rates are stressed to determine the impact on the borrower's ability to maintain adequate debt service under different economic conditions. Furthermore, the Company monitors the concentration in any one industry and has established limits relative to capital. In addition, credit quality trends are monitored by industry to determine if a change in the risk exposure to a certain industry may warrant a change in our underwriting standards. Commercial construction loans consist of borrowings to purchase and develop raw land into 1-4 family residential properties. Construction loans are extended to individuals as well as corporations for the construction of an individual or multiple properties and are secured by raw land and the subsequent improvements. Repayment of the loans to real estate developers is dependent upon the sale of properties to third parties in a timely fashion upon completion. Should there be delays in construction or a downturn in the market for those properties, there may be significant erosion in value which that may be absorbed by the Company. Company.

Amounts are in thousands, except share and per share data.

Residential real estate loans consist estate: Portfolio segment consists of loans to individuals for the purchase of 1-4 family primary residences with repayment primarily through wage or other income sources of the individual borrower. The Company's loss exposure to these loans is dependent on local market conditions for residential properties as loan amounts are determined, in part, by the fair value of the property at origination.

Consumer loans are comprised Consumer: Portfolio segment consists of loans to individuals secured by automobiles, open-end home equity loans and other loans to individuals for household, family, and other personal expenditures, both secured and unsecured. These loans typically have maturities of six years or less with repayment dependent on individual wages and income. The risk of loss on consumer loans is elevated as the collateral securing these loans, if any, rapidly depreciate in value or may be worthless and/or difficult to locate if repossession is necessary. The Company has allocated the highest percentage of its allowance for loan losses ACL as a percentage of loans to the other identified loan portfolio segments due to the larger dollar balances associated with such portfolios.

ACL – Off-Balance Sheet Credit Exposures: The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The ACL on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. At December 31, 2023, there was $692 in the ACL related to off-balance sheet credit exposures, with corresponding provision expense of $61 during the year ended December 31, 2023.

At December 31, 2022, there were no changes to the accounting policies or methodologies within any of the Company's loan portfolio segments from the prior period.

Concentrations of Credit Risk: The Company grants residential, consumer and commercial loans to customers located primarily in the southeastern Ohio and western West Virginia areas.

The following represents the composition of the Company's loan portfolio as of December 31:

	% of Total Loans		% of Total Loans	
	2022	2021	2023	2022
Residential real estate loans	33.56 %	33.02 %	32.88 %	33.56 %
Commercial real estate loans	32.63 %	33.90 %	33.22 %	32.63 %
Consumer loans	16.72 %	16.05 %	17.72 %	16.72 %
Commercial and industrial loans	17.09 %	17.03 %	16.18 %	17.09 %
	100.00 %	100.00 %	100.00 %	100.00 %

The Bank, in the normal course of its operations, conducts business with correspondent financial institutions. Balances in correspondent accounts, investments in federal funds, certificates of deposit and other short-term securities are closely monitored to ensure that prudent levels of credit and liquidity risks are maintained. At December 31, 2022 December 31, 2023, the Bank's primary correspondent balance was $30,796 $113,136 on deposit at the FRB, Cleveland, Ohio.

Premises and Equipment: Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation, which is computed using the straight-line method over the estimated useful life of the owned asset and, for leasehold improvement, over the remaining term of the leased facility, whichever is shorter. The useful lives range from three to eight years for equipment, furniture and fixtures and seven to 39 years for buildings and improvements.

The Company enters into leases in the normal course of business primarily for branch buildings and office space to conduct business. The Company's leases have remaining terms ranging from four months to 19 years, some of which include options to extend the leases for up to 15 years.

The Company enters into leases in the normal course of business primarily for branch buildings and office space to conduct business. The Company's leases have remaining terms ranging from 28 months to 18 years, some of which include options to extend the leases for up to 15 years.

The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option. In addition, the Company has elected to account for any non-lease components in its real estate leases as part of the associated lease component. The Company has also elected to not recognize leases with original lease terms of 12 months or less (short-term leases) on the Company's balance sheet.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. At December 31, 2022 December 31, 2023 and 2021, 2022, the Company did not have any finance leases.

The Company's operating lease ROU assets and operating lease liabilities are valued based on the present value of future minimum lease payments, discounted with an incremental borrowing rate for the same term as the underlying lease. The Company has one lease arrangement that contains variable lease payments that are adjusted periodically for an index.

Foreclosed assets: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of residential real estate property collateralizing a consumer mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

Goodwill: Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill acquired in a purchase business combination and determined to have an indefinite useful life are not amortized but tested for impairment at least annually. Goodwill is the only intangible asset with an indefinite life on our balance sheet. The Company has selected December 31 as the date to perform its annual qualitative impairment test. Given that the Company has been profitable and had positive equity, the qualitative assessment indicated that it was more likely than not that the fair value of goodwill was more than the carrying amount, resulting in no impairment. See Note F for more specific disclosures related to goodwill impairment testing.

Long-term Assets: Premises and equipment and other long-term assets are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at fair value.

Mortgage Servicing Rights: A mortgage servicing right ("MSR") is a contractual agreement where the right to service a mortgage loan is sold by the original lender to another party. When the Company sells mortgage loans to the secondary market, it retains the servicing rights to these loans. The Company's MSR is recognized separately when acquired through sales of loans and is initially recorded at fair value with the income statement effect recorded in mortgage banking income. Subsequently, the MSR is then amortized in proportion to and over the period of estimated future servicing income of the underlying loan. The MSR is then evaluated for impairment periodically based upon the fair value of the rights as compared to the carrying amount, with any impairment being recognized through a valuation allowance. Fair value of the MSR is based on market prices for comparable mortgage servicing contracts. Impairment is determined by stratifying rights into groupings based on predominant risk characteristics, such as interest rate, loan type and investor type. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income. At December 31, 2022 December 31, 2023 and 2021, 2022, the Company's MSR assets were $456 $403 and $480, $456, respectively.

Earnings Per Share: Earnings per share is based on net income divided by the following weighted average number of common shares outstanding during the periods: 4,774,607 for 2023 and 4,769,135 for 2022 and 4,780,609 for 2021. 2022. Ohio Valley had no dilutive effect and no potential common shares issuable under stock options or other agreements for any period presented.

Note A - Summary of Significant Accounting Policies (continued)

Income Taxes: Income tax expense is the sum of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized at the time of enactment of such change in tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale which are also recognized as separate components of equity, net of tax.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Bank Owned Life Insurance and Annuity Assets: The Company has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. The Company also purchased an annuity investment for a certain key executive that earns interest.

Employee Stock Ownership Plan: Compensation expense is based on the market price of shares as they are committed to be allocated to participant accounts.

Dividend Reinvestment Plan: The Company maintains a Dividend Reinvestment Plan. The plan enables shareholders to elect to have their cash dividends on all or a portion of shares held automatically reinvested in additional shares of the Company's common stock. The stock is issued out of the Company's authorized shares and credited to participant accounts at fair market value. Dividends are reinvested on a quarterly basis.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. These financial instruments are recorded when they are funded. See Note L for more specific disclosure related to loan commitments.

Dividend Restrictions: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to Ohio Valley or by Ohio Valley to its shareholders. See Note P for more specific disclosure related to dividend restrictions.

Restrictions on Cash: Cash on hand or on deposit with a third-party correspondent bank and the FRB totaled $30,908 $113,136 and $136,379 $30,908 at year-end 2022 2023 and 2021, 2022, respectively, and were subject to clearing requirements but not subject to any regulatory reserve requirements. The balances on deposit with a third-party correspondent do not earn interest.

Derivatives: At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative").

Note A - Summary of Significant Accounting Policies(continued)

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in noninterest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Amounts are in thousands, except share and per share data.

Note A - Summary of Significant Accounting Policies(continued)

At December 31, 2022 December 31, 2023 and 2021, 2022, the only derivative instruments used by the Company were interest rate swaps, which are classified as stand-alone derivatives. See Note H for more specific disclosures related to interest rate swaps.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note O. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications: The consolidated financial statements for 2021 2022 have been reclassified to conform with the presentation for 2022. 2023. These reclassifications had no effect on the net results of operations or shareholders' equity.

Adoption of New Accounting Guidance Pronouncements: Effective January 1, 2023, the Company adopted ASU No. 2022-02 *Financial Instruments - Credit Losses (Topic 326): TDR's and Vintage Disclosures*. This new accounting guidance eliminated the previous accounting guidance for troubled debt restructurings ("TDRs") and resulted in additional disclosure requirements related to be Adopted in Future Periods: In June 2016, gross charge offs by year of origination and the FASB issued removal of TDR disclosures, replaced by additional disclosures on the types of modifications of loans to borrowers experiencing financial difficulties.

Effective January 1, 2023, the Company adopted ASU No. 2016-13 "Financial*Financial Instruments - Credit* Losses". *Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* ("ASU 2016-13 requires entities to replace 2016-13") ("ASC 326") as amended. The new accounting guidance replaces the current "incurred loss" model with an "expected loss" model, which is referred to as the current expected credit loss ("CECL") model. These The measurement of expected credit losses for under the CECL model is applicable to financial assets held measured at amortized cost, including loan receivables and HTM debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). In addition, ASC 326 made changes to the reporting date are accounting for available for sale debt securities. One such change is to require credit losses to be based presented as an allowance rather than as a write-down on historical experience, current conditions, and reasonable and supportable forecasts. This ASU will also require enhanced disclosures available for sale debt securities management does not intend to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity's portfolio. These disclosures include qualitative and quantitative requirements sell or believes that provide additional information about the amounts recorded in the financial statements.Once adopted, the allowance for loan losses it is more likely than not they will be referred required to as the allowance for credit losses. The Bank has developed a CECL model and is evaluating model results in relation to the new ASU guidance. Management expects to recognize a one-time cumulative effect adjustment to the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective. Management expects the adoption will result in a material increase to arrive at the new allowance for credit losses balance. For SEC filers who are smaller reporting companies, such as the Company, ASU 2016-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022.

In March 2022, the FASB issued ASU No. 2022-02, "Financial Instruments – Credit Losses (Topic 326) - TDRs and Vintage Disclosures." This Update eliminates the recognition and measurement guidance for TDRs by creditors in ASC 310-40. This Update also enhances disclosure requirements for certain loan restructurings by creditors when a borrower is experiencing financial difficulty. Specifically, rather than applying the recognition and measurement guidance for TDRs, an entity will apply the loan refinancing and restructuring guidance to determine whether a modification or other form of restructuring results in a new loan or a continuation of an existing loan. Additionally, the amendments in this ASU require a public business entity to disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases in the existing vintage disclosures.sell.

The Company adopted ASC 326 using the amendments modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures. Results for reporting periods beginning after January 1, 2023. are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable US GAAP. The Company adjusted its processes and procedures related recorded a net decrease to retained earnings of $2,209 as of January 1, 2023 for the amendments and it did not have a material impact on cumulative effect of adopting ASC 326.

The following table illustrates the Company's consolidated financial statements. transition adjustment of adopting ASC 326:

	January 1, 2023		
	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets:			
ACL - HTM debt securities			
Obligations of states and political subdivisions	$ 3	$ —	$ 3
ACL - Loans			
Residential real estate	2,026	681	1,345
Commercial real estate	2,200	2,038	162
Commercial and industrial	1,177	1,293	(116)
Consumer	2,028	1,257	771
Total ACL - Loans	$ 7,431	$ 5,269	$ 2,162
Deferred tax assets	$ 6,853	$ 6,266	$ 587
Liabilities:			
ACL - Off-balance sheet commitments	$ 631	$ —	$ 631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note B - Securities

The following table summarizes the amortized cost and fair value of securities available for sale and securities held to maturity at December 31, 2022 December 31, 2023 and 2021, 2022, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) and gross unrecognized gains and losses:

Securities Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2023								
U.S. Government securities					$ 52,174	$ —	$ (1,877)	$ 50,297
U.S. Government sponsored entity securities					6,527	—	(650)	5,877
Agency mortgage-backed securities, residential					118,218	—	(12,134)	106,084
Total securities					$ 176,919	$ —	$ (14,661)	$ 162,258
December 31, 2022								
U.S. Government securities	$ 57,698	$ —	$ (2,906)	$ 54,792	$ 57,698	$ —	$ (2,906)	$ 54,792
U.S. Government sponsored entity securities	8,845	—	(862)	7,983	8,845	—	(862)	7,983
Agency mortgage-backed securities, residential	136,282	—	(14,983)	121,299	136,282	—	(14,983)	121,299
Total securities	$ 202,825	$ —	$ (18,751)	$ 184,074	$ 202,825	$ —	$ (18,751)	$ 184,074
December 31, 2021								
U.S. Government securities	$ 20,182	$ —	$ (39)	$ 20,143				
U.S. Government sponsored entity securities	25,980	109	(173)	25,916				

Amounts are in thousands, except share and per share data.

Agency mortgage-backed securities, residential	129,942	1,476	(477)	130,941
Total securities	$ 176,104	$ 1,585	$ (689)	$ 177,000

Securities Held to Maturity	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value	Allowance for Credit Losses
December 31, 2023									
Obligations of states and political subdivisions					$ 7,987	$ 17	$ (615)	$ 7,389	$ (2)
Agency mortgage-backed securities, residential					1	—	—	1	—
Total securities					$ 7,988	$ 17	$ (615)	$ 7,390	$ (2)
December 31, 2022									
Obligations of states and political subdivisions	$ 9,225	$ 32	$ (798)	$ 8,459	$ 9,225	$ 32	$ (798)	$ 8,459	
Agency mortgage-backed securities, residential	1	—	—	1	1	—	—	1	
Total securities	$ 9,226	$ 32	$ (798)	$ 8,460	$ 9,226	$ 32	$ (798)	$ 8,460	
December 31, 2021									
Obligations of states and political subdivisions	$ 10,292	$ 200	$ (44)	$ 10,448					
Agency mortgage-backed securities, residential	2	—	—	2					
Total securities	$ 10,294	$ 200	$ (44)	$ 10,450					

At year-end 2023 and 2022, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity. At year-end 2021, there were holdings of $18,500 in securities issued by the Federal Farm Credit Bank that exceeded 10% of shareholders' equity.

During 2023, proceeds from the sales of debt securities totaled $1,067 with gross losses of $23 recognized. During 2022, proceeds from the sales of debt securities totaled $10,963 with gross losses of $1,537 recognized. During 2021, proceeds from the sales of debt securities totaled $47,666 with gross losses of $1,066 recognized.

Securities with a carrying value of approximately $126,994 at December 31, 2023 and $126,318 at December 31, 2022 and $123,742 at December 31, 2021 were pledged to secure public deposits and repurchase agreements and for other purposes as required or permitted by law.

Unrealized losses on the Company's debt securities have not been recognized into income because the issuers' securities were of high credit quality as of December 31, 2022, and management does not intend to sell, and it is likely that management will not be required to sell, the securities prior to their anticipated recovery. Management does not believe any individual unrealized loss at December 31, 2022 and 2021 represents an OTTI.

Note B - Securities (continued)

The amortized cost and estimated fair value of debt securities at December 31, 2022 December 31, 2023, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay the debt obligations prior to their contractual maturities. Securities not due at a single maturity are shown separately.

	Available for Sale		Held to Maturity		Available for Sale		Held to Maturity	
Debt Securities:	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 7,019	$ 6,921	$ 789	$ 787	$ 17,424	$ 17,257	$ 397	$ 392
Due in one to five years	54,524	51,540	3,903	3,735	41,277	38,917	3,974	3,780
Due in five to ten years	5,000	4,314	2,263	1,976	—	—	1,490	1,297
Due after ten years	—	—	2,270	1,961	—	—	2,126	1,920
Agency mortgage-backed securities, residential	136,282	121,299	1	1	118,218	106,084	1	1
Total debt securities	$ 202,825	$ 184,074	$ 9,226	$ 8,460	$ 176,919	$ 162,258	$ 7,988	$ 7,390

Amounts are in thousands, except share and per share data.

The following table summarizes debt securities with available for sale in an unrealized losses loss position for which an ACL has not been recorded at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, aggregated by major security type and length of time in a continuous unrealized loss position:

December 31, 2023	Less than 12 Months		12 Months or More		Total	
Securities Available for Sale	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government securities	$ 9,474	$ (52)	$ 40,823	$ (1,825)	$ 50,297	$ (1,877)
U.S. Government sponsored entity securities	—	—	5,877	(650)	5,877	(650)
Agency mortgage-backed securities, residential	—	—	106,084	(12,134)	106,084	(12,134)
Total available for sale	$ 9,474	$ (52)	$ 152,784	$ (14,609)	$ 162,258	$ (14,661)

December 31, 2022	Less than 12 Months		12 Months or More		Total	
Securities Available for Sale	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government securities	$ 36,460	$ (977)	$ 18,332	$ (1,929)	$ 54,792	$ (2,906)
U.S. Government sponsored entity securities	2,786	(60)	5,197	(802)	7,983	(862)
Agency mortgage-backed securities, residential	71,510	(7,178)	49,789	(7,805)	121,299	(14,983)
Total available for sale	$ 110,756	$ (8,215)	$ 73,318	$ (10,536)	$ 184,074	$ (18,751)

	Less than 12 Months		12 Months or More		Total	
Securities Held to Maturity	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss
Obligations of states and political subdivisions	$ 4,084	$ (366)	$ 2,218	$ (432)	$ 6,302	$ (798)
Total held to maturity	$ 4,084	$ (366)	$ 2,218	$ (432)	$ 6,302	$ (798)

Management evaluates available for sale debt securities in unrealized positions to determine whether impairment is due to credit-related factors. Consideration is given to (1) the extent to which the fair value is less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the security for a period of time sufficient to allow for any anticipated recovery in fair value.

December 31, 2021	Less than 12 Months		12 Months or More		Total	
Securities Available for Sale	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government securities	$ 20,143	$ (39)	$ —	$ —	$ 20,143	$ (39)
U.S. Government sponsored entity securities	18,307	(173)	—	—	18,307	(173)
Agency mortgage-backed securities, residential	64,560	(477)	—	—	64,560	(477)
Total available for sale	$ 103,010	$ (689)	$ —	$ —	$ 103,010	$ (689)

At December 31, 2023, the Company had 96 available for sale debt securities in an unrealized position without an ACL, of which 13 were from U.S. Government securities, 3 were from U.S. Government sponsored entity securities, and 80 were from Agency mortgage-backed residential securities. Management does not have the intent to sell any of these securities and believes that it is more likely than not that the Company will not have to sell any such securities before a recovery of cost. The fair value is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline. Accordingly, as of December 31, 2023, management believes that the unrealized losses detailed in the previous table are due to noncredit-related factors, including changes in interest rates and other market conditions and, therefore, the Company carried no ACL on available for sale debt securities at December 31, 2023.

Note B - Securities (continued)

The following table presents the activity in the ACL for held to maturity debt securities for the year ended December 31, 2023:

Held to Maturity Debt Securities	2023
Allowance for credit losses:	
Beginning balance	$ —
Impact of adopting ASC 326	3
Provision for (recovery of) credit loss expense	(1)
Allowance for credit losses ending balance	$ 2

Amounts are in thousands, except share and per share data.

The Company's held to maturity securities primarily consist of obligations of states and political subdivisions. The ACL on held to maturity securities is estimated at each measurement date on a collective basis by major security type. Risk factors such as issuer bond ratings, historical loss rates, financial condition of issuer, and timely principal and interest payments of issuer were evaluated to determine if a credit reserve was required within the portfolio. At December 31, 2023, there were no past due principal and interest payments related to held to maturity securities. Upon adoption of ASC 326 on January 1, 2023, the Company identified a cumulative loss rate of 0.03% using historical loss data provided by S&P and Moody's bond rating service. This resulted in a $3 credit loss reserve for held to maturity debt securities. During 2023, the cumulative loss rate decreased to 0.02%, resulting in a $1 recovery of provision expense during the year ended December 31, 2023.

Note C - Loans and Allowance for Loan Credit Losses

Loans are comprised of the following at December 31:

	2022	2021	2023	2022
Residential real estate	$ 297,036	$ 274,425	$ 319,504	$ 297,036
Commercial real estate:				
Owner-occupied	72,719	71,979	82,356	72,719
Nonowner-occupied	182,831	176,100	178,201	182,831
Construction	33,205	33,718	62,337	33,205
Commercial and industrial	151,232	141,525	157,298	151,232
Consumer:				
Automobile	54,837	48,206	61,461	54,837
Home equity	27,791	22,375	35,893	27,791
Other	65,398	62,863	74,850	65,398
	885,049	831,191	971,900	885,049
Less: Allowance for loan losses	(5,269)	(6,483)		
Less: Allowance for credit losses			(8,767)	(5,269)
Loans, net	$ 879,780	$ 824,708	$ 963,133	$ 879,780

At December 31, 2022 December 31, 2023 and 2021, 2022, net deferred loan origination costs were $663 $794 and $191, $663, respectively. At December 31, 2022 December 31, 2023 and 2021, 2022, net unamortized loan purchase premiums were $1,142 $687 and $1,260, $1,142, respectively.

The following table presents the activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2022 and 2021:

December 31, 2022	Residential Real Estate	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 980	$ 2,548	$ 1,571	$ 1,384	$ 6,483
Provision for loan losses	(318)	(556)	283	559	(32)
Loans charged off	(135)	(36)	(618)	(1,399)	(2,188)
Recoveries	154	82	57	713	1,006
Total ending allowance balance	$ 681	$ 2,038	$ 1,293	$ 1,257	$ 5,269

December 31, 2021	Residential Real Estate	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses:					
Beginning balance	$ 1,480	$ 2,431	$ 1,776	$ 1,473	$ 7,160
Provision for loan losses	(615)	(61)	(258)	515	(419)
Loans charged off	(84)	(115)	(120)	(1,162)	(1,481)
Recoveries	199	293	173	558	1,223
Total ending allowance balance	$ 980	$ 2,548	$ 1,571	$ 1,384	$ 6,483

Note C - Loans and Allowance for Loan Credit Losses (continued)

The following table presents the balance recorded investment of nonaccrual loans and loans past due 90 days or more and still accruing by class of loans as of December 31, 2023 and 2022:

December 31, 2023	Loans Past Due 90 Days And Still Accruing		Nonaccrual Loans With No ACL		Nonaccrual Loans With an ACL		Total Nonaccrual Loans	
Residential real estate	$	9	$	—	$	1,234	$	1,234
Commercial real estate:								
Owner-occupied		—		775		—		775
Nonowner-occupied		—		—		61		61
Construction		—		—		1		1
Commercial and industrial		—		—		48		48
Consumer:								
Automobile		56		—		78		78
Home equity		—		—		95		95
Other		54		—		100		100
Total	$	119	$	775	$	1,617	$	2,392

December 31, 2022	Loans Past Due 90 Days And Still Accruing		Nonaccrual	
esidential real estate	$	100	$	1,708
ommercial real estate:				
Owner-occupied		—		938
Nonowner-occupied		—		70
Construction		—		75
Commercial and industrial		—		150
Consumer:				
Automobile		27		82
Home equity		—		151
Other		411		59
tal	$	538	$	3,233

The Company recognized $146 of interest income in nonaccrual loans during the allowance for loan losses and year ended December 31, 2023.

The following table presents the aging of the recorded investment of past due loans by portfolio segment and based on impairment method class of loans as of December 31, 2022 December 31, 2023 and 2021: 2022:

December 31, 2022	Residential Real Estate		Commercial Real Estate		Commercial & Industrial		Consumer		Total	
Allowance for loan losses:										
Ending allowance balance attributable to loans:										
Individually evaluated for impairment	$	—	$	—	$	—	$	—	$	—
Collectively evaluated for impairment		681		2,038		1,293		1,257		5,269
Total ending allowance balance	$	681	$	2,038	$	1,293	$	1,257	$	5,269
Loans:										
Loans individually evaluated for impairment	$	—	$	1,986	$	—	$	28	$	2,014
Loans collectively evaluated for impairment		297,036		286,769		151,232		147,998		883,035
Total ending loans balance	$	297,036	$	288,755	$	151,232	$	148,026	$	885,049

December 31, 2021	Residential Real Estate	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for loan losses:					

Ending allowance balance attributable to loans:					
Individually evaluated for impairment	$ —	$ —	$ 10	$ —	$ 10
Collectively evaluated for impairment	980	2,548	1,561	1,384	6,473
Total ending allowance balance	$ 980	$ 2,548	$ 1,571	$ 1,384	$ 6,483
Loans:					
Loans individually evaluated for impairment	$ —	$ 5,411	$ 4,531	$ 81	$ 10,023
Loans collectively evaluated for impairment	274,425	276,386	136,994	133,363	821,168
Total ending loans balance	$ 274,425	$ 281,797	$ 141,525	$ 133,444	$ 831,191

December 31, 2023	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Loans Not Past Due	Total
Residential real estate	$ 2,705	$ 368	$ 481	$ 3,554	$ 315,950	$ 319,504
Commercial real estate:						
Owner-occupied	2,580	—	775	3,355	79,001	82,356
Nonowner-occupied	681	—	—	681	177,520	178,201
Construction	—	—	—	—	62,337	62,337
Commercial and industrial	3,338	—	48	3,386	153,912	157,298
Consumer:						
Automobile	782	210	117	1,109	60,352	61,461
Home equity	353	62	95	510	35,383	35,893
Other	658	121	148	927	73,923	74,850
Total	$ 11,097	$ 761	$ 1,664	$ 13,522	$ 958,378	$ 971,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note C - Loans and Allowance for Loan Credit Losses (continued)

The following table presents information related to loans individually evaluated for impairment by class of loans as of the years ended December 31, 2022 and 2021:

December 31, 2022	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Impaired Loans	Interest Income Recognized	Cash Basis Interest Recognized
With an allowance recorded:	$ —	$ —	$ —	$ —	$ —	$ —
With no related allowance recorded:						
Commercial real estate:						
Owner-occupied	1,692	1,607	—	1,662	97	97
Nonowner-occupied	379	379	—	382	29	29
Consumer:						
Home equity	28	28	—	23	2	2
Total	$ 2,099	$ 2,014	$ —	$ 2,067	$ 128	$ 128

December 31, 2021	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Impaired Loans	Interest Income Recognized	Cash Basis Interest Recognized
With an allowance recorded:						
Commercial and industrial	$ 1,993	$ 1,993	$ 10	$ 1,987	$ 94	$ 94

Amounts are in thousands, except share and per share data.

With no related allowance recorded:						
Commercial real estate:						
Owner-occupied	5,052	5,027	—	5,151	309	309
Nonowner-occupied	384	384	—	387	29	29
Commercial and industrial	2,538	2,538	—	2,981	139	139
Consumer:						
Home equity	31	31	—	32	2	2
Other	50	50	—	49	2	2
Total	$ 10,048	$ 10,023	$ 10	$ 10,587	$ 575	$ 575

The recorded investment of a loan excludes accrued interest and net deferred origination fees and costs due to immateriality.

Nonaccrual loans and loans past due 90 days or more and still accruing include both smaller balance homogenous loans that are collectively evaluated for impairment and individually classified as impaired loans.

The Company transfers loans to other real estate owned, at fair value less cost to sell, in the period the Company obtains physical possession of the property (through legal title or through a deed in lieu). As of December 31, 2022, the Company had no other real estate owned for residential real estate properties, compared to $15 as of December 31, 2021. In addition, nonaccrual residential mortgage loans that are in the process of foreclosure had a recorded investment of $370 and $316 as of December 31, 2022 and December 31, 2021, respectively.

Note C - Loans and Allowance for Loan Losses (continued)

The following table presents the recorded investment of nonaccrual loans and loans past due 90 days or more and still accruing by class of loans as of December 31, 2022 and 2021:

	Loans Past Due 90 Days And Still Accruing	Nonaccrual
December 31, 2022		
Residential real estate	$ 100	$ 1,708
Commercial real estate:		
Owner-occupied	—	938
Nonowner-occupied	—	70
Construction	—	75
Commercial and industrial	—	150
Consumer:		
Automobile	27	82
Home equity	—	151
Other	411	59
Total	$ 538	$ 3,233

	Loans Past Due 90 Days And Still Accruing	Nonaccrual
December 31, 2021		
Residential real estate	$ 10	$ 2,683
Commercial real estate:		
Owner-occupied	—	1,055
Nonowner-occupied	—	—
Construction	—	146
Commercial and industrial	65	150
Consumer:		
Automobile	55	147
Home equity	—	148
Other	160	17
Total	$ 290	$ 4,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note C - Loans and Allowance for Loan Losses (continued)

The following table presents the aging of the recorded investment of past due loans by class of loans as of December 31, 2022 and 2021:

December 31, 2022	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Loans Not Past Due	Total
Residential real estate	$ 1,799	$ 701	$ 497	$ 2,997	$ 294,039	$ 297,036
Commercial real estate:						
Owner-occupied	97	—	938	1,035	71,684	72,719
Nonowner-occupied	626	5	—	631	182,200	182,831
Construction	40	45	17	102	33,103	33,205
Commercial and industrial	21	—	150	171	151,061	151,232
Consumer:						
Automobile	804	240	97	1,141	53,696	54,837
Home equity	204	—	151	355	27,436	27,791
Other	875	113	452	1,440	63,958	65,398
Total	$ 4,466	$ 1,104	$ 2,302	$ 7,872	$ 877,177	$ 885,049

December 31, 2021	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Loans Not Past Due	Total
Residential real estate	$ 2,208	$ 1,218	$ 921	$ 4,347	$ 270,078	$ 274,425
Commercial real estate:						
Owner-occupied	895	—	153	1,048	70,931	71,979
Nonowner-occupied	100	—	—	100	176,000	176,100
Construction	36	53	33	122	33,596	33,718
Commercial and industrial	517	60	215	792	140,733	141,525
Consumer:						
Automobile	656	148	194	998	47,208	48,206
Home equity	35	165	47	247	22,128	22,375
Other	401	133	177	711	62,152	62,863
Total	$ 4,848	$ 1,777	$ 1,740	$ 8,365	$ 822,826	$ 831,191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note C - Loans and Allowance for Loan Losses (continued)

Troubled Debt Restructurings:

A TDR occurs when the Company has agreed to a loan modification in the form of a concession for a borrower who is experiencing financial difficulty. All TDRs are considered to be impaired. The modification of the terms of such loans included one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; a reduction in the contractual principal and interest payments of the loan; or short-term interest-only payment terms.

The Company has allocated reserves for a portion of its TDRs to reflect the fair values of the underlying collateral or the present value of the concessionary terms granted to the customer.

The following table presents the types of TDR loan modifications by class of loans as of December 31, 2022 and December 31, 2021:

Amounts are in thousands, except share and per share data.

December 31, 2022	TDRs Performing to Modified Terms	TDRs Not Performing to Modified Terms	Total TDRs
Commercial real estate:			
Owner-occupied			
Reduction of principal and interest payments	$ 411	$ —	$ 411
Credit extension at lower stated rate than market rate	361	—	361
Nonowner-occupied			
Credit extension at lower stated rate than market rate	379	—	379
Total TDRs	$ 1,151	$ —	$ 1,151

December 31, 2021	TDRs Performing to Modified Terms	TDRs Not Performing to Modified Terms	Total TDRs
Commercial real estate:			
Owner-occupied			
Reduction of principal and interest payments	$ 1,455	$ —	$ 1,455
Maturity extension at lower stated rate than market rate	268	—	268
Credit extension at lower stated rate than market rate	375	—	375
Nonowner-occupied			
Credit extension at lower stated rate than market rate	385	—	385
Commercial and industrial			
Interest only payments	2,301	—	2,301
Total TDRs	$ 4,784	$ —	$ 4,784

At December 31, 2022 and 2021, the Company had no specific allocations in reserves to customers whose loan terms have been modified in TDRs. At December 31, 2022, the Company had no commitments to lend additional amounts to customers with outstanding loans that are classified as TDRs, as compared to $3,199 at December 31, 2021.

There were no TDR loan modifications that occurred during the years ended December 31, 2022 and 2021 that impacted provision expense or the allowance for loan losses.

During the years ended December 31, 2022 and 2021, the Company had no TDRs that experienced any payment defaults within twelve months following their loan modification. A default is considered to have occurred once the TDR is past due 90 days or more or it has been placed on nonaccrual. TDR loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Note C - Loans and Allowance for Loan Losses (continued)

Credit Quality Indicators:

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. These risk categories are represented by a loan grading scale from 1 through 11. The Company analyzes loans individually with a higher credit risk rating and groups these loans into categories called "criticized" and "classified" "classified" assets. The Company considers its criticized assets to be loans that are graded 8 and its classified assets to be loans that are graded 9 through 11. The Company's risk categories are reviewed at least annually on loans that have aggregate borrowing amounts that meet or exceed $1,000.

The Company uses the following definitions for its **criticized** loan risk ratings:

Special Mention. Loans classified as "special mention" indicate considerable risk due to deterioration of repayment (in the earliest stages) that results from due to potential weak primary repayment source, or payment delinquency. These loans will be under constant supervision, and are not classified and do not expose the institution to sufficient risks to warrant classification. These deficiencies should be correctable within the normal course of business, although significant changes in company structure or policy may be necessary to correct the deficiencies. These loans are considered bankable assets with no apparent loss of principal or interest envisioned. The perceived risk in continued lending is considered to have increased beyond the level where such loans would normally be granted. Credits that are defined as a TDRs should be graded no higher than special mention until they have been reported as performing over one year after restructuring.

Amounts are in thousands, except share and per share data.

The Company uses the following definitions for its **classified** loan risk ratings:

Substandard. Loans classified as "substandard" represent very high risk, serious delinquency, nonaccrual, or unacceptable credit. Repayment through the primary source of repayment is in jeopardy due to the existence of one or more well defined well-defined weaknesses, and the collateral pledged may inadequately protect collection of the loans. Loss of principal is not likely if weaknesses are corrected, although financial statements normally reveal significant weakness. Loans are still considered collectible, although loss of principal is more likely than with special mention loans. Collateral liquidation is considered likely to satisfy debt.

Doubtful. Loans classified as "doubtful" display a high probability of loss, although the amount of actual loss at the time of classification is undetermined. This classification should be temporary until such time that actual loss can be identified, or improvements are made to reduce the seriousness of the classification. These loans exhibit all substandard characteristics with the addition that weaknesses make collection or liquidation in full highly questionable and improbable. This classification consists of loans where the possibility of loss is high after collateral liquidation based upon existing facts, market conditions, and value. Loss is deferred until certain important and reasonable specific pending factors that may strengthen the credit can be more accurately determined. These factors may include proposed acquisitions, liquidation procedures, capital injection, receipt of additional collateral, mergers, or refinancing plans. A doubtful classification for an entire credit should be avoided when collection of a specific portion appears highly probable with the adequately secured portion graded substandard.

Note C - Loans and Allowance for Credit Losses (continued)

Loss. Loans classified as "loss" are considered uncollectible and are of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the credit has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this asset yielding such a minimum value even though partial recovery may be affected in the future. Amounts classified as loss should be promptly charged off.

As of December 31, 2023 and 2022, and based on the most recent analysis performed, the risk category of commercial loans by class of loans was as follows:

Criticized

	Term Loans Amortized Cost Basis by Origination Year							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
ommercial real estate:								
Owner-occupied								
Risk Rating								
Pass	$ 18,120	$ 7,911	$ 10,679	$ 5,973	$ 6,125	$ 15,925	$ 459	$ 65,192
Special Mention	—	—	—	—	—	427	—	427
Substandard	—	—	13,934	—	498	2,005	300	16,737
Doubtful	—	—	—	—	—	—	—	—
Total	$ 18,120	$ 7,911	$ 24,613	$ 5,973	$ 6,623	$ 18,357	$ 759	$ 82,356
Current Period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Term Loans Amortized Cost Basis by Origination Year							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
ommercial real estate:								
Nonowner occupied								
Risk Rating								
Pass	$ 12,688	$ 29,344	$ 32,235	$ 20,484	$ 15,415	$ 61,809	$ 1,128	$ 173,103
Special Mention	—	—	768	3,226	—	1,034	—	5,028
Substandard	—	—	70	—	—	—	—	70
Doubtful	—	—	—	—	—	—	—	—

Amounts are in thousands, except share and classified loans will mostly consist of commercial per share data.

Total	$ 12,688	$ 29,344	$ 33,073	$ 23,710	$ 15,415	$ 62,843	$ 1,128	$ 178,201
Current Period gross charge-offs	$ —	$ —	$ 132	$ —	$ —	$ —	$ —	$ 132

	Term Loans Amortized Cost Basis by Origination Year							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial real estate:								
Construction								
Risk Rating								
Pass	$ 28,055	$ 29,174	$ 1,231	$ 302	$ 392	$ 2,937	$ —	$ 62,091
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	246	—	246
Doubtful	—	—	—	—	—	—	—	—
Total	$ 28,055	$ 29,174	$ 1,231	$ 302	$ 392	$ 3,183	$ —	$ 62,337
Current Period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Note C – Loans and **industrial and commercial real estate loans. Allowance for Credit Losses** (continued)

	Term Loans Amortized Cost Basis by Origination Year							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial and Industrial								
Risk Rating								
Pass	$ 8,770	$ 30,885	$ 26,806	$ 31,247	$ 344	$ 27,632	$ 27,510	$ 153,194
Special Mention	140	—	—	—	—	8	66	214
Substandard	—	—	58	1,363	4	182	2,283	3,890
Doubtful	—	—	—	—	—	—	—	—
Total	$ 8,910	$ 30,885	$ 26,864	$ 32,610	$ 348	$ 27,822	$ 29,859	$ 157,298
Current Period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 29	$ 29

December 31, 2022	Pass	Criticized	Classified	Total
Commercial real estate:				
Owner-occupied	$ 68,236	$ 3,545	$ 938	$ 72,719
Nonowner-occupied	177,479	5,352	—	182,831
Construction	33,143	—	62	33,205
Commercial and industrial	147,627	1,879	1,726	151,232
Total	$ 426,485	$ 10,776	$ 2,726	$ 439,987

The Company considers the performance of the loan portfolio and its impact on the ACL. For residential and consumer loan classes, the Company evaluates credit quality based on the aging status of the loan, which was previously presented, and by payment activity. The following table presents the recorded investment of residential and consumer loans that do not meet by class of loans based on repayment activity as of December 31, 2023 and 2022:

Term Loans Amortized Cost Basis by Origination Year

Amounts are in thousands, except share and per share data.

December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Residential Real Estate:								
Payment Performance								
Performing	$ 50,484	$ 44,640	$ 50,949	$ 44,818	$ 21,854	$ 91,956	$ 13,560	$ 318,261
Nonperforming	—	—	—	—	182	1,061	—	1,243
Total	$ 50,484	$ 44,640	$ 50,949	$ 44,818	$ 22,036	$ 93,017	$ 13,560	$ 319,504
Current Period gross charge-offs	$ —	$ —	$ 3	$ —	$ —	$ 118	$ —	$ 121

	Term Loans Amortized Cost Basis by Origination Year							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Consumer:								
Automobile								
Payment Performance								
Performing	$ 28,939	$ 20,376	$ 7,013	$ 3,028	$ 1,212	$ 759	$ —	$ 61,327
Nonperforming	34	60	15	1	9	15	—	134
Total	$ 28,973	$ 20,436	$ 7,028	$ 3,029	$ 1,221	$ 774	$ —	$ 61,461
Current Period gross charge-offs	$ 51	$ 163	$ 116	$ 6	$ 29	$ 3	$ —	$ 368

Note C – Loans and Allowance for a criticized Credit Losses (continued)

	Term Loans Amortized Cost Basis by Origination Year							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Consumer:								
Home Equity								
Payment Performance								
Performing	$ 1,649	$ 79	$ —	$ —	$ —	$ —	$ 34,070	$ 35,798
Nonperforming	—	—	—	—	—	—	95	95
Total	$ 1,649	$ 79	$ —	$ —	$ —	$ —	$ 34,165	$ 35,893
Current Period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 87	$ 87

	Term Loans Amortized Cost Basis by Origination Year							
December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Consumer:								
Other								

Payment Performance								
Performing	$ 18,377	$ 24,904	$ 10,800	$ 4,482	$ 1,093	$ 953	$ 14,087	$ 74,696
Nonperforming	11	17	67	53	1	4	1	154
Total	$ 18,388	$ 24,921	$ 10,867	$ 4,535	$ 1,094	$ 957	$ 14,088	$ 74,850
Current Period gross charge-offs	$ 306	$ 119	$ 119	$ 84	$ 28	$ 53	$ 246	$ 955

	Consumer				
December 31, 2022	Automobile	Home Equity	Other	Residential Real Estate	Total
Performing	$ 54,728	$ 27,640	$ 64,928	$ 295,228	$ 442,524
Nonperforming	109	151	470	1,808	2,538
Total	$ 54,837	$ 27,791	$ 65,398	$ 297,036	$ 445,062

The Company originates residential, consumer, and classified asset rating as pass rated loans, which will include loans graded from 1 (Prime) to 7 (Watch). All commercial loans are categorized into a risk category either to customers located primarily in the southeastern areas of Ohio as well as the western counties of West Virginia. Approximately 4.37% of total loans were unsecured at the time of origination or re-evaluation date. December 31, 2023, down from 4.52% at December 31, 2022.

Modifications to Borrowers Experiencing Financial Difficulty:

Occasionally, the Company modifies loans to borrowers experiencing financial difficulty. These modifications may include one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; a reduction in the contractual principal and interest payments of the loan; or short-term interest-only payment terms. All modifications to borrowers experiencing financial difficulty are considered to be impaired.

During the year ended December 31, 2023, the Company experienced no new modifications to borrowers experiencing financial difficulty.

Note C – Loans and Allowance for Credit Losses (continued)

The following table presents the activity in the ACL by portfolio segment for the years ended December 31, 2023 and 2022:

December 31, 2023	Residential Real Estate	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for credit losses:					
Beginning balance	$ 681	$ 2,038	$ 1,293	$ 1,257	$ 5,269
Impact of adopting ASC 326	1,345	162	(116)	771	2,162
Provision for credit losses	251	824	(85)	1,040	2,030
Loans charged off	(121)	(132)	(29)	(1,410)	(1,692)
Recoveries	57	155	212	574	998
Total ending allowance balance	$ 2,213	$ 3,047	$ 1,275	$ 2,232	$ 8,767

December 31, 2022	Residential Real Estate	Commercial Real Estate	Commercial & Industrial	Consumer	Total
Allowance for credit losses:					
Beginning balance	$ 980	$ 2,548	$ 1,571	$ 1,384	$ 6,483
Provision for credit losses	(318)	(556)	283	559	(32)
Loans charged off	(135)	(36)	(618)	(1,399)	(2,188)
Recoveries	154	82	57	713	1,006
Total ending allowance balance	$ 681	$ 2,038	$ 1,293	$ 1,257	$ 5,269

The following table presents the balance in the ACL and the recorded investment of loans by portfolio segment and based on impairment method as of December 31, 2022:

December 31, 2022	Residential Real Estate	Commercial Real Estate	Commercial & Industrial	Consumer	Total

Amounts are in thousands, except share and per share data.

Allowance for credit losses:					
Ending allowance balance attributable to loans:					
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	681	2,038	1,293	1,257	5,269
Total ending allowance balance	$ 681	$ 2,038	$ 1,293	$ 1,257	$ 5,269
Loans:					
Loans individually evaluated for impairment	$ —	$ 1,986	$ —	$ 28	$ 2,014
Loans collectively evaluated for impairment	297,036	286,769	151,232	147,998	883,035
Total ending loans balance	$ 297,036	$ 288,755	$ 151,232	$ 148,026	$ 885,049

The following table presents the amortized cost basis of collateral dependent loans by class of loans as of December 31, 2023:

	Collateral Type		
December 31, 2023	Real Estate	Business Assets	Total
Residential real estate	$ 1,663	$ —	$ 1,663
Commercial real estate:			
Owner-occupied	700	258	958
Consumer:			
Home equity	27	—	27
Total collateral dependent loans	$ 2,390	$ 258	$ 2,648

Note C - Loans and Allowance for Loan Credit Losses (continued)

As of December 31, 2022 and December 31, 2021, and based on the most recent analysis performed, the risk category of commercial The following table presents information related to loans individually evaluated for impairment by class of loans is as follows: of the years ended December 31, 2022:

December 31, 2022	Pass	Criticized	Classified	Total
Commercial real estate:				
Owner-occupied	$ 68,236	$ 3,545	$ 938	$ 72,719
Nonowner-occupied	177,479	5,352	—	182,831
Construction	33,143	—	62	33,205
Commercial and industrial	147,627	1,879	1,726	151,232
Total	$ 426,485	$ 10,776	$ 2,726	$ 439,987

December 31, 2021	Pass	Criticized	Classified	Total						
December 31, 2022					Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Impaired Loans	Interest Income Recognized	Cash Basis Interest Recognized
With an allowance recorded:					$ —	$ —	$ —	$ —	$ —	$ —
With no related allowance recorded:										
Commercial real estate:										
Owner-occupied	$ 66,999	$ 618	$ 4,362	$ 71,979	1,692	1,607	—	1,662	97	97
Nonowner-occupied	175,901	—	199	176,100	379	379	—	382	29	29
Construction	33,685	—	33	33,718						
Commercial and industrial	134,983	1,862	4,680	141,525						
Consumer:										
Home equity					28	28	—	23	2	2
Total	$ 411,568	$ 2,480	$ 9,274	$ 423,322	$ 2,099	$ 2,014	$ —	$ 2,067	$ 128	$ 128

Amounts are in thousands, except share and per share data.

The Company also obtains the credit scores of its borrowers upon origination (if available by the credit bureau), but the scores are not updated. The Company focuses mostly on the performance and repayment ability of the borrower as an indicator of credit risk and does not consider a borrower's credit score to be a significant influence in the determination recorded investment of a loan's credit risk grading. loan excludes accrued interest and net deferred origination fees and costs due to immateriality.

Nonaccrual loans and loans past due 90 days or more and still accruing include both smaller balance homogenous loans that are collectively evaluated for impairment and individually classified as impaired loans.

For residential and consumer loan classes, The Company transfers loans to other real estate owned, at fair value less cost to sell, in the period the Company evaluates credit quality based on the aging status obtains physical possession of the loan, which was previously presented, and by payment activity. property (through legal title or through a deed in lieu). As of December 31, 2023, the Company had $68 in other real estate owned for residential real estate properties compared to none at December 31, 2022.The following table presents In addition, nonaccrual residential mortgage loans that are in the process of foreclosure had a recorded investment of residential $348 and consumer loans by class of loans based on payment activity $370 as of December 31, 2022 December 31, 2023 and December 31, 2021:2022, respectively.

December 31, 2022	Consumer Automobile	Consumer Home Equity	Consumer Other	Residential Real Estate	Total
Performing	$ 54,728	$ 27,640	$ 64,928	$ 295,228	$ 442,524
Nonperforming	109	151	470	1,808	2,538
Total	$ 54,837	$ 27,791	$ 65,398	$ 297,036	$ 445,062

December 31, 2021	Consumer Automobile	Consumer Home Equity	Consumer Other	Residential Real Estate	Total
Performing	$ 48,004	$ 22,227	$ 62,686	$ 271,732	$ 404,649
Nonperforming	202	148	177	2,693	3,220
Total	$ 48,206	$ 22,375	$ 62,863	$ 274,425	$ 407,869

The Company originates residential, consumer, and commercial loans to customers located primarily in the southeastern areas of Ohio as well as the western counties of West Virginia. Approximately 4.52% of total loans were unsecured at December 31, 2022, up from 4.45% at December 31, 2021.

Note D - Premises and Equipment

Following is a summary of premises and equipment at December 31:

	2022	2021	2023	2022
Land	$ 2,486	$ 2,570	$ 2,568	$ 2,486
Buildings	22,526	22,360	23,867	22,526
Leasehold improvements	1,509	1,402	1,555	1,509
Furniture and equipment	10,410	9,528	11,137	10,410
	36,931	35,860	39,127	36,931
Less accumulated depreciation	16,495	15,130	17,677	16,495
Total premises and equipment	$ 20,436	$ 20,730	$ 21,450	$ 20,436

Following is a summary of premises and equipment held for sale at December 31:

	2022	2021	2023	2022
Land	$ 84	$ 105	$ 84	$ 84
Buildings	594	387	594	594
	678	492	678	678
Less accumulated depreciation	85	54	105	85
Total premises and equipment held for sale	$ 593	$ 438	$ 573	$ 593

Note E – Leases

Amounts are in thousands, except share and per share data.

Balance sheet information related to leases at December 31 was as follows:

	2022	2021	2023	2022
Operating leases:				
Operating lease right-of-use assets	$ 1,294	$ 1,195	$ 1,205	$ 1,294
Operating lease liabilities	1,294	1,195	1,205	1,294

The components of lease cost were as follows for the year ending December 31:

	2022	2021	2023	2022
Operating lease cost	$ 185	$ 161	$ 204	$ 185
Short-term lease expense	35	36	17	35

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2022 December 31, 2023 are as follows:

	Operating Leases	Operating Leases
2023	$ 173	
2024	154	$ 195
2025	154	195
2026	140	140
2027	129	109
2028		111
Thereafter	873	764
Total lease payments	1,623	1,514
Less: Imputed Interest	(329)	(309)
Total operating leases	$ 1,294	$ 1,205

Other information at December 31 was as follows:

	2022	2021	2023	2022
Weighted-average remaining lease term for operating leases	12.1 years	13.7 years	13.0 years	12.1 years
Weighted-average discount rate for operating leases	2.70 %	2.29 %	2.91 %	2.70 %

Note F – Goodwill and Intangible Assets

Goodwill:Goodwill: The change in goodwill during the year is as follows:

	Gross Carrying Amount 2022	Gross Carrying Amount 2021
Goodwill	$ 7,319	$ 7,319

	Gross Carrying Amount 2023	Gross Carrying Amount 2022
Goodwill	$ 7,319	$ 7,319

Impairment exists when a reporting unit's carrying value of goodwill exceeds its fair value. At December 31, 2022 December 31, 2023 and 2021, 2022, the Company's reporting unit had positive equity and the Company elected to perform a qualitative assessment to determine if it was more likely than not that fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it is more likely than not that fair value of goodwill is more than the carrying value, resulting in no impairment. Therefore, the Company did not proceed to step one of the annual goodwill impairment testing requirement.

Acquired intangible assets: Acquired intangible assets were as follows at year-end:

Amounts are in thousands, except share and per share data.

	2022		2021		2023		2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:								
Core deposit intangibles	$ 738	$ 709	$ 738	$ 674	$ 738	$ 730	$ 738	$ 709

Aggregate amortization expense was $21 for 2023 and $35 for 2022 and $48 for 2021. 2022.

Note F - Goodwill and Intangible Assets(continued)

Estimated amortization expense for each of the next five years:

2023	$ 21	
2024	8	$ 8
2025	—	—
2026	—	—
2027	—	—
2028		—
Total	$ 29	$ 8

Note G - Deposits

Following is a summary of interest-bearing deposits at December 31:

	2022	2021
NOW accounts	$ 209,758	$ 205,362
Savings and Money Market	311,565	311,686
Time:		
In denominations of $250,000 or less	115,049	147,000
In denominations of more than $250,000	36,870	42,282
Total time deposits	151,919	189,282
Total interest-bearing deposits	$ 673,242	$ 706,330

Note G - Deposits (continued)

	2023	2022
Noninterest-bearing deposits	$ 322,222	$ 354,413
Interest-bearing deposits:		
NOW accounts	170,422	209,758
Savings and Money Market	255,369	311,565
Time deposits in denominations of $250 or less	301,323	115,049
Time deposits in denominations of more than $250	77,800	36,870
Total time deposits	379,123	151,919
Total interest-bearing deposits	804,914	673,242
Total deposits	$ 1,127,136	$ 1,027,655

Amounts are in thousands, except share and per share data.

Following is a summary of total time deposits by remaining maturity at December 31, 2022 December 31, 2023:

2023	$	105,871	
2024		36,304	$ 261,922
2025		5,586	95,860
2026		2,354	19,001
2027		1,513	1,139
2028			1,023
Thereafter		291	178
Total	$	151,919	$ 379,123

Brokered deposits, included in time deposits, were $64,893 and $3,999 at December 31, 2023 and $11,438 at December 31, 2022 and 2021, 2022, respectively.

Note H - Interest Rate Swaps

The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities. The Company utilizes interest rate swap agreements as part of its asset/liability management strategy to help manage its interest rate risk position. As part of this strategy, the Company provides its customer with a fixed-rate loan while creating a variable-rate asset for the Company by the customer entering into an interest rate swap with the Company on terms that match the loan. The Company offsets its risk exposure by entering into an offsetting interest rate swap with an unaffiliated institution. These interest rate swaps do not qualify as designated hedges; therefore, each swap is accounted for as a standalone derivative. At December 31, 2022 December 31, 2023, the Company had offsetting interest rate swaps associated with commercial loans with a notional value of $13,196 $12,515 and a fair value asset of $1,340 $1,147 and a fair value liability for the same amount included in other assets and other liabilities, respectively. This is compared to offsetting interest rate swaps with a notional value of $13,843 $13,196 and a fair value asset and liability of $599 $1,340 at December 31, 2021 December 31, 2022. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreement. To offset the risk exposure related to market value fluctuations of its interest rate swaps, the Company maintained would normally maintain collateral deposits on hand with a third-party correspondent, which totaled $600 at December 31, 2021. Risk exposure in 2022 was reduced however due to the increasing rate environment, risk exposure was reduced in both 2023 and 2022, respectively, resulting in no offsetting collateral deposits at December 31, 2023 or December 31, 2022.

Note I - Other Borrowed Funds

Other borrowed funds at December 31, 2022 December 31, 2023 and 2021 2022 are comprised of advances from the FHLB of Cincinnati and promissory notes.

	FHLB Borrowings	Promissory Notes	Totals	FHLB Borrowings	Promissory Notes	Totals
2023				$ 42,199	$ 2,394	$ 44,593
2022	$ 15,569	$ 2,376	$ 17,945	$ 15,569	$ 2,376	$ 17,945
2021	$ 17,476	$ 2,138	$ 19,614			

Pursuant to collateral agreements with the FHLB, advances are secured by $290,943 $312,767 in qualifying mortgage loans, $31,833 $33,456 in commercial loans and $3,813 $2,896 in FHLB stock at December 31, 2022 December 31, 2023. Fixed-rate FHLB advances of $15,569 $42,199 mature through 2042 and have interest rates ranging from 1.53% to 2.97% 4.91% and a year-to-date weighted average cost of 3.50% and 2.34% at December 31, 2023 and 2.39% at December 31, 2022 and 2021, 2022, respectively. There were no variable-rate FHLB borrowings at December 31, 2022 December 31, 2023.

At December 31, 2022 December 31, 2023, the Company had a cash management line of credit enabling it to borrow up to $100,000 from the FHLB, subject to the stock ownership and collateral limitations described below. All cash management advances have an original maturity of 90 days. The line of credit must be renewed on an annual basis. There was $100,000 available on this line of credit at December 31, 2022 December 31, 2023.

Based on the Company's current FHLB stock ownership, total assets and pledgeable loans, the Company had the ability to obtain borrowings from the FHLB up to a maximum of $182,963 $182,731 at December 31, 2022 December 31, 2023. Of this maximum borrowing capacity, the Company had $92,254 $88,183 available to use as additional borrowings, of which $92,254 $88,183 could be used for short term, cash management advances, as mentioned above.

Note I - Other Borrowed Funds (continued)

Promissory notes, issued primarily by Ohio Valley, are due at various dates through a final maturity date of November 18, 2024, and have fixed rates ranging from 1.25% 3.15% to 3.25% 5.00% and a year-to-date weighted average cost of 1.35% 3.79% at December 31, 2022 December 31, 2023, as compared to 1.23% 1.35% at December 31, 2021 December 31, 2022. At December 31, 2022 December 31, 2023, there were six promissory notes payable by Ohio Valley to related parties totaling $2,376. $2,394. See Note M for further discussion of related party transactions. There were no promissory notes payable to other banks at December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Amounts are in thousands, except share and per share data.

Letters of credit issued on the Bank's behalf by the FHLB to collateralize certain public unit deposits as required by law totaled $52,350 at December 31, 2023 and $75,140 at December 31, 2022 and $68,380 at December 31, 2021.

Scheduled principal payments over the next five years:

	FHLB Borrowings	Promissory Notes	Totals	FHLB Borrowings	Promissory Notes	Totals
2023	$ 1,986	$ 1,607	$ 3,593			
2024	1,693	769	2,462	$ 5,412	$ 2,394	$ 7,806
2025	1,560	—	1,560	4,983	—	4,983
2026	1,434	—	1,434	12,908	—	12,908
2027	1,397	—	1,397	11,397	—	11,397
2028				1,349	—	1,349
Thereafter	7,499	—	7,499	6,150	—	6,150
	$ 15,569	$ 2,376	$ 17,945	$ 42,199	$ 2,394	$ 44,593

Note J - Subordinated Debentures and Trust Preferred Securities

On March 22, 2007, a trust formed by Ohio Valley issued $8,500 of adjustable-rate trust preferred securities as part of a pooled offering of such securities. The rate on these trust preferred securities was fixed at 6.58% for five years, and then converted to a floating-rate term on March 15, 2012, based on a rate equal to the 3-month LIBOR plus 1.68%. Beginning September 15, 2023, the rate converted from a 3-month LIBOR index to a 3-month CME Term SOFR index plus a spread adjustment of 0.26% and a margin of 1.68%. The interest rate on these trust preferred securities was 7.33% at December 31, 2023 and 6.45% at December 31, 2022 and 1.88% at December 31, 2021. There were no debt issuance costs incurred with these trust preferred securities. The Company issued subordinated debentures to the trust in exchange for the proceeds of the offering. The subordinated debentures must be redeemed no later than June 15, 2037.

Note J - Subordinated Debentures and Trust Preferred Securities (continued)

Under the provisions of the related indenture agreements, the interest payable on the trust preferred securities is deferrable for up to five years and any such deferral is not considered a default. During any period of deferral, the Company would be precluded from declaring or paying dividends to shareholders or repurchasing any of the Company's common stock. Under generally accepted accounting principles, the trusts are not consolidated with the Company. Accordingly, the Company does not report the securities issued by the trust as liabilities, and instead reports as liabilities the subordinated debentures issued by the Company and held by the trust. Since the Company's equity interest in the trusts cannot be received until the subordinated debentures are repaid, these amounts have been netted. The subordinated debentures may be included in Tier 1 capital (with certain limitations applicable) under current regulatory guidelines and interpretations.

Note K - Income Taxes

The provision for income taxes consists of the following components:

	2022	2021
Current tax expense	$ 2,306	$ 2,414
Deferred tax (benefit) expense	288	(130)
Total income taxes	$ 2,594	$ 2,284

Note K - Income Taxes(continued)

	2023	2022
Current tax expense	$ 3,312	$ 2,306
Deferred tax (benefit) expense	(745)	288
Total income taxes	$ 2,567	$ 2,594

The source of deferred tax assets and deferred tax liabilities at December 31:

Amounts are in thousands, except share and per share data.

	2022	2021	2023	2022
tems giving rise to deferred tax assets:				
Other reserves			$ 152	$ —
Allowance for loan losses	$ 1,146	$ 1,410	1,916	1,146
Unrealized loss on securities available for sale	3,938	—	3,233	3,938
Deferred compensation	2,058	2,007	2,176	2,058
Deferred loan fees/costs	137	148	169	137
Accrued bonus	266	286	249	266
Purchase accounting adjustments	6	2	11	6
Net operating loss	66	82	49	66
Lease liability	355	324	332	355
Nonaccrual interest income	204	174	113	204
Other	294	275	43	294
tems giving rise to deferred tax liabilities:				
Mortgage servicing rights	(99)	(104)	(88)	(99)
FHLB stock dividends	(676)	(676)	(442)	(676)
Unrealized gain on securities available for sale	—	(188)		
Prepaid expenses	(231)	(205)	(35)	(231)
Depreciation and amortization	(843)	(783)	(841)	(843)
Right-of-use asset	(355)	(324)	(332)	(355)
Other			(399)	—
Net deferred tax asset	$ 6,266	$ 2,428	$ 6,306	$ 6,266

The Company determined that it was not required to establish a valuation allowance for deferred tax assets since management believes that the deferred tax assets are likely to be realized through the future reversals of existing taxable temporary differences, deductions against forecasted income and tax planning strategies.

At December 31, 2022 December 31, 2023, the Company's deferred tax asset related to Section 382 net operating loss carryforwards was $314, $233, which will expire in 2026.

Note K - Income Taxes(continued)

The difference between the financial statement tax provision and amounts computed by applying the statutory federal income tax rate of 21% to income before taxes is as follows:

	2022	2021	2023	2022
Statutory tax (21%)	$ 3,346	$ 2,943	$ 3,192	$ 3,346
Effect of nontaxable interest	(385)	(378)	(468)	(385)
Effect of nontaxable insurance premiums	(240)	(220)	(205)	(240)
Income from bank owned insurance, net	(168)	(168)	(181)	(168)
Effect of postretirement benefits	(112)	26	45	(112)
Effect of nontaxable life insurance death proceeds	—	(10)		
Effect of state income tax	155	150	170	155
Tax credits	(37)	(72)	(25)	(37)
Other items	35	13	39	35
Total income taxes[(1)]	$ 2,594	$ 2,284	$ 2,567	$ 2,594

(1) Effective Effective income tax rate was 16.9% for 2023 and 16.3% for both 2022 and 2021

At December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the Company had no unrecognized tax benefits. The Company does not expect the amount of unrecognized tax benefits to significantly change within the next twelve months. The Company did not recognize any interest and/or penalties related to income tax matters for the periods presented.

The Company is subject to U.S. federal income tax as well as West Virginia state income tax. The Company is no longer subject to federal or state examination for years prior to 2019. 2020. The tax years 2019-2021 2020-2022 remain open to federal and state examinations.

Amounts are in thousands, except share and per share data.

Note L - Commitments and Contingent Liabilities

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit, and financial guarantees written, is represented by the contractual amount of those instruments. The Bank estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit. At December 31, 2023, the estimated ACL related to off-balance sheet commitments was $692, which included $61 in provision expense during the year ended December 31, 2023. The Bank uses the same credit policies in making commitments and conditional obligations as it does for instruments recorded on the balance sheet.

Following is a summary of such commitments at December 31:

	2022	2021	2023	2022
Fixed rate	$ 1,110	$ 1,014	$ 1,331	$ 1,110
Variable rate	98,862	84,929	181,622	177,151
Standby letters of credit	3,441	3,659	9,210	3,441

At December 31, 2022 December 31, 2023, the fixed-rate commitments have interest rates ranging from 3.38% to 7.38% 8.50% and maturities ranging from 16 years to 30 years.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment and income-producing commercial properties.

Note L - Commitments and Contingent Liabilities (continued)

There are various contingent liabilities that are not reflected in the financial statements, including claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on financial condition or results of operations.

Note M - Related Party Transactions

Certain directors, executive officers and companies with which they are affiliated were loan customers during 2022. 2023. A summary of activity on these borrower relationships with aggregate debt greater than $120 is as follows:

Total loans at January 1, 2022	$ 17,848	
Total loans at January 1, 2023		$ 16,696
New loans	35	855
Repayments	(1,388)	(1,065)
Other changes	201	—
Total loans at December 31, 2022	$ 16,696	
Total loans at December 31, 2023		$ 16,486

Other changes include adjustments for loans applicable to one reporting period that are excludable from the other reporting period, such as changes in persons classified as directors, executive officers and companies' affiliates.

Deposits from principal officers, directors, and their affiliates at year-end 2023 and 2022 were $20,123 and 2021 were $91,782 and $110,405. $91,782. In addition, the Company had promissory notes outstanding with directors and their affiliates totaling $2,394 at year-end 2023 and $2,376 at year-end 2022 and $2,138 at year-end 2021. 2022. The interest rates ranged from 1.00% 1.25% to 3.25% 5.00%, with terms ranging from 12 to 24 months.

Note N - Employee Benefits

Amounts are in thousands, except share and per share data.

The Bank has a profit-sharing plan for the benefit of its employees and their beneficiaries. Contributions to the plan are determined by the Board of Directors of Ohio Valley. Contributions charged to expense were $270 and $256 for 2023 and $265 for 2022 and 2021. 2022.

Ohio Valley maintains an Employee Stock Ownership Plan ("ESOP") covering substantially all employees of the Company. Ohio Valley issues shares to the ESOP, purchased by the ESOP with subsidiary cash contributions, which are allocated to ESOP participants based on relative compensation. The total number of shares held by the ESOP, all of which have been allocated to participant accounts, were 317,860 and 313,114 at December 31, 2023 and 292,680 at December 31, 2022 and 2021. 2022. In addition, the subsidiaries made contributions to the ESOP as follows:

	Years ended December 31		Years ended December 31	
	2022	2021	2023	2022
Number of shares issued	18,522	—	4,746	18,522
Fair value of stock contributed	$ 575	$ —	$ 125	$ 575
Cash contributed	0	580	473	—
Total expense	$ 575	$ 580	$ 598	$ 575

Life insurance contracts with a cash surrender value of $37,317 $38,426 and annuity assets of $2,310 $2,167 at December 31, 2022 December 31, 2023 have been purchased by the Company, the owner of the policies. The purpose of these contracts was to replace a current group life insurance program for executive officers, implement a deferred compensation plan for directors and executive officers, implement a director retirement plan and implement supplemental retirement plans for certain officers. Under the deferred compensation plan, Ohio Valley pays each participant the amount of fees deferred plus interest over the participant's desired term, upon termination of service. Under the director retirement plan, participants are eligible to receive ongoing compensation payments upon retirement subject to length of service. The supplemental retirement plans provide payments to select executive officers upon retirement based upon a compensation formula determined by Ohio Valley's Board of Directors. The present value of payments expected to be provided are accrued during the service period of the covered individuals and amounted to $9,716 and $9,192 at December 31, 2023 and $8,973 at December 31, 2022 and 2021. 2022. Expenses related to the plans for each of the last two years amounted to $458 $807 and $830. $458. In association with the split-dollar life insurance plan, the present value of the postretirement benefit totaled $3,526 at December 31, 2023 and $3,309 at December 31, 2022 and $3,843 at December 31, 2021.

Note O - Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Note O - Fair Value of Financial Instruments (continued)

The following is a description of the Company's valuation methodologies used to measure and disclose the fair values of its financial assets and liabilities on a recurring or nonrecurring basis:

Securities: The fair values for securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). During times when trading is more liquid, broker quotes are used (if available) to validate the model. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated into the calculations.

Impaired Individually Evaluated Collateral Dependent Loans: AtThe fair value of individually evaluated collateral dependent loans is generally based on the time a loan is considered impaired, it is valued at the lower fair value of cost or fair value. Impaired loans collateral, less costs to sell. When carried at fair value, individually evaluated collateral dependent loans generally receive specific allocations of the allowance for loan losses. ACL. For collateral dependent loans, fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. In some instances, fair value adjustments can be made based on a quoted price from an observable input, such as a purchase agreement. Such adjustments would be classified as a Level 2 classification. Impaired Individually evaluated collateral dependent loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Amounts are in thousands, except share and per share data.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. In some instances, fair value adjustments can be made based on a quoted price from an observable input, such as a purchase agreement. Such adjustments would be classified as a Level 2 classification.

Note O - Fair Value of Financial Instruments (continued)

Appraisals for both collateral-dependent impaired loans and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, a member of management reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with management's own assumptions of fair value based on factors that include recent market data or industry-wide statistics.

On an as-needed basis, the Company reviews the fair value of collateral, taking into consideration current market data, as well as all selling costs, which typically amount to approximately 10% of the fair value of such collateral.

Interest Rate Swap Agreements: The fair value of interest rate swap agreements is determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves (Level 2).

Note O - Fair Value of Financial Instruments (continued)

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2023, Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
U.S. Government securities	$ 50,297	$ —	$ —
U.S. Government sponsored entity securities	—	5,877	—
Agency mortgage-backed securities, residential	—	106,084	—
Interest rate swap derivatives	—	1,147	—
Liabilities:			
Interest rate swap derivatives	—	(1,147)	—

	Fair Value Measurements at December 31, 2022, Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
U.S. Government securities	$ 54,792	$ —	$ —
U.S. Government sponsored entity securities	—	7,983	—

Amounts are in thousands, except share and per share data.

Agency mortgage-backed securities, residential	—	121,299	—
Interest rate swap derivatives	—	1,340	—
Liabilities:			
Interest rate swap derivatives	—	(1,340)	—

	Fair Value Measurements at December 31, 2021, Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
U.S. Government securities	$ 20,143	$ —	$ —
U.S. Government sponsored entity securities	—	25,916	—
Agency mortgage-backed securities, residential	—	130,941	—
Interest rate swap derivatives	—	599	—
Liabilities:			
Interest rate swap derivatives	—	(599)	—

Assets and Liabilities Measured on a Nonrecurring Basis

There were no assets or liabilities measured at fair value on a nonrecurring basis at December 31, 2022. Assets December 31, 2023 and liabilities measured at fair value on a nonrecurring basis at December 31, 2021 are summarized below:

	Fair Value Measurements at December 31, 2021, Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Impaired loans:			
Commercial and Industrial	$ —	$ —	$ 1,983

At December 31, 2021, the recorded investment of impaired loans measured for impairment using the fair value of collateral for collateral-dependent loans totaled $1,993, with a corresponding valuation allowance of $10, resulting in an increase of $10 in provision expense during the year ended December 31, 2021, with no corresponding charge-offs recognized.
2022.

There was no other real estate owned that was measured at fair value less costs to sell at December 31, 2022 December 31, 2023 and 2021. 2022. Furthermore, there were no corresponding write downs during the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

There was no quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2023 and 2022.

Note O - Fair Value of Financial Instruments (continued)

There was no quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2022. The following table presents quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at December 31, 2021:

December 31, 2021	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range	(Weighted Average)
Impaired loans:					
Commercial and Industrial	$ 1,983	Sales approach	Adjustment to comparables and equipment comparables	0% to 25%	18.5%

Amounts are in thousands, except share and per share data.

The carrying amounts and estimated fair values of financial instruments at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022 are as follows:

	Carrying Value	Fair Value Measurements at December 31, 2022 Using:				Carrying Value	Fair Value Measurements at December 31, 2023 Using:			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial Assets:										
Cash and cash equivalents	$ 45,990	$ 45,990	$ —	$ —	$ 45,990	$ 128,126	$ 128,126	$ —	$ —	$ 128,126
Certificates of deposit in financial institutions	1,862	—	1,862	—	1,862	—	—	—	—	—
Securities available for sale	184,074	54,792	129,282	—	184,074	162,258	50,297	111,961	—	162,258
Securities held to maturity	9,226	—	4,987	3,473	8,460	7,986	—	4,281	3,109	7,390
Loans, net	879,780	—	—	846,870	846,870	963,133	—	—	944,544	944,544
Interest rate swap derivatives	1,340	—	1,340	—	1,340	1,147	—	1,147	—	1,147
Accrued interest receivable	3,112	—	485	2,627	3,112	3,606	—	466	3,140	3,606
Financial Liabilities:										
Deposits	1,027,655	875,736	149,974	—	1,025,710	1,127,136	748,013	379,455	—	1,127,468
Other borrowed funds	17,945	—	16,364	—	16,364	44,593	—	45,799	—	45,799
Subordinated debentures	8,500	—	8,500	—	8,500	8,500	—	8,500	—	8,500
Interest rate swap derivatives	1,340	—	1,340	—	1,340	1,147	—	1,147	—	1,147
Accrued interest payable	432	1	431	—	432	6,597	1	6,596	—	6,597

	Carrying Value	Fair Value Measurements at December 31, 2021 Using:				Carrying Value	Fair Value Measurements at December 31, 2022 Using:			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial Assets:										
Cash and cash equivalents	$ 152,034	$ 152,034	$ —	$ —	$ 152,034	$ 45,990	$ 45,990	$ —	$ —	$ 45,990
Certificates of deposit in financial institutions	2,329	—	2,329	—	2,329	1,862	—	1,862	—	1,862
Securities available for sale	177,000	20,143	156,857	—	177,000	184,074	54,792	129,282	—	184,074
Securities held to maturity	10,294	—	6,063	4,387	10,450	9,226	—	4,987	3,473	8,460
Loans, net	824,708	—	—	821,899	821,899	879,780	—	—	846,870	846,870
Interest rate swap derivatives	599	—	599	—	599	1,340	—	1,340	—	1,340
Accrued interest receivable	2,695	—	363	2,332	2,695	3,112	—	485	2,627	3,112
Financial Liabilities:										
Deposits	1,059,908	870,626	189,796	—	1,060,422	1,027,655	875,736	149,974	—	1,025,710
Other borrowed funds	19,614	—	20,279	—	20,279	17,945	—	16,364	—	16,364
Subordinated debentures	8,500	—	8,500	—	8,500	8,500	—	8,500	—	8,500
Interest rate swap derivatives	599	—	599	—	599	1,340	—	1,340	—	1,340
Accrued interest payable	439	1	438	—	439	432	1	431	—	432

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Note P - Regulatory Matters

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgements by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2022 December 31, 2023, the Bank met all capital adequacy requirements to which they are subject.

Prompt corrective action regulations applicable to insured depository institutions provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2022 2023 and 2021, 2022, the Bank met the capital requirements to be deemed well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since year-end 2022 2023 and 2021 2022 that management believes have changed the institution's well capitalized category.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio ("CBLR") framework, for qualifying community banking organizations (banks and holding companies), consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Bank as of March 31, 2020. In April 2020, the federal banking agencies issued an interim final rule that made temporary changes to the CBLR framework, pursuant to Section 4012 of the CARES Act, and a second interim final rule that provided a graduated increase in the CBLR requirement after the expiration of the temporary changes implemented pursuant to Section 4012 of the CARES Act.

The CBLR removes the requirement for qualifying banking organizations to calculate and report risk-based capital and only requires a Tier 1 to average assets ("leverage") ratio. Qualifying banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than required minimums are considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules and, if applicable, are considered to have met the well capitalized ratio requirements for purposes of Section 38 of the Federal Deposit Insurance Act. Under the interim final rules, the CBLR minimum requirement was 8% as of December 31, 2020, 8.5% for calendar year 2021, and 9% for calendar year 2022 and beyond. The interim rule allowed for a two-quarter grace period to correct a ratio that fell below the required amount, provided that the Bank maintained a leverage ratio of 7% as of December 31, 2020, 7.5% for calendar year 2021, and 8% for calendar year 2022 and beyond.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Bank qualified as a community banking organization as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

The current rules were impacted by the Company's adoption of ASC 326 and its election to apply the 3-year CECL transition provision on January 1, 2023. By making this election, the Bank, in accordance with Section 301 of the regulatory capital rules, will increase it retained earnings (Tier 1 Capital) and average assets by 75% of its CECL transition amount during the first year of the transition period, 50% of its CECL transition amount during the second year, and 25% of its CECL transitional amount during the third year of the transition period. The Bank's transition amount from the adoption of CECL totaled $2,276, which resulted in the add-back of $1,707 to both Tier 1 capital and average assets as part of the CBLR calculation for December 31, 2023.

The following tables summarize the actual and required capital amounts of the Bank as of year-end.

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations		Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations	
Bank	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tier 1 capital (to average assets)								
December 31, 2023					$ 142,895	10.8 %	$ 118,910	9.0 %
December 31, 2022	$ 135,404	11.0 %	$ 110,806	9.0 %	135,404	11.0	110,806	9.0
December 31, 2021	126,201	10.3	104,387	8.5				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note P - Regulatory Matters (continued)

Dividends paid by the subsidiaries are the primary source of funds available to Ohio Valley for payment of dividends to shareholders and for other working capital needs. The payment of dividends by the subsidiaries to Ohio Valley is subject to restrictions by regulatory authorities and state law. These restrictions generally limit dividends to the current and prior two years retained earnings of the Bank and Loan Central, Inc., and 90% of the prior year's net income of OVBC Captive, Inc. At January 1, 2023 January 1, 2024 approximately $15,751 $17,895 of the subsidiaries' retained earnings were available for dividends under these guidelines. The ability of Ohio Valley to borrow funds from the Bank is limited as to amount and terms by banking regulations. The Board of Governors of the Federal Reserve System also has a policy requiring 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.

Note Q - Parent Company Only Condensed Financial Information

Below is condensed financial information of Ohio Valley. In this information, Ohio Valley's investment in its subsidiaries is stated at cost plus equity in undistributed earnings of the subsidiaries since acquisition. This information should be read in conjunction with the consolidated financial statements of the Company.

CONDENSED STATEMENTS OF CONDITION

	Years ended December 31:		Years ended December 31:	
Assets	2022	2021	2023	2022
Cash and cash equivalents	$ 4,697	$ 5,366	$ 6,248	$ 4,697

Investment in subsidiaries	141,402	147,214	148,597	141,402
Notes receivable – subsidiaries	2,365	2,123	2,683	2,365
Other assets	259	38	293	259
Total assets	$ 148,723	$ 154,741	$ 157,821	$ 148,723
Liabilities				
Notes payable	$ 2,376	$ 2,138	$ 2,394	$ 2,376
Subordinated debentures	8,500	8,500	8,500	8,500
Other liabilities	2,819	2,747	2,920	2,819
Total liabilities	13,695	13,385	13,814	13,695
Shareholders' Equity				
Total shareholders' equity	135,028	141,356	144,007	135,028
Total liabilities and shareholders' equity	$ 148,723	$ 154,741	$ 157,821	$ 148,723

CONDENSED STATEMENTS OF INCOME

	Years ended December 31:		Years ended December 31:	
Income:	2022	2021	2023	2022
Interest on notes	$ 29	$ 20	$ 91	$ 29
Dividends from subsidiaries	4,180	6,650	5,020	4,180
Expenses:				
Interest on notes	29	31	91	29
Interest on subordinated debentures	296	158	598	296
Operating expenses	396	379	369	396
Income before income taxes and equity in undistributed earnings of subsidiaries	3,488	6,102	4,053	3,488
Income tax benefit	141	112	196	141
Equity in undistributed earnings of subsidiaries	9,709	5,518	8,382	9,709
Net Income	$ 13,338	$ 11,732	$ 12,631	$ 13,338
Other Comprehensive Income (loss), net of tax	(15,521)	(1,728)		
Other comprehensive income (loss), net of tax			3,385	(15,521)
Comprehensive Income	$ (2,183)	$ 10,004	$ 16,016	$ (2,183)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note Q - Parent Company Only Condensed Financial Information (continued)

CONDENSED STATEMENTS OF CASH FLOWS

	Years ended December 31:		Years ended December 31:	
Cash flows from operating activities:	2022	2021	2023	2022
Net Income	$ 13,338	$ 11,732	$ 12,631	$ 13,338
Adjustments to reconcile net income to net cash provided by operating activities:				
Equity in undistributed earnings of subsidiaries	(9,709)	(5,518)	(8,382)	(9,709)
Common stock issued to ESOP	575	—	124	575
Change in other assets	(221)	(6)	(34)	(221)
Change in other liabilities	72	1,598	101	72
Net cash provided by operating activities	4,055	7,806	4,440	4,055
Cash flows from investing activities:				
Proceeds from closing of OVBC Captive			2,364	—
Change in notes receivable	(242)	(520)	(318)	(242)
Net cash used in investing activities	(242)	(520)		
Net cash provided by (used in) investing activities			2,046	(242)
Cash flows from financing activities:				

Change in notes payable	238	(1,060)	18	238
Purchases of treasury stock	—	(954)	(82)	—
Cash dividends paid	(4,720)	(4,018)	(4,871)	(4,720)
Net cash used in financing activities	(4,482)	(6,032)	(4,935)	(4,482)
Cash and cash equivalents:				
Change in cash and cash equivalents	(669)	1,254	1,551	(669)
Cash and cash equivalents at beginning of year	5,366	4,112	4,697	5,366
Cash and cash equivalents at end of year	$ 4,697	$ 5,366	$ 6,248	$ 4,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in thousands, except share and per share data.

Note R - Segment Information

The reportable segments are determined by the products and services offered, primarily distinguished between banking and consumer finance. They are also distinguished by the level of information provided to the chief operating decision maker, who uses such information to review performance of various components of the business which are then aggregated if operating performance, products/services, and customers are similar. Loans, investments, and deposits provide the majority of the net revenues from the banking operation, while loans provide the majority of the net revenues for the consumer finance segment. All Company segments are domestic.

Total revenues from the banking segment, which accounted for the majority of the Company’s total revenues, totaled 94.2% 95.2% and 94.1% 94.2% of total consolidated revenues for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

The accounting policies used for the Company’s reportable segments are the same as those described in Note A - Summary of Significant Accounting Policies. Income taxes are allocated based on income before tax expense. All goodwill is in the Banking segment.

Segment information is as follows:

	Year Ended December 31, 2022			Year Ended December 31, 2023		
	Banking	Consumer Finance	Total Company	Banking	Consumer Finance	Total Company
Net interest income	$ 42,529	$ 2,249	$ 44,778	$ 43,711	$ 2,316	$ 46,027
Provision for (recovery of) loan losses	(100)	68	(32)	2,025	65	2,090
Noninterest income	9,121	1,041	10,162	11,513	1,116	12,629
Noninterest expense	36,612	2,428	39,040	38,833	2,535	41,368
Provision for income taxes	2,429	165	2,594	2,394	173	2,567
Net income	12,709	629	13,338	11,972	659	12,631
Assets	1,195,974	14,813	1,210,787	1,336,861	15,274	1,352,135

	Year Ended December 31, 2021			Year Ended December 31, 2022		
	Banking	Consumer Finance	Total Company	Banking	Consumer Finance	Total Company
Net interest income	$ 38,883	$ 2,130	$ 41,013	$ 42,529	$ 2,249	$ 44,778
Provision for (recovery of) loan losses	(500)	81	(419)	(100)	68	(32)
Noninterest income	8,831	1,033	9,864	9,121	1,041	10,162
Noninterest expense	34,847	2,433	37,280	36,612	2,428	39,040
Provision for income taxes	2,149	135	2,284	2,429	165	2,594
Net income	11,218	514	11,732	12,709	629	13,338
Assets	1,235,231	14,538	1,249,769	1,195,974	14,813	1,210,787

Note S - Risks and Uncertainties

The risks pertinent to our bank regarding liquidity and rising deposit costs have increased due to an elevated interest rate environment and increased deposit competition within our markets. Our liquidity position is supported by the management of liquid assets such as cash and interest-bearing deposits with banks, and liabilities such as core deposits. The bank can also access other sources of funds such as brokered deposits and FHLB advances. With the present economic conditions putting a strain on liquidity and higher borrowing costs, the Company believes it has sufficient liquid assets and funding sources should there be a liquidity need.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Ohio Valley Banc Corp.
Gallipolis, Ohio

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of condition of Ohio Valley Banc Corp. (the "Company" “Company”) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of income, comprehensive income, changes change in shareholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements" “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note A to the financial statements, the Company has changed its method of accounting for credit losses effective January 1, 2023, due to the adoption of ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The Company adopted the new credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles. The adoption of the new credit loss standard and its subsequent application is also communicated as a critical audit matter below.

Basis for Opinion

These financial statements are the responsibility of the Company's Company’s management. Our responsibility is to express an opinion on the Company's Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB" (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Loan Credit Losses on Loans – Economic Conditions Qualitative Factor Initial Adoption of Allowance for Credit Losses Model

As more fully In accordance with Accounting Standards Update 2016-13, Financial Instruments —Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (the “ASU”), the Company adopted Accounting Standards Codification (“ASC”) 326 as of January 1, 2023, as described in Note A and Note C to of the consolidated financial statements, statements. See also the Company’s allowance for loan losses represents management’s estimate of probable incurred change in accounting principle explanatory paragraph above. The ASU requires credit losses in on loans to be measured using an expected credit loss model (referred to as the loan portfolio. The allowance consists current expected credit loss (CECL) model) which estimates credit losses over the expected life of a specific component which the loan. Estimates of expected credit losses are based on historical experience, adjusted for management's evaluation of current conditions and reasonable and supportable forecasts. As it relates to individually impaired loans and a general component. For the general component, management performs a quantitative and qualitative analysis to determine the general reserve portion of the allowance for loan losses. The quantitative component consists credit losses for loans, the impact of historical loss experience determined by portfolio segment and is based adoption of this standard on the actual loss history experienced by the Company. The total loan portfolio’s actual loss experience is supplemented with qualitative factors based on the risks present for each portfolio segment. These qualitative factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions (economic conditions); industry conditions; and effects of changes in credit concentrations. The most significant qualitative factor considered as of December 31, 2022 January 1, 2023, was the economic conditions. Management exercised significant judgment when assessing the economic conditions qualitative factor in estimating a $2.2 million increase to the allowance for loan losses. credit losses, with a net decrease of $2.2 million to retained earnings for the cumulative effect adjustment recorded upon adoption.

We identified auditing the economic conditions qualitative factor component of the allowance for loan losses as a critical audit matter because auditing management’s assessment of the economic conditions qualitative factor required significant auditor judgment.

The Company measures the ACL on a collective (pool) basis when similar risk characteristics exist using a Cumulative Undiscounted Expected Loss model. Historical credit loss experience is the basis for the estimation of expected credit losses. The Company applies historical loss rates to pools of loans with similar risk characteristics. In defining historical loss rates, prepayment rates and curtailment rates used to determine the expected life of loans, the use of regional and national peer data was used. After consideration of the historic loss calculation, management applied qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. The Company's reasonable and supportable forecast adjustment is based on the national unemployment rate and the national gross domestic product forecast for the first year. For periods beyond the reasonable and supportable forecast, the Company deploys reversion to historical loss rates utilizing a straight-line method over a two-year period.

Auditing the initial adoption of the Cumulative Undiscounted Expected Loss model was identified by us as a critical audit matter because of the significant auditor judgment and effort needed to evaluate the complex judgments made by management related to the appropriateness of the model, including the reasonable and supportable forecast adjustments, with the need to use our valuation specialists.

The primary procedures performed to address the critical audit matter included:

- With the assistance of our valuation specialists, evaluating the appropriateness and conceptual design of the Cumulative Undiscounted Expected Loss model including the evaluation of the reasonable and supportable forecast adjustments and the mathematical accuracy of the model.
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  The primary audit procedures we performed to address this critical audit matter included the following:

  - Evaluation of the completeness and accuracy of internal data used to formulate the economic conditions qualitative factors
  - Evaluation Evaluating of the relevance and reliability of external data used as a basis for in the economic conditions qualitative factor
  - Evaluated management's judgments model development and assumptions used to determine the economic conditions qualitative factor for reasonableness
  - Performed data validation determination of inputs reasonable and tested mathematical accuracy of management's calculation of the economic conditions qualitative factor

supportable forecast adjustments

/s/Crowe LLP

Crowe LLP

We have served as the Company's auditor since 1992.

Cleveland, Ohio

March 23, 2023

15, 2024

MANAGEMENT'S MANAGEMENT'S REPORT ON OF INTERNAL CONTROL

OVER FINANCIAL REPORTING

Board of Directors and Shareholders
Ohio Valley Banc Corp.

The management of Ohio Valley Banc Corp. (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's Company's assets that could have a material effect on the financial statements.

The system of internal control over financial reporting as it relates to the consolidated financial statements is evaluated for effectiveness by management. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed Ohio Valley Banc Corp.'s the Company's system of internal control over financial reporting as of December 31, 2022December 31, 2023, in relation to criteria for effective internal control over financial reporting as described in the 2013 "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that, as of December 31, 2022December 31, 2023, its system of internal control over financial reporting is effective and meets the criteria of the "Internal Control Integrated Framework."

Ohio Valley Banc Corp.

/s/Larry E. Miller
graphic

/s/Scott W. Shockey
graphic

Larry E. Miller, II
President and Chief Executive Officer

Scott W. Shockey
Senior Vice President, CFO

March 23, 2023 15, 2024

FORWARD LOOKING STATEMENTS

Certain statements contained in this report and other publicly available documents incorporated herein by reference constitute "forward "forward looking statements" statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended (the "Exchange Act"), and as defined in the Private Securities Litigation Reform Act of 1995. Such statements are often, but not always, identified by the use of such words as "believes," "anticipates," "expects," "intends," "plan," "goal," "seek," "project," "estimate," "strategy," "future," "likely," "may," "should," "will," and other similar expressions. Such statements involve various important assumptions, risks, uncertainties, and other factors, many of which are beyond our control, and which could cause actual results to differ materially from those expressed in such forward looking statements. These factors include, but are not limited to: the effects of COVID-19 and recovery therefrom on our business, operations, customers and capital position; unexpected changes in interest rates or disruptions in the mortgage market; changes in political, economic or other factors, such as inflation rates, recessionary or expansive trends, taxes, the effects of implementation of legislation and the continuing economic uncertainty in various parts of the world; competitive pressures; fluctuations in interest rates; the level of defaults and prepayment on loans made by Ohio Valley Banc Corp. ("Ohio Valley") and its direct and indirect subsidiaries (collectively, the "Company"); unanticipated litigation, claims, or assessments; fluctuations in the cost of obtaining funds to make loans; and regulatory changes. Additional detailed information concerning such factors is available in the Company's filings with the Securities and Exchange Commission, under the Exchange Act, including the disclosure under the heading "Item 1A. Risk Factors" of Part I of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. Readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. The Company undertakes no obligation and disclaims any intention to republish revised or updated forward looking statements, whether as a result of new information, unanticipated future events or otherwise.

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this discussion is to provide an analysis of the financial condition and results of operations of the Company that is not otherwise apparent from the audited consolidated financial statements included in this report. The accompanying consolidated financial information has been prepared by management in conformity with U.S. generally accepted accounting principles ("US GAAP") and is consistent with that reported in the consolidated financial statements. Reference should be made to those statements and the selected financial data presented elsewhere in this report for an understanding of the following tables and related discussion. All dollars are reported in thousands, except share and per share data.

BUSINESS OVERVIEW:

The following discussion on consolidated financial statements include the accounts of Ohio Valley and its wholly-owned subsidiaries, The Ohio Valley Bank Company (the "Bank"), Loan Central, Inc., a consumer finance company ("Loan Central"), and Ohio Valley Financial Services Agency, LLC, an insurance agency, and OVBC Captive, Inc., a limited purpose property and casualty insurance company (the "Captive"). agency. The Bank has two one wholly-owned subsidiaries, Race Day Mortgage, Inc., an Ohio corporation that provides online consumer mortgages ("Race Day"), and subsidiary, Ohio Valley REO, LLC, an Ohio limited liability company.In February company. In December 2023, Ohio Valley announced that it was taking steps toward closing ceased operating Race Day. Day Mortgage, Inc. ("Race Day"), which had been a wholly-owned subsidiary of the Bank since April 2021. The decision to start this process cease operating Race Day was made due to low loan demand, issues retaining personnel, poor employee retention, and lack of profitability. In December 2023, Ohio Valley plans also ceased operating OVBC Captive, Inc. (the "Captive"), which had been a subsidiary of Ohio Valley since July 2014. The decision to see current loan applications in progress cease operating the Captive was the result of proposed IRS regulations that adversely impacted the taxation of small captives and severely limited the Captive's ability to completion. An exact date of closing is anticipated to be set once existing loan applications have been processed. operate. Ohio Valley and its subsidiaries are collectively referred to herein as the "Company."

The Company is primarily engaged in commercial and retail banking, 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; the making of construction and real estate loans; and credit card services. The Bank also offers individual retirement accounts, safe deposit boxes, wire transfers and other standard banking products and services. Furthermore, the Bank offers Tax Refund Advance Loans ("TALs") to Loan Central tax customers. A TAL represents a short-term loan offered by the Bank to tax preparation customers of Loan Central.

CUSTOMER SUPPORT DURING THE PANDEMIC: IMPACT OF ADOPTING NEW ACCOUNTING GUIDANCE:

On March 27, 2020 Effective January 1, 2023, the Coronavirus Aid, Relief, Company adopted ASU No. 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* (“ASU 2016-13”) (“ASC 326”), as amended. The new accounting guidance replaces the “incurred loss” model with an “expected loss” model, which is referred to as the current expected credit loss (“CECL”) model. The measurement of expected credit losses under the CECL model is applicable to financial assets measured at amortized cost, including loan receivables and Economic Security Act ("CARES Act" held to maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). Upon adoption of ASC 326, the Company increased the allowance for credit losses (“ACL”) by $2,162. In addition, a reserve for unfunded commitments and held to maturity securities was signed into law. The CARES Act provided assistance to small businesses through the establishment of the Paycheck Protection Program ("PPP"). The PPP provided small businesses with funds to use for payroll established totaling $631 and certain other expenses. The funds were provided in the form of loans that would be fully forgiven if certain criteria were met. In 2021, Congress amended the PPP by extending the authority of the Small Business Administration (“SBA”) to guarantee loans and the ability of PPP lenders to disburse PPP loans until May 31, 2021. $3, respectively. The Company supported its clients who experienced financial hardship due recorded a net charge to COVID-19 through participation in retained earnings of $2,209 as of January 1, 2023, for the PPP, assistance with expedited deposits cumulative effect of CARES Act stimulus payments, and loan modifications, as needed. adopting ASC 326. The adoption of ASC 326 did not have an effect to net earnings on January 1, 2023.

RESULTS OF OPERATIONS:

SUMMARY

2022 2023 v. 2021

2022

Ohio Valley generated net income of $13,338 $12,631 for 2022, an increase 2023, a decrease of $1,606, $707, or 13.7% 5.3%, from 2021. 2022. Earnings per share were $2.80 $2.65 for 2022, an increase 2023, a decrease of 14.3% 5.4% from 2021. 2022. The increase decrease in net income and earnings per share for 2022 2023 was largely impacted by increases in provision for credit losses and noninterest expense, partially offset by higher net interest income and noninterest income, partially offset by increases in both provision expense and noninterest expense. For 2022, income.

The Company's net interest income in 2023 was $46,027, representing an increase of $1,249, or 2.8%, from 2022. Net interest income during 2023 was positively impacted by the aggressive rate increases initiated by the Federal Reserve Bank (“FRB”), elevating prime rate from 3.25% to 7.50% during 2022. The rate increases were a year-to-date increase in response to rising inflationary concerns. This had a corresponding impact on higher asset yields that generated growth in interest income, while interest expenses remained less sensitive to higher market rates during most of 2022. As a result, net interest income increased $3,765, while the Company’s fully tax-equivalent net interest income as a percentage of average earning assets (“net interest margin”), which increased 28 5 basis points to 3.89% 3.94% at December 31, 2022 December 31, 2023. Average earnings During 2022, the Company experienced an increasing trend in the net interest margin in relation to the significant increase in market rates based on actions taken by the Federal Reserve Bank (“FRB”), which contributed to the yield on earning assets increasing more than the cost of interest-bearing liabilities. Net interest income during 2023 also increased 1.3% coming benefited from growth an $18,156 increase in investment securities and average earning assets, with higher relative balances being maintained in loans, partially offset by a decrease in as opposed to interest-bearing deposits with banks. Earnings growth in 2022 also came from noninterest income, banks or securities, which increased $298 over 2021. Noninterest income was mostly impacted by increases in service charges on deposit accounts and interchange income on debit and credit card transactions, which were collectively up $797 over 2021. Partially offsetting these positive factors within noninterest income was generally yield less than loans. This led to a $471 $91,359 increase in realized losses average loans while average interest-bearing deposits with banks and securities both decreased $52,637 and $20,566, respectively, from the sales of lower-yielding securities during 2022 compared to 2021. The positive contributions from higher net interest income and noninterest income were partially offset by increases in both provision expense and noninterest expense, which were collectively up $2,147 over 2021. Provision expense increased $387 over 2021 in large part to higher net charge offs. Noninterest expense increased $1,760 over 2021 mostly from higher marketing, data processing, and software costs, as well as various other overhead costs from Race Day. year-end 2022.

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The Company's Although 2023’s net interest income in increased compared to 2022, was $44,778, representing an increase the pace of $3,765, or 9.2%, from 2021. Impacting growth within net interest income growth was began to compress during 2023. The aggressive rate increases initiated by the increase FRB in March 2022 had a significant impact on increasing asset yields in that year, while interest expenses remained less sensitive to higher market rates for most of 2022. However, the improvements in 2022’s net interest margin in relation to the increase in market rates. During 2022, the FRB took unprecedented action to restrain inflation and improve the stability of the economy. The FRB raised market rates seven consecutive times ranging from 25 basis points peaked in the beginning of the year to 75 basis points toward the end of the year and brought the prime lending rate up to 7.50% at year-end 2022, an increase of 425 basis points from year-end 2021. This action contributed to higher earning asset yields during 2022. Partially offsetting these positive effects on earning assets were lower PPP loan fees during 2022. The Company had participated in the PPP to assist various businesses in our market areas during the pandemic. The fees earned on PPP loans decreased $1,169 for the year ended December 31, 2022, as compared to the same period in 2021, which had a negative impact to net interest income. While rising market rates during 2022 had a direct impact to higher earning asset yields, the impact was less immediate to interest-bearing costs primarily due to a lagging effect associated with time deposits and certain other interest-bearing deposits. As a result, the Company’s net interest margin finished at 3.89% during the year ended December 31, 2022, an increase of 28 basis points from a 3.61% net interest margin during the same period in 2021.

Also having a positive impact to net interest income was growth in average earning assets, which were up $15,090 during 2022, as compared to 2021. The growth came largely from increases in investment securities, which were up $36,317 over 2021. The Company utilized a portion of its interest-bearing FRB deposit balances to fund new security purchases in 2022 and account for the runoff in time deposit balances in 2022. As a result, average interest-bearing balances with banks decreased $23,959 from 2021. Average loans during 2022 were limited to a $2,732 increase over 2021, largely due to the repayment of all PPP loans as of the first fourth quarter of 2022. As a result, the Company began to experience margin compression during 2023 due to the Company's actions of these repayments, increasing rates on deposit accounts to attract deposits as market competition increased. This led to a composition shift to higher-cost certificate of deposit (“CD”) accounts during 2023. Furthermore, the average balance higher utilization of PPP loans wholesale funding sources to fund asset growth contributed to a higher cost of funds. This composition shift to higher-cost CDs and wholesale borrowings led to a $13,000 increase in interest expense during 2023, which limited the amount of increase in net interest income for the year. Compared to the prior quarterly periods in 2023, the Company's year-to-date net interest margin of 3.94% at December 31, 2023 had decreased $14,260 from 2021. the year-to-date margin results of 4.03%, 4.12%, and 4.21% at September 30, June 30, and March 31, 2023, respectively.

The Company benefited from recording

Provision for credit losses during 2023 finished higher than 2022 primarily due to the fact that there was negative provision for loan loss expense of $32 and $419 during both the years ending 2022 and 2021, respectively. The factors that limited provision expense the most experienced during 2022 include as a result of a decrease in certain economic risk factors, such as the level of classified and criticized loans as well as a and the partial release of the COVID-19 COVID reserve. Partially offsetting these positive effects Provision expense during 2023 was a $924 increase in largely related to net charge-offs, during 2022, primarily from increases in certain qualitative risk factors, and a general growth in loan balances. On January 1, 2023, the commercial and industrial loan portfolio. Company adopted new accounting guidance for measuring the credit losses on financial instruments. Under this guidance, the Company established a CECL model to estimate future credit losses, which replaced the former incurred loss methodology

The Company's noninterest income increased $298, $2,467, or 3.0% 24.3%, from 2021. 2022. The year-to-date increase in noninterest income was largely impacted by a $579 increase $1,514 decrease in service charges the loss on deposit accounts, which included a higher volume of overdraft transactions during 2022. Further contributing to the increase in noninterest income for 2022 was debit / credit card interchange income, which was up $218 and impacted by higher consumer spending during 2022. Partially offsetting these positive effects within noninterest income was an increase of $471 in realized losses on the sale of lower-yielding securities. securities from the prior year. During the fourth quarter of 2022, the Company sold $12,500 in securities at a loss of $1,537, as compared to $1,066 in losses during the fourth quarter of 2021. $1,537. The proceeds from the sales of securities were reinvested into similar higher-yielding securities to increase future interest earnings. Further contributing to the increase in noninterest income was revenue recognized during the fourth quarter of 2023 as part of the Company's settlement agreement with a tax refund processor, which increased $726 from the same period in 2022. The increase was related to the impact of the higher interest rate environment on the revenue earned under such agreement. Noninterest income in 2023 was also positively impacted by a $257 increase in service charges on deposit accounts. This was largely the result of a higher volume of overdraft transactions during 2023. Other increases in noninterest income came from interest rate swap revenue (+$211) and lower loss reserves related to the closing of the Captive (+$223). These increases were partially offset by a $522 decrease in mortgage banking income from selling loans to the secondary market. This decrease was related to the closing of Race Day and to elevated mortgage rates, which contributed to mortgage customers selecting in-house variable rate mortgage products instead of long-term fixed rate products that are sold to the secondary market.

The Company's noninterest expenses during 2022 2023 increased $1,760, $2,328, or 4.7% 6.0%, from 2021. This 2022. The increase was mostly primarily related to a $1,776 increase in salaries and employee benefit costs impacted by annual merit increases and nonqualified benefit plan expense. During the fourth quarter of 2022, the nonqualified benefit plan liabilities were evaluated and based on higher market interest rates, the benefit plan liabilities were reduced, leading to a lump sum decrease in expense. A comparable adjustment was not required in 2023, resulting in an increase of $1,099 in nonqualified benefit plan expense during 2023. However, this growth in salary and employee benefit expense was reduced due to the elimination of staffing for Race Day by April 2023. As a result, a savings in salary and employee benefit expense was realized totaling $699 during 2023. Further contributing to higher noninterest expense in 2023 were increases in software expense and FDIC insurance premiums. Software expense increased $452 in relation to investments in loan processing platforms to enhance efficiency and to termination fees for software agreements for Race Day. FDIC premiums increased $234 in relation to higher assessment rates on all depository institutions. These increases were partially offset by a $418 decrease in marketing expense, which was up $602 during 2022. This surge in marketing costs was primarily related attributable to specific select donations made during the fourth quarter of 2022 to support the communities that we serve. Data processing expense increased $355 due to higher debit serve and credit card transaction volume impacted by elevated consumer spending. Software expense increased $339 in relation to software platforms utilized by Race Day, as well as various software purchases and enhancements to further enhance operating efficiencies at the Bank. Other noninterest expense increased $315 due to various other overhead costs from Race Day, which included the purchase is reflective of mortgage loan marketing leads. our Community First mission.

The Company's provision for income taxes increased $310 decreased $27 during 2022, 2023, largely due to the changes in taxable income affected by the factors mentioned above.

NET INTEREST INCOME

The most significant portion of the Company's Company's revenue, net interest income, results from properly managing the spread between interest income on earning assets and interest expense incurred on interest-bearing liabilities. The Company earns interest and dividend income from loans, investment securities and short-term investments while incurring interest expense on interest-bearing deposits and short- and long-term borrowings. Net interest income is affected by changes in both the average volume and mix of assets and liabilities and the level of interest rates for financial instruments. Changes in net interest income are measured by net interest margin and net interest spread. Net interest margin is expressed as the percentage of net interest income to average interest-earning assets. Net interest spread is the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities. Both of these are reported on a fully tax-equivalent ("FTE") basis. Net interest margin exceeds the net interest rate spread because noninterest-bearing sources of funds, principally noninterest-bearing demand deposits and stockholders' stockholders' equity, also support interest-earning assets. The following is a discussion of changes in interest-earning assets, interest-bearing liabilities and the associated impact on interest income and interest expense for the two years ended December 31, 2022 December 31, 2023 and 2021. 2022. Tables I and II have been prepared to summarize the significant changes outlined in this analysis.

Net interest income in 2022 2023 totaled $45,264 $46,618 on an FTE basis, up $3,773, $1,354, or 9.1% 3.0%, from 2021. 2022. This increase reflects positive contributions from a 20 115 basis point increase in earning asset yield an 11 basis point decrease in average interest-bearing liability cost, and a 1.3% 1.6% increase in average earning assets. The average earning asset yield during 2022 2023 was positively impacted by the FRB's action to increase short-term rates by 425 525 basis points beginning in March 2022.

Conversely, During 2022, the Company was able to maintain its Company's average cost of rates on deposits at the lower levels it was experiencing prior to the remained low, even during this series of aggressive market rate increases. This was largely increases, due to a heightened liquidity position of core interest- and noninterest-bearing demand deposit balances, deposits. However, in order to attract deposits as well as savings and money market account balances. With average rates on deposits remaining low and higher core deposit balances on hand, this extended the competition continued maturity runoff of time deposits during 2022 that to increase, the Company had experienced increased its deposit rates during 2021. the end of 2022 and into 2023. This, along with a composition shift to higher-cost CD products and utilization of more wholesale funding sources to fund earning asset growth, increased the Company's average interest-bearing liability costs by +163 basis points during 2023. As a result, the net interest margin increased was limited to just a 5 basis point increase from 3.61% in 2021 to 3.89% in 2022. 2022 to 3.94% in 2023. The net interest margin increase of 28 5 basis points reflects the benefits of both a 20 115 basis point increase from the mix and yield on earning assets and an 11 a 53 basis point decrease in funding costs, partially offset by a 3 basis point decreasing impact increase from the use of noninterest-bearing funding (i.e., demand deposits and shareholders' equity). These positive effects were partially offset by a 163 basis point increase in funding costs impacted by market rate increases and a composition shift to a greater number of higher-costing deposits and wholesale funding sources. The increase in average earning assets came mostly from a 21.2% 10.8% increase in securities, loans, partially offset by a 17.6% 47.0% decrease in interest-bearing balances with banks, and a 9.9% decrease in securities during 2022, 2023, as compared to the same period in 2021. Average loans also increased 0.3% over the same time period. 2022.

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MANAGEMENT'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net interest income increased in 2022 2023 primarily due to the increase in both the average yield and volume of earning assets combined with partially offset by the decrease increase in both the average cost and volume of interest-bearing liabilities. The yield increase in average earning assets was responsible for increasing FTE interest income by $2,269 $10,824 during 2022 2023 compared to 2021, 2022, while the volume increase in average earning assets contributed to a $643 $3,530 increase in FTE interest income during the same period. These positive impacts were further enhanced partially offset by a decrease an increase in average interest-bearing liability costs that contributed to a $525 reduction an $11,719 increase in interest expense during 2022 2023 compared to 2021, while 2022, and a volume decrease increase in average interest-bearing liabilities that contributed to a $336 reduction $1,281 increase in interest expense during the same period. The increase in average earning asset yield for 2022 2023 was largely impacted by interest-bearing balances with other banks. loans. The action of the FRB to aggressively increase short-term rates had a direct impact on the repricing of a portion of the Company's loan portfolio throughout 2022 and 2023, while also increasing the market rates on loan product offerings. As a result, the average loan yield grew to 5.92% at year-end 2023, as compared to 5.06% at year-end 2022, which contributed to $7,735 in additional FTE interest income during 2022 2023 compared to 2022. The Company also experienced a $91,359, or 10.8%, increase in average loan balances during 2023, which contributed to $4,927 in additional FTE interest income during 2023 compared to 2022. Average balance growth occurred within all of the Company's loan portfolio segments in residential real estate, commercial real estate, commercial and industrial, and consumer loans. To assist in funding the growth in average loans, the Company utilized more funds from its interest-bearing deposits with banks and maturity proceeds from securities. As a result, the Company's average loan composition increased to 79.2% of average earning assets at year-end 2023, as compared to 72.5% for 2022.

Interest-bearing balances with banks also had a positive impact on net interest income, particularly from the yield factor. The majority of these balances consist of the Company's interest-bearing FRB clearing account. The aggressive short-term rate increases had an immediate effect on increasing the interest income generated by the Company's FRB clearing account. The During 2023, the rate associated with the FRB clearing account interest increased 100 basis points due to continued rising inflationary concerns, resulting in an increase in the target federal funds rate was adjusted up from 0.25% in March of 5.25% to 5.50%. During 2022, to 4.50% at December 2022. Prior to this the rate had been fluctuating at or below 0.25% since March 2020. increased 425 basis points. As a result, the average yield factor on interest-bearing balances with other banks had a positive impact on earnings in 2022, increasing increased interest income by $1,352, $2,362 during 2023, as compared to a $215 decrease $1,352 increase in interest income during 2021. 2022. Conversely, the average volume on interest-bearing balances with other banks contributed to $40 a $989 decrease in to interest income during 2022, 2023, as compared to a $136 increase $40 decrease to interest income during 2021. 2022. The change was impacted by the utilization of excess deposits within the FRB clearing account during 2022. 2023. The Company utilizes its interest-bearing FRB clearing account to manage excess funds, as well as to assist in funding earning asset growth. Entering 2022 and prior to During 2023, excess funds from the FRB actions of increasing rates, the impact of COVID-19 had generated higher levels of excess funds within the clearing account. The Company account were used these balances in 2022 to help fund a portion of the growth in loans, and investment security purchases, while also facilitating the maturity runoff of time deposits. The volume decrease in the Bank's FRB clearing account during 2022 which led to a $23,959, $52,637, or 17.6% 47.0%, decrease in average interest-bearing balances with other banks, during 2022 compared to 2021, and also led to a lower composition of average interest-bearing balances with other banks, finishing at 9.6% 5.0% of average earning assets in 2022, as 2023 compared to 11.8% 9.6% in 2021. 2022.

Average securities of $207,474 $186,908 at year-end 2022 2023 represented a 21.2% increase 9.9% decrease from the $171,157 $207,474 in average securities at year-end 2021. The significant surge in deposits during 2021 that carried over into 2022. During 2022, was a result of various the Company utilized excess funds from previous government stimulus programs that produced heightened levels of excess liquidity. The Company utilized a portion of these excess funds to purchase taxable investment securities. securities, expanding its composition of earning assets and contributing to a $565 increase in FTE interest income in 2022. During 2023, the Company placed more emphasis on growing its higher-yielding loan portfolio and utilized proceeds from various maturities and repayments of securities to help fund this growth. Average taxable securities in 2022 increased 22.7% over 2023 decreased 10.0% from the prior year, particularly from purchases various maturities and repayments of U.S. Government and Agency mortgage-backed securities. As a result, the composition of average taxable securities grew decreased to 17.1% 15.2% of average earning assets at year-end 2022, 2023, as compared to 14.1% 17.1% at year-end 2021, 2022, and contributed to a $565 increase $391 decrease in interest income during 2022, as compared 2023. Rising interest rates continued to a $912 increase in interest income during 2021. The rising rate environment had have a positive impact on the average yields on taxable securities during 2022, as the new purchases were being booked at higher interest rate yields. 2023. Furthermore, the Company took opportunities to sell some of its lower-yielding taxable securities in December of 2021 and 2022, and use used the proceeds to reinvest into higher-yielding securities. securities that benefited earnings growth in 2023. The resulting realized losses loss from both sales are expected the year-end 2022 sale will continue to be offset by increases in future interest income. As a result, the average yield factor for taxable securities contributed to a $737 increase in interest income during 2023, as compared to a $912 increase in interest income during 2022, as compared to a $974 decrease in interest income during 2021. 2022. Average tax exempt securities were down 7.1% 7.7% from the prior year, largely related to maturities of state and municipal investments. As a result, the composition of average state and municipal investments trended down to 0.7% 0.6% of average earning assets at year-end 2022, 2023, as compared to 0.8% 0.7% at year-end 2021. 2022. Management continues to focus on generating loan growth as loans provide the greatest return to the Company. Management also maintains securities at a dollar level adequate enough to provide ample liquidity and cover pledging requirements.

Loans also had a positive, but limited, impact to net interest income from both volume and yield factors. Total loans experienced a $2,732, or 0.3%, increase in average loans, which contributed to $138 in additional FTE interest income during 2022 compared to 2021. This growth came predominantly from the commercial real estate, commercial and industrial and consumer loan segments. However, the Company's government-guaranteed PPP loans that were originated from 2020 and early 2021 began to fully payoff during the second half of 2021. The payoffs of those loans caused an average balance decrease of $14,260 in PPP loans in 2022 compared to 2021, which limited average loan growth in 2022. While average loans increased in 2022, investment securities experienced more accelerated growth in 2022. As a result, the Company's average loan composition decreased to 72.5% of average earning assets at year-end 2022, as compared to 73.3% for 2021. The increase in short-term rates during 2022 had a direct impact on the repricing of a portion of the Company's loan portfolio that contributed to higher earnings in 2022. Partially offsetting the effects of market rate repricings were lower loan fees, primarily from a $1,169 decrease in fees from the payoffs of PPP loans in 2021. As a result, the average loan yield finished at 5.06% at year-end 2022, as compared to 5.05% at year-end 2021, which contributed to a $55 increase in FTE interest income during 2022.

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MANAGEMENT'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net interest income was positively negatively impacted by a decline an increase in the average cost of interest-bearing liabilities, particularly with the Company's time deposits, during 2022. Prior to 2022, the Company was already benefiting from lower interest costs on its CD portfolio from the short-term rate decreases in 2020 that had a lagging effect into 2021. 2023. The Company entered 2022 with CD rates still adjusting downward, but also experiencing having experienced a large increase in excess deposits that had carried over from 2021 resulting from various government stimulus programs. As the FRB began moving short-term rates up in March 2022, the Company still maintained heightened levels of liquidity, which allowed deposit rates to remain unadjusted for most of 2022. This extended the downward As market competition continued to increase, rate repricings on CDs as they matured or renewed at lower rates. Rate offerings on CDs began adjusting up in the second half of 2022 but was not impactful in generating significant increases to interest expense during that period. period through the end of 2022. As a result, the average cost of time deposits decreased 36 basis points from 1.01% in 2021 to 0.65% in during 2022, which contributed to a $643 decrease in interest expense on time deposits for the year. This is compared Conversely, the Company continued to increase CD rates in 2023 to attract and retain deposits, which had a negative impact in growing interest costs. The Company also utilized higher-cost wholesale time deposits (brokered CDs) to help fund earning asset growth in 2023. These factors contributed to a $1,483 decrease $7,742 increase in interest expense on time deposits during 2021. Lower 2023. Furthermore, the increase in rates on retail CD rates have also generated less offerings compared to 2022 led to more consumer demand for CD products. As a result, the average to reinvest lower cost NOW, savings, and money market deposit products and into more time deposit segment decreased $30,890, or 15.4%, during 2022. products such as CDs. This led contributed to a decrease an increase in the composition of average time deposits from 26.9% of interest-bearing liabilities at year-end 2021 to 22.7% at year-end 2022 which contributed to a $279 decrease in interest expense for 35.4% at year-end 2023 and increased the year, as compared average cost of time deposits from 0.65% at year-end 2022 to a $189 decrease in interest expense during 2021. 3.57% at year-end 2023.

Lower interest This trend of higher market rates and a growing consumer preference for higher cost retail deposits also had a significant impact on core deposit segments that include negotiable order of withdrawal ("NOW"), savings and money market accounts. Interest expense on these accounts was largely unaffected by the rising rate environment in 2022 due to a lagging effect on deposit rate adjustments. These repricing efforts to limit the magnitude of deposit rate increases in a higher rate environment contributed to a minimal impact to on interest expense during 2022. However, rates on deposits steadily increased at the end of 2022 and leading into 2023, particularly with higher rates on NOW accounts and a new tiered money market product that offered competitive rates. As a result, the Company's average cost of savings and money market accounts decreased increased from 0.09% in 2021 to 0.08% in 2022 to 0.81% in 2023, while the average cost of NOW accounts increased slightly from 0.32% in 2021 to 0.34% in 2022. 2022 to 1.01% in 2023. Collectively, this contributed to a $3,342 increase to interest expense during 2023, as compared to just a $5 increase to interest expense during 2022, as compared to an $846 decrease in 2021. Customer 2022. While customer deposits continued to increase during 2022 2023 within these core deposit segments, impacted by excess deposits carried over from 2021 that had been impacted by stimulus relief monies and a the consumer preference was largely weighted towards time deposits, which generated a composition shift to preserve these customer deposit proceeds during the pandemic. a greater number of higher-priced retail CD products. As a result, average balances during 2022 increased 7.1% 2023 decreased 13.5% within NOW accounts and 7.7% decreased 15.5% within savings and money market accounts, altogether representing 73.5% 59.4% of average interest-bearing liabilities in 2022, 2023, as compared to 68.5% 73.5% in 2021. 2022.

Conversely, the

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The Company's average other borrowings and subordinated debentures collectively decreased $6,110, increased $11,911, or 17.7% 41.9%, during 2022. 2023. The decrease increase was related to the principal repayments applied issuance of new FHLB advances that were used to various FHLB advances. help fund earning asset growth. Borrowings and subordinated debentures continue to represent the smallest composition of average interest-bearing liabilities, finishing at 3.8% 5.1% and 4.6% 3.8% at the end of 2023 and 2022, respectively. The elevated rate environment also impacted the average costs on other borrowings, which increased from 2.06% at year-end 2022 to 3.35% at year-end 2023, and 2021, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

subordinated debentures, which increased from 3.48% at year-end 2022 to 7.03% at year-end 2023.

Total interest and fee income on average earning assets increased $14,354, or 29.8%, during 2023, and $2,912, or 6.4%, during 2022. The increase was primarily due to average net loan growth and the benefits of a rising interest rate environment that had a significant impact on loan offerings/repricings and the rate tied to the Company's interest-bearing FRB clearing account.

The Company's interest income from its interest-bearing balances with banks increased $1,373 and $1,312 during 2023 and 2022, but decreased $1,423, respectively. Higher earnings were impacted by the aggressive increase in market rates initiated by the FRB beginning in March of 2022, which caused the rate associated with the interest-bearing FRB clearing account to increase, as well. The positive impact from higher rates were partially offset by a decline in average interest-bearing deposits with banks, decreasing 47.0% and 17.6% during 2023 and 2022, respectively.

The Company's interest and fees from its commercial loan portfolio increased $5,938, or 3.1% 28.5%, during 2021. 2023. The converse relationship between increase came primarily from commercial loan interest, which was positively impacted by elevated market rate adjustments during 2023. Also contributing to higher interest income was commercial loan demand, which was successful in generating an 8.6% increase in average balances within the Company's commercial real estate and commercial and industrial portfolios. During 2022, the Company's interest and 2021 was the change in rate environments, transitioning fees from a low rate environment in 2021 to a rising rate environment its commercial loan portfolio decreased $368, or 1.7%. The decrease came primarily from lower commercial loan fees, which decreased $1,295, or 60.4%, as result of less Paycheck Protection Program loan fees earned in 2022. The decrease in fees completely offset a $927 increase in commercial interest income in 2022, impacted by higher average yields and increases in average commercial loan balances within the commercial real estate and commercial and industrial portfolios.

The Company's interest and fees from its consumer loan portfolio increased $4,109, or 38.8%, during 2023. The increase was primarily the result of higher consumer loan yields and a 19.8% increase in average consumer loan balances. Average consumer loans were largely impacted by the purchase of a pool of unsecured loans in January 2023 that carried an average balance of $12,322 for the year. Other contributions to higher consumer loans in 2023 came from increases in average automobile and consumer capital line loan balances. As a result, consumer loan interest increased $4,092 and consumer loan fees increased $17 during 2023. During 2022, consumer loan interest and fees increased $629, or 6.3%, during 2022. . The increase was primarily the result of higher consumer loan yields and an increase in average consumer capital line and unsecured loan balances. As a result, consumer loan interest increased $534 and consumer loan fees increased $95 during 2022. During 2021, consumer loan interest

MANAGEMENT'S DISCUSSION AND FEES DECREASED $376, OR 3.6%. THE DECREASE WAS PRIMARILY THE RESULT ANALYSIS OF LOWER CONSUMER LOAN YIELDS FINANCIAL CONDITION AND A DECREASE IN AVERAGE AUTOMOBILE LOANS. AS A RESULT, CONSUMER LOAN INTEREST DECREASED $358 AND CONSUMER LOAN FEES DECREASED $18 DURING 2021. RESULTS OF OPERATIONS

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The Company's interest and fees from its commercial residential real estate loan portfolio decreased $368, increased $2,501, or 1.7% 23.1%, during 2022. The decrease came primarily from lower commercial loan fees, which decreased $1,295, or 60.4%, during 2022, as compared to 2021. The Company had participated in the PPP since 2020 as part of the government's relief program for businesses impacted by COVID-19. These originations began in the second quarter of 2020, with another round added during the first quarter of 2021. The majority of PPP loan originations from both rounds had paid off during 2021. 2023. This resulted in the income recognition of $1,184 in PPP loan fees from the SBA during 2021, as compared to $15 in PPP loan fees in 2022. This $1,169 decrease in PPP loan fees completely offset an increase in commercial interest income in 2022, which was up $927 over 2021. The interest income increase was impacted by higher average yields and increases in average commercial loan balances within the commercial real estate and commercial and industrial portfolios. During 2021, the Company's commercial loan interest and fees increased $1,387, or 7.0%, during 2021. The increase was impacted by higher average commercial loan balances that completely offset the negative impact of lower commercial loan yields. Commercial loan demand was successful in generating an average balance increase of 14.0% within the Company's commercial real estate and commercial and industrial portfolios. Balance increases were driven by a $48,035 9.8% increase in average commercial loans from the Company's Pike and Athens county markets in Ohio and Cabell County market in West Virginia. Further impacting commercial revenue during 2021 was a $728 residential real estate loans. With mortgage rates continuing to increase in loan fees, which came from 2023, the payoffs of PPP loans discussed above that impacted 2021. This resulted in demand for in-house variable rate mortgage products increased while long-term fixed rate products decreased. As a result, interest income recognition of $1,184 in PPP loan fees from increased $2,526 while fee income decreased $25 within the SBA residential real estate portfolio during 2021, an increase of $479 in PPP fees over 2020.

The 2023. Conversely, the Company's interest and fees from its residential real estate loan portfolio decreased $90, or 0.8%, during 2022. This was impacted by a decrease in average residential real estate loan balances caused by principal repayments and payoffs, and a lower volume of new loan originations during 2022. The demand for residential real estate loans declined as mortgage rates continued to increase during 2022, causing potential home buyers to hold back and wait for affordability to improve. As a result, interest income decreased $51 and fee income decreased $39 within the residential real estate portfolio during 2022. During 2021, the Company's interest and fees from its residential real estate loan portfolio decreased $2,113, or 16.2%, during 2021. The decrease was impacted by lower average balances, yields and fees on the residential real estate loan portfolio during 2021. Residential real estate loan yields were negatively impacted by a sustained low rate environment in 2021. Lower average residential real estate loan balances in 2021 came mostly from the Bank's warehouse lending volume. Warehouse lending consists of a line of credit provided by the Bank to another mortgage lender that makes loans for the purchase of one- to four-family residential real estate properties. The mortgage lender eventually sells the loans and repays the Bank. As mortgage refinancings reached their peak during the second half of 2020, the volume of warehouse lending balances decreased to zero at June 30, 2021. As a result, average warehouse lending balances decreased from $25,110 in 2020 to $7,214 in 2021. The sustained low rate environment combined with less mortgage refinancings also contributed to a shift into more long-term fixed-rate mortgages (up $4,284) and less short-term adjustable-rate mortgages (down $11,044) during 2021. Lower real estate loan fees were the result of fewer loan modifications during 2021.

CONSOLIDATED AVERAGE BALANCE SHEET & ANALYSIS OF NET INTEREST INCOME

Table I	December 31					
	2022			2021		
(dollars in thousands)	**Average Balance**	**Income/ Expense**	**Yield/ Average**	**Average Balance**	**Income/ Expense**	**Yield/ Average**
Assets						
Interest-earning assets:						
Interest-bearing balances with banks	**$ 112,112**	**$ 1,507**	**1.34 %**	$ 136,071	$ 195	0.14 %
Securities:						
Taxable	**199,446**	**3,656**	**1.83**	162,511	2,179	1.34
Tax exempt	**8,028**	**227**	**2.83**	8,646	297	3.44
Loans	**844,413**	**42,712**	**5.06**	841,681	42,519	5.05
Total interest-earning assets	**1,163,999**	**48,102**	**4.13 %**	1,148,909	45,190	3.93 %
Noninterest-earning assets:						
Cash and due from banks	**14,767**			14,739		
Other nonearning assets	**81,303**			77,254		
Allowance for loan losses	**(5,417)**			(7,101)		
Total noninterest-earning assets	**90,653**			84,892		
Total assets	**$ 1,254,652**			$ 1,233,801		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
NOW accounts	**$ 226,709**	**$ 778**	**0.34 %**	$ 211,636	$ 680	0.32 %
Savings and money market	**322,272**	**242**	**0.08**	299,129	265	0.09
Time deposits	**169,682**	**1,110**	**0.65**	200,572	2,032	1.01
Other borrowed money	**19,954**	**412**	**2.06**	26,064	564	2.16
Subordinated debentures	**8,500**	**296**	**3.48**	8,500	158	1.86
Total int.-bearing liabilities	**747,117**	**2,838**	**0.38 %**	745,901	3,699	0.49 %
Noninterest-bearing liabilities:						
Demand deposit accounts	**353,019**			331,027		
Other liabilities	**19,295**			18,042		
Total noninterest-bearing liabilities	**372,314**			349,069		
Shareholders' equity	**135,221**			138,831		
Total liabilities and shareholders' equity	**$ 1,254,652**			$ 1,233,801		
Net interest earnings		**$ 45,264**			$ 41,491	
Net interest margin			**3.89 %**			3.61 %
Net interest rate spread			**3.75 %**			3.44 %
Average interest-bearing liabilities to average earning assets			**64.19 %**			64.92 %

Fully taxable equivalent yields are reported for tax exempt securities and loans and calculated assuming a 21% tax rate, net of nondeductible interest expense. Tax-equivalent adjustments for securities during the years ended December 31, 2022 and 2021 totaled $47 and $61, respectively. Tax-equivalent adjustments for loans during the years ended December 31, 2022 and 2021 totaled $439 and $417, respectively. Average balances are computed on an average daily basis. The average balance for available for sale securities includes the market value adjustment. However, the calculated yield is based on the securities' amortized cost. Average loan balances include nonaccruing loans. Loan income includes cash received on nonaccruing loans.

RATE VOLUME ANALYSIS OF CHANGES IN INTEREST INCOME & EXPENSE
Table II

(dollars in thousands)	2022			2021		
	Increase (Decrease) From Previous Year Due to			Increase (Decrease) From Previous Year Due to		
	Volume	Yield/Rate	Total	Volume	Yield/Rate	Total
Interest income						
Interest-bearing balances with banks	$ (40)	$ 1,352	$ 1,312	$ 136	$ (215)	$ (79)
Securities:						
Taxable	565	912	1,477	744	(974)	(230)
Tax exempt	(20)	(50)	(70)	(22)	(40)	(62)
Loans	138	55	193	1,587	(2,639)	(1,052)
Total interest income	643	2,269	2,912	2,445	(3,868)	(1,423)
Interest expense						
NOW accounts	50	48	98	114	(52)	62
Savings and money market	20	(43)	(23)	127	(794)	(667)
Time deposits	(279)	(643)	(922)	(189)	(1,483)	(1,672)
Other borrowed money	(127)	(25)	(152)	(128)	(37)	(165)
Subordinated debentures	----	138	138	----	(50)	(50)
Total interest expense	(336)	(525)	(861)	(76)	(2,416)	(2,492)
Net interest earnings	$ 979	$ 2,794	$ 3,773	$ 2,521	$ (1,452)	$ 1,069

The change Company’s interest income from taxable investment securities increased $346, or 9.5%, in interest 2023. This was primarily due to volume and rate is determined as follows: Volume Variance - change in volume multiplied the reinvestment of maturities at market rates higher than the average portfolio yield. The average securities yield was also positively impacted by the previous year's rate; Yield/Rate Variance - change Company’s decision to sell $12,500 of lower-yielding taxable securities at the end of 2022 and reinvest them in rate multiplied by similar higher-yielding securities. These factors had a positive impact on increasing the previous year's volume; Total Variance – change yield on taxable securities, which increased from 1.83% in volume multiplied by 2022 to 2.23% in 2023. However, with the change in rate. The change in interest due to both volume and rate has been allocated to volume and rate changes in proportion to Company’s focus on reinvesting excess funds into a greater number of higher-yielding loans, average taxable security balances decreased 10.0% during 2023, partially offsetting the relationship benefits of increasing yields. During 2022, the absolute dollar amounts of the change in each. The tax exempt securities and loan income is presented on an FTE basis. FTE yield assumes a 21% tax rate, net of related nondeductible interest expense.

The Company’s interest income from taxable investment securities increased $1,477, or 67.8%, in 2022. . This was primarily due to investment purchases and reinvestment of maturities at market rates higher than the average portfolio yield. During 2022, the Company took opportunities to reinvest a portion of excess deposits into new U.S. Government and Agency mortgage-backed securities, which contributed $42,806 to a $42,806 the total increase in average taxable securities. Additionally, the Company sold $12,500 of lower-yielding taxable securities at the end of 2022, and $48,732 of lower-yielding taxable securities at the end of 2021. The proceeds from both sales were used to reinvest 2021 and reinvested them in similar higher-yielding securities that impacted higher asset yields in 2022. These factors had 2022, resulting in a positive impact on increasing the yield on taxable securities which increased from 1.34% in 2021 to of 1.83% in 2022. During 2021, interest income from taxable investment securities decreased $230, or 9.6%. The Company took opportunities to reinvest a portion of excess deposits into new U.S. Government, U.S. Government sponsored entity and Agency mortgage-backed securities, which contributed to a $44,421 increase in average taxable securities. However, the positive impacts from higher average taxable securities was completely offset by a 70 basis point decline in taxable securities yield from 2.04% to 1.34%. This was primarily due to investment purchases and reinvestment of maturities at market rates lower than the average portfolio yield.

Total interest expense incurred on the Company's interest-bearing liabilities decreased $861, or 23.3%, totaled $15,838 during 2022, and $2,492, or 40.3%, during 2021. The decrease 2023, an increase of $13,000 compared to $2,838 in interest expense during 2022 2022. The increase in interest expense during 2023 was largely the result of a lagging effect to deposit rate increases during the time that the FRB took action to aggressively move short-term rates up to combat inflationary pressures in 2022. At that time, the Company was able to maintain a large amount of excess deposit balances within its core segment of interest-bearing NOW, savings, and money market accounts with little to no change to their respective deposit product rates during 2022. Competition for deposits began to increase during the end of 2022 and continued into 2023, leading to an increase in the rates on several of the Company's deposit products, such as CDs, NOW and money market accounts. In addition, deposit customers were looking to reinvest their funds into a greater number of higher-costing products such as CDs instead of lower-costing products such as savings, NOW and money market accounts. Furthermore, the Company utilized a greater number of higher-costing brokered CDs to assist in funding the growth in earning assets. This combination of higher CD volume, upward repricing of CD rates, and utilization of higher-cost wholesale funding had a negative effect on earnings by elevating interest expenses in 2023. As a result, the weighted average cost on interest-bearing liabilities increased from 0.38% in 2022 to 2.01% in 2023. During 2022, total interest expense incurred on the Company's interest-bearing liabilities decreased $861, or 23.3%, primarily due to the lagging effect of deposit rate increases initiated by the FRB. During 2022, the Company was able to maintain a large amount of excess core deposit balances with little to no change to their respective deposit product rates. With deposit rates resistant to increase, this caused continued maturity runoff of higher-cost CD balances, some of which were reinvested back into other Bank products. Given the Company's asset-sensitivity, the increases in short-term interest rates had a positive impact on net interest income in that interest-earning assets repriced faster than interest-bearing liabilities. By experiencing minimal change in deposit rates, this delayed the negative impact that higher market rates had on increasing deposit expense during most of 2022. As

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CONSOLIDATED AVERAGE BALANCE SHEET & ANALYSIS OF NET INTEREST INCOME

Table I	December 31					
	2023			2022		
(dollars in thousands)	**Average Balance**	**Income/ Expense**	**Yield/ Average**	**Average Balance**	**Income/ Expense**	**Yield/ Average**
Assets						
Interest-earning assets:						
Interest-bearing balances with banks	**$ 59,475**	**$ 2,880**	**4.84 %**	$ 112,112	$ 1,507	1.34 %
Securities:						
Taxable	**179,501**	**4,002**	**2.23**	199,446	3,656	1.83
Tax exempt	**7,407**	**200**	**2.70**	8,028	227	2.83
Loans	**935,772**	**55,374**	**5.92**	844,413	42,712	5.06
Total interest-earning assets	**1,182,155**	**62,456**	**5.28 %**	1,163,999	48,102	4.13 %
Noninterest-earning assets:						
Cash and due from banks	**15,024**			14,767		
Other nonearning assets	**86,077**			81,303		
Allowance for loan losses	**(7,749)**			(5,417)		
Total noninterest-earning assets	**93,352**			90,653		
Total assets	**$ 1,275,507**			$ 1,254,652		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
NOW accounts	**$ 196,086**	**$ 1,988**	**1.01 %**	$ 226,709	$ 778	0.34 %
Savings and money market	**272,217**	**2,213**	**0.81**	322,272	242	0.08
Time deposits	**279,260**	**9,973**	**3.57**	169,682	1,110	0.65
Other borrowed money	**31,865**	**1,067**	**3.35**	19,954	412	2.06
Subordinated debentures	**8,500**	**597**	**7.03**	8,500	296	3.48
Total int.-bearing liabilities	**787,928**	**15,838**	**2.01 %**	747,117	2,838	0.38 %
Noninterest-bearing liabilities:						
Demand deposit accounts	**328,573**			353,019		
Other liabilities	**22,237**			19,295		
Total noninterest-bearing liabilities	**350,810**			372,314		

Shareholders' equity	**136,769**			135,221		
Total liabilities and shareholders' equity	**$ 1,275,507**			$ 1,254,652		
Net interest earnings		**$ 46,618**			$ 45,264	
Net interest margin			**3.94 %**			3.89 %
Net interest rate spread			**3.27 %**			3.75 %
Average interest-bearing liabilities to average earning assets			**66.65 %**			64.19 %

Fully taxable equivalent yields are reported for tax exempt securities and loans and calculated assuming a result, 21% tax rate, net of nondeductible interest expense. Tax-equivalent adjustments for securities during the weighted years ended December 31, 2023 and 2022 totaled $38 and $47, respectively. Tax-equivalent adjustments for loans during the years ended December 31, 2023 and 2022 totaled $553 and $439, respectively. Average balances are computed on an average cost daily basis. The average balance for available for sale securities includes the market value adjustment. However, the calculated yield is based on interest-bearing liabilities decreased from 0.49% in 2021 to 0.38% in 2022. the securities' amortized cost. Average loan balances include nonaccruing loans. Loan income includes cash received on nonaccruing loans.

RATE VOLUME ANALYSIS OF CHANGES IN INTEREST INCOME & EXPENSE
Table II

(dollars in thousands)	2023			2022		
	Increase (Decrease) From Previous Year Due to			Increase (Decrease) From Previous Year Due to		
	Volume	Yield/Rate	Total	Volume	Yield/Rate	Total
Interest income						
Interest-bearing balances with banks	$ (989)	$ 2,362	$ 1,373	$ (40)	$ 1,352	$ 1,312
Securities:						
Taxable	(391)	737	346	565	912	1,477
Tax exempt	(17)	(10)	(27)	(20)	(50)	(70)
Loans	4,927	7,735	12,662	138	55	193
Total interest income	3,530	10,824	14,354	643	2,269	2,912
Interest expense						
NOW accounts	(118)	1,328	1,210	50	48	98
Savings and money market	(43)	2,014	1,971	20	(43)	(23)
Time deposits	1,121	7,742	8,863	(279)	(643)	(922)
Other borrowed money	321	334	655	(127)	(25)	(152)
Subordinated debentures	----	301	301	----	138	138
Total interest expense	1,281	11,719	13,000	(336)	(525)	(861)
Net interest earnings	$ 2,249	$ (895)	$ 1,354	$ 979	$ (2,794)	$ 3,773

The decrease change in interest expense during 2021 was largely due to volume and rate is determined as follows: Volume Variance change in volume multiplied by the result of a decline previous year's rate; Yield/Rate Variance - change in market rates from March 2020, which impacted 2021. rate multiplied by the previous year's volume; Total Variance change in volume multiplied by the change in rate. The Company's strategy continues to focus on funding earning asset growth with lower cost, core deposit funding sources to further reduce, or limit growth change in interest expense. With the FRB's action to reduce short-term rates in 2020, the Bank saw many of its interest-bearing deposit products reprice downward. This led to a decrease in the Company's weighted average costs from 0.90% at year-end 2020 to 0.49% at year-end 2021. This caused the interest cost on most deposit products to decrease during 2021. However, the pace of interest expense savings was slowed during 2020 due to a lag both volume and rate has been allocated to volume and rate changes in repricing on deposits. The Company can only benefit from lower CD interest expense proportion to the extent that new CDs at lower rates could be issued. As CD rates continued to reprice downward, relationship of the Company experienced more absolute dollar amounts of the change in each. The tax exempt securities and loan income is presented on an FTE basis. FTE yield assumes a 21% tax rate, net of related nondeductible interest expense savings in 2021 than in 2020. The Company's repricing efforts continued in 2021 with a rate reduction to the Company's prime investment deposit account, which had a significant impact in lowering money market expense during 2021. Lower rates on deposits also contributed to less of a consumer demand for CDs in 2021, which caused a shift into more NOW, savings and money market balances. This composition shift from higher-cost CDs to lower-cost NOW, savings and money market accounts helped to reduce the Company's interest expense during 2021. expense.

The Company's interest expenses were also impacted by other borrowed money and subordinated debentures, which were down up collectively by $14, or 1.9%, $956 during the year ended 2023. The increase was primarily the result of the increase in market rates that had a corresponding effect to the rates tied to FHLB borrowings and subordinated debentures. Interest expense was also impacted by an average balance increase in FHLB borrowings to assist in funding earning asset growth during 2023. As a result, the average cost of other borrowed money and subordinated debentures collectively increased from 2.48% in 2022 to 4.12% in 2023. During 2022, interest expenses from other borrowed money and $215, or 22.9% during the year ended 2021. subordinated debentures were down collectively by $14. The decreases were decrease was primarily from the average balance decrease in FHLB borrowings caused by principal repayments during both 2021 and 2022. Partially offsetting the decreases decrease from FHLB borrowings was an increase in the average cost of subordinated debentures, which grew from 1.86% in 2021 to 3.48% in 2022. The This impact came primarily from the rise in market rates during 2022 that had a corresponding effect to the rate tied to the subordinated debt.

During 2022, 2023, the Company's net interest margin was positively impacted by the increasing market rates that contributed to higher earning asset yields. The positive impact from 2022's of interest rate increases by the FRB materially and a composition shift to higher-yielding loan balances elevated interest income on earning assets during 2022. The 2023. Partially offsetting the positive effects to the margin was also positively impacted by a decrease an increase in interest costs in 2022 during 2023 due to customer pricing pressures, deposit competition, and a higher utilization of wholesale funding sources. This, along with a continued deposit composition shift to a greater number of higher-costing retail CDs led to margin compression during each of the lagging effect quarterly periods in deposit rates, mostly from CDs, that significantly delayed upward cost adjustments in 2022. 2023. These factors contributed to an increase limited the growth in the Company's net interest margin from 3.61% in 2021 to 3.89% in 2022. 2022 to 3.94% in 2023. The Company's primary focus is to invest its funds into higher-yielding assets, particularly loans, as opportunities arise. However, if loan balances do not continue to expand and remain a larger component of overall earning assets, the Company will face pressure within its net interest income and margin improvement.

PROVISION EXPENSE

Credit risk is inherent in the business of originating loans. The Company sets aside an allowance for loan losses ACL through charges to income, which are reflected in the consolidated statement of income as the provision for loan credit losses. Provision for loan credit loss is recorded to achieve an allowance for loan losses ACL that is adequate to absorb estimated losses inherent in the Company's loan portfolio. portfolio, unfunded loans, and held to maturity debt securities. Management performs, on a quarterly basis, a detailed analysis of the allowance for loan losses ACL that encompasses loan asset portfolio composition, loan asset quality, loan loss experience and other relevant economic factors.

During 2022, 2023, the Company recorded negative $2,090 in provision expense, of $32, as compared to $419 $32 in negative provision expense in 2021. 2022. This increase in credit loss expense came primarily from loans, which increased $2,062 during 2023. Provision for loan loss expense during 2023 was partially related to additional reserves associated with certain qualitative risk factors that incorporated a national trend of higher loan delinquencies and charge offs, particularly within commercial real estate and construction loans. This contributed to $710 in additional provision expense during the year ended 2023.

Partially offsetting the increasing effects to provision expense mentioned above was a $488, or 41.3%, decrease in net-charge offs on loans. The factors contributing most decrease in net charge offs came mostly from the charge offs of two commercial and industrial loans in the second quarter of 2022 totaling $613 as part of a single borrower relationship. This required a corresponding increase to provision expense during 2022 that was less impactful in 2023.

Provision expense on loans during 2023 was also impacted by increases in loan balances generally allocated at December 31, 2023 compared to December 31, 2022. The risk associated with the Company's net $86,851 increase in loans generated higher general reserves and a corresponding increase to provision expense.

Credit loss expense during 2023 also came from unfunded commitments on off-balance sheet liabilities. Upon adoption of ASC 326, the Company established $631 in reserves for unfunded commitments within total liabilities on the consolidated balance sheet. This transition adjustment was included as a charge to retained earnings on January 1, 2023. The Company re-evaluated its unfunded commitments to extend credit at December 31, 2023 and determined a reserve of $692 was required, which resulted in provision expense of $61 during the year ended 2023.

Credit loss expense during 2023 was further impacted by held to maturity debt securities. Upon adoption of ASC 326, the Company established $3 in reserves for held to maturity debt securities on the consolidated balance sheet. This transition adjustment was included as a charge to retained earnings on January 1, 2023. The Company re-evaluated its reserve for held to maturity debt securities at December 31, 2023 and determined a reserve of $2 was required, which resulted in a $1 recovery of provision expense during both years include decreases the year ended 2023.

The ACL was 0.90% of total loans at December 31, 2023, as compared to 0.60% at December 31, 2022. The increase in certain economic risk factors, such the ACL from December 31, 2022, to December 31, 2023, was partly related to the Company adopting the new CECL model on January 1, 2023 that estimates future credit losses and replaced the former incurred loss methodology. Management believes that the ACL was adequate at December 31, 2023, and reflected current expected credit losses in the portfolio. There can be no assurance, however, that adjustments to the ACL will not be required in the future. Changes in the circumstances of particular borrowers, as well as adverse developments in the level of classified loans, and the partial release of the COVID-19 reserve. These improvements contributed to lower general reserves during both 2022 and 2021. Partially offsetting these improvements were economy, could cause further increases in net charge-offs, which were more impactful the required ACL and require additional provision expense. Asset quality will continue to remain a key focus, as management continues to stress not just loan growth, but quality in reducing loan underwriting as well. Future provisions to the net recovery of provision expense ACL will continue to be based on management's quarterly in-depth evaluation that is discussed in 2022 compared to 2021. further detail below under the caption "Critical Accounting Policies - Allowance for Credit Losses" within this Management's Discussion and Analysis.

During 2022, the Company experienced a $645 decrease in its COVID-19 reserve allocation. This risk factor was added in March 2020 and was necessary allocation, which contributed to account for negative provision expense during the negative outlook of the pandemic, including increases in unemployment that could produce higher anticipated losses. year ended 2022. Based on positive asset quality trends and lower net charge-offs, management released $645 of the reserve related to the COVID-19 risk factor in the first quarter of 2022, resulting in a corresponding decrease to both provision expense and the allowance for loan losses.

Excluding the impact from the COVID-19 risk factor, the Company also decreased its general allocations from $3,840 at December 31, 2021 to $3,071 at December 31, 2022, which resulted This decrease in lower reserves during 2022 had no impact in reducing reserves in 2023.

Further contributing to negative provision expense during 2022. The Company's 2022 was the release of $848 in other general allocation evaluates several factors reserves based on various credit quality improvements within the economic risk factor calculation that include: loan volume, average historical loan loss trends, credit risk, regional unemployment conditions, asset quality, included: lower criticized and changes in classified and criticized assets. Provision expense decreases arising from general allocations were impacted by a decrease in classified assets, as well as lower nonperforming loans that yielded less general allocations. delinquency levels, and higher annualized level of loan recoveries. Classified assets within the commercial loan portfolio decreased $6,548, or 70.6%, from year-end 2021 to year-end 2022. Furthermore, the Company's during 2022, while nonperforming loans to total loans were decreased 13 basis points to finish at 0.43% at year-end 2022, as compared to 0.56% at year-end 2021, while nonperforming assets to total assets were 0.31% at year-end 2022 and 0.37% at year-end 2021. Partially offsetting these factors was a negative impact to general allocations in 2022 associated with the Company's historical loan loss factor. This was due to a normalizing effect on the average historical loan loss factor, which decreased by 6 basis points in 2021 compared to just a 1 basis point decrease in 2022. This resulted in less general reserves being released in 2022 compared to 2021, effectively causing the reduction in provision expense to be less impactful in 2022.

Further generating lower provision expense was a decrease in specific allocations. Specific allocations of the allowance for loan losses identify loan impairment by measuring fair value of the underlying collateral and the present value of estimated future cash flows. There was no net impact to provision expense in 2022 related to specific allocations, as compared to $10 in provision expense in 2021.

Partially offsetting the decreasing effects to provision expense mentioned above was a $924, or 358.1%, increase in net-charge offs on loans. The increase in net charge offs came mostly from the charge offs of two commercial and industrial loans totaling $613 in the second quarter of 2022 as part of a single borrower relationship. This required a corresponding increase to provision expense.

Also contributing to higher provision expense were increases in loan balances generally allocated for at December 31, 2022 compared to December 31, 2021. The risk associated with the increase in loans generated higher general reserves and a corresponding increase to provision expense.

Management believes that the allowance for loan losses was adequate at December 31, 2022, and reflected probable incurred losses in the portfolio. The allowance for loan losses was 0.60% of total loans at December 31, 2022, as compared to 0.78% at December 31, 2021. There can be no assurance, however, that adjustments to the allowance for loan losses will not be required in the future. Changes in the circumstances of particular borrowers, as well as adverse developments in the economy, could cause further increases in the required allowance for loan losses and require additional provision expense. Asset quality will continue to remain a key focus, as management continues to stress not just loan growth, but quality in loan underwriting as well. Future provisions to the allowance for loan losses will continue to be based on management's quarterly in-depth evaluation that is discussed in further detail below under the caption "Critical Accounting Policies - Allowance for Loan Losses" within this Management's Discussion and Analysis.

NONINTEREST INCOME

During 2022, 2023, total noninterest income increased $298, $2,467, or 3.0% 24.3%, as compared to 2021. 2022. The increase in noninterest revenue was primarily impacted by higher service charges on deposit accounts, which were up $579, or 31.1%, during 2022 over 2021. This was primarily from an increase in the volume of overdraft transactions during 2022.

Noninterest income was positively impacted by an increase in debit and credit card interchange income, which was up $218, or 4.7%, during 2022, as compared to 2021. Higher interchange income was impacted by an increase in consumer spending that led to a higher volume of transactions associated with the Company's debit and credit card products.

Other noninterest income also increased $121, or 12.7%, during 2022, as compared to 2021. This was primarily impacted by a $186 increase in broker fees at Race Day for their portion of mortgage loan sales during 2022. Increases in other noninterest income also came from higher earnings on compensating balances as part of processing tax refunds, which increased $95 in 2022. Further increases also came from commercial loan servicing fees, which were up $44 during 2022. These increases were partially offset by the sale of bank owned property during 2021. The property sales from 2021 resulted in a $194 non-recurring gain, which included the sales of vacant land in Lawrence County, Ohio and a branch building in Jackson, Ohio, that had been acquired as part of the merger with the Milton Banking Company in 2016.

Partially offsetting the increases to noninterest income mentioned above were higher lower losses associated with the sales of investment securities. securities, which decreased $1,514, or 98.5%, during 2023. During the fourth quarter of 2022, the Company received proceeds of $10,963 from the sale of three securities totaling $12,500 at a weighted average yield of 1.22%. The lower-yielding securities were replaced with similar securities with a higher weighted average yield of 4.09%. The Company had repeated this strategy a year earlier during the fourth quarter of 2021, receiving proceeds of $47,666 from the sale of thirteen securities totaling $48,732 at a weighted average yield of 0.89%. The lower-yielding securities were replaced with similar securities with a higher weighted average yield of 1.30%. As a result, the realized losses on the this sale of securities from 2022 totaled $1,537, in 2022, as compared to $1,066 in losses in 2021, lowering and reduced noninterest income, by $471. but was less impactful in reducing noninterest income during 2023. While realized losses were incurred, the transactions are expected to increase future income and to have a positive impact to on the margin.

Noninterest Other noninterest income also increased $1,316, or 122.9%, from 2022 to 2023. This was primarily attributable to higher earnings on compensating balances as part of processing tax refunds, which increased $726 from the same period in 2022. These earnings are part of the Company's settlement agreement with a tax refund processor. The increase was related to the impact of the higher interest rate environment on the revenue earned under the applicable settlement agreement. Increases in other noninterest income also came from interest rate swap revenue (+$211), lower loss reserves related to the closing of the Captive (+$223), and an increase in broker fees at Race Day for their portion of mortgage loan sales during 2023 (+$62).

Further contributing to the increase in noninterest income was also negatively impacted service charges on deposit accounts, which increased $257, or 10.5%, during 2023. This was primarily from an increase in the volume of overdraft transactions during 2023.

These increases in noninterest income were partially offset by a $157, $522, or 18.4% 74.9%, decrease in mortgage banking income. The decrease was largely impacted by the closing of Race Day in December 2023, which resulted in a $331 decrease in mortgage banking income. The decrease in mortgage banking income was also affected by a lower volume of real estate loans sold by the Bank to the secondary market in 2022. To help manage consumer demand for longer-term, fixed-rate real estate mortgages during a low interest rate environment, 2023. During periods of heavy refinancing due to lower market rates, the Company will take opportunities to sell a portion of the its fixed-rate real estate loan volume it originates during that period. The decision to sell long-term fixed-rate mortgages at lower rates would also the secondary market to satisfy consumer demand and help to minimize the interest rate risk exposure to rising rates. The large volume of mortgage refinancing experienced during the pandemic of 2020 began to normalize in 2021. As However, market rates increased have continued to shift upward in 2022, this had a negative effect on further lowering 2023, causing long-term mortgage refinancing volume. rates to increase and slow down the consumer demand for long-term, fixed-rate real estate mortgages. As a result, the Bank's mortgage banking income decreased $443 $191 in 2022. Partially offsetting this decrease was Race Day's growth in mortgage banking income, which increased $286 in 2022 due to an increase in volume of loan sales.

2023.

The Company's remaining noninterest income categories increased $8, decreased $98, or 0.3% 1.3%, during the year ended 2022, 2023, as compared to 2021. 2022. This was in large part due to higher trust income partially offset by lower earnings on bank owned life insurance annuity assets and tax preparation fees.

NONINTEREST EXPENSE

Management continues to work diligently to minimize noninterest expense. For 2022, 2023, total noninterest expense increased $1,760, $2,328, or 4.7% 6.0%, as compared to 2021. 2022. The Company's largest noninterest expense item, salaries and employee benefits, was limited to a $34, increased $1,776, or 0.2% 8.2%, decrease during 2022. Contributing most to this cost savings was 2023. These higher costs were mostly impacted by annual merit increases and the reevaluation of nonqualified benefit plan liabilities at year-end during the fourth quarter of 2022. Based on higher market interest rates, the benefit plan liabilities were reduced, leading to a lump sum decrease in benefit expense in December 2022. A comparable adjustment was not required in 2023. As a result, the expense associated with the nonqualified benefit plans decreased $978 increased $1,099 during 2022, 2023, as compared to 2021. 2022. Partially offsetting these increases were lower salary and employee benefit expenses related to the decrease elimination of staffing for Race Day by April 2023. Race Day was officially closed in December 2023, which resulted in a $699 savings in salary and employee benefit plan expense.

The Company also experienced an increase in software expense during 2023, which was up $452, or 20.6%, over the year ended 2022. The increase was largely impacted by various investments in loan processing platforms at the Bank to further improve operational efficiencies in 2023. Further increases in expenses came from the termination fees for software agreements for Race Day as part of its closing in December 2023.

Further impacting higher noninterest expense was FDIC premium costs, which increased $234, or 69.9%, during 2023. During the fourth quarter of 2022, the FDIC announced it was going to increase initial base deposit insurance assessment rate schedules uniformly by 2 basis points beginning in the first quarterly assessment period of 2023. This action by the FDIC responded to the Deposit Insurance Fund reserve falling below the 1.35% minimum level in the second quarter of 2020 following outsized growth in insured deposits in the first half of 2020. The Bank adjusted its premium expense accrual in anticipation of the 2-basis point adjustment increase to all quarterly assessments during 2023.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's occupancy, furniture and equipment expenses were higher salary expense, which also up $144, or 4.7%, during 2023, as compared to 2022. This was primarily related to the staffing of Race Day employees building repair and to annual merit increases associated with the improved financial performance achieved in 2022. maintenance costs, as well as asset depreciation costs.

Completely Partially offsetting the decrease in salaries and employee benefit costs these increases were higher lower marketing costs, increasing $602, which decreased $418, or 72.9% 29.3%, during 2022 2023 compared to 2021. 2022. Marketing costs were largely impacted by specific select donations made during the fourth quarter of 2022 to support the communities that we serve and reflective of our Community First mission. As a result, donation expenses increased $562 decreased $534 during 2022, 2023, while advertising and public relation expenses increased $40.

Data processing expense also increased $355, or 14.8%, during 2022. Higher costs in this category were the direct result of the volume increase in debit and credit card transactions, which increased processing costs.

The Company also experienced an increase in software expense during 2022, which was up $339, or 18.3%, over the year ended 2021. The increase was largely impacted by the associated software costs from Race Day, which included various software platforms and resources necessary to conduct business. Further increases came from various software purchases and enhancements at the Bank to further improve operational efficiencies in 2022.

Other noninterest expense increased $315, or 5.6%, during 2022 compared to 2021. This was primarily impacted by various other overhead costs from Race Day, which increased $467 during 2022. These costs include the expense associated with purchasing mortgage loan marketing leads and employee recruiting costs. Partially offsetting additional Race Day overhead expense was a nonrecurring prepayment penalty expense incurred from the prior year. During the fourth quarter of 2021, the Company redeemed $3,187 in long-term FHLB advances that had been used to fund fixed rate loans. The specific loans being funded were paid off, which permitted the Company to redeem the advances. By redeeming the advances, a prepayment penalty of $186 was incurred, which contributed to the increase in other noninterest expense during 2021.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's occupancy, furniture and equipment expenses were also up $148, or 5.1%, during 2022, as compared to 2021. This was primarily related to building repair and maintenance costs, as well as utility costs. $116.

The remaining noninterest expense categories increased $35, $140, or 1.7% 1.4%, during the year-ended 2022, 2023, as compared to 2021. 2022. These changes came primarily from other noninterest expense, which increased $107 during the year ended 2023. These increases were impacted primarily by higher interest rate swap expense, loan expenses, and stationery, supplies and postage costs, which were partially offset by decreases in various overhead expenses associated with Race Day resulting from the unwinding of business operations mentioned above.

The Company's Company's efficiency ratio is defined as noninterest expense as a percentage of fully tax-equivalent net interest income plus noninterest income. The effects from provision expense are excluded from the efficiency ratio. Management continues to place emphasis on managing its balance sheet mix and interest rate sensitivity as well as developing more innovative ways to generate noninterest revenue. During 2022, 2023, the Company has benefited experienced a trend of increasing deposit rates, a deposit composition shift to higher-cost time deposit balances, and an increased use of higher-cost wholesale funding sources, which led to margin compression during each of the quarterly periods in 2023. However, these negative effects were completely offset by the benefits from an increase in earning asset yields due to market rate increases by the FRB, and a decrease higher composition of higher-yielding loans. This led to a 2.8% increase in the average costs on interest-bearing liabilities. The actions of the FRB to increase market rates have contributed to the asset yield improvement. Furthermore, the composition shift from lower yielding Federal Reserve Bank balances to higher yielding loans and securities has also had a positive impact to the net interest margin. These factors more than offset the decrease in PPP loan fees that were more impactful during 2021 than 2022. As a result, net interest income during the year ended 2022 has outperformed the net interest income results during 2023 over the year ended 2021. Increases 2022. Furthermore, a late surge in overhead costs associated with Race Day, along with higher marketing, data processing and software costs have contributed noninterest income during the fourth quarter of 2023 was vital in generating a $2,467 year-to-date increase in noninterest income during 2023, which was enough to higher offset a $2,328 year-to-date increase in noninterest expense which have increased 4.7% during the year ended 2022, compared to the year ended 2021. However, the increases in overhead expense, net of noninterest revenue, during the year ended 2022 are only partially offsetting the benefits of higher net interest earnings. 2023. As a result, the Company's efficiency number decreased (improved) to 69.82% at December 31, 2023, from 70.44% at December 31, 2022, from 72.59% at December 31, 2021.

PROVISION FOR INCOME TAXES

The provision for income taxes during 2022 2023 totaled $2,594, $2,567, compared to $2,284 $2,594 in 2021. 2022. The effective tax rate for both 2022 and 2021 2023 was 16.9%, compared to 16.3%. in 2022. The effective tax rate for 2022 was unchanged in 2022 below 2023's effective tax rate as a result of a lump sum adjustment that reduced costs associated with certain nondeductible retirement benefit plans during 2022, which lowered tax expense.

FINANCIAL CONDITION:

CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consist of cash, as well as interest- and non-interest noninterest- bearing balances due from other banks. The amounts of cash and cash equivalents fluctuate on a daily basis due to customer activity and liquidity needs. At December 31, 2022 December 31, 2023, cash and cash equivalents decreased $106,044 increased $82,136 to $128,126, compared to $45,990 compared to $152,034 at December 31, 2021 December 31, 2022. The decrease increase in cash and cash equivalents came mostly from lower higher interest-bearing deposits on hand with correspondent banks. At December 31, 2022 December 31, 2023, the Company's interest-bearing FRB clearing account represented over 66% 88% of cash and cash equivalents. The Company utilizes its interest-bearing FRB clearing account to manage excess funds, as well as to assist in funding earning asset growth. During 2022, 2023, the Company experience increases in funds from Bank deposits, primarily time deposits, which were maintained in the FRB account. Other funds also came from maturities and paydowns of securities available for sale ("AFS") and proceeds from FHLB borrowings. The Company utilized a portion of its these clearing account balances funds to reinvest in higher-yielding loans, and investment securities. also to help cover runoff in noninterest-bearing and other interest-bearing deposit balances in NOW, savings, and money market accounts. The interest rate paid on both the required and excess reserve balances of the FRB account is based on the targeted federal funds rate established by the Federal Open Market Committee. During 2022, 2023, the rate associated with the Company's FRB clearing account increased 425 100 basis points due to continued rising inflationary concerns, resulting in a target federal funds rate range of 4.25% 5.25% to 4.50% 5.50%. The interest-bearing deposit balances in the FRB are 100% secured by the U.S. Government.

As liquidity levels continuously vary based on consumer activities, amounts of cash and cash equivalents can vary widely at any given point in time. The Company's focus during periods of heightened liquidity will be to invest excess funds into longer-term, higher-yielding assets, primarily loans, when the opportunities arise. Further information regarding the Company's liquidity can be found below under the caption "Liquidity" in this Management's Discussion and Analysis.

CERTIFICATES OF DEPOSIT IN FINANCIAL INSTITUTIONS

At December 31, 2022 December 31, 2023, the Company had $1,862 in no balances classified as CDs owned by the Captive, down $467, or 20.1%, from year-end 2021. The deposits on hand compared to $1,862 at December 31, 2022, consist of eight certificates with remaining maturity terms ranging from less than four months up. This was due to nine months. the Captive ceasing operations in December 2023.

SECURITIES

Management's Management's goal in structuring its investment securities portfolio is to maintain a prudent level of liquidity and to provide an acceptable rate of return without sacrificing asset quality. During 2022, 2023, the balance of total securities increased $6,006, decreased $23,056, or 3.2% 11.9%, compared to year-end 2021. 2022. The Company's investment securities portfolio is made up mostly of Agency mortgage-backed securities, representing 62.8% 62.3% of total investments at December 31, 2022 December 31, 2023. During the year ended 2022, 2023, the Company utilized a portion of its heightened excess deposits proceeds from maturities and principal repayments of securities to purchase investment securities with fund the intent of minimizing the amount of funds being maintained within the lower-yielding interest-bearing FRB clearing account. growth in higher-yielding loans. This resulted in $29,470 of new a $15,215, or 12.5%, decrease in Agency mortgage-backed securities, while receiving largely from principal repayments of $22,891. $17,984 combined with no new purchases during 2023. The monthly repayment of principal has been the primary advantage of Agency mortgage-backed securities as compared to other types of investment securities, which deliver proceeds upon maturity or at a specified call date. The Company also used excess deposits to purchase $37,351 received proceeds of $7,600 in maturities from its U.S. Government and U.S. Government sponsored entity securities net of maturities. during 2023, which were used to help fund the growth in loans during 2023.

Investment Portfolio Composition

at December 31, 2023

graphic

at December 31, 2022

graphic

SECURITIES
Table III

	MATURING

As of December 31, 2023 (dollars in thousands)	Within One Year Amount	Within One Year Yield	After One but Within Five Years Amount	After One but Within Five Years Yield	After Five but Within Ten Years Amount	After Five but Within Ten Years Yield	After Ten Years Amount	After Ten Years Yield
U.S. Government securities	$ 17,257	2.88 %	$ 33,040	2.01 %	$ ----	----	$ ----	----
U.S. Government sponsored entity securities	----	----	5,877	1.57 %	----	----	----	----
Obligations of states and political subdivisions	392	2.94 %	3,780	2.87 %	1,298	2.57 %	1,920	2.81 %
Agency mortgage-backed securities, residential	21	3.99 %	4,003	2.48 %	36,842	2.05 %	65,218	1.60 %
Total securities	$ 17,670	2.88 %	$ 46,700	2.06 %	$ 38,140	2.07 %	$ 67,138	1.68 %

Tax-equivalent adjustments of $38 have been made in calculating yields on obligations of states and political subdivisions using a 21% rate. Weighted average yields are calculated on the basis of the cost and effective yields weighted for the scheduled maturity of each security. Mortgage-backed securities, which have prepayment provisions, are assigned to a maturity category based on estimated average lives. Securities are shown at their fair values, which include the market value adjustments for AFS securities.

Furthermore, during the fourth quarter of 2022, 2023, the Company received proceeds of $10,963 $1,067 from the sale of three four U.S. Government securities totaling $12,500. These securities carrying a weighted average yield $1,090. This was the result of 1.22% were replaced with similar securities at a higher weighted average yield of 4.09%. While this sale and repurchase of securities resulted unwinding the Captive, which ceased operations in a realized loss of $1,537 with little change to the balance of earning assets, the Company will benefit from the shift to higher-yielding securities that is expected to increase future income and have a positive impact to the margin. December 2023.

In addition, the continued increases a decrease in long-term reinvestment rates during 2022 the fourth quarter of 2023 led to a $19,647 decrease $4,090 increase in the fair value associated with the Company's available for sale AFS securities at December 31, 2022 December 31, 2023. The fair value of an investment security moves inversely to interest rates, so as reinvestment rates increased, decreased, the unrealized gain loss in the portfolio decreased. was decreased causing the fair value to increase. These changes in rates are typical and do not impact earnings of the Company as long as the securities are held to full maturity.

Investment Portfolio Composition

at December 31, 2022

graphic

at December 31, 2021

graphic

SECURITIES
Table III

	MATURING							
As of December 31, 2022 (dollars in thousands)	Within One Year Amount	Within One Year Yield	After One but Within Five Years Amount	After One but Within Five Years Yield	After Five but Within Ten Years Amount	After Five but Within Ten Years Yield	After Ten Years Amount	After Ten Years Yield
U.S. Government securities	$ 4,928	2.37 %	$ 49,864	2.30 %	$ ----	----	$ ----	----
U.S. Government sponsored entity securities	1,993	2.73 %	1,676	1.89 %	4,314	1.50 %	----	----
Obligations of states and political subdivisions	787	4.89 %	3,735	3.02 %	1,976	2.53 %	1,961	2.81 %
Agency mortgage-backed securities, residential	119	3.37 %	62,658	2.08 %	58,523	1.47 %	----	----
Total securities	$ 7,827	2.73 %	$ 117,933	2.20 %	$ 64,813	1.50 %	$ 1,961	2.81 %

Tax-equivalent adjustments of $47 have been made in calculating yields on obligations of states and political subdivisions using a 21% rate. Weighted average yields are calculated on the basis of the cost and effective yields weighted for the scheduled maturity of each security. Mortgage-backed securities, which have prepayment provisions, are assigned to a maturity category based on estimated average lives. Securities are shown at their fair values, which include the market value adjustments for available for sale securities.

Maturing securities provided the Company with sufficient liquidity in 2021 and 2022 so as to obviate the need for other sources of fundraising, such as debt offerings.

The Company’s focus will be to generate continue generating interest revenue primarily through loan growth, as loans generate the highest yields of total earning assets. Table III provides a summary of the securities portfolio by category and remaining contractual maturity. Issues classified as equity securities have no stated maturity date and are not included in Table III.

LOANS

In 2022, 2023, the Company's Company's primary category of earning assets and most significant source of interest income, total loans, increased $53,858, $86,851, or 6.5% 9.8%, to $885,049. $971,900. The increase in loan balances came from year-end 2021 came primarily from the residential real estate and commercial and industrial loan portfolios, with other increases coming from the commercial real estate and consumer loan portfolios.

Generating residential real estate loans remains a significant focus all of the Company’s lending efforts. The residential real estate loan portfolio represents the largest class of the Company's overall loan portfolio at 33.6% and consists primarily of one-to-four family residential mortgages and carries many of the same customer and industry risks as the commercial loan portfolio. The Company’s mortgage loan balances experienced significant declines during the previous year of 2021 after the mortgage refinancing period reached its peak in 2020. A larger volume of loan prepayments and payoffs in 2021 completely offset new mortgage loan originations during that time. These prepayments and payoffs of real estate loans continued in 2022, but were not as impactful as in 2021. Due to the rise in market rates in 2022, the Company experienced less opportunities to sell long-term fixed-rate residential mortgages to the Federal Home Loan Mortgage Corporation, which generated more loan origination opportunities for the Bank in 2022. As a result, residential real estate loans increased $22,611, or 8.2%, during 2022 as compared to year-end 2021. The increase in residential real estate loans was primarily from the Bank's warehouse lending volume. Warehouse lending consists of a line of credit provided by the Bank to another mortgage lender that makes loans for the purchase of one-to-four family residential real estate properties. The mortgage lender eventually sells the loans and repays the Bank. Warehouse lending increased from no balances at year-end 2021 to $19,158 at year-end 2022. The increase in market rates during 2022 had an impact on lowering loan volume within the long-term fixed-rate loan portfolio. This contributed to a shift into more short-term adjustable-rate mortgages (up $9,501) and less long-term fixed-rate mortgages (down $5,937) at year-end 2022.

segments.

Loan Portfolio Composition

at December 31, 2023

graphic

at December 31, 2022

graphic

Loan Portfolio Composition

at December 31, 2022

graphic

at December 31,2021

graphic

Management continues to place emphasis on its commercial lending, which generally yields a higher return on investment as compared to other types of loans. The commercial lending segment increased $16,665, $40,205, or 3.9% 9.1%, from year-end 2021, 2022, which came mostly from commercial and industrial real estate loans. Commercial and industrial loans consist 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, and stock. The commercial and industrial loan segment also included PPP loan balances that had a significant impact on average earning asset growth in 2021. The Company’s remaining PPP loans of $446 that were outstanding at year-end 2021 were paid off during the first quarter of 2022. During 2022, the commercial and industrial loan portfolio increased $9,707, or 6.9%, from year-end 2021. The growth was impacted by an increase in larger loan originations during the year.

The commercial real estate loan segment comprised the largest portion of the Company's Company’s total commercial loan portfolio at December 31, 2021 December 31, 2023, representing 65.6% 33.2% of such portfolio. Commercial real estate consists of owner-occupied, nonowner-occupied and construction loans. Owner-occupied loans consist of nonfarm, nonresidential properties. A commercial owner-occupied loan is a borrower purchased building or space for which the repayment of principal is dependent upon cash flows from the ongoing operations conducted by the party, or an affiliate of the party, who owns the property. Owner-occupied loans of the Company include loans secured by hospitals, churches, and hardware and convenience stores. Nonowner-occupied loans are property loans for which the repayment of principal is dependent upon rental income associated with the property or the subsequent sale of the property, such as apartment buildings, condominiums, hotels, and motels. These loans are primarily impacted by the level of interest rates associated with the debt and to local economic conditions, which dictate occupancy rates and the amount of rent charged. The increase in debt service due to higher interest rates may not be able to be passed on to tenants. As part of the origination process, loan interest rates and occupancy rates are stressed to determine the impact on the borrower’s ability to maintain adequate debt service under different economic conditions. Furthermore, the Company monitors the concentration in any one industry and has established limits relative to capital. In addition, credit quality trends are monitored by industry to determine if a change in the risk exposure to a certain industry may warrant a change in our underwriting standards. Table IV has been provided to illustrate the industry composition of the commercial real estate portfolio. Commercial construction loans are extended to individuals as well as corporations for the construction of an individual property or multiple properties and are secured by raw land and the subsequent improvements. Commercial real estate also includes loan participations with other banks outside the Company’s primary market area. Although the Company is not actively seeking to participate in loans originated outside its primary market area, it has taken advantage of the relationships it has with certain lenders in those areas where the Company believes it can profitably participate with an acceptable level of risk. Commercial real estate loans totaled $288,755 $322,894 at December 31, 2022 December 31, 2023, an increase of $6,958, $34,139, or 2.5% 11.8%, over the balance of commercial real estate loans at year-end 2021. 2022. Most of this growth came from nonowner-occupied loan larger originations from construction loans, with balances increasing $6,731, $29,132, or 3.8% 87.7%, from year-end 2021. Larger 2022. New originations during 2022 2023 also contributed to growth in the owner-occupied commercial loan portfolio, increasing $740, $9,637, or 1.0% 13.3%, from year-end 2021. 2022. Partially offsetting these increases were larger payoffs from construction loans related to one-to-four family residential homes, nonowner-occupied loan originations, which decreased $513, $4,630, or 1.5% 2.5%, from year-end 2021. 2022.

COMMERCIAL REAL ESTATE BY INDUSTRY
As of December 31, 2023
Table IV

While management believes lending opportunities exist in The following table provides the Company's markets, future composition of commercial lending activities will depend upon economic and related conditions, such as general demand for real estate loans in the Company's primary markets, interest rates offered by industry classification (as defined by the Company, the effects of competitive pressure and normal underwriting considerations. North American Industry Classification System).

MATURITY AND REPRICING DATA OF LOANS
As of December 31, 2022
Table IV

(dollars in thousands)

	Within One Year	After One but Within Five Years	After Five but Within Fifteen Years	After Fifteen Years	Total
Residential real estate loans	$ 64,248	$ 168,505	$ 58,327	$ 5,956	$ 297,036
Commercial real estate loans	68,327	194,484	25,017	927	288,755
Commercial and industrial loans	44,346	41,741	41,024	24,121	151,232
Consumer loans(1)	48,682	59,838	39,506	----	148,026
Total loans	$ 225,603	$ 464,568	$ 163,874	$ 31,004	$ 885,049

(dollars in thousands)

	Amount	% of Total
Real Estate Rental and Leasing	$ 145,302	45.00 %
Accommodation and Food Services	50,421	15.61 %
Health Care and Social Assistance	24,628	7.63 %
Construction	22,490	6.96 %
Manufacturing	20,688	6.41 %
Retail Trade	17,714	5.49 %
All Other	41,651	12.90 %
Total	$ 322,894	100.00 %

Loans maturing or repricing after one year with:	Variable Interest Rates	Fixed Interest Rates	Total
Residential real estate loans	$ 178,211	$ 54,577	$ 232,788
Commercial real estate loans	201,334	19,094	220,428
Commercial and industrial loans	29,082	77,804	106,886
Consumer loans(1)	94	99,250	99,344
Total loans	$ 408,721	$ 250,725	$ 659,446

(1) Includes automobile, home equity Commercial loans were also positively impacted by growth in commercial and other consumer industrial loans.

commercial companies that include service, retail, and wholesale merchants. Collateral securing these loans includes equipment, inventory, and stock. During 2023, the commercial and industrial loan portfolio increased $6,066, or 4.0%, from year-end 2022. The growth was impacted by an increase in larger loan originations during the year.

The Company's loan balances were also impacted by an increase in the consumer loan portfolio, which was up $14,582, $24,178, or 10.9% 16.3%, from year-end 2021. 2022. The Company's consumer loans are primarily secured by automobiles, mobile homes, recreational vehicles, and other personal property. Personal loans and unsecured credit card receivables are also included as consumer loans. Leading the growth in consumer loans was an increase in other consumer loans of $9,452, or 14.5%, from year-end 2022. This growth came largely from the purchase of a pool of unsecured loans in January 2023 that had a carrying amount of $ 11,377 at December 31, 2023. Growth in consumer loans also resulted from an $8,102, or 29.2%, increase in home equity lines of credit, specifically from the impact of a new home equity line product with no closing costs that was introduced in 2022, and continued to grow during 2023. Also impacting growth in consumer loans were higher automobile loan balances of $6,631, $6,624, or 13.8% 12.1%, from year-end 2021. Automobile loans represent the Company's largest consumer loan segment at 37.1% of total consumer loans. 2022. Automobile loans increased primarily due to a resurgence in consumer spending during 2022 that had been significantly impacted by the pandemic environment. During that time, automobile sales had been limited due continued to the lingering health concerns of COVID-19, as well as a reduction in available car inventory impacted by a chip shortage. As those situations have improved, the demand for auto loans has picked up in 2022. Consumer loans were also impacted by an increase of $5,416, or 24.2%, in home equity lines of credit during 2022. This was due carry over into 2023, in large part to from the Company offering a new home equity line product with no closing costs beginning in the second quarter of 2022. Furthermore, as part of the Company's efforts to invest the heightened levels of excess deposits, the Company purchased multiple pools of loans issued to healthcare professionals during the third quarter of 2022. In relation to the purchase of these loans, the other consumer loan segment increased $2,535, or 4.0%, from year-end 2021. The Company will continue to attempt to increase its indirect auto lending segment while maintaining strict loan underwriting processes to limit future loss exposure. However, portfolio. Going forward, the Company will place more emphasis on loan portfolios (i.e. commercial and, to a smaller extent, residential real estate) with higher returns than auto loans. Indirect automobile loans bear additional costs from dealers that partially offset interest revenue and lower the rate of return.

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MATURITY AND REPRICING DATA OF LOANS
As of December 31, 2023
Table V

(dollars in thousands)

	Within One Year	After One but Within Five Years	After Five but Within Fifteen Years	After Fifteen Years	Total
Residential real estate loans	$ 63,948	$ 197,328	$ 53,954	$ 4,274	$ 319,504
Commercial real estate loans	89,420	199,993	32,836	645	322,894
Commercial and industrial loans	50,170	41,792	39,773	25,563	157,298
Consumer loans(1)	66,593	70,595	35,016	----	172,204
Total loans	$ 270,131	$ 509,708	$ 161,579	$ 30,482	$ 971,900

Loans maturing or repricing after one year with:	Variable Interest Rates	Fixed Interest Rates	Total
Residential real estate loans	$ 207,515	$ 48,041	$ 255,556
Commercial real estate loans	198,873	34,601	233,474
Commercial and industrial loans	27,730	79,398	107,128
Consumer loans(1)	84	105,527	105,611
Total loans	$ 434,202	$ 267,567	$ 701,769

(1) Includes automobile, home equity and other consumer loans.

Generating residential real estate loans remains a significant focus of the Company's lending efforts. The residential real estate loan portfolio represents the second largest class of the Company's overall loan portfolio at 32.9% and consists primarily of one- to four-family residential mortgages and carries many of the same customer and industry risks as the commercial loan portfolio. During 2023, mortgage rates continued to increase as a result of an elevated interest rate environment. This provided the Company with less opportunities to sell long-term fixed-rate residential mortgages to the Federal Home Loan Mortgage Corporation, which generated more loan origination opportunities for the Bank in 2023. As a result, residential real estate loans increased $22,468, or 7.6%, during 2023 as compared to year-end 2022. With elevated mortgage rates, mortgage customers were selecting more in-house variable rate mortgage products instead of long-term fixed rate products. This had a direct impact on lowering loan volume within the long-term fixed-rate loan portfolio (down $6,161) and contributed to a shift into more short-term adjustable-rate mortgages (up $29,443) at year-end 2023.

While management believes lending opportunities exist in the Company's markets, future commercial lending activities will depend upon economic and related conditions, such as general demand for loans in the Company's primary markets, interest rates offered by the Company, and the effects of competitive pressure and normal underwriting considerations. Management will continue to place emphasis on its commercial lending, which generally yields a higher return on investment as compared to other types of loans.

The Company will continue to sell a portion of its long-term fixed-rate loans to the secondary market even though there is no significant demand for such loans under the current rising rate environment. Furthermore, the Company will continue to monitor the pace of its loan volume and will remain consistent in its approach to sound underwriting practices with a focus on asset quality.

ALLOWANCE FOR LOAN CREDIT LOSSES

Tables V VI and VI VII have been provided to enhance the understanding of the loan portfolio and the allowance for loan losses. Management evaluates the adequacy ACL. The Company maintains an ACL that represents management's best estimate of the allowance for loan appropriate level of losses quarterly based on several factors, including, but not limited to, general economic conditions, loan portfolio composition, prior loan loss experience, and management's estimate of probable incurred losses. Management continually monitors risks inherent in our applicable financial assets under the loan portfolio to identify potential portfolio risks and to detect potential credit deterioration in the early stages, and then establishes reserves based upon its evaluation of these inherent risks. Actual losses on loans are reflected as reductions in the reserve and are referred to as charge-offs. CECL model. The amount of the provision for loan losses charged to operating expenses is the amount necessary, ACL should not be interpreted as an indication that charge-offs in management's opinion, to maintain the allowance for loan losses future periods will necessarily occur in those amounts, or at an adequate level that is reflective of probable and inherent loss. all. The allowance required is primarily a function of the relative quality of the loans in the loan portfolio, the mix of loans in the portfolio and the rate of growth of outstanding loans. Impaired loans, which include loans classified as TDRs, are considered in the determination of the overall adequacy ACL involves a high degree of judgement and subjectivity. Please refer to Note A – Summary of Significant Accounting Policies of the allowance notes to the financial statements for discussion regarding our ACL methodologies for securities and loans.

For AFS debt securities, the Company evaluates the securities at each measurement date to determine whether the decline in the fair value below the amortized costs basis is due to credit-related factors or noncredit-related factors. Upon adoption of ASC 326 on January 1, 2023, and as of December 31, 2023, the Company determined that all AFS securities that experienced a decline in fair value below the amortized cost basis were due to non-credit related factors. Therefore, no ACL was recorded, and no provision expense was recognized during the year ended December 31, 2023.

For held to maturity ("HTM") debt securities, the Company evaluates the securities collectively by major security type at each measurement date to determine expected credit losses based on issuer's bond rating, historical loss, financial condition, and timely principal and interest payments. Upon adoption of ASC 326 on January 1, 2023, a $3 ACL was recognized based on a .03% cumulative default rate taken from the S&P and Moody's bond rating index. At December 31, 2023, the ACL for HTM debt securities was reduced to $2 based on a decrease in the cumulative default rate from .03% to .02%. This resulted in a $1 recovery of provision expense during the year ended December 31, 2023.

For loans, the Company's ACL is management's estimate of expected lifetime credit losses, measured over the contractual life of a loan, losses.

that considers historical loss experience, current conditions, and forecasts of future economic conditions. The ACL on loans is established through a provision for credit losses recognized in earnings. The ACL on loans is reduced by charge-offs on loans and is increased by recoveries of amounts previously charged off. Management employs a process and methodology to estimate the ACL on loans that evaluates both quantitative and qualitative factors within two main components. The first component involves pooling loans into portfolio segments for loans that share similar risk characteristics. The second component involves individually analyzed loans that do no share similar risk characteristics with loans that are pooled into portfolio segments. The ACL for loans with similar risk characteristics are collectively evaluated for expected credit losses based on certain quantitative information that include historical loss rates, prepayment rates, and curtailment rates. Expected credit losses on loans with similar characteristics are also determined by certain qualitative factors that include national unemployment rates, national gross domestic product forecasts, changes in lending policy, quality of loan review, and delinquency status. The ACL for loans that do not share similar risk characteristics are individually evaluated for expected credit losses primarily based on foreclosure status and whether a loan is collateral-dependent. Expected credit losses on individually evaluated loans are then determined using the present value of expected future cash flows based upon the loan's original effective interest rate, at the loan's observable market price, or if the loan was collateral dependent, at the fair value of the collateral.

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES
Table V VI

(dollars in thousands)

	Years Ended December 31				
	2022		2021		202
Residential real estate loans	$ 681		$ 980		$
Percentage of loans to total loans	33.56	%	33.02	%	
Percentage of net charge-offs to average loans	-.01	%	-.04	%	
Commercial real estate loans	2,038		2,548		
Percentage of loans to total loans	32.63	%	33.90	%	
Percentage of net charge-offs to average loans	-.02	%	-.07	%	
Commercial and industrial loans	1,293		1,571		
Percentage of loans to total loans	17.09	%	17.03	%	
Percentage of net charge-offs to average loans	.38	%	-.04	%	
Consumer loans(1)	1,257		1,384		
Percentage of loans to total loans	16.73	%	16.05	%	
Percentage of net charge-offs to average loans	.50	%	.45	%	
Allowance for loan losses	$ 5,269		$ 6,483		$
Total loans percentage	100.00	%	100.00	%	
Net charge-offs to average loans	.14	%	.03	%	

The above allocation is based on estimates and subjective judgments and is not necessarily indicative of the specific amounts or loan categories in which losses may ultimately occur.

(1) Includes automobile, home equity and other consumer loans.

CREDIT RATIOS
Table VI VII

(dollars in thousands)

	Years Ended December 31			
	2022		2021	
Loans	$ 885,049		$ 831,191	
Allowance for loan losses	5,269		6,483	
Past due 90 days or more and still accruing	538		290	
Nonaccrual	3,233		4,346	
Allowance for loan losses to total loans	.60	%	.78	%
Nonaccrual loans to total loans	.37	%	.52	%
Allowance for loan losses to nonaccrual loans	162.98	%	149.17	%

Management formally considers placing a loan on nonaccrual status when collection of principal or interest has become doubtful. Furthermore, generally, a loan is not returned to accrual status unless either all delinquent principal or interest has been brought current or the loan becomes well secured and is in the process of collection.

Management continues As of December 31, 2023, the ACL for loans totaled $8,767, or 0.90%, of total loans. As of December 31, 2022, the ACL for loans totaled $5,269, or 0.60%, of total loans. The increase in the ACL of $3,498, or 66.4%, was primarily due to focus the $2,162 impact of adopting ASC 326 on improving asset quality January 1, 2023, affected mostly by the residential real estate and lowering credit risk while working consumer loan portfolio segments. Upon transition to maintain its relationships with its borrowers. During 2022, the CECL model, the Company's allowance for loan losses decreased $1,214, or 18.7%, ACL increased another $1,336 to $5,269, compared to $6,483 at year-end 2021. As part of the Company's quarterly analysis of the allowance for loan losses, management reviewed various factors that directly impact the general allocation needs of the allowance, which include: historical loan losses, loan delinquency levels, local economic conditions and unemployment rates, criticized/classified asset coverage levels and loan loss recoveries. During 2022, the Company experienced a $1,204 decrease finish with $8,767 in its general allocations of the allowance for loan losses. Contributing to this decrease were lower reserves, all from loans collectively evaluated. This increase was mostly impacted by additional reserves associated with certain qualitative risk factors incorporating the COVID-19 risk factor. The Company added a COVID-19 risk factor national trend of higher loan delinquencies and charge offs. Higher ACL reserves were also impacted by an $86,109 increase in 2020 due to the negative economic outlook of the pandemic. Based on positive asset quality trends and lower net charge offs, management released $645 of the reserve related to the COVID-19 risk factor collectively evaluated loan balances during the first quarter of 2022, resulting in a corresponding decrease in both provision expense and general allocations of the allowance for loan loss. Excluding the impact 2023, primarily from the COVID-19 risk factor, the Company experienced a $559 decrease in general allocations of the allowance for loan losses. A lower historical loan loss factor and lower classified assets were the key factors to the year-to-date drop in general allocations. The historical loan loss factor decreased from 0.18% at year-end 2021 to 0.17% at year-end 2022, while the classified risk factor decreased as a result of various commercial loan upgrades from improvements in the financial performance of certain borrowers' ability to repay their loans. During the second and third quarters of 2022, the Company experienced payoffs on two commercial loan relationships that had $8,019 in loans and committed balances, which reduced classified assets and released general reserves during 2022. Furthermore, the Company upgraded a single commercial loan relationship during the first quarter of 2022 totaling $2,232 from a classified to a criticized loan status, which also contributed to the release of general reserves during 2022. This contributed to lower classified assets from year-end 2021, particularly within the commercial real estate and commercial consumer loan segments. These factors were partially offset by lower expected loss rates in relation to an improved unemployment and industrial segments. Additionally, the Company's gross domestic product forecast.

The Company experienced lower delinquency levels decreased from year-end 2021, with nonperforming 2022. Nonperforming loans to total loans of decreased to 0.26% at December 31, 2023, compared to 0.43% at December 31, 2022 compared to 0.56% at December 31, 2021, and lower nonperforming assets to total assets of decreased to 0.19% at December 31, 2023, compared to 0.31% at December 31, 2022 compared to 0.37% at year-end 2021.
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Specific allocations of During 2023, the allowance Company individually evaluated several loans associated with three borrower relationships for loan losses identify loan impairment by measuring expected credit loss. The fair value of the underlying loans' collateral was measured to the loans' recorded investment and the present value no expected losses were identified as part of estimated future cash flows. At year-end 2022, the Company identified that review. As a result, there were no impairment on loans being specifically evaluated, as compared to $10 in impairment at year-end 2021. The change in specific reserves was related to the payoff on one commercial borrower recorded during the third quarter of 2022 that led to the release of specific reserves. year ended December 31, 2023.

At December 31, 2022, the ratio of the allowance for loan losses decreased to 0.60%, compared to 0.78% at December 31, 2021. Management believes that the allowance for loan losses ACL at December 31, 2022 December 31, 2023, was adequate and reflected probable incurred appropriate to absorb expected losses in the loan portfolio. There can be no assurance, however, that adjustments to the allowance for loan losses will not be required in the future. Changes in the circumstances of particular borrowers, as well as adverse developments in the economy, are factors that could change, and management will make adjustments to the allowance for loan losses ACL as needed. Asset quality will continue to remain a key focus of the Company as management continues to stress not just loan growth, but also quality in loan underwriting. Future provisions to the allowance for loan losses will continue to be based on management's quarterly in-depth evaluation that is discussed in further detail below under the caption "Critical Accounting Policies - Allowance for Loan Losses" within this Management's Discussion and Analysis.

ASU No. 2016-13, "Financial Instruments-Credit Losses" is required to be adopted by smaller reporting companies by the fiscal year and interim periods beginning after December 15, 2022. The Company meets the requirements to be considered a smaller reporting company under SEC Regulation S-K and SEC Rule 405, and will adopt ASU 2016-13 effective January 1, 2023. ASU 2016-13 requires entities to replace the current "incurred loss" model with an "expected loss" model, which is referred to as the current expected credit loss ("CECL") model. To implement the new standard, the Company established a cross-discipline governance structure, which included a dedicated working group and a CECL Committee consisting of members from different functions including Finance, Credit, Lending and Executive, who provided implementation oversight and reviewed policy elections, key assumptions, processes, and model results. The working group is responsible for the implementation process that includes developing the loan segmentation, data sourcing and validation, loss driver inputs, qualitative factors, parallel model runs, scenario testing and back testing.

The Company used a third-party vendor to assist in the implementation process of its new model to calculate credit losses over the estimated life of the applicable financial assets. The Company elected to use the discounted cash flow ("DCF") methodology for the quantitative analysis for the majority of its loan segments. Management's estimate of the allowance balance is using relevant and reliable available information, from internal and external sources, relating to past events, current condition, and reasonable and supportable forecasts of economic conditions. Forecast of economic conditions are based on forecasted unemployment and gross domestic product. Model assumptions include developing historical loss rates, prepayment rates and curtailment rates. In defining these model assumptions, the use of regional and national peer data was utilized. The development and validation of credit models also included determining the length of the reasonable and supportable forecast and regression period. The Company does not expect to record an allowance for credit losses for its available for sale securities at the date of adoption because it has not identified credit losses in that portfolio. However, a nominal allowance for credit losses will be established for held to maturity securities based on national historical loss rates for respective credit ratings for municipal securities as calculated by the major credit rating agencies.

The Company has completed parallel model runs, and continues to test and refine the credit loss models in parallel with the existing incurred loss approach. In addition, the Company is in process of finalizing the review of the most recent model run and certain assumptions, completing policies, procedures and control enhancements, and including model validation by another third-party vendor. The status of the Company's implementation has been periodically presented to the CECL Committee. The Company expects to recognize a one-time cumulative-effect adjustment to the allowance for credit losses as of the January 1, 2023 date of adoption of the new standard, which is estimated to be between $1.7 million and $2.5 million. The Company does not expect to record a material amount for off balance sheet commitments. The Company will be electing the three-year phase in option of the day-one impact of this standard to regulatory capital.

DEPOSITS

Deposits are used as part of the Company's liquidity management strategy to meet obligations for depositor withdrawals, to fund the borrowing needs of loan customers, and to fund ongoing operations. Deposits, both interest- and noninterest-bearing, continue to be the most significant source of funds used by the Company to support earning assets. Deposits are attractive sources of funding because of their stability and general low cost as compared to other funding sources. The Company seeks to maintain a proper balance of core deposit relationships on hand while also utilizing various wholesale deposit sources, such as brokered and internet CD balances, as an alternative funding source to manage efficiently the net interest margin. Deposits are influenced by changes in interest rates, economic conditions, and competition from other banks.

Total deposits consist mostly of "core" deposits, which include noninterest-bearing deposits, as well as interest-bearing demand, savings, and money market deposits. The Bank focuses on core deposit relationships with consumers from local markets who can maintain multiple accounts and services at the Bank. The Company believes such core deposits are more stable and less sensitive to changing interest rates and other economic factors. Total deposits decreased $32,253, increased $99,481, or 3.0% 9.7%, from year-end 2021 2022 to $1,027,655 $1,127,136 at December 31, 2022 December 31, 2023. The decrease increase was largely related to lower higher interest-bearing deposit balances, which were down $33,088, up $131,672, or 4.7% 19.6%, from year-end 2021. 2022.

The decrease increase in interest-bearing deposits came primarily from lower time deposits, which include CDs and individual retirement accounts. Total time deposits decreased $37,363, increased $227,204, or 19.7% 149.6%, from year-end 2021. 2022. This decrease increase came largely from the Company's retail time deposits, which decreased $22,465, increased $156,876, or 13.4% 108.4%, from year-end 2021 2022 largely due to the consumer shift to savings products. elevated market rate environment. While the the FRB increased short-term rates by 425 basis points due to inflationary concerns, during 2022, there was a lagging effect to the repricings of CD rate offerings which contributed during that time. This was primarily due to a heightened liquidity position that allowed for limited effects to deposit repricing during most of 2022. As deposit competition increased later in 2022 and into 2023, prices on the decrease in Company's retail CDs adjusted upward and influenced a consumer demand for CDs during 2022. Futher decreasing shift away from lower-cost savings and money market products and into a greater number of higher-cost time deposit products, such as CDs. Further increasing time deposit balances were lower increases in wholesale time deposits. While the Company's Company's preference is to fund earning asset demand with retail core deposits, wholesale deposits are utilized to help satisfy earning asset growth. Due to the heightened liquidity position from year-end 2021, successful consumer demand for loans during 2023, brokered and internet CD issuances decreased $14,898, or 67.3%. increased from $7,220 at year-end 2022 to $77,548 at year-end 2023. The Company will continue to evaluate its use of wholesale deposits to manage the Company's liquidity position and interest rate risk associated with longer-term, fixed-rate asset loan demand.

Decreases Increases in interest-bearing time deposit balances were partially offset by a $7,713, $39,336, or 5.3% 18.8%, increase decrease in the Company's other savings accounts. Growth in these balances came primarily from higher statement savings account balances impacted by the lagging effect to deposit repricings that produced maturity runoff of CDs during 2022. NOW account balances were also up $4,396, or 2.1%, from year-end 2021, 2022, largely driven by higher lower municipal NOW product balances within the Gallia County, Ohio, and Mason County, West Virginia, market areas. These increases to interest-bearing deposits were partially offset by Other decreases came from lower money market savings account balances, which were down $7,833, decreased $30,638, or 4.8% 19.9%, from year-end 2021. 2022. Declines in these balances came primarily from lower statement savings account balances impacted by a consumer demand for time deposits. The Company also experienced a $25,558, or 16.3%, decrease in its money market accounts from year-end 2022. In response to the elevated rate environment, the Company introduced a new tiered money market product in January 2023 (Money Fund) that offered higher rates on tiered deposit balances. While this new deposit product increased $80,828 during 2023, this was completely offset by a $106,386 decrease in the remaining money market products that did not reprice to higher rates. In general, the elevated rates on CD products and deposit rate on the Company's Prime Investment money market account had been reduced during 2021 in response to decreasing market rates in 2020, and the rate remained flat in 2022 during the rise in market rates. This competition contributed to a consumer shift away from NOW, savings and money market deposits into more savings and noninterest-bearing deposit accounts.

Composition of Total Deposits

at December 31, 2023	at December 31, 2022	at December 31, 2021
graphic	graphic	

Total deposits during 2022 benefited from higher The Company also experienced declines in its noninterest-bearing balances, which increased $835, decreased $32,191, or 0.2% 9.1%, from year-end 2021. 2022. The increase decrease was primarily the result of deposit competition and consumer demand for CDs and came mostly from the Company's business and incentive-based checking account balances.

The Company expects to continue to experience increased competition for deposits in its market areas, which could challenge its net growth. The Company will continue to emphasize growth and retention within its core deposit relationships during 2023, 2024, reflecting the Company's efforts to reduce its reliance on higher cost funding and improving net interest income.

OTHER BORROWED FUNDS

The Company also accesses other funding sources, including short-term and long-term borrowings, to fund potential asset growth and satisfy short-term liquidity needs. Other borrowed funds consist primarily of FHLB advances and promissory notes. During 2022, 2023, other borrowed funds were down $1,669, or 8.5%, increased from $17,945 at year-end 2021. 2022 to $44,593, an increase of $26,648. The decrease increase was primarily related primarily to a $10,000 FHLB fixed-rate advance from the principal repayments applied to various FHLB advances during the first second quarter of 2022. 2023 and $20,000 in FHLB fixed-rate advances from the third quarter of 2023 that were used to help fund earning asset growth. While deposits continue to be the primary source of funding for growth in earning assets, management will continue to utilize FHLB advances and promissory notes to help manage interest rate sensitivity and liquidity.

SUBORDINATED DEBENTURES

The Company received proceeds from the issuance of one trust preferred security on March 22, 2007, totaling $8,500 at a fixed rate of 6.58%. The trust preferred security is now at an adjustable rate equal to the 3-month LIBOR CME Term SOFR index plus a spread adjustment of 0.26% and a margin of 1.68%. The Company does not report the securities issued by the trust as a liability, but instead, reports as a liability the subordinated debenture issued by the Company and held by the trust.

OFF-BALANCE SHEET ARRANGEMENTS

As discussed in Notes I and L to the financial statements at December 31, 2022 December 31, 2023 and 2021, 2022, the Company engages in certain off-balance sheet credit-related activities, including commitments to extend credit and standby letters of credit, which could require the Company to make cash payments in the event that specified future events occur. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Standby letters of credit are conditional commitments to guarantee the performance of a customer to a third party. While these commitments are necessary to meet the financing needs of the Company's customers, many of these commitments are expected to expire without being drawn upon. Therefore, the total amount of commitments does not necessarily represent future cash requirements. Management does not anticipate that the Company's current off-balance sheet activities will have a material impact on the results of operations or financial condition. The Bank estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit. At December 31, 2023, the estimated ACL related to off-balance sheet commitments was $692, which included $61 in provision expense during the year ended December 31, 2023. The Bank uses the same credit policies in making commitments and conditional obligations as it does for instruments recorded on the balance sheet.

CAPITAL RESOURCES

Federal regulators have classified and defined capital into the following components: (i) Tier 1 capital, which includes tangible shareholders' equity for common stock, qualifying preferred stock and certain qualifying hybrid instruments, and (ii) Tier 2 capital, which includes a portion of the allowance for loan losses, certain qualifying long-term debt, preferred stock and hybrid instruments which do not qualify as Tier 1 capital.

In September 2019, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, the federal banking agencies issued a final rule providing simplified capital requirements for certain community banking organizations (banks and holding companies). Under the rule, a qualifying community banking organization ("QCBO") is eligible to opt into the Community Bank Leverage Ratio ("CBLR") framework in lieu of the Basel III capital requirements if it has less than $10 billion in total consolidated assets, limited amounts of certain trading assets and liabilities, limited amounts of off-balance sheet exposure and a leverage ratio greater than 9.0%. The new rule took effect January 1, 2020, and QCBOs were allowed to opt into the new CBLR framework in their Call Report beginning the first quarter of 2020.

A QCBO opting into the CBLR framework must maintain a CBLR of 9.0%, subject to a two quarter grace period to come back into compliance, provided that the QCBO maintains a leverage ratio of more than 8.0% during the grace period. A QCBO failing to satisfy these requirements must comply with the existing Basel III capital requirements as implemented by the banking regulators in July 2013.

The Bank opted into the CBLR, and therefore, is not required to comply with the Basel III capital requirements. The numerator of the CBLR is Tier 1 capital, as calculated under present rules. The denominator of the CBLR is the QCBO's average assets, calculated in accordance with the QCBO's Call Report instructions and less assets deducted from Tier 1 capital.

The current rules and Call Report instructions were impacted by the Company's adoption of ASC 326 and its election to apply the 3-year CECL transition provision on January 1, 2023. By making this election, the Bank, opted into in accordance with Section 301 of the regulatory capital rules, will increase it retained earnings (Tier 1 Capital) and average assets by 75% of its CECL transition amount during the first year of the transition period, 50% of its CECL transition amount during the second year, and 25% of its CECL transitional amount during the third year of the transition period. The Bank's transition amount from the adoption of CECL totaled $2,276, which resulted in the add-back of $1,707 to both Tier 1 capital and average assets as part of the CBLR and will, therefore, not be required to comply with the Basel III capital requirements. calculation for December 31, 2023. As of December 31, 2022 December 31, 2023, the Bank's CBLR was 11.0% 10.8%.

Pursuant to the CARES Act, the federal banking regulators in April 2020 issued interim final rules to set the CBLR at 8% beginning in the second quarter of 2020 through the end of 2020. Beginning in 2021, the CBLR increased to 8.5% for the calendar year. Community banks had until January 1, 2022 before the CBLR requirement returned to 9%.

As detailed in Note P to the financial statements at December 31, 2022 December 31, 2023, the Bank was deemed to be "well capitalized" under applicable prompt corrective action regulations. The Company's Company's total shareholders' shareholders' equity at December 31, 2022 December 31, 2023 of $135,028 decreased $6,328, $144,007 increased $8,979, or 4.5% 6.7%, as compared to $141,356 $135,028 at December 31, 2021 December 31, 2022. Capital grew during 2022 2023 primarily from year-to-date net income of $13,338, $12,631, less dividends paid of $4,720. $4,871. This net growth was more than offset further impacted by a $15,521 $3,385 after-tax decrease increase in net unrealized gains on available for sale AFS securities from year-end 2021, 2022, as long-term reinvestment rates increased decreased during most the fourth quarter of 2022 2023 causing a decrease an increase in the fair value of the Company's available for sale s ale investment portfolio. Partially offsetting these growth factors was a transition adjustment related to the adoption of ASC 326. The after-tax impact from the adoption of ASC 326 totaled $2,209 and was applied against retained earnings effective January 1, 2023.

LIQUIDITY

Liquidity relates to the Company's Company's ability to meet the cash demands and credit needs of its customers and is provided by the ability to readily convert assets to cash and raise funds in the marketplace. The Company manages funding and liquidity based on point-in-time metrics as well as forward-looking projections, which incorporate different sources and uses of funds under base and stress scenarios. Liquidity risk is monitored and managed by the Asset Liability Committee using a series of policy limits and key risk indicators are established to ensure risks are managed within the Company's risk tolerance. The Company maintains a contingency funding plan that provides for liquidity stress testing, which assesses the liquidity needs under varying market place. conditions, time horizons and other events. The stress testing provides for ongoing monitoring of unused borrowing capacity and available sources of contingent liquidity to prepare for unexpected liquidity needs and to cover unanticipated events that could affect liquidity.

Total cash and cash equivalents, held to maturity HTM securities maturing within one year, and available for sale AFS securities, which totaled $290,781, represented 21.5% of total assets at December 31, 2023 compared to $230,853 represented and 19.1% of total assets at December 31, 2022 compared. This growth in liquid funds came primarily from increases in deposits, as well as increases in borrowings and net proceeds from maturities and paydowns of securities. A large portion of these dollars were used to $329,264 and 26.3% fund the 9.8% growth in loans. Increases in deposits were largely impacted by growth in time deposits, which increased 149.6% from year-end 2022.

In addition to the on-balance sheet liquidity discussed above, the Bank has established multiple sources of total assets at December 31, 2021. The COVID-19 pandemic had a significant impact on higher levels of excess funds during 2021 and 2022, which included customer deposits of stimulus monies from various government relief programs. To funding to further enhance the Bank's ability to meet liquidity demands, demands. The Bank has pledged collateral to the FHLB offers advances and the FRB to the Bank. establish committed borrowing lines. At December 31, 2022 December 31, 2023, the Bank could borrow an additional $92,254 $88,183 from the FHLB. Furthermore, FHLB and the borrowing line with the FRB had availability of $62,371. For each of these sources, the Bank has established a an internal limit of 85% of our borrowing line with capacity. In addition to the Federal Reserve. At December 31, 2022, this line had total availability of $56,332. Lastly, committed borrowing lines, the Bank also has access to several wholesale funding sources, such as, brokered CDs, a $20 million federal funds purchase limit with a correspondent bank, and the ability to purchase federal bid on available funds from select deposit placement services. The Bank has established limits for each respective funding source and a correspondent bank. collective limit on all wholesale funding sources. During 2023, the Bank mostly utilized brokered CDs and the FHLB to assist with funding loan growth. The Bank's internal limit on brokered CDs is 10% of total assets. At December 31, 2023, the amount of brokered CDs outstanding was 4.86% of total assets, as compared to .33% at December 31, 2022. At December 31, 2023, the Bank had utilized 51.74% of our FHLB capacity, an increase from 49.58% at December 31, 2022. The collective internal limit on all wholesale funding sources is 40% of total assets. At December 31, 2023, the Bank's total wholesale funding sources represented 14.02% of total assets. Based on the collective internal wholesale funding limit, the Bank had the capacity to borrow an additional $347 million in wholesale funds and the available funding from the respective wholesale funding sources exceeded this amount, which provides the flexibility to utilize one source more than another due to pricing or availability.

As part of performing liquidity stress tests, the Bank monitors and evaluates the exposure to uninsured deposits. Of the Company's $1,127,136 in total deposit balances at December 31, 2023, only 32.5%, or $366,649, were deemed uninsured as per the $250 FDIC threshold. A portion of these deposits would be related to public entities, which require the Bank to pledge securities or FHLB letters of credit to cover the amount of the deposit balance that is deemed uninsured. To the extent these deposits left the Bank, the level of unpledged securities and the borrowing capacity at the FHLB would increase or could be utilized to fund the deposit outflow. The sum of current on-balance sheet liquidity and available wholesale funding sources exceeded the balance of uninsured deposits at December 31, 2023. Included in on-balance sheet liquidity are AFS securities in an unrealized loss position. Although management does not intend to sell the securities before the recovery of its cost basis, they are a contingent resource from a liquidity perspective.

KEY RATIOS
Table VIII

	2023	2022	2021	2020	2019

Return on average assets	.99 %	1.06 %	.95 %	.94 %	.96 %
Return on average equity	9.24 %	9.86 %	8.45 %	7.83 %	8.10 %
Dividend payout ratio	38.56 %	35.39 %	34.25 %	39.20 %	40.37 %
Average equity to average assets	10.72 %	10.78 %	11.25 %	11.95 %	11.82 %

As our liquidity position dictates, the preceding funding sources may be utilized to supplement our liquidity position. If the utilization of wholesale funding increases to fund asset growth or for liquidity management purposes, the net interest margin may be negatively impacted due to the higher relative cost of these sources as compared to core deposits. For further cash flow information, see the condensed consolidated statement of cash flows above. flows. Management does not rely on any single source of liquidity and monitors the level of liquidity based on many factors affecting the Company's financial condition.

INFLATION

Consolidated financial data included herein has been prepared in accordance with US GAAP. Presently, US GAAP requires the Company to measure financial position and operating results in terms of historical dollars with the exception of securities available for sale, AFS, which are carried at fair value. Changes in the relative value of money due to inflation or deflation are generally not considered.

In management's management's opinion, changes in interest rates affect the financial institution to a far greater degree than changes in the inflation rate. While interest rates are greatly influenced by changes in the inflation rate, they do not change at the same rate or in the same manner as the inflation rate. Rather, interest rate volatility is based on changes in the expected rate of inflation, as well as monetary and fiscal policies. A financial institution's institution's ability to be relatively unaffected by changes in interest rates is a good indicator of its capability to perform in today's today's volatile economic environment. The Company seeks to insulate itself from interest rate volatility by ensuring that rate sensitive assets and rate sensitive liabilities respond to changes in interest rates in a similar time frame and to a similar degree.

CRITICAL ACCOUNTING POLICIES

The most Company believes the determination of the ACL involves a higher degree of judgment and complexity than its other significant accounting policies followed by the Company are presented in Note A to the consolidated financial statements. These policies, along policies. The ACL is calculated with the disclosures presented in the other financial statement notes, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Management views critical accounting policies objective of maintaining a reserve level believed by management to be those that are highly dependent on subjective sufficient to absorb estimated credit losses over the life of an asset or complex judgments, estimates, and assumptions, and where changes in those estimates and assumptions could have a significant impact on the financial statements. Management currently views off-balance sheet credit exposure. Management's determination of the adequacy of the allowance for loan losses and goodwill to be critical accounting policies.

Allowance for Loan Losses:

The allowance for loan losses ACL is a valuation allowance for probable incurred based on periodic evaluations of past events, including historical credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the nature and volume collectability of the portfolio, information about specific borrower situations remaining cash flows over the contractual term of the financial assets. However, this evaluation has subjective components requiring material estimates, including expected default probabilities, the expected loss given default, the amounts and timing of expected future cash flows on impaired loans, and estimated collateral values, losses based on historical loss experience and forecasted economic conditions, and other factors. Allocations conditions. All of the allowance these factors may be made susceptible to significant change. To the extent that actual results differ from management estimates, additional provisions for specific loans, but the entire allowance is available credit losses may be required that would adversely impact earnings in future periods. Refer to "Allowance for any loan that, in management's judgment, should be charged off.

The allowance consists of specific Credit Losses" and general components. The specific component relates to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans generally consist of loans with balances of $200 or more on nonaccrual status or nonperforming in nature. Loans "Provision for which the terms have been modified, and Credit Losses" sections within this MD&A for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length and reasons for the delay, the borrower's prior payment record, and the amount of shortfall in relation to the principal and interest owed.

additional discussion.

Commercial and commercial real estate loans are individually evaluated for impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Smaller balance homogeneous loans, such as consumer and most residential real estate, are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosure. Troubled debt restructurings are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Company determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component covers non-impaired loans and impaired loans that are not individually reviewed for impairment and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent 3 years for the consumer and real estate portfolio segment and 5 years for the commercial portfolio segment. The total loan portfolio's actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. During the second quarter of 2022, the Company established a new economic risk factor for certain risks that may impact the loan portfolio, such as elevated inflation, increasing interest rates, slowing housing starts, declining GDP, and negative employment trends. The following portfolio segments have been identified: Commercial Real Estate, Commercial and Industrial, Residential Real Estate, and Consumer.

Commercial and industrial loans consist of borrowings for commercial purposes to individuals, corporations, partnerships, sole proprietorships, and other business enterprises. Commercial and industrial loans are generally secured by business assets such as equipment, accounts receivable, inventory, or any other asset excluding real estate and generally made to finance capital expenditures or operations. The Company's risk exposure is related to deterioration in the value of collateral securing the loan should foreclosure become necessary. Generally, business assets used or produced in operations do not maintain their value upon foreclosure, which may require the Company to write-down the value significantly to sell.

Commercial real estate consists of nonfarm, nonresidential loans secured by owner-occupied and nonowner-occupied commercial real estate as well as commercial construction loans. An owner-occupied loan relates to a borrower purchased building or space for which the repayment of principal is dependent upon cash flows from the ongoing business operations conducted by the party, or an affiliate of the party, who owns the property. Owner-occupied loans that are dependent on cash flows from operations can be adversely affected by current market conditions for their product or service. A nonowner-occupied loan is a property loan for which the repayment of principal is dependent upon rental income associated with the property or the subsequent sale of the property. Nonowner-occupied loans that are dependent upon rental income are primarily impacted by local economic conditions which dictate occupancy rates and the amount of rent charged. Commercial construction loans consist of borrowings to purchase and develop raw land into one-to-four family residential properties. Construction loans are extended to individuals as well as corporations for the construction of an individual or multiple properties and are secured by raw land and the subsequent improvements. Repayment of the loans to real estate developers is dependent upon the sale of properties to third parties in a timely fashion upon completion. Should there be delays in construction or a downturn in the market for those properties, there may be significant erosion in value which may be absorbed by the Company.

KEY RATIOS
Table VII

	2022	2021	2020	2019	2018
Return on average assets	1.06 %	.95 %	.94 %	.96 %	1.12 %
Return on average equity	9.86 %	8.45 %	7.83 %	8.10 %	10.63 %
Dividend payout ratio	35.39 %	34.25 %	39.20 %	40.37 %	33.20 %
Average equity to average assets	10.78 %	11.25 %	11.95 %	11.82 %	10.57 %

Residential real estate loans consist of loans to individuals for the purchase of one-to-four family primary residences with repayment primarily through wage or other income sources of the individual borrower. The Company's loss exposure to these loans is dependent on local market conditions for residential properties as loan amounts are determined, in part, by the fair value of the property at origination.

Consumer loans are comprised of loans to individuals secured by automobiles, open-end home equity loans and other loans to individuals for household, family, and other personal expenditures, both secured and unsecured. These loans typically have maturities of 6 years or less with repayment dependent on individual wages and income. The risk of loss on consumer loans is elevated as the collateral securing these loans, if any, rapidly depreciate in value or may be worthless and/or difficult to locate if repossession is necessary. During the last several years, one of the most significant portions of the Company's net loan charge-offs have been from consumer loans. Nevertheless, the Company has allocated the highest percentage of its allowance for loan losses as a percentage of loans to the other identified loan portfolio segments due to the larger dollar balances associated with such portfolios.

CONCENTRATIONS OF CREDIT RISK

The Company maintains a diversified credit portfolio, with residential real estate loans currently comprising the most significant portion. Credit risk is primarily subject to loans made to businesses and individuals in southeastern Ohio and western West Virginia. Management believes this risk to be general in nature, as there are no material concentrations of loans to any industry or consumer group. To the extent possible, the Company diversifies its loan portfolio to limit credit risk by avoiding industry concentrations.

graphic

Exhibit 19

Insider Trading Policy

GENERAL INFORMATION

The securities laws and regulations enforced and promulgated by the Securities and Exchange Commission (the "SEC"), which are applicable to the common shares of Ohio Valley Banc Corp. (the "Company"), seek to ensure that all buyers and sellers of securities have the same amount of information regarding such securities by establishing strict anti-fraud standards, including the prohibition of "insider trading." "Insider trading" is the term used to refer to trading (buying or selling) securities while in possession of "material" information that is not available to the general public. Because the principal business of the Company is owning the stock of The Ohio Valley Bank Company (the "Bank") and its other subsidiaries, the market price of the common shares of the Company ("Company Stock") is significantly dependent upon the operations and affairs of its subsidiaries. As a result, the market price of Company Stock is affected not only by the existence of willing buyers and sellers, but also by the nature and extent of information available about the Company and its subsidiaries. Due to the relationship between the Company and its subsidiaries, the directors, officers and employees of the subsidiaries may have (or may be deemed to have) material non-public information about the Company.

POLICY STATEMENTS

Persons Subject to the Policy

This Policy applies to all officers of the Company and its subsidiaries, all members of the Company's Board of Directors, and all employees of the Company and its subsidiaries. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material non-public information.

This Policy also applies to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company Stock are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Stock (collectively referred to as "Family Members"). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Company Stock, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. This Policy does not, however, apply to personal securities transactions of Family Members where the purchase of sale decision is made by a third party not controlled by, influenced by, or related to you or your Family Members.

In addition, this Policy applies to any entities that you influence or control, including any corporations, partnerships, or trusts (collectively referred to as "Controlled Entities"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

Individual Responsibility

Persons subject to this policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Stock while in possession of material non-public information. Persons subject to this Policy must not engage in illegal trading and must avoid the appearance of improper trading. Each individual is responsible for making sure that he or she complies with this Policy, and that any Family Member or Controlled Entities also comply with this Policy. In all cases, the responsibility for determining whether an individual is in possession of material non-public information rests with that individual, and any action on the part of the Company or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading "Consequences of Violations."

Material Information Defined

Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect a company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- Projections of future earnings or losses, or other earnings guidance;
- Changes to previously announced earnings guidance, or the decision to suspend earnings guidance;

- A pending or proposed merger, acquisition, joint venture, or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- Significant related party transactions;
- A change in dividend policy, the declaration of a stock split, or an offering of additional securities;
- Bank borrowings or other financing transactions out of the ordinary course;
- The establishment of a repurchase program for Company Stock;
- A change in management;
- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- Pending or threatened significant litigation, or the resolution of such litigation;
- Impending bankruptcy or the existence of severe liquidity problems;
- A cybersecurity incident, including, but not limited to, a breach of our information systems; a discovered vulnerability of our information systems; an accidental release of confidential information; a disruption of our system due to malware, ransomware or a distributed denial-of-service attack; or a cyber-incident suffered by a third party that affects the Company; or
- The imposition of an event-specific restriction on trading in Company Stock or the securities of another company.

Even after initial public disclosure of material information, further developments may give rise to additional non-public material information requiring you to refrain from activities in Company Stock. If in doubt about whether information of which you are aware is material or whether all material information of which you are aware has been made public, you should ask Larry Miller or Tom Shepherd.

When Information is Considered Public

Information that has not been disclosed to the public is generally considered to be non-public information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it has been disclosed through the Dow Jones "broad tape," newswire services, a broadcast on widely-available radio or television programs, publication in a widely-available newspaper, magazine or news website, or public disclosure documents filed with the SEC that are available on the SEC's website. By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until **after** the second business day after the day on which the information is released. If, for example, the Company were to make an announcement on a Monday, you should not trade in Company Stock until Thursday. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material non-public information.

You May Not Act on Material Non-Public Information

If a director, an officer or an employee of the Company or any of its subsidiaries has material non-public information pertaining to the Company or any of its subsidiaries, that person is prohibited from buying, selling or pledging Company Stock or engaging in any other transaction or action to take advantage of that information, including activities described herein with respect to the dividend reinvestment plan.

While in possession of material non-public information, no director, officer or employee of the Company or any of its subsidiaries may pass that information on to any other person.

Whether the information is proprietary information about the Company or a subsidiary or other non-public information that could have an impact on the price of Company Stock, employees, officers and directors must not pass the information on to others. **Please remember that information received in your capacity as a director, officer or employee of the Company or a subsidiary is confidential**. Penalties for "tipping" information apply whether or not you derive any benefit from another's actions.

You should not discuss non-public Company information with the press, analysts or other persons outside the Company and the Bank. Public announcements or other public disclosure of Company or subsidiary information may only be made by persons specifically authorized by the Company to make such announcements or disclosures. If you receive inquiries by any third party about Company information, you should notify the Senior Vice President of Corporate Communications.

Your participation in social media or other on-line dialogues or discussions involving the Company, its subsidiaries, the business of the Company or its subsidiaries, or Company Stock should be conducted in accordance with the Bank's Social Media Policy and Guidelines, as amended from time to time, or unless you are the Chairman, CEO, President, or Senior Vice President of Corporate Communications of the Company or the Bank or are permitted by one of such individuals to make a specific communication in such manner. The Social Media Policy and Guidelines shall be deemed to cover information disclosed or statements made about the Company as well as the Bank.

Transactions Subject to the Policy

This Policy applies to transactions in the Company's securities, including Company Stock, options to purchase Company Stock, or any other type of securities that the Company may issue. The restriction on insider trading is not limited to trading in Company Stock. It also includes trading in the securities of other firms, such as those with which the Company may be negotiating a significant transaction, with respect to which a person may have knowledge.

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. It therefore is the Company's policy that any persons covered by this Policy may not engage in any of the following transactions, or should otherwise consider the Company's preferences as described below:

- Ohio Valley Banc Corp.
Email: investorrelations@ovbc.comShort-Term Trading. Short-term trading of Company Stock may be distracting to the person and may unduly focus the person on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any director, officer, or other employee of the Company who purchases Company Stock in the open market may not sell any Company Stock of the same class during the six months following the purchase (or vice versa). This prohibition applies only to purchases in the open market, and does not apply to stock option exercises or other employee benefit plan transactions.

Web: www.ovbc.com/shareholder

- Short Sales. Short sales of Company Stock (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, short sales of Company Stock are prohibited. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "Hedging Transactions.")

Phone: 800-468-6682

- Publicly-Traded Options. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a director, officer, or employee is trading based on material non-public information and focus a director's, officer's, or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

HQ: 420 Third Avenue, Gallipolis, OH 45631

- Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit a director, officer or employee to continue to own Company Stock obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer, or employee may no longer have the same objectives as the Company's other shareholders. Therefore, the Company strongly discourages you from engaging in such transactions. The Company requires that any such transaction be reviewed by Larry Miller or Tom Shepherd prior to the time you enter into it. Such officer will assess the proposed transaction and, in light of the facts and circumstances, make a determination as to whether the proposed transaction may be completed or would violate this Policy.

Traded

- Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in Company Stock, directors, officers, and other employees are, except as otherwise noted herein, prohibited from holding Company Stock in a margin account or otherwise pledging Company Stock as collateral for a loan. (Pledges of Company Stock arising from certain types of hedging transactions are governed by the paragraph above captioned "Hedging Transactions.") If you wish to pursue any such transaction, the Company requires that the transaction be approved by Larry Miller or Tom Shepherd prior to the time you enter into it. Such officer will assess the proposed transaction and, in light of the facts and circumstances, make a determination as to whether the proposed transaction may be completed or would violate this Policy.

- Standing and Limit Orders. Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result, the broker could execute a transaction when a director, officer, or other employee is in possession of material non-public information. The NASDAQ Global Market

  Symbol: OVBC

  Company therefore discourages placing standing or limit orders on Company Stock. If a person subject to this Policy determines that they must use a standing order or limit order, the order should be limited to short duration and should be approved by Larry Miller or Tom Shepherd prior to the time you enter into it.

The restrictions of this Policy **do not** apply to the following transactions, except as specifically noted:

- Stock Option Exercises. This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

- Restricted Stock Awards. This Policy does not apply to the vesting of restricted stock, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The Policy does apply, however, to any market sale of restricted stock.

- Dividend Reinvestment Plan. This Policy does not apply to purchases of Company Stock under the Company's dividend reinvestment plan resulting from your reinvestment of dividends paid on Company Stock. This Policy does apply, however, to voluntary purchases of Company Stock resulting from additional contributions you choose to make to the dividend reinvestment plan, and to your election to participate in the plan or increase your level of participation in the plan. This Policy also applies to your sale of any Company Stock purchased pursuant to the plan.

Additional Trading Restrictions for Directors, Executive Officers, and Other Designated Employees

Directors, executive officers and certain employees of the Company and its subsidiaries who regularly have access to, or general material non-public information, are subject to **additional restrictions** on trading in Company Stock. Claims of insider trading are investigated with twenty-twenty hindsight, and even the appearance of impropriety can damage both the executive and the Company. These additional trading restrictions represent an effort to guard against even the appearance of impropriety and to protect the individuals who are subject to the additional restrictions. Therefore, in addition to the broad prohibitions on insider trading that apply to all Company and subsidiary personnel, the following additional trading restrictions will apply to you:

- Closed Window. Except as otherwise provided herein, neither you or any Family Member, nor any Controlled Entity, may buy, sell or pledge Company Stock or engage in any other transaction involving Company Stock for a period beginning after the close of business on the 15th day prior to the end of each fiscal quarter and ending the third business day following the public release by the Company of the prior quarter's or prior year's financial results.

- Pre-Clearance. All transactions involving Company Stock (including pledging, option, hedging and margin account transactions) by you, any Family Member, or any Controlled Entity must be pre-cleared by Larry Miller or Tom Shepherd. You must also pre-clear gifts of Company Stock. If a transaction is contemplated, please contact one of such people in advance. Prior clearance is required for all purchases, sales and inclusion of Company Stock in a margin account. Each proposed transaction will be evaluated to determine if it raises insider trading concerns or other concerns under the federal or state securities or banking laws and regulations or compliance with the Company's Code of Ethics. Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment aspects of any transaction. Clearance of a transaction is valid only for a 48-hour period. If the transaction does not occur within that 48-hour period, clearance of the transaction must be re-requested. If clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance.

The limited exceptions to the Policy for certain stock benefit plan transactions and transactions involving "blind trusts" or Rule 10b5-1(c) plans may also apply to the additional trading restrictions set forth above.

You Must Honor Black-Out Periods

If a director, officer or employee is informed that the Company has implemented a special black-out period, such individual may not trade during that black-out period and may not disclose that trading has been suspended to anyone, including other Company or subsidiary employees (who may themselves not be subject to the black-out).

Directors, Exec Officers and Certain Other Employees Must Follow Supplemental Trading Restrictions

To avoid even the appearance of impropriety, additional restrictions on trading Company Stock apply to (i) all directors of the Company and the Bank, (ii) all executive officers of the Company, and (iii) certain other officers and employees who regularly have access to, or generate, material non-public information relating to the Company or its subsidiaries and who have been notified by management that they are subject to such restrictions. The additional restrictions are set forth in the Supplemental Information section of the policy. Each such director, executive officer or other designated officer or employee should carefully review this information.

This Policy Continues after Termination of Affiliation with the Company

This Policy continues to apply to your transactions even after you have ceased to be an employee or director. If you are in possession of material non-public information when your affiliation with the Company terminates, you may not trade in Company Stock (or the securities of any other company about which you obtained material non-public information due to your affiliation with the Company) until that information has become public or is no longer material.

The Board Must Approve Sales of Company Stock to the Company

Sales of Company Stock by a director, officer or employee to the Company must be approved in advance by the Board of Directors of the Company. In addition, such transactions may be subject to approval by the Ohio Valley Banc Corp. Audit Committee under the Ohio Valley Banc Corp. Statement of Policy with Respect to Related Party Transactions.

Consequences of Violations

The purchase or sale of securities while aware of material non-public information, or the disclosure of material non-public information to others who then trade in the Company's securities, is prohibited by the federal and state laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys, and state enforcement authorities as well as the laws of foreign jurisdictions. Punishment for insider trading violations is severe, and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law. **As a result, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.**

SUPPLEMENTAL INFORMATION

Covered Parties Must Follow Policy No Matter the Circumstance

Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct. Strict adherence to this Policy is essential. Consequently, even transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) cannot be an exception to compliance. You must consider this Policy carefully when contemplating any transaction involving Company Stock. In connection with a contemplated sale in particular, we urge you to take all possible precautions to avoid a situation where your inability to obtain pre-clearance of a sale will create a personal financial crisis. Because of the regulatory restrictions that have created the need for this Policy, your Company Stock should not be considered a liquid asset that can be easily converted into cash.

Limited Exceptions to Insider Trading Policy

SEC Rule 10b5-1(c) provides an affirmative defense against insider trading liability under the federal securities laws for a transaction done pursuant to a "blind trust" (generally, a trust or other arrangement in which investment control has been completely delegated to a third party) or pursuant to a written plan, or a binding contract or instruction, entered into in good faith at a time when the insider was not aware of material non-public information, even though the transaction in question may occur at a time when the person is aware of material non-public information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade. The plan must either specify the amount, pricing, and timing of transactions in advance or delegate discretion on these matters to an independent third party. The Company may, in appropriate circumstances, permit transactions pursuant to a blind trust or a pre-arranged trading program that complies with Rule 10b5-1 that has been submitted to and acknowledged by the Chief Executive Officer.

Notwithstanding any other provisions of this Policy, certain transactions between the Company and any director, officer or employee, including transactions pursuant to stock benefit plans pursuant to which Company Stock has been or may be awarded to or purchased by a director, officer or employee, may not be subject to the provisions of this Policy. All transactions with respect to stock benefit plan awards shall be governed by such stock benefit plans or award agreements under such plans. You should consult with Larry Miller or Tom Shepherd if you are in possession of material non-public information about the Company and wish to make an election to diversify your account under the Ohio Valley Banc Corp. Employees' Stock Ownership Plan and Trust.

Gifts generally are not subject to the restrictions of this Policy, unless you have reason to believe that the recipient intends to sell the shares while you are in possession of material non-public information or you expect to derive a personal benefit from the gift. No gift of Company stock may be made with a purpose or effect of violating the Company's Code of Ethics. Further, transactions in mutual funds that are invested in Company Stock are not transactions subject to this Policy.

Additional Guidance

Any person who has any questions about this Policy or questions about specific transactions may obtain guidance from Larry Miller or Tom Shepherd. **Remember, however, the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you**. In this regard, it is imperative that you use your best judgment.

This policy will be reviewed and approved annually by either the Board of Directors or the Executive Committee.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

NAME	STATE OF INCORPORATION	PERCENTAGE OF OWNERSHIP
The Ohio Valley Bank Company	Ohio	100%
Loan Central, Inc.	Ohio	100%
Ohio Valley Financial Services Agency, LLC	Ohio	100%
Ohio Valley Statutory Trust III	Delaware	100%
OVBC Captive, Inc.	Nevada	100%

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-178575 on Form S-3 of Ohio Valley Banc Corp. of our report dated March 23, 2023 March 15, 2024 relating to the financial statements appearing in this Annual Report on Form 10-K.

/s/Crowe LLP

Crowe LLP

/s/Crowe LLP

Crowe LLP

Cleveland, Ohio

March 20, 2023

March 15, 2024

Exhibit 32

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Ohio Valley Banc Corp. (the “Corporation”) on Form 10-K for the fiscal year ended December 31, 2022 (the “Report”), the undersigned Larry E. Miller, II, President and Chief Executive Officer of the Corporation, and Scott W. Shockey, Senior Vice President and Chief Financial Officer of the Corporation, each certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

*/s/Larry E. Miller, II	*/s/Scott W. Shockey
Larry E. Miller, II	Scott W. Shockey
President and Chief Executive Officer	Senior Vice President and Chief Financial Officer
Dated: March 23, 2023	Dated: March 23, 2023

* This certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Corporation specifically incorporates it by reference in any such filing.

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification

I, Larry E. Miller, II, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ohio Valley Banc Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 23, 2023 March 15, 2024	By: /s/Larry E. Miller, II
	Larry E. Miller, II, President and CEO
	(Principal Executive Officer)

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification

I, Scott W. Shockey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ohio Valley Banc Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: March 23, 2023 March 15, 2024	By: /s/Scott W. Shockey
	Scott W. Shockey, Senior Vice President and CFO
	(Principal Financial Officer)

Exhibit 32

SECTION 1350 CERTIFICATION

In connection with the Annual Report of Ohio Valley Banc Corp. (the "Corporation") on Form 10-K for the fiscal year ended December 31, 2023 (the "Report"), the undersigned Larry E. Miller, II, President and Chief Executive Officer of the Corporation, and Scott W. Shockey, Senior Vice President and Chief Financial Officer of the Corporation, each certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

*/s/Larry E. Miller, II	*/s/Scott W. Shockey
Larry E. Miller, II	Scott W. Shockey
President and Chief Executive Officer	Senior Vice President and Chief Financial Officer
Dated: March 15, 2024	Dated: March 15, 2024

* This certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Corporation specifically incorporates it by reference in any such filing.

EXHIBIT 97

OHIO VALLEY BANC CORP.

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

1. **Purpose.** The purpose of this Policy is to describe the circumstances in which Executive Officers will be required to repay or return Erroneously Awarded Compensation to members of the Company Group. Each Executive Officer shall be required to sign and return to the Company the Acknowledgement Form attached hereto as **Exhibit A**pursuant to which such Executive Officer will agree to be bound by the terms and comply with this Policy.

2. **Administration.** This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals.

3. **Definitions.** For purposes of this Policy, the following capitalized terms shall have the meanings set forth below:

(a) ***“Accounting Restatement”*** shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial restatements that is material to the previously issued financial statements (a “Big R” restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were not corrected the current period or left uncorrected in the current period (a “little r” restatement).

(b) ***“Board”*** shall mean the Board of Directors of the Company.

(c) ***“Clawback Eligible Incentive Compensation”*** shall mean, in connection with an Accounting Restatement and with respect to each individual who served as an Executive Officer at any time during the applicable performance period for any Incentive-based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company Group), all Incentive-based Compensation Received by such Executive Officer (i) on or after the Effective Date, (ii) after beginning service as an Executive Officer, (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (iv) during the applicable Clawback Period.

(d) ***“Clawback Period”*** shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company’s fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(e) ***“Committee”*** shall mean the Compensation and Management Succession Committee of the Board if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board.

(f) ***“Company”*** shall mean Ohio Valley Banc Corp., an Ohio corporation.

(g) ***“Company Group”*** shall mean the Company, together with each of its direct and indirect subsidiaries.

(h) ***“Effective Date”*** shall mean October 2, 2023.

(i) ***“Erroneously Awarded Compensation”*** shall mean, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

(j) ***“Executive Officer”*** shall mean each individual who is currently or was previously designated as an “officer” of the Company as defined in 17 C.F.R. 240.16a-1(f). For the avoidance of doubt, the identification of an executive officer for purposes of this Policy shall include the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the Company’s controller), any vice president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy- making functions for the Company. Executive officers of the Company’s subsidiaries are deemed executive officer of the Company if they perform such policy-making functions for the Company. Policy-making function, for purposes of this definition, is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to 17 C.F.R. 229.401(b).

(k) ***“Financial Reporting Measures”*** shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company’s financial statements or included in a filing with the SEC.

(l) ***“Incentive-based Compensation”*** shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(m) ***“Nasdaq”*** shall mean The Nasdaq Stock Market.

(n) ***“Policy”*** shall mean this Policy for the Recovery of Erroneously Awarded Compensation, as the same may be amended and/or restated from time to time.

(o) ***“Received”*** shall, with respect to any Incentive-based Compensation, mean actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if payment or grant of the Incentive-based Compensation occurs after the end of that period.

(p) ***“Restatement Date”*** shall mean the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Boardaction is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date of court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(q) ***“SEC”*** shall mean the U.S. Securities and Exchange Commission.

4. Repayment of Erroneously Awarded Compensation.

(a) In the event of an Accounting Restatement, the Company shall reasonably promptly recover the Erroneously Awarded Compensation Received in accordance with Nasdaq Rules and 17 C.F.R. 240.10D-1. After an Accounting Restatement the Committee shall promptly determine the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and shall promptly thereafter provide each Executive Officer with a written notice containing the amount of Erroneously Awarded Compensation and a demand for repayment or return, as applicable. For Incentive-based Compensation based on (or derived from) the Company’s stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the Company’s stock price or total shareholder return upon which the Incentive-based Compensation was Received (in which case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to Nasdaq).

(b) The Committee shall have broad discretion to determine the appropriate means of recovery of Erroneously Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery. Except as set forth in Section 4(d) below, in no event may the Company Group accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer’s obligations hereunder.

(c) To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined in accordance with Section 4(b) above), the Company shall, or shall cause one or more other members of the Company Group to, take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company Group for any and all expenses reasonably incurred (including legal fees) by the Company Group in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

(d) Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section 4(b) above if the Committee determines that recovery would be impracticable and that any of the following conditions are met:

(i) The direct expenses paid to a third party to assist in enforcing the Policy against an Executive Officer would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously Awarded Compensation, documented such reasonable attempt(s) to recover and provided such documentation to Nasdaq;

(ii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a), as amended, and regulations thereunder.

5. **Reporting and Disclosure.** The Company shall file all disclosures with respect to this Policy in accordance with the requirement of the federal securities laws, including the disclosure required by the applicable SEC filings.

6. **Indemnification Prohibition.** No member of the Company Group shall be permitted to indemnify any Executive Officer against (a) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (b) any claims relating to the Company Group's enforcement of its rights under this Policy. Further, no member of the Company Group shall enter into any agreement that exempts any Incentive-based Compensation that is granted, paid, or awarded to an Executive Officer from the application of this Policy or that waives the Company Group's right to recovery of any Erroneously Awarded Compensation and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

7. **Interpretation.** The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy.

8. **Effective Date.** This Policy shall be effective as of the Effective Date.

9. **Amendment; Termination.** The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as the Committee deems necessary, including as and when the Committee determines that it is legally required by any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed. The Committee may terminate this Policy at any time. Notwithstanding anything in this Section 9 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

10. **Other Recoupment Rights; No Additional Payments.** The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or any other agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require an Executive Officer to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group under applicable law, regulation or rule or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company Group.

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11. **Successors.** This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

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Exhibit A

OHIO VALLEY BANC CORP.

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the **Ohio Valley Banc Corp.** Policy for the Recovery of Erroneously Awarded Compensation (the ***"Policy"***). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this ***"Acknowledgement Form"***) shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company Group to the extent required by, and in a manner permitted by, the Policy.

Signature ______________________

Printed Name ______________________

Date ______________________

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