WESTERN ASSET/CLAYMORE INFLATION-LINKED OPPORTUNITIES & INCOME FUND
Form DEF 14A
April 02, 2012

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(A) of the Securities Exchange Act of 1934

Filed by the Registrant [X]
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Check the appropriate box:

[ ] Preliminary Proxy Statement [ ] Confidential, for Use of the
[X] Definitive Proxy Statement Commission Only (as permitted
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[ ] Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

WESTERN ASSET/CLAYMORE INFLATION-LINKED
OPPORTUNITIES & INCOME FUND
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

WESTERN ASSET/CLAYMORE INFLATION-LINKED
OPPORTUNITIES & INCOME FUND
(NYSE – WIW)
385 East Colorado Boulevard
Pasadena, California 91101

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 1, 2012

To the Shareholders of
WESTERN ASSET/CLAYMORE INFLATION-LINKED
OPPORTUNITIES & INCOME FUND

The Annual Meeting of Shareholders of Western Asset/Claymore Inflation-Linked Opportunities & Income Fund (the "Fund") will be held at the offices of Guggenheim Partners, LLC ("Guggenheim"), 227 West Monroe Street, Suite 4900, Chicago, IL 60606, on Tuesday, May 1, 2012 at 2:30 p.m., Central time, for the following purposes:

(1) Electing one Class II Trustee, to hold office for the term indicated; and

(2) Transacting such other business as may properly come before the Annual Meeting and any adjournment(s) or postponement(s) thereof.

The Board of Trustees has fixed the close of business on March 16, 2012 as the record date for the determination of shareholders entitled to receive notice of and to vote at the Annual Meeting and any adjournment(s) or postponement(s) thereof. The enclosed proxy is being solicited on behalf of the Board of Trustees of the Fund.

By Order of the Board of Trustees

Mark E. Mathiasen, Secretary

Pasadena, California
April 2, 2012

SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON ARE URGED TO DATE, FILL IN, SIGN AND MAIL THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

WESTERN ASSET/CLAYMORE INFLATION-LINKED
OPPORTUNITIES & INCOME FUND
385 East Colorado Boulevard
Pasadena, California 91101

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Trustees of the Fund for use at the annual meeting of shareholders of the Fund, to be held on May 1, 2012 at 2:30 p.m., Central time (the "Annual Meeting"), and at any adjournment(s) or postponement(s) thereof. At the Annual Meeting, shareholders will be asked to consider the re-election of Ronald A. Nyberg to the Board of Trustees of the Fund. This Proxy Statement and the accompanying form of proxy were first mailed to shareholders on or about April 5, 2012.

The Board of Trustees has fixed the close of business on March 16, 2012 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any adjournment(s) or postponement(s) thereof. As of the close of business on that date, the Fund had issued and outstanding 61,184,134 common shares of beneficial interest, no par value (the "Shares"). The Shares constitute the only outstanding voting securities of the Fund entitled to be voted at the Annual Meeting.

Shareholders of the Fund as of the close of business on March 16, 2012 will be entitled to one vote for each Share held, and a fractional vote with respect to fractional Shares, with no cumulative voting rights.

Thirty percent of the total Shares of the Fund entitled to vote at the Annual Meeting must be represented in person or by proxy to constitute a quorum for the Annual Meeting. Each shareholder has the right to revoke his or her proxy at any time before it is voted. A proxy, including a proxy given by telephone, may be revoked by filing with the Secretary of the Fund a written revocation or a properly executed proxy bearing a later date (including a proxy given by telephone) or by voting in person at the Annual Meeting. Any shareholder may attend the Annual Meeting, whether or not he or she has previously given a proxy.

The solicitation of proxies for the Annual Meeting will be made primarily by mail. However, if necessary to ensure satisfactory representation at the Annual Meeting, additional solicitation may take place in writing or by telephone or personal interview by officers of the Fund (or their designees), who will not receive compensation from the Fund for such services. The Fund will reimburse brokers and other nominees, in accordance with New York Stock Exchange approved reimbursement rates, for their expenses in forwarding solicitation material to the beneficial owners of shares of the Fund. All expenses incurred in connection with the solicitation of proxies by the Board of Trustees will be borne by the Fund.

Abstentions and "broker non-votes" (i.e., proxies signed and returned by brokers with respect to shares held by brokers or nominees as to which one or more votes is not indicated because (i) instructions have not been received from the beneficial owners or the persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) will be counted as shares present for purposes of determining whether a quorum is present, but will not be counted as having been voted on the matter in question. Assuming that a quorum would otherwise be present, abstentions and broker non-votes will accordingly have no effect for the purpose of determining whether a Trustee has been elected.

R. Jay Gerken, Kevin M. Robinson and Mark E. Mathiasen, the persons named as proxies on the proxy card accompanying this Proxy Statement, were selected by the Board of Trustees to serve in such capacity. Mr. Gerken and Mr. Mathiasen are each officers of the Fund, and Mr. Gerken is also a Trustee of the Fund. Each executed and returned proxy will be voted in accordance with the directions indicated thereon or, if no direction is indicated, such proxy will be voted for the election as a Trustee of the Fund, the nominee listed in this Proxy Statement. Discretionary authority is provided in the proxy as to any matters not specifically referred to therein. The Board of Trustees is not aware of any other matters which are likely to be brought before the Annual Meeting. However, if any such matters properly come before the Annual Meeting, the persons named in the proxy are fully authorized to vote thereon in accordance with their judgment and discretion. Except when a different vote is required by any provision of law or the Fund's Amended and Restated Agreement and Declaration of Trust (the "Declaration of Trust") or Bylaws, a plurality of the quorum of Shares necessary for the transaction of business at the Annual Meeting will decide any questions and a plurality of Shares voted shall elect a Trustee.

HOW TO SUBMIT A PROXY

Shareholders of record may submit a proxy in respect of their shares by using any of the following methods:

By Telephone. Submit a proxy by calling the toll-free telephone number printed on the proxy card. The proxy card should be in hand when making the call. Easy-to-follow voice prompts allow the shareholder of record to authenticate his or her identity by entering the validation numbers printed on the enclosed proxy card, provide voting instructions for the shares, and confirm that the instructions have been properly recorded.

Please see the instructions on the enclosed card for telephone touch-tone proxy submission. Shareholders will have an opportunity to review their voting instructions and to make any necessary changes before submitting their voting instructions and terminating their telephone call.

By Mail. Shareholders of record may complete, sign, and date the proxy card and return it in the prepaid envelope provided.

PROPOSAL

ELECTION OF CLASS II TRUSTEE

In accordance with the Declaration of Trust, the Trustees were divided into the following three classes (each a "Class") prior to the initial public offering of the Shares: Class I, whose term will expire at the Fund's 2014 annual meeting of shareholders; and Class II, whose term will expire at the Annual Meeting; and Class III, whose term will expire at the Fund's 2013 annual meeting of shareholders. At each annual meeting, successors to the Class of Trustees whose term expires at that annual meeting will be elected for a three-year term.

The following table sets forth the nominee who will stand for re-election at the Annual Meeting, the Class of Trustees to which he has been designated and the expiration of his term if elected:

NOMINEE	CLASS	EXPIRATION OF TERM IF ELECTED*
Ronald A. Nyberg	Class II	2015 Annual Meeting

*Each Trustee holds office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Under the Fund's classified Board structure, ordinarily only the Trustee(s) in a single Class may be replaced in any one year, and it would require a minimum of two years to change a majority of the Board of the Fund under normal circumstances. This structure, which may be regarded as an "anti-takeover" measure, may make it more difficult for the Fund's shareholders to change the majority of Trustees of the Fund and, thus, promotes the continuity of management.

It is the intention of the persons designated as proxies in the proxy card, unless otherwise directed therein, to vote at the Annual Meeting for the re-election of Mr. Nyberg. The nominee has agreed to continue to serve if elected at the Annual Meeting. If the nominee is unable or unavailable to serve, the persons named in the proxies will vote the proxies for such other person as the Board of Trustees may recommend.

Information Regarding the Trustees. Information about the Trustees and the nominee, including their ages as of March 1, 2012, is set forth below. The address of each Trustee and the nominee is c/o the Fund at its principal business address (385 East Colorado Boulevard, Pasadena, California 91101). Of the individuals listed below, only Mr. Nyberg is a nominee for election at the Annual Meeting.

Name and Age	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupations During the Past 5 Years	Number of Portfolios In Fund Complex* Overseen by Trustee or Nominee	Other Directorships Held by Trustee or Nominee*	Shares of the Fund Beneficially Owned on February 29, 2012
			Independent Trustees			
Michael Larson 52	Nominee, Trustee and Chairman of the Board of Trustees(1)(2)	Term expires in 2014; served since September 2004	Chief Investment Officer for William H. Gates III (1994–present).	2	Republic Services, Inc. (2009-present); Grupo Televisa, S.A.B. (2009-present); Autonation, Inc. (2010-present). Fomento Mexicano Economico, SAB (2011-present); Ecolab, Inc. (2012-present).	4,547**
Ronald A. Nyberg 58	Trustee(1)(2)	Term expires at the Annual Meeting; served since January 2004	Partner of Nyberg & Cassioppi, LLC, a law firm specializing in corporate law, estate planning and business transactions (2000-present). Formerly, Executive Vice President, General Counsel, and Corporate Secretary of Van Kampen Investments (1982-1999).	57	None	756
Ronald E. Toupin, Jr. 53	Trustee(1)(2)	Term expires in 2013; served since January 2004	Portfolio Consultant (2010–present); Formerly Vice President, Manager and Portfolio Manager of Nuveen Asset Management (1998-1999), Vice President and Portfolio Manager of Nuveen	54	None	100

			Investment Advisory Corporation (1993-1999), Vice President and Manager of Nuveen Unit Investment Trusts (1991-1999), and Assistant Vice President and Portfolio Manager of Nuveen Unit Investment Trusts (1988-1999), each of John Nuveen & Company, Inc. (1982-1999).			
Interested Trustee						
R. Jay Gerken 60(3)	Trustee and President	Term expires in 2013; served since March 2007	Managing Director of Legg Mason & Co., LLC ("Legg Mason & Co.") Chairman, President and Chief Executive Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (2005-present); President of Legg Mason Partners Fund Advisor, LLC ("LMPFA") (2006-present); Chairman of Smith Barney Fund Management LLC and Citi Fund Management Inc. (2002-2005); Chairman, President and Chief Executive Officer of Travelers Investment Adviser, Inc. (2002-2005).	160	None	2,365

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(1) Member of the Audit Committee of the Board of Trustees.

(2) Member of the Governance and Nominating Committee of the Board of Trustees.

(3) Mr. Gerken is an "interested person" (as defined above) of the Fund because of his position as President of the Fund, and his positions with subsidiaries of, and ownership of shares of common stock of, Legg Mason, Inc., the parent company of the Fund's investment managers, Western Asset Management Company ("Western Asset" or the "Manager"), Western Asset Management Company Pte. Ltd., Western Asset Management Company Limited and Western Asset Management Company Ltd (together, the "Investment Managers").

* Each Trustee also serves as a Trustee of Western Asset/Claymore Inflation-Linked Securities & Income Fund, a closed-end investment company. Western Asset serves as adviser to Western Asset/Claymore Inflation-Linked Securities & Income Fund. Messrs. Nyberg and Toupin also serve as Trustees of Fiduciary/Claymore MLP Opportunity Fund, Guggenheim Build America Bonds Managed Duration Trust, Guggenheim Equal Weight Enhanced Equity Income Fund, Guggenheim Enhanced Equity Strategy Fund, Guggenheim Strategic Opportunities Fund, Guggenheim Enhanced Equity Income Fund, Madison/Claymore Covered Call & Equity Strategy Fund, Managed Duration Investment Grade Municipal Fund and TS&W/Claymore Tax-Advantaged Balanced Fund, each of which is a closed-end management investment company serviced by Guggenheim Funds Distributors, LLC ("Guggenheim Distributors") or managed by Guggenheim Funds Investment Advisors, LLC ("Guggenheim Advisors" or the "Investment Adviser"), Claymore Exchange-Traded Fund Trust (consisting of 28 separate portfolios) and Claymore Exchange-Traded Fund Trust 2 (consisting of 15 separate portfolios), each of which is an open-end management investment company managed by Guggenheim Advisors, the Fund's Investment Adviser. Additionally, Mr. Nyberg serves as Trustee for Advent Claymore Convertible Securities and Income Fund, Advent/Claymore Enhanced Growth & Income Fund and Advent Claymore Convertible Securities and Income Fund II, each of which is a closed-end investment company managed or serviced by Guggenheim Advisors or its affiliates. Mr. Gerken serves as Chairman, Trustee or Director of 160 open- and closed-end management investment companies associated with Legg Mason & Co. or its affiliates. Each of these Funds is considered part of the same Fund Complex as the Fund.

** As discussed below under "Share Ownership Information", Mr. Larson disclaims beneficial ownership of the shares of the Fund beneficially owned by Cascade Investment, L.L.C. and William H. Gates III.

Additional Information Concerning the Board of Trustees

The Board believes that each Trustee's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that the Board possesses the requisite skills and attributes. The Board believes that the Trustees' ability to review critically evaluate, question and discuss information provided to them, to interact effectively with the Investment Adviser, Investment Managers, other service providers, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties, support this conclusion. The Board also has considered the following experience, qualifications, attributes and/or skills, among others, of its members in reaching its conclusion: his or her character and integrity; such person's length of service as a Board member of the Fund; such person's willingness to serve and willingness and ability to commit the time necessary to perform the duties of a Trustee; as to each Trustee other than Mr. Gerken, his status as not being an "interested person" (as defined in the 1940 Act) of the Fund; and, as to Mr. Gerken, his status as a representative of Legg Mason, Inc., the parent company of Western Asset. In addition, the following specific experience, qualifications, attributes and/or skills apply as to each Trustee:

Mr. Larson: Portfolio management expertise and experience, including his current position as Chief Investment Officer for William H. Gates III, with responsibility for all of Mr. Gates's non-Microsoft investments and all of the investments of the Bill & Melinda Gates Foundation Trust; prior significant experience overseeing fixed income investment strategies and making fixed income investment decisions at various investment management companies, including Harris Investment Management, Putnam Management Company and ARCO Investment Management Company; and experience as a board member of various businesses and other organizations.

Mr. Nyberg: Business and legal expertise and experience, including significant experience with the regulatory requirements and other legal matters applicable to the investment management industry and closed-end funds such as the Fund as General Counsel for Van Kampen Investments; experience as a senior partner of a law firm; and experience serving on the boards of investment companies within the Guggenheim Advisors fund complex.

Mr. Toupin: Portfolio management expertise and experience, including significant experience overseeing fixed income investment strategies and making fixed income investment decisions for investment companies within the Nuveen Investments fund complex, and experience serving on the boards of investment companies within the Guggenheim Advisors fund complex.

Mr. Gerken: Investment management experience as an executive and portfolio manager and leadership roles within Legg Mason, Inc. and affiliated entities, and experience serving on the boards of various investment companies.

References to the qualifications, attributes and skills of Trustees above are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out of the Board or any Trustee as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

The Board has determined that its leadership structure is appropriate given the business and nature of the Fund. In connection with its determination, the Board considered that the Chairman of the Board is an Independent Trustee. The Chairman of the Board can play an important role in setting the agenda of the Board and also serves as a key point person for dealings between management and the other Independent Trustees. The Independent Trustees believe that the Chairman's independence facilitates meaningful dialogue between Fund management and the Independent Trustees. The Board also considered that the chairperson of each Board committee is an Independent Trustee, which yields similar benefits with respect to the functions and activities of the various Board committees (e.g., each committee's chairperson works with the Investment Adviser, the Investment Managers and other service providers to set agendas for the meetings of the applicable Board committees). Through the committees, the Independent Trustees consider and address important matters involving the Fund, including those presenting conflicts or potential conflicts of interest for management. The Independent Trustees also regularly meet outside the presence of management and are advised by independent legal counsel. The Board has determined that its committees help ensure that the Fund has effective and independent governance and oversight. The Board also believes that its leadership structure facilitates the orderly and efficient flow of information to the Independent Trustees from management, including the Investment Adviser and the Investment Managers. The Board also noted that 75% of its members are Independent Trustees. The Board reviews its structure on an annual basis.

As an integral part of its responsibility for oversight of the Fund in the interests of shareholders, the Board oversees risk management of the Fund's investment programs and business affairs. The function of the Board with respect to risk management is one of oversight not active involvement in, or coordination of, day-to-day risk management activities for the Fund. The Board has emphasized to the Investment Adviser and the Investment Managers the importance of maintaining vigorous risk management. The Board exercises oversight of the risk management process primarily through the Audit Committee and through oversight by the Board itself.

The Fund faces a number of risks, such as investment risk, counterparty risk, valuation risk, reputational risk, risk of operational failure or lack of business continuity, and legal, compliance and regulatory risk. Risk management seeks to identify and address risks, i.e., events or circumstances that could have material adverse effects on the business, operations, shareholder services, investment performance or reputation of the Fund. Under the overall supervision of the Board or the applicable Committee, the Fund, the Investment Adviser, the Investment Managers, the affiliates of the Investment Adviser and Investment Managers, and other service providers to the Fund employ a variety of processes, procedures and controls to identify various of those possible events or circumstances, to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur. Different processes, procedures and controls are employed with respect to different types of risks. Various personnel, including the Fund's and Western Asset's CCO and Western Asset's chief risk officer, as well as various personnel of the Investment Adviser and the Investment Managers and other service providers such as the Fund's independent accountants, report to the Audit Committee and/or to the Board from time to time with respect to various aspects of risk management, as well as events and circumstances that have arisen and responses thereto. These reports and other similar reports received by the Trustees as to risk management matters are typically summaries of the relevant information. The Board recognizes that not all risks that may affect the Fund can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness.

Audit Committee. The Board of Trustees has established an Audit Committee composed solely of Trustees who are not "interested persons" (as defined in the 1940 Act) of the Fund, the Investment Adviser or the Investment Managers, consisting of Messrs. Larson, Nyberg and Toupin (Chairman). Each member of the Audit Committee is "independent," as independence for audit committee members is defined in the currently applicable listing standards of the New York Stock Exchange, on which the Shares of the Fund are listed and traded. The Audit Committee provides oversight with respect to the accounting and financial reporting policies and procedures of the Fund and, among other things, considers the selection of the independent registered public accounting firm for the Fund and the scope of the audit and approves services proposed to be performed by the independent registered public accounting firm on behalf of the Fund and, under certain circumstances, the Investment Adviser, the Investment Managers and certain of their affiliates. The Trustees have adopted a written charter for the Audit Committee, a copy of which was attached as Appendix A to the Fund's Proxy Statement dated April 14, 2010. The charter is not currently made available on the Fund's website.

The Audit Committee of the Fund has submitted the following report:

The Audit Committee has reviewed and discussed with management of the Fund the audited financial statements for the Fund's last fiscal year. The Audit Committee has discussed with the Fund's independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 114 ("SAS No. 114," which supersedes SAS No. 61). SAS No. 114 requires the independent registered public accounting firm to communicate to the Audit Committee matters including, if applicable: (1) methods used to account for significant unusual transactions; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus; (3) the process used by management in formulating particularly sensitive accounting estimates and the basis for the independent registered public accounting firm's conclusions regarding the reasonableness of those estimates; and (4) disagreements with management over the application of accounting principles and certain other matters. The Audit Committee has received the written disclosures and the letter from the Fund's independent registered public accounting firm required by Public Company Accounting Oversight Board Rule 3526 (requiring the independent registered public accounting firm to make written disclosures to and discuss with the Audit Committee various matters relating to the independent registered public accounting firm's independence), and has discussed with such independent registered public accounting firm the independence of such independent registered public accounting firm. Based on the foregoing review and discussions, the Audit Committee recommended to the Trustees the inclusion of the Fund's audited financial statements for the last fiscal year in the Fund's annual report to shareholders.

Ronald E. Toupin, Jr. (Chairman)
Michael Larson
Ronald A. Nyberg

Governance and Nominating Committee. The Board of Trustees has established a Governance and Nominating Committee composed solely of Trustees who are not "interested persons" (as defined in the 1940 Act) of the Fund, the Investment Adviser or the Investment Managers, consisting of Messrs. Larson, Nyberg (Chairman) and Toupin. The Governance and Nominating Committee meets to select nominees for election as Trustees of the Fund and consider other matters of Board policy. The Trustees have adopted a written charter for the Governance and Nominating Committee, a copy of which was attached as Appendix A to the Fund's Proxy Statement dated April 20, 2011. The Fund's charter is not currently made available on the Fund's website.

The Governance and Nominating Committee requires that Trustee candidates have a college degree or equivalent business experience, but has not otherwise established specific minimum qualifications that must be met by an individual to be considered by the Committee for nomination as a Trustee. The Governance and Nominating Committee may take into account a wide variety of factors in considering Trustee candidates, including, but not limited to: (i) availability and commitment of a candidate to attend meetings and perform his or her responsibilities to the Board of Trustees, (ii) relevant industry and related experience, (iii) educational background, (iv) financial expertise, (v) an assessment of the candidate's ability, judgment and expertise and (vi) overall diversity of the Board's composition.

Although the Governance and Nominating Committee does not have a formal policy with regard to the consideration of diversity in identifying Trustee nominees, as a matter of practice the Committee typically considers the overall diversity of the Board's composition when identifying nominees. Specifically, the Governance and Nominating Committee considers the diversity of skill sets desired among the Board members in light of the Fund's characteristics and circumstances and how those skill sets might complement each other. The Governance and Nominating Committee also takes into account the personal background of current and prospective Board members in considering the composition of the Board. In addition, as part of its annual self-evaluation, the Trustees have an opportunity to consider the diversity of the Board, both in terms of skill sets and personal background, and any observations made by the Board during the self-evaluation inform the Governance and Nominating Committee in its decision making process.

The Governance and Nominating Committee may consider candidates for Trustee recommended by the Fund's current Trustees, officers, Investment Adviser, Investment Managers, shareholders or any other source deemed to be appropriate by the Governance and Nominating Committee. Candidates properly submitted by shareholders (as described below) will be considered and evaluated on the same basis as candidates recommended by other sources.

The policy of the Governance and Nominating Committee is to consider nominees recommended by shareholders to serve as Trustee, provided that any such recommendation is submitted in writing to the Fund, to the attention of the Secretary, at the address of the principal executive offices of the Fund, not less than one hundred and twenty calendar days nor more than one hundred and thirty-five calendar days prior to the date of the meeting at which the nominee would be elected and that such shareholder recommendation contains the information about such nominee required by the Fund's procedures for shareholders to submit nominee candidates, which are a part of the Governance and Nominating Committee's Charter. The Governance and Nominating Committee has full discretion to reject nominees recommended by shareholders, and there is no assurance that any such person so recommended and considered by the Governance and Nominating Committee will be nominated for election to the Fund's Board of Trustees.

Meetings. During 2011, the Board of Trustees held four meetings, the Audit Committee held two meetings and the Governance and Nominating Committee held three meetings. Each Trustee attended at least 75% of the aggregate of the total number of meetings of the Board of Trustees and the Committees of the Board of Trustees on which he served. The Fund's policies require the Trustees to attend the Fund's annual shareholder meetings. Each current Trustee attended the Fund's annual shareholder meeting in May 2011.

Shareholder Communications. The Board of Trustees provides a process for shareholders to send communications to the Board of Trustees. Shareholders may mail written communications to the attention of the Board of Trustees, care of the Fund's Secretary, at the Fund's Investment Adviser, Guggenheim Funds Investment Advisors, LLC, 2455 Corporate West Drive, Lisle, Illinois 60532. The written communication must include the shareholder's name, be signed by the shareholder, refer to the Fund, and include the class and number of shares held by the shareholder as of a recent date. The Secretary is responsible for determining, in consultation with other officers of the Fund, counsel, and other advisers as appropriate, which stockholder communications will be relayed to the Board.

Trustee Holdings. The following table states the dollar range of equity securities beneficially owned as of February 29, 2012 by each Trustee and nominee in the Fund and, on an aggregate basis, in any registered investment companies overseen or to be overseen by the Trustee or nominee in the same "family of investment companies."

Name of Trustee or Nominee	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in all Funds Overseen or to be Overseen by Trustee or Nominee in Family of Investment Companies
	Independent Trustees	
Michael Larson	$50,001-$100,000	Over $100,000
Ronald A. Nyberg	$1-$10,000	Over $100,000
Ronald E. Toupin, Jr.	$1-$10,000	$10,001-$50,000
	Interested Trustee	
R. Jay Gerken	$10,001-$50,000	$50,001-$100,000

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Trustee Compensation.Trustees of the Fund who are not Independent Trustees receive no salary or fees from the Fund. Each Independent Trustee of the Fund receives a fee of $20,000 annually for serving as a Trustee of the Fund, and a fee of $1,500 and related expenses for each meeting of the Board of Trustees attended. The Chairman of the Board of Trustees receives an additional $5,000 per year for serving in that capacity. The Audit Committee Chairman and the Governance and Nominating Committee Chairman each receive an additional $3,000 annually for serving in their respective capacities. Members of the Audit Committee and the Governance and Nominating Committee receive $500 for each committee meeting attended.

For the fiscal year ended December 31, 2011, the Trustees received the compensation set forth in the following table for serving as Trustees of the Fund and as Trustees of the other funds in the same "Fund Complex."

Name of Trustee or Nominee	Aggregate Compensation from the Fund	Pension or Retirement Benefits Accrued as Part of Fund's Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation from the Fund and its Fund Complex Paid to Trustees(1)
		Independent Trustees		
Michael Larson	$33,500	$0	$0	$67,000
Ronald A. Nyberg	$31,500	$0	$0	$363,375
Ronald E. Toupin, Jr.	$31,500	$0	$0	$304,125
		Interested Trustee		
R. Jay Gerken	$0	$0	$0	$0

(1) Represents aggregate compensation paid to each Trustee during the fiscal year ended December 31, 2011 for serving as Trustees to the Fund and other funds in the Fund Complex. Messrs. Larson, Nyberg, Toupin and Gerken serve as Trustees to 2, 57, 54 and 160 funds in the Fund Complex, respectively.

During 2011, the Fund paid no remuneration to its officers, all of whom were also officers or employees of the Investment Adviser, an Investment Manager, Guggenheim Distributors or their respective affiliates.

Required Vote. A plurality of the Shares voted at the Annual Meeting with respect to a particular Class of Trustees is required to elect a Trustee nominee as a member of that Class of Trustees. Thus, with respect to Class II, the Trustee nominee who receives the greatest number of votes properly cast with respect to the Class II Trustee will be elected as the Class II Trustee. The Trustees unanimously recommend that shareholders vote to elect Mr. Nyberg to the Board of Trustees, as a Class II Trustee.

INFORMATION CONCERNING THE INVESTMENT ADVISER, THE INVESTMENT MANAGERS AND THE FUND'S OFFICERS

The Investment Adviser is a subsidiary of Guggenheim Funds Services, LLC, a privately-held financial services company. The address of Guggenheim Funds Services, LLC and the Investment Adviser is 2455 Corporate West Drive, Lisle, Illinois 60532. Western Asset is a subsidiary of Legg Mason, Inc., a holding company which, through its subsidiaries, is engaged in providing investment advisory services to individuals and institutions. The following three non-U.S. affiliates of Western Asset serve as investment managers of the Fund: Western Asset Management Company Pte. Ltd. in Singapore, Reg. No. 200007692R, 1 George Street #23-01, Singapore 049145, Western Asset Management Company Limited in London, 10 Exchange Square, Primrose Street, London, England EC2A 2EC and Western Asset Management Company Ltd in Japan, 36F Shin-Marunouchi Building, 5-1 Marunouchi 1-Chome Chiyoda-Ku, Tokyo 100-6536, Japan. The address of Legg Mason, Inc. is 100 International Drive, Baltimore, Maryland 21202. Western Asset's address is 385 East Colorado Boulevard, Pasadena, California 91101. An affiliate of the Investment Managers, LMPFA, 620 Eighth Avenue, New York, NY 10018, serves as the Fund's administrator.

Information regarding the executive officers of the Fund, including their ages as of March 1, 2011 and their ownership of Shares of the Fund is set forth below. Unless otherwise noted, the address of each officer is c/o the Fund at the address listed above.

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During the Past 5 Years	Shares of the Fund Beneficially Owned on February 29, 2012
R. Jay Gerken 60	Trustee and President	Served since March 2007	See "Election of Class II Trustee" above.	2,365
Charles A. Ruys de Perez 54	Vice President	Served since March 2007	General Counsel of Western Asset Management Company (2007-present). Formerly: Chief Compliance Officer, Putnam Investments (2004 2007); Managing Director and Senior Counsel of Putnam Investments (2001-2004).	None

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During the Past 5 Years	Shares of the Fund Beneficially Owned on February 29, 2012
Richard F. Sennett 41 55 Water Street New York, NY 10041	Principal Financial and Accounting Officer	Served since December 2011	Principal Financial Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); Managing Director of Legg Mason & Co. and Senior Manager of the Treasury Policy group for Legg Mason & Co.'s Global Fiduciary Platform (since 2011); formerly, Chief Accountant within the SEC's Division of Investment Management (2007 to 2011); formerly, Assistant Chief Accountant within the SEC's Division of Investment Management (2002 to 2007).	None
Erin K. Morris 45 100 International Drive Baltimore, MD 21202	Treasurer	Served since June 2010	Vice President and Manager Global Fiduciary Platform, Legg Mason & Co. (2005-present); Assistant Vice President and Manager, Fund Accounting Legg Mason Wood Walker, Incorporated (2002-2005); Treasurer, Western Asset Funds, Inc., Western Asset Income Fund and Western Asset Premier Bond Fund (2006-present); The Fund and Western Asset/Claymore Inflation-Linked Securities & Income Fund (2010-present); Assistant Treasurer Legg Mason Partners Fund Complex (2007-present); Formerly Assistant Treasurer, Western Asset Funds, Inc., Western Asset Income Fund and Western Asset Premier Bond Fund (2001-2006); The Fund	None

(2003-2009) and Western Asset/Claymore
Inflation-Linked
Securities & Income Fund (2004-2009)

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Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During the Past 5 Years	Shares of the Fund Beneficially Owned on February 29, 2012
Todd F. Kuehl 42 100 International Drive Baltimore, MD 21202	Chief Compliance Officer	Served since February 2007	Managing Director, Legg Mason & Co. (2006-present); Chief Compliance Officer of Legg Mason Private Portfolio Group (2009-2010); Chief Compliance Officer of Western Asset/Claymore Inflation-Linked Securities & Income Fund, Western Asset Income Fund, Western Asset Premier Bond Fund, Western Asset Funds, Inc. (2007-present) and Barrett Growth Fund and Barrett Opportunity Fund (2006-present); Branch Chief, Division of Investment Management, U.S. Securities and Exchange Commission (2002-2006).	None
Mark E. Mathiasen 33 2455 Corporate West Drive Lisle, IL 60532	Secretary	Served since November 2010	Director and Associate General Counsel of Guggenheim Fund Services Group, Inc. (2007 to present). Secretary of certain funds in the Guggenheim Funds complex. Previously, Law Clerk for the Idaho State Courts (2003-2007).	None

(1) Each officer holds office until his or her respective successor is chosen and qualified, or in each case until he or she sooner dies, resigns, is removed with or without cause or becomes disqualified.

SHAREHOLDER PROPOSALS FOR 2013 ANNUAL MEETING

It is currently anticipated that the Fund’s next annual meeting of shareholders will be held in May 2013. Proposals that shareholders wish to present to the 2013 Annual Meeting and to have included in the Fund’s proxy materials relating to such meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), must be delivered to the Secretary of the Fund not less than 120 days prior to April 5, 2013 (i.e., on or before December 6, 2012).

Shareholders who wish to propose one or more nominees for election as Trustees, or to make another proposal, at the 2013 annual meeting must provide written notice to the Fund (including all required information) so that such notice is received in good order by the Fund not less than 45 days nor more than 60 days, prior to April 5, 2013 (i.e., no earlier than February 4, 2013 and no later than February 19, 2013).

The proper submission of a shareholder proposal does not guarantee that it will be included in the Fund's proxy materials or presented at a shareholder meeting. Shareholder proposals are subject to the requirements of applicable law and the Fund's Declaration of Trust and Bylaws.

SHARE OWNERSHIP INFORMATION

As of February 29, 2012, all Trustees, the nominee for Trustee and officers of the Fund as a group beneficially owned less than 1% of the outstanding Shares of the Fund. As of March 16, 2012, Cede & Co., as nominee for participants in The Depository Trust Company, held of record 61,169,163 Shares (representing approximately 99.98% of the outstanding Shares). Cede & Co.'s address is 55 Water Street, 25th Floor, New York, New York 10041-0001. As of March 31, 2012, the persons shown in the table below owned, to the knowledge of the Fund, beneficially more than five percent of the outstanding Shares.

Shareholder Name and Address	Share Holdings	Percentage Owned
First Trust Portfolios L.P.(1) First Trust Advisors L.P. The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	9,544,082	15.6%
Cascade Investment, L.L.C.(2)(3) 2365 Carillon Point, Kirkland, WA 98033	8,640,120	14.1%
Wells Fargo & Company(4) 420 Montgomery Street San Francisco, CA 94104	4,656,958	7.61%

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(1) Based on information obtained from a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2012.

(2) Based on information obtained from a Schedule 13D filed with the Securities and Exchange Commission on December 9, 2011.

(3) Mr. Larson is the Business Manager of Cascade Investment, L.L.C. ("Cascade"), but disclaims any beneficial ownership of the shares beneficially owned by Cascade. All shares beneficially owned by Cascade may be deemed to be beneficially owned by William H. Gates III, as the sole member of Cascade.

(4) Based on information obtained from a Schedule 13G filed with the Securities and Exchange Commission on January 25, 2012.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 30(h) of the 1940 Act and Section 16(a) of the Exchange Act require the Fund's officers and Trustees, the Investment Adviser, the Investment Managers, certain affiliates of the Investment Adviser and Investment Managers, and persons who beneficially own more than ten percent of a registered class of the Fund's equity securities, among others, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC") and the New York Stock Exchange. These persons are required by SEC regulation to furnish the Fund with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons, the Fund believes that, during 2011, all such filing requirements were met with respect to the Fund.

ANNUAL REPORT TO SHAREHOLDERS

The Fund's Annual Report to Shareholders for the fiscal year ended December 31, 2011 contains financial and other information pertaining to the Fund. The Fund will furnish without charge to each person whose proxy is being solicited, upon request of such person, a copy of the Annual Report to Shareholders. Requests for copies of the Annual Report to Shareholders should be directed to Western Asset/Claymore Inflation-Linked Opportunities & Income Fund, c/o Guggenheim Funds Investment Advisors, LLC, 2455 Corporate West Drive, Lisle, Illinois 60532 or you may call 1-866-486-2228.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Trustees has selected PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Fund for the fiscal year ending December 31, 2012, and the Board of Trustees, including a majority of the Trustees who are not "interested persons" (as defined in the 1940 Act) of the Fund, has unanimously ratified such selection. PricewaterhouseCoopers LLP's service is subject to termination by the vote of a majority of the outstanding Shares of the Fund. Representatives of PricewaterhouseCoopers LLP are not currently expected to attend the Annual Meeting.

The following table presents fees billed in each of the Fund's last two fiscal years for services rendered to the Fund by PricewaterhouseCoopers LLP:

Fiscal year ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2010	$31,500	$0	$4,000	$0
December 31, 2011	$33,500	$0	$4,250	$0

"Audit Fees" represents fees billed for each of the last two fiscal years for professional services rendered for the audit of the Fund's financial statements for those fiscal years and services that are normally provided by the accountant in connection with statutory or regulatory filings or engagements for that fiscal year.

"Audit Related Fees" represents fees billed for each of the last two fiscal years for assurance and related services reasonably related to the performance of the audit of the Fund's annual financial statements for those years.

"Tax Fees" represents fees billed for each of the last two fiscal years for professional services related to tax compliance, tax advice and tax planning, including preparation of federal and state income tax returns and preparation of excise tax returns.

"All Other Fees" represents fees, if any, billed for other products and services rendered by PricewaterhouseCoopers LLP to the Fund for the last two fiscal years.

For the Fund's fiscal years ended December 31, 2010 and December 31, 2011, PricewaterhouseCoopers LLP billed aggregate non-audit fees in the amounts of $4,000 and $4,250, respectively, to the Fund, the Investment Adviser and any

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entity controlling, controlled by or under common control with the Investment Adviser that provides ongoing services to the Fund.

Pre-Approval Policies of the Audit Committee. The Audit Committee has determined that all work performed for the Fund by PricewaterhouseCoopers LLP will be pre-approved by the full Audit Committee and, therefore, has not adopted pre-approval procedures. Since the Fund's inception in October 2003, all audit and non-audit services performed by PricewaterhouseCoopers LLP for the Fund, and all non-audit services performed by PricewaterhouseCoopers LLP for the Investment Adviser and any entity controlling, controlled by or under common control with the Investment Adviser that provides ongoing services to the Fund (a “Service Affiliate”), to the extent that such services related directly to the operations and financial reporting of the Fund, have been pre-approved by the Audit Committee. No “Audit-Related Fees,” “Tax Fees” and “Other Fees” set forth in the table above were waived pursuant to paragraph (c)(7)(i)(c) of Rule 2-01 of Regulation S-X.

No amounts were billed to the Investment Adviser or any Service Affiliates by PricewaterhouseCoopers LLP for non-audit services that required pre-approval by the Fund’s Audit Committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during either of the Fund’s last two fiscal years. PricewaterhouseCoopers LLP did not bill any “Tax Fees” or “All Other Fees” that required pre-approval by the Audit Committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the Fund's fiscal years ended December 31, 2010 and December 31, 2011.

The Audit Committee has considered whether the provision of the non-audit services rendered by PricewaterhouseCoopers LLP to the Investment Adviser and any Service Affiliate that were not required to be pre-approved by the Audit Committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the independence of PricewaterhouseCoopers LLP.

ADJOURNMENT

In the absence of a quorum at the Annual Meeting, or (even if a quorum is present) if sufficient votes in favor of a proposal set forth in the Notice of Annual Meeting are not received by the time scheduled for the Annual Meeting, the persons named as proxies may propose one or more adjournments of the Annual Meeting after the date set for the original Annual Meeting, with no other notice than announcement at the Annual Meeting, to permit further solicitation of proxies with respect to such proposal. In addition, if, in the judgment of the persons named as proxies, it is advisable to defer action on a proposal, the persons named as proxies may propose one or more adjournments of the Annual Meeting with respect to such proposal for a reasonable time. Any adjournment(s) with respect to a proposal will require the affirmative vote of a plurality of the Shares of the Fund entitled to vote thereon present in person or represented by proxy at the session of the Annual Meeting to be adjourned. The persons named as proxies will vote in favor of such adjournment those proxies which they are entitled to vote in favor of the proposal in question. They will vote against any such adjournment those proxies required to be voted against such proposal. The costs of any additional solicitation and of any adjourned session will be borne by the Fund. Any proposals for which sufficient favorable votes have been received by the time of the Annual Meeting may be acted upon and, if so, such action will be final regardless of whether the Annual Meeting is adjourned to permit additional solicitation with respect to any other proposal.

OTHER BUSINESS

The Fund is not aware of any other matters to be presented for action at the Annual Meeting. However, if any such other matters are properly presented, it is the intention of the persons designated in the enclosed proxy to vote in accordance with their best judgment.

By Order of the Board of Trustees

Mark E. Mathiasen, Secretary

April 2, 2012

ANNUAL MEETING OF SHAREHOLDERS OF

WESTERN ASSET/CLAYMORE
INFLATION-LINKED OPPORTUNITIES & INCOME FUND

May 1, 2012

PROXY VOTING INSTRUCTIONS

TELEPHONE - Call toll-free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call.
Vote by phone until 11:59 PM EDT the day before the meeting.

MAIL - Sign, date and mail your proxy card in the envelope provided as soon as possible.
IN PERSON - You may vote your shares in person by attending the Annual Meeting.

COMPANY NUMBER

ACCOUNT NUMBER

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The Notice of Meeting, proxy statement and proxy card are available at http://www.materials.proxyvote.com/Guggenheim2012WIW.pdf

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Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone.

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THE BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEE. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

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1. ELECTION OF CLASS II TRUSTEE:

	NOMINEE:	
o FOR THE NOMINEE	Ronald A. Nyberg	Class II Trustee
o WITHHOLD AUTHORITY		

FOR THE NOMINEE

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.	o

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting or any adjournment(s) or postponement(s) thereof. This proxy when properly executed will be voted as directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted FOR THE NOMINEE in Proposal 1.

Signature of Shareholder _______________	Date: _______________	Signature of Shareholder ____________	Date: _____________

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

ANNUAL MEETING OF SHAREHOLDERS OF

WESTERN ASSET/CLAYMORE
INFLATION-LINKED OPPORTUNITIES & INCOME FUND

May 1, 2012

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Meeting, proxy statement and proxy card
are available at http://www.materials.proxyvote.com/Guggenheim2012WIW.pdf

Please sign, date and mail
your proxy card in the
envelope provided as soon
as possible.

Please detach along perforated line and mail in the envelope provided.

10000000000000000000 9 050112

THE BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEE.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

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1. ELECTION OF CLASS II TRUSTEE:

	NOMINEE:	
FOR THE NOMINEE	O Ronald A. Nyberg	Class II Trustee
WITHHOLD AUTHORITY FOR THE NOMINEE		
FOR ALL EXCEPT (See instructions below)		

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting or any adjournment(s) or postponement(s) thereof. This proxy when properly executed will be voted as directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted FOR THE NOMINEE in Proposal 1.

Signature of Shareholder _________________		(440)	1,056	722	(1,345)
Related tax (expense) benefit		149	(359)	(245)	457
Total other comprehensive income (loss), net of tax		(291)	697	477	(888)
Total comprehensive income	$	2,451	$1,758	$8,127	$5,338

See accompanying notes to consolidated financial statements

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Balance at beginning of period	$84,373	$78,141	$80,419	$75,820
Net income	2,742	1,061	7,650	6,226
Other comprehensive income (loss), net of tax	(291)	697	477	(888)
Cash dividends	(861)	(853)	(2,583)	(2,112)
Balance at end of period	$85,963	$79,046	$85,963	$79,046
Cash dividends per share	$.21	$.21	$.63	$.52

See accompanying notes to consolidated financial statements

OHIO VALLEY BANC CORP.
CONDENSED CONSOLIDATED STATEMENTS OF
CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Net cash provided by operating activities:	$10,419	$10,706
Investing activities:		
Proceeds from maturities of securities available for sale	11,549	20,745
Purchases of securities available for sale	(8,041)	(17,105)
Proceeds from maturities of securities held to maturity	694	1,329
Purchases of securities held to maturity	(885)	(1,196)
Purchase of certificates of deposits in financial institutions	(980)	----
Purchase of Federal Reserve Bank stock	----	(1,495)
Redemptions of Federal Home Loan Bank stock	1,200	----
Net change in loans	(21,682)	1,522
Proceeds from sale of other real estate owned	348	1,062
Purchases of premises and equipment	(790)	(929)
Proceeds from bank owned life insurance	----	1,249
Net cash provided by investing activities	(18,587)	5,182
Financing activities:		
Change in deposits	16,694	(26,231)
Cash dividends	(2,583)	(2,112)
Repayment of subordinated debentures	----	(5,000)
Proceeds from Federal Home Loan Bank borrowings	6,633	5,853
Repayment of Federal Home Loan Bank borrowings	(1,294)	(1,155)
Change in other short-term borrowings	50	3
Net cash used in financing activities	19,500	(28,642)
Change in cash and cash equivalents	11,332	(12,754)
Cash and cash equivalents at beginning of period	28,344	45,651
Cash and cash equivalents at end of period	$39,676	$32,897
Supplemental disclosure:		
Cash paid for interest	$2,238	$3,316
Cash paid for income taxes	3,192	2,475
Transfers from loans to other real estate owned	740	239
Other real estate owned sales financed by the Bank	140	416

See accompanying notes to consolidated financial statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share data)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: The accompanying consolidated financial statements include the accounts of Ohio Valley Banc Corp. ("Ohio Valley") and its wholly-owned subsidiaries, The Ohio Valley Bank Company (the "Bank"), Loan Central, Inc. ("Loan Central"), a consumer finance company, Ohio Valley Financial Services Agency, LLC ("Ohio Valley Financial Services"), an insurance agency, and OVBC Captive, Inc. ("the Captive"), a pure captive insurance company. Ohio Valley and its subsidiaries are collectively referred to as the "Company". All material intercompany accounts and transactions have been eliminated in consolidation.

The Captive began operations in July 2014, in the State of Nevada. The Captive is a pure captive insurance company as defined by the Nevada Revised Statutes, Chapter 694C, and is engaged in the business of providing commercial property and various liability insurance to the Company and related entities. The Captive elected to be taxed under Section 831(b) of the Internal Revenue Code. Pursuant to Section 831(b), if gross premiums do not exceed $1,200, then the Captive is taxable solely on its investment income. The Captive will be included in the consolidated federal income tax return of the Company. The Captive has a policy to pay to the Company its federal income tax liability or receive a credit for the tax reduction realized in the event of a loss. The Captive is subject to federal income taxes and state premium taxes to Nevada.

These interim financial statements are prepared by the Company without audit and reflect all adjustments of a normal recurring nature which, in the opinion of management, are necessary to present fairly the consolidated financial position of the Company at September 30, 2014, and its results of operations and cash flows for the periods presented. The results of operations for the nine months ended September 30, 2014 are not necessarily indicative of the operating results to be anticipated for the full fiscal year ending December 31, 2014. The accompanying consolidated financial statements do not purport to contain all the necessary financial disclosures required by U.S. generally accepted accounting principles ("US GAAP") that might otherwise be necessary in the circumstances. The Annual Report of the Company for the year ended December 31, 2013 contains consolidated financial statements and related notes which should be read in conjunction with the accompanying consolidated financial statements.

As previously reported, the Internal Revenue Service has proposed that Loan Central, as a tax return preparer, be assessed a penalty for allegedly negotiating or endorsing checks issued by the U.S. Treasury to taxpayers. The penalty would amount to approximately $1,200. Loan Central appealed this matter within the Internal Revenue Service. Loan Central was recently notified that the Appeals Office will not concede the penalty, and the penalty will be assessed. The Company may have to resolve the matter through the judicial system. Based on consultation with legal counsel, management remains confident that it is highly unlikely that the penalty recommendation will be sustained. Therefore, the Company did not recognize any interest and/or penalties related to this matter for the periods presented.

The consolidated financial statements for 2013 have been reclassified to conform to the presentation for 2014. These reclassifications had no effect on the net results of operations or shareholders' equity.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS: The accounting and reporting policies followed by the Company conform to US GAAP. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Areas involving the use of management's estimates and assumptions that are more susceptible to change in the near term involve the allowance for loan losses, mortgage servicing rights, deferred tax assets, the fair value of certain securities, the fair value of financial instruments and the determination and carrying value of impaired loans and other real estate owned.

INDUSTRY SEGMENT INFORMATION: Internal financial information is primarily reported and aggregated in two lines of business, banking and consumer finance.

EARNINGS PER SHARE: Earnings per share are computed based on net income divided by the weighted average number of common shares outstanding during the period. The weighted average common shares outstanding were 4,098,753 for the three and nine months ended September 30, 2014, and 4,062,204 for the three and nine months ended September 30, 2013. Ohio Valley had no dilutive effect and no potential common shares issuable under stock options or other agreements for any period presented.

NOTE 2 – 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.

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 Loans: At the time a loan is considered impaired, it is valued at the lower of cost or fair value. Impaired loans carried at fair value generally receive specific allocations of the allowance for loan losses. 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. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

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.

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 that typically approximate 10%.

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 September 30, 2014, 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 sponsored entity securities	----	$8,918	----
Agency mortgage-backed securities, residential	----	71,830	----

	Fair Value Measurements at December 31, 2013, 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 sponsored entity securities	----	$8,852	----
Agency mortgage-backed securities, residential	----	75,216	----

There were no transfers between Level 1 and Level 2 during 2014 or 2013.

Assets and Liabilities Measured on a Nonrecurring Basis
Assets and liabilities measured at fair value on a nonrecurring basis are summarized below:

	Fair Value Measurements at September 30, 2014, Using		
	Quoted Prices in Active	Significant Other Observable	Significant Unobservable Inputs

	Markets for Identical Assets (Level 1)	Inputs (Level 2)	(Level 3)
Assets:			
Impaired loans:			
Commercial real estate:			
Nonowner-occupied	----	----	$ 2,625
Commercial and industrial	----	----	2,491
Other real estate owned:			
Commercial real estate:			
Construction	----	----	1,058

	Fair Value Measurements at December 31, 2013, 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:			
Residential real estate	----	----	$ 234
Commercial real estate:			
Owner-occupied	----	----	133
Nonowner-occupied	----	----	1,973
Commercial and industrial	----	----	2,863
Other real estate owned:			
Commercial real estate:			
Construction	----	----	1,058

At September 30, 2014, the recorded investment of impaired loans measured for impairment using the fair value of collateral for collateral-dependent loans totaled $6,684, with a corresponding valuation allowance of $1,568, resulting in a decrease of $533 and $680 in provision expense during the three and nine months ended September 30, 2014, with no additional charge-offs recognized. At December 31, 2013, the recorded investment of impaired loans measured for impairment using the fair value of collateral for collateral-dependent loans totaled $7,701, with a corresponding valuation allowance of $2,498, resulting in an increase of $519 in additional provision expense during the year ended December 31, 2013, with no additional charge-offs recognized.

Other real estate owned that was measured at fair value less costs to sell at September 30, 2014 and December 31, 2013 had a net carrying amount of $1,058, which is made up of the outstanding balance of $2,217, net of a valuation allowance of $1,159 at September 30, 2014 and December 31, 2013. There were no corresponding write-downs during the three and nine months ended September 30, 2014. There were $504 in corresponding write-downs during 2013.

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 September 30, 2014 and December 31, 2013:

September 30, 2014	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range	(Weighted Average)
Impaired loans:					
Commercial real estate:					
Nonowner-occupied	$ 2,625	Income approach	Capitalization Rate	6.5%	6.5%
Commercial and industrial	2,491	Sales approach	Adjustment to comparables	10% to 30%	20.25%
Other real estate owned:					
Commercial real estate:					
Construction	1,058	Sales approach		5% to 35%	19%

			Adjustment to comparables		
December 31, 2013	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range	(Weighted Average)
Impaired loans:					
Commercial real estate:					
Nonowner-occupied	$ 1,973	Sales approach	Adjustment to comparables	5% to 10%	8%
Commercial and industrial	2,863	Sales approach	Adjustment to comparables	0% to 20%	16%
Other real estate owned:					
Commercial real estate:					
Construction	1,058	Sales approach	Adjustment to comparables	5% to 35%	19%

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The carrying amounts and estimated fair values of financial instruments at September 30, 2014 and December 31, 2013 are as follows:

	Carrying Value	Fair Value Measurements at September 30, 2014 Using: Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and cash equivalents	$ 39,676	$ 39,676	$ ----	$ ----	$ 39,676
Certificates of deposits in financial institutions	980	----	980	----	980
Securities available for sale	80,748	----	80,748	----	80,748
Securities held to maturity	22,970	----	12,163	11,407	23,570
Federal Home Loan Bank and Federal Reserve Bank stock	6,576	N/A	N/A	N/A	N/A
Loans, net	579,907	----	----	584,194	584,194
Accrued interest receivable	1,991	----	367	1,624	1,991
Financial liabilities:					
Deposits	645,571	151,085	494,426	----	645,511
Other borrowed funds	24,137	----	23,472	----	23,472
Subordinated debentures	8,500	----	4,946	----	4,946
Accrued interest payable	714	3	711	----	714

	Carrying Value	Fair Value Measurements at December 31, 2013 Using: Level 1	Level 2	Level 3	Total
Financial Assets:					
Cash and cash equivalents	$28,344	$28,344	$----	$----	$28,344
Securities available for sale	84,068	----	84,068	----	84,068
Securities held to maturity	22,826	----	11,502	11,482	22,984
Federal Home Loan Bank stock	7,776	N/A	N/A	N/A	N/A
Loans, net	560,164	----	----	564,589	564,589
Accrued interest receivable	1,901	----	241	1,660	1,901
Financial liabilities:					
Deposits	628,877	148,847	479,962	----	628,809
Other borrowed funds	18,748	----	17,453	----	17,453
Subordinated debentures	8,500	----	4,896	----	4,896
Accrued interest payable	792	3	789	----	792

The methods and assumptions, not previously presented, used to estimate fair values are described as follows:

Cash and Cash Equivalents: The carrying amounts of cash and short-term instruments approximate fair values and are classified as Level 1.

Certificates of deposit in financial institutions: The carrying amounts of certificates of deposits in financial institutions approximate fair values and are classified as Level 2.

Securities Held to Maturity: The fair values for securities held to maturity are determined in the same manner as securities held for sale and discussed earlier in this note. Level 3 securities consist of nonrated municipal bonds and tax credit ("QZAB") bonds.

Federal Home Loan Bank and Federal Reserve Bank stock: It is not practical to determine the fair value of both Federal Home Loan Bank and Federal Reserve Bank stock due to restrictions placed on its transferability.

Loans: Fair values of loans are estimated as follows: The fair value of fixed rate loans is estimated by discounting future cash flows using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality resulting in a Level 3 classification. For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values resulting in a Level 3 classification. Impaired loans are valued at the lower of cost or fair value as described previously. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

Deposit Liabilities: The fair values disclosed for noninterest-bearing deposits are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amount), resulting in a Level 1 classification. The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date resulting in a Level 2 classification. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flows calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits, resulting in a Level 2 classification.

Other Borrowed Funds: The carrying values of the Company’s short-term borrowings, generally maturing within ninety days, approximate their fair values, resulting in a Level 2 classification. The fair values of the Company’s long-term borrowings are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements, resulting in a Level 2 classification.

Subordinated Debentures: The fair values of the Company’s Subordinated Debentures are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements, resulting in a Level 2 classification.

Accrued Interest Receivable and Payable: The carrying amount of accrued interest approximates fair value, resulting in a classification that is consistent with the earning assets and interest-bearing liabilities with which it is associated.

Off-balance Sheet Instruments: Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties’ credit standing. The fair value of commitments is not material.

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 3 – SECURITIES

The following table summarizes the amortized cost and estimated fair value of the available for sale and held to maturity securities portfolios at September 30, 2014 and December 31, 2013 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income for available for sale securities and gross unrecognized gains and losses for held to maturity securities:

Securities Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2014				
U.S. Government sponsored entity securities	$9,021	$3	$(106)	$8,918
Agency mortgage-backed securities, residential	70,626	1,458	(254)	71,830
Total securities	$79,647	$1,461	$(360)	$80,748
December 31, 2013				
U.S. Government sponsored entity securities	$9,028	$4	$(180)	$8,852
Agency mortgage-backed securities, residential	74,661	1,257	(702)	75,216

Total securities	$83,689	$1,261	$(882)	$84,068

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Securities Held to Maturity	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
September 30, 2014				
Obligations of states and political subdivisions	$22,960	$ 820	$ (220)	$23,560
Agency mortgage-backed securities, residential	10	----	----	10
Total securities	$22,970	$ 820	$ (220)	$23,570
December 31, 2013				
Obligations of states and political subdivisions	$22,814	$ 579	$ (421)	$22,972
Agency mortgage-backed securities, residential	12	----	----	12
Total securities	$22,826	$ 579	$ (421)	$22,984

The amortized cost and estimated fair value of the securities portfolio at September 30, 2014, 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	
Debt Securities:	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$----	$----	$----	$----
Due in over one to five years	9,021	8,918	7,269	7,656
Due in over five to ten years	----	----	9,189	9,321
Due after ten years	----	----	6,502	6,583
Agency mortgage-backed securities, residential	70,626	71,830	10	10
Total debt securities	$79,647	$80,748	$22,970	$23,570

The following table summarizes the investment securities with unrealized losses at September 30, 2014 and December 31, 2013 by aggregated major security type and length of time in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
September 30, 2014	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Securities Available for Sale						
U.S. Government sponsored entity securities	$----	$----	$7,911	$(106)	$7,911	$(106)
Agency mortgage-backed securities, residential	7,389	(27)	8,561	(227)	15,950	(254)
Total available for sale	$7,389	$(27)	$16,472	$(333)	$23,861	$(360)

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss
Securities Held to Maturity						
Obligations of states and political subdivisions	$1,432	$ (53)	$2,785	$ (167)	$4,217	$ (220)

Total held to maturity	$1,432	$ (53)	$2,785	$ (167)	$4,217	$ (220)

	Less Than 12 Months		12 Months or More		Total	
December 31, 2013	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Securities Available for Sale						
U.S. Government sponsored						
entity securities	$ 7,841	$ (180)	$ ----	$ ----	$ 7,841	$ (180)
Agency mortgage-backed						
securities, residential	25,775	(702)	----	----	25,775	(702)
Total available for sale	$ 33,616	$ (882)	$ ----	$ ----	$ 33,616	$ (882)

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss
Securities Held to Maturity						
Obligations of states and political subdivisions	$6,743	$ (307)	$1,142	$ (114)	$7,885	$ (421)
Total held to maturity	$6,743	$ (307)	$1,142	$ (114)	$7,885	$ (421)

Unrealized losses on the Company's debt securities have not been recognized into income because the issuers' securities are of high credit quality, 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 September 30, 2014 and December 31, 2013 represents an other-than-temporary impairment.

NOTE 4 – LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans are comprised of the following:	September 30, 2014	December 31, 2013
Residential real estate	$210,898	$214,008
Commercial real estate:		
Owner-occupied	93,742	94,586
Nonowner-occupied	67,224	62,108
Construction	29,799	28,972
Commercial and industrial	80,413	64,365
Consumer:		
Automobile	41,745	38,811
Home equity	17,698	17,748
Other	45,352	45,721
	586,871	566,319
Less: Allowance for loan losses	6,964	6,155
Loans, net	$579,907	$560,164

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ended September 30, 2014 and 2013:

September 30, 2014	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Consumer	Total
Allowance for loan losses:					
Beginning balance	$1,957	$3,171	$1,651	$1,149	$7,928
Provision for loan losses	(240)	(551)	(90)	199	(682)
Loans charged off	(157)	(78)	(37)	(363)	(635)
Recoveries	99	3	114	137	353
Total ending allowance balance	$1,659	$2,545	$1,638	$1,122	$6,964

September 30, 2013	Residential Real Estate	Commercial Real Estate	Commercial	Consumer	Total

			and Industrial		
Allowance for loan losses:					
Beginning balance	$1,192	$3,034	$1,342	$900	$6,468
Provision for loan losses	173	313	291	56	833
Loans charged-off	(94)	----	----	(256)	(350)
Recoveries	80	48	14	173	315
Total ending allowance balance	$1,351	$3,395	$1,647	$873	$7,266

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The following table presents the activity in the allowance for loan losses by portfolio segment for the nine months ended September 30, 2014 and 2013:

September 30, 2014	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Consumer	Total
Allowance for loan losses:					
Beginning balance	$1,250	$2,807	$1,305	$793	$6,155
Provision for loan losses	511	(100)	83	704	1,198
Loans charged off	(350)	(235)	(41)	(815)	(1,441)
Recoveries	248	73	291	440	1,052
Total ending allowance balance	$1,659	$2,545	$1,638	$1,122	$6,964

September 30, 2013	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Consumer	Total
Allowance for loan losses:					
Beginning balance	$1,329	$3,946	$783	$847	$6,905
Provision for loan losses	318	(880)	823	414	675
Loans charged-off	(551)	(2)	----	(977)	(1,530)
Recoveries	255	331	41	589	1,216
Total ending allowance balance	$1,351	$3,395	$1,647	$873	$7,266

The following table presents the balance in the allowance for loan losses and the recorded investment of loans by portfolio segment and based on impairment method as of September 30, 2014 and December 31, 2013:

September 30, 2014	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Consumer	Total
Allowance for loan losses:					
Ending allowance balance attributable to loans:					
Individually evaluated for impairment	$115	$670	$898	$5	$1,688
Collectively evaluated for impairment	1,544	1,875	740	1,117	5,276
Total ending allowance balance	$1,659	$2,545	$1,638	$1,122	$6,964
Loans:					
Loans individually evaluated for impairment	$1,829	$11,840	$5,612	$218	$19,499
Loans collectively evaluated for impairment	209,069	178,925	74,801	104,577	567,372
Total ending loans balance	$210,898	$190,765	$80,413	$104,795	$586,871

December 31, 2013	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Consumer	Total
Allowance for loan losses:					

Ending allowance balance attributable to loans:					
Individually evaluated for impairment	$213	$ 1,541	$ 864	$7	$2,625
Collectively evaluated for impairment	1,037	1,266	441	786	3,530
Total ending allowance balance	$1,250	$ 2,807	$ 1,305	$793	$6,155
Loans:					
Loans individually evaluated for impairment	$1,438	$ 10,382	$ 2,658	$218	$14,696
Loans collectively evaluated for impairment	212,570	175,284	61,707	102,062	551,623
Total ending loans balance	$214,008	$ 185,666	$ 64,365	$102,280	$566,319

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The following tables present information related to loans individually evaluated for impairment by class of loans as of September 30, 2014 and December 31, 2013 and for the three and nine months ended September 30, 2014 and 2013:

September 30, 2014	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
With an allowance recorded:			
Residential real estate	$411	$411	$115
Commercial real estate:			
Nonowner-occupied	3,295	3,295	670
Commercial and industrial	2,309	2,309	898
Consumer:			
Home equity	218	218	5
With no related allowance recorded:			
Residential real estate	1,418	1,418	----
Commercial real estate:			
Owner-occupied	3,491	2,944	----
Nonowner-occupied	6,201	5,601	----
Commercial and industrial	4,056	3,303	----
Total	$21,399	$19,499	$1,688

December 31, 2013	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
With an allowance recorded:			
Residential real estate	$672	$672	$213
Commercial real estate:			
Owner-occupied	290	290	157
Nonowner-occupied	3,357	3,357	1,384
Commercial and industrial	2,658	2,658	864
Consumer:			
Home equity	218	218	7
With no related allowance recorded:			
Residential real estate	766	766	----
Commercial real estate:			
Owner-occupied	1,539	992	----
Nonowner-occupied	6,343	5,743	----
Commercial and industrial	412	----	----
Total	$16,255	$14,696	$2,625

	Three months ended September 30, 2014			Nine months ended September 30, 2014		
	Average Impaired Loans	Interest Income Recognized	Cash Basis Interest Recognized	Average Impaired Loans	Interest Income Recognized	Cash Basis Interest Recognized
With an allowance recorded:						

Residential real estate	$ 412	$ 5	$ 5	$ 416	$ 22	$ 22
Commercial real estate:						
Nonowner-occupied	3,299	18	18	3,321	92	92
Commercial and industrial	2,299	26	26	2,462	83	83
Consumer:						
Home equity	218	1	1	218	5	5
With no related allowance recorded:						
Residential real estate	971	36	36	749	50	50
Commercial real estate:						
Owner-occupied	2,364	61	61	1,678	91	91
Nonowner-occupied	5,620	76	76	5,669	227	227
Commercial and industrial	3,462	71	71	1,731	150	150
Total	$ 18,645	$ 294	$ 294	$ 16,244	$ 720	$ 720

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	Three months ended September 30, 2014			Nine months ended September 30, 2014		
	Average Impaired Loans	Interest Income Recognized	Cash Basis Interest Recognized	Average Impaired Loans	Interest Income Recognized	Cash Basis Interest Recognized
With an allowance recorded:						
Residential real estate	$ 552	$ 17	$ 17	$ 487	$ 25	$ 25
Commercial real estate:						
Owner-occupied	145	----	----	73	----	----
Nonowner-occupied	3,422	41	41	3,439	94	94
Commercial and industrial	3,259	39	39	1,629	107	107
Consumer:						
Home equity	109	8	8	54	8	8
With no related allowance recorded:						
Residential real estate	611	12	12	544	25	25
Commercial real estate:						
Owner-occupied	1,479	9	9	1,391	31	31
Nonowner-occupied	5,974	81	81	6,513	267	267
Consumer:						
Home equity	----	----	----	----	3	3
Total	$ 15,551	$ 207	$ 207	$ 14,130	$ 560	$ 560

The recorded investment of a loan is its carrying value excluding accrued interest and deferred loan fees.

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 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 September 30, 2014 and December 31, 2013:

September 30, 2014	Loans Past Due 90 Days And Still Accruing	Nonaccrual
Residential real estate	$ 129	$ 3,070
Commercial real estate:		
Owner-occupied	----	1,426
Consumer:		
Automobile	8	25
Home equity	----	43
Other	----	69
Total	$ 137	$ 4,633

December 31, 2013	Loans Past Due 90 Days And Still Accruing	Nonaccrual
Residential real estate	$72	$2,662
Commercial real estate:		
Owner-occupied	----	799
Nonowner-occupied	----	52
Commercial and industrial	----	21
Consumer:		
Automobile	5	8
Home equity	----	38
Other	1	----
Total	$78	$3,580

The following table presents the aging of the recorded investment of past due loans by class of loans as of September 30, 2014 and December 31, 2013:

September 30, 2014	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	$1,950	$1,203	$3,018	$6,171	$204,727	$210,898
Commercial real estate:						
Owner-occupied	----	209	1,426	1,635	92,107	93,742
Nonowner-occupied	278	----	----	278	66,946	67,224
Construction	1,270	----	----	1,270	28,529	29,799
Commercial and industrial	30	101	----	131	80,282	80,413
Consumer:						
Automobile	490	145	19	654	41,091	41,745
Home equity	74	----	43	117	17,581	17,698
Other	272	152	69	493	44,859	45,352
Total	$4,364	$1,810	$4,575	$10,749	$576,122	$586,871

December 31, 2013	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	$3,922	$1,324	$2,620	$7,866	$206,142	$214,008
Commercial real estate:						
Owner-occupied	206	34	683	923	93,663	94,586
Nonowner-occupied	----	----	52	52	62,056	62,108
Construction	60	----	----	60	28,912	28,972
Commercial and industrial	193	115	21	329	64,036	64,365
Consumer:						
Automobile	638	123	13	774	38,037	38,811
Home equity	----	----	38	38	17,710	17,748
Other	651	38	1	690	45,031	45,721
Total	$5,670	$1,634	$3,428	$10,732	$555,587	$566,319

Troubled Debt Restructurings:

A troubled debt restructuring (“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 TDR's 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 credit or 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 TDR's to reflect the fair values of the underlying collateral or the present value of the concessionary terms granted to the customer.

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The following table presents the types of TDR loan modifications by class of loans as of September 30, 2014 and December 31, 2013:

	TDR's Performing to Modified Terms	TDR's Not Performing to Modified Terms	Total TDR's
September 30, 2014			
Residential real estate			
Interest only payments	$523	$----	$523
Rate reduction	411	----	411
Commercial real estate:			
Owner-occupied			
Rate reduction	----	249	249
Maturity extension at lower stated rate than market rate	1,062	----	1,062
Nonowner-occupied			
Interest only payments	8,263	----	8,263
Reduction of principal and interest payments	633	----	633
Commercial and industrial			
Interest only payments	5,217	----	5,217
Credit extension at lower stated rate than market rate	395	----	395
Consumer:			
Home equity			
Maturity extension at lower stated rate than market rate	218	----	218
Total TDR's	$16,722	$249	$16,971

	TDR's Performing to Modified Terms	TDR's Not Performing to Modified Terms	Total TDR's
December 31, 2013			
Residential real estate			
Interest only payments	$527	$----	$527
Rate reduction	420	----	420
Commercial real estate:			
Owner-occupied			
Rate reduction	----	259	259
Maturity extension at lower stated rate than market rate	271	----	271
Nonowner-occupied			
Interest only payments	8,450	----	8,450
Reduction of principal and interest payments	650	----	650
Commercial and industrial			
Interest only payments	1,811	----	1,811
Consumer:			
Home equity			

Maturity extension at lower stated rate than market rate	218	----	218
Total TDR's	$12,347	$259	$12,606

During the nine months ended September 30, 2014, the TDR's described above decreased the provision expense and the allowance for loan losses by $687 with no corresponding charge-offs. During the year ended December 31, 2013, the TDR's described above decreased the allowance for loan losses by $321 with no corresponding charge-offs. This resulted in a decrease to provision expense of $871 during the year ended December 31, 2013.

At September 30, 2014, the balance in TDR loans increased $4,365, or 34.6%, from year-end 2013. The increase was largely due to the modification of four commercial loans totaling $4,065 at September 30, 2014. During the second quarter of 2014, the contractual terms of two commercial and industrial loans totaling $3,621 were adjusted to permit short-term, interest-only payments, which created a concession to the borrower. During the second quarter of 2014, the contractual maturity of one commercial real estate loan totaling $767 was extended at an interest rate lower than the current market rate for new debt with similar risk, which created a concession to the borrower. During the third quarter of 2014, new credit was extended to a commercial borrower totaling $395 at an interest rate lower than the current market rate for new debt with similar risk, which created a concession to the borrower. At September 30, 2014 and December 31, 2013, a total of 98% of the Company's TDR's were performing according to their modified terms. The Company allocated $1,688 and $2,375 in reserves to customers whose loan terms have been modified in TDR's as of September 30, 2014 and December 31, 2013, respectively. At September 30, 2014, the Company had $3,083 in commitments to lend additional amounts to customers with outstanding loans that are classified as TDR's, as compared to $718 at December 31, 2013.

The following table presents the pre- and post-modification balances of TDR loan modifications by class of loans that occurred during the nine months ended September 30, 2014 and 2013:

	TDR's Performing to Modified Terms		TDR's Not Performing to Modified Terms	
Nine months ended September 30, 2014	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Commercial real estate:				
Owner-occupied				
Maturity extension at lower stated rate than market rate	$762	$ 762	$----	$ ----
Commercial and industrial				
Interest only payments	2,908	2,908	----	----
Maturity extension at lower stated rate than market rate	395	395	----	----
Total TDR's	$4,065	$ 4,065	$----	$ ----

	TDR's Performing to Modified Terms		TDR's Not Performing to Modified Terms	
Nine months ended September 30, 2013	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Residential real estate				
Interest only payments	$249	$ 249	$----	$ ----
Consumer:				
Home equity				
Maturity extension at lower stated rate than market rate	218	218	----	----

Total TDR's	$467	$ 467	$----	$ ----

All of the Company's loans that were restructured during the nine months ended September 30, 2014 and 2013 were performing in accordance with their modified terms. Furthermore, there were no TDR's described above at September 30, 2014 and 2013 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. The loans modified during the nine months ended September 30, 2014 had no impact on the provision expense or the allowance for loan losses. As of September 30, 2014, the Company had no allocation of reserves to customers whose loan terms were modified during the first nine months of 2014. The loans modified during the nine months ended September 30, 2013 increased provision expense and the allowance for loan losses by $7. As a result, at September 30, 2013, the Company had an allocation of reserves totaling $7 to customers whose loan terms had been modified during the first nine months of 2013.

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 10. The Company analyzes loans individually with a higher credit risk rating and groups these loans into categories called “criticized” and “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 or 10. The Company's risk categories are reviewed at least annually on loans that have aggregate borrowing amounts that meet or exceed $500.

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

Special Mention (Loan Grade 8). Loans classified as special mention indicate considerable risk due to deterioration of repayment (in the earliest stages) due to potential weak primary repayment source, or payment delinquency. These loans will be under constant supervision, 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 troubled debt restructuring should be graded no higher than special mention until they have been reported as performing over one year after restructuring.

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

Substandard (Loan Grade 9). 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 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 loan grade 8 loans. Collateral liquidation is considered likely to satisfy debt.

Doubtful (Loan Grade 10). Loans classified as doubtful display a high probability of loss, although the amount of actual loss at the time of classification is undetermined. This should be a temporary category until such time that actual loss can be identified, or improvements 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 which 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.

Criticized and classified loans will mostly consist of commercial and industrial and commercial real estate loans. The Company considers its loans that do not meet the criteria for a criticized 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 at the time of origination or reevaluation date. As of September 30, 2014 and December 31, 2013, and based on the most recent analysis performed, the risk category of commercial loans by class of loans was as follows:

September 30, 2014	Pass	Criticized	Classified	Total
Commercial real estate:				
Owner-occupied	$87,614	$959	$5,169	$93,742
Nonowner-occupied	55,325	3,357	8,542	67,224
Construction	29,799	----	----	29,799
Commercial and industrial	73,440	477	6,496	80,413
Total	$246,178	$4,793	$20,207	$271,178

December 31, 2013	Pass	Criticized	Classified	Total
Commercial real estate:				
Owner-occupied	$86,497	$5,310	$2,779	$94,586
Nonowner-occupied	51,119	7,107	3,882	62,108
Construction	27,998	----	974	28,972
Commercial and industrial	56,962	4,081	3,322	64,365
Total	$222,576	$16,498	$10,957	$250,031

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 of a loan's credit risk grading.

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 by class of loans based on repayment activity as of September 30, 2014 and December 31, 2013:

September 30, 2014		Consumer			
	Automobile	Home Equity	Other	Residential Real Estate	Total
Performing	$41,712	$17,655	$45,283	$207,699	$312,349
Nonperforming	33	43	69	3,199	3,344
Total	$41,745	$17,698	$45,352	$210,898	$315,693

December 31, 2013		Consumer			
	Automobile	Home Equity	Other	Residential Real Estate	Total
Performing	$38,798	$17,710	$45,720	$211,274	$313,502
Nonperforming	13	38	1	2,734	2,786
Total	$38,811	$17,748	$45,721	$214,008	$316,288

The Company, through its subsidiaries, 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 5.67% of total loans were unsecured at September 30, 2014, up from 5.13% at December 31, 2013.

NOTE 5 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

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 contract amounts of these instruments are not included in the consolidated financial statements. At September 30, 2014, the contract amounts of these instruments totaled approximately $56,157, compared to $67,465 at December 31, 2013. The Bank uses the same credit policies in making commitments and conditional obligations as it does for instruments recorded on the balance sheet. Since many of these instruments are expected to expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

NOTE 6 - OTHER BORROWED FUNDS

Other borrowed funds at September 30, 2014 and December 31, 2013 were comprised of advances from the Federal Home Loan Bank ("FHLB") of Cincinnati and promissory notes.

	FHLB Borrowings	Promissory Notes	Totals
September 30, 2014	$ 20,558	$3,579	$24,137
December 31, 2013	$ 15,219	$3,529	$18,748

Pursuant to collateral agreements with the FHLB, advances were secured by $200,821 in qualifying mortgage loans, $91,270 in commercial loans and $5,081 in FHLB stock at September 30, 2014. Fixed-rate FHLB advances of $20,558 mature through 2042 and have interest rates ranging from 1.53% to 3.31% and a year-to-date weighted average cost of 2.18%. There were no variable-rate FHLB borrowings at September 30, 2014.

At September 30, 2014, the Company had a cash management line of credit enabling it to borrow up to $75,000 from the FHLB. All cash management advances have an original maturity of 90 days. The line of credit must be renewed on an annual basis. There was $75,000 available on this line of credit at September 30, 2014.

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 $204,460 at September 30, 2014. Of this maximum borrowing capacity, the Company had $153,502 available to use as additional borrowings, of which $75,000 could be used for short-term, cash management advances, as mentioned above.

Promissory notes, issued primarily by Ohio Valley, have fixed rates of 1.15% to 5.00% and are due at various dates through a final maturity date of December 3, 2015. At September 30, 2014, there were no promissory notes payable by Ohio Valley to related parties.

Letters of credit issued on the Bank's behalf by the FHLB to collateralize certain public unit deposits as required by law totaled $30,400 at September 30, 2014 and $25,000 at December 31, 2013.

Scheduled principal payments as of September 30, 2014:

	FHLB Borrowings	Promissory Notes	Totals
2014	$425	$2,161	$2,586
2015	1,646	1,418	3,064
2016	1,574	----	1,574
2017	4,512	----	4,512
2018	1,462	----	1,462
Thereafter	10,939	----	10,939
	$20,558	$3,579	$24,137

NOTE 7 – 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 90.2% of total consolidated revenues for both the nine months ended September 30, 2014 and 2013, respectively.

The accounting policies used for the Company's reportable segments are the same as those described in Note 1 - Summary of Significant Accounting Policies. Income taxes are allocated based on income before tax expense.

Information for the Company’s reportable segments is as follows:

	Three Months Ended September 30, 2014		
	Banking	Consumer Finance	Total Company
Net interest income	$7,612	$596	$8,208
Provision expense	$(715)	$33	$(682)
Noninterest income	$2,044	$62	$2,106
Noninterest expense	$6,684	$560	$7,244
Tax expense	$989	$21	$1,010
Net income	$2,698	$44	$2,742
Assets	$764,171	$13,006	$777,177

	Three Months Ended September 30, 2013		
	Banking	Consumer Finance	Total Company
Net interest income	$7,294	$636	$7,930
Provision expense	$819	$14	$833
Noninterest income	$1,497	$77	$1,574
Noninterest expense	$6,743	$577	$7,320
Tax expense	$249	$41	$290
Net income	$980	$81	$1,061
Assets	$733,578	$13,928	$747,506

	Nine Months Ended September 30, 2014		
	Banking	Consumer Finance	Total Company
Net interest income	$22,593	$2,584	$25,177
Provision expense	$1,085	$113	$1,198

Noninterest income	$7,332	$804	$8,136
Noninterest expense	$19,657	$1,879	$21,536
Tax expense	$2,457	$472	$2,929
Net income	$6,726	$924	$7,650
Assets	$764,171	$13,006	$777,177

	Nine Months Ended September 30, 2013		
	Banking	Consumer Finance	Total Company
Net interest income	$ 21,641	$ 2,551	$ 24,192
Provision expense	$ 554	$ 121	$ 675
Noninterest income	$ 6,782	$ 697	$ 7,479
Noninterest expense	$ 20,745	$ 1,840	$ 22,585
Tax expense	$ 1,750	$ 435	$ 2,185
Net income	$ 5,374	$ 852	$ 6,226
Assets	$ 733,578	$ 13,928	$ 747,506

ITEM 2.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(dollars in thousands, except share and per share data)

Forward Looking Statements

Except for the historical statements and discussions contained herein, statements contained in this report constitute "forward looking 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," and similar expressions. Such statements involve various important assumptions, risks, uncertainties, and other factors, many of which are beyond our control that could cause actual results to differ materially from those expressed in such forward looking statements. These factors include, but are not limited to: changes in political, economic or other factors such as inflation rates, recessionary or expansive trends, taxes, the effects of implementation of the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012 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 the Company; unanticipated litigation, claims, or assessments; fluctuations in the cost of obtaining funds to make loans; and regulatory changes. Additional detailed information concerning a number of important factors which could cause actual results to differ materially from the forward-looking statements contained in management's discussion and analysis is available in the Company's filings with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, including the disclosure under the heading "Item 1A. Risk Factors" of Part 1 of the Company's Annual Report on Form 10- K for the fiscal year ended December 31, 2013. 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.

Financial Overview

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. In addition, the Bank is one of a limited number of financial institutions that facilitates the payment of tax refunds through a third-party tax refund product provider. The Bank has facilitated the payment of these tax refunds through electronic refund check/deposit ("ERC/ERD") transactions. ERC/ERD transactions involve the payment of a tax refund to the taxpayer after the Bank has received the refund from the federal/state government. ERC/ERD transactions occur primarily during the tax refund season, typically during the first quarter of each year. Loan Central also provides refund anticipation loans ("RALs") to its customers. RALs are short-term cash advances against a customer's anticipated income tax refund.

For the three months ended September 30, 2014, the Company's net income increased by $1,681, or 158.4%, as compared to the same period in 2013, to finish at $2,742. Earnings per share for the third quarter of 2014 also increased by $.41, or 157.7%, compared to the same period in 2013, to finish at $.67 per share. For the nine months ended September 30, 2014, net income increased by $1,424, or 22.9%, to finish at $7,650, compared to the same period in 2013. Earnings per share for the nine months ended September 30, 2014 also increased by $.34, or 22.2%, compared to the same period in 2013, to finish at $1.87 per share. The annualized net income to average asset ratio, or return on assets ("ROA"), increased to 1.27% at September 30, 2014, as compared to 1.05% at September 30, 2013. The Company's net income to average equity ratio, or return on equity ("ROE"), also increased to 12.30% at September 30, 2014, as compared to 10.72% at September 30, 2013.

The Company recorded higher net interest income during both the three and nine months ended September 30, 2014, increasing $278, or 3.5%, and $985, or 4.1%, respectively, over the same periods in 2013. The Company benefited from a stronger net interest margin, which increased to 4.62% during the three months ended September 30, 2014, and 4.53% during the nine months ended September 30, 2014, as compared to 4.57% and 4.43% during the same periods in 2013, respectively. The primary reasons for net interest income and margin improvement include increasing average earning assets, a decrease in amortization expense on mortgage-backed securities and declines in higher-costing time deposits and subordinated debentures. These positive impacts completely offset the downward pressure on asset yields due to long-term interest rates remaining at historically low levels.

Provision expense decreased $1,515 during the three months ended September 30, 2014, as compared to the same period in 2013. This was largely due to negative provision expense recorded during the third quarter of 2014 that was primarily related to a decrease in specific loan loss reserves impacted by the improvement in collateral values of an impaired commercial loan relationship. During the nine months ended September 30, 2014, provision expense increased $523 over the same period in 2013. The increase was impacted by the increase of general allocations that management deemed necessary related to various loan portfolio risks. Contributing most to a higher general allocation was the downgrade of two impaired commercial credits during the second quarter of 2014, which have increased the Company's classified assets and economic risk factor within the calculation of the allowance for loan losses. Increases in general allocations were also impacted by higher impaired loan balances, as well as general increases in the loan portfolio. Further discussion can be found under the captions "Allowance for Loan Losses" and "Provision for Loan Losses" within this Management's Discussion and Analysis.

Total noninterest income during the three months ended September 30, 2014 increased $532, or 33.8%, while also increasing $657, or 8.8%, during the nine months ended September 30, 2014, as compared to the same periods in 2013. Both period increases came largely from the third quarter sale of the Company's 9% ownership interest in ProAlliance Corporation ("ProAlliance"), a specialty property and casualty insurance company. Increases in noninterest revenue also came from tax processing fees through ERC/ERD transactions during the year-to-date period. These increases were partially offset by a 49.3% decrease in bank owned life insurance and annuity asset income, as well as decreases in service charge revenue and mortgage banking income, as compared to 2013.

Total noninterest expense during the three months ended September 30, 2014 decreased $76, or 1.0%, and decreased $1,049, or 4.6%, during the nine months ended September 30, 2014, as compared to the same periods in 2013. Impacting both the quarter- and year-to-date results were lower salaries and employee benefits, foreclosure expenses and state taxes, which collectively decreased $251 and $881, respectively, from the same periods in 2013. The Company also incurred a fee of $212 during the first quarter of 2013 associated with the redemption of higher-costing, trust preferred securities, which was not repeated during 2014.

At September 30, 2014, total assets were $777,177, compared to $747,368 at year-end 2013, with the increase due mostly to a $20,552, or 3.6%, increase in gross loan balances from year-end 2013. Asset growth was further impacted by a 58.5% increase in interest-bearing deposits within the Company's Federal Reserve Clearing account.

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Total liabilities were $691,214 at September 30, 2014, up $24,265 since December 31, 2013. Total deposit balances experienced continued growth during 2014, increasing $16,694 compared to year-end 2013. Interest-bearing balances accounted for virtually all of this increase, impacted by municipal public fund deposit balances. At September 30, 2014, other borrowed funds were up 28.7% compared to year-end 2013.

At September 30, 2014, total shareholders' equity was $85,963, up $5,544 since December 31, 2013. Regulatory capital ratios remained significantly higher than the "well capitalized" minimums.

Comparison of
Financial Condition
at September 30, 2014 and December 31, 2013

The following discussion focuses, in more detail, on the consolidated financial condition of the Company at September 30, 2014 compared to December 31, 2013. This discussion should be read in conjunction with the interim consolidated financial statements and the footnotes included in this Form 10-Q.

Cash and Cash Equivalents

At September 30, 2014, cash and cash equivalents increased $11,332, to finish at $39,676, compared to $28,344 at December 31, 2013. The increase in cash and cash equivalents was largely affected by a $10,820, or 58.5%, increase within the Company’s interest-bearing deposits from year-end 2013, mostly from its Federal Reserve Bank clearing account. The Company continues to utilize its interest-bearing Federal Reserve Bank clearing account to manage seasonal tax refund deposits, as well as to fund earning asset growth and maturities of retail certificates of deposit (“CD’s”). Since year-end 2013, the Company has experienced a 5.6% increase in its interest-bearing deposit liabilities generated by larger municipal public fund deposits, contributing to higher excess funds at September 30, 2014. The interest rate paid on both the required and excess reserve balances is based on the targeted federal funds rate established by the Federal Open Market Committee, which currently is 0.25%. This interest rate is similar to what the Company would have received from its investments in federal funds sold, currently in a range of less than 0.25%. Furthermore, Federal Reserve Bank balances are 100% secured.

As liquidity levels vary continuously based on consumer activities, amounts of cash and cash equivalents can vary widely at any given point in time. Carrying excess cash has a negative impact on interest income since the Company currently only earns 0.25% on its deposits with the Federal Reserve. As a result, the Company’s focus will be to re-invest these excess funds back into longer-term, higher-yielding assets, primarily loans, when the opportunities arise.

Certificates of deposit

At September 30, 2014, the Company had $980 in certificates of deposit balances on hand. The investment of $980 was recorded in the third quarter of 2014 by the Captive and consisted of four certificates with maturity terms ranging from one to three years.

Securities

The balance of total securities decreased $3,176, or 3.0%, compared to year-end 2013. The decrease came mostly from agency mortgage-backed securities, which decreased $3,388, or 4.5%, from year-end 2013. The Company’s investment securities portfolio is made up mostly of U.S. Government agency (“Agency”) mortgage-backed securities, representing 69.3% of total investments at September 30, 2014. During the first nine months of 2014, the Company invested $8,041 in new Agency mortgage-backed securities, while receiving principal repayments of $11,551. 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 call date. However, with the current low interest rate environment, the cash flow is being reinvested at lower rates.

Loans

The loan portfolio represents the Company's largest asset category and is its most significant source of interest income. At September 30, 2014, gross loan balances finished at $586,871, an increase of $20,552, or 3.6%, from year-end 2013. Higher loan balances were mostly impacted by increased origination volume within the commercial and industrial loan portfolio, which grew $16,048, or 24.9%, from year-end 2013. 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. Commercial real estate loans comprise the largest portion of the Company's total commercial loan portfolio, representing 70.4% at September 30, 2014. Commercial real estate loans experienced an increase of $5,099, or 2.7%, from year-end 2013, largely within the nonowner-occupied loan class. 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, 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.

Residential real estate loan balances comprise the largest portion of the Company's loan portfolio at 35.9% and consist primarily of one- to four-family residential mortgages and carry many of the same customer and industry risks as the commercial loan portfolio. Residential real estate loan balances during the first nine months of 2014 decreased $3,110, or 1.5%, from year-end 2013. Movement within the real estate portfolio consists of decreasing long-term fixed-rate mortgages partially offset by increasing short-term adjustable-rate mortgage balances. Long-term interest rates continue to remain at historic low levels and prompted periods of increased refinancing demand for long-term, fixed-rate real estate loans, most recently during the second half of 2012. As part of management's interest rate risk strategy, the Company continues to sell most of its long-term fixed-rate residential mortgages to the Federal Home Loan Mortgage Corporation, while maintaining the servicing rights for those mortgages. Since 2012, the refinancing volume for long-term fixed-rate real estate loans has trended down, which contributed to a 69.7% decrease in real estate loans sold during the nine months ended September 30, 2014 compared to the same period in 2013. A customer that does not qualify for a long-term, secondary market loan may choose from one of the Company's other adjustable-rate mortgage products, which contributed to higher balances of adjustable-rate mortgages from year-end 2013.

Consumer loan balances increased $2,515, or 2.5%, from year-end 2013. During the first nine months of 2014, auto loan balances increased $2,934, or 7.6%, from year-end 2013, due to loan origination volume increases. The Company will continue to monitor its auto lending segment while maintaining strict loan underwriting processes to limit future loss exposure.

Allowance for Loan Losses

The Company established a $6,964 allowance for loan losses at September 30, 2014, an increase of $809, or 13.1%, from year-end 2013. These additional reserves were impacted mostly from general allocation increases impacted by the economic risk factors within the calculation of the allowance for loan losses. As part of the Company's quarterly analysis of the allowance for loan losses, management reviewed various factors that directly impact the general allocation need 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 the second quarter of 2014, the Company experienced a downgrade of two commercial credits that shifted $12,000 from a criticized loan classification to a classified loan classification. The two commercial credits are impaired and have been individually evaluated for impairment since year-end. As more current information became readily available, management determined the downgrades were necessary due to a continuing trend of decreasing cash flow coverage ratios of the borrower. As a result of higher classified assets, the economic risk factor increased, which required additional general reserves within the allowance for loan losses. While this impact was caused mostly by commercial loans, the higher economic risk factor at September 30, 2014 was applied to the entire loan portfolio, increasing the general allocations within the residential real estate and consumer loan portfolios, as well as commercial. Furthermore, during the first quarter of 2014, adjustments were made to the commercial loan loss factor, extending the range of loan loss period from a 3-year rolling average to a 5-year rolling average. This update was due to the significant decline in net charge-offs that has been experienced since the first quarter of 2012 that was reducing the historical loan loss factor for commercial loans. By extending the historical loss period to five years, management feels the historical factor is more representative of the expected losses to be incurred on commercial loans. Management also increased its economic risk factor by adjusting its criticized/classified asset thresholds to incorporate more risk potential within the Company's special mention and substandard loan portfolios. As a result of the second quarter loan downgrades and the first quarter allowance calculation adjustments, the general allocation component of the allowance for loan losses increased $1,746, or 49.5%, from year-end 2013.

Specific allocations of the allowance for loan losses that identify loan impairment by measuring fair value of the underlying collateral and the present value of estimated future cash flows decreased $937, or 35.7%, from year-end 2013. This lower reserve allocation was impacted mostly by the improvement in collateral values of one commercial loan relationship. During the third quarter of 2014, management reevaluated the entire relationship for one of the Company's impaired commercial real estate loans. The commercial properties securing the loan balances were re-appraised and the report identified an increase in the market values of the collateral. Based upon the improvements in the credit position with this commercial loan, management lowered the specific allocation related to the loan by $524.

The Company experienced an increase in its troubled assets, with nonperforming loans to total loans finishing at 0.81% at September 30, 2014, up 16 basis points from year-end 2013. The Company's nonperforming assets to total assets totaled 0.84% at September 30, 2014, an increase of 17 basis points from year-end 2013. Impaired loans at September 30, 2014 increased $4,803, or 32.7%, from year-end 2013, largely from the restructuring of a commercial and industrial loan relationship during the second quarter of 2014.

The ratio of the allowance for loan losses to total loans increased to 1.19% at September 30, 2014, compared to 1.09% at December 31, 2013. Management believes that the allowance for loan losses at September 30, 2014 was adequate and reflected probable incurred 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 make adjustments to the allowance for loan losses necessary. 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.

Deposits

Deposits continue to be the most significant source of funds used by the Company to meet obligations for depositor withdrawals, to fund the borrowing needs of loan customers, and to fund ongoing operations. Total deposits at September 30, 2014 increased $16,694, or 2.7%, from year-end 2013. This deposit growth came primarily from interest-bearing NOW account balances, which increased $16,283, or 15.3%, during the first nine months of 2014 as compared to year-end 2013. This increase was largely driven by various municipal public fund balances within Gallia County, Ohio and Mason County, West Virginia.

Deposit growth also came from noninterest-bearing deposit balances, which increased $1,551, or 1.0%, from year-end 2013. This increase was largely from growth in the Company's business checking accounts, particularly those that serve to facilitate the significant volume of ERC/ERD tax refund items during the first quarter of 2014. The Company is one of a few institutions that provide ERC/ERD processing for a tax refund product provider. During 2014, this provider was successful in increasing the volume of its ERC/ERD transactions from the same period in 2013.

During the first nine months of 2014, time deposits decreased $2,028, or 1.2%, from year-end 2013. As CD market rates continue to adjust downward, the spread between a short-term CD rate and a statement savings rate has become small enough that many customers choose to invest balances into a more liquid product, perhaps hoping for rising rates in the near future. This change in time deposits from year-end 2013 fits within management's strategy of focusing on more "core" deposit balances that include interest-bearing demand, savings, money market and noninterest-bearing deposit balances.

While facing increased competition for deposits in its market areas, the Company will continue to emphasize growth and retention in its core deposit relationships during the remainder of 2014, reflecting the Company's efforts to reduce its reliance on higher cost funding and improving net interest income.

Other Borrowed Funds

Other borrowed funds were $24,137 at September 30, 2014, an increase of $5,389, or 28.7%, from year-end 2013. The growth in borrowed funds was primarily related to the utilization of the Federal Home Loan Bank to fund specific fixed-rate loans with like-term advances. While deposits continue to be the primary source of funding for growth in earning assets, management will continue to utilize Federal Home Loan Bank advances and promissory notes to help manage interest rate sensitivity and liquidity.

Shareholders' Equity

The Company maintains a capital level that exceeds regulatory requirements as a margin of safety for its depositors. At September 30, 2014, the Bank's capital exceeded the minimum requirements to be deemed "well capitalized" under applicable prompt corrective action regulations. Total shareholders' equity at September 30, 2014 totaled $85,963, representing an increase of $5,544, or 6.9%, as compared to $80,419 at December 31, 2013. Contributing most to this increase was year-to-date net income of $7,650, partially offset by cash dividends paid of $2,583, or $.63 per share.

Comparison of Results of Operations
for the Three and Nine Months Ended
September 30, 2014 and 2013

The following discussion focuses, in more detail, on the consolidated results of operations of the Company for the three and nine months ended September 30, 2014 compared to the same periods in 2013. This discussion should be read in conjunction with the interim consolidated financial statements and the footnotes included in this Form 10-Q.

Net Interest Income

The most significant portion of the 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. During the third quarter of 2014, net interest income increased $278, or 3.5%, as compared to the third quarter of 2013. During the nine months ended September 30, 2014, net interest income increased $985, or 4.1%, as compared to the nine months ended September 30, 2013. The improvement was largely due to a higher net interest margin impacted by increased average loans, lower amortization expenses on investment securities and lower funding costs.

Total interest and dividend income recognized on the Company's earning assets increased $156, or 1.8%, during the third quarter of 2014, and increased $345, or 1.3%, during the first nine months of 2014, as compared to the same periods in 2013. Yields on the Company's earning assets have been negatively impacted by lower market rates. As a result, the year-to-date earning asset yield at September 30, 2014 was 4.91% compared to 4.94% at September 30, 2013. Lower asset yields were offset by growth in average loans during the first nine months of 2014, increasing $16,568, or 2.2%, over the first nine months of 2013, driven mostly by the commercial loan portfolio. The Company further benefited from increased earnings within investment securities, which increased $99, or 21.1%, during the third quarter of 2014, and $321, or 23.4%, during the first nine months of 2014, as compared to the same periods in 2013. The improvement came primarily from Agency mortgage-backed securities. The effect of slower refinancing volume evident during 2014 has resulted in less principal repayments from Agency mortgage-backed securities, which has caused monthly amortization expense to be recognized more slowly. While quarterly and year-to-date interest revenues from Agency mortgage-backed securities have decreased $61 and $272, respectively, from a year ago, amortization expenses have lowered by $161 and $596, respectively, to completely offset the decline in interest.

Total interest expense incurred on the Company's interest-bearing liabilities decreased $122, or 14.9%, during the third quarter of 2014, and decreased $640, or 22.9%, during the nine months ended September 30, 2014, as compared to the same periods in 2013. The decreases were primarily due to a sustained low-rate environment that has impacted the repricings of various Bank deposit products, especially time deposit balances, which continued to reprice at lower rates during 2014. As a result, the Company's weighted average costs for time deposits decreased from 1.15% at September 30, 2013 to 0.81% at September 30, 2014. The Company also continues to experience a deposit composition shift away from higher costing average time deposits to lower costing average interest- and non-interest bearing core deposit balances. As a result, the Company's average time deposit balances decreased $19,355, or 10.3%, while average interest- and non-interest bearing core deposits increased $25,573, or 5.3%, during the first nine months of 2014 when compared to the same period in 2013. As a result of decreases in the average market interest rates and the continued deposit composition shift to lower costing deposit balances, the Company's total weighted average costs on interest-bearing deposits have lowered 15 basis points from 0.62% at September 30, 2013 to 0.47% at September 30, 2014.

Further impacting lower funding costs was a decrease of $100, or 44.8%, in interest expense incurred on the Company's subordinated debentures during the first nine months of 2014 compared to the first nine months of 2013. The Company redeemed one $5,000 trust preferred security classified as subordinated debentures during the first quarter of 2013. The redemption relieved the Company of incurring expenses on $5,000 at a fixed-rate of 10.6%.

During 2014, the decline in asset yields was completely offset by a larger decline in funding costs. As a result, the Company's net interest margin improved 5 basis points to 4.62% during the third quarter of 2014, and 10 basis points to 4.53% during the first nine months of 2014, as compared to the same periods in 2013. The Company will continue to focus on re-deploying the excess liquidity retained within the Federal Reserve account earning 0.25% into higher yielding assets as opportunities arise. The Company will continue to face pressure on its net interest income and margin improvement unless loan balances continue to expand and become a larger component of overall earning assets.

Provision for Loan Losses

During the third quarter of 2014, provision expense charges decreased $1,515, and increased $523 during the first nine months of 2014, as compared to the same periods in 2013. The quarter-to-date decrease in provision expense was largely related to the collateral value improvement of one commercial real estate loan relationship, causing a reduction in specific reserves associated with the loan. The year-to-date provision expense increase was largely impacted by increases in the general allocations of the allowance for loan losses. During the second quarter of 2014, two impaired commercial credits totaling $12,000 were downgraded due to decreasing cash flows causing classified assets to increase, which impacted the economic risk factor within the allowance for loan loss calculation. Furthermore, during the first quarter of 2014, several general allocation metrics were re-evaluated and adjusted, as previously discussed within the caption "Allowance for Loan Losses", contributing to higher general allocations within the residential real estate and commercial loan portfolios from year-end 2013.

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 under the caption "Critical Accounting Policies - Allowance for Loan Losses" within this Management's Discussion and Analysis.

Noninterest Income

Noninterest income for the three months ended September 30, 2014 was $2,106, an increase of $532, or 33.8%, from the three months ended September 30, 2013. Noninterest income for the nine months ended September 30, 2014 was $8,136, an increase of $657, or 8.8%, over the nine months ended September 30, 2013. The quarterly and year-to-date improvement came primarily from the sale of the Company's 9% ownership interest in ProAlliance during the third quarter of 2014. The Company had

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recorded $135 during the first quarter of 2014, which represented the first of two installments the Company was to receive during 2014. On August 1, 2014, the Company received its second installment of $675 for its ownership interest in ProAlliance. Total proceeds from the sale, including the $135 non-refundable fee from the first quarter of 2014, totaled $810, which was reported as a gain on sale. The total after-tax impact to the Company's 2014 net income from the gain was $535. Going forward, this gain on sale will be partially offset by the reduction in dividend income from ProAlliance.

The year-to-date improvement in noninterest income was further impactedby increased seasonal tax refund processing fees classified as ERC/ERD fees. During the first nine months of 2014, the Company's ERC/ERD fees increased by $541, or 21.4%, as compared to the same period in 2013 due to an increase in the number of ERC/ERD transactions that were processed. The Company anticipates only minimal income from ERC/ERD fees to be recognized during the remainder of 2014.

Partially offsetting this noninterest revenue growth from tax processing fees and gain on sale of ProAlliance was a decrease in the Company's earnings from tax-free bank owned life insurance ("BOLI") investments. During the first quarter of 2013, the Company received $1,249 in cash proceeds from the settlement of two BOLI policies, which yielded net BOLI proceeds of $452 that was recorded to income. This income from the first quarter of 2013 was not repeated in 2014. As a result, BOLI and annuity asset earnings were down $480, or 49.3%, during the nine months ended September 30, 2014, as compared to the same period in 2013.

On October 21, 2014, the Bank entered into a new agreement with the third-party tax refund product provider. The new agreement generally provides for a different fee structure, including different fees depending upon the tax refund product selected, and fees that generally will be lower for each refund facilitated, with a reduction in per transaction fees in future years. It is impossible to predict the number of refunds that will be facilitated, the products chosen and therefore the fees that will be received by the Bank. Nevertheless, the Bank anticipates that without an increase in the number of refunds facilitated by the Bank, the fees received by the Bank from this arrangement will be significantly reduced in future years. If the number of refunds facilitated in 2015 under this agreement is the same as the number facilitated in 2014, and if the mix of tax refund products chosen remains the same, the fees from this arrangement would decrease in 2015 by approximately $790. An increase or decrease in the number of refunds facilitated or a change in the mix of tax refund products chosen could cause the fees from this arrangement to be substantially different.

Noninterest Expense

Noninterest expense during the third quarter of 2014 decreased $76, or 1.0%, from the third quarter of 2013. Noninterest expense during the first nine months of 2014 decreased $1,049, or 4.6%, from the first nine months of 2013. Contributing to the decline in net overhead expense were lower salaries and employee benefits, decreased foreclosed asset costs, the lack of a one-time trust preferred security redemption fee in 2013 and lower state taxes.

The Company's largest noninterest expense item, salaries and employee benefits, decreased $113, or 2.6%, during the third quarter of 2014, and $307, or 2.3%, during the first nine months of 2014, as compared to the same periods in 2013. The decreases were largely due to lower retirement benefit costs.

Foreclosed asset costs also declined $23, or 45.1%, during the third quarter of 2014, and $260, or 66.7%, during the first nine months of 2014, as compared to the same periods in 2013. Foreclosure asset expenses include legal fees, taxes, utilities and general maintenance costs related to the properties.

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Further impacting noninterest expense was a $212 fee to redeem one of the Company's trust preferred securities during the first quarter of 2013 that was not repeated in 2014.

The Company also benefited from a reduction in state taxes disbursed during the third quarter and first nine months of 2014. Effective January 1, 2014, the state of Ohio's corporate franchise tax was replaced with the financial institutions tax. The new tax is based on equity capital and a single gross receipts apportionment factor, while the corporate franchise tax was based on net worth and three apportionment factors. As a result of the new Ohio state tax methodology for financial institutions, the Company's tax expense decreased $115, or 53.7%, during the third quarter of 2014, and $314, or 46.9%, during the first nine months of 2014, as compared to the same periods in 2013. This lower tax is anticipated to continue for the rest of 2014.

The net decrease in the remaining noninterest expense categories during the three and nine months ended September 30, 2014, as compared to the same periods in 2013, were related to decreases in various categories such as furniture and equipment, FDIC insurance, and supplies and postage.

Capital Resources

All of the Company's capital ratios exceeded the regulatory minimum guidelines, as identified in the following table:

	Company Ratios		Regulatory
	9/30/14	12/31/13	Minimum
Tier 1 risk-based capital	16.0%	15.7%	4.00%
Total risk-based capital ratio	17.2%	16.8%	8.00%
Leverage ratio	12.1%	11.7%	4.00%

Cash dividends paid of $2,583 during the first nine months of 2014 represents a 22.3% increase compared to the cash dividends paid during the same period in 2013. The year-to-date dividend rate in 2014 was $0.63 per share, up from $0.52 per share paid in 2013. The Company declared and paid in December 2012 a $0.21 per share dividend that normally would have been paid during the first quarter of 2013, as a result of potential changes in tax rates affecting shareholders in 2013. The Company proceeded to pay a "special" $0.10 per share dividend during the first quarter of 2013 due to the Company's stable capital position and financial performance.

Liquidity

Liquidity relates to the 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 market place. Total cash and cash equivalents, held to maturity securities maturing within one year and available for sale securities, totaling $120,424, represented 15.5% of total assets at September 30, 2014. In addition, the FHLB offers advances to the Bank, which further enhances the Bank's ability to meet liquidity demands. At September 30, 2014, the Bank could borrow an additional $153,502 from the FHLB, of which $75,000 could be used for short-term, cash management advances. Furthermore, the Bank has established a borrowing line with the Federal Reserve. At September 30, 2014, this line had total availability of $40,530. Lastly, the Bank also has the ability to purchase federal funds from a correspondent bank.

Off-Balance Sheet Arrangements

As discussed in Note 5 – Financial Instruments with Off-Balance Sheet Risk, 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.

Critical Accounting Policies

The most significant accounting policies followed by the Company are presented in Note A to the financial statements in the Company's 2013 Annual Report to Shareholders. These policies, along 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 to be those which are highly dependent on subjective 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 the adequacy of the allowance for loan losses to be a critical accounting policy.

The allowance for loan losses is a valuation allowance for probable incurred 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, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists 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. Impaired loans generally consist of loans with balances of $200 or more on nonaccrual status or nonperforming in nature. Loans for which the terms have been modified, and 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.

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. Prior to 2013, the commercial portfolio's historical loss factor was based on a period of 3 years. During the first quarter of 2014, management extended the loan loss history to 5 years due to the significant decline in net charge-offs that have been experienced since the first quarter of 2012. By extending the historical loan loss period to 5 years, management feels the historical factor is more representative of the expected losses to be incurred on commercial loans. 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. 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 by 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.

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 5 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.

Concentration 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's goal for interest rate sensitivity management is to maintain a balance between steady net interest income growth and the risks associated with interest rate fluctuations. Interest rate risk ("IRR") is the exposure of the Company's financial condition to adverse movements in interest rates. Accepting this risk can be an important source of profitability, but excessive levels of IRR can threaten the Company's earnings and capital.

The Company evaluates IRR through the use of an earnings simulation model to analyze net interest income sensitivity to changing interest rates. The modeling process starts with a base case simulation, which assumes a static balance sheet and flat interest rates. The base case scenario is compared to rising and falling interest rate scenarios assuming a parallel shift in all interest rates. Comparisons of net interest income and net income fluctuations from the flat rate scenario illustrate the risks associated with the current balance sheet structure.

The Company's Asset/Liability Committee monitors and manages IRR within Board approved policy limits. The current IRR policy limits anticipated changes in net interest income to an instantaneous increase or decrease in market interest rates over a 12 month horizon to +/- 5% for a 100 basis point rate shock, +/- 7.5% for a 200 basis point rate shock and +/- 10% for a 300 basis point rate shock. Based on the level of interest rates, management did not test interest rates down 200 or 300 basis points.

The following table presents the Company's estimated net interest income sensitivity:

Change in Interest Rates in Basis Points	September 30, 2014 Percentage Change in Net Interest Income	December 31, 2013 Percentage Change in Net Interest Income
+300	(2.27%)	(3.04%)
+200	(1.32%)	(1.84%)
+100	(.57%)	(.82%)
-100	(2.67%)	(2.55%)

The estimated percentage change in net interest income due to a change in interest rates was within the policy guidelines established by the Board. With the historical low interest rate environment, management generally has been focused on limiting the duration of assets, while trying to extend the duration of our funding sources to the extent customer preferences will permit us to do so. At September 30, 2014, the interest rate risk profile reflects a liability sensitive position, which produces lower net interest income due to an increase in interest rates. The exposure to rising rates decreased marginally from that at year end. In a declining rate environment, net interest income is impacted by the interest rate on many deposit accounts not being able to adjust downward. With interest rates so low, deposit accounts are perceived to be at or near an interest rate floor. As a result, net interest income decreases in a declining interest rate environment. Overall, management is comfortable with the current interest rate risk profile which reflects minimal exposure to interest rate changes.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

that evaluation, Ohio Valley's Chief Executive Officer and Vice President and Chief Financial Officer have concluded that Ohio Valley's disclosure controls and procedures are effective as of the end of the quarterly period covered by this Quarterly Report on Form 10-Q to ensure that information required to be disclosed by Ohio Valley in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Ohio Valley in the reports that it files or submits under the Exchange Act is accumulated and communicated to Ohio Valley's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in Ohio Valley's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during Ohio Valley's fiscal quarter ended June 30, 2014, that has materially affected, or is reasonably likely to materially affect, Ohio Valley's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

A substantial decline in noninterest income from facilitating tax refunds could result from a new agreement if the volume of refunds facilitated does not increase. On October 21, 2014, the Bank entered into a new agreement with the third-party tax refund product provider. The new agreement generally provides for a different fee structure, including different fees depending upon the tax refund product selected, and fees that generally will be lower for each refund facilitated, with a reduction in per transaction fees in future years. It is impossible to predict the number of refunds that will be facilitated, the products chosen and therefore the fees that will be received by the Bank. Nevertheless, the Bank anticipates that without an increase in the number of refunds facilitated by the Bank, the fees received by the Bank from this arrangement will be significantly reduced in future years.

You should carefully consider the other risk factors discussed in Part I, "Item 1A. Risk Factors" in Ohio Valley's Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on March 17, 2014 and available at www.sec.gov. These risk factors could materially affect the Company's business, financial condition or future results. The risk factors described above and in the Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that management currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results. Moreover, the Company undertakes no obligation and disclaims any intention to publish revised information or updates to forward looking statements contained in such risk factors or in any other statement made at any time by any director, officer, employee or other representative of the Company unless and until any such revisions or updates are expressly required to be disclosed by applicable securities laws or regulations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Ohio Valley did not purchase any of its shares during the three months ended September 30, 2014.

Ohio Valley did not sell any unregistered equity securities during the three months ended September 30, 2014.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits:
Reference is made to the Exhibit Index set forth immediately following the signature page of this Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		OHIO VALLEY BANC CORP.
Date: November 10, 2014	By:	/s/Thomas E. Wiseman Thomas E. Wiseman President and Chief Executive Officer
Date: November 10, 2014	By:	/s/Scott W. Shockey Scott W. Shockey Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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

Exhibit Number	Exhibit Description
3(a)	Amended Articles of Incorporation of Ohio Valley (reflects amendments through April 7, 1999) [for SEC reporting compliance only - - not filed with the Ohio Secretary of State]. Incorporated herein by reference to Exhibit 3(a) to Ohio Valley's Annual Report on Form 10-K for fiscal year ended December 31, 2007 (SEC File No. 0-20914).
3(b)	Code of Regulations of Ohio Valley (as amended by the shareholders on May 12, 2010): Incorporated herein by reference to Exhibit 3(b) to Ohio Valley's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010 (SEC File No. 0-20914).
4	Agreement to furnish instruments and agreements defining rights of holders of long-term debt: Filed herewith.
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer): Filed herewith.
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer): Filed herewith.
32	Section 1350 Certifications (Principal Executive Officer and Principal Accounting Officer): Filed herewith.
101.INS*	XBRL Instance Document: Filed herewith.*
101.SCH*	XBRL Taxonomy Extension Schema: Filed herewith.*
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase: Filed herewith.*
101.DEF*	XBRL Taxonomy Extension Definition Linkbase: Filed herewith.*
101.LAB*	XBRL Taxonomy Extension Label Linkbase: Filed herewith.*
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase: Filed herewith.*

* Attached as Exhibit 101 are the following documents formatted in XBRL (eXtensive Business Reporting Language): (i) Unaudited Consolidated Balance Sheets; (ii) Unaudited Condensed Consolidated Statements of Income; (iii) Unaudited Consolidated Statements of Comprehensive Income; (iv) Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity; (v) Unaudited Condensed Consolidated Statements of Cash Flows; and (vi) Notes to the Consolidated Financial Statements.