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OHIO VALLEY BANC CORP  
Form 8-K  
January 15, 2004

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

January 15, 2004 (January 15, 2004)  
Date of Report (Date of earliest event reported)

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

Ohio  
(State or other jurisdiction of incorporation)

0-20914 31-1359191  
(Commission file number) (IRS Employer Identification Number)

420 Third Avenue, Gallipolis, Ohio 45631  
(Address of principal executive offices) (Zip code)

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

Not Applicable  
(Former name or former address, if changed since last report.)

Exhibit Index at Page 4.

Item 7. Financial Statements and Exhibits  
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(c) Exhibits:

99.1 Press Release dated January 15, 2004 of Ohio Valley Banc Corp.

Item 9. Regulation FD Disclosure  
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The following information is disclosed pursuant to Item 12 on Form 8-K:

On January 15, 2004, Ohio Valley Banc Corp. issued a news release announcing its earnings for the fourth quarter and year-to-date periods ending December 31, 2003. The information contained in the news release, which is attached as Exhibit 99.1 to this Form 8-K, is incorporated herein by this reference.

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SIGNATURES

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

OHIO VALLEY BANC CORP

Date: January 15, 2004

By /s/ Jeffrey E. Smith

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Jeffrey E. Smith, President and  
Chief Executive Officer

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EXHIBIT INDEX

Exhibit Number	Description
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99.1	Press release of Ohio Valley Banc Corp dated January 15, 2004, announcing the company's earnings for the fourth quarter and year-to-date periods ending December 31, 2003.

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Exhibit 99.1

January 15, 2004 - For immediate release Contact:  
Scott Shockey, CFO or Bryna Butler, Corporate Communications  
1-800-468-6682 or (740) 446-2631

Ohio Valley Banc Corp Continues Earnings Growth  
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Ohio Valley Banc Corp [Nasdaq: OVBC] reported consolidated net earnings for the quarter ended December 31, 2003, of \$1,850,000 representing an increase of 11.4 percent over the prior year. Earnings per share for the fourth quarter of 2003 were \$.53, up 10.4 percent from the \$.48 earned the fourth quarter of 2002. For the fiscal year ended December 31, 2003, consolidated net earnings were \$6,472,000, up 14.0 percent compared to \$5,675,000 a year ago. Earnings per share were \$1.86 for 2003 versus \$1.64 last year, an increase of 13.4 percent.

"We are pleased with the earnings growth delivered by our employees for the fourth quarter and fiscal year 2003," stated Jeffrey E. Smith, President and CEO. "The 2003 financial results represent our third consecutive year of double-digit earnings growth. This reflects our commitment to the consistency in financial performance and to the enhancement of shareholders' total return." For the fiscal year ended December 31, 2003, the Company's return on average equity improved to 12.43 percent from 11.85 percent the prior fiscal year. "In addition to our income goals, we aggressively targeted asset quality. At December 31, 2003, our nonperforming assets to total assets were .76 percent, down from 1.22 percent the prior year. Thanks to the hard work and dedication of the employees of the Company for making 2003 a successful year."

For the twelve months ended December 31, 2003, net interest income improved \$554,000 or 2.1 percent over last year. For the fourth quarter of 2003, net interest income decreased \$348,000 from the prior year fourth quarter reflecting the slower growth in earning assets combined with a lower net interest margin. Based on historical low interest rates, the Company has emphasized variable rate loans to reduce interest rate risk. For 2003, total loans are up \$14 million, but real estate mortgage loans are down \$6.6 million as management sold over \$20 million in long-term, fixed rate residential mortgage loans into the secondary market. As a result, the Company is better positioned should a rise in interest rates occur. The net interest margin for the twelve months ending December 31, 2003 was 4.28 percent compared to 4.35 percent for the same time period the prior year.

Providing additional revenue growth was an increase of \$348,000 or 6.2 percent in noninterest income which totaled \$5,982,000 for the twelve months ended December 31, 2003, as compared to \$5,634,000 for the same time period last year. The growth in noninterest income came from the sales of secondary market real estate loans which generated an additional \$368,000 in revenue over the prior year. Management began selling secondary market loans in the third quarter of 2002. With the decline in mortgage refinance volume in the fourth quarter of 2003, management has seen a decrease in secondary market income.

On a year-to-date basis, noninterest expense totaled \$19,817,000 in 2003, an increase of \$642,000 or 3.4 percent compared to \$19,175,000 the previous year. For the three months ended December 31, 2003, noninterest expense increased \$462,000 or 10.9 percent over the prior year fourth quarter. Salaries and employee benefits grew \$930,000 or 8.7 percent for the twelve months ended December 31, 2003, as compared to the same time period in 2002. The increase was related to annual merit increases and the rising cost of medical insurance. The remaining noninterest expense categories have increased minimally from 2002 with the exception of furniture and equipment expense which is down. OVBC's efficiency ratio was 58.5 percent for the fiscal year December 31, 2003, as compared to 58.1 percent the prior year.

Nonperforming loans as a percent of total loans decreased to .58 percent at December 31, 2003, compared to .96 the prior quarter and 1.44 percent at year end 2002. Nonperforming assets to total assets also decreased to .76 percent at December 31, 2003, from 1.22 percent at year end 2002. The decline in nonperforming ratios was impacted primarily by the liquidation of collateral on a nonperforming loan during the fourth quarter. Nonperforming assets still include a single line representing .29 percent of assets that has been discussed

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in previous earnings releases. For the fiscal year 2003 and quarter ending December 31, 2003, the Company's provision for loan losses decreased \$1,131,000 and \$1,262,000 from the same time periods last year. The decrease in provision expense was in relation to a decline in both nonperforming loans and expected future loan losses. Net charge-offs for fiscal year 2003 were down \$836,000 from 2002. The allowance for loan losses stands at 1.32 percent of total loans on December 31, 2003, as compared to 1.26 percent on December 31, 2002. Based on the evaluation of the adequacy of the allowance for loan losses, management feels that the allowance for loan losses is adequate to absorb probable losses in the portfolio.

Total assets increased \$10,971,000 from year end 2002 to reach \$707,327,000 at December 31, 2003. Asset growth in 2003 has been challenged by a decline in loan demand combined with more emphasis placed on selling fixed rate real estate loans. Although real estate loans are down from year end 2002, the Company has been able to grow adjustable rate mortgages nearly \$49 million which will benefit interest income in a rising rate environment. Commercial loans are up \$15,216,000 or 7.4 percent from year end and consumer loans are up \$6,058,000 or 4.7 percent. The majority of the consumer loan growth occurred within automobile loans and home equity capital lines. OVBC's funding growth occurred within retail deposits. Interest-bearing deposits grew \$6,867,000 from year end 2002 led by savings and NOW accounts. In addition, checking account balances were up \$3,238,000. Offsetting the increase in retail deposits was a net decline in repurchase agreements and other borrowed funds of \$2,907,000.

Ohio Valley Banc Corp common stock is traded on the NASDAQ Stock Market under the symbol OVBC. The holding company owns three subsidiaries: Ohio Valley Bank, with 17 offices in Ohio and West Virginia; Loan Central, with five consumer finance offices in Ohio, and Ohio Valley Financial Services, an insurance agency based in Jackson, Ohio. Learn more about Ohio Valley Banc Corp at [www.ovbc.com](http://www.ovbc.com).

### Forward-Looking Information

Certain statements contained in this earnings release which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "believes," "anticipates," "expects," "intends," "targeted" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying those statements. Forward-looking statements involve risks and uncertainties. Actual results may differ materially from those predicted by the forward-looking statements because of various factors and possible events, including: (i) changes in political, economic or other factors such as inflation rates, recessionary or expansive trends, and taxes; (ii) competitive pressures; (iii) fluctuations in interest rates; (iv) the level of defaults and prepayment on loans made by the Company; (v) unanticipated litigation, claims, or assessments; (vi) fluctuations in the cost of obtaining funds to make loans; and (vii) regulatory changes. Forward-looking statements speak only as of the date on which they are made and Ohio Valley undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made to reflect unanticipated events.

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

Three months ended		Twelve months ended	
December 31,		December 31,	
2003	2002	2003	2002
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### PER SHARE DATA

Earnings per share	\$0.53	\$0.48	\$1.86	\$1.64
Dividend per share	\$0.18	\$0.17	\$0.71	\$0.67
Book value per share	\$15.55	\$14.55	\$15.55	\$14.55
Dividend payout ratio	33.92%	35.27%	38.14%	40.79%
Weighted average shares outstanding	3,490,118	3,453,944	3,480,230	3,458,300

### PERFORMANCE RATIOS

Return on average equity	13.80%	13.35%	12.43%	11.85%
Return on average assets	1.05%	0.95%	0.93%	0.85%
Net interest margin	4.10%	4.33%	4.28%	4.35%
Efficiency Ratio	56.56%	50.07%	58.54%	58.14%
Average Earning Assets (in 000's)	\$656,614	\$654,929	\$650,547	\$628,811

### OHIO VALLEY BANC CORP - Consolidated Statements of Income (Unaudited)

(in \$000's)	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2003	2002	2003	2002
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<b>Interest income:</b>				
Interest and fees on loans	\$ 9,944	11,201	\$41,462	43,947
Interest and dividends on securities	933	955	3,698	3,824
Total interest income	10,877	12,156	45,160	47,771
<b>Interest expense:</b>				
Deposits	2,882	3,662	12,322	15,129
Borrowings	1,290	1,441	5,323	5,681
Total interest expense	4,172	5,103	17,645	20,810
Net interest income	6,705	7,053	27,515	26,961
Provision for loan losses	712	1,974	4,339	5,470
<b>Noninterest income:</b>				
Service charges on deposit accounts	828	817	3,160	3,118
Trust fees	50	50	215	215
Income from bank owned insurance	141	172	657	684
Net gain on sale of loans	8	50	444	76
Other	496	427	1,506	1,541
Total noninterest income	1,523	1,516	5,982	5,634
<b>Noninterest expense:</b>				
Salaries and employee benefits	2,950	2,596	11,571	10,641
Occupancy	328	315	1,308	1,274
Furniture and equipment	287	269	1,031	1,083
Data processing	79	50	554	484
Other	1,059	1,011	5,353	5,693
Total noninterest expense	4,703	4,241	19,817	19,175
Income before income taxes	2,813	2,354	9,341	7,950
Income taxes	963	693	2,869	2,275
<b>NET INCOME</b>	<b>\$1,850</b>	<b>1,661</b>	<b>\$6,472</b>	<b>5,675</b>

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

(in 000's)	December 31,	December 31,
	2003	2002
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<b>ASSETS</b>		
Cash and noninterest-bearing deposits with banks	\$17,753	\$18,826

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Federal funds sold	0	4,625
Total cash and cash equivalents	17,753	23,451
Interest-bearing balances with banks	859	1,505
Securities available-for-sale	76,352	75,264
Securities held-to-maturity		
(estimated fair value: 2003 -		
\$13,547 , 2002 - \$14,834)	12,835	13,990
Total loans	573,704	559,561
Less: Allowance for loan losses	(7,593)	(7,069)
Net loans	566,111	552,492
Premises and equipment, net	9,142	8,247
Accrued income receivable	2,700	3,144
Goodwill	1,267	1,267
Bank owned life insurance	13,222	12,673
Other assets	7,086	4,323
Total assets	\$707,327	\$696,356
LIABILITIES		
Noninterest-bearing deposits	\$62,235	\$58,997
Interest-bearing deposits	445,274	438,407
Total deposits	507,509	497,404
Securities sold under agreements to		
repurchase	24,018	33,052
Other borrowed funds	101,562	95,435
Obligated mandatorily redeemable		
capital securities of subsidiary trust	13,500	13,500
Accrued liabilities	6,330	6,590
Total liabilities	652,919	645,981
SHAREHOLDERS' EQUITY		
Common stock (\$1.00 stated value,		
10,000,000 shares authorized; 2003 -		
3,658,212 shares issued,		
2002 - 3,620,335 shares issued)	3,658	3,620
Additional paid-in capital	30,962	30,092
Retained Earnings	23,343	19,339
Accumulated other comprehensive income	624	1,439
Treasury stock at cost (2003 - 159,611 shares,		
2002 - 157,115 shares)	(4,179)	(4,115)
Total shareholders' equity	54,408	50,375
Total liabilities and		
shareholders' equity	\$707,327	\$696,356