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OHIO VALLEY BANC CORP  
Form 8-K  
October 14, 2003

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

October 10, 2003 (October 10, 2003)  
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 October 10, 2003 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 October 10, 2003, Ohio Valley Banc Corp. issued a news release announcing its earnings for the third quarter and year-to-date periods ending September 30, 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: October 10, 2003

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 October 10, 2003, announcing the company's earnings for the third quarter and year-to-date periods ending September 30, 2003.

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Exhibit 99.1

October 10, 2003 - 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 September 30, 2003, of \$1,590,000 representing an increase of 12.8 percent over the prior year. Earnings per share for the third quarter of 2003 were \$.46, up 12.2 percent from the \$.41 earned the third quarter of 2002. For the nine months ended September 30, 2003, consolidated net earnings were \$4,622,000, up 15.2 percent compared to \$4,014,000 a year ago. Earnings per share were \$1.33 for the first nine months of 2003 versus \$1.16 last year, an increase of 14.7 percent.

"We are pleased with the work of our employees in delivering another quarter of solid earnings growth even though we continue to operate in a historical low interest rate environment and a challenged economy," stated Jeffrey E. Smith, President and CEO. "The double-digit earnings growth represents our commitment to the consistency in financial performance and to the enhancement of shareholders' total return." For the nine months ended September 30, 2003 compared to the same time period last year, the Company's return on average equity improved to 11.95 percent from 11.33 percent and return on average assets improved to .89 percent from .81 percent. "Thanks to the hard work and dedication of the employees of the Company for making these financial results possible."

For the nine months ended September 30, 2003, net interest income improved \$902,000 or 4.5 percent over last year. For the third quarter of 2003, net interest income increased \$73,000 over the prior year third quarter reflecting the slower growth in earning assets. Based on historical low interest rates, the Company has emphasized loan mix to reduce interest rate risk. For 2003, total loans are up \$6 million, but real estate mortgage loans are down \$11 million as management sold 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 nine months ending September 30, 2003 was 4.33 percent compared to 4.36 percent for the same time period the prior year.

Providing additional revenue growth was an increase of \$340,000 or 8.3 percent in noninterest income which totaled \$4,458,000 for the nine months ended September 30, 2003, as compared to \$4,118,000 for the same time period last year. For the three months ended September 30, 2003, noninterest income increased \$61,000 or 4.3 percent over the prior year third quarter. The growth in noninterest income came from the sales of secondary market real estate loans which generated an additional \$409,000 in revenue over the prior year. Management began selling secondary market loans in the third quarter of 2002.

On a year-to-date basis, noninterest expense totaled \$15,114,000 in 2003, an increase of only \$179,000 or 1.2 percent compared to \$14,935,000 the previous year. Salaries and employee benefits grew \$576,000 or 7.2 percent for the first nine months of 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. Impacting the 2002 year-to-date results for other noninterest expense was the charge off of fraudulent checks during the second quarter with the impact net of recoveries being \$389,000. 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 59.2 percent for the nine months ending September 30, 2003, as compared to 61.0 percent the prior year.

For the first nine months of 2003, the Company's provision for loan losses increased \$132,000 over the same time period last year. Nonperforming loans as a percent of total loans decreased to .96 percent at September 30, 2003, compared to 1.44 percent at year end 2002. Nonperforming assets to total assets also decreased to 1.18 percent at September 30, 2003, from 1.21 percent at year end 2002 and 1.36 percent the prior quarter. The nonperforming ratios are impacted primarily by two large lines which have been discussed in previous earnings

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releases. For the quarter ending September 30, 2003, provision expense was down \$545,000 from the same quarter the prior year. The decline in provision expense was in relation to the provision expense associated with a large line that became nonperforming in the third quarter of 2002. Net charge-offs for the first nine months of 2003 were up \$491,000 from the same time period last year which occurred primarily in commercial loans. The allowance for loan losses stands at 1.32 percent of total loans for September 30, 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 of \$697,185,000 are relatively unchanged from year end. 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, the Company has been able to grow adjustable rate mortgages nearly \$40,000,000 which will be a benefit to interest income in a rising rate environment. Commercial loans are up \$12,324,000 or 6.0 percent from year end and consumer loans are up \$4,601,000 or 3.6 percent. The majority of the consumer loan growth occurred during the third quarter within automobile loans and home equity capital lines. OVBC's funding growth occurred within retail deposits. Interest-bearing deposits grew \$13,148,000 from year end 2002 led by savings and NOW accounts. In addition, checking account balances were up \$3,097,000. Offsetting the increase in retail deposits was a decline in repurchase agreements of \$10,857,000 and other borrowed funds of \$8,115,000. 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		Nine months ended	
	September 30,		September 30,	
	2003	2002	2003	2002
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PER SHARE DATA				
Earnings per share	\$0.46	\$0.41	\$1.33	\$1.16

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Dividend per share	\$0.18	\$0.17	\$0.53	\$0.50
Book value per share	\$15.19	\$14.22	\$15.19	\$14.22
Dividend payout ratio	39.41%	41.68%	39.82%	43.07%
Weighted average shares outstanding	3,483,994	3,459,337	3,476,898	3,459,768

### PERFORMANCE RATIOS

Return on average equity	11.96%	11.58%	11.95%	11.33%
Return on average assets	0.91%	0.82%	0.89%	0.81%
Net interest margin	4.28%	4.28%	4.33%	4.36%
Efficiency Ratio	60.69%	56.68%	59.18%	61.02%
Average Earning Assets (in 000's)	\$649,616	\$643,279	\$650,854	\$620,009

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

(in \$000's)	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
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Interest income:				
Interest and fees on loans	\$10,280	11,159	\$31,518	32,746
Interest and dividends on securities	899	960	2,766	2,869
Total interest income	11,179	12,119	34,284	35,615
Interest expense:				
Deposits	2,951	3,827	9,441	11,467
Borrowings	1,316	1,453	4,033	4,240
Total interest expense	4,267	5,280	13,474	15,707
Net interest income	6,912	6,839	20,810	19,908
Provision for loan losses	996	1,541	3,627	3,495
Noninterest income:				
Service charges on deposit accounts	832	806	2,332	2,301
Trust fees	54	51	165	164
Income from bank owned insurance	172	172	516	512
Net gain on sale of loans	84	5	435	26
Other	343	390	1,010	1,115
Total noninterest income	1,485	1,424	4,458	4,118
Noninterest expense:				
Salaries and employee benefits	2,938	2,726	8,621	8,045
Occupancy	331	324	980	959
Furniture and equipment	267	280	744	814
Data processing	177	144	475	435
Other	1,438	1,278	4,294	4,682
Total noninterest expense	5,151	4,752	15,114	14,935
Income before income taxes	2,250	1,970	6,527	5,596
Income taxes	660	560	1,905	1,582
NET INCOME	\$1,590	1,410	\$4,622	4,014

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

(in 000's)	September 30, 2003	December 31, 2002
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ASSETS		
Cash and noninterest-bearing deposits with banks	\$16,301	\$18,826
Federal funds sold	4,500	4,625
Total cash and cash equivalents	20,801	23,451

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Interest-bearing balances with banks	877	1,505
Securities available-for-sale	69,242	75,264
Securities held-to-maturity (estimated fair value: 2003 - \$14,945 , 2002 - \$14,834)	14,227	13,990
Total loans	565,715	559,561
Less: Allowance for loan losses	(7,442)	(7,069)
Net loans	558,273	552,492
Premises and equipment, net	8,926	8,247
Accrued income receivable	3,113	3,144
Goodwill	1,267	1,267
Bank owned life insurance	13,113	12,673
Other assets	7,346	4,323
Total assets	\$697,185	\$696,356
LIABILITIES		
Noninterest-bearing deposits	\$62,094	\$58,997
Interest-bearing deposits	451,555	438,407
Total deposits	513,649	497,404
Securities sold under agreements to repurchase	22,195	33,052
Other borrowed funds	87,320	95,435
Obligated mandatorily redeemable capital securities of subsidiary trust	13,500	13,500
Accrued liabilities	7,558	6,590
Total liabilities	644,222	645,981
SHAREHOLDERS' EQUITY		
Common stock (\$1.00 stated value, 10,000,000 shares authorized; 2003 - 3,644,550 shares issued, 2002 - 3,620,335 shares issued)	3,645	3,620
Additional paid-in capital	30,623	30,092
Retained Earnings	22,120	19,339
Accumulated other comprehensive income	706	1,439
Treasury stock at cost (2003 - 157,756 shares, 2002 - 157,115 shares)	(4,131)	(4,115)
Total shareholders' equity	52,963	50,375
Total liabilities and shareholders' equity	\$697,185	\$696,356