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OHIO VALLEY BANC CORP  
Form 8-K  
July 11, 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

July 11, 2003 (July 11, 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 July 11, 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 July 11, 2003, Ohio Valley Banc Corp. issued a news release announcing its earnings for the second quarter and year-to-date periods ending June 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: July 11, 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 July 11, 2003, announcing the company's earnings for the second quarter and year-to-date periods ending June 30, 2003.

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Exhibit 99.1

July 11, 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 June 30, 2003, of \$1,573,000 representing an increase of 16.3 percent over the same time period last year. Earnings per share for the second quarter of 2003 were \$.45, up 15.4 percent from the \$.39 earned the second quarter of 2002. For the six months ended June 30, 2003, consolidated net earnings were \$3,032,000, up 16.4 percent compared to \$2,605,000 a year ago. Earnings per share were \$.87 for 2003 versus \$.75 last year, an increase of 16.0 percent.

OVBC's earnings represent another quarter of solid growth despite a challenging economic environment. The double-digit earnings growth was driven by an increase in revenue sources combined with a decline in operating expenses. For the second quarter of 2003, net interest income increased \$285,000 or 4.3 percent over the prior year second quarter. For the six months ended June 30, 2003, net interest income improved \$828,000 or 6.3 percent over the prior year. For the first half of 2003, the net interest margin was 4.36 percent compared to 4.40 percent for the same time period last year.

Providing additional revenue growth was positive gains in noninterest income. For the three months ended June 30, 2003, noninterest income increased \$114,000 over the prior year second quarter and on a year-to-date basis noninterest income was up \$280,000 or 10.4% from 2002. The growth in noninterest income came from the sales of secondary market real estate loans which generated an additional \$331,000 in revenue over the prior year.

For the second quarter of 2003, noninterest expense totaled \$5,039,000, which is a decline of \$371,000 or 6.9 percent compared to the same time period last year. On a year-to-date basis, noninterest expense totaled \$9,963,000 in 2003, a decrease of \$220,000 compared to \$10,183,000 the previous year. Salaries and employee benefits grew \$363,000 or 6.8 percent for the first six 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. Contributing to the decline in other noninterest expense was the charge off of fraudulent checks during the second quarter of 2002 with the impact net of recoveries being \$454,000. The remaining noninterest expense categories are collectively down from 2002. OVBC's efficiency ratio continues to improve driven by revenue growth of 7.0 percent versus a decrease in total expense of 2.2 percent. The efficiency ratio was 58.4 percent for the first half of 2003, as compared to 63.4 percent the prior year.

For the six months ended 2003, the Company's provision for loan losses increased \$678,000 over the same time period last year. Nonperforming loans as a percent of total loans decreased to 1.08 percent at June 30, 2003, compared to 1.44 percent at year end 2002. However, nonperforming assets to total assets increased to 1.36 percent at June 30, 2003 from 1.21 percent at December 31, 2002. The decrease in nonperforming loans and increase in nonperforming assets was in relation to two commercial loans moving from nonaccrual status to other real

estate owned. Net charge-offs for the first half of 2003 were up \$902,000 from the same time period last year which occurred primarily in commercial loans. The allowance for loan losses was 1.32 percent of total loans at June 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 increased \$2,290,000 from year end 2002 to reach \$698,646,000 at June 30, 2002. Asset growth in 2003 has been challenged by a decline in loan demand combined with more emphasis placed on selling long-term, fixed rate residential real estate loans into the secondary market to reduce interest rate

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risk. The real estate loan portfolio is down \$12,633,000 from year end. Commercial loans have increased modestly by \$7,972,000 and installment loans have been relatively level since year end. OVBC's funding growth has occurred mostly in retail deposits. Interest-bearing deposits grew \$9,337,000 led by savings and NOW accounts. Furthermore, checking account balances are up \$4,064,000. Offsetting the increase in retail deposits was a decline in repurchase agreements of \$7,717,000 and other borrowed funds of \$6,344,000.

President and CEO Jeff Smith stated, "We are pleased with the double-digit earnings growth delivered by our employees which continues our commitment to improving shareholder total cumulative return. The Company's improved efficiency has enhanced return on equity which improved to 11.95 percent for the six months ended June 30, 2003 versus 11.20 percent for the first six months of 2002."

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

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Certain statements contained in this Annual Report on Form 10-K which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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		Six months ended	
	June 30,		June 30,	
	2003	2002	2003	2002
<b>PER SHARE DATA</b>				
Earnings per share	\$0.45	\$0.39	\$0.87	\$0.75
Dividend per share	\$0.18	\$0.17	\$0.35	\$0.33
Book value per share	\$15.07	\$13.89	\$15.07	\$13.89
Dividend payout ratio	39.76%	43.51%	40.04%	43.83%
Weighted average shares outstanding	3,477,455	3,460,731	3,473,290	3,459,987
<b>PERFORMANCE RATIOS</b>				
Return on average equity	12.22%	11.53%	11.95%	11.20%
Return on average assets	0.91%	0.83%	0.89%	0.81%
Net interest margin	4.36%	4.42%	4.36%	4.40%

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Efficiency Ratio	58.60%	65.51%	58.43%	63.42%
Average Earning Assets (in 000's)	\$650,898	\$617,096	\$651,436	\$608,233

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

(in \$000's)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
<b>Interest income:</b>				
Interest and fees on loans	\$10,551	10,940	\$21,239	21,587
Interest and dividends on securities	942	947	1,866	1,909
Total interest income	11,493	11,887	23,105	23,496
<b>Interest expense:</b>				
Deposits	3,174	3,740	6,490	7,640
Borrowings	1,337	1,450	2,717	2,786
Total interest expense	4,511	5,190	9,207	10,426
Net interest income	6,982	6,697	13,898	13,070
Provision for loan losses	1,246	813	2,632	1,954
<b>Noninterest income:</b>				
Service charges on deposit accounts	803	801	1,500	1,495
Trust fees	58	60	111	114
Income from bank owned insurance	172	168	344	340
Net gain on sale of loans	155	13	352	21
Other	340	372	667	724
Total noninterest income	1,528	1,414	2,974	2,694
<b>Noninterest expense:</b>				
Salaries and employee benefits	2,885	2,700	5,682	5,319
Occupancy	317	324	649	635
Furniture and equipment	240	271	477	534
Data processing	139	145	299	291
Other	1,458	1,970	2,856	3,404
Total noninterest expense	5,039	5,410	9,963	10,183
Income before income taxes	2,225	1,888	4,277	3,627
Income taxes	652	535	1,245	1,022
<b>NET INCOME</b>	<b>\$1,573</b>	<b>1,353</b>	<b>\$3,032</b>	<b>2,605</b>

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

(in 000's)	June 30, 2003	December 31, 2002
<b>ASSETS</b>		
Cash and noninterest-bearing deposits with banks	\$17,082	\$18,826
Federal funds sold	9,600	4,625
Total cash and cash equivalents	26,682	23,451
Interest-bearing balances with banks	1,542	1,505
Securities available-for-sale	74,469	75,264
Securities held-to-maturity (estimated fair value: 2003 - \$15,572 , 2002 - \$14,834)	14,495	13,990
Total loans	555,069	559,561
Less: Allowance for loan losses	(7,341)	(7,069)
Net loans	547,728	552,492
Premises and equipment, net	8,587	8,247
Accrued income receivable	3,049	3,144

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Goodwill	1,267	1,267
Bank owned life insurance	12,966	12,673
Other assets	7,861	4,323
Total assets	\$698,646	\$696,356
LIABILITIES		
Noninterest-bearing deposits	\$63,061	\$58,997
Interest-bearing deposits	447,744	438,407
Total deposits	510,805	497,404
Securities sold under agreements to repurchase	25,335	33,052
Other borrowed funds	89,091	95,435
Obligated mandatorily redeemable capital securities of subsidiary trust	13,500	13,500
Accrued liabilities	7,464	6,590
Total liabilities	646,195	645,981
SHAREHOLDERS' EQUITY		
Common stock (\$1.00 stated value, 10,000,000 shares authorized; 2003 - 3,637,595 shares issued, 2002 - 3,620,335 shares issued)	3,638	3,620
Additional paid-in capital	30,461	30,092
Retained Earnings	21,157	19,339
Accumulated other comprehensive income	1,310	1,439
Treasury stock at cost (2003 and 2002 - 157,115 shares)	(4,115)	(4,115)
Total shareholders' equity	52,451	50,375
Total liabilities and shareholders' equity	\$698,646	\$696,356