FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
SEC Accession No. 0000726294-99-000007

(HTML Version on secdatabase.com)

FILER

BELMONT BANCORP

CIK:**726294**| IRS No.: **341374776** | State of Incorp.:**OH** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-12724** | Film No.: **99574091**
SIC: **6021** National commercial banks

Mailing Address
P O BOX 249
ST CLAIRSVILLE OH 43950

Business Address
325 MAIN ST
BRIDGEPORT OH 43912
6146953323

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark one)

X ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period from _____________ to ________________

Commission file number 0-12724

BELMONT BANCORP.
(Name of issuer in its charter)
Ohio (State of Incorporation)
I.R.S. Employer ID No. 34-1376776
325 MAIN STREET
BRIDGEPORT, OHIO 43912
(Address of principal executive offices)
Telephone (740)-695-3323

Securities registered under Section 12(b) of the Exchange Act: NONE

Securities registered under Section 12(g) of the Exchange Act:

Title of each class:	Name of each exchange on which registered:
Common stock, $0.25 par value	NASDAQ SmallCap Market

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the Registrant's knowledge. In definitive proxy or information statements incorporated by reference to Part III of this Form 10-K or any amendment to this Form 10-K.X

Aggregate market value of voting stock held by nonaffiliates as of March 5, 1999 - $95,304,000.
There were 5,222,152 shares of $0.25 par value, common stock outstanding as of March 5, 1999.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement of the Registrant dated March 19, 1999 are incorporated in Items 10, 11, 12, and 13. The Annual Report of the Registrant is incorporated by reference in Items 5, 6, 7, and 8.

PART I

Forward-looking Statements

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, that involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. These factors include the economic environment, competition, products and pricing in geographic and business areas in which the Corporation operates, prevailing interest rates, changes in government regulations and policies affecting financial services companies, credit quality and credit risk management, changes in the banking industry including the effects of consolidation resulting from possible mergers of financial institutions, acquisitions and integration of acquired businesses. The Corporation undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this report.

The data presented herein should be read in conjunction with the audited Consolidated Financial Statements incorporated by reference.

ITEM 1-BUSINESS

BELMONT BANCORP.

Belmont Bancorp. is a bank holding company which was organized under the laws of the State of Ohio in 1982. On April 4, 1984, Belmont Bancorp. acquired all of the outstanding capital stock of Belmont National Bank (formerly Belmont County National Bank), a banking corporation organized as a national banking association. Belmont National Bank provides a variety of financial services. In addition to Belmont National Bank, the Corporation owns Belmont Financial Network, Inc., a non-bank subsidiary.

BELMONT NATIONAL BANK

Belmont National Bank resulted from the merger on January 2, 1959, of the First National Bank of St. Clairsville, and the First National Bank of Bridgeport. Both banks were organized as national associations prior to the turn of the century. Belmont National Bank operates through a network of thirteen branches located in Belmont, Harrison and Tuscarawas Counties in Ohio and Ohio County in West Virginia. The main office is located in the Woodsdale section of Wheeling, West Virginia. In addition to its main office in West Virginia, the Bank operates a branch in the Elm Grove section of Wheeling. Branch locations in Belmont County, Ohio include St. Clairsville, Bridgeport, Lansing, Shadyside, Ohio Valley Mall, Bellaire and Plaza West, St. Clairsville. The Harrison County branch is located in Cadiz, Ohio. Branches in Tuscarawas County are located in New Philadelphia, Ohio. The three New Philadelphia offices were acquired on October 2, 1992, when Belmont National Bank acquired the deposits and loans of these offices from Diamond Savings and Loan.

Belmont National Bank provides a wide range of retail banking services to individuals and small to medium-sized businesses. These services include various deposit products, business and personal loans, credit cards, residential mortgage loans, home equity loans, and other consumer oriented financial services including IRA and Keogh accounts, safe deposit and night depository facilities. Belmont National Bank also owns automatic teller machines located at branches in Bellaire, Bridgeport, Woodsdale, Elm Grove, Cadiz, the Ohio Valley Mall, Plaza West and New Philadelphia providing 24 hour banking service to our customers. Belmont National Bank belongs to MAC, a nationwide ATM network with thousands of locations nationwide. Belmont National Bank offers a wide variety of fiduciary services. The trust department of the Bank administers pension, profit-sharing, employee benefit plans, personal trusts and estates.

BELMONT FINANCIAL NETWORK

On July 1, 1985, Belmont Bancorp. formed a subsidiary corporation, Belmont Financial Network, Inc.(BFN). BFN serves as a community development corporation by investing in low income housing projects that provide low income and historic tax credits.

BELMONT INVESTMENT AND FINANCIAL SERVICES, INC.

During 1988, Belmont National Bank began the operations of Belmont Investment and Financial Services, Inc., a wholly-owned subsidiary of the Bank.

Belmont Investment and Financial Services, Inc. was organized so that the Bank's customers would have available to them a wider array of financial products as well as sound investment and financial planning. Through Belmont Investment and Financial Services, Inc., customers can purchase government or corporate bonds, and mutual fund products. In 1990, the services provided by the Corporation, other than advisory services, were reorganized into a department of the Bank.

SUPERVISION AND REGULATION

Belmont Bancorp. is supervised and examined by the Board of Governors of the Federal Reserve system under the Bank Holding Company Act of 1956 (BHCA). The BHCA requires Federal Reserve approval for bank acquisitions and regulates non-banking activities of bank holding companies. Deposits of Belmont Bancorp. are insured by the Federal Deposit Insurance Corporation (FDIC). As a national bank, Belmont National Bank is supervised and examined by the Office of the Comptroller of the Currency (OCC).

Since September 1995, the BHCA has permitted bank holding companies from any state to acquire banks and bank holding companies located in any other state, subject to certain conditions, including nationwide and state imposed concentration limits. Banks have been able to branch across state lines by acquisition, merger or new bank charter, since June 1, 1997, if state law expressly permits interstate branching.

A fundamental principle underlying the Federal Reserve's supervision and regulation of bank holding companies is that bank holding companies should be a source of managerial and financial strength to their subsidiary banks. Subsidiary banks in turn are to be operated in a manner that protects the overall soundness of the institution and the safety of deposits. Bank regulators can take various remedial measures to deal with banks and bank holding companies that fail to meet legal and regulatory standards.

The 1989 Financial Reform, Recovery and Enforcement Act (FIRREA) expanded federal regulatory enforcement powers. The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) created five capital-based supervisory levels for banks and requires bank holding companies to guarantee compliance with capital restoration plans of undercapitalized insured depository affiliates. Belmont Bancorp. was considered "well capitalized" under regulatory definitions in effect at December 31, 1998. This is the highest rating presently available.

The monetary policies of regulatory authorities, including the Federal Reserve Board, have a significant effect on the operating results of banks and bank holding companies. The nature and future monetary policies and the effect of such policies on the future business and earnings of Belmont Bancorp. and its subsidiary bank cannot be predicted.

FOREIGN OPERATIONS

Belmont Bancorp. has no foreign operations.

EXECUTIVE OFFICERS

For information concerning executive officers of Belmont Bancorp. and Belmont National Bank, see Item 10 of Form 10-K.

ITEM 2-PROPERTIES

DESCRIPTION ON PROPERTIES

In January 1996, the Bank relocated its corporate headquarters to Wheeling, WV. The office is located at 980 National Road and consists of a 14,000 square foot, combination one and two story masonry block building. Approximately half of the space is leased to a tenant. In addition, the Bank transacts business in the following branch locations:

St. Clairsville Office-This office consists of a two story brick building owned by the Bank with attached drive-in facilities. The building consists of 9,216 square feet which houses the commercial bank operations and the executive and human resources offices.

Mall Office-This office is located at the Ohio Valley Mall, a major shopping mall located two miles east of St. Clairsville, Ohio. The office consists of a 1,400 square foot office located along the perimeter of the Mall at the main entrance. An automatic teller machine is located at the drive-in facility.

Lansing Office-This 1,352 square foot office is located in Lansing, Ohio, a small community approximately six miles east of St. Clairsville on US. Route 40. The facility is a masonry building with adjoining drive-in facilities.

Bridgeport Office-This office is located in Bridgeport, Ohio, a community located on the Ohio/West Virginia border, approximately 10 miles east of St. Clairsville. This 5,096 square foot facility is a recently remodeled masonry building with adjoining drive-in facilities and an ATM.

Shadyside Office-This 1,792 square foot office is located in Shadyside, a village located on Ohio State Route 7. The facility is a masonry building with accompanying drive-in facilities.

Cadiz Office-This office is located in Cadiz, Ohio in Harrison County, approximately seventeen miles north of St. Clairsville at the intersection of State Routes 9 and 22. The brick and tile building contains 1,800 square feet with an accompanying drive-in facility.

New Philadelphia Office-This office, located at 152 North Broadway Avenue, is a 33,792 square foot site improved with two inter-connected, two story brick office buildings with a total building area of 13,234 square feet. Part of the office space is leased to other businesses. This location also has a drive-in facility and an automatic teller machine.

New Philadelphia Office-This office, located at 2300 East High Avenue, is comprised of a one story, 1,605 square foot brick structure with a 783 square foot drive-thru canopy.

New Philadelphia Office-This office, located at 525 Wabash Avenue, is comprised of a 14,250 square foot site with a 246 square foot drive-thru banking facility.

Elm Grove Office-This office is located at 2066 National Road in Wheeling, WV, and includes a drive-thru facility and an ATM.

Bellaire Office - This leased office, located in the Imperial Shopping Center, is comprised of approximately 1,750 square feet with an adjoining drive-thru facility and ATM.

Plaza West Solution Center - This office is located at the west end of St. Clairsville and features a different concept in retail banking. It includes a drive-thru facility and an ATM.

All offices are owned by the Bank except for the Mall and Bellaire offices. All leased offices contain renewal options. The land for the Elm Grove office is also leased.

ITEM 3-LEGAL PROCEEDINGS

None.

ITEM 4-SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5-MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDERS' MATTERS

The number of shareholders of record for the Corporation's stock as of February 26, 1999 was 619. The closing price of Belmont Bancorp. stock on March 5, 1999 was $18.25 per share.

Belmont Bancorp.'s common stock has a par value of $0.25 and, since October 1994, has been traded on the Nasdaq SmallCap market.

1998

Quarter	High	Low	Dividend per Share
1st	$26.00	$20.00	$0.085
2nd	28.44	22.25	0.100
3rd	27.25	19.75	0.100
4th	23.50	18.00	0.100
Total			$0.385

1997

Quarter	High	Low	Dividend per Share
1st	$11.20	$10.20	$0.068
2nd	12.60	10.40	0.068
3rd	15.00	12.56	0.085
4th	20.75	14.50	0.085
Total			$0.306

The tables above show its high and low market prices and dividend information for the past two years. Market prices and cash dividends paid per share have been restated to reflect the effect of a 5-for 4 common stock split effected in the form of a 25% common stock dividend paid July 1, 1997 and a 2-for-1 common stock split effected in the form of a 100% common stock dividend paid May 22, 1998.

Information regarding the limitations on dividends available to be paid can be located in Footnote 16 of the Notes to the Consolidated Financial Statements in the Corporation's Annual Report (Exhibit B).

Treasury stock is accounted for using the cost method. There were 66,174 shares and 13,330 shares held in treasury on December 31, 1998 and 1997, respectively.

ITEM 6.-SELECTED FINANCIAL DATA

The Summarized Quarterly Financial Information and the Consolidated Five Year Summary of Operations contained in the Corporation's annual report (Exhibit B) are hereby incorporated by reference.

ITEM 7-MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The data presented in this discussion should be read in conjunction with the audited consolidated financial statements.

RESULTS OF OPERATIONS

SUMMARY

For 1998, net income increased 3.4% from the previous year; net income for the year ended 1997 increased 18.9% compared to 1996. Net income per common share for 1998 was $1.17 compared to $1.13 per common share in 1997 and $0.94 in 1996. Return on average common shareholders' equity was 18.45% for 1998, compare to from 20.21% in 1997 and 19.55% in 1996. The Corporation's net income to average assets, referred to as return on assets, was 1.49% for the year ended 1998 compared to 1.62% last year and 1.49% during 1996. Operating income consists of earnings before income taxes, minus net investment gains and gains on sale of real estate, or plus net investment losses. Operating income decreased by $172,000 or 2.6% from 1997 to 1998. The table below summarizes earnings performance for the past three years.

($000s) except per share data	1998	1997	1996
Operating income	$6,395	$6,567	$6,382
Net income	6,147	5,945	5,002
Net income per share	$ 1.17	$ 1.13	$ 0.94
Return on average assets	1.49%	1.62%	1.49%
Return on average common equity	18.45%	20.21%	19.55%
Return on average total equity	18.45%	20.21%	19.05%

NET INTEREST REVENUE

A major share of the Corporation's income results from the spread between income on interest earning assets and interest expense on the liabilities used to fund those assets, known as net interest income. Net interest income is affected by changes in interest rates and amounts and distributions of interest earning assets and interest bearing liabilities outstanding. Net interest margin is net interest income divided by the average earning assets outstanding. A third frequently used measure is net interest rate spread which is the difference between the average rate earned on assets and the average rate incurred on liabilities without regard to the amounts outstanding in either category.

The Consolidated Average Balance Sheets and Analysis of Net Interest Income Changes included in the Corporation's annual report (Exhibit B), compare interest revenue and interest earning assets outstanding with interest cost and liabilities outstanding for the years ended December 31, 1998, 1997, and 1996, and computes net interest income, net interest margin and net interest rate spread for each period. All three of these measures are reported on a taxable equivalent basis.

The Corporation's net interest income declined by 0.2%, or $34,000, on a taxable equivalent basis during 1998 compared to the same period last year. During 1998, the Corporation's average interest-earning assets grew by approximately $41.9 million, up 12.1% from 1997.

The yield on interest earning assets was down 28 basis points from 8.43% in 1997 to 8.15% in 1998. The cost of interest bearing liabilities rose 15 basis points from 1997 to 1998. Consequently, the net interest rate spread decreased from 3.84% during 1997 to 3.42% during 1998. The taxable equivalent net interest margin was 3.89% during 1998 compared to 4.37% for 1997 and 4.45% during 1996.

The Analysis of Net Interest Income Changes, separates the dollar change in the Corporation's net interest income into three components: changes caused by (1) an increase or decrease in the average assets and liability balances outstanding (volume); (2) the changes in average yields on interest earning assets and average rates for interest bearing liabilities (yield/rate); and (3) combined volume and yield/rate effects (mix).

This table shows that the decrease in the Corporation's net interest income during the year-to-date periods presented from 1997 to 1998 was generated by a decline in yields on earning assets and higher funding costs.

OTHER OPERATING INCOME

Other operating income excluding securities gains and a gain on sale of real estate, increased 11.7% and totaled $2,245,000 in 1998, compared to $2,010,000 in 1997 and $1,861,000 in 1996. The table below shows the dollar amounts and growth rates of the components of other operating income.

	1998		1997		1996
($000s)	Total	Change	Total	Change	Total
Trust income	$ 463	-0.64%	$ 466	-7.17%	$ 502
Service charges on deposits	752	6.36%	707	7.12%	660
Gain on sale of loans	144	58.24%	91	26.39%	72
Trading profits (losses)	62	na	-	na	-
Recovery on class action lawsuit	-	na	-	-100.00%	27
Other income	824	10.46%	746	24.33%	600
Subtotal	2,245	11.69%	2,010	8.01%	1,861
Investment securities gains (losses)	-	100.00%	(3)	-200.00%	(1)
Gains (losses) on securities available for sale	1,338	66.83%	802	102.02%	397
Gain on sale of real estate	383	na	-	na	-
Total	$3,966	41.19%	$2,809	24.46%	$2,257

Gains on sale of loans contributed $144,000 to noninterest income during 1998, up from $91,000 in 1997. The Corporation utilizes the secondary mortgage market to divest itself of fixed rate mortgage loans with rates below a target rate for purposes of managing the interest rate risk associated with these loans. Servicing rights were retained on the loans sold. The Corporation continues to utilize the secondary market as a means of offering competitively priced mortgage loan products without retaining the interest rate risk associated with long term, fixed rate product. At December 31, 1998 mortgage loans serviced for others totaled approximately $38.2 million.

Losses on investments held in the maturity portfolio during 1997 and 1996 occurred as a result of calls on municipal bonds in the portfolio. These losses totaled $3,000 during 1997 and $1,000 during 1996. Net gains were realized on securities available for sale during 1998 totaling $1,338,000 compared to gains of $802,000 during 1997 and $397,000 during 1996. The related income taxes on securities transactions, including trading and securities available for sale, were $337,000, $174,000, and $104,000 for the years ended 1998, 1997 and 1996, respectively.

OPERATING EXPENSES

Successful expense control is an essential element in maintaining the Corporation's profitability. The table below details the percentage changes in various categories of expense for the three years ended 1998, 1997, and 1996.

($000s)	1998	% Change	1997	% Change	1996

Salaries and wages	$3,533	16.45%	$3,034	14.66%	$2,646
Employee benefits	1,100	20.35%	914	15.70%	790
Net occupancy expense	824	5.24%	783	14.14%	686
Equipment expense	933	-1.48%	947	15.91%	817
FDIC insurance	65	1.56%	64	-87.74%	522
Other operating expenses	3,041	1.71%	2,990	2.15%	2,927
Total	$9,496	8.75%	$8,732	4.10%	$8,388

Management strives to maintain the Corporation's efficiency ratio at or below 50%. (The efficiency ratio is computed by dividing the sum of fully taxable equivalent net interest margin plus non-interest income by non-interest expenses.) For the year ended 1998, the efficiency ratio was 50.0% compared to 48.8% in 1997 and 51.4% in 1996.

Salaries and wages included incentive performance bonuses tied to earnings performance totalling $323,000 in 1998, $299,000 during 1997 and $243,000 during 1996. Salaries and wages were higher in the areas of trust and asset management services, credit administration and data processing due to increased strategic focus on asset management services, loan portfolio expansion, and fulfillment of vacant positions.

Other non-interest operating expense includes FDIC insurance assessments. FDIC insurance expense included in other operating expenses was $65,000, $64,000, and $522,000 in 1998, 1997 and 1996, respectively, including a one time, pre-tax assessment on deposits insured through the Savings Association Insurance Fund during the third quarter of 1996 totaling $397,000.

Taxes, other than payroll and real estate taxes, included in noninterest expense totaled $493,000 during 1998, up from $426,000 in 1997. This includes the Ohio state corporate franchise tax based on the equity of the subsidiary bank.

Other noninterest expense also includes expense associated with other real estate owned. During 1998 there was no expense associated with other real estate owned. During 1997 this expense was $20,000 compared to $143,000 in 1996. Expenses associated with one property which was disposed of during the fourth quarter of 1996 totaled $140,000.

In the fourth quarter of 1997, federal income taxes were reduced by $482,000 in historic tax credits associated with a low income housing project that the subsidiary, Belmont Financial Network, invested in as a limited partner. The project contributed $74,000 in low income housing credits (LIHC) during 1998 and is expected to generate approximately $1.6 million in LIHC over the next ten years.

FINANCIAL CONDITION

SECURITIES

The book values of investments as of December 31, 1998 and 1997 are detailed in Footnote 3 of the Notes to the Consolidated Financial Statements in the Corporation's annual report (Exhibit B).

The investment portfolio consists largely of fixed and floating rate mortgage related securities, predominantly underwritten to the standards of and guaranteed by the government agency GNMA and by the government-sponsored agencies of FHLMC and FNMA. These securities differ from traditional debt securities primarily in that they have uncertain maturity dates and are priced based on estimated prepayment rates on the underlying mortgages.

The maturities and yields of securities held to maturity and available for sale (excluding equity securities) are detailed in the following tables.

<TABLE>
<CAPTION>
Securities Held to Maturity
December 31, 1998

	Maturity < 1 year		1-5 Year Maturity		6-10 Year Maturity		Over 10 Year Maturity		Total	
($000s)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. Government agencies and corporations	$ -		$2,255	4.81%	$		$		$ 2,255	4.81%
States and political subdivisions (a)	533	5.48%	1,228	8.15%	557	10.00%	1,506	9.57%	3,824	8.61%
Agency mortgage-backed securities (b)	87	-2.25%	5,033	6.87%	827	7.98%	490	8.33%	6,437	7.00%
Total	$620	4.41%	$8,516	6.51%	$1,384	8.79%	$1,996	9.26%	$12,516	7.10%

</TABLE>

<TABLE>
Securities Available for Sale (excluding Equity Securities)
December 31, 1998
<CAPTION>

	Maturity < 1 year		1-5 Year Maturity		6-10 Year Maturity		Over 10 Year Maturity		Total	
($000s)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U. S. Treasury securities	$ 101	6.32%	$ -		$ -		$ -		$ 101	6.32%
U.S. Government agencies and corporations (b)	-		-		10,455	6.43%	-		10,455	6.43%
States and political subdivisions (a)	-		-		102	7.58%	28,955	7.13%	29,057	7.13%
Corporate debt	-		-		-		7,340	6.39%	7,340	6.39%
Agency mortgage-backed securities (b)	1,307	3.01%	79,263	5.76%	7,654	6.98%	5,478	8.41%	93,702	5.98%
Mortgage derivative securities	3,198	9.07%	14,278	5.79%	910	10.10%	20,253	6.77%	38,639	6.68%
Total fair value	$4,606	7.31%	$93,541	5.76%	$19,121	6.82%	$62,026	7.02%	$179,294	6.35%
Amortized cost	$4,605		$94,555		$19,206		$62,746		$181,112	

(a) Taxable equivalent yields
(b) Maturities of mortgage-backed securities and agency loan pools are based on estimated average life.
</TABLE>

At December 31, 1998, there were no securities of a single issuer, other than U.S. Treasury or other U.S. government agency securities, which exceeded 10% of shareholders' equity.

The state and political subdivision portfolio includes approximately $7.0 million zero coupon revenue bonds. These bonds are purchased at a significant discount to par value and the income recognized on the bonds is derived from the accretion of the discount using a method that approximates a level yield.

MARKETABLE EQUITY SECURITIES

The Corporation held marketable equity securities in its investment portfolio as of December 31, 1998. In accordance with regulatory requirements, all equity securities were transferred to Securities Available for Sale on January 1, 1994 because these securities do not have a stated maturity. Current accounting principles require that marketable equity securities be recorded at the lower of cost or market value with a corresponding adjustment to reduce shareholders' equity if market value is lower than cost. At December 31, 1998 and 1997, estimated market values approximated original cost.

December 31, 1998 ($000s)	Cost	Market Value	Taxable Equivalent Yield
Federal Home Loan Bank stock	$5,001	$5,001	7.00%
Corporate Stock	512	513	0.93%
Federal Reserve Bank Stock	187	187	6.00%
	$5,700	$5,701	

December 31, 1997 ($000s)	Cost	Market Value	Taxable Equivalent Yield
Federal Home Loan Bank stock	$4,450	$4,450	7.19%
Corporate Stock	66	66	5.17%
Federal Reserve Bank Stock	187	187	6.00%
	$4,703	$4,703	

LOANS AND LEASES

The following table shows the history of commercial and consumer loans and leases, including loans held for sale, by major category at December 31.

($000s)	1998	1997	1996	1995	1994
Commercial loans:					
Real estate construction	$ 135	$ 1,418	$ 1,327	$ 1,530	$ 1,801
Acceptances of other banks	0	0	0	0	0
Real estate mortgage	14,719	19,984	25,954	28,744	23,701
Commercial, financial and agricultural	119,730	109,618	80,554	50,532	38,983
Direct financing leases	0	0	0	3	5
Total commercial loans	$134,584	$131,020	$107,835	$ 80,809	$ 64,490
Consumer loans:					
Residential mortgage	$ 58,099	$ 77,995	$ 71,715	$ 69,999	$ 76,094
Installment loans	25,710	14,435	7,626	6,959	5,116
Credit card and other consumer	1,020	1,450	1,607	2,190	1,396
Total consumer loans	$ 84,829	$ 93,880	$ 80,948	$ 79,148	$ 82,606
Total loans and leases	$219,413	$224,900	$188,783	$159,957	$147,096

An analysis of maturity and interest rate sensitivity of business loans at the end of 1998 follows:

($000s)	Under 1 Year	1 to 5 Years	Over 5 Years	Total
Domestic loans:				
Real estate construction	$ 10	$ 15	$ 110	$ 135
Real estate mortgage	8,655	2,717	3,347	14,719
Commercial, financial and agricultural	59,682	46,693	12,885	119,260
Direct financing leases				0
Total business loans (a)	$68,347	$49,425	$16,342	$134,114
Rate sensitivity:				
Predetermined rate	$ 4,087	$22,547	$15,443	$ 42,077
Floating or adjustable rate	64,260	26,878	899	92,037
Total domestic business loans	$68,347	$49,425	$16,342	$134,114
Foreign loans	0	0	0	0

(a) does not include nonaccrual loans

PROVISION AND ALLOWANCE FOR POSSIBLE LOAN LOSSES

The Corporation, as part of its philosophy of risk management, has established various credit policies and procedures intended to minimize the Corporation's exposure to undue credit risk. Credit evaluations of borrowers are performed to ensure that loans are granted on a sound basis. In addition, care is taken to minimize risk by diversifying specific industry. Credit risk is continuously monitored by Management through the periodic review of individual credits to ensure compliance with policies and procedures. Adequate collateralization, contractual guarantees, and compensating balances are also utilized by Management to mitigate risk.

Management determines the appropriate level of the allowance for possible loan losses by continually evaluating the quality of the loan portfolio. The reserve is allocated to specific loans that exhibit above average credit loss potential based upon their payment history and the borrowers' financial conditions. The adequacy of the allowance for possible loan losses is evaluated based on an assessment of the losses inherent in the loan portfolio. This assessment results in an allowance consisting of two components, allocated and unallocated. The allocations are made for analytical purposes. The total allowance is available to absorb losses from any segment of the portfolio. Management maintains a watch list of substandard loans for monthly review. Although these loans may not be delinquent and may be adequately secured, Management believes that due to location, size, or past payment history, it is necessary to monitor these loans monthly.

The allowance for possible loan losses totaled $4,529,000, or 2.06% of total loans and leases at December 31, 1998. At the end of the previous year, the allowance for possible loan losses was $4,134,000, or 1.84% of total loans and leases. The provision charged to expense during 1998 was $710,000 compared to $1,055,000 in the year ago period.

Management's allocation of the allowance for possible loan losses for the past five years based on estimates of potential future loan loss is set forth in the table below:

($000s)	1998	1997	1996	1995	1994
Specific reserves:					
Commercial	$ 268	$ 560	$ 330	$ 310	$ 10
Mortgage	0	0	10	10	5
Consumer	60	161	176	5	7
Criticized loans without specific allocation	616	470	296	414	315
Provision for loan categories based on historical loss experience:					
Commercial	1,577	1,534	1,197	799	664
Commercial real estate	324	313	269	152	103
Residential mortgage	272	358	328	325	298
Consumer	322	209	137	143	112
Unallocated	1,090	529	410	545	23
Total	$4,529	$4,134	$3,153	$2,703	$1,537

	Reserves as a % of total loans				
($000s)	1998	1997	1996	1995	1994
Specific reserves:					
Commercial	0.12%	0.25%	0.17%	0.19%	0.01%
Mortgage	0.00%	0.00%	0.01%	0.01%	0.00%
Consumer	0.03%	0.07%	0.09%	0.00%	0.00%
Criticized loans without specific allocation	0.28%	0.21%	0.16%	0.26%	0.21%
Provision for loan categories based on historical loss experience:					
Commercial	0.72%	0.68%	0.63%	0.50%	0.45%
Commercial real estate	0.15%	0.14%	0.14%	0.10%	0.07%
Residential mortgage	0.12%	0.16%	0.17%	0.20%	0.20%

Consumer	0.15%	0.09%	0.07%	0.09%	0.08%
Unallocated	0.49%	0.24%	0.23%	0.34%	0.02%
Total	2.06%	1.84%	1.67%	1.69%	1.04%
Total loans and leases outstanding	$219,413	$224,899	$188,783	$159,957	$147,096

The following table sets forth the five year historical information on the reserve for loan losses:

($000s)	1998	1997	1996	1995	1994
Balance as of January 1	$4,134	$3,153	$2,703	$1,537	$1,617
Provision of loan losses	710	1,055	465	1,150	805
Adjustment incident to acquisition	0	0	0	0	0
Loans charged off:					
Real estate	133	24	30	25	49
Commercial	178	23	0	0	806
Consumer	19	43	32	26	85
Direct financing leases	0	0	0	0	0
Total loans charged-off	330	90	62	51	940
Recoveries of loans previously charged-off:					
Real estate	11	2	2	3	18
Commercial	1	1	0	1	29
Consumer	3	13	45	18	7
Direct financing leases	0	0	0	45	1
Total recoveries	15	16	47	67	55
Net charge-offs (recoveries)	315	74	15	(16)	885
Balance at December 31	$4,529	$4,134	$3,153	$2,703	$1,537

($000s)	1998	1997	1996	1995	1994
Loans and leases outstanding at December 31	$219,413	$224,899	$188,783	$159,957	$147,096
Allowance as a percent of loans and leases outstanding	2.06%	1.84%	1.67%	1.69%	1.04%
Average loans and leases	$222,961	$208,265	$174,445	$152,502	$134,952
Net charge-offs as a percent of average loans and leases	0.14%	0.04%	0.01%	-0.01%	0.66%

The following schedule shows the amount of under-performing assets and loans 90 days or more past due but accruing interest.

UNDER-PERFORMING ASSETS

($000s)	1998	1997	1996	1995	1994
Nonaccrual loans and leases	$562	$1,515	$143	$162	$ 478
Loans 90 days or more past due but accruing interest	4	44	74	14	11
Other real estate owned	-	20	66	579	586
Total	$566	$1,579	$283	$755	$1,075

In addition to the above schedule of non-performing assets, Management prepares a watch list consisting of loans which Management has determined require closer monitoring to further protect the Corporation against loss. The balance of loans classified by Management as substandard due to delinquency and a change in financial position at the end of 1998 and not included in the table above was $4,746,000. There are no other loans classified for regulatory purposes that would materially impact future operating results, liquidity or capital resources or which management doubts the ability of the borrower to comply with loan repayment terms.

DEPOSITS

Primarily core deposits are used to fund interest-earning assets. The Corporation has a lower volume of interest-free checking accounts than its peer group which is typical for its market area. This results in an overall higher cost of funds than peer average. The accompanying tables show the relative composition of the Corporation's average deposits and the change in average deposit sources during the last three years.

BORROWINGS

Other sources of funds for the Corporation include short-term repurchase agreements and Federal Home Loan Bank borrowings. Borrowings at the Federal Home Loan Bank are utilized to match the maturities of selected loans and to leverage the capital of the Corporation to enhance profitability for shareholders.

CAPITAL RESOURCES

At December 31, 1998, shareholders' equity was $33,430,000 compared to $31,899,000 at December 31, 1997, an increase of $1,531,000 or 4.8%. The increase in capital during 1998 was due primarily to the retention of earnings.

The Federal Reserve Board has adopted risk-based capital guidelines that assign risk weightings to assets and off-balance sheet items. The guidelines also define and set minimum capital requirements (risk-based capital ratios). Bank holding companies are required to have core capital (Tier 1) of at least 4.0% of risk-weighted assets and total capital of 8.0% of risk-weighted assets. Tier 1 capital consists principally of shareholders' equity less goodwill, while total capital consists of core capital, certain debt instruments and a portion of the reserve for loan losses. At December 31, 1998, the Corporation had a Tier 1 capital ratio of 11.6% and a total capital ratio of 12.9%, well above the regulatory minimum requirements.

The following table shows several capital and liquidity ratios for the Corporation for the last two years:

December 31	1998	1997
Average shareholders' equity to :		
Average assets	8.06%	8.02%
Average deposits	11.39%	11.01%
Average loans and leases	14.94%	14.13%
Primary capital	8.50%	9.10%
Risk-based capital ratio:		
Tier 1	11.60%	11.81%
Total	12.85%	13.06%
Leverage ratio	7.64%	8.00%

National banks must maintain a total assets leverage ratio of at least 3.0%. The total assets leverage ratio is calculated by dividing capital less intangibles into assets, net of intangibles. In many cases, regulators require an additional cushion of at least 1.0% to 2.0%. At December 31, 1998, the Corporation's Tier One leverage ratio was 7.64%.

The following table presents dividend payout ratios for the past three years.

	1998	1997	1996
Total dividends declared as a percentage of net income	32.89%	27.17%	26.59%
Common dividends declared as a percentage of earnings per common share	32.91%	27.20%	25.64%

Currently there are no known trends, events or uncertainties that would have a material effect on the Corporation's liquidity, capital resources or results of operations.

LIQUIDITY AND INTEREST RATE SENSITIVITY

The Corporation meets its liability based needs through the operation of Belmont National Bank's branch banking network that gathers demand and retail time deposits. The Bank also acquires funds through repurchase agreements and overnight federal funds that provide additional sources of liquidity. Total deposits increased by $40.4 million, or 15.3%, from the end of 1997 to 1998. Average deposits increased $25.2 million, or 9.4%, during 1998 compared to 1997.

The Bank has utilized alternative funding sources to leverage shareholders' equity and improve overall profitability. Sources include the Federal Home Loan Bank of Cincinnati and various correspondent bank relationships.

The Bank also has lines of credit with various correspondent banks totaling $6,500,000 which may be used as an alternative funding source; the unused portion of these lines at December 31, 1998 was $4,550,000. In addition, the Bank has a line of credit with the Federal Home Loan Bank of Cincinnati for $30 million; at December 31, 1998, the line was not drawn upon. All borrowings at the Federal Home Loan Bank are subject to eligible collateral requirements.

INTEREST RATE SENSITIVITY

The Corporation's net interest revenue can be vulnerable to wide fluctuations arising from a change in the general level of interest rates to the degree that the average yield on assets responds differently to such a change than does the average cost of funds. To maintain a consistent earnings performance, the Corporation actively manages the repricing characteristics of its assets and liabilities to control net interest income rate sensitivity.

The mismatching of asset and liability repricing characteristics in specific time frames is referred to as interest rate sensitivity gaps. Mismatching or "gapping" can be profitable when the term structure of interest rates (the yield curve) is positive, i.e. short term yields are lower than long term yields, but gapping entails an element of risk, particularly in volatile markets. An institution is said to have a negative gap when its liabilities reprice in a shorter time period than its assets. A positive gap exists when assets reprice more quickly than liabilities. A negative gap in a period when the general level of interest rates is declining will produce a larger net interest income spread than would be the case if all assets and liabilities were perfectly matched. Conversely, net interest income will be adversely affected by a negative gap position in a period when the general level of interest rates is rising. Gaps, therefore, must be prudently managed.

The Corporation examines its interest rate sensitivity position by categorizing the balance sheet into respective repricing time periods similar to those shown on the accompanying table. Repricing of certain assets, such as installment loans, mortgage loans and leases, is based upon contractual amortization or repricing, although experience indicates that they reprice more quickly due to early payoffs. Mortgage-backed securities are included in maturity/repricing categories based upon historical prepayment speeds. Based upon historical deposit rate relationships, savings and interest bearing checking are partially included in the non-rate sensitive category since rate changes on these products are not completely sensitive to fluctuations in the interest rate environment.

Asset/liability management encompasses both interest rate risk and liquidity management. The resulting net cumulative gap positions reflect the

Corporation's sensitivity to interest rate changes over time. The calculation is a static indicator and is not a net interest income predictor of a dynamic business in a volatile environment. As a static indicator, the gap methodology does capture major trends.

<TABLE>
Rate Sensitivity Analysis
December 31, 1998
<CAPTION>

	Maturing or repricing							
	1-30 days	31-90 days	91-180 days	181-356 days	Total 1 Year & Over	1-5 Years	Non-rate Sensitive & Over 5 years	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest earning assets:								
Loans and leases	$58,406	$14,171	$ 7,968	$21,826	$102,371	$60,114	$ 56,928	$219,413
Trading securities	$ 955				955	$ 967	$ 359	2,281
Investment securities	0	2,491	648	576	3,715	5,531	3,270	12,516
Securities available for sale	14,937	6,816	5,655	28,377	55,785	68,690	60,520	184,995
Total interest earning assets	74,298	23,478	14,271	50,779	162,826	135,302	121,077	419,205
Interest bearing liabilities:								
Interest checking	5,580				5,580		36,857	42,437
Savings	17,077				17,077		71,188	88,265
Certificates-$100,000 and over	1,190	2,497	5,482	10,392	19,561	3,987	3,697	27,245
Other time	7,845	14,991	23,398	23,887	70,121	31,405	14,659	116,185
Repurchase agreements				6,239	6,239			6,239
Short term borrowings	3,950				3,950			3,950
Long term debt				5,000	5,000	11,401	75,000	91,401
Total interest bearing liabilities	35,642	17,488	28,880	45,518	127,528	46,793	201,401	375,722
Rate sensitivity gap	38,656	5,990	-14,609	5,261	35,298	88,509	-80,324	43,483
Cumulative gap	$38,656	$44,646	$30,037	$35,298		$123,807	$ 43,483	
Cumulative gap as a percentage of interest earning assets	9.22%	10.65%	7.17%	8.42%		29.53%	10.37%	

</TABLE>

Interest bearing checking and savings deposits that have no contractual maturity are scheduled in the table above according to Management's best estimate of their repricing sensitivity to changes in market rates.

Year 2000

The Corporation is aware of the overall potential impact the 1999 to 2000 calendar changes could present. The loss of hardware and/or software systems as well as the loss of electricity and/or telecommunications are areas of concern throughout the entire industry. A smooth transition to the Year 2000 is planned with little or no impact to our customer base.

The Corporation began gathering Year 2000 data in August 1997. A written project plan was researched and delivered during the fourth quarter of 1997. The Year 2000 project plan was presented to the Board of Directors in February 1998 and was approved at the February board meeting. The Year 2000 Project Team was assigned in December 1997 and is comprised of representatives from all affected departments. Monthly meetings are held to review the current project status and to assign various tasks to departments.

As a financial institution, The Corporation follows Year 2000 guidelines written by the Federal Financial Institutions Examination Council as well as OCC Advisory Letters. Our regulatory agency, the Office of the Comptroller of the Currency, has completed three extensive examinations of Belmont

National Bank and the Year 2000 plan. The assigned examiner reviews all plans, research, and results on a continual basis.

The Belmont National Bank Year 2000 plan is comprised of the five Y2K phases: Awareness, Assessment, Renovation, Validation and Implementation. The Awareness phase consists of the institution being aware of the potential problem(s) that could result from the Year 2000. This phase was completed in December 1997. The Assessment phase was completed in January 1998 and included inventories of all equipment including hardware, software, environmental controls, fax machines, copiers, vault timers, security systems, network systems etc. The Renovation phase, January 1998 through October 1998, consisted of known renovations such as upgrading network routers, servers, and software, and the installation of a new mainframe system. June 1998 through December 1998 was the time frame designated for the Validation phase. This phase consisted of testing the software and hardware at Belmont National Bank. During this phase all "mission critical" systems were tested by changing the date and completing transactions with calculation results validated. From March 1998 through the remainder of 1999 Belmont National Bank will implement new software, hardware and/or any equipment that did not pass all Y2K tests.

As of January 1999, all "mission critical" systems have been tested. All mission critical systems passed Year 2000 testing. Other less critical systems that did not pass have been or will be replaced by June 1999. The regulatory agency examiner has reviewed all test results.

Belmont National Bank has included a customer awareness policy dedicated to maintaining updated communication with our customer base. We provided a project update in June 1998 and issued a new update in February 1999. Both Y2K status reports were available through our WEB site on the internet as well as to customers and employees at all branch locations.

At its June 1998 meeting, the Loan Committee established a Year 2000 evaluation form, which was included in the lending policy for all new commercial loan applicants. The lending department prepared and distributed Y2K readiness surveys to existing loan customers with aggregate balances greater than $150,000.00. All returned survey responses were evaluated and a rating was assigned to each commercial customer. The customer's Y2K readiness status was reviewed quarterly.

Year 2000 surveys were also sent to commercial deposit account holders with balances greater than $250,000.00. Senior Management reviewed these surveys and took appropriate action based on a low to high risk rating system.

Quarterly update reports have been presented to the Board of Directors of the Corporation. In addition, an internal audit is completed each month. The audit report is presented to the board monthly.

ITEM 8 - FINANCIAL STATEMENTS & SUPPLEMENTARY DATA

The annual report of Belmont Bancorp. is hereby incorporated by reference and appears as Exhibit B. Management's report on their responsibility for financial reporting is included in the Corporation's annual report.

ITEM 9 - DISAGREEMENT OF ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information appearing in Belmont Bancorp.'s definitive proxy statement dated March 19, 1999 (Exhibit C) is incorporated by reference in response to this item.

EXECUTIVE OFFICERS OF THE REGISTRANT AS OF JANUARY 1, 1999:

Name	Age	Position
J. Vincent Ciroli, Jr.	53	President and Chief Executive Officer, Belmont Bancorp. & Belmont National Bank
William Wallace	43	Vice President, Belmont Bancorp.; Executive Vice President & Chief Operating Officer, Belmont National Bank
Jane R. Marsh	37	Secretary, Belmont Bancorp.; Senior Vice President, Controller & Cashier, Belmont National Bank

Each of the officers listed above has been an executive officer of the Corporation or one of its subsidiaries during the past five years.

ITEM 11 - EXECUTIVE COMPENSATION

The information appearing in Belmont Bancorp.'s definitive proxy statement dated March 19, 1999 (Exhibit C) is incorporated by reference in response to this item.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information appearing in Belmont Bancorp.'s definitive proxy statement dated March 19, 1999 (Exhibit C) is incorporated by reference in response to this item.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information appearing in Belmont Bancorp.'s definitive proxy statement dated March 19, 1999 (Exhibit C) is incorporated by reference in response to this item.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on March 15, 1999.

By W. Quay Mull II ________________ BELMONT BANCORP
W. Quay Mull II, Chairman (Registrant)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

John A. Belot
Director

J. Vincent Ciroli, Jr.
Director, President & CEO. Belmont Bancorp.,
Belmont National Bank

Mary L. Holloway Haning
Director

Charles J. Kaiser, Jr.
Director

John H. Goodman, II
Director

Dana Lewis
Director

Jane R. Marsh
Secretary, Belmont Bancorp. and
Sr. Vice President, Controller
& Cashier, Belmont National Bank

James Miller
Director

Terrence Lee
Director

Tom Olszowy
Director

Keith Sommer
Director

William Wallace
Director & Vice President,
Belmont Bancorp.; Executive Vice
President & COO, Belmont National Bank

Charles A. Wilson, Jr.
Vice Chairman

W. Quay Mull II
Chairman of the Board

W. Quay Mull II
March 15, 1999

EXHIBIT 1 - CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders and the Board of Directors of Belmont Bancorp.

We consent to incorporation by reference of our report dated January 22, 1999, relating to the consolidated balance sheets of Belmont Bancorp. as of December 31, 1998 and 1997, and the related consolidated statements of income, shareholders' equity, and statements of cash flows for each of the three years in the period ended December 31, 1998. Said report appears as Exhibit 2 of Belmont Bancorp.'s annual form 10-K.

s/S.R. Snodgrass A.C.
S.R. Snodgrass A.C.
Wheeling, WV
March 16, 1999

The Belmont Bancorp. 1998 Annual Report

Forward Looking Statements

Certain sections of this report contain forward looking statements and can be identified by the use of such words as "anticipates," "expects," "estimates," and similar expressions. These statements are subject to certain risks and uncertainties. These risks and uncertainties could cause actual results to differ materially from the current statements.

Dedication

Samuel A. Mumley

The Belmont Bancorp. 1998 Annual Report is dedicated to our beloved friend and colleague, Samuel A. Mumley. Mr. Mumley served loyally and with dedication as a Board of Directors' member of Belmont Bancorp. and Belmont National Bank. His contributions to our communities, the Ohio Valley Athletic Conference, and, most importantly, our young people are virtually impossible to quantify. We miss Sam's friendship, talent, and unequaled enthusiasm.

Corporate Profile

Belmont Bancorp. (the Corporation) is a $446 million bank holding company, incorporated in Ohio. Belmont National Bank, a wholly-owned subsidiary of the Corporation, is an FDIC-insured, federally chartered commercial bank.

The Bank delivers a comprehensive range of financial products and services to individuals, families, businesses and corporations through twelve full service offices and one drive-up service location. Belmont National Bank's primary market areas for its consumer, commercial, trust and investment services are Belmont, Harrison, Tuscarawas and Jefferson counties in Ohio, and Marshall and Ohio counties in West Virginia.

Financial Highlights

(unaudited) (000's except per share data)

	1998	1997	% change
Operating results			
Net income	$ 6,147	$ 5,945	3.4%
Return on average assets	1.49%	1.62%	
Return on average total equity	18.45%	20.21%	
Per common share			
Net income	$ 1.17	$ 1.13	3.5%
Dividend	0.385	0.306	25.8%
Book value at year-end	6.40	6.05	5.8%
At year-end			
Total assets	$446,349	$388,713	14.8%
Total loans	219,413	224,900	-2.4%
Total deposits	304,351	263,908	15.3%
Total shareholders' equity	33,430	31,899	4.8%
Liquidity and capital ratios			
Average total equity to average total assets	8.06%	8.02%	
Tier one capital ratio	11.60%	11.81%	
Total risk-based capital ratio	12.85%	13.06%	
Leverage ratio	7.64%	8.00%	
Dividend payment ratio	32.88%	27.17%	

From Management

It is our pleasure to report to you that we have achieved another notable milestone in the 152 year history of Belmont Bancorp. Net income for 1998 exceeded the $6 million mark, while our continuing strong asset growth should help Belmont Bancorp. become a half-billion dollar corporation by year-end '99...another important milestone. For 1998, excellent performance continued in every meaningful area of measurement.

Net income for 1998 was a record $6,147,000 compared to $5,945,000 for 1997, a 3.4% increase. On an earnings per share basis this was $1.17 for 1998 versus $1.13 for the prior year, a 3.9% increase.

Dividends paid to Belmont Bancorp. shareholders increased significantly during 1998. Cash dividends per share for 1998 were up 25.82% over 1997. In addition, shareholders

received a 2-for-1 stock split in May, 1998.
During 1998, we experienced excellent growth in both deposits and assets. Total deposits increased by 15.3%, compared to the prior year, and closed the year at a record level of $304,351,000. Also at a record level, total assets were at $446,349,000 at the end of 1998, up 14.8% from 1997.
Our 1998 return on average equity and return on average assets demonstrate continued strength.
Return on average equity at 18.45% compared to 20.21% in 1997.
Return on average assets at 1.49% compared to 1.62% in 1997.
Total shareholders' equity for 1998 increased 4.8% to $33,430,000 from $31,899,000 in 1997.
In 1998, our loan portfolio decreased slightly, by 2.4% from 1997, to $219,413,000 with excellent efforts to maintain and improve our asset quality. Nonperforming assets as a percentage of total assets decreased significantly to 0.12% as compared to 0.41% in 1997, while nonperforming assets as a percentage of allowance for loan losses also dropped materially to 11.83% versus 38.20% in the prior year. Additionally, our allowance for possible loan loss as a percentage of total loans increased slightly to 2.06% from 1.84% in 1997.
Our 152nd year of service to families, businesses and communities was an exciting and busy one. Among other things, we significantly expanded the resources and services available through our Investment Management and Trust Services Team, relocated our Ohio Valley Mall Office to the mall perimeter and expanded our ATM service.
Although mostly invisible to our customers and shareholders, another major focus continued for Belmont Bancorp. in 1998. Commanding our attention, staff, and financial resources is our Year 2000 Compliance Project. Unless you have been residing on a deserted island in the South Pacific, you probably have had your fill of reports about the Year 2000 technological challenge the world is facing. Fortunately for us all, most of the doomsayers appear to have crawled back under their rocks...allowing the experts to work diligently on squashing the Y2K Bug. John McIsaac, President of Market Partners, Inc. and speaker on Year 2000 readiness, has testified before Congress on Year 2000 issues. McIsaac stated, "The financial services industry to date has created a tremendous amount of momentum and is doing an excellent job preparing for Year 2000. It understands the issues and is taking proactive steps to do the right thing."
At Belmont National Bank, our preparations for the new millennium continue. The biggest news, certainly in terms of importance as well as expense, is that we have purchased and installed a new state-of-the-art mainframe computer system. As anticipated, our new mainframe has enjoyed satisfactory performance when put through rigorous in-house testing in the Year 2000 environment.
Also as anticipated, we have either upgraded or replaced software programs, personal computers, and other hardware.
As you might expect with any project of this magnitude, there have been many milestones and critical dates for our Year 2000 project team. As our 1998 Annual Report went to press, five critical test dates have been completed very successfully. Testing is also finished successfully on our bankwide network and file servers, which link all Belmont National Bank offices and personal computers. Testing and retesting will continue throughout the remainder of 1999 as we make every effort humanly possible to avoid problems.
With all of our extensive preparation, the likelihood of the bank's computer systems experiencing Y2K related problems are now remote. It is also important for you to remember that your insured deposit accounts will continue to be covered against any and all losses up to the established limits. In case of an emergency, we keep back-up records for account transactions which are used to identify and correct any error. We also have a business resumption contingency plan that outlines steps we'll take to continue operations.
One thing is certain. We at Belmont National Bank look forward to continuing to be a financial partner to families

and businesses in our communities this year, next year, and into the new millennium.

If you would like more information about our Y2K project, we invite you to call us at (740) 695-3323 or toll-free at (800) 542-0174.

Belmont Bancorp. continues the tradition of being one of the most outstanding financial institutions in the country. That is a powerful statement for us to make...but you do not need to take our word for it. During 1998, we were once again honored by The Cleveland Plain Dealer as one of Ohio's top 100 best-performing companies. In addition, we were rated as one of the 10 best Ohio banks by Akron's Beacon Journal, and as one of the 10 best Ohio "Wall Street Darlings."

We extend our sincerest appreciation to all the officers and staff of the Corporation, and the Board of Directors whose dedication and hard work make Belmont Bancorp. and Belmont National Bank one of the top banking organizations in the country.

And, as always, we thank our shareholders across the country who have shown confidence and trust in the leadership of your Corporation. We pledge to you our continuing best effort and look forward to providing you with another prosperous year.

J. Vincent Ciroli, Jr. W. Quay Mull, II
President & CEO Chairman

The Solution Center

We're Changing The Way You Look For Financial Solutions.

Two years ago, Belmont National Bank opened the financial services center of the future...the Solution Center at Plaza West in St. Clairsville, Ohio. The Solution Center is more than just a unique facility. It is a better way for us to build permanent, mutually beneficial relationships with our customers. Rather than focusing on selling products and services, we choose to focus our energy on what individuals, families and businesses are really seeking...information in order to make their own intelligent financial decisions.

Today, you will find a financial partner at every Belmont National Bank location. A partner who will take the time to understand your circumstances, your hopes and dreams. Your partner is there to listen, provide you with pertinent information, guidance, and expertise to assist you in finding financial solutions that make sense for your unique situation. We've armed your financial partner with state-of-the-art technology and the skills needed to provide the knowledge you require to make the most informed financial decisions possible. Our objective is to help you and your family through life's journey...from cradle, to grave and beyond.

Why are we taking this approach to doing business? The financial challenges families and businesses face today are more numerous and complex. The fact is life was simpler for our parents and grandparents. Banking was simpler, too. We had passbook savings, one checking account which paid no interest, and maybe a couple of different loan products. Today, we offer a multitude of different types of checking accounts, money market savings, certificates of deposit and a long list of alternative investment options including: stocks, bonds and mutual funds. We provide trust services, taxable investments, tax-free investments, and retirement plans ranging from a basic IRA, to a Roth, to a 401(k). Need a loan? We provide short term or long term loans, secured or unsecured, fixed or adjustable rate, lines of credit, tax-deductible loans, credit cards, working capital loans, mortgages, loans for every imaginable purpose, loans with floors, loans with ceilings, and on and on.

Your Belmont National Bank financial partner will take the confusion out of banking for you, your family and, if you are self-employed, your business. As your needs and requirements change, as your family or business circumstances change, your financial partner is ready to work with you every step of the way. And, just like any journey, it takes planning and preparation to arrive safely at your destination. Working together, we will develop a road map for any destination, like buying a new home or business, saving for the children's education and your family's future, or planning for a comfortable, secure retirement.

We invite you to stop by any Belmont National Bank location and start building a long-term relationship with your financial partner. If you are an internet user and would like to do independent research, we invite you to visit our interactive website at www.belmontbank.com. There you will find many of the tools we use everyday to help customers realize their hopes...dreams...and financial goals.

The Return To Shareholders

The following graph and table compare, for each of the last five years ending December 31, the cumulative total return of Belmont Bancorp.'s Common Stock, SNL Securities' Index of Banks with Assets Size less than $500, and all NASDAQ U.S. Stocks Index. The cumulative total return of the Corporation's Common Stock assumes $1,000 invested on December 31, 1993 and reinvestment of dividends.

Total Return of a $1,000 Investment in Five Years

	12/31/93	12/31/94	12/31/95	12/31/96	12/31/97	12/31/98
Belmont Bancorp.	$1,000	$1,962	$3,671	$3,612	$7,510	$7,732
All Banks <$500M Assets	1,000	978	1,383	1,700	2,086	2,932
NASDAQ-Total US Stocks	1,000	1,076	1,471	1,894	3,228	2,948

Financial Statements
Belmont Bancorp. and Subsidiaries
Summarized Quarterly Financial Information
(Unaudited) ($000's except per share data)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1998				
Interest income	$7,521	$7,440	$7,878	$7,997
Interest expense	3,820	3,923	4,281	4,456
Net interest income	3,701	3,517	3,597	3,541
Provision for loan losses	150	125	185	250
Security gains	320	266	675	77
Net overhead	1,702	1,737	1,853	1,576
Income before income taxes	2,169	1,921	2,234	1,792
Income taxes	591	494	630	254
Net income	$1,578	$1,427	$1,604	$1,538
Net income per common share	$ 0.30	$ 0.27	$ 0.31	$ 0.29
1997				
Interest income	$6,528	$7,186	$7,337	$7,297
Interest expense	3,051	3,592	3,686	3,675
Net interest income	3,477	3,594	3,651	3,622
Provision for loan losses	105	250	200	500
Security gains	155	197	234	213
Net overhead	1,540	1,512	1,692	1,978
Income before income taxes	1,987	2,029	1,993	1,357
Income taxes	566	465	570	(180)
Net income	$1,421	$1,564	$1,423	$1,537
Net income per common share	$ 0.27	$ 0.30	$ 0.27	$ 0.29
1996				
Net income	$1,409	$1,165	$1,083	$1,345
Net earnings per common share	$ 0.26	$ 0.22	$ 0.20	$ 0.26

Belmont Bancorp. and Subsidiaries
Consolidated Five Year Summary of Operations
For the Years Ending December 31, 1998, 1997, 1996, 1995, 1994 (Unaudited) ($000's except per share data)

	1998	1997	1996	1995	1994
Interest income	$ 30,836	$ 28,348	$ 25,501	$ 23,454	$ 19,715
Interest expense	16,480	14,004	12,127	10,927	8,807
Net interest income	14,356	14,344	13,374	12,527	10,908
Provision for loan losses	710	1,055	465	1,150	805
Net interest income after provision for loan losses	13,646	13,289	12,909	11,377	10,103
Securities gains (losses)	1,338	799	396	102	(63)

Trading gains	62	-	-	-	-
Gain on sale of real estate	383	-	-	-	-
Other operating income	2,183	2,010	1,861	1,683	1,290
Operating expenses	9,496	8,732	8,388	7,623	7,069
Income before income taxes	8,116	7,366	6,778	5,539	4,261
Income taxes	1,969	1,421	1,776	1,333	1,027
Net income	$ 6,147	$ 5,945	$ 5,002	$ 4,206	$ 3,234
Earnings per common share (1)	$ 1.17	$ 1.13	$ 0.94	$ 0.78	$ 0.60
Cash dividend declared per share (1)	$ 0.385	$ 0.306	$ 0.240	$ 0.190	$ 0.151
Book value per common share (1)	$ 6.40	$ 6.05	$ 5.17	$ 4.57	$ 3.63
Total loans	$219,413	$224,900	$ 188,783	$159,957	$147,096
Total assets	446,349	388,713	333,903	317,279	312,963
Total deposits	304,351	263,908	261,539	246,850	255,923
Total shareholders' equity	33,430	31,899	27,332	25,164	20,214

(1) Restated for stock dividends paid during 1994, 1995, 1997 and 1998.

Belmont Bancorp. and Subsidiaries
Consolidated Balance Sheets
($000's)

	December 31, 1998	1997
Assets		
Cash and due from banks	$ 9,439	$ 10,265
Loans held for sale	1,734	884
Trading securities	2,281	-
Securities available for sale (at fair value)	184,995	121,156
Securities held to maturity (fair value of $12,814 - 1998; and $16,181 - 1997)	12,516	15,955
Loans	217,679	224,016
Less allowance for possible loan losses	(4,529)	(4,134)
Net loans	213,150	219,882
Premises and equipment, net	7,377	7,401
Other real estate owned	-	20
Accrued income receivable	2,780	2,586
Other assets	12,077	10,564
Total Assets	$446,349	$388,713
Liabilities and Shareholders' Equity		
Liabilities		
Noninterest bearing deposits:		
Demand	$ 30,219	$ 29,987
Interest bearing deposits:		
Demand	42,437	33,463
Savings	88,265	79,829
Time	143,430	120,629
Total deposits	304,351	263,908
Securities sold under repurchase agreements	6,239	5,256
Federal funds purchased and other short term borrowings	3,950	14,635
Long-term debt	91,401	69,635
Accrued interest on deposits and other borrowings	896	731
Other liabilities	6,082	2,649
Total liabilities	412,919	356,814
Shareholders' Equity		
Preferred stock - authorized 90,000 shares with no par value; issued and outstanding, none	-	-
Common stock - $0.25 par value, 17,800,000 shares authorized, 5,288,326 issued in 1998 and 1997	1,321	1,321
Surplus	7,854	7,781
Treasury stock (66,174 shares in 1998; 13,330 shares in 1997)	(1,400)	(131)
Retained earnings:		
Unappropriated	26,004	21,879
Appropriated for contingencies	850	850
Accumulated other comprehensive income	(1,199)	199
Total shareholders' equity	33,430	31,899
Total liabilities and shareholders' equity	$446,349	$388,713

The accompanying notes are an integral part of the financial statements.

Belmont Bancorp. and Subsidiaries
Consolidated Statements of Income
For the Years Ended December 31, 1998, 1997 and 1996
($000's)

Interest Income	1998	1997	1996
Loans and lease financing:			
Taxable	$ 20,972	$ 19,141	$ 15,905
Tax-exempt	271	334	329
Investment securities:			
Taxable	7,720	7,238	7,660
Tax-exempt	1,241	1,284	1,251
Dividends	336	280	175
Interest on trading securities	68	-	-
Interest on federal funds sold	228	71	181
Total interest income	30,836	28,348	25,501
Interest Expense			
Deposits	11,671	10,063	9,386
Other borrowings	4,809	3,941	2,741
Total interest expense	16,480	14,004	12,127
Net interest income	14,356	14,344	13,374
Provision for Possible Loan Losses	710	1,055	465
Net interest income after provision for possible loan losses	13,646	13,289	12,909
Noninterest Income			
Trust fees	463	466	502
Service charges on deposits	752	707	660
Other operating income	968	837	699
Gain on sale of real estate	383	-	-
Trading gains	62	-	-
Investment securities gains	1,338	799	396
Total noninterest income	3,966	2,809	2,257
Noninterest Expense			
Salary and employee benefits	4,633	3,948	3,436
Net occupancy expense of premises	824	783	686
Equipment expenses	933	947	817
Other operating expenses	3,106	3,054	3,449
Total noninterest expense	9,496	8,732	8,388
Income before income taxes	8,116	7,366	6,778
Income Taxes	1,969	1,421	1,776
Net income	$ 6,147	$ 5,945	$ 5,002
Weighted Average Number of Shares Outstanding	5,252,161	5,278,152	5,286,610
Earnings Per Common Share	$ 1.17	$ 1.13	$ 0.95

The accompanying notes are an integral part of the financial statements.

<TABLE>
Belmont Bancorp. and Subsidiaries
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 1998, 1997 and 1996
($000's)
<CAPTION>

				Retained Earnings			Accumulated Other	
	Preferred Stock	Common Stock	Surplus	Unappro- priated	Appro- priated	Treasury Stock	Compre- hensive Income	Compre- hensive Income
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	$ 1,000	$1,057	$7,781	$14,148	$850	$ (8)	$ 336	
Comprehensive income								
Net Income	-	-	-	5,002	-	-	-	$5,002
Other comprehensive income, net of tax								
Unrealized loss on securities							(504)	(504)
Comprehensive income								$4,498
Cash dividends declared:								
Preferred stock	-	-	-	(61)	-	-	-	
Common stock(per share $.240)	-	-	-	(1,269)	-	-	-	
Redemption of preferred stock	(1,000)	-	-	-	-	-	-	

Balance, December 31, 1996	$ -	$1,057	$7,781	$17,820	$850	$ (8)	$(168)	
Comprehensive income								
Net income	-	-	-	5,945	-	-	-	$5,945
Other comprehensive income, net of tax								
Unrealized gains on securities							367	367
Comprehensive income								$6,312
Cash dividends declared:								
Common stock (per share $.306)	-	-	-	(1,615)	-	-	-	
Five-for-four stock split effected in the form of a stock dividend	-	264	-	(264)	-	-	-	
Cash paid in lieu of fractional shares on stock dividend	-	-	-	(7)	-	-	-	
Purchase of treasury stock	-	-	-	-	-	(123)	-	
Balance, December 31, 1997	$ -	$1,321	$7,781	$21,879	$850	$(131)	$ 199	
Comprehensive income								
Net income	-	-	-	6,147	-	-	-	$6,147
Other comprehensive income, net of tax								
Unrealized loss on securities net of reclassification adjustment (see disclosure)							(1,398)	(1,398)
Comprehensive income								$4,749
Cash dividends declared:								
Common stock (per share $.385)	-	-	-	(2,022)	-	-	-	
Purchase of treasury stock	-	-	-	-	-	(1,308)	-	
Issuance of treasury stock	-	-	73	-	-	39	-	
Balance, December 31, 1998	$ -	$1,321	$7,854	$26,004	$850	$(1,400)	$(1,199)	

The accompanying notes are an integral part of the financial statements.
</TABLE>

Belmont Bancorp. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 1998, 1997 and 1996
($000's)

Operating Activities	1998	1997	1996
Net income	$ 6,147	$ 5,945	$ 5,002
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:			
Provision for loan losses	710	1,055	465
Depreciation and amortization expense	743	818	674
Amortization of investment security premiums	2,403	1,278	1,469
Accretion of investment security discounts and interest recorded on zero-coupon securities	(302)	(230)	(358)
Investment securities losses	-	3	1
Trading (gains) losses	(62)	-	-
Gains on securities available for sale	(1,338)	(802)	(397)
Proceeds from sales of securities held in trading account	12,893	-	-
Purchase of securities for trading account	(14,865)	-	-
Loss (gain) on sale of fixed assets	(384)	(1)	6
Gain on sale of loans	(144)	(91)	(72)
Loss (gain) on sale of other real estate owned	-	(7)	65
(Increase) decrease in interest receivable	(194)	(665)	229
Increase in interest payable	165	67	3
Net increase in loans held for sale	(850)	(642)	(242)
Others, net	3,052	(6,546)	6,130
Net cash provided by operating activities	7,974	182	12,975
Investing Activities			
Net decrease (increase) in federal funds sold	-	24,450	(24,450)
Proceeds from maturities and calls of investment securities	4,370	3,575	1,859
Purchase of securities available for sale	(193,441)	(164,305)	(99,267)
Purchase of investment securities	-	-	-
Proceeds from sale of securities available for sale	87,580	105,407	110,808
Principal collected on mortgage-backed securities	37,964	16,545	22,930
Net increase in loans and leases, net of charge-offs	(14,013)	(39,771)	(38,514)
Proceeds from sale of loans	20,144	13,361	9,874
Loans purchased	-	(9,124)	-
Recoveries on loans previously charged-off	15	16	47
Proceeds from sale of other real estate owned	39	111	514

Purchase of life insurance contracts	(413)	(2,365)	-
Purchase of premises and equipment	(947)	(979)	(2,859)
Proceeds from sale of fixed assets	612	20	8
Net cash used in investing activities	(58,090)	(53,059)	(19,050)
Financing Activities			
Net increase in deposits	40,443	2,369	14,689
Net increase (decrease) in repurchase agreements	983	(3,024)	(6,259)
Net increase (decrease) in short-term borrowings	(10,685)	4,635	(14,126)
Proceeds from the issuance of long-term debt	35,000	52,950	15,125
Payments on long-term debt	(13,233)	(2,991)	(251)
Dividends paid on common and preferred stock	(2,022)	(1,622)	(1,330)
Redemption of preferred stock	-	-	(1,000)
Issuance of treasury stock	112	-	-
Purchase of treasury stock	(1,308)	(123)	-
Net cash provided by financing activities	49,290	52,194	6,848
Increase (Decrease) in Cash and Cash Equivalents	(826)	(683)	773
Cash and Cash Equivalents, Beginning of Year	10,265	10,948	10,175
Cash and Cash Equivalents, End of Year	$ 9,439	$ 10,265	$ 10,948

The accompanying notes are an integral part of the financial statements.

Belmont Bancorp. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 1998, 1997 and 1996

1. Summary of Significant Accounting Policies

The accounting and reporting policies and practices of Belmont Bancorp. (the "Corporation") and its subsidiaries are in accordance with generally accepted accounting principles and conform to general practices within the banking industry. The more significant of these policies and practices are summarized below.

Nature of Operations: Belmont Bancorp. provides a variety of banking services to individuals and businesses through the branch network of its wholly-owned subsidiary, Belmont National Bank (BNB). BNB operates twelve full-service banking facilities located in Belmont, Harrison, and Tuscarawas Counties in Ohio, and Wheeling, West Virginia.

Principles of Consolidation: The consolidated financial statements include the accounts of Belmont Bancorp. and its wholly-owned subsidiaries, Belmont National Bank and Belmont Financial Network, Inc. Material intercompany accounts and transactions have been eliminated.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Held to Maturity Securities: These securities are purchased with the original intent to hold to maturity and events which may be reasonably anticipated are considered when determining the Corporation's intent and ability to hold to maturity. Securities meeting such criteria at date of purchase and as of the balance sheet date are carried at cost, adjusted for amortization of premiums and accretion of discounts.

Available for Sale Securities: Debt and equity securities to be held for indefinite periods of time and not intended to be held to maturity are classified as available for sale and carried at fair value with net unrealized gains and losses, net of tax, reflected as a component of shareholders' equity until realized. Securities held for indefinite periods of time include securities that may be sold to meet liquidity needs or in response to significant changes in interest rates or prepayment risks as part of the Corporation's overall asset/liability management strategy.

Trading Securities: Trading securities are held for resale within a short period of time and are stated at fair value. Trading gains and losses include the net realized gain or loss and market value adjustments of the trading account portfolio.

Loans Held for Sale: Residential mortgage loans which management does not intend to hold to maturity or for which sales are pending are reported as loans held for sale. Such loans are carried at the lower of aggregate cost or market.

Income Recognition: Income earned by the Corporation and its subsidiaries is recognized principally on the accrual basis of accounting. Certain fees, principally service, are recognized as income when billed. The subsidiary bank suspends the accrual of interest when, in management's opinion, the collection of all or a portion of interest has become doubtful. Generally, when a loan is placed on nonaccrual, the bank charges all previously accrued and unpaid interest against income. In future periods, interest will be included in income to the extent received only if complete principal recovery is reasonably assured.

The Corporation adopted the provisions of Statement of Financial Accounting Standards No. 114 and No. 118, "Accounting for Creditors for Impairment of a Loan." It is the Corporation's policy not to recognize interest income on specific impaired loans unless the likelihood of future loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. Since the adoption of SFAS Nos. 114 and 118, the Corporation had no loans which management has determined to be impaired.

The Corporation defers and amortizes loan fees and related origination costs. These fees and costs are amortized into interest or other income over the estimated life of the loan using a method which approximates the interest method.

Allowance For Loan Losses: The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions.

Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged or credited to the provision for loan losses. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the loan portfolio and the related allowance may change in the near term.

Premises and Equipment: Premises and equipment are stated at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization are computed generally using the straight line method over the estimated useful lives of the assets. Leasehold improvements are amortized on the straight line basis over the lease period. When units of property are disposed of, the premises and equipment accounts are relieved of the cost and the accumulated depreciation related to such units. Any resulting gains or losses are credited to or charged against income. Costs of repairs and maintenance are charged to expense as incurred. Major renewals and betterments are capitalized at cost.

Other Real Estate: Real estate acquired in satisfaction of indebtedness is recorded at the lesser of the loan balance prior to foreclosure, plus certain costs incurred for improvements to the property, or fair value less estimated selling costs of the property.

Earnings Per Common Share: Earnings per common share are calculated based on net income after preferred dividend requirements and the weighted average number of shares of common stock outstanding during the year. The Corporation has no securities which would be considered potential common stock. The following is a reconciliation of net income to income available to common shareholders in computing basic earnings per share:

	1998	1997	1996
(Expressed in Thousands)			
Net income	$6,147	$5,945	$5,002

Preferred stock dividends	-	-	(61)
Income available to common shareholders	$6,147	$ 5,945	$4,941

Excess of Cost Over Net Assets Acquired: The excess of cost over net assets of branches purchased in 1991 is being amortized on the straight line method over ten years. The excess of cost over net assets of branches purchased in 1992 is being amortized on the straight line method over a five to eight year period for the portion allocated to the core deposit base and ten years for the remaining excess. The unamortized balances at December 31, 1998 and 1997, were $481,000 and $677,000, respectively. Amortization charged to expense was $196,000 in the period ended December 31, 1998, and $415,000 for the periods ended December 31, 1997 and 1996.
Reclassifications: Certain prior year amounts have been reclassified to conform with current year presentation.

2. Shareholders' Equity
On December 31, 1996, the Corporation redeemed and retired all of the remaining outstanding shares of its $100 par value, non-voting, senior cumulative preferred stock.
On June 16, 1997, the Corporation declared a five-for-four stock split, which was effected in the form of a 25% stock dividend to shareholders of record on June 16, 1997, and paid on July 1, 1997.
On February 27, 1998, the Corporation declared a two-for-one stock split to shareholders of record on March 16, 1998. As a result of the split, the par value of each share was reduced to $0.25.
All references in the accompanying financial statements to the number of common shares and per-share amounts in prior years, have been restated to reflect the stock splits.
At various times during 1998 and 1997, the Corporation repurchased shares of its common stock in open market transactions. The following table represents the change in the Corporation's outstanding shares:

	Preferred Stock	Common Stock
Shares outstanding, December 31, 1995	10,000	2,114,644
Preferred stock redemption	(10,000)	-
Shares outstanding, December 31, 1996	-	2,114,644
25% stock dividend	-	527,354
Shares repurchased	-	(4,500)
Shares outstanding, December 31, 1997	-	2,637,498
Two-for-one stock split	-	2,644,163
Treasury shares reissued	-	5,000
Shares repurchased	-	(64,509)
Shares outstanding, December 31, 1998	-	5,222,152

3. Investment Securities
The estimated fair value of investment securities are as follows at December 31:
<TABLE>
<CAPTION>

	1998				1997			
(Expressed in thousands)	Amortized Cost	Gross Unreal-ized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unreal-ized Gains	Gross Unrealized Losses	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Securities held to maturity:								
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 2,255	$ -	$ (26)	$ 2,229	$ 2,260	$ -	$ (52)	$ 2,208
Obligations of states and political subdivisions	3,823	273	(3)	4,093	4,487	222	(13)	4,696
Mortgage-backed securities	6,438	84	(30)	6,492	9,208	119	(50)	9,277
Total held to maturity	$ 12,516	$ 357	$ (59)	$ 12,814	$ 15,955	$ 341	$(115)	$ 16,181
Securities available for sale:								
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 10,653	$ 1	$ (97)	$ 10,557	$ 14,886	$ 16	$ (10)	$ 14,892
Obligations of states and political subdivisions	29,509	63	(515)	29,057	17,832	346	-	18,178
Mortgage-backed securities	94,623	324	(1,246)	93,701	58,897	341	(286)	58,952

Corporate debt	7,530	1	(191)	7,340	-	-	-	-
Mortgage derivative securities	38,797	124	(282)	38,639	24,537	47	(153)	24,431
Total debt securities	181,112	513	(2,331)	179,294	116,152	750	(449)	116,453
Equity securities	5,700	134	(133)	5,701	4,703	-	-	4,703
Total available for sale	$186,812	$ 647	$(2,464)	$184,995	$120,855	$ 750	$(449)	$121,156

</TABLE>

The amortized cost and estimated fair value of investment securities at December 31, 1998, by contractual maturity, follow. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Held to Maturity		Securities Available for Sale	
(Expressed in thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 533	$ 540	$ 100	$ 101
Due after one year through five years	3,483	3,520	-	-
Due after five years through ten years	557	621	2,026	2,010
Due after ten years	1,506	1,642	45,566	44,842
Mortgage-backed securities	6,437	6,491	94,623	93,702
Mortgage derivative securities	-	-	38,797	38,639
Equity securities	-	-	5,700	5,701
Total	$12,516	$12,814	$186,812	$184,995

Sales and write-downs of investment securities resulted in the following:

(Expressed in thousands)	1998	1997	1996
Proceeds from sales	$87,580	$105,407	$110,808
Gross gains	1,355	869	745
Gross losses	(18)	(67)	(346)
Losses on securities called	(1)	(3)	(3)
Gains on securities called	1	-	-
Gross trading gains	101	-	-
Gross trading losses	(39)	-	-

All securities sold were classified as available for sale at the time of sale. There were no transfers of securities between classifications in 1998, 1997, or 1996.
Assets carried at $34,847,000 and $29,526,000 at December 31, 1998 and 1997, respectively, were pledged to secure United States Government and other public funds, and for other purposes as required or permitted by law.

4. Loans and Allowance for Possible Loan Losses
Loans outstanding at December 31 are as follows:

(Expressed in thousands)	1998	1997
Real estate-construction	$ 135	$ 1,418
Real estate-mortgage	56,364	77,111
Real estate-secured by nonfarm, nonresidential property	14,719	19,983
Commercial, financial and agricultural	116,539	106,443
Obligations of political subdivisions in the U.S	3,191	3,175
Installment and credit card loans to individuals	26,731	15,886
Loans receivable	$217,679	$224,016

Mortgage loans serviced for others approximated $38,230,000, $31,301,000, and $21,047,000 at December 31, 1998, 1997, and 1996, respectively.
The bank discontinues accruing interest income on loans and leases when, in the opinion of management, the collectibility of such interest appears doubtful. Non-accruing loans and leases amounted to $562,000 and $1,515,000 at December 31, 1998 and 1997, respectively. The after-tax effect of the interest that would have been accrued on these loans was $35,000 in 1998 and $46,000 in 1997.
The following is an analysis of loan activity to directors, executive officers, and their associates (see Note 13):

(Expressed in thousands)	1998	1997

Balance previously reported	$6,906	$7,812
New loans during the year	474	2,003
Total	7,380	9,815
Less repayments during the year	1,145	2,909
Balance, December 31	$6,235	$6,906

Activity in the allowance for loan losses is summarized as follows:

	December 31		
(Expressed in thousands)	1998	1997	1996
Balance at beginning of year	$4,134	$3,153	$2,703
Additions charged to operating expense	710	1,055	465
Recoveries on loans previously charged-off	15	17	47
Total	4,859	4,225	3,215
Loans charged-off	330	91	62
Balance at end of year	$4,529	4,134	$3,153

The entire allowance represents a valuation reserve which is available for future charge-offs.

5. Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization, as follows:

	December 31		Original Useful Life
(Expressed in thousands)	1998	1997	Years
Land and land improvements	$ 1,186	$ 1,225	
Buildings	5,843	5,874	30 - 50
Furniture, fixtures and equipment	5,972	5,456	5 - 12
Leasehold improvements	492	377	5 - 20
Total	13,493	12,932	
Less accumulated depreciation and amortization	6,116	5,531	
Premises and equipment, net	$ 7,377	$ 7,401	

Charges to operations for depreciation and amortization approximate $743,000, $818,000, and $674,000 for 1998, 1997, and 1996, respectively.

6. Deposits

The distribution of the bank's deposits at December 31, 1998 and 1997, are as follows:

<TABLE>
<CAPTION>

	1998				1997			
	Non-interest Bearing	Interest Bearing			Non-interest Bearing	Interest Bearing		
(Expressed in thousands)	Demand	Demand	Savings	Time	Demand	Demand	Savings	Time
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Individuals, partnerships and Corporations	$13,893	$42,437	$88,265	$130,378	$20,818	$33,463	$79,829	$112,190
U.S. Government	41	-	-	-	44	-	-	-
States and political subdivisions	-	-	-	13,052	7,016	-	-	8,439
Other depository institutions in the U.S.	14,564	-	-	-	-	-	-	-
Certified, officers' checks, travelers cheques, etc.	1,721	-	-	-	2,109	-	-	-
Total	$30,219	$42,437	$88,265	$143,430	$29,987	$33,463	$79,829	$120,629

</TABLE>

Time deposits include certificates of deposit issued in denominations of $100,000 or more which amounted to $27,245,000 at December 31, 1998, and $17,716,000 at December 31, 1997. A maturity distribution of time certificates of deposit of $100,000 or more follows:

(Expressed in thousands)	1998	1997
Due in three months or less	$ 3,687	$ 5,966
Due after three months through six months	5,482	4,093
Due after six months through twelve months	10,392	4,526
Due after one year through five years	3,987	1,996
Due after five years	3,697	1,135
Total	$27,245	$17,716

7. Securities Sold Under Repurchase Agreements

Securities sold under agreements to repurchase represent primarily overnight borrowings. However, as of December 31, 1998 and 1997, Belmont National Bank had repurchase agreements outstanding with maturities of three months. For all repurchase agreements, the securities underlying the agreements were under the subsidiary bank's control. Information related to these borrowings is summarized below:

(Expressed in thousands)	1998	1997	1996
Balance at year-end	$6,239	$5,256	$ 8,280
Average during the year	$6,733	$7,116	$11,529
Maximum month-end balance	$7,807	$8,847	$21,362
Weighted average rate during the year	5.65%	5.66%	4.86%
Weighted average rate at December 31	5.36%	6.39%	5.55%

8. Short-Term Borrowings

Short-term borrowings consist of advances from the Federal Home Loan Bank of Cincinnati (FHLB) and federal funds purchased. These represent primarily overnight borrowings. FHLB advances are made under agreements which allow for maximum borrowings of $30 million. Advances can be made at fixed or variable rates of interest. Collateral for the advances consists of residential mortgage loans and shares of stock of the Federal Home Loan Bank of Cincinnati. Information related to these borrowings at December 31, 1998 and 1997, is summarized below:

(Expressed in thousands)

FHLB Advances	1998	1997
Balance at year-end	$ -	$ 8,829
Average balance during the year	$ 2,709	$17,648
Maximum month-end balance	$22,047	$49,209
Weighted average rate during the year	5.63%	5.66%
Interest rate at December 31	-	6.90%
Collateral:		
Residential mortgage loans	$ -	$13,244
Federal Home Loan Bank stock	$ -	$ 4,450

Federal Funds Purchased	1998	1997
Balance at year-end	$ 3,950	$ 5,806
Average during the year	$ 843	$ 953
Maximum month-end balance	$11,000	$ 7,000
Weighted average rate during the year	5.35%	5.93%
Weighted average rate at December 31	5.25%	6.76%

9. Long-Term Debt

Long-term debt consists of advances from the Federal Home Loan Bank of Cincinnati. Fixed-rate, single payment loans totaling $85,000,000 and $62,000,000 at December 31, 1998 and 1997, respectively, mature in 1999 through 2008 with interest rates ranging from 4.53% to 6.56%. Fixed-rate, amortizing loans totaling $6,401,000 and $7,635,000 at December 31, 1998 and 1997, respectively, reach final maturity in years 2001 through 2017, with interest rates ranging from 5.50% to 6.95%. The loans are secured by residential mortgage loans with a carrying value of $44,356,000 and $63,151,000 at December 31, 1998 and 1997, respectively, Federal Home Loan Bank Stock, and investment securities with a carrying value of $84,427,000 and $39,877,000 at December 31, 1998 and 1997, respectively. Scheduled principal payments on long-term debt in each of the five years subsequent to December 31, 1998, are as follows:

(Expressed in thousands)

1999	$ 6,055
2000	5,997
2001	967
2002	379
2003	343
Thereafter	77,660

10. Income Tax

The components of applicable income taxes are as follows:

(Expressed in thousands)	1998	1997	1996
Currently payable	$2,108	$1,710	$1,910
Deferred	(139)	(289)	(134)
Income tax	$1,969	$1,421	$1,776

The following temporary differences gave rise to the deferred tax asset at December 31, 1998 and 1997:

(Expressed in thousands)	1998	1997
Allowance for loan losses	$1,390	$1,256
Interest on non-accrual loans	18	24
Unrealized (gains) losses on investments	624	(94)
Deferred loan origination fees	10	11
Deferred compensation and liability for future employees' benefits	295	228
Intangible assets	342	301
Premises and equipment due to differences in depreciation	(137)	(156)
Direct finance leases	(86)	(86)
Federal Home Loan Bank stock dividends	(347)	(235)
Total deferred tax assets	$2,109	$1,249

A reconciliation between the amount of reported income tax expense and the amount computed by applying the statutory federal income tax rate to income before income taxes is as follows:

	1998		1997		1996	
(Expressed in thousands)	Amount	Percent	Amount	Percent	Amount	Percent
Tax at statutory rate	$2,759	34.0	$2,504	34.0	$2,305	34.0
Reductions in taxes resulting from:						
Tax exempt interest on investments and loans	(514)	(6.3)	(550)	(7.5)	(537)	(7.9)
Tax credits	(74)	(0.9)	(482)	(6.5)	-	-
Excess of tax loss over book gains on investment securities	(31)	(0.4)	(33)	(0.4)	(37)	(0.6)
Earnings on life insurance policies	(93)	(1.2)	(43)	(0.6)	(39)	(0.6)
Non-deductible interest expense	64	0.8	68	0.9	78	1.2
Use of capital loss carryforward	(147)	(1.8)	(44)	(0.6)	-	-
Others - net	5	0.1	1	-	6	0.1
Actual tax expense	$1,969	24.3	$1,421	19.3	$1,776	26.2

11. Employee Benefit Plans

The Corporation has a profit-sharing retirement plan which includes all full-time employees who have reached the age of twenty-one and have completed at least one year of service. Each participant can elect to contribute to the plan an amount not to exceed 10% of their salary. The plan provides for an employer matching contribution on the first 4% of the participant's elective contribution. In addition to the matching contribution, the plan provides for a discretionary contribution to be determined by the bank's Board of Directors. Total pension expense for 1998, 1997, and 1996 was $295,000, $277,000, and $234,000, respectively.

In addition to providing the profit-sharing plan, Belmont Bancorp. sponsors two defined benefit post-retirement plans that cover both salaried and nonsalaried employees. Employees must be fifty-five years old and have ten years of service to qualify for both plans. One plan provides medical and dental benefits, and the other provides life insurance benefits. The post-retirement health care plan is contributory, with retiree contributions adjusted annually; the life insurance plan is noncontributory. On January 1, 1993, Belmont Bancorp. adopted Statement of Financial Accounting Standards ("SFAS") No. 106, "Employer's Accounting for Post-retirement Benefits Other than Pensions." The statement requires the accrual of the expected cost of providing post-retirement benefits to employees and certain dependents during the years that an employee renders service.

The following table sets forth the plan's combined funded status reconciled with the amount shown in the Corporation's balance sheet at December 31:

(Expressed in thousands)	1998	1997
Accumulated post-retirement benefit obligation:		
Retirees	$ 50	$ 39
Active plan participants	42	49
	92	88
Plan assets at fair value	-	-

Accumulated post-retirement benefit obligation in excess of plan assets	92	88
Unrecognized net gain (loss) from past experience different from that assumed and from changes in assumptions	49	56
Prior service cost not yet recognized in expense	(10)	2
Accrued post-retirement benefit cost in the balance sheet	$131	$146

The Corporation's post-retirement health care plan is under funded. The accumulated post-retirement benefit obligation and plan assets for that plan are $92,000 and $-0-, respectively, at December 31, 1998, and $88,000 and $-0-, respectively, at December 31, 1997.

Post-retirement expense includes the following components:

(Expressed in thousands)	1998	1997	1996
Service cost	$ 2	$ 5	$ 6
Interest cost on accumulated post-retirement benefit obligation	7	9	10
Net amortization and deferral	(20)	(12)	(10)
Post-retirement expense	$(11)	$ 2	$ 6

The annual assumed rate of increase in the per capita cost of covered benefits for 1998 and 1997 is 11.0% for medical benefits and 8.5% for dental benefits. The rates are assumed to decrease gradually to 5.5% (for medical in 2006 and for dental in 2004), and remain at that level thereafter. Increasing the assumed health care trend rates by one percentage point in each year would have an immaterial effect on the accumulated post-retirement benefit obligation and the aggregate of the service and interest cost components of the net periodic post-retirement benefit cost. The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 7%. The long-term inflation rate assumed was 4%.

12. Leases
The subsidiary bank utilized certain bank premises and equipment under long-term leases expiring at various dates. In certain cases, these leases contain renewal options and generally provide that the Corporation will pay for insurance, taxes and maintenance.
As of December 31, 1998, the future minimum rental payments required under noncancelable operating leases with initial terms in excess of one year are as follows:

	(Expressed in thousands) Operating Leases
Year ending December 31,	
1999	$119
2000	119
2001	120
2002	122
2003	121
Thereafter	203
Total minimum lease payments	$804

Rental expense under operating leases approximated $139,000 in 1998, $132,000 in 1997, and $129,000 in 1996.

13. Related Party Transactions
Certain directors and executive officers and their associates were customers of, and had other transactions with, the subsidiary bank in the ordinary course of business in 1998 and 1997. The outstanding balance of all loans to the related parties was $6,235,000 and $6,906,000 at December 31, 1998 and 1997, respectively. All loans and commitments included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others and did not involve more than the normal risk of collectibility or present other unfavorable features.

14. Commitments and Contingencies
The subsidiary 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 and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments.

The Corporation'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 is represented by the contractual amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The following represents financial instruments whose contract amounts represent credit risk at December 31:

	Contract Amount	
(Expressed in thousands)	1998	1997
Commitments to extend credit	$30,297	$27,081
Standby letters of credit	2,414	1,449

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. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on management's credit evaluation of the counter party. Collateral held varies, but may include accounts receivable, inventory, property, plant, and equipment, and income-producing properties.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. Of the standby letters of credit, $2,121,000 expire in 1999, while the remaining $293,000 expire in various years through 2027. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

In the ordinary course of business, the Corporation and its subsidiaries have been named as defendants in legal actions. Management believes, based on the advice of counsel, that liabilities, if any, arising from these actions will not be material to the Corporation's financial position or results of operations.

15. Concentrations of Credit Risk

The subsidiary bank extends commercial, consumer, and real estate loans to customers primarily located in Belmont, Harrison, and Tuscarawas Counties in Ohio and Ohio County, West Virginia. While the loan portfolios are diversified, the ability of the borrowers to meet their contractual obligations partially depends upon the general economic condition of Southeastern Ohio and the Northern Panhandle of West Virginia.

At December 31, 1998, there were approximately $21,669,000 in loans to businesses that operated in the outdoor amusement industry or manufactured equipment for use in this industry. These loans represent 9.95% of total loans. Approximately one-half of these loans are to borrowers located in the State of Ohio. The remaining businesses operate throughout the continental United States. There were no other significant concentrations.

16. Limitations on Dividends

The approval of the Comptroller of the Currency is required to pay dividends if the total of all dividends declared by a national bank in any calendar year exceeds the total of its retained net profits of the preceding two years. Under this formula, the bank can declare dividends in 1999 without approval of the Comptroller of the Currency of approximately

$6,900,000 plus an additional amount equal to the bank's net profit for 1999 up to the date of any such dividend declaration. The subsidiary bank is the primary source of funds to pay dividends to the shareholders of Belmont Bancorp.

17. Other Operating Expenses

Other operating expenses include the following:

(Expressed in thousands)	1998	1997	1996
Taxes other than payroll and real estate	$ 507	$ 426	$ 395
Supplies and printing	299	280	301
Insurance, including Federal Deposit Insurance	127	125	567
Amortization of intangibles	196	415	415
Other (individually less than 1% of total interest income)	1,977	1,808	1,771
Total	$3,106	$3,054	$3,449

18.Restrictions on Cash

The subsidiary bank is required to maintain an average reserve balance with the Federal Reserve Bank. The average amounts of the reserve balance for the years ended December 31, 1998 and 1997, were $4,337,000 and $3,987,000, respectively.

19. Cash Flows Information

The Corporation's policy is to include cash on hand and amounts due from banks in the definition of cash and cash equivalents.

Cash payments for interest in 1998, 1997, and 1996 were $16,316,000, $13,937,000, and $12,124,000, respectively. Cash payments for income taxes for 1998, 1997, and 1996, were $2,168,000, $2,074,000, and $1,733,000, respectively

20. Regulatory Matters

The subsidiary bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the bank must meet specific capital guidelines that involve quantitative measures of the bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk, weighting, and other factors. Quantitative measures established by regulation to ensure capital adequacy require the bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 1998, that the bank meets all capital adequacy requirements to which they are subject.

As of December 31, 1998, the most recent notifications from the Office of the Comptroller of the Currency categorized the bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since those notifications that management believes have changed the institution's category.

<TABLE>
<CAPTION>

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(Expressed in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As of December 31, 1998:						
Total Capital	$35,520	12.2%	$23,251	8.0%	$29,063	10.0%

(to Risk Weighted Assets)						
Tier I Capital	$31,876	11.0%	$11,625	4.0%	$17,438	6.0%
(to Risk Weighted Assets)						
Tier I Capital	$31,876	7.2%	$17,674	4.0%	$22,093	5.0%
(to Average Assets)						
As of December 31, 1997:						
Total Capital	$33,614	12.9%	$20,912	8.0%	$26,141	10.0%
(to Risk Weighted Assets)						
Tier I Capital	$30,336	11.6%	$10,456	4.0%	$15,684	6.0%
(to Risk Weighted Assets)						
Tier I Capital	$30,336	8.1%	$14,962	4.0%	$18,702	5.0%
(to Average Assets)						

</TABLE>

21. Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments", requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlements of the instruments. Statement 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. In addition, the value of long-term relationships with depositors and other customers is not reflected. The value of these items is significant. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Corporation.

The following methods and assumptions were used in estimating fair values of financial instruments as disclosed herein:

Cash and Cash Equivalents: For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

Investment Securities and Securities Available for Sale: For debt securities, derivative instruments and marketable equity securities held for investment purposes and for sale, fair values are based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loans: For certain homogeneous categories of loans, such as some residential mortgages, fair value is estimated using the quoted market prices for securities backed by similar loans. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposit Liabilities: The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Short-Term Borrowings: These liabilities represent primarily overnight borrowings and debt maturing within ninety days of issuance with interest rates adjusted weekly. Accordingly, the carrying amount is a reasonable estimate of fair value.

Long-Term Debt: The fair values of long-term debt are estimated using discounted cash flow analyses based on the Corporation's current incremental borrowing rates for similar types of borrowing arrangements.

	1998		1997	
(Expressed in thousands)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and federal funds sold	$ 9,439	$ 9,439	$ 10,265	$ 10,265
Trading securities	2,281	2,281	-	-
Securities available for sale	184,995	184,995	121,156	121,156

Securities held to maturity	12,516	12,814	15,955	16,181
Loans, net	214,884	227,732	220,766	225,678
Financial liabilities:				
Deposits	304,351	307,079	263,908	264,413
Repurchase Agreements	6,239	6,239	5,256	5,256
Short-term borrowings	3,950	3,950	14,635	14,635
Long-term debt	91,401	93,975	69,635	60,857

22. Condensed Parent Company Financial Statements

Presented below are the condensed balance sheets, statements of income, and statements of cash flows for Belmont Bancorp.

Balance Sheets (Expressed in thousands)

	December 31, 1998	1997
Assets		
Cash	$ 307	$ 227
Investment in subsidiaries (at equity in net assets)	31,432	30,611
Equity securities	513	66
Advances to subsidiaries	1,006	1,068
Prepaid expenses	155	247
Other assets	660	565
Total assets	$34,073	$32,784
Liabilities		
Payable to subsidiary	$ 149	$ 485
Deferred compensation	494	400
Total liabilities	643	885
Shareholders' Equity		
Preferred stock	-	-
Common stock	1,321	1,321
Capital surplus	7,854	7,781
Treasury stock- 66,174 and 13,330 shares, respectively	(1,400)	(131)
Retained earnings-appropriated	850	850
Retained earnings-unappropriated	26,004	21,879
Net unrealized gain (loss) on securities available for sale	(1,199)	199
Total shareholders' equity	33,430	31,899
Total liabilities and shareholders' equity	$34,073	$32,784

Statements of Income

	1998	1997	1996
Operating income			
Dividends from subsidiaries	$3,921	$2,207	$2,479
Gain on sale of securities	-	126	-
Other income	108	27	19
Total income	4,029	2,360	2,498
Operating expenses	143	113	67
Income before income tax and equity in undistributed income of subsidiaries	3,886	2,247	2,431
Income tax (credit)	(41)	12	(18)
Equity in undistributed income of subsidiaries	2,220	3,710	2,553
Net income	$6,147	$5,945	$5,002

Statements of Cash Flows

	1998	1997	1996
Operating activities			
Net income	$ 6,147	$ 5,945	$ 5,002
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of securities	-	(126)	-
Undistributed earnings of affiliates	(2,220)	(3,710)	(2,553)
Changes in operating assets and liabilities:			
Prepaid expenses	92	(242)	153
Accrued expenses and dividends	94	121	259
Other assets	(95)	(143)	(422)
Net cash provided by operating activities	4,018	1,845	2,439
Investing activities			
Proceeds from sale of securities	-	180	-
Payments to subsidiaries	(274)	(154)	(31)
Investment purchases	(446)	-	-
Net cash provided by (used in) investing activities	(720)	26	(31)
Financing activities			

Cash paid for fractional shares	-	(7)	-
Purchase of treasury stock	(1,308)	(123)	-
Redemption of preferred stock	112	-	(1,000)
Dividends	(2,022)	(1,615)	(1,330)
Net cash used in financing activities	(3,218)	(1,745)	(2,330)
Increase (decrease) in cash & cash equivalents	80	126	78
Cash and cash equivalents at beginning of year	227	101	23
Cash and cash equivalents at end of year	$ 307	$ 227	$ 101

Supplemental disclosures:
The Corporation made income tax payments of $2,168,000, $2,074,000, and $1,733,000 in 1998, 1997, and 1996, respectively. These payments represented income tax payments for the Corporation and its consolidated subsidiaries.
The parent company incurred no interest expense in 1998, 1997, or 1996.

24. Comprehensive Income
In June, 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income in a full set of financial statements. The Corporation adopted this statement on January 1, 1998, and has reclassified information in the 1997 and 1996 financial statements to reflect application of the provisions of this statement. Unrealized gains and losses on securities available for sale are the only components of other comprehensive income that apply to the Corporation.

(Expressed in thousands)	1998	1997	1996
Before-tax amount	$(2,118)	$556	$ (764)
Tax expense (benefit)	(720)	189	(260)
Net-of-tax amount	$(1,398)	$367	$ (504)

Disclosure of reclassification amount for 1998:

Unrealized holding loss arising during the period	$ (959)
Less: reclassification adjustment for gains included in net income	(439)
Net unrealized loss on securities	$(1,398)

The income tax benefit related to the reclassification adjustment for 1998 was $226.

Opinion of Independent Certified Public Accountants
Board of Directors
Belmont Bancorp.
St. Clairsville, Ohio
We have audited the accompanying consolidated balance sheets of Belmont Bancorp. and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.
We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Belmont Bancorp. and subsidiaries at

December 31, 1998 and 1997, and the consolidated results of its operations, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

S.R. Snodgrass A.C.
Wheeling, West Virginia
January 22, 1999

Belmont Bancorp. and Subsidiaries

Report on Management's Responsibilities

Management of Belmont Bancorp. is responsible for the accurate and objective preparation of the consolidated financial statements and the estimates and judgements upon which certain financial statements are based. Management is also responsible for preparing the other financial information included in this annual report. In our opinion, the financial statements on the preceding pages have been prepared in conformity with generally accepted accounting principles and other financial information in this annual report is consistent with the financial statements.

Management is also responsible for establishing and maintaining an adequate internal control system which encompasses policies, procedures and controls directly related to, and designed to provide reasonable assurance as to the integrity and reliability of the financial reporting process and the financial statements generated therefrom. The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal control, and that the cost of such systems should not exceed the benefits to be derived therefrom.

The systems and controls and compliance therewith are reviewed by an extensive program of internal audits and by our independent auditors. Their activities are coordinated to obtain maximum audit coverage with a minimum of duplicate effort and cost. The independent auditors have access to all internal audit work papers. Management believes the system of internal control effectively meets its objectives of reliable financial reporting.

The Board of Directors pursues its responsibility for the quality of the Corporation's financial reporting primarily through its Audit Committee which is comprised solely of outside directors. The Audit Committee meets regularly with management, the contract internal auditor and independent auditors to ensure that each is meeting its responsibilities and to discuss matters concerning internal controls, accounting and financial reporting. The contract internal auditor and independent auditors have full and free access to the Audit Committee.

J. Vincent Ciroli, Jr.
President and Chief Executive Officer
Belmont Bancorp.
Belmont National Bank

William Wallace
Vice President, Belmont Bancorp.
Executive Vice President and
Chief Operating Officer
Belmont National Bank

Jane R. Marsh
Secretary, Belmont Bancorp.
Senior Vice President
Controller and Cashier
Belmont National Bank

<TABLE>
Belmont Bancorp. and Subsidiaries
Consolidated Average Balance Sheets
For the Years Ended December 31, 1998, 1997 and 1996
(Fully Taxable Equivalent Basis) (000's)
<CAPTION>

	1998			1997			1996		
	Average Out-standing	Revenue/ Cost	Averag Yield/ Rate	Average Out-standing	Revenue/ Cost	Average Yield/ Rate	Average Out-standing	Revenue/ Cost	Average Yield/ Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets									
Interest earning assets									
Loans and leases	$222,961	$21,370	9.58%	$208,265	$19,632	9.43%	$174,445	$16,389	9.39%
Securities									

Taxable	134,337	8,053	5.99%	110,739	7,515	6.79%	115,070	7,828	6.80%
Exempt from income tax	24,261	1,802	7.43%	24,728	1,861	7.53%	23,403	1,802	7.70%
Trading account assets	1,193	68	5.70%	-	-	-	-	-	-
Federal funds sold	4,194	228	5.44%	1,317	71	5.39%	3,409	181	5.31%
Total interest earning assets	386,946	31,521	8.15%	345,049	29,079	8.43%	316,327	26,200	8.28%
Cash and due from banks	10,972			10,267			9,328		
Other assets	20,100			15,648			14,229		
Market value depreciation of securities available for sale	(597)			(546)			(767)		
Allowance for possible loan loss	(4,312)			(3,461)			(2,928)		
Total Assets	$413,109			$366,957			$336,189		
Liabilities									
Interest bearing liabilities									
Interest checking	$ 45,864	1,525	3.33%	$ 43,476	1,444	3.32%	$ 38,576	$ 1,225	3.18%
Savings	82,196	2,709	3.30%	78,636	2,474	3.15%	79,341	2,423	3.05%
Other time deposits	134,485	7,438	5.53%	115,304	6,145	5.33%	111,657	5,738	5.14%
Other borrowings	86,084	4,809	5.59%	68,095	3,941	5.79%	50,274	2,741	5.45%
Total interest bearing liabilities	348,629	16,481	4.73%	305,511	14,004	4.58%	279,848	12,127	4.33%
Demand deposits	29,910			29,878			27,878		
Other liabilities	1,256			2,146			2,199		
Total liabilities	379,795			337,535			309,925		
Shareholders' Equity	33,314			29,422			26,264		
Total Liabilities and Shareholders' Equity	$413,109			$366,957			$336,189		
Net interest income margin on a taxable equivalent basis		15,040	3.89%		15,075	4.37%		14,073	4.45%
Net interest rate spread			3.42%			3.84%			3.95%
Interest bearing liabilities to interest earning assets			90.10%			88.54%			88.47%

</TABLE>
Fully taxable equivalent basis computed at effective federal tax rate of 34%.
Average loan balances include nonperforming loans.

<TABLE>
Belmont Bancorp. and Subsidiaries
Analysis of Net Interest Income Changes
For the Years Ended December 31, 1998, 1997 and 1996 (Fully Taxable Equivalent Basis) (000's)
<CAPTION>

	1998 Compared to 1997				1997 Compared to 1996			
	Volume	Yield	Mix	Total	Volume	Yield	Mix	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Increase (decrease) in interest income:								
Loans and leases	$1,385	$ 329	$ 25	$1,739	$3,177	$ 55	$ 12	$3,244
Securities								
Taxable	1,601	(877)	(188)	536	(295)	(19)	-	(314)
Exempt from income taxes	(35)	(24)	-	(59)	102	(41)	(2)	59
Trading Account Assets	-	-	68	68	-	-	-	-
Federal funds sold	155	1	2	158	(111)	3	(2)	(110)
Total interest income change	3,106	(571)	(93)	2,442	2,873	(2)	8	2,879
Increase (decrease) in interest expense:								
Interest checking	79	2	-	81	156	56	8	220
Savings	112	118	4	234	(22)	73	(1)	50
Other time deposits	1,022	232	39	1,293	187	213	7	407
Short-term borrowings	1,041	(137)	(36)	868	972	169	59	1,200
Total interest expense change	2,254	215	7	2,476	1,293	511	73	1,877
Increase (decrease) in net interest income on a taxable equivalent basis	$ 852	$(786)	$(100)	$(34)	$1,580	$(513)	$(65)	$1,002
(Increase) decrease in taxable equivalent adjustment				46				(32)
Net interest income change				$ 12				$ 970

</TABLE>

Belmont Bancorp. Directors
John A. Belot
President,
Walden Industries, Inc.

J. Vincent Ciroli, Jr.
President and Chief Executive Officer,

Belmont Bancorp. and Belmont National Bank

John H. Goodman, II
Realtor, President, Goodman Group, Inc.

Mary L. Holloway Haning
Teacher, Mount DeChantal Visitation Academy

Charles J. Kaiser, Jr.
Attorney-at-Law, Partner,
Phillips, Gardill, Kaiser and Altmeyer

Terrence A. Lee
CPA, Partner, Lee & Associates

Dana J. Lewis
President, Zanco Enterprises, Inc.

James R. Miller
President, Howden Air & Gas-Americas

W. Quay Mull, II
Chairman, Belmont Bancorp. & Belmont National Bank;
Chairman, Mull Industries, Inc.

Tom Olszowy
Independent Insurance Agent,
Tom Olszowy Insurance Agency

Keith A. Sommer
Attorney, Partner,
Sommer, Liberati & Hoffman

William Wallace
Vice President, Belmont Bancorp.;
Executive Vice President and
Chief Operating Officer,
Belmont National Bank

Charles A. Wilson, Jr.
Vice Chairman, Belmont Bancorp.
and Belmont National Bank; Ohio State Representative;
President, Wilson Funeral & Furniture Co.

Belmont Bancorp. Officers
W. Quay Mull, II
Chairman

Charles A. Wilson, Jr.
Vice Chairman

J. Vincent Ciroli, Jr.
President and Chief Executive Officer

William Wallace
Vice President

Jane R. Marsh
Secretary

Belmont National Bank Officers
W. Quay Mull, II
Chairman

Charles A. Wilson, Jr.
Vice Chairman

J. Vincent Ciroli, Jr.
President and Chief Executive Officer

William Wallace
Executive Vice President and Chief Operating Officer

Jane R. Marsh
Senior Vice President, Controller and Cashier

Robert A. Brown

Vice President, Marketing and Product Development Manager

William Busick
Vice President and Regional Manager

Gerald J. Elliott
Vice President and Compliance Officer

Clare Kapral
Vice President Retail Services

Alison Meeks
Vice President Investment and Trust Services

Robin Morelli
Vice President, Credit Administration

Belmont Financial Network, Inc.

J. Vincent Ciroli, Jr.
Chairman and President

Jane R. Marsh
Secretary and Treasurer

William Wallace
Vice President

Belmont Investment and Financial Services, Inc.

J. Vincent Ciroli, Jr.
President and Chief Executive Officer

William Wallace
Vice President, Secretary and Treasurer

Belmont National Bank Locations

Bellaire Office
Imperial Plaza
330-28th Street
Bellaire, OH 43906
(740) 671-3036

Bridgeport Office
325 Main Street
Bridgeport, OH 43912
(740) 635-1142

Cadiz Office
657 Lincoln Avenue
Cadiz, OH 43907
(740) 942-4664

Elm Grove Office
2066 National Road
Wheeling, WV 26003
(304) 243-6570

Lansing Office
55160 National Road
Lansing, OH 43934
(740) 635-1454

New Philadelphia Office
152 North Broadway
New Philadelphia, OH 44663
(330) 343-5518

Ohio Valley Mall Office
Ohio Valley Mall
St. Clairsville, OH 43950
(740) 695-9926

The Solution Center
At Plaza West
100 Plaza Drive
St. Clairsville, OH 43950
(740) 695-8484

St. Clairsville Office
154 West Main Street
St. Clairsville, OH 43950
(740) 695-3323

Schoenbrunn Office
2300 East High Avenue
New Philadelphia, OH 44663
(330) 339-9200

Shadyside Office
4105 Central Avenue
Shadyside, OH 43947
(740) 671-9346

Woodsdale Office
980 National Road
Wheeling, WV 26003
(304) 233-9691

Wabash Avenue Drive-In Office
525 Wabash Avenue
New Philadelphia, OH 44663

Our Internet Address:
www.belmontbank.com

Corporate Information

Stock Listing	Belmont Bancorp.'s common stock is listed on The Small-Cap Market of NASDAQ under the symbol BLMT. The Transfer Agent is Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016, telephone 1-800-368-5948.
Annual Shareholders' Meeting	All shareholders are invited to attend Belmont Bancorp.'s annual meeting to be held at Belmont National Bank,150 West Main St., St. Clairsville, Ohio, on Tuesday, April 20, 1999, at 11 a.m.
Dividend Payment	Subject to approval of the board of directors, dividends are paid on Belmont Bancorp.'s common stock on or about the 28th day of March, June, September and December.
Automatic Dividend Reinvestment Plan	Through the corporation's Automatic Dividend Reinvestment Plan, shareholders may elect to reinvest dividends, and invest optional cash payments of up to $1,500 per quarter, in additional shares of Belmont Bancorp.'s common stock at the market value. To join the plan, please write to Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016, or call 1-800-368-5948.
Form 10-K	Upon written request of any shareholder on record on December 31, 1998, the Corporation will provide, without charge, a copy of its 1998 Annual Report on Form 10-K, including financial statements and schedules, as required to be filed with the Securities and Exchange Commission. To obtain a copy of Form 10-K, contact Ms. Teri Walters, Administrative Officer, Belmont Bancorp., 325 Main Street, Bridgeport, OH 43912.
Inquiries	Inquiries, comments and suggestions concerning Belmont Bancorp. are welcome. Individual shareholders, analysts and institutional investors should contact Ms. Jane Marsh, Secretary, at 1-740-695-3323 or 1-800-542-0174.
Equal Employment	Belmont Bancorp. is committed to providing equal employment opportunities to every employee and every applicant for employment, regardless of, but not limited to such factors as race, color, religion,

sex, national origin, age, familial or
marital status, ancestry, citizenship,
sexual orientation, veteran status
or being a qualified individual with a
disability.

Belmont Bancorp.
325 Main Street
Bridgeport, OH 43912
(740) 695-3323
Fax: (740) 695-4921

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
BELMONT BANCORP.
April 20, 1999

To the Shareholders of BELMONT BANCORP.:

The Annual Meeting of Shareholders of BELMONT BANCORP. will be held in the Belmont National Bank conference room at Belmont National Bank, 150 West Main Street, St. Clairsville, Ohio, on Tuesday, April 20, 1999, at 11:00 a.m. for the following purposes:

1. To consider and act upon the proposed Amendment to the Articles of Incorporation to reduce the number of permitted directors.

2. To elect four (4) persons as Directors to serve for a three-year term expiring at the annual shareholders' meeting in 2002.

3. To consider and act upon a proposal to ratify the appointment of S.R. Snodgrass A.C. as independent auditors for the year ending December 31, 1999.

4. To transact such other business as may properly come before the meeting and any adjournment thereof.

Only shareholders of record at the close of business on February 26, 1999, are entitled to notice of and to vote at the meeting.

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE SIGN AND DATE THE ENCLOSED FORM OF PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE. PROXIES MAY BE REVOKED AT ANY TIME PRIOR TO THE VOTING THEREOF. THUS, IF YOU ARE PRESENT AT THE MEETING AND SO REQUEST YOUR PROXY WILL NOT BE USED.

BY ORDER OF THE BOARD OF DIRECTORS.
JANE R. MARSH, Secretary
Bridgeport, Ohio
March 19, 1999

PROXY STATEMENT
OF
BELMONT BANCORP.

325 Main Street
Bridgeport, Ohio 43912

ANNUAL MEETING OF SHAREHOLDERS
April 20, 1999

This Proxy Statement is furnished to the shareholders of Belmont Bancorp.in connection with the solicitation by the Board of Directors of Belmont Bancorp. (the "Corporation") of proxies for the Annual Meeting of Shareholders of the Corporation to be held on April 20, 1999, in the conference room of Belmont National Bank, 150 West Main Street, St. Clairsville, Ohio, and any adjournment thereof. Shares represented by properly executed proxies received at the time of the meeting that have not been revoked will be voted at the meeting in the manner described in the proxies. Any proxy may be revoked any time before it is exercised.

This Proxy Statement and the accompanying Proxy are being mailed to shareholders on March 19, 1999.

The Board of Directors has fixed the close of business on February 26, 1999, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. On the record date 5,236,534 shares of Common Stock of the Corporation were outstanding and entitled to be voted at the meeting. Each share of Common Stock is entitled to one vote except in the election of Directors where shareholders are entitled to cumulate their votes. Cumulative voting permits each shareholder as many votes as shall equal the number of the shareholders' shares of Common Stock multiplied by the number of Directors to be elected, and the shareholder may cast all of such votes for a single Director, or such votes may be distributed among the nominees, as each shareholder may see fit.

The proxies are solicited by the Board of Directors of the Corporation, and the cost thereof is borne by the Corporation. Proxies may be revoked by the shareholders who execute them at any time prior to the exercise thereof, by written notice to the Corporation or by announcement at the Shareholders' Meeting. Unless so revoked, the shares represented by all proxies will be voted by the persons named in the proxies at the Shareholders' Meeting and at all adjournments thereof, in accordance with the specifications set forth therein, or, absent such specifications, in accordance with the judgment of the holders of such proxies.

PROPOSAL NUMBER 1: AMENDMENT OF ARTICLES OF INCORPORATION REDUCING NUMBER OF PERMITTED DIRECTORS

Subparagraph (1) of Article THIRTEENTH of the Corporation's Amended Articles of Incorporation currently provides that the corporation be managed by a Board of Directors consisting of not less than fourteen (14) nor more than eighteen (18) members to be determined annually by a resolution adopted by the Board of Directors. Prior to the death of Samuel A. Mumley, the Board of Directors consisted of fourteen (14) members, the minimum number permitted by the Articles of Incorporation. Accordingly, upon the death of Mr. Mumley on February 18, 1999, the number of directors was reduced below the number permitted under the Articles of Incorporation thus requiring the naming of another director.

At a special meeting held February 24, 1999, the Board of Directors unanimously adopted a resolution, subject to approval by the shareholders, amending the Articles of Incorporation to permit the Board of Directors to consist of a minimum of twelve (12) members. The maximum number of directors would remain at eighteen (18).

Specifically, if adopted the amendment would delete subparagraph (1) of Article THIRTEENTH of the Amended Articles of Incorporation and substitute the following:

> Section 1. The property, business, and affairs of the corporation shall be managed and controlled by the Board of Directors. The number of directors of the corporation (exclusive of directors to be elected by the holders of one or more series of Preferred Stock voting separately as a class or classes) shall not be less than twelve (12) nor more than eighteen (18), the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the whole Board of Directors. As used in this Article, the term "whole Board" means the total number of Directors which the Corporation would have if there were no vacancies.

The only change from the present language is the reduction of the lower limit in the range from fourteen (14) members to twelve (12).

The Board of Directors believes that the corporation is managed most effectively by a small number of directors having a variety of backgrounds. Accordingly, it does not believe that a reduction of the minimum size of the Board from fourteen (14) members to twelve (12) members will have a significant impact upon the corporation or its operation. There is no present intention to reduce the size of the Board of Directors below its present thirteen (13) members. The Articles of Incorporation do not permit a reduction in the size of the Board of Directors to have the effect of reducing the term of any sitting director. Because the Articles of Incorporation presently permits the Board of Directors to increase the number of its members from time to time, it is possible that five additional members could be added to the present Board by the adoption of a resolution by the Board of Directors. This could be beneficial if, for example, the corporation would acquire another financial business or would expand its operations into communities where it does not currently have operations and desired to have directors experienced in these new financial businesses or knowledgeable about these communities. Under the terms of the Articles of Incorporation, any new directors appointed as a result of an increase in the number of Directors may only serve until the next annual shareholders' meeting when they must stand for election by the shareholders. There are no current plans to increase the size of the Board of Directors beyond its existing thirteen (13) members.

Under the terms of the Articles of Incorporation, the affirmative vote of the holders of a majority of the outstanding shares of capital stock of the corporation are required to amend this provision of the Articles of Incorporation. The Board of Directors unanimously recommends a vote FOR the Amendment. Proxies not otherwise specified will be voted in favor of the Amendment.

PROPOSAL NUMBER 2: ELECTION OF DIRECTORS

The Board of Directors of the Corporation by resolution at its meeting on February 24, 1999, set the number of Directors at thirteen (13) members contingent upon approval by the shareholders of the proposal to reduce the minimum number of directors with four (4) members to be elected to the class which expires at the annual meeting in 2002. All nominees are currently Directors of the Corporation and its principal subsidiary, Belmont National Bank. Each of the nominees to be elected has continuously served in the principal occupation shown for the past five years.

The following persons have been nominated for election to the Board of Directors to serve for a three-year term expiring at the annual shareholders' meeting in 2002:

			Common Stock	
Name And Principal Occupation	Age	Year First Elected	Amount	% of Total
Mary L. Holloway Haning Teacher, Mount De Chantal School (Sept. 1996 - Present) Special Projects Coordinator, Plastic Surgery, Inc. (Sept. 1995-Sept. 1996) Director of Admissions, Wheeling Country Day School (1987-1995)	43	1993	3,966 (1)	*
Charles J. Kaiser, Jr. Attorney, Partner, Phillips, Gardill, Kaiser & Altmeyer	49	1979	26,370 (2)	*
Thomas Olszowy Independent Insurance Agent,	52	1993	44,057 (3)	*

Tom Olszowy Insurance Agency				
Charles A. Wilson, Jr. Ohio State Representative; President, Wilson Funeral & Furniture Co.	56	1973	53,556 (4)	1.02

Footnotes

1. This amount includes 2,560 shares held for the benefit of Mary L. Holloway Haning in trust in which Wesbanco Bank Wheeling is trustee.

2. This amount includes 180 shares held in the name of Deborah P. Kaiser, IRA, wife of Charles J. Kaiser, Jr., to which Mr. Kaiser disclaims any beneficial interest and 1,500 shares held in the name of Marchak Investment Co., a partnership, in which Mr. Kaiser is a general partner and holds a substantial beneficial interest.

3. This amount includes 30,254 shares held in the names of Tom and Diana Olszowy joint tenants with right of survivorship in which Mr. Olszowy shares voting and investment power. This amount also includes 754 shares held in the name of Tom Olszowy, custodian for Dana Paul Olszowy, and 2,204 shares held in the name of Tom Olszowy, custodian for Jonathan T. Olszowy, to which Mr. Olszowy disclaims any beneficial interest. This amount also includes 10,845 shares held in the name of Thomas P. Olszowy SEP IRA.

4. This amount includes 7,804 shares held in the name of Wilson Funeral and Furniture Company of which Mr. Wilson is President, holds a substantial stock interest and has voting power.

* Denotes less than a 1% interest.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ELECTION OF THE ABOVE NOMINEES TO THE BOARD OF DIRECTORS OF BELMONT BANCORP.

In addition to the foregoing nominees, the following persons are presently serving as members of the Board of Directors:

Directors Whose Term of Office Will Expire at the Annual Shareholders' Meeting in 2000

Name And Principal Occupation	Age	Year First Elected	Common Stock Amount	% of Total
John A. Belot President, Walden Industries, Inc.	56	1979	47,600 (5)	*

Terrence A. Lee, CPA Chairman, Belmont Bancorp. and Belmont National Bank; Partner, Lee & Associates	49	1987	4,433 (6)	*
Dana J. Lewis President, Zanco Enterprises, Inc. New Philadelphia, Ohio; Owner/Operator of McDonalds restaurants	55	1994	41,642	*
W. Quay Mull, II Chairman of the Board Mull Industries, Inc.	56	1984	31,484 (7)	*
William Wallace Executive Vice President & Chief Operating Officer, Belmont National Bank; Vice President, Belmont Bancorp.	43	1991	28,927 (8)	*

Footnotes

5. This amount includes 15,810 shares held jointly by Terry L. Belot, wife of John A. Belot, and Jason Michael Belot, son of John A. Belot; 15,810 shares held jointly by Terry L. Belot and John A. Belot, Jr., son of John A. Belot; 8,936 shares held in the name of Jason Michael Belot; and 1,372 shares held in the name of John A. Belot, Jr. Mr. John A. Belot has retained voting rights with respect to these shares. This amount also includes 2,500 shares held in the name of Terry L. Belot, IRA, to which Mr. Belot disclaims any beneficial interest.

6. This amount includes 32 shares held in the name of Terrence A. Lee, Custodian for Katherine M. Lee, UOTMA; 32 shares held in the name of Terrence A. Lee, Custodian for Natalie A. Lee, UOTMA; and 32 shares held in the name of Terrence A. Lee, Custodian for Tara N. Lee, UOTMA; Mr. Lee's minor daughters. This amount does not include 52,704 shares held in the name of John H. Goodman, II and Terrence A. Lee, Trustees for a trust dated February 2, 1991, to which Mr. Lee disclaims any beneficial interest.

7. This amount includes 16,080 shares held in the name of Mull Machine Company of which Mr. Mull is President and holds a substantial ownership interest.

8. This amount includes 5,775 shares held jointly with Christine Wallace, Mr. Wallace's wife, in which he shares voting and investment power; 3,535 shares held in the name of Christine Wallace, IRA, to which Mr. Wallace disclaims any beneficial interest; 1,167 shares held in the name of

William Wallace as Custodian for Joseph J. Wallace, UWVTMA; 1,167 shares held in the name of William Wallace as Custodian for Lauren C. Wallace, UWVTMA; 1,083 shares held in the name of William Wallace as Custodian for Adrienne C. Wallace, UWVTMA; and 999 shares held in the name of William Wallace as Custodian for William J. Wallace, UWVTMA; Mr. Wallace's minor children.

Directors Whose Term of Office Will Expire at the Annual Shareholders' Meeting in 2001

Name And Principal Occupation	Age	Year First Elected	Common Stock Amount	% of Total
J. Vincent Ciroli, Jr. President & Chief Executive Officer, Belmont Bancorp. and Belmont National Bank	53	1984	31,980	*
John H. Goodman, II Realtor, President Goodman Group, Inc.	54	1974	109,820 (9)	2.10
Keith A. Sommer Attorney, Partner, Sommer, Liberati & Hoffman	58	1995	10,658	*
James R. Miller President, Howden Air & Gas-Americas (Oct. 98 to Present) President, New Philadelphia Fan Company (Jan. 1997 to Oct. 98) Vice President & General Manager, Joy Technologies Inc. (April 1992-Dec. 1996)	56	1995	1,000	*

Footnotes

9. This amount includes 7,134 shares held in the name of Marylouise Goodman IRA, and 1,236 shares held in the name of Marylouise Goodman, wife of John H. Goodman, II, to which Mr. Goodman disclaims any beneficial interest. This amount also includes 887 shares held in the name of John H. Goodman, Custodian for Emily Goodman, UOTMA., Mr. Goodman's minor child. This amount also includes 52,704 shares held in the name of John H. Goodman, II and Terrence A. Lee, Trustees under a trust dated February 2, 1991, to which Mr. Goodman disclaims any beneficial interest. This amount also includes 9,101 shares held by J. Harvey Goodman and John H. Goodman, II, Trustees under a trust dated April 26, 1995.

As of February 26, 1999, the Directors and Officers of the

Corporation as a group beneficially owned 439,792 shares or 8.40 percent of the outstanding common stock of the Corporation.

Transactions with Directors and Officers

Certain Directors and Executive Officers and their associates were customers of and had transactions with the Bank in the ordinary course of the Bank's business during 1998. From time to time the law firms of Phillips, Gardill, Kaiser & Altmeyer, of which Charles J. Kaiser, Jr. is a partner, and Sommer, Liberati & Hoffman, of which Keith A. Sommer is a partner, have rendered legal services to the Corporation and the Bank. Messrs. Kaiser and Sommer are directors of both the Corporation and the Bank. It is contemplated that these firms will be retained to perform legal services during the current year.

Meetings of the Board of Directors and Committees and Compensation of Members

The Board of Directors of the Corporation met eight (8) times during the year 1998. Each member of the Board of Directors of the Corporation attended seventy-five percent (75%) or more of the total number of meetings of the Board and its committees of which they were members. The Board of Directors of Belmont National Bank met sixteen (16) times during 1998. The Directors of the Corporation and the Bank are the same.

The Board of Directors elects an Executive Committee annually. Messrs. Ciroli, Goodman, Kaiser, Lee, Mull, Olszowy and Wilson are members of the Executive Committee of both the Corporation and the Bank. Meetings of the Executive Committee are called to consider Corporation or Bank business which may arise between normally scheduled meetings or to consider in depth policies and make recommendations to the Board of Directors. The Executive Committee of the Bank did not meet during 1998.

The Executive Committee of the Corporation also serves as a Nominating Committee. As such, the Committee seeks and recommends individuals for nomination as directors. The Nominating Committee will consider as prospective directors persons suggested to them by any shareholder.

Messrs. Belot, Kaiser, Lee, Lewis, Miller, and Olszowy are members of the Audit Committee of the Bank and the Corporation. The Audit Committee reviews the reports of the Bank's internal auditor, the Bank's compliance officer, and the reports of the Corporation's independent Certified Public Accountants, the adequacy of internal controls and procedures, and reports to the Board of Directors of the Corporation and the Bank. This Committee met five (5) times during 1998.

The Bank also has a Trust Committee that met five (5) times in 1998 whose members are Ms. Haning and Messrs. Goodman, Mull, Mumley, Sommer, Wallace and Wilson. The Trust Committee of the Bank approves the operations of the Trust Department and reports to the Board of Directors.

Directors who are not employees of the Corporation or the Bank receive an annual retainer fee of Three Thousand Dollars, payable quarterly in arrears, plus an attendance fee of Three Hundred Dollars for each Bank or Committee Meeting attended. During 1998, a total of $112,200.00 was paid to Directors.

In addition to the fees paid to Directors, Mr. Richard G. Anderson and Mr. Wilbur L. Terhune, each of whom is a retired Chairman of the Board, received payments under a Deferred Compensation Plan adopted by the Board of Directors on December 15, 1983. Mr. Anderson received $1,864.80 and Mr. Terhune received $5,567.04 during 1998 under this plan. The Deferred Compensation Plan provided an early retirement benefit to covered individuals equal to eighty percent (80%) of a factor corresponding to the number of years the employee's early retirement date preceded his normal retirement date, multiplied by the employee's average compensation as defined under the Bank's retirement plan, minus the employee's monthly accrued benefit under the Bank's retirement plan on a straight life annuity basis. This amount is further reduced by the employee's primary social security benefit. Mr. Terhune's benefit is further reduced by a pension which he receives from a plan unrelated to the Corporation or the Bank.

EXECUTIVE COMPENSATION

The Executive Committee without the executive officers but with the addition of James R. Miller and Keith A. Sommer serves as the Compensation Committee for Belmont National Bank. The officers of the Corporation are currently serving without compensation from Belmont Bancorp. They are, however, compensated by Belmont National Bank for services rendered as officers of the Bank. This Committee is responsible for advising the Board regarding compensation levels for the President and CEO, J. Vincent Ciroli, Jr.; the Executive Vice President and COO, William Wallace; and the Senior Vice President, Controller and Cashier, Jane R. Marsh. The Committee also consults with senior officers with respect to the compensation and benefits of other officers and employees of the Corporation.

Compensation Philosophy

The Corporation bases different portions of its executive compensation program on differing measures of corporate performance. As a result, the Corporation's compensation program currently reflects the following themes:

A material portion of compensation should be meaningfully related to corporate performance.

Since the Corporation has chosen a senior executive team to manage the operations of the Corporation, bonus compensation for these senior executives should be based on team effort and performance of the Corporation as a whole.

Bonus compensation should be related to the return on shareholders' equity and should be payable only if the shareholders have received a reasonable return on the equity.

Compensation should play a critical role in attracting and retaining executives whom the Corporation deems most able to further its goals and, therefore, should be comparable to compensation paid by peer organizations in the same region of the country that the Corporation operates.

Summary Compensation Table

For the year ended December 31, 1998, J. Vincent Ciroli, Jr., William Wallace and Jane R. Marsh were the only officers compensated in excess of $100,000. Their compensation is summarized in the following table:

Name and Principal Position	Year	Salary	Bonus	Long Term Incentive Compen-sation(1)	All Other Compensation
J. Vincent Ciroli, Jr. President & Chief Executive Officer Belmont Bancorp. and Belmont National Bank	1998	$161,000.00	$24,150.00	$24,150.00	$23,198.90
	1997	$152,000.00	$26,600.00	$26,600.00	$15,707.59
	1996	$152,000.00	$68,400.00	-	$16,767.99
William Wallace Vice President, Belmont Bancorp. and Executive Vice President & Chief Operating Officer, Belmont National Bank	1998	$119,000.00	$17,850.00	$17,850.00	$26,249.23
	1997	$110,000.00	$19,250.00	$19,250.00	$12,420.97
	1996	$110,000.17	$49,500.00	-	$15,722.09
Jane R. Marsh Secretary, Belmont Bancorp. and Senior Vice President, Controller, and Cashier, Belmont National Bank	1998	$ 79,000.00	$11,850.00	$11,850.00	$13,088.05
	1997	$ 70,000.00	$12,250.00	$12,250.00	$11,350.80
	1996	$ 70,000.01	$31,500.00	-	$ 9,915.19

(1) See the description for the Long Term Incentive Compensation under the heading "Annual Bonus Incentives".

Pay Mix and Measurement

The Corporation's executive compensation program is based on three components, each of which is intended to serve the overall compensation philosophy.

Base Salary is targeted at the competitive median for peer banking organizations. In order to determine these amounts, the Committee has utilized the Sheshunoff tables, the Executive Studies Group (a division of Ben S. Cole Financial, Inc.), and the Bank Wage-Hour & Personnel Service. During 1997, the Committee retained Bank Compensation Strategies Group located in Dublin, Ohio, to advise it and the Board concerning salaries for comparable officers at other Ohio and regional banking organizations of similar size. Salaries for the executive officers named in the Summary Compensation Table are reviewed by the Committee on an annual basis and may be increased or decreased at that time based on the Committee's analysis of how the management team and the respective individual contributes to the Corporation, as well as increases in median competitive pay levels.

Annual Bonus Incentives for executive officers are intended to reflect the Corporation's belief that management's contribution to corporate performance comes, in part, from maximizing the Corporation's return on common shareholders' equity. Accordingly, since 1989 the Board of Directors has had in place an Executive Incentive Compensation Plan to provide incentive compensation based upon the earnings of Belmont National Bank. Amounts paid under the Plan are included in the "Bonus" column in the Summary Compensation Table above. The individuals covered by the Plan are J. Vincent Ciroli, Jr., William Wallace and Jane R. Marsh. During 1997, the Compensation Committee retained Bank Compensation Strategies Group of Dublin, Ohio, to advise the Committee and the Board on changes to the Executive Incentive Compensation Plan designed in part to: (i) allow additional senior executives to be added to the Executive Incentive Compensation Plan without disrupting the formula; and (ii) requiring half of each year's bonus to be deferred and held as phantom stock of the Corporation which is hoped will enhance the senior executives' interest in the long-term appreciation of the Corporation's stock. The revised Senior Executive Incentive Plan adopted during 1997 pays an incentive bonus calculated as a percentage of salary varying between 10% and 80% when the Corporation's return on equity exceeds the average return on equity of a peer group. No award is made unless the Corporation's return on equity is at least 10% greater than the peer group average. Half of any bonus is paid to the executive in cash and the other half is credited to a non-qualified deferred compensation plan that invests in the Corporation's phantom stock. That amount is shown as Long Term Incentive Compensation in the Summary Compensation Table. The plan is a phantom stock plan because the portion of the bonus paid to the plan is converted to units designed to appreciate or depreciate in relation to the appreciation or depreciation of the Corporation's common stock. Upon termination of employment for reasons of death, disability, retirement or any other reason the executive will be paid his benefit in cash over a period of years. The Committee believes that the program, as revised, provides an appropriate link between the Corporation's short-term performance and long-term performance (as measured by the appreciation of its stock) and the incentives paid to the executive officers. The return on equity goal is established by the Committee annually.

Other Compensation is provided so that the Corporation's overall benefits are comparable with other similar organizations so as to attract and retain competent management.

The Bank has a Defined Contribution 401(k) Savings Plan which allows employees who work over 1,000 hours per year to defer up to 10% of their pre-tax salary to the Plan. The Bank matches fifty percent (50%) of the first four percent (4%) deferred. The Bank may also make voluntary contributions to the Plan. In 1998, the Bank paid $43,651.46 in matching funds and made a voluntary contribution of $260,783.05, or ten and four tenths percent (10.4%) of annual salary. In 1998, the profit sharing contribution attributed to Mr. Ciroli was $14,148.16; the matching funds contribution was $3,220.10. The profit sharing contribution paid for Mr. Wallace was $12,355.20; the matching funds contribution was $2,260.96. The profit sharing contribution paid for Mrs. Marsh was $10,228.40 and the matching funds contribution was $1,580.02. In addition, a contribution was made to a deferred compensation account to make up profit sharing and matching contributions that were lost to the executives during 1996, 1997 and 1998, as their deferred salaries were considered ineligible wages in the 401(k) plan for a profit sharing or matching contribution. This contribution was $5,009.54 for Mr. Ciroli, $11,361.75 for Mr. Wallace and $1,137.43 for Mrs. Marsh. This compensation is included in the "All Other Compensation" column in the Summary Compensation Table above.

The Bank provides reimbursement for club fees, membership dues and entertainment expenses for business use by Mr. Ciroli and Mr. Wallace. The Bank also provides Mr. Ciroli and Mr. Wallace with the use of a company car. Personal benefits from such expenditures are less than 10% of salary and bonus and, therefore, have been excluded from the Summary Compensation Table above.

The Bank maintains a split-dollar life insurance plan for several of its officers. Under the plan, the Bank maintains ownership of all cash value in the insurance policies and a portion of the death benefits. The participant's named beneficiary is entitled to three times the participant's annual salary at his death. Annually, the participant recognizes taxable income to the extent of the assumed term cost of the coverage. At the death of the participant, the Bank's share of the death benefit will be sufficient to recover all costs associated with the plan. For 1998, the amount of income attributable for a split-dollar insurance plan was $821.10, $271.32 and $142.20 for Mr. Ciroli, Mr. Wallace and Mrs. Marsh respectively. These amounts are included in the "All Other Compensation" column in the Summary Compensation Table above.

The Corporation adopted a Supplemental Retirement Plan for the three executive officers at its meeting on January 18, 1994, and subsequently amended the plan on December 19, 1995, in order to augment the retirement benefits payable to these officers and make them more comparable to the benefits provided under the defined benefit plan which was terminated in 1990. The persons covered under the plan are J. Vincent Ciroli, Jr., President and Chief Executive Officer; William Wallace, Vice President of the Corporation and Executive Vice President and Chief Operating Officer of the Bank; and Jane R. Marsh, Secretary of the Corporation and Senior Vice President, Controller and Cashier of the Bank. Under the Plan the Corporation credited the sum of $163,000 to a book reserve account for the benefit of Mr. Ciroli, the sum of $19,000 for Mr. Wallace and the sum of $3,000 for Ms. Marsh. The balance in the book reserve account will be invested as directed by the Board and distributed to the officer over a ten (10) year period following retirement. The officer will bear the risk of earnings in the book reserve account. Under the Plan the maximum amount that can be paid to Mr. Ciroli is $43,000 per annum; to Mr. Wallace $40,000 per annum; and to Ms. Marsh $11,250 per annum. The supplemental retirement benefits may be forfeited if the employee is terminated for cause.

COMPENSATION COMMITTEE

John H. Goodman, II	W. Quay Mull, II
Charles J. Kaiser, Jr.	Thomas Olszowy
Terrence A. Lee	Keith A. Sommer
James R. Miller	Charles A. Wilson, Jr.

Stock Price Performance Graph

The following graph compares for each of the last five years ending December 31 the cumulative total return of the Corporation's Common Stock, All Nasdaq U.S. Stocks Index and SNL Securities' Index of Banks with Assets Size less than $500 million. The cumulative total return of the Corporation's Common Stock assumes $100 invested on December 31, 1993 and assumes reinvestment of dividends.

<TABLE>
Belmont Bancorp. Stock Price Performance

<CAPTION>

MEASUREMENT PERIOD	BELMONT BANCORP	SNL SECURITIES' INDEX OF BANKS WITH ASSETS LESS THAN $500M	ALL NASDAQ U.S. STOCKS
<S>	<C>	<C>	<C>
MEASUREMENT POINT 12/31/93	$100.00	$100.00	$100.00
12/31/94	196.23	107.55	97.75
12/31/95	367.11	147.13	138.26
12/31/96	361.17	189.37	170.01
12/31/97	750.95	322.82	208.58
12/31/98	773.23	294.76	293.21

</TABLE>

PROPOSAL NUMBER 3: SELECTION OF AUDITORS

The Board of Directors has retained S.R. Snodgrass A.C. as independent auditors for both the Corporation and the Bank for the year ending December 31, 1999. There will be presented to the shareholders at the Annual Meeting a proposal that this selection be ratified by the shareholders. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THIS SELECTION BE SO RATIFIED. The services rendered by S.R. Snodgrass A.C. during the year 1998 involved auditing services primarily and consisted of the examination of the financial statements of the Corporation and its subsidiaries, principally the Bank. It is expected that a representative of the accounting firm will be present at the shareholders' meeting. Such representative will be given the opportunity to make a statement if he desires to do so, and will be available to respond to appropriate questions from the shareholders who are present.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Corporation's directors, executive officers, and persons who own more than 10% of a registered class of the Corporation's equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock of the Corporation. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. To the Corporation's knowledge, based solely on a review of the copies of such reports furnished to the Corporation and written representations that no other reports were required, during the two fiscal years ended December 31, 1998, all section 16(a) filing requirements applicable to the Corporation's officers, directors, and greater than 10% beneficial owners were complied with.

Other Matters

As of the date of this Proxy Statement, the Board of Directors and Management were unaware of any matters not referred to in this proxy statement for action at the meeting. If any other business comes before the meeting, the persons named in the proxy will have the authority to vote the shares represented by them in accordance with their best judgment.

Method and Cost of Solicitation

The solicitation of proxies will be made primarily by mail. Proxies may also be solicited personally and by telephone by regular employees and Directors of the Corporation and the Bank without any additional remuneration and at minimal cost. Management intends to request banks, brokerage houses, custodians, nominees, an fiduciaries to obtain authorization for the execution of proxies. The Corporation will bear the entire cost of soliciting proxies.

Shareholder Proposals for Next Year's Annual Meeting

Proposals which shareholders intend to present at next year's annual meeting, now scheduled to be held on April 17, 2000, will be eligible for inclusion in the Corporation's proxy material for that meeting if they are submitted to the Corporation in writing no later than November 19, 1999. At the time of the submission of the proposal, a proponent may also submit a statement in support of the proposal. The proposal and its supporting statement in the aggregate shall not exceed 500 words. When submitted to the Corporation, a proposal should be accompanied by a written notice of the proponent's intention to appear personally at the meeting for the purpose of presenting the proposal for action.

Bridgeport, Ohio	BY ORDER OF THE BOARD OF DIRECTORS
March 19, 1999	J. VINCENT CIROLI, JR., PRESIDENT & CEO

```
<TABLE> <S> <C>

<ARTICLE> 9
<MULTIPLIER> 1,000

<S>                                <C>
<PERIOD-TYPE>                      YEAR
<FISCAL-YEAR-END>                            DEC-31-1998
<PERIOD-START>                               JAN-01-1998
<PERIOD-END>                                 DEC-31-1998
<CASH>                                              9439
<INT-BEARING-DEPOSITS>                                 0
<FED-FUNDS-SOLD>                                       0
<TRADING-ASSETS>                                    2281
<INVESTMENTS-HELD-FOR-SALE>                       184995
<INVESTMENTS-CARRYING>                             12516
<INVESTMENTS-MARKET>                               12814
<LOANS>                                           219413
<ALLOWANCE>                                         4529
<TOTAL-ASSETS>                                    446349
<DEPOSITS>                                        304351
<SHORT-TERM>                                       10189
<LIABILITIES-OTHER>                                 6978
<LONG-TERM>                                        91401
<PREFERRED-MANDATORY>                                  0
<PREFERRED>                                            0
<COMMON>                                            1321
<OTHER-SE>                                         32109
<TOTAL-LIABILITIES-AND-EQUITY>                    446349
<INTEREST-LOAN>                                    21243
<INTEREST-INVEST>                                   9525
<INTEREST-OTHER>                                       0
<INTEREST-TOTAL>                                   30836
<INTEREST-DEPOSIT>                                 11671
<INTEREST-EXPENSE>                                 16480
<INTEREST-INCOME-NET>                              14356
<LOAN-LOSSES>                                        710
<SECURITIES-GAINS>                                  1338
<EXPENSE-OTHER>                                     9496
<INCOME-PRETAX>                                     8116
<INCOME-PRE-EXTRAORDINARY>                          6147
<EXTRAORDINARY>                                        0
<CHANGES>                                              0
<NET-INCOME>                                        6147
<EPS-PRIMARY>                                       1.17
<EPS-DILUTED>                                       1.17
<YIELD-ACTUAL>                                      3.89
<LOANS-NON>                                          562
<LOANS-PAST>                                           4
```

<LOANS-TROUBLED>	0
<LOANS-PROBLEM>	4746
<ALLOWANCE-OPEN>	4134
<CHARGE-OFFS>	330
<RECOVERIES>	15
<ALLOWANCE-CLOSE>	4529
<ALLOWANCE-DOMESTIC>	4529
<ALLOWANCE-FOREIGN>	0
<ALLOWANCE-UNALLOCATED>	1090

</TABLE>