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ASB FINANCIAL CORP /OH
Form 10KSB
September 28, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 for the Fiscal Year Ended June 30, 2004

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 for the transition period from _____ to

Commission File Number: 0-25906

ASB FINANCIAL CORP.

(Name of small business issuer in its charter)

Ohio

31-1429488

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

503 Chillicothe Street, Portsmouth, Ohio 45662

(Address of principal executive offices) (Zip Code)

Issuer's telephone number:
(740) 354-3177

Securities registered pursuant to Section 12(b) of the Exchange Act:

None

None

(Title of each class)

(Name of each exchange
on which registered)

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

Common Shares, without par value

(Title of Class)

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

Check if there is no disclosure of delinquent filers in response to
Item 405 of Regulation S-B contained in this form, and no disclosure will
be contained, to the best of registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this Form
10-KSB or any amendment to this Form 10-KSB.

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The issuer's revenues for the fiscal year ended June 30, 2004, were \$9.7 million.

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the average of the bid and asked prices quoted by the Nasdaq National Market, was \$26.7 million on September 22, 2004.

1,686,063 of the issuer's common shares were issued and outstanding on September 22, 2004.

DOCUMENTS INCORPORATED BY REFERENCE

Part II of Form 10-KSB - Portions of the Annual Report to Shareholders for the fiscal year ended June 30, 2004.

Part III of Form 10-KSB - Portions of the Proxy Statement for the 2004 Annual Meeting of Shareholders.

Transitional Small Business Disclosure Format (check one): Yes No

PART I

Item 1. Description of Business

General

ASB Financial Corp. ("ASB"), an Ohio corporation formed in 1995, is a unitary savings and loan holding company which owns all of the outstanding common shares of American Savings Bank, fsb ("American"), a federal savings bank, issued by American upon its conversion from a mutual savings association to a stock savings association in May 1995 (the "Conversion").

American principally engages in the business of originating real estate loans secured by first mortgages on one- to four-family residential real estate located in American's primary market area, which consists of the Cities of Portsmouth and Waverly and contiguous areas of Scioto and Pike County, Ohio. American also makes loans secured by multifamily real estate (over four units) and nonresidential real estate and secured and unsecured consumer loans. In addition, American purchases interests in multifamily real estate and nonresidential real estate loans originated and serviced by other lenders. American also invests in mortgage-backed securities, U.S. Government agency obligations, obligations of state and political subdivisions, and other investments permitted by applicable law. Funds for lending and other investment activities are obtained primarily from savings deposits, which are insured up to applicable limits by the Savings Association Insurance Fund ("SAIF") administered by the Federal Deposit Insurance Corporation (the "FDIC"), and loan principal and mortgage-backed security repayments. American also obtains advances from the Federal Home Loan Bank ("FHLB") of Cincinnati to fund lending activities.

American conducts business from its main office in Portsmouth, Ohio and a branch office in Waverly, Ohio. American's primary market area for lending consists of Scioto and Pike County, Ohio, and for deposits consists of Scioto and Pike County and adjacent communities in North Central Kentucky.

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ASB is subject to regulation, supervision and examination by the Office of Thrift Supervision of the United States Department of the Treasury (the "OTS") and the United States Securities and Exchange Commission ("SEC"). American is subject to regulation, supervision and examination by the OTS and the FDIC.

ASB's activities have been limited primarily to holding the common stock of American since the Conversion. Consequently, the following discussion focuses primarily on the business of American.

Lending Activities

General. American's principal lending activity is the origination of conventional real estate loans, including construction loans, secured by first mortgages on one- to four-family residential real estate located in American's primary market area. American also offers loans, including construction loans, secured by multifamily properties containing five units or more and nonresidential properties. American also purchases interests in multifamily real estate loans and nonresidential real estate loans originated and serviced by other financial institutions. In addition to real estate lending, American originates commercial loans and consumer loans, including automobile loans, loans secured by deposit accounts, home improvement loans and a limited number of unsecured loans.

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Loan Portfolio Composition. The following table presents certain information regarding the composition of American's loan portfolio at the dates indicated:

	At June 30,				
	2004		2003		2002
	Amount	Percent of total loans	Amount	Percent of total loans	Amount
	(Dollars in thousands)				
Real estate loans:					
One- to four-family	\$ 76,197	55.8%	\$ 71,577	60.5%	\$ 73,300
Multifamily	5,399	4.0	6,224	5.3	4,717
Nonresidential and land	18,694	13.7	15,643	13.2	12,436
Construction	11,124	8.1	5,334	4.5	1,342
Home equity	3,620	2.6	4,160	3.5	5,093
Total real estate loans	115,034	84.2	102,938	87.0	96,888
Commercial	17,075	12.5	11,336	9.6	10,622
Consumer and other loans:					
Passbook	545	.4	461	.4	647
Home improvement	1,545	1.1	1,427	1.2	1,220
Automobile	1,763	1.3	1,585	1.3	1,801
Other	588	.4	544	.5	234

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Total consumer and other loans	4,441	3.3	4,017	3.4	3,902
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Total loans	136,550	100.0%	118,291	100.0%	111,412
Less:					
Loans in process	5,536		2,181		1,365
Net deferred loan origination fees and unearned discounts	194		182		177
Allowance for loan losses	999		1,009		855
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Total loans - net	\$129,821		\$114,919		\$109,015
	=====		=====		=====

Loan Maturity. The following table sets forth the contractual maturity of American's total loans at June 30, 2004 before consideration of net items:

Due during the fiscal year ending June 30,	One- to four-family (1) (2)	Multifamily (1)	Nonresidential (1) (3)	Consum and ot
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			(In thousands)	
2005	\$ 9,236	\$ 302	\$ 3,944	\$1,39
2006	2,425	349	4,189	1,48
2007	2,576	370	4,448	1,56
2008 - 2009	5,639	808	9,741	
2010 - 2014	17,450	2,492	13,447	
2015 - 2019	23,561	1,078	-	
2020 and thereafter	24,518	-	-	
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Total	\$85,405	\$5,399	\$35,769	\$4,44
	=====	=====	=====	=====