

LCNB CORP  
Form 8-K  
January 28, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 28, 2008

LCNB CORP.

(Exact name of Registrant as specified in its Charter)

Ohio  
(State or other jurisdiction  
of incorporation)

0-26121  
(Commission File No.)

31-1626393  
(IRS Employer  
Identification Number)

2 North Broadway, Lebanon, Ohio

45036

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (513) 932-1414

N/A

(Former name or former address, if changed since last report)

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**Item 2.02 Results of Operations and Financial Condition.**

On January 28, 2008, LCNB Corp. issued an earnings release announcing its financial results for the fourth quarter and year ended December 31, 2007. A copy of the earnings release (Exhibit 99.1) and unaudited financial highlights (Exhibit 99.2) are attached and are furnished under this Item 2.02.

**Item 8.01. Other Events.**

On January 28, 2008, LCNB Corp. issued an earnings release announcing its financial results for the fourth quarter and year ended December 31, 2007. A copy of the earnings release (Exhibit 99.1) and unaudited financial highlights (Exhibit 99.2) are attached and are furnished under this Item 8.01.

**Item 9.01 Financial Statements and Exhibits.**

(c)

Exhibits

**Exhibit No.**

**Description**

99.1

Press release dated January 28, 2008

99.2

Unaudited Financial Highlights

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SIGNATURES

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

LCNB CORP.

Date: January 28, 2008

By: /s/ ROBERT C. HAINES II

Robert C. Haines II

Chief Financial Officer

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**Exhibit 99.1**

**Press Release**

**January 28, 2008**

**LCNB CORP. REPORTS FINANCIAL RESULTS FOR  
THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2007**

LCNB Corp. today announced net income of \$5,954,000 (\$0.94 basic and diluted earnings per share) for the year ended December 31, 2007. This compares to \$6,514,000 (\$1.00 basic and diluted earnings per share) for year ended December 31, 2006. Net interest income for 2007 was \$162,000 less than in 2006 primarily due to a decrease in the net interest margin, on a tax-equivalent basis, from 3.84% for 2006 to 3.77% for 2007. Non-interest income remained steady, with total 2007 non-interest income being \$1,000 greater than for 2006. Non-interest expense for 2007 was \$506,000 greater than for 2006, largely due to increases in salaries and benefits, occupancy, and telephone expenses. The provision for loan losses was \$123,000 greater during 2007 than in 2006, primarily because LCNB recorded a \$100,000 decrease in the allowance for loan losses during 2006 due to credit quality improvements in certain loans. Net charge-offs for the two years were relatively stable - \$266,000 for 2007 and \$243,000 for 2006.

Net income for the fourth quarter of 2007 was \$1,589,000 (\$0.25 basic and diluted earnings per share), compared to \$1,790,000 (\$0.28 basic and diluted earnings per share) for the fourth quarter, 2006. Net interest income for the fourth quarter, 2007 was \$38,000 more than for the fourth quarter, 2006 primarily due to growth in the loan portfolio. Non-interest income during the fourth quarter, 2007 was \$47,000 less than for the same period in 2006 primarily due to reductions in trust and insurance agency income. Non-interest expense for the fourth quarter, 2007 was \$161,000 greater than the same period in 2006 due to substantially the same reasons discussed above.

Sycamore National Bank merged with and into LCNB National Bank (formerly Lebanon Citizens National Bank), a wholly-owned subsidiary of LCNB, as of the close of business December 20, 2007. In accordance with the purchase method of accounting, Sycamore's results of operations were included in LCNB's consolidated statements of income from the date of acquisition. Sycamore's financial results for the final 11 days of 2007 were not material to LCNB's results of operations for 2007, but the consolidated balance sheet was significantly affected by the inclusion of Sycamore's loans and deposits at year-end. As a result of the merger, LCNB recorded additional net loans of \$42.8 million and additional deposits of \$44.4 million.

LCNB Corp. is a financial holding company headquartered in Lebanon, Ohio. Affiliates of LCNB Corp. are LCNB National Bank, with 24 offices located in Warren, Butler, Montgomery, Clinton, Clermont, and Hamilton Counties, Ohio, and Dakin Insurance Agency, Inc. Additional information about LCNB Corp. and information about products and services offered by LCNB National Bank and Dakin Insurance Agency can be found on the internet at [www.lcnb.com](http://www.lcnb.com) and [www.dakin-ins.com](http://www.dakin-ins.com).

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Certain matters disclosed herein may be deemed to be forward-looking statements that involve risks and uncertainties, including regulatory policy changes, interest rate fluctuations, loan demand, loan delinquencies and losses, and other risks. Actual strategies and results in future time periods may differ materially from those currently expected. Such forward-looking statements represent management's judgment as of the current date. LCNB Corp. disclaims any intent or obligation to update such forward-looking statements. LCNB intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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**Exhibit 99.2****LCNB Corp. and Subsidiaries****Financial Highlights**

(Dollars in thousands, except per share amounts)

Share and per share data have been restated to reflect a 100% stock dividend paid on May 10, 2007.

| <b>Condensed Income Statement</b>    | Three Months Ended |           | Year Ended   |           |
|--------------------------------------|--------------------|-----------|--------------|-----------|
|                                      | December 31,       |           | December 31, |           |
|                                      | 2007               | 2006      | 2007         | 2006      |
| Interest income                      | \$ 8,288           | 7,930     | 31,991       | 30,548    |
| Interest expense                     | 3,612              | 3,292     | 13,838       | 12,233    |
| Net interest income                  | 4,676              | 4,638     | 18,153       | 18,315    |
| Provision for loan losses            | 108                | 43        | 266          | 143       |
| Net interest income after provision  | 4,568              | 4,595     | 17,887       | 18,172    |
| Non-interest income                  | 2,126              | 2,173     | 8,346        | 8,345     |
| Non-interest expense                 | 4,567              | 4,406     | 18,344       | 17,838    |
| Income before income taxes           | 2,127              | 2,362     | 7,889        | 8,679     |
| Provision for income taxes           | 538                | 572       | 1,935        | 2,165     |
| Net income                           | \$ 1,589           | 1,790     | 5,954        | 6,514     |
| Dividends per common share           | \$ 0.155           | 0.15      | 0.62         | 0.60      |
| Basic earnings per common share      | \$ 0.25            | 0.28      | 0.94         | 1.00      |
| Diluted earnings per common share    | \$ 0.25            | 0.28      | 0.94         | 1.00      |
| Average basic shares outstanding     | 6,389,582          | 6,421,036 | 6,368,046    | 6,484,837 |
| Average diluted shares outstanding   | 6,389,582          | 6,423,257 | 6,368,563    | 6,487,252 |
| <b>Selected Financial Ratios</b>     |                    |           |              |           |
| Return on average assets             | 1.12%              | 1.29%     | 1.08%        | 1.19%     |
| Return on average equity             | 11.79%             | 13.62%    | 11.41%       | 12.48%    |
| Dividend payout ratio                | 62.00%             | 53.57%    | 66.67%       | 60.00%    |
| Net interest margin (tax equivalent) | 3.74%              | 3.82%     | 3.77%        | 3.84%     |

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|                                     | December 31 | December 31, |
|-------------------------------------|-------------|--------------|
| <b>Selected Balance Sheet Items</b> | 2007        | 2006         |
| Investment securities               | \$ 90,154   | 114,474      |
| Loans                               | 446,887     | 390,370      |
| Less allowance for loan losses      | 2,468       | 2,050        |
| Net loans                           | 444,419     | 388,320      |
| Total assets                        | 604,058     | 548,215      |
| Total deposits                      | 535,929     | 478,615      |
| Short-term borrowings               | 1,459       | 15,370       |
| Long-term debt                      | 5,000       | -            |
| Total shareholders' equity          | 56,528      | 50,999       |
| Shares outstanding at period end    | 6,687,232   | 6,379,636    |
| Book value per share                | \$ 8.45     | 7.99         |
| Equity to assets ratio              | 9.36%       | 9.30%        |
| <b>Assets Under Management</b>      |             |              |
| LCNB Corp. total assets             | \$ 604,058  | 548,215      |
| Trust and investments (fair value)  | 199,053     | 201,566      |
| Mortgage loans serviced             | 40,260      | 42,431       |
| Business cash management            | 34,532      | 27,262       |
| Brokerage accounts (fair value)     | 58,929      | 50,816       |
| Total assets managed                | \$ 936,832  | 870,290      |