

LCNB CORP
Form 8-K
October 17, 2007

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 17, 2007

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)

Item 2.02 Results of Operations and Financial Condition.

On October 17, 2007, LCNB Corp. issued an earnings release announcing its financial results for the third quarter ended September 30, 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 October 17, 2007, LCNB Corp. issued an earnings release announcing its financial results for the third quarter ended September 30, 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 October 17, 2007

99.2

Unaudited Financial Highlights

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: October 17, 2007

By: /s/ Steve P. Foster

Steve P. Foster

Chief Financial Officer

Exhibit 99.1

Press Release

October 17, 2007

**LCNB CORP. REPORTS FINANCIAL RESULTS FOR
THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007**

LCNB Corp. today announced net income of \$4,365,000 (\$0.69 basic and diluted earnings per share) for the nine months ended September 30, 2007. This compares to \$4,724,000 (\$0.73 basic and diluted earnings per share) for the nine month period in 2006. Return on average assets for the 2007 period was 1.07%, compared to 1.16% for the first nine months of 2006. Return on average equity for the nine months ended September 30, 2007 and 2006 was 11.28% and 12.09%, respectively. Net interest income for the first nine months of 2007 was \$200,000 less than the same period in 2006 primarily due to a decrease in the net interest margin, on a tax-equivalent basis, from 3.85% for the 2006 period to 3.78% for the 2007 period. This decrease was partially offset by growth in the loan portfolio.

Non-interest expense for the nine months ended September 30, 2007 was \$345,000 greater than the same period in 2006, largely due to increases in salaries and benefits and occupancy expenses resulting, in part, from additional costs required during 2007 by the Oakwood office, which opened in May, 2007. The provision for loan losses was \$58,000 greater during the first nine months of 2007, when compared to the same period in 2006.

Net income for the third quarter of 2007 was \$1,370,000 (\$0.22 basic and diluted earnings per share), compared to \$1,506,000 (\$0.23 basic and diluted earnings per share) for the third quarter, 2006. Return on average assets for the three months ended September 30, 2007 and 2006 was 0.99% and 1.08%, respectively. Return on average equity for the third quarter, 2007 and 2006 was 10.47% and 11.47%, respectively. Net interest income for the third quarter, 2007 was \$132,000 less than the third quarter, 2006 and non-interest expense for the third quarter, 2007 was \$118,000 greater than the same period in 2006 for substantially the same reasons discussed above.

LCNB Corp. is a financial holding company headquartered in Lebanon, Ohio. Affiliates of LCNB Corp. are LCNB National Bank (formerly Lebanon Citizens National Bank), with 22 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 and www.dakin-ins.com.

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.

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.

| Condensed Income Statement | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------------|-------------------------------------|-----------|------------------------------------|-----------|
| | 2007 | 2006 | 2007 | 2006 |
| Interest income | \$ 7,920 | 7,823 | 23,703 | 22,618 |
| Interest expense | 3,532 | 3,303 | 10,226 | 8,941 |
| Net interest income | 4,388 | 4,520 | 13,477 | 13,677 |
| Provision for loan losses | 75 | 66 | 158 | 100 |
| Net interest income after provision | 4,313 | 4,454 | 13,319 | 13,577 |
| Non-interest income | 2,117 | 2,073 | 6,220 | 6,172 |
| Non-interest expense | 4,628 | 4,510 | 13,777 | 13,432 |
| Income before income taxes | 1,802 | 2,017 | 5,762 | 6,317 |
| Provision for income taxes | 432 | 511 | 1,397 | 1,593 |
| Net income | \$ 1,370 | 1,506 | 4,365 | 4,724 |
| Dividends per common share | \$ 0.155 | 0.15 | 0.465 | 0.45 |
| Basic earnings per common share | \$ 0.22 | 0.23 | 0.69 | 0.73 |
| Diluted earnings per common share | \$ 0.22 | 0.23 | 0.69 | 0.73 |
| Average basic shares outstanding | 6,345,486 | 6,472,132 | 6,360,654 | 6,506,383 |
| Average diluted shares outstanding | 6,345,615 | 6,474,569 | 6,361,415 | 6,508,862 |
| Selected Financial Ratios | | | | |
| Return on average assets | 0.99% | 1.08% | 1.07% | 1.16% |
| Return on average equity | 10.47% | 11.47% | 11.28% | 12.09% |
| Dividend payout ratio | 70.45% | 65.22% | 67.39% | 61.64% |
| Net interest margin (tax equivalent) | 3.64% | 3.71% | 3.78% | 3.85% |

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| | September 30, | December 31, |
|-------------------------------------|---------------|--------------|
| Selected Balance Sheet Items | 2007 | 2006 |
| Investment securities | \$ 93,455 | 114,474 |
| Loans | 396,167 | 390,370 |
| Less allowance for loan losses | 2,051 | 2,050 |
| Net loans | 394,116 | 388,320 |
| Total assets | 561,862 | 548,215 |
| Total deposits | 498,372 | 478,615 |
| Short-term borrowings | 2,805 | 15,370 |
| Long-term debt | 5,000 | - |
| Total shareholders' equity | 52,130 | 50,999 |
| Shares outstanding at period end | 6,345,486 | 6,379,636 |
| Book value per share | \$ 8.22 | 7.99 |
| Equity to assets ratio | 9.28% | 9.30% |
| Assets Under Management | | |
| LCNB Corp. total assets | \$ 561,862 | 548,215 |
| Trust and investments (fair value) | 200,635 | 201,566 |
| Mortgage loans serviced | 40,966 | 42,431 |
| Business cash management | 30,999 | 27,262 |
| Brokerage accounts (fair value) | 57,314 | 50,816 |
| Total assets managed | \$ 891,776 | 870,290 |