

LCNB CORP  
Form 10-Q  
November 04, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended September 30, 2015

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-26121

LCNB Corp.

(Exact name of registrant as specified in its charter)

Ohio

31-1626393

(State or other jurisdiction of incorporation or  
organization)

(I.R.S. Employer Identification Number)

2 North Broadway, Lebanon, Ohio 45036

(Address of principal executive offices, including Zip Code)

(513) 932-1414

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

Edgar Filing: LCNB CORP - Form 10-Q

The number of shares outstanding of the issuer's common stock, without par value, as of October 30, 2015 was 9,903,736 shares.

---

Table of Contents

LCNB CORP. AND SUBSIDIARIES

TABLE OF CONTENTS

<u>PART I – FINANCIAL INFORMATION</u>	<u>2</u>
<u>Item 1. Financial Statements</u>	<u>2</u>
<u>CONSOLIDATED BALANCE SHEETS</u>	<u>2</u>
<u>CONSOLIDATED STATEMENTS OF INCOME</u>	<u>3</u>
<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</u>	<u>4</u>
<u>CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY</u>	<u>5</u>
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>6</u>
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>7</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>38</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risks</u>	<u>48</u>
<u>Item 4. Controls and Procedures</u>	<u>49</u>
<u>PART II. OTHER INFORMATION</u>	<u>50</u>
<u>Item 1. Legal Proceedings</u>	<u>50</u>
<u>Item 1A. Risk Factors</u>	<u>50</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>50</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>50</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>50</u>
<u>Item 5. Other Information</u>	<u>50</u>
<u>Item 6. Exhibits</u>	<u>51</u>
<u>SIGNATURES</u>	<u>52</u>

Table of Contents

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

LCNB CORP. AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS  
 (Dollars in thousands, except per share data)

	September 30, 2015 (Unaudited)	December 31, 2014
<b>ASSETS:</b>		
Cash and due from banks	\$18,844	14,235
Interest-bearing demand deposits	14,367	1,610
Total cash and cash equivalents	33,211	15,845
Investment securities:		
Available-for-sale, at fair value	360,741	285,365
Held-to-maturity, at cost	24,575	22,725
Federal Reserve Bank stock, at cost	2,476	2,346
Federal Home Loan Bank stock, at cost	3,638	3,638
Loans, net	759,875	695,835
Premises and equipment, net	22,434	20,733
Goodwill	30,187	27,638
Core deposit and other intangibles	5,601	4,780
Bank owned life insurance	22,406	21,936
Other assets	10,027	7,225
<b>TOTAL ASSETS</b>	<b>\$1,275,171</b>	<b>1,108,066</b>
<b>LIABILITIES:</b>		
Deposits:		
Noninterest-bearing	\$238,796	213,303
Interest-bearing	864,717	732,902
Total deposits	1,103,513	946,205
Short-term borrowings	14,931	16,645
Long-term debt	6,016	11,357
Accrued interest and other liabilities	9,860	8,164
<b>TOTAL LIABILITIES</b>	<b>1,134,320</b>	<b>982,371</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred shares – no par value, authorized 1,000,000 shares, none outstanding	—	—
Common shares – no par value, authorized 12,000,000 shares, issued 10,656,921 and 10,064,945 shares at September 30, 2015 and December 31, 2014, respectively	76,711	67,181
Retained earnings	73,330	69,394
Treasury shares at cost, 753,627 shares at September 30, 2015 and December 31, 2014	(11,665)	(11,665)
Accumulated other comprehensive income, net of taxes	2,475	785
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>140,851</b>	<b>125,695</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$1,275,171</b>	<b>1,108,066</b>

The accompanying notes to consolidated financial statements are an integral part of these statements.

The consolidated balance sheet as of December 31, 2014 has been derived from the audited consolidated balance sheet as of that day.

2

---

Table of Contents

LCNB CORP. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF INCOME  
 (Dollars in thousands, except per share data)  
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
INTEREST INCOME:				
Interest and fees on loans	\$8,540	8,168	26,572	24,008
Interest on investment securities:				
Taxable	1,094	984	2,983	2,901
Non-taxable	732	716	2,087	2,019
Other investments	43	38	205	182
TOTAL INTEREST INCOME	10,409	9,906	31,847	29,110
INTEREST EXPENSE:				
Interest on deposits				