

LCNB CORP
Form 8-K
July 18, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 18, 2011

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
(Address of principal executive offices)

45036
(Zip Code)

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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 July 18, 2011, LCNB Corp. issued an earnings release announcing its financial results for the second quarter ended June 30, 2011. 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 July 18, 2011, LCNB Corp. issued an earnings release announcing its financial results for the second quarter ended June 30, 2011. 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 July 18, 2011

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: July 18, 2011

By: /s/ Robert C. Haines II
Robert C. Haines II

Chief Financial Officer

Exhibit 99.1

Press Release

July 18, 2011

**LCNB CORP. REPORTS FINANCIAL RESULTS FOR
THE THREE AND SIX MONTHS ENDED JUNE 30, 2011**

LCNB Corp. (LCNB) today announced net income available to common shareholders of \$1,992,000 (total basic and diluted earnings per common share of \$0.30) and \$4,294,000 (total basic and diluted earnings per common share of \$0.64) for the three and six months ended June 30, 2011, respectively. This compares to \$2,752,000 (total basic and diluted earnings per common share of \$0.41) and \$4,964,000 (total basic and diluted earnings per common share of \$0.74) for the same three and six-month periods in 2010.

In late 2010, LCNB's board of directors resolved to sell its insurance agency subsidiary, Dakin Insurance Agency, Inc., and, therefore, the subsidiary's financial results are reported in the income statement as income from discontinued operations, net of taxes. Net income for the six months ended June 30, 2011 includes income from discontinued operations, net of taxes of \$793,000, which is a \$655,000 increase from the same period in 2010. This increase was caused by the sale of LCNB's insurance agency subsidiary during the first quarter 2011 and reflects the gain recognized on the sale less certain related closing costs, taxes, and a curtailment expense recognized in LCNB's nonqualified defined benefit retirement plan due to the sale.

Net income from continuing operations for the three and six months ended June 30, 2011 was \$2,023,000 and \$3,501,000, respectively. This compares to \$2,685,000 and \$4,826,000 for the comparable periods in 2010.

Net loan charge-offs for the first six months of 2011 and 2010 totaled \$420,000 and \$567,000, respectively.

Non-accrual loans and loans past due 90 days or more and still accruing interest totaled \$3,756,000 or 0.82% of total loans at June 30, 2011, compared to \$4,061,000 or 0.89% of total loans at December 31, 2010. The decrease was primarily due to the receipt of a guarantee payment on a Small Business Administration loan that had been classified as non-accrual at December 31, 2010. Other real estate owned (which includes property acquired through foreclosure or deed-in-lieu of foreclosure and also includes property deemed to be in-substance foreclosed) and other repossessed assets totaled approximately \$2,226,000 at June 30, 2011 and \$2,114,000 at December 31, 2010. The increase was primarily due to inventory repossessed from a commercial borrower that ceased operations.

Net interest income for the three months ended June 30, 2011 increased \$5,000 over the comparative period in 2010.

Net interest income for the six months ended June 30, 2011 decreased \$77,000 over the comparative period in 2010, primarily due to a reduction in general market rates. Non-interest income for the three and six-month periods in 2011

were \$658,000 and \$480,000, respectively, less than the comparative periods in 2010 primarily due to the

absence of death benefits received from bank owned life insurance during the second quarter 2010.

Non-interest expense for the three and six months ended June 30, 2011 increased \$110,000 and \$704,000, respectively, from the comparative periods in 2010 primarily due to increases in salaries and employee benefits.

LCNB Corp. is a financial holding company headquartered in Lebanon, Ohio. LCNB Corp.'s only business is ownership of LCNB National Bank, which has 26 offices located in Warren, Butler, Montgomery, Clinton, Clermont, and Hamilton Counties, Ohio. Additional information about LCNB Corp. and information about products and services offered by LCNB National Bank can be found on the internet at www.lcnb.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 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)

| Condensed Income Statement | Three Months Ended | | Six Months Ended | |
|---------------------------------------|--------------------|-----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2011 | 2010 | 2011 | 2010 |
| Interest income | \$ 8,099 | 8,532 | 16,229 | 17,134 |
| Interest expense | 1,667 | 2,105 | 3,439 | 4,267 |
| Net interest income | 6,432 | 6,427 | 12,790 | 12,867 |
| Provision for loan losses | 224 | 511 | 888 | 719 |
| Net interest income after provision | 6,208 | 5,916 | 11,902 | 12,148 |
| Non-interest income | 1,856 | 2,514 | 3,787 | 4,267 |
| Non-interest expense | 5,328 | 5,218 | 11,129 | 10,425 |
| Income before income taxes | 2,736 | 3,212 | 4,560 | 5,990 |
| Provision for income taxes | 713 | 527 | 1,059 | 1,164 |
| Net income from continuing operations | 2,023 | 2,685 | 3,501 | 4,826 |
| Income from discontinued operations, | | | | |
| Net of taxes | (31) | 67 | 793 | 138 |
| Net income | \$ 1,992 | 2,752 | 4,294 | 4,964 |
| Dividends per common share | \$ 0.16 | 0.16 | 0.32 | 0.32 |
| Basic earnings per common share: | | | | |
| Continuing operations | \$ 0.30 | 0.40 | 0.52 | 0.72 |
| Discontinued operations | 0.00 | 0.01 | 0.12 | 0.02 |
| Diluted earnings per common share: | | | | |
| Continuing operations | \$ 0.30 | 0.40 | 0.52 | 0.72 |
| Discontinued operations | 0.00 | 0.01 | 0.12 | 0.02 |
| Average basic shares outstanding | 6,689,743 | 6,687,232 | 6,689,743 | 6,687,232 |
| Average diluted shares outstanding | 6,746,791 | 6,742,663 | 6,744,375 | 6,736,435 |
| Selected Financial Ratios | | | | |
| Return on average assets | 1.00% | 1.46% | 1.11% | 1.33% |
| Return on average equity | 10.97% | 16.12% | 12.04% | 14.76% |
| Dividend payout ratio | 53.33% | 39.02% | 50.00% | 43.24% |
| Net interest margin (tax equivalent) | 3.70% | 3.95% | 3.79% | 4.02% |

| Selected Balance Sheet Items | June 30, | December 31, |
|-------------------------------------|------------|--------------|
| | 2011 | 2010 |
| Investment securities | \$ 265,044 | 251,053 |

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| | | | |
|------------------------------------|----|-----------|-----------|
| Loans | | 457,556 | 454,991 |
| Less allowance for loan losses | | 3,109 | 2,641 |
| Net loans | | 454,447 | 452,350 |
| | | | |
| Total assets | | 792,950 | 760,134 |
| Total deposits | | 678,751 | 638,539 |
| Short-term borrowings | | 12,198 | 21,691 |
| Long-term debt | | 22,061 | 23,120 |
| Total shareholders' equity | | 74,116 | 70,707 |
| | | | |
| Shares outstanding at period end | | 6,689,743 | 6,689,743 |
| | | | |
| Book value per share | \$ | 11.08 | 10.57 |
| Equity to assets ratio | | 9.35% | 9.30% |
| | | | |
| Assets Under Management | | | |
| LCNB Corp. total assets | \$ | 792,950 | 760,134 |
| Trust and investments (fair value) | | 227,951 | 223,545 |
| Mortgage loans serviced | | 67,942 | 70,705 |
| Business cash management | | 10,933 | 9,591 |
| Brokerage accounts (fair value) | | 86,731 | 82,385 |
| Total assets managed | \$ | 1,186,507 | 1,146,360 |