

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

LCNB CORP

CIK: [1074902](#) | IRS No.: [311626393](#) | State of Incorporation: **OH** | Fiscal Year End: **1231**
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SIC: **6021** National commercial banks

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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): January 28, 2013

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)
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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 January 28, 2013, LCNB Corp. issued an earnings release announcing its financial results for the year ended December 31, 2012. 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 7.01 Regulation FD Disclosure.

On January 28, 2013, LCNB Corp. issued an earnings release announcing its financial results for the year ended December 31, 2012. A copy of the earnings release (Exhibit 99.1) and unaudited financial highlights (Exhibit 99.2) are attached and are furnished under this Item 7.01.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

Exhibit No.	Description
99.1	Press release dated January 28, 2013
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: January 28, 2013

By: /s/ Robert C. Haines II
Robert C. Haines II
Chief Financial Officer

Press Release
January 28, 2013

LCNB CORP. REPORTS FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2012

LCNB Corp. (LCNB) today announced net income of \$2,159,000 (total basic and diluted earnings per common share of \$0.32) and \$8,270,000 (total basic and diluted earnings per common share of \$1.23 and \$1.22, respectively) for the three and twelve months ended December 31, 2012, respectively. This compares to net income from continuing operations of \$1,954,000 (total basic and diluted earnings per common share of \$0.29 and \$0.28) and \$7,322,000 (total basic and diluted earnings per common share of \$1.09 and \$1.08) for the same three and twelve-month periods in 2011.

Net income for the year ended December 31, 2011 included income from discontinued operations of \$793,000, which consisted of a gain recognized on the sale of LCNB's insurance agency subsidiary, Dakin Insurance Agency, Inc., less certain related closing costs, taxes, and a curtailment expense recognized in LCNB's nonqualified defined benefit retirement plan due to the sale.

Commenting on the financial results, LCNB CEO Steve Wilson said, "We are pleased to report solid earnings for 2012. Even though the current low interest rate environment lowered our interest rate margin and consequently decreased net interest income, we were able to maintain a return on average assets ratio of greater than 1% and a return on average equity of greater than 10%. This success allowed us to continue our dividend rate at \$0.64 for the year, which equates to a 52.0% payout ratio."

The provision for loan losses for the three and twelve months ended December 31, 2012 was \$609,000 and \$1,351,000, respectively, down from \$613,000 and \$2,089,000 for the same periods in 2011. Credit quality continued to stabilize during 2012, resulting in a decline in the provision. Net loan charge-offs for 2012 and 2011 totaled \$845,000 and \$1,799,000, respectively. Non-accrual loans and loans past due 90 days or more and still accruing interest totaled \$2,411,000 or 0.53% of total loans at December 31, 2012, compared to \$3,707,000 or 0.80% of total loans at December 31, 2011. The decrease was primarily due to the transfer of a non-accrual commercial real estate loan to other real estate owned during the first quarter 2012 and to partial charge-offs recognized on various loans. 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 increased from \$1,642,000 at December 31, 2011 to \$2,189,000 at December 31, 2012.

Net interest income for the three and twelve months ended December 31, 2012 decreased \$350,000 and \$657,000, respectively, from the comparative periods in 2011. The decreases for both periods were primarily due to decreases in the net interest margin, partially offset by increases in average interest-earning assets and decreases in average interest-bearing liabilities.

Non-interest income for the three and twelve-month periods in 2012 was \$772,000 and \$1,285,000 greater than the comparative periods in 2011 primarily due to increases in gains from sales of investment securities and mortgage loans. One-time fees recognized by the trust department during the first quarter 2012 also contributed to the twelve-month comparable period increase. These increases were partially offset by a decrease in service charges and fees on deposit accounts.



Non-interest expense for the three months ended December 31, 2012 was \$19,000 greater than the comparative period in 2011 due to impairment charges recognized on several other real estate owned properties and increases in various other expenses, offset by a decrease in retirement plan expense. Non-interest expense for the year ended December 31, 2012 was \$167,000 less than the comparative period in 2011 primarily due to decreases in FDIC insurance premiums, retirement plan expense, and other expenses. The decrease in other expenses in 2012 reflects the absences of losses recognized during 2011 on a standby letter of credit and certain environmental remediation costs. These decreases were partially offset by the other real estate owned impairment charges in 2012.

LCNB Corp. is a financial holding company headquartered in Lebanon, Ohio. LCNB Corp.'s only business is ownership of LCNB National Bank. At December 31, 2012, LCNB had 25 offices located in Warren, Butler, Montgomery, Clinton, Clermont, and Hamilton Counties, Ohio. A merger with First Capital Bancshares, Inc. was finalized on January 11, 2013, which added six additional offices in Fayette and Ross 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.

LCNB Corp. and Subsidiaries
Financial Highlights

(Dollars in thousands, except per share amounts)

Condensed Income Statement	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
	Interest income	\$ 7,232	7,888	29,938
Interest expense	1,105	1,411	4,889	6,387
Net interest income	6,127	6,477	25,049	25,706
Provision for loan losses	609	613	1,351	2,089
Net interest income after provision	5,518	5,864	23,698	23,617
Non-interest income	2,753	1,981	9,049	7,764
Non-interest expense	5,340	5,321	21,682	21,849
Income before income taxes	2,931	2,524	11,065	9,532
Provision for income taxes	772	570	2,795	2,210
Net income from continuing operations	2,159	1,954	8,270	7,322
Income from discontinued operations, net of taxes	-	-	-	793
Net income	\$ 2,159	1,954	8,270	8,115
Dividends per common share	\$ 0.16	0.16	0.64	0.64
Basic earnings per common share:				
Continuing operations	\$ 0.32	0.29	1.23	1.09
Discontinued operations	-	-	-	0.12
Diluted earnings per common share:				
Continuing operations	\$ 0.32	0.28	1.22	1.08
Discontinued operations	-	-	-	0.12
Average basic shares outstanding	6,727,502	6,699,005	6,717,357	6,692,385
Average diluted shares outstanding	6,819,117	6,767,406	6,802,475	6,751,599
Selected Financial Ratios				
Return on average assets	1.06%	0.97%	1.02%	1.02%
Return on average equity	10.33%	9.94%	10.22%	10.89%
Dividend payout ratio	50.00%	55.17%	52.03%	52.89%
Net interest margin (tax equivalent)	3.41%	3.63%	3.52%	3.70%
Selected Balance Sheet Items	December 31,	December 31,		
Investment securities	\$ 276,970	267,771		
Loans	453,783	461,262		
Less allowance for loan losses	3,437	2,931		
Net loans	450,346	458,331		
Total assets	788,637	791,570		
Total deposits	671,471	663,562		
Short-term borrowings	13,756	21,596		
Long-term debt	13,705	21,373		
Total shareholders' equity	82,006	77,960		
Shares outstanding at period end	6,731,900	6,704,723		
Book value per share	\$ 12.18	11.63		
Tangible book value per share	11.29	10.73		
Equity to assets ratio	10.40%	9.85%		

Assets Under Management

LCNB Corp. total assets	\$	788,637	791,570
Trust and investments (fair value)		221,558	221,950
Mortgage loans serviced		71,568	67,410
Business cash management		6,673	8,583
Brokerage accounts (fair value)		96,424	78,863
Total assets managed	\$	<u>1,184,860</u>	<u>1,168,376</u>