LCNB CORP Form 10-O August 08, 2017

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 June 30, 2017 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 001-35292 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. No

Yes

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares outstanding of the issuer's common stock, without par value, as of August 7, 2017 was 10,008,122 shares.

LCNB CORP. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS: Cash and due from banks	\$19,399	\$18,378
Interest-bearing demand deposits	10,568	487
Total cash and cash equivalents	29,967	18,865
Investment securities:	29,907	10,005
Available-for-sale, at fair value	328,788	320,659
Held-to-maturity, at cost	38,437	41,003
Federal Reserve Bank stock, at cost	2,732	2,732
Federal Home Loan Bank stock, at cost	3,638	3,638
Loans, net	823,551	816,228
Premises and equipment, net	34,980	30,244
Goodwill	30,183	30,183
Core deposit and other intangibles	4,202	4,582
Bank owned life insurance	27,604	27,307
Other assets	11,489	11,358
TOTAL ASSETS	\$1,335,571	\$1,306,799
LIABILITIES: Deposits:		
Noninterest-bearing	\$275,346	\$271,332
Interest-bearing	868,574	839,573
Total deposits	1,143,920	1,110,905
Short-term borrowings	31,712	42,040
Long-term debt	402	598
Accrued interest and other liabilities	11,610	10,312
TOTAL LIABILITIES	1,187,644	1,163,855
COMMITMENTS AND CONTINGENT LIABILITIES	_	_
SHAREHOLDERS' EQUITY: Preferred shares – no par value, authorized 1,000,000 shares, none outstanding	_	
Common shares - no par value; authorized 19,000,000 shares; issued 10,767,631 and	76,785	76,490
10,751,652 shares at June 30, 2017 and December 31, 2016, respectively Retained earnings	83,782	80,736
Treasury shares at cost, 753,627 shares at June 30, 2017 and December 31, 2016) (11,665)
Accumulated other comprehensive income (loss), net of taxes) (2,617)
recontratice other comprehensive means (1005), net of three	() ()	(_,01/)

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TOTAL SHAREHOLDERS' EQUITY TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

147,927 142,944 \$1,335,571 \$1,306,799

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

The consolidated condensed balance sheet as of December 31, 2016 has been derived from the audited consolidated balance sheet as of that day.

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LCNB CORP. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Dollars in thousands, except per share data) (Unaudited)

INTEREST INCOME: Interest on loans Interest on investment securities: Interest on investment securities: Interest on investment securities: Taxable 1,149 1,187 2,242 2,376 Non-taxable 1,738 1,594 1,592 1,693 1,733 1,733 1,733 1,733 1,732 1,734 1,732 1,734 1,733 1,733 1,733 1,733 1,733 1,733 1,733 1,733 1,600 1,937 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,933 1,941 1,93	(Onaudited)	Three Months Ended June 30, 2017 2016		Six Months Ended June 30, 2017 2016	
Interest on investment securities: 1,149 1,187 2,242 2,376 Non-taxable 795 794 1,552 224 1,552 Other investments 167 135 224 1,829 INTEREST EXPENSE: 10,934 11,008 21,798 21,629 Interest on deposits 846 870 1,689 1,693 Interest on short-term borrowings 12 8 42 22 Interest on long-term debt 3 5 7 17 TOTAL INTEREST EXPENSE 861 883 1,738 1,600 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME 10,073 10,125 20,060 19,897 Trust income 881 837 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,2534 2,436 Net gain on sales of securities 1,410 279 140 650 Bank owned life insurance income 2,7	INTEREST INCOME:				
Interest on investment securities: Interest on investments Interest on investment Interest on investment <t< td=""><td>Interest and fees on loans</td><td>\$8,823</td><td>\$ 8,892</td><td>\$17,738</td><td>\$ 17,519</td></t<>	Interest and fees on loans	\$8,823	\$ 8,892	\$17,738	\$ 17,519
Non-taxable 795 794 1,594 1,552 Other investments 167 135 224 182 TOTAL INTEREST INCOME 10,934 11,008 21,699 INTEREST EXPENSE: 10 1,089 1,689 1,693 Interest on short-term borrowings 12 8 42 22 Interest on short-term debt 3 5 7 17 TOTAL INTEREST EXPENSE 861 833 1,738 1,732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME 1,600 257 486 NON-INTEREST INCOME 1,312 1,243 2,534 2,436 Net gain on sales of fees on deposit accounts 1,312 1,243 2,534 2,436 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Gains from sales of loans 63 61 102 102	Interest on investment securities:	-	·		·
Non-taxable 795 794 1,594 1,552 Other investments 167 155 224 182 TOTAL INTEREST INCOME 10,934 11,008 21,693 INTEREST EXPENSE: 12 8 42 22 Interest on short-term borrowings 12 8 42 22 Interest on short-term bebt 3 5 7 17 TOTAL INTEREST EXPENSE 861 833 1,738 1,732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 9,729 19,813 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net gain on sales of securities 1,312 1,243 2,534 2,436 Gains from sales of lease indeposit accounts 1,312 1,243 2,534 2,436 Other operating income 297 191 486 </td <td>Taxable</td> <td>1,149</td> <td>1,187</td> <td>2,242</td> <td>2,376</td>	Taxable	1,149	1,187	2,242	2,376
TOTAL INTEREST INCOME 10,934 11,008 21,798 21,629 INTEREST EXPENSE: Interest on deposits 846 870 1,693 1,693 Interest on short-term borrowings 12 8 42 22 Interest on long-term debt 3 5 7 17 TOTAL INTEREST EXPENSE 861 883 1,738 1,732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 2,22 396 237 486 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 9,851 9,729 19,823 19,411 NON-INTEREST INCOME 881 837 1,733 1,600 Service charges and fees on deposit accounts 1,412 1,243 2,534 2,436 Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income	Non-taxable	795	794		
INTEREST EXPENSE: 846 870 1,689 1,693 Interest on deposits 12 8 42 22 Interest on long-term debt 3 5 7 17 TOTAL INTEREST EXPENSE 861 883 1,738 1,732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME 222 396 237 486 NON-INTEREST INCOME 222 396 1,918 1,911 NON-INTEREST INCOME 1,12 1,243 2,534 2,436 Net income 881 837 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net agin on sales of securities 1,40 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 ONON-INTEREST INCOME 279 1,40 55 5392	Other investments	167	135	224	182
INTEREST EXPENSE: 846 870 1,689 1,693 Interest on deposits 12 8 42 22 Interest on long-term debt 3 5 7 17 TOTAL INTEREST EXPENSE 861 883 1,738 1,732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME 222 396 237 486 NON-INTEREST INCOME 222 396 1,918 1,911 NON-INTEREST INCOME 1,12 1,243 2,534 2,436 Net income 881 837 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net agin on sales of securities 1,40 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 ONON-INTEREST INCOME 279 1,40 55 5392	TOTAL INTEREST INCOME	10,934	11,008	21,798	21,629
Interest on short-term borrowings 12 8 42 22 Interest on long-term debt 3 5 7 17 TOTAL INTEREST EXPENSE 861 883 1,738 1,732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 9,851 9,729 19,823 19,411 NON-INTEREST INCOME:					
Interest on long-term debt 3 5 7 17 TOTAL INTEREST EXPENSE 861 883 1.738 1.732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME 222 396 237 486 NON-INTEREST INCOME 9,851 9,729 19,823 1,9411 NON-INTEREST INCOME 881 837 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 97 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income 97 139 225 244 TOTAL NON-INTEREST INCOME 2,790 2,750 5,220 5,392 NON-INTEREST EXPENSE: 3 4,532 9,229 9,095 Equipment expenses 264 239 4	Interest on deposits	846	870	1,689	1,693
TOTAL INTEREST EXPENSE 861 883 1,738 1,732 NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 9,851 9,729 19,823 19,411 NON-INTEREST INCOME 7 1 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income 2,790 2,750 5,220 5,392 NON-INTEREST INCOME 2,790 2,750 5,220 5,392 NON-INTEREST EXPENSE: 264 239 475 488 Occupancy expense, net 636 588 1,204 1,157 State franchise tax 286 276 570 557 Marketing 108	Interest on short-term borrowings	12	8	42	22
NET INTEREST INCOME 10,073 10,125 20,060 19,897 PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 9,851 9,729 19,823 19,411 NON-INTEREST INCOME: - <td>Interest on long-term debt</td> <td>3</td> <td>5</td> <td>7</td> <td>17</td>	Interest on long-term debt	3	5	7	17
PROVISION FOR LOAN LOSSES 222 396 237 486 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 9,851 9,729 19,823 19,411 NON-INTEREST INCOME:	TOTAL INTEREST EXPENSE	861	883	1,738	1,732
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES 9,851 9,729 19,823 19,411 NON-INTEREST INCOME: 1713 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income 97 139 225 244 TOTAL NON-INTEREST INCOME 2,790 2,750 5,292 9,095 Equipment expenses 264 239 475 488 Occupancy expense, net 636 588 1,204 1,157 State franchise tax 286 276 570 557 Marketing 216 201 359 368 Amortization of intangibles 188 188 373 375 FDIC insurance premiums 108 162 212 327 Contracted services 375 223 623 <td>NET INTEREST INCOME</td> <td>10,073</td> <td>10,125</td> <td>20,060</td> <td>19,897</td>	NET INTEREST INCOME	10,073	10,125	20,060	19,897
NON-INTEREST INCOME: 881 837 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income 97 139 225 244 TOTAL NON-INTEREST INCOME 2,790 2,750 5,220 5,392 NON-INTEREST EXPENSE: 2 2,790 2,750 5,220 9,392 Salaries and employee benefits 4,703 4,532 9,229 9,095 Equipment expenses 264 239 475 488 Occupancy expense, net 636 588 1,204 1,157 State franchise tax 286 276 570 557 Marketing 162 212 327 Contracted services 375 223 623 450 Other real estate owned — 356 5 <	PROVISION FOR LOAN LOSSES	222	396	237	486
Trust income 881 837 1,733 1,600 Service charges and fees on deposit accounts 1,312 1,243 2,534 2,436 Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income 97 139 225 244 TOTAL NON-INTEREST INCOME 2,790 2,750 5,220 5,392 NON-INTEREST EXPENSE:	NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,851	9,729	19,823	19,411
Service charges and fees on deposit accounts $1,312$ $1,243$ $2,534$ $2,436$ Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income 97 139 225 244 TOTAL NON-INTEREST INCOME $2,790$ $2,750$ $5,220$ $5,392$ NON-INTEREST EXPENSE: $4,703$ $4,532$ $9,229$ $9,095$ Equipment expenses 264 239 475 488 Occupancy expense, net 636 588 $1,204$ $1,157$ State franchise tax 286 276 570 557 Marketing 216 201 359 368 Amortization of intangibles 188 188 373 375 FDIC insurance premiums 108 162 212 327 Contracted services 375 223 623 450 Other real estate owned $ 356$ 5 385 Other non-interest expense $1,835$ $1,703$ $3,529$ $3,558$ TOTAL NON-INTEREST EXPENSE $8,611$ $8,468$ $16,579$ $16,760$ INCOME BEFORE INCOME TAXES $4,030$ $4,011$ $8,464$ $8,043$ PROVISION FOR INCOME TAXES $1,027$ $1,043$ $2,215$ $2,111$	NON-INTEREST INCOME:				
Net gain on sales of securities 140 279 140 650 Bank owned life insurance income 297 191 486 360 Gains from sales of loans 63 61 102 102 Other operating income 97 139 225 244 TOTAL NON-INTEREST INCOME 2,790 2,750 5,220 5,392 NON-INTEREST EXPENSE: 2 2 9,095 5 Salaries and employee benefits 4,703 4,532 9,229 9,095 Equipment expenses 264 239 475 488 Occupancy expense, net 636 588 1,204 1,157 State franchise tax 286 276 570 557 Marketing 216 201 359 368 Amortization of intangibles 188 188 373 375 FDIC insurance premiums 108 162 212 327 Contracted services 375 223 623 450 Other real estate owned - 356 5 385	Trust income	881	837	1,733	1,600
Bank owned life insurance income297191486360Gains from sales of loans6361102102Other operating income97139225244TOTAL NON-INTEREST INCOME2,7902,7505,2205,392NON-INTEREST EXPENSE:2,7034,5329,2299,095Equipment expenses264239475488Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Service charges and fees on deposit accounts	1,312	1,243	2,534	2,436
Gains from sales of loans6361102102Other operating income97139225244TOTAL NON-INTEREST INCOME2,7902,7505,2205,392NON-INTEREST EXPENSE:2,7704,5329,2299,095Equipment expenses264239475488Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Net gain on sales of securities	140	279	140	650
Other operating income97139225244TOTAL NON-INTEREST INCOME2,7902,7505,2205,392NON-INTEREST EXPENSE:4,7034,5329,2299,095Equipment expenses264239475488Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Bank owned life insurance income	297	191	486	360
TOTAL NON-INTEREST INCOME NON-INTEREST EXPENSE:2,7902,7505,2205,392Salaries and employee benefits4,7034,5329,2299,095Equipment expenses264239475488Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385TOTAL NON-INTEREST EXPENSE1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Gains from sales of loans	63	61	102	102
NON-INTEREST EXPENSE:Salaries and employee benefits4,7034,5329,2299,095Equipment expenses264239475488Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Other operating income	97	139	225	244
Salaries and employee benefits4,7034,5329,2299,095Equipment expenses264239475488Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	TOTAL NON-INTEREST INCOME	2,790	2,750	5,220	5,392
Equipment expenses264239475488Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	NON-INTEREST EXPENSE:				
Occupancy expense, net6365881,2041,157State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Salaries and employee benefits	4,703	4,532	9,229	9,095
State franchise tax286276570557Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Equipment expenses	264	239	475	488
Marketing216201359368Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Occupancy expense, net	636	588	1,204	1,157
Amortization of intangibles188188373375FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	State franchise tax	286	276	570	557
FDIC insurance premiums108162212327Contracted services375223623450Other real estate owned—3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Marketing	216	201	359	368
Contracted services 375 223 623 450 Other real estate owned — 356 5 385 Other non-interest expense 1,835 1,703 3,529 3,558 TOTAL NON-INTEREST EXPENSE 8,611 8,468 16,579 16,760 INCOME BEFORE INCOME TAXES 4,030 4,011 8,464 8,043 PROVISION FOR INCOME TAXES 1,027 1,043 2,215 2,111	Amortization of intangibles	188	188	373	375
Other real estate owned3565385Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	FDIC insurance premiums	108	162	212	327
Other non-interest expense1,8351,7033,5293,558TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111	Contracted services	375	223	623	450
TOTAL NON-INTEREST EXPENSE8,6118,46816,57916,760INCOME BEFORE INCOME TAXES4,0304,0118,4648,043PROVISION FOR INCOME TAXES1,0271,0432,2152,111			356	5	385
INCOME BEFORE INCOME TAXES 4,030 4,011 8,464 8,043 PROVISION FOR INCOME TAXES 1,027 1,043 2,215 2,111	•	-			
PROVISION FOR INCOME TAXES 1,027 1,043 2,215 2,111		,	-	,	
		,			
NET INCOME \$3,003 \$ 2,968 \$6,249 \$ 5,932		-	-		
	NET INCOME	\$3,003	\$ 2,968	\$6,249	\$ 5,932

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Dividends declared per common share	\$0.16	\$ 0.16	\$0.32	\$ 0.32
Earnings per common share:				
Basic	\$0.30	\$ 0.30	\$0.62	\$ 0.60
Diluted	0.30	0.29	0.62	0.59
Weighted average common shares outstanding:				
Basic	10,004	, 492,9 22,024	9,999,70	59,919,070
Diluted	10,011	, 391,9 40,323	10,007,	1992,969,302

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

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LCNB CORP. AND SUBSIDIARIES CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (In thousands) (Unaudited)

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2017	2016	2017	2016	
Net income	\$3,003	\$2,968	\$6,249	\$5,932	
Other comprehensive income:					