

LCNB CORP
Form 10-Q
August 07, 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 June 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

(State or other jurisdiction of incorporation or organization)

31-1626393

(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 August 6, 2015 was 9,897,475 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>40</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risks</u>	<u>50</u>
<u>Item 4. Controls and Procedures</u>	<u>51</u>
<u>PART II. OTHER INFORMATION</u>	<u>52</u>
<u>Item 1. Legal Proceedings</u>	<u>52</u>
<u>Item 1A. Risk Factors</u>	<u>52</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>52</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>52</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>52</u>
<u>Item 5. Other Information</u>	<u>52</u>
<u>Item 6. Exhibits</u>	<u>53</u>
<u>SIGNATURES</u>	<u>54</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)

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS:		
Cash and due from banks	\$21,195	14,235
Interest-bearing demand deposits	6,718	1,610
Total cash and cash equivalents	27,913	15,845
Investment securities:		
Available-for-sale, at fair value	347,860	285,365
Held-to-maturity, at cost	24,677	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	751,857	695,835
Premises and equipment, net	22,591	20,733
Goodwill	30,187	27,638
Core deposit and other intangibles	5,817	4,780
Bank owned life insurance	22,250	21,936
Other assets	10,097	7,225
TOTAL ASSETS	\$1,249,363	1,108,066
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$228,743	213,303
Interest-bearing	855,290	732,902
Total deposits	1,084,033	946,205
Short-term borrowings	12,731	16,645
Long-term debt	6,085	11,357
Accrued interest and other liabilities	8,816	8,164
TOTAL LIABILITIES	1,111,665	982,371
SHAREHOLDERS' EQUITY:		
Preferred shares – no par value, authorized 1,000,000 shares, none outstanding	—	—
Common shares – no par value, authorized 12,000,000 shares, issued 10,650,531 and 10,064,945 shares at June 30, 2015 and December 31, 2014, respectively	76,607	67,181
Retained earnings	72,281	69,394
Treasury shares at cost, 753,627 shares at June 30, 2015 and December 31, 2014	(11,665) (11,665)
Accumulated other comprehensive income, net of taxes	475	785
TOTAL SHAREHOLDERS' EQUITY	137,698	125,695
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,249,363	1,108,066

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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
INTEREST INCOME:				
Interest and fees on loans	\$9,492	8,144	18,032	15,840
Interest on investment securities:				
Taxable	1,033	1,026	1,889	1,917
Non-taxable	702	657	1,355	1,303
Other investments	121	99	162	144
TOTAL INTEREST INCOME	11,348	9,926	21,438	19,204
INTEREST EXPENSE:				
Interest on deposits				