

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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 31, 2024**

LCNB CORP.

(Exact name of Registrant as specified in its Charter)

001-35292

(Commission File No.)

31-1626393

(IRS Employer Identification Number)

Ohio

(State or other jurisdiction of incorporation)

2 North Broadway, Lebanon, Ohio 45036

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (513) 932-1414

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, No Par Value	LCNB	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On January 31, 2024, LCNB Corp. issued an earnings release announcing its financial results for the three and twelve months ended December 31, 2023. 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 31, 2024, LCNB Corp. issued an earnings release announcing its financial results for the three and twelve months ended December 31, 2023. 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.

(d) Exhibits.

Exhibit No. Description

99.1 [Earnings Press Release Dated January 31, 2024](#)

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 31, 2024

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

Press Release



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Lebanon, Ohio 45036

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**LCNB CORP. REPORTS FINANCIAL RESULTS FOR
THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023**

Profitability impacted primarily by one-time acquisition related operating and provision expenses and higher interest expense

Core profitability remains solid and supported by record annual non-interest income

Asset quality remains excellent with total nonperforming loans to total loans of 0.01% at December 31, 2023

LCNB successfully completed the Cincinnati Bancorp, Inc. acquisition on November 1, 2023

Eagle Financial Bancorp, Inc. acquisition expected to close during the 2024 second quarter

LEBANON, Ohio--LCNB Corp. ("LCNB") (NASDAQ: LCNB) today announced financial results for the three and twelve months ended December 31, 2023.

Commenting on the financial results, LCNB President and Chief Executive Officer Eric Meilstrup said, "I am pleased with the progress we made in 2023 executing our multi-year strategic growth plan, maintaining excellent asset quality, and returning additional capital back to our shareholders through our higher annual dividend, despite a challenging operating environment and restrictive Federal Reserve monetary policies. In November 2023, we successfully closed the Cincinnati Bancorp, Inc. ("Cincinnati Federal") acquisition and announced the acquisition of Eagle Financial Bancorp, Inc. ("EFBI" or "Eagle"), the holding company for EAGLE.bank, which we expect to close during the 2024 second quarter. Upon completion of the EFBI transaction, LCNB will have 25 branches and \$1.4 billion in deposits within the Cincinnati MSA, adding to LCNB's position as one of the largest community banks in Southwest Ohio.

Mr. Meilstrup continued, "As expected, fourth-quarter profitability was impacted by one-time expenses associated with the Cincinnati Federal and EFBI acquisitions. While we expect one-time merger-related expenses will continue throughout the first half of 2024, we believe we are well positioned for earnings growth to reaccelerate in the fourth quarter of 2024. In addition, I am pleased with the core growth we experienced in 2023, as total assets, net loans, and total deposits all grew organically. This growth is a direct result of the efforts of our team members, our local presence in compelling Ohio and Kentucky markets, and the tremendous value we provide our communities. We also continued to see strong LCNB Wealth Management growth, which helped support record annual noninterest income in 2023. As we look to 2024, we believe it to be a year of continued investment and transformation that we expect will create the necessary platform to drive significant value for our shareholders in 2025 and beyond."

Income Statement

For the 2023 fourth quarter, LCNB reported a net loss of \$293,000, compared to net income of \$6,408,000 for the same period last year. The Company reported a net loss per basic and diluted share for the 2023 fourth quarter of \$0.02, compared to net income of \$0.57 per basic and diluted share for the same period last year. Net income for the twelve-month period ended December 31, 2023, was \$12,628,000, compared to \$22,128,000 for the same period last year. Earnings per basic and diluted share for the twelve-month period ended December 31, 2023, were \$1.10, compared to \$1.93 for the same period last year.

Adjusted net income accounts for the impact of one-time merger-related expenses, net of tax, associated with the Cincinnati Federal and EFBI acquisitions. Adjusted net income for the 2023 fourth quarter was \$4,241,000, or \$0.34 per diluted share, compared to \$6,408,000, or \$0.57 per diluted share, for the same period last year. Adjusted net income for the twelve-month period ended December 31, 2023, was \$17,834,000, or \$1.56 per diluted share, compared to \$22,128,000, or \$1.93 per diluted share, in the prior year period.

Pre-tax, pre-provision net income, adjusted for one-time acquisition related expense, was \$5,603,000 for the three months ended December 31, 2023, compared to \$7,772,000 for the comparable period in 2022. For the twelve-month period ended December 31, 2023, pre-tax, pre-provision net income, adjusted for one-time acquisition related expense, was \$21,993,000, compared to \$27,196,000 for the same period a year ago.

Net interest income for the three months ended December 31, 2023, was \$14,659,000, compared to \$16,208,000 for the comparable period in 2022. Net interest income for the twelve-month period ended December 31, 2023, was \$56,349,000, as compared to \$61,042,000 in the same period last year. Contributing to the variances for both the three and twelve-month periods were increases in the amount of long and short-term borrowings combined with higher interest expense associated with the rapid year-over-year increase in the Effective Federal Funds Rate. An increase in interest income from loans due to increases in the volume of average loans outstanding and the average rates earned on these loans partially offset the borrowings and deposit interest expense-related variances. For the 2023 fourth quarter, LCNB's tax equivalent net interest margin was 2.99%, compared to 3.77% for the same period last year. For the 2023 twelve-month period, LCNB's tax equivalent net interest margin was 3.14%, compared to 3.55% for the same period last year.

Non-interest income for the three months ended December 31, 2023, was \$4,606,000, compared to \$3,629,000 for the same period last year. For the twelve months ended December 31, 2023, non-interest income increased \$1,123,000, or by 7.9%, to \$15,411,000, compared to \$14,288,000 for the same period last year. The increase in non-interest income for the twelve-month period was primarily due to higher fiduciary income, a decrease in net losses recognized on equity securities, and higher gains on sales of loans, partially offset by decreased service charges and fees on deposit accounts.

Non-interest expense for the three months ended December 31, 2023, was \$5,511,000 higher than the comparable period in 2022, primarily due to higher personnel and operating expenses primarily associated the integration of Cincinnati Federal and \$3,914,000 of one-time expenses associated with the Cincinnati Federal and EFBI acquisitions. For the twelve months ended December 31, 2023, non-interest expense was \$6,289,000 higher than the comparable period in 2022, partially due to \$4,656,000 in acquisition-related expenses, and higher personnel and operating expenses primarily associated the integration of Cincinnati Federal. In addition, non-interest expense for the 2022 twelve-month period included \$471,000 in losses from the sales of two office buildings as a result of the Company's branch consolidation strategy, which was offset by an \$889,000 gain from the sale of other real estate owned recognized during the 2022 second quarter.

Capital Allocation

During the twelve months ended December 31, 2023, LCNB invested \$3.3 million to repurchase 199,913 shares of its outstanding stock at an average price of \$16.47 per share. This equates to approximately 1.78% of the Company's outstanding common stock prior to the repurchase. At December 31, 2023, LCNB had 315,047 shares remaining under its February 2023 share repurchase program.

For the full year ended December 31, 2023, LCNB paid \$0.85 per share in dividends, a 4.9% increase from \$0.81 per share for the full year ended December 31, 2022. On November 20, 2023, LCNB's Board of Directors approved a 4.8% increase in the Company's regular quarterly cash dividend payment from \$0.21 per share to \$0.22 per share. LCNB's regular cash dividend payment has increased 32.8% from \$0.64 per share in 2017 to \$0.85 per share in 2023.

Balance Sheet

Total assets at December 31, 2023 increased 19.4% to a record \$2.29 billion from \$1.92 billion at December 31, 2022. Net loans at December 31, 2023, increased 22.7% to a record \$1.71 billion, compared to \$1.40 billion at December 31, 2022. The year-over-year improvement resulted primarily from the contribution of continued organic loan growth and the completion of the Cincinnati Federal acquisition. Not including the Cincinnati Federal acquisition, total net loans increased 5.8% organically, or by \$80.6 million from the same period a year ago.

Total deposits at December 31, 2023, increased 13.7% to \$1.82 billion, compared to \$1.60 billion at December 31, 2022. Not including the Cincinnati Federal acquisition, total deposits increased 0.6% organically, or by \$8.9 million from December 31, 2022.

Assets Under Management

Total assets managed at December 31, 2023 were a record \$3.88 billion, compared to \$3.10 billion at December 31, 2022. The year-over-year increase in total assets managed was primarily due to the Cincinnati Federal acquisition, and organic growth in LCNB Corp. total assets, trust and investments, and brokerage accounts. Organically, trust and investments and brokerage accounts increased due to a higher number of new LCNB Wealth Management customer accounts opened during 2023 and an increase in the fair value of managed assets. Mortgage loans serviced increased primarily due to the Cincinnati Federal acquisition.

Asset Quality

For the 2023 fourth quarter, LCNB recorded a provision for credit losses of \$2.2 million, compared to a total net recovery of credit losses of \$19,000 for the 2022 fourth quarter. For the twelve months ended December 31, 2023, LCNB recorded a provision for credit losses of \$2.1 million, compared to \$250,000 for the twelve months ended December 31, 2022. Included in the provision for credit losses for the three and twelve months ended December 31, 2023 was a \$1.7 million provision expense related to loans acquired through the Cincinnati Federal acquisition that were not considered purchased with credit deterioration ("non-PCD loans").

Net charge-offs for the 2023 fourth quarter were \$102,000, or 0.02% of average loans, compared to net recoveries of \$21,000, or 0.01% of average loans, for the same period last year. For the 2023 twelve-month period, net charge-offs were \$184,000, or 0.01% of average loans, compared to net charge-offs of \$110,000, or 0.01% of average loans, for the 2022 twelve-month period.

Total nonperforming loans, which include non-accrual loans and loans past due 90 days or more and still accruing interest, decreased \$278,000 from \$430,000 or 0.03% of total loans at December 31, 2022, to \$152,000 or 0.01% of total loans at December 31, 2023. The nonperforming assets to total assets ratio was 0.01% at December 31, 2023, compared to 0.02% at December 31, 2022.

Merger Agreement with Eagle Financial Bancorp, Inc.

LCNB and EFBI (OTCQB: EFBI) signed a definitive merger agreement on November 29, 2023, whereby LCNB will acquire EFBI in a stock-and-cash transaction. EAGLE.bank operates three full-service banking offices in Cincinnati, Ohio.

Pursuant to the terms of the merger agreement, which has been approved by the Board of Directors of each company, EFBI shareholders will have the opportunity to elect to receive either 1.1401 shares of LCNB stock or \$19.10 per share in cash for each share of EFBI common stock owned, subject to at least 60%, but not more than 70% of the shares of EFBI being exchanged for LCNB common stock. The transaction is anticipated to close during the second quarter of 2024. Closure is subject to customary closing conditions as described in the merger agreement, including receipt of certain regulatory approvals.

About LCNB Corp.

LCNB Corp. is a financial holding company headquartered in Lebanon, Ohio. Through its subsidiary, LCNB National Bank (the "Bank"), it serves customers and communities in Southwest and South-Central Ohio and Northern Kentucky. A financial institution with a long tradition for building strong relationships with customers and communities, the Bank offers convenient banking locations in Butler, Clermont, Clinton, Fayette, Franklin, Hamilton, Montgomery, Preble, Ross, and Warren Counties, Ohio. The Bank also provides community-oriented banking services to customers in Northern Kentucky through a bank office in Boone County, Kentucky. The Bank continually strives to exceed customer expectations and provides an array of services for all personal and business banking needs including checking, savings, online banking, personal lending, business lending, agricultural lending, business support, deposit and treasury, investment services, trust and IRAs and stock purchases. LCNB Corp. common shares are traded on the NASDAQ Capital Market Exchange® under the symbol "LCNB." Learn more about LCNB Corp. at www.lcnb.com.

Forward-Looking Statements

Certain statements made in this news release regarding LCNB's financial condition, results of operations, plans, objectives, future performance and business, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by the fact they are not historical facts and include words such as "anticipate", "could", "may", "feel", "expect", "believe", "plan", and similar expressions. Please refer to LCNB's Annual Report on Form 10-K for the year ended December 31, 2022, as well as its other filings with the SEC, for a more detailed discussion of risks, uncertainties and factors that could cause actual results to differ from those discussed in the forward-looking statements.

These forward-looking statements reflect management's current expectations based on all information available to management and its knowledge of LCNB's business and operations. Additionally, LCNB's financial condition, results of operations, plans, objectives, future performance and business are subject to risks and uncertainties that may cause actual results to differ materially. These factors include, but are not limited to:

- 1. the success, impact, and timing of the implementation of LCNB's business strategies;*
- 2. LCNB's ability to integrate future acquisitions may be unsuccessful or may be more difficult, time-consuming, or costly than expected;*
- 3. LCNB may incur increased loan charge-offs in the future and the allowance for credit losses may be inadequate;*
- 4. LCNB may face competitive loss of customers;*
- 5. changes in the interest rate environment, which may include further interest rate increases, may have results on LCNB's operations materially different from those anticipated by LCNB's market risk management functions;*
- 6. changes in general economic conditions and increased competition could adversely affect LCNB's operating results;*
- 7. changes in regulations and government policies affecting bank holding companies and their subsidiaries, including changes in monetary policies, could negatively impact LCNB's operating results;*
- 8. LCNB may experience difficulties growing loan and deposit balances;*
- 9. United States trade relations with foreign countries could negatively impact the financial condition of LCNB's customers, which could adversely affect LCNB's operating results and financial condition;*
- 10. global geopolitical relations and/or conflicts could create financial market uncertainty and have negative impacts on commodities and currency, which could adversely affect LCNB's operating results and financial condition;*
- 11. difficulties with technology or data security breaches, including cyberattacks, could negatively affect LCNB's ability to conduct business and its relationships with customers, vendors, and others;*
- 12. adverse weather events and natural disasters and global and/or national epidemics could negatively affect LCNB's customers given its concentrated geographic scope, which could impact LCNB's operating results; and*
- 13. government intervention in the U.S. financial system, including the effects of legislative, tax, accounting, and regulatory actions and reforms, including the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Jumpstart Our Business Startups Act, the Consumer Financial Protection Bureau, the capital ratios of Basel III as adopted by the federal banking authorities, the Tax Cuts and Jobs Act, changes in deposit insurance premium levels, and any such future regulatory actions or reforms.*

Forward-looking statements made herein reflect management's expectations as of the date such statements are made. Such information is provided to assist shareholders and potential investors in understanding current and anticipated financial operations of LCNB and is included pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. LCNB undertakes no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date such statements are made.

LCNB Corp. and Subsidiaries
Financial Highlights
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended				Twelve Months Ended	
	12-31-2023	09-30-2023	06-30-2023	03-31-2023	12-31-2022	12-31-2022
Condensed Income Statement						
Interest income	\$ 23,310	\$ 19,668	18,703	17,918	17,719	79,599
Interest expense	8,651	6,097	4,526	3,976	1,511	23,250
Net interest income	14,659	13,571	14,177	13,942	16,208	56,349
Provision for (recovery of) credit losses	2,218	(114)	30	(57)	(19)	2,077
Net interest income after provision for (recovery of) credit losses	12,441	13,685	14,147	13,999	16,227	54,272
Non-interest income	4,606	3,578	3,646	3,581	3,629	15,411
Non-interest expense	17,576	12,244	12,078	12,525	12,065	54,423
Income before income taxes	(529)	5,019	5,715	5,055	7,791	15,260
Provision for (benefit from) income taxes	(236)	949	1,021	898	1,383	2,632
Net income (loss)	\$ (293)	\$ 4,070	\$ 4,694	\$ 4,157	\$ 6,408	\$ 12,628
Supplemental Income Statement Information						
Amort/Accret income on acquired loans	\$ 410	\$ —	—	75	249	484
Tax-equivalent net interest income	\$ 14,703	\$ 13,617	14,223	13,989	16,257	56,532
Per Share Data						
Dividends per share	\$ 0.22	\$ 0.21	0.21	0.21	0.21	0.85
Basic earnings (loss) per common share	\$ (0.02)	\$ 0.37	0.42	0.37	0.57	1.10
Diluted earnings (loss) per common share	\$ (0.02)	\$ 0.37	0.42	0.37	0.57	1.10
Book value per share	\$ 17.86	\$ 18.10	18.20	18.22	17.82	17.82
Tangible book value per share	\$ 11.16	\$ 12.72	12.81	12.86	12.48	11.16
Weighted average common shares outstanding:						
Basic	12,378,289	11,038,720	11,056,308	11,189,170	11,211,328	11,417,857
Diluted	12,378,289	11,038,720	11,056,308	11,189,170	11,211,328	11,417,857
Shares outstanding at period end	13,173,569	11,123,382	11,116,080	11,202,063	11,259,080	13,173,569
Selected Financial Ratios						
Return on average assets	(0.05)%	0.82%	0.98%	0.88%	1.34%	0.63%
Return on average equity	(0.53)%	7.92%	9.22%	8.33%	12.90%	6.08%
Return on average tangible common equity	(0.72)%	11.21%	13.07%	11.85%	18.59%	8.54%
Dividend payout ratio	NM	56.76%	50.00%	56.76%	36.84%	77.27%
Net interest margin (tax equivalent)	2.99%	3.04%	3.28%	3.28%	3.77%	3.14%
Efficiency ratio (tax equivalent)	91.02%	71.21%	67.59%	71.29%	60.67%	75.65%
Selected Balance Sheet Items						
Cash and cash equivalents	\$ 39,723	\$ 43,422	26,020	31,876	22,701	—
Debt and equity securities	318,723	309,094	314,763	328,194	323,167	—
Loans:						
Commercial and industrial	\$ 120,411	\$ 125,751	127,553	124,240	120,236	—
Commercial, secured by real estate	1,107,556	981,787	961,173	932,208	938,022	—
Residential real estate	459,073	313,286	312,338	303,051	305,575	—
Consumer	25,578	27,018	29,007	28,611	28,290	—
Agricultural	10,952	11,278	9,955	7,523	10,054	—
Other, including deposit overdrafts	82	80	69	62	81	—
Deferred net origination fees	(181)	(796)	(844)	(865)	(980)	—
Loans, gross	1,723,471	1,458,404	1,439,251	1,394,830	1,401,278	—
Less allowance for credit losses on loans	10,525	7,932	7,956	7,858	5,646	—
Loans, net	\$ 1,712,946	\$ 1,450,472	\$ 1,431,295	\$ 1,386,972	\$ 1,395,632	—

"NM" - Not Meaningful

	Three Months Ended					Twelve Months Ended	
	12-31-2023	09-30-2023	06-30-2023	03-31-2023	12-31-2022	12-31-2023	12-31-2022
Selected Balance Sheet Items, continued							
Allowance for Credit Losses on Loans:							
Allowance for credit losses, beginning of period	\$ 7,932	7,956	7,858	5,646	5,644		
Cumulative change in accounting principle - ASC 326	—	—	—	2,196	—		
Fair value adjustment for purchased credit deteriorated loans	493	—	—	—	—		
Provision for (recovery of) credit losses	2,203	9	131	32	(19)		
Losses charged off	(126)	(57)	(49)	(36)	(60)		
Recoveries	23	24	16	20	81		
Allowance for credit losses, end of period	\$ 10,525	7,932	7,956	7,858	5,646		
Total earning assets	\$ 2,045,382	\$ 1,787,796	1,756,157	1,736,829	\$ 1,726,902		
Total assets	2,291,592	1,981,668	1,950,763	1,924,808	1,919,398		
Total deposits	1,824,389	1,616,890	1,596,709	1,603,881	1,604,970		
Short-term borrowings	97,395	30,000	112,289	76,500	71,455		
Long-term debt	113,123	112,641	18,122	18,598	19,072		
Total shareholders' equity	235,303	201,349	202,316	204,072	200,675		
Equity to assets ratio	10.27 %	10.16 %	10.37 %	10.60 %	10.46 %		
Loans to deposits ratio	94.47 %	90.20 %	90.14 %	86.97 %	87.31 %		
Tangible common equity (TCE)	\$ 146,999	\$ 141,508	142,362	144,006	140,489		
Tangible common assets (TCA)	2,203,288	1,921,827	1,890,809	1,864,742	1,859,212		
TCE/TCA	6.67 %	7.36 %	7.53 %	7.72 %	7.56 %		
Selected Average Balance Sheet Items							
Cash and cash equivalents	\$ 49,436	\$ 36,177	30,742	35,712	\$ 24,330	\$ 38,040	\$ 30,364
Debt and equity securities	310,274	313,669	321,537	327,123	323,195	318,082	335,051
Loans	\$ 1,622,911	\$ 1,451,153	1,405,939	1,389,385	\$ 1,383,809	\$ 1,467,981	\$ 1,380,272
Less allowance for credit losses on loans	8,826	7,958	7,860	7,522	5,647	8,046	5,629
Net loans	\$ 1,614,085	1,443,195	1,398,079	1,381,863	\$ 1,378,162	\$ 1,459,935	\$ 1,374,643
Total earning assets	\$ 1,952,121	\$ 1,775,713	1,737,256	1,729,008	1,711,524	1,799,102	1,724,350
Total assets	2,182,477	1,971,269	1,927,956	1,922,031	1,903,624	2,001,565	1,915,716
Total deposits	1,759,677	1,610,508	1,604,346	1,583,857	1,637,201	1,640,000	1,652,309
Short-term borrowings	64,899	63,018	79,485	94,591	21,433	75,383	14,482
Long-term debt	115,907	72,550	18,514	18,983	23,855	56,798	17,910
Total shareholders' equity	220,678	203,967	204,085	202,419	197,014	207,827	208,271
Equity to assets ratio	10.11 %	10.35 %	10.59 %	10.53 %	10.35 %	10.38 %	10.87 %
Loans to deposits ratio	92.23 %	90.11 %	87.63 %	87.72 %	84.52 %	89.51 %	83.54 %
Asset Quality							
Net charge-offs (recoveries)	\$ 102	\$ 33	33	16	(21)	184	110
Other real estate owned	—	—	—	—	—	—	—
Non-accrual loans	\$ 80	\$ 85	451	701	391	80	391
Loans past due 90 days or more and still accruing	72	176	256	—	39	72	39
Total nonperforming loans	\$ 152	261	707	701	430	152	430
Net charge-offs (recoveries) to average loans	0.02 %	0.01 %	0.01 %	0.00 %	(0.01)%	0.01 %	0.01 %
Allowance for credit losses on loans to total loans	0.61 %	0.54 %	0.55 %	0.56 %	0.40 %		
Nonperforming loans to total loans	0.01 %	0.02 %	0.05 %	0.05 %	0.03 %		
Nonperforming assets to total assets	0.01 %	0.01 %	0.04 %	0.04 %	0.02 %		

	Three Months Ended					Twelve Months Ended	
	12-31-2023	09-30-2023	06-30-2023	03-31-2023	12-31-2022	12-31-2023	12-31-2022
Assets Under Management							
LCNB Corp. total assets	\$ 2,291,592	1,981,668	1,950,763	1,924,808	1,919,398		4,656
Trust and investments (fair value)	806,770	731,342	744,149	716,578	678,366		
Mortgage loans serviced	391,800	146,483	143,093	142,167	148,412		
Cash management	2,375	2,445	2,668	1,831	1,925		
Brokerage accounts (fair value)	392,390	368,854	384,889	374,066	347,737		
Total assets managed	<u>3,884,927</u>	<u>3,230,792</u>	<u>3,225,562</u>	<u>3,159,450</u>	<u>3,095,838</u>		
Reconciliation of Net Income Less Tax-Effectuated Merger-Related Costs							
Net income (loss)	\$ (293)	4,070	4,694	4,157	6,408	12,628	22,128
Merger expenses	3,914	302	415	25	—	4,656	—
Provision for credit losses on non-PCD loans	1,722	—	—	—	—	1,722	—
Tax effect	(1,102)	(3)	(63)	(4)	—	(1,172)	—
Adjusted net income	<u>\$ 4,241</u>	<u>4,369</u>	<u>5,046</u>	<u>4,178</u>	<u>6,408</u>	<u>17,834</u>	<u>22,128</u>
Adjusted basic and diluted earnings per share	\$ 0.34	\$ 0.40	0.45	0.37	0.57	1.56	1.93
Adjusted return on average assets	0.77 %	0.88 %	1.05 %	0.88 %	1.34 %	0.89 %	1.16 %
Adjusted return on average equity	7.62 %	8.50 %	9.92 %	8.37 %	12.90 %	8.58 %	10.62 %

Three Months Ended December 31,

Three Months Ended September 30,

	2023			2022			2023		
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate
Loans (1)	\$ 1,622,911	21,113	5.16 %	\$ 1,383,809	15,887	4.55 %	\$ 1,451,153	17,875	4.89 %
Interest-bearing demand deposits	18,936	280	5.87 %	4,520	56	4.92 %	10,891	152	5.54 %
Federal Reserve Bank stock	4,930	144	11.59 %	4,652	140	11.94 %	4,652	—	— %
Federal Home Loan Bank stock	12,607	273	8.59 %	4,106	66	6.38 %	7,007	134	7.59 %
Investment securities:									
Equity securities	4,415	62	5.57 %	4,353	29	2.64 %	3,382	38	4.46 %
Debt securities, taxable	265,736	1,273	1.90 %	283,442	1,355	1.90 %	274,494	1,296	1.87 %
Debt securities, non-taxable (2)	22,586	209	3.67 %	26,642	235	3.50 %	24,134	219	3.60 %
Total earnings assets	1,952,121	23,354	4.75 %	1,711,524	17,768	4.12 %	1,775,713	19,714	4.40 %
Non-earning assets	239,182			197,747			203,514		
Allowance for credit losses	(8,826)			(5,647)			(7,958)		
Total assets	\$ 2,182,477			\$ 1,903,624			\$ 1,971,269		
Interest-bearing demand and money market deposits	\$ 574,349	2,710	1.87 %	\$ 520,158	610	0.47 %	\$ 541,487	2,298	1.68 %
Savings deposits	402,791	323	0.32 %	444,632	153	0.14 %	379,515	129	0.13 %
IRA and time certificates	302,434	3,321	4.36 %	150,175	426	1.13 %	230,030	1,999	3.45 %
Short-term borrowings	64,899	918	5.61 %	21,433	96	1.78 %	63,018	830	5.23 %
Long-term debt	115,907	1,379	4.72 %	23,855	226	3.76 %	72,550	841	4.60 %
Total interest-bearing liabilities	1,460,380	8,651	2.35 %	1,160,253	1,511	0.52 %	1,286,600	6,097	1.88 %
Demand deposits	480,103			522,236			459,476		
Other liabilities	21,316			24,121			21,226		
Equity	220,678			197,014			203,967		
Total liabilities and equity	\$ 2,182,477			\$ 1,903,624			\$ 1,971,269		
Net interest rate spread (3)			2.40 %			3.60 %			2.52 %
Net interest income and net interest margin on a taxable-equivalent basis (4)		14,703	2.99 %		16,257	3.77 %		13,617	3.04 %
Ratio of interest-earning assets to interest-bearing liabilities	133.67 %			147.51 %			138.02 %		

(1) Includes non-accrual loans.

(2) Income from tax-exempt securities is included in interest income on a taxable-equivalent basis. Interest income has been divided

(3) The net interest spread is the difference between the average rate on total interest-earning assets and interest-bearing liabilities.

(4) The net interest margin is the taxable-equivalent net interest income divided by average interest-earning assets.

LCNB CORP. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in thousands)

	December 31, 2023 (Unaudited)	December 31, 2022
ASSETS:		
Cash and due from banks	\$ 36,535	20,244
Interest-bearing demand deposits	3,188	2,457
Total cash and cash equivalents	<u>39,723</u>	<u>22,701</u>
Investment securities:		
Equity securities with a readily determinable fair value, at fair value	1,336	2,273
Equity securities without a readily determinable fair value, at cost	3,666	2,099
Debt securities, available-for-sale, at fair value	276,601	289,850
Debt securities, held-to-maturity, at cost, net	16,858	19,878
Federal Reserve Bank stock, at cost	5,086	4,652
Federal Home Loan Bank stock, at cost	15,176	4,415
Loans, net	1,712,946	1,395,632
Premises and equipment, net	36,302	33,042
Operating lease right-of-use assets	6,000	6,525
Goodwill	79,509	59,221
Core deposit and other intangibles, net	9,494	1,827
Bank-owned life insurance	49,847	44,298
Interest receivable	8,405	7,482
Other assets, net	30,643	25,503
TOTAL ASSETS	<u>\$ 2,291,592</u>	<u>1,919,398</u>
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 462,267	505,824
Interest-bearing	1,362,122	1,099,146
Total deposits	<u>1,824,389</u>	<u>1,604,970</u>
Short-term borrowings	97,395	71,455
Long-term debt	113,123	19,072
Operating lease liabilities	6,261	6,647
Accrued interest and other liabilities	15,121	16,579
TOTAL LIABILITIES	<u>2,056,289</u>	<u>1,718,723</u>
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 16,384,952 and 14,270,550 shares at December 31, 2023 and December 31, 2022, respectively; outstanding 13,173,569 and 11,259,080 shares at December 31, 2023 and December 31, 2022, respectively	173,637	144,069
Retained earnings	140,017	139,249
Treasury shares at cost, 3,211,383 and 3,011,470 shares at December 31, 2023 and December 31, 2022, respectively	(56,015)	(52,689)
Accumulated other comprehensive loss, net of taxes	(22,336)	(29,954)
TOTAL SHAREHOLDERS' EQUITY	<u>235,303</u>	<u>200,675</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 2,291,592</u>	<u>\$ 1,919,398</u>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
INTEREST INCOME:				
Interest and fees on loans	\$ 21,113	15,887	71,894	59,247
Dividends on equity securities:				
With a readily determinable fair value	9	16	43	56
Without a readily determinable fair value	53	13	132	29
Interest on debt securities:				
Taxable	1,273	1,355	5,235	5,027
Non-taxable	165	186	688	753
Other investments	697	262	1,607	641
TOTAL INTEREST INCOME	23,310	17,719	79,599	65,753
INTEREST EXPENSE:				
Interest on deposits	6,354	1,189	16,571	3,682
Interest on short-term borrowings	918	96	4,060	416
Interest on long-term debt	1,379	226	2,619	613
TOTAL INTEREST EXPENSE	8,651	1,511	23,250	4,711
NET INTEREST INCOME	14,659	16,208	56,349	61,042
PROVISION FOR (RECOVERY OF) CREDIT LOSSES	2,218	(19)	2,077	250
NET INTEREST INCOME AFTER PROVISION FOR (RECOVERY OF) CREDIT LOSSES	12,441	16,227	54,272	60,792
NON-INTEREST INCOME:				
Fiduciary income	1,828	1,617	7,091	6,468
Service charges and fees on deposit accounts	1,532	1,532	5,856	6,190
Bank-owned life insurance income	306	271	1,136	1,074
Gains from sales of loans	659	8	697	196
Other operating income	281	201	631	360
TOTAL NON-INTEREST INCOME	4,606	3,629	15,411	14,288
NON-INTEREST EXPENSE:				
Salaries and employee benefits	7,654	7,192	29,108	28,483
Equipment expenses	441	395	1,616	1,629
Occupancy expense, net	934	767	3,301	3,067
State financial institutions tax	439	428	1,628	1,740
Marketing	366	339	1,101	1,184
Amortization of intangibles	196	113	532	478
FDIC insurance premiums, net	269	133	932	530
Contracted services	798	601	2,776	2,503
Other real estate owned, net	1	8	4	(866)
Merger-related expenses	3,914	—	4,656	—
Other non-interest expense	2,564	2,089	8,769	9,386
TOTAL NON-INTEREST EXPENSE	17,576	12,065	54,423	48,134
INCOME BEFORE INCOME TAXES	(529)	7,991	15,260	26,946
PROVISION FOR (BENEFIT FROM) INCOME TAXES	(236)	1,383	2,632	4,818
NET INCOME	\$ (293)	6,408	12,628	22,128
Earnings per common share:				
Basic	(0.02)	0.57	1.10	1.93
Diluted	(0.02)	0.57	1.10	1.93
Weighted average common shares outstanding:				
Basic	12,378,289	11,211,328	11,417,857	11,410,981
Diluted	12,378,289	11,211,328	11,417,857	11,410,981