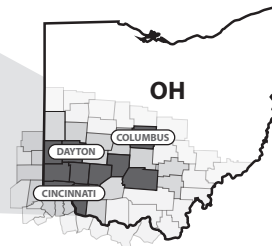




Butler Hamilton  
Clermont Montgomery  
Clinton Preble  
Fayette Ross  
Franklin Warren  
and surrounding counties



Release Date: August 6, 2018

LCNB Corp. • P.O. Box 59 • 2 N. Broadway • Lebanon, Ohio 45036 • (800) 344-2265 • www.LCNB.com

**Second Quarter 2018**

**CUSIP 50181P100**

**NASDAQ: LCNB**

**LCNB CORP. REPORTS FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018**

LEBANON, Ohio--LCNB Corp. ("LCNB") (NASDAQ: LCNB) today announced net income of \$2,738,000 (total basic and diluted earnings per share of \$0.25) and \$5,451,000 (total basic and diluted earnings per share of \$0.52) for the three and six months ended June 30, 2018, respectively. This compares to net income of \$3,003,000 (total basic and diluted earnings per share of \$0.30) and \$6,249,000 (total basic and diluted earnings per share of \$0.62) for the same three and six month periods in 2017. Items significantly affecting net income during the 2018 periods were:

- expenses relating to the merger with Columbus First Bancorp, Inc. ("Columbus First") totaled \$855,000 and \$1,613,000 for the three and six month periods, respectively,
- a \$645,000 premises impairment charge recognized during the second quarter, and
- a reduction in LCNB's federal tax rate from 34% to 21% as a result of the Tax Cuts and Jobs Act that was signed into law on December 22, 2017.

Commenting on the financial results, LCNB Chief Executive Officer Steve Foster said, "We are pleased to report our financial results for the three and six months ended June 30, 2018. Net income for these periods was less than last year due to merger-related expenses for the acquisition of Columbus First, which occurred during the second quarter 2018. Eliminating this item from the income statement produces pro-forma net income of \$3,448,000 and \$6,782,000 for the three and six month periods, respectively, which equates to respective increases of \$445,000 and \$533,000 over the same three and six month periods in 2017. In addition, we are pleased to welcome the shareholders, employees, and customers of Columbus First to LCNB. This acquisition strengthened our presence in the desirable Columbus, Ohio market area and added approximately \$283 million in loans and \$245 million in deposits to our balance sheet."

Net interest income for the three and six months ended June 30, 2018 was, respectively, \$1,295,000 and \$1,496,000 greater than the comparable periods in 2017, primarily due to growth in LCNB's loan portfolio, partially offset by a decrease in average investment securities and a market-driven increase in average rates paid on deposits. Loans obtained through the merger with Columbus First were a significant component of LCNB's loan portfolio growth.

The provision for loan losses for the three and six months ended June 30, 2018 was, respectively, \$2,000 and \$66,000 greater than the comparable periods in 2017. Non-accrual loans and loans past due 90 days or more and still accruing interest increased \$1,173,000, from \$2,965,000 or 0.35% of total loans at December 31, 2017, to \$4,138,000 or 0.36% of total loans at June 30, 2018. Most of the increase was due to one borrower.

Non-interest income for the three and six months ended June 30, 2018 was, respectively, \$1,000 and \$207,000 greater than the comparable periods in 2017 primarily due to increases in fiduciary income and service charges and fees on deposit accounts, partially offset by a decrease in net gains (losses) from sales of securities.

Non-interest expense for the three and six months ended June 30, 2018 was, respectively, \$2,100,000 and \$3,681,000 greater than the comparable periods in 2017 primarily due to increases in salaries and employee benefits, merger-related expenses, and an impairment charge recognized on one of LCNB's office buildings. Merger-related expenses increased due to costs connected to the acquisition of Columbus First.

The merger with Columbus First was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration paid were recorded at their estimated fair values as of the merger date. The final fair values of assets and liabilities have not yet been determined and the estimates included in LCNB's financial statements at June 30, 2018 are subject to change.

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. 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 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](http://www.lcnb.com).



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**Second Quarter 2018**

**CUSIP 50181P100**

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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, 2017, 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 recent and future acquisitions, including the merger with Columbus First, may be unsuccessful, or may be more difficult, time-consuming or costly than expected;
3. LCNB may incur increased charge-offs in the future;
4. LCNB may face competitive loss of customers;
5. changes in the interest rate environment 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 other 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. the current economic environment poses significant challenges for us and could adversely affect our financial condition and results of operations;
10. deterioration in the financial condition of the U.S. banking system may impact the valuations of investments LCNB has made in the securities of other financial institutions resulting in either actual losses or other than temporary impairments on such investments;
11. difficulties with technology or data security breaches, including cyberattacks, that could negatively affect LCNB's ability to conduct business and its relationships with customers, vendors, and others; and
12. government intervention in the U.S. financial system, including the effects of recent legislative, tax, accounting and regulatory actions and reforms, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank 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, and the Tax Cuts and Jobs Act.

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)

**Company Headquarters:**  
 2 N. Broadway  
 P.O. Box 59  
 Lebanon, OH 45036  
 (800) 344-2265

**Chairman:**  
 Stephen P. Wilson

**President & CEO:**  
 Steve P. Foster

**Directors:**  
 Spence S. Cropper,  
 Steve P. Foster,  
 William H. Kaufman,  
 Anne E. Krehbiel,  
 George L. Leasure,  
 John H. Kochensparger III  
 Valerie S. Kruckeberg  
 William G. ("Rhett") Huddle

	Three Months Ended				Six Months Ended		
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	6/30/2017	
<b>Condensed Income Statement</b>							
Interest income	\$ 12,538	11,142	11,610	11,055	10,934	23,680	21,798
Interest expense	1,170	954	953	908	861	2,124	1,738
Net interest income	11,368	10,188	10,657	10,147	10,073	21,556	20,060
Provision for loan losses	224	79	(10)	(12)	222	303	237
Net interest income after provision	11,144	10,109	10,667	10,159	9,851	21,253	19,823
Non-interest income	2,791	2,636	2,579	2,659	2,790	5,427	5,220
Non-interest expense	10,711	9,549	8,612	8,672	8,611	20,260	16,579
Income before income taxes	3,224	3,196	4,634	4,146	4,030	6,420	8,464
Provision for income taxes	486	483	1,017	1,040	1,027	969	2,215
Net income	\$ 2,738	2,713	3,617	3,106	3,003	5,451	6,249
Accreted income on acquired loans	\$ 44	96	606	90	180	140	400
Tax-equivalent net interest income	\$ 11,549	10,375	11,062	10,569	10,494	21,924	20,904

**Per Share Data**

Dividends per share	\$ 0.16	0.16	0.16	0.16	0.16	0.32	0.32
Basic earnings per common share	\$ 0.25	0.27	0.37	0.31	0.30	0.52	0.62
Diluted earnings per common share	\$ 0.25	0.27	0.36	0.31	0.30	0.52	0.62
Book value per share	\$ 15.97	14.80	14.99	14.94	14.77	15.97	14.77
Tangible book value per share	\$ 11.14	11.47	11.64	11.57	11.38	11.14	11.38
Weighted average common shares outstanding:							
Basic	11,099,485	10,020,611	10,013,777	10,008,807	10,004,422	10,563,030	9,999,765
Diluted	11,105,014	10,028,588	10,020,566	10,015,204	10,011,312	10,568,792	10,007,192
Shares outstanding at period end	13,299,235	10,041,152	10,023,059	10,018,507	10,014,004	13,299,235	10,014,004

**Selected Financial Ratios**

Return on average assets	0.78%	0.85 %	1.11 %	0.94 %	0.91%	0.81%	0.96%
Return on average equity	6.46%	7.33 %	9.49 %	8.22 %	8.15%	6.87%	8.61%
Dividend payout ratio	64.00%	59.26 %	43.24 %	51.61 %	53.33%	61.54%	51.61%
Net interest margin (tax equivalent)	3.63%	3.59 %	3.73 %	3.52 %	3.50%	3.61%	3.53%
Efficiency ratio (tax equivalent)	74.69%	73.39 %	63.13 %	65.56 %	64.82%	74.07%	63.43%

**Selected Balance Sheet Items**

Cash and cash equivalents	\$ 24,901	17,494	25,386	21,203	29,967
Investment securities and stock	311,047	310,009	317,413	353,634	373,595

**Loans:**

Commercial and industrial	\$ 81,778	37,118	36,057	36,049	38,651
Commercial, secured by real estate	705,978	542,890	527,947	510,158	495,255
Residential real estate	339,435	246,487	251,582	253,530	258,710
Consumer	17,705	17,176	17,450	17,956	17,475
Agricultural	13,390	12,217	15,194	15,677	16,014
Other, including deposit overdrafts	583	506	539	570	547
Deferred net origination costs	229	263	291	264	281
Loans, gross	1,159,098	856,657	849,060	834,204	826,933
Less allowance for loan losses	3,603	3,529	3,403	3,407	3,382
Loans, net	\$ 1,155,495	853,128	845,657	830,797	823,551

Total earning assets	\$ 1,471,923	1,168,204	1,170,700	1,193,648	1,211,096
Total assets	1,631,442	1,288,791	1,295,638	1,314,319	1,335,571
Total deposits	1,380,884	1,123,463	1,085,821	1,121,523	1,143,920
Short-term borrowings	—	—	47,000	30,000	31,712
Long-term debt	27,085	6,219	303	363	402

**Transfer Agent and Registrar:**  
 Computershare, Inc.  
**Transfer Agent Address:**  
 P.O. Box 43078  
 Providence, RI 02940  
**Transfer Agent Telephone:**  
 (800) 942-5909

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	Three Months Ended					Six Months Ended	
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	6/30/2018	6/30/2017
<b><u>Selected Balance Sheet Items, continued</u></b>							
Total shareholders' equity	212,366	148,584	150,271	149,713	147,927		
Equity to assets ratio	13.02%	11.53 %	11.60 %	11.39 %	11.08%		
Loans to deposits ratio	83.94%	76.25 %	78.20 %	74.38 %	72.29%		
Tangible common equity (TCE)	\$ 147,705	114,801	116,289	115,527	113,542		
Tangible common assets (TCA)	1,566,781	1,255,008	1,261,656	1,280,133	1,301,186		
TCE/TCA	9.43%	9.15 %	9.22 %	9.02 %	8.73%		
<b><u>Selected Average Balance Sheet Items</u></b>							
Cash and cash equivalents	\$ 27,319	21,820	18,787	21,609	33,639	24,601	30,173
Investment securities and stock	306,366	313,689	332,225	363,039	373,295	310,007	369,916
Loans	\$ 961,726	853,152	840,526	824,183	811,186	907,739	812,385
Less allowance for loan losses	4,245	3,401	3,407	3,324	3,334	3,825	3,445
Net loans	\$ 957,481	849,751	837,119	820,859	807,852	903,914	808,940
Total earning assets	\$ 1,276,176	1,170,708	1,175,180	1,190,860	1,202,129	1,223,733	1,195,294
Total assets	1,409,698	1,292,375	1,295,293	1,313,476	1,321,442	1,351,355	1,315,052
Total deposits	1,212,104	1,114,979	1,096,966	1,133,072	1,148,206	1,163,810	1,136,895
Short-term borrowings	3,491	14,086	34,440	17,936	15,030	8,759	21,728
Long-term debt	13,252	2,255	323	383	441	7,784	489
Total shareholders' equity	170,077	150,058	151,154	150,032	147,826	160,123	146,258
Equity to assets ratio	12.06%	11.61 %	11.67 %	11.42 %	11.19%	11.85%	11.12%
Loans to deposits ratio	79.34%	76.52 %	76.62 %	72.74 %	70.65%	78.00%	71.46%
<b><u>Asset Quality</u></b>							
Net charge-offs (recoveries)	\$ 150	(47)	(7)	(36)	168	103	430
Other real estate owned	35	—	—	—	—	35	—
Non-accrual loans	4,065	2,744	2,965	4,387	3,747	4,065	3,747
Loans past due 90 days or more and still accruing	5	146	—	95	141	5	141
Total nonperforming loans	\$ 4,070	2,890	2,965	4,482	3,888	4,070	3,888
Net charge-offs (recoveries) to average loans	0.06%	(0.02)%	0.00 %	(0.02)%	0.08%	0.02%	0.11%
Allowance for loan losses to total loans	0.31%	0.41 %	0.40 %	0.41 %	0.41%	0.31%	0.41%
Nonperforming loans to total loans	0.35%	0.34 %	0.35 %	0.54 %	0.47%	0.35%	0.47%
Nonperforming assets to total assets	0.25%	0.22 %	0.23 %	0.34 %	0.29%	0.25%	0.29%
<b><u>Assets Under Management</u></b>							
LCNB Corp. total assets	\$ 1,631,442	1,288,791	1,295,638	1,314,319	1,335,571		
Trust and investments (fair value)	370,587	359,766	362,486	326,642	315,450		
Mortgage loans serviced	125,806	90,630	92,818	96,241	98,234		
Cash management	48,369	72,372	84,344	77,780	45,519		
Brokerage accounts (fair value)	238,651	230,168	229,006	219,960	209,019		
Total assets managed	\$ 2,414,855	2,041,727	2,064,292	2,034,942	2,003,793		
<b><u>Non-GAAP Financial Measures</u></b>							
Net income	\$ 2,738	2,713	3,617	3,106	3,003	5,451	6,249
Add: merger-related expenses, net of tax	710	621	87	—	—	1,331	—
Core net income	\$ 3,448	3,334	3,704	3,106	3,003	6,782	6,249
Basic core earnings per share	0.31	0.33	0.37	0.31	0.30	0.64	0.62
Diluted core earnings per share	0.31	0.33	0.37	0.31	0.30	0.64	0.62
Adjusted return on average assets	0.98%	1.05 %	1.16 %	0.94 %	0.91%	1.01%	0.96%
Adjusted return on average equity	8.13%	9.01 %	9.94 %	8.22 %	8.15%	8.54%	8.61%
Core efficiency ratio (tax equivalent)	68.73%	66.67 %	62.34 %	65.56 %	64.82%	68.18%	63.43%

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