

Press Release
April 20, 2015

LCNB CORP. REPORTS FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2015

LCNB Corp. (LCNB) today announced net income of \$2,834,000 (total basic and diluted earnings per share of \$0.30) for the three months ended March 31, 2015. This compares to net income of \$1,323,000 (total basic and diluted earnings per common share of \$0.14) for the same three-month period in 2014. Results for 2014 were significantly affected by the completion of the acquisition of Eaton National Bank & Trust Co. on January 24, 2014.

Commenting on the financial results, LCNB CEO Steve Wilson said, "We are pleased to report solid financial results for the first quarter of 2015. Growth in the loan portfolio and in deposits has contributed to increased net interest income and a higher net interest margin. Credit quality remains stable and our capital ratios remain strong. In addition, we look forward to our pending partnership with BNB Bancorp, Inc. and its subsidiary Brookville National Bank of Brookville, Ohio, which we anticipate closing during the second quarter 2015. This acquisition will strengthen our presence in the desirable Montgomery County market and open up new markets as we provide Brookville's customers with a broader array of banking services."

Net interest income for the three months ended March 31, 2015 increased \$965,000 from the comparative period in 2014 due primarily to an increase in the volume of average interest earning assets, primarily loans, and to an increase in the net interest margin.

The provision for loan losses for the three months ended March 31, 2015 was \$12,000 less than the comparable period in 2014. Net loan charge-offs for the first quarter of 2015 and 2014 totaled \$352,000 and \$300,000, respectively. Non-accrual loans and loans past due 90 days or more and still accruing interest totaled \$4,327,000 or 0.62% of total loans at March 31, 2015, compared to \$5,802,000 or 0.83% of total loans at December 31, 2014. Other real estate owned (which includes property acquired through foreclosure or deed-in-lieu of foreclosure) totaled \$1,364,000 and \$1,370,000 at March 31, 2015 and December 31, 2014, respectively.

Non-interest income for the three months ended March 31, 2015 was \$229,000 greater than the comparable period in 2014 primarily due to increases in trust income and gains from sales of investment securities. The increase in trust income was due to growth in the fair value of assets serviced. The increase in gains from sales of investment securities was due to a higher volume of sales during the 2015 period.

Non-interest expense for the three months ended March 31, 2015 was \$1,023,000 less than the comparable periods in 2014 primarily due to the absence of an acquisition during the first quarter 2015. Merger-related expense for 2015 was \$1,222,000 less than for the same period in 2014. This decrease was partially offset by a \$372,000 increase in salaries and employee benefits primarily due to routine salary and wage increases, an increase in the number of employees, and to increased retirement plan expenses.

LCNB Corp. is a financial holding company headquartered in Lebanon, Ohio. LCNB Corp.'s only business is ownership of LCNB National Bank, which has 35 offices located in Warren, Butler, Montgomery, Clinton, Clermont, Hamilton, Fayette, Ross, and Preble 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 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.

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, including the successful integration of recently completed and pending acquisitions;*
- 2. LCNB may incur increased charge-offs in the future;*
- 3. LCNB may face competitive loss of customers;*
- 4. 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;*
- 5. changes in general economic conditions and increased competition could adversely affect LCNB's operating results;*
- 6. 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;*
- 7. LCNB may experience difficulties growing loan and deposit balances;*
- 8. the current economic environment poses significant challenges for us and could adversely affect our financial condition and results of operations;*
- 9. 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; and*
- 10. the effects of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and the regulations promulgated and to be promulgated thereunder, which may subject LCNB and its subsidiaries to a variety of new and more stringent legal and regulatory requirements which adversely affect their respective businesses.*

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				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
Condensed Income Statement					
Interest income	\$ 10,090	\$ 10,367	9,906	9,926	9,278
Interest expense	762	844	911	920	915
Net interest income	9,328	9,523	8,995	9,006	8,363
Provision for loan losses	69	193	401	255	81
Net interest income after provision	9,259	9,330	8,594	8,751	8,282
Non-interest income	2,306	2,449	2,315	2,301	2,077
Non-interest expense	7,649	7,334	7,238	7,600	8,672
Income before income taxes	3,916	4,445	3,671	3,452	1,687
Provision for income taxes	1,082	1,228	953	841	364
Net income	<u>\$ 2,834</u>	<u>3,217</u>	<u>2,718</u>	<u>2,611</u>	<u>1,323</u>
Per Share Data					
Dividends per share	\$ 0.16	0.16	0.16	0.16	0.16
Basic earnings per share	\$ 0.30	0.34	0.30	0.28	0.14
Diluted earnings per share	\$ 0.30	0.34	0.29	0.28	0.14
Book value per share	\$ 13.80	13.50	13.24	13.18	12.89
Tangible book value per share	\$ 10.40	10.08	9.80	9.71	9.44
Average basic shares outstanding	9,312,636	9,306,382	9,299,691	9,293,382	9,288,400
Average diluted shares outstanding	9,410,774	9,403,013	9,405,013	9,402,343	9,413,049
Shares outstanding at period end	9,317,583	9,311,318	9,305,208	9,298,270	9,292,226
Selected Financial Ratios					
Return on average assets	1.02%	1.14%	0.95%	0.91%	0.50%
Return on average equity	9.01%	10.18%	8.71%	8.60%	4.47%
Dividend payout ratio	53.33%	47.06%	53.33%	57.14%	114.29%
Net interest margin (tax equivalent)	3.83%	3.82%	3.57%	3.59%	3.66%
Efficiency ratio (tax equivalent)	63.90%	59.48%	61.97%	65.26%	80.50%
Selected Balance Sheet Items					
Investment securities and stock	\$ 329,429	314,074	322,341	357,567	331,771
Loans	\$ 701,685	698,956	685,915	691,719	685,196
Less allowance for loan losses	2,837	3,121	3,298	3,394	3,370
Net loans	<u>\$ 698,848</u>	<u>695,835</u>	<u>682,617</u>	<u>688,325</u>	<u>681,826</u>
Total assets	\$ 1,129,497	1,108,066	1,123,356	1,151,109	1,133,508
Total deposits	973,725	946,205	956,633	986,824	984,514
Short-term borrowings	13,454	16,645	24,954	23,523	11,215
Long-term debt	6,153	11,357	11,432	11,506	11,580
Total shareholders' equity	128,576	125,695	123,179	122,584	119,761
Tangible common equity (TCE)	\$ 96,340	93,277	90,579	89,800	87,017
Tangible common assets (TCA)	1,097,261	1,075,648	1,090,756	1,118,325	1,100,764
TCE/TA	8.78%	8.67%	8.30%	8.03%	7.91%
Loans to deposit ratio	72.06%	73.87%	71.70%	70.10%	69.60%
Equity to assets ratio	11.38%	11.34%	10.97%	10.65%	10.57%

	Three Months Ended				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
Selected Average Balance Sheet Items					
Investment securities and stock	\$ 313,279	311,395	348,469	347,837	302,791
Loans	\$ 699,959	694,185	688,972	685,581	647,535
Less allowance for loan losses	2,870	3,075	3,288	3,367	3,372
Net loans	\$ 697,089	691,110	685,684	682,214	644,163
Total assets	\$ 1,125,326	1,123,949	1,140,922	1,145,300	1,071,198
Total deposits	969,658	967,505	976,109	991,809	922,051
Short-term borrowings	13,824	12,217	22,547	13,601	10,814
Long-term debt	6,598	11,382	11,457	11,531	11,821
Total shareholders' equity	127,608	125,302	123,807	121,725	119,959
Asset Quality					
Net charge-offs	\$ 352	370	496	232	300
Other real estate owned	1,364	1,370	1,460	1,906	1,799
Non-accrual loans	3,972	5,599	6,264	6,243	5,374
Loans past due 90 days or more and still accruing	355	203	111	130	825
Total nonperforming loans	\$ 4,327	5,802	6,375	6,373	6,199
Net charge-offs to average loans	0.20%	0.21%	0.29%	0.14%	0.19%
Allowance for loan losses to total loans	0.40%	0.45%	0.48%	0.49%	0.49%
Nonperforming loans to total loans	0.62%	0.83%	0.93%	0.92%	0.90%
Nonperforming assets to total assets	0.50%	0.65%	0.70%	0.72%	0.71%
Assets Under Management					
LCNB Corp. total assets	\$ 1,129,497	1,108,066	1,123,356	1,151,109	1,133,508
Trust and investments (fair value)	264,122	258,266	255,409	267,857	262,666
Mortgage loans serviced	116,534	120,433	123,792	128,855	133,504
Business cash management	5,839	5,811	5,846	6,307	5,871
Brokerage accounts (fair value)	141,439	132,823	127,303	126,069	120,768
Total assets managed	<u>\$ 1,657,431</u>	<u>1,625,399</u>	<u>1,635,706</u>	<u>1,680,197</u>	<u>1,656,317</u>
Non-GAAP Financial Measures					
Net income	\$ 2,834	3,217	2,718	2,611	1,323
Less (add) net gain (loss) on sales of securities, net of tax	73	37	64	0	(3)
Add merger-related expenses, net of tax	50	26	3	46	853
Core net income	\$ 2,811	3,206	2,657	2,657	2,179
Basic core earnings per share	\$ 0.30	0.34	0.29	0.29	0.23
Diluted core earnings per share	\$ 0.30	0.34	0.28	0.28	0.23
Adjusted return on average assets	1.01%	1.13%	0.92%	0.93%	0.82%
Adjusted return on average equity	8.86%	10.06%	8.44%	8.67%	7.32%
Core efficiency ratio (tax equivalent)	63.91%	59.48%	62.46%	64.66%	68.48%