

PROUD TO SERVE THOSE WHO SERVED AND THEIR FAMILIES



Letter To Our Shareholders

Dear Shareholders:

The 2014 Annual Report showcases just a few of those men and women who served in the Armed Forces since the Bank's founding. Most of the individuals featured in our Annual Report are relatives of our LCNB employees, and several, in fact, are employees who served. LCNB employees understand the importance of serving the communities in which they live and work. It is a very important part of being a community bank. They embrace this responsibility by volunteering with United Way, Relay for Life, the Chamber of Commerce, scouting, food pantries, and many more charitable and civic organizations such as Rotary, Optimists, Kiwanis, and Jaycees. It is this dedication to the communities that we serve that makes LCNB a community bank. That has been our philosophy since 1877.

As Yogi Berra said, "It's déjà vu all over again". The year 2014 started much like the previous year began. LCNB negotiated the purchase of Eaton National Bank in the fourth quarter of 2013 and closed the transaction

in the first quarter of 2014. Likewise, LCNB negotiated the purchase of Brookville National Bank during the fourth quarter of 2014 and we expect to close the transaction in the first half of 2015. Brookville National Bank (BNB) will add two offices to our organization, increasing our office total to 37 across nine counties. Both BNB offices are located in the city of Brookville which is west of Dayton, Ohio in Montgomery County. This purchase will complement last year's addition

of the five Eaton National Bank offices located west of Brookville in Preble County. BNB will add approximately \$110 million in assets to LCNB's balance sheet making LCNB a \$1.2 billion financial institution.

Last year was another successful year for LCNB. Strong earnings in 2014 allowed LCNB to provide shareholders a dividend payout ratio of just over 60%. The return on average assets (ROAA) was 0.88% and the return on average equity (ROAE) was 8.04% for 2014. LCNB's earnings were affected by one-time merger expenses of approximately \$1.4 million on a pre-tax basis. If these tax-affected merger expenses were not included,



Letter To Our Shareholders

Continued

LCNB's ROAA would have been 0.95% and the ROAE would have been 8.67%. Net income was \$9.9 million, resulting in total basic earnings per share of \$1.06. Total shareholder's equity increased \$6.8 million from December 31, 2013 to December 31, 2014, an increase of 5.74%. LCNB's net interest margin improved from 3.57% on December 31, 2013 to 3.66% on December 31, 2014.

It is with great sadness that we report that Howard Wilson, former Chairman and CEO of LCNB, passed away on January 4, 2015 and Dave Witham, Vice President, passed away on February 21, 2015.

Mr. Wilson was named President of Lebanon Citizens National Bank in 1969 after joining the bank as Executive Vice President in 1968. Mr. Wilson retired in 1992. During Mr. Wilson's tenure the bank increased in total assets by approximately \$260 million and the bank started its branch expansion under Mr. Wilson's leadership. Howard Wilson, like so many represented in this Annual Report, was a Navy veteran of WWII and a great community banker.

Mr. Witham worked for LCNB for 45 years and retired from the bank in 2010. Dave, a native of Lebanon and a U.S. Air Force veteran who served in Vietnam, was well known in the community. Mr. Witham managed the

Columbus Avenue and Middletown branches during his tenure at LCNB. He is best remembered as a loan officer that had a very large and loyal customer base. Like Mr. Wilson, Dave helped LCNB successfully grow during his 45 years with the bank. Both gentlemen will be missed as bankers and as strong citizens of our community.

Additional statistical data and information on our financial performance for 2014 is available in the LCNB Corp. Annual Report on Form 10-K. This report is filed annually with the Securities and Exchange Commission. We have enclosed the Form 10-K with the initial mailing of this report to shareholders and it is available upon request or from the shareholder information section on our website, www.LCNB.com or www.lcnbcorp.com.

The Annual Meeting for LCNB Corp. will be Tuesday, April 28, 2015 at 10:00 a.m. at our Main Office located at 2 North Broadway in Lebanon, Ohio. Proxy material is included with this mailing. Please review, sign, and return the proxy in the envelope provided. We would be pleased to have you attend our annual meeting in person. Thank you for your continued support.



Stephen P. Wilson
Chairman and CEO



Steve P. Foster
President

Board of Directors



Stephen P. Wilson
Chairman of the Board
Chief Executive Officer



Steve P. Foster
President



William H. Kaufman
Attorney



Spencer S. Cropper
Certified Public Accountant
Stolle Properties, Inc.



Anne E. Krehbiel
Attorney



George L. Leasure
President
GMi Company



Rick L. Blossom
Managing Partner
Reality Check, LLC



John H. Kochensparger, III
Retired



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Chairman of the Board
Chief Executive Officer

Steve P. Foster
President

George L. Leasure
President,
GMi Company

William H. Kaufman
Attorney

Spencer S. Cropper
Certified Public Accountant,
Stolle Properties, Inc.

Anne E. Krehbiel
Attorney

Rick L. Blossom
Managing Partner,
Reality Check, LLC

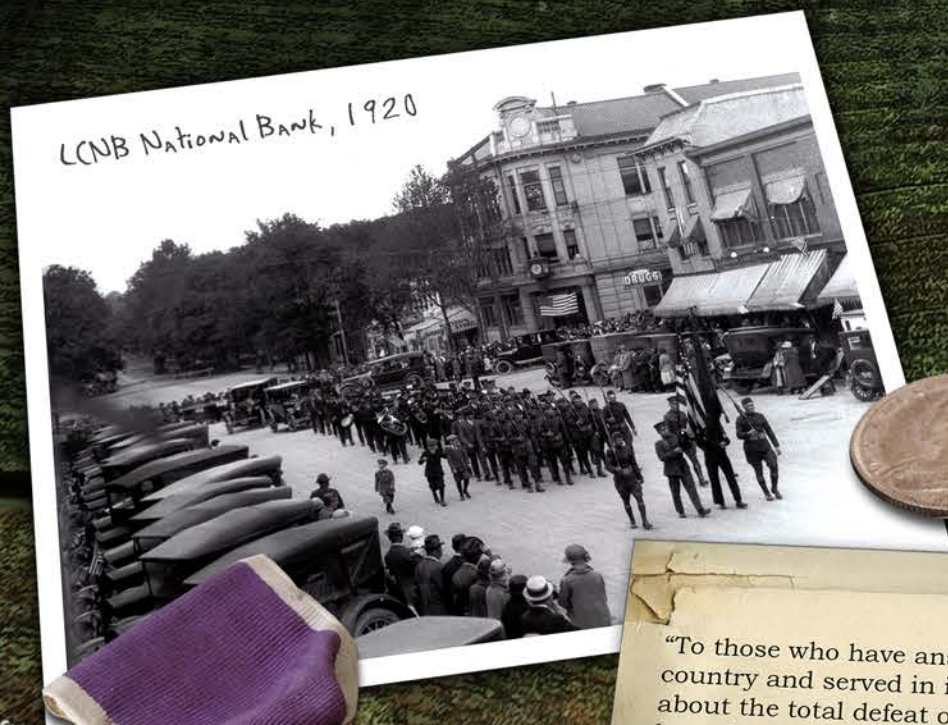
John H. Kochensparger, III
Retired

PROUD TO SERVE **THOSE WHO SERVED AND THEIR FAMILIES**

LCNB is a community bank with a love for each of its communities. Our objective in every location we serve is to provide the financial services and products that enable our customers to succeed in every stage of their lives. However, providing these financial solutions is just one part of our overall mission and the responsibility we hold for our customers.

Since LCNB's founding in 1877, the bank has witnessed seven generations of our communities' sons and daughters answer the call to serve their country. They have protected their homeland while serving in the Spanish American War, WWI, WWII, Korea, Vietnam, Gulf Wars, 9-11, Iraq and Afghanistan. In the bank's early years, we even had customers who had served in the Civil War. Today, these extraordinary traits of sacrifice, patriotism and volunteering continue to run deep through all of us from small communities.

Throughout history, every small town across America, like Lebanon, Chillicothe and Eaton, has provided the Armed Services with the majority of its fighting forces. Banks, like LCNB, have become integral parts of daily life in these tightly knitted communities. In the past, our commitment to these towns was particularly important when our country and freedom were put in jeopardy. We understood the importance of being there for those that served while they were away and when they returned home. Today, LCNB continues to proudly bear this responsibility.



"To those who have answered the call of your country and served in its Armed Forces to bring about the total defeat of the enemy, I extend the heartfelt thanks of a grateful nation. As one of the Nation's finest, you undertook the most severe task one can be called upon to perform. Because you demonstrated the fortitude, resourcefulness and calm judgement necessary to carry out that task, we now look to you for leadership and example in further exalting our country in peace."

From a letter written by President Harry Truman to an honorably discharged soldier on December 27, 1945



LCNB's Board members, shareholders, customers, employees and their families, have given unselfishly of themselves during difficult times. Some have served in battle. Others who could not serve have supported essential efforts to protect and strengthen our country. They have worked in factories, subsisted on rationed food and fuel, and learned to live without basic necessities in order to provide support for those who were in harm's way.

Community banks are valued for their leadership and support during good times and bad. The employees at LCNB work hard to earn this respect and understand the importance of service to their communities. We strive to make each town a better place to live and work by providing loans, accepting charitable donations for non-profit initiatives and volunteering in local organizations. The lessons learned from volunteering and giving back to our communities are still in practice by LCNB today.

As LCNB National Bank celebrates its 138th year of community banking, we are committed to providing the leadership in each of our communities that helps them thrive and remain vital places to nurture families and businesses. We pledge our full support to the future generations of young men and women who patriotically serve to make this the safest and greatest country on earth. This responsibility has been entrusted to us by seven generations of men and women who have made our small communities the extraordinary places they are today.

As President Harry Truman stated, "We now look to you for leadership and example in further exalting our country in peace." LCNB National Bank is proud to serve.



LCNB Officers

Name	Years with LCNB	Title	Years of Related Experience
Stephen P. Wilson	40	Chairman & CEO	43
Steve P. Foster	38	President	41
Robert C. Haines, II	23	Executive VP	23
Matthew P. Layer	32	Executive VP	32
Leroy F. McKay	19	Executive VP	29
Eric J. Meilstrup	27	Executive VP	27
Stephen P. Anglin	14	Senior VP	36
Brian N. Bausmith	28	Senior VP	28
Kenneth R. Layer	32	Senior VP	32
John Rost	8	Senior VP	32
Timothy J. Sheridan	25	Senior VP	38
Ann M. Smith	28	Senior VP	28
Peter G. Berninger	10	Vice President	32
David Bock	1	Vice President	13
Gene G. Bonny	4	Vice President	9
John Chartrand	1	Vice President	12
Daniel Daughtery	1	Vice President	36
Jeffery M. Doles	1	Vice President	29
Deborah Fitzwater	1	Vice President	22
Jodi Hart	2	Vice President	18
Kelly Haworth	6	Vice President	34
Annie S. Joseph	9	VP/Regional	17
Mark Kennard	3	Vice President	11
Steven C. Lautenslager	25	Vice President	25
Michael Lavatori	12	Vice President	26
Kimberli R. Layer	25	Vice President	25
Jeff Meeker	2	Vice President	31
Roger P. Mersch	9	Vice President	31
Patricia D. Mitchell	36	Vice President	36
Lori Raines	2	Vice President	23
Rebecca H. Roess	6	VP/Trust Officer	16
Scott Roman	1	Vice President	11
Bradley A. Ruppert	7	VP/Trust Officer	16
Nathan Sachritz	6	Vice President	35
Lonnie D. Schear	17	Vice President	41
Connie A. Sears	12	Vice President	27
Deborah G. Stevens	13	Vice President	38
David A. Stitsinger	8	Vice President	36
Beverly K. Taylor	38	Vice President	38
John E. Wetzig, III	26	Vice President	26
Frank Williams	1	VP/Trust Officer	37
Gregory Woods	2	Vice President	12
Melanie K. Crane	29	AVP/Trust Officer	29
Myra Frame	1	AVP/Trust Officer	33
S. Diane Ingram	23	AVP/Trust Officer	23
Jacqueline A. Manley	2	AVP/Trust Officer	8
Christina L. Harris	19	Regional AVP	19
Patricia S. Hogan	24	Regional AVP	24
Ronda Holdren	2	Regional AVP	23
Michele Kreitzer	1	Regional AVP	26
Paula L. Lee	11	Regional AVP	13

Name	Years with LCNB	Title	Years of Related Experience
Teresa A. McCurley	26	Regional AVP	26
Amy Aldridge	1	Assistant VP	34
Randy Bernhardt	8	Assistant VP	30
Pam Bowles	2	Assistant VP	23
Deborah Bradley	1	Assistant VP	33
Amy L. Butler	23	Assistant VP	23
William E. Childers	16	Assistant VP	19
Karen M. Cramer	27	Assistant VP	27
Lisa E. Emmel	9	Assistant VP	25
Chris Fourman	1	Assistant VP	30
Lisa A. Gibson	12	Assistant VP	24
Kimberly B. Isaacs	19	Assistant VP	19
Sherry L. Jackson	20	Assistant VP	20
Kimberly J. Johnson-Hall	34	Assistant VP	36
Judith Neiheisel	8	Assistant VP	32
Mark Pennington	2	Assistant VP	12
Sara Sorrell	1	Assistant VP	3
John L. Torbeck	5	Assistant VP	29
Juli Troutman	1	Assistant VP	14
Elizabeth G. Vogeles	4	Assistant VP	33
Simone Walter	11	Assistant VP	11
Rhonda G. Wetzig	22	Assistant VP	22
Jenny Bates	16	Assistant IT Officer	16
Ann Blackburn	2	Branch Officer	27
Melissa M. Cordes	14	Branch Officer	20
Clint Day	7	Loan Officer	7
Karen A. Day	20	Assistant Cashier	20
Chris Fisher	10	IT Officer	12
Amy Fouche	1	Assistant Cashier	13
Jenny Giltrow	8	Assistant Cashier	8
Traci Hammel	19	Asst. Trust Officer	19
Terry J. Howard	25	Branch Officer	25
Mary Lynn Johnson	28	Assistant Cashier	28
M. Teresa Jenkins	11	Branch Officer	41
Veronica Keen	12	Branch Officer	12
Ursula Keith	13	Branch Officer	17
Phoebe Kerby	2	Branch Officer	17
Amy R. Kobes	13	Asst. Trust Officer	13
Jodi Lowrey	2	Branch Officer	19
Michele McIntosh	25	Branch Officer	25
Angela Otis	14	Assistant Cashier	14
Patricia Q. Partch	11	Bus. Dev. Officer	29
Janet M. Preston	19	Assistant Cashier	29
Tami Reisinger	2	Branch Officer	11
Daren Roark	9	Branch Officer	9
Tonya Scott	17	Assistant Cashier	17
Betty Seibert	17	Branch Officer	25
Lenora Schoultheis	17	Branch Officer	44
Tyler Tepe	7	Loan Officer	7
Ann Weadick	1	Assistant Cashier	10
Sarah Wilson	5	Assistant Cashier	5

Financial Highlights

For the Years Ended December 31,	(Dollars in thousands, except per share data)				
Income Statement	2014	2013	2012	2011	2010
Net interest income	\$ 35,887	29,432	25,049	25,706	25,697
Net income from continuing operations	9,869	8,780	8,270	7,322	9,133
Income from discontinued operations, net of tax	—	—	—	793	240
Net income	9,869	8,780	8,270	8,115	9,373
Dividends declared per common share	0.64	0.64	0.64	0.64	0.64
Basic earnings per common share:					
Continuing operations	1.06	1.12	1.23	1.09	1.37
Discontinued operations	—	—	—	0.12	0.03
Diluted earnings per common share:					
Continuing operations	1.05	1.10	1.22	1.08	1.36
Discontinued operations	—	—	—	0.12	0.03
Balance Sheet					
Loans, net	\$ 695,835	570,766	450,346	458,331	452,350
Earning assets	1,014,640	857,653	732,968	736,119	706,226
Total assets	1,108,066	932,338	788,637	791,570	760,134
Total deposits	946,205	785,761	671,471	663,562	638,539
Short-term borrowings	16,645	8,655	13,756	21,596	21,691
Long-term debt	11,357	12,102	13,705	21,373	23,120
Total shareholders' equity	125,695	118,873	82,006	77,960	70,707
Per common share:					
Book value at year end	13.50	12.80	12.18	11.63	10.57
Performance Ratios					
Return on average assets	0.88%	0.93%	1.02%	1.02%	1.22%
Return on average shareholders' equity	8.04%	9.02%	10.22%	10.89%	13.36%

Condensed Consolidated Balance Sheets

At December 31, (Dollars in thousands)	2014	2013
ASSETS:		
Cash and due from banks	\$ 14,235	10,410
Interest-bearing demand deposits	1,610	4,278
Total cash and cash equivalents	15,845	14,688
Investment securities:		
Available-for-sale, at fair value	285,365	258,241
Held-to-maturity, at cost	22,725	16,323
Federal Reserve Bank stock, at cost	2,346	1,603
Federal Home Loan Bank stock, at cost	3,638	2,854
Loans, net	695,835	570,766
Premises and equipment, net	20,733	19,897
Goodwill	27,638	14,186
Core deposit and other intangibles	4,780	2,795
Bank owned life insurance	21,936	21,280
Other assets	7,225	9,705
TOTAL ASSETS	\$1,108,066	932,338
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 213,303	164,912
Interest-bearing	732,902	620,849
Total deposits	946,205	785,761
Short-term borrowings	16,645	8,655
Long-term debt	11,357	12,102
Accrued interest and other liabilities	8,164	6,947
TOTAL LIABILITIES	982,371	813,465
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 10,064,945 and 10,041,163 shares at December 31, 2014 and 2013, respectively	67,181	66,785
Retained earnings	69,394	65,475
Treasury shares at cost, 753,627 shares at December 31, 2014 and 2013	(11,665)	(11,665)
Accumulated other comprehensive income (loss), net of taxes	785	(1,722)
TOTAL SHAREHOLDERS' EQUITY	125,695	118,873
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,108,066	932,338

Condensed Consolidated Statements of Income

For the years ended December 31, (Dollars in thousands, except per share data)

	2014	2013	2012
INTEREST INCOME:			
Interest and fees on loans	\$32,706	27,325	23,585
Interest on investment securities:			
Taxable	3,757	3,369	3,737
Non-taxable	2,713	2,573	2,441
Other investments	301	230	175
TOTAL INTEREST INCOME	39,477	33,497	29,938
INTEREST EXPENSE:			
Interest on deposits	3,161	3,602	4,317
Interest on short-term borrowings	22	25	16
Interest on long-term debt	407	438	556
TOTAL INTEREST EXPENSE	3,590	4,065	4,889
NET INTEREST INCOME	35,887	29,432	25,049
PROVISION FOR LOAN LOSSES	930	588	1,351
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	34,957	28,844	23,698
NON-INTEREST INCOME:			
Trust income	2,903	2,518	2,317
Service charges and fees on deposit accounts	4,838	4,155	3,605
Net gain on sales of securities	149	1,060	1,853
Bank owned life insurance income	671	678	578
Gains from sales of mortgage loans	147	339	506
Other operating income	434	340	190
TOTAL NON-INTEREST INCOME	9,142	9,090	9,049
NON-INTEREST EXPENSE:			
Salaries and employee benefits	15,762	13,487	11,614
Equipment expenses	1,316	1,232	1,100
Occupancy expense, net	2,232	2,042	1,671
State franchise tax	955	846	790
Marketing	703	561	526
Amortization of intangibles	574	334	57
FDIC premiums	660	499	405
ATM expense	624	534	620
Computer maintenance and supplies	794	616	524
Telephone expense	690	566	465
Contracted services	880	568	441
Other real estate owned	285	(30)	490
Merger-related expenses	1,400	1,433	79
Other non-interest expense	3,969	3,524	2,900
TOTAL NON-INTEREST EXPENSE	30,844	26,212	21,682
INCOME BEFORE INCOME TAXES	13,255	11,722	11,065
PROVISION FOR INCOME TAXES	3,386	2,942	2,795
NET INCOME	\$ 9,869	8,780	8,270
Earnings per common share:			
Basic	\$ 1.06	1.12	1.23
Diluted	1.05	1.10	1.22
Weighted average shares outstanding:			
Basic	9,297,019	7,852,514	6,717,357
Diluted	9,406,346	7,982,997	6,802,475

LCNB National Bank Locations and Hours

MAIN OFFICE • 2 North Broadway • P.O. Box 59 • Lebanon, Ohio 45036

BRANCH OFFICES

BUTLER COUNTY

Fairfield Office

765 Nilles Rd.
Fairfield, Ohio 45014

Hamilton Office

794 NW Washington Blvd.
Hamilton, Ohio 45013

Middletown Office

4441 Marie Drive
Middletown, Ohio 45044

Monroe Office

101 Clarence F. Warner Drive
Monroe, Ohio 45050

Okeana Office

6225 Cincinnati-Brookville Rd.
Okeana, Ohio 45053

Oxford Office

30 West Park Place
Oxford, Ohio 45056

CLERMONT COUNTY

Goshen Office

6726 Dick Flynn Blvd.
(St. Rte. 28 & 132)
Goshen, Ohio 45122

CLINTON COUNTY

Wilmington Office

1243 Rombach Avenue
Wilmington, Ohio 45177

FAYETTE COUNTY

Washington Court House Office

100 Crossings Drive
Washington Court House, Ohio 43160

HAMILTON COUNTY

Colerain Township Office

3209 West Galbraith Rd.
Cincinnati, Ohio 45239

Loveland Office

500 Loveland-Madeira Rd.
Loveland, Ohio 45140

MONTGOMERY COUNTY

Centerville Office

9605 Dayton-Lebanon Pike (St. Rte. 48)
Centerville, Ohio 45458

Oakwood Office

2705 Far Hills Avenue
Dayton, Ohio 45419

PREBLE COUNTY

Barron Street Office

1697 North Barron Street
Eaton, Ohio 45320

Eaton Office

110 West Main Street
Eaton, Ohio 45320

Lewisburg Office

522 South Commerce Street
Lewisburg, Ohio 45338

New Paris Office

201 South Washington Street
New Paris, Ohio 45347

West Alexandria Office

55 East Dayton Street
West Alexandria, Ohio 45381

ROSS COUNTY

Bridge Street Office

1240 North Bridge Street
Chillicothe, Ohio 45601

Chillicothe Office

33 West Main Street
Chillicothe, Ohio 45601

Clarksburg Office

10820 Main Street
Clarksburg, Ohio 43115

Frankfort Office

1 North Main St.
Frankfort, Ohio 45628

Western Avenue Office

1006 Western Avenue
Chillicothe, Ohio 45601

WARREN COUNTY

Auto Bank

35 N. Mechanic
Lebanon, Ohio 45036

Columbus Avenue Office

730 Columbus Avenue
Lebanon, Ohio 45036

Hunter Office

3878 St. Rte. 122
Franklin, Ohio 45005

Lebanon High School Office

Warrior Branch
1916 Drake Road
Lebanon, Ohio 45036

Maineville/Hamilton Township Office

7795 South State Route 48
Maineville, Ohio 45039

Mason/West Chester Office

1050 Reading Road (U.S. Rte. 42)
Mason, Ohio 45040

Otterbein Office

Campus Center Building
585 N. St. Rte. 741
Lebanon, Ohio 45036

Roachester/Morrow Office

6123 East U.S. 22 & 3
Morrow, Ohio 45152

South Lebanon Office

603 Corwin Nixon Blvd.
South Lebanon, Ohio 45065

Springboro/Franklin Office

525 West Central Ave. (St. Rte. 73)
Springboro, Ohio 45066

Waynesville Office

9 N. Main Street
Waynesville, Ohio 45068

ELECTRONIC BRANCH • Countryside YMCA • 1699 Deerfield Road • Lebanon, Ohio 45036

BANKING HOURS

All locations (except as noted)

Monday - Thursday 9-5
Friday 9-6
Saturday 9-1
Drive-Thru open Mon.- Sat. at 8:30 am

Barron Street Office

Monday - Friday 9-6
Saturday 9-1
Drive-Thru open Mon.- Sat. at 8:30 am

Chillicothe Office - Main Street

Saturday (Office and Drive Thru) Closed

Okeana

Monday, Tuesday, Thursday . . . 9-12/1-5
Wednesday Closed
Friday 9-12/1-6
Saturday 9-1

Otterbein

Monday-Thursday 9-12/1-5
Friday 9-12/1-6
Saturday Closed

PHONE NUMBERS

CenturyLink Customers (513) 932-1414
AT&T Customers (513) 423-9911
Cincinnati Bell Cust. (513) 677-2203
Dayton Area (937) 704-9490
Fayette County (740) 335-2257
Oxford Area (513) 523-2141
Preble County (937) 456-5544
Ross County (740) 775-6777
Wilmington Area (937) 383-4500
Toll Free (800) 344-BANK
FAX (513) 933-LCNB

"BANKLINE" 24-Hour Automated Telephone Banking Service

CenturyLink Customers
(513) 932-BANK

AT&T/Verizon Customers (toll-free)
(888) 786-5262

Cincinnati Bell Customers
(513) 336-BANK

Up-To-The-Minute Time•Temperature•Weather

CenturyLink (513) 932-1111
AT&T Customers (513) 727-1010



www.LCNB.com

MEMBER
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LCNB
CORP.



P. O. Box 59, 2 North Broadway, Lebanon, Ohio 45036
(513) 932-1414, www.LCNB.com, 800-344-BANK (2265)

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