



LCNB Corp. (LCNB)

Updated May 5th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	\$14.94	5 Year CAGR Estimate:	12.3%	Market Cap:	\$211 M
Fair Value Price:	\$17.05	5 Year Growth Estimate:	5.0%	Ex-Dividend Date¹:	06/03/25
% Fair Value:	88%	5 Year Valuation Multiple Estimate:	2.7%	Dividend Payment Date¹:	06/17/25
Dividend Yield:	5.9%	5 Year Price Target	\$22	Years Of Dividend Growth:	7
Dividend Risk Score:	D	Sector:	Financials	Rating:	Hold

Overview & Current Events

LCNB Corp. (LCNB) is a Ohio-based financial holding company providing banking and insurance services through its subsidiaries, LCNB National Bank and Dakin Insurance Agency, Inc. The company reported \$2.30 billion in total assets as of March 31st, 2025. LCNB National Bank offers consumer and commercial banking services, including checking and savings accounts, certificates of deposit, and loans for residential mortgages, commercial real estate, and personal needs. Dakin Insurance Agency provides personal and commercial insurance products and annuity services.

LCNB also offers trust administration, estate settlement, and investment management services, as well as financial products like mutual funds, annuities, and life insurance. LCNB Corp. expanded its market presence through two strategic acquisitions: the merger with Cincinnati Bancorp, Inc. (2023), and the acquisition of Eagle Financial Bancorp, Inc. (2024). LCNB Corp. is a \$211 million company, was founded in 1877 and has about 380 employees.

On April 22nd, 2025, LCNB Corp. released its first-quarter results for the period ending March 31st, 2025. For the quarter, the company reported net income of \$4.6 million, or \$0.33 per diluted share, compared to net income of \$1.9 million, or \$0.15 per diluted share, in the same quarter last year. Net interest income increased to \$16.3 million from \$13.9 million year-over-year. Non-interest income rose to \$5.2 million, compared to \$3.9 million in Q1 2024, supported by loan sales, higher fiduciary income, and service fees. Total assets reached \$2.30 billion, increasing 0.9% from \$2.28 billion at the end of Q1 2024. LCNB Wealth Management assets grew by 7.4% year-over-year to a record \$1.40 billion, generating fiduciary income of \$2.2 million. Asset quality remained strong, with nonperforming assets accounting for 0.21% of total assets, up slightly from 0.14% a year ago. Net loans rose by 3.6%, or \$59.7 million, from March 31st, 2024, reflecting ongoing loan origination strength and balance sheet optimization. Net interest margin expanded to 3.25%, the highest level in seven quarters, compared to 2.72% in Q1 2024 and 3.10% in Q4 2024, reflecting both improved asset yields and a reduction in funding costs. Non-performing loans increased slightly year-over-year to \$4.9 million, or 0.28% of total loans, up from 0.20%, primarily due to a few isolated credit relationships, which are considered well-reserved. Non-interest expenses were slightly higher at \$15.8 million, up from \$15.5 million a year ago, driven by integration costs related to recent acquisitions and increased marketing spend.

LCNB plans to continue strategic initiatives in 2025 aimed at enhancing the balance sheet, improving liquidity, and expanding profitability while maintaining excellent asset quality. No specific guidance was provided for earnings or loan portfolio growth, but the company remains optimistic about its long-term financial performance and community banking focus.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.17	\$1.25	\$1.29	\$1.24	\$1.44	\$1.55	\$1.66	\$1.93	\$1.10	\$0.97	\$1.55	\$1.98
DPS	\$0.64	\$0.64	\$0.64	\$0.65	\$0.69	\$0.73	\$0.77	\$0.81	\$0.85	\$0.88	\$0.88	\$1.07
Shares²	10	10	10	12	13	13	13	11	11	11	14	14

¹ Estimated date

² In millions.

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The company has grown earnings by -2.1% per year over the past decade and no growth over the past five years. We expect earnings to increase by 5% per year for the next five years. This is based on the assumption of net interest income growth, supported by loan and deposit growth and controlled expenses. The company has been able to increase its yearly dividend payout for 7 consecutive years. Over the last five years, the average annual dividend growth rate is 5%. In February 2024, the company increased its quarterly dividend by 4.8% from \$0.21 to \$0.22 per share.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	9.5	13.2	11.6	10.0	10.5	7.8	10.1	8.4	13.2	17.5	9.6	11.0
Avg. Yld.	3.9%	2.8%	3.1%	4.3%	3.6%	5.0%	3.9%	4.5%	5.4%	5.8%	5.9%	4.9%

During the past decade shares of LCNB Corp. have traded with an average price-to-earnings ratio of 10.4 times earnings and today, it stands at 9.6. We are using 11.0 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield is currently 5.9%, which is above the average yield over the past decade of 4.2%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	55%	51%	50%	52%	48%	47%	46%	42%	77%	91%	57%	54%

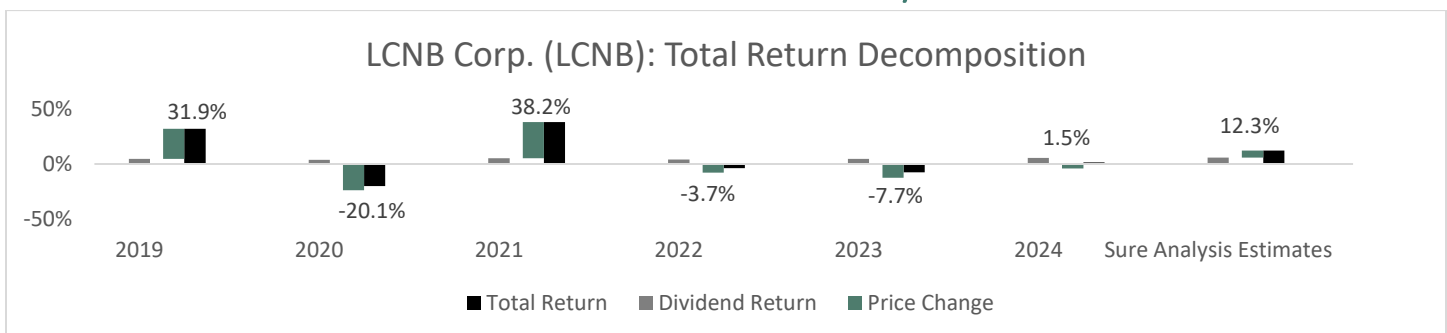
During the past five years, the company's dividend payout ratio has averaged around 61%. LCNB Corp's dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels which is safe.

LCNB Corp. demonstrates a competitive advantage through its strong community banking model, longstanding customer relationships, and diversified revenue streams, which include both traditional banking services and wealth management. Its recent acquisitions, including Eagle Financial Bancorp and Cincinnati Bancorp, further enhance its market presence and broaden its customer base, driving both organic and inorganic growth. LCNB's performance in economic downturns has historically been resilient due to its conservative credit policies and focus on maintaining a high-quality loan portfolio. Asset quality remains a strong point, with nonperforming assets accounting for 0.21% of total assets as of March 31st, 2025, up slightly from 0.20% at year-end. From a safety standpoint, the bank's ability to maintain a strong capital position, with an equity-to-assets ratio at its highest level in twelve quarters, signals financial stability and resilience. Net loans increased by 3.6%, or \$59.7 million, from March 31st, 2024, reversing the slight contraction observed at year-end 2024. However, non-interest expenses rose slightly due to integration costs and marketing spend, while profitability pressures remain a factor in the current interest rate environment.

Final Thoughts & Recommendation

LCNB Corp. is a community bank stock with an above average dividend yield of 5.9% and a sound dividend payout ratio. We estimate total return potential of 12.3% per year for the next five years, based on 5% earnings-per-share growth, the dividend, and a valuation tailwind. Shares earn a hold rating due to the middling dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	49	50	51	59	66	71	72	74	71	81
SG&A Exp.	20	20	21	23	28	29	29	30	31	38
D&A Exp.	3	3	3	4	3	2	3	3	3	0.6
Net Profit	11	12	13	15	19	20	21	22	13	13.5
Net Margin	23.5%	24.8%	25.6%	25.3%	28.6%	28.3%	29.2%	29.9%	17.9%	16.7%
Free Cash Flow	13	6	12	19	18	11	16	24	18	89
Income Tax	4	4	4	3	4	4	5	5	3	2.5

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,281	1,307	1,296	1,637	1,639	1,746	1,904	1,919	2,292	2,307
Cash & Equivalents	15	19	25	21	21	32	18	23	40	36
Acc. Receivable					4	8	8	7	8	8.7
Goodwill & Int.	36	35	34	64	63	63	62	61	89	101
Total Liabilities	1,140	1,164	1,145	1,418	1,411	1,505	1,665	1,719	2,056	2,054
Long-Term Debt	29	26	47	103	41	22	10	91	211	155
Total Equity	140	143	150	219	228	241	239	201	235	253
LTD/E Ratio	0.21	0.18	0.31	0.47	0.18	0.09	0.04	0.45	0.89	0.61

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.0%	1.0%	1.0%	1.2%	1.2%	1.1%	1.2%	0.6%	0.6%
Return on Equity	8.6%	8.8%	8.8%	8.0%	8.5%	8.6%	8.7%	10.1%	5.8%	5.5%
ROIC	7.4%	7.4%	7.1%	5.7%	6.4%	7.5%	8.2%	8.2%	3.4%	3.2%
Shares Out.	10	10	10	12	13	13	13	11	11	13.8
Revenue/Share	4.97	5.05	5.07	4.91	5.06	5.49	5.71	6.48	6.19	5.90
FCF/Share	1.30	0.60	1.15	1.60	1.38	0.84	1.26	2.13	1.58	6.50

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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