

MAIN OFFICE-LEBANON
AUTO BANK, LEBANON
COLUMBUS AVE., LEBANON
DRAKE ROAD, LEBANON
FAIRFIELD
GOSHEN
HAMILTON-FAIRFIELD
HUNTER-FRANKLIN

LOVELAND
MAINEVILLE/HAMILTON TWP
MASON
MASON CHRISTIAN VILLAGE
MIDDLETOWN
OAKWOOD
OKEANA

OTTERBEIN, LEBANON
OXFORD
ROACHESTER-MORROW
SOUTH LEBANON
SPRINGBORO-FRANKLIN
WAYNESVILLE
WILMINGTON

ESTABLISHED 1877



WWW.LCNB.COM

LCNB NATIONAL BANK

P.O. BOX 59 • 2 NORTH BROADWAY, LEBANON, OHIO 45036 • PHONE 513/932-1414 • 800/344-BANK

March 4, 2009

The anticipated use of TARP funds when applying in November 2008 and to date have not changed. Our primary intent is to use the capital infusion to increase lending by encouraging borrowers to consider LCNB National Bank as their lender. Our advertising message throughout 2008 and currently is informing the borrowers in our market area that LCNB National Bank has money to lend. A press release (copy attached) recites January statistics to demonstrate that LCNB National Bank is lending money.

Those statistics are:

\$11,593,000 in loans to individuals.

\$6,892,000 in loans to businesses.

\$18,353,000 in loans to municipal government, including locally, the Village of Carlisle, Warren County Career Center, and Harlan & Salem Townships in Warren County.

Purchases of over \$25 million in Government Guaranteed Mortgages that support the national mortgage market.

In addition, since mortgage rates have declined LCNB National Bank has refinanced 59 1-4 family mortgages through February 24th for a total of \$8,561,925 resulting in an average rate reduction of 1.52% and an annual average savings per customer of \$2,210.

Our marketing challenge is to negate both the media message that banks are not lending and the customers' fear of the economy. Communicating our even stronger capital ratios allows LCNB National Bank to further reassure our customers and shareholders that LCNB National Bank is able to shoulder the inevitable rising loan delinquencies that occur in a recession. Although LCNB National Bank's loan delinquency ratio (30, 60, 90 days past due) is still low in relationship to peers the ratio rose from 0.50% at 12-31-07 to 1.20% at 12-31-08.

The TARP funds received as additional capital are clearly identifiable on LCNB National Bank's balance sheet as preferred stock. Internally, management is tracking the funds



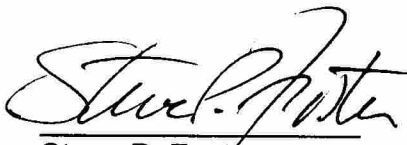
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invested in LCNB National Bank's investment portfolio until employed in additional loans. This is reported and followed by the LCNB National Bank's Board of Directors at weekly board meetings.

LCNB has a Compensation Committee made up of only independent directors which met 4 times in 2008. The committee is moving to establish appropriate standards to insure that the standards required in the interim final rule, promulgated pursuant to sections 101(a)(1), 101(c)(5), and 111(b) of the Emergency Economic Stabilization Act of 2008, Division A of Public Law 110-343 (EESA) are satisfied. The committee will also address the additional standards that are emerging from the Conference Report, H.R. 1, Title VII, which amends 111 of EESA. It should be noted that none of the LCNB National Bank Executive Officers currently have a golden parachute or reach the compensation cap.

I, Steve P. Foster, certify that: I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact.

Submitted by:

A handwritten signature in black ink, appearing to read "Steve P. Foster". The signature is written in a cursive style with a large, looping initial "S".

Steve P. Foster
President
LCNB Corp.
2 North Broadway
Lebanon, OH 45036
513-932-1414
sfoster@LCNB.com

LCNB	Acct# Title	Current Balance	Month-to-Date Average	Quarter-to-Date Average	Year-to-Date Average
0	115005 CHECKING - LCNB	1,118,464.07	3,142,795.48	5,715,366.34	5,715,366.34
1	118599 TOTAL DUE FROM BANKS	1,118,464.07	3,142,795.48	5,715,366.34	5,715,366.34
0	123011 MUNICIPAL SEC NON-TAXABLE AFS	11,881,081.75	10,094,215.24	6,148,198.32	6,148,198.32
0	123021 UNREALIZED G/L - MUNICIPAL NON-TAX	1,458,920.92	1,458,920.92	741,820.92	741,820.92
0	123211 MUNICIPAL SEC TAXABLE AFS	1,042,862.92	1,043,181.54	795,773.51	795,773.51
0	123221 UNREALIZED G/L - MUNI TAXABLE	62,967.06CR	62,967.06CR	32,017.14CR	32,017.14CR
0	123511 INVESTMENT IN LCNB	61,325,162.86	60,829,617.94	60,036,218.59	60,036,218.59
0	123512 INVESTMENT IN DAKIN INSURANCE	1,017,862.42	1,017,862.42	1,027,994.21	1,027,994.21
0	123811 TRUST PREFERRED SECURITIES AFS	497,397.41	302,714.13	143,660.94	143,660.94
0	123821 UNREALIZED G/L - TRUST PREFERRED	.00	.00	.00	.00
2	129099 TOTAL INVESTMENTS	76,818,405.45	76,365,860.79	73,834,452.96	73,834,452.96
0	183011 ACCRUED INT REC MUNI NON-TAXABLE	95,564.17	77,796.68	51,296.88	51,296.88
0	183013 ACCRUED INT REC MUNI TAXABLE	13,055.00	10,765.19	7,299.49	7,299.49
1	183999 TOTAL ACCRUED INCOME RECEIVABLE	108,619.17	88,561.88	58,596.37	58,596.37
0	184011 INTANGIBLES - ORGANIZATION COSTS	89,417.66	89,417.66	89,417.66	89,417.66
0	184021 ACCUM AMORT - ORGANIZATION COSTS	89,417.66CR	89,417.66CR	89,417.66CR	89,417.66CR
1	184199 TOTAL INTANGIBLE ASSETS	.00	.00	.00	.00
0	184320 PREPAID INSURANCE	.00	.00	.00	.00
0	184525 MISCELLANEOUS ASSETS	.00	.00	.00	.00
0	184555 DEFERRED FED INC TAXES - SECURITIES	21,904.83	21,904.83	11,138.04	11,138.04
0	185100 GL FORCE BALANCE	.00	.00	.00	.00
0	185110 GL UNPOSTED	.00	.00	.00	.00
8	199999 TOTAL ASSETS	76,948,929.45	76,476,327.50	73,904,187.39	73,904,187.39

Acct#	Title	Current Balance	Month-to-Date Average	Quarter-to-Date Average	Year-to-Date Average
0	281001 ACCRUED FEDERAL INCOME TAXES	12,976.06DR	12,976.06DR	12,563.86DR	12,563.86DR
0	283201 DEFERRED FED INC TAXES - SECURITIES	.00	.00	.00	.00
0	283900 ACCOUNTS PAYABLE	.00	.00	.00	.00
7	290099 TOTAL LIABILITIES	12,976.06DR	12,976.06DR	12,563.86DR	12,563.86DR
0	301401 PREFERRED STOCK	13,400,000.00	13,400,000.00	11,583,050.84	11,583,050.84
0	301601 COMMON STOCK	11,068,000.00	11,068,000.00	11,068,000.00	11,068,000.00
0	302001 SURPLUS	14,713,348.86	14,713,348.86	14,713,348.86	14,713,348.86
0	302011 SURPLUS - STOCK OPTIONS	82,205.61	80,466.78	80,113.17	80,113.17
0	302031 WARRANTS	.00	.00	.00	.00
0	302501 RETAINED EARNINGS	46,517,148.51	46,555,434.22	46,570,521.39	46,570,521.39
0	302601 TREASURY STOCK	11,736,980.53DR	11,736,980.53DR	11,736,980.53DR	11,736,980.53DR
0	303001 CURRENT NET INCOME	1,503,925.46	994,776.63	700,191.23	700,191.23
0	303401 UNR G/L ON SEC AFS NET INC TAX	1,414,257.60	1,414,257.60	938,506.27	938,506.27
0	303501 UNR G/L PENSION ADJUST NET INC TAX	.00	.00	.00	.00
7	304999 TOTAL CAPITAL	76,961,905.51	76,489,303.56	73,916,751.25	73,916,751.25
8	305999 TOTAL LIABILITIES & CAPITAL	76,948,929.45	76,476,327.50	73,904,187.39	73,904,187.39



February 5, 2009

RE: Why LCNB Corp. Accepted Capital Purchase Program (CPP) Funds

To Our Customers, Shareholders and the Communities We Serve:

We have been asked the question "Why did LCNB accept the Capital Purchase Program funds (CPP) from the U.S. Treasury?" Our answer, we are proud to point out, is that we were given the opportunity to receive these funds because of our past and current performance in providing loans to those in the communities we serve. We are strong, local and secure, and these funds add to that foundation.

LCNB has always stayed in touch with credit markets locally, regionally, and nationally. We are aware that there are many problems, just as you are. Our solution to weathering these problems is to stick to traditional commitment to making responsible loans that make good economic sense for both the borrower and the bank.

Because we take this approach, LCNB is continuing to make loans to individuals, businesses, and municipalities. For example, in January 2009, we approved:

- \$11,593,000 in loans to individuals,
- \$ 6,892,000 to businesses, and
- \$18,353,000 in loans to municipal governments, including, locally, the Village of Carlisle, Warren County Career Center, and Harlan and Salem Townships in Warren County.

On the national level, we have supported the national mortgage markets with purchases of over \$25 million in Government Guaranteed Mortgages in January.

We will continue to invest in the communities we serve just as we have for the past 131 years. The recent investment by the U S Treasury of \$13.4 million of CPP funds, along with the \$58 million already in the bank's capital account, will allow us to respond to our customers when they need help in the form of loans.

Our customers and our shareholders depend on us to remain strong, local and secure so that we can responsibly invest in the future of our communities. We will not disappoint them.

Sincerely,

Stephen P. Wilson
Chairman & CEO

Steve P. Foster
President & COO

For more information regarding the Treasury's Capital Purchase Program visit http://www.aba.com/aba/documents/winnews/TARP_ABATestimony_010709.pdf, and for more information on LCNB National Bank visit www.LCNB.com.

