ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

LCNB Corp.   LCNB National Bank

Person to be contacted regarding this report:	Robert C. Haines II	RSSD: (For Bank Holding Companies)	785923
UST Sequence Number:	UST 0302	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	13,400,000	FDIC Certificate Number: (For Depository Institutions)	6623
CPP Funds Repaid to Date:	13,400,000	City:	Lebanon
Date Funded (first funding):	1/9/2009	State:	Ohio
Date Repaid[1]:	10/21/2009		

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

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☒	Increase lending or reduce lending less than otherwise would have occurred.	Consumer lending actually increased dramatically over both the previous year and previous two year averages. Commercial lending was down slightly but we feel it was reduced less than it would have been without the CPP capital.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Lending was up 21.5% over 2008. This was mainly driven by residential mortgage lending which was up 362% over the previous year and 254% over the previous two year average. Commercial lending while down 30% over previous years was deemed strong compared to peers.
☒	Increase securities purchased (ABS, MBS, etc.).	

☐	Make other investments	
☒	Increase reserves for non-performing assets	
☐	Reduce borrowings	
☒	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.
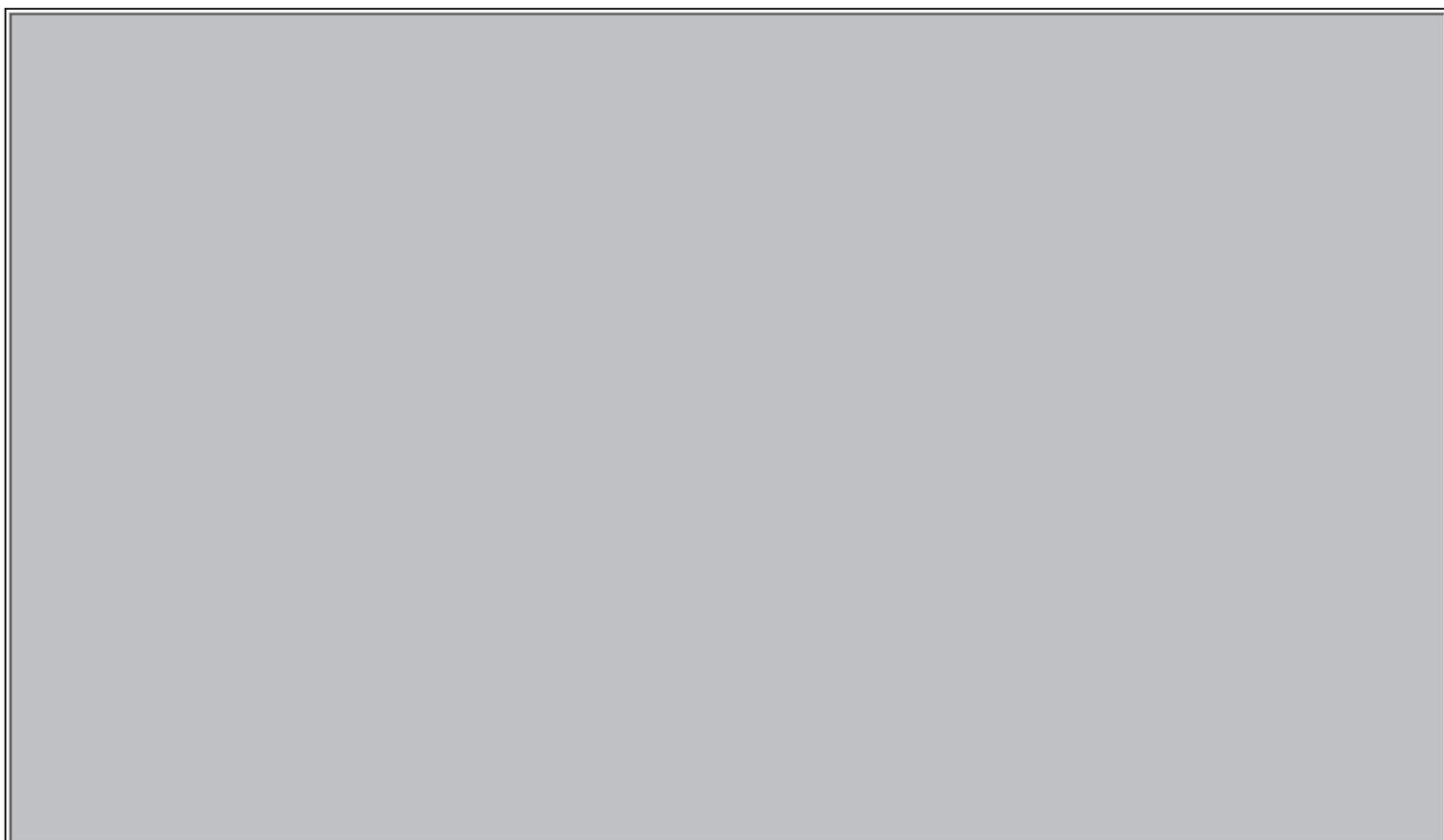
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