

CSB BANCORP INC /OH  
Form 10-Q  
November 10, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended: September 30, 2016**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**Commission file number: 0-21714**

**CSB Bancorp, Inc.**

**(Exact name of registrant as specified in its charter)**

**Ohio**  
**(State or other jurisdiction of**  
**incorporation or organization)**  
**34-1687530**  
**(I.R.S. Employer**  
**Identification Number)**  
**91 North Clay, P.O. Box 232, Millersburg, Ohio 44654**  
**(Address of principal executive offices)**  
**(330) 674-9015**  
**(Registrant's telephone number)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of the registrant's common stock, as of the latest practicable date.

Common stock, \$6.25 par value

Outstanding at November 1, 2016:  
2,742,242 common shares

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CSB BANCORP, INC.

FORM 10-Q

QUARTER ENDED September 30, 2016

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## CSB BANCORP, INC.

## PART I FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

<i>(Dollars in thousands)</i>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
<b>ASSETS</b>		
Cash and cash equivalents		
Cash and due from banks	\$ 14,396	\$ 17,341
Interest-earning deposits in other banks	13,308	20,931
<b>Total cash and cash equivalents</b>	<b>27,704</b>	<b>38,272</b>
Securities		
Available-for-sale, at fair value	112,924	127,969
Held-to-maturity (fair value 2016-\$23,390; 2015-\$34,011)	22,964	33,819
Restricted stock, at cost	4,614	4,614
<b>Total securities</b>	<b>140,502</b>	<b>166,402</b>
Loans held for sale	243	47
Loans	463,211	422,871
Less allowance for loan losses	5,002	4,662
<b>Net loans</b>	<b>458,209</b>	<b>418,209</b>
Premises and equipment, net	8,561	8,209
Core deposit intangible	413	504
Goodwill	4,728	4,728
Bank-owned life insurance	10,292	10,085
Accrued interest receivable and other assets	3,739	3,858
<b>TOTAL ASSETS</b>	<b>\$ 654,391</b>	<b>\$ 650,314</b>

**LIABILITIES AND SHAREHOLDERS EQUITY****LIABILITIES**

Deposits

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Noninterest-bearing	\$	160,947	\$	151,549
Interest-bearing		361,293		373,493
Total deposits		522,240		525,042
Short-term borrowings		50,967		48,598
Other borrowings		12,476		13,465
Accrued interest payable and other liabilities		2,957		1,943
Total liabilities		588,640		589,048
<b>SHAREHOLDERS EQUITY</b>				
Common stock, \$6.25 par value. Authorized 9,000,000 shares; issued 2,980,602 shares; outstanding (shares 2016 - 2,742,242; 2015 - 2,740,996)		18,629		18,629
Additional paid-in capital		9,815		9,846
Retained earnings		41,224		38,030
Treasury stock at cost (shares 2016 - 238,360; 2015 - 239,606)		(4,784)		(4,822)
Accumulated other comprehensive income (loss)		867		(417)
Total shareholders equity		65,751		61,266
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	\$	654,391	\$	650,314

*See notes to unaudited consolidated financial statements.*

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## CSB BANCORP, INC.

## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

<i>(Dollars in thousands, except per share data)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2016</b>	<b>2015</b>	<b>September 30, 2016</b>	<b>2015</b>
<b>INTEREST AND DIVIDEND INCOME</b>				
Loans, including fees	\$ 5,042	\$ 4,612	\$ 14,750	\$ 13,930
Taxable securities	634	683	2,032	2,041
Nontaxable securities	163	142	482	408
Other	24	25	73	58
Total interest and dividend income	5,863	5,462	17,337	16,437
<b>INTEREST EXPENSE</b>				
Deposits	249	271	758	815
Short-term borrowings	19	19	55	53
Other borrowings	98	104	296	312
Total interest expense	366	394	1,109	1,180
<b>NET INTEREST INCOME</b>	5,497	5,068	16,228	15,257
<b>PROVISION FOR LOAN LOSSES</b>	164		493	389
Net interest income, after provision for loan losses	5,333	5,068	15,735	14,868
<b>NONINTEREST INCOME</b>				
Service charges on deposit accounts	301	315	867	916
Trust services	213	198	657	643
Debit card interchange fees	270	250	803	723
Securities gains	1		1	56
Gain on sale of loans, net	71	114	221	306
Other income	239	242	635	709
Total noninterest income	1,095	1,119	3,184	3,353
<b>NONINTEREST EXPENSES</b>				
Salaries and employee benefits	2,319	2,222	6,945	6,596
Occupancy expense	229	252	707	777
Equipment expense	170	166	513	497
Professional and director fees	221	173	584	665
Financial institutions tax expense	107	106	320	305

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Marketing and public relations	94	111	322	286
Software expense	203	198	587	600
Debit card expense	120	102	338	310
Amortization of intangible assets	30	31	91	94
FDIC insurance expense	57	90	222	272
Other expenses	444	493	1,416	1,464
<b>Total noninterest expenses</b>	<b>3,994</b>	<b>3,944</b>	<b>12,045</b>	<b>11,866</b>
Income before income taxes	2,434	2,243	6,874	6,355
<b>FEDERAL INCOME TAX PROVISION</b>	<b>740</b>	<b>687</b>	<b>2,089</b>	<b>1,940</b>
<b>NET INCOME</b>	<b>\$ 1,694</b>	<b>\$ 1,556</b>	<b>\$ 4,785</b>	<b>\$ 4,415</b>
<b>Basic and diluted net earnings per share</b>	<b>\$ 0.61</b>	<b>\$ 0.57</b>	<b>\$ 1.74</b>	<b>\$ 1.61</b>

*See notes to unaudited consolidated financial statements.*

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## CSB BANCORP, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

<i>(Dollars in thousands)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net income	\$ 1,694	\$ 1,556	\$ 4,785	\$ 4,415
Other comprehensive income				
Unrealized gains arising during the period	128	704	1,455	86
Amounts reclassified from accumulated other comprehensive income, held-to-maturity	175	56	491	272
Income tax effect	(103)	(258)	(661)	(121)
Reclassification adjustment for gains on available-for-sale securities included in net income	(1)		(1)	(56)
Income tax effect				19
Other comprehensive income	199	502	1,284	200
Total comprehensive income	\$ 1,893	\$ 2,058	\$ 6,069	\$ 4,615

*See notes to unaudited consolidated financial statements.*



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CSB BANCORP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(Unaudited)

<i>(Dollars in thousands, except per share data)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2016</b>	<b>2015</b>	<b>September 30, 2016</b>	<b>2015</b>
Balance at beginning of period	\$ 64,407	\$ 58,966	\$ 61,266	\$ 57,450