

CSB BANCORP INC /OH
Form 10-Q
August 11, 2017
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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: June 30, 2017

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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Common stock, \$6.25 par value

Outstanding at August 1, 2017:
2,742,242 common shares

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CSB BANCORP, INC.

FORM 10-Q

QUARTER ENDED June 30, 2017

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CSB BANCORP, INC.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Unaudited)

<i>(Dollars in thousands)</i>	June 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$ 15,445	\$ 13,590
Interest-earning deposits in other banks	23,351	23,248
Total cash and cash equivalents	38,796	36,838
Securities		
Available-for-sale, at fair value	103,058	103,875
Held-to-maturity (fair value 2017-\$27,213; 2016-\$23,444)	27,169	23,883
Restricted stock, at cost	4,614	4,614
Total securities	134,841	132,372
Loans held for sale	432	
Loans	498,625	475,449
Less allowance for loan losses	6,289	5,291
Net loans	492,336	470,158
Premises and equipment, net	8,633	8,749
Core deposit intangible	325	383
Goodwill	4,728	4,728
Bank-owned life insurance	13,045	10,361
Accrued interest receivable and other assets	3,755	6,389
TOTAL ASSETS	\$ 696,891	\$ 669,978
LIABILITIES AND SHAREHOLDERS EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing	\$ 169,241	\$ 167,824
Interest-bearing	377,863	372,961

Total deposits	547,104	540,785
Short-term borrowings	56,932	48,742
Other borrowings	21,781	12,385
Accrued interest payable and other liabilities	2,348	2,651
Total liabilities	628,165	604,563
SHAREHOLDERS EQUITY		
Common stock, \$6.25 par value. Authorized 9,000,000 shares; issued 2,980,602 shares; outstanding (shares 2017 and 2016 - 2,742,242)		
	18,629	18,629
Additional paid-in capital	9,815	9,815
Retained earnings	44,988	42,629
Treasury stock at cost (shares 2017 and 2016 - 238,360)	(4,784)	(4,784)
Accumulated other comprehensive income (loss)	78	(874)
Total shareholders equity	68,726	65,415
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 696,891	\$ 669,978

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>	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
INTEREST AND DIVIDEND INCOME				
Loans, including fees	\$ 5,584	\$ 4,966	\$ 11,033	\$ 9,708
Taxable securities	598	662	1,196	1,398
Nontaxable securities	174	165	339	319
Other	57	20	91	49
Total interest and dividend income	6,413	5,813	12,659	11,474
INTEREST EXPENSE				
Deposits	307	250	574	509
Short-term borrowings	35	19	57	36
Other borrowings	121	98	216	198
Total interest expense	463	367	847	743
NET INTEREST INCOME	5,950	5,446	11,812	10,731
PROVISION FOR LOAN LOSSES	845	165	685	329
Net interest income, after provision for loan losses	5,105	5,281	11,127	10,402
NONINTEREST INCOME				
Service charges on deposit accounts	268	288	559	566
Trust services	152	218	359	444
Debit card interchange fees	296	271	584	533
Gain on sale of loans, net	61	118	103	150
Other income	283	202	561	396
Total noninterest income	1,060	1,097	2,166	2,089
NONINTEREST EXPENSES				
Salaries and employee benefits	2,472	2,299	4,931	4,626
Occupancy expense	214	233	424	477
Equipment expense	171	169	341	343
Professional and director fees	234	189	403	363
Financial institutions and franchise tax expense	127	107	258	214
Marketing and public relations	89	143	167	228

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Software expense	203	198	413	384
Debit card expense	141	114	271	218
Amortization of intangible assets	29	30	58	60
FDIC insurance expense	52	82	103	165
Provision for unfunded loan commitments	(540)			
Other expenses	496	498	965	973
Total noninterest expenses	3,688	4,062	8,334	8,051
Income before income taxes	2,477	2,316	4,959	4,440
FEDERAL INCOME TAX PROVISION	751	705	1,503	1,349
NET INCOME	\$ 1,726	\$ 1,611	\$ 3,456	\$ 3,091
Basic and diluted net earnings per share	\$ 0.63	\$ 0.59	\$ 1.26	\$ 1.13

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>	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	\$ 1,726	\$ 1,611	\$ 3,456	\$ 3,091
Other comprehensive income				
Unrealized gains arising during the period	916	519	1,386	1,327
Amounts reclassified from accumulated other comprehensive income, held-to-maturity	26	271	58	317
Income tax effect	(321)	(269)	(492)	(559)
Other comprehensive income	621	521	952	1,085
Total comprehensive income	\$ 2,347	\$ 2,132	\$ 4,408	\$ 4,176

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>	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Balance at beginning of period	\$ 66,927	\$ 62,796	\$ 65,415	\$ 61,266
Net income	1,726	1,611	3,456	3,091
Other comprehensive income	621	521	952	1,085
Stock options exercised				
1,246 shares issued in 2016				