

CSB BANCORP INC /OH
Form 10-Q
August 13, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 30, 2015

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 August 1, 2015:
2,739,405 common shares

Table of Contents

CSB BANCORP, INC.

FORM 10-Q

QUARTER ENDED June 30, 2015

Table of Contents

Part I - Financial Information

	Page	
ITEM 1	<u>FINANCIAL STATEMENTS (Unaudited)</u>	
	<u>Consolidated Balance Sheets</u>	3
	<u>Consolidated Statements of Income</u>	4
	<u>Consolidated Statements of Comprehensive Income</u>	5
	<u>Condensed Consolidated Statements of Changes in Shareholders' Equity</u>	6
	<u>Condensed Consolidated Statements of Cash Flows</u>	7
	<u>Notes to Consolidated Financial Statements</u>	8
ITEM 2	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	27
ITEM 3	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	34
ITEM 4	<u>CONTROLS AND PROCEDURES</u>	35
	<u>Part II - Other Information</u>	
ITEM 1	<u>Legal Proceedings.</u>	36
ITEM 1A	<u>Risk Factors</u>	36
ITEM 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	36
ITEM 3	<u>Defaults upon Senior Securities</u>	36
ITEM 4	<u>Mine Safety Disclosures</u>	36
ITEM 5	<u>Other Information</u>	36
ITEM 6	<u>Exhibits</u>	37
	<u>Signatures</u>	38

Table of Contents

CSB BANCORP, INC.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Unaudited)

<i>(Dollars in thousands)</i>	June 30, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$ 15,244	\$ 15,310
Interest-earning deposits in other banks	23,672	28,613
Total cash and cash equivalents	38,916	43,923
Securities		
Available-for-sale, at fair value	107,409	100,108
Held-to-maturity; fair value of \$33,553 in 2015 and \$38,950 in 2014	33,554	38,316
Restricted stock, at cost	4,614	4,614
Total securities	145,577	143,038
Loans held for sale	63	75
Loans	415,198	410,903
Less allowance for loan losses	4,656	4,381
Net loans	410,542	406,522
Premises and equipment, net	8,374	8,286
Core deposit intangible	566	629
Goodwill	4,728	4,728
Bank-owned life insurance	9,948	9,815
Accrued interest receivable and other assets	4,242	3,965
TOTAL ASSETS	\$ 622,956	\$ 620,981
LIABILITIES AND SHAREHOLDERS EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing	\$ 139,603	\$ 139,251
Interest-bearing	356,801	360,824

Total deposits	496,404	500,075
Short-term borrowings	51,702	46,627
Other borrowings	13,738	14,953
Accrued interest payable and other liabilities	2,146	1,876
Total liabilities	563,990	563,531
SHAREHOLDERS EQUITY		
Common stock, \$6.25 par value. Authorized 9,000,000 shares; issued 2,980,602 shares; outstanding 2,739,405 shares in 2015 and 2014	18,629	18,629
Additional paid-in capital	9,884	9,884
Retained earnings	35,908	34,090
Treasury stock at cost - 241,197 shares in 2015 and 2014	(4,871)	(4,871)
Accumulated other comprehensive loss	(584)	(282)
Total shareholders equity	58,966	57,450
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 622,956	\$ 620,981

See notes to unaudited consolidated financial statements.

Table of Contents

CSB BANCORP, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2015	2014	2015	2014
INTEREST AND DIVIDEND INCOME				
Loans, including fees	\$ 4,744	\$ 4,631	\$ 9,318	\$ 9,060
Taxable securities	670	736	1,357	1,522
Nontaxable securities	137	115	267	230
Other	17	2	33	8
Total interest and dividend income	5,568	5,484	10,975	10,820
INTEREST EXPENSE				
Deposits	272	289	544	593
Short-term borrowings	18	22	34	41
Other borrowings	103	128	208	243
Total interest expense	393	439	786	877
NET INTEREST INCOME	5,175	5,045	10,189	9,943
PROVISION FOR LOAN LOSSES	195	150	389	335
Net interest income, after provision for loan losses	4,980	4,895	9,800	9,608
NONINTEREST INCOME				
Service charges on deposit accounts	315	316	601	613
Trust services	243	202	445	418
Debit card interchange fees	246	233	473	431
Securities gains	21	133	56	133
Gain on sale of loans, net	122	44	192	68
Other income	233	231	467	449
Total noninterest income	1,180	1,159	2,234	2,112
NONINTEREST EXPENSES				
Salaries and employee benefits	2,224	2,110	4,374	4,129
Occupancy expense	258	240	524	506
Equipment expense	165	188	331	369
Professional and director fees	202	214	492	396
Franchise tax expense	100	106	199	213

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Marketing and public relations	99	98	175	206
Software expense	213	172	402	334
Debit card expense	108	92	208	189
Amortization of intangible assets	31	33	63	65
FDIC insurance expense	90	91	182	177
Other expenses	484	505	972	942
Total noninterest expenses	3,974	3,849	7,922	7,526
Income before income taxes	2,186	2,205	4,112	4,194
FEDERAL INCOME TAX PROVISION	669	683	1,253	1,256
NET INCOME	\$ 1,517	\$ 1,522	\$ 2,859	\$ 2,938
Basic and diluted net earnings per share	\$ 0.55	\$ 0.55	\$ 1.04	\$ 1.07

See notes to unaudited consolidated financial statements.

Table of Contents

CSB BANCORP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

<i>(Dollars in thousands)</i>	Three Months Ended		Six Months	
	June 30,		Ended	
	2015	2014	2015	2014
Net income	\$ 1,517	\$ 1,522	\$ 2,859	\$ 2,938
Other comprehensive income (loss)				
Unrealized gains (losses) arising during the period	(1,386)	583	(618)	1,356
Amounts reclassified from accumulated other comprehensive income, held-to-maturity	162	51	216	104
Income tax effect	416	(214)	137	(496)
Reclassification adjustment for gains on available-for-sale securities included in net income	(21)	(133)	(56)	(133)
Income tax effect	7	45	19	45
Other comprehensive income	(822)	332	(302)	876
Total comprehensive income	\$ 695	\$ 1,854	\$ 2,557	\$ 3,814

See notes to unaudited consolidated financial statements.

Table of Contents

CSB BANCORP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(Unaudited)

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Balance at beginning of period	\$ 58,791	\$ 53,879	\$ 57,450	\$ 52,411
Net income	1,517	1,522	2,859	2,938
Other comprehensive income (loss)	(822)	332	(302)	876
Stock options exercised 451 shares issued in 2014		(1)		(1)
Cash dividends declared	(520)	(493)	(1,041)	(985)
Balance at end of period	\$ 58,966	\$ 55,239	\$ 58,966	\$ 55,239
Cash dividends declared per share	\$ 0.19	\$ 0.18	\$ 0.38	\$ 0.36

See notes to unaudited consolidated financial statements.

Table of Contents

CSB BANCORP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended	
	June 30,	
<i>(Dollars in thousands)</i>	2015	2014
NET CASH FROM OPERATING ACTIVITIES	\$ 3,639	\$ 2,326
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities:		
Proceeds from repayments, held-to-maturity	8,945	&nb