

# Section 1: 8-K (8-K EARNINGS RELEASE)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 8-K

Current Report

Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 21, 2020

**CSB Bancorp, Inc.**

(Exact name of registrant as specified in its charter)

|  |                          |                                      |
|--|--------------------------|--------------------------------------|
| Ohio   | 0-21714                  | 34-1687530                           |
| (State or other jurisdiction of incorporation)           | (Commission File Number) | (IRS Employer Identification Number) |
| 91 North Clay Street, P.O. Box 232,<br>Millersburg, Ohio | 44654                    |                                      |
| (Address of Principal Executive Offices)                 | (Zip Code)               |                                      |

Registrant's telephone number, including area code (330) 674-9015

Not Applicable

(Former Name or former address if changed since last report)

Check the appropriate box below if the Form 8-k filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>               | <u>Trading Symbol</u> | <u>Name of each exchange on which registered</u> |
|--|-----------------------|--|
| Common Stock, par value \$6.25 per share | CSBB                  | OTC-PINK   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 21, 2020, CSB Bancorp, Inc. issued a press release announcing its earnings for the three-month period ended June 30, 2020. A copy of this press release and related financial tables are furnished herein as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 [Press release and Quarterly Report for CSB Bancorp, Inc. for the quarter ended June 30, 2020.](#)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### CSB Bancorp, Inc.

By: /s/ Paula J. Meiler  
Paula J. Meiler  
Senior Vice President and Chief Financial Officer

Date: July 21, 2020

[\(Back To Top\)](#)

## Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1



### CSB BANCORP, INC. REPORTS SECOND QUARTER EARNINGS

#### *Second Quarter Highlights*

|                                 | Quarter Ended<br>June 30, 2020 | Quarter Ended<br>June 30, 2019 |
|---------------------------------|--------------------------------|--------------------------------|
| Diluted earnings per share      | \$ 0.95                        | \$ 0.94                        |
| Net Income                      | \$ 2,606,000                   | \$ 2,586,000                   |
| Return on average common equity | 11.72%                         | 12.91%                         |
| Return on average assets        | 1.15%                          | 1.39%                          |

Millersburg, Ohio – July 21, 2020 – CSB Bancorp, Inc. (OTC Pink: CSBB) today announced second quarter 2020 net income of \$2,606,000, or \$.95 per basic and diluted share, as compared to \$2,586,000, or \$.94 per basic and diluted share, for the same period in 2019. Income before federal income tax amounted to \$3,227,000, an increase of 1% over the same quarter in the prior year. For the six-month period ended June 30, 2020 net income totaled \$5,089,000 compared to \$5,126,000 for the same period last year, a decrease of less than 1%.

Annualized returns on average common equity (“ROE”) and average assets (“ROA”) for the quarter were 11.72% and 1.15%, respectively, compared with 12.91% and 1.39% for the second quarter of 2019.

Eddie Steiner, President and CEO stated, “Second quarter results were significantly impacted by direct and indirect influences of COVID-19. The Company issued over \$90 million in SBA Paycheck Protection Program (“PPP”) loans to help offset economic damage from the pandemic health emergency, accepted record deposit growth as businesses and households conserved expenses, and recorded all-time high home mortgage volumes fueled by significant refinance activity as mortgage rates dropped to historic lows in response to the Federal Reserve’s “near zero bound” interest rate policy. While these actions resulted in lower margins and deployment of significant resources, we remain invested in responding to the significant market needs created by the dual health and financial crisis.”

Net interest income and noninterest income, on a fully taxable equivalent basis, totaled \$8.7 million during the quarter, an increase of \$265 thousand from the prior-year second quarter. Net interest income decreased \$59 thousand, or 1%, in the second quarter of 2020 compared to the same period in 2019.

Loan interest income including fees decreased \$80 thousand during second quarter 2020 as compared to the same quarter in 2019, a decrease of 1%. Average total loan balances during the current quarter were \$74 million higher than the year ago quarter, an increase of 13%. Loan yields for second quarter 2020 averaged 4.60%, a decrease of 66 basis points from the 2019 second quarter average of 5.26%.

The net interest margin was 3.29% compared to 4.08% for second quarter 2019. The tax equivalency effect on the margin remained stable at 0.02% in the comparable second quarters.

Due to COVID factors, an increased provision for loan losses of \$717 thousand was recognized for the second quarter ended June 30, 2020 as compared to \$285 thousand for the prior year quarter. The extent of credit quality degradation and resultant losses will not be discernable until emergency stimulus provided by the Federal government and agencies is exhausted, the disease runs its course through health-ordered curtailments and the related impact on employment levels, and damage to household and business balance sheets can be fully measured. Additional COVID-19 related provisions may be necessary in future quarters.

Noninterest income increased 25%, compared to second quarter of 2019, fueled by growth in gain on sale of real estate loans into the secondary market, increases in debit card fee income, and bank owned life insurance values. These increases were partially offset by decreases in service charges on deposit accounts as both consumer and business accounts maintained increased deposit balances from government stimulus payments and loans provided by the bank within the PPP.

Noninterest expense decreased 4% from second quarter 2019. Salary and employee benefit costs decreased \$239 thousand, or 8%, compared to the prior year quarter, as a result of the capitalization of wage expense approximating \$330 thousand associated with the origination of the PPP loans. Marketing and public relations decreased by \$73 thousand, or 53%, reflecting the pandemic-related shut down of activities in second quarter 2020. The Company's second quarter efficiency ratio decreased to 54.1% compared to 58.0%.

Federal income tax expense totaled \$621 thousand in second quarter 2020, as compared to \$613 thousand tax expense for the same quarter in 2019. The effective tax rate approximated 19% in both periods.

Average total assets during the quarter amounted to \$913 million, an increase of \$167 million, or 22%, above the same quarter of the prior year. Liquidity increased as the Company's average interest-bearing balances with banks increased \$78 million during the quarter to \$118 million as compared to the second quarter in 2019. Average loan balances of \$622 million increased \$74 million, or 13%, from the prior year second quarter while average securities balances of \$121 million increased \$10 million, or 9%, as compared to second quarter 2019.

Average commercial loan balances for the quarter, including commercial real estate, increased \$69 million, or 19%, from prior year levels. This amount includes \$72 million in new PPP average balances in the quarter. Average residential mortgage balances including home equity lines of credit increased \$6 million, or 3%, over the prior year's quarter. Average consumer credit balances decreased \$908 thousand, or 5%, versus the same quarter of the prior year.

Nonperforming assets decreased \$115 thousand from June 30, 2019 to \$4.5 million, or 0.70%, of total loans plus other real estate at June 30, 2020. At June 30, 2020, approximately \$1.1 million of the non-performing loan total is guaranteed by either USDA or the SBA. Delinquent loan balances as of June 30, 2020 decreased to 0.73% of total loans as compared to 1.04% at June 30, 2019.

Net loan losses recognized during second quarter 2020 were \$3 thousand, or 0.00% annualized, compared to second quarter 2019 net loan losses of \$35 thousand. The allowance for loan losses amounted to 1.23% of total loans at June 30, 2020 as compared to 1.19% at June 30, 2019. The allowance for loan losses as a percentage of total loans minus PPP loans was 1.44% at June 30, 2020.

Average deposit balances grew on a quarter over prior year quarter comparison by \$150 million, or 24%. For the second quarter 2020, the average cost of deposits amounted to 0.35%, as compared to 0.60% for the second quarter 2019. During the second quarter 2020, increases in average deposit balances over the prior year quarter included noninterest-bearing demand accounts of \$59 million, interest-bearing transaction accounts of \$89 million, and time deposits of \$2 million. The average balance of securities sold under repurchase agreement during the second quarter of 2020 increased by \$6 million, or 16%, compared to the average for the same period in the prior year.

Shareholders' equity totaled \$90.0 million on June 30, 2020 with 2.7 million common shares outstanding. The equity to assets ratio amounted to 9.3% on June 30, 2020 and 10.9% on June 30, 2019. The Company declared a second quarter dividend of \$0.28 per share, a \$.02 per share increase over second quarter 2019, producing an annualized yield of 3.5% based on the June 30, 2020 closing price of \$32.00.

## **Cares Act and related events**

On March 27, 2020 the Cares Act, a \$2.3 trillion emergency federal relief bill, was signed into law. The relief effort included SBA's PPP for qualifying businesses, and subsequent actions by Congress enlarged and extended the PPP as well as additional emergency relief programs. We have facilitated and funded more than 750 of these government assistance loans and continue to offer this relief lending program within our market area. We expect the majority of the PPP loan dollars will ultimately qualify for borrower forgiveness under the guidelines of the SBA program. We have also extended loan modifications to qualifying commercial and consumer loan customers to deal with the uncertainty of the economy. A customer can request relief from their total payment or place their obligation on interest only for a period of 3-4 months, with maturities extended on these modified loans. As of June 30, 2020, we have modified \$63 million of term commercial loans and \$4 million of consumer loans.

## **About CSB Bancorp, Inc.**

CSB is a financial holding company headquartered in Millersburg, Ohio, with approximate assets of \$965 million as of June 30, 2020. CSB provides a complete range of banking and other financial services to consumers and businesses through its wholly owned subsidiary, The Commercial and Savings Bank, with sixteen banking centers in Holmes, Wayne, Tuscarawas, and Stark counties and Trust offices located in Millersburg, North Canton, and Wooster, Ohio.

## **Forward-Looking Statement**

This release contains forward-looking statements relating to present or future trends or factors affecting the banking industry, and specifically the financial condition and results of operations, including without limitation, statements relating to the earnings outlook of the Company, as well as its operations, markets and products. Actual results could differ materially from those indicated. Among the important factors that could cause results to differ materially are interest rate changes, softening in the economy, which could materially impact credit quality trends and the ability to generate loans, changes in the mix of the Company's business, competitive pressures, changes in accounting, tax or regulatory practices or requirements and those risk factors detailed in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission. The Company undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this release.

### Contact Information:

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**CSB BANCORP, INC.**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS**

(Unaudited)

(Dollars in thousands, except per share data)

|                             | Quarters        |                 |                 |                 |                 |                 | 2020<br>6 months | 2019<br>6 months |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
|                             | 2020<br>2nd Qtr | 2020<br>1st Qtr | 2019<br>4th Qtr | 2019<br>3rd Qtr | 2019<br>2nd Qtr | 2019<br>1st Qtr |                  |                  |
| <b>EARNINGS</b>             |                 |                 |                 |                 |                 |                 |                  |                  |
| Net interest income FTE (a) | \$ 7,048        | \$ 6,953        | \$ 7,168        | \$ 7,228        | \$ 7,111        | \$ 7,111        | \$ 14,001        | \$ 14,160        |
| Provision for loan losses   | 717             | 178             | 285             | 285             | 285             | 285             | 895              | 570              |
| Other income                | 1,641           | 1,343           | 1,451           | 1,440           | 1,313           | 1,313           | 2,984            | 2,537            |
| Other expenses              | 4,709           | 5,007           | 5,079           | 4,999           | 4,900           | 4,900           | 9,716            | 9,691            |
| FTE adjustment (a)          | 36              | 37              | 39              | 40              | 40              | 40              | 73               | 78               |
| Net income                  | 2,606           | 2,483           | 2,593           | 2,695           | 2,586           | 2,586           | 5,089            | 5,126            |
| Diluted earnings per share  | 0.95            | 0.91            | 0.95            | 0.98            | 0.94            | 0.94            | 1.86             | 1.87             |

**PERFORMANCE RATIOS**

|  |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Return on average assets (ROA)           | 1.15 % | 1.23 % | 1.27 % | 1.38 % | 1.39 % | 1.39 % | 1.19 % | 1.40 % |
| Return on average common equity (ROE)    | 11.72  | 11.47  | 12.13  | 12.89  | 12.91  | 12.91  | 11.60  | 13.05  |
| Net interest margin FTE (a)              | 3.29   | 3.67   | 3.73   | 3.95   | 4.08   | 4.08   | 3.47   | 4.12   |
| Efficiency ratio                         | 54.05  | 60.08  | 58.74  | 57.52  | 57.96  | 57.96  | 58.00  | 57.86  |
| Number of full-time equivalent employees | 169    | 172    | 171    | 175    | 174    | 174    |        |        |

**MARKET DATA**

|                                      |           |           |            |            |            |            |           |           |
|--------------------------------------|-----------|-----------|------------|------------|------------|------------|-----------|-----------|
| Book value/common share              | \$ 32.81  | \$ 31.95  | \$ 31.17   | \$ 30.49   | \$ 29.70   | \$ 29.70   |           |           |
| Period-end common share mkt value    | 32.00     | 35.00     | 40.97      | 38.67      | 40.45      | 40.45      |           |           |
| Market as a % of book                | 97.53 %   | 109.55 %  | 131.44 %   | 126.83 %   | 136.20 %   | 136.20 %   |           |           |
| Price-to-earnings ratio              | 8.44      | 9.26      | 10.78      | 10.28      | 11.05      | 11.05      |           |           |
| Cash dividends/common share          | \$ 0.28   | \$ 0.28   | \$ 0.28    | \$ 0.28    | \$ 0.26    | \$ 0.26    | \$ 0.56   | \$ 0.52   |
| Common stock dividend payout ratio   | 29.47 %   | 30.77 %   | 29.47 %    | 28.57 %    | 27.66 %    | 27.66 %    | 30.11 %   | 27.81 %   |
| Average basic common shares          | 2,742,350 | 2,742,350 | 2,742,350  | 2,742,350  | 2,742,350  | 2,742,350  | 2,742,350 | 2,742,296 |
| Average diluted common shares        | 2,742,350 | 2,742,350 | 2,742,350  | 2,742,350  | 2,742,350  | 2,742,350  | 2,742,350 | 2,742,296 |
| Period end common shares outstanding | 2,742,350 | 2,742,350 | 2,742,350  | 2,742,350  | 2,742,350  | 2,742,350  |           |           |
| Common shares repurchased            | 0         | 0         | 0          | 0          | 0          | 0          |           |           |
| Common stock market capitalization   | \$ 87,755 | \$ 95,982 | \$ 112,354 | \$ 106,047 | \$ 110,928 | \$ 110,928 |           |           |

**ASSET QUALITY**

|  |        |        |        |        |        |        |        |          |
|--|--------|--------|--------|--------|--------|--------|--------|----------|
| Gross charge-offs                              | \$ 17  | \$ 86  | \$ 59  | \$ 75  | \$ 54  | \$ 54  | \$ 103 | \$ 124   |
| Net (recoveries) charge-offs                   | 3      | 74     | 44     | 46     | 35     | 35     | 77     | (60)     |
| Allowance for loan losses                      | 7,835  | 7,120  | 7,017  | 6,776  | 6,537  | 6,537  |        |          |
| Nonperforming assets (NPAs)                    | 4,481  | 4,468  | 4,659  | 4,518  | 4,596  | 4,596  |        |          |
| Net charge-off (recovery) /average loans ratio | 0.00 % | 0.05 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | 0.03 % | (0.02) % |
| Allowance for loan losses/period-end loans     | 1.23   | 1.28   | 1.27   | 1.20   | 1.19   | 1.19   |        |          |
| NPAs/loans and other real estate               | 0.70   | 0.80   | 0.84   | 0.80   | 0.83   | 0.83   |        |          |
| Allowance for loan losses/nonperforming loans  | 178.78 | 162.97 | 154.55 | 153.35 | 145.36 | 145.36 |        |          |

**CAPITAL & LIQUIDITY**

|                                      |        |         |        |         |         |         |  |  |
|--------------------------------------|--------|---------|--------|---------|---------|---------|--|--|
| Period-end tangible equity to assets | 8.90 % | 10.28 % | 9.91 % | 10.07 % | 10.28 % | 10.28 % |  |  |
| Average equity to assets             | 9.79   | 10.72   | 10.43  | 10.72   | 10.77   | 10.77   |  |  |
| Average equity to loans              | 14.38  | 15.55   | 15.29  | 14.95   | 14.66   | 14.66   |  |  |
| Average loans to deposits            | 80.95  | 82.61   | 81.62  | 86.18   | 88.73   | 88.73   |  |  |

**AVERAGE BALANCES**

|                      |            |            |            |            |            |            |            |            |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Assets               | \$ 912,875 | \$ 812,409 | \$ 812,481 | \$ 773,481 | \$ 745,658 | \$ 745,658 | \$ 862,629 | \$ 738,002 |
| Earning assets       | 860,838    | 761,619    | 763,244    | 725,615    | 699,229    | 699,229    | 811,229    | 693,404    |
| Loans                | 621,710    | 560,142    | 554,556    | 554,956    | 547,981    | 547,981    | 590,926    | 549,225    |
| Deposits             | 767,988    | 678,090    | 679,473    | 643,981    | 617,558    | 617,558    | 723,039    | 610,736    |
| Shareholders' equity | 89,404     | 87,090     | 84,777     | 82,948     | 80,338     | 80,338     | 88,247     | 79,194     |

**ENDING BALANCES**

|                      |            |            |            |            |            |            |  |  |
|----------------------|------------|------------|------------|------------|------------|------------|--|--|
| Assets               | \$ 965,179 | \$ 810,041 | \$ 818,683 | \$ 786,792 | \$ 750,252 | \$ 750,252 |  |  |
| Earning assets       | 913,813    | 757,769    | 767,345    | 734,859    | 704,738    | 704,738    |  |  |
| Loans                | 636,799    | 555,320    | 551,633    | 566,213    | 550,612    | 550,612    |  |  |
| Deposits             | 815,961    | 671,162    | 683,546    | 658,119    | 623,328    | 623,328    |  |  |
| Shareholders' equity | 89,967     | 87,629     | 85,476     | 83,614     | 81,458     | 81,458     |  |  |

**NOTES:**

(a) - Net Interest income on a fully tax-equivalent ("FTE") basis restates interest on tax-exempt securities and loans as if such interest were subject to federal income tax at the statutory rate. Net interest income on an FTE basis differs from net interest income under U.S. generally accepted accounting principles.

**CSB BANCORP, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except per share data)

|   | <b>June 30,<br/>2020</b> | <b>June 30,<br/>2019</b> |
|---|--------------------------|--------------------------|
| <b>ASSETS</b>   |                          |                          |
| Cash and cash equivalents   |                          |                          |
| Cash and due from banks   | \$ 17,259                | \$ 15,214                |
| Interest-earning deposits in other banks  | 156,566                  | 42,063                   |
| Total cash and cash equivalents   | 173,825                  | 57,277                   |
| Securities  |                          |                          |
| Available-for-sale, at fair-value   | 103,202                  | 86,297                   |
| Held-to-maturity  | 10,871                   | 19,657                   |
| Equity securities   | 83                       | 87                       |
| Restricted stock, at cost   | 4,614                    | 4,614                    |
| Total securities  | 118,770                  | 110,655                  |
| Loans held for sale   | 1,678                    | 409                      |
| Loans   | 636,799                  | 550,612                  |
| Less allowance for loan losses  | 7,835                    | 6,537                    |
| Net loans   | 628,964                  | 544,075                  |
| Premises and equipment, net   | 12,593                   | 11,638                   |
| Goodwill and core deposit intangible  | 4,802                    | 4,863                    |
| Bank owned life insurance   | 19,153                   | 16,760                   |
| Accrued interest receivable and other assets  | 5,394                    | 4,575                    |
| <b>TOTAL ASSETS</b>   | <b>\$ 965,179</b>        | <b>\$ 750,252</b>        |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                          |                          |
| Liabilities   |                          |                          |
| Deposits:   |                          |                          |
| Noninterest-bearing   | \$ 254,868               | \$ 180,766               |
| Interest-bearing  | 561,093                  | 442,562                  |
| Total deposits  | 815,961                  | 623,328                  |
| Short-term borrowings   | 43,865                   | 35,474                   |
| Other borrowings  | 9,865                    | 6,576                    |
| Accrued interest payable and other liabilities  | 5,521                    | 3,416                    |
| Total liabilities   | 875,212                  | 668,794                  |
| Shareholders' equity  |                          |                          |
| Common stock, \$6.25 par value. Authorized<br>9,000,000 shares; issued 2,980,602 shares<br>in 2020 and 2019 | 18,629                   | 18,629                   |
| Additional paid-in capital  | 9,815                    | 9,815                    |
| Retained earnings   | 65,293                   | 57,988                   |
| Treasury stock at cost - 238,252 shares in 2020<br>and 2019   | (4,780)                  | (4,780)                  |
| Accumulated other comprehensive income (loss)   | 1,010                    | (194)                    |
| Total shareholders' equity  | 89,967                   | 81,458                   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <b>\$ 965,179</b>        | <b>\$ 750,252</b>        |



**CSB BANCORP, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**

| <i>(Unaudited)</i>                                   | Quarter ended   |                 | Six months ended |                 |
|--|-----------------|-----------------|------------------|-----------------|
|  | June 30,        |                 | June 30,         |                 |
| <i>(Dollars in thousands, except per share data)</i> | 2020            | 2019            | 2020             | 2019            |
| <b>Interest and dividend income:</b>                 |                 |                 |                  |                 |
| Loans, including fees                                | \$ 7,105        | \$ 7,185        | \$ 13,955        | \$ 14,257       |
| Taxable securities                                   | 481             | 584             | 1,090            | 1,171           |
| Nontaxable securities                                | 114             | 134             | 233              | 268             |
| Other  | 31              | 218             | 270              | 393             |
| Total interest and dividend income                   | <u>7,731</u>    | <u>8,121</u>    | <u>15,548</u>    | <u>16,089</u>   |
| <b>Interest expense:</b>                             |                 |                 |                  |                 |
| Deposits   | 673             | 921             | 1,504            | 1,746           |
| Other  | 46              | 129             | 116              | 261             |
| Total interest expense                               | <u>719</u>      | <u>1,050</u>    | <u>1,620</u>     | <u>2,007</u>    |
| Net interest income                                  | <u>7,012</u>    | <u>7,071</u>    | <u>13,928</u>    | <u>14,082</u>   |
| Provision for loan losses                            | <u>717</u>      | <u>285</u>      | <u>895</u>       | <u>570</u>      |
| Net interest income after provision for loan losses  | <u>6,295</u>    | <u>6,786</u>    | <u>13,033</u>    | <u>13,512</u>   |
| <b>Noninterest income</b>                            |                 |                 |                  |                 |
| Service charges on deposits accounts                 | 211             | 313             | 501              | 605             |
| Trust services                                       | 196             | 212             | 427              | 436             |
| Debit card interchange fees                          | 400             | 369             | 776              | 716             |
| Gain on sale of loans                                | 508             | 76              | 622              | 155             |
| Market value change in equity securities             | 4               | (2)             | (9)              | 4               |
| Other  | 322             | 345             | 667              | 621             |
| Total noninterest income                             | <u>1,641</u>    | <u>1,313</u>    | <u>2,984</u>     | <u>2,537</u>    |
| <b>Noninterest expenses</b>                          |                 |                 |                  |                 |
| Salaries and employee benefits                       | 2,676           | 2,915           | 5,644            | 5,757           |
| Occupancy expense                                    | 244             | 205             | 464              | 409             |
| Equipment expense                                    | 198             | 143             | 333              | 280             |
| Professional and director fees                       | 282             | 308             | 611              | 647             |
| Software expense                                     | 259             | 232             | 485              | 450             |
| Marketing and public relations                       | 65              | 139             | 193              | 256             |
| Debit card expense                                   | 146             | 132             | 286              | 259             |
| Other expenses                                       | 839             | 826             | 1,700            | 1,633           |
| Total noninterest expenses                           | <u>4,709</u>    | <u>4,900</u>    | <u>9,716</u>     | <u>9,691</u>    |
| Income before income tax                             | <u>3,227</u>    | <u>3,199</u>    | <u>6,301</u>     | <u>6,358</u>    |
| Federal income tax provision                         | <u>621</u>      | <u>613</u>      | <u>1,212</u>     | <u>1,232</u>    |
| Net income   | <u>\$ 2,606</u> | <u>\$ 2,586</u> | <u>\$ 5,089</u>  | <u>\$ 5,126</u> |
| <b>Net income per share:</b>                         |                 |                 |                  |                 |
| Basic  | <u>\$ 0.95</u>  | <u>\$ 0.94</u>  | <u>\$ 1.86</u>   | <u>\$ 1.87</u>  |
| Diluted  | <u>\$ 0.95</u>  | <u>\$ 0.94</u>  | <u>\$ 1.86</u>   | <u>\$ 1.87</u>  |

[\(Back To Top\)](#)