
Section 1: 8-K (FORM 8-K)

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 23, 2019

CSB Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

0-21714
(Commission
File Number)

34-1687530
(IRS Employer
Identification Number)

**91 North Clay Street, P.O. Box 232,
Millersburg, Ohio**
(Address of Principal Executive Offices)

44654
(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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 23, 2019, CSB Bancorp, Inc. issued a press release announcing its earnings for the three month period ended June 30, 2019. 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, 2019.

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 23, 2019

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Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1



CSB BANCORP, INC. REPORTS SECOND QUARTER EARNINGS

Second Quarter Highlights

	Quarter Ended June 30, 2019	Quarter Ended June 30, 2018
Diluted earnings per share	\$ 0.94	\$ 0.85
Net Income	\$ 2,586,000	\$ 2,324,000
Return on average common equity	12.91%	12.94%
Return on average assets	1.39%	1.30%

Millersburg, Ohio – July 23, 2019 – CSB Bancorp, Inc. (OTC Pink: CSBB) today announced second quarter 2019 net income of \$2,586,000, or \$.94 per basic and diluted share, as compared to \$2,324,000, or \$.85 per basic and diluted share, for the same period in 2018. Income before federal income tax amounted to \$3,199,000, an increase of 11% over the same quarter in the prior year. For the six month period ended June 30, 2019 net income totaled \$5,126,000 compared to \$4,488,000 for the same period last year, an increase of 14%.

Annualized returns on average common equity (“ROE”) and average assets (“ROA”) for the quarter were 12.91% and 1.39%, respectively, compared with 12.94% and 1.30% for the second quarter of 2018.

Eddie Steiner, President and CEO stated, “We are pleased to report solid mid-year earnings with increases over the prior year. Business loan growth has been at a slower pace for most of 2019, particularly with lower usage needs for operating lines of credit, while home and consumer lending demand has increased as fixed rates on mortgage loans drifted lower and home construction season moved into full swing.”

Net interest income and noninterest income, on a fully-taxable equivalent basis, totaled \$8.4 million during the quarter, a 7% increase from the prior-year second quarter. Net interest income increased \$419 thousand, or 6%, in the second quarter of 2019 compared to the same period in 2018.

Loan interest income including fees increased \$670 thousand during second quarter 2019 as compared to the same quarter in 2018, an increase of 10%. Average total loan balances during the current quarter were \$13 million higher than the year ago quarter, an increase of 2%. Loan yields for second quarter 2019 averaged 5.26%, an increase of 37 basis points from the 2018 second quarter average of 4.89%.

The net interest margin was 4.08% compared to 3.98% for second quarter 2018. The tax equivalency effect on the margin dropped to 0.02% from 0.03% a result of the reduction in tax exempt loans and securities in 2019.

Noninterest income increased 12%, compared to second quarter of 2018, driven by growth in debit card fee income, increases in bank owned life insurance values, gain on sale of loans, and service charges on deposit accounts.

Noninterest expense increased 6% from second quarter 2018. Salary and employee benefit costs increased \$197 thousand, or 7%, compared to the prior year quarter, as a result of higher wage and 401k retirement expenses. Professional and director's fees increased by \$69 thousand, or 29%, reflecting higher technology investment to further improve network infrastructure in support of company growth. Marketing and public relations increased by \$20 thousand, or 17%, reflecting timing of certain electronic and billboard promotional efforts and the opening of a new banking center. The Company's second quarter efficiency ratio was 58.0% as compared to 58.4% for the same quarter in the prior year.

Federal income tax expense totaled \$613 thousand in second quarter 2019, as compared to \$553 thousand tax expense for the same quarter in 2018. The effective tax rate was 19% in both periods.

Average total assets during the quarter amounted to \$746 million, an increase of \$30 million, or 4%, above the same quarter of the prior year. Average loan balances of \$548 million increased \$13 million, or 2%, from the prior year second quarter while average securities balances of \$111 million decreased \$8 million, or 7%, as compared to second quarter 2018.

Average commercial loan balances for the quarter, including commercial real estate, decreased \$1 million, or less than 1%, from prior year levels. Average residential mortgage balances including home equity lines of credit increased \$12 million, or 7%, over the prior year's quarter. Average consumer credit balances increased \$2 million, or 12%, versus the same quarter of the prior year.

Nonperforming assets increased \$156 thousand from June 30, 2018 to \$4.6 million, or 0.83%, of total loans plus other real estate at June 30, 2019. The increase in nonperforming assets reflects the second quarter 2019 impairment of a commercial facility in liquidation, partially offset by various commercial loans exiting through liquidation. At June 30, 2019, approximately \$1.0 million of the non-performing loan total is guaranteed by either USDA or the SBA. Delinquent loan balances as of June 30, 2019 declined to 1.03% of total loans as compared to 1.06% at June 30, 2018.

Net loan losses recognized during second quarter 2019 were \$35 thousand, or 0.03% annualized, compared to second quarter 2018 net loan losses of \$39 thousand. The allowance for loan losses amounted to 1.19% of total loans at June 30, 2019 as compared to 1.11% at June 30, 2018.

Average deposit balances grew on a year over year comparison by \$28 million, or 5%, partially on the strength of customer response to higher rates paid on insured deposits. For the second quarter 2019, the average cost of deposits amounted to 0.60%, as compared to 0.38% for the second quarter 2018. During the second quarter 2019, increases in average deposit balances over

the prior year quarter included non-interest bearing demand accounts of \$7 million and interest-bearing transaction accounts of \$14 million, and time deposits of \$7 million. The average balance of securities sold under repurchase agreement during the second quarter of 2019 decreased by \$5 million, or 12%, compared to the average for the same period in the prior year.

Shareholders' equity totaled \$81.0 million on June 30, 2019 with 2.7 million common shares outstanding. The tangible equity to assets ratio amounted to 10.3% on June 30, 2019 and 9.4% on June 30, 2018. The Company declared a second quarter dividend of \$0.26 per share, a \$.02 per share increase over second quarter 2018, producing an annualized yield of 2.6% based on the June 30, 2019 closing price of \$40.45.

About CSB Bancorp, Inc.

CSB is a financial holding company headquartered in Millersburg, Ohio, with approximate assets of \$750 million as of June 30, 2019. 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 fifteen 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:

Paula J. Meiler, SVP & CFO
330.763.2873
paula.meiler@csbl.com

CSB BANCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(Unaudited)

(Dollars in thousands, except per share data)

	Quarters						
	2019 2nd Qtr	2019 1st Qtr	2018 4th Qtr	2018 3rd Qtr	2018 2nd Qtr	2019 6 months	2018 6 months
EARNINGS							
Net interest income FTE (a)	\$ 7,111	\$ 7,049	\$ 6,934	\$ 6,847	\$ 6,697	14,160	\$ 13,133
Provision for loan losses	285	285	344	324	324	570	648
Other income	1,313	1,224	1,270	1,175	1,168	2,537	2,313
Other expenses	4,900	4,791	4,725	4,638	4,619	9,691	9,156
FTE adjustment (a)	40	38	24	46	45	78	92
Net income	2,586	2,540	2,492	2,432	2,324	5,126	4,488
Diluted earnings per share	0.94	0.93	0.91	0.88	0.85	1.87	1.64

PERFORMANCE RATIOS

Return on average assets (ROA)	1.39%	1.41%	1.36%	1.34%	1.30%	1.40%	1.28%
Return on average common equity (ROE)	12.91%	13.20%	13.20%	13.07%	12.94%	13.05%	12.64%
Net interest margin FTE (a)	4.08%	4.16%	4.01%	4.00%	3.98%	4.12%	3.97%
Efficiency ratio	57.96%	57.72%	57.26%	57.45%	58.41%	57.86%	58.97%
Number of full-time equivalent employees	174	174	170	174	174		

MARKET DATA

Book value/common share	\$ 29.70	\$ 28.80	\$ 27.91	\$ 26.94	\$ 26.47		
Period-end common share mkt value	40.45	38.75	38.50	40.57	39.00		
Market as a % of book	136.20%	134.55%	137.94%	150.59%	147.34%		
Price-to-earnings ratio	11.05	10.85	11.22	12.80	13.13		
Cash dividends/common share	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.24	\$ 0.24	0.52	\$ 0.48
Common stock dividend payout ratio	27.66%	27.96%	28.57%	27.27%	28.24%	27.81%	29.27%
Average basic common shares	2,742,350	2,742,242	2,742,242	2,742,242	2,742,242	2,742,296	2,742,242
Average diluted common shares	2,742,350	2,742,242	2,742,242	2,742,242	2,742,242	2,742,296	2,742,242
Period end common shares outstanding	2,742,350	2,742,242	2,742,242	2,742,242	2,742,242		
Common shares repurchased	0	0	0	0	0		
Common stock market capitalization	\$ 110,928	\$ 106,262	\$ 105,576	\$ 111,253	\$ 106,947		

ASSET QUALITY

Gross charge-offs	\$ 54	\$ 70	\$ 691	\$ 43	\$ 45	124	\$ 348
Net (recoveries) charge-offs	35	(95)	641	38	39	(60)	334
Allowance for loan losses	6,537	6,287	5,907	6,204	5,918		
Nonperforming assets (NPAs)	4,555	3,302	3,428	5,341	4,399		
Net charge-off (recovery) /average loans ratio	0.03%	(0.07)%	0.47%	0.03%	0.03%	(0.02)%	0.13%
Allowance for loan losses/period-end loans	1.19	1.15	1.08	1.16	1.11		
NPAs/loans and other real estate	0.83	0.60	0.62	1.00	0.82		
Allowance for loan losses/nonperforming loans	146.70	197.23	177.45	116.16	134.52		

CAPITAL & LIQUIDITY

Period-end tangible equity to assets	10.28%	10.15%	9.86%	9.77%	9.41%		
Average equity to assets	10.77	10.69	10.29	10.25	10.06		
Average equity to loans	14.66	14.18	13.83	13.72	13.47		
Average loans to deposits	88.73	91.16	89.88	90.80	90.77		

AVERAGE BALANCES

Assets	\$ 745,658	\$ 730,181	\$ 727,962	\$ 720,372	\$ 715,902	\$ 738,002	\$ 708,198
Earning assets	699,229	687,515	686,807	679,281	674,699	693,404	667,777
Loans	547,981	550,483	541,482	538,182	534,852	549,225	531,107
Deposits	617,558	603,839	602,434	592,738	589,211	610,736	581,576
Shareholders' equity	80,338	78,038	74,900	73,844	72,039	79,194	71,608

ENDING BALANCES

Assets	\$ 750,252	\$ 734,845	\$ 731,722	\$ 710,815	\$ 723,299		
Earning assets	704,738	688,792	682,345	668,468	681,200		
Loans	550,612	548,220	548,974	535,424	535,427		
Deposits	623,328	607,342	606,498	587,531	595,073		
Shareholders' equity	81,458	78,967	76,536	73,877	72,578		

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)

	June 30, 2019	June 30, 2018
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$ 15,214	\$ 14,956
Interest-earning deposits in other banks	42,063	28,275
Total cash and cash equivalents	57,277	43,231
Securities		
Available-for-sale, at fair-value	86,297	90,808
Held-to-maturity	19,657	21,882
Equity securities	87	94
Restricted stock, at cost	4,614	4,614
Total securities	110,655	117,398
Loans held for sale	409	100
Loans	550,612	535,427
Less allowance for loan losses	6,537	5,918
Net loans	544,075	529,509
Premises and equipment, net	11,638	9,563
Goodwill and core deposit intangible	4,863	4,945
Bank owned life insurance	16,760	13,384
Accrued interest receivable and other assets	4,575	5,169
TOTAL ASSETS	\$ 750,252	\$ 723,299
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 180,766	\$ 178,343
Interest-bearing	442,562	416,730
Total deposits	623,328	595,073
Short-term borrowings	35,474	44,155
Other borrowings	6,576	8,827
Accrued interest payable and other liabilities	3,416	2,666
Total liabilities	668,794	650,721
Shareholders' equity		
Common stock, \$6.25 par value. Authorized 9,000,000 shares; issued 2,980,602 shares in 2019 and 2018	18,629	18,629
Additional paid-in capital	9,815	9,815
Retained earnings	57,988	50,736
Treasury stock at cost—238,252 shares in 2019 and 238,360 in 2018	(4,780)	(4,784)
Accumulated other comprehensive loss	(194)	(1,818)
Total shareholders' equity	81,458	72,578
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 750,252	\$ 723,299

CSB BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Quarter ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
<i>(Unaudited)</i>				
<i>(Dollars in thousands, except per share data)</i>				
Interest and dividend income:				
Loans, including fees	\$7,185	\$6,515	\$ 14,257	\$ 12,654
Taxable securities	584	594	1,171	1,197
Nontaxable securities	134	152	268	313
Other	218	83	393	129
Total interest and dividend income	<u>8,121</u>	<u>7,344</u>	<u>16,089</u>	<u>14,293</u>
Interest expense:				
Deposits	921	560	1,746	1,014
Other	129	132	261	238
Total interest expense	<u>1,050</u>	<u>692</u>	<u>2,007</u>	<u>1,252</u>
Net interest income	7,071	6,652	14,082	13,041
Provision for loan losses	285	324	570	648
Net interest income after provision for loan losses	<u>6,786</u>	<u>6,328</u>	<u>13,512</u>	<u>12,393</u>
Noninterest income				
Service charges on deposits accounts	313	300	605	584
Trust services	212	217	436	436
Debit card interchange fees	369	323	716	636
Gain on sale of loans	76	60	155	137
Market value change in equity securities	(2)	—	4	4
Other	345	268	621	516
Total noninterest income	<u>1,313</u>	<u>1,168</u>	<u>2,537</u>	<u>2,313</u>
Noninterest expenses				
Salaries and employee benefits	2,915	2,718	5,757	5,355
Occupancy expense	205	214	409	434
Equipment expense	143	160	280	316
Professional and director fees	308	239	647	551
Software expense	232	221	450	434
Marketing and public relations	139	119	256	239
Debit card expense	132	126	259	242
Other expenses	826	822	1,633	1,585
Total noninterest expenses	<u>4,900</u>	<u>4,619</u>	<u>9,691</u>	<u>9,156</u>
Income before income tax	3,199	2,877	6,358	5,550
Federal income tax provision	613	553	1,232	1,062
Net income	<u>\$2,586</u>	<u>\$2,324</u>	<u>\$ 5,126</u>	<u>\$ 4,488</u>
Net income per share:				
Basic	<u>\$ 0.94</u>	<u>\$ 0.85</u>	<u>\$ 1.87</u>	<u>\$ 1.64</u>
Diluted	<u>\$ 0.94</u>	<u>\$ 0.85</u>	<u>\$ 1.87</u>	<u>\$ 1.64</u>

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