

CSB BANCORP INC /OH  
Form 10-Q  
November 09, 2018  
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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, 2018**

**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 every Interactive Data File required to be submitted 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 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 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.

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, 2018:  
2,742,242 common shares

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CSB BANCORP, INC.

FORM 10-Q

QUARTER ENDED September 30, 2018

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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, 2018</b>	<b>December 31, 2017</b>
<b>ASSETS</b>		
Cash and cash equivalents		
Cash and due from banks	\$ 15,865	\$ 17,255
Interest-earning deposits in other banks	17,384	19,165
<b>Total cash and cash equivalents</b>	<b>33,249</b>	<b>36,420</b>
Securities		
Available-for-sale, at fair value	89,507	97,663
Held-to-maturity (fair value 2018-\$20,326; 2017-\$25,491)	21,260	25,758
Equity Securities	87	89
Restricted stock, at cost	4,614	4,614
<b>Total securities</b>	<b>115,468</b>	<b>128,124</b>
Loans held for sale	192	246
Loans	535,424	516,830
Less allowance for loan losses	6,204	5,604
<b>Net loans</b>	<b>529,220</b>	<b>511,226</b>
Premises and equipment, net	9,605	9,244
Core deposit intangible	192	268
Goodwill	4,728	4,728
Bank-owned life insurance	13,470	13,218
Accrued interest receivable and other assets	4,691	3,589
<b>TOTAL ASSETS</b>	<b>\$ 710,815</b>	<b>\$ 707,063</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Noninterest-bearing	\$ 177,203	\$ 173,671
Interest-bearing	410,328	409,588

Total deposits	587,531	583,259
Short-term borrowings	37,465	39,480
Other borrowings	8,676	11,409
Accrued interest payable and other liabilities	3,266	2,383
<b>Total liabilities</b>	<b>636,938</b>	<b>636,531</b>
<b>SHAREHOLDERS EQUITY</b>		
Common stock, \$6.25 par value. Authorized 9,000,000 shares; issued 2,980,602 shares; outstanding shares (2018 and 2017 2,742,242)	18,629	18,629
Additional paid-in capital	9,815	9,815
Retained earnings	52,510	47,535
Treasury stock at cost (shares 2018 and 2017 238,360)	(4,784)	(4,784)
Accumulated other comprehensive loss	(2,293)	(663)
<b>Total shareholders equity</b>	<b>73,877</b>	<b>70,532</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>\$ 710,815</b>	<b>\$ 707,063</b>

*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, 2018</b>	<b>2017</b>	<b>September 30, 2018</b>	<b>2017</b>
<b>INTEREST AND DIVIDEND INCOME</b>				
Loans, including fees	\$ 6,707	\$ 5,907	\$ 19,361	\$ 16,940
Taxable securities	586	599	1,784	1,796
Nontaxable securities	152	171	464	509
Other	127	89	256	180
Total interest and dividend income	7,572	6,766	21,865	19,425
<b>INTEREST EXPENSE</b>				
Deposits	633	368	1,647	942
Short-term borrowings	97	49	235	106
Other borrowings	41	145	141	361
Total interest expense	771	562	2,023	1,409
<b>NET INTEREST INCOME</b>	<b>6,801</b>	<b>6,204</b>	<b>19,842</b>	<b>18,016</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>324</b>	<b>280</b>	<b>972</b>	<b>965</b>
Net interest income, after provision for loan losses	6,477	5,924	18,870	17,051
<b>NONINTEREST INCOME</b>				
Service charges on deposit accounts	301	287	885	847
Trust services	204	122	641	481
Debit card interchange fees	330	298	966	882
Gain on sale of loans, net	63	94	200	197
Earnings on bank owned life insurance	86	86	252	270
Unrealized gain or loss on equity securities	(6)		(2)	
Other income	197	167	546	543
Total noninterest income	1,175	1,054	3,488	3,220
<b>NONINTEREST EXPENSES</b>				
Salaries and employee benefits	2,805	2,531	8,160	7,462
Occupancy expense	194	236	628	660
Equipment expense	145	143	461	485
Professional and director fees	199	257	749	660
Financial institutions and franchise tax expense	139	131	425	394

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Marketing and public relations	124	91	363	259
Software expense	221	219	655	633
Debit card expense	144	139	386	410
Amortization of intangible assets	25	29	76	87
FDIC insurance expense	66	58	213	160
Other expenses	576	452	1,678	1,410
Total noninterest expenses	4,638	4,286	13,794	12,620
Income before income taxes	3,014	2,692	8,564	7,651
<b>FEDERAL INCOME TAX PROVISION</b>	582	826	1,644	2,329
<b>NET INCOME</b>	<b>\$ 2,432</b>	<b>\$ 1,866</b>	<b>\$ 6,920</b>	<b>\$ 5,322</b>
<b>Basic and diluted net earnings per share</b>	<b>\$ 0.88</b>	<b>\$ 0.68</b>	<b>\$ 2.52</b>	<b>\$ 1.94</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, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Net income	\$ 2,432	\$ 1,866	\$ 6,920	\$ 5,322
Other comprehensive (loss) income				
Unrealized (losses) gains arising during the period	(620)	(255)	(2,088)	1,132
Amounts reclassified from accumulated other comprehensive loss, held-to-maturity	20	27	62	84
Income tax effect	125	78	425	(414)
Other comprehensive (loss) income	(475)	(150)	(1,601)	802
Total comprehensive income	\$ 1,957	\$ 1,716	\$ 5,319	\$ 6,124

*See notes to unaudited consolidated financial statements.*

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## CSB BANCORP, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

<i>(Dollars in thousands)</i>	<b>Common stock</b>	<b>Additional paid-in capital</b>	<b>Retained earnings</b>	<b>Treasury stock</b>	<b>Accumulated other comprehensive loss</b>	<b>Total</b>
<b>Nine Months Ended September 30, 2017</b>						
<b>Balance, beginning of period</b>	\$ 18,629	\$ 9,815	\$ 42,629	\$ (4,784)	\$ (874)	\$ 65,415
Net income			5,322			5,322
Other comprehensive loss					802	802
Cash dividends declared, \$0.62 per share			(1,701)			(1,701)
<b>Balance, end of period</b>	\$ 18,629	\$ 9,815	\$ 46,250	\$ (4,784)	\$ (72)	\$ 69,838
<b>Nine Months Ended September 30, 2018</b>						
<b>Balance, beginning of period</b>	18,629	9,815	47,535	(4,784)	(663)	70,532
Net income			6,920			6,920
Other comprehensive loss					(1,601)	(1,601)
Cumulative effect adjustment equity securities, related to ASU adoption			29		(29)	
Cash dividends declared, \$0.72 per share			(1,974)			(1,974)
<b>Balance, end of period</b>	\$ 18,629	\$ 9,815	\$ 52,510	\$ (4,784)	\$ (2,293)	\$ 73,877

*See notes to unaudited consolidated financial statements.*

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## CSB BANCORP, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<i>(Dollars in thousands)</i>		
<b>NET CASH FROM OPERATING ACTIVITIES</b>	\$ 8,110	\$ 4,812
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Securities:		
Proceeds from repayments, available-for-sale	8,726	2,156
Proceeds from repayments, held-to-maturity	6,558	15,818
Purchases, available-for-sale	(2,998)	(9,243)
Purchases, held-to-maturity	(2,030)	(4,700)
Loan originations, net of repayments	(18,953)	(34,774)
Property, equipment, and software acquisitions	(822)	(805)
Proceeds from sale of other real estate	30	
Net cash used in investing activities	(9,489)	(31,548)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in deposits	4,272	30,841
Net change in short-term borrowings	(2,015)	(3,685)
Proceeds from other borrowings		10,000
Repayment of other borrowings	(2,733)	(789)
Cash dividends paid	(1,316)	(1,097)
Net cash provided by (used in) financing activities	(1,792)	35,270
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(3,171)	8,534
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	36,420	36,838
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	\$ 33,249	\$ 45,372
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid during the year for:		
Interest	\$ 2,037	\$ 1,393
Income taxes	1,660	2,920
Noncash financing activities:		
Dividends declared	658	604

*See notes to unaudited consolidated financial statements.*



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CSB BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying condensed consolidated financial statements include the accounts of CSB Bancorp, Inc. and its wholly-owned subsidiaries, The Commercial and Savings Bank (the Bank) and CSB Investment Services, LLC (together referred to as the Company or CSB). All significant intercompany transactions and balances have been eliminated in consolidation.

The condensed consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present fairly the Company's financial position at September 30, 2018, and the results of operations and changes in cash flows for the periods presented have been made.

Certain information and footnote disclosures typically included in financial statements prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) have been omitted. The Annual Report for CSB for the year ended December 31, 2017, contains Consolidated Financial Statements and related footnote disclosures, which should be read in conjunction with the accompanying Consolidated Financial Statements. The results of operations for the periods ended September 30, 2018 are not necessarily indicative of the operating results for the full year or any future interim period.

Certain items in the prior-year financial statements were reclassified to conform to the current-year presentation.

**ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS**

**ASU 2014-09** Effective January 1, 2018, the Company adopted ASU 2014-09 *Revenue from Contracts with Customers - Topic 606* and all subsequent ASUs that modified ASC 606. The Company has elected to apply the standard utilizing the modified retrospective approach with a cumulative effect of adoption for the impact from uncompleted contracts at the date of adoption. The adoption of this guidance did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustments were recorded.

Management determined that the primary sources of revenue emanating from interest and dividend income on loans and securities along with noninterest revenue resulting from investment security gains, loan servicing, gains on the sale of loans, commitment fees, fees from financial guarantees, certain credit cards fees, and income on bank-owned life insurance are not within the scope of ASC 606. As a result, no changes were made during the period related to these sources of revenue, which cumulatively comprise 88 percent of the total revenue of the Company. Services within the scope of ASC 606 include income from fiduciary activities, brokerage fees, service charges on deposit accounts, other service income, ATM fees, interchange fees, and gain on sale of OREO, net. For these accounts, fees are related to specific customer transactions are attributable to specific performance obligations of the Bank where the revenue is recognized at a defined point in time, completion of the requested service/transaction.

**ASU 2016-01 Recognition and Measurement of Financial Assets and Financial Liabilities.** This Update and subsequent ASUs set forth targeted improvements to GAAP including, but not limited to, requiring an entity to recognize the changes in fair value of equity investments in the income statement, requiring public business entities to

use the exit price when measuring the fair value of financial instruments for financial statement disclosure purposes, eliminating certain disclosures required by existing GAAP, and providing for additional disclosures. The Update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Upon adoption on January 1, 2018, the Company made a one-time cumulative effect adjustment from accumulated other comprehensive income to retained earnings of \$29 thousand. The net effect was an increase to retained earnings. A loss of \$2 thousand was recorded in 2018, as a result of changes to the accounting for equity investments. We have included the related new disclosure requirements in Note 6.

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CSB BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASU 2016-02 Leases.** This Update and all subsequent ASUs that modified Topic 842 set forth a new lease accounting model for lessors and lessees. For lessees, virtually all leases will be required to be recognized on the balance sheet by recording a right-of-use asset. Subsequent accounting for leases varies depending on whether the lease is an operating lease or a finance lease. The accounting provided by a lessor is largely unchanged from that applied under the existing guidance. The ASU requires additional qualitative and quantitative disclosures with the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Update is effective for fiscal years beginning after December 15, 2018, with early application permitted. Based on the Company's preliminary analysis of its current portfolio, the impact to the Company's balance sheet is estimated to result in less than a 1 percent increase in assets and liabilities. This Update is not expected to have a significant impact on the Company's financial statements.

**ASU 2016-13 Financial Instruments Credit Losses.** The Update requires that financial assets be presented at the net amount expected to be collected (i.e. net of expected credit losses), eliminating the probable recognition threshold for credit losses on financial assets measured at amortized cost. The measurement of expected credit losses should be based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The Update is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. We expect the Update will result in an increase in the allowance for credit losses for the estimated life of the financial asset, including an estimate for debt securities. The amount of any increase will be impacted by the portfolio composition and quality at the adoption date, as well as economic conditions and forecasts at that time. A cumulative-effect adjustment to retained earnings is required as of the beginning of the year of adoption. The Company expects to recognize a one-time cumulative effect adjustment to the allowance for loan losses, but cannot yet determine the magnitude of any such one-time adjustment or the overall impact of the new guidance on the consolidated financial statements.

**ASU 2017-04 Simplifying the Test for Goodwill Impairment.** The Update simplifies the goodwill impairment test. Under the new guidance, Step 2 of the goodwill impairment process that requires an entity to determine the implied fair value of its goodwill by assigning fair value to all its assets and liabilities is eliminated. Instead, the entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The new guidance is effective for annual and interim goodwill tests performed in fiscal years beginning after December 15, 2019. Early adoption is permitted. This Update is not expected to have a material impact on the Company's financial statements.





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CSB BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

**ASU 2018-02 Income Statement Reporting Comprehensive Income.** This guidance allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Consequently, the amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act. On December 31, 2017, the Company adopted this standard which resulted in a reclassification of \$109 thousand between accumulated other comprehensive loss and retained earnings on the consolidated balance sheet.

**ASU 2018-13 Fair Value Measurement Changes the Disclosure Requirements for Fair Value Measurements.** The Update removes the requirement to disclose the amount of and reasons for transfers between Level I and Level II of the fair value hierarchy; the policy for timing of transfers between levels; and the valuation processes for Level III fair value measurements. The Update requires disclosure of changes in unrealized gains and losses for the period included in other comprehensive income (loss) for recurring Level III fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level III fair value measurements. This Update is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. This Update is not expected to have a significant impact on the Company's financial statements.

**ASU 2018-15 Intangibles Goodwill and Other Internal-Use Software.** This Update addresses customers accounting for implementation costs incurred in a cloud computing arrangement that is a service contract and also adds certain disclosure requirements related to implementation costs incurred for internal-use software and cloud computing arrangements. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This Update is effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. The amendments in this Update can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. This Update is not expected to have a significant impact on the Company's financial statements.

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## CSB BANCORP, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

**NOTE 2 SECURITIES**

Securities consist of the following at September 30, 2018 and December 31, 2017:

<i>(Dollars in thousands)</i>	<b>Amortized cost</b>	<b>Gross unrealized gains</b>	<b>Gross unrealized losses</b>	<b>Fair value</b>
<b>September 30, 2018</b>				
<b>Available-for-sale</b>				
U.S. Treasury security	\$ 995	\$	\$ 1	\$ 994
U.S. Government agencies	8,350		306	8,044
Mortgage-backed securities of government agencies	45,762	19	1,574	44,207
Asset-backed securities of government agencies	1,072		3	1,069
State and political subdivisions	26,366	14	457	25,923
Corporate bonds	9,592	3	325	9,270
<b>Total available-for-sale</b>	<b>92,137</b>	<b>36</b>	<b>2,666</b>	<b>89,507</b>
<b>Held-to-maturity</b>				
U.S. Government agencies	9,480		571	8,909
Mortgage-backed securities of government agencies	11,780		363	11,417
<b>Total held-to-maturity</b>	<b>21,260</b>		<b>934</b>	<b>20,326</b>
<b>Equity securities</b>	<b>53</b>	<b>34</b>		<b>87</b>
<b>Restricted stock</b>	<b>4,614</b>			<b>4,614</b>
<b>Total securities</b>	<b>\$ 118,064</b>	<b>\$ 70</b>	<b>\$ 3,600</b>	<b>\$ 114,534</b>
<b>December 31, 2017</b>				
<b>Available-for-sale</b>				
U.S. Treasury security	\$ 999	\$	\$ 1	\$ 998
U.S. Government agencies	8,350		121	8,229
Mortgage-backed securities of government agencies	50,136	146	581	49,701
Asset-backed securities of government agencies	1,168	1		1,169
State and political subdivisions	27,020	224	103	27,141

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Corporate bonds	10,532	35	142	10,425
<b>Total available-for-sale</b>	<b>98,205</b>	<b>406</b>	<b>948</b>	<b>97,663</b>
<b>Held-to-maturity</b>				
U.S. Government agencies	9,477	16	228	9,265
Mortgage-backed securities of government agencies	11,581	95	145	11,531
State and political subdivisions	4,700		5	4,695
<b>Total held-to-maturity</b>	<b>25,758</b>	<b>111</b>	<b>378</b>	<b>25,491</b>
<b>Equity securities</b>	<b>53</b>	<b>36</b>		<b>89</b>
<b>Restricted stock</b>	<b>4,614</b>			<b>4,614</b>
<b>Total securities</b>	<b>\$ 128,630</b>	<b>\$ 553</b>	<b>\$ 1,326</b>	<b>\$ 127,857</b>

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## CSB BANCORP, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

**NOTE 2 SECURITIES (CONTINUED)**

The amortized cost and fair value of debt securities at September 30, 2018, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<i>(Dollars in thousands)</i>	<b>Amortized cost</b>	<b>Fair value</b>
<b>Available-for-sale</b>		
Due in one year or less	\$ 4,676	\$ 4,670
Due after one through five years	16,657	16,397
Due after five through ten years	27,851	27,028
Due after ten years	42,953	41,412
<b>Total debt securities available-for-sale</b>	<b>\$ 92,137</b>	<b>\$ 89,507</b>
<b>Held-to-maturity</b>		
Due in one year or less	\$	\$
Due after one through five years	482	482
Due after five through ten years	3,000	2,786
Due after ten years	17,778	17,058
<b>Total debt securities held-to-maturity</b>	<b>\$ 21,260</b>	<b>\$ 20,326</b>

Securities with a fair value of approximately \$87 million and \$94 million were pledged at September 30, 2018 and December 31, 2017, respectively, to secure public deposits, as well as other deposits and borrowings as required or permitted by law.

Restricted stock primarily consists of investments in Federal Home Loan Bank of Cincinnati (FHLB) and Federal Reserve Bank stock. The Bank's investment in FHLB stock amounted to approximately \$4.1 million at September 30, 2018 and December 31, 2017. Federal Reserve Bank stock was \$471 thousand at September 30, 2018 and December 31, 2017.

There were no proceeds from sales of securities for the three or nine month periods ending September 30, 2018 and 2017.



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## CSB BANCORP, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

**NOTE 2 SECURITIES (CONTINUED)**

The following table presents gross unrealized losses and fair value of securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at September 30, 2018 and December 31, 2017:

	Securities in a continuous unrealized loss position					
	Less than 12 months		12 months or more		Total	
	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
<i>(Dollars in thousands)</i>						
<b>September 30, 2018</b>						
<b>Available-for-sale</b>						
U.S. Treasury security	\$ 1	\$ 994	\$	\$	\$ 1	\$ 994
U.S. Government agencies			306	8,044	306	8,044
Mortgage-backed securities of government agencies	531	20,206	1,043	23,092	1,574	43,298
Asset-backed securities of government agencies	3	1,069			3	1,069
State and political subdivisions	186	14,035	271	5,301	457	19,336
Corporate bonds	124	6,393	201	2,299	325	8,692
<b>Held-to-maturity</b>						
U.S. Government agencies			571	8,428	571	8,428