CSB Bancorp (CSBB)

Updated February 14th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$40	**5 Year CAGR Estimate:**	11.8%	**Market Cap:**	$106 M
Fair Value Price:	$45	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	03/04/2025[1]
% Fair Value:	89%	**5 Year Valuation Multiple Estimate:**	2.4%	**Dividend Payment Date:**	03/19/2025
Dividend Yield:	4.0%	**5 Year Price Target**	$60	**Years Of Dividend Growth:**	11
Dividend Risk Score:	D	**Retirement Suitability Score:**	B	**Rating:**	Buy

Overview & Current Events

CSB Bancorp, Inc. is a financial holding company, incorporated in Ohio in 1991, primarily operating through its wholly-owned subsidiary, The Commercial and Savings Bank. Established in 1879, the bank provides a range of retail and commercial banking services, including deposit accounts, cash management, commercial loans, real estate mortgage loans, and consumer loans. It also offers additional services such as trust and brokerage services. CSB's market is primarily located in Holmes, Stark, Tuscarawas, Wayne, and surrounding counties in Ohio.

The company operates in a diverse set of industries within these regions, emphasizing commercial real estate, consumer mortgages, and business financing. In 2024, CSB Bancorp reported total assets of $1.19 billion and net loans of $730.0 million. Deposits rose slightly to $1.07 billion, and the company generated net interest income of $36.8 million. The bank's net income for the year was $10 million, reflecting a 32% decline from the previous year. Its market cap stands at $106.0 million and shares trade Over the Counter (OTC).

On January 24th, 2025, CSB Bancorp reported its Q4 results for the period ending December 31st, 2024. The company posted net income of $2.3 million, or $0.87 per share, compared to $3.1 million, or $1.18 per share, in Q4 2023. Net interest income was $9.6 million, up from $9.3 million last year, despite the net interest margin (NIM) declining from 3.35% to 3.32% in Q4 2023. For the full-year, EPS was $3.76. We believe CSB Bancorp can achieve EPS of $4.50 this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.20	$2.46	$2.59	$3.43	$3.80	$3.85	$3.97	$4.91	$5.51	$3.76	***$4.50***	***$6.02***
DPS	$0.76	$0.78	$0.84	$0.98	$1.08	$1.13	$1.22	$1.30	$1.50	$1.58	***$1.60***	***$2.14***
Shares[2]	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	***2.7***	***2.7***

Over the past decade, CSB Bancorp has achieved steady growth, with its EPS rising from $2.20 in 2015 to $3.76 in 2024, powered by organic expansion and improving net interest margins (NIM). In 2025 and 2016, EPS rose gradually as the company maintained steady loan growth and strong cost control. A significant leap occurred between 2017 and 2018, when EPS jumped from $2.59 to $3.43, fueled by tax reforms that lowered corporate tax rates and boosted profitability.

Despite challenges from the COVID-19 pandemic in 2020, which led to NIM declining from 3.97% to 3.22%, CSB recorded growth through prudent lending and credit risk management. In 2021, EPS reached $3.97, though NIM declined further to 2.63% due to continued low rates. The Federal Reserve's rate hikes in 2022 helped push EPS to $4.91 as NIM bounded back to 2.98%. By 2023, EPS reached $5.51 as higher loan yields and careful management of rising deposit costs boosted performance, with NIM expanding to 3.32%. Earnings declined in 2024 due to a large increase in credit loss provisions, primarily from the court liquidation of a large commercial lending relationship.

Looking ahead, we remain optimistic about the company's growth prospects. While EPS declined last year, we see annualized EPS growth of 6% over the medium term.

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[1] Estimated dated based on past dividend dates.

[2] Share count is in millions.

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Regarding CSBB's dividend, the company has grown its payouts for 11 consecutive years. Divined growth has slowed don lately, with its past 5-year average rate at 7.2%, down from the 10-year average of 8.5%. Still, we believe the company can sustain a 6% dividend growth rate moving forward, in-line with our EPS growth projection.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	9.7	9.5	10.5	9.6	9.7	9.8	9.3	7.6	6.9	10.1	***8.9***	***10.0***
Avg. Yld.	3.6%	3.4%	3.1%	3.0%	2.9%	3.0%	3.3%	3.5%	3.9%	4.1%	***4.0%***	***3.6%***

In recent years, CSB Bancorp has consistently traded at a P/E ratio in the high-single digits to low teens, aligning with the typical range for regional banks. Currently, the stock is trading at 8.9 times our projected EPS for the year—a multiple we believe undervalues the stock. Despite the bank's smaller size and lack of notable scale, we believe a P/E ratio of 10.0 times earnings is more appropriate. The stock's yield is currently stands at a noteworthy 4.0%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	35%	32%	32%	29%	28%	29%	31%	26%	27%	42%	***36%***	***36%***

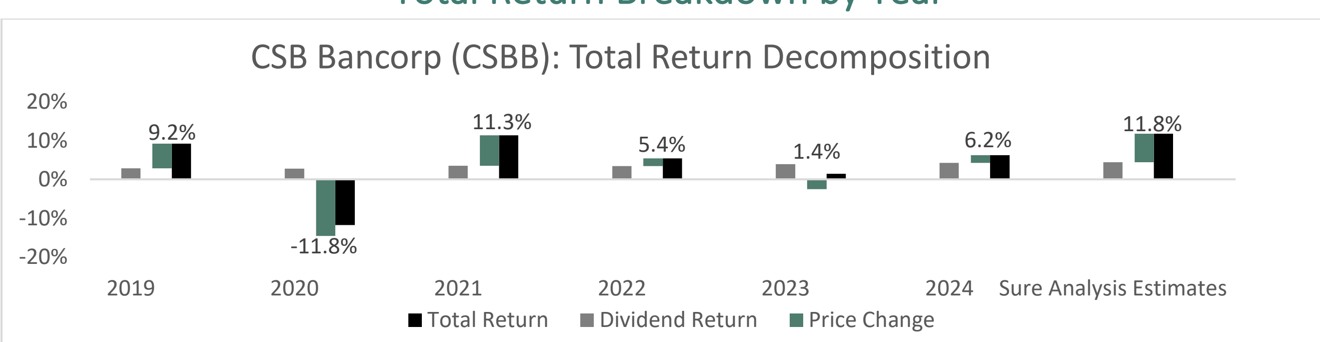
CSB Bancorp holds a competitive advantage through its strong community relationships and deep market expertise in Ohio, which have fostered customer loyalty. Its diverse services—including retail and commercial banking, as well as trust and brokerage—offer multiple revenue streams, bolstering the bank's resilience. This strength was evident during the Great Financial Crisis and the COVID-19 pandemic, where CSB remained profitable despite industry-wide challenges. The company's capital health was solid in the middle of last year (June 30th, latest data yet to be out), with a Common Equity Tier 1 ratio of 15.3% and a Total Capital ratio of 16.5%, well above regulatory requirements, showing its financial stability.

However, CSB's smaller size compared to larger banks limits its ability to leverage economies of scale, potentially making it more vulnerable to extended economic downturns. While its fairly conservative lending practices and strong capital reserves provide a buffer against economic shocks, the bank's growth may be constrained in highly competitive markets. In any case, believe the bank's dividend is safe, with the payout ratio remaining at healthy levels. The company has not cut its dividend since 1998. A risk to note though is that shares are highly illiquid (avg. volume at a few 100s daily).

Final Thoughts & Recommendation

CSB Bancorp strong community presence, diversified services, and robust footprint in the areas it serves, positions it as a solid choice for investors seeking exposure to a well-managed regional bank with a track record of consistent earnings and dividend growth. We forecast annualized returns of 11.8% through 2030, driven by our growth estimates, the 4.0% yield, and the possibility of a modest valuation tailwind. Consequently, we rate the stock a buy.

Total Return Breakdown by Year



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Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	24	24	26	28	31	33	34	34	38	42
SG&A Exp.	9	10	10	11	12	12	12	14	14	15
D&A Exp.	1	1	1	1	1	1	1	1	1	1
Net Profit	6	6	7	7	9	10	11	11	13	15
Net Margin	24.8%	24.6%	25.9%	25.1%	30.4%	31.3%	30.7%	31.8%	34.8%	35.0%
Free Cash Flow	7	7	6	8	11	9	12	13	14	15
Income Tax	3	3	3	3	2	3	3	3	3	4

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	621	650	670	707	732	819	1,032	1,144	1,159	1,179
Cash & Equivalents	44	38	37	36	46	102	182	244	86	64
Goodwill & Int. Ass.	5	5	5	5	5	5	5	5	5	5
Total Liabilities	564	589	605	637	655	733	938	1,047	1,063	1,071
Long-Term Debt	15	13	12	11	9	6	5	3	2	2
Shareholder’s Equity	57	61	65	71	77	85	94	97	96	108
LTD/E Ratio	0.26	0.22	0.19	0.16	0.11	0.07	0.05	0.04	0.03	0.02

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	1.0%	0.9%	1.0%	1.0%	1.3%	1.3%	1.1%	1.0%	1.2%	1.3%
Return on Equity	10.7%	10.1%	10.6%	10.4%	12.8%	12.9%	11.8%	11.3%	13.8%	14.5%
ROIC	6.3%	8.2%	8.8%	8.9%	11.3%	11.8%	11.1%	10.9%	13.4%	14.2%
Shares Out.	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Revenue/Share	8.67	8.91	9.49	10.30	11.29	12.13	12.57	12.49	14.11	15.75
FCF/Share	2.46	2.57	2.02	2.78	3.99	3.32	4.39	4.73	5.16	5.67

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.