

# CCSB

FINANCIAL CORP.

FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2010

1178 West Kansas Street  
Liberty, Missouri 64068

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# CCSB FINANCIAL CORP. CONSOLIDATED BALANCE SHEETS

June 30, 2010 and September 30, 2009

	<u>June 30 2010 (Unaudited)</u>	<u>September 30, 2009</u>
<b>ASSETS:</b>		
Cash and due from banks	\$ 1,760,770	\$ 1,806,610
Interest-bearing deposits in banks	9,887,875	9,961,073
Total cash and cash equivalents	11,648,645	11,767,683
Interest-bearing time deposits	245,000	-
Available-for-sale securities	7,844,169	7,186,350
Federal Home Loan Bank stock	479,400	574,200
Loans, net of allowance for loan losses of \$623,732 and \$574,184 at June 30, 2010, and September 30, 2009, respectively	68,991,916	72,612,202
Other real estate owned and repossessed assets	606,137	830,029
Premises and equipment, net	5,289,013	5,471,267
Accrued interest receivable	325,282	361,770
Bank-owned life insurance - cash surrender value	3,175,929	3,077,440
Other assets	993,486	610,213
<b>TOTAL ASSETS</b>	<b>\$ 99,598,977</b>	<b>\$ 102,491,154</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Deposits:		
Demand	\$ 5,746,493	\$ 6,095,502
Savings, NOW and money market	35,477,375	33,516,455
Time deposits	38,270,002	41,744,713
Total deposits	79,493,870	81,356,670
Federal Home Loan Bank advances	7,000,000	8,000,000
Advances from borrowers for taxes and insurance	461,997	675,119
Interest payable and other liabilities	299,166	235,258
<b>TOTAL LIABILITIES</b>	<b>87,255,033</b>	<b>90,267,047</b>
<i>Commitments and contingencies:</i>		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	-	-
Common stock, \$0.01 par value; 2,500,000 shares authorized; 978,650 shares issued	9,787	9,787
Additional paid-in capital	9,313,103	9,297,659
Treasury stock, at cost, of 195,120 shares at June 30, 2010, and September 30, 2009.	(2,881,226)	(2,881,226)
Unearned ESOP shares	(332,475)	(372,176)
Unearned RRP shares	-	(277)
Retained earnings - substantially restricted	6,257,274	6,301,510
Accumulated other comprehensive loss	(22,519)	(131,170)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>12,343,944</b>	<b>12,224,107</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 99,598,977</b>	<b>\$ 102,491,154</b>

See notes to consolidated financial statements.

**CCSB FINANCIAL CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the Three & Nine Months Ended June 30, 2010 and 2009 (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
<b>INTEREST AND DIVIDEND INCOME:</b>				
Loans	\$ 917,153	\$ 1,144,241	\$ 2,898,583	\$ 3,209,694
Investment and mortgage-backed securities	79,244	98,227	228,989	316,313
FHLB stock	2,707	942	8,719	3,642
Other interest-earning assets	2,514	2,087	5,512	14,635
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>1,001,618</b>	<b>1,245,497</b>	<b>3,141,803</b>	<b>3,544,284</b>
<b>INTEREST EXPENSE:</b>				
Deposits	259,463	373,742	861,841	1,147,259
Borrowings	41,805	74,833	147,722	238,260
<b>TOTAL INTEREST EXPENSE</b>	<b>301,268</b>	<b>448,575</b>	<b>1,009,563</b>	<b>1,385,519</b>
<b>NET INTEREST INCOME</b>	<b>700,350</b>	<b>796,922</b>	<b>2,132,240</b>	<b>2,158,765</b>
Provision for loan losses	10,000	18,489	60,000	25,989
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>690,350</b>	<b>778,433</b>	<b>2,072,240</b>	<b>2,132,776</b>
<b>NONINTEREST INCOME:</b>				
Charges and other fees on loans	27,495	31,724	85,490	92,818
Charges and other fees on deposit accounts	77,872	78,886	234,464	239,201
Amortization of mortgage servicing rights	(13,551)	(14,768)	(39,910)	(29,205)
Net gain on the sale of loans	15,738	60,493	48,867	119,437
Net gain on sale of real estate owned	18,607	297	20,067	4,821
Net gain on sale of securities available-for-sale	85,755	-	85,755	-
Increase in cash surrender value of bank owned life insurance	32,373	26,893	98,489	81,289
Other	3,475	4,627	10,779	13,975
<b>TOTAL NONINTEREST INCOME</b>	<b>247,764</b>	<b>188,152</b>	<b>544,001</b>	<b>522,336</b>
<b>NONINTEREST EXPENSE:</b>				
Compensation and benefits	512,417	485,132	1,516,283	1,487,091
Occupancy and equipment	132,538	135,181	404,267	401,412
Data processing	65,381	65,629	190,811	215,460
FDIC deposit insurance premium	32,399	93,047	94,953	124,247
Audit, legal and other professional services	30,331	40,464	97,190	96,610
Advertising	32,427	19,046	55,502	68,047
Correspondent banking charges	3,488	6,248	13,890	27,069
Other than temporary impairment on securities available-for-sale	36,118	-	36,118	-
Other	94,575	96,675	299,378	299,939
<b>TOTAL NONINTEREST EXPENSE</b>	<b>939,674</b>	<b>941,422</b>	<b>2,708,392</b>	<b>2,719,875</b>
<b>NET INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>(1,560)</b>	<b>25,163</b>	<b>(92,151)</b>	<b>(64,763)</b>
<b>CREDIT FOR INCOME TAXES</b>	<b>(8,696)</b>	<b>(1,214)</b>	<b>(47,916)</b>	<b>(33,987)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 7,136</b>	<b>\$ 26,377</b>	<b>\$ (44,235)</b>	<b>\$ (30,776)</b>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>\$ 0.01</b>	<b>\$ 0.04</b>	<b>\$ (0.06)</b>	<b>\$ (0.04)</b>

See notes to consolidated financial statements.

**CCSB FINANCIAL CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS**

For the Three & Nine Months Ended June 30, 2010 and 2009 (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Net income (loss)	\$ 7,136	\$ 26,377	\$ (44,235)	\$ (30,776)
Other comprehensive income:				
Unrealized gain (loss) on securities available for sale, net	98,073	(19,573)	108,651	(45,287)
Comprehensive income (loss)	\$ 105,209	\$ 6,804	\$ 64,416	\$ (76,063)

*See notes to consolidated financial statements.*

# CCSB FINANCIAL CORP. CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended June 30, 2010 and 2009 (Unaudited)

	Nine Months Ended June 30,	
	2010	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (44,235)	\$ (30,776)
Items not requiring (providing) cash:		
Depreciation and amortization	210,344	191,316
Provision for loan losses	60,000	25,989
Amortization of premiums and discounts on securities	14,025	1,680
Amortization of mortgage-servicing rights	39,910	29,205
Compensation related to incentive plans	277	18,730
Compensation related to ESOP	55,145	34,974
Deferred income taxes	(18,324)	14,735
Deferred loan fees, net	(16,471)	(31,798)
Originations of mortgage loans held for sale	(2,561,139)	(8,221,470)
Proceeds from the sale of mortgage loans	2,610,006	8,340,907
Net gain on sale of loans	(48,867)	(119,437)
Net gain on sale of real estate owned and other repossessed assets	(20,067)	(878)
Net gain on sale of securities available for sale	(85,755)	-
Changes in:		
Accrued interest receivable	36,488	30,133
Other than temporary impairment on securities available-for-sale	36,118	-
Cash surrender value of bank-owned life insurance	(98,489)	(81,289)
Other assets	(454,272)	(94,186)
Accrued income taxes	(6,559)	(48,722)
Interest payable and other liabilities	63,906	(207,304)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(227,959)</b>	<b>(148,191)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Net change in loans	3,552,606	(1,792,880)
Repayment of principal on mortgage-backed securities	333,175	712,522
Purchases of available-for-sale securities	(4,010,050)	(5,578,535)
Proceeds from sales, maturity or call of available-for-sale securities	3,217,500	2,924,948
Principal collections on available-for-sale securities	1,791	2,656
Purchases of interest-bearing time deposits	(245,000)	-
Proceeds from maturity of interest-bearing time deposits	-	2,257,000
Redemption of FHLB stock, net	94,800	(20,700)
Net proceeds from sale of other real estate owned and other repossessed assets	249,425	156,481
Net change to other real estate owned and repossessed assets	-	(128,452)
Purchases of premises and equipment	(9,404)	(138,060)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>3,184,843</b>	<b>(1,605,020)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net change in deposits	(1,862,800)	5,433,023
Proceeds from Federal Home Loan Bank fixed-maturity advances	4,250,000	2,000,000
Repayments of Federal Home Loan Bank fixed-maturity advances	(5,250,000)	(2,322,000)
Net decrease in advances from borrowers for taxes and insurance	(213,122)	(196,893)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(3,075,922)</b>	<b>4,914,130</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(119,038)</b>	<b>3,160,919</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>11,767,683</b>	<b>6,278,001</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 11,648,645</b>	<b>\$ 9,438,920</b>

See notes to consolidated financial statements.

# CCSB FINANCIAL CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### Note 1 – Basis of Presentation

The accompanying consolidated financial statements include the accounts of CCSB Financial Corp. (Company) and its wholly owned subsidiary, Clay County Savings Bank (Bank). All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying unaudited interim consolidated financial statements have been prepared by management and have not been reviewed or audited by the Company's independent accountants. While management has intended to prepare the financial statements in accordance with generally accepted accounting principles, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all material adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. The consolidated balance sheet of the Company, as of September 30, 2009, has been derived from the audited consolidated balance sheet for the Company as of that date. Operating results for the three- and nine-month periods ended June 30, 2010, are not necessarily indicative of the results that may be expected for the entire fiscal year. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 2009, contained in the Company's Annual Report.

### Note 2 – Earnings Per Share

Basic and diluted earnings (loss) per share are based upon the weighted-average shares outstanding. The options to purchase shares are not included in the computation of diluted earnings per share, since the exercise price was greater than the average market price of the common stock in each reporting period. ESOP shares that have been committed to be released are considered outstanding. Following is a summary of basic and diluted earnings per common share for the three and nine months ended June 30, 2010, and 2009, respectively:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Net income (loss)	<u>\$ 7,136</u>	<u>\$ 26,377</u>	<u>\$ (44,235)</u>	<u>\$ (30,776)</u>
Weighted-average shares - Basic EPS	748,977	743,718	747,648	742,213
Stock options - treasury stock method	-	-	-	-
Weighted-average shares - Diluted EPS	<u>748,977</u>	<u>743,718</u>	<u>747,648</u>	<u>742,213</u>
Basic and diluted (earnings) loss per common share	<u>\$ 0.01</u>	<u>\$ 0.04</u>	<u>\$ (0.06)</u>	<u>\$ (0.04)</u>