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## CSB BANCORP, INC. REPORTS THIRD QUARTER EARNINGS

### Third Quarter Highlights

	Quarter Ended <u>September 30, 2016</u>	Quarter Ended <u>September 30, 2015</u>
Diluted earnings per share	\$0.61	\$0.57
Net Income	\$1,694,000	\$1,556,000
Return on average common equity	10.29%	10.27%
Return on average assets	1.03%	0.98%

Millersburg, Ohio – October 25, 2016 – CSB Bancorp, Inc. (OTC Pink: CSBB) today announced third quarter 2016 net income of \$1,694,000 or \$.61 per basic and diluted share, as compared to \$1,556,000 or \$.57 per basic and diluted share for the same period in 2015. For the nine month period ended September 30, 2016 net income totaled \$4,785,000, compared to \$4,415,000 for the same period last year, an increase of 8%.

Annualized returns on average common equity (“ROE”) and average assets (“ROA”) for the quarter were 10.29% and 1.03%, respectively, compared with 10.27% and 0.98% for the third quarter of 2015.

Eddie Steiner, President and CEO stated, “We are pleased to report strong third quarter earnings. As part of our commitment to generate returns for our shareholders, we have increased the quarterly dividend by 5% to \$.20 per share. We expect to pay approximately \$2.1 million in dividends this year, bringing total dividends paid to shareholders over the past 10 years to more than \$19 million.”

Revenue, on a fully-taxable equivalent basis, totaled \$6.7 million during the quarter, a 7% increase from the prior-year third quarter. Net interest income increased \$429 thousand in the third quarter of 2016 compared to the same period in 2015, driven primarily by growth in average loans outstanding of \$49 million and a lower cost of funds. Net interest margin of 3.61% compared favorably to 3.43% for third quarter 2015, an increase of 0.18% from the year earlier period.

Noninterest revenue declined by \$24 thousand, or 2%, in the third quarter of 2016 compared to 2015. The decline reflects decreases in gain on sale of mortgage loans and service charges on deposit accounts, partially offset by increases in interchange fees and trust income.

Noninterest expense amounted to \$4 million during the quarter, an increase of \$50 thousand or 1% from third quarter 2015. The Company's third quarter efficiency ratio amounted to 59.2% as compared to 62.4% for the same quarter in the prior year. Salary and employee benefits rose \$97 thousand, or 4%, on a quarter over prior year quarter with increases in salary, healthcare coverage and employment taxes.

Federal income tax provision totaled \$740 thousand in third quarter 2016, compared to \$687 thousand for the same quarter in 2015 reflecting a slightly improved effective tax rate approximating 30% for the comparable quarters.

Average total assets during the quarter amounted to \$654 million, an increase of \$21 million, or 3%, above the same quarter of the prior year. Average loan balances of \$457 million increased \$49 million, or 12%, from the prior year third quarter while average securities balances of \$145 million decreased \$3 million or 2% as compared to third quarter 2015.

Average commercial loan balances for the quarter, including commercial real estate, increased \$31 million, or 11%, from prior year levels. Average residential mortgage balances increased \$9 million, or 11%, over the prior year's quarter. Average home equity balances increased \$4 million, or 11%, and average consumer credit balances increased \$4 million, or 48%, versus the same quarter of the prior year.

Delinquent loan balances as of September 30, 2016 amounted to 0.82% of total loans as compared to 0.73% at September 30, 2015. Nonperforming assets totaled \$2.8 million, or 0.62%, of total loans plus other real estate, an increase from \$2.0 million, or 0.49%, of total loans plus other real estate at September 30, 2015. The allowance for loan losses amounted to 1.08% of total loans on September 30, 2016 as compared to 1.12% at September 30, 2015.

Net loan charge-offs during third quarter 2016 were \$153 thousand, or 0.05% annualized, compared to third quarter 2015 net loan charge-offs of \$138 thousand.

Average deposit balances for third quarter 2016 totaled \$520 million, an increase of \$17 million, or 3%, from the prior year's third quarter. Within the deposit category, average noninterest-bearing account balances for the third quarter increased by \$13 million, or 9%, above the same period in the prior year. Average interest-bearing checking, money market and traditional savings balances increased \$13 million, or 6%, from year ago levels, while average time deposit balances decreased \$9 million, or 7%, from third quarter 2015. In addition to the changes in average deposit balances, the average balance of securities sold under repurchase agreement during the third quarter of 2016 decreased by \$1

million, or 2%, compared to the average for the same period in the prior year. Repurchase agreements, while considered short-term borrowings, are primarily tied to overnight customer sweep accounts.

Shareholders' equity totaled \$65.8 million on September 30, 2016 with 2.7 million common shares outstanding. The tangible equity to assets ratio amounted to 9.3% on September 30, 2016, as compared to 8.8% on September 30, 2015. The Company declared a third quarter dividend of \$.20 per share producing a yield of 3.2% based on the September 30, 2016 closing price of \$25.17.

#### About CSB Bancorp, Inc.

CSB is a financial holding company headquartered in Millersburg, Ohio, with approximate assets of \$654 million as of September 30, 2016. 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.

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