The Commercial & Savings Bank

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CSB BANCORP, INC. REPORTS SECOND QUARTER EARNINGS

Second Quarter Highlights

	Quarter Ended June 30, 2016	Quarter Ended June 30, 2015
Diluted earnings per share	$0.59	$0.55
Net Income	$1,611,000	$1,517,000
Return on average common equity	10.14%	10.23%
Return on average assets	1.00%	0.97%

Millersburg, Ohio – July 26, 2016 – CSB Bancorp, Inc. (OTC Pink: CSBB) today announced second quarter 2016 net income of $1,611,000 or $.59 per basic and diluted share, as compared to $1,517,000 or $.55 per basic and diluted share for the same period in 2015. For the six month period ended June 30, 2016 net income totaled $3,091,000, compared to $2,859,000 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 10.14% and 1.00%, respectively, compared with 10.23% and 0.97% for the second quarter of 2015.

Eddie Steiner, President and CEO stated, "We are pleased to report record second quarter earnings on the strength of increased revenue. Demand for consumer and business loans is steady and credit quality remains acceptable."

Revenue, on a fully-taxable equivalent basis, totaled $6.6 million during the quarter, a 3% increase from the prior-year second quarter. Net interest income increased $271 thousand in the second quarter of 2016 compared to the same period in 2015, driven primarily by growth in average loans outstanding of $30 million and a lower cost of funds. As a result, the net interest margin improved by .07% to 3.65% during the second quarter of 2016 from 3.58% a year earlier.

Noninterest revenue declined by $83 thousand, or 7%, in the second quarter of 2016 compared to 2015. The decline reflects a decrease in service charges on deposit accounts, a $25 thousand loss on fixed asset retirement and reductions in gains on the sale of securities and mortgage loans. These reductions were partially offset by increases in interchange fees.

Noninterest expense amounted to $4 million during the quarter, an increase of $88 thousand or 2% from second quarter 2015. The Company's second quarter efficiency ratio amounted to 60.8% as compared to 61.5% for the same quarter in the prior year. Salary and employee benefits rose $75 thousand, or 3%, on a quarter over prior year quarter with increases in base salary, healthcare coverage and employment taxes.

Federal income tax provision totaled $705 thousand in second quarter 2016, compared to $669 thousand for the same quarter in 2015 reflecting a slightly improved effective tax rate of 30% for the comparable quarters.
Average total assets during the quarter amounted to $647 million, an increase of $22 million or 3% above the same quarter of the prior year. Average loan balances of $447 million increased $30 million, or 7%, from the prior year second quarter while average securities balances of $151 million increased $3 million or 2% as compared to second quarter 2015.

Average commercial loan balances for the quarter, including commercial real estate, increased $20 million, or 7%, from prior year levels. Average residential mortgage balances increased $4 million, or 4%, over the prior year's quarter. Average home equity balances increased $3 million, or 8%, and average consumer credit balances increased $3 million, or 36%, versus the same quarter of the prior year.

Delinquent loan balances as of June 30, 2016 amounted to 0.82% of total loans as compared to 1.06% at June 30, 2015. Nonperforming assets totaled $2.8 million, or 0.62%, of total loans plus other real estate, a decrease from $3.1 million, or 0.75%, of total loans plus other real estate at June 30, 2015. The allowance for loan losses amounted to 1.14% of total loans on June 30, 2016.

Net loan charge-offs during second quarter 2016 were $14 thousand, or 0.01% annualized, compared to second quarter 2015 net loan charge-offs of $32 thousand.

Average deposit balances for second quarter 2016 totaled $516 million, an increase of $16 million, or 3%, from the prior year's second quarter. Within the deposit category, average noninterest-bearing account balances for the second quarter increased by $14 million, or 11%, above the same period in the prior year. Average interest-bearing checking, money market and traditional savings balances increased $11 million, or 5%, from year ago levels, while average time deposit balances decreased $9 million, or 7%, from second quarter 2015. In addition to the changes in average deposit balances, the average balance of securities sold under repurchase agreement during the second quarter of 2016 increased by $1 million, or 2%, above 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 $64.4 million on June 30, 2016 with 2.7 million common shares outstanding. The tangible equity to assets ratio amounted to 9.2% on June 30, 2016, as compared to 8.7% on June 30, 2015. The Company declared a second quarter dividend of $0.19 per share producing a yield of 3.0% based on the June 30, 2016 closing price of $25.20.

<u>About CSB Bancorp, Inc.</u>

CSB is a financial holding company headquartered in Millersburg, Ohio, with approximate assets of $650 million as of June 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.

<u>Forward-Looking Statement</u>

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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