



Kish Bancorp, Inc. Announces First Quarter Financial Results

STATE COLLEGE, PA – May 2, 2013 – William P. Hayes, Chairman, President and CEO of Kish Bancorp, Inc., has announced Kish’s unaudited financial results for the period ending March 31, 2013.

The Corporation’s total assets ended the first quarter at \$591 million, an increase of \$17 million or 3.0% compared to total assets of \$574 million as of March 31, 2012. Loans outstanding increased to \$370 million from \$366 million as of March 31, 2012. Growth occurred in the business and consumer lending sectors. Mortgage loan originations originated for sale to the secondary market and the associated revenues remain at record levels. Sustained mortgage origination volumes reflect gains in market share as well as refinancing of existing mortgages due to low interest rates.

Hayes commented: “The improvement in commercial and consumer borrowing has been welcome following several years of conservative balance sheet management that reflected a challenging regulatory and economic environment. The increase is consistent with the Corporation’s expanded focus on growing the franchise based on a strengthened capital foundation and infrastructure that is well positioned to support meaningful growth.”

Kish Bank continues to experience improvement in the level of classified loans while maintaining very low loan charge-offs. The Bank’s allowance for loan losses stood at \$6.859 million at quarter end, or 1.85% of total loans outstanding, a strong level by both historic and peer group measures. As a result, there was a decrease of \$150 thousand in the loan loss provision during the first quarter of 2012. Hayes stated, “We are pleased with the Bank’s loan quality metrics, including low delinquencies and charge-offs, which have been sustained at exceptional levels throughout the downturn and initial recovery period.”

Total deposits were \$465 million at quarter end, a modest decrease from \$467 million a year ago. “With the Fed’s near-zero target for short term rates, the attractiveness of higher cost municipal deposits has diminished,” Hayes said, noting that during the first quarter, the reduction in this category of deposits was largely offset by growth in consumer and business noninterest-bearing checking accounts.

Net income during the first quarter of 2013 was \$706 thousand, a decrease of \$137 thousand from \$843 thousand during the same period in 2012. As a result of continued pressure on interest margins, net interest income contracted during the first quarter of 2013. At March 31, 2013, net interest income totaled \$4.1 million, a decrease from \$4.3 million during the first quarter of 2012.

Noninterest income increased by \$360 thousand, or 25.7%, to \$1.763 million during the first quarter of 2013 from \$1.403 million in 2012. Gains from investing and loan activities contributed to this increase, along with solid performances by the non-bank business units and stable revenue from deposit service fees. Hayes stated, "Wealth management, insurance, travel and mortgage banking all reflect stronger growth and improved performance, consistent with our stated strategy of growing these sources of revenue."

Hayes noted, "We are pleased with the top line growth in revenues. Although the low interest rate environment is putting pressure on the net interest margin, as it is with the majority of community banks in this country, Kish is somewhat unique because of our well-established focus on growing non-interest sources of revenue," adding that "noninterest income as a percent of net operating income remains at 30%, an enviable level for a community bank and an area where we foresee continued growth."

Noninterest expense was \$5.109 million during the first quarter of 2013, an increase of \$499 thousand, or 10.8%, from \$4.610 million in 2012. The primary drivers of the increase in 2013 expenses were FDIC and other regulatory assessments, budgeted salaries and benefit increases, as well as data processing fees related to the expansion of services provided to the Corporation's growing customer base. Hayes remarked, "Although non-interest expenses during the first quarter reflect the lingering effects of resolving the regulatory agreement with the OCC and rising healthcare costs, we are pleased that the Bank is now well positioned to execute its growth strategies without the regulatory distractions of the past several years."

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable April 30, 2013 to shareholders of record as of April 15, 2013. Dividends per share remain unchanged from the same period last year.

"Overall, we are encouraged that expansion in core banking and non-banking businesses is likely to continue as the year progresses," Hayes concluded. "Although economic conditions remain challenging, we are confident that Kish's focus on delivering exceptional client service will continue to differentiate our services in the marketplace."

About Kish Bancorp, Inc.

Kish Bancorp, Inc. is a diversified financial services corporation headquartered in Belleville, PA. Kish Bank, a subsidiary of Kish Bancorp, Inc., operates thirteen banking offices and financial centers in Centre, Huntingdon and Mifflin Counties. In addition to Kish Bank, other business units include: Kish Insurance, Kish Financial Solutions, and Kish Travel. For additional information, please visit Kish Bancorp, Inc. online at www.kishbank.com. KISB is the stock ticker symbol for Kish Bancorp, Inc.