



Kish Bancorp, Inc. Announces First Quarter Financial Results

Summary

- Kish's first quarter net income of \$846 thousand represented an increase of \$140 thousand, or 19.8%, from \$706 thousand in 2013.
- Net interest income, at \$4.5 million for the first quarter, increased by \$436 thousand, or 10.7%, from \$4.1 million the prior year.
- Total assets for the period increased to \$641 million, an increase of \$50 million, or 8.4%, compared to total assets of \$591 million at March 31, 2013.
- Total loans for the period increased by \$31 million, or 8.5%, to \$402 million, and total deposits increased by \$29 million to \$494 million, an increase of 6.3% from a year ago.

Release

State College, Pennsylvania (KISB) – May 7, 2014 – William P. Hayes, Chairman and CEO of Kish Bank and Kish Bancorp, has announced unaudited financial results for the period ending March 31, 2014.

"It pleases me to note a strong first quarter, with positive gains in earnings, loans, and deposits, as well as revenues from the Corporation's related affiliates, Kish Financial Solutions, Kish Insurance, and Kish Travel," Hayes said.

The Corporation's total assets ended the quarter at \$641 million, an increase of \$50 million, or 8.4%, compared to total assets of \$591 million as of March 31, 2013.

"Asset growth was driven by strong growth in loans and investment securities," Hayes said, adding that year-over-year, gross loans increased by \$31 million, or 8.5%, to \$402 million from \$370 million at the end of March 2013. Net of reserves, loans outstanding increased by \$32 million, or 8.9%, to \$396 million from \$363 million as of March 31, 2013.

Investment securities increased by \$21 million, or 13.1%, to \$183 million from \$162 million at the end of the first quarter of 2013. Hayes explained that growth in long-term assets at satisfactory margins has been a management strategy that commenced in 2013 and continued into the first quarter of 2014. The success of this strategy, he said, was made possible by the interest rate environment and the availability of low cost, long-term fixed rate funding. Consequently, asset growth over the past year was supported by a corresponding increase in funding sources with similarly matched maturities.

Total deposits grew by \$29 million to \$494 million, an increase of 6.3% from \$465 million a year ago. Borrowings increased by \$23.2 million to \$98.8 million, up 30.7%, as compared to \$75.6 million at March 31, 2013.

With strong balance sheet growth, net income for the first quarter of 2014 at \$846 thousand showed an increase of \$140 thousand, or 19.8%, from \$706 thousand in 2013. Hayes said the primary component of the increase was growth in net interest income, which, at \$4.5 million, increased by \$436 thousand, or 10.7%, from \$4.1 million the prior year.

The allowance for loan losses at \$5.936 million represents 1.48% of total loans outstanding. The adequacy of this reserve is supported by the Bank's strong asset quality as reflected in loan charge-offs that remained near zero, a declining level of classified loans, and a very low level of delinquent loans.

Noninterest income was \$1.3 million at the end of March 2014, a decline of \$457 thousand from \$1.8 million in the first quarter of 2013. This reduction is primarily due to a decrease in revenue from the sale of residential mortgage loans in the secondary market, which declined to \$117 thousand from \$331 thousand the prior year. Residential mortgage lending volumes have shown significant declines across the industry, accompanied by a reduction in home mortgage refinancing in the face of higher interest rates. Prior year results also included \$272 thousand in investment securities gains; this compares to \$90 thousand in realized losses in 2014. The losses were taken as a part of a balance sheet strategy to shift the mix from securities to higher earning loans for greater long-term benefit. The decrease in noninterest income was partially offset by an increase in noninterest income from Kish's wealth management, insurance, and travel businesses, as well as other noninterest income sources, all of which have sustained their upward momentum of the last several years.

Noninterest expense was \$4.9 million in 2014, representing a quarter-to-date decrease of \$231 thousand, or 4.5%, from \$5.1 million during the same period in 2013.

"The primary drivers of the decrease in current year expenses were lower healthcare and regulatory expenses compared to the same period last year," Hayes said, adding that most other expense categories were well controlled when compared to the prior year as well.

The Board declared a quarterly dividend in the amount of \$0.41 per share, payable April 30, 2014 to shareholders of record as of April 15, 2014.

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.