

Consolidated Balance Sheet

Unaudited

(in thousands)

	March 31, 2015	March 31, 2014
ASSETS		
Cash and due from banks	\$ 6,101	\$ 8,112
Interest-bearing deposits with other institutions	15,739	8,625
Cash and cash equivalents	21,840	16,737
Certificates of deposit in other financial institutions	2,753	980
Investment securities available for sale	184,051	183,068
Loans held for sale	894	254
Loans	424,518	401,502
Less allowance for loan losses	6,126	5,936
Net Loans	418,392	395,566
Premises and equipment	13,196	13,908
Goodwill	1,669	1,669
Regulatory stock	6,136	7,111
Bank-owned life insurance	14,229	13,034
Accrued interest and other assets	6,575	8,719
TOTAL ASSETS	\$ 669,735	\$ 641,046
LIABILITIES		
Noninterest-bearing deposits	\$ 75,221	\$ 62,340
Interest-bearing deposits	452,781	432,124
Total Deposits	528,002	494,464
Short-term borrowings	5,577	12,166
Other borrowings	80,844	86,652
Accrued interest and other liabilities	4,684	4,183
TOTAL LIABILITIES	619,107	597,465
STOCKHOLDERS' EQUITY		
Common stock, \$.50 par value; 2,000,000 shares authorized, 1,348,750 shares issued	674	674
Additional paid-in capital	3,385	3,635
Retained earnings	50,187	47,578
Accumulated other comprehensive income	1,750	(2,547)
Treasury stock, at cost (127,700 and 130,122 shares)	(5,368)	(5,759)
TOTAL STOCKHOLDERS' EQUITY	50,628	43,581
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 669,735	\$ 641,046

Consolidated Statement of Income

Unaudited

(in thousands)

	Three Months Ended	
	March 31, 2015	March 31, 2014
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans:		
Taxable	\$ 4,362	\$ 4,191
Exempt from federal income tax	320	255
Investment securities:		
Taxable	771	856
Exempt from federal income tax	355	367
Interest-bearing deposits with other institutions	27	11
Other dividend income	264	58
TOTAL INTEREST AND DIVIDEND INCOME	6,099	5,738
INTEREST EXPENSE		
Deposits	785	771
Short-term borrowings	20	29
Other borrowings	390	423
TOTAL INTEREST EXPENSE	1,195	1,223
NET INTEREST INCOME	4,904	4,515
Provision for loan losses	90	0
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,814	4,515
NONINTEREST INCOME		
Service fees on deposit accounts	394	386
Investment securities gains, net	159	(90)
Gain on sale of loans, net	134	117
Earnings on Bank-owned life insurance	108	101
Insurance commissions	328	307
Travel agency commissions	58	47
Other	452	439
TOTAL NONINTEREST INCOME	1,633	1,306
NONINTEREST EXPENSE		
Salaries and employee benefits	3,068	2,874
Occupancy and equipment	704	667
Data processing	377	456
Professional fees	88	93
Advertising	91	70
Federal deposit insurance	95	95
Other	715	623
TOTAL NONINTEREST EXPENSE	5,138	4,878
INCOME BEFORE INCOME TAXES	1,309	943
Income taxes	180	97
NET INCOME	\$ 1,129	\$ 846

To Our Shareholders

Kish Bancorp, Inc., parent company of Kish Bank and related affiliates, is pleased to report unaudited financial results for the period ending March 31, 2015.

The Corporation's total assets ended the quarter at \$670 million, an increase of \$29 million, or 4.5%, compared to total assets of \$641 million as of March 31, 2014. Asset growth was driven by strong growth in loans. Year-over-year, gross loans increased by \$23 million, or 5.7%, to \$425 million from \$402 million at the end of March 2014. Total deposits grew by \$34 million to \$528 million, an increase of 6.8% from \$494 million a year ago. Borrowings decreased by \$12 million to \$86 million compared to \$99 million at the end of March 2014.

Net income at the end of the first quarter 2015 was \$1.13 million, an increase of \$283 thousand, or 33.43%, compared to \$846 thousand during the same period in 2014. The primary component of the increase was growth in net interest income, which, at \$4.8 million, increased by \$299 thousand, or 6.62%, from \$4.5 million the prior year. An additional provision of \$90 thousand was made towards the loan loss reserve in the first quarter of 2015. The allowance for loan losses at \$6.126 million represented 1.44% of total loans outstanding. The adequacy of the reserve is supported by strong asset quality as reflected in loan charge-offs that remained near zero, the level of classified loans, and low loan delinquencies.

Noninterest income was \$1.63 million for the quarter ending March 2015, an increase of \$327 thousand from \$1.31 million as of March 2014. The biggest impact came from realized gains from the sale of investment securities, which increased by \$249 thousand to \$159 thousand compared to a realized loss of \$90 thousand in the first quarter of 2014. Noninterest income also benefitted from positive results from the sale of residential mortgage loans, and increased revenue from other business units including insurance, wealth management, and travel.

Noninterest expense was \$5.14 million in the first quarter of 2015, representing a quarter-to-date increase of \$260 thousand, or 5.33%, from \$4.9 million during the same period in 2014. Primary drivers of the increase in the current period are higher compensation expense and expenses related to higher state shares tax accruals. This increase is offset to some degree by reduced data processing expenses. Most other expense categories were well controlled when compared to the prior year.

Selected Financial Highlights

Unaudited (\$ in thousands, except per share data)	Three Months Ended	
	Mar. 2015	Mar. 2014
Net Income	\$ 1,129	\$ 846
Total Assets	\$ 669,735	\$ 641,046
Loans Outstanding	\$ 424,518	\$ 401,502
Total Deposits	\$ 528,002	\$ 494,464
ROA (annual)	0.69%	0.54%
ROE (annual)	9.13%	8.00%
Earnings per Share	\$ 0.92	\$ 0.69
Dividends per Share	\$ 0.43	\$ 0.41

The Board has declared a quarterly dividend in the amount of \$0.43 per share, payable April 30, 2015 to shareholders of record as of April 15, 2015.

We appreciate the loyalty of our shareholders and we thank you for your continued support.

Sincerely,

William P. Hayes
Chairman, President and Chief Executive Officer

Branch Locations

Belleville	717-935-2191
Reedsville	717-667-3974
Lewistown—Electric Avenue	717-242-5474
Lewistown—S. Main Street	717-242-2500
McVeytown	717-899-7733
Huntingdon	814-641-5474
Mill Creek	814-643-4400
McAlevy's Fort	814-667-3500
State College—North Atherton	814-861-4747
State College—South Atherton	814-861-5500
Bellefonte	814-353-1770

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