



## **Kish Bancorp, Inc. Announces Second Quarter Financial Results**

STATE COLLEGE, PA – August 5, 2013 – William P. Hayes, CEO and Chairman of Kish Bancorp, Inc., has announced Kish’s unaudited financial results for the period ending June 30, 2013.

The Corporation’s total assets ended the quarter at \$613 million, an increase of \$53 million, or 9.5%, compared to total assets of \$560 million as of June 30, 2012. Total deposits grew by \$16 million to \$473 million, an increase of 3.5% from \$457 million a year ago. Loans outstanding increased 4.2% to \$371 million from \$356 million as of June 30, 2012.

Net income for the first six months was \$1.6 million, a decrease of \$196 thousand, or 10.9%, from \$1.8 million during the same period in 2012. Net interest income has remained relatively stable at \$8.5 million for the first six months of 2013, down slightly from \$8.6 million last year, reflecting pressure on interest margins.

A reduction in the provision for potential loan losses contributed positively to net income. Due to the sustained performance of the Bank’s loan portfolio, \$150 thousand was injected into earnings through a reverse loan loss provision during the first six months of 2013, as compared to a \$300 thousand contribution in 2012. As a result, the allowance for loan losses, at \$6.679 million, remains at a comparatively high 1.80% of total loans outstanding.

“The adequacy of the reserve ratio is supported by low charge-offs, a declining level of classified loans, and the very low level of delinquent loans at Kish,” Hayes explained.

Noninterest income declined \$95 thousand, or 2.9%, to \$3.2 million during the first half of 2013, from \$3.3 million in 2012. Prior year results included \$424 thousand in investment securities gains, compared to the \$275 thousand recognized during the first six months of 2013. Excluding this difference, core noninterest income increased by \$54 thousand, or 1.9%, primarily due to the focus on growing noninterest revenues in Kish Bancorp’s non-banking business units – investment management and trust, insurance, and travel – and the continued strong performance of the mortgage lending unit.

Noninterest expense was \$10.1 million during the first six months of 2013, an increase of \$554 thousand, or 5.8%, from \$9.5 million in 2012. Employee benefits costs associated with higher health care costs and employer taxes were the primary drivers of the 2013 increase. The Corporation also experienced higher core processing costs related to increasing customer transaction activity, as well as additions to the Bank’s services. Going forward, reduced regulatory assessments associated with the

release from the OCC agreement, as well as internal expense reduction measures, will contribute to controlling growth in noninterest expenses.

As recently announced, the Corporation's Board of Directors approved a two-for-one stock split effective in May 2013. The Board of Directors declared a quarterly dividend in the amount of \$0.405 per share payable July 31, 2013 to shareholders on record as of July 15, 2013. Dividends per share remain unchanged from the same period last year, based on the May 2013 stock split.

"During the quarter, we were pleased to be ranked as one of the nation's Top 200 Community Banks by *American Banker* magazine for the seventh consecutive year," Mr. Hayes said.

***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](http://www.kishbank.com). KISB is the stock ticker symbol for Kish Bancorp, Inc.*