



Kish Bancorp, Inc. Announces Second Quarter Financial Results

Highlight Summary

- Net income of \$2.1 million, or \$1.71 per share, compared to net income of \$1.9 million, or \$1.55 per share, in the first six months of 2014, an increase of 10.5% in net income and 10.3% per share.
- Annualized returns on average shareholders' equity and assets of 8.39% and 0.63%, respectively, for the six months ended June 30, 2015.
- Loans of \$432 million at June 30, 2015, an increase of \$23.0 million, or 5.7%, compared to June 30, 2014.
- Total assets reached a new quarterly high of \$682 million.
- YTD net interest margin of 3.30% as compared to 3.24% for the same period last year.
- Net charge offs to total loans remained close to zero levels at 0.01%, compared to 0.06% for the same period last year.

Release

State College, Pennsylvania (KISB) – July 31, 2015 – William P. Hayes, Chairman, President and CEO of Kish Bank and Kish Bancorp, has announced unaudited financial results for the period ending June 30, 2015.

“I am pleased to report that growth in the balance sheet and across our business units remains consistently positive and reflects the broad engagement of our team across Kish’s region,” Mr. Hayes said, adding that “despite the reluctant economic expansion and continuing concerns about global economic challenges, the Company remains optimistic about the continued trajectory of earnings and our ability to perform for the communities we serve.”

Balance Sheet

The Corporation’s total assets ended the quarter at \$682 million, an increase of \$37 million, or 5.69%, compared to total assets of \$646 million as of June 30, 2014. Asset growth was driven by growth in loans. Year-over-year, gross loans increased by \$23 million, or 5.7%, to \$432 million from \$409 million at the end of June 2015. Total deposits grew by \$44 million to \$543 million, an increase of 8.92% from

\$499 million a year ago. Borrowings decreased by \$11 million to \$85 million, compared to \$96 million at the end of June 2014.

Net Interest Margin

Year-to-date, the net interest margin at the end of June 2015 was 3.30% compared to 3.24% during the same period in 2014. The primary component of the increase was growth in net interest income, which, at \$9.7 million, increased by \$601 thousand, or 6.61%, from \$9.1 million the prior year. An additional provision of \$180 thousand was made towards the loan loss reserve in the first six months of 2015. The allowance for loan losses at \$6.131 million represented 1.44% of total loans outstanding. Hayes underscored that 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

Noninterest income was \$3.2 million for the first two quarters ending June 2015, an increase of \$132 thousand from \$3.1 million as of June 2014. The increase in noninterest income came from income from secondary market mortgage originations, which increased by \$104 thousand to \$395 thousand, compared to \$291 thousand in the first two quarters of 2014. Noninterest income also benefitted from positive results from increased revenue from other business units, including insurance and wealth management.

Noninterest Expense

Year-to-date noninterest expense was \$10.4 million at the end of June 2015, representing a semi-annual increase of \$410 thousand, or 4.12%, from \$9.9 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 bank shares tax accruals.

Hayes said that the Governor's proposal regarding a dramatic increase in Pennsylvania's bank shares tax continues to be debated in Harrisburg. Bankers and shareholders alike, he said, are actively engaged in opposing this proposal as unhealthy for banks and the communities in which they lend.

Most other expense categories were well controlled when compared to the prior year.

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

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.