



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

STATE COLLEGE, PA – October 31, 2013 – William P. Hayes, Chairman and CEO of Kish Bancorp, Inc., has announced Kish’s unaudited financial results for the period ending September 30, 2013.

The Corporation’s total assets ended the quarter at \$633 million, an increase of \$67 million, or 11.9%, compared to total assets of \$566 million as of September 30, 2012. Total deposits grew by \$27 million to \$494 million, an increase of 5.9% from \$467 million a year ago. Loans outstanding increased 5.9% to \$380 million from \$359 million as of September 30, 2012.

Net income for the first nine months was \$2.7 million, an increase of \$143 thousand, or 5.49%, from \$2.6 million during the same period in 2012. Despite the continued low interest rate environment that poses challenges in the growth of net interest income, year to date net interest income at \$13.3 million increased by 7.6%, from \$12.3 million during the same period last year.

Contributing to net income was a reduction in the provision for potential loan losses. Due to the sustained positive performance of the loan portfolio, \$300 thousand was included in earnings through a reverse loan loss provision during the first nine months of 2013, as compared to a \$350 thousand expense for the same period in 2012.

“The allowance for loan losses at \$6.528 million represents 1.72% of total loans outstanding, a level that remains well above Kish’s historic norms,” Hayes said. “I am pleased to add that the adequacy of this reserve is supported by continued low loan charge-offs, a declining level of classified loans, and a very low level of delinquent loans.”

Noninterest income was \$4.8 million during the first nine months of 2013, a decline of 3.7% from \$5.0 million in 2012. Prior year results include \$50 thousand in investment securities gains above the \$376 thousand that was recognized during the first nine months of 2013. Excluding this difference, core noninterest income decreased by \$134 thousand, or 2.7%, primarily due to the decrease in revenue from the sale of residential mortgage loans in the secondary market.

Noninterest expense was \$15.0 million during the first nine months of 2013, an increase of \$653 thousand, or 4.5%, from \$14.3 million in 2012. A primary driver of the increase in 2013 expenses was employee benefits costs associated with higher health care costs and employer taxes. The Corporation also experienced higher core processing costs related to an increase in the number of customers and their subsequent transaction activity, as well as additions to the Bank’s menu of services available.

Hayes also referenced the fact that the Bank has applied to convert its charter from a national banking association to a Pennsylvania state chartered bank and trust company, which will be supervised by the Pennsylvania Department of Banking and Securities (DOBS) and the FDIC.

“We expect the conversion process to be completed by late 2013 or early 2014,” Hayes said. “After careful study, we concluded that the DOBS platform is a good fit for us. The conversion will not impact our customers, our business model, the terms and conditions of loan and deposit accounts, or the safety and soundness of the Bank. “

Hayes added that the supervision provided by the Pennsylvania Department of Banking and Securities and FDIC will be equal to the quality and thoroughness of that delivered by the Bank’s federal regulators in the past. He also said that the conversion would afford the Bank significant cost savings, and allow it to benefit from the experience and insight DOBS provides through its focus on Pennsylvania community banks and financial institutions.

The Board declared a quarterly dividend in the amount of \$0.405 per share payable October 31, 2013 to shareholders of record as of October 15, 2013. Dividends per share remain unchanged from the same period last year based on the May 2013 stock split.

***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.*