



Kish Bancorp, Inc. Announces Third Quarter Financial Results

Highlight Summary

- Net income of \$3.37 million, or \$2.75 per share, compared to net income of \$3.18 million, or \$2.60 per share, in the first nine months of 2014.
- Annualized returns on average shareholders' equity and average assets of 8.97% and 0.67%, respectively, for nine months ended September 30, 2015.
- Tangible book value per share of \$40.22 as of September 30, 2015, an increase of 9.91% over tangible book value per share of \$36.59 at September 30, 2014.
- Loans of \$438 million at September 30, 2015, an increase of \$27.8 million, or 6.8%, compared to September 30, 2014.
- Total assets reached a new quarterly high of \$693 million.
- YTD net interest margin of 3.29%, compared to 3.25% 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) – October 30, 2015 – William P. Hayes, Chairman, President and CEO of Kish Bank and Kish Bancorp, has announced unaudited financial results for the period ending September 30, 2015.

"I am pleased to note 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," Hayes said. "The Company remains optimistic about the continued trajectory of earnings, as well as its ability to perform for the communities served by the Kish family of companies, despite legitimate concerns about global economic expansion and the tepid economic expansion being experienced today," Hayes added.

Net Income and Balance Sheet

Net income for the year-to-date nine month period rose to \$3.37 million, up 6.04% from \$3.18 million in 2014. Quarterly net income was flat due to one-time adjustments to healthcare expenses that benefitted 2014 third quarter results. The Corporation's total assets ended the quarter at \$693 million,

an increase of \$35 million, or 5.40%, compared to total assets of \$657 million as of September 30, 2014. Asset growth was driven by strong growth in loans. Year-over-year, gross loans increased by \$27.8 million, or 6.8%, to \$438 million from \$411 million at the end of September 2014. Total deposits grew by \$26 million to \$541 million, an increase of 4.96% from \$515 million a year ago. Borrowings increased by \$5.5 million to \$95.6 million, compared to \$90.1 million at the end of September 2014.

Net Interest Margin

Year-to-date, the net interest margin at the end of September 2015 was 3.29%, compared to 3.25% during the same period in 2014. The primary component of the increase was growth in net interest income, which, at \$14.6 million, increased by \$849 thousand, or 6.16%, from \$13.8 million the prior year. An additional provision of \$235 thousand was made to the loan loss reserve in the nine months ending September 30, 2015. The allowance for loan losses at \$6.216 million represented 1.42% 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

Noninterest income was \$4.97 million for the nine months ending September 2015, an increase of \$168 thousand from \$4.80 million as of September 2014. The increase in noninterest income came from gains from the sale of mortgages, which increased by \$170 thousand to \$667 thousand, compared to gains of \$497 thousand in the first three 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 \$15.51 million at the end of September 2015, representing an increase of \$751 thousand, or 5.09%, from \$14.75 million during the same period in 2014. Primary drivers of the increase in the current period are higher compensation expenses related to an expanding workforce and expenses related to higher state bank shares tax accruals.

“The Governor’s proposal to increase Pennsylvania’s bank shares tax dramatically continues to be debated in Harrisburg,” Hayes said, noting the potential negative impact such increases could have on banks’ ability to lend to the communities they serve.” He said that most other expense categories were well controlled when compared to the prior year.

The Board of Directors declared a quarterly dividend in the amount of \$0.43 per share, payable October 31, 2015 to shareholders of record as of October 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.