

Consolidated Balance Sheet

Unaudited

(in thousands)

	Sept. 30, 2014	Sept. 30, 2013
ASSETS		
Cash and due from banks	\$ 6,880	\$ 9,697
Interest-bearing deposits with other institutions	9,996	21,473
Cash and cash equivalents	16,876	31,170
Certificates of deposit in other financial institutions	2,753	980
Investment securities available for sale	189,285	181,653
Loans held for sale	166	705
Loans	410,599	379,255
Less allowance for loan losses	5,806	6,528
Net Loans	404,793	372,727
Premises and equipment	13,529	14,370
Goodwill	1,669	1,669
Regulatory stock	7,173	6,887
Bank-owned life insurance	13,244	12,832
Accrued interest and other assets	7,920	10,351
TOTAL ASSETS	\$ 657,408	\$ 633,344
LIABILITIES		
Noninterest-bearing deposits	\$ 67,898	\$ 63,688
Interest-bearing deposits	447,528	430,502
Total Deposits	515,426	494,190
Short-term borrowings	4,677	9,289
Other borrowings	85,398	84,218
Accrued interest and other liabilities	4,995	4,279
TOTAL LIABILITIES	610,496	591,976
STOCKHOLDERS' EQUITY		
Common stock, \$.50 par value; 2,000,000 shares authorized, 1,348,750 and 1,348,750 shares issued	674	674
Additional paid-in capital	3,501	3,686
Retained earnings	48,905	46,257
Accumulated other comprehensive income	(620)	(3,355)
Treasury stock, at cost (126,487 and 129,893 shares)	(5,548)	(5,894)
TOTAL STOCKHOLDERS' EQUITY	46,912	41,368
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 657,408	\$ 633,344

Consolidated Statement of Income

Unaudited

(in thousands)

	Nine Months Ended		Three Months Ended	
	Sept. 30, 2014	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans:				
Taxable	\$ 12,880	\$ 12,552	\$ 4,398	\$ 4,274
Exempt from federal income tax	842	730	301	252
Investment securities:				
Taxable	2,456	2,126	798	805
Exempt from federal income tax	1,094	972	370	344
Interest-bearing deposits with other institutions	37	47	17	15
Other dividend income	216	101	86	36
TOTAL INTEREST AND DIVIDEND INCOME	17,525	16,528	5,970	5,726
INTEREST EXPENSE				
Deposits	2,403	2,205	832	749
Short-term borrowings	88	86	27	28
Other borrowings	1,241	1,263	407	442
TOTAL INTEREST EXPENSE	3,732	3,554	1,265	1,219
NET INTEREST INCOME	13,793	12,974	4,705	4,507
Provision for loan losses	100	(300)	50	(150)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	13,693	13,274	4,655	4,657
NONINTEREST INCOME				
Service fees on deposit accounts	1,267	1,178	452	395
Investment securities gains, net	300	376	148	101
Gain on sale of loans, net	497	903	206	258
Earnings on Bank-owned life insurance	319	312	110	105
Insurance commissions	848	732	288	272
Travel agency commissions	233	153	111	47
Other	1,337	1,173	415	487
TOTAL NONINTEREST INCOME	4,801	4,827	1,730	1,665
NONINTEREST EXPENSE				
Salaries and employee benefits	8,646	8,465	2,786	2,764
Occupancy and equipment	1,940	1,864	636	606
Data processing	1,364	1,368	443	470
Professional fees	305	254	102	84
Advertising	209	272	72	87
Federal deposit insurance	307	319	106	110
Other	1,984	2,467	660	838
TOTAL NONINTEREST EXPENSE	14,755	15,009	4,805	4,959
INCOME BEFORE INCOME TAXES	3,739	3,092	1,580	1,363
Income taxes	561	343	294	219
NET INCOME	\$ 3,178	\$ 2,749	\$ 1,286	\$ 1,144

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 September 30, 2014. Highlights for the quarter included:

- New highs for loans outstanding and deposits
- Record net income and net interest income for the nine-month period
- Continued excellence in the Bank's credit quality measures
- Robust results by the wealth management, insurance, and travel divisions
- Reduced noninterest expenses
- Double-digit expansion in total shareholders' equity
- Sustained dividend levels above industry norms

The Corporation's total assets ended the quarter at \$657 million, an increase of \$24 million, or 3.8%, compared to total assets of \$633 million as of September 30, 2013. Asset growth was driven by strong growth in loans. Year-over-year, gross loans increased by \$31 million, or 8.3%, to \$411 million from \$379 million at the end of September 2013. Total deposits grew by \$21 million to \$515 million, an increase of 4.3% from \$494 million a year ago. Borrowings were lower at \$90 million compared to \$94 million at the end of September 2013.

Net income for the first three quarters of 2014 grew to \$3.2 million, an increase of \$429 thousand, or 15.6%, compared to \$2.7 million in 2013. The primary component of the increase was growth in net interest income, which, at \$13.8 million, increased by \$819 thousand, or 6.3%, from \$13.0 million the prior year.

Noninterest income was \$4.8 million for the nine months ending September 2014, a modest decline of \$26 thousand from \$4.83 million as of September 2013. This is despite a decrease in revenue from the sale of residential mortgage loans in the secondary market, which declined to \$497 thousand from \$903 thousand the prior year. Residential mortgage lending volumes have shown significant declines across the industry. Prior year results also included \$376 thousand in investment securities gains as compared to \$300 thousand in gains realized in 2014. Noninterest income benefitted from positive contributions from wealth management, insurance, travel, and bank service fees, all of which sustained their upward momentum of the last several years.

Noninterest expense was \$14.8 million in 2014, representing a year-to-date decrease of \$254 thousand, or 1.7%, from \$15.0 million during the same period in 2013. Primary drivers of the decrease in current year expenses were lower healthcare and regulatory expenses compared to the same period last year. Most other expense categories were well controlled when

Selected Financial Highlights

Unaudited (\$ in thousands, except per share data)	Nine Months Ended	
	Sept. 2014	Sept. 2013
Net Income	\$ 3,178	\$ 2,749
Total Assets	\$ 657,408	\$ 633,344
Loans Outstanding	\$ 410,599	\$ 379,255
Total Deposits	\$ 515,426	\$ 494,190
ROA (annual)	0.66%	0.61%
ROE (annual)	9.47%	8.35%
Earnings per Share	\$ 2.60	\$ 2.26
Dividends per Share	\$ 1.23	\$ 1.22

compared to the prior year.

The allowance for loan losses at \$5.806 million represented 1.41% of total loans outstanding. The adequacy of this reserve is supported by strong asset quality as reflected in loan charge-offs that remained near zero, a strengthening in the level of classified loans, and very low loan delinquencies.

The Board declared a quarterly dividend in the amount of \$0.41 per share, payable October 31, 2014 to shareholders of record as of October 15, 2014.

As always, we appreciate the loyalty of our shareholders and we thank you for your continued support.

Sincerely,



William P. Hayes
Chairman 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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2014 Third Quarter Financial Report



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