

Consolidated Balance Sheet

Unaudited

(in thousands)

| | Sept. 30, 2015 | Sept. 30, 2014 |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and due from banks | \$ 12,739 | \$ 6,880 |
| Interest-bearing deposits with other institutions | 18,059 | 9,996 |
| Cash and cash equivalents | 30,798 | 16,876 |
| Certificates of deposit in other financial institutions | 2,753 | 2,753 |
| Investment securities available for sale | 184,542 | 189,285 |
| Loans held for sale | 0 | 166 |
| Loans | 438,425 | 410,599 |
| Less allowance for loan losses | 6,216 | 5,806 |
| Net Loans | 432,209 | 404,793 |
| Premises and equipment | 13,075 | 13,529 |
| Goodwill | 1,669 | 1,669 |
| Regulatory stock | 6,373 | 7,173 |
| Bank-owned life insurance | 14,453 | 13,244 |
| Accrued interest and other assets | 7,014 | 7,920 |
| TOTAL ASSETS | \$ 692,886 | \$ 657,408 |
| LIABILITIES | | |
| Noninterest-bearing deposits | \$ 71,820 | \$ 67,898 |
| Interest-bearing deposits | 469,163 | 447,528 |
| Total Deposits | 540,983 | 515,426 |
| Short-term borrowings | 9,578 | 4,677 |
| Other borrowings | 86,062 | 85,398 |
| Accrued interest and other liabilities | 4,778 | 4,995 |
| TOTAL LIABILITIES | 641,401 | 610,496 |
| STOCKHOLDERS' EQUITY | | |
| Common stock, \$0.50 par value; 2,000,000 shares authorized, 1,348,750 shares issued | 674 | 674 |
| Additional paid-in capital | 3,267 | 3,501 |
| Retained earnings | 51,370 | 48,905 |
| Accumulated other comprehensive income | 1,335 | (620) |
| Treasury stock, at cost (120,052 and 126,487 shares) | (5,161) | (5,548) |
| TOTAL STOCKHOLDERS' EQUITY | 51,485 | 46,912 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 692,886 | \$ 657,408 |

Consolidated Statement of Income

Unaudited

(in thousands)

| | Nine Months Ended | | Three Months Ended | |
|--|-------------------|-----------------|--------------------|-----------------|
| | Sept. 30, 2015 | Sept. 30, 2014 | Sept. 30, 2015 | Sept. 30, 2014 |
| INTEREST AND DIVIDEND INCOME | | | | |
| Interest and fees on loans: | | | | |
| Taxable | \$ 13,217 | \$ 12,880 | \$ 4,510 | \$ 4,398 |
| Exempt from federal income tax | 1,012 | 842 | 359 | 301 |
| Investment securities: | | | | |
| Taxable | 2,359 | 2,456 | 793 | 798 |
| Exempt from federal income tax | 1,108 | 1,094 | 379 | 370 |
| Interest-bearing deposits with other institutions | 76 | 37 | 24 | 17 |
| Other dividend income | 492 | 216 | 123 | 86 |
| TOTAL INTEREST AND DIVIDEND INCOME | 18,264 | 17,525 | 6,188 | 5,970 |
| INTEREST EXPENSE | | | | |
| Deposits | 2,367 | 2,403 | 805 | 832 |
| Short-term borrowings | 57 | 88 | 19 | 27 |
| Other borrowings | 1,198 | 1,241 | 411 | 407 |
| TOTAL INTEREST EXPENSE | 3,622 | 3,732 | 1,235 | 1,265 |
| NET INTEREST INCOME | 14,642 | 13,793 | 4,953 | 4,705 |
| Provision for loan losses | 235 | 100 | 55 | 50 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 14,407 | 13,693 | 4,898 | 4,655 |
| NONINTEREST INCOME | | | | |
| Service fees on deposit accounts | 1,234 | 1,267 | 421 | 452 |
| Investment securities gains, net | 317 | 300 | 153 | 148 |
| Gain on sale of loans, net | 667 | 497 | 272 | 206 |
| Earnings on Bank-owned life insurance | 332 | 319 | 113 | 110 |
| Insurance commissions | 870 | 848 | 288 | 288 |
| Travel agency commissions | 182 | 233 | 61 | 111 |
| Other | 1,367 | 1,337 | 458 | 415 |
| TOTAL NONINTEREST INCOME | 4,969 | 4,801 | 1,766 | 1,730 |
| NONINTEREST EXPENSE | | | | |
| Salaries and employee benefits | 9,396 | 8,646 | 3,140 | 2,786 |
| Occupancy and equipment | 2,079 | 1,940 | 687 | 636 |
| Data processing | 1,144 | 1,364 | 379 | 443 |
| Professional fees | 299 | 305 | 110 | 102 |
| Advertising | 274 | 209 | 94 | 72 |
| Federal deposit insurance | 293 | 307 | 99 | 106 |
| Other | 2,021 | 1,984 | 638 | 660 |
| TOTAL NONINTEREST EXPENSE | 15,506 | 14,755 | 5,147 | 4,805 |
| INCOME BEFORE INCOME TAXES | 3,870 | 3,739 | 1,517 | 1,580 |
| Income taxes | 500 | 561 | 238 | 294 |
| NET INCOME | \$ 3,370 | \$ 3,178 | \$ 1,279 | \$ 1,286 |

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, 2015. Highlights include the following:

- 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 per share 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.

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. Despite the begrudging economic expansion and concerns about global economic forces, the Company remains optimistic about the continued trajectory of the Corporation's earnings and performance for our communities.

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.

Selected Financial Highlights

| Unaudited | Nine Months Ended | |
|--|-------------------|------------|
| (\$ in thousands, except per share data) | Sept. 2015 | Sept. 2014 |
| Net Income | \$ 3,370 | \$ 3,178 |
| Total Assets | \$ 692,886 | \$ 657,408 |
| Loans Outstanding | \$ 438,425 | \$ 410,599 |
| Total Deposits | \$ 540,983 | \$ 515,426 |
| ROA (annual) | 0.67% | 0.66% |
| ROE (annual) | 8.97% | 9.47% |
| Earnings per Share | \$ 2.75 | \$ 2.60 |
| Dividends per Share | \$ 1.29 | \$ 1.23 |

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 expanded workforce and expenses related to higher state bank shares tax accruals. The Governor's proposal regarding a dramatic increase in Pennsylvania's bank shares tax continues to be debated in Harrisburg, along with the potential negative impact on banks' capacity to lend to the communities they serve. Most other expense categories were well controlled when compared to the prior year.

Kish Bancorp recently announced an offering of senior debt and subordinated debt to qualified local investors. These opportunities will be available until the new offerings are fully subscribed. If you have an interest in the new offering, we encourage you to discuss your interest with us and to subscribe early. For more information please contact Bob McMinn at 814-641-9677 x8275 or rmcminn@kishbank.com; or Sangeeta Kishore at 814-861-4660 x8243 or sangeeta.kishore@kishbank.com. The Board has 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.

We appreciate the loyalty of our shareholders and we thank you for your continued support.

Sincerely,

William P. Hayes
Chairman, President 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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THIRD QUARTER FINANCIAL REPORT


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4255 East Main Street | Belleville, PA 17004

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