



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

STATE COLLEGE, PA – February 21, 2013 – William P. Hayes, Chairman, President and CEO of Kish Bancorp, Inc., has announced Kish’s unaudited financial results for the period ending December 31, 2012.

The Corporation’s total assets ended the year at \$558 million, a decrease of \$2 million, or 0.4%, compared to total assets of \$560 million as of December 31, 2011. For the 2012 year, total deposits grew by \$6 million to \$460 million, an increase of 1.3% from \$454 million a year ago. Loans outstanding declined 3.1% from \$369 million as of December 31, 2011 to \$358 million at the end of 2012. This reduction in loans reflects a continued slow economy and actions by the Bank to curtail several classified loans during the past year.

“It pleases me to note that the demand for new credit by businesses has begun to accelerate,” Hayes said, stating further that “the trend is expected to accelerate with continued economic recovery and improving business confidence.”

Net income for 2012 was \$3.6 million compared to \$3.6 million in 2011. For the three months ending December 31, 2012, net income increased 25.5%, or \$208 thousand, to \$1.024 million from \$816 thousand in 2011.

Net interest income after provision for loan losses during 2012 was \$16.546 million, an increase of \$104 thousand, or 0.6%, compared to 2011. Net interest income in the fourth quarter of 2012 was \$4.213 million, an increase of \$45 thousand, or 1.1%, compared to \$4.168 million for the quarter ending December 31, 2011.

Contributing positively to the change in net income was a reduction in the provision for potential loan losses. \$270 thousand was set aside from earnings through the loan loss provision in 2012 as compared to \$800 thousand in 2011. As the level of classified loans declined, other loan quality metrics remained very positive. Actual charge-offs during the fourth quarter remained modest, and the Bank’s delinquent loans have been sustained at exceptionally low levels during the period as well. At quarter end, the allowance for loan losses was \$6.867 million, or 1.92% of total loans outstanding. This is a decrease of \$176 thousand, or 2.5%, from December 31, 2011.

Noninterest income declined \$1.1 million, or 13.4%, to \$6.9 million for 2012 from \$8.0 million in 2011. 2011 results were skewed by the addition of \$2.1 million of business property income related to a business loan workout with ongoing operations.

Hayes noted that when excluding the revenue from the business property income, as well as investment securities gains, core noninterest income increased by \$1.0 million, or 20.1%.

“The growth in noninterest income was driven primarily by continued strength in residential mortgage origination activities, growth in deposit service fees, and revenues from our wealth management unit,” he said.

Noninterest expense was \$19.3 million during 2012, a decrease of \$1.1 million, or 5.2%, from \$20.4 million in 2011. The primary driver of the decrease in 2012 expenses was the cost of managing the business property described in the previous paragraph, in addition to reduced federal deposit insurance.

The Corporation’s Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable January 31, 2013 to shareholders of record as of January 22, 2013. Dividends per share remain unchanged from the same period last year.

Looking forward, the Bank has announced that the agreement between the Office of the Comptroller of the Currency and Kish Bank has been successfully resolved. The action restores Kish Bank’s standing with its primary regulator to its historically high level. Throughout the period the agreement was in place, Kish Bancorp maintained its financial performance at levels that continue to rank Kish among the top community banks in the United States. Notably, modest loan losses during this time frame also ranked the Bank among top performers nationally. Most importantly, the Bank was able to maintain its focus on meeting client needs while successfully addressing the full scope of regulatory requirements. Hayes added: “Our efforts represent a permanent elevation of our capacity to perform in a difficult banking climate. We look forward to leveraging these improvements to achieve our growth objectives in the years ahead.”

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.