



Kish Bancorp, Inc. Announces Fourth Quarter Financial Results

Highlights Summary

- New highs for loans outstanding
- Record net income and net interest income for the twelve-month period
- Continued strength 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
- Increased dividend levels

Release

State College, Pennsylvania (KISB) – January 31, 2015 – William P. Hayes, Chairman and CEO of Kish Bank and Kish Bancorp, has announced unaudited financial results for the period ending December 31, 2014.

“It pleases me to announce another year of strong performance for Kish Bancorp,” Hayes said. “We have had positive gains in earnings, loans and deposits, and in the revenues from the Corporation’s related affiliates, Kish Financial Solutions, Kish Insurance, and Kish Travel.”

With strong balance sheet growth, net income for year end 2014 grew to \$4.36 million, an increase of \$142 thousand, or 3.4%, compared to \$4.22 million in 2013. The primary component of the increase was growth in net interest income, which, at \$18.6 million, increased by \$1.1 million, or 6.2%, from \$17.5 million the prior year. This strong growth in net interest income enabled the Corporation to cover a year over swing in loan loss provision expense of \$1,200,000. In 2013, a reverse provision added \$900 thousand to income. In 2014, the provision for loan losses was \$300 thousand.

The Corporation’s total assets ended the year 2014 at \$660 million, an increase of \$30 million, or 4.7%, compared to total assets of \$630 million as of December 31, 2013.

“Asset growth was driven by strong growth in loans,” Hayes said. “This is a positive indicator for the region and the outlook for business.” Year-over-year, gross loans increased by \$33 million, or 8.5%, to \$420 million from \$387 million at the end of December 2013. Total deposits grew by \$14 million to \$508 million, an increase of 2.9% from \$494 million a year ago. Borrowings increased by \$7 million to \$97 million compared to \$90 million at the end of December 2013.

The allowance for loan losses at \$6.009 million represented 1.43% 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, the level of classified loans, and low loan delinquencies.

Noninterest income was \$6.40 million for the year ending December 2014, a modest decline of \$39 thousand from \$6.44 million as of December 2013. This is despite a decrease in revenue from the sale of residential mortgage loans in the secondary market, which declined to \$650 thousand from \$1.1 million the prior year. Residential mortgage lending volumes had contracted in the first half of 2014, following an increase in interest rates. Gains from the sale of investment securities increased by \$165 thousand to \$509 thousand compared to \$344 thousand in gains realized in 2013. Most notably, noninterest income benefitted from positive results from wealth management, insurance, and travel, all of which achieved revenue growth in excess of 10%, sustaining their upward momentum of the last several years.

Noninterest expense was \$19.6 million in 2014, representing a year-to-date decrease of \$295 thousand, or 1.5%, from \$19.9 million during the same period in 2013. Primary drivers of the decrease in current year expenses were lower healthcare, regulatory, and general expenses compared to the same period last year. Most other expense categories were well controlled when compared to the prior year.

At December 31, the Bancorp completed an offering of subordinated debt to qualified local investors. The Corporation exceeded its target of \$3 million for this issuance. The Board declared a quarterly dividend in the amount of \$0.43 per share, payable January 31, 2015 to shareholders of record as of January 15, 2015, an increase of 2 cents per share from the prior quarter.

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.