



Kish Bancorp, Inc. Announces Fourth Quarter Financial Results

State College, Pennsylvania (KISB) – January 31, 2017 – William P. Hayes, Chairman, President and CEO of Kish Bank and Kish Bancorp, has announced unaudited financial results for the period ending December 31, 2016.

“Year-end results reflected continued strong growth in the loan portfolio, noninterest revenue growth from residential mortgage lending, gains from investing activities, and positive earnings momentum,” Hayes said.

The Corporation’s total assets ended the period at \$725 million, an increase of \$28.2 million, or 4.04%, compared to total assets of \$697 million as of December 31, 2015. Asset growth was driven by strong growth in loans. Year-over-year, gross loans increased by \$43 million, or 9.62%, to \$495 million from \$451 million at the end of December 2015. Total deposits grew by \$19 million to \$562 million, an increase of 3.56% from \$543 million a year ago. Borrowings increased to \$104 million, compared to \$98 million at the end of December 2015, reflecting the successful raise of subordinate debt and senior debt issued by the Corporation during the second half of 2015 and first quarter of 2016.

Net income for 2016 reached a new high at \$4.617 million, an increase of \$123 thousand, or 2.74%, compared to \$4.494 million in 2015. For the year, the net interest margin was 3.31%, compared to 3.29% for 2015. Net interest income after allowance rose to \$20.34 million, an increase of \$912 thousand, or 4.69%, from \$19.43 million the prior year. An additional provision of \$110 thousand was made to the loan loss reserve in the fourth quarter of 2016 to support the sustained growth in the loan portfolio. Contributions to the loan loss reserve equaled \$530 thousand in 2016, as compared to \$235 thousand in 2015. The allowance for loan losses at \$6.01 million represented 1.21% of total loans outstanding versus 1.27% the prior year.

“It is encouraging to note that the continued adequacy of the reserve was supported by good asset quality metrics as reflected in the level of classified loans, low loan delinquencies, and declining net charge-offs,” Hayes said. Net charge-offs totaled \$271 thousand in 2016, compared to \$492 thousand in 2015.

Noninterest income was \$7.095 million for the year ending December 31, 2016, an increase of \$347 thousand from \$6.748 million as of December 2015. The increase in noninterest income largely came from higher gains from both the sale of residential loans and the sale of investment securities. Noninterest income also benefited from increased revenue from other business units, most notably insurance and travel.

Year-to-date, noninterest expense increased by \$1.1 million, or 5.37%, to \$22.18 million as of December 2016 from \$21.05 million as of December 2015. Primary drivers of the increase were higher compensation expenses related to additions to the sales force, increased employee benefits expenses, and increased data processing expenses related to an expanding customer base and purchased additional services. Most other expense categories were well controlled when compared to the prior year.

During the quarter, it was also announced that Mark J. Cvrkel had joined the Corporation as Executive VP, Chief Financial Officer, and Richard A. Sarfert had joined the bank as Executive VP, Senior Lending Officer. Cvrkel succeeded Sangeeta Kishore, who departed to pursue other opportunities, and Sarfert succeeds Jim Shilling, who was promoted to the position of Chief Business Banking Officer at Kish.

The Board of Directors declared a quarterly dividend in the amount of \$0.46 per share, an increase of 3 cents per share from the prior quarter, payable January 31, 2017 to shareholders of record as of January 17, 2017. More information is available on kishbank.com/investor-relations.

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 fourteen 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.