

## Consolidated Balance Sheet

### Unaudited

(in thousands)

	Dec. 31, 2015	Dec. 31, 2014
<b>ASSETS</b>		
Cash and due from banks	\$ 7,078	\$ 7,009
Interest-bearing deposits with other institutions	9,978	8,680
Cash and cash equivalents	17,056	15,689
Certificates of deposit in other financial institutions	3,002	2,753
Investment securities available for sale	187,156	184,324
Loans held for sale	1,273	75
Loans	451,177	420,070
Less allowance for loan losses	5,752	6,009
Net Loans	445,425	414,061
Premises and equipment	12,907	13,392
Goodwill	1,669	1,669
Regulatory stock	6,509	6,634
Bank-owned life insurance	14,567	14,121
Accrued interest and other assets	7,331	6,882
<b>TOTAL ASSETS</b>	<b>\$ 696,895</b>	<b>\$ 659,600</b>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 69,160	\$ 65,436
Interest-bearing deposits	473,469	443,180
Total Deposits	542,629	508,616
Short-term borrowings	10,012	3,706
Other borrowings	88,132	93,695
Accrued interest and other liabilities	4,841	4,729
<b>TOTAL LIABILITIES</b>	<b>645,614</b>	<b>610,746</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.50 par value; 2,000,000 shares authorized, 1,348,750 shares issued	674	674
Additional paid-in capital	3,267	3,458
Retained earnings	51,966	49,585
Accumulated other comprehensive income	427	551
Treasury stock, at cost (118,596 and 124,778 shares)	(5,053)	(5,414)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>51,281</b>	<b>48,854</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 696,895</b>	<b>\$ 659,600</b>

## Consolidated Statement of Income

### Unaudited

(in thousands)

	Twelve Months Ended		Three Months Ended	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
<b>INTEREST AND DIVIDEND INCOME</b>				
Interest and fees on loans:				
Taxable	\$ 17,781	\$ 17,323	\$ 4,564	\$ 4,443
Exempt from federal income tax	1,378	1,153	366	311
Investment securities:				
Taxable	3,182	3,273	823	817
Exempt from federal income tax	1,467	1,474	359	380
Interest-bearing deposits with other institutions	107	58	31	21
Other dividend income	631	311	139	95
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>24,546</b>	<b>23,592</b>	<b>6,282</b>	<b>6,067</b>
<b>INTEREST EXPENSE</b>				
Deposits	3,180	3,220	813	817
Short-term borrowings	73	111	16	23
Other borrowings	1,632	1,631	434	390
<b>TOTAL INTEREST EXPENSE</b>	<b>4,885</b>	<b>4,962</b>	<b>1,263</b>	<b>1,230</b>
<b>NET INTEREST INCOME</b>	<b>19,661</b>	<b>18,630</b>	<b>5,019</b>	<b>4,837</b>
Provision for loan losses	235	300	0	200
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>19,426</b>	<b>18,330</b>	<b>5,019</b>	<b>4,637</b>
<b>NONINTEREST INCOME</b>				
Service fees on deposit accounts	1,654	1,709	420	442
Investment securities gains, net	535	519	218	219
Gain on sale of loans, net	820	650	154	153
Earnings on Bank-owned life insurance	445	424	113	105
Insurance commissions	1,094	1,068	224	220
Travel agency commissions	247	287	65	54
Other	1,953	1,835	586	498
<b>TOTAL NONINTEREST INCOME</b>	<b>6,748</b>	<b>6,492</b>	<b>1,780</b>	<b>1,692</b>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	12,946	11,568	3,550	2,922
Occupancy and equipment	2,763	2,631	684	691
Data processing	1,564	1,702	420	338
Professional fees	395	403	96	98
Advertising	268	256	(6)	47
Federal deposit insurance	379	373	86	66
Other	2,734	2,759	713	775
<b>TOTAL NONINTEREST EXPENSE</b>	<b>21,049</b>	<b>19,692</b>	<b>5,543</b>	<b>4,938</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>5,125</b>	<b>\$5,130</b>	<b>1,256</b>	<b>1,391</b>
Income taxes	631	771	131	211
<b>NET INCOME</b>	<b>\$ 4,494</b>	<b>\$ 4,359</b>	<b>\$ 1,124</b>	<b>\$ 1,180</b>

## 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 December 31, 2015.

Record net income for the year was built upon sustained growth in our Bank and non-bank business units. While financial results for the Corporation sustained their positive upward momentum, the true measure of our performance is reflected in the success of our team in meeting the financial needs of Kish's region. We were particularly pleased with the performance of the mortgage banking unit, which produced excellent results despite headwinds caused by the required implementation of major new consumer mortgage regulations. Business banking also achieved strong positive results as outstanding loans rose by more than \$31 million, primarily as a result of increased commercial lending activities. Kish's wealth management unit contributed to the successful year through sustained double digit growth in revenues as well. Even in units where we were investing for the future, we were able to consolidate some of the significant gains achieved in recent years.

### Net Income and Balance Sheet

Net income for the year rose to \$4.49 million, which was up 3.09% from \$4.36 million in 2014, despite an increase in compensation expense due to additions to the team and 27 pay periods in the year, up from the customary 26. The Corporation's total assets ended the quarter at \$697 million, an increase of \$37 million, or 5.65%, compared to total assets of \$660 million as of December 31, 2014. Asset growth was driven by strong growth in loans. Year-over-year, gross loans increased by \$31 million, or 7.41%, to \$451 million from \$420 million at the end of December 2014. Total deposits grew by \$34 million to \$543 million, an increase of 6.69% from \$509 million a year ago. Borrowings increased modestly to \$98.1 million, compared to \$97.4 million at the end of December 2014.

### Net Interest Income

For the year, the net interest margin rose to 3.29%, compared to 3.27% for 2014. Net interest income rose to \$19.7 million, an increase of \$1.03 million, or 5.53%, from \$18.6 million the prior year. An additional provision of \$235 thousand was made to the loan loss reserve in 2015. The allowance for loan losses at \$5.752 million represented 1.27% of total loans outstanding. While loan charge-offs rose during 2015, these charges represented charge-offs for previously reserved loans and did not impact 2015 earnings. The continued adequacy of the reserve is supported by strong asset quality as reflected in the level of classified loans and low loan delinquencies.

### Noninterest Income

Noninterest income was \$6.75 million for the year ending December 2015, an increase of \$256 thousand from \$6.5 million as of December 2014. The increase in noninterest income came from gains from the sale of mortgages, which increased by \$170 thousand to \$820 thousand, compared to gains of \$650 thousand during 2014. Noninterest income also benefitted from increased revenue from other business units, including insurance and wealth management.

### Noninterest Expense

Year-over-year, noninterest expenses increased by \$1.36 million,

## Selected Financial Highlights

Unaudited	Twelve Months Ended	
	Dec. 2015	Dec. 2014
(\$ in thousands, except per share data)		
Net Income	\$ 4,494	\$ 4,359
Total Assets	\$ 696,895	\$ 659,600
Loans Outstanding	\$ 451,177	\$ 420,070
Total Deposits	\$ 542,629	\$ 508,616
ROA (annual)	0.66%	0.67%
ROE (annual)	8.89%	9.54%
Earnings per Share	\$ 3.66	\$ 3.57
Dividends per Share	\$ 1.72	\$ 1.64

or 6.89%, from \$19.7 million in 2014 to \$21 million in 2015. Primary drivers of the increase are higher compensation expenses related to an expanded workforce and one additional pay period in the year. Most other expense categories were well controlled when compared to the prior year.

Beginning in the second quarter of 2015, Kish Bancorp commenced an offering of senior debt and subordinated debt to qualified local investors. The offerings have generated significant interest among investors. These opportunities continue to be available until they are fully subscribed. The Corporation will use the proceeds to retire existing debt and augment capital to support continued growth. For more information, please contact Sangeeta Kishore at 814-861-4660 x8243 or sangeeta.kishore@kishbank.com, or Bob McMinn at 814-641-9677 x8275 or rmcminn@kishbank.com. The Board of Directors has declared a quarterly dividend in the amount of \$0.43 per share, payable January 31, 2016 to shareholders of record as of January 15, 2016.

As always, we appreciate the continued loyalty and support of our shareholders.

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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# FOURTH QUARTER FINANCIAL REPORT

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