



Kish Bancorp, Inc. Announces Second Quarter Financial Results

Release

State College, Pennsylvania (KISB) – July 31, 2014 – William P. Hayes, Chairman and CEO of Kish Bank and Kish Bancorp, has announced unaudited financial results for the period ending June 30, 2014.

“It pleases me to announce strong performance in the first six months, with positive gains in earnings, loans, and deposits, as well as revenues from the Corporation’s related affiliates, Kish Financial Solutions, Kish Insurance, and Kish Travel,” Hayes said.



With strong balance sheet growth, net income for the first two quarters of 2014 reached \$1.9 million, an increase of \$287 thousand, or 17.9%, from \$1.6 million in 2013. The primary component of the increase was growth in net interest income, which, at \$9.0million, increased by \$421 thousand, or 4.9%, from \$8.6million the prior year.

The Corporation’s total assets ended the quarter at \$646 million, an increase of \$33 million, or 5.4%, compared to total assets of \$613 million as of June 30, 2013. Asset growth was driven by strong growth in loans. Year-over-year, gross loans increased by \$38 million, or 10.3%, to \$409 million from \$371 million at the end of June 2013. . Total deposits grew by \$26 million to \$499 million, an increase of 5.5% from \$473 million a year ago. Borrowings remained stable at \$96 million compared to \$95 million at the end of June 2013.

The allowance for loan losses at \$5.755 million represents 1.41% 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, a strengthening in the level of classified loans, and very low loan delinquencies.

Noninterest income was \$3.1million for the six months ending June 2014, a decline of \$94 thousand from \$3.2 million as of June 2013. This reduction is primarily due to a decrease in revenue from the sale of residential mortgage loans in the secondary market, which declined to \$291 thousand from \$645 thousand the prior year. Residential mortgage lending volumes have shown significant declines across the industry, accompanied by a reduction in home mortgage refinancing in the face of higher interest rates. Prior year results also included \$275 thousand in investment securities gains as compared to \$152

thousand in gains realized in 2014. Positively, the decrease in noninterest income was partially offset by an increase in noninterest income from wealth management, insurance, travel, and other noninterest income sources, all of which have sustained their upward momentum of the last several years.

Noninterest expense was \$9.9 million in 2014, representing a year-to-date decrease of \$103 thousand, or 1.0%, from \$10.0 million during the same period in 2013. Primary drivers of the decrease in current year expenses were lower healthcare and regulatory expenses compared to the same period last year. Most other expense categories were well controlled when compared to the prior year.

The Board of Directors renewed authorization for the Corporation to repurchase Kish Bancorp common stock in an amount up to \$2 million and declared a quarterly dividend in the amount of \$0.41 per share, payable July 31, 2014 to shareholders of record as of July 15, 2014.

Summary

- At the end of June 2014, Kish's year-to-date net income of \$1.9 million represented an increase of \$287 thousand, or 17.9%, from \$1.6 million in 2013.
- Net interest income, at \$9.0 million for the first six months, increased by \$421 thousand, or 4.9%, from \$8.6 million the prior year.
- Total assets for the period increased to \$646 million, an increase of \$33 million, or 5.4%, compared to total assets of \$613 million at June 30, 2013.
- Total loans for the period increased by \$38 million, or 10.3%, to \$409 million, and total deposits increased by \$26 million to \$499 million, an increase of 5.5% from a year ago.
- For the 8th consecutive year, Kish Bancorp ranked in the Top Community Banks in America as listed by American Banker Magazine.

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.