

# To our shareholders

We are pleased to report financial results for the first quarter of 2021 (unaudited) for Kish Bancorp, Inc. that reflect the continued challenges and opportunities created by the ongoing COVID-19 pandemic. The elements of first quarter 2021 financial performance remain closely connected to government stimulus efforts and an accommodative monetary policy that has supported sustained low interest rates and robust mortgage revenue generation. Additionally, the expansion of the banking team into new markets in the fourth quarter of 2020 has contributed significantly to new customer acquisition and the sustained expansion of the loan portfolio.

## BALANCE SHEET

The Corporation's total assets ended the period at \$1.140 billion, an increase of \$187.2 million, or 19.64%, compared to total assets of \$953.2 million as of March 31, 2020. Total loans outstanding grew year over year by \$84.8 million to \$797.8 million, or 11.89%. Loans originated in the first quarter to businesses in our communities as part of the third round of PPP totaled \$35 million. This follows forgiveness of PPP loans originated in 2020 of \$17.3 million during the first quarter. Requests for PPP loan forgiveness continue to be received and processed, even as we continue to receive new PPP loan applications and approvals. Investment securities grew to \$168.4 million, a \$38.1 million increase over the first quarter of last year. Total deposits grew by \$194.4 million to \$916.7 million, an increase of 27.10% from \$721.3 million a year ago, with a continued notable expansion in core deposits. Borrowings decreased to \$133 million, compared to \$143.6 million as of March 31, 2020.

## NET INCOME

Net income for the three months ended March 31, 2021 was \$2.66 million, an increase of \$1.31 million, or 96.5%, compared to \$1.35 million for the same period in 2020. The increase includes expansion in both net interest income, up 19.13% over the prior year, and noninterest income, which increased 37.25% overall. Net income was also positively impacted by market value increases in the equity portfolio. Overall credit quality metrics remain at excellent levels, as is reflected in low delinquencies and non-performing loan levels; however, the potential for loan quality deterioration cannot be underestimated until economic activity is fully restored following the coronavirus-driven recession.

## NET INTEREST INCOME

Strong growth in loans and core deposits supported an expansion of net interest income before provision to \$8.4 million as of March 31, 2021, an increase of \$1.4 million, or 19.13%, compared to \$7.1 million as of March 31, 2020.

Contributions to the loan loss reserve from earnings equaled \$180 thousand in the first quarter of 2021, compared to \$318 thousand in the same period of 2020. Supporting the provision was fee income recognized during the first quarter related to the origination and forgiveness of PPP loans.

## NONINTEREST INCOME

Noninterest income was \$2.9 million for the first quarter of 2021, which is an increase of \$780 thousand, or 37.25%, when compared to the first quarter of 2020. When unrealized gains/losses from equity securities are excluded, noninterest income increased by \$141 thousand, or 5.58%, year over year. Residential mortgage originations resulted in a 115.48% increase in fee income from mortgage loan sales. Fees derived from deposit activities remained steady, while revenues from benefits consulting and insurance agency activities both showed good growth when compared to the first quarter of 2020.

## NONINTEREST EXPENSE

Year over year, noninterest expense increased by \$691 thousand, or 9.50%, to \$8 million as of March 31, 2021, compared to \$7.3 million the prior year. In part, the increase reflects higher salaries and employee benefits over the same period in 2020. Data processing expense for the first quarter decreased to \$382 thousand from \$688 thousand in the first quarter of the prior year, an improvement of 44.48%. These lower costs are the result of a core conversion that was completed during the second quarter of 2020. All other expense categories were well controlled when compared to the prior year.

## DIVIDEND

The Board of Directors has declared a quarterly dividend in the amount of \$0.29 per share, payable April 30, 2021, to shareholders of record as of April 15, 2021. This represents a 7.41% increase in the quarterly dividend, compared to \$0.27 the previous quarter.

## OTHER

Your ownership stake in Kish Bancorp is appreciated and your support and loyalty make us a stronger company. We are pleased that in this time of great national distress, we have been successful at pivoting our resources to focus on the needs of our clients and communities in a very different context. While recognizing that the future holds uncertainty for investors in this environment, we encourage your confidence in a company that has demonstrated resiliency through many difficult times. Because of our focus on what matters, we believe that this moment in our history, like many before it, will prove to be foundational for sustained success for years to come.

Sincerely,



William P. Hayes  
Chairman and CEO

## CONSOLIDATED BALANCE SHEET

(Unaudited; in thousands)

	Mar. 31, 2021	Mar. 31, 2020
<b>ASSETS</b>		
Cash and due from banks	\$ 9,047	\$ 7,907
Interest-bearing deposits with other institutions	101,892	43,501
<b>Cash and cash equivalents</b>	<u>110,939</u>	<u>51,408</u>
Certificates of deposit in other financial institutions	245	1,474
Investment securities available for sale	154,798	121,780
Equity securities	2,339	1,263
Investment securities held to maturity	11,298	7,250
Loans held for sale	2,962	1,317
Loans	797,803	713,023
Less allowance for loan losses	9,955	7,826
<b>Net Loans</b>	<u>787,848</u>	<u>705,197</u>
Premises and equipment	25,396	16,737
Goodwill	3,561	1,844
Regulatory stock	6,560	7,327
Bank-owned life insurance	16,336	15,930
Accrued interest and other assets	18,089	21,681
<b>TOTAL ASSETS</b>	<u>\$ 1,140,371</u>	<u>\$ 953,208</u>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 160,183	\$ 110,552
Interest-bearing deposits	756,516	610,703
<b>Total Deposits</b>	<u>916,699</u>	<u>721,255</u>
Short-term borrowings	73,919	68,263
Other borrowings	59,067	75,314
Accrued interest and other liabilities	19,539	24,685
<b>TOTAL LIABILITIES</b>	<u>1,069,224</u>	<u>889,517</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.50 par value; 8,000,000 shares authorized, 2,697,500 shares issued	1,349	1,349
Additional paid-in capital	3,847	3,593
Retained earnings	71,496	64,958
Accumulated other comprehensive income	(2,001)	(2,305)
Treasury stock, at cost (91,739 and 112,260 shares)	(3,544)	(3,904)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>71,147</u>	<u>63,691</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 1,140,371</u>	<u>\$ 953,208</u>

## CONSOLIDATED STATEMENT OF INCOME

(Unaudited; in thousands)

	Three Months Ended	
	Mar. 31, 2021	Mar. 31, 2020
<b>INTEREST AND DIVIDEND INCOME</b>		
Interest and fees on loans:		
Taxable	\$ 8,710	\$ 8,015
Exempt from federal income tax	330	316
Investment securities:		
Taxable	744	736
Exempt from federal income tax	82	122
Interest-bearing deposits with other institutions	28	131
Other dividend income	156	189
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>10,050</b>	<b>9,509</b>
<b>INTEREST EXPENSE</b>		
Deposits	869	1,763
Short-term borrowings	20	27
Other borrowings	749	658
<b>TOTAL INTEREST EXPENSE</b>	<b>1,638</b>	<b>2,448</b>
<b>NET INTEREST INCOME</b>	<b>8,412</b>	<b>7,061</b>
Provision for loan losses	180	318
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>8,232</b>	<b>6,743</b>
<b>NONINTEREST INCOME</b>		
Service fees on deposit accounts	413	401
Investment securities gains, net	4	32
Equity securities gains, net	207	(432)
Gain on sale of loans, net	668	310
Earnings on Bank-owned life insurance	149	120
Insurance commissions	738	381
Travel agency commissions	10	47
Wealth management	461	452
Benefits consulting	150	140
Other	74	643
<b>TOTAL NONINTEREST INCOME</b>	<b>2,874</b>	<b>2,094</b>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	5,044	4,385
Occupancy and equipment	901	750
Data processing	382	688
Professional fees	125	133
Advertising	126	135
Federal deposit insurance	138	110
Other	1,246	1,070
<b>TOTAL NONINTEREST EXPENSE</b>	<b>7,962</b>	<b>7,271</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>3,144</b>	<b>1,566</b>
Income taxes	484	212
<b>NET INCOME</b>	<b>\$ 2,660</b>	<b>\$ 1,354</b>

## SELECTED FINANCIAL HIGHLIGHTS

(Unaudited; in thousands, except for per share data)

	Three Months Ended	
	Mar. 31, 2021	Mar. 31, 2020
Net Income	\$ 2,660	\$ 1,354
Total Assets	\$ 1,140,371	\$ 953,208
Loans Outstanding	\$ 797,803	\$ 713,023
Total Deposits	\$ 916,699	\$ 721,255
ROA (annual)	0.97%	0.58%
ROE (annual)	16.44%	8.68%
Earnings per Share	\$ 1.02	\$ 0.52
Dividends per Share	\$ 0.27	\$ 0.27

## MARKET MAKERS

### BOENNING & SCATTERGOOD, INC.

Contact: Eugene Bodo  
1-800-883-1212  
4 Tower Bridge, 200 Barr Harbor Drive, Suite 300  
West Conshohocken, PA 19428-2979

### RAYMOND JAMES AND ASSOCIATES, INC.

Contact: Anthony LanFranca  
312-655-2961  
222 South Riverside Plaza, 7<sup>th</sup> Floor  
Chicago, IL 60606

Kish Bancorp, Inc. stock is traded on the OTCQX market under the stock ticker symbol: KISB. For more information, please visit [ir.kishbancorp.com](http://ir.kishbancorp.com).

# 2021 FIRST QUARTER FINANCIAL REPORT

**You  
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why.**

**We  
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 **KISH BANCORP**  
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