



Kish Bancorp, Inc. Announces Second Quarter Financial Results

State College, Pennsylvania (KISB) – July 31, 2018 – William P. Hayes, Chairman and CEO of Kish Bancorp, Inc., has announced unaudited financial results for the period ending June 30, 2018.

“Highlights for the first half of 2018 include dramatically higher net income driven by continued strength in the bank’s lending activities and supporting growth in core deposits , higher contributions from the Corporation’s non-bank and bank affiliates coupled with growth in bank fee-based income, and the positive impact of the Tax Cuts and Jobs Act.” Hayes said.

Net income for the first half of 2018 was \$2.71 million, an increase of \$490 thousand, or 22.07%, compared \$2.22 million for the first half of 2017. Hayes explained, “The increase includes the benefits of lower corporate income tax rates and an unrealized valuation gain year-to-date of \$226 thousand required by new FASB rules for equity securities. All other categories of revenue reflected expanded customer and new business levels for the bank and its affiliates, and the addition of a benefits management consulting practice.”

The Corporation’s total assets ended the period at \$844 million, an increase of \$75.0 million, or 9.75%, compared to total assets of \$769 million as of June 30, 2017. The continued expansion in total assets was supported by strong growth in lending activities, with loans rising year-over-year by \$88.2 million to \$610 million, or 16.89%, partially offset by a decrease in investment securities of \$22.3 million, or 14.21%.

Total deposits grew by \$67.0 million to \$672 million, an increase of 11.08% from \$605 million a year ago. Borrowings increased by \$4 million to \$107 million, compared to \$103 million at the end of June 2017. Hayes stated, “While a higher cost of funds was amplified by the rising rate environment, it was noteworthy that non-interest bearing deposits comprised a significant portion of new deposit inflows. Year over year, the net interest margin has expanded by 2 basis points, enabling net income before taxes to expand at a faster pace than the growth rate in total assets.”

Year-to-date, continued growth in loans and core deposits supported the expansion of net interest income to \$11.97 million, an increase of \$1.08 million, or 9.89%, compared to \$10.89 million at the end of June 2017. Contributions to the loan loss reserve equaled \$570 thousand for the six months ending June 2018, supporting the growth in loans, compared to \$300 thousand in June 2017.

Noninterest income was \$3.86 million for the six months ending June 30, 2018, an increase of \$386 thousand, or 11.11%, from \$3.47 million in 2017. “The increase in noninterest income came from improved market valuations for equity securities, fees derived from lending activities, notably higher

insurance agency revenue, and the addition of revenues from the new employee benefits consulting practice,” said Hayes.

Year-to-date, noninterest expense increased by \$1.17 million, or 9.84%, to \$12.99 million as of June 30, 2018, compared to \$11.83 million the prior year. The increase reflects higher compensation expenses related to normal increases. Other factors contributing to higher expenses were a higher FDIC assessment based on rising deposits, greater charitable contributions, higher occupancy costs, increased data processing costs necessary to support higher levels of customer activity, and costs related to investments in low income housing projects. Most other expense categories were well controlled when compared to the prior year.

The Board of Directors declared a quarterly dividend in the amount of \$0.46 per share, payable July 31, 2018, to shareholders of record as of July 16, 2018.

About Kish Bancorp, Inc.

Kish Bancorp, Inc. is a diversified financial services corporation headquartered in Belleville, PA, where it was founded in 1900. Kish Bank, a subsidiary of Kish Bancorp, Inc., operates fifteen 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, Benefit Management Group, and Kish Travel. For additional information, please visit www.kishbank.com. KISB is the OTC stock ticker symbol for Kish Bancorp, Inc.