Kish Bancorp, Inc. Announces Second Quarter Financial Results

State College, Pennsylvania (KISB) – July 15, 2020 – William P. Hayes, Chairman and CEO of Kish Bancorp, Inc., has announced unaudited financial results for the six-month period ending June 30, 2020.

Hayes acknowledged the significant role that COVID-19 has played in the first half of the year, stating, "The onslaught of COVID-19 created dramatic changes to monetary and fiscal policy and the introduction of government stimulus programs that all required a fast pivot on the part of the entire Kish team."

Hayes continued, "With most of our service teams working remotely, we elevated our delivery of residential mortgage lending by almost double the previous year, we implemented the Paycheck Protection Program to provide more than $75 million in funding to over 800 small businesses in a very short timeframe, we provided payment deferrals to both consumer and business borrowers, and we successfully converted our core processing system remotely, a first for a bank our size." He concluded, "It has been an unprecedented time for our communities and all of us at Kish, one in which we could truly demonstrate the capacity of an intensely focused and sophisticated regional community bank like Kish. As a consequence, today the pipeline of new relationships moving to Kish is strong and our outlook for the future is positive despite the uncertain perils that COVID-19 may present."

Highlights for the first half of 2020 include sustained earnings driven by unprecedented increases in lending activity, rapid deposit growth that created a favorable shift in the deposit mix, and noninterest income expansion by the bank and non-bank business units, including extraordinary volumes within the mortgage banking unit.

The Corporation's total assets ended the period at an all-time high of $1.048 billion, an increase of $142.9 million, or 15.79%, compared to total assets of $905.5 million as of June 30, 2019. Total loans outstanding grew year over year by $108.0 million to $785.5 million, or 15.94%. Loans originated to businesses in Kish's communities as part of the Paycheck Protection Program (PPP) totaled $75.2 million.

"An increase in investment securities of $13.4 million was funded by rising deposits," said Hayes. "Total deposits grew by $122.3 million to $819.8 million, an increase of 17.53% from $697.6 million a year ago, with a continued notable expansion in core deposits. An increase in borrowings to $136 million, compared to $128.1 million a year ago, helped to fund loan growth and hedge interest rate risk."

Net income for the first half of 2020 was $3.61 million, an increase of $503 thousand, or 16.18%, compared to $3.11 million in the first six months of 2019. Hayes explained, "The increase includes strong expansion in both net interest income, up 16.95% over the prior year, and noninterest income, which increased 10.87% overall. Net income was negatively impacted by market value declines in the equity portfolio, and an increased loan loss provision reflecting the elevated risks inherent in the current

economic environment and an expanding loan portfolio." He continued, "Overall credit quality metrics remain at excellent levels as is reflected in low delinquencies and non-performing loan levels."

Strong growth in loans and core deposits supported an expansion of net interest income before provision to $15.9 million as of June 30, 2020, an increase of $2.3 million, or 16.95%, compared to $13.6 million a year ago. Contributions to the loan loss reserve from earnings equaled $1.3 million in the first half of 2020, compared to $340 thousand in the same period of 2019. Supporting the increased provision was $1.3 million of fee income recognized during the second quarter related to the origination of PPP loans.

Noninterest income was $4.4 million for the first half of 2020, an increase of $430 thousand, or 10.87%, when compared to the same period in 2019. When unrealized gains/losses from equity securities are excluded, noninterest income increased by $826 thousand, or 20.70%, year over year.

"Residential mortgage originations resulted in a 96.40% increase in fee income from mortgage loan sales," said Hayes. He continued, "Fees derived from deposit activities remained steady, while revenues from insurance commissions, benefits consulting, and wealth management activities all showed meaningful growth when compared to the same period in 2019. The bank completed the acquisition of the Sausman Insurance Agency of Mifflintown during the second quarter, providing an additional $238 thousand in noninterest income during the period."

Year over year, noninterest expense increased by $969 thousand, or 7.01%, to $14.8 million as of June 30, 2020, compared to $13.8 million the prior year. In part, the increase reflects non-recurring data processing costs related to Kish Bank's core processing conversion. A marked decline in data processing expense is projected to follow the core conversion, which was completed during the second quarter. All other expense categories were well controlled when compared to the prior year.

The Board of Directors has declared a quarterly dividend in the amount of $0.27 per share, payable July 31, 2020, to shareholders of record as of July 15, 2020.

About Kish Bancorp, Inc.
Kish Bancorp, Inc. is a diversified financial services corporation headquartered in Belleville, PA with executive offices in State College. Kish Bank, a subsidiary of Kish Bancorp, Inc., operates seventeen offices and financial centers in Centre, Mifflin, Huntingdon, and Juniata counties. In addition to Kish Bank, other business units include: Kish Insurance, an independent property and casualty insurance agency; Kish Financial Solutions, which offers trust, fiduciary, and wealth management advisory services; Kish Benefits Consulting, which provides employee benefits consulting services; and Kish Travel, a full-service travel agency. For additional information, please visit www.kishbank.com. KISB is the OTC stock ticker symbol for Kish Bancorp, Inc.