



Kish Bancorp, Inc. Announces Third Quarter Financial Results

State College, Pennsylvania (KISB) – October 16, 2020 – William P. Hayes, Chairman and CEO of Kish Bancorp, Inc., has announced unaudited financial results for the nine-month period ending September 30, 2020.

“As 2020 continues to unfold in this unprecedented period for Americans, the critical financial needs of individuals, businesses, and communities have continued to escalate. Kish Bank has responded with meaningful and differentiating support for many segments of our customer base and of the regional economy,” Hayes said. Acknowledging that many public and private partnerships have been working hard to provide relief in the difficult environment, Hayes stated, “Kish Bank has been privileged to engage and support many of these programs in addition to those of its own. Loan and deposit volumes as well as revenue generated from the bank’s participation in selected programs including the Paycheck Protection Program (PPP) have been reflected in the very positive results for the nine-month period ending September 30, 2020.”

The Corporation’s total assets ended the period at \$1.047 billion, an increase of \$145.6 million, or 16.15%, compared to total assets of \$901.4 million as of September 30, 2019. Total loans outstanding grew year over year by \$113.2 million to \$787.3 million, or 16.79%. Loans originated to businesses in Kish’s communities as part of the PPP totaled \$76.4 million.

In addition to supporting the surge in loans, rising deposits also funded an increase in investment securities of \$12 million. Total deposits grew by \$128.5 million to \$822.1 million, an increase of 18.52% from \$693.6 million a year ago, with a continued notable expansion in core deposits. An increase in borrowings to \$133 million, compared to \$127.8 million a year ago, helped to hedge interest rate risk.

“Net income for the first nine months of 2020 was \$5.36 million, an increase of \$477 thousand, or 9.78%, compared to \$4.88 million in the first nine months of 2019,” said Hayes. The increase included growth in both net interest income, up 12.11% over the prior year, and noninterest income, which increased 16.22% 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, although PPP loans are fully guaranteed by the U.S. Government. Overall credit quality metrics remain at excellent levels as is reflected in low delinquencies and non-performing loan levels,” Hayes noted.

Strong growth in loans and core deposits supported an expansion of net interest income before provision to \$22.9 million, an increase of \$2.5 million, or 12.11%, compared to \$20.4 million as of September 30, 2019. Contributions to the loan loss reserve from earnings equaled \$1.7 million in the first nine months of 2020, compared to \$390 thousand in the same period of 2019. Supporting the increased provision was fee income recognized during the second and third quarters related to the origination of PPP loans.

Noninterest income was \$7.1 million for the first nine months of 2020, an increase of \$992 thousand, or 16.22%, when compared to the same period in 2019. When unrealized gains/losses from equity securities are excluded, noninterest income increased by \$1.4 million, or 22.46%, year over year.

“Residential mortgage originations resulted in a 99.35% increase in fee income from mortgage loan sales,” Hayes highlighted. 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. Hayes added, “The bank completed the acquisition of Sausman Insurance Agency during the second quarter, providing an additional \$555 thousand in noninterest income during the second and third quarters.”

Year over year, noninterest expense increased by \$1.3 million, or 6.44%, to \$22.1 million as of September 30, 2020, compared to \$20.8 million the prior year. In part, the increase reflects non-recurring data processing costs related to Kish Bank’s core processing conversion that was completed during the second quarter. A marked decline in data processing expense is projected to follow. All other expense categories were well controlled when compared to the prior year.

On October 1, the Board of Directors declared a quarterly dividend in the amount of \$0.27 per share, payable October 30, 2020, to shareholders of record as of October 15, 2020, unchanged from the prior quarter.

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.