



Kish Bancorp, Inc. Announces Fourth Quarter Financial Results

State College, Pennsylvania (KISB) – January 16, 2020 – William P. Hayes, Chairman and CEO of Kish Bancorp, Inc., has announced unaudited financial results for the twelve-month period ending December 31, 2019.

“2019 was a tremendous year where Kish validated its capacity to perform at a high level for our customers, communities, and shareholders,” said Hayes. “Going into the year, we recognized the challenge of sustaining the extraordinary growth and financial results of recent years,” Hayes added, noting, “So we are pleased to report year-end highlights of record earnings powered by robust commercial and mortgage lending activity, growth in core deposit relationships that helped to sustain the Bank’s net interest margin, and strong noninterest income expansion by the Bank and non-bank business units.”

The Corporation’s total assets ended the period at an all-time high of \$916.8 million—an increase of \$66.3 million, or 7.80%, compared to total assets of \$850.5 million as of December 31, 2018. Total loans outstanding grew year over year by \$49.1 million to \$679.5 million, or 7.78%. Loan growth was complemented by an increase in investment securities of \$6.6 million. Total shareholders’ equity capital grew to \$64.4 million, up 7.74% over 2018 due to \$4.6 million in retained earnings.

Total deposits grew by \$27.9 million to \$710.2 million, an increase of 4.09% from \$682.4 million a year ago, with a notable expansion in core deposits partially offset by a decline in high balance CD deposits. An increase in borrowings to \$126.8 million, compared to \$100.5 million as of December 31, 2018, can be attributed primarily to matched maturity funding of fixed-rate, longer-term loans.

“The continued strong growth of the Bank and its affiliates resulted in net income for 2019 of \$7.01 million, an increase of \$980 thousand, or 16.22%, compared to 2018,” said Hayes, explaining, “The increase includes positive expansion in both net interest income, up 6.83% over the prior year, and noninterest income, which increased 14.29% overall.” Continued positive credit quality was augmented by the resolution of several problem credits in 2019, with overall credit quality metrics currently at excellent levels as is reflected in low delinquencies and non-performing loan levels.

Growth in loans and core deposits supported the expansion of net interest income (before provision) to \$27.5 million as of December 31, 2019, an increase of \$1.8 million, or 6.83%, compared to \$25.8 million as of December 31, 2018. The growth in lower-cost core deposits enabled the net interest margin to remain relatively stable in 2019 compared to 2018, supporting net interest income expansion that reflected the growth in earning assets. Contributions to the loan loss reserve from earnings equaled \$390 thousand in 2019, compared to \$1.0 million in 2018. The allowance for loan losses was further strengthened in 2019 by the recovery of prior period losses, with the reserve rising to 1.09% of total loans from 1.04% the prior year.

Noninterest income was \$8.5 million for 2019, which is an increase of \$1.1 million, or 14.29%, when compared to 2018. When unrealized gains/losses from equity securities are excluded, noninterest income increased by \$1.4 million, or 17.90%, year over year. Hayes remarked, "Record-level residential mortgage originations of more than \$100 million resulted in a 36.48% increase in gains from loan sales. Fees derived from deposit activities remained steady, while revenues from travel agency, benefits consulting, and wealth management activities all showed strong growth when compared to the previous year. Property and casualty insurance commissions also grew, but results for the insurance unit were offset by a decline in contingency income. Hayes added, "All of our business units are participating in the rapid expansion of our customer numbers and contributing to profitability at an accelerated pace."

Year over year, noninterest expense increased by \$2.2 million, or 8.67%, to \$27.7 million as of December 31, 2019, compared to \$25.5 million the prior year. Most increases in noninterest expense categories were close to budget, but it should be noted that increased non-recurring operating costs of \$429 thousand in the second half of 2019 related to the Bank's upcoming core conversion. A marked decline in core processing expense is projected to follow the core conversion scheduled for mid-year 2020. All other expense categories were well controlled when compared to the prior year.

Hayes stated, "We were also pleased to announce that the *ABA Banking Journal* has recognized Kish Bank and President and COO, Greg Hayes, for the Bank's commitment to a visionary approach to next generation banking." Their article, titled "What Risk Managers Need to Know About Cloud Migration," states that Kish's approach to the adoption of digital technologies is a careful balance of innovation with risk management and cost effectiveness. The *ABA Banking Journal* article can be accessed at <https://bit.ly/2uP3AWU>.

The Board of Directors has declared a quarterly dividend in the amount of \$0.27 per share, payable January 31, 2020, to shareholders of record as of January 15, 2020. This represents an 8.00% increase in the quarterly dividend, compared to \$0.25 the previous 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 sixteen offices and financial centers in Centre, Mifflin, and Huntingdon 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.