



Kish Bancorp, Inc. Announces Fourth Quarter Financial Results

State College, Pennsylvania (KISB) – January 15, 2021 – William P. Hayes, Chairman and CEO of Kish Bancorp, Inc., has announced unaudited financial results for the 12-month period ending December 31, 2020.

“2020 truly was an unprecedented period in our history. We are proud that the entire Kish team responded to every challenge as an opportunity to deliver often life-sustaining solutions,” said Hayes. He remarked that the year-end financial results reflect the very complex and challenging crosscurrents and opportunities created by COVID-19 during 2020, explaining, “The fourth quarter witnessed the continued impact of extremely low interest rates, extraordinary residential mortgage demand, the commencement of Paycheck Protection Program (PPP) forgiveness and associated PPP revenue recognition, as well as other fee income generated by loan and interest rate concessions.”

The Corporation’s total assets ended the period at an all-time high of \$1.107 billion—an increase of \$189.8 million, or 20.70%, compared to total assets of \$916.8 million as of December 31, 2019. Total loans outstanding grew year over year by \$78.7 million to \$765.7 million, or 11.46%. Loans originated to businesses in local communities as part of the PPP totaled \$43.4 million; this is down from previous quarters as customers received forgiveness of \$33 million during the fourth quarter. Hayes noted, “Requests for PPP forgiveness continue to be received and processed, even as the next round of PPP is being rolled out.” The loan loss reserve increased to \$9.78 million from \$7.5 million at year end 2019.

Total deposits grew by \$167.6 million to \$877.8 million, an increase of 23.59% from \$710.2 million a year ago, with a continued notable expansion in core deposits. Borrowings increased to \$134 million, compared to \$126.8 million as of December 31, 2019, reflecting the importance of hedging interest rate risk in the current low interest rate environment.

“Net income for the year ended 2020 was \$8.04 million, an increase of \$1.03 million, or 14.72%, compared to \$7.01 million for the year ended 2019. Earnings per share increased to \$3.09 per share from \$2.71 per share in 2019. The increases reflect expansion in both net interest income, up 12.52% over the prior year, and noninterest income, which increased 19.07% overall,” said Hayes. He continued, “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. Loan charge-offs during the year were minimal, and 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 \$31 million as of December 31, 2020, an increase of \$3.4 million, or 12.52%, compared to \$27.5 million as of a year ago. Contributions to the loan loss reserve from earnings equaled \$2.3 million in 2020, compared to \$390 thousand in 2019. Offsetting the increased provision expense was fee income recognized during the year to cover the costs related to the origination of PPP loans. Noninterest income was \$10.1 million for 2020—an increase of \$1.6 million, or 19.07%, when compared

to 2019. When unrealized gains/losses from equity securities are excluded, noninterest income increased by \$2.2 million, or 26.21%, year over year. Residential mortgage originations resulted in a 107.00% increase in fee income from gains on mortgage loan sales. Fees derived from deposit activities remained steady, while revenues from Kish's benefits consulting and wealth management business lines both showed good growth when compared to 2019. Kish also completed the acquisition of Sausman Insurance Agency during the second quarter, providing an additional \$819 thousand in noninterest income in the form of insurance commissions during the second, third, and fourth quarters.

Year over year, noninterest expense increased by \$1.8 million, or 6.54%, to \$29.5 million as of December 31, 2020, compared to \$27.7 million the prior year. In part, the increase reflects non-recurring data processing costs related to Kish Bank's core processing conversion that took place in 2020, though a marked decline in data processing expense is projected to follow in ensuing years. Higher expense was also associated with delivering PPP loans to over 840 commercial borrowers. All other expense categories were well controlled when compared to the prior year.

"Given the very positive financial results achieved in 2020 and amidst the continued hardship faced by so many in our communities, we ended the year by providing our team members the opportunity to nominate community charities for additional financial contributions. Over 50 community organizations were nominated," said Hayes. "When combined with \$50 in Giant gift cards presented to each employee to direct as they saw fit—many directly to families in need and food pantries—the total year end distributions delivered the week of Christmas were in excess of \$25,000. This was in addition to the \$180,000 in direct community support Kish provided during the year."

The Board of Directors has declared a quarterly dividend in the amount of \$0.27 per share, payable January 29, 2021, to shareholders of record as of January 15, 2021.

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.