



Kish Bancorp, Inc. Announces Third Quarter Financial Results

State College, Pennsylvania (KISB) – October 15, 2019 – William P. Hayes, Chairman and CEO of Kish Bancorp, Inc., has announced unaudited financial results for the nine-month period ending September 30, 2019.

“Highlights for the first nine months of 2019 include record earnings driven by sustained lending activity and expanded noninterest income for the Bank and non-bank business units,” said Hayes. He continued, “It is particularly noteworthy that we have been able to build upon the extraordinary growth achieved in 2018.”

The Corporation’s total assets ended the period at \$901 million, an increase of \$59 million, or 6.95%, compared to total assets of \$843 million as of September 30, 2018. Loans rose year over year by \$50 million to \$667 million, or 8.09%, with loan growth partially offset by a decrease in investment securities of \$9 million. Continued positive credit quality was augmented by the resolution of several problem credits in the first nine months of 2019, with overall credit quality metrics currently at excellent levels. Nonperforming loans at September 30, 2019 stood at 0.03% of total loans, compared to 0.23% the prior year. This compares to the Bank’s industry peer group average of 0.66% (as of June 30).

Total deposits grew by \$23 million to \$694 million, an increase of 3.43% from \$671 million a year ago, with a notable expansion in core deposits. An increase in borrowings to \$128 million, compared to \$106 million as of September 30, 2018, helped to fund loan growth.

“I am pleased to report that net income before taxes increased 11.64% year over year, ending the nine-month period at \$5.37 million compared to \$4.81 million as of September 30, 2018,” said Hayes. This resulted in net income for the first nine months of 2019 growing to \$4.88 million, an increase of \$426 thousand, or 9.57%, compared to \$4.45 million in the same period of 2018. “The increase in net income includes strong expansion in both net interest income, up 9.58% when compared to the same period last year, and noninterest income, which increased 1.53% overall, but 7.8% when gains (losses) from equity securities are excluded,” noted Hayes.

Continued growth in loans and core deposits supported the expansion of net interest income before provision to \$20.4 million as of September 30, 2019, an increase of \$1.3 million, or 7.03%, compared to \$19.1 million as of September 30, 2018. The net interest margin is modestly higher in 2019 compared to the first nine months of 2018. Contributions to the loan loss reserve equaled \$390 thousand in the first nine months of 2019, compared to \$800 thousand in the first nine months of 2018. The allowance for loan losses was further strengthened in 2019 by the recovery of prior period losses, with the reserve rising to 1.10% of total loans from 1.05% the prior year.

Noninterest income was \$6.12 million for the first nine months of 2019, which is an increase of \$92 thousand, or 1.53%, when compared to the same period in 2019. When gains (losses) from equity securities are excluded, however, noninterest income increased by \$447 thousand or 7.8% year over year.

“Fees derived from deposit activities remained steady, while revenues from residential mortgage loan sales and travel agency, benefits consulting, and wealth management activities all showed double-digit growth when compared to the previous year,” said Hayes. Property and casualty insurance commissions also grew well, but were offset by a decline in contingency income. Non-recurring income from lending activities declined, but was offset by an increase in gains on the sale of residential mortgage loans. Hayes added, “The volume of residential mortgage loan originations is at record levels for the second consecutive year, and reflects continued growth in Kish’s share of the residential mortgage lending market aided by a return of exceptionally attractive long term interest rates.”

Year over year, noninterest expense increased by \$1.29 million, or 6.59%, to \$20.8 million as of September 30, 2019, compared to \$19.5 million the prior year. “Most increases in noninterest expense categories were close to budget, but it should be noted that increased operating costs of \$167 thousand in the third quarter of 2019 related to the Bank’s upcoming core conversion,” explained Hayes, adding, “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.

The Board of Directors declared a quarterly dividend in the amount of \$0.25 per share, payable October 31, 2019, to shareholders of record as of October 15, 2019.

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.