

**KISH BANCORP, INC.**

**PROXY STATEMENT FOR THE ANNUAL MEETING OF  
SHAREHOLDERS TO BE HELD ON MAY 16, 2017**

**Introduction, Date, Time and Place of Meeting**

This Proxy Statement is being furnished in connection with the solicitation by the Board of Directors of Kish Bancorp, Inc., a Pennsylvania business corporation (the "Corporation"), of proxies to be voted at the Annual Meeting of Shareholders of the Corporation to be held at the Belleville Financial Center of Kish Bank, 4255 East Main Street, Belleville, Pennsylvania 17004, on Tuesday, May 16, 2017, at 5:30 p.m., prevailing time, or at any adjournment or postponement of the Annual Meeting.

The headquarters of the Corporation is located at 4255 East Main Street, Belleville, Pennsylvania 17004. The principal executive offices of the Corporation are located at 2610 Green Tech Drive, State College, Pennsylvania 16803. The telephone number for the Corporation is (814) 861-4660. All inquiries should be directed to William P. Hayes, Chairman, President and Chief Executive Officer of the Corporation. Kish Bank (the "Bank") is a wholly-owned subsidiary of the Corporation.

**Solicitation and Voting of Proxies**

This Proxy Statement and the enclosed form of proxy (the "Proxy") are first being sent to shareholders of the Corporation on or about April 3, 2017.

Shares represented by proxies on the accompanying Proxy, if properly signed and returned, will be voted in accordance with the specifications made thereon by the shareholders. Any Proxy not specifying to the contrary will be voted for the election of the three nominees named. Execution and return of the enclosed Proxy will not affect a shareholder's right to attend the Annual Meeting and vote in person, after giving written notice to the Secretary of the Corporation. The cost of preparing, assembling, printing, mailing and soliciting proxies will be borne by the Corporation.

In addition to the use of the mails, certain directors, officers and employees of the Corporation may personally solicit proxies. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxy solicitation material to the beneficial owners of stock held of record by these persons and, upon request therefore, the Corporation will reimburse them for their reasonable forwarding expenses.

## **Revocability of Proxy**

A shareholder who returns a Proxy may revoke the Proxy at any time before it is voted only (1) by giving written notice of revocation to William L. Dancy, Secretary, Kish Bancorp, Inc., P.O. Box 917, 4255 East Main Street, Belleville, Pennsylvania 17004; (2) by executing a later-dated Proxy and giving written notice thereof to the Secretary of the Corporation or (3) by voting in person after giving written notice to the Secretary of the Corporation.

## **Voting Securities**

At the close of business on March 2, 2017, the Corporation had 1,246,163 issued and outstanding shares of common stock. This is the only authorized class of stock (the "Common Stock").

Only holders of Common Stock of record at the close of business on Thursday, March 2, 2017, will be entitled to notice of and to vote at the Annual Meeting. Cumulative voting rights do not exist with respect to the election of directors. On all matters to come before the Annual Meeting, each share of common stock is entitled to one vote.

## **Quorum**

The presence, in person or by Proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast shall constitute a quorum for the transaction of business at the Annual Meeting.

## **PRINCIPAL BENEFICIAL OWNERS OF THE CORPORATION'S STOCK**

### **Principal Owners**

The following table sets forth, as of March 2, 2017, the name of each person who owns of record or who is known by the Board of Directors to be the beneficial owner of more than five percent (5%) of the Common Stock, the number of shares beneficially owned by such person and the percentage of the Common Stock so owned.

<b><u>Name</u></b>	<b><u>Shares Beneficially Owned (1)</u></b>	<b><u>Percent of Outstanding Common Stock Beneficially Owned</u></b>
William P. and Connie H. Hayes	89,025	7.14%

### **Beneficial Ownership by Directors and Nominees**

The following table sets forth as of March 2, 2017, the amount and percentage of the Common Stock of the Corporation beneficially owned by each director, each nominee and the directors and nominees as a group.

<b><u>Name of Individual or Identity of Group</u></b>	<b><u>Amount and Nature (1) (2) of Beneficial Ownership</u></b>	<b><u>Percent of Class</u></b>
William P. Hayes (4)	89,025	7.14%
Phyllis L. Palm (5)	9,140	0.73%
James J. Lakso (5)	3,095	0.25%
William L. Dancy (3)	10,805	0.87%
William S. Lake (4)	34,737	2.79%
Spyros A. Degleris (5)	8,887	0.71%
Paul G. Howes (3)	6,096	0.49%
Edward A. Friedman (4)	33,364	2.68%
Paul H. Silvis (3)	12,499	1.00%
<u>Above Nominees and Directors as a Group (9 persons)</u>	207,648	16.66%

(1) The securities "beneficially owned" by an individual are determined in accordance with the definitions of "beneficial ownership" set forth in the General Rules and Regulations of the Securities and Exchange Commission and may include securities owned by or for the individual's spouse and minor children and any other relative who has the same home, as well as securities to which the individual has or shares voting or investment power or has the right to acquire beneficial ownership within 60 days after March 2, 2017. Beneficial ownership may be disclaimed as to certain of the securities. Mr. Hayes is the registered owner of 6,400 shares of restricted stock that are included in his total. 31,143 shares are registered in the Kish Bank Retirement Savings Plan of which Mr. Hayes is one of two trustees. These shares are not included in Mr. Hayes' total.

(2) Information furnished by the Corporation.

(3) A Class 1 Director whose term expires in 2017

(4) A Class 2 Director whose term expires in 2018

(5) A Class 3 Director whose term expires in 2019

## ELECTION OF DIRECTORS

Unless otherwise instructed, the proxy holders will vote the proxies received by them for the election of the nominees named. If any nominee should become unavailable for any reason, proxies will be voted in favor of a substitute nominee as the Board of Directors of the Corporation shall determine. The Board of Directors has no reason to believe that the nominees named will be unable to serve if elected. Any vacancy occurring on the Board of Directors of the Corporation for any reason may be filled by a majority vote of the full Board of Directors.

There is no cumulative voting for the election of the Directors. Each share of Common Stock is entitled to cast only one vote for each nominee. For example, if a shareholder owns ten (10) shares of Common Stock, he or she may cast up to ten votes for each of the Directors in the class to be elected.

The Board of Directors of the Corporation elects individuals to serve on the Bank's Board of Directors. When appropriate for governance of the Corporation and the Bank, the composition of the Bank's Board of Directors may include individuals who do not serve as Directors of the Corporation. Similarly, the Corporation's Board of Directors may from time to time include individuals who do not serve as Directors of the Bank.

## INFORMATION AS TO NOMINEES, DIRECTORS AND OFFICERS

The following table contains certain information with respect to Class 1, 2, and 3 Directors.

### **CLASS 1 DIRECTORS WHOSE TERMS EXPIRE IN 2017**

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director of Corporation/ Bank Since</u>
William L. Dancy (1)(3)(4)(5)(7)	70	Retired, President & Owner, J. M. Young & Sons, Inc.	2003/2003
Paul G. Howes (1)(2)(3)(4)(5)(7)(8)	63	Executive Chairman, ThromboGenics Inc.	2014/2013
Paul H. Silvis (1)(4)(5)(7)(8)	62	Founder, President, Head Coach SilcoTek Corporation	2015/2015

**CLASS 2 DIRECTORS  
WHOSE TERMS EXPIRE IN 2018**

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director of Corporation/ Bank Since</u>
William P. Hayes (2)(3)(6)(7)(8)	68	Chairman, President and Chief Executive Officer of the Corporation and Bank	1987/1984
William S. Lake (1)(3)(6)(8)	71	Owner, Lake Chevrolet, Inc. Lake Ford Lincoln, Inc.	2012/2012
Edward A. Friedman (2)(3)(4)(5)(6)	69	Founder, Friedman Real Estate Group	2014/2014

**CLASS 3 DIRECTORS  
WHOSE TERMS EXPIRE IN 2019**

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director of Corporation/ Bank Since</u>
Phyllis L. Palm (2)(6)(7)(8)	74	Retired, Senior Vice President of Operations, Lewistown Hospital	1993/1993
James J. Lakso (2)(3)(4)(5)(7)(8)	72	Retired, Provost and Vice President, Juniata College	2003/2003
Spyros A. Degleris (1)(2)(3)(4)(5)(6)	54	Retired Fixed Income Portfolio Manager	2012/2012

(1) Member of the Bank's Audit and Compliance Committee. The Audit and Compliance Committee consists of at least three (3) outside Directors, responsible for monitoring, overseeing, and assessing the Company's accounting and financial reporting processes; the quality and integrity of the Company's financial statements, including audits of the financial statements; the performance of the Company's internal audit function, including audits performed by the Bank's risk management team; the qualifications, independence and performance of the independent auditor; and compliance with applicable legal and regulatory financial accounting requirements. The Committee met 4 times in 2016.

(2) Member of the Bank's Asset/Liability Management Committee. The Asset/Liability Management Committee consists of at least three (3) Directors and the officers appointed annually by the Board of Directors. The Board Asset/Liability Management Committee met 4 times in 2016 after the end of each quarter. The Committee oversees the Bank's interest rate risk management and liquidity/funds management practices in an effort to maximize net interest income while maintaining a prudent balance between risk and return levels. The Committee establishes policies and procedures to support earnings in all plausible future interest rate environments. It also reviews and recommends updates to related policies.

(3) Member of the Bank's Credit Policy Committee. The Credit Policy Committee consists of at least three (3) outside Directors, and those officers appointed annually by the Board of Directors. The Credit Policy Committee is responsible for defining, monitoring, and maintaining the credit standards of the Bank and for reviewing criticized and classified loans, delinquent loans, new loans, and to approve loans within the limits set forth in the Bank's Loan Policy. The Committee is responsible for the approval and amendment of policies related to credit quality and credit administration. The Credit Policy Committee met 4 times in 2016.

(4) Member of the Bank's and Bancorp's Human Resource Committee. The Human Resource Committee consists of four (4) outside Directors appointed by the Board of Directors. The Committee is charged with overseeing matters regarding the human resources activities of the Bank; overseeing the executive compensation plans, incentive-compensation and equity-based plans and practices of the Bank, and for reporting annually to the Board regarding executive compensation. In addition to discussions and actions taken by the Board acting as a Committee of the whole, the Human Resource Committee met 2 times in 2016.

(5) Member of the Corporation's Stock Option and Restricted Stock Committee. The Stock Option and Restricted Stock Committee meets as necessary to administer the Stock Option and Restricted Stock Plans and consists of at least four (4) Directors. In addition to discussions and actions taken by the Board acting as a Committee of the whole, the Committee met 2 times in 2016.

(6) Member of the Bank's Trust Committee. The Trust Committee consists of at least three (3) Directors, responsible for oversight of the trust department and all other non-deposit investment products and services offered by the Bank, including responsibility for the development of policies consistent with regulatory guidance and review of adherence to such policies. The Trust Committee met 3 times in 2016.

(7) Member of the Corporation's and the Bank's Board Performance, Nominating and Governance Committee. The Board Performance, Nominating and Governance Committee consists of the Chairman, President and Chief Executive Officer, and at least three (3) outside Directors. In addition to discussions and actions taken by the Board acting as a Committee of the whole, the Committee met 2 times in 2016. The Committee leads the planning process for Board development; recommends enhancements to governance practices; establishes and monitors Board member performance standards; and nominates new Board members.

(8) Member of the Bank's Information Technology and Information Security Committee. The Information Technology and Information Security Committee consists of at least three (3) outside Directors and the Chairman, President and Chief Executive Officer. The Committee's function is to assess the Corporation's exposure to information security risk, discuss associated risk management issues with senior management and recommend to the Board policies related to information security and the privacy of confidential customer account data. The Committee met 4 times in 2016.

A shareholder who desires to propose an individual for consideration by the Board of Directors as a Nominee for Director should submit a proposal in writing to the Secretary of the Corporation in accordance with Section 202 of the Bylaws of the Corporation.

During 2016, the Bank's Board of Directors held 12 meetings. Each director received a monthly fee of \$750 and \$250 per committee meeting attended. The Corporation's Board of Directors met 4 times in 2016. Each Director received a quarterly fee of \$1,250 for each meeting attended. In 2016, the Bank paid or deferred payment of \$155,100 to all non-employee Directors as a group for service as a member of the Board of Directors and for attending meetings of the committees of the Board of Directors. All Directors are eligible to participate in the Stock Option Plan. Director stock option and restricted stock grants are awarded based on the achievement of annual financial performance objectives for the Corporation.

Members of the Board of Directors are eligible to participate in the Kish Bancorp, Inc. Directors Deferred Compensation Plan, as amended and restated January 1, 2006. The plan is a deferred compensation arrangement that permits a Director to annually defer all, or a portion of, his/her director's fees. In 2016, a total of \$38,750 was deferred under this program. The method used to calculate the return on deferred compensation balances is pre-selected by the individual Directors and can either be based on the rate in effect at the beginning of the year for the five year United States Treasury Note or match the investment returns on a chosen mutual fund, which is on an approved list selected by the Committee administering the plan. Deferred compensation owed will remain an unsecured obligation of the Corporation.

Each Director of the Corporation and each Director of the Bank attended at least 75% of the applicable Board meetings.

### **Remuneration of Officers and Directors**

The 2016 cash compensation for the five most highly compensated executive officers of the Corporation and the Bank as a group and all directors as a group was \$1,446,743.80. At the 1998 Annual Shareholders Meeting, the stockholder's adopted the 1998 Stock Option Plan (the "Plan") providing for the issuance of qualified and non-qualified stock options to the Directors, officers and key executives of the Corporation and the Bank. The Plan was amended and restated at the 2006 Annual Shareholders Meeting. The purpose of the plan is to promote the interests of the Bank by providing incentives to (i) designated officers and other key employees of the Corporation and Bank and (ii) non-employee members of the Board of Directors, to attract and retain such persons and to encourage them to acquire or increase their proprietary interest in the Corporation and Bank and to maximize the Corporation's performance during the term of

their employment. A total of 380,000 shares of Common Stock have been reserved for issuance pursuant to the 1998 Plan. Options are granted at the discretion of the Stock Option and Restricted Stock Committee. There were options for 24,116 shares granted in 2016.

Kish Bancorp also maintains a Restricted Stock Plan. Under the plan, awards of stock can be made to Directors, officers and key employees, subject to ratification by the Board's Stock Option and Restricted Stock Committee. Restricted stock is restricted as to transferability for a period of five years, though the recipient receives dividends and can vote the stock. There were 11,590 shares of restricted stock awarded in 2016. These shares were issued from treasury stock which had previously been acquired under the Corporation's Stock Repurchase program.

Senior Executives of the Corporation and its subsidiaries at the level of Executive Vice President and above are eligible to participate in the Kish Bancorp, Inc. Senior Executive Deferred Compensation Plan, adopted December 20, 2012. The plan is a non-qualified deferred compensation plan that permits a senior executive to defer a portion of his/her compensation. In 2016, a total of \$40,000 was deferred under this program. The method used to calculate the return on deferred compensation balances is pre-selected by the individual executive and can either be based on the rate in effect at the beginning of the year for the five year United States Treasury Note or match the investment returns on a chosen mutual fund, which is on an approved list selected by the Committee administering the plan. Deferred compensation owed will remain an unsecured obligation of the Corporation.

### **Retirement Plan**

The Bank maintains a retirement and savings plan containing a salary deferral option that is commonly known as a 401(k) Plan. The plan covers all eligible employees who have attained the age of twenty-one (21) years and completed 6 months of service.

Each year the Bank may contribute a portion of its profits to the plan. Each participant who completes 1,000 hours of service during the plan year and is employed on the last day of such year is entitled to a contribution. In addition, the participant may elect to defer a portion of his compensation, within Guidelines set by the IRS, which for the year 2016 allow deferrals not to exceed \$18,000 unless the participant is over the age of 50, then a catch up amount of \$6,000 is allowed with such deferral amount being credited to the participant's salary deferral account. The Bank will match 100% of the salary deferral contributions up to 3% of the participant's compensation and 50% of salary deferrals between 3% and 5% of employee contribution. In addition to matching contributions, the Bank may contribute a portion of its profits to the Plan.

Distributions can be made to each participant who attains age, 59 1/2. Early retirement provisions are contained in the plan. Benefits under the plan are paid either in a lump sum, installments over a period of years or an annuity.

During 2016, there were 191 participants in the plan. The Bank contributed \$332,007 toward the plan in 2016. In 2015, there were 151 participants in the plan and the Bank contributed \$310,497.



## **Certain Transactions**

There have been no material transactions, nor any material transactions proposed, with any Director or executive officer of the Corporation or the Bank, or any associate of any of the foregoing persons. The Corporation and the Bank have had, and intend to continue to have, banking and financial transactions in the ordinary course of business with Directors and executive officers of the Corporation and the Bank and their associates on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Interest rate discounts on loans to executive officers are permissible under federal regulations and are currently provided to the same extent as these discounts are made available to all employees. Total loans outstanding from the Bank as of December 31, 2016, to the Corporation's and Bank's executive officers and Directors as a group, and companies in which they had an ownership interest of 10% or more, was \$11,003,367.17 or 20.54% of the Corporation's equity capital.

During 2016, the Bank, in the ordinary course of business, did not make any loans to the Corporation. At December 31, 2016, the outstanding balance of all loans from the Bank to the Corporation totaled \$0.

## **Stock Repurchase Authorization**

At its regularly scheduled meeting on January 26, 2017, the Corporation's Board of Directors renewed authorization for the repurchase of up to \$2,000,000 of Kish Bancorp, Inc. stock. This authorization remains effective through January 31, 2018.

## **Principal Officers of the Corporation**

The following table sets forth selected information about the principal officers of the Corporation, each of whom is elected by the Board of Directors and each of whom holds office at the discretion of the Board of Directors:

<b><u>Name</u></b>	<b><u>Position Held</u></b>	<b><u>Held Since</u></b>	<b><u>Bank Employee Since</u></b>	<b><u>Age</u></b>
William P. Hayes	Chairman, President and Chief Executive Officer	1997 1987	1977	68
James J. Lakso	Vice Chairman of the Board and Lead Outside Director	2011	(1)	72
William L. Dancy	Secretary	2005	(1)	70
Mark J. Cvrkel	Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary	2016	2016	62

**Principal Officers of the Corporation (Continued)**

Gregory T. Hayes	Senior Executive Vice President, Chief Operating Officer, Assistant Secretary	2016	2006	40
Robert S. McMinn	General Counsel Assistant Secretary	2003 2005	2003	60

**Principal Officers of the Bank**

<u>Name</u>	<u>Position Held</u>	<u>Held Since</u>	<u>Bank Employee Since</u>	<u>Age</u>
William P. Hayes	Chairman, President and Chief Executive Officer	1997 1984	1977	68
James J. Lakso	Vice Chairman of the Board and Lead Outside Director	2011	(1)	72
William L. Dancy	Secretary	2005	(1)	70
Peter D. Collins	Executive Vice President, Chief Credit Officer	2014	2014	58
Mark J. Cvrkel	Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary	2016	2016	62
Gregory T. Hayes	Senior Executive Vice President, Chief Operating Officer, Assistant Secretary	2016	2006	40
Robert S. McMinn	General Counsel Assistant Secretary	2003 2005	2003	60
Richard A. Sarfert	Executive Vice President, Senior Lending Officer	2016	2016	54
James L. Shilling, Jr.	Executive Vice President, Chief Business Banking Officer	1991	1991	64

(1) Messrs. Lakso and Dancy are not employees of the Bank or Corporation and receive no additional compensation other than regular Directors' fees.

## **LEGAL PROCEEDINGS AND REGULATORY MATTERS**

The nature of the Corporation's and the Bank's business generates a certain amount of litigation involving matters arising in the ordinary course of business. However, in the opinion of management of the Corporation and Bank, there are no proceedings pending to which the Corporation or Bank is a party or to which its property is subject, which, if determined adversely to the Corporation or Bank, would be material in relation to the Corporation's and Bank's undivided profits or financial condition, nor are there any proceedings pending other than ordinary routine litigation incident to the business of the Corporation and Bank.

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

For the year ended December 31, 2016, Kish Bancorp, Inc. engaged S.R. Snodgrass, A.C., independent certified public accountants, to audit the Corporation's financial statements. Their report is included in the Annual Report to the Shareholders that accompanies this statement. Representatives of S.R. Snodgrass, A.C., are expected to be in attendance at the Annual Meeting of Shareholders and will have an opportunity to make a statement if they so desire and to respond to appropriate shareholder questions.

## **ANNUAL REPORT**

A copy of the Corporation's Annual Report for its fiscal year ended December 31, 2016 is enclosed with this Proxy Statement.

## **SHAREHOLDER PROPOSALS**

Any shareholder who, in accordance with and subject to the provisions of the proxy rules of the Securities and Exchange Commission, wishes to submit a proposal for inclusion in the Corporation's Proxy Statement for its 2018 Annual Meeting of Shareholders must deliver such proposal in writing to the Chief Executive Officer of Kish Bancorp, Inc. at the Corporation's principal executive offices at 4255 East Main Street, Belleville, Pennsylvania 17004 not later than November 10, 2017.

## **OTHER MATTERS**

The Board of Directors does not know of any matters to be presented for consideration other than the matters described in the Notice of Annual Meeting, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

## **NOTICE TO SHAREHOLDERS**

A copy of the annual disclosure statement for Kish Bank may be obtained by calling our administrative office at (814) 861-4660 or by writing to P.O. Box 917, Belleville, Pennsylvania 17004, or by personal request, directed to any bank officer or employee. This statement includes the Bank's comparative balance sheets, comparative income statements, comparative changes in equity capital, comparative changes in allowance for loan and lease losses, and comparative non-performing loans for the periods ending December 31, 2016 and 2015. The first copy will be provided free of charge. Each additional copy will cost \$5.00.