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Kish Bancorp, Inc. Reports Net Income of \$4.2 Million in the Third Quarter of 2024 and \$10.4 Million in the First Nine Months of 2024

STATE COLLEGE, PA, October 17, 2024 – Kish Bancorp, Inc. (OTCQX: KISB) (“Kish” or the “Company”), parent company of Kish Bank, reported net income of \$4.2 million, or \$1.41 per share, for the third quarter of 2024, compared to \$3.2 million, or \$1.06 per share, for the second quarter of 2024, and \$3.5 million, or \$1.32 per share, for the third quarter of 2023. For the first nine months of 2024, net income was \$10.4 million, or \$3.53 per share, compared to \$10.0 million, or \$3.79 per share, for the nine-month period in 2023. All results are unaudited.

Results for the third quarter of 2024 included a \$665,000 provision for credit losses, compared to a \$467,000 provision for credit losses in the second quarter of 2024, and a \$51,000 provision for credit losses in the third quarter of 2023. The increase in the provision for credit losses during the current quarter was due to adjustments dictated by the Company’s CECL accounting model supporting the expansion in its commercial loan portfolio, and not due to any deterioration in loan quality, which remains at extraordinarily strong levels.

“We continued our upward momentum into the third quarter, producing strong net income, double-digit loan and deposit growth, an annualized return on average assets of 1.01% and an annualized return on average equity of 13.89%,” stated William P. Hayes, Executive Chairman. “Our earning assets yield continued to increase, increasing 54 basis points compared to the third quarter a year ago and reaching a high of 6.19% for the third quarter. The growth in earning assets at a sustained spread to our funding costs is already reducing the initial earnings per share dilution created by our successful common stock issuance of \$10.0 million, which we raised primarily in the second half of 2023. We will continue to focus on growing our core deposit franchise by expanding into new markets, capturing market share in our existing markets, diversifying our revenue streams and obtaining operational leverage through enhanced technology systems. We are well positioned to continue our steady growth during the remainder of the year and into 2025.”

Third Quarter 2024 Financial Highlights:

- Total assets increased \$190.7 million, or 12.9%, to \$1.7 billion at September 30, 2024, compared to \$1.5 billion a year ago.
- Total deposits increased \$172.2 million year over year, or 15.3%, as Kish Bank continued to attract new client relationships.
- Net loans grew by \$213.2 million, or 18.5%, year over year to \$1.4 billion.
- Third quarter net interest income, before provision, increased \$1.9 million, or 18.0%, compared to the third quarter a year ago.
- Noninterest income increased \$449 thousand, or 13.8%, compared to the year ago quarter.
- Third quarter net interest margin expanded eight basis points from the third quarter a year ago to 3.30%.

- Continued strong third quarter ROE of 13.89% and ROA of 1.01%.
- Tangible book value per share increased 11.3% to \$34.04, compared to \$30.58 a year ago.
- Paid a \$0.37 per share quarterly cash dividend on July 31, 2024, to shareholders of record as of July 15, 2024.
- At September 30, 2024, Kish Bank continued to exceed regulatory well-capitalized requirements with a Tier 1 leverage ratio of 9.00%, a Tier 1 capital ratio of 9.95% and a Total risk-based capital ratio of 10.66%.

Balance Sheet

“Loan growth had another robust quarter, with total loans outstanding up by \$214.8 million, or 18.6%, year over year, led by strong loan demand across several loan categories,” said Gregory T. Hayes, President and CEO. “Year-over-year loan growth was driven by increases in construction loans of \$60.7 million, or 42.8%, and multifamily loans of \$42.9 million, or 26.7%. Also noteworthy, Kish continues to have negligible exposure to loans in nonowner-occupied commercial office space categories.”

Total assets ended the quarter at \$1.7 billion, an increase of \$190.7 million, or 12.9%, compared to \$1.5 billion as of September 30, 2023. Investment securities decreased to \$183.1 million, a decrease of \$3.0 million from the same period in 2023. Average earning assets increased to \$1.5 billion in the third quarter of 2024, compared to \$1.3 billion in the third quarter of 2023. The average yield on interest-earning assets was 6.19% in the third quarter of 2024, up 54 basis points from 5.65% in the third quarter a year ago.

Total deposits grew by \$172.3 million year over year to \$1.3 billion, an increase of 15.3% from \$1.1 billion a year ago. At September 30, 2024, noninterest-bearing demand deposit accounts decreased 3.6% compared to a year ago, while interest-bearing deposits increased 19.0% compared to a year ago. Brokered deposits decreased \$30.0 million during the third quarter compared to the preceding quarter to \$108.2 million at September 30, 2024. The cost of total deposits was 2.77% in the third quarter of 2024, compared to 2.14% in the third quarter of 2023.

“Kish is always looking for new and innovative ways to reach our customers and expand our deposit franchise,” said President and CEO Hayes. “Since this spring, we have opened our newest transformative banking solution, ATM + Live Banker, at eight locations in Centre, Blair, Huntingdon, and Juniata Counties, with more forthcoming. ATM + Live Banker is a new, convenient banking solution that allows customers to perform full-service transactions from the drive-up ATM while accessing live, local Kish bankers for assistance via video. While other banks are closing branches and eliminating access to people, we are expanding access to our people. We are redefining community banking and technology that connects our customers to what they value most: live, local experts who they know and trust.”

Stockholders’ equity increased 23.5% to \$104.3 million at September 30, 2024, compared to \$84.5 million a year earlier. At September 30, 2024, the Company’s tangible book value increased 11.3% to \$34.04 per share compared to \$30.58 at September 30, 2023.

Kish Bank continues to maintain capital levels in excess of the requirements to be categorized as “well-capitalized” with a Tier 1 leverage ratio of 9.00%, a Tier 1 capital ratio of 9.95% and a Total capital ratio of 10.66% at September 30, 2024.

Operating Results

In the third quarter of 2024, Kish generated a return on average common equity of 13.89% and a return on average assets of 1.01%, compared to 11.61% and 0.84%, respectively, in the third quarter a year ago. Year-to-date, the return on average common equity was 11.77% and return on average assets was 0.87%, compared to 13.36% and 0.95%, respectively, in the same period in 2023.

Net interest income, before the provision for credit losses, increased 18.0% to \$12.8 million in the third quarter of 2024, compared to \$10.8 million in the third quarter a year ago. In the first nine months of the year, net interest income before the provision for credit losses increased \$3.9 million, or 12.1% year over year, indicating a strong and well-balanced net interest margin. The resulting relative stability in the net interest margin and managing of interest rate risk is due to effective balance sheet management strategies, including Kish's balance sheet hedging program, which creates additional balance sheet flexibility.

The Company's net interest margin was 3.30% in the third quarter of 2024, compared to 3.29% in the preceding quarter and 3.22% in the third quarter of 2023. In the first nine months of the year, the net interest margin was 3.26%, compared to 3.35% in the year-ago period.

Primarily due to adjustments dictated by the Company's CECL accounting model and robust loan growth, the Company recorded a \$665 thousand provision for credit losses in the third quarter of 2024. This compared to a \$467 thousand provision for credit losses in the second quarter of 2024, and a \$51,000 provision for credit losses in the third quarter of 2023. The increase in the provision during the current quarter was not reflective of credit quality, which remains pristine.

Third quarter noninterest income increased 13.8% to \$3.7 million, compared to \$3.2 million in the third quarter a year ago. Noninterest income for the nine-month period increased by 8.7% compared to the same period in 2023, which is attributable in part to strong results from Kish's Wealth Management division of \$2.5 million, a 23.3% increase over the nine month period in 2023, as well as an improvement in the value of the equity portfolio of \$461 thousand. Gains on the sale of residential mortgage loans also increased during the quarter and for the year-to-date period. These gains were offset to some extent by lower interest rate swap fees, which were impacted by the current level of market interest rates.

Noninterest expense increased \$922 thousand, or 9.4%, to \$10.7 million in the third quarter of 2024, compared to \$9.8 million in the third quarter of 2023. For the first nine months of the year, noninterest expense increased \$3.0 million, or 10.4%, to \$31.7 million, compared to \$28.7 million in the same period in 2023. Team expansion remains the primary driver of higher salary expense, coupled with inflationary pressures on compensation expense. The increase in operating expenses also reflects the Company's strategic investment in technology enhancements and the training and education of its employees; all crucial fundamentals in supporting and expanding customer relationships. Also notable was the increase in FDIC premiums associated with the rapid growth in insured deposits. All other expense categories were well-controlled when compared to the prior year.

The efficiency ratio for the third quarter of 2024 was 67.9%, compared to 73.3% for the preceding quarter and 69.9% for the third quarter of 2023. Year-to-date, the efficiency ratio was 71.7% compared to 70.6% in the year ago period. The efficiency ratio includes the Company's non-banking units, which operate at higher expense levels than Kish Bank.

In the third quarter of 2024, the Company recorded \$896 thousand in state and federal income tax expense for an effective tax rate of 17.7%, compared to \$717 thousand, or 17.0%, in the third quarter a year ago. In the first nine months of 2024, the Company recorded \$2.1 million in state and federal income tax expense for an effective rate of 17.0%, compared to \$2.0 million, or 16.3%, in the year ago period.

Credit Quality

The allowance for credit losses represented 1549.9% of nonperforming loans at September 30, 2024, compared to 1444.1% a year earlier. Nonperforming loans were \$680 thousand, or 0.05% of total loans, at September 30, 2024, compared to \$606 thousand, or 0.05% of total loans, a year earlier.

Net loan recoveries totaled \$30 thousand in the third quarter of 2024. There were zero net loan charge-offs in the third quarter a year ago. The allowance for credit losses was \$8.7 million, or 0.77% of total loans, at September 30, 2024, compared \$7.2 million, or 0.76% of total loans, a year ago.

Dividend

On October 1, the Board of Directors declared a quarterly dividend in the amount of \$0.39 per share, payable October 31, 2024, to shareholders of record as of October 15, 2024, which was a \$0.02 per share, or 5%, increase from the prior quarter. Growth and sustained profitability support the expanding cash dividend, which has been increased for the ninth consecutive year. The current dividend represents an annualized yield of 5.21% based on recent market prices.

About Kish Bancorp, Inc.

Kish Bancorp, Inc. is a diversified financial services corporation headquartered in Belleville, PA with executive offices in State College and an Innovation Center in Reedsville. Kish Bank, a subsidiary of Kish Bancorp, Inc., operates 19 locations serving Centre, Mifflin, Huntingdon, Blair, and Juniata counties, and northeastern Ohio. 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. KISB is the OTCQX stock ticker symbol for Kish Bancorp, Inc. For additional information, please visit ir.kishbancorp.com or otcm Markets.com/stock/KISB.

In June of 2024, Kish Bancorp, Inc. was ranked 38th on American Banker Magazine's list of Top 100 Publicly Traded Community Banks and Thrifts based on three-year average return on equity as of December 31, 2023. The rankings are derived from all publicly traded banks and thrifts in the U.S. with less than \$2 billion in assets.

Forward Looking Statements

Certain statements regarding Kish Bancorp, Inc. set forth in this document and any related materials, as well as in related oral and written presentations, contain forward-looking information and speak only as of the date of such statement. You can identify these statements by the fact that they use words such as "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "forecast" and other words and terms of similar meaning in connection with any discussion of future operating or financial performance or business plans and prospects. This forward-looking information is subject to numerous material risks, uncertainties and assumptions, certain of which are beyond the control of Kish Bancorp, including the impact of general economic conditions, industry conditions, competition from other industry participants, the effect of federal, state and local regulation on financial institutions, market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the material assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and actual results, performance or achievement could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that Kish Bancorp will derive therefrom. Kish Bancorp disclaims any intention or obligation to update or revise any forward-looking information, whether, because of new information, future events or otherwise, except as required by applicable securities laws.

Consolidated Balance Sheet

(Unaudited; in thousands)

	<u>Sep. 30, 2024</u>	<u>Jun. 30, 2024</u>	<u>Sep. 30, 2023</u>
ASSETS			
Cash and due from banks	\$ 16,172	\$ 10,894	\$ 11,803
Interest-bearing deposits with other institutions	5,400	4,390	23,537
Cash and cash equivalents	<u>21,572</u>	<u>15,284</u>	<u>35,340</u>
Certificates of deposit on other financial institutions	-	245	245
Investment securities available for sale	169,473	170,363	172,624
Equity securities	2,594	2,395	2,454
Investment securities held to maturity	11,001	10,889	11,005
Loans held for sale	2,566	2,066	811
Loans	1,372,000	1,319,175	1,157,205
Less allowance for credit losses	<u>8,715</u>	<u>8,086</u>	<u>7,167</u>
Net Loans	<u>1,363,285</u>	<u>1,311,089</u>	<u>1,150,038</u>
Premises and equipment	27,557	27,103	27,712
Goodwill	3,561	3,561	3,561
Regulatory stock	8,361	7,034	9,494
Bank-owned life insurance	24,846	24,661	24,127
Accrued interest and other assets	<u>29,979</u>	<u>37,161</u>	<u>36,720</u>
TOTAL ASSETS	<u>\$ 1,664,795</u>	<u>\$ 1,611,851</u>	<u>\$ 1,474,131</u>
LIABILITIES			
Noninterest-bearing deposits	175,998	181,883	182,581
Interest-bearing deposits	<u>1,120,486</u>	<u>1,088,087</u>	<u>941,655</u>
Total Deposits	<u>1,296,484</u>	<u>1,269,970</u>	<u>1,124,236</u>
Borrowings	233,308	203,812	222,008
Accrued interest and other liabilities	<u>30,665</u>	<u>39,096</u>	<u>43,397</u>
TOTAL LIABILITIES	<u>1,560,457</u>	<u>1,512,878</u>	<u>1,389,641</u>
STOCKHOLDERS' EQUITY			
Common stock, \$0.50 per value; 8,000,000 shares authorized, 3,022,127, 3,022,127 and 2,885,941 issued	1,511	1,511	1,443
Additional paid-in capital	14,158	14,101	9,812
Retained earnings	104,016	100,941	94,459
Accumulated other comprehensive income	(12,093)	(14,071)	(18,028)
Treasury stock, at cost (56,900, 60,137 and 56,900 shares)	<u>(3,254)</u>	<u>(3,509)</u>	<u>(3,196)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>104,338</u>	<u>98,973</u>	<u>84,490</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,664,795</u>	<u>\$ 1,611,851</u>	<u>\$ 1,474,131</u>

CONSOLIDATED STATEMENT OF INCOME
(Unaudited; in thousands)

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2024	Jun. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
INTEREST AND DIVIDEND INCOME					
Interest and fees on loans:					
Taxable	\$ 22,099	\$ 20,574	\$ 17,208	\$ 62,194	\$ 47,134
Exempt from federal income tax	277	263	194	796	583
Investment securities					
Taxable	1,229	1,238	1,308	3,733	3,881
Exempt from federal income tax	58	59	49	170	154
Interest-bearing deposits with other institutions	62	80	99	231	334
Other dividend income	224	222	198	698	700
TOTAL INTEREST AND DIVIDEND INCOME	23,949	22,436	19,056	67,822	52,786
INTEREST EXPENSE					
Deposits	8,849	8,318	5,876	24,548	14,263
Borrowings	2,346	2,043	2,367	7,038	6,190
TOTAL INTEREST EXPENSE	11,195	10,361	8,243	31,586	20,453
NET INTEREST INCOME	12,754	12,075	10,813	36,236	32,333
Provision for credit losses	665	467	51	1,245	136
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	12,089	11,608	10,762	34,991	32,197
NONINTEREST INCOME					
Service fees on deposit accounts	652	620	585	1,855	1,744
Equity securities (losses) gains, net	263	(57)	(53)	57	(404)
Gain on sale of loans, net	135	108	91	317	255
Earnings on Bank-owned life insurance	183	179	161	538	474
Insurance commissions	810	675	791	2,419	2,402
Travel agency commissions	33	60	107	112	220
Wealth management	949	612	795	2,501	2,028
Benefits consulting	161	179	159	485	478
Other	509	225	610	935	1,286
TOTAL NONINTEREST INCOME	3,695	2,601	3,246	9,219	8,483
NONINTEREST EXPENSE					
Salaries and employee benefits	6,435	6,162	5,752	19,028	17,041
Occupancy and equipment	1,030	1,025	1,019	3,062	2,903
Data processing	1,234	1,157	1,129	3,528	3,078
Professional fees	175	207	199	532	555
Advertising	123	115	154	354	459
Federal deposit insurance	319	341	234	952	637
Other	1,402	1,410	1,309	4,227	4,033
TOTAL NONINTEREST EXPENSE	10,718	10,417	9,796	31,683	28,706
INCOME BEFORE INCOME TAXES	5,066	3,792	4,212	12,527	11,974
Income taxes	896	646	717	2,127	1,952
NET INCOME	\$ 4,170	\$ 3,146	\$ 3,495	\$ 10,400	\$ 10,022

ADDITIONAL FINANCIAL INFORMATION*(Dollars and shares in thousands except per share amounts)(Unaudited)*

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2024	Jun. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
PERFORMANCE MEASURES AND RATIOS					
Return on average common equity	13.89%	10.54%	11.61%	11.77%	13.36%
Return on average assets	1.01%	0.79%	0.84%	0.87%	0.95%
Efficiency ratio	67.91%	73.32%	69.93%	71.66%	70.57%
Net interest margin	3.30%	3.29%	3.22%	3.26%	3.35%

	Three Months Ended			Nine Months Ended	
	Sep. 30, 2024	Jun. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
AVERAGE BALANCES					
Average assets	\$ 1,634,071	\$ 1,578,036	\$ 1,431,116	\$ 1,558,467	\$ 1,362,588
Average earning assets	1,534,946	1,477,644	1,331,334	1,485,613	1,289,717
Average total loans	1,346,713	1,288,486	1,131,332	1,293,843	1,085,645
Average deposits	1,271,823	1,243,367	1,090,200	1,227,042	1,066,201
Average common equity	112,093	107,134	93,070	109,000	90,579

EQUITY ANALYSIS

	Sep. 30, 2024	Jun. 30, 2024	Sep. 30, 2023
Total common equity	\$ 113,680	\$ 110,281	\$ 100,101
Common stock outstanding	3,022,127	3,022,127	2,885,941
Book value per share	\$ 35.46	\$ 33.75	\$ 31.99
Tangible book value per share	\$ 34.04	\$ 32.32	\$ 30.58

ASSET QUALITY

Nonaccrual loans	\$ 501	\$ 599	\$ 445
Loans 90 days past due and still accruing	179	42	161
Total nonperforming loans	\$ 680	\$ 641	\$ 606
Other real estate owned and other repossessed assets	-	-	-
Total nonperforming assets	\$ 680	\$ 641	\$ 606
nonperforming loans/portfolio loans	0.05%	0.05%	0.05%
nonperforming assets/assets	0.04%	0.04%	0.04%
Allowance for credit losses	\$ 8,715	\$ 8,086	\$ 7,167
Plus: Reserve for undisbursed loan commitments	1,824	1,758	1,584
Total allowance for credit losses	\$ 10,539	\$ 9,844	\$ 8,751
Allowance for credit losses/portfolio loans	0.77%	0.75%	0.76%
Allowance for credit losses/nonperforming loans	1549.85%	1535.73%	1444.06%
Net loan (recoveries) charge-offs for the quarter	\$ (30)	\$ 5	\$ -

KISH BANK

	Sep. 30, 2024	Jun. 30, 2024	Sep. 30, 2023
Tier 1 leverage ratio	9.00%	9.00%	8.88%
Tier 1 capital ratio	9.95%	9.90%	9.95%
Total capital ratio	10.66%	10.59%	10.63%

INTEREST SPREAD ANALYSIS

	Sep. 30, 2024	Jun. 30, 2024	Sep. 30, 2023
Yield on total loans	6.63%	6.52%	6.12%
Yield on investments	2.82%	2.88%	2.83%
Yield on interest earning deposits	8.53%	8.65%	7.58%
Yield on earning assets	6.19%	6.09%	5.65%
Cost of interest-bearing deposits	3.21%	3.13%	2.54%
Cost of total deposits	2.77%	2.69%	2.14%
Cost of borrowings	4.14%	4.17%	4.27%
Cost of interest-bearing liabilities	3.37%	3.29%	2.88%
Cost of funds	2.82%	2.89%	2.77%

Transmitted on Business Wire on October 17, 2024, at 4:00 p.m. Eastern Time.