

THIS IS



2015 ANNUAL REPORT



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CHAIRMAN'S LETTER TO THE SHAREHOLDERS

On behalf of the entire Kish team, it is my pleasure to present this 2015 Annual Report to the shareholders and community stakeholders of Kish Bancorp, Inc.

With a sustained focus on growth throughout 2015, and buoyed by a strong capital position and asset quality, the Corporation achieved record earnings based on gains in loans and deposits, coupled with revenues from mortgage lending, wealth management, insurance, and travel. Overall, financial highlights for 2015 are as follows:

- Net income of \$4.49 million, or \$3.73 per share, rose 3.09% in 2015 compared to net income of \$4.36 million, or \$3.63 per share, in 2014.
- Loans of \$451 million at December 31, 2015, increased \$31 million, or 7.41%, compared to \$420 million at December 31, 2014.
- Total deposits of \$543 million at December 31, 2015, increased \$34 million, or 6.69%, compared to \$509 million at December 31, 2014.
- Total assets reached a new high of \$697 million at year end 2015.
- Book value per share of \$41.78 per share as of December 31, 2015, increased 4.76% over book value per share of \$39.96 at December 31, 2014.
- Return on average shareholders' equity was 8.89% for 2015, compared to 9.54% for the prior year due to a \$2.4 million increase in shareholders' equity.
- The net interest margin was 3.29% for 2015, compared to 3.27% for the same period last year.

While financial results sustained the Corporation's upward momentum, the true measure of performance is the success of the Kish team's ability to meet the financial needs of the region in an increasingly robust way. Toward that end, the Corporation invested in new technology this year designed to further strengthen the relationship management process across all business lines. The marriage of new technologies to a sophisticated set of product offerings, supported by a professional team dedicated to extraordinary client service, continues to differentiate Kish in the marketplace. Kish's business model links employee satisfaction to customer loyalty. Simply stated, growth and profitability are closely tied to the value clients place on the services they receive and the loyalty they have to the people and organization serving them. This approach, implemented intentionally at Kish, demonstrates that the approach the team embraces is markedly different from the wholesale approach that drives much of the financial services industry today.

THIS IS HOME, the theme of this year's annual report, is the essential element of Kish's business model. The theme was selected to illustrate Kish Bancorp's commitment to the central Pennsylvania region. The core of our business is focused on our local communities and serving the individuals, families, and businesses in our region. It recognizes that home is more than a place. Home is security, stability, and a safe haven in a challenging and sometimes difficult world. Home is the firm ground from which the confidence to pursue successful outcomes grows. Kish clients expect that sense of security, stability, confidence, and trust that home brings. They can be confident that they will be welcomed, recognized, and appreciated as individuals when they interact with us, whatever channel they choose. The Corporation, in turn, acknowledges the responsibilities that come with the awareness that our clients depend on us to deliver banking and financial solutions to them in a responsive and customized way.

The people, businesses, and institutions of central Pennsylvania's communities are fortunate to be characterized by a deep sense of pride in place, built over generations, that distinguishes this region. All of us at Kish Bancorp are proud of the part Kish has played



in helping to build pride in the region, but we recognize that Kish must be relentless in its efforts to deliver banking and financial services that help to strengthen and sustain this place we call Home. To that end, I am pleased to discuss the forward-looking commitments we have made to serving this region and growing the Kish franchise.

As announced previously in 2015, Kish will soon open a new location in downtown State College. This new "Expect More Store" will represent an evolution of how Kish will meet the needs of the next generation of clients. The downtown State College location will incorporate the changes in branch functionality with technological advances that apply not only to community banking, but also to all the financial services Kish offers. As always, the differentiator for Kish will be that such advancements will be supported by knowledgeable and caring people who are mission critical to Kish's client-focused and community-centric business model.

None of Kish's goals would be achievable without the leadership and support of a strong Board of Directors committed to the Corporation's future. We gratefully acknowledge the Board's leadership in guiding Kish's vision, while tending to the risks inherent in the current banking and regulatory environment. To all of the Board members, who are listed separately in this report, we express our gratitude. During 2015, we were pleased to announce the addition of Paul Silvis, Founder of SilcoTek Corporation and Restek Corporation, to the Kish Bank and Kish Bancorp Boards. He joins a highly valued group of board and regional board members who work tirelessly to grow the Kish franchise and advance its mission.

As we conclude this report of another successful year of upward momentum at Kish Bancorp, we want to express our sincere gratitude to you, our shareholders and community stakeholders, for your belief in the value and worth that our Corporation brings to the region. Together, with the Kish team and the clients and communities we serve, we can truly say that KISH IS HOME.

Sincerely,

William P. Hayes
Chairman of the Board, President and
Chief Executive Officer



William P. Hayes
Chairman of the
Board, President
and Chief
Executive Officer



this is HOME

Kish Bancorp is a values-driven financial services holding company with a regional community bank at its core that has been headquartered in the central Pennsylvania region for more than a century. Kish has built its reputation and success by making a positive difference in the lives of its clients and communities. Today, Kish is more focused than ever on remaining a positive presence in the region for generations to come. This commitment is

deeply rooted in the heritage and culture of the Company and is driven by both a strong desire and capacity to serve the needs of the people and the businesses, institutions, and municipalities that thrive here.

Kish Bancorp's businesses are comprised of retail and business banking, wealth management and trust, property and casualty insurance, and travel services. These activities comprise the services through which the Corporation supports the full array of banking, financial, and travel services needs in the region. They benefit the Corporation by generating revenues that strengthen Kish's ability to reinvest in the Company's delivery channels and make a difference for the communities and people in the region.

Kish Bank is at the core of the business model, offering a full array of retail, mortgage, and business banking services. The bank's trust unit delivers sophisticated fiduciary and investment management services to higher net worth clients. Kish Financial Solutions provides investment advisory and financial planning services, and assists businesses with services ranging from succession planning and profit-sharing plans to group insurance solutions. Kish Insurance is a full-service, independent insurance agency dedicated to providing high-quality property and casualty insurance products supported through superior client services. Kish Travel, another full-service, licensed business line in the Kish family of companies, offers professional travel planning services for individuals, groups, and businesses to locations virtually anywhere in the world.

All Kish business units are dedicated to client fulfillment through many stages of life. Our objective is to do business in a way that delivers an unparalleled client experience. Ensuring that all those who live and work in the region feel at home when engaging with any of

the Corporation's business units is a priority at Kish. The team's ability to work together to make clients—and prospective clients—feel welcomed and confident about their engagement with the Corporation is a strategic priority shared by all Kish associates. When clients can count on Kish services that are consistently responsive to their unique needs, then we are fulfilling our mission.

Supporting that focus, the Corporation added hospitality to its short list of top strategic priorities for 2016. Although hospitality is already a hallmark at Kish, the intention is to further sharpen this focal point of our business. The team is expanding Kish's service quality standards to reach a 5 star service and hospitality level—one that will be linked to the Kish brand, its marketing and branding program, and even its hiring practices and processes. In concert with this strategic objective, a number of steps are being taken to enhance the client experience at Kish. Areas are being created within existing spaces where clients will be welcomed to visit, access high-speed Wi-Fi, digest financial information, or simply enjoy a quiet cup of coffee. Additionally, Kish will continue to extend its facilities to regional nonprofits with whom the Corporation is strategically aligned. This is yet another way that Kish adds value to the community, underscores the importance of community alignment, and provides clients and community members with a welcoming experience where they feel at Home. This is especially true where Kish can emphasize the unique alignment with our communities.

To that end, in 2015, Kish kicked off a new tradition to celebrate the spirit of volunteerism that permeates the region. The first annual "Kish Celebrates Community" event reached out to clients and communities and, in the process, recognized those who work hard to make communities in the region the special places they are. Several hundred clients and significant volunteer leaders who devote countless hours to the betterment of our central Pennsylvania communities participated in the "Kish Celebrates Community" event at Penn State's Beaver Stadium in the spring. Kish Ambassador Coquese Washington, Head Coach for Women's Basketball at Penn State, and her friend and colleague, James Franklin, Head Football Coach at Penn State, supported the celebration with their presence and remarks. They recognized that community alignment and engagement at Kish are not simply core values, but are the means by which the Corporation's business model is differentiated in the region. All who attended shared Kish's commitment to community. We were pleased to recognize Kish's internal Community Impact Award winner, Troy Frank, and to tell the story of how Kish employees do their part to ensure that the places where all of us live and work are good and positive homes for us all. The message embodied in the "Kish Celebrates Community" event has validated the Corporation's culture of volunteerism and strong connection to the communities Kish serves. This new tradition of celebrating Kish's alignment with community will be extended annually across the Corporation's





three-county market area, and the Kish team looks forward to sharing its pride in this place we call Home.

Looking to the future, Kish recognizes that we are in an environment where it is critical for regional community banks and their affiliates to monitor the broad challenges that face our industry. These challenges include changing regulatory requirements, the difficulty of pursuing economic expansion in a complex global economy, changing cultural norms and shifting demographics, the increasing speed of technological change, and the competition to recruit and train the next wave of talent required to lead the Corporation forward. All of this occurs in the context of a fiercely competitive industry, where the winners will be decided by a clarity of vision and purpose that yields a distinct competitive advantage.

As Kish Bancorp continues its drive into the future, it does so armed with the knowledge that the new generations of clients will be pursuing the services we offer through a variety of channels. We anticipate that each of these channels will communicate clearly the "at Home" feelings of security, stability, confidence, and trust that permeate the Kish brand. The Corporation has moved carefully and intentionally into a number of the delivery channels that define current state-of-the-art thinking about how financial services will be delivered in the future. In 2016, Kish will open a new "branch of the future" on Allen Street in downtown State College. Planning for this new "Expect More Store" provides exciting opportunities for Kish to serve its clients and communities through a variety of added channels and venues. The evolution of our model, however, will not abandon what has made us unique to the region's communities and clients. Although times, technologies, people, and businesses may change, the need for financial solutions and the need to ensure strong financial partnerships will be constant across generations and cultures. For 116 years, Kish has been a partner in building the quality of life here in central Pennsylvania and is proud that we still call this wonderful place Home. As the Kish team embraces the future for banking, wealth management, insurance, and travel, it will be true to the same values, service ethic, and engagement with the community that have always made Kish feel like Home to so many. Our priorities will remain those of supporting economic growth in the community; creating opportunity for employees; building value for individuals, families, and businesses; and generating attractive, sustained returns for shareholders.

After all, there is no place we'd rather be.

FINANCIAL HIGHLIGHTS FIVE-YEAR SUMMARY

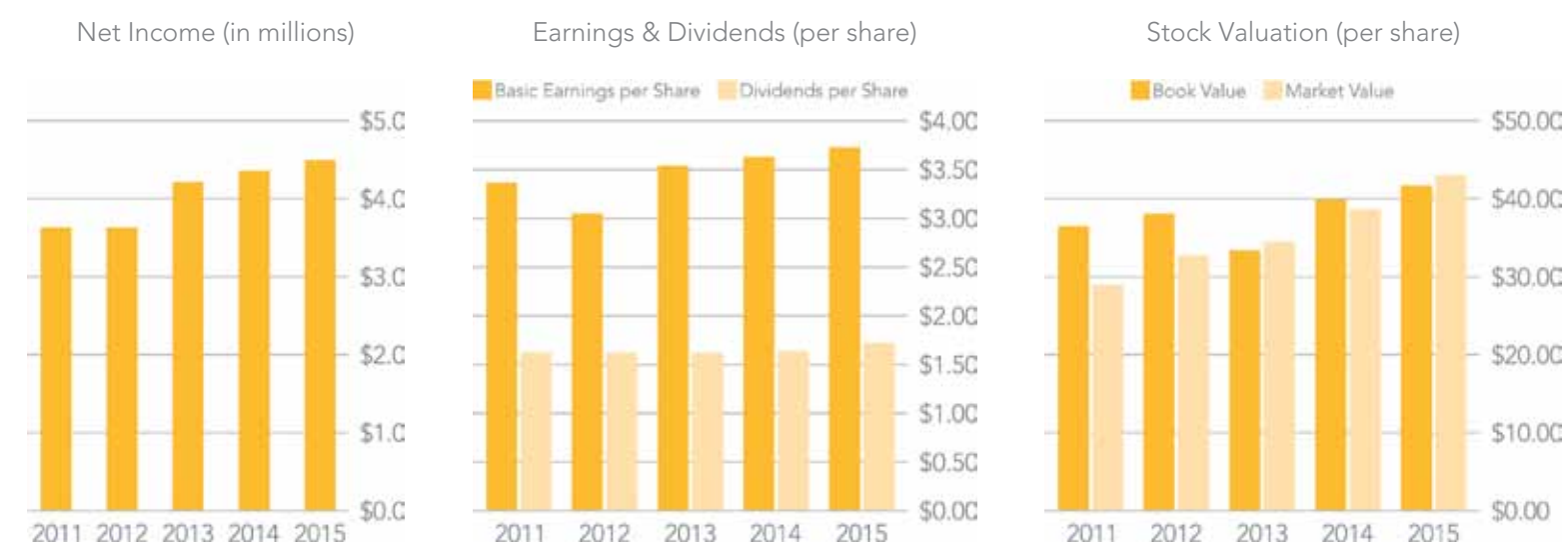
FOR THE YEAR	2015	2014	2013	2012	2011
Net Income	\$4,494,241	\$4,358,608	\$4,216,873	\$3,629,794	\$3,631,298
Net Income Before Taxes	5,125,151	5,130,129	4,980,589	4,168,872	4,070,114
Total Dividends Declared	2,112,600	2,005,848	1,971,992	1,960,051	1,760,493

AT YEAR END (in \$000s)	2015	2014	2013	2012	2011
Total Assets	\$696,895	\$659,600	\$630,132	\$557,575	\$560,069
Total Loans (Net)	445,425	414,061	381,261	351,040	362,163
Total Deposits	542,629	508,616	494,374	460,450	454,660
Stockholders' Equity	51,281	48,853	40,681	46,252	43,517
Loan Loss Reserve	5,752	6,009	5,928	6,867	7,043
Net Loan Losses (Recoveries)	492	219	34	445	3

RATIO ANALYSIS	2015	2014	2013	2012	2011
Return on Average Assets*	0.66%	0.67%	0.69%	0.65%	0.65%
Return on Average Equity*	8.89%	9.54%	9.70%	8.61%	9.82%
Dividend Declared/Net Income	47.01%	46.02%	46.76%	54.00%	48.48%
Loans/Deposits	82.09%	81.41%	77.12%	76.24%	79.66%
Primary Capital/Total Assets	8.18%	8.32%	7.40%	9.53%	9.03%
Total Capital/Risk Weighted Assets	12.62%	13.07%	13.17%	14.05%	13.85%
Loan Loss Reserve/Loans	1.27%	1.43%	1.53%	1.92%	1.91%
Net Loan Losses to Total Loans (Net)	0.12%	0.05%	0.01%	0.12%	0.00%

PER SHARE DATA	2015	2014	2013	2012	2011
Basic Earnings	\$3.73	\$3.63	\$3.54	\$3.05	\$3.37
Fully Diluted Earnings	3.69	3.60	3.51	3.05	3.36
Dividends Paid	1.72	1.64	1.62	1.62	1.62
Equity (Book Value)	41.78	39.96	33.40	38.10	36.48
Equity Plus Loan Loss Reserve	46.46	44.87	38.27	43.76	42.38
Average Shares Outstanding (#)	1,203,630	1,199,207	1,192,755	1,189,222	1,077,470

*Due to fluctuations in the mark to market valuation for investment securities, these are not included in the totals for average assets and average equity.



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Spyros A. Degleris, Member
Edward A. Friedman, Member
Paul G. Howes, Member
William S. Lake, Member
Phyllis L. Palm, Member
Paul H. Silvis, Member

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Peter D. Collins, Executive Vice President, Chief Credit Officer
Gregory T. Hayes, Executive Vice President, Head of Retail Banking and Client Solutions
Robert S. McMinn, Executive Vice President, General Counsel
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Cheryl E. Shope, Vice President, Residential Lender
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Jeffrey D. Wilson, Vice President/CEO, Kish Agency
William W. Yaudes, Vice President, Regional Market Manager





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