

Clear Vision

Compelling Results



2018 ANNUAL  
SHAREHOLDER MEETING



# Welcome and Call to Order

# Agenda for the Annual Meeting

- Call to Order
- Introductions
- Close Nominations and Shareholders' Vote
- Remarks – 2017 Highlights and Outlook
- Report of the Judges
- Adjournment and Refreshments

# Remembrance



William E. Brindel

June 23, 1919–November 22, 2017



# Director Introductions

# Mission

To achieve sustained success through an unwavering focus on fulfilling our clients' financial needs.

# 2017 in Review

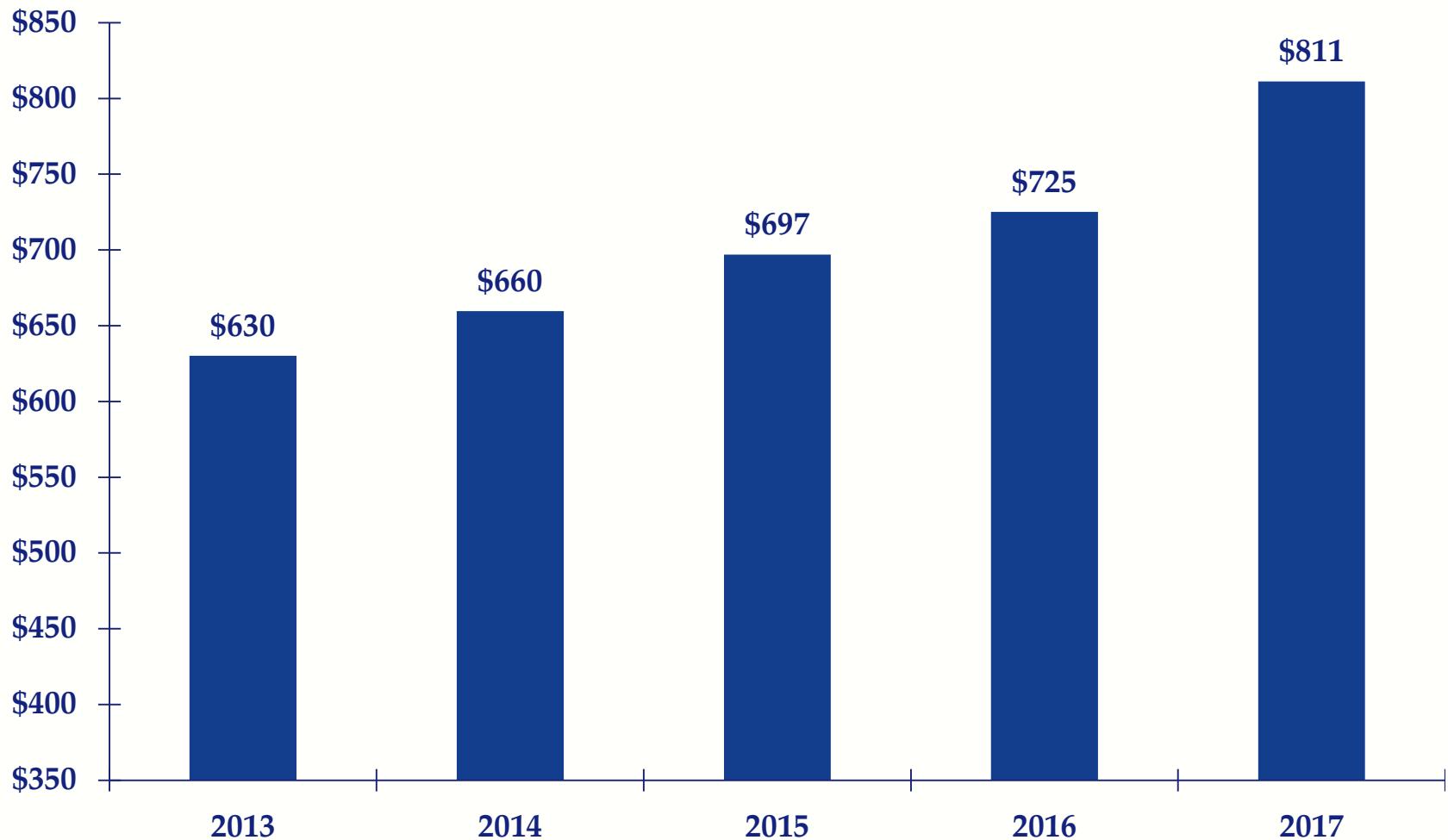
# 2017 Highlights

- Market disruption
- BMG joins Kish
- Client acquisition
- Loan & deposit growth
- Aligning the team
- Market share expansion
- Affiliate performance
- Record earnings
- Shareholder performance

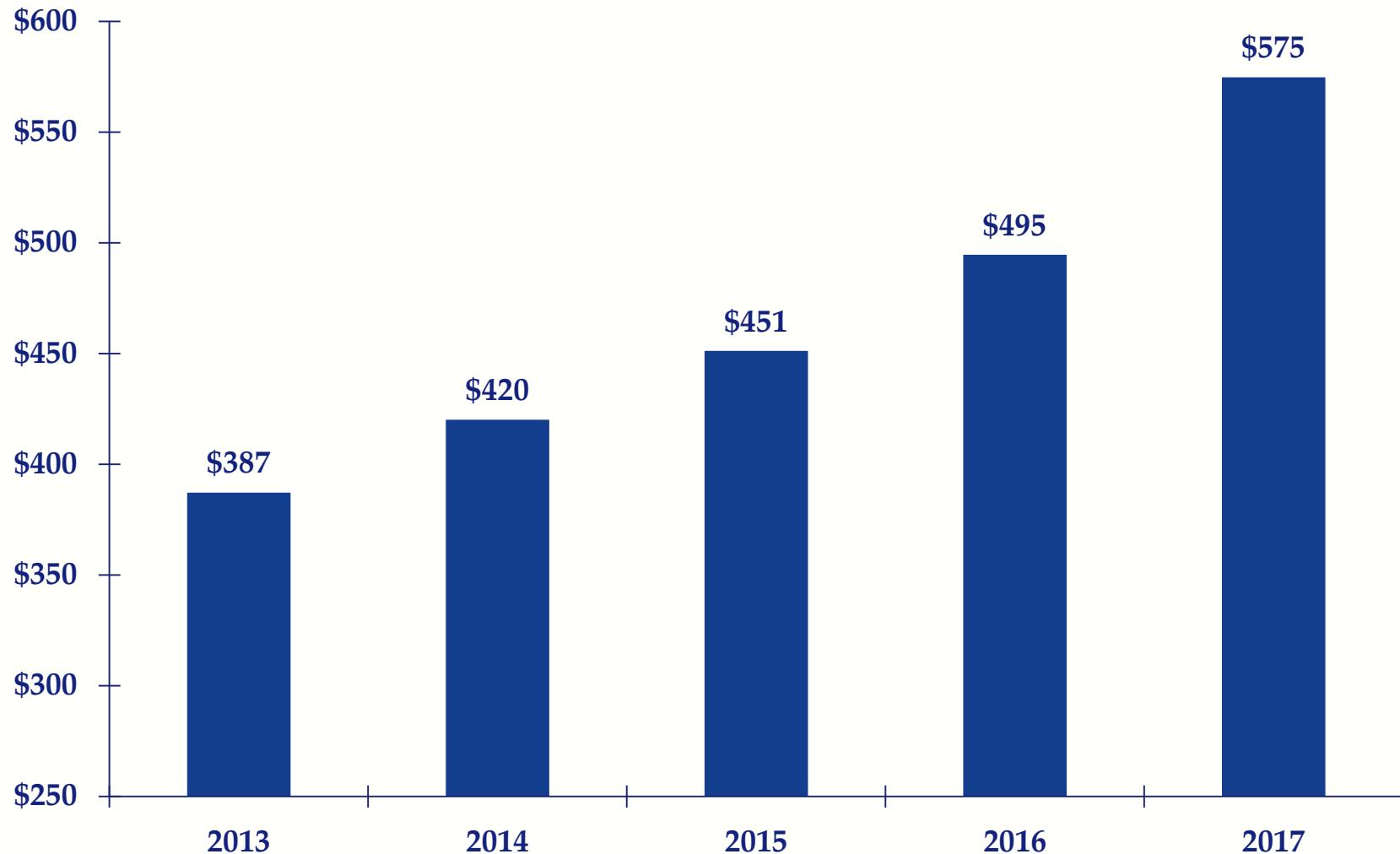


# 2017 Financial Highlights

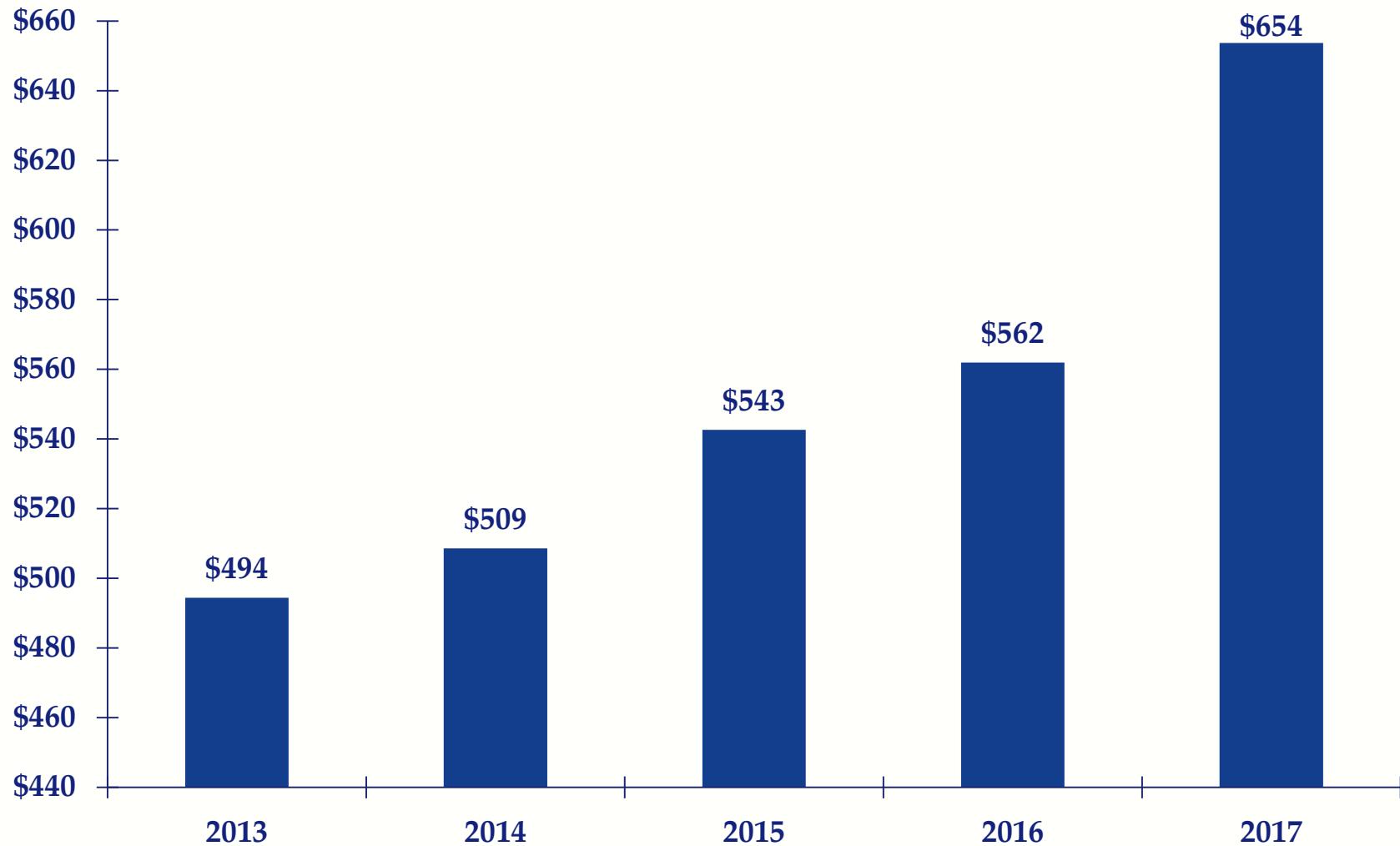
# Total Assets (\$ in millions)



# Gross Loans (\$ in millions)



# Total Deposits (\$ in millions)



# Market Share of Bank Deposits

Mifflin County		
	2017	2016
<b>Kish Bank</b>	<b>42.05%</b>	<b>42.11%</b>
Juniata Valley Bank	23.54%	22.85%
First National Bank of PA	13.29%	13.41%
Mifflin County SB	12.60%	12.91%
Citizens Bank	4.34%	4.31%
Northwest Bank	4.18%	4.41%

5-Year Deposit Compound Annual Growth Rate (CAGR)	
	2017
<b>Kish Bank</b>	<b>3.57%</b>
Mifflin County Market	1.37%

# Market Share of Bank Deposits

<b>Huntingdon County</b>		
	<b>2017</b>	<b>2016</b>
Community State Bank of Orbisonia	31.61%	32.60%
First National Bank of PA	23.79%	23.23%
<b>Kish Bank</b>	<b>18.23%</b>	<b>17.56%</b>
Riverview Bank	11.92%	12.00%
Northwest Bank	3.79%	3.90%
Juniata Valley Bank	3.11%	3.28%
Farmers & Merchants Trust	2.63%	2.68%
Huntingdon SB	2.58%	2.25%

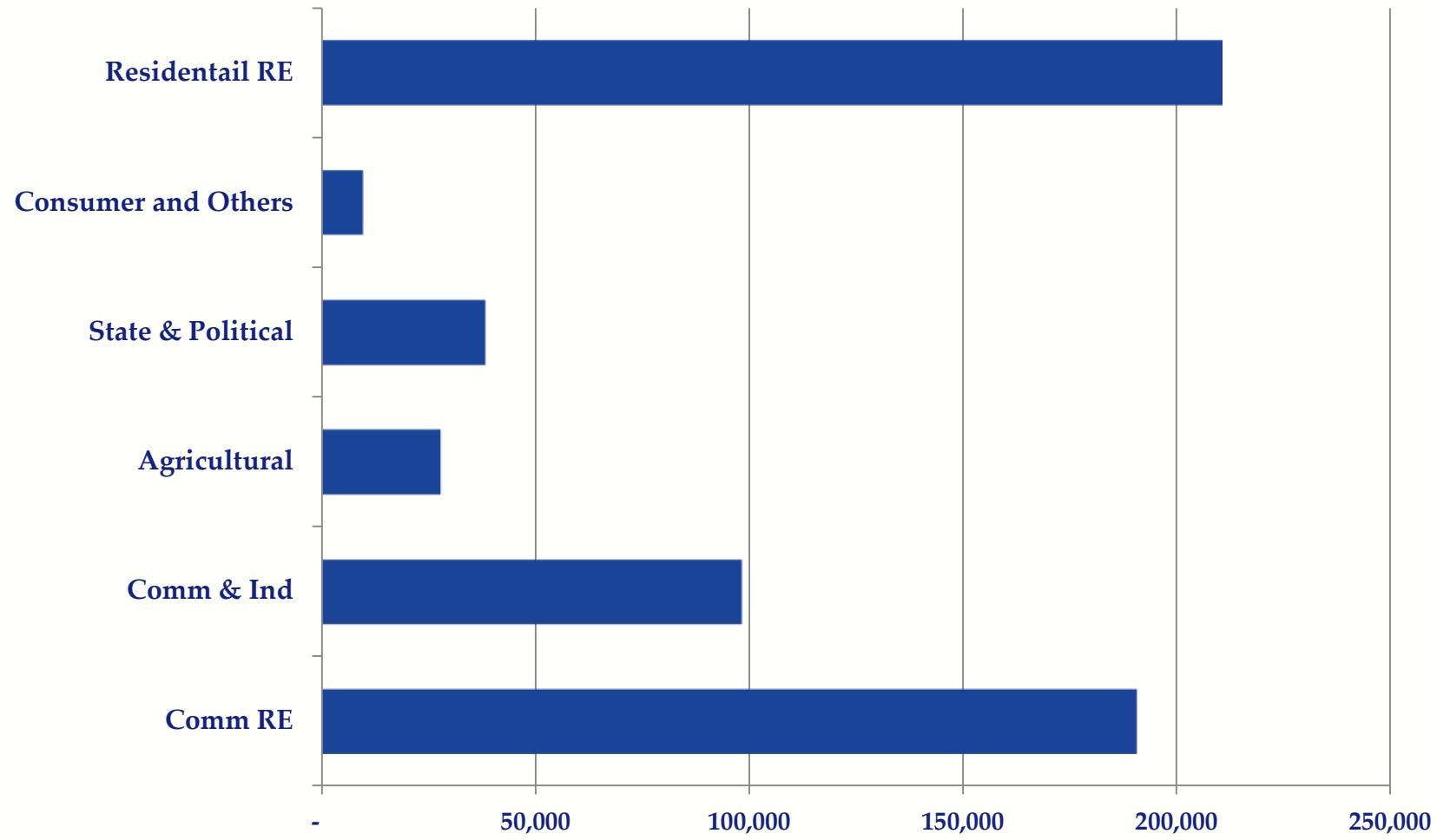
<b>5-Year Deposit Compound Annual Growth Rate (CAGR)</b>	
	<b>2017</b>
<b>Kish Bank</b>	<b>3.69%</b>
Huntingdon County Market	1.06%

# Market Share of Bank Deposits

Centre County		
	2017	2016
PNC Bank	23.74%	22.56%
First National Bank of PA	17.02%	17.58%
BB&T	11.87%	13.33%
Citizens Bank of PA	9.11%	9.21%
M&T Trust Co.	7.64%	7.83%
Northwest SB	5.53%	5.66%
<b>Kish Bank</b>	<b>5.47%</b>	<b>4.65%</b>
Jersey Shore State Bank	5.30%	4.81%

5-Year Deposit Compound Annual Growth Rate (CAGR)	
	2017
<b>Kish Bank</b>	<b>12.39%</b>
Centre County Market	5.61%

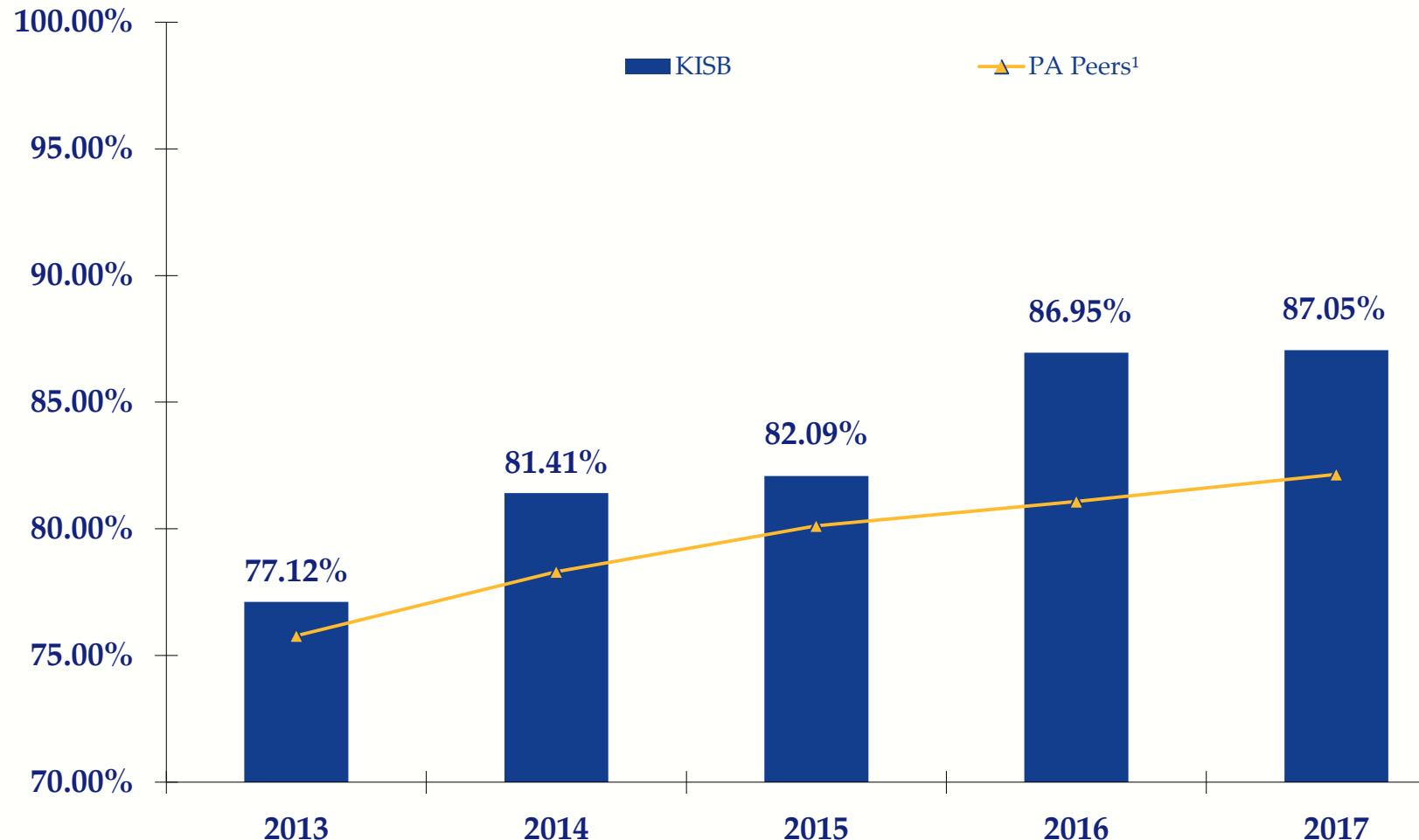
# Loan Mix (\$ in thousands)



2017 Gross Loans: \$574,708,035

2017 vs. 2016 Loan Growth: 16.20%

# Loans/Deposits



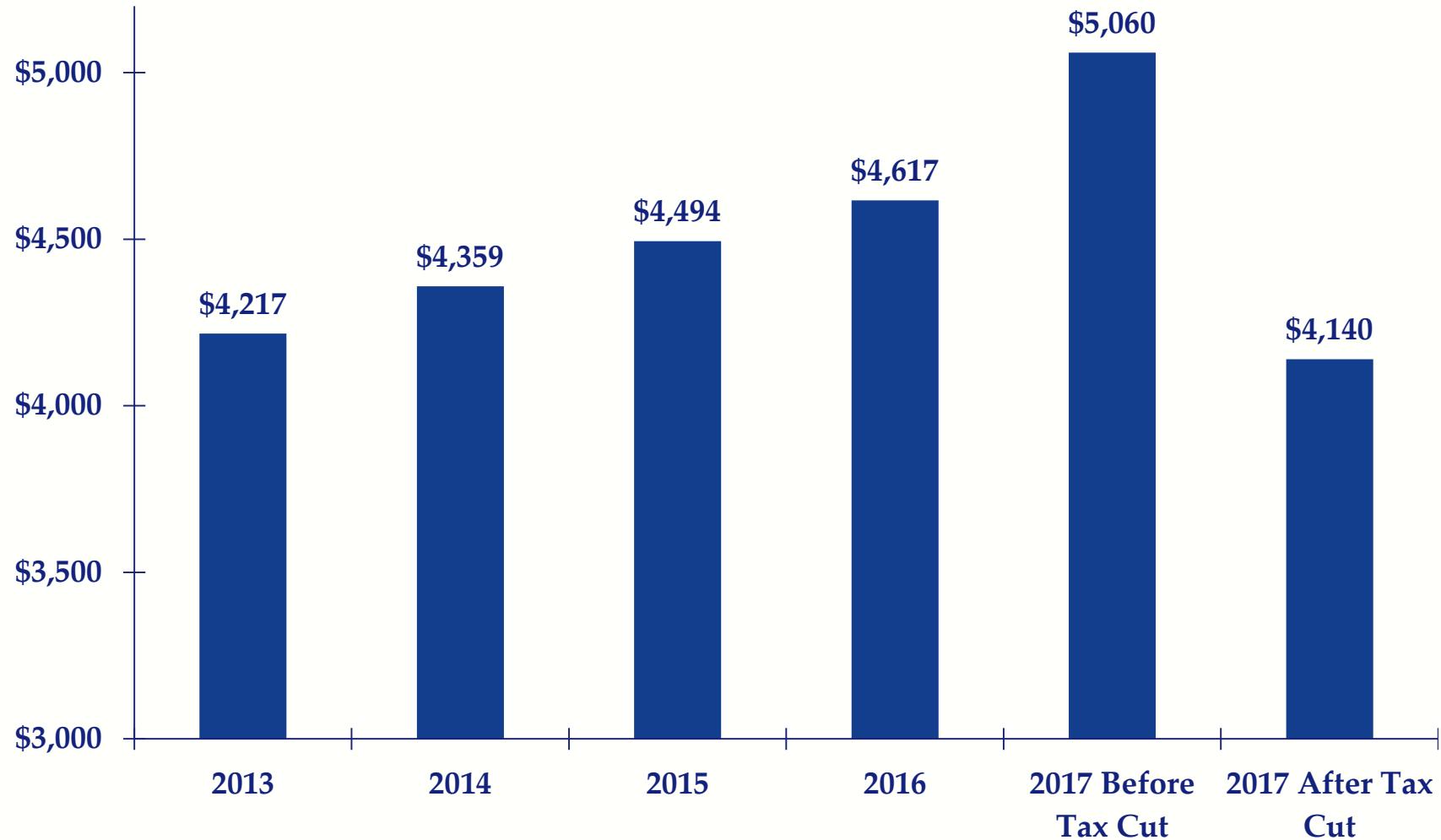
<sup>1</sup> Includes all public banks with assets between \$300mm to \$1B  
Source: FFIEC Uniform Bank Performance Report

# Income Highlights

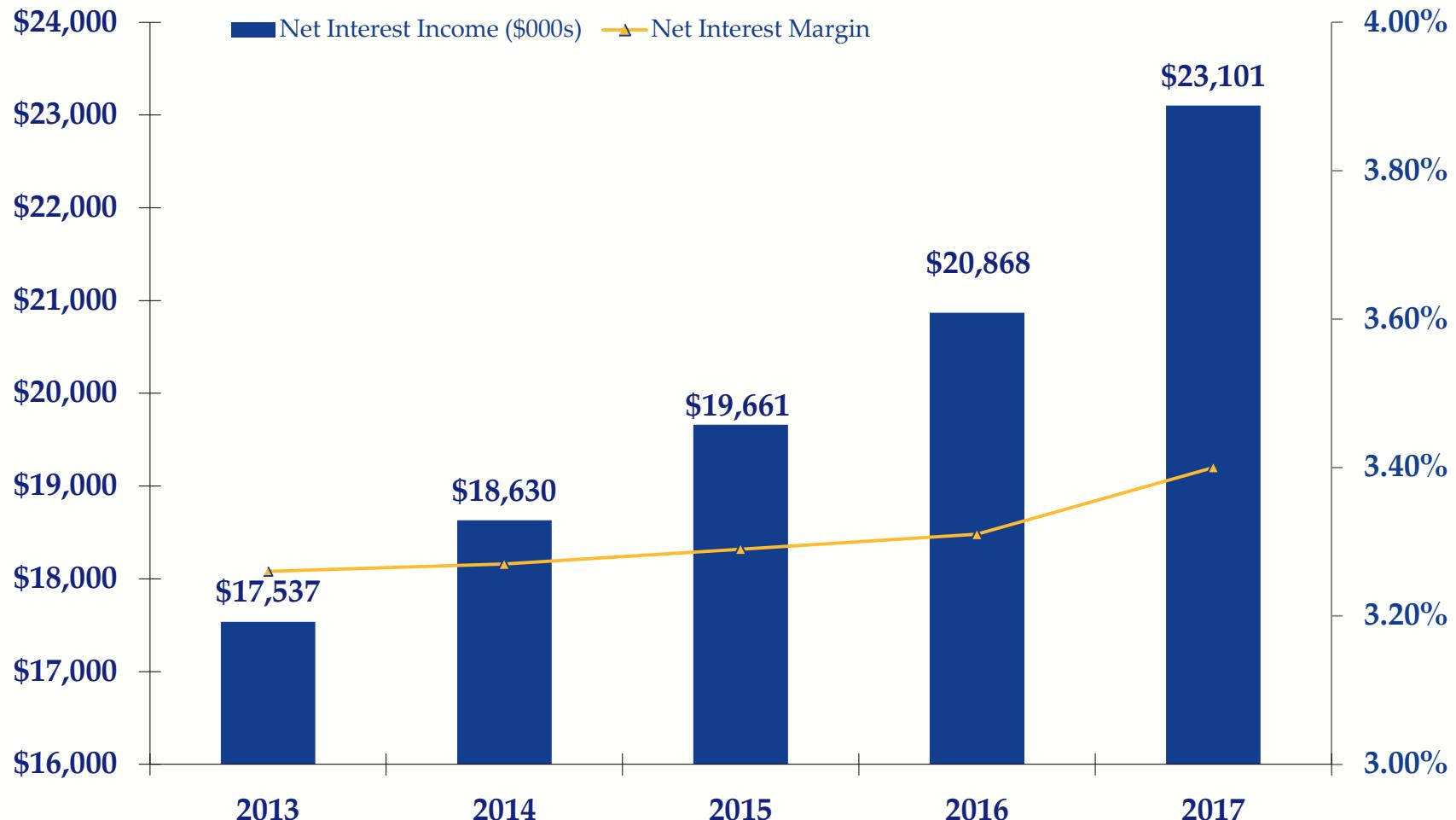
	2017	2016
Net Interest Income	\$ 23,101,275	\$ 20,867,911
Provision for loan losses	600,000	530,000
Noninterest Income	6,524,463	7,095,827
Securities Gains	101,117	773,237
Noninterest Expense	23,884,340	22,179,461
Income before income taxes	5,141,399	5,254,277
Income Taxes	1,001,629	637,383
<b>Net Income</b>	<b>\$ 4,139,770</b>	<b>\$ 4,616,894</b>
Earnings Per Share (Diluted)	\$ 3.33	\$ 3.77
ROA	0.54%	0.65%
ROE	7.45%	8.54%
Efficiency Ratio	77.20%	77.18%

- Strong growth in net interest income; increased by 10.7% or \$2.2 million
- Timely EOY investment losses taken in response to corporate tax change
- Increased staffing and data processing costs from higher customer volume drove noninterest expense increases
- Before year-end adjustments, net income increased by 9.65%
- Consistent performance ratios

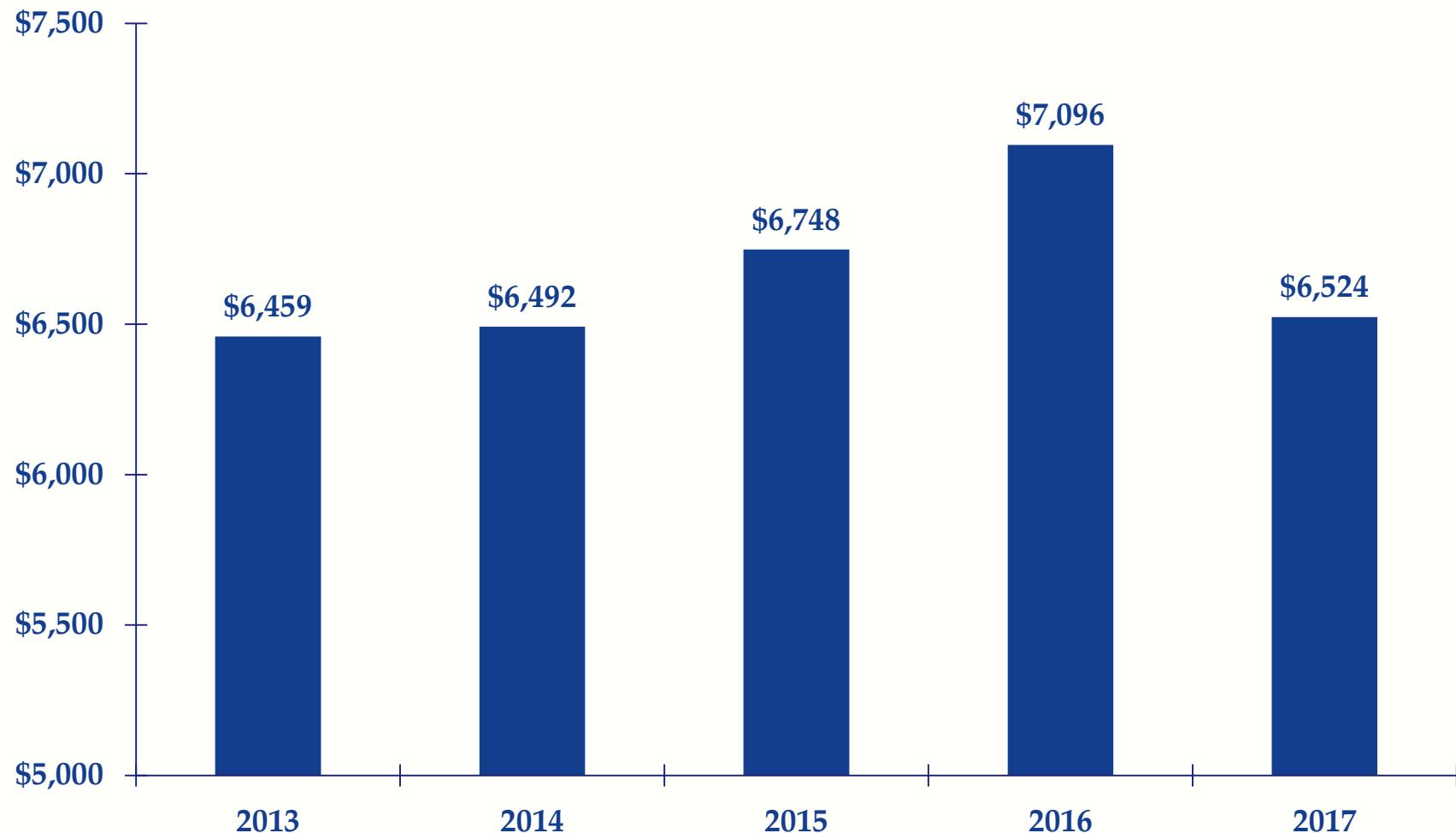
# Net Income (\$ in thousands)



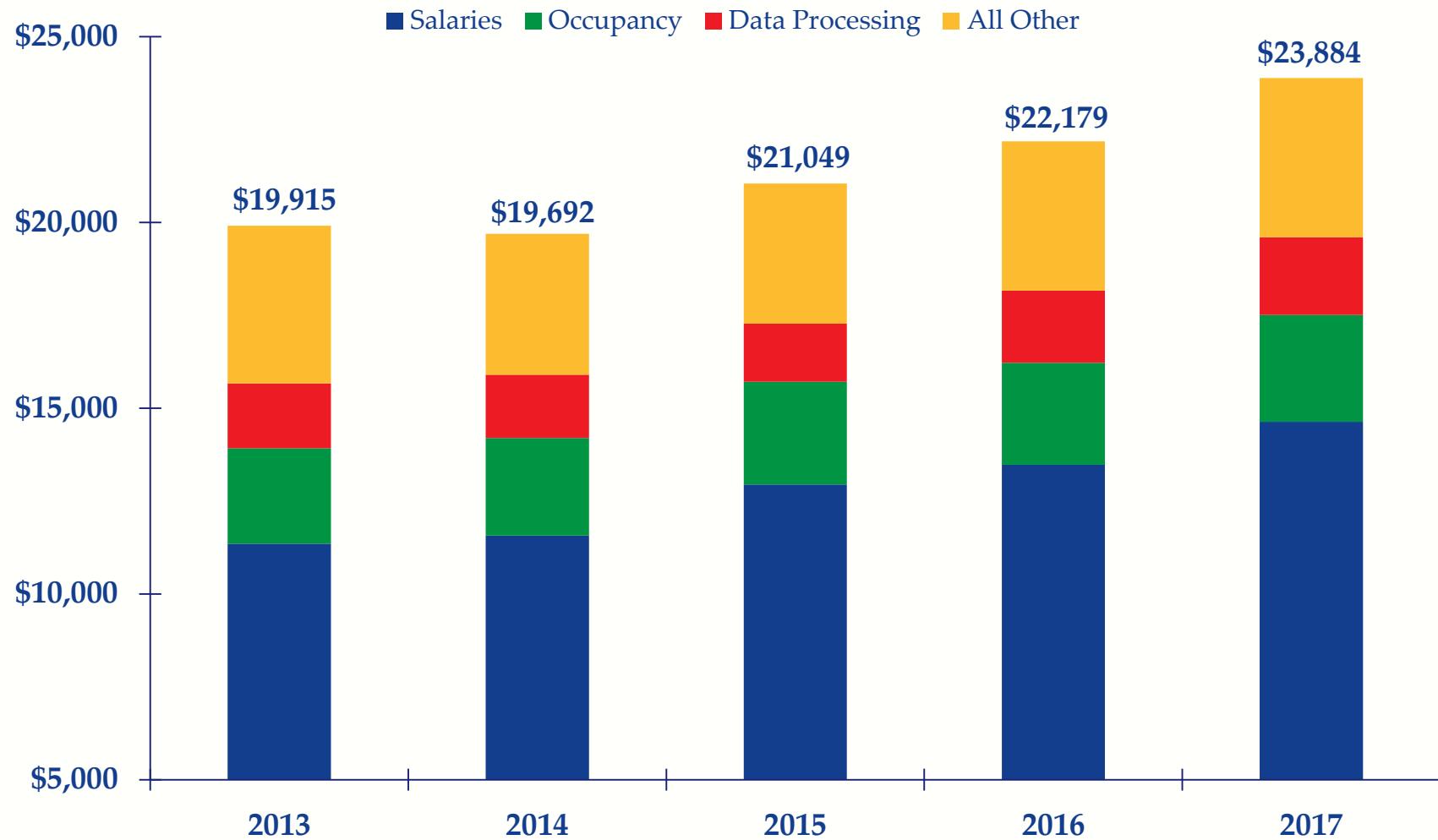
# Net Interest Income and Margin (\$ in thousands)



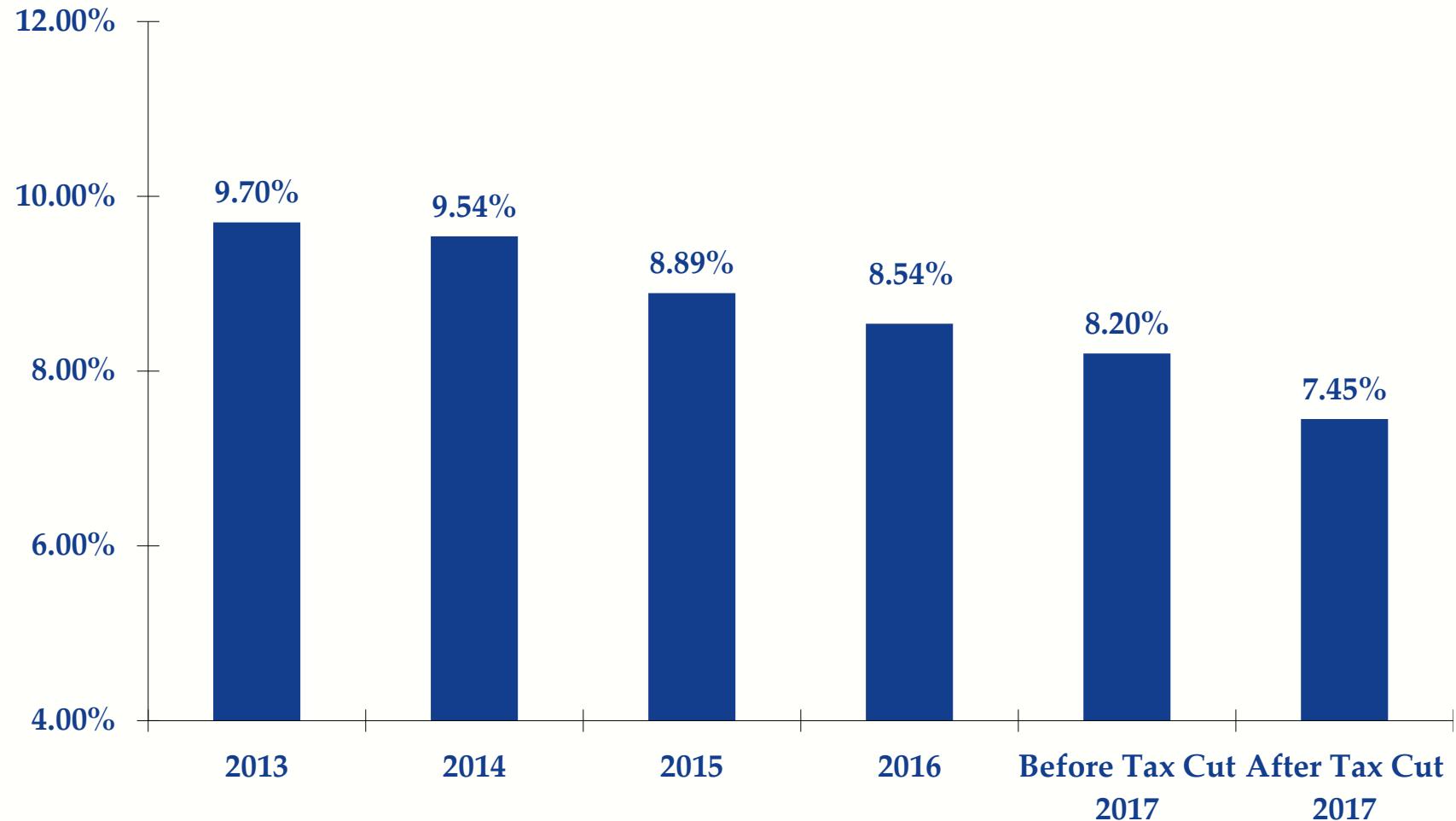
# Noninterest Income (\$ in thousands)



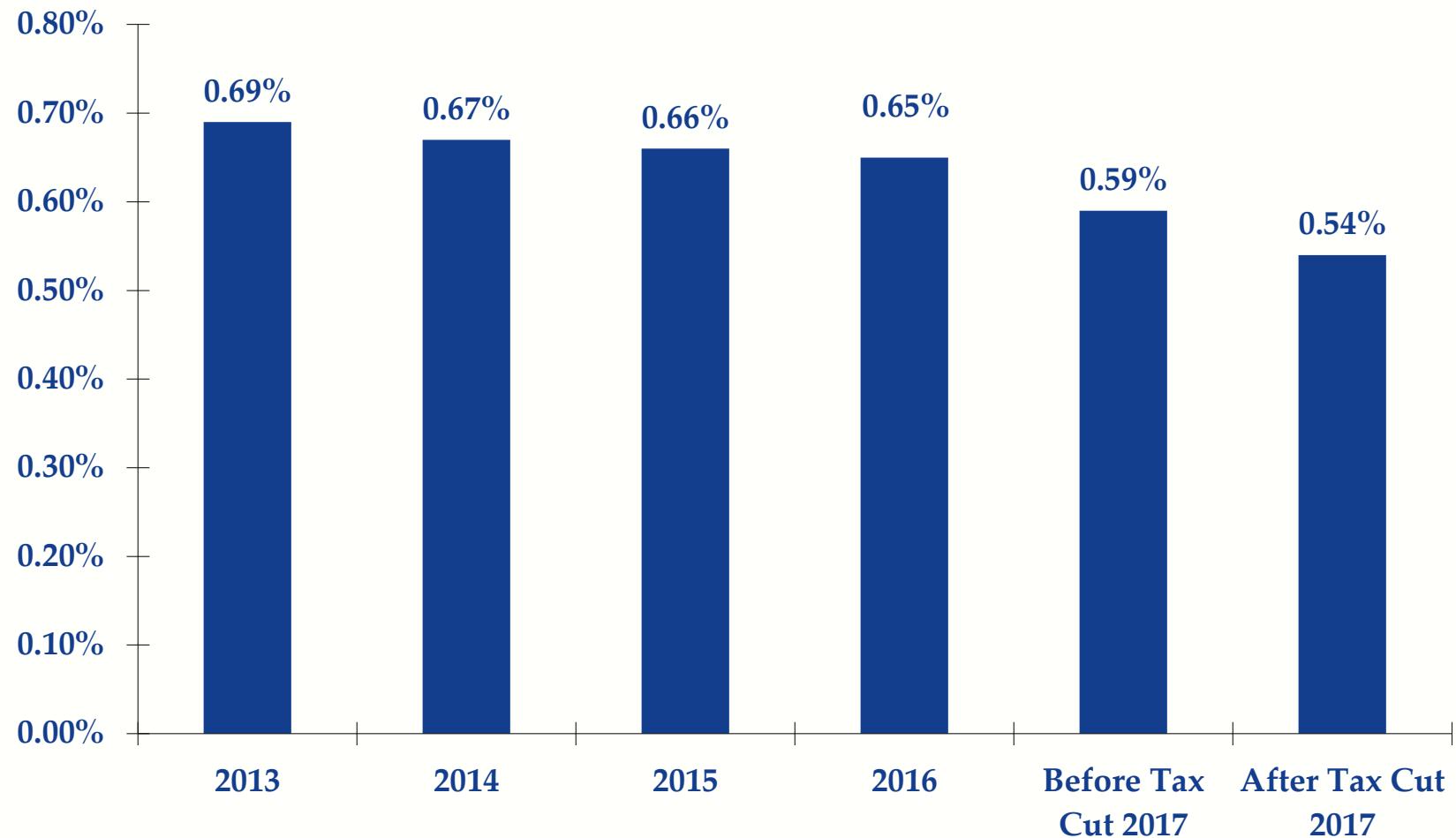
# Noninterest Expense (\$ in thousands)



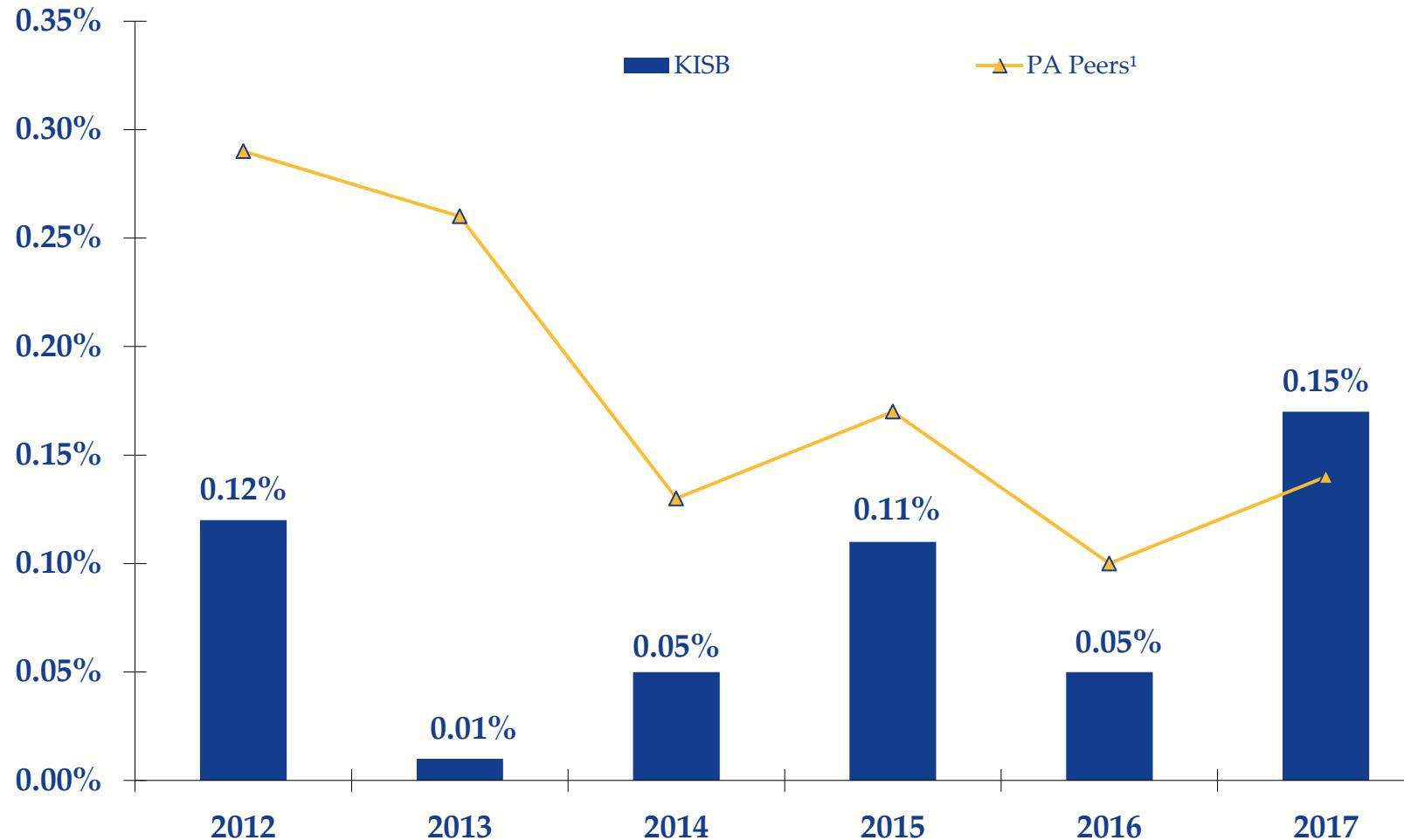
# Return on Average Equity



# Return on Average Assets

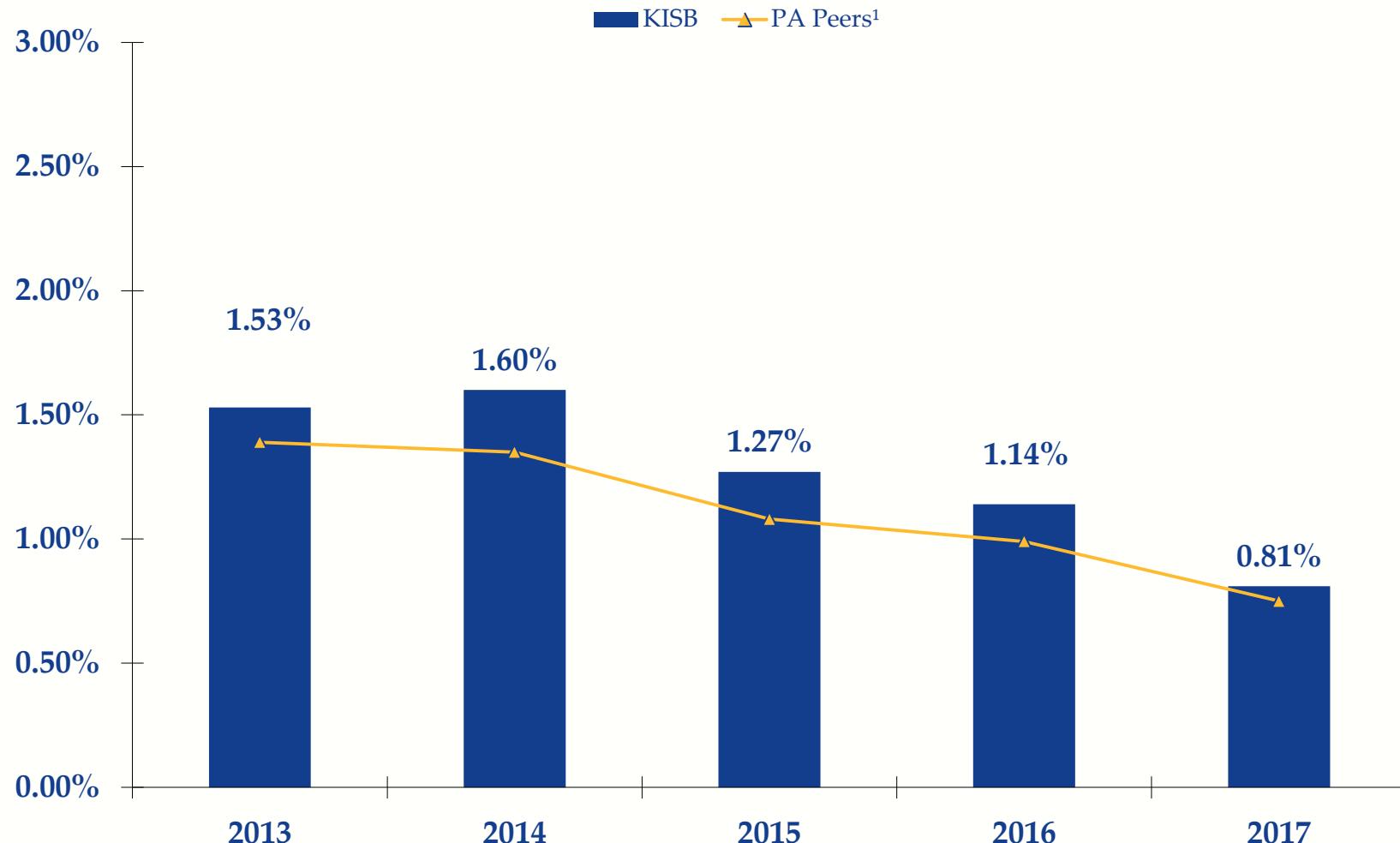


# Net Charge-Offs/Avg. Loans



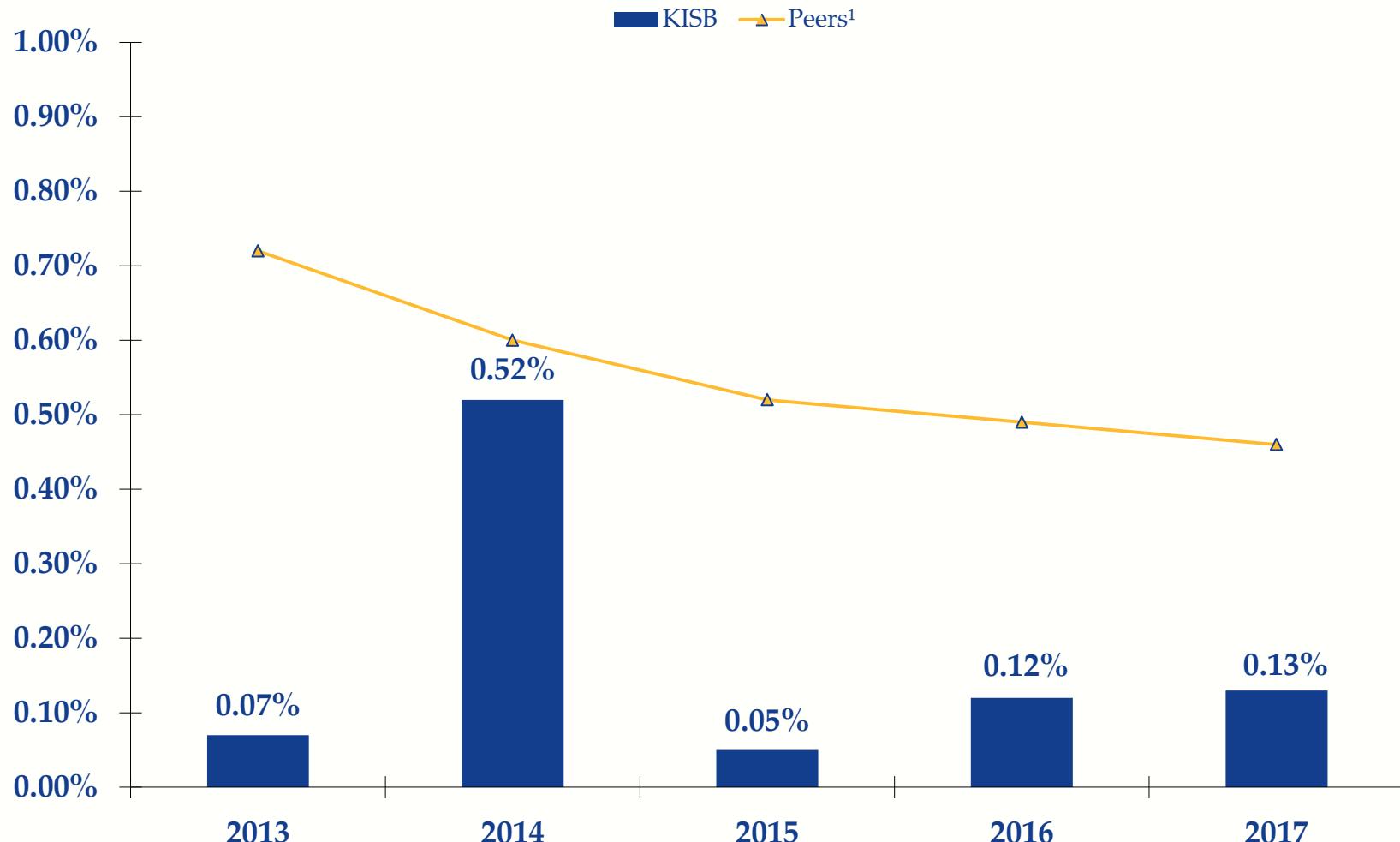
<sup>1</sup> Includes Bank Operating Companies in PA with \$500mm to \$1B in Assets  
Source: SNL Financial

# Nonaccrual Loans/Loans



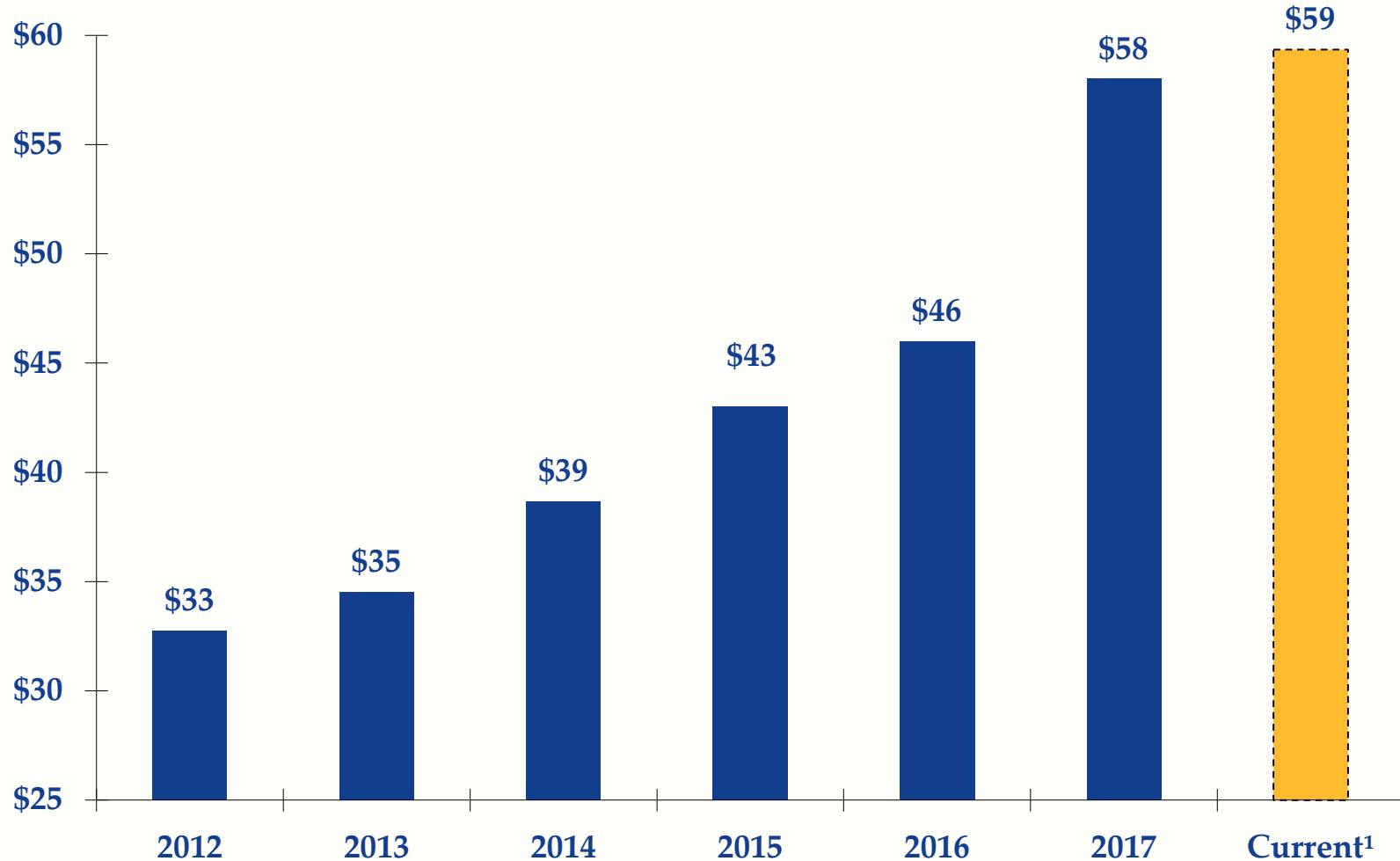
<sup>1</sup> Includes Bank Operating Companies in PA with \$500mm to \$1B in Assets  
Source: SNL Financial

# Loans 30-89 Days Past Due



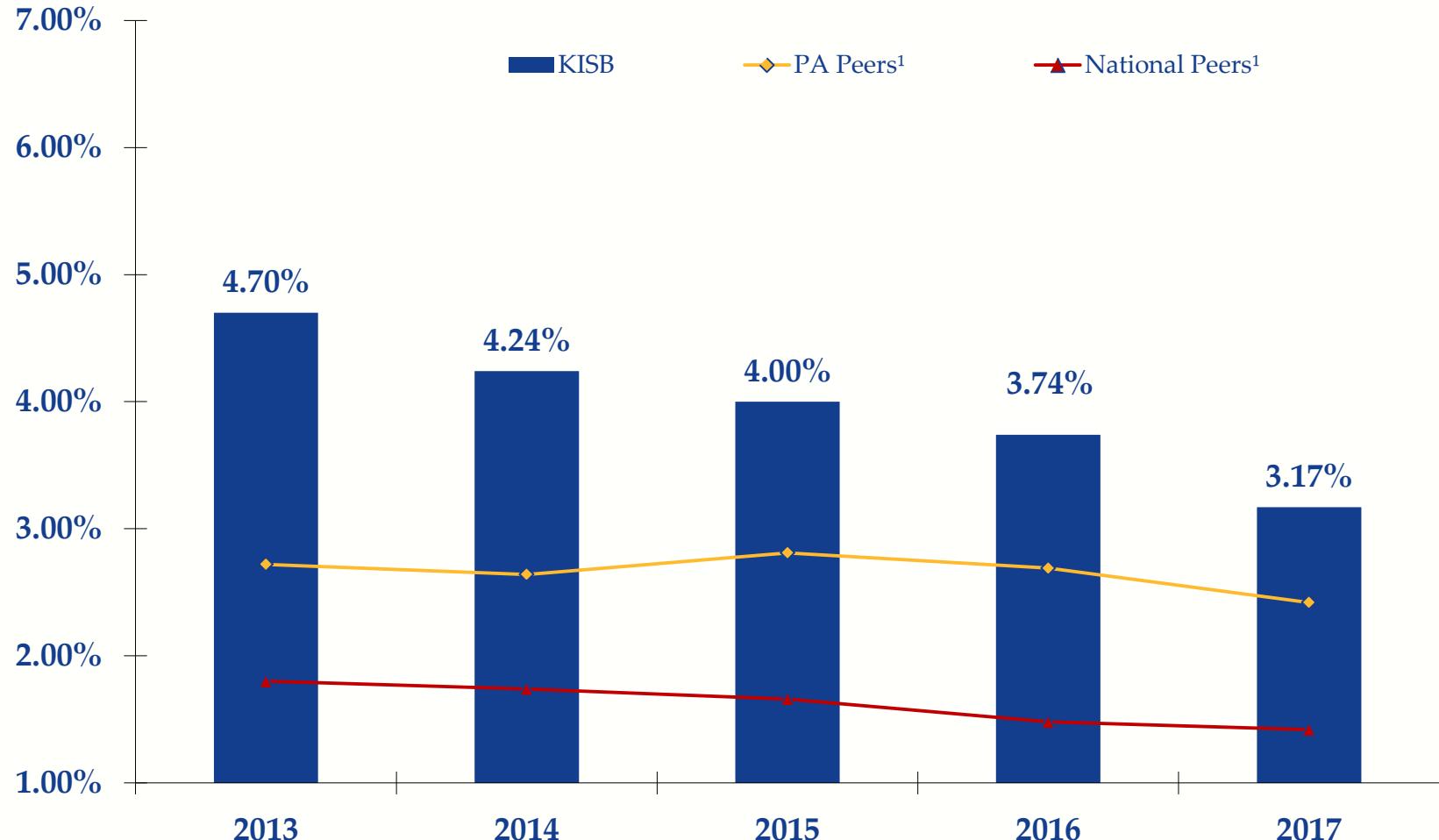
<sup>1</sup> Includes all public banks with assets between \$300mm to \$1B  
Source: FFIEC Uniform Bank Performance Report

# Stock Performance (EOY)



<sup>1</sup> Stock price as of 4/12/2018

# Dividend Yield on Common Stock



<sup>1</sup> Includes Bank Operating Companies in PA and Nationally with \$500mm to \$1B in Assets  
Source: SNL Financial

# Market Disruption

- Continued mergers and acquisitions
  - BB&T
  - Community banks
- Fintech

# BMG Joins Kish



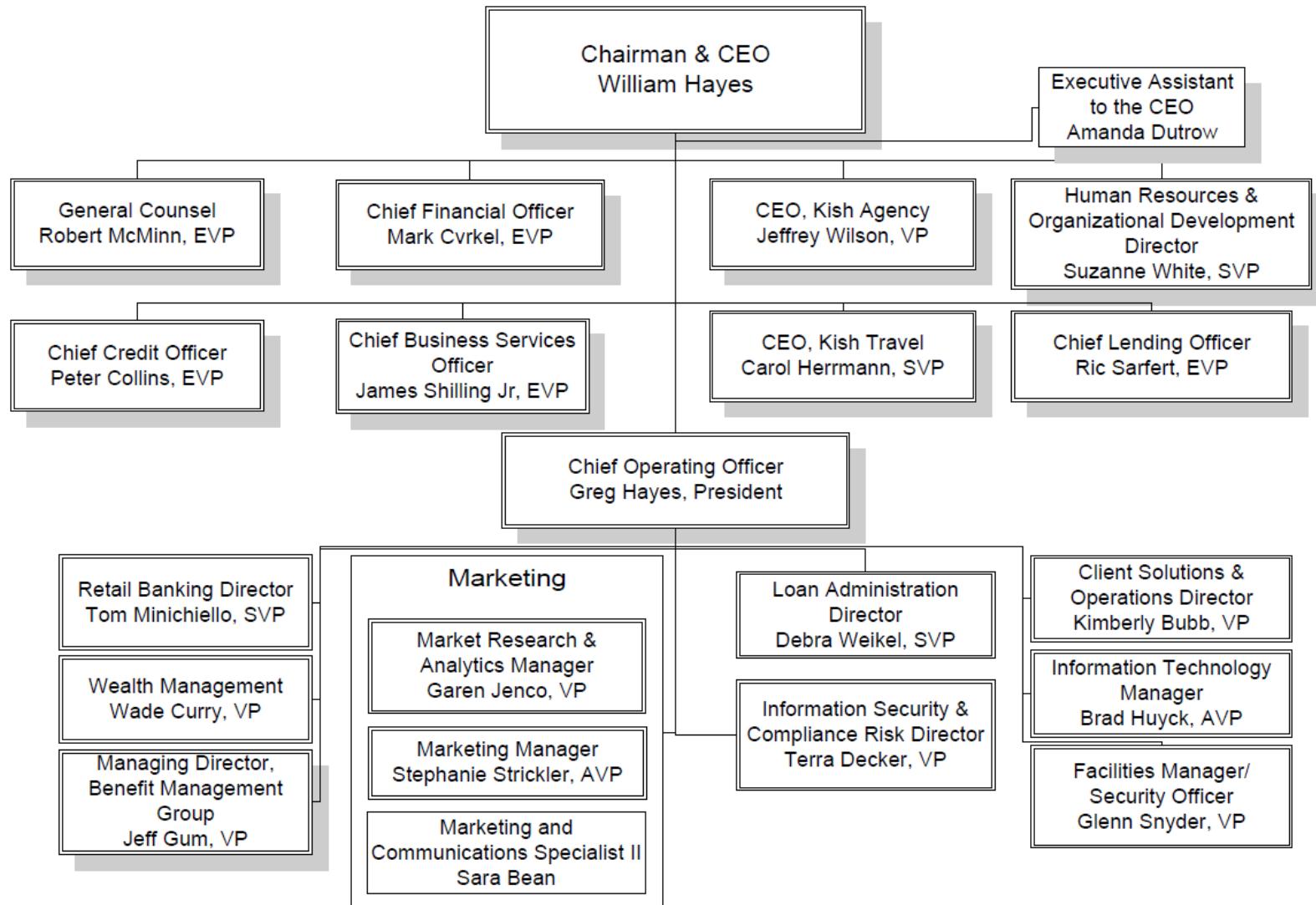
December 2017

# Building the Team

# Senior Management Promotions

- Greg Hayes – President and COO
- Ric Sarfert – EVP, Chief Lending Officer
- Jim Shilling – EVP, Chief Business Services Officer
- Tom Minichiello – SVP, Head of Retail Banking
- Doug Baxter – SVP, Accounting & Controls Manager
- Kim Bubb – VP, Client Solutions and Operations Director
- Terra Decker – VP, Information Security and Compliance Risk Director
- Amy Muchler – SVP, Educational Outreach and Service Quality Manager
- Wendy Strohecker – VP, Bank Operations Manager
- Bill Yaudes – VP, Business Development Officer

# Management Org. Chart



# National Recognition

- Ranked in *American Banker* magazine's list of Top 200 Community Banks in the United States for 12 consecutive years
- Bauer 5 Star Rating





Our long term focus...

has been our focus.

# Mission

To achieve sustained success through an unwavering focus on fulfilling clients' financial needs.

# Shifting Focus on the Client

**Then and now:**

What we know about our client

How they want to engage and connect

What is considered a transaction

# Last Year

- Digital natives and mobile banking revolution
- Fintech disruption
- Barriers to entry creating partnerships
- Banks must offer digital services

# This Year

- Growth in blockchain & cryptocurrency
- Amazon and banking - GAFA
- Alibaba approach
- Expanding use of artificial intelligence
- Community bank opportunities to partner

And then:

- Facebook data breach

# Trust Builds Relationships

Client know us and there is always  
someone they can call.

We are here and decisions affecting  
the client are made here.

# Going Digital

Establishing the partnership for the digital platform of the future.

Utilizing data in every decision and recommendation that we make.

Redesigning the technology infrastructure for the future.

# It Is All About Our People

Creation of the Private Client Group

Transition of Tellers to Personal Bankers

New alignment of leadership  
for Business Services

# Maintaining Trust

Managing cyber security threats

Providing information and education

Enhancing our fraud solutions

# Living Up to Our Brand

Measure the Kish Experience

Tell our story through our clients

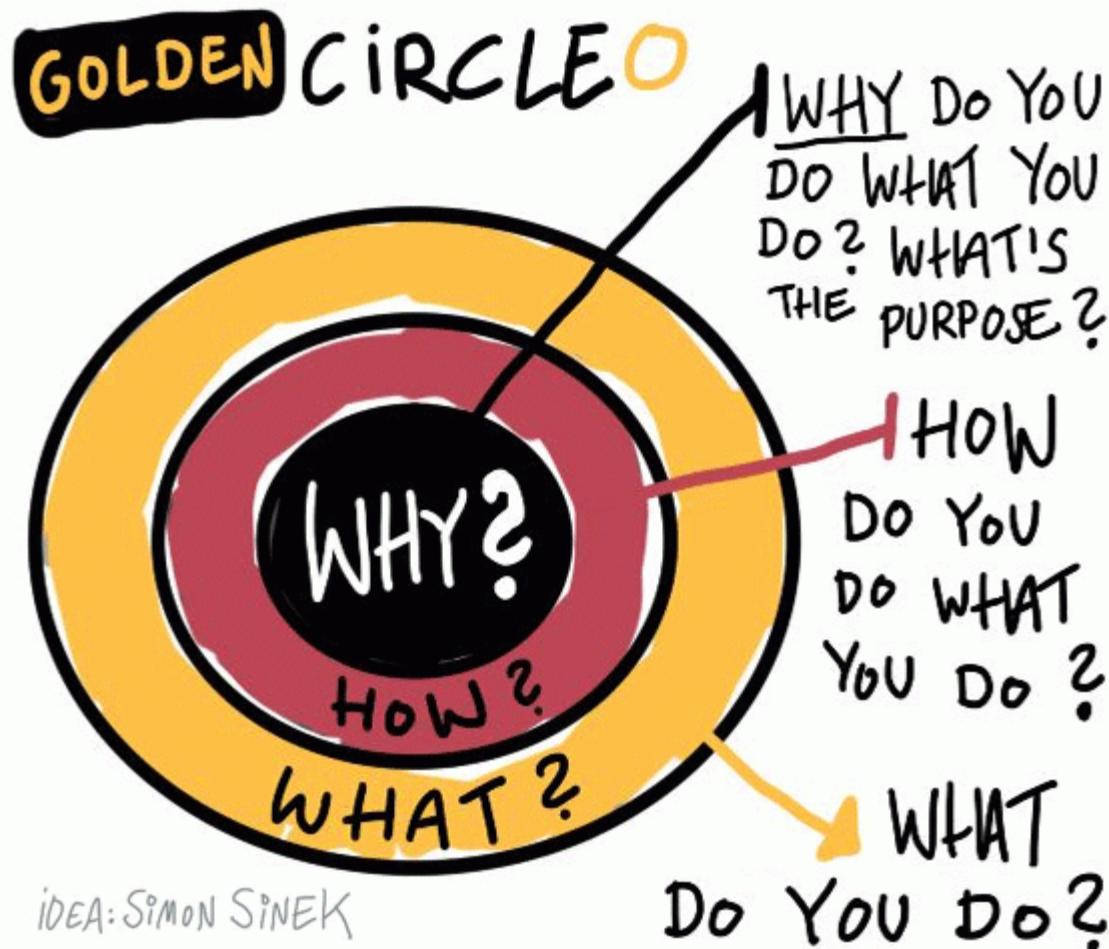
Maintain our focus on our values

Establish our WHY!

*“People don’t buy what you do,  
they buy WHY you do it.”*

— Simon Sinek

# Why do we do it?



# Mission

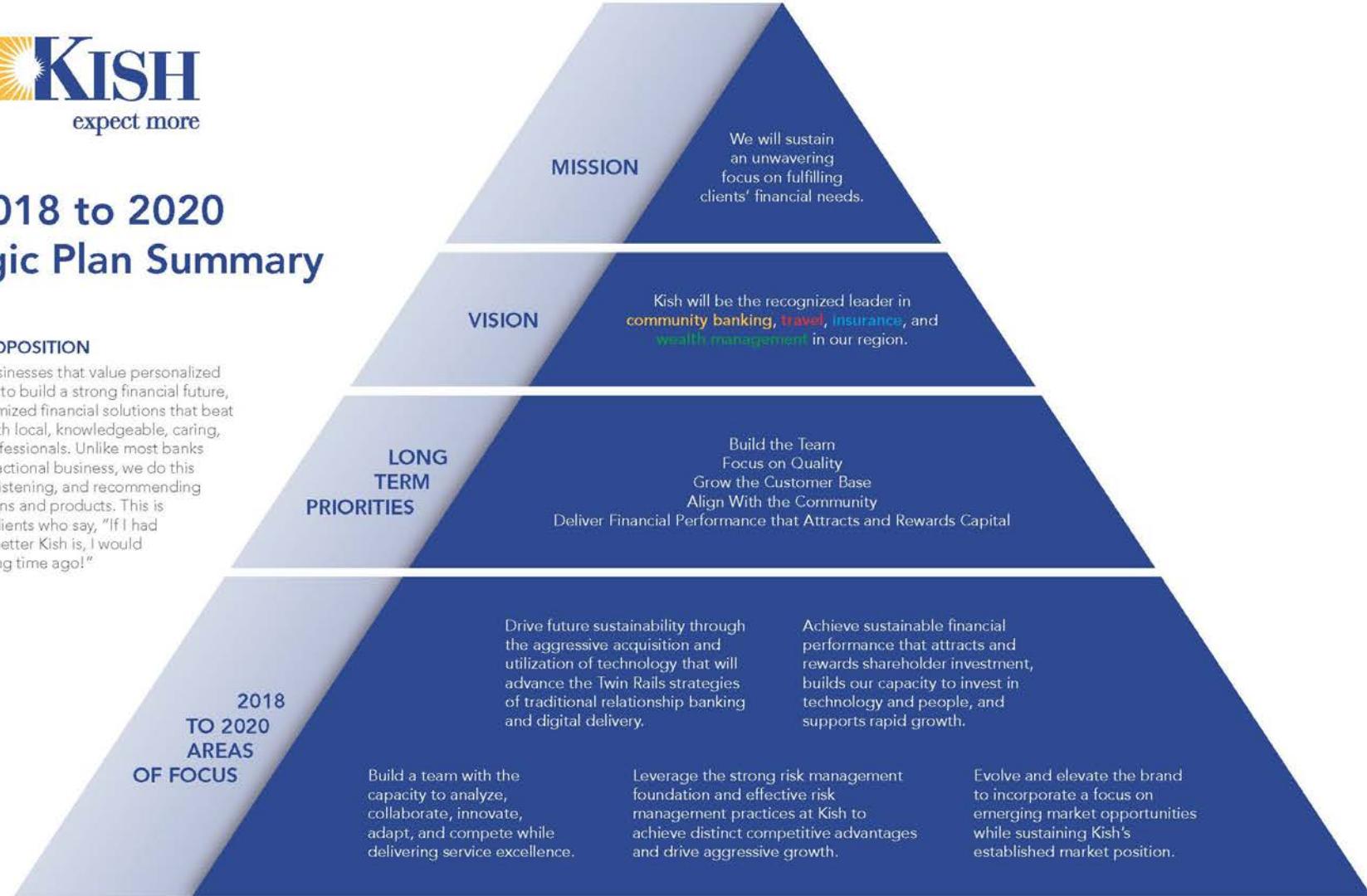
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## 2018 to 2020 Strategic Plan Summary

### KISH VALUE PROPOSITION

For people and businesses that value personalized attention and want to build a strong financial future, Kish delivers customized financial solutions that beat the competition with local, knowledgeable, caring, and responsive professionals. Unlike most banks that focus on transactional business, we do this by fully engaging, listening, and recommending appropriate solutions and products. This is demonstrated by clients who say, "If I had known how much better Kish is, I would have switched a long time ago!"



# Summary



Congratulations, Directors!

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