

Consolidated Balance Sheet

Unaudited

(in thousands)

	June 30, 2010	June 30, 2009
ASSETS		
Cash and due from banks	\$ 8,104	\$ 6,359
Interest-bearing deposits with other institutions	9,659	1,628
Cash and cash equivalents	17,763	7,987
Certificates of deposit in other financial institutions	2,332	4,171
Trading securities	-	383
Investment securities available for sale	116,579	104,437
Loans held for sale	2,169	1,597
Loans	376,671	351,949
Less allowance for loan losses	6,102	3,537
Net Loans	370,569	348,412
Premises and equipment	13,257	13,257
Goodwill	1,669	1,712
Regulatory stock	4,144	4,144
Bank-owned life insurance	11,476	11,065
Accrued interest and other assets	9,095	7,077
TOTAL ASSETS	\$ 549,053	\$ 504,242
LIABILITIES		
Noninterest-bearing deposits	\$ 42,787	\$ 41,161
Interest-bearing deposits	387,517	336,838
Total Deposits	430,304	377,999
Short-term borrowings	5,521	7,276
Other borrowings	72,421	82,119
Accrued interest and other liabilities	4,566	4,550
TOTAL LIABILITIES	512,812	471,944
STOCKHOLDERS' EQUITY		
Common stock, \$.50 par value; 2,000,000 shares authorized, 610,000 shares issued and outstanding	305	305
Additional paid-in capital	538	764
Retained earnings	40,790	39,331
Accumulated other comprehensive income (loss)	1,603	(817)
Unearned restricted stock	(461)	(267)
Treasury stock, at cost	(6,534)	(7,018)
TOTAL STOCKHOLDERS' EQUITY	36,241	32,298
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 549,053	\$ 504,242

Consolidated Statement of Income

Unaudited

(in thousands)

	Six Months Ended		Three Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans	\$ 10,933	\$ 10,545	\$ 5,506	\$ 5,281
Investment securities	1,570	1,870	840	954
Interest-bearing deposits with other institutions	62	86	28	32
Other dividend income	38	55	14	30
TOTAL INTEREST AND DIVIDEND INCOME	12,603	12,556	6,388	6,297
INTEREST EXPENSE				
Deposits	2,496	3,160	1,234	1,575
Short-term borrowings	53	48	26	22
Other borrowings	1,747	1,907	855	974
TOTAL INTEREST EXPENSE	4,296	5,115	2,115	2,571
NET INTEREST INCOME	8,307	7,441	4,273	3,726
Provision for loan losses	800	420	400	189
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,507	7,021	3,873	3,537
NONINTEREST INCOME				
Service fees on deposit accounts	715	696	369	365
Trading securities gains (losses), net	-	(63)	-	(40)
Investment securities gains (losses), net	397	(130)	347	(106)
Gain on sale of loans, net	320	409	214	260
Earnings on bank-owned life insurance	198	190	100	95
Insurance commissions	426	408	194	186
Travel agency commissions	123	82	64	45
Other	565	577	279	328
TOTAL NONINTEREST INCOME	2,744	2,169	1,567	1,133
NONINTEREST EXPENSE				
Salaries and employee benefits	4,315	3,923	2,180	1,988
Occupancy and equipment	1,087	953	538	491
Data processing	706	607	351	322
Professional fees	120	101	67	48
Advertising	179	124	84	39
Federal Deposit Insurance	313	347	164	289
Other	1,641	1,168	860	589
TOTAL NONINTEREST EXPENSE	8,361	7,223	4,244	3,766
INCOME BEFORE INCOME TAXES	1,890	1,967	1,196	904
Income taxes	197	252	144	99
NET INCOME	\$ 1,693	\$ 1,715	\$ 1,052	\$ 805

To Our Shareholders

Kish Bancorp, Inc. announced unaudited financial results for the period ending June 30, 2010. The Corporation's total assets rose to \$549 million, an increase of \$45 million, or 8.9%, compared to total assets of \$504 million as of June 30, 2009. Total deposits grew by \$52 million to \$430 million, an increase of 13.8% from \$378 million a year ago. Loans outstanding grew \$22 million, or 6.4%, to \$370 million from \$348 million the prior year.

For the quarter ending June 30, 2010, net income increased 30.7%, or \$247 thousand, to \$1.052 million from \$805 thousand in 2009. Net income for the first six months of 2010 equaled \$1.693 million, a modest decrease of \$22 thousand, or 1.3%, compared to \$1.715 million as of June 30, 2009. While core earnings growth was robust during the first six months, the Corporation continued to strengthen its reserve for possible loan losses. \$800 thousand was set aside from earnings through the loan loss provision in 2010 as compared to \$420 thousand in 2009. The bank continued to experience higher levels of classified loans caused by ongoing recessionary headwinds. Despite the weakened condition of some borrowers, actual net charge-offs for the year stood at a modest \$95 thousand. As a result, the reserve for possible loan losses increased to \$6.102 million at June 30, 2010 from \$3.537 million at June 30, 2009, representing 1.62% of total loans compared to 1.00% a year ago.

Net interest income remained strong in the second quarter at \$4.273 million, an increase of \$547 thousand, or 14.7%, compared to \$3.726 million for the quarter ending June 30, 2009. Net interest income for the first half of 2010 rose 11.6% to \$8.307 million compared to \$7.441 million during the same period in 2009.

Noninterest income increased \$434 thousand, or 38.3%, to \$1.567 million for the quarter ending June 30, 2010 from \$1.133 million in 2009. Gains on the sales of investment securities totaled \$347 thousand during the second quarter of 2010 as compared to losses of \$106 thousand during the same period in 2009. This increase translated into a year-over-year increase of \$575 thousand, or 26.5%, in noninterest income as of June 30, 2010. After eliminating securities gains, year-to-date noninterest income was essentially unchanged.

Noninterest expense was \$4.244 million during the second quarter of 2010, an increase of \$478 thousand, or 12.7%, over the same period in 2009. Primary drivers of the increase in 2010 expenses were the costs of expansion in Centre County, higher advertising expenditures, legal and other expenses associated with collection activities, and a write-down of nearly \$200 thousand on property held in Other Real Estate Owned. For these reasons, during the six month period ending June 30, 2010, noninterest expenses increased \$1.138 million, or 15.8%.

Selected Financial Highlights

Unaudited (\$ in thousands, except per share data)	Six Months Ended	
	June 2010	June 2009
Net Income	\$ 1,693	\$ 1,715
Total Assets	\$ 549,053	\$ 504,242
Net Loans	\$ 370,569	\$ 348,412
Total Deposits	\$ 430,304	\$ 377,999
ROA (annual)	0.63%	0.70%
ROE (annual)	10.05%	10.67%
Earnings per Share	\$ 3.20	\$ 3.25
Dividends per Share	\$ 1.62	\$ 1.62

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable July 31, 2010 to shareholders of record as of July 1, 2010. Dividends per share remain unchanged from the same period last year and have been sustained throughout the recession.

At the end of the second quarter, EVP Mike Allen assumed the role of Chief Credit Officer from Gary Royer, who had announced his retirement earlier in the year. We are pleased that Gary will remain engaged with Kish as a part-time senior commercial lender in Centre County.

Sincerely,



William P. Hayes
Chairman, President and CEO

Board of Directors

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Chairman, President and
Chief Executive Officer
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Vice Chairman
William L. Dancy
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Executive Vice President
Chief Credit Officer
J. Bradley Scovill
Executive Vice President
Chief Financial Officer
James L. Shilling, Jr.
Executive Vice President
Market Manager and Senior
Lending Officer for Mifflin Co.

*Serves as a member of the Board of Directors of Kish Bank and not Kish Bancorp.

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Kathleen M. Boop Vice President Personal Lines Insurance Manager	Mark R. Merrifield Regional Vice President Loan Officer
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Cynthia A. Campbell Vice President Residential Mortgage Sales	Gerhard Royer Vice President Senior Commercial Lender
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Wade E. Curry Vice President Investment Services	Lynn A. Thompson Vice President Insurance Services
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Gregory T. Hayes Vice President Business Banking Manager	Debra K. Weikel Vice President Mortgage Underwriter
Andrew J. Horwitz, JD, CFP [®] Vice President Kish Financial Solutions	Suzanne M. White Vice President Human Resources
Christopher P. Kelly Vice President Information Technology Manager	Jeffrey D. Wilson Chief Executive Officer Insurance Services

Branch Locations

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Reedsville
(717) 667-3974
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(717) 242-5474
Lewistown-S. Main Street
(717) 242-2500
McVeytown
(717) 899-7733
Huntingdon
(814) 641-5474
Mill Creek
(814) 643-4400
McAlevy's Fort
(814) 667-3500

State College-North
(814) 861-4747
State College-South
(814) 861-5500
Bellefonte
(814) 353-1770



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