

## Consolidated Balance Sheet

### Unaudited

(in thousands)

	March 31, 2010	March 31, 2009
<b>ASSETS</b>		
Cash and due from banks	\$ 5,770	\$ 5,541
Interest-bearing deposits with other institutions	17,693	16,450
Cash and cash equivalents	23,463	21,991
Certificates of deposit in other financial institutions	4,274	2,963
Trading securities	-	3,433
Investment securities available for sale	109,228	85,005
Loans held for sale	564	528
Loans	378,307	343,407
Less allowance for loan losses	5,710	3,362
Net Loans	372,597	340,045
Premises and equipment	13,301	12,123
Goodwill	1,669	1,712
Regulatory stock	4,144	4,144
Bank-owned life insurance	11,372	10,966
Accrued interest and other assets	10,523	6,981
<b>TOTAL ASSETS</b>	<b>\$ 551,135</b>	<b>\$ 489,891</b>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 40,222	\$ 38,849
Interest-bearing deposits	388,695	324,171
Total Deposits	428,917	363,020
Short-term borrowings	9,237	8,386
Other borrowings	74,161	80,945
Accrued interest and other liabilities	4,169	5,023
<b>TOTAL LIABILITIES</b>	<b>516,484</b>	<b>457,374</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.50 par value; 2,000,000 shares authorized, 610,000 shares issued and outstanding	305	305
Additional paid-in capital	610	762
Retained earnings	39,851	38,764
Accumulated other comprehensive income (loss)	690	(170)
Treasury stock, at cost	(6,805)	(7,144)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>34,651</b>	<b>32,517</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 551,135</b>	<b>\$ 489,891</b>

## Consolidated Statements of Income

### Unaudited

(in thousands)

	Three Months Ended	
	March 31, 2010	March 31, 2009
<b>INTEREST AND DIVIDEND INCOME</b>		
Interest and fees on loans	\$ 5,427	\$ 5,264
Investment securities	730	916
Interest-bearing deposits with other institutions	34	54
Other dividend income	24	25
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>6,215</b>	<b>6,259</b>
<b>INTEREST EXPENSE</b>		
Deposits	1,262	1,585
Short-term borrowings	27	26
Other borrowings	892	933
<b>TOTAL INTEREST EXPENSE</b>	<b>2,181</b>	<b>2,544</b>
<b>NET INTEREST INCOME</b>	<b>4,034</b>	<b>3,715</b>
Provision for loan losses	400	231
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>3,634</b>	<b>3,484</b>
<b>NONINTEREST INCOME</b>		
Service fees on deposit accounts	346	331
Trading securities gains (losses), net	-	(23)
Investment securities gains (losses), net	50	(24)
Gain on sale of loans, net	106	149
Earnings on bank-owned life insurance	98	95
Insurance commissions	232	222
Travel agency commissions	59	37
Other	286	249
<b>TOTAL NONINTEREST INCOME</b>	<b>1,177</b>	<b>1,036</b>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	2,135	1,935
Occupancy and equipment	549	462
Data processing	355	285
Professional fees	53	53
Advertising	95	85
Federal Deposit Insurance	149	58
Other	781	579
<b>TOTAL NONINTEREST EXPENSE</b>	<b>4,117</b>	<b>3,457</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>694</b>	<b>1,063</b>
Income taxes	53	153
<b>NET INCOME</b>	<b>\$ 641</b>	<b>\$ 910</b>

## To Our Shareholders

Kish Bancorp, Inc. has announced unaudited financial results for the quarter ending March 31, 2010. The Corporation's total assets rose to \$551 million, an increase of \$61 million or 12.5% compared to total assets of \$490 million at March 31, 2009. Total deposits grew by \$66 million to \$429 million, an 18.2% increase from \$363 million a year ago. Net loans outstanding grew \$33 million, or 9.6%, to \$373 million from \$340 million the prior year.

Net income during the first quarter of 2010 was \$641 thousand, a decline of \$269 thousand or 29.6% compared to the first quarter of 2009. Earnings per share were \$1.21 during the first quarter compared to \$1.72 a year earlier, a decrease of 29.7%

The themes that emerged during 2009 continued into the first quarter of 2010. Economic conditions continue to be challenging for businesses and consumers. Conditions in the banking industry remain difficult as banks face sustained FDIC deposit insurance premium increases and an intensified regulatory environment. Fortunately, Kish Bancorp has continued its trend of growth in its core banking business based on growth in loans and deposits at sustained margins and strong non interest income. Performance in these areas enabled us to absorb a 155% increase in FDIC premiums, sustained expense levels related to the resolution of problem credits, and higher costs associated with expansion in Centre County.

Net interest income increased 8.6% to \$4.0 million during the first quarter of 2010 compared to \$3.7 million during the same period in 2009. This increased performance was offset by higher contributions to the allowance for potential loan losses, which increased to \$400 thousand during the quarter from \$231 thousand in 2009, resulting from higher levels of classified loans and continued growth in the loan portfolio. As a result of these factors, the allowance for loan losses increased to \$5.7 million, or 1.51% of loans outstanding at March 31, 2010, compared to \$3.4 million or 0.98% a year earlier. Actual net charge-offs for the quarter were \$87,000 compared to \$174,000 during the first quarter of 2009. Although net charge-offs remain low, our intent is to remain proactive in setting aside reserves until the economic environment shows signs of improvement. Net interest income after the provision for loan losses increased 4.3% to \$3.6 million during the first three months of 2010 compared to \$3.5 million a year earlier.

Noninterest income increased \$140 thousand or 13.5% to \$1.18 million during the first quarter of 2010 from \$1.04 million in 2009. Service fees on deposit accounts, Kish Agency, and Kish Travel revenues showed solid growth during the first quarter compared to a year earlier, as did other income. Revenue from residential mortgage originations continued at high levels.

Noninterest expense was \$4.1 million during the first quarter of 2010, an increase of \$660 thousand or 19.1% over the same period in 2009. The primary drivers of the higher 2010 expenses are the Corporation's expansion in Centre County, increased FDIC premiums, problem loan resolution costs, greater data

## Selected Financial Highlights

Unaudited (\$ in thousands, except per share data)	Three Months Ended	
	March 2010	March 2009
Net Income	\$ 641	\$ 910
Total Assets	\$ 551,135	\$ 489,891
Net Loans	\$ 372,597	\$ 340,045
Total Deposits	\$ 428,917	\$ 363,020
ROA (annual)	0.48%	0.76%
ROE (annual)	7.70%	11.50%
Earnings per Share	\$ 1.21	\$ 1.72
Dividends per Share	\$ 0.81	\$ 0.81

processing fees associated with higher customer totals, and increased advertising.

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$.81 per share payable April 30, 2010 to shareholders of record as of April 1, 2010. Dividends per share remain unchanged from the same period last year.

During the first quarter, we announced the addition of Alan J. Metzler to the Board of Directors of Kish Bank. Alan, a life-long resident of Mifflin County, is the founder, owner and operator of Metzler Forest Products, a Reedsville-based company with more than 60 employees specializing in timbering and land and right-of-way clearing.

Sincerely,



William P. Hayes  
Chairman, President and CEO

### Board of Directors

**William P. Hayes**  
Chairman, President and Chief Executive Officer  
**Richard C. Calkins**  
Vice Chairman  
**William L. Dancy**  
Treasurer and Secretary  
**Richard L. Kalin**  
Director  
**Alison B. Kurtz**  
Director  
**Alan J. Metzler\***  
Director  
**James J. Lakso**  
Director  
**Phyllis L. Palm**  
Director

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

### Executive Officers

**William P. Hayes**  
Chairman, President and Chief Executive Officer  
**Robert S. McMinn**  
Executive Vice President and General Counsel  
**Michael F. Allen**  
Executive Vice President Market Manager and Senior Lending Officer for Centre Co.  
**Gerhard Royer**  
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.

## Senior Officers

<b>Amy M. Muchler</b> Senior Vice President Service Quality/Retail Banking	<b>Marsha K. Kuhns</b> Vice President Operations and Service Support Manager
<b>Ronald B. Beyer, CFA®</b> Vice President Profitability and Investment Portfolio Manager	<b>John Q. Massie</b> Regional Vice President Agricultural Loan Officer
<b>Kathleen M. Boop</b> Vice President Personal Lines Insurance Manager	<b>Mark R. Merrifield</b> Regional Vice President Loan Officer
<b>Larry E. Burger</b> Vice President Commercial Relationship Manager	<b>Scott R. Reigle</b> Vice President Accounting and Controls Manager
<b>Cynthia A. Campbell</b> Vice President Residential Mortgage Sales	<b>Cheryl E. Shope</b> Vice President Market Manager for Huntingdon Co.
<b>Michael L. Confer</b> Vice President Branch Manager	<b>Lynn A. Thompson</b> Vice President Insurance Services
<b>Wade E. Curry</b> Vice President Investment Services	<b>Lana M. Walker</b> Vice President Commercial Relationship Manager
<b>Ann K. Guss</b> Vice President Branch Manager	<b>Debra K. Weikel</b> Vice President Mortgage Underwriter
<b>Gregory T. Hayes</b> Vice President Business Banking Manager	<b>Suzanne M. White</b> Vice President Human Resources
<b>Andrew J. Horwitz, JD, CFP®</b> Vice President Kish Financial Solutions	<b>Jeffrey D. Wilson</b> Chief Executive Officer Insurance Services
<b>Christopher P. Kelly</b> Vice President Information Technology Manager	

## Branch Locations

<b>Belleville</b> (717) 935-2191	<b>State College-North</b> (814) 861-4747
<b>Reedsville</b> (717) 667-3974	<b>State College-South</b> (814) 861-5500
<b>Lewistown-Electric Avenue</b> (717) 242-5474	<b>Bellefonte</b> (814) 353-1770
<b>Lewistown-S. Main Street</b> (717) 242-2500	
<b>McVeytown</b> (717) 899-7733	
<b>Huntingdon</b> (814) 641-5474	
<b>Mill Creek</b> (814) 643-4400	
<b>McAlevy's Fort</b> (814) 667-3500	



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many solutions  
one promise  
expect more



 **KISH BANCORP**  
expect more