



**Contact:** William P. Hayes  
President and CEO  
814-861-4660  
whayes@kishbank.com

*FOR IMMEDIATE RELEASE*

## **Kish Bancorp, Inc. Announces Second Quarter Financial Results**

STATE COLLEGE, PA – August 2, 2011 – William P. Hayes, Chairman, President and CEO of Kish Bancorp, Inc., and its principal subsidiary, Kish Bank (the “Bank”) has announced unaudited financial results for the period ending June 30, 2011. At June 30, 2011, the Corporation’s total assets rose to \$555 million, an increase of \$6 million, or 1.1%, compared to total assets of \$549 million as of June 30, 2010. Total deposits grew by \$5 million to \$435 million, an increase of 1.2% from \$430 million a year ago. Loans outstanding declined by \$4 million, or 1.2%, to \$372 million from \$376 million the prior year. Factors impacting loan growth are the ongoing slow recovery as well as resolution of several larger problem loans. Mortgage loan originations remain near record levels, although a majority of these loans are originated into the secondary market.

Hayes stated; “The past twelve months were marked by modest growth in most asset and liability categories as a slow economy depressed demand. Concurrently, the banking team was focused on the prompt resolution of regulatory matters that were set forth in an agreement entered into in February of this year. The Bank has made rapid progress on these matters, although classified loans have persisted at elevated levels due to the economy’s slow recovery.”

For the six months ending June 30, 2011, net income decreased modestly to \$1.658 million from \$1.693 million in 2010. Core earnings during the first six months was aided by expanding noninterest income, a decrease in the contribution to the reserve for loan losses, continued strong fee income from mortgage lending activities, and sustained contributions from Kish’s non-banking units. \$500 thousand was set aside from earnings through the loan loss provision in 2011, compared to \$800 thousand in 2010. Although the Bank has continued to experience higher levels of classified loans, most other measures of loan quality remain at excellent levels.

“We are pleased to note that despite the costs associated with addressing the regulatory issues and resolving several larger problem loans, earnings remained positive and consistent with 2010 levels, other loan quality measures were strong, and capital ratios at both the Bank and Corporation strengthened significantly,” said CEO Hayes.

He continued, “Loan delinquencies remain very low by industry standards, loan recoveries have exceeded charge-offs for the first six months of the year, and the reserve for possible loan losses increased to \$6.751 million at June 30, 2011 from \$6.102 million the prior year, as the reserve ratio has increased substantially from 1.62% of total loans at June 30, 2010 to 1.81% as of June 30, 2011.”

Net interest income remained strong for the first half of 2011 at \$8.631 million, an increase of \$324 thousand, or 3.90%, compared to the first six months of 2010. Noninterest income increased sharply in 2011 based on continued strength in retail banking fee income, investing activities, income from non-banking units, and the addition of other business property income. The addition of \$830 thousand of business property income relates to a large business loan that has moved through foreclosure into other real estate, where it continues to perform above financial expectations. When combined, these factors translated into a year-over-year increase of \$884 thousand, or 32.2%, in noninterest income as of June 30, 2011. Excluding the impact of business property income, non-interest income grew 2.0% during the first six months of 2011 as compared to 2010.

The increase in 2011 noninterest expenses of \$1.615 million, or 19.3%, was primarily related to the operation of the business property acquired through foreclosure discussed previously. Excluding the impact of these expenses, core noninterest expenses grew by \$834 thousand, or 10.0%, in 2011, as FDIC insurance assessments, data processing fees, and salaries and benefits all increased.

Management's focus during the past year to strengthen the Company's capital levels is reflected in enhanced Total Capital-to-Risk Weighted Assets ratios. At the Corporation, this key measure of capital adequacy increased from 11.21% to 12.29% during the twelve months ending June 30, 2011, while the Bank level ratio increased from 11.44% to 12.53% during the same period. The Corporation's Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable July 31, 2011 to shareholders of record as of July 1, 2011. Dividends per share remain consistent with the same period last year.

"During the quarter, we were pleased to be ranked as one of the nation's Top 200 Community Banks by US Banker magazine for the third consecutive year," Hayes noted. "This ranking is compiled annually based on an institution's three year average return on shareholders' equity. This is particularly affirming recognition because sustained performance for our shareholders is our highest ongoing priority."

Kish Bancorp, Inc. is a diversified financial services corporation headquartered in Belleville, PA. Kish Bank, a subsidiary of Kish Bancorp, Inc., operates thirteen offices in Centre, Huntingdon and Mifflin Counties. Business lines include: Kish Bank, Kish Insurance, Kish Financial Solutions, and Kish Travel. For additional information, please visit Kish Bancorp, Inc. online at [www.kishbank.com](http://www.kishbank.com). KISB is the stock ticker symbol for Kish Bancorp, Inc.

# # #