

Consolidated Balance Sheet

Unaudited

(in thousands)

	June 30, 2011	June 30, 2010
ASSETS		
Cash and due from banks	\$ 6,300	\$ 8,104
Interest-bearing deposits with other institutions	18,516	9,659
Cash and cash equivalents	24,816	17,763
Certificates of deposit in other financial institutions	2,055	2,332
Investment securities available for sale	118,202	116,579
Loans held for sale	215	2,169
Loans	372,309	376,671
Less allowance for loan losses	6,751	6,102
Net Loans	365,558	370,569
Premises and equipment	13,954	13,257
Goodwill	1,669	1,669
Regulatory stock	3,926	4,144
Bank-owned life insurance	11,891	11,476
Accrued interest and other assets	12,981	9,095
TOTAL ASSETS	\$ 555,267	\$ 549,053
LIABILITIES		
Noninterest-bearing deposits	\$ 46,686	\$ 42,787
Interest-bearing deposits	388,593	387,517
Total Deposits	435,279	430,304
Short-term borrowings	19,120	5,521
Other borrowings	58,933	72,421
Accrued interest and other liabilities	4,338	4,566
TOTAL LIABILITIES	517,670	512,812
STOCKHOLDERS' EQUITY		
Common stock, \$.50 par value; 2,000,000 shares authorized, 610,000 shares issued	305	305
Additional paid-in capital	(178)	77
Retained earnings	42,571	40,790
Accumulated other comprehensive income	955	1,603
Treasury stock, at cost (68,630 and 73,085 shares)	(6,056)	(6,534)
TOTAL STOCKHOLDERS' EQUITY	37,597	36,241
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 555,267	\$ 549,053

Consolidated Statement of Income

Unaudited

(in thousands)

	Six Months Ended		Three Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans:				
Taxable	\$ 9,945	\$ 10,404	\$ 4,882	\$ 5,238
Exempt from federal income tax	518	529	257	268
Investment securities:				
Taxable	961	942	464	500
Exempt from federal income tax	690	628	338	340
Interest-bearing deposits with other institutions	46	62	25	28
Other dividend income	36	38	25	14
TOTAL INTEREST AND DIVIDEND INCOME	12,196	12,603	5,991	6,388
INTEREST EXPENSE				
Deposits	2,216	2,496	1,099	1,234
Short-term borrowings	105	53	53	26
Other borrowings	1,244	1,747	619	855
TOTAL INTEREST EXPENSE	3,565	4,296	1,771	2,115
NET INTEREST INCOME	8,631	8,307	4,220	4,273
Provision for loan losses	500	800	200	400
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,131	7,507	4,020	3,873
NONINTEREST INCOME				
Service fees on deposit accounts	720	715	369	369
Investment securities gains, net	393	397	221	347
Gain on sale of loans, net	305	320	130	214
Earnings on bank-owned life insurance	207	198	104	100
Insurance commissions	441	426	242	194
Travel agency commissions	103	123	57	64
Business property income	830	—	488	—
Other	629	565	356	279
TOTAL NONINTEREST INCOME	3,628	2,744	1,967	1,567
NONINTEREST EXPENSE				
Salaries and employee benefits	4,893	4,315	2,483	2,180
Occupancy and equipment	1,459	1,099	739	544
Data processing	794	706	429	351
Professional fees	178	120	70	67
Advertising	219	179	105	84
Federal deposit insurance	547	313	294	164
Other	1,886	1,629	1,017	854
TOTAL NONINTEREST EXPENSE	9,976	8,361	5,137	4,244
INCOME BEFORE INCOME TAXES	1,783	1,890	850	1,196
Income taxes	125	197	50	144
NET INCOME	\$ 1,658	\$ 1,693	\$ 800	\$ 1,052

To Our Shareholders

Kish Bancorp, Inc. is presenting unaudited financial results for the period ending June 30, 2011. The past twelve months have been marked by modest growth in most asset and liability categories as slow economic conditions 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. We are pleased to report that the Bank has made rapid progress on these matters, although classified loans have persisted at elevated levels due to the economy's slow recovery. 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 are strong, and capital ratios at both the Bank and Corporation have strengthened significantly.

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.

For the six months ending June 30, 2011, net income decreased modestly to \$1.658 million from \$1.693 million in 2010. Core earnings growth 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 as 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. 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 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.

Selected Financial Highlights

Unaudited	Six Months Ended	
	June 2011	June 2010
(\$ in thousands, except per share data)		
Net Income	\$ 1,658	\$ 1,693
Total Assets	\$ 555,267	\$ 549,053
Loans Outstanding	\$ 372,309	\$ 376,671
Total Deposits	\$ 435,279	\$ 430,304
ROA (annual)	0.59%	0.63%
ROE (annual)	9.29%	10.05%
Earnings per Share	\$ 3.12	\$ 3.20
Dividends per Share	\$ 1.62	\$ 1.62

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. 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.

As always, we appreciate the loyalty of our shareholders and we thank you for your continued support.

Sincerely,



William P. Hayes
Chairman, President and CEO

Branch Locations

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

Board of Directors

William P. Hayes
Chairman, President &
Chief Executive Officer

James J. Lakso
Vice Chairman

William L. Dancy
Secretary

Richard L. Kalin
Director

Alison B. Kurtz
Director

Alan J. Metzler
Director

Phyllis L. Palm
Director

Delmont R. Sunderland
Director

Senior Officers

Amy M. Muchler
Senior Vice President,
Service Quality &
Operations

Ronald B. Beyer, CFA®
Vice President,
Profitability & Investment
Portfolio Manager

Kathleen M. Boop
Vice President,
Personal Lines Insurance
Manager

Larry E. Burger
Vice President,
Commercial Relationship
Manager

John P. Cunningham
Vice President,
Branch Manager

Wade E. Curry
Vice President,
Investment Services

Ann K. Guss
Vice President,
Consumer Lender

Gregory T. Hayes
Vice President,
Branch Manager &
Commercial Lender

Carol M. Herrmann
Vice President for
Administration

Christopher P. Kelly
Vice President,
Information Technology
Manager

Marsha K. Kuhns
Vice President,
Branch Administration

Executive Officers

William P. Hayes
Chairman, President &
Chief Executive Officer

Michael F. Allen
Executive Vice President,
Chief Credit Officer

John E. Arrington
Executive Vice President,
Sales & Retail Banking

Robert S. McMinn
Executive Vice President
& General Counsel

J. Bradley Scovill
Executive Vice President,
Chief Financial Officer &
Chief Operating Officer

James L. Shilling, Jr.
Executive Vice President,
Business Services & Senior
Lending Officer

Michael T. Lehmer
Vice President,
Trust Department Manager

John Q. Massie
Regional Vice President,
Agricultural Loan Officer

Scott R. Reigle
Vice President,
Accounting & Controls
Manager

Melissa K. Royer
Vice President,
Operations Manager &
Security Officer

Gerhard Royer
Vice President,
Senior Commercial Lender

Cheryl E. Shope
Vice President,
Mortgage & Consumer
Lender

Lynn A. Thompson
Vice President,
Insurance Services

Lana M. Walker
Vice President,
Commercial Relationship
Manager

Debra K. Weikel
Vice President,
Mortgage Underwriting

Suzanne M. White
Vice President,
Human Resources

Jeffrey D. Wilson
Chief Executive Officer,
Insurance Services

William W. Yaudes
Vice President,
Market Manager for
Huntingdon County

2011

SECOND
QUARTER

FINANCIAL
REPORT