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Kish Bancorp Announces Fourth Quarter Financial Results

STATE COLLEGE, PA – February 1, 2012 – William P. Hayes, Chairman, President and CEO of Kish Bancorp, Inc. (the “Corporation”) and its principal subsidiary, Kish Bank (the “Bank”), has announced unaudited financial results for the period ending December 31, 2011.

The Corporation’s total assets increased during the year to \$560 million from \$557 million as of December 31, 2010, an increase of \$3 million. Total deposits grew by \$9 million to \$455 million from \$446 million, and loans outstanding decreased by \$4 million to \$369 million from \$373 million during the same period in 2010. These changes translate into annualized growth rates of 0.6% and 1.9 % for assets and deposits, and a 1.2% decline in loans.

Net income for 2011 was \$3.631 million, an increase of \$75,000, or 2.1%, compared to \$3.556 million during 2010. For the three months ending December 31, 2011, net income decreased 2.3%, or \$19,000, to \$816,000 from \$835,000 in 2010.

Net interest income during 2011 was \$17.242 million, an increase of \$254,000, or 1.5%, compared to 2010. Net interest income in the fourth quarter of 2011 was \$4.318 million, a decrease of \$58,000, or 1.3%, compared to \$4.376 million for the quarter ending December 31, 2010.

Earnings were aided during 2011 by a decrease in the contribution to the reserve for loan losses. \$800,000 was set aside from earnings through the loan loss provision in 2011 as compared to \$1.850 million in 2010. The reserve for loan losses, which is the Bank’s buffer against possible future loan charge-offs, increased 12.8% to \$7.043 million at December 31, 2011 from \$6.245 million at December 31, 2010. While the Corporation’s provision expenses have declined, its reserve ratio has increased substantially, to 1.90% of total loans as of December 31, 2011 from 1.67% at December 31, 2010. Loan

quality indicators remain very positive. Net loan losses were near zero at \$2,500 during 2011, loan delinquencies remain near historic lows, and criticized assets decreased substantially in the fourth quarter.

Non-interest income increased \$1.574 million, or 24.6%, to \$7.982 million for 2011 from \$6.408 million in 2010. 2011 results include full-year business property income from a foreclosed business loan. This property was sold during the fourth quarter. Offsetting this \$1.9 million increase in revenues was a reduction in investment securities gains as well as lower gains on sale of residential mortgage loans originated for the secondary market. Excluding these items, noninterest income increased by 2.9%.

Noninterest expense was \$20.354 million during 2011, an increase of \$2.835 million, or 16.2%, over the same period in 2010, based in large part on costs related to operating the business property discussed above. Excluding the impact of these expenses, core noninterest expense grew by \$1.288 million, or 7.5%, in 2011 due to increases in FDIC insurance assessments, consulting fees, and salaries and benefits.

“We are pleased to note that the Corporation has continued to implement strategic initiatives to further enhance its strong capital position,” Mr. Hayes said. “Continued profitability, expanded participation in the previously announced dividend reinvestment plan, and issuance of common stock through a private placement, have all strengthened the balance sheet and positioned the Corporation to pursue future growth opportunities aggressively and to sustain Kish’s role of serving customers and communities in our marketplace.”

It was also announced that the Corporation’s Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable January 31, 2012, to shareholders of record as of January 15, 2012. Dividends per share remain unchanged from the same period last year.

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. KISB is the stock ticker symbol for Kish Bancorp, Inc.

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