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Kish Bancorp Earns \$3.2 Million, Strengthens Capital & Maintains Dividend

REEDSVILLE, PA – February 1, 2010 – William P. Hayes, Chairman, President and CEO of Kish Bancorp, Inc., the parent company of Kish Bank, has announced the holding company's unaudited financial results for the year ending December 31, 2009. The Corporation's total assets rose to \$528 million, an increase of \$51 million or 10.8% compared to \$476 million as of December 31, 2008. Net loans outstanding grew to \$368 million, an increase of \$35 million or 10.5% from \$333 million at the end of 2008. Deposits were 15.6% higher in 2009, rising to \$408 million from \$353 million the previous year.

Net income during 2009 was \$3.213 million, a decline of \$725 thousand or 18.4% from \$3.938 million in 2008. Consistent with the change in net income, earnings per share decreased 18.5% to \$6.09 from \$7.47 in 2008. The Company paid quarterly cash dividends totaling \$3.24 per share in 2009, unchanged from 2008.

"As the year progressed, 2009 became increasingly challenging due to the lengthening economic recession and general conditions in the banking industry," commented Hayes. "Kish Bancorp continued its trend of sustained growth in our core banking business based on strong noninterest income, an expanding margin and growth in loans and deposits. These powerful sources of revenue growth enabled us to absorb substantial increases in credit costs and expansion-related expenses, as well as a \$453 thousand increase in FDIC assessments."

Hayes continued, "Contributions to the allowance for potential loan losses increased to \$2.344 million in 2009 from \$299 thousand in 2008, reflecting continued weakness in local and national economic conditions, increases in the Company's non-performing and classified loans, and continued growth in the loan portfolio. Actual net charge offs during 2009 were \$252 thousand compared to a net recovery of \$5 thousand in 2008. As a result of these factors, the allowance for loan losses increased substantially to \$5.4 million, or 1.44% of loans outstanding at December 31, 2009, compared to \$3.3 million or .98% a year earlier. In addition, we completed a private placement of \$3 million in subordinated debt with qualified local investors during 2009, significantly enhancing the Company's well-capitalized rating for its existing capital position and providing further support for our continued growth in 2010 and beyond. "

"While it remains a challenging banking environment, we are pleased that our 2009 results included steps necessary to enhance capital and build reserves so that we can remain focused on growing our franchise and achieving long-term performance objectives," Hayes concluded.

Net interest income increased 9.8% to \$15.5 million during 2009 compared to \$14.1 million during 2008. This performance reflects the positive margin contribution from profitable loan and deposit growth. Net interest income after provision for loan losses declined 4.8% to \$13.2 million during 2009 compared to \$13.8 million in 2008.

Noninterest income increased by \$1.6 million or 41.6% to \$5.4 million in 2009, from \$3.8 million in 2008. Excluding gains from investing and trading activities, noninterest income rose by \$758 thousand or 18.8% primarily due to yearlong strength in secondary market residential mortgage origination activities and growth in service fees. Combined revenues from insurance, investment, and travel related activities were essentially unchanged in 2009 compared to 2008.

Noninterest expense was \$15.0 million during 2009, an increase of \$2.2 million or 16.8% from \$12.8 million in 2008. Included in the higher 2009 expenses are the increased FDIC assessments, greater legal fees related to the resolution of problem loans, as well as the budgeted expenses associated with expansion in Bellefonte and State College.

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$.81 per share payable on January 31, 2010 to shareholders of record as of January 4, 2010. The Board also authorized a \$2 million stock repurchase program at its January meeting. KISB is the stock ticker symbol for Kish Bancorp, Inc.

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.

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