

## Consolidated Balance Sheet

### Unaudited

(in thousands)

	June 30, 2009	June 30, 2008
<b>ASSETS</b>		
Cash and due from banks	\$ 6,359	\$ 11,383
Interest-bearing deposits with other institutions	1,628	3,012
Cash and cash equivalents	7,987	14,395
Certificates of deposit in other financial institutions	4,171	14,950
Trading securities	383	8,132
Investment securities available for sale	104,437	87,202
Investment securities held to maturity	-	250
Loans held for sale	1,597	210
Loans	351,949	313,429
Less allowance for loan losses	3,537	3,108
Net Loans	348,412	310,321
Premises and equipment	13,257	8,420
Goodwill	1,712	1,712
Regulatory stock	4,144	3,809
Bank-owned life insurance	11,065	9,260
Accrued interest and other assets	7,077	7,072
TOTAL ASSETS	<u>\$ 504,242</u>	<u>\$ 465,733</u>
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing	\$ 41,161	\$ 40,894
Interest-bearing	336,838	304,378
TOTAL DEPOSITS	377,999	345,272
Short-term borrowings	7,276	5,705
Other borrowings	82,119	80,916
Accrued interest and other liabilities	4,550	4,140
TOTAL LIABILITIES	471,944	436,033
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.50 par value; 2,000,000 shares authorized, 610,000 shares issued	305	305
Additional paid-in capital	764	823
Retained earnings	39,331	37,372
Accumulated other comprehensive income	(817)	(1,299)
Unearned restricted stock	(267)	(192)
Treasury stock, at cost	(7,018)	(7,309)
TOTAL STOCKHOLDERS' EQUITY	<u>32,298</u>	<u>29,700</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 504,242</u>	<u>\$ 465,733</u>

## Consolidated Statement of Income

### Unaudited

(in thousands)

	Six Months Ended		Three Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
<b>INTEREST AND DIVIDEND INCOME</b>				
Interest and fees on loans	\$ 10,545	\$ 10,675	\$ 5,281	\$ 5,268
Investment securities	1,870	2,217	954	1,057
Interest-bearing deposits with other institutions	86	225	32	141
Other dividend income	55	111	30	39
TOTAL INTEREST AND DIVIDEND INCOME	<u>12,556</u>	<u>13,228</u>	<u>6,297</u>	<u>6,505</u>
<b>INTEREST EXPENSE</b>				
Deposits	3,160	4,493	1,575	2,029
Short-term borrowings	48	134	22	52
Other borrowings	1,907	1,907	974	950
TOTAL INTEREST EXPENSE	<u>5,115</u>	<u>6,534</u>	<u>2,571</u>	<u>3,031</u>
<b>NET INTEREST INCOME</b>	7,441	6,694	3,726	3,474
Provision for loan losses	420	92	189	92
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<u>7,021</u>	<u>6,602</u>	<u>3,537</u>	<u>3,382</u>
<b>NONINTEREST INCOME</b>				
Service fees on deposit accounts	696	672	365	347
Trading securities gains, net	(63)	(28)	(40)	21
Investment securities gains, net	(130)	162	(106)	114
Gain on sale of loans, net	409	238	260	174
Earnings on Bank-owned life insurance	190	170	95	86
Insurance commissions	408	399	186	179
Travel Agency commissions	82	113	45	62
Other	577	518	328	221
TOTAL NONINTEREST INCOME	<u>2,169</u>	<u>2,244</u>	<u>1,133</u>	<u>1,204</u>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	3,923	3,630	1,988	1,865
Occupancy	953	669	491	348
Data processing	607	622	322	306
Professional fees	101	90	48	49
Advertising	124	139	39	70
Other	1,515	1,255	878	645
TOTAL NONINTEREST EXPENSE	<u>7,223</u>	<u>6,405</u>	<u>3,766</u>	<u>3,283</u>
<b>INCOME BEFORE INCOME TAXES</b>	1,967	2,441	904	1,303
Income taxes	252	465	99	261
<b>NET INCOME</b>	<u>\$ 1,715</u>	<u>\$ 1,976</u>	<u>\$ 805</u>	<u>\$ 1,042</u>

## To Our Stockholders

Kish Bancorp, Inc. has announced unaudited financial results for the six month period ending June 30, 2009. The Corporation's total assets rose to \$504 million, an increase of 8.3% compared to total assets of \$466 million as of June 30, 2008. Total deposits grew by \$33 million to \$378 million, a 9.5% increase compared to \$345 million one year ago. Loans outstanding as of June 30, 2009 grew to \$348 million, a 12.3% increase from \$310 million the prior year.

Net interest income for the first half of 2009 rose 11.2% to \$7.441 million compared to \$6.694 million during the same period in 2008. Net interest income after provision for loan losses reached \$7.021 million, a 6.3% increase compared to \$6.602 million during the first six months of 2008. During the first six months the Bank set aside reserves for possible loan losses of \$420,000 as compared to \$92,000 in 2008, due to strong growth in loans and deteriorating economic conditions.

Non interest income declined by \$75,000 compared to the first half of 2008. Significantly higher revenues from residential mortgage originations partially offset securities losses due to OTTI as well as declines in the value of trading securities. Growth in fee income from non-banking business lines increased only marginally in the first six months of 2009 from the previous year.

Non interest expense for the six months ending June 30, 2009 increased by \$818,000 a 12.8% increase to \$7.223 million compared to \$6.405 million the prior year. During the most recent quarter the FDIC levied a special assessment on all insured financial institutions for the purpose of restoring the Deposit Insurance Fund. This assessment added \$231,000 to non interest expense during the six months ending June 30, 2009. Other increases in non interest expense reflected the budgeted costs of expansion in the Centre County market with the opening of a new branch in Bellefonte and a new financial center in State College.

For the six month period ending June 30, 2009, net income declined by \$261,000 to \$1.715 million, a 13.2% decrease compared to \$1.976 million through June 30, 2008. Earnings per share decreased to \$3.25, a 13.3% decrease, from \$3.75 for the same period in 2008. Excluding the special FDIC assessment and trading and securities activities, net income increased 5.7% to \$1.995 million compared to \$1.888 million for the first six months of 2008.

During the second quarter, the Corporation completed the private placement of \$3 million in subordinated debt with local investors. The private offering, which commenced in mid-March and was completed in June,

## Selected Financial Highlights

Unaudited (Dollar amounts in thousands)	Six Months Ended	
	June 2009	June 2008
Net Income	\$ 1,715	\$ 1,976
Total Assets	\$ 504,242	\$ 465,733
Net Loans	\$ 348,412	\$ 310,321
Total Deposits	\$ 377,999	\$ 345,272
ROA (annualized)	.70%	.86%
ROE (annualized)	10.67%	13.14%
Earnings / Share	\$ 3.25	\$ 3.75

was instituted to enhance the Bank's capital position in anticipation of continued strong growth. The issuance of subordinated debt, which is included in regulatory capital, followed the Corporation's previously announced decision not to participate in the U.S. Treasury's TARP Capital Purchase Program.

The Kish Bancorp, Inc. Board of Directors approved the payment of the quarterly dividend in the amount of \$0.81 per share payable on July 31, 2009 to shareholders of record as of July 1, 2009. The dividend is unchanged from the prior quarter.

Sincerely,



William P. Hayes  
Chairman, President &  
Chief Executive Officer

### Board of Directors

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Chief Executive Officer  
Richard C. Calkins  
Vice Chairman  
William L. Dancy  
Treasurer and Secretary  
Richard L. Kalin  
Director  
Alison B. Kurtz  
Director  
James J. Lakso  
Director  
Phyllis L. Palm  
Director

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Chief Executive Officer  
Robert S. McMinn  
Executive Vice President  
Chief Operating Officer and  
General Counsel  
Gerhard Royer  
Executive Vice President  
Chief Credit Officer  
James L. Shilling, Jr.  
Executive Vice President  
Market Manager and Senior  
Lending Officer for Mifflin Co.  
Michael F. Allen  
Executive Vice President  
Market Manager and Senior  
Lending Officer for Centre Co.

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and Investment Portfolio  
Manager  
Larry E. Burger  
Vice President Commercial  
Relationship Manager  
Cynthia A. Campbell  
Vice President  
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Michael L. Confer  
Vice President  
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Wade E. Curry  
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Investment Services  
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Vice President  
Human Resources  
Ann K. Guss  
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Gregory T. Hayes  
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Business Banking  
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Kish Financial Solutions  
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Manager  
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Market Manager for  
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Lynn A. Thompson  
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Insurance Services  
Lana M. Walker  
Vice President Commercial  
Relationship Manager  
Debra K. Weikel  
Vice President  
Mortgage Underwriter  
Jeffrey D. Wilson  
Chief Executive Officer  
Insurance Services

### Branch Locations

Reedsville  
(717) 667-3974  
Lewistown-Electric Avenue  
(717) 242-5474  
Lewistown-S. Main Street  
(717) 242-2500  
McVeytown  
(717) 899-7733  
Huntingdon  
(814) 641-5474

Mill Creek  
(814) 643-4400  
McAlevy's Fort  
(814) 667-3500  
State College - S. Atherton  
(814) 861-5500  
State College - N. Atherton  
(814) 861-4747  
Bellefonte  
(814) 353-1770



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# Financial Report

## 2009 Second Quarter

