

Consolidated Balance Sheet

Unaudited

(in thousands)

	March 31, 2012	March 31, 2011
ASSETS		
Cash and due from banks	\$ 8,146	\$ 5,701
Interest-bearing deposits with other institutions	38,507	21,708
Cash and cash equivalents	46,653	27,409
Certificates of deposit in other financial institutions	1,627	2,745
Investment securities available for sale	126,930	125,959
Loans held for sale	256	254
Loans	365,724	372,295
Less allowance for loan losses	7,175	6,552
Net Loans	358,549	365,743
Premises and equipment	14,276	13,747
Goodwill	1,669	1,669
Regulatory stock	4,053	3,959
Bank-owned life insurance	12,201	11,787
Accrued interest and other assets	8,114	16,840
TOTAL ASSETS	\$ 574,328	\$ 570,112
LIABILITIES		
Noninterest-bearing deposits	\$ 56,095	\$ 44,554
Interest-bearing deposits	410,686	408,393
Total Deposits	466,781	452,947
Short-term borrowings	8,077	16,028
Other borrowings	50,489	59,459
Accrued interest and other liabilities	4,427	5,203
TOTAL LIABILITIES	529,774	533,637
STOCKHOLDERS' EQUITY		
Common stock, \$.50 par value; 2,000,000 shares authorized, 672,675 and 610,000 shares issued	337	305
Additional paid-in capital	3,626	135
Retained earnings	44,014	42,206
Accumulated other comprehensive income	2,593	270
Treasury stock, at cost (69,498 and 72,493 shares)	(6,016)	(6,441)
TOTAL STOCKHOLDERS' EQUITY	44,554	36,475
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 574,328	\$ 570,112

Consolidated Statement of Income

Unaudited

(in thousands)

	Three Months Ended	
	March 31, 2012	March 31, 2011
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans:		
Taxable	\$ 4,657	\$ 5,063
Exempt from federal income tax	257	261
Investment securities:		
Taxable	488	497
Exempt from federal income tax	309	352
Interest-bearing deposits with other institutions	37	21
Other dividend income	19	11
TOTAL INTEREST AND DIVIDEND INCOME	5,767	6,205
INTEREST EXPENSE		
Deposits	936	1,117
Short-term borrowings	24	52
Other borrowings	511	625
TOTAL INTEREST EXPENSE	1,471	1,794
NET INTEREST INCOME	4,296	4,411
Provision for loan losses	150	300
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,146	4,111
NONINTEREST INCOME		
Service fees on deposit accounts	388	351
Investment securities gains, net	9	172
Gain on sale of loans, net	287	175
Earnings on Bank-owned life insurance	103	103
Insurance commissions	238	199
Travel agency commissions	38	46
Business property income	—	342
Other	340	273
TOTAL NONINTEREST INCOME	1,403	1,661
NONINTEREST EXPENSE		
Salaries and employee benefits	2,557	2,410
Occupancy and equipment	579	720
Data processing	359	365
Professional fees	73	108
Advertising	87	114
Federal deposit insurance	187	253
Other	768	869
TOTAL NONINTEREST EXPENSE	4,610	4,839
INCOME BEFORE INCOME TAXES	939	933
Income taxes	96	75
NET INCOME	\$ 843	\$ 858

To Our Shareholders

Kish Bancorp, Inc. is pleased to report unaudited financial results for the period ending March 31, 2012. Overall, despite continued economic and regulatory headwinds and uncertainty regarding the recovery, the Corporation achieved solid first quarter results that contain a number of positive indicators for the balance of 2012. The Corporation's total assets ended the first quarter at \$574 million, an increase of \$4 million, or 0.7%, compared to total assets of \$570 million as of March 31, 2011. Total deposits grew by \$14 million to \$467 million, an increase of 3.1% from \$453 million a year ago. Loans outstanding declined 1.8% from \$372 million as of March 31, 2011 to \$366 million in 2012. The modest reduction in loans reflected continued efforts by the Bank to curtail a few larger classified commercial relationships during the first quarter. In addition, demand by businesses for new debt continues to be modest.

Net income for the first three months was \$843 thousand, a slight decrease of \$15 thousand, or 1.7%, from \$858 thousand during the same period in 2011.

Due to the decreased level of outstanding loans, net interest income narrowed slightly during the first quarter of 2012. At March 31, 2012, net interest income totaled \$4.3 million, a 2.6% decrease from \$4.4 million during the first quarter of 2011.

Offsetting this decline, contributions to the allowance for potential loan losses decreased to \$150 thousand during the quarter, from \$300 thousand in 2011. The Bank experienced a significant decline in the level of classified loans, without experiencing an elevation in loan charge-offs. All other metrics of loan quality, including delinquencies and non-performing loans, remain positive. In addition, the allowance for loan losses rose to \$7.175 million at quarter end, or 1.96% of total loans outstanding. This is an increase of \$623 thousand, or 9.5%, from March 31, 2011, and continues to insulate the balance sheet and future earnings against unforeseen pressures on loan portfolio quality.

Noninterest income decreased by \$258 thousand, or 15.5%, to \$1.403 million during the first quarter of 2012, from \$1.661 million in 2011. 2011 results include the addition of \$342 thousand of business property income related to a large problem loan that moved into other real estate. Excluding this revenue, as well as gains from investing achieved in the prior year, core noninterest income rose by \$247 thousand, or 21.5%, primarily due to continued strength in residential mortgage origination activities.

Noninterest expense was \$4.610 million during the

Selected Financial Highlights

Unaudited (\$ in thousands, except per share data)	Three Months Ended	
	March 2012	March 2011
Net Income	\$ 843	\$ 858
Total Assets	\$ 574,328	\$ 570,112
Loans Outstanding	\$ 365,724	\$ 372,295
Total Deposits	\$ 466,781	\$ 452,947
ROA (annual)	0.60%	0.62%
ROE (annual)	8.27%	9.75%
Earnings per Share	\$ 1.43	\$ 1.62
Dividends per Share	\$ 0.81	\$ 0.81

first quarter of 2012, a decrease of \$229 thousand, or 4.7%, from \$4.839 million in 2011. The primary driver of the decrease in 2012 expenses was the cost of managing the business property described in the prior paragraph, offset by budgeted salaries and benefit increases.

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable April 30, 2012 to shareholders of record as of April 15, 2012. Dividends per share remain unchanged from the same period last year.

It pleases me to report the Corporation's sustained financial performance and strengthening balance sheet. While challenges remain as we work through a difficult period in our history, Kish Bancorp is firmly positioned to pursue its strategic growth objectives and, importantly, to sustain our support for the outstanding communities we are so proud to serve.

Thank you for your continuing support.

Sincerely,

William P. Hayes
Chairman, President and CEO

Branch Locations

Belleville	717-935-2191
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—North	814-861-4747
State College—South	814-861-5500
Bellefonte	814-353-1770

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4255 East Main Street
Belleville, PA 17004

1-888-554-4748
www.KishBank.com

2012 FIRST QUARTER FINANCIAL REPORT