



Kish Bancorp, Inc. Announces Second Quarter Financial Results

STATE COLLEGE, PA – August 6, 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 June 30, 2012.

“We are pleased to report strong financial results through the second quarter, despite the economic challenges that continue to discourage customers from borrowing,” Hayes said. The Corporation’s total assets ended the quarter at \$560 million, an increase of \$5 million, or 0.8%, compared to total assets of \$555 million as of June 30, 2011. Total deposits grew by \$22 million to \$457 million, an increase of 5.0% from \$435 million a year ago. Loans outstanding declined 4.4% from \$372 million as of June 30, 2011 to \$356 million in 2012. The reduction in loans reflects continued reluctance on the part of business borrowers to invest in new projects in the current uncertain environment combined with pay-downs on existing debt.

Net income for the first six months was \$1.8 million, an increase of \$143 thousand, or 8.6%, from \$1.7 million during the same period in 2011.

Net interest income remained stable at \$8.6 million during the first six months of 2012 in the face of strong deposit growth and a decreased level of outstanding loans.

Contributing to the growth in net income was a reduction in the provision for potential loan losses. \$300 thousand was set aside from earnings through the loan loss provision through the first six months of 2012 as compared to \$500 thousand in 2011. Although the allowance for loan losses continues to grow, loan quality metrics have remained positive and charge-offs have been minimal. At quarter end, the allowance for loan losses rose to \$7.268 million, or 2.04% of total loans outstanding. This is an increase of \$517 thousand, or 7.7%, from June 30, 2011. “The balance sheet continues to strengthen as the reserve ratio continues to increase and charge-offs remain low. Capital ratios are at all-time highs, and we are further encouraged by an historically low level of delinquent loans,” Hayes said.

Noninterest income declined \$368 thousand, or 10.1%, to \$3.3 million during the first half of 2012, from \$3.6 million in 2011. 2011 results include the addition of \$830 thousand of business property income related to a large problem loan that moved into other real estate last year. Excluding this revenue, as well as investment securities gains, core noninterest income increased by \$431 thousand, or 17.9%, primarily due to continued strength in residential mortgage origination activities.

Noninterest expense was \$9.5 million during the first six months of 2012, a decrease of \$477 thousand, or 4.8%, from \$10.0 million in 2011. The primary drivers of the decrease in 2012 expenses were the costs of managing the business property described in the previous paragraph, in addition to reduced federal deposit insurance, resulting from a one-time accrual in 2011.

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable July 31, 2012 to shareholders of record as of July 16, 2012. Dividends per share remain unchanged from the same period last year.

"During the quarter, we also were pleased to be ranked as one of the nation's Top 200 Community Banks by *American Banker* magazine for the sixth consecutive year," Hayes said. He explained that the ranking is compiled annually based on an institution's three-year average return on shareholders' equity.

"Sustained performance for our shareholders is a strategic priority at Kish that will enable us to continue to invest in our business," Hayes said.

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.