

Consolidated Balance Sheet

Unaudited

(in thousands)

	September 30, 2010	September 30, 2009
ASSETS		
Cash and due from banks	\$ 7,078	\$ 5,083
Interest-bearing deposits with other institutions	46,286	4,437
Cash and cash equivalents	53,364	9,520
Certificates of deposit in other financial institutions	2,723	4,340
Trading securities	-	373
Investment securities available for sale	101,831	98,362
Loans held for sale	1,356	1,029
Loans	374,247	363,409
Less allowance for loan losses	6,289	5,192
Net Loans	367,958	358,217
Premises and equipment	13,711	13,511
Goodwill	1,669	1,712
Regulatory stock	4,144	4,144
Bank-owned life insurance	11,581	11,165
Accrued interest and other assets	8,774	7,315
TOTAL ASSETS	\$ 567,111	\$ 509,688
LIABILITIES		
Noninterest-bearing deposits	\$ 42,803	\$ 40,128
Interest-bearing deposits	399,541	344,591
Total Deposits	442,344	384,719
Short-term borrowings	12,348	6,778
Other borrowings	70,370	79,469
Accrued interest and other liabilities	4,422	4,613
TOTAL LIABILITIES	529,484	475,579
STOCKHOLDERS' EQUITY		
Common stock, \$.50 par value; 2,000,000 shares authorized, 610,000 shares issued and outstanding	305	305
Additional paid-in capital	534	663
Retained earnings	41,383	38,848
Accumulated other comprehensive income (loss)	2,355	1,450
Unearned restricted stock	(457)	(263)
Treasury stock, at cost	(6,493)	(6,894)
TOTAL STOCKHOLDERS' EQUITY	37,627	34,109
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 567,111	\$ 509,688

Consolidated Statement of Income

Unaudited

(in thousands)

	Nine Months Ended		Three Months Ended	
	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2010	Sept. 30, 2009
INTEREST AND DIVIDEND INCOME				
Interest and fees on loans	\$ 16,390	\$ 15,951	\$ 5,457	\$ 5,406
Investment securities	2,398	2,835	828	965
Interest-bearing deposits with other institutions	83	108	21	22
Other dividend income	57	87	19	32
TOTAL INTEREST AND DIVIDEND INCOME	18,928	18,981	6,325	6,425
INTEREST EXPENSE				
Deposits	3,709	4,634	1,213	1,474
Short-term borrowings	81	70	28	22
Other borrowings	2,526	2,883	779	976
TOTAL INTEREST EXPENSE	6,316	7,587	2,020	2,472
NET INTEREST INCOME	12,612	11,394	4,305	3,953
Provision for loan losses	1,200	2,143	400	1,723
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,412	9,251	3,905	2,230
NONINTEREST INCOME				
Service fees on deposit accounts	1,066	1,075	351	379
Trading securities gains (losses), net	-	(73)	-	(10)
Investment securities gains (losses), net	449	(53)	52	77
Gain on sale of loans, net	658	590	338	181
Earnings on bank-owned life insurance	299	288	101	98
Insurance commissions	663	643	237	235
Travel agency commissions	192	134	69	52
Other	852	818	287	241
TOTAL NONINTEREST INCOME	4,179	3,422	1,435	1,253
NONINTEREST EXPENSE				
Salaries and employee benefits	6,516	5,901	2,201	1,978
Occupancy and equipment	1,612	1,435	525	482
Data processing	1,135	962	429	355
Professional fees	177	159	57	58
Advertising	265	204	86	80
Federal Deposit Insurance	480	470	167	123
Other	2,261	1,967	620	799
TOTAL NONINTEREST EXPENSE	12,446	11,098	4,085	3,875
INCOME BEFORE INCOME TAXES	3,145	1,575	1,255	(392)
Income taxes	424	(88)	227	(340)
NET INCOME	\$ 2,721	\$ 1,663	\$ 1,028	\$ (52)

To Our Shareholders

Kish Bancorp, Inc. announced unaudited financial results for the period ending September 30, 2010. The Corporation's total assets rose to \$567 million, an increase of \$57 million, or 11.3%, compared to total assets of \$510 million as of September 30, 2009. Total deposits grew by \$58 million to \$442 million, an increase of 15.0% from \$385 million a year ago. Loans outstanding grew \$10 million, or 2.7%, to \$368 million from \$358 million the prior year as the pace of demand slowed in the third quarter.

For the quarter ending September 30, 2010, net income increased to \$1.028 million from \$(52) thousand for the third quarter of 2009. The provision for loan losses decreased to \$400 thousand in the third quarter of 2010 compared to \$1.723 million in the same period in 2009. Net income for the first nine months of 2010 totaled \$2.721 million, an increase of \$1.058 million, or 63.6%, compared to \$1.663 million as of September 30, 2009. Core earnings growth remained strong during the first nine months and the Corporation continued to enhance its reserve for possible loan losses. \$1.2 million was set aside from earnings through the loan loss provision in 2010 while actual net charge offs were \$307,000. As a result, the reserve for possible loan losses increased to \$6.3 million at September 30, 2010 from \$5.2 million at September 30, 2009, and now stands at 1.67% of total loans compared to 1.42% a year earlier.

Net interest income remained strong in the third quarter at \$4.305 million, an increase of \$352 thousand, or 8.9%, compared to \$3.953 million for the quarter ending September 30, 2009. Net interest income for the first nine months of 2010 rose 10.7% to \$12.612 million compared to \$11.394 million during the same period in 2009.

Noninterest income increased \$182 thousand, or 14.5%, to \$1.435 million for the quarter ending September 30, 2010 from \$1.253 million in 2009. This increase was driven by strong mortgage origination activity that offset decreases in service fees on deposit accounts and investment security gains. For the first nine months of 2010, noninterest income increased \$757 thousand to \$4.179 million from \$3.422 million in 2009. Gains on the sale of trading and investment securities totaled \$449 thousand during 2010 as compared to net losses of \$126 thousand during the same period in 2009. After eliminating securities gains, year to date noninterest income increased 5.1%.

Noninterest expense was \$4.085 million during the third quarter of 2010, an increase of \$210 thousand, or 5.4%, over the same period in 2009. Primary drivers of the increase in 2010 expenses were increased salaries and benefits expenses, higher data processing costs, and a 36% rise in FDIC insurance assessments. These increases, along with the costs of expansion in Centre County and higher advertising expenditures, resulted in a 12.1% increase in noninterest expense for the first nine months of 2010, from \$11.098 million in 2009 to \$12.446 million in 2010.

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable October 31,

2010 to shareholders of record as of October 1, 2010. Dividends per share remain unchanged from the same period last year and have been sustained throughout the economic downturn.

Following the end of the third quarter, we were pleased to announce the appointment of EVP Brad Scovill to the position of Chief Operating Officer. Brad will assume responsibility for daily operations in addition to his role as Chief Financial and Senior Risk Officer. A public release will follow shortly.

Sincerely,



William P. Hayes
Chairman, President and CEO

Selected Financial Highlights

Unaudited (\$ in thousands, except per share data)	Nine Months Ended	
	Sept. 2010	Sept. 2009
Net Income	\$ 2,721	\$ 1,663
Total Assets	\$ 567,111	\$ 509,688
Net Loans	\$ 367,958	\$ 358,217
Total Deposits	\$ 442,344	\$ 384,719
ROA (annual)	0.67%	0.45%
ROE (annual)	10.61%	6.80%
Earnings per Share	\$ 5.14	\$ 3.15
Dividends per Share	\$ 2.43	\$ 2.43

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*Serves as a member of the Board of Directors of Kish Bank and not Kish Bancorp.

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Branch Locations

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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
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expect more

