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Kish Bancorp Announces Third Quarter Financial Results

STATE COLLEGE, PA – November 22, 2010 – William P. Hayes, Chairman, President and CEO of Kish Bancorp, Inc., the parent company of Kish Bank, has 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.

President and CEO William P. Hayes commented, "We are pleased with our performance through the first nine months of 2010. In spite of continued difficulties in the local and national economy, our core banking business has expanded steadily as evidenced by growth in our net interest income, which reached an all time high in the third quarter. Throughout this record period of recession and slow recovery, we have remained focused on delivering on the Kish Promise through support for existing customers and new relationships."

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.

Hayes added, "Our commitment to building a strong residential mortgage platform has resulted in a sustained level of high noninterest income. At the same time, while noninterest expenses have increased as a result of our expansion in Centre County, we remain below forecast for 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.

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.

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