

## Consolidated Balance Sheet

### Unaudited

(in thousands)

	December 31, 2010	December 31, 2009
<b>ASSETS</b>		
Cash and due from banks	\$ 7,152	\$ 8,659
Interest-bearing deposits with other institutions	12,731	28,538
Cash and cash equivalents	19,883	37,197
Certificates of deposit in other financial institutions	2,734	3,558
Trading securities	-	-
Investment securities available for sale	120,862	78,078
Loans held for sale	918	574
Loans	373,555	373,220
Less allowance for loan losses	6,245	5,396
Net Loans	367,310	367,824
Premises and equipment	13,633	13,407
Goodwill	1,669	1,669
Regulatory stock	4,162	4,144
Bank-owned life insurance	11,685	11,271
Accrued interest and other assets	13,786	9,674
<b>TOTAL ASSETS</b>	<b>\$ 556,642</b>	<b>\$ 527,396</b>
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$ 45,225	\$ 43,029
Interest-bearing deposits	400,777	364,692
Total Deposits	446,002	407,721
Short-term borrowings	7,609	4,628
Other borrowings	62,871	76,924
Accrued interest and other liabilities	4,431	4,061
<b>TOTAL LIABILITIES</b>	<b>520,913</b>	<b>493,334</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.50 par value; 2,000,000 shares authorized		
610,000 shares issued	305	305
Additional paid-in capital	543	620
Retained earnings	41,765	39,967
Accumulated other comprehensive income (loss)	24	247
Unearned restricted stock	(410)	(347)
Treasury stock, at cost (73,046 and 74,549 shares)	(6,498)	(6,730)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>35,729</b>	<b>34,062</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 556,642</b>	<b>\$ 527,396</b>

## Consolidated Statement of Income

### Unaudited

(in thousands)

	Twelve Months Ended		Three Months Ended	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
<b>INTEREST AND DIVIDEND INCOME</b>				
Interest and fees on loans:				
Taxable	\$ 20,716	\$ 20,437	\$ 5,138	\$ 5,261
Exempt from federal income tax	1,088	1,053	276	278
Investment securities:				
Taxable	1,892	2,210	473	501
Exempt from federal income tax	1,322	1,475	343	349
Interest-bearing deposits with other institutions	109	135	26	27
Other dividend income	88	121	31	34
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>25,215</b>	<b>25,431</b>	<b>6,287</b>	<b>6,450</b>
<b>INTEREST EXPENSE</b>				
Deposits	4,861	5,979	1,152	1,345
Short-term borrowings	122	92	41	22
Other borrowings	3,244	3,835	718	952
<b>TOTAL INTEREST EXPENSE</b>	<b>8,227</b>	<b>9,906</b>	<b>1,911</b>	<b>2,319</b>
<b>NET INTEREST INCOME</b>	<b>16,988</b>	<b>15,525</b>	<b>4,376</b>	<b>4,131</b>
Provision for loan losses	1,850	2,344	650	201
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>15,138</b>	<b>13,181</b>	<b>3,726</b>	<b>3,930</b>
<b>NONINTEREST INCOME</b>				
Service fees on deposit accounts	1,423	1,458	357	383
Trading securities gains (losses), net	-	(7)	-	66
Investment securities gains (losses), net	1,023	595	574	648
Gain on sale of loans, net	1,045	781	387	191
Earnings on bank-owned life insurance	400	389	101	101
Insurance commissions	853	822	190	179
Travel agency commissions	231	203	39	69
Other	1,433	1,064	581	246
<b>TOTAL NONINTEREST INCOME</b>	<b>6,408</b>	<b>5,305</b>	<b>2,229</b>	<b>1,883</b>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	8,752	7,916	2,236	2,015
Occupancy and equipment	2,183	1,935	571	500
Data processing	1,538	1,309	403	347
Professional fees	254	224	77	65
Advertising	377	321	112	117
Federal Deposit Insurance	646	603	166	133
Debt Prepayment Penalty	549	-	549	-
Other	3,220	2,592	959	625
<b>TOTAL NONINTEREST EXPENSE</b>	<b>17,519</b>	<b>14,900</b>	<b>5,073</b>	<b>3,802</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>4,027</b>	<b>3,586</b>	<b>882</b>	<b>2,011</b>
Income taxes	471	373	47	461
<b>NET INCOME</b>	<b>\$ 3,556</b>	<b>\$ 3,213</b>	<b>\$ 835</b>	<b>\$ 1,550</b>

## To Our Shareholders

Kish Bancorp, Inc. is presenting unaudited financial results for the period ending December 31, 2010. The Corporation's total assets at year end were \$557 million, an increase of \$30 million, or 5.6%, compared to total assets of \$527 million as of December 31, 2009. Total deposits grew by \$38 million to \$446 million, an increase of 9.4% from \$408 million a year ago. Loans outstanding were \$367 million, unchanged from the prior year as the pace of demand slowed in the second half of 2010 and borrowers continued to reduce indebtedness.

Net income for the twelve months ending December 31, 2010 was \$3.556 million, an increase of \$343 thousand, or 10.7%, from \$3.213 million in 2009. Consistent with the change in net income, earnings per share increased 10.5%, to \$6.72, from \$6.08 in 2009. Net interest income grew \$1.463 million during 2010, a 9.4% increase from 2009, as deposit growth provided a foundation for asset growth at positive margins.

Net income for the quarter ending December 31, 2010 was \$835 thousand compared to \$1.550 million for the fourth quarter of 2009. Core earnings remained strong during the quarter as net interest income and non-interest income increased 5.9% and 18.4% respectively compared to last year. Offsetting the growth in revenues was a \$449 thousand increase in the provision for loan losses from \$201 thousand in fourth quarter 2009 to \$650 thousand in 2010. This expense offset the charge to the reserve, which was incurred as management took steps toward resolving one large problem commercial loan. The contribution maintained the reserve for potential loan losses at an appropriate level given the continued slow recovery in the local economy and ongoing stresses in the loan portfolio. Also during the fourth quarter, management implemented a moderate restructuring of the balance sheet by prepaying approximately \$8 million in above market rate FHLB borrowings. The associated extinguishment fees were offset by gains on the sale of investments. The resulting expansion in net interest income is expected to significantly contribute to earnings over the remaining life of these instruments.

For the year, contributions to the allowance for potential loan losses decreased to \$1.850 million in 2010 from \$2.344 million in 2009. Actual net charge-offs during 2010 were \$1.002 million, including \$560 thousand relating to the large single credit discussed earlier. As a result, the allowance for loan losses rose to \$6.245 million at year end, or 1.67% of total loans outstanding. This is an increase of \$849 thousand, or 15.7%, from \$5.396 million at December 31, 2009, while outstanding loans remained flat.

Noninterest income increased by \$1.103 million, or 20.8%, to \$6.408 million during 2010, from \$5.305 million in 2009. Excluding gains from investing activities, noninterest income rose by \$668 thousand, or 14.2%, primarily due to yearlong strength in secondary market residential mortgage origination activities and growth in income from investment services sales.

## Selected Financial Highlights

Unaudited (\$ in thousands, except per share data)	Twelve Months Ended	
	Dec. 2010	Dec. 2009
Net Income	\$ 3,556	\$ 3,213
Total Assets	\$ 556,642	\$ 527,396
Net Loans	\$ 367,310	\$ 367,824
Total Deposits	\$ 446,002	\$ 407,721
ROA (annual)	0.65%	0.64%
ROE (annual)	10.31%	9.73%
Earnings per Share	\$ 6.72	\$ 6.08
Dividends per Share	\$ 3.24	\$ 3.24

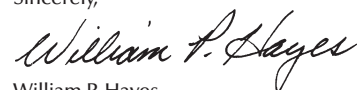
Revenues from insurance and travel related activities were also up moderately year over year.

Noninterest expense was \$17.519 million during 2010, an increase of \$2.619 million, or 17.6%, from \$14.900 million in 2009. Primary drivers of the increase in 2010 expenses were budgeted salaries and benefit increases, higher data processing costs, a \$196 thousand OREO valuation write-down, and the \$549 thousand charge related to FHLB borrowings discussed earlier.

The Corporation's Board of Directors approved a quarterly dividend in the amount of \$0.81 per share payable January 31, 2011 to shareholders of record as of January 1, 2011. Dividends per share remain unchanged from the same period last year.

Thank you for your continued support.

Sincerely,



William P. Hayes  
Chairman, President and CEO

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**Lewistown-S. Main Street**  
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