



Contact: William P. Hayes
President and CEO
814-861-4660
whayes@kishbank.com

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Kish Bancorp, Inc. Announces Third Quarter Financial Results

STATE COLLEGE, PA – November 8, 2011 – William P. Hayes, Chairman, President and CEO of Kish Bancorp, Inc., and its principal subsidiary, Kish Bank (the “Bank”) has announced unaudited financial results for the period ending September 30, 2011. During the quarter, the Corporation’s total assets increased to \$557 million from \$555 million as of June 30, 2011, an increase of \$2 million. Total deposits grew by \$8 million to \$443 million from \$435 million, and loans outstanding increased by \$3 million to \$375 million from \$372 million during the same period. These increases translate into annualized growth rates of 1.1%, 3.5%, and 6.8% for assets, loans, and deposits respectively.

Net income for the third quarter of 2011 equaled \$1.157 million, an increase of \$129 thousand, or 12.6%, compared to \$1.028 million as of September 30, 2010. For the nine months ending September 30, 2011, net income increased 3.5%, or \$94 thousand, to \$2.815 million from \$2.721 million in 2010.

Net interest income in the third quarter was \$4.293 million, a decrease of \$12 thousand, or 0.3%, compared to \$4.305 million for the quarter ending September 30, 2010. Net interest income for the first nine months of 2011 was \$12.924 million, an increase of \$312 thousand, or 2.5%, compared to the first nine months of 2010.

Stronger earnings during the first nine months were supported by a decrease in the contribution to the provision for loan losses during 2011. \$650 thousand was set aside from earnings through the loan loss provision in 2011 as compared to \$1.2 million in 2010. Although the Bank has continued to experience sustained higher levels of classified loans, other loan quality indicators remain very positive. For the first nine months of the year, loan losses have been negligible, with losses more than offset by recoveries on previously charged-off loans. Consequently, while the Corporation’s provision expenses have declined, its reserve ratio has increased substantially to \$6.897, or 1.84%, of total loans as of September 30, 2011 from \$6.289 million, or 1.68%, at September 30, 2010. Loan delinquencies remain at historic lows.

Noninterest income increased \$883 thousand, or 61.5%, to \$2.318 million for the quarter ending September 30, 2011 from \$1.435 million in 2010. 2011 results include the addition of business property income from a foreclosed business loan that continues to operate profitably. Also, gains on the sale of investment securities totaled \$236 thousand during the third quarter of 2011 as compared to gains of \$52 thousand during the same period in 2010. These factors translated into a year-over-year increase of \$1.767 million, or 42.3%, in noninterest income as

of September 30, 2011. With these factors set aside, noninterest income has remained level year-over-year due to sustained mortgage origination revenues and service fees together with higher revenues from the insurance and investment services divisions.

Noninterest expense was \$5.062 million during the third quarter of 2011, an increase of \$977 thousand, or 23.9%, over the same period in 2010, based in large part on costs related to operating the business property discussed above. Excluding the impact of these expenses, core noninterest expenses grew by \$495 thousand, or 12.1%, in 2011 as FDIC insurance assessments, consulting fees, and salaries and benefits all increased. During the nine-month period ending September 30, 2011, noninterest expenses increased \$2.592 million, or 20.8%. These expenses are higher than usual primarily due to the business property expenses and costs associated with the resolution of regulatory matters announced earlier this year. These expenses are expected to be nonrecurring.

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

"We are pleased to note that we have continued to implement strategies to strengthen the Corporation's already healthy capital position," Mr. Hayes said. "Through continued profitability and sustained focus on developing long-term shareholder relationships, we are providing a reliable source of capital that will support future growth opportunities for the Corporation," he added.

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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