



First Security Inc.

Press Release

For Immediate Release

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First Security Inc. the bank holding company for First Security Bank announces another record quarter earnings and a record year of earnings.

First Security Inc. is pleased to announce another record quarter and year in performance for the holding company. Net Income for the 4th quarter increased by **\$230,000 or 46%** over the same quarter in 2010. The company's 2011 net Income was \$2.4 million, **up \$898,000 or 59%** over year ago 2010 levels. .

"What a tremendous 2011! It was a record year of growth and profitability for our company." Stated M. Lynn Cooper, President and CEO of the company. "We have accomplished so much and are pleased with our success to date. While the banking industry and the economy continue to struggle, we have been able to produce solid results and have built a solid foundation for continued growth and success. Additionally, we have a professional management team with the capacity and experience to assimilate considerably more growth while maintaining a first class bank that will serve our customers, employees, and shareholders well."

Financial Highlights of the year follow:

- **Assets** at quarter-end totaled \$369 million which is an **increase** of \$32 million or nearly **10%** over the same prior year period.
- **Net Income** for the fourth quarter was \$733,000, **up \$230,000, or 46%** over the same quarter in 2010. Net Income year to date was \$2.4 million, **up \$898,000, or 59%** over year to date 2010 results.
- **Return on assets**, year to date was **.67%** compared to .56% year to date in 2010, **an improvement of 11 points**.
- **Return on equity** was **11.14%** compared to 8.28% year to date prior period, **an improvement of 286 basis points**.

- **Basic earnings per share** for the fourth quarter were \$1.01 versus \$.70 in the same quarter prior year. Basic 2011 earnings per share were **\$3.35**, compared to \$2.33 year to date in 2010. **An increase of \$0.31 per share in the fourth quarter comparison and an increase of \$1.02 per share, year to date 2011.**
- **Dividends**-A dividend of **14 cents per share** payable to shareholders of record as of January 25th, 2012 was declared for the fourth quarter. This is the **seventh consecutive year of increased dividends** for the company.
- **Loans and Deposits**- **Loans increased 10%** on a year over year basis, while **Deposits increased 13%** for the same period. Your Company continues to seek out strong relationships that represent solid, long term customers for years to come.

Other highlights of the year include:

- **New Lexington office**- Announcement of expansion into the Lexington, Kentucky market. The new office located at 2352 Sir Barton Way in Hamburg Place and is scheduled to open in February.
- **Five Star Rating**- The bank received a 5 Star Rating by Bauer Financial, a nationally known, independent bank rating firm. This is the highest possible rating a bank can achieve and is higher than any rating achieved by any other commercial bank in the Owensboro and Evansville market and is equal to the highest rating achieved in the Bowling Green and Lexington, KY markets.
- **Capital Raise**- The bank successfully completed a capital raise increasing capital over \$13 million.
- **New Corporate Headquarters**- The company has begun renovation and construction on a new corporate headquarters building located in downtown Owensboro scheduled for completion around mid-year of 2012.

Maintaining strong credit quality will continue to be a focus. While not immune from credit losses, the bank has continued to perform better than the peer group with nonperforming loans to total loans at the end of the year at 1.29%. The Company has an allowance for loan losses which coupled with the loan discount equals \$4.0 million, representing **1.38% of total loans**.

Among other things, the increase in net income was attributed to the continued success the Bank has experienced in the Evansville market, as well as a full year of operations of the five Bowling Green and Franklin, Kentucky offices acquired by the Bank in 2010. Quarter to date and year end 2011 results were also positively impacted by the Company's execution of a de-leveraging strategy whereby the Bank sold some securities, prepaid a high cost FHLB advance, and provided an additional provision for loan losses. The net effect of this strategy, accounted for \$160,000 of the 2011 increase in net income on a quarter over quarter and year over year basis. The bank's footprint now includes Bowling Green, Franklin, Lexington and Owensboro, Kentucky and Evansville, Indiana.