



First Security Inc.

Press Release

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First Security Bank Announces 3rd Quarter 2014 Results and Record Three and Nine Months Earnings

Owensboro, Kentucky- First Security Inc. (The holding company for First Security Bank, Inc.) announced today their performance for the third quarter and nine months of 2014. Earnings and Loans continued its strong growth into the third quarter of the year with earnings up 270% and loans up 17% compared to the third quarter of last year.

“Our continued focus on executing our strategic plan has provided us with the ability to accomplish record results. The Company has continued to grow its customer base through all of its markets. This growth has contributed to higher net interest income and non-interest income, all while maintaining our non-interest expense at levels similar to prior periods,” stated M. Lynn Cooper, President and CEO.

Highlights of the quarter include:

- **Earnings** - Third quarter earnings were **up \$717,000 or 270%** as compared to the third quarter of 2013 and were **up \$328,000 or 50%** over the most recent prior quarter. This is the **highest quarterly earnings in the Company’s history**. On a year to date basis, the Company recorded net income of \$2 million during the first nine months of 2014 as compared to \$814,000 during the same year to date period in 2013, a **150% increase**. This is the **highest first nine months earnings on record for the Company**. Net income for the first nine months of 2014 was almost double net income recorded for all of 2013.
- **Basic earnings per share** - For the first nine months of 2014, earnings per share were **\$1.12** as compared to \$1.03 per share for the same period in 2013. This is significant in that a substantial amount of new capital was raised during early 2014; however net income has grown so significantly that the Company is able to report a **9% increase in basic earnings per share**.

Comparing the third quarter of 2014 to the third quarter of 2013 results in an **increase of \$0.11 per share or 33%**.

- **Cash Dividend** - A dividend was declared in the amount of **\$.16** per share, our 45th consecutive dividend. The dividend is payable to shareholders of record as of November 14, 2014.
- **Asset Quality** – Nonperforming assets to total assets were 0.84% as of the end of the third quarter of 2014 compared to 1.19% as of the end of the third quarter of 2013, a **29% improvement**. The Company remains proud of its strong credit quality, better than many of its peers. During this same year over year period the allowance for loan losses has grown to 1.07% of loans, up 6% from a year ago, recognizing that along with our strong loan growth, adequate reserves are necessary when building a strong bank.
- **Expansion** – The Company is actively pursuing many opportunities to help further grow shareholder value. These opportunities may result in an expansion within our existing footprint or in newer markets. We also continue to look for ways to deliver more and better products and services to our client base.
- **New Branch** - We closed on the purchase of a former bank branch location in the Wellington area in Lexington, KY in the Southern part of the city. This location is scheduled to open in early 2015 and will be our second Lexington location. We have experienced great success with our existing Lexington location in the Hamburg area and hope to duplicate that success at our Wellington location.

Financial highlights below reflect third quarter results as compared to the second quarter of 2014 as well as financial results for the first nine months of 2014 as compared to the first nine months of 2013:

	Compared to Prior Quarter	Compared to First Nine Months, 2013
Loans	Up \$20 million or 5%	Up \$61 million or 17%
Deposits	Up \$3.5 million or 1%	Up \$17 million or 4%
Stockholders' Equity	Up \$2.5 million or 5%	Up \$32 million or 133%
Net Income	Up \$328 thousand or 50%	Up \$1.2 million or 150%
Non-Interest Income	Up \$145 thousand or 14%	Up \$571 thousand or 23%
Non-Interest Expense	Up \$17 thousand or <1%	Up \$299 thousand or 3%
Net Interest Income	Up \$338 thousand or 9%	Up \$1.7 million or 17%

Other areas of note include improvement to net interest margin and return on assets. See attached third quarter 2014 financial summary.

The stock trading activity for First Security (symbol FIIT) can be accessed at www.otcmarkets.com.

FIRST SECURITY, INC.
Unaudited Consolidated Statement of Condition

ASSETS	September 2014	December 2013	September 2013
Cash & due from banks	\$ 12,995,747	\$ 18,551,425	\$ 14,252,714
Federal funds sold	-	68,000	58,000
Cash & cash equivalents	\$ 12,995,747	\$ 18,619,425	\$ 14,310,714
Securities available for sale	\$ 51,260,967	\$ 52,428,298	\$ 53,159,508
Securities held to maturity	9,727,713	-	-
Total securities	\$ 60,988,680	\$ 52,428,298	\$ 53,159,508
Loans	\$ 420,650,726	\$ 375,687,097	\$ 359,241,767
Less allowance for loan losses	(4,492,006)	(3,608,139)	(3,607,794)
Less Loan Discount	(314,471)	(501,778)	(572,011)
Net loans	\$ 415,844,249	\$ 371,577,181	\$ 355,061,963
Mortgages held for sale	\$ 4,154,314	\$ 1,695,169	\$ 2,450,928
Regulatory stock	1,930,644	1,557,040	1,760,554
Property and equipment	16,026,061	15,976,571	15,848,087
Other real estate owned	25,415	295,100	268,850
Goodwill	4,346,458	4,346,458	4,346,458
Core deposit	1,277,404	1,491,299	1,568,104
Bank Owned Life Insurance	9,375,718	6,406,749	6,351,849
Other assets	3,688,254	4,638,882	3,169,199
TOTAL ASSETS	\$ 530,652,944	\$ 479,032,171	\$ 458,296,214
LIABILITIES & EQUITY			
Non interest bearing deposits	\$ 57,967,392	\$ 53,267,569	\$ 52,985,132
Interest-bearing deposits	344,937,402	343,868,587	332,610,333
Total deposits	402,904,794	397,136,156	385,595,465
Other borrowed funds	\$ 56,207,439	\$ 35,954,453	\$ 27,029,484
Other liabilities	5,262,957	4,714,247	4,367,505
Subordinated note	9,875,000	9,875,000	9,875,000
Note payable	-	7,086,060	7,238,658
Total liabilities	\$ 474,250,190	\$ 454,765,915	\$ 434,106,112
Non-voting common	\$ 11,565,727	\$ -	\$ -
Common stock	24,151,714	10,727,995	10,727,995
Surplus	12,420,350	7,344,458	7,344,458
Undivided profits	9,183,610	8,014,437	7,847,625
Other comprehensive income	(918,647)	(1,820,634)	(1,729,977)
Total stockholders' equity	\$ 56,402,754	\$ 24,266,256	\$ 24,190,101
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 530,652,944	\$ 479,032,171	\$ 458,296,214
Book value Per Share*	\$ 24.17	\$ 32.65	\$ 32.44
Tangible Book Value per Share	\$ 21.41	\$ 23.07	\$ 22.87

* Excludes the impact of other comprehensive income

FIRST SECURITY, INC.**Unaudited Consolidated Income Statement**

	September - Quarter to Date		September - Year to Date	
	2014	2013	2014	2013
Total interest income	\$ 5,469,614	\$ 4,833,487	\$ 15,625,461	\$ 14,128,421
Total interest expense	1,194,788	1,313,210	3,694,148	3,915,686
Net interest income	\$ 4,274,826	\$ 3,520,277	\$ 11,931,313	\$ 10,212,735
Provision for loan losses	\$ 375,000	\$ 330,000	\$ 1,125,000	\$ 985,000
Noninterest income				
Service charges on deposits	\$ 352,418	\$ 289,679	\$ 961,874	\$ 725,819
Net gains on sale of loans	241,364	158,873	550,207	476,984
Net gains on sale of securities	-	-	-	244,753
Net gain (loss) on sale of OREO	5,991	-	(17,392)	15,973
Net gains on sale of fixed assets	92,520	-	92,520	-
Bank Owned Life Insurance Income	67,689	54,640	168,969	169,925
Other noninterest income	453,501	310,598	1,333,504	885,639
Total noninterest income	\$ 1,213,482	\$ 813,790	\$ 3,089,682	\$ 2,519,093
Noninterest expenses				
Personnel expense	\$ 2,070,760	\$ 2,021,771	\$ 6,250,613	\$ 6,022,417
Occupancy and equipment expense	656,776	580,238	1,808,301	1,809,069
Strategic expenses	-	-	-	-
Other noninterest expense	970,019	1,031,168	2,919,143	2,847,521
Total noninterest expenses	\$ 3,697,555	\$ 3,633,177	\$ 10,978,057	\$ 10,679,007
Income before tax expense	\$ 1,415,754	\$ 370,890	\$ 2,917,938	\$ 1,067,821
Income tax expense	434,088	105,725	880,915	253,842
Net income	\$ 981,666	\$ 265,165	\$ 2,037,023	\$ 813,979
Net income per share - basic	\$ 0.44	\$ 0.33	\$ 1.12	\$ 1.03
Net income per share - diluted	\$ 0.44	\$ 0.33	\$ 1.12	\$ 1.03
Average shares outstanding - basic	2,325,521	798,958	1,814,593	786,671
Average shares outstanding - diluted	2,639,725	1,113,162	2,128,797	1,100,875
Performance ratios				
Return on average assets	0.75%	0.23%	0.54%	0.25%
Return on average equity	7.00%	4.39%	5.69%	4.43%
Net interest margin	3.50%	3.36%	3.45%	3.39%
Efficiency ratio	67.4%	83.8%	73.1%	83.9%
Asset Quality	September 30, 2014	December 31, 2013	September 30, 2013	
Allowance for Loan Loss to Loans	1.07%	0.96%	1.01%	
Non Performing Assets to Assets	0.84%	0.97%	1.19%	
Non Performing Loans to Loans	1.05%	1.16%	1.44%	
Allowance for Loan Loss to Non Performing Loans	101.45%	82.71%	69.77%	