



**First Security Inc.**

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Press Release

For Immediate Release

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**First Security Inc. the bank holding company for First Security Bank, headquartered in Owensboro, Kentucky, announces record earnings and growth.**

First Security Inc., the bank holding company for First Security Bank, headquartered in Owensboro, Kentucky, with additional offices in Bowling Green and Franklin, KY and Evansville, IN announced today record earnings and growth for the fourth quarter and the year.

“What a fantastic 2010, a record performance for our Company. While the banking industry continues to have many challenges, our results are strong and we have built a robust foundation to help produce many years of success,” stated M. Lynn Cooper, President and Chief Executive Officer.

Highlights of the year follow:

- **Assets** at quarter-end totaled \$337 million which is an **increase** of \$3.5 million over prior quarter end and an **increase** of \$120 million or **55%** over same period prior year.
- **Net Income** for the quarter was \$502,403, **up \$190,571 or 61%** over the same quarter in 2009. Net Income year to date was \$1,517,267, **up \$608,308 or 67%** over year to date, prior period.
- **Return on assets**, year to date 2010 was .56% compared to .48% year to date in 2009, **an improvement of 8 points**.
- **Return on equity** was 8.28% compared to 5.77% year to date prior period, **an improvement of 251 points**.
- **Basic earnings per share** for the fourth quarter were \$.70 versus \$.52 in the same quarter prior year. Basic earnings per share, year to date were \$2.33 compared to \$1.53 year to date in 2009. **An increase of \$.18 per share in the fourth quarter comparison and up \$.80 per share, year to date.**
- **Net Interest Margin improved 69 basis points** on a year to date basis, from 3.21% in 2009 to 3.90% in 2010.

- **Non-Performing Assets to Assets** was **0.78%** for quarter end 2010, **improving 64 basis points** from year end 2009 of 1.42%. (Non-performing assets include loans past due 90 plus days, nonaccrual loans and other real estate owned.)
- **Dividends**-A dividend of **12.5 cents per share** payable to shareholders of record as of January 25<sup>th</sup>, 2011 was declared for the fourth quarter. This is the sixth consecutive year of increased dividends for the Company.
- **Loans increased 66%** on a year over year basis, while **Deposits increased 67%** for the same period. These exceptional growth numbers are represented in part by the branch office acquisition completed in the third quarter of 2010.

Maintaining strong credit quality continues to be a focus for the Company. While not immune from credit losses, First Security continues to perform significantly better than its peer group. The Company has an allowance for loan losses to total loans of 0.77% and has a \$2.0 million discount on the purchased loans. Allowance for loan losses coupled with the loan discount equals \$4.0 million, representing **1.52% of total loans**. The Company believes it has recorded an adequate allowance for loan losses and discount on purchased loans.

During 2010, First Security announced the acquisition of a 28,000 square foot building across the street from their existing headquarters in downtown Owensboro, KY. Almost doubling its space, the building will enable the Company to take care of its growth and provide a long term strategic answer to their space needs.

“We have grown from roughly 40 to more than **100 employees** during 2010. While the addition of the five branches was the primary cause for the additional staff, the Company also chose to increase its operational staff. The talent level of our over 100 associates is even greater than it was a year ago. We believe people are attracted to the growth opportunities within First Security. All of our new associates have great experiences, broadening the knowledge base of our collective employees,” stated M. Lynn Cooper, President and Chief Executive Officer.

The board of directors agreed to extend First Security’s common stock and subordinated debenture offering because of continued demand. Michael Beckwith, Chief Financial Officer stated, “We are pleased that new and existing shareholders continue to share in our excitement. As a reminder, the terms are as follows: a convertible debenture is available with a maturity of 10 years @ 7.00% with a five year call and an option to purchase stock at \$33.00 and the stock is offered at a price of \$28.00 per share.”

M. Lynn Cooper closed by saying, “First Security’s footprint now includes Bowling Green, Franklin and Owensboro, Kentucky and Evansville, Indiana. These dynamic markets are all within the original footprint we identified as areas we would consider for expansion and growth. We continue to look at opportunities to expand not only in the markets we serve but also in areas we have yet to penetrate. Given the right opportunity, whether an organization or individual, we are committed to growing in an area that includes cities such as Louisville, Lexington, Nashville, and Indianapolis.”

Attached is the year end Financial Report for First Security, Inc.

**FIRST SECURITY, INC**  
**Unaudited Consolidated Statement of Condition**

ASSETS	Dec	
	2010	2009
Cash & due from banks	25,396,784	14,182,309
Federal funds sold	55,864	8,696,000
Cash & cash equivalents	25,452,648	22,878,309
Securities available for sale	23,684,179	27,174,887
Securities held to maturity	2,050,800	2,580,359
Total securities	25,734,979	29,755,246
Loans	264,862,751	158,692,083
Less allowance for loan losses	(2,041,302)	(1,928,035)
Less Loan Discount	(1,988,344)	-
Net loans	260,833,105	156,764,048
Mortgages held for sale	4,891,924	2,532,087
Regulatory Stock	1,091,459	1,022,459
Property and equipment	9,122,142	2,135,222
Goodwill	4,346,458	-
Core Deposit	2,331,301	-
Other assets	3,220,763	2,170,648
<b>TOTAL ASSETS</b>	<b>337,024,779</b>	<b>217,258,019</b>

LIABILITIES & EQUITY	Dec	
	2010	2009
Non interest bearing deposits	37,952,745	30,678,789
Interest-bearing deposits	234,168,722	132,260,158
Total deposits	272,121,467	162,938,947
Other borrowed funds	26,793,694	37,223,497
Other liabilities	1,318,309	817,241
Note Payable	7,730,260	-
Subordinated Note	9,110,000	-
<b>Total liabilities</b>	<b>317,073,730</b>	<b>200,979,685</b>
<b>Stockholders' equity</b>		
Common stock	9,618,938	7,983,597
Surplus	6,129,922	4,506,295
Undivided profits	4,394,923	3,194,653
Other comprehensive income	(192,734)	593,789
<b>Total stockholders' equity</b>	<b>19,951,049</b>	<b>16,278,334</b>
<b>TOTAL LIABILITIES &amp; EQY</b>	<b>337,024,779</b>	<b>217,258,019</b>
<b>Book value Per Share*</b>	<b>\$ 28.13</b>	<b>\$ 26.38</b>

\* Excludes the impact of other comprehensive income

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

	<b>December</b>		<b>December</b>	
	<b>Quarter to Date</b>		<b>Year to Date</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Total interest income	4,208,225	2,676,422	13,587,815	9,718,233
Total interest expense	1,051,910	1,029,862	4,067,155	4,058,928
Net interest income	3,156,315	1,646,560	9,520,660	5,659,305
Provision for loan losses	320,000	155,000	935,000	402,500
<b>Noninterest income:</b>				
Service charges on deposits	153,366	102,657	593,258	329,564
Net gains on sale of loans	253,899	87,042	593,919	236,269
Net gains on sale of securities	-	-	1,157,470	73,888
Other noninterest income	261,618	35,802	541,846	124,416
<b>Total noninterest income</b>	<b>668,883</b>	<b>225,501</b>	<b>2,886,493</b>	<b>764,137</b>
<b>Noninterest expenses:</b>				
Personnel expense	1,287,792	684,852	3,888,369	2,570,792
Occupancy and equipment expense	430,542	134,857	1,002,574	621,699
Strategic Expenses	14,858	-	635,592	-
FHLB Prepayment Penalty	-	-	1,170,591	-
Other noninterest expense	1,048,883	450,479	2,597,968	1,609,180
<b>Total noninterest expenses</b>	<b>2,782,075</b>	<b>1,270,188</b>	<b>9,295,094</b>	<b>4,801,671</b>
Income before tax expense	723,123	446,873	2,177,059	1,219,271
Income tax expense	220,720	135,041	659,792	310,312
<b>Net income</b>	<b>502,403</b>	<b>311,832</b>	<b>1,517,267</b>	<b>908,959</b>
Net income per share - basic	\$ 0.70	\$ 0.52	\$ 2.33	\$ 1.53
Net income per share - diluted	\$ 0.63	\$ 0.52	\$ 2.23	\$ 1.53
Average shares outstanding - basic	714,168	594,590	652,282	594,590
Average shares outstanding - diluted	978,695	594,590	775,087	594,590
<b>Performance ratios:</b>				
Return on average assets	0.60%	0.60%	0.56%	0.48%
Return on average equity	9.90%	7.69%	8.28%	5.77%
Net interest margin	4.08%	3.32%	3.90%	3.21%
Efficiency ratio	72.7%	67.8%	74.9%	74.8%