



First Security Inc.

Press Release

For Immediate Release

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First Security Inc. the bank holding company for First Security Bank, announces record first quarter earnings, increased dividends and a new branch expansion.

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 first quarter earnings.

“We are extremely excited to report, once again, a record quarter in net income. Net income for the first quarter of 2011 was \$454,000 as compared to \$299,000 during the prior year period, a **52% increase in net income**. The increase in net income is due to our substantial increase in the earnings for the Evansville market, the performance of our new acquisition in the Bowling Green market and excellent loan growth throughout the company. Our 100 plus associates, through the strategic direction of Senior Management and the support and guidance of a very capable Board of Directors, provide the fuel that continues to drive your Company forward,” stated M. Lynn Cooper, President and Chief Executive Officer.

Highlights of the first quarter of 2011 follow (changes are as compared to first quarter 2010):

- *Basic earnings per share **increased** 26%*
- *Net interest income **increased** 93%*
- *Loans **increased** 66%*
- *Deposits **increased** 83%*
- *Provision for loan losses **increased** 161%*
- *Charge offs to loans remained **relatively low** compared to peer at 0.26%*
- *Shareholders' equity **increased** 24%*
- *Net interest margin **increased** 85 points to 4.01%*
- *Return on equity **increased** 23% to 9.07%*
- *Non performing loans remained **relatively low** compared to peer at 1.33%*

- **Dividends**-A dividend of **14 cents per share** payable to shareholders of record as of April 27, 2011 was declared for the quarter. This is the **seventh consecutive year of increased dividends** for the Company.

There were many catalysts which enabled these strong results. One important contributor was the growth in loans that First Security has experienced over the last year. Analysis of every bank located in our markets (Owensboro, Bowling Green, and Franklin, Kentucky along with Evansville, Indiana) show that First Security was the leader in loan growth when comparing the percentage growth of year end 2010 versus year end 2009. Referenced from the web site, www.fdic.gov, statistics indicate that thirty three other financial institutions in the indicated markets, reflected less loan growth than First Security. **For the second year in a row, not one other financial institution in the markets we serve grew loans on a percentage basis more than First Security Bank**, even adjusting for the influence of the Bowling Green acquisition.

Mr. Cooper further commented, "While the Company pursued this strategy to grow loans, First Security remained steadfast in maintaining good credit quality. While not immune to credit losses, we have continued to perform better than most banks in our peer group. Allowance for loan losses, coupled with the loan discount, equals \$4.0 million, representing approximately **1.50% of total loans.**"

The integration and performance of the 5 acquired branches and loans continues to exceed the Company's expectations. Loans are performing well, with relatively low delinquency. As expected, deposits in the acquired branch offices have declined since the acquisition; however, the decline has been at a much slower pace than projected. Total deposits of the acquired branches are 96% of the total deposit balance at the date of acquisition. Mr. Cooper stated, "It is not uncommon for acquired branches to experience anywhere from 15-20% decline in deposits during the first year after the acquisition. First Security is on pace to grow the deposit balances within the first year."

First Security is in the final stages of developing plans for the renovation of the 28,000 square foot corporate headquarters building located in downtown Owensboro. Construction is scheduled to begin this summer with occupancy during the spring of 2012. The renovation will allow for this facility to support the growth of First Security.

Due to continued demand, the Company's board of directors, again, agreed to continue the common stock and subordinated debenture offering. Terms of the current offering to accredited investors follows: a convertible debenture is available with a maturity of 10 years paying 7.00% with a five year call and a conversion option to purchase stock at \$33.00, while the common stock is being offered at a price of \$28.00 per share.

Mr. Cooper closed by saying, "We are pleased to announce that the Company has received approvals to open its **9th banking center in Lexington, Kentucky**. Scheduled to open later in 2011, we identified a location in an area commonly referred to as *Hamburg Place*. Lexington, a strong growth market, provides many opportunities for us. We are in the process of recruiting a talented team of bankers who will share and grow the First Security culture of banking in Lexington. As we have shared with you

before, given the right opportunity, we are committed to growing in an area that includes cities such as Louisville, Lexington, Nashville, and Indianapolis.”

Attached is the first quarter 2011 Financial Report for First Security, Inc.

FIRST SECURITY, INC
Unaudited Consolidated Statement of Condition

ASSETS	March 2011	December 2010	March 2010
Cash & due from banks	32,610,488	25,396,784	2,955,657
Federal funds sold	2,707,195	55,864	18,554,607
Cash & cash equivalents	35,317,683	25,452,648	21,510,264
Securities available for sale	29,795,510	23,684,179	36,231,337
Securities held to maturity	2,050,413	2,050,800	2,051,929
Total securities	31,845,923	25,734,979	38,283,266
Loans	265,116,881	264,862,751	159,842,337
Less allowance for loan losses	(2,145,494)	(2,041,302)	(2,008,835)
Less Loan Discount	(1,839,872)	(1,988,344)	-
Net loans	261,131,515	260,833,105	157,833,502
Mortgages held for sale	1,782,976	4,891,924	3,242,983
Regulatory Stock	1,099,859	1,091,459	1,091,459
Property and equipment	9,069,203	9,122,142	2,084,655
Goodwill	4,346,458	4,346,458	221,525
Core Deposit	2,255,247	2,331,301	-
Other assets	2,983,991	3,220,763	1,797,896
TOTAL ASSETS	349,832,855	337,024,779	226,065,550

LIABILITIES & EQUITY	March 2011	December 2010	March 2010
Non interest bearing deposits	39,274,807	37,952,745	15,207,488
Interest-bearing deposits	247,167,915	234,168,722	141,430,935
Total deposits	286,442,722	272,121,467	156,638,423
Other borrowed funds	24,817,566	26,793,694	52,151,181
Other liabilities	1,194,396	1,318,309	664,588
Subordinated Note	9,416,000	9,110,000	-
Notes Payable	7,380,260	7,730,260	-
Total liabilities	329,250,944	317,073,730	209,454,192
Stockholders' equity			
Common stock	9,667,369	9,618,938	7,983,597
Surplus	6,182,763	6,129,922	4,506,295
Undivided profits	4,759,066	4,394,923	3,428,667
Other comprehensive income	(27,287)	(192,734)	693,799
Total stockholders' equity	20,581,911	19,951,049	16,612,358
TOTAL LIABILITIES & EQY	349,832,855	337,024,779	226,066,550
Book value Per Share*	\$ 28.64	\$ 27.99	\$ 26.77

* Excludes the impact of other comprehensive income

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

	March - Quarter to Date	
	2011	2010
Total interest income	4,198,660	2,611,056
Total interest expense	1,065,073	991,266
Net interest income	3,133,587	1,619,790
Provision for loan losses	275,000	105,000
Noninterest income:		
Service charges on deposits	215,445	76,081
Net gains on sale of loans	80,974	57,817
Net gains on sale of securities	-	1,914
Other noninterest income	261,774	38,960
Total noninterest income	558,193	174,772
Noninterest expenses:		
Personnel expense	1,391,189	714,409
Occupancy and equipment expense	427,006	146,820
Strategic Expenses	9,615	42,202
Other noninterest expense	920,062	371,176
Total noninterest expenses	2,747,872	1,274,607
Income before tax expense	668,908	414,955
Income tax expense	215,268	115,536
Net income	453,640	299,419
Net income per share - basic	\$ 0.63	\$ 0.50
Net income per share - diluted	\$ 0.53	\$ 0.50
Average shares outstanding - basic	717,694	594,590
Average shares outstanding - diluted	1,000,010	594,590
Performance ratios:		
Return on average assets	0.53%	0.56%
Return on average equity	9.07%	7.36%
Net interest margin	4.01%	3.16%
Efficiency ratio	74.4%	71.0%