



**First Security Inc.**

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Press Release

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## **First Security Bank announces another strong performance for the first quarter of 2012 and an increase in dividends.**

Net income for the first quarter of 2012 was \$407,000 as compared to \$454,000 in 2011. The first quarter net income was impacted primarily by the expenses related to the Lexington branch which opened in March. Without the effects of the Lexington branch, net income for the first quarter would have improved 7% over the previous year's earnings.

Not only did First Security Bank achieve good performance, but they also experienced several key events and are pleased to announce some recent news as well.

- The Board of Directors approved an **increase in the dividend to \$.15 per share** per quarter for shareholders of record on April 25, 2012. This is an **increase of 7.14%** and is the 35<sup>th</sup> consecutive quarter of dividends and the 8<sup>th</sup> consecutive year of dividend increases.
- The opening of our **newest office in Lexington, KY** located in Hamburg Place, at 2352 Sir Barton Way.
- For the sixth time in a row, we received a **5 Star Rating from Bauer Financial Services**, which is the highest rating any bank can achieve.

- The bank announced the **acquisition of a future Newburgh, IN location**. Purchased from the FDIC, this location was a former Integra Bank branch. This office is located on Highway 66, near the intersection of Highway 261 in Newburgh. The Newburgh office, which is planned to open this fall will be the 10<sup>th</sup> location and will help further serve the Eastern Evansville and Newburgh customers.

Financial Highlights of the quarter, as compared to one year ago, follow:

- **Assets** at quarter-end totaled \$396 million which is an **increase** of 13%
- **Loans** increased **10%**
- **Deposits** increased **18%**.
- **Stockholders' Equity** increased **12%**
- **Book Value per Share** increased **9%**
- **Non-performing loans** to total loans at the end of the quarter were **1.26%**, down slightly from year end 2011.

M. Lynn Cooper, President and CEO, stated, "2012 will be a year of investment and expanding shareholder value. While the Company is expected to continue to be very profitable, earnings are expected to be less than 2011 as the opening of new branches, relocation of the main office, hiring of additional leadership staff, and other strategic investments are made. As has occurred in the past, management expects these investments to provide greater earnings in future years and will help build franchise value."

M. Lynn Cooper further commented, "The Company has experienced significant growth over the past few years. This growth is a direct result of our strategy and the execution of that strategy will continue as we seek additional opportunities to improve shareholder value. We have a strong 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."

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

<b>ASSETS</b>	<b>March 2012</b>	<b>December 2011</b>	<b>March 2011</b>
Cash & due from banks	27,108,549	11,518,310	32,610,488
Federal funds sold	158,000	79,999	2,707,195
Cash & cash equivalents	27,266,549	11,598,309	35,317,683
Securities available for sale	50,577,781	29,882,947	29,795,510
Securities held to maturity	1,849,565	1,848,296	2,050,413
Total securities	52,427,346	31,731,243	31,845,923
Loans	290,768,443	290,895,437	265,116,881
Less allowance for loan losses	(2,877,292)	(2,715,036)	(2,145,494)
Less Loan Discount	(1,112,211)	(1,302,072)	(1,839,872)
Net loans	286,778,941	286,878,330	261,131,515
Mortgages held for sale	3,550,664	2,856,735	1,782,976
Regulatory Stock	1,095,023	1,096,214	1,099,859
Property and equipment	10,095,223	9,277,371	9,069,203
Other Real Estate Owned	1,703,842	1,730,021	266,068
Goodwill	4,346,458	4,346,458	4,346,458
Core Deposit	1,960,342	2,033,292	2,255,247
Other assets	6,952,432	17,271,444	2,717,923
<b>TOTAL ASSETS</b>	<b>396,176,819</b>	<b>368,819,416</b>	<b>349,832,855</b>
<b>LIABILITIES &amp; EQUITY</b>			
Non interest bearing deposits	38,963,040	34,105,629	39,274,807
Interest-bearing deposits	299,237,428	273,925,681	247,167,915
Total deposits	338,200,468	308,031,310	286,442,722
Other borrowed funds	15,579,405	17,726,577	24,817,566
Other liabilities	2,661,491	4,080,946	1,194,396
Subordinated Note	9,875,000	9,875,000	9,416,000
Note Payable	6,780,260	6,413,593	7,380,260
<b>Total liabilities</b>	<b>373,096,625</b>	<b>346,127,426</b>	<b>329,250,944</b>
<b>Stockholders' equity</b>			
Common stock	9,715,102	9,715,102	9,667,369
Surplus	6,233,426	6,235,460	6,182,763
Undivided profits	6,723,282	6,417,652	4,759,066
Other comprehensive income	408,385	323,776	(27,287)
<b>Total stockholders' equity</b>	<b>23,080,195</b>	<b>22,691,990</b>	<b>20,581,911</b>
<b>TOTAL LIABILITIES &amp; EQY</b>	<b>396,176,819</b>	<b>368,819,416</b>	<b>349,832,855</b>
<b>Book value Per Share*</b>	<b>31.35</b>	30.93	28.64

\* Excludes the impact of other comprehensive income



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

	March - Year to Date	
	2012	2011
Total interest income	4,581,377	4,198,660
Total interest expense	1,267,032	1,065,073
Net interest income	3,314,345	3,133,587
Provision for loan losses	315,000	275,000
<b>Noninterest income:</b>		
Service charges on deposits	244,856	215,445
Net gains on sale of loans	40,772	77,774
Other noninterest income	248,574	261,774
<b>Total noninterest income</b>	<b>534,202</b>	<b>554,993</b>
<b>Noninterest expenses:</b>		
Personnel expense	1,653,655	1,387,989
Occupancy and equipment expense	506,403	427,006
Strategic Expenses	-	9,615
Other noninterest expense	783,134	920,062
<b>Total noninterest expenses</b>	<b>2,943,191</b>	<b>2,744,672</b>
Income before tax expense	590,356	668,908
Income tax expense	183,486	215,268
<b>Net income</b>	<b>406,870</b>	<b>453,640</b>
Net income per share - basic	\$ 0.56	\$ 0.63
Net income per share - diluted	\$ 0.52	\$ 0.57
Average shares outstanding - basic	723,139	717,694
Average shares outstanding - diluted	1,022,381	1,000,010
<b>Performance ratios:</b>		
Return on average assets	0.43%	0.53%
Return on average equity	7.08%	9.07%
Net interest margin	3.84%	4.01%
Efficiency ratio	76.5%	74.4%