



Press Release

For: Immediate Release

To: All News Media

Date: November 9, 2012

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## First Security Bank Announces Third Quarter Earnings

**OWENSBORO, KENTUCKY** – November 9, 2012 – First Security Inc. (the Company, Bank or First Security) announced its earnings report. Net income for the third quarter of 2012 was \$314,000 as compared to \$657,000 for the same period in 2011. For the first nine months of the year, net income was \$1,317,000, down from \$1,683,000 in prior year to date performance. Although net income was higher than anticipated, the prior year-to-date comparison and associated decline was primarily the result of investments in new branch offices, a new headquarters and personnel related to that expansion. Financial highlights for the quarter, as compared to year end, follow:

- **Assets** at quarter-end totaled \$410 million which is an **increase of 11%**
- **Loans and Deposits** - **Loans increased 2%** while **Deposits increased 14%**.
- **Stockholders' Equity** increased **9%**
- **Book Value per Share** increased **4%**
- **Tangible Book Value per Share** increased **13%**

While the Bank is expected to continue to be profitable, earnings are expected to be less than 2011 for the remainder of the year as the Company completes a number of strategic initiatives, some of which will impact earnings.

The Company also announced that the Board of Directors approved a quarterly **dividend of \$.15 per share** for shareholders of record on October 25, 2012. This represents the 37<sup>th</sup> consecutive quarter of dividends.

### **Highlights for the quarter:**

**The opening of our new Corporate Office.** During July, the Company completed a renovation of a building located at 313 Frederica Street in downtown Owensboro. This facility holds the main office location and support functions for the entire Bank.

**Acquisition of a bank site in downtown Evansville.** In August, First Security purchased space occupied by the former Integra Bank along with a drive thru and parking lot in downtown Evansville. The downtown facility, scheduled to open sometime during late 4<sup>th</sup> quarter 2012 or early 1<sup>st</sup> quarter of 2013, will provide us a way to serve much of the downtown area and some Westside Evansville clients.

**The opening of a bank branch in Newburgh, Indiana.** In September, the Company opened a Newburgh, Indiana office. Our banking professionals have attracted many new relationships and are excited about the growth prospects of offering banking products and services to the Newburgh area.

**5 STAR Rating:** For the eighth time in a row, the bank received a **5 Star Rating from Bauer Financial Services**, an independent bank rating firm, which is the highest rating any bank can achieve.

**Asset Quality:** First Security continued to perform better than its peer group with nonperforming assets to total assets at the end the quarter at 1.30%, down from 1.34% as of the end of the 2<sup>nd</sup> quarter of 2012. The total amount set aside as reserves to cover losses within the Company's loan portfolio totals \$3.8 million, representing 1.27% of total loans.

M. Lynn Cooper, President and CEO stated, "The opening of a location in downtown Evansville will result in a 37% growth in banking center locations as compared to the end of 2011. Our superior banking professionals will be implementing some exciting ideas to develop additional clientele in all of our markets. We remain enthusiastic about our multi-facet strategy to sensibly grow First Security and capitalize on the right opportunities at terms that benefit our shareholders."