



First Security Inc.

Press Release

For: Immediate Release

Date: February 20, 2015

For further information contact:

M. Lynn Cooper, President and CEO, 270-663-4678 or LCooper@FirstSecurity.net or
Michael Beckwith, E.V.P. and Chief Financial Officer, 270-663-4668 or MBeckwith@FirstSecurity.net
313 South Frederica Street, Owensboro, KY 42301

First Security Bank Announces Record 2014 Results

Owensboro, Kentucky- First Security Inc. (The holding company for First Security Bank, Inc.) announced their performance for 2014. “We are extremely pleased to report another record year for First Security in terms of performance, growth, and profitability. These results clearly indicate great success in executing our strategic plan of building a premier banking franchise,” stated M. Lynn Cooper, President and CEO. “

General highlights of the year include:

- Net income of nearly **three times** 2013 net income and an all-time record for First Security, Inc.
- Raised \$31.7 million in new capital to help support our continued expansion and growth strategy
- Registered First Security, Inc. as an OTC Bulletin Board Stock, symbol FIIT
- Credit quality continues to remain strong and better than our peers

Financial highlights for the year as compared to one year ago unless indicated otherwise.

- **Basic Earnings-Per-Share** was \$1.60, an increase of \$0.20 per share or 14% over the prior year. Comparing fourth quarter of 2014 to 2013 reflects an increase of \$0.11 per share or 30%.
- **Assets** at year end **total \$546 million**, representing an increase of 14%.
- **Net Income** for the 4th quarter was \$1.1 million or an increase of \$800,000 over the same quarter in 2013. Year-to-date net income was \$3.1 million, an increase of \$2.0 million or 182% over 2013.
- **Non-Interest Income**, excluding investment gains, was up 30% for the year.
- **Non-Interest Expense** was up only 1% for the year.

- **Non-Performing Assets** to total assets were 0.75% at the end of 2014, an improvement of .22% from the prior year's ratio of 0.97%.
- **Return on Assets** improved from 0.25% to 0.62% for the year and improved from 0.24% to 0.81% compared to fourth quarter of 2013 to 2014.
- **Return on Equity** for the year improved from 4.51% to 6.23% and improved from 4.78% to 7.58% compared to fourth quarter of 2013 to 2014.
- **Basic Earnings per share** was \$1.60 per share, an increase of \$0.20 per share or 14% over the prior year. Comparing fourth quarter of 2014 to 2013, reflects an increase of \$0.11 per share or 30%.
- A **dividend of \$0.16 per share**, the **46th consecutive dividend**, was declared to all shareholders of record as of February 15, 2015, the record date.

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

Mr. Cooper commented, "We are very excited about our achievements during 2014, especially considering we had a major conversion to a new core-processing system this past fall. This new system will provide us the means to continue to grow for years to come and enhance the service offerings for our customers, including the soon to be released Mobile Banking platform."

"Also, we opened our 11th branch, located in Lexington, Kentucky, the first week of January of this year. We took advantage of an opportunity to purchase a former bank branch building off Reynolds Road on Ruccio Way known in the Lexington area as Wellington. This is our second location in Lexington, and is currently one of our fastest growing markets in the company," stated Mr. Cooper.

In closing, Mr. Cooper stated, "We have had strong growth in all of our markets with the larger markets showing slightly better growth numbers."

First Security Bank has locations in Owensboro, Bowling Green, Franklin and Lexington, Kentucky in addition to Evansville and Newburgh, Indiana.

FIRST SECURITY, INC.
Unaudited Consolidated Statement of Condition

ASSETS	December 2014	December 2013
Cash & due from banks	\$ 15,080,035	\$ 18,551,425
Federal funds sold	-	68,000
Cash & cash equivalents	\$ 15,080,035	\$ 18,619,425
Securities available for sale	\$ 51,118,647	\$ 52,428,298
Securities held to maturity	9,401,143	-
Total securities	\$ 60,519,790	\$ 52,428,298
Loans	\$ 435,917,038	\$ 375,687,097
Less allowance for loan losses	(4,755,625)	(3,608,139)
Less Loan Discount	(251,411)	(501,778)
Net loans	\$ 430,910,003	\$ 371,577,181
Mortgages held for sale	\$ 2,759,844	\$ 1,695,169
Regulatory stock	2,250,644	1,557,040
Property and equipment	15,912,473	15,976,571
Other real estate owned	25,415	295,100
Goodwill	4,346,458	4,346,458
Core deposit	1,213,767	1,491,299
Bank Owned Life Insurance	9,454,812	6,406,749
Other assets	3,871,763	4,638,882
TOTAL ASSETS	\$ 546,345,003	\$ 479,032,171
LIABILITIES & EQUITY		
Non interest bearing deposits	\$ 55,391,527	\$ 53,267,569
Interest-bearing deposits	341,251,735	343,868,587
Total deposits	396,643,262	397,136,156
Other borrowed funds	\$ 78,418,763	\$ 35,954,453
Other liabilities	3,903,503	4,714,247
Subordinated note	9,875,000	9,875,000
Note payable	-	7,086,060
Total liabilities	\$ 488,840,527	\$ 454,765,915
Non-voting common	\$ 11,565,727	\$ -
Common stock	24,151,714	10,727,995
Surplus	12,420,350	7,344,458
Undivided profits	9,898,629	8,014,437
Other comprehensive income	(531,944)	(1,820,634)
Total stockholders' equity	\$ 57,504,476	\$ 24,266,256
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 546,345,003	\$ 479,032,171
Book value Per Share*	\$ 24.47	\$ 32.65
Tangible Book Value per Share	\$ 21.90	\$ 23.07

* Excludes the impact of other comprehensive income

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

	December - Quarter to Date		December - Year to Date	
	2014	2013	2014	2013
Total interest income	\$ 5,648,335	\$ 4,935,567	\$ 21,273,796	\$ 19,063,988
Total interest expense	1,163,010	1,328,935	4,857,158	5,244,621
Net interest income	\$ 4,485,325	\$ 3,606,632	\$ 16,416,638	\$ 13,819,367
Provision for loan losses	\$ 375,000	\$ 330,000	\$ 1,500,000	\$ 1,315,000
Noninterest income				
Service charges on deposits	\$ 392,699	\$ 313,374	\$ 1,354,573	\$ 1,039,193
Net gains on sale of loans	228,285	235,579	778,492	712,563
Net gains on sale of securities	-	-	-	244,753
Net gain (loss) on sale of OREO	-	-	(17,392)	15,973
Net gains on sale of fixed assets	-	-	92,520	-
Bank Owned Life Insurance Income	79,099	54,900	248,068	224,825
Other noninterest income	431,317	364,110	1,764,821	1,249,750
Total noninterest income	\$ 1,131,400	\$ 967,963	\$ 4,221,083	\$ 3,487,057
Noninterest expenses				
Personnel expense	1,945,628	1,891,524	8,196,241	7,913,941
Occupancy and equipment expense	\$ 654,727	\$ 664,107	\$ 2,463,028	\$ 2,473,176
Strategic expenses	-	-	-	-
Other noninterest expense	1,051,514	1,280,042	3,970,656	4,127,563
Total noninterest expenses	\$ 3,651,869	\$ 3,835,672	\$ 14,629,926	\$ 14,514,680
Income before tax expense	\$ 1,589,856	\$ 408,923	\$ 4,507,796	\$ 1,476,744
Income tax expense	495,350	114,278	1,376,265	368,120
Net income	\$ 1,094,506	\$ 294,645	\$ 3,131,531	\$ 1,108,624
Net income per share - basic	\$ 0.48	\$ 0.37	\$ 1.60	\$ 1.40
Net income per share - diluted	\$ 0.46	\$ 0.37	\$ 1.58	\$ 1.40
Average shares outstanding - basic	2,371,802	798,958	1,955,040	789,743
Average shares outstanding - diluted	2,686,006	1,113,162	2,269,244	1,103,947
Performance ratios				
Return on average assets	0.81%	0.24%	0.62%	0.25%
Return on average equity	7.58%	4.78%	6.23%	4.51%
Net interest margin	3.59%	3.32%	3.48%	3.35%
Efficiency ratio	65.0%	83.8%	70.9%	83.9%
Asset Quality	December 31, 2014	September 30, 2014	December 31, 2013	
Allowance for Loan Loss to Loans	1.09%	1.07%	0.96%	
Non Performing Assets to Assets	0.75%	0.84%	0.97%	
Non Performing Loans to Loans	0.93%	1.05%	1.16%	
Allowance for Loan Loss to Non Performing Loans	117.58%	101.45%	82.71%	