



**First Security Inc.**

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**Press Release**

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*For further information contact:*

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

## **First Security Inc. Announces First Quarter 2015 Results**

Owensboro, Kentucky - First Security Inc., the bank holding company for First Security Bank, Inc., announced today another record performance for the first quarter at First Security.

Highlights of the quarter included:

- Cash Dividend - A dividend was declared of \$.17 per share, an increase of .01 per share or 6.25%, payable to shareholders of record May 15, 2015, the company's 47<sup>th</sup> consecutive dividend.
- Earnings - First quarter earnings were up \$452,000 or 113% as compared to the first quarter of 2014.
- New Office - Another new office, the 11<sup>th</sup> was opened in January in Lexington, KY in the Wellington area approximately one half mile off of Nicholasville Road in the Southern part of the city.
- Mobile Banking - The bank recently released their latest innovation in technology through their mobile banking app. Customers can deposit their check and conduct nearly all banking transaction through their smart phone. It's easy, convenient and most importantly it's *free*. Go to the bank's website for easy to follow instructions.

2014 and the first quarter of 2015 illustrated a strengthening in the economic indicators in the markets served. The bank is now located in the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> largest cities in Kentucky and the third largest city in Indiana. Those regions have seen solid, even growth and market penetration in the markets served. The decentralized leadership structure in those markets has proven to be the most appropriate given that many banks centralize most decision-making. First Security's strength is their ability to be nimble and flexible given situations that call for a different approach to customer needs.

2013 was a year of investment in the bank's existing and new markets as three new locations were opened. 2014 was a year for developing and growing the existing markets as well as new markets. The company was able to grow loans over \$60 million from March 2014 to March 2015, which was spread pretty evenly across all markets. Additionally, the bank was able to focus much of its energies on providing excellent demand deposit products over the last year, which has helped reduce the reliance on certificate of deposit customers. This helped contribute to the boost in the company's net interest margin on a year over year basis.

The first quarter 2015 financial report of First Security is included. Financial highlights for the first quarter are compared to the prior year, first quarter follow.

- Assets at quarter end total \$548 million, representing an increase of 10%
- Loans and Deposits - Loans increased 15%, while deposits increased 1%
- Tangible Book Value increased \$1.51 or 7%
- Net Income increased \$452,000 or 113%
- Provision for Loan Losses increased \$10,000 or 3%
- Net Interest Income increased \$927,000 or 25%
- Net interest margin increased from 3.39% to 3.70%, an increase of 0.31 points
- Non-Interest Income increased \$183,000 or 23%
- Non-Interest Expense increased \$418,000 or 12%
- Non-Performing Assets to total assets were 0.68% at the end of March 2015, an improvement of 0.29% from the prior year's ratio of 0.97%.
- Return on Assets improved from 0.34% to 0.63%
- Basic Earnings-Per-Share was \$0.36 per share as compared to \$0.49 per share, down \$0.13 per share as the Company's total shares increased more than 191% when comparing the 1<sup>st</sup> quarter of 2014 to the 1<sup>st</sup> quarter of 2015. The impact of the higher shares on basic earnings per share was offset by the 113% increase in net income year over year.

M. Lynn Cooper, President and CEO stated, "First Security remains steadfast in its commitment to build a franchise of quality people, products, services and customers."

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

<b>ASSETS</b>	<b>March 2015</b>	<b>December 2014</b>	<b>March 2014</b>
Cash & due from banks	\$ 10,464,564	\$ 15,080,035	\$ 32,969,562
Federal funds sold	-	-	68,000
Cash & cash equivalents	\$ 10,464,564	\$ 15,080,035	\$ 33,037,562
Securities available for sale	\$ 50,518,788	\$ 51,118,647	\$ 52,223,907
Securities held to maturity	9,099,482	9,401,143	-
Total securities	\$ 59,618,270	\$ 60,519,790	\$ 52,223,907
Loans	\$ 441,592,631	\$ 435,917,038	\$ 382,182,874
Less allowance for loan losses	(4,982,209)	(4,755,625)	(3,909,120)
Less Loan Discount	(215,087)	(251,411)	(439,675)
Net loans	\$ 436,395,335	\$ 430,910,002	\$ 377,834,079
Mortgages held for sale	\$ 3,948,310	\$ 2,759,844	\$ 2,125,160
Regulatory stock	2,249,686	2,250,644	2,065,313
Property and equipment	15,952,552	15,912,473	14,906,581
Other real estate owned	-	25,415	341,897
Goodwill	4,346,458	4,346,458	4,346,458
Core deposit	1,150,130	1,213,767	1,414,493
BOLI	9,533,742	9,454,812	6,459,320
Other assets	4,288,329	3,871,763	3,485,702
<b>TOTAL ASSETS</b>	<b>\$ 547,947,376</b>	<b>\$ 546,345,003</b>	<b>\$ 498,240,472</b>

**LIABILITIES & EQUITY**

Non interest bearing deposits	\$ 59,226,086	\$ 55,391,527	\$ 55,229,092
Interest-bearing deposits	346,746,753	341,251,735	346,491,561
Total deposits	\$ 405,972,839	\$ 396,643,262	\$ 401,720,653
Other borrowed funds	\$ 71,522,563	\$ 78,418,763	\$ 27,446,413
Other liabilities	2,197,713	3,903,502	6,074,130
Subordinated note	9,875,000	9,875,000	9,875,000
Total liabilities	\$ 489,568,115	\$ 488,840,527	\$ 445,116,196
Preferred Stock	\$ -	\$ -	\$ 11,565,727
Non-voting common	11,565,727	11,565,727	-
Common stock	24,228,561	24,151,714	23,002,358
Surplus	12,471,354	12,420,350	11,789,823
Undivided profits	10,372,536	9,898,629	8,288,196
Other comprehensive income	(258,917)	(531,944)	(1,521,828)
Total stockholders' equity	\$ 58,379,261	\$ 57,504,476	\$ 53,124,276
<b>TOTAL LIABILITIES &amp; EQY</b>	<b>\$ 547,947,376</b>	<b>\$ 546,345,003</b>	<b>\$ 498,240,472</b>
Book value Per Share	\$ 24.66	\$ 24.47	\$ 23.92
Tangible Book Value per Share	\$ 22.24	\$ 21.90	\$ 20.73

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

	<b>March - Year to Date</b>		
	<b>2015</b>	<b>2014</b>	
Total interest income	\$ 5,780,169	\$	5,015,279
Total interest expense	1,134,624		1,296,018
<b>Net interest income</b>	<b>\$ 4,645,545</b>	<b>\$</b>	<b>3,719,261</b>
Provision for loan losses	\$ 385,000	\$	375,000
<b>Noninterest income:</b>			
Service charges on deposits	\$ 320,952	\$	276,862
Net gains on sale of loans	227,657		123,549
Net gains on sale of OREO	(13,996)		-
BOLI Income	78,930		52,571
Other noninterest income	376,350		354,266
<b>Total noninterest income</b>	<b>\$ 989,893</b>	<b>\$</b>	<b>807,249</b>
<b>Noninterest expenses:</b>			
Personnel expense	\$ 2,072,212	\$	2,092,390
Occupancy and equipment expense	783,844		572,620
Strategic expenses	5,467		-
Other noninterest expense	1,155,820		934,484
<b>Total noninterest expenses</b>	<b>\$ 4,017,343</b>	<b>\$</b>	<b>3,599,494</b>
Income before tax expense	\$ 1,233,095	\$	552,016
Income tax expense	379,373		150,424
<b>Net income</b>	<b>\$ 853,722</b>	<b>\$</b>	<b>401,592</b>
Net income per share - basic	\$ 0.36	\$	0.49
Net income per share - diluted	0.36		0.46
Average shares outstanding - basic	2,373,702		815,461
Average shares outstanding - diluted	2,687,906		1,129,665
<b>Performance ratios:</b>			
Return on average assets	0.63%		0.34%
Return on average equity	5.95%		5.88%
Net interest margin	3.70%		3.39%
Efficiency ratio	71.29%		79.52%
<b>Asset Quality</b>			
Allowance for Loan Loss to Loans	1.13%	1.09%	1.02%
Non Performing Assets to Assets	0.68%	0.75%	0.97%
Non Performing Loans to Loans	0.84%	0.93%	1.18%
Allowance for Loan Loss to Non Performing Loans	134.00%	117.58%	86.87%