



Press Release

For Immediate Release

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First Security Inc. the bank holding company for First Security Bank, announces another record quarter earnings.

First Security Inc. reports once again, a record quarter in net income. Net income for the second quarter of 2011 was **\$572,000** as compared to \$318,000 during the prior year period, **an 80% increase in net income.** These strong results helped the Company record net income in excess of **\$1 million** for the first half of 2011, **a 66% increase over the first half of 2010.** Assets totaled nearly \$370 million as of June 30, 2011.

“These improved earnings resulted from three primary sources; opening a new branch in the Evansville market and success in growing that office to over \$60 million in deposits and loans in just 3 years; the successful integration of the five purchased branches in the Bowling Green and Franklin, KY markets a year ago; and executing a solid strategy in Owensboro and other markets to grow customer relationships, not just transactions,” stated M. Lynn Cooper, President and CEO.

First Security also announced **a dividend of 14 cents per share** payable to shareholders of record as of July 27, 2011. This is the **32nd successive quarter of dividends** and the **7th consecutive year of dividend increases.**

Highlights of the second quarter of 2011, which reflect the change as compared to the same period in 2010, follow:

- ***Basic earnings per share increased 49%***
- ***Net interest income increased 80%***
- ***Loans increased 66%***
- ***Deposits increased 89%***
- ***Provision for loan losses increased 114%***

- **Shareholders' equity increased 24%**
- **Net interest margin increased 75 basis points to 4.10%**
- **Return on equity increased 45% to 10.80%**
- **Non-performing loans to total loans improved 48% ending at 0.73%**

The bank also announced the recent recruiting and hiring of seasoned bankers to pursue relationships in the Bowling Green market.

“Success in the Evansville and Owensboro market has helped the Company grow the number of relationships. Deposits have grown more than 22% in the Evansville market and 7% in the Owensboro market. This growth comes during a period of time when the Company’s cost of funds improved to 1.49% at June 2011 as compared to 2.08% at June 2010,” noted M. Lynn Cooper

The Loan portfolio continues to perform well, with relatively low delinquency. While not immune to credit losses, the company has continued to perform better than the vast majority of banks in its peer group. The low level of nonperforming loans to total loans of 0.73% at June 2011 compares to 1.40% at June 2010. Comparing the 0.73% to its peer group ratio of 3.14%, as disclosed in the Uniform Bank Performance Report at June 30, 2011 for banks with assets between \$300 million and \$1 billion, reflects **a level of nonperforming loans that is 330% better than its peer group**. Allowance for loan losses, coupled with the loan discount, equals \$3.7 million, representing approximately **1.35% of total loans**.

First Security Inc. continued to raise additional capital. Existing and new investors are attracted to the terms of the current offering: a convertible debenture available with an original 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**.

The current **book value is \$29.29 per share** which exceeds the asking price of the current stock offering. This relationship provides new investors the opportunity to invest in the Company at the same absolute price even though the book value of the company has increased over \$2.00 during the past year.

In closing, M. Lynn Cooper stated, “Opening this fall, First Security has begun renovation of its soon to be **9th banking center which is located in Lexington, KY**, a strong growth market which provides many opportunities. The bank has begun the process of recruiting a talented team of bankers to grow the bank in that market.”