



Press Release

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First Security Bank Announces Record 2012 Net Income

OWENSBORO, KENTUCKY – First Security, Inc. (the Company, Bank or First Security) announced record earnings for the quarter and year. Net Income for the quarter was \$1,121,000, up \$388,000 or 53% over the same quarter in 2011. Net Income year to date was \$2.44 million, up from \$2.42 million in 2011.

“We are pleased that during a year of investment in expansion of First Security our Company was still able to post record net income for 2012. While a new record for our Company, the initial expense of opening three new locations was offset in part by sales of securities during the year. Our focus for 2013 is to enhance the profitability of not only our new locations, but also all our offices collectively and individually,” stated M. Lynn Cooper, President and CEO.

The Company also reported that they opened their 11th banking office during the quarter and third in 2012, resulting in a 38% increase in the number of banking offices.

Financial highlights of the year, as compared to one year ago unless indicated otherwise, follow:

- **Assets** at year end totaled \$428 million which is an **increase of 16%**
- **Loans and Deposits** - Loans increased 5% while Deposits increased 19%.
- **Stockholders' Equity** increased 9%
- **Book Value per Share** increased 9%
- **Tangible Book Value per Share** increased 16%
- **Return on assets**, year to date was .61% compared to .67% year to date in 2011
- **Return on equity** was 10.18% compared to 11.14% year to date prior period
- **Basic earnings per share** for the fourth quarter were \$1.55 versus \$1.01 in the same quarter prior year. Basic earnings per share, year to date were **\$3.37** compared to \$3.35 year to date in 2011. **A \$0.54 increase** in the fourth quarter comparison and up **\$0.02 per share, year to date.**

Other highlights of the year include:

- **New Lexington office** – In March, the Company opened its first banking office in the Lexington, Kentucky market. Lexington, the second largest market in Kentucky, has proven to be very successful growing its customer base and became profitable in only 8 months.
- **Considered Expansion in the Louisville Market** – In March, the Company entered into an agreement to acquire four banking offices in the Louisville market. To support the acquisition, the Company sought to raise the appropriate amount of capital. After a very thorough process, your Company decided to forgo the acquisition since potential private equity investors were not agreeable to terms that we felt would be in the best interest of our current shareholders.
- **New Corporate Headquarters** – In July, the Company relocated to a new corporate headquarters building located in downtown Owensboro. This facility houses our main banking office in Owensboro as well as the support functions for the Company.
- **New Newburgh office** – In September, First Security opened its second banking office in the Evansville market in the Newburgh area. This banking office will allow us to not only attract new customers but also allow us to better serve our existing Evansville customers.
- **New Downtown Evansville office** – In December, the Bank opened its third banking office in the Evansville market in the downtown Evansville corridor. This location was a former bank headquarters office and drive through. This new location allows us to begin offering our cadre of banking services to the downtown and Westside Evansville clients.
- **Five Star Rating** - During each quarter in 2012, the Company received a 5 Star Rating by Bauer Financial, a nationally known, independent bank rating firm. This is the highest possible rating a bank can achieve and was one of only a handful in the Tri-State area.
- **Asset Quality** – First Security continued to perform better than peer group with nonperforming assets to total assets at the end the year at 1.39%.

The Company also announced the following:

- **Increase in Dividends** – First Security announced an **increase of 7% in the Common Stock dividend** to be paid to shareholders of record as of January 31, 2013. This is our 9th consecutive annual increase in cash dividends. All shareholders as of this date will receive \$0.16 per share, up from the prior dividend of \$0.15 per share.
- **5% Stock Dividend** – The Company's Board of Directors approved a **5% stock dividend** payable to shareholders of record as of April 30, 2013. All shareholders on this date will receive 5% more shares based on the number of shares they hold and will be delivered prior to May 31, 2013..
- **Available Capital** – First Security continues to have solid interest within the communities we serve to purchase our Common Stock. For a limited time, new shares of stock are currently being offered to interested accredited investors at the recently appraised value, in order to satisfy pent up demand and raise additional capital.

Mr. Cooper stated, "We are excited about our continued strong growth in existing and new markets. Our footprint now includes Bowling Green, Franklin, Lexington and Owensboro, Kentucky and Evansville and Newburgh, Indiana. These dynamic markets are all within the original markets we identified as areas we would consider for expansion and growth. We continue to look at opportunities to expand not only in the existing markets we serve but also in other strategic locations."

Mr. Cooper further commented, "While we are excited about our 2012 results, we know that the investments made will still require patience as we grow the foundation we have laid. While we were able to capitalize on some opportunities to help post record net income during 2012, net income for 2013 will continue to be impacted by the many investments shared above."