

FIRST CAPITAL INC
Form 10-Q
November 13, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-25023

First Capital, Inc.
(Exact name of registrant as specified in its charter)

Indiana 35-2056949
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

220 Federal Drive NW, Corydon, Indiana 47112
(Address of principal executive offices) (Zip Code)

Registrant's telephone number including area code 1-812-738-2198

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No _____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No _____

Edgar Filing: FIRST CAPITAL INC - Form 10-Q

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a small reporting company. See definition of “accelerated filer,” “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

(Check one): Large Accelerated Filer Accelerated Filer

Non-accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,758,586 shares of common stock were outstanding as of October 29, 2015.

FIRST CAPITAL, INC.

INDEX

Part I Financial Information

Page

Item 1. Consolidated Financial Statements

Consolidated Balance Sheets as of September 30, 2015 and December 31, 2014 (unaudited) 3

Consolidated Statements of Income for the three months and nine months ended September 30, 2015 and 2014 (unaudited) 4

Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2015 and 2014 (unaudited) 5

Consolidated Statements of Changes in Stockholders' Equity for the nine months ended September 30, 2015 and 2014 (unaudited) 6

Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014 (unaudited) 7

Notes to Consolidated Financial Statements (unaudited) 8-38

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 39-44

Item 3. Quantitative and Qualitative Disclosures About Market Risk 45-48

Item 4. Controls and Procedures 49

Part II Other Information

Item 1. Legal Proceedings 50

Item 1A. Risk Factors 50

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 50

Item 6. Exhibits 51

Signatures 52

PART I - FINANCIAL INFORMATION

FIRST CAPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2015	December 31, 2014
	(In thousands)	
ASSETS		
Cash and due from banks	\$10,121	\$13,653
Interest bearing deposits with banks	855	865
Federal funds sold	13,435	18,725
Total cash and cash equivalents	24,411	33,243
Interest-bearing time deposits	11,635	8,270
Securities available for sale, at fair value	95,210	100,226
Securities-held to maturity	5	6
Loans, net	305,082	300,603
Loans held for sale	324	1,608
Federal Home Loan Bank stock, at cost	1,550	2,241
Foreclosed real estate	516	78
Premises and equipment	10,236	10,208
Accrued interest receivable	1,523	1,580
Cash value of life insurance	6,036	6,161
Goodwill	5,386	5,386
Other assets	3,305	3,151
Total Assets	\$465,219	\$472,761
LIABILITIES		
Deposits:		
Noninterest-bearing	\$73,502	\$73,042
Interest-bearing	329,084	339,594
Total deposits	402,586	412,636
Accrued interest payable	90	127
Accrued expenses and other liabilities	2,943	2,765
Total liabilities	405,619	415,528
EQUITY		
Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued	0	0
Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,182,916 shares, (3,164,416 in 2014); outstanding 2,758,586 shares, (2,740,502 in 2014)	32	32
Additional paid-in capital	24,766	24,313

Edgar Filing: FIRST CAPITAL INC - Form 10-Q

Retained earnings-substantially restricted	42,587	40,229
Unearned stock compensation	(400)	0
Accumulated other comprehensive income	770	800
Less treasury stock, at cost - 424,330 shares (423,914 in 2014)	(8,263)	(8,253)
Total First Capital, Inc. stockholders' equity	59,492	57,121
Noncontrolling interest in subsidiary	108	112
Total equity	59,600	57,233
Total Liabilities and Equity	\$465,219	\$472,761

See accompanying notes to consolidated financial statements.

- 3 -

PART I - FINANCIAL INFORMATION

FIRST CAPITAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(In thousands, except per share data)				
INTEREST INCOME	\$3,983	\$4,057	\$11,876	\$11,931
Loans, including fees				
Securities:				
Taxable	267	289	797	909
Tax-exempt	243	249	733	813
Federal Home Loan Bank dividends	20	27	72	92
Federal funds sold and interest bearing deposits with banks	40	24	126	66
Total interest income	4,553	4,646	13,604	13,811
INTEREST EXPENSE				
Deposits	220	278	702	858
Retail repurchase agreements	0	0	0	12
Advances from Federal Home Loan Bank	0	2	0	5
Total interest expense	220	280	702	875
Net interest income	4,333	4,366	12,902	12,936
Provision for loan losses	0	75	50	190
Net interest income after provision for loan losses	4,333	4,291	12,852	12,746
NONINTEREST INCOME				
Service charges on deposit accounts	897	816	2,527	2,361
Commission income	121	237	305	435
Gain on sale of securities	0	0	0	54
Gain on sale of mortgage loans	131	180	617	499
Mortgage brokerage fees	15	15	61	29
Increase in cash surrender value of life insurance	34	35	101	112
Other income	28	155	193	214
Total noninterest income	1,226	1,438	3,804	3,704
NONINTEREST EXPENSE				
Compensation and benefits	1,885	1,957	5,866	5,628
Occupancy and equipment	317	298	940	910
Data processing	441	404	1,271	1,168
Professional fees	258	138	839	436
Advertising	92	82	240	215
Other operating expenses	658	712	1,935	1,882
Total noninterest expense	3,651	3,591	11,091	10,239
Income before income taxes	1,908	2,138	5,565	6,211
Income tax expense	507	611	1,463	1,862
Net Income	1,401	1,527	4,102	4,349

Edgar Filing: FIRST CAPITAL INC - Form 10-Q

Less: net income attributable to noncontrolling interest in subsidiary	3	3	10	10
Net Income Attributable to First Capital, Inc.	\$1,398	\$1,524	\$4,092	\$4,339
Earnings per common share attributable to First Capital, Inc.				
Basic	\$0.51	\$0.56	\$1.49	\$1.57
Diluted	\$0.51	\$0.56	\$1.49	\$1.57
Dividends per share	\$0.21	\$0.21	\$0.63	\$0.63

See accompanying notes to consolidated financial statements.

- 4 -

PART I - FINANCIAL INFORMATION

FIRST CAPITAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(In thousands)		(In thousands)	
Net Income	\$1,401	\$1,527	\$4,102	\$4,349
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gains (losses) on securities available for sale:				
Unrealized holding gains (losses) arising during the period	588	257	(49)	2,130
Income tax (expense) benefit	(229)	(101)	19	(837)
Net of tax amount	359	156	(30)	1,293
Less: reclassification adjustment for realized gains included in net income	0	0	0	(54)
Income tax expense	0	0	0	21
Net of tax amount	0	0	0	(33)
Other Comprehensive Income (Loss), net of tax	359	156	(30)	1,260
Comprehensive Income	1,760	1,683	4,072	5,609
Less: comprehensive income attributable to the noncontrolling interest in subsidiary	3	3	10	10
Comprehensive Income Attributable to First Capital, Inc.	\$1,757	\$1,680	\$4,062	\$5,599

See accompanying notes to consolidated financial statements.

PART I - FINANCIAL INFORMATION

FIRST CAPITAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

			Accumulated			
	Common	Additional	Retained	Other	Unearned	Treasury
		Paid-in		Comprehensive	Stock	Noncontrolling
(In thousands, except share and per share data)	Stock	Capital	Earnings	Income (Loss)	Compensation	Stock Intere