FIRST CAPITAL INC Form 10-Q November 14, 2007 Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

	Washington, DC 20549
	FORM 10-Q
(Mark One)	
x QUARTERLY REPORT PURSUANT ACT OF 1934 For the quarterly period ended September 30, 2007	T TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
	OR
" TRANSITION REPORT PURSUANT ACT OF 1934 For the transition period from to	T TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
	Commission File No. 0-25023
	rst Capital, Inc. ume of registrant as specified in its charter)
Indiana (State or other jurisdiction of	35-2056949 (I.R.S. Employer
incorporation or organization) 220 Feder	Identification Number) ral Drive NW, Corydon, Indiana 47112
(Address	s of principal executive offices) (Zip Code)

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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 x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. Large accelerated filer "Accelerated filer Non-accelerated filer x

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: 2,809,492 shares of common stock were outstanding as of October 31, 2007.

FIRST CAPITAL, INC.

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PART I FINANCIAL INFORMATION

FIRST CAPITAL, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

ASSETTS Cash and due from banks \$11,83 \$1,000 Interest bearing deposits with banks 50 10,155 Federal funds sold 342 311 Total cash and cash equivalents 12,235 24,468 Securities available for sale, at fair value 72,268 71,362 Securities, held to maturity 1,053 1,118 Loans, net 32,651 33,575 Loans, net 32,511 3,551 Foderal Home Loan Bank stock, at cost 3,551 3,551 Foreclosed creal estate 809 941 Forenies and equipment 9,666 9,224 Accrued interest receivable 2,521 2,497 Cash surrender value of life insurance 5,386 1,349 Goodwill 5,386 1,349 Orbe deposit intengibles 33 390 Other assets 346,789 \$ 457,105 Deposits 324,57 34,14 Poleposits 35,51 3,24 Accrued cinterest payable 40,67 3,24		September 30, 2007	December 31, 2006 ousands)	
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Securities-held to maturity 1,118 1,203 1,118 Loans, net 332,654 333,575 1,203 1,551 2,275 Federal Home Loan Bank stock, at cost 3,551 3,551 3,551 5,551 Foreclosed real estate 809 941 Premises and equipment 9,666 9,224 Accrued interest receivable 2,501 2,497 Cash surrender value of life insurance 5,068 1,349 Goodwill 5,386 5,286 5,286 5,286 5,286 <td>Total cash and cash equivalents</td> <td>12,235</td> <td>24,468</td>	Total cash and cash equivalents	12,235	24,468	
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Federal Home Loan Bank stock, at cost 3,551 3,551 Forcolosed real estate 809 941 Premises and equipment 9,666 9,224 Accrued interest receivable 2,521 2,497 Cash surrender value of life insurance 5,088 1,349 Goodwill 5,386 5,386 5,386 Core deposit intangibles 335 390 Other assets 1,120 969 Total Assets \$446,789 \$457,105 LIABILITIES Deposits Noninterest-bearing \$35,846 \$36,218 Interest-bearing \$35,846 \$36,218 Interest-bearing \$34,457 331,143 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued expenses and other liabilities 1,805 1,803 Accrued expenses and other liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share </td <td>Loans, net</td> <td>332,654</td> <td>333,575</td>	Loans, net	332,654	333,575	
Foreclosed real estate 809 941 Premises and equipment 9,666 9,221 Accrued interest receivable 2,521 2,497 Cash surrender value of life insurance 5,068 1,349 Goodwill 5,386 5,386 Core deposit intangibles 335 390 Other assets 1,120 969 Total Assets \$446,789 \$457,105 LABILITIES Deposits \$35,846 \$36,218 Noninterest-bearing \$35,846 \$36,218 Interest-bearing 288,611 294,925 Total Deposits 324,457 331,435 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued 31 31	Loans held for sale	123	2,275	
Premises and equipment 9,666 9,224 Accrued interest receivable 2,521 2,497 Cash surrender value of life insurance 5,068 1,349 Goodwill 5,386 5,386 Core deposit intangibles 335 390 Other assets 1,120 969 Total Assets \$446,789 \$457,105 LIABILITIES Deposits Noninterest-bearing \$35,846 \$36,218 Interest-bearing \$38,611 294,925 Total Deposits \$28,611 294,925 Total Deposits \$28,611 294,925 Total Deposits \$2,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,31 1,31 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 5,000,000 shares; none issued	Federal Home Loan Bank stock, at cost	3,551	3,551	
Accrued interest receivable 2,521 2,497 Cash surrender value of life insurance 5,068 1,349 Goodwill 5,386 5,386 Core deposit intangibles 335 390 Other assets 1,120 969 Total Assets \$446,789 \$457,105 LIABILITES Deposits: Total Peposits \$35,846 \$36,218 Interest-bearing \$35,846 \$36,218 Interest-bearing \$344,77 331,143 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,805 Accrued expenses and other liabilities 1,301 1,31 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued 544,044 544,044 Common stock of \$.01 par value per share 544,044 544,044 Authorized 5,000,000 shares; none	Foreclosed real estate	809	941	
Cash surrender value of life insurance 5,068 1,349 Goodwill 5,386 5,386 Core deposit intangibles 335 390 Other assets 1,120 699 Total Assets \$446,789 \$457,105 LIABILITIES Deposits Noninterest-bearing \$35,846 \$36,218 Interest-bearing \$35,846 \$36,218 Interest-bearing \$34,457 331,143 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued 5 Common stock of \$.01 par value per share 31 31 Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 3,564<	Premises and equipment	9,666	9,224	
Goodwill 5,386 5,386 Core deposit intangibles 335 390 Other assets 1,120 969 Total Assets \$446,789 \$457,105 LIABILITIES Deposits: Noninterest-bearing \$35,846 \$36,218 Interest-bearing \$35,846 \$36,218 Interest-bearing \$35,846 \$36,218 Interest-bearing \$34,457 331,143 Retail repurchase agreements \$,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; sisued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763	Accrued interest receivable	2,521	2,497	
Core deposit intangibles 335 390 Other assets 1,120 969 Total Assets \$446,789 \$457,105 LIABILITIES Deposits: Noninterest-bearing \$35,846 \$36,218 Interest-bearing 288,611 294,925 Total Deposits \$4,567 331,143 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763 23,647	Cash surrender value of life insurance	5,068	1,349	
Other assets 1,120 969 Total Assets \$ 446,789 \$ 457,105 LIABILITIES Deposits: Noninterest-bearing \$ 35,846 \$ 36,218 Interest-bearing 288,611 294,925 Total Deposits 324,457 331,143 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763 23,667		5,386	5,386	
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Deposits	Other assets	1,120	969	
Deposits: Noninterest-bearing	Total Assets	\$ 446,789	\$ 457,105	
Noninterest-bearing \$35,846 \$36,218 Interest-bearing 288,611 294,925 Total Deposits 324,457 331,143 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763 23,647	LIABILITIES			
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Total Deposits 324,457 331,143 Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763 23,647	Noninterest-bearing	\$ 35,846	\$ 36,218	
Retail repurchase agreements 8,566 19,228 Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued 31 31 Common stock of \$.01 par value per share 31 31 Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763 23,647	Interest-bearing	288,611	294,925	
Advances from Federal Home Loan Bank 65,494 59,461 Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763 23,647	Total Deposits	•	,	
Accrued interest payable 1,805 1,863 Accrued expenses and other liabilities 1,349 1,321 Total Liabilities 401,671 413,016 STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) 31 31 Additional paid-in capital 23,763 23,647				
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STOCKHOLDERS EQUITY Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) Additional paid-in capital 23,763 23,647	Accrued expenses and other liabilities	1,349	1,321	
Preferred stock of \$.01 par value per share Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) Additional paid-in capital 23,763 23,647	Total Liabilities	401,671	413,016	
Authorized 1,000,000 shares; none issued Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) Additional paid-in capital 23,763 31 32,647	STOCKHOLDERS EQUITY			
Common stock of \$.01 par value per share Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) Additional paid-in capital 23,763 31 32,647				
Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006) Additional paid-in capital 31 32 33 34 35 36 37 37 38 39 31 31 31 31 31 31 31 31 31	Authorized 1,000,000 shares; none issued			
Additional paid-in capital 23,763 23,647	Common stock of \$.01 par value per share			
Additional paid-in capital 23,763 23,647 Retained earnings-substantially restricted 27,858 26,783	Authorized 5,000,000 shares; issued 3,118,661 shares (3,113,705 shares in 2006)	31	31	
Retained earnings-substantially restricted 27,858 26,783	Additional paid-in capital	23,763	23,647	
	Retained earnings-substantially restricted	27,858	26,783	

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Unearned ESOP shares	(142)	(203)
Accumulated other comprehensive income	(394)	(581)
Less treasury stock, at cost 295,189 shares (271,881 shares in 2006)	(5,998)	(5,588)
Total Stockholders Equity	45,118	44,089
Total Liabilities and Stockholders Equity	\$ 446,789	\$ 457,105

See accompanying notes to consolidated financial statements.

PART I FINANCIAL INFORMATION

FIRST CAPITAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Septen 2007			eptember 30, 07 2006	
INTEREST INCOME					
Loans, including fees	\$ 5,924	\$ 5,837	\$ 17,511	\$ 16,936	
Securities:					
Taxable	597	548	1,779	1,712	
Tax-exempt	207	181	604	530	
Federal Home Loan Bank dividends	39	41	121	134	
Federal funds sold and interest bearing deposits with banks	22	28	285	108	
Total interest income	6,789	6,635	20,300	19,420	
INTEREST EXPENSE					
Deposits	2,532	2,339	7,559	6,499	
Retail repurchase agreements	125	292	548	618	
Advances from Federal Home Loan Bank	799	720	2,192	2,120	
			_,	_,	
Total interest expense	3,456	3,351	10,299	9,237	
Net interest income	3,333	3,284	10,001	10,183	
Provision for loan losses	118	215	378	585	
Net interest income after provision for loan losses	3,215	3,069	9,623	9,598	
NON-INTEREST INCOME					
Service charges on deposit accounts	662	611	1,870	1,769	
Commission income	39	69	131	239	
Gain on sale of mortgage loans	106	116	358	229	
Mortgage brokerage fees	18	5	96	71	
Increase in cash surrender value of life insurance	56	11	93	30	
Other income	18	18	73	57	
Total non-interest income	899	830	2,621	2,395	
NON-INTEREST EXPENSE					
Compensation and benefits	1,600	1,535	4,858	4,600	
Occupancy and equipment	330	304	962	881	
Data processing	175	172	518	478	
Professional fees	112	102	318	301	
Advertising	93	73	282	246	
Other operating expenses	502	459	1,609	1,418	
Total non-interest expense	2,812	2,645	8,547	7,924	
Income before income taxes	1,302	1,254	3,697	4,069	

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Income tax expense	409	402	1,186	1,347
Net Income	\$ 893	\$ 852	\$ 2,511	\$ 2,722
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Unrealized gain on securities:				
Unrealized holding gains arising during the period	522	573	187	72
Less: reclassification adjustment				
Other comprehensive income	522	573	187	72
Comprehensive Income	\$ 1,415	\$ 1,425	\$ 2,698	\$ 2,794
Net income per common share, basic	\$ 0.32	\$ 0.30	·	\$ 0.96
Net income per common share, diluted	\$ 0.32	\$ 0.30	\$ 0.88	\$ 0.96

See accompanying notes to consolidated financial statements.

PART I FINANCIAL INFORMATION

FIRST CAPITAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	200	Nine Months Ended September 30, 2007 2006 (In thousands)		0, 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 2	2,511	\$	2,722
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of premiums and accretion of discounts		12		25
Depreciation and amortization expense		561		546
Deferred income taxes		(73)		(133)
ESOP and stock compensation expense		133		138
Increase in cash value of life insurance		(94)		(30)
Provision for loan losses		378		585
Proceeds from sales of mortgage loans	20	,907	1	13,048
Mortgage loans originated for sale	(18	3,397)	(1	13,877)
Net gain on sale of mortgage loans		(358)		(229)
(Increase) decrease in accrued interest receivable		(24)		34
Increase (decrease) in accrued interest payable		(58)		159
Net change in other assets/liabilities		(157)		152
Net Cash Provided By Operating Activities	5	5,341		3,140
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of securities available for sale	(11	,037)	((4,390)
Proceeds from maturities of securities available for sale	7	,208		8,056
Proceeds from maturities of securities held to maturity		48		35
Principal collected on mortgage-backed securities	3	,226		3,043
Investment in cash surrender value of life insurance	(3	,625)		