

FIRST CAPITAL INC  
Form 10-Q  
August 14, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2009

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)

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**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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, 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: 2,759,551 shares of common stock were outstanding as of July 30, 2009.

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**PART I - FINANCIAL INFORMATION**

**FIRST CAPITAL, INC. AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEETS**

*(Unaudited)*

	June 30, 2009	December 31, 2008
	<i>(In thousands)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 10,043	\$ 14,210
Interest bearing deposits with banks	2,777	7,044
Federal funds sold	1,652	895
<b>Total cash and cash equivalents</b>	<b>14,472</b>	<b>22,149</b>
Securities available for sale, at fair value	83,216	82,733
Securities-held to maturity	74	86
Loans, net	316,783	322,385
Loans held for sale	3,923	1,244
Federal Home Loan Bank stock, at cost	3,551	3,551
Foreclosed real estate	900	881
Premises and equipment	11,839	11,361
Accrued interest receivable	2,016	2,330
Cash value of life insurance	5,462	5,351
Goodwill	5,386	5,386
Core deposit intangibles	208	244
Other assets	1,514	924
<b>Total Assets</b>	<b>\$ 449,344</b>	<b>\$ 458,625</b>
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing	\$ 39,923	\$ 36,768
Interest-bearing	313,266	319,123
<b>Total Deposits</b>	<b>353,189</b>	<b>355,891</b>
Retail repurchase agreements	3,822	4,552
Advances from Federal Home Loan Bank	43,030	47,830
Accrued interest payable	1,136	1,415
Accrued expenses and other liabilities	1,462	1,415
<b>Total Liabilities</b>	<b>402,639</b>	<b>411,103</b>
<b>EQUITY</b>		
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 3,129,354 shares (3,128,502 shares in 2008)	31	31
Additional paid-in capital	23,957	23,969
Retained earnings-substantially restricted	29,266	29,868
Accumulated other comprehensive income	308	270

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Less treasury stock, at cost - 358,465 shares (333,972 shares in 2008)	(6,962)	(6,616)
Total First Capital, Inc. stockholders' equity	46,600	47,522
Noncontrolling interest in subsidiary	105	
Total Equity	46,705	47,522
<b>Total Liabilities and Equity</b>	<b>\$ 449,344</b>	<b>\$ 458,625</b>

See accompanying notes to consolidated financial statements.

**Table of Contents****PART I - FINANCIAL INFORMATION****FIRST CAPITAL, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF INCOME***(Unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
<i>(In thousands, except per share data)</i>				
<b>INTEREST INCOME</b>				
Loans, including fees	\$ 4,840	\$ 5,551	\$ 9,906	\$ 11,247
Securities:				
Taxable	578	556	1,182	1,120
Tax-exempt	243	234	482	458
Federal Home Loan Bank dividends	5	49	33	92
Fed funds sold and interest bearing deposits with banks	6	77	12	204
Total interest income	5,672	6,467	11,615	13,121
<b>INTEREST EXPENSE</b>				
Deposits	1,513	1,983	3,184	4,260
Retail repurchase agreements	11	68	22	191
Advances from Federal Home Loan Bank	530	648	1,072	1,365
Total interest expense	2,054	2,699	4,278	5,816
Net interest income	3,618	3,768	7,337	7,305
Provision for loan losses	1,959	513	2,384	738
Net interest income after provision for loan losses	1,659	3,255	4,953	6,567
<b>NON-INTEREST INCOME</b>				
Service charges on deposit accounts	606	678	1,172	1,309
Commission income	28	42	56	77
Gain on sale of mortgage loans	185	123	318	244
Mortgage brokerage fees	2		2	10
Increase in cash surrender value of life insurance	54	59	110	115
Other income	19	21	42	46
Total non-interest income	894	923	1,700	1,801
<b>NON-INTEREST EXPENSE</b>				
Compensation and benefits	1,672	1,638	3,308	3,295
Occupancy and equipment	329	296	668	597
Data processing	249	214	471	432
Professional fees	160	148	315	283
Advertising	71	51	129	97
Other operating expenses	957	554	1,578	1,079
Total non-interest expense	3,438	2,901	6,469	5,783
Income (loss) before income taxes	(885)	1,277	184	2,585
Income tax expense (benefit)	(484)	388	(220)	797

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<b>Net Income (Loss)</b>	\$ (401)	\$ 889	\$ 404	\$ 1,788
Less: net income attributable to noncontrolling interest in subsidiary	4		6	
<b>Net Income (Loss) Attributable to First Capital, Inc.</b>	\$ (405)	\$ 889	\$ 398	\$ 1,788
Other comprehensive income, net of tax				
Unrealized gain (loss) on securities:				
Unrealized holding gains (losses) arising during the period	58	(771)	38	(211)
Less: reclassification adjustment				
Other comprehensive income (loss)	58	(771)	38	(211)
<b>Comprehensive Income</b>	\$ (347)	\$ 118	\$ 436	\$ 1,577
Earnings (loss) per common share attributable to First Capital, Inc.				
Basic	\$ (0.15)	\$ 0.32	\$ 0.14	