

FIRST CAPITAL INC
Form 10-Q
November 09, 2018

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, 2018

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

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(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

220 Federal Drive NW, Corydon, Indiana 47112 1-812-738-2198
(Address of principal executive offices, zip code, telephone number)

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

(Check one): Large Accelerated Filer Accelerated Filer Non-accelerated Filer
Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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: 3,356,144 shares of common stock were outstanding as of October 30, 2018.

FIRST CAPITAL, INC.

INDEX

<u>Part I Financial Information</u>	Page
<u>Item 1. Consolidated Financial Statements</u>	
<u>Consolidated Balance Sheets as of September 30, 2018 and December 31, 2017 (unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Income for the three months and nine months ended September 30, 2018 and 2017 (unaudited)</u>	<u>4</u>
<u>Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2018 and 2017 (unaudited)</u>	<u>5</u>
<u>Consolidated Statements of Changes in Stockholders' Equity for the nine months ended September 30, 2018 and 2017 (unaudited)</u>	<u>6</u>
<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017 (unaudited)</u>	<u>7</u>
<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>8-43</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>44-49</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>50-53</u>
<u>Item 4. Controls and Procedures</u>	<u>53</u>
 <u>Part II</u>	
<u>Other Information</u>	
 <u>Item 1. Legal Proceedings</u>	<u>54</u>
<u>Item 1A. Risk Factors</u>	<u>54</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>54</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>54</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>54</u>

<u>Item 5. Other Information</u>	<u>54</u>
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<u>Item 6. Exhibits</u>	<u>55</u>
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<u>Signatures</u>	<u>56</u>
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PART I - FINANCIAL INFORMATION

FIRST CAPITAL, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2018	December 31, 2017
	(In thousands)	
ASSETS		
Cash and due from banks	\$22,322	\$19,478
Interest bearing deposits with banks	2,660	730
Federal funds sold	25,169	5,707
Total cash and cash equivalents	50,151	25,915
Interest-bearing time deposits	8,935	9,258
Securities available for sale, at fair value	253,213	271,172
Securities-held to maturity	-	1
Loans, net	428,423	409,618
Loans held for sale	2,339	2,630
Federal Home Loan Bank and other restricted stock, at cost	1,988	1,979
Foreclosed real estate	3,142	3,971
Premises and equipment	14,443	15,031
Accrued interest receivable	2,689	2,694
Cash value of life insurance	8,011	7,279
Goodwill	6,472	6,472
Core deposit intangible	1,002	1,112
Other assets	9,733	1,824
Total Assets	\$790,541	\$758,956
LIABILITIES		
Deposits:		
Noninterest-bearing	\$146,171	\$129,828
Interest-bearing	555,908	534,734
Total deposits	702,079	664,562
Advances from Federal Home Loan Bank	-	10,000
Accrued interest payable	145	107
Accrued expenses and other liabilities	6,974	3,237
Total liabilities	709,198	677,906
EQUITY		
Preferred stock of \$.01 par value per share		

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Authorized 1,000,000 shares; none issued	-	-
Common stock of \$.01 par value per share		
Authorized 7,500,000 shares; issued 3,782,933 shares (3,762,933 in 2017); outstanding 3,356,144 shares (3,336,964 in 2017)	38	38
Additional paid-in capital	40,263	39,515
Retained earnings-substantially restricted	56,413	51,972
Unearned stock compensation	(807)	(212)
Accumulated other comprehensive loss	(6,323)	(2,060)
Less treasury stock, at cost - 426,789 shares (425,969 in 2017)	(8,349)	(8,315)
Total First Capital, Inc. stockholders' equity	81,235	80,938
Noncontrolling interest in subsidiary	108	112
Total equity	81,343	81,050
Total Liabilities and Equity	\$790,541	\$758,956

See accompanying notes to consolidated financial statements.

PART I - FINANCIAL INFORMATION

FIRST CAPITAL, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	2018	2017	2018	2017
	(In thousands, except per share data)			
INTEREST INCOME	\$5,896	\$5,283	\$16,755	\$15,363
Loans, including fees				
Securities:				
Taxable	918	969	2,815	2,875
Tax-exempt	347	368	1,086	1,059
Federal Home Loan Bank dividends	21	20	75	53
Federal funds sold and interest bearing deposits with banks	251	88	529	299
Total interest income	7,433	6,728	21,260	19,649
INTEREST EXPENSE				
Deposits	424	336	1,140	1,041
Advances from Federal Home Loan Bank	0	7	21	7
Total interest expense	424	343	1,161	1,048
Net interest income	7,009	6,385	20,099	18,601
Provision for loan losses	455	150	968	617
Net interest income after provision for loan losses	6,554	6,235	19,131	17,984
NONINTEREST INCOME				
Service charges on deposit accounts	1,198	1,155	3,495	3,288
Commission income	84	106	302	351
Gain (loss) on sale of securities	-	(7)	(95)	54
Gain on sale of loans	320	417	850	1,028
Increase in cash surrender value of life insurance	51	41	179	154
Other income	45	36	229	182
Total noninterest income	1,698	1,748	4,960	5,057
NONINTEREST EXPENSE				
Compensation and benefits	2,914	2,842	8,750	8,276
Occupancy and equipment	434	389	1,261	1,158
Data processing	784	696	2,292	2,022
Professional fees	203	190	562	522
Advertising	78	94	266	269
Net (gain) loss on foreclosed real estate	(185)	(66)	336	145
Other operating expenses	967	901	2,679	2,612
Total noninterest expense	5,195	5,046	16,146	15,004
Income before income taxes	3,057	2,937	7,945	8,037
Income tax expense	530	825	1,178	2,175
Net Income	2,527	2,112	6,767	5,862

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Less: net income attributable to noncontrolling interest in subsidiary	3	3	10	10
Net Income Attributable to First Capital, Inc.	\$2,524	\$2,109	\$6,757	\$5,852
Earnings per common share attributable to First Capital, Inc.:				
Basic	\$0.76	\$0.63	\$2.03	\$1.76
Diluted	\$0.76	\$0.63	\$2.03	\$1.76
Dividends per share	\$0.23	\$0.22	\$0.69	\$0.64

See accompanying notes to consolidated financial statements.

- 4 -

PART I - FINANCIAL INFORMATION

FIRST CAPITAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	2017		2017	
	(In thousands)			
Net Income	\$2,527	\$2,112	\$6,767	\$5,862
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gains (losses) on securities available for sale:				
Unrealized holding gains (losses) arising during the period	(1,120)	(419)	(5,771)	2,937
Income tax (expense) benefit	279	161	1,436	(1,124)
Net of tax amount	(841)	(258)	(4,335)	1,813
Less: reclassification adjustment for realized (gains) losses included in net income	-	7	95	(54)
Income tax expense (benefit)	-	(3)	(23)	18
Net of tax amount	-			