

First Savings Financial Group Inc  
Form 10-Q  
August 15, 2016

**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, 2016

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. 1-34155

First Savings Financial Group, Inc.

(Exact name of registrant as specified in its charter)

**Indiana** **37-1567871**  
(State or other jurisdiction of (I.R.S. Employer

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incorporation or organization) Identification Number)

501 East Lewis & Clark Parkway, Clarksville, Indiana 47129

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **1-812-283-0724**

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 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 x 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 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

The number of shares outstanding of the registrant's common stock as of June 30, 2016 was 2,204,787.



FIRST SAVINGS FINANCIAL GROUP, INC.

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**PART I - FINANCIAL INFORMATION****FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS***(Unaudited)*

(In thousands, except share and per share data)	June 30, 2016	September 30, 2015
<b>ASSETS</b>		
Cash and due from banks	\$9,602	\$ 9,884
Interest-bearing deposits with banks	15,474	15,110
Total cash and cash equivalents	25,076	24,994
Interest-bearing time deposits	3,100	3,100
Trading account securities, at fair value	8,802	9,044
Securities available for sale, at fair value	175,849	178,328
Securities held to maturity	3,406	4,620
Loans held for sale (\$5,835 at fair value at September 30, 2015)	5,922	6,803
Loans, net	494,079	457,112
Federal Reserve Bank and Federal Home Loan Bank stock, at cost	6,936	6,720
Real estate development and construction	6,966	7,079
Premises and equipment	13,364	13,838
Other real estate owned, held for sale	604	618
Accrued interest receivable:		
Loans	1,468	1,259
Securities	1,587	1,396
Cash surrender value of life insurance	18,105	17,766
Goodwill	7,936	7,936
Core deposit intangibles	1,123	1,381
Other assets	4,835	7,952
Total Assets	\$779,158	\$ 749,946
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing	\$78,468	\$ 71,184
Interest-bearing	495,634	462,113
Total deposits	574,102	533,297
Repurchase agreements	1,344	1,342

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Borrowings from Federal Home Loan Bank	105,265	104,867
Other long-term debt	4,491	4,632
Accrued interest payable	187	186
Advance payments by borrowers for taxes and insurance	741	883
Accrued expenses and other liabilities	8,854	10,382
Total Liabilities	694,984	655,589
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock of \$.01 par value per share Authorized 982,880 shares; none issued	-	-
Senior Non-Cumulative Perpetual Preferred Stock, Series A, \$.01 par value; Authorized 17,120 shares; issued and outstanding 17,120 shares at September 30, 2015; aggregate liquidation preference of \$17,120 at September 30, 2015	-	-
Common stock of \$.01 par value per share Authorized 20,000,000 shares; issued 2,542,042 shares; outstanding 2,204,787 shares (2,183,510 shares at September 30, 2015)	25	25
Additional paid-in capital - preferred	-	17,120
Additional paid-in capital – common	27,182	26,796
Retained earnings - substantially restricted	56,980	52,760
Accumulated other comprehensive income	6,057	4,210
Unearned ESOP shares	-	(197 )
Less treasury stock, at cost - 337,255 shares (358,532 shares at September 30, 2015)	(6,070 )	(6,357 )
Total Stockholders' Equity	84,174	94,357
 Total Liabilities and Stockholders' Equity	 \$779,158	 \$ 749,946

See notes to consolidated financial statements.

**PART I - FINANCIAL INFORMATION****FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME***(Unaudited)*

(In thousands, except share and per share data)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
<b>INTEREST INCOME</b>				
Loans, including fees	\$5,794	\$5,284	\$16,805	\$16,004
Securities:				
Taxable	916	996	2,843	3,080
Tax-exempt	613	546	1,732	1,506
Dividend income	77	77	231	223
Interest-bearing deposits with banks	22	12	84	35
Total interest income	7,422	6,915	21,695	20,848
<b>INTEREST EXPENSE</b>				
Deposits	690	594	1,869	1,834
Repurchase agreements	-	1	2	3
Borrowings from Federal Home Loan Bank	384	297	1,119	845
Loans payable	41	41	121	134
Total interest expense	1,115	933	3,111	2,816
Net interest income	6,307	5,982	18,584	18,032
Provision for loan losses	303	208	428	627
Net interest income after provision for loan losses	6,004	5,774	18,156	17,405
<b>NONINTEREST INCOME</b>				
Service charges on deposit accounts	289	317	893	993
Net gain on trading account securities	285	45	713	205
Unrealized loss on derivative contract	-	-	-	(1)
Net gain on sales of loans	499	86	826	220
Increase in cash surrender value of life insurance	111	119	338	364
Gain on life insurance	-	831	-	831
Commission income	69	92	282	260
Real estate lease income	170	164	496	465
Loss on tax credit investment	(4,309)	-	(4,309)	-
Other income	310	283	891	789
Total noninterest income	(2,576)	1,937	130	4,126

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NONINTEREST EXPENSE				
Compensation and benefits	3,215	2,989	9,583	8,627
Occupancy and equipment	670	675	2,043	1,931
Data processing	442	309	1,209	1,038
Advertising	131	159	366	412
Professional fees	279	282	890	797
FDIC insurance premiums	116	117	359	341
Net (gain) loss on other real estate owned	9	(38	) 59	(17
Other operating expenses	728	704	2,205	2,318
Total noninterest expense	5,590	5,197	16,714	15,447
Income (loss) before income taxes	(2,162	) 2,514	1,572	6,084
Income tax expense (benefit)	(4,389	) 318	(3,533	) 1,161
Net Income	\$2,227	\$2,196	\$5,105	\$4,923
Preferred stock dividends declared	-	43	62	129
Net Income Available to Common Shareholders	\$2,227	\$2,153	\$5,043	\$4,794
Net income per common share:				
Basic	\$1.01	\$1.00	\$2.30	\$2.25
Diluted	\$0.97	\$0.95	\$2.19	\$2.14
Weighted average common shares outstanding:				
Basic	2,204,787	2,149,931	2,197,101	2,133,557
Diluted	2,306,029	2,259,170	2,300,834	2,240,922
Dividends per common share	\$0.13	\$0.12	\$0.38	\$0.35

See notes to consolidated financial statements.

**PART I - FINANCIAL INFORMATION****FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME***(Unaudited)*

(In thousands)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Net Income	\$ 2,227	\$ 2,196	\$ 5,105	\$ 4,923
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>				
Unrealized gains (losses) on securities available for sale:				
Unrealized holding gains (losses) arising during the period	1,511	(2,767 )	2,803	(599 )
Income tax (expense) benefit	(522 )	976	(956 )	206
Net of tax amount	989	(1,791 )	1,847	(393 )
Other Comprehensive Income (Loss)	989	(1,791 )	1,847	(393 )
Comprehensive Income	\$ 3,216	\$ 405	\$ 6,952	\$ 4,530

See notes to consolidated financial statements.

**PART I - FINANCIAL INFORMATION****FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY***(Unaudited)*

(In thousands, except share and per share data)	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Unearned Stock Compensation and ESOP	Treasury Stock	Total
Nine Months Ended June 30, 2015:								
Balances at October 1, 2014	\$ -	\$ 25	\$ 43,199	\$ 47,175	\$ 3,853	\$ (699 )	\$(6,473 )	\$ 87,080
Net income	-	-	-	4,923	-	-	-	4,923
Other comprehensive loss	-	-	-	-	(393 )	-	-	(393 )
Preferred stock dividends	-	-	-	(129 )	-	-	-	(129 )
Common stock dividends (\$0.35 per share)	-	-	-	(734 )	-	-	-	(734 )
Stock compensation expense	-	-	243	-	-	162	-	405
Shares released by ESOP trust	-	-	477	-	-	298	-	775
Stock options exercises - 20,972 shares	-	-	(89 )	-	-	-	367	278
Purchase of 9,274 treasury shares	-	-	-	-	-	-	(251 )	(251 )
Balances at June 30, 2015	\$ -	\$ 25	\$ 43,830	\$ 51,235	\$ 3,460	\$ (239 )	\$(6,357 )	\$ 91,954
Nine Months Ended June 30, 2016:								
Balances at October 1, 2015	\$ -	\$ 25	\$ 43,916	\$ 52,760	\$ 4,210	\$ (197 )	\$(6,357 )	\$ 94,357
Net income	-	-	-	5,105	-	-	-	5,105

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Other comprehensive income	-	-	-	-	1,847	-	-	1,847
Preferred stock dividends	-	-	-	(62 )	-	-	-	(62 )
Common stock dividends (\$0.38 per share)	-	-	-	(823 )	-	-	-	(823 )
Shares released by ESOP trust	-	-	504	-	-	197	-	701
Stock options exercises - 26,210 shares	-	-	(118 )	-	-	-	466	348
Redemption of preferred stock - 17,120 shares	-	-	(17,120 )	-	-	-	-	(17,120)
Purchase of 4,933 treasury shares	-	-	-	-	-	-	(179 )	(179 )
Balances at June 30, 2016	\$ -	\$ 25	\$ 27,182	\$ 56,980	\$ 6,057	\$ -	\$(6,070 )	\$ 84,174

See notes to consolidated financial statements.

**PART I - FINANCIAL INFORMATION****FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS***(Unaudited)*

(In thousands)	Nine Months Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$5,105	\$4,923
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	428	627
Depreciation and amortization	1,103	1,081
Amortization of premiums and accretion of discounts on securities, net	450	557
(Increase) decrease in trading account securities	242	(3,451 )
Loans originated for sale	(22,054)	(7,178 )
Proceeds on sales of loans	22,711	7,373
Net gain on sales of loans	(826 )	(220 )
Net realized and unrealized gain on other real estate owned	(10 )	(29 )
Unrealized loss on derivative contract	-	1
Gain on life insurance	-	(831 )
Increase in cash surrender value of life insurance	(338 )	(364 )
Loss on tax credit investment	4,309	-
Deferred income taxes	(2,876 )	(284 )
ESOP and stock compensation expense	628	980
Increase in accrued interest receivable	(400 )	(313 )
Increase in accrued interest payable	1	4
Change in other assets and liabilities, net	(967 )	164
Net Cash Provided By Operating Activities	7,506	3,040
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in interest-bearing time deposits	-	(735 )
Purchase of securities available for sale	(10,933)	(19,096 )
Proceeds from maturities of securities available for sale	5,395	8,417
Proceeds from maturities of securities held to maturity	1,148	367
Principal collected on securities	10,410	14,243
Net increase in loans	(36,486)	(14,647 )
Purchase of Federal Reserve Bank stock	-	(945 )
Purchase of Federal Home Loan Bank stock	(216 )	(461 )
Proceeds from redemption of Federal Home Loan Bank stock	-	1,276
Investment in historic tax credit entity	-	(417 )

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Proceeds from sale of other real estate owned	430	677
Investment in real estate development and construction	(35 )	(73 )
Purchase of premises and equipment	(223 )	(350 )
Net Cash Used In Investing Activities	(30,510)	(11,744)

CASH FLOWS FROM FINANCING ACTIVITIES

Net increase (decrease) in deposits	40,805	(4,239 )
Net increase in repurchase agreements	2	3
Decrease in Federal Home Loan Bank line of credit	(9,602 )	(4,922 )
Proceeds from Federal Home Loan Bank advances	35,000	240,000