

First Savings Financial Group Inc
Form 10-Q
February 10, 2010

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 December 31, 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. 1-34155

First Savings Financial Group, Inc.
(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of
incorporation or organization)

37-1567871
(I.R.S. Employer
Identification
Number)

501 East Lewis & Clark Parkway, 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 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

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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

The number of shares outstanding of the registrant's common stock as of January 31, 2010 was 2,414,940.

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) | December 31, 2009 | September 30, 2009 |
|---|----------------------|-----------------------|
| ASSETS | | |
| Cash and due from banks | \$ 11,478 | \$ 8,359 |
| Interest-bearing deposits with banks | 2,485 | 2,045 |
| Total cash and cash equivalents | 13,963 | 10,404 |
| Securities available for sale, at fair value | 78,561 | 72,580 |
| Securities held to maturity | 6,215 | 6,782 |
| Loans held for sale | 520 | 317 |
| Loans, net | 353,403 | 353,823 |
| Federal Home Loan Bank stock, at cost | 4,170 | 4,170 |
| Premises and equipment | 9,792 | 9,916 |
| Foreclosed real estate | 904 | 1,589 |
| Accrued interest receivable: | | |
| Loans | 1,499 | 1,607 |
| Securities | 554 | 493 |
| Cash surrender value of life insurance | 5,188 | 3,931 |
| Goodwill | 5,882 | 5,882 |
| Core deposit intangible | 2,668 | 2,741 |
| Other assets | 8,036 | 6,576 |
| Total Assets | \$ 491,355 | \$ 480,811 |
| LIABILITIES | | |
| Deposits: | | |
| Noninterest-bearing | \$ 24,740 | \$ 25,388 |
| Interest-bearing | 335,231 | 325,428 |
| Total deposits | 359,971 | 350,816 |
| Federal funds purchased | - | 1,180 |
| Repurchase agreements | 17,135 | 17,239 |
| Borrowings from Federal Home Loan Bank | 59,367 | 55,773 |
| Accrued interest payable | 525 | 516 |
| Advance payments by borrowers for taxes and insurance | 150 | 341 |
| Accrued expenses and other liabilities | 1,571 | 2,069 |
| Total Liabilities | 438,719 | 427,934 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock of \$.01 par value per share | | |
| Authorized 1,000,000 shares; none issued | - | - |

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| | | |
|---|------------|------------|
| Common stock of \$.01 par value per share | | |
| Authorized 20,000,000 shares; issued 2,542,042 shares | 25 | 25 |
| Additional paid-in capital | 24,267 | 24,263 |
| Retained earnings - substantially restricted | 30,153 | 29,453 |
| Accumulated other comprehensive income | 1,134 | 932 |
| Unearned ESOP shares | (1,614) | (1,796) |
| Less treasury stock, at cost - 127,102 shares | (1,329) | - |
| Total Stockholders' Equity | 52,636 | 52,877 |
| Total Liabilities and Stockholders' Equity | \$ 491,355 | \$ 480,811 |

See notes to consolidated financial statements.

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

| | Three Months Ended December 31, | |
|---|------------------------------------|----------|
| (In thousands, except share and per share data) | 2009 | 2008 |
| INTEREST INCOME | | |
| Loans, including fees | \$ 5,667 | \$ 2,871 |
| Securities: | | |
| Taxable | 767 | 284 |
| Tax-exempt | 138 | 19 |
| Dividend income | 17 | 18 |
| Interest-bearing deposits with banks | 6 | 14 |
| Total interest income | 6,595 | 3,206 |
| INTEREST EXPENSE | | |
| Deposits | 1,346 | 1,215 |
| Repurchase agreements | 91 | - |
| Borrowings from Federal Home Loan Bank | 230 | 74 |
| Total interest expense | 1,667 | 1,289 |
| Net interest income | 4,928 | 1,917 |
| Provision for loan losses | 358 | 59 |
| Net interest income after provision for loan losses | 4,570 | 1,858 |
| NONINTEREST INCOME | | |
| Service charges on deposit accounts | 411 | 147 |
| Net gain on sales of mortgage loans | 9 | 3 |
| Increase in cash surrender value of life insurance | 57 | 49 |
| Commission income | 28 | - |
| Other income | 220 | 83 |
| Total noninterest income | 725 | 282 |
| NONINTEREST EXPENSE | | |
| Compensation and benefits | 2,122 | 979 |
| Occupancy and equipment | 532 | 214 |
| Data processing | 236 | 140 |
| Advertising | 93 | 54 |
| Professional fees | 114 | 96 |
| FDIC insurance premiums | 150 | 8 |
| Charitable contributions | 3 | 1,204 |
| Net loss on foreclosed real estate | 22 | 28 |
| Other operating expenses | 693 | 466 |
| Total noninterest expense | 3,965 | 3,189 |
| Income (loss) before income taxes | 1,330 | (1,049) |
| Income tax expense (benefit) | 438 | (409) |

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| | | | | |
|--|----|-------|----|--------|
| Net Income (Loss) | \$ | 892 | \$ | (640) |
| OTHER COMPREHENSIVE INCOME, NET OF TAX | | | | |
| Unrealized gain on securities: | | | | |
| Unrealized holding gains arising during the period | | 202 | | 189 |
| Less: reclassification adjustment | | - | | - |
| Other comprehensive income | | 202 | | 189 |
| Comprehensive Income (Loss) | \$ | 1,094 | \$ | (451) |
| Net Income (Loss) per common share, basic | \$ | 0.38 | \$ | (0.29) |
| Net Income (Loss) per common share, diluted | \$ | 0.38 | \$ | (0.29) |
| Dividends per common share | \$ | 0.08 | \$ | - |

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) | Three Months Ended December 31, | |
|---|------------------------------------|----------|
| | 2009 | 2008 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | \$ 892 | \$ (640) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Provision for loan losses | 358 | 59 |
| Depreciation and amortization | 292 | 71 |
| Amortization of premiums and accretion of discounts on securities, net | (33) | 18 |
| Mortgage loans originated for sale | (1,035) | (354) |
| Proceeds on sale of mortgage loans | 841 | 357 |
| Gain on sale of mortgage loans | (9) | (3) |
| Net realized and unrealized gain on foreclosed real estate | (62) | - |
| Increase in cash value of life insurance | (57) | (49) |
| Deferred income taxes | (2,263) | (392) |
| ESOP compensation expense | 189 | 126 |
| Contribution of common stock to charitable foundation | - | 1,100 |
| (Increase) decrease in accrued interest receivable | 47 | (84) |
| Increase (decrease) in accrued interest payable | 9 | (22) |
| Change in other assets and liabilities, net | (12) | 664 |
| Net Cash Provided By (Used In) Operating Activities | (843) | 851 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of securities available for sale | (16,668) | (15,133) |
| Proceeds from sales of securities available for sale | 191 | 2,200 |
| Proceeds from maturities of securities available for sale | 8,050 | 2,000 |
| Principal collected on mortgage-backed securities | 3,401 | 347 |
| Net increase in loans | (82) | (6,396) |
| Investment in cash surrender value of life insurance | (1,200) | - |
| Proceeds from sale of foreclosed real estate | 860 | - |
| Purchase of premises and equipment | (95) | (62) |
| Net Cash Used In Investing Activities | (5,543) | (17,044) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net increase (decrease) in deposits | 9,155 | (26,836) |
| Net decrease in federal funds purchased | (1,180) | - |
| Net decrease in repurchase agreements | (104) | - |
| Increase in Federal Home Loan Bank line of credit | 1,148 | 403 |
| Proceeds from Federal Home Loan Bank advances | 39,439 | 7,050 |
| Repayment of Federal Home Loan Bank advances | (36,993) | (1,050) |
| Net decrease in advance payments by borrowers for taxes and insurance | (191) | (209) |

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| | | |
|--|-----------|----------|
| Purchase of treasury stock | (1,329) | - |
| Proceeds from issuance of common stock | - | 21,160 |
| Net Cash Provided By Financing Activities | 9,945 | 518 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 3,559 | (15,675) |
| Cash and cash equivalents at beginning of period | 10,404 | 21,379 |
| Cash and Cash Equivalents at End of Period | \$ 13,963 | \$ 5,704 |

See notes to consolidated financial statements.

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FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Presentation of Interim Information

First Savings Financial Group, Inc. (“Company”), an Indiana corporation, was incorporated in May 2008 to serve as the holding company for First Savings Bank, F.S.B. (“Bank”), a federally-chartered savings bank. On October 6, 2008, in accordance with a Plan of Conversion adopted by its board of directors and approved by its members, the Bank converted from a mutual savings bank to a stock savings bank and became the wholly-owned subsidiary of the Company. In connection with the conversion, the Company issued an aggregate of 2,542,042 shares of common stock at an offering price of \$10.00 per share. In addition, in connection with the conversion, First Savings Charitable Foundation was formed, to which the Company contributed 110,000 shares of common stock and \$100,000 in cash. The Company’s common stock began trading on the Nasdaq Capital Market on October 7, 2008 under the symbol “FSFG”.

The Bank has three-wholly owned subsidiaries: First Savings Investments, Inc., a Nevada corporation that manages a securities portfolio, Southern Indiana Financial Corporation which sells non-deposit investment products, and FFCC, Inc., which is currently inactive.

In the opinion of management, the unaudited consolidated financial statements include all adjustments considered necessary to present fairly the financial position as of December 31, 2009, and the results of operations for the three-month periods ended December 31, 2009 and 2008 and the cash flows for the three-month periods ended December 31, 2009 and 2008. All of these adjustments are of a normal, recurring nature. Such adjustments are the only adjustments included in the unaudited consolidated financial statements. Interim results are not necessarily indicative of results for a full year.

The accompanying unaudited consolidated financial statements and notes have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial statements and are presented as permitted by the instructions to Form 10-Q. Accordingly, they do not contain certain information included in the Bank’s annual audited consolidated financial statements and related notes for the year ended September 30, 2009 included in the Form 10-K.

The unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

2. Acquisition of Community First Bank

On September 30, 2009, the Company acquired 100 percent of the outstanding common shares of Community First Bank, (“Community First”), a full service community bank located in Corydon, Indiana, pursuant to an Agreement and Plan of Reorganization dated April 28, 2009. The acquisition was recorded using the purchase method of accounting and was effective at the close of business on September 30, 2009. Accordingly, the results of operations of Community First have been included in the Company’s results of operations since the date of acquisition. The acquisition expanded the Company’s presence into Harrison, Crawford and Washington Counties, Indiana. The Company expects to benefit from growth in this market area as well as from expansion of the banking services provided to the existing customers of Community First.

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

3. Supplemental Disclosure for Earnings Per Share

When presented, basic earnings per share are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. The Company had no dilutive potential common shares outstanding during the three-month periods ended December 31, 2009 and 2008.

| (Dollars in thousands, except per share data) | Three Months Ended December 31, | |
|---|------------------------------------|-----------|
| | 2009 | 2008 |
| Basic | | |
| Earnings: | | |
| Net income (loss) | \$ 892 | \$ (640) |
| Shares: | | |
| Weighted average common shares outstanding | 2,348,048 | 2,186,313 |
| Net income (loss) per common share, basic | \$ 0.38 | \$ (0.29) |

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. Comprehensive Income

Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income for the Company includes net income and other comprehensive income representing the net unrealized gains and losses on securities available for sale. The following tables set forth the components of other comprehensive income and the allocated tax amounts for the three-month periods ended December 31, 2009 and 2008:

| (Dollars in thousands) | Three Months Ended December 31, | |
|---|------------------------------------|--------|
| | 2009 | 2008 |
| Unrealized gains on securities: | | |
| Unrealized holding gains arising during the period | \$ 334 | \$ 313 |
| Income tax expense | (132) | (124) |
| Net of tax amount | 202 | 189 |
| Less: reclassification adjustment for realized gains or losses included in net income | - | - |
| Income tax benefit | - | - |
| Net of tax amount | - | - |
| Other comprehensive income, net of tax | \$ 202 | \$ 189 |

5. Supplemental Disclosures of Cash Flow Information

| | Three Months Ended December 31, | |
|--|------------------------------------|----------|
| | 2009 | 2008 |
| | (In thousands) | |
| Cash payments for: | | |
| Interest | \$ 2,244 | \$ 1,310 |
| Taxes | 40 | - |
| Transfers from loans to foreclosed real estate | 105 | - |
| Proceeds from sales of foreclosed real estate financed through loans | 260 | - |

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

6. Fair Value Measurements and Disclosures about Fair Value of Financial Instruments

Effective October 1, 2008, the Company adopted the provisions of Accounting Standards Codification (“ASC”) Topic 820 (formerly Statement of Financial Accounting Standards (“SFAS”) No. 157), Fair Value Measurements, for financial assets and financial liabilities. This statement is definitional and disclosure oriented and addresses how companies should approach measuring fair value when required by GAAP; it does not create or modify any current GAAP requirements to apply fair value accounting. ASC Topic 820 prescribes various disclosures about financial statement categories and amounts which are measured at fair value, if such disclosures are not already specified elsewhere in GAAP. The adoption of the standard did not have a material effect on the Company's consolidated financial statements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Company's financial assets carried at fair value or the lower of cost or fair value. The table below presents the balances of financial assets measured at fair value on a recurring and nonrecurring basis as of December 31, 2009. The Company had no liabilities measured at fair value as of December 31, 2009.

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

| | Level 1 | Carrying Value | | Total |
|---|---------|----------------|---------|-----------|
| | | Level 2 | Level 3 | |
| (In thousands) | | | | |
| Assets Measured - Recurring Basis | | | | |
| Securities available for sale | \$ 70 | \$ 78,491 | \$ - | \$ 78,561 |
| Interest rate cap contract | - | 263 | - | 263 |
| Assets Measured - Nonrecurring Basis | | | | |
| Impaired loans | - | 5,285 | - | 5,285 |
| Loans held for sale | - | 520 | - | 520 |
| Foreclosed real estate | - | 904 | - | 904 |

In general, fair value is based upon quoted market prices, where available. If quoted market prices are not available, fair value is based on internally developed models or obtained from third parties that primarily use, as inputs, observable market-based parameters or a matrix pricing model that employs the Bond Market Association's standard calculations for cash flow and price/yield analysis and observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value, or the lower of cost or fair value. These adjustments may include unobservable parameters. Any such valuation adjustments have been applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Securities Available for Sale. Securities classified as available for sale are reported at fair value on a recurring basis. These securities are classified as Level 1 of the valuation hierarchy where quoted market prices from reputable third-party brokers are available in an active market. If quoted market prices are not available, the Company obtains fair value measurements from an independent pricing service. These securities are reported using Level 2 inputs and the fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, U.S. government and agency yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the security's terms and conditions, among other factors. Changes in fair value of securities available for sale are recorded in other comprehensive income, net of income tax effect.

Derivative Financial Instruments. Derivative financial instruments consist of an interest rate cap contract. As such, significant fair value inputs can generally be verified by counterparties and do not typically involve significant management judgments (Level 2 inputs).

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Impaired Loans. Impaired loans are carried at the present value of estimated future cash flows using the loan's existing rate or the fair value of collateral if the loan is collateral dependent. Impaired loans are evaluated and valued at the time the loan is identified as impaired at the lower of cost or market value. For collateral dependent impaired loans, market value is measured based on the value of the collateral securing these loans and is classified as Level 2 in the fair value hierarchy. Collateral may be real estate and/or business assets, including equipment, inventory and/or accounts receivable, and its fair value is generally determined based on real estate appraisals or other independent evaluations by qualified professionals. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors identified above.

Loans Held for Sale. Loans held for sale are carried at the lower of cost or market value. The portfolio is comprised of residential real estate loans and fair value is based on specific prices of underlying contracts for sale to investors. These measurements are carried at Level 2.

Foreclosed Real Estate Held for Sale. Foreclosed real estate held for sale is reported at the lower of cost or fair value less estimated costs to dispose of the property using Level 2 inputs. The fair values are determined by real estate appraisals using valuation techniques consistent with the market approach using recent sales of comparable properties. In cases where such inputs are unobservable, the balance is reflected within the Level 3 hierarchy.

There were no transfers in or out of the Company's Level 3 financial assets for the three months ended December 31, 2009.

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

GAAP requires disclosure of fair value information about financial instruments for interim reporting periods, whether or not recognized in the consolidated balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company. The estimated fair values of the Company's financial instruments are as follows:

| | December 31, 2009 | | September 30, 2009 | |
|---|--------------------|----------------|--------------------|----------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| (In thousands) | | | | |
| Financial assets: | | | | |
| Cash and due from banks | \$ 11,478 | \$ 11,478 | \$ 8,359 | \$ 8,359 |
| Interest-bearing deposits in banks | 2,485 | 2,485 | 2,045 | 2,045 |
| Securities available for sale | 78,561 | 78,561 | 72,580 | 72,580 |
| Securities held to maturity | 6,215 | 6,466 | 6,782 | 7,054 |
| Loans, net | 353,403 | 359,729 | 353,823 | 360,157 |
| Mortgage loans held for sale | 520 | 520 | 317 | 317 |
| Federal Home Loan Bank stock | 4,170 | 4,170 | 4,170 | 4,170 |
| Accrued interest receivable | 2,053 | 2,053 | 2,100 | 2,100 |
| Financial liabilities: | | | | |
| Deposits | 359,971 | 363,437 | 350,816 | 354,194 |
| Federal funds purchased | - | - | 1,180 | 1,180 |
| Short-term repurchase agreements | 1,306 | 1,306 | 1,304 | 1,304 |
| Long-term repurchase agreements | 15,829 | 15,817 | 15,935 | 15,935 |
| Borrowings from Federal Home Loan Bank | 59,367 | 59,292 | 55,773 | 56,184 |
| Accrued interest payable | 525 | 525 | 516 | 516 |
| Advance payments by borrowers for taxes and insurance | 150 | 153 | 341 | 348 |
| Derivative financial instruments included in other assets: | | | | |
| Interest rate cap | 263 | 263 | 202 | 202 |
| Off-balance-sheet financial instruments: | | | | |
| Asset (liability) related to commitments to extend credit | - | 40 | - | 39 |

The carrying amounts in the preceding table are included in the consolidated balance sheets under the applicable captions. The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

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FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Cash and Cash Equivalents

For cash and short-term instruments, including cash and due from banks and interest-bearing deposits with banks, the carrying amount is a reasonable estimate of fair value.

Debt and Equity Securities

For marketable equity securities, the fair values are based on quoted market prices. For debt securities, the Company obtains fair value measurements from an independent pricing service and the fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, U.S. government and agency yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the security's terms and conditions, among other factors. For Federal Home Loan Bank (FHLB) stock, a restricted equity security, the carrying amount is a reasonable estimate of fair value because it is not marketable.

Loans

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and terms. The carrying amount of accrued interest receivable approximates its fair value.

Deposits

The fair value of demand and savings deposits and other transaction accounts is the amount payable on demand at the balance sheet date. The fair value of fixed-maturity time deposits is estimated by discounting the future cash flows using the rates currently offered for deposits with similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

Borrowed Funds

Borrowed funds include repurchase agreements and borrowings from the FHLB. Fair value for advances and long-term repurchase agreements is estimated by discounting the future cash flows at current interest rates for advances of similar maturities. For federal funds purchased, short-term repurchase agreements and FHLB line of credit borrowings, the carrying value is a reasonable estimate of fair value.

Derivative Financial Instruments

For derivative financial instruments, the fair values generally represent an estimate of the amount the Company would receive or pay upon termination of the agreement at the reporting date, taking into account the current interest rates, and exclusive of any accrued interest.

Off-Balance-Sheet Financial Instruments

Commitments to extend credit were evaluated and fair value was estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, the fair value estimate considers the difference between current

interest rates and the committed rates.

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FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

7. Defined Benefit Plan

The Bank sponsors a defined benefit pension plan (“Plan”) covering substantially all employees. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. The Bank’s funding policy is to contribute the larger of the amount required to fully fund the Plan’s current liability or the amount necessary to meet the funding requirements as defined by the Internal Revenue Code.

| | Three Months Ended December 31, | |
|---|------------------------------------|-------------|
| | 2009 | 2008 |
| | (In thousands) | |
| Net periodic benefit expense: | | |
| Service cost | \$ - | \$ - |
| Interest cost on projected benefit obligation | 74 | 94 |
| Expected return on plan assets | (35) | (94) |
| Amortization of transition asset | - | - |
| Amortization of prior service cost | - | - |
| Amortization of unrecognized gain | (1) | - |
| Net periodic benefit expense | \$ 38 | \$ - |
| Other changes in plan assets and benefit obligations recognized in other comprehensive income: | | |
| Amortization of transition asset | - | - |
| Amortization of prior service cost | - | - |
| Total recognized in other comprehensive income | - | - |
| Total recognized in net periodic pension benefit expense and other comprehensive income | \$ 38 | \$ - |

The Bank made no contributions to the Plan for the three month period ended December 31, 2009. Effective June 30, 2008, the Bank curtailed the accrual of benefits for active participants in the Plan. As a result, each active participant’s pension benefit will be determined based on the participant’s compensation and duration of employment as of June 30, 2008, and compensation and employment after that date will not be taken into account in determining pension benefits under the Plan. Accordingly, the Bank does not anticipate future contributions to the Plan. The Bank filed an application with the Internal Revenue Service in October 2008 in order to obtain approval to terminate the Plan. The Bank has determined to provide the over-funded balance of the Plan’s assets, if any, to its active participants upon full termination of the Plan, which is expected to occur in the second calendar quarter of 2010. As a result, the Bank anticipates a one-time charge to expense in the quarter ending June 30, 2010. At December 31, 2009, an unrealized gain of \$428,000, net of income taxes, was included in the accumulated other comprehensive income component of stockholders’ equity.

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited)

8. Employee Stock Ownership Plan

On October 6, 2008, the Company established a leveraged employee stock ownership plan (“ESOP”) covering substantially all employees. The ESOP trust acquired 203,363 shares of Company common stock at a cost of \$10.00 per share financed by a term loan with the Company. The employer loan and the related interest income are not recognized in the consolidated financial statements as the debt is serviced from Company contributions. Dividends payable on allocated shares are charged to retained earnings and are satisfied by the allocation of cash dividends to participant accounts. Dividends payable on unallocated shares are not considered dividends for financial reporting purposes. Shares held by the ESOP trust are allocated to participant accounts based on the ratio of the current year principal and interest payments to the total of the current year and future year’s principal and interest to be paid on the employer loan. Compensation expense is recognized based on the average fair value of shares released for allocation to participant accounts during the year with a corresponding credit to stockholders’ equity. Compensation expense recognized for the three-month periods ended December 31, 2009 and 2008 amounted to \$189,000 and \$126,000, respectively. Company common stock held by the ESOP trust at December 31, 2009 was as follows:

| | |
|-------------------------------|----------------|
| Allocated shares | 42,413 |
| Unearned shares | 160,950 |
| Total ESOP shares | 203,363 |
| | |
| Fair value of unearned shares | \$ 1,682,000 |

9. Stockholders’ Equity

As discussed in Note 1, the Company sold 2,432,042 shares of common stock at a price of \$10.00 per share on October 6, 2008 in connection with the mutual to stock conversion of the Bank, for gross proceeds of \$24,320,420. In connection with the conversion, the Company also contributed 110,000 common shares and \$100,000 in cash to the First Savings Charitable Foundation. Expenses of the offering amounted to \$1,126,000 and were charged against the gross proceeds of the conversion.

10. Recent Accounting Pronouncements

The following are summaries of recently issued accounting pronouncements that impact the accounting and reporting practices of the Company:

In December 2007, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 160, Non-controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51, (ASC Topic 810). This statement applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding non-controlling interest in one or more subsidiaries or that deconsolidate a subsidiary. This statement amends ARB No. 51 to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years beginning after January 1, 2009. The adoption of this statement did not have a material effect on the Company's consolidated financial position or results of operations.

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations (Revised) (ASC Topic 805). This statement retains the fundamental requirements of SFAS No. 141 and requires the acquisition method of accounting (previously referred to as the purchase method by SFAS No. 141). The statement requires, among other things, the expensing of direct transaction costs, certain contingent assets and liabilities to be recognized at fair value and earn-out arrangements may be required to be measured at fair value and recognized each period in earnings. The statement is effective for transactions occurring after the beginning of the first annual reporting period beginning on or after December 15, 2008 with early adoption not permitted. The acquisition described in Note 2 was accounted for in accordance with SFAS No. 141 as the Company was not permitted to adopt the revised standard until October 1, 2009. The adoption of the revised standard did not have a material effect on the Company's consolidated financial position or results of operations.

In June 2009, the FASB issued two standards which change the way entities account for securitizations and special-purpose entities: SFAS No. 166, Accounting for Transfers of Financial Assets, (ASC Topic 860) and SFAS No. 167, Amendments to FASB Interpretation No. 46(R), (ASC Topic 810). SFAS No. 166 is a revision to SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, and requires more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. This statement eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS No. 167 is a revision to FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entities, and changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other entity that most significantly impact the other entity's economic performance. These new standards require a number of new disclosures. SFAS No. 167 requires a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. A reporting entity will be required to disclose how its involvement with a variable interest entity affects the reporting entity's financial statements. SFAS No. 166 enhances information reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity's continuing involvement in transferred financial assets. These statements will be effective at the beginning of a reporting entity's first fiscal year beginning after November 15, 2009. Early application is not permitted. The adoption of these statements is not expected to have a material effect on the Company's consolidated financial position or results of operations.

FIRST SAVINGS FINANCIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

In August 2009, the FASB issued Accounting Standards Update (“ASU”) No. 2009-05, Fair Value Measurements and Disclosures, (Topic 820) – Measuring Liabilities at Fair Value. This ASU provides amendments for fair value measurements of liabilities. It provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more techniques. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. ASU 2009-05 is effective for the first reporting period (including interim periods) beginning after issuance. The adoption of ASU 2009-05 did not have a material effect on the Company’s consolidated financial position or results of operations.

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements. This ASU provides amendments to ASC Topic 820 to provide users of financial statements with additional information regarding fair value. New disclosures required by the ASU include disclosures of significant transfers between Level 1 and Level 2 and the reasons for such transfers, disclosure of the reasons for transfers in or out of Level 3 and that significant transfers into Level 3 be disclosed separately from significant transfers out of Level 3, and disclosure of the valuation techniques used in connection with Level 2 and Level 3 valuations and the reason for any changes in valuation methods. This ASU will generally be effective for interim and annual periods beginning after December 15, 2009. However, disclosures of purchases, sales, issuances, and settlements in the roll forward activity in Level 3 fair value measurements will be effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this ASU is not expected to have a material effect on the Company’s consolidated financial position or results of operations.

11. Subsequent Events

The Company has evaluated whether any subsequent events that require recognition or disclosure in the accompanying consolidated financial statements and related notes thereto have taken place through the date these consolidated financial statements were issued (February 10, 2010). The Company has determined that there are no such subsequent events.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART I - ITEM 2

MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Safe Harbor Statement for Forward-Looking Statements

This report may contain forward-looking statements within the meaning of the federal securities laws. These statements are not historical facts; rather they are statements based on the Company's current expectations regarding its business strategies and their intended results and its future performance. Forward-looking statements are preceded by terms such as "expects," "believes," "anticipates," "intends" and similar expressions.

Forward-looking statements are not guarantees of future performance. Numerous risks and uncertainties could cause or contribute to the Company's actual results, performance and achievements being materially different from those expressed or implied by the forward-looking statements. Factors that may cause or contribute to these differences include, without limitation, general economic conditions, including changes in market interest rates and changes in monetary and fiscal policies of the federal government; legislative and regulatory changes; the quality and composition of the loan and investment securities portfolio; loan demand; deposit flows; competition; and changes in accounting principles and guidelines. Additional factors that may affect our results are discussed in our Annual Report on Form 10-K for the year ended September 30, 2009 under "Item 1A. Risk Factors." These factors should be considered in evaluating the forward-looking statements and undue reliance should not be placed on such statements. Except as required by applicable law or regulation, the Company assumes no obligation and disclaims any obligation to update any forward-looking statements.

Critical Accounting Policies

During the three-month period ended December 31, 2009, there was no significant change in the Company's critical accounting policies or the application of critical accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended September 30, 2009.

Comparison of Financial Condition at December 31, 2009 and September 30, 2009

Cash and Cash Equivalents. Cash and cash equivalents increased from \$10.4 million at September 30, 2009 to \$14.0 million at December 31, 2009.

Loans. Net loans receivable decreased \$420,000 from \$353.8 million at September 30, 2009 to \$353.4 million at December 31, 2009, primarily due to a decrease in consumer loans of \$1.3 million, offset by an increase in multifamily mortgage loans of \$1.1 million.

Securities Available for Sale. Securities available for sale increased \$6.0 million from \$72.6 million at September 30, 2009 to \$78.6 million at December 31, 2009 due primarily to purchases of \$16.7 million, offset by sales of \$191,000, maturities and calls of \$8.1 million and principal repayments of \$2.8 million. The increase in securities available for sale during the three months ended December 31, 2009, primarily in U.S. government agency and municipal securities, was funded by increases in deposits and borrowings.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART I - ITEM 2

MANAGEMENT'S DISCUSSION AND
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Securities Held to Maturity. Investment securities held-to-maturity decreased \$567,000 from \$6.8 million at September 30, 2009 to \$6.2 million at December 31, 2009 due primarily to principal repayments on mortgage-backed securities.

Other Assets. Cash surrender value of life insurance increased from \$3.9 million at September 30, 2009 to \$5.2 million at December 31, 2009 primarily as the result of a \$1.2 million investment in bank-owned life insurance during the period. Other assets increased \$1.5 million when comparing the two periods due primarily to prepaid FDIC insurance premiums of \$2.1 million paid in December 2009.

Deposits. Total deposits increased \$9.2 million from \$350.8 million at September 30, 2009 to \$360.0 million at December 31, 2009 primarily due to increases in interest-bearing demand deposit accounts of \$6.4 million and certificates of deposit of \$3.7 million, offset by a decrease in noninterest-bearing demand deposits accounts of \$648,000 during the period. The increase in interest-bearing demand deposit accounts occurred primarily in public fund and business checking accounts. The increase in certificates of deposit was primarily in products having maturities of twelve months or less, resulting from depositors' preference for shorter-term maturities in the current low-rate environment.

Borrowings. Borrowings from FHLB increased \$3.6 million from \$55.8 million at September 30, 2009 to \$59.4 million at December 31, 2009, which was used primarily to fund purchases of securities available for sale. Management determined that utilizing a certain level of FHLB advances as a funding source alternative to certificates of deposit was advantageous given the lower interest rate environment for advances. Federal funds purchased decreased \$1.2 million from September 30, 2009 due to the full repayment of these borrowings as of December 31, 2009.

Stockholders' Equity. Stockholders' equity decreased \$241,000 from \$52.9 million at September 30, 2009 to \$52.6 million at December 31, 2009. The decrease was due primarily to the open market repurchase of \$1.3 million of common stock recorded as treasury stock, offset by a \$202,000 increase in accumulated other comprehensive income representing the net unrealized gains on available for sale securities, \$182,000 for ESOP shares released during the quarter and \$700,000 of retained net earnings. During the quarter ended December 31, 2009, the Company declared a special dividend of \$0.08 per share, totaling \$193,000, payable to shareholders of record as of the close of business on January 4, 2010.

Results of Operations for the Three Months Ended December 31, 2009 and 2008

Overview. The Company reported net income of \$892,000 (\$0.38 per share) for the three-month period ended December 31, 2009, compared to a net loss of \$640,000 (\$0.29 per share) for the same period in 2008.

Net Interest Income. Net interest income increased \$3.0 million, or 158.5%, for the three months ended December 31, 2009 compared to the same period in 2008. The increase is primarily the result of an increase in the tax-equivalent interest rate spread from 2.96% for 2008 to 4.45% for 2009, as average interest-earning assets increased \$230.0 million and average interest-bearing liabilities increased \$251.9 million. The increases in the tax-equivalent interest rate spread, average interest-earning assets and average interest-bearing liabilities are due primarily to the acquisition

of Community First.

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FIRST SAVINGS FINANCIAL GROUP, INC.
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Total interest income increased \$3.4 million, or 105.7%, as a result of an increase in average interest-earning assets of \$230.0 million, or 108.0%, from \$212.9 million for the three months ended December 31, 2008 to \$442.9 million for the three months ended December 31, 2009. The average tax equivalent yield on interest-earning assets was 6.05% for 2008 compared to 6.04% for 2009. Average loans, investment securities and FHLB stock increased \$177.2 million, \$53.5 million and \$2.8 million, respectively, while average interest-bearing deposits with banks decreased \$3.6 million.

Total interest expense increased \$378,000, or 29.1%, as a result of an increase in average interest-bearing liabilities of \$251.9 million from \$166.9 million for the three months ended December 31, 2008 to \$418.7 million for the three months ended December 31, 2009, which more than offset a decrease in the average cost of funds from 3.09% in 2008 to 1.59% in 2009. The average cost of interest-bearing liabilities decreased for 2009 primarily as a result of lower market interest rates as compared to 2008, the repricing of certificates of deposit at lower market interest rates as they matured and the utilization of lower-cost FHLB advances as a source of funding and the assumption of lower cost liabilities of Community First.

Provision for Loan Losses. The provision for loan losses was \$358,000 for the three months ended December 31, 2009 compared to \$59,000 for the same period in 2008. The increase in the provision for loan losses is primarily due to an increase in classified loans during the quarter ended December 31, 2009.

Gross loans receivable increased \$174.6 million from \$182.7 million at December 31, 2008 to \$357.3 million at December 31, 2009, primarily due to the acquisition of Community First. Residential mortgage, nonresidential mortgage, commercial business, construction, and automobile loans increased most significantly, by \$71.7 million, \$30.1 million, \$21.3 million, \$15.2 million and \$15.0 million, respectively, when comparing the two periods.

Nonperforming loans increased \$4.3 million from \$1.8 million at December 31, 2008 to \$6.1 million at December 31, 2009, of which \$3.6 million were acquired in the acquisition of Community First. The balance of nonperforming loans at December 31, 2009 includes nonaccrual loans of \$5.7 million and loans totaling \$350,000 that are over 90 days past due, but still accruing interest. These loans are still accruing interest because the estimated value of the collateral and collection efforts are deemed sufficient to ensure their full recovery. The balance of nonaccrual loans at December 31, 2009 consists of commercial business loans (\$1.5 million), consumer loans (\$144,000), residential mortgage loans (\$2.7 million), nonresidential mortgage loans (\$1.0 million) and land and land development loans (\$389,000). The \$2.7 million of nonaccrual residential mortgage loans consists of those secured by owner occupied, one-to-four family residences (\$1.7 million), non-owner occupied, one-to-four family investment properties (\$568,000) and speculative construction homes (\$442,000). The nonaccrual non-owner occupied, one-to-four family investment properties loans consist primarily of three unrelated borrowing relationships.

Net charge-offs were \$119,000 for the three months ended December 31, 2009 compared to net charge-offs of \$246,000 for the same period in 2008.

FIRST SAVINGS FINANCIAL GROUP, INC.
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The allowance for loan losses was \$3.9 million at December 31, 2009 compared to \$3.7 million at September 30, 2009 and \$1.5 million at December 31, 2008. Management has deemed these amounts as adequate on those dates based on its best estimate of probable known and inherent loan losses. The consistent application of management's allowance for loan losses methodology resulted in an increase in the level of the allowance for loan losses consistent with the increase in the gross loan portfolio and nonperforming loans and the change in overall economic conditions.

Noninterest Income. Noninterest income increased \$443,000 for the three-month period ended December 31, 2009 as compared to the same period in 2008. The increase was primarily due to increases in service charges on deposit accounts of \$264,000 (primarily due to fees earned on acquired Community First accounts), commission income of \$28,000 and other income of \$137,000, which includes an unrealized gain of \$61,000 on an interest rate cap contract acquired in the Community First acquisition.

Noninterest Expense. Noninterest expense increased \$776,000 to \$4.0 million for 2009 compared to \$3.2 million for the same period in 2008. Compensation and benefits expense increased \$1.1 million primarily due to additional personnel resulting from the Community First acquisition. Occupancy, data processing, FDIC insurance premiums and other operating expenses increased \$318,000, \$96,000, \$142,000 and \$227,000, respectively, when comparing the two periods, also primarily as a result of the Community First acquisition. Charitable contributions decreased \$1.2 million when comparing the two periods due to the \$1.2 million one-time contribution to the First Savings Charitable Foundation during 2008.

Income Tax Expense. The Company recognized income tax expense of \$438,000 for the three months ended December 31, 2009 compared to a tax benefit of \$409,000 for the three-month period ended December 31, 2008. The tax benefit for the period ended December 31, 2008 was primarily due to increased deferred tax assets related to the temporary timing difference generated by the \$1.2 million charitable contribution to the First Savings Charitable Foundation. The effective tax rate was 32.9% for the three-month period ended December 31, 2009.

Liquidity and Capital Resources

Liquidity Management. Liquidity is the ability to meet current and future financial obligations of a short-term nature. The Bank's primary sources of funds are customer deposits, proceeds from loan repayments, maturing securities and FHLB advances. While loan repayments and maturities are a predictable source of funds, deposit flows and mortgage prepayments are greatly influenced by market interest rates, general economic conditions and competition. At December 31, 2009, the Bank had cash and cash equivalents of \$14.0 million and securities available-for-sale with a fair value of \$78.6 million. If the Bank requires funds beyond its ability to generate them internally, it has additional borrowing capacity with FHLB and additional collateral eligible for repurchase agreements.

The Bank's primary investing activity is the origination of one-to-four family mortgage loans and, to a lesser extent, consumer, multi-family, commercial real estate, commercial business and residential construction loans. The Bank also invests in U.S. Government and agency securities and mortgage-backed securities issued by U.S. Government agencies.

FIRST SAVINGS FINANCIAL GROUP, INC.
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The Company is a separate legal entity from the Bank and must provide for its own liquidity to pay its operating expenses and other financial obligations, to pay any dividends and to repurchase any of its outstanding common stock. The Company's primary source of income is dividends received from the Bank. The amount of dividends that the Bank may declare and pay to the Company in any calendar year, without the receipt of prior approval from the Office of Thrift Supervision ("OTS") but with prior notice to OTS, cannot exceed net income for that year to date plus retained net income (as defined) for the preceding two calendar years. At December 31, 2009 the Company had liquid assets of \$5.7 million.

The Bank must maintain an adequate level of liquidity to ensure the availability of sufficient funds to support loan growth and deposit withdrawals, to satisfy financial commitments and to take advantage of investment opportunities. Historically, the Bank has been able to retain a significant amount of its deposits as they mature.

Capital Management. The Bank is required to maintain specific amounts of capital pursuant to OTS regulatory requirements. As of December 31, 2009, the Bank was in compliance with all regulatory capital requirements, which were effective as of such date, with tangible, core and risk-based capital ratios of 7.61%, 7.61% and 12.94%, respectively. The regulatory requirements at that date were 1.5%, 3.0% and 8.0%, respectively. At December 31, 2009, the Bank was considered "well-capitalized" under applicable regulatory guidelines.

Off-Balance Sheet Arrangements

In the normal course of operations, the Company engages in a variety of financial transactions that, in accordance with GAAP, are not recorded on the Company's financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are primarily used to manage customers' requests for funding and take the form of loan commitments and letters of credit. A further presentation of the Company's off-balance sheet arrangements is presented in the Company's Annual Report on Form 10-K for the year ended September 30, 2009.

For the three months ended December 31, 2009, the Company did not engage in any off-balance sheet transactions reasonably likely to have a material effect on the Company's financial condition, results of operations or cash flows.

FIRST SAVINGS FINANCIAL GROUP, INC.
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QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK

For a discussion of the Company's asset and liability management policies, as well as the potential impact of interest rate changes upon the market value of the Company's portfolio equity, see "Interest Rate Risk Management" and "Net Portfolio Value Analysis" in the Company's Annual Report on Form 10-K for the year ended September 30, 2009. Management periodically reviews the impact of interest rate changes upon net interest income and the market value of the Company's portfolio equity. Based on such reviews, management believes that there have been no material changes in the market risk of the Company's asset and liability position since September 30, 2009.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART I - ITEM 4

CONTROLS AND PROCEDURES

Controls and Procedures

The Company's management, including the Company's principal executive officer and the Company's principal financial officer, have evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended. Based on their evaluation, the principal executive officer and the principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that information required to be disclosed in reports that the Company files or submits under the Exchange Act with the SEC (1) is recorded, processed, summarized, and reported within the time periods specified in the SEC's Rules and Forms and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

During the quarter ended December 31, 2009, there were no changes in the Company's internal control over financial reporting which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART II

OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not a party to any legal proceedings. Periodically, there have been various claims and lawsuits involving the Bank, mainly as a plaintiff, such as claims to enforce liens, condemnation proceedings on properties in which the Bank holds security interests, claims involving the making and servicing of real property loans and other issues incident to the Bank's business. The Bank is not a party to any pending legal proceedings that it believes would have a material adverse affect on its financial condition or operations.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2009 which could materially affect our business, financial condition or future results. There have been no material changes to the risk factors described in our Annual Report on Form 10-K, however these are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

| Period | (a) Total number of shares purchased | (b) Average price paid per share (or unit) | (c) Total number of shares (or units) purchased part of publicly announced plans or programs (1) | (d) Maximum number (or appropriate dollar value) of shares (or units) that may yet be purchased under the plans or programs |
|---|--|---|---|--|
| Month #1 October 1, 2009 through October 31, 2009 | — | — | — | — |
| Month #2 November 1, 2009 through November 30, 2009 | — | — | — | — |
| Month #3 December 1, 2009 through December 31, 2009 | 127,102 | \$ 10.40 | 127,102 | — |
| Total | 127,102 | \$ 10.40 | 127,102 | — |

(1) On December 2, 2009, the Company announced that its Board of Directors authorized a stock repurchase program to acquire up to 127,102 shares, or 5%, of the Company's outstanding common stock. Under the program, repurchases were to be conducted through open market purchases or privately negotiated transactions, and were to be made from

time to time depending on market conditions and other factors. On December 10, 2009, the Company announced completion of the program, having repurchased 127,102 shares in a block transaction at a price of \$10.40 per share for a total cost of approximately \$1.3 million.

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FIRST SAVINGS FINANCIAL GROUP, INC.
PART II

OTHER INFORMATION

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

2.1 Plan of Conversion (1)

3.1 Articles of Incorporation of First Savings Financial Group, Inc. (1)

3.2 Bylaws of First Savings Financial Group, Inc. (1)

31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

32.1 Section 1350 Certification of Chief Executive Officer

32.2 Section 1350 Certification of Chief Financial Officer

(1) Incorporated by reference into this document from the Exhibits filed with the Securities and Exchange Commission on the Registration Statement on Form S-1, and any amendments thereto, Registration No. 333-151636.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST SAVINGS FINANCIAL GROUP, INC.
(Registrant)

Dated February 10, 2010

BY: /s/ Larry W. Myers
Larry W. Myers
President and Chief Executive Officer

Dated February 10, 2010

BY: /s/ Anthony A. Schoen
Anthony A. Schoen
Chief Financial Officer