

FIRST FINANCIAL CORP /IN/  
Form 10-Q  
November 05, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarterly Period Ended September 30, 2015

Commission File Number 0-16759

FIRST FINANCIAL CORPORATION  
(Exact name of registrant as specified in its charter)  
INDIANA  
(State or other jurisdiction  
incorporation or organization)

35-1546989  
(I.R.S. Employer  
Identification No.)

One First Financial Plaza, Terre Haute, IN  
(Address of principal executive office)

47807  
(Zip Code)

(812)238-6000  
(Registrant's telephone number, including area code)

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 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 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.

Large accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)

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 .

As of November 3, 2015, the registrant had outstanding 12,703,869 shares of common stock, without par value.

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## Part I – Financial Information

## Item 1. Financial Statements

## FIRST FINANCIAL CORPORATION

## CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except per share data)

	September 30, 2015 (unaudited)	December 31, 2014
<b>ASSETS</b>		
Cash and due from banks	\$63,278	\$78,102
Federal funds sold	—	8,000
Securities available-for-sale	885,836	897,053
Loans:		
Commercial	1,040,677	1,044,522
Residential	451,425	469,172
Consumer	272,235	266,656
	1,764,337	1,780,350
(Less) plus:		
Net deferred loan costs	2,330	1,078
Allowance for loan losses	(19,925)	(18,839)
	1,746,742	1,762,589
Restricted stock	10,838	16,404
Accrued interest receivable	12,265	11,593
Premises and equipment, net	50,834	51,802
Bank-owned life insurance	81,961	80,730
Goodwill	39,489	39,489
Other intangible assets	3,375	3,901
Other real estate owned	3,382	3,965
Other assets	44,833	48,857
<b>TOTAL ASSETS</b>	<b>\$2,942,833</b>	<b>\$3,002,485</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits:		
Non-interest-bearing	\$521,310	\$556,389
Interest-bearing:		
Certificates of deposit exceeding the FDIC insurance limits	47,154	53,733
Other interest-bearing deposits	1,850,125	1,847,075
	2,418,589	2,457,197
Short-term borrowings	23,336	48,015
FHLB advances	13,251	12,886
Other liabilities	79,066	90,173
<b>TOTAL LIABILITIES</b>	<b>2,534,242</b>	<b>2,608,271</b>
Shareholders' equity		
Common stock, \$.125 stated value per share;		
Authorized shares-40,000,000		
Issued shares-14,557,815 in 2015 and 14,538,132 in 2014		
Outstanding shares-12,703,869 in 2015 and 12,962,607 in 2014	1,817	1,815
Additional paid-in capital	72,916	72,405

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Retained earnings	394,761	377,970	
Accumulated other comprehensive loss	(8,758)	(14,529)	)
Less: Treasury shares at cost-1,853,946 in 2015 and 1,575,525 in 2014	(52,145)	(43,447)	)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>408,591</b>	<b>394,214</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$2,942,833</b>	<b>\$3,002,485</b>	

See accompanying notes.

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## FIRST FINANCIAL CORPORATION

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Dollar amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>INTEREST INCOME:</b>				
Loans, including related fees	\$21,478	\$21,939	\$63,048	\$65,782
<b>Securities:</b>				
Taxable	3,918	4,196	11,970	12,938
Tax-exempt	1,806	1,782	5,375	5,294
Other	401	459	1,265	1,301
<b>TOTAL INTEREST INCOME</b>	<b>27,603</b>	<b>28,376</b>	<b>81,658</b>	<b>85,315</b>
<b>INTEREST EXPENSE:</b>				
Deposits	963	1,088	2,980	3,611
Short-term borrowings	22	49	54	85
Other borrowings	42	94	129	726
<b>TOTAL INTEREST EXPENSE</b>	<b>1,027</b>	<b>1,231</b>	<b>3,163</b>	<b>4,422</b>
<b>NET INTEREST INCOME</b>	<b>26,576</b>	<b>27,145</b>	<b>78,495</b>	<b>80,893</b>
Provision for loan losses	1,050	1,506	3,650	3,110
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>25,526</b>	<b>25,639</b>	<b>74,845</b>	<b>77,783</b>
<b>NON-INTEREST INCOME:</b>				
Trust and financial services	1,382	1,386	4,127	4,289
Service charges and fees on deposit accounts	2,688	2,813	7,557	8,058
Other service charges and fees	3,080	3,112	8,918	8,940
Securities gains/(losses), net	9	—	23	(1
Insurance commissions	1,693	2,091	5,202	5,620
Gain on sales of mortgage loans	611	519	1,512	1,352
Other	488	573	2,451	1,676
<b>TOTAL NON-INTEREST INCOME</b>	<b>9,951</b>	<b>10,494</b>	<b>29,790</b>	<b>29,934</b>
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	14,963	14,081	45,105	42,064
Occupancy expense	1,756	1,776	5,322	5,490
Equipment expense	1,736	1,905	5,210	5,467
FDIC Expense	468	537	1,348	1,496
Other	5,229	6,406	16,470	17,706
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>24,152</b>	<b>24,705</b>	<b>73,455</b>	<b>72,223</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>11,325</b>	<b>11,428</b>	<b>31,180</b>	<b>35,494</b>
Provision for income taxes	2,927	3,156	8,098	10,903
<b>NET INCOME</b>	<b>8,398</b>	<b>8,272</b>	<b>23,082</b>	<b>24,591</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Change in unrealized gains/losses on securities, net of reclassifications and taxes	4,471	1,879	1,669	11,298
Change in funded status of post retirement benefits, net of taxes	819	116	4,102	346
<b>COMPREHENSIVE INCOME</b>	<b>\$ 13,688</b>	<b>\$ 10,267</b>	<b>\$ 28,853</b>	<b>\$ 36,235</b>
<b>PER SHARE DATA</b>				

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Basic and Diluted Earnings per Share	\$0.65	\$0.62	\$1.79	\$1.85
Weighted average number of shares outstanding (in thousands)	12,773	13,269	12,874	13,325

See accompanying notes.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Months Ended

September 30, 2015, and 2014

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total
Balance, July 1, 2014	\$1,812	\$71,557	\$366,858	\$(4,320 )	\$(30,161 )	\$405,746
Net income	—	—	8,272	—	—	8,272
Other comprehensive income	—	—	—	1,995	—	1,995
Omnibus Equity Incentive Plan	2	357	—	—	—	359
Treasury shares purchased (392,665 shares)	—	—	\$—	\$—	(12,499 )	(12,499 )
Balance, September 30, 2014	\$1,814	\$71,914	\$375,130	\$(2,325 )	\$(42,660 )	\$403,873
Balance, July 1, 2015	\$1,816	\$72,746	\$386,363	\$(14,048 )	\$(47,819 )	\$399,058
Net income	—	—	8,398	—	—	8,398
Other comprehensive income	—	—	—	5,290	—	5,290
Omnibus Equity Incentive Plan	1	170	—	—	—	171
Treasury shares purchased (130,247 shares)	—	—	—	—	(4,326 )	(4,326 )
Balance, September 30, 2015	\$1,817	\$72,916	\$394,761	\$(8,758 )	\$(52,145 )	\$408,591
See accompanying notes.						





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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Nine Months Ended

September 30, 2015, and 2014

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total
Balance, January 1, 2014	\$1,811	\$71,074	\$357,083	\$(13,969 )	\$(29,804 )	\$386,195
Net income	—	—	24,591	—	—	24,591
Other comprehensive income	—	—	—	11,644	—	11,644
Omnibus Equity Incentive Plan	3	840	—	—	—	843
Treasury shares purchased (402,441 shares)	—	—	—	—	(12,856 )	(12,856 )
Cash dividends, \$.49 per share	—	—	(6,544 )	—	—	(6,544 )
Balance, September 30, 2014	\$1,814	\$71,914	\$375,130	\$(2,325 )	\$(42,660 )	\$403,873
Balance, January 1, 2015	\$1,815	\$72,405	\$377,970	\$(14,529 )	\$(43,447 )	\$394,214
Net income	—	—	23,082	—	—	23,082
Other comprehensive income	—	—	—	5,771	—	5,771
Omnibus Equity Incentive Plan	2	511	—	—	—	513
Treasury shares purchased (257,989 shares)	—	—	—	—	(8,698 )	(8,698 )
Cash dividends, \$.49 per share	—	—	(6,291 )	—	—	(6,291 )
Balance, September 30, 2015	\$1,817	\$72,916	\$394,761	\$(8,758 )	\$(52,145 )	\$408,591

See accompanying notes.

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FIRST FINANCIAL CORPORATION  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Dollar amounts in thousands, except per share data)

	Nine Months Ended September 30,		
	2015	2014	
	(Unaudited)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income	\$23,082	\$24,591	
Adjustments to reconcile net income to net cash provided by operating activities:			
Net amortization (accretion) of premiums and discounts on investments	2,209	1,988	
Provision for loan losses	3,650	3,110	
Securities (gains) losses	(23	) 1	
(Gain) loss on sale of other real estate	76	(150	)
Restricted stock compensation	513	843	
Depreciation and amortization	4,159	4,536	
Other, net	(18	) 3,641	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>33,648</b>	<b>38,560</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sales of securities available-for-sale	3,465		