

FIRST FINANCIAL CORP /IN/
Form 10-Q
August 02, 2017
Table of Contents

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 June 30, 2017

Commission File Number 0-16759

FIRST FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA	35-1546989
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)

One First Financial Plaza, Terre Haute, IN	47807
(Address of principal executive office)	(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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
Emerging growth company <input type="checkbox"/>	

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 7(a)(2)(B)

of the Securities Act.

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 July 31, 2017, the registrant had outstanding 12,223,750 shares of common stock, without par value.

Table of Contents

FIRST FINANCIAL CORPORATION

FORM 10-Q

INDEX

	Page No.
<u>PART I. Financial Information</u>	
<u>Item 1. Financial Statements:</u>	
<u>Consolidated Balance Sheets</u>	<u>3</u>
<u>Consolidated Statements of Income and Comprehensive Income</u>	<u>4</u>
<u>Consolidated Statements of Shareholders' Equity</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows</u>	<u>7</u>
<u>Notes to Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>34</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>36</u>
<u>Item 4. Controls and Procedures</u>	<u>39</u>
<u>PART II. Other Information:</u>	
<u>Item 1. Legal Proceedings</u>	<u>40</u>
<u>Item 1A. Risk Factors</u>	<u>40</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>40</u>
<u>Item 3. Defaults upon Senior Securities</u>	<u>40</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>40</u>
<u>Item 5. Other Information</u>	<u>40</u>
<u>Item 6. Exhibits</u>	<u>41</u>
<u>Signatures</u>	<u>42</u>

Table of Contents

Part I – Financial Information

Item 1. Financial Statements

FIRST FINANCIAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except per share data)

	June 30, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Cash and due from banks	\$55,379	\$ 75,012
Federal funds sold	—	6,952
Securities available-for-sale	851,577	853,725
Loans:		
Commercial	1,107,658	1,106,182
Residential	429,827	423,911
Consumer	316,542	305,881
	1,854,027	1,835,974
(Less) plus:		
Net deferred loan costs	3,003	3,206
Allowance for loan losses	(19,680)	(18,773)
	1,837,350	1,820,407
Restricted stock	10,369	10,359
Accrued interest receivable	11,564	12,311
Premises and equipment, net	48,296	49,240
Bank-owned life insurance	84,343	83,737
Goodwill	34,355	34,355
Other intangible assets	1,857	2,109
Other real estate owned	2,384	2,531
Other assets	37,214	37,789
TOTAL ASSETS	\$2,974,688	\$ 2,988,527
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing	\$415,945	\$ 564,092
Interest-bearing:		
Certificates of deposit exceeding the FDIC insurance limits	42,820	43,759
Other interest-bearing deposits	1,968,958	1,820,675
	2,427,723	2,428,526
Short-term borrowings	51,880	80,989
FHLB advances	132	132
Other liabilities	60,499	64,485
TOTAL LIABILITIES	2,540,234	2,574,132
Shareholders' equity		
Common stock, \$.125 stated value per share;		
Authorized shares-40,000,000		
Issued shares-14,595,320 in 2017 and 14,578,758 in 2016		
Outstanding shares-12,223,750 in 2017 and 12,216,712 in 2016	1,821	1,820
Additional paid-in capital	74,877	74,525

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Retained earnings	433,435	421,826
Accumulated other comprehensive loss	(5,564)	(14,164)
Less: Treasury shares at cost-2,371,570 in 2017 and 2,362,046 in 2016	(70,115)	(69,612)
TOTAL SHAREHOLDERS' EQUITY	434,454	414,395
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,974,688	\$ 2,988,527

See accompanying notes.

3

Table of ContentsFIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Dollar amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
INTEREST INCOME:				
Loans, including related fees	\$22,325	\$ 21,271	\$44,266	\$ 42,455
Securities:				
Taxable	3,630	3,694	7,387	7,525
Tax-exempt	1,843	1,818	3,670	3,640
Other	330	367	651	731
TOTAL INTEREST INCOME	28,128	27,150	55,974	54,351
INTEREST EXPENSE:				
Deposits	1,471	1,030	2,746	2,017
Short-term borrowings	73	26	117	49
Other borrowings	24	35	44	69
TOTAL INTEREST EXPENSE	1,568	1,091	2,907	2,135
NET INTEREST INCOME	26,560	26,059	53,067	52,216
Provision for loan losses	1,040	435	2,636	1,270
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	25,520	25,624	50,431	50,946
NON-INTEREST INCOME:				
Trust and financial services	1,149	1,292	2,466	2,626
Service charges and fees on deposit accounts	3,004	2,601	5,781	5,105
Other service charges and fees	3,114	3,149	6,299	6,149
Securities gains/(losses), net	15	10	17	13
Insurance commissions	36	33	58	2,305
Gain on sale of certain assets and liabilities of insurance brokerage operation	—	—	—	13,021
Gain on sales of mortgage loans	393	481	720	885
Other	402	648	3,821	476
TOTAL NON-INTEREST INCOME	8,113	8,214	19,162	30,580
NON-INTEREST EXPENSE:				
Salaries and employee benefits	12,519	13,142	25,895	26,737
Occupancy expense	1,761	1,722	3,529	3,453
Equipment expense	1,835	1,808	3,632	3,645
FDIC Expense	228	403	461	854
Other	5,745	5,685	11,148	11,418
TOTAL NON-INTEREST EXPENSE	22,088	22,760	44,665	46,107
INCOME BEFORE INCOME TAXES	11,545	11,078	24,928	35,419
Provision for income taxes	3,193	2,846	7,207	13,512
NET INCOME	8,352	8,232	17,721	21,907
OTHER COMPREHENSIVE INCOME				
Change in unrealized gains/(losses) on securities, net of reclassifications and taxes	5,045	1,262	8,233	5,300
Change in funded status of post retirement benefits, net of taxes	184	304	367	608

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COMPREHENSIVE INCOME	\$13,581	\$ 9,798	\$26,321	\$ 27,815
PER SHARE DATA				
Basic and Diluted Earnings per Share	\$0.68	\$ 0.68	\$1.45	\$ 1.76
Weighted average number of shares outstanding (in thousands)	12,224	12,236	12,221	12,441
See accompanying notes.				

4

Table of ContentsFIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Months Ended

June 30, 2017, and 2016

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total
Balance, April 1, 2016	\$ 1,818	\$ 73,566	\$409,308	\$ (5,059)	\$(67,721)	\$411,912
Net income	—	—	8,232	—	—	8,232
Other comprehensive income	—	—	—	1,566	—	1,566
Omnibus Equity Incentive Plan	—	171	—	—	—	171
Treasury shares purchased (72,174 shares)	—	—	\$—	\$ —	(2,540)	(2,540)
Cash dividends, \$.49 per share			\$(6,117)			