

FIRST FINANCIAL CORP /IN/
Form 10-Q
May 02, 2018
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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 March 31, 2018

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 April 30, 2018, the registrant had outstanding 12,255,045 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)

	March 31, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Cash and due from banks	\$41,156	\$ 74,107
Federal funds sold	1,500	—
Securities available-for-sale	805,558	814,931
Loans:		
Commercial	1,135,927	1,139,490
Residential	436,119	436,143
Consumer	332,115	327,976
	1,904,161	1,903,609
(Less) plus:		
Net deferred loan costs	3,284	3,152
Allowance for loan losses	(20,242)	(19,909)
	1,887,203	1,886,852
Restricted stock	10,390	10,379
Accrued interest receivable	12,983	12,913
Premises and equipment, net	47,771	48,272
Bank-owned life insurance	85,306	85,016
Goodwill	34,355	34,355
Other intangible assets	1,527	1,630
Other real estate owned	1,923	1,880
Other assets	26,981	30,333
TOTAL ASSETS	\$2,956,653	\$ 3,000,668
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing	\$415,694	\$ 425,001
Interest-bearing:		
Certificates of deposit exceeding the FDIC insurance limits	42,056	43,178
Other interest-bearing deposits	1,999,439	1,990,474
	2,457,189	2,458,653
Short-term borrowings	29,078	57,686
Other liabilities	55,486	70,760
TOTAL LIABILITIES	2,541,753	2,587,099
Shareholders' equity		
Common stock, \$.125 stated value per share;		
Authorized shares-40,000,000		
Issued shares-14,612,540 in 2018 and 14,595,320 in 2017		
Outstanding shares-12,255,045 in 2018 and 12,246,464 in 2017	1,823	1,822
Additional paid-in capital	75,810	75,624
Retained earnings	431,594	420,275

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Accumulated other comprehensive loss	(24,488)	(14,704)
Less: Treasury shares at cost-2,357,495 in 2018 and 2,348,856 in 2017	(69,839)	(69,448)
TOTAL SHAREHOLDERS' EQUITY	414,900		413,569	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,956,653		\$ 3,000,668	

See accompanying notes.

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CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
	(unaudited)	(unaudited)
INTEREST INCOME:		
Loans, including related fees	\$23,623	\$ 21,941
Securities:		
Taxable	3,593	3,757
Tax-exempt	1,840	1,827
Other	321	321
TOTAL INTEREST INCOME	29,377	27,846
INTEREST EXPENSE:		
Deposits	1,764	1,275
Short-term borrowings	99	44
Other borrowings	41	20
TOTAL INTEREST EXPENSE	1,904	1,339
NET INTEREST INCOME	27,473	26,507
Provision for loan losses	1,473	1,596
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	26,000	24,911
NON-INTEREST INCOME:		
Trust and financial services	1,415	1,317
Service charges and fees on deposit accounts	2,885	2,777
Other service charges and fees	3,144	3,185
Securities gains, net	—	2
Insurance commissions	32	22
Gain on sales of mortgage loans	340	327
Other	287	3,419
TOTAL NON-INTEREST INCOME	8,103	11,049
NON-INTEREST EXPENSE:		
Salaries and employee benefits	12,965	13,075
Occupancy expense	1,781	1,768
Equipment expense	1,693	1,797
FDIC Expense	227	233
Other	6,545	5,704
TOTAL NON-INTEREST EXPENSE	23,211	22,577
INCOME BEFORE INCOME TAXES	10,892	13,383
Provision for income taxes	1,939	4,014
NET INCOME	8,953	9,369
OTHER COMPREHENSIVE INCOME (LOSS)		
Change in unrealized gains/(losses) on securities, net of reclassifications and taxes	(7,699)) 3,188
Change in funded status of post retirement benefits, net of taxes	281	183
COMPREHENSIVE INCOME (LOSS)	\$1,535	\$ 12,740
PER SHARE DATA		
Basic and Diluted Earnings per Share	\$0.73	\$ 0.77
Weighted average number of shares outstanding (in thousands)	12,248	12,217

See accompanying notes.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Months Ended

March 31, 2018, and 2017

(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, 2017	\$ 1,820	\$ 74,525	\$421,826	\$ (14,164)	\$(69,612)	\$414,395
Net income	—	—	9,369	—	—	9,369
Other comprehensive income	—	—	—	3,371	—	3,371
Omnibus Equity Incentive Plan	—	176	—	—	—	176
Treasury shares purchased (72,174 shares)	—	—	—	—	(503)	(503)
Balance, March 31, 2017	\$ 1,820	\$ 74,701	\$431,195	\$ (10,793)	\$(70,115)	\$426,808
Balance, January 1, 2018	\$ 1,822	\$ 75,624	\$420,275	\$ (14,704)	\$(69,448)	\$413,569
Net income	—	—	8,953	—	—	8,953
Other comprehensive income/(loss)	—	—	—	(7,418)	—	(7,418)
Omnibus Equity Incentive Plan	1	186	—	—	—	187
Treasury shares purchased (8,639 shares)	—	—	—	—	(391)	(391)
ASU 2018-02 adjustment	—	—	2,366	(2,366)	—	—
Balance, March 31, 2018	\$ 1,823	\$ 75,810	\$431,594	\$ (24,488)	\$(69,839)	\$414,900
See accompanying notes.						

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

	Three Months Ended March 31, 2018 2017 (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$8,953	\$9,369
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization (accretion) of premiums and discounts on investments	885	897
Provision for loan losses	1,473	1,596
Securities (gains)	—	(2)
(Gain) / Loss on sale of other real estate	(16)	4
Restricted stock compensation	187	176
Depreciation and amortization	1,036	1,145
Other, net	(3,488)	(2,753)
NET CASH FROM OPERATING ACTIVITIES	9,030	10,432
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available-for-sale	—	783
Calls, maturities and principal reductions on securities available-for-sale	37,679	34,434