

FIRST FINANCIAL CORP /IN/

Form 10-Q

November 07, 2008

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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, 2008
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 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"/>	Smaller reporting company <input type="checkbox"/>
		(Do not check if a 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, 2008, the registrant had outstanding 13,098,615 shares of common stock, without par value.

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Item 1. Financial Statements

FIRST FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands, except per share data)

	September 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Cash and due from banks	\$ 49,824	\$ 70,082
Federal funds sold and short-term investments	10,665	4,201
Securities available-for-sale	596,750	558,020
Loans:		
Commercial, financial and agricultural	521,470	461,086
Real estate construction	28,449	29,637
Real estate mortgage	632,276	673,355
Installment	294,025	262,858
Lease financing	1,924	2,275
	1,478,144	1,429,211
Less:		
Unearned Income	(158)	(212)
Allowance for loan losses	(15,840)	(15,351)
	1,462,146	1,413,648
Credit card loans held-for-sale	12,777	14,068
Restricted Stock	26,227	28,613
Accrued interest receivable	13,371	13,698
Premises and equipment, net	32,237	32,632
Bank-owned life insurance	61,566	59,950
Goodwill	7,102	7,102
Other intangible assets	1,619	1,937
Other real estate owned	3,469	1,472
Other assets	27,982	26,139
TOTAL ASSETS	\$ 2,305,735	\$ 2,231,562
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest-bearing	\$ 239,183	\$ 225,549
Interest-bearing:		
Certificates of deposit of \$100 or more	185,519	193,901
Other interest-bearing deposits	1,104,510	1,110,271
	1,529,212	1,529,721

Short-term borrowings	51,261	27,331
Other borrowings	410,167	341,285
Other liabilities	35,440	51,533
TOTAL LIABILITIES	2,026,080	1,949,870
Shareholders' equity		
Common stock, \$.125 stated value per share;		
Authorized shares-40,000,000		
Issued shares-14,450,966		
Outstanding shares-13,098,615 in 2008 and 13,136,359 in 2007	1,806	1,806
Additional paid-in capital	68,212	68,212
Retained earnings	261,843	250,011
Accumulated other comprehensive income (loss)	(18,016)	(5,181)
Treasury shares at cost-1,352,351 in 2008 and 1,314,607 in 2007	(34,190)	(33,156)
TOTAL SHAREHOLDERS' EQUITY	279,655	281,692
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,305,735	\$ 2,231,562

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INTEREST INCOME:				
Loans, including related fees	\$ 24,799	\$ 26,661	\$ 75,256	\$ 78,263
Securities:				
Taxable	6,412	5,957	18,794	17,405
Tax-exempt	1,609	1,694	4,787	4,876
Other	554	603	2,095	2,197
TOTAL INTEREST INCOME	33,374	34,915	100,932	102,741
INTEREST EXPENSE:				
Deposits	7,378	10,676	25,971	31,265
Short-term borrowings	290	499	857	1,180
Other borrowings	4,602	4,991	14,084	14,525
TOTAL INTEREST EXPENSE	12,270	16,166	40,912	46,970
NET INTEREST INCOME	21,104	18,749	60,020	55,771
Provision for loan losses	2,215	1,575	5,875	4,505
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	18,889	17,174	54,145	51,266
NON-INTEREST INCOME:				
Trust and financial services	981	926	3,090	2,846
Service charges and fees on deposit accounts	3,157	3,062	8,937	8,803
Other service charges and fees	1,640	1,492	4,511	4,259
Securities gains/(losses), net	(6,139)		(5,784)	20
Insurance commissions	1,556	1,715	4,752	4,659
Gain on sales of mortgage loans	184	211	594	615
Other	61	429	1,630	2,309
TOTAL NON-INTEREST INCOME	1,440	7,835	17,730	23,511
NON-INTEREST EXPENSE:				
Salaries and employee benefits	10,043	9,606	30,501	29,173
Occupancy expense	1,047	1,003	3,084	3,074
Equipment expense	1,185	1,078	3,424	3,245

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Other	4,228	4,441	12,148	12,802
TOTAL NON-INTEREST EXPENSE	16,503	16,128	49,157	48,294
INCOME BEFORE INCOME TAXES	3,826	8,881	22,718	26,483
Provision for income taxes	324	2,519	5,123	7,285
NET INCOME	\$ 3,502	\$ 6,362	\$ 17,595	\$ 19,198
PER SHARE DATA				
Basic and Diluted	\$ 0.27	\$ 0.48	\$ 1.34	\$ 1.45
Dividends Per Share			\$ 0.44	\$ 0.43
Weighted average number of shares outstanding (in thousands)	13,099	13,136	13,108	13,195

See accompanying notes.

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FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
Three Months Ended
September 30, 2008, and 2007
(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, 2007	\$ 1,806	\$ 68,003	\$ 243,052	\$ (10,723)	\$ (32,343)	\$ 269,795
Comprehensive income:						
Net income			6,362			6,362
Change in net unrealized gains/(losses) on securities available for-sale				3,708		3,708
Change in net unrealized gains/ (losses) on retirement plans				110		110
Total comprehensive income/(loss)						10,180
Treasury stock purchase					(1,567)	(1,567)
Balance, September 30, 2007	\$ 1,806	\$ 68,003	\$ 249,414	\$ (6,905)	\$ (33,910)	\$ 278,408
Balance, July 1, 2008	\$ 1,806	\$ 68,212	\$ 258,341	\$ (12,452)	\$ (34,190)	\$ 281,717
Comprehensive income:						
Net income			3,502			3,502
Change in net unrealized gains/(losses) on securities available for-sale				(5,692)		(5,692)
Change in net unrealized gains/ (losses) on retirement plans				128		128
Total comprehensive income/(loss)						(2,062)
Balance, September 30, 2008	\$ 1,806	\$ 68,212	\$ 261,843	\$ (18,016)	\$ (34,190)	\$ 279,655

See accompanying notes.

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FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Nine Months Ended
September 30, 2008, and 2007
(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, 2007	\$ 1,806	\$ 68,003	\$ 235,967	\$ (5,494)	\$ (29,022)	\$ 271,260
Comprehensive income:						
Net income			19,198			19,198
Change in net unrealized gains/(losses) on securities available for-sale				(1,951)		(1,951)
Change in net unrealized gains/ (losses) on retirement plans				540		540
Total comprehensive income/(loss)						17,787
Adoption of FIN48			(86)			(86)
Cash Dividends, \$.43 per share			(5,665)			(5,665)
Treasury stock purchase					(4,888)	(4,888)
Balance, September 30, 2007	\$ 1,806	\$ 68,003	\$ 249,414	\$ (6,905)	\$ (33,910)	\$ 278,408
Balance, January 1, 2008	\$ 1,806	\$ 68,212	\$ 250,011	\$ (5,181)	\$ (33,156)	\$ 281,692
Comprehensive income:						
Net income			17,595			17,595
Change in net unrealized gains/(losses) on securities available for-sale				(13,219)		(13,219)
Change in net unrealized gains/ (losses) on retirement plans				384		384
Total comprehensive income/(loss)						4,760
			(5,763)			(5,763)

Cash Dividends, \$.44 per
share

Treasury stock purchase

(1,034) (1,034)

Balance, September 30, 2008 \$ 1,806 \$ 68,212 \$ 261,843 \$ (18,016) \$ (34,190) \$ 279,655

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,
2008 2007
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES: