

FIRST FINANCIAL CORP /IN/

Form 10-Q

August 08, 2007

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, 2007
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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐.

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 August 1, 2007, the Registrant had outstanding 1,304,145 shares of common stock, without par value.

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>	3
<u>Consolidated Statements of Income</u>	4
<u>Consolidated Statements of Shareholders' Equity</u>	5
<u>Consolidated Statements of Cash Flows</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	10
<u>Item 4. Controls and Procedures</u>	13
<u>PART II. Other Information:</u>	
<u>Item 1. Legal Proceedings</u>	13
<u>Item 1A. Risk Factors</u>	13
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	13
<u>Item 3. Defaults upon Senior Securities</u>	13
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	13
<u>Item 5. Other Information</u>	13
<u>Item 6. Exhibits</u>	14
<u>Signatures</u>	15

Part I Financial Information

Item 1. Financial Statements

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

	June 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
Cash and due from banks	\$ 71,074	\$ 77,682
Federal funds sold and short-term investments	12,769	21,437
Securities available-for-sale	599,018	559,053
Loans:		
Commercial, financial and agricultural	434,248	407,995
Real estate construction	27,997	33,336
Real estate mortgage	680,208	691,989
Installment	266,645	257,065
Lease financing	2,303	2,604
	1,411,401	1,392,989
Less:		
Unearned income	(235)	(234)
Allowance for loan losses	(15,349)	(16,169)
	1,395,817	1,376,586
Accrued interest receivable	12,673	13,972
Premises and equipment, net	32,651	33,267
Bank-owned life insurance	58,927	57,905
Goodwill	7,102	7,102
Other intangible assets	2,150	2,363
Other real estate owned	2,993	3,194
Other assets	25,120	23,437
TOTAL ASSETS	\$ 2,220,294	\$ 2,175,998
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest-bearing	\$ 229,666	\$ 227,808
Interest-bearing:		
Certificates of deposit of \$100 or more	210,264	189,323
Other interest-bearing deposits	1,070,888	1,085,551
	1,510,818	1,502,682

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Short-term borrowings	31,625	16,203
Other borrowings	366,277	341,805
Other liabilities	41,779	44,048
TOTAL LIABILITIES	1,950,499	1,904,738
Shareholders' equity		
Common stock, \$.125 stated value per share; Authorized shares-40,000,000		
Issued shares-14,450,966		
Outstanding shares-13,161,821 in 2007 and 13,270,321 in 2006	1,806	1,806
Additional paid-in capital	68,003	68,003
Retained earnings	243,052	235,967
Accumulated other comprehensive income	(10,723)	(5,494)
Treasury shares at cost-1,289,145 in 2007 and 1,180,645 in 2006	(32,343)	(29,022)
TOTAL SHAREHOLDERS' EQUITY	269,795	271,260
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,220,294	\$ 2,175,998

See accompanying notes.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(Unaudited)		(Unaudited)	
INTEREST INCOME:				
Loans, including related fees	\$ 25,950	\$ 24,707	\$ 51,602	\$ 48,813
Securities:				
Taxable	5,836	5,802	11,448	10,867
Tax-exempt	1,606	1,538	3,182	3,073
Other	812	730	1,594	1,447
TOTAL INTEREST INCOME	34,204	32,777	67,826	64,200
INTEREST EXPENSE:				
Deposits	10,384	9,360	20,589	17,558
Short-term borrowings	449	143	681	285
Other borrowings	4,806	4,763	9,534	9,450
TOTAL INTEREST EXPENSE	15,639	14,266	30,804	27,293
NET INTEREST INCOME	18,565	18,511	37,022	36,907
Provision for loan losses	1,240	645	2,930	2,848
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	17,325	17,866	34,092	34,059
NON-INTEREST INCOME:				
Trust department income	942	1,003	1,920	1,917
Service charges and fees on deposit accounts	3,020	3,099	5,741	5,836
Other service charges and fees	1,462	1,280	2,767	2,627
Securities gains/(losses), net	0	1	20	9
Insurance commissions	1,546	1,479	2,944	2,853
Gain on sale of mortgage loans	220	23	404	154
Other	339	330	1,880	1,232
TOTAL NON-INTEREST INCOME	7,529	7,215	15,676	14,628
NON-INTEREST EXPENSES:				
Salaries and employee benefits	9,615	10,304	19,567	20,563

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Occupancy expense	1,031	944	2,071	1,885
Equipment expense	1,069	1,125	2,167	2,168
Other	4,393	3,838	8,361	7,811
TOTAL NON-INTEREST EXPENSE	16,108	16,211	32,166	32,427
INCOME BEFORE INCOME TAXES	8,746	8,870	17,602	16,260
Provision for income taxes	2,333	2,445	4,766	4,326
NET INCOME	\$ 6,413	\$ 6,425	\$ 12,836	\$ 11,934
PER SHARE DATA:				
Basic and Diluted	\$ 0.48	\$ 0.48	\$ 0.97	\$ 0.90
Dividends per share	\$ 0.43	\$ 0.42	\$ 0.43	\$ 0.42
Weighted average number of shares outstanding (in thousands)	13,200	13,295	13,225	13,323
See accompanying notes				

FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Months Ended
June 30, 2007 and 2006

(Dollar amounts in thousands, except per share data)
(Unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total
Balance, April 1, 2007	\$ 1,806	\$ 68,003	\$ 242,304	\$ (4,754)	\$ (30,430)	\$ 276,929
Comprehensive income:						
Net income			6,413			6,413
Change in net unrealized gains/(losses) on securities available-for-sale				(6,080)		(6,080)
Change in Pension Liability				111		111
Total comprehensive income/(loss)						444
Cash dividends, \$.43 per share			(5,665)			(5,665)
Treasury stock purchases					(1,913)	(1,913)
Balance, June 30, 2007	\$ 1,806	\$ 68,003	\$ 243,052	\$ (10,723)	\$ (32,343)	\$ 269,795
Balance, April 1, 2006	\$ 1,806	\$ 67,670	\$ 229,219	\$ 594	\$ (27,456)	\$ 271,833
Comprehensive income:						
Net income			6,425			6,425
Change in net unrealized gains/ (losses) on securities available-for-sale				(4,226)		(4,226)
Total comprehensive income						2,199
Cash dividends, \$.42 per share			(5,573)			(5,573)
Treasury stock purchases					(1,383)	(1,383)
Balance, June 30, 2006	\$ 1,806	\$ 67,670	\$ 230,071	\$ (3,632)	\$ (28,839)	\$ 267,076

See accompanying notes.

FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Six Months Ended

June 30, 2007, and 2006

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Common Stock	Additional Paid-in 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			12,836			12,836
Change in net unrealized gains/(losses) on securities available-for-sale				(5,659)		(5,659)
Change in Pension Liability				430		430
Total comprehensive income/(loss)						7,607
Adoption of FIN 48			(86)			(86)
Cash dividends, \$.43 per share			(5,665)			(5,665)
Treasury stock purchases					(3,321)	(3,321)
Balance, June 30, 2007	\$ 1,806	\$ 68,003	\$ 243,052	\$ (10,723)	\$ (32,343)	\$ 269,795
Balance, January 1, 2006	\$ 1,806	\$ 67,670	\$ 223,710	\$ 1,903	\$ (25,766)	\$ 269,323
Comprehensive income:						
Net income			11,934			11,934
Change in net unrealized gains/(losses) on securities available-for-sale				(5,535)		(5,535)
Total comprehensive income						6,399
Cash dividends, \$.42 per share			(5,573)			(5,573)
Treasury stock purchases					(3,073)	(3,073)

Balance, June 30, 2006	\$	1,806	\$	67,670	\$	230,071	\$	(3,632)	\$	(28,839)	\$	267,076
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See accompanying notes.

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

Six Months Ended