

REFINITIV

DELTA REPORT

10-Q

THFF - FIRST FINANCIAL CORP /IN/

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	706
CHANGES	247
DELETIONS	255
ADDITIONS	204

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, 2023** **March 31, 2024**

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

For the transition period from _____ to _____

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)

(Registrant's telephone number, including area code)

238-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.125 per share	THFF	The NASDAQ Stock Market LLC

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)

Emerging growth company

☐

Accelerated filer

☐

Smaller reporting company

☐

☒

☐

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 **November 1, 2023** **May 1, 2024**, the registrant had outstanding **11,754,528** **11,814,093** shares of common stock, without par value.

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FIRST FINANCIAL CORPORATION
FORM 10-Q
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Item 1. Financial Statements

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

	September 30, 2023	December 31, 2022
	(unaudited)	
ASSETS		
Cash and due from banks	\$ 74,668	\$ 222,517
Federal funds sold	688	9,374
Securities available-for-sale	1,225,219	1,330,481
Loans:		
Commercial	1,775,004	1,798,260
Residential	687,069	673,464
Consumer	647,658	588,539
	<u>3,109,731</u>	<u>3,060,263</u>
(Less) plus:		
Net deferred loan (fees)/costs	7,895	7,175
Allowance for credit losses	<u>(39,034)</u>	<u>(39,779)</u>
	3,078,592	3,027,659
Restricted stock	15,398	15,378
Accrued interest receivable	22,546	21,288
Premises and equipment, net	67,424	66,147
Bank-owned life insurance	113,684	115,704
Goodwill	86,985	86,985
Other intangible assets	5,816	6,714
Other real estate owned	63	337
Other assets	93,723	86,697
TOTAL ASSETS	<u>\$ 4,784,806</u>	<u>\$ 4,989,281</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing	\$ 770,511	\$ 857,920
Interest-bearing:		
Certificates of deposit exceeding the FDIC insurance limits	82,741	50,608
Other interest-bearing deposits	<u>3,187,743</u>	<u>3,460,343</u>
	4,040,995	4,368,871
Short-term borrowings	132,734	70,875
Other borrowings	84,578	9,589
Other liabilities	<u>56,331</u>	<u>64,653</u>

TOTAL LIABILITIES	4,314,638	4,513,988
Shareholders' equity		
Common stock, \$0.125 stated value per share; Authorized shares - 40,000,000; Issued shares-16,137,220 in 2023 and 16,114,992 in 2022; Outstanding shares - 11,754,528 in 2023 and 12,051,964 in 2022	2,014	2,012
Additional paid-in capital	143,855	143,185
Retained earnings	656,610	614,829
Accumulated other comprehensive loss	(176,038)	(139,974)
Less: Treasury shares at cost - 4,382,692 in 2023 and 4,063,028 in 2022	(156,273)	(144,759)
TOTAL SHAREHOLDERS' EQUITY	470,168	475,293
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,784,806	\$ 4,989,281

	March 31, 2024	December 31, 2023
	(unaudited)	
ASSETS		
Cash and due from banks	\$ 69,231	\$ 76,759
Federal funds sold	—	282
Securities available-for-sale	1,218,287	1,259,137
Loans:		
Commercial	1,816,854	1,817,526
Residential	710,496	695,788
Consumer	657,299	646,758
	3,184,649	3,160,072
(Less) plus:		
Net deferred loan (fees)/costs	7,334	7,749
Allowance for credit losses	(40,045)	(39,767)
	3,151,938	3,128,054
Restricted stock	15,371	15,364
Accrued interest receivable	23,851	24,877
Premises and equipment, net	66,830	67,286
Bank-owned life insurance	114,683	114,122
Goodwill	86,985	86,985
Other intangible assets	5,351	5,586
Other real estate owned	167	107
Other assets	99,921	72,587
TOTAL ASSETS	\$ 4,852,615	\$ 4,851,146
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing	\$ 738,478	\$ 750,335
Interest-bearing:		
Certificates of deposit exceeding the FDIC insurance limits	109,228	92,921
Other interest-bearing deposits	3,257,397	3,246,812
	4,105,103	4,090,068
Short-term borrowings	88,873	67,221
Other borrowings	58,576	108,577
Other liabilities	79,297	57,304
TOTAL LIABILITIES	4,331,849	4,323,170
Shareholders' equity		
Common stock, \$0.125 stated value per share; Authorized shares - 40,000,000; Issued shares-16,165,023 in 2024 and 16,137,220 in 2023; Outstanding shares - 11,814,093 in 2024 and 11,795,024 in 2023	2,015	2,014
Additional paid-in capital	144,391	144,152
Retained earnings	667,675	663,726
Accumulated other comprehensive loss	(138,110)	(127,087)
Less: Treasury shares at cost - 4,350,930 in 2024 and 4,342,196 in 2023	(155,205)	(154,829)
TOTAL SHAREHOLDERS' EQUITY	520,766	527,976
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,852,615	\$ 4,851,146

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INTEREST INCOME:						
Loans, including related fees	\$ 49,146	\$ 38,021	\$ 140,220	\$ 104,683	\$ 50,052	\$ 44,595
Securities:						
Taxable	6,164	5,498	18,631	14,839	5,931	6,236
Tax-exempt	2,661	2,562	7,937	7,402	2,603	2,598
Other	752	2,165	2,864	4,178	817	1,271
TOTAL INTEREST INCOME	58,723	48,246	169,652	131,102	59,403	54,700
INTEREST EXPENSE:						
Deposits	13,627	4,644	35,111	8,793	17,731	9,527
Short-term borrowings	1,923	418	4,025	676	976	808
Other borrowings	2,023	80	2,844	249	1,776	30
TOTAL INTEREST EXPENSE	17,573	5,142	41,980	9,718	20,483	10,365
NET INTEREST INCOME	41,150	43,104	127,672	121,384	38,920	44,335
Provision for credit losses	1,200	1,050	4,800	(4,750)	1,800	1,800
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	39,950	42,054	122,872	126,134	37,120	42,535
NON-INTEREST INCOME:						
Trust and financial services	1,140	1,015	3,642	3,687	1,333	1,317
Service charges and fees on deposit accounts	7,099	6,965	20,971	20,698	6,708	6,818
Other service charges and fees	213	160	613	488	223	204
Securities gains, net	—	—	—	5	—	—
Interchange income	—	149	47	418	179	47
Loan servicing fees	447	457	997	1,184	269	285
Gain on sales of mortgage loans	321	440	811	1,705	176	180
Other	2,407	2,954	4,374	7,963	543	524
TOTAL NON-INTEREST INCOME	11,627	12,140	31,455	36,148	9,431	9,375
NON-INTEREST EXPENSE:						
Salaries and employee benefits	17,159	15,943	51,263	48,953	17,330	17,158
Occupancy expense	2,389	2,525	7,120	7,419	2,359	2,599
Equipment expense	3,580	3,311	10,404	9,177	4,144	3,299
FDIC Expense	613	556	1,977	1,526	662	787
Other	8,524	9,169	25,168	26,447	8,927	8,478
TOTAL NON-INTEREST EXPENSE	32,265	31,504	95,932	93,522	33,422	32,321
INCOME BEFORE INCOME TAXES	19,312	22,690	58,395	68,760	13,129	19,589
Provision for income taxes	3,027	4,639	10,143	14,172	2,205	3,609

NET INCOME	16,285	18,051	48,252	54,588	10,924	15,980
OTHER COMPREHENSIVE INCOME (LOSS)						
Change in unrealized gains/(losses) on securities, net of reclassifications and taxes	(34,934)	(41,060)	(36,504)	(165,893)	(11,096)	14,238
Change in funded status of post retirement benefits, net of taxes	146	315	440	944	73	147
COMPREHENSIVE INCOME (LOSS)	<u>\$ (18,503)</u>	<u>\$ (22,694)</u>	<u>\$ 12,188</u>	<u>\$ (110,361)</u>	<u>\$ (99)</u>	<u>\$ 30,365</u>
PER SHARE DATA						
Basic and Diluted Earnings per Share	<u>\$ 1.37</u>	<u>\$ 1.50</u>	<u>\$ 4.02</u>	<u>\$ 4.45</u>	<u>\$ 0.93</u>	<u>\$ 1.33</u>
Weighted average number of shares outstanding (in thousands)	<u>11,901</u>	<u>12,029</u>	<u>11,993</u>	<u>12,270</u>	<u>11,803</u>	<u>12,058</u>

See accompanying notes.

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FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Three Months Ended
September 30, March 31, 2024, and 2023 and 2022
(Dollar amounts in thousands, except per share data)
(Unaudited)

	Accumulated					
	Other					
	Common	Additional	Retained	Comprehensive	Treasury	
	Stock	Capital	Earnings	Income/(Loss)	Stock	Total
Balance, July 1, 2022	\$ 2,011	\$ 142,390	\$ 589,169	\$ (126,630)	\$ (145,409)	\$ 461,531
Net income	—	—	18,051	—	—	18,051
Other comprehensive income (loss)	—	—	—	(40,745)	—	(40,745)
Omnibus Equity Incentive Plan	—	206	—	—	—	206
Treasury shares purchased (9,125 shares)	—	—	—	—	(417)	(417)
Balance, September 30, 2022	<u>\$ 2,011</u>	<u>\$ 142,596</u>	<u>\$ 607,220</u>	<u>\$ (167,375)</u>	<u>\$ (145,826)</u>	<u>\$ 438,626</u>
Balance, July 1, 2023	\$ 2,013	\$ 143,632	\$ 640,325	\$ (141,250)	\$ (147,832)	\$ 496,888
Net income	—	—	16,285	—	—	16,285
Other comprehensive income (loss)	—	—	—	(34,788)	—	(34,788)
Omnibus Equity Incentive Plan	1	223	—	—	—	224
Treasury shares purchased (228,457 shares)	—	—	—	—	(8,441)	(8,441)
Balance, September 30, 2023	<u>\$ 2,014</u>	<u>\$ 143,855</u>	<u>\$ 656,610</u>	<u>\$ (176,038)</u>	<u>\$ (156,273)</u>	<u>\$ 470,168</u>
	Accumulated					
	Other					
	Common	Additional	Retained	Comprehensive	Treasury	
	Stock	Capital	Earnings	Income/(Loss)	Stock	Total
Balance, January 1, 2023	\$ 2,012	\$ 143,185	\$ 614,829	\$ (139,974)	\$ (144,759)	\$ 475,293
Net income	—	—	15,980	—	—	15,980
Other comprehensive income (loss)	—	—	—	14,385	—	14,385
Omnibus Equity Incentive Plan	—	223	—	—	—	223
Treasury shares purchased (8,304 shares)	—	—	—	—	(382)	(382)

Balance, March 31, 2023	<u>\$ 2,012</u>	<u>\$ 143,408</u>	<u>\$ 630,809</u>	<u>\$ (125,589)</u>	<u>\$ (145,141)</u>	<u>\$ 505,499</u>
Balance, January 1, 2024	\$ 2,014	\$ 144,152	\$ 663,726	\$ (127,087)	\$ (154,829)	\$ 527,976
Cumulative change in accounting principle ASU 2023-02	—	—	(1,659)	—	—	(1,659)
Net income	—	—	10,924	—	—	10,924
Other comprehensive income (loss)	—	—	—	(11,023)	—	(11,023)
Omnibus Equity Incentive Plan	1	239	—	—	—	240
Treasury shares purchased (8,734 shares)	—	—	—	—	(376)	(376)
Cash dividends, \$.45 per share	—	—	(5,316)	—	—	(5,316)
Balance, March 31, 2024	<u>\$ 2,015</u>	<u>\$ 144,391</u>	<u>\$ 667,675</u>	<u>\$ (138,110)</u>	<u>\$ (155,205)</u>	<u>\$ 520,766</u>

See accompanying notes.

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FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Nine Months Ended
September 30, 2023, and 2022
(Dollar amounts in thousands, except per share data)
(Unaudited)

	Common	Additional	Retained	Accumulated Other Comprehensive	Treasury	Total
	Stock	Capital	Earnings	Income/(Loss)	Stock	
Balance, January 1, 2022	\$ 2,009	\$ 141,979	\$ 559,139	\$ (2,426)	\$ (118,125)	\$ 582,576
Net income	—	—	54,588	—	—	54,588
Other comprehensive income (loss)	—	—	—	(164,949)	—	(164,949)
Omnibus Equity Incentive Plan	2	617	—	—	—	619
Treasury shares purchased (626,574 shares)	—	—	—	—	(27,701)	(27,701)
Cash dividends, \$.54 per share	—	—	(6,507)	—	—	(6,507)
Balance, September 30, 2022	<u>\$ 2,011</u>	<u>\$ 142,596</u>	<u>\$ 607,220</u>	<u>\$ (167,375)</u>	<u>\$ (145,826)</u>	<u>\$ 438,626</u>
Balance, January 1, 2023	\$ 2,012	\$ 143,185	\$ 614,829	\$ (139,974)	\$ (144,759)	\$ 475,293
Net income	—	—	48,252	—	—	48,252
Other comprehensive income (loss)	—	—	—	(36,064)	—	(36,064)
Omnibus Equity Incentive Plan	2	670	—	—	—	672
Treasury shares purchased (319,664 shares)	—	—	—	—	(11,514)	(11,514)
Cash dividends, \$.54 per share	—	—	(6,471)	—	—	(6,471)
Balance, September 30, 2023	<u>\$ 2,014</u>	<u>\$ 143,855</u>	<u>\$ 656,610</u>	<u>\$ (176,038)</u>	<u>\$ (156,273)</u>	<u>\$ 470,168</u>

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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,		Three Months Ended March 31,	
	2023	2022	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	\$ 48,252	\$ 54,588	\$ 10,924	\$ 15,980
Adjustments to reconcile net income to net cash provided by operating activities:				
Net amortization (accretion) of premiums and discounts on investments	3,817	5,174	1,204	1,275
Provision for credit losses	4,800	(4,750)	1,800	1,800
Securities gains	—	(5)		
Depreciation and amortization	4,903	4,615	1,655	1,581
Restricted stock compensation	672	619	240	223
Gain on sale of mortgage loans	(811)	(1,705)	(176)	(180)
(Gain) Loss on sale of other real estate	26	26	(7)	4
Other, net	4,534	(6,266)	(3,204)	3,094
NET CASH FROM OPERATING ACTIVITIES	66,193	52,296	12,436	23,777
CASH FLOWS FROM INVESTING ACTIVITIES:				
Calls, maturities and principal reductions on securities available-for-sale	83,640	141,274	25,187	29,900
Purchases of securities available-for-sale	(29,650)	(329,564)	(4)	(22,911)
Proceeds from loans sold previously classified as portfolio loans	—	12,802		
Loans made to customers, net of repayment	(54,314)	(168,558)	(25,567)	(14,020)
Net change in federal funds sold	8,686	(7,915)	282	(3,557)
Redemption of restricted stock	—	1,871		
Purchase of restricted stock	(20)	(1,043)	(7)	(6)
Proceeds from sales of other real estate owned	270	223	70	40
Additions to premises and equipment	(5,282)	(2,206)	(964)	(3,274)
NET CASH FROM INVESTING ACTIVITIES	3,330	(353,116)	(1,003)	(13,828)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net change in deposits	(327,334)	(1,150)	15,067	(203,260)
Net change in short-term borrowings	61,859	(4,053)	21,652	37,709
Dividends paid	(15,383)	(14,459)	(5,304)	(8,912)
Purchase of treasury stock	(11,514)	(27,701)	(376)	(382)
Proceeds from other borrowings	1,430,000	—	750,000	25,000
Maturities of other borrowings	(1,355,000)	(6,402)	(800,000)	—
NET CASH FROM FINANCING ACTIVITIES	(217,372)	(53,765)	(18,961)	(149,845)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(147,849)	(354,585)	(7,528)	(139,896)
CASH AND DUE FROM BANKS, BEGINNING OF PERIOD	222,517	682,807	76,759	222,517
CASH AND DUE FROM BANKS, END OF PERIOD	\$ 74,668	\$ 328,222	\$ 69,231	\$ 82,621

See accompanying notes.

FIRST FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying September 30, 2023 March 31, 2024 and 2022 2023 consolidated financial statements are unaudited. The December 31, 2022 December 31, 2023 consolidated financial statements are as reported in the First Financial Corporation (the "Corporation") 2022 2023 annual report. The information presented does not include all information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. The following notes should be read together with notes to the consolidated financial statements included in the 10-K filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2022 December 31, 2023.

1. Significant Accounting Policies

The significant accounting policies followed by the Corporation and its subsidiaries for interim financial reporting are consistent with the accounting policies followed for annual financial reporting. All adjustments which are, in the opinion of management, necessary for a fair statement of the results for the periods reported have been included in the accompanying consolidated financial statements and are of a normal recurring nature. The Corporation reports financial information for only one segment, banking. Some items in the prior year financials were reclassified to conform to the current presentation.

The Omnibus Equity Incentive Plan is a long-term incentive plan that was designed to align the interests of participants with the interests of shareholders. Under the plan, awards may be made based on certain performance measures. The grants are made in restricted stock units that are subject to a vesting schedule. These shares vest over 3 years in increments of 33%, 33%, and 34% respectively. For the nine three months ended 2024 and 2023, 27,803 and 2022, 22,228 and 18,679 shares were awarded, respectively. These shares had a grant date value of \$1.0 million and \$847 thousand \$1.0 million for 2023 2024 and 2022, 2023, vest over three years, and their grant is not subject to future performance measures. Outstanding shares are increased at the award date for the total shares awarded.

2. New accounting standards

Accounting Pronouncements Adopted:

In March 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2022-02, "Financial Instruments – Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures" (ASU 2022-02). ASU 2022-02 eliminates the accounting guidance for troubled debt restructurings (TDRs) in ASC 310-40, "Receivables - Troubled Debt Restructurings by Creditors" for entities that have adopted the current expected credit loss (CECL) model introduced by ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13). ASU 2022-02 also requires that public business entities disclose current-period gross charge-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, "Financial Instruments—Credit Losses—Measured at Amortized Cost". ASU 2022-02 is effective for the Corporation for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. The Corporation adopted ASU 2022-02 on January 1, 2023, and has applied the disclosure changes in this document. See Note 3. Allowance for Credit Losses for the additional disclosures.

Recent Accounting Pronouncements:

In June 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-03 "Fair Value Measurements (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." These amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. ASU 2022-03 is effective for the Corporation for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with early adoption is permitted. The Corporation is evaluating the effect that adopted ASU 2022-03 will have January 1, 2024, and it had no impact on its consolidated financial statements and related disclosures.

In March 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2023-02 "Investments Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." These amendments allow reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. This guidance is effective for public business entities for fiscal years including interim periods within those fiscal years, beginning after December 15, 2023. Early adoption is permitted in any interim period. The Corporation adopted ASU 2023-02 January 1, 2024 on a modified retrospective basis. As a result of the adoption, other assets was increased \$19 million, other liabilities was increased \$21 million, and retained earnings was decreased \$1.7 million.

Recent Accounting Pronouncements:

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." These amendments require, among other things, that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this ASU and all existing segment disclosures in Topic 208. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments retrospectively to all periods presented in the financial statements. The Corporation is assessing ASU 2023-07 and its effect on its consolidated financial statements and related disclosures.

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In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." Among other things, these amendments require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income (loss) by the applicable statutory income tax rate.) The amendments also require that all entities disclose on an annual basis the following information about income taxes paid: (1) the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and (2) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than five percent of total income taxes paid (net of refunds received.) This guidance is effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted in any interim period for annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied on a prospective basis although retrospective application is permitted. The Corporation is evaluating assessing ASU 2023-02 2023-09 and its effect on its consolidated financial statements and related disclosures.

3. Allowance for Credit Losses

The following table presents the activity of the allowance for credit losses by portfolio segment for the three months ended September 30, March 31.

Allowance for Credit Losses: (Dollar amounts in thousands)	September 30, 2023					March 31, 2024				
	Commercial	Residential	Consumer	Unallocated	Total	Commercial	Residential	Consumer	Unallocated	Total
Beginning balance	\$ 12,450	\$ 15,268	\$ 11,653	\$ 536	\$ 39,907	\$ 13,264	\$ 14,327	\$ 11,797	\$ 379	\$ 39,767
Provision for credit losses	(199)	(747)	2,303	(157)	1,200	271	(173)	1,767	(65)	1,800
Loans charged-off	(187)	(50)	(3,364)	—	(3,601)	(231)	(14)	(2,947)	—	(3,192)
Recoveries	177	67	1,284	—	1,528	275	93	1,302	—	1,670
Ending Balance	\$ 12,241	\$ 14,538	\$ 11,876	\$ 379	\$ 39,034	\$ 13,579	\$ 14,233	\$ 11,919	\$ 314	\$ 40,045

Allowance for Credit Losses: (Dollar amounts in thousands)	September 30, 2022					March 31, 2023				
	Commercial	Residential	Consumer	Unallocated	Total	Commercial	Residential	Consumer	Unallocated	Total
Beginning balance	\$ 16,469	\$ 14,168	\$ 10,584	\$ 247	\$ 41,468	\$ 12,949	\$ 14,568	\$ 12,104	\$ 158	\$ 39,779
Provision for credit losses	(1,403)	297	2,199	(43)	1,050	(54)	500	1,254	100	1,800
Loans charged-off	(2,406)	(57)	(3,190)	—	(5,653)	(306)	(79)	(3,991)	—	(4,376)
Recoveries	634	55	1,941	—	2,630	201	70	2,146	—	2,417
Ending Balance	\$ 13,294	\$ 14,463	\$ 11,534	\$ 204	\$ 39,495	\$ 12,790	\$ 15,059	\$ 11,513	\$ 258	\$ 39,620

The following table presents the activity of the allowance for credit losses by portfolio segment for the nine months ended September 30.

Allowance for Credit Losses: (Dollar amounts in thousands)	September 30, 2023				
	Commercial	Residential	Consumer	Unallocated	Total

Beginning balance	\$ 12,949	\$ 14,568	\$ 12,104	\$ 158	\$ 39,779
Provision for credit losses	(630)	(81)	5,290	221	4,800
Loans charged -off	(702)	(192)	(10,626)	—	(11,520)
Recoveries	624	243	5,108	—	5,975
Ending Balance	<u>\$ 12,241</u>	<u>\$ 14,538</u>	<u>\$ 11,876</u>	<u>\$ 379</u>	<u>\$ 39,034</u>

September 30, 2022					
Allowance for Credit Losses:					
(Dollar amounts in thousands)	Commercial	Residential	Consumer	Unallocated	Total
Beginning balance	\$ 18,883	\$ 18,316	\$ 10,721	\$ 385	\$ 48,305
Provision for credit losses	(3,835)	(3,952)	3,218	(181)	(4,750)
Loans charged -off	(3,659)	(579)	(7,080)	—	(11,318)
Recoveries	1,905	678	4,675	—	7,258
Ending Balance	<u>\$ 13,294</u>	<u>\$ 14,463</u>	<u>\$ 11,534</u>	<u>\$ 204</u>	<u>\$ 39,495</u>

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The tables below present the recorded investment in non-performing loans by class of loans.

(Dollar amounts in thousands)	September 30, 2023			March 31, 2024		
	Loans Past		Nonaccrual	Loans Past		Nonaccrual
	Due Over		With No	Due Over		With No
	90 Days Still		Allowance	90 Days Still		Allowance
	Accruing	Nonaccrual	For Credit Loss	Accruing	Nonaccrual	For Credit Loss
Commercial						
Commercial & Industrial	\$ 20	\$ 1,566	\$ 900	\$ 397	\$ 14,290	\$ 63
Farmland	—	1,677	1,662	—	1,219	1,201
Non Farm, Non Residential	—	1,293	1,291	—	1,145	697
Agriculture	—	1,115	1,103	—	935	893
All Other Commercial	—	21	—	—	1,021	1,004
Residential						
First Liens	1,177	933	—	620	827	—
Home Equity	71	70	—	124	68	—
Junior Liens	137	200	—	209	111	—
Multifamily	—	548	373	20	429	373
All Other Residential	—	436	—	60	405	—
Consumer						
Motor Vehicle	—	3,092	—	—	2,166	—
All Other Consumer	—	263	—	—	241	—
TOTAL	<u>\$ 1,405</u>	<u>\$ 11,214</u>	<u>\$ 5,329</u>	<u>\$ 1,430</u>	<u>\$ 22,857</u>	<u>\$ 4,231</u>

(Dollar amounts in thousands)	December 31, 2022			December 31, 2023		
	Loans Past		Nonaccrual	Loans Past		Nonaccrual
	Due Over		With No	Due Over		With No
	90 Days Still		Allowance	90 Days Still		Allowance
	Accruing	Nonaccrual	For Credit Loss	Accruing	Nonaccrual	For Credit Loss
Commercial						
Commercial & Industrial	\$ 114	\$ 2,137	\$ 254	\$ 5	\$ 13,971	\$ 860

Farmland	—	461	—	—	1,221	1,201
Non Farm, Non Residential	—	2,064	2,052	—	995	1,011
Agriculture	—	186	155	—	1,147	1,103
All Other Commercial	—	26	—	—	1,046	1,027
Residential						
First Liens	666	1,380	—	620	960	—
Home Equity	180	133	—	32	68	—
Junior Liens	197	256	—	239	67	—
Multifamily	—	1,468	—	47	543	373
All Other Residential	—	478	—	—	427	—
Consumer						
Motor Vehicle	—	2,549	—	45	2,933	—
All Other Consumer	—	416	—	—	218	—
TOTAL	\$ 1,157	\$ 11,554	\$ 2,461	\$ 988	\$ 23,596	\$ 5,575

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The following tables present the amortized cost basis of collateral dependent loans by class of loans:

(Dollar amounts in thousands)	September 30, 2023		March 31, 2024	
	Collateral Type		Collateral Type	
	Real Estate	Other	Real Estate	Other
Commercial				
Commercial & Industrial	\$ 3,500	\$ —	\$ 643	\$11,795
Farmland	2,094	—	1,622	—
Non Farm, Non Residential	4,239	—	3,563	—
Agriculture	49	1,054	—	893
All Other Commercial	—	—	1,003	—
Residential				
First Liens	—	—	32	—
Home Equity	—	—	—	—
Junior Liens	—	—	—	—
Multifamily	373	—	373	—
All Other Residential	—	—	349	—
Consumer				
Motor Vehicle	—	—	—	—
All Other Consumer	—	—	—	—
Total	\$ 10,255	\$ 1,054	\$ 7,585	\$12,688

(Dollar amounts in thousands)	December 31, 2022		December 31, 2023	
	Collateral Type		Collateral Type	
	Real Estate	Other	Real Estate	Other
Commercial				
Commercial & Industrial	\$ 4,613	\$ 1	\$ 1,454	\$12,056
Farmland	3,289	—	1,633	—
Non Farm, Non Residential	5,123	—	3,919	—
Agriculture	—	155	49	1,054

All Other Commercial	—	—	1,027	—
Residential				
First Liens	—	—	32	—
Home Equity	—	—	—	—
Junior Liens	—	—	—	—
Multifamily	895	—	373	—
All Other Residential	—	—	349	—
Consumer				
Motor Vehicle	—	—	—	—
All Other Consumer	—	—	—	—
Total	\$ 13,920	\$ 156	\$ 8,836	\$13,110

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The following tables presents the aging of the recorded investment in loans by past due category and class of loans.

(Dollar amounts in thousands)	September 30, 2023						March 31, 2024					
	90 Days						90 Days					
	30-59 Days	60-89 Days	and Greater	Total			30-59 Days	60-89 Days	and Greater	Total		
	Past Due	Past Due	Past Due	Past Due	Current	Total	Past Due	Past Due	Past Due	Past Due	Current	Total
Commercial												
Commercial & Industrial	\$ 520	\$ 370	\$ 1,316	\$ 2,206	\$ 641,139	\$ 643,345	\$ 1,434	\$ 1,539	\$ 7,791	\$10,764	\$ 559,950	\$ 570,714
Farmland	54	—	1,662	1,716	132,177	133,893	398	—	1,201	1,599	130,209	131,808
Non Farm, Non Residential	46	—	—	46	419,193	419,239	—	111	—	111	534,606	534,717
Agriculture	117	217	1,054	1,388	118,279	119,667	17	—	930	947	127,631	128,578
All Other Commercial	13	1,083	—	1,096	468,728	469,824	759	—	—	759	462,159	462,918
Residential												
First Liens	902	739	1,405	3,046	355,299	358,345	3,979	323	874	5,176	358,970	364,146
Home Equity	594	33	110	737	62,829	63,566	885	68	163	1,116	64,577	65,693
Junior Liens	374	119	267	760	57,019	57,779	439	240	266	945	57,613	58,558
Multifamily	113	30	373	516	186,035	186,551	570	96	394	1,060	200,862	201,922
All Other Residential	—	1	—	1	23,099	23,100	309	—	408	717	21,931	22,648
Consumer												
Motor Vehicle	9,549	1,578	1,002	12,129	605,264	617,393	7,552	1,160	463	9,175	619,934	629,109
All Other Consumer	356	134	16	506	32,510	33,016	362	19	58	439	30,792	31,231
TOTAL	\$ 12,638	\$ 4,304	\$ 7,205	\$24,147	\$3,101,571	\$3,125,718	\$ 16,704	\$ 3,556	\$ 12,548	\$32,808	\$3,169,234	\$3,202,042
	December 31, 2022						December 31, 2023					

(Dollar amounts in thousands)	90 Days						90 Days					
	30-59 Days	60-89 Days	and Greater		Total		30-59 Days	60-89 Days	and Greater		Total	
	Past Due	Past Due	Past Due	Past Due	Current	Total	Past Due	Past Due	Past Due	Past Due	Current	Total
Commercial												
Commercial & Industrial	\$ 1,698	\$ 529	\$ 726	\$ 2,953	\$ 674,569	\$ 677,522	\$ 668	\$ 488	\$ 1,136	\$ 2,292	\$ 649,801	\$ 652,093
Farmland	112	—	—	112	127,498	127,610	58	—	1,201	1,259	132,147	133,406
Non Farm, Non Residential	274	34	—	308	387,108	387,416	—	—	—	—	439,009	439,009
Agriculture	—	1,231	—	1,231	136,451	137,682	—	—	1,141	1,141	139,900	141,041
All Other Commercial	333	—	14	347	478,095	478,442	—	—	—	—	464,776	464,776
Residential												
First Liens	4,528	1,203	1,054	6,785	341,131	347,916	2,841	816	924	4,581	354,711	359,292
Home Equity	305	144	276	725	63,615	64,340	360	188	71	619	65,191	65,810
Junior Liens	213	69	327	609	56,367	56,976	462	124	262	848	57,985	58,833
Multifamily	317	83	—	400	180,305	180,705	117	140	373	630	191,104	191,734
All Other Residential	1,115	350	—	1,465	24,058	25,523	554	—	47	601	21,961	22,562
Consumer												
Motor Vehicle	15,151	1,930	985	18,066	539,651	557,717	12,491	1,754	761	15,006	602,442	617,448
All Other Consumer	341	56	15	412	32,967	33,379	397	102	13	512	31,857	32,369
TOTAL	\$ 24,387	\$ 5,629	\$ 3,397	\$33,413	\$3,041,815	\$3,075,228	\$ 17,948	\$ 3,612	\$ 5,929	\$27,489	\$3,150,884	\$3,178,373

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Loan Modifications Made to Borrowers Experiencing Financial Difficulty:

Modification of the terms of such loans typically include one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan.

The following table presents the amortized cost of loans and leases at **September 30, 2023** **March 31, 2024** that were both experiencing financial difficulty and modified during the **nine** **twelve** months ended **September 30, 2023** **March 31, 2024**, by class and by type of modification. The percentage of the amortized cost of loans and leases that were modified to borrowers in financial distress as compared to the amortized cost of each class of financial receivable is also presented below.

Combination							Combination						
Term							Term						
Extension and							Extension and						
Principal	Payment	Term	Interest Rate	Principal	Interest Rate	Financing	Principal	Payment	Term	Interest Rate	Principal	Interest R	

(Dollar amounts in thousands)													
	Forgiveness	Delay	Extension	Reduction	Forgiveness	Reduction	Receivable	Forgiveness	Delay	Extension	Reduction	Forgiveness	Reduction
Residential													
Home Equity	\$ —	\$ —	\$ —	\$ 139	\$ —	\$ 26	0.00 %						
First Liens								\$ —	\$ —	\$ —	\$ 138	\$ —	\$ —
Junior Liens								—	—	28	—	—	—
Consumer													
Motor Vehicle	6	—	104	—	41	41	0.00	33	—	260	28	120	10
TOTAL	\$ 6	\$ —	\$ 104	\$ 139	\$ 41	\$ 67	%	\$ 33	\$ —	\$ 288	\$ 166	\$ 120	\$ 12

The Company closely monitors the performance of loans and leases that have been modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. All The following table presents the performance of such loans and leases that have been modified during in the nine months ended September 30, 2023 are in a current status of repayment last twelve months:

(Dollar amounts in thousands)	March 31, 2024			
	30 - 59	60 - 89	Greater Than	Total
	Days	Days	89 Days	
	Past Due	Past Due	Past Due	Past Due
Consumer				
Motor Vehicle	\$ 64	\$ —	\$ —	\$ 64
TOTAL	\$ 64	\$ —	\$ —	\$ 64

The following table presents the financial effect of loan and lease modifications presented above to borrowers experiencing financial difficulty for the nine twelve months ended September 30, 2023 March 31, 2024.

(Dollar amounts in thousands)	Principal	Weighted-	Weighted-	Principal	Weighted-	Weighted-
		Average	Average		Average	Average
	Forgiveness	Interest Rate	Term	Forgiveness	Interest Rate	Term
Residential						
First Liens	\$ —	2.12 %	24	\$ —	2.11 %	24
Junior Liens				—	—	36
Consumer						
Motor Vehicle	13	1.78	23	52	2.74 %	23
TOTAL	\$ 13	2.05 %	23	\$ 52	2.41 %	24

There were no modified

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The following table presents the amortized cost basis of loans that had a payment default during the nine twelve months ended September 30, 2023 March 31, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty. difficultyA loan is considered to be in

payment default once it is 30 days contractually past due under the modified terms.

	Principal	Payment	Term	Interest Rate
(Dollar amounts in thousands)	Forgiveness	Delay	Extension	Reduction
Consumer				
Motor Vehicle	\$ 2	\$	\$ 64	\$ 2
TOTAL	\$ 2	\$ —	\$ 64	\$ 2

Upon the Corporation's determination that a modified loan has subsequently been deemed uncollectible, the loan is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

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Credit Quality Indicators:

The Corporation categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Corporation analyzes loans individually by classifying the loans as to credit risk. This analysis includes non-homogeneous loans, such as commercial loans, with an outstanding balance greater than \$100 thousand. Any consumer loans outstanding to a borrower who had commercial loans analyzed will be similarly risk rated. This analysis is performed on a quarterly basis. The Corporation uses the following definitions for risk ratings:

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and debt service capacity of the borrower or of any pledged collateral. These loans have a well-defined weakness or weaknesses which have clearly jeopardized repayment of principal and interest as originally intended. They are characterized by the distinct possibility that the institution will sustain some future loss if the deficiencies are not corrected.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those graded substandard, with the added characteristic that the severity of the weaknesses makes collection or liquidation in full highly questionable or improbable based upon currently existing facts, conditions, and values.

Furthermore, non-homogeneous loans which were not individually analyzed, but are 90+ days past due or on non-accrual are classified as substandard. Loans included in homogeneous pools, such as residential or consumer may be classified as substandard due to 90+ days delinquency, non-accrual status, bankruptcy, or loan restructuring.

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The following tables present the commercial loan portfolio by risk category. These balances do not include accrued interest:

March 31, 2024									
		Term Loans at Amortized Cost Basis by Origination Year						Revolving	
		2024	2023	2022	2021	2020	Prior	Loans	Total
Commercial									
Commercial and Industrial	Pass	\$ 36,823	\$ 44,296	\$ 116,256	\$ 76,514	\$ 38,558	\$ 105,365	\$ 89,655	\$ 507,467
	Special Mention	—	14,605	762	9,780	3,392	1,205	2,299	\$ 32,043
	Substandard	2,431	1,235	4,360	9,522	145	6,941	—	\$ 24,634
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	542	1,263	1,181	619	360	166	—	\$ 4,131
	Subtotal	\$ 39,796	\$ 61,399	\$ 122,559	\$ 96,435	\$ 42,455	\$ 113,677	\$ 91,954	\$ 568,275
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 22	\$ -	\$ 27
Farmland									
Farmland	Pass	\$ 4,521	\$ 20,668	\$ 15,738	\$ 19,867	\$ 7,911	\$ 57,576	\$ 214	\$ 126,495
	Special Mention	—	—	—	3	—	1,062	—	\$ 1,065
	Substandard	—	—	—	—	40	2,129	—	\$ 2,169
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	—	—	—	14	—	\$ 14
	Subtotal	\$ 4,521	\$ 20,668	\$ 15,738	\$ 19,870	\$ 7,951	\$ 60,781	\$ 214	\$ 129,743
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —	
Non Farm, Non Residential									
Non Farm, Non Residential	Pass	\$ 37,395	\$ 79,071	\$ 136,474	\$ 100,219	\$ 22,866	\$ 140,335	\$ 5,983	\$ 522,343
	Special Mention	—	—	718	985	—	835	—	\$ 2,538
	Substandard	662	59	189	—	—	6,560	—	\$ 7,470
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	—	—	673	64	—	\$ 737
	Subtotal	\$ 38,057	\$ 79,130	\$ 137,381	\$ 101,204	\$ 23,539	\$ 147,794	\$ 5,983	\$ 533,088
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —	
Agriculture									
Agriculture	Pass	\$ 3,737	\$ 9,424	\$ 10,522	\$ 5,945	\$ 5,669	\$ 22,708	\$ 61,669	\$ 119,674
	Special Mention	—	—	86	—	5	602	3,543	\$ 4,236
	Substandard	—	—	55	—	—	904	—	\$ 959
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	42	29	31	25	—	\$ 127
	Subtotal	\$ 3,737	\$ 9,424	\$ 10,705	\$ 5,974	\$ 5,705	\$ 24,239	\$ 65,212	\$ 124,996
Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —	
Other Commercial									
Other Commercial	Pass	\$ 6,151	\$ 30,204	\$ 104,099	\$ 106,110	\$ 93,055	\$ 107,236	\$ 9,170	\$ 456,025
	Special Mention	—	—	—	—	2,439	812	—	\$ 3,251
	Substandard	—	—	1,003	15	—	—	—	\$ 1,018
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	11	—	—	447	—	\$ 458
	Subtotal	\$ 6,151	\$ 30,204	\$ 105,113	\$ 106,125	\$ 95,494	\$ 108,495	\$ 9,170	\$ 460,752
Current period gross charge-offs	\$ 104	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204	
Residential									

Multifamily >5 Residential	Pass	\$	—	\$	42,594	\$	66,593	\$	31,781	\$	22,389	\$	28,140	\$	426	\$	191,923
	Special Mention		—		—		235		—		354		6,465		—	\$	7,054
	Substandard		—		—		—		—		—		373		—	\$	373
	Doubtful		—		—		—		—		—		—		—	\$	—
	Not Rated		—		—		—		1,096		—		690		—	\$	1,786
	Subtotal	\$	—	\$	42,594	\$	66,828	\$	32,877	\$	22,743	\$	35,668	\$	426	\$	201,136
	Current period gross charge-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	—
Total	Pass	\$	88,627	\$	226,257	\$	449,682	\$	340,436	\$	190,448	\$	461,360	\$	167,117	\$	1,923,927
	Special Mention		—		14,605		1,801		10,768		6,190		10,981		5,842	\$	50,187
	Substandard		3,093		1,294		5,607		9,537		185		16,907		—	\$	36,623
	Doubtful		—		—		—		—		—		—		—	\$	—
	Not Rated		542		1,263		1,234		1,744		1,064		1,406		—	\$	7,253
	Subtotal	\$	92,262	\$	243,419	\$	458,324	\$	362,485	\$	197,887	\$	490,654	\$	172,959	\$	2,017,990
	Current period gross charge-offs	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	—

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The following tables present the commercial loan portfolio by risk category:

		September 30, 2023							
		Term Loans at Amortized Cost Basis by Origination Year						Revolving	
		2023	2022	2021	2020	2019	Prior	Loans	Total
Commercial									
Commercial and Industrial	Pass	\$ 67,442	\$ 134,073	\$ 114,359	\$ 42,545	\$ 44,822	\$ 103,842	\$ 84,842	\$ 591,925
	Special Mention	57	68	10,137	3,213	328	1,001	2,825	\$ 17,629
	Substandard	17	5,008	2,352	1,068	1,019	8,026	8,012	\$ 25,502
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	2,810	1,451	931	548	201	114	—	\$ 6,055
	Subtotal	\$ 70,326	\$ 140,600	\$ 127,779	\$ 47,374	\$ 46,370	\$ 112,983	\$ 95,679	\$ 641,111
	Current period gross charge-offs	\$ 8	\$ 20	\$ 40	\$ 78	\$ -	\$ 2	\$ -	\$ 148
Farmland	Pass	\$ 17,799	\$ 16,393	\$ 21,274	\$ 8,364	\$ 8,928	\$ 54,026	\$ 274	\$ 127,058
	Special Mention	—	—	—	—	—	1,118	—	\$ 1,118
	Substandard	—	—	—	497	833	1,646	—	\$ 2,976
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	—	—	—	17	—	\$ 17
	Subtotal	\$ 17,799	\$ 16,393	\$ 21,274	\$ 8,861	\$ 9,761	\$ 56,807	\$ 274	\$ 131,169
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —
Non Farm, Non Residential	Pass	\$ 52,735	\$ 120,994	\$ 69,980	\$ 25,847	\$ 21,608	\$ 113,887	\$ 4,281	\$ 409,332
	Special Mention	—	88	1,005	—	854	—	—	\$ 1,947
	Substandard	587	—	—	—	516	4,993	—	\$ 6,096

	Doubtful	—	—	—	—	—	—	—	\$	—
	Not Rated	—	—	—	683	—	74	—	\$	757
	Subtotal	\$ 53,322	\$ 121,082	\$ 70,985	\$ 26,530	\$ 22,978	\$ 118,954	\$ 4,281	\$	418,132
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	—
Agriculture	Pass	\$ 8,513	\$ 11,470	\$ 7,451	\$ 6,447	\$ 7,578	\$ 17,783	\$ 52,605	\$	111,847
	Special Mention	—	142	—	8	3	609	2,974	\$	3,736
	Substandard	—	—	—	—	50	1,279	—	\$	1,329
	Doubtful	—	—	—	—	—	—	—	\$	—
	Not Rated	16	54	33	42	28	—	—	\$	173
	Subtotal	\$ 8,529	\$ 11,666	\$ 7,484	\$ 6,497	\$ 7,659	\$ 19,671	\$ 55,579	\$	117,085
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	—
Other Commercial	Pass	\$ 26,467	\$ 106,465	\$ 101,778	\$ 96,167	\$ 7,168	\$ 103,476	\$ 9,479	\$	451,000
	Special Mention	—	1,041	—	2,516	—	11,623	—	\$	15,180
	Substandard	—	—	18	—	826	5	—	\$	849
	Doubtful	—	—	—	—	—	—	—	\$	—
	Not Rated	—	13	—	—	—	465	—	\$	478
	Subtotal	\$ 26,467	\$ 107,519	\$ 101,796	\$ 98,683	\$ 7,994	\$ 115,569	\$ 9,479	\$	467,507
	Current period gross charge-offs	\$ 534	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ -	\$	554
Residential	Pass	\$ 27,930	\$ 63,032	\$ 32,470	\$ 22,870	\$ 6,459	\$ 24,139	\$ 111	\$	177,011
	Special Mention	—	—	—	361	—	6,599	118	\$	7,078
	Substandard	—	—	—	—	—	373	—	\$	373
	Doubtful	—	—	—	—	—	—	—	\$	—
	Not Rated	—	—	1,107	—	—	256	—	\$	1,363
	Subtotal	\$ 27,930	\$ 63,032	\$ 33,577	\$ 23,231	\$ 6,459	\$ 31,367	\$ 229	\$	185,825
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	—
Total	Pass	\$ 200,886	\$ 452,427	\$ 347,312	\$ 202,240	\$ 96,563	\$ 417,153	\$ 151,592	\$	1,868,173
	Special Mention	57	1,339	11,142	6,098	1,185	20,950	5,917	\$	46,688
	Substandard	604	5,008	2,370	1,565	3,244	16,322	8,012	\$	37,125
	Doubtful	—	—	—	—	—	—	—	\$	—
	Not Rated	2,826	1,518	2,071	1,273	229	926	—	\$	8,843
	Subtotal	\$ 204,373	\$ 460,292	\$ 362,895	\$ 211,176	\$ 101,221	\$ 455,351	\$ 165,521	\$	1,960,829
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	—
December 31, 2023										
Term Loans at Amortized Cost Basis by Origination Year										
Revolving										
2023 2022 2021 2020 2019 Prior Loans Total										
Commercial	Commercial and Industrial	Pass	\$ 80,873	\$ 131,522	\$ 112,811	\$ 47,445	\$ 44,257	\$ 100,872	\$ 81,551	\$ 599,331
	Special Mention	6	221	10,025	3,442	323	866	2,715	\$	17,598
	Substandard	3,620	4,734	1,842	981	1,789	5,354	7,932	\$	26,252
	Doubtful	—	—	—	—	—	—	—	\$	—
	Not Rated	3,476	1,352	847	431	144	93	—	\$	6,343
	Subtotal	\$ 87,975	\$ 137,829	\$ 125,525	\$ 52,299	\$ 46,513	\$ 107,185	\$ 92,198	\$	649,524
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	—



Current period gross charge-offs		\$ 8	\$ 72	\$ 40	\$ 78	\$ 24	\$ 49	\$ -	\$ 271
Farmland	Pass	\$ 21,232	\$ 16,025	\$ 20,794	\$ 8,310	\$ 8,790	\$ 52,357	\$ 287	\$ 127,795
	Special Mention	—	—	4	—	363	710	—	\$ 1,077
	Substandard	—	—	—	41	309	1,370	—	\$ 1,720
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	—	—	—	14	—	\$ 14
	Subtotal	\$ 21,232	\$ 16,025	\$ 20,798	\$ 8,351	\$ 9,462	\$ 54,451	\$ 287	\$ 130,606
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —
Non Farm, Non Residential	Pass	\$ 73,740	\$ 123,319	\$ 69,477	\$ 23,965	\$ 22,550	\$ 106,752	\$ 7,606	\$ 427,409
	Special Mention	—	732	995	—	845	—	—	\$ 2,572
	Substandard	102	—	—	—	479	6,356	—	\$ 6,937
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	—	678	—	65	—	\$ 743
	Subtotal	\$ 73,842	\$ 124,051	\$ 70,472	\$ 24,643	\$ 23,874	\$ 113,173	\$ 7,606	\$ 437,661
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —
Agriculture	Pass	\$ 10,764	\$ 11,299	\$ 6,614	\$ 6,118	\$ 7,443	\$ 25,678	\$ 64,476	\$ 132,392
	Special Mention	—	86	—	8	—	605	3,618	\$ 4,317
	Substandard	—	55	—	—	50	1,067	—	\$ 1,172
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	51	31	35	24	—	—	\$ 141
	Subtotal	\$ 10,764	\$ 11,491	\$ 6,645	\$ 6,161	\$ 7,517	\$ 27,350	\$ 68,094	\$ 138,022
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —
Other Commercial	Pass	\$ 27,401	\$ 105,046	\$ 104,307	\$ 94,029	\$ 4,774	\$ 112,159	\$ 9,177	\$ 456,893
	Special Mention	—	—	—	2,478	—	830	—	\$ 3,308
	Substandard	—	1,027	16	—	—	—	—	\$ 1,043
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	12	—	—	—	457	—	\$ 469
	Subtotal	\$ 27,401	\$ 106,085	\$ 104,323	\$ 96,507	\$ 4,774	\$ 113,446	\$ 9,177	\$ 461,713
	Current period gross charge-offs	\$ 675	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 695
Residential									
Multifamily >5 Residential	Pass	\$ 34,551	\$ 62,845	\$ 32,273	\$ 22,590	\$ 6,397	\$ 23,215	\$ 382	\$ 182,253
	Special Mention	—	—	—	357	—	6,571	—	\$ 6,928
	Substandard	—	—	—	—	—	373	—	\$ 373
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	1,102	—	—	251	—	\$ 1,353
	Subtotal	\$ 34,551	\$ 62,845	\$ 33,375	\$ 22,947	\$ 6,397	\$ 30,410	\$ 382	\$ 190,907
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —
Total	Pass	\$ 248,561	\$ 450,056	\$ 346,276	\$ 202,457	\$ 94,211	\$ 421,033	\$ 163,479	\$ 1,926,073
	Special Mention	6	1,039	11,024	6,285	1,531	9,582	6,333	\$ 35,800
	Substandard	3,722	5,816	1,858	1,022	2,627	14,520	7,932	\$ 37,497

Doubtful	—	—	—	—	—	—	—	\$	—
Not Rated	3,476	1,415	1,980	1,144	168	880	—	\$	9,063
	\$ 255,765	\$ 458,326	\$ 361,138	\$ 210,908	\$ 98,537	\$ 446,015	\$ 177,744	\$	2,008,433

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December 31, 2022									
		Term Loans at Amortized Cost Basis by Origination Year						Revolving	
		2022	2021	2020	2019	2018	Prior	Loans	Total
Commercial									
Commercial and Industrial	Pass	\$ 163,479	\$ 128,012	\$ 56,830	\$ 54,208	\$ 26,514	\$ 99,522	\$ 92,110	\$ 620,675
	Special Mention	2,071	9,738	3,434	2,572	2,061	1,848	453	\$ 22,177
	Substandard	423	723	1,861	954	3,169	6,264	9,103	\$ 22,497
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	7,041	1,408	822	469	149	85	—	\$ 9,974
	Subtotal	\$ 173,014	\$ 139,881	\$ 62,947	\$ 58,203	\$ 31,893	\$ 107,719	\$ 101,666	\$ 675,323
Farmland	Pass	\$ 16,261	\$ 22,530	\$ 9,244	\$ 9,438	\$ 10,352	\$ 48,847	\$ 340	\$ 117,012
	Special Mention	—	—	1,164	882	—	2,930	—	\$ 4,976
	Substandard	—	—	456	608	337	1,969	—	\$ 3,370
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	—	—	—	17	—	\$ 17
	Subtotal	\$ 16,261	\$ 22,530	\$ 10,864	\$ 10,928	\$ 10,689	\$ 53,763	\$ 340	\$ 125,375
Non Farm, Non Residential	Pass	\$ 102,629	\$ 75,011	\$ 33,214	\$ 19,596	\$ 31,438	\$ 111,586	\$ 2,975	\$ 376,449
	Special Mention	99	1,035	—	921	—	279	—	\$ 2,334
	Substandard	—	—	—	513	—	6,281	—	\$ 6,794
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	—	—	696	—	—	269	—	\$ 965
	Subtotal	\$ 102,728	\$ 76,046	\$ 33,910	\$ 21,030	\$ 31,438	\$ 118,415	\$ 2,975	\$ 386,542
Agriculture	Pass	\$ 13,085	\$ 9,028	\$ 8,015	\$ 8,422	\$ 1,987	\$ 26,729	\$ 62,397	\$ 129,663
	Special Mention	89	—	10	3	—	709	2,519	\$ 3,330
	Substandard	—	—	—	224	1,201	56	762	\$ 2,243
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	71	39	68	61	25	—	—	\$ 264
	Subtotal	\$ 13,245	\$ 9,067	\$ 8,093	\$ 8,710	\$ 3,213	\$ 27,494	\$ 65,678	\$ 135,500
Other Commercial	Pass	\$ 143,941	\$ 91,615	\$ 90,845	\$ 19,259	\$ 29,143	\$ 82,535	\$ 5,602	\$ 462,940
	Special Mention	23	—	—	10	—	11,911	—	\$ 11,944
	Substandard	—	23	—	—	—	6	—	\$ 29
	Doubtful	—	—	—	—	—	—	—	\$ —
	Not Rated	16	82	—	—	29	480	—	\$ 607
	Subtotal	\$ 143,980	\$ 91,720	\$ 90,845	\$ 19,269	\$ 29,172	\$ 94,932	\$ 5,602	\$ 475,520

Residential																	
Multifamily >5 Residential	Pass	\$	50,424	\$	33,415	\$	46,740	\$	6,734	\$	4,969	\$	27,353	\$	96	\$	169,731
	Special Mention		—		533		372		—		—		6,795		—	\$	7,700
	Substandard		—		—		—		—		—		1,280		—	\$	1,280
	Doubtful		—		—		—		—		—		—		—	\$	—
	Not Rated		—		1,124		—		—		—		263		—	\$	1,387
	Subtotal	\$	50,424	\$	35,072	\$	47,112	\$	6,734	\$	4,969	\$	35,691	\$	96	\$	180,098
Total	Pass	\$	489,819	\$	359,611	\$	244,888	\$	117,657	\$	104,403	\$	396,572	\$	163,520	\$	1,876,470
	Special Mention		2,282		11,306		4,980		4,388		2,061		24,472		2,972	\$	52,461
	Substandard		423		746		2,317		2,299		4,707		15,856		9,865	\$	36,213
	Doubtful		—		—		—		—		—		—		—	\$	—
	Not Rated		7,128		2,653		1,586		530		203		1,114		—	\$	13,214
		\$	499,652	\$	374,316	\$	253,771	\$	124,874	\$	111,374	\$	438,014	\$	176,357	\$	1,978,358

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The Corporation evaluates the credit quality of its other loan portfolios, which includes residential real estate, consumer and lease financing loans, based primarily on the aging status of the loan and payment activity. Accordingly, loans on non-accrual status and loans past due 90 days or more and still accruing interest are considered to be nonperforming for purposes of credit quality evaluation. The following table presents the **balance of our** other loan portfolio based on the credit risk profile of loans that are performing and loans that are **nonperforming**. **These balances do not include accrued interest:**

September 30, 2023													
		Term Loans at Amortized Cost Basis by Origination Year						Revolving		Term Loans at Amortized Cost Basis by Origination Year			
		2023	2022	2021	2020	2019	Prior	Loans	Total	2024	2023	2022	2021
Residential													
First Liens	Performing	\$ 35,883	\$ 72,998	\$ 65,931	\$ 40,751	\$ 16,167	\$ 121,304	\$ 1,970	\$ 355,004	Performing	\$ 12,945	\$ 49,273	\$ 40,751
	Non-performing	—	24	413	222	30	1,541	—	\$ 2,230	Non-performing	—	—	—
	Subtotal	\$ 35,883	\$ 73,022	\$ 66,344	\$ 40,973	\$ 16,197	\$ 122,845	\$ 1,970	\$ 357,234	Subtotal	\$ 12,945	\$ 49,273	\$ 40,751
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156	\$ -	\$ 156	Current period gross charge-offs	\$ -	\$ -	\$ -
Home Equity													
Home Equity	Performing	\$ 141	\$ 271	\$ —	\$ 7	\$ 94	\$ 875	\$ 61,829	\$ 63,217	Performing	\$ —	\$ 61	\$ 94
	Non-performing	—	51	—	19	—	71	—	\$ 141	Non-performing	—	—	—
	Subtotal	\$ 141	\$ 322	\$ —	\$ 26	\$ 94	\$ 946	\$ 61,829	\$ 63,358	Subtotal	\$ —	\$ 61	\$ 94
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —	Current period gross charge-offs	\$ -	\$ -	\$ -
Junior Liens													
Junior Liens	Performing	\$ 10,899	\$ 16,419	\$ 8,781	\$ 5,926	\$ 4,609	\$ 9,037	\$ 1,625	\$ 57,296	Performing	\$ 2,654	\$ 14,561	\$ 4,609
	Non-performing	—	—	8	104	65	160	—	\$ 337	Non-performing	—	—	—
	Subtotal	\$ 10,899	\$ 16,419	\$ 8,789	\$ 6,030	\$ 4,674	\$ 9,197	\$ 1,625	\$ 57,633	Subtotal	\$ 2,654	\$ 14,561	\$ 4,609
	Current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 12	\$ -	\$ 36	Current period gross charge-offs	\$ -	\$ -	\$ -

	Non-performing	—	—	—	425	35	18	—	\$ 478
	Subtotal	\$ 11,542	\$ 9,923	\$ 501	\$ 1,340	\$ 533	\$ 1,600	\$ —	\$ 25,439
Consumer									
Motor Vehicle	Performing	\$ 306,565	\$ 118,362	\$ 88,144	\$ 29,004	\$ 8,652	\$ 2,230	\$ 6	\$ 552,963
	Non-performing	813	739	437	237	66	47	—	\$ 2,339
	Subtotal	\$ 307,378	\$ 119,101	\$ 88,581	\$ 29,241	\$ 8,718	\$ 2,277	\$ 6	\$ 555,302
Other Consumer	Performing	\$ 13,426	\$ 7,914	\$ 4,109	\$ 1,302	\$ 429	\$ 819	\$ 4,819	\$ 32,818
	Non-performing	18	247	89	39	12	12	2	\$ 419
	Subtotal	\$ 13,444	\$ 8,161	\$ 4,198	\$ 1,341	\$ 441	\$ 831	\$ 4,821	\$ 33,237
Total	Performing	\$ 424,209	\$ 217,824	\$ 145,349	\$ 54,134	\$ 35,258	\$ 129,134	\$ 69,873	\$ 1,075,781
	Non-performing	937	990	681	932	366	2,040	178	\$ 6,124
Total other loans		\$ 425,146	\$ 218,814	\$ 146,030	\$ 55,066	\$ 35,624	\$ 131,174	\$ 70,051	\$ 1,081,905
December 31, 2023									
	Term Loans at Amortized Cost Basis by Origination Year						Revolving		
		2023	2022	2021	2020	2019	Prior	Loans	Total
Residential									
First Liens	Performing	\$ 49,146	\$ 70,952	\$ 65,232	\$ 36,751	\$ 15,185	\$ 118,087	\$ 1,066	\$ 356,419
	Non-performing	—	121	—	65	57	1,504	—	\$ 1,747
	Subtotal	\$ 49,146	\$ 71,073	\$ 65,232	\$ 36,816	\$ 15,242	\$ 119,591	\$ 1,066	\$ 358,166
Current period gross charge-offs		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167	\$ -	\$ 167
Home Equity	Performing	\$ 61	\$ 68	\$ —	\$ 7	\$ 378	\$ 866	\$ 64,102	\$ 65,482
	Non-performing	—	22	—	17	—	60	—	\$ 99
	Subtotal	\$ 61	\$ 90	\$ —	\$ 24	\$ 378	\$ 926	\$ 64,102	\$ 65,581
Current period gross charge-offs		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ —
Junior Liens	Performing	\$ 15,050	\$ 15,431	\$ 8,248	\$ 5,557	\$ 4,280	\$ 8,094	\$ 1,698	\$ 58,358
	Non-performing	—	53	45	104	—	103	—	\$ 305
	Subtotal	\$ 15,050	\$ 15,484	\$ 8,293	\$ 5,661	\$ 4,280	\$ 8,197	\$ 1,698	\$ 58,663
Current period gross charge-offs		\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24	\$ -	\$ 48
Other Residential	Performing	\$ 6,432	\$ 9,477	\$ 3,100	\$ 421	\$ 641	\$ 1,511	\$ 415	\$ 21,997
	Non-performing	—	—	46	—	390	38	—	\$ 474
	Subtotal	\$ 6,432	\$ 9,477	\$ 3,146	\$ 421	\$ 1,031	\$ 1,549	\$ 415	\$ 22,471
Current period gross charge-offs		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1
Consumer									
Motor Vehicle	Performing	\$ 264,933	\$ 215,125	\$ 70,926	\$ 46,939	\$ 12,038	\$ 2,177	\$ —	\$ 612,138
	Non-performing	232	973	520	532	134	30	—	\$ 2,421
	Subtotal	\$ 265,165	\$ 216,098	\$ 71,446	\$ 47,471	\$ 12,172	\$ 2,207	\$ —	\$ 614,559
Current period gross charge-offs		\$ 841	\$ 7,722	\$ 3,101	\$ 1,448	\$ 499	\$ 174	\$ -	\$ 13,785
Other Consumer	Performing	\$ 12,561	\$ 6,895	\$ 3,778	\$ 2,189	\$ 659	\$ 692	\$ 5,203	\$ 31,977
	Non-performing	—	20	145	39	17	—	1	\$ 222

	Subtotal	\$ 12,561	\$ 6,915	\$ 3,923	\$ 2,228	\$ 676	\$ 692	\$ 5,204	\$ 32,199
	Current period gross charge-offs	\$ 61	\$ 213	\$ 61	\$ 37	\$ 3	\$ 5	\$ 149	\$ 529
Total	Performing	\$ 348,183	\$ 317,948	\$ 151,284	\$ 91,864	\$ 33,181	\$ 131,427	\$ 72,484	\$ 1,146,371
	Non-performing	232	1,189	756	757	598	1,735	1	\$ 5,268
Total other loans		\$ 348,415	\$ 319,137	\$ 152,040	\$ 92,621	\$ 33,779	\$ 133,162	\$ 72,485	\$ 1,151,639

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4. Securities

The amortized cost and fair value of the Corporation's investments are shown below. All securities are classified as available-for-sale.

(Dollar amounts in thousands)	September 30, 2023				March 31, 2024			
	Amortized	Unrealized	Unrealized	Fair Value	Amortized	Unrealized	Unrealized	Fair Value
	Cost	Gains	Losses		Cost	Gains	Losses	
U.S. Government agencies	\$ 104,753	\$ 4	\$ (14,824)	\$ 89,933	\$ 100,710	\$ 3	\$ (12,599)	\$ 88,114
Mortgage Backed Securities - residential	669,417	2	(112,729)	556,690	638,535	9	(92,745)	545,799
Mortgage Backed Securities - commercial	7,958	—	(674)	7,284	7,880	—	(483)	7,397
Collateralized mortgage obligations	214,507	—	(33,551)	180,956	204,572	—	(29,145)	175,427
State and municipal obligations	402,144	30	(49,621)	352,553	393,628	756	(30,635)	363,749
Municipal taxable	39,875	—	(7,247)	32,628	39,869	—	(5,868)	34,001
U.S. Treasury	2,177	—	(26)	2,151	917	—	(5)	912
Collateralized debt obligations	—	3,024	—	3,024	—	2,888	—	2,888
TOTAL	\$ 1,440,831	\$ 3,060	\$ (218,672)	\$ 1,225,219	\$ 1,386,111	\$ 3,656	\$ (171,480)	\$ 1,218,287

(Dollar amounts in thousands)	December 31, 2022				December 31, 2023			
	Amortized	Unrealized	Unrealized	Fair Value	Amortized	Unrealized	Unrealized	Fair Value
	Cost	Gains	Losses		Cost	Gains	Losses	
U.S. Government agencies	\$ 110,226	\$ 24	\$ (11,777)	\$ 98,473	\$ 102,978	\$ 4	\$ (11,542)	\$ 91,440
Mortgage Backed Securities-residential	711,131	133	(91,016)	620,248	653,507	53	(83,675)	569,885
Mortgage Backed Securities-commercial	10,103	—	(426)	9,677	7,919	—	(436)	7,483
Collateralized mortgage obligations	228,344	60	(24,919)	203,485	209,398	6	(28,575)	180,829
State and municipal obligations	396,522	745	(37,114)	360,153	397,413	1,407	(28,009)	370,811
Municipal taxable	39,321	41	(6,847)	32,515	39,872	12	(5,599)	34,285
U.S. Treasury	2,979	—	(35)	2,944	1,411	—	(9)	1,402
Collateralized debt obligations	—	2,986	—	2,986	—	3,002	—	3,002
TOTAL	\$ 1,498,626	\$ 3,989	\$ (172,134)	\$ 1,330,481	\$ 1,412,498	\$ 4,484	\$ (157,845)	\$ 1,259,137

Contractual maturities of debt securities at September 30, 2023 March 31, 2024 were as follows.

(Dollar amounts in thousands)	Available-for-Sale		Available-for-Sale	
	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value

Due in one year or less	\$ 9,687	\$ 9,572	\$ 8,551	\$ 8,446
Due after one but within five years	44,613	42,259	43,363	41,503
Due after five but within ten years	101,584	96,076	109,167	105,859
Due after ten years	393,065	332,382	374,043	333,856
	548,949	480,289	535,124	489,664
Mortgage-backed securities and collateralized mortgage obligations	891,882	744,930	850,987	728,623
TOTAL	\$ 1,440,831	\$ 1,225,219	\$1,386,111	\$1,218,287

There were **zero in** no gross gains and **zero in** losses from investment sales/calls realized by the Corporation for the three **and nine** months ended **September 30, 2023** **March 31, 2024**. For the three **and nine** months ended **September 30, 2022** **March 31, 2023** there were **zero** and **\$5 thousand in** no gross gains and **zero in** losses on sales/calls of investment securities.

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The following tables show the securities' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss position, at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

(Dollar amounts in thousands)	September 30, 2023						March 31, 2024					
	Less Than 12 Months		More Than 12 Months		Total		Less Than 12 Months		More Than 12 Months		Total	
	Unrealized		Unrealized		Unrealized		Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Government agencies	\$ 3,684	\$ (160)	\$ 85,832	\$ (14,664)	\$ 89,516	\$ (14,824)	\$ 3,204	\$ (107)	\$ 84,538	\$ (12,492)	\$ 87,742	\$ (12,599)
Mortgage Backed Securities - Residential	13,339	(452)	543,186	(112,277)	556,525	(112,729)	12,148	(171)	532,937	(92,574)	545,085	(92,745)
Mortgage Backed Securities - Commercial	—	—	7,284	(674)	7,284	(674)	—	—	7,397	(483)	7,397	(483)
Collateralized mortgage obligations	15,852	(613)	165,104	(32,938)	180,956	(33,551)	15,509	(423)	159,918	(28,722)	175,427	(29,145)
State and municipal obligations	145,686	(4,162)	197,579	(45,459)	343,265	(49,621)	62,809	(375)	228,942	(30,260)	291,751	(30,635)
Municipal taxable	1,771	(44)	30,357	(7,203)	32,128	(7,247)	1,311	(4)	31,690	(5,864)	33,001	(5,868)
U.S. Treasury	—	—	2,151	(26)	2,151	(26)	912	(5)	—	—	912	(5)
Total temporarily impaired securities	\$180,332	\$ (5,431)	\$1,031,493	\$ (213,241)	\$1,211,825	\$ (218,672)	\$95,893	\$ (1,085)	\$1,045,422	\$ (170,395)	\$1,141,315	\$ (171,480)

(Dollar amounts in thousands)	December 31, 2022						December 31, 2023					
	Less Than 12 Months		More Than 12 Months		Total		Less Than 12 Months		More Than 12 Months		Total	
	Unrealized		Unrealized		Unrealized		Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Government agencies	\$ 58,462	\$ (4,034)	\$ 38,959	\$ (7,743)	\$ 97,421	\$ (11,777)	\$ 3,757	\$ (73)	\$ 87,291	\$ (11,469)	\$ 91,048	\$ (11,542)
Mortgage Backed Securities - Residential Mortgage Backed Securities - Commercial	234,488	(19,757)	379,520	(71,259)	614,008	(91,016)	3,810	(41)	556,414	(83,634)	560,224	(83,675)
Collateralized mortgage obligations	9,677	(426)	—	—	9,677	(426)	—	—	7,483	(436)	7,483	(436)
State and municipal obligations	135,135	(11,331)	63,792	(13,588)	198,927	(24,919)	12,981	(303)	164,871	(28,272)	177,852	(28,575)
Municipal taxable	233,439	(24,291)	41,510	(12,823)	274,949	(37,114)	45,154	(319)	212,022	(27,690)	257,176	(28,009)
U.S. Treasury	18,637	(3,706)	12,837	(3,141)	31,474	(6,847)	—	—	31,958	(5,599)	31,958	(5,599)
Total temporarily impaired securities	2,944	(35)	—	—	2,944	(35)	1,402	(9)	—	—	1,402	(9)
	\$692,782	\$(63,580)	\$536,618	\$(108,554)	\$1,229,400	\$(172,134)	\$67,104	\$ (745)	\$1,060,039	\$(157,100)	\$1,127,143	\$(157,845)

Management evaluates securities for impairment related to credit losses at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. The investment securities portfolio is evaluated for impairment related to credit losses by segregating the portfolio into two general segments.

In evaluating for impairment, management considers the reason for the decline, the extent of the decline, the duration of the decline and whether the Corporation intends to sell a security or is more likely than not to be required to sell a security before recovery of its amortized cost. If an entity intends to sell or it is more likely than not it will be required to sell the security before recovery of its amortized cost basis, the security's amortized cost is written down to fair value through income. If an entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis less any current-period loss, a credit loss exists and an allowance for credit losses is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of applicable taxes.

Gross unrealized losses on investment securities were ~~\$218.7 million~~ \$171.5 million as of ~~September 30, 2023~~ March 31, 2024 and ~~\$172.1 million~~ \$157.8 million as of ~~December 31, 2022~~ December 31, 2023. Management believes these losses represent negative adjustments to market value relative to the interest rate environment reflecting the increase in market rates and not losses related to the creditworthiness of the issuer. The portfolio contains primarily government agency, agency backed mortgage backed securities ("MBS"), and collateralized mortgage obligations ("CMO"), which are issued by government sponsored enterprises and are backed by the full faith and credit of the United States government. Secondly, the Corporation invests in municipal securities issued by state and local governments. Of these, almost half are either insured or contain state enhancements. On the remaining, credit is monitored by the investment committee. Based upon our review of the issuers, we do not believe these investments to be other than temporarily impaired. Management does not intend to sell these securities and it is not more likely than not that we will be required to sell them before their anticipated recovery.

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The table below presents a rollforward of the credit losses recognized in earnings for the three month period ended March 31, 2024 and nine month periods ended September 30, 2023 and 2022: 2023:

(Dollar amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Beginning balance	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974
Reductions for securities called during the period	—	—	—	—	—	—
Ending balance	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974	\$ 2,974

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5. Qualified Affordable Housing Project Investments

The Corporation invests in qualified affordable housing projects. The balance of investment for qualified housing projects was \$29.7 million at March 31, 2024 and \$7.8 million at December 31, 2023. These balances are reflected in the other assets line on the consolidated balance sheets. Total unfunded commitments related to the investments in qualified affordable housing projects totaled \$23.1 million at March 31, 2024. The Corporation expects to fulfill these commitments by the end of December 31, 2037.

The Corporation recognized amortization expense of \$195 thousand during the three months ended March 31, 2024, and \$195 thousand during the three months ended March 31, 2023, which was included within other noninterest expense on the consolidated statements of income. Additionally, the Corporation recognized tax credits and other benefits from its investment in affordable housing tax credits of \$363 thousand during the three months ended March 31, 2024, and \$425 thousand during the three months ended March 31, 2023.

6. Fair Value

FASB ASC No. 820-10 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of most securities available for sale is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

For those securities that cannot be priced using quoted market prices or observable inputs a Level 3 valuation is determined. These securities are primarily trust preferred securities and investments in state and municipal securities. The fair value of state and municipal obligations are derived by comparing the securities to current market rates plus an appropriate credit spread to determine an estimated value. Illiquidity spreads are then considered. Credit reviews are

performed on each of the issuers. The significant unobservable inputs used in the fair value measurement of the Corporation's state and municipal obligations are credit spreads related to specific issuers. Significantly higher credit spread assumptions would result in significantly lower fair value measurement. Conversely, significantly lower credit spreads would result in a significantly higher fair value measurements.

The fair value of derivatives is based on valuation models using observable market data as of the measurement date (Level 2 inputs).

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(Dollar amounts in thousands)	September 30, 2023				March 31, 2024			
	Fair Value Measurements Using				Fair Value Measurements Using			
	Significant Unobservable Inputs (Level 3)				Significant Unobservable Inputs (Level 3)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
U.S. Government agencies	\$ —	\$ 89,933	\$ —	\$ 89,933	\$ —	\$ 88,114	\$ —	\$ 88,114
Mortgage Backed Securities-residential	—	556,690	—	556,690	—	545,799	—	545,799
Mortgage Backed Securities-commercial	—	7,284	—	7,284	—	7,397	—	7,397
Collateralized mortgage obligations	—	180,956	—	180,956	—	175,427	—	175,427
State and municipal	—	351,373	1,180	352,553	—	362,944	805	363,749
Municipal taxable	—	32,628	—	32,628	—	34,001	—	34,001
U.S. Treasury	—	2,151	—	2,151	—	912	—	912
Collateralized debt obligations	—	—	3,024	3,024	—	—	2,888	2,888
TOTAL	\$ —	\$ 1,221,015	\$ 4,204	\$ 1,225,219	\$ —	\$ 1,214,594	\$ 3,693	\$ 1,218,287
Derivative Assets		3,608				3,095		
Derivative Liabilities		(3,608)				(3,095)		

(Dollar amounts in thousands)	December 31, 2022				December 31, 2023			
	Fair Value Measurements Using				Fair Value Measurements Using			
	Significant Unobservable Inputs (Level 3)				Significant Unobservable Inputs (Level 3)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
U.S. Government agencies	\$ —	\$ 98,473	\$ —	\$ 98,473	\$ —	\$ 91,440	\$ —	\$ 91,440
Mortgage Backed Securities-residential	—	620,248	—	620,248	—	569,885	—	569,885
Mortgage Backed Securities-commercial	—	9,677	—	9,677	—	7,483	—	7,483
Collateralized mortgage obligations	—	203,485	—	203,485	—	180,829	—	180,829
State and municipal	—	358,608	1,545	360,153	—	369,631	1,180	370,811
Municipal taxable	—	32,515	—	32,515	—	34,285	—	34,285
U.S. Treasury	—	2,944	—	2,944	—	1,402	—	1,402
Collateralized debt obligations	—	—	2,986	2,986	—	—	3,002	3,002
TOTAL	\$ —	\$ 1,325,950	\$ 4,531	\$ 1,330,481	\$ —	\$ 1,254,955	\$ 4,182	\$ 1,259,137
Derivative Assets		2,838				2,878		
Derivative Liabilities		(2,838)				(2,878)		

There were no transfers between Level 1 and Level 2 during 2023 2024 and 2022 2023.

The tables below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and nine months ended September 30, 2023 March 31, 2024 and the year ended December 31, 2022 December 31, 2023.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
Three Months Ended			

(Dollar amounts in thousands)	September 30, 2023		
	State and	Collateralized	Total
	municipal obligations	debt obligations	
Beginning balance, July 1	\$ 1,180	\$ 2,941	\$ 4,121
Total realized/unrealized gains or losses			
Included in earnings	—	—	—
Included in other comprehensive income	—	83	83
Transfers	—	—	—
Settlements	—	—	—
Ending balance, September 30	\$ 1,180	\$ 3,024	\$ 4,204

(Dollar amounts in thousands)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Three Months Ended		
	March 31, 2024		
	State and	Collateralized	Total
	municipal obligations	debt obligations	
Beginning balance, January 1	\$ 1,180	\$ 3,002	\$ 4,182
Total realized/unrealized gains or losses			
Included in earnings	—	—	—
Included in other comprehensive income	—	(114)	(114)
Transfers	—	—	—
Settlements	(375)	—	(375)
Ending balance, March 31	\$ 805	\$ 2,888	\$ 3,693

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(Dollar amounts in thousands)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Nine Months Ended		
	September 30, 2023		
	State and	Collateralized	Total
	municipal obligations	debt obligations	
Beginning balance, January 1	\$ 1,545	\$ 2,986	\$ 4,531
Total realized/unrealized gains or losses			
Included in earnings	—	—	—
Included in other comprehensive income	—	38	38
Transfers	—	—	—
Settlements	(365)	—	(365)
Ending balance, September 30	\$ 1,180	\$ 3,024	\$ 4,204

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Year Ended	Year Ended
December 31, 2022	December 31, 2023
State and	State and

(Dollar amounts in thousands)	municipal obligations	Collateralized debt obligations	Total	municipal obligations	Collateralized debt obligations	Total
Beginning balance, January 1	\$ 1,895	\$ 3,359	\$ 5,254	\$ 1,545	\$ 2,986	\$ 4,531
Total realized/unrealized gains or losses						
Included in earnings	—	—	—	—	—	—
Included in other comprehensive income	—	(373)	(373)	—	16	16
Purchases	—	—	—	—	—	—
Settlements	(350)	—	(350)	(365)	—	(365)
Ending balance, December 31	\$ 1,545	\$ 2,986	\$ 4,531	\$ 1,180	\$ 3,002	\$ 4,182

The following table presents quantitative information about recurring and non-recurring Other real estate owned is valued at Level 3. Other real estate owned at March 31, 2024 with a value of \$167 thousand was reduced by \$57 thousand for fair value measurements adjustment. At March 31, 2024 other real estate owned was comprised of \$84 thousand from commercial loans and \$83 thousand from residential loans. Other real estate owned at September 30, 2023.

(Dollar amounts in thousands)	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
State and municipal obligations	\$ 1,180	Discounted cash flow	Discount rate	4.04%-4.44 %
Collateralized debt obligations	\$ 3,024	Discounted cash flow	Discount rate	7.22 %
Collateral dependent loans	\$ 1,812	Discounted cash flow	Discount rate for age of appraisal and market conditions	0.00%-50.00 %

The following table presents quantitative information about recurring and non-recurring Level 3 December 31, 2023 with a value of \$107 thousand was reduced by \$57 thousand for fair value measurements at December 31, 2022. adjustment. At December 31, 2023 other real estate owned was comprised of \$26 thousand from commercial loans and \$81 thousand from residential loans.

(Dollar amounts in thousands)	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
State and municipal obligations	\$ 1,545	Discounted cash flow	Discount rate	3.73%-4.44 %
Collateralized debt obligations	\$ 2,986	Discounted cash flow	Discount rate	5.34 %
Collateral dependent loans	4,477	Discounted cash flow	Discount rate for age of appraisal and market conditions	0.00%-50.00 %

Fair value is measured based on the value of the collateral securing those loans, and is determined using several methods. Generally the fair value of real estate is determined based on appraisals by qualified licensed appraisers. Appraisals for real estate generally use three methods to derive value: cost, sales or market comparison and income approach. The cost method bases value on the cost to replace current property. The market comparison evaluates the sales price of similar properties in the same market area. The income approach considers net operating income generated by the property and the investor's required return. The final fair value is based on a reconciliation of these three approaches. If an appraisal is not available, the fair value may be determined by using a cash flow analysis, a broker's opinion of value, the net present value of future cash flows, or an observable market price from an active market. Fair value of other real estate is based upon the current appraised values of the properties as determined by qualified licensed appraisers and the Company's judgment of other relevant market conditions. Appraisals are obtained annually and reductions in value are recorded as a valuation through a charge to expense. The primary unobservable input used by management in estimating fair value are additional discounts to the appraised value to consider market conditions and the age of the appraisal, which are based on management's past experience in resolving these types of properties. These discounts range from 10% to 100% with an average discount of 39%. Values for non-real estate collateral, such as business equipment, are based on appraisals performed by qualified licensed appraisers or the customers financial statements. Values for non real estate collateral use much higher discounts than real estate collateral. Other real estate and individually evaluated loans carried at fair value are primarily comprised of smaller balance properties.

The following table presents quantitative information about recurring and non-recurring Level 3 fair value measurements at March 31, 2024.

(Dollar amounts in thousands)	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
State and municipal obligations	\$ 805	Discounted cash flow	Discount rate	4.24%-4.44 %
Collateralized debt obligations	\$ 2,888	Discounted cash flow	Discount rate	7.32 %
Collateral dependent loans	\$ 10,343	Discounted cash flow	Discount rate for age of appraisal and market conditions	10.00%-100.00 %

The following table presents quantitative information about recurring and non-recurring Level 3 fair value measurements at December 31, 2023.

(Dollar amounts in thousands)	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
State and municipal obligations	\$ 1,180	Discounted cash flow	Discount rate	4.04%-4.44 %
Collateralized debt obligations	\$ 3,002	Discounted cash flow	Discount rate	7.36 %
Collateral dependent loans	11,306	Discounted cash flow	Discount rate for age of appraisal and market conditions	0.00%-100.00 %

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discounts to the appraised value to consider market conditions and the age of the appraisal, which are based on management's past experience in resolving these types of properties. These discounts range from 0% to 50%. Values for non-real estate collateral, such as business equipment, are based on appraisals performed by qualified licensed appraisers or the customers financial statements. Values for non real estate collateral use much higher discounts than real estate collateral. Other real estate and individually evaluated loans carried at fair value are primarily comprised of smaller balance properties.

The carrying amounts and estimated fair value of financial instruments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, are shown below. Carrying amount is the estimated fair value for cash and due from banks, federal funds sold, short-term borrowings, accrued interest receivable and payable, demand deposits, short-term debt and variable-rate loans or deposits that reprice frequently and fully. Security fair values were described previously. For fixed-rate, collectively evaluated loans or deposits, variable rate loans or deposits with infrequent repricing or repricing limits, and for longer-term borrowings, fair value is based on discounted cash flows using current market rates applied to the estimated life and considering credit risk. The valuation of individually evaluated loans was described previously. Loan fair value estimates represent an exit price. Fair values of loans held for sale are based on market bids on the loans or similar loans. It was not practicable to determine the fair value of Federal Home Loan Bank stock due to restrictions placed on its transferability. Fair value of debt is based on current rates for similar financing. The fair value of off-balance sheet items is not considered material.

(Dollar amounts in thousands)	September 30, 2023					March 31, 2024				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Cash and due from banks	\$ 74,668	\$25,257	\$ 49,411	\$ —	\$ 74,668	\$ 69,231	\$25,420	\$ 43,811	\$ —	\$ 69,231
Federal funds sold	688	—	688	—	688	—	—	—	—	—
Securities available-for-sale	1,225,219	—	1,221,015	4,204	1,225,219	1,218,287	—	1,214,594	3,693	1,218,287
Restricted stock	15,398	n/a	n/a	n/a	n/a	15,371	n/a	n/a	n/a	n/a
Loans, net	3,078,592	—	—	2,901,310	2,901,310	3,151,938	—	—	3,016,655	3,016,655
Accrued interest receivable	22,546	—	6,837	15,709	22,546	23,851	—	6,608	17,243	23,851
Deposits	(4,040,995)	—	(4,035,772)	—	(4,035,772)	(4,105,103)	—	(4,102,762)	—	(4,102,762)
Short-term borrowings	(132,734)	—	(132,734)	—	(132,734)	(88,873)	—	(88,873)	—	(88,873)
Other borrowings	(84,578)	—	(84,614)	—	(84,614)	(58,576)	—	(58,510)	—	(58,510)
Accrued interest payable	(1,929)	—	(1,929)	—	(1,929)	(3,142)	—	(3,142)	—	(3,142)

(Dollar amounts in thousands)	December 31, 2022						December 31, 2023					
	Carrying	Fair Value				Total	Carrying	Fair Value				Total
		Value	Level 1	Level 2	Level 3			Value	Level 1	Level 2	Level 3	
Cash and due from banks	\$	222,517	\$29,400	\$ 193,117	\$ —	\$ 222,517	\$	76,759	\$25,467	\$ 51,292	\$ —	\$ 76,759
Federal funds sold		9,374	—	9,374	—	9,374		282	—	282	—	282
Securities available-for-sale		1,330,481	—	1,325,950	4,531	1,330,481		1,259,137	—	1,254,955	4,182	1,259,137
Restricted stock		15,378	n/a	n/a	n/a	n/a		15,364	n/a	n/a	n/a	n/a
Loans, net		3,027,659	—	—	2,930,680	2,930,680		3,128,054	—	—	3,025,621	3,025,621
Accrued interest receivable		21,288	—	5,529	15,759	21,288		24,877	—	6,755	18,122	24,877
Deposits		(4,368,871)	—	(4,369,402)	—	(4,369,402)		(4,090,068)	—	(4,094,552)	—	(4,094,552)
Short-term borrowings		(70,875)	—	(70,875)	—	(70,875)		(67,221)	—	(67,221)	—	(67,221)
Other borrowings		(9,589)	—	(8,788)	—	(8,788)		(108,577)	—	(108,496)	—	(108,496)
Accrued interest payable		(483)	—	(483)	—	(483)		(2,588)	—	(2,588)	—	(2,588)

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6.7. Borrowings

Short-term borrowings:

Period-end short-term borrowings were comprised of the following:

(Dollar amounts in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Federal Funds Purchased	\$ 63,425	\$ 3,000	\$ 51,450	\$ 27,300
Repurchase Agreements	69,309	67,875	37,423	39,921
	<u>\$ 132,734</u>	<u>\$ 70,875</u>	<u>\$ 88,873</u>	<u>\$ 67,221</u>

The Corporation enters into sales of securities under agreements to repurchase. The amounts received under these agreements represent short-term borrowings and are reflected as a liability in the consolidated balance sheets. The securities underlying these agreements are included in investment securities in the consolidated balance sheets. The Corporation has no control over the market value of the securities, which fluctuates due to market conditions. However, the Corporation is obligated to promptly transfer additional securities if the market value of the securities falls below the repurchase agreement price. The Corporation manages this risk by maintaining an unpledged securities portfolio that it believes is sufficient to cover a decline in the market value of the securities sold under agreements to repurchase.

Collateral pledged to repurchase agreements by remaining maturity are as follows:

Repurchase Agreements	September 30, 2023					March 31, 2024				
	Remaining Contractual Maturity of the Agreements					Remaining Contractual Maturity of the Agreements				
	Overnight			Greater	Total	Overnight			Greater	Total
	and	Up to 30	30 - 90	than 90		and	Up to 30	30 - 90	than 90	
(Dollar amounts in thousands)	continuous	days	days	days		continuous	days	days	days	
Mortgage Backed Securities - Residential and Collateralized Mortgage Obligations	\$ 63,008	\$ 300	\$ 1,450	\$ 4,551	\$ 69,309	\$ 31,558	\$ 300	\$ 2,665	\$ 2,900	\$ 37,423

Repurchase Agreements	December 31, 2022					December 31, 2023				
	Remaining Contractual Maturity of the Agreements					Remaining Contractual Maturity of the Agreements				
	Overnight			Greater	Total	Overnight			Greater	Total
	and	Up to 30	30 - 90	than 90		and	Up to 30	30 - 90	than 90	
(Dollar amounts in thousands)	continuous	days	days	days		continuous	days	days	days	
Mortgage Backed Securities - Residential and Collateralized Mortgage Obligations	\$ 63,335	\$ —	\$ 4,175	\$ 365	\$ 67,875	\$ 32,319	\$ 300	\$ 3,637	\$ 3,665	\$ 39,921

Other borrowings:

Other borrowings at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are summarized as follows:

(Dollar amounts in thousands)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
FHLB advances	\$ 84,578	\$ 9,589	\$ 58,576	\$ 108,577
TOTAL	\$ 84,578	\$ 9,589	\$ 58,576	\$ 108,577

The aggregate minimum annual retirements of other borrowings are as follows:

Twelve Months Ended September 30, March 31,

2024	\$ 78,618	
2025	1,007	\$53,612
2026	4,953	4,964
2027	—	—
2028	—	—
2029	—	—
Thereafter	—	—
	\$ 84,578	\$58,576

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At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, other borrowings are summarized as follows: The Corporation's subsidiary bank is a member of the Federal Home Loan Bank (FHLB) and accordingly are permitted to obtain advances. There are \$84.6 million \$58.6 million of advances from the FHLB at September 30, 2023 March 31, 2024, and \$9.6 million \$108.6 million of advances at December 31, 2022 December 31, 2023. FHLB advances are, generally due in full at maturity. They are secured by eligible securities and a blanket pledge on real estate loan collateral.

7.8. Components of Net Periodic Benefit Cost

(Dollar amounts in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,				Three Months Ended March 31,			
	Pension Benefits		Post-Retirement Health Benefits		Pension Benefits		Post-Retirement Health Benefits		Pension Benefits		Post-Retirement Health Benefits	
	2023	2022	2023	2022	2023	2022	2023	2022	2024	2023	2024	2023
Service cost	\$ 157	\$ 297	\$ 5	\$ 8	\$ 471	\$ 892	\$ 15	\$ 25	\$ 141	\$ 157	\$ 4	\$ 5
Interest cost	956	707	38	28	2,868	2,120	115	83	947	956	34	38
Expected return on plan assets	(970)	(1,227)	—	—	(2,909)	(3,682)	—	—	(1,051)	(970)	—	—
Net amortization of prior service cost	—	—	—	—	—	—	—	—	—	—	—	—
Net amortization of net (gain) loss	188	315	(13)	—	564	944	(40)	—	109	188	(20)	(13)
Net Periodic Benefit Cost	\$ 331	\$ 92	\$ 30	\$ 36	\$ 994	\$ 274	\$ 90	\$ 108	\$ 146	\$ 331	\$ 18	\$ 30

Employer Contributions

First Financial Corporation previously disclosed in its financial statements for the year ended **December 31, 2022** **December 31, 2023** that it expected to contribute **zero** **\$3.9 million** and **\$642** **\$604** thousand respectively to its Pension Plan and ESOP and **\$245** **\$249** thousand to the Post Retirement Health Benefits Plan in **2023, 2024**. No contributions have been made to the Pension Plan thus far in **2023, 2024**. Contributions of **\$163** **\$80** thousand have been made through the first **nine three** months of **2023 2024** for the Post Retirement Health Benefits plan. No contributions have been made in **2023 2024** for the ESOP. The Pension plan was frozen for most employees at the end of 2012 and for those employees there will be discretionary contributions to the ESOP plan and a 401K plan in place of the former Pension benefit. In the first **nine three** months of **2023 2024** and **2022 2023** there has been **\$1.9 million** **\$744 thousand** and **\$1.7 million** **\$608 thousand** of expense accrued for potential contributions to these alternative retirement benefit options.

8.9. Revenue from Contracts with Customers

All of the Corporation's revenue from contracts with customers in the scope of ASC 606 is recognized within Non-Interest Income. The following table presents the Corporation's sources of Non-Interest Income for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**. Items outside the scope of ASC 606 are noted as such.

(Dollar amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Non-interest income						
Service charges on deposits and debit card fee income	\$ 7,099	\$ 6,965	\$ 20,971	\$ 20,698	\$ 6,708	\$ 6,818
Asset management fees	1,140	1,015	3,642	3,687	1,333	1,317
Interchange income	—	149	47	418	179	47
Net gains on sales of loans (a)	321	440	811	1,705	176	180
Loan servicing fees (a)	447	457	997	1,184	269	285
Net gains/(losses) on sales of securities (a)	—	—	—	5	—	—
Other service charges and fees (a)	213	160	613	488	223	204
Other (b)	2,407	2,954	4,374	7,963 (c)	543	524
Total non-interest income	\$ 11,627	\$ 12,140	\$ 31,455	\$ 36,148	\$ 9,431	\$ 9,375

(a) Not within the scope of ASC 606.

(b) The Other category includes gains/(losses) on the sale of OREO for the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**, totaling **zero**, and for the nine months ended for the same periods, totaling **\$(31)** **\$7** thousand and **\$85** **\$6** thousand, respectively, which is within the scope of ASC 606; the remaining balance is outside the scope of ASC 606.

(c) Legal settlement totaling \$4 million received in first quarter 2022.

Service charges on deposits: The Corporation earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering,

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and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Asset management fees: The Corporation earns asset management fees from its contracts with trust customers to manage assets for investment, and/or to transact on their accounts. These fees are primarily earned over time as the Corporation provides the contracted monthly or quarterly services and are generally assessed based on a tiered scale of the market value of assets under management at month-end. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed, i.e. the trade date. Other related services provided and the fees the Corporation earns, which are based on a fixed fee schedule, are recognized when the services are rendered.

Interchange income: The Corporation earns interchange fees from debit and credit cardholder transactions conducted through the payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Gains/Losses on sales of OREO: The Corporation records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Corporation finances the sale of OREO to the buyer, the Corporation assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Corporation adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

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9, 10. Accumulated Other Comprehensive Income

The following tables summarize the changes, net of tax, within each classification of accumulated other comprehensive income/(loss) for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023.

	Unrealized gains and (Losses) on available-for-sale Securities			Unrealized gains and (Losses) on available-for-sale Securities		
	2023			2024		
		Retirement plans	Total		Retirement plans	Total
(Dollar amounts in thousands)						
Beginning balance, July 1,	\$ (130,466)	\$ (10,784)	\$ (141,250)			
Beginning balance, January 1,				\$ (118,000)	\$ (9,087)	\$ (127,087)

Change in other comprehensive income (loss) before reclassification	(34,934)	—	(34,934)	(11,096)	—	(11,096)
Amounts reclassified from accumulated other comprehensive income	—	146	146	—	73	73
Net current period other comprehensive income (loss)	(34,934)	146	(34,788)	(11,096)	73	(11,023)
Ending balance, September 30,	<u>\$ (165,400)</u>	<u>\$ (10,638)</u>	<u>\$ (176,038)</u>			
Ending balance, March 31,				<u>\$ (129,096)</u>	<u>\$ (9,014)</u>	<u>\$ (138,110)</u>

	Unrealized gains and (Losses) on available-			2023	
	for-sale Securities	Retirement plans		Total	
(Dollar amounts in thousands)					
Beginning balance, January 1,	\$ (128,896)	\$ (11,078)		\$ (139,974)	
Change in other comprehensive income (loss) before reclassification	14,238	—		14,238	
Amounts reclassified from accumulated other comprehensive income	—	147		147	
Net current period other comprehensive income (loss)	14,238	147		14,385	
Ending balance, March 31,	<u>\$ (114,658)</u>	<u>\$ (10,931)</u>		<u>\$ (125,589)</u>	

	Unrealized gains and (Losses) on available-			2023		
	for-sale Securities	Retirement plans		Total	Balance at	Current Period
					1/1/2024	Change
(Dollar amounts in thousands)						
Beginning balance, January 1,	\$ (128,896)	\$ (11,078)		\$ (139,974)		
Change in other comprehensive income (loss) before reclassification	(36,504)	—		(36,504)		
Amounts reclassified from accumulated other comprehensive income	—	440		440		
Net current period other comprehensive income (loss)	(36,504)	440		(36,064)		
Ending balance, September 30,	<u>\$ (165,400)</u>	<u>\$ (10,638)</u>		<u>\$ (176,038)</u>		
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment					\$ (120,252)	\$ (11,010)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment					2,252	(86)
Total unrealized gain (loss) on securities available-for-sale					<u>\$ (118,000)</u>	<u>\$ (11,096)</u>
Unrealized gain (loss) on retirement plans					(9,087)	73
TOTAL					<u>\$ (127,087)</u>	<u>\$ (11,023)</u>

	Unrealized gains and (Losses) on available-			2022	
	for-sale Securities	Retirement plans		Total	
(Dollar amounts in thousands)					
Beginning balance, July 1,	\$ (109,159)	\$ (17,471)		\$ (126,630)	
Change in other comprehensive income (loss) before reclassification	(41,060)	—		(41,060)	
Amounts reclassified from accumulated other comprehensive income	—	315		315	
Net current period other comprehensive income (loss)	(41,060)	315		(40,745)	
Ending balance, September 30,	<u>\$ (150,219)</u>	<u>\$ (17,156)</u>		<u>\$ (167,375)</u>	

	Unrealized gains and (Losses) on available-			2022		
	for-sale	Retirement		Balance at	Current Period	Balance at

(Dollar amounts in thousands)	Securities	plans	Total	1/1/2023	Change	3/31/2023
Beginning balance, January 1,	\$ 15,674	\$ (18,100)	\$ (2,426)			
Change in other comprehensive income (loss) before reclassification	(165,889)	—	(165,889)			
Amounts reclassified from accumulated other comprehensive income	(4)	944	940			
Net current period other comprehensive income (loss)	(165,893)	944	(164,949)			
Ending balance, September 30,	\$ (150,219)	\$ (17,156)	\$ (167,375)			
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment				\$ (131,135)	\$ 14,291	\$ (116,844)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment				2,239	(53)	2,186
Total unrealized income (loss) on securities available-for-sale				\$ (128,896)	\$ 14,238	\$ (114,658)
Unrealized gain (loss) on retirement plans				(11,078)	147	(10,931)
TOTAL				\$ (139,974)	\$ 14,385	\$ (125,589)

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(Dollar amounts in thousands)	Balance at 7/1/2023	Current Period Change	Balance at 9/30/2023
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	\$ (132,671)	\$ (34,997)	\$ (167,668)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment	2,205	63	2,268
Total unrealized loss on securities available-for-sale	\$ (130,466)	\$ (34,934)	\$ (165,400)
Unrealized gain (loss) on retirement plans	(10,784)	146	(10,638)
TOTAL	\$ (141,250)	\$ (34,788)	\$ (176,038)

(Dollar amounts in thousands)	Balance at 1/1/2023	Current Period Change	Balance at 9/30/2023
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	\$ (131,135)	\$ (36,533)	\$ (167,668)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment	2,239	29	2,268
Total unrealized gain (loss) on securities available-for-sale	\$ (128,896)	\$ (36,504)	\$ (165,400)
Unrealized gain (loss) on retirement plans	(11,078)	440	(10,638)
TOTAL	\$ (139,974)	\$ (36,064)	\$ (176,038)

(Dollar amounts in thousands)	Balance at 7/1/2022	Current Period Change	Balance at 9/30/2022
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	\$ (111,474)	\$ (41,078)	\$ (152,552)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment	2,315	18	2,333
Total unrealized gain (loss) on securities available-for-sale	\$ (109,159)	\$ (41,060)	\$ (150,219)
Unrealized loss on retirement plans	(17,471)	315	(17,156)
TOTAL	\$ (126,630)	\$ (40,745)	\$ (167,375)

(Dollar amounts in thousands)	Balance at 1/1/2022	Current Period Change	Balance at 9/30/2022
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	\$ 13,155	\$ (165,707)	\$ (152,552)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment	2,519	(186)	2,333
Total unrealized income (loss) on securities available-for-sale	\$ 15,674	\$ (165,893)	\$ (150,219)
Unrealized gain (loss) on retirement plans	(18,100)	944	(17,156)

TOTAL	\$	(2,426)	\$	(164,949)	\$	(167,375)
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	Three Months Ended September 30, 2023 March 31, 2024		
Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income		Affected line item in the statement where net income is presented
	(in thousands)		
Unrealized gains and losses	\$	—	Net securities gains (losses)
on available-for-sale		—	Income tax expense
securities	\$	—	Net of tax
Amortization of	\$	(195) (97)(a)	Salary and benefits
retirement plan items		49 24	Income tax expense
	\$	(146) (73)	Net of tax
Total reclassifications for the period	\$	(146)	Net of tax

(a) Included in the computation of net periodic benefit cost. (see Footnote 7 for additional details).

	Nine Months Ended September 30, 2023		
Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income		Affected line item in the statement where net income is presented
	(in thousands)		
Unrealized gains and losses	\$	—	Net securities gains (losses)
on available-for-sale		—	Income tax expense
securities	\$	—	Net of tax
Amortization of	\$	(587)(a)	Salary and benefits
retirement plan items		147	Income tax expense
	\$	(440)	Net of tax
Total reclassifications for the period	\$	(440) (73)	Net of tax

(a) Included in the computation of net periodic benefit cost. (see Footnote 7 for additional details).

Details about accumulated other comprehensive income components	Three Months Ended September 30, 2022 March 31, 2023		Affected line item in the statement where net income is presented
	Amount reclassified from accumulated other comprehensive income		
	(in thousands)		
Unrealized gains and losses	\$	—	Net securities gains (losses)
on available-for-sale		—	Income tax expense
securities	\$	—	Net of tax
Amortization of	\$	(420) (196)(a)	Salary and benefits
retirement plan items		105 49	Income tax expense
	\$	(315) (147)	Net of tax
Total reclassifications for the period	\$	(315) (147)	Net of tax

(a) Included in the computation of net periodic benefit cost. (see Footnote 7 for additional details).

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Nine Months Ended September 30, 2022		
Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income	Affected line item in the statement where net income is presented
	(in thousands)	
Unrealized gains and losses on available-for-sale securities	\$ 5 (1) 4	Net securities gains (losses) Income tax expense Net of tax
Amortization of retirement plan items	\$ (1,260)(a) 316 (944)	Salary and benefits Income tax expense Net of tax
Total reclassifications for the period	\$ (940)	Net of tax

(a) Included in the computation of net periodic benefit cost. (see Footnote 7 for additional details).

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10, 11. Leases

The Corporation leases certain branches under operating leases. At **September 30, 2023** **March 31, 2024**, the Corporation had lease liabilities totaling **\$5,657,000** **\$5,676,000** and right-of-use assets totaling **\$5,599,000** **\$5,608,000** related to these leases. At **December 31, 2022** **December 31, 2023**, the Corporation had lease liabilities totaling **\$5,885,000** **\$5,456,000** and right-of-use assets totaling **\$5,840,000** **\$5,392,000** related to these leases. Lease liabilities and right-of-use assets are reflected in other liabilities and other assets, respectively. At **September 30, 2023** **March 31, 2024**, the weighted average remaining lease term for operating leases was **9.2** **8.7** years and the weighted average discount rate used in the measurement of operating lease liabilities was **2.16%** **2.29%**.

The calculated amount of the lease liabilities and right-of-use assets are impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. The Corporation's lease agreements often include one or more options to renew at the Corporation's discretion. If at lease inception, the Corporation considers the exercising of a renewal option to be reasonably certain, the Corporation will include the extended term in the calculation of the lease liability and right-of-use asset. Regarding the discount rate, the new standard requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Corporation utilizes its incremental borrowing rate at lease inception, on a collateralized basis, over a similar term.

The following table represents lease costs and other lease information. As the Corporation elected, not to separate lease and non-lease components and instead to account for them as a single lease component, the variable lease cost primarily represents variable payments such as common area maintenance and utilities.

Lease costs were as follows:

(Dollar amounts in thousands)	Nine Months Ended	Three Months Ended
	September 30, 2023	March 31, 2024
Operating lease cost	\$ 766	\$ 257
Short-term lease cost	100	29
Variable lease cost	11	6
Total lease cost	\$ 877	\$ 292
Other information:		
Cash paid for amounts included in the measurement of operating lease liabilities	730	242
Right-of-use assets obtained in exchange for new operating lease liabilities	378	429

Future minimum payments for operating leases with initial or remaining terms of one year or more as of **September 30, 2023** **March 31, 2024** were as follows:

(Dollar amounts in thousands)	September 30, 2023	March 31, 2024
Twelve Months Ended September 30, 2024	\$ 904	
Twelve Months Ended March 31,		
2025	882	\$ 984
2026	812	943
2027	771	878
2028	708	869
2029		643
Thereafter	2,354	2,106
Total Future Minimum Lease Payments	6,431	6,423
Amounts Representing Interest	(774)	(747)
Present Value of Net Future Minimum Lease Payments	\$ 5,657	\$ 5,676

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ITEMS 2. and 3. Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk

The purpose of this discussion is to point out key factors in the Corporation's recent performance compared with earlier periods. The discussion should be read in conjunction with the financial statements beginning on page three of this report. All figures are for the consolidated entities. It is presumed the readers of these financial statements and of the following narrative have previously read the Corporation's financial statements for **2022** **2023** in the 10-K filed for the fiscal year ended **December 31, 2022** **December 31, 2023**.

This Quarterly Report on Form 10-Q contains forward-looking statements. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include, without limitation, the Corporation's ability to effectively execute its business plans; changes in general economic and financial market conditions; changes in interest rates; changes in the competitive environment; continuing consolidation in the financial services industry; new litigation or changes in existing litigation; losses, customer bankruptcy, claims and assessments; changes

in banking regulations or other regulatory or legislative requirements affecting the Corporation's business; and changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies. Additional information concerning factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements is available in the Corporation's Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, and subsequent filings with the United States Securities and Exchange Commission (SEC). Copies of these filings are available at no cost on the SEC's Web site at www.sec.gov or on the Corporation's Web site at www.first-online.com. Management may elect to update forward-looking statements at some future point; however, it specifically disclaims any obligation to do so.

Critical Accounting Policies

Certain of the Corporation's accounting policies are important to the portrayal of the Corporation's financial condition and results of operations, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances. Facts and circumstances which could affect these judgments include, without limitation, changes in interest rates, in the performance of the economy or in the financial condition of borrowers. Management believes that its critical accounting policies include determining the allowance for credit losses and the valuation of goodwill and valuing investment securities. See further discussion of these critical accounting policies in the **2022 2023** Form 10-K.

Allowance for credit losses. The allowance for credit losses (ACL) represents management's estimate of expected losses inherent within the existing loan portfolio. The allowance for credit losses is increased by the provision for credit losses charged to expense and reduced by loans charged off, net of recoveries. The allowance for credit losses is determined based on management's assessment of several factors: reviews and evaluations of specific loans, changes in the nature and volume of the loan portfolio, current economic conditions, nonperforming loans, determination of acquired loans as purchase credit deteriorated, and reasonable and supportable forecasts. Loans are individually evaluated when they do not share risk characteristics with other loans in the respective pool. Loans evaluated individually are excluded from the collective evaluation. Management elected the collateral dependent practical expedient upon adoption of ASC 326. Expected credit losses on individually evaluated loans are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Management utilizes a cohort methodology to determine the allowance for credit losses. This method identifies and captures the balance of a pool of loans with similar risk characteristics, as of a particular point in time to form a cohort, then tracks the respective losses generated by that cohort of loans over their remaining life. The cohorts track loan balances and historical loss experience since 2008, and management extends the look back period each quarter to capture all available data points in the historical loss rate calculation. The quantitative component of the ACL involves assumptions that require a significant level of estimation; these include historical losses as a predictor of future performance, appropriateness of selected delay periods, and the reasonableness of the portfolio segmentation.

A historical data set is expected to provide the best indication of future credit performance. Delay periods represent the amount of time it takes a cohort of loans to become seasoned, or incur sufficient attrition through pay downs, renewals, or charge-offs. Portfolio segmentation relates to the pooling of loans with similar risk characteristics, such as industry types, collateral, and consumer purpose.

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On an annual basis, in the first quarter, management performs a recalibration of the delay periods and portfolio segmentation to determine whether they are reasonable and appropriate based on the information available at that time.

Management considers qualitative adjustments to expected credit loss estimates for information not already captured in the loss estimation process. Where past performance may not be representative of future losses, loss rates are adjusted for qualitative and economic forecast factors. Management uses the peak three consecutive quarter net charge off rate to capture maximum potential volatility over the reasonable and supportable forecast period. Historical losses utilized in setting the qualitative factor ranges are anchored to 2008 and may be supplemented by peer information when needed. The qualitative factor ranges are recalibrated annually to capture recent behavior that is indicative of the credit profile of the current portfolio.

Qualitative factors include items, such as changes in lending policies or procedures, asset specific risks, and economic uncertainty in forward-looking forecasts. Economic indicators utilized in forecasting include unemployment rate, gross domestic product, housing starts, and interest rates. Management uses a two-year reasonable and supportable period across all loan segments to forecast economic conditions. Management believes the two-year time horizon aligns with available industry guidance and various forecasting sources. Economic forecast adjustments are overlaid onto historical loss rates. As such, reversion from forecast rates to historical loss rates is immediate.

The ACL and allowance for unfunded commitments were \$39.0 million \$40.0 million and \$2.0 million, respectively at September 30, 2023 March 31, 2024, compared to \$39.8 million and \$2.1 million \$2.0 million, respectively at December 31, 2022 December 31, 2023. The qualitative amount of the reserve decreased \$109 \$638 thousand to \$11.0 million \$10.3 million. The quantitative amount is \$27.6 million \$29.4 million at September 30, 2023 March 31, 2024, compared to \$28.6 million \$28.4 million at December 31, 2022 December 31, 2023. There was a decrease of \$100 thousand no change in the allowance for unfunded commitments. See additional discussion of ACL in the Allowance for Credit Losses section below.

Based on management's analysis of the current portfolio, management believes the allowance is adequate. Changes in the financial condition of individual borrowers, economic conditions, historical loss experience, or the condition of the various markets in which collateral may be sold may affect the required level of the allowance for credit losses and the associated provision for credit losses. As management monitors these changes, as well as those factors discussed above, adjustments may be recorded to the allowance for credit losses and the associated provision for credit losses in the future.

Summary of Operating Results

Net income for the three months ended September 30, 2023 March 31, 2024 was \$16.3 million \$10.9 million, compared to \$18.1 million \$16.0 million for the same period in 2022, 2023. Basic earnings per share decreased to \$1.37 \$0.93 for the third first quarter of 2023 2024 compared to \$1.50 \$1.33 for the same period in 2022, 2023. Return on average assets and return on average equity were 1.35% 0.91% and 13.19% 8.36% respectively, for the three months ended September 30, 2023 March 31, 2024 compared to 1.43% 1.32% and 15.00% 13.10% for the three months ended September 30, 2022. Net income for the nine months ended September 30, 2023 was \$48.3 million, compared to \$54.6 million for the same period in 2022. Basic earnings per share decreased to \$4.02 for the first nine months of 2023 compared to \$4.45 for the same period in 2022. Return on average assets and return on average equity were 1.33% and 12.98% respectively, for the nine months ended September 30, 2023, compared to 1.43% and 14.14% for the nine months ended September 30, 2022 March 31, 2023.

In light of recent events in the banking sector, including recent bank failures, continuing interest rate hikes activity and recessionary concerns, the Corporation has proactively positioned the balance sheet to mitigate the risks affecting the Corporation and the overall banking industry in order to serve its clients and communities.

- Liquidity remains strong, with cash and available for sale securities representing approximately 27.2% 26.5% of assets at September 30, 2023 March 31, 2024. The Corporation maintains the ability to access considerable sources of contingent liquidity at the Federal Home Loan Bank and several correspondent banks. Management considers the Corporation's current liquidity position to be adequate to meet both short-term and long-term liquidity needs. Refer to the section [Liquidity Risk](#) for additional information.
- Capital remains strong, with ratios of the Corporation, and its subsidiary bank, well above the standards to be considered well-capitalized under regulatory requirements. Refer to the section [Capital Adequacy](#), included elsewhere in this report for additional details.

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- Asset quality remains solid, with a non-performing asset ratio of 0.33% 0.56% of total assets as of September 30, 2023 March 31, 2024 and net charge-offs of 0.24% 0.19% to average loans and leases, reflecting the Company's disciplined underwriting and conservative lending philosophy which has supported the Corporation's strong credit performance during prior financial crises. Refer to the section [Non-Performing Loan](#) for additional information.

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The Corporation will continue its safe and sound banking practices, but the continuing impact of the 2023 crisis and further extent on the Corporation's operations and financial results for the remainder of 2023 2024 is uncertain and cannot be predicted.

On October 31, 2022 November 13, 2023, First Financial Corporation, issued an Indiana corporation ("FFC"), First Financial Bank, National Association, a press release announcing plans national banking association and wholly-owned subsidiary of FFC ("First Financial Bank"), and SimplyBank., a Tennessee-chartered commercial bank ("SimplyBank"), entered into an Agreement and Plan of Reorganization (the "Merger Agreement"). Pursuant to optimize its the

terms of the Merger Agreement, FFC will form an interim national banking center network association as part of a plan to improve operating efficiencies wholly-owned subsidiary, which will merge with and accommodate changing customer preferences. Subject to regulatory requirements, into SimplyBank, with SimplyBank as the Corporation closed surviving entity (the "Interim Merger"). Immediately following the Interim Merger, SimplyBank will merge with and consolidated seven of its seventy-two branches on January 31, 2023. The buildings into First Financial Bank, with First Financial Bank as the surviving entity (the "Bank Merger," and land in together with the owned branches, that were closed, recorded impairment on December 31, 2022 for \$1.3 million. These consolidations are projected to save Interim Merger, the Corporation approximately \$1.5 million per year in operating expenses. "Transactions").

The primary components of income and expense affecting net income are discussed in the following analysis.

Net Interest Income

The Corporation's primary source of earnings is net interest income, which is the difference between the interest earned on loans and other investments and the interest paid for deposits and other sources of funds. Net interest income decreased \$2.0 million \$5.4 million in the three months ended September 30, 2023 March 31, 2024 to \$41.2 million \$38.9 million from \$43.1 million \$44.3 million in the same period in 2022, 2023. The net interest margin for the three months ended September 30, 2023 March 31, 2024 is 3.74% 3.53% compared to 3.71% 3.96% for the same period in 2022, 2023, a 0.69% increase. Net interest income increased \$6.3 million in the nine months ended September 30, 2023 to \$127.7 million from \$121.4 million in the same period in 2022. The net interest margin for the nine months ended September 30, 2023 is 3.83% compared to 3.44% for the same period in 2022, 10.83% decrease.

The increase in yields on net loans and leases of 111.49 basis points is the primary contributor to the improved yield on average earning assets for the nine three months ended September 30, 2023 March 31, 2024, compared to the nine three months ended September 30, 2022 March 31, 2023, which was due to market conditions as a result of Federal Reserve interest rate increases. Comparing the nine three months ended September 30, 2023 March 31, 2024 to the nine three months ended September 30, 2022 March 31, 2023, the effective rate paid on average interest-bearing deposits increased 109.101 basis points, due to rate competition in the market. For the same period discussed above, interest paid on other borrowings increased 253.148 basis points due to higher borrowing rates.

Non-Interest Income

Non-interest income for the three months ended September 30, 2023 March 31, 2024 was \$11.6 million compared to \$12.1 million for \$9.4 million unchanged from the same period of 2022. Non-interest income for the nine months ended September 30, 2023 was \$31.5 million compared to \$36.1 million for the same period in 2022. The change in non-interest income from 2022 to 2023 was primarily driven by a \$4.0 million legal settlement received in February, 2022. The Corporation does not expect this income to reoccur: first quarter 2023.

Non-Interest Expenses

The Corporation's non-interest expense for the quarter ended September 30, 2023 March 31, 2024 was \$32.3 million \$33.4 million compared to \$31.5 million \$32.3 million for the same period in 2022. The Corporation's non-interest expense for the nine months ended September 30, 2023 increased \$2.4 million to \$95.9 million compared to the same period in 2022, 2023.

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Allowance for Credit Losses

The Corporation's provision for credit losses increased to \$1.2 million for the third three months ended March 31, 2024, was \$1.8 million, unchanged from the first quarter of 2023 as compared to provision of \$1.1 million for the same period in 2022, 2023. Net charge-offs for the third first quarter of 2023 2024 were \$2.1 million \$1.5 million compared to net charge-offs of \$3.0 million \$2.0 million for the same period of 2022. The provision for credit losses increased \$9.6 million to \$4.8 million for the nine months ended September 30, 2023, compared to negative provision of \$4.8 million for the same period in 2022. Net charge-offs for the first nine months of 2023 increased \$1.5 million to \$5.5 million compared to the same period in 2022. The negative provision for first quarter 2022 was the result of several factors. The first was the annual model recalibration. Each year, in the first quarter, management reviews each model variable to determine if adjustments are necessary to improve the model's predictability. In the first quarter 2022 the delay periods were shortened to pick up more recent losses. Also, the qualitative factor maximum scorecard ranges for certain cohorts were reduced, which reduced the reserve. Secondly, management removed two qualitative factors that were deemed no longer applicable. The first was related to an acquisition, which management believed to have seasoned adequately that it was no longer warranted. The second was related to the CECL model and the related uncertainty. The uncertainty surrounded the newness of the model and potential regulatory scrutiny. Following two exam cycles, management elected to remove the factor. Also, during the quarter, historical loss

rates continued to decline, which lowers the required reserve. The historical loss rate declined in most segments. 2023. Based on management's analysis of the current portfolio, an evaluation that includes consideration of changes in CECL model assumptions of credit quality, economic conditions, and loan composition, management believes the allowance is adequate. In the third first quarter 2023, 2024, no significant changes were made.

Income Tax Expense

The Corporation's effective income tax rate for the first nine three months of 2023 2024 was 17.37% 16.79% compared to 20.61% 18.42% for the same period in 2022, 2023. Pretax income for the first nine three months in 2022 2023 was significantly higher than pretax income for first nine three months in 2023, 2024. Since our permanent differences remained similar, income was the driving factor for the decrease in effective tax rate.

Non-performing Loans

Non-performing loans consist of (1) non-accrual loans on which the ultimate collectability of the full amount of interest is uncertain, and (2) loans past due ninety days or more as to principal or interest. Non-performing loans decreased to \$12.6 million \$24.3 million at September 30, 2023 March 31.

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2024 compared to \$12.7 million \$24.6 million at December 31, 2022 December 31, 2023. Nonperforming loans increased 21.8% 100.8% compared to \$10.3 million \$12.1 million as of September 30, 2022. March 31, 2023, primarily driven by the addition of one credit placed on non-accrual in fourth quarter 2023.

A summary of non-performing loans at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 follows:

	(000's)		(000's)	
	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Non-accrual loans	\$ 11,214	\$ 11,554	\$ 22,857	\$ 23,596
Accruing loans past due over 90 days	1,370	1,119	1,395	960
	<u>\$ 12,584</u>	<u>\$ 12,673</u>	<u>\$ 24,252</u>	<u>\$ 24,556</u>
Ratio of the allowance for credit losses as a percentage of non-performing loans	310.2 %	414.4 %	165.1 %	161.9 %

The following loan categories comprise significant components of the nonperforming non-restructured loans:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
<u>Non-accrual loans</u>				
Commercial loans	\$ 5,672	\$ 4,874	\$ 18,610	\$ 18,380
Residential loans	2,187	3,715	1,840	2,065
Consumer loans	3,355	2,965	2,407	3,151
	<u>\$ 11,214</u>	<u>\$ 11,554</u>	<u>\$ 22,857</u>	<u>\$ 23,596</u>
<u>Past due 90 days or more</u>				
Commercial loans	\$ 19	\$ 112	\$ 395	\$ 4
Residential loans	1,350	1,007	1,000	911
Consumer loans	1	—	—	45
	<u>\$ 1,370</u>	<u>\$ 1,119</u>	<u>\$ 1,395</u>	<u>\$ 960</u>

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[Table of Contents](#)Interest Rate Sensitivity and Liquidity

First Financial Corporation has established risk measures, limits and policy guidelines for managing interest rate risk and liquidity. Responsibility for management of these functions resides with the Asset Liability Committee. The primary goal of the Asset Liability Committee is to maximize net interest income within the interest rate risk limits approved by the Board of Directors.

Interest Rate Risk

Management considers interest rate risk to be the Corporation's most significant market risk. Interest rate risk is the exposure to changes in net interest income as a result of changes in interest rates. Consistency in the Corporation's net interest income is largely dependent on the effective management of this risk.

The Asset Liability position is measured using sophisticated risk management tools, including earning simulation and market value of equity sensitivity analysis. These tools allow management to quantify and monitor both short-term and long-term exposure to interest rate risk. Simulation modeling measures the effects of changes in interest rates, changes in the shape of the yield curve and the effects of embedded options on net interest income. This measure projects earnings in the various environments over the next three years. It is important to note that measures of interest rate risk have limitations and are dependent on various assumptions. These assumptions are inherently uncertain and, as a result, the model cannot precisely predict the impact of interest rate fluctuations on net interest income. Actual results will differ from simulated results due to timing, frequency and amount of interest rate changes as well as overall market conditions. The Committee has performed a thorough analysis of these assumptions and believes them to be valid and theoretically sound. These assumptions are continuously monitored for behavioral changes.

The Corporation from time to time utilizes derivatives to manage interest rate risk. Management continuously evaluates the merits of such interest rate risk products but does not anticipate the use of such products to become a major part of the Corporation's risk management strategy.

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The table below shows the Corporation's estimated sensitivity profile as of **September 30, 2023** **March 31, 2024**. The change in interest rates assumes a parallel shift in interest rates of 100, 200, and 300 basis points. Given a 100 basis point increase in rates, net interest income would decrease **1.31%** **2.23%** over the next 12 months and increase **1.49%** **0.31%** over the following 12 months. Given a 100 basis point decrease in rates, net interest income would increase **0.01%** **5.71%** over the next 12 months and **decrease 2.85%** **increase 2.73%** over the following 12 months. These estimates assume all rate changes occur overnight and management takes no action as a result of this change.

Basis Point Interest Rate Change	Percentage Change in Net Interest Income			Percentage Change in Net Interest Income		
	12 months	24 months	36 months	12 months	24 months	36 months
Down 300	0.17 %	(9.34)%	(18.72)%	7.99 %	(1.15)%	(11.51)%
Down 200	0.07	(5.91)	(12.10)	6.79	0.89	(6.07)
Down 100	0.01	(2.85)	(5.89)	5.71	2.73	(0.83)
Up 100	(1.31)	1.49	4.65	(2.23)	0.31	3.29
Up 200	(4.94)	0.55	6.79	(7.91)	(2.99)	3.27
Up 300	(6.96)	1.30	10.74	(11.82)	(4.34)	5.23

Typical rate shock analysis does not reflect management's ability to react and thereby reduce the effect of rate changes, and represents a worst-case scenario.

Liquidity Risk

Liquidity represents an institution's ability to provide funds to satisfy demands from depositors, borrowers, and other creditors by either converting assets into cash or accessing new or existing sources of incremental funds. Generally the Corporation relies on deposits, loan repayments and repayments of investment securities as its primary sources of funds. The Corporation has **\$9.6 million** **\$10.5 million** of investments that mature throughout the next 12 months.

The Corporation also anticipates \$103.7 million \$111.6 million of principal payments from mortgage-backed and other securities. Given the current rate environment, the Corporation anticipates \$7.6 million \$16.6 million in securities to be called within the next 12 months. The Corporation also has \$217.8 million \$250.5 million of unused borrowing capacity available with the Federal Home Loan Bank of Indianapolis, \$179.6 million \$212.8 million available with the Federal Reserve Bank, and \$125 million of available fed funds lines with correspondent banks. With these sources of funds, the Corporation currently anticipates adequate liquidity to meet the expected obligations of its customers.

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[Financial Condition](#)

Comparing the first nine three months of 2023 2024 to year-ended December 31, 2022 December 31, 2023, loans net of deferred loan costs, have increased \$24 million to \$3.2 billion. Deposits increased 0.37% to \$4.1 billion at March 31, 2024 compared to December 31, 2023. Other borrowings decreased \$50 million to \$3.1 billion. Deposits decreased 7.50% to \$4.0 billion \$58.6 million at September 30, 2023 March 31, 2024 compared to December 31, 2022. The decline was in part driven by a decline in interest bearing public funds checking, which historically declines in the first quarter each year, and a decline in institutional deposits as a result of a pricing decision. Other borrowings increased \$75 million to \$84.6 million at September 30, 2023 compared to December 31, 2022 December 31, 2023. Shareholders' equity decreased 1.08% 1.37% or \$5.1 million \$7.2 million. This financial performance increased decreased book value per share 1.42% 1.52% to \$40.00 \$44.08 at September 30, 2023 March 31, 2024 from \$39.44 \$44.76 at December 31, 2022 December 31, 2023. Book value per share is calculated by dividing the total shareholders' equity by the number of shares outstanding. Accumulated other comprehensive loss decreased \$36.1 million \$11.0 million primarily due to the market value of the securities portfolio, which reflected the decrease in securities pricing.

[Capital Adequacy](#)

The Federal Reserve, OCC and Federal Deposit Insurance Corporation (collectively, joint agencies) establish regulatory capital guidelines for U.S. banking organizations. Regulatory capital guidelines require that capital be measured in relation to the credit and market risks of both on- and off-balance sheet items using various risk weights. On January 1, 2015, the Basel 3 rules became effective and include transition provisions through January 1, 2019. Under Basel 3, Total capital consists of two tiers of capital, Tier 1 and Tier 2. Tier 1 capital is further composed of Common equity tier 1 capital and additional tier 1 capital.

Common equity tier 1 capital primarily includes qualifying common shareholders' equity, retained earnings and certain minority interests. Goodwill, disallowed intangible assets and certain disallowed deferred tax assets are excluded from Common equity tier 1 capital.

Additional tier 1 capital primarily includes qualifying non-cumulative preferred stock, trust preferred securities (Trust Securities) subject to phase-out and certain minority interests. Certain deferred tax assets are also excluded.

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Tier 2 capital primarily consists of qualifying subordinated debt, a limited portion of the allowance for loan and lease losses, Trust Securities subject to phase-out and reserves for unfunded lending commitments. The Corporation's Total capital is the sum of Tier 1 capital plus Tier 2 capital.

To meet adequately capitalized regulatory requirements, an institution must maintain a Tier 1 capital ratio of 8.50 percent and a Total capital ratio of 10.50 percent. A "well-capitalized" institution must generally maintain capital ratios 200 bps higher than the minimum guidelines. The risk-based capital rules have been further supplemented by a Tier 1 leverage ratio, defined as Tier 1 capital divided by quarterly average total assets, after certain adjustments. BHCs must have a minimum Tier 1 leverage ratio of at least 4.0 percent. National banks must maintain a Tier 1 leverage ratio of at least 5.0 percent to be classified as "well capitalized." Failure to meet the capital requirements established by the joint agencies can lead to certain mandatory and discretionary actions by regulators that could have a material adverse effect on the Corporation's financial position. Below are the capital ratios for the Corporation and lead bank.

The fully phased in capital conservation buffer set the minimum ratios for common equity Tier 1 capital at 7%, the Tier 1 capital at 8.5% and the total capital at 10.5%. Currently the Corporation exceeds all of these minimums.

	September 30, 2023	December 31, 2022	To Be Well Capitalized	March 31, 2024	December 31, 2023	To Be Well Capitalized
Common equity tier 1 capital						
Corporation	14.61 %	13.58 %	N/A	14.69 %	14.76 %	N/A
First Financial Bank	13.63 %	12.09 %	— %	13.94 %	13.84 %	— %
Total risk-based capital						
Corporation	15.64 %	14.61 %	N/A	15.73 %	15.80 %	N/A
First Financial Bank	14.67 %	13.14 %	— %	14.99 %	14.89 %	— %
Tier I risk-based capital						
Corporation	14.61 %	13.58 %	N/A	14.69 %	14.76 %	N/A
First Financial Bank	13.63 %	12.09 %	— %	13.94 %	13.84 %	— %
Tier I leverage capital						
Corporation	11.72 %	10.78 %	N/A	12.02 %	12.14 %	N/A
First Financial Bank	10.38 %	9.50 %	— %	10.91 %	10.73 %	— %

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ITEM 4. Controls and Procedures

First Financial Corporation's management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. As of **September 30, 2023** **March 31, 2024**, an evaluation was performed under the supervision and with the participation of management, including the principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based on that evaluation, management, including the principal executive officer and principal financial officer, concluded that the Corporation's disclosure controls and procedures as of **September 30, 2023** **March 31, 2024** were effective in ensuring material information required to be disclosed in this Quarterly Report on Form 10-Q was recorded, processed, summarized, and reported on a timely basis. Additionally, there was no change in the Corporation's internal control over financial reporting that occurred during the quarter ended **September 30, 2023** **March 31, 2024** that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

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PART II – Other Information

ITEM 1. Legal Proceedings.

There are no material pending legal proceedings, other than routine litigation incidental to the business of the Corporation or its subsidiaries, to which the Corporation or any of the subsidiaries is a party to or of which any of their respective property is subject. Further, there is no material legal proceeding in which

any director, officer, principal shareholder, or affiliate of the Corporation or any of its subsidiaries, or any associate of such director, officer, principal shareholder or affiliate is a party, or has a material interest, adverse to the Corporation or any of its subsidiaries.

ITEM 1A. Risk Factors.

Except as set forth below, where an already discussed risk factor has been updated for the current period, there have been no material changes in the risk factors from those disclosed in the Corporation's 2022 2023 Form 10-K filed for December 31, 2022 December 31, 2023.

A lack of liquidity could affect our operations and jeopardize our financial condition.

The Corporation requires liquidity to meet our deposit and other obligations as they come due. The Corporation's access to funding sources in amounts adequate to finance its activities or on terms that are acceptable to it could be impaired by factors that affect it specifically or the financial services industry or the general economy. Factors that could reduce its access to liquidity sources include a downturn in the markets in which our loans are concentrated or adverse regulatory actions against the Corporation. The Corporation's access to deposits may also be affected by the liquidity needs of depositors. The Corporation may not be able to replace maturing deposits and advances as necessary in the future, especially if a large number of depositors sought to withdraw their deposits, regardless of the reason. A failure to maintain adequate liquidity could have a material adverse effect on the Corporation's business, financial condition, and result of operations. The bank failures in March 2023 exemplify the potential serious results of the unexpected inability of insured depository institutions to obtain needed liquidity to satisfy deposit withdrawal requests, including how quickly such requests can accelerate once uninsured depositors lose confidence in an institutions ability to satisfy its obligations to depositors.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

- (a) None.
- (b) Not applicable.
- (c) Purchases of Equity Securities

The Corporation periodically acquires shares of its common stock directly from shareholders in individually negotiated transactions. On April 21, 2022 First Financial Corporation issued a press release announcing that its Board of Directors has authorized a stock repurchase program pursuant to which up to 10% of the Corporations outstanding shares of common stock, or approximately 1,243,531 shares may be repurchased.

Following is certain information regarding shares of common stock purchased by the Corporation during the quarter covered by this report.

	(c)			
	(a)		(b)	
	Total Number Of		Purchased As Part Of	
	Shares Purchased	Paid Per Share	Publicly Announced Plans Or Programs *	Maximum Number of Shares That May Yet Be Purchased *
July 1-31, 2023	7,410	38.00	7,410	739,907
August 1-31, 2023	140,900	37.09	140,900	599,007
September 1-30, 2023	80,147	36.61	80,147	518,860
Total	228,457	36.95	228,457	518,860

	(c)			
	(a)		(b)	
	Total Number Of		Purchased As Part Of	
	Shares Purchased	Paid Per Share	Publicly Announced Plans Or Programs *	Maximum Number of Shares That May Yet Be Purchased *
January 1-31, 2024	—	—	—	—
February 1-29, 2024	—	—	—	—
March 1-31, 2024	—	—	—	—
Total	—	—	—	518,860

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ITEM 3. Defaults upon Senior Securities.

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information.

During the three months ended **September 30, 2023** **March 31, 2024**, there were no Rule 10b5-1 plans or non-Rule 10b5-1 trading arrangements adopted, modified or terminated by any director or officer of the Corporation.

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ITEM 6. Exhibits.

Exhibit No.:	Description of Exhibit:
3.1	Amended and Restated Articles of Incorporation of First Financial Corporation, incorporated by reference to Exhibit 3(i) of the Corporation's Form 10-Q filed for the quarter ended September 30, 2002.
3.2	Amended and Restated Code of By-Laws of First Financial Corporation, incorporated by reference to Exhibit 3.2 of the Corporation's Form 8-K filed on February 22, 2021.
3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of First Financial Corporation, incorporated by reference to Exhibit 3.1 of the Corporation's Form 8-K filed on April 27, 2021.
10.1*	Employment Agreement for Norman L. Lowery, dated and effective July 1, 2022 January 1, 2024, incorporated by reference to Exhibit 10.01 of the Corporation's Form 8-K filed on July 29, 2022 October 20, 2023.
10.2*	2001 Long-Term Incentive Plan of First Financial Corporation, incorporated by reference to Exhibit 10.3 of the Corporation's Form 10-Q filed for the quarter ended September 30, 2002.
10.5*	2005 Long-Term Incentive Plan of First Financial Corporation, incorporated by reference to Exhibit 10.7 of the Corporation's Form 8-K filed on September 4, 2007.
10.6*	2005 Executives Deferred Compensation Plan, incorporated by reference to Exhibit 10.5 of the Corporation's Form 8-K filed on September 4, 2007.
10.7*	2005 Executives Supplemental Retirement Plan, incorporated by reference to Exhibit 10.6 of the Corporation's Form 8-K filed on September 4, 2007.
10.9*	First Financial Corporation 2010 Long-Term Incentive Compensation Plan incorporated by reference to Exhibit 10.9 of the Corporation's Form 10-K filed March 15, 2011.
10.10*	First Financial Corporation 2011 Short-Term Incentive Compensation Plan incorporated by reference to Exhibit 10.10 of the Corporation's Form 10-K filed March 15, 2011.
10.11*	First Financial Corporation Amended and Restated 2011 Omnibus Equity Incentive Plan incorporated by reference to Exhibit 10.1 of the Corporation's Form 8-K for the annual meeting filed on April 27, 2021.
10.12*	Form of Restricted Stock Award Agreement under the First Financial Corporation 2011 Omnibus Equity Incentive Plan incorporated by reference to Exhibit 10.12 of the Corporation's Form 10-Q for the quarter ended March 31, 2012 filed on May 10, 2012.
10.13*	Employment Agreement for Norman D. Lowery, effective July 1, 2022 January 1, 2024, incorporated by reference to Exhibit 10.1 of the Corporation's Form 8-K filed July 29, 2022 October 20, 2023.
10.14*	Employment Agreement for Rodger A. McHargue, effective July 1, 2022, incorporated by reference to Exhibit 10.2 of the Corporation's Form 8-K filed July 29, 2022.

- 10.15* [Employment Agreement for Steven H. Holliday, effective July 1, 2022, incorporated by reference to Exhibit 10.3 of the Corporation's Form 8-K filed July 29, 2022.](#)
- 10.16* [Employment Agreement for Mark A. Franklin, effective July 1, 2022, incorporated by reference to Exhibit 10.4 of the Corporation's Form 8-K filed July 29, 2022.](#)
- 31.1 [Sarbanes-Oxley Act 302 Certification for Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 by Principal Executive Officer, dated November 8, 2023 May 8, 2024.](#)
- 31.2 [Sarbanes-Oxley Act 302 Certification for Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 by Principal Financial Officer, dated November 8, 2023 May 8, 2024.](#)
- 32.1 [Certification, dated November 8, 2023 May 8, 2024, of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2005 on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024.](#)
- 101.1 Financial statements from the Quarterly Report on Form 10-Q of the Corporation for the quarter ended September 30, 2023 March 31, 2024, formatted in XBRL pursuant to Rule 405 : (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income and Comprehensive Income, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Shareholders' Equity, and (v) Notes to Consolidated Financial Statements, as blocks of text and in detail**.

*Management contract or compensatory plan or arrangement.

**Furnished, not filed, for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST FINANCIAL CORPORATION
(Registrant)

Date: November 8, 2023 May 8, 2024 By /s/ Norman L. D. Lowery

Norman L. D. Lowery, Chairman, President, and CEO & Director
(Principal Executive Officer)

Date: November 8, 2023 May 8, 2024 By /s/ Rodger A. McHargue

Rodger A. McHargue, Treasurer and CFO
(Principal Financial Officer)

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Exhibit 31.1

Sarbanes-Oxley Act of 2002, Section 302

Certification of Principal Executive Officer

I, Norman L. D. Lowery, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of First Financial Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 8, 2023 May 8, 2024

By /s/ Norman L. D. Lowery

Norman L. D. Lowery,

Chairman, President and CEO

(Principal Executive Officer)

Exhibit 31.2

Sarbanes-Oxley Act of 2002, Section 302

Certification of Principal Executive Officer

I, Rodger A. McHargue, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of First Financial Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;
 - Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 8, 2023 May 8, 2024

By /s/ Rodger A. McHargue

Rodger A. McHargue

Treasurer and CFO

(Principal Financial Officer)

Exhibit 32.1

Sarbanes-Oxley Act of 2002, Section 906
Certification of Principal Executive and Principal Financial Officers

In connection with the Quarterly Report on Form 10-Q of First Financial Corporation (the "Company") for the Quarterly period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Norman L. D. Lowery, as the Chief Executive Officer of the Company, and Rodger A. McHargue, as the Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- This Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November May 8, 2023 2024

By /s/ Norman L. D. Lowery

Norman L. D. Lowery, Chairman, President & CEO

(Principal Executive Officer)

November May 8, 2023 2024

By /s/ Rodger A. McHargue

Rodger A. McHargue, Treasurer & CFO

(Principal Financial Officer)

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