UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

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

For the transition period from to

Commission File No. 1-34155

First Savings Financial Group, Inc.

(Exact name of registrant as specified in its charter)

Indiana	**37-1567871**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

702 North Shore Drive, Suite 300, Jeffersonville, Indiana 47130
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **1-812-283-0724**

(Former name, former address and former fiscal year, if changed since last report)

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

Common stock, $0.01 par value per share	FSFG	The NASDAQ Stock Market, LLC
(Title of each class)	(Trading Symbol)	(Name of each exchange on which registered)

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 shorter 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☒
Non-accelerated Filer ☐	Smaller Reporting Company ☒
Emerging Growth 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 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

The number of shares outstanding of the registrant's common stock as of May 2, 2024 was6,883,160.

FIRST SAVINGS FINANCIAL GROUP, INC.

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PART I - FINANCIAL INFORMATION
FIRST SAVINGS FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except share and per share data)	March 31, 2024	September 30, 2023
ASSETS		
Cash and due from banks	$ 16,114	$ 18,014
Interest-bearing deposits with banks	46,855	12,831
Total cash and cash equivalents	62,969	30,845
Interest-bearing time deposits	490	490
Debt securities available for sale, at fair value, net of allowance for credit losses of $23 at March 31, 2024	238,972	227,739
Debt securities held to maturity	1,170	1,300
Loans held for sale, residential mortgage, at fair value	2,979	24,692
Loans held for sale, Small Business Administration	16,129	21,163
Loans, net of allowance for credit losses of $19,392 at March 31, 2024 and $16,900 at September 30, 2023	1,882,458	1,770,243
Federal Reserve Bank and Federal Home Loan Bank stock, at cost	24,986	24,939
Premises and equipment, net	27,177	27,861
Other real estate owned, held for sale	647	677
Accrued interest receivable:		
Loans	8,951	7,809
Securities	1,923	2,352
Cash surrender value of life insurance	46,888	46,226
Goodwill	9,848	9,848
Core deposit intangibles	479	561
Residential mortgage loan servicing rights, at fair value	—	59,768
Nonresidential mortgage loan servicing rights	78	101
SBA loan servicing rights	2,950	2,950
Other assets	35,889	29,290
Total Assets	$ 2,364,983	$ 2,288,854
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 196,239	$ 242,237
Interest-bearing	1,591,207	1,439,557
Total deposits	1,787,446	1,681,794
Federal Home Loan Bank borrowings	315,000	363,183
Other borrowings	48,523	48,444
Accrued interest payable	11,281	8,926
Advance payments by borrowers for taxes and insurance	867	1,027
Reserve for unfunded lending commitments	1,623	—
Accrued expenses and other liabilities	35,187	34,499
Total Liabilities	2,199,927	2,137,873
STOCKHOLDERS' EQUITY		
Preferred stock of $.01 par value per share; authorized 1,000,000 shares; none issued	—	—
Common stock of $.01 par value per share; authorized 20,000,000 shares; issued 7,797,146 shares at March 31, 2024 (7,778,471 at September 30, 2023); outstanding 6,883,160 shares at March 31, 2024 (6,867,121 shares at September 30, 2023)	78	78
Additional paid-in capital	27,397	26,986
Retained earnings - substantially restricted	167,648	166,306
Accumulated other comprehensive loss	(17,144)	(29,587)
Unearned stock compensation	(1,096)	(1,015)
Less treasury stock, at cost - 913,986 shares (911,350 shares at September 30, 2023)	(11,827)	(11,787)
Total Stockholders' Equity	165,056	150,981
Total Liabilities and Stockholders' Equity	$ 2,364,983	$ 2,288,854

See notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION
FIRST SAVINGS FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except share and per share data)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
INTEREST INCOME				
Loans, including fees	$ 27,019	$ 21,297	$ 53,076	$ 41,482
Securities:				
Taxable	924	957	1,866	1,912
Tax-exempt	1,313	2,001	2,646	3,980
Dividend income	499	364	573	584
Interest-bearing deposits with banks	261	192	510	336
Total interest income	30,016	24,811	58,671	48,294
INTEREST EXPENSE				
Deposits	12,547	6,265	22,536	10,423
Federal Home Loan Bank borrowings	2,298	2,915	6,067	4,834
Other borrowings	833	719	1,617	1,864
Total interest expense	15,678	9,899	30,220	17,121
Net interest income	14,338	14,912	28,451	31,173
Provision for credit losses - loans	713	372	1,183	1,356
Credit for unfunded lending commitments	(259)	—	(317)	—
Provision for credit losses - securities	23	—	23	—
Net interest income after provision for credit losses	13,861	14,540	27,562	29,817
NONINTEREST INCOME				
Service charges on deposit accounts	387	471	860	1,029
ATM and interchange fees	585	586	1,034	1,325
Net unrealized gain on equity securities	6	21	44	35
Other than temporary impairment loss on securities	—	—	—	(28)
Net gain on sales of loans, Small Business Administration	951	907	1,785	1,682
Mortgage banking income	53	4,149	142	6,645
Increase in cash surrender value of life insurance	333	266	662	491
Commission income	220	189	442	317
Real estate lease income	115	117	230	234
Net gain on premises and equipment	120	29	120	29
Other income	940	781	1,173	945
Total noninterest income	3,710	7,516	6,492	12,704
NONINTEREST EXPENSE				
Compensation and benefits	7,589	10,407	17,252	21,092
Occupancy and equipment	1,673	1,920	3,714	3,780
Data processing	516	983	1,309	1,760
Advertising	212	519	530	937
Professional fees	501	778	1,580	1,571
FDIC insurance premiums	628	369	1,114	677
Net loss on other real estate owned	2	—	8	—
Other operating expenses	657	3,023	2,310	5,693
Total noninterest expense	11,778	17,999	27,817	35,510
Net income before income taxes	5,793	4,057	6,237	7,011
Income tax expense	866	333	390	416
Net Income	$ 4,927	$ 3,724	$ 5,847	$ 6,595
Net income per share:				
Basic	$ 0.72	$ 0.54	$ 0.86	$ 0.96
Diluted	$ 0.72	$ 0.54	$ 0.85	$ 0.95
Weighted average shares outstanding:				
Basic	6,832,130	6,842,897	6,828,017	6,879,805
Diluted	6,859,611	6,881,496	6,849,928	6,926,277
Dividends per share	$ 0.15	$ 0.14	$ 0.29	$ 0.27

See notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION
FIRST SAVINGS FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Net Income	$ 4,927	$ 3,724	$ 5,847	$ 6,595
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Unrealized gains (losses) on securities available for sale:				
Unrealized holding gains (losses) arising during the period	(4,526)	6,077	15,704	16,276
Income tax (expense) benefit	970	(1,276)	(3,279)	(3,418)
Net of tax amount	(3,556)	4,801	12,425	12,858
Less: reclassification adjustment for provision for credit losses on securities included in net income	23	—	23	—
Income tax expense	(5)	—	(5)	—
Net of tax amount	18	—	18	—
Less: reclassification adjustment for other-than-temporary impairment loss on securities included in net income	—	—	—	28
Income tax benefit	—	—	—	(6)
Net of tax amount	—	—	—	22
Other Comprehensive Income (Loss)	(3,538)	4,801	12,443	12,880
Comprehensive Income	$ 1,389	$ 8,525	$ 18,290	$ 19,475

See notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION
FIRST SAVINGS FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands, except share and per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Stock Compensation	Treasury Stock	Total
Three Months Ended March 31, 2023:							
'Balances at January 1, 2023	$ 78	$ 27,347	$ 163,890	$ (19,000)	$ (1,361)	$ (10,810)	$ 160,144
Net income	—	—	3,724	—	—	—	3,724
Other comprehensive income	—	—	—	4,801	—	—	4,801
Common stock dividends - $0.14 per share	—	—	(962)	—	—	—	(962)
Restricted stock forfeitures - 2,000 shares	—	(53)	—	—	53	—	—
Stock compensation expense	—	71	—	—	97	—	168
Purchase of 50,000 treasury shares	—	—	—	—	—	(977)	(977)
Balances at March 31, 2023	$ 78	$ 27,365	$ 166,652	$ (14,199)	$ (1,211)	$ (11,787)	$ 166,898
Three Months Ended March 31, 2024:							
'Balances at January 1, 2024	$ 78	$ 27,319	$ 163,753	$ (13,606)	$ (1,194)	$ (11,827)	$ 164,523
Net income	—	—	4,927	—	—	—	4,927
Other comprehensive loss	—	—	—	(3,538)	—	—	(3,538)
Common stock dividends - $0.15 per share	—	—	(1,032)	—	—	—	(1,032)
Stock compensation expense	—	78	—	—	98	—	176
Balances at December 31, 2023	$ 78	$ 27,397	$ 167,648	$ (17,144)	$ (1,096)	$ (11,827)	$ 165,056
Six Months Ended March 31, 2023:							
Balances at October 1, 2022	$ 78	$ 26,770	$ 161,927	$ (27,079)	$ (969)	$ (9,162)	$ 151,565
Net income	—	—	6,595	—	—	—	6,595
Other comprehensive income	—	—	—	12,880	—	—	12,880
Common stock dividends - $0.27 per share	—	—	(1,870)	—	—	—	(1,870)
Restricted stock grants - 22,000 shares	—	495	—	—	(495)	—	—
Restricted stock forfeitures - 2,000 shares	—	(53)	—	—	53	—	—
Stock compensation expense	—	153	—	—	200	—	353
Purchase of 124,710 treasury shares	—	—	—	—	—	(2,625)	(2,625)
Balances at March 31, 2023	$ 78	$ 27,365	$ 166,652	$ (14,199)	$ (1,211)	$ (11,787)	$ 166,898
Six Months Ended March 31, 2024:							
Balances at October 1, 2023	$ 78	$ 26,986	$ 166,306	$ (29,587)	$ (1,015)	$ (11,787)	$ 150,981
Cumulative effect adjustment for adoption of ASU 2016-13, net of tax	—	—	(2,510)	—	—	—	(2,510)
Balances at October 1, 2023, adjusted	78	26,986	163,796	(29,587)	(1,015)	(11,787)	148,471
Net income	—	—	5,847	—	—	—	5,847
Distribution to Q2 minority interest	—	(18)	—	—	—	—	(18)
Other comprehensive income	—	—	—	12,443	—	—	12,443
Common stock dividends - $0.29 per share	—	—	(1,995)	—	—	—	(1,995)
Restricted stock grants - 19,475 shares	—	294	—	—	(294)	—	—
Restricted stock forfeitures - 800 shares	—	(18)	—	—	18	—	—
Stock compensation expense	—	153	—	—	195	—	348

Purchase of 2,636 treasury shares	—	—	—	—	—	(40)	(40)
Balances at March 31, 2024	$ 78	$ 27,397	$ 167,648	$ (17,144)	$ (1,096)	$ (11,827)	$ 165,056

See notes to condensed consolidated financial statements.

PART I - FINANCIAL INFORMATION
FIRST SAVINGS FINANCIAL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 5,847	$ 6,595
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses - loans	1,183	1,356
Credit for unfunded lending commitments	(317)	—
Provision for credit losses - securities	23	—
Depreciation and amortization	1,201	1,262
Amortization of premiums and accretion of discounts on securities, net	145	351
Amortization and accretion of fair value adjustments on loans, net	(631)	(758)
Loans originated for sale, residential mortgage	(61,979)	(192,616)
Loans originated for sale, Small Business Administration	(23,498)	(16,779)
Proceeds on sales of loans, residential mortgage	82,076	195,499
Proceeds on sales of loans, Small Business Administration	30,530	27,772
Net realized (gain) loss on sale of residential mortgage loans	1,368	(466)
Net realized gain on sale of SBA loans	(1,961)	(1,223)
Capitalization of loan servicing rights	(1,044)	(898)
Proceeds from sale of residential mortgage loan servicing rights	59,464	—
Loss on sale of residential mortgage loan servicing rights	4	—
Net change in value of residential loan servicing rights	809	2,507
Net change in value of SBA and nonresidential mortgage loan servicing rights	558	539
Net realized and unrealized gain on other real estate owned	(5)	—
Other than temporary impairment loss on securities	—	28
Increase in cash surrender value of life insurance	(662)	(491)
Net gain on equity securities	(44)	(35)
Deferred income taxes	(15,382)	(1,381)
Stock compensation expense	348	353
Net gain on premises and equipment	(120)	(29)
Increase in accrued interest receivable	(713)	(1,541)
Increase in accrued interest payable	2,355	1,352
Change in other assets	(1,478)	(9,840)
Change in other liabilities	12,557	9,646
Net Cash Provided by Operating Activities	90,634	21,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in interest-bearing time deposits	—	(490)
Proceeds from maturities of interest-bearing time deposits	—	470
Purchase of securities available for sale	—	(11,273)
Principal collected and proceeds from maturities of securities available for sale	4,327	8,836
Principal collected and proceeds from maturities of securities held to maturity	130	124
Net increase in loans	(114,196)	(124,988)
Proceeds from redemption of Federal Reserve Bank and Federal Home Loan Bank stock	1	15
Purchase of Federal Reserve Bank and Federal Home Loan Bank stock	(48)	(3,600)
Proceeds from sale of other real estate	35	—
Proceeds from sale of premises and equipment	150	—
Purchase of premises and equipment	(386)	(1,623)
Investment in partnership interests	(3,779)	(3,441)
Distribution to Q2 minority interests	(18)	—
Net Cash Used In Investing Activities	(113,784)	(135,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	105,652	27,048
Net increase (decrease) in Federal Home Loan Bank line of credit	(8,183)	492
Proceeds from Federal Home Loan Bank advances	1,310,000	5,890,000
Repayment of Federal Home Loan Bank advances	(1,350,000)	(5,760,000)
Net decrease in other borrowings	—	(37,989)
Net decrease in advance payments by borrowers for taxes and insurance	(160)	(114)
Taxes paid on stock award shares for employees	—	(30)
Purchase of treasury shares	(40)	(2,625)
Dividends paid on common stock	(1,995)	(1,870)
Net Cash Provided By Financing Activities	55,274	114,912
Net Increase in Cash and Cash Equivalents	32,124	145
Cash and cash equivalents at beginning of period	30,845	41,665
Cash and Cash Equivalents at End of Period	$ 62,969	$ 41,810
Supplemental Disclosures of Cash Flow Information:		
Cash payments for:		
Interest	27,865	15,769
Income taxes (net of refunds received)	6,080	(114)

See notes to condensed consolidated financial statements.

FIRST SAVINGS FINANCIAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Presentation of Interim Information

First Savings Financial Group, Inc. (the "Company") is a financial holding company and the parent of First Savings Bank (the "Bank").

The Bank, which is a wholly-owned Indiana-chartered commercial bank subsidiary of the Company, provides a variety of banking services to individuals and business customers through 16 locations in southern Indiana. The Bank attracts deposits primarily from the general public and uses those funds, along with other borrowings, primarily to originate commercial mortgage, residential mortgage, construction, commercial business and consumer loans, and to a lesser extent, to invest in mortgage-backed securities, municipal bonds and other investment securities. The Bank has three wholly-owned subsidiaries: Q2 Business Capital, LLC("Q2"), an Indiana limited liability company that specializes in the origination and servicing of U.S. Small Business Administration ("SBA") loans, First Savings Investments, Inc., a Nevada corporation that manages a securities portfolio, and Southern Indiana Financial Corporation, which is currently inactive.

First Savings Insurance Risk Management, Inc. (the "Captive"), which was a wholly-owned insurance subsidiary of the Company, was a Nevada corporation that provided property and casualty insurance to the Company, the Bank and the Bank's active subsidiaries. In addition, the Captive provided reinsurance to 11 other third-party insurance captives for which insurance may not be currently available or economically feasible in the insurance marketplace.Effective September 30, 2023, the Captive was dissolved and is no longer in existence.

During the three-month period ended December 31, 2023, the Bank ceased its national originate-to-sell mortgage banking operation. The Bank continues to originate residential mortgage loans in its local southern Indiana and first-lien home equity lines of credit from its loan production office in Franklin, Tennessee.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments considered necessary to present fairly the financial position as of March 31, 2024, the results of operations for the three- and six-month periods ended March 31, 2024 and 2023, and the cash flows for the six-month periods ended March 31, 2024 and 2023. All of these adjustments are of a normal, recurring nature. Such adjustments are the only adjustments included in the unaudited condensed consolidated financial statements. Interim results are not necessarily indicative of results for a full year.

The unaudited condensed consolidated financial statements and notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements, conform to general practices within the banking industry and are presented as permitted by the instructions to Form 10-Q. Accordingly, they do not contain certain information included in the Company's audited consolidated financial statements and related notes for the year ended September 30, 2023 included in the Company's Annual Report on Form 10-K.

The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Loans and Allowance for Credit Losses

Loans Held for Investment

Loans are stated at unpaid principal balances, less net deferred loan fees and the allowance for credit losses. Loan origination and commitment fees, as well as certain direct costs of underwriting and closing loans, are deferred and amortized as a yield adjustment to interest income over the lives of the related loans using the interest method. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

Nonaccrual Loans

The recognition of income on a loan is discontinued and previously accrued interest is reversed when interest or principal payments become 90 days past due unless, in the opinion of management, the outstanding interest remains collectible and is well secured and in process of collection. Past due status is determined based on contractual terms. Generally, by applying the cash receipts method, interest income on nonaccrual loans is subsequently recognized only as received until the loan is returned to accrual status. The cash receipts method is used when the likelihood of further loss on the loan is remote. Otherwise, the Company applies the cost recovery method and applies all payments as a reduction of the unpaid principal balance until the loan qualifies for return to accrual status. Interest income on impaired loans is recognized using the cost recovery method, unless the likelihood of further loss is considered remote.

A loan is restored to accrual status when all principal and interest payments are brought current and the borrower has demonstrated the ability to make future payments of principal and interest as scheduled, which generally requires that the borrower demonstrate a period of performance of at least six consecutive months.

Loan Charge-Offs

For portfolio segments other than consumer loans, the Company's practice is to charge-off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, depreciation of the underlying collateral, the loan's classification as a loss by regulatory examiners, or for other reasons. A partial charge-off is recorded on a loan when the uncollectibility of a portion of the loan has been confirmed, such as when a loan is discharged in bankruptcy, the collateral is liquidated, a loan is restructured at a reduced principal balance, or other identifiable events that lead management to determine the full principal balance of the loan will not be repaid. An ACL is recognized if necessary. Partial charge-offs of loans are included in the Company's historical loss experience used to estimate the general component of the allowance for credit losses as discussed below.

Consumer loans not secured by real estate are typically charged off at 90 days past due, or earlier if deemed uncollectible, unless the loans are in the process of collection. Overdrafts are charged off after 45 days past due. Charge-offs are typically recorded on loans secured by real estate when the property is foreclosed upon when the carrying value of the loan exceeds the property's fair value, less estimated costs to sell.

Allowance for Credit Losses – Loans

As disclosed in Note 11, Recent Accounting Pronouncements, on October 1, 2023, the Company adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* , which replaced the previously required incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The allowance for credit losses (ACL) is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. The ACL is increased by provision expense and decreased by charge-offs, net of recoveries of amounts previously charged off. The Company's policy is to charge off all or a portion of a loan when, in management's opinion, it is unlikely to collect the principal amount owed in full either through payments from the borrower or a guarantor or from the liquidation of the collateral.

The Company follows its nonaccrual policy by reversing contractual interest income in the income statement when the Company places a loan on nonaccrual status. Therefore, management excludes the accrued interest receivable balance from the amortized cost basis in measuring expected credit losses on the portfolio and does not record an allowance for credit losses on accrued interest receivable.

Management considers forward-looking information in estimating expected credit losses. For the contractual term that extends beyond the reasonable and supportable forecast period, the Company reverts to the long term average of historical factors using a straight-line approach. The Company uses a four-quarter forecast with immediate reversion to historical losses.

Management estimates the ACL balance using relevant available information from both internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience paired with economic forecasts provides the basis for the quantitatively modeled estimates of expected credit losses. The Company adjusts its quantitative model, as necessary, to reflect conditions not already considered by the quantitative model. The adjustments are commonly known as the Qualitative Framework. The ACL model for each segment is adjusted for (1) changes in the Company's lending policy, (2) changes in international, national, regional and local economic conditions, (3) changes in the nature and volume of the portfolio and terms of loans, (4) changes in the experience, depth and ability of lending management, (5) changes in the volume and severity of past due loans and other similar conditions, (6) changes in the quality of the Company's loan review system, (7) changes in the value of underlying collateral, (8) the existence and effect of any concentrations of credit and changes in the levels of such concentrations and (9) the effect of other external factors such as competition, legal and regulatory requirements. Changes in forecasted expectations for these variables could result in volatility in the Company's ACL in future periods.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist utilizing a weighted average remaining maturity loss methodology.The ACL utilizes historical charge off rates that were internally calculated as well as peer charge off data. In many cases, the peer data, which showed higher loss rates, was utilized due to representing a better approximation of management's estimate of the expected losses on the loan segments.

For loans evaluated on a pool basis, the Company applies an average historical loss rate to the pool over its estimated remaining life assuming a constant attrition rate.

Loans that do not share risk characteristics are evaluated on an individual basis. The Company maintains a net book balance threshold of $500,000 for individually evaluated loans unless further analysis in the future suggests a change is needed to this threshold based on the credit environment at that time. For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the present value of expected cash flows from the operation of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the fair value of the underlying collateral less estimated cost to sell. The allowance for credit losses may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the financial asset. If the loan is not collateral dependent, the measurement of loss is based on the difference between the expected and contractual future cash flows of the loan.

Management measures expected credit losses over the contractual term of a loan. When determining the contractual term, the Company considers expected prepayments but is precluded from considering expected extensions, renewals or modifications, unless the Company reasonably expects it will execute a loan modification with a borrower. In the event of a reasonably expected loan modification, the Company factors the reasonably-expected loan modification into the current expected credit losses estimate.

The Company has identified the following portfolio segments and measures and adjusts the ACL using the following methods:

Residential real estate – Residential real estate loans represent loans to consumers for the financing of a residence. Our residential lending policies and procedures conform to the secondary market guidelines, utilizing underwriting processes that rely on empirical data to assess credit risk as well as analysis of the borrower's ability to repay their obligations, credit history, the amount of any down payment and the market value or other characteristics of the property. We generally offer a mix of adjustable-rate mortgage loans and fixed-rate mortgage loans with terms of 10 to 30 years.

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The residential real estate ACL model is adjusted for forecasted changes in the housing price indices at both the national and local level, the Case-Schiller Home Price Index, the national unemployment rate, Consumer Price Index ("CPI") and Real Gross Domestic Product ("Real GDP").

Commercial real estate, single tenant net lease and multifamily – The Company offers fixed and adjustable-rate mortgage loans secured by commercial real estate. Our commercial real estate loans are generally secured by small to moderately-sized office, retail and industrial properties located in our primary market area and are typically made to small business owners and professionals such as attorneys and accountants. We originate fixed-rate commercial real estate loans, generally with terms up to five years and payments based on an amortization schedule of 15 to 20 years, resulting in "balloon" balances at maturity.

The Company offers multi-family mortgage loans that are generally secured by properties in our primary market area. Multi-family loans are secured by first mortgages and generally are originated with a maximum loan-to-value ratio of 80% and generally require specified debt service coverage ratios depending on the characteristics of the project.

The Company offers single tenant net lease loans, which are derived from a commercial real estate lending program that is focused on loans to high net worth individuals and that are secured by low loan-to-value, single-tenant commercial properties that are generally leased to investment grade national-brand retailers, the borrowers and collateral properties for which are outside of our primary market area ("NNN Finance Program"). This program is designed to diversify the Company's geographic and credit risk profile given the geographic dispersion of the loans and collateral, and the investment grade credit of the national-brand lessees. The terms of the loans are generally consistent with the aforementioned terms of in-market commercial real estate loans; however, these cannot exceed 70% loan-to-value and loan maturities cannot exceed the expiration of the underlying leases.

The commercial real estate, single tenant net lease and multi-family ACL models are adjusted for changes in the Commercial Real Estate Price Index, which is a time series of commercial property values prepared by the Board of Governors of the Federal Reserve System, and the national unemployment rate, CPI and Real GDP.

SBA commercial real estate and SBA commercial business – The Company originates SBA commercial real estate loans and SBA commercial business loans under the SBA 7(a) program. Guaranteed portions are generally sold to the secondary market.

The SBA commercial real estate ACL model is adjusted for the Commercial Real Estate Price Index. Both the SBA commercial real estate ACL model and the SBA commercial business model are adjusted for the national unemployment rate, CPI and Real GDP.

Residential and commercial construction – The Company originates construction loans for one to four family homes and commercial properties such as small industrial buildings, warehouses, retail shops and office units. Construction loans, including speculative construction loans to builders who have not identified a buyer or lessee for the completed property at the time of origination, are made to a limited group of well-established builders in our primary market area and we limit the number of projects with each builder. Construction loans are typically for a term of 12 months with monthly interest only payments and interest rates on these loans are generally tied to the prime lending rate.

The construction ACL model is adjusted for forecasted changes in the housing price indices, the Case-Schiller Home Price Index, the national unemployment rate, CPI and Real GDP.

Land and land development – On a limited basis, we originate loans to developers for the purpose of developing vacant land in our primary market area, typically for residential subdivisions. Land development loans are generally interest-only loans for a term of 18 to 24 months. We generally require a maximum loan-to-value ratio of 75% of the appraisal market value upon completion of the project.

The land and land development ACL model is adjusted for forecasted changes in the housing price indices, the Case-Schiller Home Price Index, the national unemployment rate, CPI and Real GDP.

Commercial business – The Company typically offer commercial business loans to small businesses located in our primary market area. Commercial business loans are generally secured by equipment and general business assets. Key loan terms and covenants vary depending on the collateral, the borrower's financial condition, credit history and other relevant factors, and personal guarantees are typically required as part of the loan commitment.

The commercial business ACL model is adjusted for changes in the national unemployment level, CPI and Real GDP.

Consumer – The Company offers a variety of consumer loans. The consumer loan portfolio consists primarily of home equity loans, both fixed rate amortizing term loans with terms up to 15 years and adjustable rate lines of credit with interest rates equal to a margin above the prime lending rate. We also offer auto and truck loans, personal loans and small boat loans. Consumer loans typically have shorter maturities and higher interest rates than traditional one-to four-family lending. We typically do not make home equity loans with loan-to-value ratios exceeding 90%, including any first mortgage loan balance.

The ACL model for consumer loans is adjusted for forecasted changes in the housing price indices, the Case-Schiller Home Price Index, the national unemployment rate, CPI and Real GDP.

Allowance for Unfunded Commitments

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated lives consistent with the Company's ACL methodology for loans and leases.

The allowance for unfunded commitments was $1.6 million as of March 31, 2024. There was no ACL on unfunded commitments at September 30, 2023. The Company recorded a credit for credit losses on unfunded commitments of $259,000 and $317,000 for the three- and six-months periods ended March 31, 2024, respectively. There was no provision for credit losses on unfunded commitments for the three- and six-month periods ended March 31, 2023.

Allowance for Credit Losses – Held to Maturity (HTM) Securities

The Company measures expected credit losses on HTM securities on a collective basis by major security type with each type sharing similar risk characteristics. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Company has made the election to exclude accrued interest receivable on HTM securities from the estimate of credit losses and report accrued interest separately on the condensed consolidated balance sheets. See Note 2 – Investment Securities, for additional information related the Company's allowance for credit losses on HTM securities.

Allowance for Credit Losses – Available for Sale (AFS) Securities

For AFS securities in an unrealized loss position, the Company first evaluates whether it intends to sell, or whether it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of these criteria regarding intent or requirement to sell is met, the AFS security amortized cost basis is written down to fair value through income. If the criteria is not met, the Company is required to assess whether the decline in fair value has resulted from credit losses of noncredit-related factors. If the assessment indicates a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists, and an allowance for credit loss is recorded through income as a component of provision for credit loss expense. If the assessment indicates that a credit loss does not exist, the Company records the decline in fair value through other comprehensive income, net of related income tax effects. The Company has made the election to exclude accrued interest receivable on AFS securities from the estimate of credit losses and report accrued interest separately on the condensed consolidated balance sheets. Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met. See Note 2 – Investment Securities, for additional information related to the Company's allowance for credit losses on AFS securities.

Collateral Dependent Loans

A loan is considered collateral dependent when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining collateral dependency include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Individually evaluated loans are measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Values for collateral dependent loans are generally based on appraisals obtained from independent licensed real estate appraisers, with adjustments applied for estimated costs to sell the property, estimated costs to complete unfinished or repair damaged property, and other known defects. New appraisals are generally obtained for all significant properties when a loan is identified as collateral dependent. Generally, a property is considered significant if the value of the property is estimated to exceed $250,000. Subsequent appraisals are obtained as needed or if management believes there has been a significant change in the market value of a collateral property securing a collateral dependent loan. In instances where it is not deemed necessary to obtain a new appraisal, management would base its allowance for credit loss on the original appraisal with adjustments for current conditions based on management's assessment of market factors and management's inspection of the property.

Financial Difficulty Modifications

Effective October 1, 2023, the Company prospectively adopted ASU 2022-02, which eliminated the accounting for troubled debt restructurings ("TDRs") while establishing a new standard for the disclosure of modifications made to borrowers experiencing financial difficulties (Financial Difficulty Modifications, or "FDMs"). As such, effective with the adoption of the standard, the Company prospectively will not include performing FDMs in the calculation of nonperforming loans, nonperforming assets or classified assets. Prior period data, which included TDRs, has not been adjusted.

2. Investment Securities

U.S. agency bonds and notes, agency mortgage-backed securities and agency collateralized mortgage obligations ("CMO") include treasury notes issued by the U.S. government; securities issued by the Government National Mortgage Association ("GNMA"), a U.S. government agency; and securities issued by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") and the Federal Home Loan Bank ("FHLB"), which are U.S. government sponsored enterprises. The Company holds municipal bonds issued by municipal governments within the U.S. The Company also holds pass-through asset-backed securities guaranteed by the SBA representing participating interests in pools of long term debentures issued by state and local development companies certified by the SBA. Privately issued CMO and asset-backed securities ("ABS") are complex securities issued by non-government special purpose entities that are collateralized by residential mortgage loans and residential home equity loans. The Company also holds subordinated debt of a regional financial institution.

Investment securities have been classified according to management's intent.

At this time, the Company does not intend to sell, and it is not more likely than not that the Company will be required to sell, debt securities in an unrealized loss position prior to maturity or recovery of the recorded value. The Company recorded $23,000 of reserves on investment securities for the three- and six-month periods ended March 31, 2024. The Company recorded no reserves on investment securities for the three- and six-month periods ended March 31, 2023.

The Company's held to maturity ("HTM") debt securities consist of two agency mortgage-backed securities and two municipal bonds. The agency mortgage-backed securities carry an explicit and/or implicit guarantee of the U.S. government, are widely considered as "risk free" and have a long history of zero credit loss. The two HTM municipal bonds are unrated, but have performed as agreed and are not considered to be credit impaired. The carrying value of HTM debt securities totaled $1.2 million at March 31, 2024. There were no HTM securities on nonaccrual status or past due as of March 31, 2024 or September 30, 2023. Therefore, the Company did not record an allowance for credit losses for these securities as of March 31, 2024 or September 30, 2023.

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Debt Securities Available for Sale and Held to Maturity

The following tables provide a summary of debt securities available for sale and held to maturity:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(In thousands)		
March 31, 2024:					
Debt securities available for sale:					
U.S. Treasury notes	$ 30,665	$ —	$ 3,695	$ —	$ 26,970
Agency mortgage-backed	27,726	—	3,212	—	24,514
Agency CMO	13,807	—	1,080	—	12,727
Privately-issued CMO	287	2	1	23	265
Privately-issued ABS	367	13	2	—	378
SBA certificates	11,251	—	428	—	10,823
Municipal bonds	174,612	415	12,932	—	162,095
Other	2,000	—	800	—	1,200
Total debt securities available for sale	$260,715	$ 430	$ 22,150	$ 23	$238,972
Debt securities held to maturity:					
Agency mortgage-backed	$ 32	$ —	$ —	$ —	$ 32
Municipal bonds	1,138	11	—	—	1,149
Total debt securities held to maturity	$ 1,170	$ 11	$ —	$ —	$ 1,181

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	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Fair Value
	(In thousands)			
September 30, 2023:				
Debt securities available for sale:				
U.S. Treasury notes	$ 30,598	$ —	$ 4,649	$ 25,949
Agency mortgage-backed	28,542	—	4,274	24,268
Agency CMO	14,064	—	1,322	12,742
Privately-issued CMO	424	2	30	396
Privately-issued ABS	433	13	3	443
SBA certificates	11,587	—	842	10,745
Municipal bonds	177,561	19	26,096	151,484
Other	2,000	—	288	1,712
Total debt securities available for sale	$ 265,209	$ 34	$ 37,504	$ 227,739
Debt securities held to maturity:				
Agency mortgage-backed	$ 36	$ —	$ 1	$ 35
Municipal bonds	1,264	4	—	1,268
Total debt securities held to maturity	$ 1,300	$ 4	$ 1	$ 1,303

The amortized cost and fair value of investment securities as of March 31, 2024 by contractual maturity are shown below. CMO, ABS, SBA certificates, and mortgage-backed securities which do not have a single maturity date are shown separately.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Due within one year	$ 4,401	$ 4,367	$ 254	$ 256
Due after one year through five years	8,262	8,140	606	612
Due after five years through ten years	44,344	39,390	278	281
Due after ten years	150,270	138,368	—	—
CMO	14,094	12,992	—	—
ABS	367	378	—	—
SBA certificates	11,251	10,823	—	—
Mortgage-backed securities	27,726	24,514	32	32
	$ 260,715	$ 238,972	$ 1,170	$ 1,181

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The following tables provide the fair value and gross unrealized losses on investment securities in an unrealized loss position for which an allowance for credit losses has not been recorded, aggregated by investment category and the length of time the individual securities have been in a continuous loss position:

	Number of Investment Positions	Fair Value	Gross Unrealized Losses
		(Dollars in thousands)	
March 31, 2024:			
Debt securities available for sale:			
Continuous loss position less than twelve months:			
U.S. Treasury notes	5	$ 1,611	$ 26
Agency mortgage-backed	1	55	2
Municipal bonds	16	17,881	115
Other	1	1,200	800
Total less than twelve months	23	20,747	943
Continuous loss position more than twelve months:			
U.S. Treasury notes	1	25,359	3,669
Agency mortgage-backed	14	24,105	3,210
Agency CMO	15	12,728	1,080
Privately-issued CMO	1	244	1
Privately-issued ABS	1	165	2
SBA certificates	3	10,822	428
Municipal bonds	118	107,395	12,817
Total more than twelve months	153	180,818	21,207
Total debt securities available for sale	176	$ 201,565	$ 22,150

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At March 31, 2024, the Company did not have any securities held to maturity with an unrealized loss.

	Number of Investment Positions	Fair Value	Gross Unrealized Losses
		(Dollars in thousands)	
September 30, 2023:			
Debt securities available for sale:			
Continuous loss position less than twelve months:			
U.S. Treasury notes	5	$ 1,576	$ 49
Agency mortgage-backed	2	163	8
Agency CMO	1	4,249	462
SBA certificates	1	31	3
Municipal bonds	43	45,931	3,334
Other	1	1,712	288
Total less than twelve months	53	53,662	4,144
Continuous loss position more than twelve months:			
U.S. Treasury notes	1	24,373	4,600
Agency mortgage-backed	15	23,859	4,266
Agency CMO	14	8,493	860
Privately-issued CMO	2	375	30
Privately-issued ABS	1	212	3
SBA certificates	2	10,714	839
Municipal bonds	115	95,185	22,762
Total more than twelve months	150	163,211	33,360
Total debt securities available for sale	203	$ 216,873	$ 37,504
Debt securities held to maturity:			
Continuous loss position more than twelve months:			
Agency mortgage-backed	1	$ 19	$ 1
Total more than twelve months	1	19	1
Total debt securities held to maturity	1	$ 19	$ 1

All debt securities available for sale with unrealized losses are reviewed quarterly. For debt securities available for sale in an unrealized loss position, the Company first assesses whether it intends to sell or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through the income statement. For debt securities available for sale in an unrealized loss position that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit deterioration or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, 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.

The total debt securities available for sale in loss positions at March 31, 2024, which consisted of U.S. Treasury notes, agency mortgage-backed securities, agency CMOs, privately-issued CMOs, privately-issued ABS, municipal bonds, SBA certificates and other securities represented 84% of total debt securities available for sale at March 31, 2024. All of the municipal securities are issued by municipal governments and are generally secured by first mortgage loans and municipal project revenues.

The Company evaluates the existence of a potential credit loss component related to the decline in fair value of the privately issued CMO and ABS portfolios each quarter using an independent third party analysis. At March 31, 2024, the Company held five privately-issued CMO and ABS securities, acquired in a 2009 bank merger, with an aggregate amortized cost of $ 508,000 and fair value of $488,000 that have been downgraded to a substandard regulatory classification due to the securities credit quality rating by various rating agencies.

At March 31, 2024, two privately-issued CMO securities and one privately-issued ABS were in a loss position, and had depreciated approximately 5.8% from the Company's carrying value and were collateralized by residential mortgage loans. These securities had a total fair value of $409,000 and a total unrealized loss of $ 25,000 at March 31, 2024. Based on the independent third party analysis of the expected cash flows, two securities had a credit loss totaling $ 23,000 that was recorded through provision for credit losses on securities during the three- and six-month periods ended March 31, 2024. No other-than temporary impairment was recognized during the three months ended March 31, 2023. An other-than temporary impairment charge of $28,000 was recognized in the six months ended March 31, 2023, which was prior to the Company's adoption of CECL. While the Company does not anticipate additional credit-related impairment losses at March 31, 2024, additional deterioration in market and economic conditions may have an adverse impact on the credit quality of the portfolio, and therefore, require a credit related impairment charge in the future.

The unrealized losses on U.S. Treasury bills and notes, agency mortgage-backed securities, agency CMOs, SBA certificates and municipal bonds relate principally to changes in current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government, its agencies, or other governments, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of its amortized cost bases, which may be maturity, the Company has not recorded an allowance for credit losses at March 31, 2024.

During the three-and six-month periods ended March 31, 2024 and 2023, there were no sales of debt securities available for sale.

At March 31, 2024 and September 30, 2023, available for sale debt securities with a total fair value of $ 53.8 million and $52.9 million, respectively, were pledged to secure FHLB borrowings. At March 31, 2024, available for sale debt securities with a total fair value of $61.6 million were pledged to secure Federal Reserve Discount Window borrowings. At September 30, 2023, there were no available for sale debt securities pledged to secure Federal Reserve Discount Window borrowings.

The following table provides information about the activity for available for sale debt securities for which an allowance for credit losses was recorded, by major security type for the three- and six-month periods ended March 31, 2024.

	Allowance for Credit Losses Private Label CMO	
	Three-Months Ended March 31, 2024	**Six-Months Ended March 31, 2024**
Allowance for credit losses		
Beginning of year, October 1, 2023	$ —	$ —
Provision for credit loss expense	24	24
Reductions due to increases in expected cash flows	(1)	(1)
Recoveries	—	—
Balance at end of period	$ 23	$ 23

3. Loans and Allowance for Credit Losses

Loans at March 31, 2024 and September 30, 2023 consisted of the following:

	March 31, 2024	September 30, 2023
	(In thousands)	
Real estate mortgage:		
Residential	$ 609,182	$ 528,410
Commercial	183,522	187,232
Single tenant net lease	751,357	757,388
SBA commercial (1)	47,008	47,078
Multifamily	39,944	34,892
Residential construction	52,166	24,924
Commercial construction	20,978	14,588
Land and land development	15,573	17,234
Commercial business	124,153	117,594
SBA commercial business (1)	18,568	16,939
Consumer	38,467	39,915
Total loans	1,900,918	1,786,194
Deferred loan origination fees and costs, net	932	949
Allowance for credit losses	(19,392)	(16,900)
Loans, net	$ 1,882,458	$ 1,770,243

(1) Includes discounts on SBA loans of $3.4 million and $3.3 million for March 31, 2024 and September 30, 2023, respectively.

During the six-month period ended March 31, 2024, there were no significant changes in the Company's lending activities as disclosed in the Company's Annual Report on Form 10-K, for the fiscal year ended September 30, 2023. As discussed in Note 11, on October 1, 2023, the Company adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the previously required incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology.

At March 31, 2024 and September 30, 2023, the Company owned $ 444,000 of residential real estate where physical possession has been obtained. At March 31, 2024 and September 30, 2023, the recorded investment in consumer mortgage loans collateralized by residential real estate properties in the process of foreclosure was $539,000.

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The following table provides the components of loans as of September 30, 2023, prior to the adoption of ASU 2016-13 (*in thousands*):

Loans as Evaluated for Impairment:	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans
Residential real estate	$ 3,312	$ 525,098	$ 528,410
Commercial real estate	868	186,364	187,232
Single tenant net lease	—	757,388	757,388
SBA commercial real estate	7,415	39,663	47,078
Multifamily	318	34,574	34,892
Residential construction	—	24,924	24,924
Commercial construction	—	14,588	14,588
Land and land development	—	17,234	17,234
Commercial business	1,946	115,648	117,594
SBA commercial business	1,122	15,817	16,939
Consumer	233	39,682	39,915
	$ 15,214	$ 1,770,980	$ 1,786,194

The following table presents the balance in the allowance for credit losses by portfolio segment and based on impairment method as of September 30, 2023:

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Ending Balance
		(In thousands)	
September 30, 2023:			
Residential real estate	$ 74	$ 4,567	$ 4,641
Commercial real estate	2	1,775	1,777
Single tenant net lease	—	3,810	3,810
SBA commercial real estate	—	1,922	1,922
Multifamily	—	268	268
Residential construction	—	434	434
Commercial construction	—	282	282
Land and land development	—	307	307
Commercial business	111	1,603	1,714
SBA commercial business	187	1,060	1,247
Consumer	189	309	498
	$ 563	$ 16,337	$ 16,900

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The following table presents the activity in the allowance for credit losses by portfolio segment for the three months ended March 31, 2024 and 2023:

	Beginning Balance	Provisions (Credits)	Charge-Offs	Recoveries	Ending Balance
			(In thousands)		
March 31, 2024:					
Residential real estate	$ 5,688	$ 686	$ —	$ 7	$ 6,381
Commercial real estate	1,797	(152)	—	—	1,645
Single tenant net lease	4,080	(316)	—	—	3,764
SBA commercial real estate	2,871	—	—	1	2,872
Multifamily	321	89	—	—	410
Residential construction	304	47	—	—	351
Commercial construction	384	47	—	—	431
Land and land development	197	(23)	—	—	174
Commercial business	1,222	288	(26)	—	1,484
SBA commercial business	1,499	(49)	(21)	5	1,434
Consumer	426	96	(101)	25	446
	$ 18,789	$ 713	$ (148)	$ 38	$ 19,392
March 31, 2023:					
Residential real estate	$ 3,100	$ 424	$ —	$ 13	$ 3,537
Commercial real estate	1,751	32	—	—	1,783
Single tenant net lease	3,804	(78)	—	—	3,726
SBA commercial real estate	2,398	212	(3)	—	2,607
Multifamily	252	74	—	—	326
Residential construction	367	(121)	—	—	246
Commercial construction	83	—	—	—	83
Land and land development	200	(2)	—	—	198
Commercial business	1,255	37	—	30	1,322
SBA commercial business	2,338	(262)	—	12	2,088
Consumer	532	56	(56)	10	542
	$ 16,080	$ 372	$ (59)	$ 65	$ 16,458

The following table presents the activity in the allowance for credit losses by portfolio segment for the six months ended March 31, 2024 and 2023:

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	Beginning Balance	Adoption of ASC 326	Provisions (Credits)	Charge-Offs	Recoveries	Ending Balance
			(In thousands)			
March 31, 2024:						
Residential real estate	$ 4,641	$ 1,037	$ 695	$ —	$ 8	$ 6,381
Commercial real estate	1,777	255	(387)	—	—	1,645
Single tenant net lease	3,810	222	(268)	—	—	3,764
SBA commercial real estate	1,922	511	379	(2)	62	2,872
Multifamily	268	(21)	163	—	—	410
Residential construction	434	(226)	143	—	—	351
Commercial construction	282	43	106	—	—	431
Land and land development	307	(74)	(59)	—	—	174
Commercial business	1,714	(495)	291	(26)	—	1,484
SBA commercial business	1,247	160	23	(24)	28	1,434
Consumer	498	17	97	(209)	43	446
	$ 16,900	$ 1,429	$ 1,183	$ (261)	$ 141	$ 19,392
March 31, 2023:						
Residential real estate	$ 2,716	$ —	$ 806	$ —	$ 15	$ 3,537
Commercial real estate	1,590	—	193	—	—	1,783
Single tenant net lease	3,838	—	(112)	—	—	3,726
SBA commercial real estate	2,578	—	106	(77)	—	2,607
Multifamily	251	—	75	—	—	326
Residential construction	305	—	(59)	—	—	246
Commercial construction	107	—	(24)	—	—	83
Land and land development	212	—	(14)	—	—	198
Commercial business	1,193	—	69	—	60	1,322
SBA commercial business	2,122	—	128	(190)	28	2,088
Consumer	448	—	188	(121)	27	542
	$ 15,360	$ —	$ 1,356	$ (388)	$ 130	$ 16,458

FIRST SAVINGS FINANCIAL GROUP, INC.
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(Unaudited)

The following table presents the average balance of impaired loans individually evaluated for impairment as of March 31, 2023, prior to the Company's adoption of ASU 2016-13 and interest income recognized on impaired loans for the three- and six-month periods ended March 31, 2023. The Company did not recognize any interest income on impaired loans using the cash receipts method during the three- and six-month periods ended March 31, 2023.

	Three Months Ended March 31, 2023		Six Months Ended March 31, 2023	
	Average Recorded Balance	Interest Income Recognized	Average Recorded Balance	Interest Income Recognized
Loans with no related allowance recorded:				
Residential real estate	$ 3,591	$ 30	$ 3,236	$ 30
Commercial real estate	969	13	973	13
Single tenant net lease	—	—	—	—
SBA commercial real estate	7,822	—	7,199	—
Multifamily	384	10	389	10
Residential construction	—	—	—	—
Commercial construction	—	—	—	—
Land and land development	—	—	—	—
Commercial business	895	24	993	24
SBA commercial business	954	—	813	—
Consumer	72	—	75	—
	$ 14,687	$ 77	$ 13,678	$ 77
Loans with an allowance recorded:				
Residential real estate	$ —	$ —	$ —	$ —
Commercial real estate	—	—	—	—
Single tenant net lease	—	—	—	—
SBA commercial real estate	1,022	—	1,596	—
Multifamily	—	—	—	—
Residential construction	—	—	—	—
Commercial construction	—	—	—	—
Land and land development	—	—	—	—
Commercial business	135	—	90	—
SBA commercial business	1,229	—	1,259	—
Consumer	223	—	197	—
	$ 2,609	$ —	$ 3,142	$ —
Total:				
Residential real estate	$ 3,591	$ 30	$ 3,236	$ 30
Commercial real estate	969	13	973	13
Single tenant net lease	—	—	—	—
SBA commercial real estate	8,844	—	8,795	—
Multifamily	384	10	389	10
Residential construction	—	—	—	—
Commercial construction	—	—	—	—
Land and land development	—	—	—	—
Commercial business	1,030	24	1,083	24
SBA commercial business	2,183	—	2,072	—
Consumer	295	—	272	—
	$ 17,296	$ 77	$ 16,820	$ 77

FIRST SAVINGS FINANCIAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

The following table presents impaired loans individually evaluated for impairment as of September 30, 2023, prior to the adoption of ASU 2016-13.

	Recorded Balance	Unpaid Principal Balance	Related Allowance
		(In thousands)	
Loans with no related allowance recorded:			
Residential real estate	$ 1,989	$ 2,139	$ —
Commercial real estate	551	627	—
Single tenant net lease	—	—	—
SBA commercial real estate	7,415	9,397	—
Multifamily	318	362	—
Residential construction	—	—	—
Commercial construction	—	—	—
Land and land development	—	—	—
Commercial business	870	972	—
SBA commercial business	684	1,799	—
Consumer	44	58	—
	$ 11,871	$ 15,354	$ —
Loans with an allowance recorded:			
Residential real estate	$ 1,323	$ 1,328	$ 74
Commercial real estate	317	317	2
Single tenant net lease	—	—	—
SBA commercial real estate	—	—	—
Multifamily	—	—	—
Residential construction	—	—	—
Commercial construction	—	—	—
Land and land development	—	—	—
Commercial business	1,076	1,165	111
SBA commercial business	438	637	187
Consumer	189	189	189
	$ 3,343	$ 3,636	$ 563
Total:			
Residential real estate	$ 3,312	$ 3,467	$ 74
Commercial real estate	868	944	2
Single tenant net lease	—	—	—
SBA commercial real estate	7,415	9,397	—
Multifamily	318	362	—
Residential construction	—	—	—
Commercial construction	—	—	—
Land and land development	—	—	—
Commercial business	1,946	2,137	111
SBA commercial business	1,122	2,436	187
Consumer	233	247	189
	$ 15,214	$ 18,990	$ 563

FIRST SAVINGS FINANCIAL GROUP, INC.
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The table below presents the amortized cost basis of loans on nonaccrual and loans past due 90 or more days and still accruing interest. Also presented is the balance of loans on nonaccrual status at March 31, 2024 for which there was no related allowance for credit losses.

The Company recognized no interest income related to nonaccrual loans for the three - and six - month periods ended March 31, 2024.

	At March 31, 2024			At September 30, 2023	
	Total Nonaccrual Loans	Nonaccrual Loans with No Allowance for Credit Loses	Loans 90+ Days Past Due Still Accruing	Total Nonaccrual Loans	Loans 90+ Days Past Due Still Accruing
	(In thousands)			*(In thousands)*	
Residential real estate	$ 2,960	$ 1,803	$ —	$ 2,426	$ —
Commercial real estate	496	496	—	511	—
Single tenant net lease	—	—	—	—	—
SBA commercial real estate	8,110	6,025	—	7,415	—
Multifamily	290	290	—	318	—
Residential construction	—	—	—	—	—
Commercial construction	—	—	—	—	—
Land and land development	—	—	—	—	—
Commercial business	1,649	1,470	—	1,946	—
SBA commercial business	2,121	1,241	—	1,099	—
Consumer	12	12	—	233	—
Total	$ 15,638	$ 11,337	$ —	$ 13,948	$ —

The following table presents the amortized cost basis of collateral dependent loans by collateral type, which are individually evaluated to determine expected credit losses. Other collateral represents business assets, except for the case of consumer loans, which are collateralized by consumer non-real estate assets:

	March 31, 2024		
	Real Estate	Other	Total
		(In thousands)	
Residential real estate	$ 2,960	$ —	$ 2,960
Commercial real estate	496	—	496
SBA commercial real estate	8,110	—	8,110
Multifamily	290	—	290
Commercial business	—	1,649	1,649
SBA commercial business	—	2,121	2,121
Consumer	—	12	12
	$ 11,856	$ 3,782	$ 15,638

FIRST SAVINGS FINANCIAL GROUP, INC.
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(Unaudited)

The following table presents the aging of past due loans at March 31, 2024:

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Loans
			(In thousands)			
Residential real estate	$ 2,764	$ 1,398	$ 2,304	$ 6,466	$ 602,716	$ 609,182
Commercial real estate	254	—	496	750	182,772	183,522
Single tenant net lease	—	—	—	—	751,357	751,357
SBA commercial real estate	359	49	4,422	4,830	42,178	47,008
Multifamily	—	—	—	—	39,944	39,944
Residential construction	—	—	—	—	52,166	52,166
Commercial construction	—	—	—	—	20,978	20,978
Land and land development	63	—	—	63	15,510	15,573
Commercial business	14	—	37	51	124,102	124,153
SBA commercial business	213	—	718	931	17,637	18,568
Consumer	190	3	12	205	38,262	38,467
Total	$ 3,857	$ 1,450	$ 7,989	$13,296	$1,887,622	$1,900,918

The following table presents the aging of past due loans at September 30, 2023:

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Loans
			(In thousands)			
Residential real estate	$ 2,715	$ 132	$ 1,818	$ 4,665	$ 523,745	$ 528,410
Commercial real estate	23	62	—	85	187,147	187,232
Single tenant net lease	—	—	—	—	757,388	757,388
SBA commercial real estate	764	—	3,877	4,641	42,437	47,078
Multifamily	—	—	—	—	34,892	34,892
Residential construction	—	—	—	—	24,924	24,924
Commercial construction	—	—	—	—	14,588	14,588
Land and land development	40	—	—	40	17,194	17,234
Commercial business	112	—	86	198	117,396	117,594
SBA commercial business	130	—	682	812	16,127	16,939
Consumer	137	5	36	178	39,737	39,915
Total	$ 3,921	$ 199	$ 6,499	$10,619	$1,775,575	$1,786,194

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, public information, historical payment experience, credit documentation, and current economic conditions and trends, among other factors. The Company classifies loans based on credit risk at least quarterly. The Company uses the following regulatory definitions for risk ratings:

Pass: Loans in this risk category involve borrowers of acceptable-to-strong credit quality and risk who have the apparent ability to satisfy their loan obligations. Loans in this risk grade would possess sufficient mitigating factors, such as adequate collateral or strong guarantors possessing the capacity to repay the debt if required, for any weakness that may exist.

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 Company's credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

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

Loss: Loans classified as loss are considered uncollectible and of such little value that their continuance on the Company's books as an asset is not warranted.

The following tables outline, as of March 31, 2024, the amount of each loan and lease classification and the amount categorized into each risk rating based on fiscal year of origination as well as current period gross charge-offs:

FIRST SAVINGS FINANCIAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Loans Amortized Cost Basis by Origination Fiscal Year End September 30,

(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted To Term	Total
Residential real estate									
Pass	$54,231	$ 35,267	$ 46,873	$19,671	$ 11,787	$ 58,071	$382,113	$ —	$608,013
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	111	—	278	—	455	306	—	1,150
Doubtful	—	—	—	—	—	19	—	—	19
Loss	—	—	—	—	—	—	—	—	—
Total residential real estate	54,231	35,378	46,873	19,949	11,787	58,545	382,419	—	609,182
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial real estate									
Pass	6,652	26,464	64,255	22,853	8,146	54,460	—	—	$182,830
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	496	—	—	23	173	—	—	692
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total commercial real estate	6,652	26,960	64,255	22,853	8,169	54,633	—	—	183,522
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Single tenant net lease commercial real estate									
Pass	18,655	151,778	277,141	72,168	101,196	130,419	—	—	751,357
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total single tenant net lease	18,655	151,778	277,141	72,168	101,196	130,419	—	—	751,357
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
SBA commercial real estate									
Pass	2,944	8,319	5,418	5,786	7,381	6,757	37	—	36,642
Special mention	—	—	229	—	—	—	—	—	229
Substandard	—	—	162	143	1,776	6,371	—	—	8,452
Doubtful	—	—	—	—	—	1,624	—	—	1,624
Loss	—	—	—	—	—	61	—	—	61
Total SBA commercial real estate	2,944	8,319	5,809	5,929	9,157	14,813	37	—	47,008
YTD gross charge-offs	—	—	—	—	—	2	—	—	2

FIRST SAVINGS FINANCIAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Loans Amortized Cost Basis by Origination Fiscal Year End September 30,

(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted To Term	Total
Multifamily real estate									
Pass	5,000	2,610	7,534	5,524	11,956	7,030	—	—	39,654
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	290	—	—	290
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total multifamily real estate	5,000	2,610	7,534	5,524	11,956	7,320	—	—	39,944
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Residential construction									
Pass	4,038	26,616	21,512	—	—	—	—	—	52,166
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total residential construction	4,038	26,616	21,512	—	—	—	—	—	52,166
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial construction									
Pass	—	16,789	4,189	—	—	—	—	—	20,978
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total commercial construction	—	16,789	4,189	—	—	—	—	—	20,978
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Land and land development									
Pass	432	7,083	5,410	1,074	401	1,173	—	—	15,573
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total land and land development	432	7,083	5,410	1,074	401	1,173	—	—	15,573
YTD gross charge-offs	—	—	—	—	—	—	—	—	—

Loans Amortized Cost Basis by Origination Fiscal Year End September 30,

(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted To Term	Total
Commercial business									
Pass	17,910	56,408	28,562	12,245	902	6,477	—	—	122,504
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	999	179	44	4	423	—	—	1,649
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total commercial business	17,910	57,407	28,741	12,289	906	6,900	—	—	124,153
YTD gross charge-offs	—	—	—	26	—	—	—	—	26
SBA commercial business									
Pass	3,589	2,625	732	1,225	4,219	3,610	375	—	16,375
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	60	53	2,050	—	—	2,163
Doubtful	—	—	—	—	—	9	—	—	9
Loss	—	—	—	—	—	21	—	—	21
Total SBA commercial business	3,589	2,625	732	1,285	4,272	5,690	375	—	18,568
YTD gross charge-offs	—	—	—	—	—	24	—	—	24
Consumer									
Pass	2,652	4,746	3,764	554	306	176	26,257	—	38,455
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	5	—	—	—	—	7	—	12
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total consumer	2,652	4,751	3,764	554	306	176	26,264	—	38,467
YTD gross charge-offs	—	—	—	1	—	208	—	—	209
Total loans									
Pass	116,103	338,705	465,390	141,100	146,294	268,173	408,782	—	1,884,547
Special mention	—	—	229	—	—	—	—	—	229
Substandard	—	1,611	341	525	1,856	9,762	313	—	14,408
Doubtful	—	—	—	—	—	1,652	—	—	1,652
Loss	—	—	—	—	—	82	—	—	82
Total loans	116,103	340,316	465,960	141,625	148,150	279,669	409,095	—	1,900,918
YTD gross charge-offs	—	—	—	27	—	234	—	—	261

FIRST SAVINGS FINANCIAL GROUP, INC.
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The following table presents loans by risk category as of September 30, 2023:

September 30, 2023:	Pass	Special Mention	Substandard	Doubtful	Loss	Total
			(In thousands)			
Residential real estate	$ 525,735	$ —	$ 2,653	$ 22	$ —	$ 528,410
Commercial real estate	186,520	—	712	—	—	187,232
Single tenant net lease	757,388	—	—	—	—	757,388
SBA commercial real estate	39,092	278	6,083	1,625	—	47,078
Multifamily	34,574	—	318	—	—	34,892
Residential construction	24,924	—	—	—	—	24,924
Commercial construction	14,588	—	—	—	—	14,588
Land and land development	17,234	—	—	—	—	17,234
Commercial business	115,647	40	1,907	—	—	117,594
SBA commercial business	14,572	—	2,327	40	—	16,939
Consumer	39,871	—	44	—	—	39,915
Total	$1,770,145	$ 318	$ 14,044	$ 1,687	$ —	$1,786,194

Financial Difficulty Modifications

Effective October 1, 2023, the Company prospectively adopted ASU 2022-02, which eliminated the accounting for TDRs while establishing a new standard for the treatment of modifications made to borrowers experiencing financial difficulties (Financial Difficulty Modifications, or “FDMs”). As such, effective with the adoption of the standard, the Company prospectively will not include FDMs in the calculation of nonperforming loans, nonperforming assets or classified assets. Prior period data, which included TDRs, has not been adjusted.

An FDM may result when a borrower is in financial distress and may be in the form of principal forgiveness, an interest rate reduction, a term extension or a significant payment delay. In some cases, the Company may provide multiple types of modifications for a single loan. One type of modification, such as payment delay, may be granted initially. However, if the borrower continues to experience financial difficulty, another modification, such as term extension and/or interest rate reduction may be granted. Additionally, modifications with a term extension or interest rate reduction are intended to reduce the borrower’s monthly payment, while modifications with a payment delay, which typically allow borrowers to make monthly payments or interest only payments for a period of time, are structured to cure the payment defaults by making delinquent payments due at maturity. Payment deferrals up to six months have minimal financial impact since the deferred payments are paid at maturity.

There were no new FDMs made or modifications of existing FDMs during the three-and six-months ended March 31, 2024.

The following table summarizes the Company's recorded investment in TDRs at March 31, 2023, prior to adoption of ASU 2022-02. There was $111,000 of specific reserve included in the allowance for loan losses related to TDRs at March 31, 2023.

	Accruing	Nonaccrual	Total
		(In thousands)	
March 31, 2023:			
Residential real estate	$ 997	$ —	$ 997
Commercial real estate	373	542	915
SBA commercial real estate	—	1,623	1,623
Multifamily	335	—	335
Commercial business	741	—	741
SBA commercial business	—	248	248
Total	$ 2,446	$ 2,413	$ 4,859

There were no TDRs that were restructured during the three-and six-month periods ended March 31, 2023.

At March 31, 2023, the Company had committed to lend $ 1,000 to customers with outstanding loans classified as TDRs.

There were principal charge - offs totaling $ 3,000 and $6,000 as a result of loans previously designated as TDRs during the three- and six-month periods ended March 31, 2023, respectively. In the event that a TDR subsequently defaults, the Company evaluates the restructuring for possible impairment. As a result, the related allowance for loan losses may be increased or charge-offs may be taken to reduce the carrying amount of the loan.

During the three- and six-month periods ended March 31, 2023, the Company did not have any TDRs that were modified within the previous twelve months and for which there was a payment default.

SBA Loan Servicing Rights

The Company originates loans to commercial customers under the SBA 7(a) program and other programs, and typically sells the guaranteed portion of the SBA loans with servicing rights retained. Loan servicing rights on originated SBA loans that have been sold are initially recorded at fair value. Capitalized SBA servicing rights are then amortized in proportion to and over the period of estimated net servicing income. Impairment of SBA servicing rights is assessed using the present value of estimated future cash flows.

The aggregate fair value of SBA loan servicing rights approximates its carrying value. A valuation model employed by an independent third party calculates the present value of future cash flows and is used to estimate fair value at the date of sale and on a quarterly basis for impairment analysis purposes. Management periodically compares the valuation model inputs and results to published industry data in order to validate the model results and assumptions. Key assumptions used to estimate the fair value of the SBA loan servicing rights include the discount rate and prepayment speed assumptions. For purposes of impairment, risk characteristics such as interest rate, loan type, term and investor type are used to stratify the SBA loan servicing rights. Impairment is recognized through a valuation allowance to the extent that fair value is less than the carrying amount. Changes in the valuation allowance are reported in other noninterest income in the consolidated statements of income.

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The unpaid principal balance of SBA loans serviced for others was $217.6 million, $209.6 million and $238.4 million at March 31, 2024, September 30, 2023 and March 31, 2023, respectively. Contractually specified late fees and ancillary fees expensed on SBA loans were $2,000 for the three-months ended March 31, 2024 and a credit of $ 8,000 for the six-months ended March 31, 2024. Contractually specified late fees and ancillary fees expensed on SBA loans were $14,000 and $34,000 for the three- and six-month periods ended March 31, 2023, respectively. Net servicing income (contractually specified servicing fees offset by direct servicing expenses) related to SBA loans was $458,000 and $922,000 for the three- and six-month periods ended March 31, 2024, respectively. Net servicing income (contractually specified servicing fees offset by direct servicing expenses) related to SBA loans was $564,000 and $1.1 million for the three- and six-month periods ended March 31, 2023, respectively. Net servicing income and costs related to SBA loans are included in other noninterest income in the consolidated statements of income.

An analysis of SBA loan servicing rights for the three-and six-month periods ended March 31, 2024 and 2023 is as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
	(In thousands)			
Balance, beginning of period	$ 2,907	$ 3,301	$ 2,950	$ 3,790
Servicing rights capitalized	278	261	535	459
Amortization	(137)	(195)	(280)	(390)
Direct write-offs	(98)	(170)	(315)	(311)
Change in valuation allowance	—	530	60	179
Balance, end of period	$ 2,950	$ 3,727	$ 2,950	$ 3,727

There was no valuation allowance related to SBA loan servicing rights at March 31, 2024. There was a valuation allowance of $60,000 related to SBA loan servicing rights at September 30, 2023.

Mortgage Servicing Rights ("MSRs")

The Company originates residential mortgage loans for sale in the secondary market and retains servicing for certain of these loans when they are sold. MSRs retained for originated loans that have been sold are accounted for at fair value. The fair value of MSRs are determined using the present value of estimated expected net servicing income using assumptions about expected mortgage loan prepayment rates, discount rate, servicing costs, and other economic factors, which are determined based on current market conditions. Changes in these underlying assumptions could cause the fair value of MSRs to change significantly in the future. Changes in fair value of MSRs are recorded in mortgage banking income in the accompanying consolidated statements of income. MSRs are subject to changes in value from, among other things, changes in interest rates, prepayments of the underlying loans and changes in the credit quality of the underlying loans.

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At September 30, 2023, the Company had entered into a letter of intent to sell substantially all of the Company's residential MSRs, which closed on November 30, 2023. Additionally, the Company sold the remaining residential MSRs during the quarter ended March 31, 2024. Due to the pending residential MSR sales, a valuation model was not used to calculate the fair value of residential MSRs September 30, 2023. The fair value was estimated using known information, including the anticipated sale prices, estimated expenses, and contingencies related to the pending residential MSR sales, which represent Level 3 fair value inputs. Prior to September 30, 2023, a valuation model employed by an independent third party calculated the present value of future cash flows and was used to value the MSRs on a monthly basis. Management periodically compared the valuation model inputs and results to published industry data in order to validate the model results and assumptions.

Assumption	Range of Inputs (Weighted Average) September 30, 2023
Discount rate	9.44% - 14.50% (9.51%)
Prepayment rate	5.00% - 85.82% (6.82%)

The unpaid principal balance of residential mortgage loans serviced for others was $ 4.77 billion at September 30, 2023. There was no unpaid principal balance of residential mortgage loans serviced for others at March 31, 2024 due to the sale of all of the Company's residential MSRs during the six-month period ended March 31, 2024, which also resulted in the elimination of custodial escrow balances. Custodial escrow balances maintained in connection with the foregoing loan servicing and other liabilities were $47.9 million at September 30, 2023. There were no custodial escrow balances maintained in connection with loan servicing and other liabilities at March 31, 2024. Contractually specified servicing fees (net of direct servicing expenses), late fees and other ancillary fees related to residential mortgage loans serviced for others were $93,000 and $1.5 million for the three- and six-month periods ended March 31, 2024, respectively. Contractually specified servicing fees (net of direct servicing expenses), late fees and other ancillary fees related to residential mortgage loans serviced for others were $2.4 million and $4.8 million for the three- and six-month periods ended March 31, 2023, respectively. Contractually specified servicing fees are included in mortgage banking income in the consolidated statements of income.

Changes in the carrying value of MSRs accounted for at fair value for the three-and six-month periods ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
	(In thousands)			
Fair value, beginning of period	$ 709	$ 62,165	$ 59,768	$ 63,263
Servicing rights capitalized	—	296	509	438
Changes in fair value related to:				
Loan repayments	(6)	(1,041)	(672)	(2,064)
Sales	(946)	—	(59,464)	—
Gain (Loss) on sale of MSRs	243	—	(4)	—
Change in valuation model inputs or assumptions	—	(226)	(137)	(443)
Balance, end of period	$ —	$ 61,194	$ —	$ 61,194

Nonresidential MSRs

The Company also periodically sells single tenant net lease loans with servicing rights retained. Loan servicing rights on these nonresidential mortgage loans are initially recorded at fair value and are then amortized in proportion to and over the period of estimated net servicing income. Impairment of nonresidential MSRs is assessed using the present value of estimated future cash flows. The aggregate fair value of nonresidential MSRs approximates its carrying value. A valuation model employed by management calculates the present value of future cash flows and is used to estimate fair value at the date of sale and on a quarterly basis for impairment analysis purposes. Management periodically compares the valuation model inputs and results to published industry data in order to validate the model results and assumptions. Key assumptions used to estimate the fair value of the nonresidential MSRs include the discount rate and prepayment speed assumptions. Impairment is recognized through a valuation allowance to the extent that fair value is less than the carrying amount. Changes in the valuation allowance are reported in other noninterest income in the consolidated statements of income.

The unpaid principal balance of nonresidential mortgage loans serviced for others was $ 40.3 million, $40.4 million and $44.0 million at March 31, 2024, September 30, 2023 and March 31, 2023, respectively. Contractually specified servicing fees, late fees and other ancillary fees related to nonresidential mortgage loans serviced for others were $1,000 and $4,000 for the three- and six-month periods ended March 31, 2024, respectively. Contractually specified servicing fees, late fees and other ancillary fees related to nonresidential mortgage loans serviced for others were $5,000 and $14,000 for the three- and six-month periods ended March 31, 2023, respectively. Contractually specified servicing fees on nonresidential mortgage loans serviced for others are included in other noninterest income in the consolidated statements of income.

An analysis of nonresidential MSRs for the three-and six-month periods ended March 31, 2024 and 2023 is as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
	(In thousands)			
Balance, beginning of period	$ 95	$ 132	$ 101	$ 141
Servicing rights capitalized	—	—	—	—
Amortization	(6)	(8)	(12)	(17)
Direct write-offs	(11)	—	(11)	—
Change in valuation allowance	—	—	—	—
Balance, end of period	$ 78	$ 124	$ 78	$ 124

There was no valuation allowance related to nonresidential MSRs at March 31, 2024 and September 30, 2023.

4. Deposits

Deposits at March 31, 2024 and September 30, 2023 consisted of the following:

	March 31, 2024	September 30, 2023
	(In thousands)	
Noninterest-bearing demand deposits	$ 196,239	$ 242,237
NOW accounts	312,394	336,446
Money market accounts	337,939	323,739
Savings accounts	160,668	170,073
Retail time deposits	232,031	170,980
Brokered & reciprocal time deposits	548,175	438,319
Total	$ 1,787,446	$ 1,681,794

5. Supplemental Disclosure for Net Income Per Share

Net income per share information is presented below for the three-and six-month periods ended March 31, 2024 and 2023.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
	(Dollars in thousands, except per share data)			
Basic:				
Earnings:				
Net income attributable to First Savings Financial Group, Inc. available to common shareholders	$ 4,927	$ 3,724	$ 5,847	$ 6,595
Shares:				
Weighted average common shares outstanding, basic	6,832,130	6,842,897	6,828,017	6,879,805
Net income per common share, basic	$ 0.72	$ 0.54	$ 0.86	$ 0.96
Diluted:				
Earnings:				
Net income attributable to First Savings Financial Group, Inc. available to common shareholders	$ 4,927	$ 3,724	$ 5,847	$ 6,595
Shares:				
Weighted average common shares outstanding, basic	6,832,130	6,842,897	6,828,017	6,879,805
Add: Dilutive effect of outstanding options	27,481	38,599	21,911	46,472
Add: Dilutive effect of restricted stock	—	—	—	—
Weighted average common shares outstanding, as adjusted	6,859,611	6,881,496	6,849,928	6,926,277
Net income per common share, diluted	$ 0.72	$ 0.54	$ 0.85	$ 0.95

Nonvested restricted stock shares are not considered as outstanding for purposes of computing weighted average common shares outstanding.

Stock options for 341,572 shares of common stock were excluded from the calculation of diluted net income per common share for the three - and six - month periods ended March 31, 2024, because their effect was antidilutive. Stock options for 273,489 and 269,889 shares of common stock were excluded from the calculation of diluted net income per common share for the three-and six-month periods ended March 31, 2023, respectively, because their effect was antidilutive. There were no antidilutive restricted stock awards excluded from the calculation of diluted net income per share for the three-and six-month periods ended March 31, 2024 and 2023.

6. Fair Value Measurements and Disclosures about Fair Value of Financial Instruments

FASB Accounting Standards Codification ("ASC") Topic 820 *, Fair Value Measurements,* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. The tables below present the balances of financial assets and liabilities measured at fair value on a recurring and nonrecurring basis as of March 31, 2024 and September 30, 2023.

	Carrying Value			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
March 31, 2024:				
Assets Measured – Recurring Basis:				
Securities available for sale:				
U.S. Treasury bills and notes	$ 26,970	$ —	$ —	$ 26,970
Agency mortgage-backed	—	24,514	—	24,514
Agency CMO	—	12,727	—	12,727
Privately-issued CMO	—	20	245	265
Privately-issued ABS	—	299	79	378
SBA certificates	—	10,793	30	10,823
Municipal bonds	—	162,095	—	162,095
Other	—	—	1,200	1,200
Total securities available for sale	$ 26,970	$ 210,448	$ 1,554	$ 238,972
Residential mortgage loans held for sale	$ —	$ 2,979	$ —	$ 2,979
Equity securities (included in other assets)	$ 204	$ —	$ —	$ 204
Assets Measured – Nonrecurring Basis:				
Collateral dependent loans:				
Residential real estate	$ —	$ —	$ 793	$ 793
SBA commercial real estate	—	—	1,480	1,480
Commercial business	—	—	137	137
SBA commercial business	—	—	432	432
Total collateral dependent loans	$ —	$ —	$ 2,842	$ 2,842

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	Carrying Value			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
September 30, 2023:				
Assets Measured – Recurring Basis				
Securities available for sale:				
U.S. Treasury notes	$ 25,949	$ —	$ —	$ 25,949
Agency mortgage-backed	—	24,268	—	24,268
Agency CMO	—	12,742	—	12,742
Privately-issued CMO	—	46	350	396
Privately-issued ABS	—	364	79	443
SBA certificates	—	10,714	31	10,745
Municipal bonds	—	151,484	—	151,484
Other	—	1,712	—	1,712
Total securities available for sale	$ 25,949	$ 201,330	$ 460	$ 227,739
Residential mortgage loans held for sale	$ —	$ 24,692	$ —	$ 24,692
Derivative assets (included in other assets)	$ —	$ 471	$ 452	$ 923
Equity securities (included in other assets)	$ 160	$ —	$ —	$ 160
Residential mortgage servicing rights	$ —	$ —	$ 59,768	$ 59,768
Liabilities Measured – Recurring Basis				
Derivative liabilities (included in other liabilities)	$ —	$ 12	$ 184	$ 196
Assets Measured – Nonrecurring Basis				
Collateral dependent loans:				
Residential real estate	$ —	$ —	$ 306	$ 306
Commercial business	—	—	965	965
SBA commercial business	—	—	237	237
Total collateral dependent loans	$ —	$ —	$ 1,508	$ 1,508
SBA loan servicing rights	$ —	$ —	$ 2,950	$ 2,950

Fair value is based upon quoted market prices where available. If quoted market prices are not available, fair value is based on internally developed models or obtained from third parties that primarily use, as inputs, observable market-based parameters or a matrix pricing model that employs the Bond Market Association's standard calculations for cash flow and price/yield analysis and observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value, or at the lower of cost or fair value. These adjustments may include unobservable parameters. Any such valuation adjustments have been applied consistently over time.

The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. There have been no changes in the valuation techniques and related inputs used for assets measured at fair value on a recurring and nonrecurring basis during the six-month period ended March 31, 2024.

Debt Securities Available for Sale and Equity Securities. Debt securities classified as available for sale and equity securities are reported at fair value on a recurring basis. These securities are classified as Level 1 of the valuation hierarchy where quoted market prices from reputable third-party brokers are available in an active market. If quoted market prices are not available, the Company obtains fair value measurements from an independent pricing service. These securities are reported using Level 2 inputs and the fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, U.S. government and agency yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the security's terms and conditions, among other factors. For securities where quoted market prices, market prices of similar securities or prices from an independent third party pricing service are not available, fair values are calculated using discounted cash flows or other market indicators and are classified within Level 3 of the fair value hierarchy. Changes in fair value of equity securities are reported in noninterest income. Changes in fair value of securities available for sale are recorded in other comprehensive income, net of income tax effect.

Residential Mortgage Loans Held for Sale. The Company has elected to record its residential mortgage loans held for sale at fair value in accordance with FASB ASC 825-10. The fair value of residential mortgage loans held for sale is based on specific prices of the underlying contracts for sale to investors or current secondary market prices for loans with similar characteristics, and is classified as Level 2 in the fair value hierarchy.

Derivative Financial Instruments. Derivative financial instruments consist of mortgage banking interest rate lock commitments and forward mortgage loan sale commitments. The fair value of forward mortgage loan sale commitments is obtained from an independent third party and is based on the gain or loss that would occur if the Company were to pair-off the sales transaction with the investor. The fair value of forward mortgage loan sale commitments is classified as Level 2 in the fair value hierarchy.

The fair value of interest rate lock commitments is also obtained from an independent third party and is based on investor prices for the underlying loans or current secondary market prices for loans with similar characteristics, less estimated costs to originate the loans and adjusted for the anticipated funding probability (pull-through rate). The fair value of interest rate lock commitments is classified as Level 3 in the fair value hierarchy.

Due to the Company's decision to wind down the national Mortgage Banking operation, and the resulting low level of mortgage loan originations and sales, there were no interest rate lock commitments or forward mortgage loan sale commitments as of March 31, 2024.

The table below presents a reconciliation of derivative assets and liabilities (interest rate lock commitments) measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three - and six - month periods ended March 31, 2024 and 2023:

	Three Months Ended March 31,		Six Months Ended March 31,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Beginning balance	$ —	$ 362	$ 268	$ (238)
Unrealized gains (losses) recognized in earnings, net of settlements	—	986	(268)	1,586
Ending balance	$ —	$ 1,348	$ —	$ 1,348

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The realized and unrealized gains recognized in earnings in the table above are included in mortgage banking income on the accompanying consolidated statements of income. There were no unrealized gains recognized in earnings for the six - month period ended March 31, 2024 attributable to Level 3 derivative assets and liabilities held at the balance sheet date.Unrealized gains recognized in earnings for the six - month period ended March 31, 2023 attributable to Level 3 derivative assets and liabilities held at the balance sheet date were $1.3 million.

There were no interest rate lock commitments as of March 31, 2024. The table below presents information about significant unobservable inputs (Level 3) used in the valuation of derivative financial instruments measured at fair value on a recurring basis as of September 30,2023.

Financial Instrument	Significant Unobservable Inputs	Range of Inputs (Weighted Average) September 30, 2023
Interest rate lock commitments	Pull-through rate	54% - 95% (81%)
	Direct costs to close	0.00% - 5.00% (0.62%)

Residential Mortgage Servicing Rights. As disclosed in Note 3, at September 30, 2023, the Company had entered into a letter of intent to sell substantially all of the Company's residential MSRs, which closed on November 30, 2023. Additionally, the Company sold the remaining residential MSRs during the quarter ended March 31, 2024. Due to the pending residential MSR sales, a valuation model was not used to calculate the fair value of residential MSRs at September 30, 2023. The fair value was estimated using known information, including the anticipated sale prices, estimated expenses, and contingencies related to the pending residential MSR sales. Prior to September 30, 2023, a valuation model employed by an independent third party calculated the present value of future cash flows and was used to value the MSRs on a monthly basis. Management periodically compared the valuation model inputs and results to published industry data in order to validate the model results and assumptions. Due to the nature of the valuation inputs, residential MSRs are classified within Level 3 of the valuation hierarchy. A reconciliation of residential MSRs measured at fair value on a recurring basis using significant unobservable inputs (Level 3) and a summary of the significant unobservable inputs used in the residential MSR valuations is presented in Note 3. Changes in the fair value of residential MSRs are included in mortgage banking income in the accompanying consolidated statements of income.

Collateral Dependent Loans. Collateral dependent loans are reviewed and evaluated on at least a quarterly basis for additional individual reserves and adjusted accordingly. In accordance with accounting standards, only collateral dependent loans for which an allowance for credit loss has been established or a partial charge-off recorded require classification in the fair value hierarchy. The fair value of collateral dependent loans is classified as Level 3 in the fair value hierarchy.

Collateral may be real estate and/or business assets, including equipment, inventory and/or accounts receivable, and its fair value is generally determined based on real estate appraisals or other independent evaluations by qualified professionals. The appraisals are then discounted to reflect management's estimate of the fair value of the collateral given the current market conditions and the condition of the collateral. At March 31, 2024 and September 30, 2023, the significant unobservable inputs used in the fair value measurement of collateral dependent loans were as follows:

Financial Instrument	Significant Unobservable Inputs	Range of Inputs (Weighted Average) March 31, 2024	Range of Inputs (Weighted Average) September 30, 2023
Collateral dependent loans	Discount from appraised value	10.0% - 50.0% (15.49%)	10.0% - 50.0% (14.22%)
	Estimated costs to sell	6.0% - 6.0% (6.00%)	6.0% - 6.0% (6.00%)

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During the three- and six-month periods ended March 31, 2024, the Company recognized provisions for credit losses on individually evaluated loans of $403,000 and $1.0 million, respectively. During the three- and six-month periods ended March 31, 2023, the Company recognized provisions for credit losses on impaired loans of $364,000 and $564,000, respectively.

SBA and Nonresidential Loan Servicing Rights. SBA loan servicing rights represent the value associated with servicing SBA loans that have been sold. The fair value of SBA loan servicing rights is determined on a quarterly basis by an independent third party valuation model using market-based discount rate and prepayment assumptions, and is classified as Level 3 in the fair value hierarchy. At March 31, 2024, there were no SBA loan servicing rights measured at fair value. At September 30, 2023, the significant unobservable inputs used in the fair value measurement of SBA loan servicing rights measured at fair value were as follows:

Financial Instrument	Significant Unobservable Inputs	Range of Inputs (Weighted Average) September 30, 2023
SBA loan servicing rights	Discount rate	10.25% - 25.00% (13.79%)
	Prepayment speed	8.60% - 32.85% (16.91%)

Impairment of the SBA loan servicing rights is recognized on a quarterly basis through a valuation allowance to the extent that fair value is less than the carrying amount. The Company did not record any impairment charges on SBA loan servicing rights for the three-month period ended March 31, 2024. The Company reversed impairment charges of $60,000 on SBA loan servicing rights for the six-month period ended March 31, 2024. The Company reversed impairment charges of $530,000 and $179,000 on SBA loan servicing rights for the three – and six - month periods ended March 31, 2023, respectively.

Nonresidential mortgage loan servicing rights represent the value associated with servicing single tenant net lease loans that have been sold. The fair value of nonresidential mortgage loan servicing rights is determined by management on a quarterly basis using a discounted cash flow model, and is classified as Level 3 in the fair value hierarchy. At March 31, 2024 and September 30, 2023, the Company did not have any nonresidential mortgage loan servicing rights measured at fair value on a nonrecurring basis. The Company did not recognize any impairment charges on nonresidential mortgage loan servicing rights for the three – and six - month periods ended March 31, 2024 and 2023.

During the three-months ended March 31, 2024, the Company transferred one available for sale other investment security (subordinated debt in another financial institution) from Level 2 to Level 3 in the fair value hierarchy due to a change in valuation methodology. At March 31, 2024, the significant unobservable input used in the fair value measurement of available for sale investment securities was as follows:

Financial Instrument	Significant Unobservable Inputs	Range of Inputs (Weighted Average) March 31, 2024
Other investment security	Estimated market rate	9.00% - 10.00% (9.50%)

The table below presents a reconciliation of available for sale investment securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three- and six-month periods ended March 31, 2024:

	Three Months Ended March 31, 2024	Six Months Ended March 31, 2024
	(In thousands)	
Beginning balance	$ —	$ —
Transfers from Level 2 to Level 3	$ 1,200	$ 1,200
Ending balance in Level 3	$ 1,200	$ 1,200

Other than the available for sale investment security noted above, there were no transfers into or out of the Company's Level 3 financial assets of the fair value hierarchy for the three – and six - month periods ended March 31, 2024.

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Financial Instruments Recorded Using Fair Value Option. Under FASB ASC 825-10, the Company may elect to report most financial instruments and certain other items at fair value on an instrument-by-instrument basis, with changes in fair value reported in income. The election is made at the acquisition date of an eligible financial asset or financial liability, and may not be revoked once made.

The Company has elected the fair value option for substantially all of its residential mortgage loans held for sale. These loans are intended for sale and the Company believes that the fair value is the best indicator of the resolution of these loans. Interest income is recorded based on the contractual terms of the loans and in accordance with the Company's policy on loans held for investment. None of these loans were 90 days or more past due, nor were any on nonaccrual status, as of March 31, 2024 and September 30, 2023.

The table below presents the difference between the aggregate fair value and the aggregate remaining principal balance for residential mortgage loans held for sale for which the fair value option had been elected as of March 31, 2024 and September 30, 2023.

(In thousands)	Aggregate Fair Value March ,31 2024	Aggregate Principal Balance March 31, 2023	Difference
Residential mortgage loans held for sale	$ 2,979	$ 2,919	$ 60

(In thousands)	Aggregate Fair Value September 30, 2023	Aggregate Principal Balance September 30, 2023	Difference
Residential mortgage loans held for sale	$ 24,692	$ 24,382	$ 309

The table below presents gains and losses and interest included in earnings related to financial assets measured at fair value under the fair value option for the three – and six - month periods ended March 31, 2024 and 2023:

	Three Months Ended March 31,		Six Months Ended March 31,	
(In thousands)	2024	2023	2024	2023
Gains (losses) – included in mortgage banking income	$ 993	$ 282	$ (36)	$ 950
Interest income	73	389	366	817
	$ 1,066	$ 671	$ 330	$ 1,767

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GAAP requires disclosure of fair value information about financial instruments for interim reporting periods, whether or not recognized in the consolidated balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company. The carrying amounts and estimated fair values of the Company's financial instruments are as follows.

	Carrying Amount	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
		(In thousands)		
March 31, 2024:				
Financial assets:				
Cash and due from banks	$ 16,114	$ 16,114	$ —	$ —
Interest-bearing deposits with banks	46,855	46,855	—	—
Interest-bearing time deposits	490	—	490	—
Securities available for sale	238,972	26,970	210,448	1,554
Securities held to maturity	1,170	—	35	1,146
Residential mortgage loans held for sale	2,979	—	2,979	—
SBA loans held for sale	16,129	—	—	17,703
Loans, net	1,882,458	—	—	1,780,928
FRB and FHLB stock	24,986	N/A	N/A	N/A
Accrued interest receivable	10,874	—	10,874	—
Nonresidential mortgage loan servicing rights	78	—	—	78
SBA loan servicing rights	2,950	—	—	2,950
Equity securities (included in other assets)	204	204	—	—
Financial liabilities:				
Noninterest-bearing deposits	196,239	196,239	—	—
Interest-bearing deposits	1,591,207	—	—	1,588,902
Borrowings from FHLB	315,000	—	311,346	—
Subordinated notes	48,523	—	47,510	—
Accrued interest payable	11,281	—	11,281	—
Advance payments by borrowers for taxes and insurance	867	—	867	—

	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
		(In thousands)		
September 30, 2023:				
Financial assets:				
Cash and due from banks	$ 18,014	$ 18,014	$ —	$ —
Interest-bearing deposits with banks	12,831	12,831	—	—
Interest-bearing time deposits	490	—	490	—
Securities available for sale	227,739	25,949	201,330	460
Securities held to maturity	1,300	—	38	1,265
Residential mortgage loans held for sale	24,692	—	24,692	—
SBA loans held for sale	21,163	—	22,591	—
Loans, net	1,770,243	—	—	1,651,115
FRB and FHLB stock	24,939	N/A	N/A	N/A
Accrued interest receivable	10,161	—	10,161	—
SBA loan servicing rights	2,950	—	—	2,950
Residential mortgage loan servicing rights	59,768	—	—	59,768
Nonresidential mortgage loan servicing rights	101	—	—	101
Derivative assets (included in other assets)	923	—	471	452
Equity securities (included in other assets)	160	160	—	—
Financial liabilities:				
Noninterest-bearing deposits	242,237	242,237	—	—
Interest-bearing deposits	1,439,557	—	—	1,435,083
Borrowings from FHLB	363,183	—	356,257	—
Subordinated note	48,444	—	46,940	—
Accrued interest payable	8,926	—	8,926	—
Advance payments by borrowers for taxes and insurance	1,027	—	1,027	—
Derivative liabilities (included in other liabilities)	196	—	12	184

7. Employee Stock Ownership Plan

On October 6, 2008, the Company established a leveraged employee stock ownership plan (“ESOP”) covering substantially all employees. The ESOP trust acquired 203,363 shares of Company common stock at a cost of $ 10.00 per share financed by a term loan with the Company. The ESOP loan was repaid in full during the quarter ended December 31, 2015 and all shares have been allocated to participants in the plan; therefore, no compensation expense was recognized for the three – and six - month periods ended March 31, 2024 and 2023. The ESOP trust held 274,568 and 293,695 shares of Company common stock at March 31, 2024 and September 30, 2023, respectively.

8. Stock Based Compensation Plans

The Company maintains three equity incentive plans under which stock options and restricted stock have been or may be granted, the 2010 Equity Incentive Plan (“2010 Plan”), approved by the Company’s shareholders in February 2010, the 2016 Equity Incentive Plan (“2016 Plan”), approved by the Company’s shareholders in February 2016, and the 2021 Equity Incentive Plan (“2021 Plan”) approved by the Company’s shareholders in February 2021. At March 31, 2024, there were no remaining shares of the Company’s common stock available for issuance under the 2010 Plan. The aggregate number of shares of the Company’s common stock available for issuance under the 2016 Plan may not exceed 264,000 shares, consisting of 198,000 stock options and 66,000 shares of restricted stock. The aggregate number of shares of the Company’s common stock available for issuance under the 2021 Plan may not exceed 356,058 shares, consisting of 267,043 stock options and 89,015 shares of restricted stock. At March 31, 2024, 4,560 shares of the Company’s common stock were available for issuance under the 2016 Plan, of which 1,500 shares were available for restricted stock and 3,060 shares were available for stock options. At March 31, 2024, 10,600 shares of the Company’s common stock were available for issuance under the 2021 Plan, of which 4,590 shares were available for restricted stock and 6,010 shares were available for stock options. In November 2023, the Company granted 62,983 stock options and 19,475 restricted shares to directors, officers and key employees which will vest over a one-year or five-year period. The Company generally issues new shares under the 2016 and 2021 Plans from its authorized but unissued shares. The Company accounts for any forfeitures as they occur, and any previously recognized compensation cost for an award is reversed in the period the award is forfeited.

Stock Options

Under the plans, the Company may grant both non-statutory and incentive stock options that may not have a term exceeding ten years. In the case of incentive stock options, the aggregate fair value (determined at the time the incentive stock options are granted) which are first exercisable during any calendar year shall not exceed $100,000. Exercise prices may not be less than the fair market value of the underlying stock at the date of the grant. The terms of the plans also include provisions whereby all unearned options and restricted shares become immediately exercisable and fully vested upon a change in control.

Stock options granted generally vest ratably over five years and are exercisable in whole or in part for a period up to ten years from the date of the grant. Compensation expense is measured based on the fair market value of the options at the grant date and is recognized ratably over the period during which the shares are earned (the vesting period). The fair market value of stock options granted is estimated at the date of grant using a binomial option pricing model. Expected volatilities are based on historical volatility of the Company’s stock. The expected term of options granted represents the period of time that options are expected to be outstanding. The risk free rate for the expected life of the options is based on the U.S. Treasury yield curve in effect at the grant date.

The fair value of options granted during the six - month periods ended March 31, 2024 and 2023 were determined using the following assumptions:

	2024	2023
Expected dividend yield	3.74 %	2.93 %
Risk-free interest rate	4.44 %	3.94 %
Expected volatility	28.4 %	27.7 %
Expected life of options	6.9 years	6.8 years
Weighted average fair value at grant date	$ 3.55	$ 5.71

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A summary of stock option activity as of March 31, 2024, and changes during the six-month period then ended is presented below.

	Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)		Aggregate Intrinsic Value
	(Dollars in thousands, except per share data)					
Outstanding at beginning of period	408,669	$	20.79			
Granted	62,983		15.10			
Exercised	—		—			
Forfeited or expired	(5,100)		17.66			
Outstanding at end of period	466,552	$	20.05	5.0	$	423
Exercisable at end of period	276,039	$	19.38	4.8	$	423

There were no stock options exercised during the six - month periods ended March 31, 2024 and 2023. The Company recognized compensation expense related to stock options of $78,000 and $153,000 for the three- and six-month periods ended March 31, 2024, respectively. The Company recognized compensation expense related to stock options of $71,000 and $154,000 for the three – and six - month periods ended March 31, 2023, respectively. At March 31, 2024, there was $ 989,000 of unrecognized compensation expense related to nonvested stock options. The compensation expense is expected to be recognized over a weighted average period of 3.50 years. There was no cash received or tax benefit from the exercise of stock options during the six - month periods ended March 31, 2024 and 2023.

Restricted Stock

The vesting period of restricted stock granted under the plans is generally five years beginning one year after the date of grant of the awards. Compensation expense is measured based on the fair market value of the restricted stock at the grant date and is recognized ratably over the vesting period. Compensation expense related to restricted stock recognized for the three – and six – month periods ended March 31, 2024 was $98,000 and $195,000, respectively. Compensation expense related to restricted stock recognized for the three - and six - month periods ended March 31, 2023 was $96,000 and $199,000, respectively.

A summary of the Company's nonvested restricted shares activity as of March 31, 2024 and changes during the six - month period then ended is presented below.

	Number of Shares		Weighted Average Grant Date Fair Value
Nonvested at October 1, 2023	54,916	$	24.73
Granted	19,475	$	15.10
Vested	(16,158)	$	24.23
Forfeited	(800)	$	22.49
Nonvested at March 31, 2024	57,433	$	21.64

There were 16,158 restricted shares vested during the six - month period ended March 31, 2024 with a total fair value of $244,000. There were 16,408 restricted shares that vested during the six - month period ended March 31, 2023 with a total fair value of $369,000. At March 31, 2024, there was $ 1.1 million of unrecognized compensation expense related to nonvested restricted shares. The compensation expense is expected to be recognized over a weighted average period of 3.36 years.

9. Derivative Financial Instruments

The Company enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (i.e., rate lock commitment). The Company also enters into forward mortgage loan commitments to sell loans to various investors to protect itself against exposure to various factors and to reduce sensitivity to interest rate movements. Both the interest rate lock commitments and the related forward mortgage loan sales contracts are considered derivatives and are recorded on the accompanying consolidated balance sheets at fair value in accordance with FASB ASC 815, *Derivatives and Hedging*, with changes in fair value recorded in mortgage banking income in the accompanying consolidated statements of income. All such derivatives are considered stand-alone derivatives and have not been formally designated as hedges by management.

Certain financial instruments, including derivatives, may be eligible for offset in the balance sheet when the “right of setoff” exists or when the instruments are subject to an enforceable master netting agreement, which includes the right of the non-defaulting party or non-affected party to offset recognized amounts, including collateral posted with the counterparty, to determine a net receivable or net payable upon early termination of the agreement. Certain of the Company’s derivative instruments are subject to master netting agreements. However, the Company has not elected to offset such financial instruments in the consolidated balance sheets. The Company may be required to post margin collateral to derivative counterparties based on agreements with the dealers. At March 31, 2024 , the Company had no cash collateral posted with derivative counterparties against its derivative obligations. At September 30, 2023, the Company had cash collateral posted with certain derivative counterparties of $1.5 million, against its derivative obligations. Cash collateral related to derivative contracts is recorded in interest-bearing deposits with banks or other assets in the consolidated balance sheets.

As of March 31, 2024, the Company had no derivative financial instruments due to the wind down of the national mortgage banking operation. The tables below provide information on the Company’s derivative financial instruments as of September 30, 2023.

(In thousands)	Notional Amount September 30, 2023	Asset Derivatives September 30, 2023	Liability Derivatives September 30, 2023
Interest rate lock commitments	$ 67,040	$ 452	$ 184
Forward mortgage loan sale contracts	66,000	471	12
	$ 133,040	$ 923	$ 196

Income (loss) related to derivative financial instruments included in mortgage banking income in the accompanying consolidated statements of income for the three – and six - month periods ended March 31, 2024 and 2023 is as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
(In thousands)	2024	2023	2024	2023
Interest rate lock commitments	$ —	$ 986	$ (268)	$ 1,585
Forward mortgage loan sale contracts	—	(431)	354	(976)
	$ —	$ 555	$ 86	$ 609

10. Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and Tier 1 capital (as defined) to average assets (as defined). The final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks ("Basel III rules") became effective for the Bank on January 1, 2015, with full compliance with all of the requirements being phased in over a multi-year schedule through 2019. Under the Basel III rules, the Bank must hold a conservation buffer above the adequately capitalized risk-based capital ratios disclosed in the table below. The capital conservation buffer was 2.50% for 2024 and 2023. The Bank met all capital adequacy requirements to which it was subject as of March 31, 2024 and September 30, 2023.

As of March 31, 2024, the most recent notification from the Federal Reserve Bank categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company's and Bank's actual capital amounts and ratios are also presented in the table. The Company is not subject to the Federal Reserve Bank's consolidated capital requirements because it has less than $3 billion in total consolidated assets. However, management has elected to disclose the Company's capital amounts and ratios in addition to the Bank's required disclosures in the table below. No amount was deducted from capital for interest-rate risk at either date.

	Actual		Minimum For Capital Adequacy Purposes:		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of March 31, 2024:						
Total capital (to risk-weighted assets):						
Consolidated	$240,099	12.46 %	$ 154,168	8.00 %	N/A	N/A
Bank	235,099	12.20	154,133	8.00	$192,666	10.00 %
Tier 1 capital (to risk-weighted assets):						
Consolidated	$173,087	8.98 %	$ 115,626	6.00 %	N/A	N/A
Bank	216,610	11.24	115,600	6.00	$154,133	8.00 %
Common equity tier 1 capital (to risk-weighted assets):						
Consolidated	$173,087	8.98 %	$ 86,720	4.50 %	N/A	N/A
Bank	216,610	11.24	86,700	4.50	$125,233	6.50 %
Tier 1 capital (to average adjusted total assets):						
Consolidated	$173,087	7.36 %	$ 94,107	4.00 %	N/A	N/A
Bank	216,610	9.21	94,090	4.00	$117,613	5.00 %
As of September 30, 2023:						
Total capital (to risk-weighted assets):						
Consolidated	$230,735	11.47 %	$ 160,965	8.00 %	N/A	N/A
Bank	226,461	11.27	160,822	8.00	$201,027	10.00 %
Tier 1 capital (to risk-weighted assets):						
Consolidated	$165,391	8.22 %	$ 120,724	6.00 %	N/A	N/A
Bank	209,561	10.42	120,616	6.00	$160,822	8.00 %
Common equity tier 1 capital (to risk-weighted assets):						
Consolidated	$165,391	8.22 %	$ 90,543	4.50 %	N/A	N/A
Bank	209,561	10.42	90,462	4.50	$130,668	6.50 %
Tier 1 capital (to average adjusted total assets):						
Consolidated	$165,391	7.24 %	$ 91,375	4.00 %	N/A	N/A
Bank	209,561	9.17	91,406	4.00	$114,259	5.00 %

11. Recent Accounting Pronouncements

The following are summaries of recently issued or adopted accounting pronouncements that impact the accounting and reporting practices of the Company:

On October 1, 2023, the Company adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the previously required incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans and held to maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available for sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available for sale debt securities that management does not intend to sell or believes that it is more likely than not they will be required to sell. The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures. Results for reporting periods beginning after October 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a net of tax decrease to retained earnings of $2.5 million as of October 1, 2023 for the cumulative effect of adopting ASC 326. As detailed in the following table, the transition adjustment included a $1.4 million increase to the allowance for credit losses (ACL), a $1.9 million increase in the ACL for unfunded commitments and a $859,000 increase in deferred tax assets.

The impact of adopting ASC 326 was as follows:

	As Reported under ASC 326	Pre-ASC 326	Impact of ASC 326 Adoption
Assets			
Allowance for credit losses (“ACL”) on loans			
Residential real estate	5,678	4,641	1,037
Commercial real estate	2,032	1,777	255
Single tenant net lease	4,032	3,810	222
SBA commercial real estate	2,433	1,922	511
Multifamily	247	268	(21)
Residential construction	208	434	(226)
Commercial construction	325	282	43
Land and land development	233	307	(74)
Commercial business	1,219	1,714	(495)
SBA commercial business	1,407	1,247	160
Consumer	515	498	17
Allowance for credit losses on loans	18,329	16,900	1,429
Net deferred tax assets	19,817	18,859	859
Liabilities			
Allowance for credit losses on off balance sheet credit exposures	1,940	—	1,940

In March 2022, the FASB issued ASU 2022-02 – *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. This standard eliminates the accounting guidance on TDRs for creditors in ASC 310-40 and amends the guidance on “vintage disclosures” to require disclosure of current period gross charge-offs by year or origination. The ASU also updates the requirements related to accounting for credit losses under ASC 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty.

The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, for any entities that have adopted ASU 2016-13 – *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard was adopted by the Company effective October 1, 2023. The adoption of this standard resulted in amended disclosures in the Company's Condensed Consolidated Financial Statements, but did not materially impact the Company's consolidated financial condition or results of operations.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting: Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. Public entities are required to disclose significant expense categories and amounts for each reportable segment. Significant expense categories are derived from expenses that are regularly reported to an entity's chief operating decision-maker ("CODM"), and included in a segment's reported measures of profit or loss. Public entities are also required to disclose the title and position of the CODM and explain how the CODM uses the reported measures of profit or loss to assess segment performance. The ASU requires interim disclosures of certain segment-related disclosures that previously were only required annually. 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 and the ASU should be applied prospectively. The adoption of the ASU is not expected to have a material impact on the Company's consolidated financial position or results of operations.

The Company has determined that all other recently issued accounting pronouncements will not have a material impact on the Company's consolidated financial statements or do not apply to its operations.

12. Segment Reporting

The Company's operations include three primary segments: core banking, SBA lending, and mortgage banking. The core banking segment originates residential, commercial and consumer loans and attracts deposits from its customer base. Net interest income from loans and investments that are funded by deposits and borrowings is the primary revenue for the core banking segment. The SBA lending segment originates loans guaranteed by the SBA, subsequently selling the guaranteed portion to outside investors. Net gains on sales of loans, net servicing income and net interest income are the primary sources of revenue for the SBA lending segment. The mortgage banking segment originates residential mortgage loans and sells them in the secondary market. The Bank will continue to originate mortgage loans in its local markets that will either be sold in the secondary market or retained as portfolio loans, however the national mortgage banking division has been wound down as of December 31, 2023. Net gains on the sales of loans, net servicing income, income from derivative financial instruments and net interest income are the primary sources of revenue for the mortgage banking segment.

The core banking segment is comprised primarily by the Bank and First Savings Investments, Inc., while the SBA lending segment's revenues are comprised primarily of net interest income and gains on the sales of SBA loans generated by Q2. The mortgage banking segment is no longer reported separately as of and for the three - month period ended March 31, 2024 due to the winddown of the national mortgage banking operation that was completed in the three - month period ended December 31, 2023.

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(Unaudited)

The following segment financial information has been derived from the internal financial statements of the Company which are used by management to monitor and manage financial performance. The accounting policies of the three segments are the same as those of the Company.

	Core Banking	SBA Lending	Consolidated Totals
Three Months Ended March 31, 2024:			
Net interest income	$ 13,469	$ 869	$ 14,338
Provision (credit) for credit losses – loans	762	(49)	713
Credit for unfunded lending commitments	(113)	(146)	(259)
Provision for credit losses - securities	23	—	23
Net interest income after provision	12,797	1,064	13,861
Net gains on sales of loans, SBA	—	951	951
Mortgage banking income	53	—	53
Noninterest income	2,537	1,173	3,710
Noninterest expense	10,093	1,685	11,778
Income before taxes	5,241	552	5,793
Income tax expense	729	137	866
Segment profit	4,512	415	4,927
Non-cash items:			
Depreciation and amortization	592	1	593
Segment assets at March 31, 2024	2,279,791	85,192	2,364,983

	Core Banking	SBA Lending	Consolidated Totals
Six Months Ended March 31, 2024:			
Net interest income	$ 26,579	$ 1,872	$ 28,451
Provision for credit losses – loans	781	402	1,183
Credit for unfunded lending commitments	(180)	(137)	(317)
Provision for credit losses – securities	23	—	23
Net interest income after provision	25,955	1,607	27,562
Net gains on sales of loans, SBA	—	1,785	1,785
Mortgage banking income	142	—	142
Noninterest income	4,316	2,176	6,492
Noninterest expense	23,986	3,831	27,817
Income (loss) before taxes	6,285	(48)	6,237
Income tax expense	384	6	390
Segment profit (loss)	5,901	(54)	5,847
Non-cash items:			
Depreciation and amortization	1,198	3	1,201
Segment assets at March 31, 2024	2,279,791	85,192	2,364,983

FIRST SAVINGS FINANCIAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

	Core Banking	SBA Lending	Mortgage Banking	Consolidated Totals
Three Months Ended March 31, 2023:				
Net interest income	$ 13,632	$ 1,093	$ 187	$ 14,912
Provision (credit) for loan losses	422	(50)	—	372
Net interest income after provision	13,210	1,143	187	14,540
Net gains on sales of loans, SBA	—	907	—	907
Mortgage banking income	2	—	4,147	4,149
Noninterest income	1,733	1,636	4,147	7,516
Noninterest expense	10,651	2,662	4,686	17,999
Income (loss) before taxes	4,292	117	(352)	4,057
Income tax expense (benefit)	401	20	(88)	333
Segment profit (loss)	3,891	97	(264)	3,724
Non-cash items:				
Depreciation and amortization	541	6	25	572
Segment assets at March 31, 2023	2,051,149	83,506	104,951	2,239,606

	Core Banking	SBA Lending	Mortgage Banking	Consolidated Totals
Six Months Ended March 31, 2023:				
Net interest income	$ 28,640	$ 2,088	$ 445	$ 31,173
Provision for loan losses	1,123	233	—	1,356
Net interest income after provision	27,517	1,855	445	29,817
Net gains on sales of loans, SBA	—	1,682	—	1,682
Mortgage banking income (loss)	(8)	—	6,653	6,645
Noninterest income	3,661	2,390	6,653	12,704
Noninterest expense	20,448	4,586	10,476	35,510
Income (loss) before taxes	10,730	(341)	(3,378)	7,011
Income tax expense (benefit)	1,347	(87)	(844)	416
Segment profit (loss)	9,383	(254)	(2,534)	6,595
Non-cash items:				
Depreciation and amortization	1,199	11	52	1,262
Segment assets at March 31, 2023	2,051,149	83,506	104,951	2,239,606

FIRST SAVINGS FINANCIAL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

13. Revenue from Contracts with Customers

Substantially all of the Company's revenue from contracts with customers within the scope of FASB ASC 606 is included in the core banking segment and is recognized within noninterest income. The following table presents the Company's sources of noninterest income for the three-and six-month periods ended March 31, 2024 and 2023:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
	(In thousands)			
In Scope for ASC 606				
Service charges on deposit accounts	$ 387	$ 471	$ 860	$ 1,029
ATM and interchange fees	585	586	1,034	1,325
Commission income	220	189	442	317
Other	31	35	56	60
Revenue from contracts with customers	1,223	1,281	2,392	2,731
Out of Scope for ASC 606				
Net unrealized gain (loss) on equity securities	6	21	44	35
Gain on sale of SBA loans	951	907	1,785	1,682
Mortgage banking income	53	4,149	142	6,645
Increase in cash value of life insurance	333	266	662	491
Real estate lease income	115	117	230	234
Loan servicing and other income	1,029	775	1,237	886
Other noninterest income	2,487	6,235	4,100	9,973
Total noninterest income	$ 3,710	$ 7,516	$ 6,492	$ 12,704

A description of the Company's revenue streams accounted for under ASC 606 follows:

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as wire fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company 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 Company satisfies the performance obligation. Overdraft fees are recognized when the overdraft occurs.

ATM and Interchange Fees: The Company earns ATM usage fees and interchange fees from debit cardholder transactions conducted through a payment network. ATM fees are recognized when the transaction occurs. 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. The costs of related loyalty rewards programs are netted against interchange income as a direct cost of the revenue generating activity.

Commission Income: The Company earns trust, insurance commissions, brokerage commissions and annuities income from its contracts with customers to manage assets for investment, and/or to transact on their accounts. These fees are primarily earned over time as the Company provides the contracted services and are generally assessed based on the market value of assets under management. Fees that are transaction based, including trade execution services, are recognized when the transaction is executed. Other related fees, which are based on a fixed fee schedule, are recognized when the services are rendered.

Other Income: Other income from contracts with customers primarily includes check cashing and cashier's check fees, safe deposit box fees and cash advance fees. This revenue is recognized at the time the transaction is executed or over the period the Company satisfies the performance obligation.

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(Unaudited)

14. Mortgage Banking Income

The components of mortgage banking income for the three-and six-month periods ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
	(In thousands)			
Origination and sale of mortgage loans (1)	$ (991)	$ 1,885	$ (1,202)	$ 2,617
Mortgage brokerage income	1	167	31	210
Net change in fair value of loans held for sale and interest rate lock commitments	993	1,268	(304)	2,535
Realized and unrealized gains (losses) from Forward sales commitments	—	(431)	354	(976)
Capitalized residential mortgage loan servicing rights	—	296	509	438
Net change in fair value of residential mortgage loan servicing rights	(6)	(1,267)	(809)	(2,507)
Provisions for loan repurchases and indemnifications	(37)	(161)	19	(489)
Net loan servicing income	93	2,392	1,544	4,817
Total mortgage banking income	$ 53	$ 4,149	$ 142	$ 6,645

(1) Includes origination fees and realized gains and losses on the sale of mortgage loans in the secondary market.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART I - ITEM 2

MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Safe Harbor Statement for Forward-Looking Statements

This report may contain forward-looking statements within the meaning of the federal securities laws. These statements are not historical facts; rather they are statements based on the Company's current expectations regarding its business strategies and their intended results and its future performance. Forward-looking statements are preceded by terms such as "expects," "believes," "anticipates," "intends" and similar expressions.

Forward-looking statements are not guarantees of future performance. Numerous risks and uncertainties could cause or contribute to the Company's actual results, performance and achievements being materially different from those expressed or implied by the forward-looking statements. Factors that may cause or contribute to these differences include, without limitation, our service providers, and on the economy and financial markets, general economic conditions, including the effects of inflation, changes in market interest rates and changes in monetary and fiscal policies of the federal government; legislative and regulatory changes; the quality and composition of the loan and investment securities portfolio; loan demand; deposit flows; competition; and changes in accounting principles and guidelines. Additional factors that may affect our results are discussed herein and in our Annual Report on Form 10-K, for the year ended September 30, 2023 under "Part II, Item 1A. Risk Factors." These factors should be considered in evaluating the forward-looking statements and undue reliance should not be placed on such statements. Except as required by applicable law or regulation, the Company assumes no obligation and disclaims any obligation to update any forward-looking statements.

Critical Accounting Policies; Critical Accounting Estimates

Other than the adoption of ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and ASU 2022-02 – *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, as described in Note 1 and Note 11, during the six-month period ended March 31, 2024, there was no significant change in the Company's critical accounting policies or the application of critical accounting policies as disclosed in the Company's Annual Report on Form 10-K, for the year ended September 30, 2023.

Comparison of Financial Condition at March 31, 2024 and September 30, 2023

Cash and Cash Equivalents. Cash and cash equivalents increased $32.1 million from $30.8 million at September 30, 2023 to $63.0 million at March 31, 2024.

Loans. Net loans receivable increased $112.2 million, from $1.77 billion at September 30, 2023 to $1.88 billion at March 31, 2024, primarily due to growth in residential mortgage loans and residential construction loans, which increased by $80.8 million and $27.2 million, respectively.

***Loans Held for Sale*.** Loans held for sale decreased $26.7 million, from $45.9 million at September 30, 2023 to $19.1 million at March 31, 2024, due to a decrease in residential mortgage loans held for sale of $21.7 million and a decrease in SBA loans held for sale of $5.0 million. The decrease in residential mortgage loans held for sale was due to the wind down of the national mortgage banking operation. The decrease in SBA loans held for sale is due to loan sales outpacing originations during the period.

Securities Available for Sale. Securities available for sale increased $11.2 million, from $227.7 million at September 30, 2023 to $239.0 million at March 31, 2024, due to net increases in fair value of $15.7 million, partially offset by calls and maturities of $2.7 million and principal repayments of $1.6 million. The increases in fair value were primarily due to decreasing long term market interest rates during the six - months ended March 31, 2024, which resulted in an increase in the fair value of debt securities available for sale.

Securities Held to Maturity. Investment securities held to maturity decreased $130,000 from $1.3 million at September 30, 2023 to $1.2 million at March 31, 2024, due primarily to calls and maturities during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Mortgage Servicing Rights. During the six - months ended March 31, 2024, the Company completed its sale of all residential mortgage loan servicing rights.

Deposits. Total deposits increased $105.7 million from $1.68 billion at September 30, 2023 to $1.79 billion at March 31, 2024, due to a $151.7 million increase in interest-bearing deposits, partially offset by a $46.0 million decrease in non-interest bearing deposits. The increase in interest-bearing deposits was primarily due to a $109.9 million increase in brokered deposits. The decrease in noninterest-bearing deposits was primarily due to outflow of $47.9 million of escrow deposits in connection with the sale of residential servicing rights during the six - months ended March 31, 2024.

FHLB Borrowings. Borrowings from the FHLB decreased $48.2 million, from $363.2 million at September 30, 2023 to $315.0 million at March 31, 2024. The decrease in borrowings was primarily due to the increased use of brokered certificates to fund loan growth due to more favorable rates in the brokered deposit market.

Stockholders' Equity. Stockholders' equity increased $14.1 million from $151.0 million at September 30, 2023 to $165.1 million at March 31, 2024, due primarily to a $12.4 million decrease in accumulated other comprehensive loss, and an increase in retained net income of $1.3 million. At March 31, 2024 and September 30, 2023, the Bank was considered "well-capitalized" under applicable regulatory capital guidelines.

Results of Operations for the Three Months Ended March 31, 2024 and 2023

Overview. The Company reported net income of $4.9 million, or $0.72 per diluted share, for the three-month period ended March 31, 2024 compared to net income of $3.7 million, or $0.54 per diluted share, for the three-month period ended March 31, 2023.

Net Interest Income. Net interest income decreased $574,000, or 3.9%, for the three-month period ended March 31, 2024 as compared to the same period in 2023. Average interest-earning assets increased $199.9 million and average interest-bearing liabilities increased $254.8 million when comparing the two periods. The tax-equivalent net interest margin was 2.66% for 2024 compared to 3.06% for 2023.

Total interest income increased $5.2 million when comparing the two periods due primarily to an increase in the average balance of interest-earning assets of $199.9 million, from $2.02 billion for 2023 to $2.22 billion for 2024, and an increase in the average tax equivalent yield on interest-earning assets from 5.01% for 2023 to 5.48% for 2024. The increase in the average balance of interest-earning assets was due to a $293.5 million increase in the average balance of total loans, partially offset by a decrease in the average balance of investment securities of $92.2 million.

Total interest expense increased $5.8 million due to an increase in the average balance of interest-bearing liabilities of $254.8 million, from $1.68 billion for 2023 to $1.93 billion for 2024, and an increase in the average cost of interest-bearing liabilities from 2.36% for 2023 to 3.25% for 2024. The increase in the average cost of interest-bearing liabilities for 2024 was due primarily to higher rates for borrowings and brokered deposits as a result of increased market interest rates and resulting higher U.S. Treasury rates, as well as rate increases in response to competition, and migration of deposits from lower - yielding transaction and savings accounts to higher - yielding money market accounts and certificates of deposits.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Average Balance Sheets. The following table presents information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting annualized average yields and costs for the three-month periods ended March 31, 2024 and 2023. The yields and costs for the periods indicated are derived by dividing income or expense by the average balances of assets or liabilities, respectively, for the periods presented. Average balances presented are daily averages. Nonaccrual loans are included in average balances only. Loan fees are included in interest income on loans and are not material. Tax exempt income on loans and investment securities have been adjusted to a tax equivalent basis using a federal marginal tax rate of 21%.

	Three Months Ended March 31,					
	2024			2023		
	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost
			(Dollars in thousands)			
Assets:						
Interest-bearing deposits with banks	$ 24,587	$ 261	4.25 %	$ 27,649	$ 192	2.78 %
Loans	1,914,609	27,133	5.67	1,621,147	21,339	5.27
Investment securities – taxable	102,699	924	3.60	110,373	957	3.47
Investment securities – nontaxable	157,960	1,662	4.21	242,530	2,533	4.18
FRB and FHLB stock	24,986	499	7.99	23,289	364	6.25
Total interest-earning assets	2,224,841	30,479	5.48	2,024,988	25,385	5.01
Noninterest-earning assets	116,672			163,982		
Total assets	$ 2,341,513	$		2,188,970		
Liabilities and equity:						
NOW accounts	$ 313,299	$ 525	0.67 %	$ 339,125	$ 511	0.60 %
Money market deposit accounts	327,897	3,076	3.75	235,320	1,125	1.91
Savings accounts	161,844	52	0.13	168,026	27	0.06
Time deposits	745,972	8,893	4.77	508,609	4,602	3.62
Total interest-bearing deposits	1,549,012	12,546	3.24	1,251,080	6,265	2.00
FHLB borrowings	333,275	2,298	2.76	374,593	2,915	3.11
Subordinated debt and other borrowings	48,497	833	6.87	50,293	719	5.72
Total interest-bearing liabilities	1,930,784	15,677	3.25	1,675,966	9,899	2.36
Noninterest-bearing deposits	196,340			313,969		
Other noninterest-bearing liabilities	49,565			36,321		
Total liabilities	2,176,689			2,026,256		
Total stockholders' equity	164,824			162,714		
Total liabilities and equity	$ 2,341,513			$ 2,188,970		
Net interest income (taxable equivalent basis)		14,801			15,486	
Less: taxable equivalent adjustment		(464)			(574)	
Net interest income		$ 14,338			$ 14,912	
Interest rate spread (taxable equivalent basis)			2.23 %			2.65 %
Net interest margin (taxable equivalent basis)			2.66 %			3.06 %
Average interest-earning assets to average interest-bearing liabilities			115.23 %			120.83 %

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Rate/Volume Analysis. The following table sets forth the effects of changing rates and volumes on our net interest income on a tax equivalent basis for the three-month periods ended March 31, 2024 and 2023. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. Changes attributable to changes in both rate and volume have been allocated proportionally based on the absolute dollar amounts of change in each.

	Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023		
	Increase (Decrease) Due to		
	Rate	Volume	Net
		(In thousands)	
Interest income:			
Interest-bearing deposits with banks	$ 96	$ (27)	$ 69
Loans	1,781	4,013	5,794
Investment securities – taxable	34	(68)	(34)
Investment securities – nontaxable	16	(887)	(871)
FRB and FHLB stock	105	30	135
Total interest-earning assets	2,032	3,061	5,093
Interest expense:			
Deposits	4,330	1,951	6,281
Borrowings from FHLB	(314)	(303)	(617)
Subordinated debt	142	(28)	114
Total interest-bearing liabilities	4,158	1,620	5,778
Net increase (decrease) in net interest income (taxable equivalent basis)	$ (2,126)	$ 1,441	$ (685)

Provision for Credit Losses. The Company recognized a provision for credit losses for loans of $713,000, a credit for credit losses on unfunded lending commitments of $259,000 and a provision for credit losses for securities of $23,000 for the three months ended March 31, 2024, compared to a provision for loan losses of $372,000 for the same period in 2023.

The Company recognized net charge-offs of $110,000 for the three-month period ended March 31, 2024 compared to net recoveries of $6,000 for the same period in 2023.

Noninterest Income. Noninterest income decreased $3.8 million for the three-month period ended March 31, 2024 as compared to the same period in 2023. The decrease was due primarily to a $4.1 million decrease in mortgage banking income in 2024 compared to the same period in 2023. The decrease in mortgage banking income was due to the cessation of national mortgage banking operations in the quarter ended December 31, 2023.

Noninterest Expense. Noninterest expense decreased $6.2 million for the three-month period ended March 31, 2024 as compared to the same period in 2023. The decrease was due primarily to decreases in compensation and benefits expense of $2.8 million and other operating expense of $2.4 million. The decrease in compensation and benefits expense was due primarily to a reduction in staffing related to the cessation of national mortgage banking operations in the quarter ended December 31, 2023. The decrease in other operating expense was due primarily to a decrease in loss contingency for SBA-guaranteed loans of $656,000 in 2024 compared to an increase of $490,000 in 2023, and an adjustment to the valuation allowance related to sale of residential mortgage servicing rights of $247,000 in 2024 with no corresponding amounts in 2023.

Income Tax Expense. The Company recognized income tax expense of $866,000 for the three-month period ended March 31, 2024 as compared to $333,000 for the same period in 2023. The effective tax rate for 2024 was 14.9%, which was an increase from the effective tax rate of 8.2% in 2023. The increase was due to higher pre-tax income in 2024 as compared to 2023.

Results of Operations for the Six Months Ended March 31, 2024 and 2023

Overview. The Company reported net income of $5.8 million, or $0.85 per diluted share, for the six-month period ended March 31, 2024 compared to net income of $6.6 million, or $0.95 per diluted share, for the six-month period ended March 31, 2023.

Net Interest Income. Net interest income decreased $2.7 million, or 8.7%, for the six-month period ended March 31, 2024 as compared to the same period in 2023. Average interest-earning assets increased $195.3 million and average interest-bearing liabilities increased $260.5 million when comparing the two periods. The tax-equivalent net interest margin was 2.67% for 2024 compared to 3.23% for 2023.

Total interest income increased $10.4 million when comparing the two periods due primarily to an increase in the average balance of interest-earning assets of $195.3 million, from $2.0 billion for 2023 to $2.20 billion for 2024, and an increase in the average tax equivalent yield on interest-earning assets from 4.94% for 2023 to 5.43% for 2024. The increase in the average balance of interest-earning assets was due to a $284.0 million increase in the average balance of total loans, partially offset by a decrease in the average balance of investment securities of $91.0 million.

Total interest expense increased $13.1 million due to an increase in the average balance of interest-bearing liabilities of $260.5 million, from $1.64 billion for 2023 to $1.90 billion for 2024, and an increase in the average cost of interest-bearing liabilities from 2.08% for 2023 to 3.17% for 2024. The increase in the average cost of interest-bearing liabilities for 2024 was due primarily to higher rates for borrowings and brokered deposits as a result of increased market interest rates and resulting higher U.S. Treasury rates, as well as rate increases in response to competition, and migration of deposits from lower-yielding transaction and savings accounts to higher-yielding money market accounts and certificates of deposits.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Average Balance Sheets. The following table presents information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting annualized average yields and costs for the six-month periods ended March 31, 2024 and 2023. The yields and costs for the periods indicated are derived by dividing income or expense by the average balances of assets or liabilities, respectively, for the periods presented. Average balances presented are daily averages. Nonaccrual loans are included in average balances only. Loan fees are included in interest income on loans and are not material. Tax exempt income on loans and investment securities have been adjusted to a tax equivalent basis using a federal marginal tax rate of 21%.

	Six Months Ended March 31,					
	2024			2023		
	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost
			(Dollars in thousands)			
Assets:						
Interest-bearing deposits with banks	$ 22,457	$ 510	4.54 %	$ 23,468	$ 336	2.86 %
Loans	1,885,976	53,287	5.65	1,601,956	41,561	5.19
Investment securities - taxable	103,316	1,866	3.61	111,164	1,912	3.44
Investment securities - nontaxable	158,839	3,349	4.22	242,011	5,038	4.16
FRB and FHLB stock	24,977	573	4.59	21,658	584	5.39
Total interest-earning assets	2,195,565	59,585	5.43	2,000,257	49,431	4.94
Noninterest-earning assets	127,297			154,330		
Total assets	$ 2,322,862			$ 2,154,587		
Liabilities and equity:						
NOW accounts	$ 324,882	$ 1,240	0.76 %	$ 344,300	$ 934	0.54 %
Money market deposit accounts	310,943	5,644	3.63	235,253	1,920	1.63
Savings accounts	164,045	111	0.14	169,824	54	0.06
Time deposits	668,893	15,541	4.65	482,666	7,515	3.11
Total interest-bearing deposits	1,468,763	22,536	3.07	1,232,043	10,423	1.69
FHLB borrowings	387,324	6,067	3.13	342,521	4,834	2.82
Subordinated debt and other borrowings	48,477	1,617	6.67	69,507	1,864	5.36
Total interest-bearing liabilities	1,904,564	30,220	3.17	1,644,071	17,121	2.08
Noninterest-bearing deposits	212,307			321,166		
Other noninterest-bearing liabilities	47,612			31,531		
Total liabilities	2,164,483			1,996,768		
Total stockholders' equity	158,379			157,819		
Total liabilities and equity	$ 2,322,862			$ 2,154,587		
Net interest income (taxable equivalent basis)		29,365			32,310	
Less: taxable equivalent adjustment		(914)			(1,137)	
Net interest income		$ 28,451			$ 31,173	
Interest rate spread (taxable equivalent basis)			2.26 %			2.86 %
Net interest margin (taxable equivalent basis)			2.67 %			3.23 %
Average interest-earning assets to average interest-bearing liabilities			115.28 %			121.66 %

**MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

Rate/Volume Analysis. The following table sets forth the effects of changing rates and volumes on our net interest income on a tax equivalent basis for the six-month periods ended March 31, 2024 and 2023. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. Changes attributable to changes in both rate and volume have been allocated proportionally based on the absolute dollar amounts of change in each.

	Six Months Ended March 31, 2024 Compared to Six Months Ended March 31, 2023 Increase (Decrease) Due to		
	Rate	Volume	Net
		(In thousands)	
Interest income:			
Interest-bearing deposits with banks	$ 193	$ (19)	$ 174
Loans	4,029	7,697	11,726
Investment securities - taxable	91	(138)	(47)
Investment securities - nontaxable	53	(1,742)	(1,689)
FRB and FHLB stock	(94)	83	(11)
Total interest-earning assets	4,272	5,881	10,153
Interest expense:			
Deposits	9,296	2,817	12,113
Borrowings from FHLB	567	666	1,233
Subordinated debt	385	(632)	(247)
Total interest-bearing liabilities	10,248	2,851	13,099
Net increase (decrease) in net interest income (taxable equivalent basis)	$ (5,976)	$ 3,030	$ (2,946)

Provision for Credit Losses. The Company recognized a provision for credit losses for loans of $1.2 million, a credit for credit losses on unfunded commitments of $317,000 and a provision for credit losses for securities of $23,000 for the six months ended March 31, 2024, compared to a provision for loan losses of $1.4 million for the same period in 2023. Nonperforming loans, which consist of nonaccrual loans and loans over 90 days past due and still accruing interest, increased $1.7 million from $13.9 million at September 30, 2023 to $15.6 million at March 31, 2024.

The Company recognized net charge-offs of $119,000 for the six months ended March 31, 2024, of which net recoveries of $64,000 was related to unguaranteed portions of SBA loans, compared to net charge-offs of $258,000 in 2023, of which $238,000 was related to unguaranteed portions of SBA loans.

Noninterest Income. Noninterest income decreased $6.2 million for the six-month period ended March 31, 2024 as compared to the same period in 2023. The decrease was due primarily to a $6.5 million decrease in mortgage banking income due to the cessation of national mortgage banking operations in the quarter ended December 31, 2023.

Noninterest Expense. Noninterest expense decreased $7.7 million for the six-month period ended March 31, 2024 as compared to the same period in 2023. The decrease was due primarily to decreases in compensation and benefits expense of $3.8 million and other operating expense of $3.4 million. The decrease in compensation and benefits expense was due primarily to a reduction in staffing related to the cessation of national mortgage banking operations in the quarter ended December 31, 2023. The decrease in other operating expense was due primarily to a decrease in loss contingency for SBA-guaranteed loans of $721,000 in 2024 compared to an increase of $490,000 in 2023, and a decrease in loss contingency for restitution to mortgage borrowers of $17,000 in 2024 compared to an increase of $609,000 in 2023.

Income Tax Expense. The Company recognized income tax of $390,000 for the six-month period ended March 31, 2024 as compared to $416,000 for the same period in 2023. The effective tax rate for 2024 was 6.3%, which was an increase from the effective tax rate of 5.9% in 2023.

Liquidity and Capital Resources

Liquidity Management. Liquidity is the ability to meet current and future financial obligations of a short-term nature. The Bank's primary sources of funds are customer deposits, proceeds from loan repayments, maturing securities and FHLB borrowings. While loan repayments and maturities are a predictable source of funds, deposit flows and mortgage prepayments are greatly influenced by market interest rates, general economic conditions and competition. At March 31, 2024, the Bank had cash and cash equivalents of $63.0 million and securities available-for-sale with a fair value of $239.0 million, including $123.6 million that are unpledged. If the Bank requires funds beyond its ability to generate them internally, it has additional borrowing capacity with the FHLB, borrowing capacity on federal funds purchased lines of credit facilities with other financial institutions and additional collateral eligible for repurchase agreements. At March 31, 2024, the Bank had the ability to borrow a total of $592.6 million from the FHLB, of which $315.0 million was borrowed and outstanding. In addition, the Bank had the ability to borrow the lesser of $20 million or 25% of the Bank's equity capital, excluding reserves, using a federal funds purchased line of credit facility with another financial institution at March 31, 2024. The Bank also had three other federal funds line of credit facilities with other financial institutions from which we had the ability to borrow the lesser of $5.0 million or 50% of the Bank's equity capital, $22 million and $15 million, respectively. The Bank did not have any outstanding federal funds purchased at March 31, 2024.

The Bank's primary investing activity is the origination of commercial real estate and one-to-four family mortgage loans and, to a lesser extent, consumer, multi-family, commercial business and residential and commercial real estate construction loans. The Bank also invests in U.S. government agency and sponsored enterprises securities, mortgage-backed securities and collateralized mortgage obligations issued by U.S. government agencies and sponsored enterprises, and municipal bonds.

The Bank must maintain an adequate level of liquidity to ensure the availability of sufficient funds to support loan growth and deposit withdrawals, to satisfy financial commitments and to take advantage of investment opportunities. Historically, the Bank has been able to retain a significant amount of its deposits as they mature. If these maturing deposits do not remain with the Bank, we will be required to seek other sources of funds, including other certificates of deposit and borrowings. As of March 31, 2024, deposits exceeding the FDIC insurance limit of $250,000 per insured account were estimated to be $484.9 million, or 27.1% of total deposits. When excluding Indiana public funds accounts, the total uninsured amount was estimated to be $234.9 million, or 13.1% of total deposits, as of March 31, 2024.

The Company is a separate legal entity from the Bank and must provide for its own liquidity to pay its operating expenses and other financial obligations, to pay any dividends and to repurchase any of its outstanding common stock. The Company's primary source of income is dividends received from the Bank. The amount of dividends that the Bank may declare and pay to the Company in any calendar year cannot exceed net income for that year to date plus retained net income (as defined) for the preceding two calendar years. At March 31, 2024, the Company (unconsolidated basis) had liquid assets of $4.0 million.

Capital Management. The Bank is required to maintain specific amounts of capital pursuant to regulatory requirements. As of March 31, 2024, the Bank was in compliance with all regulatory capital requirements that were effective as of such date, with Tier 1 capital (to average total assets), common equity Tier 1 capital (to risk-weighted assets), Tier 1 capital (to risk-weighted assets) and total capital (to risk-weighted assets) ratios of 9.21%, 11.24%, 11.24% and 12.20%, respectively. The regulatory requirements at that date were 5.0%, 6.5%, 8.0% and 10.0%, respectively, in order to be categorized as "well capitalized" under prompt corrective action provisions. At March 31, 2024, the Bank was considered "well-capitalized" under applicable regulatory guidelines.

Off-Balance Sheet Arrangements

In the normal course of operations, the Company engages in a variety of financial transactions that, in accordance with GAAP, are not recorded on the Company's financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are primarily used to manage customers' requests for funding and take the form of loan commitments and letters of credit. A further presentation of the Company's off-balance sheet arrangements is presented in the Company's Annual Report on Form 10-K, for the year ended September 30, 2023.

For the six-month period ended March 31, 2024, the Company did not engage in any off-balance sheet transactions reasonably likely to have a material effect on the Company's consolidated financial condition, results of operations or cash flows.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART I – ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK

Qualitative Aspects of Market Risk. Market risk is the risk that the estimated fair value of our assets, liabilities, and derivative financial instruments will decline as a result of changes in interest rates or financial market volatility, or that our net income will be significantly reduced by interest rate changes.

The Company's principal financial objective is to achieve long-term profitability while reducing its exposure to fluctuating market interest rates by operating within acceptable limits established for interest rate risk and maintaining adequate levels of funding and liquidity. The Company has sought to reduce the exposure of its earnings to changes in market interest rates by attempting to manage the mismatch between asset and liability maturities and interest rates. In order to reduce the exposure to interest rate fluctuations, the Company has developed strategies to manage its liquidity, shorten its effective maturities of certain interest-earning assets and decrease the interest rate sensitivity of its asset base. Management has sought to decrease the average maturity of its assets by emphasizing the origination of short-term residential mortgage, commercial mortgage and commercial business loans, which are retained by the Company for its portfolio, and by generally selling all fixed rate residential mortgage loans in the secondary market. The Company relies on retail deposits as its primary source of funds. Management believes the primary use of retail deposits, complimented with a modest allocation of brokered and reciprocal certificates of deposit and FHLB borrowings, reduce the effects of interest rate fluctuations because they generally represent a more stable source of funds.

Quantitative Aspects of Market Risk. Potential cash flows, sales, or replacement value of many of our assets and liabilities, especially those that earn or pay interest, are sensitive to changes in the general level of interest rates. This interest rate risk arises primarily from our normal business activities of gathering deposits and extending loans. Many factors affect our exposure to changes in interest rates, such as general economic and financial conditions, customer preferences, historical pricing relationships, and re-pricing characteristics of financial instruments. Our earnings can also be affected by the monetary and fiscal policies of the U.S. Government and its agencies, particularly the Federal Reserve Board. Furthermore, the Company does not engage in hedging activities (other than the use of forward mortgage loan sale contracts in connection with our mortgage banking activities) or purchase high-risk derivative instruments, and also is not subject to foreign currency exchange rate risk or commodity price risk.

An element in our ongoing process is to measure and monitor interest rate risk using a Net Interest Income at Risk simulation to model the interest rate sensitivity of the balance sheet and to quantify the impact of changing interest rates on the Company. The model quantifies the effects of various possible interest rate scenarios on projected net interest income over a one-year horizon. The model assumes a semi-static balance sheet and measures the impact on net interest income relative to a base case scenario of hypothetical changes in interest rates over twelve months and provides no effect given to any steps that management might take to counter the effect of the interest rate movements. The scenarios include prepayment assumptions, changes in the level of interest rates, the shape of the yield curve, and spreads between market interest rates in order to capture the impact from re-pricing, yield curve, option, and basis risks.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Results of our simulation modeling, which assumes an immediate and sustained parallel shift in market interest rates, project that the Company's net interest income could change as follows over a one-year horizon, relative to our base case scenario:

Immediate Change in the Level of Interest Rates	At March 31, 2024 One Year Horizon Dollar Change	At March 31, 2024 One Year Horizon Percent Change	At September 30, 2023 One Year Horizon Dollar Change	At September 30, 2023 One Year Horizon Percent Change
		(Dollars in thousands)		
300bp	$ (6,909)	(11.37)%	$ (6,660)	(11.71)%
200bp	(4,505)	(7.41)	(4,349)	(7.65)
100bp	(2,309)	(3.80)	(2,223)	(3.91)
(100)bp	2,427	3.99	2,214	3.89
(200)bp	4,763	7.84	4,451	7.83

At March 31, 2024, our simulated exposure to an increase in interest rates shows that an immediate and sustained increase in rates of 1.00% would decrease our net interest income by $2.3 million, or 3.80%, over a one year horizon compared to a flat interest rate scenario. Furthermore, rate increases of 2.00% and 3.00% would cause net interest income to decrease by 7.41% and 11.37%, respectively. An immediate and sustained decrease in rates of 1.00% would increase our net interest income by $2.4 million, or 3.99%, over a one year horizon compared to a flat interest rate scenario while a rate decrease of 2.00% would cause our net interest income to increase by 7.84%.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART I - ITEM 4

CONTROLS AND PROCEDURES

Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company's management, including the Company's principal executive officer and principal financial officer, have evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Based upon their evaluation, as of March 31, 2024, the principal executive officer and principal financial officer have concluded that, due to the identification of material weaknesses in internal control over financial reporting, as further described below, the Company's disclosure controls and procedures were not effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the "SEC") (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The system of internal control over financial reporting as it relates to the consolidated financial statements is evaluated for effectiveness by management. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Due to the material weaknesses in internal control over financial reporting identified and described below, management has evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2024 and has concluded that the Company's internal control over financial reporting was not effective as of that date because of the material weaknesses.

During management's assessment, management identified material weaknesses in internal control over financial reporting related to the following:

- The Company did not maintain effective controls over the review of the allowance for credit losses calculation, including appropriate precision of management review of qualitative factors.

- The Company did not maintain effective controls over the design and operation of the monthly and quarterly closing routines. Specifically, inappropriate assignment of administrator access for multiple significant information technology applications, lack of requirements for review of manual journal entries, timing and frequency of certain general ledger account reconciliations, precision and accuracy of management period end financial statement review process, and inappropriate documentation to support performance of closing routines including completion of a disclosure checklist.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART I - ITEM 4

CONTROLS AND PROCEDURES

During the quarter ended March 31, 2024, management continued taking steps to remediate the material weakness related to controls over the review of the allowance for credit losses by enhancing the Company's internal control documentation and improving the precision of review of qualitative factors by management.

During the quarter ended March 31, 2024, management additionally continued taking steps to improve the design and operation of the monthly and quarterly closing routines. The timing and frequency of general ledger account reconciliations and review of the reconciliations has been modified with a greater emphasis on quarter end dates, certain members of financial management have developed and completed quarterly checklists and a disclosure checklist is now being completed on a quarterly basis.

Changes in Internal Controls. Other than changes described above, there have been no changes in our internal controls over financial reporting that occurred during the three – months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART II

OTHER INFORMATION

Item 1. Legal Proceedings

As of March 31, 2024, the Company is not a party to any legal proceedings that require disclosure or the recording of an accrual. Periodically, there have been various claims and lawsuits involving the Bank, mainly as a plaintiff, such as claims to enforce liens, condemnation proceedings on properties in which the Bank holds security interests, claims involving the making and servicing of real property loans and other issues incident to the Bank's business.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K, for the year ended September 30, 2023 which could materially affect our business, financial condition or future results. There have been no material changes to the risk factors described in our Annual Report on Form 10-K. However, these are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or results of operations.

FIRST SAVINGS FINANCIAL GROUP, INC.
PART II

OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

The following table presents information regarding the Company's stock repurchase activity during the quarter ended March 31, 2024:

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs (1)	(d) Maximum number (or appropriate dollar value) of shares (or units) that may yet be purchased under the plans or programs
January 1, 2024 through January 31, 2024	—	$ —	—	24,912
February 1, 2024 through February 29, 2024	—	$ —	—	24,912
March 1, 2024 through March 31, 2024	—	$ —	—	24,912
Total	—	$ —	—	24,912

(1) On August 16, 2021, the Company announced that its Board of Directors authorized a stock repurchase program to acquire up to 356,220 shares, or 5.0% of the Company's outstanding common stock. This replaces the previously existing stock repurchase program announced by the Company on November 16, 2012, which had 346,776 shares (split-adjusted) remaining for repurchase.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended March 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of SEC Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement " (as such term is defined in Item 408 of SEC Regulation S-K).

FIRST SAVINGS FINANCIAL GROUP, INC.
PART II

OTHER INFORMATION

Item 6. Exhibits

31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statement of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) related notes
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 SAVINGS FINANCIAL GROUP, INC.
(Registrant)

Dated	May 9, 2024	**BY**:	/s/ Larry W. Myers Larry W. Myers President and Chief Executive Officer
Dated	May 9, 2024	**BY:**	/s/ Anthony A. Schoen Anthony A. Schoen Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Larry W. Myers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Savings Financial Group, Inc.;

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 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 purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as the end of the period covered by this report based on such evaluation;

   (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 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 control over financial reporting.

Date: May 9, 2024

/s/ Larry W. Myers
Larry W. Myers
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Anthony A. Schoen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Savings Financial Group, Inc.;

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 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 purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as the end of the period covered by this report based on such evaluation;

   (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 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 control over financial reporting.

Date: May 9, 2024	/s/ Anthony A. Schoen
	Anthony A. Schoen
	Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of First Savings Financial Group, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Larry W. Myers, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

DATE: May 9, 2024

BY: /s/ Larry W. Myers
Larry W. Myers
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of First Savings Financial Group, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Anthony A. Schoen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

DATE: May 9, 2024

BY: /s/ Anthony A. Schoen
Anthony A. Schoen
Chief Financial Officer