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DELTA REPORT

10-Q

FSFG - FIRST SAVINGS FINANCIAL G

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1861
CHANGES	201
DELETIONS	883
ADDITIONS	777

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 June 30, December 31, 2023

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 August 2, 2023 February 2, 2024 was 6,865,921. 6,883,160.

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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)	June 30, 2023	September 30, 2022
ASSETS		
Cash and due from banks	$ 23,722	$ 18,312
Interest-bearing deposits with banks	18,753	23,353
Total cash and cash equivalents	42,475	41,665
Interest-bearing time deposits	980	1,613
Debt securities available for sale, at fair value	248,397	316,517
Debt securities held to maturity	1,391	1,558
Loans held for sale, residential mortgage, at fair value	50,066	38,579
Loans held for sale, Small Business Administration	13,076	21,883
Loans, net of allowance for loan losses of $16,838 at June 30, 2023 and $15,360 at September 30, 2022	1,691,289	1,474,544
Federal Reserve Bank and Federal Home Loan Bank stock, at cost	24,939	20,004
Premises and equipment, net	27,999	27,100
Other real estate owned, held for sale	233	203
Accrued interest receivable:		
Loans	7,218	5,379
Securities	3,243	2,953
Cash surrender value of life insurance	45,915	45,145

Goodwill	9,848	9,848
Core deposit intangibles	614	775
Residential mortgage loan servicing rights, at fair value	60,649	63,263
Nonresidential mortgage loan servicing rights	116	141
SBA loan servicing rights	3,374	3,790
Other assets	28,599	18,765
Total Assets	$ 2,260,421	$ 2,093,725
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 315,602	$ 340,172
Interest-bearing	1,344,163	1,175,662
Total deposits	1,659,765	1,515,834
Federal Home Loan Bank borrowings	345,000	307,303
Other borrowings	48,387	88,206
Accrued interest payable	5,782	1,302
Advance payments by borrowers for taxes and insurance	907	1,207
Accrued expenses and other liabilities	35,512	28,308
Total Liabilities	2,095,353	1,942,160
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 7,777,271 shares at June 30, 2023 (7,757,271 at September 30, 2022);		
outstanding 6,865,921 shares at June 30, 2023 (6,970,631 shares at September 30, 2022)	78	78
Additional paid-in capital	27,440	26,770
Retained earnings - substantially restricted	168,015	161,927
Accumulated other comprehensive loss	(17,565)	(27,079)
Unearned stock compensation	(1,113)	(969)
Less treasury stock, at cost - 911,350 shares (786,640 shares at September 30, 2022)	(11,787)	(9,162)
Total Stockholders' Equity	165,068	151,565
Total Liabilities and Stockholders' Equity	$ 2,260,421	$ 2,093,725

(In thousands, except share and per share data)	**December 31, 2023**	**September 30, 2023**
ASSETS		
Cash and due from banks	$ 17,522	$ 18,014
Interest-bearing deposits with banks	15,844	12,831
Total cash and cash equivalents	33,366	30,845
Interest-bearing time deposits	490	490
Debt securities available for sale, at fair value	245,538	227,739
Debt securities held to maturity	1,263	1,300
Loans held for sale, residential mortgage, at fair value	4,056	24,692
Loans held for sale, Small Business Administration	18,810	21,163
Loans, net of allowance for credit losses of $18,789 at December 31, 2023 and $16,900 at September 30, 2023 *	1,841,953	1,770,243
Federal Reserve Bank and Federal Home Loan Bank stock, at cost	24,987	24,939
Premises and equipment, net	27,712	27,861
Other real estate owned, held for sale	647	677
Accrued interest receivable:		
Loans	8,676	7,809

Securities	2,665	2,352
Cash surrender value of life insurance	46,556	46,226
Goodwill	9,848	9,848
Core deposit intangibles	520	561
Residential mortgage loan servicing rights, at fair value	709	59,768
Nonresidential mortgage loan servicing rights	95	101
SBA loan servicing rights	2,907	2,950
Other assets	37,294	29,290
Total Assets	$ 2,308,092	$ 2,288,854
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 202,769	$ 242,237
Interest-bearing	1,481,077	1,439,557
Total deposits	1,683,846	1,681,794
Federal Home Loan Bank borrowings	356,699	363,183
Other borrowings	48,484	48,444
Accrued interest payable	10,405	8,926
Advance payments by borrowers for taxes and insurance	512	1,027
Reserve for unfunded lending commitments	1,882	—
Accrued expenses and other liabilities	41,741	34,499
Total Liabilities	2,143,569	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 December 31, 2023 (7,778,471 at September 30, 2023); outstanding 6,883,160 shares at December 31, 2023 (6,867,121 shares at September 30, 2023)	78	78
Additional paid-in capital	27,319	26,986
Retained earnings - substantially restricted	163,753	166,306
Accumulated other comprehensive loss	(13,606)	(29,587)
Unearned stock compensation	(1,194)	(1,015)
Less treasury stock, at cost - 861,350 shares (786,640 shares at September 30, 2022)	(11,827)	(11,787)
Total Stockholders' Equity	164,523	150,981
Total Liabilities and Stockholders' Equity	$ 2,308,092	$ 2,288,854

* Effective October 1, 2023, ASU 2016-13 was adopted; therefore Current Expected Credit Loss (CECL) methodology was used at December 31, 2023. Previous incurred loss methodology was used at September 30, 2023.

See notes to condensed consolidated financial statements.

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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 June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
INTEREST INCOME						
Loans, including fees	$ 23,184	$ 15,934	$ 64,666	$ 43,917	$ 26,057	$ 20,185
Securities:						
Taxable	984	769	2,896	1,594	942	955
Tax-exempt	1,940	1,570	5,920	4,003	1,333	1,979
Dividend income	423	169	1,007	464	74	220
Interest-bearing deposits with banks	267	37	603	64	249	144
Total interest income	26,798	18,479	75,092	50,042	28,655	23,483
INTEREST EXPENSE						
Deposits	7,791	1,047	18,214	2,596	9,989	4,158
Federal Home Loan Bank borrowings	3,446	811	8,280	2,222	3,769	1,919
Other borrowings	696	710	2,560	1,397	784	1,145
Total interest expense	11,933	2,568	29,054	6,215	14,542	7,222
Net interest income	14,865	15,911	46,038	43,827	14,113	16,261
Provision for loan losses	441	532	1,797	1,028		
Provision for credit losses					412	984
Net interest income after provision for loan losses	14,424	15,379	44,241	42,799		
Net interest income after provision for credit losses					13,701	15,277
NONINTEREST INCOME						
Service charges on deposit accounts	509	462	1,538	1,329	473	558
ATM and interchange fees	615	774	1,940	2,047	449	739
Net gain (loss) on sales of available for sale securities	(540)	476	(540)	476		
Net unrealized gain (loss) on equity securities	11	(11)	46	(11)		
Net unrealized gain on equity securities					38	14
Other than temporary impairment loss on securities	—	—	(28)	—	—	(28)
Net gain on sales of loans, Small Business Administration	497	486	2,179	3,449	834	775
Net gain on sales of loans, single tenant net lease	—	—	—	719		
Mortgage banking income	4,668	7,093	11,313	36,091	89	2,496
Increase in cash surrender value of life insurance	279	277	770	782	329	225
Commission income	247	177	564	522	222	128
Real estate lease income	119	155	353	451	115	117
Net gain on premises and equipment	—	—	29	—		
Income from tax credit investment	—	—	—	10		
Gain from repurchase of subordinated debt	660	—	660	—		
Other income	131	144	1,076	831	233	164
Total noninterest income	7,196	10,033	19,900	46,696	2,782	5,188
NONINTEREST EXPENSE						
Compensation and benefits	11,138	15,215	32,230	49,982	9,663	10,685
Occupancy and equipment	2,277	2,069	6,057	6,261	2,041	1,860
Data processing	1,020	679	2,780	1,957	793	777

Advertising	536	806	1,473	2,600	318	418
Professional fees	1,360	1,410	2,931	3,973	1,079	793
FDIC insurance premiums	488	121	1,165	346	486	308
Net loss on other real estate owned					6	—
Other operating expenses	2,146	2,535	7,839	8,029	1,653	2,670
Total noninterest expense	18,965	22,835	54,475	73,148	16,039	17,511
Income before income taxes	2,655	2,577	9,666	16,347		
Net income before income taxes					444	2,954
Income tax expense (benefit)	331	(61)	747	2,369	(476)	83
Net Income	$ 2,324	$ 2,638	$ 8,919	$ 13,978	$ 920	$ 2,871
Net income per share:						
Basic	$ 0.34	$ 0.37	$ 1.30	$ 1.97	$ 0.13	$ 0.42
Diluted	$ 0.34	$ 0.37	$ 1.29	$ 1.95	$ 0.13	$ 0.41
Weighted average shares outstanding:						
Basic	6,816,608	7,073,204	6,858,739	7,082,034	6,823,948	6,915,909
Diluted	6,819,748	7,145,288	6,893,766	7,166,632	6,839,704	6,972,055
Dividends per share	$ 0.14	$ 0.13	$ 0.41	$ 0.38	$ 0.14	$ 0.13

See notes to condensed consolidated financial statements.

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PART I - FINANCIAL INFORMATION

FIRST SAVINGS FINANCIAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,		Three Months Ended December 31,	
(In thousands)	2023	2022	2023	2022	2023	2022
Net Income	$ 2,324	$ 2,638	$ 8,919	$ 13,978	$ 920	$ 2,871
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX						
Unrealized gains (losses) on securities available for sale:						
Unrealized holding gains (losses) arising during the period	(4,819)	(13,732)	11,458	(26,689)		
Income tax (expense) benefit	1,026	2,884	(2,393)	5,605		
Net of tax amount	(3,793)	(10,848)	9,065	(21,084)		
Less: reclassification adjustment for realized (gains) losses included in net income	540	(476)	540	(476)		
Income tax (expense) benefit	(113)	100	(113)	100		

OTHER COMPREHENSIVE INCOME, NET OF TAX						
Unrealized gains on securities available for sale:						
Unrealized holding gains arising during the period					20,231	10,199
Income tax expense					(4,250)	(2,142)
Net of tax amount	427	(376)	427	(376)	15,981	8,057
Less: reclassification adjustment for other-than-temporary impairment loss on securities included in net income	—	—	28	—	—	28
Income tax benefit	—	—	(6)	—	—	(6)
Net of tax amount	—	—	22	—	—	22
Other Comprehensive Income (Loss)	(3,366)	(11,224)	9,514	(21,460)		
Other Comprehensive Income					15,981	8,079
Comprehensive Income (Loss)	$ (1,042)	$ (8,586)	$ 18,433	$ (7,482)		
Comprehensive Income					$16,901	$10,950

See notes to condensed consolidated financial statements.

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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	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Stock Compensation	Treasury Stock	T
Three Months Ended June 30, 2022:														
Balances at April 1, 2022	$ 78	$ 27,076	$ 159,732	$ (1,336)	$ (1,180)	$ (4,417)	$ 179,953							
Net income	—	—	2,638	—	—	—	2,638							
Other comprehensive loss	—	—	—	(11,224)	—	—	(11,224)							
Common stock dividends - $0.13 per share	—	—	(932)	—	—	—	(932)							
Stock compensation expense	—	82	—	—	105	—	187							
Purchase of 59,120 treasury shares	—	—	—	—	—	(1,409)	(1,409)							

Balances at June 30, 2022	$ 78	$ 27,158	$ 161,438	$ (12,560)	$ (1,075)	$ (5,826)	$ 169,213							
Three Months Ended June 30, 2023:														
Balances at April 1, 2023	$ 78	$ 27,365	$ 166,652	$ (14,199)	$ (1,211)	$ (11,787)	$ 166,898							
Net income	—	—	2,324	—	—	—	2,324							
Other comprehensive loss	—	—	—	(3,366)	—	—	(3,366)							
Common stock dividends - $0.14 per share	—	—	(961)	—	—	—	(961)							
Stock compensation expense	—	75	—	—	98	—	173							
Balances at June 30, 2023	$ 78	$ 27,440	$ 168,015	$ (17,565)	$ (1,113)	$ (11,787)	$ 165,068							
Nine Months Ended June 30, 2022:														
Balances at October 1, 2021	$ 78	$ 25,721	$ 150,185	$ 8,900	$ (138)	$ (4,369)	$ 180,377							
Net income	—	—	13,978	—	—	—	13,978							
Other comprehensive loss	—	—	—	(21,460)	—	—	(21,460)							
Common stock dividends - $0.38 per share	—	—	(2,725)	—	—	—	(2,725)							
Restricted stock forfeitures - 45,750 shares	—	1,222	—	—	(1,222)	—	—							
Stock compensation expense	—	215	—	—	285	—	500							
Purchase of 60,932 treasury shares	—	—	—	—	—	(1,457)	(1,457)							
Balances at June 30, 2022	$ 78	$ 27,158	$ 161,438	$ (12,560)	$ (1,075)	$ (5,826)	$ 169,213							
Nine Months Ended June 30, 2023:														
Balances at October 1, 2022	$ 78	$ 26,770	$ 161,927	$ (27,079)	$ (969)	$ (9,162)	$ 151,565	$ 78	$ 26,770	$ 161,927	$ (27,079)	$ (969)	$ (9,162)	$ 1
Net income	—	—	8,919	—	—	—	8,919	—	—	2,871	—	—	—	
Other comprehensive income	—	—	—	9,514	—	—	9,514	—	—	—	8,079	—	—	
Common stock dividends - $0.41 per share	—	—	(2,831)	—	—	—	(2,831)							
Common stock dividends - $0.13 per share								—	—	(908)	—	—	—	
Restricted stock grants - 22,000 shares	—	495	—	—	(495)	—	—	—	495	—	—	(495)	—	
Restricted stock forfeitures - 2,000 shares	—	(53)	—	—	53	—	—							
Stock compensation expense								—	82	—	—	103	—	
Purchase of 74,710 treasury shares								—	—	—	—	—	(1,648)	
Balances at December 31, 2022								$ 78	$ 27,347	$ 163,890	$ (19,000)	$ (1,361)	$ (10,810)	$ 1

Balances at October 1, 2023								$ 78	$ 26,986	$ 166,306	$ (29,587)	$ (1,015)	$ (11,787)	$ 1
Cumulative effect adjustment for adoption of ASU 2016-13, net of tax								—	—	(2,510)	—	—	—	
Balances at October 1, 2023, adjusted								78	26,986	163,796	(29,587)	(1,015)	(11,787)	1
Net income								—	—	920	—	—	—	
Distribution to Q2 minority interest								—	(18)	—	—	—	—	
Other comprehensive income								—	—	—	15,981	—	—	
Common stock dividends - $0.14 per share								—	—	(963)	—	—	—	
Restricted stock grants - 19,475 shares								—	294	—	—	(294)	—	
Restricted stock forfeitures - 800 shares								—	(18)	—	—	18	—	
Stock compensation expense	—	228	—	—	298	—	526	—	75	—	—	97	—	
Purchase of 124,710 treasury shares	—	—	—	—	—	(2,625)	(2,625)							
Purchase of 2,636 treasury shares								—	—	—	—	—	(40)	
Balances at June 30, 2023	$ 78	$ 27,440	$ 168,015	$ (17,565)	$ (1,113)	$ (11,787)	$ 165,068							
Balances at December 31, 2023								$ 78	$ 27,319	$ 163,753	$ (13,606)	$ (1,194)	$ (11,827)	$ 1

See notes to condensed consolidated financial statements.

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PART I - FINANCIAL INFORMATION

FIRST SAVINGS FINANCIAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 8,919	$ 13,978	$ 920	$ 2,871
Adjustments to reconcile net income to net cash provided by operating activities:				
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Provision for loan losses	1,797	1,028	412	984

Depreciation and amortization	1,907	1,850	608	633
Amortization of premiums and accretion of discounts on securities, net	510	679	72	184
Amortization and accretion of fair value adjustments on loans, net	(1,285)	(1,176)	(379)	(374)
Loans originated for sale, residential mortgage	(392,217)	(1,485,308)	(61,769)	(77,605)
Loans originated for sale, Small Business Administration	(24,851)	—	(11,392)	(12,785)
Proceeds on sales of loans, residential mortgage	382,694	1,561,351	81,999	95,462
Proceeds on sales of loans, Small Business Administration	35,910	—	14,669	11,875
Net realized and unrealized (gain) loss on loans held for sale	(3,566)	11,928		
Net realized loss on sale of residential mortgage loans			1,675	158
Net realized gain on sale of SBA loans			(931)	(577)
Capitalization of loan servicing rights	(1,808)	(11,513)	(766)	(340)
Net change in value of residential mortgage loan servicing rights	3,816	(4,679)		
Proceeds from sale of residential mortgage loan servicing rights			58,518	—
Loss on sale of residential mortgage loan servicing rights			247	—
Net change in value of residential loan servicing rights			803	1,240
Net change in value of SBA and nonresidential mortgage loan servicing rights	1,047	1,169	306	696
Net (gain) loss on sales of available for sale securities	540	(476)		
Net realized and unrealized gain on other real estate owned			(5)	—
Other than temporary impairment loss on securities	28	—	—	28
Increase in cash surrender value of life insurance	(770)	(782)	(330)	(225)
Net (gain) loss on equity securities	(46)	11		
Net gain on sale of premises and equipment	(29)	—		
Gain from repurchase of subordinated debt	(660)	—		
Income from tax credit investments	—	(10)		
Net gain on equity securities			(38)	(14)
Deferred income taxes	(2,590)	3,356	(15,692)	(1,532)
Stock compensation expense	526	500	172	185
Increase in accrued interest receivable	(2,129)	(1,586)	(1,180)	(2,104)
Increase in accrued interest payable	4,480	462	1,479	682
Change in other assets	(5,447)	3,360	7,799	2,440
Change in other liabilities	7,204	(5,586)	5,741	(5,123)
Net Cash Provided By Operating Activities	13,980	88,556		
Net Cash Provided by Operating Activities			82,938	16,759
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in interest-bearing time deposits	(490)	—	—	(490)
Proceeds from maturities of interest-bearing time deposits	1,115	595	—	245
Purchase of securities available for sale	(11,664)	(177,646)	—	(6,073)
Proceeds from sales of securities available for sale	78,003	33,494		
Principal collected and proceeds from maturities of securities available for sale	12,741	16,114	2,360	3,448
Proceeds from maturities of securities held to maturity	159	172		
Principal collected and proceeds from maturities of securities held to maturity			37	35
Net increase in loans	(217,981)	(253,166)	(73,583)	(109,441)
Proceeds from redemption of Federal Reserve Bank and Federal Home Loan Bank stock	15	592	—	15
Purchase of Federal Reserve Bank and Federal Home Loan Bank stock	(4,950)	(1,038)	(48)	(1,575)
Proceeds from life insurance	—	575		
Proceeds from sale of other real estate			35	—
Purchase of premises and equipment	(2,524)	(329)	(378)	(719)
Investement in partnership interests	(4,107)	(340)		
Investment in partnership interests			(2,872)	(2,035)
Distributions to Q2 minority interests			(18)	—

Net Cash Used In Investing Activities	(149,683)	(380,977)	(74,467)	(116,590)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in deposits	143,931	118,127	2,052	22,007
Net increase (decrease) in Federal Home Loan Bank line of credit	(12,303)	29,098	(6,484)	5,340
Proceeds from Federal Home Loan Bank advances	7,155,000	600,000	950,000	1,570,000
Repayment of Federal Home Loan Bank advances	(7,105,000)	(475,000)	(950,000)	(1,505,000)
Repurchase of subordinated debt	(1,340)	—		
Net proceeds from issuance of subordinated note	—	30,258		
Net decrease in other borrowings	(37,989)	—		
Net increase in other borrowings			—	7,195
Net decrease in advance payments by borrowers for taxes and insurance	(300)	(960)	(515)	(512)
Taxes paid on stock award shares for employees	(30)	(48)	—	(30)
Purchase of treasury shares	(2,625)	(1,434)	(40)	(1,648)
Dividends paid on common stock	(2,831)	(3,580)	(963)	(908)
Net Cash Provided By Financing Activities	136,513	296,461		
Net Cash Provided By (Used In) Financing Activities			(5,950)	96,444
Net Increase in Cash and Cash Equivalents	810	4,040		
Net Increase (Decrease) in Cash and Cash Equivalents			2,521	(3,387)
Cash and cash equivalents at beginning of year	41,665	33,428		
Cash and cash equivalents at beginning of period			30,845	41,665
Cash and Cash Equivalents at End of Period	$ 42,475	$ 37,468	$ 33,366	$ 38,278
Supplemental Disclosures of Cash Flow Information				
Supplemental Disclosures of Cash Flow Information:				
Cash payments for:				
Interest	$ 24,574	$ 5,753	13,064	6,540
Income taxes	57	77		
Income taxes (net of refunds received)			—	(117)

See notes to condensed consolidated financial statements.

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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”) and First Savings Insurance Risk Management, Inc. (the “Captive”).

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.

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

During the quarter ending September 30, 2023. three-month period ended December 31, 2023, the Bank ceased its national originate-to-sell mortgage banking operation. The Bank will continue to originate residential mortgage loans in its local southern Indiana markets 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 June 30, 2023 December 31, 2023, the results of operations for the three- and nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022, and the cash flows for the nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022. 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, 2022 September 30, 2023 included in the Company's Annual Report on Form 10-K, as amended. 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. Certain prior period amounts have been reclassified to conform with the current period presentation. The reclassifications had no effect on net income or stockholders' equity.

Loans and Allowance for Loan Credit Losses

Loans Held for Investment

Loans are stated at unpaid principal balances, less net deferred loan fees and the allowance for loan 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.

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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

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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. A specific reserve An ACL is recognized as a component of the allowance for estimated losses on loans individually evaluated for impairment. 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 loan 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 Loan 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 loan credit losses reflects management's judgment (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 probable incurred loan losses at the balance sheet date. Additions recoveries of amounts previously charged off. The Company's policy is to the allowance for loan losses are made by the provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility charge off all or a portion of a loan balance when, in management's opinion, it is confirmed. Subsequent recoveries, if any, are credited unlikely to collect the allowance. principal amount owed in full either through payments from the borrower or a guarantor or from the liquidation of the collateral.

The Company evaluates 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 loan credit losses on a quarterly basis based upon management's periodic review of accrued interest receivable.

Management considers forward-looking information in estimating expected credit losses. For the collectability of contractual term that extends beyond the loans in light reasonable and supportable forecast period, the Company reverts to the long term average of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability factors using a straight-line approach. The Company uses a four-quarter forecast with immediate reversion to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are individually evaluated for impairment. A specific reserve is established when the underlying discounted collateral value (or present value of estimated future cash flows) of the impaired loan is lower than the carrying value of that loan.

The general component covers loans not considered to be impaired. Such loans are pooled by segment and losses are modeled using annualized historical loss experience adjusted for qualitative factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company over the most recent 60-month period with the exception of the SBA loan portfolio which uses lookback periods of 24 to 48 months.
losses.

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The Company's historical 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 estimated 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 then adjusted for qualitative factors that are reviewed on a quarterly basis based on the risks present for each portfolio segment. Management considers (1) changes and trends in the following qualitative loss factors: levels of and trends Company's lending policy, (2) changes in delinquencies and impaired loans; trends in the volume and term of new loan originations; international, national, regional and local economic trends and conditions; changes in lending policies, procedures and practices; 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, and other staff; (5) changes in the quality volume and depth severity of past due loans and other similar conditions, (6) changes in the quality of the Company's loan review system; trends in collateral valuation system, (7) changes in the Company's lending area; value of underlying collateral, (8) the existence and effect of any concentrations of credit and other factors as determined by management including peer data and prevailing economic conditions. Each qualitative factor is evaluated and a qualitative factor adjustment is applied to the actual historical loss factors in determining the adjusted loss factors used in management's allowance for loan losses adequacy calculation.

Management exercises significant judgment in evaluating the relevant historical loss experience and the qualitative factors. Management also monitors the differences between estimated and actual incurred loan losses for loans considered impaired in order to evaluate the effectiveness of the estimation process and make any changes in the methodology levels of such concentrations and (9) the effect of other external factors such as necessary. 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 are considered in and measures and adjusts the allowance for loan loss analysis: residential ACL using the following methods:

Residential real estate commercial real estate (including single tenant net lease and loans originated through SBA programs), multi-family residential real estate, construction, land and land development, commercial business (including loans originated through SBA programs) and consumer.

– Residential real estate loans (including first-lien home equity lines of credit) primarily consist of represent loans to individuals consumers for the purchase or refinance financing of their primary residence, with a small portion of the segment secured by non-owner-occupied residence. Our residential investment properties. The risks associated with residential real estate loans are closely correlated lending policies and procedures conform to the local housing secondary market and general economic conditions, guidelines, utilizing underwriting processes that rely on empirical data to assess credit risk as repayment well as analysis of the loans is primarily dependent on the borrower's or tenant's personal cash flow and employment status.

Commercial real estate loans include the single tenant net lease loans and loans originated through SBA programs in addition to the Company's core commercial loans, and are comprised of loans secured by various types of collateral including office buildings, warehouses, retail space and mixed use buildings located in the Company's primary lending area and in other states. Risks related to commercial real estate lending are related to the market value of the property taken as collateral, the underlying cash flows and general economic conditions. Repayment of these loans is generally dependent on the ability of the borrower to attract tenants at lease rates that provide for adequate debt service and can be impacted by general economic conditions, which impact vacancy rates. The Company generally obtains loan guarantees from financially capable parties for commercial real estate loans.

Multi-family residential real estate loans primarily consist of loans secured by apartment buildings and other multi-tenant developments generally located in the Company's primary lending area. Repayment of these loans is primarily dependent on the borrower's ability to attract tenants repay their obligations, credit history, the amount of any down payment and collect rents that provide for adequate debt service. The risks associated with these loans are closely correlated to the local housing market and general economic conditions.

Construction loans consist of single-family residential properties, multi-family properties and commercial projects, and include both owner-occupied and speculative investment properties. Risks inherent in construction lending are related to the market value or other characteristics of the property held as collateral, the cost property. We generally offer a mix of adjustable-rate mortgage loans and timing fixed-rate mortgage loans with terms of constructing or improving a property, the borrower's ability 10 to use funds generated by a project to service a loan until a project is completed, movements in interest rates and the real estate market during the construction phase, and the ability of the borrower to obtain permanent financing.

Land and land development loans primarily consist of loans secured by farmland and vacant land held for long-term investment or development. The risks associated with land and land development loans are related to the market value of the property taken as collateral and the underlying cash flows for loans secured by farmland, and general economic conditions. 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 business real estate, single tenant net lease and multifamily – The Company offers fixed and adjustable-rate mortgage loans include loans originated through SBA programs and lines of credit to businesses, term loans and letters of credit secured by business assets such as equipment, accounts receivable, inventory, or other assets excluding commercial real estate and are generally made to finance capital expenditures or fund operations. Commercial loans contain risks related to the value of the collateral securing the loan and the repayment is primarily dependent upon the financial success and viability of the borrower. As with 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 obtains 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 guarantees from financially capable parties 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.

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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.

Consumer loans consist 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 and other loans secured by junior liens on with interest rates equal to a margin above the borrower's personal residence, home improvement loans, automobile prime lending rate. We also offer auto and truck loans, personal loans and small boat loans. Consumer loans mobile 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 secured 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 $1.9 million as of December 31, 2023. There was no ACL on unfunded commitments at September 30, 2023. Additionally, the Company recorded a credit for credit losses on unfunded commitments of $58,000 for the three months ended December 31, 2023. There was no provision for credit losses on unfunded commitments for the three months ended December 31, 2022.

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

The Company measures expected credit losses on HTM securities on a collective basis by savings deposits 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,

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the Company records the decline in fair value through other personal loans. comprehensive income, net of related income tax effects. The risks associated with these loans 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 local housing market and local economic conditions including the unemployment level.

There were no significant changes to the Company's accounting policies or methodology used to estimate the allowance for loan credit losses during the nine-month period ended June 30, 2023.
on AFS securities.
Impaired Collateral Dependent Loans

A loan is considered impaired 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 impairment collateral dependency include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally Individually evaluated loans are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is 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 impaired. 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 an impaired a collateral dependent loan. In instances where it is not deemed necessary to obtain a new appraisal, management would base its impairment and allowance for loan credit loss analysis on the original appraisal with adjustments for current conditions based on management's assessment of market factors and management's inspection of the property.

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Troubled Debt Restructurings Financial Difficulty Modifications

The modification of a loan is considered to be a Effective October 1, 2023, the Company prospectively adopted ASU 2022-02, which eliminated the accounting for troubled debt restructuring restructurings ("TDR" TDRs") if while establishing a new standard for the debtor is disclosure of modifications made to borrowers experiencing financial difficulties and (Financial Difficulty Modifications, or "FDMs"). As such, effective with the adoption of the standard, the Company grants a concession to prospectively will not include performing FDMs in the debtor that it would calculation of nonperforming loans, nonperforming assets or classified assets. Prior period data, which included TDRs, has not otherwise consider. By granting the concession, the Company expects to obtain more cash or other value from the debtor, or to increase the probability of receipt, than would be expected by not granting the concession. The concession may include, but is not limited to, reduction of the stated interest rate of the loan, reduction of accrued interest, extension of the maturity date or reduction of the face amount of the debt. A concession will be granted when, as a result of the restructuring, the Company does not expect to collect all amounts due, including interest at the original stated rate. A concession may also be granted if the debtor is not able to access funds elsewhere at a market rate for debt with similar risk characteristics as the restructured debt. The Company's determination of whether a loan modification is a TDR considers the individual facts and circumstances surrounding each modification.

A TDR can involve a loan remaining on nonaccrual, moving to nonaccrual or continuing on accrual status, depending on the individual facts and circumstances of the borrower. Generally, a nonaccrual loan that is restructured in a TDR remains on nonaccrual status for a period of at least six months following the restructuring in order to ensure that the borrower performs in accordance with the restructured terms, including consistent and timely payments of at least six consecutive months according to the restructured terms. 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.

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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 temporarily impaired prior to maturity or recovery of the recorded value. The Company recorded no reserves on investment securities for the three months ended December 31, 2023 or 2022.

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 $1.3 million at December 31, 2023. There were no HTM securities on nonaccrual status or past due as of December 31, 2023 or September 30, 2023. Therefore, the Company did not record an allowance for credit losses for these securities as of December 31, 2023 or September 30, 2023.

Debt Securities Available for Sale and Held to Maturity

The amortized cost following tables provide a summary of debt securities available for sale and held to maturity and their approximate fair values are as follows: maturity:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Fair Value
	(In thousands)							
June 30, 2023:								

					(In thousands)			
December 31, 2023:								
Debt securities available for sale:								
U.S. Treasury bills and notes	$ 31,798	$ —	$ 3,329	$ 28,469				
U.S. Treasury notes					$ 30,632	$ —	$ 3,193	$ 27,439
Agency mortgage-backed	29,235	1	2,917	26,319	28,090	2	2,654	25,438
Agency CMO	14,206	—	1,030	13,176	13,877	—	999	12,878
Privately-issued CMO	432	3	27	408	412	2	26	388
Privately-issued ABS	458	14	3	469	388	14	1	401
SBA certificates	11,707	—	462	11,245	11,537	—	326	11,211
Municipal bonds	180,814	293	14,452	166,655	175,841	1,021	10,791	166,071
Other	2,000	—	344	1,656	2,000	—	288	1,712
Total debt securities available for sale	$ 270,650	$ 311	$ 22,564	$ 248,397	$262,777	$ 1,039	$18,278	$245,538
Debt securities held to maturity:								
Agency mortgage-backed	$ 37	$ —	$ 1	$ 36	$ 34	$ —	$ —	$ 34
Municipal bonds	1,354	21	—	1,375	1,229	23	—	1,252
Total debt securities held to maturity	$ 1,391	$ 21	$ 1	$ 1,411	$ 1,263	$ 23	$ —	$ 1,286

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	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Fair Value
		(In thousands)						
September 30, 2022:								

					(In thousands)			
September 30, 2023:								
Debt securities available for sale:								
U.S. Treasury bills and notes	$ 30,809	$ —	$ 3,514	$ 27,295				
U.S. Treasury notes					$ 30,598	$ —	$ 4,649	$ 25,949
Agency mortgage-backed	30,786	3	3,289	27,500	28,542	—	4,274	24,268
Agency CMO	15,562	—	741	14,821	14,064	—	1,322	12,742
Privately-issued CMO	495	4	29	470	424	2	30	396
Privately-issued ABS	561	16	8	569	433	13	3	443
SBA certificates	12,255	1	244	12,012	11,587	—	842	10,745
Municipal bonds	260,326	167	26,643	233,850	177,561	19	26,096	151,484
Subordinated debt					2,000	—	288	1,712
Total debt securities available for sale	$ 350,794	$ 191	$ 34,468	$ 316,517	$ 265,209	$ 34	$ 37,504	$ 227,739
Debt securities held to maturity:								
Agency mortgage-backed	$ 45	$ —	$ —	$ 45	$ 36	$ —	$ 1	$ 35
Municipal bonds	1,513	35	—	1,548	1,264	4	—	1,268
Total debt securities held to maturity	$ 1,558	$ 35	$ —	$ 1,593	$ 1,300	$ 4	$ 1	$ 1,303

The amortized cost and fair value of investment securities as of June 30, 2023 December 31, 2023 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		Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(In thousands)				(In thousands)		
Due within one year	$ 4,570	$ 4,538	$ 251	$ 253	$ 2,594	$ 2,570	$ 253	$ 256
Due after one year through five years	9,576	9,466	694	704	8,663	8,649	632	644
Due after five years through ten years	48,048	43,969	409	418	45,354	41,504	344	352

Due after ten years	152,418	138,807	—	—	151,862	142,499	—	—
CMO	14,638	13,584	—	—	14,289	13,266	—	—
ABS	458	469	—	—	388	401	—	—
SBA certificates	11,707	11,245	—	—	11,537	11,211	—	—
Mortgage-backed securities	29,235	26,319	37	36	28,090	25,438	34	34
	$ 270,650	$ 248,397	$ 1,391	$ 1,411	$262,777	$245,538	$ 1,263	$1,286

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Information pertaining to investment securities with The following tables provide the fair value and gross unrealized losses at June 30, 2023 and September 30, 2022, 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 that the individual securities have been in a continuous loss position, follows: position:

	Number of Investment Positions	Fair Value	Gross Unrealized Losses	Number of Investment Positions	Fair Value	Gross Unrealized Losses
		(Dollars in thousands)				
June 30, 2023:						
					(Dollars in thousands)	
December 31,2023:						
Debt securities available for sale:						
Continuous loss position less than twelve months:						
U.S. Treasury bills and notes	3	$ 879	$ 5			
U.S. Treasury notes				5	$ 1,599	$ 32
Municipal bonds				4	3,703	38
Other				1	1,712	288
Total less than twelve months				10	7,014	358
Continuous loss position more than twelve months:						
U.S. Treasury notes				1	25,840	3,161
Agency mortgage-backed				14	25,000	2,654
Agency CMO				15	12,878	999
Privately-issued CMO				1	343	26
Privately-issued ABS				1	179	1

SBA certificates				3	11,211	326
Municipal bonds				115	108,017	10,753
Total more than twelve months				150	183,468	17,920
Total debt securities available for sale				160	$190,482	$ 18,278
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	6	4,999	186	2	163	8
Agency CMO	2	5,328	320	1	4,249	462
SBA certificates	2	10,339	445	1	31	3
Municipal bonds	36	39,369	966	43	45,931	3,334
Other	1	1,656	344	1	1,712	288
Total less than twelve months	50	62,570	2,266	53	53,662	4,144
Continuous loss position more than twelve months:						
U.S. Treasury bills and notes	7	27,590	3,324			
U.S. Treasury notes				1	24,373	4,600
Agency mortgage-backed	10	21,007	2,731	15	23,859	4,266
Agency CMO	13	7,848	710	14	8,493	860
Privately-issued CMO	2	387	27	2	375	30
Privately-issued ABS	1	226	3	1	212	3
SBA certificates	1	896	17	2	10,714	839
Municipal bonds	101	92,677	13,486	115	95,185	22,762
Total more than twelve months	135	150,631	20,298	150	163,211	33,360
Total debt securities available for sale	185	$ 213,201	$ 22,564	203	$216,873	$ 37,504
Debt securities held to maturity:						
Continuous loss position less than twelve months:						
Total less than twelve months	—	—	—			
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			
September 30, 2022:						
Debt securities available for sale:						
Continuous loss position less than twelve months:						
U.S. Treasury bills and notes	7	$ 27,295	$ 3,514			
Agency mortgage-backed	14	24,987	2,749			
Agency CMO	12	8,896	551			
Privately-issued CMO	2	424	20			
SBA certificates	1	10,775	225			
Municipal bonds	259	193,002	24,922			
Total less than twelve months	295	265,379	31,981			

Continuous loss position more than twelve months:						
Agency mortgage-backed	1	2,169	540	1	$ 19	$ 1
Agency CMO	2	1,199	190			
Privately-issued CMO	1	19	9			
Privately-issued ABS	1	283	8			
SBA certificates	2	1,202	19			
Municipal bonds	7	6,263	1,721			
Total more than twelve months	14	11,135	2,487	1	19	1
Total debt securities available for sale	309	$ 276,514	$ 34,468			
Total debt securities held to maturity				1	$ 19	$ 1

At December 31, 2023, the Company did not have any securities held to maturity with an unrealized loss.

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At September 30, 2022, 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 did first assesses whether it intends to sell or it is more likely than not have any 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 held to maturity with available for sale in an unrealized loss.

Management loss position that do not meet the aforementioned criteria, the Company evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic whether the decline in fair value has resulted from credit losses or market conditions warrant such evaluation. Consideration is given to (1) the length of time and 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 has been of the security is less than its amortized cost (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. basis

The total debt securities available for sale debt securities in loss positions at June 30, 2023 December 31, 2023, which consisted of U.S. Treasury bills and notes, agency mortgage-backed securities, agency CMOs, privately-issued CMOs, privately-issued ABS, municipal bonds, and SBA certificates had a fair value as a percentage and other securities represented 78% of amortized cost total debt securities available for sale at December 31, 2023. All of 90.4%. The the municipal securities are issued by municipal governments and are generally secured by first mortgage loans and municipal project revenues or general obligations of the municipality. The total available for sale debt securities in a loss position at September 30, 2022 had a fair value as a percentage of amortized cost of 88.9%. 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 June 30, 2023 December 31, 2023, the Company held four five privately-issued CMO and ABS securities, acquired in a 2009 bank merger, with an aggregate amortized cost of $303,000 $623,000 and fair value of $305,000 $602,000 that have been downgraded to a substandard regulatory classification due to the securities credit quality rating by various rating agencies.

At June 30, 2023 December 31, 2023, two privately-issued CMO securities and one privately-issued ABS were in a loss position, and had depreciated approximately 4.67% 4.9% from the Company's carrying value and were collateralized by residential mortgage loans. These securities had a total fair value of $613,000 $522,000 and a total unrealized loss of $30,000 $27,000 at June 30, 2023 December 31, 2023. Based on the independent third party analysis of the expected cash flows, no other-than-temporary impairment credit loss was recognized during the three months ended June 30, 2023 December 31, 2023. An other-than temporary impairment charge of $28,000 was taken in the nine three months ended June 30, 2023. December 31, 2022, which was prior to the Company's adoption of CECL. While the Company does not anticipate additional credit-related impairment losses at June 30, 2023 December 31, 2023, 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. As management has the intent and ability to hold debt securities to maturity, or for until recovery in value to the foreseeable future amortized cost basis if classified as available for sale, no declines in value are deemed to be other-than-temporary. represent credit impairment. Additionally, based on the Company's credit assessment of debt securities available for sale in an unrealized loss position, the Company recorded no reserves for the three-month period ended December 31, 2023. The Company recorded $28,000 of other-than-temporary impairment loss for the three-month period ended December 31, 2022.

During the three and nine-month three-month periods ended June 30, 2023, the Company recognized $341,000 of gross gains December 31, 2023 and $881,000 of gross losses on 2022, there were no sales of debt securities available for sale securities. During the three and nine-month periods ended June 30, 2022, the Company recognized $489,000 of gross gains and $13,000 of gross losses on sales of available for sale securities. sale.

At June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023, available for sale debt securities with a total fair value of $56.2 million $55.2 million and $58.6 million $52.9 million, respectively, were pledged to secure FHLB borrowings.

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FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(Unaudited)

3. Loans and Allowance for Loan Credit Losses

Loans at June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023 consisted of the following:

	June 30, 2023	September 30, 2022	December 31, 2023	September 30, 2023
	(In thousands)		*(In thousands)*	
Real estate mortgage:				
Residential	$ 487,450	$ 368,211	$ 568,180	$ 528,410
Commercial	187,005	169,861	187,654	187,232
Single tenant net lease	740,967	674,567	766,351	757,388
SBA commercial (1)	49,661	59,379	48,106	47,078
Multifamily	35,260	32,411	39,273	34,892

Residential construction	18,758	18,261	32,979	24,924
Commercial construction	10,656	5,938	18,397	14,588
Land and land development	11,332	11,880	15,800	17,234
Commercial business	108,375	90,010	127,259	117,594
SBA commercial business (1)	18,008	20,282	16,852	16,939
Consumer	39,643	38,052	38,978	39,915
Total loans	1,707,115	1,488,852	1,859,829	1,786,194
Deferred loan origination fees and costs, net	1,012	1,052	913	949
Allowance for loan losses	(16,838)	(15,360)		
Allowance for credit losses			(18,789)	(16,900)
Loans, net	$ 1,691,289	$ 1,474,544	$1,841,953	$ 1,770,243

(1) Includes discounts on SBA loans of $3.7 million $3.3 million for December 31, 2023 and $4.3 million at June 30, 2023 and September 30, 2022, respectively. September 30, 2023.

During the nine-month three-month period ended June 30, 2023 December 31, 2023, there were no significant changes in the Company's lending activities or the methodology used to estimate the allowance for loan losses as disclosed in the Company's Annual Report on Form 10-K, as amended, for the fiscal year ended September 30, 2022 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 June 30, 2023 December 31, 2023 and September 30, 2023, the Company owned $30,000 $444,000 of residential real estate where physical possession has been obtained. At September 30, 2022, the Company did not own any residential real estate properties where physical possession has been obtained. At June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023, the recorded investment in consumer mortgage loans collateralized by residential real estate properties in the process of foreclosure was $75,000 and $204,000, respectively.

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The following table provides the components of loans as of June 30, 2023: $539,000.

Loans as Evaluated for Impairment:	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans
Residential real estate	$ 3,010	$ 484,440	$ 487,450
Commercial real estate	889	186,116	187,005
Single tenant net lease	—	740,967	740,967
SBA commercial real estate	7,728	41,933	49,661
Multifamily	327	34,933	35,260
Residential construction	—	18,758	18,758
Commercial construction	—	10,656	10,656
Land and land development	—	11,332	11,332
Commercial business	728	107,647	108,375
SBA commercial business	1,173	16,835	18,008
Consumer	225	39,418	39,643

	$ 14,080	$ 1,693,035	$ 1,707,115

The following table provides the components of loans as of September 30, 2022:

Loans as Evaluated for Impairment:	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans
Residential real estate	$ 2,244	$ 365,967	$ 368,211
Commercial real estate	908	168,953	169,861
Single tenant net lease	—	674,567	674,567
SBA commercial real estate	7,582	51,797	59,379
Multifamily	354	32,057	32,411
Residential construction	—	18,261	18,261
Commercial construction	—	5,938	5,938
Land and land development	—	11,880	11,880
Commercial business	998	89,012	90,010
SBA commercial business	1,077	19,205	20,282
Consumer	238	37,814	38,052
	$ 13,401	$ 1,475,451	$ 1,488,852

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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 loan credit losses by portfolio segment and based on impairment method as of June 30, 2023 and September 30, 2022 September 30, 2023:

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Ending Balance	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Ending Balance
		(In thousands)				
June 30, 2023:						
					(In thousands)	
September 30, 2023:						
Residential real estate	$ 37	$ 4,095	$ 4,132	$ 74	$ 4,567	$ 4,641
Commercial real estate	—	1,783	1,783	2	1,775	1,777
Single tenant net lease	—	3,723	3,723	—	3,810	3,810
SBA commercial real estate	192	2,116	2,308	—	1,922	1,922
Multifamily	—	265	265	—	268	268
Residential construction	—	327	327	—	434	434
Commercial construction	—	206	206	—	282	282
Land and land development	—	201	201	—	307	307
Commercial business	21	1,472	1,493	111	1,603	1,714
SBA commercial business	577	1,345	1,922	187	1,060	1,247
Consumer	169	309	478	189	309	498
	$ 996	$ 15,842	$ 16,838	$ 563	$ 16,337	$16,900
September 30, 2022:						
Residential real estate	$ —	$ 2,716	$ 2,716			
Commercial real estate	—	1,590	1,590			
Single tenant net lease	—	3,838	3,838			
SBA commercial real estate	290	2,288	2,578			
Multifamily	—	251	251			
Residential construction	—	305	305			
Commercial construction	—	107	107			
Land and land development	—	212	212			
Commercial business	—	1,193	1,193			
SBA commercial business	674	1,448	2,122			
Consumer	—	448	448			
	$ 964	$ 14,396	$ 15,360			

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The following table presents the activity in the allowance for loan credit losses by portfolio segment for the three months ended June 30, 2023 December 31, 2023 and 2022:

	Beginning Balance	Provisions (Credits)	Charge-Offs	Recoveries	Ending Balance	Beginning Balance	Adoption of ASC 326	Provisions (Credits)	Charge-Offs	Recoveries
		(In thousands)								
June 30, 2023:										
								(In thousands)		
December 31, 2023:										
Residential real estate	$ 3,537	$ 603	$ (8)	$ —	$ 4,132	$ 4,641	$ 1,037	$ 9	$ —	$ 1
Commercial real estate	1,783	—	—	—	1,783	1,777	255	(235)	—	—
Single tenant net lease	3,726	(3)	—	—	3,723	3,810	222	48	—	—
SBA commercial real estate	2,607	(263)	(39)	3	2,308	1,922	511	379	(2)	61
Multifamily	326	(61)	—	—	265	268	(21)	74	—	—
Residential construction	246	81	—	—	327	434	(226)	96	—	—
Commercial construction	83	123	—	—	206	282	43	59	—	—
Land and land development	198	3	—	—	201	307	(74)	(36)	—	—
Commercial business	1,322	162	—	9	1,493	1,714	(495)	3	—	—
SBA commercial business	2,088	(177)	—	11	1,922	1,247	160	72	(3)	23
Consumer	542	(27)	(46)	9	478	498	17	—	(108)	19
	$ 16,458	$ 441	$ (93)	$ 32	$ 16,838	$ 16,900	$ 1,429	$ 469	$ (113)	$ 104

June 30, 2022:										
December 31, 2022:										
Residential real estate	$ 1,345	$ 1,091	$ —	$ 5	$ 2,441	$ 2,716	$ —	$ 382	$ —	$ 2
Commercial real estate	2,451	(916)	—	—	1,535	1,590	—	161	—	—
Single tenant net lease	2,619	944	—	—	3,563	3,838	—	(34)	—	—
SBA commercial real estate	3,633	(745)	(71)	15	2,832	2,578	—	(106)	(74)	—
Multifamily	353	(90)	—	—	263	251	—	1	—	—
Residential construction	233	55	—	—	288	305	—	62	—	—
Commercial construction	67	21	—	—	88	107	—	(24)	—	—
Land and land development	243	(82)	—	—	161	212	—	(12)	—	—
Commercial business	1,303	(93)	—	30	1,240	1,193	—	32	—	30
SBA commercial business	1,775	377	(1)	20	2,171	2,122	—	390	(190)	16
Consumer	453	(30)	(37)	12	398	448	—	132	(65)	17
	$ 14,475	$ 532	$ (109)	$ 82	$ 14,980	$ 15,360	$ —	$ 984	$ (329)	$ 65

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The following table presents the activity in average balance of impaired loans individually evaluated for impairment as of December 31, 2022, prior to the allowance for loan losses by portfolio segment Company's adoption of ASU 2016-13 and interest income recognized on impaired loans for the nine months three-month period ended June 30, 2023 and 2022: December 31, 2022. The Company did not recognize any interest income on impaired loans using the cash receipts method during the three-month period ended December 31, 2022.

	Beginning Balance	Provisions (Credits)	Charge-Offs	Recoveries	Ending Balance	Average Recorded Balance	Interest Income Recognized
	(In thousands)						
June 30, 2023:							

							(In thousands)
Loans with no related ACL recorded:							
Residential real estate	$ 2,716	$ 1,409	$ (8)	$ 15	$ 4,132	$ 2,891	$ 15
Commercial real estate	1,590	193	—	—	1,783	971	7
Single tenant net lease	3,838	(115)	—	—	3,723	—	—
SBA commercial real estate	2,578	(157)	(116)	3	2,308	7,033	—
Multifamily	251	14	—	—	265	393	5
Residential construction	305	22	—	—	327	—	—
Commercial construction	107	99	—	—	206	—	—
Land and land development	212	(11)	—	—	201	—	—
Commercial business	1,193	231	—	69	1,493	1,068	12
SBA commercial business	2,122	(49)	(190)	39	1,922	757	—
Consumer	448	161	(167)	36	478	77	—
	$ 15,360	$ 1,797	$ (481)	$ 162	$16,838	$13,190	$ 39
June 30, 2022:							
Loans with an ACL recorded:							
Residential real estate	$ 1,438	$ 1,015	$ (23)	$ 11	$ 2,441	$ —	$ —
Commercial real estate	2,806	(1,271)	—	—	1,535	—	—
Single tenant net lease	2,422	1,141	—	—	3,563	—	—
SBA commercial real estate	3,475	(548)	(110)	15	2,832	1,665	—
Multifamily	518	(255)	—	—	263	—	—
Residential construction	191	97	—	—	288	—	—
Commercial construction	63	25	—	—	88	—	—
Land and land development	235	(74)	—	—	161	—	—
Commercial business	1,284	(133)	—	89	1,240	67	—
SBA commercial business	1,346	1,059	(285)	51	2,171	1,267	—
Consumer	523	(28)	(127)	30	398	184	—
	$ 14,301	$ 1,028	$ (545)	$ 196	$14,980	$ 3,183	$ —
Total:							
Residential real estate						$ 2,891	$ 15
Commercial real estate						971	7
Single tenant net lease						—	—
SBA commercial real estate						8,698	—
Multifamily						393	5
Residential construction						—	—
Commercial construction						—	—
Land and land development						—	—
Commercial business						1,135	12
SBA commercial business						2,024	—
Consumer						261	—
						$16,373	$ 39

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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	945	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

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FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

(Unaudited)

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 December 31, 2023 for which there was no related allowance for credit losses.

The Company recognized no interest income related to nonaccrual loans for the three-month period ended December 31, 2023.

	At December 31, 2023			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)		
Residential real estate	$ 2,519	$ 1,662	$ —	$ 2,426	$ —
Commercial real estate	504	504	—	511	—
Single tenant net lease	—	—	—	—	—
SBA commercial real estate	8,248	6,929	—	7,415	—
Multifamily	304	304	—	318	—
Residential construction	—	—	—	—	—
Commercial construction	—	—	—	—	—
Land and land development	—	—	—	—	—
Commercial business	1,770	512	—	1,946	—
SBA commercial business	2,015	1,463	—	1,099	—
Consumer	148	12	—	233	—
Total	$ 15,508	$ 11,386	$ —	$ 13,948	$ —

The following table presents the amortized cost basis of collateral dependent loans by collateral types, which are individually evaluated to determine expected credit losses:

	December 31, 2023		
	Real Estate	Other	Total
Residential real estate	$ 2,519	$ —	$ 2,519
Commercial real estate	504	—	504
SBA commercial real estate	8,248	—	8,248
Multifamily	304	—	304
Commercial business	—	1,770	1,770
SBA commercial business	—	2,015	2,015
Consumer	—	148	148
	$ 11,575	$ 3,933	$ 15,508

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The following table presents the aging of past due loans at December 31, 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	$ 2,649	$ 228	$ 1,932	$ 4,809	$ 563,371	$ 568,180
Commercial real estate	448	504	—	952	186,702	187,654
Single tenant net lease	—	—	—	—	766,351	766,351
SBA commercial real estate	470	328	3,908	4,706	43,400	48,106
Multifamily	—	—	—	—	39,273	39,273
Residential construction	—	—	—	—	32,979	32,979
Commercial construction	—	—	—	—	18,397	18,397
Land and land development	—	—	—	—	15,800	15,800
Commercial business	184	122	51	357	126,902	127,259
SBA commercial business	—	25	772	797	16,055	16,852
Consumer	292	—	7	299	38,679	38,978
Total	$ 4,043	$ 1,207	$ 6,670	$ 11,920	$ 1,847,909	$ 1,859,829

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

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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 December 31, 2023, 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:

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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	$ 11,015	$ 36,173	$ 68,655	$ 31,544	$ 15,826	$ 60,977	$ 341,898	$ —	$ 566,088
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	116	717	441	—	491	306	—	2,071
Doubtful	—	—	—	—	—	21	—	—	21
Loss	—	—	—	—	—	—	—	—	—
Total residential real estate	11,015	36,289	69,372	31,985	15,826	61,489	342,204	—	568,180
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial real estate									
Pass	5,431	26,730	65,560	23,718	9,398	56,114	—	—	$ 186,951

Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	504	—	—	23	176	—	—	703
Doubtful	—	—	—	—	—	—	—	—	21
Loss	—	—	—	—	—	—	—	—	—
Total commercial real estate	5,431	27,234	65,560	23,718	9,421	56,290	—	—	187,654
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Single tenant net lease commercial real estate									
Pass	17,388	154,911	285,497	72,562	102,620	133,373	—	—	766,351
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total single tenant net lease	17,388	154,911	285,497	72,562	102,620	133,373	—	—	766,351
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
SBA commercial real estate									
Pass	1,434	8,733	5,780	6,779	8,883	7,926	46	—	39,581
Special mention	—	—	277	—	—	—	—	—	277
Substandard	—	—	115	94	397	5,957	—	—	6,563
Doubtful	—	—	—	—	—	1,624	—	—	1,624
Loss	—	—	—	—	—	61	—	—	61
Total SBA commercial real estate	1,434	8,733	6,172	6,873	9,280	15,568	46	—	48,106
YTD gross charge-offs	—	—	—	—	—	2	—	—	2

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The following table presents impaired loans individually evaluated for impairment as of June 30, 2023 and for the three and nine-months ended June 30, 2023 and 2022. The Company did not recognize any interest income on impaired loans using the cash receipts method during the three and nine-month periods ended June 30, 2023 and 2022.Loans Amortized Cost Basis by Origination Fiscal Year End September 30

	At June 30, 2023			Three Months Ended June 30,				Nine Months Ended June 30,			
				2023	2023	2022	2022	2023	2023	2022	2022
	Recorded Balance	Unpaid Principal Balance	Related Allowance	Average Recorded Balance	Interest Income Recognized	Average Recorded Balance	Interest Income Recognized	Average Recorded Balance	Interest Income Recognized	Average Recorded Balance	Interest Income Recognized
				(In thousands)							
Loans with no related allowance recorded:											
Residential real estate	$ 2,488	$ 2,737	$ —	$ 3,306	$ 16	$ 3,129	$ 15	$ 3,070	$ 46	$ 3,286	$ 44
Commercial real estate	889	959	—	969	8	1,024	7	970	21	1,052	21
Single tenant net lease	—	—	—	—	—	—	—	—	—	—	—

SBA commercial real estate	6,783	8,407	—	8,427	—	6,441	—	8,189	—	7,271	—
Multifamily	327	371	—	375	4	411	3	384	14	419	5
Residential construction	—	—	—	—	—	—	—	—	—	—	—
Commercial construction	—	—	—	—	—	—	—	—	—	—	—
Land and land development	—	—	—	—	—	—	—	—	—	—	—
Commercial business	676	777	—	815	11	1,188	10	947	35	1,350	18
SBA commercial business	327	1,070	—	1,070	—	444	—	986	—	473	—
Consumer	56	37	—	54	—	100	—	65	—	94	1
	$ 11,546	$ 14,358	$ —	$ 15,016	$ 39	$ 12,737	$ 35	$ 14,611	$ 116	$ 13,945	$ 89
Loans with an allowance recorded:											
Residential real estate	$ 522	$ 500	$ 37	$ 250	$ —	$ 261	$ —	$ 125	$ —	$ 257	$ —
Commercial real estate	—	—	—	—	—	—	—	—	—	—	—
Single tenant net lease	—	—	—	—	—	—	—	—	—	—	—
SBA commercial real estate	945	945	192	1,201	—	1,510	—	1,433	—	1,267	—
Multifamily	—	—	—	—	—	—	—	—	—	—	—
Residential construction	—	—	—	—	—	—	—	—	—	—	—
Commercial construction	—	—	—	—	—	—	—	—	—	—	—
Land and land development	—	—	—	—	—	—	—	—	—	—	—
Commercial business	52	135	21	135	—	—	—	101	—	—	—
SBA commercial business	846	1,032	577	1,138	—	454	—	1,202	—	337	—
Consumer	169	169	169	196	—	154	—	190	—	146	—
	$ 2,534	$ 2,781	$ 996	$ 2,920	$ —	$ 2,379	$ —	$ 3,051	$ —	$ 2,007	$ —
Total:											
Residential real estate	$ 3,010	$ 3,237	$ 37	$ 3,556	$ 16	$ 3,390	$ 15	$ 3,195	$ 46	$ 3,543	$ 44
Commercial real estate	889	959	—	969	8	1,024	7	970	21	1,052	21
Single tenant net lease	—	—	—	—	—	—	—	—	—	—	—
SBA commercial real estate	7,728	9,352	192	9,628	—	7,951	—	9,622	—	8,538	—
Multifamily	327	371	—	375	4	411	3	384	14	419	5
Residential construction	—	—	—	—	—	—	—	—	—	—	—
Commercial construction	—	—	—	—	—	—	—	—	—	—	—
Land and land development	—	—	—	—	—	—	—	—	—	—	—
Commercial business	728	912	21	950	11	1,188	10	1,048	35	1,350	18
SBA commercial business	1,173	2,102	577	2,208	—	898	—	2,188	—	810	—
Consumer	225	206	169	250	—	254	—	255	—	240	1
	$ 14,080	$ 17,139	$ 996	$ 17,936	$ 39	$ 15,116	$ 35	$ 17,662	$ 116	$ 15,952	$ 89

(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted To Term	Total
Multifamily real estate									
Pass	5,000	2,577	7,345	5,584	11,302	7,161	—	—	38,969
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	304	—	304
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total multifamily real estate	5,000	2,577	7,345	5,584	11,302	7,465	—	—	39,273
YTD gross charge-offs	—	—	—	—	—	—	—	—	—

Residential construction									
Pass	1,107	14,361	17,511	—	—	—	—	—	32,979
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total residential construction	1,107	14,361	17,511	—	—	—	—	—	32,979
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial construction									
Pass	—	14,187	4,210	—	—	—	—	—	18,397
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total commercial construction	—	14,187	4,210	—	—	—	—	—	18,397
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Land and land development									
Pass	347	7,255	5,439	1,121	411	1,227	—	—	15,800
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total land and land development	347	7,255	5,439	1,121	411	1,227	—	—	15,800
YTD gross charge-offs	—	—	—	—	—	—	—	—	—

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The following table presents impaired loans individually evaluated for impairment as of September 30, 2022.

	Recorded Balance	Unpaid Principal Balance	Related Allowance
		(In thousands)	
Loans with no related allowance recorded:			
Residential real estate	$ 2,244	$ 2,524	$ —
Commercial real estate	908	982	—
Single tenant net lease	—	—	—
SBA commercial real estate	5,213	5,952	—
Multifamily	354	398	—
Residential construction	—	—	—
Commercial construction	—	—	—
Land and land development	—	—	—

Commercial business	998	1,189	—
SBA commercial business	221	532	—
Consumer	93	81	—
	$ 10,031	$ 11,658	$ —
Loans with an allowance recorded:			
Residential real estate	$ —	$ —	$ —
Commercial real estate	—	—	—
Single tenant net lease	—	—	—
SBA commercial real estate	2,369	2,919	290
Multifamily	—	—	—
Residential construction	—	—	—
Commercial construction	—	—	—
Land and land development	—	—	—
Commercial business	—	—	—
SBA commercial business	856	1,349	674
Consumer	145	145	—
	$ 3,370	$ 4,413	$ 964
Total:			
Residential real estate	$ 2,244	$ 2,524	$ —
Commercial real estate	908	982	—
Single tenant net lease	—	—	—
SBA commercial real estate	7,582	8,871	290
Multifamily	354	398	—
Residential construction	—	—	—
Commercial construction	—	—	—
Land and land development	—	—	—
Commercial business	998	1,189	—
SBA commercial business	1,077	1,881	674
Consumer	238	226	—
	$ 13,401	$ 16,071	$ 964

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Nonperforming loans consist of nonaccrual loans and loans over 90 days past due and still accruing interest. The following table presents the recorded investment in nonperforming loans at June 30, 2023 and September 30, 2022:

	At June 30,2023			At September 30, 2022		
	Nonaccrual Loans	Loans 90+ Days Past Due Still Accruing	Total Nonperforming Loans	Nonaccrual Loans	Loans 90+ Days Past Due Still Accruing	Total Nonperforming Loans
	(In thousands)					

Residential real estate	$ 1,995	$ —	$ 1,995	$ 1,214	$ —	$ 1,214
Commercial real estate	524	—	524	518	—	518
Single tenant net lease	—	—	—	—	—	—
SBA commercial real estate	7,728	—	7,728	7,582	—	7,582
Multifamily	—	—	—	—	—	—
Residential construction	—	—	—	—	—	—
Commercial construction	—	—	—	—	—	—
Land and land development	—	—	—	—	—	—
Commercial business	62	—	62	73	—	73
SBA commercial business	1,173	—	1,173	1,077	—	1,077
Consumer	225	—	225	238	—	238
Total	$ 11,707	$ —	$ 11,707	$ 10,702	$ —	$ 10,702

The following table presents the aging of past due loans at June 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	$ 620	$ 118	$ 1,422	$ 2,160	$ 485,290	$ 487,450
Commercial real estate	63	—	—	63	186,942	187,005
Single tenant net lease	—	—	—	—	740,967	740,967
SBA commercial real estate	651	—	4,063	4,714	44,947	49,661
Multifamily	—	—	—	—	35,260	35,260
Residential construction	—	—	—	—	18,758	18,758
Commercial construction	—	—	—	—	10,656	10,656
Land and land development	—	—	—	—	11,332	11,332
Commercial business	40	201	52	293	108,082	108,375
SBA commercial business	—	56	614	670	17,338	18,008
Consumer	86	7	55	148	39,495	39,643
Total	$ 1,460	$ 382	$ 6,206	$ 8,048	$ 1,699,067	$ 1,707,115

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FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

(Unaudited)

The following table presents the aging of past due loans at September 30, 2022:Loans Amortized Cost Basis by Origination Fiscal Year End September 30

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Loans	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted To Term
			(In thousands)											
(In thousands)														

Residential real estate	$ 1,164	$ 53	$ 204	$1,421	$ 366,790	$ 368,211								
Commercial real estate	—	—	518	518	169,343	169,861								
Single tenant net lease	—	—	—	—	674,567	674,567								
SBA commercial real estate	—	—	3,306	3,306	56,073	59,379								
Multifamily	—	—	—	—	32,411	32,411								
Residential construction	—	—	—	—	18,261	18,261								
Commercial construction	—	—	—	—	5,938	5,938								
Land and land development	—	—	—	—	11,880	11,880								
Commercial business	—	—	73	73	89,937	90,010								
Pass							11,109	59,498	30,835	13,255	4,140	6,652	—	—
Special mention							—	—	—	—	—	—	—	—
Substandard							—	1,017	195	46	4	508	—	—
Doubtful							—	—	—	—	—	—	—	—
Loss							—	—	—	—	—	—	—	—
Total commercial business							11,109	60,515	31,030	13,301	4,144	7,160	—	—
YTD gross charge-offs							—	—	—	—	—	—	—	—
SBA commercial business	226	—	238	464	19,818	20,282								
Pass							1,289	2,327	765	1,258	4,796	3,808	375	—
Special mention							—	—	—	—	—	—	—	—
Substandard							—	—	—	60	54	2,109	—	—
Doubtful							—	—	—	—	—	9	—	—
Loss							—	—	—	—	—	2	—	—
Total SBA commercial business							1,289	2,327	765	1,318	4,850	5,928	375	—
YTD gross charge-offs							—	—	—	—	—	3	—	—
Consumer	93	—	58	151	37,901	38,052								
Pass							1,374	5,400	4,352	673	396	273	26,498	—
Special mention							—	—	—	—	—	—	—	—
Substandard							—	2	2	—	—	—	8	—
Doubtful							—	—	—	—	—	—	—	—
Loss							—	—	—	—	—	—	—	—
Total consumer							1,374	5,402	4,354	673	396	273	26,506	—

YTD gross charge-offs	—	—	—	1	—	107	—	—

Total	$ 1,483	$ 53	$ 4,397	$5,933	$1,482,919	$1,488,852

Total loans								
Pass	55,494	332,152	495,949	156,494	157,772	277,511	368,817	—
Special mention	—	—	277	—	—	—	—	—
Substandard	—	1,693	1,029	641	478	9,545	314	—
Doubtful	—	—	—	—	—	1,654	—	—
Loss	—	—	—	—	—	63	—	—
Total loans	55,494	333,791	497,255	157,135	158,250	288,773	369,131	—
YTD gross charge-offs	—	—	—	1	—	112	—	—

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:

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.

FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(Unaudited)

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. The following table presents loans by risk category as of June 30, 2023:

June 30, 2023:	Pass	Special Mention	Substandard	Doubtful	Loss	Total
	(In thousands)					
Residential real estate	$ 485,173	$ —	$ 2,175	$ 99	$ 3	$ 487,450
Commercial real estate	186,276	—	729	—	—	187,005
Single tenant net lease	740,967	—	—	—	—	740,967
SBA commercial real estate	41,104	—	6,897	1,660	—	49,661
Multifamily	35,260	—	—	—	—	35,260
Residential construction	18,758	—	—	—	—	18,758

Commercial construction	10,656	—	—	—	—	10,656
Land and land development	11,332	—	—	—	—	11,332
Commercial business	108,310	—	65	—	—	108,375
SBA commercial business	15,168	—	2,800	40	—	18,008
Consumer	39,588	—	55	—	—	39,643
Total	$ 1,692,592	$ —	$ 12,721	$ 1,799	$ 3	$ 1,707,115

The following table presents loans by risk category as of September 30, 2022 September 30, 2023:

	Pass	Special Mention	Substandard	Doubtful	Loss	Total	Pass	Special Mention	Substandard	Doubtful	Loss	Total
September 30, 2022:												
September 30, 2023:												
	(In thousands)						*(In thousands)*					
Residential real estate	$ 366,542	$ —	$ 1,499	$ 170	$ —	$ 368,211	$ 525,735	$ —	$ 2,653	$ 22	$—	$ 528,410
Commercial real estate	169,133	—	728	—	—	169,861	186,520	—	712	—	—	187,232
Single tenant net lease	674,567	—	—	—	—	674,567	757,388	—	—	—	—	757,388
SBA commercial real estate	49,676	1,102	6,935	1,666	—	59,379	39,092	278	6,083	1,625	—	47,078
Multifamily	32,411	—	—	—	—	32,411	34,574	—	318	—	—	34,892
Residential construction	18,261	—	—	—	—	18,261	24,924	—	—	—	—	24,924
Commercial construction	5,938	—	—	—	—	5,938	14,588	—	—	—	—	14,588
Land and land development	11,880	—	—	—	—	11,880	17,234	—	—	—	—	17,234
Commercial business	89,675	250	85	—	—	90,010	115,647	40	1,907	—	—	117,594
SBA commercial business	17,271	274	2,696	41	—	20,282	14,572	—	2,327	40	—	16,939
Consumer	37,959	—	93	—	—	38,052	39,871	—	44	—	—	39,915

Total	$ 1,473,313	$ 1,626	$ 12,036	$ 1,877	$ —	$ 1,488,852	$1,770,145	$ 318	$ 14,044	$1,687	$—	$1,786,194

Troubled Debt Restructurings*Financial Difficulty Modifications*

Modification 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 a loan is considered modifications made to be a troubled debt restructuring (“TDR”) if the debtor is borrowers experiencing financial difficulties and (Financial Difficulty Modifications, or “FDMs”). As such, effective with the adoption of the standard, the Company grants 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 concession to borrower is in financial distress and may be in the debtor that it would not otherwise consider. By granting the concession, form of principal forgiveness, an interest rate reduction, a term extension or a significant payment delay. In some cases, the Company expects 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 obtain more cash experience financial difficulty, another modification, such as term extension and/or other value from the debtor, or to increase the probability of receipt, than would be expected by not granting the concession. The concession may include, but is not limited to, reduction of the stated 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 loan, reduction 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 accrued interest, extension of existing FDMs during the maturity date or reduction of the face amount or maturity amount of the debt. A concession will be granted when, as a result of the restructuring, the Company does not expect to collect all amounts due, including interest at the original stated rate. A concession may also be granted if the debtor is not able to access funds elsewhere at a market rate for debt with similar risk characteristics as the restructured debt. The Company’s determination of whether a loan modification is a TDR considers the individual facts and circumstances surrounding each modification. three months ended December 31, 2023.

FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(Unaudited)

Loans modified in a TDR may be retained on accrual status if the borrower has maintained a period of performance in which the borrower’s lending relationship was not greater than ninety days delinquent at the time of restructuring and the Company determines the future collection of principal and interest is reasonably assured. Loans modified in a TDR that are placed on nonaccrual status at the time of restructuring will continue on nonaccrual status until the Company determines the future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate a period of performance according to the restructured terms of at least six consecutive months. TDRs on nonaccrual status are evaluated individually for purposes of calculating an allowance for loan losses while performing TDRs are evaluated collectively.

The following table summarizes the Company’s recorded balance of investment in TDRs at June 30, 2023 and September 30, 2022. December 31, 2022, prior to adoption of ASU 2022-02. There was $101,000 $125,000 of specific reserve included in the allowance for loan losses related to TDRs at June 30, 2023. There was $161,000 of specific reserve included in the allowance for loan losses related to TDRs at September 30, 2022 December 31, 2022.

	Accruing	Nonaccrual	Total	Accruing	Nonaccrual	Total
		(In thousands)				
June 30, 2023:						

					(In thousands)	
December 31, 2022:						
Residential real estate	$ 1,015	$ —	$ 1,015	$ 1,021	$ —	$ 1,021
Commercial real estate	365	524	889	383	420	803
SBA commercial real estate	—	1,625	1,625	—	1,604	1,604
Multifamily	327	—	327	346	—	346
Commercial business	666	—	666	830	—	830
SBA commercial business	—	230	230	—	262	262
Total	$ 2,373	$ 2,379	$ 4,752	$ 2,580	$ 2,286	$ 4,866
September 30, 2022:						
Residential real estate	$ 1,030	$ —	$ 1,030			
Commercial real estate	390	432	822			
SBA commercial real estate	—	1,627	1,627			
Multifamily	354	—	354			
Commercial business	925	—	925			
SBA commercial business	—	265	265			
Total	$ 2,699	$ 2,324	$ 5,023			

The following table summarizes information regarding There were no TDRs that were restructured during the three-and nine-month periods three-months ended June 30, 2023 and 2022:

	Number of Loans	Pre-Modification Principal Balance	Post-Modification Principal Balance
		(Dollars in thousands)	
Three Months Ended June 30, 2023:			
Residential Real Estate	1	$ 31	$ 31
Total	1	$ 31	$ 31
Nine Months Ended June 30, 2023:			
Residential Real Estate	1	$ 31	$ 31
Total	1	$ 31	$ 31
Three Months Ended June 30, 2022:			
SBA commercial business	1	$ 397	$ 397
Total	1	$ 397	$ 397
Nine Months Ended June 30, 2022:			
SBA commercial business	1	$ 397	$ 397
Total	1	$ 397	$ 397

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December 31, 2022.

At June 30, 2023 and September 30, 2022 December 31, 2022, the Company had committed to lend $1,000 to customers with outstanding loans classified as TDRs.

There were no principal charge-offs totaling $3,000 as a result of loans previously designated as TDRs during the three-month period ended June 30, 2023. There were principal charge-offs totaling $6,000 as a result of loans previously designated as TDRs during the nine-month period ended June 30, 2023. There were no principal charge-offs recorded as a result of TDRs during the three- and nine-month periods ended June 30, 2022 December 31, 2022. 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 nine-month three-month periods ended June 30, 2023 December 31, 2022 and 2022, 2021, 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.

The unpaid principal balance of SBA loans serviced for others was $223.2 million, $238.9 million and $247.5 million at June 30, 2023, September 30, 2022 and June 30, 2022, respectively. Contractually specified late fees and ancillary fees earned on SBA loans were $35,000 and $70,000 for the three- and nine-month periods ended June 30, 2023, respectively. Contractually specified late fees and ancillary fees earned on SBA loans were $20,000 and $74,000 for the three- and nine-month periods ended June 30, 2022, respectively. Net servicing income (contractually specified servicing fees offset by direct servicing expenses) related to SBA loans was $578,000 and $1.7 million for the three- and nine-month periods ended June 30, 2023, respectively. Net servicing income (contractually specified servicing fees offset by direct servicing expenses) related to SBA loans was $606,000 and $1.9 million for the three- and nine-month periods ended June 30, 2022, respectively. Net servicing income and costs related to SBA loans are included 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 $211.3 million, $209.6 million and $237.9 million at December 31, 2023, September 30, 2023 and December 31, 2022, respectively. Contractually specified late fees and ancillary fees expensed on SBA loans were a credit of $9,000 for the three-month period ended December 31, 2023 compared to a debit of $21,000 for the three-month period ended December 31, 2022. Net servicing income (contractually specified servicing fees offset by direct servicing expenses) related to SBA loans was $464,000 and $553,000 for the three-month periods ended December 31, 2023 and 2022, 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 nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022 is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,		2023	2022
	2023	2022	2023	2022		
	(In thousands)				*(In thousands)*	
Balance, beginning of period	$ 3,727	$ 4,447	$ 3,790	$ 4,447	$ 2,950	$3,790
Servicing rights capitalized	147	112	606	772	257	198
Amortization	(170)	(219)	(560)	(771)	(143)	(195)
Direct write-offs	(330)	(103)	(641)	(217)	(217)	(141)
Change in valuation allowance	—	(187)	179	(181)	60	(351)
Balance, end of period	$ 3,374	$ 4,050	$ 3,374	$ 4,050	$ 2,907	$3,301

There was no valuation allowance related to SBA loan servicing rights at June 30, 2023 December 31, 2023. A There was a valuation allowance of $179,000 $60,000 related to SBA loan servicing rights at September 30, 2022 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.

A 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 entered into a letter of intent to sell the remaining residential MSRs at December 31, 2023 in the quarter ending 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 and December 31, 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 calculates calculated the present value of future cash flows and is was used to value the MSRs on a monthly basis. Management periodically compares compared the valuation model inputs and results to published industry data in order to validate the model results and assumptions. Key assumptions, which are significant unobservable inputs, used to estimate the fair value of the MSRs at June 30, 2023 and September 30, 2022 were as follows:

Assumption	Range of Assumption (Weighted Average) June September 30, 2023	Range of Assumption (Weighted Average) September 30, 2022
Discount rate	9.50% to 14.50% (9.52%)	9.50% 9.44% to 14.50% (9.51%)
Prepayment rate	5.00% to 79.91% (6.89%)	6.01% to 74.89% (6.63% 85.82% (6.82%)

The unpaid principal balance of residential mortgage loans serviced for others was $4.75 billion and $4.88 billion at June 30, 2023 and September 30, 2022, respectively. Custodial escrow balances maintained in connection with the foregoing loan servicing and other liabilities were $41.6 million and $46.0 million at June 30, 2023 and September 30, 2022, 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 $7.2 million for the three- and nine-month periods ended June 30, 2023, 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 $2.2 million and $6.6 million for the three- and nine-month periods ended June 30, 2022, respectively. Contractually specified servicing fees are included in mortgage banking income in the consolidated statements of income.

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The unpaid principal balance of residential mortgage loans serviced for others was $83.1 million and $4.77 billion at December 31, 2023 and September 30, 2023, respectively. The reason for the significant decline was the sale of substantially all of the Company's residential MSRs during the three-month period ended December 31, 2023, which also resulted in a significant reduction in custodial escrow balances. Custodial escrow balances maintained in connection with the foregoing loan servicing and other liabilities were $608,000 and $47.9 million at December 31, 2023 and September 30, 2023, 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 $1,000 and $2.4 million for the three-month periods ended December 31, 2023 and 2022, 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 nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022 were as follows:

					2023	2022
	Three Months Ended June 30,		Nine Months Ended June 30,			
	2023	2022	2023	2022		
	(In thousands)				(In thousands)	
Fair value, beginning of period	$ 61,194	$ 63,660	$63,263	$49,579	$ 59,768	$63,263
Servicing rights capitalized	764	2,731	1,202	10,581	509	142
Changes in fair value related to:						
Loan repayments	(1,073)	(1,695)	(3,137)	(6,117)	(666)	(1,023)
Sales					(58,765)	—
Change in valuation model inputs or assumptions	(236)	143	(679)	10,796	(137)	(217)
Balance, end of period	$ 60,649	$ 64,839	$60,649	$64,839	$ 709	$62,165

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 $43.5 million and $43.7 million at June 30, 2023 and September 30, 2022, respectively. Contractually specified servicing fees, late fees and other ancillary fees related to nonresidential mortgage loans serviced for others were $8,000 and $22,000 for the three- and nine-month periods ended June 30, 2023, respectively. Contractually specified servicing fees, late fees and other ancillary fees related to nonresidential mortgage loans serviced for others were $16,000 and $35,000 for the three- and nine-month periods ended June 30, 2022, 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 nine-month periods ended June 30, 2023 and 2022 is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
	(In thousands)			
Balance, beginning of period	$ 124	$ 160	$ 141	$ —

Servicing rights capitalized	—	—	—	160
Amortization	(8)	(10)	(25)	(10)
Direct write-offs	—	—	—	—
Change in valuation allowance	—	—	—	—
Balance, end of period	$ 116	$ 150	$ 116	$ 150

There was no valuation allowance related to nonresidential MSRs at June 30, 2023 and September 30, 2022.

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4. Deposits

Deposits The unpaid principal balance of nonresidential mortgage loans serviced for others was $40.3 million and $40.4 million at June 30, 2023 December 31, 2023 and September 30, 2022 consisted September 30, 2023, respectively. Contractually specified servicing fees, late fees and other ancillary fees related to nonresidential mortgage loans serviced for others were $4,000 and $9,000 for the three-month periods ended December 31, 2023 and 2022, 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 following: three-month periods ended December 31, 2023 and 2022 is as follows:

	June 30, 2023	September 30, 2022
	(In thousands)	
Noninterest-bearing demand deposits	$ 315,602	$ 340,172
NOW accounts	315,187	343,296
Money market accounts	301,787	238,219
Savings accounts	158,007	171,779
Retail time deposits	154,951	129,864
Brokered & reciprocal time deposits	414,231	292,504
Total	$ 1,659,765	$ 1,515,834

	2023	2022
	(In thousands)	
Balance, beginning of period	$ 101	$ 141
Servicing rights capitalized	—	—
Amortization	(6)	(9)
Direct write-offs	—	—
Change in valuation allowance	—	—
Balance, end of period	$ 95	$ 132

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

4. Deposits

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

	December 31,	September 30,

	2023	2023
	(In thousands)	
Noninterest-bearing demand deposits	$ 202,769	$ 242,237
NOW accounts	329,610	336,446
Money market accounts	312,521	323,739
Savings accounts	163,006	170,073
Retail time deposits	173,045	170,980
Brokered & reciprocal time deposits	502,895	438,319
Total	$ 1,683,846	$ 1,681,794

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5. Supplemental Disclosure for Net Income Per Share

Net income per share information is presented below for the three- and nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022.

	Three Months Ended June 30,		Nine Months Ended June 30,		Three Months Ended December 31,	
(Dollars in thousands, except share and per share data)	2023	2022	2023	2022		
(In thousands, except share and per share data)					2023	2022
Basic:						
Earnings:						
Net income attributable to First Savings Financial Group, In.	$ 2,324	$ 2,638	$ 8,919	$ 13,978		
Net income attributable to First Savings Financial Group, Inc. available to common shareholders					$ 920	$ 2,871
Shares:						
Weighted average common shares outstanding, basic	6,816,608	7,073,204	6,858,739	7,082,034	6,823,948	6,915,909
Net income per common share, basic	$ 0.34	$ 0.37	$ 1.30	$ 1.97	$ 0.13	$ 0.42
Diluted:						
Earnings:						
Net income attributable to First Savings Financial Group, Inc.	$ 2,324	$ 2,638	$ 8,919	$ 13,978		
Net income attributable to First Savings Financial Group, Inc. available to common shareholders					$ 920	$ 2,871
Shares:						
Weighted average common shares outstanding, basic	6,816,608	7,073,204	6,858,739	7,082,034	6,823,948	6,915,909
Add: Dilutive effect of outstanding Options	3,140	66,816	35,027	74,781		
Add: Dilutive effect of outstanding options					15,756	53,229
Add: Dilutive effect of restricted stock	—	5,268	—	9,817	—	2,917

Weighted average common shares outstanding, as adjusted	6,819,748	7,145,288	6,893,766	7,166,632	6,839,704	6,972,055
Net income per common share, diluted	$ 0.34	$ 0.37	$ 1.29	$ 1.95	$ 0.13	$ 0.41

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

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Stock options for 282,489 341,572 and 275,889 shares of common stock were excluded from the calculation of diluted net income per common share for the three- and nine-month three-month periods ended June 30, 2023, because their effect was antidilutive. Stock options for 137,250 shares of common stock were excluded from the calculation of diluted net income per common share for the three-and nine-month periods ended June 30, 2022, December 31, 2023 and 2022, 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 nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022.

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.

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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.

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 December 31, 2023 and September 30, 2023.

	Carrying Value			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
December 31, 2023:				
Assets Measured – Recurring Basis:				
Securities available for sale:				
U.S. Treasury bills and notes	$ 27,439	$ —	$ —	$ 27,439
Agency mortgage-backed	—	25,438	—	25,438
Agency CMO	—	12,878	—	12,878
Privately-issued CMO	—	45	343	388
Privately-issued ABS	—	322	79	401
SBA certificates	—	11,181	30	11,211
Municipal bonds	—	166,071	—	166,071
Other	—	1,712	—	1,712
Total securities available for sale	$ 27,439	$ 217,647	$ 452	$ 245,538
Residential mortgage loans held for sale	$ —	$ 4,056	$ —	$ 4,056
Equity securities (included in other assets)	$ 198	$ —	$ —	$ 198
Residential mortgage servicing rights	$ —	$ —	$ 709	$ 709
Liabilities Measured – Recurring Basis:				
Assets Measured – Nonrecurring Basis:				
Collateral dependent loans:				
Residential real estate	$ —	$ —	$ 523	$ 523
SBA commercial real estate	—	—	881	881
Commercial business	—	—	1,164	1,164
SBA commercial business	—	—	235	235
Total collateral dependent loans	$ —	$ —	$ 2,803	$ 2,803
SBA loan servicing rights	$ —	$ —	$ 2,907	$ 2,907

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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 June 30, 2023 and September 30, 2022.

	Carrying Value				Carrying Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(In thousands)							
June 30, 2023:								
Assets Measured – Recurring Basis:								

						(In thousands)		
September 30, 2023:								
Assets Measured – Recurring Basis								
Securities available for sale:								
U.S. Treasury bills and notes	$ —	$ 28,469	$ —	$ 28,469				
U.S. Treasury notes					$25,949	$ —	$ —	$ 25,949
Agency mortgage-backed	—	26,319	—	26,319	—	24,268	—	24,268
Agency CMO	—	13,176	—	13,176	—	12,742	—	12,742
Privately-issued CMO	—	408	—	408	—	46	350	396
Privately-issued ABS	—	469	—	469	—	364	79	443
SBA certificates	—	11,245	—	11,245	—	10,714	31	10,745
Municipal bonds	—	166,655	—	166,655	—	151,484	—	151,484
Other	—	1,656	—	1,656				
Subordinated debt					—	1,712	—	1,712
Total securities available for sale	$ —	$ 248,397	$ —	$ 248,397	$25,949	$201,330	$ 460	$227,739
Residential mortgage loans held for sale	$ —	$ 50,066	$ —	$ 50,066	$ —	$ 24,692	$ —	$ 24,692
Derivative assets (included in other assets)	$ —	$ 388	$ 741	$ 1,129	$ —	$ 471	$ 452	$ 923
Equity securities (included in other assets)	$ 149	$ —	$ —	$ 149	$ 160	$ —	$ —	$ 160
Residential mortgage servicing rights	$ —	$ —	$ 60,649	$ 60,649	$ —	$ —	$59,768	$ 59,768
Liabilities Measured – Recurring Basis:								
Liabilities Measured – Recurring Basis								
Derivative liabilities (included in other liabilities)	$ —	$ 30	$ 67	$ 97	$ —	$ 12	$ 184	$ 196
Assets Measured – Nonrecurring Basis:								
Assets Measured – Nonrecurring Basis								
Collateral dependent loans:								
SBA commercial real estate	$ —	$ —	$ 2,435	$ 2,435				
Residential real estate					$ —	$ —	$ 306	$ 306
Commercial business	—	—	52	52	—	—	965	965
SBA commercial business	—	—	171	171	—	—	237	237
Total collateral dependent loans	$ —	$ —	$ 2,658	$ 2,658	$ —	$ —	$ 1,508	$ 1,508
SBA loan servicing rights					$ —	$ —	$ 2,950	$ 2,950

	Carrying Value			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
September 30, 2022:				
Assets Measured – Recurring Basis				
Securities available for sale:				

U.S. Treasury bills and notes	$	—	$	27,295	$	—	$	27,295
Agency mortgage-backed		—		27,500		—		27,500
Agency CMO		—		14,821		—		14,821
Privately-issued CMO		—		470		—		470
Privately-issued ABS		—		569		—		569
SBA certificates		—		12,012		—		12,012
Municipal bonds		—		233,850		—		233,850
Total securities available for sale	$	—	$	316,517	$	—	$	316,517
Residential mortgage loans held for sale	$	—	$	38,579	$	—	$	38,579
Derivative assets (included in other assets)	$	—	$	872	$	158	$	1,030
Equity securities (included in other assets)	$	103	$	—	$	—	$	103
Residential mortgage servicing rights	$	—	$	—	$	63,263	$	63,263
Liabilities Measured – Recurring Basis								
Derivative liabilities (included in other liabilities)	$	—	$	31	$	396	$	427
Assets Measured – Nonrecurring Basis								
Collateral dependent loans:								
SBA commercial real estate	$	—	$	—	$	2,574	$	2,574
Commercial business		—		—		46		46
SBA commercial business		—		—		290		290
Total collateral dependent loans	$	—	$	—	$	2,910	$	2,910
SBA loan servicing rights	$	—	$	—	$	3,790	$	3,790

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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 nine-month three-month period ended June 30, 2023 December 31, 2023.

FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

(Unaudited)

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.

Table Due to the Company's decision to wind down the national Mortgage Banking operation, and the resulting low level of Contentsmortgage loan originations and sales, there were no interest rate lock commitments or forward mortgage loan sale commitments as of December 31, 2023.

FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

(Unaudited)

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 nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022:

(In thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
Beginning balance	$ 1,348	$ (2,923)	$ (238)	$ 1,567	$ 268	$ (238)
Unrealized gains (losses) recognized in earnings, net of settlements	(674)	3,526	912	(964)	(268)	600
Ending balance	$ 674	$ 603	$ 674	$ 603	$ —	$ 362

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FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

(Unaudited)

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. Unrealized There were no unrealized gains recognized in earnings for the nine-month three-month period ended June 30, 2023 December 31, 2023 attributable to Level 3 derivative assets and liabilities held at the balance sheet date.Unrealized gains recognized in earnings for the three-month period ended December 31, 2022 attributable to Level 3 derivative assets and liabilities held at the balance sheet date were $912,000. Unrealized losses recognized in earnings for the nine-month period ended June 30, 2022 attributable to Level 3 derivative assets and liabilities held at the balance sheet date $362,000.

There were $964,000.

no interest rate lock commitments as of December 31, 2023. 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 June 30, 2023 and September 30, 2022. September 30,2023.

Financial Instrument	Significant Unobservable Inputs	Range of Inputs (Weighted Average) June 30, 2023	Range of Inputs (Weighted Average) September 30, 2022
Interest rate lock commitments	Pull-through rate	39% - 95% (72%)	50% - 100% (78%)
	Direct costs to close	0.00% - 6.28% (0.76%)	0.00% - 4.00% (0.70%)

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*.** The current market for 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, is not sufficiently liquid to provide participants with quoted market prices. Therefore, which closed on November 30, 2023. Additionally, the Company uses entered into a discounted cash flow letter of intent to sell the remaining residential MSRs at December 31, 2023 in the quarter ending March 31, 2024. Due to the pending residential MSR sales, a valuation model from an independent third party was not used to determine calculate the fair value of residential MSRs. MSRs at September 30 and December 31, 2023. The discounted cash flow fair value was estimated using known information, including the anticipated sale prices ($754,000), estimated expenses ($25,000), and contingencies related to the pending residential MSR sales ($20,000). Prior to September 30, 2023, a valuation model approach consists employed by an independent third party calculated the present value of projecting expected servicing future cash flows and calculating was used to value the present value. The key assumptions used in MSRs on a monthly basis. Management periodically compared the valuation of residential MSRs include mortgage prepayment speeds, discount rates model inputs and loan servicing costs. 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. Impaired Collateral dependent loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly. In accordance with accounting standards, only impaired collateral dependent loans for which an allowance for loan 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 December 31, 2023 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) December 31, 2023	Range of Inputs (Weighted Average) September 30, 2023
Collateral dependent loans	Discount from appraised value	0.0% - 50.0% (13.80%)	10.0% - 50.0% (14.22%)
	Estimated costs to sell	0.0% - 6.0% (5.99%)	6.0% - 6.0% (6.00%)

During the three-month periods ended December 31, 2023 and 2022, the Company recognized provisions for credit losses on impaired loans of $691,000 and $200,000, respectively.

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The fair value of impaired loans is based on the fair value of the underlying collateral less estimated costs to sell. Collateral may be real estate and/or business assets, including equipment, inventory and/or accounts receivable. The fair value of the collateral is generally determined based on real estate appraisals or other independent evaluations by qualified professionals, adjusted for estimated costs to sell the property, costs to complete or repair the property and other factors to reflect management's estimate of the fair value of the collateral given the current market conditions and the condition of the collateral. The fair value of impaired loans is classified as Level 3 in the fair value hierarchy. At June 30, 2023 and September 30, 2022, the significant unobservable inputs used in the fair value measurement of impaired loans were as follows:

Financial Instrument	Significant Unobservable Inputs	Range of Inputs (Weighted Average) June 30, 2023	Range of Inputs (Weighted Average) September 30, 2022
Impaired loans	Discount from appraised value	0.0% - 50.0% (14.7%)	0.0% - 80.0% (16.4%)
	Estimated costs to sell	0.0% - 6.0% (5.9%)	0.0% - 10.0% (5.9%)

During the three- and nine -month periods ended June 30, 2023, the Company recognized provisions for loan losses on impaired loans of $261,000 and $825,000, respectively. During the three- and nine-month periods ended June 30, 2022, the Company recognized provisions for loan losses on impaired loans of $508,000 and $1.7 million, 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 June 30, 2023 December 31, 2023, there were no SBA loan servicing rights measured at fair value. At September 30, 2022 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, 2022 2023
SBA loan servicing rights	Discount rate	6.90% 10.25% - 25.00% (12.71% (13.79%)
	Prepayment speed	7.08% 8.60% - 29.26% (15.27% 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 recognize any reversed impairment charges of $60,000 on SBA loan servicing rights for the three-month period ended June 30, 2023 December 31, 2023. The Company reversed recorded impairment charges of $179,000 $351,000 on SBA loan servicing rights for the nine-month three-month period ended June 30, 2023 December 31, 2022. The Company recognized impairment charges of $187,000 and $181,000 on SBA loan servicing rights for the three- and nine-month periods ended June 30, 2022, 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 June 30, 2023 December 31, 2023 and September 30, 2022 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 nine-month three -month periods ended June 30, 2023 December 31, 2023 and 2022.

There were no transfers into or out of the Company's Level 3 financial assets of the fair value hierarchy for the three- and nine-month three-month period ended June 30, 2023 December 31, 2023.

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.

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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 June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023.

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FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

(Unaudited)

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 June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023.

(In thousands)	Aggregate Fair Value June 30, 2023	Aggregate Principal Balance June 30, 2023	Difference	Aggregate Fair Value December 31, 2023	Aggregate Principal Balance December 31, 2023	Difference
Residential mortgage loans held for sale	$ 50,066	$ 49,177	$ 889	$ 4,056	$ 4,988	$ (932)

(In thousands)	Aggregate Fair Value September 30, 2022	Aggregate Principal Balance September 30, 2022	Difference	Aggregate Fair Value September 30, 2023	Aggregate Principal Balance September 30, 2023	Difference
Residential mortgage loans held for sale	$ 38,579	$ 38,517	$ 62	$ 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 nine- month three-month periods ended June 30, 2023 December 31, 2023 and 2022:

(In thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
Gains (losses) – included in mortgage banking income	$ (234)	$ 804	$ 716	$ (117)	$(1,029)	$ 668
Interest income	704	1,127	1,521	3,080	293	428
	$ 470	$ 1,931	$ 2,237	$ 2,963	$ (736)	$1,096

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

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	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
	(In thousands)						

June 30, 2023:

(In thousands)

December 31, 2023:

Financial assets:								
Cash and due from banks	$ 23,722	$ 23,722	$ —	$ —	$ 17,522	$ 17,522	$ —	$ —
Interest-bearing deposits with banks	18,753	18,753	—	—	15,844	15,844	—	—
Interest-bearing time deposits	980	—	980	—	490	—	490	—
Securities available for sale	248,397	—	248,397	—	245,538	27,439	217,647	452
Securities held to maturity	1,391	—	1,411	—	1,263	—	34	1,252
Residential mortgage loans held for sale	50,066	—	50,066	—	4,056	—	4,056	—
SBA loans held for sale	13,076	—	—	14,191	18,810	—	—	20,593
Loans, net	1,691,289	—	—	1,594,706	1,841,953	—	—	1,738,857
FRB and FHLB stock	24,939	N/A	N/A	N/A	24,987	N/A	N/A	N/A
Accrued interest receivable	10,461	—	10,461	—	11,341	—	11,341	—
Residential mortgage loan servicing rights	60,649	—	—	60,649	709	—	—	709
Nonresidential mortgage loan servicing rights	116	—	—	116	95	—	—	95
SBA loan servicing rights	3,374	—	—	3,537	2,907	—	—	2,907
Derivative assets (included in other assets)	1,129	—	388	741				
Equity securities (included in other assets)	149	149	—	—	198	198	—	—
Financial liabilities:								
Noninterest-bearing deposits	315,602	315,602	—	—	202,769	202,769	—	—
Interest-bearing deposits	1,344,163	—	—	1,339,449	1,481,077	—	—	1,477,923
Borrowings from FHLB	345,000	—	337,656	—	356,699	—	352,575	—
Subordinated notes	48,387	—	47,139	—	48,484	—	47,704	—
Accrued interest payable	5,782	—	5,782	—	10,405	—	10,405	—
Advance payments by borrowers for taxes and insurance	907	—	907	—	512	—	512	—
Derivative liabilities (included in other liabilities)	97	—	30	67				

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	Carrying Amount	Fair Value Measurements Using:			Carrying Amount	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
		(In thousands)						
September 30, 2022:								
						(In thousands)		
September 30, 2023:								
Financial assets:								
Cash and due from banks	$ 18,312	$ 18,312	$ —	$ —	$ 18,014	$ 18,014	$ —	$ —
Interest-bearing deposits with banks	23,353	23,353	—	—	12,831	12,831	—	—
Interest-bearing time deposits	1,613	—	1,613	—	490	—	490	—
Securities available for sale	316,517	—	316,517	—	227,739	25,949	201,330	460
Securities held to maturity	1,558	—	1,593	—	1,300	—	38	1,265
Residential mortgage loans held for sale	38,579	—	38,579	—	24,692	—	24,692	—
SBA loans held for sale	21,883	—	24,010	—	21,163	—	22,591	—
Loans, net	1,474,544	—	—	1,402,222	1,770,243	—	—	1,651,115
FRB and FHLB stock	20,004	N/A	N/A	N/A	24,939	N/A	N/A	N/A
Accrued interest receivable	8,332	—	8,332	—	10,161	—	10,161	—
SBA loan servicing rights	3,790	—	—	3,790	2,950	—	—	2,950
Residential mortgage loan servicing rights	63,263	—	—	63,263	59,768	—	—	59,768
Nonresidential mortgage loan servicing rights	141	—	—	141	101	—	—	101
SBA loan servicing rights	3,790	—	—	3,789				
Derivative assets (included in other assets)	1,030	—	872	158	923	—	471	452
Equity securities (included in other assets)	103	103	—	—	160	160	—	—
Financial liabilities:								
Noninterest-bearing deposits	340,172	340,172	—	—	242,237	242,237	—	—
Interest-bearing deposits	1,175,662	—	—	1,170,620	1,439,557	—	—	1,435,083
Borrowings from FHLB	307,303	—	302,090	—	363,183	—	356,257	—
Subordinated note	50,217	—	48,685	—	48,444	—	46,940	—
Other borrowings	37,989	—	—	37,989				
Accrued interest payable	1,302	—	1,302	—	8,926	—	8,926	—
Advance payments by borrowers for taxes and insurance	1,207	—	1,207	—	1,027	—	1,027	—
Derivative liabilities (included in other liabilities)	427	—	31	396	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 nine- month periods ended June 30, 2023 December 31, 2023 and 2022. The ESOP trust held 293,695 shares of Company common stock at June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023.

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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 June 30, 2023 December 31, 2023, 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 June 30, 2023 December 31, 2023, 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 June 30, 2023 December 31, 2023, 93,058 10,600 shares of the Company's common stock were available for issuance under the 2021 Plan, of which 23,265 4,590 shares were available for restricted stock and 69,793 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 nine-month three-month periods ended June 30, 2023 and 2022 December 31, 2023 were determined using the following assumptions:

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022	
Expected dividend yield	2.93 %	2.32 %	3.74 %
Risk-free interest rate	3.94 %	1.55 %	4.44 %
Expected volatility	27.7 %	27.0 %	28.36 %
Expected life of options	6.8 years	7.1 years	6.9 years
Weighted average fair value at grant date	$ 5.71	$ 7.03	$ 3.55

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FIRST SAVINGS FINANCIAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(Unaudited)

A summary of stock option activity as of June 30, 2023 December 31, 2023, and changes during the nine-month three-month period then ended is presented below.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
	(Dollars in thousands, except per share data)				(Dollars in thousands, except per share data)			
Outstanding at beginning of period	351,369	$ 20.57			408,669	$ 20.79		
Granted	66,000	22.49			62,983	15.10		
Exercised	—	—			—	—		
Forfeited or expired	(6,000)	26.72			(5,100)	17.66		
Outstanding at end of period	411,369	$ 20.79	6.5	$ —	466,552	$ 20.05	5.2	$ 430
Vested and expected to vest	411,369	$ 20.79	6.5	$ —	466,552	$ 20.05	5.2	$ 430
Exercisable at end of period	226,710	$ 17.84	4.9	$ —	276,039	$ 19.38	5.1	$ 430

There were no stock options exercised during the nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022. The Company recognized compensation expense related to stock options of $75,000 and $228,000 $82,000 for the three- and nine-month three-month periods ended June 30, 2023, respectively. The Company recognized compensation expense related to stock options of $82,000 December 31, 2023 and $215,000 for the three- and nine-month periods ended June 30, 2022, 2022, respectively. At June 30, 2023 December 31, 2023, there was $883,000 $1.1 million of unrecognized compensation expense related to nonvested stock options. The compensation expense is expected to be recognized over a weighted average period of 3.67 3.73 years. There was no cash received or tax benefit from the exercise of stock options during the nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022.

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 nine-month month periods ended June 30, 2023 December 31, 2023 and 2022 was $98,000 $97,000 and $298,000, respectively. Compensation expense related to restricted stock recognized for the three- and nine-month periods ended June 30, 2022 was $105,000 and $285,000, $103,000, respectively.

A summary of the Company's nonvested restricted shares activity as of June 30, 2023 December 31, 2023 and changes during the nine-month three-month period then ended is presented below.

	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at October 1, 2022	51,324	$ 26.07		
Nonvested at October 1, 2023			54,916	$ 24.73
Granted	22,000	$ 22.49	19,475	$ 15.10
Vested	(16,408)	$ 25.68	(16,158)	$ 24.23
Forfeited	(2,000)	$ 26.72	(800)	$ 22.49
Nonvested at June 30, 2023	54,916	$ 24.73		
Nonvested at December 31, 2023			57,433	$ 21.64

There were 16,158 restricted shares vested during the three-month period ended December 31, 2023 with a total fair value of $244,000. There were 16,408 restricted shares that vested during the three-month period ended December 31, 2022 with a total fair value of $369,000. At December 31, 2023, there was $1.2 million of unrecognized compensation expense related to nonvested restricted shares. The compensation expense is expected to be recognized over a weighted average period of 3.60 years.

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There were 16,408 restricted shares vested during the nine-month period ended June 30, 2023 with a total fair value of $369,000. There were 12,225 restricted shares that vested during the nine-month period ended June 30, 2022 with a total fair value of $327,000. At June 30, 2023, 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 3.68 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 June 30, 2023 and September 30, 2022 December 31, 2023 , 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 and $2.4 million, respectively, 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 December 31, 2023, 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 June 30, 2023 and September 30, 2022 September 30, 2023.

(In thousands)	Notional Amount June 30, 2023	Asset Derivatives June 30, 2023	Liability Derivatives June 30, 2023	Notional Amount September 30, 2023	Asset Derivatives September 30, 2023	Liability Derivatives September 30, 2023
Interest rate lock commitments	$ 111,653	$ 741	$ 67	$ 67,040	$ 452	$ 184
Forward mortgage loan sale contracts	104,000	388	30	66,000	471	12
	$ 215,653	$ 1,129	$ 97	$ 133,040	$ 923	$ 196

(In thousands)	Notional Amount September 30, 2022	Asset Derivatives September 30, 2022	Liability Derivatives September 30, 2022
Interest rate lock commitments	$ 48,952	$ 158	$ 396
Forward mortgage loan sale contracts	60,000	872	31
	$ 108,952	$ 1,030	$ 427

Income (loss) related to derivative financial instruments included in mortgage banking income in the accompanying consolidated statements of income for the three-month periods ended December 31, 2023 and 2022 is as follows:

(In thousands)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
Interest rate lock commitments	$ (268)	$ 599
Forward mortgage loan sale contracts	354	(545)
	$ 86	$ 54

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Income (loss) related to derivative financial instruments included in mortgage banking income in the accompanying consolidated statements of income for the three-and nine- month periods ended June 30, 2023 and 2022 is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(In thousands)	2023	2022	2023	2022
Interest rate lock commitments	$ (674)	$ 3,526	$ 912	$ (964)
Forward mortgage loan sale contracts	1,097	6,091	121	19,098
	$ 423	$ 9,617	$ 1,033	$ 18,134

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 2023 and 2022. The Bank met all capital adequacy requirements to which it was subject as of June 30, 2023 December 31, 2023 and September 30, 2022 September 30, 2023.

As of June 30, 2023 December 31, 2023, 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.

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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.

Minimum To Be Well	Minimum To Be Well

	Actual		Minimum For Capital Adequacy Purposes:		Capitalized Under Prompt Corrective Action Provisions:		Actual		Minimum For Capital Adequacy Purposes:		Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)						*(Dollars in thousands)*			
As of June 30, 2023:												
As of December 31, 2023:												
Total capital (to risk-weighted assets):												
Consolidated	$231,481	11.73 %	$157,860	8.00 %	N/A	N/A	$231,709	12.12 %	$153,002	8.00 %	N/A	N/A
Bank	223,772	11.35	157,747	8.00	$197,184	10.00 %	228,941	11.97	152,983	8.00	$191,229	10.00 %
Tier 1 capital (to risk-weighted assets):												
Consolidated	$166,256	8.43 %	$118,395	6.00 %	N/A	N/A	$169,080	8.84 %	$114,752	6.00 %	N/A	N/A
Bank	206,934	10.49	118,311	6.00	$157,747	8.00 %	210,796	11.02	114,737	6.00	$152,983	8.00 %
Common equity tier 1 capital (to risk-weighted assets):												
Consolidated	$166,256	8.43 %	$ 88,796	4.50 %	N/A	N/A	$169,080	8.84 %	$ 86,064	4.50 %	N/A	N/A
Bank	206,934	10.49	88,733	4.50	$128,170	6.50 %	210,796	11.02	86,053	4.50	$124,299	6.50 %
Tier 1 capital (to average adjusted total assets):												
Consolidated	$166,256	7.28 %	$ 91,359	4.00 %	N/A	N/A	$169,080	7.25 %	$ 93,254	4.00 %	N/A	N/A
Bank	206,934	9.06	91,386	4.00	$114,232	5.00 %	210,796	9.05	93,219	4.00	$116,523	5.00 %
As of September 30, 2022:												
As of September 30, 2023:												
Total capital (to risk-weighted assets):												
Consolidated	$224,895	12.33 %	$145,973	8.00 %	N/A	N/A	$230,735	11.47 %	$160,965	8.00 %	N/A	N/A
Bank	208,280	11.44	145,713	8.00	$182,141	10.00 %	226,461	11.27	160,822	8.00	$201,027	10.00 %
Tier 1 capital (to risk-weighted assets):												

Consolidated	$159,318	8.73 %	$109,480	6.00 %	N/A	N/A	$165,391	8.22 %	$120,724	6.00 %	N/A	N/A
Bank	192,920	10.59	109,285	6.00	$145,713	8.00 %	209,561	10.42	120,616	6.00	$160,822	8.00 %
Common equity tier 1 capital (to risk-weighted assets):												
Consolidated	$159,318	8.73 %	$ 82,110	4.50 %	N/A	N/A	$165,391	8.22 %	$ 90,543	4.50 %	N/A	N/A
Bank	192,920	10.59	81,963	4.50	$118,392	6.50 %	209,561	10.42	90,462	4.50	$130,668	6.50 %
Tier 1 capital (to average adjusted total assets):												
Consolidated	$159,318	7.96 %	$ 80,031	4.00 %	N/A	N/A	$165,391	7.24 %	$ 91,375	4.00 %	N/A	N/A
Bank	192,920	9.58	80,555	4.00	$100,693	5.00 %	209,561	9.17	91,406	4.00	$114,259	5.00 %

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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:

In June 2016, On October 1, 2023, the FASB issued Accounting Standards Update (“ASU”) No. Company adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The update commonly , which replaced the previously required incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology (“CECL”) replaces the incurred loss methodology for recognizing (CECL) methodology. The measurement of expected credit losses under current GAAP with a the CECL methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information is applicable to inform credit loss estimates. Under the new guidance, an entity will measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The expected loss model will apply to loans and leases, unfunded lending commitments, held-to-maturity debt securities and other debt instruments assets measured at amortized cost. The impairment model cost, including loans and held to maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for available-for-sale 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 require be required to sell. The Company adopted ASC 326 using the recognition 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 through (ACL), a valuation allowance when fair value is less than amortized cost, regardless $1.9 million increase in the ACL for unfunded commitments and a $859,000 increase in deferred tax assets.

The impact of whether 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 impairment is considered 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 be other-than-temporary. For require disclosure of current period gross charge-offs by year or origination. The ASU also updates the Company, 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.

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The amendments in the this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. In preparation years, for the implementation of any entities that have adopted ASU 2016-13 the Company has adopted a software model and intends to adopt the remaining maturity methodology. The Company is running monthly parallel CECL calculations in order to refine data requirements for this loss methodology, analyze forecast scenarios, and test the volatility of the model. The Company currently anticipates recording a one-time cumulative effect adjustment upon adoption of CECL effective October 1, 2023 and maintaining regulatory capital ratios in excess of “well-capitalized” after the impact of the one-time cumulative effect adjustment.

In March 2022, the FASB issued ASU No. 2022-02, – *Financial Instruments – Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures.: Measurement of Credit Losses on Financial Instruments*. This standard was adopted by the Company effective October 1, 2023. The ASU eliminates the current accounting guidance for TDRs by creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. Specifically, rather than applying the recognition and measurement guidance for TDRs, an entity must apply the loan refinancing and restructuring guidance to determine whether a modification results adoption of this standard resulted in a new loan or a continuation of an existing loan. For public business entities, the ASU also requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases. For entities that have not yet adopted the amendments in ASU No. 2016-13, the effective dates for the amendments amended disclosures in the ASU are the same as the effective dates in ASU No. 2016-13. The amendments should generally be applied prospectively, although for the transition method related to the recognition and measurement of TDRs an entity has the option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. The Company is currently assessing the Company’s Condensed Consolidated Financial Statements, but did not materially impact of the guidance, but its adoption is not expected to have a material impact on the Company’s consolidated financial position condition or results of operations.

In June 2022, November 2023, the FASB issued ASU No. 2022-03, *Fair Value Measurements (Topic 820)* *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"), Fair Value Measurement and included in a segment's reported measures of Equity Securities Subject profit or loss. Public entities are also required to Contractual Sale Restrictions*. 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 clarifies requires interim disclosures of certain segment-related disclosures that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. It also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. For public business entities, the previously were only required annually. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. years beginning after December 15, 2024. Early adoption is permitted and the amendments in the ASU should be applied prospectively with any adjustments from the adoption of the amendments recognized in earnings and disclosed on the date of adoption. 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.

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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 operates as a separate division of the Bank.

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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	Mortgage Banking	Consolidated Totals
Three Months Ended June 30, 2023:				
Net interest income	$ 13,407	$ 1,098	$ 360	$ 14,865
Provision (credit) for loan losses	881	(440)	—	441
Net interest income after provision	12,526	1,538	360	14,424
Net gains on sales of loans, SBA	—	497	—	497
Mortgage banking income	16	—	4,652	4,668
Noninterest income	1,965	580	4,651	7,196
Noninterest expense	11,010	2,107	5,848	18,965
Income (loss) before taxes	3,481	11	(837)	2,655
Income tax expense (benefit)	561	(21)	(209)	331
Segment profit (loss)	2,920	32	(628)	2,324
Non-cash items:				
Depreciation and amortization	618	5	22	645
Segment assets at June 30, 2023	2,058,442	84,394	117,585	2,260,421

	Core Banking	SBA Lending	Mortgage Banking	Consolidated Totals
Nine Months Ended June 30, 2023:				
Net interest income	$ 42,047	$ 3,186	$ 805	$ 46,038
Provision (credit) for loan losses	2,003	(206)	—	1,797
Net interest income after provision	40,044	3,392	805	44,241
Net gains on sales of loans, SBA	—	2,179	—	2,179
Mortgage banking income	8	—	11,305	11,313
Noninterest income	5,626	2,970	11,304	19,900
Noninterest expense	31,458	6,693	16,324	54,475
Income (loss) before taxes	14,212	(331)	(4,215)	9,666
Income tax expense (benefit)	1,908	(108)	(1,053)	747
Segment profit (loss)	12,304	(223)	(3,162)	8,919
Non-cash items:				
Depreciation and amortization	1,817	16	74	1,907
Segment assets at June 30, 2023	2,058,442	84,394	117,585	2,260,421

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	Core Banking	SBA Lending	Mortgage Banking	Consolidated Totals	Core Banking	SBA Lending	Mortgage Banking	Consolidated Totals

Three Months Ended June 30, 2022:								
Net interest income	$ 13,848	$ 1,449	$ 614	$ 15,911				
Provision (credit) for loan losses	910	(378)	—	532				
Three Months Ended December 31, 2023:								
Net interest income (loss)					$ 13,113	$ 1,003	$ (3)	$ 14,113
Provision (credit) for credit losses					(49)	461	—	412
Net interest income after provision	12,938	1,827	614	15,379	13,162	542	(3)	13,701
Net gains on sales of loans, SBA	—	486	—	486	—	834	—	834
Mortgage banking income	—	—	7,093	7,093	11	—	78	89
Noninterest income	2,379	584	7,070	10,033	1,679	1,003	100	2,782
Noninterest expense	10,187	2,341	10,307	22,835	10,252	2,146	3,641	16,039
Income (loss) before taxes	5,130	70	(2,623)	2,577	4,589	(601)	(3,544)	444
Income tax expense (benefit)	568	26	(655)	(61)	541	(131)	(886)	(476)
Segment profit (loss)	4,562	44	(1,968)	2,638	4,048	(470)	(2,658)	920
Non-cash items:								
Depreciation and amortization	568	7	39	614	593	2	13	608
Segment assets at June 30, 2022	1,733,453	103,448	169,765	2,006,666				
Segment assets at December 31, 2023					2,214,573	87,429	6,090	2,308,092

	Core Banking	SBA Lending	Mortgage Banking	Consolidated Totals
Three Months Ended December 31, 2022:				
Net interest income	$ 15,008	$ 995	$ 258	$ 16,261
Provision for credit losses	701	283	—	984
Net interest income after provision	14,307	712	258	15,277
Net gains on sales of loans, SBA	—	775	—	775
Mortgage banking income (loss)	(10)	—	2,506	2,496
Noninterest income	1,928	754	2,506	5,188
Noninterest expense	9,797	1,924	5,790	17,511
Income (loss) before taxes	6,438	(458)	(3,026)	2,954
Income tax expense (benefit)	946	(107)	(756)	83
Segment profit (loss)	5,492	(351)	(2,270)	2,871
Non-cash items:				
Depreciation and amortization	601	5	27	633
Segment assets at December 31, 2022	2,005,780	100,304	90,835	2,196,919

	Core Banking	SBA Lending	Mortgage Banking	Consolidated Totals
Nine Months Ended June 30, 2022:				
Net interest income	$ 37,190	$ 4,926	$ 1,711	$ 43,827
Provision for loan losses	526	502	—	1,028
Net interest income after provision	36,664	4,424	1,711	42,799
Net gains on sales of loans, SBA	—	3,449	—	3,449
Mortgage banking income (loss)	(2)	—	36,093	36,091
Noninterest income	6,484	4,143	36,069	46,696
Noninterest expense	29,480	6,830	36,838	73,148
Income before taxes	13,668	1,737	942	16,347
Income tax expense	1,398	531	440	2,369
Segment profit	12,270	1,206	502	13,978
Non-cash items:				
Depreciation and amortization	1,698	23	129	1,850
Segment assets at June 30, 2022	1,733,453	103,448	169,765	2,006,666

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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 nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022:

	Three Months Ended June 30,		Nine Months Ended June 30,		Three Months Ended December 31,	
	2023	2022	2023	2022	2023	2022
	(In thousand)				(In thousands)	
In Scope for ASC 606						
Service charges on deposit accounts	$ 509	$ 462	$ 1,538	$ 1,329	$ 473	$ 558
ATM and interchange fees	615	774	1,940	2,047	449	739
Investment advisory income	247	177	564	522		
Commission income					222	128
Other	27	26	87	84	25	25
Revenue from contracts with customers	1,398	1,439	4,129	3,982	1,169	1,450
Out of Scope for ASC 606						
Gain (loss) on securities	(529)	465	(494)	465		
Gain on sale of SBA loans	497	486	2,179	3,449	834	775
Gain on sale of single tenant net lease loans	—	—	—	719		
Mortgage banking income	4,668	7,093	11,313	36,091	89	2,496
Increase in cash value of life insurance	279	277	770	782	329	225
Real estate lease income	119	155	353	451	115	117
Loan servicing and other income	764	118	1,650	757	246	125
Other noninterest income	5,798	8,594	15,771	42,714	1,613	3,738
Total noninterest income	$ 7,196	$ 10,033	$ 19,900	$46,696	$ 2,782	$ 5,188

A description of the Company's revenue streams accounted for under FASB 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.

Investment Advisory 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.

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

14. Mortgage Banking Income

The components of mortgage banking income for the three- and nine-month three-month periods ended June 30, 2023 December 31, 2023 and 2022 were as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,		Three Months Ended December 31,	
	2023	2022	2023	2022		
	(In thousands)					
(In Thousands)					2023	2022
Origination and sale of mortgage loans (1)	$ 2,599	$ (6,768)	$ 5,216	$ (2,231)	$ (211)	$ 732
Mortgage brokerage income	74	175	284	713	30	43
Net change in fair value of loans held for sale and interest rate lock commitments	(908)	4,330	1,627	(3,098)	(1,297)	1,267

Realized and unrealized gains from Forward sales commitments	1,097	6,091	121	19,098		
Realized and unrealized gains (losses) from Forward sales commitments					354	(545)
Capitalized residential mortgage loan servicing rights	764	2,731	1,202	10,581	509	142
Net change in fair value of residential mortgage loan servicing rights	(1,309)	(1,552)	(3,816)	4,679	(803)	(1,240)
Provisions for loan repurchases and indemnifications	(70)	(154)	(559)	(246)	1,451	(328)
Net loan servicing income	2,421	2,240	7,238	6,595	56	2,425
Total mortgage banking income	$ 4,668	$ 7,093	$ 11,313	$36,091	$ 89	$ 2,496

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

15. Loss Contingency

The Bank received notice of a class action lawsuit on March 23, 2021 regarding its policy and practice of assessing customer fees related to items presented on accounts with insufficient funds (NSF items). The Company has reached a verbal settlement agreement with the claimant, and the Company has accrued a loss contingency for this pending settlement at June 30, 2023, the amount of which had an immaterial effect on the condensed consolidated financial statements.

The Bank is in discussions with the Federal Reserve Board regarding an alleged violation of law or regulation occurring during 2019. These discussions with the Federal Reserve Board regarding the allegation began in March 2023. The Bank is cooperating with the Federal Reserve Board and continues to review this matter internally and with external legal counsel. The foregoing could result in enforcement action against the Bank including civil money penalties and remedial measures. The Bank is unable to estimate a range of potential loss at this time.

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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, as amended, for the year ended September 30, 2022 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

During Other than the nine-month 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 11, during the three-month period ended June 30, 2023 December 31, 2023, 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, as amended, for the year ended September 30, 2022 September 30, 2023.

Comparison of Financial Condition at December 31, 2023 and September 30, 2023

Cash and Cash Equivalents. Cash and cash equivalents increased $2.5 million from $30.8 million at September 30, 2023 to $33.4 million at December 31, 2023.

Loans. Net loans receivable increased $71.7 million, from $1.77 billion at September 30, 2023 to $1.84 billion at December 31, 2023, primarily due to growth in residential mortgage loans, commercial business loans and single tenant net lease commercial real estate loans, which increased by $39.8 million, $9.7 million and $9.0 million, respectively.

Loans Held for Sale.Loans held for sale decreased $23.0 million, from $45.9 million at September 30, 2023 to $22.9 million at December 31, 2023, due to a decrease in residential mortgage loans held for sale of $20.6 million and a decrease in SBA loans held for sale of $2.4 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 $17.8 million, from $227.7 million at September 30, 2023 to $245.5 million at December 31, 2023, due to net increases in fair value of $20.2 million, partially offset by calls and maturities of $1.6 million and principal repayments of $765,000. The increases in fair value were primarily due to decreasing long term market interest rates during the quarter ended December 31, 2023, which resulted in an increase in the fair value of debt securities available for sale

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

Comparison of Financial Condition at June 30, 2023 and September 30, 2022

Cash and Cash Equivalents. Cash and cash equivalents increased $810,000 from $41.7 million at September 30, 2022 to $42.5 million at June 30, 2023.

Loans. Net loans receivable increased $216.7 million, from $1.47 billion at September 30, 2022 to $1.69 billion at June 30, 2023, primarily due to growth in residential mortgage loans, single tenant net lease commercial real estate loans, commercial business loans, and commercial real estate loans, which increased by $119.2 million, $66.4 million, $18.4 million, and $17.1 million, respectively.

Loans Held for Sale. Loans held for sale increased $2.7 million, from $60.5 million at September 30, 2022 to $63.1 million at June 30, 2023, due to an increase in residential mortgage loans held for sale of $11.5 million, partially offset by a decrease in SBA loans held for sale of $8.8 million. The increase in residential mortgage loans held for sale was due to originations outpacing loan sales during the period. 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 decreased $68.1 million, from $316.5 million at September 30, 2022 to $248.4 million at June 30, 2023, due to sales of $78.0 million, calls and maturities of $9.1 million, net decreases in fair value of $3.9 million and principal repayments of $3.7 million, partially offset by purchases of $9.7 million.

Securities Held to Maturity. Investment securities held to maturity decreased $167,000 from $1.6 million$37,000 and totaled $1.3 million at September 30, 2022 to $1.4 million at June 30, 2023both December 31, 2023 and September 30, 2023, due primarily to calls and maturities during the period.

Mortgage Servicing Rights. Residential mortgage loan servicing rights decreased $2.6 million$59.1 million, from $63.3 million$59.8 million at September 30, 2022September 30, 2023 to $60.6 million$709,000 at June 30, 2023December 31, 2023, primarily due to changes in fair value related to loan repaymentsthe sale of $3.1 million and changes in fair value related to changes in model or input assumptionssubstantially all of $679,000, partially offset by newthe residential servicing assets during the quarter ended December 31, 2023. Remaining residential servicing rights capitalized of $1.2 millionare expected to be sold during the quarter ending March 31, 2024.

Deposits.

Deposits. Total deposits increased $143.9 million, from $1.52 billion$2.1 million and totaled $1.68 billion at September 30, 2022 to $1.66 billion at June 30, 2023both December 31, 2023 and September 30, 2023, due to a $168.5 million$41.5 million increase in interest-bearing deposits, partially offset by a $24.6 million$39.5 million decrease in non-interest bearing deposits. The increase in interest-bearing deposits was primarily due to a $121.7 million$64.6 million increase in brokered deposits.

The decrease in noninterest-bearing deposits was primarily due to outflow of escrow deposits in connection with the sale of residential servicing rights during the quarter ended December 31, 2023.

FHLB Borrowings.Borrowings from the FHLB increased $37.7 milliondecreased $6.5 million, from $307.3 million$363.2 million at September 30, 2022September 30, 2023 to $345.0 million$356.7 million at June 30, 2023December 31, 2023. The increasedecrease in borrowings was primarily useddue to the increased use of brokered certificates to fund loan growth duringdue to more favorable rates in the period.brokered certificates market.

Stockholders' Equity.

Equity. Stockholders' equity increased $13.5 million from $151.6 million$151.0 million at September 30, 2022September 30, 2023 to $165.1 million$164.5 million at June 30, 2023December 31, 2023, due primarily to a $16.0 million decrease in accumulated other comprehensive loss, of $9.5 million andpartially offset by a decrease in retained net income of $6.1 million$2.6 million.

Table The decrease in retained net income was primarily due to the Company's adoption of ContentsASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (commonly referred to as "CECL") effective October 1, 2023 in the amount of $2.5 million net of tax. At December 31, 2023 and September 30, 2023, the Bank was considered "well-capitalized" under applicable regulatory capital guidelines.

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

Results of Operations for the Three Months Ended June 30, 2023December 31, 2023 and 2022

Overview. The Company reported net income of $2.3 million,$920,000, or $0.34$0.13 per diluted share, for the three-month period ended June 30, 2023December 31, 2023 compared to net income of $2.6 million$2.9 million, or $0.37$0.41 per diluted share, for the three-month period ended June 30, 2022December 31, 2022.

Net Interest Income.Net interest income decreased $1.0 million$2.1 million, or 6.6%13.2%, for the three-month period ended June 30, 2023December 31, 2023 as compared to the same period in 2022. Average interest-earning assets increased $372.9 million$190.5 million and average interest-bearing liabilities increased $387.8 million$265.8 million when comparing the two periods. The tax-equivalent net interest margin was 2.94%2.69% for 2023 compared to 3.77%3.41% for 2022.

Total interest income increased $8.3 million $5.2 million when comparing the two periods due primarily to an increase in the average balance of interest-earning assets of $372.9 million $190.5 million, from $1.74 billion $1.98 billion for 2022 to $2.11 billion $2.17 billion for 2023, and an increase in the average tax equivalent yield on interest-earning assets from 4.36% 4.87% for 2022 to 5.20% 5.37% for 2023. The increase in the average balance of interest-earning assets was due to increases a $274.5 million increase in the average balance of total loans, and partially offset by a decrease in the average balance of investment securities of $334.1 million and $37.4 million, respectively.

$89.8 million.

Total interest expense increased $9.4 million $7.3 million due to an increase in the average balance of interest-bearing liabilities of $387.8 million $265.8 million, from $1.37 billion $1.61 billion for 2022 to $1.76 billion $1.88 billion for 2023, and an increase in the average cost of interest-bearing liabilities from 0.75% 1.79% for 2022 to 2.71% 3.10% for 2023. The increase in the average cost of interest-bearing liabilities for 2023 was due primarily to higher rates paid for FHLB borrowings, brokered deposits, and money market deposit accounts primarily as a result of increased market interest rates due to the increase in market interest competition and higher U.S. Treasury rates.

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MANAGEMENT'S DISCUSSION AND
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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 June 30, 2023 December 31, 2023 and 2022. 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 June 30,						Three Months Ended December 31,					
	2023			2022			2023			2022		
	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost

	(Dollars in thousands)						(Dollars in thousands)					
Assets:												
Interest-bearing deposits with banks	$ 20,661	$ 267	5.17 %	$ 25,068	$ 37	0.59 %	$ 20,350	$ 249	4.89 %	$ 19,379	$ 144	2.97 %
Loans	1,719,733	23,279	5.41	1,385,637	15,965	4.61	1,857,654	26,155	5.63	1,583,182	20,222	5.11
Investment securities - taxable	109,319	984	3.60	103,536	769	2.97	103,728	942	3.63	111,936	955	3.41
Investment securities - nontaxable	234,118	2,456	4.20	202,534	1,987	3.92	159,907	1,687	4.22	241,504	2,505	4.15
FRB and FHLB stock	24,509	423	6.90	18,691	169	3.62	24,968	74	1.19	20,063	220	4.39
Total interest-earning assets	2,108,340	27,409	5.20	1,735,466	18,927	4.36	2,166,607	29,107	5.37	1,976,064	24,046	4.87
Noninterest-earning assets	171,110			175,238			137,807			144,887		
Total assets	$ 2,279,450			$ 1,910,704			$2,304,414			$2,120,951		
Liabilities and equity:												
NOW accounts	$ 321,904	$ 491	0.61 %	$ 333,416	$ 265	0.32 %	$ 336,339	$ 715	0.85 %	$ 349,363	$ 423	0.48 %
Money market deposit accounts	266,626	1,917	2.88	227,993	235	0.41	294,173	2,568	3.49	235,188	795	1.35
Savings accounts	160,639	25	0.06	172,661	27	0.06	166,221	58	0.14	171,583	27	0.06
Time deposits	529,607	5,358	4.05	264,798	520	0.79	592,651	6,648	4.49	457,285	2,913	2.55
Total interest-bearing deposits	1,278,776	7,791	2.44	998,868	1,047	0.42	1,389,384	9,989	2.88	1,213,419	4,158	1.37
Fed funds purchased	11	—	0.00	—	—	0.00						
FHLB borrowings	434,182	3,446	3.17	325,460	811	1.00	440,786	3,769	3.42	311,146	1,919	2.47
Subordinated debt and other borrowings	49,339	696	5.64	50,152	710	5.66	48,458	784	6.47	88,304	1,145	5.19
Total interest-bearing liabilities	1,762,308	11,933	2.71	1,374,480	2,568	0.75	1,878,628	14,542	3.10	1,612,869	7,222	1.79
Noninterest-bearing deposits	308,231			325,948			228,100			328,208		
Other noninterest-bearing liabilities	42,942			36,115			45,681			26,844		
Total liabilities	2,113,481			1,736,543			2,152,409			1,967,921		
Total stockholders' equity	165,969			174,161			152,005			153,030		
Total liabilities and equity	$ 2,279,450			$ 1,910,704			$2,304,414			$2,120,951		
Net interest income (taxable equivalent basis)		15,476			16,359			14,565			16,824	
Less: taxable equivalent adjustment		(611)			(448)			(452)			(563)	
Net interest income		$ 14,865			$ 15,911			$ 14,113			$ 16,261	
Interest rate spread (taxable equivalent basis)			2.49 %			3.61 %			2.27 %			3.08 %
Net interest margin (taxable equivalent basis)			2.94 %			3.77 %			2.69 %			3.41 %
Average interest-earning assets to average interest-bearing liabilities			119.64 %			126.26 %			115.33 %			122.52 %

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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 June 30, 2023 December 31, 2023 and 2022. 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 June 30, 2023 Compared to Three Months Ended June 30, 2022			Three Months Ended December 31, 2023 Compared to Three Months Ended December 31, 2022		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Rate	Volume	Net	Rate	Volume	Net
		(In thousands)			(In thousands)	
Interest income:						
Interest-bearing deposits with banks	$ 262	$ (32)	$ 230	$ 95	$ 10	$ 105
Loans	3,129	4,185	7,314	2,248	3,685	5,933
Investment securities - taxable	168	47	215	59	(72)	(13)
Investment securities - nontaxable	148	321	469	36	(854)	(818)
FRB and FHLB stock	177	77	254	(180)	34	(146)
Total interest-earning assets	3,884	4,598	8,482	2,258	2,803	5,061
Interest expense:						
Deposits	5,743	1,001	6,744	4,896	935	5,831
Borrowings from FHLB	2,068	567	2,635	896	954	1,850
Subordinated debt	(3)	(11)	(14)	220	(581)	(361)
Total interest-bearing liabilities	7,808	1,557	9,365	6,012	1,308	7,320
Net increase (decrease) in net interest income (taxable equivalent basis)	$ (3,924)	$ 3,041	$ (883)	$ (3,754)	$ 1,495	$ (2,259)

Provision for Loan Credit Losses. The Company recognized a provision for loan credit losses of $441,000 $412,000 for the three-month period ended June 30, 2023 December 31, 2023, primarily due to loan portfolio growth, compared to a provision for loan losses of $532,000 $984,000 for the same period in 2022. The $412,000 provision expense for the three-month period ended December 31, 2023 was comprised of a $470,000 provision expense for loan losses and a $58,000 credit for unfunded commitments.

The Company recognized net charge-offs of $61,000 $9,000 for the three-month period ended June 30, 2023 December 31, 2023 compared to net charge-offs of $27,000 $264,000 for the same period in 2022.

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Noninterest Income. Noninterest income decreased $2.8 million $2.4 million for the three-month period ended June 30, 2023 December 31, 2023 as compared to the same period in 2022. The decrease was due primarily to a $2.4 million decrease in mortgage banking income in 2023 compared to the same period in 2022 and a $540,000 net loss on sale of securities available for sale compared to a $476,000 gain recognized in 2022. The decrease in mortgage banking income was primarily due to lower origination and sales volume in 2023 compared to 2022. Mortgage loans originated for sale were $199.9 million in the three months ended June 30, 2023 as compared to $421.4 million for the same period in 2022. The loss on sale of securities available for sale was the result of a strategic initiative to improve the Company's liquidity posture and to remove an inefficient portion wind down of the Company's balance sheet national mortgage banking operation. The Company continues to originate mortgage loans in which the cost of funding the securities was higher than the yield earned on the securities. The proceeds from the sale of securities were used to pay down FHLB borrowings and brokered deposits.

its local markets.

Noninterest Expense. Noninterest expense decreased $3.9 million $1.5 million for the three-month period ended June 30, 2023 December 31, 2023 as compared to the same period in 2022. The decrease was due primarily to a decrease decreases in compensation and benefits expense of $4.1 million $1.0 million and other operating expense of $1.0 million. The decrease in compensation and benefits expense was due primarily to a the reduction in staff and incentive compensation for staffing due to the Company's wind down of the national mortgage banking segment as a result of decreased mortgage banking income.

Income Tax Expense. operation. The Company recognized income tax decrease in other operating expense of $331,000 for the three-month period ended June 30, 2023 as compared to income tax benefit of $61,000 for the same period in 2022. The effective tax rate for 2023 was 12.5%. The increase in the effective tax rate was primarily due to Company's utilization litigation accruals and adjustments of capital $460,000 and a loss carryovers during the on captive insurance of $385,000 in 2022 period with no corresponding utilization amounts in the 2023 period.

Results of Operations for the Nine Months Ended June 30, 2023 and 2022

Overview. The Company reported net income of $8.9 million, or $1.29 per diluted share, for the nine-month period ended June 30, 2023 compared to net income of $14.0 million, or $1.95 per diluted share, for the nine-month period ended June 30, 2022.

Net Interest Income. Net interest income increased $2.2 million, or 5.0%, for the nine-month period ended June 30, 2023 as compared to the same period in 2022. Average interest-earning assets increased $429.9 million and average interest-bearing liabilities increased $417.2 million when comparing the two periods. The tax-equivalent net interest margin was 3.13% for 2023 compared to 3.73% for 2022.

Total interest income increased $25.1 million when comparing the two periods due primarily to an increase in the average balance of interest-earning assets of $429.2 million, from $1.61 billion for 2022 to $2.04 billion for 2023, and an increase the reversal of a litigation accrual of $275,000 made in the average tax equivalent yield on interest-earning assets from 4.25% for 2022 to 5.03% for 2023. The increase 2023 with no corresponding amount in the average balance of interest-earning assets was primarily due to increases in the average balance of total loans and investment securities of $324.7 million and $109.7 million, respectively.

Total interest expense increased $22.8 million due to an increase in the average balance of interest-bearing liabilities of $417.2 million, from $1.27 billion for 2022 to $1.68 billion for 2023, and an increase in the average cost of interest-bearing liabilities from 0.65% for 2022 to 2.30% for 2023. The increase in the average cost of interest-bearing liabilities for 2023 was due primarily to higher rates paid for FHLB borrowings, brokered deposits and money market deposit accounts primarily due to the increase in market interest rates.

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 nine-month periods ended June 30, 2023 and 2022. 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%.

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

	Nine Months Ended June 30,					
	2023			2022		
	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost
	(Dollars in thousands)					
Assets:						
Interest-bearing deposits with banks	$ 22,533	$ 603	3.57 %	$ 31,376	$ 64	0.27 %
Loans	1,641,215	64,800	5.26	1,316,515	43,986	4.45
Investment securities – taxable	110,548	2,896	3.49	67,297	1,594	3.16
Investment securities – nontaxable	239,380	7,494	4.17	172,949	5,067	3.91
FRB and FHLB stock	22,609	1,007	5.94	18,991	464	3.26
Total interest-earning assets	2,036,285	76,800	5.03	1,607,128	51,175	4.25
Noninterest-earning assets	159,923			180,561		
Total assets	$ 2,196,208			$ 1,787,689		
Liabilities and equity:						
NOW accounts	$ 336,835	$ 1,424	0.56 %	$ 326,208	$ 855	0.35 %
Money market deposit accounts	245,711	3,837	2.08	228,137	657	0.38
Savings accounts	166,762	79	0.06	168,708	79	0.06
Time deposits	498,313	12,874	3.44	221,682	1,005	0.60
Total interest-bearing deposits	1,247,621	18,214	1.95	944,735	2,596	0.37
Fed funds purchased	3	—	0.00	—	—	0.00
FHLB borrowings	373,075	8,280	2.96	290,032	2,222	1.02
Subordinated debt and other borrowings	62,784	2,560	5.44	31,521	1,397	5.91
Total interest-bearing liabilities	1,683,483	29,054	2.30	1,266,288	6,215	0.65
Noninterest-bearing deposits	316,855			304,806		
Other noninterest-bearing liabilities	35,334			36,250		
Total liabilities	2,035,672			1,607,344		
Total stockholders' equity	160,536			180,345		
Total liabilities and equity	$ 2,196,208			$ 1,787,689		
Net interest income (taxable equivalent basis)		47,746			44,960	
Less: taxable equivalent adjustment		(1,708)			(1,133)	
Net interest income		$ 46,038			$ 43,827	
Interest rate spread (taxable equivalent basis)			2.73 %			3.60 %
Net interest margin (taxable equivalent basis)			3.13 %			3.73 %
Average interest-earning assets to average interest-bearing liabilities			120.96 %			126.92 %

Income Tax Expense

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 nine-month periods ended June 30, 2023 and 2022. 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.

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	Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022 Increase (Decrease) Due to		
	Rate	Volume	Net
	(In thousands)		
Interest income:			
Interest-bearing deposits with banks	$ 666	$ (127)	$ 539
Loans	8,991	11,823	20,814
Investment securities – taxable	223	1,079	1,302
Investment securities – nontaxable	414	2,013	2,427
FRB and FHLB stock	418	125	543
Total interest-earning assets	10,712	14,913	25,625
Interest expense:			
Deposits	12,983	2,635	15,618
Borrowings from FHLB	4,819	1,239	6,058
Subordinated debt	(168)	1,331	1,163
Total interest-bearing liabilities	17,634	5,205	22,839
Net increase (decrease) in net interest income (taxable equivalent basis)	$ (6,922)	$ 9,708	$ 2,786

Provision for Loan Losses. The Company recognized a provision for loan losses income tax benefit of $1.8 million $476,000 for the nine-month three-month period ended June 30, 2023, primarily due to loan portfolio growth, December 31, 2023 as compared to a provision income tax expense of $1.0 million $83,000 for the same period in 2022.

The Company recognized net charge-offs of $319,000 for the nine-month period ended June 30, 2023, of which $264,000 was related to unguaranteed portions of SBA loans, compared to net charge-offs of $349,000 in 2022, of which $218,000 was related to unguaranteed portions of SBA loans.

Noninterest Income. Noninterest income decreased $26.8 million for the nine-month period ended June 30, 2023 as compared to the same period in 2022. The decrease was due primarily to decreases in mortgage banking income and net gain on sale of SBA loans of $24.8 million and $1.3 million, respectively. The decrease in mortgage banking income tax expense was primarily due to lower origination pre-tax income and sales volume in the 2023 period compared to 2022. Mortgage loans originated for sale were $392.2 million in the nine months ended June 30, 2023 as compared to $1.42 billion in 2022. The decrease in net gain on sales of SBA loans was due primarily to decreases in production and sales volume from the SBA lending segment, and lower premiums in the secondary market.

Noninterest Expense. Noninterest expense decreased $18.7 million for the nine-month period ended June 30, 2023 as compared to the same period in 2022. The decrease was due primarily to a decrease in compensation and benefits, advertising expense and professional fees of $17.8 million, $1.1 million and $1.0 million, respectively. The decrease in compensation and benefits expense was due primarily to a reduction in staff and incentive compensation for the

Company's mortgage banking segment as a result of decreased mortgage banking income. The decreases in professional fees and advertising expense were related to the reduced activity and loan origination volume of the mortgage banking segment.

Income Tax Expense. The Company recognized income tax expense of $747,000 for the nine-month period ended June 30, 2023 as compared to income tax expense of $2.4 million for the same period in 2022. The effective tax rate for 2023 was 7.7%, which was a decrease from the effective tax rate of 14.5% in 2022. The decrease was due to recognition utilization of investment tax credits related to solar projects in the 2023 and lower pre-tax income in 2023 as compared to 2022.

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FIRST SAVINGS FINANCIAL GROUP, INC.

PART I - ITEM 2

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

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 June 30, 2023 December 31, 2023, the Bank had cash and cash equivalents of $42.5 million $33.4 million and securities available-for-sale with a fair value of $248.4 million $245.5 million, including $192.2 million $190.3 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 June 30, 2023 December 31, 2023, the Bank had the ability to borrow a total of $590.0 million $598.2 million from the FHLB, of which $345.0 million $356.7 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 June 30, 2023 December 31, 2023. The Bank also had two three other federal funds line of credit facilities with other financial institutions from which we had the ability to borrow an additional 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 June 30, 2023 December 31, 2023.

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 June 30, 2023 December 31, 2023, deposits exceeding the FDIC insurance limit of $250,000 per insured account were estimated to be not greater than $325.3 million $448.7 million, or 19.6% 26.6% of total deposits.

When excluding Indiana public funds accounts, the total uninsured amount was estimated to be $196.2 million, or 11.7% of total deposits, as of December 31, 2023.

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 and the Captive. 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 June 30, 2023 December 31, 2023, the Company (unconsolidated basis) had liquid assets of $9.3 million $5.9 million.

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Capital Management. The Bank is required to maintain specific amounts of capital pursuant to regulatory requirements. As of June 30, 2023 December 31, 2023, 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 9.06% 9.05%, 10.49% 11.02%, 10.49% 11.02% and 11.35% 11.97%, 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 June 30, 2023 December 31, 2023, the Bank was considered "well-capitalized" under applicable regulatory guidelines.

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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, as amended, for the year ended September 30, 2022 September 30, 2023.

For the nine-month three-month period ended June 30, 2023 December 31, 2023, 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.

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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.

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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.

	At June 30, 2023		At September 30, 2022		At December 31, 2023		At September 30, 2023	
Immediate Change	One Year Horizon		One Year Horizon		One Year Horizon		One Year Horizon	
in the Level of Interest Rates	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change	Dollar Change	Percent Change
	(Dollars in thousands)							

					(Dollars in thousands)				
300bp	$	(8,852)	(15.69)%	$ (15,503)	(27.12)%	$ (6,034)	(10.20)%	$ (6,660)	(11.71)%
200bp		(5,667)	(10.04)	(8,858)	(15.50)	(3,948)	(6.68)	(4,349)	(7.65)
100bp		(2,721)	(4.82)	(3,224)	(5.64)	(2,062)	(3.49)	(2,223)	(3.91)
(100)bp		2,638	4.67	2,819	4.93	1,886	3.19	2,214	3.89
(200)bp		3,480	6.17	5,095	8.91	3,778	6.39	4,451	7.83

At June 30, 2023 December 31, 2023, our simulated exposure to an increase in interest rates shows that an immediate and sustained increase in rates of 1.00% will would decrease our net interest income by $2.7 million $2.1 million, or 4.82% 3.49%, 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 10.04% 6.68% and 15.69% 10.20%, respectively. An immediate and sustained decrease in rates of 1.00% will would increase our net interest income by $2.6 million $1.9 million, or 4.67% 3.19%, 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 6.17% 6.39%.

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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, 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 June 30, 2023 December 31, 2023 and has concluded that the Company's internal control over financial reporting was not effective as of that date because of the material weaknesses.

As part of the transition of independent registered public accounting firms, During management's assessment, management identified material weaknesses in internal control over financial reporting related to the following:

- Ineffective 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 controls over other assets the monthly and liabilities. This material weakness occurred due 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 a failure to design appropriate controls for the evaluation support performance of capitalized professional fees related to the negotiation closing routines including completion of a new core processing contract and the accrual of liabilities related to deferred compensation and litigation expenses.
- Ineffective design and operation of controls over participation loan sales. This material weakness occurred due to a failure to design appropriate controls for the review of participation loan sales contracts, and changes to the provisions therein, to ensure the transfers qualify for sales treatment under U.S. GAAP. disclosure checklist.

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

CONTROLS AND PROCEDURES

During the quarter ended June 30, 2023 December 31, 2023, management continued taking took steps to begin to remediate the material weaknesses by adding a second level of review by executive management of the significant other assets and other liabilities account reconciliation process, and weakness related to controls over the review of all changes made 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 December 31, 2023, management additionally took steps to participation loan sales contracts. Management begin 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 also provided additional training been modified with a greater emphasis on quarter end dates, certain members of financial management have developed and management oversight related to these areas. completed quarterly checklists and a disclosure checklist is now being completed on a quarterly basis.

Changes in Internal Controls. There Other than changes described above, there have been no changes in our internal controls over financial reporting that occurred during the quarter ended June 30, 2023 December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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FIRST SAVINGS FINANCIAL GROUP, INC.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

Item 1. Legal Proceedings

The Bank is in discussions with the Federal Reserve Board regarding an alleged violation As of law or regulation occurring during 2019. These discussions with the Federal Reserve Board regarding the allegation began in March 2023. The Bank is cooperating with the Federal Reserve Board and continues to review this matter internally and with external legal counsel. The foregoing could result in enforcement action against the Bank including civil money penalties and remedial measures. The Bank is unable to estimate a range of potential loss at this time.

As previously discussed in Note 15 of the Condensed Consolidated Financial Statements, the Bank received notice of a class action lawsuit on March 23, 2021 regarding its policy and practice of assessment of customer fees related to items presented on accounts with insufficient funds (NSF items).

Other than the matters noted in the paragraphs above, December 31, 2023, the Company is not a party to any legal proceedings. 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.

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FIRST SAVINGS FINANCIAL GROUP, INC.

PART II

OTHER INFORMATION

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, as amended, for the year ended September 30, 2022 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, as amended. 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.

Our stock price may be negatively impacted by recent unrelated bank failures and negative depositor confidence in depository institutions. Further, if we are unable to adequately manage our liquidity, interest rate risk, and capital levels, which have come under greater scrutiny in light of recent bank failures, it may have a material adverse effect on our financial condition and results of operations.

The recent failures of Silicon Valley Bank, Signature Bank and First Republic Bank have led to volatility and declines in the market for bank stocks and questions about depositor confidence in depository institutions. These events have led to a greater focus by investors and bank regulators on financial institutions' on-balance sheet liquidity and funding sources, deposit composition, including the amount of uninsured deposits, capital levels, and liquidity and interest rate risk management practices. If we are unable to adequately manage our liquidity and interest rate management and capital levels, it may have a material adverse effect on our financial condition and results of operations.

Failure to address the federal debt ceiling in a timely manner, downgrade of the U.S. credit rating, and uncertain credit and financial market conditions may affect the stability of securities issued or guaranteed by the federal government, which may adversely affect the valuation or

liquidity of our investment securities portfolio and increase future borrowing costs.

As a result of uncertain political, credit and financial market conditions, including the potential consequences of the federal government defaulting on its obligations for a period of time due to federal debt ceiling limitations or other unresolved political issues, investments in financial instruments issued or guaranteed by the federal government pose credit default and liquidity risks. Downgrades to the U.S. credit rating could affect the stability of securities issued or guaranteed by the federal government and the valuation or liquidity of our portfolio of such investment securities, and could result in our counterparties requiring additional collateral for our borrowings. Further, unless and until U.S. political, credit and financial market conditions have been sufficiently resolved or stabilized, it may increase our future funding costs.

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FIRST SAVINGS FINANCIAL GROUP, INC.
PART II

OTHER INFORMATION

Item 2. 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 June 30, 2023 December 31, 2023:

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
April 1, 2023 through April 30, 2023	—	$ —	—	27,548
May 1, 2023 through May 31, 2023	—	$ —	—	27,548
June 1, 2023 through June 30, 2023	—	$ —	—	27,548
Total	—	$ —	—	27,548

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
October 1, 2023 through October 31, 2023	—	$ —	—	27,548
November 1, 2023 through November 30, 2023	2,636	$ 15.10	2,636	24,912
December 1, 2023 through December 31, 2023	—	$ —	—	24,912
Total	2,636	$ 15.10	2,636	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. Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Item 5. Other Information

During the three months ended June 30, 2023 December 31, 2023, 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. 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 June 30, 2023 December 31, 2023, 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	August February 9, 2023 2024	**BY**:	/s/ Larry W. Myers
			Larry W. Myers
			President and Chief Executive Officer
Dated	August February 9, 2023 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 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 registrant's internal control over financial reporting that occurred during the registrant’s registrant's most recent fiscal quarter (the registrant’s 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 registrant's internal control over financial reporting; and

5. The registrant’s 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 registrant's auditors and the audit committee of the registrant’s 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 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 registrant's internal control over financial reporting.

Date: August 9, 2023 February 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 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 registrant's internal control over financial reporting that occurred during the registrant’s registrant's most recent fiscal quarter (the registrant’s 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 registrant's internal control over financial reporting; and

5. The registrant’s 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 registrant's auditors and the audit committee of the registrant’s 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 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 registrant's internal control over financial reporting.

Date: August 9, 2023 February 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 June 30, 2023 December 31, 2023, 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.

(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: August 9, 2023 February 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 June 30, 2023 December 31, 2023, 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

(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.

(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:

August 9, 2023 February 9, 2024

BY: /s/ Anthony A. Schoen

Anthony A. Schoen

Chief Financial Officer