REFINITIV

DELTA REPORT

10-Q

FFBC - FIRST FINANCIAL BANCORP /

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1182
CHANGES	584
DELETIONS	285
ADDITIONS	313

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2024 September 30, 2024

OR

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

For the transition period from ____________________ to ____________________

Commission file number 001-34762

FIRST FINANCIAL BANCORP /OH/
(Exact name of registrant as specified in its charter)

Ohio	31-1042001
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
255 East Fifth Street, Suite 800 Cincinnati, Ohio	45202
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (877) 322-9530

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, No par value	FFBC	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such 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 and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 Exchange Act).
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The registrant has one class of common stock (no par value) with 95,481,794 95,489,153 shares outstanding at August 8, 2024 November 6, 2024.

FIRST FINANCIAL BANCORP.

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Glossary of Abbreviations and Acronyms

First Financial has identified the following list of abbreviations and acronyms that are used in the Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations.

ABL	Asset backed lending	Form 10-K	First Financial Bancorp. Annual Report on Form 10-K
ACL or Allowance	Allowance for credit losses	FRB	Federal Reserve Bank
AFS	Available-for-sale	FTE	Fully tax equivalent
Agile	Agile Premium Finance	GAAP	U.S. Generally Accepted Accounting Principles
AOCI	Accumulated other comprehensive income	HTC	Historic tax credit
ASC	Accounting standards codification	HTM	Held-to-maturity
ASU	Accounting standards update	Insignificant	Less than $0.1 million
Bank	First Financial Bank	IRLC	Interest rate lock commitment
Basel III	Basel Committee regulatory capital reforms, Third Basel Accord	LGD	Loss given default
Bannockburn	Bannockburn Global Forex	LIHTC	Low income housing tax credit
Bp/bps	Basis point(s)	MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
BOLI	Bank owned life insurance	MSFG	MainSource Financial Group, Inc.
CDs	Certificates of deposit	N/A	Not applicable
C&I	Commercial & industrial	NII	Net interest income
CRE	Commercial real estate	NMTC	New market tax credit
Company	First Financial Bancorp.	OREO	Other real estate owned
CFTF	Contingency Funding Task Force	PAM	Proportional amortization method
DDA	Demand deposit account	PCA	Prompt corrective action
Dodd-Frank	Dodd–Frank Wall Street Reform and Consumer Protection Act	PCD	Purchased credit deteriorated
ERM	Enterprise risk management	R&S	Reasonable and Supportable supportable
EVE	Economic value of equity	ROU	Right-of-use
Fair Value Topic	FASB ASC Topic 820, Fair Value Measurement	SEC	U.S. Securities and Exchange Commission
FASB	Financial Accounting Standards Board	Summit	Summit Funding Group, Inc.
FDIC	Federal Deposit Insurance Corporation	SOFR	Secured Overnight Financing Rate
FDM	Financial difficulty modification	Topic 842	FASB ASC Topic 842, Leasing
FHLB	Federal Home Loan Bank	TDR	Troubled debt restructuring
FINRA	Financial Industry Regulatory Authority	USD	United States dollars
First Financial	First Financial Bancorp.		

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PART I - FINANCIAL INFORMATION
ITEM I - FINANCIAL STATEMENTS
FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
	(Unaudited)	(Unaudited)
Assets	**Assets**	**Assets**
Cash and due from banks		
Interest-bearing deposits with other banks		
Investment securities available-for-sale, at fair value (amortized cost $3,410,038 at June 30, 2024 and $3,382,604 at December 31, 2023)		

Investment securities held-to-maturity (fair value $70,066 at June 30, 2024 and $71,688 at December 31, 2023)			
Investment securities available-for-sale, at fair value (amortized cost $3,418,334 at September 30, 2024 and $3,382,604 at December 31, 2023)			
Investment securities held-to-maturity (fair value $71,126 at September 30, 2024 and $71,688 at December 31, 2023)			
Other investments			
Loans held for sale, at fair value			
Loans and leases			
Commercial & industrial			
Commercial & industrial			
Commercial & industrial			
Lease financing			
Construction real estate			
Commercial real estate			
Residential real estate			
Home equity			
Installment			
Credit card			
Total loans and leases			
Less: Allowance for credit losses			
Net loans and leases			
Premises and equipment			
Operating leases			
Goodwill			
Other intangibles			
Accrued interest and other assets			
Total assets			
Liabilities			
Liabilities			
Liabilities			
Deposits	Deposits	Deposits	
Interest-bearing demand			
Savings			
Time			
Total interest-bearing deposits			
Noninterest-bearing			
Total deposits			
FHLB short-term borrowings			
FHLB short-term borrowings			
FHLB short-term borrowings			
Other short-term borrowings			
Total short-term borrowings			
Long-term debt			
Total borrowed funds			
Accrued interest and other liabilities			
Total liabilities			
Shareholders' equity			
Shareholders' equity			
Shareholders' equity			
Common stock - no par value	Common stock - no par value	Common stock - no par value	
Authorized - 160,000,000 shares; Issued - 104,281,794 shares at both June 30, 2024 and December 31, 2023			
Authorized - 160,000,000 shares; Issued - 104,281,794 shares at both September 30, 2024 and December 31, 2023			
Retained earnings			

Accumulated other comprehensive income (loss)
Treasury stock, at cost, 8,795,784 shares at June 30, 2024 and 9,140,550 shares at December 31, 2023
Treasury stock, at cost, 8,795,477 shares at September 30, 2024 and 9,140,550 shares at December 31, 2023
Total shareholders' equity
Total liabilities and shareholders' equity

See Notes to Consolidated Financial Statements.

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FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)
(Unaudited)

	Three months ended	Three months ended	Six months ended		Three months ended		Nine months ended	
	June 30,				September 30,			
	2024	2023	2024	2023	2024	2023	2024	2023
Interest income								
Loans and leases, including fees								
Loans and leases, including fees								
Loans and leases, including fees								
Investment securities								
Taxable								
Taxable								
Taxable								
Tax-exempt								
Total interest on investment securities								
Other earning assets								
Total interest income								
Interest expense								
Deposits								
Deposits								
Deposits								
Short-term borrowings								
Long-term borrowings								
Total interest expense								
Net interest income								
Provision for credit losses - loans and leases								
Provision for (recapture of) credit losses - unfunded commitments								
Net interest income after provision for credit losses								
Noninterest income								
Service charges on deposit accounts								
Service charges on deposit accounts								
Service charges on deposit accounts								
Wealth management fees								
Bankcard income								
Client derivative fees								
Foreign exchange income								
Leasing business income								
Net gain from sales of loans								
Net gain (loss) on sales of investment securities								
Net gain (loss) on equity securities								
Net gain (loss) on investment securities								

Other
Other
Other
Total noninterest income
Noninterest expenses
Salaries and employee benefits
Salaries and employee benefits
Salaries and employee benefits
Net occupancy
Furniture and equipment
Data processing
Marketing
Communication
Professional services
State intangible tax
FDIC assessments
Intangible assets amortization
Leasing business expense
Other
Total noninterest expenses
Income before income taxes
Income tax expense (benefit)
Net income
Net earnings per common share - basic
Net earnings per common share - diluted
Average common shares outstanding - basic
Average common shares outstanding - diluted

See Notes to Consolidated Financial Statements.

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FIRST FINANCIAL BANCORP. AND SUBSIDIARIES **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)** **(Dollars in thousands)** **(Unaudited)**

	Three months ended Three months ended Three months ended		Six months ended		Nine months ended			
		June 30,			September 30,			
	2024	2024	2023	2024	2023	2024	2023	2024	2023
Net income									
Other comprehensive income (loss), net of tax:									
Unrealized gain (loss) on debt securities arising during the period									
Unrealized gain (loss) on debt securities arising during the period									
Unrealized gain (loss) on debt securities arising during the period									
Change in retirement obligation									
Unrealized gain (loss) on derivatives									

Unrealized gain (loss) on foreign currency exchange

Other comprehensive income (loss)

Comprehensive income (loss)

See Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

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FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Second Third quarter
(Dollars in thousands except per share data)
(Unaudited)

	Common Stock		Retained	Accumulated other comprehensive	Treasury stock			Common Stock	Retained	Accumulated other comprehensive	Treasury stock					
	Shares	Amount	Earnings	income (loss)	Shares	Amount	Total	Shares	Amount	Earnings	income (loss)	Shares	Amount	Total		
Balance at April 1, 2023																
Net income																
Net income																
Net income																
Other comprehensive income (loss)																
Cash dividends declared:																
Common stock at $0.23 per share																
Common stock at $0.23 per share																
Common stock at $0.23 per share																
Exercise of stock options, net of shares purchased																
Exercise of stock options, net of shares purchased																
Exercise of stock options, net of shares purchased																
Restricted stock awards, net of forfeitures																
Share-based compensation expense																
Balance at June 30, 2023																
Balance at April 1, 2024																
Balance at July 1, 2023																
Net income																
Net income																
Net income																
Other comprehensive income (loss)																
Cash dividends declared:																
Common stock at $0.23 per share																
Common stock at $0.23 per share																
Common stock at $0.23 per share																
Restricted stock awards, net of forfeitures																
Restricted stock awards, net of forfeitures																
Restricted stock awards, net of forfeitures																
Share-based compensation expense																
Balance at June 30, 2024																

Balance at September 30, 2023
Balance at July 1, 2024
Net income
Net income
Net income
Other comprehensive income (loss)
Cash dividends declared:
Common stock at $0.24 per share
Common stock at $0.24 per share
Common stock at $0.24 per share
Restricted stock awards, net of forfeitures
Restricted stock awards, net of forfeitures
Restricted stock awards, net of forfeitures
Share-based compensation expense
Balance at September 30, 2024

See Notes to Consolidated Financial Statements.

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FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Year-to-date
(Dollars in thousands except per share data)
(Unaudited)

	Common Stock		Retained	Accumulated other comprehensive	Treasury stock			Common Stock		Retained	Accumulated other comprehensive	Treasury stock		
	Shares	Amount	Earnings	income (loss)	Shares	Amount	Total	Shares	Amount	Earnings	income (loss)	Shares	Amount	Total
Balance at January 1, 2023														
Net income														
Net income														
Net income														
Other comprehensive income (loss)														
Cash dividends declared:														
Common stock at $0.46 per share														
Common stock at $0.46 per share														
Common stock at $0.46 per share														
Common stock at $0.69 per share														
Common stock at $0.69 per share														
Common stock at $0.69 per share														
Exercise of stock options, net of shares purchased														
Exercise of stock options, net of shares purchased														
Exercise of stock options, net of shares purchased														
Restricted stock awards, net of forfeitures														
Share-based compensation expense														
Balance at June 30, 2023														
Balance at September 30, 2023														
Balance at January 1, 2024														
Impact of cumulative effect of adoption of new accounting principles														

Net income
Other comprehensive income (loss)
Other comprehensive income (loss)
Other comprehensive income (loss)
Cash dividends declared:
Common stock at $0.46 per share
Common stock at $0.46 per share
Common stock at $0.46 per share
Common stock at $0.70 per share
Common stock at $0.70 per share
Common stock at $0.70 per share
Restricted stock awards, net of forfeitures
Restricted stock awards, net of forfeitures
Restricted stock awards, net of forfeitures
Share-based compensation expense
Balance at June 30, 2024
Balance at September 30, 2024

See Notes to Consolidated Financial Statements.

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FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six months ended June 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Operating activities	**Operating activities**		**Operating activities**	
Net income				
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for (recapture of) credit losses				
Provision for (recapture of) credit losses				
Provision for (recapture of) credit losses				
Provision for (recapture of) credit losses on loans				
Provision for (recapture of) credit losses on loans				
Provision for (recapture of) credit losses on loans				
Depreciation and amortization				
Stock-based compensation expense				
Pension expense (income)				
Net amortization (accretion) on investment securities				
Net (gain) loss on sales of investment securities				
Net (gain) loss from equity securities				
Net (gain) loss on investment securities				
Originations of loans held for sale				
Net gains from sales of loans held for sale				
Proceeds from sales of loans held for sale				
Deferred income taxes				
Amortization of operating leases				
Payments for operating leases				
Decrease (increase) cash surrender value of life insurance				
Decrease (increase) in interest receivable				

(Decrease) increase in interest payable
Decrease (increase) in other assets
(Decrease) increase in other liabilities
Net cash provided by (used in) operating activities
Investing activities
Investing activities
Investing activities
Proceeds from sales of securities available-for-sale
Proceeds from calls, paydowns and maturities of securities available-for-sale
Purchases of securities available-for-sale
Proceeds from calls, paydowns and maturities of securities held-to-maturity
Proceeds from calls, paydowns and maturities of securities held-to-maturity
Proceeds from calls, paydowns and maturities of securities held-to-maturity
Proceeds from sales of other investment securities
Proceeds from sales of other investment securities
Proceeds from sales of other investment securities
Proceeds from calls, paydowns and maturities of other securities
Purchases of other investment securities
Net decrease (increase) in interest-bearing deposits with other banks
Net decrease (increase) in loans and leases
Proceeds from disposal of other real estate owned
Purchases of premises and equipment
Net change in operating leases
Net cash (paid for) acquired from acquisitions
Life insurance death benefits
Life insurance death benefits
Life insurance death benefits
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Financing activities
Financing activities
Financing activities
Net (decrease) increase in total deposits
Net (decrease) increase in short-term borrowings
Payments on long-term debt
Cash dividends paid on common stock
Cash dividends paid on common stock
Cash dividends paid on common stock
Proceeds from exercise of stock options
Proceeds from exercise of stock options
Proceeds from exercise of stock options
Net cash provided by (used in) financing activities
Cash and due from banks
Cash and due from banks
Cash and due from banks
Change in cash and due from banks
Cash and due from banks at beginning of period
Cash and due from banks at end of period

(continued on next page)

See Notes to Consolidated Financial Statements.

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FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Dollars in thousands)
(Unaudited)

	Six months ended		June 30,		Nine months ended	September 30,
	2024	2024	2023	2024	2023	
Supplemental disclosures						
Interest paid						
Interest paid						
Interest paid						
Income taxes paid, net of refunds						
Investment securities purchased not settled						
Supplemental schedule for investing activities						
Supplemental schedule for investing activities						
Supplemental schedule for investing activities						
Business combinations						
Business combinations						
Business combinations						
Assets acquired, net of purchase consideration						
Assets acquired, net of purchase consideration						
Assets acquired, net of purchase consideration						
Liabilities assumed						
Goodwill						

See Notes to Consolidated Financial Statements.

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FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June September 30, 2024
(Unaudited)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The Consolidated Financial Statements of First Financial Bancorp., a financial holding company principally serving Ohio, Indiana, Kentucky and Illinois, include the accounts and operations of First Financial and its wholly-owned subsidiary, First Financial Bank. All significant intercompany transactions and accounts have been eliminated in consolidation. Certain reclassifications of prior periods' amounts have been made to conform to current year presentation. Such reclassifications had no effect on net earnings.

These interim financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they may not include all of the information and accompanying notes necessary to constitute a complete set of financial statements required by GAAP and should be read in conjunction with the audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. Management believes these unaudited consolidated financial statements reflect all adjustments of a normal recurring nature which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period. The Consolidated Balance Sheet as of December 31, 2023 has been derived from the audited financial statements in the Company’s 2023 Form 10-K.

Use of estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying Notes. Actual realized amounts could differ materially from these estimates.

NOTE 2: ACCOUNTING STANDARDS RECENTLY ADOPTED OR ISSUED

Standards Adopted in 2024

In March, 2023, the FASB issued ASU No. 2023-02, *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, that is intended to improve the accounting and disclosures for investments in tax credit structures. The ASU is a ratification of the FASB’s EITF consensus that was issued in December, 2022. The ASU allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, if certain conditions are met, regardless of the program giving rise to the related income tax credits.

The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. First Financial adopted this standard on a modified retrospective basis, resulting in amended disclosures in the Company's Consolidated Financial Statements, but not materially impacting the Company's results of operations. The Company recorded a net increase to retained earnings of $0.6 million as of January 1, 2024 for the cumulative effect of adopting this guidance.

Standards Adopted in 2023

In March, 2022, the FASB issued ASU 2022-02 - *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* This standard eliminates the accounting guidance on TDRs for creditors in ASC 310-40 and amends the guidance on "vintage disclosures" to require disclosure of current period gross write-offs by year of origination. The ASU also updates the requirements related to accounting for credit losses under ASC 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, for any entities that have adopted ASU 2016-13 - *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The adoption of this standard resulted in amended disclosures in the Company's Consolidated Financial Statements, but did not materially impact the Company's results of operations.

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Standards Issued But Not Yet Adopted

In November, 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* The amendments are intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Additionally, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment and define other disclosure requirements. A public entity must apply the amendments retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The adoption of this standard will likely result in additional disclosures in the Company's Consolidated Financial Statements, but it is not expected to materially impact the Company's results of operations.

In December, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* These amendments require public business entities on an annual basis to disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a quantitative threshold. Additionally, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts are equal to or greater than 5 percent of total income taxes paid (net of refunds received). The amendments in this ASU are effective for annual periods beginning after December 15, 2024. The adoption of this standard will likely result in additional disclosures in the Company's Consolidated Financial Statements, but it is not expected to materially impact the Company's results of operations.

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NOTE 3: INVESTMENTS

For the three months ended June 30, 2024 September 30, 2024, there were no sales of AFS securities. For the six months ended June 30, 2024 there were $212.0 million $135.4 million of sales of AFS securities with $0.4 million gross realized gains of $0.7 million and gross realized losses of $1.0 million. For the nine months ended September 30, 2024 there were $347.4 million of sales of AFS securities with $1.1 million gross realized gains and gross realized losses of $7.9 million $6.9 million. Additionally in the first six nine months ended June 30, 2024 September 30, 2024, First Financial sold its remaining Class B Visa shares, which resulted in proceeds of $11.6 million, with gross realized gains of $2.2 million, which is included in Net gain (loss) on sales of investment securities on the Consolidated Statements of Income. For the three and six months ended June 30, 2023 September 30, 2023 there were $0.1 million of sales of AFS securities with with no gross realized gains or gross realized losses. For the nine months ended September 30, 2023, there were $4.8 million of sales of AFS securities with no gross realized gains and gross realized losses of $0.4 million.

The Company recognized impairment losses of $9.7 million on available-for-sale securities during the three and nine months ended September 30, 2024, respectively. The losses were included in Net gain (loss) on investment securities in the Consolidated Statements of Income. The losses related to two AFS securities in unrealized loss positions due to credit deterioration where the Company had determined that it no longer intended to hold the securities until the recovery of their amortized cost bases.

The following is a summary of HTM and AFS investment securities as of June 30, 2024 September 30, 2024:

		Held-to-maturity				Available-for-sale					Held-to-maturity				Available-for-sale			
(Dollars in thousands)	*(Dollars in thousands)*	Amortized cost	Unrecognized gain	Unrecognized loss	Fair value	Amortized cost	Unrealized gain	Unrealized loss	Fair value	*(Dollars in thousands)*	Amortized cost	Unrecognized gain	Unrecognized loss	Fair value	Amortized cost	Unrealized gain	Unrealized loss	Fair value
U.S. Treasuries																		

Securities of U.S. government agencies and corporations
Mortgage-backed securities - residential
Mortgage-backed securities - commercial
Collateralized mortgage obligations
Obligations of state and other political subdivisions
Asset-backed securities
Other securities
Total

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The following is a summary of HTM and AFS investment securities as of December 31, 2023:

	Held-to-maturity				Available-for-sale			
(Dollars in thousands)	Amortized cost	Unrecognized gain	Unrecognized loss	Fair value	Amortized cost	Unrealized gain	Unrealized loss	Fair value
U.S. Treasuries	$ 0	$ 0	$ 0	$ 0	$ 34,904	$ 0	$ (3,661)	$ 31,243
Securities of U.S. government agencies and corporations	0	0	0	0	81,790	0	(12,010)	69,780
Mortgage-backed securities - residential	0	0	0	0	744,546	2,034	(85,532)	661,048
Mortgage-backed securities - commercial	32,926	0	(4,628)	28,298	543,134	7	(35,911)	507,230
Collateralized mortgage obligations	7,970	0	(539)	7,431	478,744	181	(60,277)	418,648
Obligations of state and other political subdivisions	8,175	130	(215)	8,090	765,223	1,614	(114,320)	652,517
Asset-backed securities	0	0	0	0	600,055	6	(39,813)	560,248
Other securities	31,250	0	(3,381)	27,869	134,208	0	(13,796)	120,412
Total	$ 80,321	$ 130	$ (8,763)	$ 71,688	$ 3,382,604	$ 3,842	$ (365,320)	$ 3,021,126

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The following table provides a summary of investment securities by contractual maturity as of June 30, 2024 September 30, 2024, except for residential and commercial mortgage-backed securities, collateralized mortgage obligations and asset-backed securities, which are shown as single totals due to the unpredictability of the timing in principal repayments.

		Held-to-maturity		Available-for-sale			Held-to-maturity	Available-for-sale		
(Dollars in thousands)	*(Dollars in thousands)*	Amortized cost	Fair value	Amortized cost	Fair value	*(Dollars in thousands)*	Amortized cost	Fair value	Amortized cost	Fair value
By Contractual Maturity:										
Due in one year or less										
Due in one year or less										
Due in one year or less										
Due after one year through five years										
Due after five years through ten years										

Due after ten years
Mortgage-backed securities - residential
Mortgage-backed securities - commercial
Collateralized mortgage obligations
Asset-backed securities
Total

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

Other than the two previously mentioned securities on which the Company recorded impairment losses, First Financial does not intend to sell, and it is not more likely than not that the Company will be required to sell, debt securities prior to maturity or recovery of the recorded value. Additionally, based on the Company's credit assessment of AFS securities in an unrealized loss position, the Company recorded no reserves for the periods ended June 30, 2024 September 30, 2024 or December 31, 2023.

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As of June 30, 2024 September 30, 2024, the Company's investment securities portfolio consisted of 909 777 securities, of which 752 589 were in an unrealized loss position. As of December 31, 2023, the Company's investment securities portfolio consisted of 1,018 securities, of which 783 were in an unrealized loss position.

Primarily all The majority of First Financial's HTM debt securities are issued by U.S. government-sponsored enterprises. These securities carry the explicit and/or implicit guarantee of the U.S. government, are widely recognized as "risk free," and have a long history of zero credit loss. The remainder of the Company's HTM securities are non-agency collateralized mortgage obligations and obligations of state and other political subdivisions which currently carry ratings no lower than A+. There were no HTM securities on nonaccrual status or past due at June 30, 2024 September 30, 2024 or December 31, 2023.

Management measures expected credit losses on HTM debt securities on a collective basis by security type. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The Company did not record an ACL for these securities as of June 30, 2024 September 30, 2024 or December 31, 2023.

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

		June 30, 2024							September 30, 2024					
		Less than 12 months		12 months or more		Total			Less than 12 months		12 months or more		Total	
(Dollars in thousands)	*(Dollars in thousands)*	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss	*(Dollars in thousands)*	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. Treasuries														
Securities of U.S. Government agencies and corporations														
Mortgage-backed securities - residential														
Mortgage-backed securities - commercial														
Collateralized mortgage obligations														
Obligations of state and other political subdivisions														
Asset-backed securities														
Other securities														

Total

	December 31, 2023					
	Less than 12 months		12 months or more		Total	
(Dollars in thousands)	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
U.S. Treasuries	$ 0	$ 0	$ 31,243	$ (3,661)	$ 31,243	$ (3,661)
Securities of U.S. Government agencies and corporations	0	0	69,780	(12,010)	69,780	(12,010)
Mortgage-backed securities - residential	31,892	(483)	538,863	(85,049)	570,755	(85,532)
Mortgage-backed securities - commercial	1,772	(11)	495,451	(35,900)	497,223	(35,911)
Collateralized mortgage obligations	10,699	(157)	393,884	(60,120)	404,583	(60,277)
Obligations of state and other political subdivisions	15,155	(132)	562,740	(114,188)	577,895	(114,320)
Asset-backed securities	6,853	(15)	542,029	(39,798)	548,882	(39,813)
Other securities	14,605	(396)	105,807	(13,400)	120,412	(13,796)
Total	$ 80,976	$ (1,194)	$ 2,739,797	$ (364,126)	$ 2,820,773	$ (365,320)

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

				June 30, 2024						September 30, 2024				
		Less than 12 months		Less than 12 months	12 months or more		Total			Less than 12 months	12 months or more		Total	
(Dollars in thousands)	*(Dollars in thousands)*	Fair value	Unrecognized loss	Fair value	Unrecognized loss	Fair value	Unrecognized loss	*(Dollars in thousands)*	Fair value	Unrecognized loss	Fair value	Unrecognized loss	Fair value	Unrecognized loss
U.S. Treasuries														
Securities of U.S. Government agencies and corporations														
Mortgage-backed securities - residential														
Mortgage-backed securities - commercial														
Collateralized mortgage obligations														
Obligations of state and other political subdivisions														
Asset-backed securities														
Other securities														
Total														

	December 31, 2023					
	Less than 12 months		12 months or more		Total	
(Dollars in thousands)	Fair value	Unrecognized loss	Fair value	Unrecognized loss	Fair value	Unrecognized loss
U.S. Treasuries	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Securities of U.S. Government agencies and corporations	0	0	0	0	0	0
Mortgage-backed securities - residential	0	0	0	0	0	0
Mortgage-backed securities - commercial	0	0	28,298	(4,628)	28,298	(4,628)
Collateralized mortgage obligations	0	0	7,431	(539)	7,431	(539)
Obligations of state and other political subdivisions	1,128	(3)	1,488	(212)	2,616	(215)

Asset-backed securities	0	0	0	0	0	0
Other securities	0	0	27,869	(3,381)	27,869	(3,381)
Total	$ 1,128	$ (3)	$ 65,086	$ (8,760)	$ 66,214	$ (8,763)

For further detail on the fair value of investment securities, see Note 17 – Fair Value Disclosures.

NOTE 4: LOANS AND LEASES

First Financial offers clients a variety of commercial and consumer loan and lease products with diverse interest rates and payment terms. Commercial loan categories include C&I, CRE, construction real estate and lease financing. Consumer loan categories include residential real estate, home equity, installment and credit card.

Lending activities are primarily concentrated in states where the Bank operates banking centers (Ohio, Indiana, Kentucky and Illinois). First Financial also has certain specialty lending platforms that extend beyond the geographic banking center footprint. These specialty finance businesses provide insurance premium financing, equipment lease financing and financing to franchise owners and clients within the financial services industry.

Credit Quality. To facilitate the monitoring of credit quality for commercial loans, First Financial utilizes the following categories of credit grades:

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Pass - Higher quality loans that do not fit any of the other categories described below.

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Special Mention - First Financial assigns a special mention rating to loans and leases with potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan, lease or First Financial's credit position at some future date.

Substandard - First Financial assigns a substandard rating to loans or leases that are inadequately protected by the current sound financial worth and paying capacity of the borrower or of the collateral pledged, if any. Substandard loans and leases have well-defined weaknesses that jeopardize repayment of the debt. Substandard loans and leases are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not addressed.

Doubtful - First Financial assigns a doubtful rating to loans and leases with all the attributes of a substandard rating with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions and values. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors that may work to the advantage and strengthening of the credit quality of the loan or lease, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans.

The credit grades previously described are derived from standard regulatory rating definitions and are assigned upon initial approval of credit to borrowers and updated periodically thereafter.

First Financial considers repayment performance to be the best indicator of credit quality for consumer loans. Consumer loans that have principal and interest payments that are past due by 90 days or more are generally classified as nonperforming. In 2022 and all years prior that are presented below, consumer loans that had been modified in a TDR were classified as nonperforming.

The following table sets forth the Company's loan portfolio at June 30, 2024 September 30, 2024 by risk attribute and origination date as well as current period gross chargeoffs:

(Dollars in thousands)	*(Dollars in thousands)*	2024	2023	2022	2021	2020	Prior	Term Total	Revolving	Total	*(Dollars in thousands)*	2024	2023	2022	2021	2020	Prior	Term Total
Commercial & industrial																		
Pass																		
Pass																		
Pass																		
Special mention																		
Substandard																		
Doubtful																		
Total																		
Total																		

Total

YTD Gross chargeoffs

Lease financing

Pass

Pass

Pass

Special mention	Special mention	0	2,985	11,234	0	14,219	0	14,219		
	Special mention	49	3,746	11,035	588	513	0	15,931	0	
Substandard	Substandard	0	3,529	4,357	80	0	2,605	10,571	0	10,571
	Substandard	0	7,439	5,019	155	8	2,619	15,240		

Total

Total

Total

YTD Gross chargeoffs

Construction real estate

Pass

Pass

Pass

Special mention

Substandard

Total

Total

Total

YTD Gross chargeoffs

Commercial real estate - investor

Pass

Pass

Pass

Special mention

Substandard

Doubtful

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(Dollars in thousands)	*(Dollars in thousands)*	2024	2023	2022	2021	2020	Prior	Term Total	Revolving	Total	*(Dollars in thousands)*	2024	2023	2022	2021	2020	Prior	Term Total	Revolving	Total
Total																				
YTD Gross chargeoffs																				
Commercial real estate - owner																				
Pass																				
Pass																				
Pass																				
Special mention																				
Substandard																				
Total																				
Total																				

Total
YTD Gross chargeoffs
Residential real estate
Performing
Performing
Performing
Nonperforming
Total
YTD Gross chargeoffs
Home equity
Performing
Performing
Performing
Nonperforming
Total
YTD Gross chargeoffs
Installment
Performing
Performing
Performing
Nonperforming
Total
YTD Gross chargeoffs
Credit cards
Performing
Performing
Performing
Nonperforming
Total
YTD Gross chargeoffs
Total Loans
Total YTD Gross Chargeoffs

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The following table sets forth the Company's loan portfolio at December 31, 2023 by risk attribute and origination date:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Term Total	Revolving	Total
Commercial & industrial									
Pass	$ 848,448	$ 736,213	$ 414,460	$ 265,143	$ 113,296	$ 226,970	$ 2,604,530	$ 774,080	$ 3,378,610
Special mention	0	13,373	4,970	882	19,560	1,328	40,113	8,882	48,995
Substandard	3,133	21,505	11,483	1,205	1,023	9,990	48,339	25,277	73,616
Total	$ 851,581	$ 771,091	$ 430,913	$ 267,230	$ 133,879	$ 238,288	$ 2,692,982	$ 808,239	$ 3,501,221
YTD Gross chargeoffs	$ 10	$ 2,978	$ 7,267	$ 7,055	$ 936	$ 929	$ 19,175	$ 0	$ 19,175
Lease financing									
Pass	$ 261,064	$ 186,997	$ 6,404	$ 1,189	$ 2,222	$ 523	$ 458,399	$ 0	$ 458,399
Special mention	4,761	8,047	0	0	0	0	12,808	0	12,808
Substandard	1,407	1,961	97	0	145	0	3,610	0	3,610
Total	$ 267,232	$ 197,005	$ 6,501	$ 1,189	$ 2,367	$ 523	$ 474,817	$ 0	$ 474,817
YTD Gross chargeoffs	$ 0	$ 0	$ 4,423	$ 0	$ 0	$ 0	$ 4,423	$ 0	$ 4,423
Construction real estate									
Pass	$ 170,259	$ 208,446	$ 108,886	$ 27,686	$ 7,784	$ 6,165	$ 529,226	$ 19,275	$ 548,501

Special mention	0	0	0	16,331	0	0	16,331	0	16,331
Substandard	0	0	0	0	0	0	0	0	0
Total	$ 170,259	$ 208,446	$ 108,886	$ 44,017	$ 7,784	$ 6,165	$ 545,557	$ 19,275	$ 564,832
YTD Gross chargeoffs	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Commercial real estate - investor									
Pass	$ 468,579	$ 595,423	$ 473,325	$ 261,794	$ 554,893	$ 636,598	$ 2,990,612	$ 39,668	$ 3,030,280
Special mention	7,894	9,345	12,134	110	32,756	14,204	76,443	0	76,443
Substandard	0	0	0	6,238	0	25,668	31,906	0	31,906
Total	$ 476,473	$ 604,768	$ 485,459	$ 268,142	$ 587,649	$ 676,470	$ 3,098,961	$ 39,668	$ 3,138,629
YTD Gross chargeoffs	$ 0	$ 0	$ 859	$ 2,030	$ 0	$ 3,119	$ 6,008	$ 0	$ 6,008
Commercial real estate - owner									
Pass	$ 138,932	$ 175,336	$ 130,240	$ 138,919	$ 86,182	$ 215,458	$ 885,067	$ 22,639	$ 907,706
Special mention	396	45	179	2,403	462	19,807	23,292	0	23,292
Substandard	0	0	3,919	835	1,324	5,234	11,312	0	11,312
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 139,328	$ 175,381	$ 134,338	$ 142,157	$ 87,968	$ 240,499	$ 919,671	$ 22,639	$ 942,310
YTD Gross chargeoffs	$ 0	$ 0	$ 0	$ 2,643	$ 1	$ 71	$ 2,715	$ 0	$ 2,715
Residential real estate									
Performing	$ 325,304	$ 234,583	$ 255,964	$ 188,212	$ 101,663	$ 210,583	$ 1,316,309	$ 0	$ 1,316,309
Nonperforming	243	917	2,584	3,496	2,160	7,965	17,365	0	17,365
Total	$ 325,547	$ 235,500	$ 258,548	$ 191,708	$ 103,823	$ 218,548	$ 1,333,674	$ 0	$ 1,333,674
YTD Gross chargeoffs	$ 0	$ 0	$ 8	$ 1	$ 27	$ 3	$ 39	$ 0	$ 39
Home equity									
Performing	$ 28,979	$ 23,175	$ 29,084	$ 32,917	$ 9,883	$ 22,419	$ 146,457	$ 606,183	$ 752,640
Nonperforming	20	69	258	162	138	317	964	5,072	6,036
Total	$ 28,999	$ 23,244	$ 29,342	$ 33,079	$ 10,021	$ 22,736	$ 147,421	$ 611,255	$ 758,676
YTD Gross chargeoffs	$ 0	$ 0	$ 7	$ 0	$ 174	$ 159	$ 340	$ 0	$ 340
Installment									
Performing	$ 16,026	$ 39,212	$ 22,961	$ 3,923	$ 1,691	$ 3,768	$ 87,581	$ 68,673	$ 156,254
Nonperforming	196	1,142	742	12	12	30	2,134	690	2,824
Total	$ 16,222	$ 40,354	$ 23,703	$ 3,935	$ 1,703	$ 3,798	$ 89,715	$ 69,363	$ 159,078
YTD Gross chargeoffs	$ 168	$ 3,189	$ 2,903	$ 154	$ 5	$ 23	$ 6,442	$ 0	$ 6,442
Credit cards									

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(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Term Total	Revolving	Total
Performing	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 59,438	$ 59,438
Nonperforming	0	0	0	0	0	0	0	501	501
Total	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 59,939	$ 59,939
YTD Gross chargeoffs	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,173	$ 1,173
Total Loans	$ 2,275,641	$ 2,255,789	$ 1,477,690	$ 951,457	$ 935,194	$ 1,407,027	$ 9,302,798	$ 1,630,378	$ 10,933,176
Total YTD Gross Chargeoffs	$ 178	$ 6,167	$ 15,467	$ 11,883	$ 1,143	$ 4,304	$ 39,142	$ 1,173	$ 40,315

Delinquency. Loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement remains unpaid after the date of the scheduled payment.

Loan delinquency, including loans classified as nonaccrual, was as follows:

As of June 30, 2024 As of September 30, 2024

(Dollars in thousands)	(Dollars in thousands)	30 – 59 days past due	60 – 89 days past due	> 89 days past due	Total past due	Current		Total	> 89 days past due and still accruing	(Dollars in thousands)	30 – 59 days past due	60 – 89 days past due	> 89 days past due	Total past due	Current	Total	> 89 days past due and still accruing
Loans	**Loans**						**Loans**										
Commercial & industrial																	
Lease financing																	
Construction real estate																	
Commercial real estate-investor																	
Commercial real estate-owner																	
Residential real estate																	
Home equity																	
Installment																	
Credit card																	
Total																	

	As of December 31, 2023						
(Dollars in thousands)	30 – 59 days past due	60 – 89 days past due	> 89 days past due	Total past due	Current	Total	> 89 days past due and still accruing
Loans							
Commercial & industrial	$ 1,717	$ 733	$ 4,822	$ 7,272	$ 3,493,949	$ 3,501,221	$ 376
Lease financing	790	1,028	4,224	6,042	468,775	474,817	1,151
Construction real estate	0	0	0	0	564,832	564,832	0
Commercial real estate-investor	19	16,455	6,238	22,712	3,115,917	3,138,629	0
Commercial real estate-owner	269	205	5,290	5,764	936,546	942,310	0
Residential real estate	4,786	1,929	3,744	10,459	1,323,215	1,333,674	0
Home equity	1,998	1,082	1,919	4,999	753,677	758,676	0
Installment	1,157	864	669	2,690	156,388	159,078	0
Credit card	320	211	501	1,032	58,907	59,939	501
Total	$ 11,056	$ 22,507	$ 27,407	$ 60,970	$ 10,872,206	$ 10,933,176	$ 2,028

Financial Difficulty Modifications. FDM might result when a borrower is in financial distress, and may be in the form of principal forgiveness, an interest rate reduction, a term extension or an other-than-insignificant payment delay. In some cases, the Company might provide multiple types of modifications for a single loan. One type of modification, such as payment delay, may be granted initially, however, if the borrower continues to experience financial difficulty, another modification, such as term extension and/or interest rate reduction might be granted. Loans included in the "combination" column in the table that follows have more than one modification made to the same loan within the current reporting period. Additionally, modifications with a term extension or interest rate reduction are intended to reduce the borrower’s monthly payment, while modifications with a payment delay, which typically allow borrowers to make monthly payments or interest only payments for a period of time, are structured to cure the payment defaults by making delinquent payments due at maturity. Payment deferrals may be up to one year and have minimal financial impact since the deferred payments are paid at maturity.

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The following tables provide the amortized cost basis, as of the period end date, of FDMs that were granted modifications during the three months ended June 30, 2024 September 30, 2024 and 2023:

	Three months ended June 30, 2024								Three months ended S
(Dollars in thousands)	(Dollars in thousands)	Principal forgiveness	Payment delay	Term extension	Interest rate reduction	Combination: Term extension and interest rate reduction	Total	Percent of total class of loans	(Dollars in thousands)	Principal forgiveness

		Principal forgiveness	Payment delay	Term extension	Interest rate reduction	Combination: Term extension and interest rate reduction	Total		Percent of total class of loans			Principal forgiveness
Commercial & industrial	Commercial & industrial	$ 0	$ $ 5,697	$ $10,353	$ $ 0	$ $ 0	$ $ 16,050	0.42	0.42 %	Commercial & industrial		$ 0
Construction real estate												
Construction real estate												
Construction real estate		0	0	10,500	0	0	10,500		1.31 %			
Residential real estate												
Residential real estate												
Residential real estate		0	488 488	0 0	0 0	0 0	488 488	0.04	0.04 %			
Home equity	Home equity	0	200 200	0 0	0 0	0 0	200	200	0.02 %	Home equity		
Total												
Total												
Total		$ 0	$ $ 6,385	$ $10,353	$ $ 0	$ $ 0	$ $ 16,738	0.15	0.15 %			$ 0

		Three months ended June 30, 2023									Three months ended Se
(Dollars in thousands)	*(Dollars in thousands)*	Principal forgiveness	Payment delay	Term extension	Interest rate reduction	Combination: Term extension and interest rate reduction	Total		Percent of total class of loans	*(Dollars in thousands)*	Principal forgiveness
Commercial & industrial	Commercial & industrial	$ 0	$ $ 0	$ $ 4,805	$ $ 0	$ $ 0	$ $ 4,805	0.14	0.14 %	Commercial & industrial	$ 0 $
Residential real estate											
Residential real estate											
Residential real estate		0	310 310	0 0	0 0	0 0	310 310	0.03	0.03 %		0
Home equity	Home equity	0	169 169	0 0	0 0	0 0	169	169	0.02 %	Home equity	
Total											
Total											
Total		$ 0	$ $ 479	$ $ 4,805	$ $ 0	$ $ 0	$ $ 5,284	0.05	0.05 %		$ 0 $

The following tables provide the amortized cost basis, as of the period end date, of FDMs that were granted modifications during the six nine months ended June 30, 2024 September 30, 2024 and 2023:

		Six months ended June 30, 2024									Nine months
(Dollars in thousands)	*(Dollars in thousands)*	Principal forgiveness	Payment delay	Term extension	Interest rate reduction	Combination: Term extension and interest rate reduction	Total		Percent of total class of loans	*(Dollars in thousands)*	Princip forgiven
Commercial & industrial	Commercial & industrial	$ 0	$ $ 5,697	$ $18,242	$ $ 0	$ $ 0	$ $ 23,939	0.63	0.63 %	Commercial & industrial	$
Construction real estate											
Construction real estate											
Construction real estate		0	0	10,500	0	0	10,500		1.31 %		
Residential real estate											
Residential real estate											
Residential real estate		0	1,042 1,042	0 0	0 0	0 0	1,042 1,042	0.08	0.08 %		
Home equity	Home equity	0	240 240	0 0	0 0	0 0	240	240	0.03 %	Home equity	
Total											
Total											

Total	$	0	$		$	6,979	$	$18,242	$	$	0	$	$	0	$	$	25,221	0.22		0.22 %	$	0

		Six months ended June 30, 2023										Nine mo
(Dollars in thousands)	*(Dollars in thousands)*	Principal forgiveness		Payment delay		Term extension	Interest rate reduction	Combination: Term extension and interest rate reduction	Total	Percent of total class of loans	*(Dollars in thousands)*	Pri forgi
Commercial & industrial	Commercial & industrial	$ 0	$	$ 0	$	$ 4,805	$ $ 0	$ $ 0	$ $ 4,805	0.14 0.14 %	Commercial & industrial	$
Residential real estate												
Residential real estate												
Residential real estate		0	1,028	1,028	102	102	0 0	57 57	1,187 1,187	0.10 0.10 %		
Home equity	Home equity	0	169	169	0	0	0 0	15 15	184 184	0.03 %	Home equity	
Total												
Total												
Total		$ 0	$	$ 1,197	$	$ 4,907	$ $ 0	$ $ 72	$ $ 6,176	0.06 0.06 %		$ 0

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The following table provides the financial effect of FDMs granted during the three months ended June 30, 2024 September 30, 2024 and 2023:

	Three months ended June 30, 2024			Three months ended September 30, 2024
(Dollars in thousands)	Principal forgiveness	Weighted average interest rate reduction	Weighted average term extension	
Commercial & industrial	$ 0	0.00 %	N/A	
Construction real estate				
Construction real estate				
Construction real estate	0	0.00 %	0.3 years	
Residential real estate				
Residential real estate				
Residential real estate	0	0.00 %	3.0 years	
Home equity	0	0.00 %	N/A	
Total				
Total				
Total	$ 0	0.00 %	0.3 years	

		Three months ended September 30, 2023						
		Three months ended September 30, 2023						
		Three months ended September 30, 2023						
(Dollars in thousands)	*(Dollars in thousands)*	Principal forgiveness	Weighted average interest rate reduction	Weighted average term extension	*(Dollars in thousands)*	Principal forgiveness	Weighted average interest rate reduction	Weighted average term extension
Commercial & industrial	Commercial & industrial	$ 0	0.00 0.00 %	0.6 years	Commercial & industrial	$ 0	0.00 0.00 %	N/A
Residential real estate								
Residential real estate								
Residential real estate		0	0.00 0.00 %	0.0 years		0	0.00 0.00 %	N/A
Home equity	Home equity	0	0.00 0.00 %	0.0 years	Home equity	0	0.00 0.00 %	N/A
Total								
Total								
Total		$ 0	0.00 0.00 %	0.6 years		$ 0	0.00 0.00 %	N/A

	Three months ended June 30, 2023 Three months ended June 30, 2023 Three months ended June 30, 2023		
(Dollars in thousands)	Principal forgiveness	Weighted average interest rate reduction	Weighted average term extension
Commercial & industrial	$ 0	0.00 %	0.2 years
Residential real estate			
Residential real estate			
Residential real estate	0	0.00 %	0.0 years
Home equity	0	0.00 %	0.0 years
Total			
Total			
Total	$ 0	0.00 %	0.2 years

The following table provides the financial effect of FDMs granted during the six nine months ended June 30, 2024 September 30, 2024 and 2023:

	Six months ended June 30, 2024			Nine months ended September 30, 2024
(Dollars in thousands)	Principal forgiveness	Weighted average interest rate reduction	Weighted average term extension	
Commercial & industrial	$ 0	0.00 %	0.4 years	
Construction real estate				
Construction real estate				
Construction real estate	0	0.00 %	0.3 years	
Residential real estate				
Residential real estate				
Residential real estate	0	0.00 %	3.0 years	
Home equity	0	0.00 %	N/A	
Total				
Total				
Total	$ 0	0.00 %	0.4 years	

Nine months ended September 30, 2023
Nine months ended September 30, 2023
Nine months ended September 30, 2023

(Dollars in thousands)	*(Dollars in thousands)*	Principal forgiveness		Weighted average interest rate reduction	Weighted average term extension	*(Dollars in thousands)*	Principal forgiveness		Weighted average interest rate reduction	Weighted average term extension
Commercial & industrial	Commercial & industrial	$ 0	0.00	0.00 %	0.4 years	Commercial & industrial	$ 0	0.00	0.00 %	0.2 years
Residential real estate										
Residential real estate										
Residential real estate		0	0.00	0.00 %	0.0 years		0	2.00	2.00 %	11.4 years
Home equity	Home equity	0	0.00	0.00 %	0.0 years	Home equity	0	0.31	0.31 %	22.6 years
Total										
Total										
Total		$ 0	0	0 0.00 %	0.4 years		$0	1.65	1.65 %	0.8 years

Six months ended June 30, 2023
Six months ended June 30, 2023
Six months ended June 30, 2023

(Dollars in thousands)	Principal forgiveness	Weighted average interest rate reduction		Weighted average term extension
Residential real estate				
Residential real estate				
Residential real estate	$ 0	2.00	%	8.3 years
Home equity	0	0.31	%	22.6 years
Total				
Total				
Total	$ 0	1.65	%	11.2 years

The Company has committed to lend no additional amounts to the borrowers who have been classified as FDM as of either June 30, 2024 September 30, 2024 or June 30, 2023 September 30, 2023. Additionally, there were two FDMs was one FDM with a balance of $0.2 $0.1 million that defaulted during the three months ended June 30, 2024 September 30, 2024 and five six FDMs with a balance of $0.4 totaling $0.5 million that defaulted during the six nine months ended June 30, 2024 September 30, 2024 and were classified as FDMs during the twelve months preceding the default date. There was one FDM were four FDMs with a balance of $0.2 $0.4 million that defaulted during the three and six months ended June 30, 2023. September 30, 2023 and five FDMs with a balance of $0.6 million that defaulted during the nine months ended September 30, 2023 and were classified as FDMs during the twelve months preceding the default date.

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The Company closely monitors the performance of FDMs to understand the effectiveness of its modification efforts. The following table provides the performance of loans, as of the period end date, of FDMs granted during the twelve months preceding June 30, 2024 September 30, 2024.

	Twelve months ended June 30, 2024						Twelve months ended September 30, 2024				
(Dollars in thousands)	(Dollars in thousands)	Current	30 – 59 days past due	60 – 89 days past due	> 89 days past due	Total	(Dollars in thousands)	Current	30 – 59 days past due	60 – 89 days past due	> 89 days past due	Total
Commercial & industrial												
Construction real estate												
Construction real estate												
Construction real estate												
Residential real estate												
Residential real estate												
Residential real estate												
Home equity												
Total												
Total												
Total												

The following table presents the performance as of June 30, 2023 September 30, 2023 for FDMs granted since the January 1, 2023 adoption date.

	Six months ended June 30, 2023						Nine months ended September 30, 2023					
(Dollars in thousands)	(Dollars in thousands)	Current	30 – 59 days past due	60 – 89 days past due	> 89 days past due	Total	(Dollars in thousands)	Current	30 – 59 days past due	60 – 89 days past due	> 89 days past due	Total
Commercial & industrial												
Residential real estate												
Residential real estate												
Residential real estate												
Home equity												
Total												
Total												
Total												

Nonaccrual loans. Loans are classified as nonaccrual when, in the opinion of management, collection of principal or interest is doubtful or when principal or interest payments are 90 days or more past due. Generally, loans are classified as nonaccrual due to the continued failure to adhere to contractual payment terms by the borrower, coupled with other pertinent factors. When a loan is classified as nonaccrual, the accrual of interest income is discontinued and previously accrued but unpaid interest is reversed. Any payments received while a loan is on nonaccrual status are applied as a reduction to the carrying value of the loan. A loan classified as nonaccrual may return to accrual status if none of the principal and interest is due and unpaid, and the Bank expects repayment of the remaining contractual principal and interest.

First Financial individually reviews all nonaccrual loan relationships greater than $250,000 to determine if a reserve is required based on the borrower's overall financial condition, resources and payment record, support from guarantors and the realizable value of any collateral. These reserves are based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral dependent loans.

The following table provides information on nonaccrual loans and leases:

			June 30, 2024			December 31, 2023								
			September 30, 2024			December 31, 2023								
(Dollars in thousands)	*(Dollars in thousands)*	Nonaccrual loans with a related ACL	Nonaccrual loans with no related ACL	Total nonaccrual	Nonaccrual loans with a related ACL	Nonaccrual loans with no related ACL	Total nonaccrual	*(Dollars in thousands)*	Nonaccrual loans with a related ACL	Nonaccrual loans with no related ACL	Total nonaccrual	Nonaccrual loans with a related ACL	Nonaccrual loans with no related ACL	r
Nonaccrual loans	**Nonaccrual loans**						**Nonaccrual loans**							
Commercial & industrial														
Lease financing														
Construction real estate														
Commercial real estate														
Residential real estate														
Home equity														
Installment														
Total nonaccrual loans														

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First Financial recognized interest income on nonaccrual loans and leases of $0.3 million $0.2 million for both the three months ended June 30, 2024 September 30, 2024 and June 30, 2023 $0.7 million for the three months ended September 30, 2023, and $0.6 million $0.8 million for each of the six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 $1.3 million for the nine months ended September 30, 2023.

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A loan is considered to be collateral dependent when the borrower is experiencing financial difficulty and the repayment is expected to be provided substantially through the operation or sale of collateral. The following table presents the amortized cost basis of collateral dependent loans by class of loan.

				June 30, 2024								September 30, 2024				Type of Collateral
(Dollar in thousands)	*(Dollar in thousands)*	Business assets	Commercial real estate	Equipment	Land	Residential real estate	Other	Total	*(Dollar in thousands)*	Business assets	Commercial real estate	Equipment	Land	Residential real estate	Other	Total
Class of loan																
Commercial & industrial																
Commercial & industrial																
Commercial & industrial																
Lease financing																

Commercial real estate-investor
Commercial real estate-owner
Residential real estate
Home equity
Installment
Total

(Dollar in thousands)	(Dollar in thousands)	December 31, 2023 December 31, 2023 December 31, 2023 Type of Collateral							(Dollar in thousands)							
		Business assets	Commercial real estate	Equipment	Land	Residential real estate	Other	Total		Business assets	Commercial real estate	Equipment	Land	Residential real estate	Other	Total
Class of loan																
Commercial & industrial																
Commercial & industrial																
Commercial & industrial																
Lease financing																
Commercial real estate-investor																
Commercial real estate-owner																
Residential real estate																
Home equity																
Installment																
Total																

Lease financing - Lessor. First Financial originates both sales-type and direct financing leases, and the Company manages and reviews lease residuals in accordance with its credit policies. Payments are generally fixed, however, in some agreements, lease payments are based on a rate or index plus a spread. Sales-type lease contracts contain the ability to purchase the underlying equipment at lease maturity and profit or loss is recognized at lease commencement. Direct financing leases are generally three to five years in length and may be extended at maturity, however, early cancellation may result in a fee to the borrower. For direct financing leases, the net unearned income is deferred and amortized over the life of the lease.

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The components of the Company's net investments in direct financing and sales-type leases, which are included in Lease financing on the Consolidated Balance Sheets are as follows:

(Dollar in thousands)	*(Dollar in thousands)*	June 30, 2024	December 31, 2023	*(Dollar in thousands)*	September 30, 2024	December 31, 2023
Direct financing leases						
Lease receivables						
Lease receivables						
Lease receivables						
Unguaranteed residual values						
Sales-type leases						
Lease receivables						
Lease receivables						
Lease receivables						
Unguaranteed residual values						
Total net investment in direct financing and sales-type leases						

Interest income for direct financing and sales-type leases was $8.9 million $9.3 million and $6.2 million $6.8 million for the three months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively. Interest income for direct financing and sales-type leases was $17.3 $26.6 million and $11.1 $17.9 million for the six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively.

The remaining maturities of lease receivables were as follows:

(Dollars in thousands)	*(Dollars in thousands)*	Direct financing and Sales-type	*(Dollars in thousands)*	Direct financing and Sales-type
Remainder of 2024				
2025				
2026				
2027				
2028				
Thereafter				
Total lease payments				
Less: unearned interest income				
Net lease receivables				

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OREO. OREO consists of properties acquired by the Company primarily through the loan foreclosure or repossession process, that results in partial or total satisfaction of problem loans.

Changes in OREO were as follows:

		Three months ended		Three months ended		Six months ended		Three months ended		Nine months ended
			June 30,			September 30,				
(Dollars in thousands)	*(Dollars in thousands)*	2024	2023	2024	2023	*(Dollars in thousands)*	2024	2023	2024	2023
Balance at beginning of period										
Additions										
Commercial real estate										
Commercial real estate										
Commercial real estate										
Residential real estate										
Total additions										
Disposals										
Commercial real estate										
Commercial real estate										
Commercial real estate										
Residential real estate										
Total disposals										
Valuation adjustment										
Commercial real estate										
Commercial real estate										
Commercial real estate										
Residential real estate										
Total valuation adjustment										
Balance at end of period										

NOTE 5: ALLOWANCE FOR CREDIT LOSSES

Allowance for credit losses - loans and leases. The ACL is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The ACL is increased by provision expense and decreased by charge-offs, net of recoveries of amounts previously charged-off. First Financial's policy is to charge-off all or a portion of a loan when, in management's opinion, it is unlikely to collect the principal amount owed in full either through payments from the borrower or a guarantor or from the liquidation of collateral. Similarly, upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount. Cumulative recovery payments credited to the ACL for any loan do not exceed the amount charged-off. Accrued interest receivable on loans and leases, which totaled $59.4 million $58.0 million and $56.9 million as of June September 30, 2024 and December 31, 2023, respectively, is excluded from the estimate of credit losses.

Management estimates the allowance 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 estimation of expected credit losses. First Financial adjusts its quantitative model, as necessary, to reflect conditions not already considered by the quantitative model. These adjustments are commonly known as the Qualitative Framework.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments and measures the ACL using the following methods:

Commercial and industrial **–** C&I loans include revolving lines of credit and term loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, leasehold improvements or other projects. C&I loans are generally underwritten individually and secured with the assets of the Company and/or the personal guarantee of the business owners. C&I loans also include ABL, equipment and leasehold improvement financing for franchisees in the quick service and casual dining restaurant sector, insurance premium financing and commission-based loans to insurance agents and brokers. ABL transactions typically involve larger commercial clients and are secured by specific assets, such as inventory, accounts receivable, machinery and equipment. In the franchise lending space, First Financial focuses on a limited number of restaurant concepts that have sound economics, low closure rates and strong brand awareness within specified local, regional or national markets. Within the insurance lending platform, First Financial serves insurance agents and brokers that are looking to maximize their book-of-business value and grow their agency business. business as well as commercial customers financing their

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insurance premiums. Expected default activity in the C&I portfolio is based

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on forecasted manufacturing overtime hours and business bankruptcies. Changes in forecasted expectations for these economic variables could result in volatility in the Company's ACL in future periods.

Lease financing **–** Lease financing consists of lease transactions for the acquisition of both new and used business equipment for commercial clients. Lease products may include tax leases, finance leases, lease lines of credit and interim funding. The credit underwriting for lease transactions includes detailed analysis of the lessee's industry and business model, nature of the equipment, equipment resale values, historical and projected cash flow analysis, secondary sources of repayment and guarantor, in addition to other considerations.

The ACL model for leases sources expected default rates from the C&I portfolio model. Therefore, changes in forecasted expectations for manufacturing overtime hours and business bankruptcies could result in volatility in the Company's ACL as it pertains to finance leases in future periods.

Construction real estate **–** Real estate construction loans are term loans to individuals, companies or developers used for the construction or development of a commercial or residential property for which repayment will be generated by the sale or permanent financing of the property. Generally, these loans are for construction projects that have been pre-sold, pre-leased or have secured permanent financing, as well as loans to real estate companies with significant equity invested in the project. An independent credit team underwrites construction real estate loans, which are managed by experienced lending officers and monitored through the construction phase by a centralized funding desk that manages loan disbursements.

The construction ACL model is adjusted for forecasted changes in rental vacancy rates in the Bank's geographic footprint and the housing price index. Changes in forecasted expectations for these economic variables could result in volatility in the Company's ACL in future periods.

Commercial real estate - owner & investor **–** Commercial real estate loans consist of term loans secured by a mortgage lien on real estate properties such as apartment buildings, office and industrial buildings and retail shopping centers. Additionally, the Company's franchise lending activities discussed in the "Commercial and Industrial" section often include the financing of real estate in addition to equipment. The credit underwriting for both owner-occupied and investor income producing real estate loans includes detailed market analysis, historical and projected cash flow analysis, appropriate equity margins, assessment of lessees and lessors, environmental risks and the type, age, condition and location of real estate, among other factors.

First Financial models owner-occupied and investor CRE separately when determining the ACL. For owner occupied CRE, the model is adjusted for forecasted changes in S&P 500 performance, CRE prices, and business bankruptcies. The investor CRE loans model is adjusted by forecasted S&P 500 performance, the return on rental property (NCREIF Property Index) and business bankruptcies. Changes in forecasted expectations for these economic variables could result in volatility in the Company's ACL in future periods.

Residential real estate **–** Residential real estate loans represent loans to consumers for the financing of a residence. These loans generally have a 15 to 30 year term and a fixed interest rate, but may have a shorter term to maturity or an adjustable interest rate. In most cases, these loans are extended to borrowers to finance their primary residence. First Financial sells residential real estate loan originations into the secondary market on both servicing retained and servicing released basis. Residential real estate loans are generally underwritten to secondary market lending standards, utilizing underwriting processes that rely on empirical data to assess credit risk as well as analysis of the borrower's ability to repay their obligations, credit history, the amount of any down payment and the market value or other characteristics of the property. First Financial also offers a residential mortgage product that features similar borrower credit characteristics but a more streamlined underwriting process than typically required to sell to government-sponsored enterprises and thus is retained on the Consolidated Balance Sheets.

The residential real estate ACL model is adjusted for forecasted changes in household price index, housing starts, mortgage debt service ratio, home sales, and disposable income. Changes in forecasted expectations for these economic variables could result in volatility in the Company's ACL in future periods.

Home equity **–** Home equity lending includes both term loans and revolving lines of credit secured by a first or second lien on the borrower’s residence. Home equity lending underwriting considerations include the borrower's credit history as well as debt-to-income and loan-to-value policy limits.

The home equity ACL model is adjusted for forecasted changes in personal bankruptcies and outstanding consumer credit. Changes in forecasted expectations for these economic variables could result in volatility in the Company's ACL in future periods.

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Installment – Installment lending consists of consumer loans not secured by real estate, including loans secured by automobiles and unsecured personal loans.

The installment ACL model is adjusted for forecasted changes in household consumer debt service ratio, outstanding consumer credit and CPI. Changes in forecasted expectations for these economic variables could result in volatility in the Company's ACL in future periods.

Credit card – Credit card lending consists of secured and unsecured revolving lines of credit to consumer and business customers. Credit card lines are generally available for an indefinite period of time as long as the borrower's credit characteristics do not materially or adversely change, but lines are unconditionally cancellable by the Company at any time.

The credit card ACL model is adjusted for forecasted changes in prime rate, outstanding consumer credit and household mortgage debt service ratio. Changes in forecasted expectations for these economic variables could result in volatility in the Company's ACL in future periods.

The Company utilized the Moody's June September baseline forecast as its R&S forecast in the quantitative model. For reasonableness, the Company also considered the impact to the model from alternative prepayment speeds and more adverse economic forecasts. These alternative analyses were utilized to inform the Company's qualitative adjustments. Additionally, First Financial considered its credit exposure to certain industries believed to be at risk for future credit stress, such as franchise, office, hotel and investor commercial real estate lending when making qualitative adjustments to the ACL model.

First Financial's ACL is influenced by loan volumes, risk rating migration or delinquency status, and other conditions impacting loss expectations, such as reasonable and supportable forecasts of economic conditions. The ACL as of June 30, 2024 September 30, 2024 increased from year end primarily due to loan growth and credit migration during the year.

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Changes in the allowance by loan category were as follows:

		Three months ended June 30, 2024									Three months ended September 30, 2024									
(Dollars in thousands)	*(Dollars in thousands)*	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home Equity	Installment	Credit card	Total	*(Dollars in thousands)*	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home Equity	Installment	Credit card	Total
Allowance for credit losses:	**Allowance for credit losses:**								**Allowance for credit losses:**											
Balance at beginning of period																				
Provision for credit losses																				
Provision for credit losses																				
Provision for credit losses																				
Gross charge-offs																				
Recoveries																				
Total net charge-offs																				

Ending allowance for credit losses

		Three months ended June 30, 2023										Three months ended September 30, 2023								
(Dollars in thousands)	*(Dollars in thousands)*	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home Equity	Installment	Credit card	Total	*(Dollars in thousands)*	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home Equity	Installment	Credit card	Total
Allowance for credit losses:	**Allowance for credit losses:**								**Allowance for credit losses:**											
Balance at beginning of period																				
Provision for credit losses																				
Loans charged off																				
Recoveries																				
Total net charge-offs																				
Ending allowance for credit losses																				

	Six months ended June 30, 2024								
(Dollars in thousands)	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home equity	Installment	Credit card	Total
Allowance for credit losses:									
Beginning balance	$ 44,319	$ 12,365	$ 11,003	$ 34,903	$ 18,088	$ 13,322	$ 4,888	$ 2,545	$ 141,433
Provision for credit losses	9,439	1,687	8,675	4,265	337	517	3,946	710	29,576
Loans charged off	(4,844)	(193)	0	(5,321)	(71)	(147)	(4,270)	(1,326)	(16,172)
Recoveries	398	60	0	175	61	198	364	92	1,348
Total net charge-offs	(4,446)	(133)	0	(5,146)	(10)	51	(3,906)	(1,234)	(14,824)
Ending allowance for credit losses	$ 49,312	$ 13,919	$ 19,678	$ 34,022	$ 18,415	$ 13,890	$ 4,928	$ 2,021	$ 156,185

	Six months ended June 30, 2023								
(Dollars in thousands)	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home equity	Installment	Credit card	Total
Allowance for credit losses:									
Beginning balance	$ 42,313	$ 3,571	$ 13,527	$ 41,106	$ 12,684	$ 12,447	$ 4,945	$ 2,384	$ 132,977
Provision for credit losses	2,676	4,599	(1,749)	3,668	6,562	2,420	2,416	771	21,363
Loans charged off	(3,102)	(103)	0	(2,714)	(20)	(112)	(3,039)	(491)	(9,581)
Recoveries	740	2	0	2,391	179	312	144	119	3,887
Total net charge-offs	(2,362)	(101)	0	(323)	159	200	(2,895)	(372)	(5,694)
Ending allowance for credit losses	$ 42,627	$ 8,069	$ 11,778	$ 44,451	$ 19,405	$ 15,067	$ 4,466	$ 2,783	$ 148,646

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	Nine months ended September 30, 2024								
(Dollars in thousands)	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home equity	Installment	Credit card	Total
Allowance for credit losses:									

Beginning balance	$ 44,319	$ 12,365	$ 11,003	$ 34,903	$ 18,088	$ 13,322	$ 4,888	$ 2,545	$ 141,433
Provision for credit losses	15,137	3,189	8,676	5,035	500	1,135	4,583	1,251	39,506
Loans charged off	(10,315)	(561)	0	(5,582)	(131)	(237)	(5,780)	(2,094)	(24,700)
Recoveries	832	71	0	200	83	438	785	183	2,592
Total net charge-offs	(9,483)	(490)	0	(5,382)	(48)	201	(4,995)	(1,911)	(22,108)
Ending allowance for credit losses	$ 49,973	$ 15,064	$ 19,679	$ 34,556	$ 18,540	$ 14,658	$ 4,476	$ 1,885	$ 158,831

	Nine months ended September 30, 2023								
(Dollars in thousands)	Commercial & industrial	Lease financing	Construction real estate	Commercial real estate	Residential real estate	Home equity	Installment	Credit card	Total
Allowance for credit losses:									
Beginning balance	$ 42,313	$ 3,571	$ 13,527	$ 41,106	$ 12,684	$ 12,447	$ 4,945	$ 2,384	$ 132,977
Provision for credit losses	2,092	7,517	(2,570)	10,756	8,531	3,558	3,719	667	34,270
Loans charged off	(12,309)	(179)	0	(8,722)	(30)	(166)	(4,388)	(810)	(26,604)
Recoveries	1,075	3	0	2,430	223	437	231	159	4,558
Total net charge-offs	(11,234)	(176)	0	(6,292)	193	271	(4,157)	(651)	(22,046)
Ending allowance for credit losses	$ 33,171	$ 10,912	$ 10,957	$ 45,570	$ 21,408	$ 16,276	$ 4,507	$ 2,400	$ 145,201

Allowance for credit losses - unfunded commitments. First Financial estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. 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 its estimated life consistent with the Company's ACL methodology for loans and leases.

First Financial determined the adequacy of this reserve based upon an evaluation of the unfunded credit facilities, which included consideration of historical commitment utilization experience, credit risk ratings and historical loss rates, consistent with the Company's ACL methodology at the time.

The ACL on unfunded commitments was $16.4 million $17.1 million as of June 30, 2024 September 30, 2024 and $18.4 million as of December 31, 2023. Additionally, First Financial recorded provision expense related to the allowance on unfunded commitments of $0.3 $0.7 million for the three months ended June 30, 2024 September 30, 2024 and a provision recapture related to the allowance on unfunded commitments of $2.0 $1.3 million for the six nine months ended June 30, 2024 September 30, 2024. For the three and six nine months ended June 30, 2023 September 30, 2023, First Financial

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recorded a provision recapture related to the allowance on unfunded commitments of $2.0 $1.2 million and $0.2 $1.4 million, respectively.

NOTE 6: LEASES - LESSEE

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. For contracts where First Financial is a lessee, the recipient of the right to control, substantially all of those agreements are for real estate property for branches, ATM locations and office space.

Substantially all of the company's lessee contracts are classified as operating leases. Under Topic 842, operating lease agreements are required to be recognized on the Consolidated Balance Sheets as an ROU asset and a corresponding lease liability. The Company's right to use an asset over the life of a lease is recorded as a ROU asset in Accrued interest and other assets on the Consolidated Balance Sheets and was $53.0 million $51.5 million and $54.2 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Certain adjustments to the ROU asset may be required for items such as initial direct costs paid or incentives received. First Financial recorded a $63.1 million $61.5 million and $64.5 million lease liability in Accrued interest and other liabilities on the Consolidated Balance Sheets at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

The calculated amount of the ROU assets and lease liabilities are impacted by the length of the lease term and the discount rate used to calculate the present value of minimum lease payments. Regarding the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes its incremental borrowing rate at lease inception, on a collateralized basis, over a similar term.

Leases with an initial term of 12 months or less are not recorded on the balance sheet and First Financial recognizes lease expense for these leases on a straight-line basis over the term of the lease. Most leases include one or more options to renew,

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with renewal terms that can extend the lease term from one to 20 years or more. The exercise of renewal options on operating leases is at the Company's sole discretion, and certain leases may include options to purchase the leased property. If at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the

Company will include the extended term in the calculation of the ROU asset and lease liability. First Financial does not enter into lease agreements which contain material residual value guarantees or material restrictive covenants.

Certain leases provide for increases in future minimum annual rental payments as defined in the lease agreements and leases generally also include real estate taxes and common area maintenance charges in the annual rental payments.

The components of lease expense were as follows:

		Three months ended		Three months ended		Six months ended				
			June 30,	June 30,						
			September 30,	September 30,						
								Three months ended		Nine months ended
(Dollars in thousands)	*(Dollars in thousands)*	2024	2023	2024	2023	*(Dollars in thousands)*	2024	2023	2024	2023
Operating lease cost										
Variable lease cost										
Variable lease cost										
Variable lease cost										
Total operating lease cost										

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Future minimum commitments due under these lease agreements as of June 30, 2024 September 30, 2024 are as follows:

(Dollars in thousands)
(Dollars in thousands)
(Dollars in thousands)
2024 (remaining six months)
2024 (remaining six months)
2024 (remaining six months)
2024 (remaining three months)
2024 (remaining three months)
2024 (remaining three months)
2025
2025
2025
2026
2026
2026
2027
2027
2027
2028
2028
2028
Thereafter
Thereafter
Thereafter
Total lease payments
Total lease payments
Total lease payments
Less imputed interest
Less imputed interest

Less imputed interest	
Total	
Total	
Total	

The weighted average remaining lease term and discount rate for the Company's operating leases were as follows:

	June 30, 2024		December 31, 2023			
	September 30, 2024		December 31, 2023			
Operating leases						
Weighted-average remaining lease term						
Weighted-average remaining lease term						
Weighted-average remaining lease term	11.9 years		12.3 years		11.8 years	12.3 years
Weighted-average discount rate						
Weighted-average discount rate						
Weighted-average discount rate	3.46 %		3.43 %		3.47 %	3.43 %

Supplemental cash information at June 30, 2024 September 30, 2024 and 2023 related to leases was as follows:

		Three months ended June 30,		Six months ended June 30,				
	Nine months ended							
	Nine months ended							
	Nine months ended							
		September 30,						
(Dollars in thousands)	*(Dollars in thousands)*	2024	2023	2024	2023	*(Dollars in thousands)*	2024	2023
Cash paid for amounts included in the measurement of lease liabilities								
Operating cash flows from operating leases								
Operating cash flows from operating leases								
Operating cash flows from operating leases								
ROU assets obtained in exchange for lease obligations								
ROU assets obtained in exchange for lease obligations								
ROU assets obtained in exchange for lease obligations								
Operating leases								
Operating leases								
Operating leases								

NOTE 7: OPERATING LEASES - LESSOR

First Financial provides financing for various types of equipment through a variety of leasing arrangements. Operating leases are carried at cost less accumulated depreciation in the Consolidated Balance Sheets. Operating leases were $167.5 million $201.1 million and $153.2 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, net of accumulated depreciation of $74.9 $85.7 million and $62.1 million, respectively. The Company recorded lease income of $12.5 million $14.6 million and $7.9 $10.9 million related to lease

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payments for operating leases in Leasing business income in the Consolidated Statements of Income for the three months ended September 30, 2024 and 2023, respectively. The Company recorded lease income of $39.1 million and $28.9 million related to lease payments for operating leases in Leasing business income in the Consolidated Statements of Income for the three nine months ended June 30, 2024 and 2023, respectively. The Company recorded lease income of $24.6 million and $18.0 million related to lease payments for operating leases in Leasing business income in the Consolidated Statements of Income for the six months ended June 30, 2024 September 30, 2024 and 2023, respectively. Depreciation expense related to operating lease equipment was $10.1 million $11.9 million and $6.7 $8.9 million for the three months ended June 30, 2024 September 30, 2024 and

2023, respectively, and $19.9 $31.8 million and $14.7 $23.5 million for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. Depreciation expense related to operating lease equipment is included in Leasing business expense in the Consolidated Statements of Income.

First Financial performs assessments of the recoverability of long-lived assets when events or changes in circumstances indicate that their carrying values may not be recoverable. First Financial recognized no impairment losses associated with operating lease assets for the six nine months ended June 30, 2024 September 30, 2024 or 2023. Recognized impairment losses, if any, would be recorded in Leasing business income in the Consolidated Statements of Income.

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The future lease payments receivable from operating leases as of June 30, 2024 September 30, 2024 are as follows:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	Undiscounted cash flows	Undiscounted cash flows
2024 (remaining six months)		
2024 (remaining three months)		
2025		
2026		
2027		
2028		
Thereafter		
Total operating lease payments		

NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill. Assets and liabilities acquired in a business combination are recorded at their estimated fair values as of the acquisition date. The excess of the purchase price of the acquisition over the fair value of net assets acquired is recorded as goodwill.

Changes in the carrying amount of goodwill for the three and six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 were as follows:

		Three months ended		Three months ended		Six months ended		Three months ended		Nine months ended	
			June 30,	June 30,							
			September 30,	September 30,							
(Dollars in thousands)	*(Dollars in thousands)*	2024	2023	2024	2023	*(Dollars in thousands)*		2024	2023	2024	2023
Balance at beginning of period											
Goodwill resulting from business combinations											
Balance at end of period											

In the first quarter of 2024, First Financial recorded $1.8 million of goodwill related to the acquisition of Agile Premium Finance. Agile specializes in lending to commercial customers to finance insurance premiums. These loans are generally secured by the unearned premiums on the underlying insurance policies and are typically short in duration. This acquisition is consistent with First Financial's approach of adding niche financial services to its line-up of core banking services and will complement First Financial's existing specialty lending business. The measurement period for recording adjustments to the fair value of assets and liabilities acquired in the Agile acquisition ends in February 2025.

In the first quarter of 2023, First Financial recorded $4.2 million of goodwill related to the acquisition of the assets of Brady Ware Capital. Brady Ware Capital specializes in buy-side and sell-side consulting services for mid-sized businesses. Similar to Agile, this acquisition is consistent with First Financial's approach of adding niche financial services to further expand its broad service offerings. In May 2023, First Financial also acquired Brady Ware Corporate Finance, a broker-dealer and member of FINRA. First Financial recorded $0.1 million of goodwill in connection with the acquisition of Brady Ware Corporate Finance. The fair value measurements of Brady Ware assets and liabilities are subject to refinement for up to one year after the closing date of the acquisition as additional information relative to closing date fair values become available, and the measurement period ended in January 2024 for Brady Ware Capital. The measurement period for recording adjustments to the fair value of assets and liabilities ended in January 2024 for Brady Ware Capital and in May 2024 for Brady Ware Corporate Finance.

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Goodwill is evaluated for impairment on an annual basis as of October 1 of each year, or whenever events or changes in circumstances indicate that the fair value of a reporting unit may be below its carrying value. First Financial performed its most recent annual impairment test as of October 1, 2023 and no impairment was indicated. As of June 30, 2024 September 30, 2024, no events or changes in circumstances indicated that the fair value of the reporting unit was below its carrying value.

Other intangible assets. Other intangible assets consist primarily of core deposit, customer lists, mortgage servicing rights and other miscellaneous intangibles, such as purchase commissions, non-compete agreements, trade name intangibles and premium finance servicing rights.

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Core deposit intangibles represent the estimated fair value of acquired customer deposit relationships on the date of acquisition and are amortized on an accelerated basis over their estimated useful lives. First Financial's core deposit intangibles have an estimated weighted average remaining life of 3.8 3.5 years.

First Financial recorded a customer list intangible asset in conjunction with the Agile, Summit and Bannockburn acquisitions to account for the obligation or advantage on the part of either the Company or the customer to continue the pre-existing relationship subsequent to the merger. These customer list intangibles are being amortized on a straight-line basis over their estimated used lives. The Agile customer list was $2.6 million at June 30, 2024 September 30, 2024 and is being amortized over an estimated remaining life of 12.7 12.4 years. The Summit customer list was $23.9 $23.2 million and $25.1 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, and is being amortized over an estimated remaining life of 9.5 9.3 years. The Bannockburn customer list was $22.1 $21.2 million and $23.9 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, and is being amortized over an estimated remaining life of 6.2 5.9 years.

Mortgage servicing rights represent the value of servicing fees First Financial expects to receive from the servicing responsibilities it retains when selling fixed and adjustable-rate residential mortgage loans. In those sales, First Financial retains servicing responsibilities and provids provides certain standard representations and warranties; however, the investors have no recourse to the Company's other assets for failure of debtors to pay when due. First Financial receives servicing fees based on a percentage of the outstanding balance. When First Financial sells mortgage loans with servicing rights retained, these servicing rights are initially recorded at fair value. First Financial has selected the "amortization method" as permissible within U.S. GAAP, whereby the servicing rights capitalized are amortized in proportion to and over the period of estimated future servicing income with respect to the underlying loan. At the end of each reporting period, the carrying value of MSRs is assessed for impairment with a comparison to fair value. MSRs are carried at the lower of their amortized cost or fair value. The amortization of MSRs is included within other noninterest income in the Consolidated Statements of Income.

Amortization expense recognized on other intangible assets for the three months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 was $3.3 million and $3.4 million, which includes MSR amortization of $0.9 million and $0.8 million, respectively. Amortization expense recognized on other intangible assets for the six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 was $6.4 million $9.7 million and $6.7 million $10.1 million, which includes MSR amortization of $1.7 $2.6 million and $1.5 million $2.3 million, respectively.

The gross carrying amount and accumulated amortization of other intangible assets at June 30, 2024 September 30, 2024 and December 31, 2023 were as follows:

(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024		December 31, 2023	*(Dollars in thousands)*		September 30, 2024		December 31, 2023		
	Gross carrying amount	Gross carrying amount		Accumulated amortization		Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Core deposit intangibles											
Customer list											
Other											
Mortgage servicing rights											
Total											

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NOTE 9: BORROWINGS

Short-term borrowings on the Consolidated Balance Sheets include repurchase agreements utilized for corporate sweep accounts with cash management account agreements in place, federal funds purchased, overnight advances from the FHLB and a short-term line of credit.

All repurchase agreements are subject to terms and conditions agreed to by the Bank and the client. To secure its liability to the client, the Bank is authorized to sell or repurchase U.S. Treasury, government agency and mortgage-backed securities. As of both June 30, 2024 September 30, 2024 and December 31, 2023, the Bank had no securities sold under agreements to repurchase.

First Financial had no federal funds purchased at June 30, 2024 September 30, 2024 or December 31, 2023, while the Company had $1.0 billion $765.0 million and $800.0 million in short-term borrowings with the FHLB at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. These short-term borrowings are used to manage normal liquidity needs and support the Company's asset and liability management strategies. Additionally, at June 30, 2024 September 30, 2024 and December 31, 2023, other short-term borrowings included $139.2 million $46.7 million and $137.8 million, respectively, of collateral owed to counterparty banks by First Financial.

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First Financial also has a $40.0 million short-term credit facility with an unaffiliated bank that matures in December 2024, which is considered a short-term borrowing. This facility has a variable interest rate and provides First Financial additional liquidity, if needed, for various corporate activities including the repurchase of First Financial common stock and the payment of dividends to shareholders. As of both June 30, 2024 September 30, 2024 and December 31, 2023, First Financial had no outstanding balance on this facility. The credit agreement requires First Financial to comply with certain covenants including those related to asset quality and capital levels, and First Financial was in compliance with all covenants associated with this facility as of both June 30, 2024 September 30, 2024 and December 31, 2023. This credit facility also required First Financial to pledge as collateral the Bank's common stock where the lender is granted a security interest in this collateral.

The following is a summary of First Financial's short-term borrowings:

(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024	December 31, 2023	*(Dollars in thousands)*	September 30, 2024	December 31, 2023
FHLB short-term borrowings						
FHLB short-term borrowings						
FHLB short-term borrowings						
Other short-term borrowings						
Total short-term borrowings						

First Financial had $338.6 million and $344.1 million of long-term debt as of June 30, 2024 both September 30, 2024 and December 31, 2023 respectively, which included subordinated notes, capital lease liabilities and an interest free loan with a municipality.

The following is a summary of First Financial's long-term debt:

		June 30, 2024				December 31, 2023					September 30, 2024				December 31, 2023
(Dollars in thousands)	*(Dollars in thousands)*	Amount		Average rate		Amount		Average rate		*(Dollars in thousands)*	Amount		Average rate		A
Subordinated notes															
Subordinated notes															
Subordinated notes		$314,391	5.59	5.59	%	$314,163	5.60	5.60	%		$314,505	5.50	5.50	%	$3
Unamortized debt issuance costs	Unamortized debt issuance costs	(1,420)	N/A	N/A		(1,613)	N/A		N/A	Unamortized debt issuance costs	(1,324)	N/A	N/A		
Notes issued in conjunction with acquisition of property and equipment	Notes issued in conjunction with acquisition of property and equipment	23,244	4.40	4.40	%	29,179	4.40	4.40	%	Notes issued in conjunction with acquisition of property and equipment	28,587	4.61	4.61	%	
Capital lease liability	Capital lease liability	1,566	3.85	3.85	%	1,611	3.84	3.84	%	Capital lease liability	1,543	3.85	3.85	%	
Capital loan with municipality	Capital loan with municipality	775	0.00	0.00	%	775	0.00	0.00	%	Capital loan with municipality	775	0.00	0.00	%	
Total long-term debt	**Total long-term debt**	$338,556	5.51	5.51	%	$344,115	5.51	5.51	%	**Total long-term debt**	$344,086	5.43	5.43	%	

In 2015, First Financial issued $120.0 million of subordinated notes, which have a fixed interest rate of 5.13% payable semiannually and mature in August 2025. These notes are not redeemable by the Company or callable by the holders of the notes prior to maturity. Subordinated notes are included in Long-term debt on the Consolidated Balance Sheets and treated as Tier 2 capital for regulatory capital purposes, subject to certain limitations. When subordinated notes are within five years of maturity, the tier 2 capital eligibility reduces by 20% each year. This Since this subordinated debt issued is within one year of maturity, it is no longer eligible to be treated as Tier 2 capital for 20% of its original issuance amount at June 30, 2024 September 30, 2024 for regulatory capital purposes.

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In April 2020, First Financial issued $150.0 million of fixed to floating rate subordinated notes. These subordinated notes have an initial fixed interest rate of 5.25% to, but excluding, May 15, 2025, payable semi-annually in arrears. From, and including, May 15, 2025, the interest rate on the subordinated notes will reset quarterly to a floating rate per annum equal to a benchmark rate, which is expected to be the then-current three-month term SOFR, plus 509 basis points, payable quarterly in arrears. The subordinated notes mature on May 15, 2030. These notes are redeemable by the Company in whole or in part beginning with the interest payment date of May 15, 2025. This subordinated debt issued in April 2020 that matures in May 2030 is eligible to be treated as Tier 2 capital for 100% of its original issuance amount at June 30, 2024 September 30, 2024 for regulatory capital purposes.

In addition, First Financial acquired $49.5 million of variable rate subordinated notes in the MSFG merger that were issued to previously formed trusts in exchange for the trust proceeds. These notes were recorded at fair value at the date of the MSFG merger and the Consolidated Balance Sheets include $44.4 million $44.5 million and $44.2 million for these notes at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Interest on the acquired subordinated notes is payable quarterly, in arrears, and the Company has the option to defer interest payments for a period not to exceed 20 consecutive quarters. These acquired subordinated notes mature 30 years after the date of original issuance and may be called at par following the 5 year anniversary of issuance. These variable rate subordinated All of these acquired notes are callable as of September 30, 2024 and are treated as Tier 1 capital for regulatory capital purposes.

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Additionally, long-term borrowings included $23.2 $28.6 million and $29.2 million of term notes, both with and without recourse, with an average interest rate of 4.61% and 4.40% at both June 30, 2024 September 30, 2024 and December 31, 2023. , respectively. These term notes were used to finance equity investments in the purchase of equipment to be leased to customers.

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NOTE 10: ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Shareholders' equity is affected by transactions and valuations of asset and liability positions that require adjustments to accumulated other comprehensive income (loss). The following table summarizes the changes within each classification of AOCI:

		Three months ended June 30, 2024									Three months ended September 30, 2024							
		Total other comprehensive income (loss)				Total accumulated other comprehensive income (loss)					Total other comprehensive income (loss)					Total accumulated other comprehensive income (loss)		
(Dollars in thousands)	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance
Unrealized gain (loss) on debt securities																		
Unrealized gain (loss) on derivatives																		
Retirement obligation																		
Foreign currency translation																		
Total																		

		Three months ended June 30, 2023									Three months ended September 30, 2023							
		Total other comprehensive income (loss)				Total accumulated other comprehensive income (loss)					Total other comprehensive income (loss)					Total accumulated other comprehensive income (loss)		
(Dollars in thousands)	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance
Unrealized gain (loss) on debt securities																		
Unrealized gain (loss) on derivatives																		
Retirement obligation																		
Foreign currency translation																		
Total																		

	Six months ended June 30, 2024		Nine months ended September 30, 2024

		Total other comprehensive income (loss)				Total accumulated other comprehensive income (loss)			Total other comprehensive income (loss)					Total accumulated other comprehensive income (loss)				
(Dollars in thousands)	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance
Unrealized gain (loss) on debt securities																		
Unrealized gain (loss) on derivatives																		
Retirement obligation																		
Foreign currency translation																		
Total																		

		Six months ended June 30, 2023							Nine months ended September 30, 2023									
		Total other comprehensive income (loss)				Total accumulated other comprehensive income (loss)			Total other comprehensive income (loss)					Total accumulated other comprehensive income (loss)				
(Dollars in thousands)	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance	*(Dollars in thousands)*	Prior to reclass	Reclass from	Pre-tax	Tax effect	Net of tax	Beginning balance	Net activity	Ending balance
Unrealized gain (loss) on debt securities																		
Unrealized gain (loss) on derivatives																		
Retirement obligation																		
Foreign currency translation																		
Total																		

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The following table presents the activity reclassified from accumulated other comprehensive income into income during the three and six nine month periods ended June 30, 2024 September 30, 2024 and 2023, respectively:

	Amount reclassified from accumulated other comprehensive income (loss)
	Three months ended
	Three months ended
	Three months ended
	June 30,
	June 30,
	June 30,
	September 30,
	September 30,
	September 30,
(Dollars in thousands)	

(Dollars in thousands)

(Dollars in thousands)		2024		2023		2024		2023	Affected Line Item in the Consolidated Statements of Income			2024	2023	2024
Gains and losses on cash flow hedges														
Interest rate contracts		$ (199)	$	$ 0	$	$ (398)	$	$ 0	Interest income - Loans and leases, including fees	Interest income - Loans and leases, including fees		$ (199)	$ (71)	$
Realized gain (loss) on securities available-for-sale	Realized gain (loss) on securities available-for-sale	0	384	384	(7,518)	(7,518)	903	903	Net gain (loss) on sales of investments securities	Net gain (loss) on sales of investments securities	Realized gain (loss) on securities available-for-sale	(17,694)	(4)	(4)
Defined benefit pension plan														
Amortization of prior service cost (1)		0	(1)	(1)	0	0	(1)	(1)	Other noninterest expense	Other noninterest expense		(4)	(5)	(5)	(4
Recognized net actuarial loss (1)	Recognized net actuarial loss (1)	(375)	(170)	(170)	(750)	(750)	(320)	(320)	Other noninterest expense	Other noninterest expense	Recognized net actuarial loss (1)	(485)	(208)	(208)
Defined benefit pension plan total														
Total reclassifications for the period, before tax														

(1) Included in the computation of net periodic pension cost (see Note 14 - Employee Benefit Plans for additional details).

NOTE 11: DERIVATIVES

First Financial maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce certain risks related to interest rate, prepayment and foreign currency volatility. Additionally, First Financial holds derivative instruments for the benefit of its commercial customers and for other business purposes. The Company does not enter into unhedged speculative derivative positions. The Company's interest rate risk management strategy involves modifying the repricing characteristics of certain financial instruments so that changes in interest rates do not adversely affect First Financial's net interest margin and cash flows. Derivative instruments that the Company may use as part of its interest rate risk management strategy include interest rate caps, floors, swaps, and foreign exchange contracts, to meet the needs of its clients while managing the interest and currency rate risk associated with certain transactions. First Financial may also utilize interest rate swaps to manage the interest rate risk profile of the Company with changes in value reported in Accumulated other comprehensive income (loss).

Interest rate payments are exchanged with counterparties based on the notional amount established in the interest rate agreement. As only interest rate payments are exchanged, the cash requirements and credit risk associated with interest rate swaps are significantly less than the notional amount and the Company's credit risk exposure is limited to the market value of the instruments. First Financial does not use derivatives for speculative purposes.

First Financial manages market value credit risk through counterparty credit policies including a review of total derivative notional position to total assets, total credit exposure to total capital and counterparty credit exposure risk.

Interest rate client derivatives. First Financial utilizes interest rate swaps as a means to offer commercial borrowers fixed rate funding while providing the Company with floating rate assets. These derivatives are classified as free-standing instruments with the revaluation gain or loss recorded in Client derivative fees in the Consolidated Statements of Income. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

At June 30, 2024 September 30, 2024, for the interest rate client derivatives, the Company had a total counterparty notional amount outstanding of $2.2 billion, spread among six counterparties, with an estimated fair value of $117.9 million $51.1 million. At December 31, 2023, the Company had interest rate client derivatives with a total counterparty notional amount outstanding of $2.2 billion, spread among six counterparties, with an estimated fair value of $95.7 million.

First Financial monitors its derivative credit exposure to borrowers by monitoring the creditworthiness of the related loan customers through the Company's normal credit review processes. Additionally, the Company monitors derivative credit risk exposure related to problem loans through its ACL Committee. First Financial considers the market value of a derivative instrument to be part of the carrying value of the related loan for these purposes as the borrower is contractually obligated to pay First Financial this amount in the event the derivative contract is terminated.

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In connection with its use of derivative instruments, First Financial and its counterparties may be required to post cash collateral to offset the market position of the derivative instruments. First Financial maintains the right to offset these derivative positions with the collateral posted against them by or with the relevant counterparties.

Foreign exchange contracts. First Financial may enter into foreign exchange derivative contracts for the benefit of commercial customers to hedge their exposure to foreign currency fluctuations. Similar to the hedging of interest rate risk from interest rate client derivative contracts, First Financial also enters into foreign exchange contracts with major financial institutions to economically hedge a substantial portion of the exposure from client driven foreign exchange activity. These derivatives are classified as free-standing instruments with the revaluation gain or loss recorded in Foreign exchange income in the Consolidated Statements of Income. The Company has risk limits and internal controls in place to help ensure excessive risk is not being taken when providing this service to customers. These controls include a determination of currency volatility and credit equivalent exposure on these contracts. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.At June September 30, 2024, the Company had total counterparty notional amount outstanding of $7.0 billion $7.4 billion spread among five four counterparties, with an estimated fair value of $15.2 4.6 million. At December 31, 2023, the Company had total counterparty notional amounts outstanding of $7.0 billion spread among five counterparties, with an estimated fair value of $23.9 million.

In connection with its use of foreign exchange contracts, First Financial and its counterparties may be required to post cash collateral to offset the market position of the derivative instruments. First Financial maintains the right to offset these derivative positions with the collateral posted against them by or with the relevant counterparties.

Commodity contracts. In August of 2024, First Financial began entering into financially settled commodity derivative contracts for the benefit of commercial customers to hedge their exposure to various commodity price fluctuations. Similar to the hedging of interest rate risk from interest rate client derivative and foreign exchange contracts, First Financial also enters into commodity contracts with major financial institutions to economically hedge a substantial portion of the exposure from client driven commodity derivative activity. These derivatives are classified as free-standing instruments with the revaluation gain or loss recorded in Derivative income in the Consolidated Statements of Income. The Company has risk limits and internal controls in place to help ensure excessive risk is not being taken when providing this service to customers. These controls include monitoring of commodity volatility and credit exposure on these contracts. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes. At September 30, 2024, the Company had total counterparty notional amount outstanding of $0.3 million with one counterparty, with an estimated fair value of $0.2 million.

Cash Flow Hedges. In 2023, First Financial entered into interest rate collars and floors, which are designated as cash flow hedges. These cash flow hedges are utilized to mitigate interest rate risk on variable-rate commercial loan pools. As of both June 30, 2024 September 30, 2024 and December 31, 2023, these hedges were determined to be effective and are expected to remain effective during the remaining terms. Changes in the fair value of cash flow hedges included in the assessment of hedge effectiveness are recorded in AOCI and reclassified from AOCI to current period earnings when the hedged item affects earnings. Reclassified gains and losses on interest rate contracts related to commercial and industrial loans are recorded within interest income in the Consolidated Statements of Income.

The structure of the interest rate collars is such that First Financial pays the counterparty an incremental amount if the collar index exceeds the cap rate. Conversely, First Financial receives an incremental amount if the index falls below the floor rate. No payments are required if the collar index falls between the cap and floor rates.

The structure of First Financial's interest rate floors is such that First Financial receives an incremental amount if the index falls below the floor strike rate. No payments are required if the index remains above the floor strike rate.

The notional value of the Company's cash flow hedges was $1.0 billion at June 30, 2024 September 30, 2024, with a $0.8 million $2.3 million loss recorded in AOCI in the Consolidated Balance Sheet. As of June 30, 2024 September 30, 2024, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows is 54 51 months. It is estimated that $0.7 million will be reclassified from OCI to interest income during the next 12 months.

At December 31, 2023, the notional value of the Company's cash flow hedges was $1.0 billion, with a $3.8 million gain recorded in AOCI in the Consolidated Balance Sheet. As of December 31, 2023, the maximum length of time over which the Company is was hedging its exposure to the variability in future cash flows was 60 months.

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The effect of derivative instruments in cash flow hedging relationships on the Consolidated Statements of Income for the three months ended June September 30, were as follows:

Derivatives in Cash Flow Hedging Relationship	**Derivatives in Cash Flow Hedging Relationship**	**Location of Gain or (Loss)Reclassified from AOCI into income**	**Gain (loss) reclassified in AOCI on Derivatives**		**Gain (loss) recognized in OCI on Derivatives**	Derivatives in Cash Flow Hedging Relationship	Location of Gain or (Loss) Reclassified from AOCI into income		Gain (loss) reclassified in AOCI on Derivatives		Gain (loss) recognized in OCI on Derivatives		
(Dollars in thousands)	*(Dollars in thousands)*		June 30, 2024	June 30, 2023	June 30, 2024		June 30, 2023	*(Dollars in thousands)*		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Interest rate contracts													

The effect of derivative instruments in cash flow hedging relationships on the Consolidated Statements of Income for the six nine months ended June September 30, were as follows:

Derivatives in Cash Flow Hedging Relationship	**Derivatives in Cash Flow Hedging Relationship**	**Location of Gain or (Loss) Reclassified from AOCI into income**	**Gain (loss) reclassified in AOCI on Derivatives**		**Gain (loss) recognized in OCI on Derivatives**	Derivatives in Cash Flow Hedging Relationship	Location of Gain or (Loss) Reclassified from AOCI into income		Gain (loss) reclassified in AOCI on Derivatives		Gain (loss) recognized in OCI on Derivatives		
(Dollars in thousands)	*(Dollars in thousands)*		June 30, 2024	June 30, 2023	June 30, 2024		June 30, 2023	*(Dollars in thousands)*		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Interest rate contracts													

The following table details the classification and amounts of interest rate derivatives, foreign exchange contracts and cash flow hedges recognized in the Consolidated Balance Sheets:

		June 30, 2024			December 31, 2023				September 30, 2024			December 31, 2023		
				Estimated fair value			Estimated fair value				Estimated fair value			Estimated fair value
(Dollars in thousands)	*(Dollars in thousands)*	Notional amount	Gain (1)	Loss (2)	Notional amount	Gain (1)	Loss (2)	*(Dollars in thousands)*	Notional amount	Gain (1)	Loss (2)	Notional amount	Gain (1)	Loss (2)
Derivatives not designated as qualifying hedging instruments														
Interest rate derivatives - instruments associated with loans														
Interest rate derivatives - instruments associated with loans														
Interest rate derivatives - instruments associated with loans														
Matched interest rate contracts with borrowers														
Matched interest rate contracts with counterparty														
Foreign exchange contracts														
Matched foreign exchange contracts with customers														
Matched foreign exchange contracts with customers														
Matched foreign exchange contracts with customers														
Match foreign exchange contracts with counterparty														
Commodity contracts														

Matched commodity with client				
Matched commodity with client				
Matched commodity with client	300	0	(155)	0
Matched commodity with counterparty	300	155		0
Total derivatives not designated as qualifying hedging instruments				
Derivatives designated as qualifying hedging instruments				
Derivatives designated as qualifying hedging instruments				
Derivatives designated as qualifying hedging instruments				
Cash flow hedges				
Cash flow hedges				
Cash flow hedges				
Interest rate collars and floors				
Interest rate collars and floors				
Interest rate collars and floors				
Total derivatives designated as qualifying hedging instruments				
Total				

(1) Derivative assets are included in Accrued interest and other assets in the Consolidated Balance Sheets.
(2) Derivative liabilities are included in Accrued interest and other liabilities in the Consolidated Balance Sheets.

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The following table discloses the gross and net amounts of interest rate derivatives, foreign exchange contracts and cash flow hedges recognized in the Consolidated Balance Sheets:

		June 30, 2024			December 31, 2023									
		September 30, 2024			December 31, 2023									
(Dollars in thousands)	*(Dollars in thousands)*	Gross amounts of recognized assets (liabilities)	Gross amounts offset in the Consolidated Balance Sheets	Net amounts of assets/(liabilities) presented in the Consolidated Balance Sheets	Gross amounts of recognized assets (liabilities)	Gross amounts offset in the Consolidated Balance Sheets	Net amounts of assets/(liabilities) presented in the Consolidated Balance Sheets	*(Dollars in thousands)*	Gross amounts of recognized assets (liabilities)	Gross amounts offset in the Consolidated Balance Sheets	Net amounts of assets/(liabilities) presented in the Consolidated Balance Sheets	Gross amounts of recognized assets (liabilities)	Gross amounts offset in the Consolidated Balance Sheets	Net amounts of assets/(liabilities) presented in the Consolidated Balance Sheets
Interest rate contracts (1)														
Interest rate contracts (1)														
Interest rate contracts (1)														
Foreign exchange contracts														
Commodity contracts														
Cash flow hedges														
Total														

(1) Includes accrued interest receivable and collateral.

The following table details the derivative financial instruments and the average remaining maturities at June 30, 2024 September 30, 2024:

(Dollars in thousands)	
(Dollars in thousands)	
(Dollars in thousands)	
Interest rate contracts	
Interest rate contracts	
Interest rate contracts	
Receive fixed, matched interest rate contracts with borrower	
Receive fixed, matched interest rate contracts with borrower	
Receive fixed, matched interest rate contracts with borrower	
Pay fixed, matched interest rate contracts with counterparty	
Pay fixed, matched interest rate contracts with counterparty	
Pay fixed, matched interest rate contracts with counterparty	
Foreign exchange contracts	
Foreign exchange contracts	
Foreign exchange contracts	
Foreign exchange contracts-pay USD	
Foreign exchange contracts-pay USD	
Foreign exchange contracts-pay USD	
Foreign exchange contracts-receive USD	
Foreign exchange contracts-receive USD	
Foreign exchange contracts-receive USD	
Commodities contracts	
Commodities contracts	
Commodities contracts	
Client commodity contracts	
Client commodity contracts	
Client commodity contracts	
Counterparty commodity contracts	
Counterparty commodity contracts	
Counterparty commodity contracts	
Total client derivatives	
Total client derivatives	
Total client derivatives	
Cash flow hedges	
Cash flow hedges	
Cash flow hedges	
Interest rate collars and floors on loan pools	
Interest rate collars and floors on loan pools	
Interest rate collars and floors on loan pools	
Total cash flow hedges	
Total cash flow hedges	
Total cash flow hedges	
Total	
Total	
Total	

At June 30, 2024 September 30, 2024, the derivative collateral owed by the Company to counterparty banks was $123.0 million $30.1 million with $16.2 million $16.5 million restricted within cash and due from banks on the Company's Consolidated Balance Sheets and $139.2 million $46.7 million recorded in short-term borrowings. Derivative collateral owed by the Company to the counterparty banks at December 31, 2023 was $116.2 million with $21.6 million restricted within cash and due from banks and $137.8 million recorded in short-term borrowings.

Credit derivatives. In conjunction with participating interests in commercial loans, First Financial periodically enters into risk participation agreements with counterparties whereby First Financial either assumes or sells a portion of the credit exposure associated with an interest rate swap on the participated loan in exchange for a fee. Under these agreements, First Financial will either make a payment to or receive a payment from the counterparty if the loan customer defaults on its obligation to perform under the interest rate swap contract. The total notional value of the purchased risk agreements totaled $225.6 million $219.3 million as of June 30, 2024 September 30, 2024 and $232.5 million as of December 31, 2023. The total notional value of the sold risk agreements totaled $108.7 million $104.5 million as of June 30, 2024 September 30, 2024 and $109.2 million as of December 31, 2023. The net fair value of these agreements is was recorded in Accrued interest and other liabilities on the Consolidated Balance Sheets and was $0.1 million at both June 30, 2024 September 30, 2024 and December 31, 2023.

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Mortgage derivatives. First Financial enters into IRLCs and forward commitments for the future delivery of mortgage loans to third party investors, which are considered derivatives. When borrowers secure IRLCs with First Financial and the loans are intended to be sold, First Financial will enter into forward commitments for the future delivery of the loans to third party investors in order to hedge against the effect of changes in interest rates impacting IRLCs and loans held for sale. At June 30, 2024 September 30, 2024, the notional amount of the IRLCs was $38.1 million $38.8 million and the notional amount of forward commitments was $40.5 million $40.8 million. As of December 31, 2023, the notional amount of IRLCs was $25.2 million and the notional amount of forward commitments

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was $25.5 million. The fair value on these agreements was $0.6 million and $0.3 million at June 30, 2024 both September 30, 2024 and December 31, 2023, respectively, and was recorded in Accrued interest and other assets on the Consolidated Balance Sheets.

NOTE 12: COMMITMENTS AND CONTINGENCIES

First Financial offers a variety of financial instruments including loan commitments and letters of credit to assist clients in meeting their requirement for liquidity and credit enhancement. GAAP does not require these financial instruments to be recorded in the Consolidated Financial Statements.

First Financial utilizes the same credit policies in issuing commitments and conditional obligations as it does for credit instruments recorded on the Consolidated Balance Sheets. First Financial's exposure to credit loss in the event of non-performance by the counterparty was represented by the contractual amounts of those instruments. First Financial adopted ASC 326 and therefore estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. 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 its estimated life consistent with the Company's ACL methodology for loans and leases. Adjustments to the reserve for unfunded commitments are recorded in Provision for credit losses - unfunded commitments in the Consolidated Statements of Income. First Financial had $16.4 million $17.1 million and $18.4 million of reserves for unfunded commitments recorded in Accrued interest and other liabilities on the Consolidated Balance Sheets at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

First Financial had commitments to extend credit, including overdraft lending lines, of $4.2 billion $4.1 billion at June 30, 2024 September 30, 2024 and $4.5 billion at December 31, 2023. As of June 30, 2024 September 30, 2024, commitments with a fixed interest rate totaled $90.7 million $100.1 million while commitments with variable interest rates totaled $4.2 billion $4.0 billion. At December 31, 2023, commitments with a fixed interest rate totaled $108.2 million while commitments with variable interest rates totaled $4.4 billion. First Financial's fixed rate commitments have interest rates ranging from 0.00% to 21.00% at both June 30, 2024 September 30, 2024 and December 31, 2023 and have maturities ranging from less than one year to 31.0 years at June 30, 2024 September 30, 2024 and maturities ranging from less than one year to 31.6 years at December 31, 2023.

Loan commitments. Loan commitments are agreements to extend credit to a client, absent any violation of conditions established in the commitment agreement. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments will expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by First Financial upon extension of credit, is based on management's credit evaluation of the client. The collateral held varies, but may include securities, real estate, inventory, plant or equipment.

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The following table presents by type First Financial's active loan balances and related obligations to extend credit:

		June 30, 2024		December 31, 2023						
		September 30, 2024		December 31, 2023						
(dollars in thousands)	*(dollars in thousands)*	Unfunded commitment	Loan balance	Unfunded commitment	Loan balance	*(dollars in thousands)*	Unfunded commitment	Loan balance	Unfunded commitment	Loan balance
Commercial & industrial										
Lease financing	Lease financing	0	534,557	0	474,817	Lease financing	0	587,415	0	474,817
Construction real estate	Construction real estate	463,236	741,406	565,009	564,832	Construction real estate	398,031	802,264	565,009	564,832

Commercial real estate-investor	Commercial real estate-investor	84,915	3,104,711	101,689	3,138,629	Commercial real estate-investor	85,838	3,047,059	101,689	3,138,629
Commercial real estate-owner	Commercial real estate-owner	36,927	971,885	40,346	942,310	Commercial real estate-owner	38,149	987,761	40,346	942,310
Residential real estate	Residential real estate	77,676	1,377,290	98,686	1,333,674	Residential real estate	70,690	1,422,186	98,686	1,333,674
Home equity	Home equity	1,011,924	800,860	972,474	758,676	Home equity	998,439	825,431	972,474	758,676
Installment	Installment	29,558	148,530	25,841	159,078	Installment	30,130	141,270	25,841	159,078
Credit card	Credit card	280,716	59,477	235,686	59,939	Credit card	287,032	61,140	235,686	59,939
Total										

Letters of credit. Letters of credit are conditional commitments issued by First Financial to guarantee the performance of a client to a third party. First Financial's letters of credit consist of performance assurances made on behalf of clients who have a contractual commitment to produce or deliver goods or services. The risk to First Financial arises from its obligation to make payment in the event of the client's contractual default to produce the contracted good or service to a third party. First Financial

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issued letters of credit aggregating $33.8 million $60.9 million and $34.9 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Management conducts regular reviews of these instruments on an individual client basis.

Risk participation agreements. In conjunction with participating interests in commercial loans, First Financial is a party in periodically enters into risk participation transactions agreements with counterparties whereby First Financial either assumes or sells a portion of the credit exposure associated with an interest rate swaps, which had swap on the participated loan in exchange for a fee. Under these agreements, First Financial will either make a payment to or receive a payment from the counterparty if the loan customer defaults on its obligation to perform under the interest rate swap contract. The total notional amount of $334.3 million the risk participation agreements was $323.8 million and $341.7 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

Affordable housing projects and other tax credit investments. First Financial is a limited partner in several tax-advantaged limited partnerships whose purpose is to invest in approved qualified affordable housing, renewable energy, or other renovation or community revitalization projects. These investments are included in Accrued interest and other assets in the Consolidated Balance Sheets, with any unfunded commitments included in Accrued interest and other liabilities in the Consolidated Balance Sheets. As of June 30, 2024 September 30, 2024, First Financial expects to recover its remaining investments through the use of the tax credits that are generated by the investments.

First Financial adopted ASU 2023-02 effective January 1, 2024, using the modified retrospective basis. This ASU was required for fiscal years beginning after December 15, 2023 and expanded the scope of the proportional amortization method to equity investments beyond LIHTC investments. First Financial has made an accounting policy election to apply PAM to the following tax credit programs: HTC, NMTC, and renewable energy tax credits. For each program that First Financial elected to the apply proportional amortization method, First Financial analyzed each investment individually under the scope criteria to determine if PAM applies. First Financial determined that it was eligible to apply PAM to certain HTC investments, however not every HTC investment qualified under the existing guidance. At the time of adoption, First Financial's existing NMTC and renewable energy tax credits were also not eligible to apply PAM. Consistent with the guidance set forth in the ASU, First Financial recorded a $0.6 million adjustment to retained earnings to account for the transition of qualified HTC that transitioned to PAM during the first quarter of 2024.

The following table summarizes First Financial's investments in affordable housing projects and other tax credit investments.

(Dollars in thousands)		June 30, 2024		December 31, 2023	
Investment	Accounting Method	Investment	Unfunded commitment	Investment	Unfunded commitment
LIHTC	Proportional amortization	$ 150,990	$ 74,141	$ 142,933	$ 80,465
HTC	Proportional amortization	15,151	11,955	0	0
HTC	Equity	3,749	2,088	19,798	14,043
NMTC	Equity	1,013	0	1,938	0
Renewable energy	Equity	23,757	240	23,981	1,857
Total		$ 194,660	$ 88,424	$ 188,650	$ 96,365

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(Dollars in thousands)		September 30, 2024		December 31, 2023	
Investment	Accounting Method	Investment	Unfunded commitment	Investment	Unfunded commitment
LIHTC	Proportional amortization	$ 147,038	$ 69,971	$ 142,933	$ 80,465
HTC	Proportional amortization	13,958	11,955	0	0

HTC	Equity	3,749	1,347	19,798	14,043
NMTC	Equity	1,380	0	1,938	0
Renewable energy	Equity	23,573	231	23,981	1,857
Total		$ 189,698	$ 83,504	$ 188,650	$ 96,365

The following table summarizes First Financial's amortization expense and tax benefit recognized in affordable housing projects and other tax credit investments.

		Three months ended					
		June 30, 2024		June 30, 2023			
		September 30, 2024		September 30, 2023			
(Dollars in thousands)	*(Dollars in thousands)*	Amortization expense (1)	Tax expense (benefit) recognized (2)	Amortization expense (1)	Tax expense (benefit) recognized (2)	*(Dollars in thousands)*	Amortizat expense
LIHTC							
HTC							
HTC							
NMTC							
Renewable energy							
Total							

		Six months ended								
		Six months ended								
		Six months ended								
			June 30, 2024		June 30, 2023					
		Nine months ended								
		Nine months ended								
		Nine months ended								
			September 30, 2024		September 30, 2023					
(Dollars in thousands)	*(Dollars in thousands)*	Accounting Method	Amortization expense (1)	Tax expense (benefit) recognized (2)	Amortization expense (1)	Tax expense (benefit) recognized (2)	*(Dollars in thousands)*	Accounting Method	Amortization expense (1)	
LIHTC										
HTC										
HTC										
NMTC										
Renewable energy										
Total										

(1) The amortization expense for investments using the proportional amortization method is included in income tax expense. The amortization expense for the equity method investments is included in other noninterest expense.

(1) The amortization expense for investments using the proportional amortization method is included in income tax expense. The amortization expense for the equity method investments is included in other noninterest expense.

(1) The amortization expense for investments using the proportional amortization method is included in income tax expense. The amortization expense for the equity method investments is included in other noninterest expense.

(2) All of the tax benefits recognized are included in Income tax expense. The tax benefit recognized for the equity method investments primarily reflects the tax credits generated from the investments and excludes the net tax expense (benefit) and deferred tax liability of the investments' income (loss).

Contingencies/Litigation. First Financial and its subsidiaries are engaged in various matters of litigation and have a number of unresolved claims pending.

As part of the ordinary course of business, First Financial and its subsidiaries are parties to litigation, including claims to the ownership of funds in particular accounts, the collection of delinquent accounts, challenges to security interests in collateral, foreclosure interests that are incidental to our regular business activities and other matters. While the ultimate liability with respect to these litigation matters and claims cannot be determined at this time, First Financial believes that damages, if any, and other amounts relating to pending matters are not probable or cannot be reasonably estimated as of June 30, 2024 September 30, 2024. Reserves are established for these various matters of litigation when appropriate under FASB ASC Topic 450, Contingencies, based in part upon the advice of legal counsel. First Financial had no reserves related to litigation matters as of June 30, 2024 September 30, 2024 or December 31, 2023.

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NOTE 13: INCOME TAXES

For the second third quarter of 2024, income tax expense was $14.0 million $12.4 million, resulting in an effective tax rate of 18.7% 19.2% compared to income tax expense of $15.5 million $15.3 million and an effective tax rate of 19.1% 19.5% for the comparable period in 2023. For the first six nine months of 2024, income tax expense was $25.0 million $37.5 million, resulting in an effective tax rate of 18.3% 18.6% compared with $32.8 million to $48.1 million and an effective tax rate of 19.4% for the comparable period in 2023. The lower effective tax rate in 2024 is primarily driven by tax credits realized in 2024 as well as lower taxable income.

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At both June 30, 2024 September 30, 2024 and December 31, 2023, First Financial had no unrecognized tax benefits. As defined by FASB ASC Topic 740-10, Income Taxes, an unrecognized tax benefit is a position that if recognized would favorably impact the effective income tax rate in future periods. First Financial recognizes interest accrued related to unrecognized tax benefits and penalties as income tax expense. At June 30, 2024 September 30, 2024 and December 31, 2023, the Company had no interest or penalties recorded.

First Financial and its subsidiaries are subject to U.S. federal income tax as well as state and local income tax in several numerous jurisdictions. Tax years prior to 2020 have been closed and are no longer subject to U.S. federal income tax examinations. Tax years 2020 through 2023 remain open to examination by the federal taxing authority. First Financial is no longer subject to state and local income tax examinations for years prior to 2019.

NOTE 14: EMPLOYEE BENEFIT PLANS

First Financial sponsors a non-contributory defined benefit pension plan which covers substantially all employees and uses a December 31 measurement date. Plan assets are primarily invested in fixed income and publicly traded equity mutual funds. The pension plan does not directly own any shares of First Financial common stock or any other First Financial security or product.

Given the plan's over-funded status, First Financial made no cash contributions to fund the pension plan during the six nine months ended June 30, 2024 September 30, 2024 or the year ended December 31, 2023, and it does not expect to make cash contributions to the plan through the remainder of 2024.

As a result of the plan's actuarial projections, First Financial recorded expense in the Company's Consolidated Statements of Income, as set forth in the following table. The amounts are recognized in First Financial's Consolidated Statements of Income related to the Company's pension plan.

		Three months ended		Three months ended		Six months ended	Three months ended		Nine months ended	
			June 30,	June 30,						
			September 30,	September 30,						
(Dollars in thousands)	*(Dollars in thousands)*	2024	2023	2024	2023	*(Dollars in thousands)*	2024	2023	2024	2023
Service cost										
Interest cost										
Expected return on assets										
Amortization of prior service cost										
Net actuarial loss										
Net periodic benefit cost (income)										

NOTE 15: REVENUE RECOGNITION

The majority of the Company's revenues come from sources that are outside of the scope of ASU 2014-09, *Revenue from Contracts with Customers. Customers.* Income sources that are outside of this standard include income earned on loans, leases, securities, derivatives and foreign exchange, excluding spot transactions. The Company's services that fall within the scope of ASU 2014-09 are presented within Noninterest income and are recognized as revenue when the Company satisfies its obligation to the customer. Services within the scope of this guidance include service charges on deposits, wealth management fees, bankcard income, foreign exchange spot income, gain/loss on the sale of OREO and investment brokerage fees.

Service charges on deposit accounts. The Company earns revenues from its deposit customers for transaction-based fees, account maintenance fees and overdraft fees. Transaction-based fees, which include services such as ATM use 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,

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are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Similarly, overdraft fees are recognized at the point in time that the overdraft occurs as this corresponds with the Company's performance obligation. Service charges on deposit accounts are withdrawn from the customer's deposit account.

Wealth management fees. Wealth management fees are primarily asset-based, but can also include flat fees based upon a specific service rendered, such as tax preparation services. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon the month-end market value of the assets under management and the applicable fees. The Company does not earn performance-based incentives. Optional services such as real estate sales and tax return preparation services are also available to existing wealth management customers. The Company's performance obligation for these transactional-based services is generally satisfied, and related revenue recognized, as incurred.

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Wealth management fees also includes brokerage revenue. Brokerage revenue represents fees from investment brokerage services provided to customers by a third party provider. The Company receives commissions from the third-party service provider on a monthly basis based upon customer activity for the month. The fees are recognized monthly and a receivable is recorded until commissions are paid the following month. Because the Company (i) acts as an agent in arranging the relationship between the customer and the third-party service provider and (ii) does not control the services rendered to the customers, investment brokerage fees are presented net of related costs.

Bankcard income. The Company earns interchange fees from cardholder transactions conducted through the Visa payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized concurrent with the transaction processing services provided to the cardholder. Interchange income is presented on the Consolidated Statements of Income net of expenses. Gross interchange income for the second third quarter of 2024 was $7.8 million $7.6 million, partially offset by $3.9 million of expenses within Noninterest income. Gross interchange income for the same period in 2023 was $7.6 million $7.5 million, partially offset by $3.9 million $4.1 million of expenses within Noninterest income. Gross interchange income for the first six nine months of 2024 was $15.0 million $22.5 million, partially offset by $7.9 million $11.8 million of expenses within Noninterest income. Gross interchange income for the same period in 2023 was $14.8 million $22.3 million, partially offset by $7.5 million $11.6 million of expenses within Noninterest income.

Foreign exchange income. Foreign exchange income includes both spot and forward income in First Financial's Consolidated Statements of Income. Forward income is excluded from the scope of ASU 2019-04, however, spot income is within the scope of the guidance. A foreign exchange spot trade is a trade made for immediate exchange and delivery of the currency, thus satisfying the performance obligation. Income from foreign exchange spot trades was $2.5 million $2.3 million and $2.3 million $2.1 million for the second quarters ended June 30, 2024 September 30, 2024 and 2023, respectively. Income from foreign exchange spot trades was $5.5 $7.8 million and $5.3 $7.5 million for the first six nine months ended June 30, 2024 of September 30, 2024 and 2023, respectively.

Other. Other noninterest income includes recurring revenue streams such as transaction fees, safe deposit rental income, insurance commissions, merchant referral income and gain (loss) on sale of OREO. Transaction fees primarily include check printing sales commissions, collection fees and wire transfer fees which arise from in-branch transactions. Safe deposit rental income arises from fees charged to the customer on an annual basis and recognized upon receipt of payment. Insurance commissions are agent commissions earned by the Company and earned upon the effective date of the bound coverage. Merchant referral income is associated with a program whereby the Company receives a share of processing revenue that is generated from clients that were referred by First Financial to the service provider. Revenue is recognized at the time the transaction occurs.

The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of the executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectibility of the transaction price is probable. Once these criteria are met, the OREO asset is removed and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer.

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NOTE 16: EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	Three months ended	Three months ended	Six months ended	Three months ended	Nine months ended
	June 30,	June 30,			

			September 30,	September 30,						
(Dollars in thousands, except per share data)	*(Dollars in thousands, except per share data)*	2024	2023	2024	2023	*(Dollars in thousands, except per share data)*	2024	2023	2024	2023
Numerator										
Net income available to common shareholders										
Net income available to common shareholders										
Net income available to common shareholders										
Denominator										
Denominator										
Denominator										
Weighted average shares outstanding for basic earnings per common share										
Weighted average shares outstanding for basic earnings per common share										
Weighted average shares outstanding for basic earnings per common share										
Effect of dilutive securities										
Employee stock awards										
Employee stock awards										
Employee stock awards										
Adjusted weighted average shares for diluted earnings per common share										
Adjusted weighted average shares for diluted earnings per common share										
Adjusted weighted average shares for diluted earnings per common share										
Earnings per share available to common shareholders										
Earnings per share available to common shareholders										
Earnings per share available to common shareholders										
Basic										
Basic										
Basic										
Diluted										

Stock options and warrants with exercise prices greater than the average market price of the common shares were not included in the computation of net income per diluted share, as they would have been antidilutive. Using the end of period price of the Company's common shares, there were no antidilutive options at June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023.

NOTE 17: FAIR VALUE DISCLOSURES

The fair value framework as disclosed in the Fair Value Topic includes a hierarchy which focuses on prioritizing the inputs used in valuation techniques. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), a lower priority to observable inputs other than quoted prices in active markets for identical assets and liabilities (Level 2) and the lowest priority to unobservable inputs (Level 3). When determining the fair value measurements for assets and liabilities, First Financial looks to active markets to price identical assets or liabilities whenever possible and classifies such items in Level 1. When identical assets and liabilities are not traded in active markets, First Financial looks to observable market data for similar assets and liabilities and classifies such items as Level 2. Certain assets and liabilities are not actively traded in observable markets and First Financial must use alternative techniques, based on unobservable inputs, to determine the fair value and classifies such items as Level 3. The level within the fair value hierarchy is based on the lowest level of input that is significant in the fair value measurement.

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The estimated fair values of First Financial's financial instruments not measured at fair value on a recurring or nonrecurring basis in the consolidated financial statements were as follows:

		Carrying	Carrying	Estimated fair value				Carrying	Estimated fair value			
(Dollars in thousands)	*(Dollars in thousands)*	value	Total	Level 1	Level 2	Level 3	*(Dollars in thousands)*	value	Total	Level 1	Level 2	Level 3
June 30, 2024												

September 30, 2024
Financial assets
Financial assets
Financial assets
Cash and short-term investments
Cash and short-term investments
Cash and short-term investments
Investment securities held-to-maturity
Other investments (1)
Loans and leases
Loans and leases
Loans and leases
Accrued interest receivable
Financial liabilities
Financial liabilities
Financial liabilities
Deposits
Deposits
Deposits
Short-term borrowings
Long-term debt
Accrued interest payable

	Carrying	Estimated fair value			
(Dollars in thousands)	value	Total	Level 1	Level 2	Level 3
December 31, 2023					
Financial assets					
Cash and short-term investments	$ 1,006,019	$ 1,006,019	$ 1,006,019	$ 0	$ 0
Investment securities held-to-maturity	80,321	71,688	0	71,688	0
Other investments (1)	20,554	20,554	1,194	10,040	9,320
Loans and leases	10,791,743	10,468,144	0	0	10,468,144
Accrued interest receivable	72,620	72,620	0	15,697	56,923
Financial liabilities					
Deposits	13,360,797	13,347,319	0	13,347,319	0
Short-term borrowings	937,814	937,814	937,814	0	0
Long-term debt	344,115	350,426	0	350,426	0
Accrued interest payable	51,454	51,454	15,494	35,960	0

(1) FHLB stock and FRB stock of $121.2 $108.8 million and $109.4 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, are excluded from the numbers above.

The following methods, assumptions and valuation techniques were used by First Financial to measure different financial assets and liabilities at fair value on a recurring or nonrecurring basis.

Investment securities. Investment securities classified as available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar investment securities. First Financial compiles prices from various sources who may apply such techniques as matrix pricing to determine the value of identical or similar investment securities (Level 2). Matrix pricing is a mathematical technique widely used in the banking industry to value investment securities without relying exclusively on quoted prices for the specific investment securities but rather relying on the investment securities' relationship to other benchmark quoted investment securities. Any investment securities not valued based upon the methods previously described are considered Level 3.

First Financial utilizes values provided by third-party pricing vendors to price the investment securities portfolio in accordance with the fair value hierarchy of the Fair Value Topic and reviews the pricing methodologies utilized by the pricing vendors to

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ensure that the fair value determination is consistent with the applicable accounting guidance. First Financial's pricing process includes a series of quality assurance activities where prices are compared to recent market conditions, historical prices and other independent pricing services. Further, the Company periodically validates the fair value of a sample of securities in the portfolio by comparing the fair values to prices from other independent sources for the same or similar securities. First Financial analyzes unusual or significant variances, conducts additional research with the pricing vendor, and if necessary, takes appropriate action based on its findings. The results of the quality assurance process are incorporated into the selection of pricing providers by the portfolio manager.

Loans held for sale. The fair value of the Company's residential mortgage loans held for sale is determined on a recurring basis based on quoted prices for similar loans in active markets, and therefore, is classified as Level 2 the fair value hierarchy.

Derivatives. The fair values of derivative instruments, which includes interest rate derivatives, foreign exchange derivatives, floors, collars and commodities contracts, are based primarily on a net present value calculation of the cash flows related to the interest rate swaps and foreign exchange contracts at the reporting date, using primarily observable market inputs such as interest rate yield curves which represents the cost to terminate the swap if First Financial should choose to do so. Additionally, First Financial utilizes an internally-developed model to value the credit risk component of derivative assets and liabilities, which is recorded as an adjustment to the fair value of the derivative asset or liability on the reporting date. Derivative instruments are classified as Level 2 in the fair value hierarchy.

Collateral dependent loans. Collateral dependent loans are defined as loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral when the borrowers are experiencing financial difficulty. Collateral dependent loans are carried at fair value when the value of the operation or collateral less any costs to sell is not sufficient to cover the remaining balance. In these instances, the loans will either be partially charged-off or receive specific allocations of the allowance for credit losses. For collateral dependent loans, fair value is generally based on real estate appraisals, a calculation of enterprise value or a valuation of business assets including equipment, inventory and accounts receivable. These loans had a principal amount of $26.0 $26.7 million and $19.7 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, with a valuation allowance of $7.3 $8.1 million and $4.4 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

The value of real estate collateral is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed third-party appraiser (Level 3). These appraisals may utilize a single valuation approach or a combination of approaches including the comparable sales approach and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Collateral is then adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and the client's business, resulting in a Level 3 fair value classification. Collateral dependent loans are evaluated on a quarterly basis for additional write-downs and are adjusted accordingly.

Enterprise value is defined as imputed value for the entire underlying business. To determine an appropriate range of enterprise value, FFB relies on a standardized set of valuation methodologies that take into account future projected cash flows, market based multiples as well as asset values. Valuations involve both quantitative and qualitative considerations and professional judgments concerning differences in financial and operating characteristics in addition to other factors that may impact values over time (Level 3).

The value of business equipment is based on an outside appraisal, if deemed significant, or the net book value on the applicable borrower financial statements. Likewise, values for inventory and accounts receivable collateral are based on borrower financial statement balances or aging reports on a discounted basis as appropriate (Level 3).

The fair value of collateral dependent loans is measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for credit losses on the Consolidated Statements of Income.

Mortgage servicing rights. Mortgage servicing rights are evaluated for impairment based upon the fair value of the rights as compared to the carrying amount. If the carrying amount of the servicing asset exceeds fair value, impairment is recorded so that the servicing asset is carried at fair value. Fair value is determined based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilized a discount rate of 11.52% 11.51% at June 30, 2024 September 30, 2024 and 11.50% at December 31, 2023, respectively, weighted average prepayment speed of 6.01% 6.16% at June 30, 2024 September 30, 2024 and 5.92% at December 31, 2023, respectively, and other economic factors that market participants would use in estimating future net servicing income and that can be validated against available market data.

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OREO. Assets acquired through loan foreclosure are recorded at fair value less costs to sell, with any difference between the fair value of the property and the carrying value of the loan recorded as a charge-off establishing a new cost basis. Subsequent changes in value are reported as adjustments to the carrying amount and are recorded in noninterest expense. The carrying value of OREO is not re-measured to fair value on a recurring basis, but is subject to fair value adjustments when the carrying value differs from the fair value, less estimated selling costs. Fair value is based on recent real estate appraisals and is updated at least annually. The Company classifies OREO in level 3 of the fair value hierarchy.

Operating leases. First Financial performs assessments of the recoverability of long-lived assets when events or changes in circumstances indicate that their carrying values may not be recoverable and therefore, the carrying value of Operating leases is re-measured at fair value on a nonrecurring basis. When evaluating whether an individual asset is impaired, First Financial considers the current fair value of the asset, the changes in overall market demand for the asset and the rate of change in advancements associated with technological improvements that impact the demand for the specific asset under review. First Financial determines whether the carrying values of certain operating leases are not recoverable and as a result, records an impairment loss equal to the amount by which the carrying value of the assets exceeds the fair value. The fair value amounts are generally based on appraised values of the assets, resulting in a classification within Level 3 of the valuation hierarchy.

The financial assets and liabilities measured at fair value on a recurring basis in the consolidated financial statements were as follows:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	Level 1	Level 2	Level 3	Assets/liabilities at fair value	Level 1	Level 2	Level 3	Assets/liabilities at fair value
June 30, 2024								
September 30, 2024								
Assets								
Assets								
Assets								
Investment securities available-for-sale								
Loans held for sale								
Interest rate derivative contracts								
Foreign exchange derivative contracts								
Interest rate floor								
Interest rate floors								
Commodities contracts								
Total								
Liabilities								
Liabilities								
Liabilities								
Interest rate derivative contracts								
Foreign exchange derivative contracts								
Interest rate collars								
Commodities contracts								
Commodities contracts								
Commodities contracts								
Total								

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(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	Level 1	Level 2	Level 3	Assets/liabilities at fair value	Level 1	Level 2	Level 3	Assets/liabilities at fair value
December 31, 2023								
Assets								
Assets								
Assets								
Investment securities available-for-sale								
Loans held for sale								
Interest rate derivative contracts								
Foreign exchange derivative contracts								
Interest rate floor								
Interest rate floors								
Total								
Liabilities								
Liabilities								
Liabilities								
Interest rate derivative contracts								
Foreign exchange derivative contracts								

Interest rate collars	
Total	
Total	
Total	

The following table presents a reconciliation for certain AFS securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023.

		Three months ended		Three months ended		Six months ended		Three months ended		Nine months ended
			June 30,	June 30,						
			September 30,	September 30,						
(dollars in thousands)	*(dollars in thousands)*	2024	2023	2024	2023	*(dollars in thousands)*	2024	2023	2024	2023
Beginning balance										
Accretion (amortization)										
Increase (decrease) in fair value										
Settlements										
Transfers into level 3										
Ending balance										

Four commercial mortgage-backed securities with a fair value of $17.2 million as of September 30, 2024 were transferred from level 2 to level 3 due to credit deterioration and a lack of observable market data for these investments due to a decrease in market activity for these securities. The Company's valuations were supported by an analysis prepared by an independent third party and approved by management. The approach to determining fair value involved several steps which included: 1) detailed collateral analysis; 2) collateral performance projections and 3) discounted cash flow modeling.

Certain financial assets and liabilities are measured at fair value on a nonrecurring basis. Adjustments to the fair value of these assets usually result from the application of fair value accounting or write-downs of individual assets. The following table summarizes financial assets and liabilities measured at fair value on a nonrecurring basis.

		Fair value measurements using				Fair value measurements using		
(Dollars in thousands)	*(Dollars in thousands)*	Level 1	Level 2	Level 3	*(Dollars in thousands)*	Level 1	Level 2	Level 3
June 30, 2024								
September 30, 2024								
Assets								
Assets								
Assets								
Collateral dependent loans								
Commercial & industrial								
Commercial & industrial								
Commercial & industrial								
Commercial real estate								
Lease financing								
OREO								

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	Fair value measurements using		
(Dollars in thousands)	Level 1	Level 2	Level 3
December 31, 2023			
Assets			
Collateral dependent loans			
Commercial & industrial	$ 0	$ 0	$ 1,795
Commercial real estate	0	0	13,538

OREO	0	0	106

Fair value option. First Financial 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 net income. After the initial adoption, the election is made at the acquisition of an eligible financial asset, financial liability, or firm commitment or when certain specified reconsideration events occur. The fair value election may not be revoked once an election is made.

The Company elected the fair value option for residential mortgage loans held for sale. This election allows for a more effective offset of the changes in fair values of the loans held for sale and the derivative financial instruments used to financially hedge them without having to apply complex hedge accounting requirements. The fair value of the Company's residential mortgage loans held for sale was determined based on quoted prices for similar loans in active markets.

The aggregate fair value of the Company's residential mortgage loans held for sale as of June 30, 2024 September 30, 2024 and December 31, 2023 was $16.9 million $12.7 million and $9.2 million, respectively. The aggregate unpaid principal balance of the Company's residential mortgage loans held for sale as of June 30, 2024 September 30, 2024 and December 31, 2023 was $15.7 million $11.6 million and $8.5 million, respectively. The resulting difference between the aggregate fair value and the aggregate remaining principal balance for loans for which the fair value option has been elected was $1.2 million $1.1 million and $0.7 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

Changes in the estimated fair value of residential mortgage loans held for sale are reported as a component of Net gain from sales of loans in the Company's Consolidated Statements of Income. The change in fair value of the Company's residential mortgage loans held for sale resulted in an immaterial gain a loss of $0.1 million for each of the second quarter third quarters of 2024 and $0.1 million for the same period in 2023. The change in fair value of the Company's residential mortgage loans held for sale resulted in gains of $0.5 million $0.4 million and $0.7 million $0.6 million for the six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively.

NOTE 18: BUSINESS COMBINATIONS

On February 29, 2024, First Financial acquired Agile Premium Finance for $96.9 million in an all cash transaction. Agile originates commercial loans for the payment of annual property and casualty insurance for businesses. The loans are secured by the unearned premium of the policies and have an average term of approximately ten months. Upon completion of the transaction, Agile became a division of the Bank and continues to operate as Agile Premium Finance, taking advantage of its existing brand recognition within the insurance premium financing industry. Operating results from the Agile acquisition are have been included in the Consolidated Statements of Income since the acquisition date.

The Agile transaction was accounted for using the acquisition method of accounting and accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the acquisition date in accordance with FASB ASC Topic 805, Business Combinations. The fair value measurements of assets acquired and liabilities assumed were $97.8 million and $2.7 million, respectively. Acquisition accounting adjustments are considered preliminary at June 30, 2024 September 30, 2024. These present value measurements are subject to refinement for up to one year after the closing date of the acquisition as additional information relative to closing date fair values become available, and the measurement period ends in February 2025. Goodwill arising from the Agile acquisition was $1.8 million and reflects the additional revenue growth expected with the Company's expansion into the insurance premium financing business. First Financial incurred $0.1 million of no expenses related to the Agile acquisition in the second third quarter of 2024 and $0.2 million for the six nine months ended June 30, 2024 September 30, 2024.

The goodwill is deductible for income tax purposes. For further detail, see Note 8 – Goodwill and Other Intangible Assets.

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The following table provides the purchase price calculation as of the acquisition date, identifiable assets purchased and liabilities assumed at their estimated fair value.

(Dollars in thousands)	Agile
Purchase consideration	
Cash consideration	$ 96,887
Assets acquired	
Commercial loans	93,353
Premises and equipment	651
Intangible assets	3,797
Total assets acquired	97,801
Liabilities assumed	
Other liabilities	2,702
Total liabilities assumed	2,702
Net identifiable assets	95,099
Goodwill	$ 1,788

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ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
(Unaudited)

The following discussion and analysis is presented by management to facilitate the understanding of the financial condition, cash flows, changes in financial condition and results of operations of First Financial Bancorp. Management's discussion and analysis identifies trends and material changes that occurred during the reporting periods presented and should be read in conjunction with the Consolidated Financial Statements and accompanying Notes.

All significant reclassifications of prior period amounts, if applicable, have been made to conform to the current period's presentation and had no effect on the Company's previously reported net income or financial condition.

EXECUTIVE SUMMARY

First Financial Bancorp. is an $18.2 billion $18.1 billion financial holding company headquartered in Cincinnati, Ohio. The Company primarily operates through First Financial Bank, an Ohio-chartered commercial bank with 131 128 full service banking centers at June 30, 2024 September 30, 2024. First Financial provides banking and financial services products to business and retail clients through its six lines of business: Commercial, Retail Banking, Mortgage Banking, Wealth Management, Investment Commercial Real Estate and Commercial Finance. The Commercial Finance business lends to targeted industry verticals on a nationwide basis. Operating under the brand of Yellow Cardinal Advisory Group, Wealth Management had $3.6 billion $3.8 billion in assets under management as of June 30, 2024 September 30, 2024 and provides the following services: financial planning, investment management, trust administration, estate settlement, business succession planning services, brokerage services and retirement planning.

Additional information about First Financial, including its products, services and banking locations, is available on the Company's website at www.bankatfirst.com.

The major components of First Financial's operating results for the current and prior year are discussed in greater detail in the sections that follow.

MARKET STRATEGY

First Financial develops a competitive advantage by utilizing a local market focus to provide superior service and build long-term relationships with clients while helping them achieve greater financial success. First Financial serves a combination of metropolitan and community markets in Ohio, Indiana, Kentucky and Illinois through its full-service banking centers. First Financial's investment in community markets is an important part of the Bank's core funding base and has historically provided stable, low-cost funding sources.

First Financial also has certain specialty lending platforms that extend beyond the geographic banking center footprint. These specialty finance businesses provide insurance premium financing, equipment lease financing and financing to franchise owners and clients within the financial services industry.

First Financial's market selection process includes multiple factors, but markets are primarily chosen for their potential for long-term profitability and growth. First Financial intends to concentrate plans for future growth and capital investment within its current markets, and will continue to evaluate additional growth opportunities in metropolitan markets located within, or in close proximity to, the Company's current geographic footprint. Additionally, First Financial may assess strategic acquisitions that provide product line extensions or additional industry verticals that complement its existing business and diversify its product suite and revenue streams.

BUSINESS COMBINATIONS

On February 29, 2024, First Financial completed its acquisition of Agile Premium Finance for $96.9 million in an all cash transaction. Headquartered in Lincolnshire, IL, Agile originates commercial loans for the payment of annual property and casualty insurance for businesses. Agile is among industry leaders in the premium finance lending space and is active in all 50 states. Agile loans are secured by the unearned premium of the insurance policies and have an average original term of approximately ten months. Upon completion of the transaction, Agile became a division of the Bank and continues to operate as Agile Premium Finance, taking advantage of its existing brand recognition within the insurance premium financing industry.

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The Agile transaction was accounted for using the acquisition method of accounting and accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the acquisition date in accordance with FASB ASC Topic 805, Business Combinations. The fair value of assets acquired and liabilities assumed were $97.8 million and $2.7 million, respectively. Acquisition accounting adjustments are considered preliminary at June 30, 2024 September 30, 2024. These fair value measurements are subject to refinement for up to one year after the closing date of the acquisition as additional information relative to closing date fair values become available, and the measurement period for Agile ends in March 2025. Goodwill

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arising resulting from the Agile acquisition was $1.8 million while other intangible assets created in the transaction include a customer list, non-compete agreements, trade name and a servicing asset.

In the first quarter of 2023, First Financial purchased the assets of Brady Ware Capital, LLC (Brady Ware). Located in Miamisburg, Ohio, Brady Ware was an advisory firm for mergers and acquisitions, focusing primarily on business succession planning. First Financial acquired all of the assets of Brady Ware for aggregate consideration of approximately $4.3 million, consisting of $3.4 million in cash and a $0.9 million earn-out payment. Pursuant to the purchase agreement, the earn-out payments are payable annually for each of the five years following the closing of the acquisition, contingent upon the results of Brady Ware's operations.
The transaction was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the acquisition date in accordance with FASB ASC Topic 805, Business Combinations. Goodwill arising resulting from the Brady Ware acquisition was $4.2 million and reflects the business's growth potential and the expectation that the acquisition will provide additional revenue growth with the expansion of the Bank's advisory business. In May 2023, First Financial also acquired Brady Ware Corporate Finance, a broker-dealer and member of FINRA. First Financial recorded $0.1 million of goodwill in connection with the acquisition of Brady Ware Corporate Finance. The fair value measurements of Brady Ware assets and liabilities are subject to refinement for up to one year after the closing date of the acquisition as additional information relative to closing date fair values become available, and the measurement period ended in January 2024 for Brady Ware Capital. The measurement period for recording adjustments to the fair value of assets and liabilities for Brady Ware Capital ended in May January 2024, while the measurement period for Brady Ware Corporate Finance. Finance ended in May 2024.

NON-GAAP FINANCIAL MEASURES

The Company utilizes certain non-GAAP financial measures, which we believe it believes provide useful insight to the reader of the Consolidated Financial Statements. These non-GAAP measures should be supplemental to primary GAAP measures and should not be read in isolation or relied upon as a substitute for the primary GAAP measures.

For analytical purposes, net interest income is presented in the following table adjusted to a tax equivalent basis assuming a 21% marginal tax rate. Net interest income is disclosed on a tax equivalent basis to consistently reflect income from tax-exempt assets, such as municipal loans and investments, in order to facilitate a comparison between taxable and tax-exempt amounts. Management believes it is a standard practice in the banking industry to present net interest margin and net interest income on a fully tax equivalent basis as these measures provide useful information to make peer comparisons.

		Three months ended Three months ended Three months ended		Six months ended		Nine months ended				
(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	*(Dollars in thousands)*	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023
Net interest income										
Tax equivalent adjustment										
Net interest income - tax equivalent										
Average earning assets										
Average earning assets										
Average earning assets										
Net interest margin (1)										
Net interest margin (1)										
Net interest margin (1)		4.06 %	4.05 %	4.06 %	4.47 %		4.05 %	4.06 %	4.05 %	4.41 %
Net interest margin (FTE) (1)	Net interest margin (FTE) (1)	4.10 %	4.10 %	4.10 %	4.51 %	Net interest margin (FTE) (1)	4.08 %	4.10 %	4.09 %	4.45 %

(1) Calculated using annualized net interest income divided by average earning assets.

In addition to capital ratios defined by the U.S. banking agencies, First Financial considers various measures when evaluating capital utilization and adequacy, including the return on average tangible shareholder's equity and the tangible common equity ratio. These calculations are intended to complement the capital ratios defined by the U.S. banking agencies for both absolute and comparative purposes and may be useful for evaluating the performance of a business as the ratios calculate the capital and return available to common shareholders without the impact of intangible assets and their related amortization. As GAAP does not include capital ratio measures, the Company believes there are no comparable GAAP financial measures to these ratios.

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These ratios are not formally defined by GAAP or codified in the federal banking regulations and, therefore, are considered to be non-GAAP financial measures.

First Financial encourages readers to consider its Consolidated Financial Statements in their entirety and not to rely upon any single financial measure.

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The following table reconciles non-GAAP capital ratios to GAAP:

		Three months ended								
		Three months ended								
		Three months ended	Six months ended	Nine months ended						
(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	*(Dollars in thousands)*	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023
Net income (a)										
Average total shareholders' equity										
Average total shareholders' equity										
Average total shareholders' equity										
Less:										
Average goodwill										
Average goodwill										
Average goodwill										
Average other intangibles										
Average tangible equity (b)										
Total shareholders' equity										
Total shareholders' equity										
Total shareholders' equity										
Less:										
Goodwill										
Goodwill										
Goodwill										
Other intangibles										
Ending tangible equity (c)										
Total assets										
Total assets										
Total assets										
Less:										
Goodwill										
Goodwill										
Goodwill										
Other intangibles										
Ending tangible assets (d)										
Risk-weighted assets (e)										
Risk-weighted assets (e)										
Risk-weighted assets (e)										
Total average assets										
Total average assets										
Total average assets										
Less:										
Average goodwill										
Average goodwill										
Average goodwill										

Average other intangibles				
Average tangible assets (f)				
Ending common shares outstanding (g)				
Ending common shares outstanding (g)				
Ending common shares outstanding (g)				
Ratios				
Ratios				
Ratios				
Return on average tangible shareholders' equity (a)/(b)				
Return on average tangible shareholders' equity (a)/(b)				
Return on average tangible shareholders' equity (a)/(b)	20.57 %	17.35 %	18.97 %	27.08 %
Ending tangible shareholders' equity as a percent of:				
Ending tangible assets (c)/(d)				
Ending tangible assets (c)/(d)				
Ending tangible assets (c)/(d)	7.23 %	7.23 %	7.23 %	6.56 %
Risk-weighted assets (c)/(e)	8.95 %	8.80 %	8.95 %	8.03 %
Average tangible shareholders' equity to average tangible assets (b)/(f)	7.15 %	7.25 %	7.20 %	6.39 %
Tangible book value per share (c)/(g)				

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	Three months ended		Nine months ended	
(Dollars in thousands)	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023
Goodwill	(1,007,656)	(1,007,656)	(1,007,656)	(1,005,868)
Other intangibles	(81,547)	(83,528)	(81,547)	(86,378)
Ending tangible assets (d)	17,057,129	17,074,996	17,057,129	15,962,606
Risk-weighted assets (e)	13,797,681	13,803,249	13,797,681	13,170,574
Total average assets	17,854,191	17,728,251	17,630,374	16,954,178
Less:				
Average goodwill	(1,007,654)	(1,007,657)	(1,007,264)	(1,005,783)
Average other intangibles	(82,619)	(84,577)	(83,764)	(89,945)
Average tangible assets (f)	16,763,918	16,636,017	16,539,346	15,858,450
Ending common shares outstanding (g)	95,486,317	95,486,010	95,486,317	95,117,180
Ratios				
Return on average tangible shareholders' equity (a)/(b)	16.29 %	20.57 %	18.02 %	25.87 %
Ending tangible shareholders' equity as a percent of:				
Ending tangible assets (c)/(d)	7.98 %	7.23 %	7.98 %	6.50 %
Risk-weighted assets (c)/(e)	9.87 %	8.95 %	9.87 %	7.88 %
Average tangible shareholders' equity to average tangible assets (b)/(f)	7.64 %	7.15 %	7.35 %	6.49 %
Tangible book value per share (c)/(g)	$ 14.26	$ 12.94	$ 14.26	$ 10.91

OVERVIEW OF OPERATIONS

Linked quarter comparison: Second Third quarter 2024 net income was $52.5 million and earnings per diluted common share were $0.55. This compares with second quarter 2024 net income of $60.8 million and earnings per diluted common share were of $0.64. This compares with first quarter 2024 net income of $50.7 million and earnings per diluted common share of $0.53. Return on average assets was 1.38% 1.17% for the second third quarter of 2024 compared to 1.18% 1.38% for the first second quarter of 2024. Return on average shareholders' equity was 10.72% 8.80% for the second third quarter of 2024 compared to 9.00% 10.72% for the first second quarter of 2024.

Year-to-date comparison: For the six nine months ended June 30, 2024 September 30, 2024, net income was $111.5 million $163.9 million and earnings per diluted common share were $1.17. $1.72. This compares with net income of $136.1 million $199.1 million and earnings per diluted common share of $1.43 $2.09 for the first six nine months of 2023. Return on average assets for the six nine months ended June 30, 2024 September 30, 2024 was 1.28% 1.24% compared to 1.62% 1.57% for the same period in 2023, and return on average shareholders' equity was 9.86% 9.50% and 13.00% 12.53% for the first six nine months of 2024 and 2023, respectively.

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Balance Sheet - End of Period				
Total assets				
Total assets				
Total assets				
Loans and leases				
Investment securities				
Deposits				
Shareholders' equity				

	Three months ended		Six months ended	
(Dollars in thousands, except per share data)	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023
Earnings				
Net interest income	$ 153,311	$ 148,740	$ 302,051	$ 318,550
Net income	60,805	50,689	111,494	136,070
Per Share				
Net income per common share-basic	$ 0.64	$ 0.54	$ 1.18	$ 1.45
Net income per common share-diluted	0.64	0.53	1.17	1.43
Cash dividends declared per common share	0.23	0.23	0.46	0.46
Book value per common share (end of period)	24.36	23.95	24.36	22.52
Tangible book value per common share (end of period) (1)	12.94	12.50	12.94	11.02
Market price (end of period)	22.22	22.42	22.22	20.44
Ratios				
Return on average assets	1.38 %	1.18 %	1.28 %	1.62 %
Return on average shareholders' equity	10.72 %	9.00 %	9.86 %	13.00 %
Return on average tangible shareholders' equity (1)	20.57 %	17.35 %	18.97 %	27.08 %
Net interest margin	4.06 %	4.05 %	4.06 %	4.47 %
Net interest margin (FTE) (1)	4.10 %	4.10 %	4.10 %	4.51 %

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	Three months ended		Nine months ended	
(Dollars in thousands, except per share data)	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023
Earnings				
Net interest income	$ 155,560	$ 153,311	$ 457,611	$ 474,005
Net income	52,451	60,805	163,945	199,131
Per Share				
Net income per common share-basic	$ 0.56	$ 0.64	$ 1.74	$ 2.12

Net income per common share-diluted	0.55	0.64	1.72	2.09
Cash dividends declared per common share	0.24	0.23	0.70	0.69
Book value per common share (end of period)	25.66	24.36	25.66	22.39
Tangible book value per common share (end of period) (1)	14.26	12.94	14.26	10.91
Market price (end of period)	25.23	22.22	25.23	19.60
Ratios				
Return on average assets	1.17 %	1.38 %	1.24 %	1.57 %
Return on average shareholders' equity	8.80 %	10.72 %	9.50 %	12.53 %
Return on average tangible shareholders' equity (1)	16.29 %	20.57 %	18.02 %	25.87 %
Net interest margin	4.05 %	4.06 %	4.05 %	4.41 %
Net interest margin (FTE) (1)	4.08 %	4.10 %	4.09 %	4.45 %

(1) Non-GAAP financial measure. For details on the calculation of this non-GAAP financial measure, see "Non-GAAP Financial Measures" section.

A discussion of First Financial's operating results for the three and six nine month periods ended June 30, 2024 September 30, 2024 follows.

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NET INTEREST INCOME

First Financial's principal primary source of income is net interest income, which is the excess of interest received from earning assets, including loan-related fees and purchase accounting accretion, minus interest paid on interest-bearing liabilities. The amount of net interest income is determined by the volume and mix of earning assets, the rates earned on such assets and the volume, mix and rates paid for the deposits and borrowed money borrowings that support fund the earning assets. Earning assets consist of interest-bearing loans and leases to customers as well as marketable investment securities.

		Three months ended Three months ended Three months ended		Six months ended			Nine months ended			
(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	*(Dollars in thousands)*	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023
Interest income										
Loans and leases, including fees										
Loans and leases, including fees										
Loans and leases, including fees										
Investment securities										
Taxable										
Taxable										
Taxable										
Tax-exempt										
Total interest on investment securities										
Other earning assets										
Total interest income										
Interest expense										
Deposits										
Deposits										
Deposits										
Short-term borrowings										
Long-term borrowings										
Total interest expense										
Net interest income										

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Linked quarter comparison: Net interest income for the second third quarter of 2024 was $153.3 million $155.6 million, an increase of $4.6 million $2.2 million, or 3.1% 1.5%, from the first second quarter of 2024. Net interest margin on a fully tax equivalent basis was 4.08% in third quarter of 2024 compared to 4.10% in each of for the first two quarters second quarter of 2024. Net interest margin was unchanged during the third quarter declined 2 basis points from the linked quarter as higher flat asset yields on loans and investment securities combined with a favorable shift in funding mix to mostly offset the a modest increase in funding costs. During the second quarter cost of 2024, yields on loans and investment securities increased 10 bps and 22 bps, respectively, when compared to the linked quarter. deposits.

Interest income of $252.7 million $257.1 million increased $12.0 million $4.4 million, or 5.0% 1.7%, in the second third quarter of 2024 when compared to the first second quarter of 2024 primarily due to a $414.3 million $120.6 million increase in average earning assets coupled with a 14 bp increase in earning asset yields. assets. Average earning assets were $15.2 billion $15.3 billion for the second third quarter of 2024 compared to $14.8 billion $15.2 billion for the first second quarter of 2024. The increase in earning assets was largely driven by a $374.7 million $93.1 million, or 3.4% 0.8%, increase in average loan balances during the second third quarter.

Interest expense of $99.4 million $101.6 million increased $7.5 million $2.2 million, or 8.1% 2.2%, in the second third quarter of 2024 when compared to the first second quarter of 2024, largely due to higher interest rates coupled with increases in average interest-bearing deposits, and partially offset by lower borrowings. The Company's total cost of interest bearing deposits increased 16 bps 3 bp to 3.18% 3.21% in the second third quarter of 2024 as customers continued to migrate to higher cost accounts, while and average deposit balances increased $351.1 million $166.2 million, or 2.6% 1.2%, to $13.6 billion $13.8 billion. The increase in average deposits was driven primarily by increases in money market accounts, retail CDs and retail CDs. a seasonal increase in public funds. Average borrowed funds increased $32.2 million decreased $117.5 million, or 2.8% 10.0%, from the linked quarter.

To mitigate interest rate risk on certain variable-rate commercial loan pools, First Financial entered into interest rate collars and floors, which are designated as cash flow hedges. The structure of the interest rate collars is such that First Financial pays the counterparty an incremental amount if the collar index exceeds the cap rate. Conversely, First Financial receives an incremental amount if the index falls below the floor rate. No payments are required if the collar index falls between the cap and floor rates. The structure of First Financial's interest rate floors is such that First Financial receives an incremental amount if the index falls below the floor strike rate. No payments are required if the index remains above the floor strike rate.

The notional value of the Company's cash flow hedges was $1.0 billion as of June 30, 2024 September 30, 2024, with the $0.8 million $3.1 million change in the fair value recorded in AOCI in the Consolidated Balance Sheet. Comparatively, the notional value of cash flow hedges as of December 31, 2023 was $1.0 billion with the $3.8 million change in fair value recorded in AOCI. As of June 30, 2024 September 30, 2024 and

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December 31, 2023, December 31, 2023, the maximum length of time over which the Company was hedging its exposure to the variability in future cash flows was 54 51 months and 60 months, respectively.

Year-to-date comparison: Net interest income for the first six nine months of 2024 decreased $16.5 million $16.4 million, or 5.2% 3.5%, compared to the same period of 2023. Net interest margin on a fully tax equivalent basis was 4.10% 4.09% for the six nine months ended June 30, 2024 September 30, 2024, which is a decrease of 41 36 bps when compared to the same period in 2023. This was driven by a 141 119 bp increase in the cost of average interest bearing deposits and a 43 33 bp increase in the cost of borrowed funds, which outpaced a 58 48 bp increase in earning asset yields.

Interest income for the six nine months ended June 30, 2024 September 30, 2024 grew $60.9 million $86.0 million, or 14.1% 12.9%, to $493.4 million $750.5 million compared to $432.5 million $664.6 million for the same period of the prior year due to higher interest rates. rates and earning asset balances. Average earning assets of $15.0 billion $15.1 billion for the first six nine months of 2024 increased $599.4 million $696.3 million, or 4.2% 4.8%, when compared to the same period of 2023, driven primarily by a $809.8 million an $843.3 million, or 7.8% 8.0%, increase in average loan balances, which more than offset a $463.1 million $347.5 million, or 12.9% 9.8%, decrease in average investment securities. Additionally, the yield on earning assets increased 48 bps in the first nine months of 2024 compared to the same period in the prior year due to higher interest rates.

Interest expense for the six nine months ended June 30, 2024 September 30, 2024 was $191.4 million $292.9 million compared to $113.9 million $190.6 million for the same period in the prior year. The increase was driven by a $1.3 1.4 billion, or 15.0%, increase in average interest bearing deposits coupled with a 141 119 bp increase in rates on those deposits. The increase in deposit rates was driven by both higher interest rates as well as continued customer migration to higher cost products. Additionally, the cost of borrowed funds increased 43 33 bps from the same period in the prior year, due to higher interest rates. which more than offset a $332.5 million, or 22.9%, decrease in average borrowings.

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CONSOLIDATED AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS

	Quarterly Averages			
	Quarterly Averages			
	Quarterly Averages		Year-to-Date Averages	
	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023

(Dollars in thousands)	*(Dollars in thousands)*	Balance		Interest		Yield	Balance		Interest		Yield	Balance	
Earning assets													
Investments													
Investments													
Investments													
Investment securities													
Investment securities													
Investment securities		$ 3,131,541	$	$ 32,999	4.23	4.23 %	$ 3,137,665	$	$ 31,388	4.01	4.01 %	$ 3,134,603	$
Interest-bearing deposits with other banks	Interest-bearing deposits with other banks	599,348	7,960	7,960	5.33	5.33 %	553,654	7,458	7,458	5.40	5.40 %	576,501	
Gross loans and leases (1)	Gross loans and leases (1)	11,440,930	211,760	211,760	7.42	7.42 %	11,066,184	201,840	201,840	7.32	7.32 %	11,253,557	
Total earning assets	**Total earning assets**	15,171,819	252,719	252,719	6.68	6.68 %	14,757,503	240,686	240,686	6.54	6.54 %	14,964,661	
Nonearning assets													
Nonearning assets													
Nonearning assets													
Allowance for credit losses													
Allowance for credit losses													
Allowance for credit losses													
Cash and due from banks													
Cash and due from banks													
Cash and due from banks													
Accrued interest and other assets													
Accrued interest and other assets													
Accrued interest and other assets													
Total assets													
Total assets													
Total assets													
Interest-bearing liabilities													
Interest-bearing liabilities													
Interest-bearing liabilities													
Deposits													
Deposits													
Deposits													
Interest-bearing demand													
Interest-bearing demand													
Interest-bearing demand		$ 2,888,252	$	$ 14,923	2.07	2.07 %	$ 2,895,768	$	$ 14,892	2.06	2.06 %	$ 2,892,010	$
Savings	Savings	4,617,658	33,142	33,142	2.88	2.88 %	4,399,768	29,486	29,486	2.69	2.69 %	4,508,713	
Time	Time	2,980,158	34,957	34,957	4.70	4.70 %	2,813,880	31,697	31,697	4.52	4.52 %	2,897,019	
Total interest-bearing deposits	Total interest-bearing deposits	10,486,068	83,022	83,022	3.18	3.18 %	10,109,416	76,075	76,075	3.02	3.02 %	10,297,742	
Borrowed funds													
Short-term borrowings													

Short-term borrowings											
Short-term borrowings	831,774	11,395	11,395	5.49	5.49 %	796,518	10,943	10,943	5.51	5.51 %	814,146
Long-term debt	339,472	4,991	4,991	5.90	5.90 %	342,496	4,928	4,928	5.77	5.77 %	340,984
Total borrowed funds	1,171,246	16,386	16,386	5.61	5.61 %	1,139,014	15,871	15,871	5.59	5.59 %	1,155,130
Total interest-bearing liabilities	11,657,314	99,408	99,408	3.42	3.42 %	11,248,430	91,946	91,946	3.28	3.28 %	11,452,872
Noninterest-bearing liabilities											
Noninterest-bearing demand deposits											
Other liabilities											
Shareholders' equity											
Total liabilities and shareholders' equity											
Net interest income											
Net interest spread				3.26 %					3.26 %		
Contribution of noninterest-bearing sources of funds				0.80 %					0.79 %		
Net interest margin (2)				4.06 %					4.05 %		
Tax equivalent adjustment					0.04 %					0.05 %	
Net interest margin (fully tax equivalent) (2)					4.10 %					4.10 %	

(1) Loans held for sale and nonaccrual loans are included in gross loans.

(2) The net interest margin exceeds the interest spread as noninterest-bearing funding sources, demand deposits, other liabilities and shareholders' equity also support earning assets.

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RATE/VOLUME ANALYSIS

The impact on net interest income from changes in interest rates and volume of interest-earning assets and interest-bearing liabilities is illustrated in the table below:

		Changes for the three months ended June 30, 2024			Changes for the six months ended June 30, 2024				Changes for the three months ended September 30, 2024			Changes for the nine months ended September 30, 2024		
		Linked quarter income variance			Comparable quarter income variance				Linked quarter income variance			Year-to-Date income variance		
(Dollars in thousands)	*(Dollars in thousands)*	Rate	Volume	Total	Rate	Volume	Total	*(Dollars in thousands)*	Rate	Volume	Total	Rate	Volume	Total
Earning assets														
Investment securities														
Investment securities														
Investment securities														
Interest-bearing deposits with other banks														
Gross loans and leases (1)														
Total earning assets														
Interest-bearing liabilities	**Interest-bearing liabilities**							**Interest-bearing liabilities**						
Total interest-bearing deposits														
Borrowed funds	Borrowed funds							Borrowed funds						
Short-term borrowings														
Long-term debt														
Total borrowed funds														
Total interest-bearing liabilities														
Net interest income														

(1) Loans held for sale and nonaccrual loans are included in gross loans.

NONINTEREST INCOME

		Three months ended								
		Three months ended								
		Three months ended	Six months ended	Nine months ended						
(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	*(Dollars in thousands)*	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023
Noninterest income										
Service charges on deposit accounts										
Service charges on deposit accounts										
Service charges on deposit accounts										
Wealth management fees										

Bankcard income
Client derivative fees
Foreign exchange income
Leasing business income
Net gain from sales of loans
Net gain (loss) on sales of investment securities
Net gain (loss) on equity securities
Net gain (loss) on investment securities
Other
Total noninterest income

Linked quarter comparison: Second Third quarter 2024 noninterest income was $61.5 million $45.7 million, increasing $15.0 million decreasing $15.8 million, or 32.2% 25.7%, compared to $46.5 million $61.5 million for the first second quarter 2024. The increase decrease from the linked quarter was primarily driven by losses on investment securities and lower foreign exchange income, fewer losses partially offset by higher other noninterest income. Losses on the sale of investment securities and leasing business income. Foreign exchange income increased $6.4 million, or 60.9%, as product demand increased during the period. Loss on the sale of investment securities decreased $5.3 million $17.4 million largely as a result of a $5.2 million $9.7 million impairment loss recognized on two skilled nursing investments and $8.0 million of losses from sales of securities as the Company repositioned a portion of the portfolio. Foreign exchange income decreased $4.7 million, or 28.2%, as product demand eased from near-record levels in the prior quarter as part of the strategic repositioning of $228.8 million of the investment portfolio. This repositioning is expected to result in a 278 bp increase in yield, resulting in an earn-back of approximately 1 year. Leasing business quarter. Other noninterest income increased $2.2 million $5.5 million, or 15.3% 124.2%, primarily driven by an increase in end-of-term fees during the second quarter. largely due to a $4.4 gain related to a deferred tax adjustment.

Year-to-date comparison: Noninterest income of $108.0 million $153.7 million for the first six nine months of 2024 decreased $0.8 million $11.7 million, or 0.7% 7.1%, from $108.8 million $165.4 million in the comparable period of 2023. The decline was primarily attributed to losses on the sale of investment securities, lower foreign exchange fees, income and lower other noninterest income. client derivative fees. These declines were partially offset by higher leasing business other noninterest income, and gains on the sale of loans. loans and service charge income. Losses on the sales of investment securities increased $4.9 million $22.3 million compared to the prior year due to a $9.7 million impairment loss and $13.2 million of losses resulting from the repositioning of a portion of the investment portfolio in the first quarter of 2024, while foreign during 2024. Foreign exchange income decreased $4.7 million $6.1 million, or 14.8% 13.4%, and client derivative fees decreased $1.3 million, or 28.6%, due to lower demand in 2024. 2024 compared to the prior period. Partially offsetting these declines, leasing business income increased $9.8 million, or 25.4%, due to continued balance growth at Summit. Other noninterest income decreased $1.1 million increased $3.1 million, or 10.5% 19.2%, due primarily due to higher BOLI income in the prior period. Largely offsetting these declines, a $4.4 million gain related to a deferred

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leasing business income increased $7.5 million, or 31.3%, due to continued balance growth at Summit, as well as higher end-of-term income received in the current period. tax adjustment. Gains on the sales of loans increased $2.1 million $3.0 million, or 33.8% 29.5%, as mortgage demand increased in the current year as a result of stabilized interest rates. rates, and service charges on deposits increased $1.2 million, or 5.9%, as a result of growth in deposit balances.

NONINTEREST EXPENSE

		Three months ended / Three months ended / Three months ended		Six months ended			Nine months ended			
(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	*(Dollars in thousands)*	September 30, 2024	June 30, 2024	September 30, 2024	September 30, 2023
Noninterest expenses										
Salaries and employee benefits										
Salaries and employee benefits										
Salaries and employee benefits										
Net occupancy										
Furniture and equipment										
Data processing										
Marketing										
Communication										

Professional services
State intangible tax
FDIC assessments
Intangible assets amortization
Leasing business expense
Other
Total noninterest expenses

Linked quarter comparison: Second Third quarter 2024 noninterest expense was $123.6 million $125.8 million, an increase of $1.2 million $2.2 million, or 1.0% 1.8%, from $122.4 million $123.6 million for the first second quarter 2024. This increase was primarily driven by higher leasing business expense and other noninterest expense, partially offset by lower professional services, salaries and benefits and marketing professional expenses. Leasing business expense increased $1.8 million, or 17.5%, due to the continued growth of the operating lease portfolio. Other noninterest expenses increased $1.3 million, or 16.5%, from the linked quarter primarily due to a $0.5 million supplemental contribution to the First Financial Foundation, as well as higher collection costs and fraud losses in the current quarter. Professional services and data processing, which were largely offset by lower other noninterest expense. decreased $0.6 million, or 20.2%, due to higher efficiency related costs in the linked quarter. Salaries and benefits expenses increased $1.2 million decreased $0.4 million, or 1.6% 0.5%, from the linked quarter primarily due to the full-quarter impact of both annual raises and from the Agile acquisition, as well as higher variable incentive compensation tied to fee income. Company's ongoing efficiency initiatives. Marketing expenses increased $0.6 million decreased $0.4 million, or 32.8% 13.4%, due to increased decreased promotional advertising; professional services increased $0.6 million, or 27.2%, due to an increase in consulting costs; and data processing expenses increased $0.6 million, or 6.9%, due to higher wealth management tax processing costs. Other noninterest expenses decreased $2.0 million, or 20.6%, from the linked quarter primarily due to fewer fraud losses in advertising during the current quarter. period.

Year-to-date comparison: Noninterest expenses of $245.9 million $371.7 million for the first six nine months of 2024 increased $8.6 million $12.3 million, or 3.6% 3.4%, compared to the same period in 2023 primarily due to higher leasing business expenses, other noninterest expenses, salaries and benefits expenses, other noninterest expenses furniture and equipment costs and professional services, partially offset by lower data processing expenses. Leasing business expense increased $5.2 million $8.2 million, or 35.5% 35.0%, as a result of the growth in the leasing operating lease portfolio, while salaries and benefits expenses increased $2.8 million $2.0 million, or 1.9% 0.9%, due to annual salary increases and the Agile acquisition. Other noninterest expenses increased $1.3 million $2.4 million, or 8.0% 10.2%, primarily due to a $1.0 million $0.5 million increase in fraud losses compared to the prior year. Professional services year as well as a $0.5 million supplemental contribution ot the First Financial Foundation. Furniture and equipment costs increased $0.9 million, or 21.1% 9.3%, due to the technology upgrades in the current year, while professional services increased $0.7 million, or 10.0%, from the prior year primarily due to an increase in consulting costs. costs related to the Company's ongoing efficiency efforts. Partially offsetting these increases, data processing expenses decreased $1.7 million $1.3 million, or 9.0% 4.8%, in the current year, largely due to expenses from the Company's 2023 online banking system conversion.

INCOME TAXES

Linked quarter comparison: In the second third quarter of 2024, First Financial recorded income tax expense of $14.0 million $12.4 million on pre-tax income of $74.8 million $64.9 million, resulting in an effective tax rate of 18.7% 19.2%. This compared to income tax expense of $11.0 million $14.0 million on pre-tax income of $61.7 million with $74.8 million and an effective tax rate of 17.9% 18.7% for the first second quarter 2024. The higher effective tax rate in the second third quarter is primarily driven by higher taxable income. tax credit adjustments in the current period.

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Year-to-date comparison: For the first six nine months of 2024, income tax expense was $25.0 million $37.5 million on pre-tax income of $136.5 million $201.4 million, resulting in an effective tax rate of 18.3% 18.6%. This compared to income tax expense of $32.8 million $48.1 million on pre-tax income of $168.8 million $247.2 million and an effective tax rate of 19.4% for the comparable period in 2023. The the lower effective tax rate in 2024 compared to 2023 is primarily driven by tax credits realized in the current year as well as lower taxable income.

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The Company's effective tax rate may fluctuate from period to period due to changes in tax jurisdictions, forecasted income, tax-enhanced assets and tax credit investments.

INVESTMENTS

First Financial's investment portfolio totaled $3.4 billion at September 30, 2024 and $3.2 billion at both June 30, 2024 and December 31, 2023, or 17.9% 18.5% and 18.4% of total assets, respectively. AFS securities totaled $3.0 billion $3.2 billion at both June 30, 2024 September 30, 2024 and December 31, 2023, $3.0 billion at December 31, 2023, while HTM securities totaled $78.9 million $78.0 million at June 30, 2024 September 30, 2024 and $80.3 million at December 31, 2023. The effective duration of the investment portfolio was 4.4 4.3 years at June 30, 2024 September 30, 2024 and 4.6 years at December 31, 2023.

The Company invests in certain securities whose realization is dependent on future principal and interest repayments. As such, these securities carry a certain amount of credit risk. Prior to purchase, First Financial performs a detailed collateral and structural analysis on these securities and strategically invests in asset classes in which First Financial has expertise and experience, as well as a senior position in the capital structure. First Financial continuously monitors credit risk and geographic concentration risk in its evaluation of market opportunities that enhance the overall performance of the portfolio.

While there During the three months ended September 30, 2024, the Company recognized $17.5 million of losses on investment securities. This included $9.7 million of impairment losses on two commercial mortgage backed securities where the underlying collateral consisted of skilled nursing facilities with credit deterioration, which the Company anticipates selling in the near term, as well as $8.0 million of losses from the repositioning of a small portion of the investment portfolio. The impairment losses were related to certain AFS securities in unrealized loss positions with credit deterioration where the Company determined that it no sales longer intends to hold the securities until the recovery of the amortized cost bases and, as such, these securities were written down to fair value, inclusive of credit and other fair value adjustments.

For the nine months ended September 30, 2024, the Company realized $22.7 million of losses on investment securities, which compares to $0.4 million million for the same period in the second quarter prior year. The losses in 2024 included the previously mentioned $9.7 million of 2024, the Company incurred impairment losses, as well as a $5.2 million net loss total of $13.2 million of losses on the sale of investment securities during the first quarter of 2024, largely as a result of resulting from the strategic repositioning of $228.8 million a portion of the investment portfolio. The repositioning resulted in $7.9 million included the sale of gross losses; however it $372.2 million of securities and is expected to result in a 278 bp increase in future yield and have an earn-back of approximately one year. yields. The losses incurred from the repositioning were partially offset by $2.2 million of gains recognized from the sale of the Company's remaining Class B Visa shares. shares in the first quarter of 2024.

The Company's Consolidated Financial Statements reflected a $291.1 million $203.6 million and $282.0 million unrealized after-tax loss on debt securities as of June 30, 2024 September 30, 2024 and December 31, 2023December 31, 2023, respectively. These unrealized losses were included as a component of equity in accumulated other comprehensive income on the Consolidated Balance Sheets and were primarily driven by an increase multiple interest rate increases from November 2022 through July 2023. The unrealized losses of $203.6 million as of September 30, 2024 declined from $291.1 million as of June 30, 2024, largely due to the decrease in interest rates.rates in the final month of the third quarter.

The Company had net unrealized losses of $8.9 $6.9 million and $8.6 million on its HTM securities at June 30, 2024 September 30, 2024 and December 31, 2023December 31, 2023, respectively. Similar to the unrealized losses on AFS securities, this unrealized loss was driven by interest rate increases. The unrealized losses on HTM securities have no impact on the Consolidated Financial Statements of the Company.

The Company had a $0.1 million $0.2 million unrealized loss gain on equity securities recorded in noninterest income for the three months ended June 30, 2024 and September 30, 2024 compared to a $0.1 million unrealized loss for the three months ended June 30, 2024. For the first nine months of 2024, the Company had $0.3 million of unrealized gains on equity securities versus an insignificant unrealized gain for the same period ended March 31, 2024. For the first six months of both 2024 and 2023, the Company had an insignificant unrealized gain on equity securities. 2023.

First Financial will continue to monitor loan demand and deposit activity, as well as balance sheet composition, capital sensitivity and the interest rate environment, when considering future investment strategies.

LOANS AND LEASES

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Excluding loans held for sale, loan balances increased $588.0 million $619.9 million, or 5.4% 5.7%, to $11.5 billion $11.6 billion as of June 30, 2024 September 30, 2024 from $10.9 billion as of December 31, 2023. Construction loans increased $237.4 million, or 42.0%, to $802.3 million; C&I loans increased $281.3 million $177.3 million, or 8.0% 5.1%, to $3.8 billion, which included $207.8 million of Agile loans added during the period. Construction loans $3.7 billion; finance leases increased $176.6 million by $112.6 million, or 31.3% 23.7%, to $741.4 million $587.4 million;
residential real estate loans increased by $43.6 million $88.5 million, or 3.3% 6.6%, to $1.4 billion; finance leases increased by $59.7 million, or 12.6%, to $534.6 million; and home equity increased $42.2 million $66.8 million, or 5.6% 8.8%, to $800.9 million $825.4 million. Partially offsetting these areas of loan growth, installment loans decreased $10.5 million $17.8 million, or 6.6% 11.2%, to $148.5 million $141.3 million; and commercial real estate loans decreased $4.3 million $46.1 million, or 0.1% 1.1%, to $4.1 billion $4.0 billion.

Second Third quarter 2024 average loans of $11.4 billion $11.5 billion, excluding loans held for sale, increased $372.7 million $90.7 million, or 3.4% 0.8%, from the first second quarter 2024. The broad-based growth over the linked quarter included an increase of $172.6 million $80.0 million, or 4.9%, in C&I; an increase of $79.8 million, or 13.2% 11.7% in construction real estate; an increase of $45.5 million $40.9 million, or 1.1%, in commercial real estate; an increase of $29.2 million, or 6.1% 8.0%, in lease financing; an increase of $25.0 million $38.8 million, or 3.3% 2.9%, in residential real estate; an increase of $20.9 million, or 2.6%, in home equity; and an increase of $24.4 million $7.7 million, or 1.8% 0.2%, in residential real estate. C&I. These increases were partially offset by a decrease of $86.8 million, or 2.1%, in CRE; a decrease of $8.7 million, or 5.7%, in installment; and a decrease of $2.0 million, or 3.0%, in Credit card.

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Through the first six nine months of 2024, average loans of $11.2 billion $11.3 billion, excluding loans held for sale, increased $805.4 million $840.1 million, or 7.7% 8.0%, from the comparable period of 2023. The increase from prior year reflected broad-based growth across most loan categories, including a $206.9 million an increase of $204.7 million, or 71.8% 5.9%, in C&I loans; an increase of $197.5 million, or 62.4%, in lease financing; a $200.3 million an increase of $179.8 million, or 17.4%, increase 15.2% in residential real estate; a $166.6 million an increase of $150.0 million, or 4.8% 28.1%, increase in C&I loans; $116.7 million, or 22.1%, increase in real estate construction; an $89.9 million increase of $71.5 million, or 2.2% 1.8%, increase in CRE; and a $50.6 million an increase of $59.2 million, or 7.0% 8.1%, increase in home equity. equity; and an increase of $7.2 million or 12.2%, in Credit card. Partially offsetting these increases was a decrease of $29.8 million, or 16.5%, in installment loans.

In an effort to mitigate credit risk, First Financial routinely reviews its loan portfolio for various concentrations. These reviews consider the Bank's collateral position as well as exposure to a given industry sector. First Financial believes that the loan portfolio is sufficiently diversified to provide protection from deterioration in any particular industry or devaluation of a specific collateral type. The following tables, C&I and Owner Occupied Loans by Sector and Investor CRE Loans by Property Type, property type, provide additional detail behind the Company's C&I and CRE loan portfolios as of June 30, 2024 September 30, 2024.

C&I and Owner Occupied CRE Loans by Sector (1)

(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024		% of Total Loans	*(Dollars in thousands)*	September 30, 2024		% of Total Loans
NAICS Sector								
Finance and Insurance								
Finance and Insurance								
Finance and Insurance		$1,313,661	11.4	11.4 %		$1,236,466	10.7	10.7 %
Manufacturing	Manufacturing	508,384	4.4	4.4 %	Manufacturing	496,338	4.3	4.3 %
Accommodation and Food Services	Accommodation and Food Services	303,687	2.6	2.6 %	Accommodation and Food Services	307,988	2.7	2.7 %
Real Estate and Rental and Leasing		290,281		2.5 %				
Construction	Construction	276,007	2.4	2.4 %	Construction	289,894	2.5	2.5 %
Health Care and Social Assistance	Health Care and Social Assistance	248,802	2.2	2.2 %	Health Care and Social Assistance	275,326	2.4	2.4 %
Real Estate and Rental and Leasing		262,835		2.3 %				
Professional, Scientific, and Technical Services	Professional, Scientific, and Technical Services	242,260	2.1	2.1 %	Professional, Scientific, and Technical Services	259,020	2.2	2.2 %
Retail Trade		241,990		2.1 %				
Wholesale Trade	Wholesale Trade	229,220	2.0	2.0 %	Wholesale Trade	203,783	1.8	1.8 %
Retail Trade		218,690		1.9 %				
Agriculture, Forestry, Fishing and Hunting	Agriculture, Forestry, Fishing and Hunting	170,008	1.5	1.5 %	Agriculture, Forestry, Fishing and Hunting	167,645	1.5	1.5 %
Transportation and Warehousing	Transportation and Warehousing	164,191	1.4	1.4 %	Transportation and Warehousing	150,739	1.3	1.3 %
Other Services (except Public Administration)	Other Services (except Public Administration)	153,195	1.3	1.3 %	Other Services (except Public Administration)	145,700	1.3	1.3 %
Administrative and Support and Waste Management	Administrative and Support and Waste Management	135,315	1.2	1.2 %	Administrative and Support and Waste Management	139,456	1.2	1.2 %
Arts, Entertainment, and Recreation	Arts, Entertainment, and Recreation	89,565	0.8	0.8 %	Arts, Entertainment, and Recreation	80,749	0.7	0.7 %
Information	Information	59,626	0.5	0.5 %	Information	74,701	0.6	0.6 %
Public Administration	Public Administration	56,051	0.5	0.5 %	Public Administration	54,561	0.5	0.5 %
Other	Other	286,906	2.5	2.5 %	Other	276,561	2.4	2.4 %
Total	**Total**	$4,745,849	41.2	41.2 %	**Total**	$4,663,752	40.4	40.4 %

(1) Excludes loan marks and loans in process

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Investor CRE Loans by Property Type (1)

(Dollars in thousands)	*(Dollars in thousands)*	June 30, 2024		% of Total Loans	*(Dollars in thousands)*	September 30, 2024		% of Total Loans
Property Type								
Residential Multi Family 5+								
Residential Multi Family 5+								
Residential Multi Family 5+		$ 902,720	7.8	7.8 %		$ 892,217	7.7	7.7 %
Retail Property	Retail Property	750,492	6.5	6.5 %	Retail Property	744,735	6.4	6.4 %
Office	Office	433,584	3.8	3.8 %	Office	413,226	3.6	3.6 %
Industrial	Industrial	348,878	3.0	3.0 %	Industrial	336,041	2.9	2.9 %
Hospital/Nursing Home	Hospital/Nursing Home	207,756	1.8	1.8 %	Hospital/Nursing Home	202,069	1.7	1.7 %
Hotel	Hotel	192,013	1.7	1.7 %	Hotel	187,100	1.6	1.6 %
Land	Land	100,357	0.9	0.9 %	Land	102,231	0.9	0.9 %
Residential 1-4 Family	Residential 1-4 Family	77,378	0.7	0.7 %	Residential 1-4 Family	75,422	0.7	0.7 %
Industrial	Industrial	52,307	0.5	0.5 %	Industrial	54,785	0.5	0.5 %

Other	Other	48,086	0.4	0.4 %	Other	47,360	0.4	0.4 %
Total	**Total**	$ 3,113,571	27.0	27.0 %	**Total**	$ 3,055,186	26.4	26.4 %

(1) Excludes loan marks and loans in process

Additionally, given the potential for stress related to commercial office space, First Financial performed a targeted review of its exposure to this sector. As of June 30, 2024 September 30, 2024, First Financial had $433.6 million $413.2 million of loans collateralized by non-owner occupied office space, which represents 3.8% 3.6% of the total loan portfolio. The overall LTV of the portfolio at origination was strong, and 66.8% of the portfolio is located in suburban locations. Additionally, the majority of the portfolio is secured by Class A and Class B assets with recourse from the sponsor. As of June 30, 2024 September 30, 2024, 81.5% 77.8% of the office portfolio was pass rated, and there were two relationships totaling $17.5 million $17.3 million on nonaccrual status.

COMMITMENTS AND CONTINGENCIES

Off-balance sheet arrangements include commitments to extend credit and financial guarantees. Loan commitments are agreements to extend credit to a client absent any violation of any condition established in the commitment agreement. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. First Financial had outstanding commitments to extend credit, including overdraft lending lines, totaling $4.2 billion $4.1 billion at June 30, 2024 September 30, 2024 and $4.5 billion at December 31, 2023. As of June 30, 2024 September 30, 2024, commitments with a fixed interest rate totaled $90.7 million $100.1 million while commitments with variable interest rates totaled $4.2 billion $4.0 billion. At December 31, 2023, commitments with a fixed interest rate totaled $108.2 million while commitments with variable interest rates totaled $4.4 billion. The fixed rate commitments have interest rates ranging from 0% to 21% and maturities ranging from less than 1 one year to 31.0 years at June 30, 2024 September 30, 2024 and maturities ranging from less than one year to 31.6 years for December 31, 2023.

Letters of credit are conditional commitments issued by First Financial to guarantee the performance of a client to a third party. First Financial's letters of credit consist primarily of performance assurances made on behalf of clients who have a contractual commitment to produce or deliver goods or services. First Financial has issued letters of credit aggregating $33.8 million $60.9 million and $34.9 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Management conducts regular reviews of these instruments on an individual client basis.

First Financial is a party in risk participation transactions of interest rate swaps, which had total notional amount of $334.3 million $323.8 million and $341.7 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively. Under a risk participation agreement, the Company either assumes or sells a portion of the credit exposure associated with an interest rate swap with a counterparty. The Company's exposure is limited to instances where the loan customer defaults on its obligation to perform under the interest rate swap agreement.

First Financial is a limited partner in several tax-advantaged limited partnerships whose purpose is to invest in approved qualified affordable housing, renewable energy, or other renovation or community revitalization projects. These investments are included in accrued interest and other assets in the Consolidated Balance Sheets, with any unfunded commitments included in accrued interest and other liabilities in the Consolidated Balance Sheets. As of June 30, 2024 September 30, 2024, First Financial expects to recover its remaining investments through the use of the tax credits that are generated by the investments. First Financial had unfunded commitments related to tax credit investments of $88.4 million and $96.4 million at June 30, 2024 and December 31, 2023, respectively.

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unfunded commitments related to tax credit investments of $83.5 million and $96.4 million at September 30, 2024 and December 31, 2023, respectively.

Additionally, as part of the ordinary course of business, First Financial and its subsidiaries are parties to litigation, including claims to the ownership of funds in particular accounts, the collection of delinquent accounts, challenges to security interests in collateral, foreclosure interests that are incidental to our regular business activities and other matters. While the ultimate liability with respect to these litigation matters and claims cannot be determined at this time, First Financial believes that damages, if any, and other amounts relating to pending matters are not probable or cannot be reasonably estimated as of June 30, 2024 September 30, 2024. Reserves are established for these various matters of litigation, when appropriate, under FASB ASC Topic 450, *Contingencies*, based in part upon the advice of legal counsel. First Financial had no reserves related to litigation matters as of June 30, 2024 September 30, 2024 and December 31, 2023.

ASSET QUALITY AND ALLOWANCE FOR CREDIT LOSSES

Loans are classified as nonaccrual when, in the opinion of management, collection of principal or and interest is doubtful or when principal or interest payments are 90 days or more past due. Generally, loans are classified as nonaccrual due to a borrower's continued failure to adhere to contractual payment terms, coupled with other pertinent factors. When a loan is placed into nonaccrual status, any unpaid accrued interest is reversed and the recognition of interest income is suspended.

Nonaccrual loans were $62.7 million $65.4 million, or 0.54% 0.57% of total loans, as of June 30, 2024 September 30, 2024, reflecting a $3.1 million $0.3 million, or 4.7% 0.5%, decline from $65.8 million as of December 31, 2023. Nonperforming assets, which consist of nonaccrual loans and OREO, were $62.7 million $65.5 million, or 0.35% 0.36% of total assets, at June 30, 2024 September 30, 2024 compared to $65.9 million, or 0.38% of total assets, at December 31, 2023.

Classified assets, which are defined by the Company as nonperforming assets plus performing loans internally rated substandard or worse, totaled $195.3 million $206.2 million as of June 30, 2024 September 30, 2024 compared to $141.0 million at December 31, 2023. Classified assets were 107 114 bps as a percentage of total assets at June 30, 2024 September 30, 2024, compared to 80 bps as of December 31, 2023. The $65.2 million increase in classified assets during the period was primarily due to the downgrade of four seven large relationships with no concentration in any particular loan type.

Allowance for credit losses. The ACL is a reserve accumulated on the Consolidated Balance Sheets through the recognition of the provision for loan and lease losses. First Financial records provision expense in the Consolidated Statements of Income to maintain the ACL at a level considered sufficient to absorb expected credit losses for financial assets in the portfolio over their expected remaining lives with consideration given to current and forward-looking information.

The recorded adjustments to remove or reduce values of the loans and leases from the Consolidated Balance Sheets due to credit deterioration are referred to as charge-offs. First Financial's policy is to charge-off all or a portion of a loan when, in management's opinion, it is unlikely to collect the principal amount owed in full either through payments from the borrower or from the liquidation of collateral. All loans charged-off are subject to continuous review and concerted efforts are made to maximize any recovery. In most cases, the borrower's debt obligation is not canceled even though the loan balance may have been charged-off. Actual losses on loans and leases are posted against the ACL as a charge-off. Any subsequent collection of a previously charged-off loan is credited back to the ACL as a recovery.

Management estimates the allowance 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 provide the basis for the quantitatively modeled estimation of expected credit losses. First Financial adjusts its quantitative model, as necessary, to reflect conditions not already considered therein. These adjustments are commonly known as the Qualitative Framework. The evaluation of these factors is the responsibility of the ACL committee, which is comprised of senior officers from the risk management, credit administration, finance and lending areas.

The Company utilized the Moody's June September baseline forecast as its R&S forecast in the quantitative model at June 30, 2024 September 30, 2024. For reasonableness, the Company also considered the impact to the model from alternative prepayment speeds and more adverse economic forecasts. These alternative analyses were utilized to inform the Company's qualitative adjustments. Additionally, First Financial considered its credit exposure to certain industries believed to be at risk for future credit stress, such as franchise, hotel and investor commercial real estate lending, when making qualitative adjustments to the ACL model.

The total ACL, which includes both funded and unfunded reserves, was $172.6 million $176.0 million at June 30, 2024 September 30, 2024 and $159.9 million as of December 31, 2023.

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ACL - loans and leases. The ACL on loans and leases was $156.2 million $158.8 million as of June 30, 2024 September 30, 2024 and $141.4 million as of December 31, 2023. As a percentage of period-end loans, the ACL was 1.36% 1.37% as of June 30, 2024 September 30, 2024 and 1.29% as of December 31, 2023. The increase in the ACL was primarily driven by loan growth and credit migration.

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In the second third quarter of 2024, the Company recorded net charge-offs of $4.2 million $7.3 million, or 15 bp 25 bps of average loans and leases on an annualized basis, compared to net charge-offs of $10.6 million $4.2 million, or 38 15 bps, for the first second quarter of 2024. The charge-offs in the first third quarter included a $4.5 million $3.6 million loss on a single CRE loan. C&I customer. Through the first six nine months of 2024, the Company recorded net charge-offs of $14.8 million $22.1 million, or 27 bp 26 bps on an annualized basis, compared to net charge-offs of $5.7 million $22.0 million, or 28 bps on an annualized basis, for the same period of 2023.

The ACL as a percentage of nonaccrual loans was 249.2% 242.7% at June 30, 2024 September 30, 2024 and 215.1% at December 31, 2023. The increase in this ratio was driven primarily by both the increase in the reserve and decline during the period, along with a slight decrease in nonaccrual loans during the period. loan balances.

Provision expense is a product of the Company's ACL model combined with net charge-off activity during the period. During the second third quarter of 2024, the Company recorded $16.2 million $9.9 million of provision expense for loans and leases compared to $13.4 million $16.2 million during the first second quarter of 2024. Through the first six nine months of 2024, the Company recorded a provision expense of $29.6 million $39.5 million compared to $21.4 million $34.3 million for the same period of 2023.

ACL - unfunded commitments. The ACL on unfunded commitments was $16.4 million $17.1 million as of June 30, 2024 September 30, 2024 and $18.4 million as of December 31, 2023. First Financial recorded $0.3 million $0.7 million of provision expense for credit losses on unfunded commitments for the second third quarter of 2024, compared to $2.3 million $0.3 million of provision recapture expense in the first second quarter 2024. Through the first six nine months of 2024, the Company recorded a provision recapture of $2.0 million $1.3 million and provision recapture of $0.2 million $1.4 million for the same period of 2023.
See Note 5 – Allowance for Credit Losses in the Notes to Consolidated Financial Statements for further discussion of First Financial's ACL.

The table that follows includes the activity in the ACL for the quarterly periods presented.

		Three months ended				Six months ended				Three months ended			Nine months ended			
		2024		2023		June 30,				2024	2023		September 30,			
(Dollars in thousands)	*(Dollars in thousands)*	June 30,	Mar. 31,	Dec. 31,	Sep. 30,	June 30,	2024	2023	*(Dollars in thousands)*	Sep. 30,	June 30,	Mar. 31,	Dec. 31,	Sep. 30,	2024	2023
Allowance for credit loss activity																
Balance at beginning of period																
Balance at beginning of period																
Balance at beginning of period																
Provision for loan losses																
Provision for loan losses																

Provision for loan losses
Gross charge-offs
Commercial and industrial
Commercial and industrial
Commercial and industrial
Lease financing
Construction real estate
Commercial real estate
Residential real estate
Home equity
Installment
Credit card
Total gross charge-offs
Recoveries
Commercial and industrial
Commercial and industrial
Commercial and industrial
Lease financing
Construction real estate
Commercial real estate
Residential real estate
Home equity
Installment
Credit card
Total recoveries
Total net charge-offs
Ending allowance for credit losses

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		Three months ended				Six months ended			Three months ended			Nine months ended	
		2024		2023		June 30,			2024		2023		September 30,
(Dollars in thousands)	*(Dollars in thousands)*	June 30,	Mar. 31,	Dec. 31,	Sep. 30,	June 30,	2024	2023	*(Dollars in thousands)*	Sep. 30,	June 30,	Mar. 31,	Dec. 31,
Total recoveries													
Total net charge-offs													
Ending allowance for credit losses													
Net charge-offs to average loans and leases (annualized)													
Net charge-offs to average loans and leases (annualized)													
Net charge-offs to average loans and leases (annualized)													
Commercial and industrial													
Commercial and industrial													
Commercial and industrial		0.21 %	0.29 %	0.74 %	1.02 %	0.20 %	0.25 %	0.14 %		0.54 %	0.21 %	0.29 %	0.74 %
Lease financing	Lease financing	0.15 %	(0.05)%	3.97 %	0.08 %	0.11 %	0.05 %	0.07 %	Lease financing	0.26 %	0.15 %	(0.05)%	3.97 %
Construction real estate	Construction real estate	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	Construction real estate	0.00 %	0.00 %	0.00 %	0.00 %

Commercial real estate	Commercial real estate	(0.01)%	0.52 %	(0.01)%	0.59 %	0.25 %	0.25 %	0.02 %	Commercial real estate	0.02 %	(0.01)%	0.52 %	(0.01)%
Residential real estate	Residential real estate	(0.01)%	0.01 %	0.00 %	(0.01)%	(0.03)%	0.00 %	(0.03)%	Residential real estate	0.01 %	(0.01)%	0.01 %	0.00 %
Home equity	Home equity	0.00 %	(0.03)%	0.00 %	(0.04)%	(0.12)%	(0.01)%	(0.06)%	Home equity	(0.07)%	0.00 %	(0.03)%	0.00 %
Installment	Installment	4.81 %	5.33 %	4.57 %	3.05 %	3.32 %	5.08 %	3.09 %	Installment	3.03 %	4.81 %	5.33 %	4.57 %
Credit card	Credit card	2.94 %	4.59 %	1.49 %	1.82 %	1.47 %	3.75 %	1.30 %	Credit card	4.13 %	2.94 %	4.59 %	1.49 %
Total net charge-offs	**Total net charge-offs**	0.15 %	0.38 %	0.46 %	0.61 %	0.22 %	0.27 %	0.11 %	**Total net charge-offs**	0.25 %	0.15 %	0.38 %	0.46 %
Nonperforming assets													
Nonperforming assets													
Nonperforming assets													
Nonaccrual loans													
Nonaccrual loans													
Nonaccrual loans													
Other real estate owned													
Total nonperforming assets													
Accruing loans past due 90 days or more													
Total underperforming assets													
Total classified assets													
Credit quality ratios													
Credit quality ratios													
Credit quality ratios													
As a percent of period-end loans, net of unearned income:													
As a percent of period-end loans, net of unearned income:													
As a percent of period-end loans, net of unearned income:													
Allowance for credit losses													
Allowance for credit losses													
Allowance for credit losses		1.36 %	1.29 %	1.29 %	1.36 %	1.41 %	1.36 %	1.41 %		1.37 %	1.36 %	1.29 %	1.29 %
Nonaccrual loans	Nonaccrual loans	0.54 %	0.53 %	0.60 %	0.70 %	0.51 %	0.54 %	0.51 %	Nonaccrual loans	0.57 %	0.54 %	0.53 %	0.60 %
Nonperforming loans	Nonperforming loans	0.54 %	0.53 %	0.60 %	0.70 %	0.51 %	0.54 %	0.51 %	Nonperforming loans	0.57 %	0.54 %	0.53 %	0.60 %
Allowance for credit losses to nonaccrual loans	Allowance for credit losses to nonaccrual loans	249.21 %	243.55 %	215.10 %	193.75 %	276.70 %	249.21 %	276.70 %	Allowance for credit losses to nonaccrual loans	242.72 %	249.21 %	243.55 %	215.10 %

DEPOSITS AND FUNDING

Total deposits were $13.7 billion $13.9 billion as of June 30, 2024 September 30, 2024, an increase of $301.1 million $587.0 million, or 2.3% 4.4%, from December 31, 2023. Interest-bearing deposits and a seasonal increase in public fund balances primarily drove the increase. With the rise in elevation of interest rates, the Company's deposit mix continued to shift to higher cost interest-bearing deposit balances, specifically money market accounts, retail CDs and brokered CDs, with lower transaction deposit balances. During the six nine month period ended June 30, 2024 September 30, 2024, time deposits increased $331.2 million $526.5 million, or 12.2% 19.4%, and savings deposits increased $297.1 million $379.0 million, or 6.9% 8.8%, while noninterest-bearing deposits decreased $256.5 million $210.3 million, or 7.7% 6.3%, and interest-bearing demand deposits decreased $70.7 million $108.2 million, or 2.4% 3.6%.

Average deposits for the second third quarter of 2024 were $13.6 billion $13.8 billion, an increase of $351.1 million $166.2 million, or 2.6% 1.2%, from $13.3 billion $13.6 billion for the first second quarter of 2024. Consistent with the previously noted shift in customer preferences, average savings deposits increased $217.9 million $77.3 million, or 5.0% 1.7%, and average time deposits increased $166.3 million $100.3 million, or 5.9% 3.4%, from the linked quarter. Additionally, average interest-bearing demand deposits increased $26.7 million, or 0.9%, from the prior quarter. These increases were partially offset by a $25.6 million $38.0 million, or 0.8% 1.2%, decrease in average noninterest-bearing deposits and a decrease of $7.5 million $40.5 million, or 0.3% 2.0%, seasonal decrease in interest-bearing demand deposits. Average public fund deposits increased by $114.0 million during the second quarter of 2024 due to seasonal inflows. funds.

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Through the first six nine months of 2024, average deposits increased $692.0 million $798.5 million, or 5.4% 6.3%, when compared to the same period of 2023.

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Uninsured deposit balances were $5.3 billion, or 38.5% 38.3% of total deposits, as of June 30, 2024 September 30, 2024. The Company reviews uninsured deposits for concentration risk, and typically evaluates this risk by excluding public funds and intercompany deposits to arrive at an adjusted uninsured deposit amount. As such, excluding public funds and intercompany accounts, adjusted uninsured deposits were $3.2 billion $3.3 billion, or 23.3% 23.9% of total deposits, at the end of the second third quarter.

First Financial maintains diverse funding sources, including Fed Funds, the Fed discount window, brokered CDs, FHLB borrowings and deposit placement services. The Company believes its funding this diversity and related capacity and diversity provides provide sufficient flexibility to respond to any event that would stress its deposit balances.

Borrowed funds were $1.5 billion $1.2 billion as of June 30, 2024 September 30, 2024 compared to $1.3 billion at December 31, 2023. Borrowings increased decreased as deposit growth in satisfied the loan portfolio outpaced the increase in deposits. Company's funding needs. First Financial had total short-term borrowings of $1.2 billion $811.7 million as of June 30, 2024 September 30, 2024 and $937.8 million as of December 31, 2023. Short-term borrowings with the FHLB were $1.0 billion $765.0 million at June 30, 2024 September 30, 2024 and $800.0 million at December 31, 2023. There were no federal funds purchased included in short-term borrowings at June 30, 2024 September 30, 2024 or December 31, 2023.

Long-term debt, which may include subordinated notes, FRB/FHLB long-term advances or other borrowings, was $338.6 million and $344.1 million at June 30, 2024 both September 30, 2024 and December 31, 2023, respectively. . Outstanding subordinated debt totaled $313.0 million $313.2 million as of June 30, 2024 September 30, 2024 and $312.6 million as of December 31, 2023.

First Financial had no FHLB long-term advances at June 30, 2024 September 30, 2024 or December 31, 2023. First Financial's total remaining borrowing capacity from the FHLB was $322.6 $513.9 million as of June 30, 2024 September 30, 2024.

See Note 8 – Borrowings in the Notes to Consolidated Financial Statements for further discussion of First Financial's borrowed funds.

LIQUIDITY

Liquidity management is the process by which First Financial manages the continuing flow of funds necessary to meet its financial commitments on a timely basis and at a reasonable cost. These funding commitments include withdrawals by depositors, credit commitments to borrowers, shareholder dividends, share repurchases, operating expenses and capital expenditures. Liquidity is derived primarily from deposit growth, principal and interest payments on loans and investment securities, maturing loans and investment securities, and access to wholesale funding sources.

First Financial's most stable source of liability-funded liquidity for both long and short-term needs is deposit growth and retention of the core deposit base. In addition to core deposit funding, First Financial also utilizes a variety of other short and long-term funding sources, which include subordinated notes, longer-term advances from the FRB and FHLB and its short-term line of credit.

Both First Financial and the Bank received investment grade credit ratings from Kroll Bond Rating Agency, Inc, an independent rating agency. These credit ratings impact the cost and availability of financing to First Financial, and a downgrade to these credit ratings could affect First Financial's or the Bank's ability to access the credit markets and potentially increase borrowing costs, negatively impacting financial condition and liquidity. Key factors in maintaining high credit ratings include consistent and diverse earnings, strong credit quality and capital ratios, diverse funding sources and disciplined liquidity monitoring procedures. The ratings of First Financial and the Bank at June 30, 2024 September 30, 2024 were as follows:

	First Financial Bancorp	First Financial Bank
Senior Unsecured Debt	BBB+	A-
Subordinated Debt	BBB	BBB+
Short-Term Debt	K2	K2
Deposit	N/A	A-
Short-Term Deposit	N/A	K2

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For ease of borrowing execution, First Financial utilizes a blanket collateral agreement with the FHLB. First Financial pledged $6.2 billion of certain eligible residential, commercial and farm real estate loans, home equity lines of credit and government, agency, and CMBS securities as collateral for borrowings from the FHLB as of June 30, 2024 September 30, 2024.

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First Financial's principal source of asset-funded liquidity is marketable investment securities, particularly those of shorter maturities. AFS securities were 97.5% 97.6% and 97.4% of the total investment portfolio as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The market value of investment securities classified as AFS totaled $3.2 billion at September 30, 2024 and $3.0 billion at both June 30, 2024 and December 31, 2023. As of June 30, 2024 September 30, 2024, $1.6 billion $1.8 billion of AFS securities were unpledged and there were $657.8 million $1.4 billion of securities available to be sold at breakeven. Additionally, $520.2 million $490.3 millionof AFS securities have floating rates and could be sold with minimal losses at June 30, 2024 September 30, 2024.

HTM securities that are maturing within a short period of time can be an additional source of liquidity. As of both June 30, 2024 September 30, 2024 and December 31, 2023, the Company had no HTM securities maturing within one year.

In total, First Financial expects $595.4 million $680.9 million of cash flows from its investment portfolio in the next 12 months.

Other sources of liquidity include interest-bearing deposits with other banks. At June 30, 2024 September 30, 2024, these balances totaled $738.6 million $660.6 million. Additionally, First Financial had unused and available overnight wholesale funding sources of $4.9 billion $4.6 billion, or 27.2% 25.3% of total assets, to satisfy the liquidity needs of the company. Company.

First Financial also has a $40.0 million short-term credit facility with an unaffiliated bank that matures in December, 2024. This facility has a variable interest rate and provides First Financial additional liquidity, if needed, for various corporate activities including the repurchase of First Financial common stock and the payment of dividends to shareholders. First Financial had no outstanding balance on this short-term credit facility as of June 30, 2024 September 30, 2024 and December 31, 2023. The credit agreement requires First Financial to comply with certain covenants including those related to asset quality and capital levels, and First Financial was in compliance with all covenants associated with this facility as of June 30, 2024 September 30, 2024 and December 31, 2023. This credit facility also required First Financial to pledge as collateral the Bank's common stock where the lender is granted a security interest in this collateral.

Certain restrictions exist regarding the Bank's ability to transfer funds to First Financial in the form of cash dividends, loans, other assets or advances and the approval of the Bank's primary federal regulator is required to pay dividends in excess of regulatory limitations. Dividends paid to First Financial from the Bank totaled $100.0 million $150.0 million for the first six nine months of 2024. As of June 30, 2024 September 30, 2024, the Bank had retained earnings of $947.2 million $956.9 million, of which $224.4 million $234.1 million was available for distribution to the Bancorp without prior regulatory approval. As an additional source of liquidity, First Financial had $172.6 million $193.9 million in cash at the parent company as of June 30, 2024 September 30, 2024.

Share repurchases also impact First Financial's liquidity. For further information regarding share repurchases, see the Capital section that follows.

Capital expenditures were $10.4 million $14.1 million and $12.0 million $18.1 million for the first six nine months of 2024 and 2023, respectively. Management believes sufficient liquidity exists to fund its future capital expenditure commitments.

Management is not aware of any other events or regulatory requirements that, if implemented, are likely to have a material effect on First Financial's liquidity.

CAPITAL

Risk-based capital. The Board of Governors of the Federal Reserve System approved Basel III in order to strengthen the regulatory capital framework for all banking organizations, subject to a phase-in period for certain provisions. Basel III established and defined quantitative measures to ensure capital adequacy. These measures require First Financial to maintain minimum amounts and ratios of Common equity Tier 1 capital, Total and Tier 1 capital to risk-weighted assets and Tier 1 capital to average assets (Leverage ratio).

Basel III includes a minimum ratio of Common equity Tier 1 capital to risk-weighted assets of 7.0% and includes a fully phased-in capital conservation buffer of 2.5% of risk-weighted assets. Further, the minimum ratio of Tier 1 capital to risk-weighted assets is 8.5% and all banks are subject to a 4.0% minimum leverage ratio, while the minimum required Total risk-based capital ratio is 10.5%. Failure to maintain the required Common equity Tier 1 capital will result in potential restrictions on a bank's ability to pay dividends, repurchase stock and pay discretionary compensation to its employees. The capital

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requirements also provide strict eligibility criteria for regulatory capital instruments and change the method for calculating risk-weighted assets in an effort to better identify riskier assets, such as highly volatile commercial real estate and nonaccrual loans.

First Financial's tier 1 capital increased 5 31 bps to 12.11% 12.37% at June 30, 2024 September 30, 2024 compared to 12.06% at December 31, 2023, while the total capital ratio increased to 14.47% 14.58% at June 30, 2024 September 30, 2024 compared to 14.26% at December 31, 2023. The leverage ratio

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increased to 9.73% 9.93% at June 30, 2024 September 30, 2024 from 9.70% at December 31, 2023. The Company’s tangible common equity ratio increased to 7.23% 7.98% at June 30, 2024 September 30, 2024 from 7.17% at December 31, 2023, while the Company's tangible book value per share increased to $14.26 at September 30, 2024 from $12.38 at December 31, 2023. These increases are primarily a result of the Company's strong earnings and improvement in AOCI due to fewer unrealized losses on the investment securities portfolio resulting from lower interest rates.

As of June 30, 2024 September 30, 2024, management believes that First Financial met all capital adequacy requirements to which it was subject. The Company's most recent regulatory notifications categorized First Financial as "well-capitalized" under the regulatory framework for prompt corrective action. There have been no conditions or events since those notifications that management believes have changed the Company's categorization. Total regulatory capital exceeded the minimum requirement by $548.0 million $563.3 million on a consolidated basis at June 30, 2024 September 30, 2024.

The following tables present the actual and required capital amounts and ratios as of June 30, 2024 September 30, 2024 and December 31, 2023 under the Basel III Capital Rules and include the minimum required capital levels based on the phase-in provisions of the Basel III Capital Rules. Capital levels required to be considered "well capitalized" are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Capital Rules.

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

June 30, 2024
June 30, 2024
June 30, 2024
September 30, 2024
September 30, 2024
September 30, 2024
Common equity Tier 1 capital to risk-weighted assets
Common equity Tier 1 capital to risk-weighted assets
Common equity Tier 1 capital to risk-weighted assets
Consolidated
Consolidated
Consolidated
First Financial Bank
First Financial Bank
First Financial Bank
Tier 1 capital to risk-weighted assets
Tier 1 capital to risk-weighted assets
Tier 1 capital to risk-weighted assets
Consolidated
Consolidated
Consolidated
First Financial Bank
First Financial Bank
First Financial Bank
Total capital to risk-weighted assets
Total capital to risk-weighted assets
Total capital to risk-weighted assets
Consolidated
Consolidated
Consolidated
First Financial Bank
First Financial Bank
First Financial Bank
Leverage ratio
Leverage ratio
Leverage ratio
Consolidated
Consolidated

Consolidated

First Financial Bank

First Financial Bank

First Financial Bank

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(Dollars in thousands)	Actual Capital amount	Actual Ratio	Minimum capital required - Basel III Capital amount	Minimum capital required - Basel III Ratio	PCA requirement to be considered well capitalized Capital amount	PCA requirement to be considered well capitalized Ratio
December 31, 2023						
Common equity tier 1 capital to risk-weighted assets						
Consolidated	$ 1,568,815	11.73 %	$ 936,192	7.00 %	N/A	N/A
First Financial Bank	1,701,338	12.73 %	935,746	7.00 %	$ 868,907	6.50 %
Tier 1 capital to risk-weighted assets						
Consolidated	1,613,480	12.06 %	1,136,805	8.50 %	N/A	N/A
First Financial Bank	1,701,840	12.73 %	1,136,263	8.50 %	1,069,424	8.00 %
Total capital to risk-weighted assets						
Consolidated	1,907,441	14.26 %	1,404,289	10.50 %	N/A	N/A
First Financial Bank	1,830,677	13.69 %	1,403,619	10.50 %	1,336,780	10.00 %
Leverage ratio						
Consolidated	1,613,480	9.70 %	665,125	4.00 %	N/A	N/A
First Financial Bank	1,701,840	10.24 %	664,781	4.00 %	830,976	5.00 %

Shareholder dividends. First Financial paid a dividend of $0.23 $0.24 per common share on June 17, 2024 September 16, 2024 to shareholders of record as of June 3, 2024 September 2, 2024. Additionally, First Financial's board of directors authorized a $0.01 dividend increase to of $0.24 per common share, payable on September 16, 2024 December 16, 2024 to shareholders of record as of September 2, 2024 December 2, 2024.

Share repurchases. Effective December 2023, First Financial's board of directors approved a stock repurchase plan (the 2024 Stock Repurchase Plan) effective January 1, 2024, replacing the 2022 Stock Repurchase Plan which became effective in January 2022. The 2024 Stock Repurchase Plan continues for two years and authorized the purchase of up to 5,000,000 shares of the Company's common stock and will expire in December 2025. December 31, 2025. First Financial did not repurchase any shares under this plan in during the first two quarters of 2024. Therefore, at June 30, 2024 September 30, 2024, all 5,000,000 common shares remained available for repurchase under the 2024 Stock Repurchase Plan.

Shareholders' equity. Total shareholders' equity was $2.5 billion at September 30, 2024 and $2.3 billion at both June 30, 2024 and December 31, 2023. The increase from year-end was due the the Company's earnings as well as improvement in AOCI due to lower interest rates.

For further detail, see the Consolidated Statements of Changes in Shareholders' Equity.

ENTERPRISE RISK MANAGEMENT

First Financial manages risk through a structured ERM approach that routinely assesses the overall level of risk, identifies specific risks and evaluates specific actions to mitigate those risks. First Financial continues to enhance its risk management capabilities and has embedded risk awareness into the culture of the Company. First Financial has identified the following types of risk that it monitors in its ERM framework: credit, market (composed of interest rate, liquidity, capital, foreign exchange and financial risk), operational, compliance, strategic, reputation, information technology, cyber and legal.

For a full discussion of these risks, see the Enterprise Risk Management section in Management's Discussion and Analysis in First Financial's 2023 Annual Report on Form 10-K. The sections that follow provide additional discussion related to credit risk and market risk.

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CREDIT RISK

Credit risk represents the risk of loss due to failure of a customer or counterparty to meet its financial obligations in accordance with contractual terms. First Financial manages credit risk through its underwriting process, periodically reviewing and approving its credit exposures using credit policies and guidelines approved by the board of directors.

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MARKET RISK

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, foreign exchange rates and equity prices. The primary sources of market risk for First Financial are interest rate risk and liquidity risk.

Interest rate risk. Interest rate risk is the risk to earnings and the value of the Company's equity arising from changes in market interest rates. Interest rate risk arises in the normal course of business to the extent that there is a divergence between the amount of interest-earning assets and the amount of interest-bearing liabilities that are prepaid, withdrawn, re-priced or mature in specified periods. First Financial seeks to achieve consistent growth in net interest income and equity while managing volatility from shifts in market interest rates, while operating within acceptable limits established for interest rate risk and maintaining adequate levels of funding and liquidity.

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, client preferences, historical pricing relationships, and re-pricing characteristics of financial instruments. The Company's earnings can also be affected by the monetary and fiscal policies of the U.S. Government and its agencies, particularly the Federal Reserve.

In managing interest rate risk, the Company establishes guidelines and strategies for asset and liability management, including measurement of short and long-term sensitivities to changes in interest rates, through our internal Balance Sheet Strategies and Asset Liability Committee, which is comprised of senior officers from the treasury, risk management, credit administration, finance and lending areas. These guidelines and strategies are also reviewed with the Capital Markets Committee of the Company's Board of Directors.

First Financial monitors its interest rate risk position using income simulation models and EVE sensitivity analyses that capture both short-term and long-term interest rate risk exposure. Income simulation involves forecasting NII under a variety of interest rate scenarios. EVE is calculated by discounting the cash flows for all balance sheet instruments under different interest rate scenarios. First Financial uses EVE sensitivity analysis to understand the impact of changes in interest rates on long-term cash flows, income and capital. For both NII and EVE modeling, First Financial leverages instantaneous parallel shocks to evaluate interest rate risk exposure across rising and falling rate scenarios. Additional scenarios evaluated include various non-parallel yield curve twists.

First Financial's interest rate risk models are based on the contractual and assumed cash flows and repricing characteristics for the Company's assets, liabilities and off-balance sheet exposure. A number of assumptions are also incorporated into the interest rate risk models, including prepayment behaviors and repricing spreads for assets in addition to attrition and repricing rates for liabilities. Assumptions are primarily derived from behavior studies of the Company's historical client base and are continually refined. Modeling the sensitivity of NII and EVE to changes in market interest rates is highly dependent on the assumptions incorporated into the modeling process.

Non-maturity deposit modeling is particularly dependent on the assumption for repricing sensitivity known as a beta. Beta is the amount by which First Financial's interest bearing non-maturity deposit rates will increase when short-term interest rates rise. The Company utilized a weighted average deposit beta of 44% in its interest rate risk modeling as of June 30, 2024 September 30, 2024. First Financial also includes an assumption for the migration of non-maturity deposit balances into CDs for all upward rate scenarios beginning with the +100 bps scenario, thereby increasing deposit costs and reducing asset sensitivity.

Presented below is the estimated impact on First Financial's NII and EVE position as of June 30, 2024 September 30, 2024, assuming immediate, parallel shifts in interest rates:

	% Change from base case for immediate parallel changes in rates		
	-100 bps	+100 bps	+200 bps
NII-Year 1	(5.34)%	2.90 %	4.54 %
NII-Year 2	(4.53)%	2.20 %	2.84 %
EVE	(1.10)%	0.23 %	0.27 %

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	% Change from base case for immediate parallel changes in rates		
	-100 bps	+100 bps	+200 bps
NII-Year 1	(5.39)%	3.57 %	5.11 %
NII-Year 2	(4.56)%	2.84 %	3.14 %
EVE	(1.50)%	0.88 %	0.77 %

"Risk-neutral" refers to the absence of a strong bias toward either asset or liability sensitivity. *"Asset sensitivity"* is when a company's interest-earning assets reprice more quickly or in greater quantities than interest-bearing liabilities. Conversely, *"liability sensitivity"* is when a company's interest-bearing liabilities reprice more quickly or in greater quantities than interest-earning assets. In a rising interest rate environment, asset sensitivity results in higher net interest income while liability sensitivity results in lower net interest income. In a declining interest rate environment, asset sensitivity results in lower net interest income while liability sensitivity results in higher net interest income.

The projected results for NII and EVE reflect an asset sensitive position, due to a strong funding mix of low cost transactional deposits supporting loans priced primarily off the short end of the rate curve. The difference in sensitivity between the down and up rate scenarios is driven by an assumed compositional shift in funding makeup. First Financial continues to manage its balance sheet with a bias toward asset sensitivity while simultaneously balancing the potential earnings impact of this strategy.

First Financial continually evaluates the sensitivity of its interest rate risk position to modeling assumptions. The following table reflects First Financial's estimated NII sensitivity profile as of June 30, 2024 September 30, 2024 assuming a 25% increase and a 25% reduction to the beta assumption on managed rate deposits:

		Beta sensitivity (% change from base)									
		+100 BP		+100 BP		+200 BP		+100 BP		+200 BP	
		Beta 25% lower	Beta 25% lower	Beta 25% higher	Beta 25% lower		Beta 25% higher	Beta 25% lower	Beta 25% higher	Beta 25% lower	Beta 25% higher
NII-Year 1	NII-Year 1	4.04 %	1.77 %	5.63 %	3.44 %	NII-Year 1	4.78 %	2.36 %	6.27 %	3.94 %	
NII-Year 2	NII-Year 2	3.35 %	1.05 %	3.95 %	1.73 %	NII-Year 2	4.01 %	1.67 %	4.26 %	2.01 %	

See the Net Interest Income section of Management's Discussion and Analysis for further discussion.

Liquidity risk. Liquidity risk is the potential that an entity will be unable to meet its obligations as they come due because of an inability to liquidate assets, or obtain funding or that it cannot easily unwind or offset exposures without significantly lowering market prices because of inadequate market depth or market disruptions. Management focuses on maintaining and enhancing liquidity by maximizing collateral-based liquidity availability. First Financial manages liquidity in relation to the trend and stability of deposits; degree and reliance on short-term, volatile sources of funds, including any undue reliance on borrowings or brokered deposits to fund longer-term assets. Management identifies, measures, monitors and manages liquidity while seeking to maintain diversification of funding sources, both on- and off-balance-sheet.

Management, including the Balance Sheet Strategies and Asset Liability Committee, monitors liquidity through a regular review of asset and liability maturities, funding sources, and loan and deposit forecasts. The Company continually refines and updates its liquidity risk management processes, such as refining the contingency funding plan, meeting frequently, and securing additional contingent borrowing capacity. We maintain The Company maintains strategic and contingency liquidity plans to ensure sufficient available funding to satisfy requirements for balance sheet growth, properly manage capital market funding sources and to address unexpected liquidity requirements.

Management closely monitors the usage of excess business deposits, the balance of personal deposits and the broader macroeconomic environment. This monitoring includes consideration of various metrics and establishment of internal thresholds related to balance sheet composition, borrowing composition, and liquidity composition. Balance sheet composition metrics reviewed include the loan to deposit, loans to total assets and core deposits to total assets ratios among others. Borrowing composition monitoring includes, but is not limited to, consideration of borrowing capacity as a percentage of total assets, brokered CDs as a percentage of total assets and Fed funds lines to total assets. Liquidity composition ratios include remaining liquidity to total assets, and tier 1 liquidity sources as a percentage of both 30 and 90 day maturing liabilities, among others. As of June 30, 2024 September 30, 2024, all metrics reviewed were within the Company's policy limits.

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The Company utilizes its contingency funding plan to assess the ability of the Company to successfully navigate significant liquidity events. The contingency funding plan considers various sources of liquidity, including loan and deposit growth rates, decreasing access to secured and unsecured wholesale funding sources and declining financial performance, to determine First Financial's ability to meet liquidity requirements over certain time horizons and in certain stress scenarios. The contingency funding plan also includes the process for creating a Contingency Funding Task Force. During a liquidity crisis, the CFTF, via the Balance Sheet Strategies and Asset Liability Committee, would assess and identify key mitigation strategies needed for addressing a liquidity crisis. These mitigation strategies would be assigned to appropriate personnel for implementation with established targets and reporting requirements. Typical mitigation strategies would include, but not be limited to, curtailing

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loan originations, pricing options for stabilizing/growing deposits, options for expanding wholesale funding sources, and asset liquidation options.

For further discussion of the Company's liquidity, please see the Liquidity section within Management's Discussion and Analysis.

CRITICAL ACCOUNTING ESTIMATES

First Financial's Consolidated Financial Statements are prepared based on the application of the Company's accounting policies. These policies require the reliance on estimates and assumptions which are inherently subjective and may be susceptible to significant change. Changes in underlying factors, assumptions or estimates could have a material impact on First Financial's future financial condition and results of operations. In management's opinion, some of these estimates and assumptions have a more significant impact than others on First Financial's financial reporting. For First Financial, these estimates and assumptions include accounting for the ACL - loans and leases, goodwill, pension and income taxes. The estimates and assumptions are discussed in detail in the Critical Accounting Estimates section of Management's Discussion and Analysis in First Financial's 2023 Annual Report. There were no changes to the accounting estimates and assumptions for the ACL, goodwill, pension or income taxes during the six nine months ended June 30, 2024 September 30, 2024.

ACCOUNTING AND REGULATORY MATTERS

Note 2 - Recently Adopted and Issued Accounting Standards in the Notes to Consolidated Financial Statements discusses new accounting standards adopted by First Financial in 2024 and 2023, as well as the expected impact of accounting standards issued but not yet adopted. To the extent the adoption of new accounting standards materially affects financial condition, results of operations or liquidity, the impacts are discussed in the applicable Notes to the Consolidated Financial Statements and sections of Management's Discussion and Analysis.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as ''believes,'' ''anticipates,'' "likely," "expected," "estimated," ''intends'' and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Examples of forward-looking statements include, but are not limited to, statements we make about (i) our future operating or financial performance, including revenues, income or loss and earnings or loss per share, (ii) future common stock dividends, (iii) our capital structure, including future capital levels, (iv) our plans, objectives and strategies, and (v) the assumptions that underlie our forward-looking statements.

As with any forecast or projection, forward-looking statements are subject to inherent uncertainties, risks and changes in circumstances that may cause actual results to differ materially from those set forth in the forward-looking statements. Forward-looking statements are not historical facts but instead express only management's beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management's control. It is possible that actual results and outcomes may differ, possibly materially, from the anticipated results or outcomes indicated in these forward-looking statements. Important factors that could cause actual results to differ materially from those in our forward-looking statements include the following, without limitation:

- economic, market, liquidity, credit, interest rate, operational and technological risks associated with the Company's business;
- future credit quality and performance, including our expectations regarding future loan losses and our allowance for credit losses
- the effect of and changes in policies and laws or regulatory agencies, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislation and regulation relating to the banking industry;
- Management's ability to effectively execute its business plans;

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- mergers and acquisitions, including costs or difficulties related to the integration of acquired companies;
- the possibility that any of the anticipated benefits of the Company's acquisitions will not be realized or will not be realized within the expected time period;

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- the effect of changes in accounting policies and practices;
- changes in consumer spending, borrowing and saving and changes in unemployment;
- changes in customers' performance and creditworthiness;
- the costs and effects of litigation and of unexpected or adverse outcomes in such litigation;
- current and future economic and market conditions, including the effects of changes in housing prices, fluctuations in unemployment rates, U.S. fiscal debt, budget and tax matters, geopolitical matters, and any slowdown in global economic growth;
- the adverse impact on the U.S. economy, including the markets in which we operate, of the novel coronavirus, which causes the Coronavirus disease 2019 ("COVID-19"), global pandemic, and the impact on the performance of our loan and lease portfolio, the market value of our investment securities, the availability of sources of funding and the demand for our products;
- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;

- financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;

- the effect of the current interest rate environment or changes in interest rates or in the level or composition of our assets or liabilities on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans held for sale;

- the effect of a fall in stock market prices on our brokerage, asset and wealth management businesses;

- a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks;

- the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin; and

- our ability to develop and execute effective business plans and strategies.

These and other risk Additional factors are more fully that may cause our actual results to differ materially from those described in First Financial's Annual Report on our forward-looking statements can be found in our Form 10-K for the year ended December 31, 2023 under the section entitled “Item 1A. Risk Factors” and from time to time, in , as well as our other filings with the SEC. Readers SEC, which are cautioned not to place undue reliance available on these the SEC website at www.sec.gov.

All forward-looking statements which speak only included in this filing are made as of the date hereof and are based on information available at the time of this report. Actual results may differ materially from those expressed in or implied the filing. Except as required by law, the Company does not assume any obligation to update any forward-looking statements. Except to the extent required by applicable law or regulation, First Financial undertakes no obligation to revise or update publicly any forward-looking statements for any reason. statement.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained in “Item 2-Management’s Discussion and Analysis of Financial Condition and Results of Operations—Market Risk” of this report is incorporated herein by reference in response to this item.

ITEM 4.   CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under
Rule 13a-15 of the Securities Exchange Act of 1934, that are designed to cause the material information required to be disclosed by First Financial in the reports it files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized, and reported to the extent applicable within the time periods required by the Securities and Exchange Commission’s rules and forms. In designing and evaluating the disclosure controls and procedures, management recognized that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

As of the end of the period covered by this report, First Financial performed an evaluation under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in First Financial's internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, First Financial's internal control over financial reporting.

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PART II-OTHER INFORMATION

Item 1.   Legal Proceedings.

There have been no material changes to the disclosure in response to "Part I - Item 3. Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 1A.   Risk Factors.

There are a number of factors that may adversely affect the Company's business, financial results, or stock price. See "Risk Factors" as disclosed in response to "Item 1A. to Part I - Risk Factors" of Form 10-K for the year ended December 31, 2023.

There have been no material changes from the risk factors previously disclosed in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

On January 27, 2022, the Board announced that it authorized a stock repurchase plan that provided for the purchase of up to 5,000,000 shares of common stock of the Company (the 2022 Stock Repurchase Plan). The 2022 Stock Repurchase Plan became effective January 1, 2022, upon the expiration of the previously authorized stock repurchase plan, and expired December 31, 2023. In December 2023 the Board authorized a new two-year plan effective January 1, 2024, that provides for the purchase of up to 5,000,000 shares of the common stock of the Company (the "2024 Stock Repurchase Plan"). The Company did not purchase any shares under the 2024 Stock Repurchase Plan in the second third quarter of 2024.

Item 5. Other Information.

During the three months ended June 30, 2024 September 30, 2024, none of the Company's officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

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Item 6. Exhibits

(a) Exhibits:

Exhibit Number	
3.1	Amended Articles of Incorporation of First Financial Bancorp (reflecting all amendments filed with the Ohio Secretary of State) [for purposes of SEC reporting compliance only - not filed with the Ohio Secretary of State] (filed as Exhibit 3.2 to the Form S-3 on July 31, 2014 and incorporated herein by reference) (File No. 333-197771).
3.2	Amended and Restated Regulations of First Financial Bancorp, amended as of July 28, 2015 (filed as Exhibit 3.1 to the Form 8-K filed on July 29, 2015 and incorporated herein by reference).
31.1	Certification by Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
31.2	Certification by Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
32.1	Certification of Periodic Financial Report by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 furnished herewith.
32.2	Certification of Periodic Financial Report by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 furnished herewith.
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. *
101.SCH	Inline XBRL Taxonomy Extension Schema. *
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase. *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase. *
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase. *
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase. *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). *

First Financial will furnish, without charge, to a security holder upon request a copy of the documents and will furnish any other Exhibit upon payment of reproduction costs. Unless as otherwise noted, documents incorporated by reference involve File No. 001-34762.

* As provided in Rule 406T of Regulation S-T, this information shall not be deemed "filed" for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under those sections.

** Compensatory plan or arrangement

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SIGNATURES

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

FIRST FINANCIAL BANCORP.
(Registrant)

/s/ James M. Anderson	/s/ Scott T. Crawley
James M. Anderson	Scott T. Crawley
Executive Vice President and Chief Financial Officer	Senior Vice President and Controller
	(Principal Accounting Officer)
Date 8/9/ 11/7/2024	Date 8/9/ 11/7/2024

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EXHIBIT 31.1

CERTIFICATIONS

I, Archie M. Brown, President and Chief Executive Officer of First Financial Bancorp., certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Financial Bancorp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 8/9/ 11/7/2024	/s/ Archie M. Brown
	Archie M. Brown
	President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, James M. Anderson, Executive Vice President and Chief Financial Officer of First Financial Bancorp., certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Financial Bancorp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	8/9/ 11/7/2024	/s/ James M. Anderson
		James M. Anderson Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORT BY CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q for the quarterly period ended June 30, 2024 September 30, 2024, of First Financial Bancorp. (the "Company"), as filed with the Securities and Exchange Commission on August 9, 2024 November 7, 2024 (the "Report"), I, Archie M. Brown, President and Chief Executive Officer of the Company, certify, 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.

/s/ Archie M. Brown

Archie M. Brown
President and Chief Executive Officer

August 9, November 7, 2024

EXHIBIT 32.2

CERTIFICATION OF PERIODIC FINANCIAL REPORT BY CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-Q for the quarterly period ended June 30, 2024 September 30, 2024, of First Financial Bancorp. (the “Company”), as filed with the Securities and Exchange Commission on August 9, 2024 November 7, 2024 (the “Report”), I, James M. Anderson, Executive Vice President and Chief Financial Officer of the Company, certify, 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.

/s/ James M. Anderson

James M. Anderson
Executive Vice President and Chief Financial Officer

August 9, November 7, 2024

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