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DELTA REPORT

10-Q

THFF - FIRST FINANCIAL CORP /IN/

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

The following comparison report has been automatically generated

TOTAL DELTAS	570
CHANGES	225
DELETIONS	241
ADDITIONS	104

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarterly Period Ended June September 30, 2024

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

For the transition period from _________to _________

Commission File Number 0-16759

FIRST FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Indiana (State or other jurisdiction incorporation or organization)	35-1546989 (I.R.S. Employer Identification No.)
One First Financial Plaza, Terre Haute, IN (Address of principal executive office)	47807 (Zip Code)
(812) (Registrant's telephone number, including area code)	238-6000

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐.

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

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer (Do not check if a smaller reporting company)	☐	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 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑.

As of August 1, 2024 November 1, 2024, the registrant had outstanding 11,814,093 11,808,304 shares of common stock, without par value.

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FIRST FINANCIAL CORPORATION

FORM 10-Q

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Part I – Financial Information

Item 1. Financial Statements

FIRST FINANCIAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except per share data)

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	(unaudited)		(unaudited)	
ASSETS				
Cash and due from banks	$ 75,073	$ 76,759	$ 77,312	$ 76,759
Federal funds sold	24,000	282	1,356	282
Securities available-for-sale	1,205,751	1,259,137	1,271,992	1,259,137
Loans:				
Commercial	1,782,646	1,817,526	2,112,738	1,817,526
Residential	748,044	695,788	924,276	695,788
Consumer	666,130	646,758	671,353	646,758
	3,196,820	3,160,072	3,708,367	3,160,072
(Less) plus:				
Net deferred loan (fees)/costs	7,189	7,749	6,868	7,749
Allowance for credit losses	(38,334)	(39,767)	(46,169)	(39,767)
	3,165,675	3,128,054	3,669,066	3,128,054
Restricted stock	15,378	15,364	15,366	15,364
Accrued interest receivable	23,733	24,877	25,386	24,877
Premises and equipment, net	65,750	67,286	82,213	67,286
Bank-owned life insurance	114,767	114,122	128,242	114,122
Goodwill	86,985	86,985	97,295	86,985
Other intangible assets	5,116	5,586	23,131	5,586
Other real estate owned	170	107	169	107
Other assets	108,670	72,587	93,084	72,587
TOTAL ASSETS	$ 4,891,068	$ 4,851,146	$ 5,484,612	$4,851,146
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Non-interest-bearing	$ 748,495	$ 750,335	$ 831,575	$ 750,335
Interest-bearing:				
Certificates of deposit exceeding the FDIC insurance limits	112,679	92,921	159,618	92,921
Other interest-bearing deposits	3,271,153	3,246,812	3,726,296	3,246,812
	4,132,327	4,090,068	4,717,489	4,090,068
Short-term borrowings	38,211	67,221	84,363	67,221
Other borrowings	108,575	108,577	30,456	108,577
Other liabilities	81,285	57,304	86,353	57,304

TOTAL LIABILITIES	4,360,398	4,323,170	4,918,661	4,323,170
Shareholders' equity				
Common stock, $0.125 stated value per share; Authorized shares - 40,000,000; Issued shares-16,165,023 in 2024 and 16,137,220 in 2023; Outstanding shares - 11,814,093 in 2024 and 11,795,024 in 2023	2,016	2,014		
Common stock, $0.125 stated value per share; Authorized shares - 40,000,000; Issued shares-16,165,023 in 2024 and 16,137,220 in 2023; Outstanding shares - 11,808,304 in 2024 and 11,795,024 in 2023			2,016	2,014
Additional paid-in capital	144,632	144,152	144,785	144,152
Retained earnings	673,728	663,726	677,155	663,726
Accumulated other comprehensive loss	(134,501)	(127,087)	(102,800)	(127,087)
Less: Treasury shares at cost - 4,350,930 in 2024 and 4,342,196 in 2023	(155,205)	(154,829)		
Less: Treasury shares at cost - 4,356,719 in 2024 and 4,342,196 in 2023			(155,205)	(154,829)
TOTAL SHAREHOLDERS' EQUITY	530,670	527,976	565,951	527,976
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,891,068	$ 4,851,146	$ 5,484,612	$4,851,146

See accompanying notes.

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FIRST FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Dollar amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INTEREST INCOME:				
Loans, including related fees	$ 51,459	$ 46,479	$ 101,511	$ 91,074
Securities:				
Taxable	5,833	6,231	11,764	12,467
Tax-exempt	2,601	2,678	5,204	5,276
Other	878	841	1,695	2,112
TOTAL INTEREST INCOME	60,771	56,229	120,174	110,929
INTEREST EXPENSE:				
Deposits	19,694	11,957	37,425	21,484
Short-term borrowings	959	1,294	1,935	2,102
Other borrowings	824	791	2,600	821
TOTAL INTEREST EXPENSE	21,477	14,042	41,960	24,407
NET INTEREST INCOME	39,294	42,187	78,214	86,522
Provision for credit losses	2,966	1,800	4,766	3,600
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	36,328	40,387	73,448	82,922
NON-INTEREST INCOME:				
Trust and financial services	1,318	1,185	2,652	2,502
Service charges and fees on deposit accounts	6,730	7,054	13,437	13,872
Other service charges and fees	286	196	509	400

Interchange income	135	—	314	47
Loan servicing fees	414	264	683	549
Gain on sales of mortgage loans	299	311	475	490
Other	723	1,443	1,266	1,968
TOTAL NON-INTEREST INCOME	9,905	10,453	19,336	19,828
NON-INTEREST EXPENSE:				
Salaries and employee benefits	17,380	16,946	34,710	34,104
Occupancy expense	2,201	2,132	4,560	4,731
Equipment expense	4,312	3,525	8,456	6,824
FDIC Expense	501	577	1,163	1,364
Other	8,257	8,166	17,184	16,644
TOTAL NON-INTEREST EXPENSE	32,651	31,346	66,073	63,667
INCOME BEFORE INCOME TAXES	13,582	19,494	26,711	39,083
Provision for income taxes	2,213	3,507	4,418	7,116
NET INCOME	11,369	15,987	22,293	31,967
OTHER COMPREHENSIVE INCOME				
Change in unrealized gains/(losses) on securities, net of reclassifications and taxes	3,535	(15,808)	(7,561)	(1,570)
Change in funded status of post retirement benefits, net of taxes	74	147	147	294
COMPREHENSIVE INCOME	$ 14,978	$ 326	$ 14,879	$ 30,691
PER SHARE DATA				
Basic and Diluted Earnings per Share	$ 0.96	$ 1.33	$ 1.89	$ 2.66
Weighted average number of shares outstanding (in thousands)	11,814	12,022	11,809	12,040

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INTEREST INCOME:				
Loans, including related fees	$ 61,367	$ 49,146	$ 162,878	$ 140,220
Securities:				
Taxable	6,319	6,164	18,083	18,631
Tax-exempt	2,715	2,661	7,919	7,937
Other	1,294	752	2,989	2,864
TOTAL INTEREST INCOME	71,695	58,723	191,869	169,652
INTEREST EXPENSE:				
Deposits	22,197	13,627	59,622	35,111
Short-term borrowings	993	1,923	2,928	4,025
Other borrowings	1,335	2,023	3,935	2,844
TOTAL INTEREST EXPENSE	24,525	17,573	66,485	41,980
NET INTEREST INCOME	47,170	41,150	125,384	127,672
Provision for credit losses	9,400	1,200	14,166	4,800
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	37,770	39,950	111,218	122,872
NON-INTEREST INCOME:				
Trust and financial services	1,251	1,140	3,903	3,642
Service charges and fees on deposit accounts	8,139	7,099	21,576	20,971
Other service charges and fees	191	213	700	613
Securities gains (losses), net	103	—	104	—
Interchange income	177	—	490	47
Loan servicing fees	274	447	957	997
Gain on sales of mortgage loans	411	321	886	811
Other	677	2,407	1,943	4,374
TOTAL NON-INTEREST INCOME	11,223	11,627	30,559	31,455
NON-INTEREST EXPENSE:				
Salaries and employee benefits	18,521	17,159	53,231	51,263
Occupancy expense	2,556	2,389	7,116	7,120

Equipment expense	4,280	3,580	12,736	10,404
FDIC Expense	558	613	1,721	1,977
Other	12,649	8,524	29,833	25,168
TOTAL NON-INTEREST EXPENSE	38,564	32,265	104,637	95,932
INCOME BEFORE INCOME TAXES	10,429	19,312	37,140	58,395
Provision for income taxes	1,688	3,027	6,106	10,143
NET INCOME	8,741	16,285	31,034	48,252
OTHER COMPREHENSIVE INCOME (LOSS)				
Change in unrealized gains/(losses) on securities, net of reclassifications and taxes	31,628	(34,934)	24,067	(36,504)
Change in funded status of post retirement benefits, net of taxes	73	146	220	440
COMPREHENSIVE INCOME (LOSS)	$ 40,442	$ (18,503)	$ 55,321	$ 12,188
PER SHARE DATA				
Basic and Diluted Earnings per Share	$ 0.74	$ 1.37	$ 2.63	$ 4.02
Weighted average number of shares outstanding (in thousands)	11,808	11,901	11,809	11,993

See accompanying notes.

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FIRST FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Months Ended

June September 30, 2024, and 2023

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total
Balance, April 1, 2023	$2,012	$143,408	$630,809	$ (125,589)	$(145,141)	$505,499						
Balance, July 1, 2023							$2,013	$143,632	$640,325	$ (141,250)	$(147,832)	$496,888
Net income	—	—	15,987	—	—	15,987	—	—	16,285	—	—	16,285
Other comprehensive income (loss)	—	—	—	(15,661)	—	(15,661)	—	—	—	(34,788)	—	(34,788)
Omnibus Equity Incentive Plan	1	224	—	—	—	225	1	223	—	—	—	224
Treasury shares purchased (82,903 shares)	—	—	—	—	(2,691)	(2,691)						

Cash dividends, $.54 per share	—	—	(6,471)	—	—	(6,471)						
Balance, June 30, 2023	$ 2,013	$ 143,632	$ 640,325	$ (141,250)	$ (147,832)	$ 496,888						
Treasury shares purchased (228,457 shares)							—	—	—	—	(8,441)	(8,441)
Balance, September 30, 2023							$ 2,014	$ 143,855	$ 656,610	$ (176,038)	$ (156,273)	$ 470,168

Balance, April 1, 2024	$ 2,015	$ 144,391	$ 667,675	$ (138,110)	$ (155,205)	$ 520,766						
Balance, July 1, 2024							$ 2,016	$ 144,632	$ 673,728	$ (134,501)	$ (155,205)	$ 530,670
Net income	—	—	11,369	—	—	11,369	—	—	8,741	—	—	8,741
Other comprehensive income (loss)	—	—	—	3,609	—	3,609	—	—	—	31,701	—	31,701
Omnibus Equity Incentive Plan	1	241	—	—	—	242	—	153	—	—	—	153
Cash dividends, $.45 per share	—	—	(5,316)	—	—	(5,316)	—	—	(5,314)	—	—	(5,314)
Balance, June 30, 2024	$ 2,016	$ 144,632	$ 673,728	$ (134,501)	$ (155,205)	$ 530,670						
Balance, September 30, 2024							$ 2,016	$ 144,785	$ 677,155	$ (102,800)	$ (155,205)	$ 565,951

See accompanying notes.

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FIRST FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Six Nine Months Ended

June September 30, 2024, and 2023

(Dollar amounts in thousands, except per share data)

(Unaudited)

	Accumulated Other	Accumulated Other

	Common Stock	Additional Capital	Retained Earnings	Comprehensive Income/(Loss)	Treasury Stock	Total	Common Stock	Additional Capital	Retained Earnings	Comprehensive Income/(Loss)	Treasury Stock	Total
Balance, January 1, 2023	$ 2,012	$ 143,185	$ 614,829	$ (139,974)	$ (144,759)	$ 475,293	$ 2,012	$ 143,185	$ 614,829	$ (139,974)	$ (144,759)	$ 475,293
Net income	—	—	31,967	—	—	31,967	—	—	48,252	—	—	48,252
Other comprehensive income (loss)	—	—	—	(1,276)	—	(1,276)	—	—	—	(36,064)	—	(36,064)
Omnibus Equity Incentive Plan	1	447	—	—	—	448	2	670	—	—	—	672
Treasury shares purchased (91,207 shares)	—	—	—	—	(3,073)	(3,073)						
Treasury shares purchased (319,664 shares)							—	—	—	—	(11,514)	(11,514)
Cash dividends, $.54 per share	—	—	(6,471)	—	—	(6,471)	—	—	(6,471)	—	—	(6,471)
Balance, June 30, 2023	$ 2,013	$ 143,632	$ 640,325	$ (141,250)	$ (147,832)	$ 496,888						
Balance, September 30, 2023							$ 2,014	$ 143,855	$ 656,610	$ (176,038)	$ (156,273)	$ 470,168
Balance, January 1, 2024	$ 2,014	$ 144,152	$ 663,726	$ (127,087)	$ (154,829)	$ 527,976	$ 2,014	$ 144,152	$ 663,726	$ (127,087)	$ (154,829)	$ 527,976
Cumulative change in accounting principle ASU 2023-02	—	—	(1,659)	—	—	(1,659)	—	—	(1,659)	—	—	(1,659)
Net income	—	—	22,293	—	—	22,293	—	—	31,034	—	—	31,034
Other comprehensive income (loss)	—	—	—	(7,414)	—	(7,414)	—	—	—	24,287	—	24,287
Omnibus Equity Incentive Plan	2	480	—	—	—	482	2	633	—	—	—	635
Treasury shares purchased (8,734 shares)	—	—	—	—	(376)	(376)	—	—	—	—	(376)	(376)
Cash dividends, $.90 per share	—	—	(10,632)	—	—	(10,632)	—	—	(15,946)	—	—	(15,946)
Balance, June 30, 2024	$ 2,016	$ 144,632	$ 673,728	$ (134,501)	$ (155,205)	$ 530,670						

Balance, September 30, 2024	$ 2,016	$ 144,785	$ 677,155	$ (102,800)	$ (155,205)	$ 565,951

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FIRST FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands, except per share data)

	Six Months Ended June 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 22,293	$ 31,967
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization (accretion) of premiums and discounts on investments	2,411	2,550
Provision for credit losses	4,766	3,600
Depreciation and amortization	3,308	3,250
Restricted stock compensation	482	448
Gain on sale of mortgage loans	(475)	(490)
(Gain) Loss on sale of other real estate	(62)	14
Other, net	(11,510)	(3,613)
NET CASH FROM OPERATING ACTIVITIES	21,213	37,726
CASH FLOWS FROM INVESTING ACTIVITIES:		
Calls, maturities and principal reductions on securities available-for-sale	50,182	56,322
Purchases of securities available-for-sale	(8,615)	(29,653)
Loans made to customers, net of repayment	(42,002)	(69,656)
Net change in federal funds sold	(23,718)	9,011
Purchase of restricted stock	(14)	(13)
Proceeds from sales of other real estate owned	268	217
Additions to premises and equipment	(1,302)	(3,595)
NET CASH FROM INVESTING ACTIVITIES	(25,201)	(37,367)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	42,308	(305,309)
Net change in short-term borrowings	(29,010)	57,984
Dividends paid	(10,620)	(15,383)
Purchase of treasury stock	(376)	(3,073)
Proceeds from other borrowings	1,150,000	680,000
Maturities of other borrowings	(1,150,000)	(555,000)

NET CASH FROM FINANCING ACTIVITIES	2,302	(140,781)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,686)	(140,422)
CASH AND DUE FROM BANKS, BEGINNING OF PERIOD	76,759	222,517
CASH AND DUE FROM BANKS, END OF PERIOD	$ 75,073	$ 82,095

	Nine Months Ended September 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 31,034	$ 48,252
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization (accretion) of premiums and discounts on investments	3,489	3,817
Provision for credit losses	14,166	4,800
Securities (gains)/losses	(104)	—
Depreciation and amortization	6,617	4,903
Restricted stock compensation	635	672
Gain on sale of mortgage loans	(886)	(811)
(Gain) Loss on sale of other real estate	(60)	26
Other, net	(10,376)	4,534
NET CASH FROM OPERATING ACTIVITIES	44,515	66,193
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available-for-sale	50,662	—
Calls, maturities and principal reductions on securities available-for-sale	82,204	83,640
Purchases of securities available-for-sale	(40,096)	(29,650)
Loans made to customers, net of repayment	(85,682)	(54,314)
Net change in federal funds sold	(1,074)	8,686
Redemption of restricted stock	745	—
Purchase of restricted stock	(21)	(20)
Cash received (disbursed) from acquisitions, net	28,152	—
Proceeds from sales of other real estate owned	316	270
Additions to premises and equipment	(5,070)	(5,282)
NET CASH FROM INVESTING ACTIVITIES	30,136	3,330
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	4,947	(327,334)
Net change in short-term borrowings	17,142	61,859
Dividends paid	(15,934)	(15,383)
Purchase of treasury stock	(376)	(11,514)
Proceeds from other borrowings	1,525,000	1,430,000
Maturities of other borrowings	(1,604,877)	(1,355,000)
NET CASH FROM FINANCING ACTIVITIES	(74,098)	(217,372)
NET CHANGE IN CASH AND CASH EQUIVALENTS	553	(147,849)
CASH AND DUE FROM BANKS, BEGINNING OF PERIOD	76,759	222,517
CASH AND DUE FROM BANKS, END OF PERIOD	$ 77,312	$ 74,668

See accompanying notes.

FIRST FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Significant Accounting Policies

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

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

On July 1, 2024, the Corporation completed its acquisition of SimplyBank. Therefore, the results of SimplyBank have been included in the results of operations beginning on July 1, 2024. See footnote 12, Acquisitions, for more information.

2. New accounting standards

Accounting Pronouncements Adopted:

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

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

Recent Accounting Pronouncements:

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

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retrospectively to all periods presented in the financial statements. The Corporation is assessing ASU 2023-07 and its effect on its consolidated financial statements and related disclosures.

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

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3. Allowance for Credit Losses

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

Allowance for Credit Losses:	June 30, 2024					September 30, 2024				
(Dollar amounts in thousands)	Commercial	Residential	Consumer	Unallocated	Total	Commercial	Residential	Consumer	Unallocated	Total
Beginning balance	$ 13,579	$ 14,233	$ 11,919	$ 314	$ 40,045	$ 12,015	$ 14,324	$11,986	$ 9	$38,334
PCD ACL on acquired loans						3,006	—	—	—	3,006
Provision for credit losses	1,811	93	1,367	(305)	2,966	4,246	2,766	2,113	275	9,400
Loans charged-off	(3,548)	(42)	(2,501)	—	(6,091)	(3,800)	(58)	(3,078)	—	(6,936)
Recoveries	173	40	1,201	—	1,414	1,197	93	1,075	—	2,365
Ending Balance	$ 12,015	$ 14,324	$ 11,986	$ 9	$ 38,334	$ 16,664	$ 17,125	$12,096	$ 284	$46,169

Allowance for Credit Losses:	June 30, 2023					September 30, 2023				
(Dollar amounts in thousands)	Commercial	Residential	Consumer	Unallocated	Total	Commercial	Residential	Consumer	Unallocated	Total
Beginning balance	$ 12,790	$ 15,059	$ 11,513	$ 258	$ 39,620	$ 12,450	$ 15,268	$11,653	$ 536	$ 39,907
Provision for credit losses	(377)	166	1,733	278	1,800	(199)	(747)	2,303	(157)	1,200
Loans charged-off	(209)	(63)	(3,271)	—	(3,543)	(187)	(50)	(3,364)	—	(3,601)
Recoveries	246	106	1,678	—	2,030	177	67	1,284	—	1,528
Ending Balance	$ 12,450	$ 15,268	$ 11,653	$ 536	$ 39,907	$ 12,241	$ 14,538	$11,876	$ 379	$ 39,034

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

Allowance for Credit Losses: (Dollar amounts in thousands)	June 30, 2024 Commercial	Residential	Consumer	Unallocated	Total	September 30, 2024 Commercial	Residential	Consumer	Unallocated	Total
Beginning balance	$ 13,264	$ 14,327	$ 11,797	$ 379	$ 39,767	$ 13,264	$ 14,327	$11,797	$ 379	$ 39,767
PCD ACL on acquired loans						3,006	—	—	—	3,006
Provision for credit losses	2,082	(80)	3,134	(370)	4,766	6,328	2,686	5,247	(95)	14,166
Loans charged -off	(3,779)	(56)	(5,448)	—	(9,283)	(7,579)	(114)	(8,526)	—	(16,219)
Recoveries	448	133	2,503	—	3,084	1,645	226	3,578	—	5,449
Ending Balance	$ 12,015	$ 14,324	$ 11,986	$ 9	$ 38,334	$ 16,664	$ 17,125	$12,096	$ 284	$ 46,169

Allowance for Credit Losses: (Dollar amounts in thousands)	June 30, 2023 Commercial	Residential	Consumer	Unallocated	Total	September 30, 2023 Commercial	Residential	Consumer	Unallocated	Total
Beginning balance	$ 12,949	$ 14,568	$ 12,104	$ 158	$ 39,779	$ 12,949	$ 14,568	$ 12,104	$ 158	$ 39,779
Provision for credit losses	(431)	666	2,987	378	3,600	(630)	(81)	5,290	221	4,800
Loans charged -off	(515)	(142)	(7,262)	—	(7,919)	(702)	(192)	(10,626)	—	(11,520)
Recoveries	447	176	3,824	—	4,447	624	243	5,108	—	5,975
Ending Balance	$ 12,450	$ 15,268	$ 11,653	$ 536	$ 39,907	$ 12,241	$ 14,538	$ 11,876	$ 379	$ 39,034

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

(Dollar amounts in thousands)	June 30, 2024 Loans Past Due Over 90 Days Still Accruing	Nonaccrual	Nonaccrual With No Allowance For Credit Loss	September 30, 2024 Loans Past Due Over 90 Days Still Accruing	Nonaccrual	Nonaccrual With No Allowance For Credit Loss
Commercial						
Commercial & Industrial	$ 303	$ 6,072	$ 34	$ 41	$ 2,771	$ 555
Farmland	—	1,218	1,201	—	1,066	806
Non Farm, Non Residential	112	907	476	—	1,615	994
Agriculture	—	934	893	—	736	714
All Other Commercial	—	996	980	—	1,240	956
Residential						
First Liens	567	963	32	893	1,404	446
Home Equity	136	111	—	361	125	—
Junior Liens	262	74	—	175	89	27
Multifamily	—	426	373	85	436	367
All Other Residential	—	407	348	—	470	348
Consumer						
Motor Vehicle	—	2,218	—	—	2,403	—
All Other Consumer	—	237	—	3	262	—
TOTAL	$ 1,380	$ 14,563	$ 4,337	$ 1,558	$ 12,617	$ 5,213

(Dollar amounts in thousands)	December 31, 2023 Loans Past Due Over 90 Days Still Accruing	Nonaccrual	Nonaccrual With No Allowance For Credit Loss
Commercial			
Commercial & Industrial	$ 5	$ 13,971	$ 860
Farmland	—	1,221	1,201
Non Farm, Non Residential	—	995	1,011
Agriculture	—	1,147	1,103
All Other Commercial	—	1,046	1,027
Residential			
First Liens	620	960	—
Home Equity	32	68	—
Junior Liens	239	67	—
Multifamily	47	543	373
All Other Residential	—	427	—
Consumer			
Motor Vehicle	45	2,933	—
All Other Consumer	—	218	—
TOTAL	$ 988	$ 23,596	$ 5,575

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

	June 30, 2024		September 30, 2024	
	Collateral Type		Collateral Type	
(Dollar amounts in thousands)	Real Estate	Other	Real Estate	Other
Commercial				
Commercial & Industrial	$ 598	$ 5,117	$ 597	$7,111
Farmland	1,620	—	1,224	—
Non Farm, Non Residential	3,759	—	4,345	—
Agriculture	—	893	—	714
All Other Commercial	980	—	1,161	—
Residential				
First Liens	32	—	616	—
Home Equity	—	—	—	—
Junior Liens	—	—	27	—
Multifamily	373	—	367	—
All Other Residential	348	—	414	—
Consumer				
Motor Vehicle	—	—	—	—
All Other Consumer	—	—	—	—
Total	$ 7,710	$ 6,010	$ 8,751	$7,825

(Dollar amounts in thousands)	December 31, 2023 Collateral Type Real Estate	Other
Commercial		
Commercial & Industrial	$ 1,454	$ 12,056
Farmland	1,633	—
Non Farm, Non Residential	3,919	—
Agriculture	49	1,054
All Other Commercial	1,027	—
Residential		
First Liens	32	—
Home Equity	—	—
Junior Liens	—	—
Multifamily	373	—
All Other Residential	349	—
Consumer		
Motor Vehicle	—	—
All Other Consumer	—	—
Total	$ 8,836	$ 13,110

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

(Dollar amounts in thousands)	June 30, 2024 30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total	September 30, 2024 30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total
Commercial												
Commercial & Industrial	$ 616	$ 1,273	$ 1,844	$ 3,733	$ 532,154	$ 535,887	$ 633	$ 902	$ 1,553	$ 3,088	$ 592,702	$ 595,790
Farmland	362	—	1,202	1,564	128,966	130,530	549	34	806	1,389	132,243	133,632
Non Farm, Non Residential	—	304	114	418	538,947	539,365	1,193	—	162	1,355	753,333	754,688
Agriculture	262	—	930	1,192	128,050	129,242	—	304	733	1,037	131,616	132,653
All Other Commercial	14	—	—	14	459,116	459,130	83	—	190	273	508,500	508,773
Residential												
First Liens	678	921	876	2,475	362,596	365,071	2,297	682	1,529	4,508	442,827	447,335
Home Equity	314	389	220	923	66,824	67,747	831	414	459	1,704	84,715	86,419
Junior Liens	384	60	283	727	59,041	59,768	224	154	251	629	61,778	62,407
Multifamily	—	166	373	539	236,145	236,684	233	290	85	608	284,492	285,100
All Other Residential	—	211	377	588	20,859	21,447	—	45	426	471	45,756	46,227
Consumer												

Motor Vehicle	9,561	1,312	590	11,463	626,746	638,209	7,635	1,126	891	9,652	632,007	641,659
All Other Consumer	442	103	67	612	30,445	31,057	431	122	101	654	31,966	32,620
TOTAL	$ 12,633	$ 4,739	$ 6,876	$24,248	$3,189,889	$3,214,137	$ 14,109	$ 4,073	$ 7,186	$25,368	$3,701,935	$3,727,303

	December 31, 2023					
(Dollar amounts in thousands)	**30-59 Days Past Due**	**60-89 Days Past Due**	**90 Days and Greater Past Due**	**Total Past Due**	**Current**	**Total**
Commercial						
Commercial & Industrial	$ 668	$ 488	$ 1,136	$ 2,292	$ 649,801	$ 652,093
Farmland	58	—	1,201	1,259	132,147	133,406
Non Farm, Non Residential	—	—	—	—	439,009	439,009
Agriculture	—	—	1,141	1,141	139,900	141,041
All Other Commercial	—	—	—	—	464,776	464,776
Residential						
First Liens	2,841	816	924	4,581	354,711	359,292
Home Equity	360	188	71	619	65,191	65,810
Junior Liens	462	124	262	848	57,985	58,833
Multifamily	117	140	373	630	191,104	191,734
All Other Residential	554	—	47	601	21,961	22,562
Consumer						
Motor Vehicle	12,491	1,754	761	15,006	602,442	617,448
All Other Consumer	397	102	13	512	31,857	32,369
TOTAL	$ 17,948	$ 3,612	$ 5,929	$ 27,489	$ 3,150,884	$ 3,178,373

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Loan Modifications Made to Borrowers Experiencing Financial Difficulty:

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

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

(Dollar amounts in thousands)	**Principal Forgiveness**	**Payment Delay**	**Term Extension**	**Interest Rate Reduction**	**Combination Term Extension and Principal Forgiveness**	**Combination Term Extension Interest Rate Reduction**	**Total Class of Financing Receivable**	**Principal Forgiveness**	**Payment Delay**	**Term Extension**	**Interest Rate Reduction**	**Combination Term Extension and Principal Forgiveness**	**Combina Term Extensi Interest R Reductio**

Residential													
First Liens	$ —	$ —	$ —	$ —	$ —	$ 25	0.01 %	$ —	$ —	$ —	$ —	$ —	$
Junior Liens	—	—	28	—	—	—	0.05 %	—	—	27	64	—	
Multifamily								—	—	—	—	—	3
Consumer													
Motor Vehicle	27	—	293	27	110	107	0.09 %	26	—	248	26	98	
TOTAL	$ 27	$ —	$ 321	$ 27	$ 110	$ 132	0.02 %	$ 26	$ —	$ 275	$ 90	$ 98	$ 4

The Corporation has no commitments to lend additional amounts to the borrowers included in the table above.

The Corporation closely monitors the performance of loans and leases that have been modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such All loans and leases that have been modified during the twelve months ended September 30, 2024 are in the last twelve months:

	June 30, 2024			
(Dollar amounts in thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due
Consumer				
Motor Vehicle	$ 2	$ 19	$ 7	$ 28
TOTAL	$ 2	$ 19	$ 7	$ 28

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

(Dollar amounts in thousands)	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension
Residential			
First Liens	$ —	2.75 %	24
Junior Liens	—	—	36
Consumer			
Motor Vehicle	56	2.89 %	21
TOTAL	$ 56	2.87 %	22

(Dollar amounts in thousands)	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension
Residential			
Junior Liens	$ —	1.38 %	36
Multifamily	—	1.25 %	276
Consumer			
Motor Vehicle	57	3.05 %	21
TOTAL	$ 57	1.66 %	142

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The following table presents the amortized cost basis of loans that had a payment default during the twelve months ended June 30, 2024 September 30, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty.

(Dollar amounts in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction
Consumer								
Motor Vehicle	$ —	$	$ 28	$ —	$ —	$	$ 7	$ —
TOTAL	$ —	$ —	$ 28	$ —	$ —	$ —	$ 7	$ —

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

Credit Quality Indicators:

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

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

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

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

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

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

	June 30, 2024		September 30, 2024	
	Term Loans at Amortized Cost Basis by Origination Year	Revolving	Term Loans at Amortized Cost Basis by Origination Year	Revolving

		2024	2023	2022	2021	2020	Prior	Loans	Total
Commercial									
Commercial and Industrial	Pass	$ 52,615	$ 39,032	$114,470	$ 73,432	$ 36,682	$ 98,079	$ 72,107	$ 486,417
	Special Mention	—	8,175	715	9,749	3,318	1,375	2,593	$ 25,925
	Substandard	3,615	707	1,700	4,140	132	7,048	—	$ 17,342
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	863	1,131	993	531	278	125	—	$ 3,921
	Subtotal	$ 57,093	$ 49,045	$117,878	$ 87,852	$ 40,410	$106,627	$ 74,700	$ 533,605
	Current period gross charge-offs	$ -	$ -	$ 105	$ 3,264	$ 10	$ 48	$ -	$ 3,427
Farmland	Pass	$ 7,978	$ 20,439	$ 15,613	$ 19,574	$ 7,747	$ 54,037	$ 224	$ 125,612
	Special Mention	—	—	—	—	—	1,047	—	$ 1,047
	Substandard	—	—	—	—	40	1,710	—	$ 1,750
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	—	—	—	—	14	—	$ 14
	Subtotal	$ 7,978	$ 20,439	$ 15,613	$ 19,574	$ 7,787	$ 56,808	$ 224	$ 128,423
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Non Farm, Non Residential	Pass	$ 50,043	$ 79,663	$135,958	$ 98,953	$ 22,032	$135,940	$ 4,755	$ 527,344
	Special Mention	—	—	700	975	—	827	—	$ 2,502
	Substandard	662	55	184	—	—	6,248	—	$ 7,149
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	—	—	—	668	64	—	$ 732
	Subtotal	$ 50,705	$ 79,718	$136,842	$ 99,928	$ 22,700	$143,079	$ 4,755	$ 537,727
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Agriculture	Pass	$ 4,811	$ 8,730	$ 10,061	$ 5,669	$ 5,391	$ 25,472	$ 62,249	$ 122,383
	Special Mention	—	—	84	—	5	599	2,640	$ 3,328
	Substandard	—	—	53	—	—	903	—	$ 956
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	11	—	34	26	29	4	—	$ 104
	Subtotal	$ 4,822	$ 8,730	$ 10,232	$ 5,695	$ 5,425	$ 26,978	$ 64,889	$ 126,771
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Other Commercial	Pass	$ 15,398	$ 32,721	$103,023	$ 92,936	$ 92,515	$108,130	$ 9,160	$ 453,883
	Special Mention	—	—	—	—	—	795	—	$ 795
	Substandard	—	—	980	14	—	—	—	$ 994
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	—	10	—	—	438	—	$ 448
	Subtotal	$ 15,398	$ 32,721	$104,013	$ 92,950	$ 92,515	$109,363	$ 9,160	$ 456,120
	Current period gross charge-offs	$ 252	$ 100	$ -	$ -	$ -	$ -	$ -	$ 352

		2024	2023	2022	2021	2020	Prior	Loans	
Commercial and Industrial	Pass	$ 72,582	$ 39,119	$138,029	$ 78,560	$ 36,878	$100,287	$ 83,865	$
	Special Mention	—	92	606	9,622	3,268	895	93	$
	Substandard	3,214	8,135	732	1,514	130	6,892	5,368	$
	Doubtful	—	—	—	—	—	—	—	$
	Not Rated	1,056	1,047	831	458	217	85	—	$
	Subtotal	$ 76,852	$ 48,393	$140,198	$ 90,154	$ 40,493	$108,159	$ 89,326	$
	Current period gross charge-offs	$ -	$ -	$ 1,982	$ 4,716	$ 54	$ 48	$ -	$
Farmland	Pass	$ 9,196	$ 20,060	$ 15,688	$ 20,659	$ 7,842	$ 53,995	$ 486	$
	Special Mention	—	—	—	—	—	1,007	—	$
	Substandard	—	—	36	246	40	1,512	—	$
	Doubtful	—	—	—	—	—	—	—	$
	Not Rated	—	—	—	—	—	14	—	$
	Subtotal	$ 9,196	$ 20,060	$ 15,724	$ 20,905	$ 7,882	$ 56,528	$ 486	$
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
Non Farm, Non Residential	Pass	$ 72,876	$ 85,192	$164,821	$183,541	$ 41,400	$173,560	$ 19,247	$
	Special Mention	—	—	684	964	—	820	—	$
	Substandard	654	52	179	2,770	104	5,031	—	$
	Doubtful	—	—	—	—	—	—	—	$
	Not Rated	—	—	—	—	663	63	—	$
	Subtotal	$ 73,530	$ 85,244	$165,684	$187,275	$ 42,167	$179,474	$ 19,247	$
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
Agriculture	Pass	$ 7,190	$ 8,475	$ 9,801	$ 5,482	$ 5,107	$ 25,304	$ 64,219	$
	Special Mention	—	—	84	—	5	506	2,395	$
	Substandard	—	—	—	—	—	742	—	$
	Doubtful	—	—	—	—	—	—	—	$
	Not Rated	13	—	30	24	17	4	—	$
	Subtotal	$ 7,203	$ 8,475	$ 9,915	$ 5,506	$ 5,129	$ 26,556	$ 66,614	$
	Current period gross charge-offs	$ -	$ -	$ 53	$ -	$ -	$ -	$ -	$
Other Commercial	Pass	$ 28,973	$ 49,417	$104,025	$110,152	$ 94,226	$106,102	$ 10,959	$
	Special Mention	—	—	—	—	—	777	—	$
	Substandard	—	—	956	11	25	270	—	$
	Doubtful	—	—	—	—	—	—	—	$
	Not Rated	—	—	29	—	11	430	—	$
	Subtotal	$ 28,973	$ 49,417	$105,010	$110,163	$ 94,262	$107,579	$ 10,959	$
	Current period gross charge-offs	$ 626	$ 100	$ -	$ -	$ -	$ -	$ -	$

Residential									
Multifamily									
>5									
Residential	Pass	$ 22,380	$ 53,605	$ 70,093	$ 31,496	$ 22,217	$ 26,399	$ 458	$ 226,648
	Special Mention	—	—	232	—	350	6,397	—	$ 6,979
	Substandard	—	—	—	—	—	373	—	$ 373
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	—	—	1,090	—	680	—	$ 1,770
	Subtotal	$ 22,380	$ 53,605	$ 70,325	$ 32,586	$ 22,567	$ 33,849	$ 458	$ 235,770
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Total	Pass	$153,225	$234,190	$449,218	$322,060	$186,584	$448,057	$ 148,953	$1,942,287
	Special Mention	—	8,175	1,731	10,724	3,673	11,040	5,233	$ 40,576
	Substandard	4,277	762	2,917	4,154	172	16,282	—	$ 28,564
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	874	1,131	1,037	1,647	975	1,325	—	$ 6,989
		$158,376	$244,258	$454,903	$338,585	$191,404	$476,704	$ 154,186	$2,018,416

Residential Multifamily >5 Residential	Pass	$ 23,934	$ 65,706	$ 63,063	$ 56,596	$ 23,180	$ 27,783	$ 2,110	$
	Special Mention	—	—	12,882	—	346	6,329	—	$
	Substandard	—	—	—	—	—	367	—	$
	Doubtful	—	—	—	—	—	—	—	$
	Not Rated	—	—	—	1,085	—	688	—	$
	Subtotal	$ 23,934	$ 65,706	$ 75,945	$ 57,681	$ 23,526	$ 35,167	$ 2,110	$
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
Total	Pass	$214,751	$267,969	$495,427	$454,990	$208,633	$487,031	$ 180,886	$2
	Special Mention	—	92	14,256	10,586	3,619	10,334	2,488	$
	Substandard	3,868	8,187	1,903	4,541	299	14,814	5,368	$
	Doubtful	—	—	—	—	—	—	—	$
	Not Rated	1,069	1,047	890	1,567	908	1,284	—	$
		$219,688	$277,295	$512,476	$471,684	$213,459	$513,463	$ 188,742	$2

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		December 31, 2023							
		Term Loans at Amortized Cost Basis by Origination Year						Revolving	
		2023	2022	2021	2020	2019	Prior	Loans	Total
Commercial									
Commercial and Industrial	Pass	$ 80,873	$ 131,522	$ 112,811	$ 47,445	$ 44,257	$ 100,872	$ 81,551	$ 599,331
	Special Mention	6	221	10,025	3,442	323	866	2,715	$ 17,598
	Substandard	3,620	4,734	1,842	981	1,789	5,354	7,932	$ 26,252
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	3,476	1,352	847	431	144	93	—	$ 6,343
	Subtotal	$ 87,975	$ 137,829	$ 125,525	$ 52,299	$ 46,513	$ 107,185	$ 92,198	$ 649,524
	Current period gross charge-offs	$ 8	$ 72	$ 40	$ 78	$ 24	$ 49	$ -	$ 271
Farmland	Pass	$ 21,232	$ 16,025	$ 20,794	$ 8,310	$ 8,790	$ 52,357	$ 287	$ 127,795
	Special Mention	—	—	4	—	363	710	—	$ 1,077
	Substandard	—	—	—	41	309	1,370	—	$ 1,720
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	—	—	—	—	14	—	$ 14
	Subtotal	$ 21,232	$ 16,025	$ 20,798	$ 8,351	$ 9,462	$ 54,451	$ 287	$ 130,606
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Non Farm, Non Residential	Pass	$ 73,740	$ 123,319	$ 69,477	$ 23,965	$ 22,550	$ 106,752	$ 7,606	$ 427,409
	Special Mention	—	732	995	—	845	—	—	$ 2,572

	Substandard	102	—	—	—	479	6,356	—	$ 6,937
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	—	—	678	—	65	—	$ 743
	Subtotal	$ 73,842	$ 124,051	$ 70,472	$ 24,643	$ 23,874	$ 113,173	$ 7,606	$ 437,661
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Agriculture	Pass	$ 10,764	$ 11,299	$ 6,614	$ 6,118	$ 7,443	$ 25,678	$ 64,476	$ 132,392
	Special Mention	—	86	—	8	—	605	3,618	$ 4,317
	Substandard	—	55	—	—	50	1,067	—	$ 1,172
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	51	31	35	24	—	—	$ 141
	Subtotal	$ 10,764	$ 11,491	$ 6,645	$ 6,161	$ 7,517	$ 27,350	$ 68,094	$ 138,022
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Other Commercial	Pass	$ 27,401	$ 105,046	$ 104,307	$ 94,029	$ 4,774	$ 112,159	$ 9,177	$ 456,893
	Special Mention	—	—	—	2,478	—	830	—	$ 3,308
	Substandard	—	1,027	16	—	—	—	—	$ 1,043
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	12	—	—	—	457	—	$ 469
	Subtotal	$ 27,401	$ 106,085	$ 104,323	$ 96,507	$ 4,774	$ 113,446	$ 9,177	$ 461,713
	Current period gross charge-offs	$ 675	$ -	$ -	$ -	$ 20	$ -	$ -	$ 695
Residential									
Multifamily >5 Residential	Pass	$ 34,551	$ 62,845	$ 32,273	$ 22,590	$ 6,397	$ 23,215	$ 382	$ 182,253
	Special Mention	—	—	—	357	—	6,571	—	$ 6,928
	Substandard	—	—	—	—	—	373	—	$ 373
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	—	—	1,102	—	—	251	—	$ 1,353
	Subtotal	$ 34,551	$ 62,845	$ 33,375	$ 22,947	$ 6,397	$ 30,410	$ 382	$ 190,907
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Total	Pass	$ 248,561	$ 450,056	$ 346,276	$ 202,457	$ 94,211	$ 421,033	$ 163,479	$ 1,926,073
	Special Mention	6	1,039	11,024	6,285	1,531	9,582	6,333	$ 35,800
	Substandard	3,722	5,816	1,858	1,022	2,627	14,520	7,932	$ 37,497
	Doubtful	—	—	—	—	—	—	—	$ —
	Not Rated	3,476	1,415	1,980	1,144	168	880	—	$ 9,063
		$ 255,765	$ 458,326	$ 361,138	$ 210,908	$ 98,537	$ 446,015	$ 177,744	$ 2,008,433

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

		June 30, 2024										
		Term Loans at Amortized Cost Basis by Origination Year						Revolving Loans	Total		Term Loans at Amo	
		2024	2023	2022	2021	2020	Prior				2024	2023
Residential												
First Liens	Performing	$ 24,841	$ 47,700	$ 68,600	$ 61,857	$34,392	$124,100	$ 671	$ 362,161	Performing	$ 46,141	$ 51,929
	Non-performing	—	—	—	408	64	1,182	—	$ 1,654	Non-performing	—	—
	Subtotal	$ 24,841	$ 47,700	$ 68,600	$ 62,265	$34,456	$125,282	$ 671	$ 363,815	Subtotal	$ 46,141	$ 51,929
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ 14	$ -	$ 14	Current period gross charge-offs	$ -	$ -
Home Equity	Performing	$ 174	$ 124	$ 54	$ 29	$ 90	$ 1,333	$ 65,461	$ 67,265	Performing	$ 194	$ 928
	Non-performing	—	—	75	—	16	83	73	$ 247	Non-performing	—	—
	Subtotal	$ 174	$ 124	$ 129	$ 29	$ 106	$ 1,416	$ 65,534	$ 67,512	Subtotal	$ 194	$ 928
	Current period gross charge-offs	$ -	$ -	$ 22	$ -	$ -	$ -	$ 20	$ 42	Current period gross charge-offs	$ -	$ -
Junior Liens	Performing	$ 6,875	$ 13,693	$ 13,889	$ 7,245	$ 5,525	$ 10,532	$ 1,501	$ 59,260	Performing	$ 10,225	$ 13,310
	Non-performing	—	102	—	—	64	166	—	$ 332	Non-performing	—	39
	Subtotal	$ 6,875	$ 13,795	$ 13,889	$ 7,245	$ 5,589	$ 10,698	$ 1,501	$ 59,592	Subtotal	$ 10,225	$ 13,349
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —	Current period gross charge-offs	$ -	$ -
Other Residential	Performing	$ 498	$ 7,385	$ 7,717	$ 2,703	$ 398	$ 1,994	$ 234	$ 20,929	Performing	$ 15,182	$ 15,724
	Non-performing	—	—	—	—	—	425	—	$ 425	Non-performing	—	—
	Subtotal	$ 498	$ 7,385	$ 7,717	$ 2,703	$ 398	$ 2,419	$ 234	$ 21,354	Subtotal	$ 15,182	$ 15,724
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —	Current period gross charge-offs	$ -	$ -
Consumer												
Motor Vehicle	Performing	$137,531	$227,663	$175,727	$ 52,729	$32,161	$ 7,238	$ 12	$ 633,061	Performing	$198,130	$206,446
	Non-performing	4	408	894	349	413	113	—	$ 2,181	Non-performing	52	426
	Subtotal	$137,535	$228,071	$176,621	$ 53,078	$32,574	$ 7,351	$ 12	$ 635,242	Subtotal	$198,182	$206,872
	Current period gross charge-offs	$ 49	$ 1,369	$ 2,408	$ 987	$ 354	$ 57	$ -	$ 5,224	Current period gross charge-offs	$ 295	$ 2,122
Other Consumer	Performing	$ 6,148	$ 9,019	$ 4,822	$ 2,729	$ 1,680	$ 824	$ 5,395	$ 30,617	Performing	$ 9,802	$ 8,204
	Non-performing	—	64	36	102	26	5	39	$ 272	Non-performing	20	84
	Subtotal	$ 6,148	$ 9,083	$ 4,858	$ 2,831	$ 1,706	$ 829	$ 5,434	$ 30,889	Subtotal	$ 9,822	$ 8,288
	Current period gross charge-offs	$ -	$ 62	$ 57	$ 5	$ 7	$ 9	$ 84	$ 224	Current period gross charge-offs	$ 16	$ 147
Total	Performing	$176,067	$305,584	$270,809	$127,292	$74,246	$146,021	$ 73,274	$1,173,293	Performing	$279,674	$296,541
	Non-performing	4	574	1,005	859	583	1,974	112	$ 5,111	Non-performing	72	549

Total other loans	$176,071	$306,158	$271,814	$128,151	$74,829	$147,995	$ 73,386	$1,178,404	$279,746	$297,090	$

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		December 31, 2023							
		Term Loans at Amortized Cost Basis by Origination Year						Revolving	
		2023	2022	2021	2020	2019	Prior	Loans	Total
Residential									
First Liens	Performing	$ 49,146	$ 70,952	$ 65,232	$ 36,751	$ 15,185	$ 118,087	$ 1,066	$ 356,419
	Non-performing	—	121	—	65	57	1,504	—	$ 1,747
	Subtotal	$ 49,146	$ 71,073	$ 65,232	$ 36,816	$ 15,242	$ 119,591	$ 1,066	$ 358,166
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ 167	$ -	$ 167
Home Equity	Performing	$ 61	$ 68	$ —	$ 7	$ 378	$ 866	$ 64,102	$ 65,482
	Non-performing	—	22	—	17	—	60	—	$ 99
	Subtotal	$ 61	$ 90	$ —	$ 24	$ 378	$ 926	$ 64,102	$ 65,581
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ —
Junior Liens	Performing	$ 15,050	$ 15,431	$ 8,248	$ 5,557	$ 4,280	$ 8,094	$ 1,698	$ 58,358
	Non-performing	—	53	45	104	—	103	—	$ 305
	Subtotal	$ 15,050	$ 15,484	$ 8,293	$ 5,661	$ 4,280	$ 8,197	$ 1,698	$ 58,663
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ 24	$ 24	$ -	$ 48
Other Residential	Performing	$ 6,432	$ 9,477	$ 3,100	$ 421	$ 641	$ 1,511	$ 415	$ 21,997
	Non-performing	—	—	46	—	390	38	—	$ 474
	Subtotal	$ 6,432	$ 9,477	$ 3,146	$ 421	$ 1,031	$ 1,549	$ 415	$ 22,471
	Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ 1	$ -	$ 1
Consumer									
Motor Vehicle	Performing	$ 264,933	$ 215,125	$ 70,926	$ 46,939	$ 12,038	$ 2,177	$ —	$ 612,138
	Non-performing	232	973	520	532	134	30	—	$ 2,421
	Subtotal	$ 265,165	$ 216,098	$ 71,446	$ 47,471	$ 12,172	$ 2,207	$ —	$ 614,559
	Current period gross charge-offs	$ 841	$ 7,722	$ 3,101	$ 1,448	$ 499	$ 174	$ -	$ 13,785
Other Consumer	Performing	$ 12,561	$ 6,895	$ 3,778	$ 2,189	$ 659	$ 692	$ 5,203	$ 31,977
	Non-performing	—	20	145	39	17	—	1	$ 222
	Subtotal	$ 12,561	$ 6,915	$ 3,923	$ 2,228	$ 676	$ 692	$ 5,204	$ 32,199
	Current period gross charge-offs	$ 61	$ 213	$ 61	$ 37	$ 3	$ 5	$ 149	$ 529

Total	Performing	$ 348,183	$ 317,948	$ 151,284	$ 91,864	$ 33,181	$ 131,427	$ 72,484	$ 1,146,371
	Non-performing	232	1,189	756	757	598	1,735	1	$ 5,268
Total other loans		$ 348,415	$ 319,137	$ 152,040	$ 92,621	$ 33,779	$ 133,162	$ 72,485	$ 1,151,639

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4. Securities

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

	June 30, 2024				September 30, 2024			
(Dollar amounts in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government agencies	$ 98,999	$ 7	$ (12,076)	$ 86,930	$ 94,500	$ 59	$ (8,828)	$ 85,731
Mortgage Backed Securities - residential	630,097	85	(86,427)	543,755	648,034	1,226	(65,958)	583,302
Mortgage Backed Securities - commercial	7,843	—	(399)	7,444	16,246	203	(201)	16,248
Collateralized mortgage obligations	199,245	9	(28,946)	170,308	195,631	77	(22,306)	173,402
State and municipal obligations	392,250	347	(32,760)	359,837	397,643	1,257	(26,061)	372,839
Municipal taxable	39,616	1	(5,499)	34,118	41,166	111	(4,155)	37,122
U.S. Treasury	470	—	(3)	467	473	—	(1)	472
Collateralized debt obligations	—	2,892	—	2,892	—	2,876	—	2,876
TOTAL	$ 1,368,520	$ 3,341	$ (166,110)	$ 1,205,751	$1,393,693	$ 5,809	$(127,510)	$1,271,992

	December 31, 2023			
(Dollar amounts in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government agencies	$ 102,978	$ 4	$ (11,542)	$ 91,440
Mortgage Backed Securities-residential	653,507	53	(83,675)	569,885
Mortgage Backed Securities-commercial	7,919	—	(436)	7,483
Collateralized mortgage obligations	209,398	6	(28,575)	180,829
State and municipal obligations	397,413	1,407	(28,009)	370,811
Municipal taxable	39,872	12	(5,599)	34,285
U.S. Treasury	1,411	—	(9)	1,402
Collateralized debt obligations	—	3,002	—	3,002
TOTAL	$ 1,412,498	$ 4,484	$ (157,845)	$ 1,259,137

Contractual maturities of debt securities at June 30, 2024 September 30, 2024 were as follows.

	Available-for-Sale		Available-for-Sale	
(Dollar amounts in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 8,545	$ 8,472	$ 7,469	$ 7,394
Due after one but within five years	44,994	43,141	46,959	45,931
Due after five but within ten years	108,667	104,810	114,073	112,550

Due after ten years	369,129	327,821	365,281	333,165
	531,335	484,244	533,782	499,040
Mortgage-backed securities and collateralized mortgage obligations	837,185	721,507	859,911	772,952
TOTAL	$ 1,368,520	$ 1,205,751	$1,393,693	$1,271,992

For the three and nine months ended September 30, 2024, there were $132 thousand and $133 thousand in gross gains and $29 thousand in gross losses for both periods. There were no gross gains and losses from investment sales/calls realized by the Corporation for the three and six nine months ended June 30, 2024, and June 30, 2023 September 30, 2023.

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

	June 30, 2024						September 30, 2024					
	Less Than 12 Months		More Than 12 Months		Total		Less Than 12 Months		More Than 12 Months		Total	
(Dollar amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agencies	$ —	$ —	$ 86,212	$ (12,076)	$ 86,212	$ (12,076)	$ 91	$ (9)	$ 81,452	$ (8,819)	$ 81,543	$ (8,828)
Mortgage Backed Securities - Residential	8,455	(69)	526,511	(86,358)	534,966	(86,427)	—	—	518,811	(65,958)	518,811	(65,958)
Mortgage Backed Securities - Commercial	—	—	7,444	(399)	7,444	(399)	1,959	(2)	7,609	(199)	9,568	(201)
Collateralized mortgage obligations	—	—	167,423	(28,946)	167,423	(28,946)	—	—	168,489	(22,306)	168,489	(22,306)
State and municipal obligations	69,381	(531)	246,421	(32,229)	315,802	(32,760)	18,228	(65)	245,087	(25,996)	263,315	(26,061)
Municipal taxable	1,308	(7)	31,809	(5,492)	33,117	(5,499)	—	—	33,143	(4,155)	33,143	(4,155)
U.S. Treasury	468	(3)	—	—	468	(3)	472	(1)	—	—	472	(1)
Total temporarily impaired securities	$79,612	$ (610)	$1,065,820	$(165,500)	$1,145,432	$(166,110)	$20,750	$ (77)	$1,054,591	$(127,433)	$1,075,341	$(127,510)

December 31, 2023					
Less Than 12 Months		More Than 12 Months		Total	
	Unrealized		Unrealized		Unrealized

(Dollar amounts in thousands)	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Government agencies	$ 3,757	$ (73)	$ 87,291	$ (11,469)	$ 91,048	$ (11,542)
Mortgage Backed Securities - Residential	3,810	(41)	556,414	(83,634)	560,224	(83,675)
Mortgage Backed Securities - Commercial	—	—	7,483	(436)	7,483	(436)
Collateralized mortgage obligations	12,981	(303)	164,871	(28,272)	177,852	(28,575)
State and municipal obligations	45,154	(319)	212,022	(27,690)	257,176	(28,009)
Municipal taxable	—	—	31,958	(5,599)	31,958	(5,599)
U.S. Treasury	1,402	(9)	—	—	1,402	(9)
Total temporarily impaired securities	$ 67,104	$ (745)	$ 1,060,039	$ (157,100)	$ 1,127,143	$ (157,845)

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

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

Gross unrealized losses on investment securities were $166.1 million $127.5 million as of June 30, 2024 September 30, 2024 and $157.8 million as of December 31, 2023. Management believes these losses represent negative adjustments to market value relative to the interest rate environment reflecting the increase in market rates and not losses related to the creditworthiness of the issuer. The portfolio contains primarily government agency, agency backed mortgage backed securities ("MBS"), and collateralized mortgage obligations ("CMO"), which are issued by government sponsored enterprises and are backed by the full faith and credit of the United States government. Secondarily, the Corporation invests in municipal securities issued by state and local governments. Of these, almost half are either insured or contain state enhancements. On the remaining, credit is monitored by the investment committee. Based upon our review of the issuers, we do not believe these investments to be other than temporarily impaired. Management does not intend to sell these securities and it is not more likely than not that we will be required to sell them before their anticipated recovery.

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

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

5. Qualified Affordable Housing Project Investments

The Corporation invests in qualified affordable housing projects. The balance of investment for qualified housing projects was $28.9 million $28.0 million at June 30, 2024 September 30, 2024 and $7.8 million at December 31, 2023. See footnote 2, New accounting standards, for the impact of the adoption of ASU 2023-02. These balances are reflected in the other assets line on the consolidated balance sheets. Total unfunded commitments related to the investments in qualified affordable housing projects totaled $20.6 million $19.9 million at June 30, 2024 September 30, 2024. The Corporation expects to fulfill these commitments by the end of December 31, 2037.

The Corporation recognized amortization expense of $211 $232 thousand during the six nine months ended June 30, 2024 September 30, 2024, and $390 $585 thousand during the six nine months ended June 30, 2023 September 30, 2023, which was included within other noninterest expense on the consolidated statements of income. The Corporation recognized amortization expense of $847 thousand $1.7 million during the six nine months ended June 30, 2024 September 30, 2024, which was included within income tax expense on the consolidated statements of income. Additionally, the Corporation recognized tax credits and other benefits from its investment in affordable housing tax credits of $1.6 million $2.4 million during the six nine months ended June 30, 2024 September 30, 2024, and $674 thousand $1.4 million during the six nine months ended June 30, 2023 September 30, 2023.

6. Fair Value

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

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

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

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

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

For those securities that cannot be priced using quoted market prices or observable inputs a Level 3 valuation is determined. These securities are primarily trust preferred securities and investments in state and municipal securities. The fair value of state and municipal obligations are derived by comparing the securities to current market rates plus an appropriate credit spread to determine an estimated value. Illiquidity spreads are then considered. Credit reviews are performed on each of the issuers. The significant unobservable inputs used in the fair value measurement of the Corporation's state and municipal obligations are credit spreads related to specific issuers. Significantly higher credit spread assumptions would result in significantly lower fair value measurement. Conversely, significantly lower credit spreads would result in a significantly higher fair value measurements.

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

	June 30, 2024 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				September 30, 2024 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
(Dollar amounts in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. Government agencies	$ —	$ 86,930	$ —	$ 86,930	$ —	$ 85,731	$ —	$ 85,731

Mortgage Backed Securities-residential	—	543,755	—	543,755	—	583,302	—	583,302
Mortgage Backed Securities-commercial	—	7,444	—	7,444	—	16,248	—	16,248
Collateralized mortgage obligations	—	170,308	—	170,308	—	173,402	—	173,402
State and municipal	—	359,032	805	359,837	—	372,034	805	372,839
Municipal taxable	—	34,118	—	34,118	—	37,122	—	37,122
U.S. Treasury	—	467	—	467	—	472	—	472
Collateralized debt obligations	—	—	2,892	2,892	—	—	2,876	2,876
TOTAL	$ —	$ 1,202,054	$ 3,697	$ 1,205,751	$ —	$1,268,311	$3,681	$1,271,992
Derivative Assets		2,994				3,163		
Derivative Liabilities		(2,994)				(3,163)		

	December 31, 2023 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
(Dollar amounts in thousands)	Level 1	Level 2	Level 3	Total
U.S. Government agencies	$ —	$ 91,440	$ —	$ 91,440
Mortgage Backed Securities-residential	—	569,885	—	569,885
Mortgage Backed Securities-commercial	—	7,483	—	7,483
Collateralized mortgage obligations	—	180,829	—	180,829
State and municipal	—	369,631	1,180	370,811
Municipal taxable	—	34,285	—	34,285
U.S. Treasury	—	1,402	—	1,402
Collateralized debt obligations	—	—	3,002	3,002
TOTAL	$ —	$1,254,955	$ 4,182	$1,259,137
Derivative Assets		2,878		
Derivative Liabilities		(2,878)		

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

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

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Three Months Ended June 30, 2024			Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Three Months Ended September 30, 2024		
(Dollar amounts in thousands)	State and municipal obligations	Collateralized debt obligations	Total	State and municipal obligations	Collateralized debt obligations	Total
Beginning balance, April 1	$ 805	$ 2,888	$ 3,693			
Beginning balance, July 1				$ 805	$ 2,892	$ 3,697
Total realized/unrealized gains or losses						
Included in earnings	—	—	—	—	—	—
Included in other comprehensive income	—	4	4	—	(16)	(16)
Transfers	—	—	—	—	—	—
Settlements	—	—	—	—	—	—
Ending balance, June 30	$ 805	$ 2,892	$ 3,697			
Ending balance, September 30				$ 805	$ 2,876	$ 3,681

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(Dollar amounts in thousands)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Six Months Ended June 30, 2024 State and municipal obligations	Collateralized debt obligations	Total	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Nine Months Ended September 30, 2024 State and municipal obligations	Collateralized debt obligations	Total
Beginning balance, January 1	$ 1,180	$ 3,002	$ 4,182	$ 1,180	$ 3,002	$ 4,182
Total realized/unrealized gains or losses						
Included in earnings	—	—	—	—	—	—
Included in other comprehensive income	—	(110)	(110)	—	(126)	(126)
Transfers	—	—	—	—	—	—
Settlements	(375)	—	(375)	(375)	—	(375)
Ending balance, June 30	$ 805	$ 2,892	$ 3,697			
Ending balance, September 30				$ 805	$ 2,876	$ 3,681

(Dollar amounts in thousands)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Year Ended December 31, 2023 State and municipal obligations	Collateralized debt obligations	Total
Beginning balance, January 1	$ 1,545	$ 2,986	$ 4,531
Total realized/unrealized gains or losses			
Included in earnings	—	—	—
Included in other comprehensive income	—	16	16
Purchases	—	—	—
Settlements	(365)	—	(365)
Ending balance, December 31	$ 1,180	$ 3,002	$ 4,182

Other real estate owned is valued at Level 3. Other real estate owned at June 30, 2024 September 30, 2024 with a value of $170 $169 thousand was reduced by $32 $45 thousand for fair value adjustment. At June 30, 2024 September 30, 2024 other real estate owned was comprised of $170 $28 thousand from commercial loans and $141 thousand from residential loans. Other real estate owned at December 31, 2023 with a value of $107 thousand was reduced by $57 thousand for fair value adjustment. At December 31, 2023 other real estate owned was comprised of $26 thousand from commercial loans and $81 thousand from residential loans.

Fair value is measured based on the value of the collateral securing those loans, and is determined using several methods. Generally the fair value of real estate is determined based on appraisals by qualified licensed appraisers. Appraisals for real estate generally use three methods to derive value: cost, sales or market comparison and income approach. The cost method bases value on the cost to replace current property. The market comparison evaluates the sales price of similar properties in the same market area. The income approach considers net operating income generated by the property and the investor's required return. The final fair value is based on a reconciliation of these three approaches. If an appraisal is not available, the fair value may be determined by using a cash flow analysis, a broker's opinion of value, the net present value of future cash flows, or an observable market price from an active market. Fair value of other real estate is based upon the current appraised values of the properties as determined by qualified licensed appraisers and the Company's judgment of other relevant market conditions. Appraisals are obtained annually and reductions in value are recorded as a valuation through a charge to expense. The primary unobservable input used by management in estimating fair value are additional discounts to the appraised value to consider market conditions and the age of the appraisal, which are based on management's past experience in resolving these types of properties. These discounts range from 5% to 100% with an average discount of 65%. Values for non-real estate collateral, such as business equipment, are based on appraisals performed by qualified licensed appraisers or the customers financial statements. Values for non real estate collateral use much higher discounts than real estate collateral. Other real estate and individually evaluated loans carried at fair value are primarily comprised of smaller balance properties.

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The following table presents quantitative information about recurring and non-recurring Level 3 fair value measurements at June 30, 2024 September 30, 2024.

(Dollar amounts in thousands)	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range
State and municipal obligations	$ 805	Discounted cash flow	Discount rate	4.24%-4.44 %	$ 805	Discounted cash flow	Discount rate	4.24%-4.44 %
Collateralized debt obligations	$ 2,892	Discounted cash flow	Discount rate	7.27 %	$ 2,876	Discounted cash flow	Discount rate	7.30 %
Collateral dependent loans	$ 5,103	Discounted cash flow	Discount rate for age of appraisal and market conditions	5.00%-100.00 %	$ 4,965	Discounted cash flow	Discount rate for age of appraisal and market conditions	5.00%-100.00 %

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

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

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

	June 30, 2024		September 30, 2024	
	Carrying	Fair Value	Carrying	Fair Value

(Dollar amounts in thousands)	Value	Level 1	Level 2	Level 3	Total	Value	Level 1	Level 2	Level 3	Total
Cash and due from banks	$ 75,073	$24,820	$ 50,253	$ —	$ 75,073	$ 77,312	$32,855	$ 44,457	$ —	$ 77,312
Federal funds sold	—	—	—	—	—	—	—	—	—	—
Securities available-for-sale	1,205,751	—	1,202,054	3,697	1,205,751	1,271,992	—	1,268,311	3,681	1,271,992
Restricted stock	15,378	n/a	n/a	n/a	n/a	15,366	n/a	n/a	n/a	n/a
Loans, net	3,165,675	—	—	3,030,377	3,030,377	3,669,066	—	—	3,584,596	3,584,596
Accrued interest receivable	23,733	—	6,558	17,175	23,733	25,386	—	6,700	18,686	25,386
Deposits	(4,132,327)	—	(4,130,751)	—	(4,130,751)	(4,717,489)	—	(4,711,554)	—	(4,711,554)
Short-term borrowings	(38,211)	—	(38,211)	—	(38,211)	(84,363)	—	(84,363)	—	(84,363)
Other borrowings	(108,575)	—	(108,507)	—	(108,507)	(30,456)	—	(32,159)	—	(32,159)
Accrued interest payable	(3,213)	—	(3,213)	—	(3,213)	(4,254)	—	(4,254)	—	(4,254)

	December 31, 2023				
	Carrying	Fair Value			
(Dollar amounts in thousands)	Value	Level 1	Level 2	Level 3	Total
Cash and due from banks	$ 76,759	$ 25,467	$ 51,292	$ —	$ 76,759
Federal funds sold	282	—	282	—	282
Securities available-for-sale	1,259,137	—	1,254,955	4,182	1,259,137
Restricted stock	15,364	n/a	n/a	n/a	n/a
Loans, net	3,128,054	—	—	3,025,621	3,025,621
Accrued interest receivable	24,877	—	6,755	18,122	24,877
Deposits	(4,090,068)	—	(4,094,552)	—	(4,094,552)
Short-term borrowings	(67,221)	—	(67,221)	—	(67,221)
Other borrowings	(108,577)	—	(108,496)	—	(108,496)
Accrued interest payable	(2,588)	—	(2,588)	—	(2,588)

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7. Borrowings

Short-term borrowings:

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

(Dollar amounts in thousands)	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Federal Funds Purchased	$ 3,125	$ 27,300	$ 48,900	$ 27,300
Repurchase Agreements	35,086	39,921	35,463	39,921

	$ 38,211	$ 67,221	$ 84,363	$ 67,221

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

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

Repurchase Agreements	June 30, 2024 Remaining Contractual Maturity of the Agreements					September 30, 2024 Remaining Contractual Maturity of the Agreements				
(Dollar amounts in thousands)	Overnight and continuous	Up to 30 days	30 - 90 days	Greater than 90 days	Total	Overnight and continuous	Up to 30 days	30 - 90 days	Greater than 90 days	Total
Mortgage Backed Securities - Residential and Collateralized Mortgage Obligations	$ 29,711	$ 300	$ —	$ 5,075	$ 35,086	$ 26,338	$ —	$1,990	$7,135	$35,463

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

Other borrowings:

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

(Dollar amounts in thousands)	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
FHLB advances	$ 83,575	$ 108,577	$ 7,539	$ 108,577
Notes payable	25,000	—	22,917	—
TOTAL	$ 108,575	$ 108,577	$ 30,456	$ 108,577

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

Twelve Months Ended June September 30,

2025	$ 78,605	$ 1,002
2026	4,970	5,200
2027	25,000	22,917
2028	—	1,337
2029	—	—
Thereafter	—	—
	$ 108,575	$30,456

At June 30, 2024 September 30, 2024 and December 31, 2023, other borrowings are summarized as follows: The Corporation's subsidiary bank is a member of the Federal Home Loan Bank (FHLB) and accordingly are permitted to obtain advances. There are $83.6 million $7.5 million of advances from the FHLB at June 30, 2024 September 30, 2024, and $108.6 million of advances at December 31, 2023. FHLB advances are, generally due in full at maturity. They are secured by eligible securities and a blanket pledge on real estate loan collateral. In addition the Corporation secured a note payable to a commercial bank in the second quarter for $25 million 2024. The balance at September 30, 2024 is $23 million.

8. Components of Net Periodic Benefit Cost

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
	Pension Benefits		Post-Retirement Health Benefits		Pension Benefits		Post-Retirement Health Benefits		Pension Benefits		Post-Retirement Health Benefits		Pension Benefits		Post-Retirement Health Benefits	
(Dollar amounts in thousands)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Service cost	$ 141	$ 157	$ 4	$ 5	$ 282	$ 314	$ 8	$ 10	$ 142	$ 157	$ 4	$ 5	$ 424	$ 471	$ 12	$ 15
Interest cost	947	956	35	39	1,894	1,912	69	77	947	956	34	38	2,841	2,868	103	115
Expected return on plan assets	(1,052)	(969)	—	—	(2,103)	(1,939)	—	—	(1,051)	(970)	—	—	(3,154)	(2,909)	—	—
Net amortization of prior service cost	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net amortization of net (gain) loss	108	188	(20)	(13)	217	376	(40)	(26)	109	188	(20)	(13)	326	564	(60)	(40)
Net Periodic Benefit Cost	$ 144	$ 332	$ 19	$ 31	$ 290	$ 663	$ 37	$ 61	$ 147	$ 331	$ 18	$ 30	$ 437	$ 994	$ 55	$ 90

Employer Contributions

First Financial Corporation previously disclosed in its financial statements for the year ended December 31, 2023 that it expected to contribute $3.9 million and $604 thousand respectively to its Pension Plan and ESOP and $249 thousand to the Post Retirement Health Benefits Plan in 2024. Contributions of $526 thousand $3.0 million have been made to the Pension Plan thus far in 2024. Contributions of $134 $161 thousand have been made through the first six nine months of 2024 for the Post Retirement Health Benefits plan. No contributions have been made in 2024 for the ESOP. The Pension plan was frozen for most employees at the end of 2012 and for those employees there will be discretionary contributions to the ESOP plan and a 401K plan in place of the former Pension benefit. In the first six nine months of 2024 and 2023 there has been $1.6 million $2.4 million and $1.3 million $1.9 million of expense accrued for potential contributions to these alternative retirement benefit options.

9. Revenue from Contracts with Customers

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

(Dollar amounts in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Non-interest income								
Service charges on deposits and debit card fee income	$ 6,730	$ 7,054	$ 13,437	$ 13,872	$ 8,139	$ 7,099	$ 21,576	$ 20,971
Asset management fees	1,318	1,185	2,652	2,502				
Trust and financial services					1,251	1,140	3,903	3,642
Interchange income	135	—	314	47	177	—	490	47
Net gains on sales of loans (a)	299	311	475	490	411	321	886	811
Loan servicing fees (a)	414	264	683	549	274	447	957	997
Net gains/(losses) on sales of securities (a)					103	—	104	—
Other service charges and fees (a)	286	196	509	400	191	213	700	613
Other (b)	723	1,443	1,266	1,968	677	2,407	1,943	4,374
Total non-interest income	$ 9,905	$ 10,453	$ 19,336	$ 19,828	$ 11,223	$ 11,627	$ 30,559	$ 31,455

(a) Not within the scope of ASC 606.

(b) The Other category includes gains/(losses) on the sale of OREO for the three months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, totaling $79 $(25) thousand and $(37) thousand, zero, respectively, and for the six nine months ended for the same periods, totaling $87 $61 thousand and $(31) thousand, which is within the scope of ASC 606; the remaining balance is outside the scope of ASC 606.

(c)

Service charges on deposits: The Corporation earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

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

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

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

10. Accumulated Other Comprehensive Income (Loss)

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

(Dollar amounts in thousands)	Unrealized gains and (Losses) on available-for-sale Securities 2024	Retirement plans 2024	Total 2024	Unrealized gains and (Losses) on available-for-sale Securities 2024	Retirement plans 2024	Total 2024
Beginning balance, April 1,	$ (129,096)	$ (9,014)	$ (138,110)			
Beginning balance, July 1,				$ (125,561)	$ (8,940)	$(134,501)
Change in other comprehensive income (loss) before reclassification	3,535	—	3,535	31,705	—	31,705
Amounts reclassified from accumulated other comprehensive income	—	74	74	(77)	73	(4)
Net current period other comprehensive income (loss)	3,535	74	3,609	31,628	73	31,701
Ending balance, June 30,	$ (125,561)	$ (8,940)	$ (134,501)			
Ending balance, September 30,				$ (93,933)	$ (8,867)	$(102,800)

(Dollar amounts in thousands)	Unrealized gains and (Losses) on available-for-sale Securities 2024	Retirement plans 2024	Total 2024	Unrealized gains and (Losses) on available-for-sale Securities 2024	Retirement plans 2024	Total 2024
Beginning balance, January 1,	$ (118,000)	$ (9,087)	$ (127,087)	$ (118,000)	$ (9,087)	$(127,087)
Change in other comprehensive income (loss) before reclassification	(7,561)	—	(7,561)	24,145	—	24,145
Amounts reclassified from accumulated other comprehensive income	—	147	147	(78)	220	142
Net current period other comprehensive income (loss)	(7,561)	147	(7,414)	24,067	220	24,287
Ending balance, June 30,	$ (125,561)	$ (8,940)	$ (134,501)			
Ending balance, September 30,				$ (93,933)	$ (8,867)	$(102,800)

(Dollar amounts in thousands)	Unrealized gains and (Losses) on available-for-sale Securities 2023	Retirement plans 2023	Total 2023	Unrealized gains and (Losses) on available-for-sale Securities 2023	Retirement plans 2023	Total 2023
Beginning balance, April 1,	$ (114,658)	$ (10,931)	$ (125,589)			
Beginning balance, July 1,				$ (130,466)	$(10,784)	$(141,250)
Change in other comprehensive income (loss) before reclassification	(15,808)	—	(15,808)	(34,934)	—	(34,934)
Amounts reclassified from accumulated other comprehensive income	—	147	147	—	146	146
Net current period other comprehensive income (loss)	(15,808)	147	(15,661)	(34,934)	146	(34,788)
Ending balance, June 30,	$ (130,466)	$ (10,784)	$ (141,250)			
Ending balance, September 30,				$ (165,400)	$(10,638)	$(176,038)

(Dollar amounts in thousands)	Unrealized gains and (Losses) on available-for-sale Securities 2023	Retirement plans 2023	Total 2023	Unrealized gains and (Losses) on available-for-sale Securities 2023	Retirement plans 2023	Total 2023
Beginning balance, January 1,	$ (128,896)	$ (11,078)	$ (139,974)	$ (128,896)	$(11,078)	$(139,974)
Change in other comprehensive income (loss) before reclassification	(1,570)	—	(1,570)	(36,504)	—	(36,504)
Amounts reclassified from accumulated other comprehensive income	—	294	294	—	440	440

Net current period other comprehensive income (loss)	(1,570)	294	(1,276)	(36,504)	440	(36,064)
Ending balance, June 30,	$ (130,466)	$ (10,784)	$ (141,250)			
Ending balance, September 30,				$ (165,400)	$(10,638)	$(176,038)

(Dollar amounts in thousands)	Balance at 4/1/2024	Current Period Change	Balance at 6/30/2024	Balance at 7/1/2024	Current Period Change	Balance at 9/30/2024
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	$ (131,262)	$ 3,532	$ (127,730)	$(127,730)	$ 31,640	$ (96,090)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment	2,166	3	2,169	2,169	(12)	2,157
Total unrealized loss on securities available-for-sale	$ (129,096)	$ 3,535	$ (125,561)	$(125,561)	$ 31,628	$ (93,933)
Unrealized gain (loss) on retirement plans	(9,014)	74	(8,940)	(8,940)	73	(8,867)
TOTAL	$ (138,110)	$ 3,609	$ (134,501)	$(134,501)	$ 31,701	$(102,800)

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(Dollar amounts in thousands)	Balance at 1/1/2024	Current Period Change	Balance at 9/30/2024
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	$ (120,252)	$ 24,162	$ (96,090)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment	2,252	(95)	2,157
Total unrealized gain (loss) on securities available-for-sale	$ (118,000)	$ 24,067	$ (93,933)
Unrealized gain (loss) on retirement plans	(9,087)	220	(8,867)
TOTAL	$ (127,087)	$ 24,287	$ (102,800)

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

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

	Three Months Ended September 30, 2024	
Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income (in thousands)	Affected line item in the statement where net income is presented
Unrealized gains and losses	$ 103	Net securities gains (losses)

on available-for-sale		(26)	Income tax expense
securities	$	77	Net of tax
Amortization of	$	(97)(a)	Salary and benefits
retirement plan items		24	Income tax expense
	$	(73)	Net of tax
Total reclassifications for the period	$	4	Net of tax

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

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(Dollar amounts in thousands)		Balance at 1/1/2024		Current Period Change		Balance at 6/30/2024
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	$	(120,252)	$	(7,478)	$	(127,730)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment		2,252		(83)		2,169
Total unrealized gain (loss) on securities available-for-sale	$	(118,000)	$	(7,561)	$	(125,561)
Unrealized gain (loss) on retirement plans		(9,087)		147		(8,940)
TOTAL	$	(127,087)	$	(7,414)	$	(134,501)

(Dollar amounts in thousands)		Balance at 4/1/2023		Current Period Change		Balance at 6/30/2023
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	$	(116,844)	$	(15,827)	$	(132,671)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment		2,186		19		2,205
Total unrealized gain (loss) on securities available-for-sale	$	(114,658)	$	(15,808)	$	(130,466)
Unrealized loss on retirement plans		(10,931)		147		(10,784)
TOTAL	$	(125,589)	$	(15,661)	$	(141,250)

(Dollar amounts in thousands)		Balance at 1/1/2023		Current Period Change		Balance at 6/30/2023
Unrealized gains (losses) on securities available-for-sale without other than temporary impairment	$	(131,135)	$	(1,536)	$	(132,671)
Unrealized gains (losses) on securities available-for-sale with other than temporary impairment		2,239		(34)		2,205
Total unrealized income (loss) on securities available-for-sale	$	(128,896)	$	(1,570)	$	(130,466)
Unrealized gain (loss) on retirement plans		(11,078)		294		(10,784)
TOTAL	$	(139,974)	$	(1,276)	$	(141,250)

Details about accumulated other comprehensive income components		Three Months Ended June 30, 2024 Amount reclassified from accumulated other comprehensive income (in thousands)	Affected line item in the statement where net income is presented
Unrealized gains and losses	$	—	Net securities gains (losses)
on available-for-sale		—	Income tax expense
securities	$	—	Net of tax

Amortization of	$	(195)(a)	Salary and benefits
retirement plan items		48	Income tax expense
	$	(147)	Net of tax
Total reclassifications for the period	$	(147)	Net of tax

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

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Details about accumulated other comprehensive income components	Six Months Ended June 30, 2024 Amount reclassified from accumulated other comprehensive income		Affected line item in the statement where net income is presented
	(in thousands)		
Unrealized gains and losses	$	—	Net securities gains (losses)
on available-for-sale		—	Income tax expense
securities	$	—	Net of tax
Amortization of	$	(98)(a)	Salary and benefits
retirement plan items		24	Income tax expense
	$	(74)	Net of tax
Total reclassifications for the period	$	(74)	Net of tax

Details about accumulated other comprehensive income components	Nine Months Ended September 30, 2024 Amount reclassified from accumulated other comprehensive income		Affected line item in the statement where net income is presented
	(in thousands)		
Unrealized gains and losses	$	104	Net securities gains (losses)
on available-for-sale		(26)	Income tax expense
securities	$	78	Net of tax
Amortization of	$	(293)(a)	Salary and benefits
retirement plan items		73	Income tax expense
	$	(220)	Net of tax
Total reclassifications for the period	$	(142)	Net of tax

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

Details about accumulated other comprehensive income components	Three Months Ended June 30, 2023 September 30, 2023 Amount reclassified from accumulated other comprehensive income		Affected line item in the statement where net income is presented
	(in thousands)		
Unrealized gains and losses	$	—	Net securities gains (losses)
on available-for-sale		—	Income tax expense
securities	$	—	Net of tax

Amortization of	$	(196) (195)(a)	Salary and benefits
retirement plan items		49	Income tax expense
	$	(147) (146)	Net of tax
Total reclassifications for the period	$	(147) (146)	Net of tax

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

Details about accumulated other comprehensive income components	Six Nine Months Ended June 30, 2023 September 30, 2023 Amount reclassified from accumulated other comprehensive income		Affected line item in the statement where net income is presented
	(in thousands)		
Unrealized gains and losses	$	—	Net securities gains (losses)
on available-for-sale		—	Income tax expense
securities	$	—	Net of tax
Amortization of	$	(392) (587)(a)	Salary and benefits
retirement plan items		98 147	Income tax expense
	$	(294) (440)	Net of tax
Total reclassifications for the period	$	(294) (440)	Net of tax

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

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11. Leases

The Corporation leases certain branches under operating leases. At June 30, 2024 September 30, 2024, the Corporation had lease liabilities totaling $5,468,000 $8,067,000 and right-of-use assets totaling $5,396,000 $7,978,000 related to these leases. At December 31, 2023, the Corporation had lease liabilities totaling $5,456,000 and right-of-use assets totaling $5,392,000 related to these leases. Lease liabilities and right-of-use assets are reflected in other liabilities and other assets, respectively. At June 30, 2024 September 30, 2024, the weighted average remaining lease term for operating leases was 8.5 11.0 years and the weighted average discount rate used in the measurement of operating lease liabilities was 2.28% 3.19%.

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

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

Lease costs were as follows:

(Dollar amounts in thousands)	Six Months Ended June 30, 2024	Nine Months Ended September 30, 2024
Operating lease cost	$ 487	$ 849
Short-term lease cost	55	83

Variable lease cost	18	18
Total lease cost	$ 560	$ 950
Other information:		
Cash paid for amounts included in the measurement of operating lease liabilities	487	792
Right-of-use assets obtained in exchange for new operating lease liabilities	429	3,262

The right-of-use assets obtained above includes $2.8 million in assets acquired in the SimplyBank acquisition. Future minimum payments for operating leases with initial or remaining terms of one year or more as of June 30, 2024 September 30, 2024 were as follows:

(Dollar amounts in thousands)	June 30, 2024	September 30, 2024
Twelve Months Ended June 30,		
Twelve Months Ended September 30,		
2025	$ 986	$ 1,218
2026	927	1,154
2027	863	1,118
2028	847	1,062
2029	548	741
Thereafter	2,007	4,846
Total Future Minimum Lease Payments	6,178	10,139
Amounts Representing Interest	(710)	(2,072)
Present Value of Net Future Minimum Lease Payments	$ 5,468	$ 8,067

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12. Subsequent Events Acquisitions

On July 1, 2024, First Financial the Corporation an Indiana corporation (“FFC”) and First Financial Bank, National Association, a national banking association and wholly-owned subsidiary of FFC (“First Financial Bank”) completed their previously announced its acquisition of SimplyBank., a Tennessee-chartered commercial bank (“SimplyBank”), pursuant to Therefore, the Agreement and Plan results of Reorganization by and among FFC, First Financial Bank, SimplyBank and FFB Interim Bank, National Association, a wholly owned subsidiary of FFC (“Merger Sub”) dated as of November 13, 2023 (the “Merger Agreement”). On the terms and subject to the conditions set forth have been included in the Merger Agreement, Merger Sub merged with and into SimplyBank (the “Interim Merger”), with SimplyBank continuing as the surviving entity. Immediately following the Interim Merger, SimplyBank merged with and into First Financial Bank, with First Financial Bank as the surviving entity (the “Bank Merger”) results of operations beginning on July 1, 2024.

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the Interim Merger (the “Effective Time”), other than dissenting shares, each share of SimplyBank Common Stock issued and outstanding immediately prior to the Effective Time, was converted into the right to receive $718.38 per share in cash. The aggregate value of the transaction was approximately $73.4 million. Acquisition-related costs of $1.7 million are included in the Corporation’s income statement for the year-to-date period ended September 30, 2024.

Goodwill of $10.3 million arising from the acquisition consisted largely of synergies and the cost savings resulting from the combining of the operations of the companies. The goodwill value is subject to change pending receipt of the final valuation. The goodwill for SimplyBank is deductible for income tax purposes as the transaction was accounted for as a taxable acquisition. The following table summarizes the consideration paid and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

(Dollar amounts in thousands)	As Initially Reported	Measurement Period Adjustments	As Adjusted
Consideration			
Cash consideration	$ 73,400	$ —	$ 73,400
Fair value of total consideration transferred	$ 73,400	$ —	$ 73,400
Assets acquired			
Cash	$ 101,553	$ —	$ 101,553
Investment securities available-for-sale	77,350	—	77,350
Federal funds sold	—	—	—
Bank owned life insurance	12,816	—	12,816
Federal Home Loan Bank stock	726	—	726
Loans	467,997	—	467,997
Premises and equipment	14,231	—	14,231
Core deposit intangibles	19,788	—	19,788
Other assets	6,184	—	6,184
Total assets acquired	700,645	—	700,645
Liabilities assumed			
Deposits	622,937	—	622,937
FHLB advances	1,719	—	1,719
Other liabilities	12,899	—	12,899
Total liabilities assumed	637,555	—	637,555
Net identifiable assets	63,090	—	63,090
Goodwill	$ 10,310	$ —	$ 10,310

The fair value of net assets acquired includes fair value adjustments to certain receivables that were not considered impaired as of the acquisition date. The fair value adjustments were determined using discounted contractual cash flows. However, the Corporation believes that all contractual cash flows related to these financial instruments will be collected. As such, these receivables were not considered impaired at the acquisition date and were not subject to guidance relating to purchase credit deteriorated loans, which have shown evidence of credit deterioration since origination.

The fair value of purchased financial assets with credit deterioration was $1.7 million on the date of acquisition. The gross contractual amounts receivable relating to the purchased financial assets with credit deterioration was $4.7 million. The Corporation estimates, on the date of acquisition, that $3.0 million of the contractual cash flows specific to the purchased financial assets with credit deterioration will not be collected.

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The following table presents supplemental pro forma information as if the acquisition had occurred at the beginning of 2023. The unaudited pro forma information includes adjustments for interest income on loans and securities acquired, interest expense on deposits acquired, and the related income tax effects. The pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the transactions been effected on the assumed dates.

	Nine Months Ended September 30,

(Dollar amounts in thousands, except per share data)	2024	2023
Net interest income	$ 138,839	$ 150,024
Net income	$ 20,184	$ 56,355
Basic and diluted earnings per share	$ 1.71	$ 4.70

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

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

This Quarterly Report on Form 10-Q contains forward-looking statements. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include, without limitation, the Corporation's ability to effectively execute its business plans; changes in general economic and financial market conditions; changes in interest rates; changes in the competitive environment; continuing consolidation in the financial services industry; new litigation or changes in existing litigation; losses, customer bankruptcy, claims and assessments; changes in banking regulations or other regulatory or legislative requirements affecting the Corporation's business; and changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies. Additional information concerning factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements is available in the Corporation's Form 10-K for the year ended December 31, 2023, and subsequent filings with the United States Securities and Exchange Commission (SEC). Copies of these filings are available at no cost on the SEC's Web site at www.sec.gov or on the Corporation's Web site at www.first-online.com. Management may elect to update forward-looking statements at some future point; however, it specifically disclaims any obligation to do so.

Critical Accounting Policies

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

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

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

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

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

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

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

The ACL and allowance for unfunded commitments were $38.3 million $46.2 million and $1.7 million $1.8 million, respectively at June 30, 2024 September 30, 2024, compared to $39.8 million and $2.0 million, respectively at December 31, 2023. The qualitative amount of the reserve decreased $421 thousand increased $1.6 million to $10.5 million $12.6 million. The quantitative amount is $27.8 million $33.3 million at June 30, 2024 September 30, 2024, compared to $28.4 million at December 31, 2023. There was a decrease of $300 $200 thousand in the allowance for unfunded commitments. See additional discussion of ACL in the Allowance for Credit Losses section below.

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

Summary of Operating Results

Net income for the three months ended June 30, 2024 September 30, 2024 was $11.4 million $8.7 million, compared to $16.0 million $16.3 million for the same period in 2023. Basic earnings per share decreased to $0.96 $0.74 for the second third quarter of 2024 compared to $1.33 $1.37 for the same period in 2023. Return on average assets and return on average equity were 0.94% 0.64% and 8.78% 6.39% respectively, for the three months ended June 30, 2024 September 30, 2024 compared to 1.34% 1.35% and 12.75% 13.19% for the three months ended June 30, 2023 September 30, 2023. Net income for the six nine months ended June 30, 2024 September 30, 2024 was $22.3 million $31.0 million, compared to $32.0 million $48.3 million for the same period in 2023. Basic earnings per share decreased to $1.89 $2.63 for the first six nine months of 2024 compared to $2.66 $4.02 for the same period in 2023. Return on average assets and return on average equity were 0.93% 0.82% and 8.57% 7.80% respectively, for the six nine months ended June 30, 2024 September 30, 2024 compared to 1.33% and 12.92% 12.98% for the six nine months ended June 30, 2023 September 30, 2023.

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

- Liquidity remains strong, with cash and available for sale securities representing approximately 26.7% 24.6% of assets at June 30, 2024 September 30, 2024. The Corporation maintains the ability to access considerable sources of contingent liquidity at the Federal Home Loan Bank and several correspondent banks. Management considers the Corporation's current liquidity position to be adequate to meet both short-term and long-term liquidity needs. Refer to the section Liquidity Risk for additional information.

- Capital remains strong, with ratios of the Corporation, and its subsidiary bank, well above the standards to be considered well-capitalized under regulatory requirements. Refer to the section Capital Adequacy, included elsewhere in this report for additional details.

- Asset quality remains solid, with a non-performing asset ratio of 0.39% 0.31% of total assets as of June 30, 2024 September 30, 2024 and net charge-offs of 0.39% 0.43% to average loans and leases, reflecting the Company's disciplined underwriting and conservative lending philosophy

which has supported the Corporation's strong credit performance during prior financial crises. Refer to the section Non-Performing Loan for additional information.

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

On November 13, 2023, First Financial Corporation, an Indiana corporation ("FFC"), First Financial Bank, National Association, a national banking association and wholly-owned subsidiary of FFC ("First Financial Bank"), and SimplyBank., a Tennessee-chartered commercial bank ("SimplyBank"), entered into an Agreement and Plan of Reorganization (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, FFC will form an interim national banking association as a wholly-owned subsidiary, which will merge with and into SimplyBank, with SimplyBank as the surviving entity (the "Interim Merger"). Immediately following the Interim Merger, SimplyBank will merge with and into First Financial Bank, with First Financial Bank as the surviving entity (the "Bank Merger," and together with the Interim Merger, the "Transactions"). See Subsequent Events footnote for discussion of the closing of the merger.

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

Net Interest Income

The Corporation's primary source of earnings is net interest income, which is the difference between the interest earned on loans and other investments and the interest paid for deposits and other sources of funds. Net interest income decreased $2.9 million increased $6.0 million in the three months ended June 30, 2024 September 30, 2024 to $39.3 million $47.2 million from $42.2 million $41.2 million in the same period in 2023. The net interest margin for the three months ended June 30, 2024 September 30, 2024 is 3.57% 3.78% compared to 3.81% 3.74% for the same period in 2023, a 6.18% decrease. 1.16% increase. Net interest income decreased $8.3 million $2.3 million in the six nine months ended June 30, 2024 September 30, 2024 to $78.2 million $125.4 million from $86.5 million $127.7 million in the same period in 2023. The net interest margin for the six nine months ended June 30, 2024 September 30, 2024 is 3.55% 3.63% compared to 3.88% 3.83% for the same period in 2023.

The increase in yields on net loans and leases of 46 44 basis points is the primary contributor to the improved yield on average earning assets for the six nine months ended June 30, 2024 September 30, 2024, compared to the six nine months ended June 30, 2023 September 30, 2023, which was due to market conditions as a result of Federal Reserve interest rate increases. Comparing the six nine months ended June 30, 2024 September 30, 2024 to the six nine months ended June 30, 2023 September 30, 2023, the effective rate paid on average interest-bearing deposits increased 82 72 basis points, due to rate competition in the market. For the same period discussed above, interest paid on other borrowings increased 109 99 basis points due to higher borrowing rates.

Non-Interest Income

Non-interest income for the three months ended June 30, 2024 September 30, 2024 was $9.9 million $11.2 million compared to $10.5 million $11.6 million for the same period in 2023. Non-interest income for the six nine months ended June 30, 2024 September 30, 2024 was $19.3 million $30.6 million compared to $19.8 million $31.5 million for the same period in 2023.

Non-Interest Expenses

The Corporation's non-interest expense for the quarter ended June 30, 2024 September 30, 2024 was $32.7 million $38.6 million compared to $31.3 million $32.3 million for the same period in 2023. The Corporation's non-interest expense for the six nine months ended June 30, 2024 September 30, 2024 increased $2.4 million $8.7 million to $66.1 $104.6 milllion compared to the same period in 2023. This includes $976 thousand $1.7 million of acquisition related expenses.

Table expenses, as well as an overall increase in operating expenses as a result of Contentsthe acquisition.

Allowance for Credit Losses

The Corporation's provision for credit losses for the three months ended June 30, 2024 September 30, 2024, was $3.0 million $9.4 million, compared to provision of $1.8 million $1.2 million for the same period of 2023. Net charge-offs for the second third quarter of 2024 were $4.7 million $4.6 million compared to net charge-offs of $1.5 million $2.1 million for the same period of 2023. The provision for credit losses increased $1.2 million $9.4 million to $4.8 million $14.2 million for the six nine months ended June 30, 2024 September 30, 2024, compared to a provision of $3.6 million $4.8 million for the same period in 2023. Net charge-offs for the first six nine months of 2024 increased $2.7 million $5.2 million to $6.2 million $10.8 million compared to the same period in 2023. The Corporation recorded $5.5 million in Day 2 provision on non-PCD loans acquired from SimplyBank. Additionally, the increase in provision as well as charge-offs were related to one previously identified credit, reflecting further deterioration in collateral values in the quarter. No further losses are expected on this credit. Based on management's analysis of the current portfolio, an evaluation that includes consideration of changes in CECL model assumptions of credit quality, economic conditions, and loan composition, management believes the allowance is adequate. In the first six nine months of 2024, no significant changes were made.

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Income Tax Expense

The Corporation's effective income tax rate for the first six nine months of 2024 was 16.54% 16.44% compared to 18.21% 17.37% for the same period in 2023. Pretax income for the first six nine months in 2023 was significantly higher than pretax income for first six nine months in 2024. Since our permanent differences remained similar, income was the driving factor for the decrease in effective tax rate.

Non-performing Loans

Non-performing loans consist of (1) non-accrual loans on which the ultimate collectability of the full amount of interest is uncertain, and (2) loans past due ninety days or more as to principal or interest. Non-performing loans decreased to $15.9 million $14.1 million at June 30, 2024 September 30, 2024 compared to $24.6 million at December 31, 2023. Nonperforming loans increased 19.7% 12.3% compared to $13.3 million $12.6 million as of June 30, 2023 September 30, 2023.

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

	(000's)		(000's)	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Non-accrual loans	$ 14,563	$ 23,596	$ 12,617	$ 23,596
Accruing loans past due over 90 days	1,353	960	1,517	960
	$ 15,916	$ 24,556	$ 14,134	$ 24,556
Ratio of the allowance for credit losses as a percentage of non-performing loans	240.9 %	161.9 %	326.7 %	161.9 %

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

	June 30, 2024	December 31, 2023
Non-accrual loans		
Commercial loans	$ 10,127	$ 18,380
Residential loans	1,981	2,065
Consumer loans	2,455	3,151
	$ 14,563	$ 23,596
Past due 90 days or more		
Commercial loans	$ 408	$ 4
Residential loans	945	911
Consumer loans	—	45
	$ 1,353	$ 960

	September 30, 2024	December 31, 2023
Non-accrual loans		
Commercial loans	$ 7,428	$ 18,380
Residential loans	2,524	2,065
Consumer loans	2,665	3,151
	$ 12,617	$ 23,596
Past due 90 days or more		
Commercial loans	$ 38	$ 4
Residential loans	1,475	911
Consumer loans	4	45
	$ 1,517	$ 960

Interest Rate Sensitivity and Liquidity

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

Interest Rate Risk

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

The Asset Liability position is measured using sophisticated risk management tools, including earning simulation and market value of equity sensitivity analysis. These tools allow management to quantify and monitor both short-term and long-term exposure to interest rate risk. Simulation modeling measures the effects of changes in interest rates, changes in the shape of the yield curve and the effects of embedded options on net interest income. This measure projects earnings in the various environments over the next three years. It is important to note that measures of interest rate risk have limitations and are dependent on various assumptions. These assumptions are

inherently uncertain and, as a result, the model cannot precisely predict the impact of interest rate fluctuations on net interest income. Actual results will differ from simulated results due to timing, frequency and amount of interest rate changes as well as overall market conditions. The Committee has performed a thorough analysis of these assumptions and believes them to be valid and theoretically sound. These assumptions are continuously monitored for behavioral changes.

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

The table below shows the Corporation's estimated sensitivity profile as of June 30, 2024 September 30, 2024. The change in interest rates assumes a parallel shift in interest rates of 100, 200, and 300 basis points. Given a 100 basis point increase in rates, net interest income would decrease 2.61% 1.55% over the next 12 months and increase 0.12% 1.09% over the following 12 months. Given a 100 basis point decrease in rates, net interest income would increase 5.97% 5.96% over the next 12 months and increase 2.79% 2.74% over the following 12 months. These estimates assume all rate changes occur overnight and management takes no action as a result of this change.

Basis Point	**Percentage Change in Net Interest Income**			**Percentage Change in Net Interest Income**		
Interest Rate Change	**12 months**	**24 months**	**36 months**	**12 months**	**24 months**	**36 months**
Down 300	7.91 %	(2.24)%	(12.75)%	6.88 %	(2.95)%	(13.56)%
Down 200	6.76	0.25	(6.77)	6.32	(0.36)	(7.92)
Down 100	5.97	2.79	(0.75)	5.96	2.74	(1.14)
Up 100	(2.61)	0.12	3.40	(1.55)	1.09	4.57
Up 200	(8.78)	(3.12)	3.60	(6.25)	(1.13)	5.76
Up 300	(12.94)	(4.46)	5.62	(9.48)	(1.89)	8.41

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

Liquidity Risk

Liquidity represents an institution's ability to provide funds to satisfy demands from depositors, borrowers, and other creditors by either converting assets into cash or accessing new or existing sources of incremental funds. Generally the Corporation relies on deposits, loan repayments and repayments of investment securities as its primary sources of funds. The Corporation has $11.6 million $14.4 million of investments that mature throughout the next 12 months. The Corporation also anticipates $116.0 million $131.9 million of principal payments from mortgage-backed and other securities. Given the current rate environment, the Corporation anticipates $17.1 million $26.9 million in securities to be called within the next 12 months. The Corporation also has $229.1 million $346.3 million of unused borrowing capacity available with the Federal Home Loan Bank of Indianapolis, $371.8 million $378.9 million available with the

Federal Reserve Bank, and $125 million of available fed funds lines with correspondent banks. With these sources of funds, the Corporation currently anticipates adequate liquidity to meet the expected obligations of its customers.

Financial Condition

Comparing the first six nine months of 2024 to year-ended December 31, 2023, loans net of deferred loan costs, have increased $36 million $547 million to $3.2 billion $3.7 billion. Deposits increased 1.03% 15.3% to $4.1 billion $4.7 billion at June 30, 2024 September 30, 2024 compared to December 31, 2023. Other borrowings remain unchanged decreased $78.1 million to $30.5 million at $108.6 million at June 30, 2024 September 30, 2024 compared to December 31, 2023. Shareholders' equity increased 0.51% 7.19% or $2.7

million. $38.0 million. This financial performance increased book value per share 0.36% 7.08% to $44.92 $47.93 at June 30, 2024 September 30, 2024 from $44.76 at December 31, 2023. Book value per share is calculated by dividing the total shareholders' equity by the number of shares outstanding. Accumulated other comprehensive loss decreased $7.4 million increased $24.3 million primarily due to the market value of the securities portfolio, which reflected the decrease increase in securities pricing.

Capital Adequacy

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

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

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

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

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

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

	June 30, 2024	December 31, 2023	To Be Well Capitalized	September 30, 2024	December 31, 2023	To Be Well Capitalized
Common equity tier 1 capital						
Corporation	14.82 %	14.76 %	N/A	12.31 %	14.76 %	N/A
First Financial Bank	13.44 %	13.84 %	— %	12.63 %	13.84 %	— %
Total risk-based capital						
Corporation	15.81 %	15.80 %	N/A	13.34 %	15.80 %	N/A
First Financial Bank	14.44 %	14.89 %	— %	13.67 %	14.89 %	— %
Tier I risk-based capital						
Corporation	14.82 %	14.76 %	N/A	12.31 %	14.76 %	N/A
First Financial Bank	13.44 %	13.84 %	— %	12.63 %	13.84 %	— %
Tier I leverage capital						
Corporation	12.14 %	12.14 %	N/A	10.25 %	12.14 %	N/A
First Financial Bank	10.48 %	10.73 %	— %	10.27 %	10.73 %	— %

ITEM 4. Controls and Procedures

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

PART II – Other Information

ITEM 1. Legal Proceedings.

There are no material pending legal proceedings, other than routine litigation incidental to the business of the Corporation or its subsidiaries, to which the Corporation or any of the subsidiaries is a party to or of which any of their respective property is subject. Further, there is no material legal proceeding in which any director, officer, principal shareholder, or affiliate of the Corporation or any of its subsidiaries, or any associate of such director, officer, principal shareholder or affiliate is a party, or has a material interest, adverse to the Corporation or any of its subsidiaries.

ITEM 1A. Risk Factors.

There have been no material changes in the risk factors from those disclosed in the Corporation's 2023 Form 10-K filed for December 31, 2023.

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

(a) None.

(b) Not applicable.

(c) Purchases of Equity Securities

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

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

	(a) Total Number Of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number Of Shares Purchased As Part Of Publicly Announced Plans Or Programs *	(c) Maximum Number of Shares That May Yet Be Purchased *
April 1-30, July 1-31, 2024	—	—	—	—
May August 1-31, 2024	—	—	—	—
June September 1-30, 2024	—	—	—	—
Total	—	—	—	518,860

ITEM 3. Defaults upon Senior Securities.

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information.

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

ITEM 6. Exhibits.

Exhibit No.:	Description of Exhibit:
3.1	Amended and Restated Articles of Incorporation of First Financial Corporation, incorporated by reference to Exhibit 3(i) of the Corporation's Form 10-Q filed for the quarter ended September 30, 2002.
3.2	Amended and Restated Code of By-Laws of First Financial Corporation, incorporated by reference to Exhibit 3.2 of the Corporation's Form 8-K filed on February 22, 2021.

3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of First Financial Corporation, incorporated by reference to Exhibit 3.1 of the Corporation's Form 8-K filed on April 27, 2021.
10.1*	Employment Agreement for Norman L. Lowery, dated and effective January 1, 2024, incorporated by reference to Exhibit 10.01 of the Corporation's Form 8-K filed on October 20, 2023.
10.2*	2001 Long-Term Incentive Plan of First Financial Corporation, incorporated by reference to Exhibit 10.3 of the Corporation's Form 10-Q filed for the quarter ended September 30, 2002.
10.5*	2005 Long-Term Incentive Plan of First Financial Corporation, incorporated by reference to Exhibit 10.7 of the Corporation's Form 8-K filed on September 4, 2007.
10.6*	2005 Executives Deferred Compensation Plan, incorporated by reference to Exhibit 10.5 of the Corporation's Form 8-K filed on September 4, 2007.
10.7*	2005 Executives Supplemental Retirement Plan, incorporated by reference to Exhibit 10.6 of the Corporation's Form 8-K filed on September 4, 2007.
10.9*	First Financial Corporation 2010 Long-Term Incentive Compensation Plan incorporated by reference to Exhibit 10. 9 of the Corporation's Form 10-K filed March 15, 2011.
10.10*	First Financial Corporation 2011 Short-Term Incentive Compensation Plan incorporated by reference to Exhibit 10.10 of the Corporation's Form 10-K filed March 15, 2011.
10.11*	First Financial Corporation Amended and Restated 2011 Omnibus Equity Incentive Plan incorporated by reference to Exhibit 10.1 of the Corporation's Form 8-K for the annual meeting filed on April 27, 2021.
10.12*	Form of Restricted Stock Award Agreement under the First Financial Corporation 2011 Omnibus Equity Incentive Plan incorporated by reference to Exhibit 10.12 of the Corporation's Form 10-Q for the quarter ended March 31, 2012 filed on May 10, 2012.
10.13*	Employment Agreement for Norman D. Lowery, effective January 1, 2024 July 1, 2024, incorporated by reference to Exhibit 10.1 of the Corporation's Form 8-K filed October 20, 2023 August 7, 2024.
10.14*	Employment Agreement for Rodger A. McHargue, effective July 1, 2022 July 1, 2024, incorporated by reference to Exhibit 10.2 of the Corporation's Form 8-K filed July 29, 2022 August 7, 2024.
10.15*	Employment Agreement for Steven H. Holliday, Stephen P. Panagouleas, effective July 1, 2022 July 1, 2024, incorporated by reference to Exhibit 10.3 of the Corporation's Form 8-K filed July 29, 2022 August 7, 2024.
10.16*	Employment Agreement for Mark A. Franklin, effective July 1, 2022 July 1, 2024, incorporated by reference to Exhibit 10.4 of the Corporation's Form 8-K filed July 29, 2022 August 7, 2024.
31.1	Sarbanes-Oxley Act 302 Certification for Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024 by Principal Executive Officer, dated August 7, 2024 November 6, 2024.
31.2	Sarbanes-Oxley Act 302 Certification for Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024 by Principal Financial Officer, dated August 7, 2024 November 6, 2024.
32.1	Certification, dated August 7, 2024 November 6, 2024, of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2005 on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024.
101.1	Financial statements from the Quarterly Report on Form 10-Q of the Corporation for the quarter ended June 30, 2024 September 30, 2024, formatted in XBRL pursuant to Rule 405 : (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income and Comprehensive Income, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Shareholders' Equity, and (v) Notes to Consolidated Financial Statements, as blocks of text and in detail**.

*Management contract or compensatory plan or arrangement.

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

SIGNATURES

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

FIRST FINANCIAL CORPORATION

(Registrant)

Date: August 7, 2024 November 6, 2024	By /s/ Norman D. Lowery
	Norman D. Lowery, President, CEO & Director
	(Principal Executive Officer)
Date: August 7, 2024 November 6, 2024	By /s/ Rodger A. McHargue
	Rodger A. McHargue, Treasurer and CFO
	(Principal Financial Officer)

Exhibit 31.1

Sarbanes-Oxley Act of 2002, Section 302

Certification of Principal Executive Officer

I, Norman D. Lowery, certify that:

1 I have reviewed this quarterly report on Form 10-Q of First Financial Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and l5d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;

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

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5 The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 7, 2024 November 6, 2024

By /s/ Norman D. Lowery

Norman D. Lowery,

President and CEO

(Principal Executive Officer)

Exhibit 31.2

Sarbanes-Oxley Act of 2002, Section 302

Certification of Principal Executive Officer

I, Rodger A. McHargue, certify that:

1 I have reviewed this quarterly report on Form 10-Q of First Financial Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and l5d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;

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

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 7, 2024 November 6, 2024

By /s/ Rodger A. McHargue

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

Exhibit 32.1

Sarbanes-Oxley Act of 2002, Section 906

Certification of Principal Executive and Principal Financial Officers

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

1. This Report fully complies with the requirements of Sections 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.

August 7, November 6, 2024	By /s/ Norman D. Lowery Norman D. Lowery, President & CEO (Principal Executive Officer)
August 7, November 6, 2024	By /s/ Rodger A. McHargue Rodger A. McHargue, Treasurer & CFO (Principal Financial Officer)

DISCLAIMER

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