NEWS RELEASE

# First Financial Corporation Reports 3rd Quarter Results

10/28/2015

TERRE HAUTE, IN -- (Marketwired) -- 10/28/15 -- First Financial Corporation(NASDAQ: THFF) today announced results for the third quarter of 2015. Net income increased 1.52% to $8.4 million compared to $8.3 million for the same period of 2014. Diluted net income per common share increased 6.45% to $0.65 from $0.62 for the comparable period of 2014.

The Corporation further reported net income of $23.1 million for the nine months ended September 30, 2015 versus $24.6 million for the comparable period of 2014. Diluted net income per common share was $1.79 for the nine months ended September 30, 2015 versus $1.85 for the comparable period of 2014. Return on assets for the nine months ended September 30, 2015 was 1.03% compared to 1.08% for the nine months ended September 30, 2014.

Book value per share was $32.16 at September 30, 2015, a 3.21% increase from the $31.16 at September 30, 2014. Shareholders' equity increased 1.16% to $408.6 million from $403.9 million on September 30, 2014. On August 25, 2014 the Corporation announced a stock repurchase plan to acquire 5% of the Corporation's outstanding common stock. During the third quarter of 2015 the corporation repurchased 104,507 shares as part of the repurchase plan bringing the total shares repurchased to date to 667,700, completing the planned repurchase. The Corporation also purchased an additional 19,168 shares during the third quarter of 2015.

Average total loans for the third quarter of 2015 were $1.77 billion, a decrease of $40.85 million versus the $1.81

billion for the comparable period in 2014. At September 30, 2015, total loans outstanding were $1.77 billion, a decrease from $1.81 billion at September 30, 2014. On a linked quarter basis, average total loans increased $251 thousand, or .01%, from $1.77 billion for the quarter ending June 30, 2015.

Average total deposits for the quarter ended September 30, 2015 were $2.42 billion versus $2.40 billion as of September 30, 2014, an increase of .62%. Higher cost time deposits decreased to $429.7 million from $510.9 million for the same period of 2014. Lower cost demand and savings deposits increased to $2.0 billion from $1.9 billion for the same period of 2014. The cost of funds for deposits was .21% versus .24% for the same period of 2014.

The company's tangible common equity to tangible asset ratio was 12.61% at September 30, 2015, compared to 11.96% at September 30, 2014.

Net interest income for the third quarter of 2015 was $26.6 million compared to $27.1 million reported for the same period of 2014. The net interest margin for the nine months ended September 30, 2015 was 4.04% compared to 4.11% reported at September 30, 2014. The net interest margin has been impacted by the continued effects of the low interest rate environment on loans and investments.

The provision for loan losses for the three months ended September 30, 2015 was $1.05 million compared to $1.51 million for the third quarter of 2014. Net charge-offs were $986 thousand for the third quarter of 2015 compared to $2.28 million in the same period of 2014. The Corporation's allowance for loan losses as of September 30, 2015 was $19.9 million compared to $17.5 million as of September 30, 2014. The allowance for loan losses as a percent of total loans was 1.13% as of September 30, 2015 compared to .97% as of September 30, 2014.

Nonperforming loans decreased 19.03% to $31.0 million as of September 30, 2015 versus $38.2 million as of September 30, 2014. The ratio of nonperforming loans to total loans and leases was 1.75% as of September 30, 2015 versus 2.11% as of September 30, 2014.

Non-interest income for the three months ended September 30, 2015 was $10.0 million compared to $10.5 million in 2014.

Non-interest expense for the three months ended September 30, 2015 decreased $553 thousand to $24.2 million compared to $24.7 million in 2014. In the nine months ended September 30, 2015 employee benefits increased $3.03 million due to the lower discount rate and the use of the new RP-2014 Mortality Table. The pension plan was frozen for the majority of employees as of December 31, 2012. The Corporation's efficiency ratio was 63.42% for the quarter ending September 30, 2015 versus 63.00% for the same period in 2014.

First Financial Corporation is the holding company for First Financial Bank N.A. in Indiana and Illinois, The Morris

Plan Company of Terre Haute and Forrest Sherer Inc. in Indiana.

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| END OF PERIOD BALANCES | | | | | |
| Assets | $ 2,942,833 | $ 2,973,821 | $ 3,056,767 | $ 2,942,833 | $ 3,056,767 |
| Deposits | $ 2,418,589 | $ 2,398,574 | $ 2,451,952 | $ 2,418,589 | $ 2,451,952 |
| Loans | $ 1,766,667 | $ 1,783,788 | $ 1,811,325 | $ 1,766,667 | $ 1,811,325 |
| Allowance for Loan Losses | $ 19,925 | $ 19,861 | $ 17,507 | $ 19,925 | $ 17,507 |
| Total Equity | $ 408,591 | $ 399,058 | $ 403,873 | $ 408,591 | $ 403,873 |
| Tangible Common Equity | $ 365,727 | $ 355,997 | $ 360,239 | $ 365,727 | $ 360,239 |
| AVERAGE BALANCES | | | | | |
| Total Assets | $ 2,954,983 | $ 2,990,020 | $ 3,004,862 | $ 2,977,719 | $ 3,017,598 |
| Earning Assets | $ 2,733,630 | $ 2,760,188 | $ 2,794,572 | $ 2,747,516 | $ 2,793,730 |
| Investments | $ 960,139 | $ 977,537 | $ 978,435 | $ 968,997 | $ 989,685 |
| Loans | $ 1,769,009 | $ 1,768,758 | $ 1,809,777 | $ 1,766,097 | $ 1,793,625 |
| Total Deposits | $ 2,418,162 | $ 2,462,284 | $ 2,403,368 | $ 2,447,282 | $ 2,458,614 |
| Interest-Bearing Deposits | $ 1,884,420 | $ 1,915,213 | $ 1,886,628 | $ 1,905,714 | $ 1,940,220 |
| Interest-Bearing Liabilities | $ 58,957 | $ 43,413 | $ 148,997 | $ 49,053 | $ 106,157 |
| Total Equity | $ 401,840 | $ 407,387 | $ 400,142 | $ 403,550 | $ 400,452 |
| INCOME STATEMENT DATA | | | | | |
| Net Interest Income | $ 26,576 | $ 25,924 | $ 27,145 | $ 78,495 | $ 80,893 |
| Net Interest Income Fully Tax Equivalent | $ 28,134 | $ 27,491 | $ 28,718 | $ 83,184 | $ 85,536 |
| Provision for Loan Losses | $ 1,050 | $ 1,150 | $ 1,506 | $ 3,650 | $ 3,110 |
| Non-interest Income | $ 9,951 | $ 9,778 | $ 10,494 | $ 29,790 | $ 30,170 |
| Non-interest Expense | $ 24,152 | $ 25,310 | $ 24,705 | $ 73,455 | $ 72,459 |
| Net Income | $ 8,398 | $ 6,923 | $ 8,272 | $ 23,082 | $ 24,591 |
| PER SHARE DATA | | | | | |
| Basic and Diluted Net Income Per Common Share | $ 0.65 | $ 0.54 | $ 0.62 | $ 1.79 | $ 1.85 |
| Cash Dividends Declared Per Common Share | $ - | $ 0.49 | $ - | $ 0.49 | $ 0.49 |
| Book Value Per Common Share | $ 32.16 | $ 31.09 | $ 31.16 | $ 32.16 | $ 31.16 |
| Tangible Book Value Per Common Share | $ 28.79 | $ 28.23 | $ 27.79 | $ 28.79 | $ 27.79 |
| Basic Weighted Average Common Shares Outstanding | 12,773 | 12,903 | 13,269 | 12,874 | 13,325 |

| Key Ratios | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Return on average assets | 1.14% | 0.93% | 1.10% | 1.03% | 1.08% |
| Return on average common shareholder's equity | 8.36% | 6.80% | 8.27% | 7.61% | 8.17% |
| Efficiency ratio | 63.42% | 67.91% | 63.00% | 65.02% | 62.55% |
| Average equity to average assets | 13.60% | 13.62% | 13.32% | 13.55% | 13.27% |
| Net interest margin | 4.12% | 3.99% | 4.15% | 4.04% | 4.11% |
| Net charge-offs to average loans and leases | 0.22% | 0.14% | 0.50% | 0.19% | 0.37% |
| Loan and lease loss reserve to loans and leases | 1.13% | 1.11% | 0.97% | 1.13% | 0.97% |
| Loan and lease loss reserve to nonperforming loans and other real estate | 64.37% | 55.45% | 45.79% | 64.37% | 45.79% |
| Nonperforming loans to loans | 1.75% | 2.01% | 2.11% | 1.75% | 2.11% |
| Tier 1 leverage | 12.92% | 12.62% | 12.19% | 12.92% | 12.19% |
| Risk-based capital - Tier 1 | 17.73% | 17.30% | 16.53% | 17.73% | 16.53% |

| Asset Quality | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| Accruing loans and leases past due 30-89 days | $ 6,778 | $ 5,193 | $ - | $ 6,778 | $ - |
| Accruing loans and leases past due 90 days or more | $ 1,632 | $ 690 | $ 787 | $ 1,632 | $ 787 |
| Nonaccrual loans and leases | $ 16,112 | $ 16,553 | $ 18,673 | $ 16,112 | $ 18,673 |
| Nonperforming loans and other real estate | $ 30,954 | $ 35,819 | $ 38,230 | $ 30,954 | $ 38,230 |
| Other real estate owned | $ 3,382 | $ 3,625 | $ 4,012 | $ 3,382 | $ 4,012 |
| Total nonperforming assets | $ 46,072 | $ 50,630 | $ 53,395 | $ 46,072 | $ 53,395 |
| Total troubled debt restructurings | $ 9,828 | $ 14,951 | $ 14,758 | $ 9,828 | $ 14,758 |
| Gross charge-offs | $ 3,295 | $ 1,479 | $ 2,656 | $ 6,597 | $ 7,142 |
| Recoveries | $ 2,309 | $ 839 | $ 378 | $ 4,033 | $ 2,146 |
| Net charge-offs/(recoveries) | $ 986 | $ 640 | $ 2,278 | $ 2,564 | $ 4,996 |

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

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| | (unaudited) | |
| ASSETS | | |
| Cash and due from banks | $ 63,278 | $ 78,102 |
| Federal funds sold | - | 8,000 |
| Securities available-for-sale | 885,836 | 897,053 |
| Loans: | | |
| Commercial | 1,040,677 | 1,044,522 |
| Residential | 451,425 | 469,172 |
| Consumer | 272,235 | 266,656 |
| | 1,764,337 | 1,780,350 |
| (Less) plus: | | |
| Net deferred loan costs | 2,330 | 1,078 |
| Allowance for loan losses | (19,925) | (18,839) |
| | 1,746,742 | 1,762,589 |
| Restricted stock | 10,838 | 16,404 |
| Accrued interest receivable | 12,265 | 11,593 |
| Premises and equipment, net | 50,834 | 51,802 |
| Bank-owned life insurance | 81,961 | 80,730 |
| Goodwill | 39,489 | 39,489 |
| Other intangible assets | 3,375 | 3,901 |
| Other real estate owned | 3,382 | 3,965 |
| Other assets | 44,833 | 48,857 |
| TOTAL ASSETS | $ 2,942,833 | $ 3,002,485 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Deposits: | | |
| Non-interest-bearing | $ 521,310 | $ 556,389 |
| Interest-bearing: | | |
| Certificates of deposit exceeding the FDIC insurance limits | 47,154 | 53,733 |
| Other interest-bearing deposits | 1,850,125 | 1,847,075 |
| | 2,418,589 | 2,457,197 |
| Short-term borrowings | 23,336 | 48,015 |
| FHLB advances | 13,251 | 12,886 |
| Other liabilities | 79,066 | 90,173 |
| TOTAL LIABILITIES | 2,534,242 | 2,608,271 |
| Shareholders' equity | | |
| Common stock, $.125 stated value per share; | | |
| Authorized shares-40,000,000 | | |
| Issued shares-14,557,815 in 2015 and 14,538,132 in 2014 | | |
| Outstanding shares-12,703,869 in 2015 and 12,962,607 in 2014 | 1,817 | 1,815 |
| Additional paid-in capital | 72,916 | 72,405 |
| Retained earnings | 394,761 | 377,970 |
| Accumulated other comprehensive loss | (8,758) | (14,529) |
| Less: Treasury shares at cost-1,853,946 in 2015 and 1,575,525 in 2014 | (52,145) | (43,447) |
| TOTAL SHAREHOLDERS' EQUITY | 408,591 | 394,214 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 2,942,833 | $ 3,002,485 |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| INTEREST INCOME: | | | | |
| Loans, including related fees | $ 21,478 | $ 21,939 | $ 63,048 | $ 65,782 |
| Securities: | | | | |
| Taxable | 3,918 | 4,196 | 11,970 | 12,938 |
| Tax-exempt | 1,806 | 1,782 | 5,375 | 5,294 |
| Other | 401 | 459 | 1,265 | 1,301 |
| TOTAL INTEREST INCOME | 27,603 | 28,376 | 81,658 | 85,315 |
| INTEREST EXPENSE: | | | | |
| Deposits | 963 | 1,088 | 2,980 | 3,611 |
| Short-term borrowings | 22 | 49 | 54 | 85 |
| Other borrowings | 42 | 94 | 129 | 726 |
| TOTAL INTEREST EXPENSE | 1,027 | 1,231 | 3,163 | 4,422 |
| NET INTEREST INCOME | 26,576 | 27,145 | 78,495 | 80,893 |
| Provision for loan losses | 1,050 | 1,506 | 3,650 | 3,110 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 25,526 | 25,639 | 74,845 | 77,783 |
| NON-INTEREST INCOME: | | | | |
| Trust and financial services | 1,382 | 1,386 | 4,127 | 4,289 |
| Service charges and fees on deposit accounts | 2,688 | 2,813 | 7,557 | 8,058 |
| Other service charges and fees | 3,080 | 3,112 | 8,918 | 8,940 |
| Securities gains/(losses), net | 9 | - | 23 | (1) |
| Insurance commissions | 1,693 | 2,091 | 5,202 | 5,620 |
| Gain on sales of mortgage loans | 611 | 519 | 1,512 | 1,352 |
| Other | 488 | 573 | 2,451 | 1,676 |
| TOTAL NON-INTEREST INCOME | 9,951 | 10,494 | 29,790 | 29,934 |
| NON-INTEREST EXPENSE: | | | | |
| Salaries and employee benefits | 14,963 | 14,081 | 45,105 | 42,064 |
| Occupancy expense | 1,756 | 1,776 | 5,322 | 5,490 |
| Equipment expense | 1,736 | 1,905 | 5,210 | 5,467 |
| FDIC Expense | 468 | 537 | 1,348 | 1,496 |
| Other | 5,229 | 6,406 | 16,470 | 17,706 |
| TOTAL NON-INTEREST EXPENSE | 24,152 | 24,705 | 73,455 | 72,223 |
| INCOME BEFORE INCOME TAXES | 11,325 | 11,428 | 31,180 | 35,494 |
| Provision for income taxes | 2,927 | 3,156 | 8,098 | 10,903 |
| NET INCOME | 8,398 | 8,272 | 23,082 | 24,591 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Change in unrealized gains/losses on securities, net of reclassifications and taxes | 4,471 | 1,879 | 1,669 | 11,298 |
| Change in funded status of post retirement benefits, net of taxes | 819 | 116 | 4,102 | 346 |
| COMPREHENSIVE INCOME | $ 13,688 | $ 10,267 | $ 28,853 | $ 36,235 |
| PER SHARE DATA | | | | |
| Basic and Diluted Earnings per Share | $ 0.65 | $ 0.62 | $ 1.79 | $ 1.85 |
| Weighted average number of shares outstanding (in thousands) | 12,773 | 13,269 | 12,874 | 13,325 |

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Source: First Financial Corp.