FIRST FINANCIAL CORP /IN/
Form 10-Q/A
June 20, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549
FORM 10-Q/A
AMENDMENT NO. 1
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended March 31, 2008
Commission File Number 0-16759

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

INDIANA	35-1546989
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)
One First Financial Plaza, Terre Haute, IN	47807
(Address of principal executive office)	(Zip Code)

(812)238-6000
(Registrant s telephone number, including area code)

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 þ No o.

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 o	Accelerated filer þ
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of May 8, 2008, the registrant had outstanding 13,103,615 shares of common stock, without par value.

EXPLANATORY NOTE
REGARDING
THIS FORM 10-Q/A (Amendment No. 1)

This Amendment No. 1 on Form 10-Q/A (the Amendment) amends Item 1 of our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2008 as filed with the Securities and Exchange Commission on May 9, 2008 (the Original Report). The Amendment is being filed to reflect credit card loans held-for-sale separately from installment loans. The Amendment reflects that as of March 31, 2008, the Company had installment loans outstanding of $268,726 and, as separate line item on the balance sheet, credit card loans held-for-sale of $12,544 as of March 31, 2008 and $14,068 as of December 31, 2007.

Pursuant to SEC Rule 12b-15, this Form 10-Q/A sets forth the complete text of each item of Form 10-Q listed above as amended, and includes updated Exhibits 31.1, 31.2, and 32.1

This Amendment to our Original Report continues to speak as of the date of our Original Report, and we have not updated the disclosures contained in the Amendment to reflect any events that occurred at a date subsequent to the filing of the Original Report. Accordingly, this Amendment should be read in conjunction with our filings made subsequent to the filing of the Original Report on May 9, 2008, including any amendments to those filings.

Part I Financial Information

Item 1. Financial Statements

FIRST FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
Amended
(Dollar amounts in thousands, except per share data)

	March 31, 2008 (Unaudited)	December 31, 2007
ASSETS		
Cash and due from banks	$ 67,926	$ 70,082
Federal funds sold and short-term investments	41,657	4,201
Securities available-for-sale	610,700	558,020
Loans:		
Commercial, financial and agricultural	468,391	461,086
Real estate construction	25,511	29,637
Real estate mortgage	648,583	673,355
Installment	268,726	262,858
Lease financing	2,169	2,275
	1,413,380	1,429,211
Less:		
Unearned income	(208)	(212)
Allowance for loan losses	(15,443)	(15,351)
	1,397,729	1,413,648
Credit card loans held-for-sale	12,544	14,068
Restricted Stock	26,227	28,613
Accrued interest receivable	12,450	13,698
Premises and equipment, net	32,196	32,632
Bank-owned life insurance	60,537	59,950
Goodwill	7,102	7,102
Other intangible assets	1,830	1,937
Other real estate owned	2,282	1,472
Other assets	25,654	26,139
TOTAL ASSETS	$ 2,298,834	$ 2,231,562
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest-bearing	$ 236,497	$ 225,549
Interest-bearing:		
Certificates of deposit of $100 or more	240,578	193,901
Other interest-bearing deposits	1,115,575	1,110,271

	1,592,650	1,529,721
Short-term borrowings	26,016	27,331
Other borrowings	336,285	341,285
Other liabilities	50,655	51,533
TOTAL LIABILITIES	2,005,606	1,949,870
Shareholders equity		
Common stock, $.125 stated value per share;		
Authorized shares-40,000,000		
Issued shares-14,450,966		
Outstanding shares-13,103,615 in 2008 and 13,136,359 in 2007	1,806	1,806
Additional paid-in capital	68,212	68,212
Retained earnings	256,961	250,011
Accumulated other comprehensive income	292	(5,181)
Treasury shares at cost-1,347,351 in 2008 and 1,314,607 in 2007	(34,043)	(33,156)
TOTAL SHAREHOLDERS EQUITY	293,228	281,692
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 2,298,834	$ 2,231,562

See accompanying notes.

FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31, 2008 (Unaudited)	Three Months Ended March 31, 2007 (Unaudited)
INTEREST INCOME:		
Loans, including related fees	$ 25,776	$ 25,652
Securities:		
Taxable	5,997	5,612
Tax-exempt	1,597	1,576
Other	917	782
TOTAL INTEREST INCOME	34,287	33,622
INTEREST EXPENSE:		
Deposits	10,217	10,205
Short-term borrowings	367	232
Other borrowings	4,747	4,728
TOTAL INTEREST EXPENSE	15,331	15,165
NET INTEREST INCOME	18,956	18,457
Provision for loan losses	1,925	1,690
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	17,031	16,767
NON-INTEREST INCOME:		
Trust and financial services	1,119	978
Service charges and fees on deposit accounts	2,792	2,721
Other service charges and fees	1,394	1,305
Securities gains/(losses), net	354	20
Insurance commissions	1,559	1,398
Gain on sales of mortgage loans	225	184
Other	1,206	1,541
TOTAL NON-INTEREST INCOME	8,649	8,147
NON-INTEREST EXPENSE:		
Salaries and employee benefits	10,333	9,952
Occupancy expense	1,049	1,040
Equipment expense	1,113	1,098
Other	3,929	3,968

TOTAL NON-INTEREST EXPENSE	16,424	16,058
INCOME BEFORE INCOME TAXES	9,256	8,856
Provision for income taxes	2,306	2,433
NET INCOME	$ 6,950	$ 6,423
PER SHARE DATA		
Basic and Diluted Earnings per share	$ .53	$ .48
Weighted average number of shares outstanding (in thousands)	13,123	13,250

See accompanying notes.

FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
Three Months Ended
March 31, 2008, and 2007
(Dollar amounts in thousands, except per share data)
(Unaudited)

	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total
Balance, January 1, 2007	$ 1,806	$ 68,003	$ 235,967	$ (5,494)	$ (29,022)	$ 271,260
Comprehensive income:						
Net income			6,423			6,423
Change in net unrealized gains/(losses) on securities available for-sale				421		421
Change in net unrealized gains/(losses) on retirement plans				319		319
Total comprehensive income/(loss)						7,163
Adoption of FIN48			(86)			(86)
Treasury stock purchase					(1,408)	(1,408)
Balance, March 31, 2007	$ 1,806	$ 68,003	$ 242,304	$ (4,754)	$ (30,430)	$ 276,929
Balance, January 1, 2008	$ 1,806	$ 68,212	$ 250,011	$ (5,181)	$ (33,156)	$ 281,692
Comprehensive income:						
Net income			6,950			6,950
Change in net unrealized gains/(losses) on securities available for-sale				5,345		5,345
Change in net unrealized gains/(losses) on retirement plans				128		128
Total comprehensive income/(loss)						12,423
Treasury stock purchase					(887)	(887)
Balance, March 31, 2008	$ 1,806	$ 68,212	$ 256,961	$ 292	$ (34,043)	$ 293,228

See accompanying notes.

FIRST FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31, 2008 (Unaudited)	Three Months Ended March 31, 2007 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 6,950	$ 6,423
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization (accretion) of premiums and discounts on investments	(680)	(638)
Provision for loan losses	1,925	1,690
Securities (gains) losses	(354)	(20)
Gain on sale of other real estate	(55)	(44)
Depreciation and amortization	850	903
Other, net	2,616	3,547
NET CASH FROM OPERATING ACTIVITIES	11,252	11,861
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available-for-sale	354	2,939
Proceeds from sales of restricted stock	2,387	
Calls, maturities and principal reductions on securities available-for-sale	26,048	22,205
Purchases of securities available-for-sale	(69,139)	(28,505)
Loans made to customers, net of repayment	14,197	(2,178)
Proceeds from sales of other real estate owned	566	726
Net change in federal funds sold	(37,456)	(33,538)
Additions to premises and equipment	(307)	(629)
NET CASH FROM INVESTING ACTIVITIES	(63,350)	(38,980)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposits	62,929	12,606
Net change in short-term borrowings	(1,315)	13,559
Dividends paid	(5,785)	(5,708)
Purchase of treasury stock	(887)	(1,408)
Repayments on other borrowings	(5,000)	(357)
NET CASH FROM FINANCING ACTIVITIES	49,942	18,692
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,156)	(8,427)

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		70,082		77,682
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	67,926	$	69,255

See accompanying notes.

FIRST FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying March 31, 2008 and 2007 consolidated financial statements are unaudited. The December 31, 2007 consolidated financial statements are as reported in the First Financial Corporation (the Corporation) 2007 annual report. The information presented does not include all information and footnotes required by U.S. generally accepted accounting procedures for complete financial statements. The following notes should be read together with notes to the consolidated financial statements included in the 2007 annual report filed with the Securities and Exchange Commission as an exhibit to Form 10-K.

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.

2. Impaired Loans

A loan is considered to be impaired when, based upon current information and events, it is probable that the Corporation will be unable to collect all amounts due according to the contractual terms of the loan. Impairment is primarily measured based on the fair value of the loan s collateral. The following table summarizes impaired loan information:

	(000 s)	
	March 31, 2008	December 31, 2007
Impaired loans with related allowance for loan losses calculated under SFAS No. 114	$ 4,831	$ 2,203
Impaired loans with no related allowance for loan losses		
	$4,831	$ 2,203

Interest payments on impaired loans are typically applied to principal unless collection of the principal amount is deemed to be fully assured, in which case interest is recognized on a cash basis.

3. Securities

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

	(000 s) March 31, 2008		(000 s) December 31, 2007	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
United States Government entity mortgage-backed securities	$ 341,380	$ 349,367	$ 288,742	$ 289,704
Collateralized Mortgage Obligations	73,851	76,504	76,730	77,174
State and Municipal Obligations	137,052	142,442	142,862	146,515
Corporate Obligations	37,773	34,883	38,010	36,843
Equity Securities	4,779	7,504	4,721	7,784

	$ 594,835	$ 610,700	$ 551,065	$ 558,020

4. Fair Value

Statement of Financial Accounting Standard (SFAS) No. 157 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 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).

	March 31, 2008 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Carrying Value
Securities available-for-sale (1)	$ 3,444	$ 575,423	$ 31,833	$ 610,700

(1) Carried at fair value prior to the adoption of SFAS 159

The table 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 quarter ended March 31, 2008.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Beginning Balance	33,745
Total gains or losses (realized/unrealized)	(1,674)
Purchase	
Settlements	
Paydowns and Maturities	(238)
Transfers into Level 3	
Ending Balance	$ 31,833

Changes in unrealized gains and losses recorded in earnings for the quarter ended March 31, 2008 for Level 3 assets and liabilities that are still held at March 31, 2008 are immaterial.

All impaired loans disclosed in footnote 2 are valued at Level 3 and have a valuation allowance of $1.9 million at March 31, 2008. The impact to the provision for loan losses for the quarter ending March 31, 2008 is immaterial.

5. Short-Term Borrowings

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

	(000 s) March 31, 2008	December 31, 2007
Federal Funds Purchased	$ 5,283	$ 3,032
Repurchase Agreements	18,706	22,656
Note Payable U.S. Government	2,027	1,643
	$ 26,016	$ 27,331

6. Other Borrowings

Other borrowings at period-end are summarized as follows:

	(000 s)	
	March 31, 2008	December 31, 2007
FHLB advances	$ 329,685	$ 334,685
City of Terre Haute, Indiana economic development revenue bonds	6,600	6,600
	$ 336,285	$ 341,285

7. Components of Net Periodic Benefit Cost

	(000 s)			
			Post-Retirement	
	Pension Benefits		Health Benefits	
Three Months ended March 31,	2008	2007	2008	2007
Service cost	$ 758	$ 768	$ 31	$ 29
Interest cost	727	693	60	77
Expected return on plan assets	(823)	(911)		
Amortization of transition obligation			15	15
Amortization of prior service cost	(5)	(5)		
Amortization of net (gain) loss	182	116	3	43
Net Periodic Benefit Cost	$ 839	$ 661	$ 109	$ 164

Employer Contributions

First Financial Corporation previously disclosed in its financial statements for the year ended December 31, 2007 that it expected to contribute $1.7 and $1.3 million respectively to its Pension Plan and ESOP and $185,000 to the Post Retirement Health Benefits Plan in 2008. Contributions of $59,000 have been made through the first quarter of 2008 for the Post Retirement Health Benefits plan.

8. Unrecognized Tax Benefits

Unrecognized tax benefits attributable to prior years were reduced by $211 thousand, including $25 thousand of interest, during the quarter ended March 31, 2008. The reversal relates to a recent U.S. Tax Court decision that confirmed that a subsidiary of a bank can deduct the interest expense of tax exempt obligations it has purchased. The time for the Internal Revenue Service to appeal the court ruling expired in the first quarter of 2008.

9. New accounting standards

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements. This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This Statement establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The standard is effective for fiscal years beginning after November 15, 2007. In February 2008, Financial Accounting Standards Board Staff Position (FSP) No. 157-2, Effective Date of FASB Statement No. 157, was issued that delayed the application of SFAS No. 157 for non-financial assets and non-financial liabilities, until January 1, 2009. The Corporation adopted the provisions of SFAS No. 157 except these non-financial assets and non-financial liabilities subject to the deferral as a result of FSP No. 157-2. The impact of adoption was not material.

In February 2007, the FASB issued Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159). The standard provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The Corporation did not elect the fair value option for any financial assets or financial liabilities as of January 1, 2008, the effective date of the standard.

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: June 19, 2008	By /s/ Donald E. Smith Donald E. Smith, Chairman
Date: June 19, 2008	By /s/ Norman L. Lowery Norman L. Lowery, Vice Chairman and CEO
Date: June 19, 2008	By /s/ Michael A. Carty Michael A. Carty, Treasurer and CFO

FIRST FINANCIAL CORPORATION
FORM 10-Q/A
Amendment No. 1

ITEM 6. Exhibits.

Exhibit No:	Description of Exhibit:
31.1	Sarbanes-Oxley Act 302 Certification for Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 by Principal Executive Officer, dated June 19, 2008
31.2	Sarbanes-Oxley Act 302 Certification for Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 by Principal Financial Officer, dated June 19, 2008.
32.1	Certification, dated June 19, 2008, 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 March 31, 2008.