



First Financial Corporation Indiana (THFF)

Updated May 17th, 2025, by Josh Arnold

Key Metrics

Current Price:	\$53	5 Year CAGR Estimate:	7.8%	Market Cap:	\$633 M
Fair Value Price:	\$60	5 Year Growth Estimate:	2.0%	Ex-Dividend Date:	07/02/25 ¹
% Fair Value:	89%	5 Year Valuation Multiple Estimate:	2.3%	Dividend Payment Date:	07/15/25
Dividend Yield:	3.8%	5 Year Price Target	\$66	Years Of Dividend Growth:	2
Dividend Risk Score:	F	Sector:	Financials	Rating:	Hold

Overview & Current Events

First Financial Corporation Indiana is the holding company for First Financial Bank N.A. The company has locations in Indiana and Illinois and can trace its roots back to 1834. First Financial offers clients savings accounts, certificates of deposit and life insurance products, as well as home, automobile, agricultural and commercial loans. The company has a market capitalization of \$633 million and produces about \$200 million in annual revenue.

First Financial posted first quarter earnings on April 22nd, 2025, and results were quite good. Net income was \$18.4 million, up from \$10.9 million a year ago. On a per-share basis, earnings soared from 93 cents to \$1.55.

Net interest income was \$52 million, up sharply from \$38.9 million a year ago. Interest income was up almost \$14 million, while interest expense rose only \$0.6 million. That saw net interest margin explode higher from 3.53% to 4.11%.

Total loans outstanding were \$3.85 billion, up from \$3.19 billion a year earlier. The gain was driven by \$467 million of loans acquired in the SimplyBank acquisition last July. Organic growth was driven primarily by increases in commercial construction, commercial real estate, and consumer auto loans. Management noted this was the sixth consecutive quarter of loan growth and a record quarter of net interest income.

Total deposits were \$4.64 billion, up from \$4.11 billion a year ago. SimplyBank was responsible for \$622 million of deposit expansion.

Credit loss provisions came to \$2 million, up slightly year-over-year. We now see \$5.95 in earnings-per-share, which would be a record if achieved.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.35	\$3.12	\$2.38	\$3.80	\$3.80	\$3.93	\$4.02	\$5.82	\$5.08	\$4.00	\$5.95	\$6.57
DPS	\$0.98	\$1.00	\$1.00	\$1.02	\$1.03	\$1.05	\$1.06	\$1.07	\$0.99	\$1.80	\$2.04	\$2.48
Shares²	12.7	12.2	12.3	12.3	13.7	13.6	12.6	12.1	11.8	11.8	11.8	11.2

First Financial saw its earnings decrease just 8.5% from 2008 to 2009 – an excellent performance compared to many financial companies. In recent years, First Financial has seen earnings-per-share fluctuate rather wildly. For example, earnings-per-share declined in 2012, 2013, 2015 and 2017. The company has an earnings-per-share growth rate of just ~2% per year over the past decade. We see tailwinds and headwinds somewhat offsetting each other, mostly from higher loan balances and higher rates, but the potential for higher credit losses. First Financial could also see a margin tailwind from lower expenses relative to revenue. We forecast earnings-per-share growth of 2% for the foreseeable future given these factors, and the high base for 2025.

First Financial now pays its dividend each quarter, rather than semi-annually. The company has raised its dividend an average of 1.5% per year over the past ten years. First Financial issued a special dividend of \$1.50 per share on 10/20/2017, though this is not a common occurrence and should not be expected to recur in the future. We are

¹ Estimated date

² Share count in millions

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targeting a sub-40% payout ratio going forward for First Financial, translating to a \$2.48 dividend potentially for 2030. We note two annual raises after the payout was cut a couple of years ago.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.6	12.2	18.4	14.2	11.1	9.2	10.6	7.9	8.5	11.6	8.9	10.0
Avg. Yld.	2.9%	2.6%	2.3%	2.2%	2.4%	2.9%	2.5%	2.3%	2.3%	3.9%	3.8%	3.8%

Based off estimates for 2025, shares have a forward price-to-earnings ratio of 8.9. First Financial's stock has traded with an average multiple of ~13 over the past ten years. We peg fair value at 10 due to low sector valuations and the company's own uninspiring growth outlook. We see a small positive impact on total returns from the valuation as the stock is slightly undervalued.

First Financial had increased its dividend for the past 34 years, but made a surprising cut at the end of 2023. We have assumed a modest dividend growth rate given the spotty recent history.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	42%	32%	42%	27%	27%	27%	26%	18%	19%	45%	34%	38%

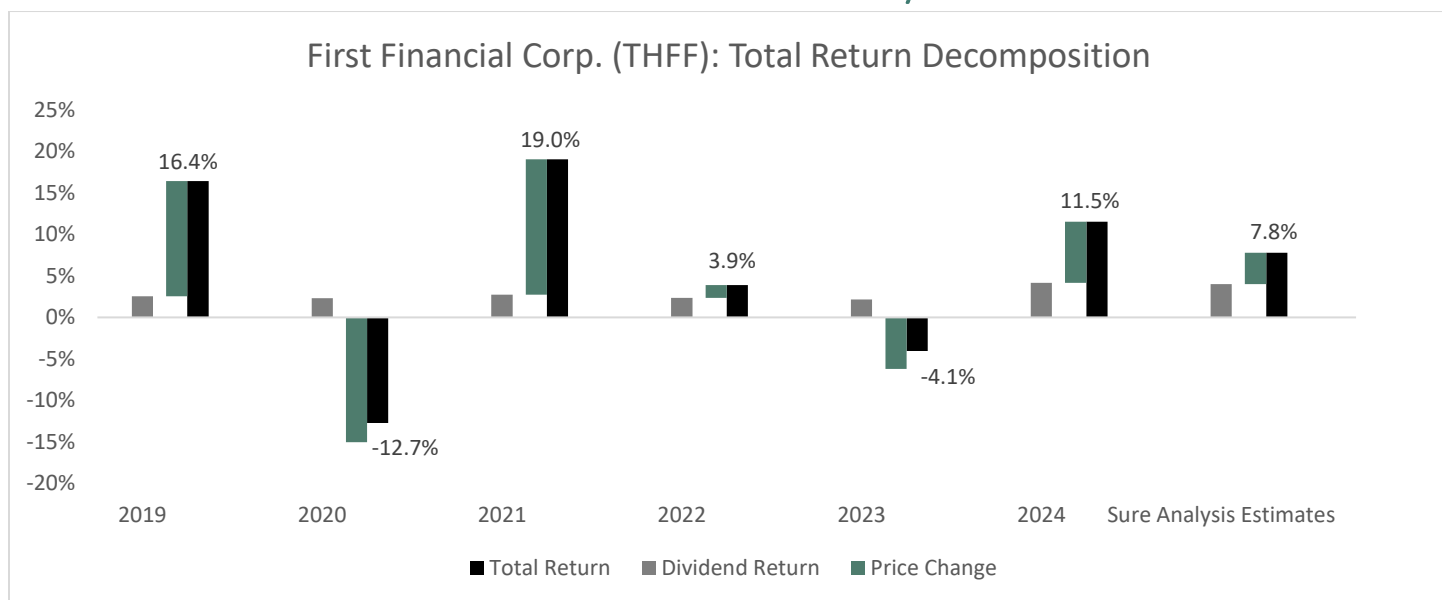
While earnings did decline in 2009, First Financial managed to weather the last recession well. Earnings recovered above 2008's earnings-per-share total in 2010. Since then, the company has experienced varied earnings growth. Investors looking for consistent earnings growth will likely be disappointed by First Financial.

If First Financial has a competitive advantage, it is the bank's presence in its small home markets. In addition, its net interest margin is very high compared to other banks. However, First Financial doesn't have any sort of competitive moat from its business model as it competes in the same ways every other small bank does.

Final Thoughts & Recommendation

After Q1 results, we now anticipate that First Financial Corporation Indiana could offer 7.8% returns through 2030, down from our last update. Total returns would be based on 2% earnings growth, the 3.8% yield, and a 2.3% tailwind from the valuation. We are reiterating our hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	143.7	151.9	143.8	154.8	170	189	185	212	210	218
SG&A Exp.	61.9	54.0	52.2	51.6	56	62	66	68	71	77
D&A Exp.	5.5	5.0	4.4	4	5	6	6	6	7	10
Net Profit	30.2	38.4	29.1	46.6	49	54	53	71	61	47
Net Margin	21.0%	25.3%	20.3%	30.1%	28.7%	28.5%	28.6%	33.5%	29.0%	21.7%
Free Cash Flow	37.8	38.1	47.2	55	49	74	51	77	80	54
Income Tax	10.4	19.9	20.6	11.1	12	12	13	17	12	10

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2980	2989	3001	3009	4023	4558	5171	4989	4851	5,560
Cash & Equivalents	88.7	75.0	74.1	74.4	127	657	683	220	77	94
Acc. Receivable	11.7	12.3	12.9	14.0	19	17	17	21	25	27
Goodwill & Int.	42.7	36.5	36.0	35.6	89	88	94	94	93	122
Total Liabilities	2569.3	2574.1	2587.1	2566.0	3466	3961	4588	4514	4323	5,011
Long-Term Debt	46.5	81.1	57.7	69.7	31	6	109	80	176	215
Total Equity	410.3	414.4	413.6	442.7	558	597	583	475	528	549
LTD/E Ratio	0.03	0.20	---	---	0.06	0.01	0.03	0.17	0.33	0.39

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.3%	1.0%	1.6%	1.4%	1.3%	1.1%	1.4%	1.2%	0.9%
Return on Equity	7.5%	9.3%	7.0%	10.9%	9.8%	9.3%	9.0%	13.4%	12.1%	8.8%
ROIC	6.6%	8.1%	6.0%	9.5%	9.0%	8.3%	8.8%	12.3%	10.2%	6.7%
Shares Out.	12.74	12.22	12.25	12.25	13.7	13.6	12.6	12.2	11.9	11.8
Revenue/Share	11.19	12.33	11.76	12.63	13.22	13.77	14.06	17.34	17.59	18.44
FCF/Share	2.94	3.10	3.86	4.52	3.79	5.36	3.88	6.34	6.66	4.59

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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