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Second Quarter 2011 Earnings Release

Supplemental Information

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Forward-Looking Statements Disclosure

Certain statements contained in this presentation which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act (the ‘‘Act’’). In addition, certain statements in future filings by First Financial with the SEC, in press releases, and in oral and written statements made by or with the approval of First Financial which are not statements of historical fact constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to, projections of revenues, income or loss, earnings or loss per share, the payment or non-payment of dividends, capital structure and other financial items, statements of plans and objectives of First Financial or its management or board of directors, and statements of future economic performances and statements of assumptions underlying such statements. Words such as ‘‘believes’’, ‘‘anticipates’’, “likely”, “expected”, ‘‘intends’’, and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Management’s analysis contains forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- management’s ability to effectively execute its business plan;
- the risk that the strength of the United States economy in general and the strength of the local economies in which we conduct operations may continue to deteriorate resulting in, among other things, a further deterioration in credit quality or a reduced demand for credit, including the resultant effect on our loan portfolio, allowance for loan and lease losses and overall financial performance;
- the effects of the potential delay or failure of the U.S. federal government to pay its debts as they become due or make payments in the ordinary course;
- the ability of financial institutions to access sources of liquidity at a reasonable cost;
- the impact of recent upheaval in the financial markets and the effectiveness of domestic and international governmental actions taken in response, such as the U.S. Treasury’s TARP and the FDIC’s Temporary Liquidity Guarantee Program, and the effect of such governmental actions on us, our competitors and counterparties, financial markets generally and availability of credit specifically, and the U.S. and international economies, including potentially higher FDIC premiums arising from increased payments from FDIC insurance funds as a result of depository institution failures;
- the effect of and changes in policies and laws or regulatory agencies (notably the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act);
- inflation and possible changes in interest rates;
- our ability to keep up with technological changes;
- our ability to comply with the terms of loss sharing agreements with the FDIC;
- mergers and acquisitions, including costs or difficulties related to the integration of acquired companies and the wind-down of non-strategic operations that may be greater than expected, such as the risks and uncertainties associated with the Irwin Mortgage Corporation bankruptcy proceedings;
- the risk that exploring merger and acquisition opportunities may detract from management’s time and ability to successfully manage our company;
- expected cost savings in connection with the consolidation of recent acquisitions may not be fully realized or realized within the expected time frames, and deposit attrition, customer loss and revenue loss following completed acquisitions may be greater than expected;
- our ability to increase market share and control expenses;
- the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies as well as the Financial Accounting Standards Board and the SEC;
- adverse changes in the securities and debt markets;
- our success in recruiting and retaining the necessary personnel to support business growth and expansion and maintain sufficient expertise to support increasingly complex products and services;
- monetary and fiscal policies of the Board of Governors of the Federal Reserve System (Federal Reserve) and the U.S. government and other governmental initiatives affecting the financial services industry;
- our ability to manage loan delinquency and charge-off rates and changes in estimation of the adequacy of the allowance for loan losses; and
- the costs and effects of litigation and of unexpected or adverse outcomes in such litigation.

In addition, please refer to our Annual Report on Form 10-K for the year ended December 31, 2010, as well as our other filings with the SEC, for a more detailed discussion of these risks and uncertainties and other factors. Such forward-looking statements are meaningful only on the date when such statements are made, and First Financial undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such a statement is made to reflect the occurrence of unanticipated events.

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Pre-Tax, Pre-Provision Income

	For the three months ended				
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010
Pre-tax, pre-provision income [1]	$ 32,845	$ 29,768	$ 34,844	$ 33,631	$ 37,216
Accelerated discount on acquired loans related to:					
Loan sales	39	3,085	-	362	-
Prepayments	4,717	2,698	6,113	9,086	7,408
Total accelerated discount	4,756	5,783	6,113	9,448	7,408
Plus: loss on covered OREO [2]	2,621	3,112	-	-	-
Less: gain on sales of non-mortgage loans [3]	429	-	-	2,034	-
Plus: acceleration of deferred swap fees associated with trust preferred redemption	590	-	-	-	-
Plus: FHLB prepayment penalty	-	-	-	8,029	-
Pre-tax, pre-provision income, net of accelerated discount, loss on covered OREO and other significant nonrecurring items	$ 30,871	$ 27,097	$ 28,731	$ 30,178	$ 29,808

[1] Represents income before taxes plus provision for all loans less FDIC loss sharing income

[2] Reimbursements related to losses on covered OREO are included in FDIC loss sharing income, which is excluded from the pre-tax, pre-provision income above

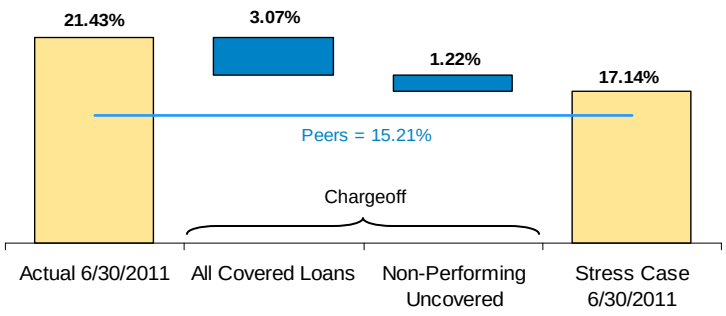
[3] Represents gain on sale of loans originated by franchise finance business

Low Risk Balance Sheet

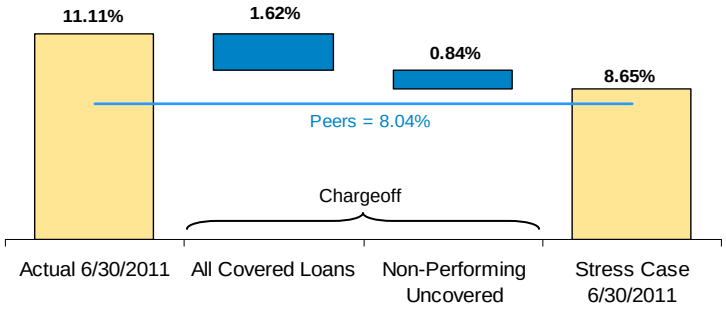
Stress Case

- Illustrates the strength of our balance sheet assuming a full charge-off of all acquired loans under FDIC loss share agreements and a full charge-off of all uncovered non-performing loans.
- Nonperforming Assets = $90 million
- Covered Loans = $1.2 billion

Risk Based Capital Ratio



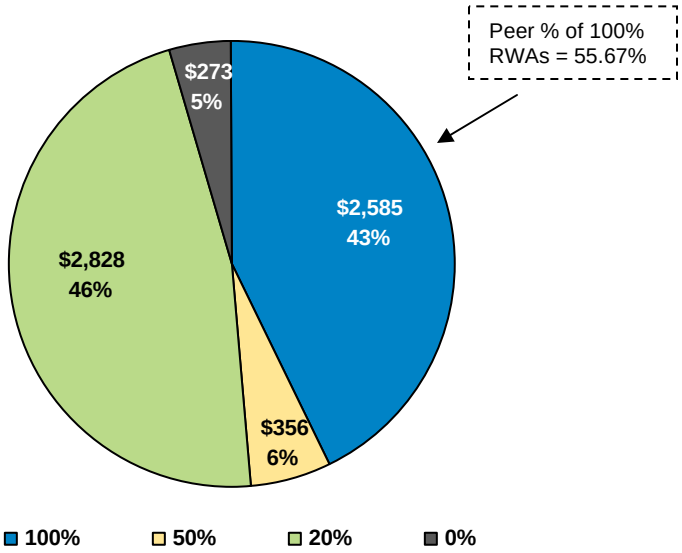
Tangible Common Equity to Tangible Assets



Total Assets by Risk Weighting %

As of June 30, 2011

(Dollars in millions)



- Return on Risk Weighted Assets = 1.89% (Peer Median(1) = 0.95%)
- Risk Weighted Assets / Total Assets = 55.98% (Peer Median(1) = 67.68%)

(1) Peer Group comprised of the component banks within the KBW Regional Bank Index (49 total companies excluding First Financial); based on peer median financial data as of March 31, 2011

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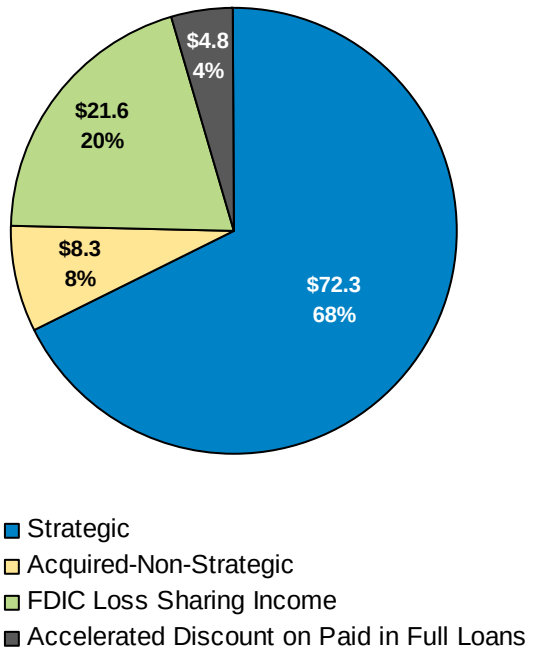
Revenue by Source

- **Strategic** – Elements of the business that either existed prior to the acquisitions or were acquired with the intent to retain and grow. On a reported basis, approximately 68% of total revenue is derived from strategic businesses. Not including the FDIC loss sharing income, strategic operations represents 85% of total revenue.
- **Acquired-Non-Strategic –** Elements of the business that the Company intends to exit but will continue to support to obtain maximum economic value. No growth or replacement is expected. Revenue will decrease over time as loans and deposits will not be renewed when they mature.
- **FDIC Loss Sharing Income –** In accordance with guidance provided by the SEC, amounts recoverable from the FDIC related to credit losses on covered loans under loss sharing agreements are required to be recorded as noninterest income
- **Accelerated Discount on Loan Prepayments and Dispositions** – The acceleration of the unrealized valuation discount. Noninterest income results from the prepayment or sale of covered loans. This item will be ongoing but diminishing as covered loan balances decline over time.

Total Revenue: $107.0 million

For the Three Months Ended June 30, 2011

(Dollars in millions)



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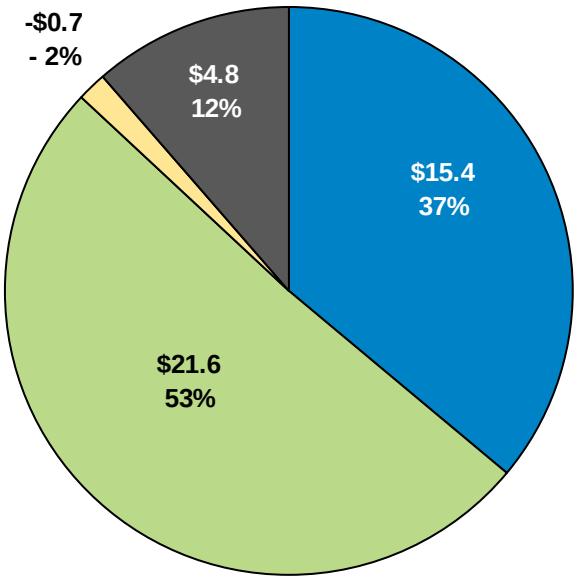
Noninterest Income and Expense

Components of Noninterest Income

For the Three Months Ended June 30, 2011

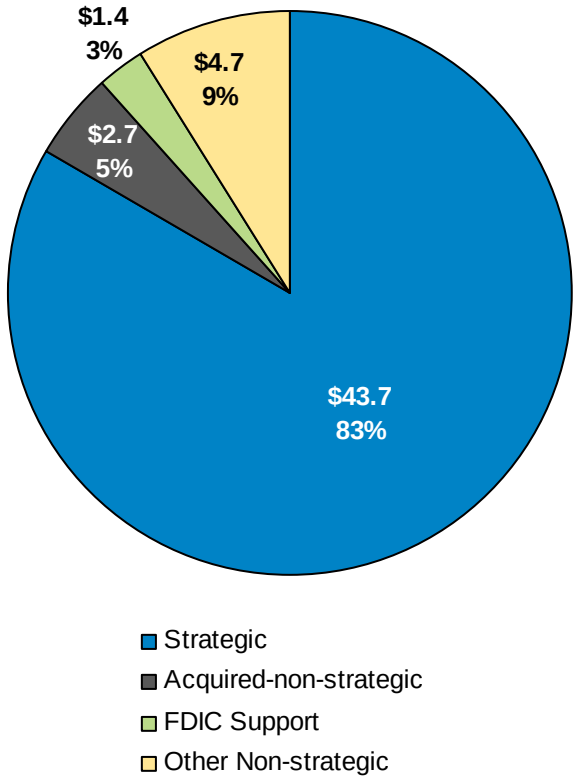
(Dollars in millions)



Components of Noninterest Expense

For the Three Months Ended June 30, 2011

(Dollars in millions)



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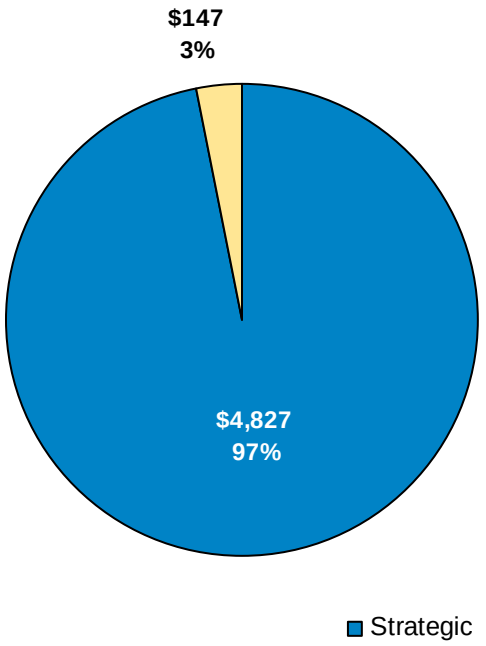
Deposit and Loan Composition

Total Deposits = $5.0 billion

As of June 30, 2011

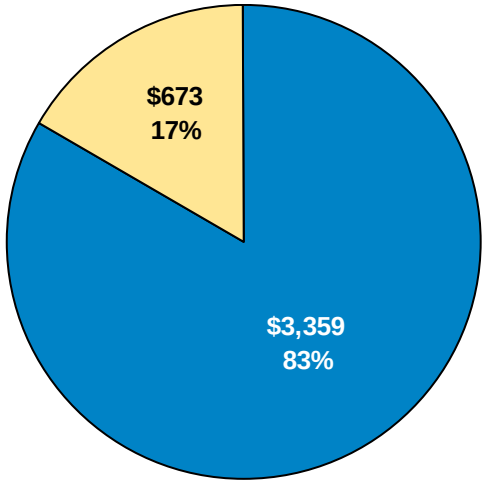
(Dollars in millions)



Gross Loans = $4.0 billion

As of June 30, 2011

(Dollars in millions)



- Western market (acquired-non-strategic) branch exit is complete; acquired-non-strategic deposits consist primarily of Michigan and Louisville market deposits and brokered CDs.

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Second Quarter 2011 Loan Valuation

- The majority of the loans acquired as part of the FDIC-assisted transactions are accounted for under ASC Topic 310-30 which requires the Company to periodically update its forecast of expected cash flows from these loans.
- As a result of cumulative valuation procedures performed during the second quarter 2011, net impairment is now being observed in the majority of its loan pools.
- As of June 30, 2011, the allowance for loan and lease losses attributed to valuation of acquired loans was $51.0 million, an increase of $19.5 million from the first quarter 2011. Expected payments from the FDIC, in the form of FDIC loss sharing income, offset approximately 80% of the recorded impairment and charge-offs.
- Acquired loans continue to maintain yields significantly higher than the Company's legacy loan portfolio.

		Second Quarter 2011 Valuation Results						
Dollars in thousands	Balance as of June 30, 2011	Current Period Impairment	Prior Period Impairment Recapture	Net Current Period Impairment	Improvement	Projected Wtd. Avg. Rate	Life-to-Date Avg. Rate	Day 1 Projected Rate
Total loans	$ 1,149,284	$ 23,160	$ (3,671)	$ 19,489	$ 777	11.00% [1]		
Allowance for loan and lease losses	(51,044)	-	-	-	-	0.51%		
Total net loans	$ 1,098,240	$ 23,160	$ (3,671)	$ 19,489 [3]	$ 777	11.51% [2]	10.39%	9.10%
FDIC indemnification asset	$ 193,113	NA	NA	NA	NA	(3.74%)	3.39%	6.50%
				Weighted average yield		9.23%	9.45%	8.75%

[1] The actual yield realized may be different than the projected yield due to activity that occurs after the periodic valuation.
[2] Accretion rates are applied to the net carrying value of the loan which includes the allowance for loan and lease losses.
[3] Acquired loan provision expense of $23.9 million was comprised of net charge-offs during the period of $4.4 million and net impairment of $19.5 million.

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Components of Credit Losses Covered Assets

Dollars in thousands	For the three months ended June 30, 2011	Description
Net incremental impairment for period	$19,489	Reduction in expected cash flows related to certain loan pools net of prior period impairment relief / recapture
Net charge-offs	4,406	Represents actual, unexpected net charge-offs of acquired loans during the period [1]
Provision for loan and lease losses - acquired	23,895	
Loss on sale - covered OREO	2,621	
Total gross credit losses	$26,516	
FDIC loss share income (Noninterest income)	$21,643	Represents receivable due from FDIC on estimated credit losses; calculated as approximately 80% of provision for loan and lease losses related to covered loans
	$4,873	Difference between these two amounts represents actual credit costs for the period

[1] Expected losses are considered in the recorded investment value

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Tables from Second Quarter 2011 Earnings Release

Noninterest Income

Table I

(Dollars in thousands)	For the Three Months Ended June 30, 2011	March 31, 2011	June 30, 2010
Total noninterest income	$ 41,118	$ 43,658	$ 40,467
Significant components of noninterest income			
Items likely to recur:			
Accelerated discount on covered loans [1, 2]	4,756	5,783	7,408
FDIC loss sharing income	21,643	23,435	15,170
Other acquired-non-strategic items	(485)	(552)	476
Items expected not to recur:			
FDIC settlement and other items not expected to recur	(152)	125	2,930
Total excluding items noted above	$ 15,356	$ 14,867	$ 14,483

[1] See Section II of the earnings release for additional information

[2] Net of the corresponding valuation adjustment on the FDIC indemnification asset

Noninterest Expense

Table II

(Dollars in thousands)	For the Three Months Ended June 30, 2011	March 31, 2011	June 30, 2010
Total noninterest expense	$ 52,497	$ 57,790	$ 55,819
Significant components of noninterest expense			
Items likely to recur:			
Acquired-non-strategic operating expenses [1]	2,673	3,911	1,270
Transition-related items [1]	161	196	1,321
FDIC loss share support	1,369	783	938
Loss share and covered asset expense	3,376	3,171	-
Items expected not to recur:			
Acquisition-related costs [1]	76	116	2,180
Other items not expected to recur	1,140	3,962	2,387
Total excluding items noted above	$ 43,702	$ 45,651	$ 47,723

[1] See Section II of the earnings release for additional information

Credit Quality – Excluding Covered Loans

Table III

(Dollars in thousands)	As of or for the Three Months Ended				
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010
Total nonaccrual loans	$ 56,536	$ 62,048	$ 62,302	$ 66,157	$ 66,671
Restructured loans	17,482	18,532	17,613	13,365	12,752
Total nonperforming loans	74,018	80,580	79,915	79,522	79,423
Total nonperforming assets	90,331	95,533	97,822	97,827	96,241
Nonperforming assets as a % of:					
Period-end loans plus OREO	3.22%	3.42%	3.45%	3.51%	3.42%
Total assets	1.50%	1.51%	1.57%	1.59%	1.46%
Nonperforming loans as a % of total loans	2.65%	2.90%	2.84%	2.88%	2.84%
Provision for loan and lease losses - uncovered	$ 5,756	$ 647	$ 9,741	$ 6,287	$ 6,158
Allowance for uncovered loan & lease losses	$ 53,671	$ 53,645	$ 57,235	$ 57,249	$ 57,811
Allowance for loan & lease losses as a % of:					
Period-end loans	1.92%	1.93%	2.03%	2.07%	2.07%
Nonaccrual loans	94.9%	86.5%	91.9%	86.5%	86.7%
Nonperforming loans	72.5%	66.6%	71.6%	72.0%	72.8%
Total net charge-offs	$ 5,730	$ 4,237	$ 9,755	$ 6,849	$ 4,989
Annualized net-charge-offs as a % of average loans & leases	0.83%	0.61%	1.39%	0.97%	0.71%

Loan Portfolio – Excluding Covered Loans

Table IV

(Dollars in thousands)	As of June 30, 2011 Balance	June 30, 2011 Percent of Total	As of March 31, 2011 Balance	March 31, 2011 Percent of Total	As of June 30, 2010 Balance	June 30, 2010 Percent of Total
Commercial	$ 798,552	28.6%	$ 794,821	28.6%	$ 749,522	26.8%
Real estate - construction	142,682	5.1%	145,355	5.2%	197,112	7.1%
Real estate - commercial	1,144,368	41.0%	1,131,306	40.7%	1,113,836	39.9%
Real estate - residential	256,788	9.2%	268,746	9.7%	296,295	10.6%
Installment	63,799	2.3%	66,028	2.4%	75,862	2.7%
Home equity	344,457	12.3%	339,590	12.2%	332,928	11.9%
Credit card	28,618	1.0%	28,104	1.0%	28,567	1.0%
Lease financing	9,890	0.4%	7,147	0.3%	15	0.0%
Total	$ 2,789,154	100.0%	$ 2,781,097	100.0%	$ 2,794,137	100.0%

Investment Portfolio

Table V

(Dollars in thousands)	Book Value	Percent of Total	Book Yield	Cost Basis	Market Value	Gain/ (Loss)
	As of June 30, 2011					
Agencies	$ 5,176	0.4%	5.49	100.00	102.97	$ 149
CMOs (agency)	645,062	53.4%	2.02	101.23	101.94	4,460
CMOs (private)	37	0.0%	0.91	100.00	100.21	-
MBSs (agency)	461,001	38.1%	3.48	102.29	105.52	14,077
	1,111,276	91.9%	2.64	101.67	103.40	18,686
Municipal	15,206	1.3%	7.21	99.46	101.72	344
Other [1]	82,125	6.8%	3.50	102.89	103.44	440
	97,331	8.1%	4.08	102.35	103.16	784
Total investment portfolio	$ 1,208,607	100.0%	2.76	101.72	103.38	$ 19,470

Net Unrealized Gain/(Loss)	$ 19,470
Aggregate Gains	20,299
Aggregate Losses	(829)
Net Unrealized Gain/(Loss) % of Book Value	1.61%

[1] Other includes $71.5 million of regulatory stock

Deposit Activity

Table VI

(Dollars in thousands)	Balance as of March 31, 2011	Strategic Portfolio	Acquired-Non-Strategic Portfolio	Balance as of June 30, 2011
	Deposit Activity - Second Quarter 2011			
Transaction and savings accounts	$ 3,514,956	(77,249)	(44,900)	$ 3,392,807
Time deposits	1,590,008	(50,846)	(12,431)	1,526,731
Brokered deposits	112,286	(1,788)	(55,626)	54,872
Total deposits	$ 5,217,250	$ (129,883)	$ (112,957)	$ 4,974,410

Capital Ratios

Table VII

	As of			
	June 30, 2011	March 31, 2011	June 30, 2010	"Well-Capitalized" Minimum
Leverage Ratio	11.01%	11.08%	9.99%	5.00%
Tier 1 Capital Ratio	20.15%	20.49%	18.15%	6.00%
Total Risk-Based Capital Ratio	21.43%	21.77%	19.42%	10.00%
Ending tangible shareholders' equity to ending tangible assets	11.11%	10.40%	9.55%	N/A
Ending tangible common shareholders' equity to ending tangible assets	11.11%	10.40%	9.55%	N/A

Significant Acquisition Related Items

Table VIII

(Dollars in thousands)	For the Three Months Ended June 30, 2011	March 31, 2011	June 30, 2010
Income effect:			
Accelerated discount on covered loans [1, 2]	$ 4,756	$ 5,783	$ 7,408
Acquired-non-strategic net interest income	8,821	8,902	10,207
FDIC loss sharing income	21,643	23,435	15,170
Service charges on deposit accounts related to acquired-non-strategic operations	108	152	130
Other (loss) income related to acquired-non-strategic operations	(593)	(704)	346
Income related to the accelerated discount on covered loans and acquired-non-strategic operations	34,735	37,568	33,261
Expense effect:			
Provision for loan and lease losses - covered	23,895	26,016	18,962
Acquired-non-strategic operating expenses: [3]			
Salaries and employee benefits	499	1,497	29
Occupancy	64	2,153	542
Other	2,110	261	699
Total acquired-non-strategic operating expenses	2,673	3,911	1,270
FDIC loss share support [3]	1,369	783	938
Loss share and covered asset expense	3,376	3,171	-
Acquisition-related costs: [3]			
Integration-related costs	76	46	720
Professional services fees	-	55	1,436
Other	-	15	24
Total acquisition-related costs	76	116	2,180
Transition-related items: [3]			
Salaries and benefits	81	166	1,843
Occupancy	-	-	(522)
Other	80	30	-
Total transition-related items	161	196	1,321
Total expense effect	31,550	34,193	24,671
Total estimated effect on pre-tax earnings	$ 3,185	$ 3,375	$ 8,590

[1] Included in noninterest income

[2] Net of the corresponding valuation adjustment on the FDIC indemnification asset

[3] Included in noninterest expense

Estimated Yields and Average Balances

Table IX	For the Three Months Ended June 30, 2011	
	Average Balance	Yield
Legacy and originated loan portfolio	$ 2,782,947	5.23%
Acquired loan portfolio accounted for under ASC Topic 310-30 [1]	1,184,505	10.78%
Acquired loan portfolio accounted for under FAS 91 [2]	110,723	13.67%
FDIC indemnification asset [1]	186,125	-3.68%
Total	$ 4,264,300	6.60%

[1] Future yield adjustments subject to change based on required, periodic valuation procedures

[2] Includes loans with revolving privileges which are scoped out of ASC Topic 310-30 and certain loans which the Company elected to treat under the cost recovery method of accounting.

Covered Loan Portfolio

Table X

	Covered Loan Activity - Second Quarter 2011						
		Reduction in Recorded Investment Due to:					
(Dollars in thousands)	March 31, 2011	Sales	Prepayments / Renewals	Contractual Activity [1]	Net Charge-Offs [2]	Loans With Coverage Removed	June 30, 2011
Commercial	$ 294,300	$ 6,928	$ 27,874	$ 7,360	$ 385	$ -	$ 251,753
Real estate - construction	44,789	-	2,437	(445)	1,986	-	40,811
Real estate - commercial	762,188	-	23,389	9,999	696	1,219	726,885
Real estate - residential	140,256	-	4,707	1,197	221	-	134,131
Installment	18,008	-	2,169	344	298	-	15,197
Home equity	70,429	-	3,371	(2,426)	820	-	68,664
Other covered loans	6,045	-	-	756	-	-	5,289
Total covered loans	$ 1,336,015	$ 6,928	$ 63,947	$ 16,785	$ 4,406	$ 1,219	$ 1,242,730

[1] Includes partial paydowns, accretion of the valuation discount and advances on revolving loans

[2] Indemnified at 80% from the FDIC



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