FIRST FINANCIAL BANKSHARES INC
Form S-4/A
April 05, 2013
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As filed with the Securities and Exchange Commission on April 5, 2013

Registration No. 333-187460

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FIRST FINANCIAL BANKSHARES, INC.

(Exact name of registrant as specified in its charter)

Texas	**6021**	**75-0944023**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

400 Pine Street

Abilene, Texas 79601

(325) 627-7155

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

F. Scott Dueser

Chairman of the Board, President and Chief Executive Officer

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

(325) 627-7155

(325) 627-7393 (Fax)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Michael G. Keeley, Esq.

Hunton & Williams LLP

1445 Ross Avenue, Suite 3700

Dallas, Texas 75202

(214) 468-3345

(214) 740-7138 (Fax)

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ¨

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered[(1)]**	**Proposed maximum offering price per share**	**Proposed maximum aggregate offering price[(2)]**	**Amount of registration fee**
Common Stock, $.01 par value	420,000	N/A	$6,150,000	$839

(1) Represents the estimated maximum number of shares of Registrant common stock that could be issued in connection with the merger described herein.
(2) Estimated solely for the purpose of determining the registration fee in accordance with Rule 457(f)(2) and (f)(3) under the Securities Act by multiplying the book value of Orange Savings Bank, SSB common stock of $1,814 per share as of December 31, 2012 by the maximum number of shares of Orange Savings Bank, SSB common stock to be acquired by Registrant in the merger described herein, minus the cash portion of the merger consideration to be paid by First Financial to the holder of shares of Orange Savings Bank, SSB common stock.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting to buy these securities, in any state where the offer or sale is not permitted.

Subject to completion, dated April 5, 2013

ASSET SALE PROPOSED YOUR VOTE IS VERY IMPORTANT

You are cordially invited to attend the special meeting of shareholders of OSB Financial Services, Inc. (OSB Financial) to be held on May 14, 2013 at 4:00 p.m. in the lobby of Orange Savings Bank, SSB, at 812 North 16th Street, Orange, Texas 77630. At this important special meeting, you will be asked to approve the sale of substantially all of the assets of OSB Financial pursuant to the Agreement and Plan of Merger, dated February 20, 2013, by and between First Financial Bankshares, Inc. (First Financial), First Financial Bank, N.A., OSB Financial and Orange Savings Bank, SSB. The asset sale will be completed by means of the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A., on the terms and subject to the conditions contained in the merger agreement. You may also be asked to adjourn or postpone the meeting to a later date or dates, if the board of directors of OSB Financial determines it is necessary.

If the asset sale is completed, all outstanding shares of Orange Savings Bank, SSB common stock held by OSB Financial will be converted, pursuant to the merger agreement, into an aggregate of 420,000 shares of First Financial common stock and $39.2 million in cash, with the cash portion subject to decrease under certain circumstances, as set forth in the merger agreement. After completion of the asset sale, OSB Financial intends to distribute the consideration, after repayment of its obligations and expenses, to the holders of the OSB Financial common stock, other than dissenting shareholders. The asset sale and the merger will be treated as a taxable sale of the stock of a qualified subchapter S subsidiary (within the meaning of §1361(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the Code)) that is treated as a taxable asset sale for federal income tax purposes. After completion of the asset sale, we expect that shareholders of OSB Financial will own approximately 1.33% of the issued and outstanding shares of common stock of First Financial. First Financial s common stock is listed on the NASDAQ Global Select Market under the symbol FFIN.

This document contains a more complete description of the special meeting and the terms of the asset sale and the merger agreement. We urge you to review this entire document carefully. You may also obtain information about First Financial from documents that First Financial has filed with the Securities and Exchange Commission, or SEC.

Thomas A. Gunn

Chairman of the Board

OSB Financial Services, Inc.

An investment in First Financial common stock in connection with the asset sale involves risks. See *Risk Factors* beginning on page 13.

Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The securities that First Financial is offering through this document are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Proxy statement/prospectus dated April 5, 2013

and first mailed to shareholders of OSB Financial on or about April 11, 2013

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HOW TO OBTAIN ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about First Financial from documents filed with the SEC that have not been included in or delivered with this document. This information is described on page 77 under *Where You Can Find More Information.* You can obtain free copies of this information by writing or calling:

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

Attention: J. Bruce Hildebrand, Executive Vice President and Chief Financial Officer

Telephone (325) 627-7155

To obtain timely delivery of the documents before the special meeting of OSB Financial, you must request the information by May 7, 2013.

PLEASE NOTE

We have not authorized anyone to provide you with any information other than the information included in this document and the documents to which we refer you. If someone provides you with other information, please do not rely on it as being authorized by us.

This proxy statement/prospectus has been prepared as of April 5, 2013. There may be changes in the affairs of OSB Financial or First Financial since that date, which are not reflected in this document.

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OSB Financial Services, Inc.

812 North 16th Street

Orange, Texas 77630

(409) 221-6160

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

The special meeting of shareholders of OSB Financial Services, Inc. will be held on May 14, 2013 at 4:00 p.m., local time, in the lobby of Orange Savings Bank, SSB, at 812 North 16th Street, Orange, Texas 77630, for the following purposes:

1. To approve the sale of substantially all of the assets of OSB Financial Services, Inc. pursuant to that certain Agreement and Plan of Merger, dated February 20, 2013, by and between First Financial Bankshares, Inc., First Financial Bank, N.A., OSB Financial Services, Inc., and Orange Savings Bank, SSB providing for the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A., on the terms and subject to the conditions contained therein; and

2. The authority to adjourn or postpone the special meeting.

Only shareholders of record at the close of business on March 31, 2013 will be entitled to notice of and to vote at the meeting and any adjournments or postponements thereof. The meeting may be adjourned or postponed from time to time upon approval of OSB Financial s shareholders without any notice other than by announcement at the meeting of the adjournment or postponement thereof, and any and all business for which notice is hereby given may be transacted at such adjourned or postponed meeting.

Shareholders of OSB Financial have the right to dissent from the asset sale and obtain payment in cash of the appraised fair value of their shares of OSB Financial common stock under applicable provisions of the Texas Business Organizations Code. In order for a shareholder of OSB Financial to perfect his right to dissent, such shareholder must file a written objection to the asset sale prior to the special meeting, must vote against the asset sale and must file a written demand with First Financial within 20 days after the consummation of the asset sale for payment of the fair value of the shareholder s shares of OSB Financial common stock. A copy of the applicable statutory provisions of the Texas Business Organizations Code is included as ***Appendix C*** to the accompanying proxy statement/prospectus and a summary of these provisions can be found under the caption *Proposal 1: Approval of Asset Sale and Merger Agreement Dissenters Rights of OSB Financial Shareholders.*

By Order of the Board of Directors,

Thomas A. Gunn

Chairman of the Board

Orange, Texas

April 5, 2013

The board of directors of OSB Financial Services, Inc. unanimously recommends that you vote FOR the approval of the asset sale and FOR the authority to adjourn or postpone the special meeting.

Your Vote is Very Important

A proxy card is enclosed. Whether or not you plan to attend the special meeting, please complete, sign and date the proxy card and promptly mail it in the enclosed envelope. You may revoke your proxy card in the manner described in the proxy statement/prospectus at any time before the special meeting is called to order. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card.

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QUESTIONS AND ANSWERS ABOUT THE ASSET SALE, THE MERGER AND THE SPECIAL MEETING

Q: **What are OSB Financial Services, Inc. shareholders being asked to vote upon?**

A: The shareholders of OSB Financial Services, Inc., or OSB Financial, are being asked to consider and vote on the following matters:

- to approve the asset sale pursuant to the merger agreement providing for the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A.; and

- the authority to adjourn or postpone the special meeting.

As of the date of this proxy statement/prospectus, OSB Financial s board of directors is not aware of any matters, other than those stated above, that may be brought before the special meeting.

Q: **What is the difference between the asset sale and the merger?**

A: Pursuant to the terms and conditions of the merger agreement, OSB Financial will sell all of the outstanding capital stock of Orange Savings Bank, SSB to First Financial. The sale of the Orange Savings Bank, SSB stock represents the sale of OSB Financial s principal asset. The asset sale will be accomplished through the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A. Accordingly, OSB Financial must obtain the approval of its shareholders, to, among other things, sell the Orange Savings Bank, SSB stock to First Financial.

Q: **What will happen in the merger?**

A: In the merger, Orange Savings Bank, SSB will be merged with and into First Financial Bank, N.A., with First Financial Bank, N.A. being the surviving entity. The merger will effect a sale of substantially all of the assets of OSB Financial. As consideration in the asset sale, First Financial will issue 420,000 shares of First Financial common stock and pay $39.2 million in cash, subject to decrease under certain circumstances, as set forth in the merger agreement, to OSB Financial.

Q: **What form of consideration will OSB Financial shareholders receive as a result of the asset sale?**

A: If the asset sale is approved by the shareholders of OSB Financial and the merger is subsequently completed, all outstanding shares of Orange Savings Bank, SSB common stock will be converted into an aggregate of 420,000 shares of First Financial common stock and $39.2 million in cash, with the cash portion subject to decrease under certain circumstances as set forth in the merger agreement. First Financial will deliver the consideration to OSB Financial. After completion of the asset sale, OSB Financial intends to distribute the consideration, after repayment of its obligations and expenses, to the holders of the common stock of OSB Financial, other than dissenting shareholders. OSB Financial has agreed in the merger agreement, however, to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013.

Q: **What obligations and expenses does OSB Financial have to repay?**

A: OSB Financial must repay all of its outstanding trust preferred promissory notes. The payoff amount, including accrued interest and the cancellation fee, will be $6,424,513.80. OSB Financial also will repay its 2009 Senior Secured Notes Due December 31, 2020, which have a principal balance of $6,400,000 and estimated accrued interest through May 31, 2013 of $64,000. OSB Financial also will terminate an interest rate swap. The cost for that termination varies daily and would have been $229,700 if terminated on March 14, 2013.

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Q: **When do you expect the asset sale to be completed?**

A: We are working to complete the asset sale and consummate the merger during the second quarter of 2013, although delays could occur.

Q: **When do you expect OSB Financial to distribute the consideration to the OSB Financial shareholders?**

A: OSB Financial intends to make the first distribution to its shareholder within 30 days after the closing of the asset sale. The final distribution will be made when OSB Financial is liquidated on December 31, 2013.

Q: **What will happen to my stock in OSB Financial following completion of the asset sale?**

A: OSB Financial will remain in existence as a Texas corporation and you will continue to be a shareholder of OSB Financial. OSB Financial is obligated under the merger agreement to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013. The purpose of this obligation is to provide additional security to First Financial in connection with OSB Financial s indemnification obligations under the merger agreement, as described herein. Presently, OSB Financial intends to liquidate OSB Financial on December 31, 2013 and will convene a meeting of its shareholders later in 2013 for that purpose.

Q: **When and where will OSB Financial shareholders meeting be held?**

A: The OSB Financial shareholders meeting is scheduled to take place at 4:00 p.m., local time, on May 14, 2013 at 812 North 16th Street, Orange, Texas 77630.

Q: **What are my choices when voting?**

A: With respect to each of the proposals, you may vote for the proposal, against the proposal or abstain from voting on the proposal. An abstention will count as a vote against each proposal.

Q: **What votes are required for approval of the asset sale pursuant to the merger agreement?**

A: Approval by OSB Financial shareholders of the asset sale pursuant to the merger agreement requires the affirmative vote of the holders of at least two-thirds of the shares of OSB Financial common stock outstanding on March 31, 2013.

Q: **What votes are required to adjourn or postpone the special meeting?**

A: To adjourn or postpone the special meeting, the affirmative vote of a majority of the shares of OSB Financial common stock present, in person or by proxy, at the meeting is required.

Q: **How does the board of directors of OSB Financial recommend that I vote?**

A: The board of directors of OSB Financial unanimously recommends that the shareholders vote their shares as follows:

Proposal 1 FOR the approval of the asset sale pursuant to the merger agreement; and

Proposal 2 FOR the authority to adjourn or postpone the special meeting.

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Q: **What happens if I transfer my shares after the record date for the special meeting?**

A: The record date for the special meeting is earlier than the expected date of completion of the asset sale. Therefore, if you transfer your shares of OSB Financial common stock after the applicable record date, but prior to the completion of the asset sale, you will retain the right to vote at the special meeting, but the right to receive any distribution of the consideration from the asset sale will transfer with the shares of stock.

Q: **What do I need to do now?**

A: After you have thoroughly read and considered the information contained in this proxy statement/prospectus, indicate on the proxy card applicable to your OSB Financial common stock how you want to vote and sign, date and mail your proxy card(s) in the enclosed pre-addressed postage-paid envelope as soon as possible so that your shares of OSB Financial common stock may be represented at the special meeting.

Q: **What happens if I don t return a proxy card for the special meeting?**

A: Because approval of the asset sale pursuant to the merger agreement requires the affirmative approval of the holders of at least two-thirds of the outstanding shares of OSB Financial common stock, the failure to return your proxy card will have the same effect as a vote against the asset sale, unless you attend the special meeting in person and vote for approval of the asset sale.

Q: **May I vote in person?**

A: Yes. Even if you have previously completed and returned your proxy card, you may vote your shares in person by attending the special meeting, revoking your previously submitted proxy prior to the start of the special meeting and voting your shares in person.

Q: **May I change my vote after I have submitted my proxy card?**

A: Yes. You may change your vote at any time before the special meeting is called to order by attending the special meeting, revoking your proxy and voting your shares in person or by submitting a new proxy card.

Q: **If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: Your broker will vote your shares only if you provide instructions on how to vote. You should instruct your broker how to vote your shares, following the directions your broker provides. If you do not provide instructions to your broker, your shares will not be voted, which will have the same effect as a vote against the asset sale.

Q: **Do I have any rights to dissent from the asset sale pursuant to the merger agreement?**

A: You have the right to vote against approval of the asset sale pursuant to the merger agreement, dissent from the asset sale and seek payment of the appraised fair value of your shares in cash as described in *Proposal 1: Approval of Asset Sale and Merger*

Agreement Dissenters Rights of OSB Financial Shareholders beginning on page 56. The appraised fair value of your shares of OSB Financial common stock may be more or less than the value of the distribution of the First Financial common stock and cash that OSB Financial intends to distribute to its shareholders following the asset sale.

Q: **Should I send in my stock certificates now?**

A: No. Neither the asset sale nor the merger involve the exchange of OSB Financial common stock. Therefore, you should *not* send your OSB Financial stock certificates with your proxy card.

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Q: **Who can help answer my questions?**

A: If you have additional questions about the merger, you should contact Stephen Lee, OSB Financial Services, Inc., 812 North 16th Street, Orange, Texas 77630, telephone (409) 221-6160.

SUMMARY

This brief summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. We urge you to carefully read this entire document and the other documents we refer to in this document. These documents will give you a more complete description of the transaction we are proposing. For more information about First Financial, see Where You Can Find More Information on page 77. We have included page references in this summary to direct you to other places in this proxy statement/prospectus where you can find a more complete description of the topics we have summarized.

The Companies

First Financial Bankshares, Inc.

400 Pine Street

Abilene, Texas 79601

(325) 627-7155

First Financial, a Texas corporation, is a financial holding company registered under the Bank Holding Company Act of 1956, as amended (the BHC Act). First Financial owns all of the issued and outstanding shares of common stock of First Financial Bank, N.A. As of December 31, 2012, on a consolidated basis, First Financial had total assets of approximately $4.5 billion, total loans of approximately $2.1 billion, total deposits of approximately $3.6 billion and shareholders equity of approximately $557.0 million.

First Financial Bank, N.A.

400 Pine Street

Abilene, Texas 79601

(325) 627-7155

First Financial Bank, N.A. is a national banking association chartered and regulated by the Office of the Comptroller of the Currency (the OCC) and its deposits are insured by the Federal Deposit Insurance Corporation (the FDIC). First Financial Bank, N.A. conducts a complete range of commercial and personal banking activities. First Financial currently operates a total of fifty-five (55) locations, with eleven locations in Abilene (including the main office of First Financial Bank, N.A.), two locations in Cleburne, two locations in Stephenville, two locations in Granbury, two locations in San Angelo, three locations in Weatherford, and one location each in Mineral Wells, Hereford, Sweetwater, Eastland, Ranger, Rising Star, Cisco, Southlake, Aledo, Willow Park, Brock, Alvarado, Burleson, Crowley, Waxahachie, Grapevine, Keller, Trophy Club, Boyd, Bridgeport, Decatur, Roby, Trent, Merkel, Clyde, Moran, Albany, Midlothian, Glen Rose, Acton, Odessa, Fort Worth and Huntsville, all in Texas.

OSB Financial Services, Inc.

812 North 16th Street

Orange, Texas 77630

(409) 221-6160

OSB Financial, a Texas corporation, is a bank holding company registered under the BHC Act for Orange Savings Bank, SSB. OSB Financial owns all of the issued and outstanding shares of a single class of common stock of Orange Savings Bank, SSB. As of December 31, 2012, on a consolidated basis, OSB Financial had total assets of $442.8 million, total deposits of $381.1 million, total loans (net of unearned discount and allowance for loan losses) of $292.9 million and shareholders equity of $33.3 million.

Orange Savings Bank, SSB

812 North 16th Street

Orange, Texas 77630

(409) 221-6160

Orange Savings Bank, SSB is a Texas savings bank chartered and regulated by the Texas Department of Savings and Mortgage Lending (the TDSML) and its deposits are insured by the Federal Deposit Insurance Corporation (the FDIC). Orange Savings Bank, SSB operates two banking offices located in Orange with its main office at 812 North 16th Street and an additional branch on Highway 62. The Bank also operates banking branch offices in Mauriceville, Newton, Port Arthur, and Vidor, Texas.

Proposed Asset Sale by OSB Financial to First Financial

*The merger agreement is the legal document that governs the asset sale and the related merger. We have attached the merger agreement to this document as **Appendix A**. Please read the entire merger agreement.*

Pursuant to the merger agreement, OSB Financial will sell the common stock of Orange Savings Bank, SSB, which is OSB Financial s primary asset, to First Financial by means of the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A. First Financial Bank, N.A will be the surviving entity in the merger. The merger will have the effect of a sale of substantially all of the assets of OSB Financial. We expect to complete the asset sale and the related merger during the second quarter of 2013, although delays could occur.

Terms of the Asset Sale (page 28)

Pursuant to the terms of the merger agreement, all outstanding shares of Orange Savings Bank, SSB common stock will be converted into an aggregate of 420,000 shares of First Financial common stock and $39.2 million in cash, with the cash portion subject to decrease on a dollar-for-dollar basis if Orange Savings Bank, SSB s equity capital on the second business day preceding the closing date (or such other date mutually agreed to by the parties) (the Calculation Date) is less than $43.2 million, as calculated in the manner set forth in the merger agreement. If Orange Savings Bank, SSB s equity capital exceeds $43.2 million on the Calculation Date, Orange Savings Bank, SSB may dividend such excess amount to OSB Financial after the Calculation Date and prior to the closing of the effective time of the asset sale and the related merger. For purposes of calculating equity capital, Orange Savings Bank, SSB must include adjustments made for certain items related to the asset sale and the merger, including certain merger related costs and accrued retention bonus payments, as more fully described herein and in the merger agreement.

In connection with the completion of the asset sale, OSB Financial must repay its obligations and expenses, including repayment of all of its outstanding trust preferred promissory notes and 2009 Senior Secured Notes Due December 31, 2020. Following completion of the asset sale, OSB Financial intends to distribute to the holders of the OSB common stock, other than dissenting shareholders, the consideration it received in the asset sale, subject to OSB Financial s obligation under the merger agreement to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013.

Because the number of shares of First Financial common stock to be issued pursuant to the merger agreement is fixed, the value of the total consideration that OSB Financial and the OSB Financial shareholders will receive, by virtue of the distribution of such consideration by OSB Financial after consummation of the asset sale, will fluctuate based on the market price of the First Financial common stock. Further, the cash portion of the consideration is subject to decrease as described above and in more detail herein and in the merger agreement. Accordingly, you will not know the exact amount of cash or the value of the stock portion of the consideration

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OSB Financial will receive in connection with the asset sale when you vote on the asset sale pursuant to the merger agreement. Moreover, any distribution to shareholders of OSB must be authorized by the board of directors of OSB Financial

Material Federal Income Tax Consequences (page 51)

The asset sale and the related merger provided for by the merger agreement has been structured to be treated as a taxable sale of the stock of a qualified subchapter S subsidiary (within the meaning of §1361(b)(3)(B) of the Code) that is treated as a taxable asset sale for federal income tax purposes. In accordance with that treatment, OSB Financial and First Financial will agree on an allocation of the deemed purchase price between the assets of Orange Savings Bank, SSB treated as transferred to First Financial Bank, N.A. pursuant to the asset sale and the related merger in accordance with Section 1060 of the Code. For purposes of this allocation, the deemed purchase price will include the sum of the fair market value of the shares of First Financial common stock and the cash received by OSB Financial pursuant to the asset sale and the related merger and the amount of any liabilities treated as assumed by First Financial Bank, N.A. or taken subject to the assets transferred by First Financial Bank, N.A. OSB Financial will recognize gain or loss on the deemed sale of each of the assets of Orange Savings Bank, SSB transferred to First Financial Bank, N.A. pursuant to the asset sale and the related merger in an amount equal to the difference between the amount of the deemed purchase price allocated to that asset less the tax basis of that asset. These gains and losses will be allocated to the shareholders of OSB Financial in accordance with the rules of S corporations and will increase (in the case of gains) and decrease (in the case of losses) each such shareholder s tax basis in their shares of OSB Financial.

These specific tax consequences of the asset sale and the related merger to you may be complicated and will depend on your specific situation and on variables not within our control. You should consult your own tax advisor for a full understanding of the tax consequences to you.

Opinion of Financial Advisor of OSB Financial (page 33)

Hovde Financial, Inc. (Hovde) has delivered a written opinion to the board of directors of OSB Financial that, as of the date of the merger agreement, based upon and subject to certain matters stated in the opinion, the consideration is fair to the holders of OSB Financial common stock from a financial point of view. We have attached this opinion to this proxy statement/prospectus as ***Appendix B***. The opinion of Hovde is not a recommendation to any OSB Financial shareholder as to how to vote on the proposal to approve the asset sale pursuant to the related merger agreement. You should read this opinion completely to understand the procedures followed, matters considered and limitations on the reviews undertaken by Hovde in providing its opinion.

First Financial Plans to Continue to Pay Quarterly Dividends

First Financial s long-term dividend policy is to pay cash dividends to its shareholders of approximately 40% of annual net earnings while maintaining adequate capital to support growth. The cash dividend payout ratios have amounted to 42.0%, 43.6% and 47.6% of net earnings, respectively, in 2012, 2011 and 2010. Following the asset sale and the related merger, subject to applicable statutory and regulatory restrictions and the discretion of First Financial s board of directors, First Financial intends to continue its practice of paying quarterly cash dividends. For the first quarter of 2013, First Financial paid a cash dividend of $0.25 per share.

Ownership of First Financial After the Asset Sale

Pursuant to the merger agreement, First Financial will issue 420,000 shares of its common stock to OSB Financial in the asset sale, which, after repayment of OSB Financial s expenses and obligations, including repayment of all of its outstanding trust preferred promissory notes and 2009 Senior Secured Notes Due December 31, 2020, will subsequently be distributed by OSB Financial to its shareholders. Based on 31,519,973 shares of First Financial common stock outstanding as of March 15, 2013, after the asset sale and the distribution of the First Financial common stock to the shareholders of OSB Financial, the OSB Financial shareholders, excluding any dissenting shareholders, would own approximately 1.33% of the outstanding shares of First Financial common stock.

Market Prices of First Financial Common Stock (page 74)

Shares of First Financial common stock are quoted on the NASDAQ Global Select Market under the symbol FFIN. On February 19, 2013, the last trading day before the asset sale was announced, First Financial common stock closed at $43.38 per share. On April 3, 2013, First Financial common stock closed at $47.21 per share. The market price of First Financial common stock will fluctuate prior to the special meeting and the asset sale. You should obtain the current stock quotation for First Financial common stock. Shares of OSB Financial and shares of Orange Savings Bank, SSB are not traded on any established public trading market.

The OSB Financial Special Shareholders Meeting (page 26)

The special meeting of shareholders of OSB Financial will be held on May 14, 2013, at 4:00 p.m., local time, in the lobby of Orange Savings Bank, SSB at 812 North 16th Street, Orange, Texas 77630. At the special meeting, you will be asked to consider and vote on the following:

- to approve the asset sale pursuant to the merger agreement providing for the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A.; and

- the authority to adjourn or postpone the special meeting.

Record Date Set at March 31, 2013; Approval of at Least Two-Thirds of Outstanding Shares Required to Approve the Asset Sale and the Merger Agreement (page 26)

You may vote at the special meeting of OSB Financial shareholders if you owned OSB Financial common stock at the close of business on March 31, 2013. You can cast one vote for each share of OSB Financial common stock you owned at that time. As of March 31, 2013, there were 274,668 shares of OSB Financial common stock outstanding.

Approval of the asset sale and the merger agreement requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of OSB Financial common stock entitled to vote. If you fail to vote, it will have the effect of a vote against the asset sale and the merger agreement.

You may vote your shares of OSB Financial common stock by attending the special meeting and voting in person or by completing and mailing the enclosed proxy card. If you are the record holder of your shares, you can revoke your proxy at any time before the vote is taken at the special meeting by sending a written notice revoking the proxy or a later-dated proxy to the Secretary of OSB Financial, or by voting in person at the special meeting.

OSB Financial s Reasons for the Asset Sale and Recommendations of OSB Financial s Board (page 31)

Based on the reasons discussed elsewhere in this proxy statement/prospectus, the board of directors of OSB Financial believes that the asset sale pursuant to the merger agreement is fair to you and in your best interests, and unanimously recommends that you vote FOR the proposal to approve the asset sale pursuant to the merger agreement. For a discussion of the circumstances surrounding the asset sale and the factors considered by the OSB Financial s board of directors in approving the asset sale and the merger agreement, see page 31.

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Members of OSB Financial s Management are Expected to Vote Their Shares For Approval of the Asset Sale Pursuant to the Merger Agreement (page 27)

As of the record date, the directors and executive officers of OSB Financial (10 persons) were entitled to vote 84,744 shares of OSB Financial common stock, or approximately 30.85% of the outstanding shares of the common stock entitled to vote at the special meeting. Each of these directors and executive officers has executed an agreement to vote his shares of OSB Financial common stock in favor of approval of the asset sale pursuant to the merger agreement.

Effective Time of the Asset Sale

The asset sale will become effective on the date and at the time specified in the letter certifying consummation of the merger issued by the Office of the Comptroller of the Currency (the OCC). If OSB Financial shareholders approve the asset sale pursuant to the merger agreement at the special meeting, and if all necessary government approvals are obtained and the other conditions to the parties obligations to effect the asset sale and the merger are met or waived by the party entitled to do so, we anticipate that the asset sale and the merger will be completed in the second quarter of 2013, although delays could occur.

We cannot assure you that the necessary shareholder and governmental approvals will be obtained or that the other conditions to completion of the asset sale and the merger can or will be satisfied.

Conditions to Completion of the Asset Sale and the Merger (page 44)

The consummation of the merger agreement depends on a number of conditions being met. These include, among others:

- approval of the asset sale and the merger agreement by the shareholders of OSB Financial;
- accuracy of each party s representations and warranties contained in the merger agreement as of the closing date;
- receipt of all required governmental approvals of the asset sale and the merger;
- absence of any material adverse change in the assets, properties, business or financial condition of the parties;
- performance or compliance in all material respects by each party with its respective covenants and obligations required by the merger agreement;
- registration of the shares of First Financial common stock to be issued to shareholders of OSB Financial with the SEC;
- confirmation by First Financial that Orange Savings Bank, SSB s allowance for loan losses, as of the Calculation Date, is equal to at least 1.00% of its total loans;
- execution of employment and non-competition agreements by certain officers of Orange Savings Bank, SSB with First Financial Bank, N.A., which have been executed but will not become effective until the first day following the closing date;

execution of director support and non-competition agreements by each of the directors of Orange Savings Bank, SSB with First Financial, which have been executed;

execution of release agreements by each of the directors and officers (with a title of Executive Vice President or above) of Orange Savings Bank, SSB releasing Orange Savings Bank, SSB and its successors and assigns from any and all claims of such directors and officers, subject to certain limited exceptions;

execution of a voting agreement and irrevocable proxy by each of the directors of Orange Savings Bank, SSB and certain shareholders of OSB Financial, which has been executed;

receipt of all required consents, approvals, waivers and other assurances from non-governmental third parties;

redemption by OSB Financial simultaneous with the closing of all of its outstanding trust preferred promissory notes, including, without limitation, all principal, accrued but unpaid interest, fees and expenses having been paid to the holders of the trust preferred promissory notes; and

redemption by OSB Financial simultaneous with the closing of all of its 2009 Senior Secured Notes Due December 31, 2020, including, without limitation, all principal, accrued but unpaid interest, fees and expenses to the holders of the senior notes having been paid to the holders of the senior notes.

Any condition to the completion of the asset sale and the merger may be waived in writing by the party to the merger agreement entitled to the benefit of such condition. A party to the merger agreement could choose to complete the asset sale and the merger even though a condition has not been satisfied, as long as permitted by law. We cannot be certain when or if the conditions set forth in the merger agreement will be satisfied or waived, or that the asset sale or the merger will be completed.

Regulatory Approvals Required (page 56)

In addition, the asset sale and the merger require the approval of the OCC. We expect to obtain all necessary regulatory approvals, although we cannot be certain if or when we will obtain them. On February 25, 2013, First Financial Bank and Orange Savings Bank, SSB filed an application with the OCC to obtain approval of the asset sale and the merger. The U.S. Department of Justice will have between 15 and 30 days following approval by the OCC to challenge the approval on antitrust grounds. While OSB Financial and First Financial do not know of any reason that the Department of Justice would challenge regulatory approval by the OCC and believe that the likelihood of such action is remote, there can be no assurance that the Department of Justice will not initiate such a proceeding, or if such a proceeding is initiated, as to the result of any such challenge.

We cannot complete the asset sale and the merger unless it is approved by the Board of Governors of the Federal Reserve System (the Federal Reserve) or such approval is waived by the Federal Reserve. On March 8, 2013, First Financial received a waiver of under the BHC Act of 1956 from the Federal Reserve.

Amendments or Waiver (page 50)

We may amend the merger agreement and each of us may waive our right to require the other party to adhere to any term or condition of the merger agreement. However, the consideration to be received by OSB Financial pursuant to the merger agreement may not be decreased after the approval of the merger agreement without the further approval by OSB Financial shareholders, except that the cash portion of the consideration may be decreased (in the manner set forth in the merger agreement) without shareholder approval if Orange Savings Bank, SSB s equity capital on the Calculation Date is less than $43.2 million.

Termination of the Merger Agreement (page 51)

First Financial and OSB Financial can mutually agree at any time to terminate the merger agreement without completing the asset sale or the merger. In addition, either First Financial or OSB Financial may decide, without the consent of the other, to terminate the merger agreement if:

any order, decree or ruling or any other action which seeks to restrain, enjoin or prohibit the merger is issued, and such order, decree, ruling or other action is final and non-appealable;

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- the merger has not been completed by September 30, 2013 or such later date approved by First Financial and OSB Financial, unless the failure to complete the merger by that time is due to a violation of the merger agreement by the party that seeks to terminate the merger agreement;

- any of the transactions contemplated by the merger agreement are not approved by the appropriate regulatory authorities or either party reasonably determines, in good faith and after consulting with counsel, there is substantial likelihood that any necessary regulatory approval will not be obtained or will be obtained only upon a condition or conditions that make it inadvisable to proceed with the merger;

- there has been any material adverse change with respect to the other party; or

- the other party materially breaches its representations and warranties or any covenant or agreement contained in the merger agreement and such breach has not been cured within 30 days after the terminating party gives written notice of such failure to the breaching party.

In addition, First Financial may terminate the merger agreement, without the consent of OSB Financial, if (i) OSB Financial has mailed this proxy statement/prospectus to its shareholders and OSB Financial does not hold its special shareholders meeting within 60 days thereafter, (ii) this merger agreement is not approved by the required vote of shareholders of OSB Financial, (iii) the board of directors of OSB Financial fails to recommend that the shareholders vote in favor of approval of the merger agreement, or (iv) the individuals that executed a director support agreement or a voting agreement have violated the terms thereof. First Financial also has the right to terminate the merger agreement on or prior to May 21, 2013, if the results of any environmental inspections or surveys of OSB Financial properties identify certain potential or current violations of environmental laws or environmental law requires certain remedial or clean up action that could have a material adverse effect on OSB Financial.

Some of the Directors and Officers of OSB Financial Have Financial Interests in the Asset Sale that Differ from Your Interests (page 49)

Some of the directors and officers of OSB Financial have interests in the asset sale that differ from, or are in addition to, their interests as shareholders of OSB Financial The board of directors of OSB Financial was aware of those interests and considered them in approving the asset sale and the merger agreement. Those interests include:

- each officer of Orange Savings Bank, SSB, including its President and CEO, Stephen Lee, has entered into a bonus retention agreement with Orange Savings Bank, SSB providing for the payment of a monetary bonus due on December 15, 2013 in consideration of the officer remaining employed by First Financial Bank, N.A. until that date;

- each director of OSB Financial has entered into a bonus retention agreement with OSB Financial providing for the payment of a monetary bonus due on December 15, 2013 in consideration for the director remaining on the board of directors of OSB Financial through that date to oversee the process of payment of all debts, distribution of funds to shareholders, and ultimate liquidation of OSB Financial;

- each of Kimela Dickerson, Robert Kocot, Cynthia LaChance, Stephen Lee, William Love, C. Shelton McClure, Joan O Burke, and Damon Vacek has entered into an employment and non-competition agreement with First Financial Bank, N.A., which have been executed but will not become effective until the first day following the closing date of the merger, whereby each individual is entitled to receive salary payments and to participate in all benefit plans available to employees of First Financial Bank, N.A.;

- the directors and officers of OSB Financial and Orange Savings Bank, SSB will receive continued indemnification and director and officer liability insurance coverage for a period of three (3) years after completion of the merger; and

the directors of Orange Savings Bank, SSB will be appointed as advisory directors of First Financial Bank, N.A. for an initial terms of one year and with compensation set by First Financial Bank, N.A.

Comparison of Rights of Shareholders of First Financial and OSB Financial (page 60)

OSB Financial is a Texas corporation and the rights of shareholders of OSB Financial are governed by Texas law and OSB Financial s certificate of formation and bylaws. First Financial is a Texas corporation and the rights of First Financial shareholders are governed by Texas law and First Financial s certificate of formation and bylaws. Upon completion of the asset sale and the subsequent distribution of the consideration to the shareholders of OSB Financial, the shareholders of OSB Financial will become shareholders of First Financial and their rights will be governed by First Financial s certificate of formation and bylaws, in addition to Texas law. First Financial s certificate of formation and bylaws will remain the same unless later altered, amended or repealed.

Dissenters Rights of Appraisal in the Asset Sale (page 56)

As a shareholder of OSB Financial, under Texas law you have the right to dissent from the asset sale and have the appraised fair value of your shares of OSB Financial common stock paid to you in cash. The appraised fair value may be more or less than the value of the distribution of the First Financial common stock and cash that OSB Financial intends to distribute to its shareholders following the asset sale.

Persons having beneficial interests in OSB Financial common stock held of record in the name of another person, such as a broker or bank, must act promptly to cause the record holder to take the actions required under Texas law to exercise your dissenter s rights.

In order to dissent, you must carefully follow the requirements of the Texas Business Organizations Code, including giving the required written notice prior to the special meeting at which the vote on the merger agreement is taken. These steps are summarized under the caption *Dissenters Rights of OSB Financial Shareholders* on page 56.

If you intend to exercise dissenters rights, you should read the statutes carefully and consult with your own legal counsel. You should also remember that if you return a signed proxy card, but fail to provide instructions as to how your shares of OSB Financial common stock are to be voted, you will be considered to have voted in favor of the asset sale and the merger agreement and you will not be able to assert dissenters rights.

Also, if you exercise dissenters rights, you may have taxable income as a result, so you should consult with your own tax advisor if you intend to dissent. See *Material U.S. Federal Income Tax Consequences*. If the asset sale pursuant to the merger agreement is approved by the shareholders of OSB Financial, holders of OSB Financial common stock who make a written objection to the asset sale prior to the OSB Financial special meeting, vote against the approval of the asset sale pursuant to the merger agreement and properly make a written demand for payment following notice of the consummation of the asset sale and the merger will be entitled to receive the appraised fair value of their shares in cash under the Texas Business Organizations Code.

The text of the provisions of the Texas Business Organizations Code pertaining to dissenters rights is attached to this proxy statement/prospectus as ***Appendix C***.

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RISK FACTORS

An investment in the First Financial common stock in connection with the asset sale involves risks. First Financial describes below the material risks and uncertainties that it believes affect its business and an investment in the First Financial common stock. You should carefully read and consider all of these risks and all other information contained in this proxy statement/prospectus in deciding whether to vote for approval of the asset sale and the merger agreement. If any of the risks described in this proxy statement/prospectus occur, First Financial s financial condition, results of operations and cash flows could be materially and adversely affected. If this were to happen, the value of First Financial common stock could decline significantly, and you could lose all or part of your investment.

Risks Associated With the Asset Sale

Because the number of shares of First Financial common stock to be received by OSB Financial shareholders in the asset sale is fixed and will not be adjusted if there is any change in the price of First Financial common stock and the cash consideration may be decreased, you will not know the value of the shares of First Financial common stock or amount of cash OSB Financial will receive in exchange for the common stock of Orange Savings Bank, SSB when you vote on the asset sale.

Upon completion of the asset sale, all shares of Orange Savings Bank, SSB common stock will be exchanged for 420,000 shares of First Financial common stock and $39.2 million in cash, subject to adjustment. The number of First Financial shares is fixed and will not be adjusted as a result of any change in the market price of First Financial common stock. In addition, neither First Financial nor OSB Financial may terminate the merger agreement solely because of changes in the market price of First Financial s common stock. Therefore, if the price of First Financial common stock declines prior to the completion of the asset sale, the value of the consideration to be received by OSB Financial and subsequently distributed to shareholders of OSB Financial will decline. The price of First Financial common stock is by nature subject to the general price fluctuations in the market for publicly-traded equity securities, has experienced volatility and may decline for a number of reasons, many of which are out of First Financial s control. First Financial is unable to predict or give any assurances as to the market prices of its common stock on the date of the OSB Financial special meeting, the date of the completion of the asset sale or at any time after the completion of the asset sale. Shareholders of OSB Financial are encouraged to obtain current market price quotations for First Financial common stock before voting their shares at the special meeting.

If Orange Savings Bank, SSB s equity capital as of the Calculation Date is less than $43.2 million, the cash portion of the consideration will be reduced by an amount equal to the difference between Orange Savings Bank, SSB s equity capital on the Calculation Date and $43.2 million, as calculated in the manner set forth in the merger agreement. Pursuant to the terms of the merger agreement, equity capital of Orange Savings Bank, SSB means the sum of the capital stock, capital surplus and retained earnings of Orange Savings Bank, SSB, excluding unrealized securities gains or losses, on a consolidated basis, as determined pursuant to generally accepted accounting principles (GAAP), with such amounts to be calculated in accordance with the methodology used in the Orange Savings Bank, SSB Report of Condition and Income to calculate the total equity capital (Call Report Schedule RC Balance Sheet, item 27.a). For purposes of calculating equity capital, Orange Savings Bank, SSB must include adjustments made for certain items related to the asset sale and the merger, including certain merger related costs, as more fully described herein and in the merger agreement.

After completion of the asset sale, OSB Financial intends to distribute the consideration, after repayment of its obligations and expenses, including repayment of all of its outstanding trust preferred promissory notes and 2009 Senior Secured Notes Due December 31, 2020, to the holders of the OSB common stock, other than dissenting shareholders, subject to OSB Financial s obligation under the merger agreement to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013.

Thus, the cash portion of the consideration may be reduced by amounts used by OSB Financial (i) to pay its obligations and expenses, including repayment of its outstanding trust preferred promissory notes and 2009 Senior Secured Notes Due December 31, 2020, (ii) to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013, and (iii) to pay costs and expenses related to a potential liquidation of OSB Financial after December 30, 2013. Accordingly, you will not know the exact amount of the cash portion of the consideration that OSB Financial will receive in connection with the asset sale when you vote on the asset sale and the merger agreement. Moreover, for the reasons given above, you will not know the exact amount of the cash portion of the consideration OSB Financial will distribute to its shareholders or OSB Financial s timing for paying any such distribution when you vote on the asset sale and the merger agreement.

The market price of First Financial common stock after the asset sale may be affected by factors different from those affecting OSB Financial common stock or First Financial common stock currently.

The businesses of First Financial and OSB Financial differ in some respects and, accordingly, the results of operations of the combined company and the market price of First Financial s shares of common stock after the asset sale may be affected by factors different from those currently affecting the independent results of operations of each of First Financial and OSB Financial For a discussion of the business of First Financial and of certain factors to consider in connection with that business, see the documents incorporated by reference into this proxy statement/prospectus and referred to under *Where You Can Find More Information.*

Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.

The Federal Reserve must approve, or waive approval of, the asset sale and the merger and the OCC must approve the merger. On March 8, 2013, the Federal Reserve waived the approval requirements under the BHC Act, subject to approval of the merger by the OCC. The OCC will consider, among other factors, the competitive impact of the merger, the financial and managerial resources of our companies and our subsidiary banks and the convenience and needs of the communities to be served. As part of that consideration, we expect that the OCC will review issues related to capital position, safety and soundness, and legal and regulatory compliance, including compliance with anti-money laundering laws. There can be no assurance as to whether this and other regulatory approvals will be received, the timing of those approvals or whether any conditions will be imposed.

OSB Financial will be subject to business uncertainties while the asset sale is pending.

Uncertainty about the effect of the asset sale on employees and customers may have an adverse effect on Orange Savings Bank, SSB and consequently on First Financial following completion of the asset sale. These uncertainties may impair Orange Savings Bank, SSB s ability to attract, retain and motivate key personnel until the asset sale is completed, and could cause customers and others that deal with Orange Savings Bank, SSB to seek to change existing business relationships with Orange Savings Bank, SSB. Although Orange Savings Bank, SSB has entered into retention bonus agreements with its officers (as discussed herein), retention of certain employees may be challenging while the asset sale is pending, as certain employees may experience uncertainty about their future roles with First Financial. If key employees depart, First Financial s business following the asset sale could be harmed. See the section entitled *Proposal 1: Approval of Asset Sale and Merger Agreement Conduct of Business Pending Effective Time* beginning on page 41 of this proxy statement/prospectus for a description of the restrictive covenants to which OSB Financial and Orange Savings Bank, SSB are subject.

Combining our two banks may be more difficult, costly or time-consuming than we expect.

First Financial Bank, N.A. and Orange Savings Bank, SSB have operated and, until the asset sale is completed, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or disruption of each bank s ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the asset sale. As with any combination of banking institutions, there also may be business disruptions that cause us to lose customers or cause customers to take their deposits out of our banks. The success of the combined bank following the asset sale and the merger may depend in large part on the ability to integrate the two businesses, business models and cultures. If we are not able to integrate our operations successfully and timely, the expected benefits of the asset sale and the merger may not be realized.

Some of the directors and officers of OSB Financial and Orange Savings Bank, SSB may have interests and arrangements that may have influenced their decisions to support or recommend that you approve the asset sale.

The interests of some of the directors and officers of OSB Financial and Orange Savings Bank, SSB may be different from those of OSB Financial shareholders, and such directors and officers may be participants in arrangements that are different from, or in addition to, those of OSB Financial shareholders. These interests are described in more detail in the section of this proxy statement/prospectus entitled *Financial Interests of Directors and Officers of OSB Financial in the Asset Sale* beginning on page 49.

First Financial may fail to realize the cost savings estimated for the asset sale.

Although First Financial estimates that it will realize cost savings from the asset sale and the merger when fully phased in, it is possible that the estimates of the potential cost savings could turn out to be incorrect. For example, the combined purchasing power may not be as strong as expected, and therefore the cost savings could be reduced. In addition, unanticipated growth in First Financial s business may require First Financial to continue to operate or maintain some facilities or support functions that are currently expected to be combined or reduced. The cost savings estimates also depend on our ability to combine the businesses of First Financial Bank, N.A. and Orange Savings Bank, SSB in a manner that permits those costs savings to be realized. If the estimates turn out to be incorrect or First Financial is not able to combine successfully the two banks, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

OSB Financial shareholders will have a reduced ownership and voting interest after the asset sale and will exercise less influence over management.

The asset sale will transfer control of Orange Savings Bank, SSB to First Financial and to the shareholders of First Financial. When the asset sale is completed, each OSB Financial shareholder (other than dissenting shareholders) will continue to own shares of OSB Financial and, subsequent to OSB Financial s distribution of First Financial stock, will also become shareholders of First Financial with a percentage ownership of First Financial much smaller than such shareholder s percentage ownership of OSB Financial Because of this, OSB Financial shareholders will have less influence on the management and policies of First Financial, and thus First Financial Bank, N.A., than they now have on the management and policies of OSB Financial and Orange Savings Bank, SSB.

Risks Associated With First Financial s Business

First Financial s business faces unpredictable economic conditions, which could have an adverse effect on its financial condition, results of operations and liquidity.

General economic conditions impact the banking industry. The credit quality of First Financial s loan portfolio necessarily reflects, among other things, the general economic conditions in the areas in which First Financial conducts business. First Financial s continued financial success depends somewhat on factors beyond its control, including:

- general economic conditions, including national and local real estate markets;
- the supply of and demand for investable funds;

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demand for loans and access to credit;

interest rates; and

federal, state and local laws affecting these matters.

Any substantial deterioration in any of the foregoing conditions could have a material adverse effect on First Financial s financial condition, results of operations and liquidity, which would likely adversely affect the market price of First Financial s common stock.

First Financial must effectively manage its credit risk.

As a lender, First Financial is exposed to the risk that its loan customers may not repay their loans according to the terms of these loans and the collateral securing the payment of these loans may be insufficient to fully compensate First Financial for the outstanding balance of the loan plus the costs to dispose of the collateral. First Financial may experience significant loan losses, which could have a material adverse effect on its operating results and financial condition. Management makes various assumptions and judgments about the collectibility of First Financial s loan portfolio, including the diversification by industry of First Financial s commercial loan portfolio, the amount of nonperforming loans and related collateral, the volume, growth and composition of First Financial s loan portfolio, the effects on the loan portfolio of current economic indicators and their probable impact on borrowers and the evaluation of First Financial s loan portfolio through its internal loan review process and other relevant factors.

First Financial maintains an allowance for credit losses, which is an allowance established through a provision for loan losses charged to expense that represents management s best estimate of probable losses inherent in our loan portfolio. Additional credit losses will likely occur in the future and may occur at a rate greater than we have experienced to date. In determining the amount of the allowance, First Financial relies on an analysis of its loan portfolio, its experience and its evaluation of general economic conditions. If First Financial s assumptions prove to be incorrect, its current allowance may not be sufficient and adjustments may be necessary to allow for different economic conditions or adverse developments in its loan portfolio. Material additions to the allowance could materially decrease First Financial s net income.

In addition, banking regulators periodically review First Financial s allowance for credit losses and may require First Financial to increase its provision for credit losses or recognize further charge-offs, based on judgments different than those of First Financial s management. Any increase in First Financial s allowance for credit losses or charge-offs as required by these regulatory agencies could have a material negative effect on First Financial s operating results, financial condition and liquidity.

First Financial s business is concentrated in Texas and a downturn in the economy of Texas may adversely affect First Financial s business.

First Financial s network of bank regions is concentrated in Texas, primarily in the Western and North Central regions of the state. Most of First Financial s customers and revenue are derived from this area. The economy of this region is focused on agriculture (including farming and ranching), commercial and industrial, medical, education, wind energy, manufacturing, service, oil and gas production, and real estate. Because First Financial generally does not derive revenue or customers from other parts of the state or nation, First Financial s business and operations are dependent on economic conditions in this part of Texas. Any significant decline in one or more segments of the local economy could adversely affect First Financial s business, revenue, operations and properties.

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Changes in economic conditions could cause an increase in delinquencies and non-performing assets, including loan charge-offs, which could depress First Financial s net income and growth.

First Financial s loan portfolios include many real estate secured loans, demand for which may decrease during economic downturns as a result of, among other things, an increase in unemployment, a decrease in real estate values and, a slowdown in housing. If First Financial continues to see negative economic conditions in the United States as a whole or in the portions of Texas that First Financial serves, First Financial could experience higher delinquencies and loan charge-offs, which would reduce First Financial s net income and adversely affect its financial condition. Furthermore, to the extent that real estate collateral is obtained through foreclosure, the costs of holding and marketing the real estate collateral, as well as the ultimate values obtained from disposition, could reduce First Financial s earnings and adversely affect its financial condition.

The value of real estate collateral may fluctuate significantly resulting in an under-collateralized loan portfolio.

The market value of real estate, particularly real estate held for investment, can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. If the value of the real estate serving as collateral for First Financial s loan portfolio were to decline materially, a significant part of First Financial s loan portfolio could become under-collateralized. If the loans that are collateralized by real estate become troubled during a time when market conditions are declining or have declined, then, in the event of foreclosure, First Financial may not be able to realize the amount of collateral that it anticipated at the time of originating the loan. This could have a material adverse effect on First Financial s provision for loan losses and its operating results and financial condition.

The repeal of prohibitions on paying of interest on demand deposits could increase First Financial s interest expense.

Effective in July 2011, all federal prohibitions on financial institutions paying interest on demand deposit accounts were repealed as part of the Dodd-Frank Act. As a result, some financial institutions have commenced and are considering offering interest on demand deposits to compete for customers. First Financial s interest expense could increase and its net interest margin could decrease if First Financial begins offering interest on demand deposits to maintain current customers or attract new customers, which could have a material adverse effect on First Financial s financial condition and results of operations.

First Financial does business with other financial institutions that could experience financial difficulty.

First Financial does business through the purchase and sale of federal funds, check clearing and through the purchase and sale of loan participations with other financial institutions. Because these financial institutions have many risks, as does First Financial, First Financial could be adversely affected should one of these financial institutions experience significant financial difficulties or fail to comply with First Financial s agreements with them.

Recent developments in the mortgage market may affect First Financial s ability to originate loans and the profitability of loans in its mortgage pipeline.

During the past several years, the real estate housing market throughout the United States has softened resulting in an industry-wide increase in borrowers unable to make their mortgage payments and increased foreclosure rates. Lenders in certain sections of the housing and mortgage markets were forced to close or limit their operations or seek additional capital. In response, financial institutions have tightened their underwriting standards, limiting the availability of sources of credit and liquidity. If the housing/real estate market continues to have problems in the future, there could be a prolonged decrease in the demand for First Financial s loans in the secondary market, adversely affecting its earnings.

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If First Financial is unable to continue to originate residential real estate loans and sell them into the secondary market for a profit, First Financial s earnings could decrease.

First Financial derives a portion of its noninterest income from the origination of residential real estate loans and the subsequent sale of such loans into the secondary market. If First Financial is unable to continue to originate and sell residential real estate loans at historical or greater levels, its residential real estate loan volume would decrease, which could decrease its earnings. A rising interest rate environment, general economic conditions or other factors beyond its control could adversely affect First Financial s ability to originate residential real estate loans. First Financial also is experiencing an increase in regulations and compliance requirements related to mortgage loan originations necessitating technology upgrades and other changes. If new regulations continue to increase and First Financial is unable to make technology upgrades, First Financial s ability to originate mortgage loans will be reduced or eliminated. Additionally, First Financial sells a large portion of its residential real estate loans to third party investors, and rising interest rates could negatively affect its ability to generate suitable profits on the sale of such loans. If interest rates increase after First Financial originates the loans, its ability to market those loans is impaired as the profitability on the loans decreases. These fluctuations can have an adverse effect on the revenue First Financial generates from residential real estate loans and in certain instances, could result in a loss on the sale of the loans.

Further, for the mortgage loans First Financial sells in the secondary market, the mortgage loan sales contracts contain indemnification clauses should the loans default, generally in the first sixty to ninety days, or if documentation is determined not to be in compliance with regulations. While First Financial s historic losses as a result of these indemnities have been insignificant, First Financial could be required to repurchase the mortgage loans or reimburse the purchaser of its loans for losses incurred. Both of these situations could have an adverse effect on the profitability of First Financial s mortgage loan activities and negatively impact its net income.

First Financial may need to raise additional capital/liquidity and such funds may not be available when needed.

First Financial may need to raise additional capital/liquidity in the future to provide it with sufficient capital resources and liquidity to meet its commitments and business needs, particularly if its asset quality or earnings were to deteriorate significantly. First Financial s ability to raise additional capital/liquidity, if needed, will depend on, among other things, conditions in the capital and financial markets at that time, which are outside of First Financial s control, and its financial performance. Economic conditions and the loss of confidence in financial institutions may increase First Financial s cost of funding and limit access to certain customary sources of capital/liquidity, including depositors, other financial institution borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve. Any occurrence that may limit First Financial s access to the capital/liquidity markets, such as a decline in the confidence of other financial institutions, depositors or counterparties participating in the capital markets, may adversely affect First Financial s costs and its ability to raise capital/liquidity. An inability to raise additional capital/liquidity on acceptable terms when needed could have a materially adverse effect on First Financial s financial condition, results of operations and liquidity.

The trust wealth management fees First Financial receives may decrease as a result of poor investment performance, in either relative or absolute terms, which could decrease its revenues and net earnings.

First Financial s trust company subsidiary derives its revenues primarily from investment management fees based on assets under management. First Financial s ability to maintain or increase assets under management is subject to a number of factors, including investors perception of its past performance, in either relative or absolute terms, market and economic conditions, including changes in oil and gas prices, and competition from investment management companies. Financial markets are affected by many factors, all of which are beyond First Financial s control, including general economic conditions, including changes in oil and gas prices; securities market conditions; the level and volatility of interest rates and equity prices; competitive conditions; liquidity of global markets; international and regional political conditions; regulatory and legislative developments; monetary and fiscal policy; investor sentiment; availability and cost of capital; technological changes and events; outcome of legal proceedings; changes in currency values; inflation; credit ratings; and the size, volume and timing of transactions. A decline in the fair value of the assets under management, caused by a decline in general economic conditions, would decrease First Financial s wealth management fee income.

Investment performance is one of the most important factors in retaining existing clients and competing for new wealth management clients. Poor investment performance could reduce First Financial s revenues and impair its growth in the following ways:

- existing clients may withdraw funds from First Financial s wealth management business in favor of better performing products;
- asset-based management fees could decline from a decrease in assets under management;
- First Financial s ability to attract funds from existing and new clients might diminish; and
- First Financial s wealth managers and investment advisors may depart, to join a competitor or otherwise.

Even when market conditions are generally favorable, First Financial s investment performance may be adversely affected by the investment style of its wealth management and investment advisors and the particular investments that they make. To the extent First Financial s future investment performance is perceived to be poor in either relative or absolute terms, the revenues and profitability of its wealth management business will likely be reduced and its ability to attract new clients will likely be impaired. As such, fluctuations in the equity and debt markets can have a direct impact upon First Financial s net earnings.

Certain of First Financial s investment advisory and wealth management contracts are subject to termination on short notice, and termination of a significant number of investment advisory contracts could have a material adverse impact on First Financial s revenue.

Certain of First Financial s investment advisory and wealth management clients can terminate, with little or no notice, their relationships with us, reduce their aggregate assets under management, or shift their funds to other types of accounts with different rate structures for any number of reasons, including investment performance, changes in prevailing interest rates, inflation, changes in investment preferences of clients, changes in First Financial s reputation in the marketplace, change in management or control of clients, loss of key investment management personnel and financial market performance. We cannot be certain that First Financial s trust company subsidiary will be able to retain all of its clients. If its clients terminate their investment advisory and wealth management contracts, First Financial s trust company subsidiary, and consequently First Financial, could lose a substantial portion of its revenues.

First Financial is subject to possible claims and litigation pertaining to fiduciary responsibility.

From time to time, customers could make claims and take legal action pertaining to First Financial s performance of its fiduciary responsibilities. Whether customer claims and legal action related to First Financial s performance of its fiduciary responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to First Financial, they may result in significant financial liability and/or adversely affect First Financial s market perception of its products and services as well as impact customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on First Financial s business, which, in turn, could have a material adverse effect on its financial condition and results of operations.

First Financial s business is subject to significant government regulation.

First Financial operates in a highly regulated environment and is subject to supervision and regulation by a number of governmental regulatory agencies, including the Federal Reserve, the OCC, and the FDIC.

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Regulations adopted by these agencies, which are generally intended to provide protection for depositors and customers rather than for the benefit of shareholders, govern a comprehensive range of matters relating to ownership and control of First Financial s shares, its acquisition of other companies and businesses, permissible activities for First Financial to engage in, maintenance of adequate capital levels and other aspects of First Financial s operations. The bank regulatory agencies possess broad authority to prevent or remedy unsafe or unsound practices or violations of law.

The Dodd-Frank Act, enacted in July 2010, instituted major changes to the banking and financial institutions regulatory regimes in light of the recent performance of and government intervention in the financial services sector. Other changes to statues, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect First Financial in substantial and unpredictable ways. Such changes could subject First Financial to reduced revenues, additional costs, limit the types of financial services and products First Financial may offer and/or increase the ability of non-banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputation damage, which could have a material adverse effect on First Financial s business, financial condition and results of operations.

Included in the Dodd-Frank Act are, for example, changes related to interchange fees and overdraft services. While the changes for interchange fees that can be charged for electronic debit transactions by payment card issuers relate only to banks with assets greater than $10 billion, concern exists that the regulations will also impact our First Financial. Beginning in the third quarter of 2010, we were prohibited from charging customers fees for paying overdrafts on automated teller machine and debit card transactions, unless the consumer opts in. First Financial continues to monitor the impact of these new regulations and other developments on First Financial s service charge revenue.

First Financial s FDIC insurance assessments could increase substantially resulting in higher operating costs.

First Financial has historically paid the lowest premium rate available due to our sound financial position. In 2009, a special assessment ($1.4 million for First Financial) was paid by First Financial. Should bank failures continue to occur, FDIC premiums could remain high or increase or additional special assessments could be imposed. These increased premiums would have an adverse effect on First Financial s net income and results of operations.

First Financial competes with many larger financial institutions which have substantially greater financial resources than First Financial.

Competition among financial institutions in Texas is intense. First Financial competes with other bank holding companies, state and national commercial banks, savings and loan associations, consumer financial companies, credit unions, securities brokers, insurance companies, mortgage banking companies, money market mutual funds, asset-based non-bank lenders and other financial institutions. Many of these competitors have substantially greater financial resources, larger lending limits, larger branch networks and less regulatory oversight than First Financial has, and are able to offer a broader range of products and services than First Financial can. Failure to compete effectively for deposit, loan and other banking customers in First Financial s markets could cause it to lose market share, slow its growth rate and may have an adverse effect on First Financial s financial condition, results of operations and liquidity.

First Financial is subject to interest rate risk.

First Financial s profitability is dependent to a large extent on its net interest income, which is the difference between interest income First Financial earns as a result of interest paid to it on loans and investments and interest it pays to third parties such as its depositors and those from whom its borrows funds. Like most financial institutions, First Financial is highly sensitive to many factors that are beyond its control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence not only the interest First Financial receives on loans and securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect (i) First Financial s ability to originate loans and obtain deposits, (ii) the fair value of First Financial s financial assets and liabilities, and (iii) the average duration of First Financial s securities portfolio. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and investments, First Financial s net interest income, and earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and investments fall more quickly than the interest rates paid on deposits and other borrowings.

Although First Financial has implemented strategies which it believes reduce the potential effects of adverse changes in interest rates on its results of operations, these strategies may not always be successful. In addition, any substantial and prolonged increase in market interest rates could reduce First Financial s customers desire to borrow money from First Financial or adversely affect their ability to repay their outstanding loans by increasing their credit costs since most of First Financial s loans have adjustable interest rates that reset periodically. Any of these events could adversely affect First Financial s results of operations, financial condition and liquidity.

First Financial relies on dividends from its subsidiaries for most of its revenue.

First Financial is a separate and distinct legal entity from its subsidiaries. It receives substantially all of its revenue from dividends paid by its subsidiaries. These dividends are the principal source of funds to pay dividends on First Financial s common stock and interest and principal on First Financial debt (if First Financial had balances outstanding). Various federal and/or state laws and regulations limit the amount of dividends that First Financial s bank subsidiaries may pay to First Financial. In the event First Financial s subsidiaries are unable to pay dividends to First Financial, First Financial may not be able to service debt or pay dividends on First Financial s common stock. The inability to receive dividends from First Financial s subsidiaries could have a material adverse effect on First Financial s business, financial condition, results of operations and liquidity.

To continue First Financial s growth, First Financial is affected by its ability to identify and acquire other financial institutions.

First Financial intends to continue its current growth strategy. This strategy includes opening new branches and acquiring other banks that serve customers or markets First Financial finds desirable. The market for acquisitions remains highly competitive, and First Financial may be unable to find satisfactory acquisition candidates in the future that fits First Financial s acquisition and growth strategy. To the extent that First Financial is unable to find suitable acquisition candidates, an important component of First Financial s growth strategy may be lost. Additionally, First Financial s completed acquisitions, or any future acquisitions, may not produce the revenue, earnings or synergies that First Financial anticipated.

Use of First Financial s common stock for future acquisitions or to raise capital may be dilutive to existing stockholders.

When First Financial determines that appropriate strategic opportunities exist, First Financial may acquire other financial institutions and related businesses, subject to applicable regulatory requirements. First Financial may use its common stock for such acquisitions. From time to time, First Financial may also seek to raise capital through selling additional common stock. It is possible that the issuance of additional common stock in such acquisition or capital transactions may be dilutive to the interests of First Financial s existing shareholders.

First Financial s operational and financial results are affected by its ability to successfully integrate its acquisitions.

Acquisitions of financial institutions involve operational risks and uncertainties and acquired companies may have unforeseen liabilities, exposure to asset quality problems, key employee and customer retention problems and other problems that could negatively affect First Financial s organization. First Financial may not be able to successfully integrate the operations, management, products and services of the entities that First Financial acquires nor eliminate redundancies. The integration process may also require significant time and attention from our management that they would otherwise direct at servicing existing business and developing new business. First Financial s failure to successfully integrate the entities we acquire into First Financial s existing operations may increase its operating costs significantly and adversely affect its business and earnings.

The value of our goodwill and other intangible assets may decline in the future.

As of December 31, 2012, First Financial had $72.0 million of goodwill and other intangible assets. A significant decline in our financial condition, a significant adverse change in the business climate, slower growth rates or a significant and sustained decline in the price of First Financial s common stock may necessitate taking charges in the future related to the impairment of First Financial s goodwill and other intangible assets. If First Financial was to conclude that a future write-down of goodwill and other intangible assets is necessary, First Financial would record the appropriate charge, which could have a material adverse effect on First Financial s financial condition and results of operations.

First Financial relies heavily on its management team, and the unexpected loss of key management may adversely affect its operations.

First Financial s success to date has been strongly influenced by our ability to attract and to retain senior management experienced in banking in the markets First Financial serves. First Financial s ability to retain executive officers and the current management teams will continue to be important to successful implementation of First Financial s strategies. First Financial does not have employment agreements with these key employees other than executive agreements in the event of a change of control and a confidential information, non-solicitation and non-competition agreement related to First Financial s stock options. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on First Financial s business and financial results.

First Financial may not be able to attract and retain skilled people.

First Financial s success depends, in large part, on its ability to attract and retain key people. Competition for the best people in most activities engaged in by First Financial can be intense and First Financial may not be able to hire people or to retain them. The unexpected loss of services of one or more of the Corporation s key personnel could have a material adverse impact on First Financial s business because of their skills, knowledge of First Financial s market, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

First Financial s stock price can be volatile.

Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. First Financial s stock price can fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in quarterly results of operations;
- recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to First Financial;

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- new reports relating to trends, concerns and other issues in the financial services industry;
- perceptions in the marketplace regarding First Financial and/or its competitors;
- new technology used, or services offered, by competitors;
- significant acquisitions or business combinations involving First Financial or its competitors; and
- changes in government regulations, including tax laws.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends could also cause First Financial s stock price to decrease regardless of operations results.

Breakdowns in First Financial s internal controls and procedures could have an adverse effect on First Financial.

First Financial believes its internal control system as currently documented and functioning is adequate to provide reasonable assurance over its internal controls. Nevertheless, because of the inherent limitation in administering a cost effective control system, misstatements due to error or fraud may occur and not be detected. Breakdowns in First Financial s internal controls and procedures could occur in the future, and any such breakdowns could have an adverse effect on First Financial.

First Financial competes in an industry that continually experiences technological change, and First Financial may have fewer resources than many of its competitors to continue to invest in technological improvements.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. In addition to improving the ability to serve customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend, in part, upon First Financial s ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands for conveniences, as well as to create additional efficiencies in its operations. Many of First Financial s larger competitors have substantially greater resources to invest in technological improvements. First Financial may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers.

System failure or cybersecurity breaches of First Financial s network security could subject it to increased operating costs as well as litigation and other potential losses.

The computer systems and network infrastructure First Financial uses could be vulnerable to unforeseen hardware and cybersecurity issues. First Financial s operations are dependent upon its ability to protect its computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. Any damage or failure that causes an interruption in First Financial s operations could have an adverse effect on its financial condition and results of operations. In addition, First Financial s operations are dependent upon its ability to protect the computer systems and network infrastructure utilized by it, including its Internet banking activities, against damage from physical break-ins, cybersecurity breaches and other disruptive problems caused by the Internet or other users. Such computer break-ins and other disruptions would jeopardize the security of information stored in and transmitted through First Financial s computer systems and network infrastructure, which may result in significant liability to it, damage its reputation and inhibit current and potential customers from its Internet banking services. Each year, First Financial adds additional security measures to its computer systems and network infrastructure to mitigate the possibility of cybersecurity breaches including firewalls and penetration testing. First Financial continues to investigate cost effective measures as well as insurance protection.

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An investment in First Financial s common stock is not an insured deposit.

First Financial s common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund, or by any other public or private entity. Investment in First Financial s common stock is inherently risky for the reasons described in this Risk Factors section and elsewhere in this proxy statement/prospectus. As a result, if you acquire First Financial s common stock, you may lose some or all of your investment.

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A WARNING ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this proxy statement/prospectus, including statements included or incorporated by reference in this proxy statement/prospectus, that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of operations of First Financial after the asset sale is completed as well as information about the asset sale. Words such as believes, expects, anticipates, estimates, intends, continue, should, may, or similar expressions, or the negatives thereof, are inter identify forward-looking statements, but are not the exclusive means of identifying such statements. Many possible events or factors could affect the future financial results and performance of each of our companies before the asset sale or First Financial after the asset sale, and could cause those results or performance to differ materially from those expressed in the forward-looking statements. These possible events or factors include, but are not limited to:

- First Financial s actual cost savings resulting from the asset sale and the merger are less than expected, First Financial is unable to realize those cost savings as soon as expected or First Financial incurs additional or unexpected costs;
- First Financial s revenues after the asset sale and the merger are less than expected;
- deposit attrition, operating costs, customer loss and business disruption before and after the asset sale, including, without limitation, difficulties in maintaining relationships with employees, may be greater than First Financial expected;
- competition among financial services companies may increase;
- the risk that the businesses of First Financial Bank, N.A. and Orange Savings Bank, SSB will not be integrated successfully, or such integration may be more difficult, time-consuming or costly than expected;
- the failure of OSB Financial s shareholders to approve the merger agreement;
- the ability to obtain the governmental approvals of the asset sale on the proposed terms and schedule;
- changes in the level of nonperforming assets and charge-offs;
- changes in the interest rate environment reduce First Financial s or OSB Financial s interest margins;
- general business and economic conditions in the markets First Financial or OSB Financial serves change or are less favorable than expected;
- legislative or regulatory changes adversely affect First Financial s or OSB Financial s businesses;
- changes occur in business conditions and inflation;

- personal or commercial customers bankruptcies increase;

- changes occur in the securities markets; and

- technology-related changes are harder to make or more expensive than expected.

For other factors, risks and uncertainties that could cause actual results to differ materially from estimates and projections contained in forward-looking statements, please read the *Risk Factors* section of this proxy statement/prospectus.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that assumptions or bases almost always vary from actual results, and the differences between assumptions or bases and actual results can be material. Therefore, we caution you not to place undue reliance on our forward-looking statements. The forward-looking statements are made as of the date of this proxy statement/prospectus or the date of the applicable document incorporated by reference into this proxy statement/prospectus. We undertake no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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GENERAL INFORMATION

This document constitutes a proxy statement of OSB Financial Services, Inc. and is being furnished to all record holders of OSB Financial common stock in connection with the solicitation of proxies by the board of directors of OSB Financial to be used at the special meeting of shareholders of OSB Financial One of the purposes of the OSB Financial special meeting is to consider and vote to approve the sale of substantially all of the assets of OSB Financial pursuant to the merger agreement, dated February 20, 2013, by and between First Financial, First Financial Bank, N.A., OSB Financial, and Orange Savings Bank, SSB, which provides, among other things, for the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A. This document also constitutes a prospectus relating to the First Financial common stock to be issued to OSB Financial upon completion of the asset sale and the merger, and subsequently to holders of OSB Financial pursuant to a distribution of the consideration it receives in the asset sale.

OSB FINANCIAL SPECIAL SHAREHOLDERS MEETING

Date, Place and Time of the Special Meeting

The special meeting of shareholders of OSB Financial Services, Inc. will be held on May 14, 2013 at 4:00 p.m., local time, in the lobby of Orange Savings Bank, SSB at 812 North 16th Street, Orange, Texas 77630, for the following purposes.

Matters to be Considered

The purpose of the special meeting are to consider and vote on the following:

- to approve the sale of substantially all of the assets of OSB Financial pursuant to that certain Agreement and Plan of Merger, dated February 20, 2013, by and between First Financial Bankshares, Inc., First Financial Bank, N.A., OSB Financial Services, Inc., and Orange Savings Bank, SSB providing for the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A., on and subject to the terms and conditions contained therein; and

- the authority to adjourn or postpone the special meeting.

At this time, the board of directors of OSB Financial and the voting representatives are unaware of any matter, other than the matter set forth above, that may be presented for action at the special meeting.

Shares Entitled to Vote, Quorum and Vote Required

The holders of record of the outstanding shares of OSB Financial common stock at the close of business on March 31, 2013 are entitled to notice of and to vote at the special meeting. At the close of business on that date, there were 274,668 shares of OSB Financial common stock outstanding and entitled to vote at the special meeting.

At the special meeting, the shareholders of OSB Financial will be entitled to one vote for each share of common stock owned of record on March 31, 2013. The holders of a majority of the shares of OSB Financial common stock entitled to vote at the special meeting must be present, either in person or by proxy, to constitute a quorum at the special meeting. The affirmative vote of at least two-thirds of the outstanding OSB Financial common stock is required to approve the asset sale pursuant to the merger agreement.

Abstentions and shares held of record by a broker or nominee that are voted on any matter are included in determining whether a quorum exists at the special meeting. Brokers, as holders of record, are permitted to vote on certain routine matters, but not on non-routine matters. The proposal to approve the asset sale pursuant to the merger agreement is a non-routine matter. Accordingly, if a shareholder holds shares through a broker or nominee, also referred to as held in street name and does not provide voting instructions to his broker or nominee, those shares will not be voted on the proposal to approve the asset sale pursuant to the merger agreement at the special meeting. Accordingly, the board of directors of OSB Financial Services encourage you to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope.

Shares Held by Officers and Directors

On the record date, the directors and executive officers of OSB Financial were entitled to vote, in the aggregate, 84,744 shares of OSB Financial common stock, or approximately 30.85% of the outstanding shares of OSB Financial common stock. Each of these directors and executive officers has executed an agreement to vote his shares of OSB Financial common stock in favor of approval of the asset sale pursuant to the merger agreement.

The board of directors of OSB Financial unanimously recommends that you vote FOR the proposal to approve the asset sale pursuant to the merger agreement.

Voting and Revocation of Proxies

Proxies, in the form enclosed, which are properly executed and returned to OSB Financial or the voting representatives, as applicable, and not subsequently revoked, will be voted in accordance with the instructions indicated on the proxies. Any properly executed proxy on which voting instructions are not specified will be voted FOR the proposal to approve the asset sale pursuant to the merger agreement. The proxy also grants authority to the persons designated in such proxy to vote in accordance with their own judgment if an unscheduled matter is properly brought before the special meeting.

If you are the record holder of your shares, you may revoke any proxy given pursuant to this solicitation by the board of directors of OSB Financial at any time before it is voted at the special meeting by:

- giving written notice to the Secretary of OSB Financial;
- executing a proxy bearing a later date and filing that proxy with the Secretary of OSB Financial at or before the special meeting; or
- attending and voting in person at the special meeting.

All written notices of revocation and other communications with respect to revocation or proxies should be sent to: OSB Financial, 812 North 16th Street, Orange, Texas 77630, Attention: Secretary. If you hold your shares in street name with a bank or broker, you must contact such bank or broker if you wish to revoke your proxy.

Solicitation of Proxies; Expenses

This proxy solicitation is made by the board of directors of OSB Financial. OSB Financial is responsible for its expenses incurred in preparing, assembling, printing and mailing this proxy statement/prospectus. Proxies will be solicited through the mail. Additionally, directors of OSB Financial intend to solicit proxies personally or by telephone or other means of communication. The directors will not be additionally compensated. OSB Financial will reimburse banks, brokers and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding the proxy materials to beneficial owners.

PROPOSAL 1: APPROVAL OF ASSET SALE AND MERGER AGREEMENT

The following information describes material aspects of the asset sale pursuant to the merger agreement. It is not intended to be a complete description of all information relating to the asset sale pursuant to the merger agreement and is qualified in its entirety by reference to more detailed information contained in the Appendices to this document, including the merger agreement. A copy of the merger agreement is included as ***Appendix A*** and is incorporated herein by reference. You are urged to read the Appendices in their entirety.

Terms of the Asset Sale

The asset sale will be accomplished pursuant to the merger agreement, which provides for, among other things, the merger of Orange Savings Bank, SSB with and into First Financial Bank, N.A. If the shareholders of OSB Financial approve the asset sale pursuant to the merger agreement at the special meeting, and if the required regulatory approvals are obtained and the other conditions to the parties obligations to effect the asset sale and the related merger are met or waived by the party entitled to do so, we anticipate that the asset sale will be completed in the second quarter of 2013, although delays could occur. As a result of the asset sale, OSB Financial will be entitled to receive whole shares of First Financial common stock and cash. Subsequent to the completion of the asset sale, OSB Financial intends to distribute most of the consideration it receives to its shareholders, other than dissenting shareholders, subject to OSB Financial s obligation under the merger agreement to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013.

In connection with the asset sale and pursuant to the merger agreement, all outstanding shares of Orange Savings Bank, SSB common stock will be converted into an aggregate of 420,000 shares of First Financial common stock and $39.2 million in cash, with the cash portion of the consideration subject to decrease on a dollar-for-dollar basis, in the manner set forth in the merger agreement and discussed below, if Orange Savings Bank, SSB s equity capital on the Calculation Date is less than $43.2 million.

If Orange Savings Bank, SSB s equity capital as of the Calculation Date is less than $43.2 million, the cash portion of the consideration payable to OSB Financial will be reduced by an amount equal to the difference between Orange Savings Bank, SSB s equity capital on the Calculation Date and $43.2 million. Pursuant to the terms of the merger agreement, equity capital of Orange Savings Bank, SSB means the sum of the capital stock, capital surplus and retained earnings of Orange Savings Bank, SSB, excluding unrealized securities gains or losses, on a consolidated basis, as determined pursuant to GAAP, with such amounts to be calculated in accordance with the methodology used in the Orange Savings Bank, SSB Report of Condition and Income to calculate the total equity capital (Call Report Schedule RC Balance Sheet, item 27.a).

If Orange Savings Bank, SSB s equity capital as of the Calculation Date exceeds $43.2 million, Orange Savings Bank, SSB may dividend such excess amount to OSB Financial after the Calculation Date and prior to the effective time of the asset sale.

For purposes of calculating equity capital, Orange Savings Bank, SSB must reflect the following adjustments:

- all Bank Merger Costs (defined below), if paid or accrued by Orange Savings Bank, SSB and not reimbursed by OSB Financial prior to the Calculation Date must have been accounted for as either a direct or indirect reduction of Orange Savings Bank, SSB s equity capital. The term Bank Merger Costs means (a) the legal, professional, investment banking, consulting and accounting fees and expenses of Orange Savings Bank, SSB associated with the merger, including any cost to obtain Hovde s opinion as to the financial fairness of the asset sale and the merger, (b) all fees for obtaining the extended reporting period (i.e., tail coverage) policy covering directors and officers of Orange Savings Bank, as discussed herein, (c) the payments owed to employees of Orange Savings Bank, SSB

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under the retention bonus agreements (as discussed herein), and (d) the accrual or payment of all of the costs, fees, expenses and penalties necessary to be paid by Orange Savings Bank, SSB in connection with any contract termination required pursuant to the merger agreement;

any dividends (whether paid or declared) to OSB Financial by Orange Savings Bank, SSB must have been recorded by Orange Savings Bank, SSB as a reduction of equity capital of Orange Savings Bank, SSB;

the balance of Orange Savings Bank, SSB s accumulated other comprehensive income, as would be reflected on Line 26b of Schedule RC of the Call Report as if the Calculation Date were a Call Report date, is agreed by the parties to be $3,647,382, subject to adjustment; and

subject to a certain exception, any gains recognized on sales of loans guaranteed by the Small Business Administration must be deducted from equity capital.

After completion of the asset sale, OSB Financial intends to distribute the consideration it receives, after repayment of its obligations and expenses, including repayment of all of its outstanding trust preferred promissory notes and 2009 Senior Secured Notes Due December 31, 2020, to the holders of the OSB common stock, other than dissenting shareholders, subject to OSB Financial s obligation under the merger agreement to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013.

Because the number of shares of First Financial common stock to be issued in the asset sale is fixed, the value of the total consideration you will receive, by virtue of the distribution of such consideration by OSB Financial after consummation of the asset sale, will fluctuate based on the market price of the First Financial common stock. Further, the cash portion of the consideration is subject to decrease as described above and in the merger agreement. Accordingly, you will not know the exact amount of cash or the value of the stock portion of the consideration OSB Financial will receive in connection with the asset sale when you vote on the asset sale and the merger agreement. Moreover, any distribution to shareholders of OSB must be authorized by the board of directors of OSB Financial

Background of the Asset Sale

Since the recession of 2008-2009, there have been significant changes in the banking and financial services industry. These developments have included increased emphasis and dependence on automation, specialization of products and services, increased competition among financial institutions, and a trend toward consolidation. Furthermore, an increase in regulatory compliance costs coupled with a prolonged low interest rate environment have created headwinds for generating traditional bank earnings. Based on these developments, management of OSB Financial had determined that size and scale would aid in driving efficiencies, and the introduction of additional products would help the Orange Savings Bank, SSB serve more of its customers financial needs. Management of OSB Financial believed these advancements would be needed to produce satisfactory earnings relative to required regulatory capital for Orange Savings Bank, SSB going forward in this challenging operating environment.

Management of OSB Financial considered the costs and requirements for Orange Savings Bank, SSB to add the infrastructure and human capital needed to pursue significantly greater size and scale in addition to introducing additional products like trust and investment services. In summary, it was determined that OSB Financial needed to either invest substantially into a platform for additional products and technology, or it needed to merge with a strategic partner that already had those capabilities. Furthermore, management of OSB Financial believed that these considerations should also be evaluated in conjunction with the availability and timing of liquidity for shareholders of OSB Financial.

The board of directors of OSB Financial established a special committee to further evaluate these considerations (the Capital Committee). The Capital Committee included Stephen Lee, OSB Financial s President, in addition to directors, Thomas Gunn, Paul Peveto and Ross Smith. On June 12, 2012, representatives of Hovde met with the Capital Committee. During that meeting, discussions covered the strategic alternatives available to OSB Financial for maximizing shareholder value including, among other things, continued independence or a strategic merger or affiliation with another financial institution. After this meeting, the Capital Committee decided to engage a financial advisor to pursue an affiliation with a strategic partner.

On July 12, 2012, OSB Financial engaged Hovde to render financial advisory and investment banking services in connection with a possible business combination with another banking institution.

During the next week, management of OSB Financial compiled the items necessary for Hovde to prepare a confidential information memorandum presenting data on OSB Financial and its business. Working with Hovde, a process was developed to contact and elicit interest from a group of logical prospective strategic partners who would be provided the memorandum, subject to the prior execution of a confidentiality agreement. Management expressed interest in First Financial among the parties contacted. In late July, Hovde, began contacting potential strategic partners, including First Financial, and distributed confidentiality agreements to those who expressed an initial interest.

During the month of August 2012, the confidential information memorandum was sent to the twelve parties who had executed confidentiality agreements.

By September 10, 2012, Hovde had received feedback from the prospective strategic partners who had received the confidential information memorandum.

September 12, 2012, a call was held with representatives of Hovde and the Capital Committee to evaluate the interest. Of the parties contacted, three expressed an interest in continued discussions, including First Financial. The second party (Party B) orally expressed an interest to pursue an acquisition of the Orange Savings Bank, SSB for approximately $44-46 million. First Financial and the third party (Party C) expressed an interest to meet with management but did not provide a value at that time.

The Capital Committee asked for Hovde to arrange meetings with management from First Financial and Party C, and determined that the oral expression of interest from Party B did not warrant further discussion.

On October 3, 2012, management of First Financial met with the Capital Committee in Orange, Texas.

During October 2012, representatives of Hovde had several calls with management of First Financial to discuss the parameters of a potential transaction.

October 31, 2012, First Financial presented a letter of intent to acquire Orange Savings Bank, SSB for $56 million in stock and cash based upon the Orange Savings Bank, SSB s equity at September 30, 2012, of $44.43 million.

By November 1, 2012, management of Party C had orally communicated that it would be unable to evaluate a potential transaction until late in the first quarter of 2013 and this timing could not be confirmed with certainty.

November 5, 2012, Hovde had a call with the Capital Committee to evaluate and discuss the terms of the letter. The Capital Committee stated it was prepared to move forward with First Financial if the required closing equity for Orange Savings Bank, SSB was established at $43.2 million and any equity in excess of this amount could be paid out prior to closing as a dividend to OSB Financial.

November 7, 2012, First Financial presented a revised letter of intent to OSB Financial based upon these terms and the Capital Committee authorized Stephen Lee to execute the letter calling for a period of exclusive due diligence and negotiations with First Financial.

On November 16, 2012, Larry Temple was contacted and retained as legal counsel to advise and represent OSB Financial in potential negotiations.

On November 11-12, 2012, the Capital Committee and representatives of Hovde met with management of First Financial in Abilene, Texas, and a schedule was established for due diligence. In late November and early December 2012, First Financial conducted its due diligence review in Orange, Texas.

On December 18, 2012, First Financial circulated an initial draft of a merger agreement to OSB Financial s counsel, Larry Temple. Negotiations regarding the draft merger agreement continued into January 2013.

On January 8, 2013, a meeting was held in Dallas with management of First Financial and OSB Financial, in addition to representatives of Hovde, and the parties respective legal counsel were present. Several aspects of the draft merger agreement were discussed at length.

During the following weeks, negotiations continued and it was determined that the stock consideration would equate to 420,000 shares of First Financial common stock and the cash consideration would be $39.2 million. Additionally, it was determined that the First Financial common stock being issued would be registered with the SEC.

From February 1, 2013 through February 20, 2013, OSB Financial reviewed the terms of the merger agreement, prepared the appropriate schedules, and retention bonus agreements were executed with certain employees of Orange Savings Bank, SSB.

On the morning of February 20, 2013, the OSB Financial board of directors met with representatives of Hovde. Hovde provided a financial analysis of the proposed transaction and informed the OSB Financial board of directors that the proposed consideration set forth in the merger agreement is fair to the shareholders of OSB Financial from a financial point of view. At that meeting, the board unanimously approved the asset sale, the merger agreement and the merger and authorized the President of OSB Financial to execute the merger agreement on behalf of OSB Financial Shortly thereafter, First Financial and OSB Financial issued a press release announcing the proposed merger.

Recommendation of OSB Financial s Board and its Reasons for the Asset Sale

OSB Financial s board of directors believes that the asset sale is in the best interest of OSB Financial and its shareholders. Accordingly, OSB Financial s board of directors has unanimously approved the asset sale, the related merger and the merger agreement and unanimously recommends that OSB Financial shareholders vote FOR approval of the asset sale and the merger agreement.

In approving the asset sale and the merger agreement, OSB Financial s board of directors consulted with its financial advisor with respect to the financial aspects and fairness of the proposed merger transaction and with its legal counsel as to its legal duties and the terms of the merger agreement and related agreements. The board believes that combining with First Financial will create a financially sounder and more diversified organization that will provide significant benefits to OSB Financial s shareholders and customers alike.

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The terms of the merger agreement, including the consideration to be paid to OSB Financial, were the result of arm s length negotiations between representatives of OSB Financial and representatives of First Financial. In arriving at its determination to approve the merger agreement, OSB Financial s board of directors considered a number of factors, including the following:

- the board s knowledge and analysis of the current and prospective industry and economic conditions facing the financial services industry generally, including continued consolidation in the industry, increasing competition, and the increasing importance of operational scale and financial resources in maintaining efficiency, remaining competitive, and capitalizing on technological developments;
- the increased regulatory burdens on financial institutions and the associated costs;
- the terms of the merger agreement;
- information regarding the financial condition and operations of First Financial and future prospects of First Financial and its capital stock;
- the opinion rendered by Hovde that the consideration to be received by the OSB Financial in the asset sale is fair to the shareholders of OSB Financial from a financial point of view;
- the future prospects of OSB Financial compared with the future prospects of First Financial considering that by receiving First Financial common stock in the asset sale, OSB Financial shareholders would be investing in a larger, more diversified banking organization;
- the fact that First Financial common stock is publicly traded on NASDAQ, thereby representing a more liquid investment than OSB Financial common stock;
- the ability of First Financial to pay the cash portion of the consideration;
- the non-economic terms of the transaction, including the impact on existing customers and employees;
- the potential for Orange Savings Bank, SSB to offer its customers additional products including trust and investment services by utilizing the existing infrastructure and services of First Financial;
- the ability of First Financial to integrate the operations of Orange Savings Bank, SSB with First Financial Bank, N.A.;
- the potential benefits and opportunities for employees of Orange Savings Bank, SSB as a result of both employment opportunities and benefit plans in a larger organization; and

the likelihood that the transaction will be approved by regulatory authorities.

The reasons set out above for the asset sale are not intended to be exhaustive but do include all material factors considered by OSB Financial s board of directors in approving the asset sale and the merger agreement. In reaching its determination, the OSB Financial board of directors did not assign any relative or specific weights to different factors, and individual directors may have given different weights to different factors. Based on the reasons stated, the board of directors of OSB Financial believes that the asset sale is in the best interests of OSB Financial and its shareholders, and therefore the board of directors of OSB Financial unanimously approved the asset sale, the related merger and the merger agreement. In addition, each member of OSB Financial s board of directors has agreed to vote the shares of common stock of OSB Financial over which he has voting authority in favor of the asset sale and the merger agreement.

OSB FINANCIAL SERVICES INC. S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THE ASSET SALE AND THE MERGER AGREEMENT.

First Financial s Reasons for the Asset Sale

As a part of First Financial s growth strategy, First Financial routinely evaluates opportunities to acquire financial institutions. The acquisition of Orange Savings Bank, SSB is consistent with First Financial s expansion strategy. First Financial s board of directors, senior management and certain lenders reviewed the business, financial condition, results of operation and prospects for Orange Savings Bank, SSB, the market condition of the market area in which Orange Savings Bank, SSB conducts business, the compatibility of the management and the proposed financial terms of the asset sale. In addition, management of First Financial believes that the asset sale will expand First Financial s footprint into Orange and the Southeast Texas area, provide opportunities for future growth and provide the potential to realize cost savings. First Financial s board of directors also considered the financial condition and valuation for both OSB Financial and First Financial as well as the financial and other effects the asset sale would have on First Financial s shareholders.

While management of First Financial believes that revenue opportunities will be achieved and costs savings will be obtained following the asset sale, First Financial has not quantified the amount of enhancements or projected the areas of operation in which such enhancements will occur.

In view of the variety of factors considered in connection with its evaluation of the asset sale, the First Financial board did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to factors it considered. Further, individual directors may have given differing weights to different factors. In addition, the First Financial board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination. Rather, the board conducted an overall analysis of the factors it considered material, including thorough discussions with, and questioning of, First Financial s management.

Opinion of OSB Financial s Financial Advisor

*The fairness opinion of OSB Financial s financial advisor, Hovde Financial, Inc., is described below. The description contains projections, estimates and other forward-looking statements about the future earnings or other measures of the future performance of OSB Financial. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. You should not rely on any of these statements as having been made or adopted by OSB Financial or First Financial. You should review the copy of the fairness opinion, which is attached as **Appendix B**.*

Hovde has acted as OSB Financial s financial advisor in connection with the proposed transaction. Hovde is a nationally recognized investment banking firm with substantial experience in transactions similar to the asset sale pursuant to the merger agreement and is familiar with OSB Financial, its wholly owned subsidiary, Orange Savings Bank, SSB, and its operations. As part of its investment banking business, Hovde is continually engaged in the valuation of businesses and their securities in connection with, among other things, mergers and acquisitions.

Hovde reviewed the financial aspects of the merger and the sale of the outstanding capital stock of Orange Savings Bank, SSB to First Financial with OSB Financial s board of directors and, on February 20, 2013, rendered a written opinion to OSB Financial s board of directors that the consideration to be paid in connection therewith was fair to the shareholders of OSB Financial from a financial point of view.

The full text of Hovde s written opinion is included in this proxy statement/prospectus as ***Appendix B*** and is incorporated herein by reference. You are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Hovde. The summary of the opinion of Hovde set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

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Hovde s opinion is directed to OSB Financial s board of directors and addresses only the fairness, from a financial point of view, of the consideration to OSB Financial. It does not address the underlying business decision to proceed with the asset sale and does not constitute a recommendation to any of the shareholders as to how such shareholder should vote at the special meeting on the asset sale, the merger agreement or any related matter.

During the course of its engagement, and as a basis for arriving at its opinion, Hovde reviewed and analyzed material bearing upon the financial and operating conditions of OSB Financial, Orange Savings Bank, SSB, First Financial, and First Financial Bank, N.A. and material prepared in connection with the asset sale, including, among other things, the following:

- reviewed a draft of the merger agreement, as provided to Hovde by OSB Financial;
- reviewed certain unaudited financial statements of Orange Savings Bank, SSB for the three and twelve month periods ended December 31, 2012;
- reviewed certain historical publicly available business and financial information concerning First Financial, First Financial Bank, N.A., OSB Financial, and Orange Savings Bank, SSB;
- reviewed certain internal financial statements and other financial and operating data concerning OSB Financial and Orange Savings Bank, SSB including, without limitation, internal financial analyses and forecasts prepared by management of OSB Financial and held discussions with senior management of OSB Financial regarding recent developments and regulatory matters;
- analyzed financial projections prepared by the certain members of OSB Financial s and Orange Savings Bank, SSB s senior management;
- discussed with certain members of First Financial, First Financial Bank, N.A., OSB Financial, and Orange Savings Bank, SSB s senior management, the business, financial condition, results of operations and future prospects of OSB Financial and Orange Savings Bank, SSB;
- discussed with certain members of First Financial, First Financial Bank, N.A., OSB Financial, and Orange Savings Bank, SSB s senior management, First Financial, First Financial Bank, N.A., OSB Financial, and Orange Savings Bank, SSB s business, financial condition, and results of operations and historical financial performance, and Orange Savings Bank s outlook and future prospects. These included discussions regarding the liquidity and capital adequacy of First Financial and First Financial Bank, N.A.;
- reviewed the terms of recent merger, acquisition and control investment transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that Hovde considered relevant;
- analyzed the pro forma impact of the merger on the combined company s earnings per share, consolidated capitalization and financial ratios;
- reviewed historical market prices and trading volumes of First Financial common stock;

evaluated the pro forma ownership of First Financial s common stock by OSB Financial shareholders;

assessed the general economic, market and financial conditions;

taken into consideration our experience in other similar transactions and securities valuations as well as our knowledge of the banking and financial services industry;

reviewed and analyzed certain publicly available financial and stock market data relating to selected public companies that Hovde deemed relevant to its analysis;

discussed with management of OSB Financial and Orange Savings Bank, SSB their assessment of the rationale for the asset sale; and

performed such other analyses and considered such other factors as Hovde deemed appropriate.

In rendering its opinion, Hovde assumed, without independent verification, the accuracy and completeness of the financial and other information and representations contained in the materials provided to it by OSB Financial, Orange Savings Bank, SSB, First Financial, and First Financial Bank, N.A. and in the discussions it had with the management of OSB Financial, Orange Savings Bank, SSB, First Financial and First Financial Bank, N.A. Hovde relied upon the reasonableness and achievability of the financial forecasts and projections (and the assumptions and bases therein) provided to Hovde by OSB Financial and Orange Savings Bank, SSB and assumed that the financial forecasts, including without limitation, the projections regarding under-performing and non-performing assets and net charge-offs were reasonably prepared by OSB Financial and Orange Savings Bank, SSB on a basis reflecting the best currently available information and judgments and estimates by OSB Financial and Orange Savings Bank, SSB, and that such forecasts will be realized in the amounts and at the times contemplated thereby. Hovde did not assume any responsibility to verify such information or assumptions independently.

Hovde is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for loan losses with respect thereto. Hovde assumed that such allowances for OSB Financial and Orange Savings Bank, SSB are, in the aggregate, adequate to cover such losses. Hovde was not requested to make, and did not conduct, an independent evaluation, physical inspection or appraisal of the assets, properties, facilities or liabilities (contingent or otherwise) of OSB Financial nor Orange Savings Bank, SSB, the collateral securing any such assets or liabilities, or the collectability of any such assets, and Hovde was not furnished with any such evaluations or appraisals, nor did Hovde review any loan or credit files of OSB Financial or Orange Savings Bank, SSB.

Hovde assumed that the merger and sale of the outstanding capital stock of Orange Savings Bank, SSB will be consummated substantially in accordance with the terms set forth in the merger agreement, without any waiver of material terms or conditions by OSB Financial, Orange Savings Bank, SSB or any other party to the merger agreement and that the final merger agreement will not differ materially from the draft Hovde reviewed. Hovde assumed that the sale of the outstanding capital stock of Orange Savings Bank, SSB and the related merger are, and will be, in compliance with all laws and regulations that are applicable to OSB Financial, Orange Savings Bank, SSB, and First Financial and their respective affiliates. Hovde further assumed that, in the course of obtaining the necessary regulatory and government approvals, no restriction will be imposed on First Financial or the surviving institutions that would have a material adverse effect on the surviving institutions or the contemplated benefits of the asset sale and the related merger. Hovde also assumed that no changes in applicable law or regulation will occur that will cause a material adverse change in the prospects or operations of the institutions after the asset sale and the related merger.

Hovde s opinion does not consider, include or address: (i) any other strategic alternatives currently (or which have been or may be) contemplated by the board of directors of OSB Financial or Orange Savings Bank, SSB; (ii) the legal, tax or accounting consequences of the merger on OSB Financial, Orange Savings Bank, SSB, shareholders of Orange Savings Bank, SSB, or First Financial or First Financial Bank, N.A.; (iii) any advice or opinions provided by any other advisor to the board of directors of OSB Financial or Orange Savings Bank, SSB; or (iv) whether First Financial or First Financial Bank, N.A. has sufficient cash, available lines of credit or other sources of funds to enable it to pay the cash consideration. Hovde s opinion is not a solvency opinion and does not in any way address the solvency or financial condition of OSB Financial or Orange Savings Bank, SSB.

OSB Financial engaged Hovde on July 12, 2012, to provide OSB Financial with financial advisory services. Pursuant to the terms of the engagement, Hovde received an initial fee at the time of Hovde s engagement by OSB Financial, and will receive a fee for the delivery of its fairness opinion. At the time the asset sale is completed, OSB Financial will pay Hovde a completion fee, which is contingent upon the completion of the asset sale. Pursuant to the engagement agreement, in addition to its fees and regardless of whether the asset sale is consummated, OSB Financial has agreed to reimburse Hovde for certain reasonable out-of-pocket expenses incurred in performing its services and to indemnify Hovde against certain claims, losses, and expenses arising out of the asset sale or Hovde s engagement.

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In performing its analyses, Hovde made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Hovde, OSB Financial, Orange Savings Bank, SSB and First Financial. Hovde s opinion was necessarily based on financial, economic, market, and other conditions and circumstances as they existed on, and on the information made available to Hovde as of, the date of its opinion. Hovde has no obligation to update or reaffirm its opinion at any time. Any estimates contained in the analyses performed by Hovde are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities may be sold or the prices at which any securities may trade at any time in the future. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. Hovde s opinion does not address the relative merits of the merger and sale of the outstanding capital stock of Orange Savings Bank, SSB as compared to any other business combination in which OSB Financial might engage. In addition, Hovde s fairness opinion was among several factors taken into consideration by OSB Financial s board of directors in making its determination to approve the sale of the outstanding capital stock of Orange Savings Bank, SSB and the merger agreement. Consequently, the analyses described below should not be viewed as solely determinative of the decision of OSB Financial s board of directors or OSB Financial s management with respect to the fairness of the consideration pursuant to the sale of the outstanding capital stock of Orange Savings Bank, SSB.

The following is a summary of the material analyses prepared by Hovde and presented to OSB Financial s board of directors on February 20, 2013, in connection with the fairness opinion. This summary is not a complete description of the analyses underlying the fairness opinion or the presentation prepared by Hovde, but it summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Hovde did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include the information presented in tabular format. The analyses and the summary of the analyses must be considered as a whole and selecting portions of the analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying the analyses and opinion of Hovde. The tables alone are not a complete description of the financial analyses.

All net income information for Orange Savings Bank, SSB and other Subchapter S banks incorporated in these analyses are represented on an after-tax basis utilizing a 35% tax rate.

Throughout the following analyses, Hovde references an estimated transaction value of $57.2 million. This is based upon the cash consideration of $39.2 million plus the stock consideration of 420,000 shares of First Financial common stock as of the closing price of $42.97 per share on February 15, 2013.

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Precedent Transactions Analysis. As part of its analysis, Hovde reviewed publicly available information related to select acquisition transactions of banks in the United States announced since January 1, 2012, involving banks in which the target had assets between $100 million and $1 billion, a return on average assets exceeding 0.50%, and non-performing assets represented less than 3.0% of total assets. Information for the target institutions was based on the most recent quarter prior to announcement of the transaction. The resulting group consisted of the following 26 transactions:

Buyer (State)	**Target (State)**
Lakeland Bancorp, Inc. (NJ)	Somerset Hills Bancorp (NJ)
Old Florida Bancshares, Inc. (FL)	New Traditions National Bank (FL)
F.N.B. Corporation (PA)	Annapolis Bancorp, Inc. (MD)
Jeff Davis Bancshares, Inc. (LA)	Guaranty Capital Corporation (LA)
Heartland Financial USA, Inc. (IA)	Heritage Bank, National Association (AZ)
LCNB Corp. (OH)	First Capital Bancshares, Inc. (OH)
Bank of the Ozarks, Inc. (AR)	Genala Banc, Inc. (AL)
Wintrust Financial Corporation (IL)	HPK Financial Corporation (IL)
Pacific Premier Bancorp, Inc. (CA)	First Associations Bank (TX)
Umpqua Holdings Corporation (OR)	Circle Bancorp (CA)
MidSouth Bancorp, Inc. (LA)	PSB Financial Corporation (LA)
Overton Financial Corporation (TX)	First National Bank of Canton (TX)
American Bancorporation, Inc. (OK)	Osage Bancshares, Inc. (OK)
Penns Woods Bancorp, Inc. (PA)	Luzerne National Bank Corporation (PA)
Investors Bancorp, Inc. (MHC) (NJ)	Marathon Banking Corporation (NY)
PacWest Bancorp (CA)	American Perspective Bank (CA)
FVNB Corp. (TX)	First State Bank (TX)
S&T Bancorp, Inc. (PA)	Gateway Bank of Pennsylvania (PA)
FNB Bancorp (CA)	Oceanic Bank Holding, Incorporated (CA)
Commerce Bancshares Corp. (MA)	Mercantile Capital Corp (MA)
United Financial Bancorp, Inc. (MA)	New England Bancshares, Inc. (CT)
PSB Holdings, Inc. (WI)	Marathon State Bank (WI)
Bank of Commerce (ID)	State Bank & Trust Company (MT)
First Community Bancshares, Inc. (VA)	Peoples Bank of Virginia (VA)
Carlile Bancshares, Inc. (TX)	Northstar Financial Corporation (TX)
Provident New York Bancorp (NY)	Gotham Bank of New York (NY)

For each precedent transaction, Hovde derived and compared the implied ratio of deal value to the implied ratio based certain financial characteristics of Orange Savings Bank, SSB as follows:

the multiple of the purchase consideration to the acquired company s tangible book value, as adjusted (the Price-to-Tangible Book Value Multiple);

the multiple of the purchase consideration to the acquired company s total assets (the Price-to-Total Assets Multiple);

the multiple of the purchase consideration to the acquired company s last twelve months net income (the Price-to-LTM EPS Multiple); and

the multiple of the difference between the purchase consideration and the acquired company s tangible book value, as adjusted, to the acquired company s core deposits (the Premium-to-Core Deposits Multiple).

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The results of the analysis are set forth in the table below. Multiples for the transaction were derived from an implied aggregate offer price of $57.2 million for Orange Savings Bank, SSB.

Implied Value to Orange Savings Bank Based On:	Price to Tang. Book Value Multiple	Price to Total Assets Multiple	Price to LTM EPS Multiple	Premium to Core Deposits Multiple
Merger Agreement	133.0%	12.9%	13.1x	4.5%
Precedent Transactions:				
Maximum	194.4%	22.4%	34.2x	10.5%
Minimum	86.2%	6.0%	9.9x	-8.0%

Comparative Company Analysis. Using publicly available information, Hovde compared the financial performance of Orange Savings Bank, SSB with that of the maximum and minimum of the precedent transactions. The performance highlights are based on the most recent quarter information of Orange Savings Bank, SSB at December 31, 2012.

	ROAA	ROAE	Efficiency Ratio	NPAs/ Assets	LLR/ NPAs
Orange Savings Bank	1.05%	10.2%	60.6%	1.0%	70.0%
Precedent Transactions:					
Maximum	1.38%	11.5%	112.1%	3.0%	542.3%
Minimum	0.51%	2.8%	41.0%	0.0%	31.3%

No company or transaction used as comparison in the above transaction analyses is identical to Orange Savings Bank, SSB or First Financial, and no transaction was consummated on terms identical to the terms of the merger agreement. Accordingly, an analysis of these results is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Discounted Cash Flow Analysis. Taking into account various factors including, but not limited to, Orange Savings Bank, SSB s recent performance, the current banking environment and the local economy in which the Orange Savings Bank, SSB operates, Hovde determined earnings estimates for a forward looking five-year period with the assistance of information and guidance provided by the management of OSB Financial and Orange Savings Bank, SSB. In order to determine a value for Orange Savings Bank, SSB on a discounted cash flow basis, Hovde utilized a two-stage growth rate model while applying a terminal Price-to-Earnings multiple of 13.1x on Orange Savings Bank, SSB s 2017 estimated earnings in order to derive a terminal value. The terminal multiple was derived from the average daily closing price of the SNL Microcap Bank Index for the last twelve months ending on February 15, 2013.

For the discounted cash flow analysis (DCF Analysis), Hovde utilized management estimates for 2013 and 2014, which included assets projected to grow to $485 million and $534 million at year-end, respectively. Thereafter, it was assumed that assets would increase by 10% annually. Earnings projections (on an after-tax basis) for 2013 and 2014 were $4.8 million and $5.5 million, respectively. Projections for years 2015-2017 were based on a return on average assets of 1.0%. A range of discount rates between 12% and 16% were employed in determining the present value of the dividends plus the terminal value. It was assumed that no dividends were paid other than for the estimated tax obligation due under the Subchapter S election and to service the interest payments of the holding company debt. The discount rates were chosen to reflect different assumptions regarding the required rates of return of holders or prospective buyers of Orange Savings Bank, SSB common stock. The resulting values of the DCF analyses ranged between $42.3 million and $50.5 million with a midpoint of $46.2 million.

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These analyses and their underlying assumptions yielded a range of values for Orange Savings Bank, SSB, and the median value is outlined in the table below:

Implied Value to Orange Savings Bank Based On:	Implied Transaction Value (Millions)	Price to Tang. Book Value Multiple	Price to LTM Net Income Multiple	Price to Assets Multiple	Premium to Core Deposits Multiple
Merger Agreement	$ 57.2	133%	13.1x	12.9%	4.5%
DCF Analysis (Midpoint)	$ 46.2	107%	10.6x	10.4%	1.0%

Hovde noted that while the discounted cash flow present value analysis is a widely used valuation methodology, it relies on numerous assumptions, including asset and earnings growth rates, dividend payout rates, terminal values and discount rates. Hovde s analysis does not purport to be indicative of the actual values or expected values of Orange Savings Bank, SSB s common stock.

Public Peer Analysis. As part of its analysis, Hovde reviewed a selected group of financial institutions deemed to be comparable to First Financial. This group was based on publicly-traded financial institutions located in the United States that had assets between $3 billion and $6 billion, non-performing assets represented less than 2% of total assets, and return on average assets exceeding 0.5% (the Public Peer Group). The Public Peer Group consisted of the following 21 institutions:

Public Peer (State)

Bank of the Ozarks, Inc. (AR)

Brookline Bancorp, Inc. (MA)

Century Bancorp, Inc. (MA)

Dime Community Bancshares, Inc. (NY)

Enterprise Financial Services Corp (MO)

First Commonwealth Financial Corporation (PA)

First Financial Holdings, Inc. (SC)

First Merchants Corporation (IN)

Heartland Financial USA, Inc. (IA)

Lakeland Financial Corporation (IN)

Pinnacle Financial Partners, Inc. (TN)

Provident New York Bancorp (NY)

Sandy Spring Bancorp, Inc. (MD)

Simmons First National Corporation (AR)

Southside Bancshares, Inc. (TX)

Taylor Capital Group, Inc. (IL)

Tompkins Financial Corporation (NY)

ViewPoint Financial Group, Inc. (TX)

Washington Trust Bancorp, Inc. (RI)

Westamerica Bancorporation (CA)

WSFS Financial Corporation (DE)

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The table below shows the results of this analysis comparing the values and multiples of First Financial to the Public Peer Group. This analysis utilized the closing common stock prices on February 15, 2012.

	Price to Book Value Multiple	Price to Tang. Book Multiple	Price to LTM EPS Multiple	Price to MRQ EPS Multiple	Dividend Yield
FFIN	243%	279%	18.2x	18.5x	2.3%
Public Peer Group:					
Maximum	266%	292%	21.2x	20.3x	4.0%
Minimum	81%	105%	8.6x	6.6x	0.0%

Comparative Company Analysis (Public Peer Group). Using publicly available information, Hovde compared First Financial s financial performance with that of the maximum and minimum of the institutions included in the Public Peer Group. First Financial s performance highlights are based on First Financial s most recent quarter information at December 31, 2012.

	ROAA	ROAE	Efficiency Ratio	Net Interest Margin	NPAs/ Assets	LLR/ NPAs
FFIN	1.69%	13.2%	50.2%	4.2%	0.6%	137.8%
Public Peer Group:						
Maximum	2.17%	17.1%	142.3%	5.9%	2.0%	255.3%
Minimum	0.59%	4.6%	44.5%	0.9%	0.2%	37.1%

No company used for comparison in the above transaction analyses is identical to First Financial. Accordingly, the analysis and comparison is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Relative Contribution and Performance Analysis. Hovde analyzed the relative contribution of First Financial and Orange Savings Bank, SSB with regard to certain assets, liabilities, earnings, capital and other financial information to the pro forma company, which do not reflect purchase (acquisition) accounting adjustments. The information utilized in the analysis was based on First Financial and Orange Savings Bank, SSB data as of December 31, 2012. The results of the Hovde analysis are set forth in the following table:

Contribution	FFIN	Orange Savings Bank
Total Assets	91.0%	9.0%
Trust Assets	100.0%	0.0%
Net Loans	87.5%	12.5%
Total Deposits	90.5%	9.5%
Core Deposits(1)	91.4%	8.6%
Adjusted Tangible Equity(2)	92.2%	7.8%
Total Non-performing Assets	85.5%	14.5%
LTM Pre-Tax Pre-Provision Income	93.3%	6.7%
LTM Net Income	94.4%	5.6%
Estimated 2013 Net Income(3)	93.9%	6.1%

Performance(4)	FFIN	Orange Savings Bank
ROAA (%)	1.8%	1.0%
ROAE (%)	13.9%	10.1%
Net Interest Margin (%)	4.0%	4.3%

Noninterest Income/Avg. Assets (%)	1.3%	0.7%
Noninterest Income/Avg. Assets (%)	2.6%	2.9%
Efficiency Ratio (%)	52.1%	61.3%

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Notes:

(1) *Core Deposits as defined as total deposits less CDs with a balance above $250,000 and less all brokered deposits.*
(2) *Based on the estimated minimum closing equity of $43.2 million less intangibles for Orange Savings Bank, SSB.*
(3) *Based on median analyst s estimates for First Financial and management estimates for Orange Savings Bank, SSB.*
(4) *Information is based on the last twelve months as of 12/31/2012.*

Other Factors and Analyses. Hovde took into consideration various other factors and analyses, including but not limited to: current market environment; merger and acquisition environment; movements in the common stock valuations of selected publicly traded banking companies; and movements in the S&P 500 Index.

Conclusion. Based upon the foregoing analyses and other investigations and assumptions set forth in its opinion, without giving specific weightings to any one factor or comparison, Hovde determined that the total consideration is fair from a financial point of view to OSB Financial s shareholders. **Each shareholder is encouraged to read Hovde s fairness opinion in its entirety. The full text of this fairness opinion is included as *Appendix B* to this proxy statement/prospectus.**

Effective Time of the Asset Sale

The asset sale and the merger will become effective at the date and time specified in the letter issued by the OCC certifying the consummation of the merger. If the shareholders of OSB Financial approve the asset sale and the merger agreement at the special meeting, and if all required regulatory approvals are obtained and the other conditions to the parties obligations to effect the asset sale and the merger are met or waived by the party entitled to do so, we anticipate that the asset sale and the merger will be completed in the second quarter of 2013, although delays could occur. We cannot assure you that we can obtain the necessary shareholder and regulatory approvals or that the other conditions to completion of the asset sale and the merger set forth in the merger agreement can or will be satisfied.

Conduct of Business Pending Effective Time

From the date of the merger agreement to and including the closing date, OSB Financial and Orange Savings Bank, SSB have agreed to:

- operate (including, without limitation, the making of, or agreeing to make, any loans or other extensions of credit) only in the ordinary course of business and consistent with past practices and safe and sound banking principles;

- except as required by prudent business practices, use all reasonable efforts to preserve its business organization intact and to retain its present customers, depositors and employees and goodwill and to maintain all assets owned, leased or used by it (whether under its control or the control of others), in good operating condition and repair, ordinary wear and tear excepted;

- perform all of its obligations under contracts, leases and documents relating to or affecting its assets, properties and business, except such obligations as OSB Financial or Orange Savings Bank, SSB may in good faith reasonably dispute;

- maintain in full force and effect all insurance policies now in effect or renewals thereof and give all notices and present all claims under all insurance policies in due and timely fashion;

- timely file, subject to extensions, all reports required to be filed with governmental authorities and observe and conform, in all material respects, to all applicable laws, except those being contested in good faith by appropriate proceedings;

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timely file, subject to extensions, all tax returns required to be filed by it and promptly pay all taxes, assessments, governmental charges, duties, penalties, interest and fines that become due and payable, except those being contested in good faith by appropriate proceedings;

withhold from each payment made to each of its employees the amount of all taxes required to be withheld therefrom and pay the same to the proper tax receiving officers;

account for all transactions and prepare all financial statements of Orange Savings Bank, SSB in accordance with GAAP (unless otherwise instructed by RAP in which instance account for such transaction in accordance with RAP);

promptly classify and charge off loans and make appropriate adjustments to loss reserves in accordance with the Call Report Instructions and the Uniform Retail Credit Classification and Account Management Policy;

pay or accrue all costs, expenses and other charges to be incurred by the Orange Savings Bank, SSB in connection with the merger, including all legal fees, accounting fees, consulting fees and brokerage fees, prior to the Calculation Date;

ensure that all balances related to Federal Home Loan Mortgage Corporation servicing are in balance and in agreement with Federal Home Loan Mortgage Corporation prior to the Calculation Date;

use its commercially reasonable efforts to prevent any shareholder of OSB Financial from taking any action that would result in the termination of OSB Financial s status as an S corporation within the meaning of Section 1361 of the Code or the termination of the Orange Savings Bank, SSB s status as a qualified Subchapter S subsidiary within the meaning of Section 1361(b)(3)(B) of the Code; and

ensure that all accruals for taxes are accounted for in the ordinary course of business, consistent with past practices and in accordance with GAAP (unless otherwise instructed by RAP in which case such accrual will be accounted for in accordance with RAP).

From the date of the merger agreement to and including the effective time of the asset sale and the merger, unless otherwise required by law or regulation or permitted by the merger agreement, and unless First Financial otherwise consents in writing, which consent will not be unreasonably withheld, OSB Financial and Orange Savings Bank, SSB have agreed not to:

take or fail to take any action that would cause the representations and warranties of OSB Financial or Orange Savings Bank, SSB to be inaccurate at the time of the closing or preclude OSB Financial or Orange Savings Bank, SSB from making such representations and warranties at the time of the closing;

merge into, consolidate with or sell its assets to any other person or entity, change the Orange Savings Bank, SSB s articles of association or bylaws, increase the number of shares of Orange Savings Bank, SSB common stock outstanding or increase the amount of the Orange Savings Bank, SSB s surplus (as calculated in accordance with the Call Report Instructions);

except as explicitly permitted hereunder or in accordance with applicable law or pursuant to a contract existing as of the date of this merger agreement, engage in any transaction with any affiliated person or allow such persons to acquire any assets from Orange Savings Bank, SSB, except (i) in the form of wages, salaries, fees for services, reimbursement of expenses and benefits already granted or accrued under the employee plans, or (ii) any deposit (in any amount) made by an officer, director or employee;

declare, set aside or pay any dividends or make any other distribution to its shareholders (including any share dividend, dividends in kind or other distribution) whether in cash, shares or other property or purchase, retire or redeem, or obligate itself to purchase, retire or redeem, any of its capital shares or other securities, except (i) the Orange Savings Bank, SSB may pay distributions to OSB Financial in an aggregate amount not to exceed 36 percent of the taxable income of OSB Financial during the period between January 1, 2012 and the closing of the merger, (ii) the Orange Savings Bank, SSB may make the distributions specifically contemplated by the merger agreement, and (iii) OSB Financial may declare and pay distributions to its shareholders;

discharge or satisfy any lien, charge or encumbrance or pay any obligation or liability, whether absolute or contingent, due or to become due, except in the ordinary course of business consistent with past practices and except for liabilities incurred in connection with the transactions contemplated hereby;

issue, reserve for issuance, grant, sell or authorize the issuance of any shares of its capital stock or other securities or subscriptions, options, warrants, calls, rights or commitments of any kind relating to the issuance thereto;

accelerate the vesting of pension or other benefits in favor of employees of the Orange Savings Bank, SSB except according to the employee plans or as otherwise contemplated by the merger agreement or as required by applicable law;

acquire any capital stock or other equity securities or acquire any equity or ownership interest in any bank, corporation, partnership or other entity (except (i) through settlement of indebtedness, foreclosure, or the exercise of creditors remedies or (ii) in a fiduciary capacity, the ownership of which does not expose it to any liability from the business, operations or liabilities of such person);

revoke OSB Financial s election to be taxed as an S corporation within the meaning of Section 1361 of the Code, or take any action that would result in the termination of OSB Financial s status as an S corporation within the meaning of Section 1361 of the Code or the termination of the Orange Savings Bank, SSB s status as a qualified Subchapter S subsidiary within the meaning of Section 1361(b)(3)(B) of the Code prior to the closing date;

mortgage, pledge or subject to lien, charge, security interest or any other encumbrance or restriction any of its property, business or assets, tangible or intangible except (i) statutory liens not yet delinquent, (ii) consensual landlord liens, (iii) minor defects and irregularities in title and encumbrances that do not materially impair the use thereof for the purpose for which they are held, and (iv) pledges of assets to secure public funds deposits;

sell, transfer, lease to others or otherwise dispose of any of its assets (except any sales of securities or sales of loans in the ordinary course of business consistent with past practices, or cancel or compromise any debt or claim, or waive or release any right or claim of a value in excess of $50,000;

make any change in the rate or timing of payment of compensation, commission, bonus or other direct or indirect remuneration payable, or pay or agree or orally promise to pay, conditionally or otherwise, any bonus, extra compensation, pension or severance or vacation pay, to or for the benefit of any of its shareholders, directors, officers, employees or agents, other than periodic increases in compensation consistent with past practices, and bonuses, commissions, and incentives consistent with past and normal Orange Savings Bank, SSB practices to Orange Savings Bank, SSB employees and officers;

enter into any employment or consulting contract (other than as contemplated by the terms of the employee plans or the agreement) or other agreement with any current or proposed director, officer or employee or adopt, amend in any material respect or terminate any pension, employee welfare, retirement, stock purchase, stock option, phantom stock, stock appreciation rights, termination, severance, income protection, golden parachute, savings or profit-sharing plan (including trust agreements and insurance contracts embodying such plans), any deferred compensation, or collective bargaining agreement, any group insurance contract or any other incentive, welfare or employee benefit plan or agreement maintained by it for the benefit of its directors, employees or former employees, except as required by applicable law;

except for improvements or betterments relating to properties, make any capital expenditures or capital additions or betterments in excess of an aggregate of $50,000;

hire or employ any person as a replacement for an existing position with an annual salary equal to or greater than $50,000 or hire or employ any person for any newly created position;

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sell or dispose of, or otherwise divest itself of the ownership, possession, custody or control, of any corporate books or records of any nature that, in accordance with sound business practice, normally are retained for a period of time after their use, creation or receipt, except at the end of the normal retention period;

make any, or acquiesce with any, change in any (i) credit underwriting standards or practices, including loan loss reserves, (ii) asset liability management techniques, or (iii) accounting methods, principles or material practices, except as required by changes in GAAP as concurred in by OSB Financial s independent auditors, or as required by any applicable regulatory authority;

reduce the amount of the Orange Savings Bank, SSB s allowance for loan losses except through charge offs (and subject to certain obligations set forth in the merger agreement);

sell (but payment at maturity is not a sale) or purchase any investment securities, other than purchases of obligations of the U.S. Treasury (or any agency thereof) with a duration of four (4) years or less and an AAA rating by at least one nationally recognized ratings agency;

make, commit to make, renew, extend the maturity of, or alter any of the material terms of any loan in excess of $500,000, subject to certain exceptions; or

enter into any acquisitions or leases of real property, including new leases and lease extensions.

For a complete description of such restrictions on the conduct of the business of OSB Financial, we refer you to the merger agreement, which is attached as ***Appendix A*** to this proxy statement/prospectus.

No Solicitation

OSB Financial agreed that neither it, nor Orange Savings Bank, SSB, nor any of their respective directors or officers will take any action to:

initiate, solicit, encourage or otherwise facilitate any inquiries, provide any information to or negotiate with any other party any proposal or offer that constitutes, or may reasonably be expected to lead to an acquisition proposal;

enter into or maintain or continue discussions or negotiate with any person in furtherance of such inquiries or to obtain an Acquisition Proposal; or

approve, recommend, or endorse any acquisition proposal, or authorize or permit any of its or their directors or officers to take any such action.

OSB Financial and Orange Savings Bank, SSB agreed to notify First Financial in writing within one business day after receipt of any unsolicited inquiries or acquisition proposals.

Conditions to Completion of the Asset Sale

The merger agreement contains a number of conditions to the obligations of First Financial and OSB Financial to complete the asset sale and the merger which must be satisfied as of the closing date, including, but not limited to, the following:

approval of the asset sale pursuant to the merger agreement by the holders of at least two-thirds of the outstanding shares of OSB Financial common stock;

receipt of all required regulatory approvals of transactions contemplated by the merger agreement and all required consents, approvals, waivers and other assurances from non-governmental third parties;

the registration statement of which this proxy statement/prospectus forms a part has become effective and no stop order suspending its effectiveness is in effect and no proceedings for that purpose have been initiated and continuing or threatened by the SEC, and all necessary approvals under state securities laws relating to the issuance or trading of the First Financial common stock to be issued have been received;

the other party s representations and warranties contained in the merger agreement being true and correct in all material respects (except to the extent such representations and warranties are qualified by materiality, in which case such representations and warranties as so qualified are true and correct in all respects) as of the date of the merger agreement as of the date of the closing and receipt of a certificate signed by an appropriate representative of the other party to that effect;

the absence of a material adverse change in the assets, properties, business or financial condition of either party; and

the performance or compliance in all material respects by each party with its respective covenants and obligations required by the merger agreement to be performed or complied with before the closing of the merger and receipt of a certificate signed by an appropriate representative of the other party to that effect.

In addition to the conditions listed above, First Financial s obligation to complete the asset sale and the merger is subject to the satisfaction of the following conditions:

each of the directors and officers (with a title of Executive Vice President or above) of Orange Savings Bank, SSB must have executed a release agreement, releasing Orange Savings Bank, SSB and its successors and assigns from any and all claims of such directors and officers, subject to certain limited exceptions;

each of Kimela Dickerson, Robert Kocot, Cynthia LaChance, Stephen Lee, William Love, C. Shelton McClure, Joan O Burke, Damon Vacek, having entered into an employment and non-competition agreement with First Financial Bank, N.A., which have been executed but will not become effective until the first day following closing date of the merger;

each of the directors of Orange Savings Bank, SSB having entered into a director support and non-competition agreement with First Financial, which have been executed;

each of the directors of Orange Savings Bank, SSB and certain shareholders OSB Financial must have executed a voting agreement and irrevocable proxy, which has been executed;

OSB Financial, as sole shareholder of Orange Savings Bank, SSB, must have delivered a written consent approving the merger;

Orange Savings Bank, SSB s allowance for loan losses as of the Calculation Date must be at a level equal to at least 1.00% of its total loans;

redemption by OSB Financial of all of its outstanding trust preferred promissory notes, including, without limitation, all principal, accrued but unpaid interest, fees and expenses having been paid to the holders of the trust preferred promissory notes, which trust preferred promissory notes will be paid at closing; and

redemption by OSB Financial of all of its 2009 Senior Secured Notes Due December 31, 2020, including, without limitation, all principal, accrued but unpaid interest, fees and expenses to the holders of the senior notes having been paid to the holders of the senior notes, which senior notes will be paid at closing.

Any condition to the completion of the asset sale and the merger, except the required shareholder and regulatory approvals, and the absence of an order or ruling prohibiting the asset sale or the merger, may be waived in writing by the party to the merger agreement entitled to the benefit of such condition. We cannot be certain when or if the conditions to the asset sale and the merger will be satisfied or waived, or that the asset sale or the merger will be completed.

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Additional Agreements

In addition to the agreements described above, each party has agreed in the merger agreement to take certain other actions, including but not limited to:

- we each agreed to take all reasonable actions to aid and assist in the completion of the merger and use reasonable efforts to take or cause to be taken all other actions necessary, proper or advisable to complete the transactions contemplated by the merger agreement, including such actions which are necessary, proper or advisable in connection with filing applications with, or obtaining approvals from all regulatory authorities having jurisdiction over the transactions contemplated by the merger agreement;

- we each agreed that neither party will issue or cause the publication of any press release or public announcement with respect to the transactions contemplated by the merger agreement without the consent of the other party except as required by applicable law or securities exchange rules or in connection with the regulatory approval process;

- we each agreed that we will not, and will cause our respective representatives not to, directly or indirectly, before or after the completion of the asset sale or termination of the merger agreement, disclose any confidential information for any reason other than in connection with the regulatory notice and application process, or after termination of the merger agreement, use such confidential information for its own purposes or for another s benefit;

- OSB Financial and Orange Savings Bank, SSB agreed to provide First Financial all information concerning OSB Financial required for inclusion in this proxy statement/prospectus, or any other application, filing, statement or document to be made or filed in connection with the asset sale and the other transactions contemplated by the merger agreement;

- OSB Financial and Orange Savings Bank, SSB agreed to give the First Financial and First Financial Bank, N.A. access to all of the properties, books and records of Orange Savings Bank, SSB, including the right to conduct environmental inspections on properties of OSB Financial and Orange Savings Bank, SSB;

- Orange Savings Bank, SSB agreed to deliver or make available to First Financial all call reports filed by Orange Savings Bank, SSB;

- OSB Financial agreed that it will provide an extended reporting period (otherwise known as tail coverage) policy, with terms and coverage reasonable for such policies, covering directors and officers of Orange Savings Bank, SSB for a period of not less than three years after the effective time of the asset sale;

- OSB Financial and Orange Savings Bank, SSB agreed to take such actions as First Financial requests to cause the amendment or termination of any of OSB Financial s employee benefit plans and First Financial agreed that the employees of Orange Savings Bank, SSB who continue their employment with First Financial or its subsidiaries after the closing of the asset sale will be entitled to participate in certain employee benefit plans of First Financial;

- Orange Savings Bank, SSB agreed to allow First Financial to designate two representatives who will be invited to attend all meetings of the board of directors, board committee or senior management committee meetings of Orange Savings Bank, SSB held prior to completion of the asset sale, provided that such representatives may be excluded from certain sessions;

OSB Financial and Orange Savings Bank, SSB agreed to make such accounting entries consistent with GAAP as First Financial may reasonably request in order to conform the accounting records of Orange Savings Bank, SSB to the accounting policies and practices of First Financial, but such adjustments will not affect the calculation of OSB Financial s equity capital;

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Orange Savings Bank, SSB agreed to maintain its allowance for loan losses at a level equal to at least 1.00% of total loans and, if the allowance for loan losses is less than 1.00% of total loans on the closing date, Orange Savings Bank, SSB s equity capital will be recalculated to take into account the provision necessary for Orange Savings Bank, SSB to increase the allowance for loan losses to an amount equal to 1.00% of total loans on that date;

OSB Financial and Orange Savings Bank, SSB agreed to use their best efforts to ensure that current data processing contracts and contracts related to the provision of other electronic banking services will be terminated on a mutually agreeable date after the asset sale is completed;

OSB Financial and Orange Savings Bank, SSB agreed to use their commercially reasonable efforts to obtain all consents, approvals, authorizations or waivers as described on a disclosure schedule;

OSB Financial and Orange Savings Bank, SSB agreed to cooperate and assist First Financial in preparing a registration statement relating to the shares of First Financial common stock to be issued as part of the consideration in the asset sale, and this proxy statement/prospectus, and filing the registration statement and the proxy statement/prospectus with the SEC;

OSB Financial agreed to maintain ownership of cash or other assets (other than shares of First Financial common stock) with a net fair market value of at least $1,000,000 in excess of any liabilities of OSB Financial until December 30, 2013 for the purpose of providing additional security to First Financial in connection with OSB Financial s indemnification obligations under the merger agreement;

OSB Financial agreed to, prior to or simultaneously with the closing of the asset sale, redeem all of its trust preferred promissory notes, including, without limitation, any payments of principal, interest, dividends or fees due thereunder, and to cause OSB Statutory Trust II to redeem all of capital securities and common securities issued by the trust;

OSB Financial agreed to, prior to or simultaneously with the closing of the asset sale, redeem all of the 2009 Senior Secured Notes Due December 31, 2020, including, without limitation, having paid all principal, accrued but unpaid interest, fees and expenses to the holders of the notes;

OSB Financial and Orange Savings Bank, SSB agreed to meet with senior First Financial and First Financial Bank, N.A. on a reasonably regular basis to review the financial and operational affairs of Orange Savings Bank, SSB, and the parties agreed to use their reasonable best efforts to plan the integration of Orange Savings Bank, SSB with the businesses of First Financial and First Financial Bank, N.A.;

OSB Financial and Orange Savings Bank, SSB agreed use their reasonable best efforts to permit First Financial to take all reasonable actions that First Financial deems necessary to enable First Financial, after the closing, to satisfy the applicable obligations under certain sections of the Sarbanes-Oxley Act of 2002 and the other requirements of such act with respect to Orange Savings Bank, SSB;

First Financial agreed, at its expense, to file all notices and applications for all regulatory approvals required to be obtained by First Financial or First Financial Bank, N.A. in connection with the merger agreement and the transactions contemplated thereby and keep OSB Financial reasonably informed as to the status of such notice and applications;

First Financial agreed that, upon completion of the asset sale, OSB Financial will appoint as advisory directors of First Financial Bank, N.A., for an initial term of one year, the directors of Orange Savings Bank, SSB who execute a director support agreement and indicate a desire to serve as advisory directors of First Financial Bank, N.A.; and

First Financial agreed to prepare and file a registration statement with the SEC with respect to the shares of First Financial common stock to be issued pursuant to the merger agreement, and use its reasonable best efforts to cause the registration statement to become effective.

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Representations and Warranties of OSB Financial and First Financial

In the merger agreement, OSB Financial has made representations and warranties to First Financial, and First Financial has made representations and warranties to OSB Financial The more significant of these relate to (among other things):

- corporate organization and existence;
- authority and power to execute the merger agreement and to complete the transactions contemplated by the merger agreement;
- the absence of conflicts between the execution of the merger agreement and completion of the transactions contemplated by the merger agreement and certain other agreements;
- capitalization;
- the accuracy of their financial statements and reports; and
- pending or threatened litigation and other proceedings.

OSB Financial also has made additional representations and warranties to First Financial with respect to (among other things):

- compliance with tax laws, payment of taxes and filing of tax returns;
- the absence of certain changes and events;
- the existence of certain contracts and commitments;
- its intellectual property rights;
- its compliance with environmental laws;
- employee relationships and employee benefit plans;
- its interest rate risk management instruments;
- its internal controls; and

its compliance with the Community Reinvestment Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Bank Secrecy Act, the Foreign Corrupt Practices Act, USA PATRIOT Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

First Financial has also made additional representations and warranties to OSB Financial with respect to (among other things) its compliance with its SEC reporting obligations and the accuracy of such reports.

Indemnification Obligations

The merger agreement provides that all representations and warranties made by the parties thereto will survive until December 30, 2013. OSB Financial agreed to indemnify and hold harmless First Financial and its subsidiaries against any and all liabilities, losses, damages, deficiencies, judgments, costs, expenses (including, but not limited to, the fees and expenses of counsel), and interest or penalties, but net of all tax benefits actually realized by First Financial or any of its subsidiaries and recoveries from related insurance claims with respect to such losses resulting from (a) any inaccuracy in or any breach or violation of any representation or warranty made by OSB Financial or Orange Savings Bank, SSB, (b) the failure of OSB Financial or Orange Savings Bank, SSB to perform any agreement or covenant required by the merger agreement, and (c) any civil money penalties or fines assessed against the Orange Savings Bank, SSB for any events or circumstances that occurred prior to the effective time of the merger. OSB Financial s indemnification obligations are subject to a $100,000 deductible and a $1,000,000 cap. The merger agreement also provides that OSB Financial will have no liability for any liabilities, losses, damages, deficiencies, judgments, costs, expenses (including, but not limited to, the fees and expenses of counsel), and interest or penalties incurred by the First Financial attributable to the acts or conduct of First Financial after the effective time of the merger. The requirement under the merger agreement for OSB Financial to maintain ownership of cash or other assets with a net fair market value of at least $1,000,000 in excess of liabilities until December 30, 2013 is intended to provide additional security to First Financial for OSB Financial s indemnification obligations under the merger agreement, as described above.

Each of First Financial and First Financial Bank, N.A. agreed to indemnify and hold harmless OSB Financial and its subsidiaries, from and against any and all liabilities, losses, damages, deficiencies, judgments, costs, expenses (including, but not limited to, the fees and expenses of counsel), and interest or penalties, but net of all tax benefits actually realized by OSB Financial or any of its subsidiaries and recoveries from related insurance claims with respect to such losses resulting from (a) any inaccuracy in or any breach or violation of any representation or warranty made by First Financial or First Financial Bank, N.A., and (b) the failure of First Financial or First Financial Bank, N.A.to perform any agreement or covenant required by the merger agreement. The indemnification obligations of First Financial are subject to a $100,000 deductible and a $1,000,000 cap. The merger agreement also provides that neither First Financial nor First Financial Bank, N.A. will have any liability for any liabilities, losses, damages, deficiencies, judgments, costs, expenses (including, but not limited to, the fees and expenses of counsel), and interest or penalties incurred by the OSB Financial attributable to the acts or conduct of OSB Financial prior to the effective time of the asset sale and the merger.

Financial Interests of Directors and Officers of OSB Financial in the Asset Sale

In considering the recommendation of the board of directors of OSB Financial to vote for the proposal to approve the asset sale pursuant to the merger agreement, you should be aware that certain directors and officers of OSB Financial have interests in the asset sale that are in addition to, or different from, their interests as shareholders of OSB Financial. The board of OSB Financial was aware of these interests and considered them in approving the asset sale pursuant to the merger agreement. These interests include:

Officer Retention Bonus Agreements. Orange Savings Bank, SSB has entered into bonus retention agreements with each officer of Orange Savings Bank, SSB providing for the payment of a monetary bonus due on December 15, 2013 in consideration of remaining in employment by Orange Savings Bank, SSB or First Financial Bank, N.A., as applicable, until that date. The employee will remain entitled to the retention bonus payment notwithstanding termination of employment without cause prior to December 15, 2013. However, the retention bonus will be forfeited if the employee resigns or is terminated for cause before December 15, 2013. Stephen Lee s retention bonus agreement provides for payment of a retention bonus of $100,000. The aggregate amount of the retention bonus payments agreed to by Orange Savings Bank, SSB, including Mr. Lee s retention bonus payment, totals $459,500.

Director Retention Bonus Agreements. OSB Financial has entered into bonus retention agreements with each director of OSB Financial providing for the payment of a monetary bonus due on December 15, 2013 in consideration for each director remaining on the board of directors of OSB Financial until that date to oversee payment of debts, distribution of the consideration to OSB Financial shareholders, and the ultimate liquidation of OSB Financial. The aggregate amount of the retention bonus payments agreed to by OSB Financial totals $245,000.

Employment Agreements with First Financial Bank, N.A. First Financial s obligation to consummate the asset sale is subject to eight officers of Orange Savings Bank, SSB, including Stephen Lee, President and CEO and director of Orange Savings Bank, SSB, entering into employment and non-competition agreements with First Financial Bank, N.A. prior to the completion of the asset sale. On February 20, 2013, First Financial Bank, N.A. entered into employment agreements with Kimela Dickerson, Robert Kocot, Cynthia LaChance, Stephen Lee, William Love, C. Shelton McClure, Joan O Burke, and Damon Vacek. Each agreement entitles the named individual to receive annual base salary payments, reimbursement for certain business expenses, and participation in all benefit plans

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available to employees of First Financial Bank, N.A. Under the terms of Mr. Lee s agreement, his base salary will be $250,000 per calendar year. The agreements also contain non-competition and non-solicitation obligations that remain in effect during employment. If employment is terminated prior to the second anniversary of the merger agreement, non-competition and non-solicitation obligations remain in effect until the later of twelve months after the termination of the employment or the time period during which the employee receives certain severance benefits pursuant to the terms of the employment agreement.

In the event that an employee s employment is terminated without cause (as such term is defined in the employment agreements), the employee will be entitled to receive his accrued benefits and, subject to certain conditions, if the employee is terminated less than two years following the closing dat