FIRST FINANCIAL BANCORP /OH/
Form 10-Q
August 07, 2009

FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

OR

¨ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-12379

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

Ohio (State or other jurisdiction of incorporation or organization)	31-1042001 (I.R.S. Employer Identification No.)
4000 Smith Road, Cincinnati, Ohio (Address of principal executive offices)	45209 (Zip Code)

Registrant's telephone number, including area code (513) 979-5837

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of Exchange Act).

Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 6, 2009
Common stock, No par value	51,434,060

FIRST FINANCIAL BANCORP.

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ITEM I – FINANCIAL STATEMENTS
FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	June 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash and due from banks	$ 80,938	$ 100,935
Investment securities trading	184	61
Investment securities available-for-sale, at market value (cost $516,311 at June 30, 2009 and $648,845 at December 31, 2008)	528,179	659,756
Investment securities held-to-maturity (market value $4,776 at June 30, 2009 and $5,135 at December 31, 2008)	4,536	4,966
Other investments	27,976	27,976
Loans held for sale	6,193	3,854
Loans:		
Commercial	876,730	807,720
Real estate - construction	266,452	232,989
Real estate - commercial	988,901	846,673
Real estate - residential	337,704	383,599
Installment	88,370	98,581
Home equity	307,749	286,110
Credit card	27,023	27,538
Lease financing	25	50
Total loans	2,892,954	2,683,260
Less:		
Allowance for loan and lease losses	38,649	35,873
Net loans	2,854,305	2,647,387
Premises and equipment, net	86,216	84,105
Goodwill	28,261	28,261
Other intangibles	465	1,002
Accrued interest and other assets	166,100	140,839
TOTAL ASSETS	$ 3,783,353	$ 3,699,142
LIABILITIES		
Deposits:		
Interest-bearing	$ 599,365	$ 636,945
Savings	657,300	583,081
Time	1,111,399	1,150,208
Total interest-bearing deposits	2,368,064	2,370,234
Noninterest-bearing	423,781	413,283
Total deposits	2,791,845	2,783,517
Short-term borrowings:		
Federal funds purchased and securities sold under agreements to repurchase	206,777	147,533
Federal Home Loan Bank	125,000	150,000

Other	25,000	57,000
Total short-term borrowings	356,777	354,533
Long-term debt	135,908	148,164
Other long-term debt	20,620	20,620
Accrued interest and other liabilities	31,567	43,981
TOTAL LIABILITIES	3,336,717	3,350,815
SHAREHOLDERS' EQUITY		
Preferred stock - $1,000 par value		
Authorized – 80,000 shares		
Outstanding – 80,000 shares in 2009 and 2008	78,173	78,019
Common stock - no par value		
Authorized - 160,000,000 shares		
Issued – 62,358,614 shares in 2009 and 48,558,614 shares in 2008	490,292	394,169
Retained earnings	74,285	76,339
Accumulated other comprehensive loss	(10,700)	(11,905)
Treasury Stock, at cost 10,924,268 shares in 2009 and 11,077,413 shares in 2008	(185,414)	(188,295)
TOTAL SHAREHOLDERS' EQUITY	446,636	348,327
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,783,353	$ 3,699,142

See notes to consolidated financial statements.

FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)
(Unaudited)

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Interest income				
Loans, including fees	$ 33,978	$ 39,646	$ 67,635	$ 82,367
Investment securities				
Taxable	8,023	4,387	16,713	7,908
Tax-exempt	386	792	820	1,583
Total investment securities interest	8,409	5,179	17,533	9,491
Federal funds sold	0	40	0	605
Total interest income	42,387	44,865	85,168	92,463
Interest expense				
Deposits	9,080	14,635	18,883	32,374
Short-term borrowings	527	1,130	1,034	1,922
Long-term borrowings	1,251	384	2,557	790
Subordinated debentures and capital securities	320	302	557	714
Total interest expense	11,178	16,451	23,031	35,800
Net interest income	31,209	28,414	62,137	56,663
Provision for loan and lease losses	10,358	2,493	14,617	5,716
Net interest income after provision for loan and lease losses	20,851	25,921	47,520	50,947
Noninterest income				
Service charges on deposit accounts	4,289	4,951	8,368	9,558
Trust and wealth management fees	3,253	4,654	6,542	9,276
Bankcard income	1,422	1,493	2,713	2,791
Net gains from sales of loans	408	188	792	407
Gains on sales of investment securities	3,349	0	3,349	1,585
Income (loss) on preferred securities	112	(221)	123	(201)
Other	1,264	2,683	4,243	5,207
Total noninterest income	14,097	13,748	26,130	28,623
Noninterest expenses				
Salaries and employee benefits	16,223	15,895	33,876	32,968
Net occupancy	2,653	2,510	5,470	5,462
Furniture and equipment	1,851	1,617	3,653	3,270
Data processing	794	814	1,612	1,607
Marketing	700	474	1,340	991
Communication	669	749	1,340	1,554
Professional services	1,254	1,061	2,207	1,822
State intangible tax	648	688	1,316	1,374
FDIC expense	3,424	121	3,706	248
Other	4,580	4,040	8,210	7,693
Total noninterest expenses	32,796	27,969	62,730	56,989

Income before income taxes	2,152	11,700	10,920	22,581
Income tax expense	702	3,892	3,735	7,435
Net income	1,450	7,808	7,185	15,146
Dividends on preferred stock	1,000	0	1,578	0
Net income available to common shareholders	$ 450	$ 7,808	$ 5,607	$ 15,146
Earnings per share - basic	$ 0.01	$ 0.21	$ 0.14	$ 0.41
Earnings per share - diluted	$ 0.01	$ 0.21	$ 0.14	$ 0.40
Cash dividends declared per share	$ 0.10	$ 0.17	$ 0.20	$ 0.34
Average basic shares outstanding	40,734,254	37,114,451	38,928,557	37,090,603
Average diluted shares outstanding	41,095,949	37,524,789	39,458,443	37,478,353

See notes to consolidated financial statements.

FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, dollars in thousands)

	Six months ended June 30, 2009	Six months ended June 30, 2008
Operating activities		
Net income	$ 7,185	$ 15,146
Adjustments to reconcile net cash provided by (used in) operating activities		
Provision for loan and lease losses	14,617	5,716
Depreciation and amortization	3,805	3,398
Stock-based compensation expense	1,394	837
Pension expense	555	605
Net amortization of premiums and accretion of discounts on investment securities	764	92
Gains on sales of investment securities	(3,349)	(1,585)
Gains on trading securities	(123)	0
Originations of loans held for sale	(94,266)	(50,469)
Net gains from sales of loans held for sale	(792)	(407)
Proceeds from sales of loans held for sale	92,675	50,187
Deferred income taxes	11,046	(288)
Decrease in interest receivable	937	3,614
(Increase) decrease in cash surrender value of life insurance	(69)	390
Increase in prepaid expenses	(597)	(876)
Decrease in accrued expenses	(81)	(4,010)
Decrease in interest payable	(1,298)	(1,502)
Contribution to pension plan	(30,800)	0
Other	(13,483)	(2,588)
Net cash (used in) provided by operating activities	(11,880)	18,260
Investing activities		
Proceeds from sales of securities available for sale	152,720	1,124
Proceeds from calls, paydowns and maturities of securities available-for-sale	95,413	51,205
Purchases of securities available-for-sale	(113,014)	(173,052)
Proceeds from calls, paydowns and maturities of securities held-to-maturity	430	323
Net decrease in federal funds sold	0	102,985
Net increase in loans and leases	(225,238)	(82,596)
Proceeds from disposal of other real estate owned	2,565	701
Purchases of premises and equipment	(5,546)	(3,801)
Net cash used in investing activities	(92,670)	(103,111)
Financing activities		
Net increase (decrease) in total deposits	8,328	(117,273)
Net increase in short-term borrowings	2,244	219,543
Payments on long-term borrowings	(12,256)	(4,633)
Cash dividends paid	(11,697)	(12,717)

Issuance of common stock, net of issuance costs	98,125	0
Excess tax liability on share-based compensation	(191)	(45)
Net cash provided by financing activities	84,553	84,875
Cash and cash equivalents:		
Net (decrease) increase in cash and cash equivalents	(19,997)	24
Cash and cash equivalents at beginning of period	100,935	106,224
Cash and cash equivalents at end of period	$ 80,938	$ 106,248

See notes to consolidated financial statements.

FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited, dollars in thousands except per share data)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Retained earnings	Accumulated Other Comprehensive income (loss)	Treasury stock Shares	Treasury stock Amount	Total
					(Dollars in thousands, except share amounts)				
Balance at December 31, 2007	0	$ 0	48,558,614	$ 391,962	$ 82,093	$ (7,127)	(11,190,806)	$ (190,345)	$ 276,583
Cumulative adjustment for accounting changes:									
Fair value option					(750)	750			0
Issue No. EITF 06-4					(2,499)				(2,499)
Net income					15,146				15,146
Net unrealized holding losses on securities available for sale arising during the period						(2,024)			(2,024)
SFAS No. 158 adjustment						165			165
Total comprehensive income									13,287
Cash dividends declared Common stock at $0.34 per share					(12,727)				(12,727)
Excess tax liability on share-based compensation				(45)					(45)
Restricted stock awards, net				(2,209)			115,576	2,063	(146)
Share-based compensation expense				837					837

Balances at June 30, 2008	0	0	48,558,614	390,545	81,263	(8,236)	(11,075,230)	(188,282)	275,290
Balances at December 31, 2008	80,000	78,019	48,558,614	394,169	76,339	(11,905)	(11,077,413)	(188,295)	348,327
Net income					7,185				7,185
Net unrealized holding gains on securities available for sale arising during the period						609			609
SFAS No. 158 adjustment						360			360
Unrealized gain on derivatives						236			236
Total comprehensive income									8,390
Issuance of common stock			13,800,000	98,125					98,125
Cash dividends declared Common stock at $0.20 per share					(7,507)				(7,507)
Preferred stock					(1,578)				(1,578)
Discount on preferred stock		154			(154)				0
Excess tax liability on share-based compensation				(191)					(191)
Restricted stock awards, net				(3,205)			153,145	2,881	(324)
Share-based compensation expense				1,394					1,394
Balances at June 30, 2009	80,000	$ 78,173	62,358,614	$ 490,292	$ 74,285	$ (10,700)	(10,924,268)	$ (185,414)	$ 446,636

See notes to consolidated financial statements

FIRST FINANCIAL BANCORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009
(Unaudited)

The consolidated financial statements for interim periods are unaudited; however, in the opinion of the management of First Financial Bancorp. (First Financial), all material adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation have been included.

NOTE 1: BASIS OF PRESENTATION
The consolidated financial statements of First Financial, a bank holding company, include the accounts of First Financial and its wholly-owned subsidiaries – First Financial Bank, N.A. and First Financial Capital Advisors LLC, a registered investment advisor. All intercompany transactions and accounts have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual realized amounts could differ materially from those estimates. These interim financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and serve to update the First Financial Bancorp. Annual Report on Form 10-K (Form 10-K) for the year ended December 31, 2008. These financial statements may not include all information and notes necessary to constitute a complete set of financial statements under U.S. generally accepted accounting principles applicable to annual periods and accordingly should be read in conjunction with the financial information contained in the Form 10-K. Management believes these unaudited consolidated financial statements reflect all adjustments of a normal recurring nature which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period. The Consolidated Balance Sheet as of December 31, 2008, has been derived from the audited financial statements in the company's 2008 Form 10-K.

NOTE 2: RECENTLY ADOPTED AND ISSUED ACCOUNTING STANDARDS
Effective January 1, 2009, First Financial adopted SFAS No. 141(R), "Business Combinations." This statement significantly changes how business acquisitions are accounted for, continuing the transition to fair value measurement, and will impact financial statements both on the acquisition date and in subsequent periods. This statement requires the acquirer to recognize assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at their respective fair values as of the acquisition date. SFAS No. 141(R) changes the treatment of acquisition-related costs, restructuring costs related to an acquisition that the acquirer expects but is not obligated to incur, contingent consideration associated with the purchase price, and preacquisition contingencies associated with acquired assets and liabilities. In addition, SFAS No. 141(R) requires enhanced disclosures to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) has had no impact on First Financial to date.

Effective January 1, 2009, First Financial adopted SFAS No. 160, "Noncontrolling Interests in Financial Statements." This statement changes the accounting and reporting for minority interests, which are recharacterized as noncontrolling interests and classified as a component of shareholders' equity. SFAS No. 160 requires retroactive adoption of the presentation and disclosure requirements for existing consolidated minority interests. All other requirements of SFAS No. 160 are required to be applied prospectively. First Financial has no existing consolidated minority interests and management does not anticipate this will occur in the future; therefore, SFAS No. 160 has had no impact on First Financial to date.

Effective January 1, 2009, First Financial adopted SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities.” This standard is intended to help investors better understand how derivative instruments and hedging activities impact an entity’s financial condition, financial performance, and cash flows through enhanced disclosure requirements. For further detail on First Financial’s derivative instruments and hedging activities, see Note 5 – Derivatives.

Effective June 30, 2009, First Financial adopted SFAS No. 165, “Subsequent Events.” This statement represents the inclusion of guidance on subsequent events in accounting literature and provides guidance on management’s assessment of subsequent events. Historically, management had relied on U.S. auditing literature for guidance on assessing and disclosing subsequent events. SFAS No. 165 clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date “through the date that the financial statements are issued or are available to be issued." Management must perform its assessment for both interim and annual financial reporting periods. For further detail on First Financial's assessment of subsequent events, see Note 14 – Subsequent Events.

In June of 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets," which amends the derecognition guidance in SFAS No. 140. This statement removes the concept of a qualifying special-purpose entity from SFAS No. 140 and removes the exception from applying FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," to qualifying special-purpose entities. SFAS No. 166 is effective for fiscal years beginning after November 15, 2009, with early adoption prohibited. First Financial is evaluating the revised guidance included in SFAS No. 166 and does not anticipate a material impact on the Consolidated Financial Statements.

In June of 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)." This statement amends the consolidation guidance that applies to variable interest entities and affects all entities and enterprises currently within the scope of Interpretation No. 46(R), as well as qualifying special purpose entities that are currently outside the scope of Interpretation 46(R). SFAS No. 167 is effective for fiscal years beginning after November 15, 2009, with early adoption prohibited. First Financial is evaluating the revised guidance included in SFAS No. 167 and does not anticipate a material impact on the Consolidated Financial Statements.

In June of 2009, FASB issued SFAS No. 168, "The FASB Accounting Standards CodificationTM and the Hierarchy of Genrally Accepted Accounting Principles – A Replacement of FASB Statement No. 162." This statement notes that "the FASB Accounting Standards Codification™" will become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. When the Codification is in effect, its contents will carry the same level of authority, effectively superseding SFAS 162. The GAAP hierarchy will be modified to include only two levels of GAAP: authoritative and nonauthoritative. SFAS No. 168 is effective for financial statements issued for interim and annual reporting periods ending after September 15, 2009.

Effective January 1, 2009, First Financial adopted FASB Staff Position No. FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions." This position applies to a repurchase financing, which is a repurchase agreement that relates to a previously transferred financial asset between the same counterparties, that is entered into contemporaneously with the initial transfer. This position presumes that an initial transfer of a financial asset and a repurchase financing are considered part of the same arrangement, known as a linked transaction. However, if certain criteria are met, the initial transfer and repurchase financing may not be evaluated as a linked transaction and must be evaluated separately under FASB SFAS No. 140. Staff Position No. FAS 140-3 has had no impact on First Financial to date.

Effective January 1, 2009, First Financial adopted FASB Staff Position No. FAS 142-3, "Determination of the Useful Life of Intangible Assets." This position provides guidance as to factors considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." Staff Position No. FAS 142-3 has had no impact on First Financial to date.

Effective January 1, 2009, First Financial adopted FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)." This position clarifies that certain convertible debt instruments should be separately accounted for as liability and equity components. Staff Position No. FAS 142-3 has had no impact on First Financial to date.

Effective June 30, 2009, First Financial adopted FASB Staff Position FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies." This position amends and clarifies FASB SFAS No. 141 (revised 2007), "Business Combinations," to address application issues related to initial recognition and measurement, subsequent measurements and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. Staff Position No. FAS 141(R)-1 is effective for all acquisitions of assets and liabilities arising from contingencies in a business combination with closing dates after January 1, 2009. Staff Position No. 141(R)-1 has had no impact on First Financial to date.

Effective June 30, 2009, First Financial adopted FASB Staff Position No. FAS 107-1 and APB 28-1, "Interim Disclosures About Fair Value of Financial Instruments." This position extends the disclosure requirements of SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," to interim financial statements of publicly traded companies. For further detail on First Financial's fair value disclosures, see Note 11 – Fair Value Disclosures.

Effective June 30, 2009, First Financial adopted FASB Staff Position No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments." This position revised the guidance for determining whether an impairment is other than temporary for debt securities, requires bifurcation of any other than temporary impairment between the amount representing credit loss and the amount related to all other factors and requires additional disclosures on other than temporary impairment of debt and equity securities. Staff Position No. FAS 115-2 has had no impact on First Financial to date.

Effective June 30, 2009, First Financial adopted FASB Staff Position No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." This position provides additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability, provides guidance on circumstances that may indicate that a transaction is not orderly and requires additional disclosures about fair value measurements in annual and interim reporting periods. Staff Position No. FAS 157-4 has had no impact on First Financial to date.

In December 2008, the FASB issued Staff Position No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." This position requires additional disclosures about plan assets in an employer's defined benefit pension and other postretirement plans including disclosure of the fair value of each major asset category, consideration of whether additional categories or further disaggregation should be disclosed, disclosure of the level within the fair value hierarchy in which each major category of plan assets falls, and reconciliation of beginning and ending balances of plan assets with fair values measured using significant unobservable inputs. Staff Position No. FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009 with early adoption permitted. First Financial is evaluating the revised disclosure requirements included in Staff Position No. FAS 132(R)-1 and does not anticipate a material impact on the Consolidated Financial Statements.

NOTE 3: FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, First Financial offers a variety of financial instruments with off-balance-sheet risk to its clients to aid them in meeting their requirements for liquidity and credit enhancement. These financial instruments include standby letters of credit and commitments outstanding to extend credit. U.S. generally accepted accounting principles do not require these financial instruments to be recorded in the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Shareholders' Equity, and Consolidated Statements of Cash Flows. Following is a discussion of these transactions.

First Financial's exposure to credit loss, in the event of nonperformance by the other party to the financial instrument for standby letters of credit, and commitments outstanding to extend credit, is represented by the contractual amounts of those instruments. First Financial uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Standby letters of credit – These transactions are conditional commitments issued by First Financial to guarantee the performance of a client to a third party. First Financial's portfolio of standby letters of credit consists primarily of performance assurances made on behalf of clients who have a contractual commitment to produce or deliver goods or services. The risk to First Financial arises from its obligation to make payment in the event of the clients' contractual default to produce the contracted good or service to a third party. First Financial has issued standby letters of credit aggregating \$20.0 million and \$22.5 million at June 30, 2009, and December 31, 2008, respectively.

Management conducts regular reviews of these instruments on an individual client basis. Management does not anticipate any material losses as a result of these letters of credit.

Loan commitments – Commitments to extend credit are agreements to lend to a client as long as there is no violation of any condition established in the commitment. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. First

Financial evaluates each client's creditworthiness on an individual basis. The amount of collateral obtained, if deemed necessary by First Financial upon extension of credit, is based on management's credit evaluation of the counterparty. The collateral held varies, but may include securities, real estate, inventory, plant, or equipment. First Financial had commitments outstanding to extend credit totaling $737.9 million and $767.3 million at June 30, 2009, and December 31, 2008, respectively. Management does not anticipate any material losses as a result of these commitments.

NOTE 4: INVESTMENTS

The following is a summary of held-to-maturity and available-for-sale investment securities as of June 30, 2009 (dollars in $000's):

	Held-to-Maturity				Available-for-Sale			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Securities of U.S. government agencies and corporations	$ 0	$ 0	$ 0	$ 0	$ 39,982	$ 1,162	$ 0	$ 41,144
Mortgage-backed securities	168	1	0	169	446,799	11,245	(589)	457,455
Obligations of state and other political subdivisions	4,368	239	0	4,607	25,240	374	(241)	25,373
Other securities	0	0	0	0	4,290	51	(134)	4,207
Total	$ 4,536	$ 240	$ 0	$ 4,776	$ 516,311	$ 12,832	$ (964)	$ 528,179

The following is a summary of held-to-maturity and available-for-sale investment securities as of December 31, 2008 (dollars in $000's):

	Held-to-Maturity				Available-for-Sale			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
Securities of U.S. government agencies and corporations	$ 0	$ 0	$ 0	$ 0	$ 44,951	$ 1,731	$ 0	$ 46,682
Mortgage-backed securities	190	0	(1)	189	563,341	9,640	(465)	572,516
Obligations of state and other political subdivisions	4,776	170	0	4,946	35,992	461	(301)	36,152
Other securities	0	0	0	0	4,561	73	(228)	4,406
Total	$ 4,966	$ 170	$ (1)	$ 5,135	$ 648,845	$ 11,905	$ (994)	$ 659,756

During the six months ended June 30, 2009, investment securities available-for-sale were sold with a cost basis of $149.4 and gross proceeds of $152.7, resulting in net proceeds of $3.3 million.

The following is a summary of debt investment securities by estimated maturity as of June 30, 2009 (dollars in $000's).

	Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Market Value	Amortized Cost	Market Value
Due in one year or less	$ 350	$ 354	$ 14,414	$ 14,535
Due after one year through five years	2,612	2,757	382,872	392,947
Due after five years through ten years	576	610	80,593	81,818

Due after ten years		998	1,055	38,432	38,879
Total	$	4,536			