

2013



FIRST DEFIANCE
FINANCIAL CORP.



Safe Harbor and Regulation FD Statement

Statements contained in this presentation which are not historical facts are forward-looking statements as defined in the Private Securities Litigation Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from estimated results. Such risks and uncertainties are detailed in the company's filings with the Securities and Exchange Commission.



2012 in Review

- Record net income of \$18.7 million
- Increased deposits to \$1.67 billion
- Assisted nearly 4,000 customers find the perfect mortgage for their situation
- Provided over \$29 million in new financing to local area farmers
- Balance sheet restructure



2012 in Review

- Largest Community Bank based in northwest Ohio
- Economic and regulatory challenges
- Basic, conservative business plan
- Core fundamentals strong



Asset Quality Trends

- Asset quality has had significant impact on earnings
- Management proactive in addressing credit environment
- Front end of credit pipeline showing improvement



Credit Quality Management

- We know our customers: In-market lending
- Conservative underwriting standards
- Credit Administration infrastructure active throughout the loan process
- Asset Review Committee assures ongoing monitoring



Capital Management

- Strong capital levels exceeding all regulatory targets
- Dividend
- Capital Purchase Program



Financial Highlights

Year Ended December 31, 2012

| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------|-------------|
| Net Interest Income | \$69.01 | \$69.88 | \$70.16 |
| Provisions for Loan Losses | \$10.92 | \$12.43 | \$23.18 |
| Net Income | \$18.66 | \$15.53 | \$8.11 |
| Net Income available to Common Share | \$18.05 | \$13.51 | \$6.09 |
| Diluted Net Income per Share | \$1.81 | \$1.42 | \$0.75 |
| Return on Equity | 6.99% | 5.89% | 3.40% |
| Return on Assets | 0.90% | 0.75% | 0.39% |

Dollars in millions, except per share amounts



First Quarter 2013

- Net Income of \$5.6 million or \$.55 per diluted common share
- Provision for Loan Losses of \$0.4 million reflects improving credit environment
- Credit Quality Improvement



First Quarter 2013

- Net Income increased by \$1.4 million or 34% over 2012 first quarter
- Net Interest Margin 3.78%, equal to 2012 first quarter
- Fee Income Challenge



2013 Focus

- Focusing on asset quality, revenue growth, and expense control
- Managing regulatory environment



2013 Focus

- Developing “Trusted Advisors” throughout organization
- Promoting the Community Bank Difference



Annual Meeting of Shareholders

April 23, 2013