First Financial Bancorp

Investor Presentation

Second Quarter 2014

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Another step on the path to success

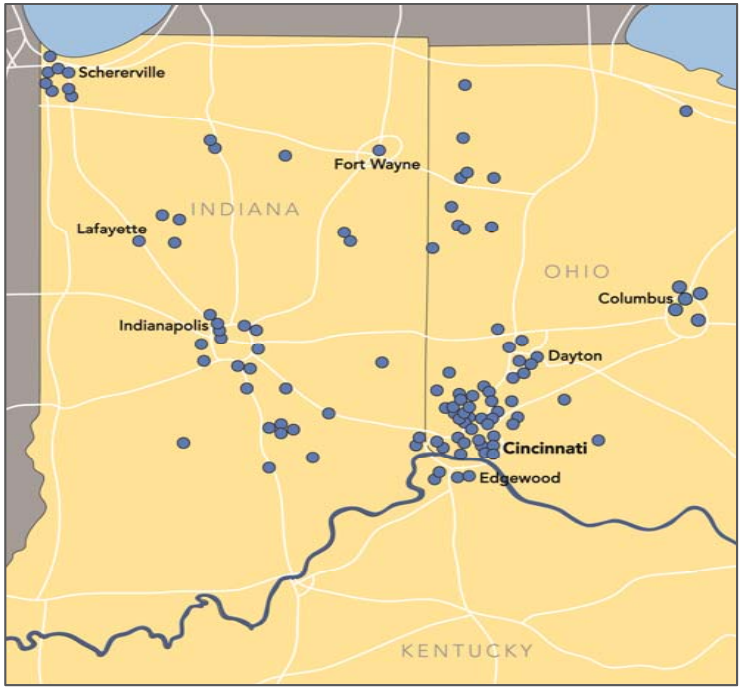
FFBC
NASDAQ
GLOBAL SELECT

Forward Looking Statement Disclosure

Certain statements contained in this release which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Examples of forward-looking statements include, but are not limited to, projections of revenues, income or loss, earnings or loss per share, the payment or non-payment of dividends, capital structure and other financial items, statements of plans and objectives of First Financial or its management or board of directors and statements of future economic performances and statements of assumptions underlying such statements. Words such as ‘‘believes,’’ ‘‘anticipates,’’ “likely,” “expected,” ‘‘intends,’’ and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Management’s analysis contains forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially. These factors include, but are not limited to: economic, market, liquidity, credit, interest rate, operational and technological risks associated with the Company’s business; the effect of and changes in policies and laws or regulatory agencies (notably the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act); management’s ability to effectively execute its business plan; mergers and acquisitions, including costs or difficulties related to the integration of acquired companies, including the recently announced proposed acquisitions of The First Bexley Bank, Insight Bank and Guernsey Bancorp; the Company’s ability to comply with the terms of loss sharing agreements with the FDIC; the effect of changes in accounting policies and practices; and the costs and effects of litigation and of unexpected or adverse outcomes in such litigation. Please refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, as well as its other filings with the SEC, for a more detailed discussion of these risks, uncertainties and other factors that could cause actual results to differ from those discussed in the forward-looking statements. Such forward-looking statements are meaningful only on the date when such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such a statement is made to reflect the occurrence of unanticipated events.

Focused Business Strategy

- Client-intimate strategy focused on long-term, profitable relationships with clients
- Strong sales culture across all business lines
- Lines of business
  - Commercial
  - Consumer
  - Wealth Management
  - Mortgage
- Target clients – individuals and small / mid-size businesses located in-market
- Ohio, Indiana and Kentucky
  - 110 locations with focus on metro and near-metro markets(1)
- Primary focus and value creation is through organic growth in key regional markets
- Supplement organic strategy through acquisitions in current footprint as well as contiguous markets with growth opportunities



New Market Expansion

Columbus, OH(1) – entered the market through three announced acquisitions with combined total assets of $701 million and total deposits of $542 million

Fort Wayne, IN – added experienced and well established commercial and residential mortgage teams

(1) First Bexley, Insight and Guernsey transactions closed in August 2014; balances based on June 30, 2014 data

Credit Product Diversity

- During the second quarter, the Company's comprehensive set of credit products produced solid loan growth driven though multiple channels led by specialty finance and residential mortgage lending

Category *(Dollars in thousands)*	As of December 31, 2008	Percent of Portfolio	As of March 31, 2014 [1]	Percent of Portfolio	As of June 30, 2014 [1]	Percent of Portfolio
Commercial and CRE	$1,887,382	70.3%	$2,337,001	59.4%	$2,322,413	58.6%
Franchise finance	-	0.0%	493,918	12.5%	495,756	12.5%
Business credit	-	0.0%	100,937	2.6%	119,141	3.0%
Equipment finance	50	0.0%	91,940	2.3%	92,946	2.3%
Total commercial lending	**1,887,432**	**70.3%**	**3,023,796**	**76.8%**	**3,030,256**	**76.5%**
Residential mortgage	383,599	14.3%	443,236	11.3%	452,279	11.4%
Home equity	286,110	10.7%	451,733	11.5%	455,898	11.5%
Other consumer	126,119	4.7%	67,869	1.7%	68,149	1.7%
Total consumer lending	**795,828**	**29.7%**	**962,838**	**24.5%**	**976,326**	**24.6%**
Loan mark / other	-	0.0%	(49,710)	(1.3%)	(43,836)	(1.1%)
Total loans	$2,683,260	100.0%	$3,936,924	100.0%	$3,962,746	100.0%

[1] Includes all uncovered loans and unpaid principal balance of covered loans likely to retain

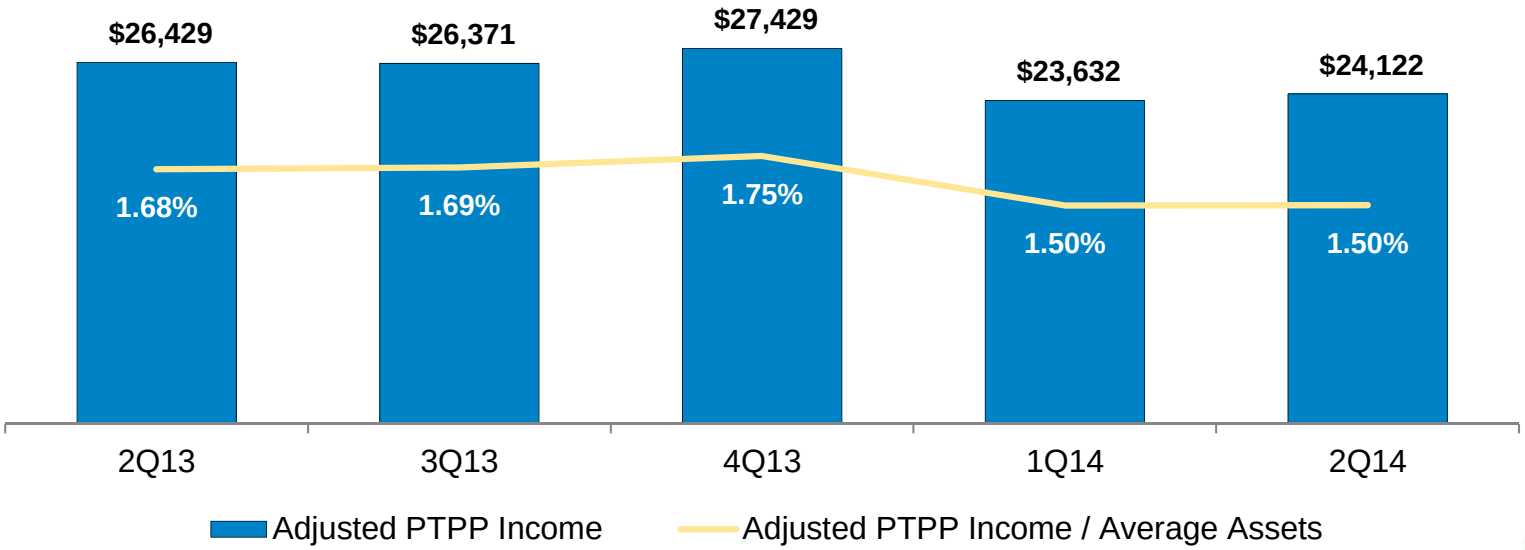
Second Quarter 2014 Financial Highlights

- Second quarter net income of $16.0 million, or $0.28 per diluted common share; YTD net income of $31.1 million, or $0.54 per diluted common share
  - YTD diluted earnings per share of $0.56 adjusted for the impact of non-operating items
- Continued solid performance
  - Return on average assets of 1.01% adjusted for non-operating items
  - Return on average tangible common equity of 10.94% adjusted for non-operating items
- Quarterly net interest margin declined 12 bps to 3.70%
  - Covered loan balance decline negatively impacted margin by 7 bps
  - Uncovered loan growth and higher fee income contributed a 2 bp improvement to margin
  - Cost of interest-bearing deposits increased 2 bps to 38 bps
- Annualized total uncovered loan growth on a period-end and average basis of 5.4% and 11.6%, respectively
  - Strong performance in specialty finance and residential mortgage lending
  - Solid growth in traditional C&I / owner-occupied CRE and franchise lending
- Total nonperforming assets declined $3.1 million, or 5.0%, and represent 0.89% of total assets compared to 0.95% for the linked quarter
- Net charge-offs declined $0.9 million, or 47.8%, compared to the linked quarter and totaled 11 bps of average uncovered loans on an annualized basis

Adjusted Pre-Tax, Pre-Provision Income Trend

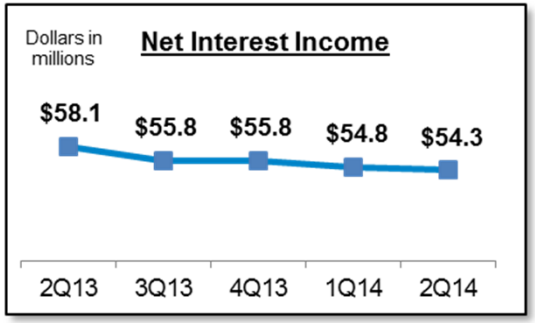
- Adjusted pre-tax, pre-provision ("PTPP") income represents income before taxes plus provision for all loans less FDIC loss sharing income and accelerated discount adjusted for significant non-operating and non-recurring items
- Second quarter adjusted PTPP income increased $0.5 million compared to the linked quarter due to an increase in noninterest income, partially offset by a decline in net interest income

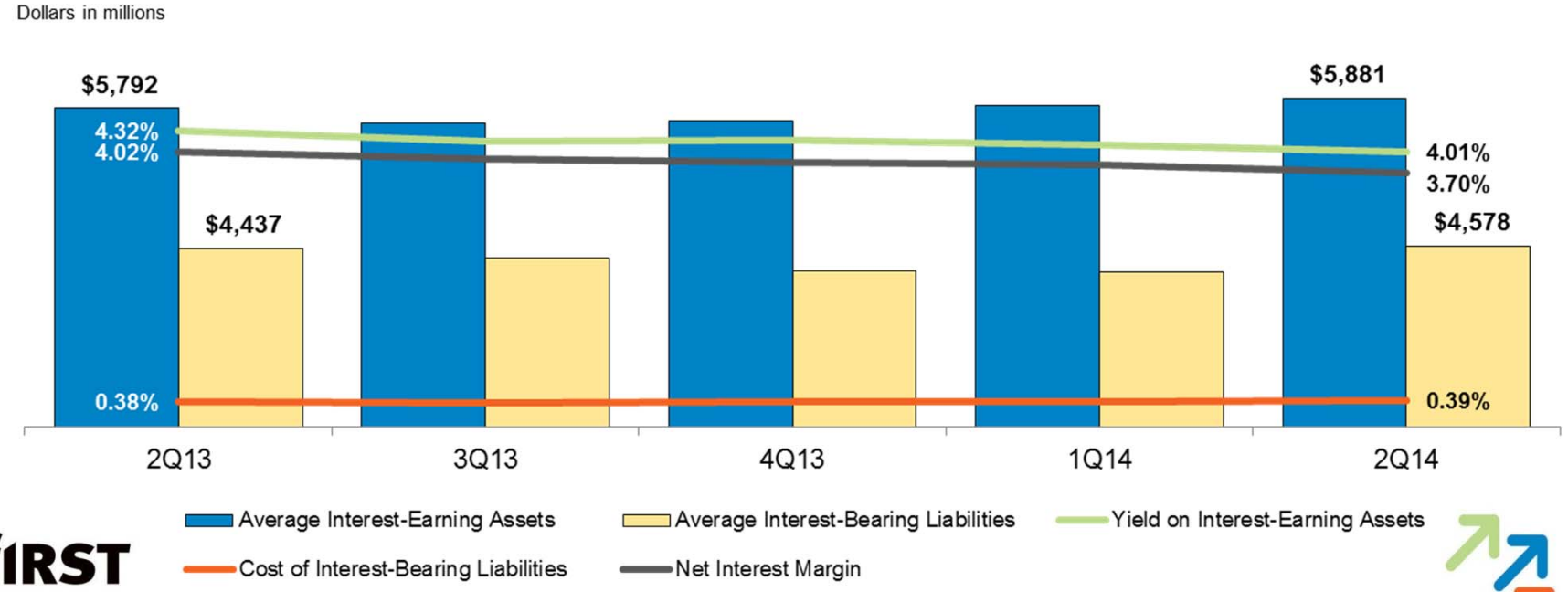
(Dollars in thousands)



Components of Net Interest Income

- ↗ Net interest margin decreased 12 bps during the second quarter to 3.70%
- ↗ Quarterly average balance of covered loans declined 10.8% and average balance of uncovered loans increased 2.9%
- ↗ Quarterly average investment balances were relatively unchanged while the portfolio yield decreased 5 bps to 2.47%
- ↗ Cost of interest bearing deposits remained low at 0.38%





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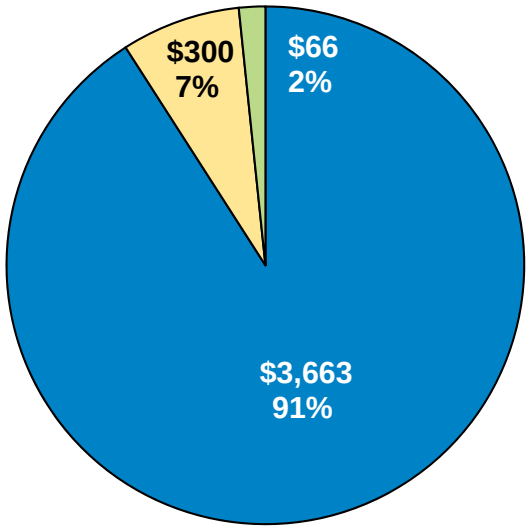
(1) Excludes impact of loans returning to accrual status during the fourth quarter 2013

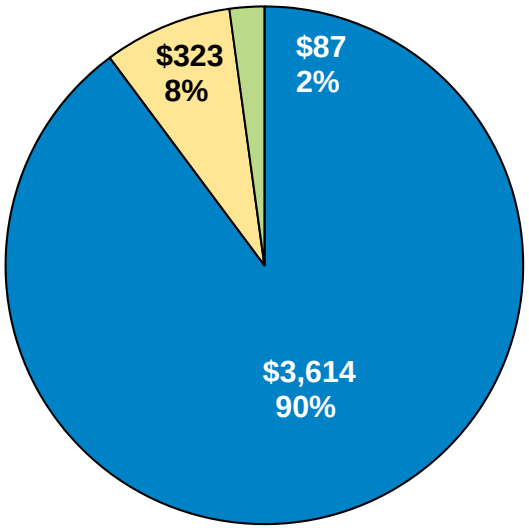
Loan Composition

- Covered loans likely to retain – performing credits both in- and out-of-market
  - Expected to retain past the expiration of applicable loss sharing agreements with the FDIC
- Covered loans likely to exit – primarily classified credits both in- and out-of-market
  - Pursuing resolution strategies with intent to exit under loss sharing agreements with the FDIC

Total Gross Loans – $4.0 billion
As of June 30, 2014
(Dollars in millions)



Total Gross Loans – $4.0 billion
As of March 31, 2014
(Dollars in millions)



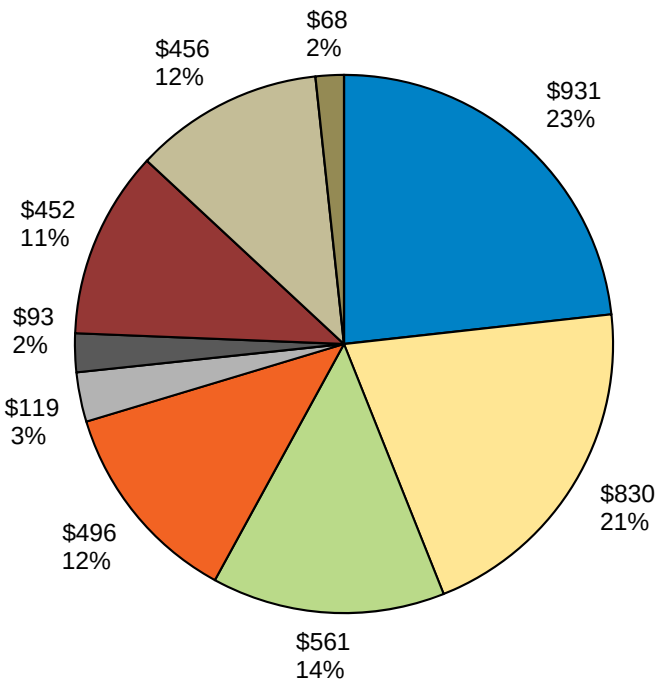
Uncovered loans
Covered loans likely to retain
Covered loans likely to exit

Loan Composition

- Total uncovered loans increased $48.5 million, or 5.4% on an annualized basis, compared to the linked quarter
- Growth driven by performance in specialty finance, residential mortgage, franchise and C&I / owner-occupied CRE
- Uncovered loan growth has exceeded covered loan decline for six of the past seven quarters
- 9.1% of total loans covered under FDIC loss share agreements
  - 7.4% represent loans likely to retain

Total Uncovered Loans and Covered Loans Likely to Retain – $4.0 billion[1]
As of June 30, 2014

(Dollars in millions)



[1] Includes unpaid principal balance of covered loans likely to retain and excludes loan mark / other of ($43.8) million associated with these loans

Commercial Lending

C&I / Owner Occupied CRE

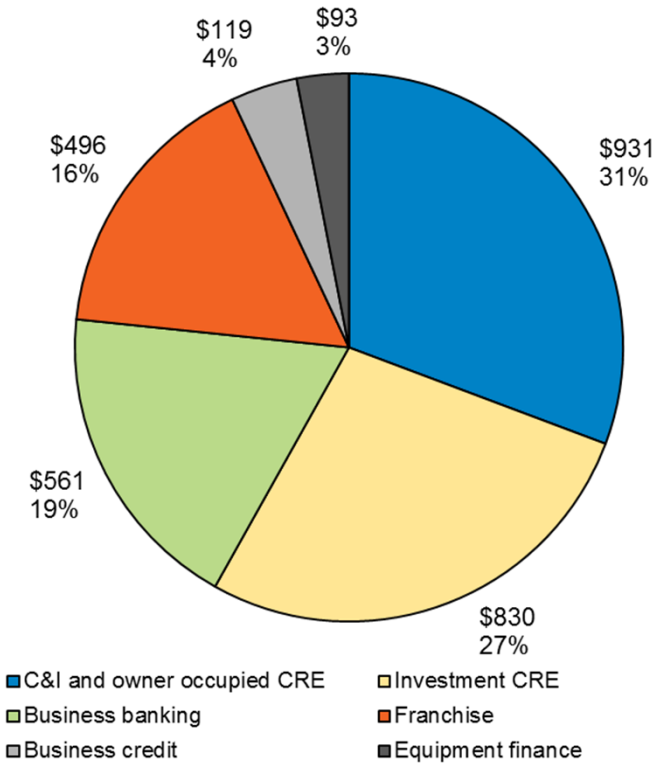
- Target loan size is $1 million to $15 million, with flexibility to increase based on relationship criteria
- Increased focus on middle market business clients (generally up to $30 million of revenue)
- Specialty finance designed to expand product set and increase client base
- Business banking and SBA lending for smaller businesses

Investment Real Estate

- Target loan size is $1 million to $15 million, with flexibility to increase based on relationship criteria
- Regional and local developers and investors
- Dedicated ICRE sales team of experts
- Interest rate risk management tools

Total Commercial Loans
Uncovered Loans and Covered Loans Likely to Retain – $3.0 billion[1]
As of June 30, 2014

(Dollars in millions)



[1] Includes unpaid principal balance of covered loans likely to retain and excludes loan mark associated with these loans

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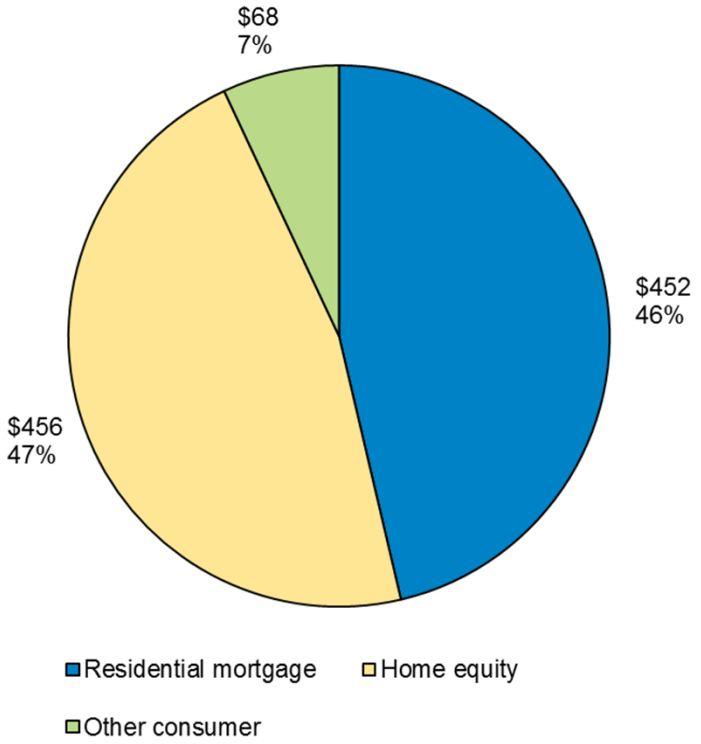
Consumer Lending

- Consumer lending focused primarily on residential mortgage, home equity and credit cards
- Serving consumer households in Ohio, Indiana and Kentucky markets
- Mortgage loan originators located across footprint with concentrations in Cincinnati, Columbus, Dayton, Fort Wayne and Indianapolis
- Second quarter mortgage origination volumes increased 79% compared to the linked quarter, rebounding from the weather-related declines in the first quarter

Total Consumer Loans
Uncovered Loans and Covered Loans Likely to Retain – $1.0 billion[1]
As of June 30, 2014

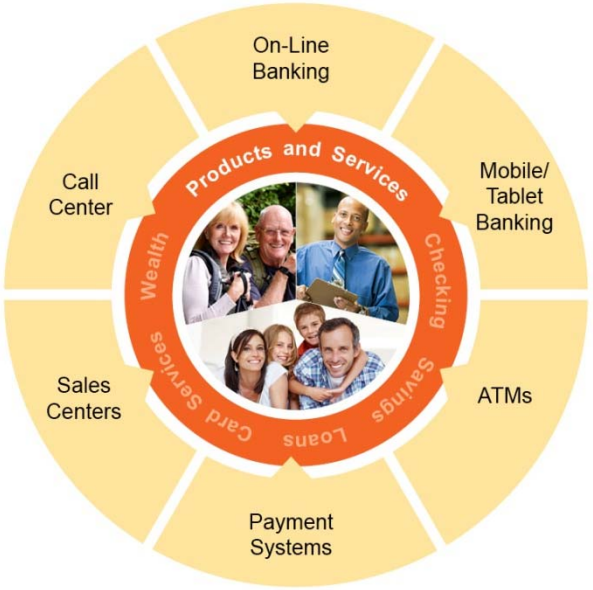
(Dollars in millions)



[1] Includes unpaid principal balance of covered loans likely to retain and excludes loan mark associated with these loans

Delivery Channels and Product Innovation

- Launched new online banking platform in 2012
- Added mobile apps to accommodate client preferences with further enhancements such as Snap Deposit
- Client usage of mobile and online channels has increased significantly
- Deployed image-capture ATMs
- Sales centers focused on relationship vs. transactions
- Introducing enhanced online treasury management platform
- State-of-the-art paperless mortgage process with local underwriting and processing
- Launching first electronic banking center in late 2014
- Deliver a consistent brand experience in a cost-effective manner





Ping Pay by first financial bank

FIRST Mobile Apps

Panorama by first financial bank

Snap Deposit by first financial bank

e-Statements

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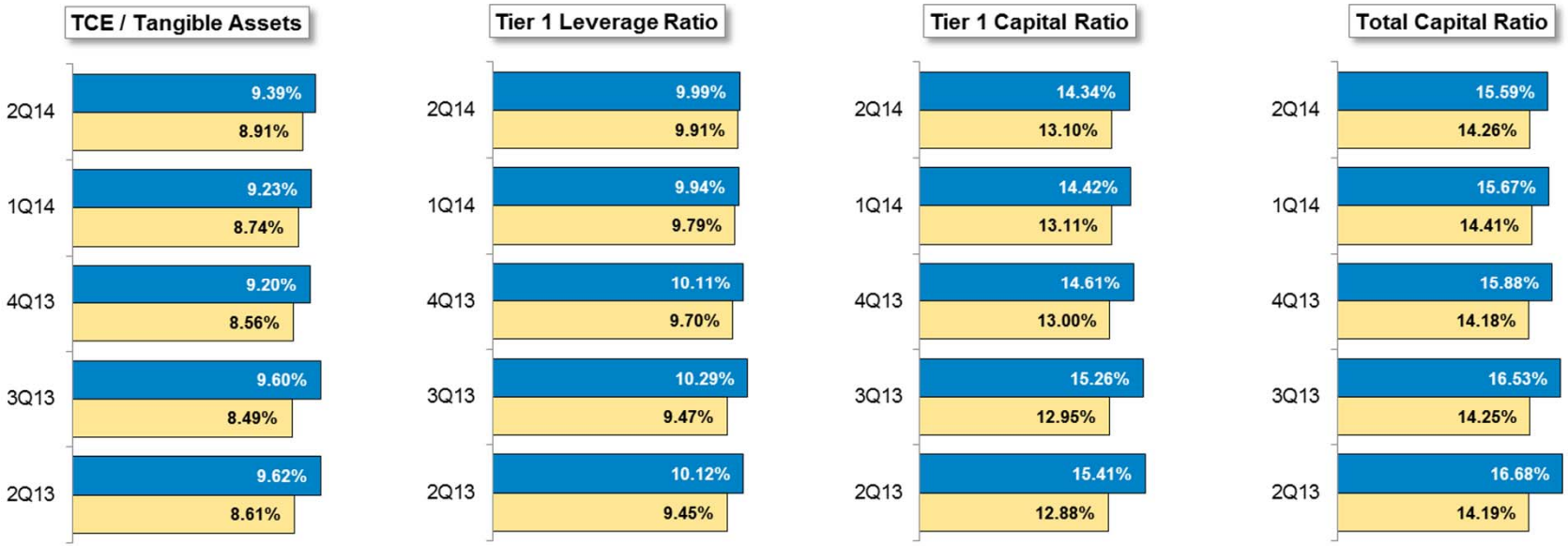
Capital Management

- Long-term capital return target to shareholders of 60% - 80% of earnings through combination of dividends and share repurchases
- Quarterly dividend of $0.15 per share
  - Translates into yield of 3.6% compared to current peer median dividend yield of 2.4%
- Announced a share repurchase plan targeting one million shares annually beginning fourth quarter 2012
  - Repurchased 250,000 shares during fourth quarter 2013 and first quarter 2014
  - Repurchased approximately 1,250,000 total shares to date under the plan
  - Suspended repurchases through third quarter 2014 due to pending merger agreements and increasingly active M&A environment
- Established revised long-term capital targets based on Basel III analysis and impact
  - Tier 1 leverage ratio of 8.0%
  - Common equity tier 1 capital ratio of 9.0%
  - Tier 1 capital ratio of 10.5%
  - Total capital ratio of 12.5%

Peer Group comprised of the component banks within the KBW Regional Bank Index (49 total companies excluding First Financial); Dividend valuation data as of August 27, 2014.

Capitalization

- Primary component of capital is common equity
- Capitalization levels still remain high despite the strong return of capital to shareholders
- Long-term goal is to deploy capital above target levels though growth initiatives, including organic growth and acquisitions



Peer Group comprised of the component banks within the KBW Regional Bank Index (49 total companies excluding First Financial); based on most recent financial information as of August 27, 2014.

Source: Peer Group median data obtained from SNL Financial

Credit Quality (Excluding Covered Assets)

- Classified assets have declined $26.0 million, or 20.1%, since the second quarter 2013
- Continued problem asset resolution activity during the quarter
  - Total nonperforming assets declined $3.1 million, 5.0%
  - Total nonperforming loans declined $3.7 million, or 7.6%

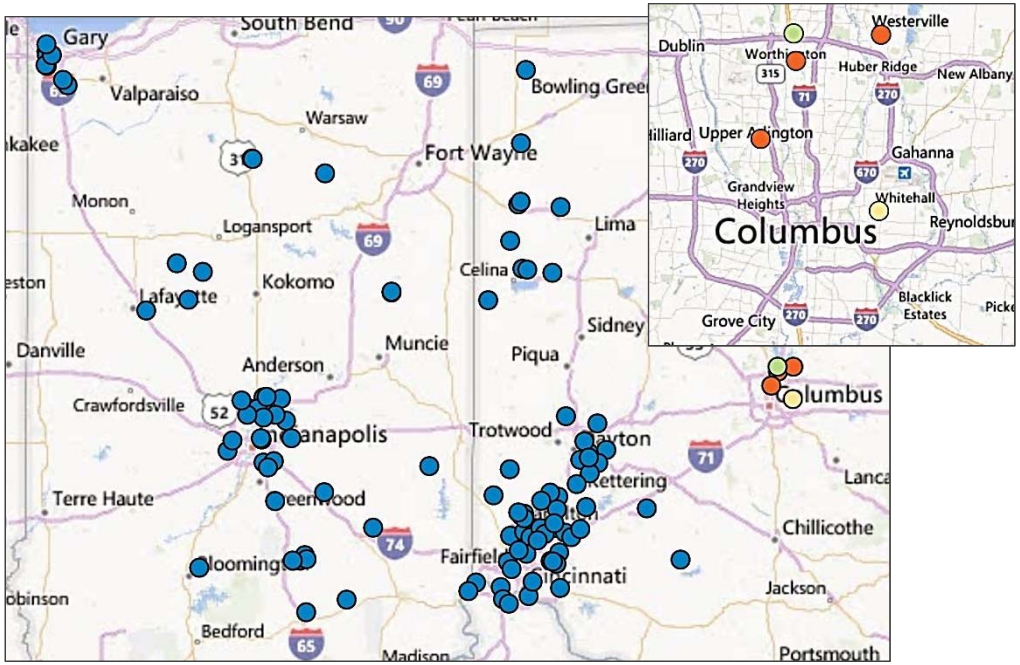
Select Credit Metrics *(Dollars in thousands)*	**2Q14**	**1Q14**	**4Q13**	**3Q13**	**2Q13**
NPLs / total loans	1.23%	1.35%	1.50%	2.16%	2.22%
NPAs / total assets	0.89%	0.95%	1.13%	1.38%	1.38%
Allowance for loan & lease losses / total loans	1.15%	1.19%	1.25%	1.33%	1.39%
Annualized NCOs / average loans & leases	0.11%	0.23%	0.41%	0.34%	0.45%
Total classified assets	$ 103,799	$ 103,471	$ 110,509	$ 120,423	$ 129,832
% increase / (decrease)	*0.3%*	*(6.4%)*	*(8.2%)*	*(7.2%)*	*(0.5%)*

Recent Transaction Summary

In August 2014, First Financial completed the previously announced acquisitions of The First Bexley Bank, Insight Bank, and Guernsey Bancorp, all headquartered in the Columbus, OH market

- Entered the growth-oriented Columbus market through the acquisition of three highly successful and complementary institutions with client-focused business models similar to First Financial
- Strong business development teams now have access to greater resources, higher lending limits and wider commercial and consumer product sets to drive further growth and better serve their communities
- Attractive financial returns for shareholders before factoring in potential revenue synergies resulting from the enhanced product set and capabilities
- Integration risk is manageable and will not be a distraction to current and future strategic initiatives
- Pro forma capital levels are strong, leaving First Financial well positioned to capitalize on future organic growth and acquisition opportunities

Entrance to the Columbus, Ohio Market



- First Financial
- First Bexley
- Insight Bank
- Guernsey Bank

As of June 30, 2014			
(Dollars in millions)	The First Bexley Bank	Insight Bank	The Guernsey Bank
Total assets	$330.4	$249.6	$120.8
Total loans	313.6	215.1	72.6
Total deposits	262.9	180.2	98.6
TCE ratio	7.5%	8.4%	7.1%

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Columbus MSA Market Highlights[1]

- ↗ Third fastest growing metropolitan market in the Midwest
- ↗ Population of 1.9 million with projected growth of 4.3% through 2017 – highest in Ohio
- ↗ Diverse economy anchored by 15 Fortune 1000 companies

Pro Forma Deposit Market Share
Columbus MSA
FDIC Deposit Data as of June 30, 2013 - Holding Company Level

2013 Rank	Name	City, State	Number of Branches	Total Deposits ($000s)	Market Share (%)
1	Huntington Bancshares Inc.	Columbus, OH	95	14,436,412	30.8
2	JPMorgan Chase & Co.	New York, NY	80	10,889,297	23.2
3	PNC Financial Services Grp Inc.	Pittsburgh, PA	67	6,010,235	12.8
4	Fifth Third Bancorp	Cincinnati, OH	59	4,171,643	8.9
5	Park National Corp.	Newark, OH	34	1,836,099	3.9
6	KeyCorp	Cleveland, OH	27	1,671,130	3.6
7	U.S. Bancorp	Minneapolis, MN	42	1,317,578	2.8
8	**Pro Forma First Financial**	**Cincinnati, OH**	**5**	**517,318**	**1.1**
8	WesBanco Inc.	Wheeling, WV	10	506,517	1.1
9	Heartland BancCorp	Gahanna, OH	12	478,154	1.0
10	FirstMerit Corp.	Akron, OH	15	459,808	1.0
16	**First Bexley Bank**	**Bexley, OH**	**1**	**248,065**	**0.5**
22	**Insight Bank**	**Worthington, OH**	**1**	**166,271**	**0.4**
25	**Guernsey Bancorp Inc.**	**Westerville, OH**	**3**	**102,982**	**0.2**
	Other institutions		137	4,603,349	9.8
	Market total		583	$46,897,540	100.0

Source: SNL Financial LC

[1] Source: the Columbus Chamber, SNL Financial LC

Prior Acquisition History

- Supplements organic growth strategy through expansion in strategic markets
- Transactions met all internal criteria for acquisitions
- Loss sharing agreements provided significant protection on covered loans

Peoples (FDIC)
July 31, 2009

- 19 banking centers
- $521mm deposits
- $331mm in loss share covered loans[1]
- No first loss position

Irwin (FDIC)
September 18, 2009

- 27 banking centers
- $2.5B deposits
- $1.8B in loss share covered loans[1]
- No first loss position

Banking Centers
December 2, 2011

- 22 banking centers, primarily Indianapolis MSA
- $342mm retail deposits

Loan Portfolio
June 30, 2009

- $145 mm select performing commercial and consumer loans

Banking Centers
August 28, 2009

- Three banking centers in Indiana
- $85mm deposits
- $41mm in select performing commercial and consumer loans

Banking Centers
September 23, 2011

- 16 banking centers, primarily Dayton MSA
- $342mm deposits
- $127mm in select in-market performing loans

[1] Estimated fair market value of loans

We will continue to evaluate opportunities but never lose sight of the core franchise

Core philosophy and strategy remain unchanged

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Franchise Highlights

1. Strong operating fundamentals – 95 consecutive quarters of profitability
2. Investments to create long-term growth are producing results
3. Strong loan growth momentum driven by comprehensive portfolio of credit products
4. Well positioned in current markets and executing on new market expansion strategies
5. Growth strategies focused on increasing core deposits and fee revenue
6. Strong capital levels with ability to support further organic growth and acquisition opportunities
7. Balanced long-term capital management strategy returning 60% - 80% of earnings through dividends and share repurchases
8. Delivered on efficiency plan with focus on continual process improvement

Appendix

Investor Presentation

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Another step on the path to success

Adjusted Pre-Tax, Pre-Provision Income

(Dollars in thousands)	For the three months ended				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Pre-tax, pre-provision income [1]	$ 22,422	$ 21,660	$ 1,947	$ 23,707	$ 23,794
Less: accelerated discount on covered loans	621	1,015	1,572	1,711	1,935
Plus: loss share and covered asset expense [2]	1,863	1,602	2,441	1,928	(634)
Pre-tax, pre-provision income, net of accelerated discount and loss on covered OREO	23,664	22,247	2,816	23,924	21,225
Less: gain on sales of investment securities	-	50	-	-	188
Less: other income not expected to recur	-	-	-	-	442
Plus: pension settlement charges	-	-	462	1,396	4,316
Plus: expenses related to efficiency initiative	(59)	350	1,450	1,051	1,518
Plus: FDIC indemnification asset valuation adjustment	-	-	22,417	-	-
Plus: acquisition-related expenses	517	620	284	-	-
Plus: other expenses not expected to recur	-	465	-	-	-
Adjusted pre-tax, pre-provision income	$ 24,122	$ 23,632	$ 27,429	$ 26,371	$ 26,429

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

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

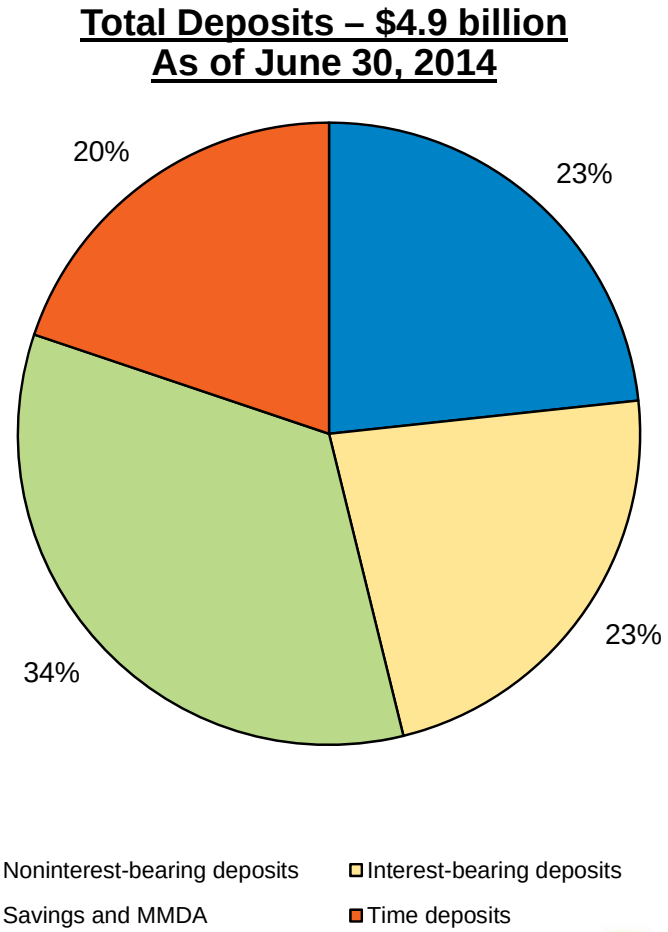
Investment Portfolio

- Investment portfolio represents 28.2% of total assets
- Yield earned on portfolio decreased to 2.47% from 2.52% for the linked quarter

Category *(Dollars in thousands)*	As of June 30, 2014 Held-to-Maturity	Available-for-Sale	Other Investments	Total	Percent of Portfolio
Debt obligations of the U.S. Government	$ -	$ 20,734	$ -	$ 20,734	1.1%
Debt obligations of U.S. Government Agency	18,308	9,552	-	27,860	1.5%
Residential Mortgage Backed Securities					
Pass-through securities:					
Agency fixed rate	80,232	101,413	-	181,645	9.9%
Agency adjustable rate	152,463	39,759	-	192,222	10.4%
Non-Agency fixed rate	-	9,287	-	9,287	0.5%
Collateralized mortgage obligations:					
Agency fixed rate	341,497	266,679	-	608,176	33.0%
Agency variable rate	-	109,879	-	109,879	6.0%
Agency collateralized and insured municipal securities	78,812	111,328	-	190,140	10.3%
Commercial mortgage backed securities	222,280	115,448	-	337,728	18.3%
Municipal bond securities	1,115	1,391	-	2,506	0.1%
Corporate securities	4,795	56,019	-	60,814	3.3%
Asset-backed securities	-	47,996	-	47,996	2.6%
Regulatory stock	-	-	42,576	42,576	2.3%
Other	-	8,230	5,064	13,294	0.7%
	$ 899,502	$ 897,715	$ 47,640	$ 1,844,857	100.0%

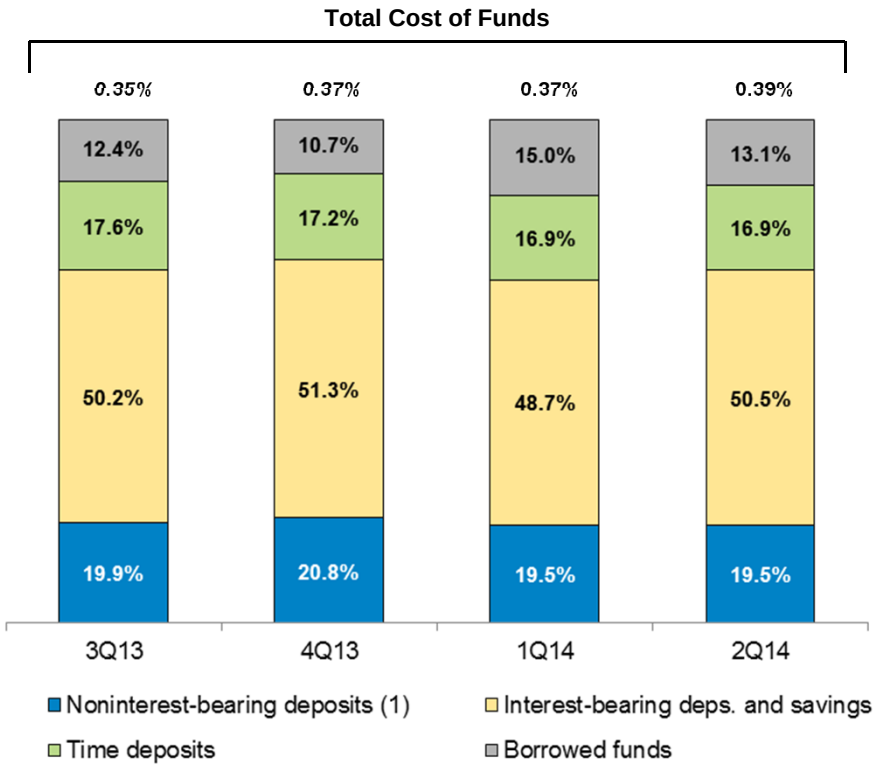
Deposit Composition

- Total deposits increased $54.7 million, or 1.1%, during the quarter
- Average total deposits increased $151.3 million, or 3.2%, during the quarter
  - Seasonal inflows of public fund deposits as well as higher commercial transaction deposits
- The total cost of deposit funding during the quarter remained low at 29 bps
- Non-time deposit balances comprise over 80% of the total base
- New products introduced to support growth and increase client share of wallet
  - Commercial and consumer indexed money market accounts
  - Relationship CD pricing

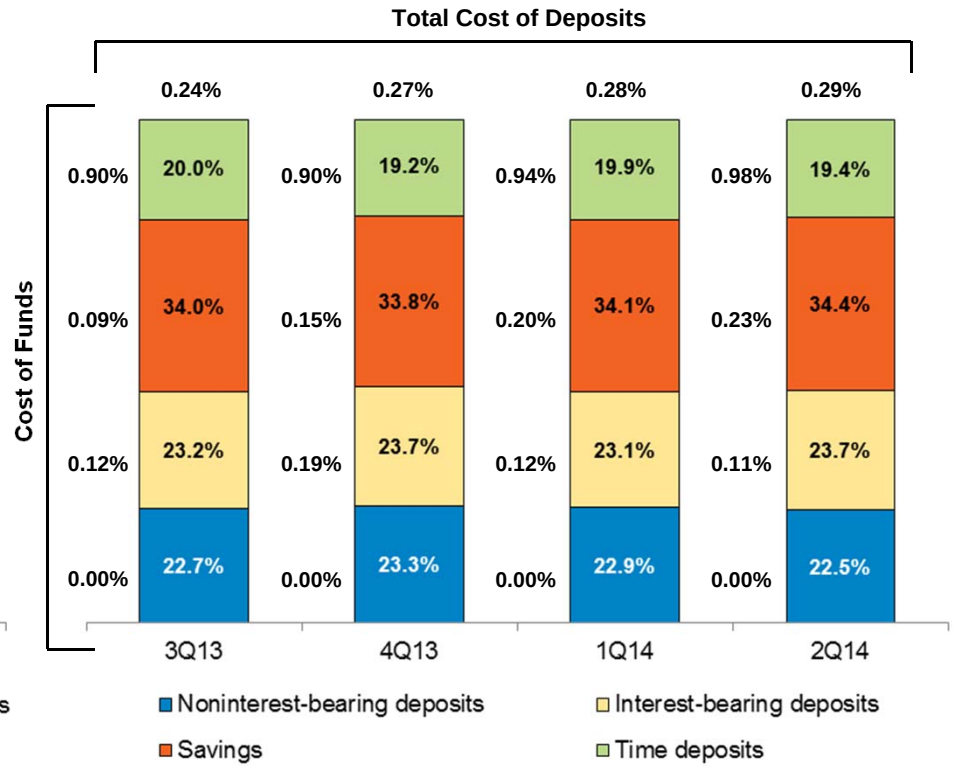


Funding Structure and Cost of Funds

Average Balances – Total Interest Bearing Liability Composition



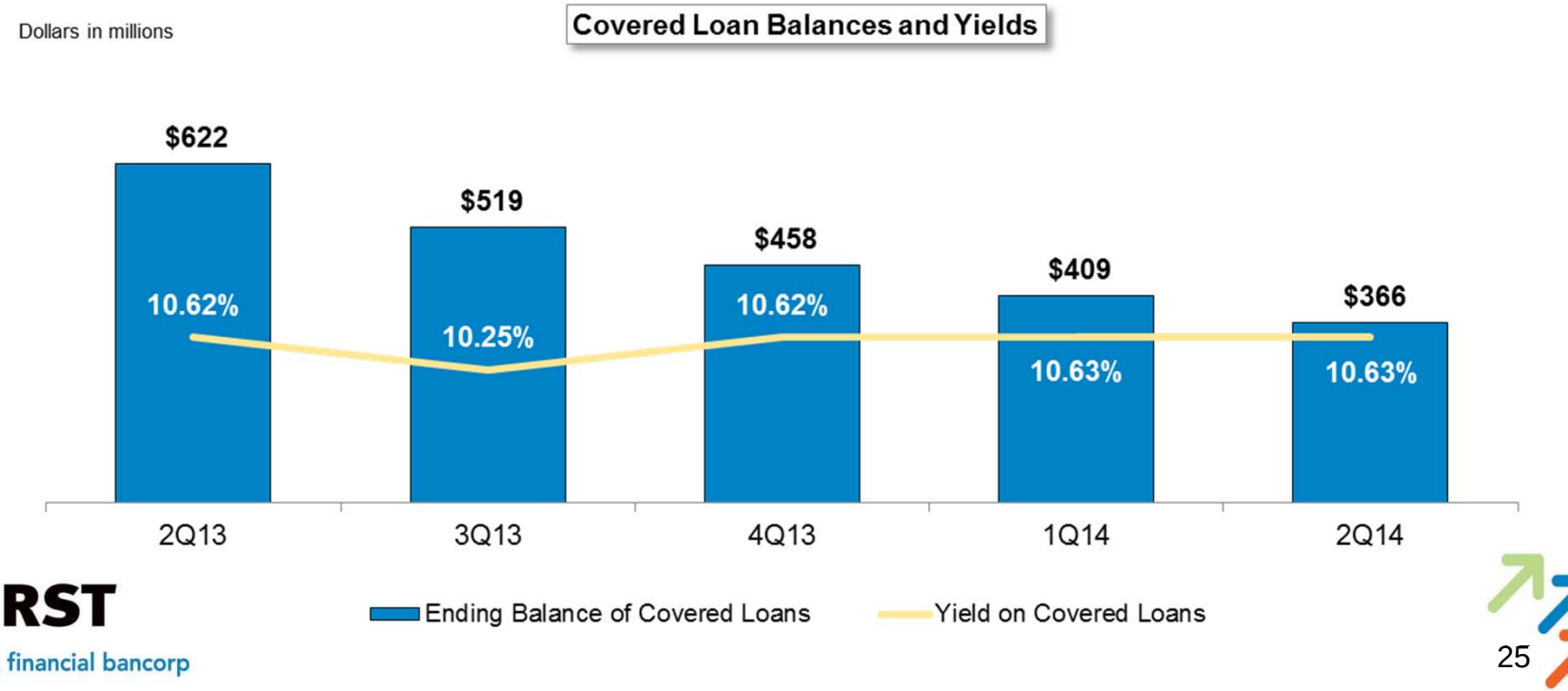
Average Balances – Deposit Composition



(1) Not included in cost of funds calculation

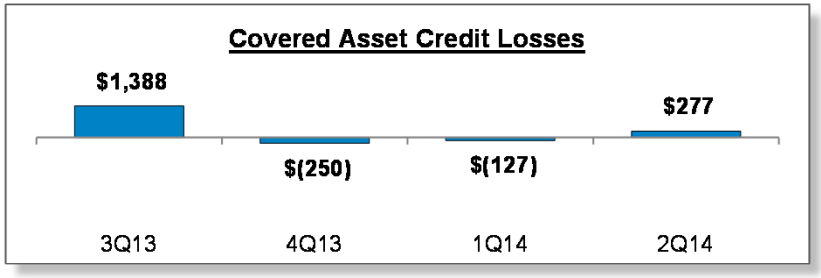
Covered Loan Activity

- Covered loans declined $43.8 million, or 10.7%, during the quarter
- The FDIC indemnification asset declined $8.6 million, or 22.0%, during the quarter to $30.4 million, or 8.3% of the balance of covered loans outstanding
- Successful execution of resolution strategies related to covered loans classified as likely to exit contributed to majority of quarterly decline



Components of Covered Asset Credit Losses

(Dollars in thousands)	For the three months ended June 30, 2014	Description
Net incremental impairment / (relief) for period	$1,852	Reduction / (increase) in expected cash flows related to certain loan pools net of prior period impairment relief / recapture
Net charge-offs	(2,265)	Represents actual net charge-offs of the recorded investment in covered loans during the period [1]
Provision for loan and lease losses - covered	(413)	
(Gain) / loss on sale - covered OREO	398	
Other credit-related expenses [2]	1,400	
Total gross credit losses	$1,385	
FDIC loss sharing income (Noninterest income)	$1,108	Represents receivable due from the FDIC on estimated credit losses; calculated as approximately 80% of gross credit losses related to covered assets
	$277	Difference between these two amounts represents actual credit costs for the period



[1] Investment in covered loans originally recorded at less than unpaid principal balance to reflect anticipated credit losses at time of acquisition

[2] Represents credit related expenses of $1.5 million net of $65 thousand of rental income on covered OREO properties

First Financial Bancorp

Investor Presentation

Second Quarter 2014

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