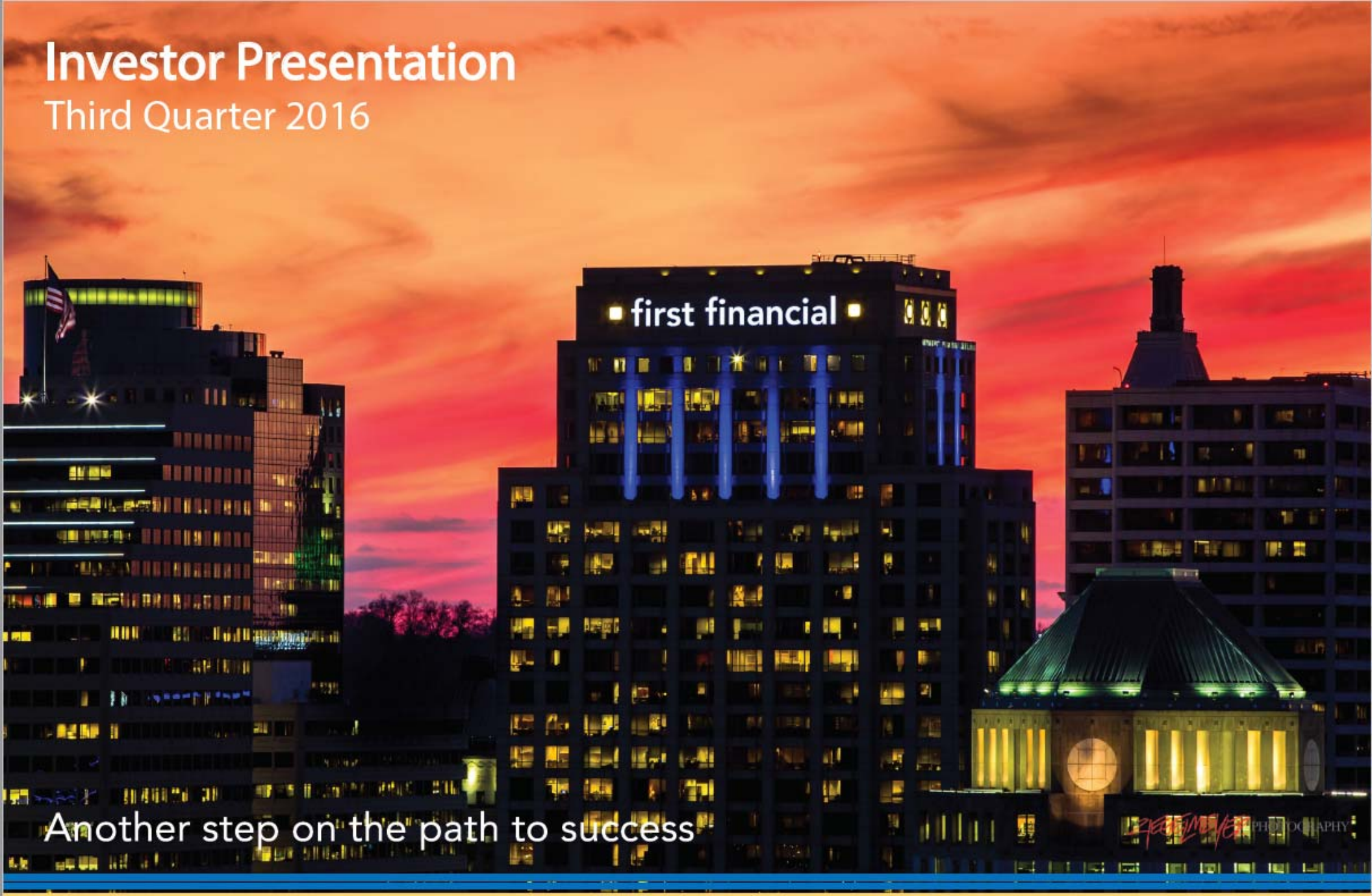
Investor Presentation

Third Quarter 2016



Another step on the path to success

FFBC
NASDAQ
GLOBAL SELECT

first

first financial bancorp

Forward Looking Statement Disclosure

This investor presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not based on historical or current facts, but rather on our current beliefs, expectations, assumptions and projections about our business, the economy and other future conditions. Forward-looking statements often include words such as ‘‘believes,’’ ‘‘anticipates,’’ “likely,” “expected,” ‘‘intends,’’ “could,” “should,” and other similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make about (i) our future operating or financial performance, including revenues, income or loss and earnings or loss per share, (ii) future common stock dividends, (iii) our capital structure, including future capital levels, (iv) our plans, objectives and strategies, and (v) the assumptions that underlie our forward-looking statements.

As with any forecast or projection, forward-looking statements are subject to inherent uncertainties, risks and changes in circumstances that may cause actual results to differ materially from those set forth in the forward-looking statements. Important factors that could cause actual results to differ materially from those in our forward-looking statements include the following, without limitation: (i) economic, market, liquidity, credit, interest rate, operational and technological risks associated with the Company’s business; (ii) the effect of and changes in policies and laws or regulatory agencies, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislation and regulation relating to the banking industry; (iii) management’s ability to effectively execute its business plans; (iv) mergers and acquisitions, including cost or difficulties related to the integration of acquired companies; (v) the Company’s ability to comply with the terms of loss sharing agreements with the FDIC; (vi) the effect of changes in accounting policies and practices; (vii) changes in consumer spending, borrowing and saving and changes in unemployment; (viii) changes in customers’ performance and creditworthiness; and (ix) the costs and effects of litigation and of unexpected or adverse outcomes in such litigation. Additional factors that may cause our actual results to differ materially from those described in our forward-looking statements can be found in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, as well as its other filings with the SEC, which are available on the SEC website at www.sec.gov.

Forward-looking statements are meaningful only on the date when such statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances that may arise after the date on which a forward-looking statement is made.



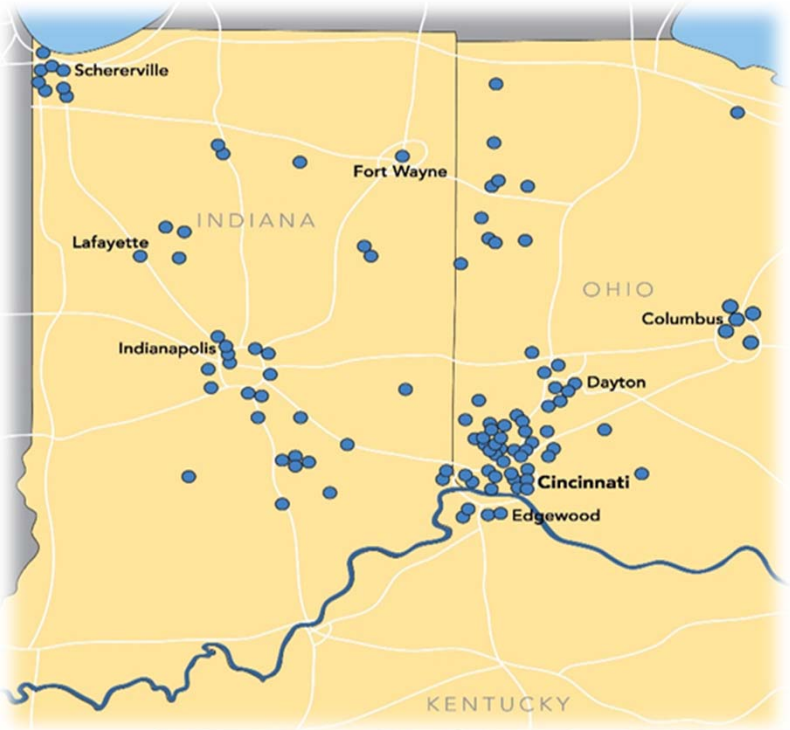
Presentation Contents

About First Financial Bancorp

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Company Overview



Overview

- Founded: 1863
- Headquarters: Cincinnati, Ohio
- Banking Centers: 101
- Assets: $8.4 billion
- Loans: $5.8 billion
- Deposits: $6.3 billion
- Wealth Mgmt: $2.4 billion AUM

Lines of Business

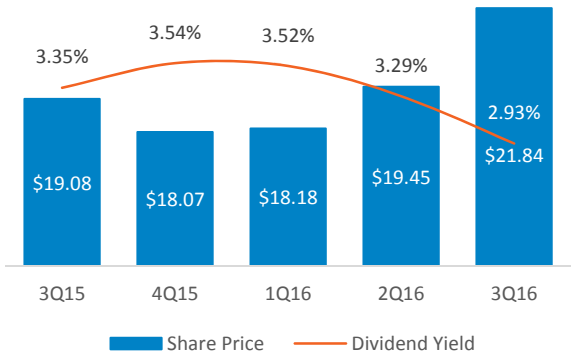
- Commercial / Private Banking
  - C&I, O-CRE, ABL, Equipment Finance, Treasury, Wealth Management
- Retail Banking
  - Consumer, Mortgage, Small Business
- Investment Commercial Real Estate
- Commercial Finance
  - Quick Service Restaurant, Insurance Agency Finance





www.bankatfirst.com

NASDAQ: FFBC



Our Markets

Greater Cincinnati

Loans	$2.0 billion
Loan Growth (Y-o-Y)	9.9%
Deposits	$2.4 billion
Deposit Market Share	#6 (2.1%)
Banking Centers	50
Fortune 500 Companies	9

Indianapolis

Loans	$0.5 billion
Loan Growth (Y-o-Y)	29.7%
Deposits	$0.6 billion
Deposit Market Share	#14 (1.2%)
Banking Centers	8
Fortune 500 Companies	3

Central OH

Loans	$1.0 billion
Loan Growth (Y-o-Y)	30.4%
Deposits	$0.4 billion
Deposit Market Share	#16 (0.7 %)
Banking Centers	6
Fortune 500 Companies	4

Community Markets

Loans	$1.2 billion
Loan Growth (Y-o-Y)	(2.4%)
Deposits	$2.6 billion
Banking Centers	37

Through the Cycle

Proven Acquirer

- Two FDIC-assisted acquisitions totaling $2.5 billion in assets and generating a $343 million pre-tax bargain purchase gain (2009)
- Two branch acquisitions of 38 offices in Indiana and Ohio (2011)
- Three banks in Columbus, Ohio totaling $727 million in assets (2014)
- Oak Street Funding, specialty lender focused on the insurance industry, $243 million in assets (3Q 2015)

Effective Operator

- 104 consecutive quarters of profitability through 3Q 2016
- Replaced the runoff of ~ $2 billion of high yield covered loans
- Consolidated 78 banking centers in conjunction with significant efficiency gains since 2009
- Developed robust enterprise risk management & compliance programs, with board risk committee since 2010

Investments in our Business

- Product expansions
  - Specialty lending (~ $1 billion, excluding Oak Street)
  - Mobile banking & other technology enhancements for clients
- Re-entry into mortgage business (2010)
  - 2015 originations of $320 million
- Wealth infrastructure improvements
  - Investment model
  - Real estate management, tax & insurance outsourcing
- Significant technology & infrastructure investments
- Continued expansion of risk management & compliance

Invest with First Financial

- Proven & sustainable business model
  - Well managed through the cycle
  - Conservative operating philosophy
  - Consistent profitability – 104 consecutive quarters
- Robust capital management
  - Prudent steward of shareholders' capital
- Strong asset quality
- Well defined M&A strategy
  - Selective markets, products & asset diversification
- Direct linkage between compensation and performance
  - STI, LTI, management stock ownership targets

Total Shareholder Return [1]

Company	Ticker	2008-3Q16	2015	2016 YTD [3]
First Financial	FFBC	184.30%	0.68%	21.41%
KBW Regional Bank Index	KRX	40.59%	5.99%	8.60%
NASDAQ Composite	CCMP	122.25%	7.11%	5.96%
Fifth Third	FITB	-0.11%	1.27%	10.19%
US Bancorp	USB	66.41%	-2.81%	5.68%
PNC	PNC	68.53%	6.81%	1.39%
Park National	PRK	139.03%	6.74%	10.89%
Old National	ONB	26.82%	-5.72%	8.79%
Select Bank Average*	AVG	60.14%	1.26%	7.39%

[1] – includes dividend reinvestment
[2] – simple average - assumes equal weight
[3] – 2016 YTD through 10/26/2016



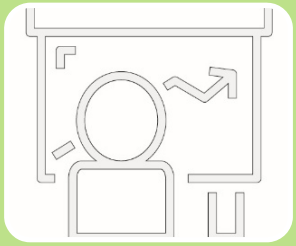
About First Financial Bancorp

Strategic Direction

Recent Financial Results

Strategic Overview

What does First Financial stand for?



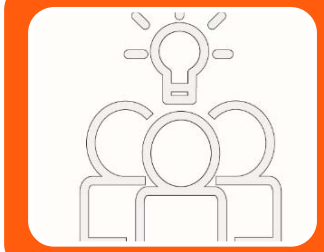
Operational Excellence

- Focus on cost, efficiency & volume



Client Intimacy

- Strong client focus
- Relationship driven



Product Leadership

- Develop new products, new markets & new techniques

Our Strategy

- Our strategy is to be the ***Premier Business Bank*** in the markets we serve
  - *"Bank the business, bank the owner & bank the employees."*
- Rationale:
  - Our value proposition – *relationship banking & sophisticated solutions* – resonates with and is desired by small / mid-size businesses
  - Alignment with our competitive advantage
  - By expanding relationships with our business clients, we can efficiently grow all areas of the bank – Consumer, Wealth & Business Banking

Connecting Strategy to Execution

METRO MARKETS

Low Brand Awareness & Low Market Share

Build relationships through becoming the **premier business bank**

Business Owners

Businesses

Business Employees

Leads to targeted growth across all product lines

COMMUNITY MARKETS

High Brand Awareness & High Market Share

Expand Product Offering

Deepen Relationships

Word of Mouth Referrals



Leads to organic growth

NICHE

National Footprint



Industry Specific

Franchised Quick Service Restaurants



Professional Services Firms and Asset-Based Niches



Strategic Priorities

- Deliver top quartile shareholder returns
- Continue to invest in innovative solutions that enable our clients to bank with us on their terms
- Promote leadership & development within our communities
- Achieve best-in-class compliance & risk management programs
- Remain vigilant in our credit philosophy & oversight
- Focused growth efforts in metropolitan markets
- Maintain a disciplined approach to process improvement & expense management
- Deploy capital in an opportunistic & risk-appropriate manner
- Proactively develop leadership talent across the organization
- Plan & prepare for the $10 billion asset threshold
  - Pace – 3 to 5 years organic
  - Preparation – DFAST, risk, compliance, data management



About First Financial Bancorp

Strategic Direction

Recent Financial Results

3Q 2016 Highlights – 104th Consecutive Quarter of Profitability

Profitability	↗ Net income = $22.9 million or $0.37 per diluted share. ↗ Return on average assets = 1.09%. ↗ Return on average shareholders' equity = 10.62%. ↗ Return on average tangible common equity = 14.08%.
Net Interest Income & Net Interest Margin	↗ Net interest income = $68.8 million, a $1.7 million increase compared to the linked quarter. ↗ Net interest margin was unchanged at 3.61%; decreased by 1bp to 3.66% on a fully tax equivalent basis. ↗ 6.1% annualized growth in average earning assets
Non-Interest Income & Non-Interest Expense	↗ Non-interest income = $16.9 million. ↗ Non-interest expense = $51.1 million. ↗ Efficiency ratio = 59.6%. ↗ Effective tax rate of 30.7%, including seasonal adjustments
Balance Sheet	↗ Total assets increased $58.4 million, to $8.4 billion, compared to the linked quarter. ↗ EOP loans increased $88.3 million, or 6.2% annualized, compared to the linked quarter. ↗ EOP deposits increased $219.1 million, or 14.2% annualized, compared to the linked quarter. ↗ EOP investment securities decreased $35.6 million, or 1.9%, compared to the linked quarter.
Asset Quality	↗ Provision expense = $1.7 million. Net charge offs = $0.8 million. NCOs / Avg. Loans = 0.05% annualized. ↗ Non-performing Loans / Total Loans = 0.87%. Non-performing Assets / Total Assets = 0.69%. ↗ ALLL / Non-accrual Loans = 314.8%. ALLL / Total Loans = 1.00%.
Capital	↗ Total capital ratio = 12.82%. ↗ Tier 1 capital ratio = 10.20%. ↗ Tangible common equity ratio = 7.97%. ↗ Tangible book value per share = $10.50.

Strategy & Outlook

Focus remains on organic growth and executing our core strategy:

1. Growing loans at risk-appropriate returns
   - ↗ Strong organic growth opportunities resulting from the mix of markets, products & businesses built over the last five years
   - ↗ Full year 2016 loan growth trending toward high single digits to low double digits
   - ↗ Stable margin outlook in the near term, similar to year to date results

2. Growing core deposits to fund loan growth & generate fee income
   - ↗ Ever-present focus on growing low cost, core deposits
   - ↗ Continue repositioning our balance sheet - redeploy cash flows from securities to fund organic loan growth, similar to year to date results

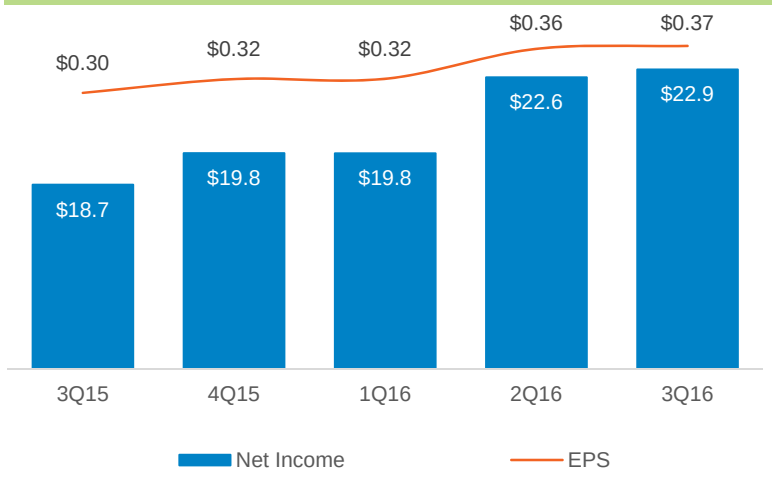
3. Growing noninterest income to help build & diversify revenue
   - ↗ Strategies focused on product pricing, governance and client penetration

4. Maintaining our focus on efficiency & diligent expense management
   - ↗ Non-interest expense base expected to be approximately $50 million per quarter

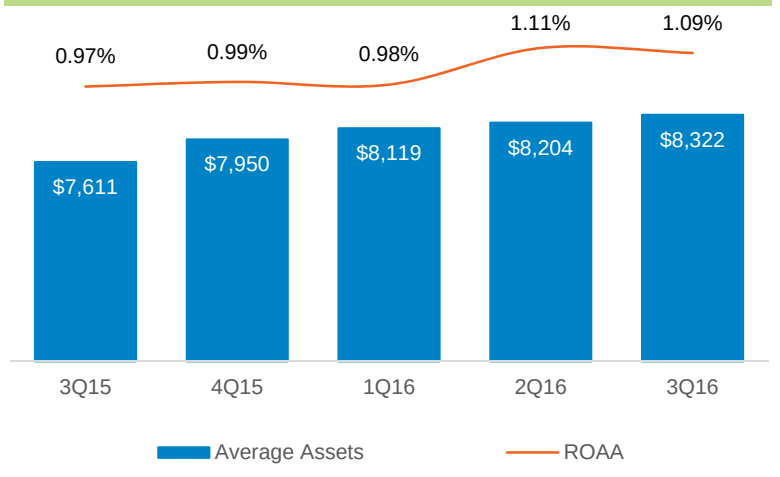
5. Remaining vigilant in our credit oversight

Profitability

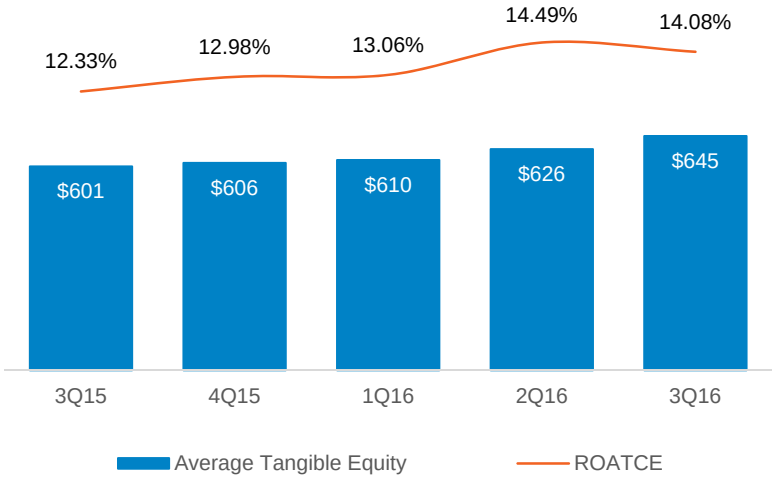
Net Income & EPS



Return on Average Assets



Return on Tangible Common Equity



All dollars shown in millions

Adjusted Net Income

Reflects impact to net income from items that do not occur on a regular basis

	3Q 2016		2Q 2016	
	Earnings	Diluted EPS	Earnings	Diluted EPS
GAAP net income	$ 22,850	$ 0.37	$ 22,568	$ 0.36
Less: noninterest income adjustments [1,2]	(398)		(2,164)	
Plus: noninterest expense adjustments [3,4]	411		162	
Subtotal	22,863		20,566	
Tax adjustments	(4)		843	
Adjusted net income	$ 22,859	$ 0.37	$ 21,409	$ 0.35

[1] 3Q 2016 noninterest income includes $0.4 million in gains on sales of investment securities

[2] 2Q 2016 noninterest income includes $2.4 million of previously unrealized income from the redemption of a limited partnership investment during the period and $0.2 million in losses on sales of investment securities

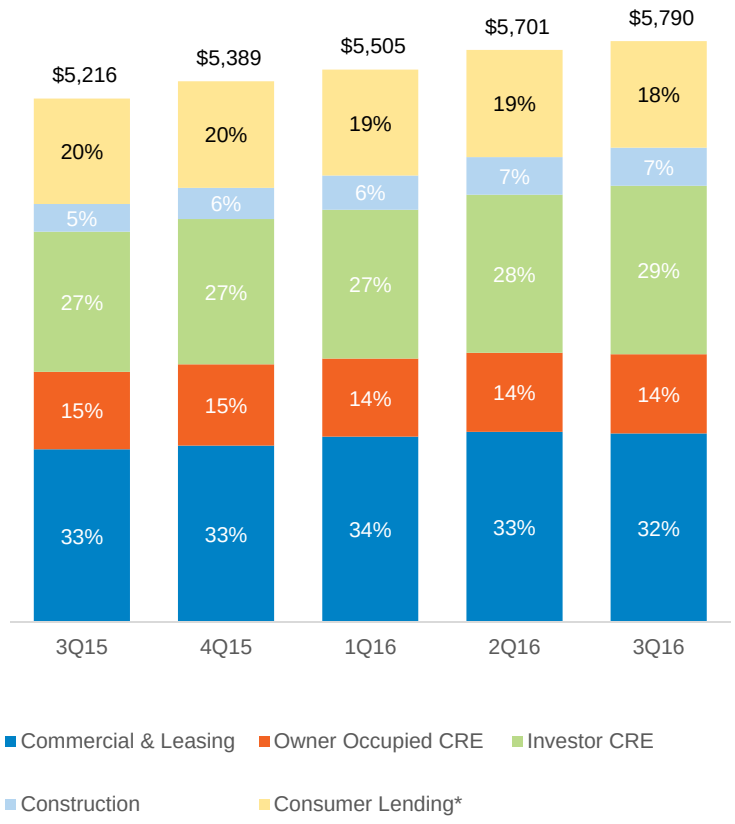
[3] 3Q 2016 adjustments include $0.8 million of severance expense, $0.2 million of gains related to branch consolidation activities and a $0.2 million legal recovery

[4] 2Q 2016 adjustments include $0.2 million of expenses related to branch consolidation activities

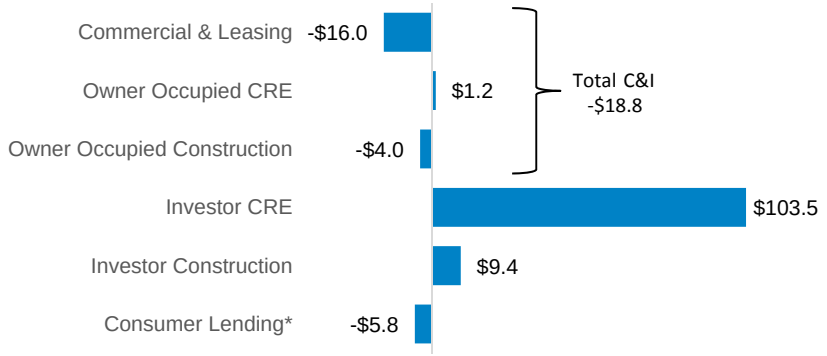
(Dollars in thousands)

Loan Portfolio

Loan Product Mix (EOP)



Net Loan Change (Linked Quarter)



Highlights

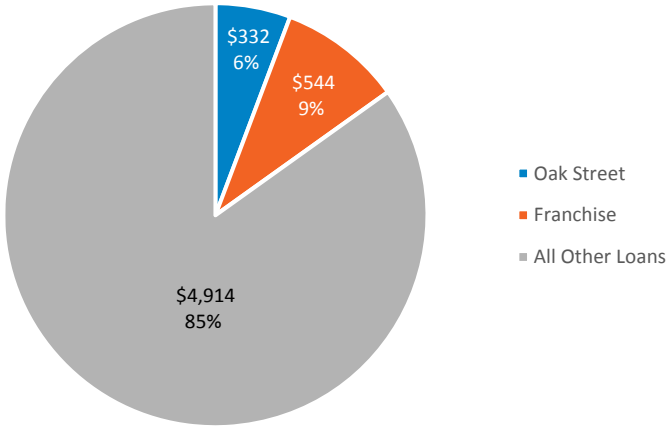
- ↗ Portfolio continues to be well-balanced
- ↗ 3Q impacted by strong I-CRE production as well as elevated C&I prepayment activity
- ↗ 4Q production expected to be biased toward C&I
- ↗ I-CRE & Construction concentration levels of 227% and 56% of total capital, well below 300%/100% regulatory guidance.

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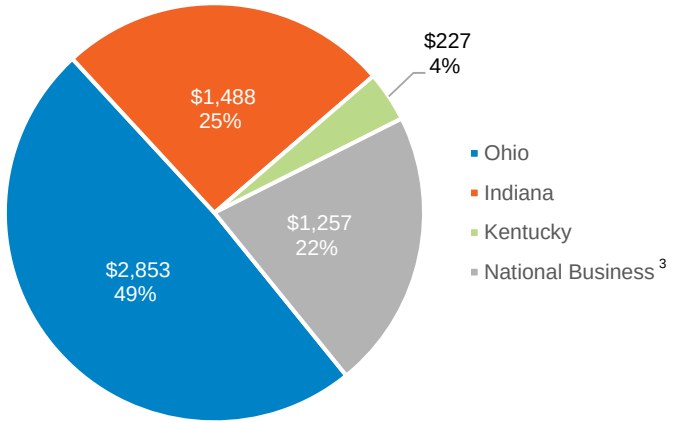
* Includes residential mortgage, home equity, installment, & credit card.
All dollars shown in millions

Loan Portfolio

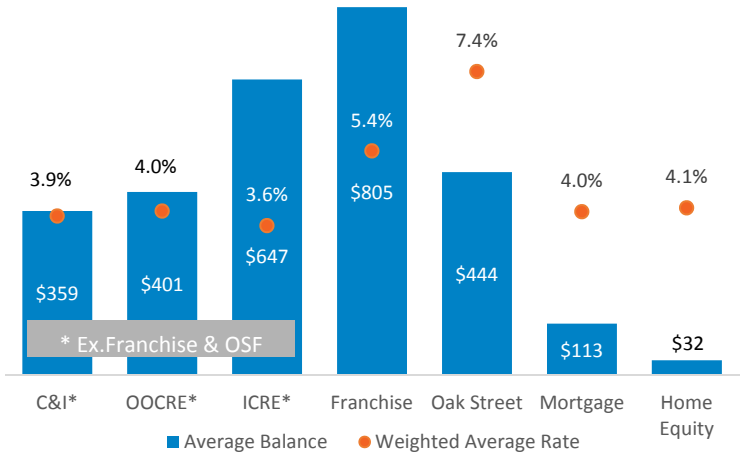
Nationwide Lending Platforms



Loan Portfolio By Geography [1]



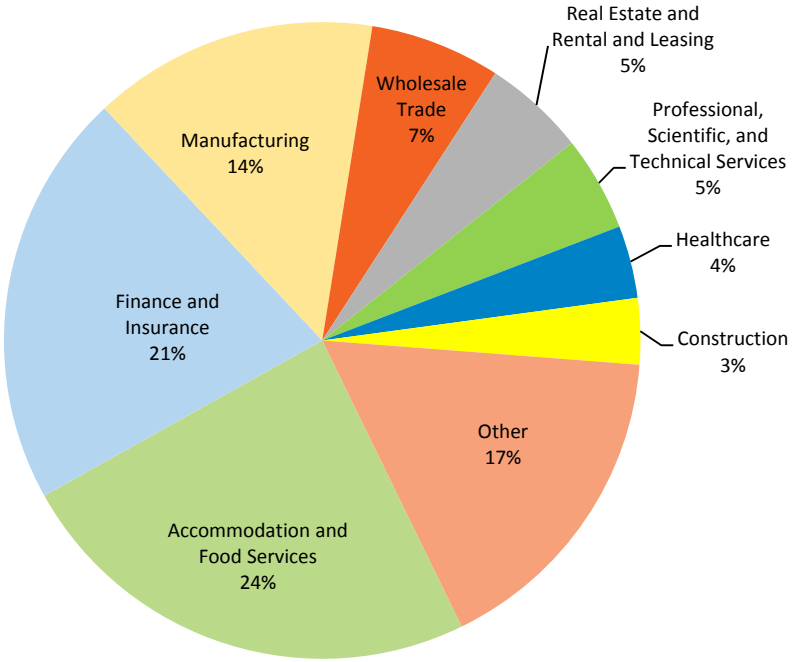
Average Loan Size & Rate [2]



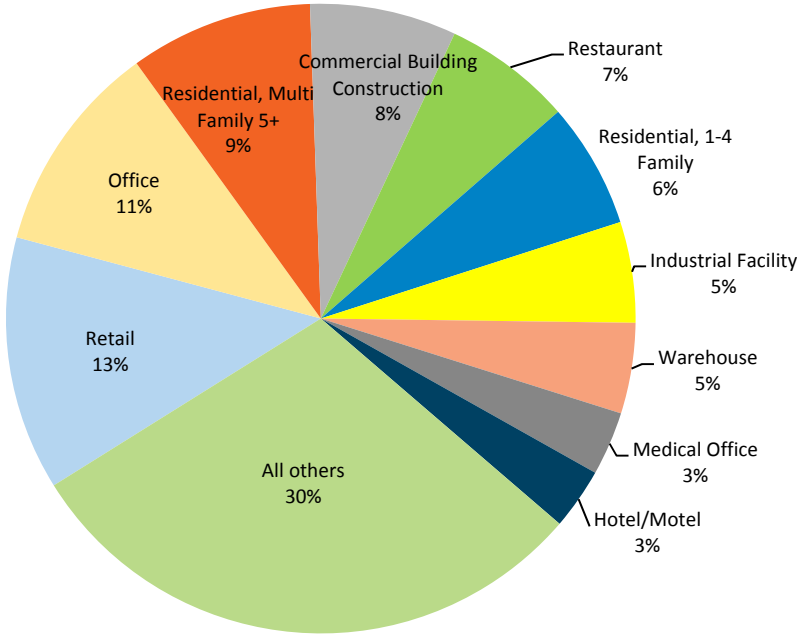
[1] Includes loans held for sale. Excludes purchase accounting loan marks.
[2] Average loan balances in $000s.
[3] Includes Oak Street, Franchise, shared national credits & other loans outside Ohio, Indiana, & Kentucky.

Loan Portfolio

C&I Loans By Industry [1]



CRE Loans By Collateral [2]

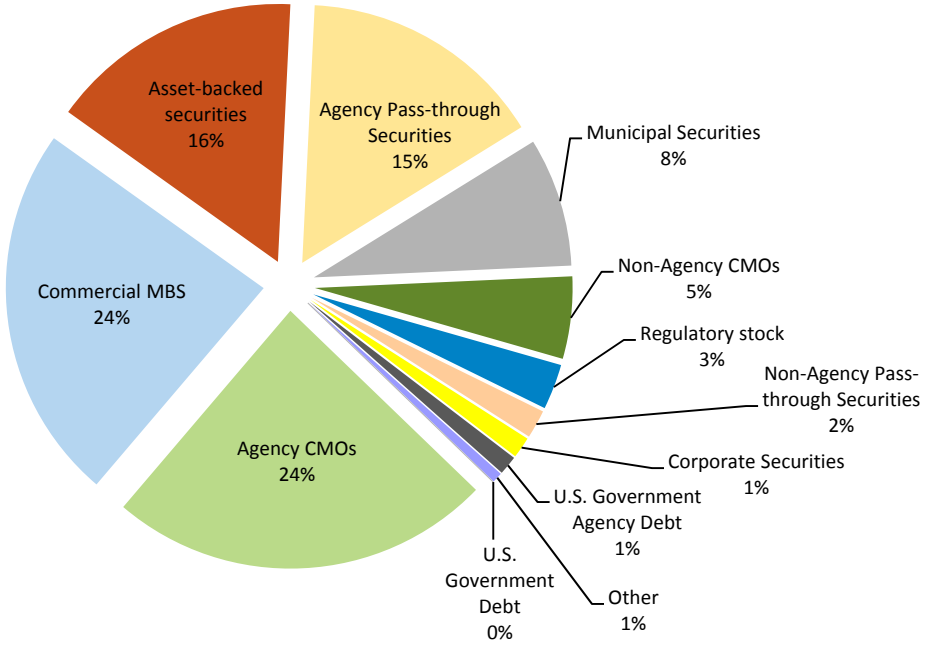


[1] Industry types included in Other representing greater than 1% of total C&I loans include Agriculture, Retail Trade, Public Administration, Waste Management, Other Services, Educational Services, Transportation & Warehousing, and Arts, Entertainment, & Recreation.
[2] Collateral types included in Other representing greater than 1% of total CRE loans include Commercial Building Construction, Farmland, Student Housing, Manufacturing Facility, Strip Center, Residential Multi Family 5+ Construction, Nursing/Assisted Living, Recreation Facility, Church, Vacant Land Held for Development, School/Education Related.

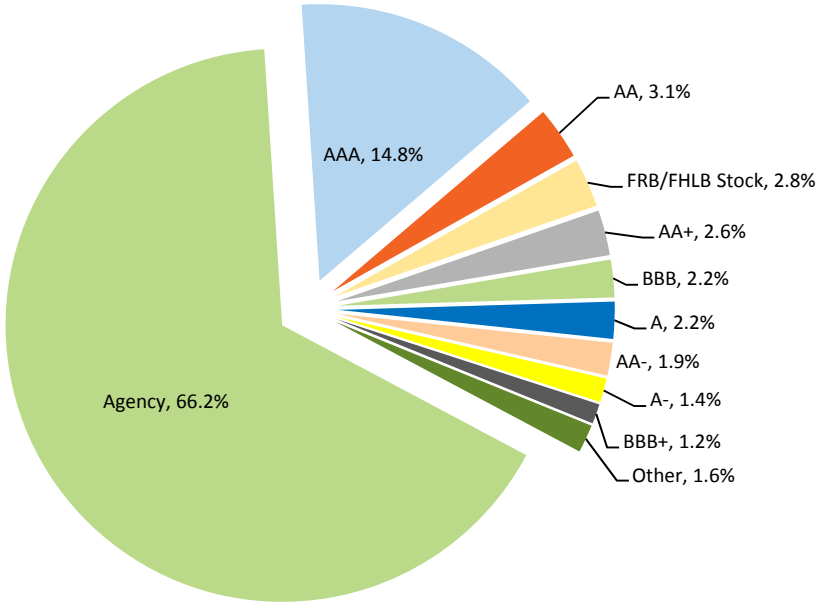
Investment Portfolio

- Total EOP investments of $1.80 billion
- Investment Portfolio / Total Assets = 21.5%
- Effective yield earned during third quarter = 2.50%
- Portfolio duration = 2.6 years

Portfolio Composition

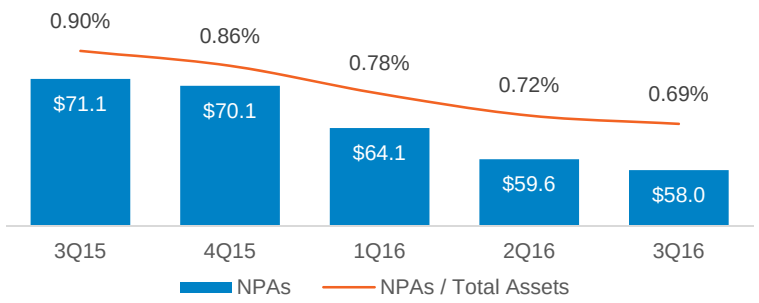


Portfolio Quality

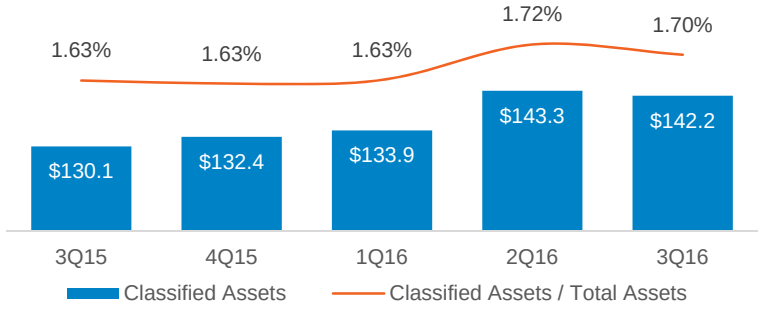


Asset Quality

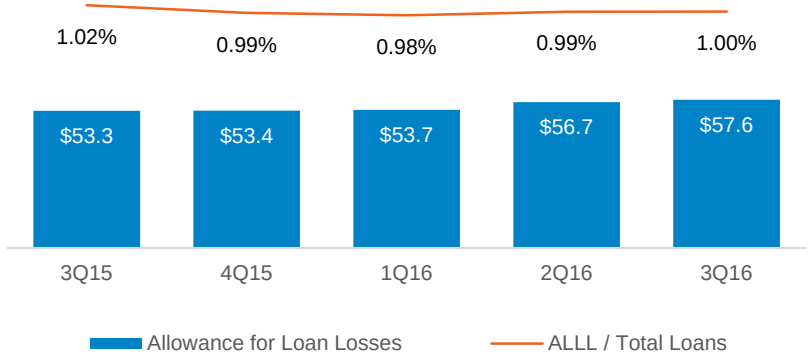
Non-Performing Assets / Total Assets



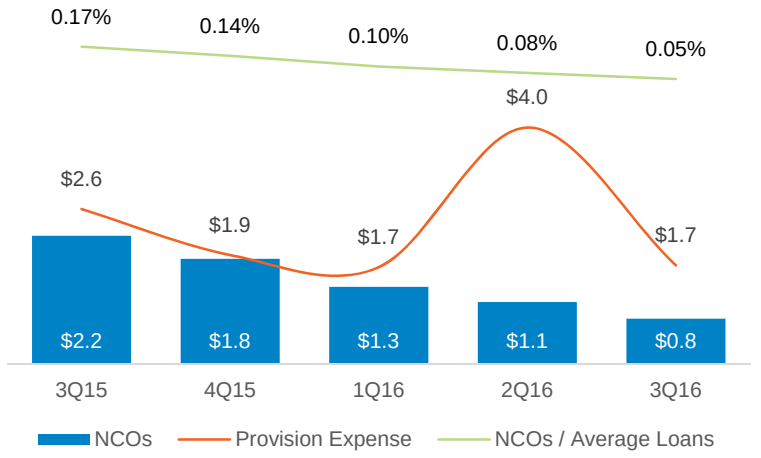
Classified Assets / Total Assets



Allowance / Total Loans

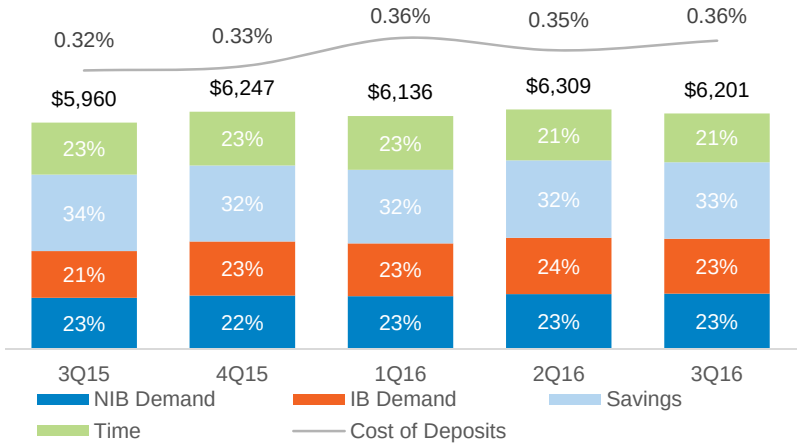


Net Charge Offs & Provision Expense

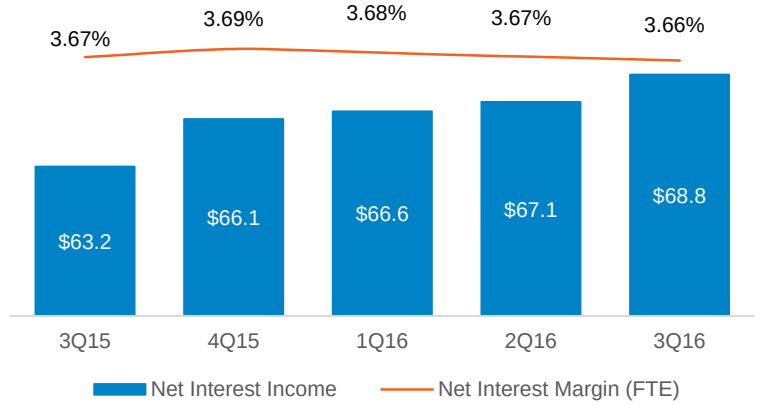


Net Interest Income / Net Interest Margin

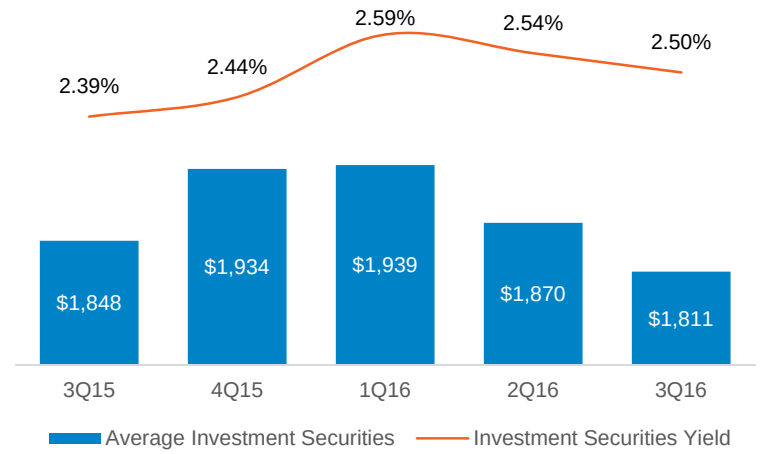
Average Deposits



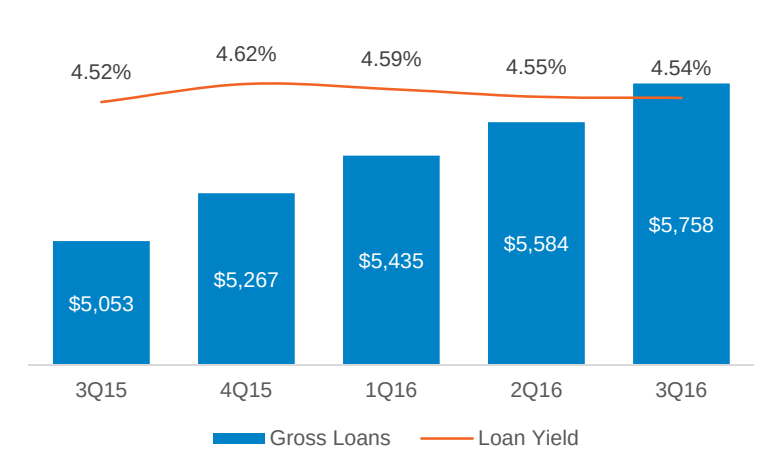
Net Interest Income



Average Securities



Average Loans

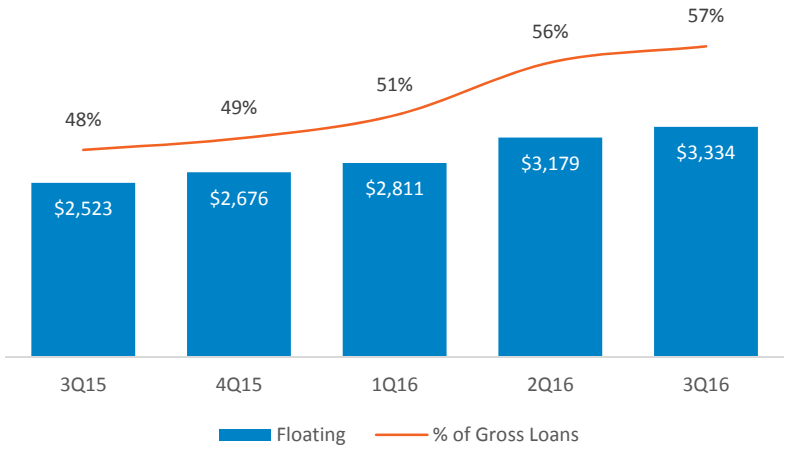


Gross loans include loans held for sale & FDIC indemnification asset
All dollars shown in millions

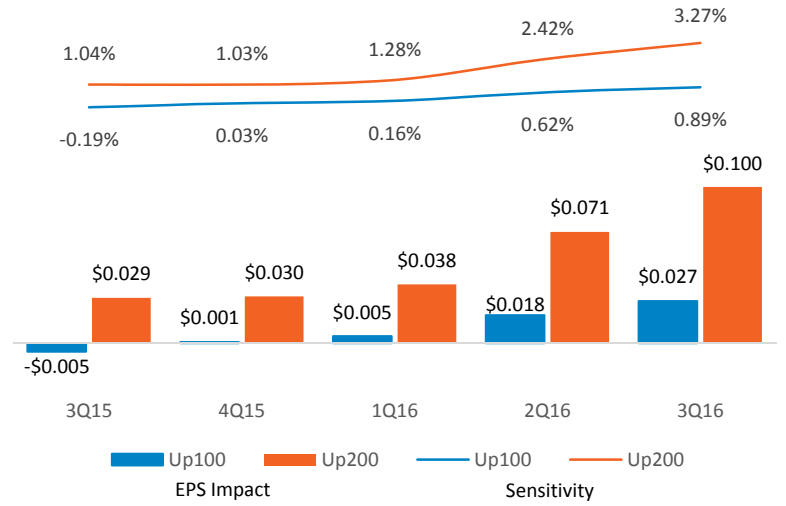
Interest Rate Sensitivity

- 32% Y-o-Y growth in floating rate lending (1)
- 43% Y-o-Y growth in client derivatives (2)
- % of loans repricing:
  - <=3 months 57%
  - <1 year 58%
- Securities portfolio duration – 2.6 years
- Non-maturity, interest bearing accounts modeled to increase 63 bps in an “Up 100” scenario

Loan Portfolio – Floating Loan Growth (1)



Sensitivity Trend (Up100, Up200) (3)

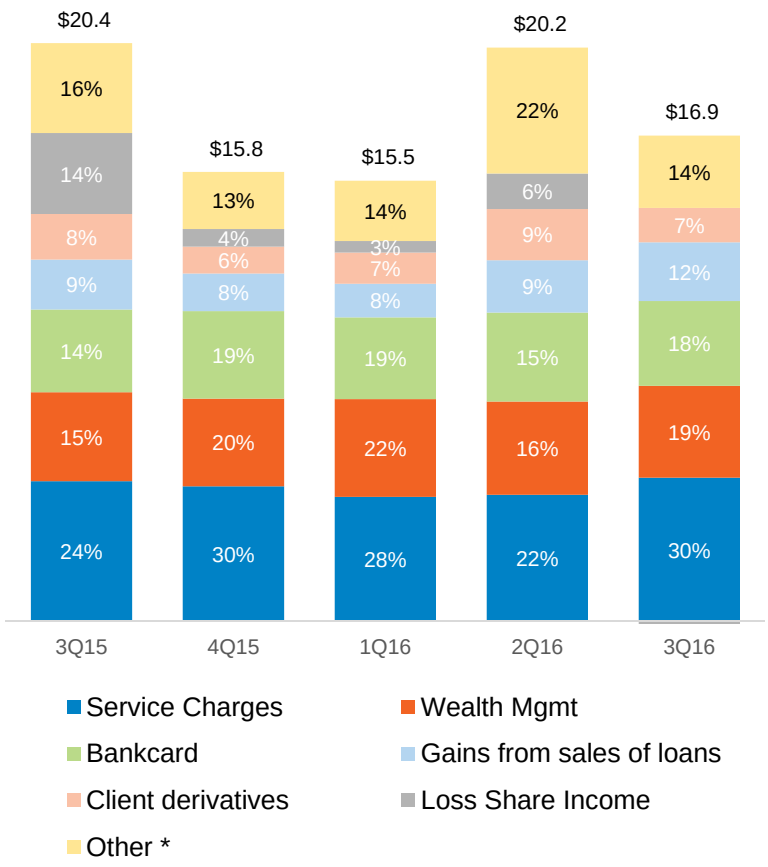


(1) As defined by EOP loans repricing in three months or less.
(2) As defined by client derivative notional balances.
(3) Immediate parallel shifts across a 12 month horizon

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Non-Interest Income

Non-Interest Income



3Q16 Highlights

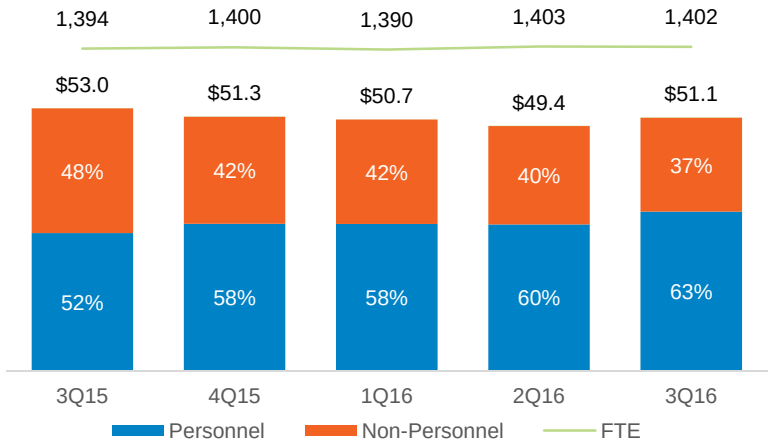
- ↗ Total other non-interest income decreased $3.2 million, or 16.1%, on lower loss share related & other income
- ↗ Service charges on deposits increased $0.6 million, or 13.5%
- ↗ Gains from sales of mortgage loans increased $0.2 million, or 11.9%
- ↗ Loss share related income decreased $1.4 million, or 111.8%
- ↗ Other non-interest income decreased $2.5 million, or 53.5%, due to $2.4 million of income from the redemption of a limited partnership investment in 2Q
- ↗ Included $0.4 million in gains on sale of investment securities

first financial bancorp

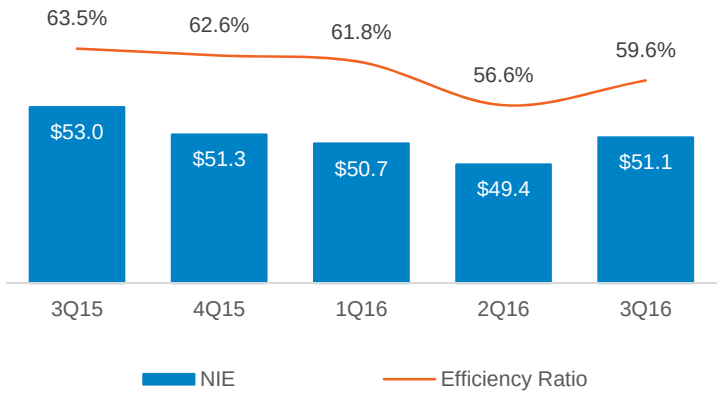
* Includes net gain on sale of investment securities & other noninterest income.
All dollars shown in millions

Non-Interest Expense

Noninterest Expense



Efficiency Ratio

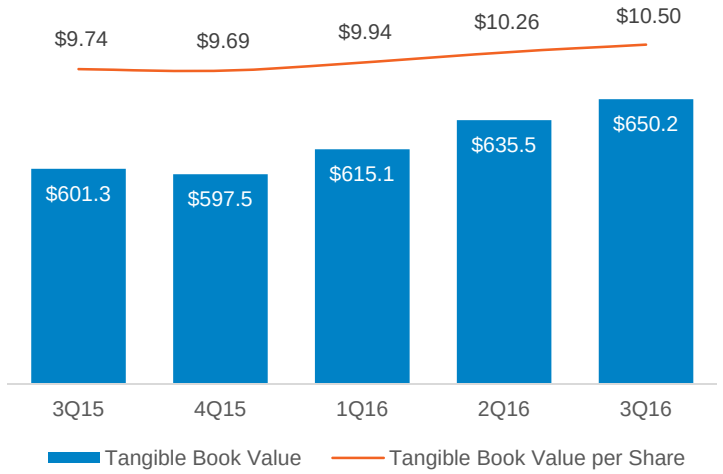


3Q16 Highlights

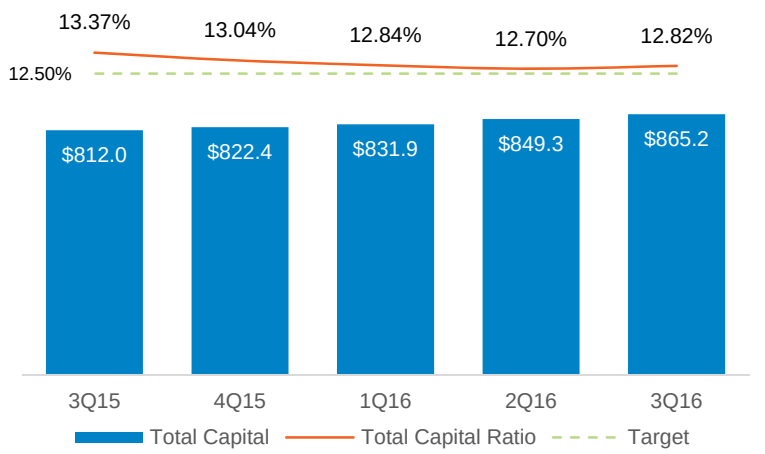
- ↗ Total non-interest expense increased $1.7 million, or 3.4%
- ↗ $2.6 million, or 8.7%, increase in salary & benefits expense, which includes $0.8 million of severance costs & YTD performance based compensation accruals
- ↗ $1.1 million, or 18.1%, decline in other non-interest expense includes $0.4 million of gains related to branch consolidation activities
- ↗ Net occupancy expenses include $0.2 million of lease termination costs related to branch consolidations

Capital

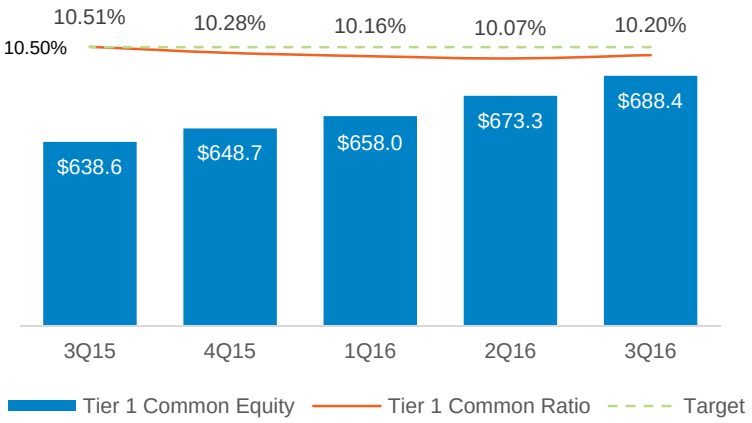
Tangible Book Value



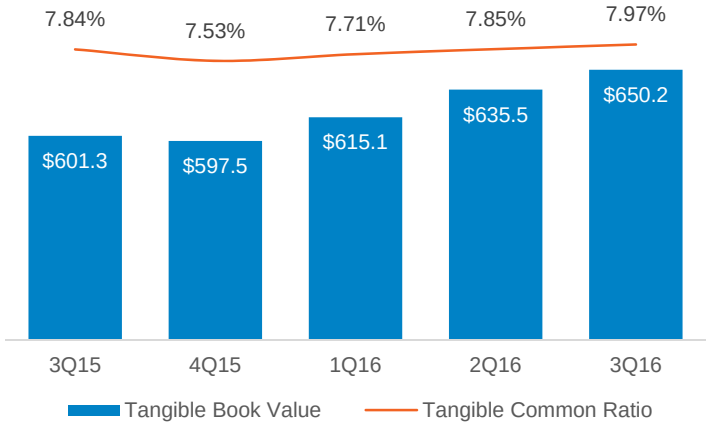
Total Capital



Tier 1 Common Equity



Tangible Common Equity



All capital numbers are considered preliminary
All dollars shown in millions

Appendix: Non-GAAP to GAAP Reconciliation

Net interest income and net interest margin - fully tax equivalent

	Three months ended					YTD	
	Sep. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
Net interest income	$68,818	$67,132	$66,555	$66,083	$63,159	$202,505	$180,419
Tax equivalent adjustment	1,028	1,058	1,052	1,046	1,000	3,138	2,971
Net interest income - tax equivalent	$69,846	$68,190	$67,607	$67,129	$64,159	$205,643	$183,390
Average earning assets	$7,591,160	$7,475,711	$7,398,013	$7,219,995	$6,938,107	$7,488,670	$6,711,900
Net interest margin*	3.61 %	3.61 %	3.62 %	3.63 %	3.61 %	3.61 %	3.59 %
Net interest margin (fully tax equivalent)*	3.66 %	3.67 %	3.68 %	3.69 %	3.67 %	3.67 %	3.65 %

* Margins are calculated using net interest income annualized divided by average earning assets.

Net interest income-tax equivalent, appears in the tables entitled “Additional Data” at the bottom of the “Consolidated Quarterly Statements of Income” pages. The tax equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets and assumes a 35% tax rate. Management believes that it is a standard practice in the banking industry to present net interest margin and net interest income on a fully tax equivalent basis. Therefore, management believes these measures provide useful information to investors by allowing them to make peer comparisons. Management also uses these measures to make peer comparisons.

Appendix: Non-GAAP to GAAP Reconciliation

Additional non-GAAP ratios

(Dollars in thousands, except per share data)	Three months ended					YTD	
	Sep. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
Net income (a)	$22,850	$22,568	$19,814	$19,820	$18,673	$65,232	$55,243
Average total shareholders' equity	856,296	837,412	821,588	817,756	812,396	838,497	800,589
Less:							
Goodwill and other intangible	(210,888)	(211,199)	(211,533)	(211,865)	(211,732)	(210,888)	(211,732)
Average tangible equity (b)	645,408	626,213	610,055	605,891	600,664	627,609	588,857
Total shareholders' equity	861,137	846,723	826,587	809,376	813,012	861,137	813,012
Less:							
Goodwill	(210,888)	(211,199)	(211,533)	(211,865)	(211,732)	(210,888)	(211,732)
Ending tangible equity (c)	650,249	635,524	615,054	597,511	601,280	650,249	601,280
Total assets	8,368,481	8,310,102	8,193,554	8,147,411	7,880,533	8,368,481	7,880,533
Less:							
Goodwill	(210,888)	(211,199)	(211,533)	(211,865)	(211,732)	(210,888)	(211,732)
Ending tangible assets (d)	8,157,593	8,098,903	7,982,021	7,935,546	7,668,801	8,157,593	7,668,801
Risk-weighted assets (e)	6,750,749	6,685,158	6,478,716	6,308,139	6,073,899	6,750,749	6,073,899
Total average assets	8,322,156	8,203,837	8,118,945	7,950,278	7,611,389	8,215,370	7,353,698
Less:							
Goodwill	(210,888)	(211,199)	(211,533)	(211,865)	(211,732)	(210,888)	(211,732)
Average tangible assets (f)	$8,111,268	$7,992,638	$7,907,412	$7,738,413	$7,399,657	$8,004,482	$7,141,966
Ending shares outstanding (g)	61,952,873	61,959,529	61,855,027	61,641,680	61,713,633	61,952,873	61,713,633
Ratios							
Return on average tangible shareholders' equity (a)/(b)	14.08 %	14.49 %	13.06 %	12.98 %	12.33 %	13.88 %	12.54 %
Ending tangible equity as a percent of:							
Ending tangible assets (c)/(d)	7.97 %	7.85 %	7.71 %	7.53 %	7.84 %	7.97 %	7.84 %
Risk-weighted assets (c)/(e)	9.63 %	9.51 %	9.49 %	9.47 %	9.90 %	9.63 %	9.90 %
Average tangible equity as a percent of average tangible assets (b)/(f)	7.96 %	7.83 %	7.71 %	7.83 %	8.12 %	7.84 %	8.25 %
Tangible book value per share (c)/(g)	$ 10.50	$ 10.26	$ 9.94	$ 9.69	$ 9.74	$ 10.50	$9.74

The earnings press release also includes some non-GAAP ratios in the "Consolidated Financial Highlights" page. These ratios are: (1) Return on average tangible shareholders' equity; (2) Ending tangible shareholders' equity as a percent of ending tangible assets; (3) Ending tangible shareholders' equity as a percent of risk-weighted assets; (4) Average tangible shareholders' equity as a percent of average tangible assets; and (5) Tangible book value per share. The Ending tangible shareholders' equity as a percent of ending tangible assets and Average tangible shareholders' equity as a percent of average tangible assets are also shown in the "Regulatory Capital" section of the "Capital Adequacy" page in the earnings release. The Company considers these critical metrics with which to analyze banks. The ratios have been included in the earnings press release to facilitate a better understanding of the Company's capital structure and financial condition.

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