Investor Presentation

Second Quarter 2020

FIRST®

first financial bancorp

Forward Looking Statement Disclosure

Certain statements contained in this report which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as ‘‘believes,’’ ‘‘anticipates,’’ “likely,” “expected,” “estimated,” ‘‘intends’’ and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. 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. Forward-looking statements are not historical facts but instead express only management’s beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management’s control. It is possible that actual results and outcomes may differ, possibly materially, from the anticipated results or outcomes indicated in these 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:

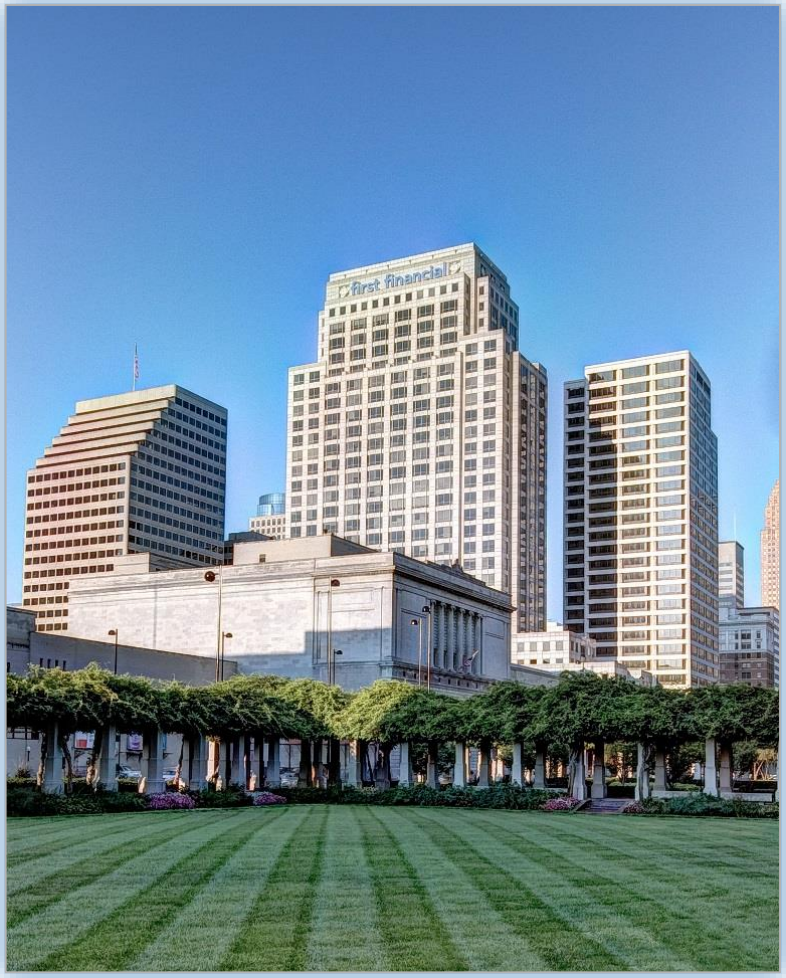
- economic, market, liquidity, credit, interest rate, operational and technological risks associated with the Company’s business;
- future credit quality and performance, including our expectations regarding future loan losses and our allowance for credit losses;
- the effect of and changes in policies 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; (iv) management’s ability to effectively execute its business plans;
- mergers and acquisitions, including costs or difficulties related to the integration of acquired companies;
- the possibility that any of the anticipated benefits of the Company’s acquisitions will not be realized or will not be realized within the expected time period;
- the effect of changes in accounting policies and practices;
- changes in consumer spending, borrowing and saving and changes in unemployment;
- changes in customers’ performance and creditworthiness;
- the costs and effects of litigation and of unexpected or adverse outcomes in such litigation;
- current and future economic and market conditions, including the effects of declines in housing prices, high unemployment rates, U.S. fiscal debt, budget and tax matters, geopolitical matters, and any slowdown in global economic growth;
- the adverse impact on the U.S. economy, including the markets in which we operate, of the novel coronavirus, which causes the Coronavirus disease 2019 (“COVID-19”), global pandemic, and the impact of a slowing U.S. economy and increased unemployment on the performance of our loan and lease portfolio, the market value of our investment securities, the availability of sources of funding and the demand for our products;
- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;

Forward Looking Statement Disclosure

- financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;
- the effect of the current interest rate environment or changes in interest rates or in the level or composition of our assets or liabilities on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans held for sale;
- the effect of a fall in stock market prices on our brokerage, asset and wealth management businesses;
- a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks;
- the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin; and
- our ability to develop and execute effective business plans and strategies.

Additional factors that may cause our actual results to differ materially from those described in our forward-looking statements can be found in our Form 10-K for the year ended December 31, 2019, as well as our other filings with the SEC, which are available on the SEC website at www.sec.gov.

All forward-looking statements included in this filing are made as of the date hereof and are based on information available at the time of the filing. Except as required by law, the Company does not assume any obligation to update any forward-looking statement.



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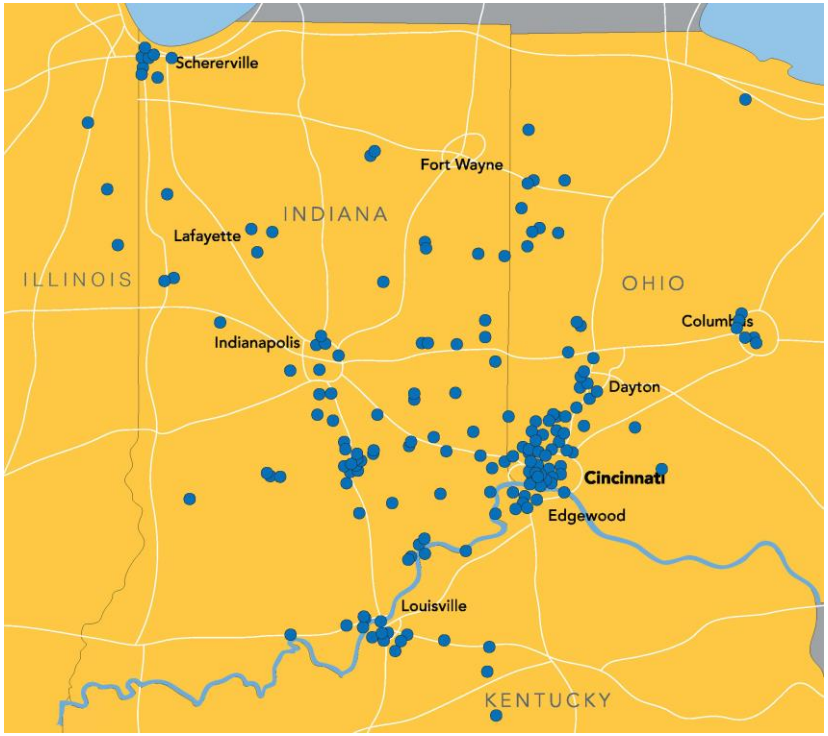
About First Financial Bancorp

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Our Franchise



$15.9B
in assets

$10.2B/$11.7B
loans / deposits

$4.3B
wealth management

1.73%
Adj. PTPP ROAA[(1)]

- NASDAQ: **FFBC**
- Headquarters: **Cincinnati, Ohio**
- Founded: **1863**
- Banking Centers: **141**
- Employees: **2,076**
- Market Cap (6/30/20): **$1.4B**
- Dividend Yield (6/30/20): **6.6%**
- TCE Ratio: **8.09%**





Lines of Business

Commercial
C&I, O-CRE, ABL, Equipment Finance, Treasury, Bannockburn Global Forex

Retail Banking
Consumer, Business Banking, Small Business

Mortgage Banking

Wealth Management / Private Banking

Investment Commercial Real Estate

Commercial Finance

[1] Non-GAAP financial measure which management believes facilitates a better understanding of the Company's financial condition. See Appendix for Non-GAAP reconciliation.

Key Investment Highlights

Proven & sustainable business model spanning 150+ years

- Well managed through past credit cycles
- Conservative operating philosophy
- Consistent profitability – **119 consecutive quarters**

Premier Midwest franchise with top quartile performance

High quality balance sheet & robust capital position (11.49% CET1 / 8.09% TCE)

Prudent risk management & credit culture with strong asset quality

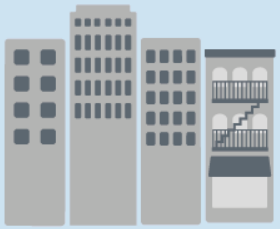
Increased scale to continue investments in technology

Track record of well-executed acquisitions with a well-defined M&A strategy

Experienced and proven management team

Complementary Market Centric Strategies

METRO MARKETS



Louisville, KY
Columbus, OH
Indianapolis, IN
Dayton, OH

Low brand awareness
Low market share

Loans $3.1B / Deposits $2.0B

- Build relationships through becoming the Premier Business Bank
- Bank the business, the business owners and the employees
- Leads to targeted growth across all business lines

COMMUNITY MARKETS



Southern IN
South Central IN
Northwest IN
Northern OH

High brand awareness
High market share

Loans $1.8B / Deposits $4.7B

- Deepen relationships
- Expand product offering
- Word-of-mouth referrals
- Leads to organic growth

HEADQUARTERS



Greater Cincinnati
Northern KY

4th in market share
All business lines represented

Loans $2.9B / Deposits $3.8B

- Significant branch network
- Alternative to larger banks
- Mass player, based on brand, reputation and legacy
- Visible presence
- Large associate population

NATIONAL



Industry Specific

Niche offering

Loans $1.1B

- Oak Street Funding
- First Franchise Capital
- Bannockburn Global Forex

Note: Loan and deposit balances exclude special assets, loan marks, other out of market and corporately held balances.

Diversified Lines of Business

FIRST first financial bank

Go-to-Market Strategies

COMMERCIAL BANKING

Vision
To be known and operate as the Premier Business Bank and to provide banking solutions to the business, to the owner(s) and to their employees.

Target Audience
- High Demander
- $10MM-100MM Sales Revenue
- 50+ Employees

Current Portfolio
Approx 3,500 Relationships
$2.4B Commitments
$1.7B Balances
$1.6B Business Deposits
$1.4B Pub Fund Deposits

Value Proposition
We offer the products of our large regional competitors and, through personal relationship building, we become their trusted financial partner.

Business Line Goals
- Loan Growth
- Deposit Growth
- Fee Revenue
- Added new Forex product line through Bannockburn acquisition

RETAIL BANKING

Vision
Achieve organic growth by creating long-lasting relationships by finding ways to help our clients succeed.

Target Audience
- Consumers
- Small Business
- Business Banking

Goals
- Core Deposit Growth
- Client Retention
- Share of Wallet
- Business Banking

Value Proposition
Centers on our ability to remain relevant and offer the products and services that our larger competitors do, but with a level of client intimacy that is difficult for larger competitors to sustain. Our clients look to us as their partner, and we will seek to provide them every product and service that they need—but nothing that they don't.

Current Portfolio

	Consumer	Business	Pub Funds
Number of Clients	317,025	32,800	
Total Deposit Balance	$5.4B	$1.6B	$188MM
Total Loan Balance	$861MM	$1.0B	

MORTGAGE

Vision
To be known as a premier mortgage lender in our communities by leveraging our relationships, exceptional client service and a comprehensive selection of product options to assist our clients in obtaining their dream of homeownership.

Target Audience
Clients looking to purchase or refinance a home less than $2.5MM

Current State
- Qtr Orig Volume $364MM
- Avg loan size $220K

Business Objectives
- Grow the business
- Focus on CRA
- Regulatory Compliance
- Customer Satisfaction

Value Proposition
A team of mortgage experts that deliver a fast, consistent experience for our clients by offering a suite of products to meet the needs of all client segments.

WEALTH MANAGEMENT

Vision
Utilize a holistic wealth management approach to grow, preserve and protect client wealth.

Target Audience
Mass Affluent: $150-$499K HH income, $250K-$1MM in AUM
High Net Worth: $500K+ HH Income, $1MM-$10MM in AUM
Plan Sponsors: $1-$20MM Plan Size, 100+ Participants

Value Proposition
- Convenient and efficient venue to comprehensively address all financial/banking needs
- Investment Management Process
- Expertise - Trust, Estate, Financial Planning, RPS
- Best in Class Brokerage Platform

Current Portfolio

	Relationships	Assets
Trust & Investments	2,469	$2.5B
Brokerage	7,846	$1.5B
RPS	86	$249MM

Business Line Goals
- AUM Growth
- New Client Acquisition
- Maintain Top Quartile Investment Outcomes

INVESTMENT COMMERCIAL REAL ESTATE

Vision
To be recognized by professional developers and investors as the market leader. Through constant monitoring and application of our strategy we will build a high performing portfolio with acceptable risk and excellent financial returns.

Current Portfolio

Central OH	$942MM
Southern OH	$1.3B
Indiana	$702MM
Healthcare	$254MM

Business Line Goals
- Loan Growth
- Swap Revenue
- Deposit Growth

Target Audience
Professional investors/developers with proven track-record to weather down-cycles

COMMERCIAL FINANCE

Vision
To be the market leader in client experience for commercial financing by delivering unique and diverse product offerings through cutting-edge technology and exceptional client service.

Target Audience
- Insurance Businesses (Retail, Wholesale, MGA, MGU, Risk Retention Groups, Carriers)
- Registered Investment Advisors
- Multi-Unit Restaurant Franchisees
- Certified Public Accountants
- Commercial Automotive Portfolios
- Third-Party Loan Servicing

Current Portfolio

FRA	$463MM
OSF	$626MM

Value Proposition
Fulfill the unique capital needs for our targeted cash flow-based industries while providing extraordinary service to our borrowers.

Business Line Goals
- Portfolio Growth
- Revenue Growth

Revenue Growth Strategies

LOB | Go-to-Market

Product & Pricing

- Regional pricing strategy
- Treasury Management product investments
- Investments in Product Management

Talent Expansion

- Up-Market Commercial talent acquisition
- Added Chief Digital Officer; building out team
- Added Enterprise Product Executive
- Added Client Experience Executive

Client Experience

- Improved Cash Management Platform
- Improved Online Banking Product
- Blend – Mortgage Origination
- nCino – Commercial loan origination and online account opening

Distribution

Defined Models

- Community
- Metro
- Headquarters
- National
- Digital

Capacity Plans

- Increased physical distribution network
- Closed 52 locations since merger including 4 in 1Q of 2020
- Aligned sales teams to distribution models

Expanded Capabilities

- Acquired Bannockburn enabling us to provide foreign exchange services
- Rollout of “in-house” derivatives desk capabilities
- Exploit untapped Wealth Management opportunities for expanded client base

Technology

Enterprise Data Management

- Investment in data warehouse
- Enabling data as a strategic asset
- Connection into CRM platform

Enterprise CRM

- Company-wide implementation of SFDC
- Marketing automation and sales enablement program development
- Sales Management
- Operational Integration

Digital Transformation

- Roadmap Creation
- Increased Resource Allocation
- Enhanced Client Experience

Talent

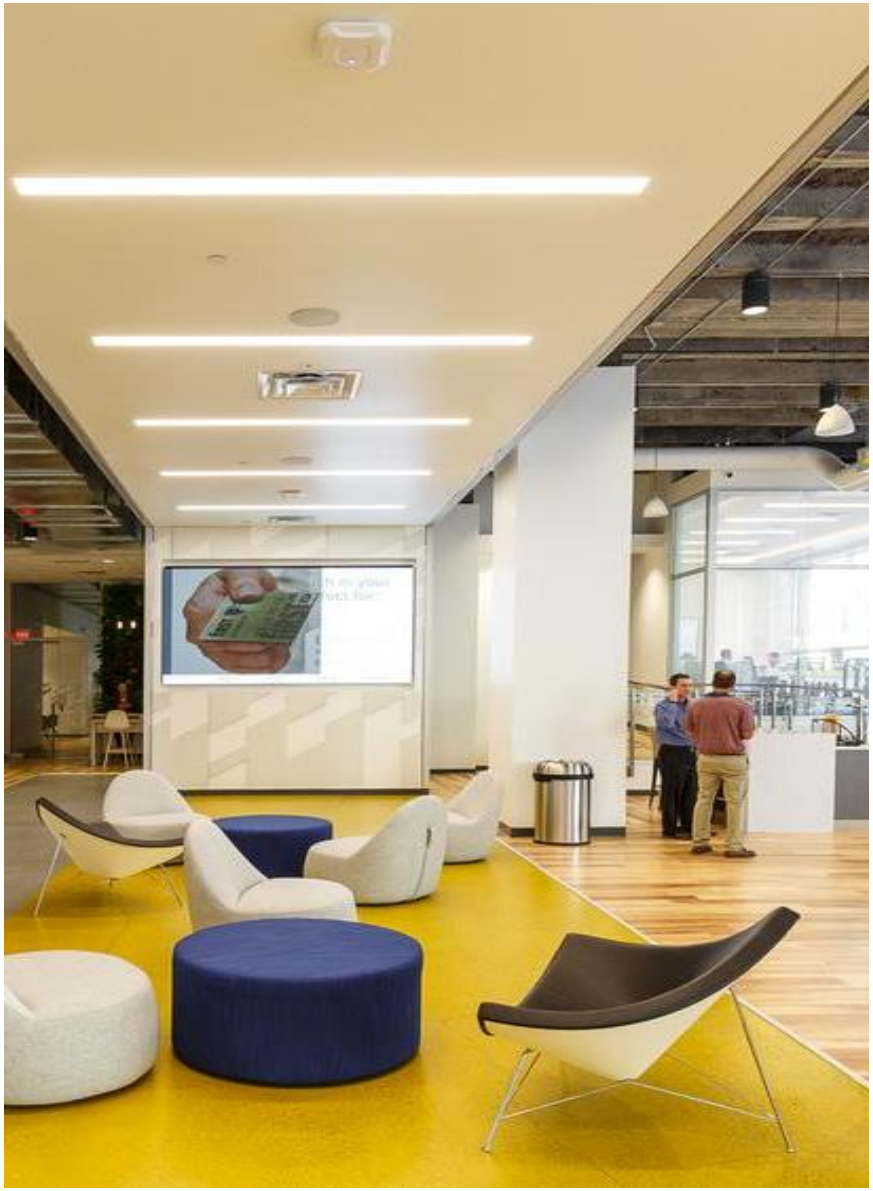
Staffing Model

- Defined new company FTE targets
- Larger salesforce intargeted Lines of Business

Culture

- Diversity and inclusion is a strategic priority
- Change Management through merger
- Refreshed Corporate Strategic Intent
- Attraction/recruitment engagement and retention programs

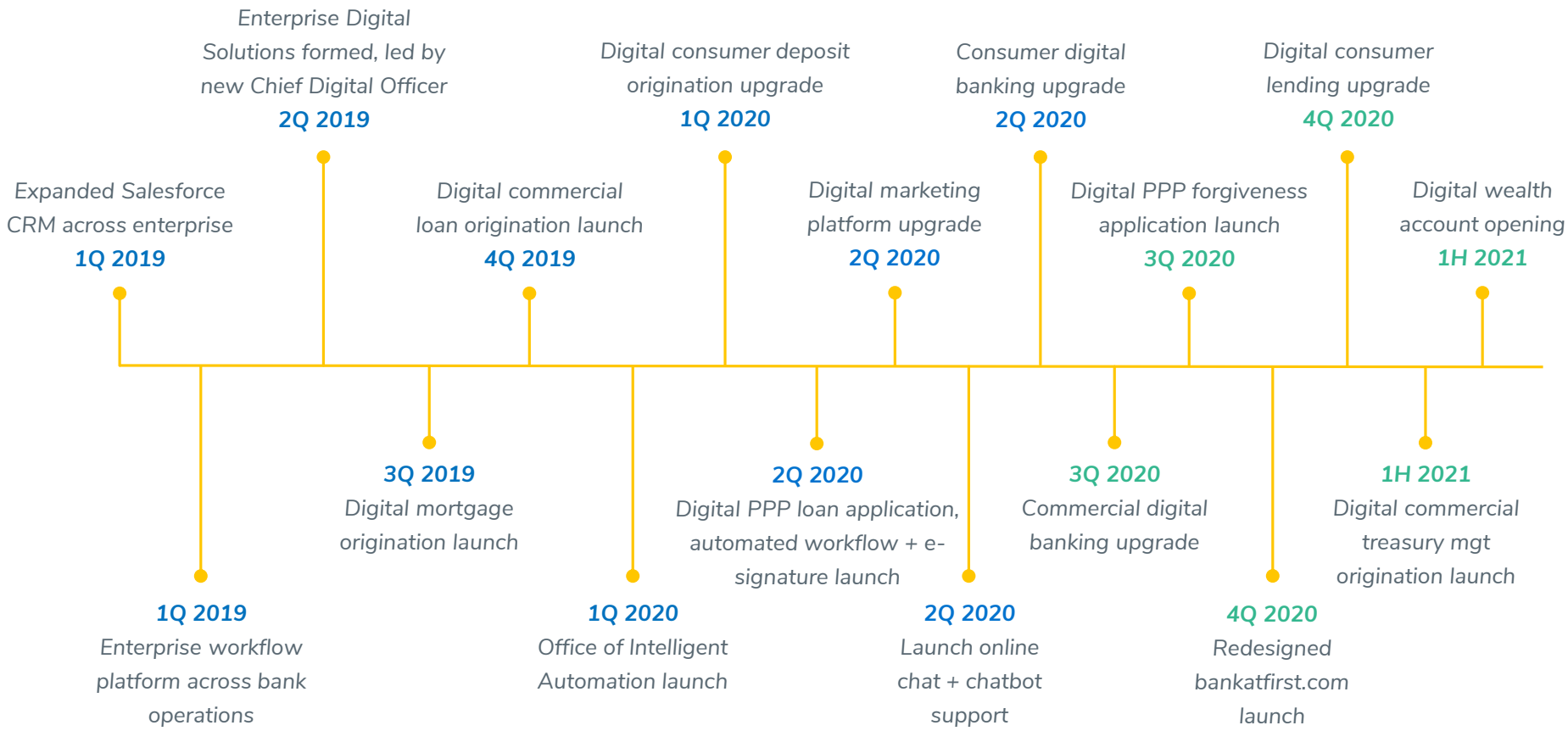
Digital + Technology Investments

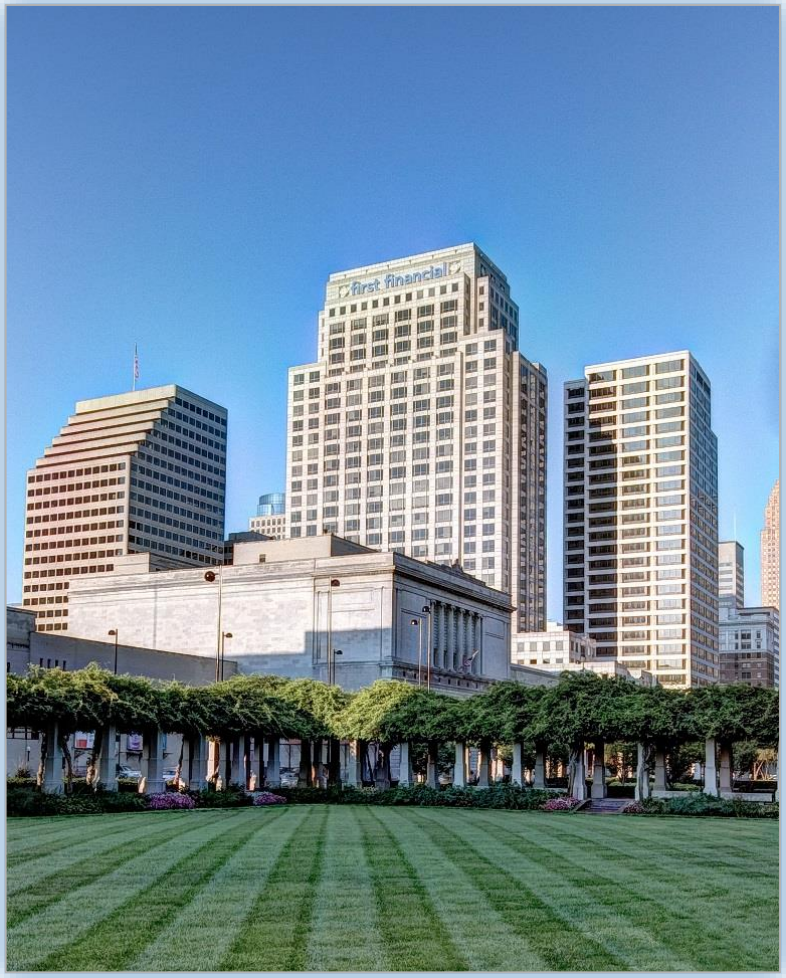


> Enabling a ***simple, consistent & seamless*** customer experience across ***digital & physical*** channels & making it ***easier for associates*** to provide best-in-class customer service.

Digital + Technology Investments

- 2020 expenses include $6 – 8 million of strategic technology investments
- Continued investment in foundational data enablement + automation capabilities





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Leading our Response

We were prepared to immediately implement our Pandemic Plan and adapt our business continuity planning to navigate the evolving circumstances of our associates, clients and communities.

Some of the ways we're addressing this include:

- Executive team fully engaged in crisis response
- Committed associates implementing daily modifications, in banking centers and back offices, to meet client needs
- Proactive outreach to clients
- Development and modification of existing bank products and services to assist those impacted
- Establishment of a remote workforce within 14 days, including work from home and alternative facilities to promote redundancy
- Continued preparation and planning to assist clients in the coming months as service demands increase
- Accelerating adoption of new processes and technologies to ease customer access to banking services

Relief Program Overview

Associates

- More than half of our associates are working from home.
- Up to four weeks of pandemic pay is available for associates who cannot work on-site or at home.
- Protocols have been implemented for cleaning and distancing at all worksites.
- Financial assistance, like payment deferrals, line of credit increases, and access to our experts is available to all.
- Mental wellbeing is being emphasized as we promote our employee assistance program.

Consumers

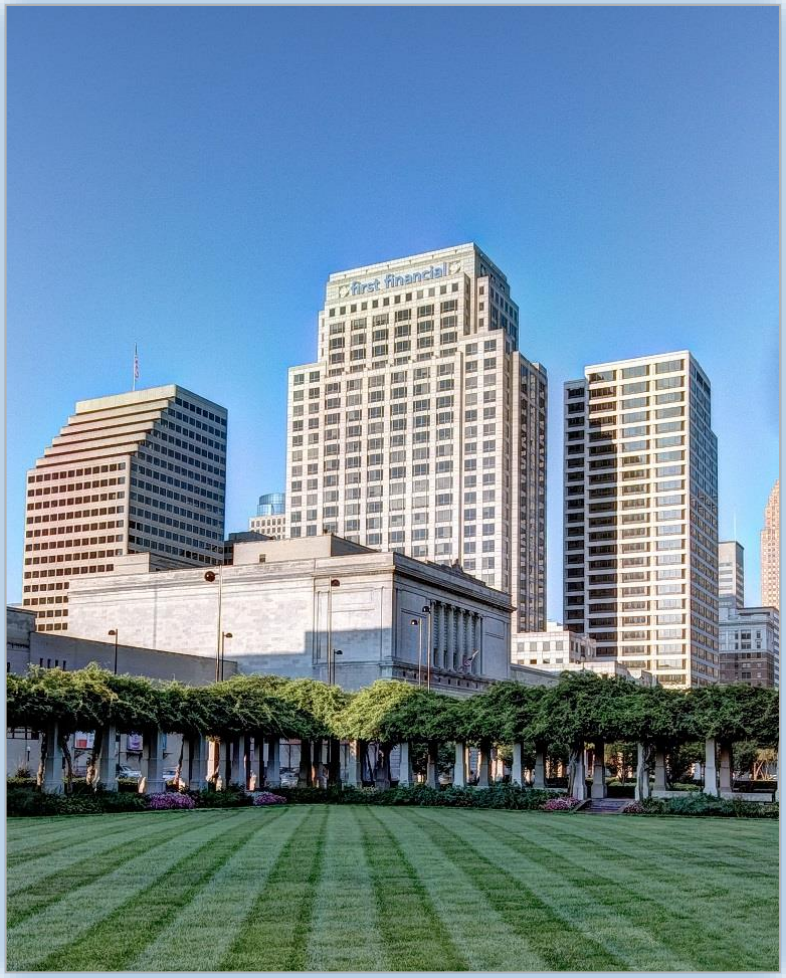
- Introductions of hardship relief programs like, payment deferrals, fee-waivers, and the suspension of new foreclosures.
- Modifications have been made to many products and service channels to make it easier and faster to make transactions, open accounts and conduct banking from home.
- Virtually all transactions can be handled via the drive-thru, including the ability to provide official checks, money orders, and replacement debit cards.
- A hardship phone line and online form make it easy for clients to reach out and request help.
- As of June 30, we have successfully modified over $126 million in consumer loans, including almost $103 million of residential mortgages.

Businesses

- Prudently working with clients to provide access to capital, defer payments when appropriate, and provide support during this difficult time.
- Our experienced team is helping clients leverage relief programs such as the SBA Disaster Loan program, the CARES Act Paycheck Protection Program, and the Main Street Lending Program.
- As of June 30, we have received over 8,000 loan requests totaling $1.2 billion, securing PPP SBA approval for approximately 6,800 loans totaling $913 million.
- As of June 30, we have modified over $2.0 billion in loan balances.

Communities

- Many organizations in our communities are mobilizing to help provide assistance to those impacted economically by Coronavirus.
- First Financial has helped to lead those efforts by contributing $1 million to help fund COVID-19 relief efforts throughout our footprint in the first quarter of 2020.



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2Q 2020 Results

119th Consecutive Quarter of Profitability

Profitability

- Net income = $37.4 million or $0.38 per diluted share. Adjusted[1] net income = $39.0 million or $0.40 per diluted share[2]
- Return on average assets = 0.96%. Adjusted[1] return on average assets = 1.00%
- Return on average shareholders' equity = 6.88%. Adjusted[1] return on average shareholders' equity = 7.18%
- Return on average tangible common equity = 12.90%[1]. Adjusted[1] return on average tangible common equity = 13.47%

Income Statement

- Net interest income = $111.6 million
- Net interest margin of 3.38% on a GAAP basis; 3.44% on a fully tax equivalent basis[1]
- Noninterest income = $42.7 million
- Noninterest expense = $88.7 million; $86.5 million[1] as adjusted
- Efficiency ratio = 57.48%. Adjusted[1] efficiency ratio = 56.10%
- Effective tax rate of 17.6%. Adjusted[1] effective tax rate of 17.8%

Balance Sheet

- EOP assets increased $813.3 million compared to the linked quarter to $15.9 billion
- EOP loans increased $873.9 million compared to the linked quarter to $10.2 billion
- Average deposits increased $1.5 billion compared to the linked quarter to $11.7 billion
- EOP investment securities decreased $31.9 million compared to the linked quarter

Asset Quality

- Provision expense = $20.2 million. Net charge-offs = $3.1 million. NCOs / Avg. Loans = 0.12% annualized
- Nonperforming Loans / Total Loans = 0.75%. Nonperforming Assets / Total Assets = 0.49%
- ACL / Nonaccrual Loans = 233.74%. Classified Assets / Total Assets = 0.79%
- ACL / Total loans = 1.56%; 1.71% of loans excluding PPP

Capital

- Total capital ratio = 15.19%
- Tier 1 common equity ratio = 11.49%
- Tangible common equity ratio = 8.09%; 8.62% excluding PPP loans
- Tangible book value per share = $12.26

[1] Non-GAAP financial measure which management believes facilitates a better understanding of the Company's financial condition. See Appendix for Non-GAAP reconciliation.
[2] See Slide 43 for Adjusted Earnings detail.

2Q 2020 Highlights

- Quarterly earnings impacted by elevated provision expense
  - Adjusted[1] earnings per share - $0.40
  - Adjusted[1] return on assets – 1.00%
  - Adjusted[1] pre-tax, pre-provision return on assets – 1.73%
  - Adjusted[1] return on average tangible common equity – 13.47%
- Strong loan and deposit growth
  - Loan balances increased $873.9 million compared to the linked quarter; 37.8% on an annualized basis; included $885.3 million of PPP loans, net of unearned fees
  - End of period deposit balances grew $1.1 billion compared to linked quarter; 40.3% on an annualized basis
- Net interest margin (FTE) stronger than expected given decline in interest rates
  - 33 bp decline driven by the previous Fed rate cuts and the normalization of LIBOR, partially offset by disciplined funding management
- Strong fee income
  - Mortgage banking revenue increased $13.8 million, or 488.6%
  - Foreign exchange income of $6.6 million despite COVID-19 headwinds
  - Continued strong client derivative fee income
  - Service charges declined $2.4 million, or 28.9%
- Core expenses in line with initial expectations
  - Adjusted[1] noninterest expense of $86.5 million; adjusted for $0.7 million of COVID-19 related expenses and approximately $1.5 million of other non-recurring costs such as branch consolidation costs
  - $0.8 million of incremental expenses related to PPP
- Elevated Allowance for credit loss (ACL) and provision expense reflects COVID-19 impact on expected lifetime losses
  - Adopted CECL as of January 1
  - Loans and leases - ACL of $158.7 million or 1.56% of total loans; $17.9 provision expense
  - Unfunded Commitments - ACL of $16.7 million; $2.4 million provision expense
  - Substantially all of second quarter provision expense related to expected economic impact from COVID-19
- Strong Capital ratios and Liquidity
  - Issued $150 million of sub-debt
  - Total capital of 15.19%; Tier 1 common equity of 11.49%; Tangible common equity of 8.09%
  - Tangible book value increased to $12.26
  - No shares repurchased during the quarter; suspended share buybacks on March 13th
  - Ample liquidity, with $6.1 billion of funding capacity

[1] Non-GAAP financial measure which management believes facilitates a better understanding of the Company's financial condition. See Appendix for Non-GAAP reconciliations.

Adjusted[1] Net Income

The table below lists certain adjustments that the Company believes are significant to understanding its quarterly performance.

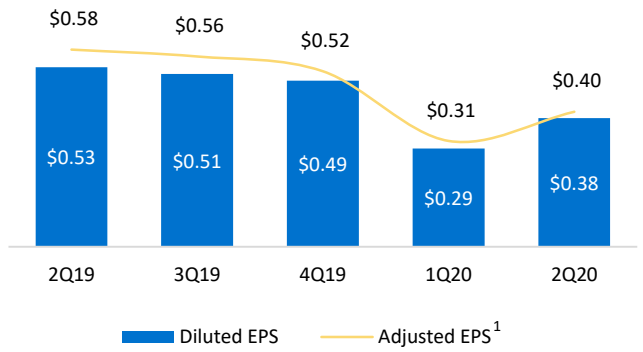
	2Q 2020			1Q 2020		
	As Reported	Adjusted		As Reported	Adjusted	
Net interest income	$ 111,576	$ 111,576		$ 114,282	$ 114,282	
Provision for credit losses-loans and leases	$ 17,859	$ 17,859		$ 23,880	$ 23,880	
Provision for credit losses-unfunded commitments	$ 2,370	$ 2,370		$ 1,568	$ 1,568	
Noninterest income	$ 42,725	$ 42,725		$ 35,384	$ 35,384	
less: gains (losses) on investment securities	-	128	A	-	(157)	A
Total noninterest income	$ 42,725	$ 42,597		$ 35,384	$ 35,541	
Noninterest expense	$ 88,689	$ 88,689		$ 89,666	$ 89,666	
less: severance and merger-related expenses	-	35	A	-	329	A
less: COVID-19 donations and costs	-	660	A	-	1,011	A
less: other	-	1,507	A	-	1,139	A
Total noninterest expense	$ 88,689	$ 86,487		$ 89,666	$ 87,187	
Income before income taxes	$ 45,383	$ 47,457		$ 34,552	$ 37,188	
Income tax expense	$ 7,990	$ 7,990		$ 5,924	$ 5,924	
plus: tax effect of adjustments						
(A) @ 21% statutory rate	-	436		-	554	
Total income tax expense	$ 7,990	$ 8,426		$ 5,924	$ 6,478	
Net income	$ 37,393	$ 39,031		$ 28,628	$ 30,710	
Net earnings per share - diluted	$ 0.38	$ 0.40		$ 0.29	$ 0.31	
Pre-tax, pre-provision return on average assets	1.68%	1.73%		1.66%	1.73%	

[1] Non-GAAP financial measure which management believes facilitates a better understanding of the Company's financial condition. See Appendix for Non-GAAP reconciliations.

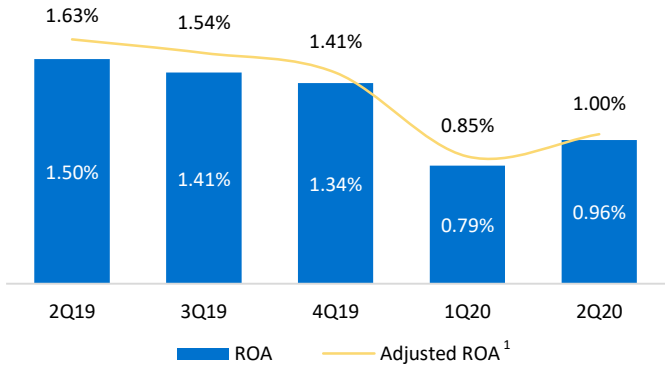
All dollars shown in thousands, except per share amounts

Profitability

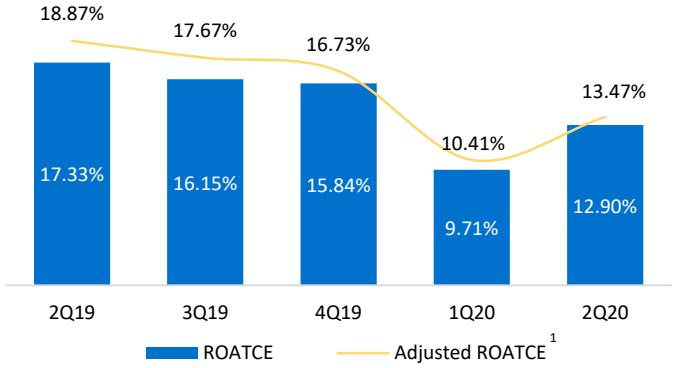
Diluted EPS



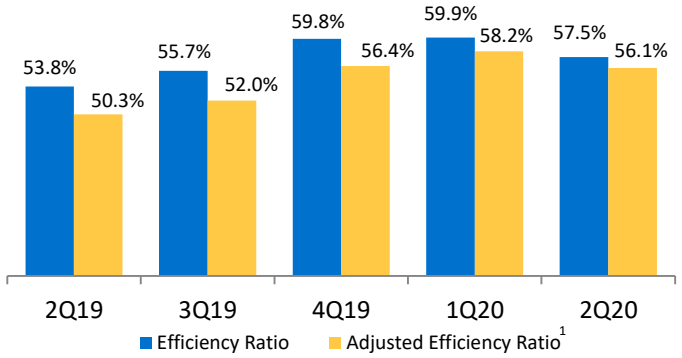
Return on Average Assets



Return on Avg Tangible Common Equity



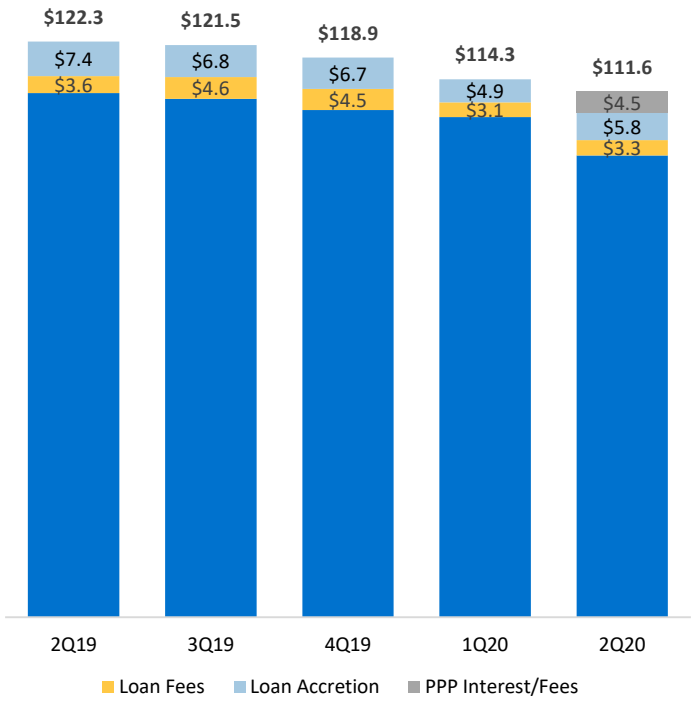
Efficiency Ratio



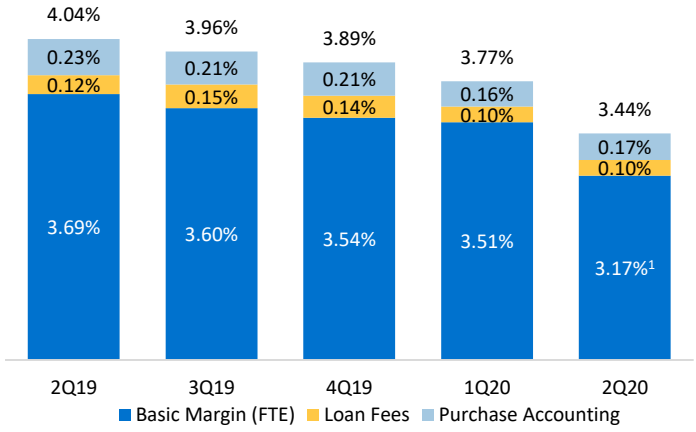
[1] Non-GAAP financial measure which management believes facilitates a better understanding of the Company's financial condition. See Appendix for Non-GAAP reconciliation.

Net Interest Income & Margin

Net Interest Income



Net Interest Margin (FTE)



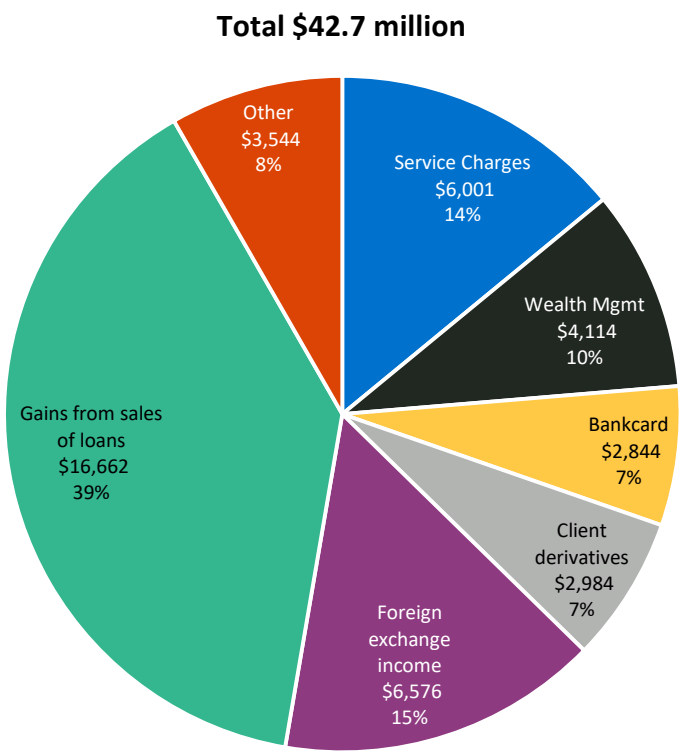
2Q20 NIM (FTE) Progression

1Q20	**3.77%**
Asset yield / mix	-0.57%
Funding cost / mix	0.26%
PPP Loan/Funding	-0.03%
Purchase accounting and other	0.01%
2Q20	**3.44%**

[1] includes 3 bps dilution from PPP
All dollars shown in millions

Diverse and Growing Fee Revenues

Noninterest Income



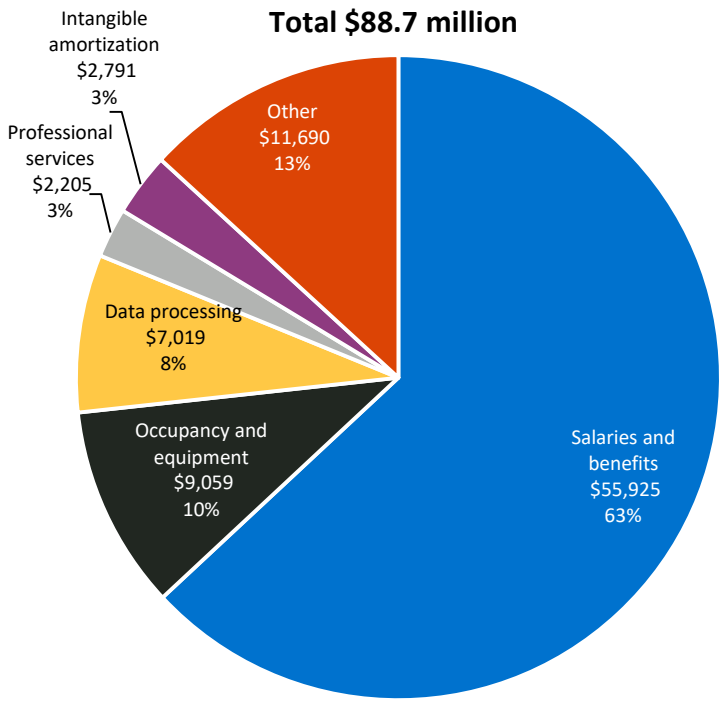
2Q20 Highlights

- $16.7 million of gains from sales of loans; a $13.8 million, or 488.6% increase from 1Q20
- $6.6 million of foreign exchange income despite COVID-19 headwinds
- Continued momentum with $3.0 million of client derivative fees
- Trust and wealth management fees of $4.1 million
- Service charges declined $2.4 million, or 28.9% to $6.0 million due to impact of COVID

All dollars shown in thousands

Well Managed Expenses

Noninterest Expense



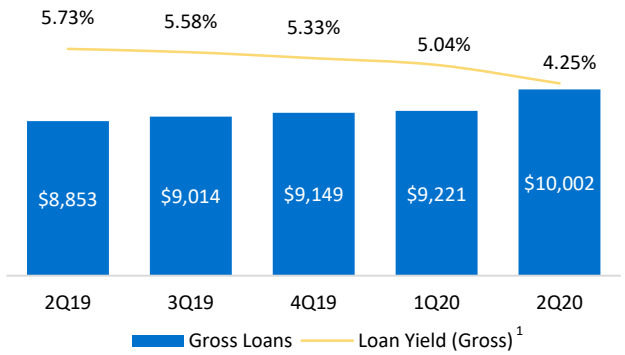
2Q20 Highlights

- Includes $0.7 million of COVID-19 related expenses
- $1.5 million related to other non-recurring expenses such as merger related and branch consolidation costs
- $0.8 million of incremental expenses related to PPP

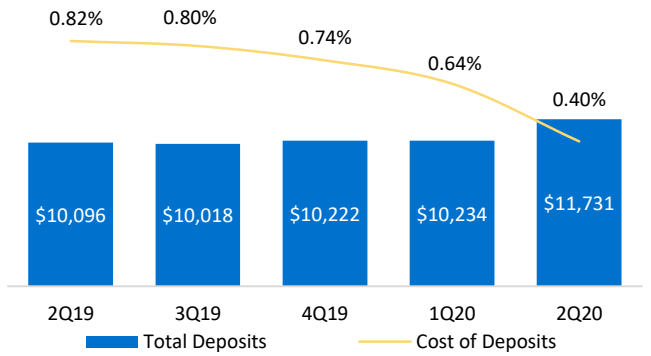
All dollars shown in thousands

Average Balance Sheet

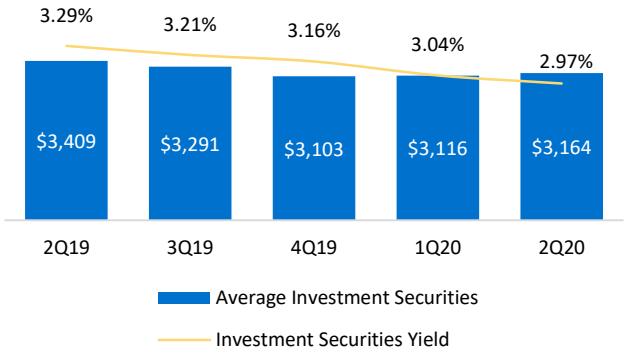
Average Loans



Average Deposits



Average Securities

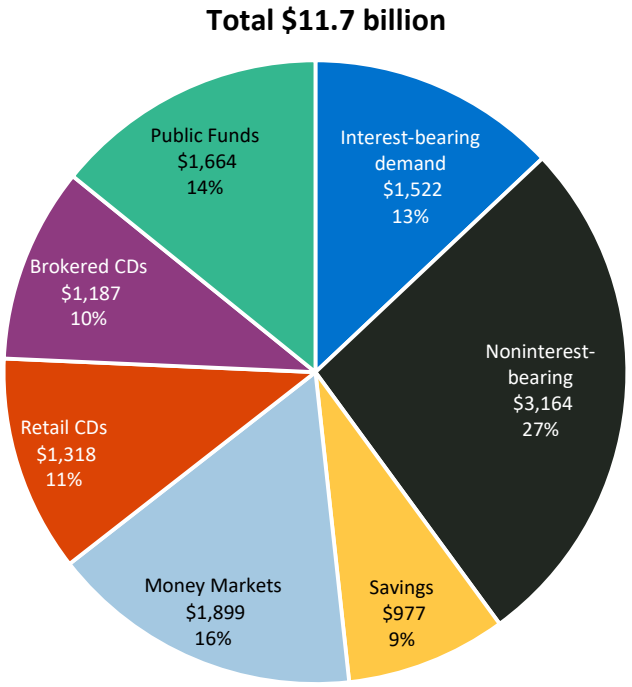


All dollars shown in millions

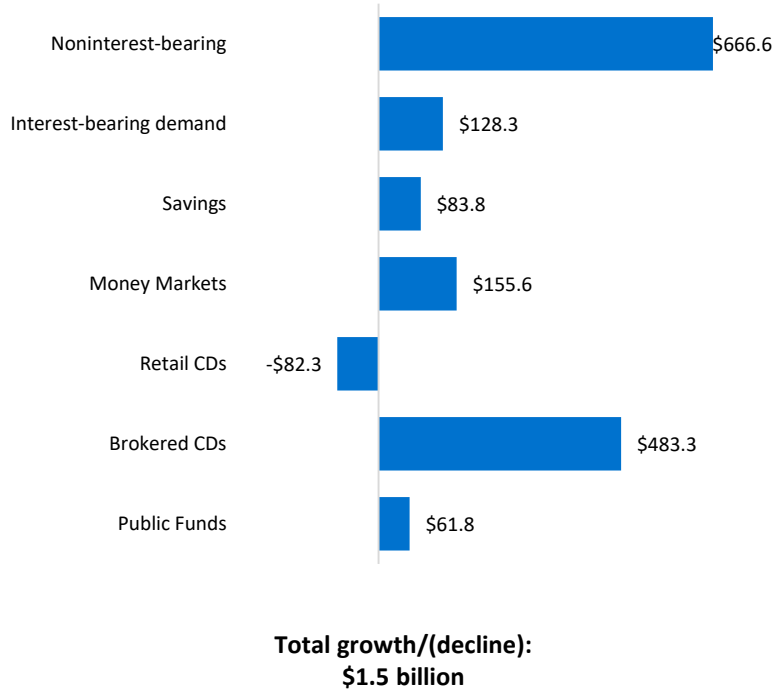
[1] Includes loans fees and purchase accounting accretion

Attractive Deposit Portfolio

Deposit Product Mix (Avg)



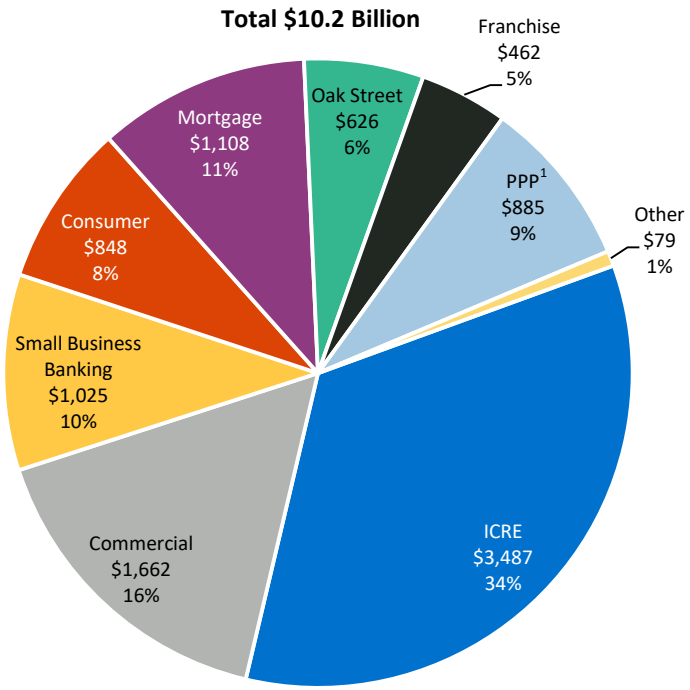
2Q20 Average Deposit Progression



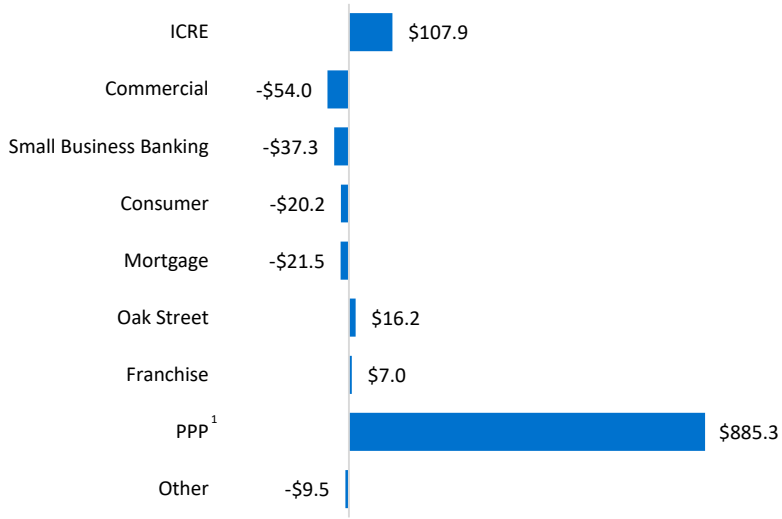
All dollars shown in millions

Loan Portfolio

Loan LOB Mix (EOP)



Net Loan Change-LOB (Linked Quarter)



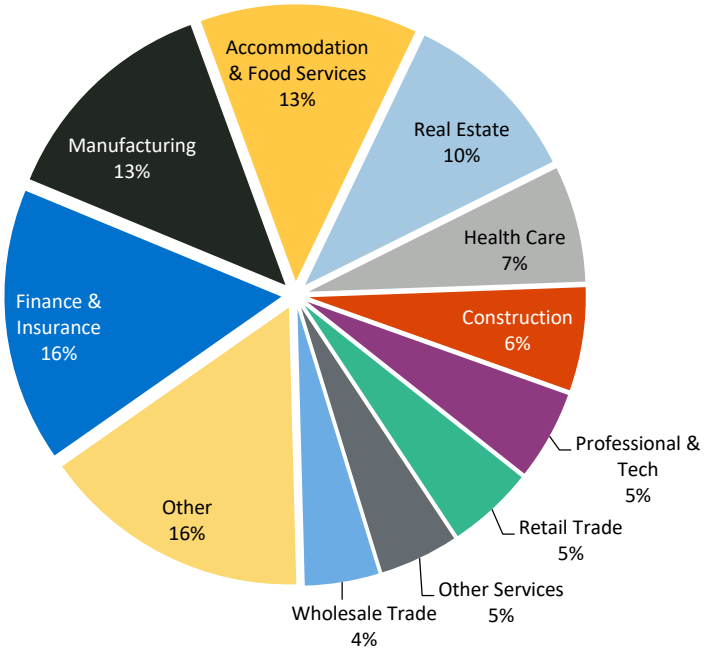
Total growth/(decline):
$873.9 million

[1] Net of unearned fees of $27.6 million
All dollars shown in millions

Loan Concentrations

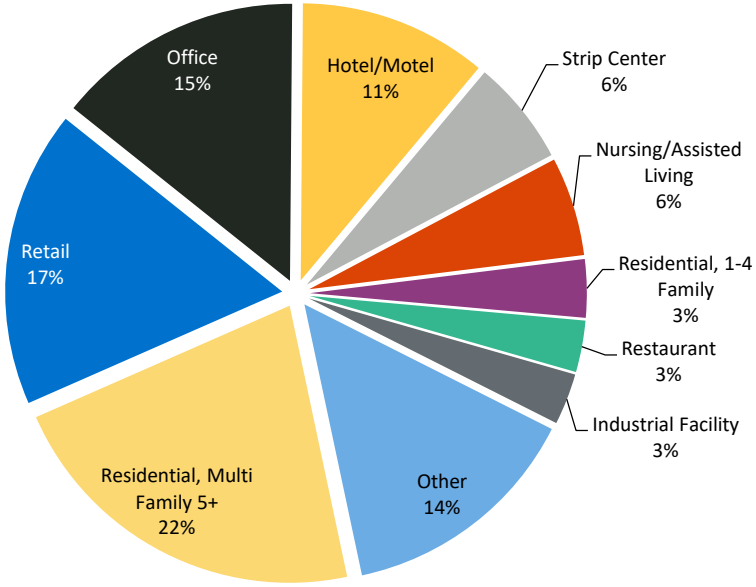
C&I Loans by Industry [1]

C&I Loans: $4.4B



CRE Loans by Collateral [2]

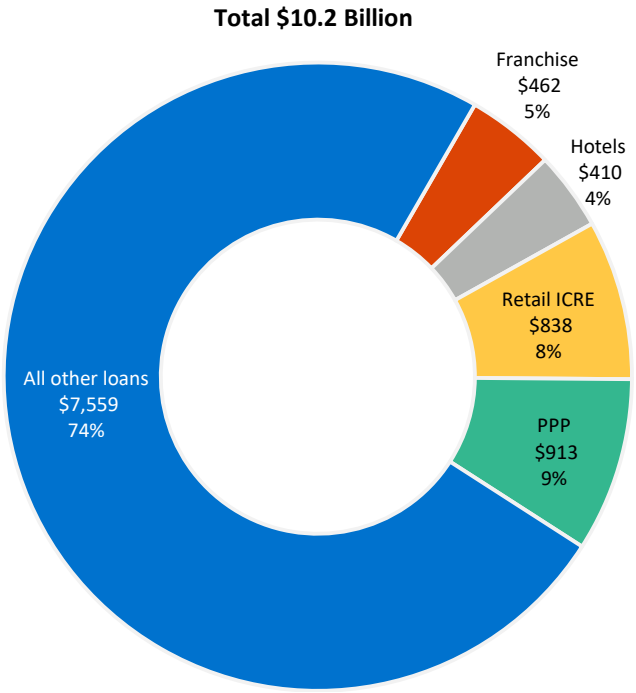
CRE Loans: $3.8B



[1] Industry types included in Other representing greater than 1% of total C&I loans include Agriculture, Transportation & Warehousing, Public Administration, Waste Management, Arts & Recreation, and Educational Services. Includes owner-occupied CRE.
[2] Collateral types included in Other representing greater than 1% of total CRE loans include Warehouse, Medical Office, Student Housing, Real Estate IUB Other, and Vacant Land Not Held for Development.

Loan Portfolio - Areas of Focus

Loans (EOP)



Areas of Focus

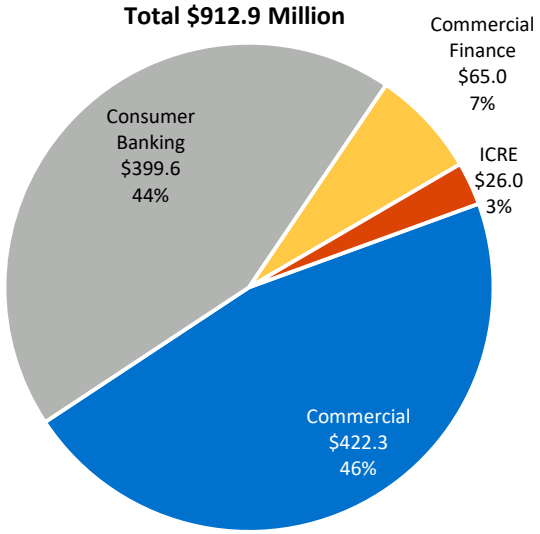
- Asset classes with areas of focus
  - PPP: $913 million in balances or 9% of total loans
  - Franchise: $462 million in balances, or 5% of total loans
  - Hotels: $410 million in balances, or 4% of total loans
  - Retail CRE: $838 million in balances, or 8% of total loans

All dollars shown in millions

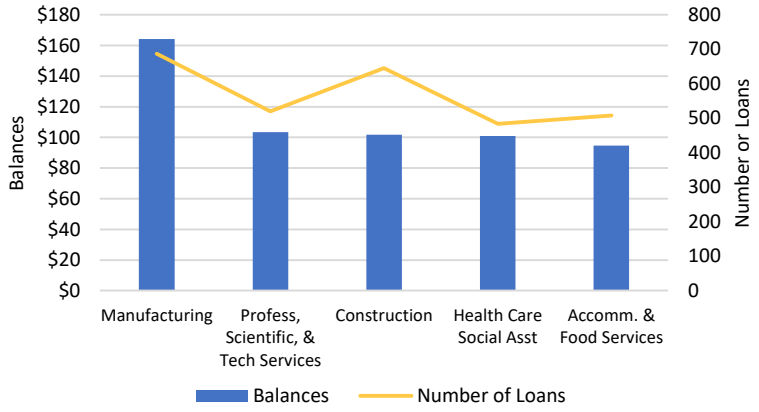
Area of Focus – Paycheck Protection Program

- $913MM, or 9% of the total portfolio; $27.6 million of unearned fees as of June 30
- Program remains open but demand is minimal
- Forgiveness process awaiting final guidance from the SBA
  - Internal processes ready
  - Expected to launch in the next 30 days
- Receiving some forgiveness inquiry, but to date, demand is low
  - Majority of customers retaining stimulus

PPP Portfolio by Division



PPP Portfolio Top 5 Industries

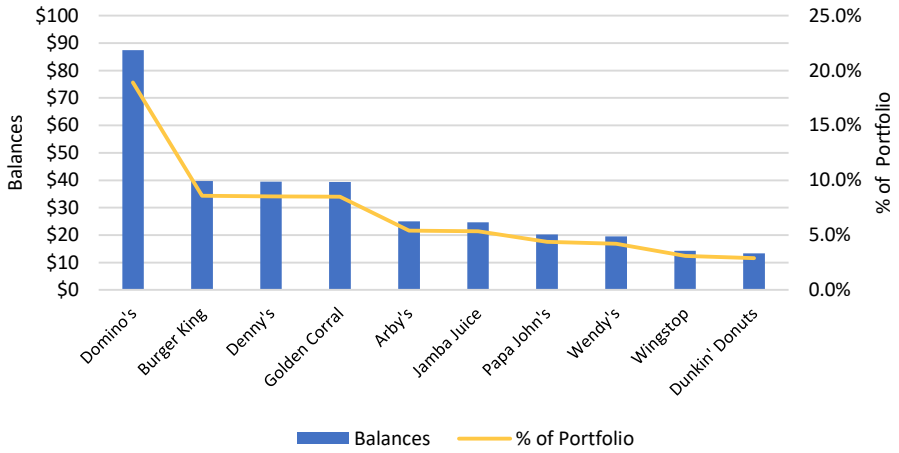


All dollars shown in millions

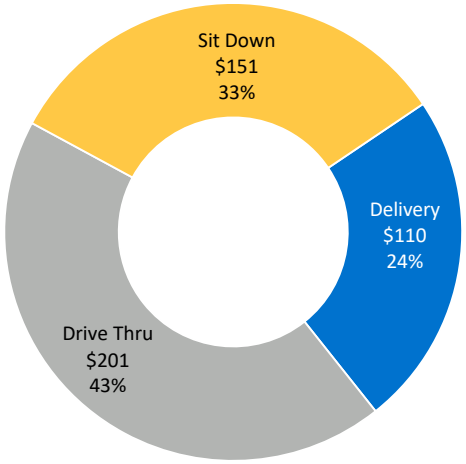
Area of Focus - Franchise Portfolio

- $462 million in balances or 5% of total loans
- 93% of portfolio was pass rated as of 6/30
- 9 of top 10 largest relationships include some real estate collateral
- $296 million, or 64%, secured an initial 90 day payment deferral; majority set to expire in late July, August
  - $157 million of deferred loans have returned to making full principal and interest payments
  - $84 million of deferred loans have requested and been granted a second deferral

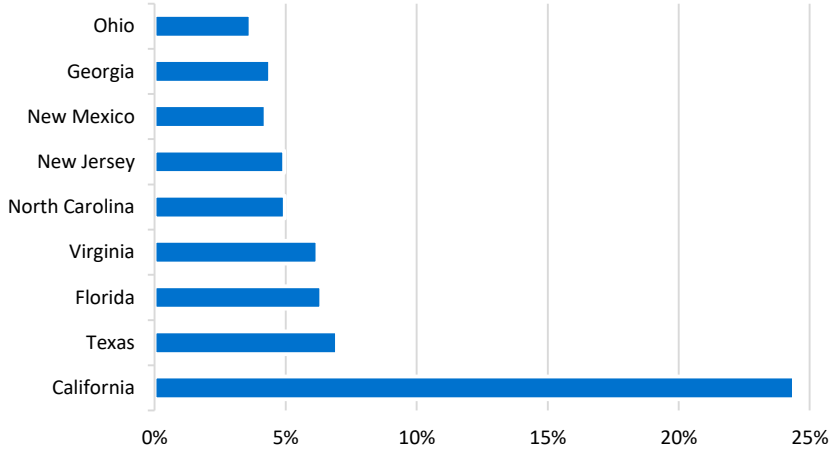
Top 10 Concepts



Restaurant Type



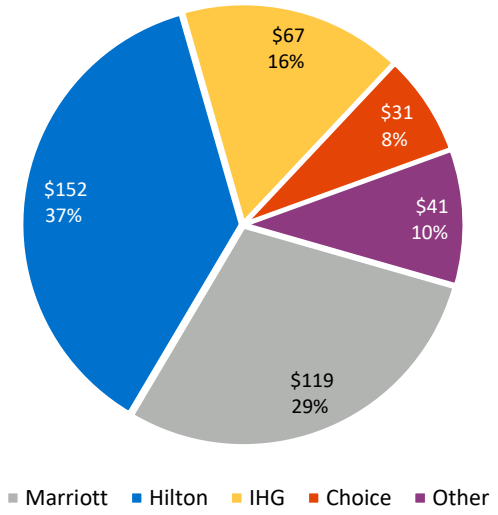
Geography

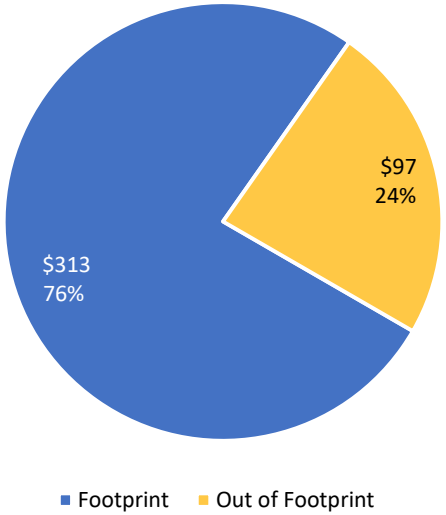


All dollars shown in millions

Area of Focus - Hotel Portfolio

- $410 million balance represents 4% of the total loan portfolio
- 76% of the hotel portfolio is located within the Bank's geographic footprint
- $370 million, or 90%, secured an initial 90 day payment deferral; given continued low occupancy rates, majority expected to request a second 90 day full P&I or interest-only deferral
- 2019 data (pre-COVID 19) indicates the hotel portfolio was strong with an average LTV of 63% and DSC of 1.58x.
- Majority concentrated in Midwest Metro markets reliant on business travel
- Overall we have little exposure to large convention center hotels or fly-to-leisure destinations.



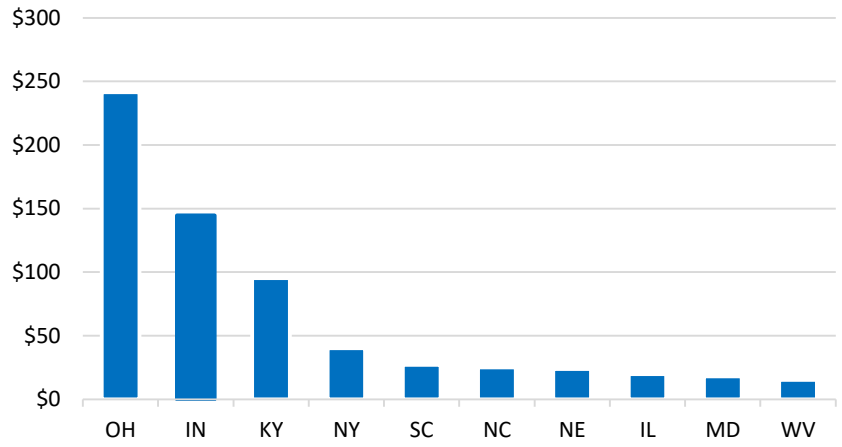


All dollars shown in millions

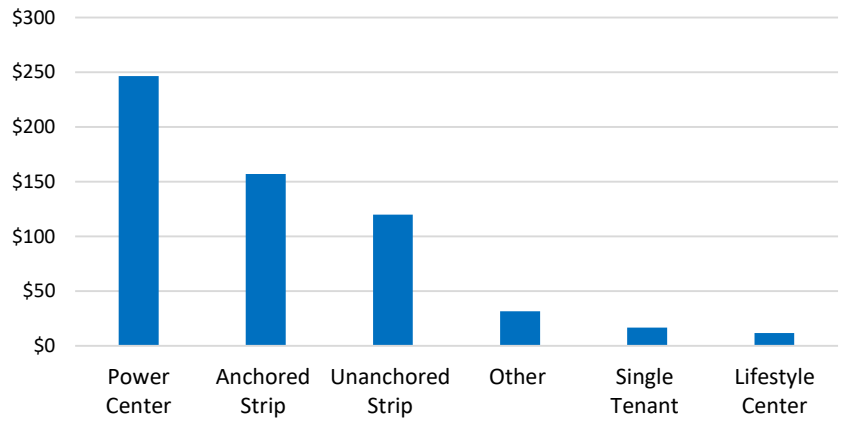
Area of Focus - ICRE Retail

- $838 million, or 8% of the total portfolio
- 60% of the portfolio is located within the Bank's geographic footprint
- Bank has focused on strong locations with adequately capitalized sponsors
- 2019 data (pre-COVID) indicates the portfolio has an average LTV of 67%
- $507 million, or 61%, secured an initial 90 day payment deferral

State



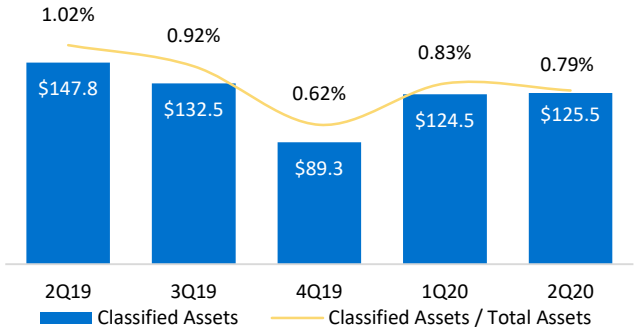
Retail Properties >$3 million



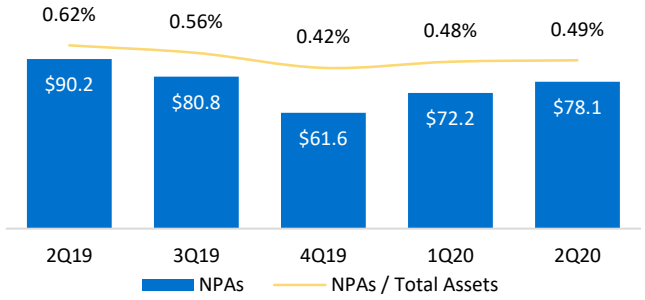
All dollars shown in millions

Asset Quality

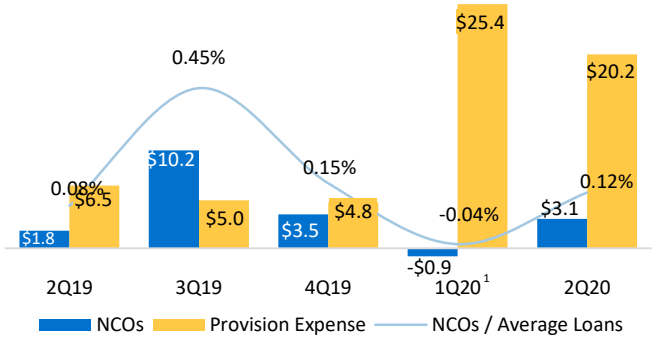
Classified Assets / Total Assets



Nonperforming Assets / Total Assets



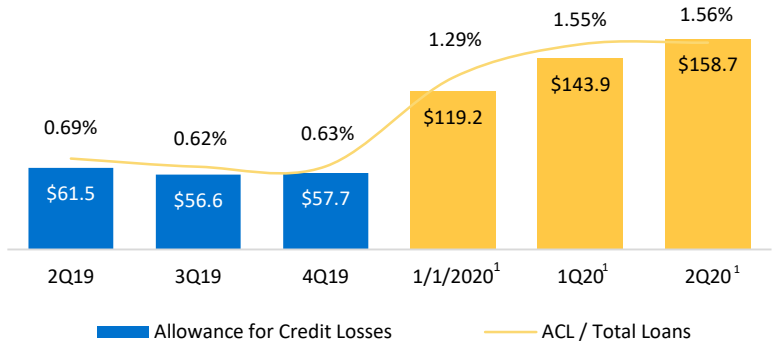
Net Charge Offs & Provision Expense



[1] Beginning January 1,2020, calculation is based on current expected loss methodology. Prior to January 1, 2020, calculation was based on the incurred loss methodology.
[2] Provision includes both loans & leases and unfunded commitments
All dollars shown in millions

Current Expected Credit Losses - Loans and Leases

ACL/Total Loans



2Q20 Highlights

- $158.7 million, or 1.56% of loan balances; 1.71% excluding PPP
- $17.9 million provision expense substantially driven by expected economic impact of COVID-19
- Utilizes final June Moody's baseline forecast in quantitative model
- $16.7 million ACL – unfunded commitments; $2.4 million provision expense

ACL by Loan Type

	12/31/2019	1/1/2020	3/31/2020	6/30/2020
Loans				
Commercial and industrial	$ 18,584	$ 28,485	$ 45,409	$ 50,421
Lease financing	971	1,089	1,494	1,431
Real estate -construction	2,381	13,960	13,511	15,357
Real estate - commercial	23,579	47,697	53,155	62,340
Real estate - residential	5,299	10,789	11,284	10,581
Home equity	4,787	13,217	14,827	14,236
Installment	392	1,193	1,238	1,226
Credit card	1,657	2,726	2,967	3,069
ACL-loan and lease losses [1]	$ 57,650	$ 119,155	$ 143,885	$ 158,661
ACL-unfunded commitments [1]	$ 585	$ 12,740	$ 14,308	$ 16,678

Adoption Impact

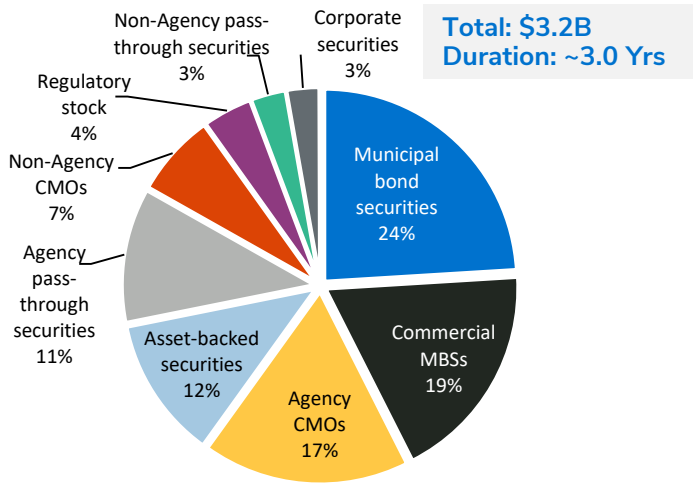
- $119.2 million, an increase of $61.5 million from 12/31/19
- Day 1 increase driven by acquired loans and life of loan expectations compared to the incurred loss model

[1] Beginning January 1, 2020, calculation is based on current expected credit loss methodology. Prior to January 1, 2020, calculation was based on the incurred loss methodology.

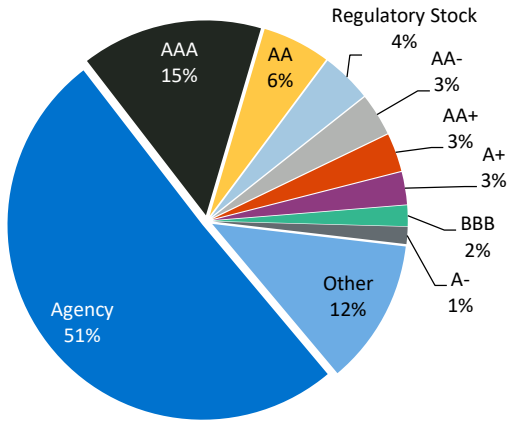
All dollars shown in thousands

Investment Portfolio and Liquidity

Investment Portfolio Composition



Investment Portfolio Quality



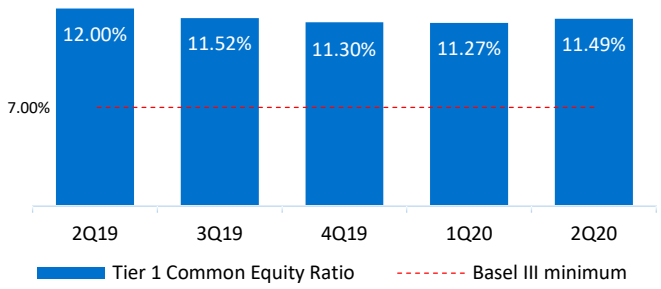
Liquidity Sources

- In addition to deposits, First Financial has approximately $6.1 billion of readily available funding sources to meet customer needs through the following sources:
  - Fed funds
  - FHLB funding
  - Brokered CDs
  - Highly liquid securities
  - Fed discount window

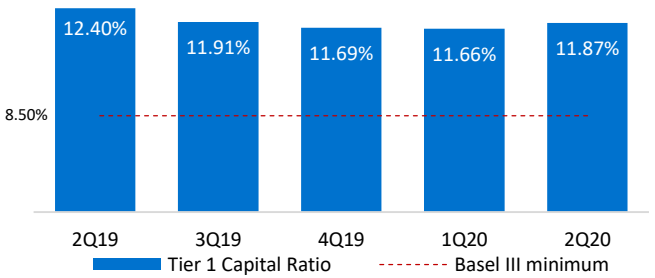
- First Financial has the following sources of liquidity at the holding company:
  - $228.2 million in cash as of June 30, 2020
  - $98.2 million dividend capacity from First Financial Bank without prior regulatory approval
  - $30.0 million line of credit ($0 drawn at June 30, 2020)

Solid Capital Base

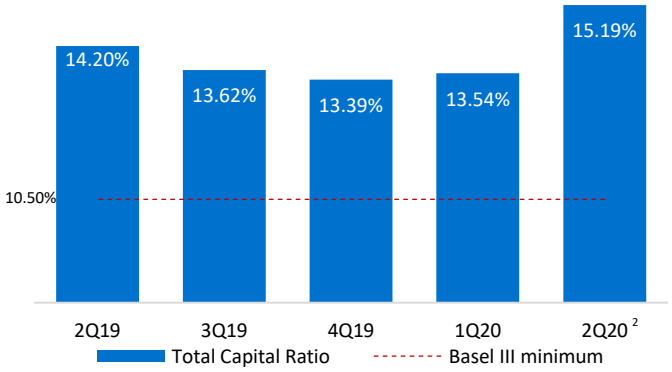
Tier 1 Common Equity Ratio



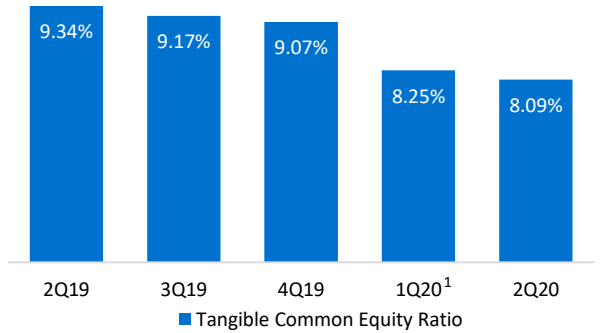
Tier 1 Capital Ratio



Total Capital Ratio



Tangible Common Equity Ratio



6/30 Risk Weighted Assets = $11,034,570

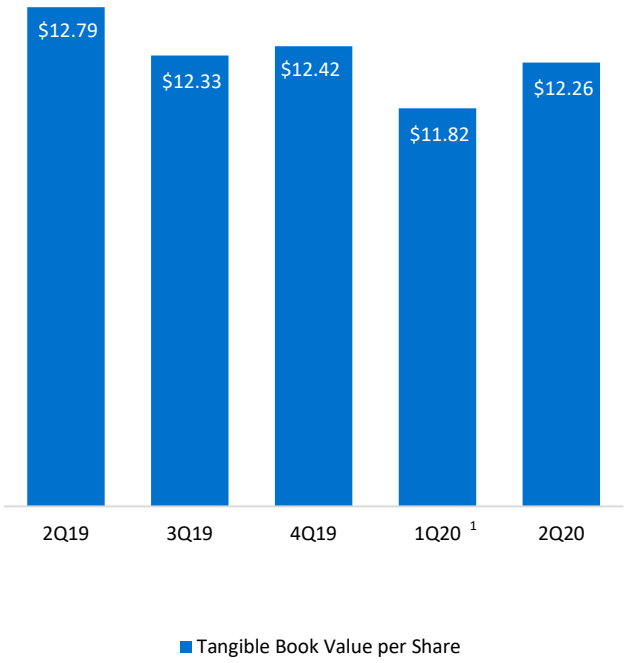
[1] Decline related to adoption of CECL during the quarter

[2] Increased 134 basis points due to sub-debt issuance in beginning of second quarter

All capital numbers are considered preliminary.

Capital Strategy

Tangible Book Value Per Share



[1] Decline related to adoption of CECL during the quarter

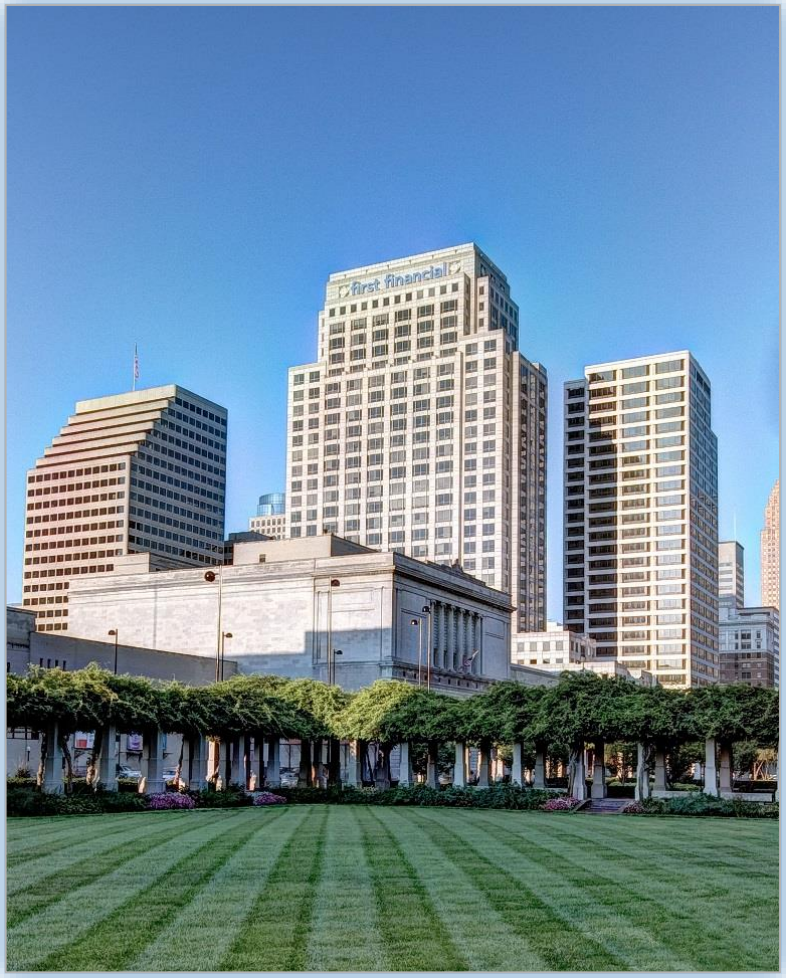
Strategy & Deployment

- 6.6% annualized dividend yield
- July 2020 stress testing indicates capital ratios above regulatory minimums in all modeled scenarios
- Targeted dividend payout ratio remains 40 - 45% over the long term, but is subject to change based on economic conditions and the Company's financial performance
- No shares repurchased in second quarter; suspended share buybacks on March 13th

Outlook Commentary[1]

Balance Sheet	• Loan growth expected to be in low single digits, excluding impact of PPP • Deposit balances expected to remain elevated in near-term; gradual decline with eventual spending of PPP/stimulus
Net Interest Margin	• Expected to be positively impacted by PPP forgiveness • Under slight pressure given low interest rate environment
Credit	• Elevated provision expense in near term • Higher credit losses anticipated in back half of the year
Noninterest income	• Elevated mortgage income expected in near-term, with normalized premiums and seasonal declines in volume later in the year • Slowly returning deposit overdraft, service charge and interchange revenues • Foreign exchange income expected to rebound in near-term
Noninterest Expense	• Will gradually increase as business activities normalize • Near-term pause in discretionary expenditures and significant investments except where critical
PPP	• Originated approximately $913 million of PPP loans with average fees of 3.3% • Forgiveness payoffs expected to start in 3Q and be concentrated in 4Q and early 2021.

[1] See Forward Looking Statement Disclosure on pages 2-3 of this presentation for a discussion of factors that could affect management's expectations and results in future periods.



Presentation Contents

About First Financial Bancorp

COVID-19 Related Information

Financial Performance

Appendix

Appendix: Our Markets

Greater Cincinnati

Loans	$2.9 billion
Deposits	$3.8 billion
Deposit Market Share	#4 (2.8%)
Banking Centers	50
Fortune 500 Companies	8

Central OH

Loans	$1.3 billion
Deposits	$0.5 billion
Deposit Market Share	#15 (0.8%)
Banking Centers	5
Fortune 500 Companies	5

Community Markets

Loans	$1.8 billion
Deposits	$4.7 billion
Banking Centers	65

Indianapolis

Loans	$1.2 billion
Deposits	$0.9 billion
Deposit Market Share	#14 (1.5%)
Banking Centers	10
Fortune 500 Companies	2

Louisville

Loans	$0.6 billion
Deposits	$0.6 billion
Deposit Market Share	#14 (1.6%)
Banking Centers	11
Fortune 500 Companies	3

Commercial Finance (National)

Loans	$1.1 billion
Deposits	$0.1 billion

All numbers as of 6/30/2020 except deposit market share which is as of 6/30/2019.
Loan and deposit balances exclude special assets, loan marks, other out of market and corporately held balances.

Appendix: Non-GAAP Measures

The Company's Investor Presentation contains certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States (GAAP). Such non-GAAP financial information should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. However, we believe that non-GAAP reporting provides meaningful information and therefore we use it to supplement our GAAP information. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments and to provide an additional measure of performance. We believe this information is helpful in understanding the results of operations separate and apart from items that may, or could, have a disproportional positive or negative impact in any given period. For a reconciliation of the differences between the non-GAAP financial measures and the most comparable GAAP measures, please refer to the following reconciliation tables.

Appendix: Non-GAAP to GAAP Reconciliation

Net interest income and net interest margin - fully tax equivalent

	Three months ended				
	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	June 30, 2019
Net interest income	$ 111,576	$ 114,282	$ 118,902	$ 121,535	$ 122,302
Tax equivalent adjustment	1,664	1,624	1,630	1,759	1,416
Net interest income - tax equivalent	$ 113,240	$ 115,906	$ 120,532	$ 123,294	$ 123,718
Average earning assets	$ 13,258,612	$ 12,375,698	$ 12,288,761	$ 12,343,327	$ 12,294,911
Net interest margin[1]	3.38 %	3.71 %	3.84 %	3.91 %	3.99 %
Net interest margin (fully tax equivalent)[1]	3.44 %	3.77 %	3.89 %	3.96 %	4.04 %

[1] Margins are calculated using net interest income annualized divided by average earning assets.

The tax equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets and assumes a 21% 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.

All dollars shown in thousands

Appendix: Non-GAAP to GAAP Reconciliation

Additional non-GAAP ratios

(Dollars in thousands, except per share data)	Three months ended June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	June 30, 2019
Net income (a)	$ 37,393	$ 28,628	$ 48,677	$ 50,856	$ 52,703
Average total shareholders' equity	2,185,865	2,209,733	2,245,107	2,210,327	2,146,997
Less:					
Goodwill	(937,771)	(937,771)	(937,710)	(899,888)	(879,726)
Other intangibles	(72,086)	(75,014)	(78,190)	(51,365)	(37,666)
MSR's	(10,254)	(10,608)	(10,367)	(10,118)	(9,906)
Average tangible equity (b)	1,165,754	1,186,340	1,218,840	1,248,956	1,219,699
Total shareholders' equity	2,221,019	2,179,383	2,247,705	2,261,313	2,188,189
Less:					
Goodwill	(937,771)	(937,771)	(937,771)	(937,689)	(879,727)
Other intangibles	(70,325)	(73,258)	(76,201)	(79,506)	(36,349)
MSR's	(11,250)	(10,278)	(10,650)	(10,293)	(10,086)
Ending tangible equity (c)	1,201,673	1,158,076	1,223,083	1,233,825	1,262,027
Total assets	15,870,890	15,057,567	14,511,625	14,480,445	14,437,663
Less:					
Goodwill	(937,771)	(937,771)	(937,771)	(937,689)	(879,727)
Other intangibles	(70,325)	(73,258)	(76,201)	(79,506)	(36,349)
MSR's	(11,250)	(10,278)	(10,650)	(10,293)	(10,086)
Ending tangible assets (d)	14,851,544	14,036,260	13,487,003	13,452,957	13,511,501
Risk-weighted assets (e)	11,034,570	11,027,347	11,023,795	10,883,554	10,674,394
Total average assets	15,710,204	14,524,422	14,460,288	14,320,514	14,102,733
Less:					
Goodwill	(937,771)	(937,771)	(937,710)	(899,888)	(879,726)
Other intangibles	(72,086)	(75,014)	(78,190)	(51,365)	(37,666)
MSR's	(10,254)	(10,608)	(10,367)	(10,118)	(9,906)
Average tangible assets (f)	$ 14,690,093	$ 13,501,029	$ 13,434,021	$ 13,359,143	$ 13,175,435
Ending shares outstanding (g)	98,018,858	97,968,958	98,490,998	100,094,819	98,647,690
Ratios					
Return on average tangible shareholders' equity (a)/(b)	12.90%	9.71%	15.84%	16.15%	17.33%
Ending tangible equity as a percent of:					
Ending tangible assets (c)/(d)	8.09%	8.25%	9.07%	9.17%	9.34%
Risk-weighted assets (c)/(e)	10.89%	10.50%	11.09%	11.34%	11.82%
Average tangible equity as a percent of average tangible assets (b)/(f)	7.94%	8.79%	9.07%	9.35%	9.26%
Tangible book value per share (c)/(g)	$ 12.26	$ 11.82	$ 12.42	$ 12.33	$ 12.79

All dollars shown in thousands

Appendix: Non-GAAP to GAAP Reconciliation

Additional non-GAAP measures

(Dollars in thousands, except per share data)	2Q20		1Q20		4Q19		3Q19		2Q19	
	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted
Net interest income (f)	$ 111,576	$ 111,576	$ 114,282	$ 114,282	$ 118,902	$ 118,902	$ 121,535	$ 121,535	$ 122,302	$ 122,302
Provision for credit losses-loans and leases (j)	17,859	17,859	23,880	23,880	4,629	4,629	5,228	5,228	6,658	6,658
Provision for credit losses-unfunded commitments (j)	2,370	2,370	1,568	1,568						
Noninterest income	42,725	42,725	35,384	35,384	36,768	36,768	33,140	33,140	34,638	34,638
less: gains (losses) on sale of investment securities		128		(157)		(56)		208		52
Total noninterest income (g)	42,725	42,597	35,384	35,541	36,768	36,824	33,140	32,932	34,638	34,586
Noninterest expense	88,689	88,689	89,666	89,666	93,064	93,064	86,226	86,226	84,378	84,378
less: severance and merger-related expenses		35		329		693		5,192		5,187
less: historic tax credit write-down @ 21%						2,862				
less: COVID-19 costs		660		1,011						
less: other		1,507		1,139		1,740		711		336
Total noninterest expense (e)	88,689	86,487	89,666	87,187	93,064	87,769	86,226	80,323	84,378	78,855
Income before income taxes (i)	45,383	47,457	34,552	37,188	57,977	63,328	63,221	68,916	65,904	71,375
Income tax expense	7,990	7,990	5,924	5,924	9,300	9,300	12,365	12,365	13,201	13,201
plus: tax effect of adjustments		436		554		377		926		785
plus: after-tax impact of historic tax credit write-down @ 35%						2,261				
Total income tax expense (h)	7,990	8,426	5,924	6,478	9,300	11,938	12,365	13,291	13,201	13,986
Net income (a)	$ 37,393	$ 39,031	$ 28,628	$ 30,710	$ 48,677	$ 51,390	$ 50,856	$ 55,625	$ 52,703	$ 57,389
Average diluted shares (b)	97,989	97,989	98,356	98,356	99,232	99,232	99,078	99,078	98,648	98,648
Average assets (c)	15,710,204	15,710,204	14,524,422	14,524,422	14,460,288	14,460,288	14,320,514	14,320,514	14,102,733	14,102,733
Average shareholders' equity	2,185,865	2,185,865	2,209,733	2,209,733	2,245,107	2,245,107	2,210,327	2,210,327	2,146,997	2,146,997
Less:										
Goodwill and other intangibles	(1,020,111)	(1,020,111)	(1,023,393)	(1,023,393)	(1,026,267)	(1,026,267)	(961,371)	(961,371)	(927,298)	(927,298)
Average tangible equity (d)	1,165,754	1,165,754	1,186,340	1,186,340	1,218,840	1,218,840	1,248,956	1,248,956	1,219,699	1,219,699
Ratios										
Net earnings per share - diluted (a)/(b)	$ 0.38	$ 0.40	$ 0.29	$ 0.31	$ 0.49	$ 0.52	$ 0.51	$ 0.56	$ 0.53	$ 0.58
Return on average assets - (a)/(c)	0.96%	1.00%	0.79%	0.85%	1.34%	1.41%	1.41%	1.54%	1.50%	1.63%
Pre-tax, pre-provision return on average assets - ((a)+(j)+(h))/(c)	1.68%	1.73%	1.66%	1.73%	1.72%	1.86%	1.90%	2.05%	2.06%	2.22%
Return on average tangible shareholders' equity - (a)/(d)	12.90%	13.47%	9.71%	10.41%	15.84%	16.73%	16.15%	17.67%	17.33%	18.87%
Efficiency ratio - (e)/((f)+(g))	57.5%	56.1%	59.9%	58.2%	59.8%	56.4%	55.7%	52.0%	53.8%	50.3%
Effective tax rate - (h)/(i)	17.6%	17.8%	17.1%	17.4%	16.0%	18.9%	19.6%	19.3%	20.0%	19.6%

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