Investor Presentation

Third Quarter 2020

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:

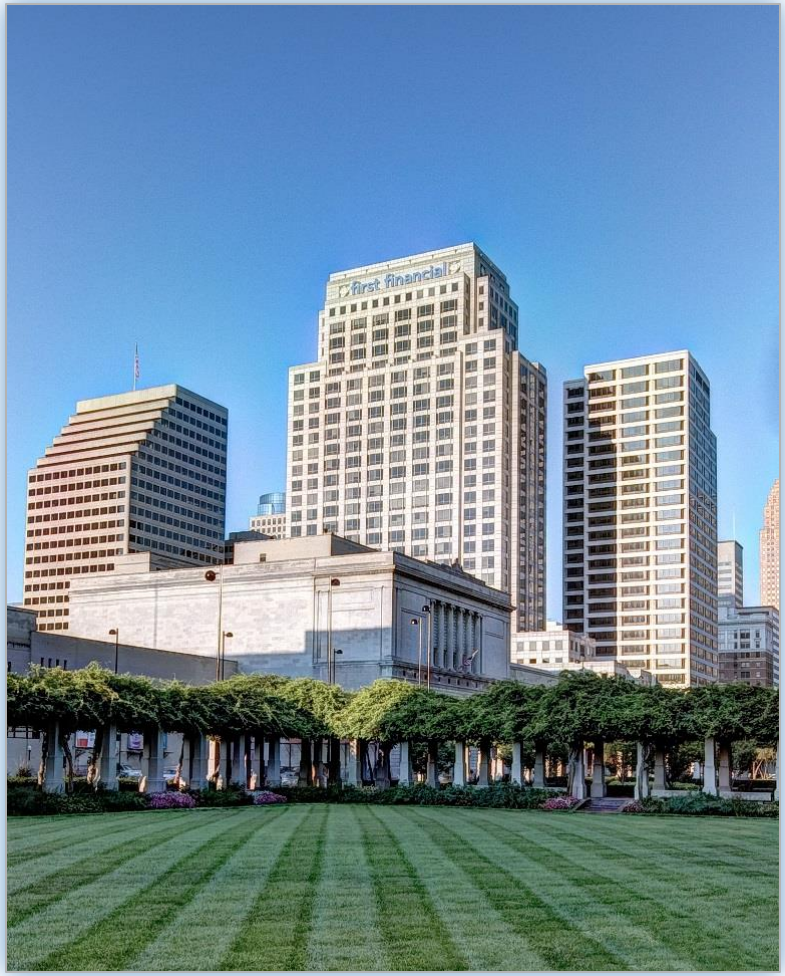
- economic, market, liquidity, credit, interest rate, operational and technological risks associated with the Company’s business;
- future credit quality and performance, including our expectations regarding future loan losses and our allowance for credit losses;
- the effect of and changes in policies 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.



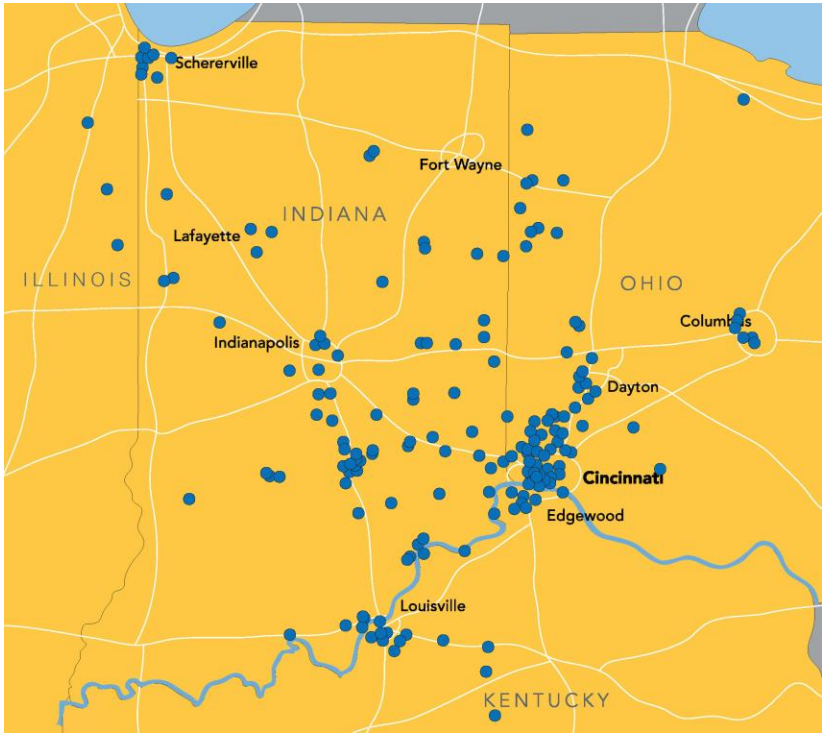
Presentation Contents

About First Financial Bancorp

Financial Performance

Appendix

Our Franchise



$15.9B
in assets

$10.2B/$11.6B
loans / deposits

$4.3B
wealth management

1.67%
Adj. PTPP ROAA[(1)]

NASDAQ: **FFBC**

Headquarters: **Cincinnati, Ohio**

Founded: **1863**

Banking Centers: **143**

Employees: **2,065**

Market Cap (9/30/20): **$1.2B**

Dividend Yield (9/30/20): **7.7%**

TCE Ratio: **8.25%**





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 – **120 consecutive quarters**

Premier Midwest franchise with top quartile performance

High quality balance sheet & robust capital position (11.63% CET1 / 8.25% TCE)

Prudent risk management & credit culture with strong asset quality

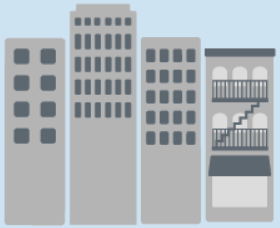
Increased scale to continue investments in technology

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 $1.9B

- 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 $3.0B / 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
$2.5B Commitments
$1.7B Balances
$1.6B Business Deposits
$1.5B 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	317,365	33,101	
Total Deposit Balance	$5.4B	$1.6B	$174MM
Total Loan Balance	$858MM	$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 $403MM
- Avg loan size $224K

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	2,539	$2.5B
Brokerage	7,154	$1.5B
RPS	84	$275MM

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	$973MM
Southern OH	$1.3B
Indiana	$720MM
Healthcare	$245MM

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	$453MM
OSF	$609MM

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
- 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

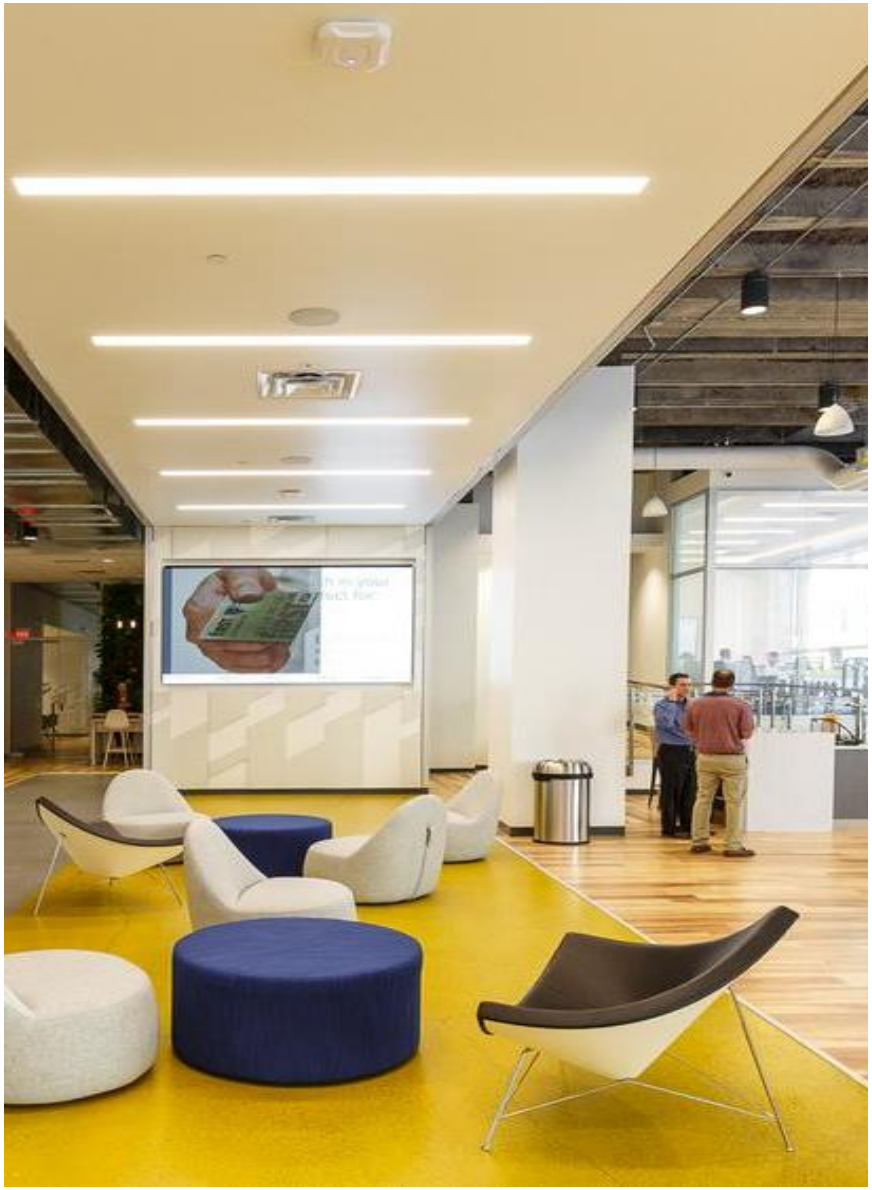
Staffing Model

- Defined new company FTE targets
- Larger salesforce in targeted 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

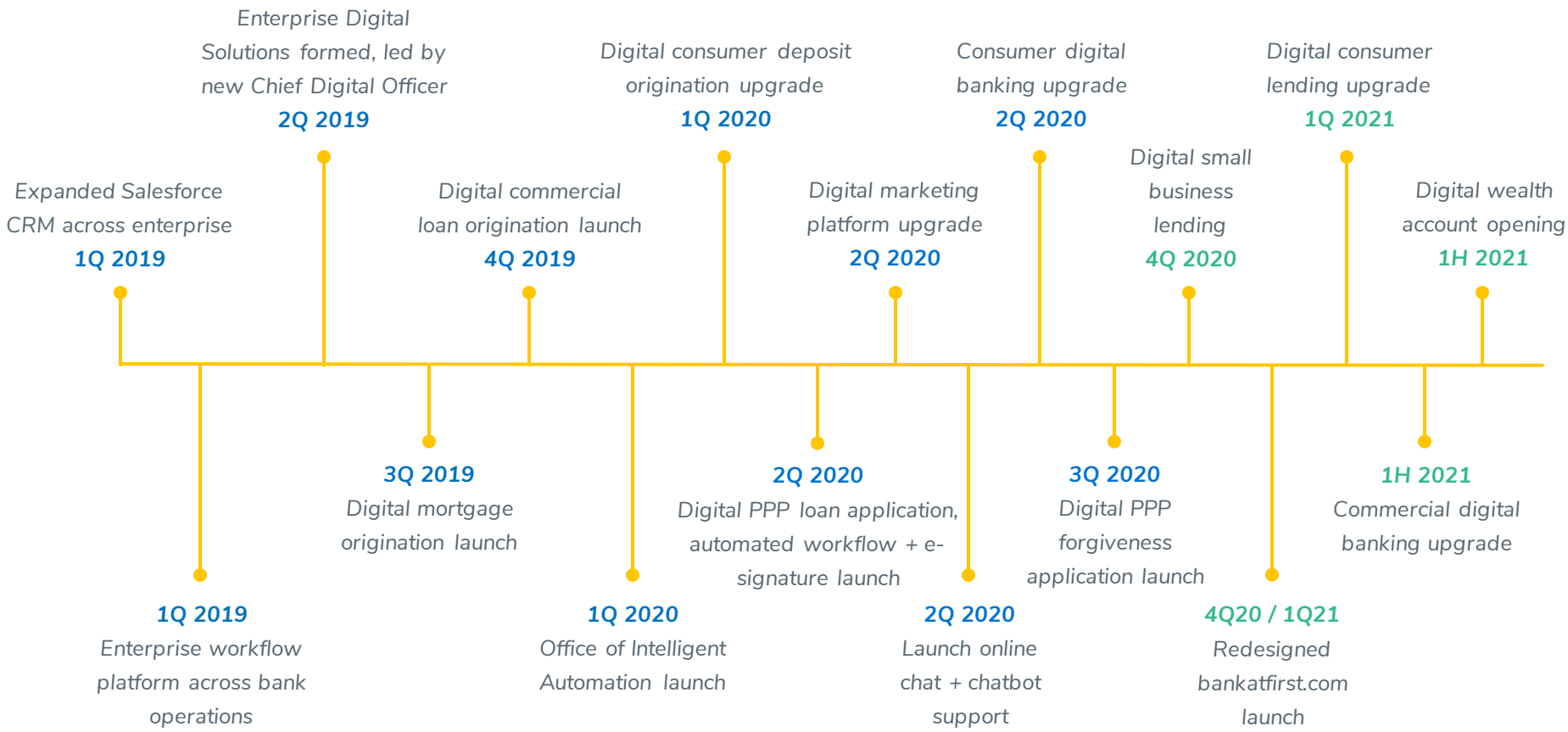
Digital + Technology Investments

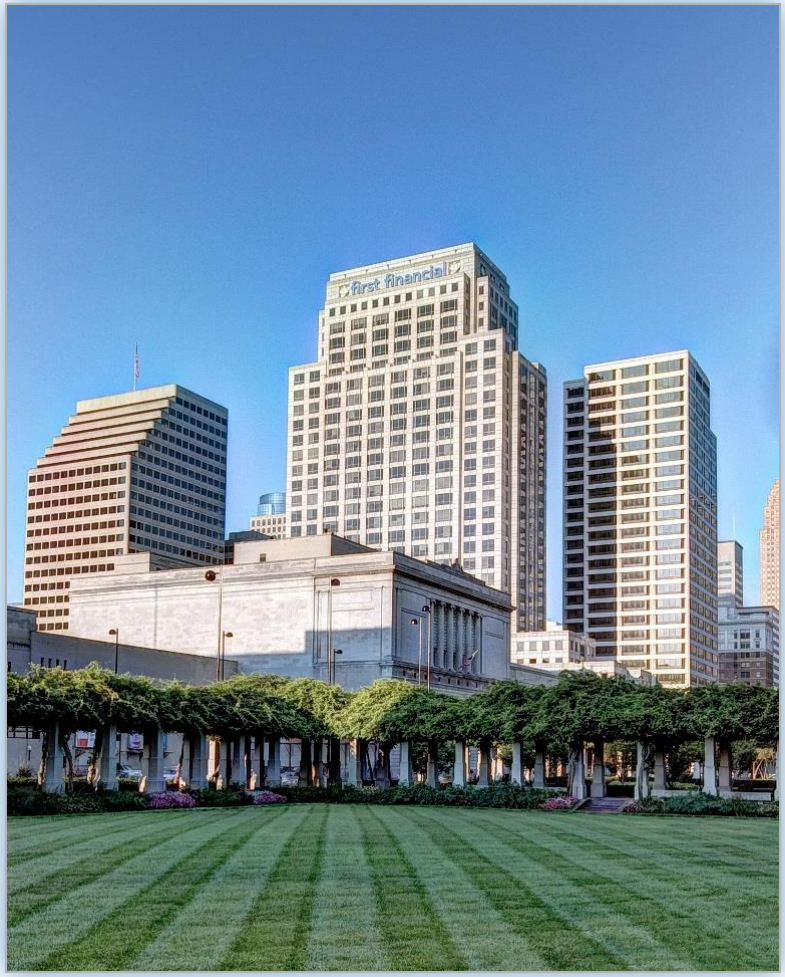


> Enabling a **simple, consistent & seamless** customer experience across **digital & physical** channels & making it **easier for associates** to provide best-in-class customer service.

Digital + Technology Investments

- 2020 expenses include $6 – 7 million of strategic technology investments
- Continued investment in foundational data enablement + automation capabilities





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3Q 2020 Results

120th Consecutive Quarter of Profitability

Profitability

- Net income = $41.5 million or $0.42 per diluted share. Adjusted[1] net income = $43.2 million or $0.44 per diluted share[2]
- Return on average assets = 1.04%. Adjusted[1] return on average assets = 1.09%
- Return on average shareholders' equity = 7.40%. Adjusted[1] return on average shareholders' equity = 7.71%
- Return on average tangible common equity = 13.61%[1]. Adjusted[1] return on average tangible common equity = 14.18%

Income Statement

- Net interest income = $112.2 million
- Net interest margin of 3.32% on a GAAP basis; 3.36% on a fully tax equivalent basis[1]
- Noninterest income = $49.5 million
- Noninterest expense = $97.5 million; $95.3 million[1] as adjusted
- Efficiency ratio = 60.31%. Adjusted[1] efficiency ratio = 58.95%
- Effective tax rate of 18.3%. Adjusted[1] effective tax rate of 18.5%

Balance Sheet

- EOP assets increased $54.8 million compared to the linked quarter to $15.9 billion
- EOP loans increased $19.1 million compared to the linked quarter to $10.2 billion
- Average deposits decreased $168.6 million compared to the linked quarter to $11.6 billion
- EOP investment securities increased $84.2 million compared to the linked quarter

Asset Quality

- Provision expense = $13.4 million. Net charge-offs = $5.4 million. NCOs / Avg. Loans = 0.21% annualized
- Nonperforming Loans / Total Loans = 0.84%. Nonperforming Assets / Total Assets = 0.55%
- ACL / Nonaccrual Loans = 216.28%. Classified Assets / Total Assets = 0.84%
- ACL / Total loans = 1.65%; 1.81% of loans excluding PPP

Capital

- Total capital ratio = 15.37%
- Tier 1 common equity ratio = 11.63%
- Tangible common equity ratio = 8.25%; 8.79% excluding PPP loans
- Tangible book value per share = $12.56

[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 34 for Adjusted Earnings detail.

3Q 2020 Highlights

- Quarterly earnings impacted by elevated provision expense
  - Adjusted[1] earnings per share - $0.44
  - Adjusted[1] return on assets – 1.09%
  - Adjusted[1] pre-tax, pre-provision return on assets – 1.67%
  - Adjusted[1] return on average tangible common equity – 14.18%
- Loan balances relatively flat; strong core deposit growth
  - Loan balances increased $19.1 million compared to the linked quarter; 0.7% on an annualized basis;
  - Average transactional deposit balances grew $434.5 million compared to the linked quarter; 19.0% on an annualized basis
  - Noninterest bearing deposits were 30.7% of total deposits at September 30, 2020
- Net interest margin (FTE) better than expected given decline in interest rates
  - 8 bp decline driven by the previous Fed rate cuts; margin positively impacted by disciplined funding management and higher loan fees
  - Net interest income grew $0.6 million during the quarter
- Strong fee income
  - Mortgage banking revenue increased $1.9 million, or 11.6%
  - Foreign exchange income of $10.5 million, representing a 60.1% increase from previous quarter
  - Service charges increased $1.4 million, or 22.6%
- Core expenses in line with initial expectations, incentive compensation notwithstanding
  - Adjusted[1] noninterest expense of $95.3 million; adjusted for $0.1 million of COVID-19 related expenses and approximately $2.1 million of other non-recurring costs such as merger-related and branch consolidation costs
  - $7.0 million of incremental incentive compensation/commissions
  - $0.5 million contribution to First Financial Foundation
- 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 $168.5 million or 1.65% of total loans; $15.3 provision expense
  - Unfunded Commitments - ACL of $14.8 million; $1.9 million provision recapture
- Strong Capital ratios and Liquidity
  - Total capital of 15.37%; Tier 1 common equity of 11.63%; Tangible common equity of 8.25%
  - Tangible book value increased by $0.30 to $12.56

[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 Net Income[1]

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

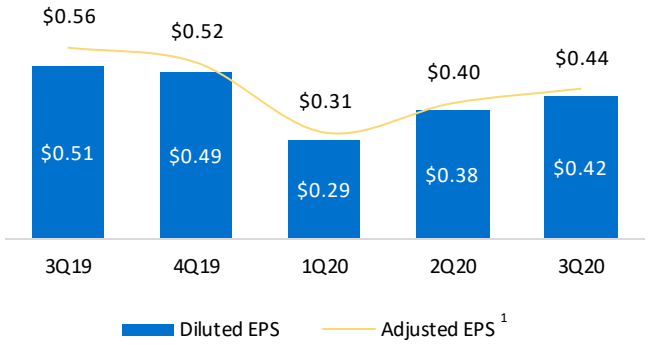
	3Q 2020		2Q 2020	
	As Reported	Adjusted	As Reported	Adjusted
Net interest income	$ 112,180	$ 112,180	$ 111,576	$ 111,576
Provision for credit losses-loans and leases	$ 15,299	$ 15,299	$ 17,859	$ 17,859
Provision for credit losses-unfunded commitments	$ (1,925)	$ (1,925)	$ 2,370	$ 2,370
Noninterest income	$ 49,499	$ 49,499	$ 42,725	$ 42,725
less: gains (losses) on investment securities	-	20 A	-	128 A
Total noninterest income	$ 49,499	$ 49,479	$ 42,725	$ 42,597
Noninterest expense	$ 97,511	$ 97,511	$ 88,689	$ 88,689
less: severance and merger-related expenses	-	95 A	-	35 A
less: COVID-19 donations and costs	-	115 A	-	660 A
less: other	-	2,011 A	-	1,507 A
Total noninterest expense	$ 97,511	$ 95,290	$ 88,689	$ 86,487
Income before income taxes	$ 50,794	$ 52,995	$ 45,383	$ 47,457
Income tax expense	$ 9,317	$ 9,317	$ 7,990	$ 7,990
plus: tax effect of adjustments (A) @ 21% statutory rate	-	462	-	436
Total income tax expense	$ 9,317	$ 9,779	$ 7,990	$ 8,426
Net income	$ 41,477	$ 43,216	$ 37,393	$ 39,031
Net earnings per share - diluted	$ 0.42	$ 0.44	$ 0.38	$ 0.40
Pre-tax, pre-provision return on average assets	1.61%	1.67%	1.68%	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.

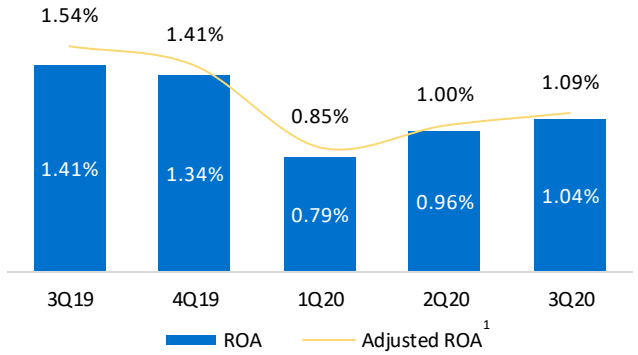
All dollars shown in thousands, except per share amounts

Profitability

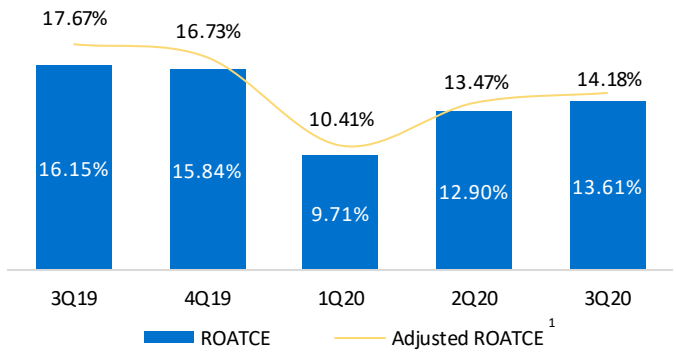
Diluted EPS



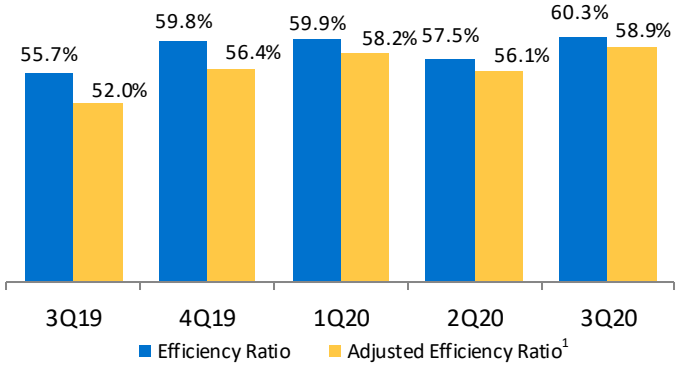
Return on Average Assets



Return on Avg Tangible Common Equity



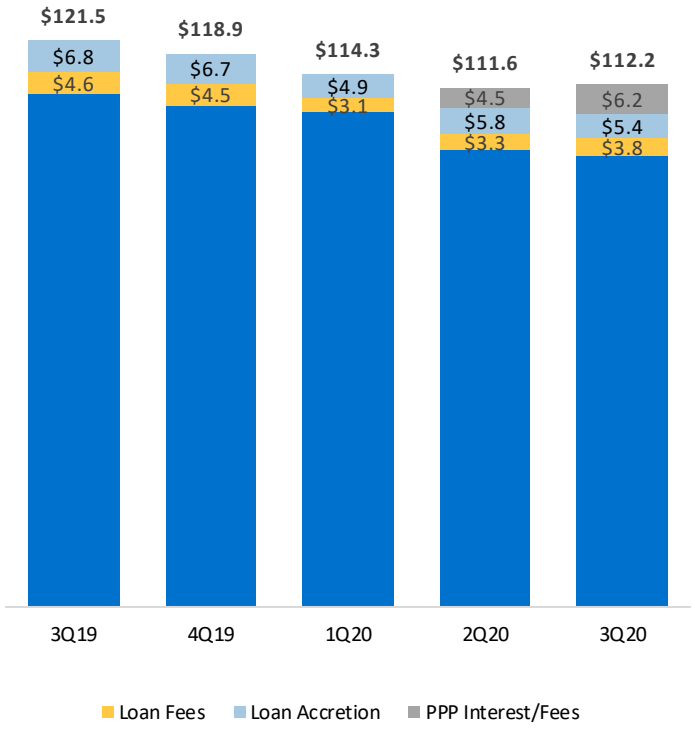
Efficiency Ratio



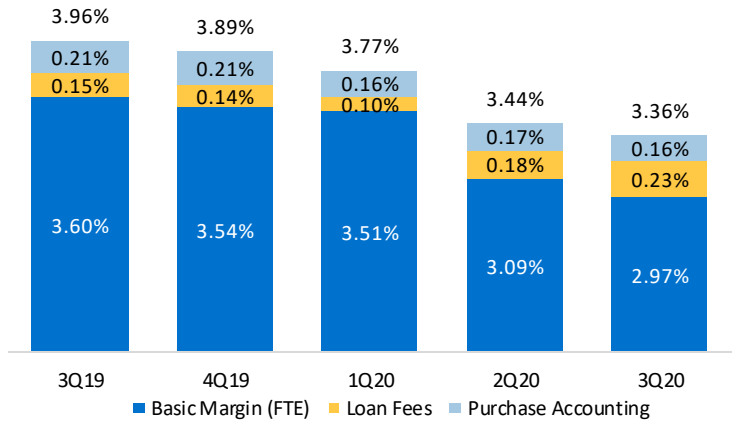
[1] Non-GAAP financial measure which management believes facilitates a better understanding of the Company's financial condition. See Appendix for Non-GAAP reconciliation.

Net Interest Income & Margin

Net Interest Income



Net Interest Margin (FTE)



[1] Includes impact of PPP

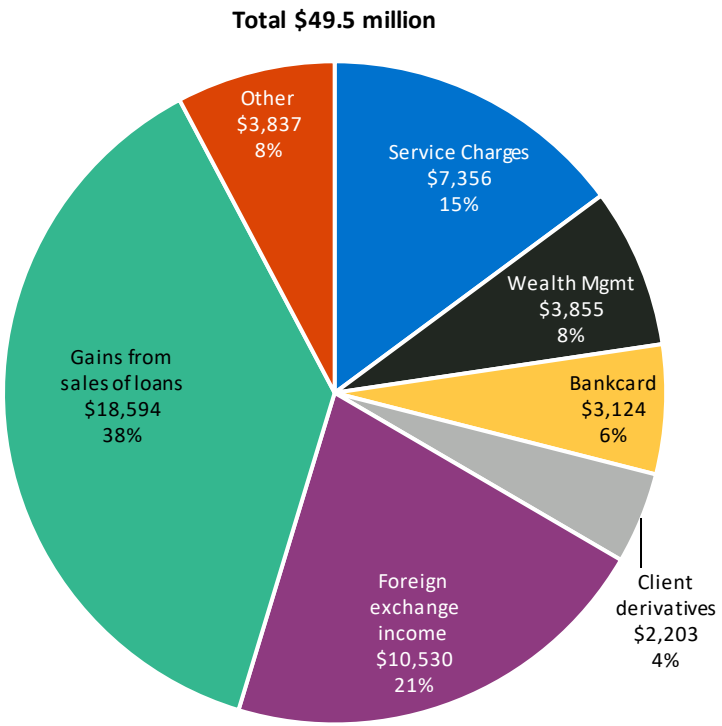
3Q20 NIM (FTE) Progression

2Q20	**3.44%**
Asset yield / mix	-0.19%
Funding cost / mix	0.14%
PPP Loan/Funding	-0.03%
3Q20	**3.36%**

All dollars shown in millions

Diverse and Growing Fee Revenues

Noninterest Income



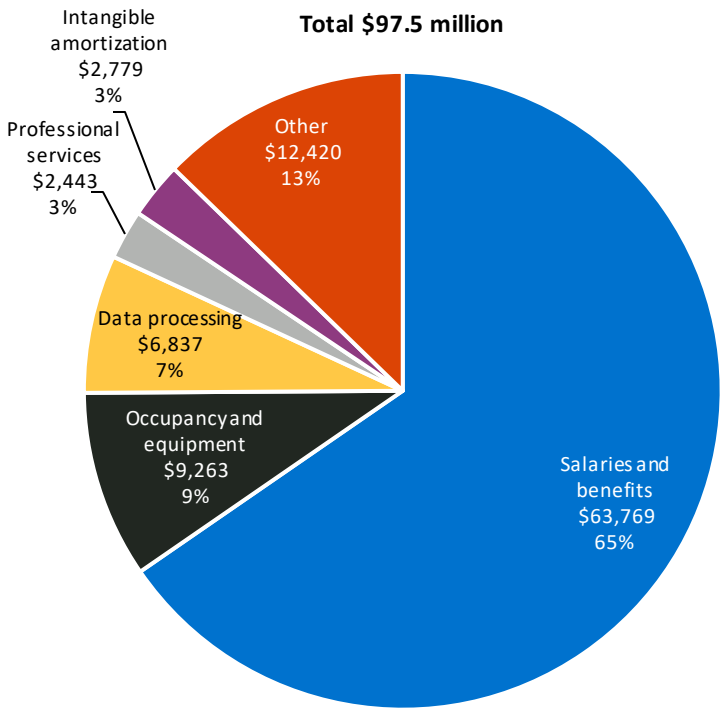
3Q20 Highlights

- Total fee income 30.6% of net revenue
- $18.6 million of gains from sales of loans; a $1.9 million, or 11.6%, increase from 2Q20
- $10.5 million of foreign exchange income; 60.1% increase from prior quarter
- Service charges increased $1.4 million, or 22.6%, to $7.4 million
- Trust and wealth management fees of $3.9 million

All dollars shown in thousands

Well Managed Expenses

Noninterest Expense



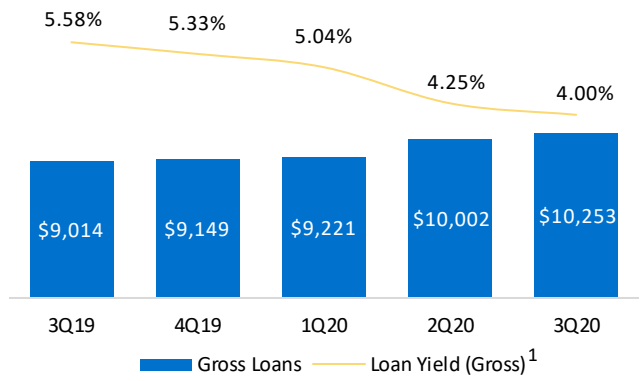
3Q20 Highlights

- Includes $0.1 million of COVID-19 related expenses
- $2.1 million related to other non-recurring expenses such as merger related and branch consolidation costs
- $7.0 million of incremental incentive compensation
  - $4.4 million related to improved operating results
  - $2.6 million of commissions directly related to mortgage and foreign exchange
- $0.5 million contribution to First Financial Foundation

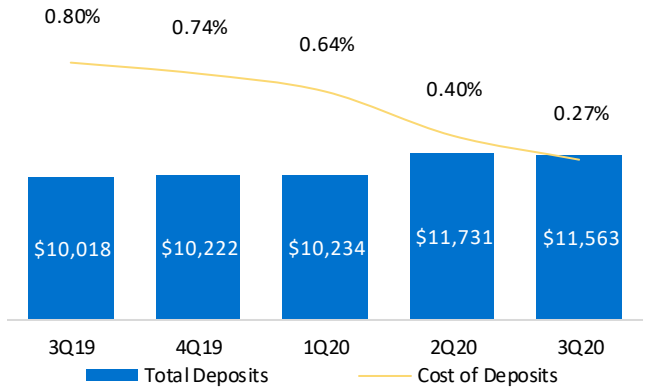
All dollars shown in thousands

Average Balance Sheet

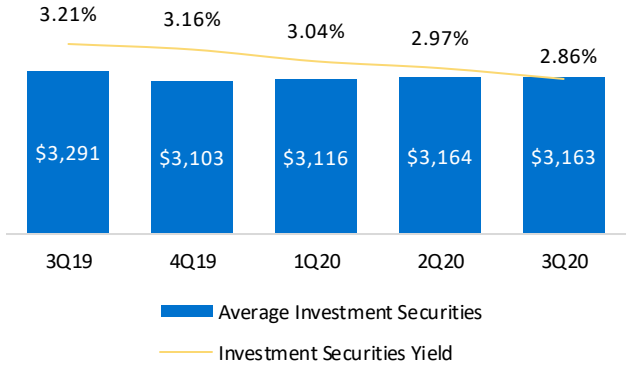
Average Loans



Average Deposits



Average Securities

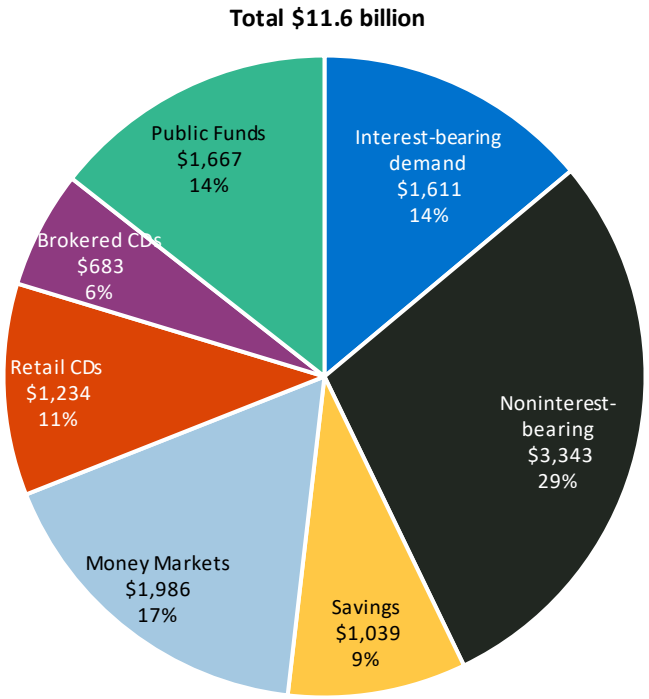


All dollars shown in millions

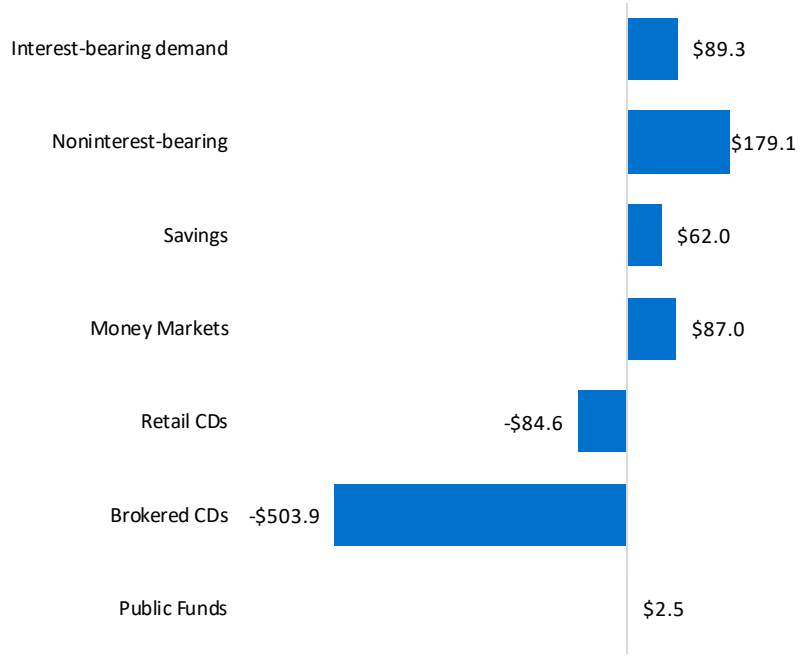
[1] Includes loans fees and purchase accounting accretion

Attractive Deposit Portfolio

Deposit Product Mix (Avg)



3Q20 Average Deposit Progression

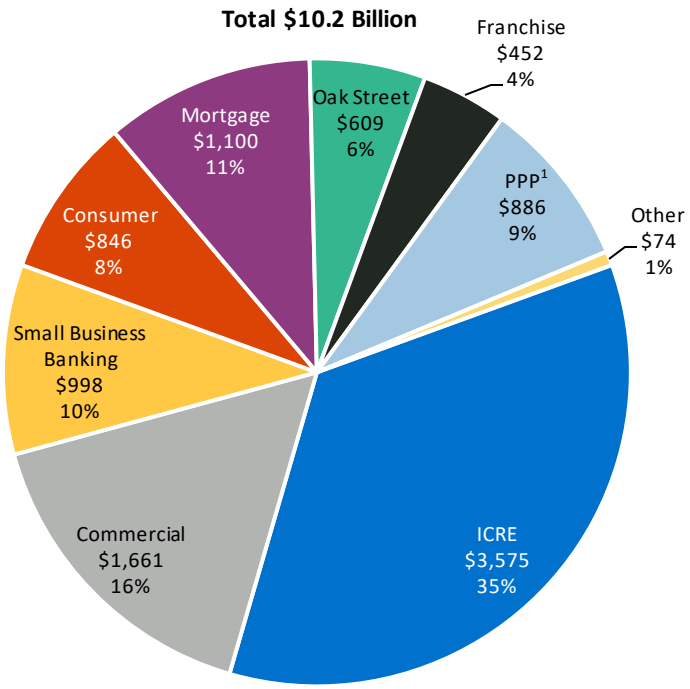


Total growth/(decline):
($168.6 million)

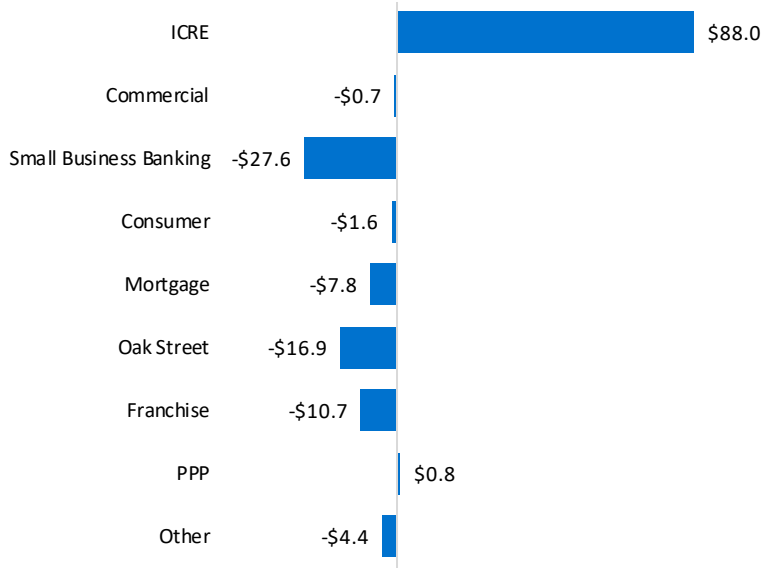
All dollars shown in millions

Loan Portfolio

Loan LOB Mix (EOP)



Net Loan Change-LOB (Linked Quarter)

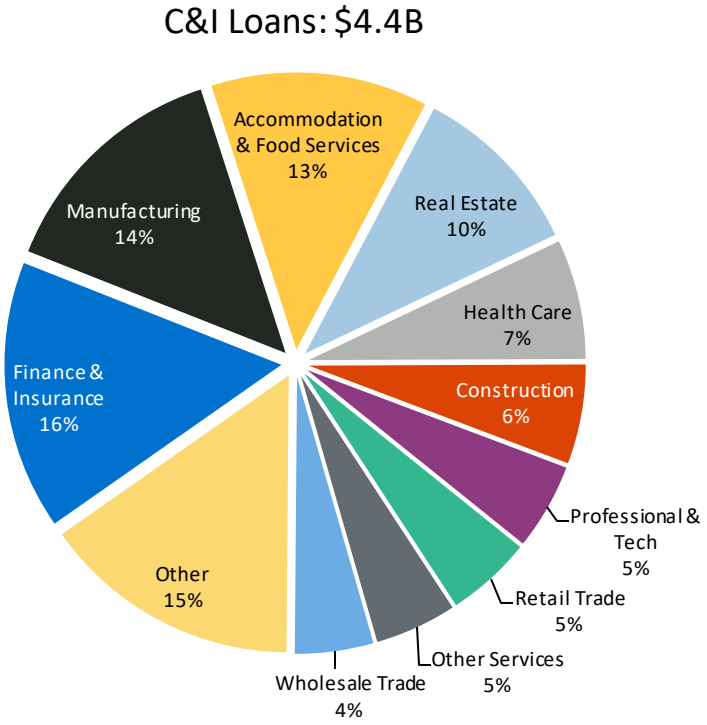


Total growth/(decline): $19.1 million

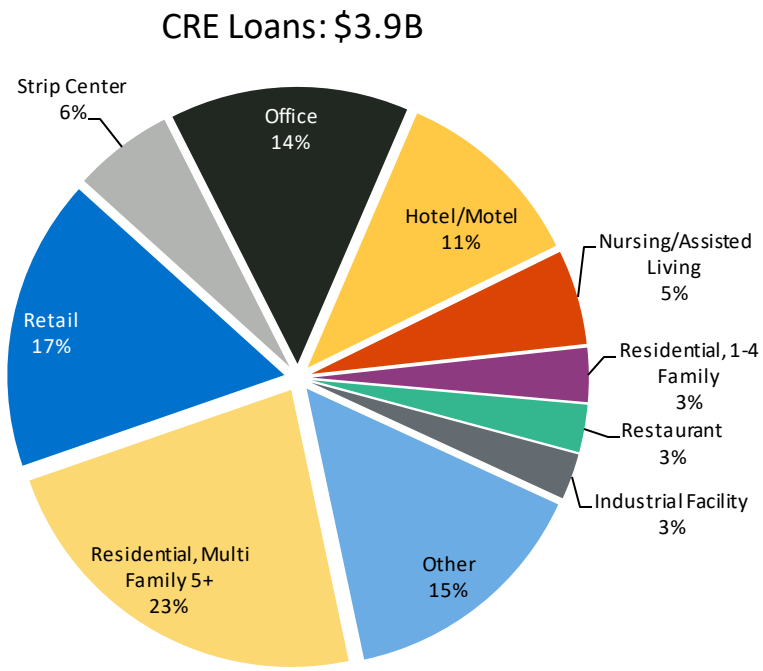
[1] Net of unearned fees of $24.2 million
All dollars shown in millions

Loan Concentrations

C&I Loans by Industry [1]



CRE Loans by Collateral [2]

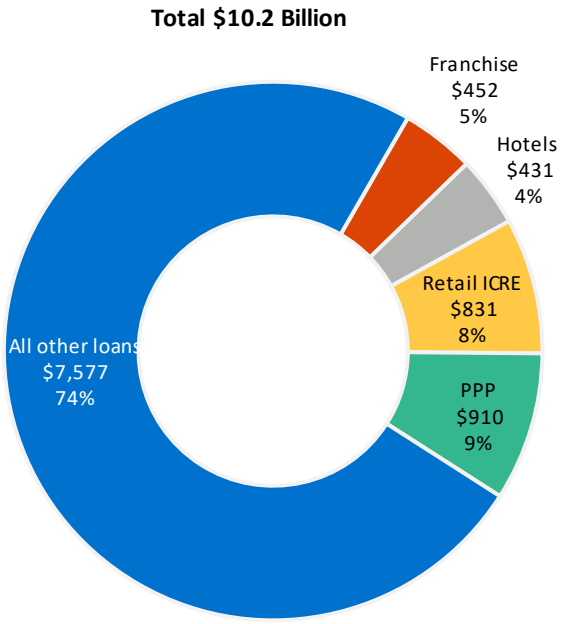


[1] Industry types included in Other representing greater than 1% of total C&I loans include Agriculture, Transportation & Warehousing, Public Administration, Arts & Recreation, Waste Management, Educational Services, and Management of Companies & Enterprises. Includes owner-occupied CRE.

[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

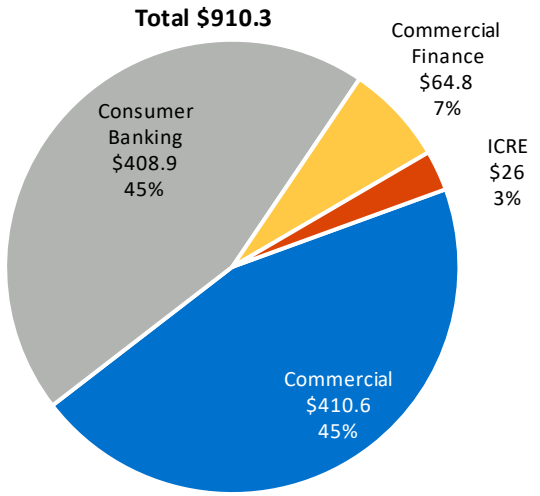
- Asset classes with areas of focus
  - PPP: $910 million in balances or 9% of total loans
  - Franchise: $452 million in balances, or 5% of total loans
  - Hotels: $431 million in balances, or 4% of total loans
  - Retail CRE: $831 million in balances, or 8% of total loans

All dollars shown in millions

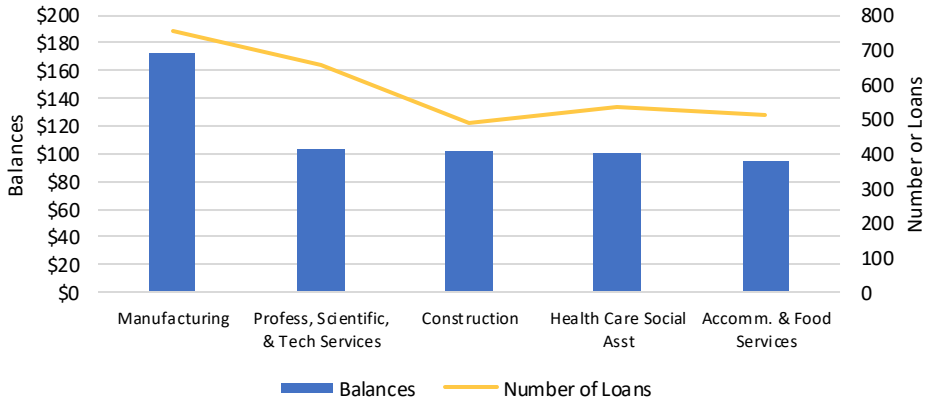
Area of Focus – Paycheck Protection Program

- $910 million, or 9% of the total portfolio; $24.2 million of unearned fees as of September 30
- Forgiveness portal opened as of 8/31/20
  - As of 9/30/20, the Bank has submitted applications for reimbursement with the SBA totaling $74 million of loan balances
  - As of 9/30/20, $4.3 million of loans have received approval from SBA for reimbursement

PPP Portfolio by Division



PPP Portfolio Top 5 Industries

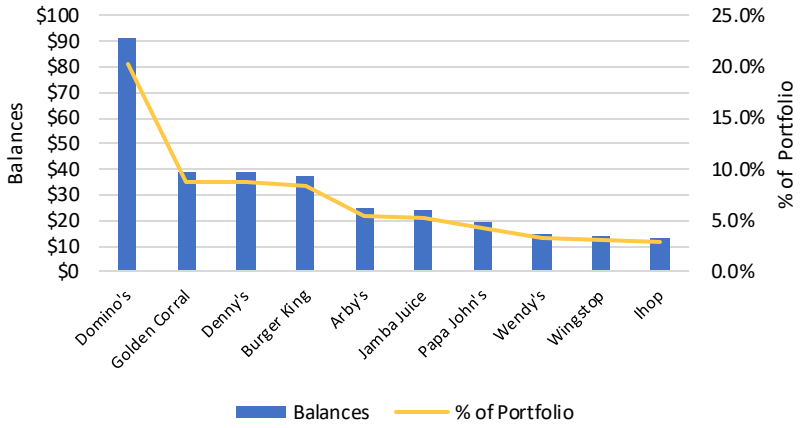


All dollars shown in millions

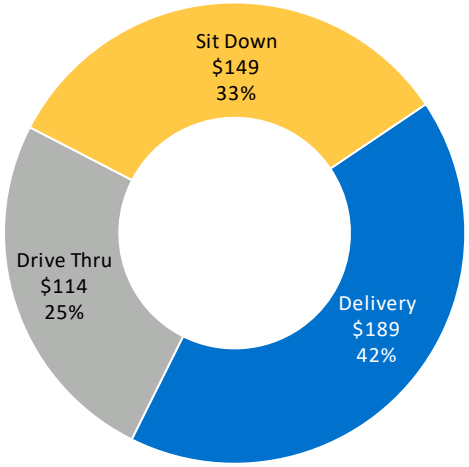
Area of Focus - Franchise Portfolio

- $452 million in balances or 5% of total loans
- 89% of portfolio was pass rated as of 9/30
- $91 million has moved into a Round 2 deferral with 81% paying interest-only

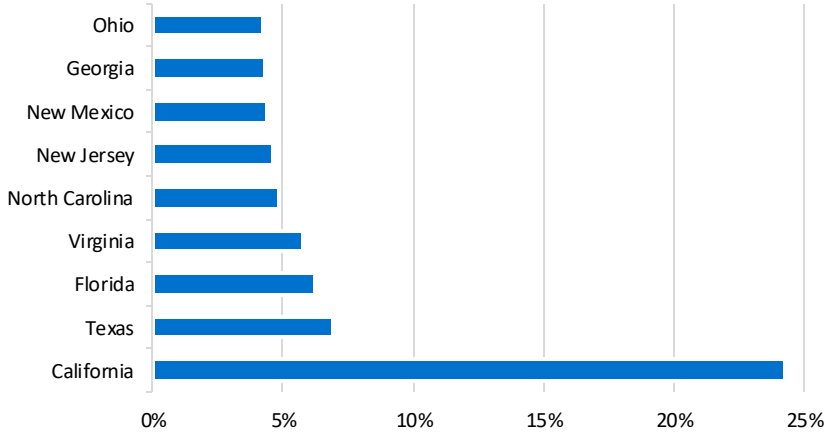
Top 10 Concepts



Restaurant Type



Geography

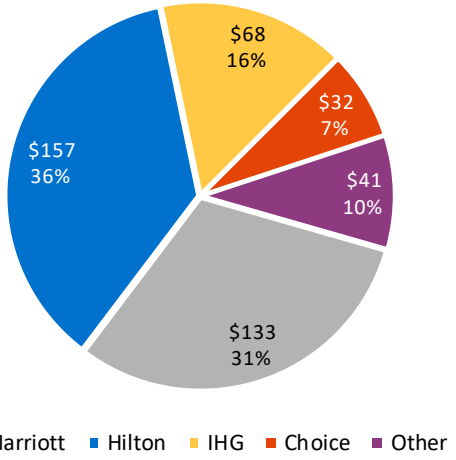


All dollars shown in millions

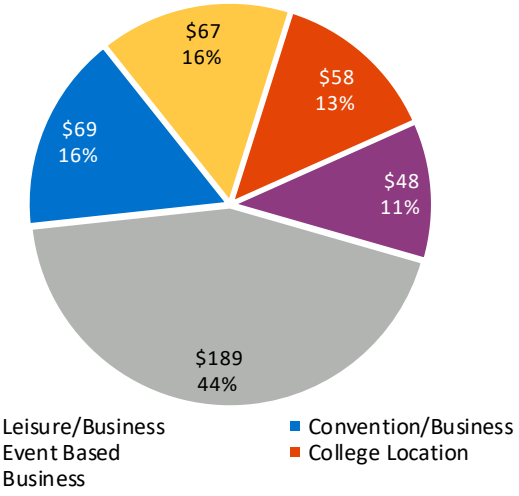
Area of Focus - Hotel Portfolio

- $431 million balance represents 4% of the total loan portfolio
- $326 million has moved into a Round 2 deferral with 74% receiving full P&I relief
- 93% of portfolio was pass rated as of 9/30
- The overall health of the hotel portfolio was strong pre-COVID 19 with an average LTV of 63% and DSC of 1.58x.
- 76% of the overall hotel portfolio is located within footprint, concentrated in Midwest Metro markets
- Overall we have little exposure to large convention center hotels or fly-to-leisure destinations

Hotels by Flag



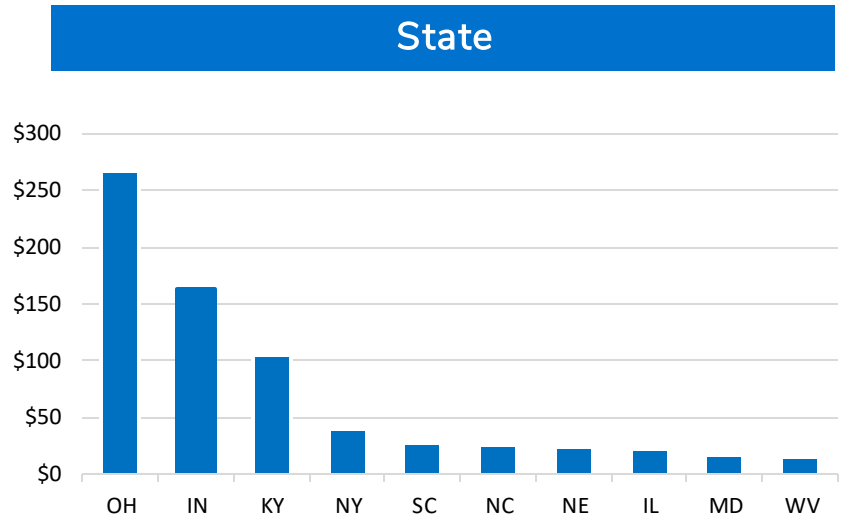
Hotels by Type

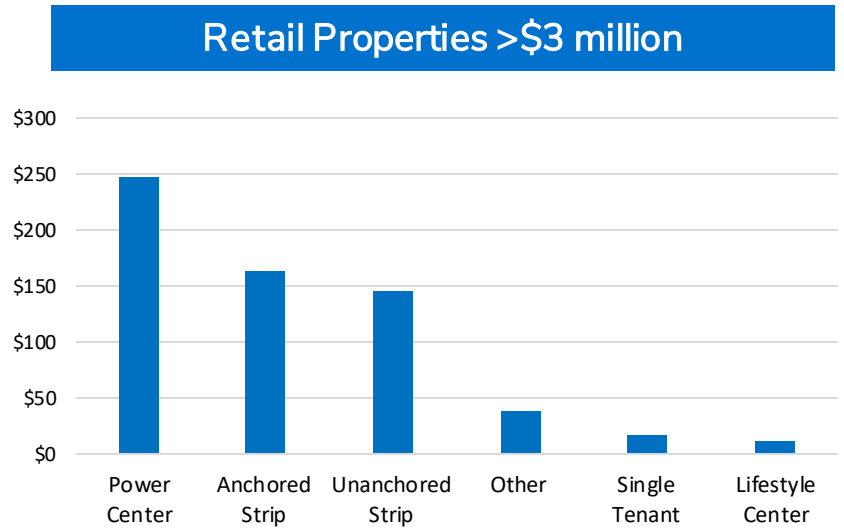


All dollars shown in millions

Area of Focus - ICRE Retail

- $831 million, or 8% of the total portfolio
- 96% or $481 million of deferral balances have returned to a normal payment schedule
- 67% of the overall Retail portfolio is located within footprint
- 2019 data (pre-COVID 19) indicates the portfolio has an average LTV of 67%
- Bank has focused on strong locations with adequately capitalized sponsors.



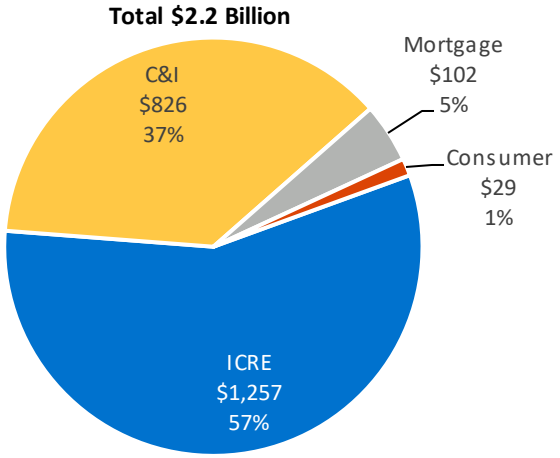


All dollars shown in millions

Round 1 Deferrals

- $2.2 billion of loans received an initial deferral
  - Round 1 deferrals universally granted
  - Approximately 20% of entire loan portfolio received an initial deferral
  - $1.3 billion, or 57%, of initial deferrals were ICRE
- $2.1 billion, or 96%, of the $2.2 billion deferral portfolio has exited Round 1
  - $1.5 billion, or 70%, has returned to a normal payment schedule
  - $631 million, or 30%, has moved into Round 2
- $85 million, or 4%, of Round 1 deferrals yet to expire

Round 1 Deferrals by loan type



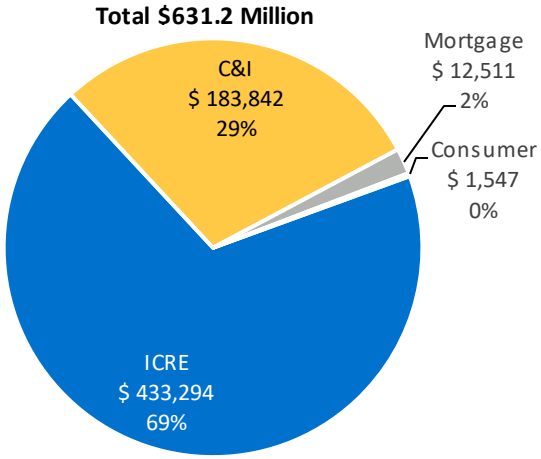
Round 1 Deferral Status as of 9/30/2020

Loan Type	Round 1 Deferral	Round 1 Deferral Expired	Round 1 deferral not yet expired
ICRE	$ 1,256,663	$ 1,229,093	$ 27,570
C&I	825,623	784,650	40,973
Mortgage	101,603	95,004	6,599
Consumer	29,481	19,867	9,615
Total Deferral Portfolio	$ 2,213,370	$ 2,128,613	$ 84,757

Round 2 Deferrals

- $2.1 billion, or 96%, of the $2.2 billion deferral portfolio has exited Round 1
  - $1.5 billion, or 70%, has returned to a normal payment schedule
  - $631 million, or 6.2% of total loans, has moved into Round 2
- Round 2 deferrals – 6.2% of total loans
  - Granted on a case by case basis
  - Relationship managers performed enhanced due diligence of borrower operations, financial condition, liquidity and cash flow during the deferral period
  - 69% of Round 2 deferrals for ICRE borrowers
  - $185 million, or 29%, of Round 2 deferrals are making interest only payments

Round 2 Deferrals



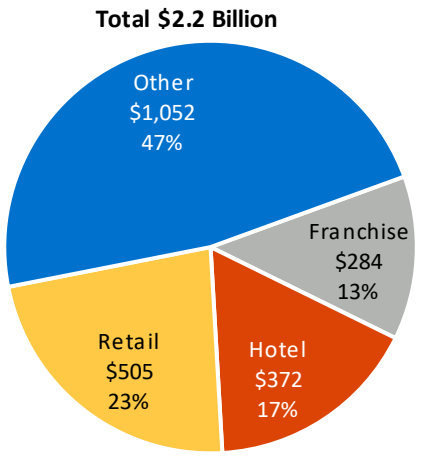
Deferral Status as of 9/30/2020

Loan Type	Round 1 Deferral Expired	Round 1 Deferral Returned to Normal Payment Schedule	Round 2 Deferral Granted
ICRE	$ 1,229,093	$ 795,799	$ 433,294
C&I	784,650	600,808	183,842
Mortgage	95,004	82,493	12,511
Consumer	19,867	18,320	1,547
Total Deferral Portfolio	$ 2,128,613	$ 1,497,419	$ 631,194

Areas of Focus - Round 1 Deferrals

- Franchise
  - $284 million, or 63%, of total franchise portfolio, secured a Round 1 deferral
  - $177 million, or 66%, of expired Round 1 deferrals have returned to a normal payment schedule
- Hotel
  - $372 million, or 17%, of total Round 1 deferrals
  - $25 million, or 7%, have returned to normal payment schedule
- ICRE Retail
  - $505 million, or 61%, of total ICRE Retail portfolio, secured a Round 1 deferral
  - $481 million, or 96%, of expired Round 1 deferrals have returned to a normal payment schedule

Round 1 Deferrals



Deferral Status as of 9/30/2020

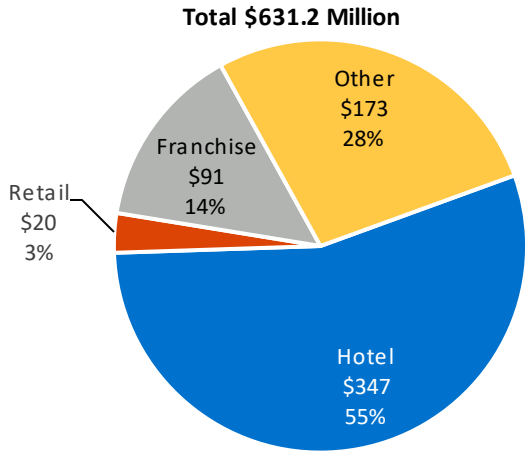
Area of Focus	Round 1 Deferrals	Round 1 Deferrals Expired	Round 1 Deferrals Returned to Normal Payment Schedule	Round 2 Deferrals Granted
Franchise	$ 284,306	$ 267,760	$ 176,843	$ 90,917
Hotel	371,897	371,897	24,605	347,292
ICRE	504,759	500,857	481,321	19,536
Total - Areas of Focus	$ 1,160,962	$ 1,140,514	$ 682,769	$ 457,745

All dollars shown in millions

Areas of Focus - Round 2 Deferrals

- Franchise
  - Continued stress in sit-down concepts
  - 81% of second deferrals making interest only payments
- Hotel
  - Slowly improving occupancy rates (25-45%)
  - 93% of initial deferrals have been granted a second deferral
  - 25% of second deferrals are making interest only payments; 75% of second deferrals granted full P&I relief
- ICRE Retail
  - $20 million, or 4%, of initial deferrals granted a second

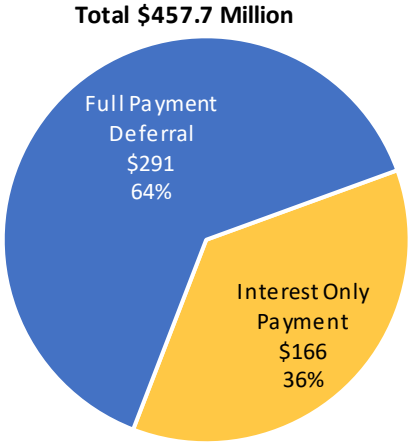
Round 2 Deferrals



Round 2 Deferral Status as of 9/30/2020

Area of Focus	Round 2 Deferrals Granted	Round 2 Deferrals with Interest Only Payments	Round 2 Full Payment Deferrals
Franchise	$ 90,917	$ 73,372	$ 17,545
Hotel	347,292	85,986	261,306
ICRE	19,536	6,900	12,636
Total - Areas of Focus	$ 457,745	$ 166,258	$ 291,487

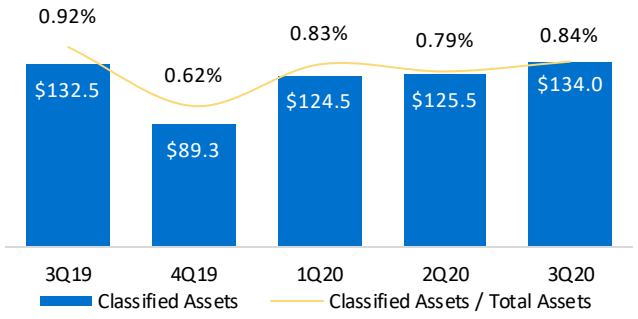
Type of Round 2 Deferral – Areas of Focus



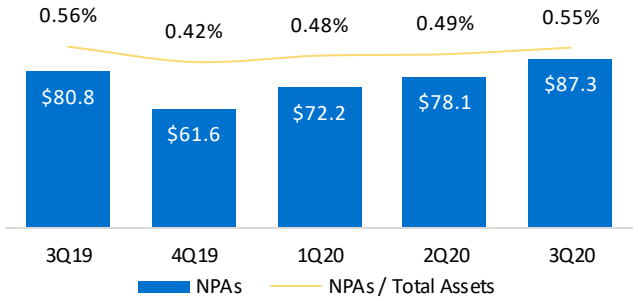
All dollars shown in millions

Asset Quality

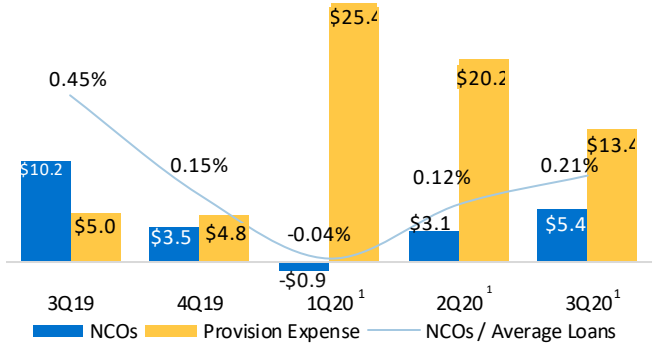
Classified Assets / Total Assets



Nonperforming Assets / Total Assets



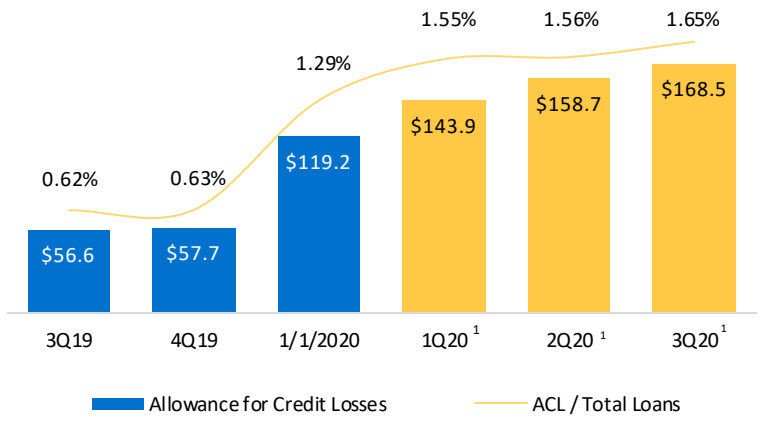
Net Charge Offs & Provision Expense[2]



[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



3Q20 Highlights

- $168.5 million, or 1.65% of loan balances; 1.81% excluding PPP
- $15.3 million provision expense driven by expected economic impact of COVID-19, partially offset by increase in prepayment rates
- Utilized final September Moody's baseline forecast in quantitative model
- $14.8 million ACL – unfunded commitments; $1.9 million provision recapture for this portion of the ACL due to increase in prepayment rates

ACL by Loan Type

	12/31/2019	1/1/2020	3/31/2020	6/30/2020	9/30/2020
Loans					
Commercial and industrial	$ 18,584	$ 28,485	$ 45,409	$ 50,421	$ 50,516
Lease financing	971	1,089	1,494	1,431	1,287
Real estate -construction	2,381	13,960	13,511	15,357	18,970
Real estate - commercial	23,579	47,697	53,155	62,340	72,207
Real estate - residential	5,299	10,789	11,284	10,581	9,286
Home equity	4,787	13,217	14,827	14,236	12,530
Installment	392	1,193	1,238	1,226	1,237
Credit card	1,657	2,726	2,967	3,069	2,511
ACL-loan and lease losses [1]	$ 57,650	$ 119,155	$ 143,885	$ 158,661	$ 168,544
ACL-unfunded commitments [1]	$ 585	$ 12,740	$ 14,308	$ 16,678	$ 14,753

Adoption Impact

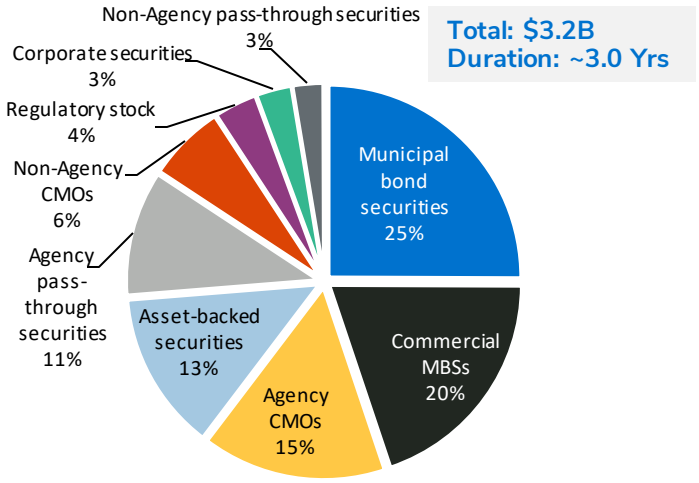
- $119.2 million, an increase of $61.5 million from 12/31/19
- Day 1 increase driven by acquired loans and life of loan expectations compared to the incurred loss model

[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.

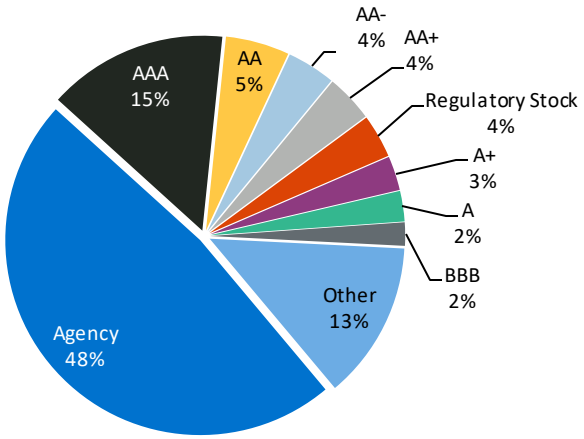
All dollars shown in thousands

Investment Portfolio and Liquidity

Investment Portfolio Composition



Investment Portfolio Quality

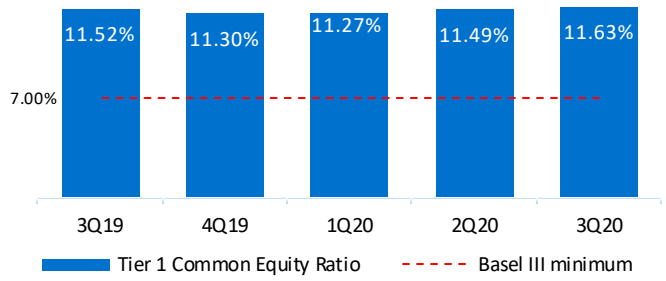


Liquidity Sources

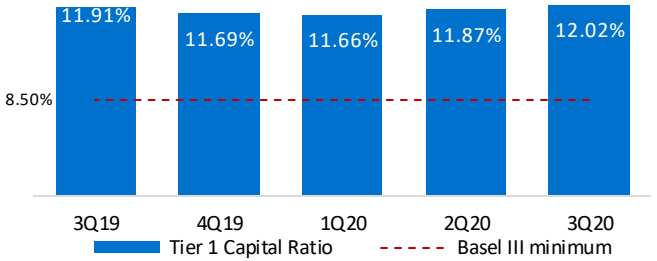
- In addition to deposits, First Financial has approximately $6.0 billion of readily available funding sources to meet customer needs through the following sources:
  - Fed funds
  - FHLB funding
  - Brokered CDs
  - Highly liquid securities
  - Fed discount window
- First Financial has the following sources of liquidity at the holding company:
  - $199.5 million in cash as of September 30, 2020
  - $144.8 million dividend capacity from First Financial Bank without prior regulatory approval

Solid Capital Base

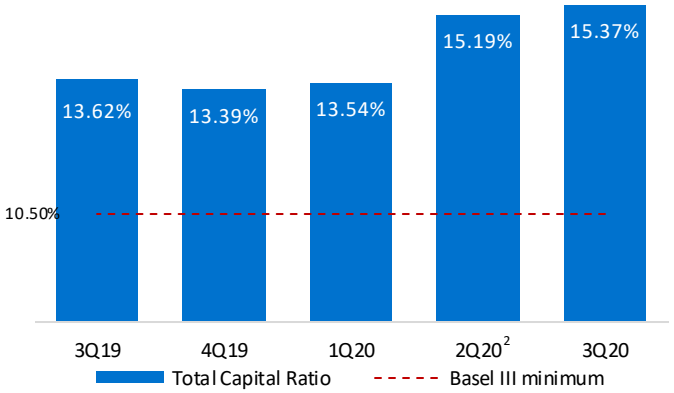
Tier 1 Common Equity Ratio



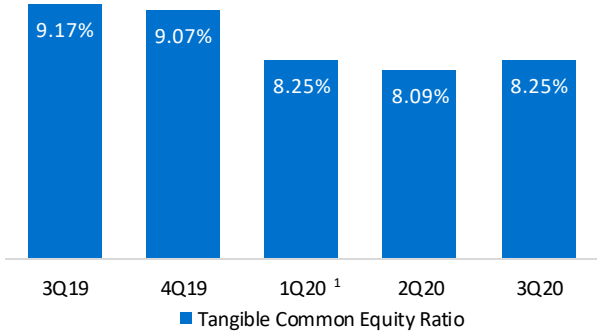
Tier 1 Capital Ratio



Total Capital Ratio



Tangible Common Equity Ratio



9/30 Risk Weighted Assets = $11,119,560

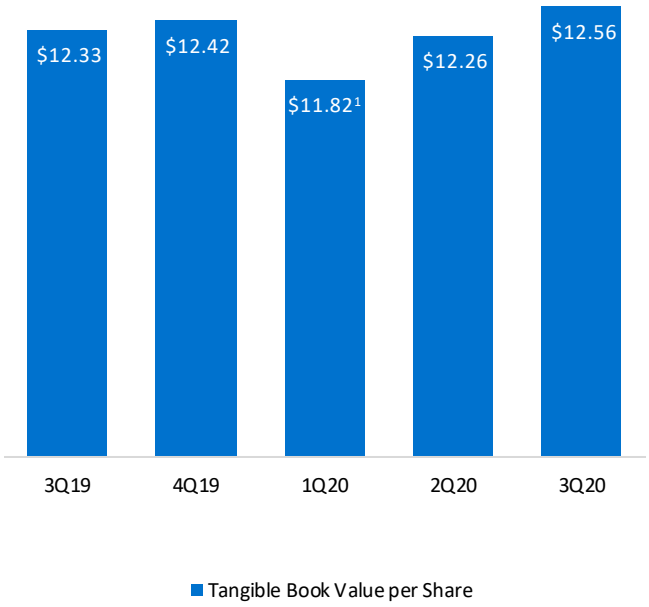
[1] Decline related to adoption of CECL during the quarter

[2] Increased 165 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

- 7.7% annualized dividend yield
- August 2020 stress testing indicates capital ratios above regulatory minimums in all modeled scenarios
- Dividend payout ratio to remain elevated in near-term, but is subject to change based on economic conditions and the Company's financial performance
- No shares repurchased in third 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
Net Interest Margin	• Expected to be positively impacted by PPP forgiveness • Under slight pressure given low interest rate environment
Credit	• Provision expense expected to moderately decline
Noninterest income	• Continued strong mortgage originations, with seasonal declines in volume and lower premiums expected • Gradually improving service charge and interchange revenues • Foreign exchange income expected to be consistent with third quarter
Noninterest Expense	• 4Q noninterest expense expected to decline approximately 5% due to lower incentive compensation • Near-term pause in discretionary expenditures and significant investments except where critical

[1] See Forward Looking Statement Disclosure on page 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

Financial Performance

Appendix

Appendix: Our Markets

Greater Cincinnati

Loans	$3.0 billion
Deposits	$3.8 billion
Deposit Market Share	#4 (3.0%)
Banking Centers	51
Fortune 500 Companies	8

Indianapolis

Loans	$1.2 billion
Deposits	$0.8 billion
Deposit Market Share	#14 (1.4%)
Banking Centers	10
Fortune 500 Companies	2

Columbus, OH

Loans	$1.3 billion
Deposits	$0.5 billion
Deposit Market Share	#15 (0.6%)
Banking Centers	6
Fortune 500 Companies	5

Louisville

Loans	$0.6 billion
Deposits	$0.6 billion
Deposit Market Share	#13 (1.5%)
Banking Centers	11
Fortune 500 Companies	3

Community Markets

Loans	$1.8 billion
Deposits	$4.7 billion
Banking Centers	65

Commercial Finance (National)

Loans	$1.1 billion
Deposits	$0.1 billion

All numbers as of 9/30/2020 except deposit market share which is as of 6/30/2020.
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				
	Sep. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Net interest income	$ 112,180	$ 111,576	$ 114,282	$ 118,902	$ 121,535
Tax equivalent adjustment	1,628	1,664	1,624	1,630	1,759
Net interest income - tax equivalent	$ 113,808	$ 113,240	$ 115,906	$ 120,532	$ 123,294
Average earning assets	$ 13,456,501	$ 13,258,612	$ 12,375,698	$ 12,288,761	$ 12,343,327
Net interest margin[1]	3.32 %	3.38 %	3.71 %	3.84 %	3.91 %
Net interest margin (fully tax equivalent)[1]	3.36 %	3.44 %	3.77 %	3.89 %	3.96 %

[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 Sep. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Net income (a)	$ 41,477	$ 37,393	$ 28,628	$ 48,677	$ 50,856
Average total shareholders' equity	2,230,422	2,185,865	2,209,733	2,245,107	2,210,327
Less:					
Goodwill	(937,771)	(937,771)	(937,771)	(937,710)	(899,888)
Other intangibles	(69,169)	(72,086)	(75,014)	(78,190)	(51,365)
MSR's	(11,274)	(10,254)	(10,608)	(10,367)	(10,118)
Average tangible equity (b)	1,212,208	1,165,754	1,186,340	1,218,840	1,248,956
Total shareholders' equity	2,247,815	2,221,019	2,179,383	2,247,705	2,261,313
Less:					
Goodwill	(937,771)	(937,771)	(937,771)	(937,771)	(937,689)
Other intangibles	(67,419)	(70,325)	(73,258)	(76,201)	(79,506)
MSR's	(12,011)	(11,250)	(10,278)	(10,650)	(10,293)
Ending tangible equity (c)	1,230,614	1,201,673	1,158,076	1,223,083	1,233,825
Total assets	15,925,647	15,870,890	15,057,567	14,511,625	14,480,445
Less:					
Goodwill	(937,771)	(937,771)	(937,771)	(937,771)	(937,689)
Other intangibles	(67,419)	(70,325)	(73,258)	(76,201)	(79,506)
MSR's	(12,011)	(11,250)	(10,278)	(10,650)	(10,293)
Ending tangible assets (d)	14,908,446	14,851,544	14,036,260	13,487,003	13,452,957
Risk-weighted assets (e)	11,119,560	11,034,570	11,027,347	11,023,795	10,883,554
Total average assets	15,842,010	15,710,204	14,524,422	14,460,288	14,320,514
Less:					
Goodwill	(937,771)	(937,771)	(937,771)	(937,710)	(899,888)
Other intangibles	(69,169)	(72,086)	(75,014)	(78,190)	(51,365)
MSR's	(11,274)	(10,254)	(10,608)	(10,367)	(10,118)
Average tangible assets (f)	$ 14,823,796	$ 14,690,093	$ 13,501,029	$ 13,434,021	$ 13,359,143
Ending shares outstanding (g)	97,999,763	98,018,858	97,968,958	98,490,998	100,094,819
Ratios					
Return on average tangible shareholders' equity (a)/(b)	13.61%	12.90%	9.71%	15.84%	16.15%
Ending tangible equity as a percent of:					
Ending tangible assets (c)/(d)	8.25%	8.09%	8.25%	9.07%	9.17%
Risk-weighted assets (c)/(e)	11.07%	10.89%	10.50%	11.09%	11.34%
Average tangible equity as a percent of average tangible assets (b)/(f)	8.18%	7.94%	8.79%	9.07%	9.35%
Tangible book value per share (c)/(g)	$ 12.56	$ 12.26	$ 11.82	$ 12.42	$ 12.33

Appendix: Non-GAAP to GAAP Reconciliation

Additional non-GAAP measures

(Dollars in thousands, except per share data)	3Q20		2Q20		1Q20		4Q19		3Q19	
	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted
Net interest income (f)	$ 112,180	$ 112,180	$ 111,576	$ 111,576	$ 114,282	$ 114,282	$ 118,902	$ 118,902	$ 121,535	$ 121,535
Provision for credit losses-loans and leases (j)	15,299	15,299	17,859	17,859	23,880	23,880	4,629	4,629	5,228	5,228
Provision for credit losses-unfunded commitments (j)	(1,925)	(1,925)	2,370	2,370	1,568	1,568				
Noninterest income	49,499	49,499	42,725	42,725	35,384	35,384	36,768	36,768	33,140	33,140
less: gains (losses) on sale of investment securities		20		128		(157)		(56)		208
Total noninterest income (g)	49,499	49,479	42,725	42,597	35,384	35,541	36,768	36,824	33,140	32,932
Noninterest expense	97,511	97,511	88,689	88,689	89,666	89,666	93,064	93,064	86,226	86,226
less: severance and merger-related expenses		95		35		329		693		5,192
less: historic tax credit write-down @ 21%								2,862		
less: COVID-19 costs		115		660		1,011				
less: other		2,011		1,507		1,139		1,740		711
Total noninterest expense (e)	97,511	95,290	88,689	86,487	89,666	87,187	93,064	87,769	86,226	80,323
Income before income taxes (i)	50,794	52,995	45,383	47,457	34,552	37,188	57,977	63,328	63,221	68,916
Income tax expense	9,317	9,317	7,990	7,990	5,924	5,924	9,300	9,300	12,365	12,365
plus: tax effect of adjustments		462		436		554		377		926
plus: after-tax impact of historic tax credit write-down @ 35%								2,261		
Total income tax expense (h)	9,317	9,779	7,990	8,426	5,924	6,478	9,300	11,938	12,365	13,291
Net income (a)	$ 41,477	$ 43,216	$ 37,393	$ 39,031	$ 28,628	$ 30,710	$ 48,677	$ 51,390	$ 50,856	$ 55,625
Average diluted shares (b)	98,009	98,009	97,989	97,989	98,356	98,356	99,232	99,232	99,078	99,078
Average assets (c)	15,842,010	15,842,010	15,710,204	15,710,204	14,524,422	14,524,422	14,460,288	14,460,288	14,320,514	14,320,514
Average shareholders' equity	2,230,422	2,230,422	2,185,865	2,185,865	2,209,733	2,209,733	2,245,107	2,245,107	2,210,327	2,210,327
Less:										
Goodwill and other intangibles	(1,018,214)	(1,018,214)	(1,020,111)	(1,020,111)	(1,023,393)	(1,023,393)	(1,026,267)	(1,026,267)	(961,371)	(961,371)
Average tangible equity (d)	1,212,208	1,212,208	1,165,754	1,165,754	1,186,340	1,186,340	1,218,840	1,218,840	1,248,956	1,248,956
Ratios										
Net earnings per share - diluted (a)/(b)	$ 0.42	$ 0.44	$ 0.38	$ 0.40	$ 0.29	$ 0.31	$ 0.49	$ 0.52	$ 0.51	$ 0.56
Return on average assets - (a)/(c)	1.04%	1.09%	0.96%	1.00%	0.79%	0.85%	1.34%	1.41%	1.41%	1.54%
Pre-tax, pre-provision return on average assets - ((a)+(j)+(h))/(c)	1.61%	1.67%	1.68%	1.73%	1.66%	1.73%	1.72%	1.86%	1.90%	2.05%
Return on average tangible shareholders' equity - (a)/(d)	13.61%	14.18%	12.90%	13.47%	9.71%	10.41%	15.84%	16.73%	16.15%	17.67%
Efficiency ratio - (e)/((f)+(g))	60.3%	58.9%	57.5%	56.1%	59.9%	58.2%	59.8%	56.4%	55.7%	52.0%
Effective tax rate - (h)/(i)	18.3%	18.5%	17.6%	17.8%	17.1%	17.4%	16.0%	18.9%	19.6%	19.3%

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