

# **FIRST FINANCIAL BANCORP. CORPORATE GOVERNANCE PRINCIPLES**

## **1. Introduction**

The Board of Directors (“Board”) of First Financial Bancorp. (“Company”) believes that effective corporate governance is built on adherence to a number of “best practices.” These practices are consistent with the Board’s responsibilities to effectively oversee the Company’s strategy, evaluate and compensate Company executives, and plan for management succession. Most importantly, these practices are believed to strengthen the Company and protect shareholders’ interests. As such, the Board has developed and follows a program of corporate governance to set forth common procedures and standards.

## **2. Board Functions**

The Board endeavors to provide effective governance over Company’s business affairs for the benefit of its shareholders, and to balance such interests with the interest of its other stakeholders, including its clients, employees and local communities.

## **3. Board Composition**

### ***Size of Board***

Notwithstanding the requirements of the Company’s Regulations, Board size will be a function of the current needs of the Company and the ability to effectively staff standing Board committees. Board size will be, in part, a function of a purposeful desire to enhance Board member diversity. Diversity is accomplished through the inclusion of directors with varying background characteristics and knowledge bases.

### ***Board Membership Criteria***

Directors are selected for their ability to provide unique perspectives and skills in their service as Board members. Directors are re-evaluated annually as to their ability to meet independence requirements and Board member diversity goals, as well as their ability to effectively contribute to the Board in the event their primary occupation or employment status changes during their term. Consideration will be given to replacing directors not fulfilling these goals.

### ***Director Independence***

The Board will be comprised of at least a majority of independent directors. Director independence, at a minimum, will be consistent with applicable rules of Nasdaq (“Nasdaq Rules”). The Board has a responsibility to make an affirmative determination that individuals serving as independent directors do not have a relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

No independent director may perform professional services for the Company or its affiliates in a manner that interferes with that director’s independence under

the Nasdaq Rules. Such prohibition shall apply to services provided (1) directly by the director (or by an immediate family member of the director) or (2) where the director (or an immediate family member of the director) is affiliated with the organization that provides the professional services to the Company. This prohibition will not apply to professional services that are provided by the director to clients of the Company (or its affiliates) where the Company (or its affiliates) has not given instruction that the service be provided by the director and the Company (or its affiliates) is not the party responsible for payment for the professional services. This prohibition will not apply to services initiated prior to January 1, 2011.

Professional services can be characterized as advisory in nature, generally involve access to sensitive company information or to strategic decision-making, and typically have a commission- or fee-based payment structure. For the purposes of these Principles, professional services generally include, but are not limited to the following: investment services, insurance services, accounting/auditing services, consulting services, marketing services, legal services, property management services, realtor services, lobbying services, executive search services, and IT consulting services. The term “immediate family member” of a director means that person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares a director’s home.

Board member independence will be assessed and affirmed annually.

#### **4. Selection of Directors**

##### ***Nomination and Criteria***

As set forth in its Committee Charter, the Corporate Governance and Nominating Committee is responsible for establishing procedures for the director nomination process and recommends nominees for election to the Board. The Committee evaluates the background and qualifications of director nominees, including those nominated by the Company’s shareholders, as described in the Corporate Governance and Nominating Committee Charter.

##### ***Orientation and Continuing Education***

Each new director participates in a Company orientation program designed to familiarize the director with the Company’s businesses, including short and long-term strategy, the nature of its shareholder base, its senior management team, its values, including ethics policies, its internal control environment, systems for detecting, preventing and reporting infractions of policy and law, the structure of and processes employed by the Board and its committees, and the responsibilities of directors.

The Board recognizes the value of continuing education for directors both within and outside the Company. Accordingly, in addition to director education programs conducted in the context of or as an adjunct to Board or committee meetings (e.g., presentations by subject matter experts, visits to Company facilities, in-depth briefings by business unit heads, strategic planning sessions),

the Company makes available to its directors information regarding externally conducted director education programs, and reimburses directors for the reasonable cost of participating in such programs upon review and approval of the Governance Committee. Committee Chairs are encouraged to attend at least one external director continuing education program every two years.

### ***Terms***

Directors are to be elected by the shareholders annually. Except as set forth in the Regulations, the election of directors will be held at the annual meeting of shareholders.

### ***Policy on Majority Voting for Directors***

In an uncontested election, any nominee for election as a director (including incumbent directors) who receives a greater number of “withhold” votes than votes “for” election (a “Majority Withhold Vote”) shall promptly tender to the Board his or her offer of resignation following certification of the shareholder vote. For purposes of the preceding sentence, an “uncontested election” is an election in which the number of nominees is not greater than the number of directors being elected at the meeting. Each nominee for election as a director (including incumbent directors) must agree in advance to abide by this policy as a condition of his or her nomination for election as a director.

The Corporate Governance and Nominating Committee will consider the resignation offer and make a recommendation to the Board whether to accept or reject the resignation offer. In making its recommendation, the Corporate Governance and Nominating Committee will consider all factors it deems relevant, including the stated reasons, if any, why shareholders withheld their votes from the director, the length of service and qualifications of the director, the director’s contributions to the Company and potential adverse consequences of the resignation (such as failure to comply with Nasdaq listing requirements and Securities and Exchange Commission (“SEC”) rules and regulations).

The Board will act on the Corporate Governance and Nominating Committee’s recommendation within 90 days following certification of the shareholder vote. The Board will promptly disclose its decision whether to accept or reject the director’s resignation offer (and, if applicable, the reasons for rejecting the resignation offer) in a Form 8-K filed with the SEC. Any director who tenders an offer of resignation pursuant to this policy shall not participate in the Corporate Governance and Nominating Committee recommendation or Board action regarding the resignation offer.

If a majority of the members of the Corporate Governance and Nominating Committee receive a Majority Withhold Vote at the same election, then the independent directors who did not receive a Majority Withhold Vote shall appoint a special committee consisting of independent directors who did not receive a Majority Withhold Vote to consider the resignation offers and recommend to the Board whether to accept or reject all or any of them.

A summary of this policy will be included in each proxy statement by the Company relating to an election of directors.

#### **5. *Selection of Chair of the Board***

The Board believes that it is in the best interests of the Company for the positions of the Chief Executive Officer and Chair of the Board to be separated, as this structure provides further independent oversight. The Chair serves a critical role in establishing and maintaining effective communications with the Company's shareholders, clients, suppliers, employees, creditors, communities, governments, and other stakeholders. The Chair also serves as an important liaison between the Board and management. A key role of the Chair is to work closely with the corporate secretary so that Board members receive meeting agendas and related materials with sufficient time to effectively prepare for discussion at Board and/or committee meetings. The Chair also serves a central role as liaison between the Board and external advisors retained by the Board. The Chair serves a one year renewable term. The Chair is evaluated on an annual basis.

#### **6. *Selection of Vice Chair***

The Board shall select a Vice Chair to act in the absence of the Chair and to act as the liaison between independent directors. The Vice Chair will be independent as defined by the Nasdaq Rules.

#### **7. *Executive Sessions of the Independent Directors***

The independent Board members shall meet in executive session at least twice a year. Non-independent Board members and management will not, as a rule, be present in these sessions. One of the independent Board members shall be appointed to set the executive session meeting agendas and to preside over these meetings.

#### **8. *Other Directorships and Committee Memberships***

Board members are expected to devote sufficient time and attention to carrying out their director duties and responsibilities and ensure that their other responsibilities, including service on other boards, do not materially interfere with their responsibility as directors of the Company. To preserve independence and to avoid conflicts of interest, directors are to limit the number of other public company boards on which they serve to three or fewer, taking into account potential board attendance, participation and effectiveness on these boards. Directors should advise the Chair of the Board and the Chair of the Corporate Governance and Nominating Committee before accepting an invitation to serve on another public company board. Members of the Audit, Risk and Compliance, and Compensation Committees are discouraged from serving on such number of similar committees of other public companies that may affect their ability to function effectively on the Board, the Board of Directors of First Financial Bank, and the committees of these boards.

The Chief Executive Officer of the Company shall be limited to serving on the boards of no more than two additional public companies.

All Board members are expected to limit their board membership on non-public/charitable organizations to no more than five. In the event a director exceeds the expected board memberships, the Corporate Governance and Nominating Committee will review such matters on a case-by-case basis and make a determination that such added memberships do not impair the ability of that director to serve effectively as a member of the Board of the Company.

#### **9. Director Change in Status**

The Board and the Corporate Governance and Nominating Committee have determined that a significant influence towards a director's valued contribution to the Company is the director's status as an active participant in the general communities or in the business communities in which the Company operates. To this end, in the event of a change in the principal occupation, business association, or residence of a director, such director shall submit his/her resignation to the Chair of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee will determine if it is the best interest of the Company to accept the resignation or to allow for such director to continue to serve as a member of the board of directors.

#### **10. Committees of the Board**

Notwithstanding the requirements of the Company's Regulations, the Company will have at least the committees required or encouraged by Nasdaq . Currently, these are the Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee. The Company has two additional standing committees: Risk and Compliance Committee and Capital Markets Committee. The Board may establish other committees from time to time as it deems appropriate, including but not limited to a Mergers and Acquisition Executive Committee.

##### ***Assignment and Rotation of Committee Members***

The Corporate Governance and Nominating Committee is responsible for making recommendations with respect to the assignment of directors to various committees and with respect to the chairs and vice-chairs of each committee. After reviewing the Corporate Governance and Nominating Committee's recommendations, the Board will be responsible for appointing the chairs, vice-chairs, and members to the committees on an annual basis. The Board may also delegate this responsibility to the Corporate Governance and Nominating Committee.

The Corporate Governance and Nominating Committee will annually review the committee assignments and will consider the rotation of committee chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and the viewpoints of the various directors. Committee chairs are expected to rotate at least once every five years.

The vice-chair of a committee will act in the absence of the chair of the committee. The vice-chair of a committee is expected to succeed to the chair position of that committee.

### ***Committee Independence***

The Board is committed to Board committee independence. The Audit, Risk and Compliance, Compensation, and Corporate Governance and Nominating Committees will each be comprised of independent directors who meet the criteria for independence under the Nasdaq Rules.

### **Audit Committee Expertise**

Each member of the Audit Committee will also meet the criteria for independence under the Sarbanes-Oxley Act of 2002. All members of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and statement of cash flows, at the time of appointment to the Audit Committee. In addition, at least one member of the Audit Committee will have the attributes of an "audit committee financial expert" as defined by Securities and Exchange Commission Rule 401, who will also be presumed to qualify as possessing "financial sophistication" as described in the Nasdaq Rules.

### ***Committee Charters***

The Board will maintain and make publicly available the charters of the Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Risk and Compliance Committee. Each charter addresses each committee's purpose, structure, duties, goals and responsibilities, and the criteria of membership. These charters, the Company's Corporate Governance Principles, and the Company's Code of Conduct, all of which may be modified as appropriate, are made available to the public via the Company's website at [www.bankatfirst.com](http://www.bankatfirst.com) under "Investor Relations."

## **11. Resources**

In recognition of the Board's commitment to maintaining independence, the Board has the authority to expend Company funds as deemed necessary and appropriate in the discretion of the Board for purposes of:

- compensation to any advisers, including independent counsel, engaged by the Board or any Board committee; and
- ordinary administrative expenses of the Board or any Board committee that are necessary or appropriate in carrying out its duties.

This enables the Board and Board committees to engage in activities such as determining director compensation and hiring external experts such as the external auditors and compensation consultants without having to request such operating funds from management. The management of expenses of the Board and of each Board committee is overseen by the Chair of the Board or the Chair of each respective committee, as applicable. Company management may not restrict, or otherwise limit, funds sought by the Board for the above purposes.

## **12. Director Compensation and Share Ownership**

The Board believes that it is important to rely on director compensation practices that promote director independence. Directors' compensation is therefore in the form of a Board retainer and fees for Board or committee meeting attendance. The Chair, Board committee chairs, and members of certain committees may receive additional compensation in recognition of their additional service responsibilities. A director who is also an employee of the Company will not be entitled to receive a retainer or fees in connection with Board or committee meeting attendance.

The Board also believes that directors should make a meaningful investment in Company shares. Consistent with this guideline, a director may elect to have all or a portion of his or her retainer fees paid in the form of restricted shares pursuant to the Company's Director Fee Stock Plan.

A director is required to own Company shares equal to at least three times the director's annual retainer with a minimum of at least 4,000 shares within three years of first becoming a director of the Company. Furthermore, federal law and First Financial Bank's bylaws require a director to own at least \$1,000 of Company shares, which requirement must be met by an incoming director as soon as reasonably practical following the termination or expiration of any share trading restriction period pursuant to the Company's Insider Trading Policy.

Any share transactions of a director will be posted on the Company's website, [www.bankatfirst.com](http://www.bankatfirst.com) under "Investor Relations".

## **13. Executive Compensation**

The Board believes that independent oversight of executive compensation will help assure that appropriate incentives are in place, consistent with the Board's responsibility to maximize shareholder value. Accordingly, the Compensation Committee will be comprised of independent directors and will determine the compensation of the Chief Executive Officer in executive session. The Chief Executive Officer may not be present during deliberations or voting concerning the Chief Executive Officer's compensation. The Compensation Committee will also determine the compensation of other executive officers as required by the Nasdaq Rules.

## **14. Management Succession**

At least annually, the Board will review and concur in a succession plan, developed by management, addressing the policies and principles for selecting a successor to the Chief Executive Officer and certain key executives as identified by the Corporate Governance and Nominating Committee. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the Chief Executive Officer and certain key executives.

## ***15. Board Meetings and Attendance***

The Board is committed to open communication among Board members and between the Board and management. Consistent with this, the Board meets at least once a quarter and the Audit, Compensation, Corporate Governance and Nominating, Risk and Compliance, and Capital Markets Committees meet as required by their respective charters. Board meeting dates are established on an annual basis. Additional Board and committee meetings are scheduled on an as-needed basis.

The Board believes that it is important for directors to participate in scheduled Board and committee meetings and to attend the Annual Meeting of Shareholders. Directors who participate in fewer than 75 percent of scheduled Board and committee meetings, or who do not attend the Annual Meeting, unless excused by the Chair of the Board, are subject to not being re-nominated to the Board.

Meetings of the Board and any committee may be held through any communications equipment if all persons participating can hear each other, and participation in a meeting pursuant to this provision shall constitute presence at such meeting. Each meeting of the Board and any committee shall proceed as long as a quorum, consisting of at least a majority of the current members of the Board or of each committee, as applicable, is present. Further, the Board and each committee may act by written consent in lieu of meeting.

## ***16. Director Access to Management***

Consistent with the need for open communication channels between the Board and management, independent directors will have direct access to Company management outside of formal Board and committee meetings.

## ***17. Evaluation***

The Board is also committed to evaluating the overall effectiveness of the Board and individual directors. Board and Board committee evaluations are conducted periodically by the Corporate Governance and Nominating Committee. Directors are formally evaluated by the Corporate Governance and Nominating Committee prior to their consideration for re-nomination to the Board.

## ***18. Related Person Transactions***

The Board is committed to compliance with the regulations concerning related party transactions as described in Item 404 of Regulation S-K of the Securities Act of 1933. Accordingly, all directors and executive officers shall promptly notify the Chair of the Board or the Chair of the Corporate Governance and Nominating Committee, as well as the Chief Legal Officer of the Company, if a related person transaction is anticipated. Related person transactions will originally be submitted to the Audit Committee of the Board for approval as well as to the Corporate Governance and Nominating Committee for its consideration when making independence determinations. Annually, the Company will solicit information from its directors and executive officers to gather information about potential related person transactions. At least annually, the Board or the Corporate Governance Committee will review transactions between the Company



and related persons. No director will participate in the discussion, approval or ratification of any transaction involving that director or the director's related persons.

The Company, or its subsidiaries, has, and expects to have in the future, banking relationships in the ordinary course of business with directors, executive officers, principal shareholders, and their affiliates on the same terms, including interest rates and collateral on loans, as those prevailing at the same time for comparable transactions with others. Normal, arms-length banking relationships entered into in the ordinary course of business, and consistent with applicable federal banking regulations, are not considered to interfere with a director's independence. Service specialization, rate concessions, fee concessions, or other service or product modifications may similarly be offered to directors and executive officers, and their affiliates, if the same would be offered to other similarly situated clients on a non-discriminatory basis in the ordinary course of business. Any loan or extension of credit to a director or officer, or their affiliate, will only be made in compliance with Federal Reserve Board Regulation O. To comply with Regulation O, any loan or extension of credit to an officer or director, or their affiliate, must (1) be made in the ordinary course of business, (2) be made on substantially the same terms, including interest and nature of collateral, as those prevailing at the time for comparable transactions with other persons, and (3) not involve more than the normal risk of collectability or present other unfavorable features. In addition, the Company or its subsidiaries from time to time may pay immaterial amounts for such items as event sponsorships and contributions to not-for-profit entities with which our directors have relationships and which payments are in furtherance of our Company's business interests.

### ***19. Communicating with the Board of Directors***

Shareholders may send communications to the Company's board of directors or individual board members by writing to:

First Financial Bancorp  
Attn: Board of Directors (or name of individual board member)  
255 East Fifth Street, Suite 2900  
Cincinnati, OH 45202

Letters mailed to this address will be delivered unopened to the board member who serves as Chair of the Audit Committee or the board member who serves as Chair of the Corporate Governance and Nominating Committee or their designate, as alternate. A letter addressed to an individual board member will be forwarded unopened to that board member by the Chair of the Audit Committee or his/her delegate.

Adopted February 24, 2004  
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