

# Investor Presentation

Second Quarter 2018

**first**

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# Forward Looking Statement Disclosure



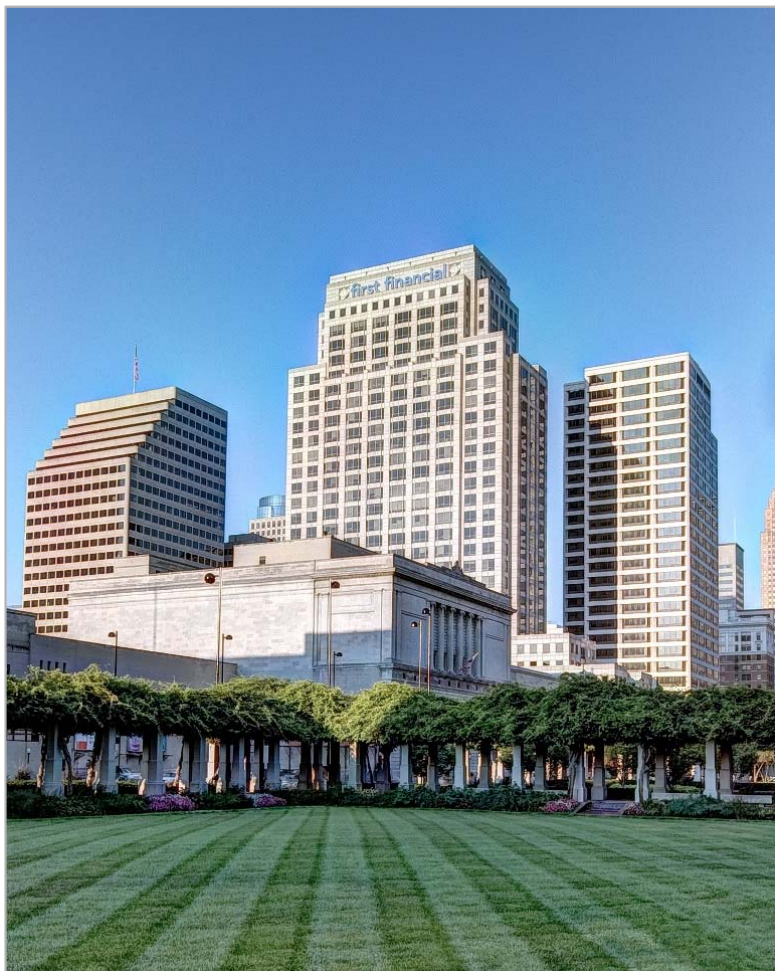
Certain statements contained in this report which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “believes,” “anticipates,” “likely,” “expected,” “estimated,” “intends” and other similar 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: (i) economic, market, liquidity, credit, interest rate, operational and technological risks associated with the Company's business; (ii) the effect of and changes in policies and laws or regulatory agencies, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislation and regulation relating to the banking industry; (iii) management's ability to effectively execute its business plans; (iv) mergers and acquisitions, including costs or difficulties related to the integration of acquired companies; (v) the possibility that any of the anticipated benefits of the Company's recent merger with MainSource Financial Group, Inc. will not be realized or will not be realized within the expected time period; (vi) the effect of changes in accounting policies and practices; (vii) changes in consumer spending, borrowing and saving and changes in unemployment; (viii) changes in customers' performance and creditworthiness; and (ix) the costs and effects of litigation and of unexpected or adverse outcomes in such litigation. Additional factors that may cause our actual results to differ materially from those described in our forward-looking statements can be found in the Form 10-K for the year ended December 31, 2017, as well as its other filings with the SEC, which are available on the SEC website at [www.sec.gov](http://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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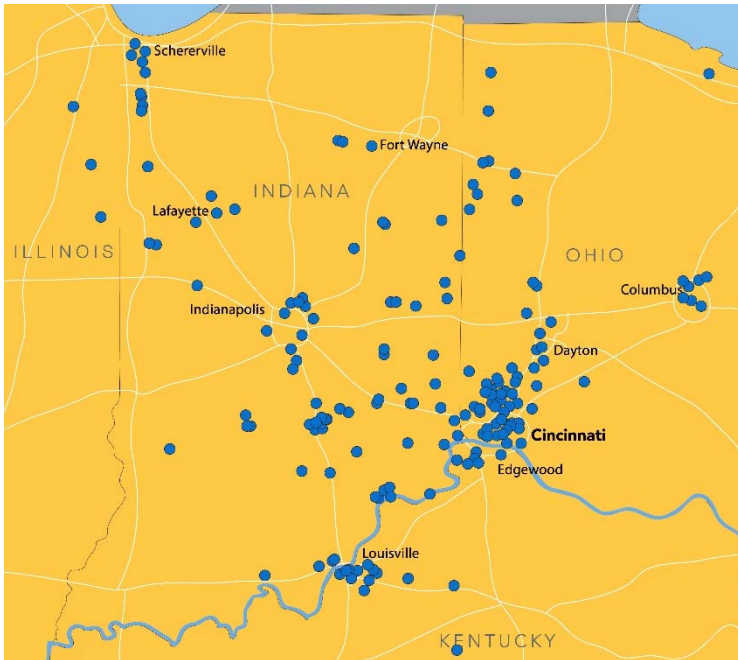
## Presentation Contents

About First Financial Bancorp

Financial Performance

Appendix

# Company Overview



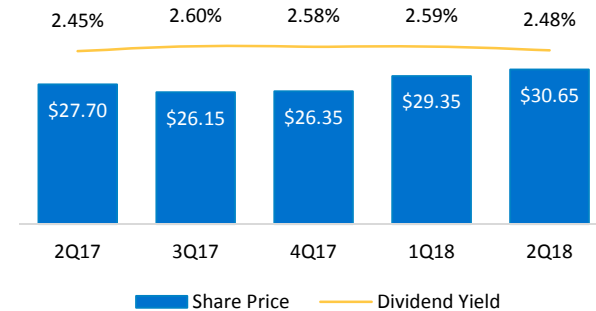
## Overview

Founded: 1863  
 Headquarters: Cincinnati, Ohio  
 Banking Centers: 158  
 Assets: \$13.9 billion  
 Loans: \$8.9 billion  
 Deposits: \$10.1 billion  
 Wealth Mgmt: \$4.5 billion  
     \$2.7 billion AUM  
     \$1.8 billion brokerage

## Lines of Business

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

NASDAQ: FFBC



[www.bankatfirst.com](http://www.bankatfirst.com)

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# Franchise Growth Plans



## 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 500 Relationships  
\$2.2B Commitments  
\$1.6B Balances  
\$2.6B Total 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

### 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
Number of Households	278,718	31,624
Total Deposit Balance	\$5.4B	\$2.5B
Total Loan Balance	\$1.0B	\$1.4B

### 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**

Combined 1Q2018

- Orig Volume \$104MM
- Avg loan size \$162K

**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

**Current Portfolio**

	Relationships	Assets
Trust & Investments	1,900	\$2.7B
Brokerage	10,000	\$2.0B
RPS	130	\$270MM

**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

**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 \$664MM  
Southern OH \$1.5B  
Indiana \$529MM  
Healthcare \$180MM

**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	\$540,158,407
ISM	\$199,292,267
ICORE	\$129,027,756
CAR	\$80,335,556
RIA	\$43,198,792
CPA	\$14,985,341
ICL	\$7,363,636

**Business Line Goals**

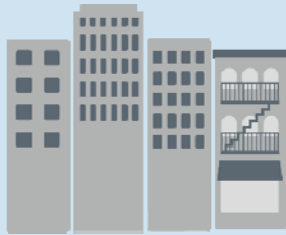
- Portfolio Growth
- Revenue Growth

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



# Market Centric Strategies

## METRO MARKETS



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

▼ Low brand awareness  
Low market share

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



Southeastern IN  
South Central IN  
Northwest IN  
Northern OH

▲ High brand awareness  
High market share

Deepen relationships

Expand product offering

Word-of-mouth referrals

Leads to organic growth

## HEADQUARTERS



Greater Cincinnati  
Northern KY

4<sup>th</sup> in market share  
All business lines represented

Hometown Community

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

Oak Street Funding

First Franchise Capital

# Revenue Growth Strategies



## LOB | Go-to-Market

### Product & Pricing

- Regional pricing strategy
- Increased Commercial lending limits
- New Consumer product line-up
- Treasury Management product investments

### Talent Expansion

- Up-Market Commercial talent acquisition
- New business line leadership in Mortgage – focused on building out capabilities and increasing salesforce

### Client Experience

- Improved Cash Management Platform

## Distribution

### Defined Models

- Community
- Metro
- Headquarters
- National
- Digital

### Capacity Plans

- Increased physical distribution network
- Closed 41 overlapping locations
- Aligned sales teams to distribution models

### Expanded Capabilities

- 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
- Deposit & loan complete
- Connection into CRM platform

### Enterprise CRM

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

## Talent

### Staffing Model

- Defined new company FTE targets
- Middle Market team is 80% built
- End-of-the-year target for completion of all items
- Larger salesforce in targeted Lines of Business

### Culture

- Change Management through merger
- Refreshed Corporate Strategic Intent
- Attraction/recruitment engagement and retention programs

# 2018 Priorities



- Successful integration of the two companies
  - Minimal customer disruption/quick recovery
  - Develop cohesive leadership team and culture that is embraced by our associates
  - Achieve expense savings and deliver the financial returns we communicated to our shareholders by 1Q 2019
- Achieve targeted income and balance sheet growth
- Develop and effectively communicate new plans
  - Strategic plan for the corporation
  - Business plans for the revenue lines
  - Functional plans for key staff areas
- Implement risk framework for the new company, achieve satisfactory regulatory exam ratings
- Accomplish 2018 community plan objectives

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# Invest with First Financial



- Experienced and proven management team
- Increased scale to invest in franchise and achieve top quartile financial returns
- Proven & sustainable business model
  - Well managed through the cycle
  - Conservative operating philosophy
  - Consistent profitability – 111 consecutive quarters
- Robust capital management
  - Prudent steward of shareholders' capital
- Strong asset quality
- Well defined M&A strategy
  - Selective markets, products & asset diversification

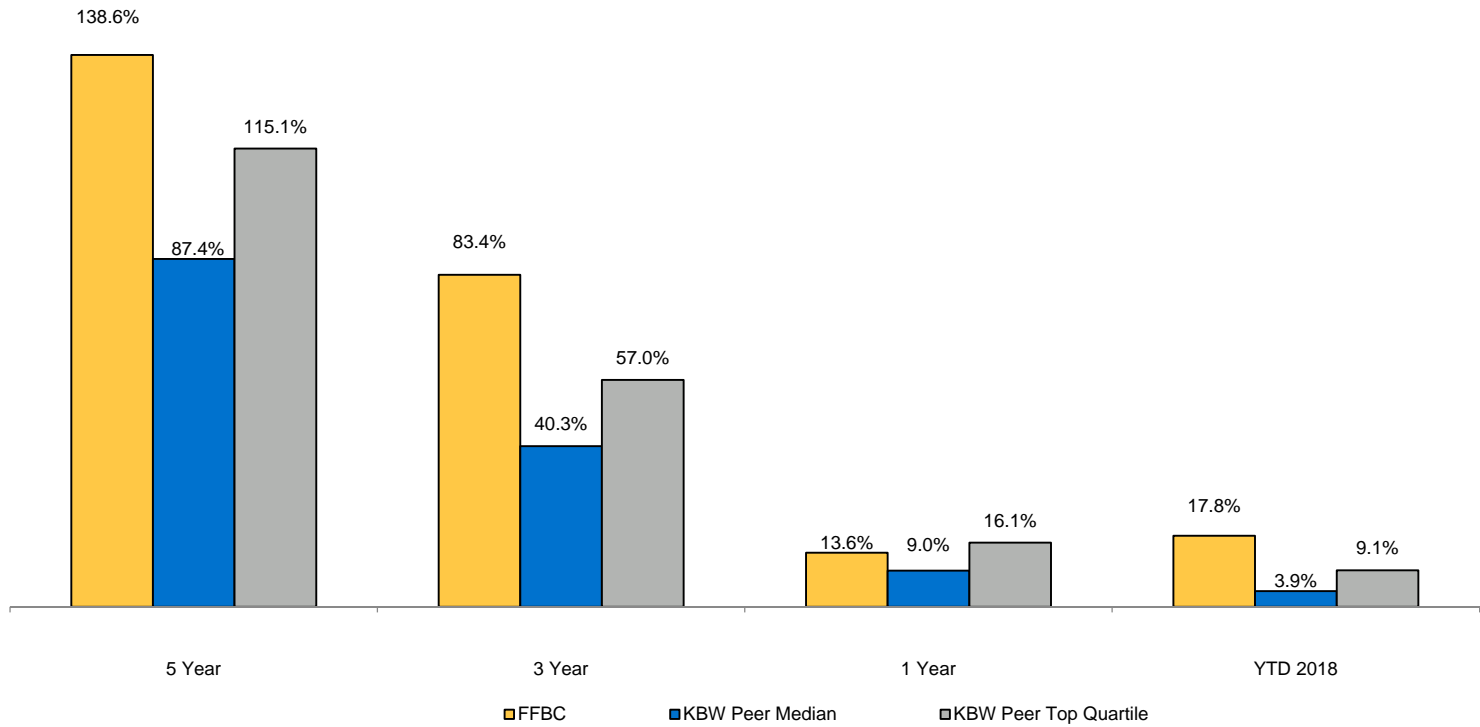
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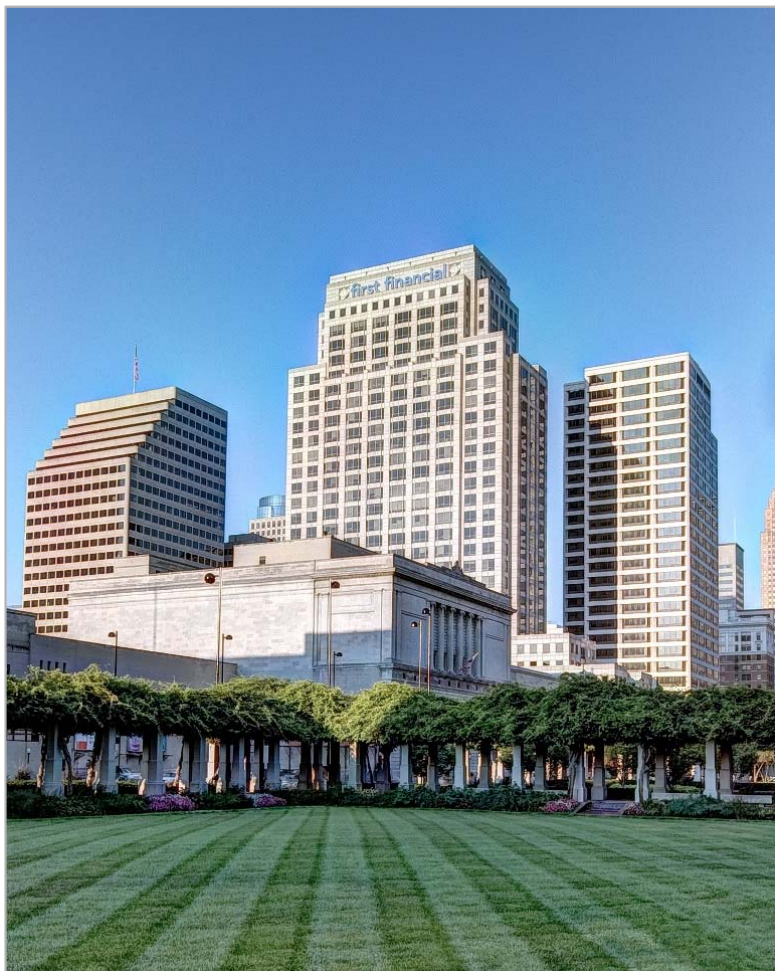
# Invest with First Financial



## Total Shareholder Return<sup>1,2,3,4</sup>



<sup>1</sup> Includes dividend reinvestment  
<sup>2</sup> Peer group includes KBW regional bank index peers  
<sup>3</sup> Based on stock price as of 07/1/2018  
<sup>4</sup> Beginning date is 07/1/2017 for the 1-year return, 07/1/2015 for the 3-year return, and 07/1/2013 for the 5-year return



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## Presentation Contents

About First Financial Bancorp

Financial Performance

Appendix

# 2Q 2018 Highlights

## 111th Consecutive Quarter of Profitability

### Profitability

- Net income = \$36.4 million or \$0.37 per diluted share. Adjusted net income = \$55.6 million or \$0.57 per diluted share<sup>1,2</sup>
- Return on average assets = 1.05%. Adjusted return on average assets = 1.60%<sup>1</sup>
- Return on average shareholders' equity = 7.30%. Adjusted return on average shareholders' equity = 11.16%<sup>1</sup>
- Return on average tangible common equity = 13.71%<sup>1</sup>. Adjusted return on average tangible common equity = 20.94%<sup>1</sup>

### Income Statement

- Net interest income = \$124.0 million.
- Net interest margin of 4.10% on a GAAP basis; 4.15% on a fully tax equivalent basis<sup>1</sup>.
- Noninterest income = \$28.3 million.
- Noninterest expense = \$102.8 million; \$78.8 million<sup>1</sup> as adjusted for merger related items.
- Efficiency ratio = 67.50%. Adjusted efficiency ratio = 51.66%<sup>1</sup>
- Effective tax rate of 20.4%. Adjusted effective tax rate of 20.6%<sup>1</sup>

### Balance Sheet

- Total assets = \$13.9 billion; \$4.4 billion acquired in MSFG merger, net of branch divestiture
- EOP loans = \$8.9 billion; \$2.9 billion acquired in MSFG merger, net of branch divestiture
- EOP deposits = \$10.1 billion; \$3.3 billion acquired in MSFG merger, net of branch divestiture
- EOP investment securities = \$3.2 billion; \$1.1 billion acquired in MSFG merger

### Asset Quality

- Provision expense = \$3.7 million. Net charge offs = \$4.0 million. NCOs / Avg. Loans = 0.18% annualized.
- Nonperforming Loans / Total Loans = 0.70%. Nonperforming Assets / Total Assets = 0.46%.
- ALLL / Nonaccrual Loans = 133.65%. ALLL / Total Loans = 0.61%. Classified Assets / Total Assets = 1.00%.
- Credit mark of \$33.1 million on acquired MainSource loans.

### Capital

- Total capital ratio = 13.36%.
- Tier 1 common equity ratio = 11.15%.
- Tangible common equity ratio = 8.30%.
- Tangible book value per share = \$11.01.

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

<sup>2</sup> See Slide 4 for Adjusted Earnings detail.

# Adjusted Net Income <sup>1</sup>

The table below lists certain adjustments that we believe are significant to understanding our quarterly performance.

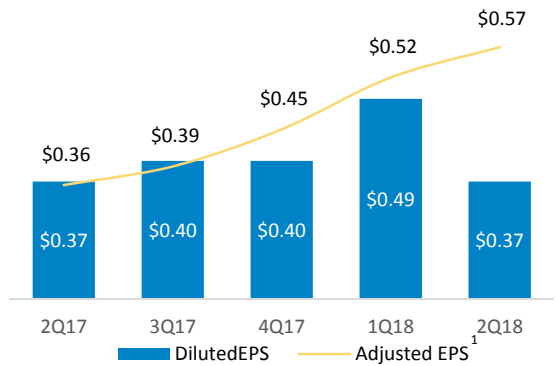
	2Q 2018		1Q 2018	
	As Reported	Adjusted	As Reported	Adjusted
Net interest income	\$ 123,979	\$ 123,979	\$ 75,812	\$ 75,812
Provision for loan and lease losses	\$ 3,735	\$ 3,735	\$ 2,303	\$ 2,303
Noninterest income	\$ 28,256	\$ 28,256	\$ 16,938	\$ 16,938
plus: bankcard interchange		341 A		
plus: losses on sale of investment securities		30 A		
Total noninterest income	\$ 28,256	\$ 28,627	\$ 16,938	\$ 16,938
Noninterest expense	\$ 102,755	\$ 102,755	\$ 52,288	\$ 52,288
less: merger-related expenses		19,397 A		1,985 A
less: severance expenses		4,546 A		
less: final loss share settlement				527 A
less: other				(113) A
Total noninterest expense	\$ 102,755	\$ 78,812	\$ 52,288	\$ 49,889
Income before income taxes	\$ 45,745	\$ 70,059	\$ 38,159	\$ 40,558
Income tax expense	\$ 9,327	\$ 9,327	\$ 7,653	\$ 7,653
plus: tax effect of adjustments				
(A) @ 21% statutory rate	-	5,106	-	504
Total income tax expense	\$ 9,327	\$ 14,433	\$ 7,653	\$ 8,157
Net income	\$ 36,418	\$ 55,626	\$ 30,506	\$ 32,401
Net earnings per share - diluted	\$ 0.37	\$ 0.57	\$ 0.49	\$ 0.52

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

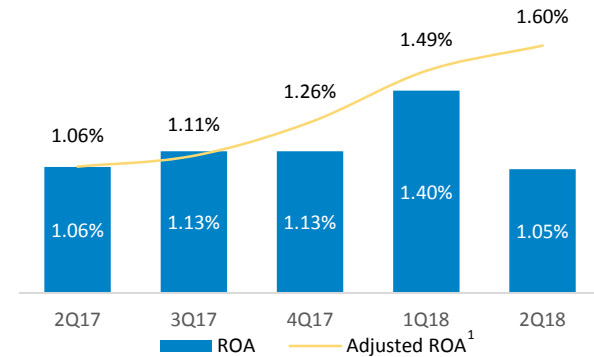
All dollars shown in thousands, except per share amounts

# Profitability

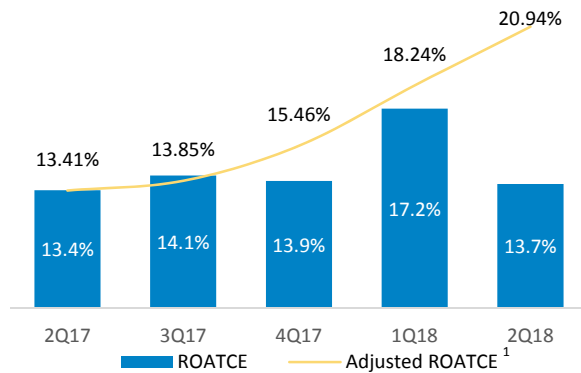
## Diluted EPS



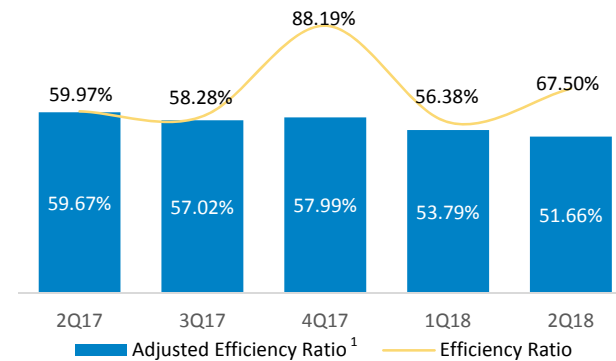
## Return on Average Assets



## Return on Tangible Common Equity



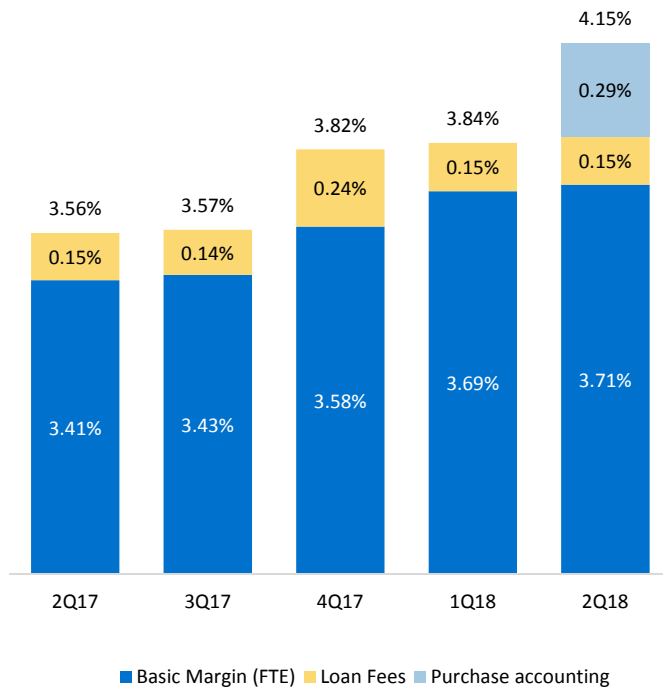
## Efficiency Ratio





# Net Interest Margin

## Net Interest Margin (FTE)



## 2Q18 NIM (FTE) Progression

**1Q18** 3.84%

Merger-related impact -0.04%

Purchase accounting 0.29%

Security yields 0.03%

Loan yields 0.12%

Deposit costs -0.06%

Shift in funding mix -0.03%

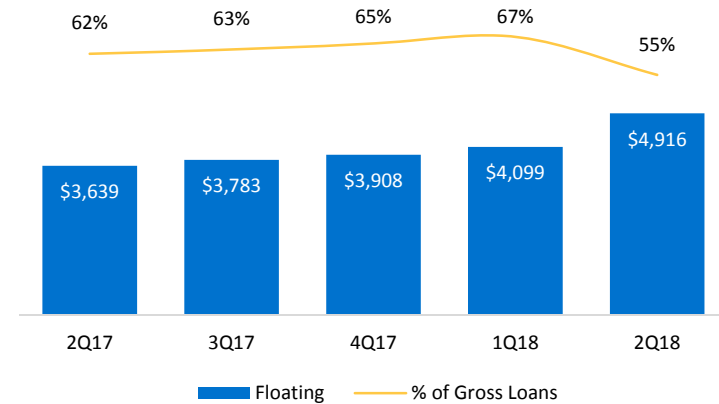
NIM Expansion of 6 bps

**2Q18** 4.15%

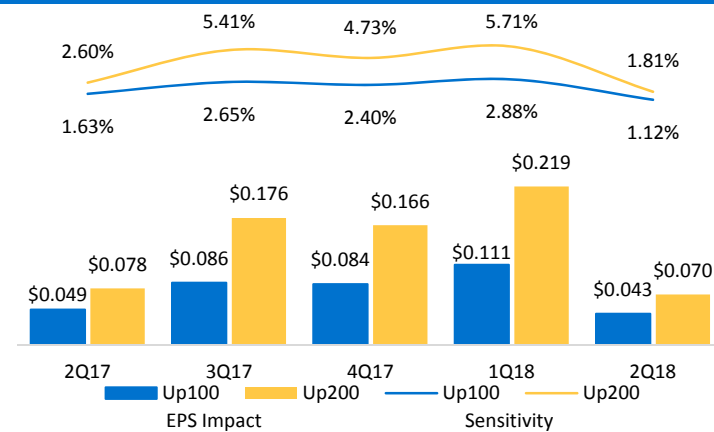
# Interest Rate Sensitivity

- Asset sensitive position
- Majority of loans are variable rate:
  - 55% reprice <=3 months
- Securities portfolio duration – 3.6 years
  - +100 scenario 4.0 years
  - +200 scenario 4.1 years
- Non-maturity, interest bearing accounts modeled to increase 59 bps in an “Up 100” scenario
- 50% of deposits in Community Markets with high market share.

Loan Portfolio – Floating Loan Mix (1)



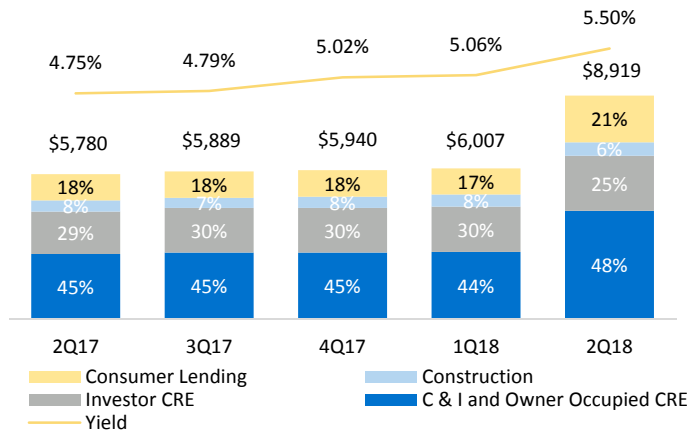
Sensitivity Trend (Up100, Up200) (2)



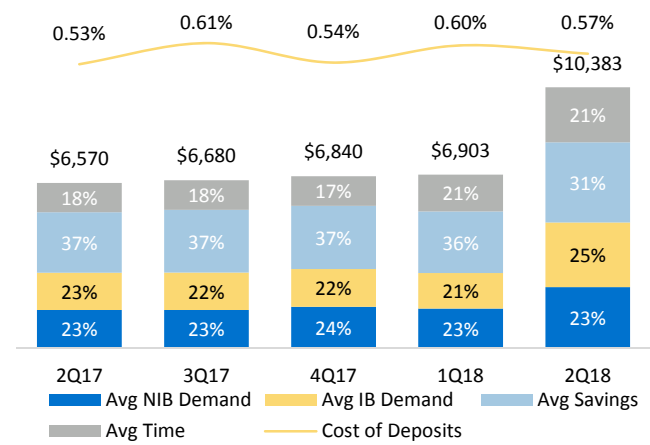
(1) As defined by EOP loans repricing in three months or less.  
 (2) Immediate parallel shifts across a 12 month horizon

# Average Balance Sheet

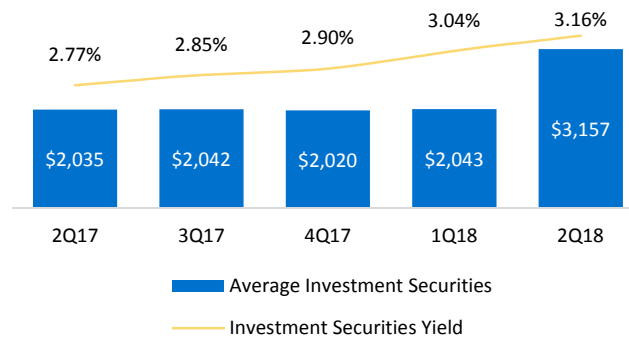
## Average Loans<sup>1</sup>



## Average Deposits



## Average Securities



<sup>1</sup> Includes impact of purchase accounting; Gross loans include loans held for sale & FDIC indemnification asset

All dollars shown in millions

# Loan and Deposit Progressions

## 2Q18 EOP Loan Progression

First Financial as of March 31	\$	6,102,021
MainSource as of March 31		<u>3,012,330</u>
Total as of March 31		9,114,351
Purchase valuation adjustments		(89,619)
Branch divestiture		(119,887)
Growth/(decline)		<u>(20,264)</u>
Balance as of June 30	\$	<u><u>8,884,581</u></u>

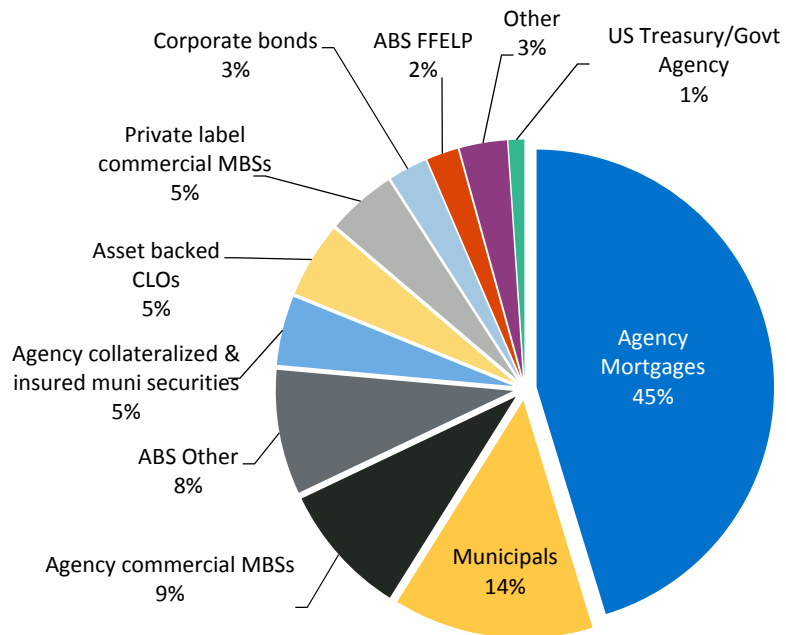
## 2Q18 Average Deposit Progression

First Financial as of March 31	\$	6,903,312
MainSource as of March 31		<u>3,462,051</u>
Total as of March 31		10,365,363
Purchase valuation adjustments		(1,801)
Branch divestiture		(86,335)
Growth/(decline)		<u>105,408</u>
Balance as of June 30	\$	<u><u>10,382,635</u></u>

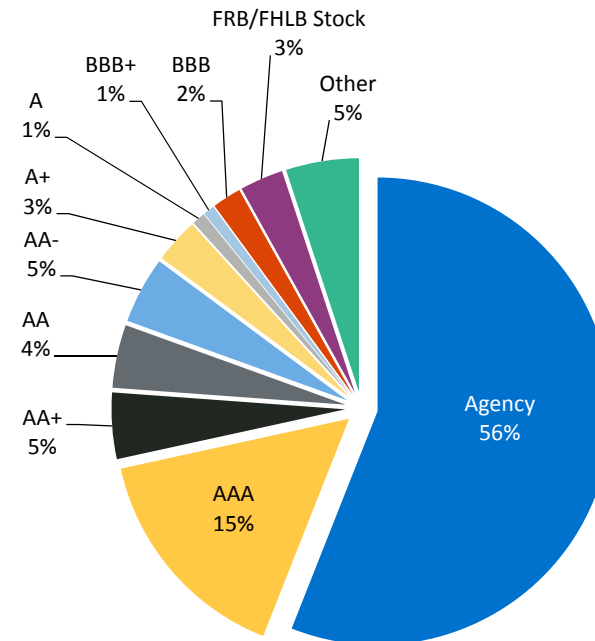
# Investment Portfolio

- Total EOP investments of approximately \$3.2 billion
- Investment portfolio / total assets = approximately 23%
- Portfolio duration = estimated 3.6 years

Portfolio Composition



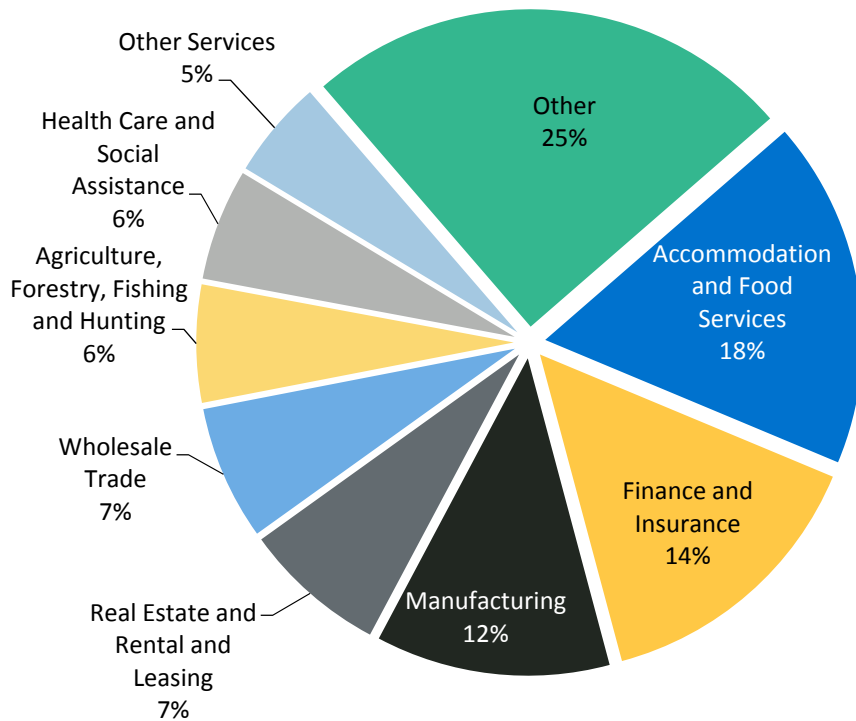
Portfolio Quality



# Loan Portfolio

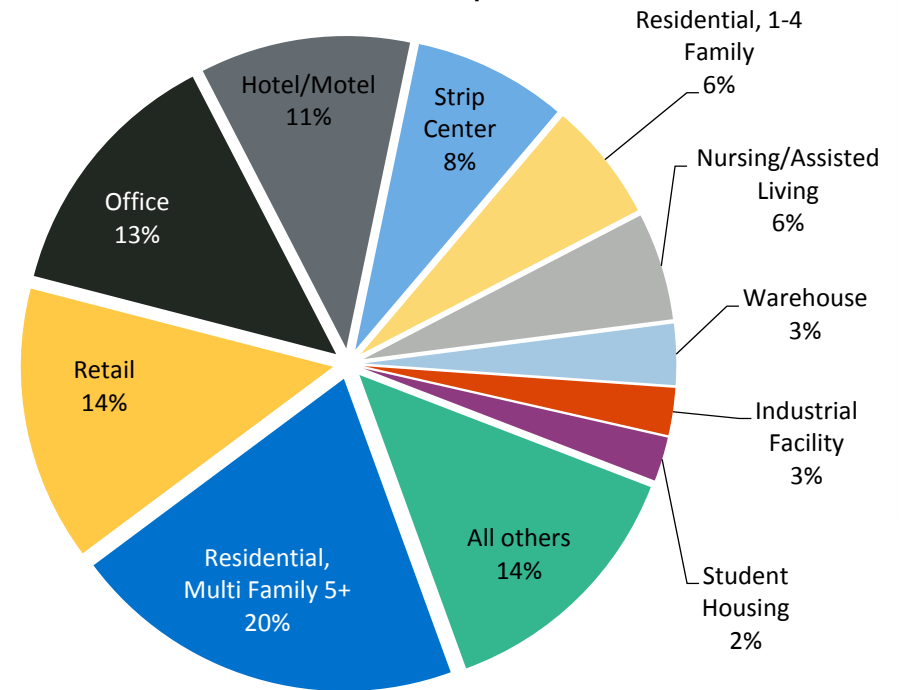
C&I Loans by Industry <sup>1</sup>

C&I Loans: \$3.8B



CRE Loans by Collateral <sup>2</sup>

ICRE Loans: \$3.1B



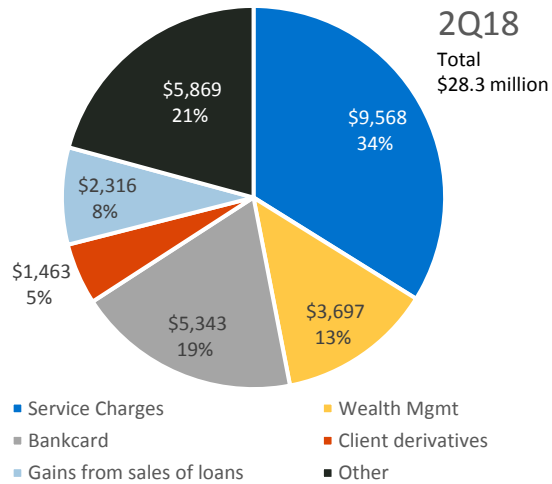
<sup>1</sup> Industry types included in Other representing greater than 1% of total C&I loans include Professional, Scientific, and Technical Services, Public Administration, Retail Trade, Construction, Transportation and Warehousing, Arts, Entertainment, and Recreation, and Educational Services. Includes Owner-occupied CRE.

<sup>2</sup> Collateral types included in Other representing greater than 1% of total CRE loans include Medical Office, Manufacturing Facility, Vacant Land Held for Development, Real Estate IUB Other, School/Education, Mini Storage, Farmland, Restaurant, and Convenience Store.

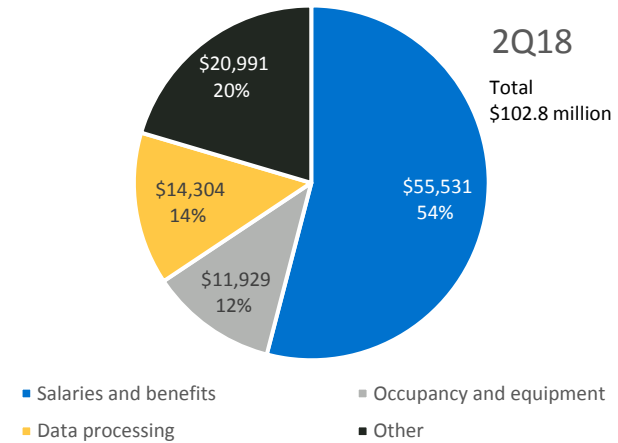


# Noninterest Income and Noninterest Expense

## Noninterest Income

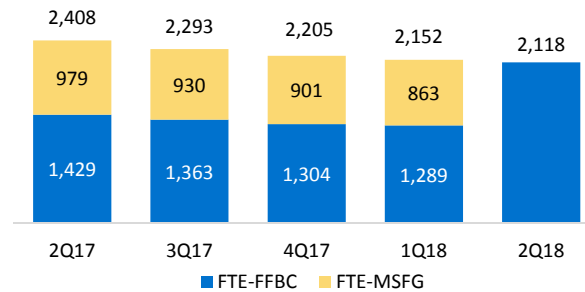


## Noninterest Expense <sup>1</sup>



<sup>1</sup> Includes \$23.9 million of merger-related expenses

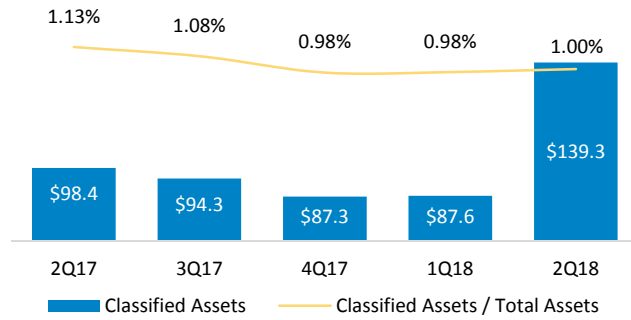
## Combined FTE



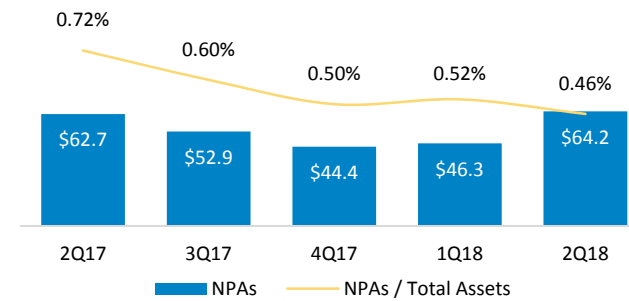
All dollars shown in thousands

# Asset Quality

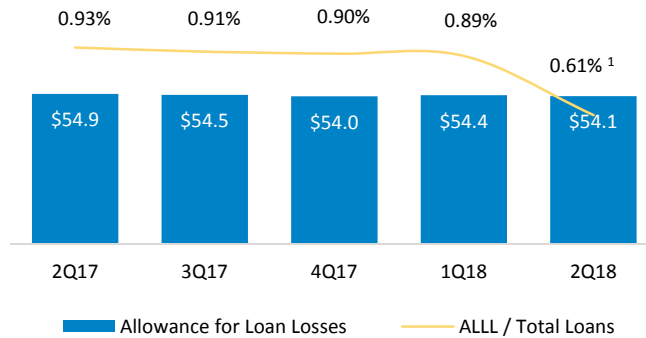
## Classified Assets / Total Assets



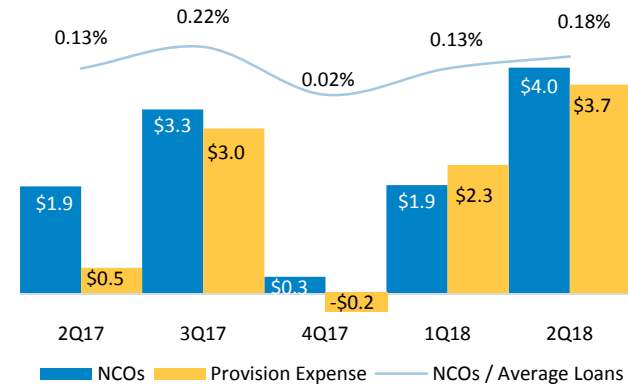
## Nonperforming Assets / Total Assets



## Allowance / Total Loans



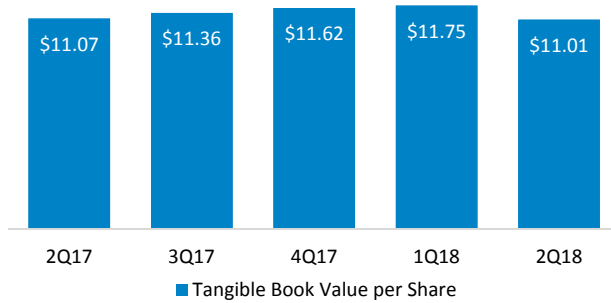
## Net Charge Offs & Provision Expense



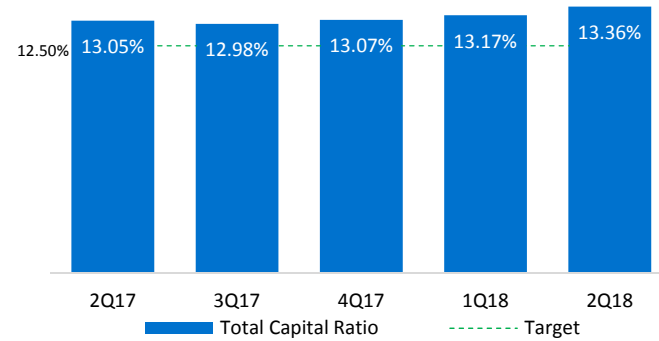
<sup>1</sup> 2Q18 decline in ratio is consistent with GAAP for acquired loans

# Capital

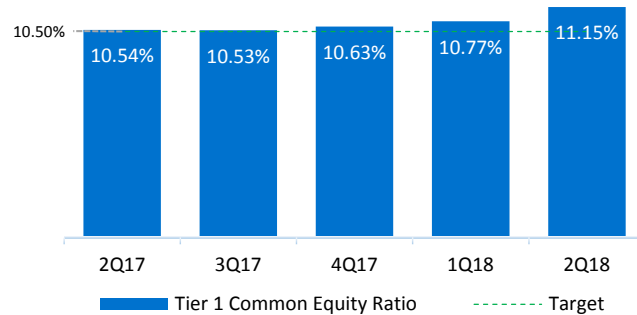
## Tangible Book Value Per Share



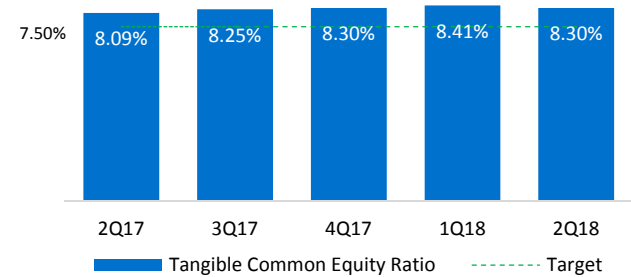
## Total Capital Ratio



## Tier 1 Common Equity Ratio



## Tangible Common Equity Ratio



# Outlook<sup>1</sup>



## Balance Sheet

- Annualized loan growth expected to be in the low to mid-single digits on a percentage basis for the remainder of 2018

## Net Interest Margin

- Projected to be 3.95% - 4.05% on a FTE basis based on static interest rates
  - Includes estimated purchase accounting adjustments of 23 basis points
  - Lower projected loan fees (3 bps) and shift in mix to higher cost funding (2-4 bps)
- Modestly asset sensitive balance sheet, although benefits from future rate increases could be muted by market competition on deposit pricing

## Credit

- Stable credit outlook; no systemic credit issues are anticipated

## Noninterest income<sup>2</sup>

- Estimated to be \$28 - \$30 million on a quarterly basis
- Mortgage headwinds anticipated due to market conditions

## Noninterest Expense<sup>2</sup>

- Quarterly noninterest expense of \$76 - \$78 million anticipated for 3Q18; \$75 - \$77 million anticipated by end of 2018
- Fully phased in efficiency ratio of 50 - 52%

## Capital

- Target dividend payout ratio of 35 - 40%
- All capital ratios expected to exceed current internal targets

## Taxes

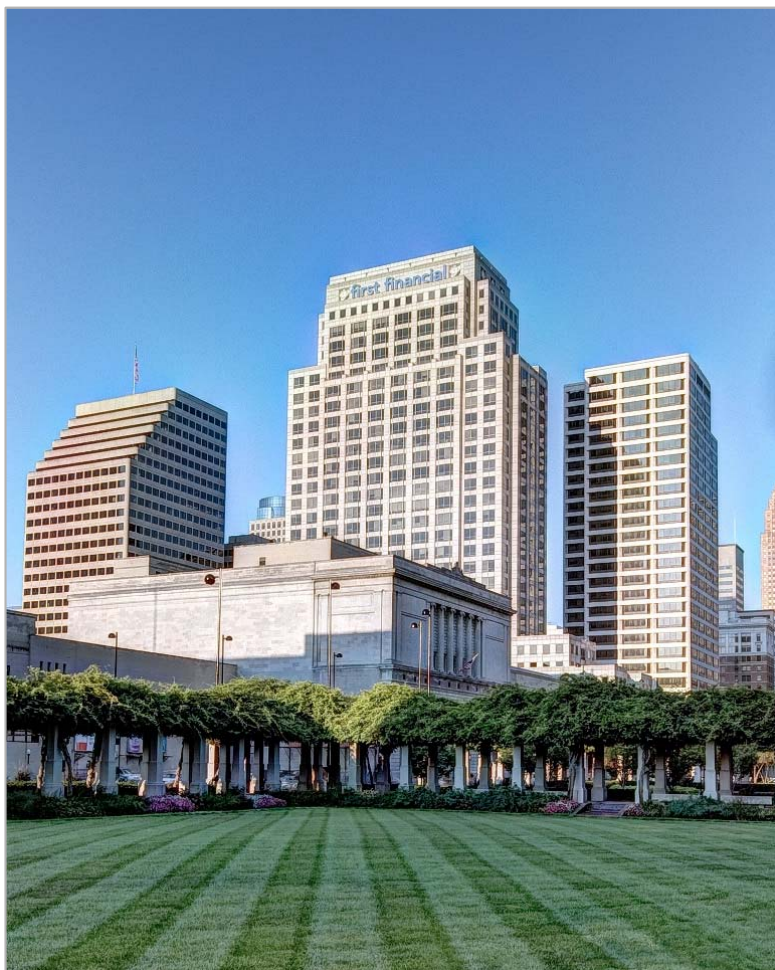
- Effective tax rate of approximately 19.5%

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<sup>1</sup> See Forward Looking Statement Disclosure on page 2 of this presentation for a discussion of factors that could affect management's expectations and results in future periods

<sup>2</sup> Management's estimated outlook excludes merger-related activities



## Presentation Contents

About First Financial Bancorp

Financial Performance

Appendix

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# Appendix: Executive Chairman & CEO Roles



## Chairman & CEO Roles

- Claude Davis has assumed the role of Executive Chairman of the board
  - Three-year term, then transitions to Non-executive Chairman
- Archie Brown, Jr. serving as President & CEO, member of the board
- Jointly leading the company, partnering on strategy, management & performance
- Also jointly leading the transition team to ensure successful cultural integration

## Executive Chairman Role

- Newly created role to provide capacity for CEO to focus on business execution & results
- Role will focus on:
  - Board Integration
  - Strategy
  - Investor Relations
  - Corporate Development
  - Community, Regulatory & Government Relations
- Regulatory Management Model
  - Oversee development of ERM model to meet the increased regulatory & compliance requirements of a \$10B+ bank

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# Appendix: Company Overview



## Executive Team

- Chief Banking Officer – Anthony Stollings
- Chief Financial Officer – Jamie Anderson
- Chief Administrative Officer – John Gavigan
- Chief Credit Officer – Bill Harrod
- Chief Risk Officer – Shannon Kuhl
- General Counsel – Karen Woods
- Chief Internal Auditor – Matt Burgess

## Line of Business Leaders

- Commercial Finance – Rick Dennen
- Commercial – Brad Ringwald
- Investment Commercial Real Estate – Paul Silva
- Wealth Management & Private Banking – Greg Harris
- Consumer – Chris Harrison
- Mortgage – Ann Davis

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# Appendix: Our Markets



## ■ Greater Cincinnati

- Loans \$2.8 billion
- Deposits \$3.1 billion
- Deposit Market Share #4 (2.7%)
- Banking Centers 53
- Fortune 500 Companies 9

## ■ Central OH

- Loans \$1.1 billion
- Deposits \$0.4 billion
- Deposit Market Share #12 (0.9%)
- Banking Centers 5
- Fortune 500 Companies 5

## ■ Community Markets

- Loans \$2.0 billion
- Deposits \$4.7 billion
- Banking Centers 73

## ■ Indianapolis

- Loans \$1.0 billion
- Deposits \$0.7 billion
- Deposit Market Share #13 (1.8%)
- Banking Centers 10
- Fortune 500 Companies 3

## ■ Louisville

- Loans \$0.6 billion
- Deposits \$0.4 billion
- Deposit Market Share #11 (2.4%)
- Banking Centers 12
- Fortune 500 Companies 3

## ■ Commercial Finance (National)

- Loans \$1.0 billion

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

# Appendix: Non-GAAP Measures



The Company's earnings release and accompanying presentation contain 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, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	June 30, 2017
Net interest income	\$ 123,979	\$ 75,812	\$ 75,614	\$ 70,479	\$ 68,520
Tax equivalent adjustment	<u>1,420</u>	<u>718</u>	<u>1,387</u>	<u>1,353</u>	<u>1,294</u>
Net interest income - tax equivalent	<u>\$ 125,399</u>	<u>\$ 76,530</u>	<u>\$ 77,001</u>	<u>\$ 71,832</u>	<u>\$ 69,814</u>
Average earning assets	\$ 12,120,000	\$ 8,087,848	\$ 8,005,100	\$ 7,989,969	\$ 7,855,564
Net interest margin*	4.10 %	3.80 %	3.75 %	3.50 %	3.50 %
Net interest margin (fully tax equivalent)*	4.15 %	3.84 %	3.82 %	3.57 %	3.56 %

\* 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 for 2018 and a 35% tax rate for 2017. Management believes that it is a standard practice in the banking industry to present net interest margin and net interest income on a fully tax equivalent basis. Therefore, management believes these measures provide useful information to investors by allowing them to make peer comparisons. Management also uses these measures to make peer comparisons.

# Appendix: Non-GAAP to GAAP Reconciliation

## Additional non-GAAP ratios

(Dollars in thousands, except per share data)	Three months ended				
	June 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	June 30, 2017
Net income (a)	\$ 36,418	\$ 30,506	\$ 24,811	\$ 24,826	\$ 22,736
Average total shareholders' equity	2,000,093	929,474	920,194	908,057	889,604
Less:					
Goodwill and other intangibles	(934,656)	(209,053)	(209,379)	(209,730)	(210,045)
Average tangible equity (b)	<u>1,065,437</u>	<u>720,421</u>	<u>710,815</u>	<u>698,327</u>	<u>679,559</u>
Total shareholders' equity	2,012,937	939,985	930,664	914,954	898,117
Less:					
Goodwill and other intangibles	(934,656)	(209,053)	(209,379)	(209,730)	(210,045)
Ending tangible equity (c)	<u>1,078,281</u>	<u>730,932</u>	<u>721,285</u>	<u>705,224</u>	<u>688,072</u>
Total assets	13,920,167	8,898,429	8,896,923	8,761,689	8,710,042
Less:					
Goodwill and other intangibles	(934,656)	(209,053)	(209,379)	(209,730)	(210,045)
Ending tangible assets (d)	<u>12,985,511</u>	<u>8,689,376</u>	<u>8,687,544</u>	<u>8,551,959</u>	<u>8,499,997</u>
Risk-weighted assets (e)	10,251,147	7,240,731	7,108,629	7,090,714	6,936,665
Total average assets	13,956,360	8,830,176	8,731,956	8,716,917	8,582,961
Less:					
Goodwill and other intangibles	(934,656)	(209,053)	(209,379)	(209,730)	(210,045)
Average tangible assets (f)	<u>\$ 13,021,704</u>	<u>\$ 8,621,123</u>	<u>\$ 8,522,577</u>	<u>\$ 8,507,187</u>	<u>\$ 8,372,916</u>
Ending shares outstanding (g)	97,904,897	62,213,823	62,069,087	62,061,465	62,141,071
Ratios					
Return on average tangible shareholders' equity (a)/(b)	13.71%	17.17%	13.85%	14.10%	13.42%
Ending tangible equity as a percent of:					
Ending tangible assets (c)/(d)	8.30%	8.41%	8.30%	8.25%	8.09%
Risk-weighted assets (c)/(e)	10.52%	10.09%	10.15%	9.95%	9.92%
Average tangible equity as a percent of average tangible assets (b)/(f)	8.18%	8.36%	8.34%	8.21%	8.12%
Tangible book value per share (c)/(g)	\$ 11.01	\$ 11.75	\$ 11.62	\$ 11.36	\$ 11.07

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All dollars shown in thousands

# Appendix: Non-GAAP to GAAP Reconciliation

## Additional non-GAAP measures

(Dollars in thousands, except per share data)	2Q18		1Q18		4Q17		3Q17		2Q17	
	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted	As Reported	Adjusted
Net interest income (f)	\$ 123,979	\$ 123,979	\$ 75,812	\$ 75,812	\$ 75,614	\$ 75,614	\$ 70,479	\$ 70,479	\$ 68,520	\$ 68,520
Provision for loan and lease losses	3,735	3,735	2,303	2,303	(205)	(205)	2,953	2,953	467	467
plus: provision expense adjustment								799		
Noninterest income	28,256	28,256	16,938	16,938	18,382	18,382	22,942	22,942	17,454	17,454
less: gains from the redemption of off balance sheet securitizations								5,764		
less: tax related adjustment to a limited partnership investment										(119)
plus: Bankcard interchange		341								
plus: losses on sale of investment securities		30				(19)		(275)		(838)
Total noninterest income (g)	28,256	28,627	16,938	16,938	18,382	18,363	22,942	16,903	17,454	16,735
Noninterest expense	102,755	102,755	52,288	52,288	82,898	82,898	54,443	54,443	51,556	51,556
less: severance expense		4,546						3,818		533
less: charter conversion expenses										
less: historic tax credit investment write-down						11,328				
less: merger-related expenses		19,397		1,985		8,444		800		
less: indemnification asset impairment <sup>1</sup>				527		5,055				
less: charitable foundation contribution						3,000				
less: other				(113)		577				154
Total noninterest expense (e)	102,755	78,812	52,288	49,889	82,898	54,494	54,443	49,825	51,556	50,869
Income before income taxes (i)	45,745	70,059	38,159	40,558	11,303	39,688	36,025	35,403	33,951	33,919
Income tax expense	9,327	9,327	7,653	7,653	(13,508)	(13,508)	11,199	11,199	11,215	11,215
plus: tax effect of adjustments		5,106		504		9,935		(178)		(11)
plus: tax reform impact on DTLs & tax partnerships						8,191				
plus: after-tax impact of historic tax credit write-down @ 35%		-		-		7,363		-		
Total income tax expense (h)	9,327	14,433	7,653	8,157	(13,508)	11,981	11,199	11,021	11,215	11,204
Net income (a)	\$ 36,418	\$ 55,626	\$ 30,506	\$ 32,401	\$ 24,811	\$ 27,707	\$ 24,826	\$ 24,382	\$ 22,736	\$ 22,715
Average diluted shares (b)	98,432	98,432	62,181	62,181	62,132	62,132	62,190	62,190	62,234	62,234
Average assets (c)	13,956,360	13,956,360	8,830,176	8,830,176	8,731,956	8,731,956	8,716,917	8,716,917	8,582,961	8,582,961
Average shareholders' equity	2,000,093	2,000,093	929,474	929,474	920,194	920,194	908,057	908,057	889,604	889,604
Less:										
Goodwill and other intangibles	(934,656)	(934,656)	(209,053)	(209,053)	(209,379)	(209,379)	(209,730)	(209,730)	(210,045)	(210,045)
Average tangible equity (d)	1,065,437	1,065,437	720,421	720,421	710,815	710,815	698,327	698,327	679,559	679,559

<sup>1</sup> - Impairment charge related to preliminary agreement to terminate FDIC loss sharing agreements.

### Ratios

Net earnings per share - diluted (a)/(b)	\$ 0.37	\$ 0.57	\$ 0.49	\$ 0.52	\$ 0.40	\$ 0.45	\$ 0.40	\$ 0.39	\$ 0.37	\$ 0.37
Return on average assets - (a)/(c)	1.05%	1.60%	1.40%	1.49%	1.13%	1.26%	1.13%	1.11%	1.06%	1.06%
Return on average tangible shareholders' equity - (a)/(d)	13.71%	20.94%	17.17%	18.24%	13.85%	15.46%	14.10%	13.85%	13.42%	13.41%
Efficiency ratio - (e)/(f)+(g)	67.5%	51.6%	56.4%	53.8%	88.2%	58.0%	58.3%	57.0%	60.0%	59.7%
Effective tax rate - (h)/(i)	20.4%	20.6%	20.1%	20.1%	-119.5%	30.2%	31.1%	31.1%	33.0%	33.0%

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