# First Financial Bancorp

## Investor Presentation

First Quarter 2013

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Another step on the path to success

FFBC
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# Forward Looking Statement Disclosure

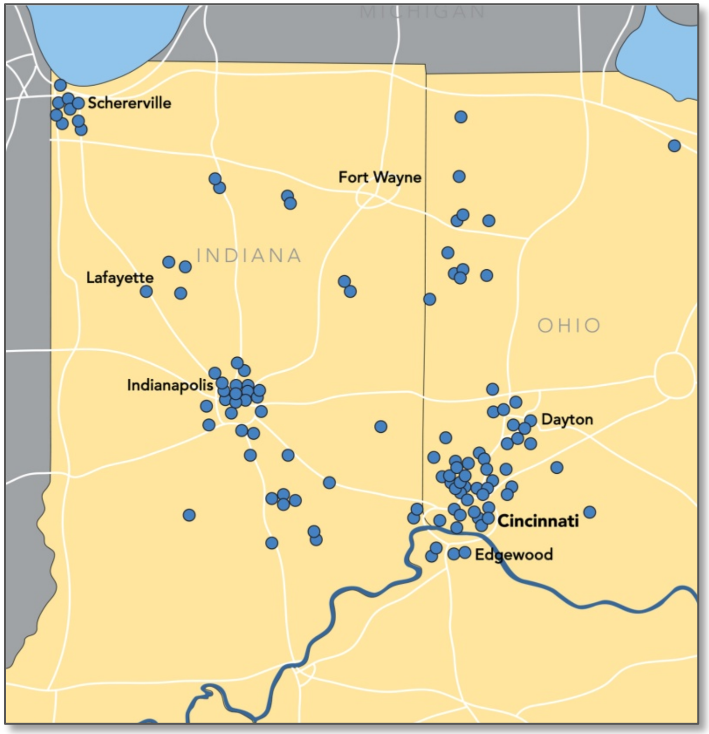
Certain statements contained in this presentation which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act (the ''Act''). In addition, certain statements in future filings by First Financial with the SEC, in press releases, and in oral and written statements made by or with the approval of First Financial which are not statements of historical fact constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to, projections of revenues, income or loss, earnings or loss per share, the payment or non-payment of dividends, capital structure and other financial items, statements of plans and objectives of First Financial or its management or board of directors, and statements of future economic performances and statements of assumptions underlying such statements. Words such as ''believes,'' ''anticipates,'' "likely," "expected," ''intends,'' and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Management's analysis contains forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- management's ability to effectively execute its business plan;
- the risk that the strength of the United States economy in general and the strength of the local economies in which we conduct operations may continue to deteriorate resulting in, among other things, a further deterioration in credit quality or a reduced demand for credit, including the resultant effect on our loan portfolio, allowance for loan and lease losses and overall financial performance;
- U.S. fiscal debt and budget matters;
- the ability of financial institutions to access sources of liquidity at a reasonable cost;
- the impact of recent upheaval in the financial markets and the effectiveness of domestic and international governmental actions taken in response, and the effect of such governmental actions on us, our competitors and counterparties, financial markets generally and availability of credit specifically, and the U.S. and international economies, including potentially higher FDIC premiums arising from increased payments from FDIC insurance funds as a result of depository institution failures;
- the effect of and changes in policies and laws or regulatory agencies (notably the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act);
- the effect of the current low interest rate environment or changes in interest rates on our net interest margin and our loan originations and securities holdings;
- our ability to keep up with technological changes;
- failure or breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers;
- our ability to comply with the terms of loss sharing agreements with the FDIC;
- mergers and acquisitions, including costs or difficulties related to the integration of acquired companies and the wind-down of non-strategic operations that may be greater than expected, such as the risks and uncertainties associated with the Irwin Mortgage Corporation bankruptcy proceedings and other acquired subsidiaries;
- the risk that exploring merger and acquisition opportunities may detract from management's time and ability to successfully manage our Company;
- expected cost savings in connection with the consolidation of recent acquisitions may not be fully realized or realized within the expected time frames, and deposit attrition, customer loss and revenue loss following completed acquisitions may be greater than expected;
- our ability to increase market share and control expenses;
- the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies as well as the Financial Accounting Standards Board and the SEC;
- adverse changes in the creditworthiness of our borrowers and lessees, collateral values, the value of investment securities and asset recovery values, including the value of the FDIC indemnification asset and related assets covered by FDIC loss sharing agreements;
- adverse changes in the securities, debt and/or derivatives markets;
- our success in recruiting and retaining the necessary personnel to support business growth and expansion and maintain sufficient expertise to support increasingly complex products and services;
- monetary and fiscal policies of the Board of Governors of the Federal Reserve System (Federal Reserve) and the U.S. government and other governmental initiatives affecting the financial services industry;
- unpredictable natural or other disasters could have an adverse effect on us in that such events could materially disrupt our operations or our vendors' operations or willingness of our customers to access the financial services we offer;
- our ability to manage loan delinquency and charge-off rates and changes in estimation of the adequacy of the allowance for loan losses; and
- the costs and effects of litigation and of unexpected or adverse outcomes in such litigation.

In addition, please refer to our Annual Report on Form 10-K for the year ended December 31, 2012, as well as our other filings with the SEC, for a more detailed discussion of these risks and uncertainties and other factors. Such forward-looking statements are meaningful only on the date when such statements are made, and First Financial undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such a statement is made to reflect the occurrence of unanticipated events.

# Focused Business Strategy

- Client intimate strategy focused on long-term, profitable relationships with clients
- Strong sales culture across all business lines
- Lines of business
  - Commercial
  - Retail
  - Wealth Management
- Target clients – individuals and small / mid-size businesses located in-market
- Ohio, Indiana and Kentucky
  - 113 locations with focus on metro and near-metro markets
- Primary focus and value creation is through organic growth in key regional markets
- Key initiatives for additional revenue growth
  - Specialty finance
  - Mortgage

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# Strategy and Execution – Recent History

## Franchise Repositioning 2005 – 2008

*While the industry was pursuing growth via high-priced acquisitions and real estate lending, First Financial:*

- Consolidated 14 charters, implemented one brand and updated IT infrastructure to drive efficiency
- Sold NPAs in a strong pricing environment
- Exited non-strategic business lines such as insurance, indirect auto and mortgage servicing
- Consolidated / sold non-strategic and underperforming branch locations
- Moved headquarters to Cincinnati and expanded operations in this market
- Recruited key additions to management team

## FDIC Acquisitions 2009

*While the industry was dealing with credit and operational issues, First Financial capitalized on FDIC-assisted acquisitions in a non-competitive environment:*

- Completed $103.5 million common equity offering
- Peoples Community
  - Asset discount of approximately 7%
- Irwin Union Bank & Trust / Irwin Union FSB
  - Asset discount of approximately 25%
  - Pre-tax bargain purchase gain of $342.5 million
- Both transactions substantially increased branch presence within strategic operating footprint
- Strategic core deposit retention, covered loan performance and subsequent growth have exceeded initial expectations

## Integration / Operational Execution 2010

*As competition heated up for FDIC acquisitions and deal pricing increased, First Financial focused internally on operations:*

- Completed $96.5 million common equity offering
- Completed the operational integration of the 2009 FDIC-assisted transactions
- Exited non-strategic markets associated with the acquisitions
- Invested in business lines identified for future growth opportunities
- Used liquidity to prepay $232 million of FHLB advances, enhancing net interest margin in future periods
- Implemented efficiency initiatives designed to lower operating costs

## Capital Mgmt. / Redeployment 2011 – 2012

*While the M&A market remains slow and the industry struggles with capital deployment, First Financial:*

- Acquired 16 branches from Liberty Savings Bank, 12 of which are located in the Dayton market
- Acquired 22 branches from Flagstar Bank, 18 of which are located in the Indianapolis market
- Both transactions expected to drive growth across all business lines in strategic metro markets
- Implemented variable dividend / 100% payout ratio
- Announced share repurchase plan target of one million shares annually
- Announced long-term target of returning 60% - 80% of earnings to shareholders through dividends and share buybacks

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# Investing for Long Term Growth

- Significant investments have been made to create franchise value and drive long-term growth
- Focusing on positive operating leverage while investing in growth and innovation

| Strategic Initiative | Full Year 2012 Results |
|---|---|
| 2011 banking center acquisitions in Indianapolis and Dayton | 44% of annual uncovered loan growth came from these markets<br>Contributed to 9.6% annual growth in deposit-related fee revenue |
| Addition of specialty finance product set | ABL and equipment finance balances increased 83%<br>Responsible for 24% of annual uncovered loan growth |
| Mortgage origination platform | Mortgage originations increased 67%<br>Mortgage-related fee revenue increased 51% |
| Online and mobile banking | Significant increase in number of users<br>Will help drive long-term core deposit growth as customer preferences continue to shift |

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# Disciplined Cost Management

- Completed a comprehensive efficiency study during 2012 across all business lines and support functions
- Long-term positive operating leverage through delivering superior client solutions in cost-effective manner

| Programs |
|---|
| Banking center rationalization |

- Banking center rationalization
  - Increased use of online / mobile banking enables consolidation
  - Super ATM capabilities
- Non-banking center real estate efficiencies
- Streamlining staffing models
- Vendor management / contract renegotiation
- Professional services spend
- Outsourcing support services

**Targets**

- All initiatives in place by end of second quarter 2013
- Approximately 85% of total annualized savings expected to be realized in full year 2013 results
- 100% realization in 2014 and thereafter
- Continuous review of operating structure and building culture of efficiency within the Company

**$17.1 million - annualized savings**

**Annualized run rate savings of $12.5 million to date**

**Full phase in - first quarter 2014**

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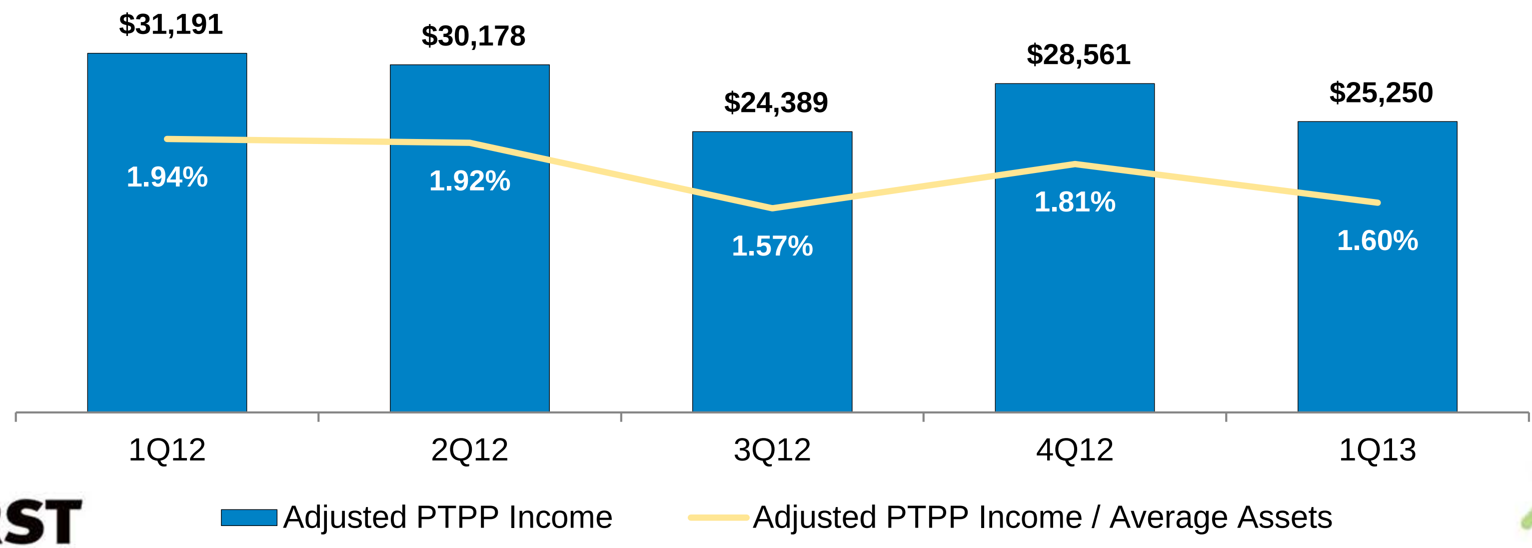
# First Quarter 2013 Financial Highlights

- Quarterly net income of $13.8 million, or $0.24 per diluted common share
  - Incurred pre-tax expenses of $2.9 million related to the efficiency initiative and $0.4 million related to an isolated fraud loss; offset by pre-tax gains of $1.5 million resulting from sales of investment securities
- Adjusted pre-tax, pre-provision income of $25.3 million, or 1.60% of average assets
- Continued solid performance
  - Return on average assets of 0.88%; 0.95% adjusted for the items noted above
  - Return on average tangible common equity of 9.24%; 9.96% adjusted for the items noted above
- Quarterly net interest margin of 4.04%
  - Excluding a $2.2 million prepayment fee recognized in the linked quarter, net interest margin declined 7 bps
  - Cost of interest-bearing deposit funding declined 8 bps to 0.41%
- Uncovered loan balances increased $69.8 million, or 8.9% on an annualized basis
  - Strong growth in C&I, owner-occupied CRE, construction and residential mortgage
  - Uncovered loan growth exceeded covered loan decline for the second consecutive quarter
- Net charge-offs declined $2.8 million, or 52.6%, compared to the linked quarter and totaled 32 bps of average uncovered loans for the quarter on an annualized basis

# Pre-Tax, Pre-Provision Income Trend

- Adjusted pre-tax, pre-provision (“PTPP”) income represents income before taxes plus provision for all loans less FDIC loss share income and accelerated discount adjusted for significant nonrecurring items
- The decrease in first quarter 2013 adjusted PTPP income was driven by a decrease in noninterest income and a modest decline in net interest income, offset by a decrease in noninterest expense.
- Excluding a $2.2 million prepayment fee recognized in the fourth quarter 2012, adjusted PTPP income declined $1.1 million during the first quarter 2013.

*(Dollars in thousands)*

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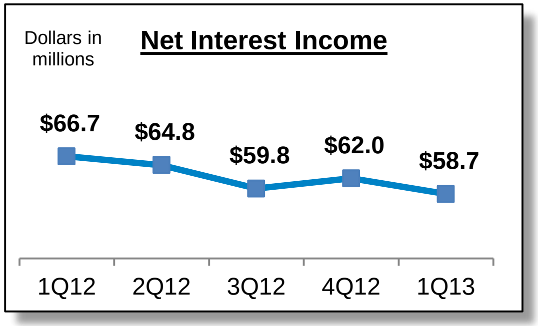
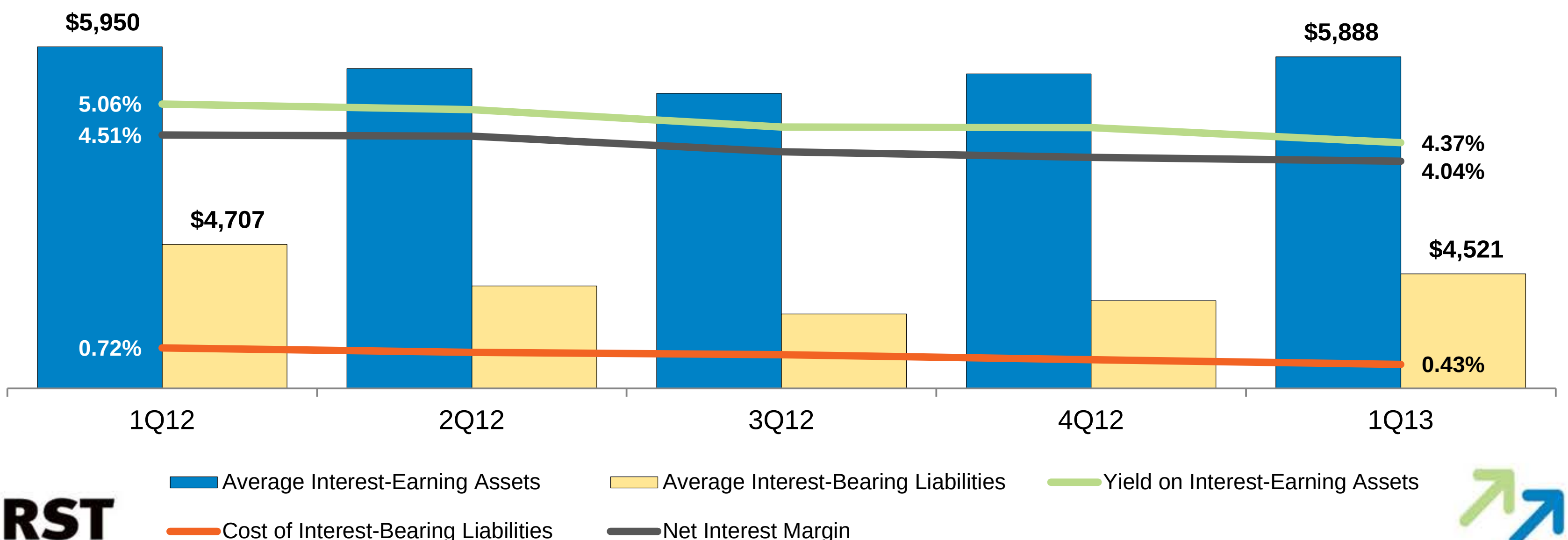
# Components of Net Interest Income

- Net interest margin decreased 7 bps during the first quarter to 4.04%, excluding impact of $2.2 million prepayment fee
- Quarterly average balance of covered loans declined 8.8% and average balance of uncovered loans increased 3.1%
- Quarterly average investment balances increased 5.3% and portfolio yield declined 1 bp to 1.98%
- Cost of interest bearing deposits declined 8 bps to 0.41%




Dollars in millions

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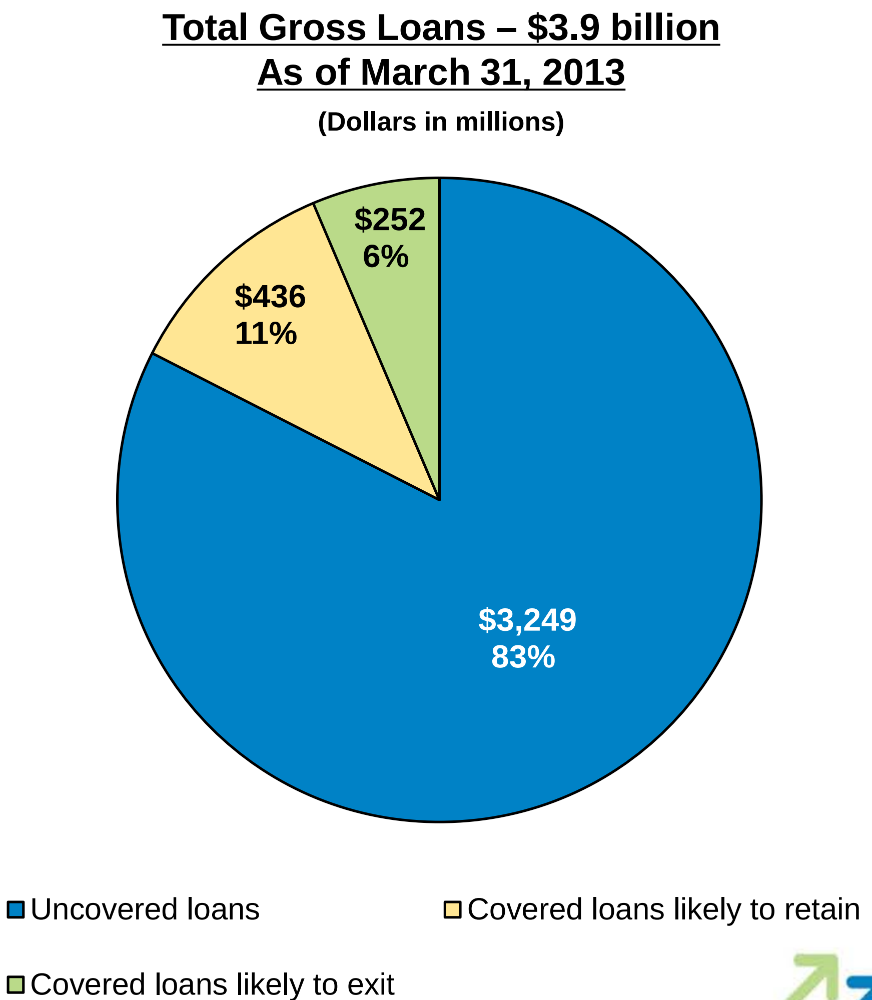
# Loan Composition

- <u>Covered loans likely to retain</u>
  - Performing credits
  - In- and out-of-market
  - Expected to retain past the expiration of applicable loss sharing agreements with the FDIC
- <u>Covered loans likely to exit</u>
  - Classified credits
  - In- and out-of-market
  - Pursuing resolution strategies with intent to exit, to the extent permissible, prior to the expiration of applicable loss sharing agreements with the FDIC

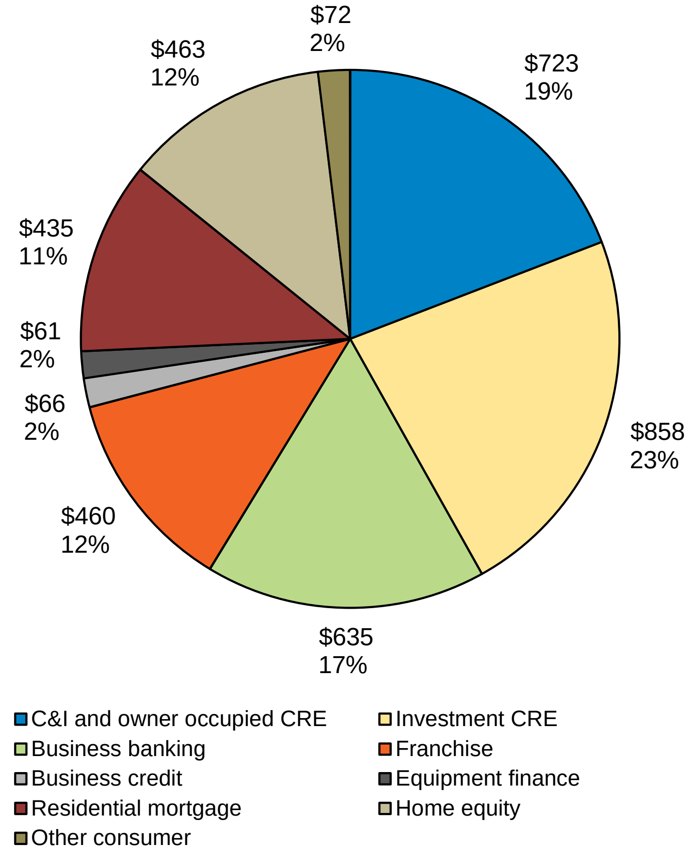


# Loan Composition

- Total uncovered loans increased $69.8 million, or 8.9% on an annualized basis, compared to the linked quarter
- Growth driven by performance in the commercial, owner-occupied CRE, construction and residential mortgage portfolios
- Uncovered loan growth exceeded covered loan decline for the second consecutive quarter
- 17.5% of total loans covered under FDIC loss share agreements
  - 11.1% represent loans likely to retain

**Total Uncovered Loans and Covered Loans Likely to Retain – $3.8 billion[1]**
**As of March 31, 2013**

**(Dollars in millions)**




[1] Includes unpaid principal balance of covered loans likely to retain and excludes loan mark / other of ($89.3) million associated with these loans

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# Commercial Lending

**C&I / Owner Occupied CRE**

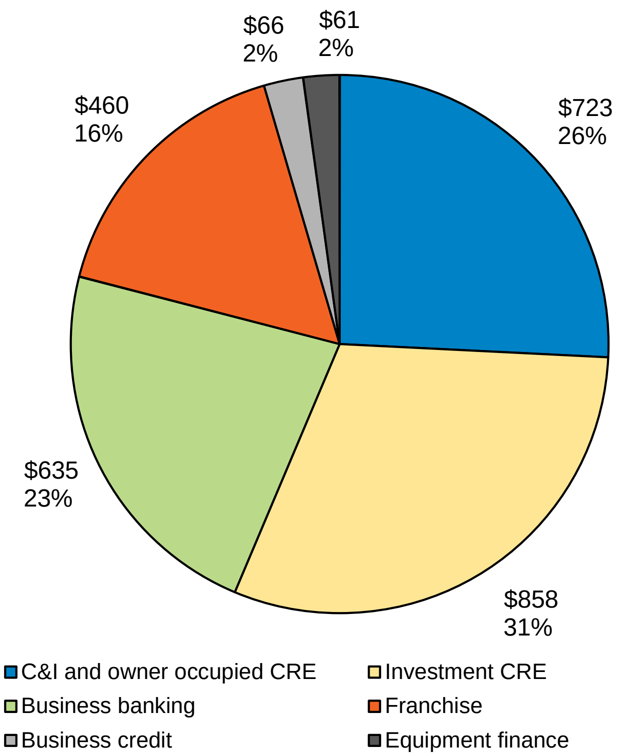
- Target loan size is $1 million to $15 million, with flexibility to increase based on relationship criteria
- Increased focus on middle market business clients (generally up to $30 million of revenue)
- Specialty finance designed to expand product set and increase client base
- Business banking and SBA lending for smaller businesses

**Investment Real Estate**

- Target loan size is $1 million to $15 million, with flexibility to increase based on relationship criteria
- Regional and local developers and investors
- Dedicated ICRE sales team of experts
- Interest rate risk management tools

**Total Commercial Loans**
**Uncovered Loans and Covered Loans**
**Likely to Retain – $2.8 billion[1]**
**As of March 31, 2013**

**(Dollars in millions)**

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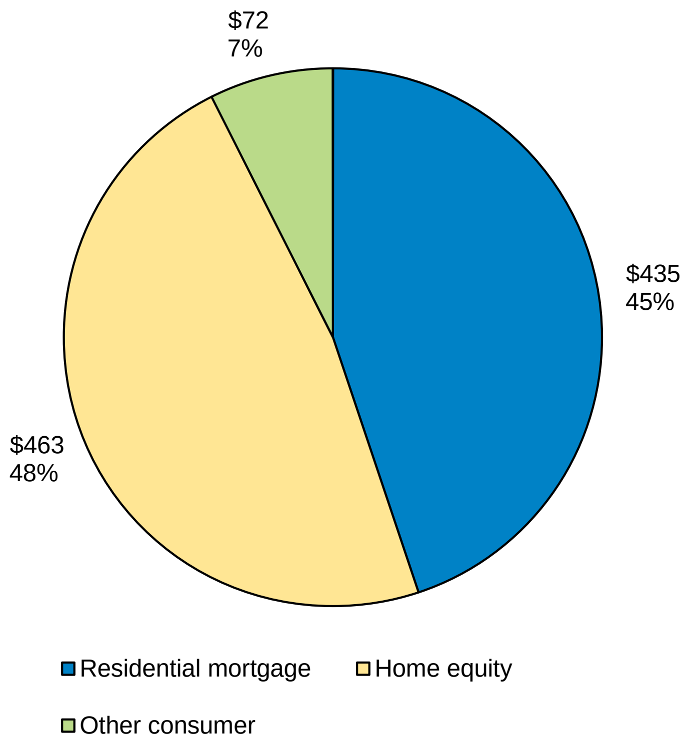
[1] Includes unpaid principal balance of covered loans likely to retain and excludes loan mark associated with these loans

# Consumer Lending

- Consumer lending focused primarily on residential mortgage, home equity and credit cards
- Serving consumer households in Ohio, Indiana and Kentucky markets
- Mortgage loan originators located across footprint with concentrations in Cincinnati, Dayton and Indianapolis
- Mortgage origination volumes during the first quarter were comparable to the linked quarter

**Total Consumer Loans**
**Uncovered Loans and Covered Loans**
**Likely to Retain – $1.0 billion[1]**
**As of March 31, 2013**

**(Dollars in millions)**




[1] Includes unpaid principal balance of covered loans likely to retain and excludes loan mark associated with these loans

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# Credit Product Diversity

- The addition of specialty finance products and renewed focus on mortgage provides a comprehensive set of credit products, driving loan and revenue growth through multiple channels

| **Category** *(Dollars in thousands)* | **As of December 31, 2008** | **Percent of Portfolio** | **As of March 31, 2013** [1] | **Percent of Portfolio** |
|---|---|---|---|---|
| Commercial and CRE | $1,887,382 | 70.3% | $2,215,635 | 60.1% |
| Franchise finance | - | 0.0% | 460,463 | 12.5% |
| Business credit | - | 0.0% | 66,322 | 1.8% |
| Equipment finance | 50 | 0.0% | 60,949 | 1.7% |
| **Total commercial lending** | **1,887,432** | **70.3%** | **2,803,369** | **76.1%** |
| Residential mortgage | 383,599 | 14.3% | 435,324 | 11.8% |
| Home equity | 286,110 | 10.7% | 463,405 | 12.6% |
| Other consumer | 126,119 | 4.7% | 72,146 | 2.0% |
| **Total consumer lending** | **795,828** | **29.7%** | **970,875** | **26.3%** |
| Loan mark / other | - | 0.0% | (89,343) | (2.4%) |
| Total loans | $2,683,260 | 100.0% | $3,684,901 | 100.0% |

[1] Includes all uncovered loans and unpaid principal balance of covered loans likely to retain

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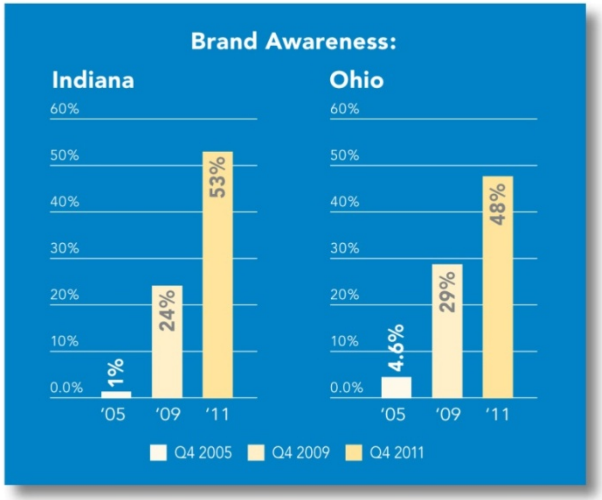
# Building the "fIRST" Brand

- Significant growth in brand awareness
- Award-winning sales center prototype
- Proactive marketing and media relations
- Expands presence and market share
- Deeper relationships and differentiated client experience

| 2012 Metropolitan Brand Awareness | |
|---|---|
| Cincinnati | 64% |
| Dayton | 47% |
| Indianapolis | 40% |





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# Delivery Channels and Product Innovation

- Launched new online banking platform
- Mobile apps to accommodate client preferences with further enhancements expected later in 2013
- Sales centers focused on relationship vs. transactions
- Deployed image-capture ATMs
- Launched Snap Deposit and online account opening in near-term pipeline
- Deliver a consistent brand experience in a cost-effective manner



Ping Pay by first financial bank

fiRST Mobile Apps

Panorama by first financial bank

Snap Deposit by first financial bank

e-Statements

fiRST first financial bancorp

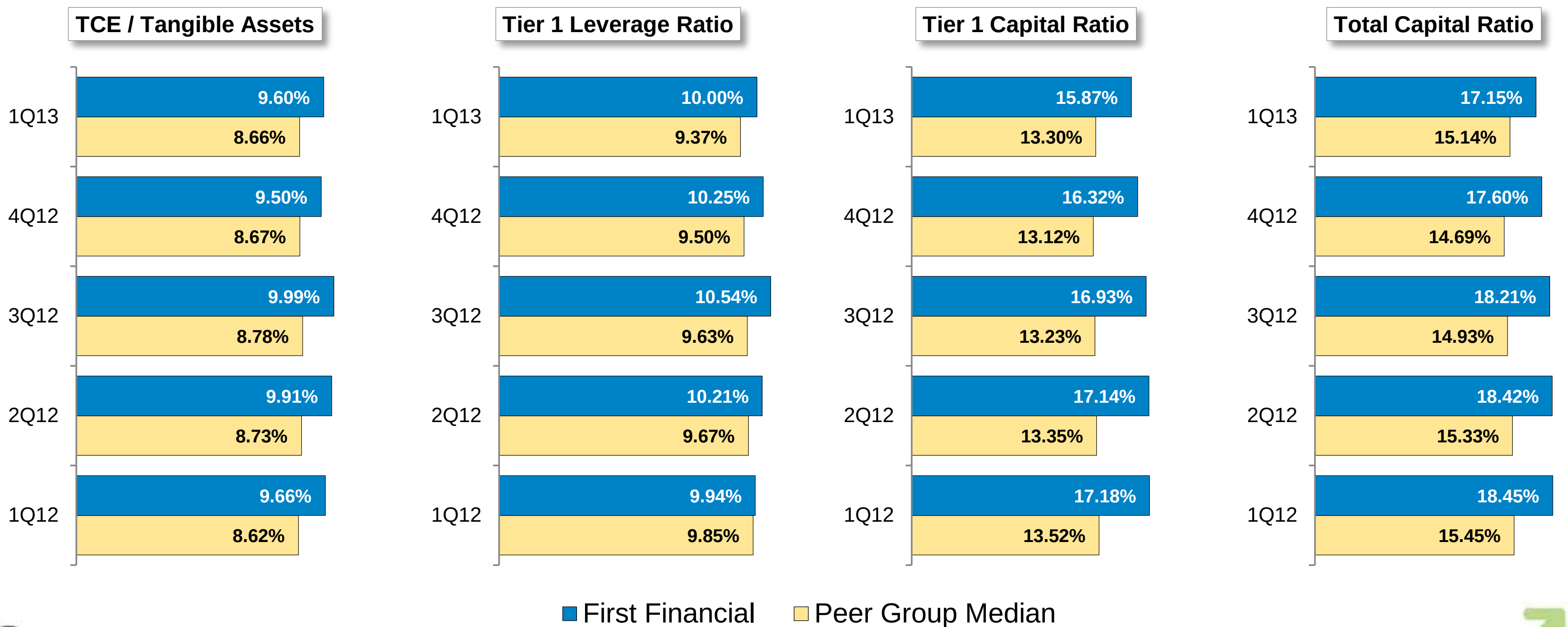
# Capital Management

- Current dividend policy consists of a 100% payout ratio comprised of two components:
  - Regular dividend based on payout of between 40% - 60% of earnings; currently $0.15 per share
  - Variable dividend based on the remainder of quarterly EPS; $0.09 per share based on first quarter results
  - Variable dividend will continue through 2013 unless the Company's capital position changes materially or capital deployment opportunities arise
- Dividend payout ratio of 100% results in a current dividend yield of 6.1% compared to peer median LTM payout ratio of 39.6% and current peer median dividend yield of 2.6%
- Announced a share repurchase plan targeting one million shares annually beginning fourth quarter 2012
  - Repurchased 249,000 shares during the first quarter and an additional 87,400 shares during the second quarter 2013; repurchased 796,900 total shares since fourth quarter 2012
  - When combined with the dividend policy, returned 144.5% of quarterly net income to shareholders during the first quarter
- As both the variable dividend and the share repurchase plan are expected to remain in place during 2013, the return of capital to shareholders is expected to exceed 100% of earnings throughout the year
- On a long term basis, expectation is to return to shareholders a target range of 60% - 80% of earnings through combination of the regular dividend and share repurchases

Peer Group comprised of the component banks within the KBW Regional Bank Index (49 total companies excluding First Financial); peer median data as of March 31, 2013. Dividend valuation data as of May 15, 2013.

# Capitalization

- Primary component of capital is common equity
- Capitalization levels still remain high despite the strong return of capital to shareholders
- Can support estimated asset growth capacity of approximately $1.3 billion under current regulatory guidelines

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Peer Group comprised of the component banks within the KBW Regional Bank Index (49 total companies excluding First Financial); based on most recent financial information as of May 15, 2013.

Source: Peer Group median data obtained from SNL Financial

# Credit Quality (Excluding Covered Assets)

- Classified assets have declined $24.2 million, or 15.7%, since the first quarter 2012
- First quarter net charge-offs declined $2.8 million, or 52.6%, compared to the linked quarter
- The quarterly increases in total NPLs and NPAs of 1.7% and 0.9%, respectively, were driven by an increase in accruing TDRs, partially offset by declines in nonaccrual loans, including nonaccrual TDRs, and OREO

| **Select Credit Metrics**<br>*(Dollars in thousands)* | **1Q13** | **4Q12** | **3Q12** | **2Q12** | **1Q12** |
|---|---|---|---|---|---|
| NPLs / total loans | 2.38% | 2.39% | 2.41% | 2.76% | 2.79% |
| NPAs / total assets | 1.40% | 1.36% | 1.41% | 1.57% | 1.52% |
| Allowance for loan & lease losses / total loans | 1.49% | 1.50% | 1.60% | 1.69% | 1.67% |
| Annualized NCOs / average loans & leases | 0.32% | 0.68% | 0.71% | 0.93% | 0.87% |
| Total classified assets | $ 130,436 | $ 129,040 | $ 133,382 | $ 145,621 | $ 154,684 |
| *% increase / (decrease)* | *1.1%* | *(3.3%)* | *(8.4%)* | *(5.9%)* | *(4.7%)* |

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# Selective Acquisitions

- Supplements organic growth strategy through expansion in strategic markets
- Transactions met all internal criteria for acquisitions
- Loss sharing arrangements provide significant protection on acquired loans
- Developed scalable covered asset and loss share management team comprised of credit, legal, accounting and finance

**Loan Portfolio**
**June 30, 2009**

- $145 mm select performing commercial and consumer loans

**Peoples (FDIC)**
**July 31, 2009**

- 19 banking centers
- $521mm deposits
- $331mm in loss share covered loans[1]
- No first loss position

**Banking Centers**
**August 28, 2009**

- Three banking centers in Indiana
- $85mm deposits
- $41mm in select performing commercial and consumer loans

**Irwin (FDIC)**
**September 18, 2009**

- 27 banking centers
- $2.5B deposits
- $1.8B in loss share covered loans[1]
- No first loss position

**Banking Centers**
**September 23, 2011**

- 16 banking centers, primarily Dayton MSA
- $342mm deposits
- $127mm in select in-market performing loans

**Banking Centers**
**December 2, 2011**

- 22 banking centers, primarily Indianapolis MSA
- $342mm retail deposits

[1] Estimated fair market value of loans

**We will continue to evaluate opportunities but never lose sight of the core franchise**
***Core philosophy and strategy remain unchanged***

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# Franchise Highlights

1. Strong operating fundamentals – 90 consecutive quarters of profitability
2. Investments to create long-term growth are producing results
3. Comprehensive portfolio of credit products to drive loan and revenue growth
4. Strong capital levels with ability to support significant asset growth
5. Dividend yield in excess of 6%; capital return exceeding 100% of earnings when combined with share repurchase plan
6. Solid market share in strategic operating markets
7. Continual focus on improving efficiency, operating processes and service delivery

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# Appendix

Investor Presentation

First Quarter 2013

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Another step on the path to success

# Pre-Tax, Pre-Provision Income

| (Dollars in thousands) | For the three months ended March 31, 2013 | December 31, 2012 | September 30, 2012 | June 30, 2012 | March 31, 2012 |
|---|---|---|---|---|---|
| Pre-tax, pre-provision income [1] | $ 23,324 | $ 28,869 | $ 26,894 | $ 32,636 | $ 30,020 |
| Less: accelerated discount on covered loans | 1,935 | 2,455 | 3,798 | 3,764 | 3,645 |
| Plus: loss share and covered asset expense [2] | 2,129 | 2,251 | 3,559 | 4,317 | 3,043 |
| Pre-tax, pre-provision income, net of accelerated discount and loss on covered OREO | 23,518 | 28,665 | 26,655 | 33,189 | 29,418 |
| Less: gain on sales of investment securities | 1,536 | 1,011 | 2,617 | - | - |
| Less: gain on sales of non-mortgage loans [3] | - | 45 | - | 171 | 66 |
| Less: gain related to litigation settlement | - | - | - | 5,000 | - |
| Plus: Expenses related to efficiency initiative | 2,878 | 952 | 351 | 2,160 | - |
| Plus: Other items not expected to recur | 390 | - | - | - | 1,839 |
| Adjusted pre-tax, pre-provision income | $ 25,250 | $ 28,561 | $ 24,389 | $ 30,178 | $ 31,191 |

[1] Represents income before taxes plus provision for all loans less FDIC loss sharing income
[2] Reimbursements related to losses on covered OREO and other credit-related costs are included in FDIC loss sharing income, w hich is excluded from the pre-tax, pre-provision income above
[3] Represents gain on sale of loans originated by franchise finance business

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# Investment Portfolio

- Investment portfolio represents 27.5% of total assets
- Average balance of investments increased $91.8 million, or 5.3%, during the first quarter
- Yield earned on portfolio was 1.98% for the first quarter

| | As of March 31, 2013 | | | | |
|---|---|---|---|---|---|
| Category *(Dollars in thousands)* | Securities HTM | Securities AFS | Other Investments | Total Securities | Percent of Portfolio |
| Agency | $ 20,222 | $ 10,872 | $ - | $ 31,094 | 1.8% |
| CMO - fixed rate | 439,076 | 417,994 | - | 857,070 | 49.2% |
| CMO - variable rate | - | 100,661 | - | 100,661 | 5.8% |
| MBS - fixed rate | 102,735 | 145,716 | - | 248,451 | 14.2% |
| MBS - variable rate | 145,151 | 44,620 | - | 189,771 | 10.9% |
| Municipal | 9,030 | 34,811 | - | 43,841 | 2.5% |
| Other tax-exempt | - | 64,396 | - | 64,396 | 3.7% |
| Corporate | - | 68,601 | - | 68,601 | 3.9% |
| Asset-backed securities | - | 55,796 | - | 55,796 | 3.2% |
| Other securities AFS | - | 8,572 | - | 8,572 | 0.5% |
| Regulatory stock and other | - | - | 75,375 | 75,375 | 4.3% |
| | $ 716,214 | $ 952,039 | $ 75,375 | $ 1,743,628 | 100.0% |

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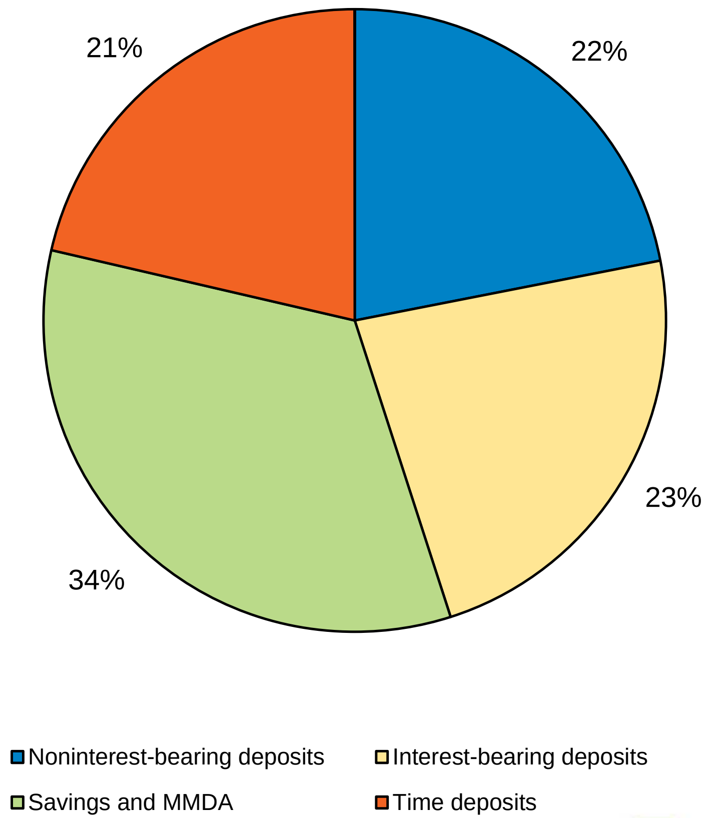
# Deposit Composition

- Non-time deposit balances decreased $96.0 million, or 2.5%, during the first quarter due to seasonal declines in commercial and public fund balances
- Time deposit balances decreased $38.5 million, or 3.6%, during the first quarter
- The total cost of deposit funding declined to 32 bps, or 15.8%, compared to the fourth quarter
- The quality of the deposit base has improved significantly as the balance of higher cost, non-core relationship deposits has declined over the past several quarters
  - Non-time deposit balances comprise 79% of the total base compared to 72% in the first quarter 2012
  - Expected to provide enhanced value when interest rates begin to rise

**Total Deposits – $4.8 billion**
**As of March 31, 2013**

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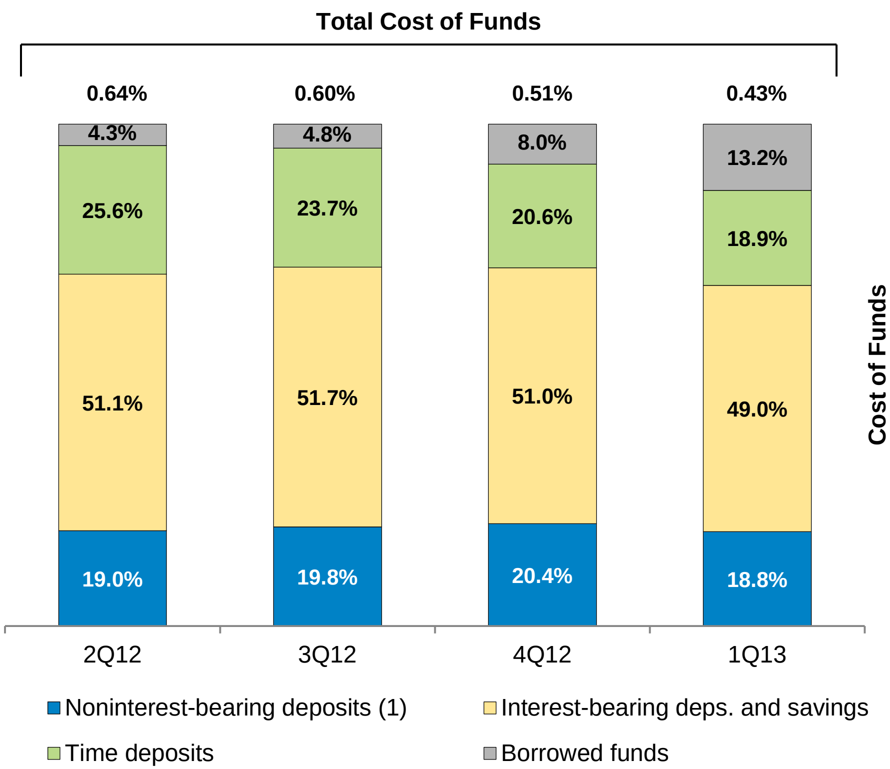
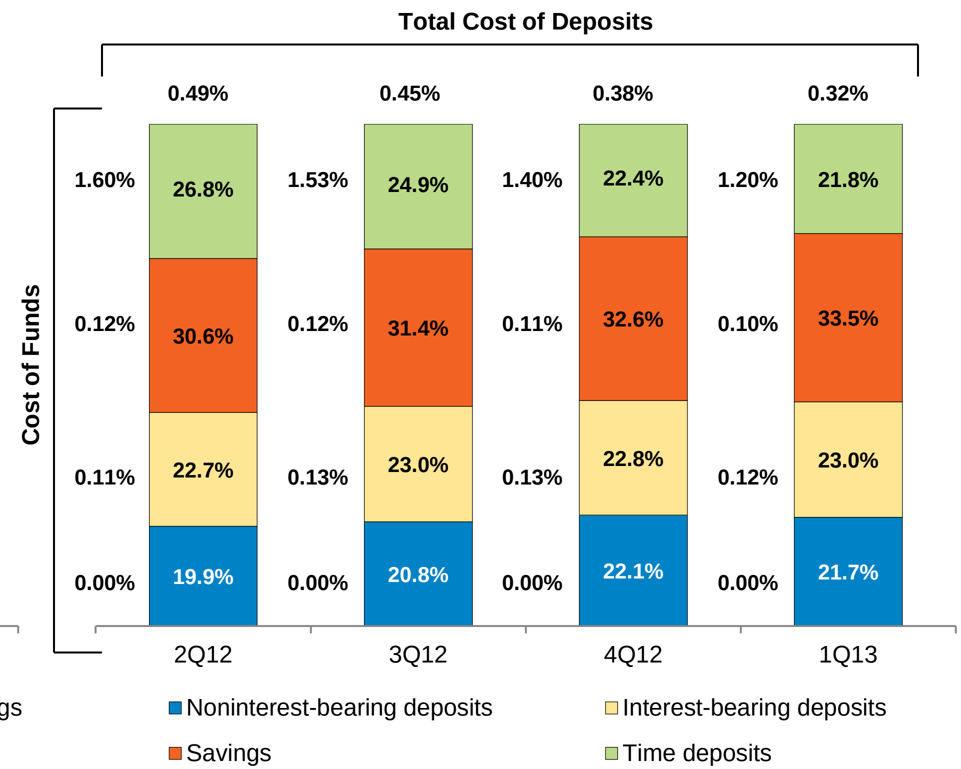
# Funding Structure and Cost of Funds

## Average Balances – Total Interest Bearing Liability Composition




## Average Balances – Deposit Composition




(1) Not included in cost of funds calculation

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# Covered Loan Activity

- The majority of the loans acquired as part of the FDIC-assisted transactions are accounted for under ASC Topic 310-30 which requires the Company to periodically update its forecast of expected cash flows from these loans.
- As of March 31, 2013, the allowance for loan and lease losses attributed to the valuation of loans accounted for under ASC Topic 310-30 was $45.5 million, an increase of $0.3 million from the fourth quarter 2012. Expected payments from the FDIC, in the form of FDIC loss sharing income, offset approximately 80% of the recorded impairment and charge-offs.
- Covered loans continue to maintain yields significantly higher than the Company's uncovered loan portfolio.

| | | First Quarter 2013 Results | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | Balance as of Mar. 31, 2013 | Current Period Impairment | (Impairment Recapture / Relief) | Net Current Period Impair. / (Relief) | Improvement | Projected Wtd. Avg. Rate | Life-to-Date Avg. Rate | Day 1 Projected Rate |
| Total loans | $ 631,660 | $ 8,866 | $ (8,560) | $ 306 | $ - | 10.69% [1] | | |
| Allowance for loan and lease losses | (45,496) | - | - | - | - | 0.83% | | |
| Total net loans | $ 586,164 | $ 8,866 | $ (8,560) | $ 306 [3] | $ - | 11.52% [2] | 10.90% | 9.10% |
| FDIC indemnification asset | $ 112,428 | NA | NA | NA | NA | (5.21%) | 0.30% | 6.50% |
| | | | | **Weighted average yield** | | **8.82%** | **9.41%** | **8.75%** |

[1] The actual yield realized may be different than the projected yield due to activity that occurs after the periodic valuation.
[2] Accretion rates are applied to the net carrying value of the loan which includes the allowance for loan and lease losses.
[3] Covered loan provision expense of $9.0 million was comprised of net charge-offs during the period of $8.7 million and net impairment / (relief) of $0.3 million.

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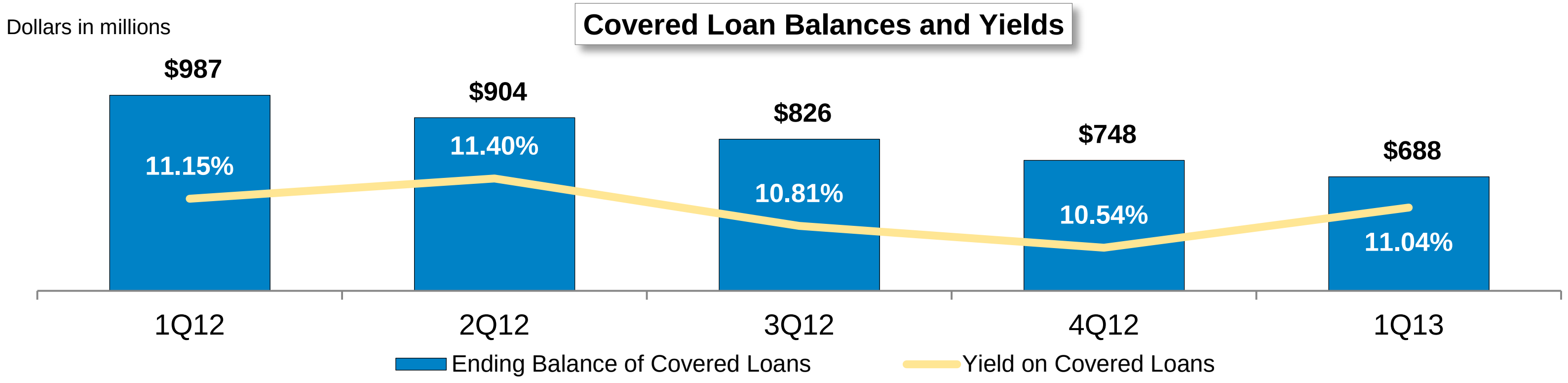
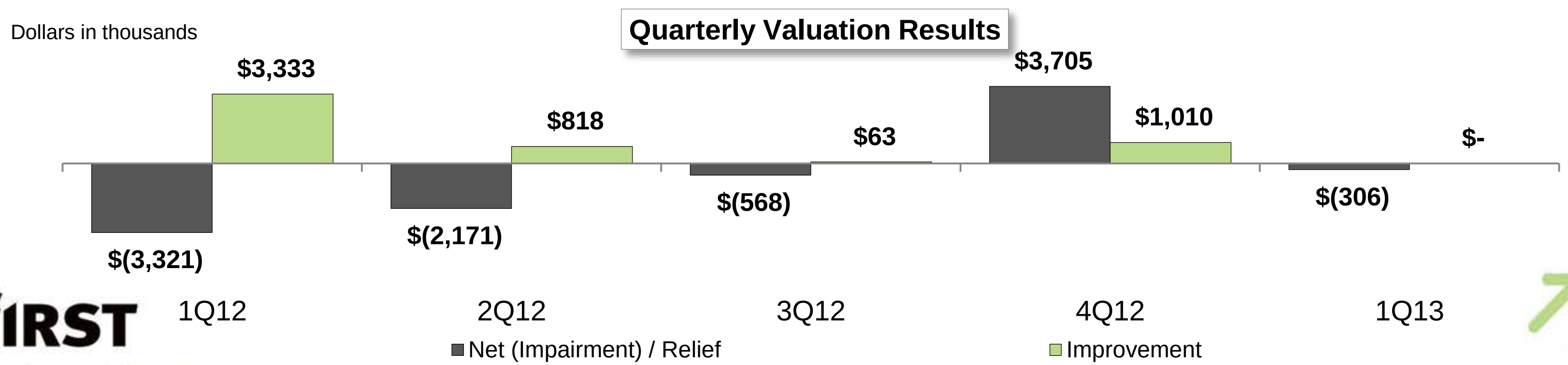
# Covered Loan Performance

- While covered loans continue to decline, better than expected performance has resulted in a consistently high yield on the portfolio
- Improvement and impairment result from quarterly re-estimation of cash flows expectations
- The FDIC indemnification asset has declined 28.1% since the first quarter 2012 to $112.4 million, or 16.3% of the balance of covered loans

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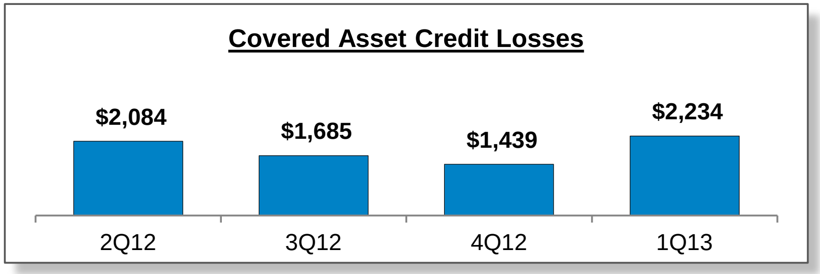
# Components of Covered Asset Credit Losses

| *(Dollars in thousands)* | For the three months ended March 31, 2013 | Description |
|---|---|---|
| Net incremental impairment / (relief) for period | $306 | Reduction in expected cash flows related to certain loan pools net of prior period impairment relief / recapture |
| Net charge-offs | 8,736 | Represents actual net charge-offs of the recorded investment in covered loans during the period [1] |
| Provision for loan and lease losses - covered | 9,042 | |
| (Gain) / loss on sale - covered OREO | (157) | |
| Other credit-related expenses [2] | 2,283 | |
| Total gross credit losses | $11,168 | |
| FDIC loss share income (Noninterest income) | $8,934 | Represents receivable due from the FDIC on estimated credit losses; calculated as approximately 80% of gross credit losses related to covered assets |
| | **$2,234** | Difference between these two amounts represents actual credit costs for the period |




[1] Investment in covered loans originally recorded at less than unpaid principal balance to reflect anticipated credit losses at time of acquisition

[2] Represents credit related expenses of $2.3 million net of $3 thousand of rental income on covered OREO properties

# Reinvestment of Covered Loan Proceeds

| *Dollars in thousands* | As of March 31, 2013 |
|---|---|
| Recorded investment [1] | $687,798 |
| Unamortized discount | 79,832 |
| Unpaid principal balance | $767,630 |

[1] Total balance of loans covered under loss share agreements.

***What happens when the covered loan portfolio pays down?***

***If all covered loans repaid today at 100% UPB, this is the amount of cash that would be received and reinvested in other interest-earning assets***

## Interest Income Comparison

- *The "Bear Case" assumes cash proceeds from repayment of covered loans are used to purchase investment securities. The "Bull Case" assumes proceeds are used to fund loan growth.*

| | | | "Bear Case" | "Bull Case" |
|---|---|---|---|---|
| *Dollars in thousands* | Covered Loans | FDIC Indemn. Asset | Reinvested in Investments | Reinvested in New Loans |
| Balance | $687,798 | $112,428 | $767,630 | $767,630 |
| Yield on asset [2] | 11.04% | (5.19%) | 1.60% | 3.75% |
| Annualized interest income | | | $12,282 | $28,786 |
| Annualized after-tax interest income per diluted share [3] | | | **$0.14** | **$0.32** |

[2] Based on current or prospective asset yields as of the date of this presentation; "Bear Case" investment yield assumes purchases of securities consistent with current portfolio

[3] Based on first quarter 2013 average diluted common shares outstanding of 58,283,467; tax rate of 35% applied

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# Comparison of Financial Impact

**The tables below present a comparison of the impact on diluted earnings per share under various scenarios**

### Extreme Cases

- If all acquired loans were to prepay immediately, diluted EPS would benefit by **$0.26** per share as of the first quarter 2013
- The absolute worst case scenario – a 100% loss on all acquired loans – would negatively impact diluted EPS by **$1.27** per share as of the first quarter 2013

### Best Estimate

If only ASC Topic 310-30 loans were to pay as expected, the benefit to after-tax revenue per diluted share would be **$2.25**, earned over the *remaining* life of the portfolio. Current *weighted average* life is approximately 3.3 years.

**Extreme Scenarios - All Acquired Loans**

**Recognition of Noninterest Income – Assumes All Acquired Loans Prepay Immediately**

| *Dollars in millions* | As of 3/31/13 | As of 12/31/12 |
|---|---|---|
| Unamortized discount | $80 | $95 |
| FDIC indemnification asset [1] | (102) | (106) |
| Allowance for loan losses - covered | 45 | 45 |
| Discount net of indemnification asset and allowance | $23 | $34 |
| **Impact of immediate recognition of unamortized discount on after-tax diluted earnings per share [2]** | **$0.26** | **$0.38** |

**Estimated Maximum Credit Loss Exposure – Assumes 100% Loss on Total UPB**

| *Dollars in millions* | As of 3/31/13 | As of 12/31/12 |
|---|---|---|
| FFBC share of stated loss threshold | $103 | $104 |
| FFBC share of max. additional losses | 34 | 38 |
| Maximum possible credit loss | 137 | 142 |
| FDIC indemnification asset [1] | 102 | 106 |
| Unamortized discount | (80) | (95) |
| Allowance for loan losses - acquired | (45) | (45) |
| Adjusted max. possible credit loss | $114 | $108 |
| **Impact of immediate recognition of additional credit losses on after-tax diluted earnings per share [2]** | **($1.27)** | **($1.20)** |

**Payment as Expected**

**Recognition of Interest Income – Assumes Loans Amortize Over Expected Life**

| *Dollars in millions* | As of 3/31/13 | As of 12/31/12 |
|---|---|---|
| Total expected cash flows | $842 | $913 |
| Recorded investment | 633 | 689 |
| Total accretable difference | 209 | 224 |
| FDIC indemnification asset [3] | (7) | (8) |
| Total net accretable difference | $202 | $216 |
| **Impact of accretable difference on after-tax revenue per diluted share over the expected life of the loans [2]** | **$2.25** | **$2.39** |

[1] Represents the amount presented on the balance sheet less claims submitted to the FDIC but not yet received and FDIC indemnification related to OREO

[2] Based on first quarter 2013 average diluted common shares outstanding of 58,283,467 and fourth quarter 2012 average diluted common shares outstanding of 58,670,666; tax rate of 35% applied

[3] Projected amortization of FDIC indemnification asset over average expected life of portfolio

# First Financial Bancorp

## Investor Presentation

First Quarter 2013

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