



Commercial Banking

C. Douglas Lefferson
EVP & Chief Banking Officer



Investor Day
August 15, 2012

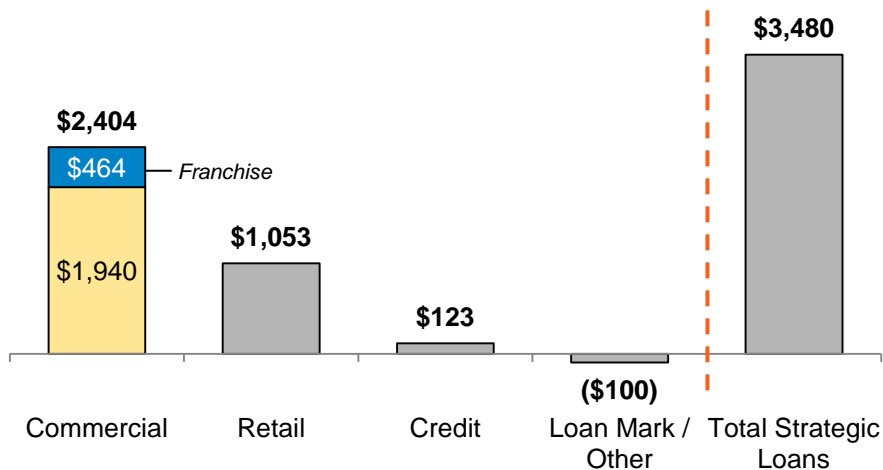
Another step on the path to success

Commercial Banking

- 41 C&I / owner-occupied CRE and 10 ICRE lenders located across footprint with concentrations in Cincinnati, Dayton and Indianapolis
- 10 specialty lenders (franchise, asset based lending and equipment finance)
- 13 treasury management advisors
- Serving over 8,600 commercial clients in Ohio, Indiana and Kentucky markets

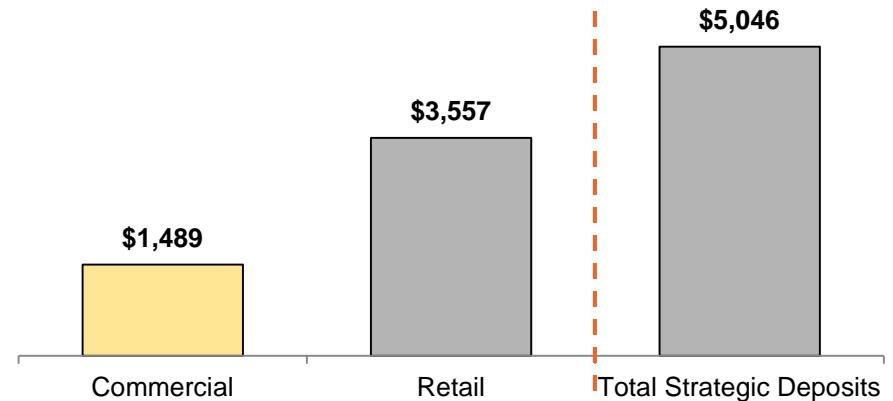
Strategic Loan Composition

Dollars in millions



Strategic Deposit Composition

Dollars in millions



Commercial Banking Services

Traditional Lending

- Term loans
- Lines of credit
- Commercial real estate loans
- Construction loans
- SBA guaranteed loans
- Letters of credit
- Credit cards

Deposit Products

- Business checking accounts
- Business savings accounts
- Sweep accounts

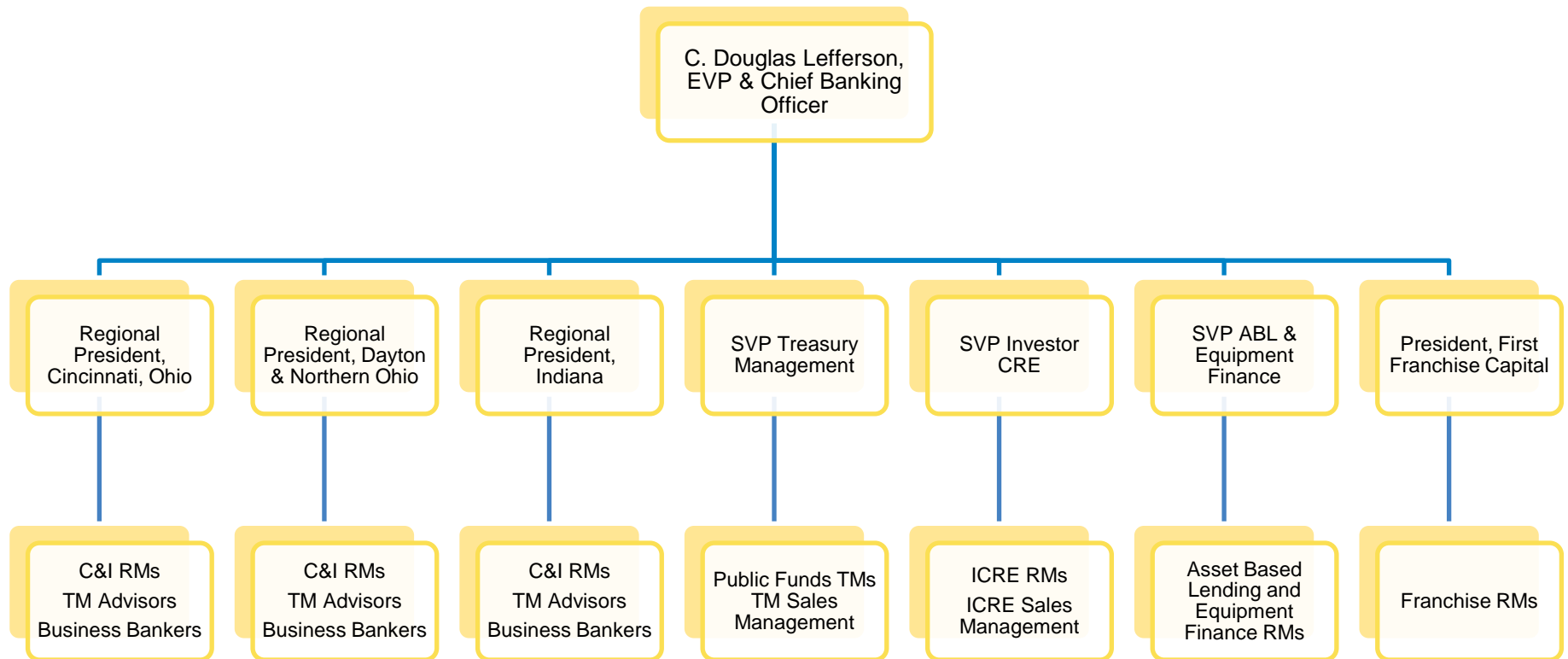
Specialty Lending

- Franchise restaurant lending
- Equipment finance – leasing
- Asset based lending
- Bridge financing
- Agriculture loans

Treasury Management Services

- Online banking and cash management
- Remote deposit
- Lockbox collection
- Positive pay
- ACH blocks
- Courier services
- FX hedging instruments

Management Structure



Commercial Loan Composition

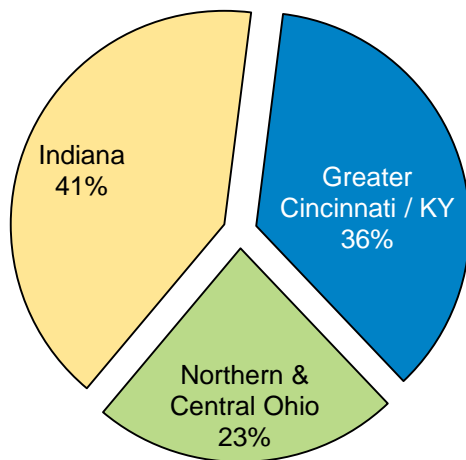
Commercial & Industrial

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

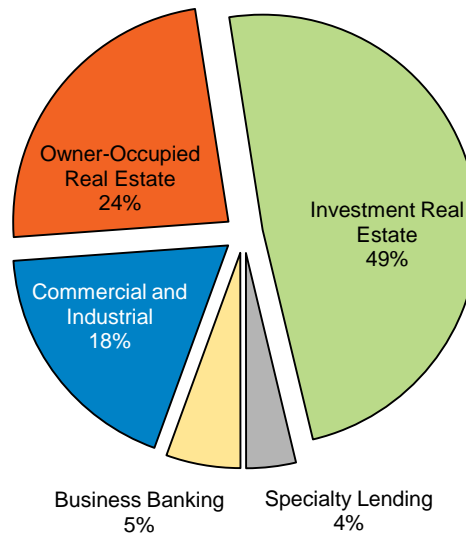
Real Estate

- Target loan size is \$1 million to \$15 million
- Regional and local developers and investors
- Dedicated ICRE sales team of experts
- Owner occupied real estate is a critical part of relationship building & retention
- Interest rate derivatives

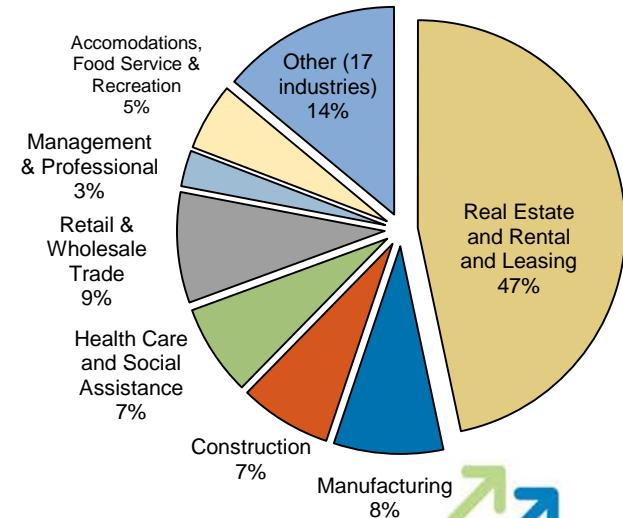
Loan Portfolio by Geography



Loan Composition

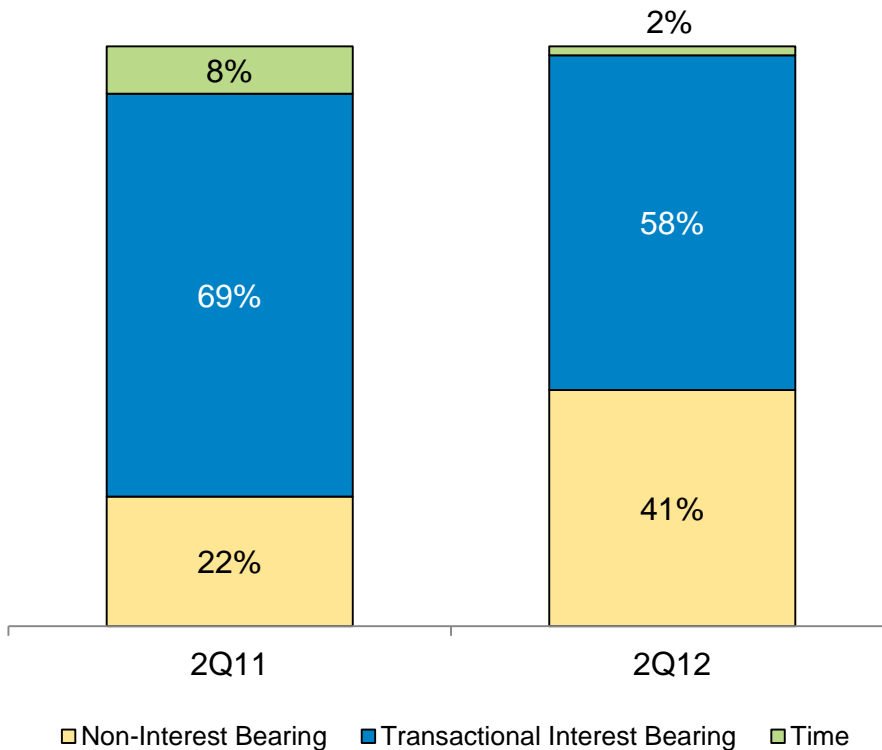


Loan Portfolio by Industry



Commercial Deposit Composition

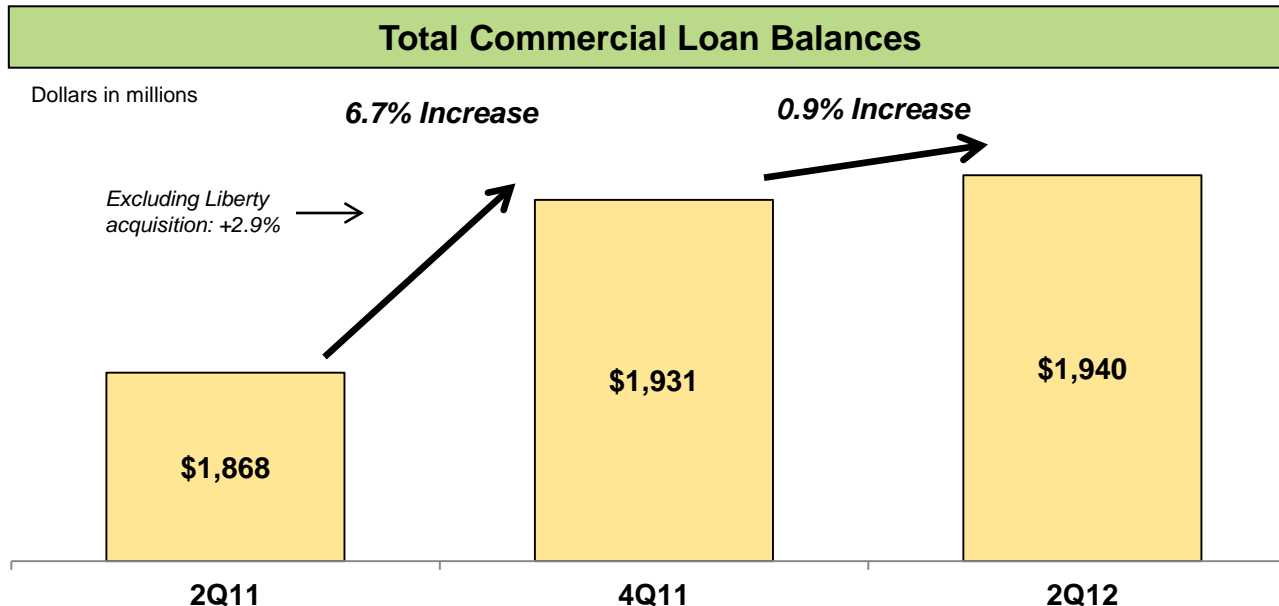
Cost of Funds: 0.32% 0.13% (0.19%)



- Significant decrease in cost of funds
- Strong sales efforts have resulted in an increase in non-interest bearing deposits
- Declines in higher-cost time deposits and transactional interest-bearing deposits

Competitive Landscape

- Highly competitive market, particularly for strong credits
- Clients are hesitant given uncertain economic environment; using cash for capital investments vs. borrowing (de-leveraging)
- Maintaining underwriting standards



Competitive Landscape

vs. Large Regional Competitors

- Local market-based decision making
- Tenured decision makers who are consistent and known in the markets
- Relationship focus
- Greater personal attention to middle-market and small business clients
- More responsive and efficient

vs. Smaller Local Competitors

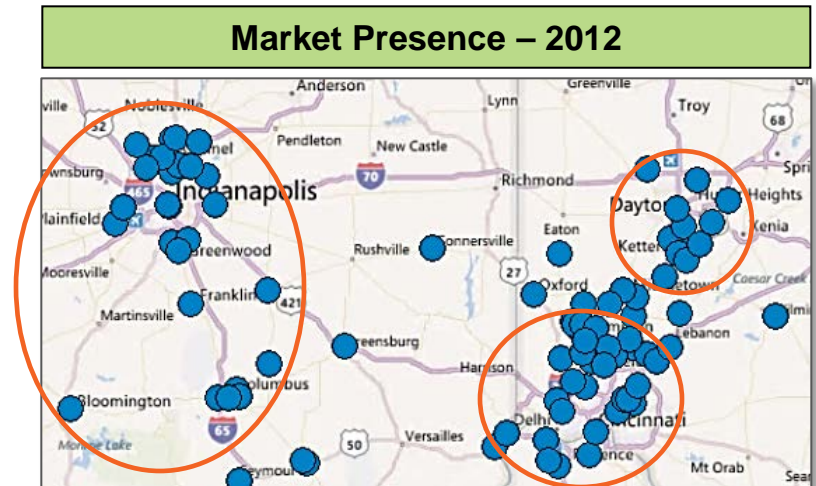
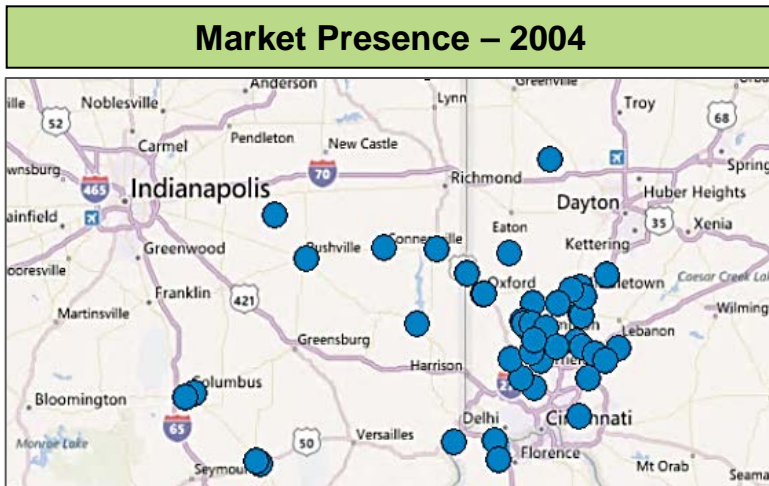
- Higher credit and lending capabilities
- Larger product set
- Greater resources and capital
- Ability to handle new laws and regulations effectively; minimize impact on client
- Local market emphasis keeps us close to the client as well

Strategic Priorities

- Asset generation and growth while maintaining credit and risk management standards
- Appropriate management and sales structure
- Balance sheet management
- Continuous process improvement
- Align incentives and compensation with other strategic objectives

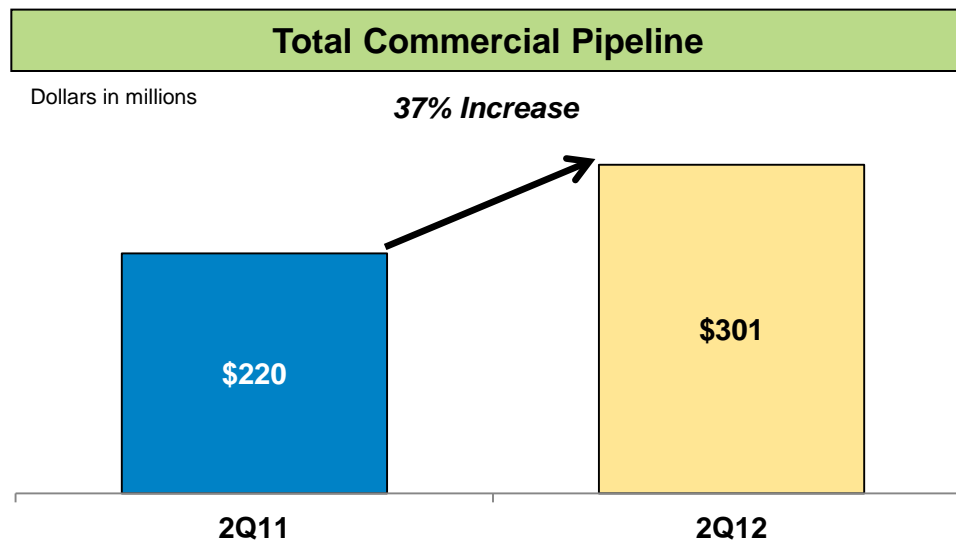
Strategic Priorities – Metropolitan Markets

- Focus on organic growth and increasing market share through:
 - Capitalizing on opportunities in Indianapolis and Dayton
 - Continued penetration of Cincinnati market
 - Leveraging increased brand awareness and visibility
 - Continued recruitment of talent



Revenue Growth - Loans

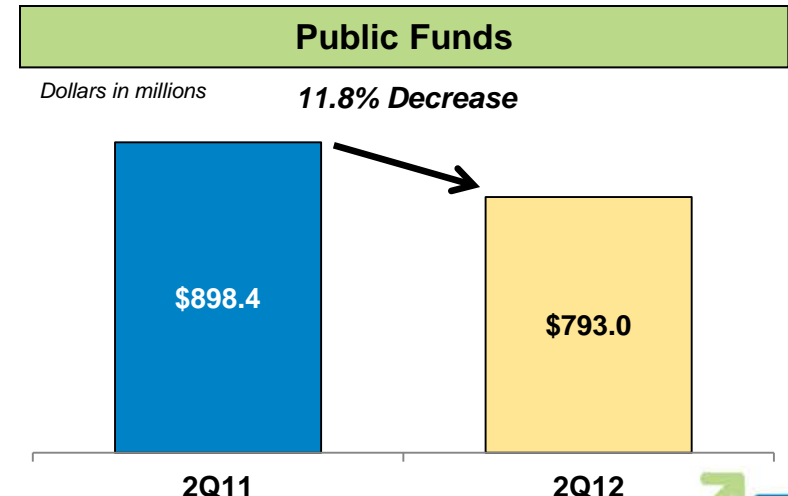
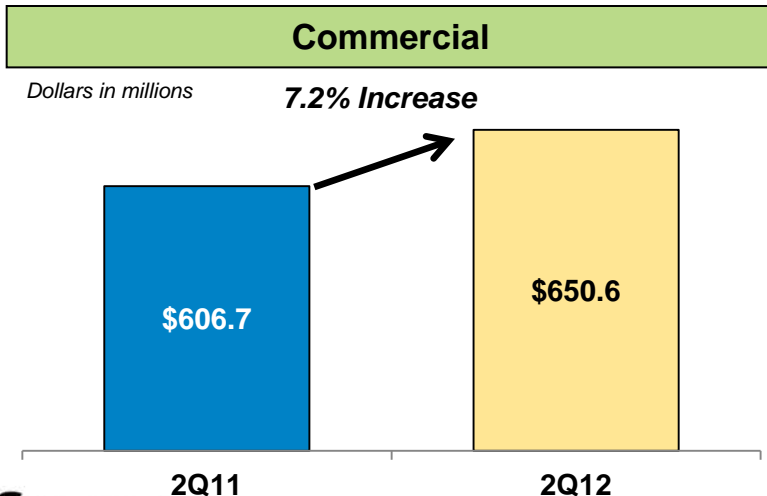
- Top quartile performance targets on production and portfolio size
- Actively addressing KPI under-performance
- Implementing a sales culture based on results and accountability
- Continued growth in Greater Cincinnati region
- Beginning to see increased results in Dayton and Indianapolis markets
- Broader product offerings – increased contribution from specialty finance products
- Increased branding efforts and metro market visibility helping to drive growth



Note: graph represents end of period "late-stage" pipeline balances

Revenue Growth – Deposits

- Completely re-aligned sales force and re-designed approach in 2012
 - Separated public funds/institutional sales from core commercial services
 - Utilizing TM solutions advisor (“hunter”) and regional advisor (“portfolio manager”) approach
- Certain advisors assigned to:
 - Target markets within regions to focus on outside opportunities with prospects
 - Expand relationships within our current portfolio
- Focus on cross-sell opportunities across business lines
- Disciplined public fund pricing



Commercial Client Satisfaction

In-depth interviews, across all regions, with clients +\$500,000 in balances

- Overall Satisfaction – 87%
- First Financial is Proactive – 83%
- Would Recommend – 89%
- Credit Services Meet Needs – 89%
- Deposit and Branch Services Meet Needs – 98%
- Website Meets Need – 98%
- Client Meets with First Financial Every 4 to 6 Months – 92%
- Use First Financial Only for Banking Needs – 42%

FIRST

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Efficiency

- Right size and align sales force – product specialization
- Rationalize the administrative and support functions in line with KPIs and the revised sales force
- Doubled the threshold for loans processed under the Business Banking model
 - More efficient and timely for the client
 - More efficient underwriting process for the Company
- Increased local credit approval limits coordinated with credit management
 - Keeps credit decisions closer to the client
 - Empowers local decision makers
- Commercial specific cross-functional team in place
 - Identify strategic opportunities
 - Search for continuous process improvement
 - Reduce time-to-market for new products and services

Summary

Expected Results: Strong Asset Generation & Greater Efficiency

- Increased expectations; strong focus on execution
- Originations in June 2012 represent the highest production month ever
- Successfully broadened our product offerings
- Re-aligned sales force for better focus on strategic execution
- Continue to have decision making close to the client
- Expanded in core metropolitan markets and continue to have market share growth opportunities
- Leveraged increased brand awareness and visibility
- Able to attract talent given strength and opportunities



Franchise Lending

first

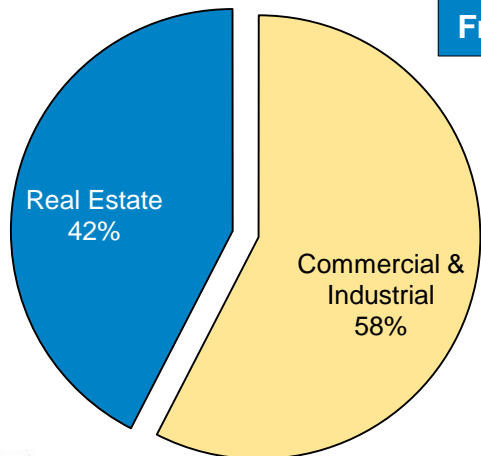
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Another step on the path to success

Franchise Lending

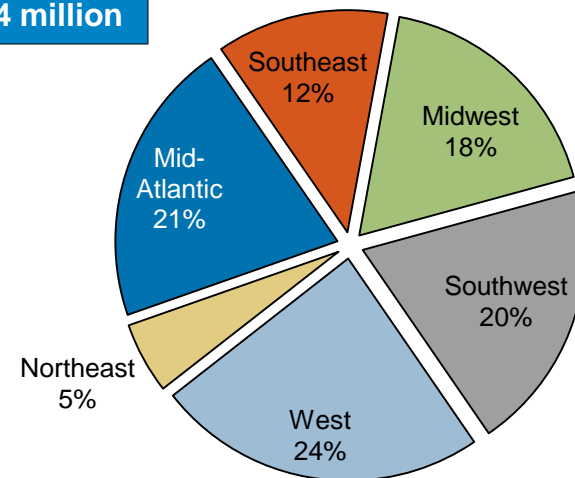
- Acquired in 2009 with Irwin FDIC transaction
- Delivered through First Franchise Capital, a wholly-owned subsidiary of First Financial Bank
- Premier lender to franchised restaurant industry
- Relationship-driven and creative tailored financing solutions to established multi-unit operators
- Capacity to grow with experienced team
- Operates within defined geographic and concept limits

Loan Profile



Franchise Portfolio – \$464 million

National Platform



Franchise Lending

- Established relationships with select and proven concepts that operate nationally or in diverse regions with consistently-applied operating standards
- Targets 10-20 concepts with a finite number of borrowers (franchisees) nationwide
- Pricing is generally above standard commercial deals with historically low risk profile
- Focus on repeat business – First Franchise Capital is sole or primary lender to many clients



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Competitive Landscape

Competitive Position

- Major competitors include GE Capital, TCF Leasing, Bank United, Bank of America, Wells Fargo and Regions Bank
- Increased competition from community banks looking to grow assets
- Renewed focus on refinancing due to historic low interest rates provides opportunities and creates challenges
- Franchisee uncertainty due to elections and pending healthcare reform

Competitive Advantages

- Considered top 5 lender on any relevant franchisor list
- Strong “Top of Mind” awareness among franchisees
- National presence, but smaller and more flexible specialty lender
- Known for high level of client service that instills confidence through expertise and longevity of group
- Brand recognition of First Franchise enhanced by strength and stability of First Financial
- Target exposures fall below large national bank franchise platforms

FIRST

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Biography

C. Douglas Lefferson Executive Vice President & Chief Banking Officer

Mr. Lefferson has spent his entire career in various positions with First Financial and was appointed to his current position in 2010 where he has responsibility for the commercial banking line of business. Prior to his current position, Mr. Lefferson served as Chief Operating Officer from 2005 – 2010 and as Chief Financial Officer from 2002 – 2005. Mr. Lefferson is actively involved in several community organizations in the greater Cincinnati area.