

FEDERAL RESERVE SYSTEM

First Financial Bancorp
Cincinnati, Ohio

First Financial Bank
Cincinnati, Ohio

Order Approving the Merger of Bank Holding Companies, the Merger of Banks,
and the Establishment of Branches, and Determination on a Financial Holding Company
Election

First Financial Bancorp (“First Financial”), Cincinnati, Ohio, a bank holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to merge with MainSource Financial Group, Inc. (“MainSource”), and thereby indirectly acquire MainSource Bank, both of Greensburg, Indiana.

In addition, First Financial’s subsidiary state member bank, First Financial Bank, Cincinnati, Ohio, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”) to merge with MainSource Bank, with First Financial Bank as the surviving entity.³ First Financial Bank also has applied under section 9 of the Federal Reserve Act (“FRA”) to establish and operate branches at the main office and branches of MainSource Bank.⁴

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842.

³ 12 U.S.C. § 1828(c).

⁴ 12 U.S.C. § 321. These locations are listed in Appendix A.

In connection with this proposal, First Financial also has filed with the Board an election to become a financial holding company pursuant to sections 4(k) and (l) of the BHC Act and section 225.82 of the Board's Regulation Y.⁵

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (82 Federal Register 195 (October 11, 2017)).⁶ The time for submitting comments has expired, and no comments were received. The Board has considered the proposal in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the merger of First Financial Bank and MainSource Bank was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation.

First Financial, with consolidated assets of approximately \$8.8 billion, is the 149th largest insured depository organization in the United States. First Financial controls approximately \$6.7 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁷ First Financial controls First Financial Bank, which operates in Indiana, Kentucky, and Ohio. First Financial is the 14th largest insured depository organization in Indiana, controlling deposits of approximately \$2.8 billion, which represent 2.2 percent of the total deposits of insured depository institutions in that state. First Financial is the 71st largest insured depository organization in Kentucky, controlling deposits of approximately \$187.7 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.⁸ First Financial is the 11th largest insured depository organization in Ohio, controlling deposits of approximately \$3.6 billion,

⁵ 12 U.S.C. § 1843(k) and (l); 12 CFR 225.82.

⁶ 12 CFR 262.3(b).

⁷ Nationwide asset and deposit data are as of September 30, 2017, unless otherwise noted.

⁸ State deposit data are as of June 30, 2017, unless otherwise noted.

which represent 1.1 percent of the total deposits of insured depository institutions in that state.

MainSource, with consolidated assets of approximately \$4.6 billion, is the 218th largest insured depository organization in the United States. MainSource controls approximately \$3.4 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. MainSource controls MainSource Bank, which operates in Illinois, Indiana, Kentucky, and Ohio. MainSource is the 233rd largest insured depository organization in Illinois, controlling deposits of approximately \$146.7 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state. MainSource is the 17th largest insured depository organization in Indiana, controlling deposits of approximately \$2.3 billion, which represent 1.8 percent of the total deposits of insured depository institutions in that state. MainSource is the 31st largest insured depository organization in Kentucky, controlling deposits of approximately \$486.6 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state. MainSource is the 41st largest insured depository organization in Ohio, controlling deposits of approximately \$613.7 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of the proposal, First Financial would have consolidated assets of approximately \$13.8 billion, which represent less than 1 percent of the total assets of insured depository organizations in the United States.⁹ First Financial would control total deposits of approximately \$10.1 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Illinois, First Financial would become the 233rd largest insured depository organization, controlling deposits of approximately \$146.7 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state. In Indiana, First

⁹ Excluding purchase accounting adjustments, First Financial would become the 109th largest insured depository institution in the United States, with consolidated assets of approximately \$13.4 billion.

Financial would become the 6th largest insured depository organization, controlling deposits of approximately \$5.1 billion, which represent 4.1 percent of the total deposits of insured depository institutions in that state. In Kentucky, First Financial would become the 24th largest insured depository organization, controlling deposits of approximately \$674.4 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state. In Ohio, First Financial would remain the 11th largest insured depository organization, controlling deposits of approximately \$4.2 billion, which represent approximately 1.2 percent of the total deposits of insured depository institutions in that state.

Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company, without regard to whether the transaction is prohibited under state law.¹⁰ Section 44 of the Federal Deposit Insurance Act (“FDI Act”) generally provides that, if certain conditions are met, the Board may approve a merger transaction under the Bank Merger Act between insured banks with different home states without regard to whether the transaction is prohibited under state law.¹¹ The Board may not approve an application that would permit an out-of-state bank holding company or bank to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.¹² In addition, under section 3(d) of the BHC Act, the Board may not approve an interstate application if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control

¹⁰ 12 U.S.C. § 1842(d)(1)(A).

¹¹ 12 U.S.C. § 1831u(a)(1).

¹² 12 U.S.C. §§ 1831u(a)(5) and 1842(d)(1)(B).

30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.¹³

For purposes of the BHC Act, the home state of First Financial is Ohio, and MainSource Bank is located in Illinois, Indiana, Kentucky, and Ohio.¹⁴ For purposes of section 44 of the FDI Act, the home state of First Financial Bank is Ohio, and the home state of MainSource Bank is Indiana. First Financial and First Financial Bank are well capitalized and well managed under applicable law, and First Financial Bank has a “Satisfactory” rating under the Community Reinvestment Act of 1977 (“CRA”).¹⁵ Neither Indiana nor Kentucky has statutory minimum age requirements,¹⁶ and MainSource Bank has been in existence for more than five years.

On consummation of the proposed transaction, First Financial would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Kentucky imposes a 15 percent limit on the

¹³ 12 U.S.C. § 1842(d)(2)(A) and (B). Similar prohibitions apply to action by the Board on interstate bank merger applications under section 44 of the FDI Act. See 12 U.S.C. § 1831u(b)(2). For purposes of section 3(d) of the BHC Act, the acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7).

¹⁴ See 12 U.S.C. §§ 1831u(g)(4) and 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. A state bank’s home state is the state in which the bank is chartered.

¹⁵ 12 U.S.C. § 2901 et seq.

¹⁶ See Ind. Code § 28-2-17; Ky. Rev. Stat. Ann. 286.3-900. Illinois has a statutory minimum age requirement, but it only applies to the acquisition of a bank that is organized under the laws of that state. See 205 Ill. Comp. Stat. 5/21.2. This age requirement is not applicable to the proposed transaction because MainSource Bank is organized under the laws of Indiana.

total amount of in-state deposits that a single banking organization may control.¹⁷ Ohio imposes a 30 percent limit on the total amount of in-state deposits that a single banking organization may control.¹⁸ The combined organization would control approximately 4.1 percent of the total amount of deposits of insured depository institutions in Indiana, approximately 0.9 percent of the total amount of deposits of insured depository institutions in Kentucky, and approximately 1.2 percent of the total amount of deposits of insured depository institutions in Ohio, the only states in which First Financial and MainSource have overlapping banking operations. The Board has considered all other requirements of section 3(d) of the BHC Act and section 44 of the FDI Act, including First Financial Bank's record of meeting the convenience and needs of the communities it serves. Accordingly, in light of all the facts of record, the Board may approve the proposal under both statutes.

Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.¹⁹ Both statutes also prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.²⁰

¹⁷ Ky. Rev. Stat. Ann. § 286.3-900(2), -920(4). Indiana does not impose a limit on the total amount of in-state deposits that a single banking organization may control.

¹⁸ Ohio Rev. Code Ann. § 1115.05.

¹⁹ 12 U.S.C. §§ 1842(c)(1) and 1828(c)(5).

²⁰ 12 U.S.C. §§ 1842(c)(1)(B) and 1828(c)(5)(B).

First Financial and MainSource have subsidiary depository institutions that compete directly in eight banking markets in Indiana and Ohio.²¹ The Board has considered the competitive effects of the proposal in each of these banking markets. In particular, the Board has considered the number of competitors that would remain in each market; the relative share of total deposits in insured depository institutions in each market (“market deposits”) that First Financial would control;²² the concentration levels of market deposits and the increase in these levels, as measured by the Herfindahl-Hirschman Index (“HHI”) under the U.S. Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);²³ other characteristics of the markets; and, as discussed below, commitments made by First Financial to divest three branches in the Columbus market and one branch in the Greensburg market.

²¹ The Columbus banking market (“Columbus market”), Fayette County banking market (“Fayette County market”), and Greensburg banking market (“Greensburg market”), all in Indiana, are defined below. The other five banking markets are defined in Appendix B.

²² Local deposit and market share data are as of June 30, 2017, and, unless otherwise indicated, are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

²³ Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

Banking Markets Within Established Guidelines

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in five of the eight banking markets in which First Financial Bank and MainSource Bank compete directly.²⁴ On consummation of the proposal, one of these markets would remain highly concentrated, and the four other markets would remain moderately concentrated, as measured by the HHI. The change in the HHI in the highly concentrated banking market and the moderately concentrated banking markets would be small and consistent with Board precedent and the thresholds in the DOJ Bank Merger Guidelines. In addition, numerous competitors would remain in all five banking markets.

Banking Markets Warranting Special Scrutiny

The structural effects that consummation of the proposal would have in the Columbus, Fayette County, and Greensburg markets warrant a detailed review because the concentration levels on consummation would exceed the thresholds in the DOJ Bank Merger Guidelines when using initial competitive screening data.

Columbus Market. Using initial screening data, First Financial is the largest depository organization in the Columbus market, controlling approximately \$652.7 million in deposits, which represent approximately 27.0 percent of market deposits.²⁵ MainSource is the fourth largest depository organization in the Columbus market, controlling approximately \$247.8 million in deposits, which represent approximately 10.2 percent of market deposits. On consummation, First Financial would remain the largest depository organization in the Columbus market, controlling approximately \$900.5 million in market deposits, which would represent approximately

²⁴ The competitive effects of the proposal in these five markets are described in Appendix B.

²⁵ The Columbus market is defined as Bartholomew, Jennings, Jackson, and Brown counties, all in Indiana.

37.2 percent of market deposits. The HHI in this market would increase by 552 points, from 1465 to 2017.

To mitigate the potentially adverse competitive effects of the proposal in the Columbus market, First Financial has committed to divest three of MainSource Bank's nine branches in that market, which account for approximately \$112.9 million in deposits, to a competitively suitable, in-market purchaser.²⁶ After the divestiture, First Financial would remain the largest depository organization in the market, controlling approximately \$787.6 million in deposits, which would represent approximately 32.5 percent of market deposits.

In addition to the divestiture, the Board also has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Columbus market.²⁷ Several factors indicate that the increase in concentration in the Columbus market, as measured by the above HHI, overstates the potential competitive effects of the proposal in the market.

The Board has considered the competitive influence of one credit union in the Columbus market that offers a wide range of consumer banking products, operates

²⁶ As a condition of consummation of the proposal, First Financial has committed that it will execute, before consummating the proposal, an agreement to sell the three branches to one or more purchasers determined by the Board to be competitively suitable. First Financial also has committed to complete the divestiture within 180 days after consummation of the proposed merger. In addition, First Financial has committed that, if the proposed divestiture is not completed within the 180-day period, First Financial will transfer the unsold branches to an independent trustee, who will be instructed to sell them to an alternate purchaser or purchasers in accordance with the terms of this order and without regard to price. Both the trustee and any alternate purchasers must be deemed acceptable to the Board. See, e.g., BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991).

²⁷ The number and strength of the factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in, and resulting level of, concentration in a banking market. See Nationsbank Corp., 84 Federal Reserve Bulletin 129 (1998).

street-level branches, and has broad membership criteria that include almost all of the residents in the market.²⁸ The Board finds that these circumstances warrant including the deposits of this credit union at a 50 percent weight in its calculations to estimate market influence. This weighting takes into account the limited lending done by the credit union to small businesses relative to commercial banks' lending levels.

Taking into account the divestiture of the three MainSource Bank branches to an in-market competitor, and adjusting to reflect competition from the credit union, after consummation First Financial's market share would increase to 29.6 percent, and the market concentration level as measured by the HHI would increase by 231 points, from a level of 1295 to 1526. The market concentration, as well as the resulting market share, would be within the DOJ Bank Merger Guidelines. Including the credit union, 14 other depository organizations would continue to serve the Columbus market, including two with market shares greater than 12 percent each.

Fayette County Market. Using initial screening data, First Financial is the second largest depository organization in the Fayette County market, controlling approximately \$54.7 million in deposits, which represent approximately 19.7 percent of market deposits.²⁹ MainSource is the sixth largest depository organization in the Fayette County market, controlling approximately \$21.0 million in deposits, which represent

²⁸ The Board previously has considered competition from certain active credit unions with these features as a mitigating factor. See, e.g., Central Banccompany, Inc., FRB Order No. 2017-03 (February 8, 2017); KeyCorp, FRB Order No. 2016-12 (July 12, 2016); Ohio Valley Banc Corp., FRB Order No. 2016-10 (June 28, 2016); Chemical Financial Corporation, FRB Order No. 2015-13 (April 20, 2015); Mitsubishi UFJ Financial Group, Inc., FRB Order No. 2012-12 (November 14, 2012); Old National Bancorp, FRB Order No. 2012-9 (August 30, 2012); United Bankshares, Inc. (order dated June 20, 2011), 97 Federal Reserve Bulletin 19 (2nd Quar. 2011); The PNC Financial Services Group, Inc., 94 Federal Reserve Bulletin C38 (2008); The PNC Financial Services Group, Inc., 93 Federal Reserve Bulletin C65 (2007); Regions Financial Corporation, 93 Federal Reserve Bulletin C16 (2007); Passumpsic Bancorp, 92 Federal Reserve Bulletin C175 (2006); and Wachovia Corporation, 92 Federal Reserve Bulletin C183 (2006).

²⁹ The Fayette County market is defined as Fayette County, Indiana.

approximately 7.6 percent of market deposits. On consummation, First Financial would become the largest depository organization in the Fayette County market, controlling approximately \$75.7 million in deposits, which would represent approximately 27.2 percent of market deposits. The HHI in this market would increase by 297 points, from 1704 to 2001.

The Board has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Fayette County market. Several factors indicate that the increase in concentration in the Fayette County market, as measured by the above HHI, overstates the potential competitive effects of the proposal in the market.

The Board has considered the competitive influence of two credit unions in the Fayette County market that meet the Board's standard conditions for inclusion in its structural calculations, the deposits of which are given 50 percent weight in the Board's analysis. After consummation, adjusting to reflect competition from these two credit unions, the market concentration level in the Fayette County market, as measured by the HHI, would increase by 267 points from a level of 1547 to 1814, and First Financial's market share would increase from 19.7 percent to 25.8 percent. After consummation, the Fayette County market would continue to be served by seven other depository organizations, including the two credit unions noted above, including three which would each control more than 16 percent of market deposits.

Greensburg Market. Using initial screening data, First Financial is the fifth largest depository organization in the Greensburg market, controlling approximately \$31.9 million in deposits, which represent approximately 5.8 percent of market deposits.³⁰ MainSource is the largest depository organization in the Greensburg market, controlling approximately \$343.0 million in deposits, which represent approximately 62.6 percent of market deposits. On consummation, First Financial would become the largest depository organization in the Greensburg market, controlling approximately

³⁰ The Greensburg market is defined as Decatur County, Indiana.

\$374.9 million in market deposits, which would represent approximately 68.5 percent of market deposits. The HHI in this market would increase by 729 points, from 4300 to 5029.

To mitigate the potentially adverse competitive effects of the proposal in the Greensburg market, First Financial has committed to divest one of MainSource Bank's two branches in the Greensburg market to a competitively suitable, out-of-market purchaser. The branch to be divested is slightly smaller than the only branch currently operated by First Financial in the Greensburg market.³¹ After this divestiture, First Financial would become the largest depository organization in the market, controlling approximately \$345.1 million in deposits, which would represent approximately 63 percent of market deposits. If the branch is sold to an out-of-market competitor, the structure of the Greensburg market would be approximately the same both before and after consummation of the proposal.³²

In addition to the divestiture, the Board also has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Greensburg market. Several factors indicate that the increase in concentration as measured by the above HHI, as well as First Financial's resulting market share, overstate the potential competitive effects of the proposal in the Greensburg market.

The Board has considered the competitive influence of one credit union in the Greensburg market that meets the Board's standard conditions for inclusion in the

³¹ First Financial Bank's only branch in the Greensburg market has \$31.9 million in deposits, representing 5.6 percent of total market deposits. MainSource Bank has two branches with deposits in Greensburg, with \$312.8 million and \$29.8 million, respectively. First Financial proposes to divest the smaller of these branches, representing 5.2 percent of market deposits.

³² The Board has previously approved two applications in which the post-divestiture HHI and the percentage of market deposits exceeded the post-divestiture effects in this case. See Umpqua Holdings Corp., 100 Federal Reserve Bulletin 42 (2014); Southern National Corp., 83 Federal Reserve Bulletin 597 (1997).

structural calculations, the deposits of which are given 50 percent weight in the Board's analysis. After consummation, taking into account the divestiture of the MainSource Bank branch to an out-of-market competitor, and adjusting to reflect competition from the credit union, the market concentration level in the Greensburg market as measured by the HHI would increase by 40 points, from a level of 3967 to 4007, and First Financial's share of market deposits resulting from the transaction would be 60.4 percent. Including the credit union and a new competitor entering the market through the divestiture, after consummation the Greensburg market would be served by five other depository organizations, including two with market shares greater than 10 percent each. The presence of these market competitors suggests that First Financial would have limited ability unilaterally to offer less attractive terms to consumers and that these competitors are able to exert competitive pressure on First Financial in the Greensburg market. Notwithstanding these circumstances, the Board views the competitive effects in this market as presenting a close case.

Conclusion Regarding Competitive Effects

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal, with the proposed divestitures of branches in the Columbus and Greensburg markets, would not likely have a significantly adverse effect on competition in the Columbus, Fayette County, and Greensburg markets or in any other relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on the facts of record, including First Financial's commitment to divest a total of four branches in the Columbus and Greensburg markets, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any of the eight banking markets in which First Financial Bank and MainSource Bank compete directly or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.³³ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

First Financial and MainSource are both well capitalized, and the combined organization would remain so on consummation of the proposal. The proposed transaction is a bank holding company merger that is structured as a share exchange, with a subsequent merger of the subsidiary depository institutions.³⁴ The asset quality, earnings, and liquidity of both First Financial Bank and MainSource Bank are consistent with approval, and First Financial appears to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions'

³³ 12 U.S.C. §§ 1842(c)(2), (5), and (6) and 1828(c)(5).

³⁴ As part of the proposed transaction, each share of MainSource common stock would be converted into the right to receive 1.3875 shares of First Financial common stock.

operations. In addition, the future prospects of the institutions under the proposal are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of First Financial, MainSource, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by First Financial; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

First Financial, MainSource, and their subsidiary depository institutions are each considered to be well managed. First Financial has a record of successfully integrating organizations into its operations and risk-management systems after acquisitions. First Financial's directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and First Financial's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered First Financial's plans for implementing the proposal. First Financial has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. First Financial would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, First Financial's management has the experience and resources to operate the combined organization in a safe and sound manner, and First Financial plans to integrate MainSource's existing

management and personnel in a manner that augments First Financial’s and First Financial Bank’s management.³⁵

Based on all of the facts of record, including First Financial’s supervisory record, managerial and operational resources, and plans for operating the combined institution after consummation, the Board concludes that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of First Financial and MainSource in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.³⁶ In its evaluation of the effects of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the CRA.³⁷ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions’ safe and sound operation,³⁸ and requires the appropriate federal financial supervisory agency to assess a depository institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, in evaluating bank expansionary proposals.³⁹

³⁵ Following consummation of the proposed transaction, six MainSource directors will join First Financial’s board of directors.

³⁶ 12 U.S.C. §§ 1842(c)(2) and 1828(c)(5).

³⁷ 12 U.S.C. § 2901 et seq.

³⁸ 12 U.S.C. § 2901(b).

³⁹ 12 U.S.C. § 2903.

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide loan applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers the assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans following consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all of the facts of record, including reports of examination of the CRA performance of First Financial Bank and MainSource Bank; the fair lending and compliance records of both banks; the supervisory views of the Federal Reserve Bank of Cleveland ("Reserve Bank") and other federal regulatory agencies; confidential supervisory information; and information provided by First Financial.

Records of Performance under the CRA

In evaluating the convenience and needs factor and CRA performance, the Board considers examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions, as well as information and views provided by those supervisors.⁴⁰ In this case, the Board considered the supervisory views of the Reserve Bank and the Office of the Comptroller of the Currency ("OCC") with respect to First Financial Bank and the Federal Deposit Insurance Corporation ("FDIC") with respect to MainSource Bank.⁴¹

⁴⁰ See Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48548 (July 25, 2016).

⁴¹ Until its conversion on December 30, 2016, to a state member bank supervised by the Board, First Financial Bank was a national bank supervised by the OCC.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.⁴² An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of a large insured depository institution in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution's home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's data reported under the Home Mortgage Disclosure Act ("HMDA"),⁴³ in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's assessment areas ("AAs"); (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and

⁴² 12 U.S.C. § 2906.

⁴³ 12 U.S.C. § 2801 et seq.

amounts of loans to low-, moderate-, middle-, and upper-income individuals;⁴⁴ (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies. Large institutions are also subject to an investment test that evaluates the number and amounts of qualified investments that benefit their assessment areas and a service test that evaluates the availability and effectiveness of their systems for delivering retail banking services and the extent and innovativeness of their community development services.⁴⁵

CRA Performance of First Financial Bank

First Financial Bank was assigned an overall "Satisfactory" rating by the OCC at its most recent CRA performance evaluation, as of November 4, 2013 ("First Financial Bank Evaluation").⁴⁶ The bank received a "High Satisfactory" rating for the Lending Test and "Low Satisfactory" ratings for the Investment Test and the Service Test.⁴⁷

⁴⁴ Examiners also consider the number and amounts of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

⁴⁵ See 12 CFR 228.21 et seq.

⁴⁶ The First Financial Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed HMDA and small business loans originated from January 1, 2010, through December 31, 2011. The evaluation period for community development loans, investments, and services was from June 1, 2010, through December 31, 2011.

⁴⁷ The First Financial Bank Evaluation included full-scope evaluations of the Cincinnati-Middleton Ohio-Kentucky-Indiana Multistate Metropolitan Statistical Area ("MSA"); Columbus, Indiana MSA; and the Ohio Non-MSA AA. Limited scope evaluations were performed of the Bloomington, Indiana MSA; Indianapolis, Indiana MSA; Gary, Indiana MSA; Lafayette, Indiana MSA; Indiana Non-MSA AA; Lima, Ohio MSA; and the Dayton, Ohio MSA.

Examiners found that First Financial Bank originated a majority of its loans inside its AAs and that the bank's overall lending activity was good. Examiners also noted that the bank's geographic distribution of home mortgage loans and small loans to businesses was good. In addition, examiners found the bank's distribution of home mortgage loans by income level of the borrower to be good and the bank's distribution of loans to businesses with different revenue sizes to be adequate.

Examiners determined that First Financial Bank's level of qualified community development investments was adequate and responsive to community needs. Examiners found that the bank's service delivery systems were accessible to geographies and individuals of different income levels within the bank's AAs. Examiners also noted that, in the state of Indiana, the bank's branches were reasonably accessible. Overall, examiners found that the community development services provided by the bank were adequate and that the bank provided a good level of services in Ohio.

CRA Performance of MainSource Bank

MainSource Bank was assigned an overall CRA rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of September 29, 2014 ("MainSource Bank Evaluation").⁴⁸ The bank received "Low Satisfactory" ratings for each of the Lending Test, the Investment Test, and the Service Test.⁴⁹

Examiners found that MainSource Bank's lending levels reflected good responsiveness to credit needs within its AAs and that a substantial majority of the bank's

⁴⁸ The MainSource Bank Evaluation was conducted using Large Bank CRA Evaluation Procedures. Examiners reviewed HMDA, small business, and small farm loans originated from January 1, 2012, through December 31, 2013. The evaluation period for community development loans, investments, and services was from October 20, 2011, through September 29, 2014.

⁴⁹ The MainSource Bank Evaluation included full-scope evaluations of the Louisville-Jefferson County, Kentucky-Indiana Multistate MSA; Cincinnati-Middletown, Ohio-Indiana-Kentucky Multistate MSA; State of Indiana Non-MSA AA; Kankakee-Bradley, Illinois MSA; Dayton, Ohio MSA; and the Kentucky Non-MSA AA. Limited-scope evaluations were performed of the Anderson, Indiana MSA; Bloomington, Indiana MSA; Columbus, Indiana MSA; Gary Metropolitan Division, Indiana AA; Indianapolis-Carmel, Indiana MSA; Danville, Illinois MSA; and the State of Illinois Non-MSA AA.

loans were made within its AAs. Examiners further found that the geographic distribution of MainSource Bank's loans reflected adequate penetration throughout its AAs. Examiners noted that the bank's distribution of borrowers reflected adequate penetration among retail customers of different income levels and businesses of different sizes. Examiners found that the bank exhibited an adequate record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and very small businesses, consistent with safe and sound banking practices. Examiners stated that MainSource Bank made a relatively high level of community development loans and originated qualifying community development loans in all of the bank's AAs. Further, the bank was found to use innovative and/or flexible lending practices in order to serve AA credit needs.

Examiners found that MainSource Bank made an adequate level of qualified community development investments and grants, particularly those that were not routinely provided by private investors, although rarely in a leadership position. Examiners further noted that the bank exhibited adequate responsiveness to credit and community economic development needs, but that the bank rarely used innovative or complex investments to support community development initiatives.

Examiners found that the bank's delivery systems were reasonably accessible to essentially all portions of the bank's AAs. Examiners also found that MainSource Bank's record of opening and closing branches had not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals, and that branch services and business hours did not vary in a way that inconvenienced certain portions of the AAs, particularly LMI geographies and individuals. Examiners further noted that the bank provided an adequate level of community development services.

Additional Supervisory Views

In its review of the proposal, the Board consulted with the Reserve Bank regarding its views of First Financial Bank's consumer compliance risk-management systems. The Board considered the most recent consumer compliance examination and

fair lending review of First Financial Bank by the OCC. The Board also considered the most recent consumer compliance examination of MainSource Bank conducted by the FDIC.

The Board has taken this information, as well as the CRA performance records of First Financial Bank and MainSource Bank into account in evaluating the proposed transaction, including in considering whether First Financial has the experience and resources to effectively implement policies and programs that would assist the combined organization in helping to meet the credit needs of all of the communities within the firm's AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. First Financial represents that it would provide a full range of deposit, savings, and other financial products and services to consumers and small- and medium-sized businesses in Ohio, Indiana, and Kentucky. First Financial states that it would continue offering all of the significant products and services currently offered by First Financial Bank and MainSource Bank after consummation of the proposal. Further, First Financial represents that, following the proposed transaction, the combined organization would be able to increase its lending limits and better meet the credit and banking needs of the small- and medium-sized businesses in its expanded service area.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by First Financial, and the potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board concludes that the convenience and needs factor is consistent with approval.

Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) amended section 3 of the BHC Act and the Bank Merger Act to require the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater risk to the stability of the United States banking or financial system.”⁵⁰

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.⁵¹ These categories are not exhaustive, and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.⁵²

The Board’s experience has shown that proposals involving an acquisition of less than \$10 billion in assets, or that result in a firm with less than \$100 billion in total assets, are generally not likely to pose systemic risks. Accordingly, the Board presumes

⁵⁰ Dodd-Frank Act § 604(d) and (f), Pub. L. No. 111-203, 124 Stat. 1376, 1601-02 (2010), codified at 12 U.S.C. §§ 1842(c)(7) and 1828(c)(5).

⁵¹ Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

⁵² For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁵³

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target that is less than \$10 billion in assets and a pro forma organization of less than \$100 billion in assets. Both the acquirer and the target are predominately engaged in retail and commercial banking activities.⁵⁴ The pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

⁵³ See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

⁵⁴ First Financial Bank and MainSource Bank offer a broad range of retail and commercial banking products and services. First Financial has, and as a result of the proposed transaction would continue to have, a small market share in these products and services on a nationwide basis, and numerous competitors would remain for these products and services.

Establishment of Branches

First Financial Bank has applied under section 9 of the FRA to establish and operate branches at the current main office and branches of MainSource Bank.⁵⁵ The Board has assessed the factors it is required to consider when reviewing an application under that section. Specifically, the Board has considered First Financial Bank's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.⁵⁶ For the reasons discussed in this order, the Board finds those factors to be consistent with approval.

Financial Holding Company Election

As noted, First Financial has elected to become a financial holding company in connection with the proposal. First Financial has certified that, upon consummation of the proposal, First Financial and First Financial Bank would be well capitalized and well managed, and First Financial has provided all of the information required under the Board's Regulation Y.⁵⁷ Based on all the facts of record, the Board

⁵⁵ See 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. A national bank may establish and operate a new branch within a state in which it is situated, if such establishment and operation is authorized under applicable state law. 12 U.S.C. § 36(c). A national bank also may retain any branch following a merger that under state law may be established as a new branch of the resulting bank or retained as an existing branch of the resulting bank. See 12 U.S.C. §§ 36(b)(2), (c). In addition, under section 44 of the FDI Act, a state member bank resulting from an interstate merger transaction may retain and operate, as a main office or a branch, any office that any bank involved in the merger was operating as a main office or branch immediately before the merger transaction. 12 U.S.C. § 1831u(d). Upon consummation, First Financial Bank's branches would be permissible under applicable state law. See 205 Ill. Comp. Stat. 5/21.4; Ind. Code § 28-2-13-19; Ky. Rev. Stat. Ann. 286.3-920; Ohio Rev. Code Ann. §1117.01.

⁵⁶ 12 U.S.C. § 322; 12 CFR 208.6. Upon consummation of the proposal, First Financial Bank's investment in bank premises would remain within the legal requirements of 12 CFR 208.21.

⁵⁷ See Dodd-Frank Act § 606(a), 124 Stat. at 1607, amending 12 U.S.C. § 1843(l)(1).

determines that First Financial's election will become effective upon consummation of the proposal if, on that date, First Financial is well capitalized and well managed and all depository institutions it controls are well capitalized and well managed and have CRA ratings of at least "Satisfactory."

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, and other applicable statutes. The Board's approval is specifically conditioned on compliance by First Financial with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the proposal. The conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Reserve Bank, acting under delegated authority.

By order of the Board of Governors,⁵⁸ effective February 22, 2018.

Ann E. Misback (signed)

Ann E. Misback
Secretary of the Board

⁵⁸ Voting for this action: Chairman Powell, Vice Chairman for Supervision Quarles, and Governor Brainard.

Appendix A

Branches to be Established by First Financial Bank

Illinois Branches

1. 101 North Hilgert Drive, Grant Park, Illinois 60940
2. 323 East Main Street, Hoopeston, Illinois 60942
3. 2000 West Court Street, Kankakee, Illinois 60901
4. 216 South Fourth Street, Watseka, Illinois 60970

Indiana Branches

1. 202 North Harrison Street, Alexandria, Indiana 46001
2. 1802 Allison Lane, Jeffersonville, Indiana 47130
3. 104 East Link's Way, Aurora, Indiana 47001
4. 136 East Harriman, Bargersville, Indiana 46106
5. 1053 State Road 229 North, Batesville, Indiana 47006
6. 3205 East Third Street, Bloomington, Indiana 47401
7. 24004 Stateline Road, Lawrenceburg, Indiana 47025
8. 9014 State Road 101, Brookville, Indiana 47012
9. 1051 West Spring Street, Brownstown, Indiana 47220
10. 221 East Main Street, Crawfordsville, Indiana 47933
11. 8740 South Emerson Avenue, Indianapolis, Indiana 46237
12. 597 Banta Street, Franklin, Indiana 46131
13. 6671 Highway 150, Floyds Knobs, Indiana 47119
14. 7700 State Road 64, Georgetown, Indiana 47122
15. 3610 Grant Line Road, New Albany, Indiana 47150
16. 122 West Washington Street, Greensburg, Indiana 47240
17. 102 West Main Street, Hagerstown, Indiana 47346
18. 136 Thornton Road, Hanover, Indiana 47243
19. 555 East Third Street, Hobart, Indiana 46342

20. 8475 North State Road 9, Hope, Indiana 47246
21. 3535 East 96th Street, Indianapolis, Indiana 46240
22. 120 East Main Street, Knightstown, Indiana 46148
23. 2253 State Road 54 East, Linton, Indiana 47441
24. 201 South Main Street, Lynn, Indiana 47355
25. 1315 Clifty Drive, Madison, Indiana 47250
26. 417 Jefferson Street, Madison, Indiana 47250
27. 201 North Broadway, Greensburg, Indiana 47240
28. 11 South Meridian, Ste 101, Indianapolis, Indiana 46204
29. 100 East Spring Street, New Albany, Indiana 47150
30. 600 South Memorial Drive, New Castle, Indiana 47362
31. 501 Clifty Drive, Madison, Indiana 47250
32. 521 North State Street, North Vernon, Indiana 47265
33. 112 North Meridian Street, Portland, Indiana 47371
34. 3433 East Main Street, Richmond, Indiana 47374
35. 230 Main Street, Rising Sun, Indiana 47040
36. 202 North Main Street, Rushville, Indiana 46173
37. 1130 East Tipton Street, Seymour, Indiana 47274
38. 28287 State Route 1, West Harrison, Indiana 47060
39. 3880 West Presidential Way, Edinburgh, Indiana 46124
40. 1012 South Adams Street, Versailles, Indiana 47042
41. 102 West Main Street, Vevay, Indiana 47043
42. 1263 North Indiana 135, Greenwood, Indiana 46142
43. 120 North Monroe Street, Williamsport, Indiana 47993

Kentucky Branches

1. 1905 Blankenbaker Parkway, Louisville, Kentucky 40299
2. 9819 Brownsboro Road, Louisville, Kentucky 40241
3. 6512 Bardstown Road, Louisville, Kentucky 40291

4. 2862 Frankfort Avenue, Louisville, Kentucky 40206
5. 201 Limestone Drive, Frankfort, Kentucky 40601
6. 104 South Chiles Street, Harrodsburg, Kentucky 40330
7. 1012 Bypass North, Lawrenceburg, Kentucky 40342
8. 293 North Hubbards Lane, Louisville, Kentucky 40207
9. 293 North Hubbards Lane, Louisville, Kentucky 40207
10. 13704 Shelbyville Road, Louisville, Kentucky 40245
11. 1734 Midland Trail, Shelbyville, Kentucky 40065
12. 2735 Bardstown Road, Louisville, Kentucky 40205
13. 9306 Taylorsville Road, Louisville, Kentucky 40299
14. 211 West Oak Street, Louisville, Kentucky 40203
15. 295 North Hubbards Lane, Louisville, Kentucky 40207

Ohio Branches

1. 7637 Beechmont Avenue, Cincinnati, Ohio 45255
2. 3723 Glenmore Avenue, Cincinnati, Ohio 45211
3. Summit Woods 1, 100 East Business Way, Suite 150, Cincinnati, Ohio 45241
4. 585 Anderson Ferry Road, Cincinnati, Ohio 45238
5. 6300 Harrison Avenue, Cincinnati, Ohio 45247
6. 10425 Harrison Avenue, Harrison, Ohio 45030
7. 3442 Edwards Road, Cincinnati, Ohio 45208
8. 5550 Cheviot Road, Cincinnati, Ohio 45239
9. 2000 Madison Road, Cincinnati, Ohio 45208
10. 7615 Reading Road, Cincinnati, Ohio 45237
11. 11186 Reading Road, Cincinnati, Ohio 45241
12. 635 South Market Street, Troy, Ohio 45373
13. 1580 West Main Street, Troy, Ohio 45373
14. 101 East Elm Street, Union City, Ohio 45390
15. 5791 Glenway Avenue, Cincinnati, Ohio 45238

Appendix B

First Financial/MainSource Banking Markets Consistent with Board Precedent and DOJ Bank Merger Guidelines						
Data and rankings are as of June 30, 2017. All rankings, market deposit shares, and HHIs are based on thrift deposits weighted at 50 percent. The remaining number of competitors noted for each market includes thrifts, where applicable.						
Bloomington, Indiana – includes Greene, Monroe, and Lawrence counties.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>First Financial Pre-Consummation</i>	3	\$317.3M	10.04	1499	87	15
<i>MainSource</i>	9	\$137.0M	4.33			
<i>First Financial Post-Consummation</i>	3	\$454.3M	14.37			
Gary/Hammond, Indiana – includes Lake, Porter, La Porte, Newton, Jasper counties; and Center, Jackson, California (minus the city of Bass Lake), Wayne, and Railroad townships in Starke County.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>First Financial Pre-Consummation</i>	9	\$702.5M	4.81	1003	8	29
<i>MainSource</i>	16	\$134.2M	0.92			
<i>First Financial Post-Consummation</i>	8	\$836.7M	5.73			

Indianapolis, Indiana – includes Boone, Hamilton, Hancock, Hendricks, Henry, Johnson, Madison, Marion, Morgan, Owen, Putnam, Rush, Shelby, and Tipton counties.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>First Financial Pre-Consummation</i>	14	\$620.0M	1.32	1125	2	48
<i>MainSource</i>	18	\$452.7M	0.91			
<i>First Financial Post-Consummation</i>	12	\$1.05B	2.23			

Cincinnati, Ohio – includes Brown, Butler, Clermont, Hamilton, and Warren counties, Ohio; Dearborn County, Indiana; Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton counties, Kentucky; and the New Liberty and Owenton census county divisions in Owen County, Kentucky.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>First Financial Pre-Consummation</i>	6	\$2.24B	2.03	3426	2	63
<i>MainSource</i>	11	\$568.5M	0.52			
<i>First Financial Post-Consummation</i>	4	\$2.80B	2.54			

Dayton, Ohio – includes Montgomery, Miami, Greene, and Preble counties.

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>First Financial Pre-Consummation</i>	7	\$370.3M	3.13	1534	8	28
<i>MainSource</i>	11	\$144.3M	1.22			
<i>First Financial Post-Consummation</i>	7	\$514.7M	4.35			