



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

August 11, 2014

Nathan L. Berger, Esq.
Frost Brown Todd LLC
400 West Market Street
32nd Floor
Louisville, Kentucky 40202

Dear Mr. Berger:

This is in response to your letter of July 31, 2014, to the Federal Reserve Bank of Cleveland requesting a determination of whether an application or notice is required under the Bank Holding Company Act (“BHC Act”)¹ for First Financial Bancorp (“First Financial”), Cincinnati, Ohio, to acquire Guernsey Bancorp, Inc. (“Guernsey”), Westerville, Ohio.

The purpose of the proposed transaction is to facilitate the merger of First Financial’s wholly owned subsidiary bank, First Financial Bank, National Association (“First Financial Bank”), Hamilton, Ohio, and Guernsey’s wholly owned subsidiary bank, The Guernsey Bank (“Guernsey Bank”), Worthington, Ohio, a state chartered bank. The transaction would occur as follows: First Financial would acquire all of the issued and outstanding shares of Guernsey through the merger of Guernsey with and into First Financial, and, immediately thereafter, Guernsey Bank would be merged with and into First Financial Bank, with First Financial Bank as the surviving entity. First Financial Bank filed an application with the Office of the Comptroller of the Currency (“OCC”) requesting approval of the bank merger under the Bank Merger Act. The OCC approved the bank merger on July 30, 2014.

Section 3 of the BHC Act requires an application to the Board before a bank holding company may acquire direct or indirect ownership or control of more than 5 percent of the voting shares of a bank. An application is required under this section even when the transaction is subject to review under the Bank Merger Act if, as a result of the transaction, the bank holding company will directly or indirectly acquire shares of a bank that it previously did not control.² As described above, First Financial would

¹ 12 U.S.C. § 1841 *et seq.*

² See *Girard Bank v. Board of Governors of the Federal Reserve System*, 748 F.2d 838 (3d Cir. 1984).

acquire all of the outstanding voting shares of Guernsey Bank. Accordingly, the Board's approval is required under section 3 of the BHC Act.

Section 225.12(d)(2) of the Board's Regulation Y, however, provides that prior approval by the Board is not required for certain transactions that are subject to review by a federal banking agency under the Bank Merger Act if (1) the proposal meets that section's criteria, (2) the bank holding company provides at least 10 days' prior notice, and (3) the bank holding company is not informed within the notice period that an application under section 225.11 of Regulation Y is required.³

First Financial has represented that Guernsey Bank's merger into First Financial Bank will occur nearly simultaneously with First Financial's acquisition of the shares of Guernsey, and First Financial will not operate Guernsey Bank as a separate entity. First Financial has also represented that the transaction does not involve the acquisition of any nonbank company, which would require prior approval under section 4 of the BHC Act, and that First Financial, both before and after the transaction, meets the Board's Capital Adequacy Guidelines.

Based on a review of these and other facts presented, and acting pursuant to delegated authority, the Secretary of the Board does not object to consummation of the transaction described above without the filing of a formal application under the BHC Act by First Financial. This determination is subject to First Financial's compliance with any terms and conditions the OCC may have imposed in its approval of the bank merger.

This determination is based on all the facts and representations presented to Board staff. Any material changes in those facts or representations should be communicated immediately to Board staff and may cause this determination to be reconsidered. If First Financial wishes to engage in additional activities or to acquire additional banks or nonbanking companies, the Board's prior approval will be required under the BHC Act.

If you have any questions regarding this matter, please contact Claudia Von Pervieux (202-452-2552) or Amber Hay (202-973-6997) of the Board's Legal Division.

Sincerely yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Allen M. Brown, Banking Supervisor
Federal Reserve Bank of Cleveland
Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation

³ 12 CFR 225.12(d)(2).