

DCB FINANCIAL CORP
Form 425
October 27, 2016

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Securities Exchange Act of 1934 Subject Company: DCB Financial Corp (Commission File No.: 000-22387)

3Q 2016 Earnings Supplement Forward looking statements

This presentation contains forward looking statements about First Commonwealth's future plans, strategies and financial performance. These statements can

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be identified by the fact that they do not relate strictly to historical or current facts and often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Such statements are based on assumptions and involve risks and uncertainties, many of which are beyond our control. Factors that could cause actual results, performance or achievements to differ from those discussed in the forward looking statements include, but are not limited to: >

Local, regional, national and international economic conditions and the impact they may have on First Commonwealth and its customers; >
volatility and disruption in national and international financial markets; >
the effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve Board; >
inflation, interest rate, commodity price, securities market and monetary fluctuations; >
the effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which First Commonwealth must comply; > the soundness of other financial institutions; > political instability; >
impairment of First Commonwealth's goodwill or other intangible assets; > acts of God or of war or terrorism; >
the timely development and acceptance of new products and services and perceived overall value of these products and services by users; >
changes in consumer spending, borrowings and savings habits; > changes in the financial performance and/or condition of First Commonwealth's borrowers; >
technological changes; > acquisitions and integration of acquired businesses; > First Commonwealth's ability to attract and retain qualified employees; >
changes in the competitive environment in First Commonwealth's markets and among banking organizations and other financial service providers; >
the 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 Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; >
the reliability of First Commonwealth's vendors, internal control systems or information systems; >
the costs and effects of legal and regulatory developments, the resolution of legal proceedings or regulatory or other governmental inquiries, the results of regulatory examinations or reviews and the ability to obtain required regulatory approvals; and >
other risks and uncertainties described in the reports that First Commonwealth files with the Securities and Exchange Commission, including its most recent Annual Report on Form 10 K.

Forward looking statements speak only as of the date on which they are made. First Commonwealth undertakes no obligation to update any forward looking statements to reflect circumstances or events that occur after the date the forward looking statements are made.

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Core efficiency ratio is calculated as noninterest expense as a percentage of net interest income, on a fully taxable equivalent basis, and total noninterest income, excluding net securities gains and losses.

(4) Quarter to date annualized Net income of \$17.2 million increased by \$5.2 million compared to linked quarter (LQ) and \$4.8 million year over year (YoY). Maintained positive operating leverage YoY, in that revenue growth outstripped growth in operating expenses. Net interest income increased by \$0.5 million to LQ and \$3.0 million YoY primarily as a result of strong commercial loan growth. Fee income increased \$0.4 million to LQ primarily due to increases in service charges on deposits, trust, retail brokerage, and gain on sale of mortgage loans. 3Q16 2Q16 3Q15 2Q16 3Q15 Net interest income(1) \$50.6 \$50.1 \$47.6 \$0.5 \$3.0 Provision for credit losses 3.4 10.4 4.6 (7.0) (1.2) Fee revenue 16.5 16.1 16.3 0.4 0.2 Gain on sale of securities 0.0 0.0 0.0 0.0 0.0 Derivative mark to market 0.5 (0.5) (0.8) 1.0 1.3 Operating expense(2) 38.0 37.6 39.4 0.4 (1.4) Other expense(2) 0.7 (0.2) 0.9 0.9 (0.2) Income taxes(1) 8.3 5.9 5.8 2.4 2.5 Net income \$17.2 \$12.0 \$12.4 \$5.2 \$4.8 Reported EPS \$0.19 \$0.14 \$0.14 \$0.05 \$0.05 Operating EPS(2) \$0.20 \$0.14 \$0.15 \$0.06 \$0.05 Return on average assets 1.02% 0.72% 0.78% 0.30% 0.24% Return on average equity 9.14% 6.53% 6.86% 2.61% 2.28% Return on average tangible common equity(2) 11.74% 8.41% 8.87% 3.33% 2.87% Efficiency ratio(3) 57.27% 57.06% 63.83% 0.21% (6.56%) Core efficiency ratio(2) 56.65% 56.88% 61.65% (0.23%) (5.00%) Net interest margin(1) 3.29% 3.27% 3.25% 0.02% 0.04% Net Chargeoffs(4) 0.70% 0.48% 0.13% 0.22% 0.57% Change from

3Q 2016 Earnings Supplement Balance Sheet Commercial loans increased \$45 million compared to LQ primarily due to \$35 million
growth in Commercial Real Estate (CRE) balances and \$19 million growth in Commercial and Industrial (C&I), partially

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offset by slight declines in Construction Total deposits increased \$65 million from LQ due to growth in noninterest bearing demand deposits
 Noninterest bearing demand deposits increased \$165 million, or 15.3%, YoY and currently comprise 27.8% of total deposits 4 \$ in millions
 Period end Balances 3Q16 2Q16 3Q15 2Q16 3Q15 Cash & securities \$1,339 \$1,418 \$1,332 (\$79) \$7 Loans held for sale 8 12 5 (4) 3 Commercial loans
 3,120 3,075 2,743 45 377 Consumer loans 1,741 1,768 1,833 (27) (92) Allowance for credit losses (55) (60) (49) 5 (6) OREO 8 9 11 (1) (3)
 Goodwill & intangibles 165 165 163 0 2 Other 340 363 347 (23) (7) Total Assets \$6,666 \$6,750 \$6,385 (\$84) \$281 Noninterest Bearing DDA \$1,242
 \$1,137 \$1,077 \$105 \$165 Interest Bearing Savings & DDA 2,640 2,671 2,498 (31) 142 Time Deposits 576 585 582 (9) (6) Brokered Deposits 1 1 4 0
 (3) Short term Borrowings 1,330 1,465 1,330 (135) 0 Long term Debt 81 81 111 0 (30) Other 44 68 60 (24) (16) Equity 752 742 723 10 29
 Total Liabilities & Equity \$6,666 \$6,750 \$6,385 (\$84) \$281 Change From

3Q 2016 Earnings Supplement	\$47.6	\$49.2	\$49.7	\$50.1	\$50.6	3.25%	3.26%	3.29%	3.27%	3.29%	\$25.0	\$30.0	\$35.0	\$40.0	\$45.0
	\$50.0	\$55.0	2.50%	2.70%	2.90%	3.10%	3.30%	3.50%	3.70%	3.90%	3Q15	4Q15	1Q16	2Q16	3Q16
															Net Interest Margin

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	3.52%	3.53%	3.59%	3.58%	3.60%	0.27%	0.27%	0.30%	0.31%	0.31%	0.00%	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	
	4.00%	3Q15	4Q15	1Q16	2Q16	3Q16	Yield on Earning Assets	Cost of Funds	Net interest income and net interest margin	(1) Taxable equivalent									
Net interest income increased \$0.5 million compared to LQ primarily due to strong commercial loan growth																			
Net interest margin of 3.29% increased 2bps over LQ due to: <ul style="list-style-type: none"> - Higher volume of commercial loans - Positive replacement yields on commercial and consumer loans - Funding costs remaining relatively stable - Average interest earning assets decreased \$31 million over LQ due to not replacing security maturities as a result of unfavorable yield opportunities in the current rate environment 																			
							\$ in millions	Net Interest Income(1)	Yield / Cost Trends(1)	(1)									5

3Q 2016 Earnings Supplement	\$1,127	\$1,189	\$1,208	\$180	\$242	\$229	\$1,436	\$1,648	\$1,683	\$1,209	\$1,207	\$1,194	\$629	\$569
\$555	3Q15	2Q16	3Q16	Commercial and Industrial Construction			Commercial Real Estate		1	4	Family Real Estate	Consumer	\$4,551	\$4,833

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	3.82%	3.86%	3.90%	3.00%	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	\$3,500	\$3,700	\$3,900	\$4,100	\$4,300
Average	\$4,839	\$4,500	\$4,700	\$4,900	\$5,100	3Q15	2Q16	3Q16	Yield on loans	Loans	(1) Includes loans held for sale	(2) Taxable equivalent yield	Period	end	
	Yield on loans of 3.90% increased 4bps from LQ due to favorable replacement rates on commercial and consumer loan yields														
	Loans increased \$14 million to LQ and \$288 million from the prior year driven by: - Commercial loan growth of \$44 million														
	LQ and \$377 million YoY - \$58 million of YoY growth from loans acquired with the First Community Bank acquisition in 4Q15 6 \$ in millions														
	Average Loans(1)	Period end Loans(1)	(2)	\$4,581	\$4,869	\$4,855									

3Q 2016 Earnings Supplement	\$586	\$586	\$577	\$2,498	\$2,671	\$2,640	\$1,077	\$1,137	\$1,242	3Q15	2Q16	3Q16	Time Deposits	
Interest bearing DDA and Savings				\$4,229	\$4,377	\$4,393		0.22%	0.24%	0.26%	0.00%	0.50%	1.00%	1.50%
Noninterest bearing DDA														

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2.00%	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900	\$4,000	\$4,100	\$4,200	\$4,300	\$4,400	\$4,500	3Q15	2Q16	3Q16
Average Deposits Cost of Interest bearing Deposits Deposits Average Average deposits increased \$16 million over LQ														
and increased \$164 million YoY, including the addition of \$90 million in deposits acquired through the First Community Bank acquisition in 4Q15														
Year over year runoff was driven by the intentional runoff of higher cost brokered time deposits in 2015, which were relatively flat to LQ														
and decreased \$62 million YoY Cost of interest bearing deposits of 0.26% increased 2bps over LQ Period end														
Total deposits increased \$65 million over LQ and increased \$298 million YoY, including the addition of \$89 million in deposits acquired														
through the First Community Bank acquisition in 4Q15 Year over year runoff was due in part to the intentional runoff of higher cost brokered time														
deposits in 2015 Noninterest bearing demand deposits increased \$165 million YoY and currently comprise 27.8% of total deposits 7														
\$ in millions Average Deposits Period end Deposits \$4,161 \$4,394 \$4,459														

3Q 2016 Earnings Supplement Noninterest income Service charges on deposit accounts increased \$0.2 million to LQ as a result of seasonal
fluctuations Trust and retail brokerage increased \$0.4 million to LQ as a result of tax preparation fees and higher retail brokerage and annuity

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sales Swap fee income decreased \$0.1 million compared to LQ, but increased \$0.6 million YoY Gain on sale of mortgage loans increased \$0.3 million to LQ and \$0.4 million YoY due to expansion of our mortgage business into Ohio The derivative mark to market adjustment increased noninterest income by \$0.5 million in 3Q16, but decreased noninterest income by \$0.8 million in 3Q15 8 \$ in millions 3Q16 2Q16 3Q15 2Q16 3Q15 Service charges \$4.0 \$3.8 \$4.1 \$0.2 (\$0.1) Interchange 3.7 3.8 3.6 (0.1) 0.1 Trust 1.5 1.3 1.6 0.2 (0.1) Retail brokerage 1.2 1.0 1.2 0.2 0.0 Insurance 0.9 1.0 1.0 (0.1) (0.1) BOLI 1.4 1.3 1.4 0.1 0.0 SWAP fees 0.7 0.8 0.1 (0.1) 0.6 Gain on sale of mortgage loans 1.2 0.9 0.8 0.3 0.4 Other fees 1.9 2.2 2.5 (0.3) (0.6) Total fee income 16.5 16.1 16.3 0.4 0.2 Gain on sale of securities 0.0 0.0 0.0 0.0 0.0 Derivative mark to market 0.5 (0.5) (0.8) 1.0 1.3 Total noninterest income 17.0 15.6 15.5 1.4 1.5 Change from \$15.5 \$15.3 \$13.7 \$15.6 \$17.0 3Q15 4Q15 1Q16 2Q16 3Q16

3Q 2016 Earnings Supplement	\$40.3	\$43.1	\$38.1	\$37.4	\$38.7	63.8%	66.6%	60.1%	57.1%	57.3%	30.0%	40.0%	50.0%			
	60.0%	70.0%	80.0%	90.0%	100.0%	110.0%	\$15.0	\$20.0	\$25.0	\$30.0	\$35.0	\$40.0	\$45.0	\$50.0	\$55.0	3Q15

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4Q15 1Q16 2Q16 3Q16 Efficiency Ratio Noninterest expense Salaries and benefits increased \$0.8 million to LQ primarily due to continued realignment of staffing back into our consumer banking businesses and higher hospitalization costs, but decreased \$1.8 million YoY primarily due to the realignment of the staffing and capabilities of our consumer banking businesses and relatively low hospitalization costs Other operating expenses included \$0.3 million of write downs on three ORE properties in 2Q16

Unfunded commitments increased \$1.0 million to LQ and \$0.5 million YoY primarily due to higher commercial construction commitments 9

\$ in millions (1) (1)

Efficiency ratio is calculated as noninterest expense as a percentage of net interest income, on a fully taxable equivalent basis, and total noninterest income, excluding net securities gains and losses 3Q16 2Q16 3Q15 2Q16 3Q15 Salaries and benefits \$20.7 \$19.9 \$22.5 \$0.8 (\$1.8)

Occupancy 3.2 3.2 3.3 0.0 (0.1) Furniture and equipment 2.8 2.9 2.7 (0.1) 0.1 PA shares tax 0.9 1.1 1.0 (0.2) (0.1) Data processing 1.8 1.8 1.5 0.0 0.3

Collection and repo 0.8 0.5 0.8 0.3 0.0 Professional fees 1.2 0.9 1.0 0.3 0.2 FDIC insurance 1.1 1.1 1.0 0.0 0.1 Operational losses 0.3 0.6 0.3 (0.3) 0.0

Other operating expenses 5.2 5.6 5.3 (0.4) (0.1) Total operating expense 38.0 37.6 39.4 0.4 (1.4) Unfunded commitments 0.5 (0.5) 0.0 1.0 0.5

Intangible amortization 0.1 0.1 0.2 0.0 (0.1) Shares tax settlement 0.0 0.0 0.7 0.0 (0.7) Loss on sale / write down 0.0 0.0 0.0 0.0 0.0 Acquisition expenses 0.1 0.2 0.0 (0.1) 0.10 Total noninterest expense 38.7 37.4 40.3 1.3 (1.6) Change from

3Q 2016 Earnings Supplement	\$28.8	\$36.7	\$46.8	\$48.1	\$40.5	\$12.0	\$14.1	\$15.0	\$16.3	\$14.3	\$10.9	\$9.6	\$9.0	\$8.9	\$8.0
3Q15 4Q15 1Q16 2Q16 3Q16	\$0.0	\$10.0	\$20.0	\$30.0	\$40.0	\$50.0	\$60.0	\$70.0	\$80.0	Nonaccrual Loans					

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Restructured Debt (accruing) OREO	\$4.6	\$6.1	\$6.5	\$10.4	\$3.4	\$1.4	\$3.8	\$2.1	\$5.8	\$8.5	0.13%	0.32%	0.18%	0.48%			
0.70%	\$0.0	\$2.0	\$4.0	\$6.0	\$8.0	\$10.0	\$12.0	0.00%	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	
	3Q15	4Q15	1Q16	2Q16	3Q16	Provision Expense	Net Charge offs	Net Charge off Rate	Credit quality	(1)							
	Net charge offs as a percentage of period to date average loans, annualized Provision expense of \$3.4 million decreased																
	\$7.0 million to LQ due to the establishment of \$7.5 million in a specific reserve for a manufacturer of safety products for the																
	mining industry that was placed into nonperforming status in 2Q16 Net charge offs in 3Q16 included a \$6.5																
	million charge off of a previously established reserve for the aforementioned manufacturer of safety products for the mining industry that																
	was classified as nonaccrual in 2Q16 Nonperforming loans (nonaccrual loans plus restructured accruing debt) decreased \$9.6 million to LQ																
	\$ in millions	Provision Expense and Net Charge offs	Nonperforming Assets	\$73.3	\$62.8	\$51.7	\$60.4	\$70.8	(1)								10

3Q 2016 Earnings Supplement	Other	98.2%	Oil, Gas and	Coal	1.8%	Energy Related Credits	11	\$ in millions	Total Loans	\$4.9
billion	Oil and Gas Loans	3Q16 2Q16 1Q16	Balance	\$66.1 \$67.4 \$63.7	Reserves (% o/s)	4.5% 3.4% 7.7%	Non performing (% o/s)	15.3%	15.8%	

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20.4%	Non pass (% o/s)	39.5%	40.0%	38.8%	Utilization	52.3%	49.0%	43.5%	Total exposure	\$126.3	\$137.5	\$146.3	Coal Loans	3Q16	2Q16	1Q16
Balance	\$20.2	\$28.5	\$29.3	Reserves (% o/s)	0.5%	26.9%	1.9%	Non performing (% o/s)	19.6%	37.0%	0.0%	Non pass (% o/s)	28.3%	44.5%	43.5%	
				Utilization	54.7%	49.5%	42.9%	Total exposure	\$36.9	\$57.4	\$68.4					

3Q 2016 Earnings Supplement	50%	62%	50%	52%	36%	50%	62%	54%	54%	36%	0%	10%	20%	30%	40%	50%
	60%	70%	3Q15	4Q15	1Q16	2Q16	3Q16	Dividend Payout Ratio	Net Payout Ratio	Capital Return	(1)					

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Net payout ratio represents common stock dividends and share repurchases less share issuances and stock compensation related items, divided by net income attributable to common stock. Strong capital levels allow us to continue to return capital to shareholders –

Returned \$6.2 million in dividends to shareholders in 3Q16 – Suspended the \$25 million share repurchase program in July as a result of the pending acquisition of 13 branches in Ohio – Dividend payout ratio expected to remain in the 40% 60% range 12 Payout Ratios (1)

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Acquired First Community Bank in Columbus, OH in October 2015 ~\$100 million in assets and ~\$90 million in deposits at time of acquisition
 Cost savings fully achieved Successful transition with minimal customer disruption; deposits have grown since close
 Opened two mortgage production offices in central and northeast OH in 2016 Continue to build out mortgage delivery in central and
 northeastern OH Announced acquisition of 13 branches from FirstMerit in July '16 \$735 million in deposits and \$115 million in loans
 Announced acquisition of DCB Financial Corp in October '16 Including DCBF acquisition, First Commonwealth's Ohio franchise will be comprised of:
 271 employees(2) \$1.1 billion loans \$1.3 billion deposits 32 banking branches 3 loan production offices Ohio Loan Portfolio (\$MM)(1)
 First Commonwealth's presence in Ohio presents significant opportunity for growth (1):
 Includes all OH based consumer loans, Commercial Real Estate loans with properties located in OH and C&I loans with borrowers headquartered in OH (2):
 At announcement \$177 \$202 \$232 \$284 \$332 \$424 \$502 \$565 \$574 3Q14 4Q14 1Q15 2Q15 3Q15 4Q15 1Q16 2Q16 3Q16 14

3Q 2016 Earnings Supplement	Checking	25.1%	Interest	Checking	18.8%	Money	Market	33.6%	Savings	10.7%	CDs	
11.8%	C&I	26.3%	Comm.	Real	Estate	26.5%	Resi. Real	Estate	31.3%	Consumer	Loans	15.9%

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Acquisition of DCB Financial Corporation Note: Loan and deposit data as of June 30, 2016. (1):
As of June 30, 2015, pro forma for announced M&A through September 30, 2016. Acquisition of DCB Financial Corporation includes
\$52 million average deposits per (full service) branch \$467million of deposits at an average cost of 0.25% \$397 million of loans yielding 4.18%
Top 10 pro forma deposit market share(1) in Columbus, OH market provides meaningful retail banking presence
First Commonwealth will become the third largest community bank in Columbus, OH and the largest in Delaware County
#10 overall market share in Columbus, OH MSA #3 overall market share in Delaware County, OH
Complements existing Columbus presence which includes four retail branches and a Mortgage Production Office in Dublin Financially compelling
Immediately accretive to GAAP earnings per share IRR of approximately 20% TBV per share earnback less than 5 years
First Commonwealth Pro Forma Footprint Acquired Deposits Acquired Loans Total Deposits: \$467MM Cost of Deposits: 0.25% Total Loans:
\$397MM Yield on Loans: 4.18% Acquired FMER Branches First Commonwealth DCB Financial
FCF Commercial Loan Production OfficeFCF Mortgage Loan Production Office 15

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Form of Consideration: DCBF shareholders will be entitled to elect to receive either 1.427 shares of First Commonwealth common stock or \$14.50 in cash for each share of DCBF common stock, subject to proration to ensure that the aggregate merger consideration is comprised of 80% of First Commonwealth common stock and 20% cash Financing: Existing cash used to finance cash component of consideration (no additional capital raise required) Pro Forma Ownership: 91% FCF / 9% DCBF GAAP EPS Accretion: Immediately accretive to EPS 2017: \$0.03 / 3.8% (excluding one time costs) 2018: \$0.05 / 6.6% Internal Rate of Return: Approximately 20% Tangible Book Value Dilution: ~ \$0.25 per share (3.9%) tangible book value per share dilution at close (including one time costs) Tangible book value per share earnback period of 4.7 years (crossover method) Cost Savings: Approximately 46% of DCBF's annualized 2016 operating expenses or \$10.2 million (pre tax) One Time Costs: ~ \$12.0 million (pre tax) Purchase Accounting Marks: Gross credit mark of \$9.4 million (2.4% of loans and 204% of reserves) \$1.5 million interest rate mark CDI equal to 0.71% of core deposits (\$2.3 million) Deferred gain from sale/leaseback of \$2.8 million Expected Closing: 2nd Quarter of 2017 Required Approvals: Standard regulatory approval Shareholder approval from DCB Financial shareholders 16

3Q 2016 Earnings Supplement Acquisition of DCBF Tangible Book Value Per Share Dilution and Earnback Note:
Based on expectations and assumptions as of announcement date; subject to change at transaction closing (1):

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Based on fixed exchange ratio of 1.427 shares of First Commonwealth common stock Tangible Book Value Dilution Calculation
Goodwill and Intangibles Calculation \$MM Shares Per Share \$MM FCF Tangible Book Value at March 30, 2017 (est.) \$567.7 88.9 \$6.38 Deal Value
\$106.4 Equity Consideration to DCBF(1) 84.5 8.4 DCBF TCE (at close) \$61.0 Goodwill and Intangibles Created (48.3)
DCBF Acquisition Expenses (after tax) (1.2) One time Acquisition Expenses (after tax) (6.9) Net Credit Mark (after tax) (3.1)
Pro Forma FCF Tangible Book Value at Close \$597.0 97.3 \$6.13 Net Rate and Other Marks (after tax) 2.8 Adjusted Tangible Book Value \$59.5
Tangible Book Value Accretion/ (Dilution) \$29.3 Per Share (\$0.25) (3.9%) Excess Over Adjusted TBV \$46.9 Core Deposit Intangible Created (net of DTL)
(\$1.5) Tangible Book Value Per Share Earnback Asset Mgmt Intangible Created (net of DTL) (\$1.2) Goodwill Created \$44.2
CDI and Other Intangibles Created \$4.1 Total Goodwill and Intangibles Created \$48.3 ~ 4.7 Years 17

3Q 2016 Earnings Supplement
52%Commercial 38% Real Estate
Canton Ashtabula Columbus PA OH Pittsburgh Altoona Cleveland Real Estate Lines
Loans 8% Auto / Vehicle 2% Other Consumer 0% Small Business 0% Savings

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57% Demand / NOW 36% CDs 4% IRAs 3% Acquisition of 13 FirstMerit Branches Note:
Acquired loan and deposit data as of May 31, 2016. (1): As of June 30, 2015, pro forma for announced M&A through July 26, 2016.
Acquisition of 13 FirstMerit branches in Northeast Ohio in conjunction with Huntington's previously announced acquisition of FirstMerit
\$56 million average deposits per branch \$735 million of deposits at an average cost of 0.22% \$115 million of loans yielding 4.05%
Top 10 pro forma deposit market share(1) in target markets provides meaningful market presence
First Commonwealth will become the largest community bank in the Canton market #3 in Canton, OH MSA #6 in Ashtabula, OH MSA
Northeast Ohio markets complement existing Cleveland loan production office and Columbus presence Financially compelling
4.5% deposit premium Immediately accretive to GAAP and Cash earnings per share IRR significantly exceeds cost of capital
First Commonwealth Pro Forma Footprint Acquired Deposits Acquired Loans Total Deposits: \$735MM Cost of Deposits: 0.22% Total Loans:
\$115MM Yield on Loans: 4.05% Acquired FirstMerit Branches First Commonwealth First Commonwealth Commercial Loan Production Office
First Commonwealth Mortgage Loan Production Office 18

3Q 2016 Earnings Supplement Acquisition of 13 FirstMerit Branches Key Transaction Terms Note:
Acquired branches, deposit and loan data as of May 31, 2016. (1): Net book value as of May 31, 2016. Purchase Price 4.5% premium on deposits

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\$33.1 million based on \$735 million of deposits as of May 31, 2016

Premium will be calculated based on average daily balance of deposits for the 30 days prior to and inclusive of the 5th business day prior to closing Loans
 \$115 million of loans as of May 31, 2016 62% consumer 38% commercial Branches 13 branches in Canton and Ashtabula markets
 Canton: 11 branches with \$676 million deposits Ashtabula: 2 branches with \$59 million deposits Fixed Assets Fixed
 assets to be acquired at net book value at close Approximately \$4.6 million in aggregate(1) One Time Costs
 \$2.7 million pre tax one time restructuring charges EPS Accretion Immediately accretive to EPS ~5% GAAP EPS accretive by year 3
 ~8% Cash EPS accretive by year 3 Tangible Book Value Dilution ~5.0%
 tangible book value dilution at close including the impact of all one time restructuring charges <5 year tangible
 book value per share earn back period (crossover method) Purchase Accounting Marks 2.4% credit mark on loan portfolio (\$2.8 million)
 \$1.4 million interest rate mark on loans CDI equal to 2.07% of core deposits Capital
 Remaining capacity under January 2016 common stock repurchase program not expected to be executed Closing Conditions Customary
 regulatory approvals Expected Closing 4Q16 19

3Q 2016 Earnings Supplement Adjusted Earnings Impact (1) Assumes March 31, 2017 completion date for modeling purposes \$ in millions 20
13 Branches DCBF (1) Total 13 Branches DCBF Total Net Interest Income \$7.5 \$15.2 \$22.7 \$9.0 \$21.6 \$30.6 Noninterest Income 5.8 6.9 12.7 6.1 10.3

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16.4	Total Revenue	\$13.3	\$22.1	\$35.4	\$15.1	\$31.9	\$47.0	Loan Loss Provision	0.1	0.2	0.3	0.1	0.3	0.4	Operating Expenses	6.8	9.8	16.6	6.8	13.6	20.4
	Amortization of Intangibles	2.2	0.4	2.6	2.0	0.7	2.7	Restructuring Charges	0.0	10.5	10.5	0.0	0.0	0.0	Pre tax Income	\$4.2	\$1.2	\$5.4	\$6.2	\$17.3	\$23.5
	Shares Issued	0.0	8.4	8.4	0.0	0.0	0.0	Pro Forma Average Diluted Shares	89.0	95.2	95.2	97.3	97.3	97.3	2017E	2018E					

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(1) Core Efficiency Ratio is calculated as Operating Expense as a percentage of Operating Revenue		Operating Revenue 3Q16 2Q16 1Q16 4Q15 3Q15				
Net Interest Income	\$49.6 \$49.1 \$48.8 \$48.3 \$46.7	Tax equivalent adjustment	1.0 1.0 0.9 0.9 0.9	Net Interest Income (FTE)	50.6 50.1 49.7 49.2 47.6	
Noninterest Income (Reported)	17.0 15.6 13.7 15.3 15.5	Less: Realized gains/ (losses) on securities	0.0 0.0 0.0 (0.3) 0.0	Less: Derivative mark to market	0.5 (0.5) (1.0) 0.2 (0.8)	
		Less: Gain on sale of other assets	0.0 0.0 0.0 0.0 0.0	Total Noninterest Income (Operating)	\$16.5 \$16.1 \$14.7 \$15.4 \$16.3	
Total Operating Revenue	\$67.1 \$66.2 \$64.4 \$64.6 \$63.9	Average Assets	6,680 6,707 6,618 6,531 6,343	Operating Revenue/ Average Assets (%)	1.00% 0.99% 0.97% 0.99% 1.01%	
		Operating Expense 3Q16 2Q16 1Q16 4Q15 3Q15		Noninterest Expense	\$38.7 \$37.4 \$38.1 \$43.1 \$40.3	
Less: Unfunded commitment reserve	0.5 (0.5) (0.4) 0.6 0.0	Less: Intangible amortization	0.1 0.1 0.1 0.1 0.2	Less: Pennsylvania shares tax dispute	0.0 0.0 0.0 0.0 0.0	
0.0 0.7	Less: Severance 0.0 0.0 0.0 2.1 0.0	Less: Merger and acquisition related	0.1 0.2 0.0 0.9 0.0	Less: Loss on sale or writedown of other assets	0.0 0.0 0.0 0.4 0.0	
		Total Operating Expense	\$38.0 \$37.6 \$38.4 \$39.0 \$39.4	Average Assets	6,680 6,707 6,618 6,531 6,343	
		Operating Expense/ Average Assets (%)	0.57% 0.56% 0.58% 0.60% 0.62%	Core Efficiency Ratio(1)	56.7% 56.9% 59.5% 60.3% 61.7%	

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Operating Earnings per Share	3Q16	2Q16	1Q16	4Q15	3Q15	Net Income (GAAP)	\$17.2	\$12.0	\$12.5	\$10.1	\$12.4	(after tax)					
Realized gains/ (losses) on securities	0.0	0.0	0.0	0.2	0.0	Derivative mark to market	(0.3)	0.3	0.7	(0.1)	0.5	Gain on sale of other assets	0.0	0.0	0.0	0.0	0.0
Unfunded commitment reserve	0.3	(0.3)	(0.3)	0.4	0.0	Intangible amortization	0.1	0.1	0.1	0.1	0.1	Pennsylvania shares tax dispute	0.0	0.0	0.0	0.0	0.5
Severance	0.0	0.0	0.0	1.4	0.0	Merger and acquisition related	0.1	0.1	0.0	0.6	0.0	Loss on sale or writedown of other assets	0.0	0.0	0.0	0.3	0.0
Net Operating Income (Non GAAP)	17.4	12.2	13.0	13.0	13.5	Average Diluted Shares Outstanding	88.9	88.8	88.8	88.9	88.8	Earnings per Share (Non GAAP)	\$0.20	\$0.14	\$0.15	\$0.15	\$0.15
Tangible Common Equity/ Tangible Assets						(Tangible Common Equity Ratio)	3Q16	2Q16	1Q16	4Q15	3Q15	Total Equity	\$752	\$742	\$733	\$720	\$723
Less: Intangible assets	165	165	166	166	163	Less: Preferred stock	0	0	0	0	0	Tangible Common Equity	\$587	\$577	\$567	\$554	\$560
Total Assets	\$6,666	\$6,750	\$6,699	\$6,567	\$6,385	Less: Intangible assets	165	165	166	166	163	Tangible Assets	\$6,501	\$6,585	\$6,533	\$6,401	\$6,222
Tangible Common Equity/ Tangible Assets	9.0%	8.8%	8.7%	8.7%	9.0%												

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Return on Average Tangible Common Equity (%)	3Q16	2Q16	1Q16	4Q15	3Q15	Average Equity	\$748	\$740	\$730	\$726	\$718
Less: Average Intangible assets	165	166	166	164	163	Less: Average Preferred stock	0	0	0	0	0
Average Tangible Common Equity	\$583	\$574	\$564	\$562	\$555	Net Income (GAAP)	\$17.2	\$12.0	\$12.5	\$10.1	\$12.4
Return on Average Tangible Common Equity	11.7%	8.4%	8.9%	7.1%	8.9%						
