


NYSE: FCF

# Supplemental Financial Information

Third Quarter 2016

October 26, 2016

# Forward-looking statements

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

# 3Q 2016 Highlights

| | 3Q16 | 2Q16 | 3Q15 | Change from 2Q16 | Change from 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%* |

- 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

(1) Taxable equivalent
(2) Please refer to pages 22 - 24 for disclosures regarding non-GAAP measures
(3) 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

$ in millions, except per share data

# Balance Sheet

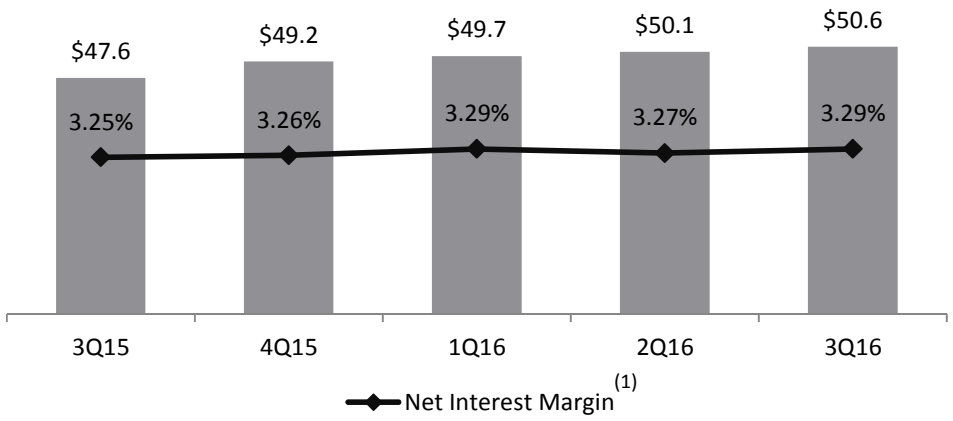
| Period-end Balances | 3Q16 | 2Q16 | 3Q15 | Change From 2Q16 | Change From 3Q15 |
|---|---|---|---|---|---|
| Cash & securities | $1,339 | $1,418 | $1,332 | *($79)* | *$7* |
| Loans held for sale | 8 | 12 | 5 | *(4)* | *3* |
| Commercial loans | 3,120 | 3,075 | 2,743 | *45* | *377* |
| Consumer loans | 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*** |

- 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 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

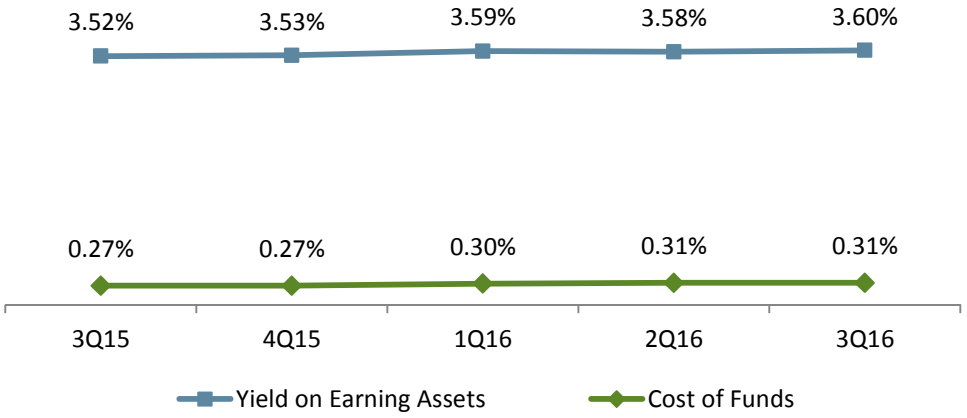
$ in millions

# Net interest income and net interest margin

## Net Interest Income(1)




## Yield / Cost Trends(1)

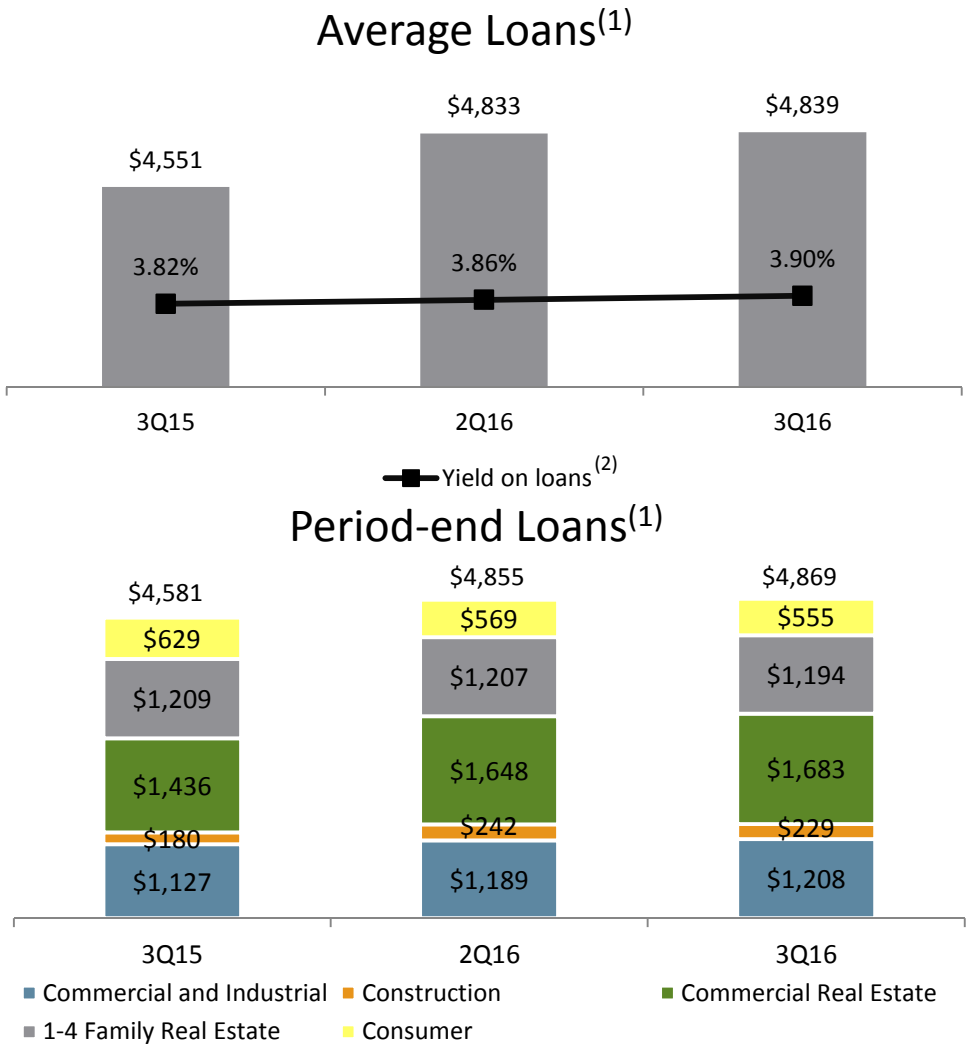



- Net interest income increased $0.5 million compared to LQ primarily due to strong commercial loan growth
- Net interest margin of 3.29% increased 2bps over LQ due to:
  - Higher volume of commercial loans
  - Positive replacement yields on commercial and consumer loans
  - Funding costs remaining relatively 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

(1) Taxable equivalent

$ in millions

# Loans




## Average

- Yield on loans of 3.90% increased 4bps from LQ due to favorable replacement rates on commercial and consumer loan yields

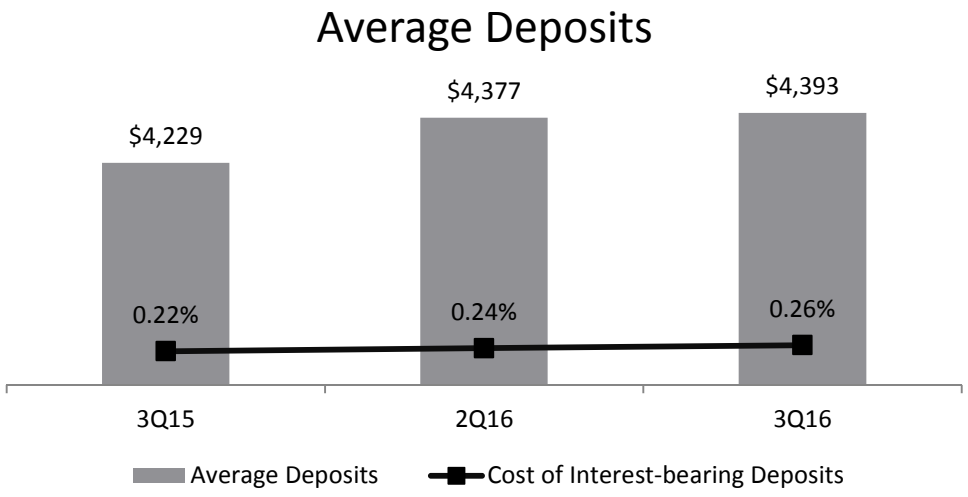
## Period-end

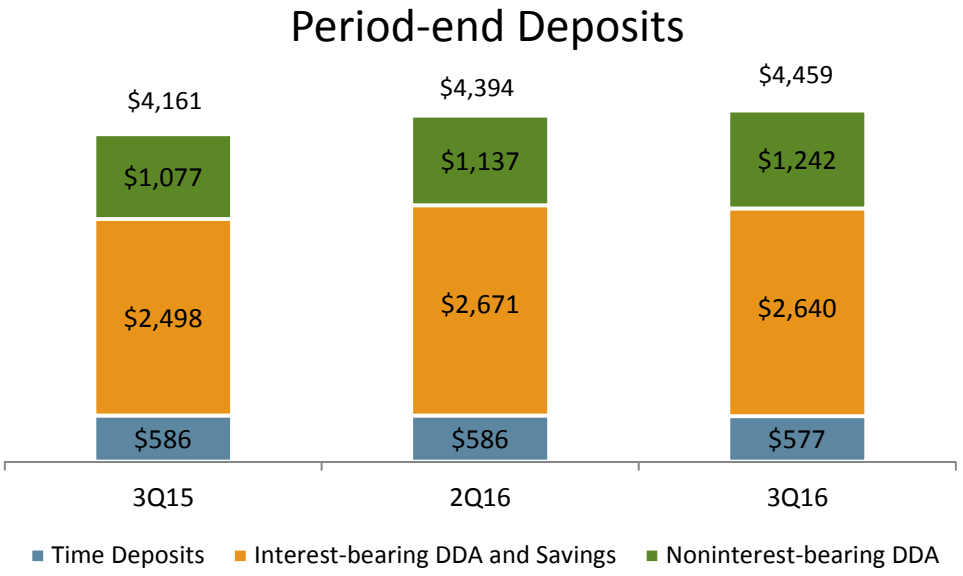
- Loans increased $14 million to LQ and $288 million from the prior year driven by:
  - Commercial loan growth of $44 million LQ and $377 million YoY
  - $58 million of YoY growth from loans acquired with the First Community Bank acquisition in 4Q15

(1) Includes loans held for sale
(2) Taxable equivalent yield

$ in millions

# 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

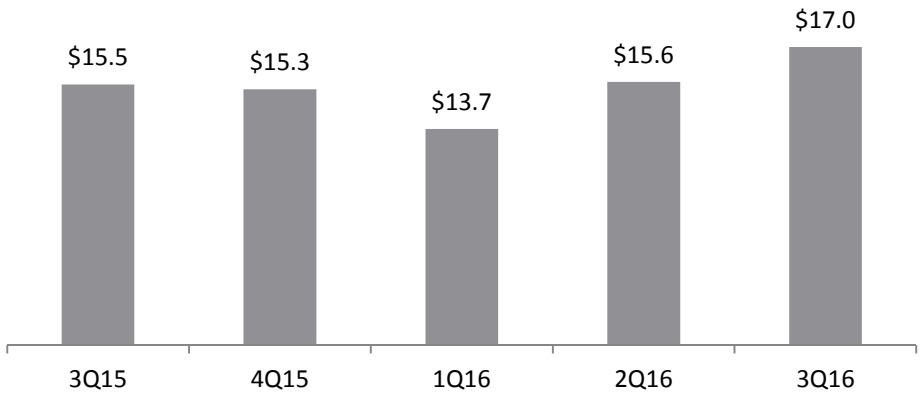
## Period-end

- 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

$ in millions

# Noninterest income

| | 3Q16 | 2Q16 | 3Q15 | Change from 2Q16 | Change from 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*** |

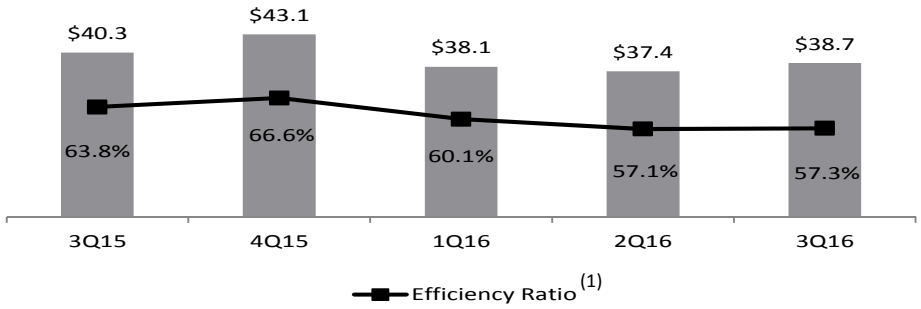



$ in millions

- 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 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

# Noninterest expense

| | 3Q16 | 2Q16 | 3Q15 | Change from 2Q16 | Change from 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)* | *0.1* |
| **Total noninterest expense** | **38.7** | **37.4** | **40.3** | ***1.3*** | ***(1.6)*** |



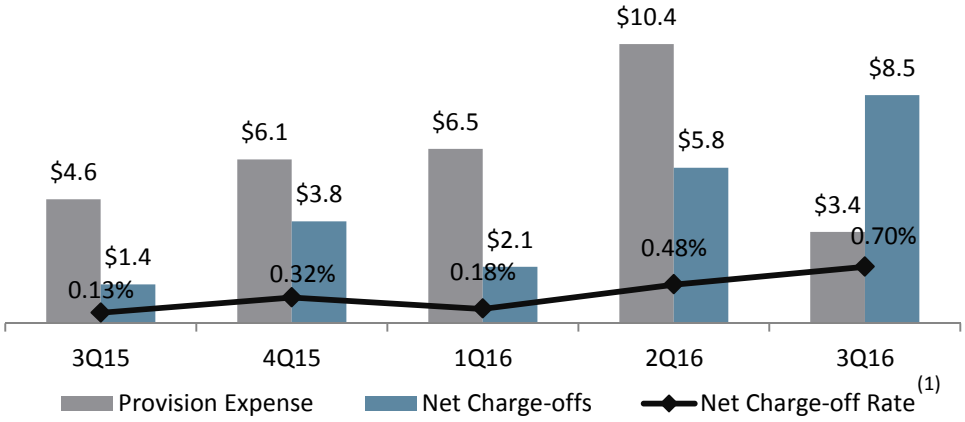

- Salaries and benefits increased $0.8 million to LQ primarily due to continued realignment of staffing back into our consumer banking businesses and higher hospitalization costs, but decreased $1.8 million YoY primarily due to the realignment of the staffing and capabilities of our consumer banking 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

$ in millions

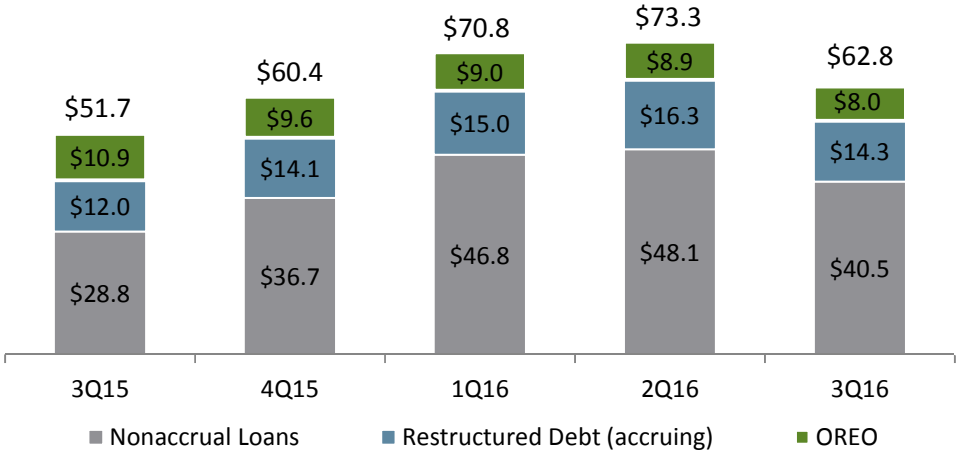
(1) Efficiency ratio is calculated as noninterest expense as a percentage of net interest income, on a fully taxable equivalent basis, and total noninterest income, excluding net securities gains and losses

# Credit quality

## Provision Expense and Net Charge-offs




## Nonperforming Assets




- 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

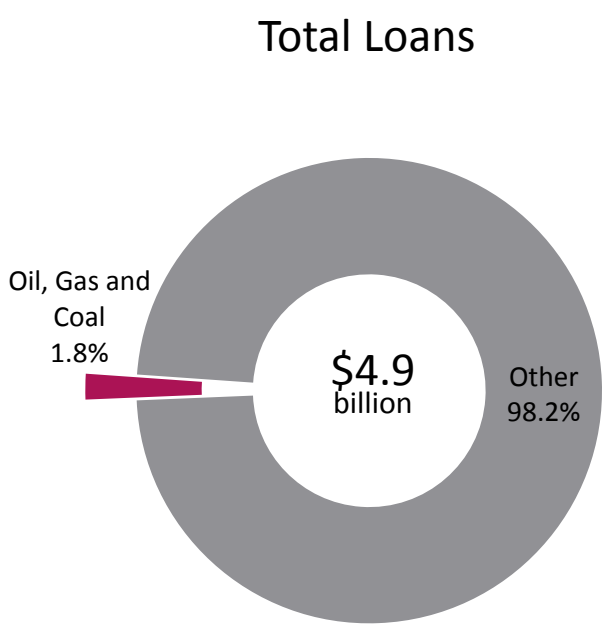
(1) Net charge-offs as a percentage of period-to-date average loans, annualized

$ in millions

# Energy Related Credits

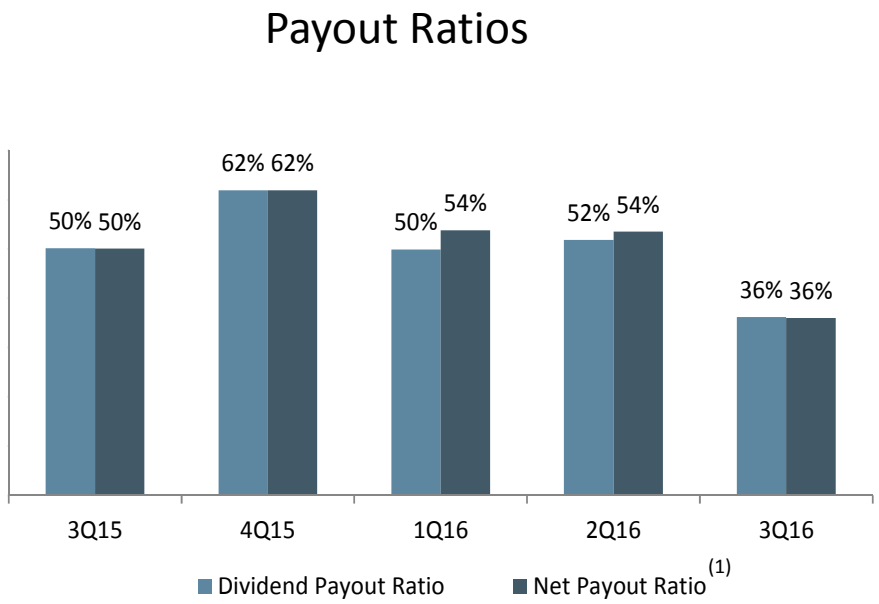
| Oil and Gas Loans | 3Q16 | 2Q16 | 1Q16 |
|---|---|---|---|
| Balance | $66.1 | $67.4 | $63.7 |
| Reserves (% o/s) | 4.5% | 3.4% | 7.7% |
| Non-performing (% o/s) | 15.3% | 15.8% | 20.4% |
| Non-pass (% o/s) | 39.5% | 40.0% | 38.8% |
| Utilization | 52.3% | 49.0% | 43.5% |
| Total exposure | $126.3 | $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 |




$ in millions

# Capital Return




- 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

(1) 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.

# Appendix

- Acquisition of DCB Financial Corp. and 13 FirstMerit Branches in Ohio
- Non-GAAP Measures

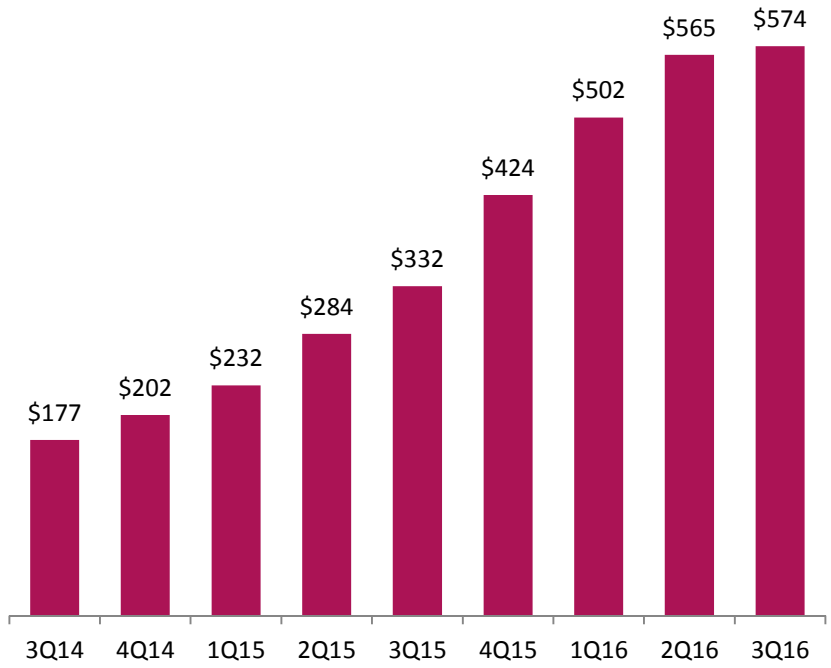
# Ohio Buildout to Date

First Commonwealth's presence in Ohio presents significant opportunity for growth

## Successful Expansion Efforts

- Leveraging significant management experience in Ohio market
- Opened a business center in Cleveland in April 2014
  - Targeting commercial customers in northeastern OH
- 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)



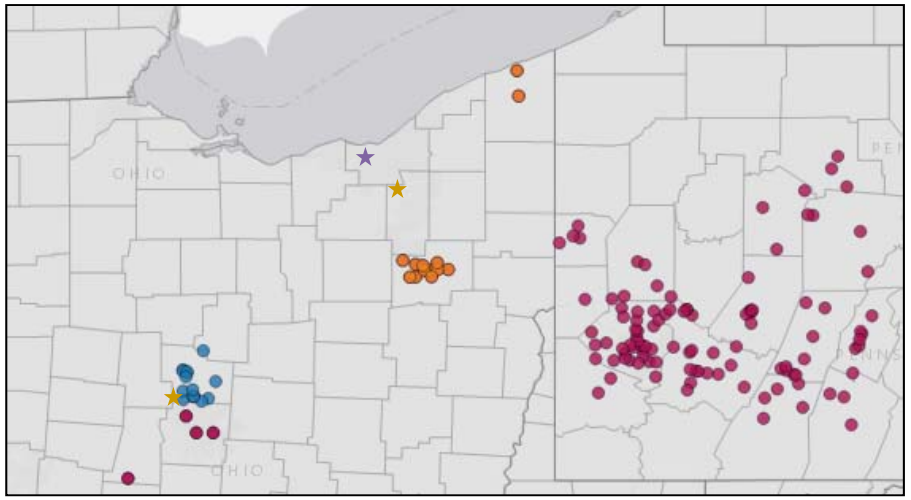

(1): Includes all OH based consumer loans, Commercial Real Estate loans with properties located in OH and C&I loans with borrowers headquartered in OH

(2): At announcement

# Acquisition of DCB Financial Corporation

- 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

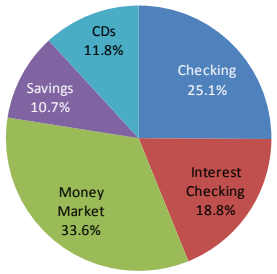
**First Commonwealth Pro Forma Footprint**




Acquired FMER Branches  First Commonwealth  DCB Financial

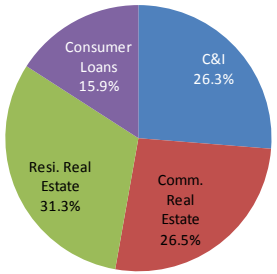
FCF Mortgage Loan Production Office  FCF Commercial Loan Production Office

**Acquired Deposits**




**Total Deposits: $467MM**
**Cost of Deposits: 0.25%**

**Acquired Loans**




**Total Loans: $397MM**
**Yield on Loans: 4.18%**

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 DCBF - Key Financial Terms

| | |
|---|---|
| **Transaction Value:** | ■ Implied consideration of $14.50 per DCBF common share or $106.4 million in aggregate<br>■ Approximately 178% of DCBF's tangible book value |
| **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<br>■ 2017: $0.03 / 3.8% (excluding one-time costs)<br>■ 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)<br>■ 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)<br>■ $1.5 million interest rate mark<br>■ CDI equal to 0.71% of core deposits ($2.3 million)<br>■ Deferred gain from sale/leaseback of $2.8 million |
| **Expected Closing:** | ■ 2nd Quarter of 2017 |
| **Required Approvals:** | ■ Standard regulatory approval<br>■ Shareholder approval from DCB Financial shareholders |

# Acquisition of DCBF - Tangible Book Value Per Share Dilution and Earnback

| Tangible Book Value Dilution Calculation | $MM | Shares | Per Share | |
|---|---|---|---|---|
| FCF Tangible Book Value at March 30, 2017 (est.) | $567.7 | 88.9 | $6.38 | |
| Equity Consideration to DCBF[(1)] | 84.5 | 8.4 | | |
| Goodwill and Intangibles Created | (48.3) | | | |
| One-time Acquisition Expenses (after tax) | (6.9) | | | |
| Pro Forma FCF Tangible Book Value at Close | $597.0 | 97.3 | $6.13 | |
| Tangible Book Value Accretion/ (Dilution) | $29.3 | | | |
| *Per Share* | | | *($0.25)* | *(3.9%)* |
| **Tangible Book Value Per Share Earnback** | | | **~ 4.7 Years** | |

| Goodwill and Intangibles Calculation<br>$MM | |
|---|---|
| Deal Value | $106.4 |
| DCBF TCE (at close) | $61.0 |
| DCBF Acquisition Expenses (after tax) | (1.2) |
| Net Credit Mark (after tax) | (3.1) |
| Net Rate and Other Marks (after tax) | 2.8 |
| Adjusted Tangible Book Value | $59.5 |
| Excess Over Adjusted TBV | $46.9 |
| Core Deposit Intangible Created (net of DTL) | ($1.5) |
| 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 |

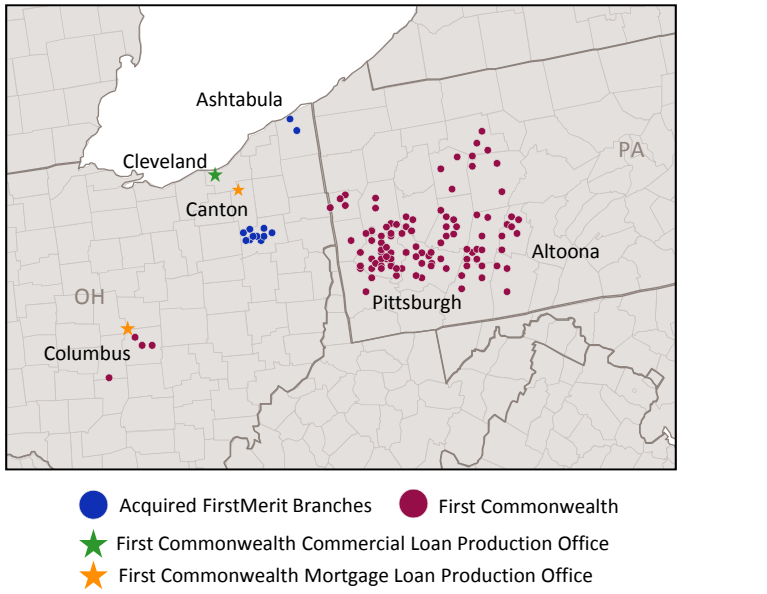
Note: Based on expectations and assumptions as of announcement date; subject to change at transaction closing

(1): Based on fixed exchange ratio of 1.427 shares of First Commonwealth common stock

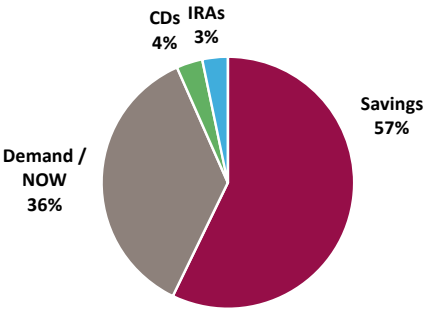
# Acquisition of 13 FirstMerit Branches

- 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**

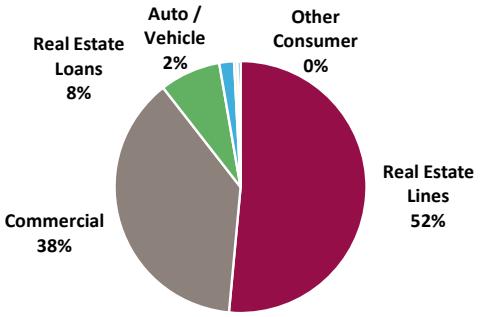



**Acquired Deposits**




**Total Deposits: $735MM**
**Cost of Deposits: 0.22%**

**Acquired Loans**




**Total Loans: $115MM**
**Yield on Loans: 4.05%**

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 - Key Transaction Terms

| | |
|---|---|
| **Purchase Price** | ■ 4.5% premium on deposits<br>■ $33.1 million based on $735 million of deposits as of May 31, 2016<br>■ 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<br>■ 62% consumer<br>■ 38% commercial |
| **Branches** | ■ 13 branches in Canton and Ashtabula markets<br>■ Canton: 11 branches with $676 million deposits<br>■ Ashtabula: 2 branches with $59 million deposits |
| **Fixed Assets** | ■ Fixed assets to be acquired at net book value at close<br>■ 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<br>■ ~5% GAAP EPS accretive by year 3<br>■ ~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<br>■ <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)<br>■ $1.4 million interest rate mark on loans<br>■ 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 |

Note: Acquired branches, deposit and loan data as of May 31, 2016.
(1): Net book value as of May 31, 2016.

# Adjusted Earnings Impact

| | 2017E | | | 2018E | | |
|---|---|---|---|---|---|---|
| | 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 | 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 |

(1) Assumes March 31, 2017 completion date for modeling purposes

$ in millions

# Appendix

Acquisition of DCB Financial Corp. and 13 First Merit Branches in Ohio

Non-GAAP Measures

# Non-GAAP measures

| 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 | 0.7 |
| 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%** |

$ in millions

(1) Core Efficiency Ratio is calculated as Operating Expense as a percentage of Operating Revenue

Note: Management believes that it is standard practice in the banking industry to present these non-GAAP measures. These measures provide useful information to management and investors by allowing them to make peer comparisons.

# Non-GAAP measures

| 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%** |

$ in millions, except per share data

Note: Management believes that it is standard practice in the banking industry to present these non-GAAP measures. These measures provide useful information to management and investors by allowing them to make peer comparisons.

# Non-GAAP measures

| 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 Tangble Common Equity** | **11.7%** | **8.4%** | **8.9%** | **7.1%** | **8.9%** |

$ in millions, except per share data

Note: Management believes that it is standard practice in the banking industry to present these non-GAAP measures. These measures provide useful information to management and investors by allowing them to make peer comparisons.




NYSE: FCF

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