

NYSE: FCF



3Q 2021 Earnings Release Webcast Presentation
October 27, 2021

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, including uncertainties regarding the impact of the COVID-19 pandemic, 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:

- *The effects of the COVID-19 pandemic 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.*

Further, statements about the potential effects of the COVID-19 pandemic on our business, financial condition, liquidity and results of operations may constitute forward-looking statements and are subject to the risk that the actual effects may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our customers, clients, third parties and us.

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.

THIRD QUARTER 2021 HIGHLIGHTS

Highlights

$42.9 million

Core Pre-tax pre-provision income(1)

1.79%

Core PTPP ROAA(1)

55.3%

Core efficiency ratio

1.43%

Reserve coverage ratio (excl. PPP)

$278.4 million

Excess capital

8.9%

TCE ratio (excl. PPP)

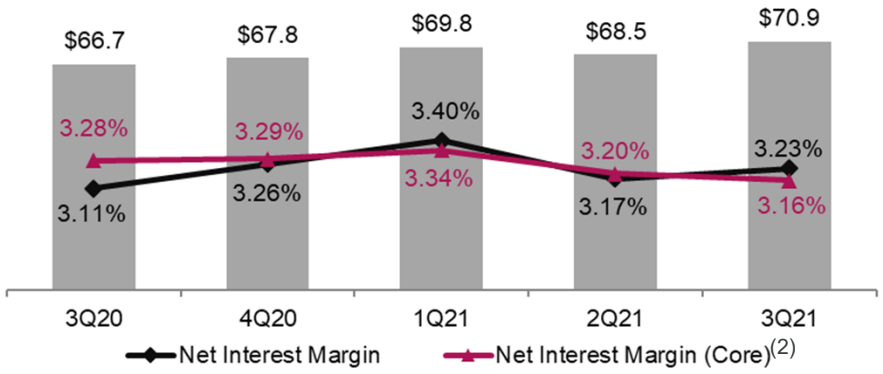
Diversified balance sheet and revenue streams continue to improve the earnings power of the company

- Another strong quarter for fee income businesses
  - Card-related interchange income of $7.1 million
  - Trust, advisory and insurance revenue of $5.3 million
  - Mortgage gain on sale income of $3.5 million
  - SBA gain on sale income of $2.4 million
- Total loans (excl. PPP) grew $132.3 million, or 8.2% annualized from the previous quarter
- Became #1 SBA lender in the Pittsburgh District
- Tangible book value per share increased 7.8% annualized from the previous quarter
- Repurchased 1.0 million shares of common stock ($13.3 million); announced an additional $25 million authorization

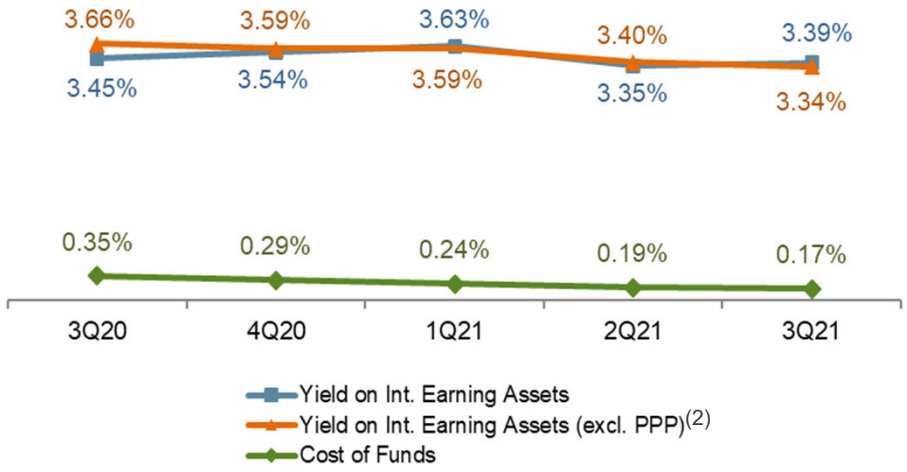
(1) Please refer to the appendix for a reconciliation of non-GAAP measures
(2) Deferrals include loans with modified terms classified under Section 4013 of the CARES Act

NET INTEREST INCOME AND NET INTEREST MARGIN

Net Interest Income(1)



Yield/Cost Trends(1)



- Net interest income (FTE) of $70.9 increased by $2.4 million from LQ
  - Average loans (excluding PPP) increased $196.7 million from LQ
  - $0.2 million increase in fees and interest on PPP loans
    - $1.2 million increase on fees mostly offset by a $1.0 million decrease in interest income
- Net interest margin of 3.23% increased 6bps from LQ
  - Loan portfolio yield (excluding PPP loans) decreased 6 bps from LQ, partially offset by 2 bps decrease in the cost of funds
  - Core NIM(2) (which excludes the effects of PPP loans and excess cash) decreased by 4bps to 3.16%
- Approximately $3.4 billion, or 51%, of the $6.7 billion loan portfolio is variable
  - Of the variable portion, $1.5 billion, or 43.4%, are subject to floors with a weighted average rate and weighted average floor of 3.66% and 3.40%, respectively

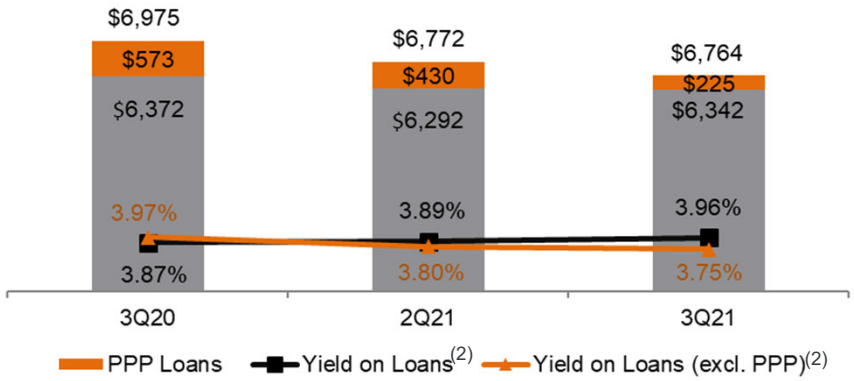
$ in millions

(1) Taxable equivalent

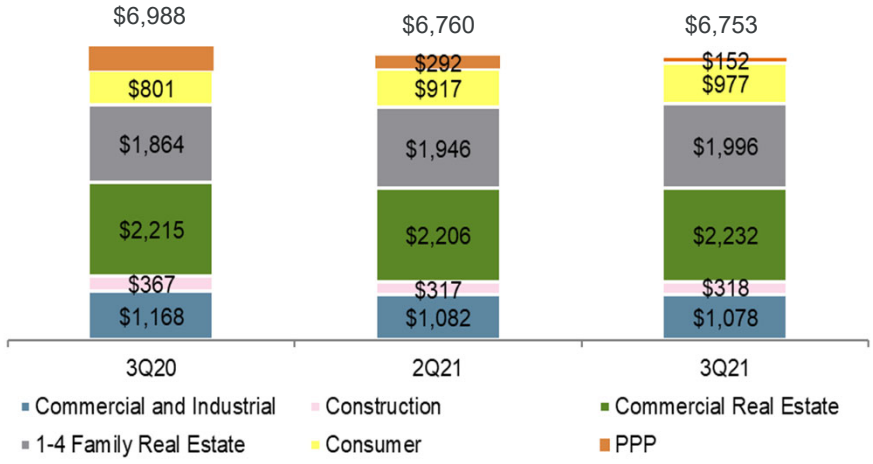
(2) Please refer to the appendix for a reconciliation of non-GAAP measures

LOANS

Average Loans(1)



Period-end Loans(1)



Average

- Average loans decreased $8.0 million from LQ
  - Excluding PPP loans, average loans increased $196.7 million from LQ
- The yield on loans decreased 5bps from LQ (excluding PPP loans)

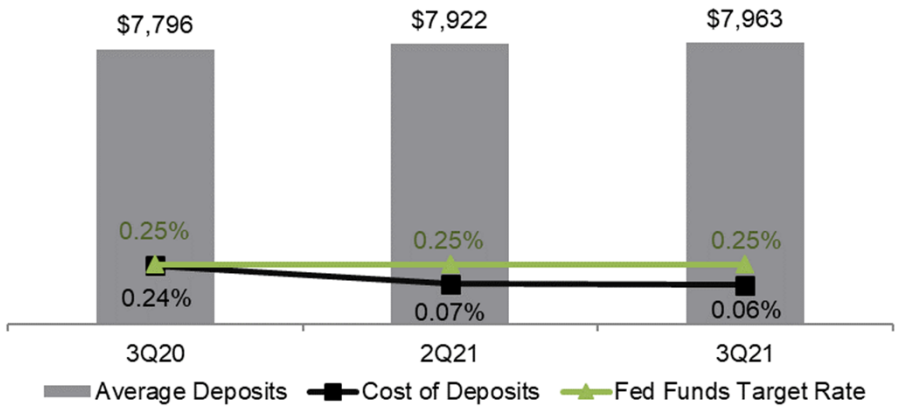
Period-end

- Total loans(1) (excluding PPP loans) increased $132.3 million the previous quarter
  - Auto loans grew $57.2 million from LQ
  - 1-4 Family Real Estate grew $50.0 million from LQ
  - Commercial Real Estate grew $26.1 million from LQ

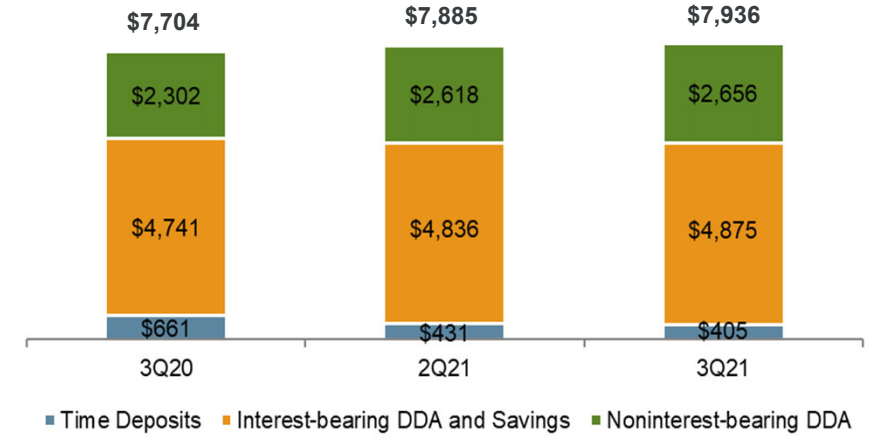
$ in millions
(1) Includes loans held for sale
(2) Taxable equivalent yield

DEPOSITS

Average Deposits



Period-end Deposits



Average

- Average deposits increased $41.8 million from LQ and increased $167.7 million YoY
- Average noninterest-bearing deposits grew $42.4 million, or 6.5% annualized compared to LQ
- The total cost of deposits decreased 1bps from LQ to 0.06%

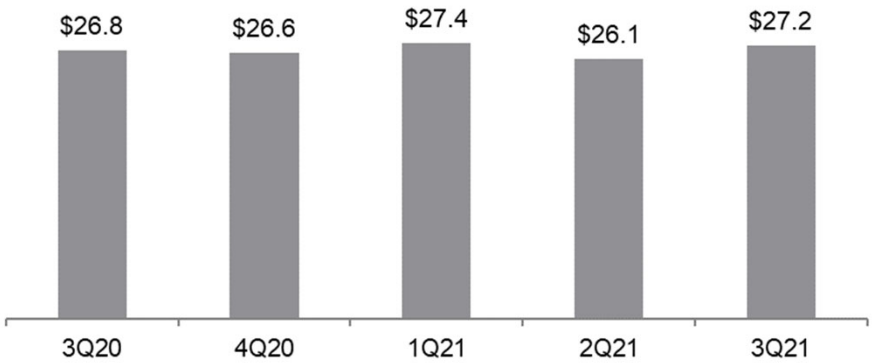
Period-end

- Total period-end deposits increased $51.5 million from LQ and increased $232.6 million YoY
- Noninterest-bearing deposits currently comprise 33.5% of total deposits

$ in millions

NONINTEREST INCOME

	3Q21	2Q21	3Q20	Change from 2Q21	Change from 3Q20
Interchange	$7.1	$7.4	$6.4	*($0.3)*	*$0.7*
Service charges	4.8	4.3	4.0	*0.5*	*0.8*
Trust	3.1	2.7	2.6	*0.4*	*0.5*
Retail brokerage	1.1	1.0	1.1	*0.1*	*0.0*
Insurance	1.1	1.0	1.0	*0.1*	*0.1*
BOLI	1.5	1.5	1.5	*0.0*	*0.0*
Gain on sale of mortgage loans	3.5	3.1	6.4	*0.4*	*(2.9)*
Gain on sale of SBA loans	2.3	1.6	1.4	*0.7*	*0.9*
Gain on sale of Assets	0.1	0.5	0.5	*(0.4)*	*(0.4)*
SWAP fees	0.3	1.3	0.0	*(1.0)*	*0.3*
Other fees	2.1	2.0	2.1	*0.1*	*(0.0)*
Total fee income	**$27.0**	**$26.4**	**$27.0**	***$0.6***	***$0.0***
Gain on sale of securities	0.0	0.0	0.0	*0.0*	*0.0*
Derivative mark-to-market	0.2	(0.3)	(0.2)	*0.5*	*0.4*
Total noninterest income	**$27.2**	**$26.1**	**$26.8**	***$1.1***	***$0.4***

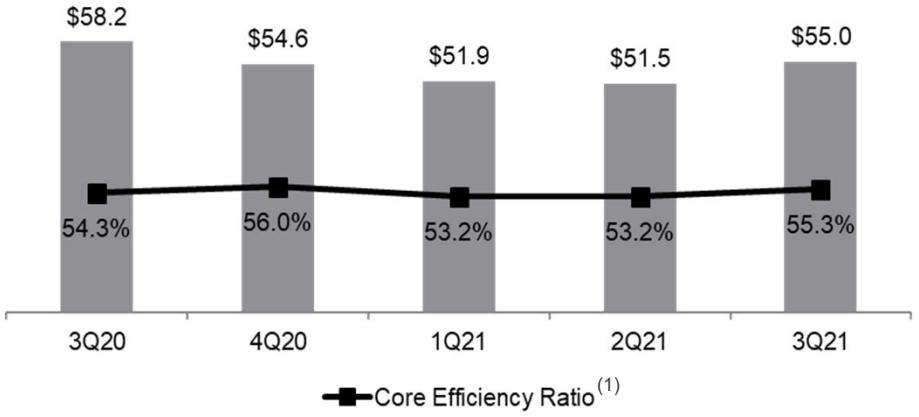


- Total noninterest income increased $1.1 million from LQ and increased $0.4 million YoY
  - Fee income represented 27.6% of total operating revenue(1)
- Gain on sale of SBA loans increased $0.7 million to LQ and $0.9 million YoY
- Gain on sale of mortgage loans increased $0.4 million from LQ and decreased $2.9 million YoY
- 3Q21 mortgage originations of $173 million decreased $36 million from LQ and decreased $31 million YoY
- Swap fee income decreased $1.0 million from LQ
- Derivative mark-to-market was $0.2 million, a $0.5 million increase from LQ

(1) Please refer to the appendix for disclosures regarding non-GAAP measures
$ in millions

NONINTEREST EXPENSE

	3Q21	2Q21	3Q20	Change from 2Q21	Change from 3Q20
Salaries and benefits	$31.1	$28.3	$28.8	*$2.8*	*$2.3*
Occupancy	4.0	3.9	4.6	*0.1*	*(0.6)*
Furniture and equipment	4.1	3.9	4.0	*0.2*	*0.1*
PA shares tax	1.3	1.3	1.3	*0.0*	*0.0*
Data processing	3.2	3.2	2.7	*0.0*	*0.5*
Professional fees	1.3	1.1	0.9	*0.2*	*0.4*
FDIC insurance	0.8	0.4	0.9	*0.4*	*(0.1)*
Operational losses	0.6	0.6	0.3	*0.0*	*0.3*
Loss on sale or write-down of assets	0.2	0.0	0.1	*0.2*	*0.1*
Other operating expenses	7.5	7.8	7.3	*(0.3)*	*0.2*
Total operating expense	**$54.1**	**$50.5**	**$50.9**	***$3.6***	***$3.2***
Unfunded commitments	0.0	0.0	0.5	*0.0*	*(0.5)*
Intangible amortization	0.9	0.9	0.9	*0.0*	*0.0*
Covid-19 expenses	0.0	0.1	0.1	*(0.1)*	*(0.1)*
Early Retirement	0.0	0.0	3.3	*0.0*	*(3.3)*
Branch Consolidation	0.0	0.0	2.5	*0.0*	*(2.5)*
Total noninterest expense	**$55.0**	**$51.5**	**$58.2**	***$3.5***	***($3.2)***

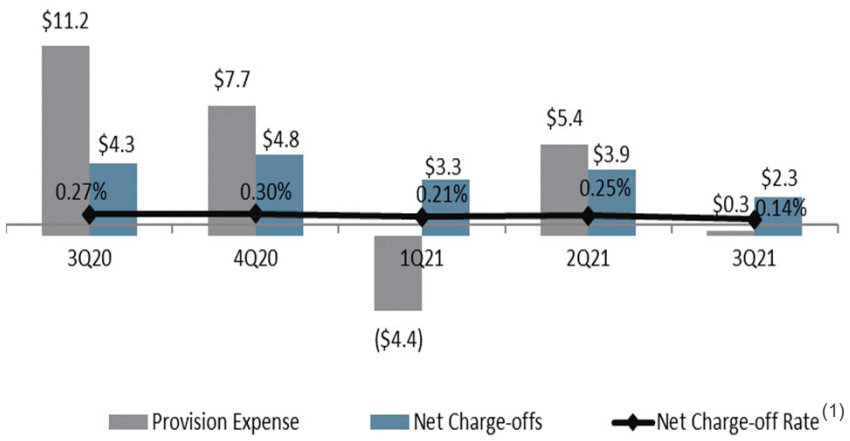


- Noninterest expense increased $3.5 million to LQ and decreased $3.2 million YoY
- Salaries and benefits increased by $2.8 million to LQ driven by a $1.2 million increase in incentives and a $0.5 million increase in salaries
- FDIC expense increased $0.4 to LQ and decreased $0.1 YoY
- FTEs increased 17 to LQ partially due to the company's entry into the equipment finance business

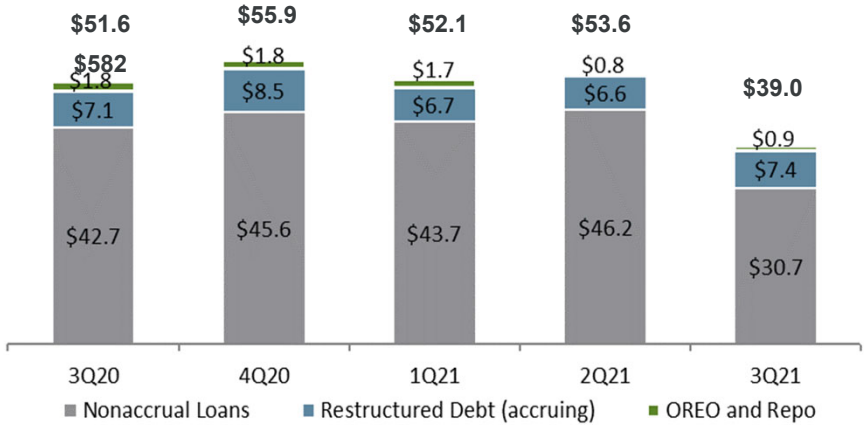
(1) Please refer to the appendix for disclosures regarding non-GAAP measures

CREDIT QUALITY

Provision Expense and Net Charge-offs



Nonperforming Assets

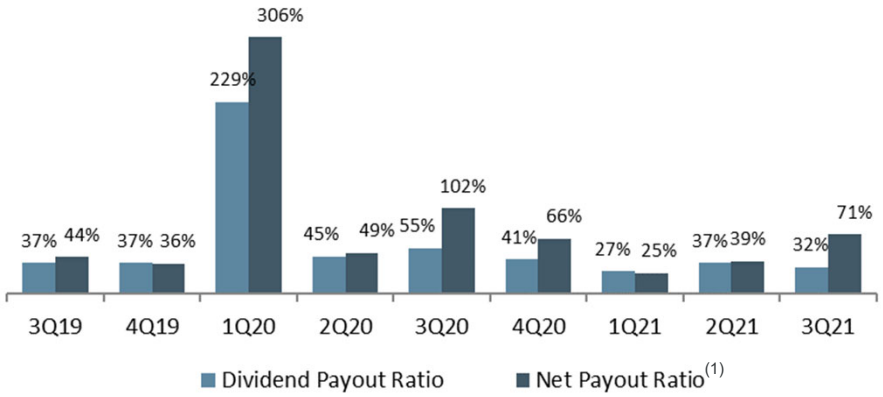


- Provision expense of $0.3 million decreased $5.1 million from LQ and $10.9 million YoY. The primary drivers include:
  - $2.4 million decrease to qualitative reserve due to improved economic forecasts
  - $2.0 million decrease in specific reserves
  - $1.4 million increase in reserves related to quarterly loan growth
  - $0.9 million increase for unfunded commitments
  - $2.3 million in net charge-offs
- The allowance for credit losses decreased by $2.8 million to $94.2 million, or 247% of non-performing loans
- Nonperforming assets of $39.0 million decreased $14.6 million from LQ
- Total loan deferrals(2) declined to $29.9 million, or 0.44% of total loans, as compared to $59.5 million, or 0.88% of total loans in the previous quarter

(1) Net charge-offs as a percentage of period-to-date average loans (excluding PPP), annualized
(2) Deferrals include loans with modified terms classified under Section 4013 of the CARES Act

CAPITAL RETURN

Payout Ratios



- Strong capital levels allow us to continue to return capital to shareholders
- Under current $25 million share repurchase program announced on January 26, 2021
  - A total of 997,517 shares at a weighted average price of $13.35 were purchased this quarter
  - $10.3 million remaining under the current program
- Announced additional $25 million share repurchase authorization on October 26, 2021

(1) Net payout ratio represents common stock dividends and share repurchases less share issuances and stock compensation-related items, excluding acquisition-related items, divided by net income attributable to common stock

APPENDIX

NON-GAAP MEASURES

Operating Revenue	3Q21	2Q21	1Q21	4Q20	3Q20
Net Interest Income	$70.6	$68.2	$69.4	$67.5	$66.3
Tax equivalent adjustment	0.3	0.3	0.3	0.3	0.4
Net Interest Income (FTE)	70.9	68.5	69.7	67.8	66.7
Noninterest Income (Reported)	27.2	26.1	27.4	26.6	26.8
Less: Realized gains / (losses) on securities	0.0	0.0	0.0	0.0	0.0
Less: Derivative mark-to-market	0.2	(0.2)	1.4	(0.4)	(0.2)
Total Noninterest Income (Operating)	$27.0	$26.3	$26.0	$27.0	$27.0
Total Operating Revenue	$97.9	$94.8	$95.7	$94.8	$93.7
Average Assets	9,503	9,452	9,130	9,121	9,390
Operating Revenue / Average Assets (%)	**4.12%**	**4.01%**	**4.19%**	**4.16%**	**3.99%**

Operating Expense	3Q21	2Q21	1Q21	4Q20	3Q20
Noninterest Expense	$55.0	$51.5	$51.9	$54.6	$58.2
Less: Unfunded commitment reserve	0.0	0.0	0.0	0.0	0.5
Less: Intangible amortization	0.9	0.8	0.9	0.9	0.9
Less: COVID-19	0.0	0.2	0.1	0.3	0.1
Less: Early Retirement	0.0	0.0	0.0	0.1	3.3
Less: Branch Consolidation	0.0	0.0	0.0	0.2	2.5
Less: Merger and acquisition related	0.0	0.0	0.0	0.0	0.0
Total Operating Expense	$54.1	$50.5	$50.9	$53.1	$50.9
Average Assets	9,503	9,452	9,130	9,121	9,390
Operating Expense / Average Assets (%)	**2.28%**	**2.14%**	**2.23%**	**2.33%**	**2.17%**
Core Efficiency Ratio[(1)]	**55.3%**	**53.2%**	**53.2%**	**56.0%**	**54.3%**
Core Pre-tax Pre-Provision Net Income (Reported)	**$42.9**	**$42.9**	**$45.0**	**$40.1**	**$40.8**
Average Diluted Shares Outstanding	95.9	96.2	96.2	96.3	98.2
Core Pre-tax Pre-Provision Net Income per share	$0.45	$0.45	$0.47	$0.42	$0.42
Average Assets	$9,503	$9,452	$9,130	$9,121	$9,390
Core Pre-tax Pre-Provision Income / Average Assets (%)	1.79%	1.82%	2.00%	1.75%	1.73%

$ 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

Core Earnings per Share	3Q21	2Q21	1Q21	4Q20	3Q20
Net Income (GAAP) *(after tax)*	$34.1	$29.6	$39.8	$25.7	$19.2
Less: Covid-19 related *(after tax)*	0.0	0.2	0.1	0.2	0.1
Less: Merger and acquisition related *(after tax)*	0.0	0.0	0.0	0.0	0.0
Less: Early Retirement *(after tax)*	0.0	0.0	0.0	0.1	2.6
Less: Branch Consolidation *(after tax)*	0.0	0.0	0.0	0.2	2.0
Core Net Income (Non-GAAP)	**$34.1**	**$29.8**	**$39.9**	**$26.2**	**$23.9**
Average Diluted Shares Outstanding	95.9	96.2	96.2	96.3	98.2
Core Earnings per Share (Non-GAAP)	**$0.36**	**$0.31**	**$0.41**	**$0.27**	**$0.24**

Core Return on Average Assets (%)	3Q21	2Q21	1Q21	4Q20	3Q20
Net Income (GAAP)	$34.1	$29.6	$39.8	$25.7	$19.2
Less: Covid-19 related (after tax)	0.0	0.2	0.1	0.2	0.1
Less: Merger and acquisition related *(after tax)*	0.0	0.0	0.0	0.0	0.0
Less: Early Retirement *(after tax)*	0.0	0.0	0.0	0.1	2.6
Less: Branch Consolidation *(after tax)*	0.0	0.0	0.0	0.2	2.0
Core Net Income (Non-GAAP)	**$34.1**	**$29.8**	**$39.9**	**$26.1**	**$23.9**
Average Assets	9,503	9,452	9,130	9,121	9,390
Core Return on Average Assets (Non-GAAP)	**1.43%**	**1.26%**	**1.77%**	**1.14%**	**1.01%**
Core Pre-tax Pre-Provision Net Income	**$42.9**	**$42.9**	**$45.0**	**$40.1**	**$40.8**
Core Pre-tax Pre-Provision Income / Average Assets (%)	**1.79%**	**1.82%**	**2.00%**	**1.75%**	**1.73%**

$ 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 (%)	3Q21	2Q21	1Q21	4Q20	3Q20
Average Equity	$1,114	$1,098	$1,076	$1,078	$1,088
Less: Average intangible assets	316	316	316	317	318
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$798	$782	$760	$761	$770
Net Income (GAAP)	$34.1	$29.6	$39.8	$25.7	$19.2
Less: Intangible amortization *(after tax)*	0.7	0.6	0.7	0.7	0.7
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$34.8	$30.2	$40.5	$26.4	$19.9
Return on Average Tangible Common Equity	**17.3%**	**15.5%**	**21.6%**	**13.8%**	**10.3%**

Core Return on Average Tangible Common Equity (%)	3Q21	2Q21	1Q21	4Q20	3Q20
Average Equity	$1,114	$1,098	$1,076	$1,078	$1,088
Less: Average intangible assets	316	316	316	317	318
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$798	$782	$760	$761	$770
Net Income (GAAP)	$34.1	$29.6	$39.8	$25.7	$19.2
Less: Covid-19 related (after tax)	0.0	0.2	0.1	0.2	0.1
Less: Merger and acquisition related *(after tax)*	0.0	0.0	0.0	0.0	0.0
Less: Early Retirement *(after tax)*	0.0	0.0	0.0	0.1	2.6
Less: Branch Consolidation *(after tax)*	0.0	0.0	0.0	0.2	2.0
Core Net Income (Non-GAAP)	$34.1	$29.8	$39.9	$26.1	$23.9
Less: Intangible amortization *(after tax)*	0.7	0.6	0.7	0.7	0.7
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$34.8	$30.4	$40.6	$26.8	$24.6
Core Return on Average Tangible Common Equity	**17.3%**	**15.6%**	**21.6%**	**14.0%**	**12.7%**

$ in millions

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

Core Net Interest Margin (%)	3Q21	2Q21	1Q21	4Q20	3Q20
Net Interest Income (FTE)	$70.9	$68.5	$69.8	$67.8	$66.7
Less: Income from Paycheck Protection Program Loans	(5.7)	(5.5)	(7.9)	(5.4)	(3.8)
Less: Income from excess cash	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Core Net Interest Income (FTE)	**$65.0**	**$62.9**	**$61.8**	**$62.3**	**$62.8**
Average Interest Earning Assets	$8,701	$8,658	$8,312	$8,276	$8,529
Less: Paycheck Protection Program Loans	(225)	(430)	(489)	(548)	(572)
Less: Excess cash	(317)	(352)	(329)	(189)	(336)
Core Average Interest Earning Assets	**$8,159**	**$7,876**	**$7,494**	**$7,539**	**$7,620**
Core Net Interest Margin (Non-GAAP)	**3.16%**	**3.20%**	**3.34%**	**3.29%**	**3.28%**

Tangible Common Equity / Tangible Assets (Tangible Common Equity Ratio)	3Q21	2Q21	1Q21	4Q20	3Q20
Total Equity	$1,113	$1,106	$1,087	$1,069	$1,073
Less: Intangible assets	315	315	316	317	317
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$798	$791	$771	$752	$756
Total Assets	$9,478	$9,402	$9,417	$9,068	$9,289
Less: Intangible assets	315	315	316	317	317
Tangible Assets	$9,163	$9,087	$9,101	$8,751	$8,972
Tangible Common Equity / Tangible Assets	**8.7%**	**8.7%**	**8.5%**	**8.6%**	**8.4%**
Tangible Assets	$9,163	$9,087	$9,101	$8,751	$8,972
Paycheck Protection Loans	152	292	479	479	573
Tangible Assets (excl. PPP)	$9,011	$8,795	$8,622	$8,272	$8,399
Tangible Common Equity / Tangible Assets (excl. PPP)	**8.9%**	**9.0%**	**8.9%**	**9.1%**	**9.0%**

$ in millions

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.