
First Commonwealth®
NYSE: FCF

KEEFE, BRUYETTE & WOODS
Specialists in Financial Services

A Stifel Company

2016 KBW Community Bank Investor Conference
August 3, 2016

FIRST Commonwealth®

T. Michael Price	*Chief Executive Officer*
Jane Grebenc	*Chief Revenue Officer*
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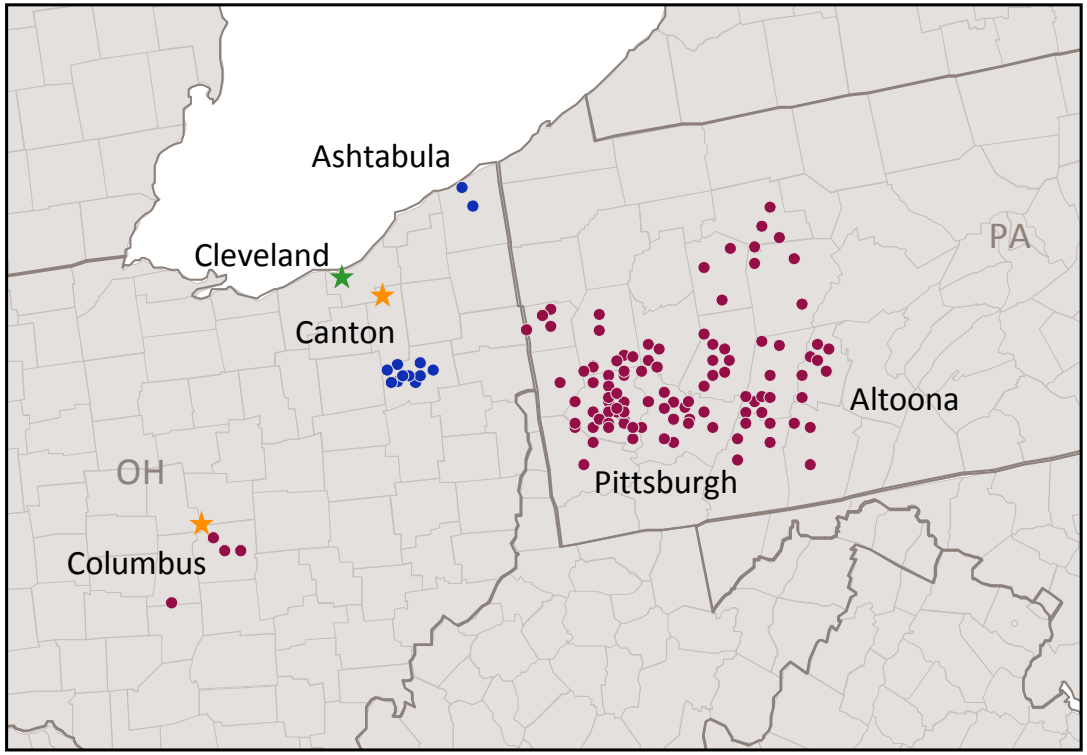
Forward-looking statements

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.

Overview of First Commonwealth Financial Corporation



Acquired FirstMerit Branches

First Commonwealth

First Commonwealth Commercial Loan Production Office

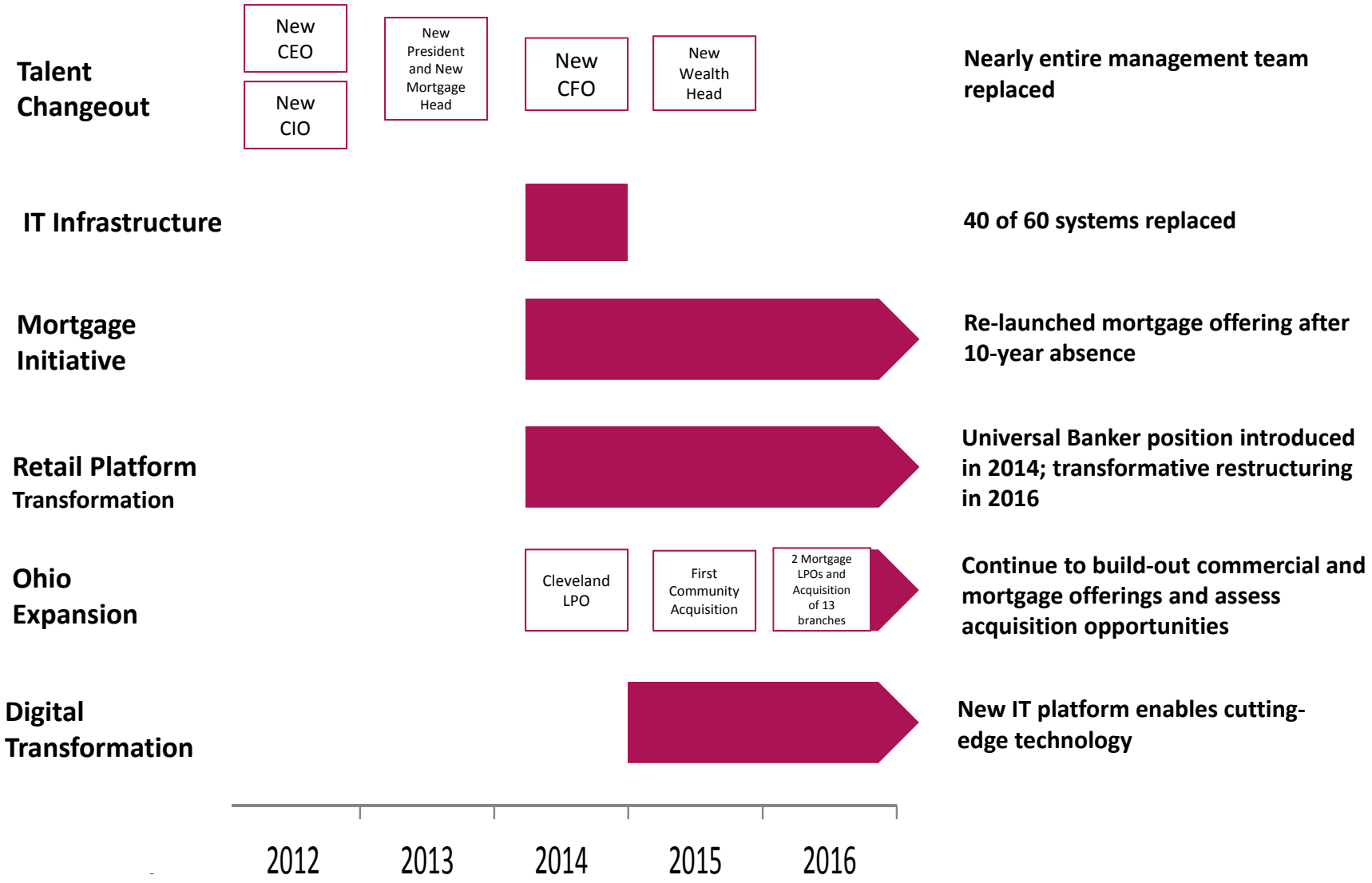
First Commonwealth Mortgage Loan Production Office

- Headquartered in Indiana, PA
- Pennsylvania's 7th largest bank(1)
  - 122 retail branches
  - 59 branches concentrated in Pittsburgh MSA
  - Top 5 in deposit market share in all but 3 MSAs
- Assets: $6.7 billion
- Gross Loans: $4.9 billion
- Deposits: $4.4 billion

(1) Pro forma branch and market share information includes acquisition of 13 FirstMerit branches announced on July 27, 2016

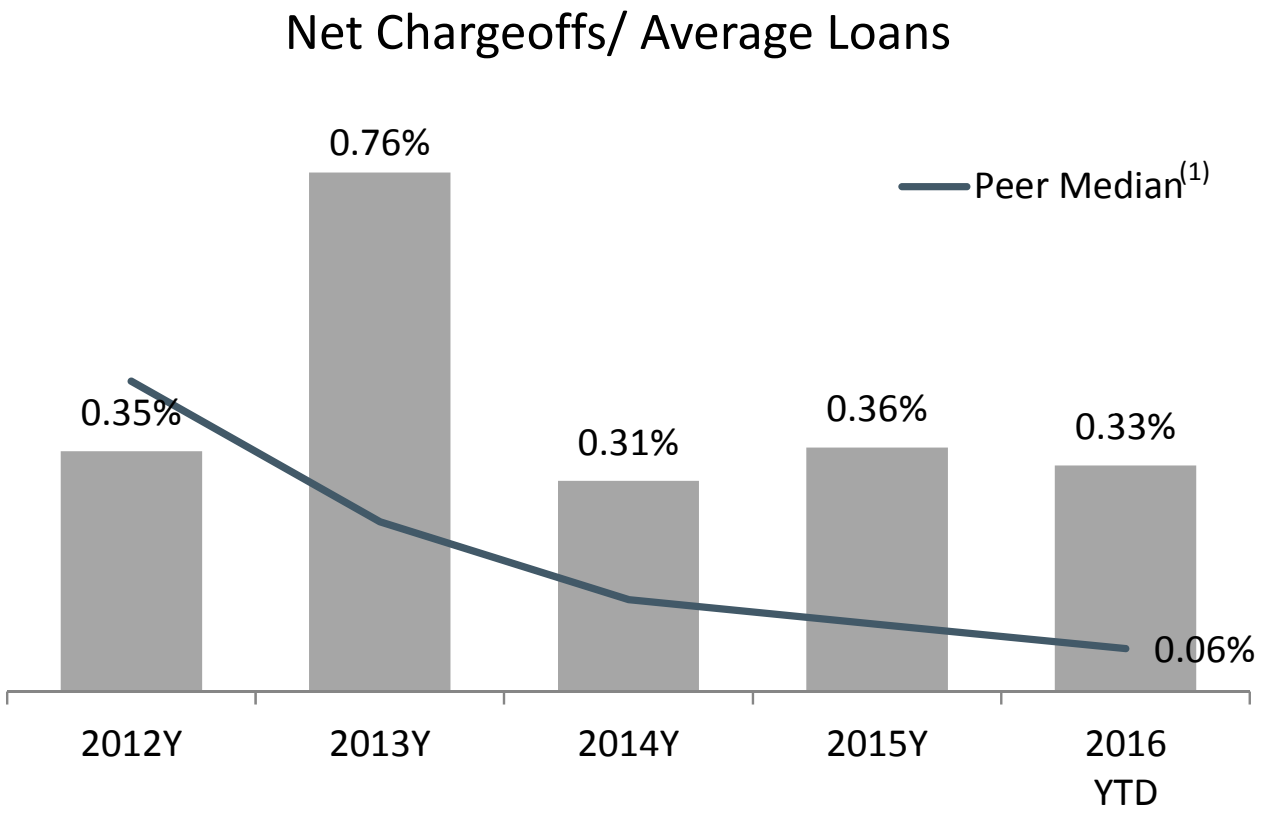
As of June 30, 2016
Source: SNL Financial

Organizational Changes 2012 - Present



Financial Roadmap

Closing the credit gap with peers

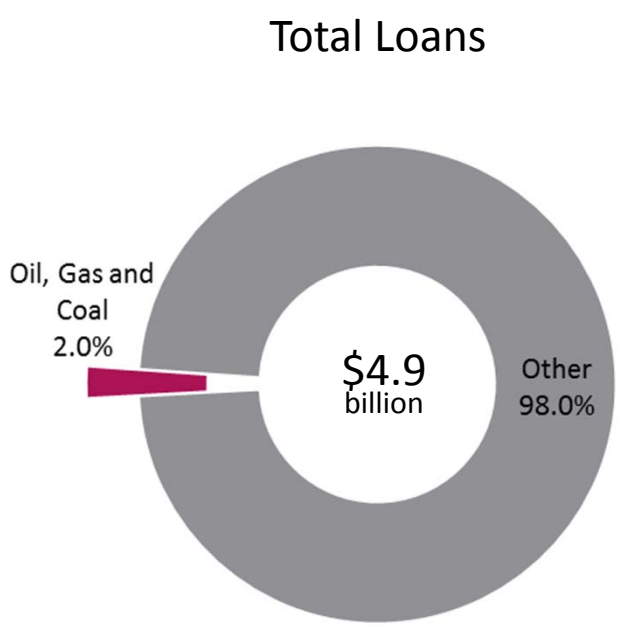


(1) Peer group includes Mid-Atlantic and Midwest Banks $2-$10 billion
YTD results as of June 30, 2016
Source: SNL Financial

Energy Related Credits

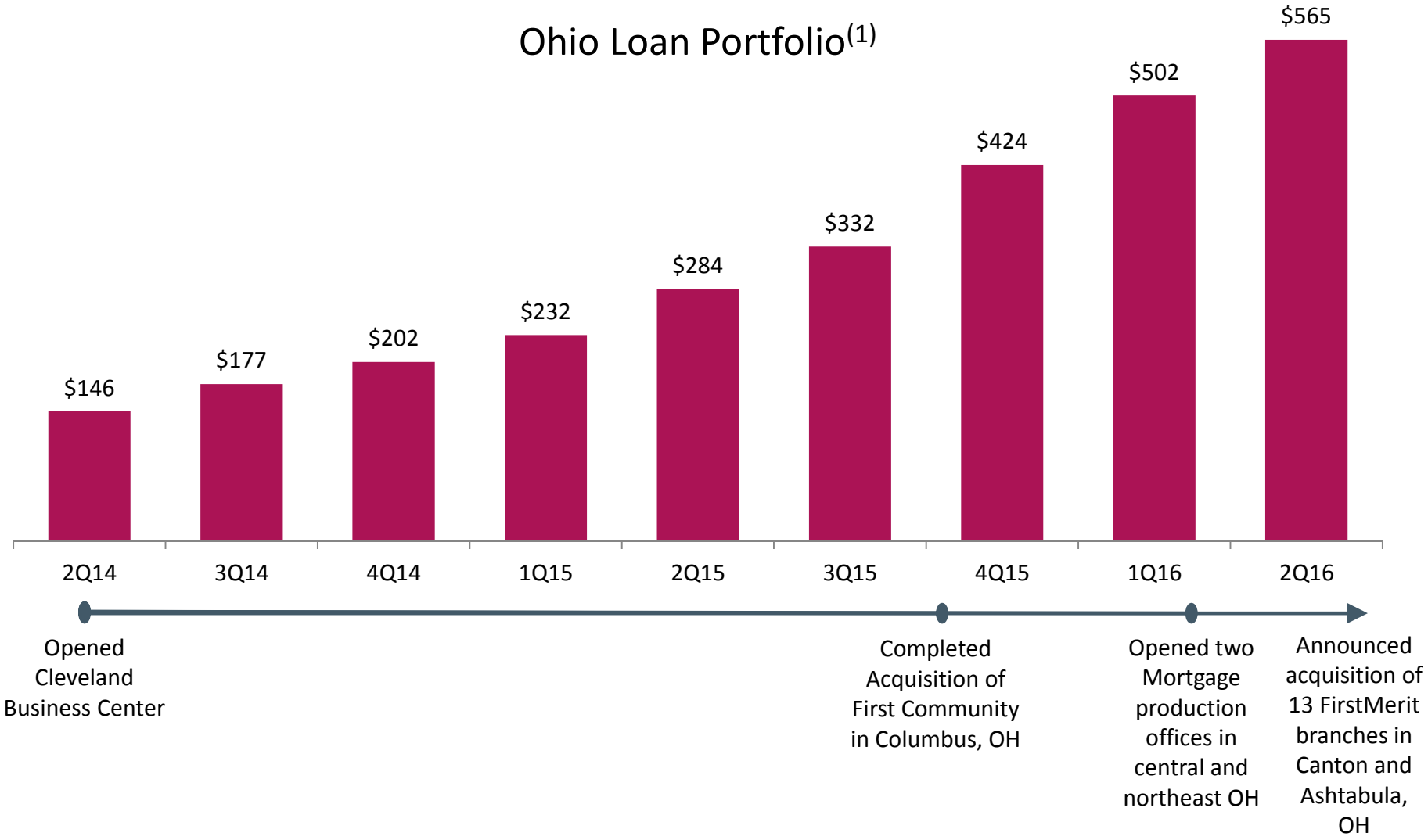
Oil and Gas Loans	2Q16	1Q16
Balance	$67.4	$63.7
Reserves (% o/s)	3.4%	7.7%
Non-performing (% o/s)	15.8%	20.4%
Non-pass (% o/s)	40.0%	38.8%
Utilization	49.0%	43.5%
Total exposure	$137.5	$146.3

Coal Loans	2Q16	1Q16
Balance	$28.5	$29.3
Reserves (% o/s)	26.9%	1.9%
Non-performing (% o/s)	37.0%	0.0%
Non-pass (% o/s)	44.5%	43.5%
Utilization	49.5%	42.9%
Total exposure	$57.4	$68.4



$ in millions

Ohio Expansion



$ in millions

(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

Retail Restructuring

Building a retail banking model that adapts to changing customer preferences

- Necessitating change in the delivery of retail banking services
- Opportunities exist to position First Commonwealth to capitalize on these challenges
- Responding to changes in the marketplace include:
  - Shifting from a transaction-based to a consultative environment
  - Investing in alternative delivery channels
  - A streamlined structure for our Financial Solutions Team
  - Adjusting staffing to customer demand
  - Enrich the role of managers as relationship managers for business owners

Mission, Vision and Values



"To improve the financial lives of our neighbors and their businesses."

- We will promote financial health through four life-changing principles:
  - Avoid unnecessary debt
  - Save with a purpose
  - Live within a budget
  - Prepare for the future
- We will develop the most customer-focused team of financial professionals in our markets
- We will support our communities as active leaders and as good corporate citizens
- We will deliver long-term value to shareholders by becoming the best performing bank within our region

Customer Focus. Integrity. Excellence. Accountability. Inclusion.

Financial Trends: 2012 – Present

	2012Y	2013Y	2014Y	2015Y	YTD 2016
Income Statement					
Revenue[1]	$259	$249	$248	$253	$129
Provision for credit losses	21	19	11	15	17
Noninterest expense	177	169	171	164	76
Net income	$42	$41	$44	$50	$24
Stock					
EPS	$0.40	$0.43	$0.48	$0.56	$0.28
Shares outstanding	104	97	93	89	89
Balance Sheet (EOP)					
Loans[2]	$4,205	$4,284	$4,460	$4,690	$4,855
Deposits	4,558	4,604	4,315	4,196	4,394
Borrowings	636	843	1,268	1,592	1,546
Equity	$746	$712	$716	$720	$742
Profitability					
Return on average assets	0.71%	0.68%	0.71%	0.78%	0.74%
Return on average tangible common equity[3]	7.08%	7.45%	7.96%	9.03%	8.65%
Net interest margin[1]	3.61%	3.39%	3.27%	3.28%	3.28%
Efficiency ratio[4]	68.54%	67.52%	69.23%	64.67%	58.56%

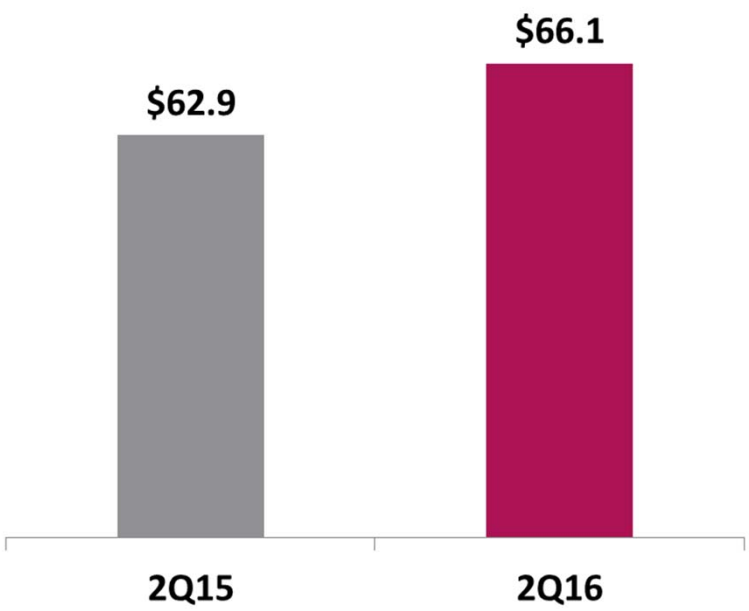
(1) Taxable equivalent
(2) Includes loans held for sale
(3) Please refer to pages 37-39 for disclosures regarding non-GAAP measures
(4) Efficiency ratio is calculated as noninterest expense as a percentage of net interest income, on a fully taxable equivalent basis, and total noninterest income, excluding net securities gains and losses

$ in millions, except per share data
YTD results as of June 30, 2016

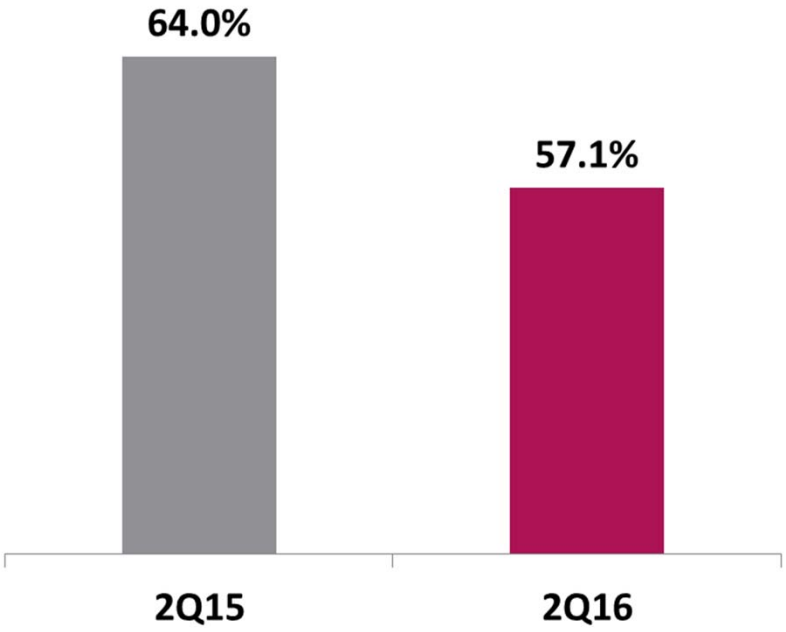
Operational Leverage

Growing Revenue While Containing Costs

Operating Revenue(1)

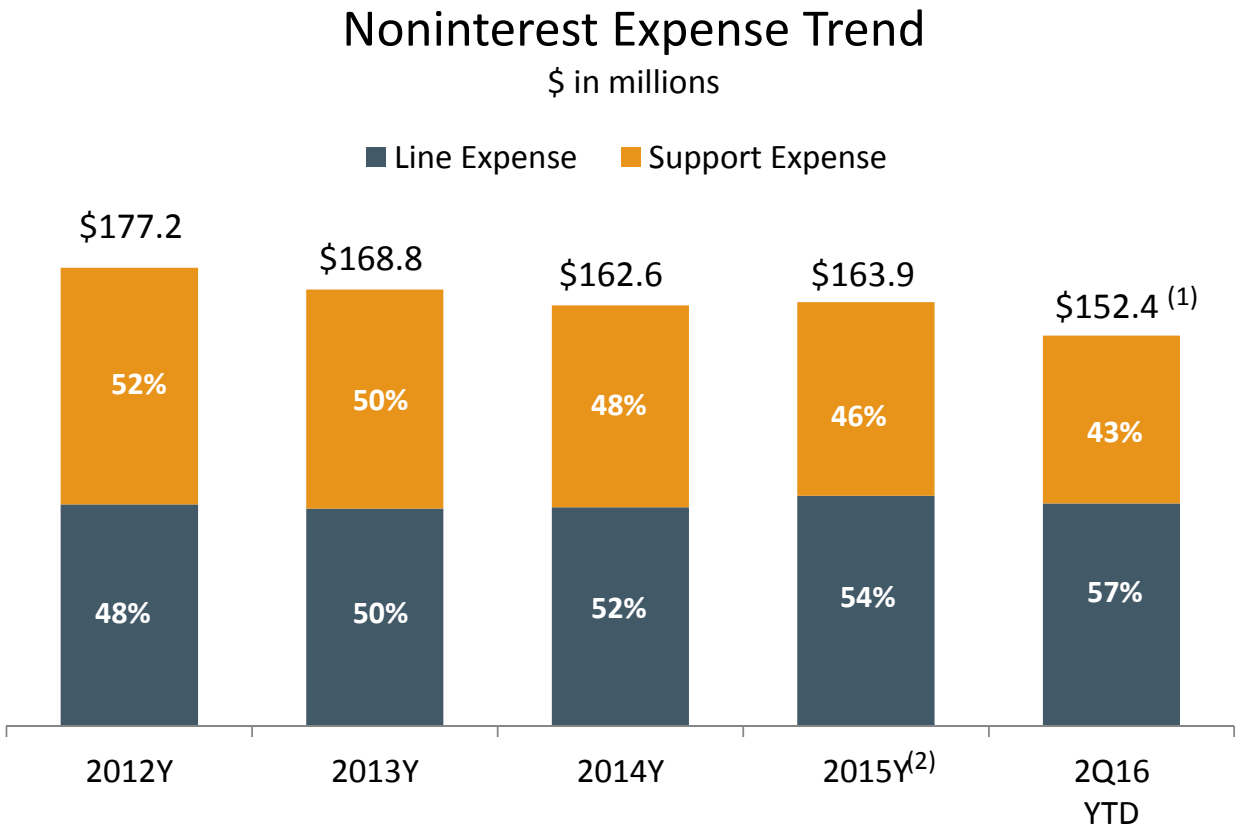


Efficiency Ratio(2)



(1) Please refer to pages 37-39 for disclosures regarding non-GAAP measures
(2) 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

Expense Control

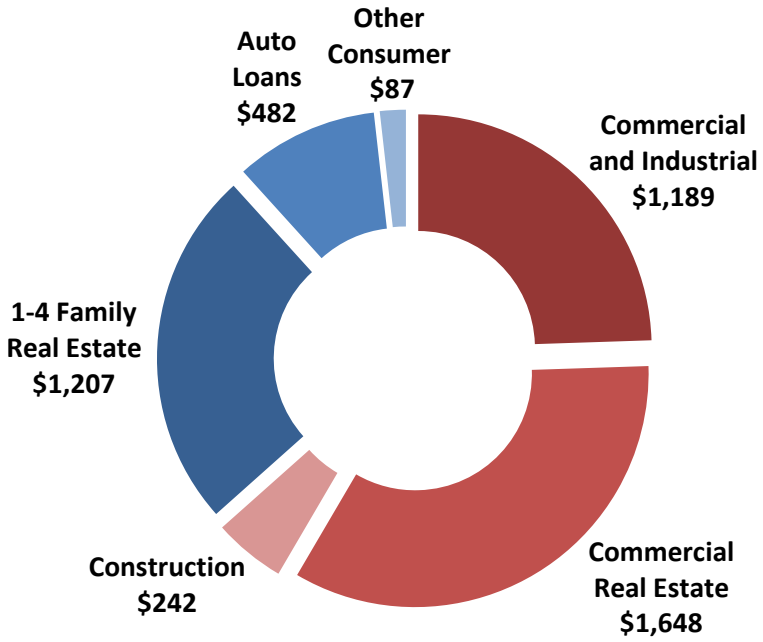


- Successfully redeployed back office savings into revenue producing business lines over the past five years
- Largest investments include reentry into the traditional mortgage business, corporate banking build-out in central and northern Ohio, and customer facing technology

(1) YTD annualized
(2) Excludes $8.6 million litigation settlement

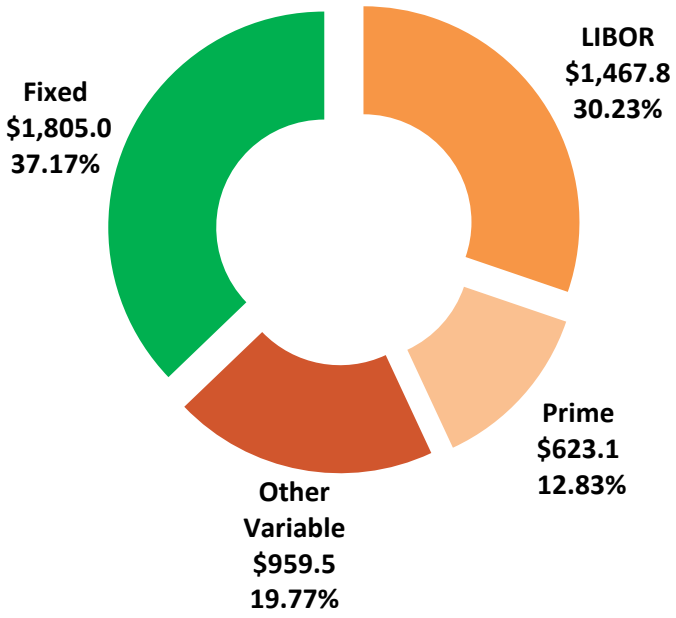
Balance Sheet Management

Loan Portfolio Composition ($MM)



Total Loans: $4.9 billion

Loan Portfolio Repricing ($MM)



Total Loans: $4.9 billion

Investment Thesis

- New leadership team with a proven track record of controlling expenses and efficiently deploying capital
- A community-minded bank with the capabilities of a big bank is resonating in metro Ohio markets
- Successfully emerging from a multitude of transformative operational initiatives driving the organization towards a new future in retail banking
- Franchise located in the heart of Marcellus and Utica Shale formations which hold long-term benefits to the local economies