

NYSE: FCF

Supplemental Financial Information

Fourth Quarter 2016

January 25, 2017

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.

4Q 2016 Highlights

	4Q16	3Q16	4Q15	Change from 3Q16	Change from 4Q15
Net interest income[1]	$52.5	$50.5	$49.1	*$2.0*	*$3.4*
Provision for credit losses	(1.8)	3.4	6.2	*(5.2)*	*(8.0)*
Fee revenue	16.4	16.5	15.4	*(0.1)*	*1.0*
Gain on sale of securities	0.6	0.0	(0.3)	*0.6*	*0.9*
Derivative mark-to-market	1.3	0.5	0.2	*0.8*	*1.1*
Operating expense[2]	42.6	38.0	38.9	*4.6*	*3.7*
Other expense[2]	3.1	0.7	4.2	*2.4*	*(1.1)*
Income taxes[1]	9.0	8.2	5.0	*0.8*	*4.0*
Net income	**$17.9**	**$17.2**	**$10.1**	***$0.7***	***$7.8***
Core net income[2]	**$19.7**	**$17.3**	**$10.6**	***$2.4***	***$9.1***
Reported EPS	$0.20	$0.19	$0.11	*$0.01*	*$0.09*
Core EPS[2]	$0.22	$0.19	$0.12	*$0.03*	*$0.10*
Return on average assets	1.07%	1.02%	0.61%	*0.05%*	*0.46%*
Core return on average assets[2]	1.18%	1.03%	0.65%	*0.15%*	*0.53%*
Return on average equity	9.46%	9.14%	5.50%	*0.32%*	*3.96%*
Return on average tangible common equity[2]	12.46%	11.77%	7.16%	*0.69%*	*5.30%*
Core return on average tangible common equity[2]	13.73%	11.82%	7.57%	*1.91%*	*6.16%*
Core efficiency ratio[2]	61.70%	56.65%	60.31%	*5.05%*	*1.39%*
Net interest margin[1]	3.44%	3.29%	3.26%	*0.15%*	*0.18%*
Net Chargeoffs[3]	0.22%	0.70%	0.32%	*(0.48%)*	*(0.10%)*

- Net income of $17.9 million increased by $0.7 million compared to linked quarter (LQ) and $7.8 million year-over-year (YoY)
- Net interest income increased by $2.0 million to LQ and $3.4 million YoY primarily as a result of improved yields and the ability to pay down short-term borrowings following the FirstMerit branch acquisition
- Operating expense increased $4.6 million to LQ and $3.7 million YoY primarily due to increased salaries and benefits due to $3.0 million of increased incentive accruals driven by improved financial performance and an increase in our stock price

(1) Taxable equivalent
(2) Please refer to pages 14 - 17 for disclosures regarding non-GAAP measures
(3) Quarter-to-date annualized

$ in millions, except per share data

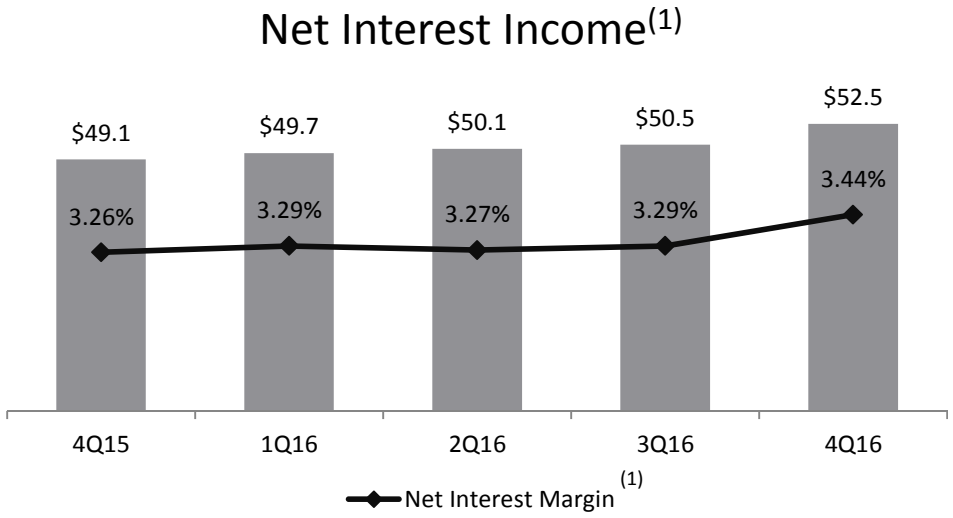
Balance Sheet

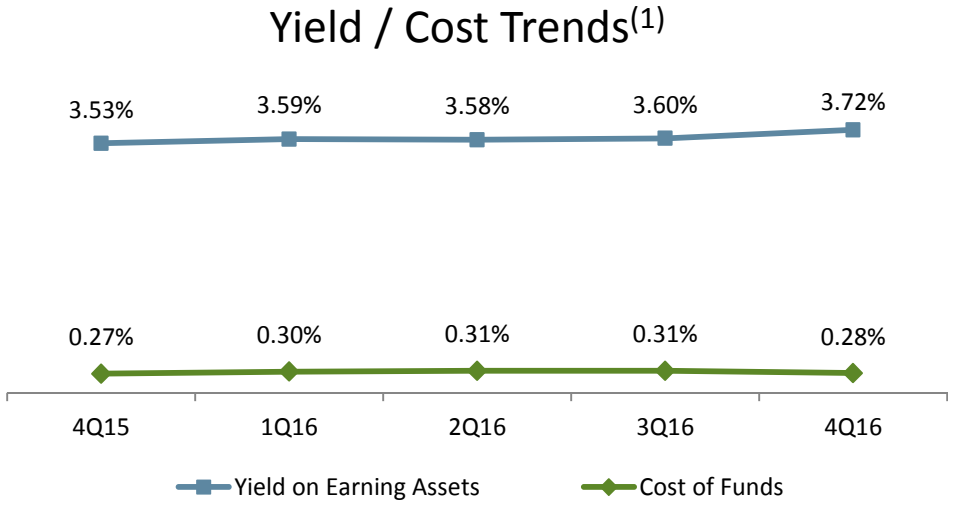
Period-end Balances	4Q16	3Q16	4Q15	Change From 3Q16	Change From 4Q15
Cash & securities	$1,303	$1,339	$1,403	*($36)*	*($100)*
Loans held for sale	7	8	6	*(1)*	*1*
Commercial loans	3,101	3,120	2,851	*(19)*	*250*
Consumer loans	1,778	1,741	1,833	*37*	*(55)*
Allowance for credit losses	(50)	(55)	(51)	*5*	*1*
OREO	7	8	10	*(1)*	*(3)*
Goodwill & intangibles	198	165	166	*33*	*32*
Other	340	340	349	*0*	*(9)*
Total Assets	**$6,684**	**$6,666**	**$6,567**	***$18***	***$117***
Noninterest Bearing DDA	$1,269	$1,242	$1,117	*$27*	*$152*
Interest Bearing Savings & DDA	3,087	2,640	2,477	*447*	*610*
Time Deposits	591	576	598	*15*	*(7)*
Brokered Deposits	1	1	4	*0*	*(3)*
Short-term Borrowings	868	1,330	1,511	*(462)*	*(643)*
Long-term Debt	81	81	81	*0*	*0*
Other	37	44	59	*(7)*	*(22)*
Equity	750	752	720	*(2)*	*30*
Total Liabilities & Equity	**$6,684**	**$6,666**	**$6,567**	***$18***	***$117***

- Total loans increased $196 million YoY and $17 million LQ, inclusive of $101 million acquired in the FirstMerit branch acquisition which was completed at the end of 2016
- Total deposits increased $489 million from LQ and $752 million YoY, including the addition of $593 million in deposits acquired in the FirstMerit branch acquisition
- Noninterest-bearing demand deposits increased $152 million, or 13.6%, YoY, including the addition of $103 million in noninterest-bearing demand deposits acquired in the FirstMerit branch acquisition, and currently comprise 25.6% of total deposits

$ in millions

Net interest income and net interest margin



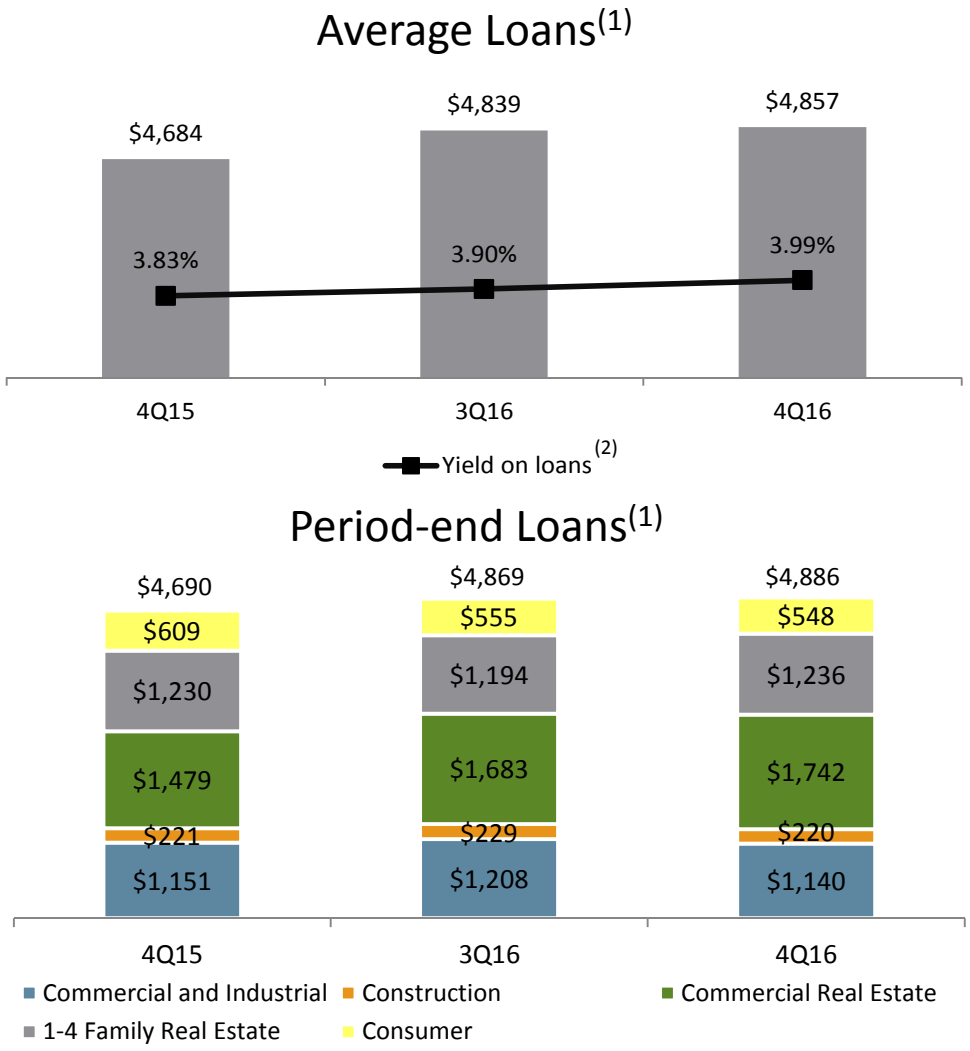


- Net interest income increased by $2.0 million to LQ and $3.4 million YoY primarily as a result of improved yields and the ability to pay down short-term borrowings following the FirstMerit branch acquisition
- Net interest margin of 3.44% increased 15bps over LQ due to:
  - Improved yields on variable and adjustable loans
  - Decreased funding costs due to the pay down of short-term borrowings following the FirstMerit branch acquisition
- Average interest earning assets decreased $42 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 3.99% increased 9bps from LQ due to favorable replacement rates on commercial and consumer loan yields

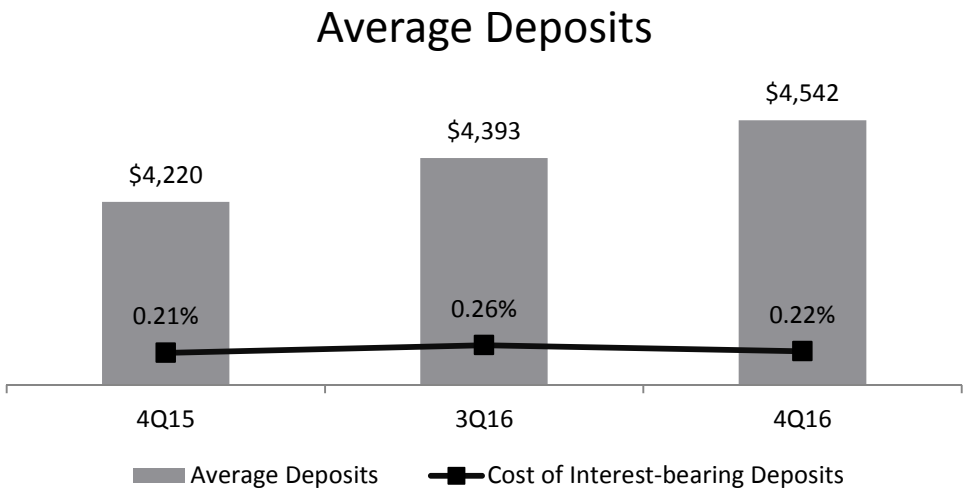
Period-end

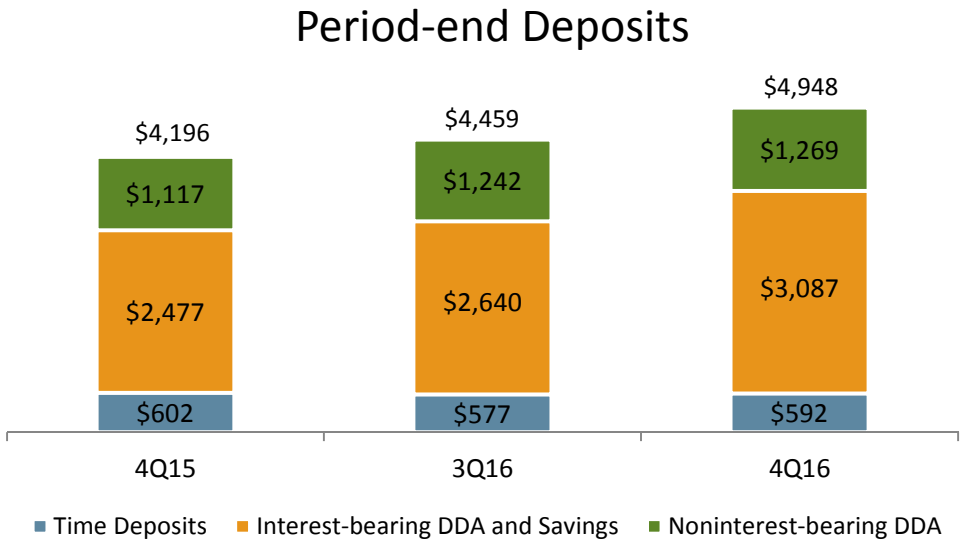
- Loans increased $17 million to LQ and $196 million from the prior year driven by:
  - Consumer loan growth of $35 million LQ and commercial loan growth of $251 million YoY
  - YoY growth includes $101 million of loans acquired in the FirstMerit branch acquisition in 4Q16

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

$ in millions

Deposits





Average

- Average deposits increased $149 million over LQ and increased $322 million YoY, including the addition of $187 million in average deposits acquired through the FirstMerit branch acquisition in 4Q16
- Year-over-year runoff was driven by the intentional runoff of higher-cost brokered time deposits in 2016, which decreased $9 million to LQ and decreased $68 million YoY
- Cost of interest-bearing deposits of 0.22% decreased 4bps over LQ

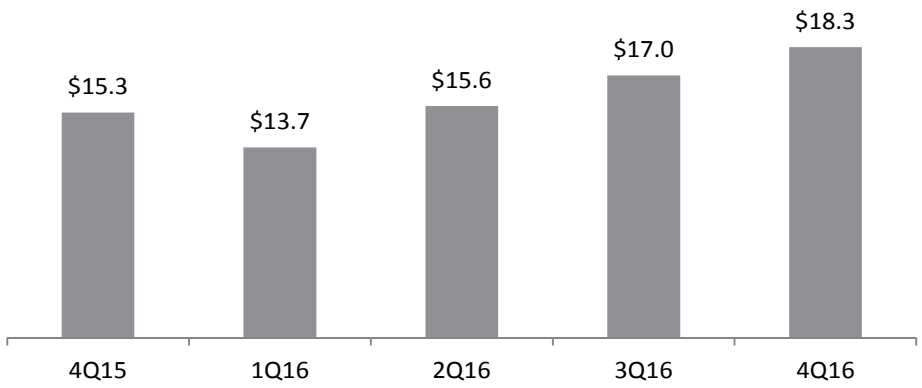
Period-end

- Total deposits increased $489 million over LQ and increased $752 million YoY, including the addition of $593 million in deposits acquired through the FirstMerit branch acquisition in 4Q16
- Year-over-year runoff was due in part to the intentional runoff of higher-cost brokered time deposits in 2016
- Noninterest-bearing demand deposits increased $152 million YoY, including the addition of $103 million in noninterest-bearing demand deposits acquired in the FirstMerit branch acquisition, and currently comprise 25.6% of total deposits

$ in millions

Noninterest income

	4Q16	3Q16	4Q15	Change from 3Q16	Change from 4Q15
Service charges	$4.4	$4.0	$4.1	*$0.4*	*$0.3*
Interchange	3.9	3.7	3.7	*0.2*	*0.2*
Trust	1.2	1.5	1.3	*(0.3)*	*(0.1)*
Retail brokerage	1.0	1.2	1.0	*(0.2)*	*0.0*
Insurance	0.9	0.9	1.0	*0.0*	*(0.1)*
BOLI	1.4	1.4	1.3	*0.0*	*0.1*
SWAP fees	0.4	0.7	0.1	*(0.3)*	*0.3*
Gain on sale of mortgage loans	1.3	1.2	0.6	*0.1*	*0.7*
Other fees	1.9	1.9	2.3	*0.0*	*(0.4)*
Total fee income	**16.4**	**16.5**	**15.4**	***(0.1)***	***1.0***
Gain on sale of securities	0.6	0.0	(0.3)	*0.6*	*0.9*
Derivative mark-to-market	1.3	0.5	0.2	*0.8*	*1.1*
Total noninterest income	**18.3**	**17.0**	**15.3**	***1.3***	***3.0***

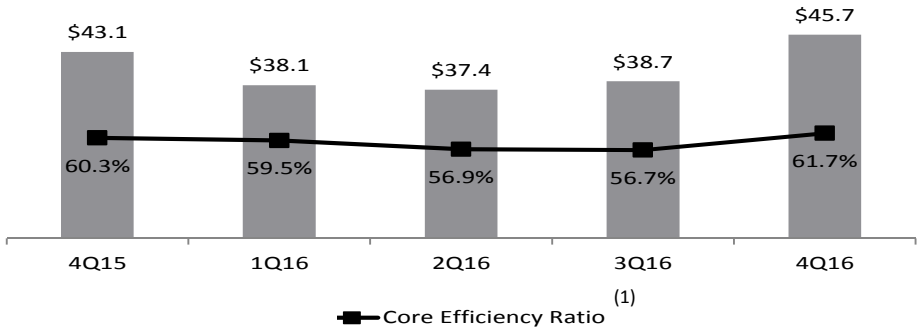


$ in millions

- Service charges on deposit accounts increased $0.4 million to LQ and increased $0.3 million YoY primarily due to the acquisition of 13 FirstMerit branches
- Trust and retail brokerage decreased $0.5 million to LQ as a result of tax preparation fees and higher retail brokerage and annuity sales in 3Q16
- Swap fee income decreased $0.3 million compared to LQ, but increased $0.3 million YoY
- Gain on sale of mortgage loans increased $0.1 million to LQ and $0.7 million YoY due to expansion of our mortgage business into Ohio
- The derivative mark-to-market adjustment increased noninterest income by $1.3 million in 4Q16 compared to an increase of $0.2 million in 4Q15

Noninterest expense

	4Q16	3Q16	4Q15	Change from 3Q16	Change from 4Q15
Salaries and benefits	$24.9	$20.6	$20.7	*$4.3*	*$4.2*
Occupancy	3.3	3.2	3.2	*0.1*	*0.1*
Furniture and equipment	3.0	2.8	2.8	*0.2*	*0.2*
PA shares tax	1.1	0.9	1.1	*0.2*	*0.0*
Data processing	2.1	1.8	1.6	*0.3*	*0.5*
Collection and repo	0.5	0.8	0.6	*(0.3)*	*(0.1)*
Professional fees	1.0	1.2	1.2	*(0.2)*	*(0.2)*
FDIC insurance	0.7	1.1	1.0	*(0.4)*	*(0.3)*
Operational losses	0.2	0.3	0.5	*(0.1)*	*(0.3)*
Other operating expenses	5.8	5.3	6.2	*0.5*	*(0.4)*
Total operating expense	**42.6**	**38.0**	**38.9**	***4.6***	***3.7***
Unfunded commitments	0.1	0.5	0.7	*(0.4)*	*(0.6)*
Intangible amortization	0.2	0.1	0.1	*0.1*	*0.1*
Loss on sale / write-down	0.0	0.0	0.4	*0.0*	*(0.4)*
Acquisition expenses	2.8	0.1	0.9	*2.7*	*1.9*
Restructuring	0.0	0.0	2.1	*0.0*	*(2.1)*
Total noninterest expense	**45.7**	**38.7**	**43.1**	***7.0***	***2.6***



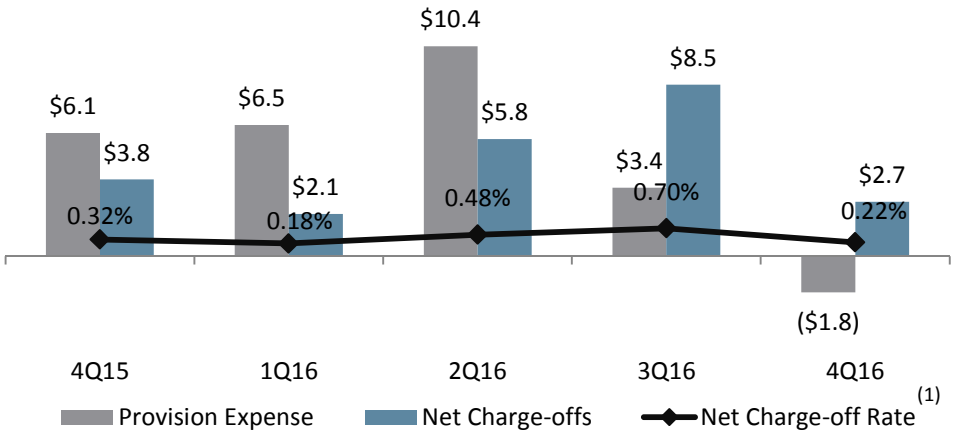
$ in millions

- Salaries and benefits increased $4.3 million to LQ primarily due to higher incentives as a result of improved financial performance and productivity and higher hospitalization costs, and increased $4.2 million YoY due to the aforementioned increase in incentives, offset by reduced salary expense due to the continued realignment of our consumer banking businesses
- Data processing increased $0.5 million YoY primarily due to more deposit product development and the addition of dealer floorplan processing
- Other operating expenses increased $0.5 million to LQ due to three write-downs on OREO properties in 4Q16, but decreased $0.4 million YoY due to one large write-down on an OREO property in 4Q15
- Unfunded commitments decreased $0.4 million to LQ and $0.6 million YoY primarily due to relatively stable commercial construction commitment volume and expected utilization

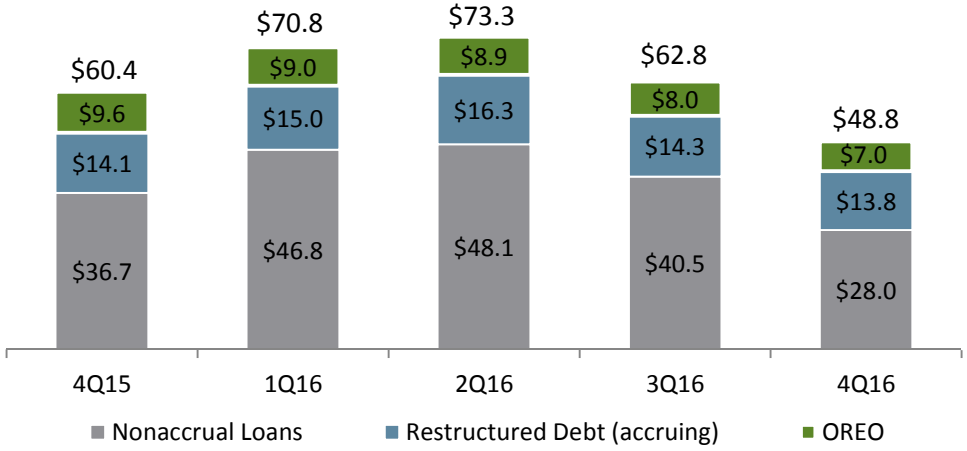
(1) Please refer to pages 14 – 17 for disclosures regarding non-GAAP measures

Credit quality

Provision Expense and Net Charge-offs



Nonperforming Assets



- Provision expense of ($1.8) million decreased $5.2 million to LQ primarily due to $5.1 million in recoveries in 4Q16
- Net charge-offs in 4Q16 included a $4.2 million charge-off of a previously established reserve for a steel servicing company classified as nonaccrual in 1Q16 and a $1.3 million charge-off of a previously established reserve for an energy company classified as nonaccrual in 4Q15, offset by the aforementioned recoveries totaling $5.1 million in 4Q16
- Nonperforming loans (nonaccrual loans plus restructured accruing debt) decreased $13.0 million to LQ

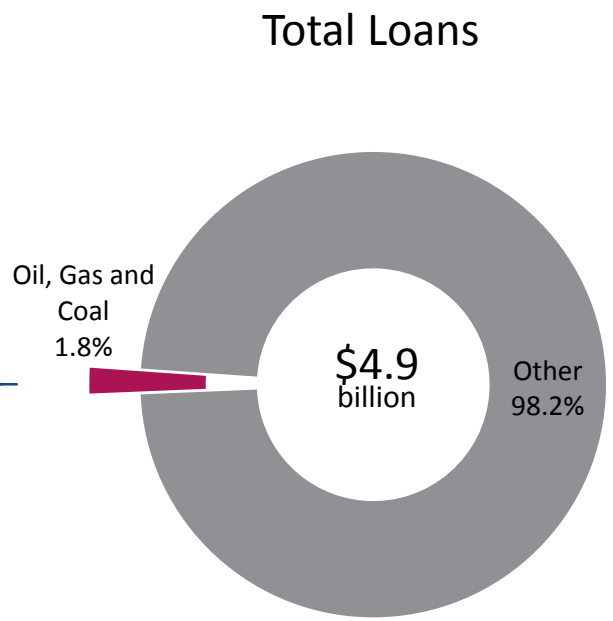
(1) Net charge-offs as a percentage of period-to-date average loans, annualized

$ in millions

Energy Related Credits

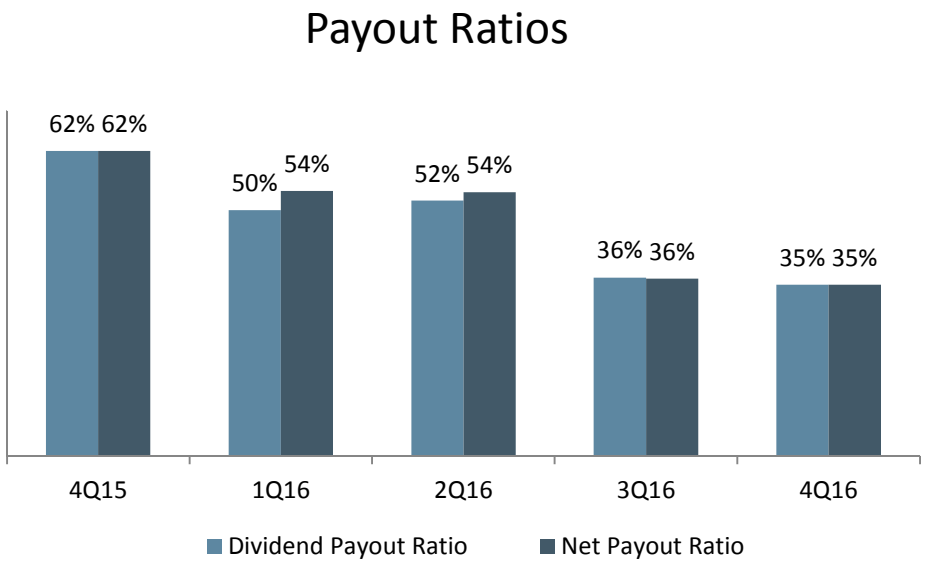
Oil and Gas Loans	4Q16	3Q16	2Q16	1Q16
Balance	$56.2	$66.1	$67.4	$63.7
Reserves (% o/s)	2.9%	4.5%	3.4%	7.7%
Non-performing (% o/s)	5.9%	15.3%	15.8%	20.4%
Non-pass (% o/s)	48.5%	39.5%	40.0%	38.8%
Utilization	47.7%	52.3%	49.0%	43.5%
Total exposure	$117.9	$126.3	$137.5	$146.3

Coal Loans	4Q16	3Q16	2Q16	1Q16
Balance	$17.6	$20.2	$28.5	$29.3
Reserves (% o/s)	1.7%	0.5%	26.9%	1.9%
Non-performing (% o/s)	0.0%	19.6%	37.0%	0.0%
Non-pass (% o/s)	0.0%	28.3%	44.5%	43.5%
Utilization	29.9%	54.7%	49.5%	42.9%
Total exposure	$58.8	$36.9	$57.4	$68.4



$ in millions

Capital Return



- Strong capital levels allow us to continue to return capital to shareholders
  - Announced a 14.3% increase in the quarterly dividend from $0.07 to $0.08 per share
  - Dividend payout ratio expected to remain in the 40%-60% range
  - Discontinued the $25 million share repurchase program in July 2016 to finance the FirstMerit branch acquisition

(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



Non-GAAP Measures

Non-GAAP measures

Operating Revenue	4Q16	3Q16	2Q16	1Q16	4Q15
Net Interest Income	$51.5	$49.6	$49.1	$48.8	$48.2
Tax equivalent adjustment	1.0	0.9	1.0	0.9	0.9
Net Interest Income (FTE)	52.5	50.5	50.1	49.7	49.1
Noninterest Income (Reported)	18.3	17.0	15.6	13.7	15.3
Less: Realized gains/ (losses) on securities	0.6	0.0	0.0	0.0	(0.3)
Less: Derivative mark-to-market	1.3	0.5	(0.5)	(1.0)	0.2
Less: Gain on sale of other assets	0.0	0.0	0.0	0.0	0.0
Total Noninterest Income (Operating)	$16.4	$16.5	$16.1	$14.7	$15.4
Total Operating Revenue	$68.9	$67.0	$66.2	$64.4	$64.5
Average Assets	6,638	6,680	6,707	6,618	6,531
Operating Revenue/ Average Assets (%)	**1.04%**	**1.00%**	**0.99%**	**0.97%**	**0.99%**

Operating Expense	4Q16	3Q16	2Q16	1Q16	4Q15
Noninterest Expense	$45.7	$38.7	$37.4	$38.1	$43.1
Less: Unfunded commitment reserve	0.1	0.5	(0.5)	(0.4)	0.7
Less: Intangible amortization	0.2	0.1	0.1	0.1	0.1
Less: Pennsylvania shares tax dispute	0.0	0.0	0.0	0.0	0.0
Less: Severance	0.0	0.0	0.0	0.0	2.1
Less: Merger and acquisition related	2.8	0.1	0.2	0.0	0.9
Less: Loss on sale or writedown of other assets	0.0	0.0	0.0	0.0	0.4
Total Operating Expense	$42.6	$38.0	$37.6	$38.4	$38.9
Average Assets	6,638	6,680	6,707	6,618	6,531
Operating Expense/ Average Assets (%)	**0.64%**	**0.57%**	**0.56%**	**0.58%**	**0.60%**
Core Efficiency Ratio[(1)]	**61.7%**	**56.7%**	**56.9%**	**59.5%**	**60.3%**

$ 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	4Q16	3Q16	2Q16	1Q16	4Q15
Net Income (GAAP)	$17.9	$17.2	$12.0	$12.5	$10.1
Less: Merger and acquisition related *(after tax)*	1.8	0.1	0.1	0.0	0.6
Core Net Income (Non-GAAP)	**$19.7**	**$17.3**	**$12.1**	**$12.5**	**$10.7**
Average Diluted Shares Outstanding	88.9	88.9	88.8	88.8	88.9
Core Earnings per Share (Non-GAAP)	**$0.22**	**$0.19**	**$0.14**	**$0.14**	**$0.12**

Core Return on Average Assets (%)	4Q16	3Q16	2Q16	1Q16	4Q15
Net Income (GAAP)	$17.9	$17.2	$12.0	$12.5	$10.1
Less: Merger and acquisition related *(after tax)*	1.8	0.1	0.1	0.0	0.6
Core Net Income (Non-GAAP)	**$19.7**	**$17.3**	**$12.1**	**$12.5**	**$10.7**
Average Assets	6,638	6,680	6,707	6,618	6,531
Core Return on Average Assets (Non-GAAP)	**1.18%**	**1.03%**	**0.73%**	**0.76%**	**0.65%**

$ 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 (%)	4Q16	3Q16	2Q16	1Q16	4Q15
Average Equity	$754	$748	$740	$730	$726
Less: Average intangible assets	177	165	166	166	164
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$577	$583	$574	$564	$562
Net Income (GAAP)	$17.9	$17.2	$12.0	$12.5	$10.1
Less: Intangible amortization *(after tax)*	0.1	0.1	0.1	0.1	0.1
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$18.0	$17.3	$12.1	$12.6	$10.2
Return on Average Tangble Common Equity	**12.5%**	**11.8%**	**8.5%**	**9.0%**	**7.2%**

Core Return on Average Tangible Common Equity (%)	4Q16	3Q16	2Q16	1Q16	4Q15
Average Equity	$754	$748	$740	$730	$726
Less: Average intangible assets	177	165	166	166	164
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$577	$583	$574	$564	$562
Net Income (GAAP)	$17.9	$17.2	$12.0	$12.5	$10.1
Less: Merger and acquisition related *(after tax)*	1.8	0.1	0.1	0.0	0.6
Core Net Income (Non-GAAP)	$19.7	$17.3	$12.1	$12.5	$10.7
Less: Intangible amortization *(after tax)*	0.1	0.1	0.1	0.1	0.1
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$19.8	$17.4	$12.2	$12.6	$10.8
Core Return on Average Tangble Common Equity	**13.7%**	**11.8%**	**8.6%**	**9.0%**	**7.6%**

$ 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

Tangible Common Equity/ Tangible Assets (Tangible Common Equity Ratio)	4Q16	3Q16	2Q16	1Q16	4Q15
Total Equity	$750	$752	$742	$733	$720
Less: Intangible assets	198	165	165	166	166
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$552	$587	$577	$567	$554
Total Assets	$6,684	$6,666	$6,750	$6,699	$6,567
Less: Intangible assets	198	165	165	166	166
Tangible Assets	$6,486	$6,501	$6,585	$6,533	$6,401
Tangible Common Equity/ Tangible Assets	**8.5%**	**9.0%**	**8.8%**	**8.7%**	**8.7%**

$ 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.



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For more information, please contact:

Ryan M. Thomas
Vice President / Finance & Investor Relations
First Commonwealth Financial Corporation
654 Philadelphia Street
Indiana, Pennsylvania 15701
(724) 463-1690
InvestorRelations@fcbanking.com