

NYSE: FCF

Supplemental Financial Information

First Quarter 2017

April 26, 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.

1Q 2017 Highlights

	1Q17	4Q16	1Q16	Change from 4Q16	Change from 1Q16
Net interest income[1]	$52.8	$52.5	$49.7	*$0.3*	*$3.1*
Provision for credit losses	3.2	(1.8)	6.5	*5.0*	*(3.3)*
Fee revenue	16.2	16.4	14.7	*(0.2)*	*1.5*
Gain on sale of securities	0.7	0.6	0.0	*0.1*	*0.7*
Derivative mark-to-market	0.0	1.3	(1.0)	*(1.3)*	*1.0*
Operating expense[2]	41.8	42.6	38.4	*(0.8)*	*3.4*
Other expense[2]	1.0	3.1	(0.3)	*(2.1)*	*1.3*
Income taxes[1]	7.8	9.0	6.3	*(1.2)*	*1.5*
Net income	**$15.9**	**$17.9**	**$12.5**	***($2.0)***	***$3.4***
Core net income[2]	**$16.3**	**$19.7**	**$12.5**	***($3.4)***	***$3.8***
Reported EPS	$0.18	$0.20	$0.14	*($0.02)*	*$0.04*
Core EPS[2]	$0.18	$0.22	$0.14	*($0.04)*	*$0.04*
Return on average assets	0.96%	1.07%	0.76%	*(0.11%)*	*0.20%*
Core return on average assets[2]	0.98%	1.18%	0.76%	*(0.20%)*	*0.22%*
Return on average equity	8.51%	9.46%	6.87%	*(0.95%)*	*1.64%*
Return on average tangible common equity[2]	11.80%	12.46%	8.95%	*(0.66%)*	*2.85%*
Core return on average tangible common equity[2]	12.08%	13.73%	8.95%	*(1.65%)*	*3.13%*
Core efficiency ratio[2]	60.49%	61.70%	59.53%	*(1.21%)*	*0.96%*
Net interest margin[1]	3.50%	3.44%	3.29%	*0.06%*	*0.21%*
Net Chargeoffs[3]	0.39%	0.22%	0.18%	*0.17%*	*0.21%*

(1) Taxable equivalent
(2) Please refer to pages 13 - 16 for disclosures regarding non-GAAP measures
(3) Quarter-to-date annualized

- Net income of $15.9 million decreased by $2.0 million compared to linked quarter (LQ), but increased $3.4 million year-over-year (YoY)
- Net interest income increased by $0.3 million to LQ and $3.1 million YoY primarily due to improved loan yields as a result of the increase in short-term rates and the ability to pay down higher cost short-term borrowings following the FirstMerit branch acquisition
- Provision increased $5.0 million compared to linked quarter primarily due to the recognition in the 4Q16 of recoveries on loans previously charged-off.
- Operating expense decreased $0.8 million to LQ due to lower incentives and hospitalization costs, but increased $3.4 million YoY primarily due to the costs of the acquired FirstMerit branches

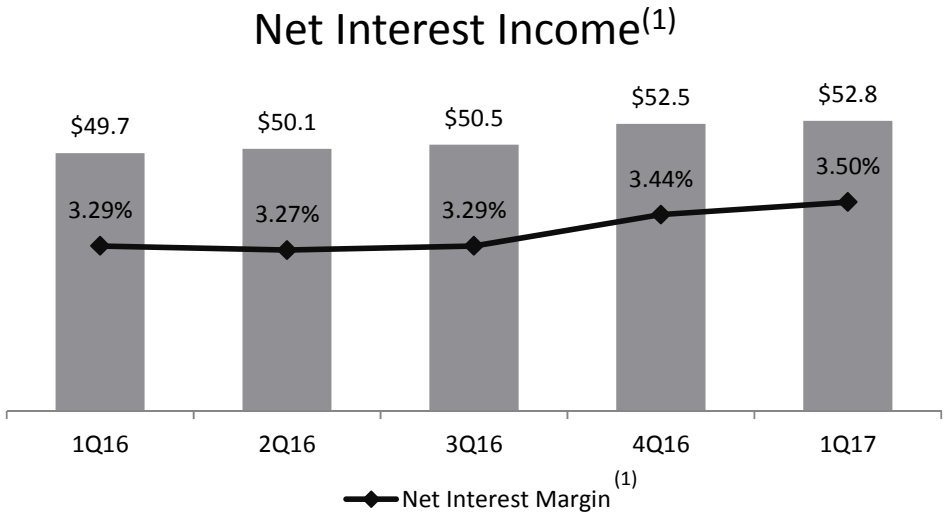
Balance Sheet

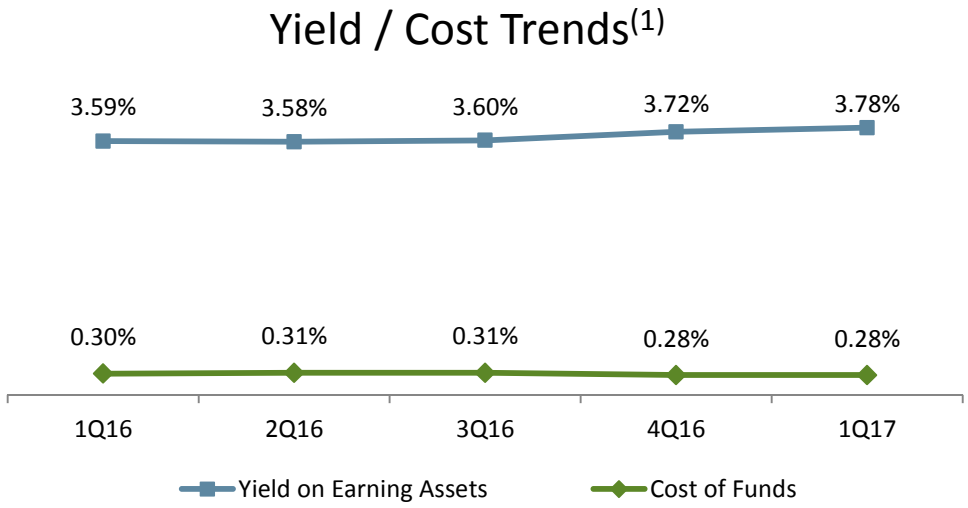
Period-end Balances	1Q17	4Q16	1Q16	Change From 4Q16	Change From 1Q16
Cash & securities	$1,381	$1,303	$1,420	*$78*	*($39)*
Loans held for sale	10	7	6	*3*	*4*
Commercial loans	3,150	3,101	3,000	*49*	*150*
Consumer loans	1,758	1,778	1,799	*(20)*	*(41)*
Allowance for credit losses	(49)	(50)	(55)	*1*	*6*
OREO	7	7	9	*0*	*(2)*
Goodwill & intangibles	198	198	166	*0*	*32*
Other	354	340	354	*14*	*0*
Total Assets	**$6,809**	**$6,684**	**$6,699**	***$125***	***$110***
Noninterest Bearing DDA	$1,270	$1,269	$1,156	*$1*	*$114*
Interest Bearing Savings & DDA	3,145	3,087	2,560	*58*	*585*
Time Deposits	554	591	585	*(37)*	*(31)*
Brokered Deposits	1	1	1	*0*	*0*
Short-term Borrowings	961	868	1,519	*93*	*(558)*
Long-term Debt	81	81	81	*0*	*0*
Other	36	37	64	*(1)*	*(28)*
Equity	761	750	733	*11*	*28*
Total Liabilities & Equity	**$6,809**	**$6,684**	**$6,699**	***$125***	***$110***

- Total loans increased $113 million YoY and $32 million LQ, inclusive of $106 million[(1)] acquired in the FirstMerit branch acquisition which was completed in December 2016
- Total deposits increased $22 million from LQ and $668 million YoY, including the addition of $605 million[(1)] in deposits acquired in the FirstMerit branch acquisition
- Noninterest-bearing demand deposits increased $114 million, or 9.9%, YoY, including the addition of $107 million[(1)] in noninterest-bearing demand deposits acquired in the FirstMerit branch acquisition, and currently comprise 25.6% of total deposits
- Borrowings increased $93 million compared to LQ, but decreased $558 million YoY due to the ability to pay down short-term borrowings following the FirstMerit branch acquisition

(1) Balances as of the close of the northern Ohio branch acquisition

Net interest income and net interest margin



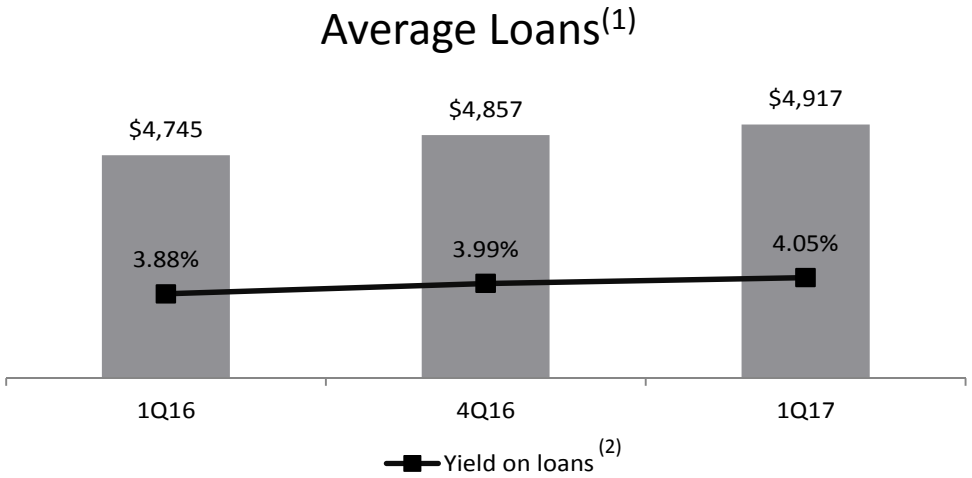


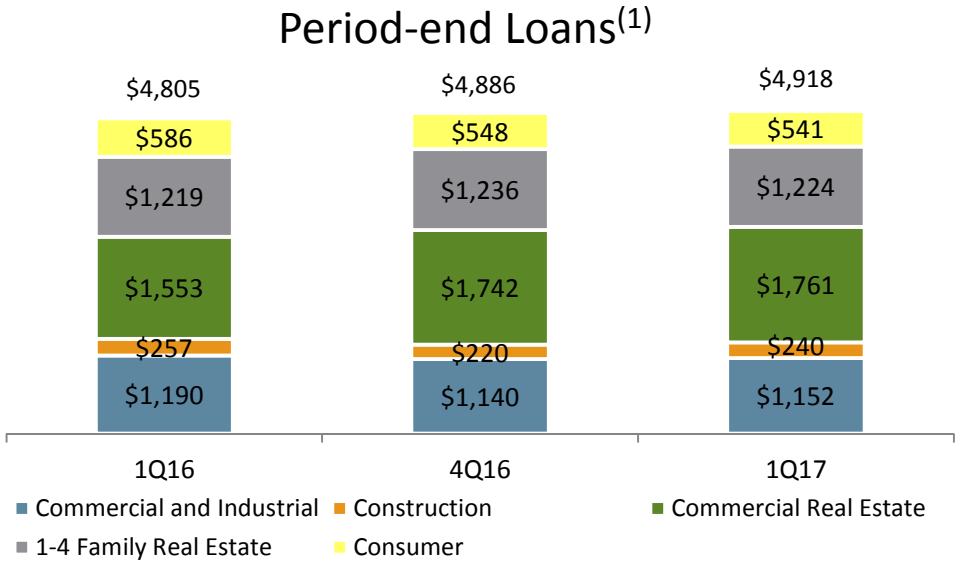
- Net interest income increased by $0.3 million to LQ and is skewed by fewer number of days in the 1Q compared to LQ and $3.1 million YoY primarily as a result of improved loan yields following the increase in short-term rates and the ability to pay down short-term borrowings following the FirstMerit branch acquisition
- Net interest margin of 3.50% increased 6bps over LQ due to:
  - Improved yields on variable and adjustable loans
  - Funding costs remained at 28 bps primarily due to lower cost northern Ohio deposits and the aforementioned pay down of higher cost short-term borrowings
- Average interest earning assets increased $47 million over LQ primarily due to strong growth in commercial loans

(1) Taxable equivalent

$ in millions

Loans





Average

- Yield on loans of 4.05% increased 6bps from LQ due to favorable replacement rates on commercial and consumer loan yields

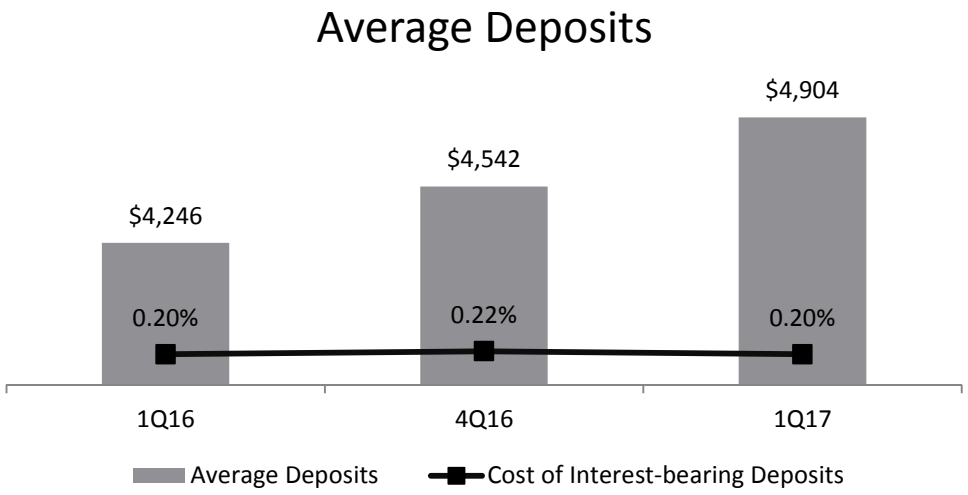
Period-end

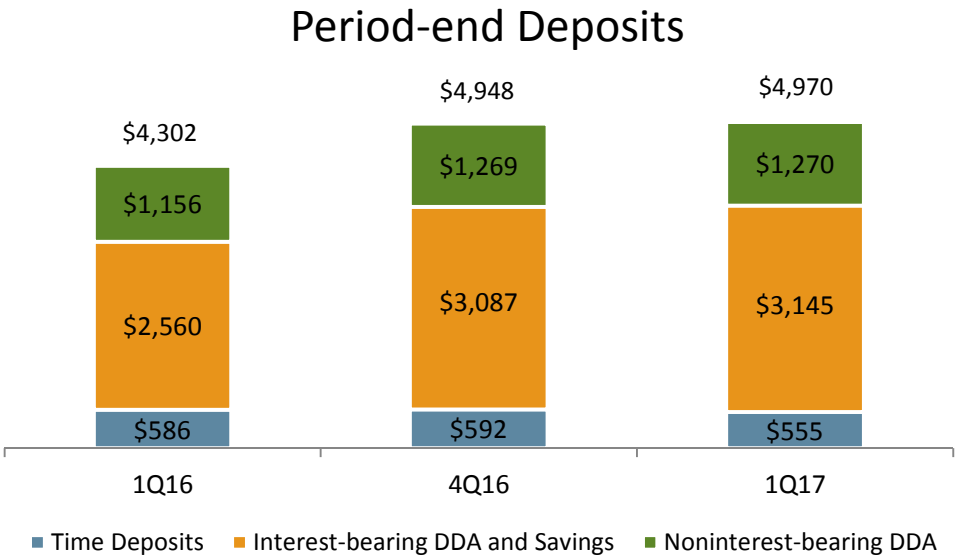
- Loans increased $32 million to LQ and $113 million from the prior year driven by:
  - Commercial loan growth of $150 million YoY
  - YoY growth includes $106 million[(3)] of loans acquired in the FirstMerit branch acquisition in 4Q16

(1) Includes loans held for sale
(2) Taxable equivalent yield
(3) Balances as of the close of the northern Ohio branch acquisition

$ in millions

Deposits





Average

- Average deposits increased $362 million over LQ and increased $658 million YoY, including the addition of $582 million in average deposits acquired through the FirstMerit branch acquisition in 4Q16
- Cost of interest-bearing deposits of 0.20% decreased 2bps over LQ due to the lower cost of the northern Ohio deposits

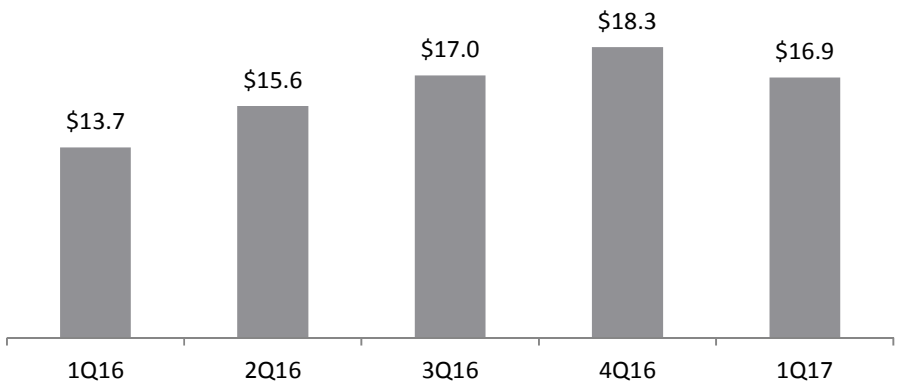
Period-end

- Total deposits increased $22 million over LQ and increased $668 million YoY, including the addition of $605 million[(1)] in deposits acquired through the FirstMerit branch acquisition in 4Q16
- Time deposits YoY runoff was due in part to the intentional runoff of higher-cost brokered time deposits in 2016
- Noninterest-bearing demand deposits increased $114 million YoY, including the addition of $107 million[(1)] in noninterest-bearing demand deposits acquired in the FirstMerit branch acquisition, and currently comprise 25.6% of total deposits

(1) Balances as of the close of the northern Ohio branch acquisition

Noninterest income

	1Q17	4Q16	1Q16	Change from 4Q16	Change from 1Q16
Service charges	$4.3	$4.4	$3.7	*($0.1)*	*$0.6*
Interchange	4.2	3.9	3.5	*0.3*	*0.7*
Trust	1.4	1.2	1.3	*0.2*	*0.1*
Retail brokerage	1.1	1.0	0.9	*0.1*	*0.2*
Insurance	1.0	0.9	1.1	*0.1*	*(0.1)*
BOLI	1.3	1.4	1.3	*(0.1)*	*0.0*
SWAP fees	0.0	0.4	0.5	*(0.4)*	*(0.5)*
Gain on sale of mortgage loans	1.0	1.3	0.7	*(0.3)*	*0.3*
Other fees	1.9	1.9	1.7	*0.0*	*0.2*
Total fee income	**16.2**	**16.4**	**14.7**	***(0.2)***	***1.5***
Gain on sale of securities	0.7	0.6	0.0	*0.1*	*0.7*
Derivative mark-to-market	0.0	1.3	(1.0)	*(1.3)*	*1.0*
Total noninterest income	**16.9**	**18.3**	**13.7**	***(1.4)***	***3.2***

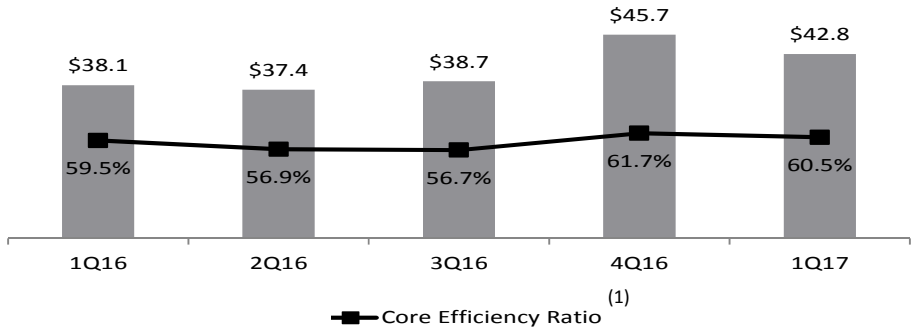


$ in millions

- Service charges on deposit accounts decreased $0.1 million to LQ, but increased $0.6 million YoY primarily due to the acquisition of 13 FirstMerit branches
- Interchange increased $0.3 million to LQ and $0.7 million YoY primarily due to the acquisition of 13 FirstMerit branches
- Swap fee income decreased $0.4 million compared to LQ and $0.5 million YoY due to lower customer fees in 1Q17
- Gain on sale of mortgage loans decreased $0.3 million to LQ due to a higher proportion of mortgage originations retained in the bank's portfolio, but increased $0.3 million YoY due to expansion of our mortgage business into Ohio
- The derivative mark-to-market adjustment decreased by $1.3 million compared to LQ and had a $1.0 million positive variance YoY

Noninterest expense

	1Q17	4Q16	1Q16	Change from 4Q16	Change from 1Q16
Salaries and benefits	$23.5	$24.9	$21.7	*($1.4)*	*$1.8*
Occupancy	3.8	3.3	3.5	*0.5*	*0.3*
Furniture and equipment	3.1	3.0	2.9	*0.1*	*0.2*
PA shares tax	0.8	1.1	0.8	*(0.3)*	*0.0*
Data processing	2.1	2.1	1.8	*0.0*	*0.3*
Collection and repo	0.5	0.5	0.6	*0.0*	*(0.1)*
Professional fees	1.0	1.0	0.8	*0.0*	*0.2*
FDIC insurance	0.8	0.7	1.0	*0.1*	*(0.2)*
Operational losses	0.2	0.2	0.2	*0.0*	*0.0*
Other operating expenses	6.0	5.8	5.1	*0.2*	*0.9*
Total operating expense	**41.8**	**42.6**	**38.4**	***(0.8)***	***3.4***
Unfunded commitments	(0.2)	0.1	(0.4)	*(0.3)*	*0.2*
Intangible amortization	0.6	0.2	0.1	*0.4*	*0.5*
Acquisition expenses	0.6	2.8	0.0	*(2.2)*	*0.6*
Total noninterest expense	**42.8**	**45.7**	**38.1**	***(2.9)***	***4.7***



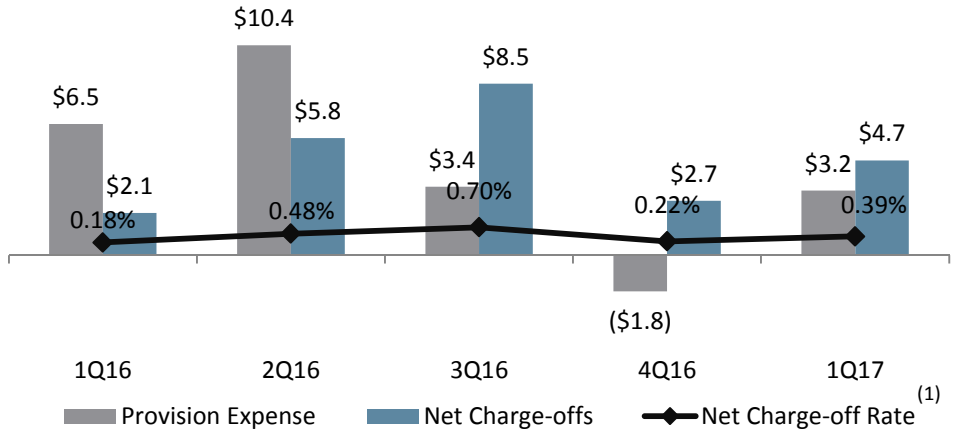
- Salaries and benefits decreased $1.4 million to LQ primarily due to lower incentives and hospitalization costs, but increased $1.8 million YoY primarily due to the addition of the acquired branch staff and normal merit increases as well as the expansion of the mortgage and commercial banking businesses in Ohio
- Occupancy increased $0.5 million to LQ and $0.3 million YoY primarily due to the FirstMerit acquired branches
- Other operating expenses increased only $0.2 million to LQ and $0.9 million YoY due to miscellaneous increased operating costs
- Unfunded commitments decreased $0.3 million to LQ due to lower commercial construction commitment volumes, but increased $0.2 million YoY primarily due to higher utilization

$ in millions

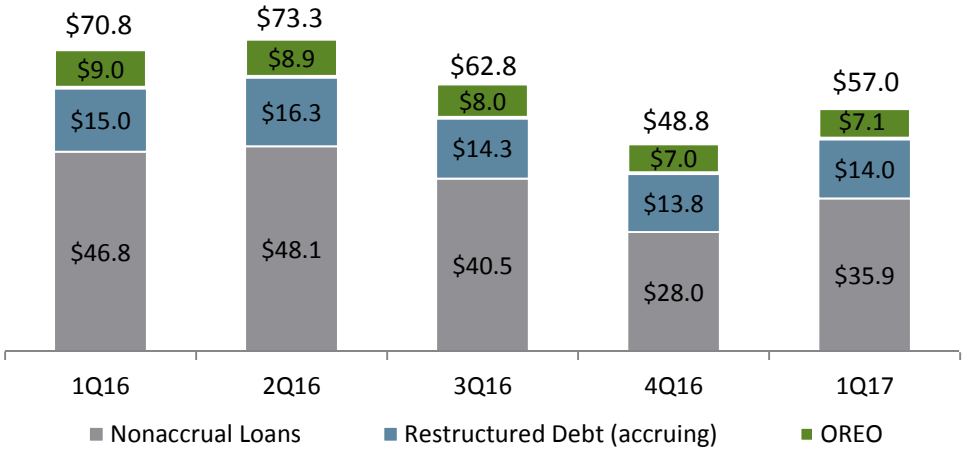
(1) Please refer to pages 13 – 16 for disclosures regarding non-GAAP measures

Credit quality

Provision Expense and Net Charge-offs



Nonperforming Assets

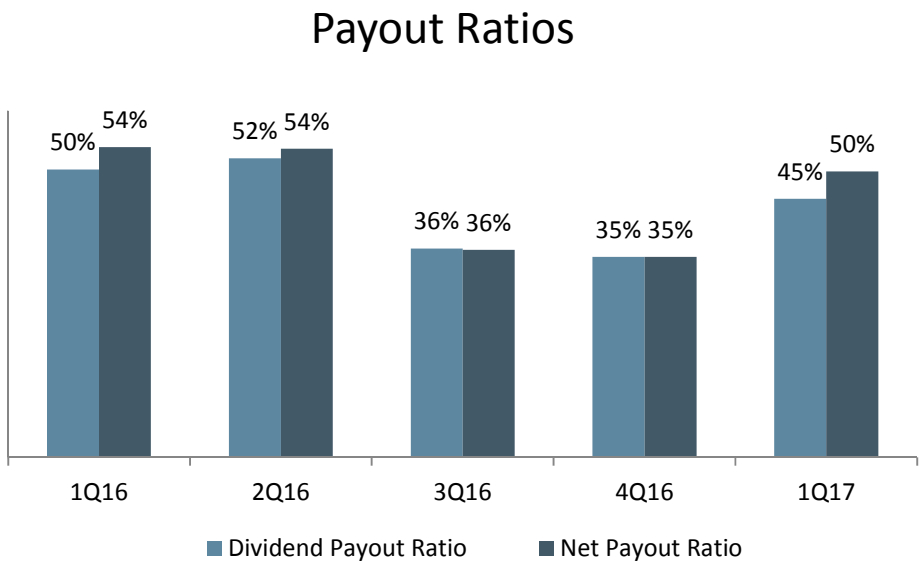


- Provision expense of $3.2 million increased $5.0 million to LQ primarily due to $5.1 million in recoveries in 4Q16 on loans previously charged-off
- Net charge-offs in 1Q17 included charge-offs for two commercial manufacturing credits totaling $3.4 million that were placed into nonperforming status in the 1Q17
- Nonperforming loans (nonaccrual loans plus restructured accruing debt) increased $8.1 million to LQ due to the two aforementioned commercial manufacturing credits that were placed into nonperforming status in the 1Q17

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

$ in millions

Capital Return



- Strong capital levels allow us to continue to return capital to shareholders
  - Paid a 14.3% increase in the quarterly dividend from $0.07 to $0.08 per share in 1Q17
  - 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	1Q17	4Q16	3Q16	2Q16	1Q16
Net Interest Income	$51.8	$51.5	$49.6	$49.1	$48.8
Tax equivalent adjustment	1.0	1.0	0.9	1.0	0.9
Net Interest Income (FTE)	52.8	52.5	50.5	50.1	49.7
Noninterest Income (Reported)	16.9	18.3	17.0	15.6	13.7
Less: Realized gains/ (losses) on securities	0.7	0.6	0.0	0.0	0.0
Less: Derivative mark-to-market	0.0	1.3	0.5	(0.5)	(1.0)
Total Noninterest Income (Operating)	$16.2	$16.4	$16.5	$16.1	$14.7
Total Operating Revenue	$69.0	$68.9	$67.0	$66.2	$64.4
Average Assets	6,709	6,638	6,680	6,707	6,618
Operating Revenue/ Average Assets (%)	**1.03%**	**1.04%**	**1.00%**	**0.99%**	**0.97%**

Operating Expense	1Q17	4Q16	3Q16	2Q16	1Q16
Noninterest Expense	$42.8	$45.7	$38.7	$37.4	$38.1
Less: Unfunded commitment reserve	(0.2)	0.1	0.5	(0.5)	(0.4)
Less: Intangible amortization	0.6	0.2	0.1	0.1	0.1
Less: Merger and acquisition related	0.6	2.8	0.1	0.2	0.0
Total Operating Expense	$41.8	$42.6	$38.0	$37.6	$38.4
Average Assets	6,709	6,638	6,680	6,707	6,618
Operating Expense/ Average Assets (%)	**0.62%**	**0.64%**	**0.57%**	**0.56%**	**0.58%**
Core Efficiency Ratio[(1)]	**60.5%**	**61.7%**	**56.7%**	**56.9%**	**59.5%**

$ 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	1Q17	4Q16	3Q16	2Q16	1Q16
Net Income (GAAP)	$15.9	$17.9	$17.2	$12.0	$12.5
Less: Merger and acquisition related *(after tax)*	0.4	1.8	0.1	0.1	0.0
Core Net Income (Non-GAAP)	**$16.3**	**$19.7**	**$17.3**	**$12.1**	**$12.5**
Average Diluted Shares Outstanding	89.0	88.9	88.9	88.8	88.8
Core Earnings per Share (Non-GAAP)	**$0.18**	**$0.22**	**$0.19**	**$0.14**	**$0.14**

Core Return on Average Assets (%)	1Q17	4Q16	3Q16	2Q16	1Q16
Net Income (GAAP)	$15.9	$17.9	$17.2	$12.0	$12.5
Less: Merger and acquisition related *(after tax)*	0.4	1.8	0.1	0.1	0.0
Core Net Income (Non-GAAP)	**$16.3**	**$19.7**	**$17.3**	**$12.1**	**$12.5**
Average Assets	6,709	6,638	6,680	6,707	6,618
Core Return on Average Assets (Non-GAAP)	**0.98%**	**1.18%**	**1.03%**	**0.73%**	**0.76%**

$ in millions, except per share data

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Non-GAAP measures

Return on Average Tangible Common Equity (%)	1Q17	4Q16	3Q16	2Q16	1Q16
Average Equity	$757	$754	$748	$740	$730
Less: Average intangible assets	198	177	165	166	166
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$559	$577	$583	$574	$564
Net Income (GAAP)	$15.9	$17.9	$17.2	$12.0	$12.5
Less: Intangible amortization *(after tax)*	0.4	0.1	0.1	0.1	0.1
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$16.3	$18.0	$17.3	$12.1	$12.6
Return on Average Tangble Common Equity	**11.8%**	**12.5%**	**11.8%**	**8.5%**	**9.0%**

Core Return on Average Tangible Common Equity (%)	1Q17	4Q16	3Q16	2Q16	1Q16
Average Equity	$757	$754	$748	$740	$730
Less: Average intangible assets	198	177	165	166	166
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$559	$577	$583	$574	$564
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Less: Merger and acquisition related *(after tax)*	0.4	1.8	0.1	0.1	0.0
Core Net Income (Non-GAAP)	$16.3	$19.7	$17.3	$12.1	$12.5
Less: Intangible amortization *(after tax)*	0.4	0.1	0.1	0.1	0.1
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$16.7	$19.8	$17.4	$12.2	$12.6
Core Return on Average Tangble Common Equity	**12.1%**	**13.7%**	**11.8%**	**8.6%**	**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

Tangible Common Equity/ Tangible Assets

(Tangible Common Equity Ratio)	1Q17	4Q16	3Q16	2Q16	1Q16
Total Equity	$761	$750	$752	$742	$733
Less: Intangible assets	198	198	165	165	166
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$563	$552	$587	$577	$567
Total Assets	$6,809	$6,684	$6,666	$6,750	$6,699
Less: Intangible assets	198	198	165	165	166
Tangible Assets	$6,611	$6,486	$6,501	$6,585	$6,533
Tangible Common Equity/ Tangible Assets	**8.5%**	**8.5%**	**9.0%**	**8.8%**	**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.



NYSE: FCF

For more information, please contact:

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