First Commonwealth®

NYSE: FCF

Supplemental Financial Information

Third Quarter 2018

October 24, 2018

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 2018 Highlights

	3Q18	2Q18	3Q17	Change from 2Q18	Change from 3Q17
Net interest income[1]	$64.3	$64.2	$60.7	*$0.1*	*$3.6*
Provision for credit losses	3.0	1.2	1.2	*1.8*	*1.8*
Fee revenue	19.8	21.0	19.7	*(1.2)*	*0.1*
Gain on sale of securities	0.0	5.3	0.1	*(5.3)*	*(0.1)*
Derivative mark-to-market	0.0	0.0	0.0	*0.0*	*0.0*
Operating expense[2]	48.6	47.1	46.7	*1.5*	*1.9*
Other expense[2]	0.9	2.0	0.7	*(1.1)*	*0.2*
Income taxes[1]	6.5	8.1	10.6	*(1.6)*	*(4.1)*
Net income	**$25.1**	**$32.1**	**$21.3**	***($7.0)***	***$3.8***
Core net income[2]	**$25.2**	**$33.1**	**$21.2**	***($7.9)***	***$4.0***
Reported EPS	$0.25	$0.32	$0.22	*($0.07)*	*$0.03*
Core EPS[2]	$0.25	$0.33	$0.22	*($0.08)*	*$0.03*
Return on average assets	1.30%	1.71%	1.14%	*(0.41%)*	*0.16%*
Core return on average assets[2]	1.30%	1.76%	1.14%	*(0.46%)*	*0.16%*
Return on average equity	10.28%	13.74%	9.50%	*(3.46%)*	*0.78%*
Return on average tangible common equity[2]	15.01%	20.08%	14.04%	*(5.07%)*	*0.97%*
Core return on average tangible common equity[2]	15.02%	20.70%	14.01%	*(5.68%)*	*1.01%*
Core efficiency ratio[2]	57.80%	55.23%	57.96%	*2.57%*	*(0.16%)*
Net interest margin[1]	3.67%	3.78%	3.61%	*(0.11%)*	*0.06%*
Net Chargeoffs[3]	0.25%	0.26%	0.08%	*(0.01%)*	*0.17%*

- Core net income of $25.2 million decreased $7.9 million compared to linked quarter (LQ) and increased $4.0 million year-over-year (YoY)
- Net interest income expansion of $3.6 million YoY was aided by improved loan yields as a result of the increase in short-term rates combined with a $282 million increase in average interest-earning assets
- Provision increased $1.8 million compared to LQ primarily due to the downgrade of two Commercial Real Estate (CRE) credits
- Fee revenue decreased $1.2 million to LQ primarily due to a $1.2 million gain on the sale of a restructured commercial credit in the previous quarter and a $0.6 million decrease in BOLI death claim benefits
- Net security gains decreased $5.3 million to LQ due to the successful auction call and open market sale of the company's remaining pooled trust preferred securities in the previous quarter
- Operating expense increased $1.5 million compared to LQ primarily due to a $1.1 million increase in mortgage banking and related hedging expense

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

$ in millions, except per share data

Balance Sheet

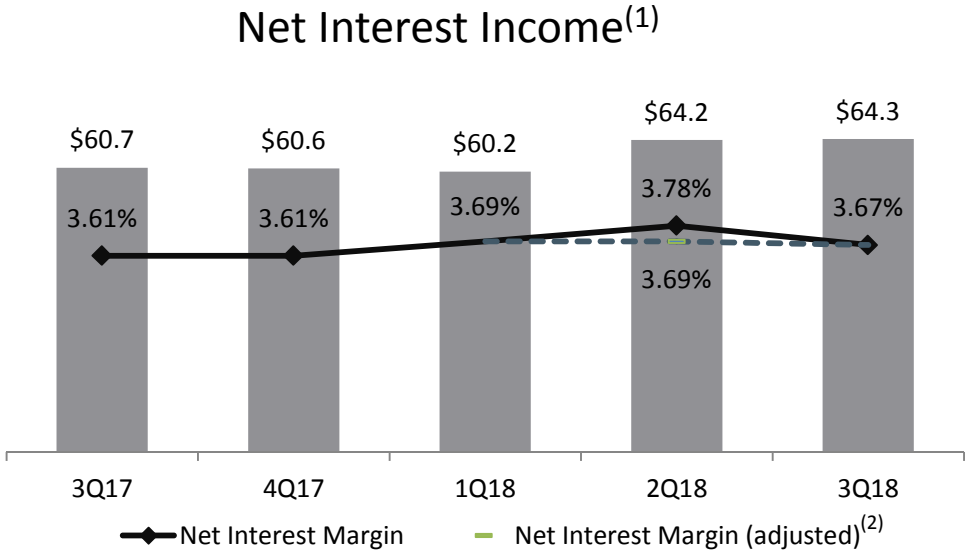
Period-end Balances	3Q18	2Q18	3Q17	Change From 2Q18	Change From 3Q17
Cash & securities	$1,400	$1,384	$1,375	*$16*	*$25*
Loans held for sale	8	7	17	*1*	*(9)*
Commercial loans	3,551	3,563	3,404	*(12)*	*147*
Consumer loans	2,112	2,077	1,972	*35*	*140*
Allowance for credit losses	(51)	(51)	(48)	*0*	*(3)*
OREO	4	4	6	*0*	*(2)*
Goodwill & intangibles	288	289	271	*(1)*	*17*
Other	374	376	387	*(2)*	*(13)*
Total Assets	**$7,686**	**$7,649**	**$7,384**	***$37***	***$302***
Noninterest Bearing DDA	$1,451	$1,489	$1,417	*($38)*	*$34*
Interest Bearing Savings & DDA	3,635	3,643	3,556	*(8)*	*79*
Time Deposits	802	767	567	*35*	*235*
Brokered Deposits	7	14	15	*(7)*	*(8)*
Short-term Borrowings	588	545	806	*43*	*(218)*
Long-term Debt	185	186	88	*(1)*	*97*
Other	45	44	41	*1*	*4*
Equity	973	961	894	*12*	*79*
Total Liabilities & Equity	**$7,686**	**$7,649**	**$7,384**	***$37***	***$302***

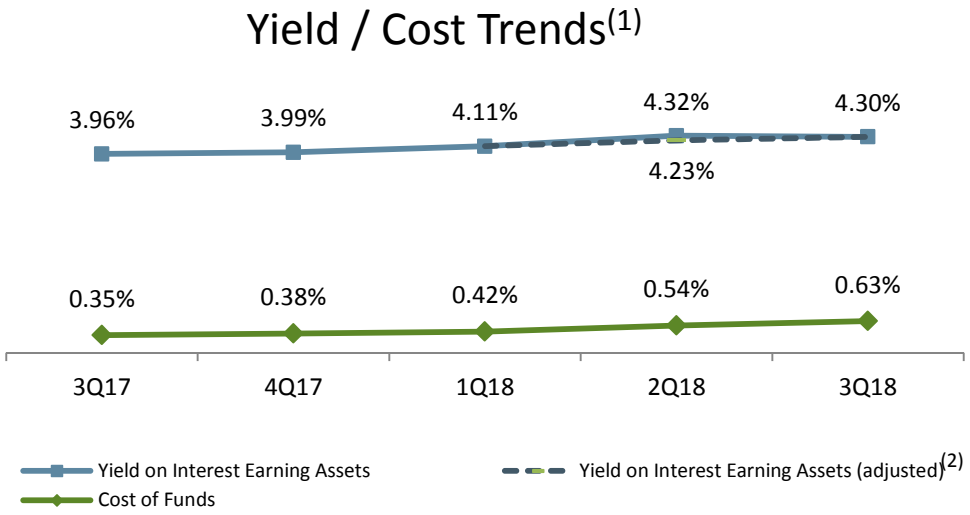
- Total loans (excluding loans held for sale) grew $287 million YoY; driven by a $147 million increase in the commercial loan portfolio and $115 million of growth in closed-end mortgages. This growth includes $184 million in loans received in the acquisition of Foundation Bank on May 1, 2018(1)
- Noninterest-bearing demand deposits increased $34 million YoY, or 2.4%, and currently comprise 24.6% of total deposits
- Short-term borrowings decreased $218 million YoY, or 27%, due to growth in deposits and the successful issuance of $100 million of subordinated debt on May 21, 2018

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

$ in millions

Net interest income and net interest margin



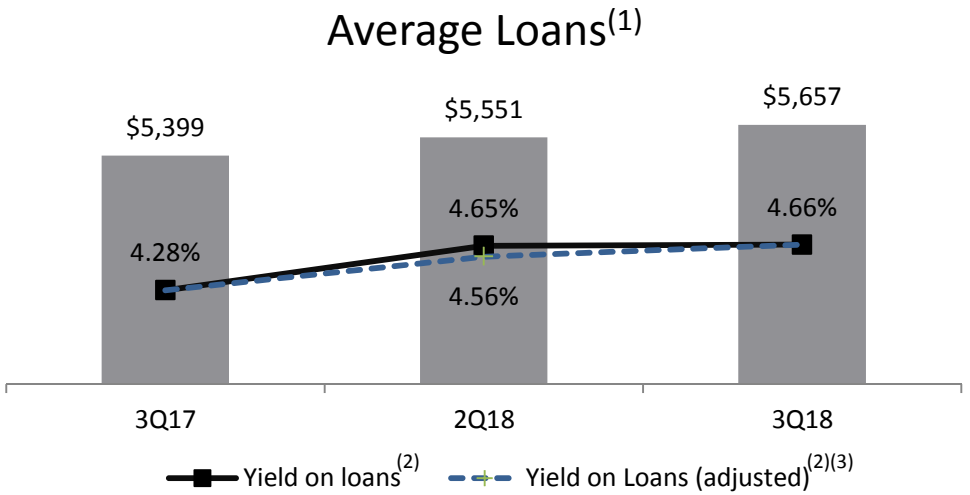


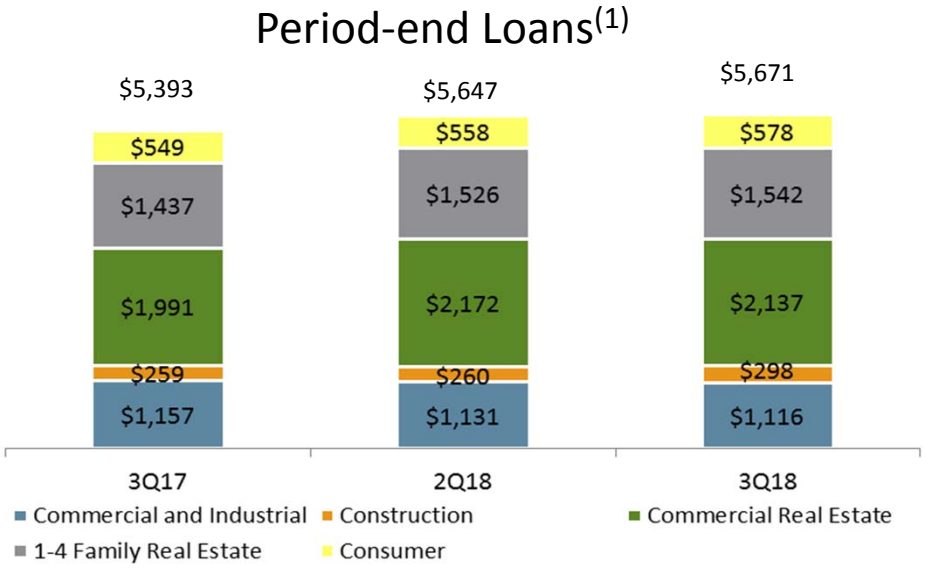
- Net interest income increased $0.1 million to LQ as the result of a $132 million increase in average interest earning assets, which was largely offset by $1.5 million in interest income recognized in the prior quarter as the result of the resolution of one commercial credit and the sale of the company's remaining pooled trust preferred securities
- Net interest margin of 3.67% decreased 11bps over LQ due to:
  - The aforementioned recognition of previously unrecognized interest added nine bps in the previous quarter
  - The Bank's issuance of $100 million of subordinated debt had a six bps negative impact on the net interest margin in 3Q18 versus three bps in the previous quarter
  - Purchase accounting accretion added five bps to the NIM in 3Q18 versus six bps in the previous quarter

(1) Taxable equivalent
(2) Excludes recognition of previously unrecognized interest income from the successful resolution of assets that had previously been impaired

$ in millions

Loans





Average

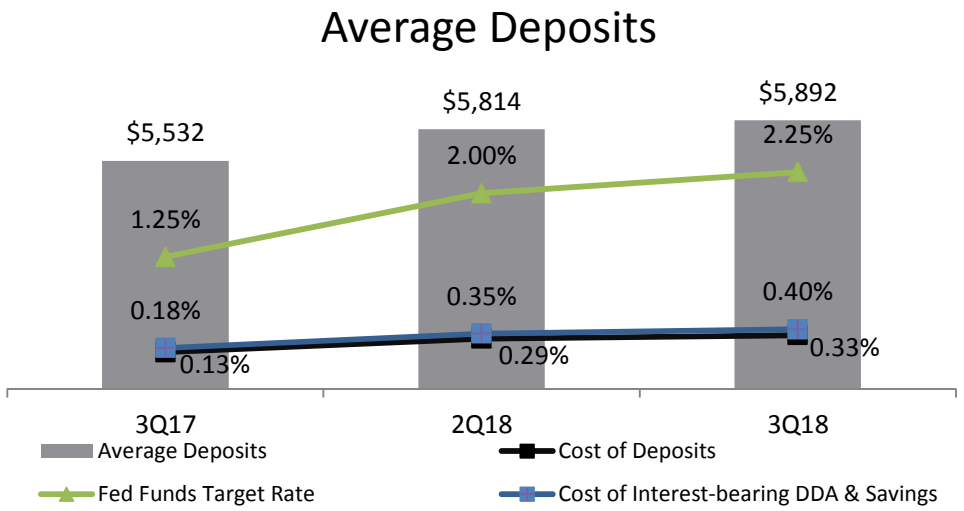
- Average loans increased $106 million from LQ and increased $258 million YoY (or $46 million and $74 million, respectively, without Foundation Bank)
- Yield on loans (adjusted for unusual income items in 2Q18)(3) increased 10 basis points from the previous quarter

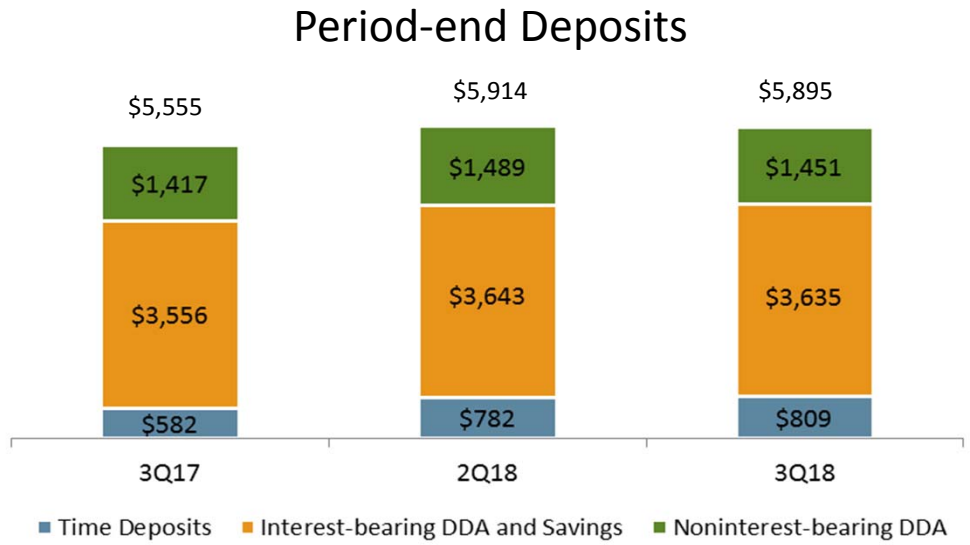
Period-end

- Loans increased $24 million from LQ and $278 million from the prior year
  - YoY growth includes $184 million(4) of loans acquired in the Foundation Bank acquisition
  - LQ organic loan growth of $24 million was driven by $35 million growth in the consumer portfolio, partially offset by high levels of payoffs in the commercial portfolio

(1) Includes loans held for sale
(2) Taxable equivalent yield
(3) Excludes recognition of previously unrecognized interest income from the successful resolution of assets that had previously been impaired
(4) Balances as of the close of the acquisition
$ in millions

Deposits





Average

- Average deposits increased $78 million from LQ and $360 million YoY (or $32 million and $219 million, respectively, without Foundation Bank)
- Cost of interest-bearing deposits increased seven basis points over LQ compared to a 25 basis point increase in the Federal Funds Target Rate
  - Cost of interest-bearing demand and savings deposits increased five basis points over LQ for an effective beta of 20% compared to 40% in the previous quarter
  - Cost of time deposits increased 16 basis points over LQ due to competitive rate promotions
  - Cost of total deposits of 0.33% increased four basis points from the previous quarter
  - Noninterest-bearing deposits grew by $16.9 million over LQ

Period-end

- Total deposits decreased $19 million from LQ and increased $340 million from the prior year driven by the addition of $141 million[(1)] in deposits acquired in the Foundation Bank acquisition
- Noninterest-bearing deposits currently comprise 24.6% of total deposits

(1) Balances as of the close of the acquisition

$ in millions

Noninterest income

	3Q18	2Q18	3Q17	Change from 2Q18	Change from 3Q17
Service charges	$4.6	$4.4	$4.8	*$0.2*	*($0.2)*
Interchange	5.0	5.1	4.8	*(0.1)*	*0.2*
Trust	2.2	1.9	2.1	*0.3*	*0.1*
Insurance and retail brokerage	1.9	1.8	2.1	*0.1*	*(0.2)*
BOLI	1.6	2.2	1.5	*(0.6)*	*0.1*
SWAP fees	0.5	0.3	0.2	*0.2*	*0.3*
Gain on sale of mortgage loans	1.5	1.2	1.4	*0.3*	*0.1*
Other fees	2.5	4.1	2.8	*(1.6)*	*(0.3)*
Total fee income	**$19.8**	**$21.0**	**$19.7**	***($1.2)***	***$0.1***
Gain on sale of securities	0.0	5.3	0.1	*(5.3)*	*(0.1)*
Derivative mark-to-market	0.0	0.0	0.0	*0.0*	*0.0*
Total noninterest income	**$19.8**	**$26.3**	**$19.8**	***($6.5)***	***$0.0***

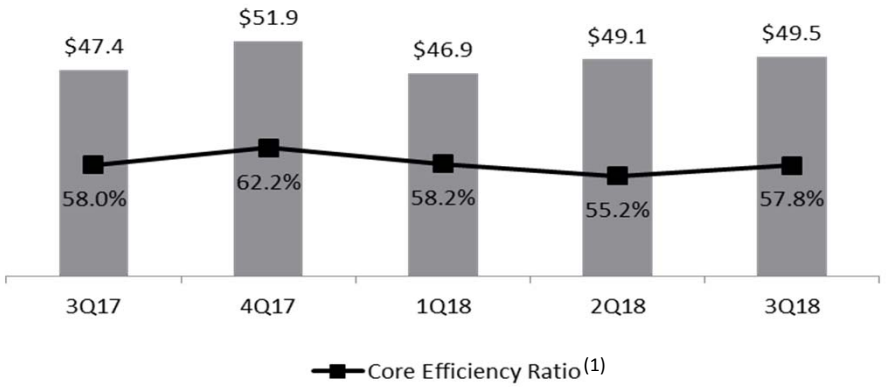


- Total fee income decreased $1.2 million to LQ and increased $0.1 million YoY
- Other fee income decreased $1.6 million to LQ primarily due a $1.2 million gain on the sale of a restructured commercial credit
- Bank owned life insurance income decreased $0.6 million to LQ due to death claim benefits in 2Q18
- Gain on sale of mortgage loans increased $0.3 million to LQ due to higher originations
  - Total mortgage originations of $106 million increased $9 million to LQ and $23 million YoY
- Gain on sale of securities decreased $5.3 million over LQ due to $5.3 million in net security gains resulting from the successful auction call and open market sale of the company's remaining pooled trust preferred securities in 2Q18

$ in millions

Noninterest expense

	3Q18	2Q18	3Q17	Change from 2Q18	Change from 3Q17
Salaries and benefits	$26.6	$26.2	$26.2	*$0.4*	*$0.4*
Occupancy	4.3	4.2	3.7	*0.1*	*0.6*
Furniture and equipment	3.4	3.6	3.3	*(0.2)*	*0.1*
PA shares tax	1.2	1.2	1.1	*0.0*	*0.1*
Data processing	2.9	2.5	2.2	*0.4*	*0.7*
Collection and repo	0.6	0.6	0.4	*0.0*	*0.2*
Professional fees	1.0	1.0	1.3	*0.0*	*(0.3)*
FDIC insurance	0.2	0.6	0.7	*(0.4)*	*(0.5)*
Operational losses	0.4	0.2	0.6	*0.2*	*(0.2)*
Other operating expenses	8.0	7.0	7.2	*1.0*	*0.8*
Total operating expense	**$48.6**	**$47.1**	**$46.7**	***$1.5***	***$1.9***
Unfunded commitments	0.1	(0.1)	0.0	*0.2*	*0.1*
Intangible amortization	0.8	0.8	0.8	*0.0*	*0.0*
Acquisition expenses	0.0	1.3	(0.1)	*(1.3)*	*0.1*
Total noninterest expense	**$49.5**	**$49.1**	**$47.4**	***$0.4***	***$2.1***



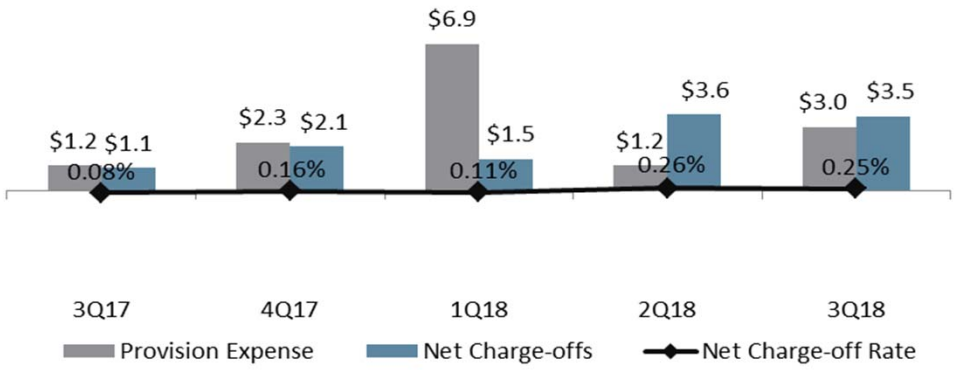
- Total operating expenses increased $1.5 million to LQ primarily due to a $1.1 million increase in mortgage banking and related hedging expense over LQ
- Total operating expenses increased $1.9 million YoY due to higher salaries, occupancy, data processing and advertising expenses resulting from the company's acquisition of Foundation Bank in 2Q18 and continued expansion efforts in Ohio and revenue generating businesses
  - FTEs increased 51 from the previous year

$ in millions

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

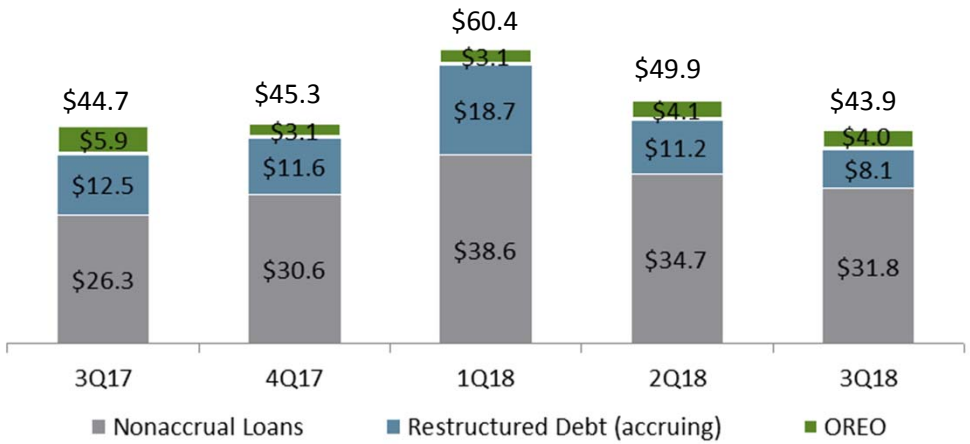
Credit quality

Provision Expense and Net Charge-offs



- Provision expense of $3.0 million increased $1.8 million from LQ and YoY due to two CRE credits totaling $5.0 million that were downgraded to nonperforming status during the quarter

Nonperforming Assets

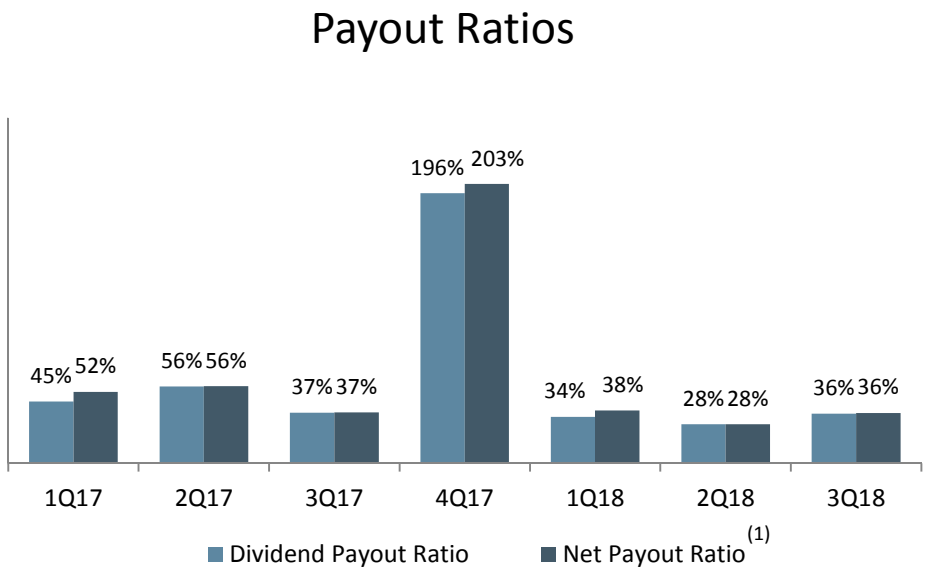


- Nonperforming assets decreased $6.0 million over LQ due to a $4.3 million pay down from one C&I credit and the charge-off and subsequent sale of a $3.8 million C&I credit

(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
  - Announced $25 million share repurchase program in 4Q18
  - Increased the quarterly dividend by 12.5% from $0.08 to $0.09 per share in 2Q18
  - Dividend payout ratio expected to remain in the 30%-60% range

(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

Non-GAAP measures

Operating Revenue	3Q18	2Q18	1Q18	4Q17	3Q17
Net Interest Income	$63.8	$63.7	$59.7	$59.6	$59.6
Tax equivalent adjustment	0.5	0.5	0.5	1.0	1.1
Net Interest Income (FTE)	64.3	64.2	60.2	60.6	60.7
Noninterest Income (Reported)	19.8	26.3	22.0	24.7	19.8
Less: Realized gains / (losses) on securities	0.0	5.3	2.8	4.3	0.1
Less: Derivative mark-to-market	0.0	0.0	0.8	(0.4)	0.0
Total Noninterest Income (Operating)	$19.8	$21.0	$18.4	$20.8	$19.7
Total Operating Revenue	$84.1	$85.2	$78.6	$81.4	$80.4
Average Assets	7,662	7,520	7,300	7,365	7,377
Operating Revenue / Average Assets (%)	**4.39%**	**4.53%**	**4.31%**	**4.42%**	**4.36%**

Operating Expense	3Q18	2Q18	1Q18	4Q17	3Q17
Noninterest Expense	$49.5	$49.1	$46.9	$51.9	$47.4
Less: Unfunded commitment reserve	0.1	(0.1)	0.0	0.6	0.0
Less: Intangible amortization	0.8	0.8	0.8	0.8	0.8
Less: Merger and acquisition related	0.0	1.3	0.3	(0.2)	(0.1)
Total Operating Expense	$48.6	$47.1	$45.8	$50.7	$46.7
Average Assets	7,662	7,520	7,300	7,365	7,377
Operating Expense / Average Assets (%)	**2.54%**	**2.51%**	**2.51%**	**2.75%**	**2.53%**
Core Efficiency Ratio[(1)]	**57.8%**	**55.2%**	**58.2%**	**62.2%**	**58.0%**

$ 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	3Q18	2Q18	1Q18	4Q17	3Q17
Net Income (GAAP)	$25.1	$32.1	$23.3	$4.0	$21.3
Less: Merger and acquisition related *(after tax)*	0.0	1.0	0.2	(0.1)	(0.1)
Less: Deferred tax asset writedown	0.0	0.0	0.0	16.7	0.0
Core Net Income (Non-GAAP)	**$25.1**	**$33.1**	**$23.5**	**$20.6**	**$21.2**
Average Diluted Shares Outstanding	100.5	99.5	97.6	97.5	97.5
Core Earnings per Share (Non-GAAP)	**$0.25**	**$0.33**	**$0.24**	**$0.21**	**$0.22**

Core Return on Average Assets (%)	3Q18	2Q18	1Q18	4Q17	3Q17
Net Income (GAAP)	$25.1	$32.1	$23.3	$4.0	$21.3
Less: Merger and acquisition related *(after tax)*	0.0	1.0	0.2	(0.1)	(0.1)
Less: Deferred tax asset writedown	0.0	0.0	0.0	16.7	0.0
Core Net Income (Non-GAAP)	**$25.1**	**$33.1**	**$23.5**	**$20.6**	**$21.2**
Average Assets	7,662	7,520	7,300	7,365	7,377
Core Return on Average Assets (Non-GAAP)	**1.30%**	**1.76%**	**1.31%**	**1.11%**	**1.14%**

$ in millions, except per share data

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Non-GAAP measures

Return on Average Tangible Common Equity (%)	3Q18	2Q18	1Q18	4Q17	3Q17
Average Equity	$970	$937	$893	$901	$889
Less: Average intangible assets	288	283	270	271	272
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$682	$654	$623	$630	$617
Net Income (GAAP)	$25.1	$32.1	$23.3	$4.0	$21.3
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.5	0.5
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$25.7	$32.7	$23.9	$4.5	$21.8
Return on Average Tangible Common Equity	**15.0%**	**20.1%**	**15.6%**	**2.8%**	**14.0%**

Core Return on Average Tangible Common Equity (%)	3Q18	2Q18	1Q18	4Q17	3Q17
Average Equity	$970	$937	$893	$901	$889
Less: Average intangible assets	288	283	270	271	272
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$682	$654	$623	$630	$617
Net Income (GAAP)	$25.1	$32.1	$23.3	$4.0	$21.3
Less: Merger and acquisition related *(after tax)*	0.0	1.0	0.2	(0.1)	(0.1)
Less: Deferred tax asset writedown	0.0	0.0	0.0	16.7	0.0
Core Net Income (Non-GAAP)	$25.1	$33.1	$23.5	$20.6	$21.2
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.5	0.5
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$25.7	$33.7	$24.1	$21.1	$21.7
Core Return on Average Tangible Common Equity	**15.0%**	**20.7%**	**15.7%**	**13.3%**	**14.0%**

$ in millions, except per share data

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Non-GAAP measures

Tangible Common Equity / Tangible Assets

(Tangible Common Equity Ratio)	3Q18	2Q18	1Q18	4Q17	3Q17
Total Equity	$973	$961	$899	$888	$894
Less: Intangible assets	288	289	269	270	271
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$685	$672	$630	$618	$623
Total Assets	$7,686	$7,649	$7,321	$7,309	$7,384
Less: Intangible assets	288	289	269	270	271
Tangible Assets	$7,398	$7,360	$7,052	$7,039	$7,113
Tangible Common Equity / Tangible Assets	**9.3%**	**9.1%**	**8.9%**	**8.8%**	**8.8%**

$ 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.



NYSE: FCF

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