First Commonwealth®

NYSE: FCF

Supplemental Financial Information

Fourth Quarter 2018

January 30, 2019

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 2018 Highlights

	4Q18	3Q18	4Q17	Change from 3Q18	Change from 4Q17
Net interest income[1]	$65.5	$64.3	$60.6	*$1.2*	*$4.9*
Provision for credit losses	1.5	3.0	2.3	*(1.5)*	*(0.8)*
Fee revenue	20.5	19.8	20.8	*0.7*	*(0.3)*
Gain on sale of securities	0.0	0.0	4.3	*0.0*	*(4.3)*
Derivative mark-to-market	0.0	0.0	(0.4)	*0.0*	*0.4*
Operating expense[2]	49.4	48.6	50.7	*0.8*	*(1.3)*
Other expense[2]	0.6	0.9	1.2	*(0.3)*	*(0.6)*
Income taxes[1]	7.5	6.5	27.1	*1.0*	*(19.6)*
Net income	**$27.0**	**$25.1**	**$4.0**	***$1.9***	***$23.0***
Core net income[2]	**$27.0**	**$25.2**	**$20.6**	***$1.8***	***$6.4***
Reported EPS	$0.27	$0.25	$0.04	*$0.02*	*$0.23*
Core EPS[2]	$0.27	$0.25	$0.21	*$0.02*	*$0.06*
Return on average assets	1.39%	1.30%	0.21%	*0.09%*	*1.18%*
Core return on average assets[2]	1.39%	1.30%	1.11%	*0.09%*	*0.28%*
Return on average equity	11.06%	10.28%	1.75%	*0.78%*	*9.31%*
Return on average tangible common equity[2]	16.09%	15.01%	2.84%	*1.08%*	*13.25%*
Core return on average tangible common equity[2]	16.09%	15.02%	13.29%	*1.07%*	*2.80%*
Core efficiency ratio[2]	57.45%	57.80%	62.24%	*(0.35%)*	*(4.79%)*
Net interest margin[1]	3.70%	3.67%	3.61%	*0.03%*	*0.09%*
Net Chargeoffs[3]	0.31%	0.25%	0.16%	*0.06%*	*0.15%*

- Core net income of $27.0 million increased $1.8 million compared to linked quarter (LQ) and increased $6.4 million year-over-year (YoY)
- Net interest income expansion of $4.9 million YoY was aided by improved loan yields as a result of the increase in short-term rates combined with a $367 million increase in average interest-earning assets
- Provision decreased $1.5 million compared to LQ primarily due to the payoff of one nonaccrual commercial credit during the quarter and the associated release of $1.7 million in specific reserves
- Fee revenue increased $0.7 million to LQ primarily due to a $0.6 million gain on the sale of a nonperforming loan, which was partially offset by a $0.4 million decrease in gain on sale of mortgage loans
- Operating expense increased $0.8 million compared to LQ primarily due to a $1.3 million increase in hospitalization expense, which was partially offset by a $0.4 million decrease in advertising and promotion and a $0.3 million decrease in appraisal fees

(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	4Q18	3Q18	4Q17	Change From 3Q18	Change From 4Q17
Cash & securities	$1,434	$1,400	$1,291	*$34*	*$143*
Loans held for sale	12	8	15	*4*	*(3)*
Commercial loans	3,621	3,551	3,431	*70*	*190*
Consumer loans	2,153	2,112	1,976	*41*	*177*
Allowance for credit losses	(48)	(51)	(48)	*3*	*0*
OREO	4	4	3	*0*	*1*
Goodwill & intangibles	287	288	270	*(1)*	*17*
Other	365	374	371	*(9)*	*(6)*
Total Assets	**$7,828**	**$7,686**	**$7,309**	***$142***	***$519***
Noninterest Bearing DDA	$1,466	$1,451	$1,417	*$15*	*$49*
Interest Bearing Savings & DDA	3,582	3,635	3,549	*(53)*	*33*
Time Deposits	843	802	600	*41*	*243*
Brokered Deposits	7	7	15	*0*	*(8)*
Short-term Borrowings	722	588	707	*134*	*15*
Long-term Debt	185	185	88	*0*	*97*
Other	48	45	45	*3*	*3*
Equity	975	973	888	*2*	*87*
Total Liabilities & Equity	**$7,828**	**$7,686**	**$7,309**	***$142***	***$519***

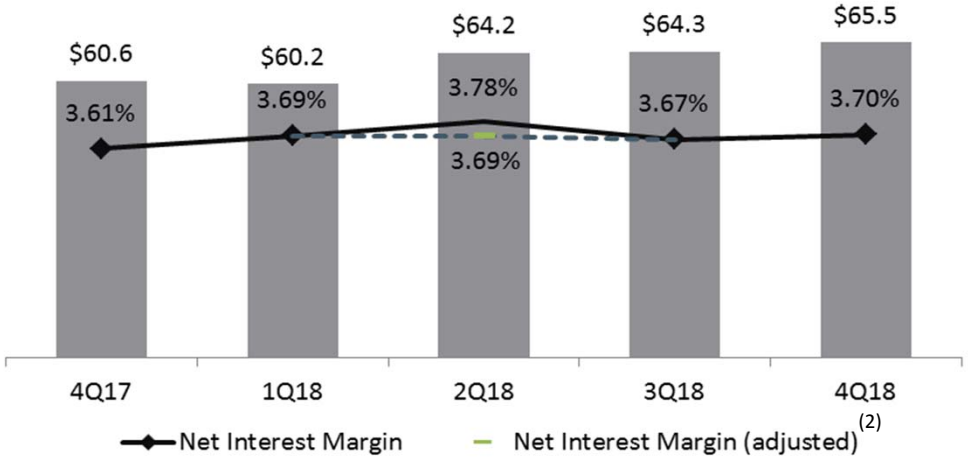
- Total loans (excluding loans held for sale) grew $367 million YoY, driven by a $190 million increase in the commercial loan portfolio and $140 million of growth in closed-end mortgages. This growth includes $184 million of loans received in the acquisition of Foundation Bank on May 1, 2018(1)
- Noninterest-bearing demand deposits increased $49 million YoY, or 3.5%, and currently comprise 24.9% of total deposits
- Long-term debt increased $97 million YoY due to the successful issuance of $100 million of subordinated debt on May 21, 2018

(1) Balances as of the close of the Foundation Bank acquisition

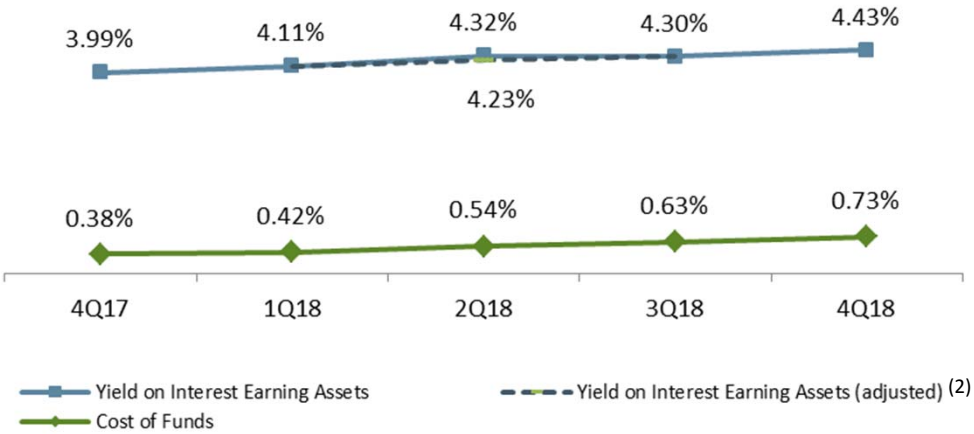
$ in millions

Net interest income and net interest margin

Net Interest Income(1)



Yield / Cost Trends(1)

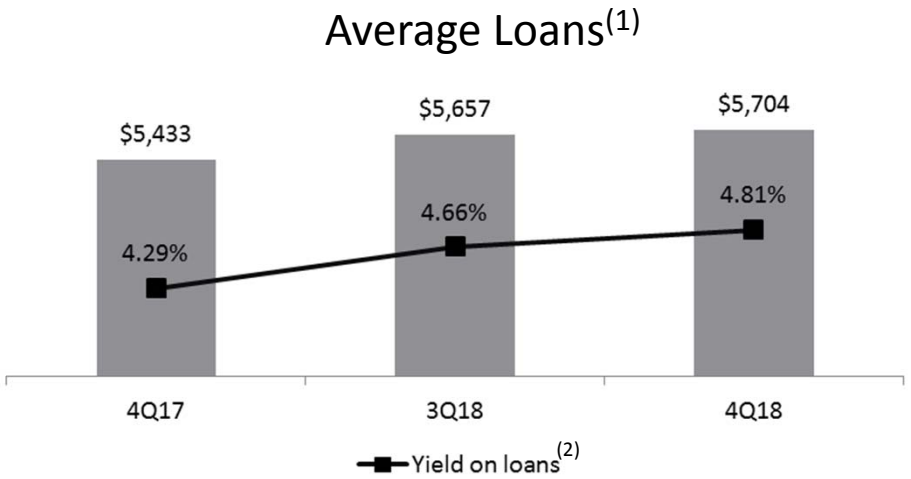


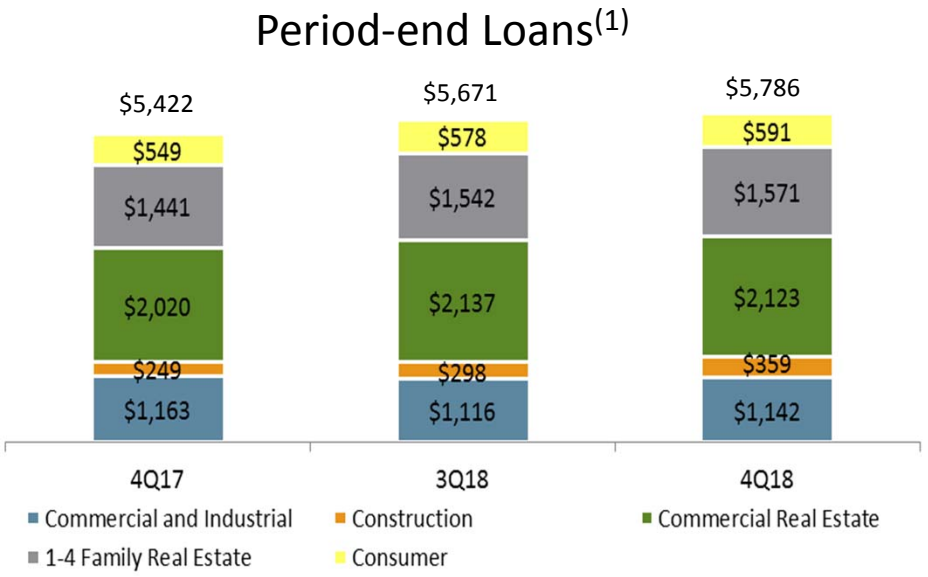
- Net interest income increased $1.2 million to LQ as the result of three basis points (bps) increase in the net interest margin and a $74 million increase in average interest earning assets
- Net interest margin of 3.70% increased three bps over LQ due to:
  - Loan yields increased 15 bps due to the repricing of variable and adjustable rate loans and higher replacement yields on new loans
  - Funding costs increased 10 bps
  - Total cost of interest-bearing DDA and savings deposits increased five bps for an effective deposit beta of 20%, which is unchanged from 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 $47 million from LQ and increased $271 million YoY (or $87 million without Foundation Bank)
- Yield on loans increased 15 basis points from the previous quarter

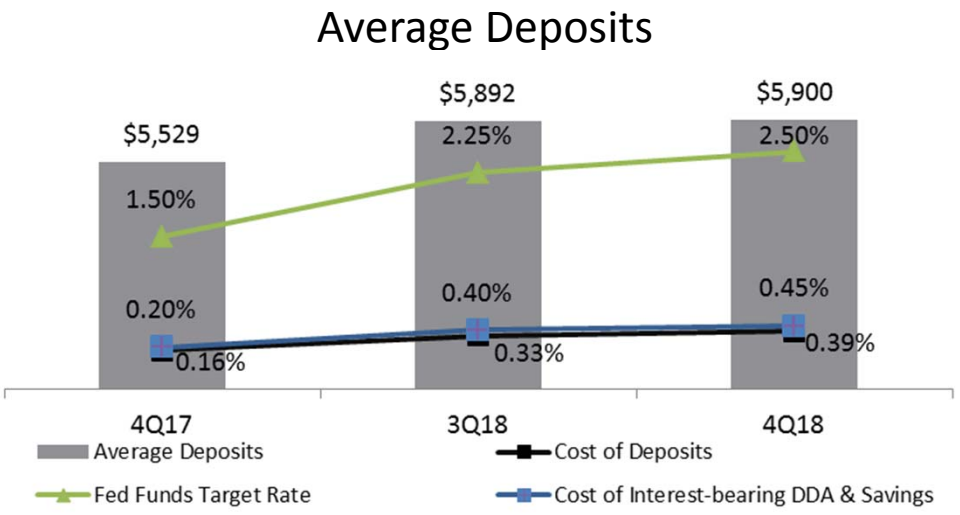
Period-end

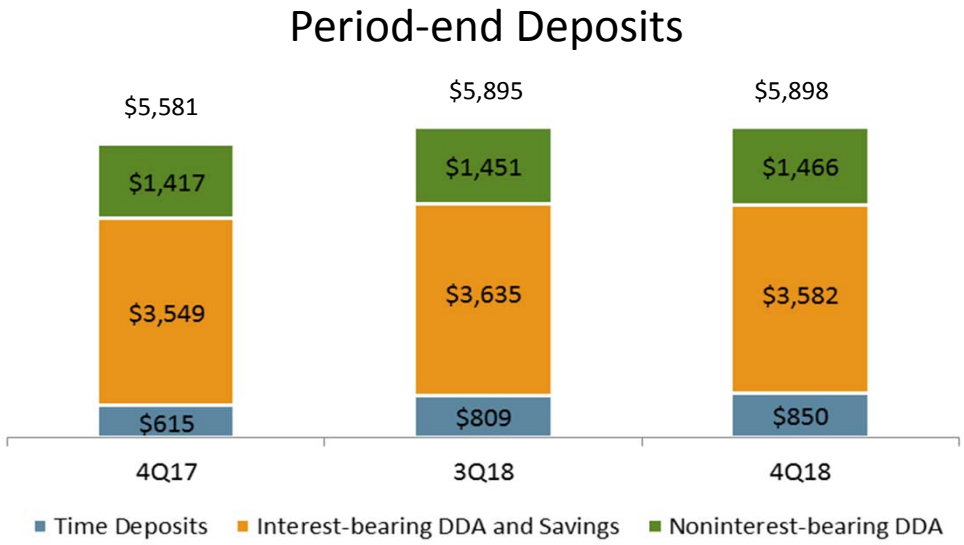
- Loans increased $115 million from LQ and $364 million from the prior year
  - YoY growth includes $184 million(3) of loans acquired in the Foundation Bank acquisition
  - LQ loan growth of $115 million was driven by $70 million growth in the commercial portfolio and $29 million growth in closed-end consumer mortgages

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

$ in millions

Deposits





Average

- Average deposits increased $8 million from LQ and $371 million YoY (or $230 million without Foundation Bank)
- Cost of interest-bearing deposits increased nine 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% which is unchanged from the previous quarter
  - Cost of time deposits increased 22 bps over LQ due to competitive rate promotions
  - Cost of total deposits of 0.39% increased six basis points from the previous quarter
  - Noninterest-bearing deposits grew by $9.0 million over LQ

Period-end

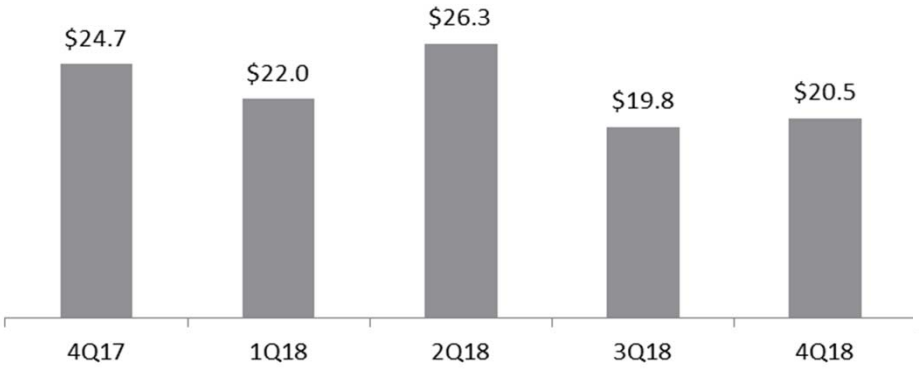
- Total deposits increased $3 million from LQ and increased $317 million from the prior year driven by the addition of $141 million[(1)] in deposits acquired in the Foundation Bank acquisition
- Noninterest-bearing deposits currently comprise 24.9% of total deposits

(1) Balances as of the close of the acquisition

$ in millions

Noninterest income

	4Q18	3Q18	4Q17	Change from 3Q18	Change from 4Q17
Service charges	$4.8	$4.6	$4.7	*$0.2*	*$0.1*
Interchange	5.3	5.0	4.9	*0.3*	*0.4*
Trust	1.9	2.2	1.8	*(0.3)*	*0.1*
Insurance and retail brokerage	1.9	1.9	2.2	*0.0*	*(0.3)*
BOLI	1.4	1.6	1.5	*(0.2)*	*(0.1)*
SWAP fees	0.8	0.5	1.5	*0.3*	*(0.7)*
Gain on sale of mortgage loans	1.2	1.6	1.7	*(0.4)*	*(0.5)*
Gain on sale of other loans	1.7	0.6	0.3	*1.1*	*1.5*
Other fees	1.5	1.8	2.0	*(0.3)*	*(0.5)*
Total fee income	**$20.5**	**$19.8**	**$20.8**	***$0.7***	***($0.3)***
Gain on sale of securities	0.0	0.0	4.3	*0.0*	*(4.3)*
Derivative mark-to-market	0.0	0.0	(0.4)	*0.0*	*0.4*
Total noninterest income	**$20.5**	**$19.8**	**$24.7**	***$0.7***	***($4.2)***

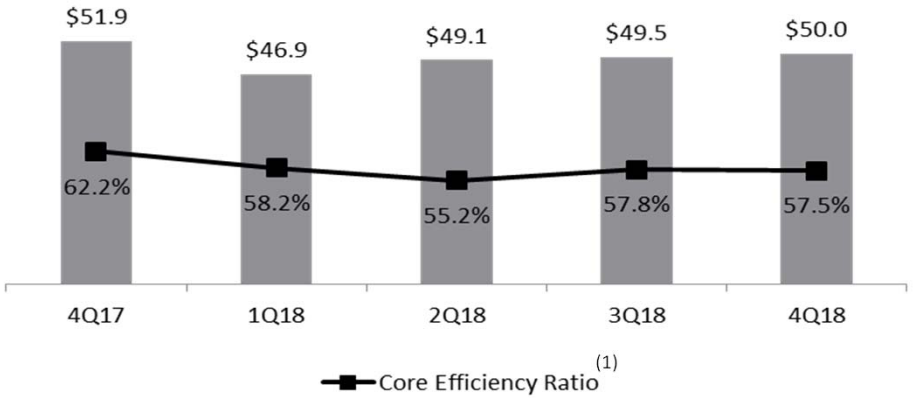


- Total fee income increased $0.7 million to LQ and decreased $0.3 million YoY
- Gain on sale of other loans increased $1.1 million to LQ primarily due a $0.6 million gain on the sale of a nonperforming loan, a $0.4 million insurance recovery, and a $0.2 million increase in gain on the sale of SBA loans in 4Q18
- Gain on sale of mortgage loans decreased $0.4 million to LQ due to less originations
  - Total mortgage originations of $95 million decreased $11 million to LQ and increased $18 million YoY
- Gain on sale of securities decreased $4.3 million YoY due to the successful auction call of a single pooled trust preferred security in 4Q17

$ in millions

Noninterest expense

	4Q18	3Q18	4Q17	Change from 3Q18	Change from 4Q17
Salaries and benefits	$27.5	$26.6	$28.8	*$0.9*	*($1.3)*
Occupancy	4.3	4.3	4.1	*0.0*	*0.2*
Furniture and equipment	3.6	3.4	3.8	*0.2*	*(0.2)*
PA shares tax	1.5	1.2	1.1	*0.3*	*0.4*
Data processing	2.7	2.9	2.4	*(0.2)*	*0.3*
Collection and repo	0.7	0.6	0.6	*0.1*	*0.1*
Professional fees	1.5	1.0	1.4	*0.5*	*0.1*
FDIC insurance	0.4	0.2	0.7	*0.2*	*(0.3)*
Operational losses	0.4	0.4	0.9	*0.0*	*(0.5)*
Other operating expenses	6.8	8.0	6.9	*(1.2)*	*(0.1)*
Total operating expense	**$49.4**	**$48.6**	**$50.7**	***$0.8***	***($1.3)***
Unfunded commitments	(0.2)	0.1	0.6	*(0.3)*	*(0.8)*
Intangible amortization	0.8	0.8	0.8	*0.0*	*0.0*
Acquisition expenses	0.0	0.0	(0.2)	*0.0*	*0.2*
Total noninterest expense	**$50.0**	**$49.5**	**$51.9**	***$0.5***	***($1.9)***



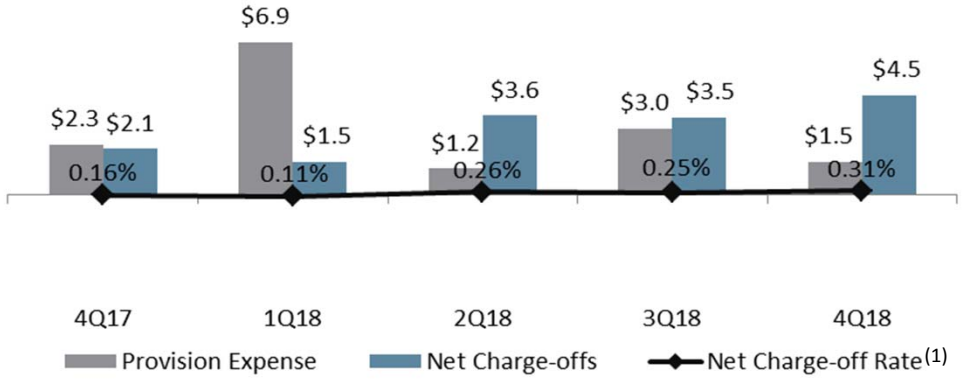
$ in millions

- Total operating expenses increased $0.8 million to LQ primarily due to a $1.3 million increase in hospitalization expense which was partially offset by a $1.2 million decrease in other operating expenses which included a $0.4 million decrease in advertising and promotion and a $0.3 million decrease in appraisal fees
- Total operating expenses decreased $1.6 million YoY primarily due to a $2.5 million of expense for a one-time bonus paid to all employees following the passage of the Tax Cuts and Jobs Act in the fourth quarter of 2017, partially offset by the aforementioned increase in hospitalization expenses
  - FTEs increased 54 from the previous year

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

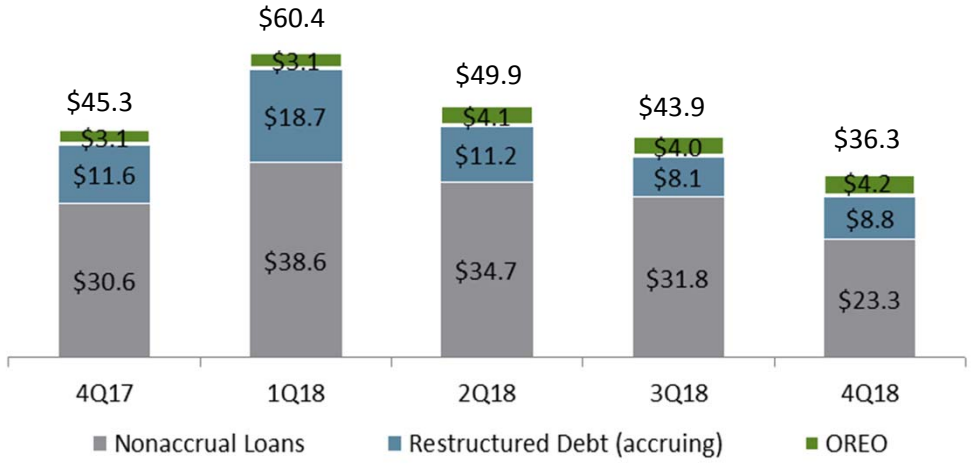
Credit quality

Provision Expense and Net Charge-offs



- Provision expense of $1.5 million decreased $1.5 million from LQ and $0.8 million YoY primarily due to the payoff of a $6.0 million nonperforming commercial credit, which resulted in a $1.7 million release of reserves

Nonperforming Assets



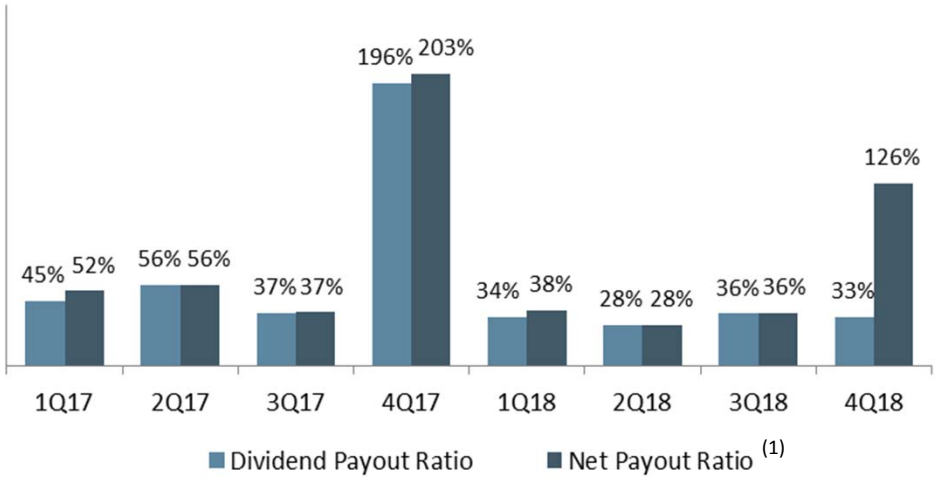
- Nonperforming assets decreased $7.6 million over LQ primarily due to the resolution of one commercial real estate relationship and one C&I credit

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

$ in millions

Capital Return

Payout Ratios



- Strong capital levels allow us to continue to return capital to shareholders
  - Announced and completed $25 million share repurchase program in 4Q18
  - Increased the quarterly dividend by 11.1% from $0.09 to $0.10 per share in 1Q19
  - 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	4Q18	3Q18	2Q18	1Q18	4Q17
Net Interest Income	$65.0	$63.8	$63.7	$59.7	$59.6
Tax equivalent adjustment	0.5	0.5	0.5	0.5	1.0
Net Interest Income (FTE)	65.5	64.3	64.2	60.2	60.6
Noninterest Income (Reported)	20.5	19.8	26.3	22.0	24.7
Less: Realized gains / (losses) on securities	0.0	0.0	5.3	2.8	4.3
Less: Derivative mark-to-market	0.0	0.0	0.0	0.8	(0.4)
Total Noninterest Income (Operating)	$20.5	$19.8	$21.0	$18.4	$20.8
Total Operating Revenue	$86.0	$84.1	$85.2	$78.6	$81.4
Average Assets	7,733	7,662	7,520	7,300	7,365
Operating Revenue / Average Assets (%)	**4.45%**	**4.39%**	**4.53%**	**4.31%**	**4.42%**

Operating Expense	4Q18	3Q18	2Q18	1Q18	4Q17
Noninterest Expense	$50.0	$49.5	$49.1	$46.9	$51.9
Less: Unfunded commitment reserve	(0.2)	0.1	(0.1)	0.0	0.6
Less: Intangible amortization	0.8	0.8	0.8	0.8	0.8
Less: Merger and acquisition related	0.0	0.0	1.3	0.3	(0.2)
Total Operating Expense	$49.4	$48.6	$47.1	$45.8	$50.7
Average Assets	7,733	7,662	7,520	7,300	7,365
Operating Expense / Average Assets (%)	**2.56%**	**2.54%**	**2.51%**	**2.51%**	**2.75%**
Core Efficiency Ratio[(1)]	**57.4%**	**57.8%**	**55.2%**	**58.2%**	**62.2%**

$ 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	4Q18	3Q18	2Q18	1Q18	4Q17
Net Income (GAAP)	$27.0	$25.1	$32.1	$23.3	$4.0
Less: Merger and acquisition related *(after tax)*	0.0	0.0	1.0	0.2	(0.1)
Less: Deferred tax asset writedown	0.0	0.0	0.0	0.0	16.7
Core Net Income (Non-GAAP)	**$27.0**	**$25.1**	**$33.1**	**$23.5**	**$20.6**
Average Diluted Shares Outstanding	99.4	100.5	99.5	97.6	97.5
Core Earnings per Share (Non-GAAP)	**$0.27**	**$0.25**	**$0.33**	**$0.24**	**$0.21**

Core Return on Average Assets (%)	4Q18	3Q18	2Q18	1Q18	4Q17
Net Income (GAAP)	$27.0	$25.1	$32.1	$23.3	$4.0
Less: Merger and acquisition related *(after tax)*	0.0	0.0	1.0	0.2	(0.1)
Less: Deferred tax asset writedown	0.0	0.0	0.0	0.0	16.7
Core Net Income (Non-GAAP)	**$27.0**	**$25.1**	**$33.1**	**$23.5**	**$20.6**
Average Assets	7,733	7,662	7,520	7,300	7,365
Core Return on Average Assets (Non-GAAP)	**1.39%**	**1.30%**	**1.76%**	**1.31%**	**1.11%**

$ 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 (%)	4Q18	3Q18	2Q18	1Q18	4Q17
Average Equity	$969	$970	$937	$893	$901
Less: Average intangible assets	288	288	283	270	271
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$681	$682	$654	$623	$630
Net Income (GAAP)	$27.0	$25.1	$32.1	$23.3	$4.0
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.6	0.5
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$27.6	$25.7	$32.7	$23.9	$4.5
Return on Average Tangible Common Equity	**16.1%**	**15.0%**	**20.1%**	**15.6%**	**2.8%**

Core Return on Average Tangible Common Equity (%)	4Q18	3Q18	2Q18	1Q18	4Q17
Average Equity	$969	$970	$937	$893	$901
Less: Average intangible assets	288	288	283	270	271
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$681	$682	$654	$623	$630
Net Income (GAAP)	$27.0	$25.1	$32.1	$23.3	$4.0
Less: Merger and acquisition related *(after tax)*	0.0	0.0	1.0	0.2	(0.1)
Less: Deferred tax asset writedown	0.0	0.0	0.0	0.0	16.7
Core Net Income (Non-GAAP)	$27.0	$25.1	$33.1	$23.5	$20.6
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.6	0.5
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$27.6	$25.7	$33.7	$24.1	$21.1
Core Return on Average Tangible Common Equity	**16.1%**	**15.0%**	**20.7%**	**15.7%**	**13.3%**

$ 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)	4Q18	3Q18	2Q18	1Q18	4Q17
Total Equity	$975	$973	$961	$899	$888
Less: Intangible assets	287	288	289	269	270
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$688	$685	$672	$630	$618
Total Assets	$7,828	$7,686	$7,649	$7,321	$7,309
Less: Intangible assets	287	288	289	269	270
Tangible Assets	$7,541	$7,398	$7,360	$7,052	$7,039
Tangible Common Equity / Tangible Assets	**9.1%**	**9.3%**	**9.1%**	**8.9%**	**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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