
First Commonwealth®
NYSE: FCF

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.

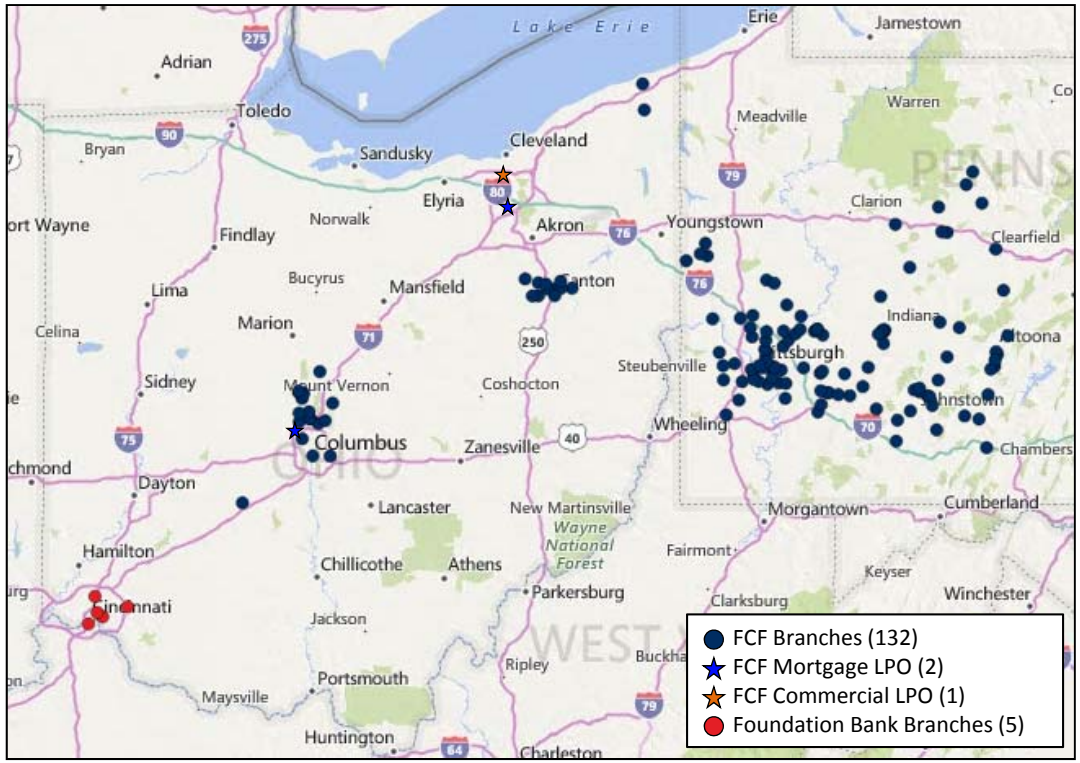
2019 KBW Winter Financial Services Symposium

Boca Raton, FL

February 14, 2019

Overview of First Commonwealth Financial Corporation

First Commonwealth Footprint



- Stable deposit base in core markets combined with platforms for expansion in faster-growing markets
- Recent acquisition of Foundation Bank in Cincinnati represents the next logical step in the company's Ohio expansion efforts

Overview

- Headquartered in Indiana, PA
- Pennsylvania's 6th largest bank
  - 137 retail branches
  - 58 branches concentrated in Pittsburgh MSA
  - Top 5 deposit market share in 8 of 9 rural MSAs
- Assets: $7.8 billion
- Gross Loans: $5.8 billion
- Deposits: $5.9 billion
- Market Cap: $1.3 billion
  (as of February 8, 2019)

As of December 31, 2018
Source: S&P Global Market Intelligence

Strategic Themes

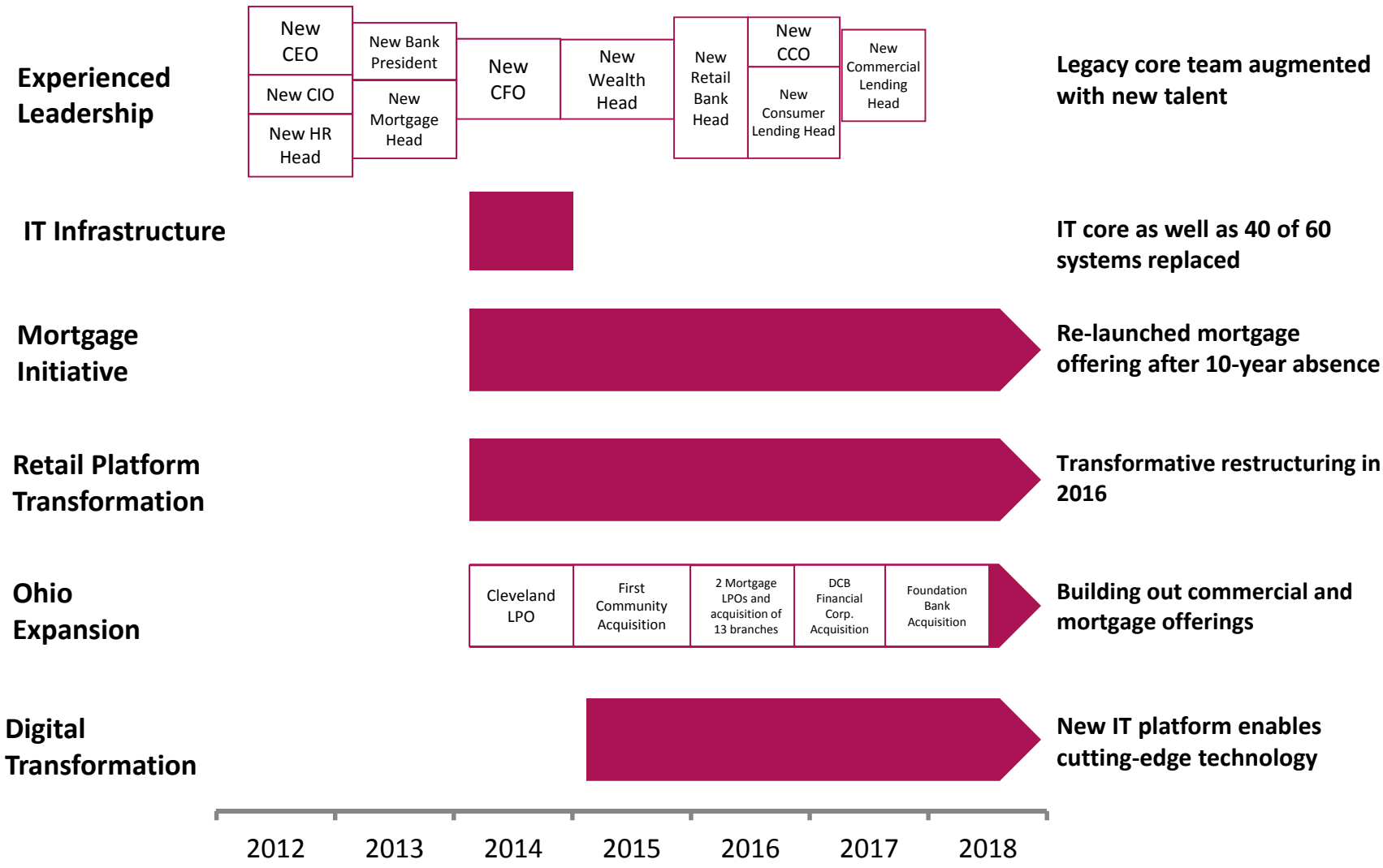


1. Improve the financial lives of our neighbors and their businesses.
2. Build on the strengths of a team of high caliber professionals.
3. Deliver growth across lines of business and geographies.
4. Leverage strong credit culture to achieve targeted loan growth.
5. Pursue a measured approach to M&A.
6. Decisively move toward the digital future.
7. Achieve a sub-55% Efficiency Ratio and +1.40% Return on Average Assets.

Investment Thesis

- Authentic, mission-driven community bank
  - Commercially-focused loan portfolio, balanced by consumer lending
  - Exceptionally low cost of funds, driven by loyal customer base and commercial deposits
  - Asset-sensitive asset/liability mix is well-positioned for rising rates
  - Diversified geography through legacy Pennsylvania operations and expansion into Ohio markets
  - Diversified revenue streams and product mix, with approximately 25% of revenue from fee income sources (including trust, brokerage, insurance, mortgage and SBA lending)
- Proven ability to control expenses and deliver positive operating leverage
  - Significant cost reduction through core system conversion and retail restructuring
  - Redeploying cost savings into revenue-generating positions, digital transformation and new business initiatives (e.g., mortgage, SBA)
- Disciplined growth strategies aimed at efficiently deploying capital
  - Targeting mid-single-digit loan growth funded by commensurate growth in deposits
  - Successful track record of low-risk acquisitions
- Risk and governance culture aligned with expectations of long-term stakeholders

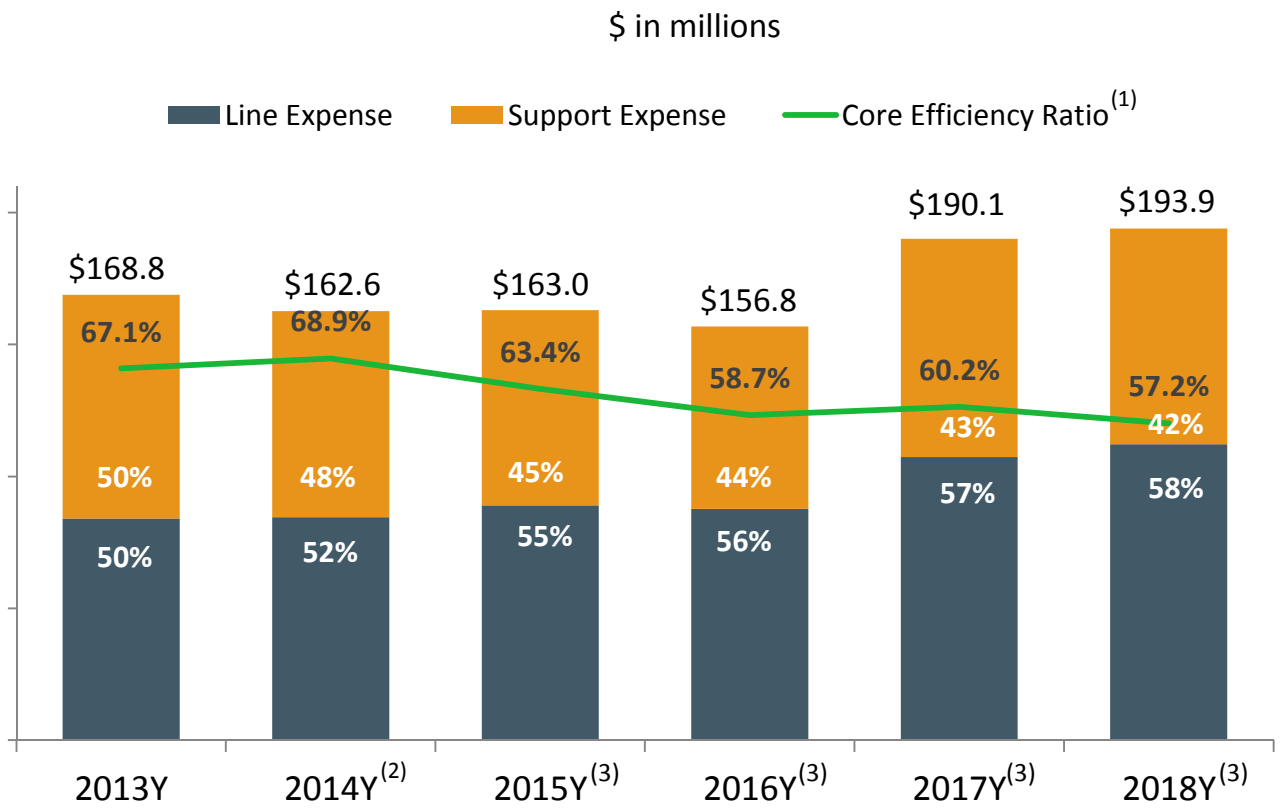
Organizational Changes 2012 - Present



Executive Leadership Team

Name	Age	Title	Years of Experience			Prior Position
			In Current Role	With FCF	In Banking	
T. Michael Price	56	President and CEO	7	11	31	President, First Commonwealth Bank
James R. Reske	55	EVP – CFO and Treasurer	5	5	29	CFO and Treasurer
Jane Grebenc	60	EVP – Chief Revenue Officer	6	6	34	EVP / Retail Banking
Brian G. Karrip	58	EVP – CCO	2	2	37	EVP / Specialized Lending
Matthew C. Tomb	42	EVP – Chief Risk Officer and Legal Counsel	11	11	13	Corporate and Securities Attorney with Regional Law Firm
David B. Buckiso	49	EVP – Wealth Services	4	4	25	Managing Director of Wealth Management
Carrie Riggle	49	EVP – Human Resources	7	27	27	Human Resources Manager
Norman J. Montgomery	51	EVP – Business Integration	7	30	30	Product / Sales Development
Leonard V. Lombardi	59	EVP – Chief Audit Executive	10	26	37	Director of Internal Audit / Loan Review
Gregory J. Sipos	49	EVP – Corporate Banking	1	29	29	SVP / Corporate Banking
Stanley R. Foraker	61	EVP – Mortgage Banking	5	5	34	SVP / Retail Lending
Jeffrey S. Rosen	55	EVP–Consumer and Small Business Lending	2	2	32	SVP / Government Guaranteed Lending

Expense Control: Noninterest Expense Trend



- Successfully redeployed back office savings into revenue producing business lines over the past five years
- Largest investments include reentry into the traditional mortgage and SBA businesses, corporate banking build-out and retail expansion in Ohio, and customer facing technology
- Expense increase from 2016-2017 driven by acquisitions

(1) Refer to the appendix for reconciliations of non-GAAP measures
(2) Excludes $8.6 million litigation settlement
(3) Excludes one-time merger related expenses of $0.9 million, $3.2 million, $10.2 million and $1.6 million in 2015, 2016, 2017 and 2018, respectively

Information Technology Evolution

Replaced 40 of 60 core systems in 2014, which has enabled a myriad of transformational enhancements throughout the company

- Lowered operating costs
- Dramatically increased our speed to market with new products
- Enhanced core product offerings and increased penetration rates to meet or exceed peer levels
  - ⇒ Launched an enhanced online and mobile banking platform to include mobile deposits, fly out menus, check images, touch ID and custom account ordering
  - ⇒ Launched account aggregation and a personal financial management tool (My Finance), which is akin to Mint
  - ⇒ Launched ApplePay, SamsungPay and AndroidPay
  - ⇒ Launched online lending and online deposit account opening platforms
  - ⇒ Launched a new consumer credit card that is designed to get into the queue of a digital wallet
  - ⇒ Launched LivePerson Online Chat
  - ⇒ Created a technology “test lab” with an image ATM and automated In Lobby Teller (ILT), as well as a technology center where we can demonstrate the usage of our digital channels
  - ⇒ Implemented SecurLOCK Communicate (Fraud Alerts through SMS/Email)

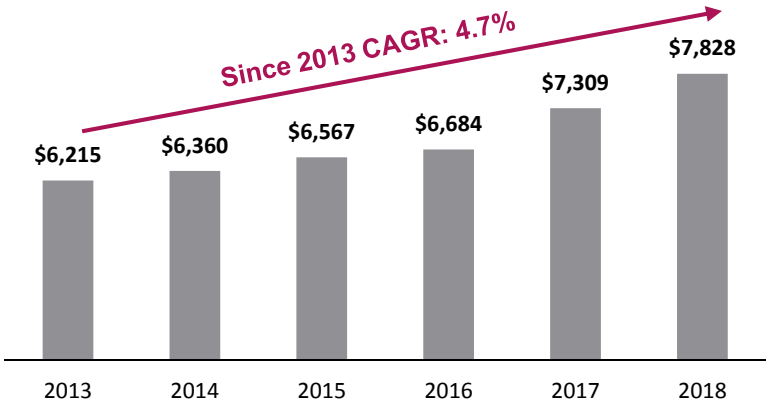
Consumer Strategy Highlights

A retail banking model that adapts to changing customer preferences

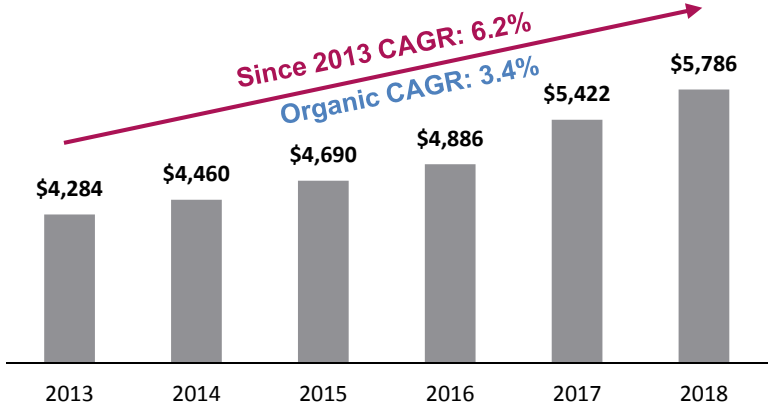
- Fund investments in alternative delivery channels and digital capabilities
- Modify staffing levels and skill sets (universal bankers) to address lower transaction levels, while continuing to provide a full set of solutions
- Develop and implement consumer and small business lending strategy
- Grow Ohio consumer and small business households

Consistent Consolidated Growth Trends

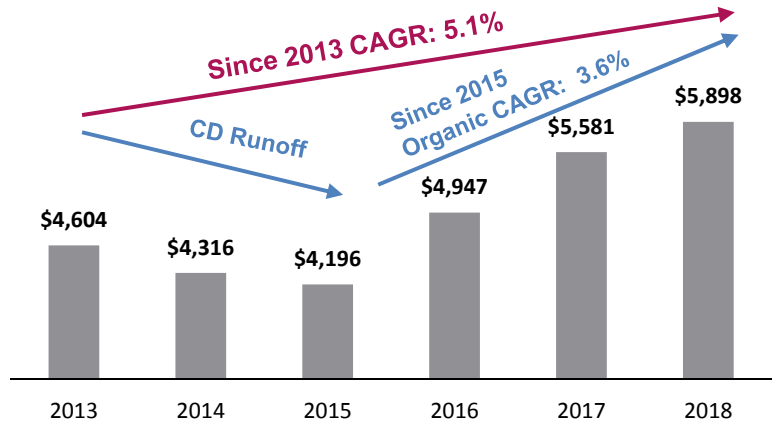
Total Assets ($mm)



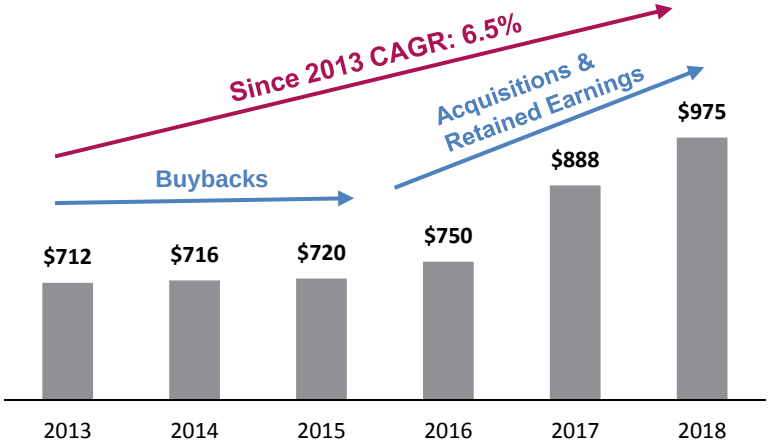
Total Gross Loans ($mm)



Total Deposits ($mm)



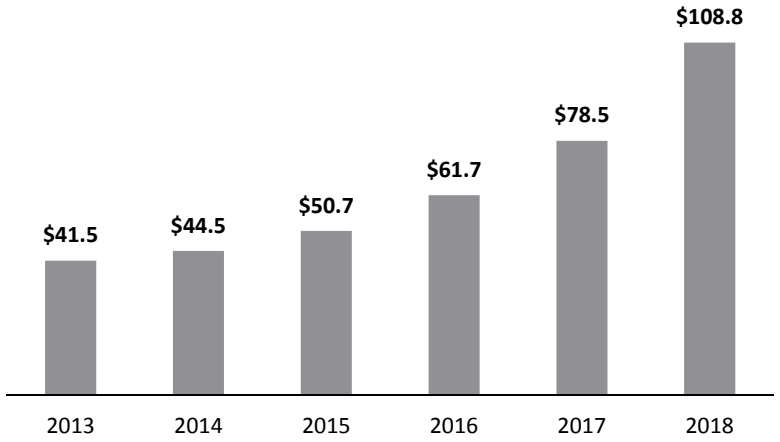
Total Equity ($mm)



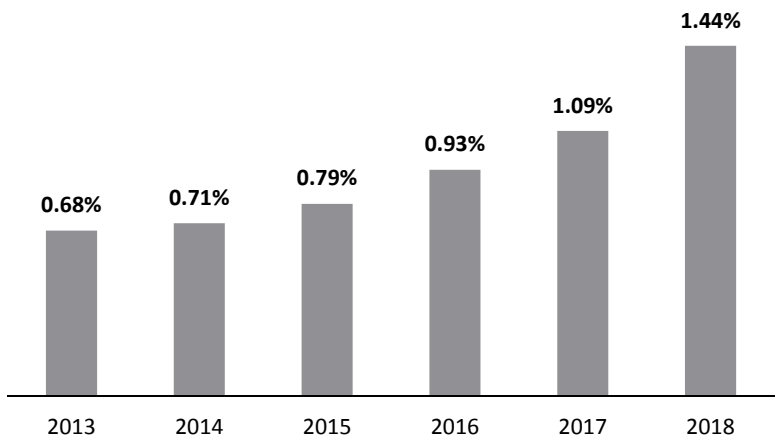
- Steady asset and deposit growth
- Balanced loan to deposit ratio
- Strong equity base

Historical Consolidated Earnings Growth

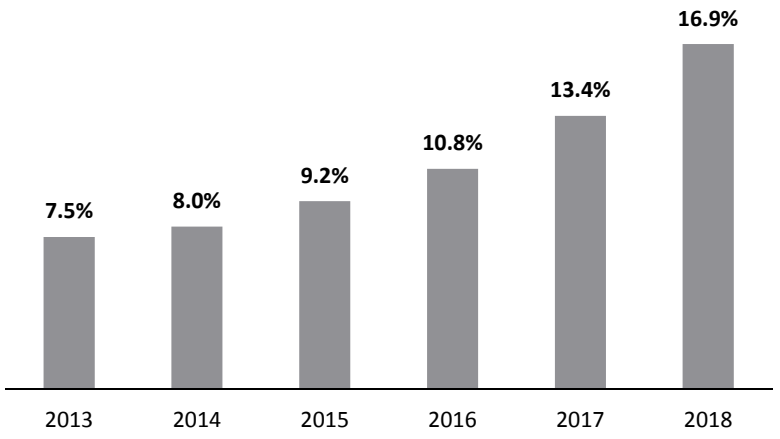
Adjusted Net Income [1] ($mm)



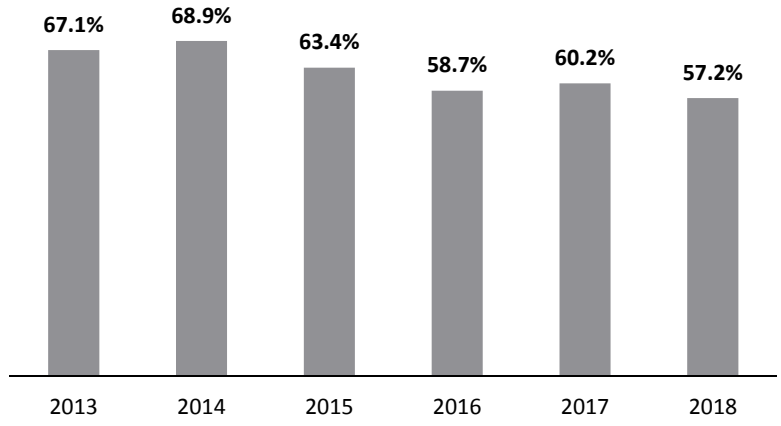
Adjusted ROAA [1] (%)



Adjusted ROATCE [1] (%)



Efficiency Ratio [1] (%)



(1) Please refer to the appendix for reconciliations of non-GAAP measures

Financial Trends: 2014 – Present

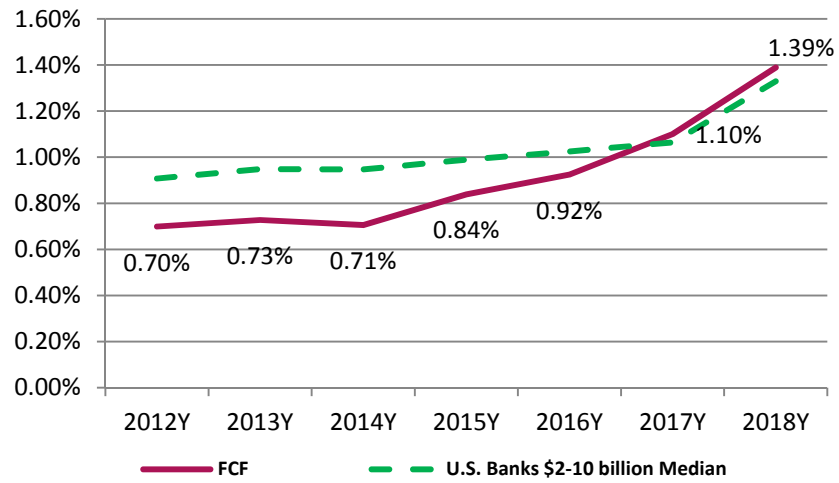
	5 Year Trend					Trailing 5 Quarters				
	2014Y	2015Y	2016Y	2017Y	2018Y	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Income Statement										
Revenue[1]	$248	$253	$267	$313	$343	$85	$82	$91	$84	$86
Provision for credit losses	11	15	18	5	13	2	7	1	3	1
Operating expense[2]	171	161	157	186	191	51	46	47	49	49
Core net income[2]	$45	$51	$62	$79	$109	$21	$24	$33	$25	$27
Stock										
Core EPS[2]	$0.48	$0.57	$0.69	$0.82	$1.10	$0.21	$0.24	$0.33	$0.25	$0.27
Tangible book value per share	6.03	6.23	6.20	6.34	6.98	6.34	6.45	6.69	6.82	6.98
Period-end close	$9.22	$9.07	$14.18	$14.32	$12.08	$14.32	$14.13	$15.51	$16.14	$12.08
Balance Sheet (EOP)										
Loans	$4,460	$4,690	$4,886	$5,422	$5,786	$5,422	$5,391	$5,647	$5,671	$5,786
Deposits	4,315	4,196	4,948	5,581	5,898	5,581	5,704	5,914	5,895	5,898
Profitability										
Core Return on average assets[2]	0.71%	0.79%	0.93%	1.09%	1.44%	1.11%	1.31%	1.76%	1.30%	1.39%
Core Return on average TCE[2]	8.04%	9.20%	10.79%	13.38%	16.87%	13.29%	15.73%	20.70%	15.02%	16.09%
Net interest margin[1]	3.27%	3.28%	3.32%	3.57%	3.71%	3.61%	3.69%	3.78%	3.67%	3.70%
Core Efficiency ratio[1][2]	68.94%	63.44%	58.71%	60.22%	57.15%	62.24%	58.21%	55.23%	57.82%	57.45%

- Demonstrated ability to achieve operating leverage by expanding revenue while reducing expense
  - Note: expense increase from 2016-2017 driven by acquisitions
- EPS has nearly doubled through efficiency initiatives, organic growth and opportunistic M&A

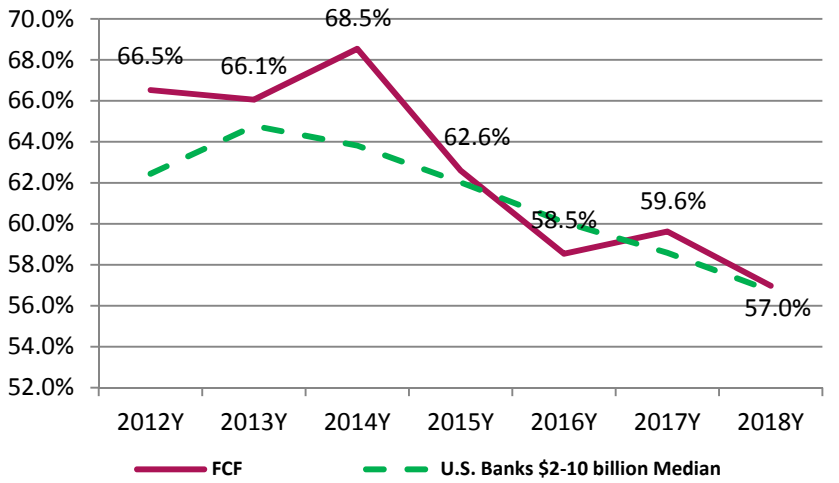
(1) Taxable equivalent
(2) Please refer to the appendix for reconciliations of non-GAAP measures

Performance vs. Peers

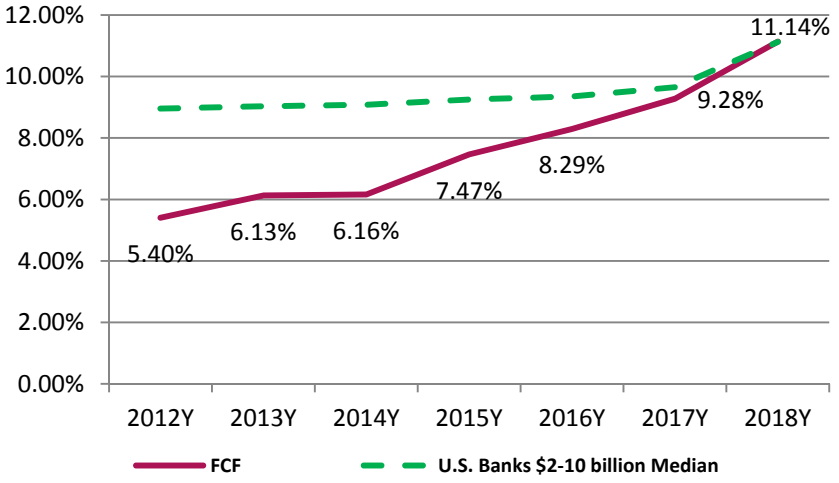
Core ROAA (%)[1]



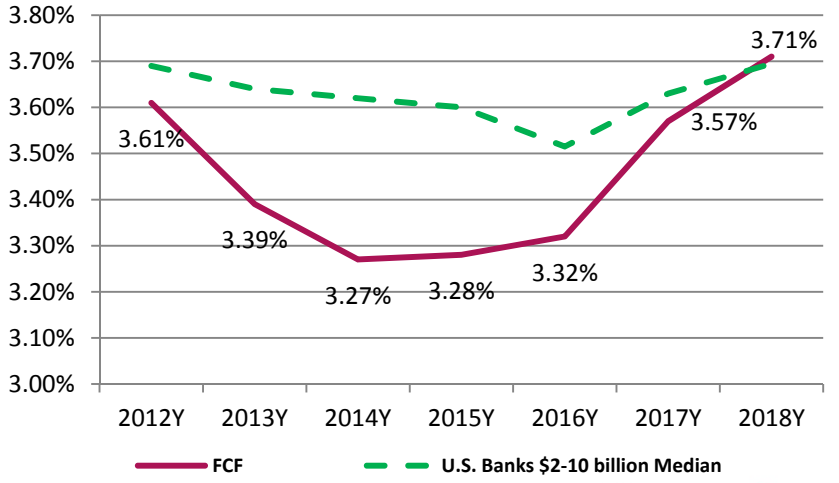
Efficiency Ratio (%)



Core ROAE (%)[1]



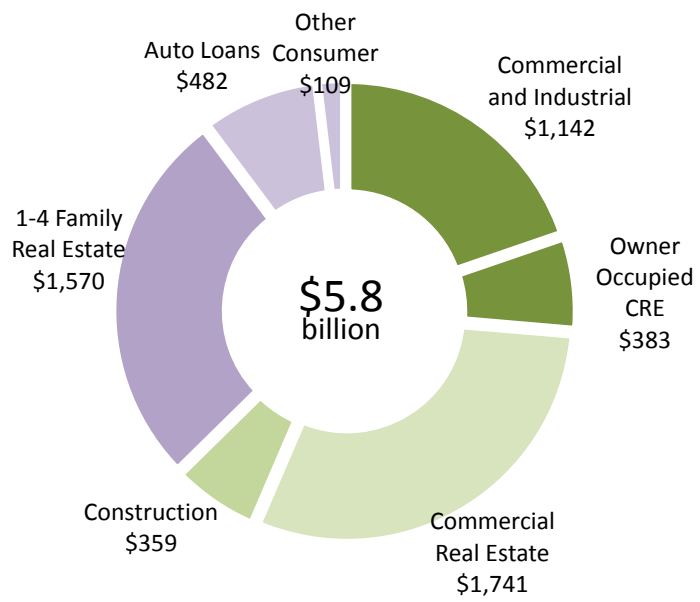
Net Interest Margin (%)[2]



(1) Core ROAA, ROAE and Efficiency Ratios as calculated by S&P Global Market Intelligence and may not agree with management's reported figures
(2) Taxable equivalent

A Commercially-Focused Community Bank

Loan Portfolio Composition ($mm)

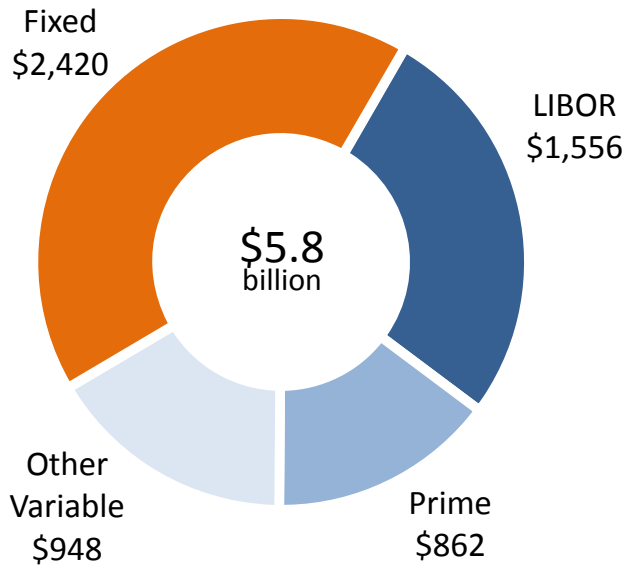


63% Commercial / 37% Retail

Non-Owner Occupied CRE / Total Capital Ratio: 196.7%[1]

C&D Loans / Total Capital: 40.6%[1]

Loan Portfolio Repricing ($mm)



58% Variable / 42% Fixed

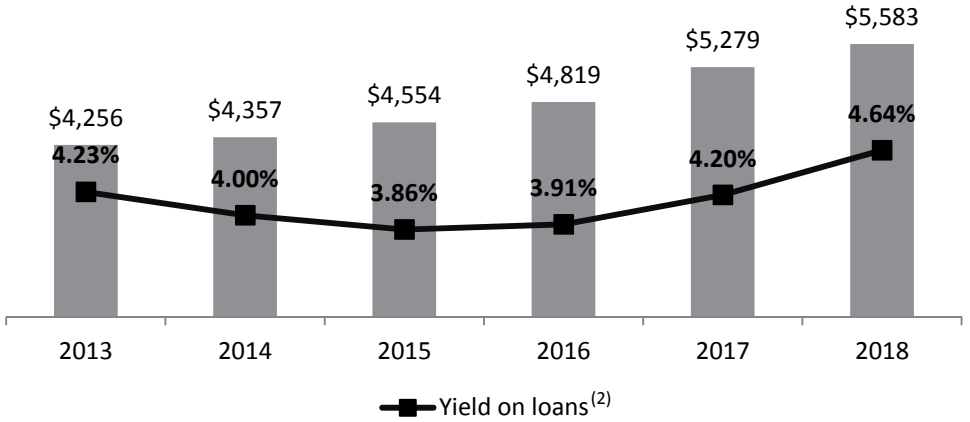
Interest rate floors exist for 31% of variable rate loans

WA Floor of 3.68% < WA Rate of 5.27%

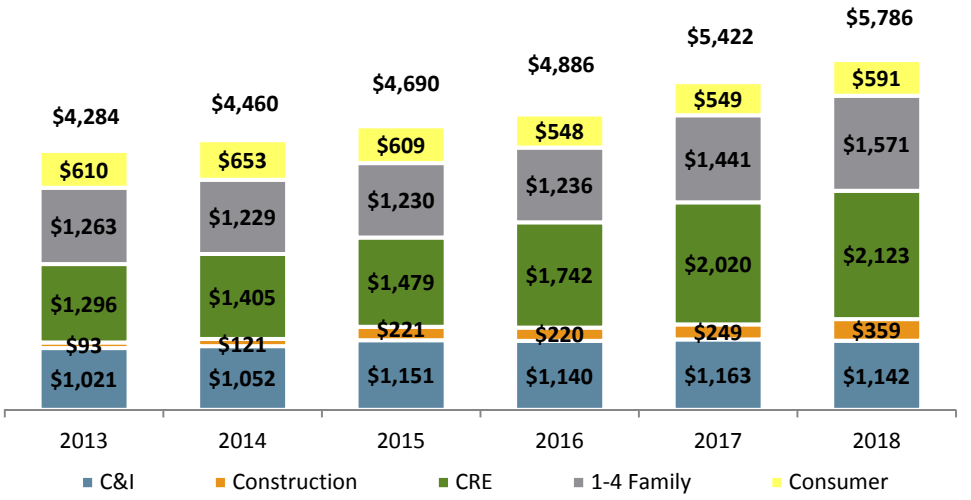
(1) Reflects bank level, regulatory data as of December 31, 2018
Note: As of December 31, 2018; includes loans held for sale

Long-Term Loan Portfolio Trends

Average Loans [1] ($mm)



Period-End Loans [1] ($mm)



Average

- Average loans increased $304 million year-over-year, or $181million(3) excluding the loans acquired in the Foundation Bank acquisition
- Yield on loans have increased 44 basis points since 2017 due to the repricing of variable and adjustable rate loans following a 125 basis point increase in the Federal Funds Target Rate since December 2017

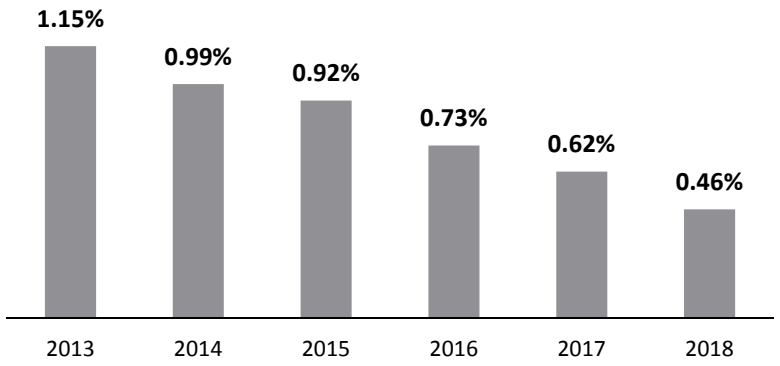
Period-end

- Loans increased $364 million year-over-year
  - YTD growth includes $184 million(3) of loans acquired in the Foundation Bank acquisition
  - YTD organic loan growth of $180 million was driven by growth in CRE, 1-4 family mortgages and other consumer loans, partially offset by high levels of payoffs in the C&I portfolio

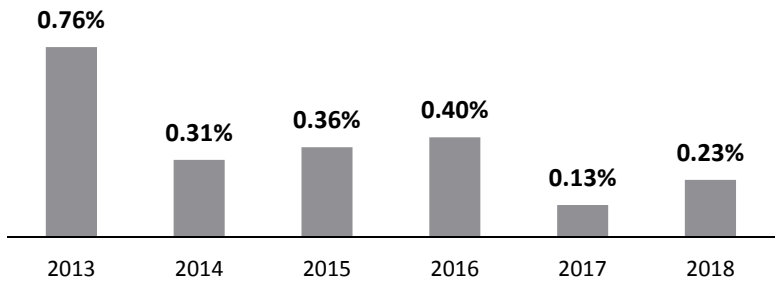
(1) Includes loans held for sale
(2) Taxable equivalent yield
(3) Balances as of the close of the acquisition

Long-Term Asset Quality Trends

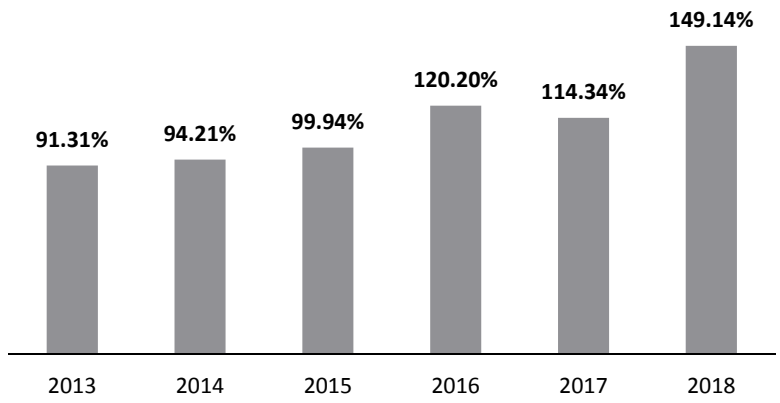
Nonperforming Assets / Assets [1] (%)



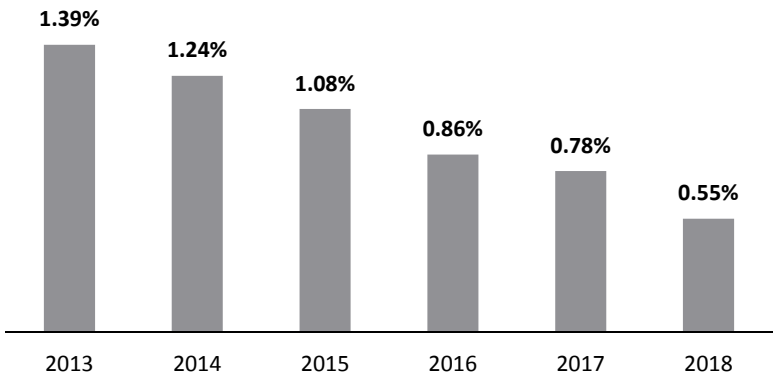
Net Charge-Offs / Loans (%)



Reserves / Nonperforming Loans (%)



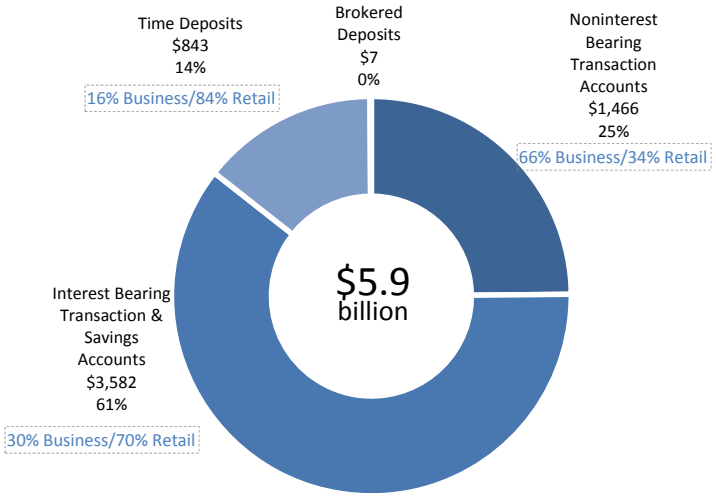
Nonperforming Loans / Loans (%)



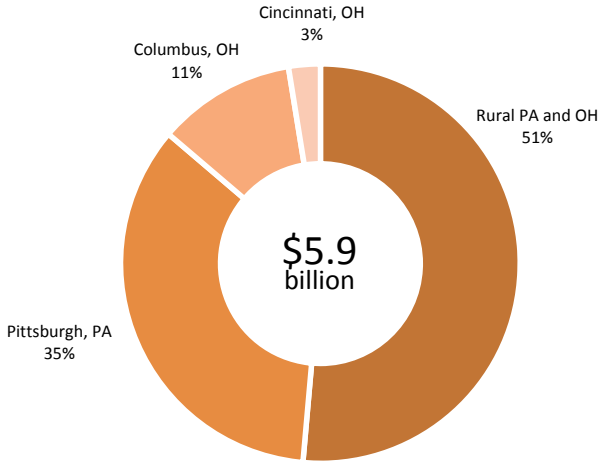
(1) Nonperforming assets include nonaccrual loans and leases, renegotiated loans and leases, and foreclosed or repossessed assets

Stable Source of Low-Cost Funding

Deposit Composition ($mm)

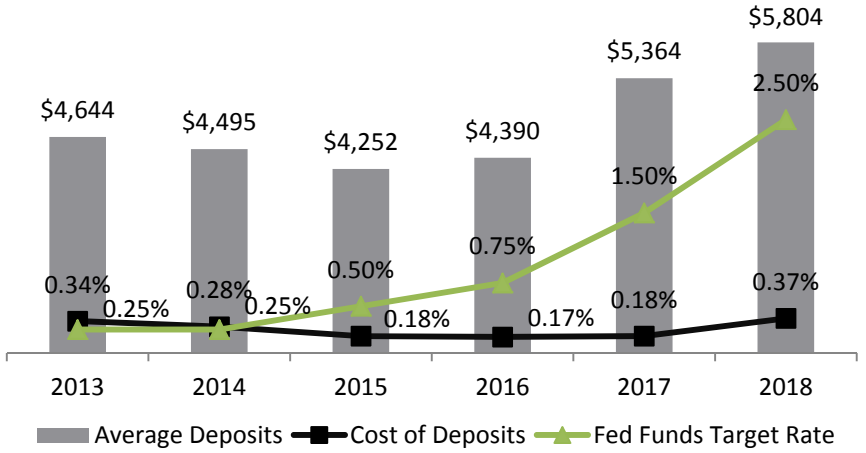


Geographic Breakdown



- Over 50% of the Bank's deposits are sourced from rural Western Pennsylvania and Northern Ohio where customers tend to be more loyal than larger metropolitan markets
- The Bank's current cost of deposits is 0.37%, despite a 225 basis point increase in the Federal Funds Target Rate
- Deposits have grown steadily since 2015 though thoughtful M&A and organic production
- Noninterest-bearing deposits currently comprise 25% of total deposits

Average Deposits ($mm)



Expansion into Higher Growth Markets

Mergers and Acquisitions Strategy

- Pursuing a measured approach to M&A, focusing on low-risk accretive acquisitions in preferred geographic markets
  - Bias is for a tight, drivable footprint including the Pittsburgh, Columbus, Cleveland, and Cincinnati metro markets
  - Preference for smaller, low-risk market extension deals in new metro markets, or market overlap deals in existing markets that offer strong depositories or cost takeout opportunities
  - Transactions must make sense both strategically and financially

- Building on lessons learned and experience from prior acquisitions – demonstrating an ability to execute and integrate
  - Acquisition of First Community Bank closed on October 1, 2015: Less than 1% dilution to tangible book value per share
  - Acquisition of 13 FirstMerit branches closed on December 2, 2016: 4.5% premium on deposits and immediately accretive to GAAP and cash earnings per share, as low-cost deposits were used to pay down higher-cost borrowings
  - Acquisition of DCB Financial Corp. closed on April 3, 2017: Expanded FCF's footprint and provided a broader geography for mortgage and small business lending growth in central Ohio
  - Acquisition of Foundation Bank closed on May 1, 2018: Immediately accretive to FCF's tangible book value and nominally accretive to FCF's earnings

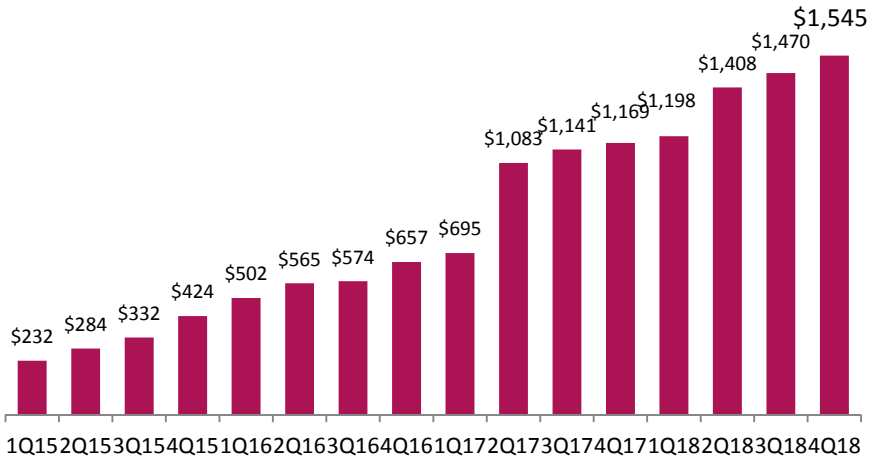
Ohio Buildout to Date

First Commonwealth's presence in Ohio presents significant opportunity for growth

Successful Expansion Efforts

- Leveraging significant management experience in Ohio market
- Opened a business center in Cleveland in April 2014
  - Targeting commercial customers in northeastern OH
- Acquired First Community Bank in Columbus, OH in October '15
- Opened two mortgage production offices in central and northeast OH in 2016
  - Continue to build-out mortgage delivery in central and northeastern OH
- Completed acquisition of 13 branches from FirstMerit in December '16
- Completed acquisition of DCB Financial Corp in April '17
- Completed acquisition of Foundation Bank in Cincinnati, OH in May '18
- First Commonwealth's Ohio franchise is now comprised of:
  - $1.5 billion in loans
  - $1.4 billion in deposits
  - 34 banking branches
  - 3 loan production offices

Ohio Loan Portfolio ($MM)[1]



Recent Ohio Acquisitions

Target	Announcement Date	Completion Date	Deal Value $MM[2]	Total Loans Acquired $MM	Total Deposits Acquired $MM
First Community Bank	5/11/2015	10/1/2015	$15	$61	$90
13 FirstMerit Branches	7/27/2016	12/2/2016	$33	$102	$620
DCB Financial Corp.	10/3/2016	4/3/2017	$106	$383	$484
Foundation Bank	1/10/2018	5/1/2018	$58	$185	$141
		Total	**$212**	**$731**	**$1,335**
		Total Ohio Portfolio [1]		*$1,545*	*$1,412*

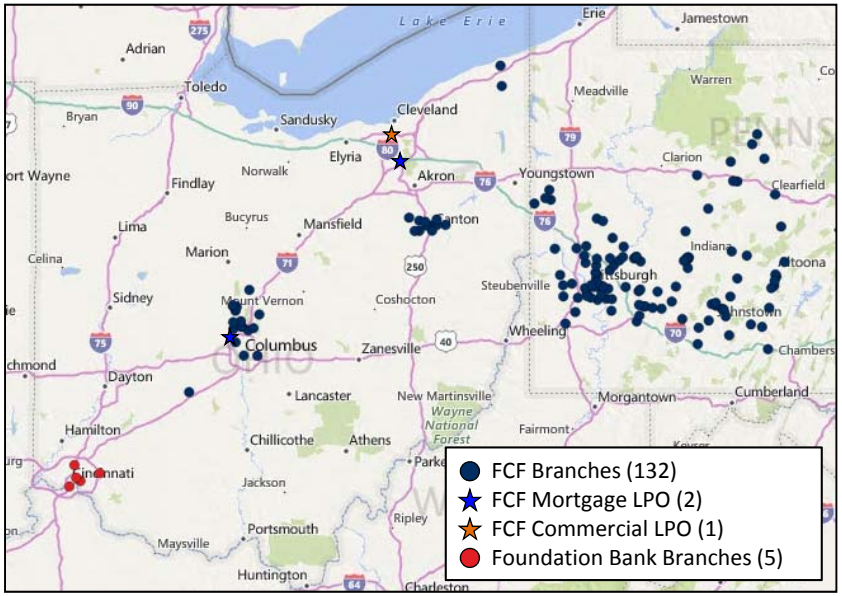
(1) Includes all OH based consumer loans, Commercial Real Estate loans with properties located in OH and C&I loans with borrowers headquartered in OH
(2) Deal value at announcement

Appendix

- Acquisition of Foundation Bank
- 4Q 2018 Financial Results
- Non-GAAP Measures

Franchise-Enhancing Acquisition in Desirable Cincinnati MSA

Pro Forma Branch Map



Strategic Rationale

- Cincinnati represents the next logical step in the company's Ohio expansion efforts:
  - Builds on FCF's recent successful acquisitions in northern and central Ohio
  - Strong Cincinnati market demographics and growth potential
  - Market well-known to management
  - Expected to serve as a chassis from which FCF can deliver commercial, mortgage and other product offerings
- Pro forma FCF Ohio deposits total $1.4 billion

Foundation Bank Financials (Q ended 3/31/2018)

- Total Assets: $208 million
- Total Loans: $183 million
- Total Deposits: $141 million
- Total Book Value: $44.0 million
- Total Intangibles: $4.8 million
- ROAA: 1.34%
- NPAs/Assets: 0.73%

Transaction Terms / Assumptions

- FCF to issue approximately 2.75 million shares and $17.4 million of cash (70% stock, 30% cash)
- Approximate deal value of $58 million
- 1.7% loan mark; 40% cost savings, 50% phase-in in 2018
- Combined restructuring charges of $3.1 million (pretax)
- Immediately accretive to FCF's tangible book value
- Nominally accretive to FCF's earnings

Source: S&P Global Market Intelligence

Appendix

- Acquisition of Foundation Bank
- 4Q 2018 Financial Results
- Non-GAAP Measures

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 the appendix 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***

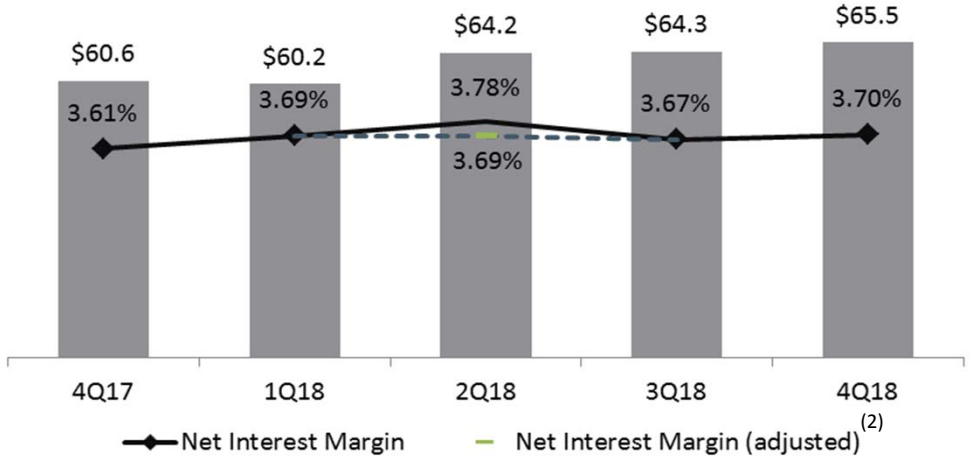
- Total loans (excluding loans held for sale) grew $367 million YoY, driven by a $190 million increase in the commercial loan portfolio and $140 million of growth in closed-end mortgages. This growth includes $184 million of loans received in the acquisition of Foundation Bank on May 1, 2018(1)
- Noninterest-bearing 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

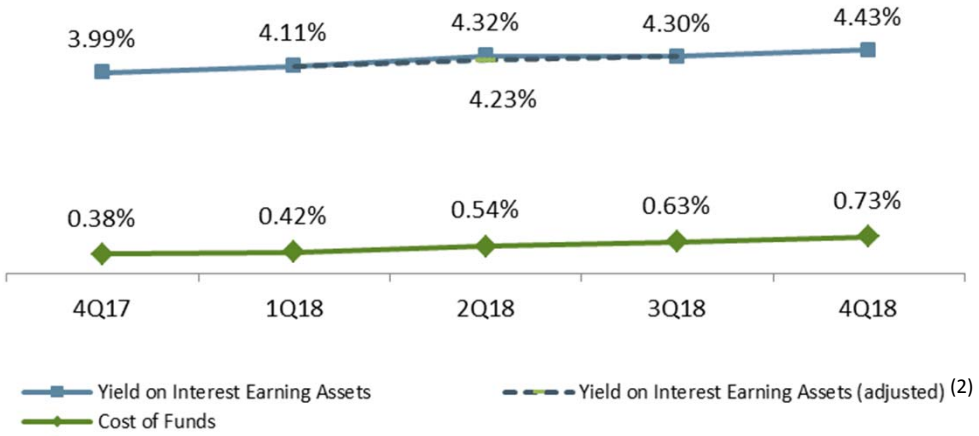
$ in millions

Net interest income and net interest margin

Net Interest Income(1)



Yield / Cost Trends(1)



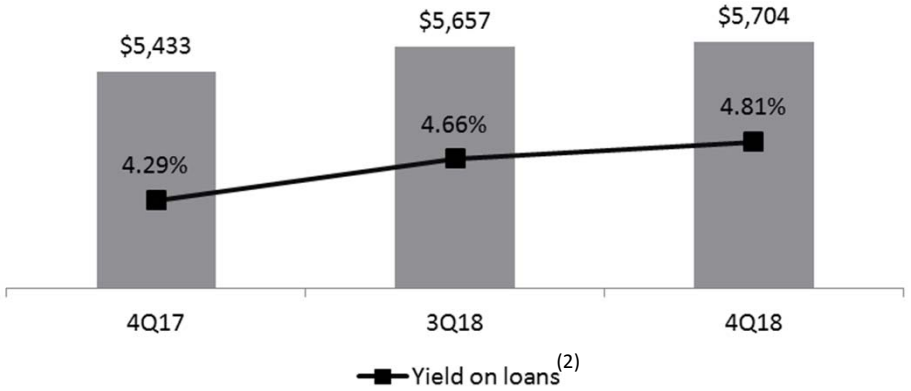
- Net interest income increased $1.2 million to LQ as the result of three basis points (bps) increase in the net interest margin and a $74 million increase in average interest earning assets
- Net interest margin of 3.70% increased three bps over LQ due to:
  - Loan yields increased 15 bps due to the 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

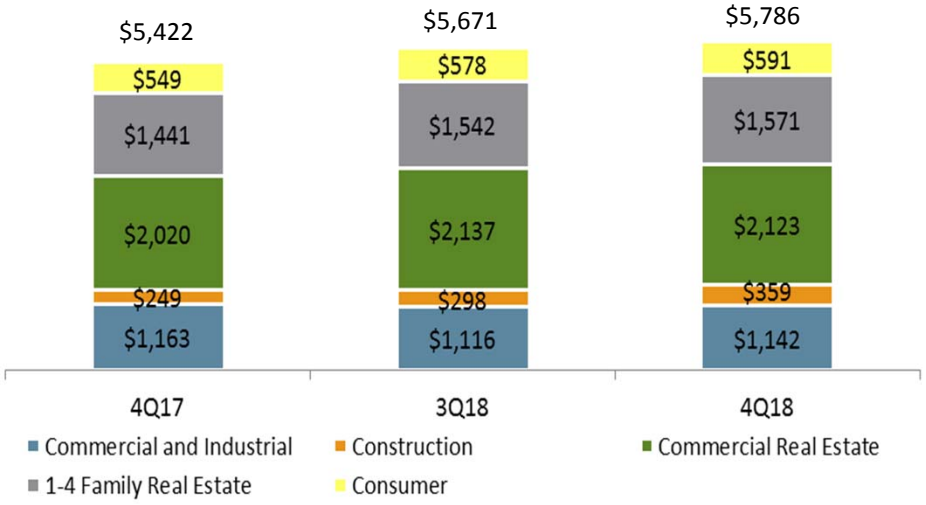
$ in millions

Loans

Average Loans(1)



Period-end Loans(1)



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

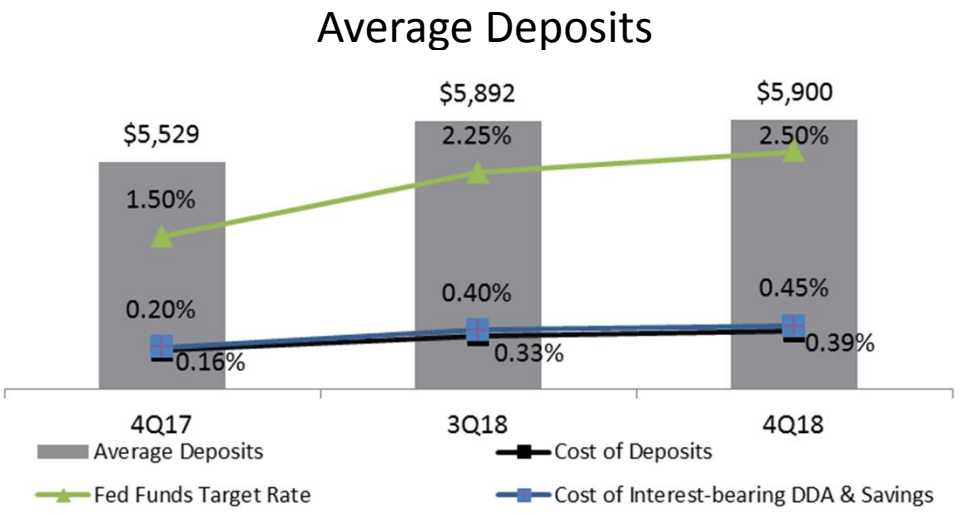
Average

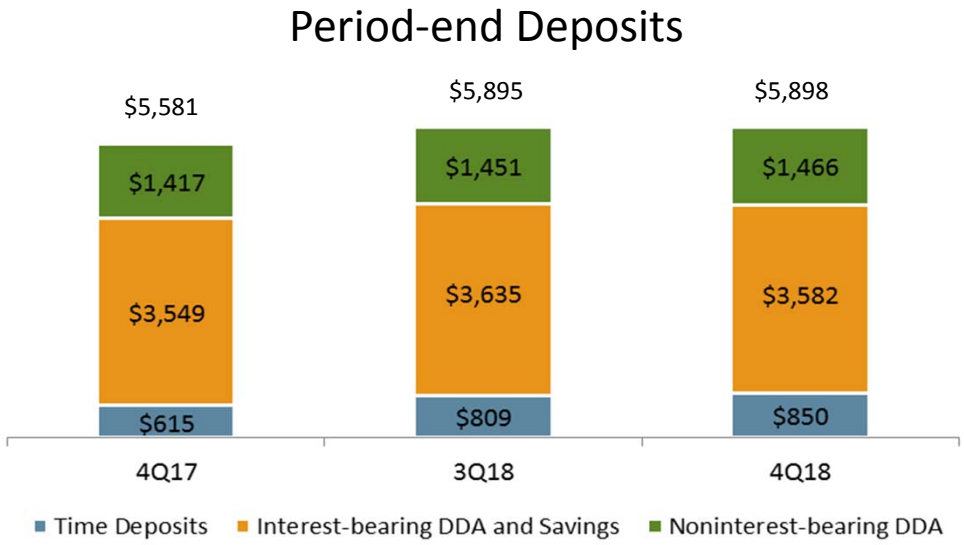
- Average loans increased $47 million from LQ and increased $271 million YoY (or $87 million without Foundation Bank)
- Yield on loans increased 15 basis points from the previous quarter

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

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

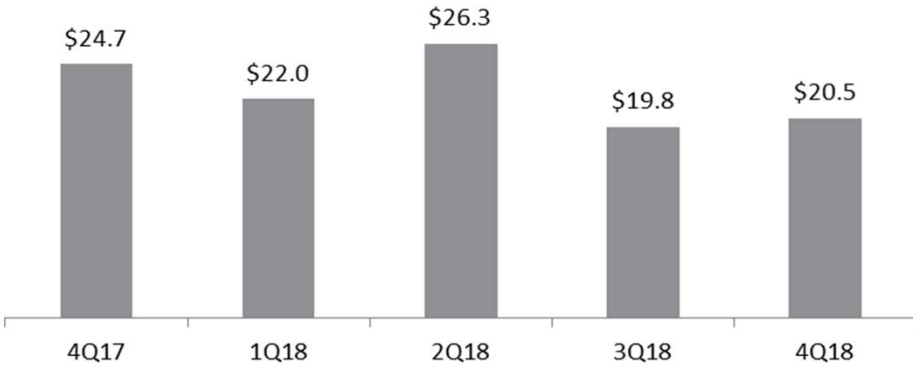
- Total deposits increased $3 million from LQ and increased $317 million from the prior year driven by the addition of $141 million[(1)] in deposits acquired in the Foundation Bank acquisition
- Noninterest-bearing deposits currently comprise 24.9% of total deposits

(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)***

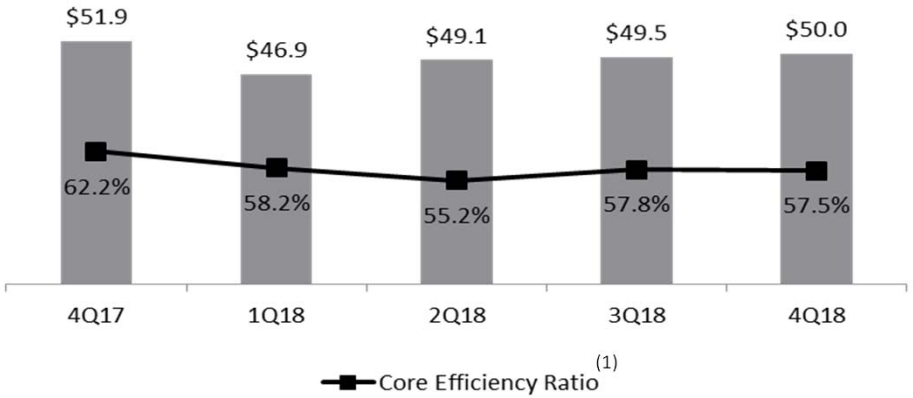


- Total fee income increased $0.7 million to LQ and decreased $0.3 million YoY
- Gain on sale of other loans increased $1.1 million to LQ primarily due a $0.6 million gain on the sale of a nonperforming loan, a $0.4 million insurance recovery, and a $0.2 million increase in gain on the sale of SBA loans 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)***



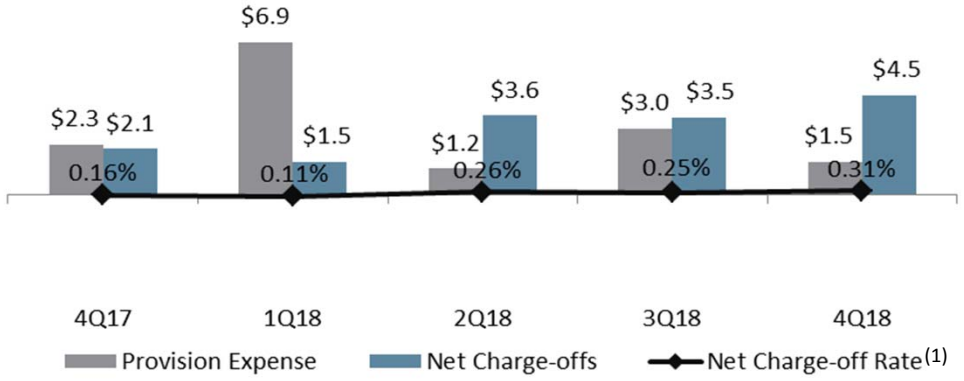
$ in millions

- 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 the appendix for disclosures regarding non-GAAP measures

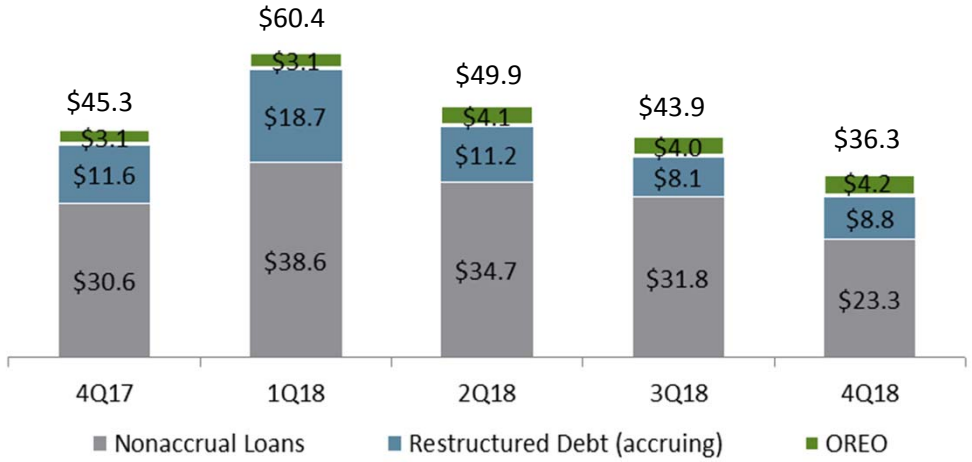
Credit quality

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

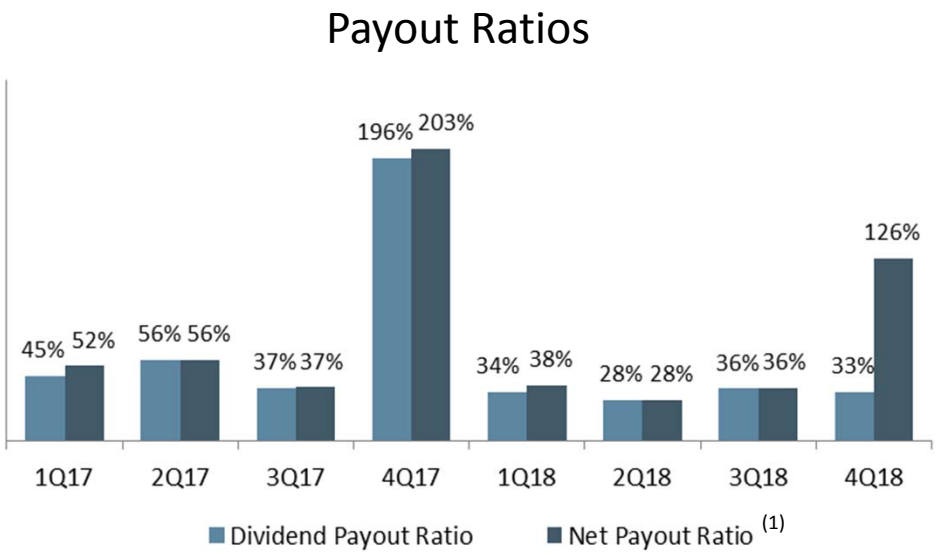


- Nonperforming assets decreased $7.6 million over LQ primarily due to the resolution of one commercial real estate relationship and one C&I credit

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

$ in millions

Capital Return



- 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

- Acquisition of Foundation Bank
- 4Q 2018 Financial Results
- 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.

Non-GAAP measures

Operating Revenue	2018Y	2017Y	2016Y	2015Y	2014Y	2013Y
Net Interest Income	$252.2	$228.8	$199.0	$188.5	$183.7	$184.7
Tax equivalent adjustment	2.0	4.2	3.9	3.4	3.3	4.0
Net Interest Income (FTE)	254.2	233.0	202.9	191.9	187.0	188.7
Noninterest Income (Reported)	88.6	80.3	64.6	61.3	60.9	60.2
Less: Realized gains / (losses) on securities	8.1	5.0	0.6	(0.2)	0.6	(1.2)
Less: Derivative mark-to-market	0.8	(0.5)	0.2	(0.3)	(0.3)	1.4
Total Noninterest Income (Operating)	$79.7	$75.8	$63.8	$61.8	$60.6	$60.0
Total Operating Revenue	$333.9	$308.8	$266.7	$253.7	$247.6	$248.7
Average Assets	7,555	7,210	6,661	6,399	6,281	6,132
Operating Revenue / Average Assets (%)	**4.42%**	**4.28%**	**4.00%**	**3.97%**	**3.94%**	**4.06%**

Operating Expense	2018Y	2017Y	2016Y	2015Y	2014Y	2013Y
Noninterest Expense	$195.6	$200.3	$159.9	$163.9	$171.2	$168.8
Less: Unfunded commitment reserve	(0.2)	1.1	(0.3)	1.4	(0.1)	0.8
Less: Intangible amortization	3.2	3.1	0.5	0.6	0.6	1.1
Less: Merger and acquisition related	1.6	10.2	3.2	0.9	0.0	0.0
Total Operating Expense	$191.0	$185.9	$156.5	$161.0	$170.7	$166.9
Average Assets	7,555	7,210	6,661	6,399	6,281	6,132
Operating Expense / Average Assets (%)	**2.53%**	**2.58%**	**2.35%**	**2.52%**	**2.72%**	**2.72%**
Core Efficiency Ratio[(1)]	**57.2%**	**60.2%**	**58.7%**	**63.4%**	**68.9%**	**67.1%**

$ 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	2018Y	2017Y	2016Y	2015Y	2014Y	2013Y
Net Income (GAAP)	$107.5	$55.2	$59.6	$50.1	$44.5	$41.5
Less: Merger and acquisition *(after tax)*	1.3	6.6	2.1	0.6	0.0	0.0
Less: Deferred tax asset writedown	0.0	16.7	0.0	0.0	0.0	0.0
Core Net Income (Non-GAAP)	**$108.8**	**$78.5**	**$61.7**	**$50.7**	**$44.5**	**$41.5**
Average Diluted Shares Outstanding	99.2	95.3	88.9	89.4	93.1	97.0
Core Earnings per Share (Non-GAAP)	**$1.10**	**$0.82**	**$0.69**	**$0.57**	**$0.48**	**$0.43**

Core Return on Average Assets (%)	2018Y	2017Y	2016Y	2015Y	2014Y	2013Y
Net Income (GAAP)	$107.5	$55.2	$59.6	$50.1	$44.5	$41.5
Less: Merger and acquisition *(after tax)*	1.3	6.6	2.1	0.6	0.0	0.0
Less: Deferred tax asset writedown	0.0	16.7	0.0	0.0	0.0	0.0
Core Net Income (Non-GAAP)	**$108.8**	**$78.5**	**$61.7**	**$50.7**	**$44.5**	**$41.5**
Average Assets	7,555	7,210	6,661	6,399	6,281	6,132
Core Return on Average Assets (Non-GAAP)	**1.44%**	**1.09%**	**0.93%**	**0.79%**	**0.71%**	**0.68%**

$ 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 (%)	2018Y	2017Y	2016Y	2015Y	2014Y	2013Y
Average Equity	$942	$855	$743	$719	$719	$728
Less: Average intangible assets	282	254	168	163	161	162
Less: Average preferred stock	0	0	0	0	0	0
Average Tangible Common Equity	$660	$601	$575	$556	$558	$566
Net Income (GAAP)	$107.5	$55.2	$59.6	$50.1	$44.5	$41.5
Less: Intangible amortization *(after tax)*	2.5	2.0	0.3	0.4	0.4	0.7
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$110.0	$57.2	$59.9	$50.5	$44.9	$42.2
Return on Average Tangible Common Equity	**16.7%**	**9.5%**	**10.4%**	**9.1%**	**8.0%**	**7.5%**

Core Return on Average Tangible Common Equity (%)	2018Y	2017Y	2016Y	2015Y	2014Y	2013Y
Average Equity	$942	$855	$743	$719	$719	$728
Less: Average intangible assets	282	254	168	163	161	162
Less: Average preferred stock	0	0	0	0	0	0
Average Tangible Common Equity	$660	$601	$575	$556	$558	$566
Net Income (GAAP)	$107.5	$55.2	$59.6	$50.1	$44.5	$41.5
Less: Merger and acquisition *(after tax)*	1.3	6.6	2.1	0.6	0.0	0.0
Less: Deferred tax asset writedown	0.0	16.7	0.0	0.0	0.0	0.0
Core Net Income (Non-GAAP)	$108.8	$78.5	$61.7	$50.7	$44.5	$41.5
Less: Intangible amortization *(after tax)*	2.5	2.0	0.3	0.4	0.4	0.7
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$111.3	$80.5	$62.0	$51.1	$44.9	$42.2
Core Return on Average Tangible Common Equity	**16.9%**	**13.4%**	**10.8%**	**9.2%**	**8.0%**	**7.5%**

$ 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.

Non-GAAP measures

Tangible Common Equity / Tangible Assets

(Tangible Common Equity Ratio)	2018Y	2017Y	2016Y	2015Y	2014Y	2013Y
Total Equity	$975	$888	$750	$720	$716	$712
Less: Intangible assets	287	270	198	166	163	161
Less: Preferred stock	0	0	0	0	0	0
Tangible Common Equity	$688	$618	$552	$554	$553	$551
Total Assets	$7,828	$7,309	$6,684	$6,567	$6,360	$6,215
Less: Intangible assets	287	270	198	166	163	161
Tangible Assets	$7,541	$7,039	$6,486	$6,401	$6,197	$6,054
Tangible Common Equity / Tangible Assets	**9.1%**	**8.8%**	**8.5%**	**8.7%**	**8.9%**	**9.1%**

$ 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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