

Supplemental Financial Information

First Quarter 2019

April 24, 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.

1Q 2019 Highlights

	1Q19	4Q18	1Q18	Change from 4Q18	Change from 1Q18
Net interest income[1]	$65.9	$65.5	$60.2	*$0.4*	*$5.7*
Provision for credit losses	4.1	1.5	6.9	*2.6*	*(2.8)*
Fee revenue	18.9	20.5	18.4	*(1.6)*	*0.5*
Gain on sale of securities	0.0	0.0	2.8	*0.0*	*(2.8)*
Derivative mark-to-market	0.0	0.0	0.8	*0.0*	*(0.8)*
Operating expense[2]	49.4	49.4	45.8	*0.0*	*3.6*
Other expense[2]	0.3	0.6	1.1	*(0.3)*	*(0.8)*
Income taxes[1]	6.4	7.5	5.1	*(1.1)*	*1.3*
Net income	**$24.6**	**$27.0**	**$23.3**	***($2.4)***	***$1.3***
Core net income[2]	**$24.6**	**$27.0**	**$23.5**	***($2.4)***	***$1.1***
Reported EPS	$0.25	$0.27	$0.24	*($0.02)*	*$0.01*
Core EPS[2]	$0.25	$0.27	$0.24	*($0.02)*	*$0.01*
Return on average assets	1.27%	1.39%	1.29%	*(0.12%)*	*(0.02%)*
Core return on average assets[2]	1.27%	1.39%	1.31%	*(0.12%)*	*(0.04%)*
Return on average equity	10.11%	11.06%	10.57%	*(0.95%)*	*(0.46%)*
Return on average tangible common equity[2]	14.59%	16.09%	15.56%	*(1.50%)*	*(0.97%)*
Core return on average tangible common equity[2]	14.59%	16.09%	15.73%	*(1.50%)*	*(1.14%)*
Core efficiency ratio[2]	58.18%	57.45%	58.21%	*0.73%*	*(0.03%)*
Net interest margin[1]	3.75%	3.70%	3.69%	*0.05%*	*0.06%*
Net Chargeoffs[3]	0.15%	0.31%	0.11%	*(0.16%)*	*0.04%*

- Net income of $24.6 million increased $1.3 million year-over-year (YoY), but decreased $2.4 million compared to linked quarter (LQ)
- Net interest income expansion of $5.7 million YoY was aided by improved loan yields as a result of the increase in short-term rates combined with a $516 million increase in average interest-earning assets
- Provision increased $2.6 million compared to LQ primarily due to strong loan growth and the payoff of one nonaccrual commercial credit and the associated release of $1.7 million in specific reserves during the prior quarter
- Fee revenue decreased $1.6 million from LQ primarily due to a $1.2 million decrease in service charges and card-related interchange income (driven by seasonally lower volume and six less processing days) as well as a $0.6 million gain on the sale of a nonperforming loan in the prior quarter
- Operating expense was essentially flat to LQ as lower professional fees and PA shares tax offset higher advertising and snow removal costs

(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

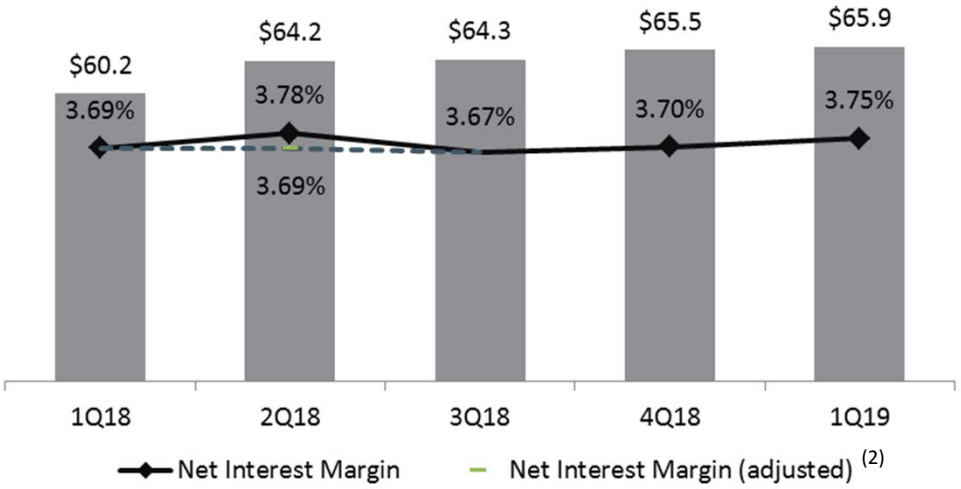
Period-end Balances	1Q19	4Q18	1Q18	Change From 4Q18	Change From 1Q18
Cash & securities	$1,427	$1,434	$1,323	*($7)*	*$104*
Loans held for sale	10	12	9	*(2)*	*1*
Commercial loans	3,644	3,568	3,381	*76*	*263*
Consumer loans	2,227	2,206	2,000	*21*	*227*
Allowance for credit losses	(50)	(48)	(54)	*(2)*	*4*
OREO	4	4	3	*0*	*1*
Goodwill & intangibles	287	287	269	*0*	*18*
Other	424	365	390	*59*	*34*
Total Assets	**$7,973**	**$7,828**	**$7,321**	***$145***	***$652***
Noninterest Bearing DDA	$1,511	$1,466	$1,444	*$45*	*$67*
Interest Bearing Savings & DDA	3,729	3,582	3,616	*147*	*113*
Time Deposits	886	843	629	*43*	*257*
Brokered Deposits	5	7	15	*(2)*	*(10)*
Short-term Borrowings	566	722	588	*(156)*	*(22)*
Long-term Debt	185	185	88	*0*	*97*
Other	93	48	42	*45*	*51*
Equity	998	975	899	*23*	*99*
Total Liabilities & Equity	**$7,973**	**$7,828**	**$7,321**	***$145***	***$652***

- Total loans (excluding loans held for sale) grew $490 million YoY, driven by a $263 million increase in the commercial loan portfolio and a $227 increase in consumer loans, consisting primarily of $132 million of growth in closed-end mortgages. This growth includes $185 million of loans received in the acquisition of Foundation Bank on May 1, 2018(1)
- Noninterest-bearing demand deposits increased $67 million YoY, or 4.6%, and currently comprise 24.6% 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

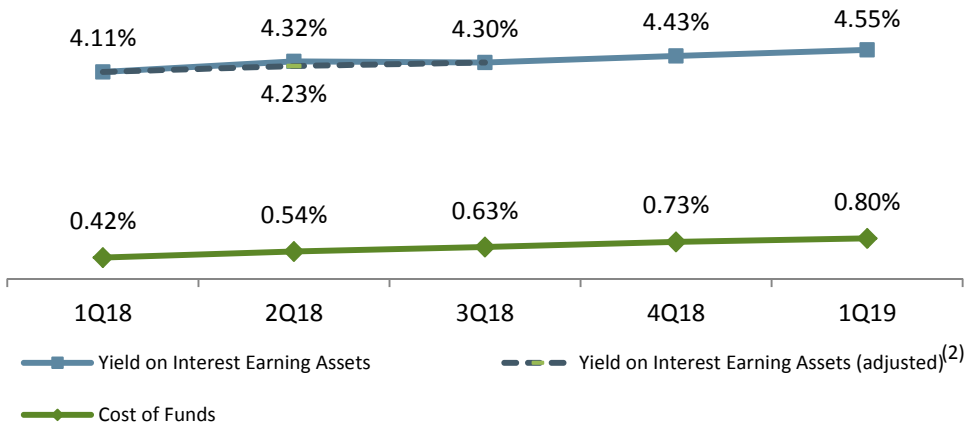
Net interest income and net interest margin

Net Interest Income(1)



- Net interest income increased $0.4 million to LQ as the result of a five basis point (bps) increase in the net interest margin and a $107 million increase in average loans, which was partially offset by two additional days in the prior quarter

Yield / Cost Trends(1)



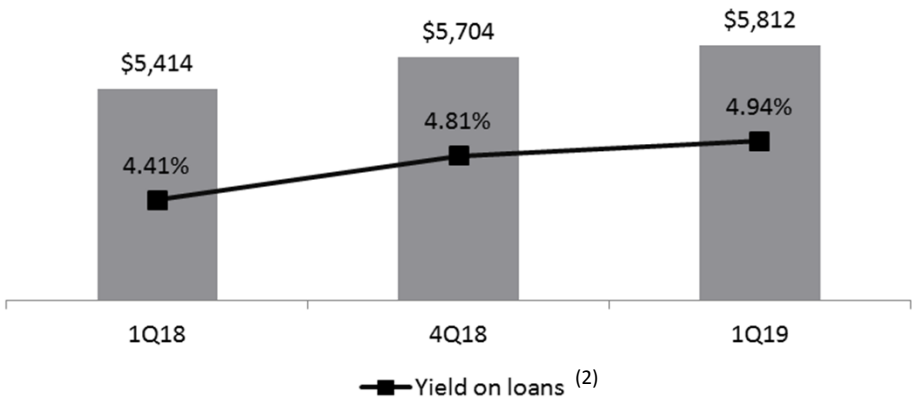
- Net interest margin of 3.75% increased five bps over LQ:
  - Loan yields increased 13 bps due to the repricing of variable and adjustable rate loans and higher replacement yields on new loans
  - Funding costs increased 7 bps

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

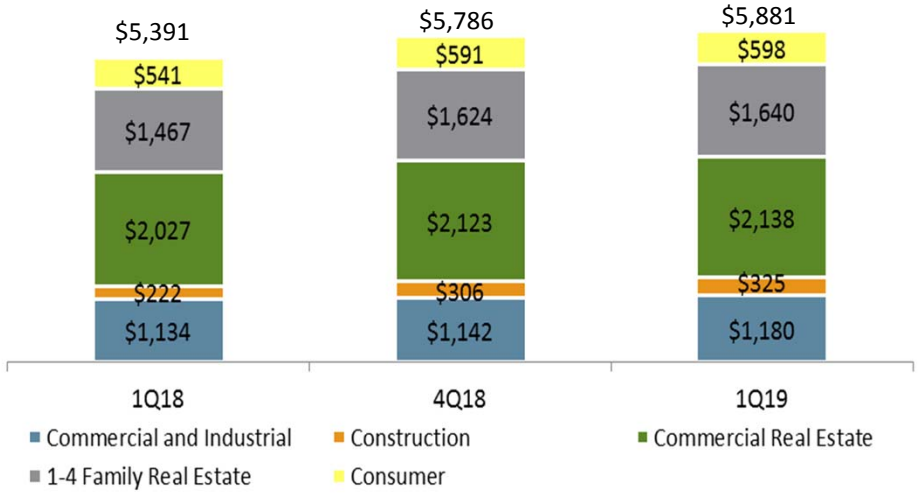
$ in millions

Loans

Average Loans(1)



Period-end Loans(1)



Average

- Average loans increased $107 million from LQ and increased $398 million YoY (or $213 million organically without loans acquired with the Foundation Bank acquisition)
- The yield on loans increased 13 basis points from the previous quarter

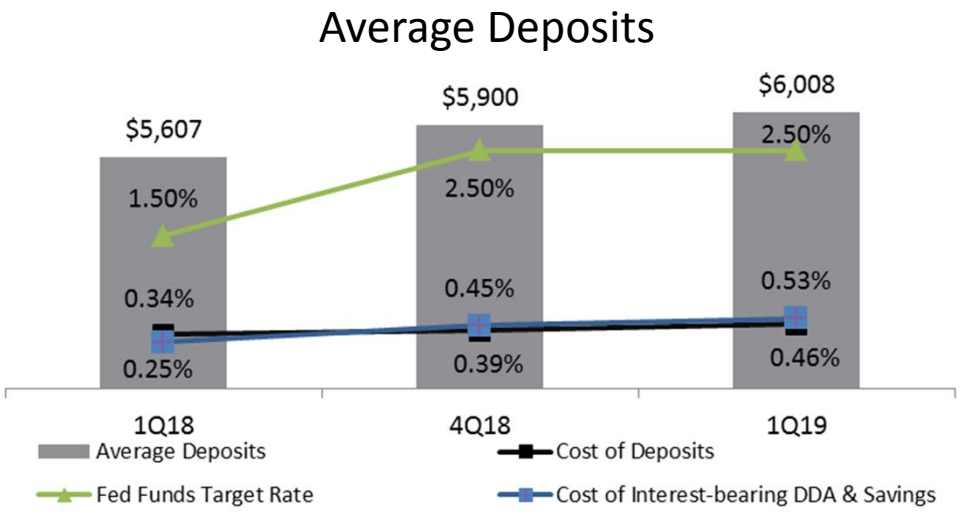
Period-end

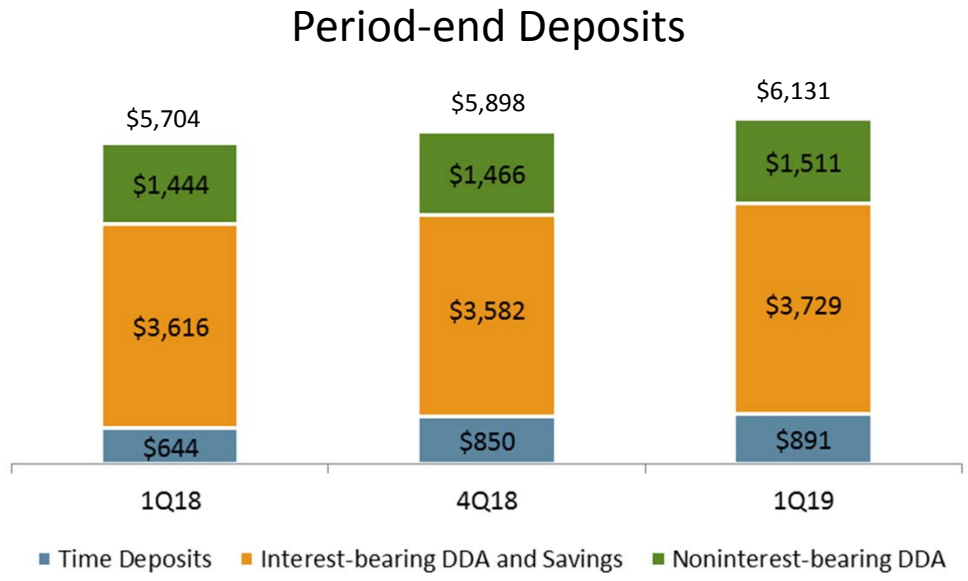
- Loans increased $95 million from LQ and $490 million from the prior year
  - YoY growth includes $185 million(3) of loans acquired in the Foundation Bank acquisition
  - LQ loan growth of $95 million was driven by $76 million of growth in commercial loans, driven by $38 million of growth in the Commercial and Industrial loan portfolio

(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 $108 million from LQ and $401 million YoY (or $260 million without Foundation Bank)
- The cost of interest-bearing deposits increased seven basis points over LQ
  - The cost of time deposits increased 17 bps over LQ due to competitive rate promotions
  - The cost of total deposits of 0.46% increased seven basis points from the previous quarter
  - Noninterest-bearing deposits grew by $8 million over LQ

Period-end

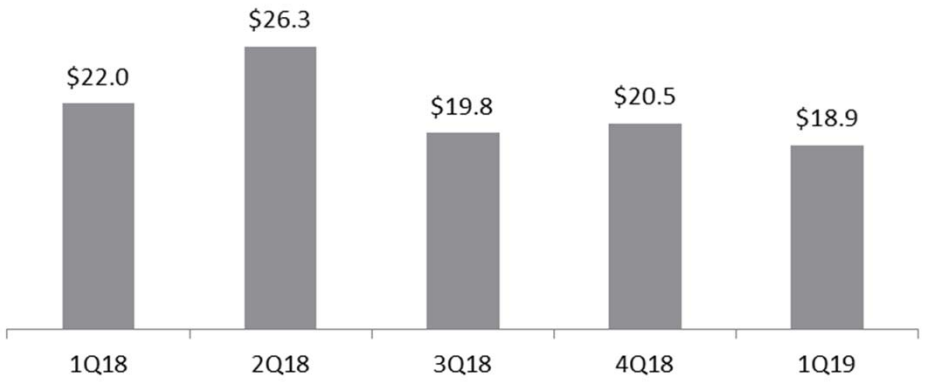
- Total deposits increased $233 million from LQ and increased $427 million from the prior year due in part to the addition of $141 million[(1)] in deposits acquired in the Foundation Bank acquisition
- Noninterest-bearing deposits increased $45 million from LQ and increased $67 million YoY
- Noninterest-bearing deposits currently comprise 24.6% of total deposits

(1) Balances as of the close of the acquisition

$ in millions

Noninterest income

	1Q19	4Q18	1Q18	Change from 4Q18	Change from 1Q18
Service charges	$4.2	$4.8	$4.4	*($0.6)*	*($0.2)*
Interchange	4.7	5.3	4.7	*(0.6)*	*0.0*
Trust	1.9	1.9	1.9	*0.0*	*0.0*
Insurance and retail brokerage	2.0	1.9	1.9	*0.1*	*0.1*
BOLI	1.4	1.4	1.5	*0.0*	*(0.1)*
SWAP fees	0.4	0.8	0.3	*(0.4)*	*0.1*
Gain on sale of mortgage loans	1.4	1.2	1.5	*0.2*	*(0.1)*
Gain on sale of other loans	1.1	1.7	0.6	*(0.6)*	*0.5*
Other fees	1.8	1.5	1.6	*0.3*	*0.2*
Total fee income	**$18.9**	**$20.5**	**$18.4**	***($1.6)***	***$0.5***
Gain on sale of securities	0.0	0.0	2.8	*0.0*	*(2.8)*
Derivative mark-to-market	0.0	0.0	0.8	*0.0*	*(0.8)*
Total noninterest income	**$18.9**	**$20.5**	**$22.0**	***($1.6)***	***($3.1)***

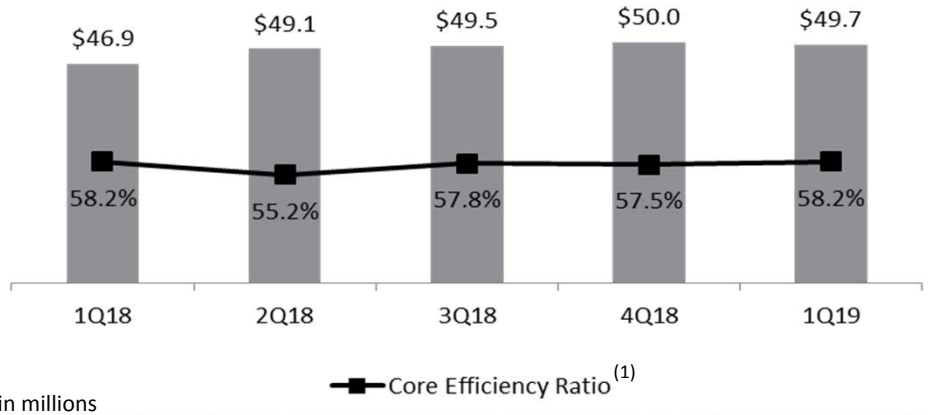


- Total fee income decreased $1.6 million to LQ and increased $0.5 million YoY
- Service charges and interchange each decreased $0.6 million from LQ primarily due to seasonally lower volume and six less processing days
- Gain on sale of other loans decreased $0.6 million to LQ primarily due to a $0.6 million gain on the sale of a nonperforming loan and a $0.4 million insurance recovery in the prior quarter
- Gain on sale of mortgage loans increased $0.2 million to LQ due to a higher sold proportion of mortgage originations
  - Total mortgage originations of $64 million decreased $31 million to LQ and decreased $3 million YoY
- Gain on sale of securities decreased $2.8 million YoY due to the successful auction call of pooled trust preferred securities in 1Q18

$ in millions

Noninterest expense

	1Q19	4Q18	1Q18	Change from 4Q18	Change from 1Q18
Salaries and benefits	$27.2	$27.5	$24.9	*($0.3)*	*$2.3*
Occupancy	4.9	4.3	4.4	*0.6*	*0.5*
Furniture and equipment	3.7	3.6	3.5	*0.1*	*0.2*
PA shares tax	0.9	1.5	0.9	*(0.6)*	*0.0*
Data processing	2.5	2.7	2.4	*(0.2)*	*0.1*
Collection and repo	0.5	0.7	0.8	*(0.2)*	*(0.3)*
Professional fees	0.8	1.5	1.0	*(0.7)*	*(0.2)*
FDIC insurance	0.6	0.4	0.8	*0.2*	*(0.2)*
Operational losses	0.4	0.4	0.2	*0.0*	*0.2*
Other operating expenses	7.9	6.8	6.9	*1.1*	*1.0*
Total operating expense	**$49.4**	**$49.4**	**$45.8**	***$0.0***	***$3.6***
Unfunded commitments	(0.4)	(0.2)	0.0	*(0.2)*	*(0.4)*
Intangible amortization	0.7	0.8	0.8	*(0.1)*	*(0.1)*
Acquisition expenses	0.0	0.0	0.3	*0.0*	*(0.3)*
Total noninterest expense	**$49.7**	**$50.0**	**$46.9**	***($0.3)***	***$2.8***



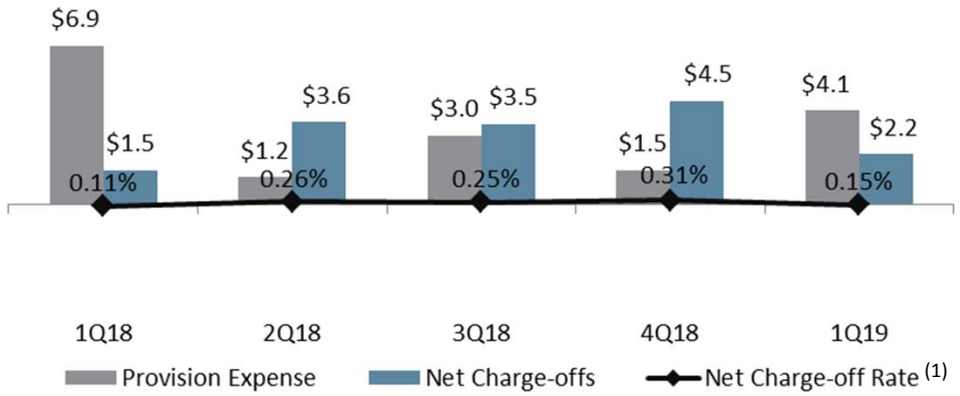
$ in millions

- Total operating expenses were essentially flat to LQ primarily due to a $0.7 million decrease in other professional fees and a $0.6 million decrease in PA shares tax, offset by a $0.6 million increase in occupancy expense (due primarily to higher snow removal costs) and a $0.5 increase in advertising expense as the company invests in expanding its brand in new markets
- Total operating expenses increased $3.6 million YoY primarily due to higher salaries and operating expenses following the company's recent acquisition of Foundation Bank on May 1, 2018, as well as the expansion of commercial, SBA and mortgage lending teams
  - FTEs increased 52 from the previous year

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

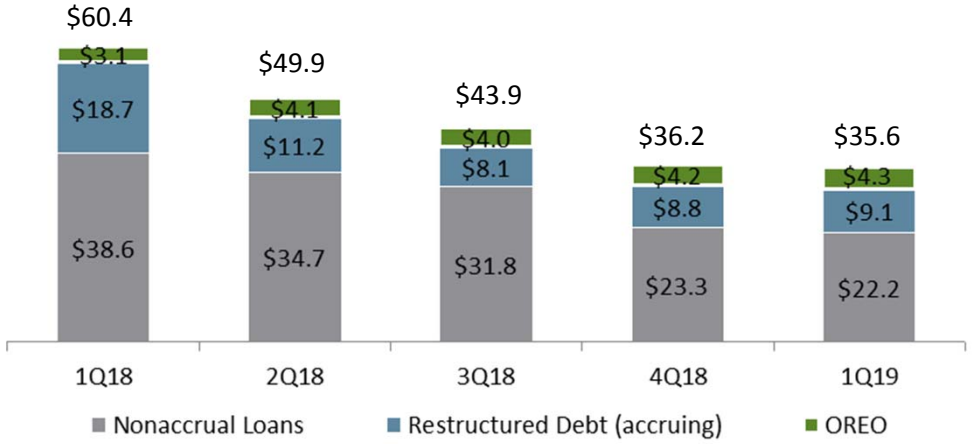
Credit quality

Provision Expense and Net Charge-offs



- Provision expense of $4.1 million increased $2.6 million from LQ primarily due to strong organic loan growth and the payoff of a $6.0 million nonperforming commercial credit, which resulted in a $1.7 million release of reserves in the prior quarter

Nonperforming Assets

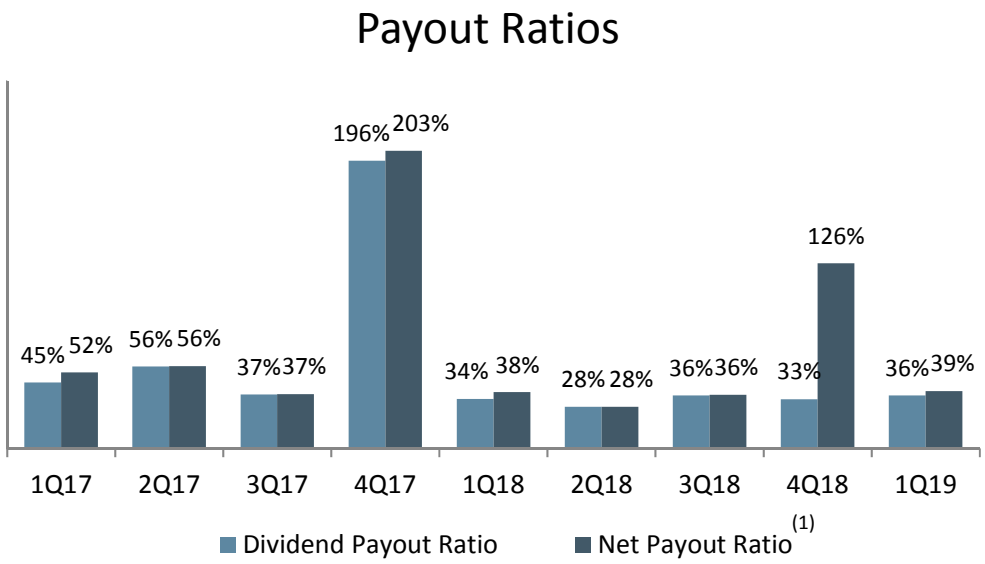


- Nonperforming assets decreased $0.6 million over LQ and remain at the lowest levels in more than ten years

(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 1Q19 ($23 million remaining)
  - 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	1Q19	4Q18	3Q18	2Q18	1Q18
Net Interest Income	$65.5	$65.0	$63.8	$63.7	$59.7
Tax equivalent adjustment	0.5	0.5	0.5	0.5	0.5
Net Interest Income (FTE)	66.0	65.5	64.3	64.2	60.2
Noninterest Income (Reported)	18.9	20.5	19.8	26.3	22.0
Less: Realized gains / (losses) on securities	0.0	0.0	0.0	5.3	2.8
Less: Derivative mark-to-market	0.0	0.0	0.0	0.0	0.8
Total Noninterest Income (Operating)	$18.9	$20.5	$19.8	$21.0	$18.4
Total Operating Revenue	$84.9	$86.0	$84.1	$85.2	$78.6
Average Assets	7,879	7,733	7,662	7,520	7,300
Operating Revenue / Average Assets (%)	**4.31%**	**4.45%**	**4.39%**	**4.53%**	**4.31%**

Operating Expense	1Q19	4Q18	3Q18	2Q18	1Q18
Noninterest Expense	$49.7	$50.0	$49.5	$49.1	$46.9
Less: Unfunded commitment reserve	(0.4)	(0.2)	0.1	(0.1)	0.0
Less: Intangible amortization	0.7	0.8	0.8	0.8	0.8
Less: Merger and acquisition related	0.0	0.0	0.0	1.3	0.3
Total Operating Expense	$49.4	$49.4	$48.6	$47.1	$45.8
Average Assets	7,879	7,733	7,662	7,520	7,300
Operating Expense / Average Assets (%)	**2.51%**	**2.56%**	**2.54%**	**2.51%**	**2.51%**
Core Efficiency Ratio[(1)]	**58.2%**	**57.4%**	**57.8%**	**55.2%**	**58.2%**

$ 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	1Q19	4Q18	3Q18	2Q18	1Q18
Net Income (GAAP)	$24.6	$27.0	$25.1	$32.1	$23.3
Less: Merger and acquisition related *(after tax)*	0.0	0.0	0.0	1.0	0.2
Less: Deferred tax asset writedown	0.0	0.0	0.0	0.0	0.0
Core Net Income (Non-GAAP)	**$24.6**	**$27.0**	**$25.1**	**$33.1**	**$23.5**
Average Diluted Shares Outstanding	98.7	99.4	100.5	99.5	97.6
Core Earnings per Share (Non-GAAP)	**$0.25**	**$0.27**	**$0.25**	**$0.33**	**$0.24**

Core Return on Average Assets (%)	1Q19	4Q18	3Q18	2Q18	1Q18
Net Income (GAAP)	$24.6	$27.0	$25.1	$32.1	$23.3
Less: Merger and acquisition related *(after tax)*	0.0	0.0	0.0	1.0	0.2
Less: Deferred tax asset writedown	0.0	0.0	0.0	0.0	0.0
Core Net Income (Non-GAAP)	**$24.6**	**$27.0**	**$25.1**	**$33.1**	**$23.5**
Average Assets	7,879	7,733	7,662	7,520	7,300
Core Return on Average Assets (Non-GAAP)	**1.27%**	**1.39%**	**1.30%**	**1.76%**	**1.31%**

$ in millions, except per share data

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Non-GAAP measures

Return on Average Tangible Common Equity (%)	1Q19	4Q18	3Q18	2Q18	1Q18
Average Equity	$987	$969	$970	$937	$893
Less: Average intangible assets	287	288	288	283	270
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$700	$681	$682	$654	$623
Net Income (GAAP)	$24.6	$27.0	$25.1	$32.1	$23.3
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.6	0.6
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$25.2	$27.6	$25.7	$32.7	$23.9
Return on Average Tangible Common Equity	**14.6%**	**16.1%**	**15.0%**	**20.1%**	**15.6%**

Core Return on Average Tangible Common Equity (%)	1Q19	4Q18	3Q18	2Q18	1Q18
Average Equity	$987	$969	$970	$937	$893
Less: Average intangible assets	287	288	288	283	270
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$700	$681	$682	$654	$623
Net Income (GAAP)	$24.6	$27.0	$25.1	$32.1	$23.3
Less: Merger and acquisition related *(after tax)*	0.0	0.0	0.0	1.0	0.2
Less: Deferred tax asset writedown	0.0	0.0	0.0	0.0	0.0
Core Net Income (Non-GAAP)	$24.6	$27.0	$25.1	$33.1	$23.5
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.6	0.6
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$25.2	$27.6	$25.7	$33.7	$24.1
Core Return on Average Tangible Common Equity	**14.6%**	**16.1%**	**15.0%**	**20.7%**	**15.7%**

$ in millions, except per share data

Note: Management believes that it is standard practice in the banking industry to present these non-GAAP measures. These measures provide useful information to management and investors by allowing them to make peer comparisons.

Non-GAAP measures

Tangible Common Equity / Tangible Assets

(Tangible Common Equity Ratio)	1Q19	4Q18	3Q18	2Q18	1Q18
Total Equity	$998	$975	$973	$961	$899
Less: Intangible assets	287	287	288	289	269
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$711	$688	$685	$672	$630
Total Assets	$7,973	$7,828	$7,686	$7,649	$7,321
Less: Intangible assets	287	287	288	289	269
Tangible Assets	$7,686	$7,541	$7,398	$7,360	$7,052
Tangible Common Equity / Tangible Assets	**9.3%**	**9.1%**	**9.3%**	**9.1%**	**8.9%**

$ 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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