

Supplemental Financial Information

Second Quarter 2019

July 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.

2Q 2019 Highlights

	2Q19	1Q19	2Q18	Change from 1Q19	Change from 2Q18
Net interest income[1]	$67.6	$65.9	$64.2	*$1.7*	*$3.4*
Provision for credit losses	2.8	4.1	1.2	*(1.3)*	*1.6*
Fee revenue	21.9	18.9	21.0	*3.0*	*0.9*
Gain on sale of securities	0.0	0.0	5.3	*0.0*	*(5.3)*
Derivative mark-to-market	0.0	0.0	0.0	*0.0*	*0.0*
Operating expense[2]	50.8	49.4	47.1	*1.4*	*3.7*
Other expense[2]	1.4	0.3	2.0	*1.1*	*(0.6)*
Income taxes[1]	7.2	6.4	8.1	*0.8*	*(0.9)*
Net income	**$27.3**	**$24.6**	**$32.1**	***$2.7***	***($4.8)***
Core net income[2]	**$27.3**	**$24.6**	**$33.1**	***$2.7***	***($5.8)***
Reported EPS	$0.28	$0.25	$0.32	*$0.03*	*($0.04)*
Core EPS[2]	$0.28	$0.25	$0.33	*$0.03*	*($0.05)*
Return on average assets	1.37%	1.27%	1.71%	*0.10%*	*(0.34%)*
Core return on average assets[2]	1.37%	1.27%	1.76%	*0.10%*	*(0.39%)*
Return on average equity	10.84%	10.11%	13.74%	*0.73%*	*(2.90%)*
Return on average tangible common equity[2]	15.47%	14.59%	20.08%	*0.88%*	*(4.61%)*
Core return on average tangible common equity[2]	15.48%	14.59%	20.70%	*0.89%*	*(5.22%)*
Core efficiency ratio[2]	56.80%	58.18%	55.23%	*(1.38%)*	*1.57%*
Net interest margin[1]	3.75%	3.75%	3.78%	*0.00%*	*(0.03%)*
Net Chargeoffs[3]	0.10%	0.15%	0.26%	*(0.05%)*	*(0.16%)*

- Net income of $27.3 million increased $2.7 million compared to the linked quarter (LQ), but decreased $4.8 million year-over-year (YoY)
- Net interest income expansion of $3.4 million YoY was aided by improved loan yields combined with a $413 million increase in average interest-earning assets
  - The prior year also included the recognition of $1.5 million of deferred interest from the sale of one commercial loan and the successful auction call of the company's remaining trust preferred security portfolio
- Provision decreased $1.3 million compared to LQ due to continued favorable asset quality trends
- Fee revenue increased $3.0 million from LQ primarily due to a $0.7 million increase in card-related interchange income (driven by seasonally higher volume and three additional processing days), as well as a $0.7 million increase in gain on sale of Mortgage loans and a $0.3 million increase in the gain on sale of SBA loans
- Operating expenses increased $1.4 million to LQ due to $0.9 million expense for the sale and write-down of two OREO properties, a $0.2 million write-down on a former bank facility, and a $0.4 million increase in PA shares tax

(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

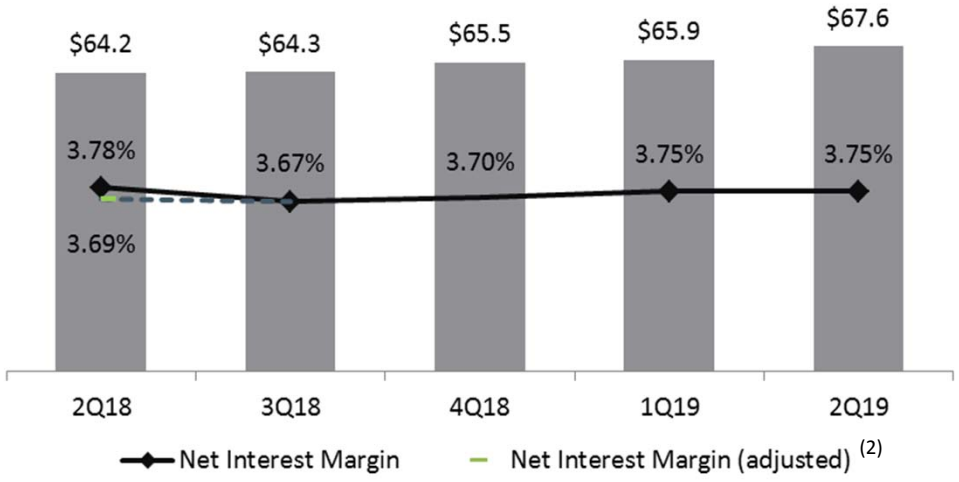
Period-end Balances	2Q19	1Q19	2Q18	Change From 1Q19	Change From 2Q18
Cash & securities	$1,365	$1,427	$1,384	*($62)*	*($19)*
Loans held for sale	16	10	7	*6*	*9*
Commercial loans	3,716	3,644	3,563	*72*	*153*
Consumer loans	2,287	2,227	2,077	*60*	*210*
Allowance for credit losses	(51)	(50)	(51)	*(1)*	*0*
OREO	2	4	4	*(2)*	*(2)*
Goodwill & intangibles	287	287	289	*0*	*(2)*
Other	449	424	376	*25*	*73*
Total Assets	**$8,071**	**$7,973**	**$7,649**	***$98***	***$422***
Noninterest Bearing DDA	$1,528	$1,511	$1,489	*$17*	*$39*
Interest Bearing Savings & DDA	3,769	3,729	3,643	*40*	*126*
Time Deposits	854	886	767	*(32)*	*87*
Brokered Deposits	5	5	14	*0*	*(9)*
Short-term Borrowings	555	566	545	*(11)*	*10*
Long-term Debt	235	185	186	*50*	*49*
Other	103	93	44	*10*	*59*
Equity	1,022	998	961	*24*	*61*
Total Liabilities & Equity	**$8,071**	**$7,973**	**$7,649**	***$98***	***$422***

- Total loans grew $138 million to LQ, or 9.4% (annualized) driven by a $72 million increase in the commercial loan portfolio and a $60 million increase in consumer loans, consisting primarily of $30 million of growth in 1-4 family real estate and $24 million in auto loans.
- Investment portfolio decreased $62 million to LQ due to unattractive reinvestment opportunities for maturing securities
- Noninterest-bearing demand deposits increased $17 million to LQ and currently comprise 24.8% of total deposits
- Long-term debt increased $50 million to LQ due to lower longer-term FHLB borrowing costs relative to short-term rates

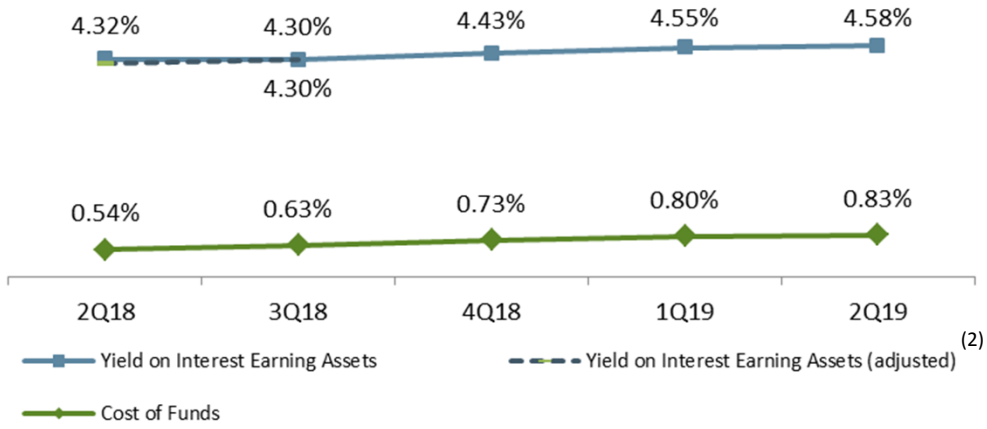
$ in millions

Net interest income and net interest margin

Net Interest Income(1)



Yield / Cost Trends(1)



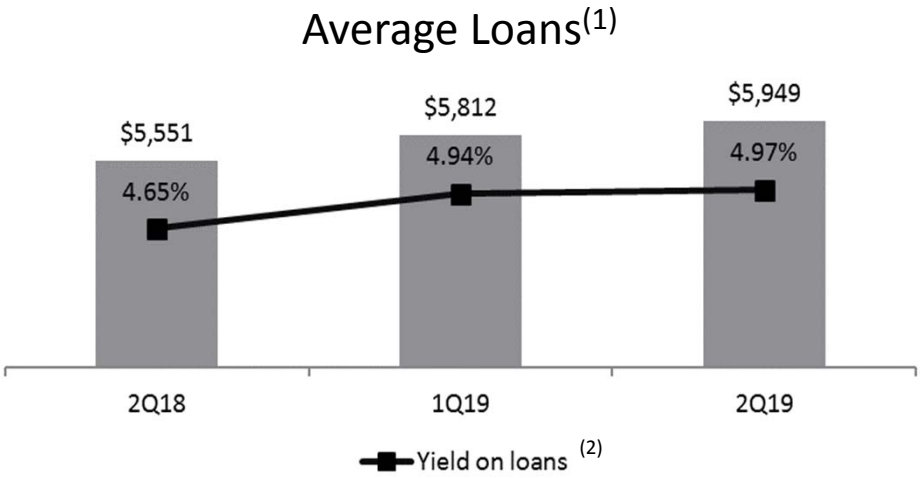
- Net interest income increased $1.7 million to LQ as the result of a $138 million increase in average loans and one additional day in the quarter, partially offset by a $37 million decrease in average investment securities

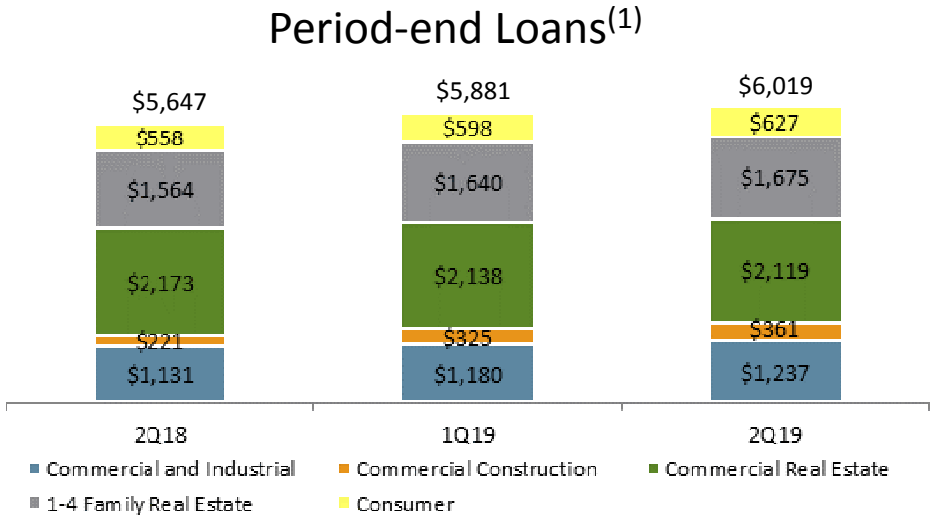
- Net interest margin of 3.75% flat to LQ:
  - A 3 bps increase in the cost of funds was offset by a 3 bps increase in the yield on earning assets
  - Strong core deposit growth and a favorable shift in the mix of earning assets offset increases in the cost of interest-bearing deposits

(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 $137 million from LQ and increased $398 million YoY
- The yield on loans increased 3 basis points from the previous quarter

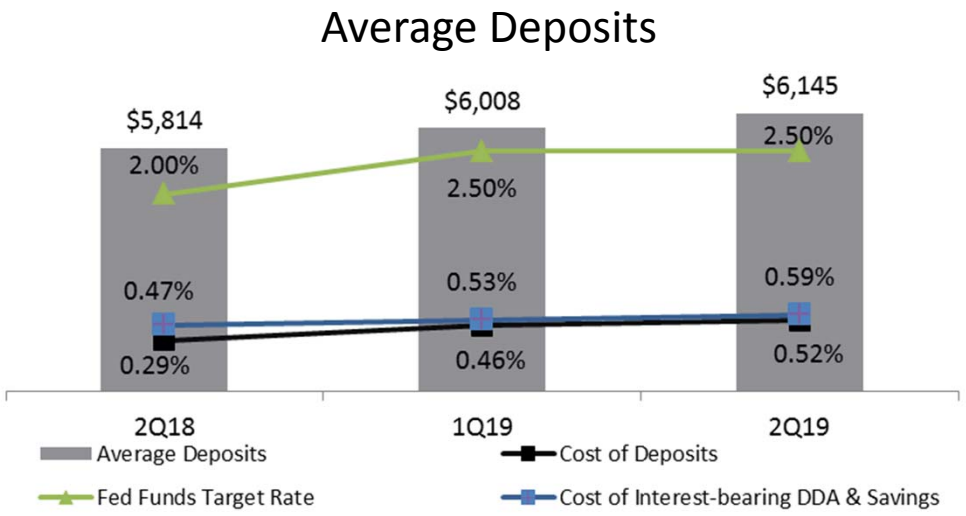
Period-end

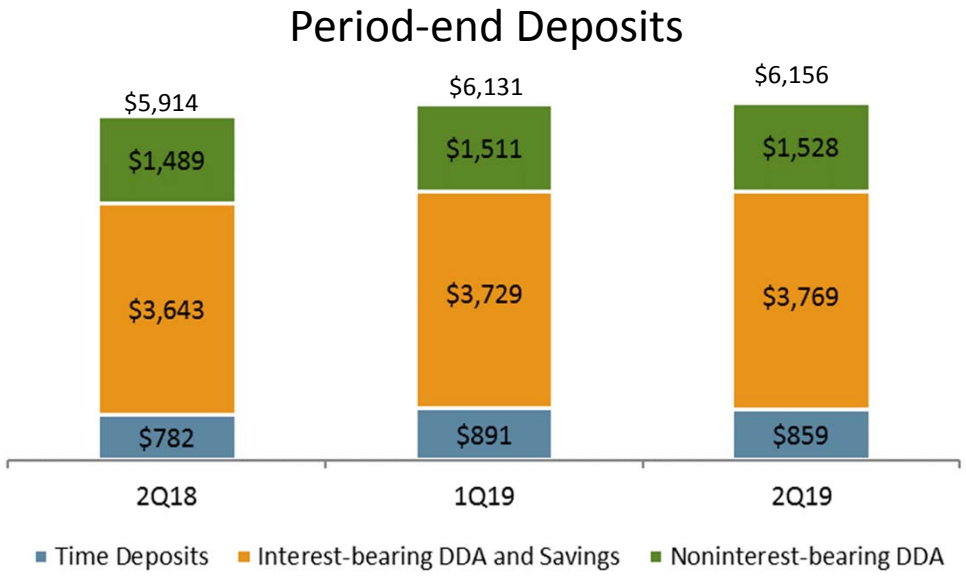
- Loans increased $138 million from LQ and $372 million from the prior year
  - LQ loan growth was driven by:
    - + $57 million C&I
    - + $36 million Commercial Construction
    - + $24 million Auto
    - + $16 million Consumer Construction
    - + $12 million 1-4 Family Mortgages
    - – $19 million CRE

(1) Includes loans held for sale
(2) Taxable equivalent yield

$ in millions

Deposits





Average

- Average deposits increased $137 million from LQ and $331 million YoY
- The cost of interest-bearing deposits increased 7 bps over LQ
  - The cost of time deposits increased 15 bps over LQ due to competitive rate promotions in April
  - The cost of total deposits of 0.52% increased 6 bps from the previous quarter
  - Average noninterest-bearing deposits grew by $32 million over LQ

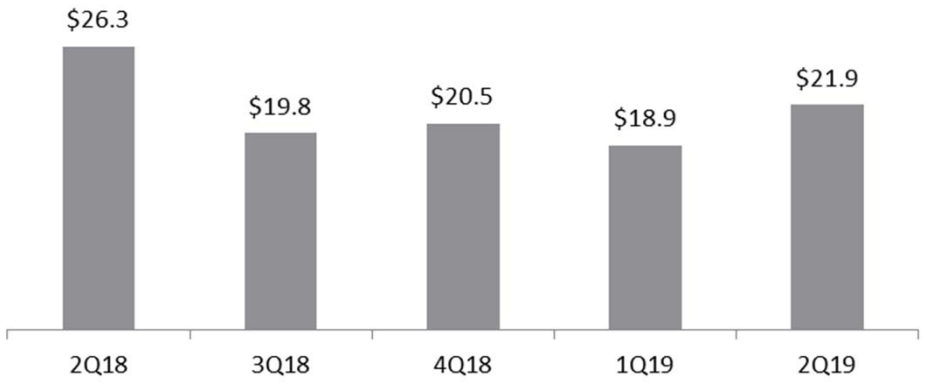
Period-end

- Total deposits increased $25 million from LQ and $242 million YoY
- Noninterest-bearing deposits currently comprise 24.8% of total deposits

$ in millions

Noninterest income

	2Q19	1Q19	2Q18	Change from 1Q19	Change from 2Q18
Service charges	$4.6	$4.2	$4.4	*$0.4*	*$0.2*
Interchange	5.4	4.7	5.1	*0.7*	*0.3*
Trust	2.0	1.9	1.9	*0.1*	*0.1*
Insurance and retail brokerage	2.0	2.0	1.8	*0.0*	*0.2*
BOLI	1.4	1.4	2.2	*0.0*	*(0.8)*
SWAP fees	0.8	0.4	0.3	*0.4*	*0.5*
Gain on sale of mortgage loans	2.1	1.4	1.2	*0.7*	*0.9*
Gain on sale of other loans	1.8	1.1	2.3	*0.7*	*(0.5)*
Other fees	1.8	1.8	1.8	*0.0*	*0.0*
Total fee income	**$21.9**	**$18.9**	**$21.0**	***$3.0***	***$0.9***
Gain on sale of securities	0.0	0.0	5.3	*0.0*	*(5.3)*
Derivative mark-to-market	0.0	0.0	0.0	*0.0*	*0.0*
Total noninterest income	**$21.9**	**$18.9**	**$26.3**	***$3.0***	***($4.4)***

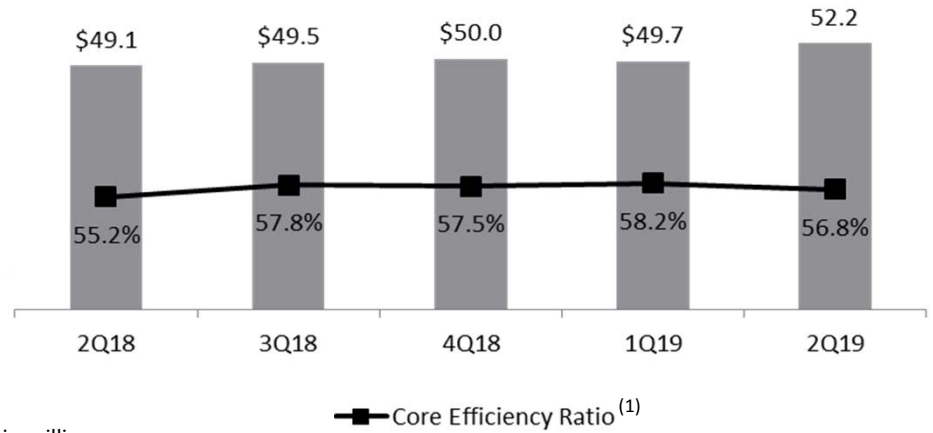


- Total fee income increased $3.0 million from LQ and $0.9 million YoY
- Interchange increased $0.7 million and Service Charges increased $0.4 million from LQ due to seasonally higher volume and three additional processing days
- Gain on sale of other loans increased $0.7 million to LQ primarily due to a $0.4 million gain on the sale of a commercial loan and a $0.3 million increase in the gain on sale of SBA loans
- Gain on sale of mortgage loans increased $0.7 million to LQ due to higher originations
  - Total mortgage originations of $121 million increased $46 million to LQ and increased $24 million YoY
- Gain on sale of securities decreased YoY due to a $5.3 million gain from the successful auction call of pooled trust preferred securities in 2Q18

$ in millions

Noninterest expense

	2Q19	1Q19	2Q18	Change from 1Q19	Change from 2Q18
Salaries and benefits	$27.3	$27.2	$26.2	*$0.1*	*$1.1*
Occupancy	4.4	4.9	4.2	*(0.5)*	*0.2*
Furniture and equipment	3.8	3.7	3.6	*0.1*	*0.2*
PA shares tax	1.3	0.9	1.2	*0.4*	*0.1*
Data processing	2.6	2.5	2.5	*0.1*	*0.1*
Collection and repo	0.5	0.5	0.6	*0.0*	*(0.1)*
Professional fees	1.0	0.8	1.0	*0.2*	*0.0*
FDIC insurance	0.6	0.6	0.6	*0.0*	*0.0*
Operational losses	0.6	0.4	0.2	*0.2*	*0.4*
Loss on sale or write-down of assets	1.2	0.1	0.5	*1.1*	*0.7*
Other operating expenses	7.5	7.8	6.5	*(0.3)*	*1.0*
Total operating expense	**$50.8**	**$49.4**	**$47.1**	***$1.4***	***$3.7***
Unfunded commitments	0.6	(0.4)	(0.1)	*1.0*	*0.7*
Intangible amortization	0.8	0.7	0.8	*0.1*	*0.0*
Acquisition expenses	0.0	0.0	1.3	*0.0*	*(1.3)*
Total noninterest expense	**$52.2**	**$49.7**	**$49.1**	***$2.5***	***$3.1***



$ in millions

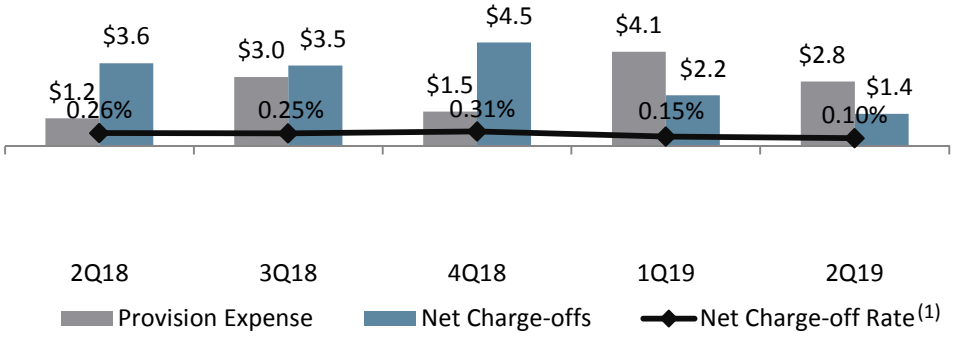
- Total operating expenses increased $1.4 million to LQ primarily due to $0.9 million expense for the sale and write-down of two OREO properties, a $0.2 million write-down on former bank facility, and a $0.4 million increase in PA shares tax due to the recognition of educational improvement tax credits in the previous quarter, partially offset by lower snow removal costs

- Total operating expenses increased $3.7 million YoY primarily due to the aforementioned asset write-downs, higher salaries and operating expenses following the company's acquisition of Foundation Bank, a $0.7 million favorable adjustment to Mortgage hedge contracts in 2Q18, and a $0.5 million increase in hospitalization expense
  - FTEs increased 21 from LQ and were unchanged from the previous year

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

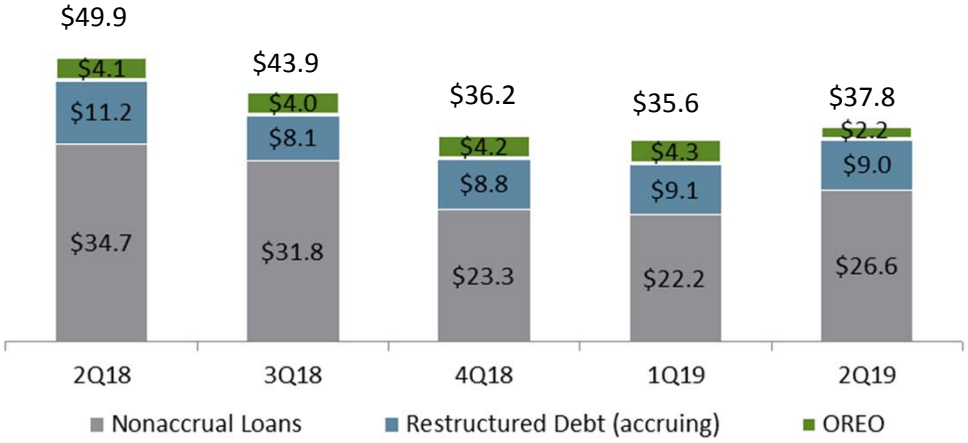
Credit quality

Provision Expense and Net Charge-offs



- Provision expense of $2.8 million decreased $1.3 million from LQ due to improved asset quality trends, partially offset by strong organic loan growth

Nonperforming Assets

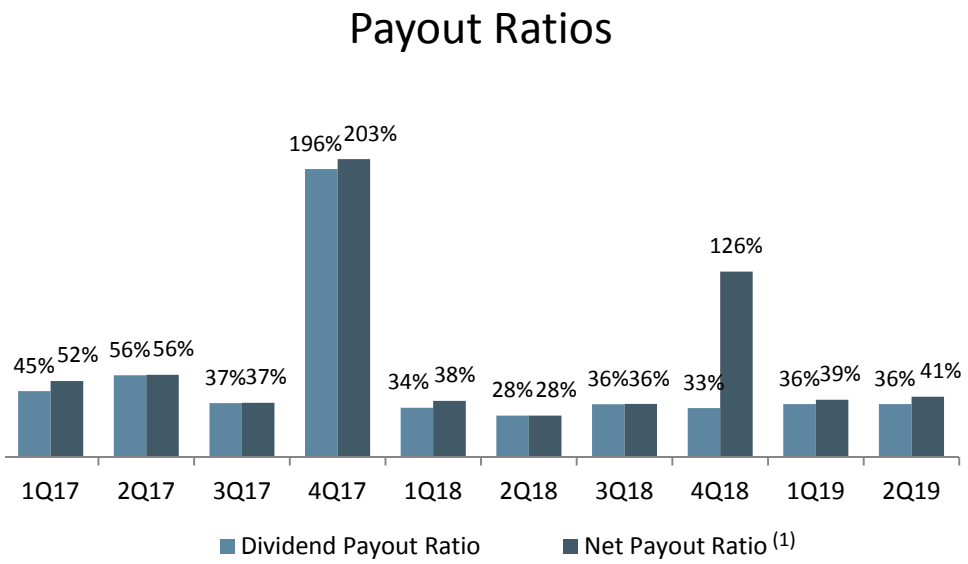


- Nonperforming assets increased $2.2 million over LQ due to a $4.4 million increase in nonaccrual loans, partially offset by a $2.1 million decrease in OREO

(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
  - Completed a $25 million share repurchase program in 4Q18
  - Announced a $25 million share repurchase program in 1Q19 (temporarily suspended in favor of announced branch acquisition)
  - 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	2Q19	1Q19	4Q18	3Q18	2Q18
Net Interest Income	$67.1	$65.5	$65.0	$63.8	$63.7
Tax equivalent adjustment	0.5	0.5	0.5	0.5	0.5
Net Interest Income (FTE)	67.6	66.0	65.5	64.3	64.2
Noninterest Income (Reported)	21.9	18.9	20.5	19.8	26.3
Less: Realized gains / (losses) on securities	0.0	0.0	0.0	0.0	5.3
Less: Derivative mark-to-market	0.0	0.0	0.0	0.0	0.0
Total Noninterest Income (Operating)	$21.9	$18.9	$20.5	$19.8	$21.0
Total Operating Revenue	$89.5	$84.9	$86.0	$84.1	$85.2
Average Assets	7,986	7,879	7,733	7,662	7,520
Operating Revenue / Average Assets (%)	**4.48%**	**4.31%**	**4.45%**	**4.39%**	**4.53%**

Operating Expense	2Q19	1Q19	4Q18	3Q18	2Q18
Noninterest Expense	$52.2	$49.7	$50.0	$49.5	$49.1
Less: Unfunded commitment reserve	0.6	(0.4)	(0.2)	0.1	(0.1)
Less: Intangible amortization	0.8	0.7	0.8	0.8	0.8
Less: Merger and acquisition related	0.0	0.0	0.0	0.0	1.3
Total Operating Expense	$50.8	$49.4	$49.4	$48.6	$47.1
Average Assets	7,986	7,879	7,733	7,662	7,520
Operating Expense / Average Assets (%)	**2.54%**	**2.51%**	**2.56%**	**2.54%**	**2.51%**
Core Efficiency Ratio[(1)]	**56.8%**	**58.2%**	**57.4%**	**57.8%**	**55.2%**

$ 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	2Q19	1Q19	4Q18	3Q18	2Q18
Net Income (GAAP)	$27.3	$24.6	$27.0	$25.1	$32.1
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)	**$27.3**	**$24.6**	**$27.0**	**$26.1**	**$32.3**
Average Diluted Shares Outstanding	98.6	98.7	99.4	100.5	99.5
Core Earnings per Share (Non-GAAP)	**$0.28**	**$0.25**	**$0.27**	**$0.26**	**$0.32**

Core Return on Average Assets (%)	2Q19	1Q19	4Q18	3Q18	2Q18
Net Income (GAAP)	$27.3	$24.6	$27.0	$25.1	$32.1
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)	**$27.3**	**$24.6**	**$27.0**	**$26.1**	**$32.3**
Average Assets	7,986	7,879	7,733	7,662	7,300
Core Return on Average Assets (Non-GAAP)	**1.37%**	**1.27%**	**1.39%**	**1.36%**	**1.76%**

$ in millions, except per share data

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Non-GAAP measures

Return on Average Tangible Common Equity (%)	2Q19	1Q19	4Q18	3Q18	2Q18
Average Equity	$1,009	$987	$969	$970	$937
Less: Average intangible assets	287	287	288	288	283
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$722	$700	$681	$682	$654
Net Income (GAAP)	$27.3	$24.6	$27.0	$25.1	$32.1
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.6	0.6
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$27.9	$25.2	$27.6	$25.7	$32.7
Return on Average Tangible Common Equity	**15.5%**	**14.6%**	**16.1%**	**15.0%**	**20.1%**

Core Return on Average Tangible Common Equity (%)	2Q19	1Q19	4Q18	3Q18	2Q18
Average Equity	$1,009	$987	$969	$970	$937
Less: Average intangible assets	287	287	288	288	283
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$722	$700	$681	$682	$654
Net Income (GAAP)	$27.3	$24.6	$27.0	$25.1	$32.1
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)	$27.3	$24.6	$27.0	$26.1	$32.3
Less: Intangible amortization *(after tax)*	0.6	0.6	0.6	0.6	0.6
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$27.9	$25.2	$27.6	$26.7	$32.9
Core Return on Average Tangible Common Equity	**15.5%**	**14.6%**	**16.1%**	**15.5%**	**20.2%**

$ 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)	2Q19	1Q19	4Q18	3Q18	2Q18
Total Equity	$1,022	$998	$975	$973	$961
Less: Intangible assets	287	287	287	288	289
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$735	$711	$688	$685	$672
Total Assets	$8,071	$7,973	$7,828	$7,686	$7,649
Less: Intangible assets	287	287	287	288	289
Tangible Assets	$7,784	$7,686	$7,541	$7,398	$7,360
Tangible Common Equity / Tangible Assets	**9.4%**	**9.3%**	**9.1%**	**9.3%**	**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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