
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 Raymond James U.S. Bank Conference
September 4, 2019
Chicago, IL

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
  - 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

Overview of First Commonwealth Financial Corporation



- Commercially-oriented community bank with 147 retail branches in Pennsylvania and Ohio(1)
- Active in four major metro markets:
  - Pittsburgh, PA
  - Columbus, OH
  - Cincinnati, OH
  - Cleveland, OH

- Total Assets: $8.1 billion
- Total Gross Loans: $6.0 billion
- Total Deposits: $6.2 billion
- Market Cap: $1.3 billion
  (as of July 30, 2019)

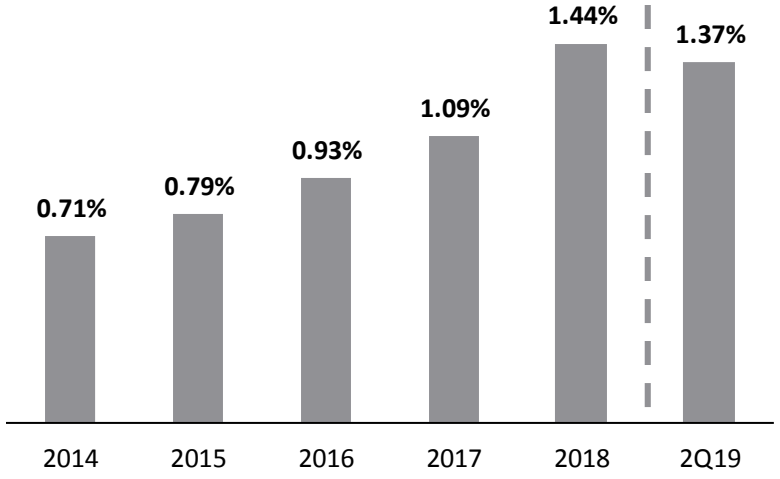
As of June 30, 2019
(1) Pro forma branch count includes the acquisition of 14 Santander branches announced on April 22, 2019

Historical Financial Performance

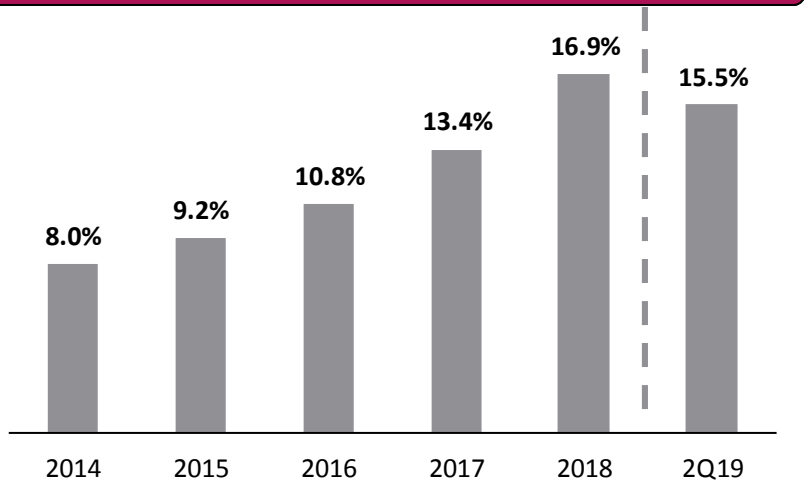
Core EPS [1] ($mm)



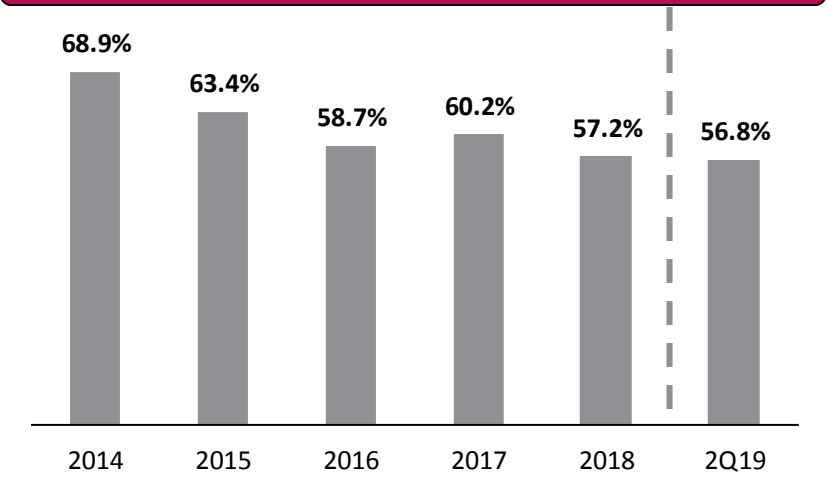
Core ROAA [1] (%)



Core ROATCE [1] (%)

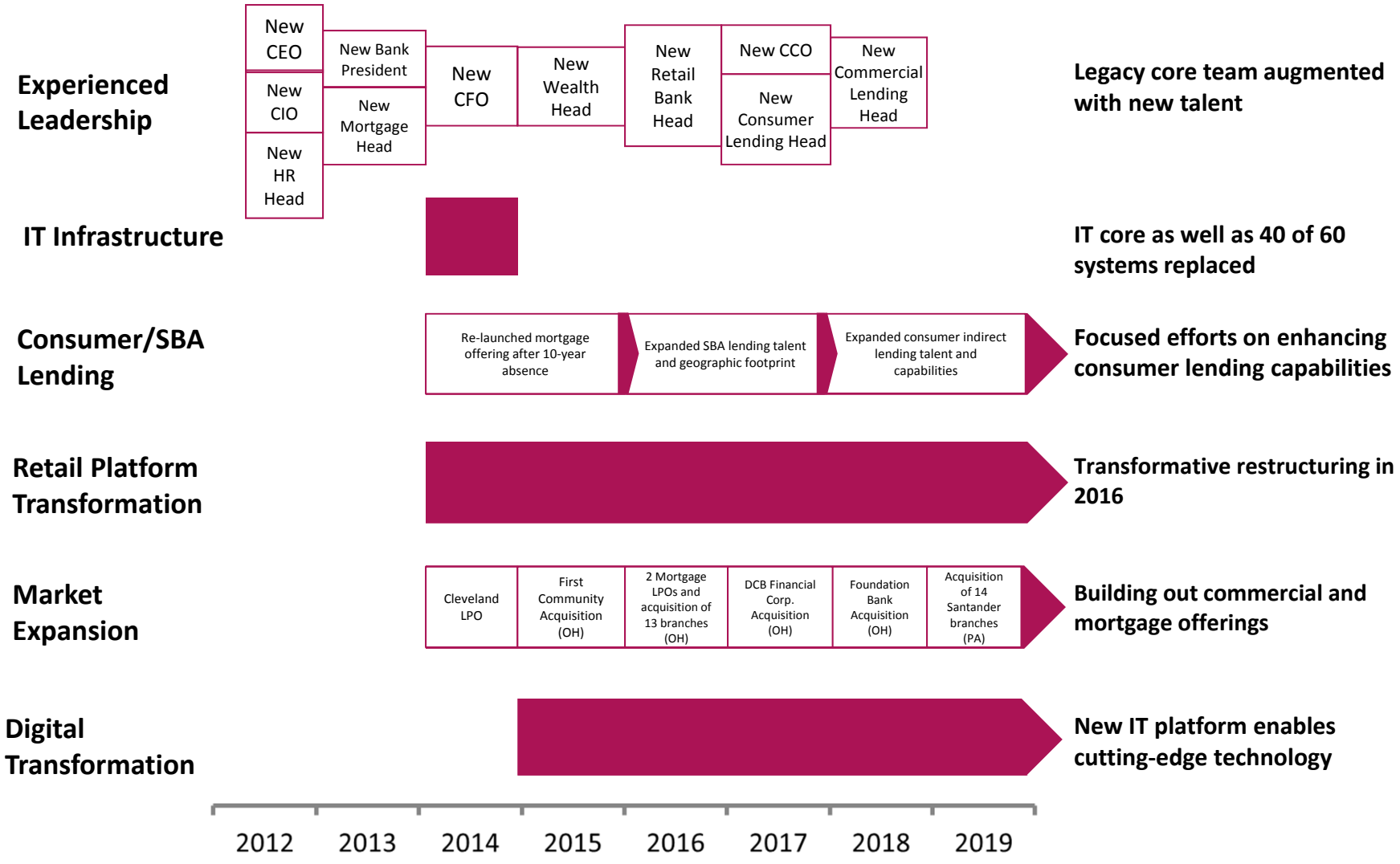


Efficiency Ratio [1] (%)



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

Organizational Changes 2012 - Present

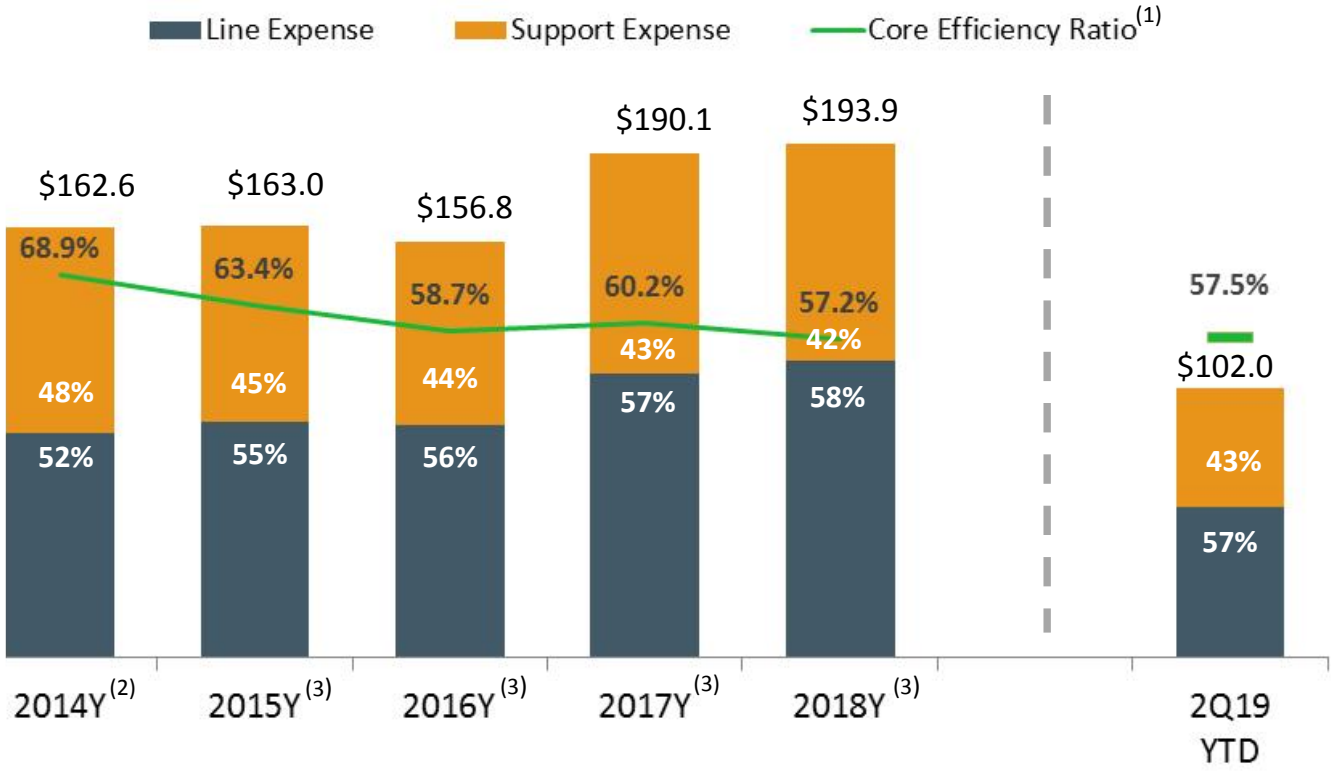


Executive Leadership Team

Name	Age	Title	Years of Experience			Prior Position
			In Current Role	With FCF	In Banking	
T. Michael Price	56	President and CEO	7	12	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	59	EVP – Chief Credit Officer	3	3	37	EVP / Specialized Lending
Matthew C. Tomb	43	EVP – Chief Risk Officer and Legal Counsel	12	12	13	Corporate and Securities Attorney with Regional Law Firm
David B. Buckiso	49	EVP – Wealth Services	5	5	25	Managing Director of Wealth Management
Carrie Riggle	50	EVP – Human Resources	7	27	27	Human Resources Manager
Norman J. Montgomery	52	EVP – Business Integration	7	30	30	Product / Sales Development
Leonard V. Lombardi	60	EVP – Chief Audit Executive	10	26	37	Director of Internal Audit / Loan Review
Gregory J. Sipos	50	EVP – Corporate Banking	2	29	29	SVP / Corporate Banking
Stanley R. Foraker	62	EVP – Mortgage Banking	6	6	34	SVP / Retail Lending
Jeffrey S. Rosen	56	EVP – Consumer and Small Business Lending	2	2	32	SVP / Government Guaranteed Lending
Joseph T. Culos	55	EVP – Retail Banking	1	4	27	SVP / Retail Banking Executive

Expense Control: Noninterest Expense Trend

$ in millions



- 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 to 2018 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

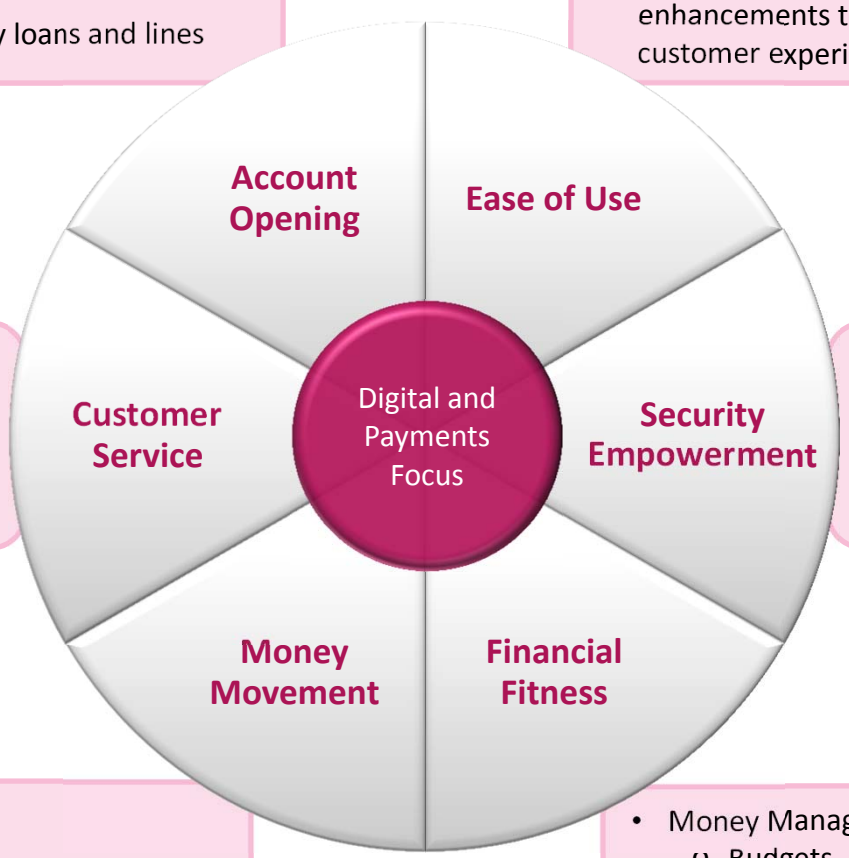
Digital Strategy

- **Create a mobile-centric, full-service banking capability** which stands on its own without the need for the customer to go to a branch or call the Engagement Center.
- Enhance ability to proactively engage customers in virtual conversations and **provide personalized Community Bank customer experiences**.
- Deliver digital platforms and tools which use contemporary design standards (User-Interface (UI) and User-Experience (UX)) and **promote customer engagement and education** around ongoing enhancements.
- Improve digital infrastructure to **support higher levels of security and integration** of new functionality.
- Drive revenue growth, operational efficiency and superior customer experience through the **digitalization of processes** and by **embracing evolving payments technology**.
- **Evolve data analytics** through education of data availability and tools, governance, and end user talent with outcome of better productivity, focused marketing, lowered risk and improved customer satisfaction.

Digital and Payments

- Consumer deposit accounts
- Consumer loans and lines of credit
- Home equity loans and lines

- Bank when, where and on whatever device you prefer
- Ongoing upgrades and enhancements to improve customer experience



- Online chat (product assistance)
- Secure chat for online banking
- Secure chat for online account opening

- User controls and alerts (debit card control)
- Digital tokens, online credential protection
- One-time Passcode (OTP)

- Mobile wallets
- Quick bill payments with Alexa

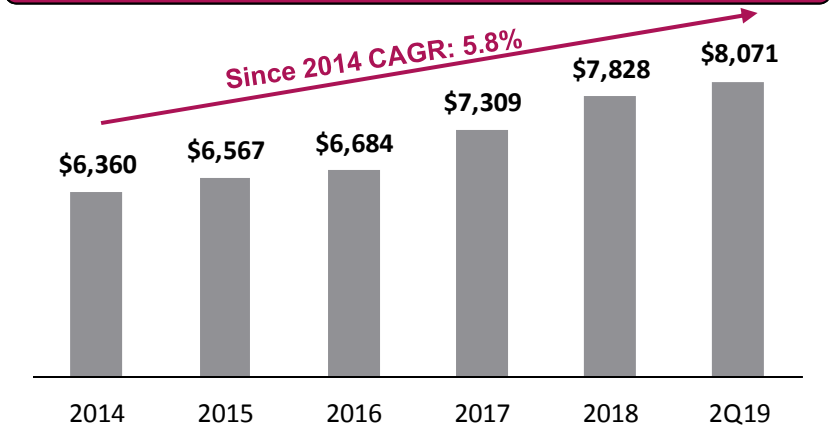
- Money Manager
  - Budgets
  - Goal setting and alerts
  - Account aggregation

Consumer and Small Business Strategy

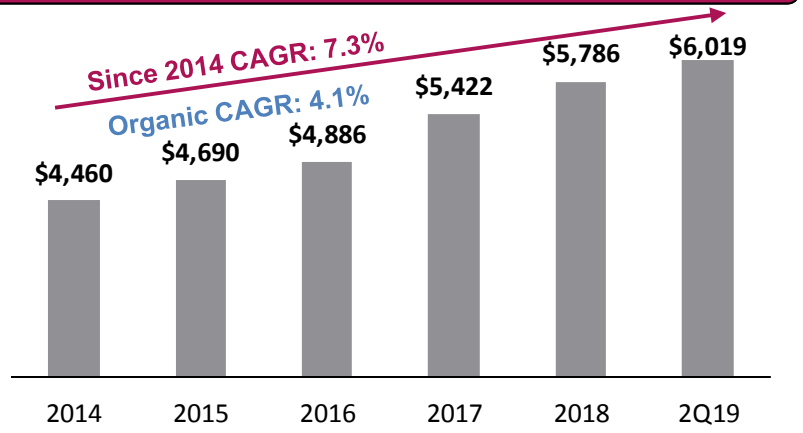
- Developed a Retail banking model that adapts to changing customer preferences
  - Investments in alternative delivery channels and digital capabilities
  - Modified staffing levels and skill sets (universal bankers) to address lower transaction levels, while continuing to provide a full set of solutions
- Reemphasized SBA lending and strengthened talent beginning in 2016
  - Hired EVP Consumer and Small Business Lending with 30+ years of experience in December 2016
  - Currently #2 SBA lender in Pittsburgh, PA and Cleveland, OH
- Renewed focus on indirect auto lending beginning in 2018
  - Hired SVP Indirect Lending Executive with 20+ years of experience in September 2018

Consistent Consolidated Growth Trends

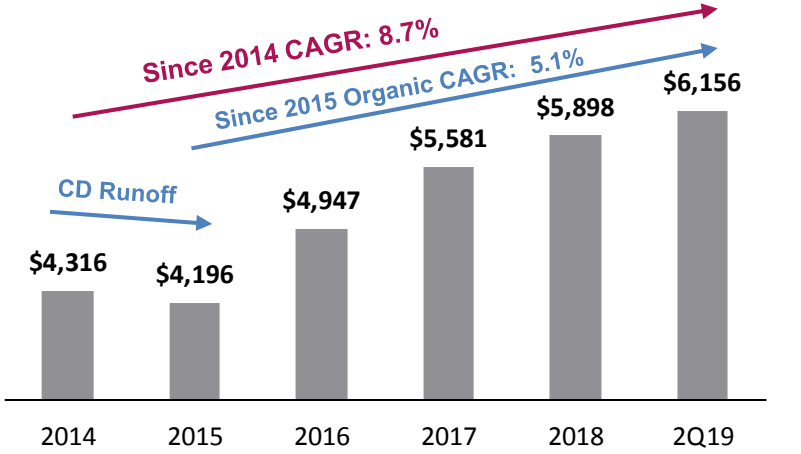
Total Assets ($mm)



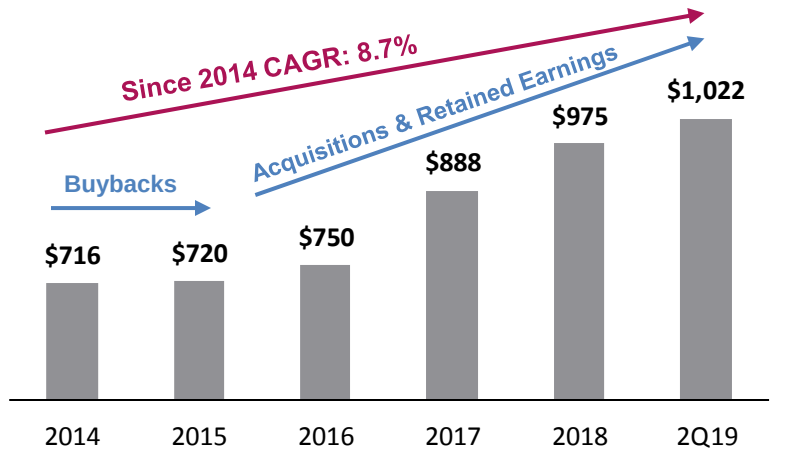
Total Gross Loans ($mm)



Total Deposits ($mm)



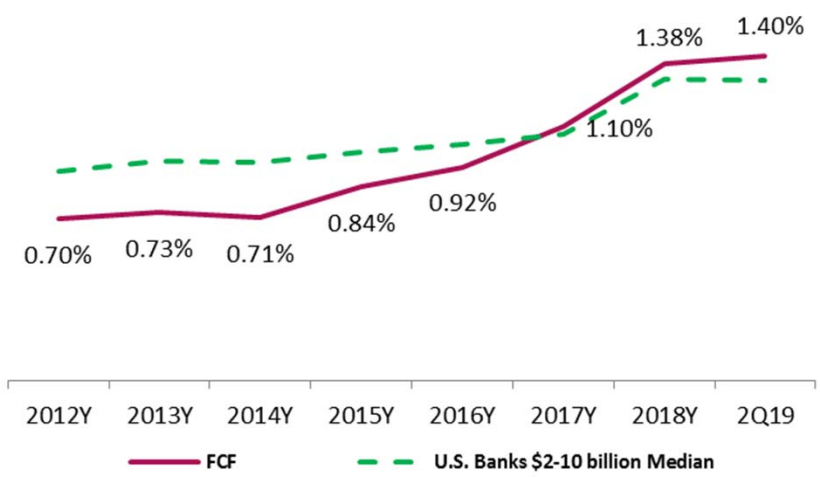
Total Equity ($mm)



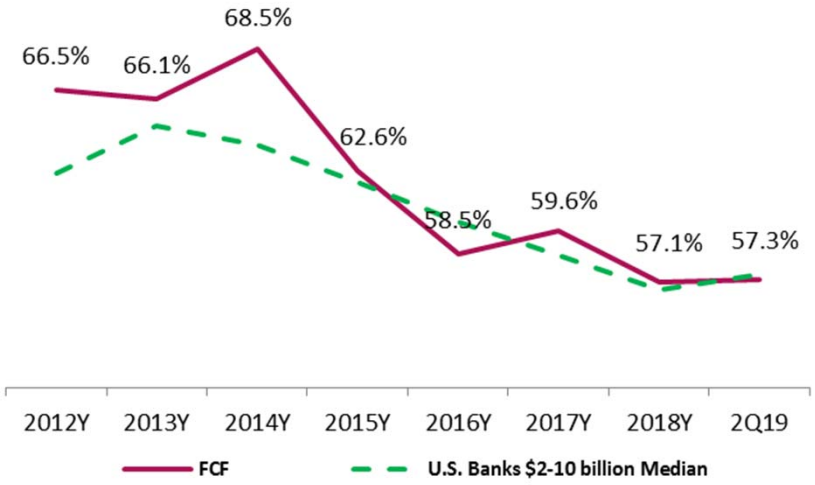
- Steady asset and deposit growth
- Balanced loan to deposit ratio
- Strong equity base

Performance vs. Peers

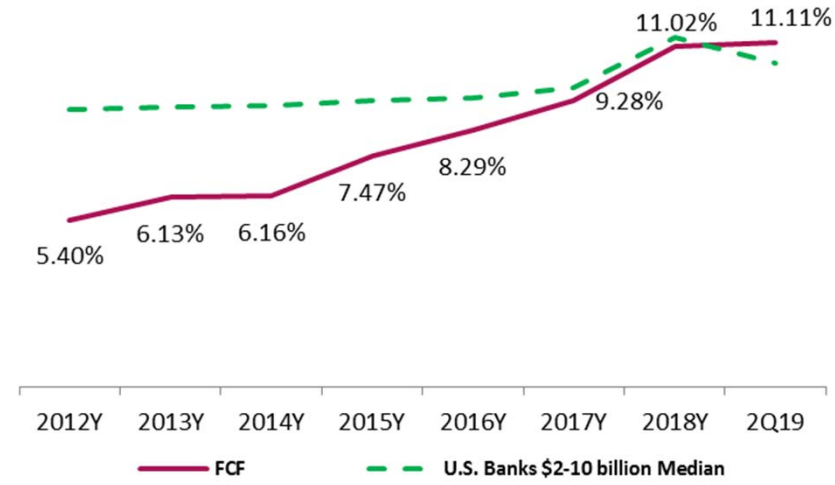
Core ROAA (%)[1]



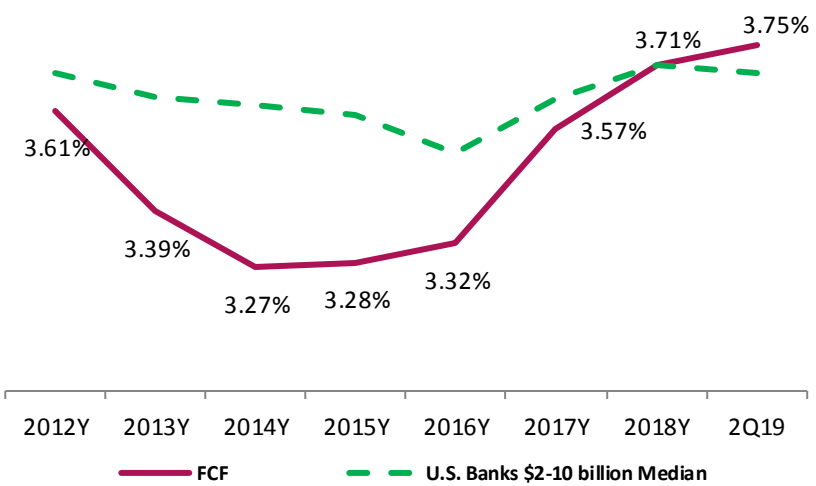
Efficiency Ratio (%)[1]



Core ROAE (%)[1]



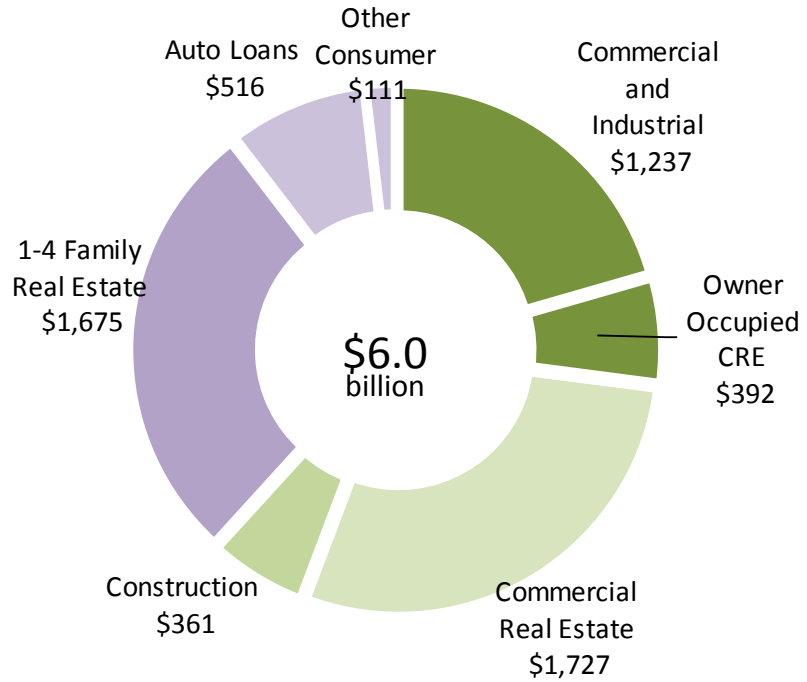
Net Interest Margin (%)[2]



(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)

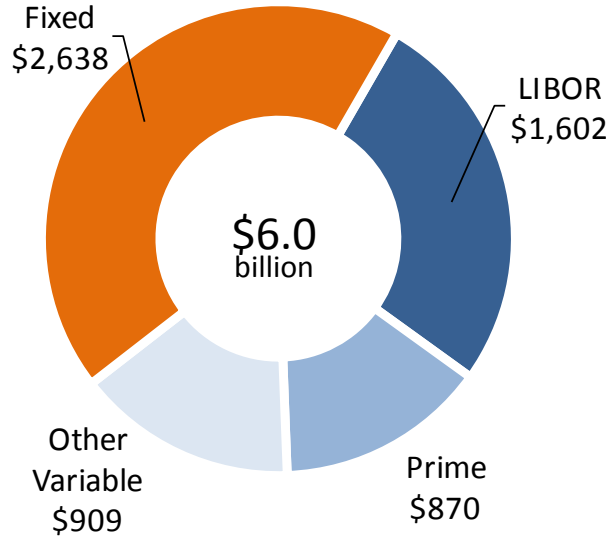


62% Commercial / 38% Retail

Non-Owner Occupied CRE / Total Capital Ratio: 188.1%[1]

C&D Loans / Total Capital: 39.3%[1]

Loan Portfolio Repricing ($mm)



56% Variable / 44% Fixed

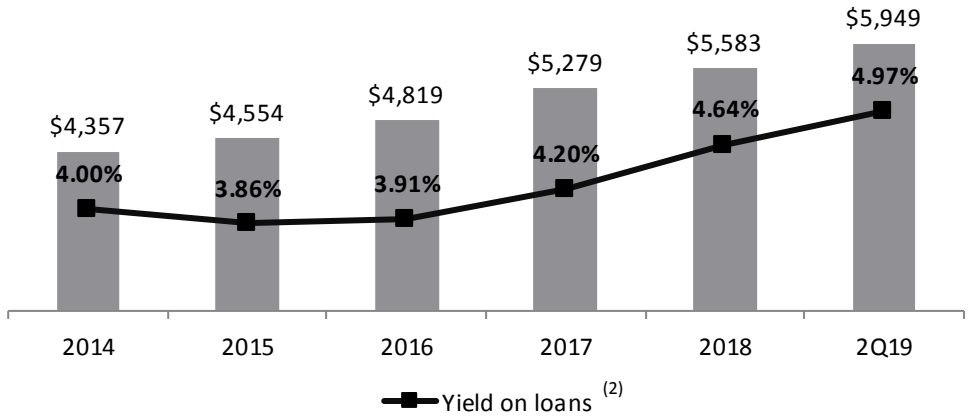
Interest rate floors exist for 31% of variable rate loans

WA Floor of 3.60% < WA Rate of 5.43%

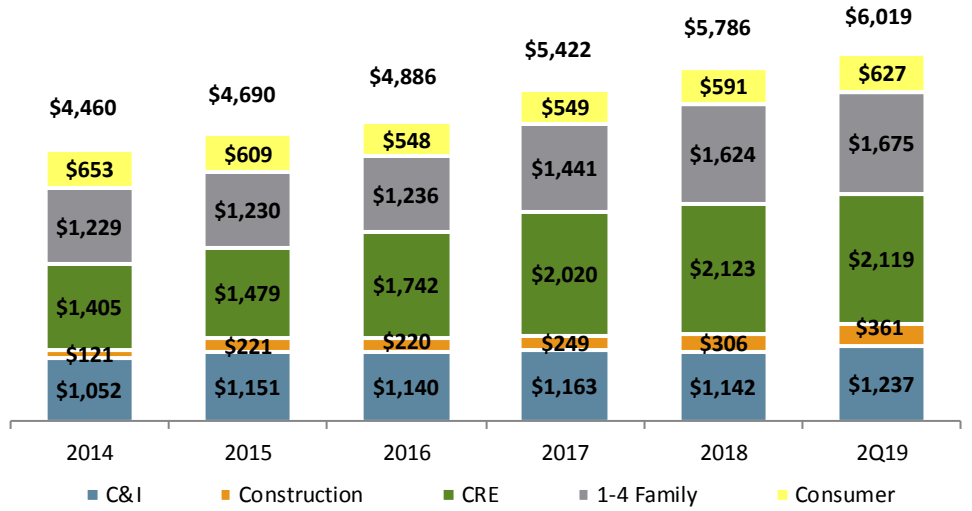
(1) Reflects bank level, regulatory data as of June 30, 2019
Note: As of June 30, 2019; includes loans held for sale

Long-Term Loan Portfolio Trends

Average Loans [1] ($mm)



Period-End Loans [1] ($mm)



Average

- Average loans increased $1.6 billion since 2014 through thoughtful acquisitions and $0.9 billion in organic growth primarily coming from new markets in Ohio
- The yield on loans has increased 111 basis points since 2015

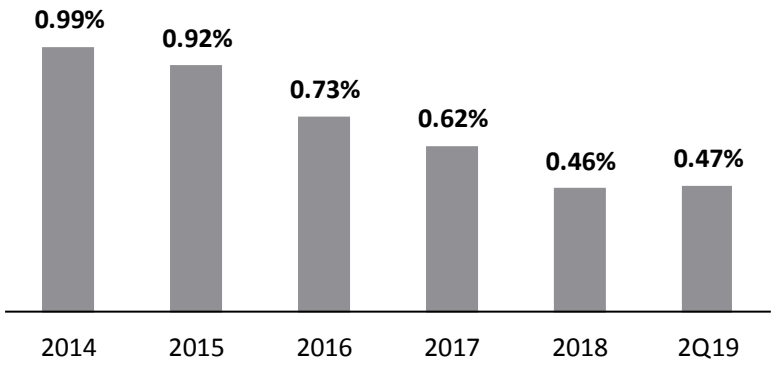
Period-end

- Total loans have grown $1.6 billion since 2014 driven by:
  - + $954 million CRE & Construction
  - + $446 million 1-4 Family
  - + $185 million C&I
- Recent growth has been led by the C&I portfolio due to a renewed focus on middle market and SBA lending

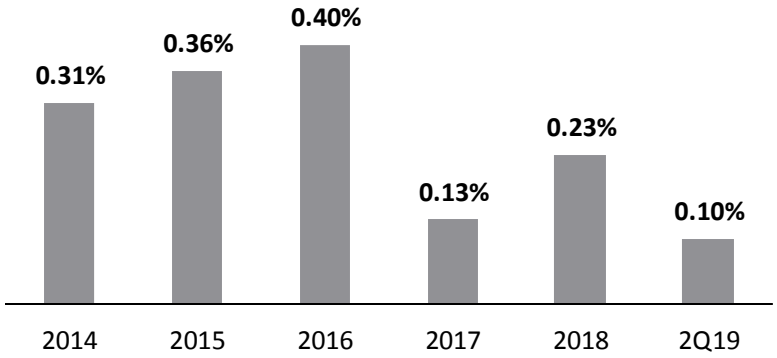
(1) Includes loans held for sale
(2) Taxable equivalent yield

Long-Term Asset Quality Trends

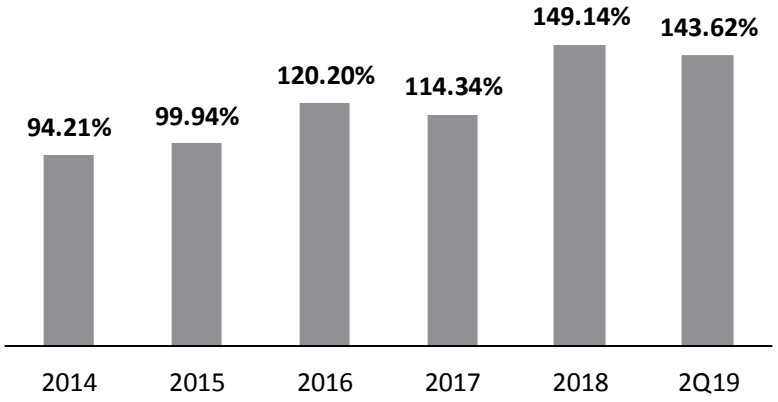
Nonperforming Assets / Assets [1] (%)



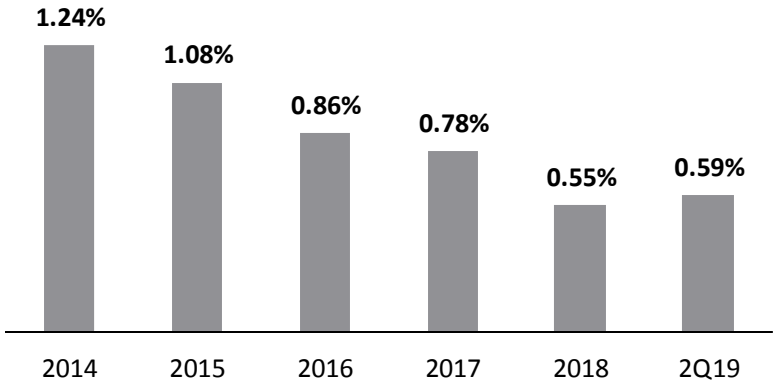
Net Charge-Offs / Loans (%)



Reserves / Nonperforming Loans (%)



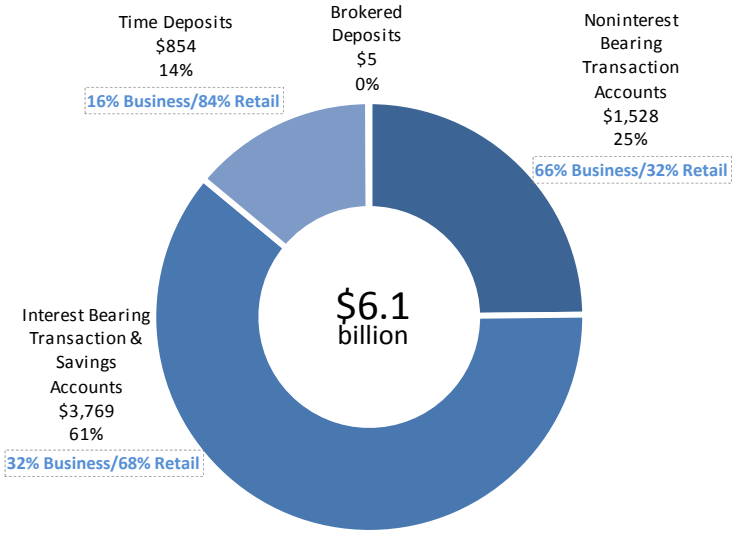
Nonperforming Loans / Loans (%)



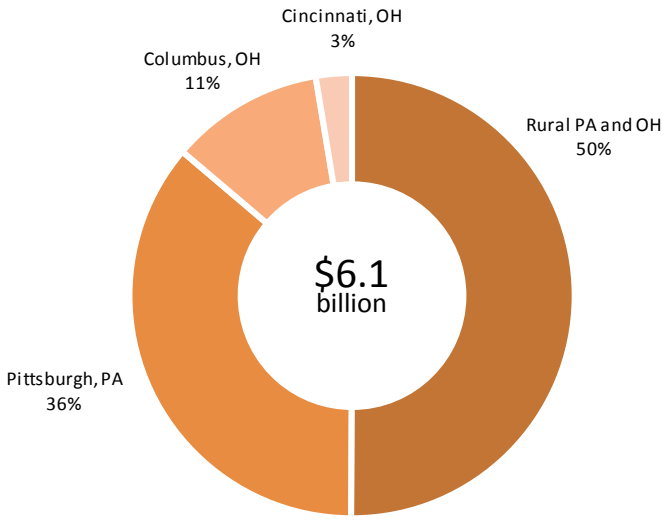
(1) Nonperforming assets include nonaccrual loans and leases, renegotiated loans and leases, and foreclosed or repossessed assets

Stable Source of Low-Cost Funding

Deposit Composition ($mm)

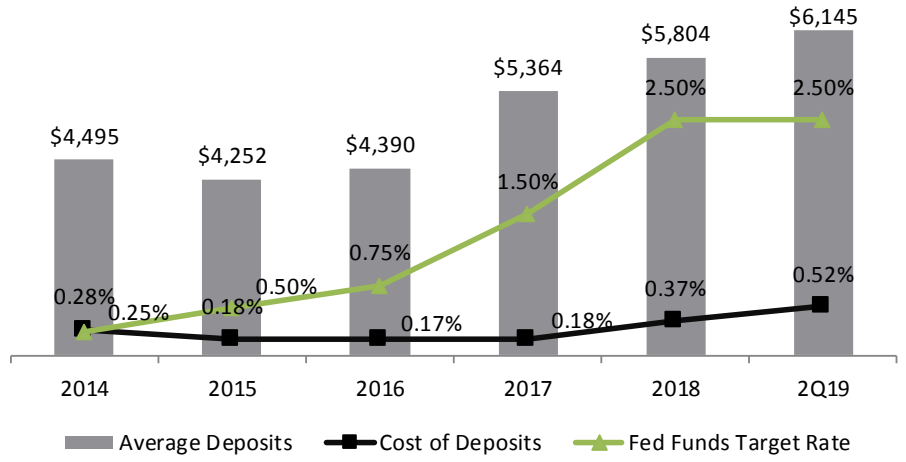


Geographic Breakdown



- 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 0.52%, despite a 225 basis point increase in the Federal Funds Target Rate from 2015 to 2018
- 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
  - Announced acquisition of 14 Santander branches on April 22, 2019: 7.05% premium on deposits and immediately accretive to GAAP and cash earnings per share, proceeds will be used to pay down short-term borrowings and reduces loan-to-deposit ratio to 90%

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:
  - $1.7 billion in loans
  - $1.5 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]		*$1,684*	*$1,543*

(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

Strategic Themes

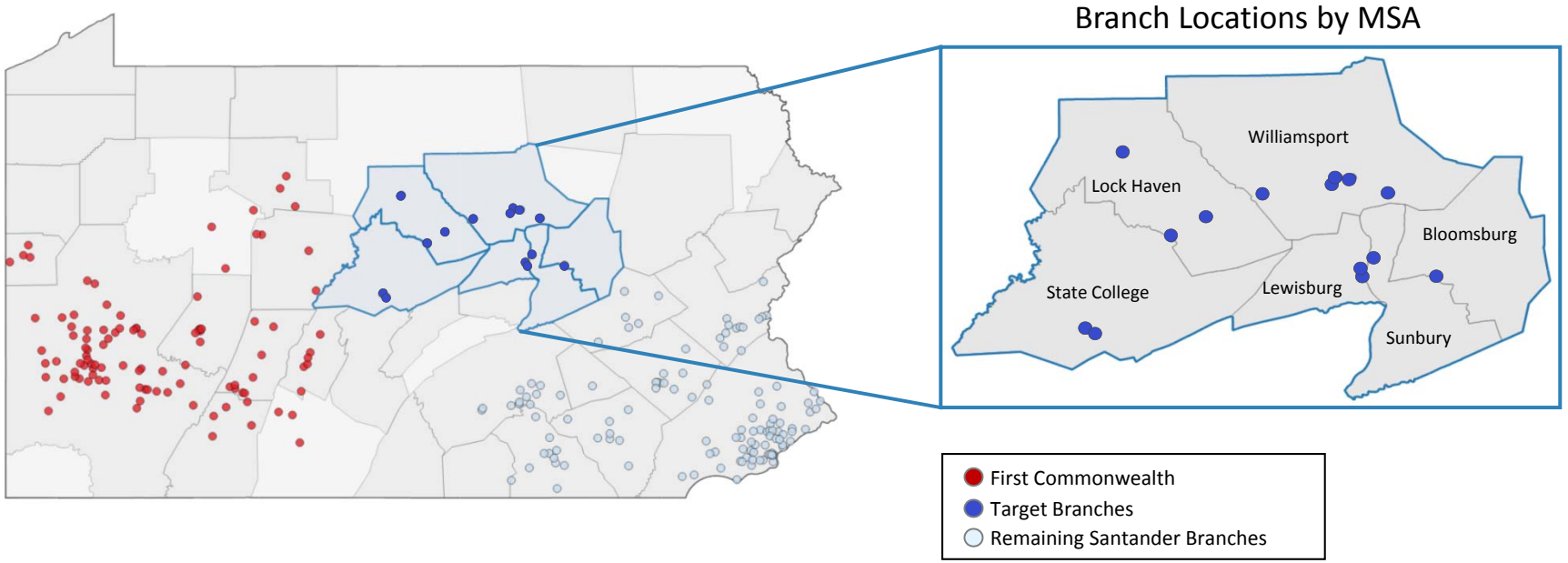


1. Improve the financial lives of our neighbors and their businesses.
2. Grow, diversify, and leverage the loan portfolio.
3. Strengthen primary bank relationships to build core funding.
4. Improve relationship banking execution.
5. Improve efficiency and the client experience.
6. Pursue a measured approach to M&A.
7. Achieve a sub-55% Efficiency Ratio and +1.55% Return on Average Assets.

Appendix

- Acquisition of 14 Santander Branches
- Financial Trends
- 2Q 2019 Financial Results
- Non-GAAP Measures

Summary of Opportunity



- Expands First Commonwealth Bank's branch footprint by 10% and provides a broader geography for commercial and mortgage lending growth in Central Pennsylvania
- Significantly improves the bank's funding base and reduces loan-to-deposit ratio to 90%
- Over 22,000 new households

Source: Company reports, SNL Financial

Key Transaction Terms

Purchase Price	■ 7.05% premium on deposits ■ $37.0 million based on approximately $525 million of deposits as of March 31, 2019 ■ Premium will be calculated based on average daily balance of deposits for the 10 days prior to closing
Deposits	■ Approximately $525 million of deposits ■ 0.63% cost ■ 90% consumer / 10% small business
Loans	■ Approximately $120 million of loans ■ 6.25% yield ■ 80% consumer / 20% small business
Fixed Assets	■ Approximately $3.3 million fixed assets to be acquired
Capital	■ No additional capital or external financing required
One-Time Costs	■ $3.0 million pre-tax one-time restructuring charges
EPS Accretion	■ Immediately accretive to EPS, driven primarily by immediate pay down of FHLB borrowings ■ ~5% GAAP EPS accretive in 2020 ■ ~6% Cash EPS accretive in 2020
Tangible Book Value Dilution	■ ~5.5% tangible book value dilution at close including the impact of all one-time restructuring charges ■ <5 year tangible book value per share earn back period (crossover method)
Purchase Accounting Marks	■ Conservative credit mark of 1.2% on loan portfolio ($1.4 million) ■ Immaterial interest rate mark on loans (due to variable nature) ■ CDI equal to 2.0% of core deposits
Noninterest Expense	■ No NIE cost savings assumed ■ $1.6 million CDI amortization in year 1 ■ $8.0 million increase in other operating expenses (excl. CDI)
Closing Conditions	■ Customary regulatory approvals
Expected Closing	■ 3Q19 subject to customary regulatory approvals

Note: Acquired branches, deposit and loan data as of March 31, 2019

Appendix

- Acquisition of 14 Santander Branches
- Financial Trends
- 2Q 2019 Financial Results
- Non-GAAP Measures

Financial Trends: 2014 – Present

	2014Y	2015Y	2016Y	2017Y	2018Y	Trailing 5 Quarters 2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Income Statement										
Revenue[1]	$248	$253	$267	$313	$343	$91	$84	$86	$85	$89
Provision for credit losses	11	15	18	5	13	1	3	1	4	3
Operating expense[2]	171	161	157	186	191	47	49	49	49	51
Core net income[2]	$45	$51	$62	$79	$109	$33	$25	$27	$25	$27
Stock										
Core EPS[2]	$0.48	$0.57	$0.69	$0.82	$1.10	$0.33	$0.25	$0.27	$0.25	$0.28
Y/Y Core EPS Growth[2]	11.6%	18.8%	21.1%	18.8%	34.1%	50.0%	38.9%	28.6%	13.6%	(15.2%)
Tangible book value per share	6.03	6.23	6.20	6.34	6.98	6.69	6.82	6.98	7.21	7.46
Period-end close	$9.22	$9.07	$14.18	$14.32	$12.08	$15.51	$16.14	$12.08	$12.60	$13.47
Balance Sheet (EOP)										
Loans	$4,460	$4,690	$4,886	$5,422	$5,786	$5,647	$5,671	$5,786	$5,881	$6,019
Deposits	4,315	4,196	4,948	5,581	5,898	5,914	5,895	5,898	6,131	6,156
Profitability										
Core Return on average assets[2]	0.71%	0.79%	0.93%	1.09%	1.44%	1.76%	1.30%	1.39%	1.27%	1.37%
Core Return on average TCE[2]	8.04%	9.20%	10.79%	13.38%	16.87%	20.70%	15.02%	16.09%	14.59%	15.48%
Net interest margin[1]	3.27%	3.28%	3.32%	3.57%	3.71%	3.78%	3.67%	3.70%	3.75%	3.75%
Core Efficiency ratio[1][2]	68.94%	63.44%	58.71%	60.22%	57.15%	55.23%	57.82%	57.45%	58.18%	56.80%

- Demonstrated ability to achieve operating leverage by expanding revenue while reducing expense
  - Note: expense increase from 2016-2018 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

Appendix

- Acquisition of 14 Santander Branches
- Financial Trends
- 2Q 2019 Financial Results
- Non-GAAP Measures

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 the appendix for disclosures regarding non-GAAP measures
(3) Quarter-to-date annualized

$ in millions, except per share data

Balance Sheet

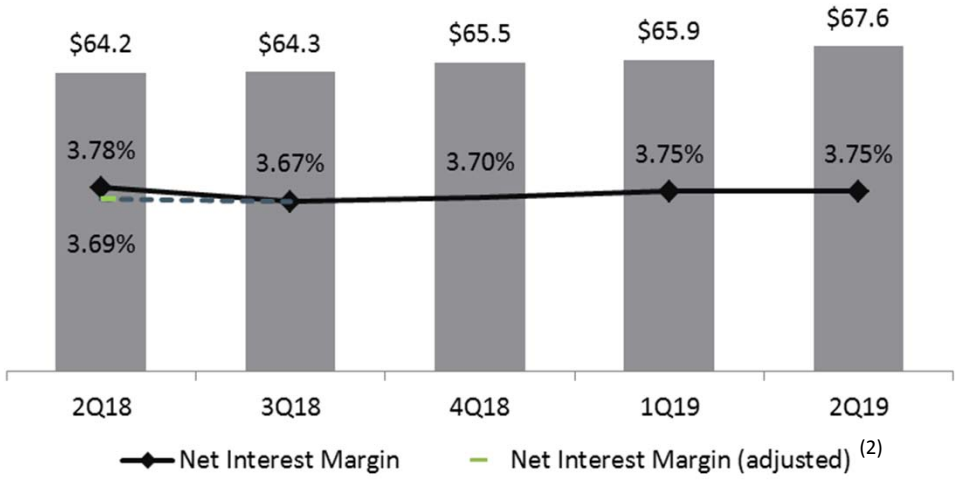
Period-end Balances	2Q19	1Q19	2Q18	Change From 1Q19	Change From 2Q18
Cash & securities	$1,365	$1,427	$1,384	*($62)*	*($19)*
Loans held for sale	16	10	7	*6*	*9*
Commercial loans	3,716	3,644	3,563	*72*	*153*
Consumer loans	2,287	2,227	2,077	*60*	*210*
Allowance for credit losses	(51)	(50)	(51)	*(1)*	*0*
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

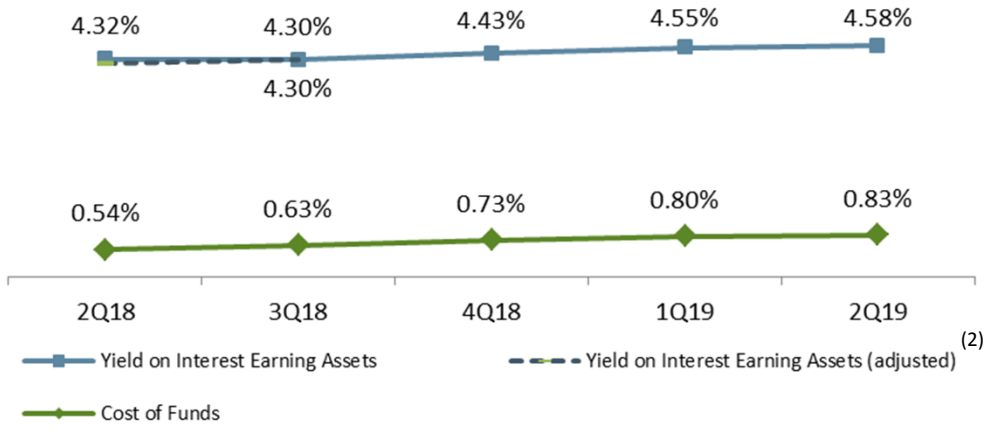
$ in millions

Net interest income and net interest margin

Net Interest Income(1)



Yield / Cost Trends(1)



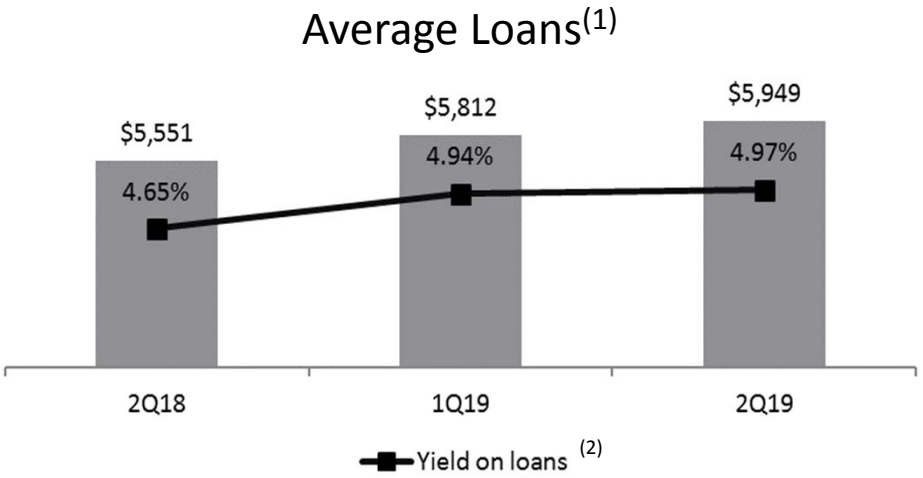
- Net interest income increased $1.7 million to LQ as the result of a $138 million increase in average loans and one additional day in the quarter, partially offset by a $37 million decrease in average investment securities

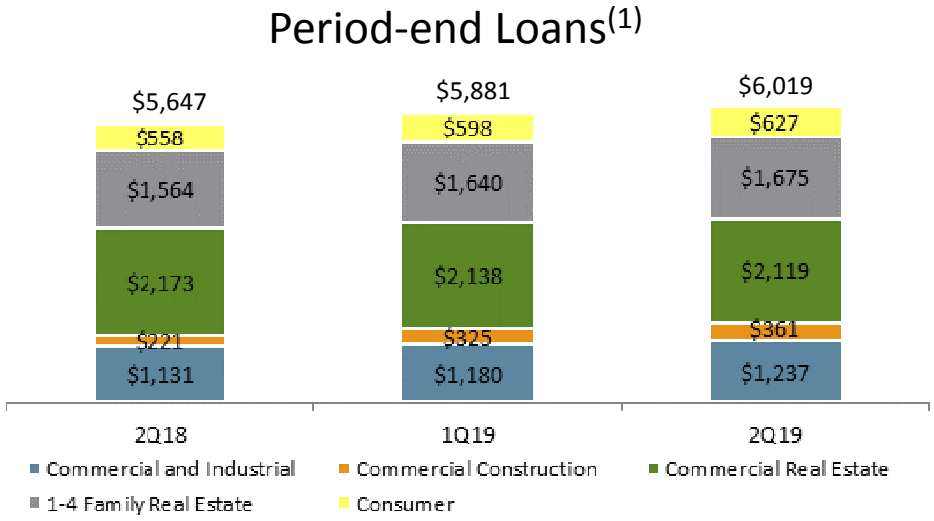
- Net interest margin of 3.75% flat to LQ:
  - A 3 bps increase in the cost of funds was offset by a 3 bps increase in the yield on earning assets
  - Strong core deposit growth and a favorable shift in the mix of earning assets offset increases in the cost of interest-bearing deposits

(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

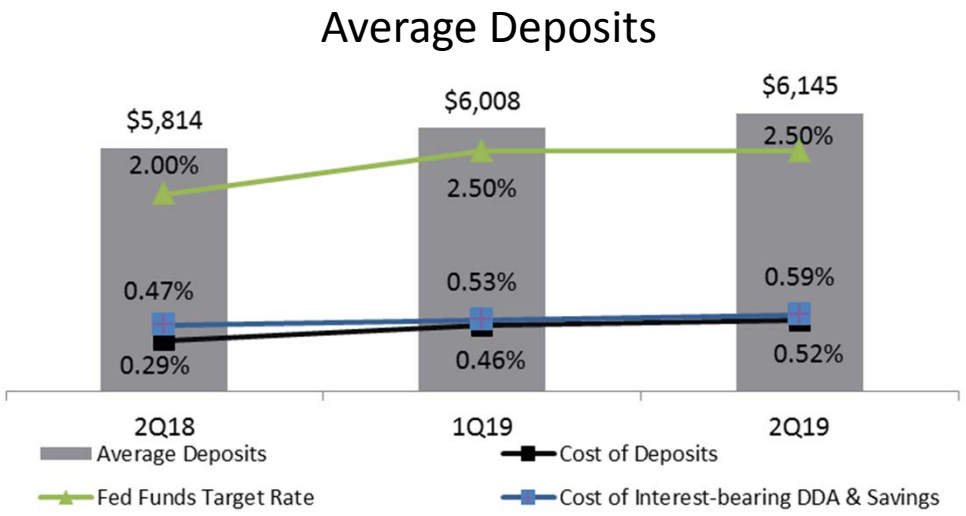
Period-end

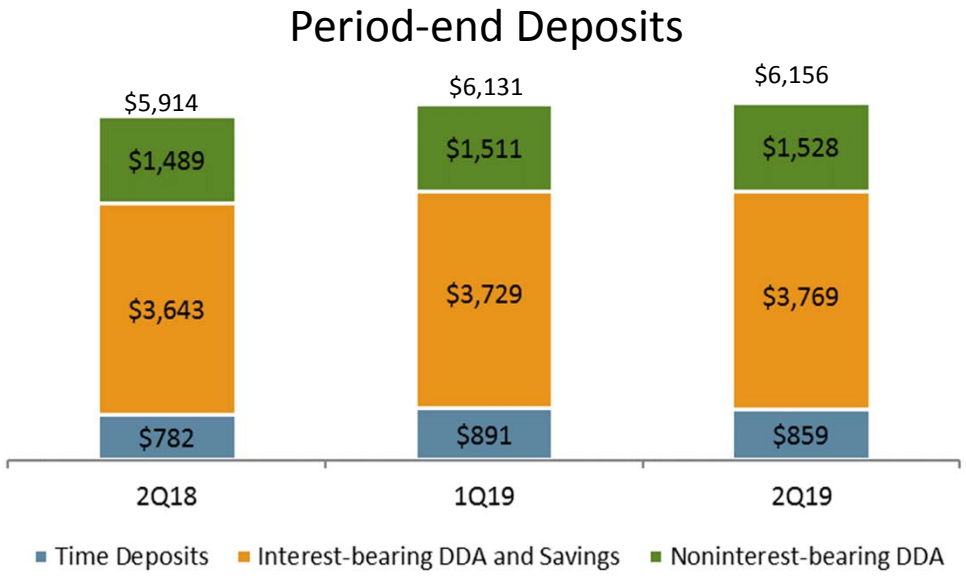
- Loans increased $138 million from LQ and $372 million from the prior year
  - LQ loan growth was driven by:
    - + $57 million C&I
    - + $36 million Commercial Construction
    - + $24 million Auto
    - + $16 million Consumer Construction
    - + $12 million 1-4 Family Mortgages
    - – $19 million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

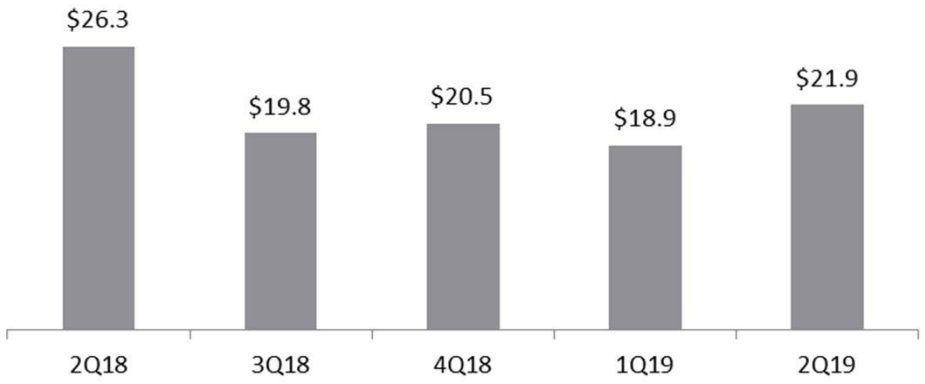
Period-end

- 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)***

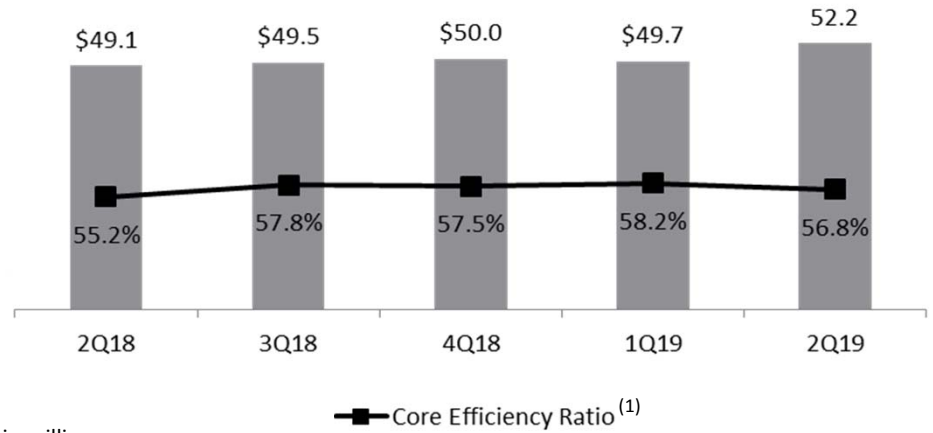


- Total fee income increased $3.0 million from LQ and $0.9 million YoY
- Interchange increased $0.7 million and Service Charges increased $0.4 million from LQ due to seasonally higher volume and three additional processing days
- Gain on sale of other loans increased $0.7 million to LQ primarily due 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

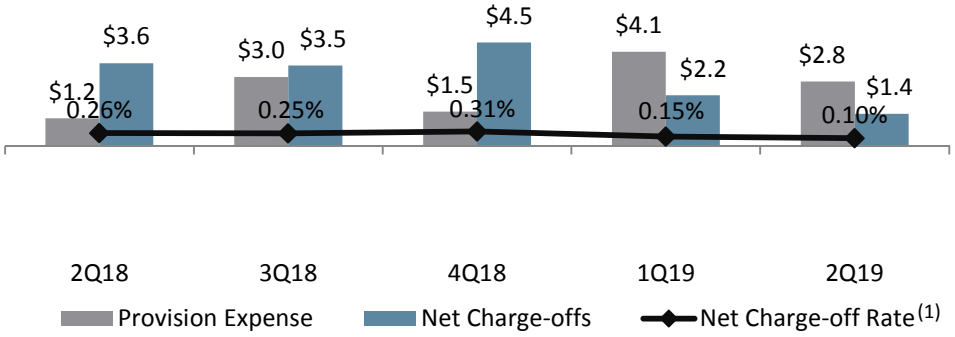
- Total operating expenses increased $1.4 million to LQ primarily due to $0.9 million expense for the sale and write-down of two OREO properties, a $0.2 million write-down on former bank facility, and a $0.4 million increase in PA shares tax due to the recognition of educational improvement tax credits 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 the appendix for disclosures regarding non-GAAP measures

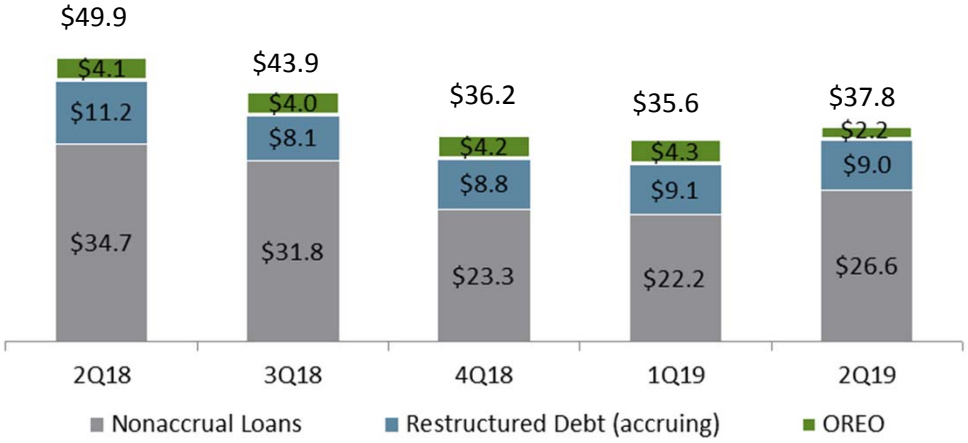
Credit quality

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

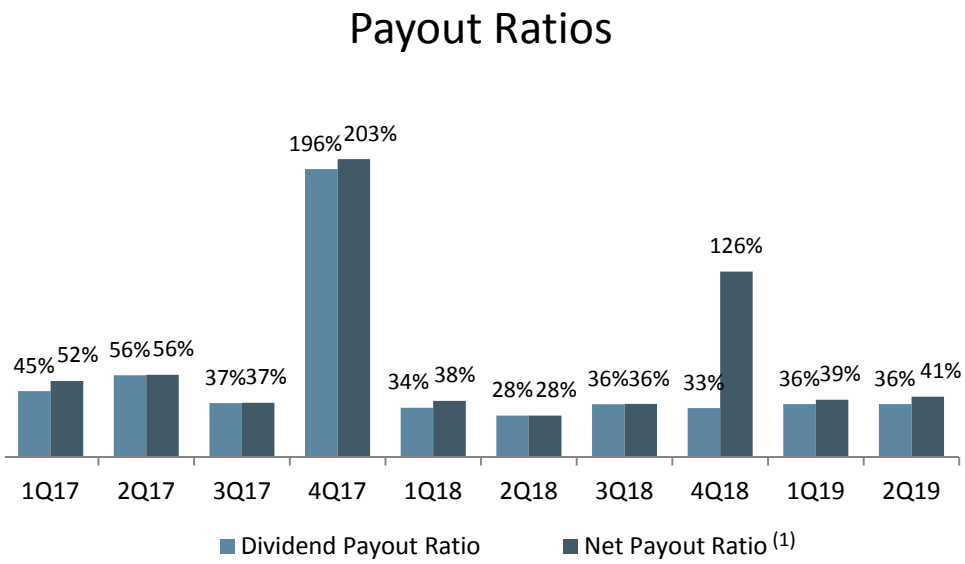


- Nonperforming assets increased $2.2 million over LQ due to a $4.4 million increase in nonaccrual loans, partially offset by a $2.1 million decrease in OREO

(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

- Acquisition of 14 Santander Branches
- Financial Trends
- 2Q 2019 Financial Results
- 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.

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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