


NYSE: FCF

2020 KBW Winter Financial Services Symposium
February 13-14, 2020

# FORWARD-LOOKING STATEMENTS

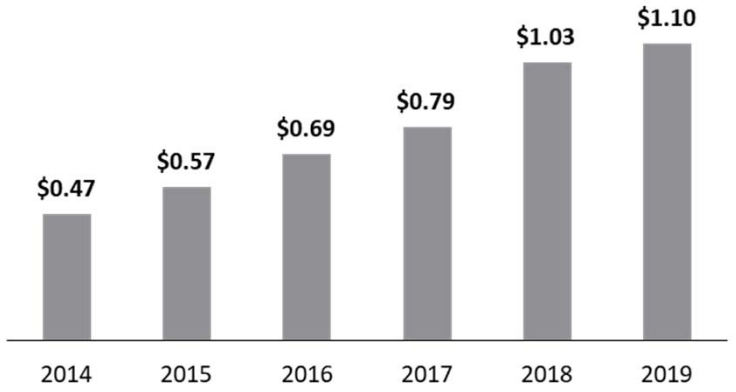
This presentation contains forward-looking statements about First Commonwealth's future plans, strategies and financial performance. These statements can be identified by the fact that they do not relate strictly to historical or current facts and often include words such as "believe," "expect," "anticipate," "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.*

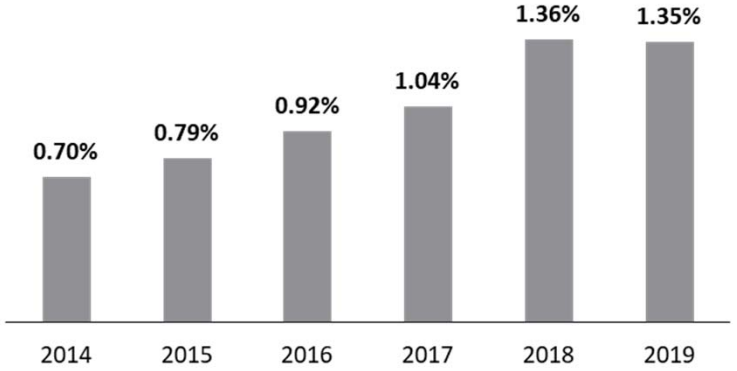
Forward-looking statements speak only as of the date on which they are made. First Commonwealth undertakes no obligation to update any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

# PERFORMANCE TRENDS

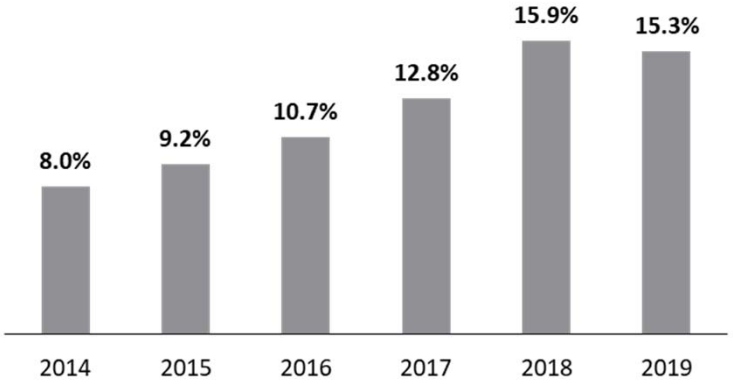
## Core EPS ($)(1)



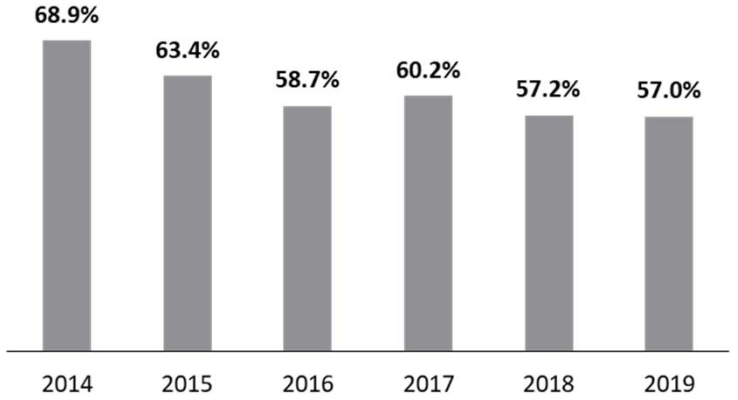

## Core ROAA (%)(1)




## Core ROTCAE (%)(1)




## Efficiency Ratio (%)(1)




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

# PERFORMANCE HIGHLIGHTS

| | 2014Y | 2015Y | 2016Y | 2017Y | 2018Y | 2019Y | Trailing 5 Quarters 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Earnings growth** | | | | | | | | | | | |
| Operating revenue[1] | $248 | $254 | $267 | $309 | $334 | $357 | $86 | $85 | $89 | $91 | $92 |
| Provision for credit losses | 11 | 15 | 18 | 5 | 13 | 15 | 1 | 4 | 3 | 3 | 5 |
| Operating expense[2] | 171 | 161 | 157 | 186 | 191 | 204 | 49 | 49 | 51 | 51 | 53 |
| **Core net income[2]** | **$44** | **$51** | **$61** | **$75** | **$102** | **$108** | **$27** | **$25** | **$27** | **$30** | **$27** |
| PTPPNR[2] | $77 | $93 | $110 | $123 | $143 | $153 | $37 | $36 | $39 | $40 | $39 |
| Core EPS[2] | $0.47 | $0.57 | $0.69 | $0.79 | $1.03 | $1.10 | $0.27 | $0.25 | $0.28 | $0.30 | $0.27 |
| *Core EPS Growth YoY[2]* | *6.8%* | *21.3%* | *21.1%* | *14.5%* | *30.4%* | *6.8%* | *50.0%* | *13.6%* | *(3.4%)* | *3.4%* | *8.0%* |
| **Return to shareholders** | | | | | | | | | | | |
| Dividend per share | $0.28 | $0.28 | $0.28 | $0.32 | $0.35 | $0.40 | $0.09 | $0.10 | $0.10 | $0.10 | $0.10 |
| Tangible book value per share | 6.03 | 6.23 | 6.20 | 6.34 | 6.98 | 7.49 | 6.98 | 7.21 | 7.46 | 7.31 | 7.49 |
| Period-end close | $9.22 | $9.07 | $14.18 | $14.32 | $12.08 | $14.51 | $12.08 | $12.60 | $13.47 | $13.28 | $14.51 |
| **Balance sheet trends (EOP)** | | | | | | | | | | | |
| Investment securities and cash | $1,429 | $1,403 | $1,303 | $1,291 | $1,434 | $1,378 | $1,434 | $1,427 | $1,365 | $1,310 | $1,378 |
| Commercial loans | 2,578 | 2,851 | 3,102 | 3,432 | 3,571 | 3,735 | 3,571 | 3,644 | 3,716 | 3,670 | 3,735 |
| Consumer loans | 1,882 | 1,839 | 1,784 | 1,990 | 2,215 | 2,470 | 2,215 | 2,237 | 2,303 | 2,450 | 2,470 |
| **Total loans** | **4,460** | **4,690** | **4,886** | **5,422** | **5,786** | **6,205** | **5,786** | **5,881** | **6,019** | **6,120** | **6,205** |
| Noninterest bearing deposits | 989 | 1,117 | 1,269 | 1,417 | 1,466 | 1,690 | 1,466 | 1,511 | 1,528 | 1,658 | 1,690 |
| **Total deposits** | **$4,315** | **$4,196** | **$4,948** | **$5,581** | **$5,898** | **$6,678** | **$5,898** | **$6,131** | **$6,156** | **$6,678** | **$6,678** |
| Borrowings | 1,268 | 1,592 | 949 | 795 | 907 | 436 | 907 | 750 | 790 | 318 | 436 |
| Equity | $716 | $720 | $750 | $888 | $975 | $1,056 | $975 | $998 | $1,022 | $1,039 | $1,056 |
| **Profitability** | | | | | | | | | | | |
| Core Return on average assets[2] | 0.70% | 0.79% | 0.92% | 1.04% | 1.36% | 1.35% | 1.39% | 1.27% | 1.37% | 1.46% | 1.29% |
| Core Return on average TCE[2] | 8.0% | 9.2% | 10.7% | 12.8% | 15.9% | 15.3% | 16.1% | 14.6% | 15.5% | 16.2% | 14.9% |
| Net interest margin[1] | 3.27% | 3.28% | 3.32% | 3.57% | 3.71% | 3.75% | 3.70% | 3.75% | 3.75% | 3.76% | 3.73% |
| Core Efficiency ratio[1][2] | 68.9% | 63.4% | 58.7% | 60.2% | 57.2% | 57.0% | 57.5% | 58.2% | 56.8% | 55.7% | 57.2% |

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

# FRANCHISE OVERVIEW




- 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: $8.3 billion
- Total Gross Loans: $6.2 billion
- Total Deposits: $6.7 billion
- Market Cap: $1.4 billion
  (as of February 4, 2020)



As of December 31, 2019
(1) Pro forma branch count includes the acquisition of 14 Santander branches completed on September 9, 2019

# 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

# WHO IS FIRST COMMONWEALTH?

1,500+ employees

$6.2 billion Loans
$6.7 billion Deposits

| | 2013Y | 2019Y |
|---|---|---|
| Core ROATCE(1) | 7.6% | 15.3% |
| Core ROAA(1) | 0.69% | 1.35% |
| Efficiency(1) | 67.1% | 57.0% |

Ranked #2 SBA Lender in Pittsburgh and #3 in Cleveland

434,452 consumer customers

35,979 business customers

7 Consecutive years of Core EPS(1) growth

Named to the Forbes 2019 "World's Best Banks" list

5 acquisitions in 5 years

15,823 advisory and insurance customers

$2.0 billion in commercial and consumer loan originations in 2019

147 community banking offices

Serves Pittsburgh Cleveland Columbus Cincinnati MSAs

named "Top Places to Work in Pittsburgh" by the Pittsburgh Post Gazette

2019 Charitable Contributions
Dollars: $1.4 million
Hours: 1,000+
Organizations: 650+

$40+ million per year in Federal, State and Local taxes

Operations in 28 counties throughout PA and OH

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

# MISSION DRIVEN COMPANY

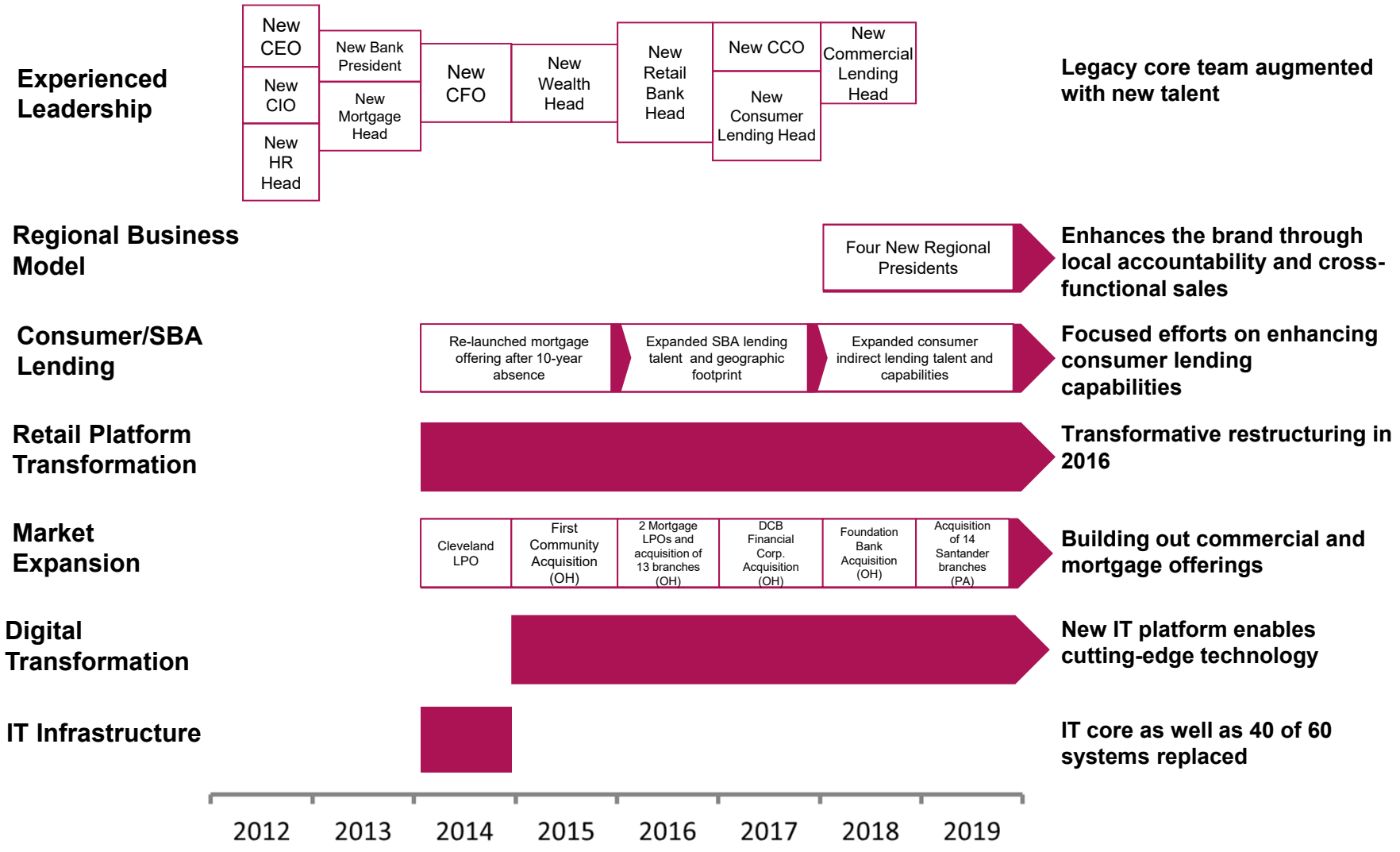


***Our Mission: To improve the financial lives of our neighbors and their businesses.***

- We will promote financial health through four life-changing habits:
  - Manage – Manage the money you make
  - Save – Save the money you may need soon
  - Borrow – Borrow only the money you'll need
  - Protect – Protect the money you can
- We will develop the most customer-focused team of financial professionals in our markets
- We will support our communities as active leaders and as good corporate citizens

***Customer Focus. Integrity. Excellence. Accountability. Inclusion.***

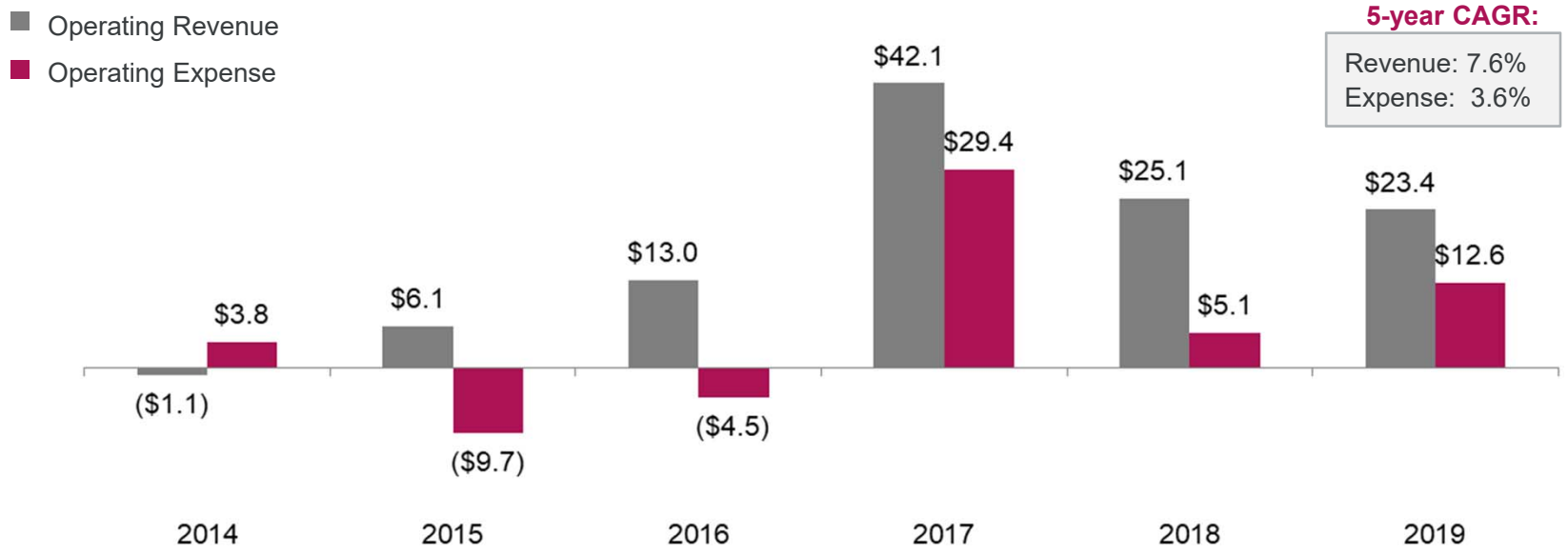
# ORGANIZATIONAL CHANGES 2012 - PRESENT



# INVESTMENTS ALIGNED WITH REVENUE GROWTH

***The redeployment of back office and retail restructuring savings in 2014 and 2015 has allowed for profitable investments in revenue producing lines of businesses like Mortgage, SBA and Indirect Auto***

## Operating Leverage(1)

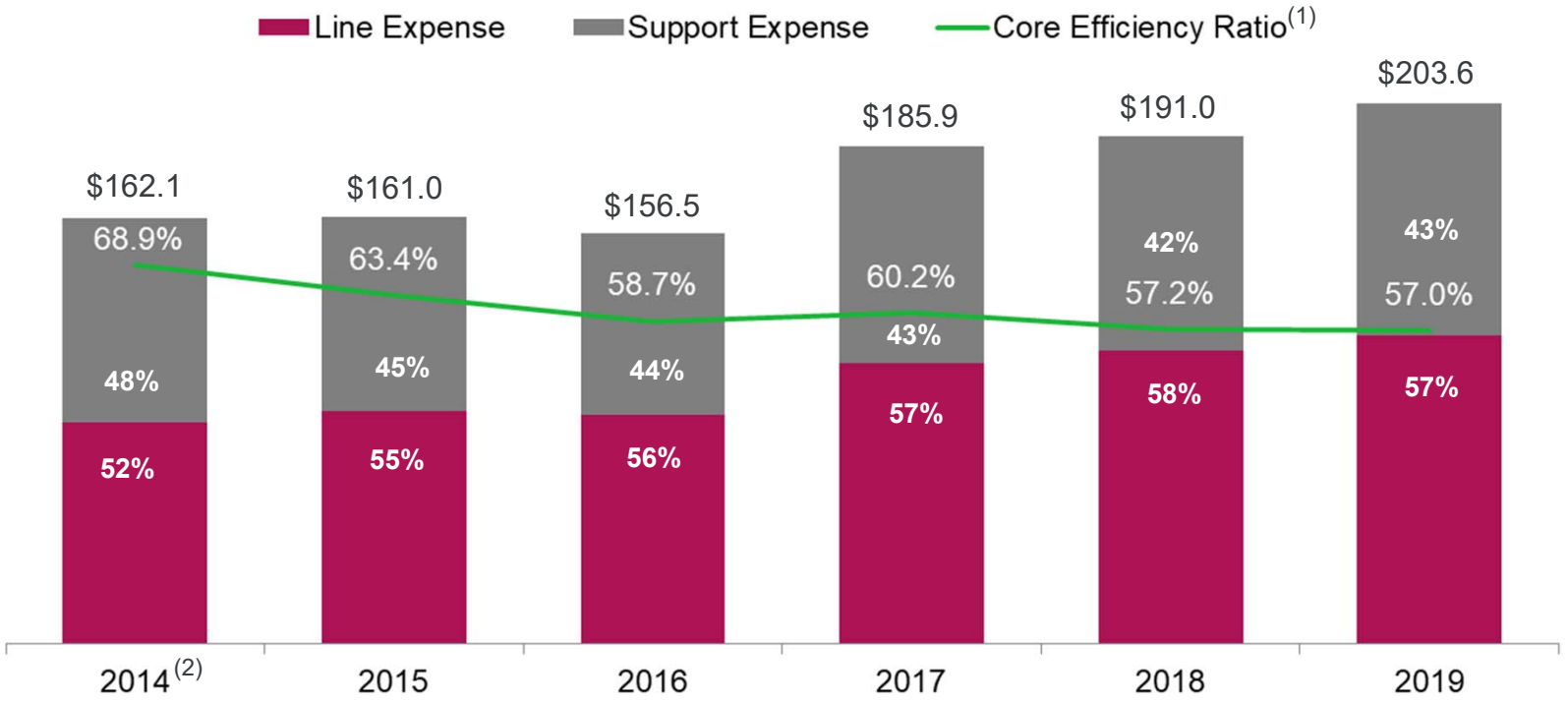



| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|
| Operating Leverage($M)(1) | ($4.9) | +$15.8 | +$17.5 | +$12.7 | +$20.0 | +$10.8 |
| Core Efficiency Ratio (%)(1) | 68.9% | 63.4% | 58.7% | 60.2% | 57.2% | 57.0% |

$ in millions

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

# EXPENSE CONTROL: OPERATING EXPENSE TREND(1)

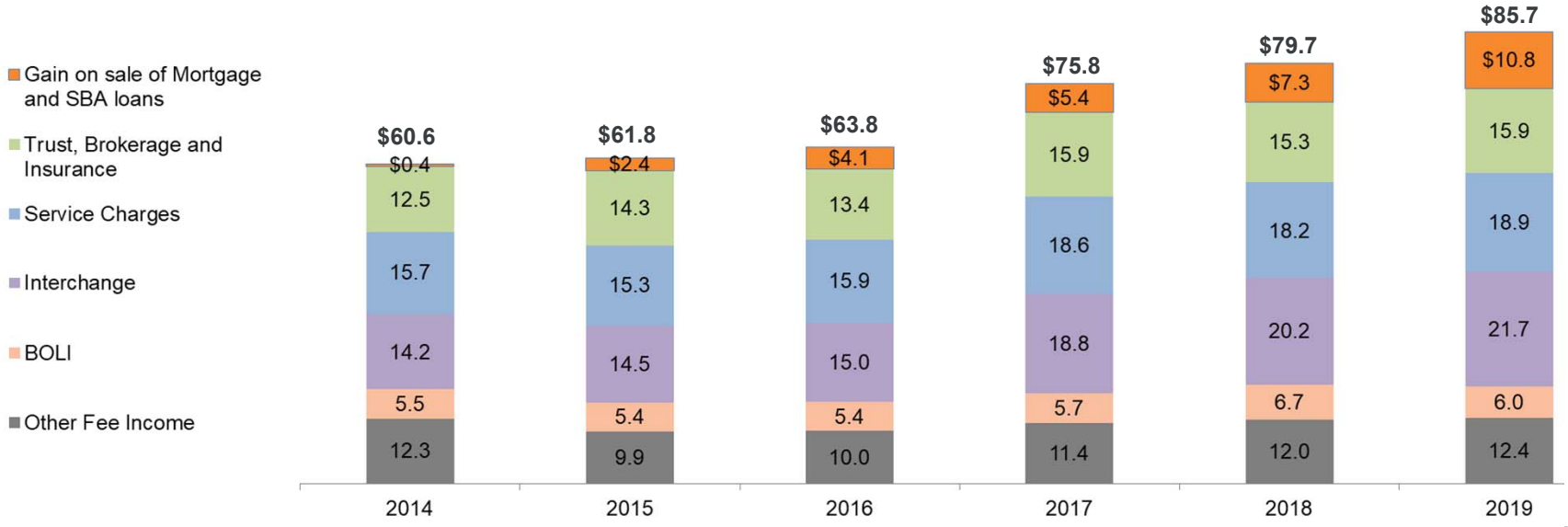



- Successfully redeployed back office savings into revenue producing business lines over the past five years
- Largest investments include reentry into the traditional mortgage and SBA businesses, corporate banking build-out and retail expansion in Ohio, and customer facing technology
- Expense increase from 2016 to 2019 driven by acquisitions

(1) Please refer to the appendix for a reconciliation of non-GAAP measures
(2) Excludes $8.6 million legal settlement

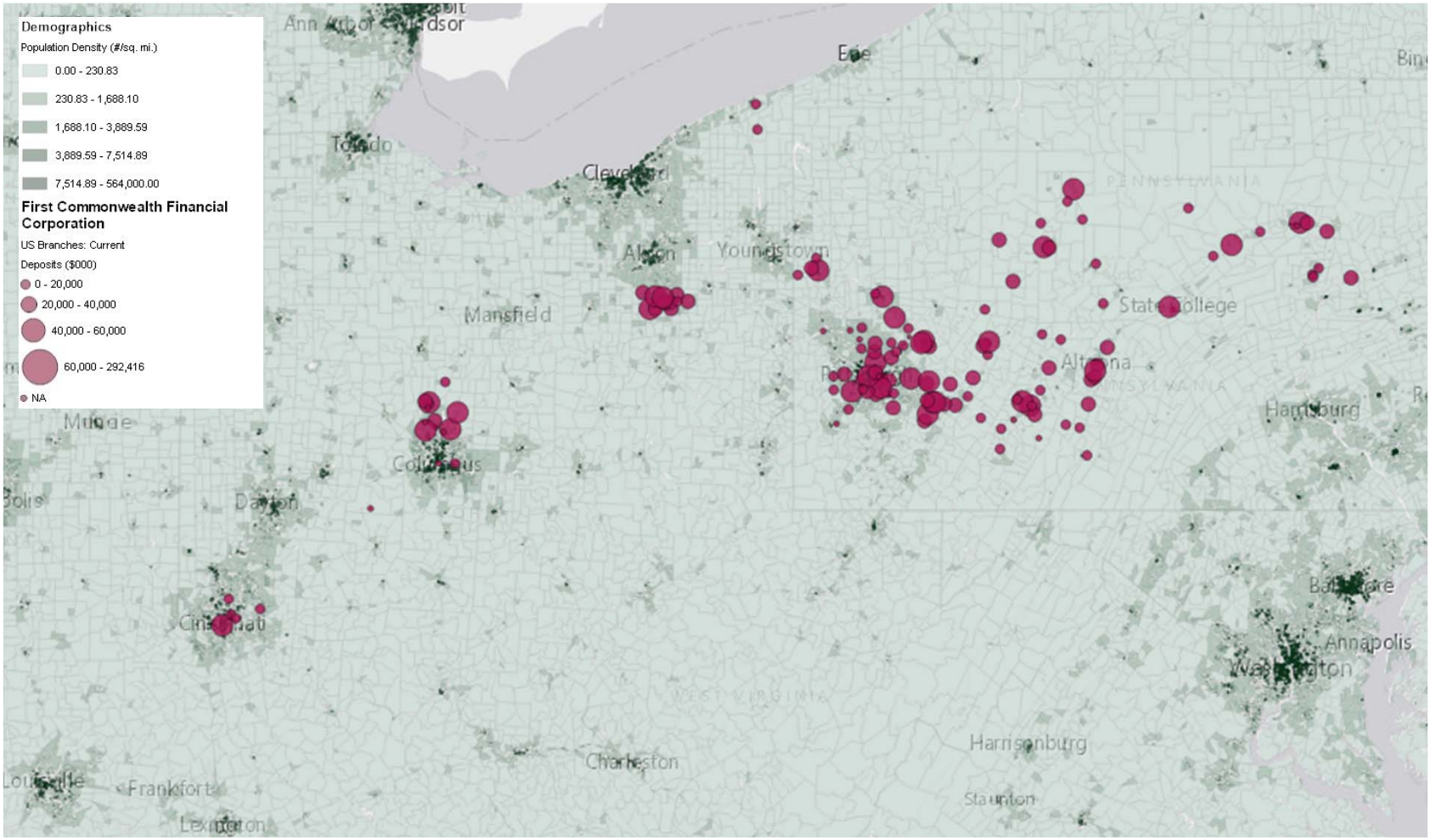
# FEE INCOME GROWTH: DIVERSIFIED REVENUE STREAMS

| $ in millions | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|
| Service charges | $15.7 | $15.3 | $15.9 | $18.6 | $18.2 | $18.9 |
| Interchange | 14.2 | 14.5 | 15.0 | 18.8 | 20.2 | 21.7 |
| Trust | 6.0 | 5.8 | 5.4 | 7.1 | 7.9 | 8.3 |
| Retail brokerage and insurance | 6.5 | 8.5 | 8.0 | 8.8 | 7.4 | 7.6 |
| BOLI | 5.5 | 5.4 | 5.4 | 5.7 | 6.7 | 6.0 |
| SWAP fees | 0.5 | 0.8 | 2.4 | 2.0 | 1.9 | 3.4 |
| Gain on sale of mortgage loans | 0.4 | 2.4 | 4.1 | 5.4 | 5.4 | 7.7 |
| Gain on sale of SBA loans | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 | 3.1 |
| Gain on sale of other assets | 4.5 | 1.9 | 1.4 | 1.8 | 3.4 | 1.7 |
| Other fees | 7.3 | 7.2 | 6.2 | 7.6 | 6.7 | 7.3 |
| **Total fee income** | **$60.6** | **$61.8** | **$63.8** | **$75.8** | **$79.7** | **$85.7** |
| Gain on sale of securities | 0.6 | (0.2) | 0.6 | 5.0 | 8.1 | 0.0 |
| Derivative mark-to-market | (0.3) | (0.3) | 0.2 | (0.5) | 0.8 | (0.2) |
| **Total noninterest income** | **$60.9** | **61.3** | **$64.6** | **$80.3** | **$88.6** | **$85.5** |
| Fee Income/ Avg. Assets | 0.96% | 0.97% | 0.96% | 1.05% | 1.05% | 1.07% |
| Fee Income/ Operating Revenue | 24.5% | 24.4% | 23.9% | 24.5% | 23.9% | 24.0% |



# TOWN AND COUNTRY STRATEGY

**First Commonwealth's rural geographies have proven to be a stable source of low-cost funding, which enabled our strategy of leveraging our commercial lending business in faster growing metro markets through low-risk, accretive acquisitions.**




Note: Branches as of December 31, 2019. Deposit data as of June 30, 2019

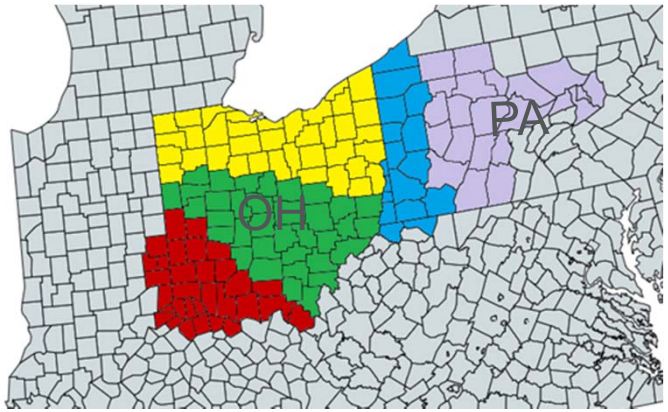
Source: S&P Global Market Intelligence

# REGIONAL LEADERSHIP MODEL

***First Commonwealth transitioned to a regional leadership model in 2018***

- Leadership and accountability lies with the regional presidents
- Better connectedness between lines of business
- Wealth referrals increasing
- SBA loans sourced from Corporate banking and branches
- Mortgage – Insurance referrals increasing
- Key customer satisfaction survey metrics continue to improve
- Deposit growth has outstripped loan growth in 2019

| | Total Loans[1] | | | Total Deposits | | |
|---|---|---|---|---|---|---|
| | Balance | YTD Growth | %, Ann. | Balance | YTD Growth | %, Ann. |
| Northern Ohio | $727.8 | $139.1 | 23.6% | $702.6 | $70.9 | 11.2% |
| Central Ohio | 893.0 | 73.1 | 8.9% | 713.3 | 19.6 | 2.8% |
| Cincinnati Metro | 306.3 | 71.7 | 30.6% | 160.8 | 8.9 | 5.9% |
| Pittsburgh Metro | 1,932.0 | (74.1) | (3.7%) | 2,153.5 | 180.1 | 9.1% |
| Community PA | 1,597.3 | 160.5 | 11.2% | 2,915.1 | 541.5 | 22.8% |
| Other | 748.9 | 49.3 | 7.0% | 80.7 | (3.1) | (0.0%) |
| Total | $6,205.3 | $419.6 | 7.3% | $6,726.0 | $817.9 | 13.8% |
| *Santander Acquisition* | | *$100.0* | | | *$471.4* | |
| Total w/o Santander: | | $319.6 | 5.5% | | $346.5 | 5.9% |

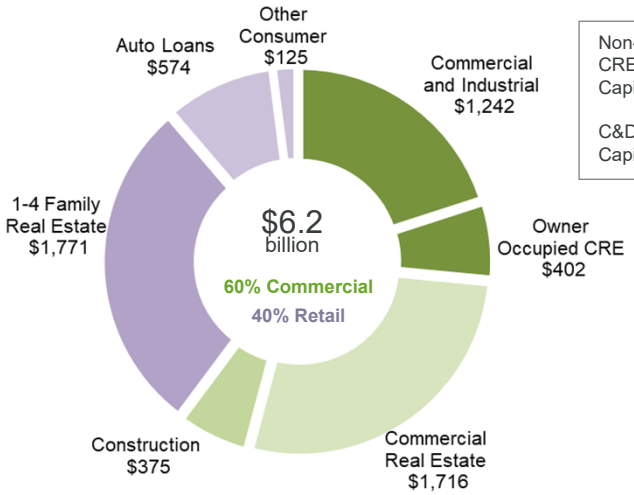



$ in millions, as of December 31, 2019

(1) Loan balances are based on portfolio location and do not necessarily represent the location of the collateral

# A COMMERCIALLY-FOCUSED COMMUNITY BANK

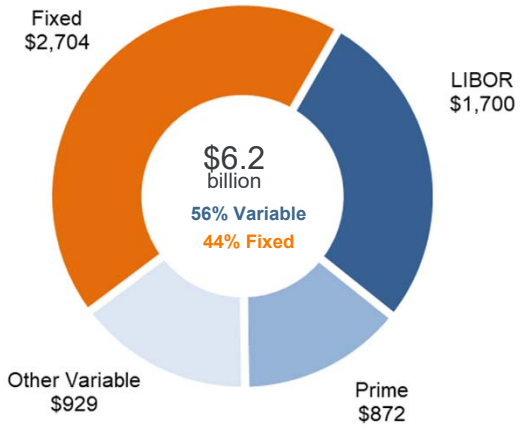
## Loan Portfolio Composition ($mm)




Non-Owner Occupied CRE / Total Capital Ratio: 187.7%(1)

C&D Loans / Total Capital: 41.0%(1)

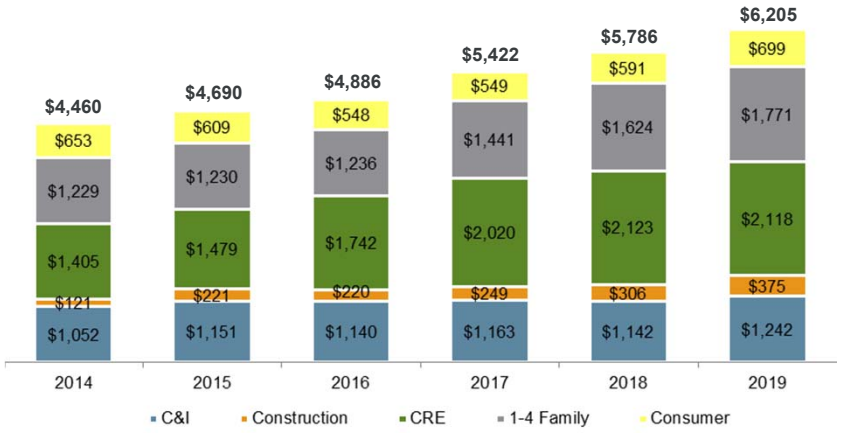
## Loan Portfolio Repricing ($mm)




Interest rate floors exist for 31% of variable rate loans

WA Floor of 3.51% < WA Rate of 4.90%

## Loan Portfolio Trends



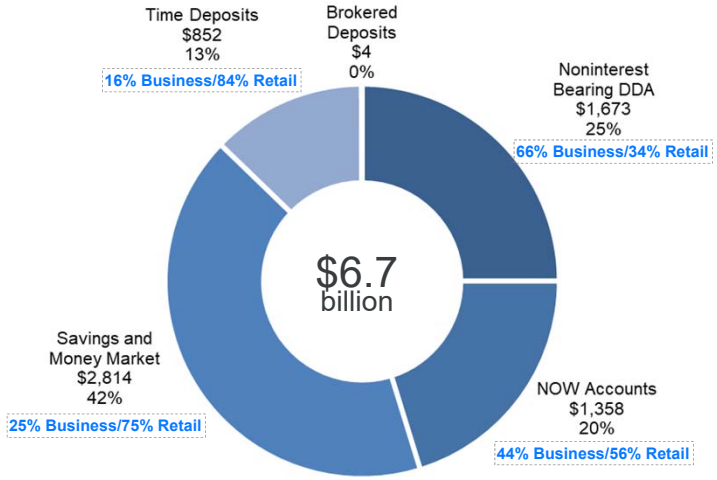

- Good mix of commercial and consumers loans
- Reentry into the Mortgage business in 2014 has enabled the flexibility to add duration to the loan portfolio
- Indirect auto has become a good source of yield
- Competition from banks and non-banks in consumer lending remains a headwind

(1) Reflects bank level, regulatory data as of December 31, 2019

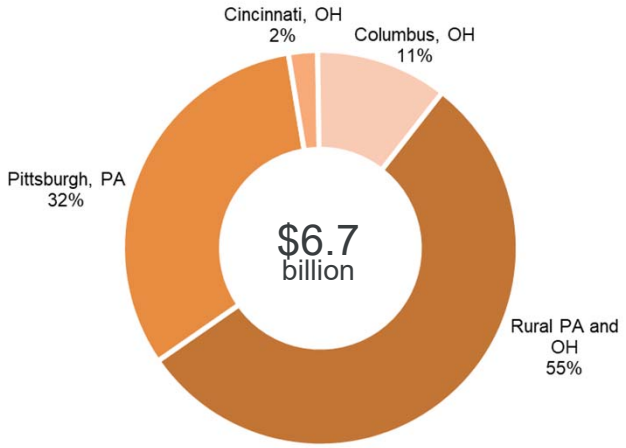
Note: As of December 31, 2019; includes loans held for sale

# STABLE LOW-COST DEPOSIT ADVANTAGE

## Deposit Composition ($mm)(1)

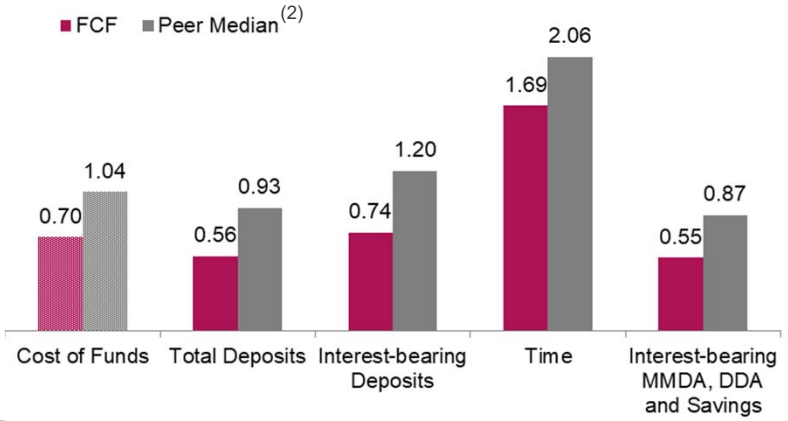



## Geographic Breakdown(1)




- 55% 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 of 0.56% is in the 80th percentile among U.S. banks $2-$10 billion
- Deposits have grown steadily since 2015 though thoughtful M&A and organic production
- Noninterest-bearing deposits currently comprise 25% of total deposits

## Deposit Costs (%)(3)

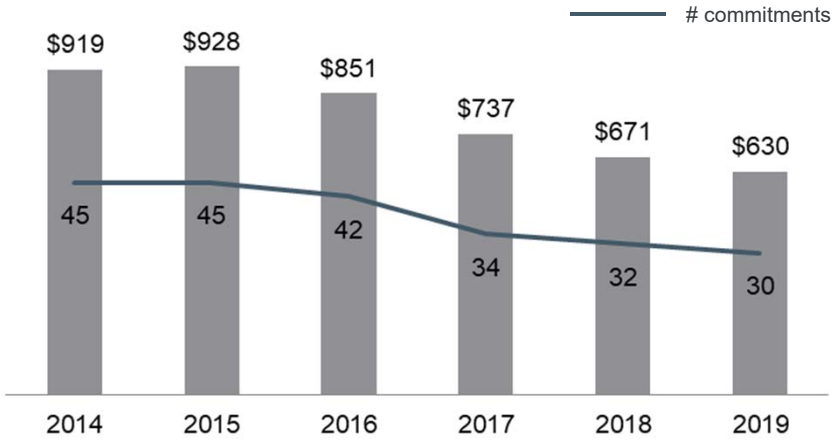



(1) QTD average balance as of December 31, 2019
(2) U.S. Banks $2 to $10 billion
(3) For the quarter ended December 31, 2019; Source S&P Global Market Intelligence

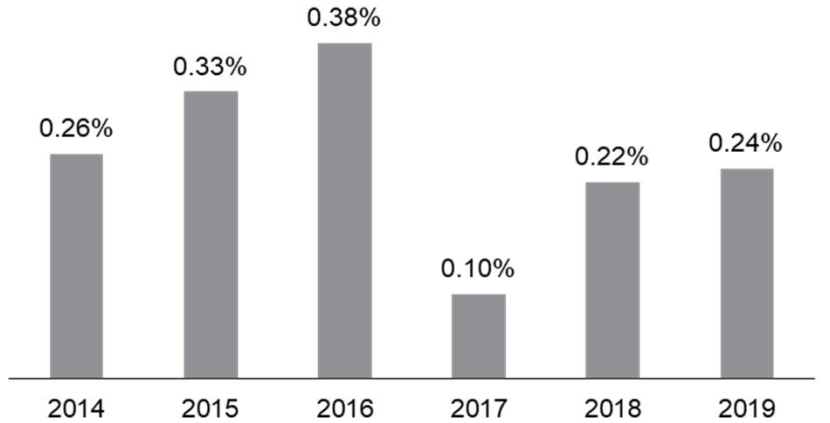
# REDUCED LOAN PORTFOLIO RISKS

- Increased granularity and decreased concentration risk
  - Expanding consumer, middle market and small business relationships
  - Geographic expansion decreases single market or location risk
  - Adopted a regional banking model
- Strengthened credit culture
  - Enhanced tracking, monitoring and managing credit risk
  - Improved portfolio management
    - Rotated out of riskier sectors (e.g. oil and gas, coal)
    - Utilized capital markets to exit underperforming names
    - Adopted strict concentration and segment limits

**Commitments > $15 million**

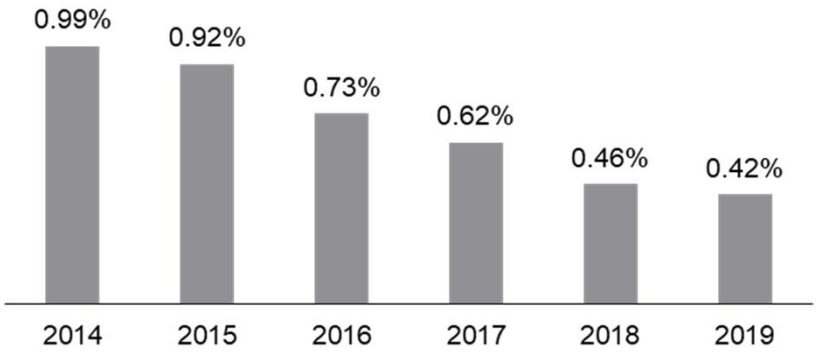



**Provision Expense/ Avg. Loans**

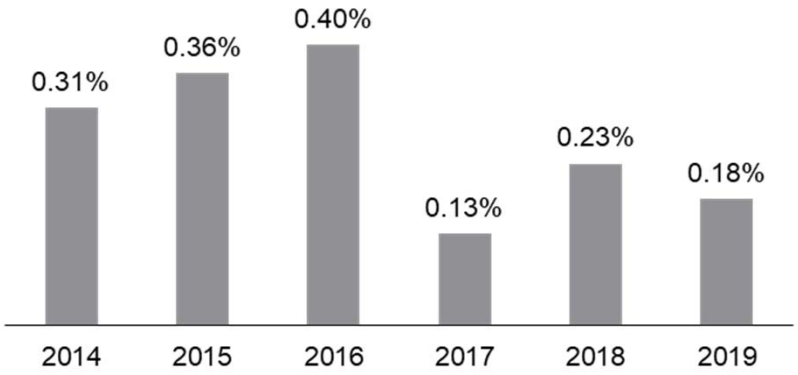


# LONG-TERM ASSET QUALITY TRENDS

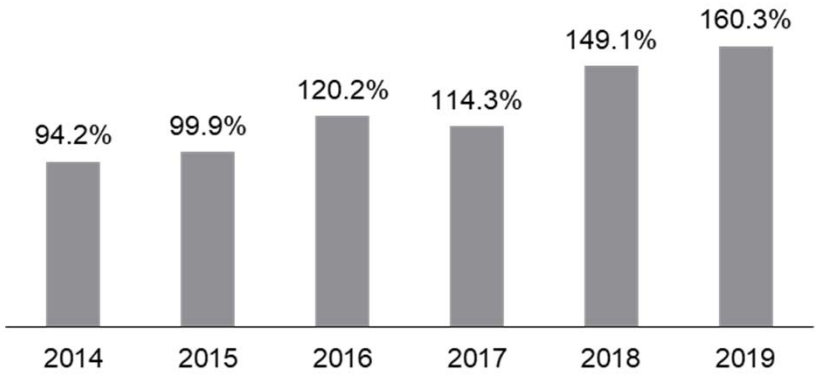
## Nonperforming Assets / Assets(1) (%)



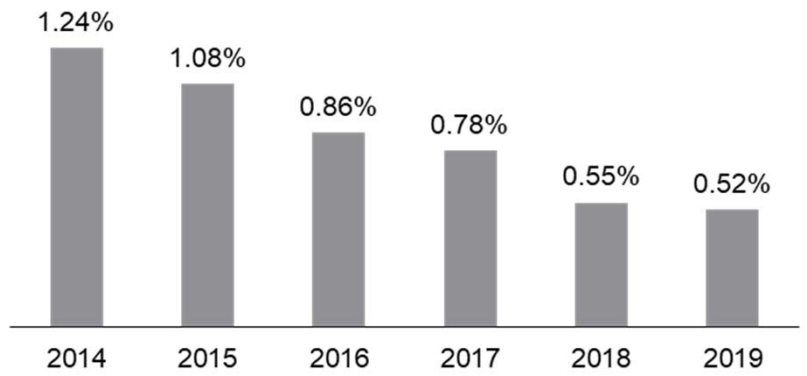

## Net Charge-Offs / Loans (%)




## Reserves / Nonperforming Loans (%)




## Nonperforming Loans / Loans (%)




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

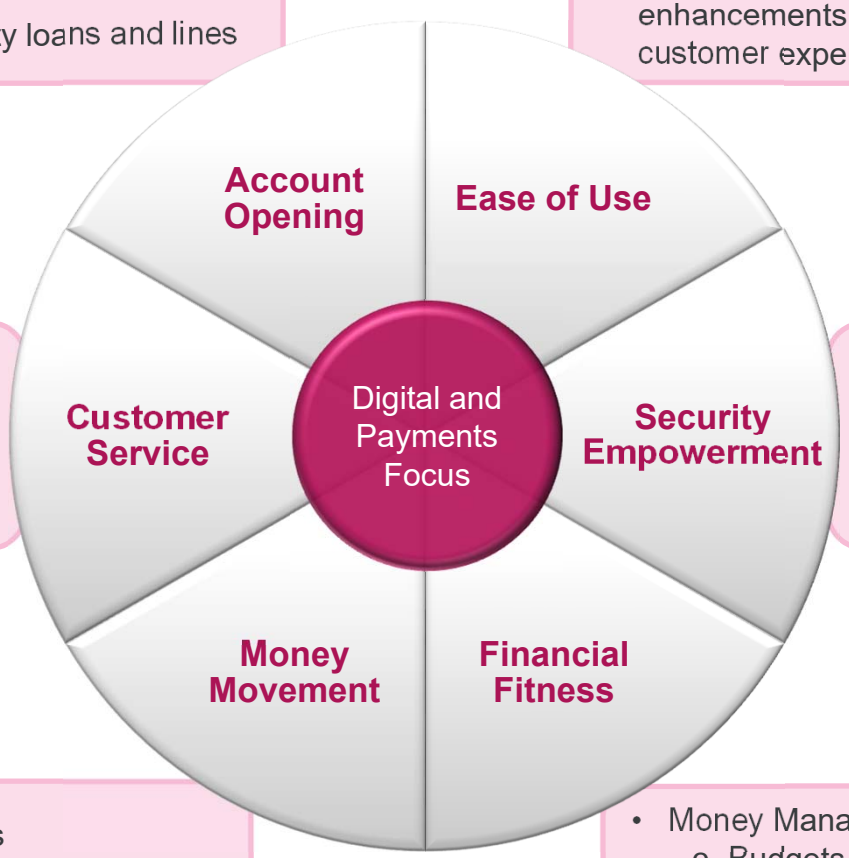
# DIGITAL STRATEGY

- **Create a mobile-centric, full-service banking capability** that 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
  - o Budgets
  - o Goal setting and alerts
  - o 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 #3 in Cleveland, OH
- Renewed focus on indirect auto lending beginning in 2018
  - Hired SVP Indirect Lending Executive with 20+ years of experience in September 2018

# MERGER AND ACQUISITION 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
  - Acquisition of 14 Santander branches closed on September 9, 2019: 7.05% premium on deposits and immediately accretive to GAAP and cash earnings per share, proceeds were used to pay down short-term borrowings and reduced loan-to-deposit ratio to ~90%

# MERGER AND ACQUISITION PRIORITIES

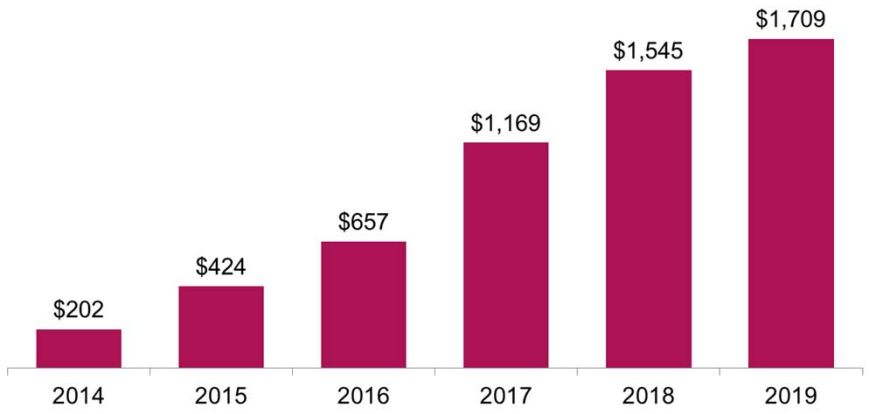
| Strategic Priorities | Primary Strategic Objective |
|---|---|
| 1. Acquire banks or branches in Pittsburgh to increase deposit balances and consolidate branches | ➢ Grow primary deposit relationships<br>➢ Build scale |
| 2. Acquire banks or branches in Columbus, Cincinnati and Northern Ohio to increase scale and market penetration | ➢ Grow primary deposit relationships<br>➢ Become the best business bank<br>➢ Build scale |
| 3. Acquire banks in Western PA community markets to increase deposit balances and consolidate branches | ➢ Grow primary deposit relationships<br>➢ Build scale |
| 4. Acquire banks in deposit-rich rural Ohio markets | ➢ Grow primary deposit relationships |
| 5. Acquire banks or branches in contiguous markets | ➢ Build commercial banking loans and deposits<br>➢ Grow primary deposit relationships |
| 6. Explore non-bank acquisitions to include RIA, trust company, specialty finance, insurance and FinTech | ➢ Expand wealth business<br>➢ Continue to invest in digital channels<br>➢ Become the best business bank |

# M&A EXPANSION UPDATE

## Successful Expansion Efforts

- Leveraging significant management experience in Ohio market
- Opened a business center in Cleveland in April 2014
  - Targeting commercial customers in northeast OH
- Acquired First Community Bank in Columbus, OH in October '15
- Opened two mortgage production offices in central and northeast OH in 2016
- 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
  - $1.6 billion in deposits
  - 34 banking branches
  - 3 loan production offices
- Completed acquisition of 14 former Santander branches in Central PA in September '19

## 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 Ohio Acquisitions** | | **$212** | **$731** | **$1,335** |
| | | *Total Ohio Portfolio (1)* | | *$1,709* | *$1,590* |
| 14 Santander Branches | 4/22/2019 | 9/6/2019 | $33 | $100 | $471 |

(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

# 2020 STRATEGIC PRIORITIES

## Strategic Priorities

A. Grow, diversify and leverage the loan portfolio

B. Strengthen primary bank relationships to optimize NIM

C. Improve relationship banking execution

D. Improve efficiency and the client experience

## Financial Targets

Moderate Risk Profile:
Net Charge-offs: 15-20 bps

Return on Average Assets:
+ 1.55%

Positive Operating Leverage

Efficiency Ratio:
< 55.0%

# APPENDIX

# NON-GAAP MEASURES

| Operating Revenue | 2019Y | 2018Y | 2017Y | 2016Y | 2015Y | 2014Y | 2013Y |
|---|---|---|---|---|---|---|---|
| Net Interest Income | $269.9 | $252.2 | $228.8 | $199.0 | $188.5 | $183.7 | $184.7 |
| Tax equivalent adjustment | 1.7 | 2.0 | 4.2 | 3.9 | 3.4 | 3.3 | 4.0 |
| Net Interest Income (FTE) | 271.6 | 254.2 | 233.0 | 202.9 | 191.9 | 187.0 | 188.7 |
| Noninterest Income (Reported) | 85.5 | 88.6 | 80.3 | 64.6 | 61.3 | 60.9 | 60.2 |
| Less: Realized gains / (losses) on securities | 0.0 | 8.1 | 5.0 | 0.6 | (0.2) | 0.6 | (1.2) |
| Less: Derivative mark-to-market | (0.2) | 0.8 | (0.5) | 0.2 | (0.3) | (0.3) | 1.4 |
| Total Noninterest Income (Operating) | $85.7 | $79.7 | $75.8 | $63.8 | $61.8 | $60.6 | $60.0 |
| Total Operating Revenue | $357.3 | $333.9 | $308.8 | $266.7 | $253.7 | $247.6 | $248.7 |
| Average Assets | 8,030 | 7,555 | 7,210 | 6,661 | 6,399 | 6,281 | 6,132 |
| **Operating Revenue / Average Assets (%)** | **4.45%** | **4.42%** | **4.28%** | **4.00%** | **3.97%** | **3.94%** | **4.06%** |

| Operating Expense | 2019Y | 2018Y | 2017Y | 2016Y | 2015Y | 2014Y | 2013Y |
|---|---|---|---|---|---|---|---|
| Noninterest Expense | $210.0 | $195.6 | $200.3 | $159.9 | $163.9 | $171.2 | $168.8 |
| Less: Unfunded commitment reserve | (0.5) | (0.2) | 1.1 | (0.3) | 1.4 | (0.1) | 0.8 |
| Less: Intangible amortization | 3.4 | 3.2 | 3.1 | 0.5 | 0.6 | 0.6 | 1.1 |
| Less: Merger and acquisition related | 3.5 | 1.6 | 10.2 | 3.2 | 0.9 | 0.0 | 0.0 |
| Total Operating Expense | $203.6 | $191.0 | $185.9 | $156.5 | $161.0 | $170.7 | $166.9 |
| Average Assets | 8,030 | 7,555 | 7,210 | 6,661 | 6,399 | 6,281 | 6,132 |
| **Operating Expense / Average Assets (%)** | **2.54%** | **2.53%** | **2.58%** | **2.35%** | **2.52%** | **2.72%** | **2.72%** |
| **Core Efficiency Ratio[(1)]** | **57.0%** | **57.2%** | **60.2%** | **58.7%** | **63.4%** | **68.9%** | **67.1%** |
| Pre-tax Pre-Provision Net Income | $153.7 | $142.9 | $122.9 | $110.2 | $92.7 | $76.9 | $81.8 |

| Core Earnings per Share | 2019Y | 2018Y | 2017Y | 2016Y | 2015Y | 2014Y | 2013Y |
|---|---|---|---|---|---|---|---|
| Net Income (GAAP) | $105.3 | $107.5 | $55.2 | $59.6 | $50.1 | $44.5 | $41.5 |
| Less: Merger and acquisition *(after tax)* | 2.8 | 1.3 | 6.6 | 2.1 | 0.6 | 0.0 | 0.0 |
| Less: Realized (gains) / losses on securities *(after tax)* | 0.0 | (6.4) | (3.3) | (0.4) | 0.1 | (0.4) | 0.8 |
| Less: Deferred tax asset writedown | 0.0 | 0.0 | 16.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Core Net Income (Non-GAAP)** | **$108.1** | **$102.4** | **$75.2** | **$61.3** | **$50.8** | **$44.1** | **$42.3** |
| Average Diluted Shares Outstanding | 98.6 | 99.2 | 95.3 | 88.9 | 89.4 | 93.1 | 97.0 |
| **Core Earnings per Share (Non-GAAP)** | **$1.10** | **$1.03** | **$0.79** | **$0.69** | **$0.57** | **$0.47** | **$0.44** |

# NON-GAAP MEASURES

| Core Return on Average Assets (%) | 2019Y | 2018Y | 2017Y | 2016Y | 2015Y | 2014Y | 2013Y |
|---|---|---|---|---|---|---|---|
| Net Income (GAAP) | $105.3 | $107.5 | $55.2 | $59.6 | $50.1 | $44.5 | $41.5 |
| Less: Merger and acquisition *(after tax)* | 2.8 | 1.3 | 6.6 | 2.1 | 0.6 | 0.0 | 0.0 |
| Less: Realized (gains) / losses on securities *(after tax)* | 0.0 | (6.4) | (3.3) | (0.4) | 0.1 | (0.4) | 0.8 |
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| **Core Net Income (Non-GAAP)** | **$108.1** | **$102.4** | **$75.2** | **$61.3** | **$50.8** | **$44.1** | **$42.3** |
| | | | | | | | |
| Average Assets | 8,030 | 7,555 | 7,210 | 6,661 | 6,399 | 6,281 | 6,132 |
| **Core Return on Average Assets (Non-GAAP)** | **1.35%** | **1.36%** | **1.04%** | **0.92%** | **0.79%** | **0.70%** | **0.69%** |

| Tangible Common Equity / Tangible Assets (Tangible Common Equity Ratio) | 2019Y | 2018Y | 2017Y | 2016Y | 2015Y | 2014Y | 2013Y |
|---|---|---|---|---|---|---|---|
| Total Equity | $1,056 | $975 | $888 | $750 | $720 | $716 | $712 |
| Less: Intangible assets | 320 | 287 | 270 | 198 | 166 | 163 | 161 |
| Less: Preferred stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tangible Common Equity | $736 | $688 | $618 | $552 | $554 | $553 | $551 |
| | | | | | | | |
| Total Assets | $8,309 | $7,828 | $7,309 | $6,684 | $6,567 | $6,360 | $6,215 |
| Less: Intangible assets | 320 | 287 | 270 | 198 | 166 | 163 | 161 |
| Tangible Assets | $7,989 | $7,541 | $7,039 | $6,486 | $6,401 | $6,197 | $6,054 |
| | | | | | | | |
| **Tangible Common Equity / Tangible Assets** | **9.2%** | **9.1%** | **8.8%** | **8.5%** | **8.7%** | **8.9%** | **9.1%** |

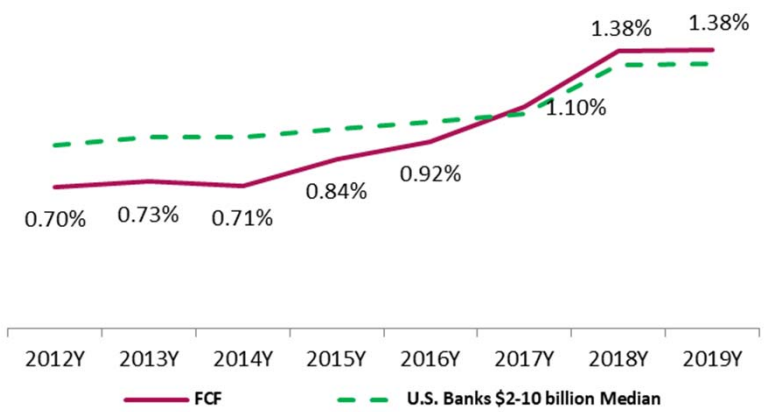
# NON-GAAP MEASURES

| Return on Average Tangible Common Equity (%) | 2019Y | 2018Y | 2017Y | 2016Y | 2015Y | 2014Y | 2013Y |
|---|---|---|---|---|---|---|---|
| Average Equity | $1,020 | $942 | $855 | $743 | $719 | $719 | $728 |
| Less: Average intangible assets | 297 | 282 | 254 | 168 | 163 | 161 | 162 |
| Less: Average preferred stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Average Tangible Common Equity | $723 | $660 | $601 | $575 | $556 | $558 | $566 |
| | | | | | | | |
| Net Income (GAAP) | $105.3 | $107.5 | $55.2 | $59.6 | $50.1 | $44.5 | $41.5 |
| Less: Intangible amortization *(after tax)* | 2.7 | 2.5 | 2.0 | 0.3 | 0.4 | 0.4 | 0.7 |
| Net Income Adjusted for Intangible Amortization (Non-GAAP) | $108.0 | $110.0 | $57.2 | $59.9 | $50.5 | $44.9 | $42.2 |
| | | | | | | | |
| **Return on Average Tangible Common Equity** | **14.9%** | **16.7%** | **9.5%** | **10.4%** | **9.1%** | **8.0%** | **7.5%** |

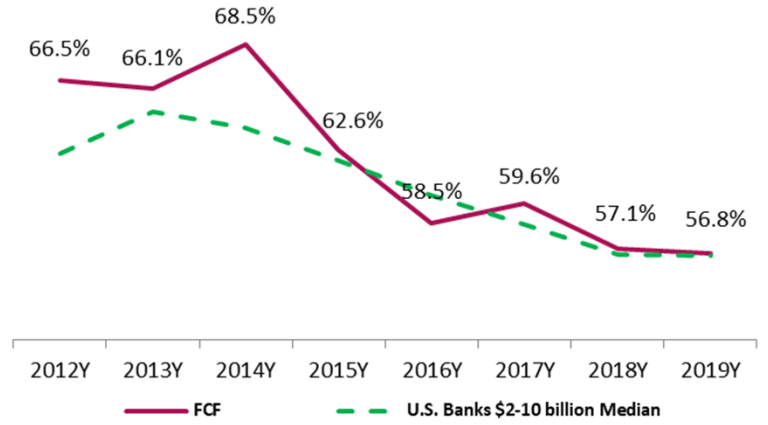
| Core Return on Average Tangible Common Equity (%) | 2019Y | 2018Y | 2017Y | 2016Y | 2015Y | 2014Y | 2013Y |
|---|---|---|---|---|---|---|---|
| Average Equity | $1,020 | $942 | $855 | $743 | $719 | $719 | $728 |
| Less: Average intangible assets | 297 | 282 | 254 | 168 | 163 | 161 | 162 |
| Less: Average preferred stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Average Tangible Common Equity | $723 | $660 | $601 | $575 | $556 | $558 | $566 |
| | | | | | | | |
| Net Income (GAAP) | $105.3 | $107.5 | $55.2 | $59.6 | $50.1 | $44.5 | $41.5 |
| Less: Merger and acquisition *(after tax)* | 2.8 | 1.3 | 6.6 | 2.1 | 0.6 | 0.0 | 0.0 |
| Less: Realized (gains) / losses on securities *(after tax)* | 0.0 | (6.4) | (3.3) | (0.4) | 0.1 | (0.4) | 0.8 |
| Less: Deferred tax asset writedown | 0.0 | 0.0 | 16.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Core Net Income (Non-GAAP) | $108.1 | $102.4 | $75.2 | $61.3 | $50.8 | $44.1 | $42.3 |
| Less: Intangible amortization *(after tax)* | 2.7 | 2.5 | 2.0 | 0.3 | 0.4 | 0.4 | 0.7 |
| Core Net Income Adjusted for Intangible Amortization (Non-GAAP) | $110.8 | $104.9 | $77.2 | $61.6 | $51.2 | $44.5 | $43.0 |
| | | | | | | | |
| **Core Return on Average Tangible Common Equity** | **15.3%** | **15.9%** | **12.8%** | **10.7%** | **9.2%** | **8.0%** | **7.6%** |

# PERFORMANCE RELATIVE TO PEERS

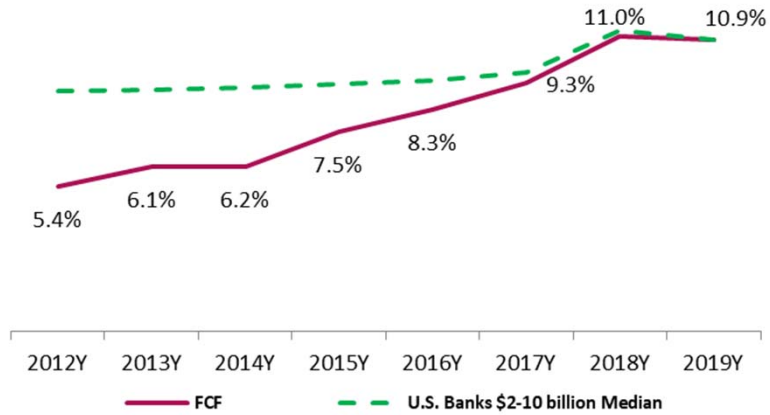
## Core ROAA (%)(1)



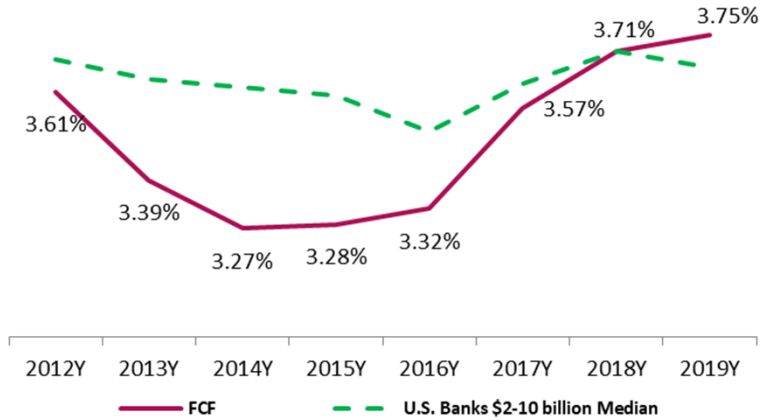

## Efficiency Ratio (%)(1)




## 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