

NYSE: FCF



2Q 2020 Earning Release Webcast Presentation
July 29, 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, including uncertainties regarding the impact of the COVID-19 pandemic, 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:

- *The length and extent of the economic contraction as a result of the COVID-19 pandemic and the impact of such contraction;*
- *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.*

Further, statements about the potential effects of the COVID-19 pandemic on our business, financial condition, liquidity and results of operations may constitute forward-looking statements and are subject to the risk that the actual effects may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on our customers, clients, third parties and us.

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.

SECOND QUARTER 2020 HIGHLIGHTS

Highlights

$36.1 million
Pre-tax Pre-provision income(1)

$29.8 million
YTD reserve build(2)

$23.9 million
Net income

$3.8 billion
Available liquidity

$757.6 million
Tangible common equity

$7.72
Tangible book value per share

Building a strong balance sheet to weather uncertainty ahead

- Additional reserve build of $2.4 million resulting in a reserve coverage ratio (excluding PPP loans) of 1.28%
- Strong balance sheet growth linked-quarter (annualized)
  - Total loans grew $42 million (excluding PPP loans), or 2.7%
  - Average deposits grew $758 million, or 45.1%
  - Average noninterest bearing deposits grew $454 million, or 108.4%
- Efficiency Ratio of 57.2%
  - Targeted 20% reduction in retail facilities by the end of the year
- Tangible book value per share increased 9.6% LQ
- Strengthened regulatory capital and liquidity ratios

(1) Please refer to the appendix for a reconciliation of non-GAAP measures
(2) Reserve build represents the amount by which the provision for credit losses exceeds net charge-offs

COVID-19 OPERATIONAL UPDATE

The Company took early action by executing its business continuity plan to protect the health and welfare of its associates and mitigate customer disruption

Employees

- Approximately 40% of employees **working from home**
- Up to $2,000 special **no-interest loan** offered to all employees
- Up to 40 **additional hours of paid time off** for eligible personnel
- **Monitoring the health** of our employees on a daily basis
- Offering no-cost **COVID-19 related treatment** under U.S. Medical Plan
- 2020 Forbes **World's Best Banks**

Consumers

- **All community office drive-ups are open** and our lobbies are available by appointment
- Allowed **90-day grace period** for credit card, mortgage and auto loan payments; second requests require additional approvals
- Approved approximately 5,000 **forbearance agreements**(1) for consumer customers
- Not reporting payment deferrals to **credit bureaus**
- Waiving or refunding certain **fees**
- Continue to prudently **lend to qualified consumers**

Businesses

- **Extending credit** to businesses of all sizes for working capital and general corporate purposes
- Approved over 1,600 **forbearance agreements**(1) for commercial customers
- SBA Paycheck Protection Program (PPP): received SBA approvals for **4,920 loans** representing $606 million approved and $588 million funded to **support approximately 80,000 local jobs**
  - PPP balances totaled $571 million as of June 30, 2020

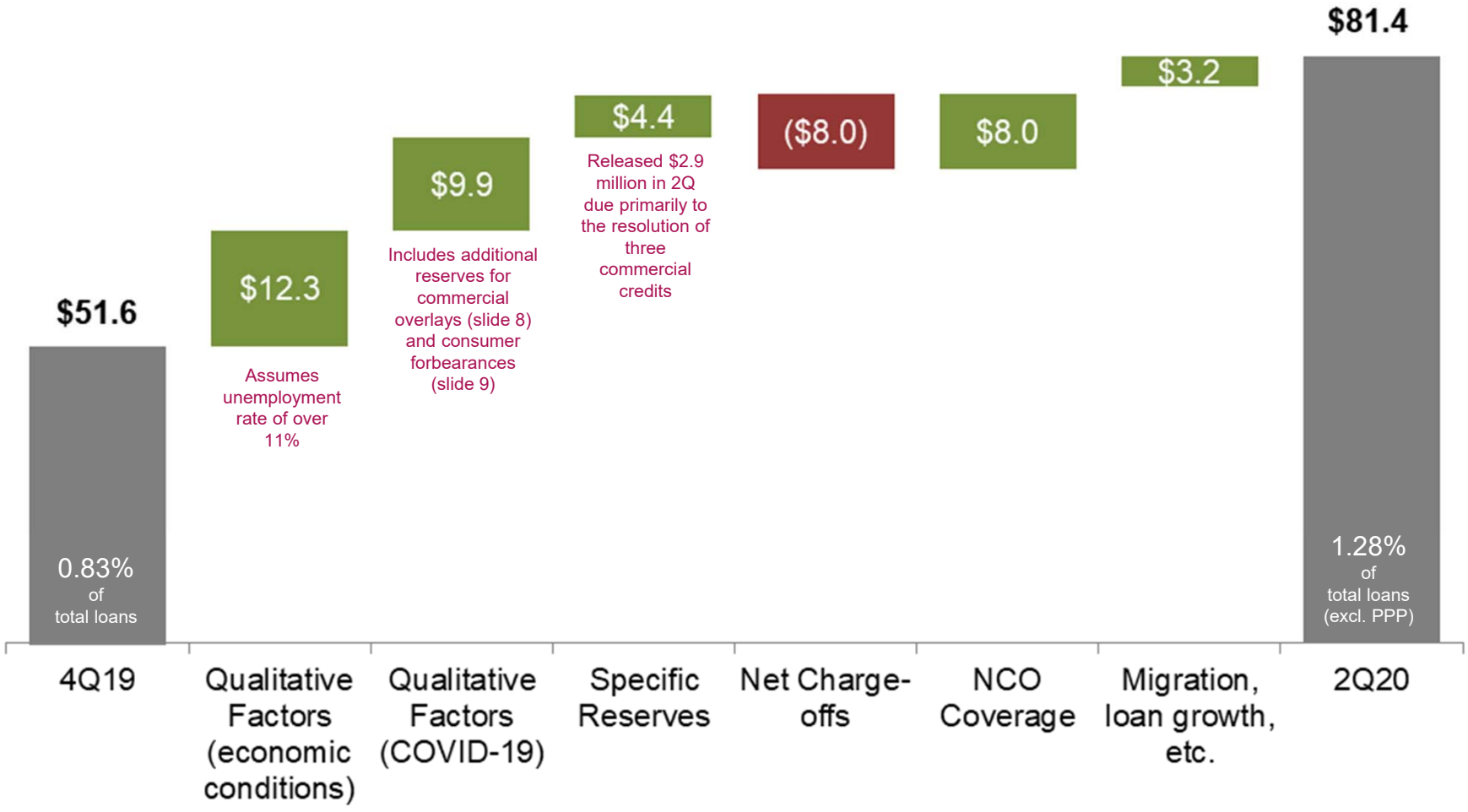
Communities

- Launched "Be a Part" program to **support** local food banks, EMS and other organizations providing meaningful access to services and supplies
  - Up to **$75,000 direct match** for employee and customer donations
- Consumer Federation of America Designation of **Savings Excellence**
- FDIC **Impactful Money Smart** for Adults Partnership

(1) As of June 30, 2020

COVID-19: RESERVE BUILD YEAR-TO-DATE

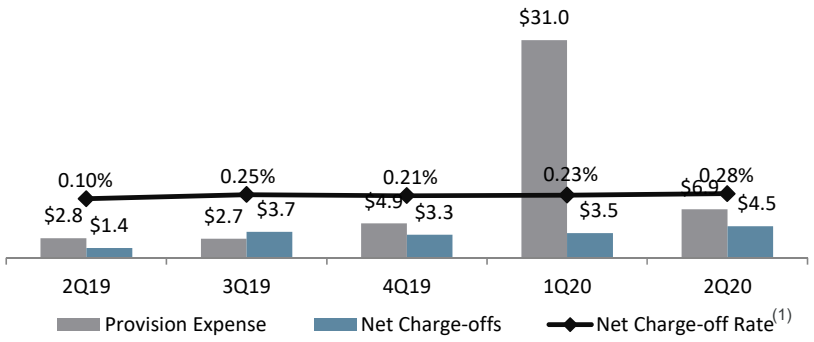
Allowance for Loan Losses



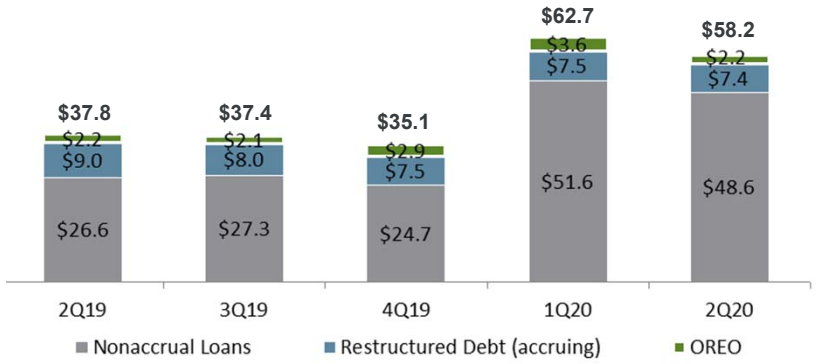
$ in millions
Balances as of June 30, 2020

CREDIT QUALITY

Provision Expense and Net Charge-offs



Nonperforming Assets



- Provision expense of $6.9 million decreased $24.1 million from LQ:
  - $3.4 million increase in qualitative reserves for economic conditions
  - $2.1 million increase in new qualitative factors for loans at higher risk of COVID-19 economic factors
  - $2.9 million decrease in specific reserves for charge-offs of nonperforming loans
  - $4.5 million of total net charge-offs
  - Remaining provision primarily due to loan growth and credit migration
- Nonperforming assets decreased $4.5 million over LQ
  - Resolution of three commercial credits totaling $8.0 million and $1.4 million reduction in other real estate owned (OREO)
  - Partially offset by a $5.5 million commercial credit placed into nonaccrual

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

COVID-19: HIGHEST IMPACTED COMMERCIAL PORTFOLIOS

	Balance Outstanding		Non-pass (% port)		Nonperforming (% port)		Deferrals[2]			
$ in millions	$ bal	% tot lns	1Q20	2Q20	1Q20	2Q20	@ 4/24	% port	@ 7/24	% port
Commercial Portfolio[1]										
Retail	$547.5	7.9%	0.7%	0.7%	0.4%	0.4%	$195.1	36.1%	$12.1	2.2%
Hospitality	262.0	3.8%	7.0%	7.0%	7.0%	7.0%	223.4	85.7%	29.4	11.2%
Senior Living	153.7	2.2%	6.0%	5.8%	5.5%	5.3%	1.1	0.7%	0.0	0.0%
Dealer Floorplan	71.0	1.0%	1.9%	0.0%	1.9%	0.0%	70.0	69.9%	0.0	0.0%
Student Housing	99.5	1.4%	0.0%	0.0%	0.0%	0.0%	12.7	13.2%	0.0	0.0%
Healthcare	62.6	0.9%	1.2%	1.2%	0.9%	0.9%	7.9	12.9%	0.9	1.4%
Energy	32.7	0.5%	28.5%	23.7%	15.5%	5.2%	1.9	5.5%	0.0	0.0%
Restaurants/Bars	27.5	0.4%	7.0%	7.1%	6.3%	6.3%	14.9	53.2%	0.0	0.0%
Total	**$1,256.5**	**18.2%**	**3.6%**	**3.3%**	**3.0%**	**2.6%**	**$527.0**	41.5%	**$42.4**	3.4%

- 96.7% of loans in our highest impacted portfolios are pass-rated and 97.4% are performing
- Both metrics improved in the second quarter
- Deferrals within these portfolios declined to 3.4% in total as of July 24, 2020; however, requests for additional deferrals remain in process

(1) Includes essential and non-essential businesses
(2) Deferrals include loans with modified terms classified under Section 4013 of the CARES Act
Balances as of June 30, 2020, unless noted

COVID-19: DEFERRALS(1)

Initial deferrals were offered to all customers regardless of circumstances; additional 90 day deferrals are being assessed based on credit determination

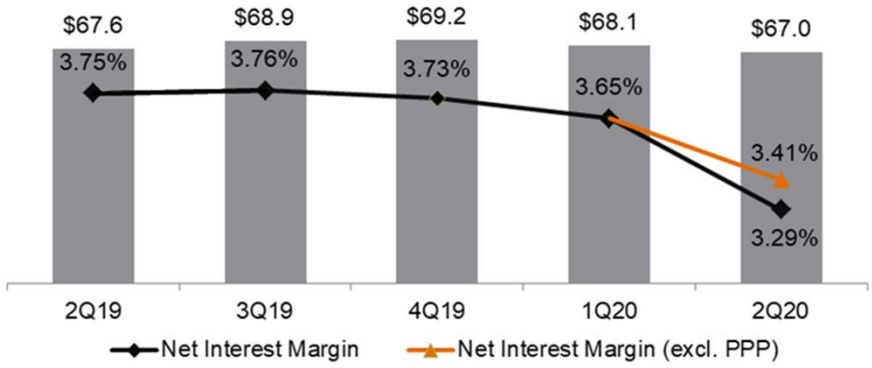
	Total Loans		Deferrals (@ 4/24)			Deferrals (@ 7/24)		
$ in millions	$ bal	% tot lns	# loans	$ bal	% port	# loans	$ bal	% port
Commercial Portfolio								
Commercial & Industrial	$1,202.0	17.3%	863	$178.3	14.0%	55	$43.6	3.6%
Commercial Real Estate	2,224.7	32.0%	556	684.3	31.2%	40	119.2	5.4%
Commercial Construction	339.6	4.9%	20	47.9	14.4%	5	11.5	3.4%
Paycheck Protection Loans	570.9	8.2%	0	0.0	0.0%	0	0.0	0.0%
Total Commercial	**$4,337.2**	**62.4%**	**1,439**	**$910.5**	**24.0%**	**100**	**$174.3**	**4.0%**
Consumer Portfolio								
Mortgage	$1,170.8	16.8%	911	$111.4	9.9%	48	$7.7	0.7%
Home Equity	583.2	8.4%	626	44.8	7.6%	14	1.5	0.3%
RE Construction	76.7	1.1%	3	0.7	0.9%	1	0.5	0.7%
Auto	671.2	9.7%	2,030	42.4	6.8%	79	2.0	0.3%
Other Consumer	113.4	1.6%	868	7.8	6.5%	44	0.3	0.3%
Total Consumer	**$2,615.3**	**37.6%**	**4,438**	**$207.1**	**8.1%**	**186**	**$12.0**	**0.5%**
Total Loans	**$6,952.5**	**100.0%**	**5,877**	**$1,117.6**	**17.6%**	**286**	**$186.3**	**2.7%**

- The majority of loan modifications consist of 90 day forbearances
- Over the course of the first and second quarter, approximately 6,600 deferral requests were granted, with deferrals peaking at approximately $1.4 billion

(1) Deferrals include loans with modified terms classified under Section 4013 of the CARES Act
Balances as of June 30, 2020, unless noted

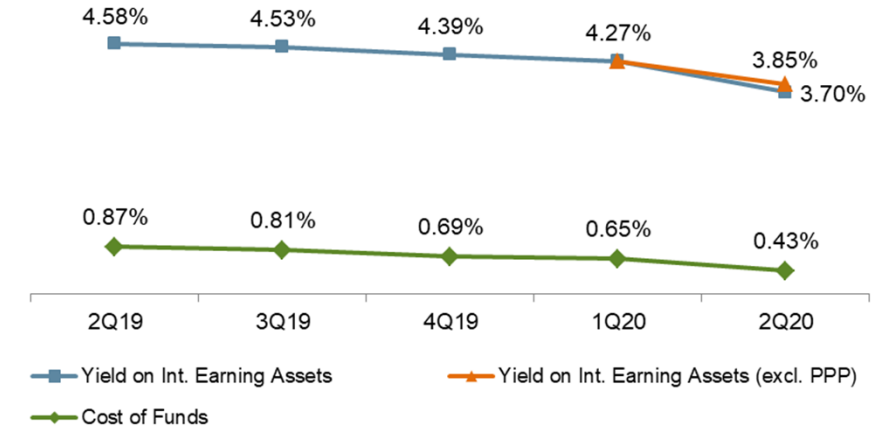
NET INTEREST INCOME AND NET INTEREST MARGIN

Net Interest Income(1)



- Net interest income decreased $1.1 million to LQ as the result of a 36 basis point (bps) decrease in the net interest margin, driven by the impact of the lower interest rate environment, partially offset by a $678.6 million increase in average interest-earning assets
  - Approximately 12bps of NIM compression can be attributed to PPP loans and associated deposits

Yield/Cost Trends(1)

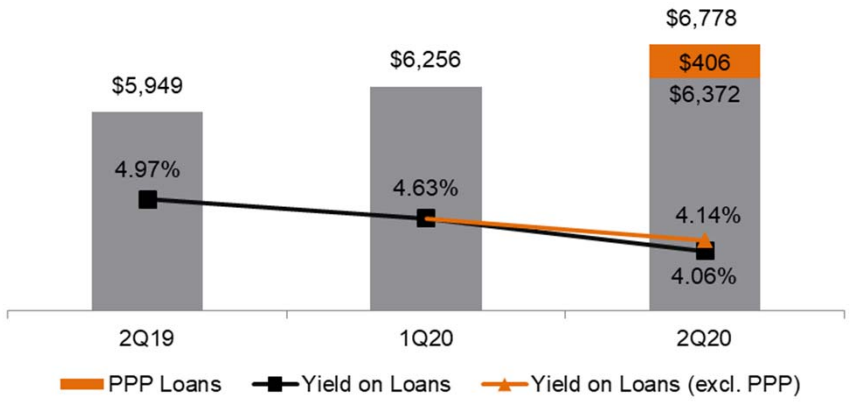


- Net interest margin of 3.29% decreased 36 basis points (bps) to LQ:
  - A 57 basis point decrease in the yield on interest-earning assets was partially offset by a 26 basis point decrease in the cost of interest bearing liabilities
  - 15 basis points of the decline in the yield of interest-earning assets can be attributed to PPP loans

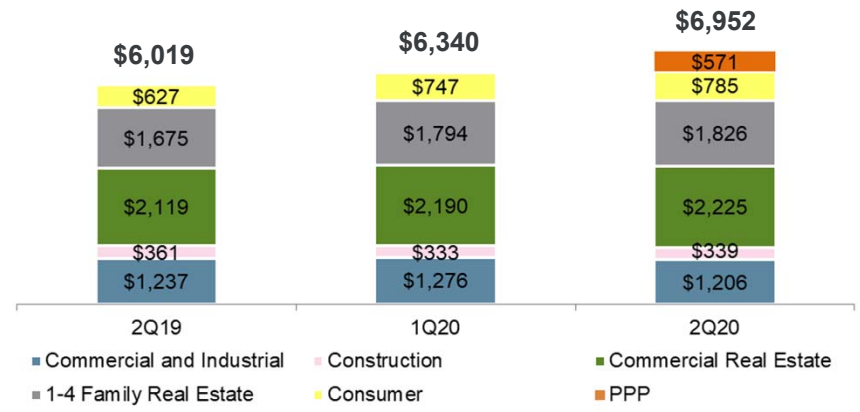
$ in millions
(1) Taxable equivalent

LOANS

Average Loans(1)



Period-end Loans(1)



Average

- Average loans increased $522 million from LQ
  - Includes $406 million of PPP loans
  - Excluding PPP loans, average loans grew $116 million, or 7.4% (annualized) from the previous quarter
- The yield on loans decreased 57 basis points from the previous quarter, with 8bps attributable to PPP lending

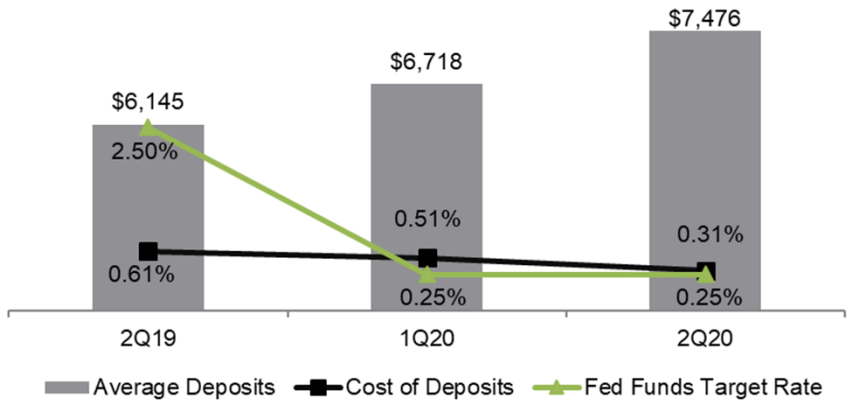
Period-end

- Loans increased $612 million from LQ and $833 million from the prior year (excluding $100 million(3) of loans acquired in the Santander acquisition)
  - Includes $571 million of PPP loans
  - Excluding PPP loans, total period-end loans grew $41.9 million, or 2.7% (annualized) from the previous quarter

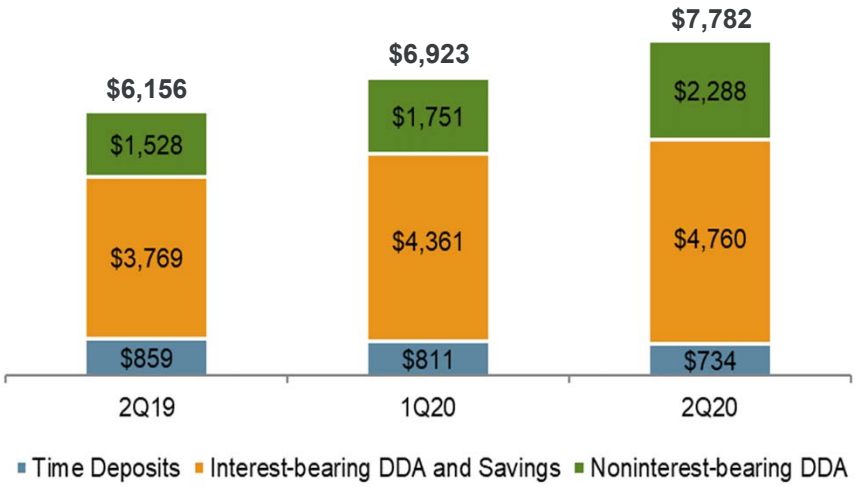
$ in millions
(1) Includes loans held for sale
(2) Taxable equivalent yield
(3) Balances as of the close of the acquisition

DEPOSITS

Average Deposits



Period-end Deposits



Average

- Average deposits grew $758 million from LQ and $1.3 billion YoY ($860 million YoY excluding acquired balances from Santander(1))
- The cost of total deposits of 0.31% decreased 20 basis points from the previous quarter
  - The cost of interest-bearing demand and savings deposits decreased 24 bps from 48 bps LQ

Period-end

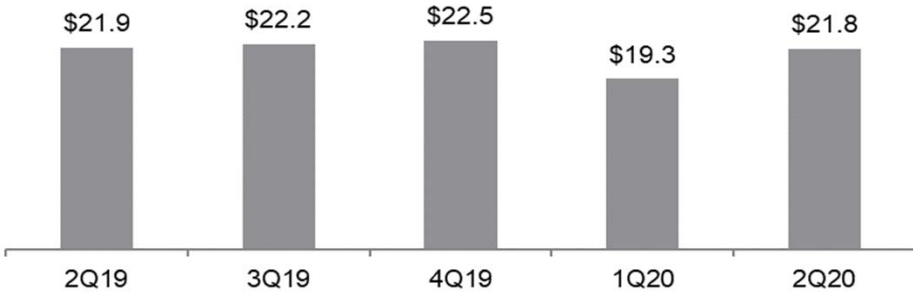
- Total period-end deposits increased $859 million from LQ
- Excluding acquired balances from Santander(1), YoY total deposits increased $1.2 billion
- Noninterest-bearing deposits currently comprise 29.4% of total deposits

$ in millions

(1) Balances as of the close of the acquisition

NONINTEREST INCOME

	2Q20	1Q20	2Q19	Change from 1Q20	Change from 2Q19
Service charges	$3.3	$4.7	$4.6	*($1.4)*	*($1.3)*
Interchange	5.9	5.3	5.4	*0.6*	*0.5*
Trust	2.1	2.1	2.0	*0.0*	*0.1*
Insurance and retail brokerage	1.8	2.0	2.0	*(0.2)*	*(0.2)*
BOLI	1.8	1.6	1.4	*0.2*	*0.4*
SWAP fees	0.6	0.2	0.8	*0.4*	*(0.2)*
Gain on sale of mortgage loans	4.2	2.5	2.1	*1.7*	*2.1*
Gain on sale of other loans	0.6	0.7	1.8	*(0.1)*	*(1.2)*
Other fees	1.7	1.9	1.8	*(0.2)*	*(0.1)*
Total fee income	**$22.0**	**$21.0**	**$21.9**	***$1.0***	***$0.1***
Gain on sale of securities	0.0	0.0	0.0	*0.0*	*0.0*
Derivative mark-to-market	(0.2)	(1.7)	0.0	*1.5*	*(0.2)*
Total noninterest income	**$21.8**	**$19.3**	**$21.9**	***$2.5***	***($0.1)***

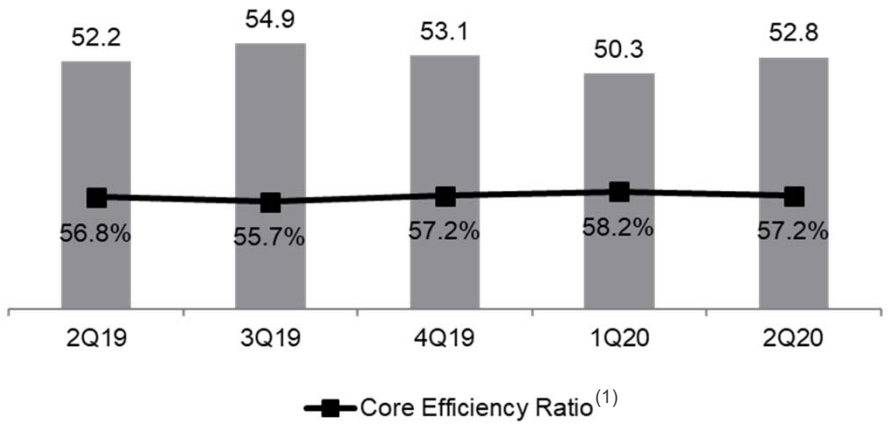


$ in millions

- Total fee income increased $2.5 million from LQ and decreased $0.1 million YoY
- Gain on sale of mortgage loans increased $1.7 million to LQ and 2.1 million YoY due to higher originations
  - Total mortgage originations of $203 million increased $74 million to LQ and increased $82 million YoY
- $1.5 million quarter over quarter increase in swap-related derivative mark-to-market income due to a $1.7 million negative mark in the previous quarter
- Interchange income increased $0.6 million to LQ due to increased debit card activity
- Deposit service charges decreased $1.4 million from LQ and $1.3 million YoY due to lower NSF fees

NONINTEREST EXPENSE

	2Q20	1Q20	2Q19	Change from 1Q20	Change from 2Q19
Salaries and benefits	$28.8	$30.0	$27.3	*($1.2)*	*$1.5*
Occupancy	4.4	5.0	4.4	*(0.6)*	*0.0*
Furniture and equipment	3.7	3.8	3.8	*(0.1)*	*(0.1)*
PA shares tax	1.3	0.7	1.3	*0.6*	*0.0*
Data processing	2.6	2.5	2.6	*0.1*	*0.0*
Collection and repo	0.3	0.6	0.5	*(0.3)*	*(0.2)*
Professional fees	0.9	0.9	1.0	*0.0*	*(0.1)*
FDIC insurance	0.7	0.0	0.6	*0.7*	*0.1*
Operational losses	0.3	0.4	0.6	*(0.1)*	*(0.3)*
Loss on sale or write-down of assets	0.1	0.2	1.2	*(0.1)*	*(1.1)*
Other operating expenses	7.9	7.8	7.5	*0.1*	*0.4*
Total operating expense	**$51.0**	**$51.9**	**$50.8**	***($0.9)***	***$0.2***
Unfunded commitments	0.9	(2.5)	0.6	*3.4*	*0.3*
Intangible amortization	0.9	0.9	0.8	*0.0*	*0.1*
Acquisition expenses	0.0	0.0	0.0	*0.0*	*0.0*
Total noninterest expense	**$52.8**	**$50.3**	**$52.2**	***$2.5***	***$0.6***

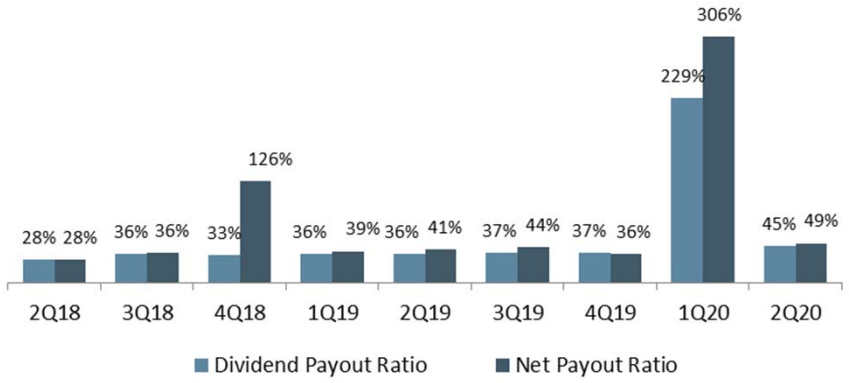


- Total operating expenses decreased $0.9 million from the previous quarter and increased $0.2 million YoY
- Unfunded commitment expense increase $3.4 million from LQ due to a $2.5 million release of unfunded commitment reserves in the previous quarter as compared to $0.9 million in expense related to unfunded commitment reserves this quarter
- Salaries and benefits decreased $1.2 million from LQ and increased $1.5 million YoY. The increase YoY is primarily due to the acquisition of 14 Santander branches in 3Q19
- FTEs decreased 45 from LQ and increased 27 from the previous year. The decrease from LQ is due to a company wide hiring freeze implemented at the end of Q1

(1) Please refer to the appendix for disclosures regarding non-GAAP measures

CAPITAL RETURN

Payout Ratios



- Strong capital levels allow us to continue to return capital to shareholders
- Announced a $25 million share repurchase program in 1Q19
  - Suspended current program on March 13, 2020 with $15.6 million remaining
- Increased the quarterly dividend by 10% from $0.10 to $0.11 per share in 1Q20 (January)
  - Trailing four-quarter average EPS of $0.21
  - Management currently believes the dividend is sustainable based upon the company's expectation of an economic recovery beginning in the second half of 2020

(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

Operating Revenue	2Q20	1Q20	4Q19	3Q19	2Q19
Net Interest Income	$66.7	$67.7	$68.8	$68.5	$67.1
Tax equivalent adjustment	0.4	0.4	0.4	0.4	0.5
Net Interest Income (FTE)	67.1	68.1	69.2	68.9	67.6
Noninterest Income (Reported)	21.8	19.3	22.5	22.2	21.9
Less: Realized gains / (losses) on securities	0.0	0.0	0.0	0.0	0.0
Less: Derivative mark-to-market	(0.2)	(1.7)	(0.2)	0.0	0.0
Total Noninterest Income (Operating)	$22.0	$21.0	$22.7	$22.2	$21.9
Total Operating Revenue	$89.1	$89.1	$91.9	$91.1	$89.5
Average Assets	9,044	8,337	8,201	8,050	7,986
Operating Revenue / Average Assets (%)	**3.94%**	**4.27%**	**4.48%**	**4.53%**	**4.48%**

Operating Expense	2Q20	1Q20	4Q19	3Q19	2Q19
Noninterest Expense	$52.8	$50.3	$53.1	$54.9	$52.2
Less: Unfunded commitment reserve	0.9	(2.5)	(0.3)	(0.5)	0.6
Less: Intangible amortization	0.9	0.9	1.0	0.9	0.8
Less: Merger and acquisition related	0.0	0.0	(0.2)	3.7	0.0
Total Operating Expense	$51.0	$51.9	$52.6	$50.8	$50.8
Average Assets	9,044	8,337	8,201	8,050	7,986
Operating Expense / Average Assets (%)	**2.26%**	**2.49%**	**2.57%**	**2.52%**	**2.54%**
Core Efficiency Ratio[(1)]	**57.2%**	**58.2%**	**57.2%**	**55.7%**	**56.8%**
Pre-tax Pre-Provision Net Income (Reported)	**$36.1**	**$37.1**	**$38.6**	**$36.2**	**$37.3**
Average Diluted Shares Outstanding	98.1	98.4	98.5	98.5	98.6
Pre-tax Pre-Provision Net Income per share	$0.37	$0.38	$0.39	$0.37	$0.38
Average Assets	$9,044	$8,337	$8,201	$8,050	$7,986
Pre-tax Pre-Provision Income / Average Assets (%)	1.61%	1.79%	1.88%	1.80%	1.87%

$ 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	2Q20	1Q20	4Q19	3Q19	2Q19
Net Income (GAAP)	$23.9	$4.7	$26.8	$26.6	$27.3
Less: Merger and acquisition related *(after tax)*	0.0	0.0	(0.2)	3.0	0.0
Core Net Income (Non-GAAP)	**$23.9**	**$4.7**	**$26.6**	**$29.6**	**$27.3**
Average Diluted Shares Outstanding	98.1	98.4	98.5	98.5	98.6
Core Earnings per Share (Non-GAAP)	**$0.24**	**$0.05**	**$0.27**	**$0.30**	**$0.28**

Core Return on Average Assets (%)	2Q20	1Q20	4Q19	3Q19	2Q19
Net Income (GAAP)	$23.9	$4.7	$26.8	$26.6	$27.3
Less: Merger and acquisition related *(after tax)*	0.0	0.0	(0.2)	3.0	0.0
Core Net Income (Non-GAAP)	**$23.9**	**$4.7**	**$26.6**	**$29.6**	**$27.3**
Average Assets	9,044	8,337	8,201	8,050	7,986
Core Return on Average Assets (Non-GAAP)	**1.06%**	**0.23%**	**1.29%**	**1.46%**	**1.37%**

$ 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 (%)	2Q20	1Q20	4Q19	3Q19	2Q19
Average Equity	$1,072	$1,071	$1,051	$1,034	$1,009
Less: Average intangible assets	319	319	320	293	287
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$753	$752	$731	$741	$722
Net Income (GAAP)	$23.9	$4.7	$26.8	$26.6	$27.3
Less: Intangible amortization *(after tax)*	0.7	0.7	0.8	0.7	0.6
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$24.6	$5.4	$27.6	$27.3	$27.9
Return on Average Tangible Common Equity	**13.1%**	**2.9%**	**15.0%**	**14.6%**	**15.5%**

Core Return on Average Tangible Common Equity (%)	2Q20	1Q20	4Q19	3Q19	2Q19
Average Equity	$1,072	$1,071	$1,051	$1,034	$1,009
Less: Average intangible assets	319	319	320	293	287
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$753	$752	$731	$741	$722
Net Income (GAAP)	$23.9	$4.7	$26.8	$26.6	$27.3
Less: Merger and acquisition related *(after tax)*	0.0	0.0	(0.2)	3.0	0.0
Core Net Income (Non-GAAP)	$23.9	$4.7	$26.6	$29.6	$27.3
Less: Intangible amortization *(after tax)*	0.7	0.7	0.8	0.7	0.6
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	$24.6	$5.4	$27.4	$30.3	$27.9
Core Return on Average Tangible Common Equity	**13.1%**	**2.9%**	**14.9%**	**16.2%**	**15.5%**

$ 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)

	2Q20	1Q20	4Q19	3Q19	2Q19
Total Equity	$1,076	$1,058	$1,056	$1,039	$1,022
Less: Intangible assets	318	319	320	320	287
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$758	$739	$736	$719	$735
Total Assets	$9,365	$8,515	$8,309	$8,152	$8,071
Less: Intangible assets	318	319	320	320	287
Tangible Assets	$9,047	$8,196	$7,989	$7,832	$7,784
Tangible Common Equity / Tangible Assets	**8.4%**	**9.0%**	**9.2%**	**9.2%**	**9.4%**

$ 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.