


NYSE: FCF

Raymond James 2020 U.S. Bank Conference
September 10, 2020

# FRANCHISE OVERVIEW




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

- Total Assets: $9.4 billion
- Total Gross Loans: $7.0 billion
- Total Deposits: $7.8 billion
- Market Cap: $0.8 billion
  (as of September 1, 2020)

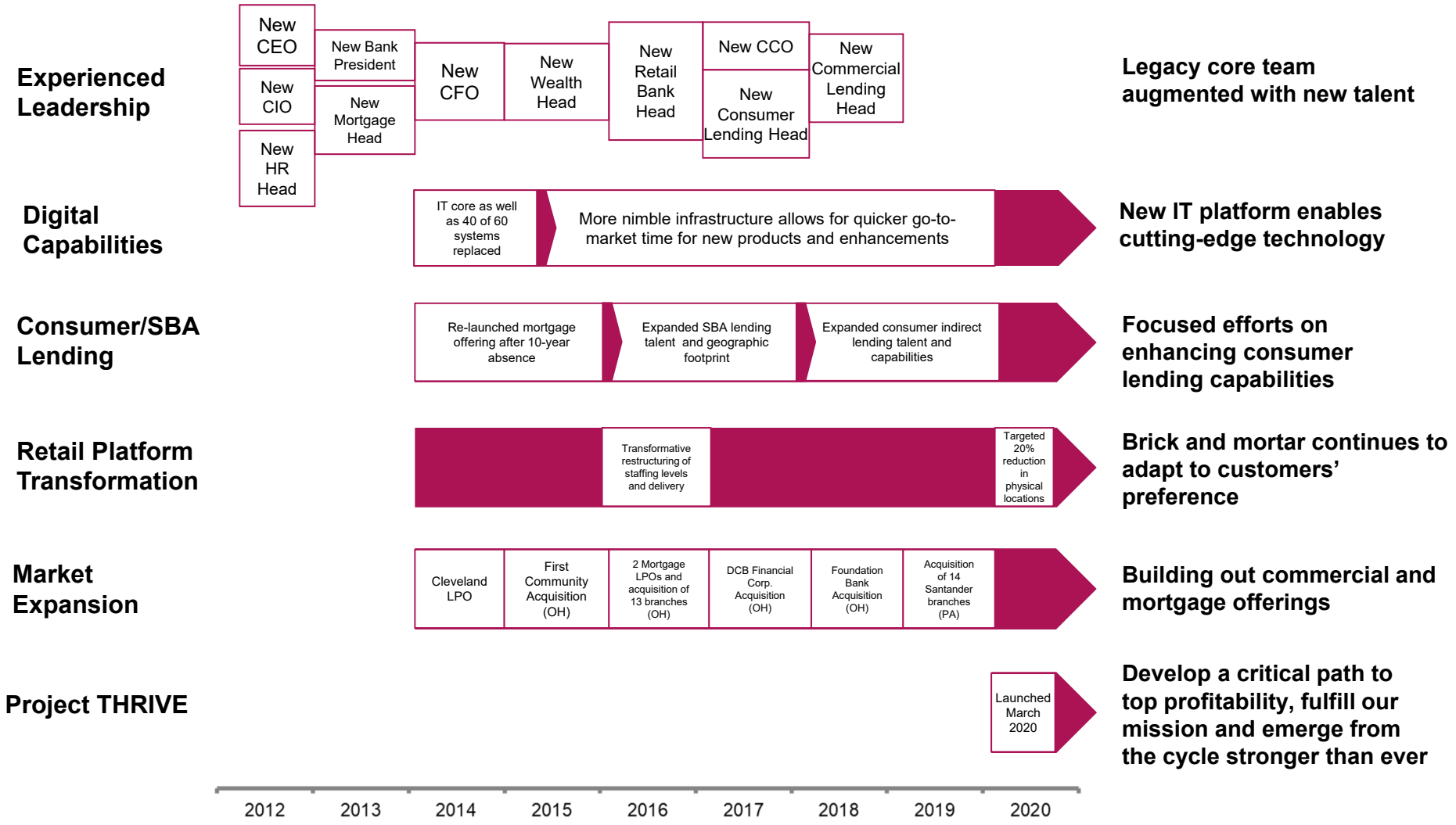
As of June 30, 2020

# INVESTMENT THESIS

- Entering the downturn from a position of strength
  - Cohesive leadership team with an ability to execute
  - 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)
  - Low loan-to-deposit ratio at 89% and historically low cost of funds, driven by a high mix of core deposits
  - Strong capital ratios (11.3% CET-1[(1)]) and strong organic capital generation
  - Ample lending capacity; $3.8 billion in available liquidity (2.0x unfunded lending commitments)
- Protecting shareholder value
  - Strengthened credit culture, increased granularity and reduced concentration risk and out-of-market exposures since the last credit cycle
  - Ready to thoughtfully deploy capital as market conditions improve
- Proven ability to execute and deliver positive operating leverage
  - Strong history of cost containment
  - Redeploying cost savings into digital transformation (e.g. Treasury Management, Banno Digital Platform, Zelle) and revenue-generating growth
- Maintaining a risk and governance culture aligned with expectations of long-term stakeholders

(1) Bank level regulatory capital ratios

# A CULTURE OF CONTINUAL TRANSFORMATION



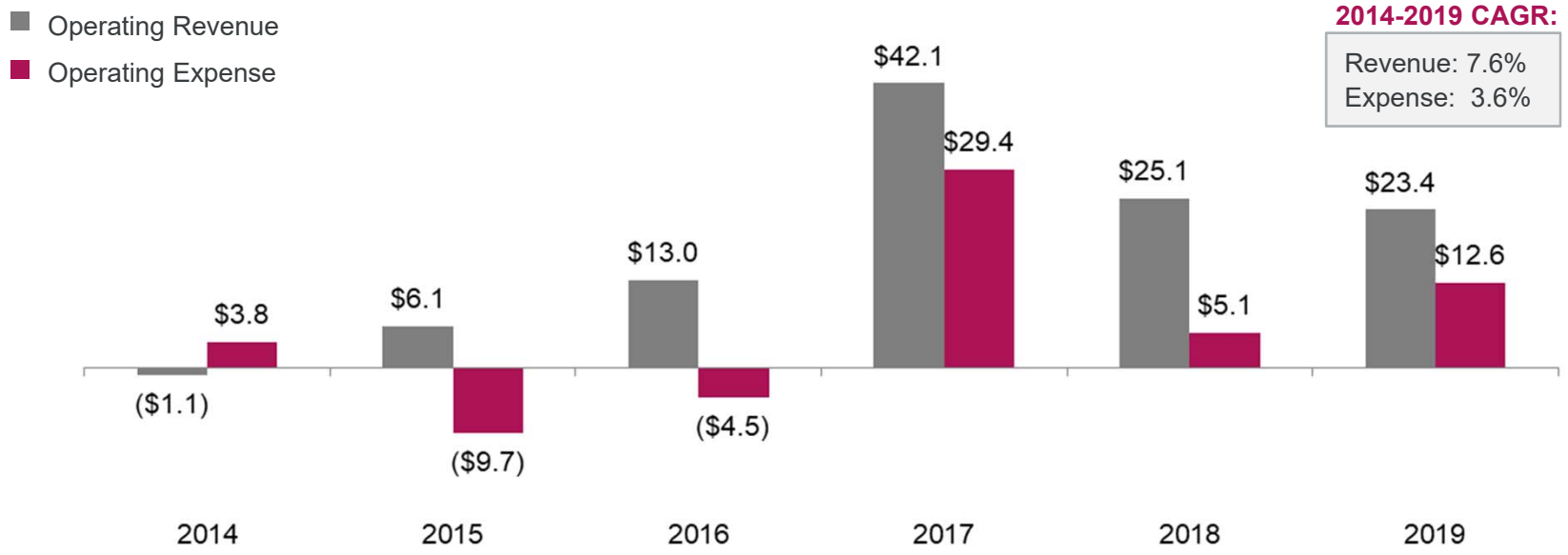
# EXPERIENCED LEADERSHIP TEAM

| Name | Title | Years of Experience | | | Prior Position |
|---|---|---|---|---|---|
| | | Current Role | With FCF | In Banking | |
| T. Michael Price | President and CEO | 8 | 12 | 32 | President, First Commonwealth Bank |
| James R. Reske | EVP – CFO and Treasurer | 6 | 6 | 30 | CFO and Treasurer |
| Jane Grebenc | EVP – Chief Revenue Officer | 7 | 7 | 35 | EVP / Retail Banking |
| Brian G. Karrip | EVP – Chief Credit Officer | 4 | 4 | 38 | EVP / Specialized Lending |
| Matthew C. Tomb | EVP – Chief Risk Officer and Legal Counsel | 13 | 13 | 14 | Corporate and Securities Attorney with Regional Law Firm |
| David B. Buckiso | EVP – Wealth Services | 5 | 5 | 26 | Managing Director of Wealth Management |
| Carrie Riggle | EVP – Human Resources | 8 | 28 | 28 | Human Resources Manager |
| Norman J. Montgomery | EVP – Business Integration | 8 | 31 | 31 | Product / Sales Development |
| Leonard V. Lombardi | EVP – Chief Audit Executive | 11 | 27 | 38 | Director of Internal Audit / Loan Review |
| Gregory J. Sipos | EVP – Corporate Banking | 3 | 30 | 30 | SVP / Corporate Banking |
| Stanley R. Foraker | EVP – Mortgage Banking | 7 | 7 | 35 | SVP / Retail Lending |
| Jeffrey S. Rosen | EVP – Consumer and Small Business Lending | 3 | 3 | 33 | SVP / Government Guaranteed Lending |
| Joseph T. Culos | EVP – Retail Banking | 2 | 4 | 28 | SVP / Retail Banking Executive |

# 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)



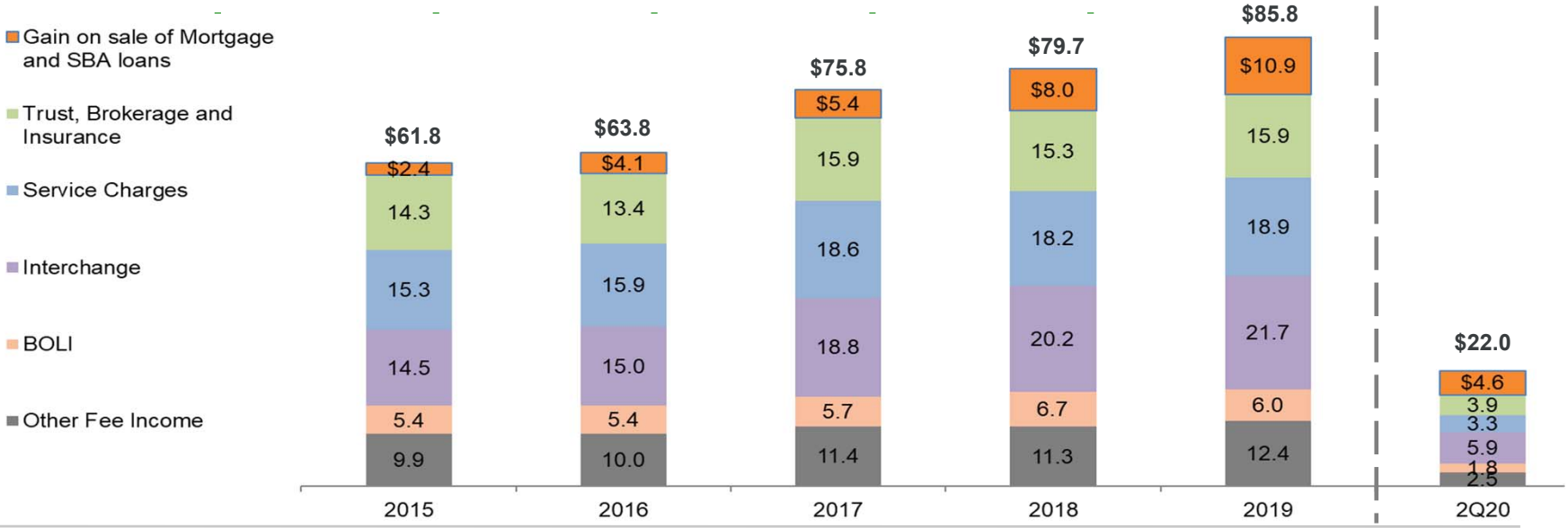

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|
| Operating Leverage($M)(1) | ($4.9) | +$15.8 | +$17.5 | +$12.7 | +$20.0 | +$10.8 |
| Core Efficiency Ratio (%)(1) | 68.9% | 63.4% | 58.7% | 60.2% | 57.2% | 57.0% |

$ in millions

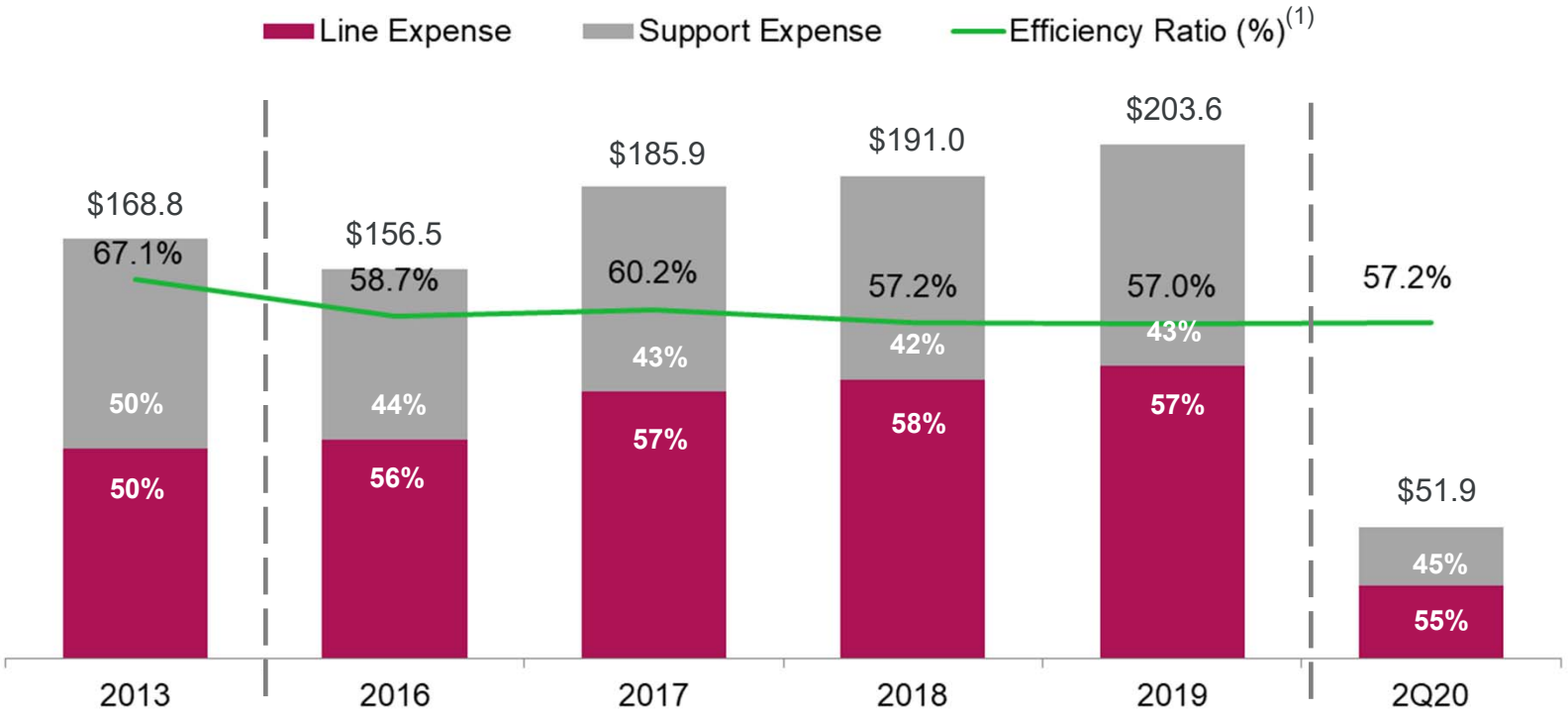
(1) Please refer to the appendix for a reconciliation of non-GAAP measures

# FEE INCOME GROWTH: DIVERSIFIED REVENUE STREAMS

| $ in millions | 2015 | 2016 | 2017 | 2018 | 2019 | 2Q20 |
|---|---|---|---|---|---|---|
| Service charges | $15.3 | $15.9 | $18.6 | $18.2 | $18.9 | $3.3 |
| Interchange | 14.5 | 15.0 | 18.8 | 20.2 | 21.7 | 5.9 |
| Trust | 5.8 | 5.4 | 7.1 | 7.9 | 8.3 | 2.1 |
| Retail brokerage and insurance | 8.5 | 8.0 | 8.8 | 7.4 | 7.6 | 1.8 |
| BOLI | 5.4 | 5.4 | 5.7 | 6.7 | 6.0 | 1.8 |
| SWAP fees | 0.8 | 2.4 | 2.0 | 1.9 | 3.4 | 0.6 |
| Gain on sale of mortgage loans | 2.4 | 4.1 | 5.4 | 5.4 | 7.8 | 4.2 |
| Gain on sale of SBA loans | 0.0 | 0.0 | 0.0 | 2.6 | 3.1 | 0.4 |
| Gain on sale of other assets | 1.9 | 1.4 | 1.8 | 2.7 | 1.7 | 0.2 |
| Other fees | 7.2 | 6.2 | 7.6 | 6.7 | 7.3 | 1.7 |
| **Total fee income** | **$61.8** | **$63.8** | **$75.8** | **$79.7** | **$85.8** | **$22.0** |
| Gain on sale of securities | (0.2) | 0.6 | 5.0 | 8.1 | 0.0 | 0.0 |
| Derivative mark-to-market | (0.3) | 0.2 | (0.5) | 0.8 | (0.3) | (0.2) |
| **Total noninterest income** | **61.3** | **$64.6** | **$80.3** | **$88.6** | **$85.5** | **$21.8** |
| Fee Income/ Avg. Assets | 0.97% | 0.96% | 1.05% | 1.05% | 1.07% | 0.26% |
| Fee Income/ Operating Revenue | 24.4% | 23.9% | 24.5% | 23.9% | 24.0% | 24.7% |



# 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

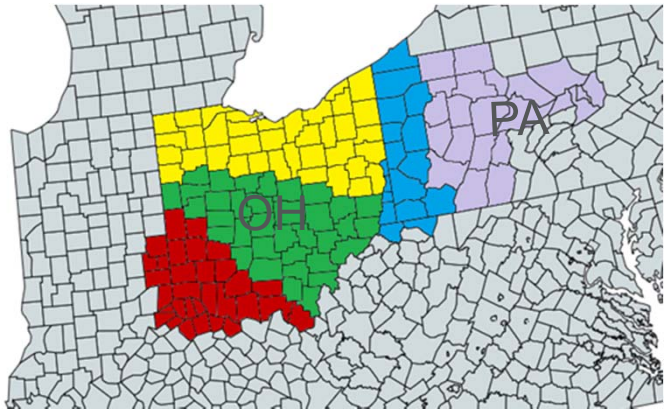
(1) Please refer to the appendix for a reconciliation of non-GAAP measures

# REGIONAL LEADERSHIP MODEL

***First Commonwealth began transitioning to a regional leadership model in 2017***

- 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 outstripped loan growth in 2019

| | Total Loans[(1)] | | | Total Deposits | | |
|---|---|---|---|---|---|---|
| | Balance | 2019 Growth | % | Balance | 2019 Growth | % |
| 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% |

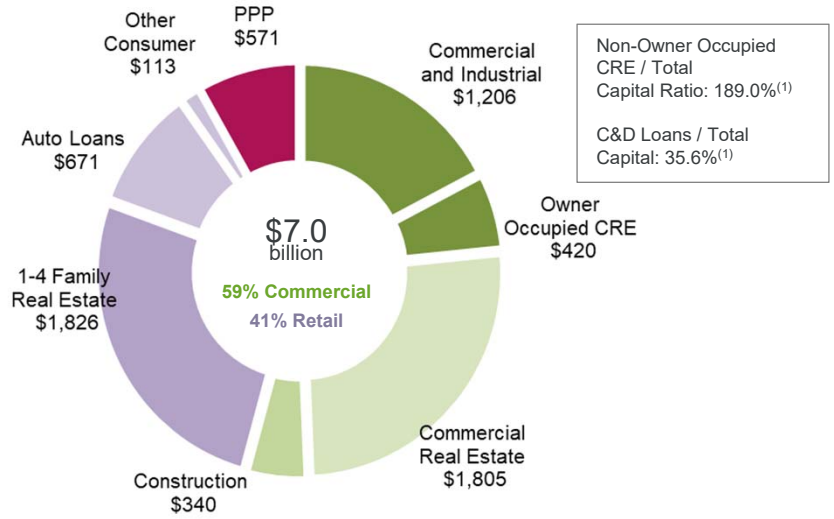



$ in millions, as of December 31, 2019

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

# A DIVERSIFIED COMMUNITY BANK

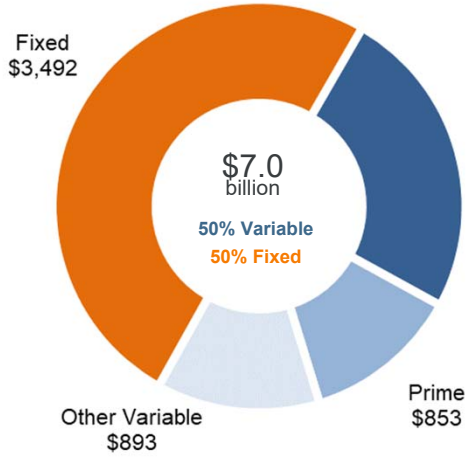
## Loan Portfolio Composition ($mm)




Non-Owner Occupied CRE / Total Capital Ratio: 189.0%(1)

C&D Loans / Total Capital: 35.6%(1)

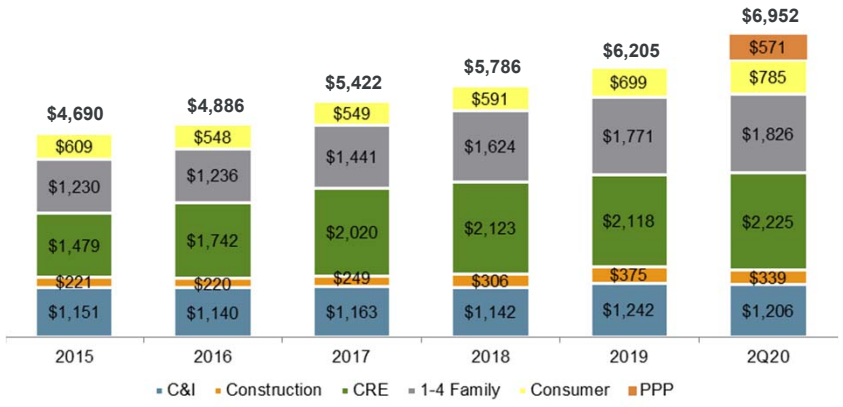
## Loan Portfolio Repricing ($mm)




Interest rate floors exist for 32% of variable rate loans

WA Floor of 3.44% < WA Rate of 3.94%

## Loan Portfolio Trends



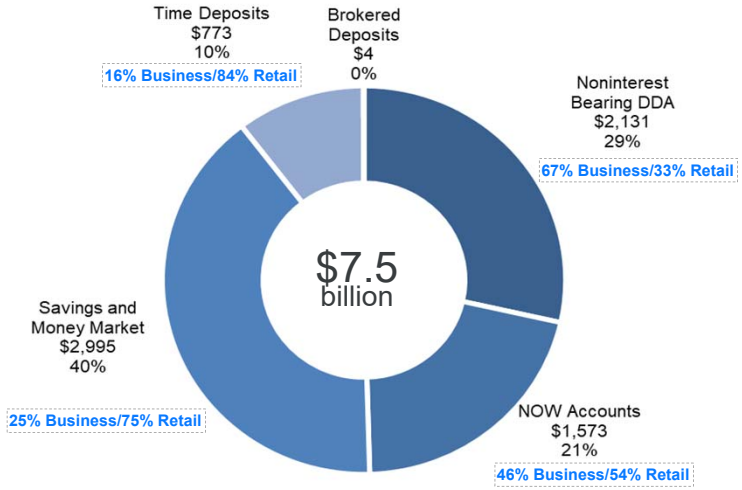

- Good mix of commercial and consumer loans
- Reentry into the Mortgage business in 2014 has enabled the flexibility to add duration to the loan portfolio
- Indirect auto has become a good source of yield
- Competition from banks and non-banks in consumer lending remains a headwind

(1) Reflects bank level, regulatory data as of June 30, 2020

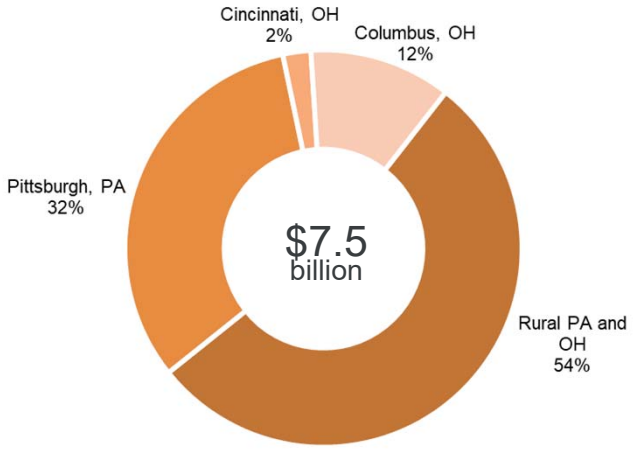
Note: As of June 30, 2020; includes loans held for sale

# STABLE LOW-COST DEPOSIT ADVANTAGE

## Deposit Composition ($mm)(1)

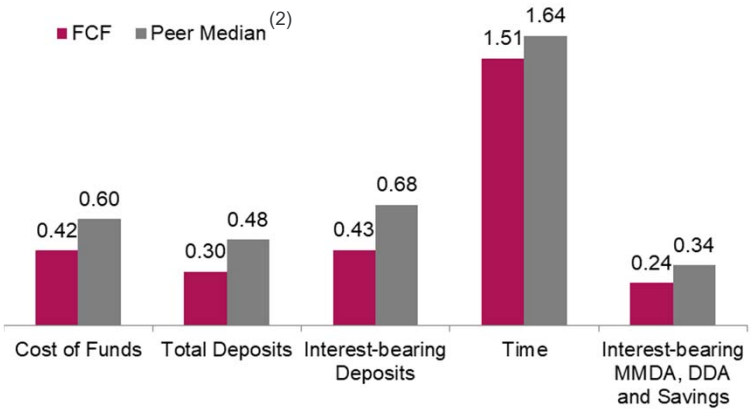



## Geographic Breakdown(1)




- 54% 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
- Deposits have grown steadily since 2015 though thoughtful M&A and organic production
- Noninterest-bearing deposits currently comprise 29% of total deposits

## Deposit Costs (%)(3)



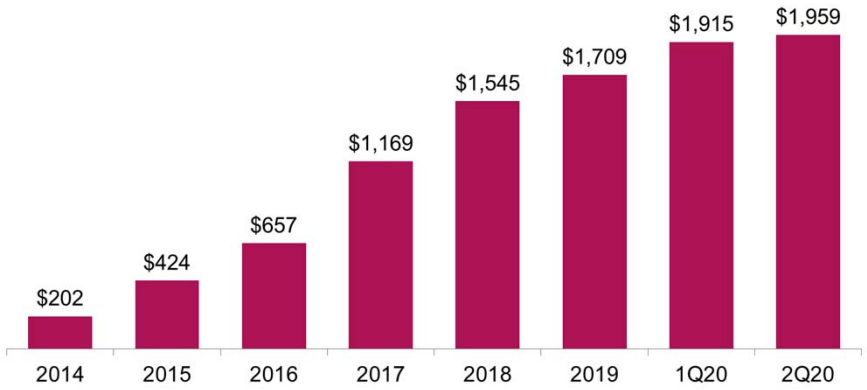

(1) QTD average balance as of June 30, 2020
(2) U.S. Banks $2 to $10 billion
(3) For the quarter ended June 30, 2020; Source S&P Global Market Intelligence

# 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:
  - $2.0 billion in loans(1)
  - $1.9 billion in deposits
  - 34 banking branches
  - 3 loan production offices
- Completed acquisition of 14 former Santander branches in Central PA in September '19
  - Deposit balances have grown $69 million since conversion

## Ohio Loan Portfolio ($MM)(1)




## Recent Ohio Acquisitions

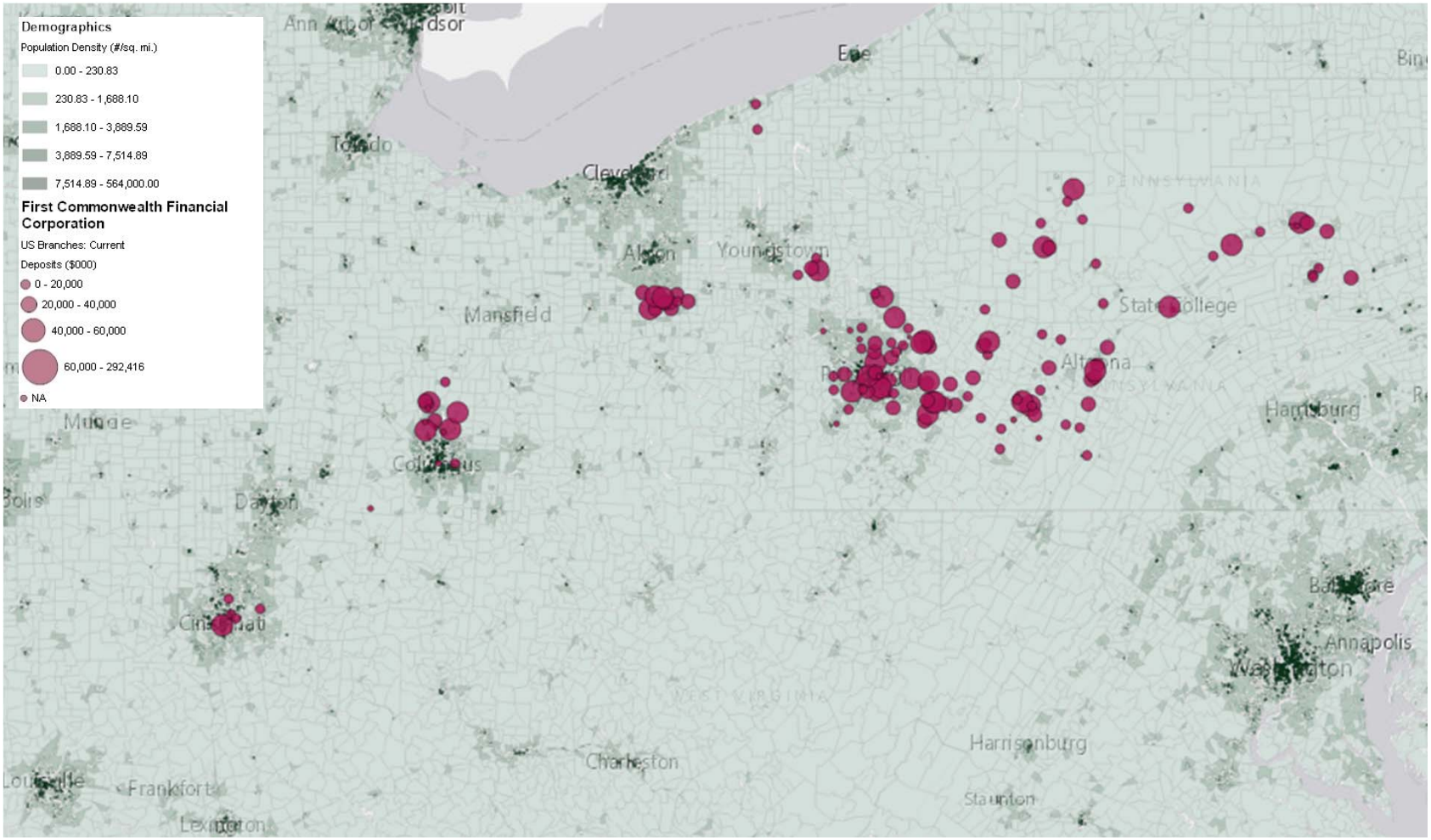
| Target | Announcement Date | Completion Date | Deal Value $MM(2) | Total Loans Acquired $MM | Total Deposits Acquired $MM |
|---|---|---|---|---|---|
| First Community Bank | 5/11/2015 | 10/1/2015 | 15 | 61 | 90 |
| 13 FirstMerit Branches | 7/27/2016 | 12/2/2016 | 33 | 102 | 620 |
| DCB Financial Corp. | 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)* | | *$1,959* | *$1,866* |
| 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; excludes Paycheck Protection Program loans

(2) Deal value at announcement

# SMALLER COMMUNITIES FUND LARGER METRO MARKETS

**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 June 30, 2020. Deposit data as of June 30, 2019

Source: S&P Global Market Intelligence

# 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

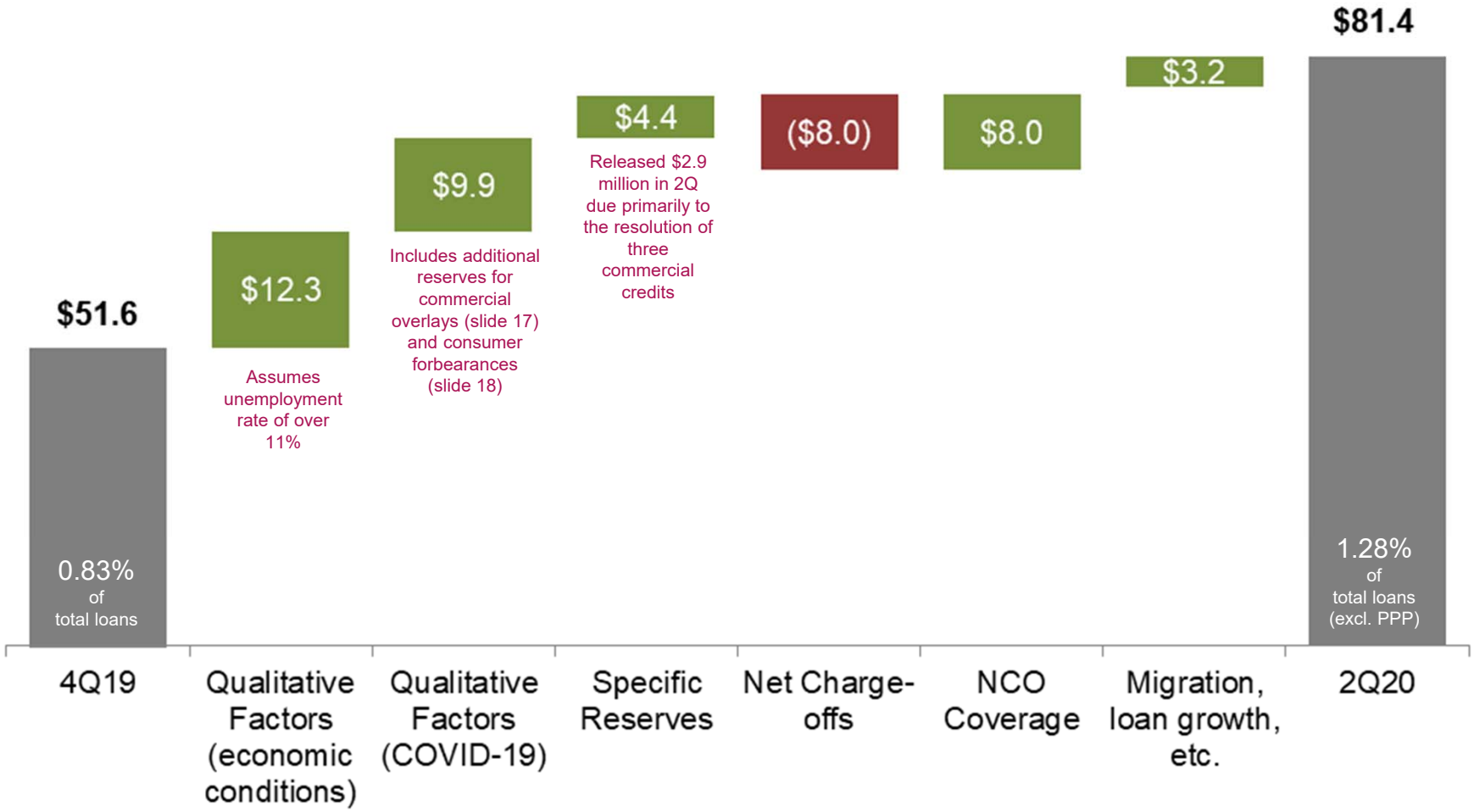
## Communities

- 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

# 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 | @ 9/04 | % port |
| Commercial Portfolio[1] | | | | | | | | | | |
| Retail | $547.5 | 7.9% | 0.7% | 0.7% | 0.4% | 0.4% | $195.1 | 36.1% | $11.3 | 2.1% |
| Hospitality | 262.0 | 3.8% | 7.0% | 7.0% | 7.0% | 7.0% | 223.4 | 85.7% | 56.6 | 21.6% |
| 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% | 0.3 | 0.5% |
| 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% | **$68.2** | 5.4% |

- As of June 30, 2020, 96.7% of loans in our highest impacted portfolios are pass-rated and 97.4% were performing
- Through September 4, 2020, deferrals booked within these portfolios increased $25.8 million since July 24, 2020, from 3.4% to 5.4%
- Requests for additional Round Two 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 (@ 9/04) | | |
|---|---|---|---|---|---|---|---|---|
| $ 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% | 20 | $30.1 | 2.5% |
| Commercial Real Estate | 2,224.7 | 32.0% | 556 | 684.3 | 31.2% | 27 | 104.5 | 4.7% |
| Commercial Construction | 339.6 | 4.9% | 20 | 47.9 | 14.4% | 0 | 0.0 | 0.0% |
| 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%** | **47** | **$134.6** | **3.1%** |
| Consumer Portfolio | | | | | | | | |
| Mortgage | $1,170.8 | 16.8% | 911 | $111.4 | 9.9% | 13 | $4.4 | 0.4% |
| Home Equity | 583.2 | 8.4% | 626 | 44.8 | 7.6% | 2 | 0.2 | 0.0% |
| RE Construction | 76.7 | 1.1% | 3 | 0.7 | 0.9% | 0 | 0.0 | 0.0% |
| Auto | 671.2 | 9.7% | 2,030 | 42.4 | 6.8% | 17 | 0.4 | 0.1% |
| Other Consumer | 113.4 | 1.6% | 868 | 7.8 | 6.5% | 7 | 0.1 | 0.1% |
| **Total Consumer** | **$2,615.3** | **37.6%** | **4,438** | **$207.1** | **8.1%** | **39** | **$5.1** | **0.2%** |
| **Total Loans** | **$6,952.5** | **100.0%** | **5,877** | **$1,117.6** | **17.6%** | **86** | **$139.7** | **2.0%** |

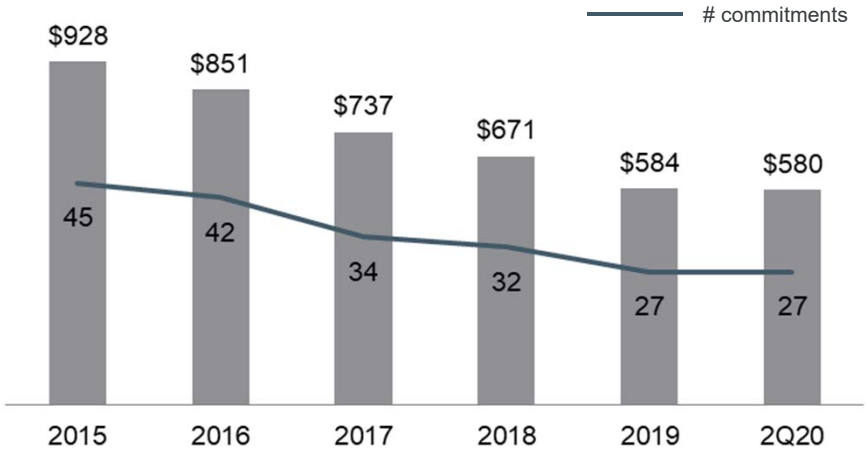
- Round One deferrals peaked at approximately $1.4 billion. Nearly all (99.85%) of Round One deferrals with a payment due prior to September 4, 2020, have resumed payments
- Total booked loan deferrals decreased $46.6 million since July 24, 2020

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

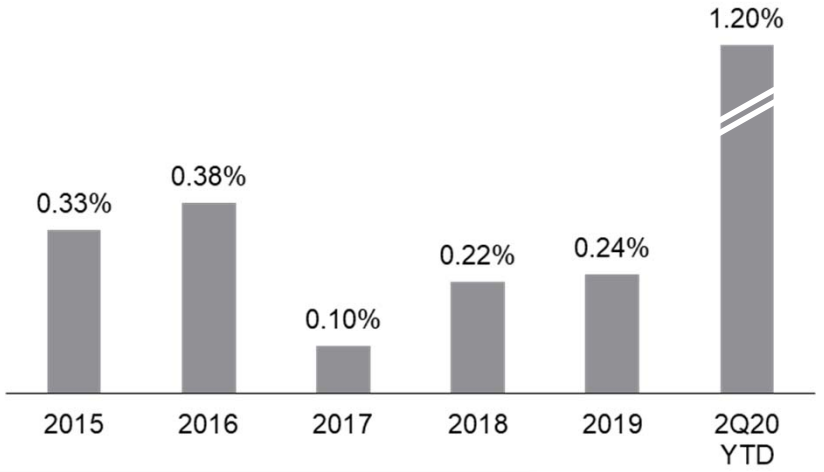
# REDUCED PORTFOLIO RISKS: SIZE AND CONCENTRATION

- 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**

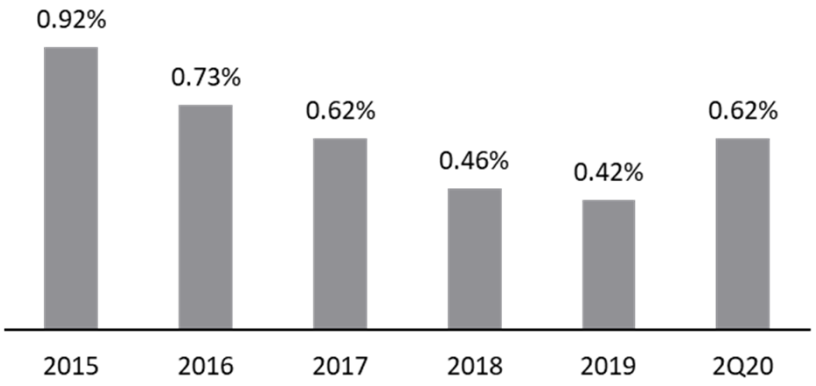



**Provision Expense/ Avg. Loans**

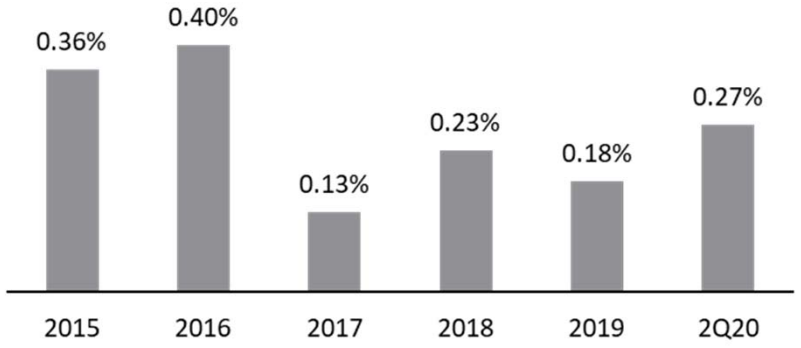


# ASSET QUALITY TRENDS

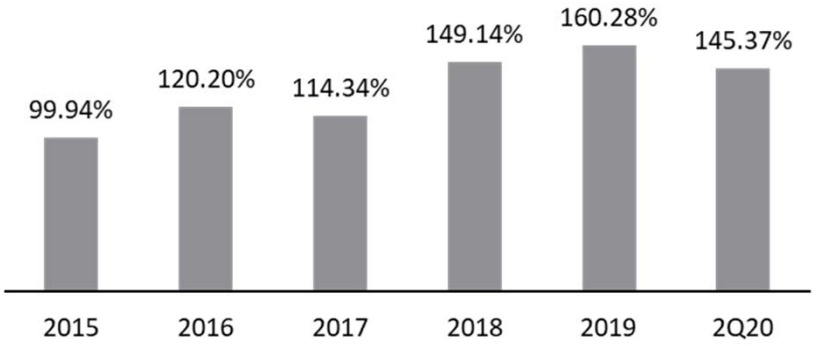
## Nonperforming Assets / Assets(1) (%)



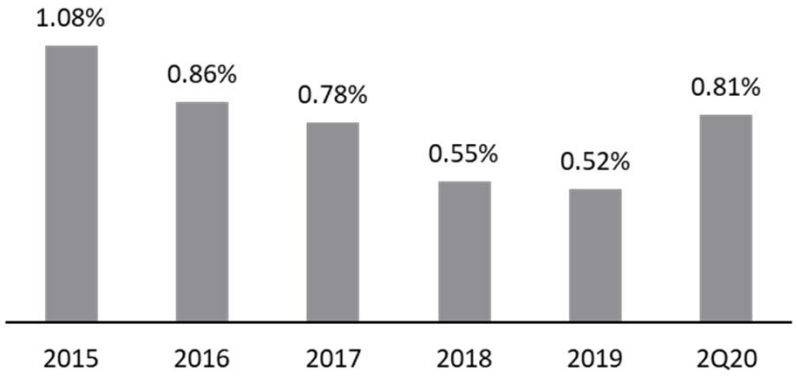

## Net Charge-Offs / Loans (%)




## Reserves / Nonperforming Loans (%)

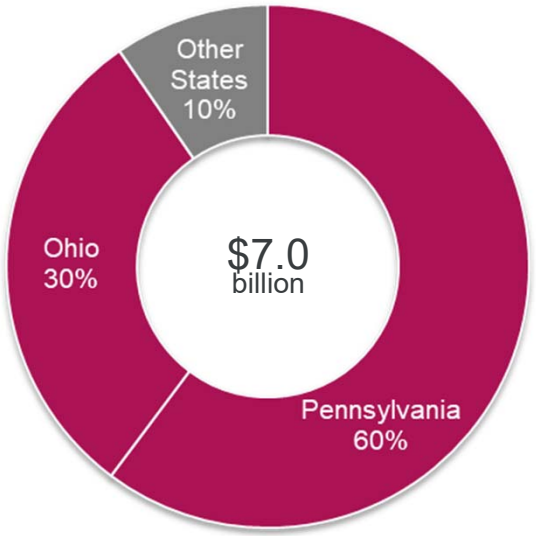



## Nonperforming Loans / Loans (%)




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

# LOANS BY GEOGRAPHY(1)



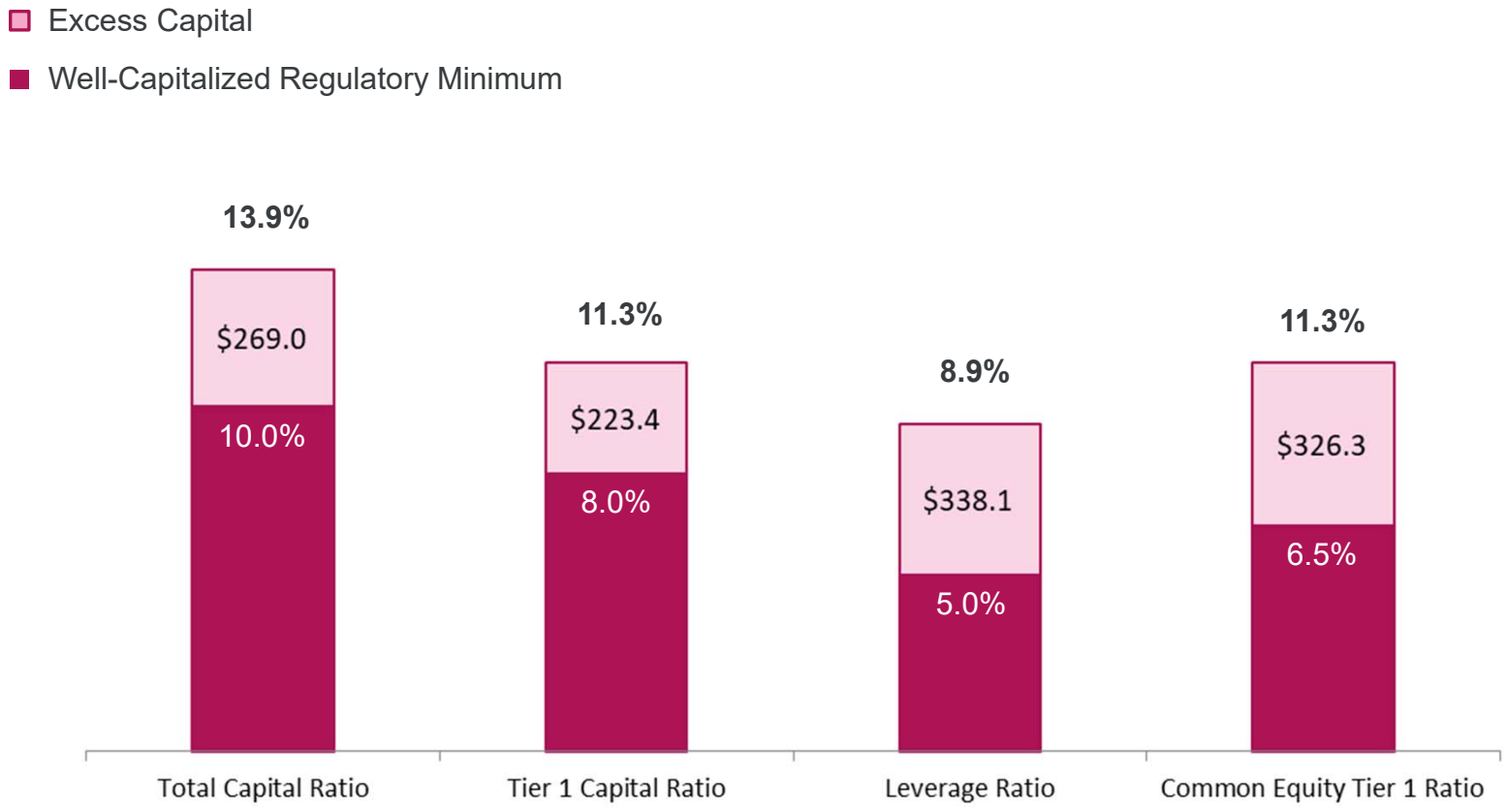

- Location based on collateral location for RE secured or borrower address for C&I and other consumer loans
- Loan portfolio primarily based in Pennsylvania, Ohio and contiguous states
- Commercial lending market area extends 150 miles from a First Commonwealth office
- No out-of-market speculative real estate
  - Speculative out-of-market real estate was the primary source of credit losses during the last credit cycle
- Only $57.1 million (<1% of total loans) are out of market investment real estate to support existing national developer relationships

| $ in millions | C&I | CRE | Commercial Construction | Consumer RE | Other Consumer | Total |
|---|---|---|---|---|---|---|
| Pennsylvania | $1,106 | $1,157 | $155 | $1,214 | $556 | $4,188 |
| Ohio | 372 | 799 | 158 | 571 | 197 | $2,097 |
| Other | 295 | 269 | 27 | 45 | 32 | $668 |
| **Total** | **$1,773** | **$2,225** | **$340** | **$1,830** | **$785** | **$6,953** |

(1) Location determined by collateral location for real estate secured loans and borrower address for C&I and Other Consumer loans; includes Paycheck Protection Program loans

# STRONG CAPITAL POSITION(1)

***Over $220 million of excess capital at June 30, 2020***




(1) Bank level regulatory capital ratios
As of June 30, 2020

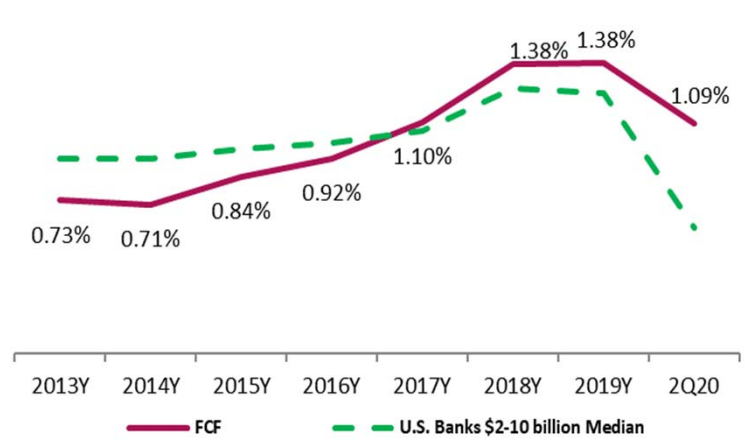
# PERFORMANCE HIGHLIGHTS

| | 2014Y | 2015Y | 2016Y | 2017Y | 2018Y | 2019Y | Trailing 5 Quarters 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Earnings growth** | | | | | | | | | | | |
| Operating revenue[1] | $248 | $254 | $267 | $309 | $334 | $357 | $89 | $91 | $92 | $89 | $89 |
| Provision for credit losses | 11 | 15 | 18 | 5 | 13 | 15 | 3 | 3 | 5 | 31 | 7 |
| Operating expense[2] | 171 | 161 | 157 | 186 | 191 | 204 | 51 | 51 | 53 | 52 | 51 |
| Core net income[2] | $44 | $51 | $61 | $75 | $102 | $108 | $27 | $30 | $27 | $5 | $24 |
| **Pre-Tax Pre-Provision Earnings[1][2]** | **$76** | **$90** | **$107** | **$108** | **$139** | **$147** | **$37** | **$36** | **$39** | **$37** | **$36** |
| Core EPS[2] | $0.47 | $0.57 | $0.69 | $0.79 | $1.03 | $1.10 | $0.28 | $0.30 | $0.27 | $0.05 | $0.24 |
| *Core EPS Growth YoY[2]* | *6.8%* | *21.3%* | *21.1%* | *14.5%* | *30.4%* | *6.8%* | *55.6%* | *66.7%* | *22.7%* | *(69.0%)* | *(16.0%)* |
| **Return to shareholders** | | | | | | | | | | | |
| Dividend per share | $0.28 | $0.28 | $0.28 | $0.32 | $0.35 | $0.40 | $0.10 | $0.10 | $0.10 | $0.11 | $0.11 |
| Tangible book value per share | 6.03 | 6.23 | 6.20 | 6.34 | 6.98 | 7.49 | 7.46 | 7.31 | 7.49 | 7.54 | 7.72 |
| Period-end close | $9.22 | $9.07 | $14.18 | $14.32 | $12.08 | $14.51 | $13.47 | $13.28 | $14.51 | $9.14 | $8.28 |
| **Balance sheet trends (EOP)** | | | | | | | | | | | |
| Investment securities and cash | $1,429 | $1,403 | $1,303 | $1,291 | $1,434 | $1,378 | $1,365 | $1,310 | $1,378 | $1,444 | $1,670 |
| Commercial loans | 2,578 | 2,851 | 3,102 | 3,432 | 3,571 | 3,735 | 3,716 | 3,670 | 3,735 | 3,799 | 4,341 |
| Consumer loans | 1,882 | 1,839 | 1,784 | 1,990 | 2,215 | 2,470 | 2,303 | 2,450 | 2,470 | 2,541 | 2,611 |
| **Total loans** | **4,460** | **4,690** | **4,886** | **5,422** | **5,786** | **6,205** | **6,019** | **6,120** | **6,205** | **6,340** | **6,952** |
| Noninterest bearing deposits | 989 | 1,117 | 1,269 | 1,417 | 1,466 | 1,690 | 1,528 | 1,658 | 1,690 | 1,752 | 2,288 |
| **Total deposits** | **$4,315** | **$4,196** | **$4,948** | **$5,581** | **$5,898** | **$6,678** | **$6,156** | **$6,678** | **$6,678** | **$6,923** | **$7,782** |
| Borrowings | 1,268 | 1,592 | 949 | 795 | 907 | 436 | 790 | 318 | 436 | 381 | 342 |
| Equity | $716 | $720 | $750 | $888 | $975 | $1,056 | $1,022 | $1,039 | $1,056 | $1,058 | $1,076 |
| **Profitability** | | | | | | | | | | | |
| PTPP Return on average assets[1][2] | 1.21% | 1.40% | 1.61% | 1.50% | 1.84% | 1.83% | 1.87% | 1.80% | 1.88% | 1.79% | 1.61% |
| Core Return on average assets[2] | 0.70% | 0.79% | 0.92% | 1.04% | 1.36% | 1.35% | 1.37% | 1.46% | 1.29% | 0.23% | 1.06% |
| Core Return on average TCE[2] | 8.0% | 9.2% | 10.7% | 12.8% | 15.9% | 15.3% | 15.5% | 16.2% | 14.9% | 2.9% | 13.1% |
| Net interest margin[1] | 3.27% | 3.28% | 3.32% | 3.57% | 3.71% | 3.75% | 3.75% | 3.76% | 3.73% | 3.65% | 3.29% |
| Core Efficiency ratio[1][2] | 68.9% | 63.4% | 58.7% | 60.2% | 57.2% | 57.0% | 56.8% | 55.7% | 57.2% | 58.2% | 57.2% |

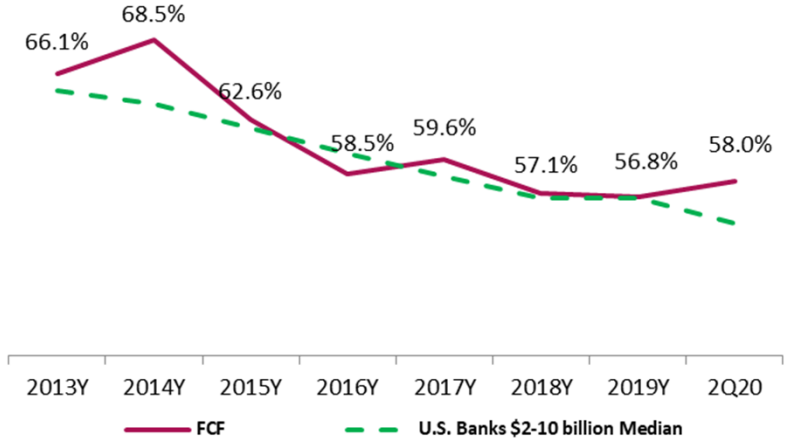
(1) Taxable equivalent
(2) Please refer to the appendix for a reconciliation of non-GAAP measures

# PERFORMANCE RELATIVE TO PEERS

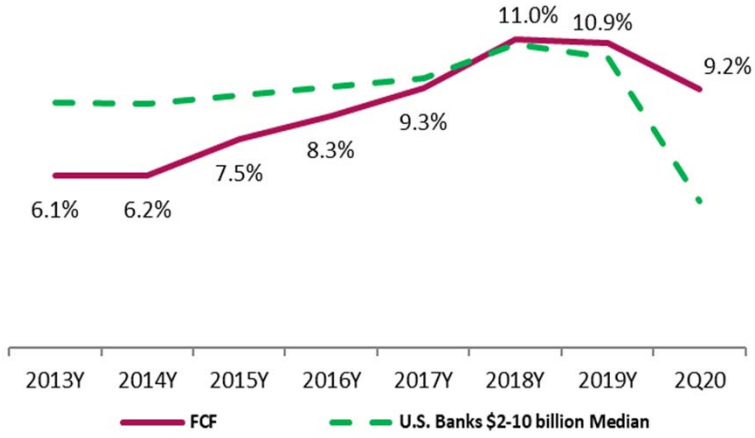
## Core ROAA (%)(1)



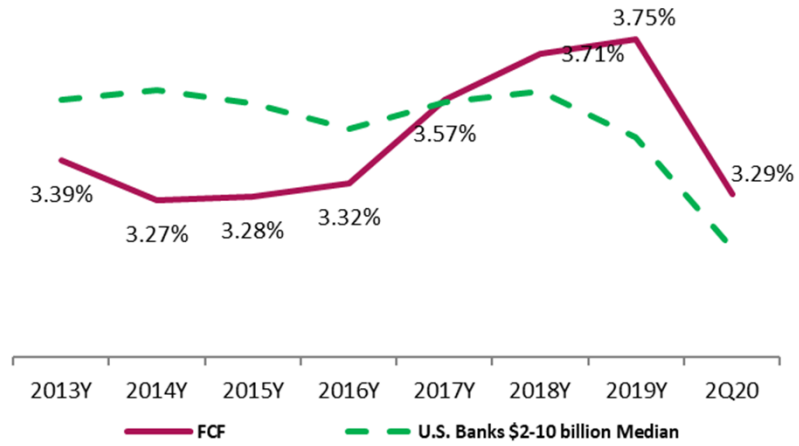

## Efficiency Ratio (%)(1)




## 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

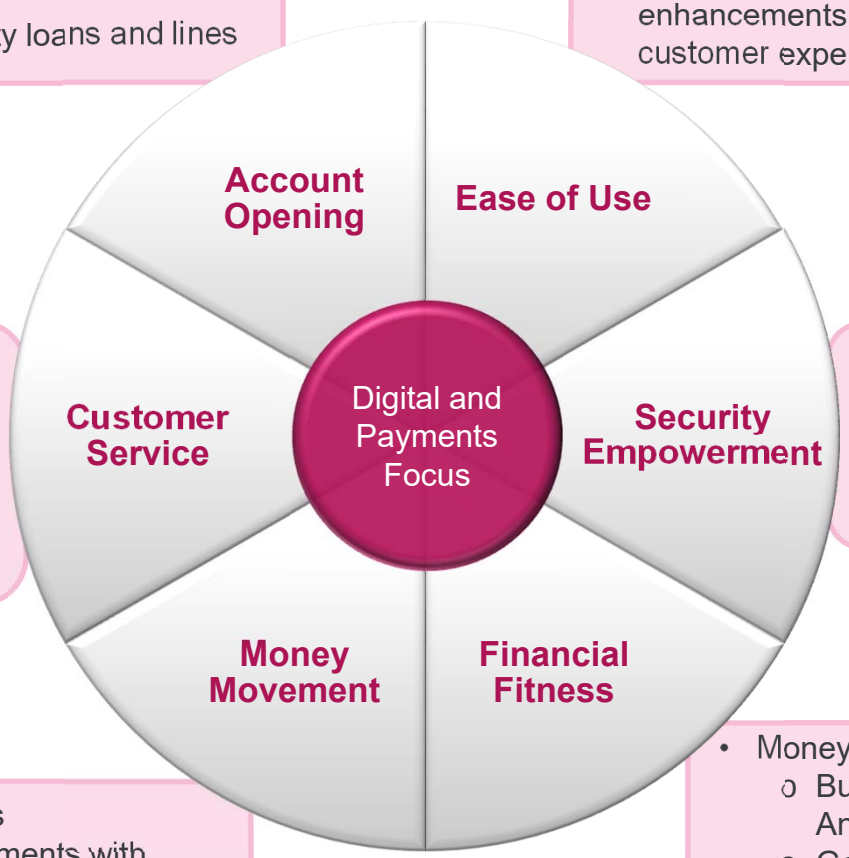
# DIGITAL STRATEGY

- **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 messaging online and mobile
- Secure chat for online account opening
- Targeted marketing/offers

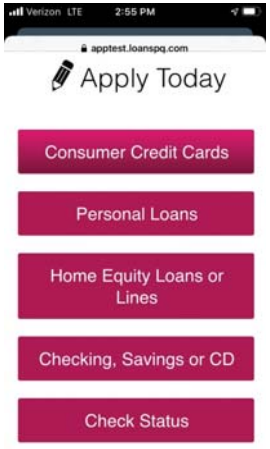
- User controls and alerts (debit card control)
- Digital tokens, Registered Devices and One-time Passcodes (OTP)

- Mobile wallets
- Quick bill payments with Alexa
- Zelle (Sept '20)

- Money Manager
  - Budgets and Spending Analyzer
  - Goal setting and alerts
  - Account aggregation
  - Cashflow and Net Worth

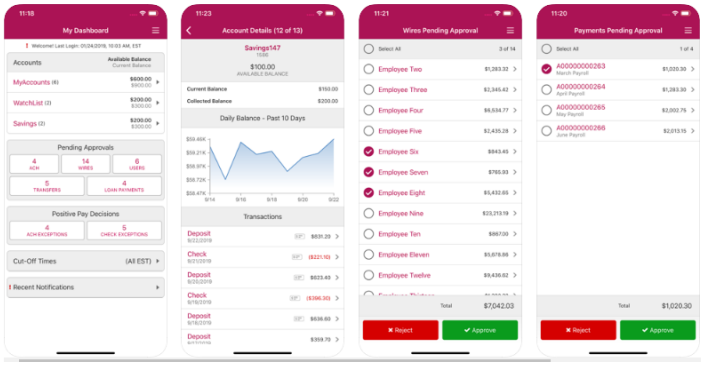
# DIGITAL AND PAYMENTS UPDATE

- Digital account opening
  - Released our updated mobile centric account opening (over 10% of retail transaction account production from virtual channels)
- All new or reissued debit and credit cards contactless (Tap ‘n Go)
- Treasury Management
  - Completed transition of Treasury Management customers to new platform
  - Customizable user experience, intuitive payment processing, high-level of security and additional mobility for businesses with companion App



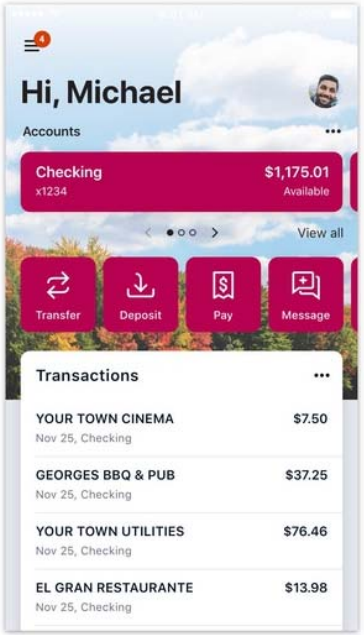




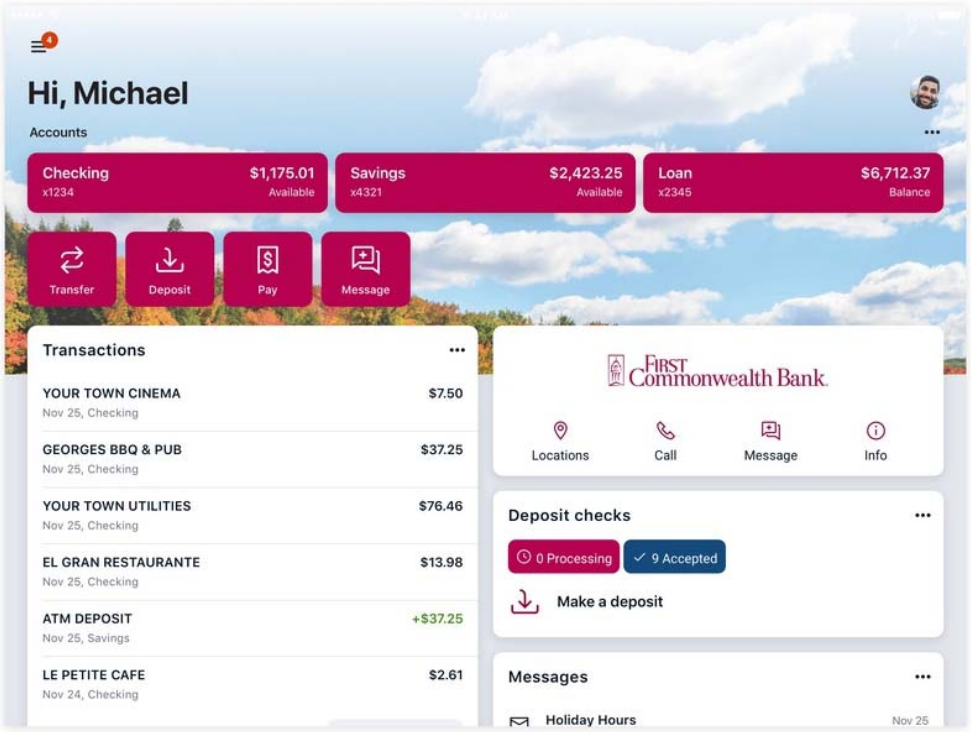


# NEW DIGITAL BANKING EXPERIENCE

Dashboard - Mobile




Dashboard - Tablet




- Innovative design elements for organizing the user interface (UI) allowing users to customize their experience
- A unique customer interaction platform that brings human personalization to the digital customer experience
- Same look across all of your devices – mobile, desktop, tablet, etc.

# HOW WE SUCCEED

- Remain an authentic, mission-driven community bank
  - Continue to support our employees, customers and communities through these uncertain times
  - Proactively engage borrowers and assist them with charting a path forward
  - Win customers through better capabilities and service
  - Take this opportunity to develop a more intimate relationship with our existing customers
- Control expenses and deliver positive operating leverage
  - Rethinking the way we do business going forward
  - Redeploying cost savings into digital transformation (e.g. Treasury Management, Banno Digital Platform, Zelle) and revenue-generating growth
- Protect shareholder value
  - Credit costs that outperform peers long-term
  - Thoughtfully deploy capital when market conditions improve
- Maintain a risk and governance culture aligned with expectations of long-term stakeholders

# 2Q 2020 EARNINGS DETAIL

# 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

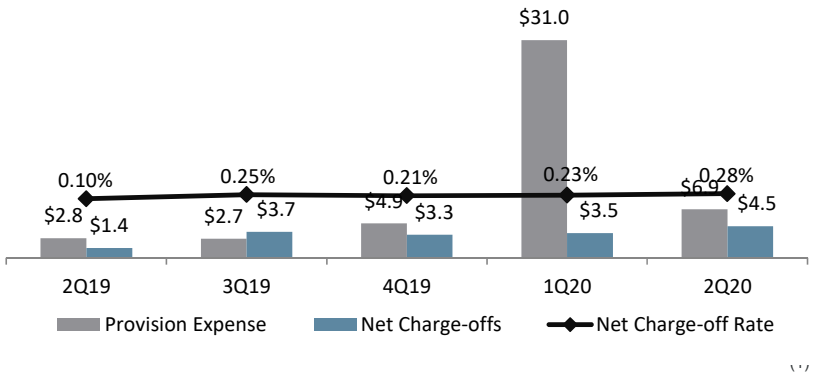
## Building a strong balance sheet to weather uncertainty ahead

- 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

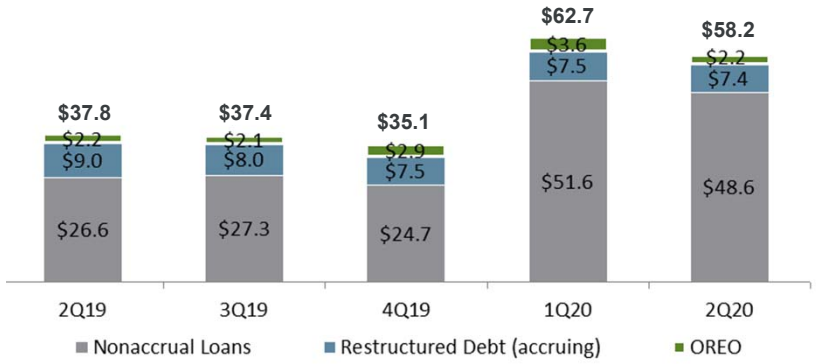
(1) Please refer to the appendix for a reconciliation of non-GAAP measures
(2) Reserve build represents the amount by which the provision for credit losses exceeds net charge-offs

# CREDIT QUALITY

## Provision Expense and Net Charge-offs




## Nonperforming Assets

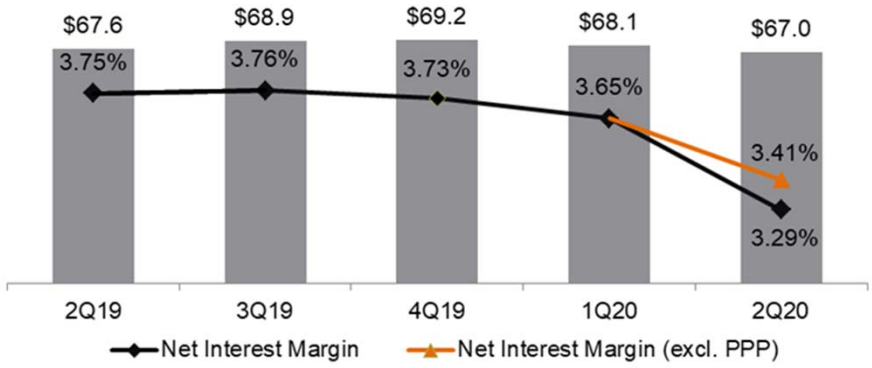



- Provision expense of $6.9 million decreased $24.1 million from LQ:
  - $3.4 million increase in qualitative reserves for economic conditions
  - $2.1 million increase in new qualitative factors for loans at higher risk of COVID-19 economic factors
  - $3.0 million decrease in specific reserves for nonperforming loans
  - $4.5 million net charge-offs
  - Remaining primarily due to loan growth and credit migration
- Nonperforming assets decreased $4.5 million over LQ
  - Resolution of two commercial credits totaling $5.7 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

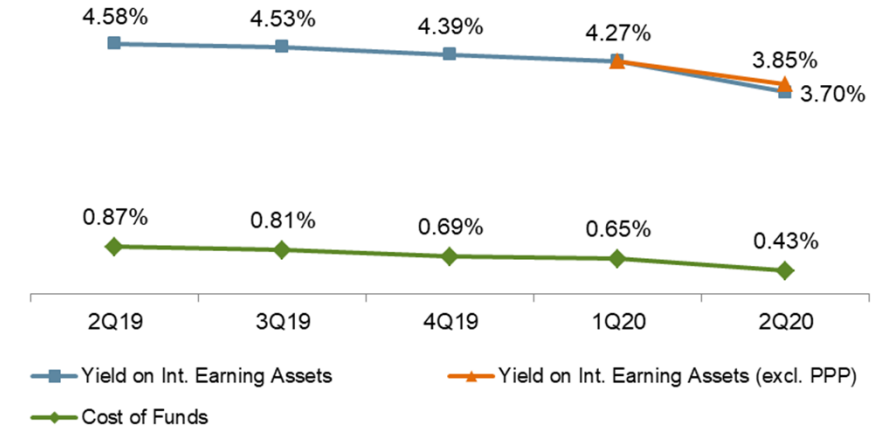
# NET INTEREST INCOME AND NET INTEREST MARGIN

## 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)

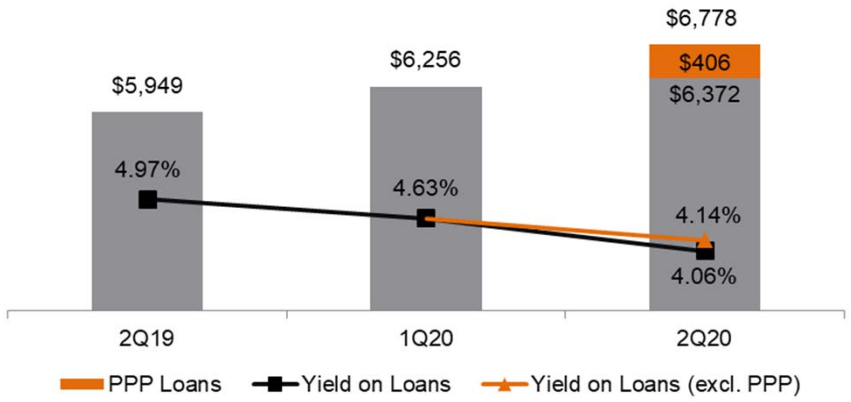



- Net interest margin of 3.29% decreased 36 basis points (bps) to LQ:
  - A 57 basis point decrease in the yield on interest-earning assets was partially offset by a 26 basis point decrease in the cost of interest bearing liabilities
  - 15 basis points of the decline in the yield of interest-earning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

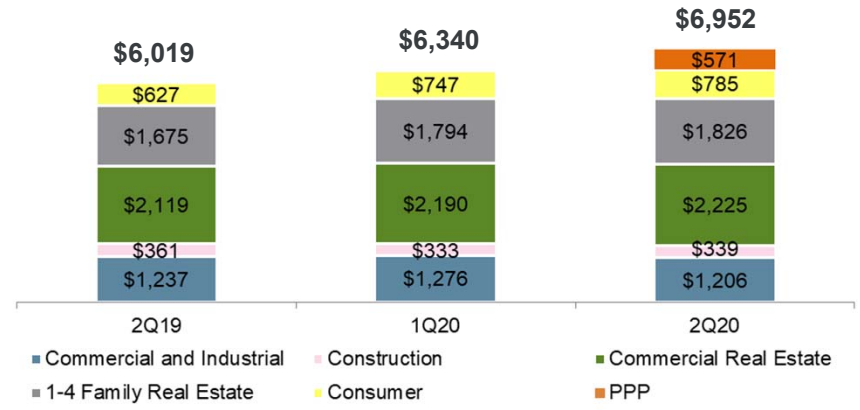
$ in millions
(1) Taxable equivalent

# 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

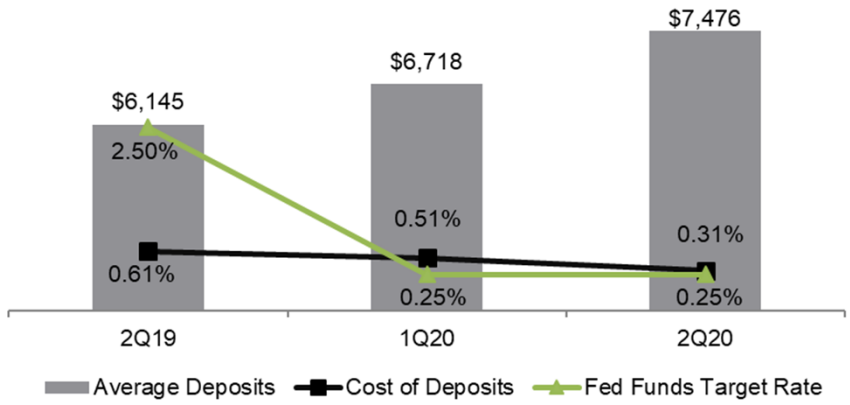
## Period-end

- 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

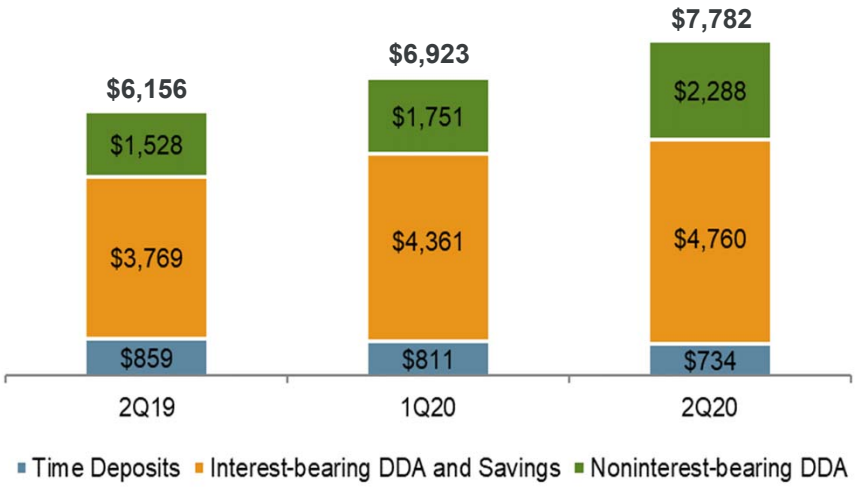
$ in millions
(1) Includes loans held for sale
(2) Taxable equivalent yield
(3) Balances as of the close of the acquisition

# 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

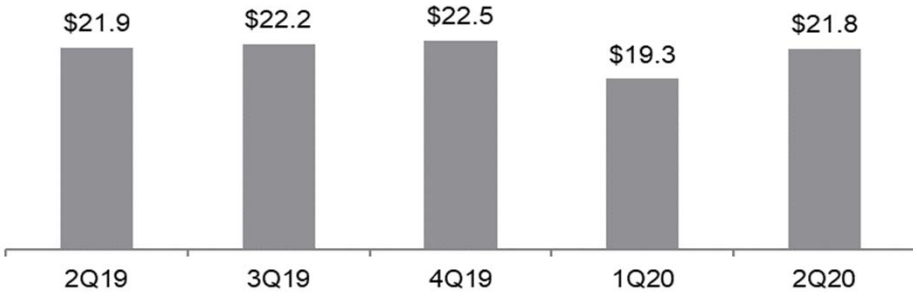
- Total period-end deposits increased $859 million from LQ
- Excluding acquired balances from Santander(1), YoY total deposits increased $1.2 billion
- Noninterest-bearing deposits currently comprise 29.4% of total deposits

$ 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)*** |

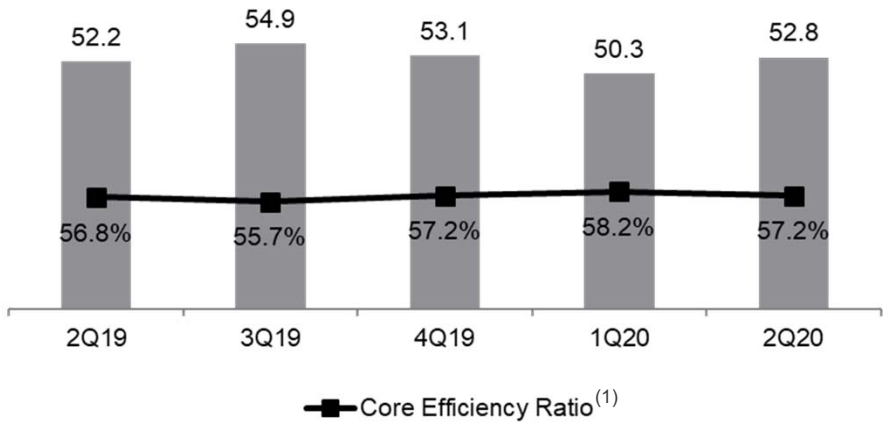



$ in millions

- 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*** |

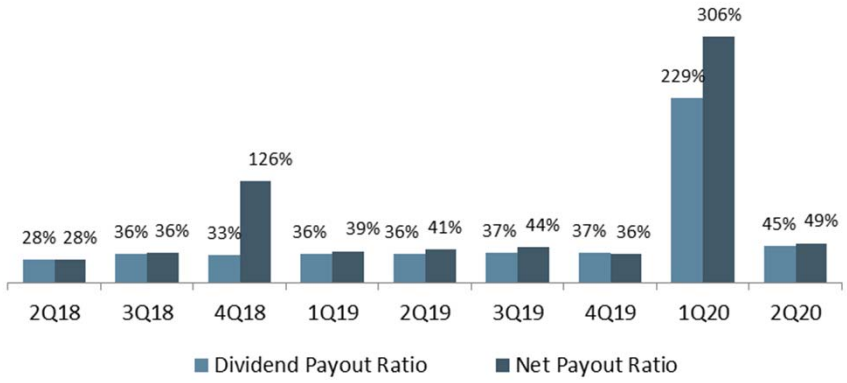



- Total operating expenses decreased $0.9 million from the previous quarter and increased $0.2 million YoY
- Unfunded commitment expense increase $3.4 million from LQ due to a $2.5 million release of unfunded commitment reserves in the previous quarter as compared to $0.9 million in expense related to 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.

# 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 (Reported) | $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 (Reported) | $147.1 | $139.1 | $108.0 | $107.0 | $89.5 | $76.1 | $81.3 |

| 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 |
| 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 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%** |
| | | | | | | | |
| Pre-tax Pre-Provision Return on Average Assets | 1.83% | 1.84% | 1.50% | 1.61% | 1.40% | 1.21% | 1.33% |

| 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%** |

# 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.