



NYSE: FCF



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2Q 2021 Earnings Release Webcast Presentation  
July 28, 2021

# 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 effects of the COVID-19 pandemic 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.*

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 2021 HIGHLIGHTS

### Highlights

**\$42.9 million**

Core Pre-tax pre-provision  
income<sup>(1)</sup>

**1.82%**

Core PTPP ROAA<sup>(1)</sup>

**53.2%**

Core efficiency ratio

**1.50%**

Reserve coverage ratio (excl. PPP)

**\$273.0 million**

Excess capital

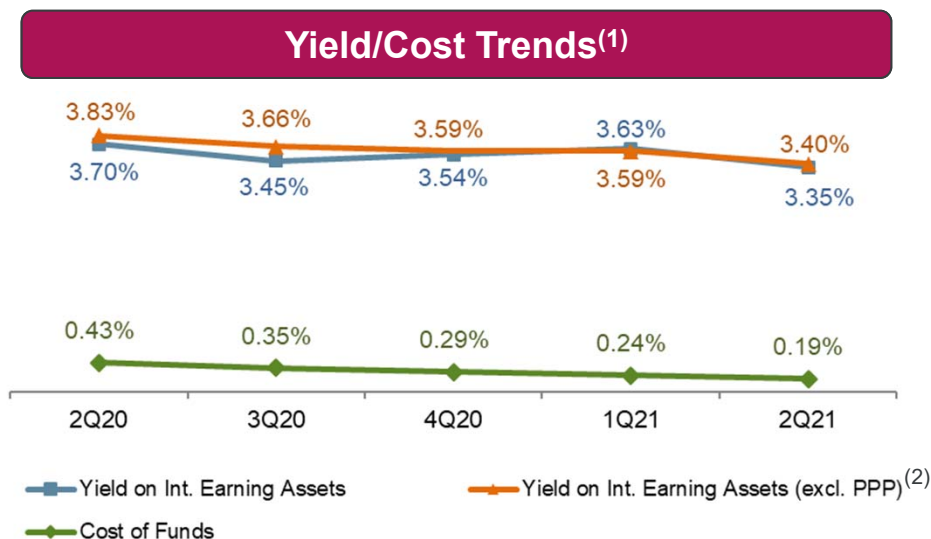
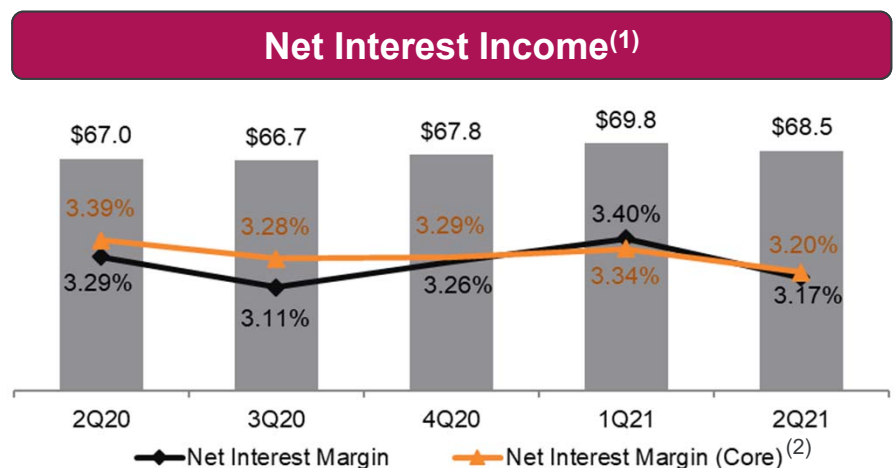
**9.0%**

TCE ratio (excl. PPP)

### Diversified balance sheet and revenue streams continue to improve the earnings power of our company

- Another strong quarter for fee income businesses
  - Gain on sale of Mortgage loans of \$3.1 million
  - Gain on sale of SBA loans of \$1.6 million
  - Record trust and advisory fees of \$3.7 million
  - Card-related interchange income of \$7.4 million
- Efficiency improvements enabled by line of business investments and disciplined expense management
  - Core efficiency ratio of 53.2%
  - Announced entry into the equipment finance business on June 14, 2021
- Total loans (excl. PPP) grew \$189.7 million, or 12.1% annualized from the previous quarter
- Total loan deferrals<sup>(2)</sup> declined to \$59.5 million, or 0.88% of total loans
- Tangible book value per share increased 6.5% year-over-year
- Increased quarterly dividend 4.5% on April 26, 2021

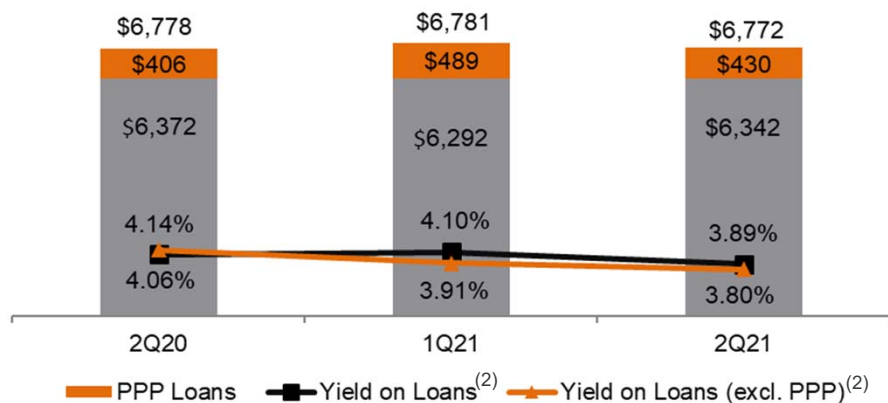
## NET INTEREST INCOME AND NET INTEREST MARGIN



- Net interest income (FTE) decreased by \$1.3 million from LQ
  - \$2.4 million decrease in fees and interest on PPP loans
    - 2Q21 totaled \$5.5 million compared to \$7.9 million in 1Q21
  - Average interest earning assets increased \$346.3 million from LQ
    - Average PPP loans decreased \$59.5 million from LQ
  
- Net interest margin of 3.17% decreased 23bps from LQ
  - Loan portfolio yield (excluding PPP loans) decreased 11bps from LQ, partially offset by 7bps reduction in the cost of interest-bearing liabilities
  - Reduced PPP income from LQ
  - Core NIM<sup>(2)</sup> (which excludes the effects of PPP loans and excess cash) decreased by 14bps to 3.20%

# LOANS

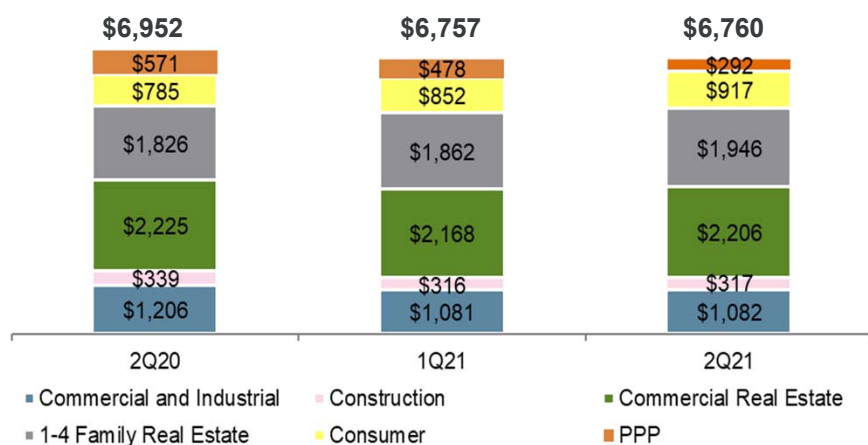
## Average Loans<sup>(1)</sup>



## Average

- Average loans decreased \$9.7 million from LQ
  - Excluding PPP loans, average loans increased \$49.7 million from LQ
- The yield on loans decreased 11bps from LQ (excluding PPP loans)

## Period-end Loans<sup>(1)</sup>

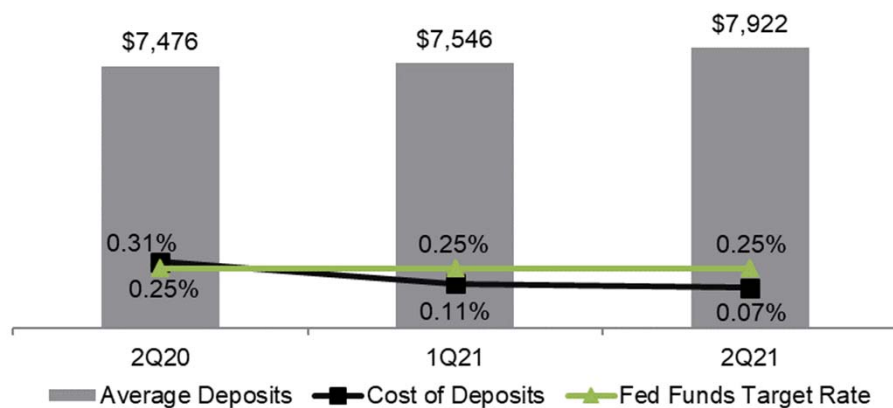


## Period-end

- Total loans<sup>(1)</sup> (excluding PPP loans) increased \$188.7 million the previous quarter
  - 1-4 Family Real Estate grew \$80.0 million from LQ
  - Auto loans grew \$70.1 million from LQ
  - Commercial Real Estate grew \$38.3 million from LQ

## DEPOSITS

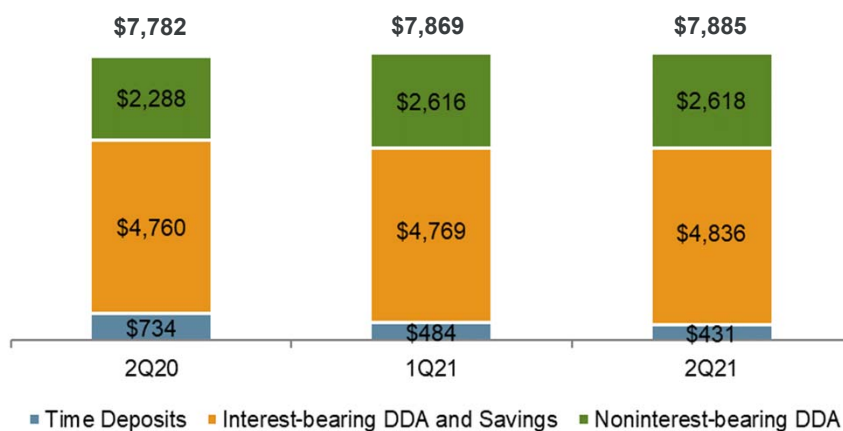
### Average Deposits



### Average

- Average deposits increased \$375.9 million from LQ and increased \$446.0 million YoY
- Average noninterest-bearing deposits grew \$190.8 million compared to LQ
- The total cost of deposits decreased 4bps from LQ to 0.07%

### Period-end Deposits



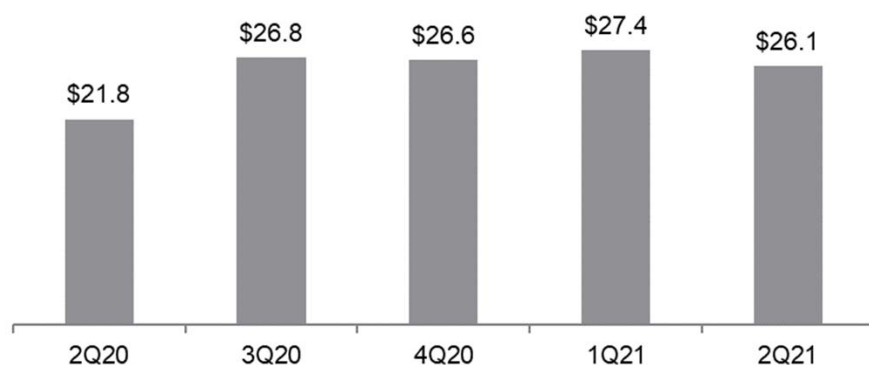
### Period-end

- Total period-end deposits increased \$15.8 million from LQ and increased \$102.8 million YoY
- Noninterest-bearing deposits currently comprise 33.2% of total deposits

\$ in millions

## NONINTEREST INCOME

	2Q21	1Q21	2Q20	Change from	
				1Q21	2Q20
Interchange	\$7.4	\$6.4	\$5.9	\$1.0	\$1.5
Service charges	4.3	4.0	3.3	0.3	1.0
Trust	2.7	2.5	2.1	0.2	0.6
Retail brokerage	1.0	1.1	0.8	(0.1)	0.2
Insurance	1.0	1.1	1.0	(0.1)	0.0
BOLI	1.5	2.0	1.8	(0.5)	(0.3)
Gain on sale of mortgage loans	3.1	5.0	4.2	(1.9)	(1.1)
Gain on sale of SBA loans	1.6	1.1	0.4	0.5	1.2
Gain on sale of other loans	0.0	0.4	0.0	(0.4)	0.0
Gain on sale of Assets	0.5	0.2	0.2	0.3	0.3
SWAP fees	1.3	0.1	0.6	1.2	0.7
Other fees	2.0	2.1	1.7	(0.1)	0.3
<b>Total fee income</b>	<b>\$26.4</b>	<b>\$26.0</b>	<b>\$22.0</b>	<b>\$0.4</b>	<b>\$4.4</b>
Gain on sale of securities	0.0	0.0	0.0	0.0	0.0
Derivative mark-to-market	(0.3)	1.4	(0.2)	(1.7)	(0.1)
<b>Total noninterest income</b>	<b>\$26.1</b>	<b>\$27.4</b>	<b>\$21.8</b>	<b>(\$1.3)</b>	<b>\$4.3</b>



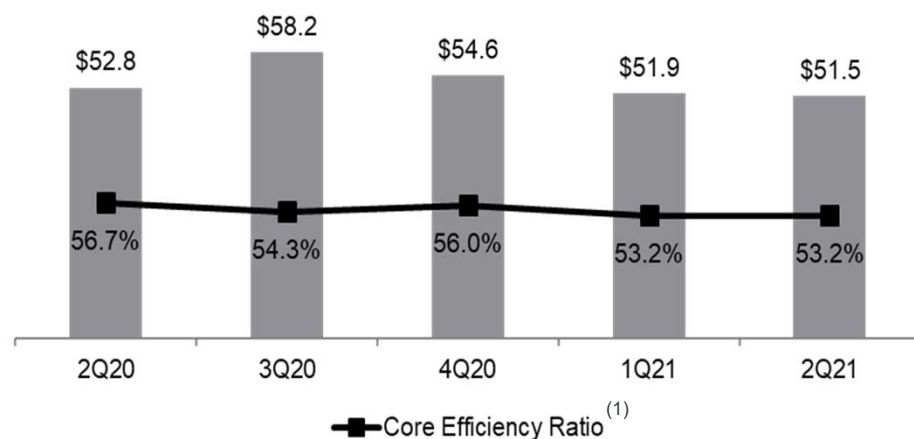
- Total noninterest income decreased \$1.3 million from LQ but increased \$4.3 million YoY
  - Fee income represented 27.7% of total operating revenue<sup>(1)</sup>
- Card-related interchange income increased \$1.0 million to LQ and \$1.5 million YoY
- Gain on sale of mortgage loans decreased \$1.9 million from LQ and \$1.1 million YoY due to a higher portion of new originations being retained in the Bank's loan portfolio
  - 2Q21 mortgage originations of \$209 decreased \$6 million from LQ and increased \$6 million YoY
- Swap fee income increased \$1.2 million from LQ
- Derivative mark-to-market was (\$0.3) million, a \$1.7 million decrease from LQ



## NONINTEREST EXPENSE

	2Q21	1Q21	2Q20	Change from	
				1Q21	2Q20
Salaries and benefits	\$28.3	\$28.7	\$28.8	(\$0.4)	(\$0.5)
Occupancy	3.9	4.8	4.4	(0.9)	(0.5)
Furniture and equipment	3.9	3.9	3.7	0.0	0.2
PA shares tax	1.3	0.8	1.3	0.5	0.0
Data processing	3.2	3.1	2.6	0.1	0.6
Professional fees	1.1	0.8	0.9	0.3	0.2
FDIC insurance	0.4	0.7	0.7	(0.3)	(0.3)
Operational losses	0.6	0.5	0.3	0.1	0.3
Loss on sale or write-down of assets	0.0	0.0	0.1	0.0	(0.1)
Other operating expenses	7.8	7.6	7.8	0.2	0.0
<b>Total operating expense</b>	<b>\$50.5</b>	<b>\$50.9</b>	<b>\$50.6</b>	<b>(\$0.4)</b>	<b>(\$0.1)</b>
Unfunded commitments	0.0	0.0	0.9	0.0	(0.9)
Intangible amortization	0.9	0.9	0.9	0.0	0.0
Covid-19 expenses	0.1	0.1	0.4	0.0	(0.3)
<b>Total noninterest expense</b>	<b>\$51.5</b>	<b>\$51.9</b>	<b>\$52.8</b>	<b>(\$0.4)</b>	<b>(\$1.3)</b>

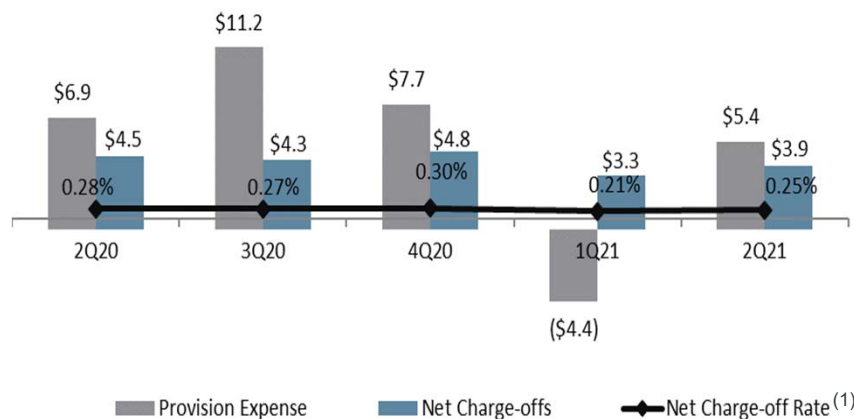
- Noninterest expense decreased \$0.4 million to LQ and \$1.3 million YoY
- Occupancy expense decreased by \$0.9 million to LQ due to seasonally higher snow removal expense in the first quarter
- PA shares tax increased by \$0.5 million to LQ and was unchanged YoY
- Contributions, included in other operating expenses, decreased \$0.5 million from LQ
- FTEs decreased 73 YoY due to a company-wide hiring freeze implemented at the end of 1Q20 and the 20% reduction of branches in December 2020



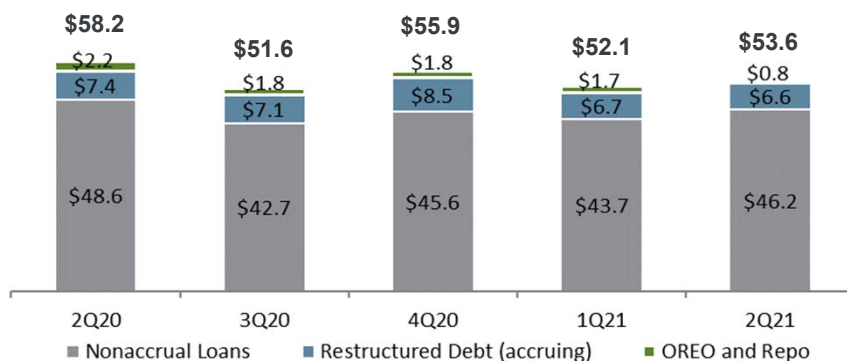
(1) Please refer to the appendix for disclosures regarding non-GAAP measures

## CREDIT QUALITY

### Provision Expense and Net Charge-offs



### Nonperforming Assets



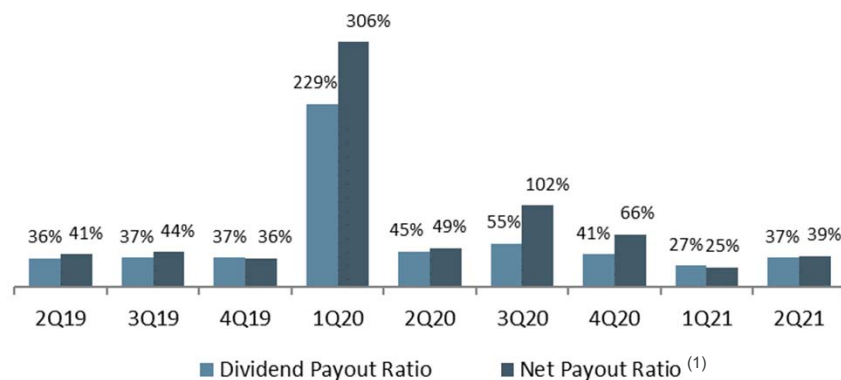
- Provision expense of \$5.4 million increased \$9.8 million from LQ. The primary drivers include:
  - Improved economic forecast offset by strong end-of-period loan growth
  - \$1.2 million increase in unfunded commitments reserve
  - \$3.9 million in net charge-offs
- The allowance for credit losses increased by \$275 thousand to \$97.0 million, or 184% of non-performing loans
- Nonperforming assets of \$53.6 million increased \$1.5 million from LQ
- Total loan deferrals<sup>(2)</sup> declined to \$59.5 million, or 0.88% of total loans, as compared to \$136.6 million, or 2.02% in the previous quarter

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

(2) Deferrals include loans with modified terms classified under Section 4013 of the CARES Act

## CAPITAL RETURN

### Payout Ratios



- Strong capital levels allow us to continue to return capital to shareholders
- Announced \$25 million share repurchase program on January 26, 2021
  - As of July 23, 2021, repurchased 363,891 shares at a weighted average price of \$13.74 under this program
  - \$20 million remaining under the current program
- Increased the quarterly dividend by 4.5% from \$0.11 to \$0.115 per share on April 26, 2021

# APPENDIX

## NON-GAAP MEASURES

Operating Revenue	2Q21	1Q21	4Q20	3Q20	2Q20
Net Interest Income	\$68.2	\$69.4	\$67.5	\$66.3	\$66.7
Tax equivalent adjustment	0.3	0.3	0.3	0.4	0.4
Net Interest Income (FTE)	68.5	69.7	67.8	66.7	67.1
Noninterest Income (Reported)	26.1	27.4	26.6	26.8	21.8
Less: Realized gains / (losses) on securities	0.0	0.0	0.0	0.0	0.0
Less: Derivative mark-to-market	(0.2)	1.4	(0.4)	(0.2)	(0.2)
Total Noninterest Income (Operating)	\$26.3	\$26.0	\$27.0	\$27.0	\$22.0
Total Operating Revenue	\$94.8	\$95.7	\$94.8	\$93.7	\$89.1
Average Assets	9,452	9,130	9,121	9,390	9,044
<b>Operating Revenue / Average Assets (%)</b>	<b>4.01%</b>	<b>4.19%</b>	<b>4.16%</b>	<b>3.99%</b>	<b>3.94%</b>
Operating Expense	2Q21	1Q21	4Q20	3Q20	2Q20
Noninterest Expense	\$51.5	\$51.9	\$54.6	\$58.2	\$52.8
Less: Unfunded commitment reserve	0.0	0.0	0.0	0.5	0.9
Less: Intangible amortization	0.8	0.9	0.9	0.9	0.9
Less: COVID-19	0.2	0.1	0.3	0.1	0.4
Less: Early Retirement	0.0	0.0	0.1	3.3	0.0
Less: Branch Consolidation	0.0	0.0	0.2	2.5	0.0
Less: Merger and acquisition related	0.0	0.0	0.0	0.0	0.0
Total Operating Expense	\$50.5	\$50.9	\$53.1	\$50.9	\$50.6
Average Assets	9,452	9,130	9,121	9,390	9,044
<b>Operating Expense / Average Assets (%)</b>	<b>2.14%</b>	<b>2.23%</b>	<b>2.33%</b>	<b>2.17%</b>	<b>2.24%</b>
<b>Core Efficiency Ratio<sup>(1)</sup></b>	<b>53.2%</b>	<b>53.2%</b>	<b>56.0%</b>	<b>54.3%</b>	<b>56.7%</b>
<b>Core Pre-tax Pre-Provision Net Income (Reported)</b>	<b>\$42.9</b>	<b>\$45.0</b>	<b>\$40.1</b>	<b>\$40.8</b>	<b>\$36.1</b>
Average Diluted Shares Outstanding	96.2	96.2	96.3	98.2	98.1
Core Pre-tax Pre-Provision Net Income per share	\$0.45	\$0.47	\$0.42	\$0.42	\$0.37
Average Assets	\$9,452	\$9,130	\$9,121	\$9,390	\$9,044
Core Pre-tax Pre-Provision Income / Average Assets (%)	1.82%	2.00%	1.75%	1.73%	1.61%

\$ 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	2Q21	1Q21	4Q20	3Q20	2Q20
Net Income (GAAP) (after tax)	\$29.6	\$39.8	\$25.7	\$19.2	\$23.9
Less: Covid-19 related (after tax)	0.2	0.1	0.2	0.1	0.3
Less: Merger and acquisition related (after tax)	0.0	0.0	0.0	0.0	0.0
Less: Early Retirement (after tax)	0.0	0.0	0.1	2.6	0.0
Less: Branch Consolidation (after tax)	0.0	0.0	0.2	2.0	0.0
<b>Core Net Income (Non-GAAP)</b>	<b>\$29.8</b>	<b>\$39.9</b>	<b>\$26.2</b>	<b>\$23.9</b>	<b>\$24.2</b>
Average Diluted Shares Outstanding	96.2	96.2	96.3	98.2	98.1
<b>Core Earnings per Share (Non-GAAP)</b>	<b>\$0.31</b>	<b>\$0.41</b>	<b>\$0.27</b>	<b>\$0.24</b>	<b>\$0.25</b>
<b>Core Return on Average Assets (%)</b>	<b>2Q21</b>	<b>1Q21</b>	<b>4Q20</b>	<b>3Q20</b>	<b>2Q20</b>
Net Income (GAAP)	\$29.6	\$39.8	\$25.7	\$19.2	\$23.9
Less: Covid-19 related (after tax)	0.2	0.1	0.2	0.1	0.3
Less: Merger and acquisition related (after tax)	0.0	0.0	0.0	0.0	0.0
Less: Early Retirement (after tax)	0.0	0.0	0.1	2.6	0.0
Less: Branch Consolidation (after tax)	0.0	0.0	0.2	2.0	0.0
<b>Core Net Income (Non-GAAP)</b>	<b>\$29.8</b>	<b>\$39.9</b>	<b>\$26.1</b>	<b>\$23.9</b>	<b>\$24.2</b>
Average Assets	9,452	9,130	9,121	9,390	9,044
<b>Core Return on Average Assets (Non-GAAP)</b>	<b>1.26%</b>	<b>1.77%</b>	<b>1.14%</b>	<b>1.01%</b>	<b>1.08%</b>
<b>Core Pre-tax Pre-Provision Net Income</b>	<b>\$43.0</b>	<b>\$45.0</b>	<b>\$40.1</b>	<b>\$40.8</b>	<b>\$36.1</b>
<b>Core Pre-tax Pre-Provision Income / Average Assets (%)</b>	<b>1.82%</b>	<b>2.00%</b>	<b>1.75%</b>	<b>1.73%</b>	<b>1.61%</b>

\$ 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 (%)	2Q21	1Q21	4Q20	3Q20	2Q20
Average Equity	\$1,098	\$1,076	\$1,078	\$1,088	\$1,072
Less: Average intangible assets	316	316	317	318	319
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	\$782	\$760	\$761	\$770	\$753
Net Income (GAAP)	\$29.6	\$39.8	\$25.7	\$19.2	\$23.9
Less: Intangible amortization ( <i>after tax</i> )	0.6	0.7	0.7	0.7	0.7
Net Income Adjusted for Intangible Amortization (Non-GAAP)	\$30.2	\$40.5	\$26.4	\$19.9	\$24.6
<b>Return on Average Tangible Common Equity</b>	<b>15.5%</b>	<b>21.6%</b>	<b>13.8%</b>	<b>10.3%</b>	<b>13.1%</b>
Core Return on Average Tangible Common Equity (%)	2Q21	1Q21	4Q20	3Q20	2Q20
Average Equity	\$1,098	\$1,076	\$1,078	\$1,088	\$1,072
Less: Average intangible assets	316	316	317	318	319
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	\$782	\$760	\$761	\$770	\$753
Net Income (GAAP)	\$29.6	\$39.8	\$25.7	\$19.2	\$23.9
Less: Covid-19 related ( <i>after tax</i> )	0.2	0.1	0.2	0.1	0.3
Less: Merger and acquisition related ( <i>after tax</i> )	0.0	0.0	0.0	0.0	0.0
Less: Early Retirement ( <i>after tax</i> )	0.0	0.0	0.1	2.6	0.0
Less: Branch Consolidation ( <i>after tax</i> )	0.0	0.0	0.2	2.0	0.0
Core Net Income (Non-GAAP)	\$29.8	\$39.9	\$26.1	\$23.9	\$24.2
Less: Intangible amortization ( <i>after tax</i> )	0.6	0.7	0.7	0.7	0.7
Core Net Income Adjusted for Intangible Amortization (Non-GAAP)	\$30.4	\$40.6	\$26.8	\$24.6	\$24.9
<b>Core Return on Average Tangible Common Equity</b>	<b>15.6%</b>	<b>21.6%</b>	<b>14.0%</b>	<b>12.7%</b>	<b>13.3%</b>

\$ in millions



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## NON-GAAP MEASURES

<b>Core Net Interest Margin (%)</b>	<b>2Q21</b>	<b>1Q21</b>	<b>4Q20</b>	<b>3Q20</b>	<b>2Q20</b>
Net Interest Income (FTE)	\$68.5	\$69.8	\$67.8	\$66.7	\$67.1
Less: Income from Paycheck Protection Program Loans	(5.5)	(7.9)	(5.4)	(3.8)	(2.7)
Less: Income from excess cash	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
<b>Core Net Interest Income (FTE)</b>	<b>\$62.9</b>	<b>\$61.8</b>	<b>\$62.3</b>	<b>\$62.8</b>	<b>\$64.3</b>
Average Interest Earning Assets	\$8,658	\$8,312	\$8,276	\$8,529	\$8,190
Less: Paycheck Protection Program Loans	(430)	(489)	(548)	(572)	(406)
Less: Excess cash	(352)	(329)	(189)	(336)	(160)
<b>Core Average Interest Earning Assets</b>	<b>\$7,876</b>	<b>\$7,494</b>	<b>\$7,539</b>	<b>\$7,620</b>	<b>\$7,624</b>
<b>Core Net Interest Margin (Non-GAAP)</b>	<b>3.20%</b>	<b>3.34%</b>	<b>3.29%</b>	<b>3.28%</b>	<b>3.39%</b>
<b>Tangible Common Equity / Tangible Assets</b> (Tangible Common Equity Ratio)	<b>2Q21</b>	<b>1Q21</b>	<b>4Q20</b>	<b>3Q20</b>	<b>2Q20</b>
Total Equity	\$1,106	\$1,087	\$1,069	\$1,073	\$1,076
Less: Intangible assets	315	316	317	317	318
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	\$791	\$771	\$752	\$756	\$758
Total Assets	\$9,402	\$9,417	\$9,068	\$9,289	\$9,365
Less: Intangible assets	315	316	317	317	318
Tangible Assets	\$9,087	\$9,101	\$8,751	\$8,972	\$9,047
<b>Tangible Common Equity / Tangible Assets</b>	<b>8.7%</b>	<b>8.5%</b>	<b>8.6%</b>	<b>8.4%</b>	<b>8.4%</b>
Tangible Assets	\$9,087	\$9,101	\$8,751	\$8,972	\$9,047
Paycheck Protection Loans	292	479	479	573	571
Tangible Assets (excl. PPP)	\$8,795	\$8,622	\$8,272	\$8,399	\$8,476
<b>Tangible Common Equity / Tangible Assets (excl. PPP)</b>	<b>9.0%</b>	<b>8.9%</b>	<b>9.1%</b>	<b>9.0%</b>	<b>8.9%</b>

\$ 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.