

NYSE: FCF



2Q 2023 Earnings Release Webcast Presentation
July 26, 2023

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements about First Commonwealth's future plans, strategies and financial performance. These statements can be identified by the fact that they do not relate strictly to historical or current facts and often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Such statements are based on assumptions and involve risks and uncertainties, many of which are beyond our control. Factors that could cause actual results, performance or achievements to differ from those discussed in the forward-looking statements include, but are not limited to:

- *economic, market, liquidity, credit, interest rate, operational and technological risks associated with the Company's business;*
- *future credit quality and performance, including our expectations regarding future loan losses and our allowance for credit losses*
- *the effect of and changes in policies and laws or regulatory agencies, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislation and regulation relating to the banking industry;*
- *management's ability to effectively execute its business plans;*
- *mergers and acquisitions, including costs or difficulties related to the integration of acquired companies;*
- *the possibility that any of the anticipated benefits of acquisitions will not be realized or will not be realized within the expected time period;*
- *the effect of changes in accounting policies and practices;*
- *changes in consumer spending, borrowing and saving and changes in unemployment;*
- *changes in customers' performance and creditworthiness;*
- *the costs and effects of litigation and of unexpected or adverse outcomes in such litigation;*
- *current and future economic and market conditions, including the effects of changes in housing prices, fluctuations in unemployment rates, U.S. fiscal debt, budget and tax matters, geopolitical matters, and any slowdown in global economic growth;*
- *the adverse impact on the U.S. economy, including the markets in which we operate, of the novel coronavirus, which causes the Coronavirus disease 2019 ("COVID-19"), global pandemic, and the impact on the performance of our loan and lease portfolio, the market value of our investment securities, the availability of sources of funding and the demand for our products;*
- *our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;*
- *financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;*
- *the effect of the current interest rate environment or changes in interest rates or in the level or composition of our assets or liabilities on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans held for sale;*
- *the effect of a fall in stock market prices on our brokerage, asset and wealth management businesses;*
- *a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber-attacks;*
- *the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin;*
- *our ability to develop and execute effective business plans and strategies; and*
- *other risks and uncertainties described in the reports that First Commonwealth files with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K.*

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

SECOND QUARTER 2023 HIGHLIGHTS

Highlights

$56.3 million

Core Pre-tax pre-provision income(1)

2.03%

Core PTPP ROAA(1)

1.52%

Reserve coverage ratio

$4.3 billion

Available liquidity

$245.7 million

Excess capital(2)

7.7%

TCE ratio

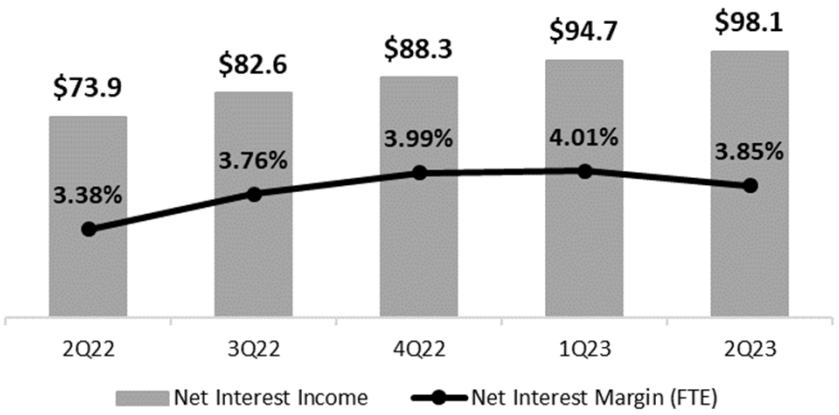
Diversified balance sheet and revenue streams continue to improve the earnings power of the company

- Record net interest income (FTE) of $98.1 million increased $3.5 million from the previous quarter
  - Net interest margin contracted 16bps to 3.85% from the previous quarter
- Total loans grew $148.1 million, or 6.9% annualized from the previous quarter
- Average deposit (excluding acquired deposits) grew $221.4 million, or 10.8% annualized from the previous quarter
- Noninterest income of $24.5 million increased $1.6 million from the previous quarter primarily due to a $0.6 million increase in gain on sale of mortgage loans and higher interchange and service charge revenue
- Core noninterest expense of $64.7 million increased $3.0 million from the previous quarter due primarily to a $1.7 million increase in hospitalization expense
- Tangible book value per share increased $0.11, or 5.3% annualized from the previous quarter

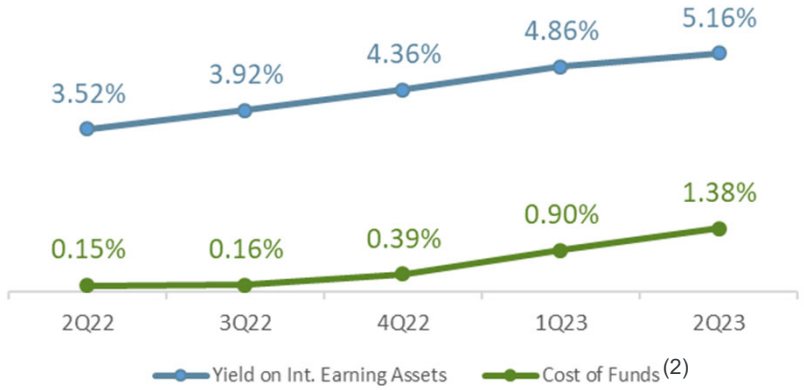
(1) Please refer to the appendix for a reconciliation of non-GAAP measures
(2) Represents excess capital above the bank-level Tier 1 Capital regulatory “well capitalized” requirement of 8.0%

NET INTEREST INCOME AND NET INTEREST MARGIN

Net Interest Income(1)



Yield/Cost Trends(1)



- Net interest income (FTE) of $98.1 million increased by $3.4 million from LQ and $24.2 million YoY
  - $643.2 million increase in average interest earning assets from LQ
    - Includes $604.3 million from the Centric acquisition
- Net interest margin of 3.85% decreased 16bps from LQ and increased 47bps YoY
  - Yield on loans increased 31bps to LQ
  - Cost of deposits was 1.14% in the current quarter compared to 0.72% LQ
  - Cost of funds was 1.38% during the current quarter compared to 0.90% LQ
- Approximately $4.5 billion, or 52%, of the $8.8 billion loan portfolio is variable
  - Average duration of the loan portfolio is 3.7 years

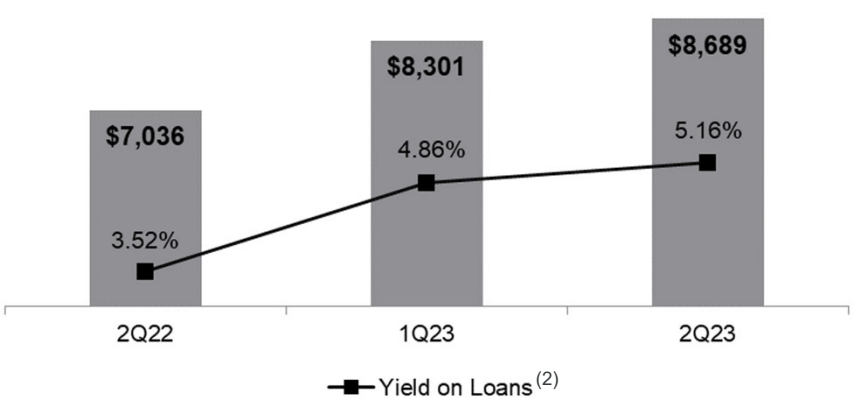
$ in millions

(1) Taxable equivalent

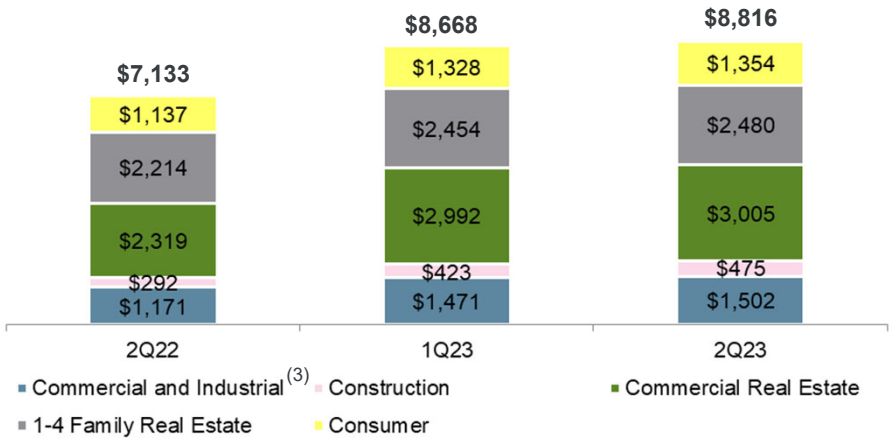
(2) Please refer to the appendix for a reconciliation of non-GAAP measures

LOANS

Average Loans(1)



Period-end Loans(1)



Average

- Average loans increased $387.6 million from LQ and $1,652.8 million YoY
  - Average loan growth excluding Centric totaled $77.2 million, or 3.7% annualized
- $310.4 million average loan growth were acquired from Centric
- The yield on loans increased 31bps from LQ

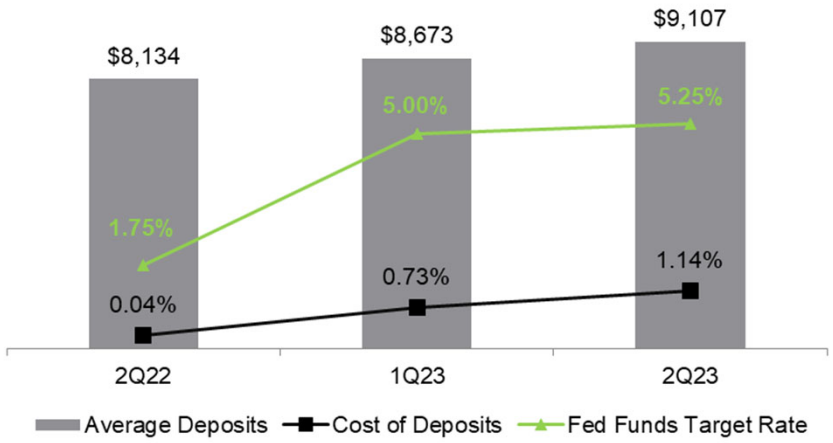
Period-end

- Total loans(1) increased $148.1 million from the previous quarter, or 6.9% annualized
- Commercial construction increased $51.9 million
- Mortgage loans increased $50.7 million
- Equipment finance loans grew $44.9 million
- Indirect auto loans grew $27.7 million

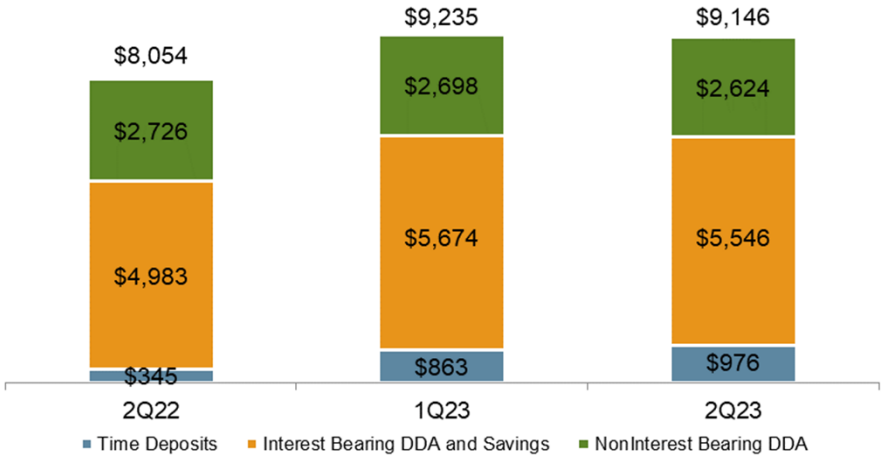
$ in millions
(1) Includes loans held for sale
(2) Taxable equivalent yield
(3) Includes $154, $109 million and $21 million Equipment Finance Loans in 2Q23, 1Q23 and 2Q22, respectively

DEPOSITS

Average Deposits



Period-end Deposits



$ in millions

Average

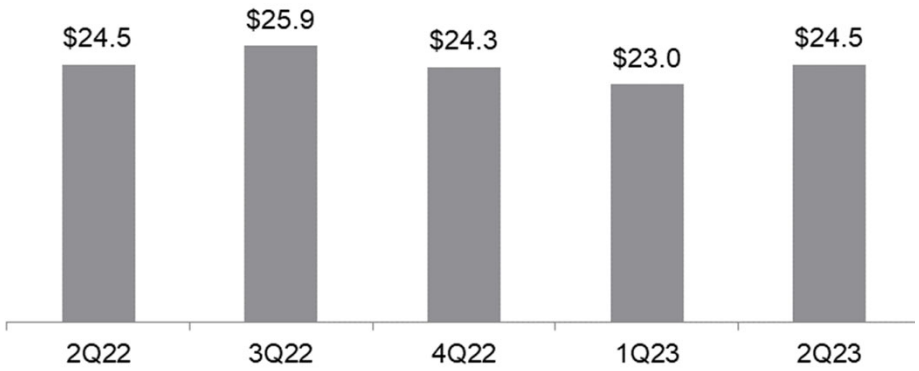
- Average deposits (excluding acquired deposits) increased $221.4 million, or 10.8% annualized, from LQ
- Average acquired deposits totaled $695.9 million
- Average interest-bearing demand and savings deposits (excluding acquired deposits) grew $156.2 million and average time deposits grew $200.5 million (excluding acquired deposits), partially offset by a $137.6 million decrease in noninterest-bearing deposits
- The total cost of deposits increased 41bps from LQ

Period-end

- Total period-end deposits decreased $88.7 million, or 3.9% annualized from LQ
- Noninterest-bearing deposits currently comprise 28.7% of total deposits

NONINTEREST INCOME

	2Q23	1Q23	2Q22	Change from 1Q23	Change from 2Q22
Interchange	$7.4	$6.8	$7.1	*$0.6*	*$0.3*
Service charges	5.3	4.9	4.9	*0.4*	*0.4*
Trust	2.5	2.5	2.6	*0.0*	*(0.1)*
Retail brokerage	1.2	1.5	1.4	*(0.3)*	*(0.2)*
Insurance	1.1	1.1	1.1	*0.0*	*0.0*
BOLI	1.2	1.2	1.4	*0.0*	*(0.2)*
Gain on sale of mortgage loans	1.3	0.7	1.6	*0.6*	*(0.3)*
Gain on sale of SBA loans	1.8	2.0	0.8	*(0.2)*	*1.0*
Gain on sale of Assets	0.1	0.1	0.3	*0.0*	*(0.2)*
SWAP fees	0.3	0.2	1.2	*0.1*	*(0.9)*
Other fees	2.2	2.1	2.1	*0.1*	*0.1*
Total fee income	**$24.4**	**$23.1**	**$24.5**	***$1.3***	***($0.1)***
Gain on sale of securities	0.0	0.0	0.0	*0.0*	*0.0*
Derivative mark-to-market	0.1	(0.1)	0.0	*0.2*	*0.1*
Total noninterest income	**$24.5**	**$23.0**	**$24.5**	***$1.5***	***$0.0***

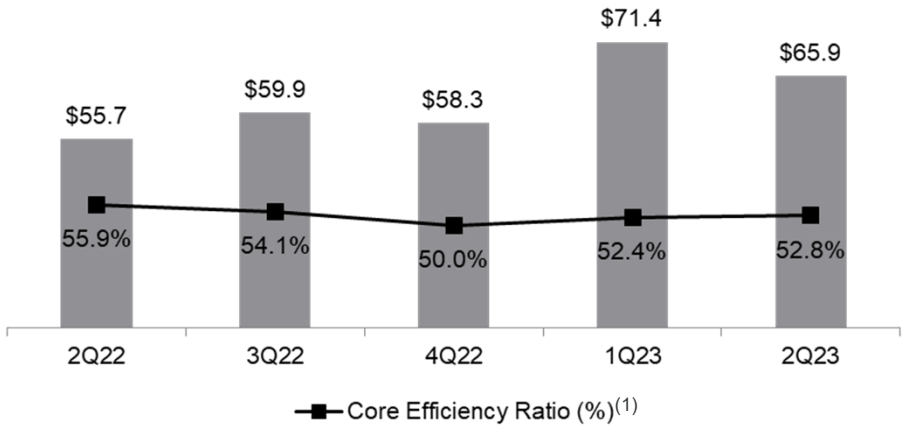


- Total noninterest income increased $1.5 million from LQ and was relatively flat YoY
- Swap fee income increased $0.1 million from LQ but decreased $0.9 million YoY
- Gain on sale of mortgage loans increased $0.6 million from LQ and decreased $0.3 million YoY
  - 1Q23 mortgage originations of $86.2 million increased $22.9 million from LQ and decreased $59.4 million YoY
- Fee income represented 20.0% of total operating revenue(1)

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

NONINTEREST EXPENSE

	2Q23	1Q23	2Q22	Change from 1Q23	Change from 2Q22
Salaries and benefits	$36.7	$34.3	$31.0	*$2.4*	*$5.7*
Occupancy	4.8	5.0	4.2	*(0.2)*	*0.6*
Furniture and equipment	4.3	4.2	3.9	*0.1*	*0.4*
PA shares tax	1.2	1.3	1.4	*(0.1)*	*(0.2)*
Data processing	3.8	3.4	3.5	*0.4*	*0.3*
Professional fees	1.2	1.6	1.2	*(0.4)*	*0.0*
FDIC insurance	1.3	1.4	0.7	*(0.1)*	*0.6*
Operational losses	0.9	0.7	0.6	*0.2*	*0.3*
Loss on sale or write-down of assets	0.0	0.0	0.1	*0.0*	*(0.1)*
Other operating expenses	10.5	9.8	8.4	*0.7*	*2.1*
Total operating expense	**$64.7**	**$61.7**	**$55.0**	***$3.0***	***$9.7***
Intangible amortization	1.3	1.2	0.9	*0.1*	*0.4*
Merger Expenses	(0.1)	8.5	0.0	*(8.6)*	*(0.1)*
Branch Consolidation	0.0	0.0	(0.2)	*0.0*	*0.2*
Total noninterest expense	**$65.9**	**$71.4**	**$55.7**	***($5.5)***	***$10.2***

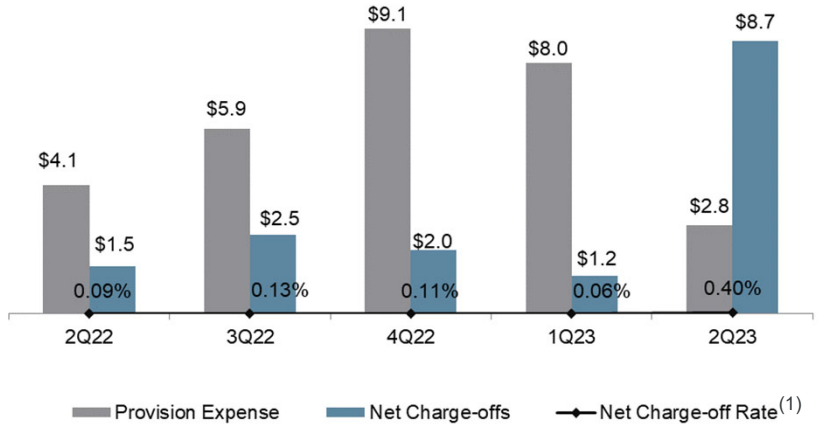


- Total noninterest expense decreased $5.5 million from LQ and increased $10.2 million YoY, while total operating expense increased $3.0 million
- Merger expenses decreased $8.6 million from LQ
- Salaries and benefits increased $2.4 million from LQ and increased $5.7 million YoY due to a $1.7 million increase in hospitalization expense and a $0.7 million increase in incentives
- Other operating expense increased $0.7 million due to a one-time deposit customer mailing with resulted in a $0.5 million expense
- Intangible amortization increased $0.1 million from LQ and $0.4 million YoY
- FTEs of 1,483 decreased 53 from LQ

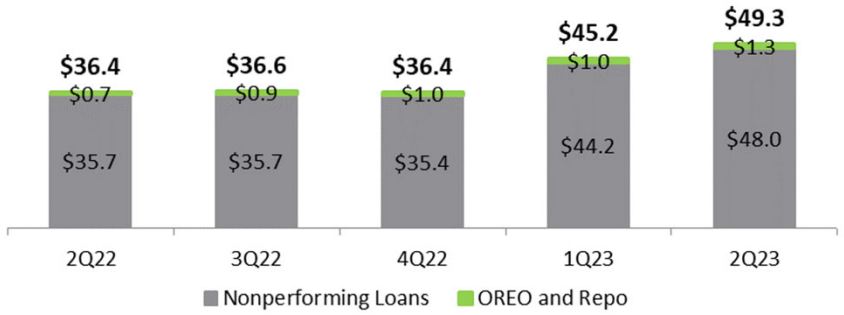
(1) Please refer to the appendix for disclosures regarding non-GAAP measures

CREDIT QUALITY

Provision Expense and Net Charge-offs



Nonperforming Assets

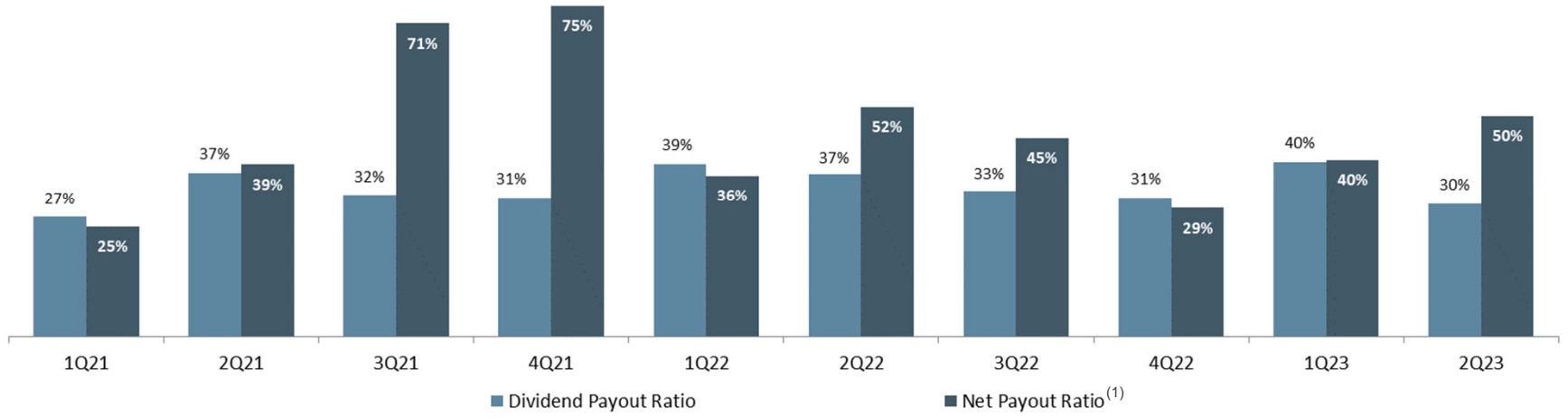


- Provision expense of $2.8 million decreased $5.2 million from LQ and decreased $1.3 million YoY
  - Previous quarter included $10.7 million of Day-1 non-PCD provision due to Centric acquisition
  - Reserve increase for the non-acquired portfolio was the result of loan growth and the quantitative forecast
  - The allowance for credit losses as a percentage of end-of-period loans was 1.52%, which is a decrease of 3bps from LQ
- Nonperforming loans of $48.0 million increased $3.8 million from LQ and increased $12.3 million YoY, primarily as the result of acquired NPLs

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

CAPITAL RETURN

Payout Ratios



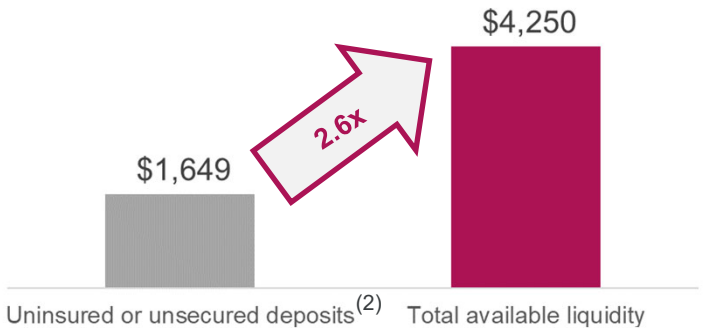
- Strong capital levels allow us to continue to return capital to shareholders
- On April 24, 2023, the Board of Directors authorized a 4.2% increase in the quarterly cash dividend to shareholders
- There were 766,393 shares repurchased at a weighted average price of $11.92 in 2Q 2023; remaining capacity under the current program was $21.1 million as of June 30, 2023

(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

ADDITIONAL AREAS OF FOCUS

SOURCES OF LIQUIDITY

As of March 31, 2023	Total Available	Amount Used	Net Availability
Internal Sources:			
Unencumbered Securities	$594.2	$0	$594.2
Other (Excess Pledged)	$34.2	$0	$34.2
External Sources:			
FHLB	$2,432.2	$1,153.8	$1,278.4
Federal Reserve	$1,071.0	$0	$1,071.0
Brokered Deposits	$1,128.9	$16.7(1)	$1,112.2
Other (Repo Lines)	$160.0	$0	$160.0
Total Liquidity	$5,420.5	$1,170.5	$4,250.0



(1) Acquired from Centric

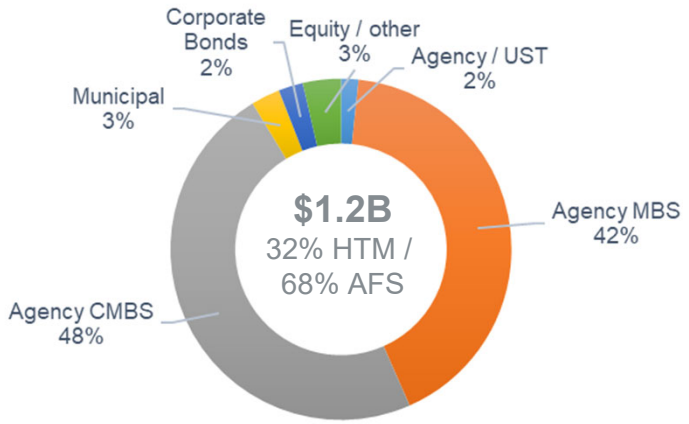
(2) Includes intercompany deposits of $158 million based on the FDIC's revised instructions for reporting uninsured deposits on July 24, 2023

$ in millions

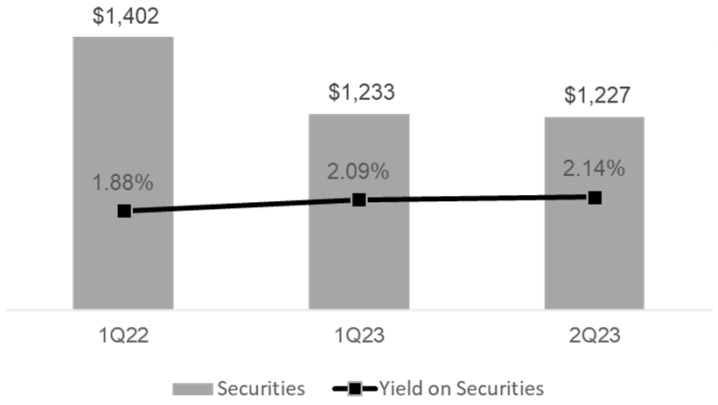
INVESTMENT SECURITIES PORTFOLIO

- Conservative investment portfolio intended to act as a pool of liquidity
  - LTM securities runoff has been redeployed into higher yielding loans
  - $25 million in securities were purchased in 2Q23
- Weighted average duration of approximately 6 years, offsetting shorter duration loan portfolio and long duration core deposits
- Approximately 50% is unencumbered and available to be either sold or pledged
- Low credit risk; over 90% of portfolio consists of agency MBS and CMBS
- **Average securities to total interest-earning assets of 12%**
- Loans/Deposits + HTM securities was 92% at June 30, 2023
- **AOCI/Tangible common equity was 16.3% at June 30, 2023**

Securities Portfolio Composition(1)



Average Securities



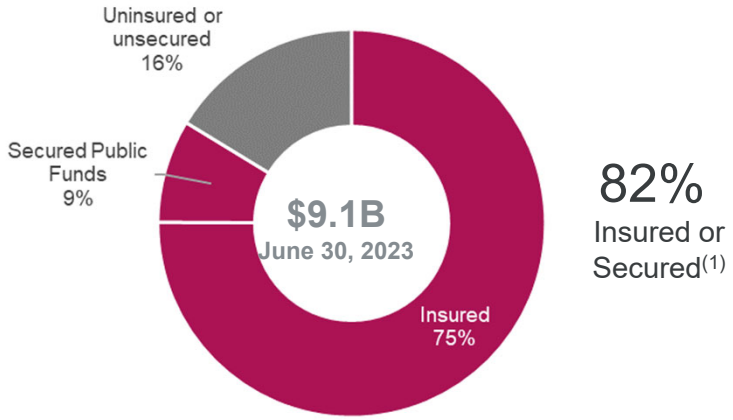
(1) EOP balances, includes AFS, the unrealized AFS loss and HTM securities as of June 30, 2023
$ in millions

GRANULAR CORE DEPOSIT FRANCHISE

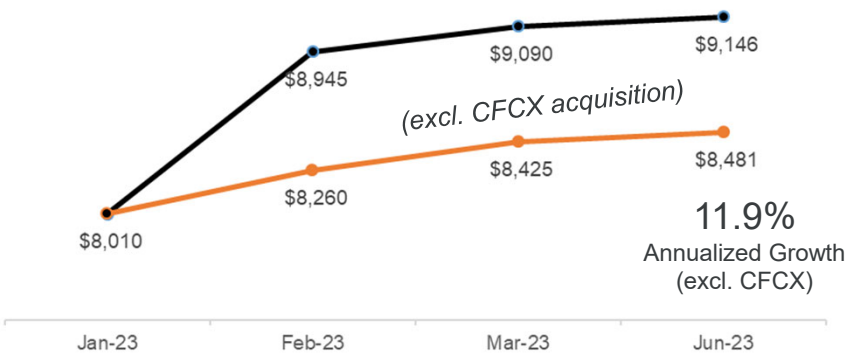
- Strong, granular, well-diversified depository
  - No single private sector industry accounts for more than 3% of total deposits
  - Average deposit account size ~$18,000
    - Average retail account size ~$11,000
    - Average business account size ~$70,000
  - Average age of deposit account relationships is 12.6 years
  - 82% of deposits were insured or secured at June 30, 2023(1)

- Mix shift into interest-bearing and FDIC insured sweep accounts continued during the quarter, combined with strong organic growth
  - Specials have been competitive and primarily at shorter terms (<18 months)
  - Approximately 50% of every dollar from promotional rate specials was new money in 1H23

Insured Deposits



Monthly Average Deposit Trends



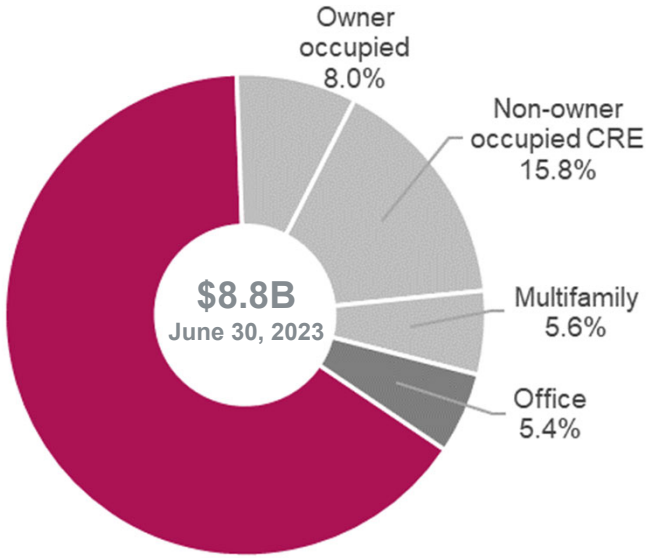
(1) Includes intercompany deposits of $158 million based on the FDIC's revised instructions for reporting uninsured deposits on July 24, 2023

EOP balances, unless noted as of June 30, 2023

$ in millions

CRE PORTFOLIO

Total Loans



Commercial Real Estate Portfolio

		2Q 2023	% of total loans
Owner-occupied CRE	$	693.3	8.0%
Multifamily		486.3	5.6%
Retail		569.2	6.6%
Office		470.4	5.4%
Office - Medical		50.2	0.6%
Hospitality		224.3	2.6%
Industrial Distribution Warehouse RE		137.1	1.6%
Healthcare Facilities		103.4	1.2%
Other		270.9	3.1%
Total	$	3,005.0	34.7%

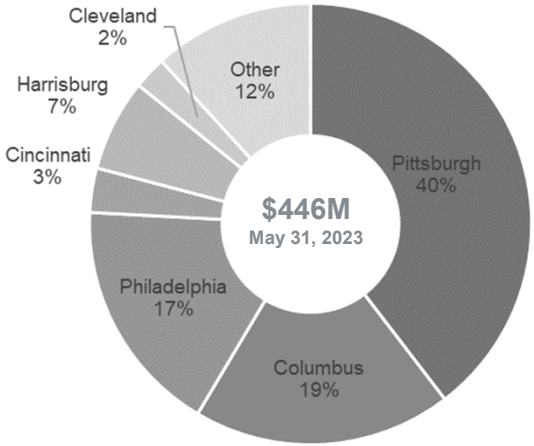
- Granular portfolios with well-reasoned hold level
- Tight, stable geographic footprint in familiar markets:
  - Pittsburgh
  - Columbus
  - Cincinnati
  - Cleveland
  - Eastern PA
- Strong credit metrics:
  - Low CRE delinquencies
  - Well reserved
- Loans >$1 million formally reviewed annually

EOP balances as of June 30, 2023
$ in millions

CRE PORTFOLIO: OFFICE

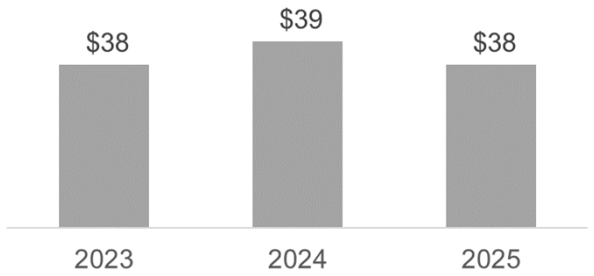
- Annual Industry Studies: Analyze key credit metrics for each CRE portfolio
- Review of office credits >$1 million (86% of office portfolio balances)
  - Average commitment size $4.8 million
  - Approximately $97 million of Office commitments are scheduled to mature in the next 24 months
  - Approximately 73% of portfolio are recourse
  - Stable credit metrics and stable markets

Geographic Breakdown(1)



	Commitment	Balance	Average: Commitment	Vacancy	Rent/SF	DSCR	Cap Rate	LTV
	$	$	$	%	$	x	%	%
Class A	$ 249.9	$ 246.3	$ 7.8	18%	$17.95	1.54	8%	64%
Non-Class A	157.3	155.8	3.8	14%	16.68	1.77	9%	55%
Medical	43.4	43.4	2.7	4%	19.50	1.50	8%	66%
Total	**$ 450.6**	**$ 445.5**	**$ 4.8**	**14%**	**$17.57**	**1.64**	**8%**	**62%**

Loan Commitment Maturity(1)



(1) Balances used in the recent industry study are as of May 31, 2023; IRE Office portfolio excludes owner-occupied office properties and commitments <$1 million
$ in millions

APPENDIX

NON-GAAP MEASURES

Operating Revenue	2Q23	1Q23	4Q22	3Q22	2Q22
Net Interest Income	$97.8	$94.4	$88.0	$82.4	$73.7
Tax equivalent adjustment	0.3	0.3	0.3	0.2	0.2
Net Interest Income (FTE)	98.1	94.7	88.3	82.6	73.9
Noninterest Income (Reported)	24.6	23.0	24.3	25.9	24.5
Less: Realized gains / (losses) on securities	0.0	0.0	0.0	0.0	0.0
Less: Derivative mark-to-market	0.1	0.0	0.0	0.0	0.0
Total Noninterest Income (Operating)	$24.5	$23.0	$24.3	$25.9	$24.5
Total Operating Revenue	$122.6	$117.7	$112.6	$108.5	$98.4
Average Assets	11,157	10,489	9,641	9,534	9,600
Operating Revenue / Average Assets (%)	**4.40%**	**4.49%**	**4.67%**	**4.55%**	**4.10%**

Operating Expense	2Q23	1Q23	4Q22	3Q22	2Q22
Noninterest Expense	$65.9	$71.4	$58.3	$59.9	$55.7
Less: Intangible amortization	1.3	1.2	0.7	0.7	0.9
Less: COVID-19	0.0	0.0	0.0	0.0	0.1
Less: Branch Consolidation	0.0	0.0	0.0	0.0	(0.2)
Less: Merger and acquisition related	(0.1)	8.5	1.3	0.5	0.0
Total Operating Expense	$64.7	$61.7	$56.3	$58.7	$54.9
Average Assets	11,157	10,489	9,641	9,534	9,600
Operating Expense / Average Assets (%)	**2.32%**	**2.35%**	**2.34%**	**2.46%**	**2.29%**
Core Efficiency Ratio[(1)]	**52.8%**	**52.4%**	**50.0%**	**54.1%**	**55.9%**
Core Pre-tax Pre-Provision Net Income (Reported)	**$56.3**	**$54.5**	**$55.3**	**$48.9**	**$42.4**
Average Diluted Shares Outstanding	102.8	99.8	93.5	93.5	94.2
Core Pre-tax Pre-Provision Net Income per share	$0.55	$0.55	$0.59	$0.52	$0.45
Average Assets	$11,157	$10,489	$9,641	$9,534	$9,600
Core Pre-tax Pre-Provision Income / Average Assets (%)	2.02%	2.11%	2.28%	2.03%	1.77%

$ in millions

(1) Core Efficiency Ratio is calculated as Operating Expense as a percentage of Operating Revenue

First Commonwealth

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	2Q23	1Q23	4Q22	3Q22	2Q22
Net Income (GAAP) *(after tax)*	$42.8	$30.2	$35.7	$34.0	$30.8
Less: Covid-19 related *(after tax)*	0.0	0.0	0.0	0.0	0.0
Less: Merger and acquisition related *(after tax)*	(0.1)	6.8	1.0	0.4	0.0
Less: Provision - Acquisitions Day 1 Non-PCD *(after tax)*	0.0	8.4	0.0	0.0	0.0
Less: Branch Consolidation *(after tax)*	0.0	0.0	0.0	0.0	(0.2)
Core Net Income (Non-GAAP)	**$42.7**	**$45.4**	**$36.7**	**$34.4**	**$30.6**
Average Diluted Shares Outstanding	102.8	99.8	93.5	93.5	94.2
Core Earnings per Share (Non-GAAP)	**$0.41**	**$0.45**	**$0.39**	**$0.37**	**$0.33**

Core Return on Average Assets (%)	2Q23	1Q23	4Q22	3Q22	2Q22
Net Income (GAAP)	$42.8	$30.2	$35.7	$34.0	$30.8
Less: Covid-19 related (after tax)	0.0	0.0	0.0	0.0	0.0
Less: Merger and acquisition related *(after tax)*	(0.1)	6.8	1.0	0.4	0.0
Less: Provision - Acquisitions Day 1 Non-PCD *(after tax)*	0.0	8.4	0.0	0.0	0.0
Less: Branch Consolidation *(after tax)*	0.0	0.0	0.0	0.0	(0.2)
Core Net Income (Non-GAAP)	**$42.7**	**$45.4**	**$36.7**	**$34.4**	**$30.6**
Average Assets	11,157	10,489	9,641	9,534	9,600
Core Return on Average Assets (Non-GAAP)	**1.54%**	**1.75%**	**1.51%**	**1.43%**	**1.28%**
Core Pre-tax Pre-Provision Net Income	**$56.3**	**$54.5**	**$55.3**	**$48.9**	**$42.4**
Core Pre-tax Pre-Provision Income / Average Assets (%)	**2.05%**	**2.11%**	**2.28%**	**2.03%**	**1.77%**

$ in millions, except per share data

Note: Management believes that it is standard practice in the banking industry to present these non-GAAP measures. These measures provide useful information to management and investors by allowing them to make peer comparisons.

NON-GAAP MEASURES

Tangible Common Equity / Tangible Assets (Tangible Common Equity Ratio)	2Q23	1Q23	4Q22	3Q22	2Q22
Total Equity	$1,232	$1,225	$1,052	$1,023	$1,049
Less: Intangible assets	388	386	313	313	313
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$844	$839	$739	$710	$736
Total Assets	$11,319	$11,114	$9,806	$9,579	$9,526
Less: Intangible assets	388	386	313	313	313
Tangible Assets	$10,931	$10,728	$9,493	$9,266	$9,213
Tangible Common Equity / Tangible Assets	**7.7%**	**7.8%**	**7.8%**	**7.7%**	**8.0%**
Tangible Common Equity	$844	$839	$739	$710	$736
Less: Accumulated Other Comprehensive Income (AOCI)	(139)	(125)	(138)	(143)	(97)
Tangible Common Equity (excl. AOCI)	$983	$964	$877	$853	$833
Tangible Common Equity / Tangible Assets (excl. AOCI)	**9.0%**	**9.0%**	**9.2%**	**9.2%**	**9.0%**

Return on Average Tangible Common Equity (%)	2Q23	1Q23	4Q22	3Q22	2Q22
Average Equity	$1,235	$1,161	$1,041	$1,063	$1,064
Less: Average intangible assets	386	359	312	314	314
Less: Average preferred stock	0	0	0	0	0
Average Tangible Common Equity	$849	$802	$729	$749	$750
Net Income (GAAP)	$42.8	$30.2	$35.7	$34.0	$30.8
Less: Intangible amortization *(after tax)*	1.0	0.9	0.6	0.6	0.7
Net Income Adjusted for Intangible Amortization (Non-GAAP)	$43.8	$31.1	$36.3	$34.6	$31.5
Return on Average Tangible Common Equity	**20.8%**	**15.8%**	**19.8%**	**18.3%**	**16.8%**

$ 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)

	2Q23	1Q23	4Q22	3Q22	2Q22
Total Equity	$1,232	$1,225	$1,052	$1,023	$1,049
Less: Intangible assets	388	386	313	313	313
Less: Preferred stock	0	0	0	0	0
Tangible Common Equity	$844	$839	$739	$710	$736
Total Assets	$11,319	$11,114	$9,806	$9,579	$9,526
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Tangible Common Equity (excl. AOCI)	$983	$964	$877	$853	$833
Tangible Common Equity / Tangible Assets (excl. AOCI)	**9.0%**	**9.0%**	**9.2%**	**9.2%**	**9.0%**

$ 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.