

FIRST COMMONWEALTH FINANCIAL CORP /PA/

Form 10-Q

May 08, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2008

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 001-11138

First Commonwealth Financial Corporation

(Exact name of registrant as specified in its charter)

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Pennsylvania
(State or other jurisdiction of

25-1428528
(I.R.S. Employer

incorporation or organization)

Identification No.)

22 North Sixth Street, Indiana, PA
(Address of principal executive offices)

15701
(Zip Code)

724-349-7220

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Smaller reporting company Non-accelerated filer (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes No .

The number of shares outstanding of issuer's common stock, \$1.00 Par Value as of April 29, 2008 was 73,186,647.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Unaudited)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	March 31, 2008	December 31, 2007
	(dollars in thousands,	
	except share data)	
Assets		
Cash and due from banks	\$ 92,554	\$ 100,791
Interest-bearing bank deposits	219	1,719
Securities available for sale, at fair value	1,623,788	1,574,217
Securities held to maturity, at amortized cost, (Fair value \$67,451 in 2008 and \$72,928 in 2007)	65,935	71,497
Loans:		
Portfolio loans	3,893,202	3,697,843
Unearned income	(19)	(24)
Allowance for credit losses	(41,613)	(42,396)
Net loans	3,851,570	3,655,423
Premises and equipment, net	69,191	69,487
Other real estate owned	3,280	2,172
Goodwill	159,956	159,956
Amortizing intangibles, net	12,609	13,441
Other assets	239,877	234,915
Total assets	\$ 6,118,979	\$ 5,883,618
Liabilities		
Deposits (all domestic):		
Noninterest-bearing	\$ 542,331	\$ 523,203
Interest-bearing	3,778,337	3,824,016
Total deposits	4,320,668	4,347,219
Short-term borrowings	642,869	354,201
Other liabilities	48,259	65,464
Subordinated debentures	105,750	105,750
Other long-term debt	426,955	442,196
Total long-term debt	532,705	547,946
Total liabilities	5,544,501	5,314,830
Shareholders Equity		
Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued	-0-	-0-
Common stock, \$1 par value per share, 100,000,000 shares authorized; 75,100,431 shares issued and 73,161,726 shares outstanding in 2008; 75,100,431 shares issued and 73,128,612 shares outstanding in 2007	75,100	75,100
Additional paid-in capital	206,498	206,889
Retained earnings	317,058	319,246

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Accumulated other comprehensive income (loss), net	7,215	(147)
Treasury stock (1,938,705 and 1,971,819 shares at March 31, 2008 and December 31, 2007, respectively, at cost)	(22,293)	(22,700)
Unearned ESOP shares	(9,100)	(9,600)
Total shareholders' equity	574,478	568,788
Total liabilities and shareholders' equity	\$ 6,118,979	\$ 5,883,618

The accompanying notes are an integral part of these consolidated financial statements.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Unaudited)

CONSOLIDATED STATEMENTS OF INCOME

	For the Quarter Ended March 31,	
	2008	2007
	(dollars in thousands, except share data)	
Interest Income		
Interest and fees on loans	\$ 62,067	\$ 63,913
Interest and dividends on investments:		
Taxable interest	15,531	16,145
Interest exempt from Federal income taxes	3,595	3,371
Dividends	609	733
Interest on Federal funds sold	0	24
Interest on bank deposits	5	11
Total interest income	81,807	84,197
Interest Expense		
Interest on deposits	31,033	31,585
Interest on short-term borrowings	3,705	4,946
Interest on subordinated debentures	1,911	2,117
Interest on other long-term debt	4,074	4,298
Total interest on long-term debt	5,985	6,415
Total interest expense	40,723	42,946
Net Interest Income	41,084	41,251
Provision for credit losses	3,179	2,979
Net Interest Income after Provision for Credit Losses	37,905	38,272
Non-Interest Income		
Net securities gains	501	605
Trust income	1,532	1,418
Service charges on deposit accounts	4,425	4,165
Insurance commissions	1,277	730
Income from bank owned life insurance	1,487	1,490
Card related interchange income	1,753	1,485
Other income	2,481	1,533
Total non-interest income	13,456	11,426
Non-Interest Expense		
Salaries and employee benefits	20,330	20,284
Net occupancy expense	3,907	3,353
Furniture and equipment expense	3,078	2,717
Advertising expense	628	1,095
Data processing expense	1,051	954
Pennsylvania shares tax expense	1,271	1,469
Intangible amortization	831	870
Other expenses	7,760	7,027

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Total non-interest expense	38,856	37,769
Income before income taxes	12,505	11,929
Provision for income taxes	1,384	1,034
Net Income	\$ 11,121	\$ 10,895
Average Shares Outstanding	72,452,875	73,113,823
Average Shares Outstanding Assuming Dilution	72,559,668	73,370,678
Per Share Data:		
Basic Earnings per Share	\$ 0.15	\$ 0.15
Diluted Earnings per Share	\$ 0.15	\$ 0.15
Cash Dividends Declared per Common Share	\$ 0.17	\$ 0.17

The accompanying notes are an integral part of these consolidated financial statements.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(Unaudited)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(dollars in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), net	Treasury Stock	Unearned ESOP Shares	Total Shareholders Equity
Balance at December 31, 2007	\$ 75,100	\$ 206,889	\$ 319,246	\$ (147)	\$ (22,700)	\$ (9,600)	\$ 568,788
Cumulative effect from adoption of EITF Issue No. 06-4 (net of tax)	-0-	-0-	(984)	-0-	-0-	-0-	(984)
Balance at January 1, 2008	75,100	206,889	318,262	(147)	(22,700)	(9,600)	567,804
Comprehensive income							
Net income	-0-	-0-	11,121	-0-	-0-	-0-	11,121
Other comprehensive							
income, net of tax:							
Unrealized holding							
gains on securities							
arising during the							
period	-0-	-0-	-0-	7,688	-0-	-0-	7,688
Less: reclassification							
adjustment for							
gains on securities							
included in net income	-0-	-0-	-0-	(326)	-0-	-0-	(326)
Total other comprehensive income							7,362
Total comprehensive income							18,483
Cash dividends declared	-0-	-0-	(12,325)	-0-	-0-	-0-	(12,325)
Net decrease in unearned ESOP shares	-0-	-0-	-0-	-0-	-0-	500	500
Discount on dividend reinvestment plan purchases	-0-	(226)	-0-	-0-	-0-	-0-	(226)
Treasury stock reissued	-0-	(165)	-0-	-0-	375	-0-	210
Restricted stock	-0-	-0-	-0-	-0-	32	-0-	32