FIRST COMMONWEALTH FINANCIAL CORP /PA/ Form 10-Q May 08, 2008 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x 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 x 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 x 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 x.

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

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

FORM 10-Q

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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

Test (a)		March 31, 2008 December 31, 2007 (dollars in thousands, except share data)		
Cash and due from banks \$ 92.554 \$ 100.791 Interest-bearing bank deposits 219 1.719 Securities seld to maturity, at amortized cost, (Fair value \$67,451 in 2008 and \$72.928 in 2007) 65.935 71.497 Loans: Fortfolio loans 3.893,202 3.697,843 Unearned income (19) (24) Allowance for credit losses (19) (24) Net loans 3,851,570 3,655,423 Premises and equipment, net 69,191 69,487 Other read estate owned 3,280 2,172 Goodwill 159,956 159,956 Amortizing intangibles, net 12,609 13,441 Other assets \$ 6,118,979 \$ 5,883,618 Expensits (all domestic): Total assets \$ 6,118,979 \$ 5,883,618 Expensits (all domestic): Nonincrest-bearing \$ 42,233 \$ 5,232,03 Interest-bearing \$ 42,235 \$ 5,883,618 Total deposites 4,320,668 4,347,219 Short-term bor	Assets			
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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): Total deposits \$ 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, 275,100,431 shares issued and 73,161,726 shares outstanding in 2008; 75,100,431 shares issued and 73,12	Net loans	3,851,570		3,655,423
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 \$42,331 \$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	Premises and equipment, net	69,191		69,487
Goodwill 159,956 159,956 Amortizing intangibles, net 12,609 13,441 Other assets 239,877 234,915 Total assets \$6,118,979 \$,883,618 Exposits (all domestic): Noninterest-bearing \$542,331 \$23,203 Interest-bearing \$542,331 \$23,203 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 352,705 547,946 Total long-term debt 532,705 547,946 Total libilities 5,544,501 5,314,830 Shareholders Equity Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued and 73,161,726 shares outstanding in 2007 75,100 75,100 Additional paid-in capital 206,498 206,888				
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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 105,750 105,750 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 and 73,161,726 shares outstanding in 2008; 75,100,0431 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		239,877		234,915
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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 75,100 75,100 Additional paid-in capital 206,498 206,889				3,824,016
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 75,100 75,100 Additional paid-in capital 206,498 206,889				
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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 Freferred 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 75,100 75,100 Additional paid-in capital 206,498 206,889				
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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 75,100 75,100 Additional paid-in capital 206,498 206,889	Cultural in the distributions	105 750		105 750
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Shareholders Equity Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued 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 Additional paid-in capital 75,100 75,100 76,889	Total long-term debt	532,705		547,946
Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued 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 Additional paid-in capital -0- -5,100,431 shares issued 75,100,431 shares 75,100 75,100 75,100	Total liabilities	5,544,501		5,314,830
Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued 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 Additional paid-in capital -05,100,431 shares issued 75,100,431 shares issued 75,100 75,100 206,498				
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outstanding in 2007 75,100 75,100 Additional paid-in capital 206,498 206,889				
Additional paid-in capital 206,498 206,889		75,100		75,100

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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		
1 ,	,		,		
Total liabilities and shareholders equity	\$ 6,118,979	\$	5,883,618		
Total nationales and shareholders equity	Ψ 0,110,272	Ψ	3,003,010		

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

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		
		ds, except share data)		
Interest Income	(2011112 211 211 211 211 211 211 211 211	,, r,		
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		
Total interest income	01,007	04,177		
Interest Expense	24.022	24 505		
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		
	.,	-,		
T (1' () 1 () 11(5.005	C 415		
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		
	2, 11	,		
Net Interest Income after Provision for Credit Losses	37,905	38,272		
Net interest income after Provision for Credit Losses	37,903	36,272		
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		
	7,700	1,021		

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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	2,452,875	73,113,823
Average Shares Outstanding Assuming Dilution	72	2,559,668	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.

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