

FIRST COMMONWEALTH FINANCIAL CORP /PA/
Form 10-Q
August 06, 2007
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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 June 30, 2007

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)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

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

724-349-7220

25-1428528
(I.R.S. Employer
Identification No.)

15701
(Zip Code)

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(Registrant's telephone number, including area code)

N/A

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

Indicate 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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 July 31, 2007 was 73,550,885.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Unaudited)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	June 30, 2007	December 31, 2006
	(dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$ 92,407	\$ 95,134
Interest-bearing bank deposits	1,310	985
Securities available for sale, at market value	1,451,019	1,644,690
Securities held to maturity, at amortized cost, (Market value \$77,053 in 2007 and \$80,156 in 2006)	76,366	78,501
Loans:		
Portfolio loans	3,674,725	3,783,874
Unearned income	(37)	(57)
Allowance for credit losses	(43,968)	(42,648)
Net loans	3,630,720	3,741,169
Premises and equipment, net	70,567	68,901
Other real estate owned	1,241	1,507
Goodwill	160,755	160,366
Amortizing intangibles, net	15,129	16,869
Other assets	235,674	235,794
Total assets	\$ 5,735,188	\$ 6,043,916
Liabilities		
Deposits (all domestic):		
Noninterest-bearing	\$ 530,063	\$ 522,451
Interest-bearing	3,877,708	3,803,989
Total deposits	4,407,771	4,326,440
Short-term borrowings	147,346	500,014
Other liabilities	43,807	52,681
Subordinated debentures	108,250	108,250
Other long-term debt	467,856	485,170
Total long-term debt	576,106	593,420
Total liabilities	5,175,030	5,472,555
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 73,790,885 shares outstanding in 2007; 75,100,431 shares issued and 73,916,377 shares outstanding in 2006	75,100	75,100
Additional paid-in capital	207,553	208,313
Retained earnings	319,677	322,415
Accumulated other comprehensive loss, net	(15,417)	(7,914)

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Treasury stock (1,309,546 and 1,184,054 shares at June 30, 2007 and December 31, 2006, respectively, at cost)	(16,155)	(14,953)
Unearned ESOP shares	(10,600)	(11,600)
Total shareholders' equity	560,158	571,361
Total liabilities and shareholders' equity	\$ 5,735,188	\$ 6,043,916

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 June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
(dollars in thousands, except share data)				
Interest Income				
Interest and fees on loans	\$ 62,813	\$ 60,487	\$ 126,726	\$ 118,801
Interest and dividends on investments:				
Taxable interest	14,889	17,166	31,034	34,751
Interest exempt from Federal income taxes	3,427	3,230	6,798	6,449
Dividends	720	787	1,453	1,390
Interest on Federal funds sold	2	13	26	59
Interest on bank deposits	10	10	21	24
Total interest income	81,861	81,693	166,058	161,474
Interest Expense				
Interest on deposits	32,872	25,182	64,457	48,566
Interest on short-term borrowings	2,700	6,622	7,646	12,986
Interest on subordinated debentures	2,123	2,097	4,240	4,151
Interest on other long-term debt	4,327	6,499	8,625	13,031
Total interest on long-term debt	6,450	8,596	12,865	17,182
Total interest expense	42,022	40,400	84,968	78,734
Net Interest Income	39,839	41,293	81,090	82,740
Provision for credit losses	2,415	4,298	5,394	5,206
Net Interest Income after provision for credit losses	37,424	36,995	75,696	77,534
Non-Interest Income				
Net securities gains	150	19	755	82
Trust income	1,518	1,481	2,936	2,875
Service charges on deposit accounts	4,517	4,144	8,682	8,013
Insurance commissions	857	595	1,587	1,314
Income from bank owned life insurance	1,520	1,414	3,010	2,789
Card related interchange income	1,634	1,391	3,119	2,689
Other operating income	2,205	2,022	3,738	3,600
Total non-interest income	12,401	11,066	23,827	21,362
Non-Interest Expense				
Salaries and employee benefits	18,588	17,235	38,872	36,592
Net occupancy expense	3,398	2,785	6,751	6,187
Furniture and equipment expense	2,914	2,915	5,631	5,682
Advertising expense	340	349	1,435	692
Data processing expense	925	820	1,879	1,615

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Pennsylvania shares tax expense	1,415	1,358	2,884	2,708
Intangible amortization	870	566	1,740	1,131
Other operating expenses	8,433	7,194	15,460	14,208
Total non-interest expense	36,883	33,222	74,652	68,815
Income before income taxes	12,942	14,839	24,871	30,081
Applicable income taxes	1,454	2,613	2,488	4,917
Net Income	\$ 11,488	\$ 12,226	\$ 22,383	\$ 25,164
Average Shares Outstanding	73,180,532	69,653,432	73,147,362	69,562,078
Average Shares Outstanding Assuming Dilution	73,314,997	70,037,609	73,342,684	69,978,210
Per Share Data:				
Basic Earnings per Share	\$ 0.16	\$ 0.18	\$ 0.31	\$ 0.36
Diluted Earnings per Share	\$ 0.16	\$ 0.17	\$ 0.31	\$ 0.36
Cash Dividends Declared per Common Share	\$ 0.17	\$ 0.17	\$ 0.34	\$ 0.34

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, 2006	\$ 75,100	\$ 208,313	\$ 322,415	\$ (7,914)	\$ (14,953)	\$ (11,600)	\$ 571,361
Comprehensive income							
Net income	-0-	-0-	22,383	-0-	-0-	-0-	22,383
Other comprehensive income, net of tax:							
Unrealized holding losses on securities arising during the period	-0-	-0-	-0-	(7,092)	-0-	-0-	(7,092)
Less: reclassification adjustment for gains on securities included in net income	-0-	-0-	-0-	(491)	-0-		