

FIRST COMMONWEALTH FINANCIAL CORP /PA/

Form 10-Q

May 07, 2009

[Table of Contents](#)

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, 2009

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
incorporation or organization)

25-1428528
(I.R.S. Employer
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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 30, 2009 was 85,055,220.

Table of Contents

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

FORM 10-Q

INDEX

	PAGE	
PART I. Financial Information		
ITEM 1.	<u>Financial Statements and Supplementary Data</u>	
	Included in Part I of this report:	
	First Commonwealth Financial Corporation and Subsidiaries	
	<u>Consolidated Statements of Financial Condition</u>	3
	<u>Consolidated Statements of Income</u>	4
	<u>Consolidated Statements of Changes in Shareholders' Equity</u>	5
	<u>Consolidated Statements of Cash Flows</u>	7
	<u>Notes to Consolidated Financial Statements</u>	8
ITEM 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	28
ITEM 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	42
ITEM 4.	<u>Controls and Procedures</u>	42
PART II. Other Information		
ITEM 1.	<u>Legal Proceedings</u>	43
ITEM 1A.	<u>Risk Factors</u>	43
ITEM 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	43
ITEM 3.	<u>Defaults Upon Senior Securities</u>	43
ITEM 4.	<u>Submission of Matters to a Vote of Security Holders</u>	43
ITEM 5.	<u>Other Information</u>	43
ITEM 6.	<u>Exhibits</u>	43
	<u>Signatures</u>	44

Table of Contents

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. *Financial Statements and Supplementary Data (Unaudited)*

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	March 31, 2009	December 31, 2008
	(dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$ 93,259	\$ 88,277
Interest-bearing bank deposits	392	289
Securities available for sale, at fair value	1,271,925	1,349,920
Securities held to maturity, at amortized cost, (Fair value \$46,950 in 2009 and \$50,558 in 2008)	46,433	50,840
Other investments	51,431	51,431
Loans:		
Portfolio loans	4,457,358	4,418,377
Allowance for credit losses	(41,549)	(52,759)
Net loans	4,415,809	4,365,618
Premises and equipment, net	73,376	72,636
Other real estate owned	25,936	3,262
Goodwill	159,956	159,956
Amortizing intangibles, net	9,490	10,233
Other assets	274,567	273,418
Total assets	\$ 6,422,574	\$ 6,425,880
Liabilities		
Deposits (all domestic):		
Noninterest-bearing	\$ 573,573	\$ 566,845
Interest-bearing	3,744,855	3,713,498
Total deposits	4,318,428	4,280,343
Short-term borrowings	1,111,220	1,139,737
Other liabilities	56,255	63,778
Subordinated debentures	105,750	105,750
Other long-term debt	183,421	183,493
Total long-term debt	289,171	289,243
Total liabilities	5,775,074	5,773,101
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, 200,000,000 shares authorized; 86,600,431 shares issued and 85,055,220 shares outstanding at March 31, 2009; 86,600,431 shares issued and 85,050,744 shares outstanding in 2008	86,600	86,600
Additional paid-in capital	302,862	303,008
Retained earnings	305,712	309,947
Accumulated other comprehensive loss, net	(22,763)	(21,269)

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Treasury stock (1,545,211 and 1,549,687 shares at March 31, 2009 and December 31, 2008, respectively, at cost)	(17,811)	(17,907)
Unearned ESOP shares	(7,100)	(7,600)
Total shareholders' equity	647,500	652,779
Total liabilities and shareholders' equity	\$ 6,422,574	\$ 6,425,880

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

Table of Contents

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. *Financial Statements and Supplementary Data (Unaudited) (Continued)*

CONSOLIDATED STATEMENTS OF INCOME

	For the Quarter Ended March 31,	
	2009	2008
	(dollars in thousands, except share data)	
Interest Income		
Interest and fees on loans	\$ 58,275	\$ 62,067
Interest and dividends on investments:		
Taxable interest	13,708	15,531
Interest exempt from Federal income taxes	2,894	3,595
Dividends	63	609
Interest on bank deposits	1	5
 Total interest income	 74,941	 81,807
Interest Expense		
Interest on deposits	19,576	31,033
Interest on short-term borrowings	1,347	3,705
Interest on subordinated debentures	1,766	1,911
Interest on other long-term debt	1,653	4,074
 Total interest on long-term debt	 3,419	 5,985
 Total interest expense	 24,342	 40,723
 Net Interest Income	 50,599	 41,084
Provision for credit losses	8,242	3,179
 Net Interest Income after Provision for Credit Losses	 42,357	 37,905
Non-Interest Income		
Impairment losses on securities	(28,589)	-0-
Noncredit related losses on securities not expected to be sold (recognized in other comprehensive income)	18,723	-0-
 Net impairment losses	 (9,866)	 -0-
Net securities gains	24	501
Trust income	1,087	1,532
Service charges on deposit accounts	3,837	4,425
Insurance and retail brokerage commissions	1,616	1,277
Income from bank owned life insurance	1,138	1,487
Card related interchange income	1,896	1,753
Other operating income	3,008	2,481
 Total non-interest income	 2,740	 13,456
Non-Interest Expense		
Salaries and employee benefits	22,500	20,330
Net occupancy expense	4,000	3,907
Furniture and equipment expense	2,975	3,078
Advertising expense	513	628
Data processing expense	1,132	1,051

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Pennsylvania shares tax expense	1,331	1,271
Intangible amortization	743	831
Collection and repossession expense	901	615
FDIC insurance	1,521	123
Other professional fees and services	1,063	750
Other operating expenses	6,669	6,272
Total non-interest expense	43,348	38,856
Income before income taxes	1,749	12,505
Provision for income taxes	62	1,384
Net Income	\$ 1,687	\$ 11,121
Average Shares Outstanding	84,521,266	72,452,875
Average Shares Outstanding Assuming Dilution	84,594,211	72,559,668
Per Share Data:		
Basic Earnings per Share	\$ 0.02	\$ 0.15
Diluted Earnings per Share	\$ 0.02	\$ 0.15
Cash Dividends Declared per Common Share	\$ 0.12	\$ 0.17

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

Table of Contents

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. *Financial Statements and Supplementary Data (Unaudited) (Continued)*

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, 2008	\$ 86,600	\$ 303,008	\$ 309,947	\$ (21,269)	\$ (17,907)	\$ (7,600)	\$ 652,779
Cumulative effect from adoption of FSP FAS 115-2 and FAS 124-2 (\$6.5 million, net of \$2.3 million tax)	-0-	-0-	4,223	(4,223)	-0-	-0-	-0-
Balance at January 1, 2009	86,600	303,008	314,170	(25,492)	(17,907)	(7,600)	652,779
Comprehensive income							
Net income	-0-	-0-	1,687	-0-	-0-	-0-	1,687
Other comprehensive income, net of tax:							
Unrealized holding gains on securities arising during the period	-0-	-0-	-0-	8,502	-0-	-0-	8,502
Noncredit related losses on securities not expected to be sold	-0-	-0-	-0-	(12,170)	-0-	-0-	(12,170)
Less: reclassification adjustment for losses on securities included in net income	-0-	-0-	-0-	6,397	-0-	-0-	6,397
Total other comprehensive income							2,729
Total comprehensive income							4,416
Cash dividends declared	-0-	-0-	(10,145)	-0-	-0-	-0-	(10,145)
Net decrease in unearned ESOP shares (\$631 thousand, net of \$221 thousand tax)	-0-	(90)	-0-	-0-			