

FIRST COMMONWEALTH FINANCIAL CORP /PA/

Form 10-Q

July 30, 2010

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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 June 30, 2010

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 July 28, 2010, was 86,243,009.

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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)*

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	June 30, 2010	December 31, 2009
	(dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$ 86,855	\$ 89,232
Interest-bearing bank deposits	1,503	327
Securities available for sale, at fair value	996,220	1,133,856
Securities held to maturity, at amortized cost, (Fair value \$0 at June 30, 2010 and \$37,586 at December 31, 2009)	0	36,758
Other investments	51,431	51,431
Loans:		
Portfolio loans	4,434,291	4,636,501
Allowance for credit losses	(88,046)	(81,639)
Net loans	4,346,245	4,554,862
Premises and equipment, net	69,203	70,742
Other real estate owned	21,548	24,287
Goodwill	159,956	159,956
Other intangibles, net	6,175	7,407
Other assets	318,933	317,435
Total assets	\$ 6,058,069	\$ 6,446,293
Liabilities		
Deposits (all domestic):		
Noninterest-bearing	\$ 651,250	\$ 641,231
Interest-bearing	4,087,388	3,894,554
Total deposits	4,738,638	4,535,785
Short-term borrowings	355,682	958,932
Subordinated debentures	105,750	105,750
Other long-term debt	155,250	168,697
Total long-term debt	261,000	274,447
Other liabilities	48,499	38,318
Total liabilities	5,403,819	5,807,482
Shareholders Equity		
Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued	0	0
	86,971	86,600

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Common stock, \$1 par value per share, 200,000,000 shares authorized; 86,971,329 shares issued and 86,242,139 shares outstanding at June 30, 2010; 86,600,431 shares issued and 85,151,875 shares outstanding at December 31, 2009

Additional paid-in capital	303,961	301,523
Retained earnings	271,139	278,887
Accumulated other comprehensive income (loss), net	5,236	(6,045)
Treasury stock (729,190 at June 30, 2010 and 1,448,556 shares at December 31, 2009, at cost)	(8,457)	(16,554)
Unearned ESOP shares	(4,600)	(5,600)
Total shareholders equity	654,250	638,811
Total liabilities and shareholders equity	\$ 6,058,069	\$ 6,446,293

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

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
(dollars in thousands, except share data)				
Interest Income				
Interest and fees on loans	\$ 57,367	\$ 57,793	\$ 114,775	\$ 116,068
Interest and dividends on investments:				
Taxable interest	9,664	13,177	20,131	26,885
Interest exempt from federal income taxes	1,839	2,660	3,990	5,554
Dividends	19	89	46	152
Interest on bank deposits	48	1	73	2
Total interest income	68,937	73,720	139,015	148,661
Interest Expense				
Interest on deposits	13,067	17,874	26,647	37,450
Interest on short-term borrowings	616	1,133	1,468	2,480
Interest on subordinated debentures	1,390	1,559	2,765	3,325
Interest on other long-term debt	1,268	1,666	2,441	3,319
Total interest on long-term debt	2,658	3,225	5,206	6,644
Total interest expense	16,341	22,232	33,321	46,574
Net Interest Income	52,596	51,488	105,694	102,087
Provision for credit losses	4,010	48,248	49,030	56,490
Net Interest Income after Provision for Credit Losses	48,586	3,240	56,664	45,597
Non-Interest Income				
Changes in fair value on impaired securities	190	(14,421)	(1,327)	(43,010)
Non-credit related (gains) losses on securities not expected to be sold (recognized in other comprehensive income)	(2,300)	5,660	(3,533)	24,383
Net impairment losses	(2,110)	(8,761)	(4,860)	(18,627)
Net securities gains	562	56	982	80
Trust income	1,398	1,151	2,892	2,238
Service charges on deposit accounts	4,603	4,406	8,755	8,243
Insurance and retail brokerage commissions	1,866	1,756	3,728	3,372
Income from bank owned life insurance	1,301	1,034	2,558	2,172
Card related interchange income	2,686	2,138	5,006	4,034
Other income	2,343	4,935	5,039	7,943
Total non-interest income	12,649	6,715	24,100	9,455
Non-Interest Expense				
Salaries and employee benefits	21,047	21,081	43,374	43,581
Net occupancy expense	3,539	3,528	7,432	7,528

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Furniture and equipment expense	3,101	2,977	6,266	5,952
Data processing expense	1,478	1,165	2,915	2,297
Pennsylvania shares tax expense	1,457	1,312	2,514	2,643
Intangible amortization	576	743	1,233	1,486
Collection and repossession expense	794	1,750	1,717	2,651