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DELTA REPORT

10-Q

FCF - FIRST COMMONWEALTH FINANC

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

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TOTAL DELTAS 877

■ CHANGES 511

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■ ADDITIONS 186

**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, 2023** **September 30, 2023**

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)

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

601 Philadelphia 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value	FCF	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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.

Large accelerated filer Accelerated filer Smaller reporting company Emerging growth company

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 **August 7, 2023** **November 6, 2023**, was **102,406,215** **102,111,439**.

**FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q**

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ITEM 1. *Financial Statements and Supplementary Data*
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)

		December 31,			September 30,		December 31,	
		June 30, 2023	2022		2023	2022		
		(dollars in thousands, except share data)				(dollars in thousands, except share data)		
Assets	Assets			Assets				
Cash and due from banks	Cash and due from banks	\$ 123,095	\$ 124,254	Cash and due from banks	\$ 122,982	\$ 124,254		
Interest-bearing bank deposits	Interest-bearing bank deposits	325,774	29,990	Interest-bearing bank deposits	214,088	29,990		
Securities available for sale, at fair value	Securities available for sale, at fair value	738,109	762,661	Securities available for sale, at fair value	817,603	762,661		
Securities held to maturity, at amortized cost (Fair value of \$364,615 and \$386,205 at June 30, 2023 and December 31, 2022, respectively)		439,922	461,162					
Securities held to maturity, at amortized cost (Fair value of \$341,646 and \$386,205 at September 30, 2023 and December 31, 2022, respectively)				Securities held to maturity, at amortized cost (Fair value of \$341,646 and \$386,205 at September 30, 2023 and December 31, 2022, respectively)	429,558	461,162		
Other investments	Other investments	46,394	26,414	Other investments	48,979	26,414		
Loans held for sale	Loans held for sale	16,300	11,869	Loans held for sale	33,127	11,869		
Loans and leases:	Loans and leases:			Loans and leases:				
Portfolio loans and leases	Portfolio loans and leases	8,799,836	7,642,143	Portfolio loans and leases	8,901,725	7,642,143		
Allowance for credit losses	Allowance for credit losses	(133,546)	(102,906)	Allowance for credit losses	(134,337)	(102,906)		

Net loans and leases	Net loans and leases	8,666,290	7,539,237	Net loans and leases	8,767,388	7,539,237
Premises and equipment, net	Premises and equipment, net	124,246	115,106	Premises and equipment, net	123,140	115,106
Other real estate owned	Other real estate owned	324	534	Other real estate owned	765	534
Goodwill	Goodwill	363,715	303,328	Goodwill	363,715	303,328
Amortizing intangibles, net	Amortizing intangibles, net	24,736	9,205	Amortizing intangibles, net	23,613	9,205
Bank owned life insurance	Bank owned life insurance	227,293	222,651	Bank owned life insurance	228,534	222,651
Other assets	Other assets	222,406	199,255	Other assets	248,496	199,255
Total assets	Total assets	\$ 11,318,604	\$ 9,805,666	Total assets	\$ 11,421,988	\$ 9,805,666
Liabilities	Liabilities			Liabilities		
Deposits (all domestic):	Deposits (all domestic):			Deposits (all domestic):		
Noninterest-bearing	Noninterest-bearing	\$ 2,624,344	\$ 2,670,508	Noninterest-bearing	\$ 2,535,704	\$ 2,670,508
Interest-bearing	Interest-bearing	6,521,934	5,334,961	Interest-bearing	6,705,361	5,334,961
Total deposits	Total deposits	9,146,278	8,005,469	Total deposits	9,241,065	8,005,469
Short-term borrowings	Short-term borrowings	542,839	372,694	Short-term borrowings	544,060	372,694
Subordinated debentures	Subordinated debentures	177,619	170,937	Subordinated debentures	177,679	170,937
Other long-term debt	Other long-term debt	4,495	4,862	Other long-term debt	4,310	4,862
Capital lease obligation	Capital lease obligation	5,162	5,425	Capital lease obligation	5,028	5,425
Total long-term debt	Total long-term debt	187,276	181,224	Total long-term debt	187,017	181,224
Other liabilities	Other liabilities	209,792	194,205	Other liabilities	209,315	194,205
Total liabilities	Total liabilities	10,086,185	8,753,592	Total liabilities	10,181,457	8,753,592
Shareholders' Equity	Shareholders' Equity			Shareholders' Equity		
Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued	Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued	—	—	Preferred stock, \$1 par value per share, 3,000,000 shares authorized, none issued	—	—
Common stock, \$1 par value per share, 200,000,000 shares authorized; 123,603,380 and 113,914,902 shares issued at June 30, 2023 and December 31, 2022, respectively, and 102,444,915 and 93,376,314 shares outstanding at June 30, 2023 and December 31, 2022, respectively	Common stock, \$1 par value per share, 200,000,000 shares authorized; 123,603,380 and 113,914,902 shares issued at June 30, 2023 and December 31, 2022, respectively, and 102,444,915 and 93,376,314 shares outstanding at June 30, 2023 and December 31, 2022, respectively	123,603	113,915	Common stock, \$1 par value per share, 200,000,000 shares authorized; 123,603,380 and 113,914,902 shares issued at June 30, 2023 and December 31, 2022, respectively, and 102,184,652 and 93,376,314 shares outstanding at September 30, 2023 and December 31, 2022, respectively	123,603	113,915
Common stock, \$1 par value per share, 200,000,000 shares authorized; 123,603,380 and 113,914,902 shares issued at September 30, 2023 and December 31, 2022, respectively, and 102,184,652 and 93,376,314 shares outstanding at September 30, 2023 and December 31, 2022, respectively	Common stock, \$1 par value per share, 200,000,000 shares authorized; 123,603,380 and 113,914,902 shares issued at September 30, 2023 and December 31, 2022, respectively, and 102,184,652 and 93,376,314 shares outstanding at September 30, 2023 and December 31, 2022, respectively			Common stock, \$1 par value per share, 200,000,000 shares authorized; 123,603,380 and 113,914,902 shares issued at September 30, 2023 and December 31, 2022, respectively, and 102,184,652 and 93,376,314 shares outstanding at September 30, 2023 and December 31, 2022, respectively		
Additional paid-in capital	Additional paid-in capital	630,246	497,431	Additional paid-in capital	630,246	497,431
Retained earnings	Retained earnings	822,619	774,863	Retained earnings	849,049	774,863
Accumulated other comprehensive loss, net	Accumulated other comprehensive loss, net	(138,551)	(137,692)	Accumulated other comprehensive loss, net	(154,054)	(137,692)
Treasury stock (21,158,465 and 20,538,588 shares at June 30, 2023 and December 31, 2022, respectively)	Treasury stock (21,158,465 and 20,538,588 shares at June 30, 2023 and December 31, 2022, respectively)	(205,498)	(196,443)	Treasury stock (21,418,728 and 20,538,588 shares at September 30, 2023 and December 31, 2022, respectively)	(208,313)	(196,443)
Treasury stock (21,418,728 and 20,538,588 shares at September 30, 2023 and December 31, 2022, respectively)	Treasury stock (21,418,728 and 20,538,588 shares at September 30, 2023 and December 31, 2022, respectively)			Treasury stock (21,418,728 and 20,538,588 shares at September 30, 2023 and December 31, 2022, respectively)		
Total shareholders' equity	Total shareholders' equity	1,232,419	1,052,074	Total shareholders' equity	1,240,531	1,052,074
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 11,318,604	\$ 9,805,666	Total liabilities and shareholders' equity	\$ 11,421,988	\$ 9,805,666

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

ITEM 1. Financial Statements and Supplementary Data (Continued)
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended				For the Six Months Ended				For the Three Months Ended				For the Nine Months Ended			
	June 30,		June 30,		June 30,		June 30,		September 30,		September 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(dollars in thousands, except share data)								(dollars in thousands, except share data)							
Interest Income	Interest Income								Interest Income							
Interest and fees on loans and leases	\$ 120,694	\$ 69,515	\$ 228,362	\$ 133,909					\$ 129,373	\$ 78,722	\$ 357,735	\$ 212,631				
Interest and dividends on investments:																
Taxable interest	5,634	6,286	11,423	12,764					6,229	6,080	17,652	18,844				
Interest exempt from federal income taxes	114	120	231	246					114	117	345	363				
Dividends	782	149	1,287	284					823	204	2,110	488				
Interest on bank deposits	4,043	658	4,553	769					3,346	577	7,899	1,346				
Total interest income	131,267	76,728	245,856	147,972					139,885	85,700	385,741	233,672				
Interest Expense	Interest Expense								Interest Expense							
Interest on deposits	25,901	797	41,419	1,610					32,685	1,028	74,104	2,638				
Interest on short-term borrowings	5,193	18	7,594	39					6,643	50	14,237	89				
Interest on subordinated debentures	2,254	2,143	4,468	4,272					2,707	2,157	7,175	6,429				
Interest on other long-term debt	44	51	89	103					41	48	130	151				
Interest on lease obligations	51	57	104	114					52	57	156	171				
Total interest expense	33,443	3,066	53,674	6,138					42,128	3,340	95,802	9,478				
Net Interest Income	97,824	73,662	192,182	141,834					97,757	82,360	289,939	224,194				
Provision for credit losses	2,790	4,099	140	6,063					5,885	5,923	6,025	11,986				
Provision for credit losses - acquisition day 1 non-PCD	—	—	10,653	—					—	—	10,653	—				
Net Interest Income after Provision for Credit Losses	95,034	69,563	181,389	135,771					91,872	76,437	273,261	212,208				
Noninterest Income	Noninterest Income								Noninterest Income							
Net securities gains	—	—	—	2												
Net securities (losses) gains									(103)	—	(103)	2				

Trust income	Trust income	2,532	2,573	5,018	5,286	Trust income	2,949	2,777	7,967	8,063
Service charges on deposit accounts	Service charges on deposit accounts	5,324	4,886	10,242	9,501	Service charges on deposit accounts	5,600	5,194	15,842	14,695
Insurance and retail brokerage commissions	Insurance and retail brokerage commissions	2,314	2,486	4,866	4,758	Insurance and retail brokerage commissions	2,305	2,048	7,171	6,806
Income from bank owned life insurance	Income from bank owned life insurance	1,195	1,383	2,422	2,891	Income from bank owned life insurance	1,242	1,419	3,664	4,310
Gain on sale of mortgage loans	Gain on sale of mortgage loans	1,253	1,561	1,905	2,843	Gain on sale of mortgage loans	1,270	1,485	3,175	4,328
Gain on sale of other loans and assets	Gain on sale of other loans and assets	1,891	1,099	3,977	3,418	Gain on sale of other loans and assets	1,027	1,093	5,004	4,511
Card-related interchange income	Card-related interchange income	7,372	7,137	14,201	13,627	Card-related interchange income	7,221	6,980	21,422	20,607
Derivatives mark to market	Derivatives mark to market	81	42	(8)	389	Derivatives mark to market	35	6	27	395
Swap fee income	Swap fee income	332	1,154	577	1,607	Swap fee income	452	2,326	1,029	3,933
Other income	Other income	2,229	2,188	4,286	4,163	Other income	2,828	2,586	7,114	6,749
Total noninterest income	Total noninterest income	24,523	24,509	47,486	48,485	Total noninterest income	24,826	25,914	72,312	74,399
Noninterest Expense	Noninterest Expense					Noninterest Expense				
Salaries and employee benefits	Salaries and employee benefits	36,735	30,949	70,999	61,881	Salaries and employee benefits	35,640	32,486	106,639	94,367
Net occupancy	Net occupancy	4,784	4,170	9,802	8,957	Net occupancy	4,782	4,629	14,584	13,586
Furniture and equipment	Furniture and equipment	4,284	3,857	8,522	7,587	Furniture and equipment	4,414	4,005	12,936	11,592
Data processing	Data processing	3,763	3,470	7,167	6,658	Data processing	3,857	3,721	11,024	10,379
Advertising and promotion	Advertising and promotion	1,327	1,434	2,990	2,660	Advertising and promotion	1,662	1,278	4,652	3,938
Pennsylvania shares tax	Pennsylvania shares tax	1,173	913	2,425	1,918	Pennsylvania shares tax	1,588	1,569	4,013	3,487
Intangible amortization	Intangible amortization	1,282	862	2,429	1,724	Intangible amortization	1,344	746	3,773	2,470
Other professional fees and services	Other professional fees and services	1,182	1,197	2,773	2,418	Other professional fees and services	1,603	1,204	4,376	3,622
FDIC insurance	FDIC insurance	1,277	702	2,694	1,400	FDIC insurance	1,920	796	4,614	2,196
Loss on sale or write-down of assets	Loss on sale or write-down of assets	6	86	47	161	Loss on sale or write-down of assets	50	54	97	215
Litigation and operational losses	Litigation and operational losses	894	629	1,637	1,229	Litigation and operational losses	1,626	758	3,263	1,987
Merger and acquisition related	Merger and acquisition related	(60)	—	8,481	—	Merger and acquisition related	379	448	8,860	448
Other operating	Other operating	9,296	7,410	17,358	14,810	Other operating	8,548	8,207	25,906	23,017
Total noninterest expense	Total noninterest expense	65,943	55,679	137,324	111,403	Total noninterest expense	67,413	59,901	204,737	171,304
Income Before Income Taxes	Income Before Income Taxes	53,614	38,393	91,551	72,853	Income Before Income Taxes	49,285	42,450	140,836	115,303
Income tax provision	Income tax provision	10,833	7,639	18,546	14,373	Income tax provision	10,054	8,482	28,600	22,855

Net Income	Net Income	\$ 42,781	\$ 30,754	\$ 73,005	\$ 58,480	Net Income	\$ 39,231	\$ 33,968	\$ 112,236	\$ 92,448
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The accompanying notes are an integral part of these unaudited consolidated financial statements.

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		For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended		
		June 30,		June 30,		September 30,		September 30,		
		2023	2022	2023	2022	2023	2022	2023	2022	
		(dollars in thousands, except share data)				(dollars in thousands, except share data)				
Average Shares Outstanding	Average Shares Outstanding	102,530,052	94,020,240	101,056,432	94,049,308	Average Shares Outstanding	102,159,213	93,194,854	101,428,065	93,761,360
Average Shares Outstanding Assuming Dilution	Average Shares Outstanding Assuming Dilution	102,760,266	94,245,770	101,281,899	94,273,808	Average Shares Outstanding Assuming Dilution	102,442,878	93,450,259	101,674,970	93,994,158
Per Share Data: Basic	Per Share Data: Basic					Per Share Data: Basic				
Earnings per Share	Earnings per Share	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62	Earnings per Share	\$ 0.38	\$ 0.36	\$ 1.11	\$ 0.99
Diluted Earnings per Share	Diluted Earnings per Share	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62	Diluted Earnings per Share	\$ 0.38	\$ 0.36	\$ 1.10	\$ 0.98
Cash Dividends Declared per Common Share	Cash Dividends Declared per Common Share	\$ 0.125	\$ 0.120	\$ 0.245	\$ 0.235	Cash Dividends Declared per Common Share	\$ 0.125	\$ 0.120	\$ 0.370	\$ 0.355

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

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ITEM 1. *Financial Statements and Supplementary Data (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

		For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended		
		June 30,		June 30,		September 30,		September 30,		
		2023	2022	2023	2022	2023	2022	2023	2022	
		(dollars in thousands)				(dollars in thousands)				
Net Income	Net Income	\$ 42,781	\$ 30,754	\$ 73,005	\$ 58,480	Net Income	\$ 39,231	\$ 33,968	\$ 112,236	\$ 92,448
Other comprehensive loss, before tax benefit:	Other comprehensive loss, before tax benefit:					Other comprehensive loss, before tax benefit:				
Unrealized holding losses on securities arising during the period	Unrealized holding losses on securities arising during the period	(14,116)	(31,794)	(3,761)	(89,045)	Unrealized holding losses on securities arising during the period	(21,389)	(46,213)	(25,150)	(135,258)
Less: reclassification adjustment for gains on securities included in net income		—	—	—	(2)					
Unrealized holding (losses) gains on derivatives arising during the period		(3,581)	(4,745)	2,225	(22,671)					
Less: reclassification adjustment for losses (gains) included in net income						Less: reclassification adjustment for losses (gains) included in net income	103	—	103	(2)

Unrealized holding gains (losses) on derivatives arising during the period						Unrealized holding gains (losses) on derivatives arising during the period	2,111	(11,083)	4,336	(33,754)
Total other comprehensive loss, before tax benefit	Total other comprehensive loss, before tax benefit	(17,697)	(36,539)	(1,536)	(111,718)	Total other comprehensive loss, before tax benefit	(19,175)	(57,296)	(20,711)	(169,014)
Income tax benefit related to items of other comprehensive loss	Income tax benefit related to items of other comprehensive loss	3,716	7,674	677	23,461	Income tax benefit related to items of other comprehensive loss	3,672	12,032	4,349	35,493
Total other comprehensive loss	Total other comprehensive loss	(13,981)	(28,865)	(859)	(88,257)	Total other comprehensive loss	(15,503)	(45,264)	(16,362)	(133,521)
Comprehensive Income (Loss)	Comprehensive Income (Loss)	\$ 28,800	\$ 1,889	\$ 72,146	\$ (29,777)	Comprehensive Income (Loss)	\$ 23,728	\$ (11,296)	\$ 95,874	\$ (41,073)

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

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ITEM 1. *Financial Statements and Supplementary Data (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

		Accumulated Other Comprehensive Income (Loss), net						Treasury Stock	Shareholders' Equity	Accumulated Other Comprehensive Income (Loss), net							
		Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Income (Loss), net	Total			Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Income (Loss), net	Total		
		(dollars in thousands, except share and per share data)								(dollars in thousands, except share and per share data)							
Balance at December 31, 2022	Balance at December 31, 2022	93,376,314	\$ 113,915	\$ 497,431	\$ 774,863	\$ (137,692)	\$ (196,443)	\$ 1,052,074	Balance at December 31, 2022	93,376,314	\$ 113,915	\$ 497,431	\$ 774,863	\$ (137,692)			
Net income	Net income				73,005			73,005	Net income				112,236				
Other comprehensive loss	Other comprehensive loss					(859)		(859)	Other comprehensive loss					(16,362)			
Cash dividends declared (\$0.245 per share)	Cash dividends declared (\$0.245 per share)				(25,249)			(25,249)	Cash dividends declared (\$0.245 per share)								
Cash dividends declared (\$0.370 per share)	Cash dividends declared (\$0.370 per share)								Cash dividends declared (\$0.370 per share)						(38,050)		
Treasury stock acquired	Treasury stock acquired	(877,212)						(10,889)	Treasury stock acquired	(1,137,475)							
Treasury stock reissued	Treasury stock reissued	163,950		660				1,551	Treasury stock reissued	163,950		660					
Restricted stock	Restricted stock	93,385		488				283	Restricted stock	93,385		488					
Common stock issued	Common stock issued	9,688,478	9,688	131,667				141,355	Common stock issued	9,688,478	9,688	131,667					
Balance at June 30, 2023	Balance at June 30, 2023	102,444,915	\$ 123,603	\$ 630,246	\$ 822,619	\$ (138,551)	\$ (205,498)	\$ 1,232,419	Balance at June 30, 2023	102,444,915	\$ 123,603	\$ 630,246	\$ 822,619	\$ (138,551)	\$ (205,498)		
Balance at September 30, 2023	Balance at September 30, 2023	102,184,652	\$ 123,603	\$ 630,246	\$ 849,049	\$ (138,551)	\$ (205,498)	\$ 1,232,419	Balance at September 30, 2023	102,184,652	\$ 123,603	\$ 630,246	\$ 849,049	\$ (138,551)	\$ (205,498)		

		Accumulated Other Comprehensive Income (Loss), Treasury Stock, Shareholders' Equity							Accumulated Other Comprehensive Income (Loss), Treasury Stock, Shareholders' Equity					
		Shares Outstanding	Common Stock	Paid-in-Capital	Retained Earnings	Income (Loss), net	Treasury Stock	Total Shareholders' Equity	Shares Outstanding	Common Stock	Paid-in-Capital	Retained Earnings	Income (Loss), net	
		(dollars in thousands, except share and per share data)							(dollars in thousands, except share and per share data)					
Balance at December 31, 2021	Balance at December 31, 2021	94,233,152	\$ 113,915	\$ 496,121	\$ 691,260	\$ (8,768)	\$(183,156)	\$ 1,109,372	Balance at December 31, 2021	94,233,152	\$ 113,915	\$ 496,121	\$ 691,260	\$ (8,768)
Net income	Net income				58,480			58,480	Net income				92,448	
Other comprehensive loss	Other comprehensive loss					(88,257)		(88,257)	Other comprehensive loss					(133,521)
Cash dividends declared (\$0.235 per share)	Cash dividends declared (\$0.235 per share)				(22,167)			(22,167)	Cash dividends declared (\$0.355 per share)					(33,373)
Treasury stock acquired	Treasury stock acquired	(805,921)					(11,145)	(11,145)	Treasury stock acquired	(1,132,577)				
Treasury stock reissued	Treasury stock reissued	174,989		580			1,612	2,192	Treasury stock reissued	174,989		580		
Restricted stock	Restricted stock	102,900		730			(47)	683	Restricted stock	101,500		730		
Balance at June 30, 2022	Balance at June 30, 2022	<u>93,705,120</u>	<u>\$ 113,915</u>	<u>\$ 497,431</u>	<u>\$ 727,573</u>	<u>\$ (97,025)</u>	<u>\$(192,736)</u>	<u>\$ 1,049,158</u>	Balance at September 30, 2022	<u>93,377,064</u>	<u>\$ 113,915</u>	<u>\$ 497,431</u>	<u>\$ 750,335</u>	<u>\$</u>

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

ITEM 1. Financial Statements and Supplementary Data (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

		Accumulated Other Comprehensive Income (Loss), Treasury Stock, Shareholders' Equity							Accumulated Other Comprehensive Income (Loss), Treasury Stock, Shareholders' Equity				
		Shares Outstanding	Common Stock	Paid-in-Capital	Retained Earnings	Income (Loss), net	Treasury Stock	Total Shareholders' Equity	Shares Outstanding	Common Stock	Paid-in-Capital	Retained Earnings	Income (Loss), net
		(dollars in thousands, except share and per share data)							(dollars in thousands, except share and per share data)				
Balance at March 31, 2023	Balance at March 31, 2023	103,193,127	\$ 123,603	\$ 630,196	\$ 792,720	\$ (124,570)	\$(196,935)	\$ 1,225,014	Balance at June 30, 2023	102,444,915	\$ 123,603	\$ 630,246	\$ 822,619
Net income	Net income				42,781			42,781	Net income			39,231	
Other comprehensive loss	Other comprehensive loss					(13,981)		(13,981)	Other comprehensive loss				(15,503)
Cash dividends declared (\$0.125 per share)	Cash dividends declared (\$0.125 per share)				(12,882)			(12,882)	Cash dividends declared (\$0.125 per share)			(12,801)	

										Balance at September 30, 2023														
										102,184,652	\$ 123,603	\$ 630,246	\$	849,049										
											Balance at September 30, 2023													
											Shares Outstanding	Common Stock	Paid-in-Capital	Retained Earnings	Income (Loss), net	Treasury Stock	Shareholders' Equity	Accumulated Other Comprehensive Income (Loss), net	Total					
(dollars in thousands, except share and per share data)																								
Balance at June 30, 2023		102,444,915	\$ 123,603	\$ 630,246	\$ 822,619	\$	(138,551)	\$(205,498)	\$	1,232,419														
										Balance at September 30, 2023														
										102,184,652	\$ 123,603	\$ 630,246	\$	849,049										
Balance at March 31, 2022		94,299,039	\$ 113,915	\$ 496,627	\$ 708,149	\$	(68,160)	\$(182,912)	\$	1,067,619														
										Balance at June 30, 2022														
										93,705,120	\$ 113,915	\$ 497,431	\$	727,573										
Net income					30,754					30,754		Net income					33,968							
Other comprehensive loss							(28,865)		(28,865)			Other comprehensive loss					(45,264)							
Cash dividends declared (\$0.120 per share)					(11,330)					(11,330)		Cash dividends declared (\$0.120 per share)					(11,206)							
Treasury stock acquired		(715,307)						(9,657)			(9,657)		Treasury stock acquired		(326,656)									
Treasury stock reissued		17,738			81		—		164			245		Treasury stock reissued		—			—					
Restricted stock		103,650			—		723		—			(331)		392		Restricted stock		(1,400)			—			
Balance at June 30, 2022		93,705,120	\$ 113,915	\$ 497,431	\$ 727,573	\$	(97,025)	\$(192,736)	\$	1,049,158														
										Balance at September 30, 2022														
										93,377,064	\$ 113,915	\$ 497,431	\$	750,335										

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

ITEM 1. *Financial Statements and Supplementary Data (Continued)*
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

		For the Six Months Ended				For the Nine Months Ended			
		June 30,				September 30,			
		2023		2022		2023		2022	
		(dollars in thousands)							
Operating Activities	Operating Activities	Operating Activities							
Net income	Net income	\$	73,005	\$	58,480	\$	112,236	\$	92,448

Adjustment to reconcile net income to net cash provided by operating activities:	Adjustment to reconcile net income to net cash provided by operating activities:			Adjustment to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	Provision for credit losses	10,793	6,063	Provision for credit losses	16,678	11,986
Deferred tax expense	Deferred tax expense	3,535	1,240	Deferred tax expense	3,179	297
Depreciation and amortization	Depreciation and amortization	1,895	5,159	Depreciation and amortization	2,831	7,790
Net gains on securities and other assets	Net gains on securities and other assets	(5,521)	(6,730)	Net gains on securities and other assets	(7,701)	(9,248)
Net amortization of premiums and discounts on securities	Net amortization of premiums and discounts on securities	725	1,131	Net amortization of premiums and discounts on securities	1,052	1,570
Income from increase in cash surrender value of bank owned life insurance	Income from increase in cash surrender value of bank owned life insurance	(2,386)	(2,891)	Income from increase in cash surrender value of bank owned life insurance	(3,627)	(4,113)
(Increase) decrease in interest receivable		(91)	747			
Increase in interest receivable				Increase in interest receivable	(5,156)	(888)
Mortgage loans originated for sale	Mortgage loans originated for sale	(83,788)	(106,160)	Mortgage loans originated for sale	(137,721)	(156,944)
Proceeds from sale of mortgage loans	Proceeds from sale of mortgage loans	80,749	109,533	Proceeds from sale of mortgage loans	128,270	159,078
Increase in interest payable	Increase in interest payable	2,063	119	Increase in interest payable	3,937	1,675
Decrease in income taxes payable	Decrease in income taxes payable	(2,206)	(7,587)	Decrease in income taxes payable	(1,905)	(5,222)
Other-net	Other-net	7,568	1,265	Other-net	(5,336)	10,251
Net cash provided by operating activities	Net cash provided by operating activities	86,341	60,369	Net cash provided by operating activities	106,737	108,680
Investing Activities	Investing Activities			Investing Activities		
Transactions with securities held to maturity:	Transactions with securities held to maturity:			Transactions with securities held to maturity:		
Proceeds from maturities and redemptions	Proceeds from maturities and redemptions	21,154	48,863	Proceeds from maturities and redemptions	31,394	66,139
Purchases	Purchases	(200)	(200)	Purchases	(200)	(200)
Transactions with securities available for sale:	Transactions with securities available for sale:			Transactions with securities available for sale:		
Proceeds from sales	Proceeds from sales	30,686	—	Proceeds from sales	33,756	—
Proceeds from maturities and redemptions	Proceeds from maturities and redemptions	48,521	88,001	Proceeds from maturities and redemptions	75,593	117,718
Purchases	Purchases	(24,555)	—	Purchases	(155,782)	—

Purchases of FHLB stock	Purchases of FHLB stock	(45,719)	(1,321)	Purchases of FHLB stock	(83,218)	(3,244)
Proceeds from the redemption of FHLB stock	Proceeds from the redemption of FHLB stock	38,397	494	Proceeds from the redemption of FHLB stock	73,311	626
Proceeds from bank owned life insurance	Proceeds from bank owned life insurance	2,246	3,058	Proceeds from bank owned life insurance	2,246	4,823
Proceeds from sale of loans	Proceeds from sale of loans	63,839	36,159	Proceeds from sale of loans	110,695	52,906
Proceeds from sale of other assets	Proceeds from sale of other assets	1,472	3,168	Proceeds from sale of other assets	2,836	3,862
Net cash received from business acquisition	Net cash received from business acquisition	14,492	—	Net cash received from business acquisition	14,492	—
Net increase in loans and leases	Net increase in loans and leases	(274,082)	(315,444)	Net increase in loans and leases	(435,093)	(563,044)
Purchases of premises and equipment and other assets	Purchases of premises and equipment and other assets	(13,219)	(7,360)	Purchases of premises and equipment and other assets	(19,020)	(8,037)
Net cash used in investing activities	Net cash used in investing activities	(136,968)	(144,582)	Net cash used in investing activities	(348,990)	(328,451)
Financing Activities	Financing Activities			Financing Activities		
Net decrease in other short-term borrowings	Net decrease in other short-term borrowings	(2,590)	(49,392)	Net decrease in other short-term borrowings	(1,368)	(40,383)
Net increase in deposits	Net increase in deposits	384,365	71,073	Net increase in deposits	479,307	95,183
Repayments of other long-term debt	Repayments of other long-term debt	(367)	(352)	Repayments of other long-term debt	(553)	(531)
Repayments of capital lease obligation	Repayments of capital lease obligation	(263)	(246)	Repayments of capital lease obligation	(397)	(372)
Dividends paid	Dividends paid	(25,249)	(22,167)	Dividends paid	(38,050)	(33,373)
Proceeds from reissuance of treasury stock	Proceeds from reissuance of treasury stock	245	245	Proceeds from reissuance of treasury stock	245	245
Purchase of treasury stock	Purchase of treasury stock	(10,889)	(10,520)	Purchase of treasury stock	(14,105)	(15,598)
Net cash provided by (used in) financing activities		345,252	(11,359)			
Net cash provided by financing activities				Net cash provided by financing activities	425,079	5,171
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	294,625	(95,572)	Net increase (decrease) in cash and cash equivalents	182,826	(214,600)
Cash and cash equivalents at January 1	Cash and cash equivalents at January 1	154,244	395,372	Cash and cash equivalents at January 1	154,244	395,372
Cash and cash equivalents at June 30		\$ 448,869	\$ 299,800			
Cash and cash equivalents at September 30				Cash and cash equivalents at September 30	\$ 337,070	\$ 180,772

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

ITEM 1. *Financial Statements and Supplementary Data*
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Basis of Presentation

The accounting and reporting policies of First Commonwealth Financial Corporation and subsidiaries ("First Commonwealth" or the "Company") conform with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual realized amounts could differ from those estimates. In the opinion of management, the unaudited interim consolidated financial statements include all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of First Commonwealth's financial position, results of operations, comprehensive income, cash flows and changes in shareholders' equity as of and for the periods presented. Certain information and Note disclosures normally included in Consolidated Financial Statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, federal funds sold and interest-bearing bank deposits. Generally, federal funds are sold for one-day periods.

The results of operations for the **six nine** months ended **June 30, 2023** **September 30, 2023** are not necessarily indicative of the results that may be expected for the full year of 2023. These interim financial statements should be read in conjunction with First Commonwealth's 2022 Annual Report on Form 10-K.

Note 2 Acquisition

On January 31, 2023, the Company completed its acquisition of Centric Financial Corporation ("Centric") and its banking subsidiary, Centric Bank, for consideration of 9,688,478 shares of the Company's common stock. Through the acquisition, the Company obtained seven full-service banking offices and one loan production office in the Harrisburg, Philadelphia and Lancaster Metropolitan Service Areas ("MSAs").

The table below summarizes the net assets acquired (at fair value) and consideration transferred in connection with the Centric acquisition (dollars in thousands):

Consideration paid			
Cash paid to shareholders - fractional shares	\$	1	
Shares issued to shareholders (9,688,478 shares)		141,355	
Total consideration paid		\$	141,356
Fair value of assets acquired			
Cash and due from banks		14,492	
Investment securities		34,302	
FHLB stock		7,658	
Loans		923,555	
Premises and equipment		12,123 17,186	
Core deposit intangible		16,671	
Bank owned life insurance		4,502	
Other assets		17,391	
Total assets acquired		1,030,694 1,035,757	
Fair value of liabilities assumed			
Deposits		757,003	
Borrowings		186,716 179,301	
Other liabilities		6,006 18,484	
Total liabilities assumed		949,725 954,788	
Total fair value of identifiable net assets			80,969
Goodwill	\$		60,387

ITEM 1. *Financial Statements and Supplementary Data*
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company determined that this acquisition constitutes a business combination and therefore was accounted for using the acquisition method of accounting. Accordingly, as of the date of the acquisition, the Company recorded the assets acquired, liabilities assumed and consideration paid at fair value. The \$60.4 million excess of the consideration paid over the fair value of assets acquired was recorded as goodwill and is not amortizable or deductible for tax purposes. The amount of goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Company with Centric.

The fair value of the 9,688,478 common shares issued was determined based on the \$14.59 closing market price of the Company's common shares on the acquisition date, January 31, 2023.

During the three-months ended June 30, 2023, valuations were finalized for provisional amounts related to loan credit marks and a supplemental executive retirement plan liability ("SERP"). The credit marks were previously considered provisional due to the availability of data required to assess the borrowers cash flow and collateral position. After receiving additional historical financial information and meeting with the borrowers a \$5.1 million decrease in fair value and increase in the allowance for credit losses was recognized. Receipt of a third party valuation for the SERP liability decreased the fair value of the liability by \$0.07 million. There acquired assets and liabilities was no income statement impact related to the loan mark adjustment. The SERP adjustment resulted completed in a \$34 thousand increase in SERP expense during the second quarter of 2023. As of June 30, 2023, the accounting for the business combination is considered complete.

The following is a description of the valuation methodologies used to estimate the fair values of major categories of assets acquired and liabilities assumed. The Company used an independent valuation specialist to assist with the determination of fair values for certain acquired assets and assumed liabilities.

Cash and due from banks - The estimated fair value was determined to approximate the carrying amount of these assets.

Investment securities - The estimated fair value of the investment portfolio was based on quoted market prices, dealer quotes, and pricing obtained from independent pricing services.

Loans - The estimated fair value of loans were based on a discounted cash flow methodology applied on a pooled basis for non-purchased credit-deteriorated ("non-PCD") loans and on an individual basis for purchased credit-deteriorated ("PCD") loans. The valuation considered underlying characteristics including loan type, term, rate, payment schedule and credit rating. Other factors included assumptions related to prepayments, probability of default and loss given default. The discount rates applied were based on a build-up approach considering the funding mix, servicing costs, liquidity premium and factors related to performance risk.

Acquired loans are classified into two categories: PCD loans and non-PCD loans. PCD loans are defined as a loan or group of loans that have experienced more than insignificant credit deterioration since origination. Non-PCD loans will have an allowance established on acquisition date, which is recognized as an expense through provision for credit losses. For PCD loans, an allowance is recognized on day 1 by adding it to the fair value of the loan, which is the "Day 1 amortized cost". There is no provision for credit loss expense recognized on PCD loans because the initial allowance is established by grossing-up the amortized cost of the PCD loan.

A day 1 allowance for credit losses on non-PCD loans of \$10.7 million was recorded through the provision for credit losses within the Consolidated Statements of Income. At the date of acquisition, of the \$979.5 million of loans acquired from Centric, \$304.7 million, or 31.1%, of Centric's loan portfolio, was accounted for as PCD loans as of February 1, 2023.

Premise and equipment - The estimated fair value of land and buildings were determined by independent market-based appraisals.

Core deposit intangible - The core deposit intangible was valued utilizing the cost savings method approach, which recognizes the cost savings represented by the expense of maintaining the core deposit base versus the cost of an alternative funding source. The valuation incorporates assumptions related to account retention, discount rates, deposit interest rates, deposit maintenance costs and alternative funding rates.

Time deposits - The estimated fair value of time deposits was determined using a discounted cash flow approach incorporating a discount rate equal to current market interest rates offered on time deposits with similar terms and maturities.

Borrowings - The estimated fair value of short-term borrowings was determined to approximate stated value. Subordinated debentures were valued using a discounted cash flow approach incorporating a discount rate that incorporated similar terms, maturity maturities and credit rating ratings.

ITEM 1. Financial Statements and Supplementary Data
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table provides details related to the fair value of acquired PCD loans as of February 1, 2023.

	Unpaid Principal Balance	PCD Allowance for Credit Loss at Acquisition	(Discount) Premium on Acquired Loans	Fair Value of PCD Loans at Acquisition
(dollars in thousands)				
Commercial, financial, agricultural and other	\$ 84,095	\$ (19,417)	\$ 117	\$ 64,795
Time and demand	84,095	(19,417)	117	64,795
Real estate construction	29,947	(287)	(479)	29,181
Construction other	16,978	(227)	(179)	16,572
Construction residential	12,969	(60)	(300)	12,609
Residential real estate	16,564	(527)	(496)	15,541
Residential first lien	13,740	(197)	(264)	13,279
Residential junior lien/home equity	2,824	(330)	(232)	2,262
Commercial real estate	174,002	(6,971)	(6,073)	160,958
Multifamily	13,169	(234)	(1,413)	11,522
Nonowner occupied	97,324	(2,739)	(1,902)	92,683
Owner occupied	63,509	(3,998)	(2,758)	56,753
Loans to individuals	62	(3)	(3)	56
Automobile and recreational vehicles	62	(3)	(3)	56

Total loans and leases	\$ 304,670	\$ (27,205)	\$ (6,934)	\$ 270,531
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ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table provides details related to the fair value and Day 1 provision related to the acquired non-PCD loans as of February 1, 2023.

	Unpaid Principal Balance	(Discount) premium on acquired loans	Fair Value of Non-PCD Loans at Acquisition	Day 1 Provision for Credit Losses - Non- PCD Loans
(dollars in thousands)				
Commercial, financial, agricultural and other	\$ 167,606	\$ (5,451)	\$ 162,155	\$ 3,482
Time and demand	165,878	(5,342)	160,536	3,436
Equipment finance	4	—	4	—
Time and demand other	1,724	(109)	1,615	46
Real estate construction	52,773	(1,126)	51,647	1,638
Construction other	34,801	(971)	33,830	1,146
Construction residential	17,972	(155)	17,817	492
Residential real estate	75,041	(2,593)	72,448	614
Residential first lien	53,612	(1,981)	51,631	437
Residential junior lien/home equity	21,429	(612)	20,817	177
Commercial real estate	378,777	(12,607)	366,170	4,911
Multifamily	45,475	(1,203)	44,272	514
Nonowner occupied	182,793	(5,660)	177,133	2,111
Owner occupied	150,509	(5,744)	144,765	2,286
Loans to individuals	640	(36)	604	8
Automobile and recreational vehicles	449	(25)	424	4
Consumer other	191	(11)	180	4
Total loans and leases	\$ 674,837	\$ (21,813)	\$ 653,024	\$ 10,653

The following table presents the change in goodwill during the period (dollars in thousands):

	For the Six Nine Months Ended June 30, 2023 September 30, 2023
Goodwill at December 31, 2022	\$ 303,328
Goodwill from Centric acquisition	60,387
Goodwill at June 30, 2023 September 30, 2023	\$ 363,715

Costs related to the acquisition totaled \$8.5 million. \$8.9 million. These amounts were expensed as incurred and are recorded as a merger and acquisition related expense in the Consolidated Statements of Income.

As a result of the full integration of the operations of Centric, it is not practicable to determine revenue or net income included in the Company's operating results relating to Centric since the date of acquisition as Centric results cannot be separately identified.

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 Supplemental Comprehensive Income Disclosures

The following table identifies the related tax effects allocated to each component of other comprehensive income ("OCI") in the unaudited Consolidated Statements of Comprehensive Income. Reclassification adjustments related to securities available for sale are included in the "Net securities gains" line in the unaudited Consolidated Statements of Income.

For the Six Months Ended June 30,		For the Nine Months Ended September 30,	
2023	2022	2023	2022

		For the Three Months Ended June 30,						For the Three Months Ended September 30,						
		2023			2022			2023			2022			
		Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	
(dollars in thousands)														
Unrealized losses on securities:	Unrealized losses on securities:													
Unrealized holding losses on securities arising during the period	Unrealized holding losses on securities arising during the period	\$ (3,761)	\$ 1,144	\$ (2,617)	\$ (89,045)	\$ 18,700	\$ (70,345)	Unrealized holding losses on securities arising during the period	\$ (25,150)	\$ 5,282	\$ (19,868)	\$ (135,258)	\$ 28,405	\$ (106)
Reclassification adjustment for gains on securities included in net income		—	—	—	(2)	—	(2)	Reclassification adjustment for losses (gains) on securities included in net income	103	(22)	81	(2)	—	
Total unrealized losses on securities	Total unrealized losses on securities	(3,761)	1,144	(2,617)	(89,047)	18,700	(70,347)	Total unrealized losses on securities	(25,047)	5,260	(19,787)	(135,260)	28,405	(106)
Unrealized gains (losses) on derivatives:	Unrealized gains (losses) on derivatives:							Unrealized gains (losses) on derivatives:						
Unrealized holding gains (losses) on derivatives arising during the period	Unrealized holding gains (losses) on derivatives arising during the period	2,225	(467)	1,758	(22,671)	4,761	(17,910)	Unrealized holding gains (losses) on derivatives arising during the period	4,336	(911)	3,425	(33,754)	7,088	(26)
Total unrealized gains (losses) on derivatives	Total unrealized gains (losses) on derivatives	2,225	(467)	1,758	(22,671)	4,761	(17,910)	Total unrealized gains (losses) on derivatives	4,336	(911)	3,425	(33,754)	7,088	(26)
Total other comprehensive loss	Total other comprehensive loss	\$ (1,536)	\$ 677	\$ (859)	\$ (111,718)	\$ 23,461	\$ (88,257)	Total other comprehensive loss	\$ (20,711)	\$ 4,349	\$ (16,362)	\$ (169,014)	\$ 35,493	\$ (133)

		For the Three Months Ended June 30,						For the Three Months Ended September 30,						
		2023			2022			2023			2022			
		Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	Pretax Amount	Tax (Expense) Benefit	Net of Tax Amount	
(dollars in thousands)														
Unrealized losses on securities:	Unrealized losses on securities:							Unrealized losses on securities:						
Unrealized holding losses on securities arising during the period	Unrealized holding losses on securities arising during the period	\$ (14,116)	\$ 2,964	\$ (11,152)	\$ (31,794)	\$ 6,677	\$ (25,117)	Unrealized holding losses on securities arising during the period	\$ (21,389)	\$ 4,138	\$ (17,251)	\$ (46,213)	\$ 9,705	\$ (36,508)
Reclassification adjustment for losses on securities included in net income	Reclassification adjustment for losses on securities included in net income	—	—	—	—	—	—	Reclassification adjustment for losses on securities included in net income	103	(22)	81	—	—	
Total unrealized losses on securities	Total unrealized losses on securities	(14,116)	2,964	(11,152)	(31,794)	6,677	(25,117)	Total unrealized losses on securities	(21,286)	4,116	(17,170)	(46,213)	9,705	(36,508)
Unrealized losses on derivatives:	Unrealized losses on derivatives:							Unrealized losses on derivatives:						
Unrealized holding losses on derivatives arising during the period	Unrealized holding losses on derivatives arising during the period	(3,581)	752	(2,829)	(4,745)	997	(3,748)	Unrealized holding losses on derivatives arising during the period						

Unrealized gains (losses) on derivatives:							Unrealized gains (losses) on derivatives:							
Unrealized holding gains (losses) on derivatives arising during the period							Unrealized holding gains (losses) on derivatives arising during the period	2,111	(444)	1,667	(11,083)	2,327	(8,756)	
Total unrealized losses on derivatives	(3,581)	752	(2,829)	(4,745)	997	(3,748)								
Total unrealized gains (losses) on derivatives							Total unrealized gains (losses) on derivatives	2,111	(444)	1,667	(11,083)	2,327	(8,756)	
Total other comprehensive loss	Total other comprehensive loss	\$ (17,697)	\$ 3,716	\$ (13,981)	\$ (36,539)	\$ 7,674	\$ (28,865)	Total other comprehensive loss	\$ (19,175)	\$ 3,672	\$ (15,503)	\$ (57,296)	\$ 12,032	\$ (45,264)

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The following table details the change in components of OCI for the **six** **nine** months ended **June** **September** 30:

	2023						2022						2023					
	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)		
Balance at December 31	\$ (107,471)	\$ 268	\$ (30,489)	\$ (137,692)	\$ (3,317)	\$ 95	\$ (5,546)	\$ (8,768)	\$ (107,471)	\$ 268	\$ (30,489)	\$ (137,692)	\$ (3,317)	\$ 95	\$ (5,546)	\$ (8,768)		
Other comprehensive loss before reclassification adjustment	(2,617)	—	1,758	(859)	(70,345)	—	(17,910)	(88,255)	(19,868)	—	3,425	(16,443)	(106,853)	—	—	—		
Amounts reclassified from accumulated other comprehensive (loss) income	—	—	—	—	(2)	—	—	(2)	81	—	—	81	(2)	—	—	—		
Net other comprehensive loss during the period	(2,617)	—	1,758	(859)	(70,347)	—	(17,910)	(88,257)	(19,787)	—	3,425	(16,362)	(106,855)	—	—	—		
Balance at June 30	\$ (110,088)	\$ 268	\$ (28,731)	\$ (138,551)	\$ (73,664)	\$ 95	\$ (23,456)	\$ (97,025)	\$ (127,258)	\$ 268	\$ (27,064)	\$ (154,054)	\$ (110,172)	\$ 95	\$ (23,456)	\$ (97,025)		
Balance at September 30	\$ (127,258)	\$ 268	\$ (27,064)	\$ (154,054)	\$ (110,172)	\$ 95	\$ (23,456)	\$ (97,025)	\$ (127,258)	\$ 268	\$ (27,064)	\$ (154,054)	\$ (110,172)	\$ 95	\$ (23,456)	\$ (97,025)		

The following table details the change in components of OCI for the three months ended **June** **September** 30:

	2023						2022						2023					
	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income (Loss)		
Balance at March 31	\$ (98,936)	\$ 268	\$ (25,902)	\$ (124,570)	\$ (48,547)	\$ 95	\$ (19,708)	\$ (68,160)	\$ (98,936)	\$ 268	\$ (25,902)	\$ (124,570)	\$ (48,547)	\$ 95	\$ (19,708)	\$ (68,160)		

Balance at June 30										Balance at June 30					
Other comprehensive loss before reclassification adjustment	Other comprehensive loss before reclassification adjustment	(11,152)	—	(2,829)	(13,981)	(25,117)	—	(3,748)	(28,865)	(17,251)	—	1,667	(15,584)	(36,508)	—
Amounts reclassified from accumulated other comprehensive (loss) income	Amounts reclassified from accumulated other comprehensive (loss) income	—	—	—	—	—	—	—	—	81	—	—	81	—	—
Net other comprehensive loss during the period	Net other comprehensive loss during the period	(11,152)	—	(2,829)	(13,981)	(25,117)	—	(3,748)	(28,865)	(17,170)	—	1,667	(15,503)	(36,508)	—
Balance at June 30		\$(110,088)	\$ 268	\$(28,731)	\$(138,551)	\$(73,664)	\$ 95	\$(23,456)	\$(97,025)						
Balance at September 30										\$(127,258)	\$ 268	\$(27,064)	\$(154,054)	\$(110,172)	\$ 95

Note 4 Supplemental Cash Flow Disclosures

The following table presents information related to cash paid during the period for interest and income taxes, as well as detail on non-cash investing and financing activities for the six nine months ended June September 30:

		2023		2022		2023		2022	
		(dollars in thousands)				(dollars in thousands)			
Cash paid during the period for:	Cash paid during the period for:								
Interest	Interest	\$	52,038	\$	5,946	\$	92,376	\$	7,685
Income taxes	Income taxes		16,924		16,621		26,874		23,621
Non-cash investing and financing activities:	Non-cash investing and financing activities:								
Loans transferred to other real estate owned and repossessed assets	Loans transferred to other real estate owned and repossessed assets		1,443		1,313		2,933		2,211
Loans transferred from held to maturity to held for sale	Loans transferred from held to maturity to held for sale		60,611		31,519		117,143		47,213
Loans transferred from available for sale to held to maturity	Loans transferred from available for sale to held to maturity		(519)		—		(519)		(94)
Gross decrease in market value adjustment to securities available for sale	Gross decrease in market value adjustment to securities available for sale		(3,761)		(89,046)		(25,047)		(135,260)
Gross increase (decrease) in market value adjustment to derivatives	Gross increase (decrease) in market value adjustment to derivatives		2,225		(22,671)		4,336		(33,754)

Increase in limited partnership investment unfunded commitment	Increase in limited partnership investment unfunded commitment	3,350	—	Increase in limited partnership investment unfunded commitment	1,320	—
Noncash treasury stock reissuance	Noncash treasury stock reissuance	1,966	1,947	Noncash treasury stock reissuance	1,966	1,947
Net assets acquired through acquisition	Net assets acquired through acquisition	66,477	—	Net assets acquired through acquisition	66,477	—
Unsettled treasury stock repurchases		—	625			

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Note 5 Earnings per Share

The following table summarizes the composition of the weighted-average common shares (denominator) used in the basic and diluted earnings per share computations:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022	2023	2022
		Weighted average common shares issued	Weighted average common shares issued	123,603,380	113,914,902	121,944,027	113,914,902	123,603,380	113,914,902
Average treasury stock shares	Average treasury stock shares	(20,824,677)	(19,666,599)	(20,659,899)	(19,660,488)	(21,222,298)	(20,485,573)	(20,849,426)	(19,938,539)
Average deferred compensation shares	Average deferred compensation shares	(55,859)	(55,713)	(55,840)	(55,698)	(56,402)	(55,751)	(56,029)	(55,716)
Average unearned non-vested shares	Average unearned non-vested shares	(192,792)	(172,350)	(171,856)	(149,408)	(165,467)	(178,724)	(169,703)	(159,287)
Weighted average common shares and common stock equivalents used to calculate basic earnings per share	Weighted average common shares and common stock equivalents used to calculate basic earnings per share	102,530,052	94,020,240	101,056,432	94,049,308	102,159,213	93,194,854	101,428,065	93,761,360
Additional common stock equivalents (non-vested stock) used to calculate diluted earnings per share	Additional common stock equivalents (non-vested stock) used to calculate diluted earnings per share	173,818	169,779	169,071	168,749	226,939	199,620	190,178	177,013

Additional common stock equivalents (deferred compensation) used to calculate diluted earnings per share	Additional common stock equivalents (deferred compensation) used to calculate diluted earnings per share	56,396	55,751	56,396	55,751	Additional common stock equivalents (deferred compensation) used to calculate diluted earnings per share	56,726	55,785	56,727	55,785
Weighted average common shares and common stock equivalents used to calculate diluted earnings per share	Weighted average common shares and common stock equivalents used to calculate diluted earnings per share	102,760,266	94,245,770	101,281,899	94,273,808	Weighted average common shares and common stock equivalents used to calculate diluted earnings per share	102,442,878	93,450,259	101,674,970	93,994,158
Per Share Data:	Per Share Data:					Per Share Data:				
Basic Earnings per Share	Basic Earnings per Share	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62	Basic Earnings per Share	\$ 0.38	\$ 0.36	\$ 1.11	\$ 0.99
Diluted Earnings per Share	Diluted Earnings per Share	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62	Diluted Earnings per Share	\$ 0.38	\$ 0.36	\$ 1.10	\$ 0.98

The following table shows the number of shares and the price per share related to common stock equivalents that were not included in the computation of diluted earnings per share for the **six** **nine** months ended **June** **September** 30, because to do so would have been antidilutive.

		2023			2022			2023			2022		
		Shares	Price Range		Shares	Price Range		Shares	Price Range		Shares	Price Range	
			From	To		From	To		From	To		From	To
Restricted Stock	Restricted Stock	139,684	\$ 12.77	\$ 16.43	117,684	\$ 13.72	\$ 16.43	137,169	\$ 12.70	\$ 16.43	148,423	\$ 12.77	\$ 16.43
Restricted Stock Units	Restricted Stock Units	28,769	\$ 17.53	\$ 17.53	64,785	\$ 16.56	\$ 21.08	32,470	\$ 17.53	\$ 17.53	24,529	\$ 21.08	\$ 21.08

Note 6 Commitments and Contingent Liabilities

Commitments and Letters of Credit

Standby letters of credit and commercial letters of credit are conditional commitments issued by First Commonwealth to guarantee the performance of a customer to a third party. The contract or notional amount of these instruments reflects the maximum amount of future payments that First Commonwealth could be required to pay under the guarantees if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from collateral held or pledged. In addition, many of these commitments are expected to expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements.

The following table identifies the notional amount of those instruments at the date shown below:

		June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022	
		(dollars in thousands)				(dollars in thousands)			
Financial instruments whose contract amounts represent credit risk:	Financial instruments whose contract amounts represent credit risk:								
Commitments to extend credit	Commitments to extend credit	\$	2,576,168	\$	2,356,539	\$	2,525,601	\$	2,356,539
Financial standby letters of credit	Financial standby letters of credit		19,190		18,417		12,265		18,417
Performance standby letters of credit	Performance standby letters of credit		14,625		12,853		15,801		12,853
Commercial letters of credit	Commercial letters of credit		876		573		161		573

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The notional amounts outstanding as of **June 30, 2023** **September 30, 2023** include amounts issued in 2023 of **\$0.5 million** **\$0.9 million** in performance standby letters of credit and \$0.3 million in financial standby letters of credit. There were no commercial letters of credit issued in 2023. A liability of \$0.1 million has been recorded as of both **June 30, 2023** **September 30, 2023** and December 31, 2022, which represents the estimated fair value of letters of credit issued. The fair value of letters of credit is estimated based on the unrecognized portion of fees received at the time the commitment was issued.

Unused commitments and letters of credit provide exposure to future credit loss in the event of nonperformance by the borrower or guaranteed parties. Management's evaluation of the credit risk related to these commitments resulted in the recording of a liability of **\$7.8 million** **\$8.9 million** and \$10.0 million as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. This liability is reflected in "Other liabilities" in the unaudited Consolidated Statements of Financial Condition. The credit risk evaluation incorporates the expected loss percentage calculated for comparable loan categories as part of the allowance for credit losses for loans as well as estimated utilization for each loan category.

Legal Proceedings

First Commonwealth and its subsidiaries are subject in the normal course of business to various pending and threatened legal proceedings in which claims for monetary damages are asserted. As of **June 30, 2023** **September 30, 2023**, management, after consultation with legal counsel, does not anticipate that the aggregate ultimate liability arising out of litigation pending or threatened against First Commonwealth or its subsidiaries will be material to First Commonwealth's consolidated financial position. On at least a quarterly basis, First Commonwealth assesses its liabilities and contingencies in connection with such legal proceedings. For those matters where it is probable that First Commonwealth will incur losses and the amounts of the losses can be reasonably estimated, First Commonwealth records an expense and corresponding liability in its consolidated financial statements. To the extent the pending or threatened litigation could result in exposure in excess of that liability, the amount of such excess is not currently estimable. Although not considered probable, the range of reasonably possible losses for such matters in the aggregate, beyond the existing recorded liability (if any), is between \$0 and \$1 million. Although First Commonwealth does not believe that the outcome of pending litigation will be material to First Commonwealth's consolidated financial position, it cannot rule out the possibility that such outcomes will be material to the consolidated results of operations and cash flows for a particular reporting period in the future.

ITEM 1. Financial Statements and Supplementary Data
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
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Note 7 Investment Securities

Securities Available for Sale

Below is an analysis of the amortized cost and estimated fair values of securities available for sale at:

		June 30, 2023				December 31, 2022				September 30, 2023				
		Gross		Gross		Gross		Gross		Gross		Gross		
		Amortized	Unrealized	Unrealized	Estimated	Amortized	Unrealized	Unrealized	Estimated	Amortized	Unrealized	Unrealized	Estimated	Amortized
		Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value	Cost
		(dollars in thousands)												
Obligations of U.S. Government Agencies:	Obligations of U.S. Government Agencies:													
Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	\$ 3,851	\$ 23	\$ (167)	\$ 3,707	\$ 4,127	\$ 37	\$ (181)	\$ 3,983	\$ 3,678	\$ 10	\$ (262)	\$ 3,426	\$ 4,127
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	337,197	—	(57,545)	279,652	324,306	—	(52,890)	271,416	429,282	—	(64,471)	364,811	324,306
Obligations of U.S. Government-Sponsored Enterprises:	Obligations of U.S. Government-Sponsored Enterprises:													

Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	496,213	34	(77,025)	419,222	527,777	59	(78,847)	448,989	Mortgage-Backed Securities – Residential	501,750	1	(90,493)	411,258	527,777
Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	1,000	—	(117)	883	1,000	—	(118)	882	Other Government-Sponsored Enterprises	1,000	—	(113)	887	1,000
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	9,231	—	(1,217)	8,014	9,482	—	(1,295)	8,187	Obligations of States and Political Subdivisions	9,228	—	(1,475)	7,753	9,482
Corporate Securities	Corporate Securities	30,417	—	(3,786)	26,631	32,010	179	(2,985)	29,204	Corporate Securities	33,752	—	(4,284)	29,468	32,010
Total Securities Available for Sale	Total Securities Available for Sale	\$877,909	\$ 57	\$(139,857)	\$738,109	\$898,702	\$ 275	\$(136,316)	\$762,661	Total Securities Available for Sale	\$978,690	\$ 11	\$(161,098)	\$817,603	\$898,702

Mortgage-backed securities include mortgage-backed obligations of U.S. Government agencies and obligations of U.S. Government-sponsored enterprises. These obligations have contractual maturities ranging from less than one year to approximately 40 years, with lower anticipated lives to maturity due to prepayments. All mortgage-backed securities contain a certain amount of risk related to the uncertainty of prepayments of the underlying mortgages. Interest rate changes have a direct impact upon prepayment speeds; therefore, First Commonwealth uses computer simulation models to test the average life and yield volatility of all mortgage-backed securities under various interest rate scenarios to monitor the potential impact on earnings and interest rate risk positions.

Expected maturities will differ from contractual maturities because issuers may have the right to call or repay obligations with or without call or prepayment penalties. Other fixed income securities within the portfolio also contain prepayment risk.

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The amortized cost and estimated fair value of debt securities available for sale at **June 30, 2023** **September 30, 2023**, by contractual maturity, are shown below.

		Amortized Cost		Estimated Fair Value		Amortized Cost		Estimated Fair Value		
		(dollars in thousands)				(dollars in thousands)				
Due within 1 year	Due within 1 year	\$	6,253	\$	6,179	Due within 1 year	\$	6,253	\$	6,206
Due after 1 but within 5 years	Due after 1 but within 5 years		2,386		2,233	Due after 1 but within 5 years		8,890		8,649
Due after 5 but within 10 years	Due after 5 but within 10 years		32,009		27,116	Due after 5 but within 10 years		28,837		23,253
Due after 10 years	Due after 10 years		—		—	Due after 10 years		—		—
			40,648		35,528		43,980			38,108
Mortgage-Backed Securities (a)	Mortgage-Backed Securities (a)		837,261		702,581	Mortgage-Backed Securities (a)		934,710		779,495
Total Debt Securities	Total Debt Securities	\$	877,909	\$	738,109	Total Debt Securities	\$	978,690	\$	817,603

(a) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds. Mortgage-Backed Securities include an amortized cost of **\$341.0 million** **\$433.0 million** and a fair value of **\$283.4 million** **\$368.2 million** for Obligations of U.S. Government agencies issued by Ginnie Mae and an amortized cost of **\$496.2 million** **\$501.7 million** and a fair value of **\$419.2 million** **\$411.3 million** for Obligations of U.S. Government-sponsored enterprises issued by Fannie Mae and Freddie Mac.

Proceeds from sales, gross gains (losses) realized on sales and maturities related to securities held to maturity and securities available for sale were as follows for the **six nine** months ended **June** **September 30**:

	2023	2022	2023	2022
	(dollars in thousands)		(dollars in thousands)	

Proceeds from sales	Proceeds from sales	\$	30,686	\$	—	Proceeds from sales	\$	33,756	\$	—
Gross gains (losses) realized:	Gross gains (losses) realized:					Gross gains (losses) realized:				
Sales transactions:	Sales transactions:					Sales transactions:				
Gross gains	Gross gains	\$	—	\$	—	Gross gains	\$	—	\$	—
Gross losses	Gross losses		—		—	Gross losses		(103)		—
			—		—			(103)		—
Maturities	Maturities					Maturities				
Gross gains	Gross gains		—		2	Gross gains		—		2
Gross losses	Gross losses		—		—	Gross losses		—		—
			—		2			—		2
Net gains	Net gains	\$	—	\$	2	Net gains	\$	(103)	\$	2

Proceeds from sales included in above table are a result of the sale of investments acquired as part of the Centric acquisition. The securities All of the acquired investments were recorded at fair value at the time of acquisition and subsequently sold at the same value, value, with the exception of one corporate security. This security was sold in the third quarter of 2023 at a loss of \$103 thousand.

Securities available for sale with an estimated fair value of \$406.6 million \$377.6 million and \$626.7 million were pledged as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, to secure public deposits and for other purposes required or permitted by law.

ITEM 1. Financial Statements and Supplementary Data
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Securities Held to Maturity

Below is an analysis of the amortized cost and fair values of debt securities held to maturity at:

		June 30, 2023				December 31, 2022				September 30, 2023					
		Gross		Estimated	Gross		Gross		Estimated	Gross		Estimated	Amortized		
		Amortized	Unrealized		Unrealized	Amortized	Unrealized	Unrealized		Amortized	Unrealized			Unrealized	
		Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value	Cost	
(dollars in thousands)															
Obligations of U.S. Government Agencies:	Obligations of U.S. Government Agencies:									Obligations of U.S. Government Agencies:					
Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	\$ 1,819	\$ —	\$ (201)	\$ 1,618	\$ 2,008	\$ —	\$ (224)	\$ 1,784	Mortgage-Backed Securities – Residential	\$ 1,800	\$ —	\$ (279)	\$ 1,521	\$ 2,008
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	72,274	—	(15,641)	56,633	75,229	—	(14,196)	61,033	Mortgage-Backed Securities – Commercial	70,793	—	(17,191)	53,602	75,229
Obligations of U.S. Government-Sponsored Enterprises:	Obligations of U.S. Government-Sponsored Enterprises:									Obligations of U.S. Government-Sponsored Enterprises:					
Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	312,326	—	(52,201)	260,125	329,267	—	(53,002)	276,265	Mortgage-Backed Securities – Residential	304,036	—	(61,572)	242,464	329,267
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	3,497	—	(80)	3,417	4,794	—	(129)	4,665	Mortgage-Backed Securities – Commercial	2,853	—	(55)	2,798	4,794

Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	22,381	—	(4,362)	18,019	22,221	—	(4,501)	17,720	Other Government-Sponsored Enterprises	22,461	—	(5,205)	17,256	22,221
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	26,625	—	(2,772)	23,853	26,643	—	(2,865)	23,778	Obligations of States and Political Subdivisions	26,615	—	(3,558)	23,057	26,643
Debt Securities Issued by Foreign Governments	Debt Securities Issued by Foreign Governments	1,000	—	(50)	950	1,000	—	(40)	960	Debt Securities Issued by Foreign Governments	1,000	—	(52)	948	1,000
Total Securities Held to Maturity	Total Securities Held to Maturity	\$439,922	\$—	\$(75,307)	\$364,615	\$461,162	\$—	\$(74,957)	\$386,205	Total Securities Held to Maturity	\$429,558	\$—	\$(87,912)	\$341,646	\$461,162

The amortized cost and estimated fair value of debt securities held to maturity at **June 30, 2023** **September 30, 2023**, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

		Amortized Cost		Estimated Fair Value		Amortized Cost		Estimated Fair Value		
		(dollars in thousands)				(dollars in thousands)				
Due within 1 year	Due within 1 year	\$	1,145	\$	1,140	Due within 1 year	\$	1,145	\$	1,140
Due after 1 but within 5 years	Due after 1 but within 5 years		11,814		11,181	Due after 1 but within 5 years		11,811		10,928
Due after 5 but within 10 years	Due after 5 but within 10 years		36,484		30,071	Due after 5 but within 10 years		36,557		28,802
Due after 10 years	Due after 10 years		563		430	Due after 10 years		563		391
			50,006		42,822		50,076		41,261	
Mortgage-Backed Securities (a)	Mortgage-Backed Securities (a)		389,916		321,793	Mortgage-Backed Securities (a)		379,482		300,385
Total Debt Securities	Total Debt Securities	\$	439,922	\$	364,615	Total Debt Securities	\$	429,558	\$	341,646

(a) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds. Mortgage-Backed Securities include an amortized cost of **\$74.1 million** **\$72.6 million** and a fair value of **\$58.3 million** **\$55.1 million** for Obligations of U.S. Government agencies issued by Ginnie Mae and an amortized cost of **\$315.8 million** **\$306.9 million** and a fair value of **\$263.5 million** **\$245.3 million** for Obligations of U.S. Government-sponsored enterprises issued by Fannie Mae and Freddie Mac.

Securities held to maturity with an amortized cost of **\$118.9 million** **\$119.2 million** and \$368.8 million were pledged as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively, to secure public deposits and for other purposes required or permitted by law.

Other Investments

As a member of the Federal Home Loan Bank ("FHLB"), First Commonwealth is required to purchase and hold stock in the FHLB to satisfy membership and borrowing requirements. The level of stock required to be held is dependent on the amount of First Commonwealth's mortgage-related assets and outstanding borrowings with the FHLB. This stock is restricted in that it can

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only be sold to the FHLB or to another member institution, and all sales of FHLB stock must be at par. As a result of these restrictions, FHLB stock is unlike other investment securities insofar as there is no trading market for FHLB stock and the transfer price is determined by FHLB membership rules and not by market participants. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, our FHLB stock totaled **\$40.2 million** **\$42.8 million** and \$25.2 million, respectively, and is included in "Other investments" on the unaudited Consolidated Statements of Financial Condition.

FHLB stock is held as a long-term investment and its value is determined based on the ultimate recoverability of the par value. First Commonwealth evaluates impairment quarterly and has concluded that the par value of its investment in FHLB stock will be recovered. Accordingly, no impairment charge was recorded on these securities during the three and **six nine** months ended **June 30, 2023** **September 30, 2023**.

As of both **June 30, 2023** **September 30, 2023** and December 31, 2022, "Other investments" also includes \$6.2 million and \$1.2 million, respectively, in equity securities. These securities do not have a readily determinable fair value and are carried at cost. During the **six-months** **nine-months** ended **June 30, 2023** **September 30, 2023** and 2022, there were no gains or losses recognized through earnings on equity securities. On a quarterly basis, management evaluates equity securities by reviewing the severity and duration of decline

in estimated fair value, research reports, analysts' recommendations, credit rating changes, news stories, annual reports, regulatory filings, impact of interest rate changes and other relevant information.

Impairment of Investment Securities

We review our investment portfolio on a quarterly basis for indications of impairment. For available for sale securities, the review includes analyzing the financial condition and near-term prospects of the issuer, including any specific events which may influence the operations of the issuer and whether we are more likely than not to sell the security. We evaluate whether we are more likely than not to sell debt securities based upon our investment strategy for the particular type of security and our cash flow needs, liquidity position, capital adequacy, tax position and interest rate risk position. Held-to-maturity securities are evaluated for impairment on a quarterly basis using historical probability of default and loss given default information specific to the investment category. If this evaluation determines that credit losses exist an allowance for credit loss is recorded and included in earnings as a component of credit loss expense.

First Commonwealth utilizes the specific identification method to determine the net gain or loss on debt securities and the average cost method to determine the net gain or loss on equity securities.

The following table presents the gross unrealized losses and estimated fair values at **June 30, 2023** **September 30, 2023** for both available for sale and held to maturity securities by investment category and time frame for which securities have been in a continuous unrealized loss position:

		Less Than 12 Months		12 Months or More		Total				Less Than 12 Months		12 Months or More		Total		
		Gross		Gross		Gross				Gross		Gross		Gross		
		Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized			Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized	
		Fair Value	Losses	Fair Value	Losses	Fair Value	Losses			Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	
(dollars in thousands)																
Obligations of U.S. Government Agencies:	Obligations of U.S. Government Agencies:									Obligations of U.S. Government Agencies:						
Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	\$ 315	\$ (1)	\$ 3,483	\$ (367)	\$ 3,798	\$ (368)			Residential	\$ 633	\$ (15)	\$ 3,233	\$ (526)	\$ 3,866	\$ (541)
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	24,199	(283)	312,085	(72,903)	336,284	(73,186)			Commercial	95,858	(1,190)	293,015	(80,472)	388,873	(81,662)
Obligations of U.S. Government-Sponsored Enterprises:	Obligations of U.S. Government-Sponsored Enterprises:									Obligations of U.S. Government-Sponsored Enterprises:						
Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	11,080	(546)	666,343	(128,680)	677,423	(129,226)			Residential	3,042	(79)	628,596	(151,986)	631,638	(152,065)
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	—	—	3,418	(80)	3,418	(80)			Commercial	—	—	2,798	(55)	2,798	(55)
Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	—	—	18,902	(4,479)	18,902	(4,479)			Enterprises	—	—	18,143	(5,318)	18,143	(5,318)
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	9,018	(235)	22,403	(3,754)	31,421	(3,989)			Subdivisions	4,526	(177)	26,284	(4,856)	30,810	(5,033)
Debt Securities Issued by Foreign Governments	Debt Securities Issued by Foreign Governments	198	(3)	753	(47)	951	(50)			Foreign Governments	195	(5)	753	(47)	948	(52)
Corporate Securities	Corporate Securities	11,138	(278)	15,492	(3,508)	26,630	(3,786)			Corporate Securities	8,552	(202)	20,917	(4,082)	29,469	(4,284)

Total Securities	Total Securities	\$ 55,948	\$ (1,346)	\$ 1,042,879	\$ (213,818)	\$ 1,098,827	\$ (215,164)	Total Securities	\$ 112,806	\$ (1,668)	\$ 993,739	\$ (247,342)	\$ 1,106,545	\$ (249,010)
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At **June 30, 2023** **September 30, 2023**, fixed income securities issued by the U.S. Government and U.S. Government-sponsored enterprises comprised 96% of total unrealized losses. All unrealized losses are the result of changes in market interest rates. At **June 30, 2023** **September 30, 2023**, there are **219** **231** debt securities in an unrealized loss position.

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The following table presents the gross unrealized losses and estimated fair values at December 31, 2022 by investment category and the time frame for which securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
	Estimated	Gross	Estimated	Gross	Estimated	Gross
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(dollars in thousands)						
Obligations of U.S. Government Agencies:						
Mortgage-Backed Securities – Residential	\$ 3,734	\$ (405)	\$ —	\$ —	\$ 3,734	\$ (405)
Mortgage-Backed Securities - Commercial	92,208	(12,364)	240,241	(54,722)	332,449	(67,086)
Obligations of U.S. Government-Sponsored Enterprises:						
Mortgage-Backed Securities – Residential	239,760	(21,543)	482,195	(110,306)	721,955	(131,849)
Mortgage-Backed Securities – Commercial	4,666	(129)	—	—	4,666	(129)
Other Government-Sponsored Enterprises	—	—	18,603	(4,619)	18,603	(4,619)
Obligation of States and Political Subdivisions	21,234	(1,979)	9,230	(2,181)	30,464	(4,160)
Debt Securities Issued by Foreign Governments	587	(13)	373	(27)	960	(40)
Corporate Securities	14,406	(590)	12,632	(2,395)	27,038	(2,985)
Total Securities	\$ 376,595	\$ (37,023)	\$ 763,274	\$ (174,250)	\$ 1,139,869	\$ (211,273)

As of **June 30, 2023** **September 30, 2023**, our corporate securities had an amortized cost and an estimated fair value of **\$30.4 million** **\$33.8 million** and **\$26.6 million** **\$29.5 million**, respectively. As of December 31, 2022, our corporate securities had an amortized cost and estimated fair value of \$32.0 million and \$29.2 million, respectively. Corporate securities are comprised of debt issued by large regional banks. There were eight and six corporate securities, respectively, in an unrealized loss position as of **June 30, 2023** **September 30, 2023** and December 31, 2022. When unrealized losses exist, management reviews each of the issuer's asset quality, earnings trends and capital position to determine whether the unrealized loss position is a result of credit losses. All interest payments on the corporate securities are being made as contractually required.

There was no expected credit related impairment recognized on investment securities during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022.

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Note 8 Loans and Leases and Allowance for Credit Losses

Loans and leases are presented in the Consolidated Statements of Financial Condition net of deferred fees and costs, and discounts related to purchased loans. Net deferred fees were \$7.4 million and \$5.9 million as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively, and discounts on purchased loans from acquisitions were **\$30.1** **\$27.6** million and \$5.4 million as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. The following table provides outstanding balances related to each of our loan types:

Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	June 30, 2023		December 31, 2022		Commercial, financial, agricultural and other	September 30, 2023		December 31, 2022	
		(dollars in thousands)					(dollars in thousands)			
		\$		\$			\$		\$	
Time and demand	Time and demand	\$ 1,501,994		\$ 1,211,706		\$ 1,496,021		\$ 1,211,706		
		1,229,231		1,023,824		1,189,604		1,023,824		

Commercial credit cards	Commercial credit cards	13,119	13,920	Commercial credit cards	12,934	13,920
Equipment finance	Equipment finance	154,152	79,674	Equipment finance	190,116	79,674
Time and demand other	Time and demand other	105,492	94,288	Time and demand other	103,367	94,288
Real estate construction	Real estate construction	574,799	513,101	Real estate construction	575,547	513,101
Construction other	Construction other	474,720	395,439	Construction other	508,875	395,439
Construction residential	Construction residential	100,079	117,662	Construction residential	66,672	117,662
Residential real estate	Residential real estate	2,364,109	2,194,669	Residential real estate	2,414,781	2,194,669
Residential first lien	Residential first lien	1,694,744	1,547,192	Residential first lien	1,737,203	1,547,192
Residential junior lien/home equity	Residential junior lien/home equity	669,365	647,477	Residential junior lien/home equity	677,578	647,477
Commercial real estate	Commercial real estate	3,004,962	2,425,012	Commercial real estate	3,050,084	2,425,012
Multifamily	Multifamily	515,875	431,151	Multifamily	537,565	431,151
Nonowner occupied	Nonowner occupied	1,815,364	1,510,347	Nonowner occupied	1,806,738	1,510,347
Owner occupied	Owner occupied	673,723	483,514	Owner occupied	705,781	483,514
Loans to individuals	Loans to individuals	1,353,972	1,297,655	Loans to individuals	1,365,292	1,297,655
Automobile and recreational vehicles	Automobile and recreational vehicles	1,272,557	1,210,451	Automobile and recreational vehicles	1,285,380	1,210,451
Consumer credit cards	Consumer credit cards	9,943	10,657	Consumer credit cards	9,997	10,657
Consumer other	Consumer other	71,472	76,547	Consumer other	69,915	76,547
Total loans and leases	Total loans and leases	\$ 8,799,836	\$ 7,642,143	Total loans and leases	\$ 8,901,725	\$ 7,642,143

First Commonwealth's loan portfolio includes five primary loan categories. When calculating the allowance for credit losses these categories are classified into fourteen portfolio segments. The composition of loans by portfolio segment includes:

Commercial, financial, agricultural and other

Time & Demand - Consists primarily of commercial and industrial loans. This category consists of loans that are typically cash flow dependent and therefore have different risk and loss characteristics than other commercial loans. Loans in this category include revolving and term structures with fixed and variable interest rates. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of national unemployment and economic conditions measured by GDP. At **June 30, 2023** **September 30, 2023** and December 31, 2022, this category includes **\$2.9 million** **\$0.9 million** and \$4.3 million in Paycheck Protection Program ("PPP") loans for small businesses. Because PPP loans are fully guaranteed by the SBA, there is no allowance for credit losses recognized for these loans.

Commercial Credit Cards - Consists of unsecured credit cards for commercial customers. These commercial credit cards have separate characteristics outside of normal commercial non-real estate loans, as they tend to have shorter overall duration. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of national unemployment and economic conditions measured by GDP.

Equipment Finance - Consists of loans and leases to finance the purchase of equipment for commercial customers. The risk and loss characteristics are unique for this group due to the type of collateral. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of national unemployment and economic conditions measured by GDP.

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Time & Demand Other - Consists primarily of loans to state and political subdivisions and other commercial loans that have different characteristics than loans in the Time and Demand category. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of household debt to income and economic conditions

measured by GDP.

Real estate construction

Construction Other - Consists of construction loans to commercial builders and developers and are secured by the properties under development.

Construction Residential - Consists of loans to finance the construction of residential properties during the construction period. Borrowers are typically individuals who will occupy the completed single family property.

The risk and loss characteristics of these two construction categories are different than other real estate secured categories due to the collateral being at various stages of completion. The nature of the project and type of borrower of the two construction categories provides for unique risk and loss characteristics for each category. The primary macroeconomic drivers for estimating credit losses for construction loans include forecasts of national unemployment and measures of completed construction projects.

Residential real estate

Residential first lien - Consists of loans with collateral of 1-4 family residencies with a senior lien position. The risk and loss characteristics are unique for this group because the collateral for these loans are the borrower's primary residence. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of national unemployment and residential property values.

Residential Junior Lien/Home Equity - Consists of loans with collateral of 1-4 family residencies with an open end line of credit or junior lien position. The junior lien position for the majority of these loans provides a higher risk of loss than other residential real estate loans. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of national unemployment and residential property values.

Commercial real estate

Multifamily - Consists of loans secured by commercial multifamily properties. Real estate related to rentals to consumers provide unique risk and loss characteristics. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of commercial real estate values and national unemployment.

Nonowner Occupied - Consists of loans secured by **non-owner occupied** commercial real estate **non-owner occupied** and provides different loss characteristics than other real estate categories. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of national unemployment and economic conditions measured by GDP.

Owner Occupied - Consists of loans secured by **owner occupied** commercial real estate **owner occupied** properties. The risk and loss characteristics of this category were considered different than other real estate categories because it is owner occupied and would impact the ability to conduct business. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of national unemployment and economic conditions measured by GDP.

Loans to individuals

Automobile and Recreational Vehicles - Consists of both direct and indirect loans with automobiles and recreational vehicles held as collateral. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of consumer sentiment and automobile retention value.

Consumer Credit Cards - Consists of unsecured consumer credit cards. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of consumer sentiment and economic conditions measured by GDP.

Other Consumer - Consists of lines of credit, student loans and other consumer loans, not secured by real estate or autos. The primary macroeconomic drivers for estimating credit losses for this category include forecasts of consumer sentiment and retail sales.

The allowance for credit losses is calculated by pooling loans of similar credit risk characteristics and applying a discounted cash flow methodology after incorporating probability of default and loss given default estimates. Probability of default represents an estimate of the likelihood of default, and loss given default measures the expected loss upon default. Inputs impacting the expected losses include a forecast of macroeconomic factors, using a weighted forecast from a nationally

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recognized firm. Our model incorporates a one-year forecast of macroeconomic factors, after which the factors revert back to the historical mean over a one-year period. The most significant macroeconomic factor used in estimating credit losses is the national unemployment rate. The forecasted value for national unemployment at the beginning of the forecast period was **3.52%** **3.78%** and during the one-year forecast period it was projected to average **4.47%** **4.59%**, with a peak of **4.83%** **4.86%**.

Credit Quality Information

As part of the on-going monitoring of credit quality within the loan portfolio, the following credit worthiness categories are used in grading our loans:

Pass	Acceptable levels of risk exist in the relationship. Includes all loans not classified as OAEM, substandard or doubtful.
Other Assets Especially Mentioned (OAEM)	Potential weaknesses that deserve management's close attention. The potential weaknesses may result in deterioration of the repayment prospects or weaken the Company's credit position at some future date. The credit risk may be relatively minor, yet constitute an undesirable risk in light of the circumstances surrounding the specific credit. No loss of principal or interest is expected.
Substandard	Well-defined weakness or a weakness that jeopardizes the repayment of the debt. A loan may be classified as substandard as a result of deterioration of the borrower's financial condition and repayment capacity. Loans for which repayment plans have not been met or collateral equity margins do not protect the Company may also be classified as substandard.
Doubtful	Loans with the characteristics of substandard loans with the added characteristic that collection or liquidation in full, on the basis of presently existing facts and conditions, is highly improbable.

The Company's internal creditworthiness grading system provides a measurement of credit risk based primarily on an evaluation of the borrower's cash flow and collateral. Category ratings are reviewed each quarter, at which time management analyzes the results, as well as other external statistics and factors related to loan performance.

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The following tables represent our credit risk profile by creditworthiness:

		June 30, 2023							September 30, 2023							
		Non-Pass					Total Non-		Non-Pass					Total Non-		
		Pass	OAEM	Substandard	Doubtful	Loss	Pass	Total	Pass	OAEM	Substandard	Doubtful	Loss	Pass	Total	
		(dollars in thousands)							(dollars in thousands)							
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$1,390,575	\$ 69,846	\$ 41,573	\$ —	\$ —	\$111,419	\$1,501,994	Commercial, financial, agricultural and other	\$1,417,177	\$ 46,843	\$ 32,001	\$ —	\$ —	\$ 78,844	\$1,496,021
Time and demand	Time and demand	1,117,957	69,846	41,428	—	—	111,274	1,229,231	Time and demand	1,111,155	46,843	31,606	—	—	78,449	1,189,603
Commercial credit cards	Commercial credit cards	13,119	—	—	—	—	—	13,119	Commercial credit cards	12,934	—	—	—	—	—	12,934
Equipment finance	Equipment finance	154,028	—	124	—	—	124	154,152	Equipment finance	189,735	—	381	—	—	381	190,116
Time and demand other	Time and demand other	105,471	—	21	—	—	21	105,492	Time and demand other	103,353	—	14	—	—	14	103,367
Real estate construction	Real estate construction	573,123	1,676	—	—	—	1,676	574,799	Real estate construction	570,581	1,678	3,288	—	—	4,966	575,547
Construction other	Construction other	473,044	1,676	—	—	—	1,676	474,720	Construction other	503,909	1,678	3,288	—	—	4,966	508,875
Construction residential	Construction residential	100,079	—	—	—	—	—	100,079	Construction residential	66,672	—	—	—	—	—	66,672
Residential real estate	Residential real estate	2,354,041	2,091	7,977	—	—	10,068	2,364,109	Residential real estate	2,404,117	2,581	8,083	—	—	10,664	2,414,781
Residential first lien	Residential first lien	1,688,793	2,091	3,860	—	—	5,951	1,694,744	Residential first lien	1,730,461	2,581	4,161	—	—	6,742	1,737,205
Residential junior lien/home equity	Residential junior lien/home equity	665,248	—	4,117	—	—	4,117	669,365	Residential junior lien/home equity	673,656	—	3,922	—	—	3,922	677,578
Commercial real estate	Commercial real estate	2,921,522	57,039	26,401	—	—	83,440	3,004,962	Commercial real estate	2,951,568	75,818	22,698	—	—	98,516	3,050,082
Multifamily	Multifamily	515,296	470	109	—	—	579	515,875	Multifamily	537,000	461	104	—	—	565	537,565

Nonowner occupied	Nonowner occupied	1,760,549	32,010	22,805	—	—	54,815	1,815,364	Nonowner occupied	1,738,117	50,807	17,814	—	—	68,621	1,806,735
Owner occupied	Owner occupied	645,677	24,559	3,487	—	—	28,046	673,723	Owner occupied	676,451	24,550	4,780	—	—	29,330	705,781
Loans to individuals	Loans to individuals	1,353,504	—	468	—	—	468	1,353,972	Loans to individuals	1,365,090	—	202	—	—	202	1,365,292
Automobile and recreational vehicles	Automobile and recreational vehicles	1,272,207	—	350	—	—	350	1,272,557	Automobile and recreational vehicles	1,285,180	—	200	—	—	200	1,285,380
Consumer credit cards	Consumer credit cards	9,943	—	—	—	—	—	9,943	Consumer credit cards	9,997	—	—	—	—	—	9,997
Consumer other	Consumer other	71,354	—	118	—	—	118	71,472	Consumer other	69,913	—	2	—	—	2	69,915
Total loans and leases	Total loans and leases	\$8,592,765	\$130,652	\$ 76,419	\$ —	\$—	\$207,071	\$8,799,836	Total loans and leases	\$8,708,533	\$126,920	\$ 66,272	\$ —	\$—	\$193,192	\$8,901,725

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	December 31, 2022							
	Pass	Non-Pass				Total Non-Pass	Total	
		OAEM	Substandard	Doubtful	Loss			
	(dollars in thousands)							
Commercial, financial, agricultural and other	\$ 1,164,193	\$ 35,389	\$ 12,124	\$ —	\$ —	\$ 47,513	\$ 1,211,706	
Time and demand	976,346	35,389	12,089	—	—	47,478	1,023,824	
Commercial credit cards	13,920	—	—	—	—	—	13,920	
Equipment finance	79,674	—	—	—	—	—	79,674	
Time and demand other	94,253	—	35	—	—	35	94,288	
Real estate construction	513,101	—	—	—	—	—	513,101	
Construction other	395,439	—	—	—	—	—	395,439	
Construction residential	117,662	—	—	—	—	—	117,662	
Residential real estate	2,187,780	736	6,153	—	—	6,889	2,194,669	
Residential first lien	1,542,854	675	3,663	—	—	4,338	1,547,192	
Residential junior lien/home equity	644,926	61	2,490	—	—	2,551	647,477	
Commercial real estate	2,347,000	52,291	25,721	—	—	78,012	2,425,012	
Multifamily	430,613	488	50	—	—	538	431,151	
Nonowner occupied	1,439,478	49,037	21,832	—	—	70,869	1,510,347	
Owner occupied	476,909	2,766	3,839	—	—	6,605	483,514	
Loans to individuals	1,297,206	—	449	—	—	449	1,297,655	
Automobile and recreational vehicles	1,210,090	—	361	—	—	361	1,210,451	
Consumer credit cards	10,657	—	—	—	—	—	10,657	
Consumer other	76,459	—	88	—	—	88	76,547	
Total loans and leases	\$ 7,509,280	\$ 88,416	\$ 44,447	\$ —	\$ —	\$ 132,863	\$ 7,642,143	

The following table summarizes the loan risk rating category by loan type including term loans on an amortized cost basis by origination year:

	June 30, 2023						September 30, 2023							
	Term Loans			Revolving			Term Loans			Revolving				
	2023	2022	2021	2020	2019	Prior	Loans	Total	2023	2022	2021	2020	2019	Prior

(dollars in thousands)										(dollars in thousands)					
Time and demand	Time and demand	\$86,981	\$222,631	\$159,642	\$75,577	\$73,505	\$87,805	\$523,090	\$1,229,231	Time and demand	\$140,075	\$201,945	\$123,174	\$76,068	\$52,514
Pass	Pass	86,390	208,288	141,792	64,392	61,428	81,859	473,808	1,117,957	Pass	137,708	193,983	112,478	71,311	40,027
OAEM	OAEM	—	9,190	10,021	2,271	5,250	1,493	41,621	69,846	OAEM	1,784	2,653	2,983	1,980	10,517
Substandard	Substandard	591	5,153	7,829	8,914	6,827	4,453	7,661	41,428	Substandard	583	5,309	7,713	2,777	1,970
Gross charge-offs	Gross charge-offs	—	—	—	—	(2,312)	(522)	(3,636)	(6,470)	Gross charge-offs	—	(6)	(6)	—	(2,363)
Gross recoveries	Gross recoveries	—	—	—	53	4	106	5	168	Gross recoveries	—	—	—	96	4
Commercial credit cards	Commercial credit cards	—	—	—	—	—	—	13,119	13,119	Commercial credit cards	—	—	—	—	—
Pass	Pass	—	—	—	—	—	—	13,119	13,119	Pass	—	—	—	—	—
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	(35)	(35)	Gross charge-offs	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	7	7	Gross recoveries	—	—	—	—	—

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

June 30, 2023										September 30, 2023						
Term Loans										Term Loans						
Revolving										Revolving						
2023 2022 2021 2020 2019 Prior Loans Total										2023 2022 2021 2020 2019 Prior						
(dollars in thousands)										(dollars in thousands)						
Equipment finance	Equipment finance	82,329	71,823	—	—	—	—	—	154,152	Equipment finance	122,806	67,310	—	—	—	
Pass	Pass	82,329	71,699	—	—	—	—	—	154,028	Pass	122,806	66,929	—	—	—	
Substandard	Substandard	—	124	—	—	—	—	—	124	Substandard	—	381	—	—	—	
Gross charge-offs	Gross charge-offs	—	(45)	—	—	—	—	—	(45)	Gross charge-offs	—	(45)	—	—	—	
Gross recoveries	Gross recoveries	—	—	—	—	—	—	—	—	Gross recoveries	—	—	—	—	—	
Time and demand other	Time and demand other	1,954	6,458	18,254	20,143	3,368	49,337	5,978	105,492	Time and demand other	3,214	6,482	17,867	20,272	3,219	48,542
Pass	Pass	1,954	6,458	18,254	20,143	3,368	49,316	5,978	105,471	Pass	3,214	6,482	17,867	20,272	3,219	48,528
Substandard	Substandard	—	—	—	—	—	21	—	21	Substandard	—	—	—	—	—	14
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	(790)	(790)	Gross charge-offs	—	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	79	79	Gross recoveries	—	—	—	—	—	—
Construction other	Construction other	26,406	150,560	210,341	51,140	21,686	14,226	361	474,720	Construction other	60,546	174,511	193,450	43,890	21,676	14,105
Pass	Pass	26,406	150,560	208,665	51,140	21,686	14,226	361	473,044	Pass	60,546	171,223	191,772	43,890	21,676	14,105
OAEM	OAEM	—	—	1,676	—	—	—	—	1,676	OAEM	—	—	1,678	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—	Substandard	—	3,288	—	—	—	—
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	—	Gross charge-offs	—	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	—	—	Gross recoveries	—	—	—	—	—	—
Construction residential	Construction residential	7,649	79,708	2,752	5,593	3,549	—	828	100,079	Construction residential	17,883	36,866	2,290	5,596	3,559	—
Pass	Pass	7,649	79,708	2,752	5,593	3,549	—	828	100,079	Pass	17,883	36,866	2,290	5,596	3,559	—

Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	—	Gross charge-offs	—	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	—	—	Gross recoveries	—	—	—	—	—	—
Residential first lien	Residential first lien	63,442	333,721	548,684	331,918	100,996	313,784	2,199	1,694,744	Residential first lien	100,354	372,352	537,574	326,371	99,473	299,027
Pass	Pass	63,438	333,721	546,717	331,828	100,189	310,968	1,932	1,688,793	Pass	100,349	371,775	535,103	326,218	98,655	296,386
OAEM	OAEM	—	—	1,556	—	127	331	77	2,091	OAEM	—	—	2,059	—	124	321
Substandard	Substandard	4	—	411	90	680	2,485	190	3,860	Substandard	5	577	412	153	694	2,320
Gross charge-offs	Gross charge-offs	—	(1)	—	(4)	(1)	(11)	—	(17)	Gross charge-offs	—	(2)	(1)	(4)	(1)	(116)
Gross recoveries	Gross recoveries	—	—	—	—	—	43	—	43	Gross recoveries	—	—	—	—	—	65
Residential junior lien/home equity	Residential junior lien/home equity	29,270	74,900	47,459	2,031	2,777	5,983	506,945	669,365	Residential junior lien/home equity	49,611	72,616	46,038	2,118	2,554	5,299
Pass	Pass	29,270	74,900	47,459	2,031	2,715	5,907	502,966	665,248	Pass	49,611	72,616	46,038	2,118	2,552	5,227
Substandard	Substandard	—	—	—	—	62	76	3,979	4,117	Substandard	—	—	—	—	2	72
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	(63)	(63)	Gross charge-offs	—	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	28	28	Gross recoveries	—	—	—	—	—	—
Multifamily	Multifamily	3,346	155,372	122,015	91,119	32,161	110,074	1,788	515,875	Multifamily	5,960	156,540	141,101	97,027	32,940	101,828
Pass	Pass	3,346	155,372	122,015	91,119	32,161	109,495	1,788	515,296	Pass	5,960	156,540	141,101	97,027	32,940	101,263
OAEM	OAEM	—	—	—	—	—	470	—	470	OAEM	—	—	—	—	—	461
Substandard	Substandard	—	—	—	—	—	109	—	109	Substandard	—	—	—	—	—	104
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	—	Gross charge-offs	—	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	—	—	Gross recoveries	—	—	—	—	—	—
Nonowner occupied	Nonowner occupied	121,605	414,983	167,587	164,734	233,055	703,777	9,623	1,815,364	Nonowner occupied	142,431	418,600	170,408	163,124	232,990	670,243
Pass	Pass	121,605	414,501	167,587	156,955	231,429	658,914	9,558	1,760,549	Pass	142,431	418,118	170,408	158,484	224,009	615,790
OAEM	OAEM	—	—	—	7,779	1,468	22,763	—	32,010	OAEM	—	—	—	4,640	8,823	37,344
Substandard	Substandard	—	482	—	—	158	22,100	65	22,805	Substandard	—	482	—	—	158	17,109
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	—	Gross charge-offs	—	—	—	—	—	(172)
Gross recoveries	Gross recoveries	—	—	—	—	—	124	—	124	Gross recoveries	—	—	—	—	—	126
Owner occupied		41,099	153,235	139,364	89,967	64,318	176,186	9,554	673,723							
Pass		41,099	152,637	137,735	85,417	46,209	173,102	9,478	645,677							
OAEM		—	598	1,007	3,801	17,454	1,666	33	24,559							
Substandard		—	—	622	749	655	1,418	43	3,487							
Gross charge-offs		—	—	—	—	—	(1,517)	—	(1,517)							
Gross recoveries		—	—	—	—	—	12	—	12							

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

June 30, 2023									September					
Term Loans						Revolving			Term Loans					
2023	2022	2021	2020	2019	Prior	Loans	Total	2023	2022	2021	2020	2019	Prior	

(dollars in thousands)										(dollars in th)				
Owner occupied										Owner occupied	79,093	165,825	139,993	82,204
Pass										Pass	79,093	165,137	134,769	77,517
OAEM										OAEM	—	688	4,133	3,683
Substandard										Substandard	—	—	1,091	1,004
Gross charge-offs										Gross charge-offs	—	—	—	—
Gross recoveries										Gross recoveries	—	—	—	—
Automobile and recreational vehicles	Automobile and recreational vehicles	255,446	533,069	278,997	141,368	50,595	13,082	—	1,272,557	Automobile and recreational vehicles	356,253	495,340	254,706	127,614
Pass	Pass	255,446	533,069	278,957	141,226	50,490	13,019	—	1,272,207	Pass	356,253	495,312	254,681	127,591
Substandard	Substandard	—	—	40	142	105	63	—	350	Substandard	—	28	25	23
Gross charge-offs	Gross charge-offs	—	(638)	(361)	(321)	(194)	(72)	—	(1,586)	Gross charge-offs	(153)	(1,370)	(794)	(714)
Gross recoveries	Gross recoveries	—	111	106	212	196	77	—	702	Gross recoveries	1	259	255	224
Consumer credit cards	Consumer credit cards	—	—	—	—	—	—	9,943	9,943	Consumer credit cards	—	—	—	—
Pass	Pass	—	—	—	—	—	—	9,943	9,943	Pass	—	—	—	—
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	(146)	(146)	Gross charge-offs	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	47	47	Gross recoveries	—	—	—	—
Consumer other	Consumer other	3,454	5,453	15,024	1,964	2,236	4,175	39,166	71,472	Consumer other	5,387	4,741	14,055	1,651
Pass	Pass	3,454	5,453	15,024	1,964	2,209	4,171	39,079	71,354	Pass	5,387	4,741	14,055	1,651
Substandard	Substandard	—	—	—	—	27	4	87	118	Substandard	—	—	—	—
Gross charge-offs	Gross charge-offs	—	(75)	(27)	(6)	(77)	(11)	(361)	(557)	Gross charge-offs	—	(24)	(49)	(30)
Gross recoveries	Gross recoveries	—	49	1	5	26	32	65	178	Gross recoveries	—	1	2	8
Total loans and leases	Total loans and leases	\$722,981	\$2,201,913	\$1,710,119	\$975,554	\$588,246	\$1,478,429	\$1,122,594	\$8,799,836	Total loans and leases	\$1,083,613	\$2,173,128	\$1,640,656	\$945,935
Total charge-offs	Total charge-offs	—	(759)	(388)	(331)	(2,584)	(2,133)	(5,031)	(11,226)	Total charge-offs	(153)	(1,447)	(850)	(748)
Total recoveries	Total recoveries	—	160	107	270	226	394	231	1,388	Total recoveries	1	260	257	328

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022

	Term Loans							
	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
	(dollars in thousands)							
Time and demand	\$ 180,134	\$ 165,064	\$ 66,006	\$ 88,959	\$ 57,030	\$ 57,907	\$ 408,724	\$ 1,023,824
Pass	180,134	154,542	56,592	79,935	56,718	56,309	392,116	976,346
OAEM	—	10,489	8,387	1,846	250	895	13,522	35,389
Substandard	—	33	1,027	7,178	62	703	3,086	12,089

Commercial credit cards	—	—	—	—	—	—	13,920	13,920
Pass	—	—	—	—	—	—	13,920	13,920
Equipment finance	79,674	—	—	—	—	—	—	79,674
Pass	79,674	—	—	—	—	—	—	79,674
Time and demand other	7,172	20,281	19,626	3,823	2,885	36,197	4,304	94,288
Pass	7,172	20,281	19,626	3,823	2,885	36,162	4,304	94,253
Substandard	—	—	—	—	—	35	—	35
Construction other	81,870	179,919	85,264	23,001	24,005	1,011	369	395,439
Pass	81,870	179,919	85,264	23,001	24,005	1,011	369	395,439
Construction residential	82,829	34,783	—	31	18	—	1	117,662
Pass	82,829	34,783	—	31	18	—	1	117,662
Residential first lien	272,136	507,573	337,995	102,870	69,890	255,573	1,155	1,547,192
Pass	272,136	507,042	337,979	102,097	69,212	253,310	1,078	1,542,854
OAEM	—	164	—	133	51	250	77	675
Substandard	—	367	16	640	627	2,013	—	3,663
Residential junior lien/home equity	77,016	49,273	1,499	2,584	1,683	4,396	511,026	647,477
Pass	77,016	49,273	1,499	2,517	1,683	4,263	508,675	644,926
OAEM	—	—	—	—	—	51	10	61
Substandard	—	—	—	67	—	82	2,341	2,490
Multifamily	140,004	90,868	60,699	39,848	19,914	78,483	1,335	431,151
Pass	140,004	90,868	60,699	39,848	19,914	77,945	1,335	430,613
OAEM	—	—	—	—	—	488	—	488
Substandard	—	—	—	—	—	50	—	50
Nonowner occupied	298,751	153,918	115,947	214,068	141,814	581,060	4,789	1,510,347
Pass	298,751	153,918	115,947	212,588	113,638	541,007	3,629	1,439,478
OAEM	—	—	—	1,480	20,349	26,207	1,001	49,037
Substandard	—	—	—	—	7,827	13,846	159	21,832
Owner occupied	113,010	105,513	56,977	44,430	26,456	131,432	5,696	483,514
Pass	113,010	105,309	55,468	43,014	26,294	128,230	5,584	476,909
OAEM	—	182	745	791	92	923	33	2,766
Substandard	—	22	764	625	70	2,279	79	3,839
Automobile and recreational vehicles	613,513	330,298	172,530	68,996	20,589	4,525	—	1,210,451
Pass	613,513	330,252	172,435	68,865	20,524	4,501	—	1,210,090
Substandard	—	46	95	131	65	24	—	361
Consumer credit cards	—	—	—	—	—	—	10,657	10,657
Pass	—	—	—	—	—	—	10,657	10,657
Consumer other	6,561	17,177	2,489	3,798	1,656	4,085	40,781	76,547
Pass	6,561	17,177	2,489	3,775	1,652	4,085	40,720	76,459
Substandard	—	—	—	23	4	—	61	88
Total loans and leases	\$ 1,952,670	\$ 1,654,667	\$ 919,032	\$ 592,408	\$ 365,940	\$ 1,154,669	\$ 1,002,757	\$ 7,642,143

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Portfolio Risks

The credit quality of our loan portfolio can potentially represent significant risk to our earnings, capital and liquidity. First Commonwealth devotes substantial resources to managing this risk primarily through our credit administration department that develops and administers policies and procedures for underwriting, maintaining, monitoring and collecting loans. Credit administration is independent of lending departments and oversight is provided by the Credit Committee of the First Commonwealth Board of Directors.

Total net charge-offs for the six nine months ended June 30, 2023 September 30, 2023 and 2022 were \$9.8 million \$13.8 million and \$2.7 million \$5.1 million, respectively.

Age Analysis of Past Due Loans by Segment

The following tables delineate the aging analysis of the recorded investments in past due loans as of **June 30, 2023**, **September 30, 2023** and December 31, 2022. Also included in these tables are loans that are 90 days or more past due and still accruing because they are well-secured and in the process of collection.

		June 30, 2023							September 30, 2023								
		90 days					Total past		90 days					Total past			
		30 - 59	60 - 89	or	greater	Nonaccrual	Nonaccrual	Current	Total	30 - 59	60 - 89	or	greater	Nonaccrual	Nonaccrual	Current	Total
		days past	days past	days past	and still	and still	and still	and still	and still	days past	days past	days past	and still	and still	and still	and still	and still
		due	due	accruing	accruing	accruing	accruing	accruing	accruing	due	due	accruing	accruing	accruing	accruing	accruing	accruing
		(dollars in thousands)															
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 1,680	\$ 433	\$ 547	\$ 17,030	\$ 19,690	\$ 1,482,304	\$ 1,501,994		Commercial, financial, agricultural and other	\$ 2,112	\$ 956	\$ 532	\$ 17,900	\$ 21,500	\$ 1,474,521	\$ 1,496
Time and demand	Time and demand	1,452	429	546	16,907	19,334	1,209,897	1,229,231		Time and demand	1,630	737	531	17,519	20,417	1,169,187	1,189
Commercial credit cards	Commercial credit cards	54	4	—	—	58	13,061	13,119		Commercial credit cards	97	18	—	—	115	12,819	12
Equipment finance	Equipment finance	169	—	—	123	292	153,860	154,152		Equipment finance	384	201	—	381	966	189,150	190
Time and demand other	Time and demand other	5	—	1	—	6	105,486	105,492		Time and demand other	1	—	1	—	2	103,365	103
Real estate construction	Real estate construction	280	—	—	—	280	574,519	574,799		Real estate construction	—	1,678	—	3,288	4,966	570,581	575
Construction other	Construction other	280	—	—	—	280	474,440	474,720		Construction other	—	1,678	—	3,288	4,966	503,909	508
Construction residential	Construction residential	—	—	—	—	—	100,079	100,079		Construction residential	—	—	—	—	—	66,672	66
Residential real estate	Residential real estate	3,287	1,299	1,350	7,502	13,438	2,350,671	2,364,109		Residential real estate	4,905	1,709	1,203	7,750	15,567	2,399,214	2,414
Residential first lien	Residential first lien	1,973	876	827	3,548	7,224	1,687,520	1,694,744		Residential first lien	2,665	1,306	599	3,883	8,453	1,728,750	1,737
Residential junior lien/home equity	Residential junior lien/home equity	1,314	423	523	3,954	6,214	663,151	669,365		Residential junior lien/home equity	2,240	403	604	3,867	7,114	670,464	677
Commercial real estate	Commercial real estate	4,525	154	—	23,009	27,688	2,977,274	3,004,962		Commercial real estate	2,436	294	300	18,784	21,814	3,028,270	3,050
Multifamily	Multifamily	—	—	—	68	68	515,807	515,875		Multifamily	117	—	—	68	185	537,380	537
Nonowner occupied	Nonowner occupied	3,945	—	—	20,649	24,594	1,790,770	1,815,364		Nonowner occupied	592	49	—	16,176	16,817	1,789,921	1,806
Owner occupied	Owner occupied	580	154	—	2,292	3,026	670,697	673,723		Owner occupied	1,727	245	300	2,540	4,812	700,969	705
Loans to individuals	Loans to individuals	3,396	639	577	468	5,080	1,348,892	1,353,972		Loans to individuals	4,260	1,607	449	202	6,518	1,358,774	1,365
Automobile and recreational vehicles	Automobile and recreational vehicles	2,956	352	328	350	3,986	1,268,571	1,272,557		Automobile and recreational vehicles	3,890	1,067	99	200	5,256	1,280,124	1,285
Consumer credit cards	Consumer credit cards	45	13	—	—	58	9,885	9,943		Consumer credit cards	37	45	—	—	82	9,915	9
Consumer other	Consumer other	395	274	249	118	1,036	70,436	71,472		Consumer other	333	495	350	2	1,180	68,735	69
Total loans and leases	Total loans and leases	\$ 13,168	\$ 2,525	\$ 2,474	\$ 48,009	\$ 66,176	\$ 8,733,660	\$ 8,799,836		Total loans and leases	\$ 13,713	\$ 6,244	\$ 2,484	\$ 47,924	\$ 70,365	\$ 8,831,360	\$ 8,901

ITEM 1. *Financial Statements and Supplementary Data*
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022

	30 - 59 days past due	60 - 89 days past due	90 days or greater and still accruing	Nonaccrual	Total past due and nonaccrual	Current	Total
(dollars in thousands)							
Commercial, financial, agricultural and other	\$ 1,233	\$ 279	\$ 355	\$ 2,374	\$ 4,241	\$ 1,207,465	\$ 1,211,706
Time and demand	1,121	270	352	2,374	4,117	1,019,707	1,023,824
Commercial credit cards	27	9	—	—	36	13,884	13,920
Equipment finance	—	—	—	—	—	79,674	79,674
Time and demand other	85	—	3	—	88	94,200	94,288
Real estate construction	502	—	—	—	502	512,599	513,101
Construction other	—	—	—	—	—	395,439	395,439
Construction residential	502	—	—	—	502	117,160	117,662
Residential real estate	3,023	1,178	811	5,683	10,695	2,183,974	2,194,669
Residential first lien	1,547	771	214	3,369	5,901	1,541,291	1,547,192
Residential junior lien/home equity	1,476	407	597	2,314	4,794	642,683	647,477
Commercial real estate	7,870	25	93	20,539	28,527	2,396,485	2,425,012
Multifamily	202	—	—	—	202	430,949	431,151
Nonowner occupied	7,547	—	92	19,575	27,214	1,483,133	1,510,347
Owner occupied	121	25	1	964	1,111	482,403	483,514
Loans to individuals	3,268	571	732	449	5,020	1,292,635	1,297,655
Automobile and recreational vehicles	2,694	368	295	361	3,718	1,206,733	1,210,451
Consumer credit cards	53	29	5	—	87	10,570	10,657
Consumer other	521	174	432	88	1,215	75,332	76,547
Total loans and leases	\$ 15,896	\$ 2,053	\$ 1,991	\$ 29,045	\$ 48,985	\$ 7,593,158	\$ 7,642,143

Nonaccrual Loans

The previous tables summarize nonaccrual loans by loan segment. The Company generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, when part of the principal balance has been charged off and no restructuring has occurred, or the loans reach a certain number of days past due. Generally, loans 90 days or more past due are placed on nonaccrual status, except for consumer loans, which are placed on nonaccrual status at 150 days past due.

When a loan is placed on nonaccrual, the accrued unpaid interest receivable is reversed against interest income and all future payments received are applied as a reduction to the loan principal. Generally, the loan is returned to accrual status when (a) all delinquent interest and principal becomes current under the terms of the loan agreement or (b) the loan is both well-secured and in the process of collection and collectability is no longer in doubt.

Nonperforming Loans

Management considers loans to be nonperforming when, based on current information and events, it is determined that the Company will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. When management identifies a loan as nonperforming, the credit loss is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole source for repayment of the loan is the operation or liquidation of collateral. When the loan is collateral dependent, the appraised value less estimated cost to sell is utilized. If management determines that the value of the loan is less than the recorded investment in the loan, a credit loss is recognized through an allowance estimate or a charge-off to the allowance for credit losses.

When the ultimate collectability of the total principal of a nonperforming loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of a

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nonperforming loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received under the cash basis method.

At **June 30, 2023** **September 30, 2023** and December 31, 2022, there were no nonperforming loans held for sale. During both the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022, there were no gains recognized on the sale of nonperforming loans.

The following tables include the recorded investment and unpaid principal balance for nonperforming loans with the associated allowance amount, if applicable, as of **June 30, 2023** **September 30, 2023** and December 31, 2022. Also presented are the average recorded investment in nonperforming loans and the related amount of interest recognized while the loan was considered nonperforming. Average balances are calculated using month-end balances of the loans for the period reported and are included in the table below based on their period-end allowance position. The increase in nonperforming loans is primarily a result of **\$18.7 million** **\$22.0 million** in loans acquired from Centric, offset by the removal of \$6.4 million in accruing troubled debt restructurings ("TDR's"). The TDR's were eliminated as a result of our adoption of ASU 2022-02, Financial Instruments Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures ("ASU 2022-02"). This standard was adopted on January 1, 2023 and eliminates the accounting guidance for TDR's while enhancing disclosure requirements for loan modifications for borrowers experiencing financial difficulty.

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		June 30, 2023			December 31, 2022			September 30, 2023			December 31, 2022			
		Unpaid		Related allowance	Unpaid		Related allowance	Unpaid		Related allowance	Unpaid		Related allowance	
		Recorded investment	principal balance		Recorded investment	principal balance		Recorded investment	principal balance		Recorded investment	principal balance		
		(dollars in thousands)						(dollars in thousands)						
With no related allowance recorded:	With no related allowance recorded:							With no related allowance recorded:						
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 1,878	\$ 10,270		\$ 3,141	\$ 9,555	Commercial, financial, agricultural and other	\$ 2,671	\$ 11,142		\$ 3,141	\$ 9,555		
Time and demand	Time and demand	1,755	10,147		3,141	9,555	Time and demand	2,290	10,761		3,141	9,555		
Equipment finance	Equipment finance	123	123		—	—	Equipment finance	381	381		—	—		
Time and demand other	Time and demand other	—	—		—	—	Time and demand other	—	—		—	—		
Real estate construction	Real estate construction	—	—		—	—	Real estate construction	3,288	3,288		—	—		
Construction other	Construction other	—	—		—	—	Construction other	3,288	3,288		—	—		
Construction residential	Construction residential	—	—		—	—	Construction residential	—	—		—	—		
Residential real estate	Residential real estate	6,266	8,071		9,145	11,010	Residential real estate	6,514	8,328		9,145	11,010		
Residential first lien	Residential first lien	3,548	4,618		5,754	6,848	Residential first lien	3,883	4,970		5,754	6,848		
Residential junior lien/home equity	Residential junior lien/home equity	2,718	3,453		3,391	4,162	Residential junior lien/home equity	2,631	3,358		3,391	4,162		
Commercial real estate	Commercial real estate	22,409	24,509		21,505	24,119	Commercial real estate	5,114	5,847		21,505	24,119		
Multifamily	Multifamily	68	68		—	—	Multifamily	68	68		—	—		
Nonowner occupied	Nonowner occupied	20,649	22,931		20,155	22,565	Nonowner occupied	3,575	4,553		20,155	22,565		
Owner occupied	Owner occupied	1,692	1,510		1,350	1,554	Owner occupied	1,471	1,226		1,350	1,554		
Loans to individuals	Loans to individuals	468	535		528	563	Loans to individuals	202	353		528	563		

Automobile and recreational vehicles	Automobile and recreational vehicles	350	418		440	475		Automobile and recreational vehicles	200	351		440	475	
Consumer other	Consumer other	118	117		88	88		Consumer other	2	2		88	88	
Subtotal	Subtotal	31,021	43,385		34,319	45,247		Subtotal	17,789	28,958		34,319	45,247	
With an allowance recorded:	With an allowance recorded:							With an allowance recorded:						
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	15,152	15,826	\$ 12,404	1,168	1,186	\$ 711	Commercial, financial, agricultural and other	15,229	16,562	\$ 11,994	1,168	1,186	\$ 711
Time and demand	Time and demand	15,152	15,826	12,404	1,168	1,186	711	Time and demand	15,229	16,562	11,994	1,168	1,186	711
Equipment finance	Equipment finance	—	—	—	—	—	—	Equipment finance	—	—	—	—	—	—
Time and demand other	Time and demand other	—	—	—	—	—	—	Time and demand other	—	—	—	—	—	—
Real estate construction	Real estate construction	—	—	—	—	—	—	Real estate construction	—	—	—	—	—	—
Construction other	Construction other	—	—	—	—	—	—	Construction other	—	—	—	—	—	—
Construction residential	Construction residential	—	—	—	—	—	—	Construction residential	—	—	—	—	—	—
Residential real estate	Residential real estate	1,236	1,406	103	—	—	—	Residential real estate	1,236	1,406	70	—	—	—
Residential first lien	Residential first lien	—	—	—	—	—	—	Residential first lien	—	—	—	—	—	—
Residential junior lien/home equity	Residential junior lien/home equity	1,236	1,406	103	—	—	—	Residential junior lien/home equity	1,236	1,406	70	—	—	—
Commercial real estate	Commercial real estate	600	620	63	—	—	—	Commercial real estate	13,670	14,459	4,162	—	—	—
Multifamily	Multifamily	—	—	—	—	—	—	Multifamily	—	—	—	—	—	—
Nonowner occupied	Nonowner occupied	—	—	—	—	—	—	Nonowner occupied	12,601	13,369	4,099	—	—	—
Owner occupied	Owner occupied	600	620	63	—	—	—	Owner occupied	1,069	1,090	63	—	—	—
Loans to individuals	Loans to individuals	—	—	—	—	—	—	Loans to individuals	—	—	—	—	—	—
Automobile and recreational vehicles	Automobile and recreational vehicles	—	—	—	—	—	—	Automobile and recreational vehicles	—	—	—	—	—	—
Consumer other	Consumer other	—	—	—	—	—	—	Consumer other	—	—	—	—	—	—
Subtotal	Subtotal	16,988	17,852	12,570	1,168	1,186	711	Subtotal	30,135	32,427	16,226	1,168	1,186	711
Total	Total	\$ 48,009	\$ 61,237	\$ 12,570	\$ 35,487	\$ 46,433	\$ 711	Total	\$ 47,924	\$ 61,385	\$ 16,226	\$ 35,487	\$ 46,433	\$ 711

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		For the Six Months Ended June 30,				For the Nine Months Ended September 30,				
		2023		2022		2023		2022		
		Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	
		(dollars in thousands)				(dollars in thousands)				
With no related allowance recorded:	With no related allowance recorded:					With no related allowance recorded:				
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 4,444	\$ (10)	\$ 3,883	\$ 50	Commercial, financial, agricultural and other	\$ 3,974	\$ 141	\$ 3,762	\$ 88
Time and demand	Time and demand	4,283	(10)	3,883	50	Time and demand	3,786	141	3,762	88
Equipment finance	Equipment finance	161	—	—	—	Equipment finance	188	—	—	—
Time and demand other	Time and demand other	—	—	—	—	Time and demand other	—	—	—	—
Real estate construction	Real estate construction	—	—	—	—	Real estate construction	365	—	—	—
Construction other	Construction other	—	—	—	—	Construction other	365	—	—	—
Construction residential	Construction residential	—	—	—	—	Construction residential	—	—	—	—
Residential real estate	Residential real estate	6,190	40	8,985	141	Residential real estate	6,224	75	8,984	190
Residential first lien	Residential first lien	3,510	40	5,080	105	Residential first lien	3,602	74	5,120	139
Residential junior lien/home equity	Residential junior lien/home equity	2,680	—	3,905	36	Residential junior lien/home equity	2,622	1	3,864	51
Commercial real estate	Commercial real estate	22,769	(43)	16,933	63	Commercial real estate	9,253	170	16,663	89
Multifamily	Multifamily	11	—	344	—	Multifamily	30	—	230	—
Nonowner occupied	Nonowner occupied	20,565	4	14,986	52	Nonowner occupied	7,313	57	14,869	69
Owner occupied	Owner occupied	2,193	(47)	1,603	11	Owner occupied	1,910	113	1,564	20
Loans to individuals	Loans to individuals	443	1	432	8	Loans to individuals	428	7	435	13
Automobile and recreational vehicles	Automobile and recreational vehicles	355	1	361	8	Automobile and recreational vehicles	341	7	363	13
Consumer other	Consumer other	88	—	71	—	Consumer other	87	—	72	—
Subtotal	Subtotal	33,846	(12)	30,233	262	Subtotal	20,244	393	29,844	380
With an allowance recorded:	With an allowance recorded:					With an allowance recorded:				
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	8,056	—	—	—	Commercial, financial, agricultural and other	10,190	(16)	195	—
Time and demand	Time and demand	8,056	—	—	—	Time and demand	10,190	(16)	195	—

Equipment finance	Equipment finance	—	—	—	—	Equipment finance	—	—	—	—
Time and demand other	Time and demand other	—	—	—	—	Time and demand other	—	—	—	—
Real estate construction	Real estate construction	—	—	—	—	Real estate construction	—	—	—	—
Construction other	Construction other	—	—	—	—	Construction other	—	—	—	—
Construction residential	Construction residential	—	—	—	—	Construction residential	—	—	—	—
Residential real estate	Residential real estate	1,030	—	—	—	Residential real estate	1,099	—	—	—
Residential first lien	Residential first lien	—	—	—	—	Residential first lien	—	—	—	—
Residential junior lien/home equity	Residential junior lien/home equity	1,030	—	—	—	Residential junior lien/home equity	1,099	—	—	—
Commercial real estate	Commercial real estate	100	—	7,024	—	Commercial real estate	13,134	—	6,795	—
Multifamily	Multifamily	—	—	—	—	Multifamily	—	—	—	—
Nonowner occupied	Nonowner occupied	—	—	7,024	—	Nonowner occupied	12,763	—	6,795	—
Owner occupied	Owner occupied	100	—	—	—	Owner occupied	371	—	—	—
Loans to individuals	Loans to individuals	—	—	—	—	Loans to individuals	—	—	—	—
Automobile and recreational vehicles	Automobile and recreational vehicles	—	—	—	—	Automobile and recreational vehicles	—	—	—	—
Consumer other	Consumer other	—	—	—	—	Consumer other	—	—	—	—
Subtotal	Subtotal	9,186	—	7,024	—	Subtotal	24,423	(16)	6,990	—
Total	Total	\$ 43,032	\$ (12)	\$ 37,257	\$ 262	Total	\$ 44,667	\$ 377	\$ 36,834	\$ 380

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		For the Three Months Ended June 30,				For the Three Months Ended September 30,				
		2023		2022		2023		2022		
		Average recorded investment	Interest income recognized	Average recorded investment	Interest Income Recognized	Average recorded investment	Interest income recognized	Average recorded investment	Interest Income Recognized	
		(dollars in thousands)				(dollars in thousands)				
With no related allowance recorded:	With no related allowance recorded:									
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 4,416	\$ (10)	\$ 3,822	\$ 27	\$ 2,509	\$ 135	\$ 3,518	\$ 30	
Time and demand	Time and demand	4,332	(10)	3,822	27	2,269	135	3,518	30	

Equipment finance	Equipment finance	84	—	—	—	Equipment finance	240	—	—	—
Time and demand other	Time and demand other	—	—	—	—	Time and demand other	—	—	—	—
Real estate construction	Real estate construction	—	—	—	—	Real estate construction	1,096	—	—	—
Construction other	Construction other	—	—	—	—	Construction other	1,096	—	—	—
Construction residential	Construction residential	—	—	—	—	Construction residential	—	—	—	—
Residential real estate	Residential real estate	6,312	19	8,769	57	Residential real estate	6,290	35	8,981	48
Residential first lien	Residential first lien	3,584	19	4,963	43	Residential first lien	3,784	34	5,200	33
Residential junior lien/home equity	Residential junior lien/home equity	2,728	—	3,806	14	Residential junior lien/home equity	2,506	1	3,781	15
Commercial real estate	Commercial real estate	22,853	(43)	16,676	49	Commercial real estate	7,908	213	16,124	27
Multifamily	Multifamily	23	—	273	—	Multifamily	68	—	—	—
Nonowner occupied	Nonowner occupied	20,527	4	14,796	42	Nonowner occupied	6,498	53	14,637	18
Owner occupied	Owner occupied	2,303	(47)	1,607	7	Owner occupied	1,342	160	1,487	9
Loans to individuals	Loans to individuals	454	1	423	5	Loans to individuals	401	6	443	5
Automobile	Automobile	353	1	365	5	Automobile	315	6	369	5
Consumer other	Consumer other	101	—	58	—	Consumer other	86	—	74	—
Subtotal	Subtotal	34,035	(33)	29,690	138	Subtotal	18,204	389	29,066	110
With an allowance recorded:	With an allowance recorded:					With an allowance recorded:				
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	11,445	—	—	—	Commercial, financial, agricultural and other	14,980	—	584	—
Time and demand	Time and demand	11,445	—	—	—	Time and demand	14,980	—	584	—
Equipment finance	Equipment finance	—	—	—	—	Equipment finance	—	—	—	—
Time and demand other	Time and demand other	—	—	—	—	Time and demand other	—	—	—	—
Real estate construction	Real estate construction	—	—	—	—	Real estate construction	—	—	—	—
Construction other	Construction other	—	—	—	—	Construction other	—	—	—	—
Construction residential	Construction residential	—	—	—	—	Construction residential	—	—	—	—
Residential real estate	Residential real estate	1,237	—	—	—	Residential real estate	1,236	—	—	—
Residential first lien	Residential first lien	—	—	—	—	Residential first lien	—	—	—	—

Residential junior lien/home equity	Residential junior lien/home equity	1,237	—	—	—	Residential junior lien/home equity	1,236	—	—	—
Commercial real estate	Commercial real estate	200	—	6,510	—	Commercial real estate	13,514	—	6,336	—
Multifamily	Multifamily	—	—	—	—	Multifamily	—	—	—	—
Nonowner occupied	Nonowner occupied	—	—	6,510	—	Nonowner occupied	12,601	—	6,336	—
Owner occupied	Owner occupied	200	—	—	—	Owner occupied	913	—	—	—
Loans to individuals	Loans to individuals	—	—	—	—	Loans to individuals	—	—	—	—
Automobile	Automobile	—	—	—	—	Automobile	—	—	—	—
Consumer other	Consumer other	—	—	—	—	Consumer other	—	—	—	—
Subtotal	Subtotal	12,882	—	6,510	—	Subtotal	29,730	—	6,920	—
Total	Total	\$ 46,917	\$ (33)	\$ 36,200	\$ 138	Total	\$ 47,934	\$ 389	\$ 35,986	\$ 110

Unfunded commitments related to nonperforming loans were \$0.2 million \$0.1 million at both June 30, 2023 September 30, 2023 and December 31, 2022. After consideration of the requirements to draw and available collateral related to these commitments, it was determined that no reserve was required for these commitments at June 30, 2023 September 30, 2023 and December 31, 2022.

ITEM 1. Financial Statements and Supplementary Data

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Loan Modifications Made to Borrowers Experiencing Financial Difficulty

The Company adopted ASU 2022-02 on January 1, 2023 on a prospective basis. Disclosures for years prior to adoption continue to reflect TDR's as nonperforming loans and include TDR disclosures required under the previous guidance. Upon adoption of this guidance, the Company no longer establishes a specific reserve for modifications to borrowers experiencing financial difficulty. Instead, these modifications are included in their respective loan segment and an allowance is determined by a loss given default and probability of default methodology.

Modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal forgiveness, other- than-insignificant payment delay, term extensions or any combination thereof.

The following tables present the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty:

		For the Six Months Ended June 30, 2023						Term Extension and Payment Deferral	Percentage of Total Loans and Leases	For the Nine Months Ended September 30, 2023								
		Rate Reduction	Term Extension	Principal Forgiveness	Payment Deferral	Total	Rate Reduction			Term Extension	Principal Forgiveness	Payment Deferral	Total	Rate Reduction	Term Extension	Principal Forgiveness	Payment Deferral	Total
		(dollars in thousands)								(dollars in thousands)								
Residential real estate	Residential real estate	\$ 24	\$ 161	\$ —	\$ 244	\$ 429	0.02 %	Residential real estate	\$ 22	\$ 305	\$ —	\$ 305	\$ 632	0.03 %				
Residential first lien	Residential first lien	24	161	—	244	429	0.03 %	Residential first lien	22	305	—	305	632	0.04 %				
Total	Total	\$ 24	\$ 161	\$ —	\$ 244	\$ 429	— %	Total	\$ 22	\$ 305	\$ —	\$ 305	\$ 632	0.01 %				
		For the Three Months Ended June 30, 2023						Term Extension and Payment Deferral	Percentage of Total Loans and Leases	For the Three Months Ended September 30, 2023								
		Rate Reduction	Term Extension	Principal Forgiveness	Payment Deferral	Total	Rate Reduction			Term Extension	Principal Forgiveness	Payment Deferral	Total	Rate Reduction	Term Extension	Principal Forgiveness	Payment Deferral	Total
		(dollars in thousands)								(dollars in thousands)								

Residential real estate	Residential real estate	\$	—	\$	161	\$	—	\$	244	\$	405	—	%	Residential real estate	\$	—	\$	144	\$	—	\$	63	\$	207	0.01	%
Residential first lien	Residential first lien	—	161	—	244	405	—	—	144	—	63	207	0.01	Residential first lien	—	144	—	63	207	0.01	—	—	—	—	—	
Total	Total	\$	—	\$	161	\$	—	\$	244	\$	405	—	%	Total	\$	—	\$	144	\$	—	\$	63	\$	207	—	%

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty:

		For the Six Months Ended June 30, 2023				For the Nine Months Ended September 30, 2023			
		Rate Reduction	Term Extension (Years)	Principal Forgiveness	Payment Deferral (Years)	Rate Reduction	Term Extension (Years)	Principal Forgiveness	Payment Deferral (Years)
		(dollars in thousands)				(dollars in thousands)			
Residential real estate	Residential real estate	2.25 %	3.1	\$ —	0.5	2.25 %	2.8	\$ —	0.5
Residential first lien	Residential first lien	2.25	3.1	—	0.5	2.25	2.8	—	0.5
Total	Total	2.25 %	3.1	\$ —	0.5	2.25 %	2.8	\$ —	0.5
		For the Three Months Ended June 30, 2023				For the Three Months Ended September 30, 2023			
		Rate Reduction	Term Extension (Years)	Principal Forgiveness	Payment Deferral (Years)	Rate Reduction	Term Extension (Years)	Principal Forgiveness	Payment Deferral (Years)
		(dollars in thousands)				(dollars in thousands)			
Residential real estate	Residential real estate	— %	3.1	\$ —	0.5	— %	2.2	\$ —	0.5
Residential first lien	Residential first lien	—	3.1	—	0.5	—	2.2	—	0.5
Total	Total	— %	3.1	\$ —	0.5	— %	2.2	\$ —	0.5

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A modification is considered to be in default when the loan is 90 days or more past due. For the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, there were no modified loans that were considered to be in default. The following table shows the payment status of loans that have been modified on or after January 1, 2023, the date we adopted ASU 2022-02:

		June 30, 2023					September 30, 2023				
		Current	30 - 59 days past due	60 - 89 days past due	90 days or greater and still accruing	Total	Current	30 - 59 days past due	60 - 89 days past due	90 days or greater and still accruing	Total
		(dollars in thousands)					(dollars in thousands)				
Residential real estate	Residential real estate	\$ 429	\$ —	\$ —	\$ —	\$ 429	\$ 632	\$ —	\$ —	\$ —	\$ 632
Residential first lien	Residential first lien	429	—	—	—	429	632	—	—	—	632
Total loans and leases	Total loans and leases	\$ 429	\$ —	\$ —	\$ —	\$ 429	\$ 632	\$ —	\$ —	\$ —	\$ 632

Troubled Debt Restructurings Disclosures Prior to Adoption of ASU 2022-02

Troubled debt restructured loans are those loans whose terms have been renegotiated to provide a reduction or deferral of principal or interest as a result of the financial difficulties experienced by the borrower, who could not obtain comparable terms from alternative financing sources. Troubled debt restructured loans are considered to be nonperforming loans.

The following tables provide detail, including specific reserves and reasons for modification, related to loans identified as troubled debt restructurings:

		For the Six Months Ended June 30, 2022							For the Nine Months Ended September 30, 2022							
		Type of Modification							Type of Modification							
				Total							Total					
				Pre-		Post-						Pre-		Post-		
				Modification		Modification						Modification		Modification		
		Number		Outstanding		Outstanding						Outstanding		Outstanding		
		of		Recorded		Recorded						Recorded		Recorded		
		Contracts		Investment		Investment						Investment		Investment		
		Maturity		Rate		Rate		Specific				Rate		Rate		
		Reserve										Reserve		Reserve		
		(dollars in thousands)														
Residential real estate	Residential real estate	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 68	\$ —	Residential real estate	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 68	\$ —
Residential first lien	Residential first lien	2	—	10	59	69	68	—	Residential first lien	2	—	10	59	69	68	—
Total	Total	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 68	\$ —	Total	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 68	\$ —

The troubled debt restructurings included in the above tables are also included in the nonperforming loan tables provided earlier in this note. Loans defined as modified due to a change in rate may include loans that were modified for a change in rate as well as a re-amortization of the principal and an extension of the maturity. For the **six nine** months ended **June 30, 2022** **September 30, 2022**, \$10 thousand in rate modifications represent loans with modifications to the rate as well as payment as a result of re-amortization. The changes in loan balances between the pre-modification balance and the post-modification balance are due to customer payments.

For the three months ended **June 30, 2022** **September 30, 2022**, there were no loans identified as troubled debt restructurings.

A troubled debt restructuring is considered to be in default when a restructured loan is 90 days or more past due. **The following table provides information related to loans that were restructured within For both the past twelve months three and that were considered to be in default during the six nine months ended June 30, 2022.**

		2022	
		Number of Contracts	Recorded Investment
		(dollars in thousands)	
Loans to individuals		1	\$ 16
Automobile and recreational vehicles		1	16
Total		1	\$ 16

For the three months ended **June 30, 2022** **September 30, 2022**, there were no loans restructured within the past twelve months that were considered to be in default.

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The following tables provide detail related to the allowance for credit losses:

		For the Six Months Ended June 30, 2023						For the Nine Months Ended September 30, 2023						
		Allowance for credit loss on PCD						Allowance for credit loss on PCD						
		Beginning balance	acquired loans	Charge-offs	Recoveries	Provision (credit) _a	Ending balance	Beginning balance	acquired loans	Charge-offs	Recoveries	Provision (credit) _a	Ending balance	
		(dollars in thousands)												
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 22,650	\$ 19,417	\$ (7,340)	\$ 254	\$ 6,733	\$ 41,714	Commercial, financial, agricultural and other	\$ 22,650	\$ 19,417	\$ (9,102)	\$ 352	\$ 4,088	\$ 37,405
Time and demand	Time and demand	20,040	19,417	(6,470)	168	4,718	37,873	Time and demand	20,040	19,417	(7,424)	214	804	33,051
Commercial credit cards	Commercial credit cards	335	—	(35)	7	13	320	Commercial credit cards	335	—	(63)	13	22	307
Equipment finance	Equipment finance	1,086	—	(45)	—	1,033	2,074	Equipment finance	1,086	—	(45)	—	1,586	2,627

Time and demand other	Time and demand other	1,189	—	(790)	79	969	1,447	Time and demand other	1,189	—	(1,570)	125	1,676	1,420
Real estate construction	Real estate construction	8,822	287	—	—	(1,381)	7,728	Real estate construction	8,822	287	—	—	(605)	8,504
Construction other	Construction other	6,360	227	—	—	(442)	6,145	Construction other	6,360	227	—	—	765	7,352
Construction residential	Construction residential	2,462	60	—	—	(939)	1,583	Construction residential	2,462	60	—	—	(1,370)	1,152
Residential real estate	Residential real estate	21,412	527	(80)	71	1,810	23,740	Residential real estate	21,412	527	(384)	128	2,257	23,940
Residential first lien	Residential first lien	14,822	197	(17)	43	1,518	16,563	Residential first lien	14,822	197	(124)	65	2,071	17,031
Residential junior lien/home equity	Residential junior lien/home equity	6,590	330	(63)	28	292	7,177	Residential junior lien/home equity	6,590	330	(260)	63	186	6,909
Commercial real estate	Commercial real estate	28,804	6,971	(1,517)	136	4,533	38,927	Commercial real estate	28,804	6,971	(1,689)	142	8,871	43,099
Multifamily	Multifamily	4,726	234	—	—	815	5,775	Multifamily	4,726	234	—	—	861	5,821
Nonowner occupied	Nonowner occupied	16,426	2,739	—	124	2,421	21,710	Nonowner occupied	16,426	2,739	(172)	126	6,373	25,492
Owner occupied	Owner occupied	7,652	3,998	(1,517)	12	1,297	11,442	Owner occupied	7,652	3,998	(1,517)	16	1,637	11,786
Loans to individuals	Loans to individuals	21,218	3	(2,289)	927	1,578	21,437	Loans to individuals	21,218	3	(4,649)	1,388	3,429	21,389
Automobile and recreational vehicles	Automobile and recreational vehicles	18,819	3	(1,586)	702	1,320	19,258	Automobile and recreational vehicles	18,819	3	(3,469)	1,114	2,823	19,290
Consumer credit cards	Consumer credit cards	412	—	(146)	47	62	375	Consumer credit cards	412	—	(205)	63	100	370
Consumer other	Consumer other	1,987	—	(557)	178	196	1,804	Consumer other	1,987	—	(975)	211	506	1,729
Total loans and leases	Total loans and leases	\$ 102,906	\$ 27,205	\$ (11,226)	\$ 1,388	\$ 13,273	\$ 133,546	Total loans and leases	\$ 102,906	\$ 27,205	\$ (15,824)	\$ 2,010	\$ 18,040	\$ 134,337

a) The provision expense (credit) shown here includes the day 1 provision on non-PCD loans acquired from Centric and excludes the provision for off-balance sheet credit exposure included in the income statement.

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

		For the Six Months Ended June 30, 2022					For the Nine Months Ended September 30, 2022				
		Beginning balance	Charge-offs	Recoveries	Provision (credit) ^a	Ending balance	Beginning balance	Charge-offs	Recoveries	Provision (credit) ^a	Ending balance
		(dollars in thousands)					(dollars in thousands)				
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 18,093	\$ (984)	\$ 159	\$ 4,721	\$ 21,989	\$ 18,093	\$ (1,836)	\$ 313	\$ 5,902	\$ 22,472
Time and demand	Time and demand	15,283	(283)	78	4,843	19,921	15,283	(604)	155	5,712	20,546

Commercial credit cards	Commercial credit cards	247	(77)	26	191	387	Commercial credit cards	247	(209)	68	194	300
Equipment finance	Equipment finance	—	—	—	272	272	Equipment finance	—	—	—	569	569
Time and demand other	Time and demand other	2,563	(624)	55	(585)	1,409	Time and demand other	2,563	(1,023)	90	(573)	1,057
Real estate construction	Real estate construction	4,220	—	—	1,309	5,529	Real estate construction	4,220	—	9	2,682	6,911
Construction other	Construction other	3,278	—	—	322	3,600	Construction other	3,278	—	9	1,736	5,023
Construction residential	Construction residential	942	—	—	987	1,929	Construction residential	942	—	—	946	1,888
Residential real estate	Residential real estate	12,625	(144)	60	5,206	17,747	Residential real estate	12,625	(263)	143	6,798	19,303
Residential first lien	Residential first lien	7,459	(45)	45	4,401	11,860	Residential first lien	7,459	(124)	112	5,562	13,009
Residential junior lien/home equity	Residential junior lien/home equity	5,166	(99)	15	805	5,887	Residential junior lien/home equity	5,166	(139)	31	1,236	6,294
Commercial real estate	Commercial real estate	33,376	(552)	19	(1,456)	31,387	Commercial real estate	33,376	(1,887)	351	(3,941)	27,899
Multifamily	Multifamily	3,561	(411)	—	405	3,555	Multifamily	3,561	(411)	1	1,273	4,424
Nonowner occupied	Nonowner occupied	24,838	(141)	10	(3,754)	20,953	Nonowner occupied	24,838	(1,236)	340	(7,940)	16,002
Owner occupied	Owner occupied	4,977	—	9	1,893	6,879	Owner occupied	4,977	(240)	10	2,726	7,473
Loans to individuals	Loans to individuals	24,208	(2,049)	829	(6,037)	16,951	Loans to individuals	24,208	(3,113)	1,160	(2,747)	19,508
Automobile and recreational vehicles	Automobile and recreational vehicles	21,392	(977)	543	(6,395)	14,563	Automobile and recreational vehicles	21,392	(1,515)	699	(3,416)	17,160
Consumer credit cards	Consumer credit cards	496	(233)	38	11	312	Consumer credit cards	496	(415)	53	255	389
Consumer other	Consumer other	2,320	(839)	248	347	2,076	Consumer other	2,320	(1,183)	408	414	1,959
Total loans and leases	Total loans and leases	\$ 92,522	\$ (3,729)	\$ 1,067	\$ 3,743	\$ 93,603	Total loans and leases	\$ 92,522	\$ (7,099)	\$ 1,976	\$ 8,694	\$ 96,093

a) The provision expense (credit) shown here excludes the provision for off-balance sheet credit exposure included in the income statement.

ITEM 1. Financial Statements and Supplementary Data
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Three Months Ended June 30, 2023						For the Three Months Ended September 30, 2023					
Allowance for credit loss on PCD						Allowance for credit loss on PCD					
Beginning balance	acquired loans	Charge-offs	Recoveries	Provision (credit) ^a	Ending balance	Beginning balance	acquired loans	Charge-offs	Recoveries	Provision (credit) ^a	Ending balance
(dollars in thousands)						(dollars in thousands)					

Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 42,568	\$ 3,468	\$ (6,677)	\$ 95	\$ 2,260	\$ 41,714	Commercial, financial, agricultural and other	\$ 41,714	\$ —	\$ (1,762)	\$ 98	\$ (2,645)	\$ 37,405
Time and demand	Time and demand	39,465	3,468	(6,215)	52	1,103	37,873	Time and demand	37,873	—	(954)	46	(3,914)	33,051
Commercial credit cards	Commercial credit cards	331	—	(9)	5	(7)	320	Commercial credit cards	320	—	(28)	6	9	307
Equipment finance	Equipment finance	1,461	—	—	—	613	2,074	Equipment finance	2,074	—	—	—	553	2,627
Time and demand other	Time and demand other	1,311	—	(453)	38	551	1,447	Time and demand other	1,447	—	(780)	46	707	1,420
Real estate construction	Real estate construction	7,949	—	—	—	(221)	7,728	Real estate construction	7,728	—	—	—	776	8,504
Construction other	Construction other	5,891	—	—	—	254	6,145	Construction other	6,145	—	—	—	1,207	7,352
Construction residential	Construction residential	2,058	—	—	—	(475)	1,583	Construction residential	1,583	—	—	—	(431)	1,152
Residential real estate	Residential real estate	22,773	—	(1)	33	935	23,740	Residential real estate	23,740	—	(304)	57	447	23,940
Residential first lien	Residential first lien	15,824	—	(1)	17	723	16,563	Residential first lien	16,563	—	(107)	22	553	17,031
Residential junior lien/home equity	Residential junior lien/home equity	6,949	—	—	16	212	7,177	Residential junior lien/home equity	7,177	—	(197)	35	(106)	6,909
Commercial real estate	Commercial real estate	39,377	1,658	(1,517)	94	(685)	38,927	Commercial real estate	38,927	—	(172)	6	4,338	43,099
Multifamily	Multifamily	5,541	—	—	—	234	5,775	Multifamily	5,775	—	—	—	46	5,821
Nonowner occupied	Nonowner occupied	21,552	—	—	86	72	21,710	Nonowner occupied	21,710	—	(172)	2	3,952	25,492
Owner occupied	Owner occupied	12,284	1,658	(1,517)	8	(991)	11,442	Owner occupied	11,442	—	—	4	340	11,786
Loans to individuals	Loans to individuals	21,218	—	(1,148)	456	911	21,437	Loans to individuals	21,437	—	(2,360)	461	1,851	21,389
Automobile and recreational vehicles	Automobile and recreational vehicles	19,013	—	(784)	312	717	19,258	Automobile and recreational vehicles	19,258	—	(1,883)	412	1,503	19,290
Consumer credit cards	Consumer credit cards	368	—	(80)	30	57	375	Consumer credit cards	375	—	(59)	16	38	370
Consumer other	Consumer other	1,837	—	(284)	114	137	1,804	Consumer other	1,804	—	(418)	33	310	1,729
Total loans and leases	Total loans and leases	\$ 133,885	\$ 5,126	\$ (9,343)	\$ 678	\$ 3,200	\$ 133,546	Total loans and leases	\$ 133,546	\$ —	\$ (4,598)	\$ 622	\$ 4,767	\$ 134,337

a) The provision expense (credit) shown here excludes the provision for off-balance sheet credit exposure included in the income statement.

ITEM 1. Financial Statements and Supplementary Data
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Three Months Ended June 30, 2022

For the Three Months Ended September 30, 2022

		Beginning			Provision	Ending			Beginning			Provision	Ending
		balance	Charge-offs	Recoveries	(credit) ^a	balance			balance	Charge-offs	Recoveries	(credit) ^a	balance
		(dollars in thousands)					(dollars in thousands)						
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 20,721	\$ (509)	\$ 79	\$ 1,698	\$ 21,989	Commercial, financial, agricultural and other	\$ 21,989	\$ (852)	\$ 154	\$ 1,181	\$ 22,472	
Time and demand	Time and demand	18,907	(139)	25	1,128	19,921	Time and demand	19,921	(321)	77	869	20,546	
Commercial credit cards	Commercial credit cards	342	(58)	25	78	387	Commercial credit cards	387	(132)	42	3	300	
Equipment finance	Equipment finance	31	—	—	241	272	Equipment finance	272	—	—	297	569	
Time and demand other	Time and demand other	1,441	(312)	29	251	1,409	Time and demand other	1,409	(399)	35	12	1,057	
Real estate construction	Real estate construction	4,930	—	—	599	5,529	Real estate construction	5,529	—	9	1,373	6,911	
Construction other	Construction other	3,175	—	—	425	3,600	Construction other	3,600	—	9	1,414	5,023	
Construction residential	Construction residential	1,755	—	—	174	1,929	Construction residential	1,929	—	—	(41)	1,888	
Residential real estate	Residential real estate	16,728	(5)	31	993	17,747	Residential real estate	17,747	(119)	83	1,592	19,303	
Residential first lien	Residential first lien	11,125	(5)	22	718	11,860	Residential first lien	11,860	(79)	67	1,161	13,009	
Residential junior lien/home equity	Residential junior lien/home equity	5,603	—	9	275	5,887	Residential junior lien/home equity	5,887	(40)	16	431	6,294	
Commercial real estate	Commercial real estate	33,704	(552)	5	(1,770)	31,387	Commercial real estate	31,387	(1,335)	332	(2,485)	27,899	
Multifamily	Multifamily	3,610	(411)	—	356	3,555	Multifamily	3,555	—	1	868	4,424	
Nonowner occupied	Nonowner occupied	23,267	(141)	5	(2,178)	20,953	Nonowner occupied	20,953	(1,095)	330	(4,186)	16,002	
Owner occupied	Owner occupied	6,827	—	—	52	6,879	Owner occupied	6,879	(240)	1	833	7,473	
Loans to individuals	Loans to individuals	15,105	(1,040)	463	2,423	16,951	Loans to individuals	16,951	(1,064)	331	3,290	19,508	
Automobile and recreational vehicles	Automobile and recreational vehicles	12,635	(425)	288	2,065	14,563	Automobile and recreational vehicles	14,563	(538)	156	2,979	17,160	
Consumer credit cards	Consumer credit cards	382	(124)	14	40	312	Consumer credit cards	312	(182)	15	244	389	
Consumer other	Consumer other	2,088	(491)	161	318	2,076	Consumer other	2,076	(344)	160	67	1,959	
Total loans and leases	Total loans and leases	\$ 91,188	\$ (2,106)	\$ 578	\$ 3,943	\$ 93,603	Total loans and leases	\$ 93,603	\$ (3,370)	\$ 909	\$ 4,951	\$ 96,093	

a) The provision expense (credit) shown here excludes the provision for off-balance sheet credit exposure included in the income statement.

Note 9 Leases

First Commonwealth has elected to apply certain practical expedients provided under ASU 2016-02 "Leases" (Topic 842) including (i) to not apply the requirements in the new standard to short-term leases; (ii) to not reassess the lease classification for any expired or existing lease; (iii) to account for lease and non-lease components separately; and (iv) to not reassess initial direct costs for any existing leases. The impact of this standard primarily relates to operating leases of certain real estate properties, including certain branch and ATM locations and office space. First Commonwealth has no material leasing arrangements for which it is the lessor of property or equipment.

ITEM 1. Financial Statements and Supplementary Data
 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table represents the unaudited Consolidated Statements of Condition classification of the Company's right of use ("ROU") assets and lease liabilities, lease costs and other lease information.

		June 30, 2023				December 31, 2022			
		For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Balance sheet:	Balance sheet:								
Operating lease asset classified as premises and equipment	Operating lease asset classified as premises and equipment	\$	46,658	\$	40,747				
Operating lease liability classified as other liabilities	Operating lease liability classified as other liabilities			51,080	45,149				
				13.52	14.13				
				3.50 %	3.24 %				
				\$	1,573	\$	1,571	\$	1,245
Income statement:	Income statement:								
Operating lease cost classified as occupancy and equipment expense	Operating lease cost classified as occupancy and equipment expense	\$	1,550	\$	1,252	\$	3,044	\$	2,468
Weighted average lease term, in years	Weighted average lease term, in years			13.37	14.10				
Weighted average discount rate	Weighted average discount rate			3.51 %	3.28 %				
Operating cash flows	Operating cash flows			\$	1,573	\$	1,571	\$	1,245

In the above table, the increase in the ROU asset and lease liability at **June 30, 2023** compared to December 31, 2022, is primarily a result of leases assumed as part of the Centric acquisition.

The ROU assets and lease liabilities are impacted by the length of the lease term and the discount rate used to present value the minimum lease payments. First Commonwealth's lease agreements often include one or more options to renew at the Company's discretion. If we consider the renewal option to be reasonably certain, we include the extended term in the calculation of the ROU asset and lease liability.

First Commonwealth uses incremental borrowing rates when calculating the lease liability because the rate implicit in the lease is not readily determinable. The incremental borrowing rate used by First Commonwealth is an amortizing loan rate obtained from the Federal Home Loan Bank ("FHLB") of Pittsburgh. This rate is consistent with a collateralized borrowing rate and is available for terms similar to the lease payment schedules.

Future minimum payments for operating leases with initial or remaining terms of one year or more as of **June 30, 2023** **September 30, 2023** were as follows (dollars in thousands):

For the twelve months ended:

June September 30, 2024	\$	3,115 5,847
June September 30, 2025		5,675 5,621
June September 30, 2026		5,473 5,160
June September 30, 2027		5,043 4,909
June September 30, 2028		4,786 4,672
Thereafter		41,362 37,922
Total future minimum lease payments		65,454 64,131
Less remaining imputed interest		14,374 13,976
Operating lease liability	\$	51,080 50,155

Note 10 Income Taxes

In accordance with FASB ASC Topic 740-10, "Accounting for Uncertainty in Income Taxes," at **June 30, 2023** **September 30, 2023** and December 31, 2022, First Commonwealth had no material unrecognized tax benefits or accrued interest and penalties. If applicable, First Commonwealth will record interest and penalties as a component of noninterest expense.

First Commonwealth is subject to routine audits of our tax returns by the Internal Revenue Service ("IRS") as well as all states in which we conduct business. Generally, tax years prior to the year ended December 31, 2019 are no longer open to examination by federal and state taxing authorities.

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11 Fair Values of Assets and Liabilities

FASB ASC Topic 820, "Fair Value Measurements and Disclosures" ("Topic 820"), requires disclosures for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). All non-financial assets are included either as a separate line item on the unaudited Consolidated Statements of Financial Condition or in the "Other assets" category of the unaudited Consolidated Statements of Financial Condition. Currently, First Commonwealth does not have any non-financial liabilities to disclose.

FASB ASC Topic 825, "Financial Instruments" ("Topic 825"), permits entities to irrevocably elect to measure select financial instruments and certain other items at fair value. The unrealized gains and losses are required to be included in earnings each reporting period for the items that fair value measurement is elected. First Commonwealth has elected not to measure any existing financial instruments at fair value under Topic 825; however, in the future we may elect to adopt this guidance for select financial instruments.

In accordance with Topic 820, First Commonwealth groups financial assets and financial liabilities measured at fair value in three levels based on the principal markets in which the assets and liabilities are transacted and the observability of the data points used to determine fair value. These levels are:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange ("NYSE"). Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained for observable inputs for identical or comparable assets or liabilities from alternative pricing sources with reasonable levels of price transparency. Level 2 includes Obligations of U.S. Government securities issued by Agencies and Sponsored Enterprises, Obligations of States and Political Subdivisions, corporate securities, FHLB stock, loans held for sale, premise held for sale, interest rate derivatives (including interest rate caps, interest rate collars, interest rate swaps and risk participation agreements), certain other real estate owned and certain nonperforming loans.

Level 2 investment securities are valued by a recognized third party pricing service using observable inputs. The model used by the pricing service varies by asset class and incorporates available market, trade and bid information as well as cash flow information when applicable. Because many fixed-income investment securities do not trade on a daily basis, the model uses available information such as benchmark yield curves, benchmarking of like investment securities, sector groupings and matrix pricing. The model will also use processes such as an option-adjusted spread to assess the impact of interest rates and to develop prepayment estimates. Market inputs normally used in the pricing model include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications.

Management validates the market values provided by the third party service by having another source price 100% of the securities on a monthly basis, monthly monitoring of variances from prior period pricing and, on a monthly basis, evaluating pricing changes compared to expectations based on changes in the financial markets.

Other investments recorded in the unaudited Consolidated Statements of Financial Condition are primarily comprised of FHLB stock whose estimated fair value is based on its par value. Additional information on FHLB stock is provided in Note 7, "Investment Securities."

Loans held for sale include residential mortgage loans originated for sale in the secondary mortgage market. The estimated fair value for these loans was determined on the basis of rates obtained in the respective secondary market. Loans held for sale could also include the Small Business Administration guaranteed portion of small business loans. The

estimated fair value of these loans is based on the contract with the third party investor. When loans held for sale include other commercial loans, fair value is determined using an executed trade or market bid obtained from potential buyers.

Interest rate derivatives are reported at an estimated fair value utilizing Level 2 inputs and are included in other assets and other liabilities, and consist of interest rate swaps where there is no significant deterioration in the counterparties' and/or loan customers' credit risk since origination of the interest rate swap as well as interest rate caps, interest rate collars and risk participation agreements. First Commonwealth values its interest rate swap and cap positions using a yield curve by taking market prices/rates for an appropriate set of instruments. The set of instruments used to determine the U.S. Dollar yield curve includes cash LIBOR Secured Overnight Financing Rate ("SOFR") rates from overnight to one year, Eurodollar futures contracts and swap rates from one year to thirty SOFR

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

swap rates from one year to thirty years. These yield curves determine the valuations of interest rate swaps. Interest rate derivatives are further described in Note 12, "Derivatives."

For purposes of potential valuation adjustments to our derivative positions, First Commonwealth evaluates the credit risk of its counterparties as well as our own credit risk. Accordingly, we have considered factors such as the likelihood of default, expected loss given default, net exposures and remaining contractual life, among other things, in determining if any estimated fair value adjustments related to credit risk are required. We review our counterparty exposure quarterly, and when necessary, appropriate adjustments are made to reflect the exposure.

Interest rate derivatives also include interest rate forwards entered into to hedge residential mortgage loans held for sale and the related interest-rate lock commitments. This includes forward commitments to sell mortgage loans. The fair value of these derivative financial instruments are based on derivative market data inputs as of the valuation date and the underlying value of mortgage loans for rate lock commitments.

In addition, at times the Company hedges foreign currency risk through the use of foreign exchange forward contracts. The fair value of foreign exchange forward contracts is based on the differential between the contract price and the market-based forward rate.

The estimated fair value for other real estate owned included in Level 2 is determined by either an independent market-based appraisal less estimated costs to sell or an executed sales agreement.

- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. If the inputs used to provide the valuation are unobservable and/or there is very little, if any, market activity for the security or similar securities, the securities would be considered Level 3 securities. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. The assets included in Level 3 are non-marketable equity investments, certain interest rate derivatives and certain nonperforming loans.

The estimated fair value of other investments included in Level 3 is based on carrying value as these securities do not have a readily determinable fair value.

The estimated fair value of limited partnership investments included in Level 3 is based on par value.

For interest rate derivatives included in Level 3, the fair value incorporates credit risk by considering such factors as likelihood of default and expected loss given default based on the credit quality of the underlying counterparties (loan customers).

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In accordance with ASU No. 2011-04, the following table provides information related to quantitative inputs and assumptions used in Level 3 fair value measurements.

		Fair Value (dollars in thousands)	Valuation Technique	Unobservable Inputs	Range / (weighted average)			Fair Value (dollars in thousands)	Valuation Technique	Unobservable Inputs	Range / (weighted average)
June 30, 2023						September 30, 2023					
Other Investments	Other Investments	\$ 6,182	Carrying Value	N/A	N/A	Other Investments	\$ 6,182	Carrying Value	N/A	N/A	
Nonperforming Loans	Nonperforming Loans	266 (a)	Gas Reserve Study	Discount rate	10.00%	Nonperforming Loans	253 (a)	Gas Reserve Study	Discount rate	10.00%	
				Gas per MMBTU	\$3.00 - \$3.00 (b)				Gas per MMBTU	\$3.00 - \$3.00 (b)	
				Oil per BBL/d	\$80.00 - \$80.00 (b)				Oil per BBL/d	\$80.00 - \$80.00 (b)	

Limited Partnership Investments	Limited Partnership Investments	25,011	Par Value	N/A	N/A	Limited Partnership Investments	26,397	Par Value	N/A	N/A
December 31, 2022	December 31, 2022					December 31, 2022				
Other Investments	Other Investments	\$ 1,170	Carrying Value	N/A	N/A	Other Investments	\$ 1,170	Carrying Value	N/A	N/A
Nonperforming Loans	Nonperforming Loans	363	(a) Gas Reserve Study	Discount rate	10.00%	Nonperforming Loans	363	(a) Gas Reserve Study	Discount rate	10.00%
				Gas per MMBTU	\$3.00 - \$3.00 (b)				Gas per MMBTU	\$3.00 - \$3.00 (b)
				Oil per BBL/d	\$80.00 - \$80.00 (b)				Oil per BBL/d	\$80.00 - \$80.00 (b)
Limited Partnership Investments	Limited Partnership Investments	17,691	Par Value	N/A	N/A	Limited Partnership Investments	17,691	Par Value	N/A	N/A

(a) The remainder of nonperforming loans valued using Level 3 inputs are not included in this disclosure as the values of those loans are based on bankruptcy agreement documentation.

(b) Unobservable inputs are defined as follows: MMBTU - one million British thermal units; BBL/d - barrels per day.

The discount rate is the significant unobservable input used in the fair value measurement of nonperforming loans. Significant increases in this rate would result in a decrease in the estimated fair value of the loans, while a decrease in this rate would result in a higher fair value measurement. Other unobservable inputs in the fair value measurement of nonperforming loans relate to gas, oil and natural gas prices. Increases in these prices would result in an increase in the estimated fair value of the loans, while a decrease in these prices would result in a lower fair value measurement.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis:

		June 30, 2023				September 30, 2023				
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
		(dollars in thousands)				(dollars in thousands)				
Obligations of U.S. Government Agencies:	Obligations of U.S. Government Agencies:					Obligations of U.S. Government Agencies:				
Mortgage-Backed Securities - Residential	Mortgage-Backed Securities - Residential	\$ —	\$ 3,707	\$ —	\$ 3,707	Mortgage-Backed Securities - Residential	\$ —	\$ 3,426	\$ —	\$ 3,426
Mortgage-Backed Securities - Commercial	Mortgage-Backed Securities - Commercial	—	279,652	—	279,652	Mortgage-Backed Securities - Commercial	—	364,811	—	364,811
Obligations of U.S. Government-Sponsored Enterprises:	Obligations of U.S. Government-Sponsored Enterprises:					Obligations of U.S. Government-Sponsored Enterprises:				
Mortgage-Backed Securities - Residential	Mortgage-Backed Securities - Residential	—	419,222	—	419,222	Mortgage-Backed Securities - Residential	—	411,258	—	411,258
Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	—	883	—	883	Other Government-Sponsored Enterprises	—	887	—	887
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	—	8,014	—	8,014	Obligations of States and Political Subdivisions	—	7,753	—	7,753
Corporate Securities	Corporate Securities	—	26,631	—	26,631	Corporate Securities	—	29,468	—	29,468

Total Securities Available for Sale	Total Securities Available for Sale	—	738,109	—	738,109	Total Securities Available for Sale	—	817,603	—	817,603
Other Investments	Other Investments	—	40,212	6,182	46,394	Other Investments	—	42,797	6,182	48,979
Loans Held for Sale	Loans Held for Sale	—	16,300	—	16,300	Loans Held for Sale	—	33,127	—	33,127
Other Assets ^(a)	Other Assets ^(a)	—	50,805	25,011	75,816	Other Assets ^(a)	—	65,834	26,397	92,231
Total Assets	Total Assets	\$ —	\$ 845,426	\$ 31,193	\$ 876,619	Total Assets	\$ —	\$ 959,361	\$ 32,579	\$ 991,940
Other Liabilities ^(a)	Other Liabilities ^(a)	\$ —	\$ 87,018	\$ —	\$ 87,018	Other Liabilities ^(a)	\$ —	\$ 99,441	\$ —	\$ 99,441
Total Liabilities	Total Liabilities	\$ —	\$ 87,018	\$ —	\$ 87,018	Total Liabilities	\$ —	\$ 99,441	\$ —	\$ 99,441

(a) Hedging and non-hedging interest rate derivatives and limited partnership investments

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	December 31, 2022			
	Level 1	Level 2	Level 3	Total
(dollars in thousands)				
Obligations of U.S. Government Agencies:				
Mortgage-Backed Securities - Residential	\$ —	\$ 3,983	\$ —	\$ 3,983
Mortgage-Backed Securities - Commercial	—	271,416	—	271,416
Obligations of U.S. Government-Sponsored Enterprises:				
Mortgage-Backed Securities - Residential	—	448,989	—	448,989
Other Government-Sponsored Enterprises	—	882	—	882
Obligations of States and Political Subdivisions	—	8,187	—	8,187
Corporate Securities	—	29,204	—	29,204
Total Securities Available for Sale	—	762,661	—	762,661
Other Investments	—	25,244	1,170	26,414
Loans Held for Sale	—	11,869	—	11,869
Other Assets ^(a)	—	50,738	17,691	68,429
Total Assets	\$ —	\$ 850,512	\$ 18,861	\$ 869,373
Other Liabilities ^(a)	\$ —	\$ 89,298	\$ —	\$ 89,298
Total Liabilities	\$ —	\$ 89,298	\$ —	\$ 89,298

(a) Hedging and non-hedging interest rate derivatives and limited partnership investments

For the six nine months ended June September 30, changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	2023			2023		
	Other Investments	Other Assets	Total	Other Investments	Other Assets	Total
(dollars in thousands)						
Balance, beginning of period	\$ 1,170	\$ 17,691	\$ 18,861	\$ 1,170	\$ 17,691	\$ 18,861
Total gains or losses	Total gains or losses			Total gains or losses		
Included in earnings	—	—	—	—	—	—
Included in other comprehensive income	—	—	—	—	—	—
Purchases, issuances, sales and settlements	Purchases, issuances, sales and settlements			Purchases, issuances, sales and settlements		
Purchases	5,000	7,617	12,617	5,000	9,161	14,161

Issuances	Issuances	—	—	—	Issuances	—	—	—
Sales	Sales	—	—	—	Sales	—	—	—
Settlements	Settlements	—	(354)	(354)	Settlements	—	(512)	(512)
Transfers from Level 3	Transfers from Level 3	—	—	—	Transfers from Level 3	—	—	—
Transfers into Level 3	Transfers into Level 3	12	57	69	Transfers into Level 3	12	57	69
Balance, end of period	Balance, end of period	\$ 6,182	\$ 25,011	\$ 31,193	Balance, end of period	\$ 6,182	\$ 26,397	\$ 32,579

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

		2022			2022			
		Other			Other			
		Other Investments	Assets	Total	Other Investments	Assets	Total	
		(dollars in thousands)			(dollars in thousands)			
Balance, beginning of period	Balance, beginning of period	\$ 1,170	\$ 14,981	\$ 16,151	Balance, beginning of period	\$ 1,170	\$ 14,981	\$ 16,151
Total gains or losses	Total gains or losses				Total gains or losses			
Included in earnings	Included in earnings	—	—	—	Included in earnings	—	—	—
Included in other comprehensive income	Included in other comprehensive income	—	—	—	Included in other comprehensive income	—	—	—
Purchases, issuances, sales and settlements	Purchases, issuances, sales and settlements				Purchases, issuances, sales and settlements			
Purchases	Purchases	—	1,783	1,783	Purchases	—	1,809	1,809
Issuances	Issuances	—	—	—	Issuances	—	—	—
Sales	Sales	—	—	—	Sales	—	—	—
Settlements	Settlements	—	(151)	(151)	Settlements	—	(192)	(192)
Transfers from Level 3	Transfers from Level 3	—	—	—	Transfers from Level 3	—	—	—
Transfers into Level 3	Transfers into Level 3	—	—	—	Transfers into Level 3	—	—	—
Balance, end of period	Balance, end of period	\$ 1,170	\$ 16,613	\$ 17,783	Balance, end of period	\$ 1,170	\$ 16,598	\$ 17,768

During the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022, there were no transfers between fair value Levels 1, 2 or **3, 3**; however, \$12 thousand in other investments and \$57 thousand in other assets were transferred into Level 3 for the **six nine** months ended **June 30, 2023** **September 30, 2023** as a result of assets acquired in the Centric acquisition. There were no gains or losses included in earnings for the periods presented that are attributable to the change in realized gains (losses) relating to assets held at **June 30, 2023** **September 30, 2023** and 2022.

For the three months ended **June** **September** 30, changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

		2023			2023			
		Other			Other			
		Other Investments	Assets	Total	Other Investments	Assets	Total	
		(dollars in thousands)			(dollars in thousands)			
Balance, beginning of period	Balance, beginning of period	\$ 6,182	\$ 24,486	\$ 30,668	Balance, beginning of period	\$ 6,182	\$ 25,011	\$ 31,193
Total gains or losses	Total gains or losses				Total gains or losses			
Included in earnings	Included in earnings	—	—	—	Included in earnings	—	—	—
Included in other comprehensive income	Included in other comprehensive income	—	—	—	Included in other comprehensive income	—	—	—
Purchases, issuances, sales and settlements	Purchases, issuances, sales and settlements				Purchases, issuances, sales and settlements			

Purchases	Purchases	—	728	728	Purchases	—	1,544	1,544
Issuances	Issuances	—	—	—	Issuances	—	—	—
Sales	Sales	—	—	—	Sales	—	—	—
Settlements	Settlements	—	(203)	(203)	Settlements	—	(158)	(158)
Transfers from Level 3	Transfers from Level 3	—	—	—	Transfers from Level 3	—	—	—
Transfers into Level 3	Transfers into Level 3	—	—	—	Transfers into Level 3	—	—	—
Balance, end of period	Balance, end of period	\$ 6,182	\$ 25,011	\$ 31,193	Balance, end of period	\$ 6,182	\$ 26,397	\$ 32,579

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
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		2022			2022		
		Other Investments	Other Assets	Total	Other Investments	Other Assets	Total
Balance, beginning of period	Balance, beginning of period	\$ 1,170	\$ 15,999	\$ 17,169	\$ 1,170	\$ 16,613	\$ 17,783
Total gains or losses	Total gains or losses						
Included in earnings	Included in earnings	—	—	—	—	—	—
Included in other comprehensive income	Included in other comprehensive income	—	—	—	—	—	—
Purchases, issuances, sales and settlements	Purchases, issuances, sales and settlements						
Purchases	Purchases	—	740	740	—	26	26
Issuances	Issuances	—	—	—	—	—	—
Sales	Sales	—	—	—	—	—	—
Settlements	Settlements	—	(126)	(126)	—	(41)	(41)
Transfers from Level 3	Transfers from Level 3	—	—	—	—	—	—
Transfers into Level 3	Transfers into Level 3	—	—	—	—	—	—
Balance, end of period	Balance, end of period	\$ 1,170	\$ 16,613	\$ 17,783	\$ 1,170	\$ 16,598	\$ 17,768

During the three months ended **June 30, 2023**, **September 30, 2023** and 2022, there were no transfers between fair value Levels 1, 2 or 3. There were no gains or losses included in earnings for the periods presented that are attributable to the change in realized gains (losses) relating to assets held at **June 30, 2023**, **September 30, 2023** and 2022.

The tables below present the balances of assets measured at fair value on a nonrecurring basis at the dates shown below:

		June 30, 2023				September 30, 2023			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Nonperforming loans	Nonperforming loans	\$ —	\$ 26,771	\$ 8,668	\$ 35,439	\$ —	\$ 21,934	\$ 9,764	\$ 31,698
Other real estate owned	Other real estate owned	—	337	—	337	—	834	—	834
Total Assets	Total Assets	\$ —	\$ 27,108	\$ 8,668	\$ 35,776	\$ —	\$ 22,768	\$ 9,764	\$ 32,532

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(dollars in thousands)			
Nonperforming loans	\$ —	\$ 23,140	\$ 11,636	\$ 34,776
Other real estate owned	—	553	—	553

Total Assets	\$	—	\$	23,693	\$	11,636	\$	35,329
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The following losses were realized on the assets measured on a nonrecurring basis:

		For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,		
		2023	2022	2023	2022	2023	2022	2023	2022	
		(dollars in thousands)				(dollars in thousands)				
Nonperforming loans	Nonperforming loans	\$ (848)	\$ (367)	\$ (500)	\$ (567)	Nonperforming loans	\$ (4,598)	\$ (2,200)	\$ (5,265)	\$ (2,653)
Other real estate owned	Other real estate owned	—	(13)	—	(13)	Other real estate owned	—	—	—	—
Total losses	Total losses	\$ (848)	\$ (380)	\$ (500)	\$ (580)	Total losses	\$ (4,598)	\$ (2,200)	\$ (5,265)	\$ (2,653)

Nonperforming loans over \$250 thousand are individually reviewed to determine the amount of each loan considered to be at risk of non-collection. The fair value for nonperforming loans that are collateral-based is determined by reviewing real property appraisals, equipment valuations, accounts receivable listings and other financial information. A discounted cash flow analysis

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

is performed to determine fair value for nonperforming loans when an observable market price or a current appraisal is not available. For real estate secured loans, First Commonwealth's loan policy requires updated appraisals be obtained at least every twelve months on all nonperforming loans with balances of \$250 thousand and over. For real estate secured loans with balances under \$250 thousand, we rely on broker price opinions. For non-real estate secured assets, the Company normally relies on third party valuations specific to the collateral type.

The fair value for other real estate owned, determined by either an independent market-based appraisal less estimated costs to sell or an executed sales agreement, is classified as Level 2. The fair value for other real estate owned, determined using an internal valuation, is classified as Level 3. Other real estate owned has a current carrying value of \$0.3 million \$0.8 million as of June 30, 2023 September 30, 2023 and consists of three seven residential real estate properties in Pennsylvania, Pennsylvania and Ohio. We review whether events and circumstances subsequent to a transfer to other real estate owned have occurred that indicate the balance of those assets may not be recoverable. If events and circumstances indicate further impairment we will record a charge to the extent that the carrying value of the assets exceed their fair values, less estimated cost to sell, as determined by valuation techniques appropriate in the circumstances.

Certain other assets and liabilities, including goodwill, core deposit intangibles and customer list intangibles are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. Additional information related to goodwill is provided in Note 13, "Goodwill." There were no other assets or liabilities measured at fair value on a nonrecurring basis during the six nine months ended June 30, 2023 September 30, 2023.

FASB ASC Topic 825-10, "Transition Related to FSP FAS 107-1" and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or nonrecurring basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or nonrecurring basis are as discussed above. The methodologies for other financial assets and financial liabilities are discussed below.

Cash and due from banks and interest-bearing bank deposits: The carrying amounts for cash and due from banks and interest-bearing bank deposits approximate the estimated fair values of such assets.

Securities: Fair values for securities available for sale and held to maturity are based on quoted market prices, if available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The carrying value of other investments, which includes FHLB stock and other equity investments, is considered a reasonable estimate of fair value.

Loans: The fair values of all loans are estimated by discounting the estimated future cash flows using interest rates currently offered for loans with similar terms to borrowers of similar credit quality adjusted for past due and nonperforming loans.

Loans held for sale: The estimated fair value of loans held for sale is based on market bids obtained from potential buyers.

Off-balance sheet instruments: Many of First Commonwealth's off-balance sheet instruments, primarily loan commitments and standby letters of credit, are expected to expire without being drawn upon; therefore, the commitment amounts do not necessarily represent future cash requirements. FASB ASC Topic 460, "Guarantees" clarified that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The carrying amount and estimated fair value for standby letters of credit was \$0.1 million at both June 30, 2023 September 30, 2023 and December 31, 2022. See Note 6, "Commitments and Contingent Liabilities," for additional information.

Deposit liabilities: The estimated fair value of demand deposits, savings accounts and money market deposits is the amount payable on demand at the reporting date because of the customers' ability to withdraw funds immediately. The carrying fair value of variable rate time deposit accounts and certificates of deposit approximate their fair values at the report date. Also, fair values of fixed rate time deposits for both periods are estimated by discounting the future cash flows using interest rates currently being offered and a schedule of aggregated expected maturities.

Short-term borrowings: The fair values of borrowings from the FHLB were estimated based on the estimated incremental borrowing rate for similar type borrowings. The carrying amounts of other short-term borrowings, such as federal funds purchased and securities sold under agreement to repurchase, were used to approximate fair value due to the short-term nature of the borrowings.

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subordinated debt and long-term debt: The fair value is estimated by discounting the future cash flows using First Commonwealth's estimate of the current market rate for similar types of borrowing arrangements.

The following table presents carrying amounts and fair values of First Commonwealth's financial instruments:

		June 30, 2023					September 30, 2023					
		Carrying Amount	Fair Value Measurements Using:				Carrying Amount	Fair Value Measurements Using:				
			Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3	
		(dollars in thousands)					(dollars in thousands)					
Financial assets	Financial assets						Financial assets					
Cash and due from banks	Cash and due from banks	\$ 123,095	\$ 123,095	\$ 123,095	\$ —	\$ —	Cash and due from banks	\$ 122,982	\$ 122,982	\$ 122,982	\$ —	\$ —
Interest-bearing deposits	Interest-bearing deposits	325,774	325,774	325,774	—	—	Interest-bearing deposits	214,088	214,088	214,088	—	—
Securities available for sale	Securities available for sale	738,109	738,109	—	738,109	—	Securities available for sale	817,603	817,603	—	817,603	—
Securities held to maturity	Securities held to maturity	439,922	364,615	—	364,615	—	Securities held to maturity	429,558	341,646	—	341,646	—
Other investments	Other investments	46,394	46,394	—	40,212	6,182	Other investments	48,979	48,979	—	42,797	6,182
Loans held for sale	Loans held for sale	16,300	16,300	—	16,300	—	Loans held for sale	33,127	33,127	—	33,127	—
Loans and leases	Loans and leases	8,799,836	8,566,743	—	26,771	8,539,972	Loans and leases	8,901,725	8,683,023	—	21,934	8,661,089
Financial liabilities	Financial liabilities						Financial liabilities					
Deposits	Deposits	9,146,278	9,130,436	—	9,130,436	—	Deposits	9,241,065	9,227,226	—	9,227,226	—
Short-term borrowings	Short-term borrowings	542,839	535,875	—	535,875	—	Short-term borrowings	544,060	539,688	—	539,688	—
Subordinated debt	Subordinated debt	177,619	149,932	—	—	149,932	Subordinated debt	177,679	149,252	—	—	149,252
Long-term debt	Long-term debt	4,495	4,388	—	4,388	—	Long-term debt	4,310	4,142	—	4,142	—
Capital lease obligation	Capital lease obligation	5,162	5,162	—	5,162	—	Capital lease obligation	5,028	5,028	—	5,028	—

December 31, 2022

		Carrying Amount	Fair Value Measurements Using:			
			Total	Level 1	Level 2	Level 3
		(dollars in thousands)				
Financial assets						
Cash and due from banks		\$ 124,254	\$ 124,254	\$ 124,254	\$ —	
Interest-bearing deposits		29,990	29,990	29,990	—	
Securities available for sale		762,661	762,661	—	762,661	
Securities held to maturity		461,162	386,205	—	386,205	

Other investments	26,414	26,414	—	25,244	1,170
Loans held for sale	11,869	11,869	—	11,869	—
Loans and leases	7,642,143	7,639,721	—	23,140	7,616,581
Financial liabilities					
Deposits	8,005,469	7,992,012	—	7,992,012	—
Short-term borrowings	372,694	363,135	—	363,135	—
Subordinated debt	170,937	156,621	—	—	156,621
Long-term debt	4,862	4,781	—	4,781	—
Capital lease obligation	5,425	5,425	—	5,425	—

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Note 12 Derivatives

Derivatives Not Designated as Hedging Instruments

First Commonwealth is a party to interest rate derivatives that are not designated as hedging instruments. These derivatives relate to interest rate swaps that First Commonwealth enters into with customers to allow customers to convert variable rate loans to a fixed rate. First Commonwealth pays interest to the customer at a floating rate on the notional amount and receives interest from the customer at a fixed rate for the same notional amount. At the same time the interest rate swap is entered into with the customer, an offsetting interest rate swap is entered into with another financial institution. First Commonwealth pays the other financial institution interest at the same fixed rate on the same notional amount as the swap entered into with the customer, and receives interest from the financial institution for the same floating rate on the same notional amount.

The changes in the fair value of the swaps offset each other, except for the credit risk of the counterparties, which is determined by taking into consideration the risk rating, probability of default and loss given default for all counterparties.

We have 25 27 risk participation agreements with financial institution counterparties for interest rate swaps related to loans in which we are a participant. The risk participation agreements provide credit protection to the financial institution should the borrower fail to perform on its interest rate derivative contract with the financial institution. We have 15 16 risk participation agreements with financial institution counterparties for interest rate swaps related to loans in which we are the lead bank. The risk participation agreement provides credit protection to us should the borrower fail to perform on its interest rate derivative contract with us.

First Commonwealth is also party to interest rate caps and collars that are not designated as hedging instruments. The interest rate caps relate to contracts that First Commonwealth enters into with loan customers that provide a maximum interest rate on their variable rate loan. At the same time the interest rate cap is entered into with the customer, First Commonwealth enters into an offsetting interest rate cap with another financial institution. The notional amount and maximum interest rate on both interest cap contracts are identical. The interest rate collars relate to contracts that First Commonwealth enters into with loan customers that provides both a maximum and minimum interest rate on their variable rate loan. At the same time the interest rate collar is entered into with the customer, First Commonwealth enters into an offsetting interest rate collar with another financial institution. The notional amount and the maximum and minimum interest rates on both interest collar contracts are identical.

The fee received, less the estimate of the loss for the credit exposure, was recognized in earnings at the time of the transaction.

Derivatives Designated as Hedging Instruments

In August 2019, the Company entered into two interest rate swap contracts that are designated as cash flow hedges. These contracts mature on August 15, 2024 and August 15, 2026 and have notional amounts of \$30.0 million and \$40.0 million, respectively. The Company's risk management objective for these hedges is to reduce its exposure to variability in expected future cash flows related to interest payments made on subordinated debentures. Initially these swaps were benchmarked to the 3-month LIBOR rate. Therefore, the interest rate swaps convert the interest rate benchmark on the first \$70.0 million of 3-month LIBOR based subordinated debentures to a fixed rate. As rate; however, as a result of the discontinuance of the LIBOR rate on June 30, 2023, both of these the swap contracts were amended to hedge exposure to the variability of the 3-month CME Term Secured Overnight Financing Rate ("SOFR"), instead of the 3-month LIBOR rate. SOFR. This change is in agreement with amendments made to the interest rate on the subordinated debentures as a result of the discontinuance of LIBOR. Therefore, the interest rate swaps convert the interest rate benchmark on the first \$70.0 million of 3-month SOFR based subordinated debentures to a fixed rate.

During 2021, the Company entered into eight interest rate swap contracts that were designated as cash flow hedges. The interest rate swaps have a total notional amount of \$500.0 million: \$75.0 million with an original maturity of three years, \$250.0 million with an original maturity of four years and \$175.0 million with an original maturity of five years. The Company's risk management objective for these hedges is to reduce its exposure to variability in expected future cash flows related to interest payments on commercial loans. Initially these swaps were benchmarked to the 1-month LIBOR rate, however as a result of the discontinuance of the LIBOR rate on June 30, 2023, these swaps were amended to hedge exposure to the variability of the 1-month CME SOFR rate. Therefore, the interest rate swaps convert the interest payments on the first \$500.0 million of 1-month LIBOR CME SOFR based commercial loans into fixed rate payments. All of these interest rate swap contracts were amended to hedge the Company's exposure to the 3-month CME SOFR rate, which is the new benchmark rate used for the commercial loans after the discontinuance of LIBOR on June 30, 2023.

The periodic net settlement of these interest rate swaps are recorded as an adjustment to "Interest on subordinated debentures" or "Interest and fees on loans" in the unaudited Consolidated Statements of Income. For the three and six nine months ended June 30, 2023 September 30, 2023, there was a negative impact of \$4.8 million and \$9.0 \$13.8 million, respectively, on net interest income as a result of these interest rate swaps. Changes in the fair value of the cash flow hedges are reported on the balance sheet and in OCI. When

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

OCI. When the cash flows associated with the hedged item are realized, the gain or loss included in OCI is recognized in "Interest on subordinated debentures," or "Interest and fees on loans", the same line items in the unaudited Consolidated Statements of Income as the income on the hedged items. The cash flow hedges were highly effective at **June 30, 2023** **September 30, 2023**, and changes in the fair value attributed to hedge ineffectiveness were not material.

The Company also enters into interest rate lock commitments in conjunction with its mortgage origination business. These are commitments to originate loans whereby the interest rate on the loan is determined prior to funding and the customers have locked into that interest rate. The Company locks in the rate in with an investor and commits to deliver the loan if settlement occurs ("best efforts") or commits to deliver the locked loan in a binding ("mandatory") delivery program with an investor. Loans under mandatory rate lock commitments are covered under forward sales contracts of mortgage-backed securities ("MBS"). Forward sales contracts of MBS are recorded at fair value with changes in fair value recorded in "Noninterest income" in the unaudited Consolidated Statements of Income. The impact to noninterest income for the three and **six nine** months ended **June 30, 2023** **September 30, 2023** was an **increase decrease** of **\$0.1 million** **\$0.6 million** and **\$0.4 million** **\$0.2 million**, respectively.

Interest rate lock commitments and commitments to deliver loans to investors are considered derivatives. The market value of interest rate lock commitments and best efforts contracts are not readily ascertainable with precision because they are not actively traded in stand-alone markets. We determine the fair value of rate lock commitments and delivery contracts by measuring the fair value of the underlying asset, which is impacted by current interest rates and taking into consideration the probability that the rate lock commitments will close or will be funded. At **June 30, 2023** **September 30, 2023**, the underlying funded mortgage loan commitments had a carrying value of **\$7.5 million** **\$6.0 million** and a fair value of **\$7.9 million** **\$5.6 million**, while the underlying unfunded mortgage loan commitments had a notional amount of **\$33.5 million** **\$51.4 million**. At December 31, 2022, the underlying funded mortgage loan commitments had a carrying value of \$4.3 million and a fair value of \$4.0 million, while the underlying unfunded mortgage loan commitments had a notional amount of \$12.0 million. The interest rate lock commitments decreased other noninterest income by **\$0.3 million** **\$0.5 million** and **\$0.1 million** **\$0.6 million**, respectively, for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**.

In addition, based on customer activity, a small amount of interest income on loans may be exposed to changes in foreign exchange rates. Several commercial borrowers have a portion of their operations outside of the United States and from time to time borrow funds on a short-term basis to fund those operations. In order to reduce the risk related to the translation of foreign denominated transactions into U.S. dollars, the Company may enter into foreign exchange forward contracts. These contracts relate principally to the Euro and the Canadian dollar. The contracts are recorded at fair value with changes in fair value recorded in "Other operating expense" in the unaudited Consolidated Statements of Income. At **June 30, 2023** **September 30, 2023** and December 31, 2022, there were no foreign exchange contracts outstanding and there was no impact to other noninterest expense for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table depicts the credit value and fair value adjustments recorded related to the notional amount of derivatives outstanding as well as the notional amount of risk participation agreements participated to other banks:

		June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022		
		(dollars in thousands)				(dollars in thousands)				
Derivatives not Designated as Hedging Instruments	Derivatives not Designated as Hedging Instruments					Derivatives not Designated as Hedging Instruments				
Credit value adjustment	Credit value adjustment	\$	(35)	\$	(27)	Credit value adjustment	\$	—	\$	(27)
Notional amount:	Notional amount:					Notional amount:				
Interest rate derivatives	Interest rate derivatives		829,807		816,745	Interest rate derivatives		860,545		816,745
Interest rate caps	Interest rate caps		15,173		15,340	Interest rate caps		37,746		15,340
Interest rate collars	Interest rate collars		35,354		35,354	Interest rate collars		35,354		35,354
Risk participation agreements	Risk participation agreements		200,932		256,043	Risk participation agreements		199,341		256,043
Sold credit protection on risk participation agreements	Sold credit protection on risk participation agreements		(98,738)		(100,741)	Sold credit protection on risk participation agreements		(101,321)		(100,741)
Interest rate options	Interest rate options		33,474		12,009	Interest rate options		51,384		12,009
Derivatives Designated as Hedging Instruments	Derivatives Designated as Hedging Instruments					Derivatives Designated as Hedging Instruments				
Interest rate swaps:	Interest rate swaps:					Interest rate swaps:				
Fair value adjustment	Fair value adjustment		(36,371)		(38,596)	Fair value adjustment		(34,260)		(38,596)

Notional amount	Notional amount	570,000	570,000	Notional amount	570,000	570,000
Interest rate forwards:	Interest rate forwards:			Interest rate forwards:		
Fair value adjustment	Fair value adjustment	193	63	Fair value adjustment	653	63
Notional amount	Notional amount	33,000	16,000	Notional amount	52,000	16,000
Foreign exchange forwards:	Foreign exchange forwards:			Foreign exchange forwards:		
Fair value adjustment	Fair value adjustment	—	—	Fair value adjustment	—	—
Notional amount	Notional amount	—	—	Notional amount	—	—

The table below presents the change in the fair value of derivative assets and derivative liabilities attributable to credit risk or fair value changes included in "Other income", "Other expense," "Interest on subordinated debentures" or "Interest and fees on loans" in the unaudited Consolidated Statements of Income:

		For the Three Months Ended				For the Three Months Ended				For the Nine Months Ended			
		June 30,		For the Six Months Ended June 30,		September 30,		For the Six Months Ended		September 30,		For the Nine Months Ended	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
(dollars in thousands)													
Non-hedging interest rate derivatives	Non-hedging interest rate derivatives												
Increase (decrease) in other income		\$ 164	\$ (256)	\$ 403	\$ (1,104)								
Decrease in other income						\$ (581)	\$ (149)	\$ (178)	\$ (1,253)				
Hedging interest rate derivatives	Hedging interest rate derivatives												
(Decrease) increase in interest and fees on loans		(5,412)	(68)	(10,170)	687								
Decrease in interest and fees on loans						(5,508)	(1,975)	(15,678)	(1,288)				
(Decrease) increase in interest from subordinated debentures	(Decrease) increase in interest from subordinated debentures	(650)	94	(1,210)	318	(715)	(159)	(1,925)	159				
Hedging interest rate forwards	Hedging interest rate forwards												
(Decrease) increase in other income		(253)	593	(130)	(272)								
Decrease in other income						(460)	(764)	(590)	(1,036)				
Hedging foreign exchange forwards	Hedging foreign exchange forwards												
Decrease in other expense		—	(3)	—	(2)								
Increase in other expense							7	—	5				

The fair value of our derivatives is included in a table in Note 11, "Fair Values of Assets and Liabilities," in the line items "Other assets" and "Other liabilities."

Note 13 Goodwill

FASB ASC Topic 350-20, "Intangibles – Goodwill and Other" requires an annual valuation of the fair value of a reporting unit that has goodwill and a comparison of the fair value to the book value of equity to determine whether the goodwill has been impaired. Goodwill is also required to be tested on an interim basis if an event or circumstance indicates that it is more likely

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 FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
 NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

than not that an impairment loss has been incurred. When circumstances indicate that it is more likely than not that fair value is less than carrying value, a triggering event has occurred and a quantitative impairment test would be performed.

We consider First Commonwealth to be one reporting unit. The carrying amount of goodwill at **June 30, 2023**, **September 30, 2023** and December 31, 2022 was \$363.7 million and \$303.3 million, respectively. The \$60.4 million increase in goodwill during the **six nine** months ended **June 30, 2023**, **September 30, 2023** is the result of the Centric acquisition. No impairment charges on goodwill or other intangible assets were incurred in 2023 or 2022.

We test goodwill for impairment as of November 30th each year and again at any quarter-end if any material events occur during a quarter that may affect goodwill.

As of **June 30, 2023**, **September 30, 2023**, no indicators of impairment were identified; however, changing economic conditions that may adversely affect our performance, the fair value of our assets and liabilities, or our stock price could result in impairment, which could adversely affect earnings in future periods. Management will continue to monitor events that could impact this conclusion in the future.

Note 14 Subordinated Debentures

Subordinated debentures outstanding are as follows:

		December 31,					September 30, December 31,							
		June 30, 2023					2022							
		LIBOR Replacement												
		Due	Rate	Rate	Amount	Amount	Due	Rate	Amount	Amount				
		(dollars in thousands)												
Owed to:	Owed to:						Owed to:							
First Commonwealth Bank	First Commonwealth Bank	2028	3-Month LIBOR + 1.845%	3-month CME Term SOFR + 0.26161%	\$ 49,546	\$ 49,499	First Commonwealth Bank	2028	3-Month CME Term SOFR + 0.26161% + 1.845%	\$ 49,569	\$ 49,499			
First Commonwealth Bank	First Commonwealth Bank	2033	5.50% until June 1, 2028, then 3-Month LIBOR + 2.37%	3-month CME Term SOFR + 0.26161%	49,306	49,271	First Commonwealth Bank	2033	5.50% until June 1, 2028, then 3-Month CME Term SOFR + 0.26161% + 2.37%	49,323	49,271			
First Commonwealth Financial Corp	First Commonwealth Financial Corp	2031	4.50% until March 29, 2026, then Prime + 1.00%	N/A - LIBOR not used	6,600	—	First Commonwealth Financial Corp	2031	4.50% until March 29, 2026, then Prime + 1.00%	6,620	—			
First Commonwealth Capital Trust II	First Commonwealth Capital Trust II	2034	3-Month LIBOR + 2.85%	3-month CME Term SOFR + 0.26161%	30,929	30,929	First Commonwealth Capital Trust II	2034	3-Month CME Term SOFR + 0.26161% + 2.85%	30,929	30,929			
First Commonwealth Capital Trust III	First Commonwealth Capital Trust III	2034	3-Month LIBOR + 2.85%	3-month CME Term SOFR + 0.26161%	41,238	41,238	First Commonwealth Capital Trust III	2034	3-Month CME Term SOFR + 0.26161% + 2.85%	41,238	41,238			
Total	Total					\$ 177,619	\$ 170,937	Total					\$ 177,679	\$ 170,937

With the acquisition of Centric, First Commonwealth acquired a ten-year subordinated note with a principal balance of \$6.0 million. The rate remains fixed at 4.50% until March 29, 2026, then adjusts quarterly to Prime + 1.00%. The Bank may redeem the notes, beginning with the interest payment due on March 29, 2026, in whole or in part at a redemption price equal to 100% of the principal amount of the subordinated notes, plus accrued and unpaid interest to the date of redemption. A fair value premium of \$0.6 million was recognized in connection with the acquisition.

On May 21, 2018, First Commonwealth issued ten-year subordinated notes with an aggregate principal amount of \$50.0 million. Interest is paid quarterly at a rate of three-month **LIBOR CME Term SOFR + 0.26161% + 1.845%**. As a result of the discontinuance of the LIBOR rate as an available benchmark rate on June 30, 2023, beginning with the first rate reset after June 30, 2023 the rate will adjust quarterly to the three-month CME term SOFR + 0.26161%. Subject to regulatory approval, the Bank The Company may redeem the notes, in whole or in part at a redemption price equal to 100% of the principal amount of the subordinated notes, plus accrued and unpaid interest to the date of redemption. Deferred issuance costs of \$0.9 million are being amortized on a straight-line basis over the term of the notes.

On May 21, 2018, First Commonwealth issued fifteen-year subordinated notes with an aggregate principal amount of \$50.0 million and a fixed-to-floating rate of 5.50%. The rate remains fixed until June 1, 2028, then adjusts on a quarterly basis to three-month **LIBOR CME Term SOFR+ 0.26161% + 2.37%**. As a result of the discontinuance of the LIBOR rate, when these notes convert to a floating rate they will adjust quarterly to the three-month CME term SOFR + 0.26161%. The Bank may redeem the notes, subject to regulatory approval, beginning with the interest payment due on June 1, 2028, in whole or in part at a redemption price equal to 100% of the principal amount of the

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

subordinated notes, plus accrued and unpaid interest to the date of redemption. Deferred issuance costs of \$1.1 million are being amortized on a straight-line basis over the term of the notes.

First Commonwealth currently has two trusts, First Commonwealth Capital Trust II and First Commonwealth Capital Trust III, of which 100% of the common equity is owned by First Commonwealth. The trusts were formed for the purpose of issuing company obligated mandatorily redeemable capital securities to third-party investors and investing the proceeds from the sale of the capital securities solely in junior subordinated debt securities ("subordinated debentures") of First Commonwealth. The subordinated debentures held by each trust are the sole assets of the trust.

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Interest on the debentures issued to First Commonwealth Capital Trust III is paid quarterly at a floating rate of three-month LIBOR CME Term SOFR + 0.26161% + 2.85%, which is reset quarterly. As a result of the discontinuance of the LIBOR rate as an available benchmark rate on June 30, 2023, beginning with the first rate reset after June 30, 2023 the rate will adjust quarterly to the three-month CME term SOFR + 0.26161%. Subject to regulatory approval, First Commonwealth may redeem the debentures, in whole or in part, at its option on any interest payment date at a redemption price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest to the date of the redemption. Deferred issuance costs of \$0.6 million are being amortized on a straight-line basis over the term of the securities.

Interest on the debentures issued to First Commonwealth Capital Trust II is paid quarterly at a floating rate of three-month LIBOR CME Term SOFR + 0.26161% + 2.85%, which is reset quarterly. As a result of the discontinuance of the LIBOR rate as an available benchmark rate on June 30, 2023, beginning with the first rate reset after June 30, 2023 the rate will adjust quarterly to the three-month CME term SOFR + 0.26161%. Subject to regulatory approval, First Commonwealth may redeem the debentures, in whole or in part, at its option at a redemption price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest to the date of the redemption. Deferred issuance costs of \$0.5 million are being amortized on a straight-line basis over the term of the securities.

In order to reduce its exposure to variability in expected future cash flows related to interest payments on First Commonwealth Capital Trust II and III, the Company entered into two interest rate swap contracts that are designated as cash flow hedges. These contracts fix the index rate based portion of the interest rate on Capital Trust II at 1.515% until August 15, 2024 and on Capital Trust III at 1.525% until August 15, 2026. Additional information related to these cash flow hedges can be found in Note 12-12 - "Derivatives".

Note 15 Revenue Recognition

Substantially all of the Company's revenue is generated from contracts with customers. Revenue associated with financial instruments, including revenue from loans and securities, certain noninterest income streams such as fees associated with derivatives are not in scope of FASB ASC Topic 606 - "Revenue from Contracts with Customers" ("Topic 606"). Topic 606 is applicable to noninterest revenue streams such as trust income, service charges on deposits, insurance and retail brokerage commissions, card-related interchange income and gain(loss) on sale of OREO. For contracts within the scope of Topic 606, the Company immediately expenses contract acquisition costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less.

Noninterest revenue streams in-scope of Topic 606 are discussed below:

Trust Income

Trust income is primarily comprised of fees earned from the management and administration of trusts and other customer assets. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon a tiered scale of market value of the assets under management at month-end. Payment is generally received a few days after month end through a direct charge to customers' accounts. The Company does not earn performance-based incentives. Optional services such as financial planning or tax return preparation services are also available to trust customers. The Company's performance obligation for these transactional-based services is generally satisfied and related revenue recognized at a point in time. Payment is received shortly after services are rendered.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Service Charges on Deposit Accounts

Service charges on deposit accounts consist of fees earned from its deposit customers for transaction-based, account maintenance, overdraft services and account analysis fees. Transaction-based fees, which include services such as ATM use fees, stop payment fees, statement rendering and ACH fees are recognized at the time the transaction is executed which is the point in time the Company fulfills the customer's request. Monthly account maintenance fees are earned over the course of the month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. The Company's performance obligation for account analysis fees is generally satisfied, and the related revenue recognized, during the month the service is provided. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
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Insurance and Retail Brokerage Commissions

Insurance income primarily consists of commissions received from execution of personal, business and health insurance policies when acting as an agent on behalf of insurance carriers. The Company's performance obligation is generally satisfied upon the issuance of the insurance policy. Because the Company's contracts with the insurance carriers are generally cancellable by either party, with minimal notice, insurance commissions are recognized during the policy period as received. Also, the majority of insurance commissions are received on a monthly basis during the policy period; however, some carriers pay the full annual commission to First Commonwealth at the time of policy issuance or renewal. In these cases, First Commonwealth would be required to refund any commissions it would not be entitled to as a result of cancelled or terminated policies. The Company has established a refund liability for the remaining term of the policies expected to be cancelled. The Company also receives incentive-based contingency fees from the insurance carriers. Contingency fee revenue, which totals approximately \$0.3 million per year, is recognized as received due to the immaterial amount.

Retail brokerage income primarily consists of commissions received on annuity and investment product sales through a third-party service provider. The Company's performance obligation is generally satisfied upon the issuance of the annuity policy or the execution of an investment transaction. The Company does not earn a significant amount of trailer fees on annuity sales. However, after considering the factors impacting these trailer fees, such as the uncertainty of investor behavior and changes in the market value of assets, First Commonwealth determined that it would recognize trailing fees as received because it could not reasonably estimate an amount of future trailing commissions for which collection is probable. Commissions from the third-party service provider are received on a monthly basis based upon customer activity for the month. The fees are recognized monthly with a receivable until commissions are received from the third-party service provider the following month. Because the Company acts as an agent in arranging the relationship between the customer and the third-party service provider and does not control the services rendered to the customers, retail brokerage fees are presented net of related costs, including \$2.1 million \$3.1 million and \$2.0 million \$2.9 million in commission expense as of June 30, 2023 September 30, 2023 and 2022, respectively.

Card-Related Interchange Income

Card-related interchange income is primarily comprised of debit and credit card income, ATM fees and merchant services income. Debit and credit card income is primarily comprised of interchange fees earned whenever the Company's debit and credit cards are processed through card payment networks such as MasterCard. ATM fees are primarily generated when a Company cardholder uses a non-Company ATM or a non-Company cardholder uses a Company ATM. Merchant services income mainly represents fees charged to merchants to process their debit and credit card transactions, in addition to account management fees. Card-related interchange income is recognized daily as the customer transactions are settled.

Other Income

Other income includes service revenue from processing wire transfers, bill pay service, cashier's checks, and other services. The Company's performance obligation for these services are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gains(losses) on sales of OREO

First Commonwealth records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When First Commonwealth finances the sale of OREO to the buyer, an assessment of whether the buyer is committed to perform their obligations under the contract is completed along with an evaluation of whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon transfer of control of the property to the buyer. In determining the gain or loss on the sale, First Commonwealth adjusts the transaction price and the related gain or loss on sale if a significant financing component is present.

ITEM 1. Financial Statements and Supplementary Data

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following presents noninterest income, segregated by revenue streams in-scope and out-of-scope of Topic 606:

		For the Three Months Ended June				For the Three Months Ended				For the Nine Months Ended			
		30,		For the Six Months Ended June 30,		September 30,		September 30,		September 30,		September 30,	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		(dollars in thousands)						(dollars in thousands)					
Noninterest Income	Noninterest Income							Noninterest Income					
In-scope of Topic 606:	In-scope of Topic 606:							In-scope of Topic 606:					
Trust income	Trust income	\$ 2,532	\$ 2,573	\$ 5,018	\$ 5,286	Trust income	\$ 2,949	\$ 2,777	\$ 7,967	\$ 8,063			

Service charges on deposit accounts	Service charges on deposit accounts	5,324	4,886	10,242	9,501	Service charges on deposit accounts	5,600	5,194	15,842	14,695
Insurance and retail brokerage commissions	Insurance and retail brokerage commissions	2,314	2,486	4,866	4,758	Insurance and retail brokerage commissions	2,305	2,048	7,171	6,806
Card-related interchange income	Card-related interchange income	7,372	7,137	14,201	13,627	Card-related interchange income	7,221	6,980	21,422	20,607
Gain on sale of other loans and assets	Gain on sale of other loans and assets	105	310	166	353	Gain on sale of other loans and assets	102	40	268	393
Other income	Other income	1,067	1,098	2,136	2,073	Other income	1,097	991	3,233	3,064
Noninterest Income (in-scope of Topic 606)	Noninterest Income (in-scope of Topic 606)	18,714	18,490	36,629	35,598	Noninterest Income (in-scope of Topic 606)	19,274	18,030	55,903	53,628
Noninterest Income (out-of-scope of Topic 606)	Noninterest Income (out-of-scope of Topic 606)	5,809	6,019	10,857	12,887	Noninterest Income (out-of-scope of Topic 606)	5,552	7,884	16,409	20,771
Total Noninterest Income	Total Noninterest Income	\$ 24,523	\$ 24,509	\$ 47,486	\$ 48,485	Total Noninterest Income	\$ 24,826	\$ 25,914	\$ 72,312	\$ 74,399

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

This discussion and the related financial data are presented to assist in the understanding and evaluation of the consolidated financial condition and the results of operations of First Commonwealth Financial Corporation including its subsidiaries ("First Commonwealth") for the three and six nine months ended **June 30, 2023**, **September 30, 2023** and 2022, and should be read in conjunction with the unaudited Consolidated Financial Statements and notes thereto included in this Form 10-Q.

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"), notwithstanding that such statements are not specifically identified as such. In addition, certain statements may be contained in our future filings with the Securities and Exchange Commission, in press releases, and in oral and written statements made by us or with our approval that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of plans, objectives and expectations of First Commonwealth or its management or Board of Directors, including those relating to products, services or operations; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believe," "anticipate," "expect," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may," are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- Local, regional, national and international economic conditions and the impact they may have on us and our customers and our assessment of that impact.
- Volatility and disruption in national and international financial markets.
- Government intervention in the U.S. financial system.
- Changes in the mix of loan geographies, sectors and types or the level of non-performing assets and charge-offs.
- Changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements.
- The effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve Board.
- Inflation, interest rate, securities market and monetary fluctuations.
- Unexpected outflows of uninsured deposits.
- The effect of changes in laws and regulations, including with respect to capital, and liquidity requirements, which may become more stringent in light of recent market events, may adversely affect our financial condition or results of operations.
- Factors that can impact the performance of our loan portfolio, including changes in real estate values and liquidity in our primary market areas, the financial health of our commercial borrowers and the success of construction projects that we finance, including any loans acquired in acquisition transactions.

- The soundness of other financial institutions.
- Political instability.
- Impairment of our goodwill or other intangible assets.
- Acts of God or of war or terrorism.
- The timely development and acceptance of new products and services and perceived overall value of these products and services by users.
- Changes in consumer spending, borrowings and savings habits.
- Changes in the financial performance and/or condition of our borrowers.
- Technological changes.
- The cost and effects of cyber incidents or other failures, interruption or security breaches of our systems or those of third-party providers.
- Acquisitions and integration of acquired businesses.
- Our ability to increase market share and control expenses.
- Our ability to attract and retain qualified employees.
- Changes in the competitive environment in our markets and among banking organizations and other financial service providers.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

- The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters.
- Changes in the reliability of our vendors, internal control systems or information systems.
- Changes in our liquidity position.
- Changes in our organization, compensation and benefit plans.
- The costs and effects of legal and regulatory developments, the resolution of legal proceedings or regulatory or other governmental inquiries, the results of regulatory examinations or reviews and the ability to obtain required regulatory approvals.
- Greater than expected costs or difficulties related to the integration of new products and lines of business.
- Our success at managing the risks involved in the foregoing items.

Forward-looking statements speak only as of the date on which such statements are made. We do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

Explanation of Use of Non-GAAP Financial Measures

In addition to the results of operations presented in accordance with generally accepted accounting principles ("GAAP"), First Commonwealth management uses, and this quarterly report contains or references, certain non-GAAP financial measures, such as net interest income on a fully taxable equivalent basis. We believe these non-GAAP financial measures provide information that is useful to investors in understanding our underlying operational performance and our business and performance trends as they facilitate comparison with the performance of others in the financial services industry. Although we believe that these non-GAAP financial measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP.

We believe the presentation of net interest income on a fully taxable equivalent basis ensures comparability of net interest income arising from both taxable and tax-exempt sources and is consistent with industry practice. Interest income per the unaudited Consolidated Statements of Income is reconciled to net interest income adjusted to a fully taxable equivalent basis on pages 62 and 70, respectively, for the **six nine** and three months ended **June 30, 2023** **September 30, 2023** and 2022.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Selected Financial Data

The following selected financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, which follows, and with the unaudited Consolidated Financial Statements and related notes.

		For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,		
		2023	2022	2023	2022	2023	2022	2023	2022	
		(dollars in thousands, except per share data)				(dollars in thousands, except per share data)				
Net Income	Net Income	\$ 42,781	\$ 30,754	\$ 73,005	\$ 58,480	Net Income	\$ 39,231	\$ 33,968	\$ 112,236	\$ 92,448
Per Share Data:	Per Share Data:					Per Share Data:				
Basic Earnings per Share	Basic Earnings per Share	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62	Basic Earnings per Share	\$ 0.38	\$ 0.36	\$ 1.11	\$ 0.99

Diluted Earnings per Share	Diluted Earnings per Share	0.42	0.33	0.72	0.62	Diluted Earnings per Share	0.38	0.36	1.10	0.98
Cash Dividends Declared per Common Share	Cash Dividends Declared per Common Share	0.125	0.120	0.245	0.235	Cash Dividends Declared per Common Share	0.125	0.120	0.370	0.355
Average Balance:	Average Balance:					Average Balance:				
Total assets	Total assets	\$ 11,156,913	\$ 9,600,469	\$ 10,824,756	\$ 9,562,733	Total assets	\$ 11,307,058	\$ 9,534,094	\$ 10,987,290	\$ 9,553,082
Total equity	Total equity	1,234,834	1,063,850	1,198,147	1,085,512	Total equity	1,249,441	1,063,334	1,215,433	1,078,038
End of Period Balance:	End of Period Balance:					End of Period Balance:				
Net loans and leases (1)	Net loans and leases (1)			\$ 8,682,590	\$ 7,039,027	Net loans and leases (1)			\$ 8,800,515	\$ 7,266,635
Total assets	Total assets			11,318,604	9,526,427	Total assets			11,421,988	9,578,630
Total deposits	Total deposits			9,146,278	8,053,545	Total deposits			9,241,065	8,077,649
Total equity	Total equity			1,232,419	1,049,158	Total equity			1,240,531	1,022,575
Key Ratios:	Key Ratios:					Key Ratios:				
Return on average assets	Return on average assets	1.54 %	1.28 %	1.36 %	1.23 %	Return on average assets	1.38 %	1.41 %	1.37 %	1.29 %
Return on average equity	Return on average equity	13.90 %	11.60 %	12.29 %	10.86 %	Return on average equity	12.46 %	12.67 %	12.35 %	11.47 %
Dividends payout ratio	Dividends payout ratio	29.76 %	36.36 %	34.03 %	37.90 %	Dividends payout ratio	32.89 %	33.33 %	33.33 %	35.86 %
Average equity to average assets ratio	Average equity to average assets ratio	11.07 %	11.08 %	11.07 %	11.35 %	Average equity to average assets ratio	11.05 %	11.15 %	11.06 %	11.28 %
Net interest margin	Net interest margin	3.85 %	3.38 %	3.93 %	3.29 %	Net interest margin	3.76 %	3.76 %	3.87 %	3.45 %
Net loans to deposits ratio	Net loans to deposits ratio			94.93 %	87.40 %	Net loans to deposits ratio			95.23 %	89.96 %

(1) Includes loans held for sale.

Results of Operations

Six Nine Months Ended June 30, 2023 September 30, 2023 Compared to Six Nine Months Ended June 30, 2022 September 30, 2022

Net Income

For the six nine months ended June 30, 2023 September 30, 2023, First Commonwealth had net income of \$73.0 million \$112.2 million, or \$0.72 \$1.10 diluted earnings per share, compared to net income of \$58.5 million \$92.4 million, or \$0.62 \$0.98 diluted earnings per share, in the six nine months ended June 30, 2022 September 30, 2022. The increase in net income was primarily the result of a \$50.3 million \$65.7 million increase in net interest income and a \$5.9 million \$6.0 million decrease in provision for credit losses, excluding the \$10.7 million in provision expense related to the day 1 CECL adjustment on non-PCD loans acquired in the Centric acquisition. Partially offsetting these positive changes was a \$25.9 \$33.4 million increase in noninterest expense.

For the **six nine** months ended **June 30, 2023** **September 30, 2023**, the Company's return on average equity was **12.29%** **12.35%** and its return on average assets was **1.36%** **1.37%**, compared to **10.86%** **11.47%** and **1.23%** **1.29%**, respectively, for the **six nine** months ended **June 30, 2022** **September 30, 2022**.

Net Interest Income

Net interest income, on a fully taxable equivalent basis, was **\$192.8 million** **\$290.9 million** in the first **six nine** months of 2023, compared to **\$142.3 million** **\$225.0 million** for the same period in 2022. The increase in net interest income can be attributed to growth in **earning interest-earning** assets and a **159** **155** basis point increase in the yield on interest-earning assets offset by a **137** **162** basis point increase in the cost of interest-bearing liabilities. Net interest income comprises the majority of our operating revenue (net interest income before **provision expense plus noninterest income**), at 80.2% and 74.5% for the six months ended **June 30, 2023** and **2022**, respectively.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

provision expense plus noninterest income), at 80.0% and 75.1% for the nine months ended **September 30, 2023** and **2022**, respectively.

The net interest margin on a fully taxable equivalent basis was **3.93%** **3.87%** for the **six nine** months ended **June 30, 2023** **September 30, 2023** and **3.29%** **3.45%** for the **six nine** months ended **June 30, 2022** **September 30, 2022**. The net interest margin is affected by changes in the level of interest rates and the amount and composition of interest-earning assets and interest-bearing liabilities.

The taxable equivalent yield on interest-earning assets was **5.02%** **5.14%** for the **six nine** months ended **June 30, 2023** **September 30, 2023**, an increase of **159** **155** basis points compared to the **3.43%** **3.59%** yield for the same period in 2022. This change is largely due to a result of the higher interest rate environment in 2023 and resulted in the loan portfolio yield which improved increasing by **154** **152** basis points when compared to the **six nine** months ended **June 30, 2022** **September 30, 2022**. Contributing to this increase was the yield on our adjustable and variable rate commercial loan portfolios, which increased **262** **251** basis points largely due to the Federal Reserve increasing short term interest rates by **350** **225** basis points since **June 30, 2022** **September 30, 2022**. Additionally, **9** **nine** basis points of the increase in the yield on interest-earnings assets can be attributed to the recognition of **\$4.4 million** **\$6.9 million** in accretion of the purchase accounting marks, recognized as a result of primarily from the Centric acquisition.

The investment portfolio yield increased **29** **34** basis points in comparison to the prior year as new volume rates were higher than the portfolio yield. The average investment portfolio balance decreased **\$233.0** **\$191.6** million as maturities and runoff funded loan growth. The yield on interest-bearing deposits with banks increased **466** **460** basis points for the **six nine** months ended **June 30, 2023** **September 30, 2023** as compared to the prior year, while the average balance decreased from an average of **\$308.5** **\$240.5** million in 2022 to **\$178.1** **\$197.5** million in 2023.

The cost of interest-bearing liabilities increased to **1.59%** **1.84%** for the **six nine** months ended **June 30, 2023** **September 30, 2023**, from 0.22% for the same period in 2022. The cost of interest-bearing deposits increased **127** **149** basis points and short-term borrowings increased **429** **462** basis points in comparison to the same period last year. The increase in cost of interest-bearing deposits can be attributed to higher market interest rates and changes in the mix of deposits as customers moved funds to take advantage of the increased rates offered in money market and time deposits. Comparing the **six nine** months ended **June 30, 2023** **September 30, 2023** with the comparable period in 2022, average time deposits increased **\$442.6 million** **\$535.4 million**, or **121.5%** **150.8%**, with an increase in the cost of these deposits of **247** **277** basis points. Contributing to average growth in time deposits was an average of **\$76.9 million** **\$81.0 million** related to the Centric acquisition. Other interest-bearing deposits increased on average **\$430.2 million** **\$497.3 million**, or **8.6%** **9.9%**, compared to the **six nine** months ended **June 30, 2022** **September 30, 2022** and the cost of these deposits increased **108** **126** basis points. Average growth in other-interest bearing deposits attributable to the Centric acquisition totaled **\$296.3 million** **\$316.8 million**.

For the **six nine** months ended **June 30, 2023** **September 30, 2023**, changes in rates positively impacted net interest income by **\$24.2 million** **\$23.2 million** when compared with the same period in 2022. The higher yield on interest-earning assets impacted net interest income by **\$70.9 million** **\$107.9 million**, while the increase in the cost of interest-bearing liabilities negatively impacted net interest income by **\$46.7 million** **\$84.7 million**.

Changes in the volume of interest-earning assets and interest-bearing liabilities positively impacted net interest income by **\$26.2 million** **\$42.7 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**, as compared to the same period in 2022. Higher levels of interest-earning assets resulted in an increase of **\$27.1 million** **\$44.3 million** in interest income, and changes in the volume and mix of interest-bearing liabilities increased interest expense by **\$0.9 million** **\$1.6 million**. Average **earning interest-earning** assets for the **six nine** months ended **June 30, 2023** **September 30, 2023** increased **\$1.2 billion** **\$1.3 billion**, or **13.4%** **15.2%**, compared to the same period in 2022. Average loans for the comparable period increased **\$1.5 billion** **\$1.6 billion**, or **22.0%** **22.1%**.

Net interest income also benefited from was negatively impacted by a **\$44.6 million increase** **\$8.5 million decrease** in average net free funds at **June 30, 2023** for the nine months ended **September 30, 2023** as compared to **June 30, 2022** **September 30, 2022**. Average net free funds are the excess of noninterest-bearing demand deposits, other noninterest-bearing liabilities and shareholders' equity over noninterest-earning assets. The **higher lower** level of net free funds was the primarily a result of **increases lower noninterest-bearing demand deposits** as customers became more rate sensitive in **other liabilities** the increasing rate environment and **shareholders' equity**, an increase in noninterest-earning assets, largely due to the Centric acquisition.

The following table reconciles interest income in the Consolidated Statements of Income to net interest income adjusted to a fully taxable equivalent basis for the **six nine** months ended **June** **September 30**:

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

2023	2022	2023	2022
(dollars in thousands)		(dollars in thousands)	

Interest income per Consolidated Statements of Income	Interest income per Consolidated Statements of Income	\$ 245,856	\$ 147,972	Interest income per Consolidated Statements of Income	\$ 385,741	\$ 233,672
Adjustment to fully taxable equivalent basis	Adjustment to fully taxable equivalent basis	610	498	Adjustment to fully taxable equivalent basis	923	759
Interest income adjusted to fully taxable equivalent basis (non-GAAP)	Interest income adjusted to fully taxable equivalent basis (non-GAAP)	246,466	148,470	Interest income adjusted to fully taxable equivalent basis (non-GAAP)	386,664	234,431
Interest expense	Interest expense	53,674	6,138	Interest expense	95,802	9,478
Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	\$ 192,792	\$ 142,332	Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	\$ 290,862	\$ 224,953

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The following is an analysis of the average balance sheets and net interest income on a fully taxable equivalent basis for the **six** **nine** months ended **June** **September** 30:

		2023			2022				2023			2022		
		Average Balance	Income / Expense (a)	Yield or Rate	Average Balance	Income / Expense (a)	Yield or Rate		Average Balance	Income / Expense (a)	Yield or Rate	Average Balance	Income / Expense (a)	Yield or Rate
(dollars in thousands)														
Assets	Assets							Assets						
Interest-earning assets:	Interest-earning assets:							Interest-earning assets:						
Interest-bearing deposits with banks	Interest-bearing deposits with banks	\$ 178,084	\$ 4,553	5.16 %	\$ 308,450	\$ 769	0.50 %	Interest-bearing deposits with banks	\$ 197,522	\$ 7,899	5.35 %	\$ 240,509	\$ 1,346	0.7
Tax-free investment securities	Tax-free investment securities	21,772	292	2.70	23,771	312	2.65	Tax-free investment securities	21,660	437	2.70	23,371	459	2.6
Taxable investment securities	Taxable investment securities	1,208,158	12,710	2.12	1,439,200	13,048	1.83	Taxable investment securities	1,208,061	19,762	2.19	1,397,982	19,332	1.8
Loans and leases, net of unearned income (b)(c)	Loans and leases, net of unearned income (b)(c)	8,496,305	228,911	5.43	6,965,296	134,341	3.89	Loans and leases, net of unearned income (b)(c)	8,627,203	358,566	5.56	7,065,213	213,294	4.0
Total interest-earning assets	Total interest-earning assets	9,904,319	246,466	5.02	8,736,717	148,470	3.43	Total interest-earning assets	10,054,446	386,664	5.14	8,727,075	234,431	3.5
Noninterest-earning assets:	Noninterest-earning assets:							Noninterest-earning assets:						
Cash	Cash	110,367			117,350			Cash	111,732			113,538		
Allowance for credit losses	Allowance for credit losses	(129,242)			(93,180)			Allowance for credit losses	(131,297)			(93,923)		
Other assets	Other assets	939,312			801,846			Other assets	952,409			806,392		
Total noninterest-earning assets	Total noninterest-earning assets	920,437			826,016			Total noninterest-earning assets	932,844			826,007		
Total Assets	Total Assets	\$10,824,756			\$9,562,733			Total Assets	\$10,987,290			\$9,553,082		
Liabilities and Shareholders' Equity	Liabilities and Shareholders' Equity							Liabilities and Shareholders' Equity						
Interest-bearing liabilities:	Interest-bearing liabilities:							Interest-bearing liabilities:						

Interest-bearing demand deposits (d)	Interest-bearing demand deposits (d)	\$ 1,947,587	\$ 10,369	1.07 %	\$1,591,886	\$ 213	0.03 %	Interest-bearing demand deposits (d)	\$ 1,970,178	\$ 17,977	1.22 %	\$1,595,905	\$ 435	0.0
Savings deposits (d)	Savings deposits (d)	3,506,907	20,081	1.15	3,432,397	906	0.05	Savings deposits (d)	3,527,158	35,923	1.36	3,404,113	1,506	0.0
Time deposits	Time deposits	806,981	10,969	2.74	364,388	491	0.27	Time deposits	890,299	20,204	3.03	354,938	697	0.2
Short-term borrowings	Short-term borrowings	351,321	7,594	4.36	105,497	39	0.07	Short-term borrowings	402,782	14,237	4.73	104,343	89	0.1
Long-term debt	Long-term debt	186,378	4,661	5.04	181,988	4,489	4.97	Long-term debt	186,629	7,461	5.35	181,856	6,751	4.9
Total interest-bearing liabilities	Total interest-bearing liabilities	6,799,174	53,674	1.59	5,676,156	6,138	0.22	Total interest-bearing liabilities	6,977,046	95,802	1.84	5,641,155	9,478	0.2
Noninterest-bearing liabilities and shareholders' equity:	Noninterest-bearing liabilities and shareholders' equity:							Noninterest-bearing liabilities and shareholders' equity:						
Noninterest-bearing demand deposits (d)	Noninterest-bearing demand deposits (d)	2,629,575			2,678,686			Noninterest-bearing demand deposits (d)	2,592,373			2,701,458		
Other liabilities	Other liabilities	197,860			122,379			Other liabilities	202,438			132,431		
Shareholders' equity	Shareholders' equity	1,198,147			1,085,512			Shareholders' equity	1,215,433			1,078,038		
Total Noninterest-Bearing Funding Sources	Total Noninterest-Bearing Funding Sources	<u>4,025,582</u>			<u>3,886,577</u>			Total Noninterest-Bearing Funding Sources	<u>4,010,244</u>			<u>3,911,927</u>		
Total Liabilities and Shareholders' Equity	Total Liabilities and Shareholders' Equity	<u>\$10,824,756</u>			<u>\$9,562,733</u>			Total Liabilities and Shareholders' Equity	<u>\$10,987,290</u>			<u>\$9,553,082</u>		
Net Interest Income and Net Yield on Interest-Earning Assets	Net Interest Income and Net Yield on Interest-Earning Assets							Net Interest Income and Net Yield on Interest-Earning Assets						
			\$ 192,792	3.93 %	\$ 142,332	3.29 %			\$ 290,862	3.87 %	\$ 224,953	3.4		

- (a) Income on interest-earning assets has been computed on a fully taxable equivalent basis using the 21% federal income tax statutory rate for the six nine months ended June 30, 2023 September 30, 2023 and 2022.
- (b) Loan balances include held for sale and nonaccrual loans. Income on nonaccrual loans is accounted for on the cash basis.
- (c) Loan income includes loan fees earned.
- (d) Average balances do not include reallocations from noninterest-bearing demand deposits and interest-bearing demand deposits into savings deposits, which were made for regulatory purposes.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The following table shows the effect of changes in volumes and rates on interest income and interest expense for the six nine months ended June 30, 2023 September 30, 2023 compared with June 30, 2022 September 30, 2022:

		Analysis of Year-to-Year Changes in Net Interest Income			Analysis of Year-to-Year Changes in Net Interest Income		
		Total Change	Change Due To Volume	Change Due To Rate (a)	Total Change	Change Due To Volume	Change Due To Rate (a)
		(dollars in thousands)			(dollars in thousands)		
Interest-earning assets:	Interest-earning assets:				Interest-earning assets:		
Interest-bearing deposits with banks	Interest-bearing deposits with banks	\$ 3,784	\$ (323)	\$ 4,107	Interest-bearing deposits with banks	\$ 6,553	\$ (241) \$ 6,794
Tax-free investment securities	Tax-free investment securities	(20)	(26)	6	Tax-free investment securities	(22)	(34) 12
Taxable investment securities	Taxable investment securities	(338)	(2,097)	1,759	Taxable investment securities	430	(2,628) 3,058
Loans and leases	Loans and leases	94,570	29,533	65,037	Loans and leases	145,272	47,199 98,073

Total interest income (b)	Total interest income (b)	97,996	27,087	70,909	Total interest income (b)	152,233	44,296	107,937
Interest-bearing liabilities:	Interest-bearing liabilities:				Interest-bearing liabilities:			
Interest-bearing demand deposits	Interest-bearing demand deposits	10,156	53	10,103	Interest-bearing demand deposits	17,542	112	17,430
Savings deposits	Savings deposits	19,175	18	19,157	Savings deposits	34,417	55	34,362
Time deposits	Time deposits	10,478	593	9,885	Time deposits	19,507	1,041	18,466
Short-term borrowings	Short-term borrowings	7,555	85	7,470	Short-term borrowings	14,148	246	13,902
Long-term debt	Long-term debt	172	108	64	Long-term debt	710	177	533
Total interest expense	Total interest expense	47,536	857	46,679	Total interest expense	86,324	1,631	84,693
Net interest income	Net interest income	\$ 50,460	\$ 26,230	\$ 24,230	Net interest income	\$ 65,909	\$ 42,665	\$ 23,244

(a) Changes in interest income or expense not arising solely as a result of volume or rate variances are allocated to rate variances.

(b) Changes in interest income have been computed on a fully taxable equivalent basis using the 21% federal income tax statutory rate.

Provision for Credit Losses

The provision for credit losses is determined based on management's estimates of the appropriate level of the allowance for credit losses needed for expected losses inherent in the loan portfolio and off-balance sheet commitments. The provision for credit losses is an amount added to the allowance, against which credit losses are charged.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued) FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The table below provides a breakout of the provision for credit losses by loan category for the **Six** nine months ended **June** September 30:

		2023		2022		2023		2022	
		Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage
		(dollars in thousands)				(dollars in thousands)			
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 3,251	124 %	\$ 4,721	127 %	\$ 606	8 %	\$ 5,902	68 %
Time and demand	Time and demand	1,282	49	4,843	130	(2,632)	(36)	5,712	66
Commercial credit cards	Commercial credit cards	13	1	191	6	22	—	194	2
Equipment finance	Equipment finance	1,033	39	272	7	1,586	22	569	7
Time and demand other	Time and demand other	923	35	(585)	(16)	1,630	22	(573)	(7)
Real estate construction	Real estate construction	(3,019)	(115)	1,309	35	(2,243)	(30)	2,682	31
Construction other	Construction other	(1,588)	(60)	322	9	(381)	(5)	1,736	20
Construction residential	Construction residential	(1,431)	(55)	987	26	(1,862)	(25)	946	11
Residential real estate	Residential real estate	1,196	45	5,206	139	1,643	22	6,798	78
Residential first lien	Residential first lien	1,081	41	4,401	118	1,634	22	5,562	64
Residential junior lien/home equity	Residential junior lien/home equity	115	4	805	21	9	—	1,236	14

Commercial real estate	Commercial real estate					Commercial real estate				
		(378)	(14)	(1,456)	(39)		3,960	54	(3,941)	(45)
Multifamily	Multifamily	301	12	405	11	Multifamily	347	5	1,273	15
Nonowner occupied	Nonowner occupied	310	12	(3,754)	(101)	Nonowner occupied	4,262	58	(7,940)	(91)
Owner occupied	Owner occupied	(989)	(38)	1,893	51	Owner occupied	(649)	(9)	2,726	31
Loans to individuals	Loans to individuals	1,570	60	(6,037)	(162)	Loans to individuals	3,421	46	(2,747)	(32)
Automobile and recreational vehicles	Automobile and recreational vehicles	1,316	50	(6,395)	(171)	Automobile and recreational vehicles	2,819	38	(3,416)	(40)
Consumer credit cards	Consumer credit cards	62	3	11	—	Consumer credit cards	100	1	255	3
Consumer other	Consumer other	192	7	347	9	Consumer other	502	7	414	5
Provision for credit losses on loans and leases	Provision for credit losses on loans and leases	\$ 2,620	100 %	\$ 3,743	100 %	Provision for credit losses on loans and leases	\$ 7,387	100 %	\$ 8,694	100 %
Provision for credit losses - acquisition day 1 non-PCD	Provision for credit losses - acquisition day 1 non-PCD	10,653		—		Provision for credit losses - acquisition day 1 non-PCD	10,653		—	
Total provision for credit losses on loans and leases	Total provision for credit losses on loans and leases	13,273		3,743		Total provision for credit losses on loans and leases	18,040		8,694	
Provision for off-balance sheet credit exposure	Provision for off-balance sheet credit exposure	(2,480)		2,320		Provision for off-balance sheet credit exposure	(1,362)		3,292	
Total provision for credit losses	Total provision for credit losses	\$ 10,793		\$ 6,063		Total provision for credit losses	\$ 16,678		\$ 11,986	

Total provision expense for the **six nine** months ended **June 30, 2023** **September 30, 2023**, increased \$4.7 million compared to the **six nine** months ended **June 30, 2022** **September 30, 2022**. This increase is a result of \$10.7 million in provision expense recognized in the first quarter of 2023 as the day 1 non-PCD provision expense resulting from the Centric acquisition offset by a **\$4.8 million** **\$4.7 million** decline in the provision for off-balance sheet commitments. The negative provision for off-balance sheet commitments for the **six nine** months ended **June 30, 2023** **September 30, 2023** was a result of lower off-balance sheet commitments related to construction loans and improvement in the economic variables considered in the calculation.

The allowance for credit losses was **\$133.5 million** **\$134.3 million**, or **1.52%** **1.51%**, of total loans and leases outstanding at **June 30, 2023** **September 30, 2023**, compared to \$102.9 million, or 1.35%, at December 31, 2022 and **\$93.6 million** **\$96.1 million**, or 1.31%, at **June 30, 2022** **September 30, 2022**. Nonperforming loans as a percentage of total loans and leases increased to 0.54% at **June 30, 2023** **September 30, 2023** from **0.50%** **0.48%** as of **June 30, 2022** **September 30, 2022** and 0.46% at December 31, 2022. The allowance to nonperforming loan ratio was **278.17%** **280.31%**, **289.98%** and **262.25%** **269.23%** as of **June 30, 2023** **September 30, 2023**, **December 31, 2022** and **June 30, 2022** **September 30, 2022**, respectively.

Management believes that the allowance for credit losses is at a level deemed appropriate to absorb expected losses inherent in the loan portfolio at **June 30, 2023** **September 30, 2023**.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Below is an analysis of the consolidated allowance for credit losses for the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022 and the year-ended December 31, 2022:

	June 30, 2023	June 30, 2022	December 31, 2022	September 30, 2023	September 30, 2022	December 31, 2022
	(dollars in thousands)			(dollars in thousands)		

Balance, beginning of period	Balance, beginning of period	\$ 102,906	\$ 92,522	\$ 92,522	Balance, beginning of period	\$ 102,906	\$ 92,522	\$ 92,522
Day 1 allowance for credit loss on PCD acquired loans	Day 1 allowance for credit loss on PCD acquired loans	27,205	—	—	Day 1 allowance for credit loss on PCD acquired loans	27,205	—	—
Provision for credit losses - acquisition day 1 non-PCD	Provision for credit losses - acquisition day 1 non-PCD	10,653	—	—	Provision for credit losses - acquisition day 1 non-PCD	10,653	—	—
Loans charged off:	Loans charged off:				Loans charged off:			
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	7,340	984	2,361	Commercial, financial, agricultural and other	9,102	1,836	2,361
Real estate construction	Real estate construction	—	—	—	Real estate construction	—	—	—
Residential real estate	Residential real estate	80	144	339	Residential real estate	384	263	339
Commercial real estate	Commercial real estate	1,517	552	2,487	Commercial real estate	1,689	1,887	2,487
Loans to individuals	Loans to individuals	2,289	2,049	4,658	Loans to individuals	4,649	3,113	4,658
Total loans charged off	Total loans charged off	11,226	3,729	9,845	Total loans charged off	15,824	7,099	9,845
Recoveries of loans previously charged off:	Recoveries of loans previously charged off:				Recoveries of loans previously charged off:			
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	254	159	394	Commercial, financial, agricultural and other	352	313	394
Real estate construction	Real estate construction	—	—	9	Real estate construction	—	9	9
Residential real estate	Residential real estate	71	60	187	Residential real estate	128	143	187
Commercial real estate	Commercial real estate	136	19	769	Commercial real estate	142	351	769
Loans to individuals	Loans to individuals	927	829	1,349	Loans to individuals	1,388	1,160	1,349
Total recoveries	Total recoveries	1,388	1,067	2,708	Total recoveries	2,010	1,976	2,708
Net charge-offs	Net charge-offs	9,838	2,662	7,137	Net charge-offs	13,814	5,123	7,137
Provision for credit losses on loans and leases charged to expense	Provision for credit losses on loans and leases charged to expense	2,620	3,743	17,521	Provision for credit losses on loans and leases charged to expense	7,387	8,694	17,521
Balance, end of period	Balance, end of period	\$ 133,546	\$ 93,603	\$ 102,906	Balance, end of period	\$ 134,337	\$ 96,093	\$ 102,906
Net charge-offs as a percentage of average loans and leases outstanding (annualized)	Net charge-offs as a percentage of average loans and leases outstanding (annualized)	0.23 %	0.08 %	0.10 %	Net charge-offs as a percentage of average loans and leases outstanding (annualized)	0.21 %	0.10 %	0.10 %

Allowance for credit losses as a percentage of end-of-period loans and leases outstanding	Allowance for credit losses as a percentage of end-of-period loans and leases outstanding	1.52 %	1.31 %	1.35 %	Allowance for credit losses as a percentage of end-of-period loans and leases outstanding	1.51 %	1.31 %	1.35 %
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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Noninterest Income

The following table presents the components of noninterest income for the six nine months ended June September 30:

		2023	2022	\$ Change	% Change		2023	2022	\$ Change	% Change
		(dollars in thousands)				(dollars in thousands)				
Noninterest Income:	Noninterest Income:					Noninterest Income:				
Trust income	Trust income	\$ 5,018	\$ 5,286	\$ (268)	(5) %	Trust income	\$ 7,967	\$ 8,063	\$ (96)	(1) %
Service charges on deposit accounts	Service charges on deposit accounts	10,242	9,501	741	8	Service charges on deposit accounts	15,842	14,695	1,147	8
Insurance and retail brokerage commissions	Insurance and retail brokerage commissions	4,866	4,758	108	2	Insurance and retail brokerage commissions	7,171	6,806	365	5
Income from bank owned life insurance	Income from bank owned life insurance	2,422	2,891	(469)	(16)	Income from bank owned life insurance	3,664	4,310	(646)	(15)
Card-related interchange income	Card-related interchange income	14,201	13,627	574	4	Card-related interchange income	21,422	20,607	815	4
Swap fee income	Swap fee income	577	1,607	(1,030)	(64)	Swap fee income	1,029	3,933	(2,904)	(74)
Other income	Other income	4,286	4,163	123	3	Other income	7,114	6,749	365	5
Subtotal	Subtotal	41,612	41,833	(221)	(1)	Subtotal	64,209	65,163	(954)	(1)
Net securities gains		—	2	(2)	(100)					
Net securities (losses) gains						Net securities (losses) gains	(103)	2	(105)	(5,250)
Gain on sale of mortgage loans	Gain on sale of mortgage loans	1,905	2,843	(938)	(33)	Gain on sale of mortgage loans	3,175	4,328	(1,153)	(27)
Gain on sale of other loans and assets	Gain on sale of other loans and assets	3,977	3,418	559	16	Gain on sale of other loans and assets	5,004	4,511	493	11
Derivatives mark to market	Derivatives mark to market	(8)	389	(397)	(102)	Derivatives mark to market	27	395	(368)	(93)
Total noninterest income	Total noninterest income	\$ 47,486	\$ 48,485	\$ (999)	(2) %	Total noninterest income	\$ 72,312	\$ 74,399	\$ (2,087)	(3) %

Total noninterest income, excluding net securities gains (losses), gain on sale of mortgage loans, gain on sale of other loans and assets and the derivatives mark to market for the six nine months ended June 30, 2023 September 30, 2023 decreased \$0.2 million \$1.0 million, or 1%, compared to the six nine months ended June 30, 2022 September 30, 2022. Service charges on deposit accounts increased \$0.7 \$1.1 million, of which \$0.1 million \$0.2 million can be attributed to the Centric acquisition and the remainder due to increased customer activity. Card-related interchange income increased \$0.6 million \$0.8 million as a result of increased customer activity. Trust income decreased \$0.3 million \$0.1 million due to declines in the value of assets under management, income from bank owned life insurance decreased \$0.5 million \$0.6 million compared to the prior period primarily due to changes in market interest rates and swap fee income declined \$1.0 million \$2.9 million due to a lower volume of interest rate swaps entered into by our commercial loan customers. For the six months ended June 30, 2023, \$0.5 million in non-interest income can be attributed to the Centric acquisition.

Total noninterest income decreased \$1.0 million \$2.1 million, or 2% 3%, compared to the same period in the prior year. The most significant changes, other than the changes noted above, include a \$0.9 million \$1.2 million decrease in gain on sale of mortgage loans as a result of changes in volume and the spread received on mortgage loans sold. The mark to market adjustment on interest rate swaps entered into for our commercial loan customers decreased \$0.4 million. This adjustment does not reflect a realized gain or loss on the swaps, but rather relates to changes in fair value due to movements in corporate bond spreads and swap rates. The gain on sale of other loans and assets partially offset these declines with an increase of \$0.6 million \$0.5 million due to an increased volume of loans sold, primarily SBA loans, in the first six nine months of 2023 compared to the same period in 2022. For the nine months ended September 30, 2023, \$0.8 million in non-interest income can be attributed to the Centric acquisition.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Noninterest Expense

The following table presents the components of noninterest expense for the **six** **nine** months ended **June** **September** 30:

Noninterest Expense:	Noninterest Expense:	2023	2022	\$ Change	% Change	Noninterest Expense:	2023	2022	\$ Change	% Change
		(dollars in thousands)					(dollars in thousands)			
Salaries and employee benefits	Salaries and employee benefits	\$ 70,999	\$ 61,881	\$ 9,118	15 %	Salaries and employee benefits	\$ 106,639	\$ 94,367	\$ 12,272	13 %
Net occupancy	Net occupancy	9,802	8,957	845	9	Net occupancy	14,584	13,586	998	7
Furniture and equipment	Furniture and equipment	8,522	7,587	935	12	Furniture and equipment	12,936	11,592	1,344	12
Data processing	Data processing	7,167	6,658	509	8	Data processing	11,024	10,379	645	6
Advertising and promotion	Advertising and promotion	2,990	2,660	330	12	Advertising and promotion	4,652	3,938	714	18
Pennsylvania shares tax	Pennsylvania shares tax	2,425	1,918	507	26	Pennsylvania shares tax	4,013	3,487	526	15
Intangible amortization	Intangible amortization	2,429	1,724	705	41	Intangible amortization	3,773	2,470	1,303	53
Other professional fees and services	Other professional fees and services	2,773	2,418	355	15	Other professional fees and services	4,376	3,622	754	21
FDIC insurance	FDIC insurance	2,694	1,400	1,294	92	FDIC insurance	4,614	2,196	2,418	110
Other operating	Other operating	17,358	14,810	2,548	17	Other operating	25,906	23,017	2,889	13
Subtotal	Subtotal	127,159	110,013	17,146	16	Subtotal	192,517	168,654	23,863	14
Loss on sale or write-down of assets	Loss on sale or write-down of assets	47	161	(114)	(71)	Loss on sale or write-down of assets	97	215	(118)	(55)
Merger and acquisition related	Merger and acquisition related	8,481	—	8,481	N/A	Merger and acquisition related	8,860	448	8,412	1,878
Litigation and operational losses	Litigation and operational losses	1,637	1,229	408	33	Litigation and operational losses	3,263	1,987	1,276	64
Total noninterest expense	Total noninterest expense	\$ 137,324	\$ 111,403	\$ 25,921	23 %	Total noninterest expense	\$ 204,737	\$ 171,304	\$ 33,433	20 %

Noninterest expense increased **\$25.9 million** **\$33.4 million**, or **23%** **20%**, for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** compared to the same period in 2022. Contributing to the increase in expense in 2023 is **\$8.5 million** **\$8.9 million** in merger-related expenses associated with the Centric acquisition. Additionally, salaries and employee benefits increased **\$9.1** **\$12.3 million** primarily due to the number of full time equivalent employees, which increased from **1,409** **1,422** at **June 30, 2022** **September 30, 2022** to **1,483** **1,481** at **June 30, 2023** **September 30, 2023**, largely due to the Centric acquisition. Also contributing to this increase was a **\$2.1 million** **\$2.6 million** increase in hospitalization expense as a result of the increase in full-time employees and higher claims in 2023. **Litigation and operational losses increased \$1.3 million primarily due to increased debit card losses and the implementation of a new debit card chargeoff processing system.** Additionally, increases in net occupancy, furniture and equipment and intangible amortization all reflected increases primarily due to the Centric acquisition. Data processing costs increased **\$0.5 million** **\$0.6 million** due to continued investment in our digital banking and other product offerings. Contributing to the increase in other operating expenses were several expense categories, including printing and postage expense **due to as a result of new customer disclosures**, as well as travel **telephone** and **operational losses, telephone**, none of which were individually significant.

FDIC insurance increased **\$1.3 million** **\$2.4 million** due to both the impact of Centric as well as a 2 basis point increase in the FDIC deposit insurance assessment rate which began in the first quarterly assessment period of 2023. The assessment rate increase is estimated to increase the Company's annual FDIC assessment by approximately \$1.7 million. **For the six-months ended June 30, 2023, merger and acquisition related expenses totaled \$8.5 million and is the result of the acquisition of Centric in the first quarter of 2023.**

Income Tax

The provision for income taxes increased \$4.2 million \$5.7 million for the six nine months ended June 30, 2023 September 30, 2023, compared to the corresponding period in 2022, due to the increase in income before income taxes.

We applied the "annual effective tax rate approach" to determine the provision for income taxes, which applies an annual forecast of tax expense as a percentage of expected full year income, for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

We generate an annual effective tax rate that is less than the statutory rate of 21% due to benefits resulting from tax-exempt interest, income from bank-owned life insurance and tax benefits associated with low income housing tax credits, all of which are relatively consistent regardless of the level of pretax income. These provided for an effective tax rate of 20.3% and 19.7% 19.8% for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

As of June 30, 2023 September 30, 2023, our deferred tax assets totaled \$72.9 million \$77.0 million. Based on our evaluation, we determined that it is more likely than not that all of these assets will be realized. As a result, a valuation allowance against these assets was not recorded. In

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued) FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

evaluating the need for a valuation allowance, we estimate future taxable income based on management approved forecasts, evaluation of historical earning levels and consideration of potential tax strategies. If future events differ from our

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued) FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

current forecasts, we may need to establish a valuation allowance, which could have a material impact on our financial condition and results of operations.

Results of Operations

Three Months Ended June 30, 2023 September 30, 2023 Compared to Three Months Ended June 30, 2022 September 30, 2022

Net Income

For the three months ended June 30, 2023 September 30, 2023, First Commonwealth recognized net income of \$42.8 million \$39.2 million, or \$0.42 \$0.38 diluted earnings per share, compared to net income of \$30.8 million \$34.0 million, or \$0.33 \$0.36 diluted earnings per share, in the three months ended June 30, 2022 September 30, 2022. The increase in net income was primarily the result of a \$24.2 million \$15.4 million increase in net interest income and a \$1.3 million decrease in the provision for credit losses offset by a \$10.3 million \$7.5 million increase in noninterest expense.

For the three months ended June 30, 2023 September 30, 2023, the Company's return on average equity was 13.90% 12.46% and its return on average assets was 1.54% 1.38%, compared to 11.60% 12.67% and 1.28% 1.41%, respectively, for the three months ended June 30, 2022 September 30, 2022.

Net Interest Income

Net interest income, on a fully taxable equivalent basis, was \$98.1 million in the second third quarter of 2023, compared to \$73.9 million \$82.6 million for the same period in 2022. Accretion of purchase accounting marks related to the Centric acquisition contributed 14 10 basis points to the net interest margin in the second third quarter of 2023. Net interest income comprises the majority of our operating revenue (i.e., net interest income before provision expense plus noninterest income), at 80.0% 79.7% and 75.0% 76.1% for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively.

The net interest margin, on a fully taxable equivalent basis, was 3.85% and 3.38% 3.76% for both the three months ended June 30, 2023 September 30, 2023 and June 30, 2022, respectively. The increase in the net interest margin is attributable to both changes in the level of interest rates and the amount and composition of interest-earning assets and interest-bearing liabilities. 2022.

The taxable equivalent yield on interest-earning assets was 5.16% 5.37% for the three months ended June 30, 2023 September 30, 2023, an increase of 164 145 basis points compared to the 3.52% 3.92% yield for the same period in 2022. This is largely due to a 161 148 basis point increase in the loan portfolio yield when compared to the three months ended June 30, 2022 September 30, 2022 as a result of a higher interest rate environment in 2023. Contributing to this increase was the yield on our adjustable and variable rate commercial loan portfolios, which increased 268 231 basis points largely due to the Federal Reserve increasing short term interest rates by 350 225 basis points since June 30, 2022 September 30, 2022. Additionally, 12 nine basis points of the increase in the yield on interest-earnings assets can be attributed to the recognition of \$3.2 million \$2.4 million in accretion of the purchase accounting marks, recognized primarily as a result of the Centric acquisition.

The investment portfolio yield increased 26 42 basis points in comparison to the prior year as new volume rates were higher than the portfolio yield. The average investment portfolio balance decreased \$175.1 \$110.2 million as maturities and runoff funded loan growth. The average balance of interest-bearing deposits with banks decreased increased from \$332.3 million \$106.8 million in 2022 to \$308.4 million \$235.8 million in 2023 while the yield increased 447 349 basis points.

The cost of interest-bearing liabilities increased to 1.88% 2.28% for the three months ended June 30, 2023 September 30, 2023, from 0.22% 0.24% for the same period in 2022, primarily due to an increase in the cost of time deposits and savings deposits. The cost of interest-bearing deposits increased 127 145 basis points and short-term borrowings increased 471 504 basis points in comparison to the same period last year. The increase in cost of interest-bearing deposits can be attributed to higher market interest rates and changes in the mix of deposits as customers moved funds to take advantage of the increased rates on money market and time deposits. Comparing the three months ended June 30, 2023 September 30, 2023 with the comparable period in 2022, average time deposits increased \$576.0 million \$717.9 million, or 162.5% 213.4%, with an increase in the cost of these deposits of 277 324 basis points. Contributing to the average growth in time deposits was an average of \$99.5 million \$89.1 million related to the Centric acquisition. Other interest-bearing deposits increased on average \$527.6 million \$629.3 million, or 10.4% 12.7%, compared to the three months ended June 30, 2022 September 30, 2022 and the cost of these deposits increased 131 160 basis points. The Centric acquisition contributed \$341.2 million \$374.0 million of the growth in other interest-bearing deposits.

For the three months ended ~~June 30, 2023~~ ~~September 30, 2023~~, changes in interest rates ~~positively~~ ~~negatively~~ impacted net interest income by ~~\$9.3 million~~ ~~\$1.6 million~~ when compared with the same period in 2022. The higher yield on loans contributed to interest-earning assets positively impacting net interest income by ~~\$39.1 million~~ ~~\$36.4 million~~, while an increase in the cost of interest-bearing liabilities negatively impacted net interest income by ~~\$29.8 million~~ ~~\$38.0 million~~.

~~Changes in the volume of interest-earning assets and interest-bearing liabilities positively impacted net interest income by \$17.0 million during the three months ended September 30, 2023, as compared to the same period in 2022. The mix of interest-earning assets resulted in an increase of \$17.8 million in interest income, while changes in the volume and mix of interest-~~

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

~~Changes in the volume of interest-earning assets and interest-bearing liabilities positively impacted net interest income by \$14.9 million during the three months ended June 30, 2023, as compared to the same period in 2022. The mix of interest-earning assets resulted in an increase of \$15.5 million in interest income, while changes in the volume and mix of interest-bearing liabilities increased interest expense by \$0.6 million~~ ~~\$0.8 million~~. Average interest-earning assets for the three months ended ~~June 30, 2023~~ ~~September 30, 2023~~ increased ~~\$1.5 billion~~ ~~\$1.6 billion~~, or ~~16.6%~~ ~~18.9%~~, compared to the same period in 2022. Average loans for the comparable period increased ~~\$1.7 billion~~ ~~\$1.6 billion~~, or ~~23.5%~~ ~~22.3%~~. Average time deposits for the three months ended September 30, 2023 increased by \$717.9 million compared to the comparable period in 2022, increasing interest expense by \$0.4 million.

Net interest income ~~also benefited from~~ ~~was negatively impacted by~~ a ~~\$5.4 million increase~~ ~~\$113.0 million decrease~~ in average net free funds at ~~June 30, 2023~~ for the three months ended ~~September 30, 2023~~ as compared to ~~June 30, 2022~~ ~~September 30, 2022~~. Average net free funds are the excess of noninterest-bearing demand deposits, other noninterest-bearing liabilities and shareholders' equity over noninterest-earning assets. The ~~higher decline in the level of net free funds was primarily the result of increases~~ a decrease in other ~~liabilities and shareholders' equity. Average time noninterest-bearing demand deposits for the three months ended June 30, 2023 as a result of customers becoming more rate sensitive as interest rates increased by \$576.0 million compared as well as an increase in noninterest-earning assets, primarily due to the comparable period in 2022, increasing interest expense by \$0.4 million. Centric acquisition.~~

The following table reconciles interest income in the Consolidated Statements of Income to net interest income adjusted to a fully taxable equivalent basis for the three months ended ~~June~~ ~~September 30~~:

		2023		2022				2023		2022			
		(dollars in thousands)						(dollars in thousands)					
Interest income per Consolidated Statements of Income	Interest income per Consolidated Statements of Income	\$	131,267	\$	76,728	Interest income per Consolidated Statements of Income	\$	139,885	\$	85,700			
Adjustment to fully taxable equivalent basis	Adjustment to fully taxable equivalent basis		305		244	Adjustment to fully taxable equivalent basis		313		261			
Interest income adjusted to fully taxable equivalent basis (non-GAAP)	Interest income adjusted to fully taxable equivalent basis (non-GAAP)		131,572		76,972	Interest income adjusted to fully taxable equivalent basis (non-GAAP)		140,198		85,961			
Interest expense	Interest expense		33,443		3,066	Interest expense		42,128		3,340			
Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	\$	98,129	\$	73,906	Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	\$	98,070	\$	82,621			

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The following is an analysis of the average balance sheets and net interest income on a fully taxable equivalent basis for the three months ended ~~June~~ ~~September 30~~:

		2023			2022					2023			2022		
		(dollars in thousands)						(dollars in thousands)							
		Average Balance	Income / Expense (a)	Yield or Rate	Average Balance	Income / Expense (a)	Yield or Rate	Average Balance	Income / Expense (a)	Yield or Rate	Average Balance	Income / Expense (a)	Yield or Rate		
Assets	Assets	Assets						Assets							
Interest-earning assets:	Interest-earning assets:	Interest-earning assets:						Interest-earning assets:							

Interest-bearing deposits with banks	Interest-bearing deposits with banks	\$ 308,412	\$ 4,043	5.26 %	\$ 332,269	\$ 658	0.79 %	Interest-bearing deposits with banks	\$ 235,761	\$ 3,346	5.63 %	\$ 106,841	\$ 577	2.1
Tax-free investment securities	Tax-free investment securities	21,564	144	2.68	23,120	152	2.64	Tax-free investment securities	21,439	144	2.66	22,584	147	2.5
Taxable investment securities	Taxable investment securities	1,205,160	6,416	2.14	1,378,737	6,435	1.87	Taxable investment securities	1,207,869	7,052	2.32	1,316,890	6,284	1.8
Loans and leases, net of unearned income (b)(c)	Loans and leases, net of unearned income (b)(c)	8,689,021	120,969	5.58	7,036,176	69,727	3.97	Loans and leases, net of unearned income (b)(c)	8,884,731	129,656	5.79	7,261,790	78,953	4.3
Total interest-earning assets	Total interest-earning assets	<u>10,224,157</u>	<u>131,572</u>	<u>5.16</u>	<u>8,770,302</u>	<u>76,972</u>	<u>3.52</u>	Total interest-earning assets	<u>10,349,800</u>	<u>140,198</u>	<u>5.37</u>	<u>8,708,105</u>	<u>85,961</u>	<u>3.9</u>
Noninterest-earning assets:	Noninterest-earning assets:							Noninterest-earning assets:						
Cash	Cash	108,596			119,999			Cash	114,419			106,038		
Allowance for credit losses	Allowance for credit losses	(134,750)			(92,720)			Allowance for credit losses	(135,340)			(95,385)		
Other assets	Other assets	958,910			802,888			Other assets	978,179			815,336		
Total noninterest-earning assets	Total noninterest-earning assets	<u>932,756</u>			<u>830,167</u>			Total noninterest-earning assets	<u>957,258</u>			<u>825,989</u>		
Total Assets	Total Assets	<u>\$11,156,913</u>			<u>\$9,600,469</u>			Total Assets	<u>\$11,307,058</u>			<u>\$9,534,094</u>		
Liabilities and Shareholders' Equity	Liabilities and Shareholders' Equity							Liabilities and Shareholders' Equity						
Interest-bearing liabilities:	Interest-bearing liabilities:							Interest-bearing liabilities:						
Interest-bearing demand deposits (d)	Interest-bearing demand deposits (d)	\$ 2,045,853	\$ 6,637	1.30 %	\$1,631,353	\$ 113	0.03 %	Interest-bearing demand deposits (d)	\$ 2,014,623	\$ 7,608	1.50 %	\$1,603,810	\$ 222	0.0
Savings deposits (d)	Savings deposits (d)	3,549,483	12,228	1.38	3,436,339	457	0.05	Savings deposits (d)	3,567,000	15,842	1.76	3,348,469	599	0.0
Time deposits	Time deposits	930,447	7,036	3.03	354,403	227	0.26	Time deposits	1,054,216	9,235	3.48	336,346	207	0.2
Short-term borrowings	Short-term borrowings	434,783	5,193	4.79	95,561	18	0.08	Short-term borrowings	504,025	6,643	5.23	102,073	50	0.1
Long-term debt	Long-term debt	187,379	2,349	5.03	181,859	2,251	4.96	Long-term debt	187,122	2,800	5.94	181,596	2,262	4.9
Total interest-bearing liabilities	Total interest-bearing liabilities	<u>7,147,945</u>	<u>33,443</u>	<u>1.88</u>	<u>5,699,515</u>	<u>3,066</u>	<u>0.22</u>	Total interest-bearing liabilities	<u>7,326,986</u>	<u>42,128</u>	<u>2.28</u>	<u>5,572,294</u>	<u>3,340</u>	<u>0.2</u>
Noninterest-bearing liabilities and shareholders' equity:	Noninterest-bearing liabilities and shareholders' equity:							Noninterest-bearing liabilities and shareholders' equity:						
Noninterest-bearing demand deposits (d)	Noninterest-bearing demand deposits (d)	2,580,842			2,711,458			Noninterest-bearing demand deposits (d)	2,519,184			2,746,258		
Other liabilities	Other liabilities	193,292			125,646			Other liabilities	211,447			152,208		
Shareholders' equity	Shareholders' equity	<u>1,234,834</u>			<u>1,063,850</u>			Shareholders' equity	<u>1,249,441</u>			<u>1,063,334</u>		
Total noninterest-bearing funding sources	Total noninterest-bearing funding sources	<u>4,008,968</u>			<u>3,900,954</u>			Total noninterest-bearing funding sources	<u>3,980,072</u>			<u>3,961,800</u>		
Total Liabilities and Shareholders' Equity	Total Liabilities and Shareholders' Equity	<u>\$11,156,913</u>			<u>\$9,600,469</u>			Total Liabilities and Shareholders' Equity	<u>\$11,307,058</u>			<u>\$9,534,094</u>		

Net Interest Income and Net Yield on Interest-Earning Assets	Net Interest Income and Net Yield on Interest-Earning Assets	Net Interest Income and Net Yield on Interest-Earning Assets
	\$ 98,129 3.85 %	\$ 73,906 3.38 %
	\$ 98,070 3.76 %	\$ 82,621 3.7

- (a) Income on interest-earning assets has been computed on a fully taxable equivalent basis using the 21% federal income tax statutory rate for the three months ended **June 30, 2023** September 30, 2023 and 2022.
- (b) Loan balances include held for sale and nonaccrual loans. Income on nonaccrual loans is accounted for on the cash basis.
- (c) Loan income includes loan fees earned.
- (d) Average balances do not include reallocations from noninterest-bearing demand deposits and interest-bearing demand deposits into savings deposits, which were made for regulatory purposes.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The following table shows the effect of changes in volumes and rates on interest income and interest expense for the three months ended **June 30, 2023** September 30, 2023 compared with **June 30, 2022** September 30, 2022:

		Analysis of Year-to-Year Changes in Net Interest Income				Analysis of Year-to-Year Changes in Net Interest Income		
		Total Change	Change Due To Volume	Change Due To Rate (a)		Total Change	Change Due To Volume	Change Due To Rate (a)
		(dollars in thousands)				(dollars in thousands)		
Interest-earning assets:	Interest-earning assets:				Interest-earning assets:			
Interest-bearing deposits with banks	Interest-bearing deposits with banks	\$ 3,385	\$ (47)	\$ 3,432	Interest-bearing deposits with banks	\$ 2,769	\$ 695	\$ 2,074
Tax-free investment securities	Tax-free investment securities	(8)	(10)	2	Tax-free investment securities	(3)	(7)	4
Taxable investment securities	Taxable investment securities	(19)	(809)	790	Taxable investment securities	768	(519)	1,287
Loans and leases	Loans and leases	51,242	16,360	34,882	Loans and leases	50,703	17,631	33,072
Total interest income (b)	Total interest income (b)	54,600	15,494	39,106	Total interest income (b)	54,237	17,800	36,437
Interest-bearing liabilities:	Interest-bearing liabilities:				Interest-bearing liabilities:			
Interest-bearing demand deposits	Interest-bearing demand deposits	6,524	31	6,493	Interest-bearing demand deposits	7,386	52	7,334
Savings deposits	Savings deposits	11,771	14	11,757	Savings deposits	15,243	39	15,204
Time deposits	Time deposits	6,809	373	6,436	Time deposits	9,028	434	8,594
Short-term borrowings	Short-term borrowings	5,175	68	5,107	Short-term borrowings	6,593	192	6,401
Long-term debt	Long-term debt	98	68	30	Long-term debt	538	69	469
Total interest expense	Total interest expense	30,377	554	29,823	Total interest expense	38,788	786	38,002
Net interest income	Net interest income	\$ 24,223	\$ 14,940	\$ 9,283	Net interest income	\$ 15,449	\$ 17,014	\$ (1,565)

- (a) Changes in interest income or expense not arising solely as a result of volume or rate variances are allocated to rate variances.
- (b) Changes in interest income have been computed on a fully taxable equivalent basis using the 21% federal income tax statutory rate.

Provision for Credit Losses

The provision for credit losses is determined based on management's estimates of the appropriate level of the allowance for credit losses needed for probable losses inherent in the loan portfolio, after giving consideration to charge-offs and recoveries for the period. The provision for credit losses is an amount added to the allowance, against which credit losses are charged.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The table below provides a breakout of the provision for credit losses by loan category for the three months ended **June** ~~September~~ 30:

		2023				2022						2023				2022			
		Dollars		Percentage		Dollars		Percentage				Dollars		Percentage		Dollars		Percentage	
		(dollars in thousands)										(dollars in thousands)							
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$	2,260	71	%	\$	1,698	43	%	Commercial, financial, agricultural and other	\$	(2,645)	(55)	%	\$	1,181	24	%	
Time and demand	Time and demand		1,103	35			1,128	29		Time and demand		(3,914)	(82)			869	18		
Commercial credit cards	Commercial credit cards		(7)	—			78	2		Commercial credit cards		9	—			3	—		
Equipment finance	Equipment finance		613	19			241	6		Equipment finance		553	12			297	6		
Time and demand other	Time and demand other		551	17			251	6		Time and demand other		707	15			12	—		
Real estate construction	Real estate construction		(221)	(7)			599	15		Real estate construction		776	16			1,373	28		
Construction other	Construction other		254	8			425	11		Construction other		1,207	25			1,414	29		
Construction residential	Construction residential		(475)	(15)			174	4		Construction residential		(431)	(9)			(41)	(1)		
Residential real estate	Residential real estate		935	29			993	25		Residential real estate		447	9			1,592	32		
Residential first lien	Residential first lien		723	22			718	18		Residential first lien		553	11			1,161	23		
Residential junior lien/home equity	Residential junior lien/home equity		212	7			275	7		Residential junior lien/home equity		(106)	(2)			431	9		
Commercial real estate	Commercial real estate		(685)	(21)			(1,770)	(45)		Commercial real estate		4,338	91			(2,485)	(50)		
Multifamily	Multifamily		234	8			356	9		Multifamily		46	1			868	18		
Nonowner occupied	Nonowner occupied		72	2			(2,178)	(55)		Nonowner occupied		3,952	83			(4,186)	(85)		
Owner occupied	Owner occupied		(991)	(31)			52	1		Owner occupied		340	7			833	17		
Loans to individuals	Loans to individuals		911	28			2,423	62		Loans to individuals		1,851	39			3,290	66		
Automobile and recreational vehicles	Automobile and recreational vehicles		717	22			2,065	53		Automobile and recreational vehicles		1,503	32			2,979	60		
Consumer credit cards	Consumer credit cards		57	2			40	1		Consumer credit cards		38	1			244	5		
Consumer other	Consumer other		137	4			318	8		Consumer other		310	6			67	1		
Provision for credit losses on loans and leases	Provision for credit losses on loans and leases	\$	3,200	100	%	\$	3,943	100	%	Provision for credit losses on loans and leases	\$	4,767	100	%	\$	4,951	100	%	
Provision for off-balance sheet credit exposure	Provision for off-balance sheet credit exposure		(410)				156			Provision for off-balance sheet credit exposure		1,118				972			

Total provision for credit losses	Total provision for credit losses	\$ 2,790	\$ 4,099	Total provision for credit losses	\$ 5,885	\$ 5,923
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The provision for credit losses on loans and leases for the three months ended **June 30, 2023** **September 30, 2023** decreased in comparison to the three months ended **June 30, 2022** **September 30, 2022** by **\$0.7 million** **\$0.2 million**. The level of provision expense in the **second third** quarter of 2023 is primarily the result of an increase in loan balances and an additional **\$4.1 million** in specific reserves for a commercial real estate loan as well as changes in the economic forecasts used in calculation a result of the allowance for credit losses, an updated appraisal. The provision for off-balance sheet credit exposure decreased **\$0.6** increased **\$0.1** million primarily due to the level of unfunded commitments. Net charge-offs for the three months ended **June 30, 2023** **September 30, 2023** were **\$8.7 million** **\$4.0 million**, of which **\$7.1 million** **\$1.2 million** related to loans acquired from Centric for which an allowance for credit losses of **\$0.3 million** was established as part of the purchase accounting marks.

The level of provision expense in the **second third** quarter of 2022 was primarily the result of increases in loan balances. Net charge-offs for the three months ended **June 30, 2022** **September 30, 2022** were **\$1.5 million** **\$2.5 million**.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Below is an analysis of the consolidated allowance for credit losses for the three months ended **June 30, 2023** **September 30, 2023** and 2022 and the year-ended December 31, 2022:

		June 30, 2023	June 30, 2022	December 31, 2022			September 30, 2023	September 30, 2022	December 31, 2022	
		(dollars in thousands)						(dollars in thousands)		
Balance, beginning of period	Balance, beginning of period	\$ 133,885	\$ 91,188	\$ 92,522	Balance, beginning of period	\$ 133,546	\$ 93,603	\$ 92,522		
Day 1 allowance for credit loss on PCD acquired loans		5,126	—	—						
Loans charged off:	Loans charged off:				Loans charged off:					
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	6,677	509	2,361	Commercial, financial, agricultural and other	1,762	852	2,361		
Real estate construction	Real estate construction	—	—	—	Real estate construction	—	—	—		
Residential real estate	Residential real estate	1	5	339	Residential real estate	304	119	339		
Commercial real estate	Commercial real estate	1,517	552	2,487	Commercial real estate	172	1,335	2,487		
Loans to individuals	Loans to individuals	1,148	1,040	4,658	Loans to individuals	2,360	1,064	4,658		
Total loans charged off	Total loans charged off	9,343	2,106	9,845	Total loans charged off	4,598	3,370	9,845		
Recoveries of loans previously charged off:	Recoveries of loans previously charged off:				Recoveries of loans previously charged off:					
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	95	79	394	Commercial, financial, agricultural and other	98	154	394		
Real estate construction	Real estate construction	—	—	9	Real estate construction	—	9	9		
Residential real estate	Residential real estate	33	31	187	Residential real estate	57	83	187		
Commercial real estate	Commercial real estate	94	5	769	Commercial real estate	6	332	769		
Loans to individuals	Loans to individuals	456	463	1,349	Loans to individuals	461	331	1,349		

Total recoveries	Total recoveries	678	578	2,708	Total recoveries	622	909	2,708
Net charge-offs	Net charge-offs	8,665	1,528	7,137	Net charge-offs	3,976	2,461	7,137
Provision for credit losses on loans charged to expense	Provision for credit losses on loans charged to expense	3,200	3,943	17,521	Provision for credit losses on loans charged to expense	4,767	4,951	17,521
Balance, end of period	Balance, end of period	\$ 133,546	\$ 93,603	\$ 102,906	Balance, end of period	\$ 134,337	\$ 96,093	\$ 102,906

Noninterest Income

The following table presents the components of noninterest income for the three months ended **June** **September** 30:

		2023	2022	\$ Change	% Change		2023	2022	\$ Change	% Change	
(dollars in thousands)						(dollars in thousands)					
Noninterest Income:	Noninterest Income:					Noninterest Income:					
Trust income	Trust income	\$ 2,532	\$ 2,573	\$ (41)	(2) %	Trust income	\$ 2,949	\$ 2,777	\$ 172	6 %	
Service charges on deposit accounts	Service charges on deposit accounts	5,324	4,886	438	9	Service charges on deposit accounts	5,600	5,194	406	8	
Insurance and retail brokerage commissions	Insurance and retail brokerage commissions	2,314	2,486	(172)	(7)	Insurance and retail brokerage commissions	2,305	2,048	257	13	
Income from bank owned life insurance	Income from bank owned life insurance	1,195	1,383	(188)	(14)	Income from bank owned life insurance	1,242	1,419	(177)	(12)	
Card-related interchange income	Card-related interchange income	7,372	7,137	235	3	Card-related interchange income	7,221	6,980	241	3	
Swap fee income	Swap fee income	332	1,154	(822)	(71)	Swap fee income	452	2,326	(1,874)	(81)	
Other income	Other income	2,229	2,188	41	2	Other income	2,828	2,586	242	9	
Subtotal	Subtotal	21,298	21,807	(509)	(2)	Subtotal	22,597	23,330	(733)	(3)	
Net securities gains	Net securities gains					Net securities gains	(103)	—	(103)	N/A	
Gain on sale of mortgage loans	Gain on sale of mortgage loans	1,253	1,561	(308)	(20)	Gain on sale of mortgage loans	1,270	1,485	(215)	(14)	
Gain on sale of other loans and assets	Gain on sale of other loans and assets	1,891	1,099	792	72	Gain on sale of other loans and assets	1,027	1,093	(66)	(6)	
Derivatives mark to market	Derivatives mark to market	81	42	39	93	Derivatives mark to market	35	6	29	483	
Total noninterest income	Total noninterest income	\$ 24,523	\$ 24,509	\$ 14	— %	Total noninterest income	\$ 24,826	\$ 25,914	\$ (1,088)	(4) %	

Total noninterest income for the three months ended **June 30, 2023** is comparable **September 30, 2023** decreased \$1.1 million compared to the three months ended **June 30, 2022** **September 30, 2022**. The most significant changes include a \$0.3 decrease of \$1.9 million in swap fee income due to a lower volume of interest rate swaps entered into by our commercial loan customers. Also impacting noninterest income was a \$0.2 million decrease in gain on sale of mortgage loans due to changes in the volume and spreads on mortgage loans sold and a \$0.8 million increase \$0.1 million decrease in gain on sale of other loans and assets due to an increase decrease in the volume market value of SBA loans sold during the quarter. Swap fee income decreased \$0.8 million due to a lower volume of interest rate swaps entered into by our commercial loan customers. Additionally, Partially offsetting these decreases were service charges on deposits, which increased \$0.4 million due to growth in customer accounts and transactions. transactions and a \$0.2 million increase in card-related interchange income.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Noninterest Expense

The following table presents the components of noninterest expense for the three months ended **June 30, 2023** and **September 30, 2023**:

		2023	2022	\$ Change	% Change			2023	2022	\$ Change	% Change
		(dollars in thousands)						(dollars in thousands)			
Noninterest Expense:	Noninterest Expense:					Noninterest Expense:					
Salaries and employee benefits	Salaries and employee benefits	\$ 36,735	\$ 30,949	\$ 5,786	19 %	Salaries and employee benefits	\$ 35,640	\$ 32,486	\$ 3,154	10 %	
Net occupancy	Net occupancy	4,784	4,170	614	15	Net occupancy	4,782	4,629	153	3	
Furniture and equipment	Furniture and equipment	4,284	3,857	427	11	Furniture and equipment	4,414	4,005	409	10	
Data processing	Data processing	3,763	3,470	293	8	Data processing	3,857	3,721	136	4	
Advertising and promotion	Advertising and promotion	1,327	1,434	(107)	(7)	Advertising and promotion	1,662	1,278	384	30	
Pennsylvania shares tax	Pennsylvania shares tax	1,173	913	260	28	Pennsylvania shares tax	1,588	1,569	19	1	
Intangible amortization	Intangible amortization	1,282	862	420	49	Intangible amortization	1,344	746	598	80	
Other professional fees and services	Other professional fees and services	1,182	1,197	(15)	(1)	Other professional fees and services	1,603	1,204	399	33	
FDIC insurance	FDIC insurance	1,277	702	575	82	FDIC insurance	1,920	796	1,124	141	
Other operating	Other operating	9,296	7,410	1,886	25	Other operating	8,548	8,207	341	4	
Subtotal	Subtotal	65,103	54,964	10,139	18	Subtotal	65,358	58,641	6,717	11	
Loss on sale or write-down of assets	Loss on sale or write-down of assets	6	86	(80)	(93)	Loss on sale or write-down of assets	50	54	(4)	(7)	
Merger and acquisition related	Merger and acquisition related	(60)	—	(60)	N/A	Merger and acquisition related	379	448	(69)	(15)	
Litigation and operational losses	Litigation and operational losses	894	629	265	42	Litigation and operational losses	1,626	758	868	115	
Total noninterest expense	Total noninterest expense	\$ 65,943	\$ 55,679	\$ 10,264	18 %	Total noninterest expense	\$ 67,413	\$ 59,901	\$ 7,512	13 %	

Noninterest expense increased **\$10.3 million** **\$7.5 million**, or **18%** **13%**, for the three months ended **June 30, 2023** **September 30, 2023** compared to the same period in 2022. The increase is a result of a **\$5.8** **\$3.2 million** increase in salary and employee benefit expense, primarily due to a **\$1.8 million** **\$0.4 million** increase in hospitalization expense as well as the impact of **74** **59** additional full-time equivalent employees, largely due to the Centric acquisition. **Net occupancy expense increased \$0.6 million, of which \$0.5 million is related to the Centric acquisition.** The higher intangible amortization expense is related to amortization of Centric's core deposit intangible. Also contributing to higher noninterest expense is a **\$1.9 million** increase in other operating expenses due to increased printing and postage related to customer compliance mailings as well as several other expense categories, such as **credit reporting and meals and travel**, none of which were individually significant. Data processing increased **\$0.3 million** due to investments in additional digital and product solutions.

FDIC insurance increased **\$0.6 million** **\$1.1 million** due to both the impact of Centric as well as a 2 basis point increase in the FDIC deposit insurance assessment rate, which began in the first quarterly assessment period of 2023. **Litigation and operational losses increased \$0.9 million primarily due to increased debit card losses and the implementation of a new debit card chargeoff processing system.** The **\$0.6 million** increase in intangible amortization expense is related to amortization of Centric's core deposit intangible.

Income Tax

The provision for income taxes increased **\$3.19 million** **\$1.57 million** for the three months ended **June 30, 2023** **September 30, 2023**, compared to the corresponding period in 2022. The effective tax rate increased **30** **40** basis points from **19.9%** **20.0%** for the three months ended **June** **September 30, 2022** to **20.2%** **20.4%** for the three months ended **June 30, 2023** **September 30, 2023**.

We applied the "annual effective tax rate approach" to determine the provision for income taxes, which applies an annual forecast of tax expense as a percentage of expected full year income, for the three months ended **June 30, 2023** **September 30, 2023** and 2022.

Liquidity

Liquidity refers to our ability to meet the cash flow requirements of depositors and borrowers, as well as our operating cash needs with cost-effective funding. We generate funds to meet these needs primarily through the core deposit base of First Commonwealth Bank and the maturity or repayment of loans and other interest-earning assets, including investments. During the first **six nine** months of 2023, the maturity and redemption of investment securities provided **\$100.4 million** **\$140.7 million** in liquidity. These funds contributed to the liquidity used to originate loans, purchase investment securities and fund depositor withdrawals.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The following represents our expanded sources of liquidity as of **June 30, 2023** **September 30, 2023**:

		Outstanding Letters of Credit				Outstanding Letters of Credit			
		Total Available	Amount Used	Credit	Net Available	Total Available	Amount Used	Credit	Net Available
		(dollars in thousands)				(dollars in thousands)			
Internal liquidity sources	Internal liquidity sources					Internal liquidity sources			
Unencumbered securities	Unencumbered securities	\$ 594,152	\$ —	\$ —	\$ 594,152	Unencumbered securities	\$ 685,309	\$ —	\$ 685,309
Other (excess pledged)	Other (excess pledged)	34,132	—	—	34,132	Other (excess pledged)	40,783	—	40,783
External liquidity sources	External liquidity sources					External liquidity sources			
FHLB advances	FHLB advances	2,432,168	494,495	659,250	1,278,423	FHLB advances	2,408,203	504,310	1,345,733
FRB borrowings	FRB borrowings	1,071,028	—	—	1,071,028	FRB borrowings	1,076,320	—	1,076,320
Lines with other financial institutions	Lines with other financial institutions	160,000	—	—	160,000	Lines with other financial institutions	160,000	—	160,000
Brokered deposits ⁽¹⁾	Brokered deposits ⁽¹⁾	1,128,932	16,683	—	1,112,249	Brokered deposits ⁽¹⁾	1,139,321	28,159	1,111,162
Total liquidity	Total liquidity	\$ 5,585,412	\$ 511,178	\$ 659,250	\$ 4,414,984	Total liquidity	\$ 5,509,936	\$ 532,469	\$ 4,419,307

⁽¹⁾ Reflects internal policy limit. Maximum capacity with CDARs is \$1.7 billion.

The brokered deposits included in the table above are a result of our participation in the Certificate of Deposit Account Registry Services ("CDARS") program as part of an Asset/Liability Committee ("ALCO") strategy to increase and diversify funding sources. As of **June 30, 2023** **September 30, 2023**, the outstanding balance of **\$16.7 million** **\$28.2 million** carried an average weighted rate of **3.91%** **3.61%** and an average original term of **219** **261** days. These deposits are part of a reciprocal program that allows our depositors to receive expanded FDIC coverage by placing multiple certificates of deposit at other CDARS member banks.

Liquidity available through the Federal Reserve is a result of the FRB Borrower-in-Custody of Collateral program, which enables us to take certain loans that are not being used as collateral at the FHLB and pledge them as collateral for borrowings at the FRB.

During the **six nine** months ended **June 30, 2023** **September 30, 2023**, the Company increased its liquidity by purchasing **\$659.3 million** **\$558.2 million** in letters of credit from the FHLB of Pittsburgh, which were then used to secure public deposits. This resulted in a similar amount of previously pledged securities becoming unencumbered. Additionally, as of **September 30, 2023**, new short-term borrowings in the amount of **\$250.0 million** **\$150.0 million** were entered into in order to provide additional on-balance sheet liquidity.

First Commonwealth's long-term liquidity source is its core deposit base. Core deposits are the most stable source of liquidity a bank can have due to the long-term relationship with a deposit customer. The following table shows a breakdown of the components of First Commonwealth's deposits:

		June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022	
		(dollars in thousands)				(dollars in thousands)			
Noninterest-bearing demand deposits ^(a)	Noninterest-bearing demand deposits ^(a)	\$ 2,624,344		\$ 2,670,508		\$ 2,535,704		\$ 2,670,508	
Interest-bearing demand deposits ^(a)	Interest-bearing demand deposits ^(a)	611,156		357,769		632,062		357,769	
Savings deposits ^(a)	Savings deposits ^(a)	4,935,124		4,572,183		4,928,607		4,572,183	
Time deposits	Time deposits	975,654		405,009		1,144,692		405,009	
Total	Total	\$ 9,146,278		\$ 8,005,469		\$ 9,241,065		\$ 8,005,469	

(a) Balances include reallocations from noninterest-bearing demand deposits and interest-bearing demand deposits into savings deposits, which were made for regulatory purposes.

The level of deposits during any period is influenced by factors outside of management's control, such as the level of short-term and long-term market interest rates and yields offered on competing investments, such as money market mutual funds.

During the first ~~six~~ **nine** months of 2023, total deposits increased ~~\$1.1 billion~~ **\$1.2 billion**, of which \$757.0 million were acquired as part of the Centric acquisition. Interest-bearing demand and savings deposits increased ~~\$616.3 million~~ **\$630.7 million**, time deposits increased ~~\$739.7 million~~ and noninterest-bearing demand deposits decreased ~~\$46.2 million~~ and ~~time deposits increased \$570.6 million~~ **\$134.8 million**.

The estimated total of uninsured deposits was ~~\$2.4~~ **\$2.6** billion at ~~June 30, 2023~~ **September 30, 2023** and \$2.1 billion at December 31, 2022. ~~Additionally, of which \$0.9 billion of uninsured deposits are and \$0.7 billion were~~ secured by pledged investment securities or letters of ~~credit~~ **credit** at ~~September 30, 2023 and December 31, 2022, respectively~~. Uninsured amounts are estimated based on known account relationships for each depositor and insurance guidelines provided by the FDIC.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Market Risk

The following gap analysis compares the difference between the amount of interest-earning assets and interest-bearing liabilities subject to repricing over a period of time. The ratio of rate-sensitive assets to rate-sensitive liabilities repricing within a one-year period was ~~0.58~~ **0.72** and 0.76 at ~~June 30, 2023~~ **September 30, 2023** and December 31, 2022, respectively. A ratio of less than one indicates a higher level of repricing liabilities over repricing assets over the next twelve months. The level of First Commonwealth's ratio is largely driven by the modeling of interest-bearing non-maturity deposits, which are included in the analysis as repricing within one year.

Gap analysis has limitations due to the static nature of the model that holds volumes and consumer behaviors constant in all economic and interest rate scenarios. A lower level of rate sensitive assets to rate sensitive liabilities repricing in one year could indicate reduced net interest income in a rising interest rate scenario, and conversely, increased net interest income in a declining interest rate scenario. However, the gap analysis incorporates only the level of interest-earning assets and interest-bearing liabilities and not the sensitivity each has to changes in interest rates. The impact of the sensitivity to changes in interest rates is provided in the table below the gap analysis.

The following is the gap analysis as of ~~June 30, 2023~~ **September 30, 2023** and December 31, 2022:

		June 30, 2023						September 30, 2023					
		91-180		181-365	Cumulative	Over 1 Year		91-180		181-365	Cumulative	Over 1 Year	
		Days		Days	0-365 Days	Through 5	Over 5	Days		Days	0-365 Days	Through	Years
		0-90 Days				Years	Years	0-90 Days				Years	
		(dollars in thousands)						(dollars in thousands)					
Loans and leases	Loans and leases	\$ 2,097,822	\$ 548,511	\$ 841,436	\$ 3,487,769	\$ 3,869,780	\$ 1,369,836	leases	\$ 3,540,071	\$ 420,813	\$ 730,576	\$ 4,691,460	\$ 3,158,011
Investments	Investments	44,693	38,091	72,656	155,440	439,678	716,680	Investments	47,877	42,745	79,019	169,641	508,681
Other interest-earning assets	Other interest-earning assets	325,691	—	—	325,691	83	—	Other interest-earning assets	212,993	—	—	212,993	1,091
Total interest-sensitive assets (ISA)	Total interest-sensitive assets (ISA)	2,468,206	586,602	914,092	3,968,900	4,309,541	2,086,516	Total interest-sensitive assets (ISA)	3,800,941	463,558	809,595	5,074,094	3,667,801
Certificates of deposit	Certificates of deposit	65,541	218,076	350,610	634,227	340,425	962	Certificates of deposit	235,284	250,514	355,913	841,711	302,051
Other deposits	Other deposits	5,546,280	—	—	5,546,280	—	—	Other deposits	5,560,669	—	—	5,560,669	—
Borrowings	Borrowings	671,811	205	411	672,427	53,219	455	Borrowings	673,053	206	413	673,672	53,161
Total interest-sensitive liabilities (ISL)	Total interest-sensitive liabilities (ISL)	6,283,632	218,281	351,021	6,852,934	393,644	1,417	Total interest-sensitive liabilities (ISL)	6,469,006	250,720	356,326	7,076,052	355,221
Gap	Gap	\$(3,815,426)	\$368,321	\$563,071	\$(2,884,034)	\$3,915,897	\$2,085,099	Gap	\$(2,668,065)	\$212,838	\$453,269	\$(2,001,958)	\$3,312,571
ISA/ISL	ISA/ISL	0.39	2.69	2.60	0.58	10.95	1,472.49	ISA/ISL	0.59	1.85	2.27	0.72	10.3
Gap/Total assets	Gap/Total assets	33.70 %	3.25 %	4.97 %	25.48 %	34.60 %	18.42 %	Gap/Total assets	23.36 %	1.86 %	3.97 %	17.53 %	29.0

December 31, 2022

	91-180		181-365		Cumulative		Over 1 Year	
	0-90 Days	Days	Days	Days	0-365 Days	Through 5 Years	Over 5 Years	
(dollars in thousands)								
Loans and leases	\$ 3,164,495	\$ 354,556	\$ 575,640	\$ 4,094,691	\$ 2,498,042	\$ 978,319		
Investments	46,426	35,579	74,962	156,967	461,699	734,221		
Other interest-earning assets	29,919	—	—	29,919	71	—		
Total interest-sensitive assets (ISA)	3,240,840	390,135	650,602	4,281,577	2,959,812	1,712,540		
Certificates of deposit	71,976	56,539	102,037	230,552	173,810	955		
Other deposits	4,929,952	—	—	4,929,952	—	—		
Borrowings	445,065	50,204	407	495,676	3,256	50,791		
Total interest-sensitive liabilities (ISL)	5,446,993	106,743	102,444	5,656,180	177,066	51,746		
Gap	\$ (2,206,153)	\$ 283,392	\$ 548,158	\$ (1,374,603)	\$ 2,782,746	\$ 1,660,794		
ISA/ISL	0.59	3.65	6.35	0.76	16.72	33.10		
Gap/Total assets	22.50 %	2.89 %	5.59 %	14.02 %	28.38 %	16.94 %		

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The following table presents an analysis of the potential sensitivity of our annual net interest income to gradual changes in interest rates over a 12-month time frame as compared with net interest income if rates remained unchanged and there are no changes in balance sheet categories.

	Net interest income change (12 months) for basis point movements of:				Net interest income change (12 months) for basis point movements of:			
	-200	-100	+100	+200	-200	-100	+100	+200
(dollars in thousands)								
June 30, 2023 (\$)	\$ (3,776)	\$ (1,380)	\$ 2,316	\$ 3,817	\$ (9,359)	\$ (3,988)	\$ 5,717	\$ 9,993
June 30, 2023 (%)	(0.91) %	(0.33) %	0.56 %	0.92 %	(2.32) %	(0.99) %	1.42 %	2.48 %
September 30, 2023 (\$)								
September 30, 2023 (%)								
December 31, 2022 (\$)	\$ (11,973)	\$ (5,486)	\$ 5,902	\$ 11,413	\$ (11,973)	\$ (5,486)	\$ 5,902	\$ 11,413
December 31, 2022 (%)	(3.12) %	(1.43) %	1.54 %	2.98 %	(3.12) %	(1.43) %	1.54 %	2.98 %

The following table represents the potential sensitivity of our annual net interest income to immediate changes in interest rates versus if rates remained unchanged and there are no changes in balance sheet categories.

	Net interest income change (12 months) for basis point movements of:				Net interest income change (12 months) for basis point movements of:			
	-200	-100	+100	+200	-200	-100	+100	+200
(dollars in thousands)								
June 30, 2023 (\$)	\$ (20,993)	\$ (8,422)	\$ 7,560	\$ 13,136	\$ (38,846)	\$ (17,653)	\$ 16,962	\$ 31,593
June 30, 2023 (%)	(5.07) %	(2.03) %	1.83 %	3.17 %	(9.64) %	(4.38) %	4.21 %	7.84 %
September 30, 2023 (\$)								
September 30, 2023 (%)								
December 31, 2022 (\$)	\$ (45,361)	\$ (20,166)	\$ 18,626	\$ 36,011	\$ (45,361)	\$ (20,166)	\$ 18,626	\$ 36,011

December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)	December 31, 2022 (%)
(%)	(11.83) %	(5.26) %	4.86 %	9.39 %	(11.83) %	(5.26) %	4.86 %	9.39 %	

The analysis and model used to quantify the sensitivity of our net interest income becomes less meaningful in a decreasing 200 basis point scenario given the current interest rate environment. Results of the 100 and 200 basis point interest rate decline scenario are affected by the fact that many of our interest-bearing liabilities are at rates below 1% 2%, with an assumed floor of zero in the model. In the six nine months ended June 30, 2023 September 30, 2023 and 2022, the cost of our interest-bearing liabilities averaged 1.59% 1.84% and 0.22%, respectively, and the yield on our average interest-earning assets, on a fully taxable equivalent basis, averaged 5.02% 5.14% and 3.43% 3.59%, respectively.

Asset/liability models require that certain assumptions be made, such as prepayment rates on earning assets and the impact of pricing on non-maturity deposits, which may differ from actual experience. These business assumptions are based upon our experience, business plans and published industry experience. While management believes such assumptions to be reasonable, there can be no assurance that modeled results will approximate actual results.

Credit Risk

First Commonwealth maintains an allowance for credit losses at a level deemed sufficient for losses inherent in the loan and lease portfolio at the date of each statement of financial condition. Management reviews the appropriateness of the allowance on a quarterly basis to ensure that the provision for credit losses has been charged against earnings in an amount necessary to maintain the allowance at a level that is appropriate based on management's assessment of probable estimated losses.

First Commonwealth's methodology for assessing the appropriateness of the allowance for credit losses consists of several key elements. These elements include an assessment of individual nonperforming loans with a balance greater than \$250 thousand, loss experience trends and other relevant factors.

First Commonwealth also maintains a reserve for unfunded loan commitments and letters of credit based upon credit risk and probability of funding. The reserve totaled \$7.8 million \$8.9 million at June 30, 2023 September 30, 2023 and is classified in "Other liabilities" on the unaudited Consolidated Statements of Financial Condition.

We discontinue interest accruals on a loan when, based on current information and events, it is probable that we will be unable to fully collect principal or interest due according to the contractual terms of the loan. A loan is also placed on nonaccrual status when, based on regulatory definitions, the loan is maintained on a "cash basis" due to the weakened financial condition of the borrower. Generally, loans 90 days or more past due are placed on nonaccrual status, except for consumer loans, which are placed on nonaccrual status at 150 days past due.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Nonperforming loans are closely monitored on an ongoing basis as part of our loan review and work-out process. The probable risk of loss on these loans is evaluated by comparing the loan balance to the fair value of any underlying collateral or the present value of projected future cash flows. Losses or a specifically assigned allowance for loan losses are recognized where appropriate.

Nonperforming loans and leases, including loans held for sale, increased \$12.5 million \$12.4 million to \$48.0 million \$47.9 million at June 30, 2023 September 30, 2023, compared to \$35.5 million at December 31, 2022. The increase in nonperforming loans is primarily a result of \$18.7 million \$22.0 million in loans acquired from Centric as well as an additional \$1.8 million \$1.2 million moved to nonaccrual during the first half nine months of 2023. Offsetting this is the removal of \$6.4 million in accruing TDR's. TDR's as well as the transfer of a \$3.5 million commercial real estate relationship back to accruing status. The TDR's were eliminated as a result of our adoption of ASU 2022-02. The adoption of this guidance was effective January 1, 2023.

The allowance for credit losses as a percentage of nonperforming loans was 278.17% 280.31% as of June 30, 2023 September 30, 2023, compared to 289.98% at December 31, 2022, and 262.25% 269.23% at June 30, 2022 September 30, 2022. The amount of individually assessed reserves included in the allowance for nonperforming loans and leases was determined by using fair values obtained from current appraisals and updated discounted cash flow analyses. The allowance for credit losses includes specific reserves of \$13.1 \$16.6 million and general reserves of \$120.4 \$117.7 million as of June 30, 2023 September 30, 2023. Specific reserves increased \$12.4 million \$15.9 million from December 31, 2022, and \$12.7 million \$15.1 million from June 30, 2022 September 30, 2022 primarily as a result of individually analyzed PCD loans acquired from Centric. Centric as well as a \$4.1 million specific reserve recognized in third quarter of 2023 due to an updated appraisal received for one commercial real estate borrower.

Criticized loans totaled \$207.1 million \$193.2 million at June 30, 2023 September 30, 2023 and represented 2% of the loan portfolio. The level of criticized loans increased as of June 30, 2023 September 30, 2023 when compared to December 31, 2022, by \$74.2 million \$60.3 million, or 56% 45%. Classified loans totaled \$76.4 million \$66.3 million at June 30, 2023 September 30, 2023 compared to \$44.4 million at December 31, 2022, an increase of \$32.0 million \$21.8 million, or 72% 49%. The increase in criticized loans is the result of \$67.2 million in criticized loans acquired as part of the Centric acquisition.

The allowance for credit losses was \$133.5 million \$134.3 million at June 30, 2023 September 30, 2023, or 1.52% 1.51% of total loans and leases outstanding, compared to 1.35% reported at December 31, 2022, and 1.31% at June 30, 2022 September 30, 2022. General reserves, or the portion of the allowance related to loans that were not specifically evaluated, as a percentage of performing loans were 1.38% 1.33% at June 30, 2023 September 30, 2023 compared to 1.34% at December 31, 2022 and 1.31% 1.29% at June 30, 2022 September 30, 2022.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The following table provides information related to nonperforming assets, the allowance for credit losses and other credit-related measurements:

June 30,		December 31,	September 30,		December 31,
2023	2022	2022	2023	2022	2022

	(dollars in thousands)				(dollars in thousands)			
Nonperforming Loans:	Nonperforming Loans:				Nonperforming Loans:			
Loans on nonaccrual basis	Loans on nonaccrual basis	\$ 48,009	\$ 19,594	\$ 20,193	Loans on nonaccrual basis	\$ 47,924	\$ 20,495	\$ 20,193
Troubled debt restructured loans on nonaccrual basis	Troubled debt restructured loans on nonaccrual basis		9,694	8,852	Troubled debt restructured loans on nonaccrual basis		8,981	8,852
Troubled debt restructured loans on accrual basis	Troubled debt restructured loans on accrual basis		6,404	6,442	Troubled debt restructured loans on accrual basis		6,216	6,442
Total nonperforming loans	Total nonperforming loans	\$ 48,009	\$ 35,692	\$ 35,487	Total nonperforming loans	\$ 47,924	\$ 35,692	\$ 35,487
Loans past due 30 to 90 days and still accruing	Loans past due 30 to 90 days and still accruing	\$ 15,693	\$ 6,655	\$ 17,949	Loans past due 30 to 90 days and still accruing	\$ 19,957	\$ 7,857	\$ 17,949
Loans past due in excess of 90 days and still accruing	Loans past due in excess of 90 days and still accruing	\$ 2,474	\$ 3,155	\$ 1,991	Loans past due in excess of 90 days and still accruing	\$ 2,484	\$ 1,548	\$ 1,991
Other real estate owned	Other real estate owned	\$ 324	\$ 93	\$ 534	Other real estate owned	\$ 765	\$ 322	\$ 534
Loans held for sale at end of period	Loans held for sale at end of period	\$ 16,300	\$ 12,876	\$ 11,869	Loans held for sale at end of period	\$ 33,127	\$ 13,811	\$ 11,869
Portfolio loans and leases outstanding at end of period	Portfolio loans and leases outstanding at end of period	\$ 8,799,836	\$ 7,119,754	\$ 7,642,143	Portfolio loans and leases outstanding at end of period	\$ 8,901,725	\$ 7,348,917	\$ 7,642,143
Average loans and leases outstanding	Average loans and leases outstanding	(a) \$ 8,496,305	(a) \$ 6,965,296	(a) \$ 7,172,624	(b) Average loans and leases outstanding	(a) \$ 8,627,203	(a) \$ 7,065,213	(b) \$ 7,172,624
Nonperforming loans as a percentage of total loans and leases	Nonperforming loans as a percentage of total loans and leases	0.54 %	0.50 %	0.46 %	Nonperforming loans as a percentage of total loans and leases	0.54 %	0.48 %	0.46 %
Provision for credit losses on loans and leases (e)	Provision for credit losses on loans and leases (e)	(a) \$ 2,620	(a) \$ 3,743	(b) \$ 17,521	Provision for credit losses on loans and leases (e)	(a) \$ 7,387	(a) \$ 8,694	(b) \$ 17,521
Provision for credit losses - acquisition day 1 non-PCD	Provision for credit losses - acquisition day 1 non-PCD	\$ 10,653	\$ —	\$ —	Provision for credit losses - acquisition day 1 non-PCD	\$ 10,653	\$ —	\$ —
Allowance for credit losses	Allowance for credit losses	\$ 133,546	\$ 93,603	\$ 102,906	Allowance for credit losses	\$ 134,337	\$ 96,093	\$ 102,906
Net charge-offs	Net charge-offs	\$ 9,838	(a) \$ 2,662	(a) \$ 7,137	(b) Net charge-offs	\$ 13,814	(a) \$ 5,123	(a) \$ 7,137
Net charge-offs as a percentage of average loans and leases outstanding (annualized)	Net charge-offs as a percentage of average loans and leases outstanding (annualized)	0.23 %	0.08 %	0.10 %	Net charge-offs as a percentage of average loans and leases outstanding (annualized)	0.21 %	0.10 %	0.10 %

Provision for credit losses as a percentage of net charge-offs (e)	Provision for credit losses as a percentage of net charge-offs (e)	(a)	(a)	(b)	Provision for credit losses as a percentage of net charge-offs (e)	(a)	(a)	(b)
		26.63 %	140.61 %	245.50 %		53.47 %	169.71 %	245.50 %
Allowance for credit losses as a percentage of end-of-period loans and leases outstanding (c)	Allowance for credit losses as a percentage of end-of-period loans and leases outstanding (c)	1.52 %	1.31 %	1.35 %	Allowance for credit losses as a percentage of end-of-period loans and leases outstanding (c)	1.51 %	1.31 %	1.35 %
Allowance for credit losses as a percentage of nonperforming loans (d)	Allowance for credit losses as a percentage of nonperforming loans (d)	278.17 %	262.25 %	289.98 %	Allowance for credit losses as a percentage of nonperforming loans (d)	280.31 %	269.23 %	289.98 %

(a) For the six-month nine-month period ended.

(b) For the twelve-month period ended.

(c) Does not include loans held for sale.

(d) Does not include nonperforming loans held for sale.

(e) Does not include provision for credit losses on loans and leases - acquisition day 1 non-PCD non-PCD.

The following tables show the outstanding balances of our loan and lease portfolio and the breakdown of net charge-offs and nonperforming loans, excluding loans held for sale, by loan type as of and for the periods presented:

		June 30, 2023				December 31, 2022			September 30, 2023				December 31, 2022	
		Originated	Acquired (1)	Total	%	Amount	%		Originated	Acquired (1)	Total	%	Amount	%
		(dollars in thousands)							(dollars in thousands)					
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 1,255,627	\$ 246,367	\$ 1,501,994	17 %	\$ 1,211,706	16 %	Commercial, financial, agricultural and other	\$ 1,249,654	\$ 246,367	\$ 1,496,021	17 %	\$ 1,211,706	16 %
Real estate construction	Real estate construction	493,684	81,115	574,799	7	513,101	7	Real estate construction	494,432	81,115	575,547	7	513,101	7
Residential real estate	Residential real estate	2,275,593	88,516	2,364,109	27	2,194,669	29	Residential real estate	2,326,265	88,516	2,414,781	27	2,194,669	29
Commercial real estate	Commercial real estate	2,470,863	534,099	3,004,962	34	2,425,012	31	Commercial real estate	2,515,985	534,099	3,050,084	34	2,425,012	31
Loans to individuals	Loans to individuals	1,353,309	663	1,353,972	15	1,297,655	17	Loans to individuals	1,364,629	663	1,365,292	15	1,297,655	17
Total loans and leases, net of unearned income	Total loans and leases, net of unearned income	\$ 7,849,076	\$ 950,760	\$ 8,799,836	100 %	\$ 7,642,143	100 %	Total loans and leases, net of unearned income	\$ 7,950,965	\$ 950,760	\$ 8,901,725	100 %	\$ 7,642,143	100 %

(1) Includes January 31, 2023 balance of loans acquired as part of the Centric acquisition plus day 1 gross up of PCD loans.

During the six nine months ended June 30, 2023 September 30, 2023, originated loans and leases increased \$206.9 million \$308.8 million, or 2.7% 4.0%, compared to balances outstanding at December 31, 2022. As provided in the table above, at the time of acquisition, of Centric accounted for provided \$950.8 million of loan growth during the first quarter of 2023. growth.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Excluding the impact of Centric, real estate construction loans decreased \$19.4 million \$18.7 million, or 3.8% 3.6%, due to the completion of commercial real estate projects. Residential real estate grew \$80.9 million \$131.6 million, or 3.7% 6.0%, primarily due to originations of closed-end 1-4 family mortgage loans. Commercial real estate loans increased \$45.9 million \$91.0 million, or 1.9% 3.8%, primarily due to growth in loans secured by nonresidential property due in part to the completion of several construction projects. Loans to individuals increased \$55.7 million \$67.0 million, or 4.3% 5.2%, primarily due to growth in the indirect auto and recreational vehicle portfolio. Commercial, financial, agricultural and other loans increased \$43.9 million \$37.9 million, or 3.6% 3.1%, as a result of growth in the equipment finance portfolio.

As indicated in the table below, commercial real estate and commercial, financial and agricultural and other loans represent a significant portion of the nonperforming loans as of **June 30, 2023** **September 30, 2023**.

	For the Six Months Ended June 30, 2023								For the Nine Months Ended September 30, 2023							
					As of June 30, 2023							As of September 30, 2023				
			Net Charge-offs as a % of				Net Charge-offs as a % of				Net Charge-offs as a % of				Net Charge-offs as a % of	
	Net Charge-offs	Total Net Charge-offs	Average Loans (annualized)	% of Total Nonperforming Loans	Net Charge-offs	Total Net Charge-offs	Average Loans (annualized)	% of Total Nonperforming Loans	Net Charge-offs	Total Net Charge-offs	Average Loans (annualized)	% of Total Nonperforming Loans	Net Charge-offs	Total Net Charge-offs	Average Loans (annualized)	% of Total Nonperforming Loans
	(dollars in thousands)															
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 7,086	72.03 %	0.17 %	\$ 17,030	35.47 %	0.19 %	Commercial, financial, agricultural and other	\$ 8,750	63.34 %	0.14 %	\$ 17,900	37.35 %	0.2		
Real estate construction	Real estate construction	—	—	—	—	—	—	Real estate construction	—	—	—	3,288	6.86	0.0		
Residential real estate	Residential real estate	9	0.09	—	7,502	15.63	0.08	Residential real estate	256	1.85	—	7,750	16.17	0.0		
Commercial real estate	Commercial real estate	1,381	14.04	0.03	23,009	47.93	0.26	Commercial real estate	1,547	11.20	0.02	18,784	39.20	0.2		
Loans to individuals	Loans to individuals	1,362	13.84	0.03	468	0.97	0.01	Loans to individuals	3,261	23.61	0.05	202	0.42	—		
Total loans and leases, net of unearned income	Total loans and leases, net of unearned income	\$ 9,838	100.00 %	0.23 %	\$ 48,009	100.00 %	0.54 %	Total loans and leases, net of unearned income	\$ 13,814	100.00 %	0.21 %	\$ 47,924	100.00 %	0.5		

Net charge-offs for the **six nine** months ended **June 30, 2023** **September 30, 2023** totaled **\$9.8 million** **\$13.8 million**, compared to **\$2.7 million** **\$5.1 million** for the **six nine** months ended **June 30, 2022** **September 30, 2022**. The most significant charge-offs during the **six nine** months ended **June 30, 2023** **September 30, 2023** included **\$7.6 million** **\$8.8 million** in charge-offs related to loans acquired from Centric, of which an allowance for credit losses of **\$7.1 million** **\$7.4 million** was established as a result of purchase accounting marks. Additionally, **\$1.4 million** **\$3.3 million** in charge-offs relate to loans to individuals, primarily indirect auto loans and personal credit lines. See discussions related to the provision for credit losses and loans for more information.

Capital Resources

At **June 30, 2023** **September 30, 2023**, shareholders' equity was \$1.2 billion, an increase of **\$180.3 million** **\$188.5 million** from December 31, 2022. The increase was primarily the result of \$141.4 million in stock issued as part of the Centric acquisition **\$73.0 million** and **\$112.2 million** in net **income and income**. Offsetting these increases was a **\$0.9 million** **\$16.4 million** decrease in the fair value of available for sale investments and interest rate swaps, which **are is** reflected in the Other Comprehensive Income component of capital. Other items impacting capital include **increases an increase** due to **\$3.0 million** **\$3.4 million** in treasury stock sales **offset by \$25.2 million** and decreases due to **\$38.1 million** of dividends paid to shareholders and **\$10.9 million** **\$14.1 million** of common stock repurchases. Cash dividends declared per common share were **\$0.245** **\$0.370** for the **six nine** months ended **June 30, 2023** **September 30, 2023**.

First Commonwealth and First Commonwealth Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on First Commonwealth's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, First Commonwealth and First Commonwealth Bank must meet specific capital guidelines that involve quantitative measures of First Commonwealth's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. First Commonwealth's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weighting and other factors.

Effective January 1, 2015, the Company became subject to the new regulatory risk-based capital rules adopted by the federal banking agencies implementing Basel III. The most significant changes included higher minimum capital requirements, as the minimum Tier I capital ratio increased from 4.0% to 6.0% and a new common equity Tier I capital ratio was established with a minimum level of 4.5%. Additionally, the rules improved the quality of capital by providing stricter eligibility criteria for regulatory capital instruments and provide for a phase-in, beginning January 1, 2016, of a capital conservation buffer of 2.5% of risk-weighted assets. This buffer, which was fully phased-in as of January 1, 2019, provides a requirement to hold common equity Tier 1 capital above the minimum risk-based capital requirements, resulting in an effective common equity Tier I risk-weighted asset minimum ratio of 7.0% on a fully phased-in basis.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued) FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

The Basel III Rules also permit banking organizations with less than \$15.0 billion in assets to retain, through a one-time election, the existing treatment for accumulated other comprehensive income, which currently does not affect regulatory capital. The Company elected to retain this treatment, which reduces the volatility of regulatory capital levels.

During the second quarter of In 2018, First Commonwealth Bank, the Company's banking subsidiary, issued \$100 million in subordinated debt, which under the regulatory rules qualifies as Tier II capital. This As of September 30, 2023, this subordinated debt issuance increased the total risk-based capital ratio by 160.95 basis points.

In March 2020, regulators issued interim financial rule ("IFR") "Regulatory Capital Rule: Revised Transition of the Current Expected Losses Methodology for Allowances" in response to the disrupted economic activity from the pandemic. The IFR provides financial institutions that adopt CECL during 2020 with the option to delay for two years the estimated impact of CECL on regulatory capital, followed by a three-year transition period to phase out the aggregate amount of the capital benefit provided by the initial two-year delay ("five-year transition"). The Company adopted CECL effective January 1, 2020 and elected to implement the five-year transition. Regulatory capital levels without the capital benefit at June 30, 2023 September 30, 2023 for both First Commonwealth and First Commonwealth Bank would have continued to be greater than the amounts needed to be considered "well capitalized", as the transition provided a capital benefit of approximately 9 to 12 basis points.

As of June 30, 2023 September 30, 2023, First Commonwealth and First Commonwealth Bank met all capital adequacy requirements to which they are subject and were considered well-capitalized under the regulatory rules. To be considered well capitalized, the Company must maintain minimum Total risk-based capital, Tier I risk-based capital, Tier I leverage ratio and Common equity tier I risk-based capital as set forth in the table below:

		Actual				Minimum Capital Required				Required to be Considered Well Capitalized			
		Capital		Ratio		Capital		Ratio		Capital		Ratio	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio				
(dollars in thousands)													
Total Capital to Risk	Total Capital to Risk												
Weighted Assets	Weighted Assets												
First Commonwealth Financial Corporation	First Commonwealth Financial Corporation	\$ 1,265,211	13.66 %	\$ 972,856	10.50 %	\$ 926,529	10.00 %						
First Commonwealth Bank	First Commonwealth Bank	1,184,854	12.81	971,024	10.50	924,784	10.00						
Tier I Capital to Risk	Tier I Capital to Risk												
Weighted Assets	Weighted Assets												
First Commonwealth Financial Corporation	First Commonwealth Financial Corporation	\$ 1,065,851	11.50 %	\$ 787,550	8.50 %	\$ 741,223	8.00 %						
First Commonwealth Bank	First Commonwealth Bank	985,494	10.66	786,067	8.50	739,828	8.00						
Tier I Capital to Average Assets	Tier I Capital to Average Assets												
First Commonwealth Financial Corporation	First Commonwealth Financial Corporation	\$ 1,065,851	9.77 %	\$ 436,416	4.00 %	\$ 545,520	5.00 %						
First Commonwealth Bank	First Commonwealth Bank	985,494	9.06	434,867	4.00	543,584	5.00						
Common Equity Tier I to Risk Weighted Assets	Common Equity Tier I to Risk Weighted Assets												
First Commonwealth Financial Corporation	First Commonwealth Financial Corporation	\$ 995,851	10.75 %	\$ 648,571	7.00 %	\$ 602,244	6.50 %						
First Commonwealth Bank	First Commonwealth Bank	985,494	10.66	647,349	7.00	601,110	6.50						

On July 25, 2023 October 24, 2023, First Commonwealth Financial Corporation declared a quarterly dividend of \$0.125 per share payable on August 18, 2023 November 17, 2023 to shareholders of record as of August 4, 2023 November 3, 2023. The timing and amount of future dividends are at the discretion of First Commonwealth's Board of Directors based upon, among other factors, capital levels, asset quality, liquidity and current and projected earnings.

In October 2021, a share repurchase program was authorized by the Board of Directors for up to an additional \$25.0 million in shares of the Company's common stock. On April 24, 2023, the Board of Directors authorized a \$25 million increase in the share repurchase program. As of June 30, 2023 September 30, 2023, 2,158,754 2,418,393 common shares had been repurchased under these program at an average price of \$13.21 \$13.12 per share.

New Accounting Pronouncements

In March 2020, 2023, FASB released Accounting Standards Update 2023-02 ("ASU" ASU 2023-02") 2020-04 - Reference Rate Reform, Investments – Equity Method and Joint Ventures (Topic 848), which provides optional guidance 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method. ASU 2023-02 permits entities to ease the accounting burden in accounting elect to account for or recognizing the effects from, reference rate reform on financial reporting. The new standard is a result their tax equity investments, regardless of the discontinuance tax credit program from which the income tax credits are received, using the proportional amortization method, instead of only low-income housing tax credit ("LIHTC") structures, if certain conditions are met. ASU 2023-02 also eliminates certain LIHTC-specific guidance for LIHTC investments that are not accounted for using the London Interbank Offered Rate ("LIBOR") as an available benchmark rate. The standard is elective proportional amortization method and provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, or other transactions instead require that reference LIBOR, or another reference rate expected to be discontinued. The Company has elected to apply the practical expedient allowing for a contract modification, due to reference rate reform, to those LIHTC investments be accounted for as a continuation of using other applicable guidance under GAAP. ASU 2023-02 is effective for the existing contract and does not require contract re- Company for

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)* FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

measurement at the modification date or reassessment of a previous accounting determination, fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with early adoption permitted. The amendments Company is in the update are effective for all entities between March 12, 2020 and December 31, 2024 (In December 2022, FASB released ASU 2022-06, which extended process of assessing the original sunset date in ASU 2020-04 from December 31, 2022 to December 31, 2024). The Company has established a cross-functional working group to manage the Company's transition from LIBOR. Products that utilize LIBOR have been identified and have incorporated enhanced language to accommodate the transition to alternative reference rates and the use of LIBOR has been discontinued as an index for new loans. All LIBOR based loans were transitioned to a new index by June 30, 2023. The impact of the LIBOR transition will not have a material impact adoption on the Company's its consolidated financial statements.

ITEM 3. *Quantitative and Qualitative Disclosures About Market Risk* FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

Information appearing in Item 2 of this report under the caption "Market Risk" is incorporated by reference in response to this item.

ITEM 4. *Controls and Procedures*

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms of the Securities and Exchange Commission.

PART II – OTHER INFORMATION FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 1. LEGAL PROCEEDINGS

The information required by this item is set forth in Part I, Item 1, Note 6, "Commitments and Contingent Liabilities," which is incorporated herein by reference in response to this item.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed under Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, except for the following risk factor.

Risks Related to Recent Events Impacting the Financial Services Industry

Recent events impacting the financial services industry, including the failure of Silicon Valley Bank and Signature Bank, have resulted in decreased confidence in banks among some consumer and commercial depositors, other counterparties and investors, as well as significant disruption, volatility and reduced valuations of equity and other securities of banks in the capital markets. These events occurred during a period of rapidly rising interest rates which, among other things, has resulted in unrealized losses in longer duration securities and loans held by banks, more competition for bank deposits and may increase the risk of a potential recession. These recent events have, and could continue to have, an adverse impact on the market price and volatility of the Company's common stock.

These recent events may also result in potentially adverse changes to laws or regulations governing banks and bank holding companies or result in the impositions of restrictions through supervisory or enforcement activities, including higher capital requirements, which could have a material impact on our business. Inability to access short-term funding, loss of client deposits or changes in our credit ratings could increase the cost of funding, limit access to capital markets or negatively impact our overall liquidity or capitalization. We may be impacted by concerns regarding the soundness or creditworthiness of other financial institutions, which can cause substantial and cascading disruption within the financial markets and increased expenses. The cost of resolving the recent bank failures may prompt the FDIC to increase its premiums above the recently increased levels or to issue additional special assessments.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On October 26, 2021, a share repurchase program was authorized for up to \$25.0 million in shares of the Company's common stock with a \$25 million increase in April of 2023. The following table details the amount of shares repurchased under this program in the **second third** quarter of 2023:

Month Ending:	Total Number of Shares Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs*
April 30, 2023	—	\$ —	—	2,451,451
May 31, 2023	766,393	11.92	766,393	1,696,376
June 30, 2023	—	—	—	1,696,376
Total	<u>766,393</u>	<u>\$ 11.92</u>	<u>766,393</u>	

* Remaining number of shares approved under the Plan is based on the market value of the Company's common stock of \$12.48 at April 30, 2023, \$12.65 at May 31, 2023 and \$12.65 at June 30, 2023.

Month Ending:	Total Number of Shares Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs*
July 31, 2023	38,700	\$ 12.47	38,700	1,452,660
August 31, 2023	—	—	—	1,604,928
September 30, 2023	220,939	12.34	220,939	1,494,759
Total	<u>259,639</u>	<u>\$ 12.36</u>	<u>259,639</u>	

* Remaining number of shares approved under the Plan is based on the market value of the Company's common stock of \$14.44 at July 31, 2023, \$13.07 at August 31, 2023 and \$12.21 at September 30, 2023.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None

PART II – OTHER INFORMATION
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference to
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
101	The following materials from First Commonwealth Financial Corporation's Quarterly Report on Form 10-Q, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income and Comprehensive Income, (iii) the Consolidated Statements of Changes in Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to Unaudited Consolidated Financial Statements. Note that XBRL tags are embedded within the document.	Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST COMMONWEALTH FINANCIAL CORPORATION
(Registrant)

DATED: [August 8, 2023](#) [November 7, 2023](#)

/s/ T. Michael Price

T. Michael Price
President and Chief Executive Officer

DATED: [August 8, 2023](#) [November 7, 2023](#)

/s/ James R. Reske

James R. Reske
Executive Vice President, Chief Financial Officer and Treasurer

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EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, T. Michael Price, certify that:

- I have reviewed this quarterly report on Form 10-Q of First Commonwealth Financial Corporation;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATED: August 8, 2023 November 7, 2023

/s/ T. Michael Price

T. Michael Price
President and Chief Executive Officer

EXHIBIT 31.2
CHIEF FINANCIAL OFFICER CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James R. Reske, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Commonwealth Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATED: August 8, 2023 November 7, 2023

/s/ James R. Reske

James R. Reske

Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, T. Michael Price, of First Commonwealth Financial Corporation ("First Commonwealth"), certify that the Quarterly Report of First Commonwealth on Form 10-Q for the period ended June 30, 2023 September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition of First Commonwealth at the end of such period and the results of operations of First Commonwealth for such period.

DATED: August 8, 2023 November 7, 2023

/s/ T. Michael Price

T. Michael Price

President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, James R. Reske, of First Commonwealth Financial Corporation ("First Commonwealth"), certify that the Quarterly Report of First Commonwealth on Form 10-Q for the period ended June 30, 2023 September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition of First Commonwealth at the end of such period and the results of operations of First Commonwealth for such period.

DATED: August 8, 2023 November 7, 2023

/s/ James R. Reske

James R. Reske

Executive Vice President, Chief Financial Officer and Treasurer

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