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DELTA REPORT

10-Q

FCF - FIRST COMMONWEALTH FINANC

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 997

█ **CHANGES** 383

█ **DELETIONS** 306

█ **ADDITIONS** 308

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2023** **June 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

25-1428528

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

601 Philadelphia Street

15701

Indiana PA

(Zip Code)

(Address of principal executive offices)

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 **May 9, 2023** **August 7, 2023**, was **102,890,733** **102,406,215**.

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)

Assets	Assets	December 31,		December 31,	
		March 31, 2023		2022	
		(dollars in thousands, except share data)			
Cash and due from banks	Cash and due from banks	\$ 113,692	\$ 124,254	Cash and due from banks	\$ 123,095
Interest-bearing bank deposits	Interest-bearing bank deposits	282,110	29,990	Interest-bearing bank deposits	325,774
Securities available for sale, at fair value	Securities available for sale, at fair value	750,613	762,661	Securities available for sale, at fair value	738,109
Securities held to maturity, at amortized cost (Fair value of \$381,741 and \$386,205 at March 31, 2023 and December 31, 2022, respectively)		451,278	461,162		
Securities held to maturity, at amortized cost (Fair value of \$364,615 and \$386,205 at June 30, 2023 and December 31, 2022, respectively)				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
Other investments	Other investments	36,200	26,414	Other investments	46,394
Loans held for sale	Loans held for sale	11,050	11,869	Loans held for sale	16,300
Loans and leases:	Loans and leases:			Loans and leases:	
Portfolio loans and leases	Portfolio loans and leases	8,656,945	7,642,143	Portfolio loans and leases	8,799,836
Allowance for credit losses	Allowance for credit losses	(133,885)	(102,906)	Allowance for credit losses	(133,546)

Net loans and leases	Net loans and leases	8,523,060	7,539,237	Net loans and leases	8,666,290	7,539,237
Premises and equipment, net	Premises and equipment, net	130,210	115,106	Premises and equipment, net	124,246	115,106
Other real estate owned	Other real estate owned	424	534	Other real estate owned	324	534
Goodwill	Goodwill	360,414	303,328	Goodwill	363,715	303,328
Amortizing intangibles, net	Amortizing intangibles, net	25,584	9,205	Amortizing intangibles, net	24,736	9,205
Bank owned life insurance	Bank owned life insurance	227,024	222,651	Bank owned life insurance	227,293	222,651
Other assets	Other assets	202,093	199,255	Other assets	222,406	199,255
Total assets	Total assets	<u>\$ 11,113,752</u>	<u>\$ 9,805,666</u>	Total assets	<u>\$ 11,318,604</u>	<u>\$ 9,805,666</u>
Liabilities	Liabilities			Liabilities		
Deposits (all domestic):	Deposits (all domestic):			Deposits (all domestic):		
Noninterest-bearing	Noninterest-bearing	\$ 2,698,225	\$ 2,670,508	Noninterest-bearing	\$ 2,624,344	\$ 2,670,508
Interest-bearing	Interest-bearing	6,536,723	5,334,961	Interest-bearing	6,521,934	5,334,961
Total deposits	Total deposits	9,234,948	8,005,469	Total deposits	9,146,278	8,005,469
Short-term borrowings	Short-term borrowings	278,978	372,694	Short-term borrowings	542,839	372,694
Subordinated debentures	Subordinated debentures	177,558	170,937	Subordinated debentures	177,619	170,937
Other long-term debt	Other long-term debt	4,679	4,862	Other long-term debt	4,495	4,862
Capital lease obligation	Capital lease obligation	5,294	5,425	Capital lease obligation	5,162	5,425
Total long-term debt	Total long-term debt	187,531	181,224	Total long-term debt	187,276	181,224
Other liabilities	Other liabilities	187,281	194,205	Other liabilities	209,792	194,205
Total liabilities	Total liabilities	9,888,738	8,753,592	Total liabilities	10,086,185	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 March 31, 2023 and December 31, 2022, respectively, and 103,193,127 and 93,376,314 shares outstanding at March 31, 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 102,444,915 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
Additional paid-in capital	Additional paid-in capital	630,196	497,431	Additional paid-in capital	630,246	497,431
Retained earnings	Retained earnings	792,720	774,863	Retained earnings	822,619	774,863
Accumulated other comprehensive loss, net	Accumulated other comprehensive loss, net	(124,570)	(137,692)	Accumulated other comprehensive loss, net	(138,551)	(137,692)
Treasury stock (20,410,253 and 20,538,588 shares at March 31, 2023 and December 31, 2022, respectively)		(196,935)	(196,443)	Treasury stock (21,158,465 and 20,538,588 shares at June 30, 2023 and December 31, 2022, respectively)	(205,498)	(196,443)
Total shareholders' equity	Total shareholders' equity	1,225,014	1,052,074	Total shareholders' equity	1,232,419	1,052,074
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	<u>\$ 11,113,752</u>	<u>\$ 9,805,666</u>	Total liabilities and shareholders' equity	<u>\$ 11,318,604</u>	<u>\$ 9,805,666</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 INCOME (Unaudited)

		For the Three Months Ended		For the Three Months Ended		For the Six Months Ended	
		March 31,		June 30,		June 30,	
		2023	2022	2023	2022	2023	2022
(dollars in thousands, except share data)							
Interest Income	Interest Income			Interest Income			
Interest and fees on loans and leases	Interest and fees on loans and leases	\$ 107,668	\$ 64,394	Interest and fees on loans and leases	\$ 120,694	\$ 69,515	\$ 228,362
Interest and dividends on investments:	Interest and dividends on investments:			Interest and dividends on investments:			
Taxable interest	Taxable interest	5,789	6,478	Taxable interest	5,634	6,286	11,423
Interest exempt from federal income taxes	Interest exempt from federal income taxes	117	126	Interest exempt from federal income taxes	114	120	231
Dividends	Dividends	505	135	Dividends	782	149	1,287
Interest on bank deposits	Interest on bank deposits	510	111	Interest on bank deposits	4,043	658	4,553
Total interest income	Total interest income	114,589	71,244	Total interest income	131,267	76,728	245,856
Interest Expense	Interest Expense			Interest Expense			
Interest on deposits	Interest on deposits	15,518	813	Interest on deposits	25,901	797	41,419
Interest on short-term borrowings	Interest on short-term borrowings	2,401	21	Interest on short-term borrowings	5,193	18	7,594
Interest on subordinated debentures	Interest on subordinated debentures	2,214	2,129	Interest on subordinated debentures	2,254	2,143	4,468
Interest on other long-term debt	Interest on other long-term debt	45	52	Interest on other long-term debt	44	51	89
Interest on lease obligations	Interest on lease obligations	53	57	Interest on lease obligations	51	57	104
Total interest expense	Total interest expense	20,231	3,072	Total interest expense	33,443	3,066	53,674
Net Interest Income	Net Interest Income	94,358	68,172	Net Interest Income	97,824	73,662	192,182
Provision for credit losses	Provision for credit losses	(2,650)	1,964	Provision for credit losses	2,790	4,099	140
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
Net Interest Income after Provision for Credit Losses	Net Interest Income after Provision for Credit Losses	86,355	66,208	Net Interest Income after Provision for Credit Losses	95,034	69,563	181,389
Noninterest Income	Noninterest Income			Noninterest Income			
Net securities gains	Net securities gains	—	2	Net securities gains	—	—	2
Trust income	Trust income	2,486	2,713	Trust income	2,532	2,573	5,018
Service charges on deposit accounts	Service charges on deposit accounts	4,918	4,615	Service charges on deposit accounts	5,324	4,886	10,242
Insurance and retail brokerage commissions	Insurance and retail brokerage commissions	2,552	2,272	Insurance and retail brokerage commissions	2,314	2,486	4,866
							4,758

Income from bank owned life insurance	Income from bank owned life insurance	1,227	1,508	Income from bank owned life insurance	1,195	1,383	2,422	2,891
Gain on sale of mortgage loans	Gain on sale of mortgage loans	652	1,282	Gain on sale of mortgage loans	1,253	1,561	1,905	2,843
Gain on sale of other loans and assets	Gain on sale of other loans and assets	2,086	2,319	Gain on sale of other loans and assets	1,891	1,099	3,977	3,418
Card-related interchange income	Card-related interchange income	6,829	6,490	Card-related interchange income	7,372	7,137	14,201	13,627
Derivatives mark to market	Derivatives mark to market	(89)	347	Derivatives mark to market	81	42	(8)	389
Swap fee income	Swap fee income	245	453	Swap fee income	332	1,154	577	1,607
Other income	Other income	2,057	1,975	Other income	2,229	2,188	4,286	4,163
Total noninterest income	Total noninterest income	22,963	23,976	Total noninterest income	24,523	24,509	47,486	48,485
Noninterest Expense	Noninterest Expense			Noninterest Expense				
Salaries and employee benefits	Salaries and employee benefits	34,264	30,932	Salaries and employee benefits	36,735	30,949	70,999	61,881
Net occupancy	Net occupancy	5,018	4,787	Net occupancy	4,784	4,170	9,802	8,957
Furniture and equipment	Furniture and equipment	4,238	3,730	Furniture and equipment	4,284	3,857	8,522	7,587
Data processing	Data processing	3,404	3,188	Data processing	3,763	3,470	7,167	6,658
Advertising and promotion	Advertising and promotion	1,663	1,226	Advertising and promotion	1,327	1,434	2,990	2,660
Pennsylvania shares tax	Pennsylvania shares tax	1,252	1,005	Pennsylvania shares tax	1,173	913	2,425	1,918
Intangible amortization	Intangible amortization	1,147	862	Intangible amortization	1,282	862	2,429	1,724
Other professional fees and services	Other professional fees and services	1,591	1,221	Other professional fees and services	1,182	1,197	2,773	2,418
FDIC insurance	FDIC insurance	1,417	698	FDIC insurance	1,277	702	2,694	1,400
Loss on sale or write-down of assets	Loss on sale or write-down of assets	41	75	Loss on sale or write-down of assets	6	86	47	161
Litigation and operational losses	Litigation and operational losses	743	600	Litigation and operational losses	894	629	1,637	1,229
Merger and acquisition related	Merger and acquisition related	8,541	—	Merger and acquisition related	(60)	—	8,481	—
Other operating	Other operating	8,062	7,400	Other operating	9,296	7,410	17,358	14,810
Total noninterest expense	Total noninterest expense	71,381	55,724	Total noninterest expense	65,943	55,679	137,324	111,403
Income Before Income Taxes	Income Before Income Taxes			Income Before Income Taxes				
Income tax provision	Income tax provision	7,713	6,734	Income tax provision	10,833	7,639	18,546	14,373
Net Income	Net Income	\$ 30,224	\$ 27,726	Net Income	\$ 42,781	\$ 30,754	\$ 73,005	\$ 58,480
Average Shares Outstanding		99,560,831	94,078,699					

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

	For the Three Months Ended		For the Three Months Ended		For the Six Months Ended	
	March 31,		June 30,		June 30,	
	2023	2022	2023	2022	2023	2022
(dollars in thousands, except share data)						
Average Shares Outstanding					Average Shares Outstanding	
Average Shares Outstanding Assuming Dilution	99,779,816	94,311,324	Dilution	102,760,266	94,245,770	101,281,899
Per Share Data: Basic	Per Share Data: Basic		Per Share Data: Basic	Per Share Data: Basic		Per Share Data: Basic
Earnings per Share	Earnings per Share	\$ 0.30	\$ 0.29	Earnings per Share	\$ 0.42	\$ 0.33
Diluted Earnings per Share	Diluted Earnings per Share	\$ 0.30	\$ 0.29	Diluted Earnings per Share	\$ 0.42	\$ 0.33
Cash Dividends Declared per Common Share	Cash Dividends Declared per Common Share		Cash Dividends Declared per Common Share	Cash Dividends Declared per Common Share		Cash Dividends Declared per Common Share
	\$ 0.120	\$ 0.115		\$ 0.125	\$ 0.120	\$ 0.245

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	
	March 31,	
	2023	2022
(dollars in thousands)		
Net Income	\$ 30,224	\$ 27,726
Other comprehensive income (loss), before tax (expense) benefit:		
Unrealized holding gains (losses) on securities arising during the period	10,355	(57,251)
Less: reclassification adjustment for gains on securities included in net income	—	(2)
Unrealized holding gains (losses) on derivatives arising during the period	5,806	(17,926)
Total other comprehensive income (loss), before tax (expense) benefit	16,161	(75,179)
Income tax (expense) benefit related to items of other comprehensive income (loss)	(3,039)	15,787
Total other comprehensive income (loss)	13,122	(59,392)
Comprehensive Income (Loss)	\$ 43,346	\$ (31,666)

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
(dollars in thousands)				
Net Income	\$ 42,781	\$ 30,754	\$ 73,005	\$ 58,480
Other comprehensive loss, before tax benefit:				
Unrealized holding losses on securities arising during the period	(14,116)	(31,794)	(3,761)	(89,045)
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)

Total other comprehensive loss, before tax benefit	(17,697)	(36,539)	(1,536)	(111,718)
Income tax benefit related to items of other comprehensive loss	3,716	7,674	677	23,461
Total other comprehensive loss	(13,981)	(28,865)	(859)	(88,257)
Comprehensive Income (Loss)	\$ 28,800	\$ 1,889	\$ 72,146	\$ (29,777)

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							Accumulated							
	Additional			Other			Comprehensive			Total			Additional		
	Shares Outstanding	Common Stock	Paid-in- Capital	Retained Earnings	Income (Loss), net	Treasury Stock	Shareholders' Equity	Shares Outstanding	Common Stock	Paid-in- Capital	Retained Earnings	Income (Loss), net	Treasury Stock	Shareholders' Equity	
(dollars in thousands, except share and per share data)															
Balance at December 31, at 2022	Balance at December 31, 2022	93,376,314	\$ 113,915	\$ 497,431	\$ 774,863	\$ (137,692)	\$ (196,443)	1,052,074	31,2022	93,376,314	\$ 113,915	\$ 497,431	\$ 774,863	\$ (137,692)	
Net income	Net income				30,224			30,224	Net income					73,005	
Other comprehensive income					13,122			13,122	Other comprehensive income						
Cash dividends declared (\$0.120 per share)				(12,367)				(12,367)	Cash dividends declared (\$0.120 per share)						
Other comprehensive loss									Other comprehensive loss						
Treasury stock acquired	Treasury stock acquired	(109,112)				(1,732)		(1,732)	Treasury stock acquired	(877,212)				(1,086,924)	
Treasury stock reissued	Treasury stock reissued	143,412		610	—	1,356		1,966	Treasury stock reissued	163,950			660	—	
Restricted stock	Restricted stock	94,035	—	488	—	(116)		372	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 March 31, 2023		103,193,127	\$ 123,603	\$ 630,196	\$ 792,720	\$ (124,570)	\$ (196,935)	\$ 1,225,014	Balance at June 30, 2023						
Balance at June 30, 2023									Balance at June 30, 2023						

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)

	Shares Outstanding	Common Stock	Additional		Accumulated Other		Treasury Stock	Total	
			Paid-in- Capital	Retained Earnings	Comprehensive Income (Loss), net	Shareholders' Equity			
			(dollars in thousands, except share and per share data)						
Balance at March 31, 2023	103,193,127	\$ 123,603	\$ 630,196	\$ 792,720	\$ (124,570)	\$ (196,935)	\$ 1,225,014		
Net income					42,781				42,781
Other comprehensive loss						(13,981)			(13,981)
Cash dividends declared (\$0.125 per share)					(12,882)				(12,882)
Treasury stock acquired		(768,100)						(9,157)	(9,157)
Treasury stock reissued		20,538		50	—			195	245
Restricted stock		(650)	—	—	—			399	399
Balance at June 30, 2023	102,444,915	\$ 123,603	\$ 630,246	\$ 822,619	\$ (138,551)	\$ (205,498)			1,232,419

	Shares Outstanding	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), net	Treasury Stock	Total Shareholders' Equity
(dollars in thousands, except share and per share data)							
Balance at March 31, 2022	94,299,039	\$ 113,915	\$ 496,627	\$ 708,149	\$ (68,160)	\$ (182,912)	\$ 1,067,619
Net income				30,754			30,754
Other comprehensive loss					(28,865)		(28,865)
Cash dividends declared (\$0.120 per share)				(11,330)			(11,330)
Treasury stock acquired	(715,307)					(9,657)	(9,657)
Treasury stock reissued	17,738		81	—		164	245
Restricted stock	103,650	—	723	—		(331)	392
Balance at June 30, 2022	93,705,120	\$ 113,915	\$ 497,431	\$ 727,573	\$ (97,025)	\$ (192,736)	\$ 1,049,158

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)

Operating Activities	Operating Activities	For the Three Months Ended				For the Six Months Ended			
		March 31,				June 30,			
		2023	2022	2023	2022	2023	2022	2023	2022
Net income	Net income	\$ 30,224	\$ 27,726	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:			Net income	\$ 73,005	\$ 58,480			
Provision for credit losses	Provision for credit losses	8,003	1,964	Adjustment to reconcile net income to net cash provided by operating activities:					
Deferred tax expense	Deferred tax expense	2,218	1,807	Provision for credit losses	10,793	6,063			
Depreciation and amortization	Depreciation and amortization	1,847	2,560	Deferred tax expense	3,535	1,240			
Net gains on securities and other assets	Net gains on securities and other assets	(2,330)	(3,908)	Depreciation and amortization	1,895	5,159			
Net amortization of premiums and discounts on securities	Net amortization of premiums and discounts on securities	378	635	Net gains on securities and other assets	(5,521)	(6,730)			
Income from increase in cash surrender value of bank owned life insurance	Income from increase in cash surrender value of bank owned life insurance	(1,190)	(1,508)	Net amortization of premiums and discounts on securities	725	1,131			
Decrease in interest receivable		645	45	Income from increase in cash surrender value of bank owned life insurance	(2,386)	(2,801)			
(Increase) decrease in interest receivable				(Increase) decrease in interest receivable	(91)	747			

Mortgage loans originated for sale	Mortgage loans originated for sale	(31,165)	(51,833)	Mortgage loans originated for sale	(83,788)	(106,160)
Proceeds from sale of mortgage loans	Proceeds from sale of mortgage loans	32,462	58,198	Proceeds from sale of mortgage loans	80,749	109,533
Increase in interest payable	Increase in interest payable	2,146	1,282	Increase in interest payable	2,063	119
Increase (decrease) in income taxes payable		5,512	(4,137)			
Decrease in income taxes payable				Decrease in income taxes payable	(2,206)	(7,587)
Other-net	Other-net	(10,150)	(1,632)	Other-net	7,568	1,265
Net cash provided by operating activities	Net cash provided by operating activities	38,600	31,199	Net cash provided by operating activities	86,341	60,369
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	9,733	28,369	Proceeds from maturities and redemptions	21,154	48,863
Purchases	Purchases	—	(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	30,686	—
Proceeds from maturities and redemptions	Proceeds from maturities and redemptions	25,791	50,521	Proceeds from maturities and redemptions	48,521	88,001
Purchases				Purchases	(24,555)	—
Purchases of FHLB stock	Purchases of FHLB stock	(18,262)	(505)	Purchases of FHLB stock	(45,719)	(1,321)
Proceeds from the redemption of FHLB stock	Proceeds from the redemption of FHLB stock	21,134	201	Proceeds from the redemption of FHLB stock	38,397	494
Proceeds from bank owned life insurance	Proceeds from bank owned life insurance	1,216	—	Proceeds from bank owned life insurance	2,246	3,058
Proceeds from sale of loans	Proceeds from sale of loans	30,425	21,767	Proceeds from sale of loans	63,839	36,159
Proceeds from sale of other assets	Proceeds from sale of other assets	846	1,461	Proceeds from sale of other assets	1,472	3,168
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	(95,513)	(133,137)	Net increase in loans and leases	(274,082)	(315,444)
Purchases of premises and equipment and other assets	Purchases of premises and equipment and other assets	(9,433)	(4,419)	Purchases of premises and equipment and other assets	(13,219)	(7,360)
Net cash provided by (used in) investing activities		11,115	(35,942)			
Net cash used in investing activities				Net cash used in investing activities	(136,968)	(144,582)
Financing Activities	Financing Activities			Financing Activities		

Net decrease in other short-term borrowings	Net decrease in other short-term borrowings	(266,450)	(42,566)	Net decrease in other short-term borrowings	(2,590)	(49,392)
Net increase in deposits	Net increase in deposits	472,706	189,364	Net increase in deposits	384,365	71,073
Repayments of other long-term debt	Repayments of other long-term debt	(183)	(175)	Repayments of other long-term debt	(367)	(352)
Repayments of capital lease obligation	Repayments of capital lease obligation	(131)	(122)	Repayments of capital lease obligation	(263)	(246)
Dividends paid	Dividends paid	(12,367)	(10,837)	Dividends paid	(25,249)	(22,167)
Proceeds from reissuance of treasury stock				Proceeds from reissuance of treasury stock	245	245
Purchase of treasury stock	Purchase of treasury stock	(1,732)	(1,488)	Purchase of treasury stock	(10,889)	(10,520)
Net cash provided by financing activities		191,843	134,176			
Net increase in cash and cash equivalents		241,558	129,433			
Net cash provided by (used in) financing activities				Net cash provided by (used in) financing activities	345,252	(11,359)
Net increase (decrease) in cash and cash equivalents				Net increase (decrease) in cash and cash equivalents	294,625	(95,572)
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 March 31	\$ 395,802	\$ 524,805				
Cash and cash equivalents at June 30				Cash and cash equivalents at June 30	\$ 448,869	\$ 299,800

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

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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 **three** **six** months ended **March 31, 2023** **June 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 **preliminary** 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	925,948 923,555
Premises and equipment	12,123
Core deposit intangible	16,671
Bank owned life insurance	4,502
Other assets	18,875 17,391
Total assets acquired	1,034,571 1,030,694
Fair value of liabilities assumed	
Deposits	757,003
Borrowings	186,716
Other liabilities	6,582 6,006
Total liabilities assumed	950,301 949,725
Total fair value of identifiable net assets	\$ 84,270 80,969
Goodwill	\$ 57,086 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 \$57.1 million \$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. While

During the valuation 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 acquired assets borrowers cash flow and liabilities is substantially complete, collateral position. After receiving additional historical financial information and meeting with the borrowers a \$5.1 million decrease in fair value estimates are subject to adjustment during and increase in the provisional period, which may last up to twelve months subsequent to allowance for credit losses was recognized. Receipt of a third party valuation for the acquisition date. During this period, the Company may obtain additional information to refine the valuations and adjust the recorded fair value, although such adjustments are not expected to be significant. Valuations subject to adjustments include, but are not limited to, SERP liability decreased the fair value of acquired loans, deposits, land and building, core deposit intangible and other assets and liabilities. the liability by \$0.07 million. There was no income statement impact related to the loan mark adjustment. The SERP adjustment resulted 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 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 and credit rating.

Accounting for Acquired Loans

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.

ITEM 1. Financial Statements and Supplementary Data

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

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 \$977.1 million of loans acquired from Centric, \$302.4 million, or 30.9%, of Centric's loan portfolio, was accounted for as PCD loans.

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

		(Discount)					PCD				(Discount)			
		Unpaid Principal Balance	PCD Allowance for Credit Loss at Acquisition	Premium on Acquired Loans	Fair Value of PCD Loans at Acquisition		Unpaid Principal Balance	Allowance for Credit Loss at Acquisition	Premium on Acquired Loans	Fair Value of PCD Loans at Acquisition	Unpaid Principal Balance	Allowance for Credit Loss at Acquisition	Premium on Acquired Loans	Fair Value of PCD Loans at Acquisition
		(dollars in thousands)					(dollars in thousands)				(dollars in thousands)			
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 82,639	\$ (15,949)	\$ (84)	\$ 66,606	Commercial, financial, agricultural and other	\$ 84,095	\$ (19,417)	\$ 117	\$ 64,795	Commercial, financial, agricultural and other	\$ 84,095	\$ (19,417)	\$ 117
Time and demand	Time and demand	82,639	(15,949)	(84)	66,606	Time and demand	84,095	(19,417)	117	64,795	Time and demand	84,095	(19,417)	117
Real estate construction	Real estate construction	29,947	(287)	(479)	29,181	Real estate construction	29,947	(287)	(479)	29,181	Real estate construction	29,947	(287)	(479)
Construction other	Construction other	16,978	(227)	(179)	16,572	Construction other	16,978	(227)	(179)	16,572	Construction other	16,978	(227)	(179)
Construction residential	Construction residential	12,969	(60)	(300)	12,609	Construction residential	12,969	(60)	(300)	12,609	Construction residential	12,969	(60)	(300)
Residential real estate	Residential real estate	16,564	(527)	(496)	15,541	Residential real estate	16,564	(527)	(496)	15,541	Residential real estate	16,564	(527)	(496)
Residential first lien	Residential first lien	13,740	(197)	(264)	13,279	Residential first lien	13,740	(197)	(264)	13,279	Residential first lien	13,740	(197)	(264)
Residential junior lien/home equity	Residential junior lien/home equity	2,824	(330)	(232)	2,262	Residential junior lien/home equity	2,824	(330)	(232)	2,262	Residential junior lien/home equity	2,824	(330)	(232)
Commercial real estate	Commercial real estate	173,143	(5,313)	(6,193)	161,637	Commercial real estate	174,002	(6,971)	(6,073)	160,958	Commercial real estate	174,002	(6,971)	(6,073)
Multifamily	Multifamily	13,169	(234)	(1,413)	11,522	Multifamily	13,169	(234)	(1,413)	11,522	Multifamily	13,169	(234)	(1,413)
Nonowner occupied	Nonowner occupied	97,037	(2,739)	(1,902)	92,396	Nonowner occupied	97,324	(2,739)	(1,902)	92,683	Nonowner occupied	97,324	(2,739)	(1,902)
Owner occupied	Owner occupied	62,937	(2,340)	(2,878)	57,719	Owner occupied	63,509	(3,998)	(2,758)	56,753	Owner occupied	63,509	(3,998)	(2,758)

Loans to individuals	Loans to individuals	62	(3)	(3)	56	Loans to individuals	62	(3)	(3)	56
Automobile and recreational vehicles	Automobile and recreational vehicles	62	(3)	(3)	56	Automobile and recreational vehicles	62	(3)	(3)	56
Total loans and leases	Total loans and leases	\$ 302,355	\$ (22,079)	\$ (7,255)	\$ 273,021	Total loans and leases	\$ 304,670	\$ (27,205)	\$ (6,934)	\$ 270,531

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, loans as of February 1, 2023.

		Day 1					Day 1				
		Unpaid Principal Balance	(Discount) premium on acquired loans	Fair Value of Non-PCD Loans at Acquisition	Provision for Credit Losses		Unpaid Principal Balance	(Discount) premium on acquired loans	Fair Value of Non-PCD Loans at Acquisition	Provision for Credit Losses - Non-PCD Loans	
					- Non-PCD	Loans				- Non-PCD	Loans
(dollars in thousands)											
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 167,509	\$ (5,451)	\$ 162,058	\$ 3,482		Commercial, financial, agricultural and other	\$ 167,606	\$ (5,451)	\$ 162,155	\$ 3,482
Time and demand	Time and demand	165,781	(5,342)	160,439	3,436		Time and demand	165,878	(5,342)	160,536	3,436
Equipment finance	Equipment finance	4	—	4	—		Equipment finance	4	—	4	—
Time and demand other	Time and demand other	1,724	(109)	1,615	46		Time and demand other	1,724	(109)	1,615	46
Real estate construction	Real estate construction	52,773	(1,126)	51,647	1,638		Real estate construction	52,773	(1,126)	51,647	1,638
Construction other	Construction other	34,801	(971)	33,830	1,146		Construction other	34,801	(971)	33,830	1,146
Construction residential	Construction residential	17,972	(155)	17,817	492		Construction residential	17,972	(155)	17,817	492
Residential real estate	Residential real estate	75,041	(2,593)	72,448	614		Residential real estate	75,041	(2,593)	72,448	614
Residential first lien	Residential first lien	53,612	(1,981)	51,631	437		Residential first lien	53,612	(1,981)	51,631	437
Residential junior lien/home equity	Residential junior lien/home equity	21,429	(612)	20,817	177		Residential junior lien/home equity	21,429	(612)	20,817	177
Commercial real estate	Commercial real estate	378,777	(12,607)	366,170	4,911		Commercial real estate	378,777	(12,607)	366,170	4,911
Multifamily	Multifamily	45,475	(1,203)	44,272	514		Multifamily	45,475	(1,203)	44,272	514
Nonowner occupied	Nonowner occupied	182,793	(5,660)	177,133	2,111		Nonowner occupied	182,793	(5,660)	177,133	2,111
Owner occupied	Owner occupied	150,509	(5,744)	144,765	2,286		Owner occupied	150,509	(5,744)	144,765	2,286
Loans to individuals	Loans to individuals	640	(36)	604	8		Loans to individuals	640	(36)	604	8

Automobile and recreational vehicles	Automobile and recreational vehicles	449	(25)	424	4	Automobile and recreational vehicles	449	(25)	424	4
Consumer other	Consumer other	191	(11)	180	4	Consumer other	191	(11)	180	4
Total loans and leases	Total loans and leases	\$ 674,740	\$ (21,813)	\$ 652,927	\$ 10,653	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 Months Ended June 30, 2023
Goodwill at December 31, 2022	\$ 303,328
Goodwill from Centric acquisition	60,387
Goodwill at June 30, 2023	\$ 363,715

Costs related to the acquisition totaled \$8.5 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 Three Months Ended March 31,						For the Six Months Ended June 30,						
	2023			2022			2023			2022			
	Tax		Tax		Tax		Net of		Tax		Tax		
	Pretax Amount	(Expense) Benefit	Net of Tax Amount	Pretax Amount	(Expense) Benefit	Net of Tax Amount	Pretax Amount	(Expense) Benefit	Net of Tax Amount	Pretax Amount	(Expense) Benefit	Net of Tax Amount	
(dollars in thousands)													
Unrealized gains (losses) on securities:													
Unrealized holding gains (losses) on securities arising during the period	\$ 10,355	\$ (1,820)	\$ 8,535	\$ (57,251)	\$ 12,023	\$ (45,228)							
Unrealized losses on securities:													
Unrealized holding losses on securities arising during the period							Unrealized losses on securities:						
Reclassification adjustment for gains on securities included in net income	Reclassification adjustment for gains on securities included in net income	—	—	—	(2)	—	Unrealized holding losses on securities arising during the period	\$ (3,761)	\$ 1,144	\$ (2,617)	\$ (89,045)	\$ 18,700	\$ (70,345)
Total unrealized gains (losses) on securities	10,355	(1,820)	8,535	(57,253)	12,023	(45,230)	Reclassification adjustment for gains on securities included in net income	—	—	—	(2)	—	(2)
Total unrealized losses on securities							Total unrealized losses on securities	(3,761)	1,144	(2,617)	(89,047)	18,700	(70,347)

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	Unrealized holding gains (losses) on derivatives arising during the period
	5,806 (1,219) 4,587 (17,926) 3,764 (14,162)	2,225 (467) 1,758 (22,671) 4,761 (17,910)
Total unrealized gains (losses) on derivatives	Total unrealized gains (losses) on derivatives	Total unrealized gains (losses) on derivatives
	5,806 (1,219) 4,587 (17,926) 3,764 (14,162)	2,225 (467) 1,758 (22,671) 4,761 (17,910)
Total other comprehensive income (loss)	\$ 16,161 \$ (3,039) \$ 13,122 \$ (75,179) \$ 15,787 \$ (59,392)	
Total other comprehensive loss		Total other comprehensive loss
		\$ (1,536) \$ 677 \$ (859) \$ (111,718) \$ 23,461 \$ (88,257)

The following table details the change in components of OCI for the three months ended March 31:

	For the Three Months Ended June 30,					
	2023			2022		
	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 holding losses on securities arising during the period	\$ (14,116)	\$ 2,964	\$ (11,152)	\$ (31,794)	\$ 6,677	\$ (25,117)
Reclassification adjustment for losses on securities included in net income	—	—	—	—	—	—
Total unrealized losses on securities	(14,116)	2,964	(11,152)	(31,794)	6,677	(25,117)
Unrealized losses on derivatives:						
Unrealized holding losses on derivatives arising during the period	(3,581)	752	(2,829)	(4,745)	997	(3,748)
Total unrealized losses on derivatives	(3,581)	752	(2,829)	(4,745)	997	(3,748)
Total other comprehensive loss	\$ (17,697)	\$ 3,716	\$ (13,981)	\$ (36,539)	\$ 7,674	\$ (28,865)

	2023						2022		
	Accumulated Other Comprehensive Income			Accumulated Other Comprehensive Income					
	Securities Available for Sale	Post-Retirement Obligation	Derivatives	(Loss)	Securities Available for Sale	Post-Retirement Obligation	Derivatives	(Loss)	
(dollars in thousands)									
Balance at December 31	\$ (107,471)	\$ 268	\$ (30,489)	\$ (137,692)	\$ (3,317)	\$ 95	\$ (5,546)	\$ (8,768)	
Other comprehensive income (loss) before reclassification adjustment	8,535	—	4,587	13,122	(45,228)	—	(14,162)	(59,390)	
Amounts reclassified from accumulated other comprehensive (loss) income	—	—	—	—	(2)	—	—	(2)	
Net other comprehensive income (loss) during the period	8,535	—	4,587	13,122	(45,230)	—	(14,162)	(59,392)	
Balance at March 31	\$ (98,936)	\$ 268	\$ (25,902)	\$ (124,570)	\$ (48,547)	\$ 95	\$ (19,708)	\$ (68,160)	

ITEM 1. Financial Statements and Supplementary Data

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

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

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	2023				2022			
	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income
				(Loss)				(Loss)
(dollars in thousands)								
Balance at December 31	\$ (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)
Amounts reclassified from accumulated other comprehensive (loss) income	—	—	—	—	(2)	—	—	(2)
Net other comprehensive loss during the period	(2,617)	—	1,758	(859)	(70,347)	—	(17,910)	(88,257)
Balance at June 30	\$ (110,088)	\$ 268	\$ (28,731)	\$ (138,551)	\$ (73,664)	\$ 95	\$ (23,456)	\$ (97,025)

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

	2023				2022			
	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income	Securities Available for Sale	Post-Retirement Obligation	Derivatives	Accumulated Other Comprehensive Income
				(Loss)				(Loss)
(dollars in thousands)								
Balance at March 31	\$ (98,936)	\$ 268	\$ (25,902)	\$ (124,570)	\$ (48,547)	\$ 95	\$ (19,708)	\$ (68,160)
Other comprehensive loss before reclassification adjustment	(11,152)	—	(2,829)	(13,981)	(25,117)	—	(3,748)	(28,865)
Amounts reclassified from accumulated other comprehensive (loss) income	—	—	—	—	—	—	—	—
Net other comprehensive loss during the period	(11,152)	—	(2,829)	(13,981)	(25,117)	—	(3,748)	(28,865)
Balance at June 30	\$ (110,088)	\$ 268	\$ (28,731)	\$ (138,551)	\$ (73,664)	\$ 95	\$ (23,456)	\$ (97,025)

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 three six months ended March 31: June 30:

		2023		2022		2023		2022	
		(dollars in thousands)				(dollars in thousands)			
Cash paid during the period for:	Cash paid during the period for:					Cash paid during the period for:			
Interest	Interest	\$ 18,252	\$ 1,755			Interest	\$ 52,038	\$ 5,946	
Income taxes	Income taxes	19	9,020			Income taxes	16,924	16,621	
Non-cash investing and financing activities:	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	536	647			Loans transferred to other real estate owned and repossessed assets	1,443	1,313	
Loans transferred from held to maturity to held for sale	Loans transferred from held to maturity to held for sale	28,714	18,627			Loans transferred from held to maturity to held for sale	60,611	31,519	
Loans transferred from available for sale to held to maturity	Loans transferred from available for sale to held to maturity	(519)	—			Loans transferred from available for sale to held to maturity	(519)	—	
Gross increase (decrease) in market value adjustment to securities available for sale		10,356	(57,254)						

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)
Gross increase (decrease) in market value adjustment to derivatives	Gross increase (decrease) in market value adjustment to derivatives	5,806	(17,926)	
Increase in limited partnership investment unfunded commitment	Increase in limited partnership investment unfunded commitment	4,464	—	
Noncash treasury stock reissuance	Noncash treasury stock reissuance	1,966	1,947	
Net assets acquired through acquisition	Net assets acquired through acquisition	69,778	—	
Unsettled treasury stock repurchases				
Proceeds from death benefit on bank owned life insurance not received	103	397		

ITEM 1. Financial Statements and Supplementary Data

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

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:

	Weighted average common shares issued	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2023	2022	2023	2022	2023	2022
Weighted average common shares issued	Weighted average common shares issued	120,266,238	113,914,902	Weighted average common shares issued	123,603,380	113,914,902	121,944,027
Average treasury stock shares	Average treasury stock shares	(20,498,898)	(19,654,309)	Average treasury stock shares	(20,824,677)	(19,666,599)	(20,659,899)
Average deferred compensation shares	Average deferred compensation shares	(55,821)	(55,684)	Average deferred compensation shares	(55,859)	(55,713)	(55,840)
Average unearned nonvested shares		(150,688)	(126,210)				
Average unearned non-vested shares				Average unearned non-vested shares	(192,792)	(172,350)	(171,856)
							(149,408)

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	Weighted average common shares and common stock equivalents used to calculate basic earnings per share	99,560,831	94,078,699	102,530,052	94,020,240	101,056,432	94,049,308
Additional common stock equivalents (nonvested stock) used to calculate diluted earnings per share								
163,133	176,913							
Additional common stock equivalents (nonvested stock) used to calculate diluted earnings per share								
173,818	169,779	169,071	168,749					
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	Additional common stock equivalents (deferred compensation) used to calculate diluted earnings per share	55,852	55,712	56,396	55,751	56,396	55,751
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	Weighted average common shares and common stock equivalents used to calculate diluted earnings per share	99,779,816	94,311,324	102,760,266	94,245,770	101,281,899	94,273,808
Per Share Data:	Per Share Data:	Per Share Data:						
Basic Earnings per Share	Basic Earnings per Share	Basic Earnings per Share	\$ 0.30	\$ 0.29	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62
Diluted Earnings per Share	Diluted Earnings per Share	Diluted Earnings per Share	\$ 0.30	\$ 0.29	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62

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 ~~three~~ six months ended March 31, June 30, because to do so would have been antidilutive.

		2023				2022				2023				2022			
		Price Range		Price Range		Price Range		Price Range		Price Range		Price Range		Price Range		Price Range	
		Shares	From	To	Shares	From	To	Shares	From	To	Shares	From	To	Shares	From	To	
Restricted Stock	Restricted Stock	139,476	\$ 12.77	\$ 16.43	23,621	\$ 15.81	\$ 16.25	Restricted Stock	139,684	\$ 12.77	\$ 16.43	117,684	\$ 13.72	\$ 16.43			
Restricted Stock Units	Restricted Stock Units	17,667	\$ 17.53	\$ 17.53	12,793	\$ 21.08	\$ 21.08	Restricted Stock Units	28,769	\$ 17.53	\$ 17.53	64,785	\$ 16.56	\$ 21.08			

ITEM 1. Financial Statements and Supplementary Data

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

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:

	Financial instruments whose contract amounts represent credit risk:	March 31, 2023		December 31, 2022		June 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	\$ 2,478,090		\$ 2,356,539		Commitments to extend credit	\$ 2,576,168	\$ 2,356,539	
Financial standby letters of credit	Financial standby letters of credit	19,676		18,417		Financial standby letters of credit	19,190	18,417	
Performance standby letters of credit	Performance standby letters of credit	13,401		12,853		Performance standby letters of credit	14,625	12,853	
Commercial letters of credit	Commercial letters of credit	886		573		Commercial letters of credit	876	573	

ITEM 1. Financial Statements and Supplementary Data

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

The notional amounts outstanding as of **March 31, 2023** **June 30, 2023** include amounts issued in 2023 of **\$0.1 million** **\$0.5 million** in performance standby letters of credit and **\$0.3 million** in financial standby letters of credit. There were no financial standby letters of credit or commercial letters of credit issued in 2023. A liability of \$0.1 million has been recorded as of both **March 31, 2023** **June 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 **\$8.2 million** **\$7.8 million** and \$10.0 million as of **March 31, 2023** **June 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 **March 31, 2023** **June 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
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

		March 31, 2023				December 31, 2022				June 30, 2023			
		Gross		Gross		Gross		Gross		Gross		Gross	
		Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
		(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	\$ 3,995	\$ 45	\$ (144)	\$ 3,896	\$ 4,127	\$ 37	\$ (181)	\$ 3,983	\$ 3,851	\$ 23	\$ (167)	\$ 3,707
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	319,133	—	(49,250)	269,883	324,306	—	(52,890)	271,416	337,197	—	(57,545)	279,652
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	512,277	72	(72,106)	440,243	527,777	59	(78,847)	448,989	496,213	34	(77,025)	419,222
Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	1,000	—	(107)	893	1,000	—	(118)	882	1,000	—	(117)	883
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	9,479	1	(1,075)	8,405	9,482	—	(1,295)	8,187	9,231	—	(1,217)	8,014
Corporate Securities	Corporate Securities	30,414	20	(3,141)	27,293	32,010	179	(2,985)	29,204	30,417	—	(3,786)	26,631
Total Securities Available for Sale	Total Securities Available for Sale	\$ 876,298	\$ 138	\$ (125,823)	\$ 750,613	\$ 898,702	\$ 275	\$ (136,316)	\$ 762,661	\$ 877,909	\$ 57	\$ (139,857)	\$ 738,109
													\$ 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.

ITEM 1. Financial Statements and Supplementary Data

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

The amortized cost and estimated fair value of debt securities available for sale at **March 31, 2023** **June 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	\$	5,998	\$	5,888	Due within 1 year	\$	6,253	\$	6,179	
Due after 1 but within 5 years	Due after 1 but within 5 years					Due after 1 but within 5 years		2,386		2,233	
Due after 5 but within 10 years	Due after 5 but within 10 years		32,010		27,940	Due after 5 but within 10 years		32,009		27,116	
Due after 10 years	Due after 10 years		—		—	Due after 10 years		—		—	
			40,893		36,591			40,648		35,528	
Mortgage-Backed Securities (a)	Mortgage-Backed Securities (a)		835,405		714,022	Mortgage-Backed Securities (a)		837,261		702,581	
Total Debt Securities	Total Debt Securities	\$	876,298	\$	750,613	Total Debt Securities	\$	877,909	\$	738,109	

(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 \$323.1 million \$341.0 million and a fair value of \$273.8 million \$283.4 million for Obligations of U.S. Government agencies issued by Ginnie Mae and an amortized cost of \$512.3 million \$496.2 million and a fair value of \$440.2 million \$419.2 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 **three six** months ended **March 31: June 30:**

	2023	2022
	(dollars in thousands)	
Proceeds from sales	\$ 30,686	\$ —
Gross gains (losses) realized:		
Sales transactions:		
Gross gains	\$ —	\$ —
Gross losses	—	—
Maturities		
Gross gains	—	2
Gross losses	—	—
Net gains	\$ —	\$ 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 were recorded at fair value at the time of acquisition and subsequently sold at the same value.

Securities available for sale with an estimated fair value of \$431.0 million \$406.6 million and \$626.7 million were pledged as of **March 31, 2023** **June 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*
FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Securities Held to Maturity

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

	March 31, 2023				December 31, 2022				June 30, 2023				
	Gross		Gross		Gross		Gross		Gross		Gross		
	Amortized	Unrealized	Unrealized	Estimated	Amortized	Unrealized	Unrealized	Estimated	Amortized	Unrealized	Unrealized	Estimated	
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value	
(dollars in thousands)													
Obligations of U.S. Government Agencies:	Obligations of U.S. Government Agencies:												

Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	\$ 1,907	\$ —	\$ (181)	\$ 1,726	\$ 2,008	\$ —	\$ (224)	\$ 1,784	Mortgage-Backed Securities – Residential	\$ 1,819	\$ —	\$ (201)	\$ 1,618	\$ 2,008
Mortgage-Backed Securities-Commercial	Mortgage-Backed Securities-Commercial	74,052	—	(13,162)	60,890	75,229	—	(14,196)	61,033	Mortgage-Backed Securities-Commercial	72,274	—	(15,641)	56,633	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	321,247	—	(49,529)	271,718	329,267	—	(53,002)	276,265	Mortgage-Backed Securities – Residential	312,326	—	(52,201)	260,125	329,267
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	4,137	—	(89)	4,048	4,794	—	(129)	4,665	Mortgage-Backed Securities – Commercial	3,497	—	(80)	3,417	4,794
Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	22,301	—	(4,238)	18,063	22,221	—	(4,501)	17,720	Other Government-Sponsored Enterprises	22,381	—	(4,362)	18,019	22,221
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	26,634	1	(2,289)	24,346	26,643	—	(2,865)	23,778	Obligations of States and Political Subdivisions	26,625	—	(2,772)	23,853	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	—	(50)	950	1,000
Total Securities Held to Maturity	Total Securities Held to Maturity	\$ 451,278	\$ 1	\$ (69,538)	\$ 381,741	\$ 461,162	\$ —	\$ (74,957)	\$ 386,205	Total Securities Held to Maturity	\$ 439,922	\$ —	\$ (75,307)	\$ 364,615	\$ 461,162

The amortized cost and estimated fair value of debt securities held to maturity at **March 31, 2023** **June 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 after 1 but within 5 years	Due after 5 but within 10 years	Due after 10 years	Mortgage-Backed Securities (a)	Total Debt Securities	Due within 1 year	Due after 1 but within 5 years	Due after 5 but within 10 years	Due after 10 years	Mortgage-Backed Securities (a)	Total Debt Securities	
Due within 1 year	Due within 1 year	\$ 1,145	\$ 9,816	\$ 38,411	\$ 563	\$ 49,935	\$ 451,278	\$ 1,145	\$ 9,462	\$ 32,299	\$ 453	\$ 43,359	\$ 381,741	
Due after 1 but within 5 years	Due after 1 but within 5 years													
Due after 5 but within 10 years	Due after 5 but within 10 years													
Due after 10 years	Due after 10 years													
Mortgage-Backed Securities (a)	Mortgage-Backed Securities (a)													
Total Debt Securities	Total Debt Securities	\$ 451,278	\$ 401,343	\$ 338,382	\$ 381,741	\$ 439,916	\$ 439,922	\$ 1,140	\$ 11,814	\$ 36,484	\$ 563	\$ 50,006	\$ 321,793	\$ 364,615

(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 **\$76.0 million** **\$74.1 million** and a fair value of **\$62.6 million** **\$58.3 million** for Obligations of U.S. Government agencies issued by Ginnie Mae and an amortized cost of **\$325.4 million** **\$315.8 million** and a fair value of **\$275.8 million** **\$263.5 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 **\$115.9 million** **\$118.9 million** and \$368.8 million were pledged as of **March 31, 2023** **June 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

ITEM 1. *Financial Statements and Supplementary Data*

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

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 **March 31, 2023** **June 30, 2023** and December 31, 2022, our FHLB stock totaled **\$30.0 million** **\$40.2 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 months ended **March 31, 2023** **June 30, 2023**.

As of both **March 31, 2023** **June 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 **three-months** **six-months** ended **March 31, 2023** **June 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 **March 31, 2023** **June 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																							
		Gross			Gross			Gross			Gross			Gross			Gross																				
		Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized	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	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses																		
(dollars in thousands)																																					
Obligations of	Obligations of																																				
U.S.	U.S.																																				
Government	Government																																				
Agencies:	Agencies:																																				
Mortgage- Backed	Mortgage- Backed																																				
Securities –	Securities –																																				
Residential	Residential	\$	—	\$	—	\$	3,639	\$	(325)	\$	3,639	\$	(325)																								
Mortgage- Backed	Mortgage- Backed																																				
Securities –	Securities –																																				
Commercial	Commercial	7,076	(232)	323,697	(62,180)	330,773	(62,412)																														
Obligations of	Obligations of																																				
U.S.	U.S.																																				
Government-	Government-																																				
Sponsored	Sponsored																																				
Enterprises:	Enterprises:																																				

Mortgage-Backed Securities – Residential	Mortgage-Backed Securities – Residential	15,351	(551)	693,339	(121,084)	708,690	(121,635)	Mortgage-Backed Securities – Residential	11,080	(546)	666,343	(128,680)	677,423	(129,226)
Mortgage-Backed Securities – Commercial	Mortgage-Backed Securities – Commercial	4,048	(89)	—	—	4,048	(89)	Mortgage-Backed Securities – Commercial	—	—	3,418	(80)	3,418	(80)
Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	—	—	18,956	(4,345)	18,956	(4,345)	Other Government-Sponsored Enterprises	—	—	18,902	(4,479)	18,902	(4,479)
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	8,458	(163)	20,802	(3,201)	29,260	(3,364)	Obligations of States and Political Subdivisions	9,018	(235)	22,403	(3,754)	31,421	(3,989)
Debt Securities Issued by Foreign Governments	Debt Securities Issued by Foreign Governments	197	(4)	554	(46)	751	(50)	Debt Securities Issued by Foreign Governments	198	(3)	753	(47)	951	(50)
Corporate Securities	Corporate Securities	12,621	(799)	12,660	(2,342)	25,281	(3,141)	Corporate Securities	11,138	(278)	15,492	(3,508)	26,630	(3,786)
Total Securities	Total Securities	\$ 47,751	\$ (1,838)	\$ 1,073,647	\$ (193,523)	\$ 1,121,398	\$ (195,361)	Total Securities	\$ 55,948	\$ (1,346)	\$ 1,042,879	\$ (213,818)	\$ 1,098,827	\$ (215,164)

At **March 31, 2023** **June 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 **March 31, 2023** **June 30, 2023**, there are **202** **219** 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 Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross 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 **March 31, 2023** **June 30, 2023**, our corporate securities had an amortized cost and an estimated fair value of \$30.4 million and **\$27.3 million** **\$26.6 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 **seven** **eight** and six corporate securities, respectively, in an unrealized loss position as of **March 31, 2023** **June 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 **three** **six** months ended **March 31, 2023** **June 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 **\$6.7** **\$7.4** million and \$5.9 million as of **March 31, 2023** **June 30, 2023** and December 31, 2022, respectively, and discounts on purchased loans from acquisitions were **\$33.5** **\$30.1** million and \$5.4 million as of **March 31, 2023** **June 30, 2023** and December 31, 2022, respectively. The following table provides outstanding balances related to each of our loan types:

		March 31, 2023		December 31, 2022		June 30, 2023		December 31, 2022		
		(dollars in thousands)						(dollars in thousands)		
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$	1,471,079	\$	1,211,706	Commercial, financial, agricultural and other	\$	1,501,994	\$	1,211,706
Time and demand	Time and demand		1,254,315		1,023,824	Time and demand		1,229,231		1,023,824
Commercial credit cards	Commercial credit cards		13,706		13,920	Commercial credit cards		13,119		13,920
Equipment finance	Equipment finance		109,221		79,674	Equipment finance		154,152		79,674
Time and demand other	Time and demand other		93,837		94,288	Time and demand other		105,492		94,288
Real estate construction	Real estate construction		541,902		513,101	Real estate construction		574,799		513,101
Construction other	Construction other		422,831		395,439	Construction other		474,720		395,439
Construction residential	Construction residential		119,071		117,662	Construction residential		100,079		117,662
Residential real estate	Residential real estate		2,323,867		2,194,669	Residential real estate		2,364,109		2,194,669
Residential first lien	Residential first lien		1,660,433		1,547,192	Residential first lien		1,694,744		1,547,192
Residential junior lien/home equity	Residential junior lien/home equity		663,434		647,477	Residential junior lien/home equity		669,365		647,477
Commercial real estate	Commercial real estate		2,991,930		2,425,012	Commercial real estate		3,004,962		2,425,012
Multifamily	Multifamily		484,193		431,151	Multifamily		515,875		431,151
Nonowner occupied	Nonowner occupied		1,817,453		1,510,347	Nonowner occupied		1,815,364		1,510,347
Owner occupied	Owner occupied		690,284		483,514	Owner occupied		673,723		483,514
Loans to individuals	Loans to individuals		1,328,167		1,297,655	Loans to individuals		1,353,972		1,297,655
Automobile and recreational vehicles	Automobile and recreational vehicles		1,244,874		1,210,451	Automobile and recreational vehicles		1,272,557		1,210,451
Consumer credit cards	Consumer credit cards		9,886		10,657	Consumer credit cards		9,943		10,657
Consumer other	Consumer other		73,407		76,547	Consumer other		71,472		76,547
Total loans and leases	Total loans and leases	\$	8,656,945	\$	7,642,143	Total loans and leases	\$	8,799,836	\$	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 **March 31, 2023** **June 30, 2023** and December 31, 2022, this category includes **\$5.3 million** **\$2.9 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 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 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 3.47% 3.52% and during the one-year forecast period it was projected to average 4.42% 4.47%, with a peak of 4.84% 4.83%.

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:

		March 31, 2023						June 30, 2023					
		Non-Pass						Non-Pass					
		Pass		OAEM		Substandard		Doubtful		Loss		Pass	
		(dollars in thousands)											
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$1,368,580	\$ 63,654	\$ 38,845	\$ —	\$ —	\$ 102,499	\$ 1,471,079					
Time and demand	Time and demand	1,152,045	63,654	38,616	—	—	102,270	1,254,315	Time and demand	1,117,957	69,846	41,428	—
Commercial credit cards	Commercial credit cards	13,706	—	—	—	—	—	13,706	Commercial credit cards	13,119	—	—	—
Equipment finance	Equipment finance	109,020	—	201	—	—	201	109,221	Equipment finance	154,028	—	124	—
Time and demand other	Time and demand other	93,809	—	28	—	—	28	93,837	Time and demand other	105,471	—	21	—
Real estate construction	Real estate construction	540,264	1,638	—	—	—	1,638	541,902	Real estate construction	573,123	1,676	—	—
Construction other	Construction other	421,193	1,638	—	—	—	1,638	422,831	Construction other	473,044	1,676	—	—
Construction residential	Construction residential	119,071	—	—	—	—	—	119,071	Construction residential	100,079	—	—	—
Residential real estate	Residential real estate	2,313,412	2,119	8,336	—	—	10,455	2,323,867	Residential real estate	2,354,041	2,091	7,977	—
													10,068
													2,364,10

Residential first lien	Residential first lien	1,654,259	2,119	4,055	—	—	6,174	1,660,433	Residential first lien	1,688,793	2,091	3,860	—	—	5,951	1,694,74
Residential junior lien/home equity	Residential junior lien/home equity	659,153	—	4,281	—	—	4,281	663,434	Residential junior lien/home equity	665,248	—	4,117	—	—	4,117	669,36
Commercial real estate	Commercial real estate	2,917,078	45,500	29,352	—	—	74,852	2,991,930	Commercial real estate	2,921,522	57,039	26,401	—	—	83,440	3,004,96
Multifamily	Multifamily	483,668	479	46	—	—	525	484,193	Multifamily	515,296	470	109	—	—	579	515,87
Nonowner occupied	Nonowner occupied	1,765,458	28,201	23,794	—	—	51,995	1,817,453	Nonowner occupied	1,760,549	32,010	22,805	—	—	54,815	1,815,36
Owner occupied	Owner occupied	667,952	16,820	5,512	—	—	22,332	690,284	Owner occupied	645,677	24,559	3,487	—	—	28,046	673,72
Loans to individuals	Loans to individuals	1,327,738	—	429	—	—	429	1,328,167	Loans to individuals	1,353,504	—	468	—	—	468	1,353,97
Automobile and recreational vehicles	Automobile and recreational vehicles	1,244,519	—	355	—	—	355	1,244,874	Automobile and recreational vehicles	1,272,207	—	350	—	—	350	1,272,55
Consumer credit cards	Consumer credit cards	9,886	—	—	—	—	—	9,886	Consumer credit cards	9,943	—	—	—	—	—	9,94
Consumer other	Consumer other	73,333	—	74	—	—	74	73,407	Consumer other	71,354	—	118	—	—	118	71,47
Total loans and leases	Total loans and leases	\$8,467,072	\$112,911	\$ 76,962	\$ —	\$—	\$189,873	\$8,656,945	Total loans and leases	\$8,592,765	\$130,652	\$ 76,419	\$ —	\$—	\$207,071	\$8,799,83

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	December 31, 2022											
	Non-Pass											
	Pass	OAEM	Substandard	Doubtful	Loss	Total Non-Pass			Total			
(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:

Time and demand	Time and demand	March 31, 2023										June 30, 2023									
		Term Loans					Revolving					Term Loans					Term Loans				
		2023	2022	2021	2020	2019	Prior	Loans	Total	2023	2022	2021	2020	2019	Prior	2023	2022	2021	2020	2019	
		(dollars in thousands)																			
Pass	Pass	48,152	\$229,873	\$173,699	\$84,221	\$92,893	\$108,814	\$516,663	\$1,254,315	Time and demand	\$86,981	\$222,631	\$159,642	\$75,577	\$73,505	Time and demand	\$86,981	\$222,631	\$159,642	\$75,577	\$73,505
OAEM	OAEM	—	14,630	2,806	1,547	1,604	1,224	41,843	63,654	OAEM	—	9,190	10,021	2,271	5,250	Substandard	591	5,153	7,829	8,914	6,827
Substandard	Substandard	—	—	7,452	9,400	9,259	2,809	9,696	38,616	Gross charge-offs	—	—	—	—	—	Gross charge-offs	—	—	—	—	(2,312)
Gross charge-offs	Gross charge-offs	—	—	—	—	—	(14)	(241)	(255)	Gross recoveries	—	—	—	—	—	Gross recoveries	—	—	—	53	4
Gross recoveries	Gross recoveries	—	—	—	34	4	78	—	116	Commercial credit cards	—	—	—	—	—	Commercial credit cards	—	—	—	—	—
Commercial credit cards	Commercial credit cards	—	—	—	—	—	—	—	13,706	13,706	Pass	—	—	—	—	Pass	—	—	—	—	—
Pass	Pass	—	—	—	—	—	—	—	13,706	13,706	Gross charge-offs	—	—	—	—	Gross charge-offs	—	—	—	—	—
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	(26)	(26)	Gross recoveries	—	—	—	—	Gross recoveries	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	—	2	2	Time and demand other	—	—	—	—	Time and demand other	—	—	—	—	—

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Equipment finance	Equipment finance	March 31, 2023										June 30, 2023									
		Term Loans					Revolving					Term Loans					Term Loans				
		2023	2022	2021	2020	2019	Prior	Loans	Total	2023	2022	2021	2020	2019	Prior	2023	2022	2021	2020	2019	
		(dollars in thousands)																			
Pass	Pass	33,014	76,207	—	—	—	—	—	109,221	Equipment finance	82,329	71,823	—	—	—	Equipment finance	82,329	71,823	—	—	—
Substandard	Substandard	—	201	—	—	—	—	—	201	Pass	82,329	71,699	—	—	—	Substandard	—	124	—	—	—
Gross charge-offs	Gross charge-offs	—	(45)	—	—	—	—	—	(45)	Gross charge-offs	—	(45)	—	—	—	Gross charge-offs	—	(45)	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	—	—	Gross recoveries	—	—	—	—	—	Gross recoveries	—	—	—	—	—
Time and demand other	Time and demand other	2,251	5,879	19,698	20,130	3,624	39,653	2,602	93,837	Time and demand other	1,954	6,458	18,254	20,143	3,368	Time and demand other	1,954	6,458	18,254	20,143	3,368
Pass	Pass	2,251	5,879	19,698	20,130	3,624	39,625	2,602	93,809	Pass	1,954	6,458	18,254	20,143	3,368	Pass	1,954	6,458	18,254	20,143	3,368
Substandard	Substandard	—	—	—	—	—	—	28	28	Substandard	—	—	—	—	—	Substandard	—	—	—	—	21
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	(337)	(337)	Gross charge-offs	—	—	—	—	—	Gross charge-offs	—	—	—	—	—
Gross recoveries	Gross recoveries	—	—	—	—	—	—	—	41	Gross recoveries	—	—	—	—	—	Gross recoveries	—	—	—	—	—
Construction other	Construction other	2,156	117,145	201,349	65,640	21,922	14,310	309	422,831	Construction other	26,406	150,560	210,341	51,140	21,686	Construction other	26,406	150,560	210,341	51,140	21,686
Pass	Pass	2,156	117,145	199,711	65,640	21,922	14,310	309	421,193	Pass	26,406	150,560	208,665	51,140	21,686	Pass	26,406	150,560	208,665	51,140	21,686

OAEM	OAEM	—	—	1,638	—	—	—	—	1,638	OAEM	—	—	1,676	—	—	—	
Gross	Gross									Gross							
charge-offs	charge-offs	—	—	—	—	—	—	—	—	charge-offs	—	—	—	—	—	—	
Gross	Gross									Gross							
recoveries	recoveries	—	—	—	—	—	—	—	—	recoveries	—	—	—	—	—	—	
Construction	Construction									Construction							
residential	residential	1,842	103,518	4,429	5,376	3,208	—	698	119,071	residential	7,649	79,708	2,752	5,593	3,549	—	
Pass	Pass	1,842	103,518	4,429	5,376	3,208	—	698	119,071	Pass	7,649	79,708	2,752	5,593	3,549	—	
Gross	Gross									Gross							
charge-offs	charge-offs	—	—	—	—	—	—	—	—	charge-offs	—	—	—	—	—	—	
Gross	Gross									Gross							
recoveries	recoveries	—	—	—	—	—	—	—	—	recoveries	—	—	—	—	—	—	
Residential	Residential									Residential							
first lien	first lien	26,936	300,936	559,299	339,378	102,937	328,714	2,233	1,660,433	first lien	63,442	333,721	548,684	331,918	100,996	313,784	
Pass	Pass	26,936	300,872	557,367	339,288	102,120	325,707	1,969	1,654,259	Pass	63,438	333,721	546,717	331,828	100,189	310,968	
OAEM	OAEM	—	—	1,571	—	130	341	77	2,119	OAEM	—	—	1,556	—	127	331	
Substandard	Substandard	—	64	361	90	687	2,666	187	4,055	Substandard	4	—	411	90	680	2,485	
Gross	Gross									Gross							
charge-offs	charge-offs	—	(1)	—	(4)	(1)	(10)	—	(16)	charge-offs	—	(1)	—	(4)	(1)	(11)	
Gross	Gross									Gross							
recoveries	recoveries	—	—	—	—	—	—	26	—	recoveries	—	—	—	—	—	43	
Residential	Residential									Residential							
junior	junior									junior							
lien/home	lien/home									lien/home							
equity	equity	10,373	77,342	49,009	1,563	3,220	6,280	515,667	663,434	equity	29,270	74,900	47,459	2,031	2,777	5,983	
Pass	Pass	10,373	77,342	49,009	1,563	3,155	6,181	511,530	659,153	Pass	29,270	74,900	47,459	2,031	2,715	5,907	
Substandard	Substandard	—	—	—	—	65	79	4,137	4,281	Substandard	—	—	—	—	62	76	
Gross	Gross									Gross							
charge-offs	charge-offs	—	—	—	—	—	—	(63)	(63)	charge-offs	—	—	—	—	—	—	
Gross	Gross									Gross							
recoveries	recoveries	—	—	—	—	—	—	1	11	recoveries	—	—	—	—	—	—	
12																	
Multifamily	Multifamily	1,863	154,628	101,627	79,771	32,764	111,833	1,707	484,193	Multifamily	3,346	155,372	122,015	91,119	32,161	110,074	
Pass	Pass	1,863	154,628	101,627	79,771	32,764	111,308	1,707	483,668	Pass	3,346	155,372	122,015	91,119	32,161	109,495	
OAEM	OAEM	—	—	—	—	—	—	479	—	OAEM	—	—	—	—	—	470	
Substandard	Substandard	—	—	—	—	—	—	46	—	Substandard	—	—	—	—	—	109	
Gross	Gross									Gross							
charge-offs	charge-offs	—	—	—	—	—	—	—	—	charge-offs	—	—	—	—	—	—	
Gross	Gross									Gross							
recoveries	recoveries	—	—	—	—	—	—	—	—	recoveries	—	—	—	—	—	—	
Nonowner	Nonowner									Nonowner							
occupied	occupied	37,368	401,997	214,359	163,827	247,824	742,094	9,984	1,817,453	occupied	121,605	414,983	167,587	164,734	233,055	703,777	
Pass	Pass	37,368	401,523	214,359	159,321	246,350	697,715	8,822	1,765,458	Pass	121,605	414,501	167,587	156,955	231,429	658,914	
OAEM	OAEM	—	—	—	—	4,506	1,474	21,219	1,002	28,201	OAEM	—	—	—	7,779	1,468	22,763
Substandard	Substandard	—	474	—	—	—	—	23,160	160	23,794	Substandard	—	482	—	—	158	22,100
Gross	Gross									Gross							
charge-offs	charge-offs	—	—	—	—	—	—	—	—	charge-offs	—	—	—	—	—	—	
Gross	Gross									Gross							
recoveries	recoveries	—	—	—	—	—	—	38	—	recoveries	—	—	—	—	—	124	
Owner	Owner									Owner							
occupied	occupied	23,235	163,650	140,176	95,510	67,131	190,969	9,613	690,284	occupied	41,099	153,235	139,364	89,967	64,318	176,186	
Pass	Pass	23,235	163,055	139,972	88,836	56,667	186,685	9,502	667,952	Pass	41,099	152,637	137,735	85,417	46,209	173,102	
OAEM	OAEM	—	595	182	5,089	9,798	1,123	33	16,820	OAEM	—	598	1,007	3,801	17,454	1,666	
Substandard	Substandard	—	—	22	1,585	666	3,161	78	5,512	Substandard	—	—	622	749	655	1,418	
Gross	Gross									Gross							
charge-offs	charge-offs	—	—	—	—	—	—	—	—	charge-offs	—	—	—	—	—	(1,517)	

Gross recoveries	Gross recoveries	—	—	—	—	—	4	—	4	Gross recoveries	—	—	—	—	—	12
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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)

March 31, 2023												June 30, 2023					
		Term Loans						Revolving				Term Loans					
		2023	2022	2021	2020	2019	Prior	Loans	Total	2023	2022	2021	2020	2019			
		(dollars in thousands)												(dollars in thousands)			
Automobile and recreational vehicles																	
Pass	Pass	129,646	575,915	304,240	157,298	59,302	18,473	—	1,244,874	255,446	533,069	278,997	141,368				
Substandard	Substandard	—	26	43	94	118	74	—	355	Substandard	—	—	40	142			
Gross charge-offs	Gross charge-offs	—	(266)	(199)	(196)	(102)	(39)	—	(802)	Gross charge-offs	—	(638)	(361)	(321)			
Gross recoveries	Gross recoveries	—	60	80	92	98	60	—	390	Gross recoveries	—	111	106	212			
Consumer credit cards	Consumer credit cards	—	—	—	—	—	—	9,886	9,886	Consumer credit cards	—	—	—	—			
Pass	Pass	—	—	—	—	—	—	9,886	9,886	Pass	—	—	—	—			
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	(66)	(66)	Gross charge-offs	—	—	—	—			
Gross recoveries	Gross recoveries	—	—	—	—	—	—	17	17	Gross recoveries	—	—	—	—			
Consumer other	Consumer other	1,792	5,998	16,226	2,185	2,943	4,818	39,445	73,407	Consumer other	3,454	5,453	15,024	1,964			
Pass	Pass	1,792	5,998	16,226	2,185	2,924	4,814	39,394	73,333	Pass	3,454	5,453	15,024	1,964			
Substandard	Substandard	—	—	—	—	19	4	51	74	Substandard	—	—	—	—			
Gross charge-offs	Gross charge-offs	—	(44)	(27)	(3)	(19)	(6)	(174)	(273)	Gross charge-offs	—	(75)	(27)	(6)			
Gross recoveries	Gross recoveries	—	—	—	1	4	18	41	64	Gross recoveries	—	49	1	5			
Total loans and leases	Total loans and leases	\$318,628	\$2,213,088	\$1,784,111	\$1,014,899	\$637,768	\$1,565,938	\$1,122,513	\$8,656,945	Total loans and leases	\$722,981	\$2,201,913	\$1,710,119	\$975,554			
Total charge-offs	Total charge-offs	—	(356)	(226)	(203)	(122)	(69)	(907)	(1,883)	Total charge-offs	—	(759)	(388)	(331)			
Total recoveries	Total recoveries	—	60	80	127	106	225	112	710	Total recoveries	—	160	107	270			

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																
(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 **three** **six** months ended **March 31, 2023** **June 30, 2023** and 2022 were **\$1.2 million** **\$9.8 million** and **\$1.1 million** **\$2.7 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 March 31, 2023 June 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.

		March 31, 2023							June 30, 2023								
		90 days							90 days								
		30 - 59 days past due		60 - 89 days past due		greater and still accruing			Total past due and nonaccrual		30 - 59 days past due		60 - 89 days past due		greater and still accruing		
		due	due	due	due	Nonaccrual	Nonaccrual	Current	Total	due	due	Nonaccrual	Nonaccrual	Current	Total		
(dollars in thousands)														(dollars in thousands)			
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 1,470	\$ 311	\$ 551	\$ 12,364	\$ 14,696	\$ 1,456,383	\$ 1,471,079		Commercial, financial, agricultural and other	\$ 1,680	\$ 433	\$ 547	\$ 17,030	\$ 19,690	\$ 1,482,304	\$ 1,501
Time and demand	Time and demand	1,462	293	548	12,163	14,466	1,239,849	1,254,315		Time and demand	1,452	429	546	16,907	19,334	1,209,897	1,229
Commercial credit cards	Commercial credit cards	6	18	1	—	25	13,681	13,706		Commercial credit cards	54	4	—	—	58	13,061	13
Equipment finance	Equipment finance	—	—	—	201	201	109,020	109,221		Equipment finance	169	—	—	123	292	153,860	154
Time and demand other	Time and demand other	2	—	2	—	4	93,833	93,837		Time and demand other	5	—	1	—	6	105,486	105
Real estate construction	Real estate construction	833	—	—	—	833	541,069	541,902		Real estate construction	280	—	—	—	280	574,519	574
Construction other	Construction other	—	—	—	—	—	422,831	422,831		Construction other	280	—	—	—	280	474,440	474
Construction residential	Construction residential	833	—	—	—	833	118,238	119,071		Construction residential	—	—	—	—	—	100,079	100
Residential real estate	Residential real estate	3,787	1,821	280	7,655	13,543	2,310,324	2,323,867		Residential real estate	3,287	1,299	1,350	7,502	13,438	2,350,671	2,364
Residential first lien	Residential first lien	1,934	1,188	61	3,543	6,726	1,653,707	1,660,433		Residential first lien	1,973	876	827	3,548	7,224	1,687,520	1,694
Residential junior lien/home equity	Residential junior lien/home equity	1,853	633	219	4,112	6,817	656,617	663,434		Residential junior lien/home equity	1,314	423	523	3,954	6,214	663,151	669
Commercial real estate	Commercial real estate	4,623	21	—	23,786	28,430	2,963,500	2,991,930		Commercial real estate	4,525	154	—	23,009	27,688	2,977,274	3,004
Multifamily	Multifamily	68	—	—	—	68	484,125	484,193		Multifamily	—	—	—	68	68	515,807	515
Nonowner occupied	Nonowner occupied	1,941	—	—	21,111	23,052	1,794,401	1,817,453		Nonowner occupied	3,945	—	—	20,649	24,594	1,790,770	1,815
Owner occupied	Owner occupied	2,614	21	—	2,675	5,310	684,974	690,284		Owner occupied	580	154	—	2,292	3,026	670,697	673
Loans to individuals	Loans to individuals	2,141	802	609	429	3,981	1,324,186	1,328,167		Loans to individuals	3,396	639	577	468	5,080	1,348,892	1,353
Automobile and recreational vehicles	Automobile and recreational vehicles	1,786	586	205	355	2,932	1,241,942	1,244,874		Automobile and recreational vehicles	2,956	352	328	350	3,986	1,268,571	1,272
Consumer credit cards	Consumer credit cards	41	40	—	—	81	9,805	9,886		Consumer credit cards	45	13	—	—	58	9,885	9
Consumer other	Consumer other	314	176	404	74	968	72,439	73,407		Consumer other	395	274	249	118	1,036	70,436	71
Total loans and leases	Total loans and leases	\$ 12,854	\$ 2,955	\$ 1,440	\$ 44,234	\$ 61,483	\$ 8,595,462	\$ 8,656,945		Total loans and leases	\$ 13,168	\$ 2,525	\$ 2,474	\$ 48,009	\$ 66,176	\$ 8,733,660	\$ 8,799

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

ITEM 1. *Financial Statements and Supplementary Data*

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

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 **March 31, 2023** **June 30, 2023** and December 31, 2022, there were no nonperforming loans held for sale. During both the **three** **six** months ended **March 31, 2023** **June 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 **March 31, 2023** **June 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 **\$14.9 million** **\$18.7 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.

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

		March 31, 2023			December 31, 2022			June 30, 2023			December 31, 2022		
		Unpaid Recorded principal investment		Related allowance	Unpaid Recorded principal investment		Related allowance	Unpaid Recorded principal investment		Related allowance	Unpaid Recorded principal investment		Related allowance
		(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	\$ 1,808	\$ 10,187		\$ 3,141	\$ 9,555		Commercial, financial, agricultural and other	\$ 1,878	\$ 10,270	\$ 3,141	\$ 9,555	
Time and demand	Time and demand	1,607	9,978		3,141	9,555		Time and demand	1,755	10,147	3,141	9,555	
Equipment finance	Equipment finance	201	209		—	—		Equipment finance	123	123	—	—	
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	6,419	8,312		9,145	11,010		Residential real estate	6,266	8,071	9,145	11,010	
Residential first lien	Residential first lien	3,543	4,633		5,754	6,848		Residential first lien	3,548	4,618	5,754	6,848	
Residential junior lien/home equity	Residential junior lien/home equity	2,876	3,679		3,391	4,162		Residential junior lien/home equity	2,718	3,453	3,391	4,162	
Commercial real estate	Commercial real estate	22,689	25,685		21,505	24,119		Commercial real estate	22,409	24,509	21,505	24,119	
Multifamily	Multifamily	—	—		—	—		Multifamily	68	68	—	—	
Nonowner occupied	Nonowner occupied	20,938	23,063		20,155	22,565		Nonowner occupied	20,649	22,931	20,155	22,565	
Owner occupied	Owner occupied	1,751	2,622		1,350	1,554		Owner occupied	1,692	1,510	1,350	1,554	
Loans to individuals	Loans to individuals	429	470		528	563		Loans to individuals	468	535	528	563	

Automobile and recreational vehicles	Automobile and recreational vehicles	355	396	440	475	Automobile and recreational vehicles	350	418	440	475				
Consumer other	Consumer other	74	74	88	88	Consumer other	118	117	88	88				
Subtotal	Subtotal	31,345	44,654	34,319	45,247	Subtotal	31,021	43,385	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	10,556	13,881	\$ 9,071	1,168	1,186	\$ 711	15,152	15,826	\$ 12,404	1,168	1,186	\$ 711	
Time and demand	Time and demand	10,556	13,881	9,071	1,168	1,186	711	15,152	15,826	12,404	1,168	1,186	711	
Equipment finance	Equipment finance	—	—	—	—	—	—	—	—	—	—	—	—	
Time and demand other	Time and demand other	—	—	—	—	—	—	—	—	—	—	—	—	
Real estate construction	Real estate construction	—	—	—	—	—	—	—	—	—	—	—	—	
Construction other	Construction other	—	—	—	—	—	—	—	—	—	—	—	—	
Construction residential	Construction residential	—	—	—	—	—	—	—	—	—	—	—	—	
Residential real estate	Residential real estate	1,237	1,406	103	—	—	—	1,236	1,406	103	—	—	—	
Residential first lien	Residential first lien	—	—	—	—	—	—	Residential first lien	—	—	—	—	—	
Residential junior lien/home equity	Residential junior lien/home equity	1,237	1,406	103	—	—	—	Residential junior lien/home equity	1,236	1,406	103	—	—	
Commercial real estate	Commercial real estate	1,096	1,103	588	—	—	—	600	620	63	—	—	—	
Multifamily	Multifamily	—	—	—	—	—	—	Multifamily	—	—	—	—	—	
Nonowner occupied	Nonowner occupied	173	212	172	—	—	—	Nonowner occupied	—	—	—	—	—	
Owner occupied	Owner occupied	923	891	416	—	—	—	Owner occupied	600	620	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	12,889	16,390	9,762	1,168	1,186	711	Subtotal	16,988	17,852	12,570	1,168	1,186	711
Total	Total	\$ 44,234	\$ 61,044	\$ 9,762	\$ 35,487	\$ 46,433	\$ 711	Total	\$ 48,009	\$ 61,237	\$ 12,570	\$ 35,487	\$ 46,433	\$ 711

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 March 31,				For the Six Months Ended June 30,												
		2023		2022		2023		2022										
		Average recorded investment	Interest recognized	Average recorded investment	Interest recognized	Average recorded investment	Interest recognized	Average recorded investment	Interest recognized									
		(dollars in thousands)																
With no related allowance recorded:																		
With no related allowance recorded:																		
Commercial, financial, agricultural and other																		
Time and demand	Commercial, financial, agricultural and other	\$ 1,693	\$ —	\$ 3,561	\$ 29	Commercial, financial, agricultural and other	\$ 4,444	\$ (10)	\$ 3,883	\$ 50								
Equipment finance	Time and demand	1,455	—	3,561	29	Time and demand	4,283	(10)	3,883	50								
Time and demand other	Equipment finance	238	—	—	—	Equipment finance	161	—	—	—								
Real estate construction	Time and demand other	—	—	—	—	Time and demand other	—	—	—	—								
Construction other	Real estate construction	—	—	—	—	Real estate construction	—	—	—	—								
Construction residential	Construction other	—	—	—	—	Construction other	—	—	—	—								
Residential real estate	Construction residential	—	—	—	—	Construction residential	—	—	—	—								
Residential first lien	Residential real estate	6,069	20	9,201	84	Residential real estate	6,190	40	8,985	141								
Residential junior lien/home equity	Residential first lien	3,437	20	5,197	62	Residential first lien	3,510	40	5,080	105								
Commercial real estate	Residential junior lien/home equity	2,632	—	4,004	22	Residential junior lien/home equity	2,680	—	3,905	36								
Multifamily	Commercial real estate	21,974	—	24,312	13	Commercial real estate	22,769	(43)	16,933	63								
Nonowner occupied	Multifamily	—	—	—	—	Nonowner occupied	11	—	344	—								
Owner occupied	Nonowner occupied	20,487	—	22,714	9	Owner occupied	20,565	4	14,986	52								
Loans to individuals	Owner occupied	1,487	—	1,598	4	Loans to individuals	2,193	(47)	1,603	11								
Automobile and recreational vehicles	Loans to individuals	432	—	435	4	Automobile and recreational vehicles	443	1	432	8								
Consumer other	Automobile and recreational vehicles	356	—	350	4	Consumer other	355	1	361	8								
Subtotal	Consumer other	76	—	85	—	Consumer other	88	—	71	—								
With an allowance recorded:	Subtotal	30,168	20	37,509	130	Subtotal	33,846	(12)	30,233	262								
With an allowance recorded:																		
Commercial, financial, agricultural and other																		
Time and demand	Commercial, financial, agricultural and other	7,445	—	384	6	Commercial, financial, agricultural and other	8,056	—	—	—								
Time and demand	Time and demand	7,445	—	384	6	Time and demand	8,056	—	—	—								

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	824	—	—	—	Residential real estate	1,030	—	—	—
Residential first lien	Residential first lien	—	—	—	—	Residential first lien	—	—	—	—
Residential junior lien/home equity	Residential junior lien/home equity	824	—	—	—	Residential junior lien/home equity	1,030	—	—	—
Commercial real estate	Commercial real estate	711	—	416	—	Commercial real estate	100	—	7,024	—
Multifamily	Multifamily	—	—	416	—	Multifamily	—	—	—	—
Nonowner occupied	Nonowner occupied	115	—	—	—	Nonowner occupied	—	—	7,024	—
Owner occupied	Owner occupied	596	—	—	—	Owner occupied	100	—	—	—
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	8,980	—	800	6	Subtotal	9,186	—	7,024	—
Total	Total	\$ 39,148	\$ 20	\$ 38,309	\$ 136	Total	\$ 43,032	\$ (12)	\$ 37,257	\$ 262

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			2022		
	Average recorded investment	Interest income recognized	Average recorded investment	Interest Income Recognized		
(dollars in thousands)						
With no related allowance recorded:						
Commercial, financial, agricultural and other	\$ 4,416	\$ (10)	\$ 3,822	\$ 27		
Time and demand	4,332	(10)	3,822	27		
Equipment finance	84	—	—	—		
Time and demand other	—	—	—	—		
Real estate construction						
Construction other	—	—	—	—		
Construction residential	—	—	—	—		

Residential real estate	6,312	19	8,769	57
Residential first lien	3,584	19	4,963	43
Residential junior lien/home equity	2,728	—	3,806	14
Commercial real estate	22,853	(43)	16,676	49
Multifamily	23	—	273	—
Nonowner occupied	20,527	4	14,796	42
Owner occupied	2,303	(47)	1,607	7
Loans to individuals	454	1	423	5
Automobile	353	1	365	5
Consumer other	101	—	58	—
Subtotal	34,035	(33)	29,690	138
With an allowance recorded:				
Commercial, financial, agricultural and other	11,445	—	—	—
Time and demand	11,445	—	—	—
Equipment finance	—	—	—	—
Time and demand other	—	—	—	—
Real estate construction	—	—	—	—
Construction other	—	—	—	—
Construction residential	—	—	—	—
Residential real estate	1,237	—	—	—
Residential first lien	—	—	—	—
Residential junior lien/home equity	1,237	—	—	—
Commercial real estate	200	—	6,510	—
Multifamily	—	—	—	—
Nonowner occupied	—	—	6,510	—
Owner occupied	200	—	—	—
Loans to individuals	—	—	—	—
Automobile	—	—	—	—
Consumer other	—	—	—	—
Subtotal	12,882	—	6,510	—
Total	\$ 46,917	\$ (33)	\$ 36,200	\$ 138

Unfunded commitments related to nonperforming loans were \$0.2 million at both **March 31, 2023** June 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 **March 31, 2023** June 30, 2023 and December 31, 2022.

ITEM 1. Financial Statements and Supplementary Data

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

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 table presents the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty:

For the Three Months Ended March 31, 2023	For the Six Months Ended June 30, 2023
---	--

								Percentage of Total						
									Term Extension and			Percentage of Total		
		Rate Reduction	Term Extension	Principal Forgiveness	Payment Deferral	Total	Loans and Leases		Rate Reduction	Term Extension	Principal Forgiveness	Payment Deferral	Total	Loans and Leases
(dollars in thousands)												(dollars in thousands)		
Residential real estate	Residential real estate	\$ 25	\$ —	\$ —	\$ —	\$ 25	— %	Residential real estate	\$ 24	\$ 161	\$ —	\$ 244	\$ 429	0.02 %
Residential first lien	Residential first lien	25	—	—	—	25	—	Residential first lien	24	161	—	244	429	0.03
Total	Total	\$ 25	\$ —	\$ —	\$ —	\$ 25	— %	Total	\$ 24	\$ 161	\$ —	\$ 244	\$ 429	— %
For the Three Months Ended June 30, 2023														
(dollars in thousands)														
Residential real estate		\$ —	\$ 161	\$ —	\$ —	\$ 244	\$ 405	— %	Residential real estate	\$ —	\$ 244	\$ 405	—	— %
Residential first lien		—	161	—	—	244	405	—	Residential first lien	—	244	405	—	— %
Total		\$ —	\$ 161	\$ —	\$ —	\$ 244	\$ 405	— %	Total	\$ —	\$ 244	\$ 405	—	— %

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty:

		For the Three Months Ended March 31, 2023						For the Six Months Ended June 30, 2023						
		Rate Reduction	Term Extension	Principal Forgiveness	Payment Deferral	Rate Reduction	(Years)	Extension	Principal Forgiveness	Payment Deferral	Rate Reduction	(Years)	Principal Forgiveness	Payment Deferral
(dollars in thousands)												(dollars in thousands)		
Residential real estate	Residential real estate	(2.25) %	0	\$ —	—	—	—	Residential real estate	2.25 %	3.1	\$ —	—	0.5	—
Residential first lien	Residential first lien	(2.25)	0	—	—	—	—	Residential first lien	2.25	3.1	—	—	0.5	—
Total	Total	(2.25) %	0	\$ —	—	—	—	Total	2.25 %	3.1	\$ —	—	0.5	—
For the Three Months Ended June 30, 2023														
(dollars in thousands)														
Residential real estate		— %	—	3.1	\$ —	—	—	Residential real estate	— %	3.1	\$ —	—	0.5	—
Residential first lien		—	—	3.1	—	—	—	Residential first lien	—	3.1	—	—	0.5	—
Total		— %	—	3.1	\$ —	—	—	Total	— %	3.1	\$ —	—	0.5	—

ITEM 1. Financial Statements and Supplementary Data

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

A modification is considered to be in default when the loan is 90 days or more past due. For the **three** **six** months ended **March 31, 2023** **June 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:

		March 31, 2023					
		90 days or greater and still accruing					
		Current	30 - 59 days past due	60 - 89 days past due	—	—	Total
(dollars in thousands)							
Residential real estate		\$ 25	\$ —	\$ —	\$ —	\$ —	\$ 25
Residential first lien		25	—	—	—	—	25
Total loans and leases		\$ 25	\$ —	\$ —	\$ —	\$ —	\$ 25

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

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.

ITEM 1. Financial Statements and Supplementary Data

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

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

	For the Three Months Ended March 31, 2022										For the Six Months Ended June 30, 2022										
	Type of Modification										Type of Modification										
	Total										Total										
	Pre- Modification										Pre- Modification										
	Outstanding Modification										Outstanding Modification										
	Outstanding										Outstanding										
Number										Number											
of Contracts										of Contracts											
Extend Maturity										Extend Maturity											
Modify Rate										Modify Rate											
Modify Payments										Modify Payments											
Recorded Investment										Recorded Investment											
Specific Reserve																					
(dollars in thousands)																					
Residential real estate	Residential real estate										Residential real estate										
Residential first lien	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 69	\$ —	Residential first lien	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 68	\$ —	Residential first lien	2	\$ —	\$ 10	\$ 59	\$ 69
Total	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 69	\$ —	Total	2	\$ —	\$ 10	\$ 59	\$ 69	\$ 68	\$ —	Total	2	\$ —	\$ 10	\$ 59	\$ 69
	(dollars in thousands)																				

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 **three** six months ended **March 31, 2022** **June 30, 2022**, \$10 thousand of **total** **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, 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 the past twelve months and that were considered to be in default during the **six** 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 **March 31**:

	2022		
	Number of Contracts		Recorded Investment
	(dollars in thousands)		
Residential real estate	1	\$ 17	

Residential first lien		1	17
Total		1	\$ 17

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

ITEM 1. *Financial Statements and Supplementary Data*

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

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

		For the Three Months Ended March 31, 2023					For the Six Months Ended June 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	\$ 22,650	\$ 15,949	\$ (663)	\$ 159	\$ 4,473	\$ 42,568	Commercial, financial, agricultural and other	\$ 22,650	\$ 19,417	\$ (7,340)	\$ 254	\$ 6,733	\$ 41,714	
Time and demand	Time and demand	20,040	15,949	(255)	116	3,615	39,465	Time and demand	20,040	19,417	(6,470)	168	4,718	37,873	
Commercial credit cards	Commercial credit cards	335	—	(26)	2	20	331	Commercial credit cards	335	—	(35)	7	13	320	
Equipment finance	Equipment finance	1,086	—	(45)	—	420	1,461	Equipment finance	1,086	—	(45)	—	1,033	2,074	
Time and demand other	Time and demand other	1,189	—	(337)	41	418	1,311	Time and demand other	1,189	—	(790)	79	969	1,447	
Real estate construction	Real estate construction	8,822	287	—	—	(1,160)	7,949	Real estate construction	8,822	287	—	—	(1,381)	7,728	
Construction other	Construction other	6,360	227	—	—	(696)	5,891	Construction other	6,360	227	—	—	(442)	6,145	
Construction residential	Construction residential	2,462	60	—	—	(464)	2,058	Construction residential	2,462	60	—	—	(939)	1,583	
Residential real estate	Residential real estate	21,412	527	(79)	38	875	22,773	Residential real estate	21,412	527	(80)	71	1,810	23,740	
Residential first lien	Residential first lien	14,822	197	(16)	26	795	15,824	Residential first lien	14,822	197	(17)	43	1,518	16,563	
Residential junior lien/home equity	Residential junior lien/home equity	6,590	330	(63)	12	80	6,949	Residential junior lien/home equity	6,590	330	(63)	28	292	7,177	
Commercial real estate	Commercial real estate	28,804	5,313	—	42	5,218	39,377	Commercial real estate	28,804	6,971	(1,517)	136	4,533	38,927	
Multifamily	Multifamily	4,726	234	—	—	581	5,541	Multifamily	4,726	234	—	—	815	5,775	
Nonowner occupied	Nonowner occupied	16,426	2,739	—	38	2,349	21,552	Nonowner occupied	16,426	2,739	—	124	2,421	21,710	
Owner occupied	Owner occupied	7,652	2,340	—	4	2,288	12,284	Owner occupied	7,652	3,998	(1,517)	12	1,297	11,442	
Loans to individuals	Loans to individuals	21,218	3	(1,141)	471	667	21,218	Loans to individuals	21,218	3	(2,289)	927	1,578	21,437	

Automobile and recreational vehicles	Automobile and recreational vehicles	18,819	3	(802)	390	603	19,013	Automobile and recreational vehicles	18,819	3	(1,586)	702	1,320	19,258
Consumer credit cards	Consumer credit cards	412	—	(66)	17	5	368	Consumer credit cards	412	—	(146)	47	62	375
Consumer other	Consumer other	1,987	—	(273)	64	59	1,837	Consumer other	1,987	—	(557)	178	196	1,804
Total loans and leases	Total loans and leases	\$ 102,906	\$ 22,079	\$ (1,883)	\$ 710	\$ 10,073	\$ 133,885	Total loans and leases	\$ 102,906	\$ 27,205	\$ (11,226)	\$ 1,388	\$ 13,273	\$ 133,546

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 Three Months Ended March 31, 2022						For the Six Months Ended June 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	\$ (475)	\$ 80	\$ 3,023	\$ 20,721	Commercial, financial, agricultural and other	\$ 18,093	\$ (984)	\$ 159	\$ 4,721	\$ 21,989	
Time and demand	Time and demand	15,283	(144)	53	3,715	18,907	Time and demand	15,283	(283)	78	4,843	19,921	
Commercial credit cards	Commercial credit cards	247	(19)	1	113	342	Commercial credit cards	247	(77)	26	191	387	
Equipment finance	Equipment finance	—	—	—	31	31	Equipment finance	—	—	—	272	272	
Time and demand other	Time and demand other	2,563	(312)	26	(836)	1,441	Time and demand other	2,563	(624)	55	(585)	1,409	
Real estate construction	Real estate construction	4,220	—	—	710	4,930	Real estate construction	4,220	—	—	1,309	5,529	
Construction other	Construction other	3,278	—	—	(103)	3,175	Construction other	3,278	—	—	322	3,600	
Construction residential	Construction residential	942	—	—	813	1,755	Construction residential	942	—	—	987	1,929	
Residential real estate	Residential real estate	12,625	(139)	29	4,213	16,728	Residential real estate	12,625	(144)	60	5,206	17,747	
Residential first lien	Residential first lien	7,459	(40)	23	3,683	11,125	Residential first lien	7,459	(45)	45	4,401	11,860	
Residential junior lien/home equity	Residential junior lien/home equity	5,166	(99)	6	530	5,603	Residential junior lien/home equity	5,166	(99)	15	805	5,887	
Commercial real estate	Commercial real estate	33,376	—	14	314	33,704	Commercial real estate	33,376	(552)	19	(1,456)	31,387	
Multifamily	Multifamily	3,561	—	—	49	3,610	Multifamily	3,561	(411)	—	405	3,555	
Nonowner occupied	Nonowner occupied	24,838	—	5	(1,576)	23,267	Nonowner occupied	24,838	(141)	10	(3,754)	20,953	

Owner occupied	Owner occupied	4,977	—	9	1,841	6,827	Owner occupied	4,977	—	9	1,893	6,879
Loans to individuals	Loans to individuals	24,208	(1,009)	366	(8,460)	15,105	Loans to individuals	24,208	(2,049)	829	(6,037)	16,951
Automobile and recreational vehicles	Automobile and recreational vehicles	21,392	(552)	255	(8,460)	12,635	Automobile and recreational vehicles	21,392	(977)	543	(6,395)	14,563
Consumer credit cards	Consumer credit cards	496	(109)	24	(29)	382	Consumer credit cards	496	(233)	38	11	312
Consumer other	Consumer other	2,320	(348)	87	29	2,088	Consumer other	2,320	(839)	248	347	2,076
Total loans and leases	Total loans and leases	\$ 92,522	\$ (1,623)	\$ 489	\$ (200)	\$ 91,188	Total loans and leases	\$ 92,522	\$ (3,729)	\$ 1,067	\$ 3,743	\$ 93,603

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							
	Allowance for credit loss on PCD acquired							
	Beginning balance	loans	Charge-offs	Recoveries	Provision (credit) ^a	Ending balance		
	(dollars in thousands)							
Commercial, financial, agricultural and other	\$ 42,568	\$ 3,468	\$ (6,677)	\$ 95	\$ 2,260	\$ 41,714		
Time and demand	39,465	3,468	(6,215)	52	1,103	37,873		
Commercial credit cards	331	—	(9)	5	(7)	320		
Equipment finance	1,461	—	—	—	613	2,074		
Time and demand other	1,311	—	(453)	38	551	1,447		
Real estate construction	7,949	—	—	—	(221)	7,728		
Construction other	5,891	—	—	—	254	6,145		
Construction residential	2,058	—	—	—	(475)	1,583		
Residential real estate	22,773	—	(1)	33	935	23,740		
Residential first lien	15,824	—	(1)	17	723	16,563		
Residential junior lien/home equity	6,949	—	—	16	212	7,177		
Commercial real estate	39,377	1,658	(1,517)	94	(685)	38,927		
Multifamily	5,541	—	—	—	234	5,775		
Nonowner occupied	21,552	—	—	86	72	21,710		
Owner occupied	12,284	1,658	(1,517)	8	(991)	11,442		
Loans to individuals	21,218	—	(1,148)	456	911	21,437		
Automobile and recreational vehicles	19,013	—	(784)	312	717	19,258		
Consumer credit cards	368	—	(80)	30	57	375		
Consumer other	1,837	—	(284)	114	137	1,804		
Total loans and leases	\$ 133,885	\$ 5,126	\$ (9,343)	\$ 678	\$ 3,200	\$ 133,546		

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					
	Beginning balance	Charge-offs	Recoveries	Provision (credit) ^a	Ending balance	
	(dollars in thousands)					
Commercial, financial, agricultural and other	\$ 20,721	\$ (509)	\$ 79	\$ 1,698	\$ 21,989	
Time and demand	18,907	(139)	25	1,128	19,921	
Commercial credit cards	342	(58)	25	78	387	
Equipment finance	31	—	—	241	272	
Time and demand other	1,441	(312)	29	251	1,409	
Real estate construction	4,930	—	—	599	5,529	
Construction other	3,175	—	—	425	3,600	
Construction residential	1,755	—	—	174	1,929	
Residential real estate	16,728	(5)	31	993	17,747	
Residential first lien	11,125	(5)	22	718	11,860	
Residential junior lien/home equity	5,603	—	9	275	5,887	
Commercial real estate	33,704	(552)	5	(1,770)	31,387	
Multifamily	3,610	(411)	—	356	3,555	
Nonowner occupied	23,267	(141)	5	(2,178)	20,953	
Owner occupied	6,827	—	—	52	6,879	
Loans to individuals	15,105	(1,040)	463	2,423	16,951	
Automobile and recreational vehicles	12,635	(425)	288	2,065	14,563	
Consumer credit cards	382	(124)	14	40	312	
Consumer other	2,088	(491)	161	318	2,076	
Total loans and leases	\$ 91,188	\$ (2,106)	\$ 578	\$ 3,943	\$ 93,603	

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.

	March 31, 2023		December 31, 2022		Balance sheet:		June 30, 2023		December 31, 2022	
	Balance sheet:	Balance sheet:	Balance sheet:	Balance sheet:	Balance sheet:	Balance sheet:	Balance sheet:	Balance sheet:	Balance sheet:	Balance sheet:
Operating lease asset classified as premises and equipment	Operating lease asset classified as premises and equipment	\$ 52,177	\$ 40,747	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	56,622	45,149	Operating lease liability classified as other liabilities	51,080	45,149				
		For the Three Months Ended		For the Three Months Ended		For the Six Months Ended		For the Six Months Ended		
		March 31, 2023	March 31, 2022		June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022	
Income statement:	Income statement:	Income statement:		Income statement:		Income statement:		Income statement:		

Operating lease cost classified as occupancy and equipment expense	Operating lease cost classified as occupancy and equipment expense	\$ 1,494	\$ 1,216	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	13.59	13.72	Weighted average lease term, in years			13.52	14.13
Weighted average discount rate	Weighted average discount rate	3.54 %	3.19 %	Weighted average discount rate			3.50 %	3.24 %
Operating cash flows	Operating cash flows	\$ 12,478	\$ 1,164	Operating cash flows			\$ 1,573	\$ 1,183

In the above table, the increase in the ROU asset and lease liability at **March 31, 2023** **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 **March 31, 2023** **June 30, 2023** were as follows (dollars in thousands):

For the twelve months ended:

March 31, June 30, 2024	\$ 4,630	3,115
March 31, June 30, 2025	6,074	5,675
March 31, June 30, 2026	5,885	5,473
March 31, June 30, 2027	5,519	5,043
March 31, June 30, 2028	5,301	4,786
Thereafter	45,400	41,362
Total future minimum lease payments	72,809	65,454
Less remaining imputed interest	16,187	14,374
Operating lease liability	\$ 56,622	51,080

Note 10 Income Taxes

In accordance with FASB ASC Topic 740-10, "Accounting for Uncertainty in Income Taxes," at **March 31, 2023** **June 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 **currently** used to determine the U.S. Dollar yield curve includes cash LIBOR rates from overnight to one year, Eurodollar futures contracts and swap rates from one year to **thirty**

ITEM 1. *Financial Statements and Supplementary Data*

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

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)					
March 31, 2023																		
June 30, 2023																		
June 30, 2023																		
Other Investments	Other Investments	\$ 6,170	Carrying Value	N/A	N/A	Other Investments	\$ 6,182	Carrying Value	N/A	N/A								
Nonperforming Loans	Nonperforming Loans	277 (a)	Gas Reserve Study	Discount rate	10.00%	Nonperforming Loans	266 (a)	Gas Reserve Study	Discount rate	10.00%								
			Gas per MMBTU	\$3.00 - \$3.00 (b)				Gas per MMBTU	\$3.00 - \$3.00 (b)									
				\$80.00 - \$80.00 (b)					\$80.00 - \$80.00 (b)									
Limited Partnership Investments	Limited Partnership Investments	24,422	Par Value	N/A	N/A	Limited Partnership Investments	25,011	Par Value	N/A	N/A								
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)									
				\$80.00 - \$80.00 (b)					\$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:

		March 31, 2023				June 30, 2023					
		Level 1		Level 2		Level 3		Level 1		Level 2	
		(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	\$ —	\$ 3,896	\$ —	\$ 3,896			Mortgage-Backed Securities - Residential	\$ —	\$ 3,707	\$ —
Mortgage-Backed Securities - Commercial	Mortgage-Backed Securities - Commercial	—	269,883	—	269,883			Mortgage-Backed Securities - Commercial	—	279,652	—

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	—	440,243	—	440,243	Mortgage-Backed Securities - Residential	—
Mortgage-Backed Securities - Commercial		—	—	—	—		419,222
Other Government-Sponsored Enterprises	Other Government-Sponsored Enterprises	—	893	—	893	Other Government-Sponsored Enterprises	—
Obligations of States and Political Subdivisions	Obligations of States and Political Subdivisions	—	8,405	—	8,405	Obligations of States and Political Subdivisions	—
Corporate Securities	Corporate Securities	—	27,293	—	27,293	Corporate Securities	—
Total Securities Available for Sale	Total Securities Available for Sale	—	750,613	—	750,613	Total Securities Available for Sale	—
Other Investments	Other Investments	—	30,030	6,170	36,200	Other Investments	—
Loans Held for Sale	Loans Held for Sale	—	11,050	—	11,050	Loans Held for Sale	—
Other Assets(a)	Other Assets(a)	—	34,302	24,422	58,724	Other Assets(a)	—
Total Assets	Total Assets	\$ —	\$ 825,995	\$ 30,592	\$ 856,587	Total Assets	\$ —
Other Liabilities(a)	Other Liabilities(a)	\$ —	\$ 67,268	\$ —	\$ 67,268	Other Liabilities(a)	\$ —
Total Liabilities	Total Liabilities	\$ —	\$ 67,268	\$ —	\$ 67,268	Total Liabilities	\$ —

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

ITEM 1. *Financial Statements and Supplementary Data*

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

	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 **three** months ended **March 31, June 30**, changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	2023						2023					
	Other			Other Investments			Other			Other Investments		
	Assets	Total	(dollars in thousands)	Assets	Total	(dollars in thousands)	Assets	Total	(dollars in thousands)	Assets	Total	(dollars in thousands)
Balance, beginning of period	Balance, beginning of period	\$ 1,170	\$ 17,691	\$ 18,861	Balance, beginning of period	\$ 1,170	\$ 17,691	\$ 18,861	Balance, beginning of period	\$ 1,170	\$ 17,691	\$ 18,861
Total gains or losses	Total gains or losses	—	—	—	Total gains or losses	—	—	—	Total gains or losses	—	—	—
Included in earnings	Included in earnings	—	—	—	Included in earnings	—	—	—	Included in earnings	—	—	—
Included in other comprehensive income	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, issuances, sales and settlements	—	—	—
Purchases	Purchases	5,000	6,882	11,882	Purchases	5,000	7,617	12,617	Purchases	5,000	7,617	12,617
Issuances	Issuances	—	—	—	Issuances	—	—	—	Issuances	—	—	—
Sales	Sales	—	—	—	Sales	—	—	—	Sales	—	—	—
Settlements	Settlements	—	(151)	(151)	Settlements	—	(354)	(354)	Settlements	—	(354)	(354)
Transfers from Level 3	Transfers from Level 3	—	—	—	Transfers from Level 3	—	—	—	Transfers from Level 3	—	—	—
Transfers into 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	\$ 6,170	\$ 24,422	\$ 30,592	Balance, end of period	\$ 6,182	\$ 25,011	\$ 31,193	Balance, end of period	\$ 6,182	\$ 25,011	\$ 31,193

ITEM 1. Financial Statements and Supplementary Data

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

	2022						2022					
	Other			Other Investments			Other			Other Investments		
	Assets	Total	(dollars in thousands)	Assets	Total	(dollars in thousands)	Assets	Total	(dollars in thousands)	Assets	Total	(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	Balance, beginning of period	\$ 1,170	\$ 14,981	\$ 16,151
Total gains or losses	Total gains or losses	—	—	—	Total gains or losses	—	—	—	Total gains or losses	—	—	—
Included in earnings	Included in earnings	—	—	—	Included in earnings	—	—	—	Included in earnings	—	—	—
Included in other comprehensive income	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, issuances, sales and settlements	—	—	—
Purchases	Purchases	—	1,043	1,043	Purchases	—	1,783	1,783	Purchases	—	1,783	1,783
Issuances	Issuances	—	—	—	Issuances	—	—	—	Issuances	—	—	—
Sales	Sales	—	(25)	(25)	Sales	—	—	—	Sales	—	—	—
Settlements	Settlements	—	—	—	Settlements	—	(151)	(151)	Settlements	—	(151)	(151)
Transfers from Level 3	Transfers from Level 3	—	—	—	Transfers from Level 3	—	—	—	Transfers from Level 3	—	—	—
Transfers into Level 3	Transfers into Level 3	—	—	—	Transfers into Level 3	—	—	—	Transfers into Level 3	—	—	—
Balance, end of period	Balance, end of period	\$ 1,170	\$ 15,999	\$ 17,169	Balance, end of period	\$ 1,170	\$ 16,613	\$ 17,783	Balance, end of period	\$ 1,170	\$ 16,613	\$ 17,783

During the six months ended June 30, 2023 and 2022, there were no transfers between fair value Levels 1, 2 or 3, however, \$12 thousand in other investments and \$57 thousand in other assets were transferred into Level 3 for the six months ended June 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 and 2022.

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

	2023			Total
	Other Investments		Other Assets	
	(dollars in thousands)			
Balance, beginning of period	\$ 6,182	\$ 24,486	\$ 30,668	
Total gains or losses	—	—	—	
Included in earnings	—	—	—	
Included in other comprehensive income	—	—	—	
Purchases, issuances, sales and settlements				
Purchases	—	728	728	
Issuances	—	—	—	
Sales	—	—	—	
Settlements	—	(203)	(203)	
Transfers from Level 3	—	—	—	
Transfers into Level 3	—	—	—	
Balance, end of period	\$ 6,182	\$ 25,011	\$ 31,193	

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

During the three months ended **March 31, 2023** June 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 **March 31, 2023** June 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:

	March 31, 2023				June 30, 2023			
	Level 1		Level 2		Level 3		Total	
	(dollars in thousands)				(dollars in thousands)			
Nonperforming loans	Nonperforming loans	\$ —	\$ 25,806	\$ 8,666	\$ 34,472	Nonperforming loans	\$ —	\$ 26,771
Other real estate owned	Other real estate owned	—	466	—	466	Other real estate owned	—	337
Total Assets	Total Assets	\$ —	\$ 26,272	\$ 8,666	\$ 34,938	Total Assets	\$ —	\$ 27,108

	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	

The following **gains (losses) losses** were realized on the assets measured on a nonrecurring basis:

	For the Three Months Ended March 31,				For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2023		2022		2023		2022		2023		2022	
	(dollars in thousands)				(dollars in thousands)				(dollars in thousands)			
Nonperforming loans	Nonperforming loans	\$ 230	\$ (171)	Nonperforming loans	\$ (848)	\$ (367)	\$ (500)	\$ (567)	Nonperforming loans	\$ (848)	\$ (380)	\$ (500)
Other real estate owned	Other real estate owned	—	(54)	Other real estate owned	—	(13)	—	(13)	Other real estate owned	—	—	(13)
Total losses	Total losses	\$ 230	\$ (225)	Total losses	\$ (848)	\$ (380)	\$ (500)	\$ (580)	Total losses	\$ (848)	\$ (380)	\$ (500)

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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appraisals, equipment valuations, accounts receivable listings and other financial information. A discounted cash flow analysis 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 **\$0.4 million** **\$0.3 million** as of **March 31, 2023** **June 30, 2023** and consists of **five** **three** residential real estate properties in Pennsylvania. 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 **three** **six** months ended **March 31, 2023** **June 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 **March 31, 2023** **June 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 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.

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purchased and securities sold under agreement to repurchase, were used to approximate fair value due to the short-term nature of the borrowings.

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:

		March 31, 2023					June 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)										
Financial assets	Financial assets						Financial assets					
Cash and due from banks	Cash and due from banks	\$ 113,692	\$ 113,692	\$ 113,692	\$ —	\$ —	Cash and due from banks	\$ 123,095	\$ 123,095	\$ 123,095	\$ —	
Interest-bearing deposits	Interest-bearing deposits	282,110	282,110	282,110	—	—	Interest-bearing deposits	325,774	325,774	325,774	—	
Securities available for sale	Securities available for sale	750,613	750,613	—	750,613	—	Securities available for sale	738,109	738,109	—	738,109	
Securities held to maturity	Securities held to maturity	451,278	381,741	—	381,741	—	Securities held to maturity	439,922	364,615	—	364,615	
Other investments	Other investments	36,200	36,200	—	30,030	6,170	Other investments	46,394	46,394	—	40,212	
Loans held for sale	Loans held for sale	11,050	11,050	—	11,050	—	Loans held for sale	16,300	16,300	—	16,300	
Loans		8,656,945	8,514,685	—	25,806	8,488,879						
Loans and leases							Loans and leases	8,799,836	8,566,743	—	26,771	
Financial liabilities	Financial liabilities						Financial liabilities				8,539,972	
Deposits	Deposits	9,234,948	9,223,482	—	9,223,482	—	Deposits	9,146,278	9,130,436	—	9,130,436	
Short-term borrowings	Short-term borrowings	278,978	272,601	—	272,601	—	Short-term borrowings	542,839	535,875	—	535,875	
Subordinated debt	Subordinated debt	177,558	156,402	—	—	156,402	Subordinated debt	177,619	149,932	—	149,932	
Long-term debt	Long-term debt	4,679	4,651	—	4,651	—	Long-term debt	4,495	4,388	—	4,388	
Capital lease obligation	Capital lease obligation	5,294	5,294	—	5,294	—	Capital lease obligation	5,162	5,162	—	5,162	
		December 31, 2022						December 31, 2022				

		Fair Value Measurements Using:					Fair Value Measurements Using:				
		Carrying Amount	Total	Level 1	Level 2	Level 3	Carrying Amount	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	\$ 124,254	\$ 124,254	\$ 124,254	\$ —	\$ —	Cash and due from banks	\$ 124,254	\$ 124,254	\$ 124,254	\$ —
Interest-bearing deposits	Interest-bearing deposits	29,990	29,990	29,990	—	—	Interest-bearing deposits	29,990	29,990	29,990	—
Securities available for sale	Securities available for sale	762,661	762,661	—	762,661	—	Securities available for sale	762,661	762,661	—	762,661
Securities held to maturity	Securities held to maturity	461,162	386,205	—	386,205	—	Securities held to maturity	461,162	386,205	—	386,205
Other investments	Other investments	26,414	26,414	—	25,244	1,170	Other investments	26,414	26,414	—	25,244
Loans held for sale	Loans held for sale	11,869	11,869	—	11,869	—	Loans held for sale	11,869	11,869	—	11,869
Loans		7,642,143	7,639,721	—	23,140	7,616,581	Loans and leases	7,642,143	7,639,721	—	23,140
Loans and leases							Loans and leases	7,642,143	7,639,721	—	23,140
Financial liabilities	Financial liabilities						Financial liabilities				
Deposits	Deposits	8,005,469	7,992,012	—	7,992,012	—	Deposits	8,005,469	7,992,012	—	7,992,012
Short-term borrowings	Short-term borrowings	372,694	363,135	—	363,135	—	Short-term borrowings	372,694	363,135	—	363,135
Subordinated debt	Subordinated debt	170,937	156,621	—	—	156,621	Subordinated debt	170,937	156,621	—	—
Long-term debt	Long-term debt	4,862	4,781	—	4,781	—	Long-term debt	4,862	4,781	—	4,781
Capital lease obligation	Capital lease obligation	5,425	5,425	—	5,425	—	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 3125 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 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 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 a result of the discontinuance of the LIBOR rate on June 30, 2023, both of these 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. This change is in agreement with amendments made to the interest rate on the subordinated debentures as a result of the discontinuance of LIBOR.

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 benchmarked to the 1-month LIBOR rate. Therefore, the interest rate swaps convert the interest payments on the first \$500.0 million of 1-month LIBOR 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 months ended March 31, 2023 June 30, 2023, there was a negative impact of \$4.2 \$4.8 million and \$9.0 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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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 March 31, 2023 June 30, 2023, and changes in the fair value attributed to hedge ineffectiveness were not material.

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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 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 months ended March 31, 2023 June 30, 2023 was an increase of \$0.3 million. \$0.1 million and \$0.4 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 March 31, 2023 June 30, 2023, the underlying funded mortgage loan commitments had a carrying value of \$3.8 million \$7.5 million and a fair value of \$3.9 million \$7.9 million, while the underlying unfunded mortgage loan commitments had a notional amount of \$13.9 million \$33.5 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 increased decreased other noninterest income by \$0.3 million and \$0.1 million, respectively, for the three and six months ended March 31, 2023 June 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 March 31, 2023 June 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 months ended March 31, 2023 June 30, 2023.

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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:

	March 31, 2023			December 31, 2022			June 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	\$	(117)	\$	(27)		Credit value adjustment	\$	(35)	\$	(27)	
Notional amount:	Notional amount:						Notional amount:					
Interest rate derivatives	Interest rate derivatives		813,543		816,745		Interest rate derivatives		829,807		816,745	
Interest rate caps	Interest rate caps		15,257		15,340		Interest rate caps		15,173		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		227,647		256,043		Risk participation agreements		200,932		256,043	
Sold credit protection on risk participation agreements	Sold credit protection on risk participation agreements		(100,349)		(100,741)		Sold credit protection on risk participation agreements		(98,738)		(100,741)	
Interest rate options	Interest rate options		13,887		12,009		Interest rate options		33,474		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		(32,789)		(38,596)		Fair value adjustment		(36,371)		(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		(60)		63		Fair value adjustment		193		63	
Notional amount	Notional amount		16,000		16,000		Notional amount		33,000		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		—		—	

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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 March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023		2022		2023	
	(dollars in thousands)		(dollars in thousands)		(dollars in thousands)	
Non-hedging interest rate derivatives	Non-hedging interest rate derivatives		Non-hedging interest rate derivatives			

(Decrease) increase in other income	\$ 239	\$ (848)					
Increase (decrease) in other income			Increase (decrease) in other income	\$ 164	\$ (256)	\$ 403	\$ (1,104)
Hedging interest rate derivatives	Hedging interest rate derivatives	Hedging interest rate derivatives					
(Decrease) increase in interest and fees on loans	(Decrease) increase in interest and fees on loans	(Decrease) increase in interest and fees on loans					
(Decrease) increase in interest from subordinated debentures	(Decrease) increase in interest from subordinated debentures	(Decrease) increase in interest from subordinated debentures					
Hedging interest rate forwards	Hedging interest rate forwards	Hedging interest rate forwards					
Increase (decrease) in other income	123	(865)					
(Decrease) increase in other income			(Decrease) increase in other income				
Hedging foreign exchange forwards	Hedging foreign exchange forwards	Hedging foreign exchange forwards					
Increase in other expense	—	1					
Decrease in other expense			Decrease in other expense				

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" "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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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 **March 31, 2023** **June 30, 2023** and December 31, 2022 was **\$360.4 million** **\$363.7 million** and \$303.3 million, respectively. The **\$57.1 million** **\$60.4 million** increase in goodwill during the **three** six months ended **March 31, 2023** **June 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 **March 31, 2023** **June 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.

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Note 14 Subordinated Debentures

Subordinated debentures outstanding are as follows:

Owed to:	Owed to:	December 31,				December 31,			
		March 31, 2023		2022		June 30, 2023		2022	
		Due	Rate	Amount	Amount	Due	Rate	Amount	Amount
(dollars in thousands)									
First Commonwealth Bank	First Commonwealth Bank	2028	4.875% until June 1, 2023, then 3-Month LIBOR + 1.845%	\$ 49,523	\$ 49,499	First Commonwealth Bank	2028	3-Month LIBOR + 1.845%	3-month CME + 0.26161%
First Commonwealth Bank	First Commonwealth Bank	2033	5.50% until June 1, 2028, then 3-Month LIBOR + 2.37%	49,288	49,271	First Commonwealth Bank	2033	5.50% until June 1, 2028, then 3-Month LIBOR + 2.37%	3-month CME + 0.26161%
First Commonwealth Financial Corp	First Commonwealth Financial Corp	2031	4.50% until March 29, 2026, then Prime + 1.00%	6,580	—	First Commonwealth Financial Corp	2031	4.50% until March 29, 2026, then Prime + 1.00%	N/A - LIBOR not used
First Commonwealth Capital Trust II	First Commonwealth Capital Trust II	2034	3-Month LIBOR + 2.85%	30,929	30,929	First Commonwealth Capital Trust II	2034	3-Month LIBOR + 2.85%	3-month CME + 0.26161%
First Commonwealth Capital Trust III	First Commonwealth Capital Trust III	2034	3-Month LIBOR + 2.85%	41,238	41,238	First Commonwealth Capital Trust III	2034	3-Month LIBOR + 2.85%	3-month CME + 0.26161%
Total	Total			\$ 177,558	\$ 170,937	Total		\$ 177,619	\$ 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 and a fixed-to-floating rate of 4.875%. The rate remains fixed until June 1, 2023, then adjusts on a quarterly basis to three-month LIBOR + 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 may redeem the notes, beginning with the interest payment due on June 1, 2023, 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 + 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, 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 notes.

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES
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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.

Interest on the debentures issued to First Commonwealth Capital Trust III is paid quarterly at a floating rate of three-month LIBOR + 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 + 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 LIBOR index rate based portion of the interest rate on Capital Trust II at 1.515% until August 15, 2024 and on

ITEM 1. Financial Statements and Supplementary Data

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

Capital Trust III at 1.525% until August 15, 2026. Additional information related to these cash flow hedges can be found in Note 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.

ITEM 1. Financial Statements and Supplementary Data

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.

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

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FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

not control the services rendered to the customers, retail brokerage fees are presented net of related costs, including **\$1.0 million** **\$2.1 million** and **\$0.9 million** **\$2.0 million** in commission expense as of **March 31, 2023** **June 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.

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

	For the Three Months Ended March 31,	
	2023	2022
	(dollars in thousands)	
Noninterest Income		
In-scope of Topic 606:		
Trust income	\$ 2,486	\$ 2,713
Service charges on deposit accounts	4,918	4,615
Insurance and retail brokerage commissions	2,552	2,272
Card-related interchange income	6,829	6,490
Gain on sale of other loans and assets	61	43
Other income	1,069	975
Noninterest Income (in-scope of Topic 606)	17,915	17,108
Noninterest Income (out-of-scope of Topic 606)	5,048	6,868
Total Noninterest Income	\$ 22,963	\$ 23,976

Note 16 Subsequent Event

On April 24, 2023, the Board of Directors authorized an increase of \$25.0 million to the existing share repurchase program of the Company's common stock. Management is authorized to repurchase shares through Rule 10b5-1 plans, open market purchases, privately negotiated transactions, block purchases or otherwise in a manner that is intended to comply with applicable federal securities laws, including Rule 10b-18 of the Securities Exchange Act of 1934. First Commonwealth may suspend or discontinue the program at any time.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Noninterest Income				
In-scope of Topic 606:				
Trust income	\$ 2,532	\$ 2,573	\$ 5,018	\$ 5,286
Service charges on deposit accounts	5,324	4,886	10,242	9,501

Insurance and retail brokerage commissions	2,314	2,486	4,866	4,758
Card-related interchange income	7,372	7,137	14,201	13,627
Gain on sale of other loans and assets	105	310	166	353
Other income	1,067	1,098	2,136	2,073
Noninterest Income (in-scope of Topic 606)	18,714	18,490	36,629	35,598
Noninterest Income (out-of-scope of Topic 606)	5,809	6,019	10,857	12,887
Total Noninterest Income	\$ 24,523	\$ 24,509	\$ 47,486	\$ 48,485

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 months ended **March 31, 2023** **June 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.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)*
 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 55 62 and 70, respectively, for the six and three months ended March 31, 2023 June 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.

Net Income	Net Income	For the Three Months Ended March 31,				For the Three Months Ended June 30,				For the Six Months Ended June 30,														
		2023		2022		2023		2022		2023		2022												
		(dollars in thousands, except per share data)								(dollars in thousands, except per share data)														
Per Share Data: Per Share Data:																								
Basic Earnings per Share	Basic Earnings per Share	\$ 30,224	\$ 27,726	Net Income	\$ 42,781	\$ 30,754	\$ 73,005	\$ 58,480	Per Share Data:	Basic Earnings per Share	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62										
Diluted Earnings per Share	Diluted Earnings per Share	\$ 0.30	\$ 0.29	Diluted Earnings per Share	\$ 0.42	\$ 0.33	\$ 0.72	\$ 0.62																
Cash Dividends Declared per Common Share	Cash Dividends Declared per Common Share	0.120		0.115		Cash Dividends Declared per Common Share	0.125		0.120		0.245		0.235											
Average Balance: Average Balance:						Average Balance: Average Balance:																		
Total assets	Total assets	\$ 10,488,908	\$ 9,524,578	Total assets	\$ 11,156,913	\$ 9,600,469	\$ 10,824,756	\$ 9,562,733																
Total equity	Total equity	\$ 1,161,054	\$ 1,107,415	Total equity	\$ 1,234,834	\$ 1,063,850	\$ 1,198,147	\$ 1,085,512																
End of Period Balance: End of Period Balance:						End of Period Balance: End of Period Balance:																		
Net loans and leases	Net loans and leases					Net loans and leases																		
(1)	(1)	\$ 8,534,110	\$ 6,871,430	(1)	\$ 8,682,590	\$ 7,039,027																		
Total assets	Total assets	11,113,752		9,642,124		Total assets	11,318,604		9,526,427															
Total deposits	Total deposits	9,234,948		8,171,847		Total deposits	9,146,278		8,053,545															

Total equity	Total equity	1,225,014	1,067,619	Total equity		1,232,419	1,049,158
Key Ratios:	Key Ratios:			Key Ratios:			
Return on average assets	Return on average assets	1.17 %	1.18 %	Return on average assets	1.54 %	1.28 %	1.36 %
Return on average equity	Return on average equity	10.56 %	10.15 %	Return on average equity	13.90 %	11.60 %	12.29 %
Dividends payout ratio	Dividends payout ratio	40.00 %	39.66 %	Dividends payout ratio	29.76 %	36.36 %	34.03 %
Average equity to average assets ratio	Average equity to average assets ratio	11.07 %	11.63 %	Average equity to average assets ratio	11.07 %	11.08 %	11.07 %
Net interest margin	Net interest margin	4.01 %	3.19 %	Net interest margin	3.85 %	3.38 %	3.93 %
Net loans to deposits ratio	Net loans to deposits ratio	92.41 %	84.09 %	Net loans to deposits ratio		94.93 %	87.40 %

(1) Includes loans held for sale.

Results of Operations

Three Six Months Ended March 31, 2023 June 30, 2023 Compared to Three Six Months Ended March 31, 2022 June 30, 2022

Net Income

For the **three six** months ended **March 31, 2023 June 30, 2023**, First Commonwealth had net income of **\$30.2 million** **\$73.0 million**, or **\$0.30** **\$0.72** diluted earnings per share, compared to net income of **\$27.7 million** **\$58.5 million**, or **\$0.29** **\$0.62** diluted earnings per share, in the **three six** months ended **March 31, 2022 June 30, 2022**. The increase in net income was primarily the result of a **\$26.2 million** **\$50.3 million** increase in net interest income and a **\$4.6 million** **\$5.9 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 **\$15.7** **\$25.9 million** increase in noninterest expense.

For the **three six** months ended **March 31, 2023 June 30, 2023**, the Company's return on average equity was **10.56%** **12.29%** and its return on average assets was **1.17%** **1.36%**, compared to **10.15%** **10.86%** and **1.18%** **1.23%**, respectively, for the **three six** months ended **March 31, 2022 June 30, 2022**.

Net Interest Income

Net interest income, on a fully taxable equivalent basis, was **\$94.7 million** **\$192.8 million** in the first **three six** months of 2023, compared to **\$68.4 million** **\$142.3 million** for the same period in 2022. The increase in net interest income can be attributed to growth in earning assets and a **153** **159** basis point increase in the yield on interest-earning assets offset by a **105** **137** 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 **80.4%** **80.2%** and **74.0%** **74.5%** for the **three six** months ended **March 31, 2023 June 30, 2023** and 2022, respectively.

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

The net interest margin on a fully taxable equivalent basis was **4.01%** **3.93%** for the **three six** months ended **March 31, 2023 June 30, 2023** and **3.19%** **3.29%** for the **three six** months ended **March 31, 2022 June 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 **4.86%** **5.02%** for the **three six** months ended **March 31, 2023 June 30, 2023**, an increase of **153** **159** basis points compared to the **3.33%** **3.43%** yield for the same period in 2022. This change is largely due to a higher loan portfolio yield, which improved by **147** **154** basis points when compared to the **three six** months ended **March 31, 2022 June 30, 2022**. Contributing to this increase was the yield on our adjustable and variable rate commercial loan portfolios, which increased **253** **262** basis points largely due to the Federal Reserve increasing short term interest rates by **450** **350** basis points since **March 31, 2022 June 30, 2022**. Additionally, **five** **9** basis points of the increase in the yield on interest-earnings assets can be attributed to the recognition of **\$1.1 million** **\$4.4 million** in accretion of the purchase accounting marks recognized as a result of the Centric acquisition.

The investment portfolio yield increased **32** **29** basis points in comparison to the prior year as new volume rates were higher than the portfolio yield. The average investment portfolio balance decreased **\$291.6** **\$233.0 million** as maturities and runoff funded loan growth. Interest-bearing The yield on interest-bearing deposits with banks which increased **466** basis points for the six months ended June 30, 2023 as compared to the prior year, while the average balance decreased from **\$284.4** an average of **\$308.5 million** in 2022 to **\$46.3** **\$178.1 million** in 2023 increased the yield on earning assets by 1 basis points for the three months ended March 31, 2023 as its yield increased **431** basis points. 2023.

The cost of interest-bearing liabilities increased to **1.27%** **1.59%** for the **three six** months ended **March 31, 2023 June 30, 2023**, from 0.22% for the same period in 2022. The cost of interest-bearing deposits increased **99** **127** basis points and short-term borrowings increased **358** **429** 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, rates offered in money market and time deposits. Comparing the three six months ended **March 31, 2023** June 30, 2023 with the comparable period in 2022, average time deposits increased \$307.7 million \$442.6 million, or 82.2% 121.5%, while with an increase in the cost of these deposits increased 205 of 247 basis points. Contributing to average growth in time deposits was an average of \$54.0 million acquired as part of \$76.9 million related to the Centric acquisition. Other interest-bearing deposits increased on average \$331.7 million \$430.2 million, or 6.7% 8.6%, compared to the three six months ended **March 31, 2022** June 30, 2022 and the cost of these deposits increased 84 108 basis points. Average growth in other-interest bearing deposits attributable to the Centric acquisition totaled \$251.0 million \$296.3 million.

For the three six months ended **March 31, 2023** June 30, 2023, changes in rates positively impacted net interest income by \$14.7 million \$24.2 million when compared with the same period in 2022. The higher yield on interest-earning assets impacted net interest income by \$31.6 million \$70.9 million, while the increase in the cost of interest-bearing liabilities negatively impacted net interest income by \$16.8 million \$46.7 million.

Changes in the volume of interest-earning assets and interest-bearing liabilities positively impacted net interest income by \$11.5 million \$26.2 million for the three six months ended **March 31, 2023** June 30, 2023, as compared to the same period in 2022. Higher levels of interest-earning assets resulted in an increase of \$11.8 million \$27.1 million in interest income, and changes in the volume and mix of interest-bearing liabilities increased interest expense by \$0.3 million \$0.9 million. Average earning assets for the three six months ended **March 31, 2023** June 30, 2023 increased \$878.2 million \$1.2 billion, or 10.1% 13.4%, compared to the same period in 2022. Average loans for the comparable period increased \$1.4 billion \$1.5 billion, or 20.4% 22.0%.

Net interest income also benefited from a \$84.2 million \$44.6 million increase in average net free funds at **March 31, 2023** June 30, 2023 as compared to **March 31, 2022** June 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 largest component higher level of the increase in net free funds was an increase the result of \$33.3 million, or 1.3%, increases in noninterest-bearing demand deposit average balances, other liabilities and shareholders' equity.

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 six months ended **March 31, 2023** June 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	\$	114,589		\$	71,244			Interest income per Consolidated Statements of Income	\$	245,856		\$	147,972		
Adjustment to fully taxable equivalent basis	Adjustment to fully taxable equivalent basis		305			253			Adjustment to fully taxable equivalent basis		610			498		
Interest income adjusted to fully taxable equivalent basis (non-GAAP)	Interest income adjusted to fully taxable equivalent basis (non-GAAP)		114,894			71,497			Interest income adjusted to fully taxable equivalent basis (non-GAAP)		246,466			148,470		
Interest expense	Interest expense		20,231			3,072			Interest expense		53,674			6,138		
Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	\$	94,663		\$	68,425			Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	\$	192,792		\$	142,332		

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 six months ended **March 31, 2023** June 30:

	2023						2022						2023						2022						
	Average Balance	Income / Expense (a)	Yield Rate	Average Balance	Income / Expense (a)	Yield Rate	Average Balance	Income / Expense (a)	Yield Rate	Average Balance	Income / Expense (a)	Yield Rate	Average Balance	Income / Expense (a)	Yield Rate	Average Balance	Income / Expense (a)	Yield Rate	Average Balance	Income / Expense (a)	Yield Rate	Average Balance	Income / Expense (a)	Yield Rate	
Assets	Assets						Assets						Assets						Assets						
Interest-earning assets:	Interest-earning assets:						Interest-earning assets:						Interest-earning assets:						Interest-earning assets:						
Interest-bearing deposits with banks	Interest-bearing deposits with banks	\$ 46,304	\$ 510	4.47 %	\$ 284,367	\$ 111	0.16 %			\$ 178,084	\$ 4,553	5.16 %	\$ 308,450	\$ 769	0.5										

Tax-free investment securities	Tax-free investment securities	21,983	148	2.73	24,430	160	2.66	Tax-free investment securities	21,772	292	2.70	23,771	312	2.6
Taxable investment securities	Taxable investment securities	1,211,190	6,294	2.11	1,500,334	6,613	1.79	Taxable investment securities	1,208,158	12,710	2.12	1,439,200	13,048	1.8
Loans and leases, net of unearned income (b)(c)	Loans and leases, net of unearned income (b)(c)	8,301,449	107,942	5.27	6,893,628	64,613	3.80	Loans and leases, net of unearned income (b)(c)	8,496,305	228,911	5.43	6,965,296	134,341	3.8
Total interest-earning assets	Total interest-earning assets	9,580,926	114,894	4.86	8,702,759	71,497	3.33	Total interest-earning assets	9,904,319	246,466	5.02	8,736,717	148,470	3.4
Noninterest-earning assets:	Noninterest-earning assets:							Noninterest-earning assets:						
Cash	Cash	112,157			114,672			Cash	110,367			117,350		
Allowance for credit losses	Allowance for credit losses	(123,672)			(93,645)			Allowance for credit losses	(129,242)			(93,180)		
Other assets	Other assets	919,497			800,792			Other assets	939,312			801,846		
Total noninterest-earning assets	Total noninterest-earning assets	907,982			821,819			Total noninterest-earning assets	920,437			826,016		
Total Assets	Total Assets	\$10,488,908			\$9,524,578			Total Assets	\$10,824,756			\$9,562,733		
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)	\$ 1,848,228	\$ 3,732	0.82 %	\$ 1,551,979	\$ 100	0.03 %	Interest-bearing demand deposits (d)	\$ 1,947,587	\$ 10,369	1.07 %	\$ 1,591,886	\$ 213	0.0
Savings deposits (d)	Savings deposits (d)	3,463,858	7,853	0.92	3,428,411	449	0.05	Savings deposits (d)	3,506,907	20,081	1.15	3,432,397	906	0.0
Time deposits	Time deposits	682,144	3,933	2.34	374,484	264	0.29	Time deposits	806,981	10,969	2.74	364,388	491	0.2
Short-term borrowings	Short-term borrowings	266,932	2,401	3.65	115,544	21	0.07	Short-term borrowings	351,321	7,594	4.36	105,497	39	0.0
Long-term debt	Long-term debt	185,367	2,312	5.06	182,119	2,238	4.98	Long-term debt	186,378	4,661	5.04	181,988	4,489	4.9
Total interest-bearing liabilities	Total interest-bearing liabilities	6,446,529	20,231	1.27	5,652,537	3,072	0.22	Total interest-bearing liabilities	6,799,174	53,674	1.59	5,676,156	6,138	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)	2,678,849			2,645,551			Noninterest-bearing demand deposits (d)	2,629,575			2,678,686		
Other liabilities	Other liabilities	202,476			119,075			Other liabilities	197,860			122,379		
Shareholders' equity	Shareholders' equity	1,161,054			1,107,415			Shareholders' equity	1,198,147			1,085,512		
Total Noninterest-Bearing Funding Sources	Total Noninterest-Bearing Funding Sources	4,042,379			3,872,041			Total Noninterest-Bearing Funding Sources	4,025,582			3,886,577		
Total Liabilities and Shareholders' Equity	Total Liabilities and Shareholders' Equity	\$10,488,908			\$9,524,578			Equity	\$10,824,756			\$9,562,733		
Net Interest Income and Net Yield on Interest-Earning Assets	Net Interest Income and Net Yield on Interest-Earning Assets	\$ 94,663	4.01 %		\$ 68,425	3.19 %	Assets		\$ 192,792	3.93 %		\$ 142,332	3.2	

(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 six months ended March 31, 2023 June 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 six** months ended **March 31, 2023** **June 30, 2023** compared with **March 31, 2022** **June 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	\$ 399	\$ (94)	\$ 493			Interest-bearing deposits with banks	\$ 3,784	\$ (323)	\$ 4,107									
Tax-free investment securities	Tax-free investment securities	(12)	(16)	4			Tax-free investment securities	(20)	(26)	6									
Taxable investment securities	Taxable investment securities	(319)	(1,276)	957			Taxable investment securities	(338)	(2,097)	1,759									
Loans and leases	Loans and leases	43,329	13,191	30,138			Loans and leases	94,570	29,533	65,037									
Total interest income (b)	Total interest income (b)	43,397	11,805	31,592			Total interest income (b)	97,996	27,087	70,909									
Interest-bearing liabilities:	Interest-bearing liabilities:						Interest-bearing liabilities:												
Interest-bearing demand deposits	Interest-bearing demand deposits	3,632	22	3,610			Interest-bearing demand deposits	10,156	53	10,103									
Savings deposits	Savings deposits	7,404	4	7,400			Savings deposits	19,175	18	19,157									
Time deposits	Time deposits	3,669	220	3,449			Time deposits	10,478	593	9,885									
Short-term borrowings	Short-term borrowings	2,380	26	2,354			Short-term borrowings	7,555	85	7,470									
Long-term debt	Long-term debt	74	40	34			Long-term debt	172	108	64									
Total interest expense	Total interest expense	17,159	312	16,847			Total interest expense	47,536	857	46,679									
Net interest income	Net interest income	\$ 26,238	\$ 11,493	\$ 14,745			Net interest income	\$ 50,460	\$ 26,230	\$ 24,230									

(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 **three six** months ended **March 31: June 30:**

	2023		2022	
	Dollars	Percentage	Dollars	Percentage
(dollars in thousands)				
Commercial, financial, agricultural and other	\$ 991	(170)%	\$ 3,023	(1,511)%

Time and demand	179	(31)	3,715	(1,857)
Commercial credit cards	20	(3)	113	(56)
Equipment finance	420	(72)	31	(16)
Time and demand other	372	(64)	(836)	418
Real estate construction	(2,798)	482	710	(355)
Construction other	(1,842)	317	(103)	52
Construction residential	(956)	165	813	(407)
Residential real estate	261	(45)	4,213	(2,107)
Residential first lien	358	(62)	3,683	(1,842)
Residential junior lien/home equity	(97)	17	530	(265)
Commercial real estate	307	(53)	314	(157)
Multifamily	67	(12)	49	(25)
Nonowner occupied	238	(41)	(1,576)	788
Owner occupied	2	—	1,841	(920)
Loans to individuals	659	(114)	(8,460)	4,230
Automobile and recreational vehicles	599	(104)	(8,460)	4,230
Consumer credit cards	5	(1)	(29)	15
Consumer other	55	(9)	29	(15)
Provision for credit losses on loans and leases	\$ (580)	100 %	\$ (200)	100 %
Provision for credit losses - acquisition day 1 non-PCD	10,653		—	
Total provision for credit losses on loans and leases	10,073		(200)	
Provision for off-balance sheet credit exposure	(2,070)		2,164	
Total provision for credit losses	\$ 8,003		\$ 1,964	

	2023		2022	
	Dollars	Percentage	Dollars	Percentage
			(dollars in thousands)	
Commercial, financial, agricultural and other	\$ 3,251	124 %	\$ 4,721	127 %
Time and demand	1,282	49	4,843	130
Commercial credit cards	13	1	191	6
Equipment finance	1,033	39	272	7
Time and demand other	923	35	(585)	(16)
Real estate construction	(3,019)	(115)	1,309	35
Construction other	(1,588)	(60)	322	9
Construction residential	(1,431)	(55)	987	26
Residential real estate	1,196	45	5,206	139
Residential first lien	1,081	41	4,401	118
Residential junior lien/home equity	115	4	805	21
Commercial real estate	(378)	(14)	(1,456)	(39)
Multifamily	301	12	405	11
Nonowner occupied	310	12	(3,754)	(101)
Owner occupied	(989)	(38)	1,893	51
Loans to individuals	1,570	60	(6,037)	(162)
Automobile and recreational vehicles	1,316	50	(6,395)	(171)
Consumer credit cards	62	3	11	—
Consumer other	192	7	347	9
Provision for credit losses on loans and leases	\$ 2,620	100 %	\$ 3,743	100 %
Provision for credit losses - acquisition day 1 non-PCD	10,653		—	
Total provision for credit losses on loans and leases	13,273		3,743	
Provision for off-balance sheet credit exposure	(2,480)		2,320	
Total provision for credit losses	\$ 10,793		\$ 6,063	

Total provision expense for the **three six** months ended **March 31, 2023** **June 30, 2023**, increased **\$6.0 million** **\$4.7 million** compared to the **three six** months ended **March 31, 2022** **June 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 **\$4.2 million** **\$4.8 million** decline in the provision for off-balance sheet commitments. The negative provision for off-balance sheet commitments for the **period ending March 31, 2023** **six months ended June 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 **\$133.9 million** **\$133.5 million**, or **1.55%** **1.52%**, of total loans outstanding at **March 31, 2023** **June 30, 2023**, compared to \$102.9 million, or 1.35%, at December 31, 2022 and **\$91.2 million** **\$93.6 million**, or 1.31%, at **March 31, 2022** **June 30, 2022**. Nonperforming loans as a percentage of total loans and leases **decreased** **increased** to **0.51%** **0.54%** at **March 31, 2023** **June 30, 2023** from **0.54%** **0.50%** as of **March 31, 2022** **June 30, 2022** and **increased** from 0.46% at December 31, 2022. The allowance to nonperforming loan ratio was **302.67%** **278.17%**, **289.98%** and **243.38%** **262.25%** as of **March 31, 2023** **June 30, 2023**, December 31, 2022 and **March 31, 2022** **June 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 **March 31, 2023** **June 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 **three six** months ended **March 31, 2023** **June 30, 2023** and 2022 and the year-ended December 31, 2022:

		December 31,			December 31,		
		March 31, 2023	March 31, 2022	2022	June 30, 2023	June 30, 2022	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
Day 1 allowance for credit loss on PCD acquired loans	Day 1 allowance for credit loss on PCD acquired loans	22,079	—	—	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	663	475	2,361	Commercial, financial, agricultural and other	7,340	984
Real estate construction	Real estate construction	—	—	—	Real estate construction	—	—
Residential real estate	Residential real estate	79	139	339	Residential real estate	80	144
Commercial real estate	Commercial real estate	—	—	2,487	Commercial real estate	1,517	552
Loans to individuals	Loans to individuals	1,141	1,009	4,658	Loans to individuals	2,289	2,049
Total loans charged off	Total loans charged off	1,883	1,623	9,845	Total loans charged off	11,226	3,729
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	159	80	394	Commercial, financial, agricultural and other	254	159
Real estate construction	Real estate construction	—	—	9	Real estate construction	—	—
Residential real estate	Residential real estate	38	29	187	Residential real estate	71	60
Commercial real estate	Commercial real estate	42	14	769	Commercial real estate	136	19

Loans to individuals	Loans to individuals	471	366	1,349	Loans to individuals	927	829	1,349
Total recoveries	Total recoveries	710	489	2,708	Total recoveries	1,388	1,067	2,708
Net charge-offs	Net charge-offs	1,173	1,134	7,137	Net charge-offs	9,838	2,662	7,137
Provision for credit losses on loans and leases charged to expense	Provision for credit losses on loans and leases charged to expense	(580)	(200)	17,521	Provision for credit losses on loans and leases charged to expense	2,620	3,743	17,521
Balance, end of period	Balance, end of period	\$ 133,885	\$ 91,188	\$ 102,906	Balance, end of period	\$ 133,546	\$ 93,603	\$ 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)	0.06 %	0.07 %	0.10 % (annualized)	Net charge-offs as a percentage of average loans and leases outstanding (annualized)	0.23 %	0.08 %	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	1.55 %	1.31 %	1.35 % leases outstanding	Allowance for credit losses as a percentage of end-of-period loans and leases outstanding	1.52 %	1.31 %	1.35 %

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 three six months ended March 31; June 30:

	2023				2022				\$ Change		% Change		2023				2022				\$ Change		% Change																																																																									
	(dollars in thousands)								(dollars in thousands)								(dollars in thousands)																																																																															
Noninterest Income: Noninterest Income:																																																																																																
Trust income	Trust income	\$ 2,486	\$ 2,713	\$ (227)	\$ (8)	%	Trust income	\$ 5,018	\$ 5,286	\$ (268)	\$ (5)	%	Service charges on deposit accounts	Service charges on deposit accounts	4,918	4,615	303	7	Insurance and retail brokerage commissions	Insurance and retail brokerage commissions	2,552	2,272	280	12	Income from bank owned life insurance	Income from bank owned life insurance	1,227	1,508	(281)	(19)	Card-related interchange income	Card-related interchange income	6,829	6,490	339	5	Swap fee income	Swap fee income	245	453	(208)	(46)	Other income	Other income	2,057	1,975	82	4	Subtotal	Subtotal	20,314	20,026	288	1	Net securities gains	Net securities gains	—	2	(2)	(100)	Gain on sale of mortgage loans	Gain on sale of mortgage loans	652	1,282	(630)	(49)	Gain on sale of other loans and assets	Gain on sale of other loans and assets	2,086	2,319	(233)	(10)	Subtotal	Subtotal	41,612	41,833	(221)	(1)	Net securities gains	Net securities gains	—	2	(2)	(100)	Gain on sale of mortgage loans	Gain on sale of mortgage loans	1,905	2,843	(938)	(33)	Gain on sale of other loans and assets	Gain on sale of other loans and assets	3,977	3,418	559	16

Derivatives mark to market	Derivatives mark to market	(89)	347	(436)	(126)	Derivatives mark to market	(8)	389	(397)	(102)
Total noninterest income	Total noninterest income	\$ 22,963	\$ 23,976	\$ (1,013)	(4) %	Total noninterest income	\$ 47,486	\$ 48,485	\$ (999)	(2) %

Total noninterest income, excluding net securities gains, gain on sale of mortgage loans, gain on sale of other loans and assets and the derivatives mark to market for the **three six** months ended March 31, 2023 increased \$0.3 million June 30, 2023 decreased \$0.2 million, or 1%, compared to the **three six** months ended **March 31, 2022** June 30, 2022. Service charges on deposit accounts increased \$0.7 million, of which \$0.1 million can be attributed to the Centric acquisition and card-related the remainder due to increased customer activity. Card-related interchange income both increased \$0.3 million \$0.6 million as a result of increased customer activity. Insurance and retail brokerage commissions increased Trust income decreased \$0.3 million due to growth in annuity sales. Trust income decreased \$0.2 million as a result of declines in the value of assets under management, income from bank owned life insurance decreased \$0.3 million \$0.5 million compared to the prior period primarily due to changes in market interest rates and swap fee income declined \$0.2 million \$1.0 million due to a lower volume of interest rate swaps entered into by our commercial loan customers. For the **three six** months ended **March 31, 2023** June 30, 2023, \$0.1 million \$0.5 million in non-interest income can be attributed to the Centric acquisition.

Total noninterest income decreased \$1.0 million, or **4% 2%**, compared to the same period in the prior year. The most significant changes, other than the changes noted above, include a **\$0.6 million \$0.9 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 decreased **\$0.2 million** partially offset these declines with an increase of **\$0.6 million** due to a lower an increased volume of loans sold, primarily SBA loans, being sold in the first **three six** months of 2023 compared to the same period in 2022.

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 six** months ended **March 31**: June 30:

Noninterest Expense:	Noninterest Expense:	(dollars in thousands)						(dollars in thousands)						(dollars in thousands)						(dollars in thousands)							
		2023			2022			\$ Change			% Change			2023			2022			\$ Change			% Change				
Salaries and employee benefits	Salaries and employee benefits	\$ 34,264	\$ 30,932	\$ 3,332	11	%	Noninterest Expense:	Salaries and employee benefits	\$ 70,999	\$ 61,881	\$ 9,118	15	%	Noninterest Expense:	Salaries and employee benefits	\$ 70,999	\$ 61,881	\$ 9,118	15	%	Noninterest Expense:	Salaries and employee benefits	\$ 70,999	\$ 61,881	\$ 9,118	15	%
Net occupancy	Net occupancy	5,018	4,787	231	5		Net occupancy	9,802	8,957	845	9		Net occupancy	9,802	8,957	845	9		Net occupancy	9,802	8,957	845	9				
Furniture and equipment	Furniture and equipment	4,238	3,730	508	14		Furniture and equipment	8,522	7,587	935	12		Furniture and equipment	8,522	7,587	935	12		Furniture and equipment	8,522	7,587	935	12				
Data processing	Data processing	3,404	3,188	216	7		Data processing	7,167	6,658	509	8		Data processing	7,167	6,658	509	8		Data processing	7,167	6,658	509	8				
Advertising and promotion	Advertising and promotion	1,663	1,226	437	36		Advertising and promotion	2,990	2,660	330	12		Advertising and promotion	2,990	2,660	330	12		Advertising and promotion	2,990	2,660	330	12				
Pennsylvania shares tax	Pennsylvania shares tax	1,252	1,005	247	25		Pennsylvania shares tax	2,425	1,918	507	26		Pennsylvania shares tax	2,425	1,918	507	26		Pennsylvania shares tax	2,425	1,918	507	26				
Intangible amortization	Intangible amortization	1,147	862	285	33		Intangible amortization	2,429	1,724	705	41		Intangible amortization	2,429	1,724	705	41		Intangible amortization	2,429	1,724	705	41				
Other professional fees and services	Other professional fees and services	1,591	1,221	370	30		Other professional fees and services	2,773	2,418	355	15		Other professional fees and services	2,773	2,418	355	15		Other professional fees and services	2,773	2,418	355	15				
FDIC insurance	FDIC insurance	1,417	698	719	103		FDIC insurance	2,694	1,400	1,294	92		FDIC insurance	2,694	1,400	1,294	92		FDIC insurance	2,694	1,400	1,294	92				
Other operating	Other operating	8,062	7,400	662	9		Other operating	17,358	14,810	2,548	17		Other operating	17,358	14,810	2,548	17		Other operating	17,358	14,810	2,548	17				
Subtotal	Subtotal	62,056	55,049	7,007	13		Subtotal	127,159	110,013	17,146	16		Subtotal	127,159	110,013	17,146	16		Subtotal	127,159	110,013	17,146	16				
Loss on sale or write-down of assets	Loss on sale or write-down of assets	41	75	(34)	(45)		Loss on sale or write-down of assets	47	161	(114)	(71)		Loss on sale or write-down of assets	47	161	(114)	(71)		Loss on sale or write-down of assets	47	161	(114)	(71)				
Merger and acquisition related	Merger and acquisition related	8,541	—	8,541	N/A		Merger and acquisition related	8,481	—	8,481	N/A		Merger and acquisition related	8,481	—	8,481	N/A		Merger and acquisition related	8,481	—	8,481	N/A				

Litigation and operational losses	Litigation and operational losses	743	600	143	24	Litigation and operational losses	1,637	1,229	408	33
Total noninterest expense	Total noninterest expense	\$ 71,381	\$ 55,724	\$ 15,657	28 %	Total noninterest expense	\$ 137,324	\$ 111,403	\$ 25,921	23 %

Noninterest expense increased **\$15.7 million** **\$25.9 million**, or **28% 23%**, for the **three six** months ended **March 31, 2023** **June 30, 2023** compared to the same period in 2022. Contributing to the increase in expense in 2023 is \$8.5 million in merger-related expenses associated with the Centric acquisition. Additionally, salaries and employee benefits increased **\$3.3 million** primarily due to the number of full time equivalent employees, which increased from **1,432** **1,409** at **March 31, 2022** **June 30, 2022** to **1,536** **1,483** at **March 31, 2023** **June 30, 2023**, largely due to the Centric acquisition. Also contributing to this increase was a \$2.1 million increase in hospitalization expense as a result of higher claims in 2023. Additionally, increases in net occupancy, furniture and equipment and intangible amortization all reflected increases as a result of Centric, primarily due to the Centric acquisition. Data processing costs increased **\$0.2 million** **\$0.5 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 **travel, interview, printing and placement, postage expense** due to new customer disclosures, as well as **travel, telephone and operational losses**, none of which were individually significant.

FDIC insurance increased **\$0.7 million** **\$1.3 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 **\$1.0 million** **\$4.2 million** for the **three six** months ended **March 31, 2023** **June 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 **three six** months ended **March 31, 2023** **June 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 **19.5%** **19.7%** for the **three six** months ended **March 31, 2023** **June 30, 2023** and 2022, respectively.

As of **March 31, 2023** **June 30, 2023**, our deferred tax assets totaled **\$69.7 million** **\$72.9 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 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 Compared to Three Months Ended June 30, 2022

Net Income

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

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

Net Interest Income

Net interest income, on a fully taxable equivalent basis, was \$98.1 million in the second quarter of 2023, compared to \$73.9 million for the same period in 2022. Accretion of purchase accounting marks related to the Centric acquisition contributed 14 basis points to the net interest margin in the second 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% and 75.0% for the three months ended June 30, 2023 and 2022, respectively.

The net interest margin, on a fully taxable equivalent basis, was 3.85% and 3.38% for the three months ended June 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.

The taxable equivalent yield on interest-earning assets was 5.16% for the three months ended June 30, 2023, an increase of 164 basis points compared to the 3.52% yield for the same period in 2022. This is largely due to a 161 basis point increase in the loan portfolio yield when compared to the three months ended June 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 basis points largely

due to the Federal Reserve increasing short term interest rates by 350 basis points since June 30, 2022. Additionally, 12 basis points of the increase in the yield on interest-earning assets can be attributed to the recognition of \$3.2 million in accretion of the purchase accounting marks recognized as a result of the Centric acquisition.

The investment portfolio yield increased 26 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 million as maturities and runoff funded loan growth. The average balance of interest-bearing deposits with banks decreased from \$332.3 million in 2022 to \$308.4 million in 2023 while the yield increased 447 basis points.

The cost of interest-bearing liabilities increased to 1.88% for the three months ended June 30, 2023, from 0.22% 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 basis points and short-term borrowings increased 471 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 with the comparable period in 2022, average time deposits increased \$576.0 million, or 162.5%, with an increase in the cost of these deposits of 277 basis points. Contributing to the average growth in time deposits was an average of \$99.5 million related to the Centric acquisition. Other interest-bearing deposits increased on average \$527.6 million, or 10.4%, compared to the three months ended June 30, 2022 and the cost of these deposits increased 131 basis points. The Centric acquisition contributed \$341.2 million of the growth in other interest-bearing deposits.

For the three months ended June 30, 2023, changes in interest rates positively impacted net interest income by \$9.3 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, while an increase in the cost of interest-bearing liabilities negatively impacted net interest income by \$29.8 million.

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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. Average interest-earning assets for the three months ended June 30, 2023 increased \$1.5 billion, or 16.6%, compared to the same period in 2022. Average loans for the comparable period increased \$1.7 billion, or 23.5%.

Net interest income also benefited from a \$5.4 million increase in average net free funds at June 30, 2023 as compared to June 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 level of net free funds was the result of increases in other liabilities and shareholders' equity. Average time deposits for the three months ended June 30, 2023 increased by \$576.0 million compared to the comparable period in 2022, increasing interest expense by \$0.4 million.

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 30:

	2023	2022
	(dollars in thousands)	
Interest income per Consolidated Statements of Income	\$ 131,267	\$ 76,728
Adjustment to fully taxable equivalent basis	305	244
Interest income adjusted to fully taxable equivalent basis (non-GAAP)	131,572	76,972
Interest expense	33,443	3,066
Net interest income adjusted to fully taxable equivalent basis (non-GAAP)	\$ 98,129	\$ 73,906

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 30:

	2023		2022		Yield or Rate
	Average Balance	Income / Expense (a)	Yield or Rate	Average Balance	
	(dollars in thousands)				
Assets					
Interest-earning assets:					
Interest-bearing deposits with banks	\$ 308,412	\$ 4,043	5.26 %	\$ 332,269	\$ 658
Tax-free investment securities	21,564	144	2.68	23,120	152
Taxable investment securities	1,205,160	6,416	2.14	1,378,737	6,435
Loans and leases, net of unearned income (b)(c)	8,689,021	120,969	5.58	7,036,176	69,727
Total interest-earning assets	10,224,157	131,572	5.16	8,770,302	76,972
Noninterest-earning assets:					
Cash	108,596			119,999	

Allowance for credit losses	(134,750)		(92,720)				
Other assets	958,910		802,888				
Total noninterest-earning assets	932,756		830,167				
Total Assets	\$ 11,156,913		\$ 9,600,469				
Liabilities and Shareholders' Equity							
Interest-bearing liabilities:							
Interest-bearing demand deposits (d)	\$ 2,045,853	\$ 6,637	1.30 %	\$ 1,631,353	\$ 113	0.03 %	
Savings deposits (d)	3,549,483	12,228	1.38	3,436,339	457	0.05	
Time deposits	930,447	7,036	3.03	354,403	227	0.26	
Short-term borrowings	434,783	5,193	4.79	95,561	18	0.08	
Long-term debt	187,379	2,349	5.03	181,859	2,251	4.96	
Total interest-bearing liabilities	7,147,945	33,443	1.88	5,699,515	3,066	0.22	
Noninterest-bearing liabilities and shareholders' equity:							
Noninterest-bearing demand deposits (d)	2,580,842			2,711,458			
Other liabilities	193,292			125,646			
Shareholders' equity	1,234,834			1,063,850			
Total noninterest-bearing funding sources	4,008,968			3,900,954			
Total Liabilities and Shareholders' Equity	\$ 11,156,913			\$ 9,600,469			
Net Interest Income and Net Yield on Interest-Earning Assets	\$ 98,129		3.85 %	\$ 73,906		3.38 %	

(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 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.

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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 compared with June 30, 2022:

	Analysis of Year-to-Year Changes in Net Interest Income				
	Total Change	Change Due To		Change Due To	
		Volume	Rate (a)		
(dollars in thousands)					
Interest-earning assets:					
Interest-bearing deposits with banks	\$ 3,385	\$ (47)	\$ 3,432		
Tax-free investment securities	(8)	(10)	2		
Taxable investment securities	(19)	(809)	790		
Loans and leases	51,242	16,360	34,882		
Total interest income (b)	54,600	15,494	39,106		
Interest-bearing liabilities:					
Interest-bearing demand deposits	6,524	31	6,493		
Savings deposits	11,771	14	11,757		
Time deposits	6,809	373	6,436		
Short-term borrowings	5,175	68	5,107		
Long-term debt	98	68	30		
Total interest expense	30,377	554	29,823		
Net interest income	\$ 24,223	\$ 14,940	\$ 9,283		

(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.

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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 30:

	2023		2022		Percentage (dollars in thousands)
	Dollars	Percentage	Dollars	Percentage	
	\$	71 %	\$	43 %	
Commercial, financial, agricultural and other	\$ 2,260	71 %	\$ 1,698	43 %	
Time and demand	1,103	35	1,128	29	
Commercial credit cards	(7)	—	78	2	
Equipment finance	613	19	241	6	
Time and demand other	551	17	251	6	
Real estate construction	(221)	(7)	599	15	
Construction other	254	8	425	11	
Construction residential	(475)	(15)	174	4	
Residential real estate	935	29	993	25	
Residential first lien	723	22	718	18	
Residential junior lien/home equity	212	7	275	7	
Commercial real estate	(685)	(21)	(1,770)	(45)	
Multifamily	234	8	356	9	
Nonowner occupied	72	2	(2,178)	(55)	
Owner occupied	(991)	(31)	52	1	
Loans to individuals	911	28	2,423	62	
Automobile and recreational vehicles	717	22	2,065	53	
Consumer credit cards	57	2	40	1	
Consumer other	137	4	318	8	
Provision for credit losses on loans and leases	\$ 3,200	100 %	\$ 3,943	100 %	
Provision for off-balance sheet credit exposure	(410)		156		
Total provision for credit losses	\$ 2,790		\$ 4,099		

The provision for credit losses on loans and leases for the three months ended June 30, 2023 decreased in comparison to the three months ended June 30, 2022 by \$0.7 million. The level of provision expense in the second quarter of 2023 is primarily the result of an increase in loan balances as well as changes in the economic forecasts used in calculation of the allowance for credit losses. The provision for off-balance sheet credit exposure decreased \$0.6 million primarily due to the level of unfunded commitments. Net charge-offs for the three months ended June 30, 2023 were \$8.7 million, of which \$7.1 million related to loans acquired from Centric for which an allowance for credit losses was established as part of the purchase accounting marks.

The level of provision expense in the second quarter of 2022 was primarily the result of increases in loan balances. Net charge-offs for the three months ended June 30, 2022 were \$1.5 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 and 2022 and the year-ended December 31, 2022:

	June 30, 2023	June 30, 2022	December 31, 2022	(\$ thousands)
	\$	\$	\$	
Balance, beginning of period	\$ 133,885	\$ 91,188	\$ 92,522	
Day 1 allowance for credit loss on PCD acquired loans	5,126	—	—	
Loans charged off:				
Commercial, financial, agricultural and other	6,677	509	2,361	
Real estate construction	—	—	—	

Residential real estate	1	5	339
Commercial real estate	1,517	552	2,487
Loans to individuals	1,148	1,040	4,658
Total loans charged off	9,343	2,106	9,845
Recoveries of loans previously charged off:			
Commercial, financial, agricultural and other	95	79	394
Real estate construction	—	—	9
Residential real estate	33	31	187
Commercial real estate	94	5	769
Loans to individuals	456	463	1,349
Total recoveries	678	578	2,708
Net charge-offs	8,665	1,528	7,137
Provision for credit losses on loans charged to expense	3,200	3,943	17,521
Balance, end of period	\$ 133,546	\$ 93,603	\$ 102,906

Noninterest Income

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

	2023	2022	\$ Change	% Change
(dollars in thousands)				
Noninterest Income:				
Trust income	\$ 2,532	\$ 2,573	\$ (41)	(2)%
Service charges on deposit accounts	5,324	4,886	438	9
Insurance and retail brokerage commissions	2,314	2,486	(172)	(7)
Income from bank owned life insurance	1,195	1,383	(188)	(14)
Card-related interchange income	7,372	7,137	235	3
Swap fee income	332	1,154	(822)	(71)
Other income	2,229	2,188	41	2
Subtotal	21,298	21,807	(509)	(2)
Gain on sale of mortgage loans	1,253	1,561	(308)	(20)
Gain on sale of other loans and assets	1,891	1,099	792	72
Derivatives mark to market	81	42	39	93
Total noninterest income	\$ 24,523	\$ 24,509	\$ 14	—%

Total noninterest income for the three months ended June 30, 2023 is comparable to the three months ended June 30, 2022. The most significant changes include a \$0.3 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 in gain on sale of other loans and assets due to an increase in the volume 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, service charges on deposits increased \$0.4 million due to growth in customer accounts and transactions.

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	2022	\$ Change	% Change
(dollars in thousands)				
Noninterest Expense:				
Salaries and employee benefits	\$ 36,735	\$ 30,949	\$ 5,786	19 %
Net occupancy	4,784	4,170	614	15
Furniture and equipment	4,284	3,857	427	11
Data processing	3,763	3,470	293	8

Advertising and promotion	1,327	1,434	(107)	(7)
Pennsylvania shares tax	1,173	913	260	28
Intangible amortization	1,282	862	420	49
Other professional fees and services	1,182	1,197	(15)	(1)
FDIC insurance	1,277	702	575	82
Other operating	9,296	7,410	1,886	25
Subtotal	65,103	54,964	10,139	18
Loss on sale or write-down of assets	6	86	(80)	(93)
Merger and acquisition related	(60)	—	(60)	N/A
Litigation and operational losses	894	629	265	42
Total noninterest expense	\$ 65,943	\$ 55,679	\$ 10,264	18 %

Noninterest expense increased \$10.3 million, or 18%, for the three months ended June 30, 2023 compared to the same period in 2022. The increase is a result of a \$5.8 million increase in salary and employee benefit expense, primarily due to a \$1.8 million increase in hospitalization expense as well as the impact of 74 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 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.

Income Tax

The provision for income taxes increased \$3.19 million for the three months ended June 30, 2023, compared to the corresponding period in 2022. The effective tax rate increased 30 basis points from 19.9% for the three months ended June 30, 2022 to 20.2% for the three months ended June 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 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 **three** six months of 2023, the maturity and redemption of investment securities provided **\$66.2 million** **\$100.4 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 **March 31, 2023** **June 30, 2023**:

	Internal liquidity sources	Outstanding Letters of				Outstanding Letters of				
		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	\$ 601,100	\$ —	\$ —	\$ 601,100	Unencumbered securities	\$ 594,152	\$ —	\$ 594,152	
Other (excess pledged)	Other (excess pledged)	43,700	—	—	43,700	Other (excess pledged)	34,132	—	34,132	
External liquidity sources	External liquidity sources					External liquidity sources				
FHLB advances	FHLB advances	2,041,633	204,679	666,800	1,170,154	FHLB advances	2,432,168	494,495	659,250	1,278,423
FRB borrowings	FRB borrowings	1,081,368	—	—	1,081,368	FRB borrowings	1,071,028	—	—	1,071,028
Lines with other financial institutions	Lines with other financial institutions	180,000	—	—	180,000	Lines with other financial institutions	160,000	—	—	160,000

Brokered deposits ⁽¹⁾	Brokered deposits ⁽¹⁾	1,108,551	18,730	—	1,089,821	Brokered deposits ⁽¹⁾	1,128,932	16,683	—	1,112,249
Total liquidity	Total liquidity	\$ 5,056,352	\$ 223,409	\$ 666,800	\$ 4,166,143	Total liquidity	\$ 5,585,412	\$ 511,178	\$ 659,250	\$ 4,414,984

(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 **March 31, 2023** **June 30, 2023**, the outstanding balance of **\$18.7 million** **\$16.7 million** carried an average weighted rate of **3.20%** **3.91%** and an average original term of **215** **219** 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 **first quarter of 2023**, **six months ended June 30, 2023**, the Company increased its liquidity by purchasing **\$519.0 million** **\$659.3 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, new short-term borrowings in the amount of \$250.0 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:

	March 31, 2023		December 31, 2022		June 30, 2023		December 31, 2022	
	(dollars in thousands)				(dollars in thousands)			
Noninterest-bearing demand deposits ^(a)	Noninterest-bearing demand deposits ^(a)	\$ 2,698,225	\$ 2,670,508	Noninterest-bearing demand deposits ^(a)	\$ 2,624,344	\$ 2,670,508	Noninterest-bearing demand deposits ^(a)	\$ 2,670,508
Interest-bearing demand deposits ^(a)	Interest-bearing demand deposits ^(a)	547,015	357,769	Interest-bearing demand deposits ^(a)	611,156	357,769	Interest-bearing demand deposits ^(a)	357,769
Savings deposits ^(a)	Savings deposits ^(a)	5,127,037	4,572,183	Savings deposits ^(a)	4,935,124	4,572,183	Savings deposits ^(a)	4,572,183
Time deposits	Time deposits	862,671	405,009	Time deposits	975,654	405,009	Time deposits	405,009
Total	Total	\$ 9,234,948	\$ 8,005,469	Total	\$ 9,146,278	\$ 8,005,469	Total	\$ 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.

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

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

During the first **three** **six** months of 2023, total deposits increased **\$1.2 billion** **\$1.1 billion**, of which \$757.0 million were acquired as part of the Centric acquisition. Interest-bearing demand and savings deposits increased **\$744.1 million** **\$616.3 million**, noninterest-bearing demand deposits increased **\$27.7 million** decreased **\$46.2 million** and time deposits increased **\$457.7 million** **\$570.6 million**.

The estimated total of uninsured deposits was **\$2.5 billion** **\$2.4 billion** at **March 31, 2023** **June 30, 2023** and **\$2.1 billion** **\$2.1 billion** at December 31, 2022. Additionally, **\$1.0 billion** **\$0.9 billion** of uninsured deposits are secured by pledged investment securities or letters of credit. 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 and 0.76 at both **March 31, 2023** **June 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 **March 31, 2023** June 30, 2023 and December 31, 2022:

		March 31, 2023						June 30, 2023					
		Over 1 Year						Over 1 Year					
		0-90 Days	91-180 Days	181-365 Days	Cumulative 0-365 Days	Through 5 Years	Over 5 Years	0-90 Days	91-180 Days	181-365 Days	Cumulative 0-365 Days	Through 5 Years	Over 5 Years
(dollars in thousands)													
Loans and leases	Loans and leases	\$ 3,508,121	\$ 396,766	\$ 684,053	\$ 4,588,940	\$ 2,977,254	\$ 1,025,209	Loans and leases	\$ 2,097,822	\$ 548,511	\$ 841,436	\$ 3,487,769	\$ 3,869,780
Investments	Investments	43,472	38,671	76,338	158,481	442,624	719,901	Investments	44,693	38,091	72,656	155,440	439,678
Other interest-earning assets	Other interest-earning assets	282,037	—	—	282,037	—	—	Other interest-earning assets	325,691	—	—	325,691	8
Total interest-sensitive assets	Total interest-sensitive assets							Total interest-sensitive assets					
(ISA)	(ISA)	3,833,630	435,437	760,391	5,029,458	3,419,878	1,745,110	(ISA)	2,468,206	586,602	914,092	3,968,900	4,309,544
Certificates of deposit	Certificates of deposit	80,552	87,288	346,430	514,270	347,659	974	Certificates of deposit	65,541	218,076	350,610	634,227	340,428
Other deposits	Other deposits	5,674,052	—	—	5,674,052	—	—	Other deposits	5,546,280	—	—	5,546,280	—
Borrowings	Borrowings	407,928	204	409	408,541	3,271	50,590	Borrowings	671,811	205	411	672,427	53,219
Total interest-sensitive liabilities	Total interest-sensitive liabilities							Total interest-sensitive liabilities					
(ISL)	(ISL)	6,162,532	87,492	346,839	6,596,863	350,930	51,564	(ISL)	6,283,632	218,281	351,021	6,852,934	393,644
Gap	Gap	\$ (2,328,902)	\$ 347,945	\$ 413,552	\$ (1,567,405)	\$ 3,068,948	\$ 1,693,546	Gap	\$ (3,815,426)	\$ 368,321	\$ 563,071	\$ (2,884,034)	\$ 3,915,891
ISA/ISL	ISA/ISL	0.62	4.98	2.19	0.76	9.75	33.84	ISA/ISL	0.39	2.69	2.60	0.58	10.9%
Gap/Total assets	Gap/Total assets	20.95 %	3.13 %	3.72 %	14.10 %	27.61 %	15.24 %	Gap/Total assets	33.70 %	3.25 %	4.97 %	25.48 %	34.6%

December 31, 2022												
Over 1 Year												
91-180 Days 181-365 Days Cumulative 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

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

	December 31, 2022										
	91-180			181-365			Cumulative		Over 1 Year		Over 5 Years
	0-90 Days	Days	Days	0-365 Days	Years	Through 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 %					

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)				(dollars in thousands)				
March 31, 2023 (\$)	\$ (14,089)	\$ (6,584)	\$ 7,008	\$ 13,374					
March 31, 2023 (%)	(3.41) %	(1.59) %	1.70 %	3.24 %					
June 30, 2023 (\$)					June 30, 2023 (\$)	\$ (3,776)	\$ (1,380)	\$ 2,316	\$ 3,817
June 30, 2023 (%)					June 30, 2023 (%)	(0.91) %	(0.33) %	0.56 %	0.92 %
December 31, 2022 (\$)	31, 2022 (\$)	\$ (11,973)	\$ (5,486)	\$ 5,902	December 31, 2022 (\$)	\$ (11,973)	\$ (5,486)	\$ 5,902	\$ 11,413
December 31, 2022 (%)	31, 2022 (%)	(3.12) %	(1.43) %	1.54 %	December 31, 2022 (%)	(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)				(dollars in thousands)				
March 31, 2023 (\$)	\$ (51,158)	\$ (23,531)	\$ 22,066	\$ 42,563					
March 31, 2023 (%)	(12.38) %	(5.70) %	5.34 %	10.30 %					
June 30, 2023 (\$)					June 30, 2023 (\$)	\$ (20,993)	\$ (8,422)	\$ 7,560	\$ 13,136
June 30, 2023 (%)					June 30, 2023 (%)	(5.07) %	(2.03) %	1.83 %	3.17 %
December 31, 2022 (\$)	31, 2022 (\$)	\$ (45,361)	\$ (20,166)	\$ 18,626	December 31, 2022 (\$)	\$ (45,361)	\$ (20,166)	\$ 18,626	\$ 36,011
December 31, 2022 (%)	31, 2022 (%)	(11.83) %	(5.26) %	4.86 %	December 31, 2022 (%)	(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%, with an assumed floor of zero in the model. In the ~~three~~ six months ended **March 31, 2023** June 30, 2023 and 2022, the cost of our interest-bearing liabilities averaged **1.27%** **1.59%** and **0.22%**, respectively, and the yield on our average interest-earning assets, on a fully taxable equivalent basis, averaged **4.86%** **5.02%** and **3.33%** **3.43%**, 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.

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

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

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 **\$8.2 million** **\$7.8 million** at **March 31, 2023** June 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 **\$8.7 million** **\$12.5 million** to **\$44.2 million** **\$48.0 million** at **March 31, 2023** June 30, 2023, compared to \$35.5 million at December 31, 2022. The increase in nonperforming loans is primarily a result of **\$14.9 million** **\$18.7 million** in loans acquired from Centric offset by as well as an additional **\$1.8 million** moved to nonaccrual during the first half of 2023. Offsetting this is the removal of \$6.4 million in accruing TDR's. 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 **302.67%** **278.17%** as of **March 31, 2023** June 30, 2023, compared to 289.98% at December 31, 2022, and **243.38%** **262.25%** at **March 31, 2022** June 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 **\$14.7** **\$13.1 million** and general reserves of **\$112.1** **\$120.4 million** as of **March 31, 2023** June 30, 2023. Specific reserves increased **\$14.0 million** **\$12.4 million** from December 31, 2022, and **\$14.4 million** **\$12.7 million** from **March 31, 2022** June 30, 2022 primarily as a result of individually analyzed PCD loans acquired from Centric.

Criticized loans totaled **\$189.9 million** **\$207.1 million** at **March 31, 2023** June 30, 2023 and represented 2% of the loan portfolio. The level of criticized loans increased as of **March 31, 2023** June 30, 2023 when compared to December 31, 2022, by **\$57.0 million** **\$74.2 million**, or **43%** **56%**. Classified loans totaled **\$77.0 million** **\$76.4 million** at **March 31, 2023** June 30, 2023 compared to \$44.4 million at December 31, 2022, an increase of **\$32.5 million** **\$32.0 million**, or **73%** **72%**. The increase in criticized loans is the result of PCD \$67.2 million in criticized loans acquired as part of the Centric acquisition.

The allowance for credit losses was **\$133.9 million** **\$133.5 million** at **March 31, 2023** June 30, 2023, or **1.55%** **1.52%** of total loans and leases outstanding, compared to 1.35% reported at December 31, 2022, and 1.31% at **March 31, 2022** June 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% at **March 31, 2023** June 30, 2023 compared to 1.34% at December 31, 2022 and 1.31% at **March 31, 2022** June 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:

	March 31,		December 31,		June 30,		December 31,	
	2023		2022		2023		2022	
	(dollars in thousands)				(dollars in thousands)			
Nonperforming	Nonperforming				Nonperforming			
Loans:	Loans:				Loans:			

Loans on nonaccrual basis	Loans on nonaccrual basis	\$ 44,234	\$ 20,490	\$ 20,193	Loans on nonaccrual basis	\$ 48,009	\$ 19,594	\$ 20,193
Troubled debt restructured loans on nonaccrual basis	Troubled debt restructured loans on nonaccrual basis				Troubled debt restructured loans on nonaccrual basis			
		10,090	8,852			9,694	8,852	
Troubled debt restructured loans on accrual basis	Troubled debt restructured loans on accrual basis				Troubled debt restructured loans on accrual basis			
		6,887	6,442			6,404	6,442	
Total nonperforming loans	Total nonperforming loans	\$ 44,234	\$ 37,467	\$ 35,487	Total nonperforming loans	\$ 48,009	\$ 35,692	\$ 35,487
Loans past due 30 to 90 days and still accruing	Loans past due 30 to 90 days and still accruing	\$ 15,809	\$ 22,692	\$ 17,949	Loans past due 30 to 90 days and still accruing	\$ 15,693	\$ 6,655	\$ 17,949
Loans past due in excess of 90 days and still accruing	Loans past due in excess of 90 days and still accruing	\$ 1,440	\$ 1,921	\$ 1,991	Loans past due in excess of 90 days and still accruing	\$ 2,474	\$ 3,155	\$ 1,991
Other real estate owned	Other real estate owned	\$ 424	\$ 667	\$ 534	Other real estate owned	\$ 324	\$ 93	\$ 534
Loans held for sale at end of period	Loans held for sale at end of period	\$ 11,050	\$ 10,506	\$ 11,869	Loans held for sale at end of period	\$ 16,300	\$ 12,876	\$ 11,869
Portfolio loans and leases outstanding at end of period	Portfolio loans and leases outstanding at end of period	\$ 8,656,945	\$ 6,952,112	\$ 7,642,143	Portfolio loans and leases outstanding at end of period	\$ 8,799,836	\$ 7,119,754	\$ 7,642,143
Average loans and leases outstanding	Average loans and leases outstanding		(a)	(a)	(b)	Average loans and leases outstanding	(a)	(a)
		\$ 8,301,449	\$ 6,893,628	\$ 7,172,624		\$ 8,496,305	\$ 6,965,296	\$ 7,172,624
Nonperforming loans as a percentage of total loans and leases	Nonperforming loans as a percentage of total loans and leases	0.51 %	0.54 %	0.46 %	Nonperforming loans as a percentage of total loans and leases	0.54 %	0.50 %	0.46 %
Provision for credit losses on loans and leases	Provision for credit losses on loans and leases		(a)	(a)	(b)	Provision for credit losses on loans and leases		(a)
		\$ (580)	\$ (200)	\$ 17,521		\$ 2,620	\$ 3,743	\$ 17,521
Provision for credit losses - acquisition day 1	Provision for credit losses - acquisition day 1				Provision for credit losses - acquisition day 1			
non-PCD	non-PCD	\$ 10,653	\$ —	\$ —	non-PCD	\$ 10,653	\$ —	\$ —
Allowance for credit losses	Allowance for credit losses	\$ 133,885	\$ 91,188	\$ 102,906	Allowance for credit losses	\$ 133,546	\$ 93,603	\$ 102,906
Net charge-offs	Net charge-offs	\$ 1,173	(a) \$ 1,134	(a) \$ 7,137	(b) Net charge-offs	\$ 9,838	(a) \$ 2,662	(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)	0.06 %	0.07 %	0.10 %	(annualized)	0.23 %	0.08 %	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)	(49.45) %	(17.64) %	245.50 %	net charge-offs (e)	26.63 %	140.61 %	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)	1.55 %	1.31 %	1.35 %	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 nonperforming loans (d)	Allowance for credit losses as a percentage of nonperforming loans (d)	302.67 %	243.38 %	289.98 %	Allowance for credit losses as a percentage of nonperforming loans (d)	278.17 %	262.25 %	289.98 %

- (a) For the **three-month** **six-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

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:

		March 31, 2023				December 31, 2022				June 30, 2023				December 31, 2022				
		Originated	Acquired (1)	Total	%	Amount	%	Originated	Acquired (1)	Total	%	Amount	%	Originated	Acquired (1)	Total	%	
		(dollars in thousands)								(dollars in thousands)								
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 1,226,466	\$ 244,613	\$ 1,471,079	17 %	\$ 1,211,706	16 %	Commercial, financial, agricultural and other	\$ 1,255,627	\$ 246,367	\$ 1,501,994	17 %	\$ 1,211,706	16 %				
Real estate construction	Real estate construction	460,787	81,115	541,902	6	513,101	7	Real estate construction	493,684	81,115	574,799	7	513,101	7				
Residential real estate	Residential real estate	2,235,351	88,516	2,323,867	27	2,194,669	29	Residential real estate	2,275,593	88,516	2,364,109	27	2,194,669	29				
Commercial real estate	Commercial real estate	2,458,810	533,120	2,991,930	35	2,425,012	31	Commercial real estate	2,470,863	534,099	3,004,962	34	2,425,012	31				
Loans to individuals	Loans to individuals	1,327,504	663	1,328,167	15	1,297,655	17	Loans to individuals	1,353,309	663	1,353,972	15	1,297,655	17				
Total loans and leases, net of unearned income	Total loans and leases, net of unearned income	\$ 7,708,918	\$ 948,027	\$ 8,656,945	100 %	\$ 7,642,143	100 %	Total loans and leases, net of unearned income	\$ 7,849,076	\$ 950,760	\$ 8,799,836	100 %	\$ 7,642,143	100 %				

(1) Includes loans acquired as part of the Centric acquisition plus day 1 gross up of PCD loans.

During the **three** **six** months ended **March 31, 2023** **June 30, 2023**, originated loans and leases increased **\$66.8 million** **\$206.9 million**, or **0.9%** **2.7%**, compared to balances outstanding at December 31, 2022. As provided in the table above, the acquisition of Centric accounted for **\$948.0 million** **\$950.8 million** of loan growth during the first quarter of 2023.

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 **\$52.3 million** **\$19.4 million**, or **10.2%** **3.8%**, due to the completion of commercial real estate projects. Residential real estate grew **\$40.7 million** **\$80.9 million**, or **1.9%** **3.7%**, primarily due to originations of closed-end 1-4 family mortgage loans. Commercial real estate loans increased **\$33.8 million** **\$45.9 million**, or **1.4%** **1.9%**, primarily due to growth in loans secured by nonresidential property due in part to the completion of several construction projects. Loans to individuals increased **\$29.8 million** **\$55.7 million**, or **2.3%** **4.3%**, primarily due to growth in the indirect auto and recreational vehicle portfolio. Commercial, financial, agricultural and other loans increased **\$14.8 million** **\$43.9 million**, or **3.6%**, as a result of **\$29.5 million** in 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 **March 31, 2023** **June 30, 2023**.

For the Three Months Ended												For the Six Months Ended June												
March 31, 2023						As of March 31, 2023						30, 2023						As of June 30, 2023						
	Net Charge-offs as a % of												Net Charge-offs as a % of											
	Net Charge-offs	Total Net Charge-offs	Average Loans (annualized)	Nonperforming Loans	Nonperforming Loans as a % of Total Loans								Net Charge-offs	Total Net Charge-offs	Average Loans (annualized)	Nonperforming Loans	Nonperforming Loans as a % of Total Loans							
(dollars in thousands)												(dollars in thousands)												
Commercial, financial, agricultural and other	Commercial, financial, agricultural and other	\$ 504	42.97 %	0.03 %	\$ 12,364	27.95 %	0.14 %					Commercial, financial, agricultural and other	\$ 7,086	72.03 %	0.17 %	\$ 17,030	35.47 %	0.19 %						
Real estate construction	Real estate construction	—	—	—	—	—	—					Real estate construction	—	—	—	—	—	—						
Residential real estate	Residential real estate	41	3.49	—	7,656	17.31	0.09					Residential real estate	9	0.09	—	7,502	15.63	0.08						
Commercial real estate	Commercial real estate	(42)	(3.58)	—	23,785	53.77	0.28					Commercial real estate	1,381	14.04	0.03	23,009	47.93	0.26						
Loans to individuals	Loans to individuals	670	57.12	0.03	429	0.97	—					Loans to individuals	1,362	13.84	0.03	468	0.97	0.01						
Total loans and leases, net of unearned income	Total loans and leases, net of unearned income	\$ 1,173	100.00 %	0.06 %	\$ 44,234	100.00 %	0.51 %					Total loans and leases, net of unearned income	\$ 9,838	100.00 %	0.23 %	\$ 48,009	100.00 %	0.54						

Net charge-offs for the three six months ended March 31, 2023 June 30, 2023 totaled \$1.2 million \$9.8 million, compared to \$1.1 million \$2.7 million for the three six months ended March 31, 2022 June 30, 2022. The most significant charge-offs during the three six months ended March 31, 2023 June 30, 2023 included \$0.7 million \$7.6 million in charge-offs related to loans acquired from Centric, of which an allowance for credit losses of \$7.1 million was established as a result of purchase accounting marks. Additionally, \$1.4 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 March 31, 2023 June 30, 2023, shareholders' equity was \$1.2 billion, an increase of \$172.9 million \$180.3 million from December 31, 2022. The increase was primarily the result of \$141.4 million in stock issued as part of the Centric acquisition, \$30.2 million \$73.0 million in net income and a \$13.1 million increase \$0.9 million decrease in the fair value of available for sale investments and interest rate swaps, which are reflected in the Other Comprehensive Income component of capital. Other items impacting capital include increases due to \$2.3 million \$3.0 million in treasury stock sales, offset by \$12.4 million \$25.2 million of dividends paid to shareholders and \$1.7 million \$10.9 million of common stock repurchases. Cash dividends declared per common share were \$0.120 \$0.245 for the three six months ended March 31, 2023 June 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.

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

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

During the second quarter of 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 subordinated debt issuance increased the total risk-based capital ratio by 160 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 **March 31, 2023** June 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 **March 31, 2023** **June 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:

		Required to be Considered Well Capitalized						Required to be Considered Well Capitalized													
		Actual		Minimum Capital Required		Capital Amount Ratio		Actual		Minimum Capital Required		Capital Amount Ratio									
		Capital Amount		Capital Amount		Capital Amount		Capital Amount		Capital Amount		Capital Amount									
		(dollars in thousands)																			
Total Capital to Risk Weighted Assets	Total Capital to Risk Weighted Assets																				
First Commonwealth Financial Corporation	First Commonwealth Financial Corporation	\$ 1,254,691	13.82 %	\$ 953,010	10.50 %	\$ 907,629	10.00 %	First Commonwealth Financial Corporation	\$ 1,265,211	13.66 %	\$ 972,856	10.50 %	\$ 926,529	10.00 %							
First Commonwealth Bank	First Commonwealth Bank	1,198,565	13.23	951,248	10.50	905,951	10.00	First Commonwealth Bank	1,184,854	12.81	971,024	10.50	924,784	10.00							
Tier I Capital to Risk Weighted Assets	Tier I Capital to Risk Weighted Assets																				
First Commonwealth Financial Corporation	First Commonwealth Financial Corporation	\$ 1,046,925	11.53 %	\$ 771,485	8.50 %	\$ 726,103	8.00 %	First Commonwealth Financial Corporation	\$ 1,065,851	11.50 %	\$ 787,550	8.50 %	\$ 741,223	8.00 %							
First Commonwealth Bank	First Commonwealth Bank	990,799	10.94	770,058	8.50	724,760	8.00	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	\$ 1,046,925	10.22 %	\$ 409,915	4.00 %	\$ 512,393	5.00 %	First Commonwealth Financial Corporation	\$ 1,065,851	9.77 %	\$ 436,416	4.00 %	\$ 545,520	5.00 %							
First Commonwealth Bank	First Commonwealth Bank	990,799	9.69	408,975	4.00	511,219	5.00	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	\$ 976,925	10.76 %	\$ 635,340	7.00 %	\$ 589,959	6.50 %	First Commonwealth Financial Corporation	\$ 995,851	10.75 %	\$ 648,571	7.00 %	\$ 602,244	6.50 %							
First Commonwealth Bank	First Commonwealth Bank	990,799	10.94	634,165	7.00	588,868	6.50	First Commonwealth Bank	985,494	10.66	647,349	7.00	601,110	6.50							

On April 24, 2023 July 25, 2023, First Commonwealth Financial Corporation declared a quarterly dividend of \$0.125 per share payable on May 19, 2023 August 18, 2023 to shareholders of record as of May 5, 2023 August 4, 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. **As of March 31, 2023, 1,392,361 common shares had been repurchased under this program at an average price of \$13.92 per share.** On April 24, 2023, the Board of Directors authorized a \$25 million increase in the share repurchase program. **As of June 30, 2023, 2,158,754 common shares had been repurchased under this program at an average price of \$13.21 per share.**

New Accounting Pronouncements

In March 2020, FASB released Accounting Standards Update ("ASU") 2020-04 - Reference Rate Reform (Topic 848), which provides optional guidance to ease the accounting burden in accounting for, or recognizing the effects from, reference rate reform on financial reporting. The new standard is a result of the discontinuance of the London Interbank Offered Rate ("LIBOR") as an available benchmark rate. The standard is elective and provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, or other transactions 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 be accounted for as a continuation of the existing contract and does not require contract **re-measurement**.

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. The amendments 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 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

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

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 **are expected to be** transitioned to a new index by June 30, 2023. The impact of the LIBOR transition **is** not **expected** to have a material impact on the Company's consolidated financial statements.

PART II – OTHER INFORMATION

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 **October April of 2022, 2023**. The following table details the amount of shares repurchased under this program in the **first second** quarter of 2023:

<u>Month Ending:</u>	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*
January 31, 2023	—	\$ —	—	2,099,514
February 28, 2023	—	—	—	1,929,035
March 31, 2023	21,342	13.58	21,342	2,461,312
Total	21,342	\$ 13.58	21,342	

* Remaining number of shares approved under the Plan is based on the market value of the Company's common stock of \$14.71 at January 31, 2023, \$16.01 at February 28, 2023 and \$12.43 at March 31, 2023.

<u>Month Ending:</u>	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	766,393	\$ 11.92	766,393	

* 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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

PART II – OTHER INFORMATION

FIRST COMMONWEALTH FINANCIAL CORPORATION AND SUBSIDIARIES

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: **May 10, 2023** August 8, 2023

/s/ T. Michael Price

T. Michael Price
President and Chief Executive Officer

DATED: **May 10, 2023** August 8, 2023

/s/ James R. Reske

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

Exhibit 10.1

First Commonwealth Financial Corporation
2023 ANNUAL INCENTIVE PLAN

1. Purpose; Effective Date.

This 2023 Annual Incentive Plan (the "Plan") of First Commonwealth Financial Corporation (the "Company") is designed to enable the Company and its subsidiaries to attract and retain key employees and to align the interests of such key employees with the interests of shareholders by promoting and rewarding the achievement of annual performance goals. This Plan was approved by the Compensation and Human Resources Committee (the "Committee") on February 20, 2023, for the fiscal 2023 performance period. Each Award granted under this Plan shall be subject to

the terms and conditions of the First Commonwealth Financial Corporation Incentive Compensation Plan (as amended and restated effective April 28, 2015) (the "Master Plan"). Each capitalized term which is not otherwise defined in this Plan shall have the meaning given to such term in the Master Plan.

2. Administration.

The Plan shall be administered by the Committee in accordance with Article 3 of the Master Plan.

3. Participants and Performance Goals.

(a) Exhibit A identifies the Employees who have been selected by the Committee to become Participants in the Plan and the Target Award and Performance Goals for each Participant. The Performance Goals will consist of the Corporate Performance Goals identified in paragraph (b) below, and, if applicable, one or more individual Performance Goals which shall be approved by the Committee and specified in the notice of Award delivered to the Participant (collectively, the "Individual Performance Component"). Corporate Performance Goals shall be calculated from the Company's publicly reported financial statements as of and for the twelve months ending December 31, 2023 (the "Performance Period"), as adjusted for any Excluded Items as determined by the Committee in its sole discretion. The achievement of the Individual Performance Component shall be determined by the Committee in its sole discretion.

(b) The Corporate Performance Goals for the Plan shall consist of the following: (i) Core Earnings Per Share ("EPS"); (ii) Core Pre-tax Pre-provision (PTPP) Return on Average Assets ("ROA"); and (iii) Core Efficiency Ratio.

4. Calculation of Actual Awards.

(a) A Participant's payout for each Performance Goal shall be determined according to the following formula:

Award Percentage X Weight X Base Salary

For purposes of this formula:

"Award Percentage" shall mean the percentage shown for the Participant in the "Award Percentage" column of Table 1 on Exhibit A at the Performance Level which is achieved for the applicable Performance Goal as reflected in the "Performance Level" column of Table 2 on Exhibit A. If the actual performance for a Performance Goal falls between the Threshold and Target Performance Levels or between the Target and Superior Performance Levels, the Award Percentage shall be interpolated between the

Exhibit 10.1

Award Percentage for the Threshold and Target Performance Levels or between the Target and Superior Performance Levels, as the case may be, as determined by the Committee in its sole discretion. The Award Percentage for the Individual Performance Component will be determined by the Committee in its sole discretion after consideration of the Chief Executive Officer's assessment of the Participant's performance of individual scorecard objectives and contribution to the organization as a whole.

"Weight" shall mean the percentage shown for the measure in the "Weight" column of Table 2 on Exhibit A for the applicable Performance Goal.

"Base Salary" shall mean base salary of the Participant on the last day of the Performance Period.

(b) The aggregate amount payable to the Participant shall be the sum total of the payouts for the Participant's Performance Goals calculated in accordance with Section 4(a) and shall be referred to as the Participant's "Actual Award." The Committee, in its sole discretion, may increase or decrease the Award Percentages used to calculate any Participant's Actual Award if the Committee finds such an adjustment appropriate to recognize the impact of the Participant's performance or impact on the organization outside of the range of expected performance and impact. Any such adjustment cannot increase the Participant's total payout above the "Superior" level of payout assigned to the participant.

5. Payment of Actual Awards.

Actual Awards shall be paid in cash as soon as practicable following the certification by the Committee of results for the Performance Period. However, in any event, all payments shall be made no later than March 15, 2023, such that the payments will be exempt from Section 409A of the Code, under the "short term deferral" exemption specified in Treas. Reg. § 1.409A-1(b)(4). All Actual Awards are subject to withholding tax and any other normal deduction consistent with the Company's practices.

6. Termination of Employment.

Notwithstanding any provision to the contrary in the Master Plan, if the Participant ceases to be a full-time employee of the Company for any reason prior to December 31, 2023, the Participant will cease to be a participant in this Plan and will not be eligible to receive any Actual Award pursuant to this Plan.

7. Miscellaneous Provisions.

(a) **Claw-Back Rights.** In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Committee will require reimbursement or forfeiture of any excess Award, which shall be determined as the excess of the Award paid to the Participant based on the erroneous data over the Award that would have been earned had it been based on the restated results, as determined by the Committee. In addition, the Committee will have the sole and absolute authority to require reimbursement or forfeiture of any Award by a Participant if the Committee determines that the Award was earned in whole or in part as a result of the Participant's unethical or dishonest conduct or a material violation of Company policy.

Exhibit 10.1

(b) **Amendment or Termination.** Notwithstanding any provision to the contrary in the Master Plan, the Committee has full power to amend, modify, suspend, or terminate the Plan or any Awards granted under the Plan in its sole discretion.

(c) **Regulatory Approvals.** The Plan and any Award made hereunder shall be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

(d) **No Effect on Employment or Service.** Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause.

(e) **No Right to Participation.** No employee or officer of the Company or any subsidiary shall have the right to be selected to receive an Award under this Plan, or, having been so selected, have the right to receive a future Award.

(f) **Nontransferability of Awards.** No Award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant.

(g) **Section 409A.** The Plan will be administered, interpreted and construed in compliance with Section 409A of the Code and the regulations and other guidance promulgated thereunder ("Section 409A"), including any exemption thereunder. To the maximum extent permitted by Section 409A, all payments under the Plan are intended to be exempt from Section 409A pursuant to the exemption for short-term deferrals as specified in Treas. Reg. § 1.409A-1(b)(4), the exemption for restricted shares under Section 409A and any other exemptions available under Section 409A. Neither the Company, any of its Subsidiaries nor any of their respective predecessors, successors or affiliates (collectively, the "Company Group") shall be liable for, and nothing provided or contained in the Plan shall obligate or cause any member of the Company Group to be liable for, any tax, interest or penalties imposed on the Participant related to or arising with respect to any violation Section 409.

First Commonwealth Financial Corporation
2023-2025 LONG-TERM INCENTIVE PLAN

1. Purpose; Effective Date.

This 2023-2025 Long-Term Incentive Plan (the "Plan") of First Commonwealth Financial Corporation (the "Company") is designed to enable the Company and its subsidiaries to attract and retain key employees and to align the interests of such key employees with the interests of shareholders by promoting share ownership and rewarding the achievement of long-term performance goals. This Plan was approved by the Compensation and Human Resources Committee (the "Committee") on January 23, 2023, for the January 1, 2023 through December 31, 2025 performance period (the "Performance Period"). Each Award granted under this Plan shall be subject to the terms and conditions of the First Commonwealth Financial Corporation Incentive Compensation Plan (as amended and restated effective April 28, 2015) (the "Master Plan"). Each capitalized term which is not otherwise defined in this Plan shall have the meaning given to such term in the Master Plan.

2. Administration.

The Plan shall be administered by the Committee in accordance with Article 3 of the Master Plan.

3. Plan Awards.

(a) Awards under the Plan shall consist of Time-based Restricted Stock Units and Performance Units. Performance Units will vest upon the certification by the Committee of the achievement of the Performance Goals as provided in Section 5. Time-based Restricted Stock Units will vest upon the later of the vesting of the Performance Units or the third anniversary of the award. The vesting of Performance Units and Time-based Restricted Stock Units is conditioned upon the continued service by the Participant through the vesting date. All Awards will be settled in shares of Common Stock as soon as administratively practicable following the vesting date.

(b) Exhibit A identifies the Employees who have been selected by the Committee to become Participants in the Plan, each Participant's Time-based Restricted Stock Unit Award and Target Performance Unit Award, and the Plan Performance Goals.

(c) The Performance Goals for the Performance Period are:

i. Core Return on Average Tangible Common Equity ("ROTCE") Relative to Peers, which shall be determined by comparing the simple average of the Company's Core ROTCE for the trailing twelve (12) quarters as of the quarter ending September, 2025 to the simple average of the Core ROTCE of each member of the Company's Peer Group for the same trailing twelve (12) quarters as of the quarter ending September, 2025. Unless otherwise determined by the Committee, the Company's Core ROTCE shall be calculated using the Company's published "core" (or words of similar import) financial results, and the Core ROTCE for each member of the Peer Group shall be calculated using the core ROTCE reported through S&P Global Market Intelligence or another reporting service selected by the Committee. If Core ROTCE is not available for any member of the Peer Group, the Committee may, in its discretion, exclude that Peer Group member from the determination of Core ROTCE Relative to Peers or

determine Core ROTCE Relative to Peers using the most recent information available for the Peer Group Member.

ii. Total Return to Shareholders ("TRS") Relative to Peers, which shall be determined by comparing the Company's cumulative TRS for the Performance Period to the cumulative TRS of each member of the Company's Peer Group for the Performance Period, in each case, as TRS is reported through S&P Global Market Intelligence or another reporting service selected by the Committee.

(d) The "Peer Group" for purposes of this Plan shall mean all publicly traded United States banks and thrifts having total assets greater than or equal to 50% and less than or equal to 200% of the total assets of the Company (rounded to the nearest \$1 billion) based upon data available as of December 31, 2025.

4. Determination of Performance Units.

A Participant's Performance Unit Award shall be determined according to the following formula:

$$(\text{Target Award} \times \text{ROTCE Payout}) + (\text{Target Award} \times \text{TRS Payout})$$

For purposes of this formula:

"Target Award" shall mean the number of shares shown for the Participant in the "Target Performance Unit Award" column of Table 1 on Exhibit A.

"ROTCE Payout" means the percentage shown in the "ROTCE Payout" column of Table 2 on Exhibit A at the performance level for the Core ROTCE Relative to Peers Performance Goal. If the actual performance for ROTCE falls between the Threshold and Target performance levels, or between the Target and Superior performance levels, the ROTCE Payout shall be interpolated between the percentage shown for the Threshold and Target performance levels, or between the percentage shown for the Target and Superior performance levels, as the case may be, as determined by the Committee in its sole discretion.

"TRS Payout" means the percentage shown in the "TRS Payout" column of Table 2 on Exhibit A at the performance level for the TRS Relative to Peers Performance Goal. If the actual performance for TRS Relative to Peers falls between the Threshold and Target performance levels, or between the Target and Superior performance levels, the TRS Payout shall be interpolated between the percentage shown for the Threshold and Target performance levels, or between the percentage shown for the Target and Superior performance levels, as the case may be, as determined by the Committee in its sole discretion.

5. Certification of Performance Goals; Settlement of Performance Units.

At the end of the Performance Period, the Committee will certify in writing the extent to which the Performance Goals have been achieved. For purposes of this provision, and for so long as the Code permits, the approved minutes of the Committee meeting in which the certification is made may be treated as written certification. However, in any event, all earned Performance Units shall be paid and settled in shares of Common Stock no later than March 15, 2026, or such earlier date as is provided in the immediately succeeding sentence, such that the payments will be exempt from Section

Exhibit 10.2

409A of the Code, under the "short term deferral" exemption specified in Treas. Reg. § 1.409A-1(b)(4). Notwithstanding the foregoing, the Committee, in its sole discretion, may cause all or any portion of a Participant's Performance Units to be paid and settled in shares of Common Stock prior to March 15, 2026 in the event of (i) the death of the Participant or (ii) a Change of Control, provided that any such earlier payment or settlement shall be made no later than March 15 of the year following the year of such death or Change of Control.

6. Termination of Employment.

Except as otherwise determined by the Committee, if the Participant ceases to be a full-time employee of the Company for any reason prior to the end of the Performance Period, the Participant will cease to be a participant in this Plan and will not be eligible to receive any Awards pursuant to this Plan.

7. Miscellaneous Provisions.

(a) Claw-Back Rights. In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Committee will require reimbursement or

forfeiture of any excess Award, which shall be determined as the excess of the Award paid to the Participant based on the erroneous data over the Award that would have been earned had it been based on the restated results, as determined by the Committee. In addition, the Committee will have the sole and absolute authority to require reimbursement or forfeiture of any Award by a Participant if the Committee determines that the Award was earned in whole or in part as a result of the Participant's unethical or dishonest conduct or a material violation of Company policy.

(b) **Amendment or Termination.** Notwithstanding any provision to the contrary in the Master Plan, the Committee has full power to amend, modify, suspend, or terminate the Plan or any Awards granted under the Plan in its sole discretion.

(c) **Regulatory Approvals.** The Plan and any Award made hereunder shall be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any government or regulatory agency as may be required.

(d) **No Effect on Employment or Service.** Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause.

(e) **No Right to Participation.** No employee or officer of the Company or any subsidiary shall have the right to be selected to receive an Award under this Plan, or, having been so selected, have the right to receive a future Award.

(f) **Nontransferability of Awards.** No Award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant.

(g) **Section 409A.** The Plan will be administered, interpreted and construed in compliance with Section 409A of the Code and the regulations and other guidance promulgated thereunder ("Section 409A"), including any exemption thereunder. To the maximum extent permitted by Section 409A, all payments under the Plan are intended to be exempt from Section 409A pursuant to the exemption for short-term deferrals as

Exhibit 10.2

Specified in Treas. Reg. § 1.409A-1(b)(4), the exemption for restricted shares under Section 409A and any other exemptions available under Section 409A. Neither the Company, any of its Subsidiaries nor any of their respective predecessors, successors or affiliates (collectively, the "Company Group") shall be liable for, and nothing provided or contained in the Plan shall obligate or cause any member of the Company Group to be liable for, any tax, interest or penalties imposed on the Participant related to or arising with respect to any violation Section 409A.

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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:

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: **May 10, 2023** August 8, 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: **May 10, 2023** August 8, 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 **March 31, 2023** June 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: **May 10, 2023** August 8, 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 **March 31, 2023** June 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: **May 10, 2023** August 8, 2023

/s/ James R. Reske

James R. Reske

Executive Vice President, Chief Financial Officer and Treasurer

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