

**First Commonwealth FCU
Executive Summary
March 2024**

Balance Sheet

Of Particular note this month for management

- Our liquidity position and the cost of funds (COFs) continue to be the top concerns, however slightly improving. Since December, the cost of maintaining and growing shares decreased by 1.05% and therefore the cost of funds decreased by 6bps. Share growth in Q1 was 1% and well below expectation, however, a positive number. The budget expects to end the year without advances as well as to grow shares by 3%. (Excluding the St Eliz merger, the budget forecasts \$20M in organic share growth) Assuming the rate environment remains constant, going forward, the cost of funds should stabilize and or decrease and share balances should grow as expected. The unknowns are what is the Federal Reserve's next move and what are competitors willing to pay for deposits over the coming year.

Loans: Net loans ended at \$933.9M, and \$6.3M above goal. Loan originations in March were \$12.1M and \$4M lower than projected, led by lower indirect originations. The overall portfolio yield ended at 5.68% and 9bps less favorable than budgeted.

Allowance for Loan Loss: The ALL ended at \$14M, and \$204.4k above expectation. The allowance to total loan ratio ended at 1.48% and at budget. The March CECL calculation, using the blended time series and probability of default methodologies, was 4.7% over funded. Management monitors the adequacy of the ALL funding each month and reviews at ALCO each quarter.

Investments: Ended at \$196.8M, increasing by \$1.5M over the month. YTD investments ended \$56M below target, a direct result of the lower-than-expected share growth. There were no security purchases or security sales in the month of March.

Borrowed Funds: Ended as anticipated at \$27M.

Shares: Total shares ended at \$1.06B, decreasing by \$7.4M over the month. The primary reasons for the decrease were: competition, competitors stole \$15M in certificates and members using tax refunds to pay down higher interest debt. Compared to budget, share balances were \$56M below expectation. The budget anticipated the St. Elizabeth merger to occur in March (merger delayed a month), that certificate balances would grow, and that tax refunds would stick through April. Although results were well below budget, the budget anticipates shares decreasing between May and December, to end the year at a total dollar growth of \$30M. This means, assuming share balances remain constant the variance will decrease throughout the year.

Equity: Net worth (NW) ended at 9.87%, increasing by 5bps over the month. NW increased because asset growth was negative this month and capital growth was positive. Compared to budget, NW was 45bps more favorable, a direct result of the significantly lower than expected share growth.

Membership: Total net members ended at 81,410, increasing by 195 over the month.

Income Statement

Net Interest Income: (YTD) ended at \$9.9M and \$286k lower than goal, led by a lower cash balance than projected.

Operating Expense: YTD ended at \$11.4M and \$277.3k better than goal. The major reasons for the positive results were lower salaries and benefits, lower consumer loan originations and the timing of expense recognition versus budgeted.

Provision for Loan Loss: YTD ended at \$3.7 and at goal.

Unrealized gain/loss on investments: YTD ended at \$2.4M and \$64.5k better than budget as the Visa B settlement was more favorable than expected.

Total Non-Interest Income: YTD ended at \$4M and \$433.2k above goal, primarily a result of the combined better-than-expected: vendor contract incentives, gain on sale of mortgages and debit card interchange.

Net Income: YTD ended at \$1.2M and \$489k above target.

First Commonwealth FCU

Balance Sheet

March 31, 2024

	ACTUALS				BUDGET			
	March-24	February-24	Monthly Actual Var	December-23	March-24	Act vs Bud Var	December-24	% of YTD Budget
<u>ASSETS</u>								
DIRECT AUTO	59,979,763	59,927,322	52,440	60,391,924	61,015,615	(1,035,852)	61,840,166	-1.70%
INDIRECT AUTO	147,452,346	150,978,133	(3,525,787)	157,188,939	155,293,407	(7,841,061)	144,496,971	-5.05%
CREDIT CARD LOANS	37,829,215	38,000,844	(171,629)	38,930,154	38,256,414	(427,199)	39,639,482	-1.12%
ALL OTHER CONSUMER LOANS	30,298,965	30,354,170	(55,204)	31,071,115	32,277,265	(1,978,300)	32,045,760	-6.13%
REAL ESTATE LOANS	224,677,166	226,159,261	(1,482,095)	227,996,038	225,345,277	(668,111)	222,458,769	-0.30%
OTHER REAL ESTATE LOANS	187,820,091	184,893,265	2,926,825	182,598,034	182,518,266	5,301,825	188,910,382	2.90%
BUSINESS LOANS	239,817,083	238,781,603	1,035,480	225,975,396	226,338,978	13,478,105	236,113,282	5.95%
BUSINESS LOAN PARTICIPATION	18,445,669	18,460,124	(14,455)	18,498,037	18,442,025	3,644	18,264,891	0.02%
RESERVES AND DEF POINTS	1,586,365	1,655,768	(69,402)	1,757,978	1,932,350	(345,985)	2,026,103	-17.90%
ALL FOR LOAN LOSSES	(14,009,644)	(14,069,883)	60,239	(11,936,022)	(13,805,274)	(204,370)	(13,954,968)	1.48%
NET LOANS	933,897,019	935,140,607	(1,243,587)	932,471,593	927,614,323	6,282,696	931,840,838	0.68%
<u>CASH</u>	7,692,190	10,944,685	(3,252,494)	8,507,098	9,641,434	(1,949,244)	11,249,245	-20.22%
<u>INVESTMENTS</u>								
FEDERAL AGENCY SECURITIES	121,923,139	122,395,717	(472,578)	126,257,289	122,469,865	(546,726)	108,604,723	-0.45%
DEPOSITS AT OTHER INST	74,909,254	72,949,653	1,959,601	66,161,567	130,309,037	(55,399,783)	87,646,296	-42.51%
CERTIFICATE INVESTMENTS	-	-	-	-	-	-	-	0.00%
TOTAL INVESTMENTS	196,832,393	195,345,371	1,487,023	192,418,856	252,778,902	(55,946,509)	196,251,019	-22.13%
<u>OTHER ASSETS</u>								0.00%
LAND & BUILDINGS	28,137,836	28,186,682	(48,846)	28,284,421	28,137,837	(1)	27,698,226	0.00%
OTHER FIXED ASSETS	6,758,101	6,771,085	(12,984)	6,814,859	6,826,103	(68,002)	7,961,040	-1.00%
NCUSIF	9,171,527	9,171,527	-	9,171,527	9,171,527	0	10,002,032	0.00%
OTHER ASSETS	21,449,487	20,572,137	877,351	20,933,698	22,502,956	(1,053,469)	22,213,611	-4.68%
TOTAL ASSETS	1,203,938,555	1,206,132,093	(\$2,193,538)	1,198,602,053	\$1,256,673,082	(\$52,734,528)	\$1,207,216,011	-4.20%
<u>LIABILITIES / EQUITY</u>								
CORP SHARE DRAFT PAYABLE	3,301,304	3,288,860	12,444	2,176,821	3,323,983	(22,679)	3,252,516	-0.68%
ACCOUNTS PAYABLE	945,833	946,019	(186)	798,084	4,021,339	(3,075,506)	3,935,880	-76.48%
BORROWED FUNDS	27,000,000	27,000,000	-	27,000,000	27,000,000	-	-	0.00%
ALL OTHER LIABILITIES	12,176,993	8,191,808	3,985,184	11,542,158	5,826,740	6,350,253	5,342,856	108.98%
TOTAL LIABILITIES	43,424,130	39,426,687	3,997,443	41,517,063	40,172,062	3,252,068	12,531,252	8.10%
<u>SAVINGS</u>								
SHARES	283,990,981	280,428,397	3,562,584	275,857,232	290,204,469	(6,213,488)	286,704,468	-2.14%
ESCROWS	5,042,440	5,301,624	(259,184)	4,120,842	3,071,694	1,970,746	3,071,694	64.16%
SHARE DRAFTS	189,159,757	189,692,480	(532,723)	190,824,734	198,878,067	(9,718,310)	191,402,790	-4.89%
CLUBS & MONEY MARKET	213,393,474	212,590,374	803,100	210,818,788	215,598,261	(2,204,787)	201,936,207	-1.02%
IRA ACCOUNTS	11,278,057	11,270,315	7,742	11,766,389	11,268,133	9,924	11,265,329	0.09%
SHARE CERTIFICATES	310,990,988	323,033,847	(12,042,859)	315,385,823	346,556,491	(35,565,503)	346,158,205	-10.26%
BUSINESS SHARES	5,877,316	5,907,364	(30,048)	6,013,487	6,414,978	(537,662)	6,414,978	-8.38%
BUSINESS SHARE DRAFTS	23,778,764	22,874,441	904,324	21,767,643	23,438,804	339,960	24,831,517	1.45%
BUSINESS MM	10,365,940	10,143,703	222,237	14,297,949	13,989,287	(3,623,347)	11,899,150	-25.90%
BUSINESS CERTIFICATES	4,193,606	4,234,589	(40,983)	4,589,152	4,596,241	(402,635)	3,349,461	-8.76%
TOTAL SAVINGS	1,058,071,325	1,065,477,134	(7,405,809)	1,055,442,041	1,114,016,425	(55,945,100)	1,087,033,799	-5.02%
<u>EQUITY</u>								
UNREALIZED GAINS(LOSS)	(16,353,665)	(17,189,233)	835,567	(15,923,226)	(15,923,227)	(430,438)	(15,923,226)	2.70%
UNDIVIDED EARNINGS	118,796,765	118,417,504	379,261	117,566,175	118,407,822	388,943	123,574,186	0.33%
TOTAL EQUITY	102,443,099	101,228,271	1,214,828	101,642,949	102,484,595	(41,496)	107,650,960	-0.04%
TOTAL LIAB/SVGS/EQUITY	1,203,938,555	1,206,132,093	(2,193,538)	1,198,602,053	\$1,256,673,082	(52,734,528)	\$1,207,216,011	-4.20%
NET WORTH	9.87%	9.82%	0.05%	9.81%	9.42%	0.45%	10.24%	4.72%

First Commonwealth FCU
Income Statement
March 31, 2024

	ACTUAL			BUDGET				
	<u>March-24</u>	<u>February-24</u>	<u>YTD</u>	<u>March-24</u>	<u>Monthlv Variance</u>	<u>YTD</u>	<u>YTD \$ Variance</u>	<u>YTD % to Budget</u>
<u>Loan Income</u>								
Consumer Loan Income	1,833,008	1,737,364	5,455,341	1,957,369	(124,361)	5,708,852	(253,511)	-4.44%
Mortgage Income	746,051	730,832	2,230,057	745,274	777	2,229,820	237	0.01%
Other Real Estate Income	850,030	799,582	2,475,606	775,186	74,844	2,289,573	186,033	8.13%
Business Loan Income	1,136,151	1,034,355	3,220,597	1,074,446	61,705	3,123,577	97,020	3.11%
Total Loan Income	4,565,240	4,302,133	13,381,601	4,552,275	12,965	13,351,822	29,779	0.22%
Investment Income	399,018	370,342	1,190,125	730,109	(331,091)	1,582,431	(392,306)	-24.79%
Total Interest Income	4,964,258	4,672,475	14,571,726	5,282,384	(318,126)	14,934,253	(362,527)	-2.43%
Dividends	1,448,853	1,389,456	4,343,241	1,568,103	119,250	4,488,632	145,391	3.24%
Interest on Borrowed Funds	113,740	106,402	341,221	111,829	(1,911)	272,357	(68,864)	-25.28%
Total Interest Expense	1,562,593	1,495,859	4,684,462	1,679,932	117,339	4,760,989	76,527	1.61%
NET INTEREST INCOME	3,401,665	3,176,616	9,887,264	3,602,452	(200,787)	10,173,264	(286,000)	-2.81%
Provision for Loan Loss	550,000	2,550,000	3,650,001	2,550,000	2,000,000	3,650,000	(1)	0.00%
<u>Operating Expenses</u>								
Compensation	1,424,466	1,375,141	4,314,430	1,469,378	44,912	4,418,732	104,302	2.36%
Employee Benefits	472,543	442,473	1,502,894	469,589	(2,954)	1,563,429	60,535	3.87%
Travel & Conference	29,227	3,708	36,123	23,338	(5,889)	67,981	31,858	46.86%
Association Dues	37,746	38,789	115,130	40,152	2,406	124,156	9,026	7.27%
Office Occupancy	244,245	305,302	850,354	269,243	24,998	867,116	16,762	1.93%
Office Operations	815,584	829,021	2,474,157	846,973	31,389	2,512,043	37,886	1.51%
Educational & Promotional	89,595	39,076	200,425	124,003	34,408	307,943	107,518	34.91%
Loan Servicing	214,808	231,432	665,171	257,424	42,616	751,191	86,020	11.45%
Professional & Outside Services	328,922	286,802	858,115	300,528	(28,394)	833,412	(24,703)	-2.96%
NCUA Operating	18,000	18,000	54,000	18,000	0	54,000	0	0.00%
Misc. Operating	152,478	98,764	332,686	43,905	(108,573)	180,744	(151,942)	-84.07%
Total Operating Expenses	3,827,614	3,668,508	11,403,486	3,862,533	34,919	11,680,747	277,261	2.37%
NET OPER INCOME/(LOSS)	(975,950)	(3,041,892)	(5,166,223)	(2,810,081)	1,834,132	(5,157,483)	(8,740)	0.17%
Gain/(Loss) on Sale of Investments	0	2,355,457	2,355,457	2,291,000	(2,291,000)	2,291,000	64,457	0.00%
Gain/(Loss) on Sale of Asset	0	0	0	0	0	0	0	0.00%
Total Fee Income	426,464	485,105	1,397,337	489,283	(62,819)	1,479,524	(82,187)	-5.55%
Total Other Operating Income	928,747	1,004,472	2,644,017	730,081	198,666	2,128,599	515,418	24.21%
Total Non-Interest Income	1,355,210	1,489,576	4,041,355	1,219,364	135,846	3,608,123	433,232	12.01%
NET INCOME/(LOSS)	379,261	803,142	1,230,590	700,283	(321,022)	741,640	488,950	65.93%