WESBANCO INC
Form 10-Q
October 27, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

¨ 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 000-08467

WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

WEST VIRGINIA (State of incorporation)	55-0571723 (IRS Employer Identification No.)
1 Bank Plaza, Wheeling, WV (Address of principal executive offices)	26003 (Zip Code)

Registrant's telephone number, including area code: 304-234-9000

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by 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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Larger accelerated filer ¨	Accelerated filer þ
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ¨ No þ

As of October 26, 2010, there were 26,586,953 shares of WesBanco, Inc. common stock, $2.0833 par value, outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
WESBANCO, INC. CONSOLIDATED BALANCE SHEETS

(unaudited, dollars in thousands, except per share amounts)	September 30, 2010	December 31, 2009
ASSETS		
Cash and due from banks, including interest bearing amounts of $583 and $10,813, respectively	$ 88,954	$ 82,867
Securities:		
Available-for-sale, at fair value	893,414	1,261,804
Held-to-maturity (fair values of $476,710 and $1,443, respectively)	465,297	1,450
Total securities	1,358,711	1,263,254
Loans held for sale	13,132	9,441
Portfolio loans:		
Commercial	431,996	451,688
Commercial real estate	1,733,426	1,780,221
Residential real estate	635,934	708,397
Home equity	248,481	239,784
Consumer	268,265	290,856
Total portfolio loans, net of unearned income	3,318,102	3,470,946
Allowance for loan losses	(58,989)	(61,160)
Net portfolio loans	3,259,113	3,409,786
Premises and equipment, net	85,868	89,603
Accrued interest receivable	20,882	20,048
Goodwill and other intangible assets, net	286,228	288,292
Bank-owned life insurance	106,054	103,637
Other assets	143,681	130,424
Total Assets	$ 5,362,623	$ 5,397,352
LIABILITIES		
Deposits:		
Non-interest bearing demand	$ 562,770	$ 545,019
Interest bearing demand	493,172	450,697
Money market	853,324	714,926
Savings deposits	520,074	486,055
Certificates of deposit	1,741,736	1,777,536
Total deposits	4,171,076	3,974,233
Federal Home Loan Bank borrowings	259,179	496,393
Other short-term borrowings	180,422	188,522
Junior subordinated debt owed to unconsolidated subsidiary trusts	106,027	111,176
Total borrowings	545,628	796,091
Accrued interest payable	6,888	9,208
Other liabilities	30,744	29,104
Total Liabilities	4,754,336	4,808,636
SHAREHOLDERS' EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized; none outstanding	-	-

Common stock, $2.0833 par value; 50,000,000 shares authorized; 26,633,848 shares issued in 2010 and 2009; outstanding: 26,586,953 shares and 26,567,653 shares in 2010 and 2009, respectively	55,487	55,487
Capital surplus	191,902	192,268
Retained earnings	354,925	340,788
Treasury stock (46,895 shares and 66,195 shares in 2010 and 2009, respectively, at cost)	(1,063)	(1,498)
Accumulated other comprehensive income	8,221	2,949
Deferred benefits for directors	(1,185)	(1,278)
Total Shareholders' Equity	608,287	588,716
Total Liabilities and Shareholders' Equity	$ 5,362,623	$ 5,397,352

See Notes to Consolidated Financial Statements.

WESBANCO, INC. CONSOLIDATED STATEMENTS OF INCOME

(unaudited, dollars in thousands, except shares and per share amounts)	For the Three Months Ended September 30, 2010	2009	For the Nine Months Ended September 30, 2010	2009
INTEREST AND DIVIDEND INCOME				
Loans, including fees	$ 46,753	$ 50,970	$ 143,038	$ 154,513
Interest and dividends on securities:				
Taxable	8,957	10,563	26,792	28,872
Tax-exempt	2,763	3,595	8,609	10,806
Total interest and dividends on securities	11,720	14,158	35,401	39,678
Other interest income	103	84	299	302
Total interest and dividend income	58,576	65,212	178,738	194,493
INTEREST EXPENSE				
Interest bearing demand deposits	650	787	1,957	2,163
Money market deposits	1,821	1,758	5,949	4,853
Savings deposits	533	606	1,758	1,784
Certificates of deposit	8,817	13,062	28,299	41,221
Total interest expense on deposits	11,821	16,213	37,963	50,021
Federal Home Loan Bank borrowings	2,576	5,568	10,477	16,814
Other short-term borrowings	1,207	1,780	3,558	5,619
Junior subordinated debt owed to unconsolidated subsidiary trusts	986	1,222	2,974	4,232
Total interest expense	16,590	24,783	54,972	76,686
NET INTEREST INCOME	41,986	40,429	123,766	117,807
Provision for credit losses	11,778	16,200	34,953	36,019
Net interest income after provision for credit losses	30,208	24,229	88,813	81,788
NON-INTEREST INCOME				
Trust fees	3,765	3,508	11,459	10,149

Service charges on deposits	4,897	6,648	15,914	17,941
Electronic banking fees	2,230	1,953	6,335	5,554
Net securities brokerage revenue	1,217	1,310	3,642	3,110
Bank-owned life insurance	879	1,873	2,789	3,661
Net securities gains	981	1,329	3,284	3,933
Net gains on sales of mortgage loans	985	820	2,079	1,606
Net loss on other real estate owned and other assets	(654)	29	(3,499)	(397)
Other income	676	1,085	2,599	1,744
Total non-interest income	14,976	18,555	44,602	47,301
NON-INTEREST EXPENSE				
Salaries and wages	13,749	13,920	40,326	41,085
Employee benefits	4,671	5,240	14,016	15,008
Net occupancy	2,534	2,572	8,133	7,676
Equipment	2,460	2,888	7,440	8,117
Marketing	1,223	1,486	3,008	3,961
FDIC insurance	1,740	1,528	5,028	7,104
Amortization of intangible assets	676	806	2,060	2,315
Restructuring and merger-related expenses	(32)	2	175	623
Other operating expenses	8,660	9,263	25,454	26,174
Total non-interest expense	35,681	37,705	105,640	112,063
Income before provision for income taxes	9,503	5,079	27,775	17,026
Provision for income taxes	350	(363)	2,473	390
NET INCOME	$ 9,153	$ 5,442	$ 25,302	$ 16,636
Preferred dividends and expense associated with unamortized discount and issuance costs	-	3,121	-	5,233
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ 9,153	$ 2,321	$ 25,302	$ 11,403
EARNINGS PER COMMON SHARE				
Basic	$ 0.34	$ 0.09	$ 0.95	$ 0.43
Diluted	$ 0.34	$ 0.09	$ 0.95	$ 0.43
AVERAGE SHARES OUTSTANDING				
Basic	26,586,953	26,567,653	26,577,302	26,565,621
Diluted	26,587,281	26,568,081	26,577,827	26,567,174
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.14	$ 0.14	$ 0.42	$ 0.70

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLD

For the Nine Months Ended September 30, 2010 and 2009

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(unaudited, dollars in	Preferred Stock	Common Stock	Capital	Retained	Treasury	C

thousands, except per share amounts)	Shares	Amount	Shares	Amount	Surplus	Earnings	Stock	I
January 1, 2010	-	$ -	26,567,653	$ 55,487	$ 192,268	$ 340,788	$ (1,498)	$
Net income						25,302		
Other comprehensive income (1)								
Total comprehensive income								
Common dividends declared ($0.42 per share)						(11,165)		
Treasury shares sold			19,300		(405)		435	
Stock compensation expense					132			
Deferred benefits for directors- net					(93)			
September 30, 2010	-	$ -	26,586,953	$ 55,487	$ 191,902	$ 354,925	$ (1,063)	
January 1, 2009	75,000	$ 72,332	26,560,889	$ 55,487	$ 193,221	$ 344,403	$ (1,661)	$
Net income						16,636		
Other comprehensive income (1)								
Total comprehensive income								
Preferred dividends and amortization of discount		2,668				(5,233)		
Common dividends declared ($0.70 per share)						(18,595)		
Treasury shares sold			6,764		(52)		163	
Redemption of preferred stock	(75,000)	(75,000)						
					42			

Deferred benefits for directors- net							
September 30, 2009	- $	-	26,567,653 $	55,487 $	193,211 $	337,211 $	(1,498) $

(1) Other comprehensive income in 2009 and 2010 consists primarily of the net change in unrealized gains and losses in available-for-sale securities.

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
(unaudited, in thousands)	2010	2009
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 70,037	$ 47,972
INVESTING ACTIVITIES:		
Securities available-for-sale:		
Proceeds from sales	114,809	418,869
Proceeds from maturities, prepayments and calls	326,123	280,427
Purchases of securities	(511,795)	(1,164,469)
Securities held-to-maturity:		
Proceeds from maturities, prepayments and calls	28,721	-
Purchases of securities	(67,420)	-
Net cash received from acquisitions	-	578,573
Net decrease in loans	110,478	70,879
Purchases of premises and equipment – net	(1,666)	(2,605)
Net cash (used in) provided by investing activities	(750)	181,674
FINANCING ACTIVITIES:		
Increase (decrease) in deposits	197,079	(95,878)
Proceeds from Federal Home Loan Bank borrowings	20,000	-
Repayment of Federal Home Loan Bank borrowings	(256,378)	(27,014)
Decrease in other short-term borrowings	(2,769)	(28,603)
Decrease in federal funds purchased	(5,000)	(32,000)
Repayment of junior subordinated debt	(5,000)	-
Repayment of preferred stock	-	(75,000)
Dividends paid to common and preferred shareholders	(11,162)	(25,176)
Treasury shares sold – net	30	111
Net cash used in financing activities	(63,200)	(283,560)
Net increase (decrease) in cash and cash equivalents	6,087	(53,914)
Cash and cash equivalents at beginning of the period	82,867	141,170
Cash and cash equivalents at end of the period	$ 88,954	$ 87,256
SUPPLEMENTAL DISCLOSURES:		
Interest paid on deposits and other borrowings	$ 57,292	$ 76,514
Income taxes paid	4,285	4,975
Transfers of loans to other real estate owned	6,058	7,535
Transfers to loans held for sale	15,437	-
	426,723	-

Transfers of available for sale securities to held to maturity securities at fair value		
Summary of business acquisition:		
Fair value of tangible assets acquired	-	600,257
Fair value of liabilities assumed	-	(603,086)
Contract payment in the acquisition	-	(20,693)
Goodwill and other intangibles recognized	$ -	$ (23,522)

See Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION— The accompanying unaudited interim financial statements of WesBanco, Inc. (“WesBanco”) have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2009.

WesBanco’s interim financial statements have been prepared following the significant accounting policies disclosed in Note 1 of the Notes to the Consolidated Financial Statements of its 2009 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the accompanying interim financial information reflects all adjustments, including normal recurring adjustments, necessary to present fairly WesBanco’s financial position and results of operations for each of the interim periods presented. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year.

RECENT ACCOUNTING PRONOUNCEMENTS— In July 2010, the Financial Accounting Standards Board (“FASB”) issued an accounting pronouncement to improve disclosures about the credit quality of financing receivables and the allowance for credit losses. Companies will be required to provide more information about the credit quality of their financing receivables in the disclosures to financial statements, such as aging information and credit quality indicators. Both new and existing disclosures must be disaggregated by portfolio segment and class. The disaggregation of information is based on how a company develops its allowance for credit losses and how it manages its credit exposure. Required disclosures as of the end of a reporting period are effective for periods ending on or after December 15, 2010, while required disclosures about activity that occurs during a reporting period are effective for periods beginning on or after December 15, 2010. WesBanco does not believe that this statement will have a material impact on its consolidated financial statements.

In January 2010, the FASB issued an accounting pronouncement to improve disclosures about fair value measurements which requires new disclosures on transfers into and out of Level 1 and 2 measurements of the fair value hierarchy and requires separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures relating to the level of disaggregation and inputs and valuation techniques used to measure fair value. It was effective for the first reporting period (including interim periods) beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The adoption of this pronouncement did not have a material impact on WesBanco’s consolidated financial statements.

NOTE 2. EARNINGS PER COMMON SHARE

Earnings per common share are calculated as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(unaudited, in thousands, except shares and per share amounts)	2010	2009	2010	2009
Numerator for both basic and diluted earnings per common share:				
Net Income	$ 9,153	$ 5,442	$ 25,302	$ 16,636
Less: Preferred dividends and expense associated with unamortized discount and issuance costs	-	$ (3,121)	-	$ (5,233)
Net income available to common shareholders	$ 9,153	$ 2,321	$ 25,302	$ 11,403
Denominator:				
Total average basic common shares outstanding	26,586,953	26,567,653	26,577,302	26,565,621
Effect of dilutive stock options	328	428	525	1,553
Total diluted average common shares outstanding	26,587,281	26,568,081	26,577,827	26,567,174
Earnings per common share - basic	$ 0.34	$ 0.09	$ 0.95	$ 0.43
Earnings per common share - diluted	$ 0.34	$ 0.09	$ 0.95	$ 0.43

In 2008, WesBanco issued 75,000 shares of the Company's Series A Preferred Stock and a warrant to purchase 439,282 shares of the Company's common stock to the United States Department of the Treasury. The preferred stock and warrant were repurchased in September of 2009 and December of 2009, respectively. In 2009 the preferred dividends and expense associated with the unamortized discount were deducted from net income to arrive at net income available to common shareholders. The warrant was considered in the calculation of diluted earnings per share in 2009, but due to its anti-dilutive impact, it had no effect on earnings per share.

NOTE 3. SECURITIES

The following table presents the fair value and amortized cost of available-for-sale and held-to-maturity securities:

	September 30, 2010				December 31, 2009			
(unaudited, in	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value

thousands)

Available-for-sale								
Other government agencies	$ 334,551	$ 2,191	$ (190)	$ 336,552	$ 191,184	$ 638	$ (1,096)	$ 190,726
Corporate debt securities	25,910	24	(53)	25,881	2,886	46	-	2,932
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	322,717	10,734	(19)	333,432	684,142	15,086	(1,090)	698,138
Other residential collateralized mortgage obligations	-	-	-	-	2,569	22	-	2,591
Obligations of state and political subdivisions	186,038	7,167	(38)	193,167	356,693	8,818	(1,892)	363,619
Total debt securities	869,216	20,116	(300)	889,032	1,237,474	24,610	(4,078)	1,258,006
Equity securities	3,565	818	(1)	4,382	3,508	291	(1)	3,798
Total available-for-sale securities	$ 872,781	$ 20,934	$ (301)	$ 893,414	$ 1,240,982	$ 24,901	$ (4,079)	$ 1,261,804
Held-to-maturity								
Corporate debt securities	$ 1,451	$ -	$ (479)	$ 972	$ 1,450	$ -	$ (7)	$ 1,443
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	235,137	3,647	(46)	238,738	-	-	-	-

Other residential collateralized mortgage obligations	1,437	26	-	1,463	-	-	-	-
Obligations of state and political subdivisions	227,272	8,285	(20)	235,537	-	-	-	-
Total held-to-maturity securities	$ 465,297	$ 11,958	$ (545)	$ 476,710	$ 1,450	$ -	$ (7)	$ 1,443
Total securities	$ 1,338,078	$ 32,892	$ (846)	$ 1,370,124	$ 1,242,432	$ 24,901	$ (4,086)	$ 1,263,247

At September 30, 2010, and December 31, 2009, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of WesBanco's shareholders' equity.

At the close of business on April 30, 2010, available-for-sale securities with a fair value of $426.7 million were transferred to the held-to-maturity portfolio. The available-for-sale securities were transferred at fair market value at a net unrealized gain of $8.9 million recorded as a premium and included in the amortized cost of the held-to-maturity securities. The premium will be amortized over the remaining life of the securities through other comprehensive income but will have no affect on net income. The securities consisted of residential mortgage backed securities, residential and other collateralized mortgage obligations, and both taxable and tax-exempt municipal obligations that had longer average lives or lower coupons.

The following table presents the maturity distribution of available-for-sale and held-to-maturity securities at fair value:

	September 30, 2010				
(unaudited, in thousands)	Within One Year	After One But Within Five Years	After Five But Within Ten Years	After Ten Years	Total
Available-for-sale					
Other government agencies	$ 238,959	$ 75,116	$ -	$ 22,477	$ 336,552
Corporate debt securities	11,873	12,022	1,986	-	25,881
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (1)	43,654	258,644	28,930	2,204	333,432
Obligations of states and political	66,350	93,578	33,239	-	193,167

subdivisions										
Equity securities		-		-		-		4,382		4,382
Total available-for-sale securities	$	360,836	$	439,360	$	64,155	$	29,063	$	893,414
Held-to-maturity (2)										
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (1)	$	6,597	$	179,385	$	52,756	$	-	$	238,738
Other residential collateralized mortgage obligations		-		1,463		-		-		1,463
Obligations of states and political subdivisions		14,574		36,557		138,064		46,342		235,537
Corporate debt securities		-		-		-		972		972
Total held-to-maturity securities	$	21,171	$	217,405	$	190,820	$	47,314	$	476,710
Total securities	$	382,007	$	656,765	$	254,975	$	76,377	$	1,370,124

(1) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are assigned to maturity categories based on estimated average
lives or repricing information.
(2) The held-to-maturity portfolio is carried at an amortized cost of $465.3 million.

Securities with aggregate par values of $605.0 million and $548.1 million at September 30, 2010 and December 31, 2009, respectively, were pledged as security for public and trust funds, and securities sold under agreements to repurchase. Proceeds from the sale of available-for-sale securities were $114.8 million and $418.9 million for the nine months ended September 30, 2010 and 2009, respectively. Net unrealized security gains on the available-for-sale portfolio were $20.6 million and $20.8 million for September 30, 2010, and December 31, 2009. These unrealized gains were recognized in other comprehensive income, net of tax. For the nine months ended September 30, 2010, gross security gains on available-for-sale securities were $3.3 million, and gross losses of $33,000 were recorded due to the write down of one equity security. For the nine months ended September 30, 2009 gross security gains on available-for-sale securities were $4.1 million and gross security losses were $0.2 million, from impairment losses on two equity securities.

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The following table provides information on unrealized losses on investment securities that have been in an unrealized loss position for less than twelve months and twelve months or more as of September 30, 2010 and December 31, 2009:

	September 30, 2010						
	Less than 12 months			12 months or more			
	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value

(unaudited, dollars in thousands)							
Other government agencies	$ 53,380	$ (190)	8	$ -	$ -	-	$ 53,3
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	30,126	(52)	19	581	(14)	1	30,7
Obligations of states and political subdivisions	11,216	(53)	19	377	(4)	2	11,5
Corporate debt securities	9,447	(532)	4	-	-	-	9,4
Equity securities	4	(1)	2	-	-	-	
Total temporarily impaired securities	$ 104,173	$ (828)	52	$ 958	$ (18)	3	$ 105,1

	December 31, 2009						
	Less than 12 months			12 months or more			
(unaudited, dollars in thousands)	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value
Other government agencies	$ 104,014	$ (1,096)	16	$ -	$ -	-	$ 104,0
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	138,878	(1,076)	17	590	(15)	1	139,4
Obligations of states and political subdivisions	59,659	(1,723)	56	3,996	(168)	7	63,6
Corporate debt securities	1,443	(7)	1	-	-	-	1,4
Equity securities	4	(1)	2	-	-	-	
	$ 303,998	$ (3,903)	92	$ 4,586	$ (183)	8	$ 308,5

Total temporarily impaired securities

Unrealized losses in the table represent temporary fluctuations resulting from changes in market rates in relation to fixed yields and market illiquidity on certain corporate debt securities that continue to pay principal and interest according to their contractual terms. Unrealized losses in the available-for-sale portfolio are accounted for as an adjustment to other comprehensive income in shareholders' equity. WesBanco may impact the magnitude of the fair value adjustment by managing both the volume and average maturities of securities that are classified as available-for-sale.

Most of the unrealized loss in the corporate debt securities in 2010 relates to one trust preferred security in the held-to-maturity portfolio. WesBanco performs a quarterly review of this security which includes a review of the financial condition and the near-term prospects of the issuer, any credit downgrades or other indicators of a potential credit problem, the receipt of principal and interest according to the contractual terms and WesBanco's intent and ability not to sell or be required to sell its investment prior to recovery of cost, and based on this review, despite a credit downgrade below investment grade in 2010, there is no significant evidence to suggest that future cash flows will be insufficient to recover the amortized cost basis of the security. The decline in fair value is believed to be primarily attributable to temporary illiquidity and the financial crisis affecting the banking sector and not necessarily the expected cash flows of the individual security. Currently, the issuer has made all contractual payments and there is no indication that they will not be able to make them in the future.

WesBanco does not believe the securities presented above are impaired due to reasons of credit quality, as substantially all debt securities are of investment grade quality and all are paying principal and interest according to their contractual terms. WesBanco does not intend to sell, and it is not more likely than not that it will be required to sell loss position securities prior to recovery of their cost, and therefore, management believes the unrealized losses detailed above are temporary and no impairment loss relating to these securities has been recognized.

On December 23, 2008 the FHLB of Pittsburgh announced that it would suspend dividends and the repurchase of excess capital stock from its member banks until further notice. The FHLB of Pittsburgh stock owned by WesBanco does not have readily determinable fair value and is recorded as a cost method investment in other assets totaling $26.3 million at September 30, 2010 and December 31, 2009, and is held primarily to serve as collateral on FHLB borrowings. Although the FHLB of Pittsburgh has suspended dividends and the repurchase of excess capital stock, it is meeting its current debt obligations, has continued to exceed all required capital ratios, and has remained in compliance with statutory and regulatory requirements. Accordingly, as of September 30, 2010, WesBanco believes that sufficient evidence exists to conclude that its investment in FHLB of Pittsburgh stock was not impaired.

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NOTE 4. LOANS AND THE ALLOWANCE FOR LOAN LOSSES

Loans are presented in the Consolidated Balance Sheets net of deferred loan fees and costs of $3.0 million at September 30, 2010 and $3.3 million at December 31, 2009.

The following table presents the changes in the allowance for loan losses:

For the Nine Months Ended September 30,

(unaudited, in thousands)	2010	2009
Balance at beginning of period	$ 61,160	$ 49,803
Provision for loan losses	34,666	36,150
Charge-offs	(38,919)	(26,540)
Recoveries	2,082	1,342
Net charge-offs	(36,837)	(25,198)
Balance at end of period	$ 58,989	$ 60,755

The following tables summarize loans classified as impaired:

(unaudited, in thousands)	September 30, 2010	December 31, 2009
Balance of impaired loans with no allocated allowance for loan losses	$ 62,207	$ 63,456
Balance of impaired loans with an allocated allowance for loan losses	39,141	30,167
Total impaired loans	$ 101,348	$ 93,623
Allowance for loan losses allocated to impaired loans	$ 7,878	$ 8,009

At September 30, 2010, Wesbanco had unfunded commitments to debtors whose loans were classified as impaired of $2.5 million. At December 31, 2009, Wesbanco had unfunded commitments to debtors whose loans were classified as impaired of $0.1 million.

The provision for credit losses for the nine months ended September 30, 2010 and 2009 includes both the provision for loan losses of $34.7 million and $36.2 million respectively, and the provision for loan commitments of $0.3 million and ($0.2) million respectively.

In September 2010, certain nonperforming loans with a book value of $14.6 million and specific and general reserves totaling $5.4 million were sold. Total proceeds from the sale were $4.4 million, resulting in $10.5 million in charge-offs in the third quarter of 2010.

NOTE 5. FEDERAL HOME LOAN BANK BORROWINGS

WesBanco is a member of the Federal Home Loan Bank ("FHLB") System. WesBanco's FHLB borrowings, which consist of borrowings from both the FHLB of Pittsburgh and the FHLB of Cincinnati, are secured by a blanket lien by the FHLB on certain residential mortgage and other loan types with a market value in excess of the outstanding balances of the borrowings. At September 30, 2010 and December 31, 2009, WesBanco had FHLB borrowings of $259.2 million and $496.4 million, respectively, with a weighted-average interest rate of 3.65% and 3.84%, respectively. FHLB borrowings have decreased from December 31, 2009 due to scheduled maturities during the first nine months of 2010. The terms of the security agreement with the FHLB include a specific assignment of collateral that requires the maintenance of qualifying mortgage and other types of loans as pledged collateral with unpaid principal amounts in excess of the FHLB advances, when discounted at certain pre-established percentages of the loans' unpaid principal balances. FHLB stock owned by WesBanco, totaling $29.5 million at September 30, 2010 and $30.9 million at December 31, 2009, is also pledged as collateral on these advances. The remaining maximum borrowing capacity by WesBanco with the FHLB at September 30, 2010 and December 31, 2009 was approximately $1.006 billion and $914.6 million, respectively.

Certain FHLB advances contain call features, which allow the FHLB to call the outstanding balance or convert a fixed rate borrowing to a variable rate advance if the strike rate goes beyond a certain predetermined rate. The probability that these advances will be called depends primarily on the level of related interest rates during the call period. Of the

$259.2 million outstanding at September 30, 2010, $111.1 million in FHLB convertible advances are subject to call or conversion to a variable rate advance by the FHLB.

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The following table presents the aggregate annual maturities and weighted-average interest rates of FHLB borrowings at September 30, 2010 based on their contractual maturity dates and effective interest rates:

(unaudited, dollars in thousands) Year	Scheduled Maturity	Weighted Average Rate
2010	$ 5,010	3.81%
2011	84,349	3.76%
2012	76,617	3.64%
2013	50,638	3.28%
2014	16,289	3.40%
2015 and thereafter	26,276	4.13%
Total	$ 259,179	3.65%

NOTE 6. PENSION PLAN

The following table presents the net periodic pension cost for WesBanco's Defined Benefit Pension Plan (the "Plan") and the related components:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(unaudited, in thousands)	2010	2009	2010	2009
Service cost – benefits earned during year	$ 587	$ 599	$ 1,742	$ 1,798
Interest cost on projected benefit obligation	886	837	2,630	2,511
Expected return on plan assets	(1,210)	(945)	(3,591)	(2,834)
Amortization of prior service cost	(29)	(29)	(87)	(88)
Amortization of net loss	306	476	908	1,428
Net periodic pension cost	$ 540	$ 938	$ 1,602	$ 2,815

The Plan covers all employees of WesBanco and its subsidiaries who were hired on or before August 1, 2007 who satisfy minimum age and length of service requirements, and is not available to employees hired after such date.

A minimum required contribution of $2.3 million is due for 2010 which will be funded by the Plan's available credit balance. No decision has been made as of September 30, 2010 relative to the level of contribution in excess of the required minimum that will be made to the Plan, if any.

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NOTE 7. FAIR VALUE MEASUREMENTS

Certain assets and liabilities are measured at fair value on a recurring or nonrecurring basis. The following is a discussion of these assets and liabilities and valuation techniques applied to each for fair value measurement:

Securities: The fair value of securities available-for-sale which are measured on a recurring basis are determined primarily by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other similar securities. These securities are classified within level 1 or 2 of the fair value hierarchy. Positions that are not traded in active markets for which valuations are generated using assumptions not observable in the market or management's best estimate are classified within level 3 of the fair value hierarchy. This includes certain specific municipal debt issues.

Mortgage servicing rights: The fair value of mortgage servicing rights is based on an independent valuation model that calculates the present value of estimated net servicing income. The valuation model incorporates assumptions based on management's best judgment that are significant inputs to the discounting calculations. If the carrying value exceeds fair value, they are considered impaired and are classified within level 3 of the fair value hierarchy as a result. These rights are measured at fair value on a nonrecurring basis.

Impaired loans: Impaired loans are carried at the lower of cost or the fair value of the collateral for collateral-dependent loans. Collateral may be in the form of real estate or business assets including equipment, inventory and accounts receivable. The use of discounted cash flow models and management's best judgment are significant inputs in arriving at the fair value measure of the underlying collateral and impaired loans are therefore classified within level 3 of the fair value hierarchy.

Other real estate owned and repossessed assets: Other real estate owned and repossessed assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs. The use of management's best judgments is a significant input in arriving at the fair value measure of the underlying collateral and are therefore classified within level 3 of the fair value hierarchy.

Loans held for sale: The carrying amount of residential mortgage loans held for sale approximates fair value. Portfolio loans held for sale are recorded at the contractual sales price or a third party valuation less costs to sell and are therefore classified within level 3 of the fair value hierarchy.

The following tables set forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy as defined by fair value accounting guidance within the Accounting Standards Codification:

		September 30, 2010 Fair Value Measurements Using:		
(unaudited, in thousands)	Asset at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities - available-for-sale				
Other government agencies	$ 336,552	$ -	$ 336,552	$ -
Corporate debt securities	25,881	-	25,881	-
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	333,432	-	333,432	-
Obligations of state and political subdivisions	193,167	-	193,098	69
Equity securities	4,382	2,577	1,805	-

Total securities - available-for-sale	$ 893,414	$ 2,577	$ 890,768	$ 69

The Company's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1 and 2 for the nine months ending September 30, 2010.

At the close of business on April 30, 2010, available-for-sale securities with a fair value of $426.7 million were transferred to the held-to-maturity portfolio. All securities transferred were previously classified as level 2 securities except for two securities classified as level 3.

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		December 31, 2009 Fair Value Measurements Using:		
(unaudited, in thousands)	Asset at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities - available-for-sale				
U.S. government agency notes	$ 190,726	$ -	$ 190,726	$ -
Corporate debt securities	2,932	-	2,932	-
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	698,138	-	698,138	-
Other residential collateralized mortgage obligations	2,591	-	2,558	33
Obligations of state and political subdivisions	363,619	-	362,218	1,401
Equity securities	3,798	2,171	1,385	242
Total securities - available-for-sale	$ 1,261,804	$ 2,171	$ 1,257,957	$ 1,676

The following table presents additional information about assets measured at fair value on a recurring basis and for which WesBanco has utilized level 3 inputs to determine fair value:

(unaudited, in thousands)	Other residential collateralized mortgage obligations	Obligations of state and political subdivisions	Equity securities	Total
For the Three Months ended September 30, 2010:				
Beginning balance	$ -	$ 217	$ 242	$ 459
Transfers out of Level 3	-	-	(242)	(242)
Total gains and losses included in other comprehensive income	-	(3)	-	(3)
Settlements	-	(145)	-	(145)
Ending balance	$ -	$ 69	$ -	$ 69

For the Three Months ended September 30, 2009:				
Beginning balance	$ 42	$ 1,452	$ 242	$ 1,736
Transfers out of Level 3	-	-	-	-
Total gains and losses included in other comprehensive income	-	89	-	89
Settlements	-	(103)	-	(103)
Ending balance	$ 42	$ 1,438	$ 242	$ 1,722
For the Nine Months ended September 30, 2010:				
Beginning balance	$ 33	$ 1,401	$ 242	$ 1,676
Transfers out of Level 3	(19)	(815)	(242)	(1,076)
Total gains and losses included in other comprehensive income	3	(6)	-	(3)
Settlements	(17)	(511)	-	(528)
Ending balance	$ -	$ 69	$ -	$ 69
For the Nine Months ended September 30, 2009:				
Beginning balance	$ 55	$ 1,446	$ 267	$ 1,768
Transfers out of Level 3	-	-	(25)	(25)
Total gains and losses included in other comprehensive income	(13)	166	-	153
Settlements	-	(174)	-	(174)
Ending balance	$ 42	$ 1,438	$ 242	$ 1,722

We may be required from time to time to measure certain assets at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis, the following table provides the level of valuation assumptions used to determine each adjustment in the carrying value of the related individual assets or portfolios:

		Fair Value Measurements Using:		
(unaudited, in thousands)	Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2010				
Impaired loans (1)	$ 31,263	$ -	$ -	$ 31,263
Other real estate owned and repossessed assets (2)	8,577	-	-	8,577
Mortgage servicing rights (3)	1,918	-	-	1,918
Loans held for sale (4)	13,132	-	-	13,132

December 31, 2009				
Impaired loans (1)	$ 22,158	$ -	$ -	$ 22,158
Other real estate owned and repossessed assets (2)	8,691	-	-	8,691
Mortgage servicing rights (3)	2,407	-	-	2,407
Loans held for sale (4)	9,441	-	-	9,441

(1) Represents the carrying value of loans for which adjustments are based on the appraised value and management's judgment of the value of collateral or cost.

(2) Other real estate owned and repossessed assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs.

(3) Represents the carrying value of mortgage servicing rights whose value has been impaired and therefore carried at their fair value as determined from independent valuations.

(4) The carrying amount of residential mortgage loans held for sale approximates fair value.

NOTE 8. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are based on the present value of expected future cash flows, quoted market prices of similar financial instruments, if available, and other valuation techniques. These valuations are significantly affected by discount rates, cash flow assumptions, and risk assumptions used. Therefore, fair value estimates may not be substantiated by comparison to independent markets and are not intended to reflect the proceeds that may be realizable in an immediate settlement of the instruments.

The aggregate fair value of amounts presented does not represent the underlying value of WesBanco. Management does not have the intention to dispose of a significant portion of its financial instruments and, therefore, the unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows.

The following table represents the estimates of fair value of financial instruments:

	September 30, 2010		December 31, 2009	
(unaudited, in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and due from banks	$ 88,954	$ 88,954	$ 82,867	$ 82,867
Securities available-for-sale	893,414	893,414	1,261,804	1,261,804
Securities held-to-maturity	465,297	476,710	1,450	1,443
Net loans	3,259,113	3,105,478	3,409,786	3,273,207
Loans held for sale	13,132	13,132	9,441	9,441
Accrued interest receivable	20,882	20,882	20,048	20,048
Bank owned life insurance	106,054	106,054	103,637	103,637
Financial liabilities:				
Deposits	4,171,076	4,200,013	3,974,233	3,984,671
Federal Home Loan Bank borrowings	259,179	268,904	496,393	500,336
Other borrowings	180,422	183,517	188,522	184,512
Junior subordinated debt	106,027	55,087	111,176	58,144
Accrued interest payable	6,888	6,888	9,208	9,208

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and due from banks — The carrying amount for cash and due from banks is a reasonable estimate of fair value.

Securities — Fair values for securities are based on quoted market prices, if available. If market prices are not available, then quoted market prices of similar instruments are used. The fair value of securities accounted for using the cost method is only estimated if events or changes in circumstances that may have a significant adverse effect on their fair value have been identified.

Net loans — Fair values for loans are estimated using a discounted cash flow methodology. The discount rates take into account interest rates currently being offered to customers for loans with similar terms, the credit risk associated with the loan and market factors, including liquidity. In the current market environment for loans, investors are generally requiring a much higher rate of return then the return inherent in loans if held to maturity given the lack of market liquidity. The valuation of the loan portfolio reflects discounts that WesBanco believes are consistent with transactions occurring in the marketplace for both performing and distressed loan types. The carrying value that fair value is compared to is net of the allowance for loan losses and other associated premiums and discounts.

Loans held for sale — The carrying amount of residential mortgage loans held for sale approximates fair value. Portfolio loans held for sale are recorded at the contractual sales price or third party valuation less costs to sell.

Accrued interest receivable — The carrying amount of accrued interest receivable approximates its fair value.

Bank-owned life insurance — The carrying value of bank-owned life insurance represents the net cash surrender value of the underlying insurance policies, should these policies be terminated. Management believes that the carrying value approximates fair value.

Deposits — The carrying amount is considered a reasonable estimate of fair value for demand, savings and other variable rate deposit accounts. The fair value of fixed maturity certificates of deposit is estimated by a discounted cash flow method using the rates currently offered for deposits of similar remaining maturities.

Federal Home Loan Bank borrowings — For FHLB borrowings, fair value is based on rates currently available to WesBanco for borrowings with similar terms and remaining maturities.

Other borrowings — Fair values for federal funds purchased and repurchase agreements are based on quoted market prices, if available. If market prices are not available, then quoted market prices of similar instruments are used.

Junior subordinated debt owed to unconsolidated subsidiary trusts — Due to the pooled nature of these instruments, which are not actively

traded on an equity market, estimated fair value is based on broker prices from recent similar sales.

Accrued interest payable — The carrying amount of accrued interest payable approximates its fair value.

Off-balance sheet financial instruments — Off-balance sheet financial instruments consist of commitments to extend credit including letters of credit. Fair values for commitments to extend credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit standing of the counterparties. The estimated fair value of the commitments to extend credit and letters of credit are insignificant and therefore not presented in the above table.

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS— In the normal course of business, WesBanco offers off-balance sheet credit arrangements to enable its customers to meet their financing objectives. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements. WesBanco's exposure to credit losses in the event of non-performance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is limited to the contractual amount of those instruments. WesBanco uses the same credit policies in making commitments and conditional obligations as for all other lending. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The allowance for credit losses associated with loan commitments was $0.5 million and $0.2 million as of September 30, 2010 and December 31, 2009 respectively, and is included in other liabilities on the Consolidated Balance Sheets.

Letters of credit are conditional commitments issued by banks to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including normal business activities, bond financing and similar transactions. Standby letters of credit are considered guarantees. The liability associated with standby letters of credit is recorded at its estimated fair value of $0.1 million as of both September 30, 2010 and December 31, 2009, and is included in other liabilities on the Consolidated Balance Sheets.

Affordable housing plan guarantees are performance guarantees for various building project loans. The guarantee amortizes as the loan balances decrease.

The following table presents total commitments to extend credit, guarantees and various letters of credit outstanding:

(unaudited, in thousands)	September 30, 2010	December 31, 2009
Commitments to extend credit	$ 634,184	$ 710,871
Standby letters of credit	34,281	34,488
Affordable housing plan guarantees	4,283	4,366

In addition to the commitments above, WesBanco Bank Community Development Corporation ("WBCDC"), a wholly-owned subsidiary of WesBanco Bank, Inc. has made a $1.0 million commitment to an investment company in order to provide investments in early stage companies in the state of Ohio.

CONTINGENT LIABILITIES—WesBanco and its subsidiaries are parties to various legal and administrative proceedings and claims. While any claim contains an element of uncertainty, management believes that the outcome of such proceedings or claims pending or known to be threatened will not have a material adverse effect on WesBanco's consolidated financial position.

NOTE 10. BUSINESS SEGMENTS

WesBanco operates two reportable segments: community banking and trust and investment services. WesBanco's community banking segment offers services traditionally offered by full-service commercial banks, including commercial demand, individual demand and time deposit accounts, as well as commercial, mortgage and individual installment loans, and certain non-traditional offerings, such as insurance and securities brokerage services. The trust and investment services segment offers trust services as well as various alternative investment products including mutual funds. The market value of assets of the trust and investment services segment was approximately $2.8 billion and $2.6 billion at September 30, 2010 and 2009, respectively. These assets are held by WesBanco in fiduciary or agency capacities for their customers and therefore are not included as assets on WesBanco's Consolidated Balance Sheets.

Condensed financial information by business segment is presented below:

(unaudited, in thousands)	Community Banking	Trust and Investment Services	Consolidated
For the Three Months ended September 30, 2010:			
Interest income	$ 58,576	$ -	$ 58,576
Interest expense	16,590	-	16,590
Net interest income	41,986	-	41,986
Provision for credit losses	11,778	-	11,778
Net interest income after provision for credit losses	30,208	-	30,208
Non-interest income	11,211	3,765	14,976
Non-interest expense	33,251	2,430	35,681
Income before provision for income taxes	8,168	1,335	9,503
Provision for (benefit from) income taxes	(184)	534	350
Net income	$ 8,352	$ 801	$ 9,153
For the Three Months ended September 30, 2009:			
Interest income	$ 65,212	$ -	$ 65,212
Interest expense	24,783	-	24,783
Net interest income	40,429	-	40,429
Provision for credit losses	16,200	-	16,200
Net interest income after provision for credit losses	24,229	-	24,229
Non-interest income	15,047	3,508	18,555
Non-interest expense	35,400	2,305	37,705
Income before provision for income taxes	3,876	1,203	5,079
Provision for (benefit from) income taxes	(844)	481	(363)
Net income	$ 4,720	$ 722	$ 5,442
For the Nine Months ended September 30, 2010:			
Interest income	$ 178,738	$ -	$ 178,738
Interest expense	54,972		