

WESBANCO INC
Form 10-Q
April 27, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

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 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

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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.

Large accelerated filer Accelerated filer
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

As of April 25, 2012, there were 26,627,689 shares of WesBanco, Inc. common stock, \$2.0833 par value, outstanding.

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WESBANCO, INC.

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Table of Contents**PART I-FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****WESBANCO, INC. CONSOLIDATED BALANCE SHEETS**

| <i>(unaudited, in thousands, except shares)</i> | March 31, 2012 | December 31, 2011 |
|---|---------------------------|------------------------------|
| ASSETS | | |
| Cash and due from banks, including interest bearing amounts of \$4,426 and \$10,929, respectively | \$ 157,243 | \$ 140,325 |
| Securities: | | |
| Available-for-sale, at fair value | 1,087,836 | 1,016,340 |
| Held-to-maturity (fair values of \$608,186 and \$621,472, respectively) | 577,923 | 592,925 |
| Total securities | 1,665,759 | 1,609,265 |
| Loans held for sale | 8,611 | 6,084 |
| Portfolio loans, net of unearned income | 3,223,697 | 3,239,368 |
| Allowance for loan losses | (54,395) | (54,810) |
| Net portfolio loans | 3,169,302 | 3,184,558 |
| Premises and equipment, net | 81,592 | 82,204 |
| Accrued interest receivable | 19,501 | 19,268 |
| Goodwill and other intangible assets, net | 282,612 | 283,150 |
| Bank-owned life insurance | 110,954 | 110,074 |
| Other assets | 105,069 | 101,102 |
| Total Assets | \$ 5,600,643 | \$ 5,536,030 |
| LIABILITIES | | |
| Deposits: | | |
| Non-interest bearing demand | \$ 749,733 | \$ 705,415 |
| Interest bearing demand | 706,117 | 698,114 |
| Money market | 825,577 | 789,036 |
| Savings deposits | 633,504 | 596,549 |
| Certificates of deposit | 1,558,926 | 1,604,752 |
| Total deposits | 4,473,857 | 4,393,866 |
| Federal Home Loan Bank borrowings | 147,913 | 168,186 |
| Other short-term borrowings | 187,632 | 196,887 |
| Junior subordinated debt owed to unconsolidated subsidiary trusts | 106,074 | 106,066 |
| Total borrowings | 441,619 | 471,139 |
| Accrued interest payable | 5,007 | 4,975 |
| Other liabilities | 38,159 | 32,260 |
| Total Liabilities | 4,958,642 | 4,902,240 |
| 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 2012 and 2011; outstanding: 26,627,689 and 26,629,360 shares in 2012 and 2011, respectively | 55,487 | 55,487 |
| Capital surplus | 191,891 | 191,679 |
| Retained earnings | 396,281 | 388,818 |
| Treasury stock (6,159 and 4,488 shares in 2012 and 2011, respectively, at cost) | (127) | (96) |
| Accumulated other comprehensive income (loss) | (326) | (902) |
| Deferred benefits for directors | (1,205) | (1,196) |
| Total Shareholders Equity | 642,001 | 633,790 |
| Total Liabilities and Shareholders Equity | \$ 5,600,643 | \$ 5,536,030 |

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See Notes to Consolidated Financial Statements.

Table of Contents**WESBANCO, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| | For the Three Months Ended | |
|---|-----------------------------------|------------------|
| | March 31, | |
| <i>(unaudited, in thousands, except shares and per share amounts)</i> | 2012 | 2011 |
| INTEREST AND DIVIDEND INCOME | | |
| Loans, including fees | \$ 41,964 | \$ 44,348 |
| Interest and dividends on securities: | | |
| Taxable | 8,590 | 8,708 |
| Tax-exempt | 3,079 | 2,986 |
| Total interest and dividends on securities | 11,669 | 11,694 |
| Other interest income | 47 | 56 |
| Total interest and dividend income | 53,680 | 56,098 |
| INTEREST EXPENSE | | |
| Interest bearing demand deposits | 405 | 632 |
| Money market deposits | 742 | 1,443 |
| Savings deposits | 295 | 488 |
| Certificates of deposit | 6,979 | 8,050 |
| Total interest expense on deposits | 8,421 | 10,613 |
| Federal Home Loan Bank borrowings | 1,377 | 2,026 |
| Other short-term borrowings | 1,178 | 1,182 |
| Junior subordinated debt owed to unconsolidated subsidiary trusts | 874 | 801 |
| Total interest expense | 11,850 | 14,622 |
| NET INTEREST INCOME | 41,830 | 41,476 |
| Provision for credit losses | 6,202 | 8,041 |
| Net interest income after provision for credit losses | 35,628 | 33,435 |
| NON-INTEREST INCOME | | |
| Trust fees | 4,753 | 4,762 |
| Service charges on deposits | 3,993 | 4,222 |
| Electronic banking fees | 2,763 | 2,284 |
| Net securities brokerage revenue | 1,075 | 1,096 |
| Bank-owned life insurance | 880 | 895 |
| Net gains on sales of mortgage loans | 268 | 582 |
| Net securities gains | 100 | 17 |
| Net gain / (loss) on other real estate owned and other assets | 32 | (545) |
| Other income | 1,458 | 1,191 |
| Total non-interest income | 15,322 | 14,504 |
| NON-INTEREST EXPENSE | | |
| Salaries and wages | 14,315 | 13,653 |
| Employee benefits | 5,618 | 5,156 |
| Net occupancy | 2,776 | 2,921 |
| Equipment | 2,174 | 2,300 |
| Marketing | 771 | 1,005 |
| FDIC insurance | 1,045 | 1,654 |
| Amortization of intangible assets | 537 | 618 |
| Other operating expenses | 8,429 | 8,184 |
| Total non-interest expense | 35,665 | 35,491 |
| Income before provision for income taxes | 15,285 | 12,448 |
| Provision for income taxes | 3,295 | 2,208 |
| NET INCOME | \$ 11,990 | \$ 10,240 |
| EARNINGS PER COMMON SHARE | | |
| Basic | \$ 0.45 | \$ 0.39 |
| Diluted | \$ 0.45 | \$ 0.39 |
| AVERAGE COMMON SHARES OUTSTANDING | | |
| Basic | 26,628,025 | 26,589,013 |
| Diluted | 26,631,187 | 26,590,410 |

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| | | |
|--|------------------|-----------------|
| DIVIDENDS DECLARED PER COMMON SHARE | \$ 0.17 | \$ 0.15 |
| COMPREHENSIVE INCOME | \$ 12,566 | \$ 9,008 |

See Notes to Consolidated Financial Statements.

Table of Contents**WESBANCO, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

For the Three Months Ended March 31, 2012 and 2011

| <i>(unaudited, in thousands, except shares and per share amounts)</i> | Common Stock | | Capital | Retained | Treasury | Accumulated | Deferred | Total |
|---|--------------|-----------|------------|------------|------------|-----------------------------------|------------------------|------------|
| | Shares | Amount | Surplus | Earnings | Stock | Other Comprehensive Income (Loss) | Benefits for Directors | |
| December 31, 2011 | 26,629,360 | \$ 55,487 | \$ 191,679 | \$ 388,818 | \$ (96) | \$ (902) | \$ (1,196) | \$ 633,790 |
| Net income | | | | 11,990 | | | | 11,990 |
| Other comprehensive income (1) | | | | | | 576 | | 576 |
| Comprehensive income | | | | | | | | 12,566 |
| Common dividends declared (\$0.17 per share) | | | | (4,527) | | | | (4,527) |
| Treasury shares acquired | (1,671) | | 22 | | (31) | | | (9) |
| Stock compensation expense | | | 181 | | | | | 181 |
| Deferred benefits for directors-net | | | 9 | | | | (9) | - |
| March 31, 2012 | 26,627,689 | \$ 55,487 | \$ 191,891 | \$ 396,281 | \$ (127) | \$ (326) | \$ (1,205) | \$ 642,001 |
| December 31, 2010 | 26,586,953 | \$ 55,487 | \$ 191,987 | \$ 361,513 | \$ (1,063) | \$ 131 | \$ (1,192) | \$ 606,863 |
| Net income | | | | 10,240 | | | | 10,240 |
| Other comprehensive loss (1) | | | | | | (1,232) | | (1,232) |
| Comprehensive income | | | | | | | | 9,008 |
| Common dividends declared (\$0.15 per share) | | | | (3,987) | | | | (3,987) |
| Stock options exercised | 1,775 | | (13) | | 39 | | | 26 |
| Restricted stock granted | 4,782 | | (105) | | 105 | | | - |
| Stock compensation expense | | | 68 | | | | | 68 |
| Deferred benefits for directors-net | | | (18) | | | | 18 | - |
| March 31, 2011 | 26,593,510 | \$ 55,487 | \$ 191,919 | \$ 367,766 | \$ (919) | \$ (1,101) | \$ (1,174) | \$ 611,978 |

(1) Other comprehensive income for the three months ended March 31, 2012 and 2011 consists of unrealized gains (losses) in available-for-sale securities of \$0.5 and (\$1.1) million, respectively, amortization of unrealized gains recognized on securities transferred from available-for-sale to held-to-maturity of (\$0.2) and (\$0.4) million, respectively, and gains in the defined benefit pension plan of \$0.3 million for each period.

See Notes to Consolidated Financial Statements.

Table of Contents**WESBANCO, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS**

| <i>(unaudited, in thousands)</i> | For the Three Months Ended | |
|--|-----------------------------------|---------------------------|
| | 2012 | March 31, 2011 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 20,648 | \$ 30,527 |
| INVESTING ACTIVITIES: | | |
| Net decrease in loans | 8,689 | 36,740 |
| Securities available-for-sale: | | |
| Proceeds from sales | 3,076 | - |
| Proceeds from maturities, prepayments and calls | 127,531 | 70,856 |
| Purchases of securities | (202,413) | (51,739) |
| Securities held-to-maturity: | | |
| Proceeds from maturities, prepayments and calls | 29,443 | 21,827 |
| Purchases of securities | (15,510) | (85,344) |
| Purchases of premises and equipment net | (916) | (540) |
| Net cash used in investing activities | (50,100) | (8,200) |
| FINANCING ACTIVITIES: | | |
| Increase in deposits | 79,987 | 39,823 |
| Repayment of Federal Home Loan Bank borrowings | (20,210) | (21,257) |
| Decrease in other short-term borrowings | (9,137) | (19,258) |
| Dividends paid to common shareholders | (4,261) | (3,721) |
| Treasury shares (purchased) sold net | (9) | 26 |
| Net cash provided by (used in) financing activities | 46,370 | (4,387) |
| Net increase in cash and cash equivalents | 16,918 | 17,940 |
| Cash and cash equivalents at beginning of the period | 140,325 | 79,136 |
| Cash and cash equivalents at end of the period | \$ 157,243 | \$ 97,076 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Interest paid on deposits and other borrowings | \$ 11,818 | \$ 15,146 |
| Income taxes paid | 650 | 1,500 |
| Transfers of loans to other real estate owned | 750 | 539 |

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. and its consolidated subsidiaries (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, 2011.

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 2011 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.

Certain prior period amounts have been reclassified to conform to the current period presentation. The reclassifications had no effect on net income.

RECENT ACCOUNTING PRONOUNCEMENTS In December 2011, the Financial Accounting Standards Board (FASB) issued an accounting pronouncement which requires entities to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position, including instruments and transactions subject to master netting arrangements. The scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The objective of this disclosure is to enhance disclosures required by GAAP by requiring improved information about financial instruments and derivative instruments that are either offset in accordance with existing GAAP or subject to an enforceable master netting arrangement or similar agreement. This information will enable users of an entity s financial statements to evaluate the effect or potential effect of netting arrangements on an entity s financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments. The pronouncement should be applied retrospectively effective for fiscal years, and interim periods within those years, beginning after January 1, 2013. The adoption of this pronouncement is not expected to have a material impact on WesBanco s consolidated financial statements.

In September 2011, the FASB issued an accounting pronouncement to simplify how an entity tests goodwill for impairment by permitting an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Under previous guidance an entity was required to test goodwill for impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value was less than its carrying amount, then the second step of the test was performed to measure the amount of the impairment loss. Under the new accounting pronouncement an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The pronouncement was effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this pronouncement did not have a material impact on WesBanco s consolidated financial statements.

In June 2011, the FASB issued an accounting pronouncement that requires all non-owner changes in stockholders equity to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Under the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. In December 2011, an amendment to the June 2011 accounting pronouncement was issued which deferred the requirement that entities present reclassification adjustments for each component of accumulated other comprehensive income in both net income and other comprehensive income on the face of the financial statements. Entities should continue to report reclassifications relating to accumulated other comprehensive income consistent with the presentation requirements in effect before the June 2011 accounting pronouncement. The disclosures in the original June 2011 pronouncement that were not deferred in the December 2011 pronouncement should be applied retrospectively effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. WesBanco has adopted a single continuous statement of comprehensive income for interim periods.

In May 2011, the FASB issued an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized

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within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair value. The disclosures are to be applied prospectively effective in the first interim and annual periods beginning after December 15, 2011. The adoption of this pronouncement did not have a material impact on WesBanco's consolidated financial statements.

Table of Contents**NOTE 2. EARNINGS PER COMMON SHARE**

Earnings per common share are calculated as follows:

| | For the Three Months Ended | |
|---|----------------------------|------------|
| | March 31, 2012 | 2011 |
| <i>(unaudited, in thousands, except shares and per share amounts)</i> | | |
| Numerator for both basic and diluted earnings per common share: | | |
| Net income | \$ 11,990 | \$ 10,240 |
| Denominator: | | |
| Total average basic common shares outstanding | 26,628,025 | 26,589,013 |
| Effect of dilutive stock options | 3,162 | 1,397 |
| Total diluted average common shares outstanding | 26,631,187 | 26,590,410 |
| Earnings per common share - basic | \$ 0.45 | \$ 0.39 |
| Earnings per common share - diluted | \$ 0.45 | \$ 0.39 |

NOTE 3. SECURITIES

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

| <i>(unaudited, in thousands)</i> | March 31, 2012 | | | | December 31, 2011 | | | |
|---|-------------------|------------------------------|-------------------------------|----------------------------|-------------------|------------------------------|-------------------------------|----------------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Available-for-sale | | | | | | | | |
| Other government agencies | \$ 147,683 | \$ 232 | \$ (518) | \$ 147,397 | \$ 197,898 | \$ 834 | \$ (12) | \$ 198,720 |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | 701,574 | 10,177 | (343) | 711,408 | 579,430 | 9,244 | (582) | 588,092 |
| Obligations of state and political subdivisions | 172,252 | 8,777 | (115) | 180,914 | 171,782 | 8,664 | (13) | 180,433 |
| Corporate debt securities | 42,781 | 279 | (636) | 42,424 | 45,002 | 107 | (1,043) | 44,066 |
| Total debt securities | \$ 1,064,290 | \$ 19,465 | \$ (1,612) | \$ 1,082,143 | \$ 994,112 | \$ 18,849 | \$ (1,650) | \$ 1,011,311 |
| Equity securities | 4,733 | 960 | - | 5,693 | 4,179 | 851 | (1) | 5,029 |
| Total available-for-sale securities | \$ 1,069,023 | \$ 20,425 | \$ (1,612) | \$ 1,087,836 | \$ 998,291 | \$ 19,700 | \$ (1,651) | \$ 1,016,340 |
| Held-to-maturity | | | | | | | | |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | \$ 222,811 | \$ 7,225 | \$ (50) | \$ 229,986 | \$ 247,938 | \$ 7,223 | \$ (87) | \$ 255,074 |
| Other residential collateralized mortgage obligations | 679 | 9 | - | 688 | 783 | 9 | (1) | 791 |

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| | | | | | | | | |
|---|---------------------|------------------|-------------------|---------------------|--------------|-----------|------------|--------------|
| Obligations of state and political subdivisions | 352,981 | 23,283 | (289) | 375,975 | 342,752 | 21,459 | (138) | 364,073 |
| Corporate debt securities | 1,452 | 85 | - | 1,537 | 1,452 | 82 | - | 1,534 |
| Total held-to-maturity securities | \$ 577,923 | \$ 30,602 | \$ (339) | \$ 608,186 | \$ 592,925 | \$ 28,773 | \$ (226) | \$ 621,472 |
| Total securities | \$ 1,646,946 | \$ 51,027 | \$ (1,951) | \$ 1,696,022 | \$ 1,591,216 | \$ 48,473 | \$ (1,877) | \$ 1,637,812 |

At March 31, 2012, and December 31, 2011, 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.

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The following table presents the fair value of available-for-sale and held-to-maturity securities by contractual maturity at March 31, 2012. In many instances, the issuers may have the right to call or prepay obligations without penalty prior to the contractual maturity date.

| <i>(unaudited, in thousands)</i> | March 31, 2012 | | | | Total |
|---|------------------|------------------------------------|------------------------------------|-------------------|---------------------|
| | Within One Year | After One But Within Five Years | After Five But Within Ten Years | After Ten Years | |
| Available-for-sale (1) | | | | | |
| Other government agencies | \$ 2,599 | \$ 5,002 | \$ 25,525 | \$ 114,271 | \$ 147,397 |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2) | 19,872 | 655,941 | 34,629 | 966 | 711,408 |
| Obligations of states and political subdivisions | 6,281 | 53,703 | 66,237 | 54,693 | 180,914 |
| Corporate debt securities | 3,283 | 34,553 | 1,674 | 2,914 | 42,424 |
| Total available-for-sale securities | \$ 32,035 | \$ 749,199 | \$ 128,065 | \$ 172,844 | \$ 1,082,143 |
| Held-to-maturity (3) | | | | | |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2) | \$ 4,500 | \$ 177,360 | \$ 48,126 | \$ - | \$ 229,986 |
| Other residential collateralized mortgage obligations (2) | - | 688 | - | - | 688 |
| Obligations of states and political subdivisions | 1,192 | 7,816 | 54,523 | 312,444 | 375,975 |
| Corporate debt securities | - | - | - | 1,537 | 1,537 |
| Total held-to-maturity securities | \$ 5,692 | \$ 185,864 | \$ 102,649 | \$ 313,981 | \$ 608,186 |
| Total securities | \$ 37,727 | \$ 935,063 | \$ 230,714 | \$ 486,825 | \$ 1,690,329 |

(1) Equity securities totaling \$5.7 million are excluded from this schedule because they have an indefinite maturity.

(2) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are assigned to maturity categories based on current estimated average lives.

(3) The held-to-maturity portfolio is carried at an amortized cost of \$577.9 million.

Securities with aggregate par values of \$713.5 million and \$666.9 million at March 31, 2012 and December 31, 2011, 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 \$3.1 million for the three months ended March 31, 2012. There were no sales of securities in the first quarter of 2011. Net unrealized gains on available-for-sale securities included in accumulated other comprehensive income, net of tax, as of March 31, 2012 and December 31, 2011 were \$11.8 million and \$11.3 million, respectively. Gross security gains and losses on available-for-sale securities were immaterial for the three months ended March 31, 2012 and 2011.

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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 March 31, 2012 and December 31, 2011:

| <i>(unaudited, dollars in thousands)</i> | Less than 12 months | | | March 31, 2012 12 months or more | | | Total | | |
|---|---------------------|------------|------------|-------------------------------------|------------|------------|------------|------------|------------|
| | Fair | Unrealized | # of | Fair | Unrealized | # of | Fair | Unrealized | # of |
| | Value | Losses | Securities | Fair Value | Losses | Securities | Value | Losses | Securities |
| Other government agencies | \$ 104,028 | \$ (518) | 14 | \$ - | \$ - | - | \$ 104,028 | \$ (518) | 14 |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | 147,550 | (376) | 31 | 556 | (17) | 1 | 148,106 | (393) | 32 |
| Obligations of states and political subdivisions | 25,038 | (404) | 34 | - | - | - | 25,038 | (404) | 34 |
| Corporate debt securities | 7,984 | (121) | 4 | 11,485 | (515) | 4 | 19,469 | (636) | 8 |
| Equity securities | - | - | - | - | - | - | - | - | - |
| Total temporarily impaired securities | \$ 284,600 | \$ (1,419) | 83 | \$ 12,041 | \$ (532) | 5 | \$ 296,641 | \$ (1,951) | 88 |

| <i>(unaudited, dollars in thousands)</i> | Less than 12 months | | | December 31, 2011 12 months or more | | | Total | | |
|---|---------------------|------------|------------|--|------------|------------|------------|------------|------------|
| | Fair | Unrealized | # of | Fair | Unrealized | # of | Fair | Unrealized | # of |
| | Value | Losses | Securities | Fair Value | Losses | Securities | Value | Losses | Securities |
| Other government agencies | \$ 24,486 | \$ (12) | 7 | \$ - | \$ - | - | \$ 24,486 | \$ (12) | 7 |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | 133,106 | (646) | 34 | 795 | (23) | 2 | 133,901 | (669) | 36 |
| Other residential collateralized mortgage obligations | 185 | (1) | 1 | - | - | - | 185 | (1) | 1 |
| Obligations of states and political subdivisions | 14,443 | (146) | 20 | 1,902 | (5) | 4 | 16,345 | (151) | 24 |
| Corporate debt securities | 19,763 | (145) | 11 | 13,103 | (898) | 5 | 32,866 | (1,043) | 16 |
| Equity securities | 4 | (1) | 2 | - | - | - | 4 | (1) | 2 |
| Total temporarily impaired securities | \$ 191,987 | \$ (951) | 75 | \$ 15,800 | \$ (926) | 11 | \$ 207,787 | \$ (1,877) | 86 |

Unrealized losses on debt securities in the table represent temporary fluctuations resulting from changes in market rates in relation to fixed yields. Unrealized losses in the available-for-sale portfolio are accounted for as an adjustment to other comprehensive income in shareholders equity.

WesBanco does not believe the securities presented above are impaired due to reasons of credit quality, as 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, nor is it 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.

Securities that do not have readily determinable fair values and for which WesBanco does not exercise significant influence are carried at cost. Cost method investments consist primarily of FHLB of Pittsburgh and FHLB of Cincinnati stock totaling \$20.9 million and \$21.9 million at March 31, 2012 and December 31, 2011, respectively, and are included in other assets in the Consolidated Balance Sheets. Cost-method investments are evaluated for impairment whenever events or circumstances suggest that their carrying value may not be recoverable.

Table of Contents**NOTE 4. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES**

The recorded investment in loans is presented in the Consolidated Balance Sheets net of deferred loan fees and costs of \$3.2 million at March 31, 2012 and \$3.1 million at December 31, 2011.

The following table presents the recorded investment in loans by category:

| <i>(unaudited, in thousands)</i> | December 31, March 31, 2012 | December 31, December 31, 2011 |
|----------------------------------|-----------------------------------|--------------------------------------|
| Commercial real estate: | | |
| Land and construction | \$ 193,386 | \$ 175,867 |
| Improved property | 1,481,955 | 1,509,698 |
| Total commercial real estate | 1,675,341 | 1,685,565 |
| Commercial and industrial | 410,369 | 426,315 |
| Residential real estate | 637,879 | 621,383 |
| Home equity | 250,757 | 251,785 |
| Consumer | 249,351 | 254,320 |
| Total portfolio loans | 3,223,697 | 3,239,368 |
| Loans held for sale | 8,611 | 6,084 |
| Total loans | \$ 3,232,308 | \$ 3,245,452 |

The following tables summarize changes in the allowance for credit losses applicable to each category of the loan portfolio:

Allowance for Credit Losses By Category

For the Three Months Ended March 31, 2012 and 2011

| <i>(unaudited, in thousands)</i> | Commercial Real Estate - Land and Construction | Commercial Real Estate - Improved Property | Commercial & Industrial | Residential Real Estate | Home Equity | Consumer | Deposit Overdraft | Total |
|--|--|---|-------------------------------|-------------------------------|----------------|----------|----------------------|-----------|
| Balance at December 31, 2011: | | | | | | | | |
| Allowance for loan losses | \$ 4,842 | \$ 24,748 | \$ 11,414 | \$ 5,638 | \$ 1,962 | \$ 5,410 | \$ 796 | \$ 54,810 |
| Allowance for loan commitments | 74 | 21 | 323 | 4 | 33 | 13 | - | 468 |
| Total beginning allowance for credit losses | 4,916 | 24,769 | 11,737 | 5,642 | 1,995 | 5,423 | 796 | 55,278 |
| Provision for credit losses: | | | | | | | | |
| Provision for loan losses | 1,670 | 1,948 | 386 | 835 | 641 | 893 | (171) | 6,202 |
| Provision for loan commitments | (21) | (15) | 23 | - | 11 | 2 | - | - |
| Total provision for credit losses | 1,649 | 1,933 | 409 | 835 | 652 | 895 | (171) | 6,202 |
| Charge-offs | (2,117) | (1,885) | (761) | (851) | (335) | (1,115) | (180) | (7,244) |

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| | | | | | | | | |
|---|----------|-----------|-----------|----------|----------|----------|----------|-----------|
| Recoveries | 36 | 88 | 92 | 87 | 4 | 226 | 94 | 627 |
| Net charge-offs | (2,081) | (1,797) | (669) | (764) | (331) | (889) | (86) | (6,617) |
| Balance at | | | | | | | | |
| March 31, 2012: | | | | | | | | |
| Allowance for loan losses | 4,431 | 24,899 | 11,131 | 5,709 | 2,272 | 5,414 | 539 | 54,395 |
| Allowance for loan commitments | 53 | 6 | 346 | 4 | 44 | 15 | - | 468 |
| Total ending allowance for credit losses | \$ 4,484 | \$ 24,905 | \$ 11,477 | \$ 5,713 | \$ 2,316 | \$ 5,429 | \$ 539 | \$ 54,863 |
| Balance at | | | | | | | | |
| December 31, 2010: | | | | | | | | |
| Allowance for loan losses | \$ 4,701 | \$ 30,836 | \$ 10,793 | \$ 5,950 | \$ 2,073 | \$ 5,641 | \$ 1,057 | \$ 61,051 |
| Allowance for loan commitments | 1,037 | 285 | 65 | 1 | 14 | 2 | - | 1,404 |
| Total beginning allowance for credit losses | 5,738 | 31,121 | 10,858 | 5,951 | 2,087 | 5,643 | 1,057 | 62,455 |
| Provision for credit losses: | | | | | | | | |
| Provision for loan losses | 5,480 | (860) | 1,873 | 1,197 | 381 | 576 | 40 | 8,687 |
| Provision for loan commitments | (376) | (260) | (10) | (1) | 1 | - | - | (646) |
| Total provision for credit losses | 5,104 | (1,120) | 1,863 | 1,196 | 382 | 576 | 40 | 8,041 |
| Charge-offs | (4,352) | (1,834) | (894) | (997) | (256) | (1,085) | (173) | (9,591) |
| Recoveries | 3 | 495 | 153 | 232 | 7 | 307 | 96 | 1,293 |
| Net charge-offs | (4,349) | (1,339) | (741) | (765) | (249) | (778) | (77) | (8,298) |
| Balance at | | | | | | | | |
| March 31, 2011: | | | | | | | | |
| Allowance for loan losses | 5,832 | 28,637 | 11,925 | 6,382 | 2,205 | 5,439 | 1,020 | 61,440 |
| Allowance for loan commitments | 661 | 25 | 55 | - | 15 | 2 | - | 758 |
| Total ending allowance for credit losses | \$ 6,493 | \$ 28,662 | \$ 11,980 | \$ 6,382 | \$ 2,220 | \$ 5,441 | \$ 1,020 | \$ 62,198 |

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The following tables present the allowance for credit losses and recorded investments in loans by category:

| <i>(unaudited, in thousands)</i> | Allowance for Credit Losses and Recorded Investment in Loans | | | | | | | | Total |
|---|--|--|---------------------------------|----------------------------|-------------|------------|----------------|------|--------------|
| | Commercial Real Estate- Land and Construction | Commercial Real Estate- Improved Property | Commercial and Industrial | Residential Real Estate | Home Equity | Consumer | Over- draft | | |
| March 31, 2012 | | | | | | | | | |
| Allowance for credit losses: | | | | | | | | | |
| Allowance for loans individually evaluated for impairment | \$ 1,006 | \$ 2,447 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,453 |
| Allowance for loans collectively evaluated for impairment | 3,425 | 22,452 | 11,131 | 5,709 | 2,272 | 5,414 | 539 | | 50,942 |
| Allowance for loan commitments | 53 | 6 | 346 | 4 | 44 | 15 | - | | 468 |
| Total allowance for credit losses | \$ 4,484 | \$ 24,905 | \$ 11,477 | \$ 5,713 | \$ 2,316 | \$ 5,429 | \$ 539 | \$ | \$ 54,863 |
| Portfolio loans: | | | | | | | | | |
| Individually evaluated for impairment ⁽¹⁾ | \$ 7,733 | \$ 18,511 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 26,244 |
| Collectively evaluated for impairment | 185,653 | 1,463,444 | 410,369 | 637,879 | 250,757 | 249,351 | - | | 3,197,453 |
| Total portfolio loans | \$ 193,386 | \$ 1,481,955 | \$ 410,369 | \$ 637,879 | \$ 250,757 | \$ 249,351 | \$ - | \$ | \$ 3,223,697 |
| December 31, 2011 | | | | | | | | | |
| Allowance for credit losses: | | | | | | | | | |
| Allowance for loans individually evaluated for impairment | \$ 1,788 | \$ 1,565 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,353 |
| Allowance for loans collectively evaluated for impairment | 3,054 | 23,183 | 11,414 | 5,638 | 1,962 | 5,410 | 796 | | 51,457 |
| | 74 | 21 | 323 | 4 | 33 | 13 | - | | 468 |

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| | | | | | | | | | | | | | | | | |
|--|----|---------|----|-----------|----|---------|----|---------|----|---------|----|---------|----|-----|----|-----------|
| Allowance for loan commitments | | | | | | | | | | | | | | | | |
| Total allowance for credit losses | \$ | 4,916 | \$ | 24,769 | \$ | 11,737 | \$ | 5,642 | \$ | 1,995 | \$ | 5,423 | \$ | 796 | \$ | 55,278 |
| Portfolio loans: | | | | | | | | | | | | | | | | |
| Individually evaluated for impairment ⁽¹⁾ | \$ | 10,815 | \$ | 18,028 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 28,843 |
| Collectively evaluated for impairment | | 165,052 | | 1,491,670 | | 426,315 | | 621,383 | | 251,785 | | 254,320 | | - | | 3,210,525 |
| Total portfolio loans | \$ | 175,867 | \$ | 1,509,698 | \$ | 426,315 | \$ | 621,383 | \$ | 251,785 | \$ | 254,320 | \$ | - | \$ | 3,239,368 |

(1) Commercial loans greater than \$1 million that are reported as non-accrual or as a troubled debt restructuring (TDR) are individually evaluated for impairment. WesBanco maintains an internal loan grading system to reflect the credit quality of commercial loans. Commercial loan risk grades are determined based on an evaluation of the relevant characteristics of each loan, assigned at the inception of each loan and adjusted thereafter at any time to reflect changes in the risk profile throughout the life of each loan. The primary factors used to determine the risk grade are the reliability and sustainability of the primary source of repayment and overall financial strength of the borrower. This includes an analysis of cash flow available to repay debt, profitability, liquidity, leverage, and overall financial trends. Other factors include management, industry or property type risks, an assessment of secondary sources of repayment such as collateral or guarantees, other terms and conditions of the loan that may increase or reduce its risk, and economic conditions and other external factors that may influence repayment capacity and financial condition.

Commercial real estate land and construction consists of loans to finance investments in vacant land, land development, construction of residential housing, and construction of commercial buildings. Commercial real estate improved property consists of loans for the purchase or refinance of all types of improved owner-occupied and investment properties. Factors that are considered in assigning the risk grade vary depending on the type of property financed. The risk grade assigned to construction and development loans is based on the overall viability of the project, the experience and financial capacity of the developer or builder to successfully complete the project, project specific and market absorption rates and comparable property values, and the amount of pre-sales for residential housing construction or pre-leases for commercial investment property. The risk grade assigned to commercial investment property loans is based primarily on the adequacy of net rental income generated by the property to service the debt, the type, quality, industry and mix of tenants, and the terms of leases, but also considers the overall financial capacity of the investors and their experience in owning and managing investment property. The risk grade assigned to owner-occupied commercial real estate and commercial and industrial loans is based primarily on historical and projected earnings, the adequacy of operating cash flow to service all of the business debt, and the capital resources, liquidity and leverage of the business, but also considers the industry in which the business operates, the business specific competitive advantages or disadvantages, the quality and experience of management, and external influences on the business such as economic conditions. Other factors that are considered for commercial and industrial loans include the type, quality and marketability of non-real estate collateral and whether the structure of the loan increases or reduces its risk. The type, age, condition, location and any environmental risks associated with a property are also considered for all types of commercial real estate. The overall financial condition and repayment capacity of any guarantors is also evaluated to determine the extent to which they mitigate other risks of the loan. The following descriptions of risk grades apply to commercial real estate and commercial and industrial loans.

Excellent or minimal risk loans are fully secured by liquid or readily marketable collateral and therefore have virtually no risk of loss. Good or desirable risk loans are extended in the normal course of business to creditworthy borrowers that exhibit a history of positive financial results that are at least comparable to the average for their industry or type of real estate. These loans are expected to perform satisfactorily during most economic cycles and there are no significant external factors that are expected to adversely affect these borrowers more than others in the same industry. Any minor unfavorable characteristics of these loans are outweighed or mitigated by strong positive factors including but not limited to adequate secondary sources of repayment or guarantees.

Fair or acceptable risk loans have a somewhat higher credit risk profile due to specific weaknesses or uncertainties that could adversely impact repayment capacity. Loans in this category generally warrant additional attention or monitoring, or a more rigid loan structure. These loans

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represent the maximum level of risk accepted in the normal course of lending. Specific issues that may warrant this grade include financial results that are less favorable than the average for the borrower's industry or type of real estate, cyclical financial results, loans based on projections that have a reasonable probability of being achieved, start-up businesses, construction projects, and other external factors that indicate a higher level of credit risk. Loans that are underwritten primarily on the basis of the repayment capacity or financial condition of guarantors may also be assigned this grade.

Criticized or marginal loans are currently protected but have weaknesses, which if not corrected, may inadequately protect the Bank at some future date. These loans represent an unwarranted credit risk and would generally not be extended in the normal course of lending. Specific issues which may warrant this grade include declining financial results, increased reliance on secondary sources of repayment or guarantor support and adverse external influences that may negatively impact the business or property.

Substandard and doubtful loans are equivalent to the classifications used by banking regulators. Substandard loans are inadequately protected by the current repayment capacity and equity of the borrower or collateral pledged, if any. Substandard loans have one or more well-defined weaknesses that jeopardize their repayment or collection in full. These loans may or may not be reported as non-accrual. Doubtful loans have all the weaknesses inherent to a substandard loan with the added characteristic that full repayment is highly questionable or improbable on the basis of currently existing facts, conditions and collateral values. However, recognition of loss may be deferred if there are reasonably specific pending factors that will reduce the risk if they occur.

The following tables summarize commercial loans by their assigned risk grade:

| <i>(unaudited, in thousands)</i> | Commercial Loans by Internally Assigned Risk Grade | | | |
|----------------------------------|--|--|--|---------------------------------------|
| | Commercial Real Estate- Land and Construction | Commercial Real Estate- Improved Property | Commercial & Industrial | Total Commercial Loans |
| As of March 31, 2012 | | | | |
| Excellent - minimal risk | \$ 531 | \$ 385 | \$ 51,313 | \$ 52,229 |
| Good - desirable risk | 41,705 | 600,941 | 167,961 | 810,607 |
| Fair - acceptable risk | 112,101 | 712,094 | 161,611 | 985,806 |
| Criticized - marginal | 22,913 | 92,498 | 13,900 | 129,311 |
| Classified - substandard | 16,136 | 76,037 | 15,584 | 107,757 |
| Classified - doubtful | - | - | - | - |
| Total | \$ 193,386 | \$ 1,481,955 | \$ 410,369 | \$ 2,085,710 |
| As of December 31, 2011 | | | | |
| Excellent - minimal risk | \$ 625 | \$ 448 | \$ 51,923 | \$ 52,996 |
| Good - desirable risk | 40,278 | 593,563 | 185,745 | 819,586 |
| Fair - acceptable risk | 97,077 | 727,594 | 156,459 | 981,130 |
| Criticized - marginal | 19,701 | 107,433 | 14,061 | 141,195 |
| Classified - substandard | 18,186 | 80,660 | 18,127 | 116,973 |
| Classified - doubtful | - | - | - | - |
| Total | \$ 175,867 | \$ 1,509,698 | \$ 426,315 | \$ 2,111,880 |

Residential real estate, home equity and consumer loans are not assigned internal risk grades other than as required by regulatory guidelines that are based primarily on the age of past due loans. WesBanco primarily evaluates the credit quality of residential real estate, home equity and consumer loans based on repayment performance and historical loss rates. The aggregate amount of residential real estate, home equity and consumer loans classified as substandard in accordance with regulatory guidelines were **\$15.9** million at March 31, 2012 and \$18.2 million at December 31, 2011, of which **\$2.8** and \$4.2 million were accruing, for each period respectively.

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The following table summarizes the age analysis of all categories of loans.

| <i>(unaudited, in thousands)</i> | Age Analysis of Loans | | | | | | 90 Days or More Past Due and Accruing (1) |
|---|-----------------------|------------------------|------------------------|--------------------------------|-------------------|----------------|--|
| | Current | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days or More Past Due | Total Past Due | Total Loans | |
| As of March 31, 2012 | | | | | | | |
| Commercial real estate: | | | | | | | |
| Land and construction | \$ 185,047 | \$ 491 | \$ 108 | \$ 7,740 | \$ 8,339 | \$ 193,386 | \$ 291 |
| Improved property | 1,459,384 | 3,771 | 3,502 | 15,298 | 22,571 | 1,481,955 | - |
| Total commercial real estate | 1,644,431 | 4,262 | 3,610 | 23,038 | 30,910 | 1,675,341 | 291 |
| Commercial and industrial | 404,138 | 891 | 432 | 4,908 | 6,231 | 410,369 | 45 |
| Residential real estate | 621,098 | 4,122 | 1,762 | 10,897 | 16,781 | 637,879 | 1,609 |
| Home equity | 247,162 | 1,675 | 165 | 1,755 | 3,595 | 250,757 | 854 |
| Consumer | 245,063 | 2,714 | 996 | 578 | 4,288 | 249,351 | 347 |
| Total portfolio loans | 3,161,892 | 13,664 | 6,965 | 41,176 | 61,805 | 3,223,697 | 3,146 |
| Loans held for sale | 8,611 | - | - | - | - | 8,611 | - |
| Total loans | \$ 3,170,503 | \$ 13,664 | \$ 6,965 | \$ 41,176 | \$ 61,805 | \$ 3,232,308 | \$ 3,146 |
| Non-performing loans included above are as follows: | | | | | | | |
| Non-accrual loans | \$ 10,670 | \$ 1,477 | \$ 3,375 | \$ 37,552 | \$ 42,404 | \$ 53,074 | |
| TDRs accruing interest ⁽¹⁾ | 26,680 | 693 | 49 | 478 | 1,220 | 27,900 | |
| As of December 31, 2011 | | | | | | | |
| Commercial real estate: | | | | | | | |
| Land and construction | \$ 166,322 | \$ 1,391 | \$ 127 | \$ 8,027 | \$ 9,545 | \$ 175,867 | \$ - |
| Improved property | 1,486,001 | 4,485 | 3,446 | 15,766 | 23,697 | 1,509,698 | 18 |
| Total commercial real estate | 1,652,323 | 5,876 | 3,573 | 23,793 | 33,242 | 1,685,565 | 18 |
| Commercial and industrial | 417,341 | 1,624 | 333 | 7,017 | 8,974 | 426,315 | 939 |
| Residential real estate | 601,541 | 5,742 | 1,186 | 12,914 | 19,842 | 621,383 | 2,881 |
| Home equity | 247,771 | 1,843 | 447 | 1,724 | 4,014 | 251,785 | 498 |
| Consumer | 247,736 | 4,469 | 1,030 | 1,085 | 6,584 | 254,320 | 799 |
| Total portfolio loans | 3,166,712 | 19,554 | 6,569 | 46,533 | 72,656 | 3,239,368 | 5,135 |
| Loans held for sale | 6,084 | - | - | - | - | 6,084 | - |
| Total loans | \$ 3,172,796 | \$ 19,554 | \$ 6,569 | \$ 46,533 | \$ 72,656 | \$ 3,245,452 | \$ 5,135 |
| Non-performing loans included above are as follows: | | | | | | | |
| Non-accrual loans | \$ 12,377 | \$ 1,629 | \$ 2,818 | \$ 40,668 | \$ 45,115 | \$ 57,492 | |
| TDRs accruing interest ⁽¹⁾ | 26,893 | 1,434 | 354 | 730 | 2,518 | 29,411 | |

(1) Loans 90 days or more past due and accruing interest exclude TDRs.

Impaired Loans A loan is considered impaired, based on current information and events, if it is probable that WesBanco will be unable to collect the payments of principal and interest when due according to the contractual terms of the loan agreement. Impaired loans generally included all non-accrual loans and TDRs.

Loans are generally placed on non-accrual status when they become past due 90 days or more unless they are both well-secured and in the process of collection. Loans may also be placed on non-accrual when full collection of principal is in doubt even if payments on such loans remain current.

Loans are categorized as TDRs when the Bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider.

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The following tables summarize impaired loans:

| | Impaired Loans | | | | | |
|--|------------------------------------|----------------------------|----------------------|------------------------------------|----------------------------|----------------------|
| | March 31, 2012 | | | December 31, 2011 | | |
| | Unpaid Principal Balance (1) | Recorded Investment (2) | Related Allowance | Unpaid Principal Balance (1) | Recorded Investment (2) | Related Allowance |
| <i>(unaudited, in thousands)</i> | | | | | | |
| With no related allowance recorded: | | | | | | |
| Commercial real estate: | | | | | | |
| Land and construction | \$ 11,200 | \$ 9,231 | \$ - | \$ 19,733 | \$ 14,731 | \$ - |
| Improved property | 36,655 | 32,387 | - | 38,629 | 34,352 | - |
| Commercial and industrial | 10,375 | 7,576 | - | 11,536 | 9,078 | - |
| Residential real estate | 17,830 | 16,085 | - | 18,038 | 16,221 | - |
| Home equity | 1,172 | 1,068 | - | 1,465 | 1,331 | - |
| Consumer | 313 | 258 | - | 344 | 289 | - |
| Total impaired loans without a related allowance | 77,545 | 66,605 | - | 89,745 | 76,002 | - |
| With an allowance recorded: | | | | | | |
| Commercial real estate: | | | | | | |
| Land and construction | 10,255 | 5,581 | 1,006 | 2,813 | 2,813 | 1,788 |
| Improved property | 8,788 | 8,788 | 2,447 | 8,388 | 8,088 | 1,565 |
| Commercial and industrial | - | - | - | - | - | - |
| Total impaired loans with an allowance | 19,043 | 14,369 | 3,453 | 11,201 | 10,901 | 3,353 |
| Total impaired loans | \$ 96,588 | \$ 80,974 | \$ 3,453 | \$ 100,946 | \$ 86,903 | \$ 3,353 |

(1) The difference between the unpaid principal balance and the recorded investment generally reflects amounts that have been previously charged-off.

(2) Total impaired loans as of March 31, 2012 include non-accrual loans of \$53.1 million and TDRs accruing interest of \$27.9 million. Total impaired loans as of December 31, 2011 include non-accrual loans of \$57.5 million and TDRs accruing interest of \$29.4 million.

| | Impaired Loans | | | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | For the Three Months Ended | | For the Three Months Ended | |
| | March 31, 2012 | | March 31, 2011 | |
| | Average Recorded Investment | Interest Income Recognized | Average Recorded Investment | Interest Income Recognized |
| <i>(unaudited, in thousands)</i> | | | | |
| With no related allowance recorded: | | | | |
| Commercial real estate: | | | | |
| Land and construction | \$ 11,981 | \$ 92 | \$ 9,460 | \$ 78 |
| Improved Property | 33,370 | 120 | 33,029 | 149 |
| Commercial and industrial | 8,327 | 18 | 8,485 | 9 |
| Residential real estate | 16,153 | 74 | 14,555 | 40 |
| Home equity | 1,200 | 2 | 936 | - |
| Consumer | 274 | - | 269 | - |
| Total impaired loans without a related allowance | 71,305 | 306 | 66,734 | 276 |
| With an allowance recorded: | | | | |
| Commercial real estate: | | | | |
| Land and construction | 4,197 | - | 4,969 | 12 |
| Improved Property | 8,438 | 109 | 24,105 | 208 |
| Commercial and industrial | - | - | 920 | - |
| Total impaired loans with an allowance | 12,635 | 109 | 29,994 | 220 |
| Total impaired loans | \$ 83,940 | \$ 415 | \$ 96,728 | \$ 496 |

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The following tables present the recorded investment in non-accrual loans and TDRs:

| <i>(unaudited, in thousands)</i> | Non-accrual Loans (1) | |
|----------------------------------|-----------------------|-------------------|
| | March 31, 2012 | December 31, 2011 |
| Commercial real estate: | | |
| Land and construction | \$ 7,692 | \$ 10,135 |
| Improved Property | 25,534 | 25,122 |
| Total commercial real estate | 33,226 | 35,257 |
| Commercial and industrial | 6,758 | 8,238 |
| Residential real estate | 11,764 | 12,377 |
| Home equity | 1,068 | 1,331 |
| Consumer | 258 | 289 |
| Total | \$ 53,074 | \$ 57,492 |

(1) Total non-accrual loans include \$16.9 million and \$17.3 million as of March 31, 2012 and December 31, 2011, respectively of loans that are also restructured. Such loans are also set forth in the following table as non-accrual TDRs.

| <i>(unaudited, in thousands)</i> | TDRs | | | | | |
|----------------------------------|----------------|-------------|-----------|-------------------|-------------|-----------|
| | March 31, 2012 | | | December 31, 2011 | | |
| | Accruing | Non-Accrual | Total | Accruing | Non-accrual | Total |
| Commercial real estate: | | | | | | |
| Land and construction | \$ 7,120 | \$ 3,909 | \$ 11,029 | \$ 7,410 | \$ 5,662 | \$ 13,072 |
| Improved Property | 15,641 | 10,306 | 25,947 | 17,318 | 8,398 | 25,716 |
| Total commercial real estate | 22,761 | 14,215 | 36,976 | 24,728 | 14,060 | 38,788 |
| Commercial and industrial | 818 | 1,764 | 2,582 | 839 | 2,514 | 3,353 |
| Residential real estate | 4,321 | 956 | 5,277 | 3,844 | 713 | 4,557 |
| Home equity | - | - | - | - | - | - |
| Consumer | - | - | - | - | - | - |
| Total | \$ 27,900 | \$ 16,935 | \$ 44,835 | \$ 29,411 | \$ 17,287 | \$ 46,698 |

As of March 31, 2012, there were ten TDRs greater than \$1.0 million representing \$20.0 million or 44.6% of total TDRs comprised of three commercial real estate land and construction loans and seven commercial real estate improved property loans with specific reserves of \$2.4 million. The concessions granted in the majority of the top ten TDRs were either extensions of maturity combined with interest only for a period of less than a year, or a reduction in payments through an extension of maturity date by re-amortizing principal and interest.

The following table presents details related to loans identified as TDRs during the three months ended March 31, 2012:

| <i>(unaudited, dollars in thousands)</i> | New TDRs (1) | | |
|--|---|--|---|
| | For the Three Months Ended March 31, 2012 | | |
| | Number of Contracts | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment |
| Commercial real estate: | | | |

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| | | | |
|------------------------------|----|----------|----------|
| Land and construction | - | \$ - | \$ - |
| Improved Property | 6 | 903 | 909 |
| Total commercial real estate | 6 | 903 | 909 |
| Commercial and industrial | - | - | - |
| Residential real estate | 4 | 395 | 403 |
| Home equity | - | - | - |
| Consumer | - | - | - |
| Total | 10 | \$ 1,298 | \$ 1,312 |

(1) Excludes loans that were either paid off or charged-off by period end. The pre-modification balance represents the balance outstanding at the beginning of the period. The post-modification balance represents the outstanding balance at period end.

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The following table summarizes TDRs which defaulted (defined as past due 90 days or more) during the three months ended March 31, 2012 that were restructured within the last twelve months prior to March 31, 2012:

| <i>(unaudited, dollars in thousands)</i> | Defaulted TDRs ⁽¹⁾ | |
|--|--|--------------------------------|
| | For the Three Months Ended March 31, 2012 | |
| | Number of Defaults | Recorded Investment |
| Commercial real estate: | | |
| Land and construction | 1 | \$ 139 |
| Improved property | 10 | 2,627 |
| Total commercial real estate | 11 | 2,766 |
| Commercial and industrial | 3 | 488 |
| Residential real estate | - | - |
| Home equity | - | - |
| Consumer | - | - |
| Total | 14 | \$ 3,254 |

(1) Excludes loans that were either charged-off or cured by period end. The recorded investment is as of March 31, 2012.

TDRs that defaulted during the three month period and that were restructured within the last twelve months represented 7.3% of the balance at March 31, 2012. Generally these loans are placed on non-accrual status unless they are both well-secured and in the process of collection. At March 31, 2012, only two loans in the table above were accruing interest.

WesBanco had unfunded commitments to debtors whose loans were classified as TDRs of \$21 thousand and \$25 thousand at March 31, 2012 and December 31, 2011, respectively.

The following table summarizes other real estate owned and repossessed assets included in other assets:

| <i>(unaudited, in thousands)</i> | March 31, | December 31, |
|---|------------------|---------------------|
| | 2012 | 2011 |
| Other real estate owned | \$ 2,813 | \$ 2,786 |
| Repossessed assets | 365 | 243 |
| Total other real estate owned and repossessed assets | \$ 3,178 | \$ 3,029 |

Table of Contents**NOTE 5. FEDERAL HOME LOAN BANK BORROWINGS**

WesBanco is a member of the 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 mortgages and other loan types or securities with a market value in excess of the outstanding balances of the borrowings. At March 31, 2012 and December 31, 2011, WesBanco had FHLB borrowings of \$147.9 million and \$168.2 million, with a weighted-average interest rate of 3.88% and 3.58% respectively. The decline in borrowings from December 31, 2011 was due to scheduled maturities and their payoff. 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 \$20.9 million at March 31, 2012 and \$21.9 at December 31, 2011 is also pledged as collateral on these advances. The remaining maximum borrowing capacity by WesBanco with the FHLB at March 31, 2012 and December 31, 2011 was estimated to be approximately \$1.0 billion for both periods.

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 \$147.9 million outstanding at March 31, 2012, \$106.1 million in FHLB convertible advances are subject to call or conversion to a variable rate advance by the FHLB.

The following table presents the aggregate annual maturities and weighted-average interest rates of FHLB borrowings at March 31, 2012 based on their contractual maturity dates and effective interest rates:

| <i>(unaudited, dollars in thousands)</i> | Scheduled Maturity | Weighted Average Rate |
|--|-------------------------------|----------------------------------|
| Year | | |
| 2012 | \$ 56,505 | 4.45% |
| 2013 | 50,243 | 3.27% |
| 2014 | 16,165 | 3.40% |
| 2015 | 921 | 4.69% |
| 2016 | 129 | 4.35% |
| 2017 and thereafter | 23,950 | 4.09% |
| Total | \$ 147,913 | 3.88% |

The majority of the 2012 maturities are in the third quarter, and most of the 2013 maturities are in the first quarter.

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:

| <i>(unaudited, in thousands)</i> | For the Three Months Ended | |
|---|-----------------------------------|---------------------------|
| | 2012 | March 31, 2011 |
| Service cost – benefits earned during year | \$ 681 | \$ 636 |
| Interest cost on projected benefit obligation | 965 | 896 |
| Expected return on plan assets | (1,378) | (1,396) |
| Amortization of prior service cost | 11 | 15 |
| Amortization of net loss | 569 | 315 |
| Net periodic pension cost | \$ 848 | \$ 466 |

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.

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A minimum required contribution of **\$5.3** million is due for 2012 which will be partially funded by the Plan's **\$2.1** million available credit balance. No decision has been made as of March 31, 2012 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 MEASUREMENT

Fair value estimates are based on quoted market prices, if available, quoted market prices of similar assets or liabilities, or the present value of expected future cash flows 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.

Fair value is determined at one point in time and is not representative of future value. These amounts do not reflect the total value of a going concern organization. Management does not have the intention to dispose of a significant portion of its assets and liabilities and therefore, the unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows.

The following is a discussion of assets and liabilities measured at fair value on a recurring basis and valuation techniques applied:

Securities available-for-sale: 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 for which the credit quality and discount rate must be estimated.

We may be required from time to time to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets.

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 independent appraisals, 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 independent appraisals and management's best judgment are significant inputs in arriving at the fair value measure of the underlying collateral and therefore other real estate owned and repossessed assets are classified within level 3 of the fair value hierarchy.

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.

Loans held for sale: Loans held for sale are carried, in aggregate, at the lower of cost or fair value. The use of a valuation model using quoted prices of similar instruments are significant inputs in arriving at the fair value and therefore loans held for sale are classified within level 2 of the fair value hierarchy.

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The following tables set forth WesBanco's financial assets and liabilities that were accounted for at fair value on a recurring and nonrecurring basis by level within the fair value hierarchy as of March 31, 2012:

| | | March 31, 2012 | | |
|---|----------------|--------------------------------|-------------------|--------------|
| | | Fair Value Measurements Using: | | |
| | | Quoted Prices in | | |
| | | Active Markets | Significant Other | Significant |
| | | for | Observable | Unobservable |
| | | Identical | Inputs | Inputs |
| | | Assets | (Level 2) | (Level 3) |
| | | (Level | | |
| | | 1) | | |
| <i>(unaudited, in thousands)</i> | March 31, 2012 | (Level 1) | (Level 2) | (Level 3) |
| Recurring fair value measurements | | | | |
| Securities - available-for-sale | | | | |
| Other government agencies | \$ 147,397 | \$ - | \$ 147,397 | \$ - |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | 711,408 | - | 711,408 | - |
| Obligations of state and political subdivisions | 180,914 | - | 180,890 | 24 |
| Corporate debt securities | 42,424 | - | 42,424 | - |
| Equity securities | 5,693 | 3,953 | 1,740 | - |
| Total securities - available-for-sale | \$ 1,087,836 | \$ 3,953 | \$ 1,083,859 | \$ 24 |
| Total recurring fair value measurements | \$ 1,087,836 | \$ 3,953 | \$ 1,083,859 | \$ 24 |
| Nonrecurring fair value measurements | | | | |
| Impaired loans | \$ 10,916 | \$ - | \$ - | \$ 10,916 |
| Other real estate owned and repossessed assets | 3,178 | - | - | 3,178 |
| Mortgage servicing rights | 1,190 | - | - | 1,190 |
| Loans held for sale | 8,611 | - | 8,611 | - |
| Total nonrecurring fair value measurements | \$ 23,895 | \$ - | \$ 8,611 | \$ 15,284 |

WesBanco'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 level 1 and 2 for the three months ended March 31, 2012. For the three months ended March 31, 2012 loans held for sale were transferred from level 3 to level 2 due to improvements in the valuation model, which utilizes quoted prices for similar loans.

The following tables set forth the WesBanco's financial assets and liabilities that were accounted for at fair value on a recurring and nonrecurring basis by level within the fair value hierarchy as of December 31, 2011:

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| December 31, 2011 | | | | |
|---|----------------------|-------------------|-------------------|--------------|
| Fair Value Measurements Using: | | | | |
| Quoted Prices in | | | | |
| | | Active Markets | Significant Other | Significant |
| | | for Identical | Observable | Unobservable |
| | | Assets | Inputs | Inputs |
| (unaudited, in thousands) | December 31, 2011 | (Level 1) | (Level 2) | (Level 3) |
| Recurring fair value measurements | | | | |
| Securities - available-for-sale | | | | |
| Other government agencies | \$ 198,720 | \$ - | \$ 198,720 | \$ - |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | 588,092 | - | 588,092 | - |
| Obligations of state and political subdivisions | 180,433 | - | 180,386 | 47 |
| Corporate debt securities | 44,066 | - | 44,066 | - |
| Equity securities | 5,029 | 3,340 | 1,689 | - |
| Total securities - available-for-sale | \$ 1,016,340 | \$ 3,340 | \$ 1,012,953 | \$ 47 |
| Total recurring fair value measurements | \$ 1,016,340 | \$ 3,340 | \$ 1,012,953 | \$ 47 |
| Nonrecurring fair value measurements | | | | |
| Impaired loans | \$ 7,548 | \$ - | \$ - | \$ 7,548 |
| Other real estate owned and repossessed assets | 3,029 | - | - | 3,029 |
| Mortgage servicing rights | 1,311 | - | - | 1,311 |
| Loans held for sale | 6,084 | - | - | 6,084 |
| Total nonrecurring fair value measurements | \$ 17,972 | \$ - | \$ - | \$ 17,972 |

Assets measured at fair value on a recurring basis and for which WesBanco has utilized Level 3 inputs to determine fair value were immaterial at March 31, 2012.

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

| Quantitative Information about Level 3 Fair Value Measurements | | | | |
|--|------------------------|----------------------------------|---------------------------------|---|
| Unobservable | | | | |
| (unaudited, in thousands) | Fair Value Estimate | Valuation Techniques | Input | Range (Weighted Average) |
| March 31, 2012: | | | | |
| Impaired loans | 10,916 | Appraisal of collateral (1) | Appraisal adjustments (2) | 0% to -55.4% (-28.8%) |
| | | | Liquidation expenses (2) | -1.9% to -8.0% (-5.6%) |
| Other real estate owned and repossessed assets | 3,178 | Appraisal of collateral (1), (3) | | |
| Mortgage servicing rights | 1,190 | Discounted cash flow | Remaining term Discount rate | 3.1 yrs to 27.5 yrs (15.8yrs) 9.0% to 12.0% (9.6%) |

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- (1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various level 3 inputs which are not identifiable.
- (2) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of liquidation expenses and other appraisal adjustments are presented as a percent of the appraisal.
- (3) Includes qualitative adjustments by management and estimated liquidation expenses.

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The estimated fair values of WesBanco's financial instruments are summarized below:

| | Fair Value Measurements at | | | | |
|-----------------------------------|----------------------------|---------------------------|--|--|--|
| | March 31, 2012 | | | | |
| | | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <i>(unaudited, in thousands)</i> | Carrying Amount | Fair Value Estimate | | | |
| Financial Assets | | | | | |
| Cash and due from banks | \$ 157,243 | \$ 157,243 | \$ 157,243 | \$ - | \$ - |
| Securities available-for-sale | 1,087,836 | 1,087,836 | 3,953 | 1,083,859 | 24 |
| Securities held-to-maturity | 577,923 | 608,186 | - | 607,376 | 810 |
| Net loans | 3,169,302 | 3,088,639 | - | - | 3,088,639 |
| Loans held for sale | 8,611 | 8,611 | - | 8,611 | - |
| Accrued interest receivable | 19,501 | 19,501 | 19,501 | - | - |
| Bank owned life insurance | 110,954 | 110,954 | 110,954 | - | - |
| Financial Liabilities | | | | | |
| Deposits | 4,473,857 | 4,506,629 | 2,914,931 | 1,591,698 | - |
| Federal Home Loan Bank borrowings | 147,913 | 152,851 | - | 152,851 | - |
| Other borrowings | 187,632 | 188,399 | 89,536 | 98,863 | - |
| Junior subordinated debt | 106,074 | 53,340 | - | 53,340 | - |
| Accrued interest payable | 5,007 | 5,007 | 5,007 | - | - |

| | December 31, 2011 | |
|-----------------------------------|--------------------|------------------------|
| | Carrying Amount | Fair Value Estimate |
| Financial assets: | | |
| Cash and due from banks | \$ 140,325 | \$ 140,325 |
| Securities available-for-sale | 1,016,340 | 1,016,340 |
| Securities held-to-maturity | 592,925 | 621,472 |
| Net loans | 3,184,558 | 3,068,799 |
| Loans held for sale | 6,084 | 6,084 |
| Accrued interest receivable | 19,268 | 19,268 |
| Bank owned life insurance | 110,074 | 110,074 |
| Financial liabilities: | | |
| Deposits | 4,393,866 | 4,420,102 |
| Federal Home Loan Bank borrowings | 168,186 | 174,926 |
| Other borrowings | 196,887 | 197,922 |
| Junior subordinated debt | 106,066 | 56,515 |
| Accrued interest payable | 4,975 | 4,975 |

The following methods and assumptions were used to measure the fair value of financial instruments recorded at cost on WesBanco's consolidated balance sheets:

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

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Securities held-to-maturity: Fair values for securities held-to-maturity are determined in the same manner as securities available-for-sale which is described above.

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. 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. Due to the significant judgment involved in evaluating credit quality, loans are classified within level 3 of the fair value hierarchy.

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.

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

Other borrowings: The carrying amount of federal funds purchased and overnight sweep accounts generally approximate fair value. Other repurchase agreements are based on quoted market prices if available. If market prices are not available, for certain fixed and adjustable rate repurchase agreements, 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, 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 are not presented in the above table.

Table of Contents**NOTE 8. 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 commitments was **\$0.5** million as of both March 31, 2012 and December 31, 2011, 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. Letters of credit are considered guarantees. The liability associated with letters of credit is recorded at its estimated fair value of **\$0.1** million as of both March 31, 2012 and December 31, 2011, respectively, and is included in other liabilities on the Consolidated Balance Sheets.

Contingent obligations to purchase loans funded by other entities include affordable housing plan guarantees and credit card guarantees. Affordable housing plan guarantees are performance guarantees for various building project loans. The guarantee amortizes as the loan balances decrease. Credit card guarantees are credit card balances not owned by WesBanco, whereby the Bank guarantees the performance of the cardholder.

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

| <i>(unaudited, in thousands)</i> | March 31, 2012 | December 31, 2011 |
|---|---------------------------|------------------------------|
| Lines of credit | \$ 623,328 | \$ 602,923 |
| Loans approved but not closed | 109,349 | 113,113 |
| Overdraft limits | 80,549 | 85,981 |
| Letters of credit | 37,100 | 37,719 |
| Contingent obligations to purchase loans funded by other entities | 7,629 | 7,685 |

Contingent Liabilities WesBanco and its subsidiaries are parties to various legal and administrative proceedings and claims. While any litigation 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, results of operations or cash flows.

Table of Contents**NOTE 9. 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 managed or held in custody by the trust and investment services segment was approximately \$3.2 billion and \$3.1 billion at March 31, 2012 and 2011, 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:

| <i>(unaudited, in thousands)</i> | Community Banking | Trust and Investment Services | Consolidated |
|---|------------------------------|--|---------------------|
| For the Three Months ended March 31, 2012: | | | |
| Interest income | \$ 53,680 | \$ - | \$ 53,680 |
| Interest expense | 11,850 | - | 11,850 |
| Net interest income | 41,830 | - | 41,830 |
| Provision for credit losses | 6,202 | - | 6,202 |
| Net interest income after provision for credit losses | 35,628 | - | 35,628 |
| Non-interest income | 10,569 | 4,753 | 15,322 |
| Non-interest expense | 32,808 | 2,857 | 35,665 |
| Income before provision for income taxes | 13,389 | 1,896 | 15,285 |
| Provision for income taxes | 2,536 | 759 | 3,295 |
| Net income | \$ 10,853 | \$ 1,137 | \$ 11,990 |
| For the Three Months ended March 31, 2011: | | | |
| Interest income | \$ 56,098 | \$ - | \$ 56,098 |
| Interest expense | 14,622 | - | 14,622 |
| Net interest income | 41,476 | - | 41,476 |
| Provision for credit losses | 8,041 | - | 8,041 |
| Net interest income after provision for credit losses | 33,435 | - | 33,435 |
| Non-interest income | 9,742 | 4,762 | 14,504 |
| Non-interest expense | 32,914 | 2,577 | 35,491 |
| Income before provision for income taxes | 10,263 | 2,185 | 12,448 |
| Provision for income taxes | 1,334 | 874 | 2,208 |
| Net income | \$ 8,929 | \$ 1,311 | \$ 10,240 |

Total non-fiduciary assets of the trust and investment services segment were \$2.9 million and \$2.6 million at March 31, 2012 and 2011, respectively. All goodwill and other intangible assets were allocated to the community banking segment.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis represents an overview of the results of operations and financial condition of WesBanco for the three months ended March 31, 2012. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this report relating to WesBanco's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The information contained in this report should be read in conjunction with WesBanco's Form 10-K for the year ended December 31, 2011 and documents subsequently filed by WesBanco with the Securities and Exchange Commission (SEC), which are available at the SEC's website, www.sec.gov or at WesBanco's website, www.wesbanco.com. Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed in WesBanco's most recent Annual Report on Form 10-K filed with the SEC under "Risk Factors" in Part I, Item 1A. Such statements are subject to important factors that could cause actual results to differ materially from those contemplated by such statements, including without limitation, the effects of changing regional and national economic conditions; changes in interest rates, spreads on earning assets and interest-bearing liabilities, and associated interest rate sensitivity; sources of liquidity available to WesBanco and its related subsidiary operations; potential future credit losses and the credit risk of commercial, real estate, and consumer loan customers and their borrowing activities; actions of the Federal Reserve Board, the Federal Deposit Insurance Corporation, the SEC, Financial Institution Regulatory Authority, Municipal Securities Rulemaking Board, Securities Investors Protection Corporation, and other regulatory bodies; potential legislative and federal and state regulatory actions and reform, including, without limitation, the impact of the implementation of the Dodd-Frank Act; adverse decisions of federal and state courts; fraud, scams and schemes of third parties; internet hacking; competitive conditions in the financial services industry; rapidly changing technology affecting financial services; marketability of debt instruments and corresponding impact on fair value adjustments; and/or other external developments materially impacting WesBanco's operational and financial performance. WesBanco does not assume any duty to update forward-looking statements.

OVERVIEW

WesBanco is a multi-state bank holding company operating through 112 branches, one loan production office and 121 ATM machines in West Virginia, Ohio and western Pennsylvania, offering retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco's businesses are significantly impacted by economic factors such as market interest rates, federal monetary and regulatory policies, local and regional economic conditions and the competitive environment's effect upon WesBanco's business volumes. WesBanco's deposit levels are affected by numerous factors including personal savings rates, personal income, and competitive rates on alternative investments, as well as competition from other financial institutions within the markets we serve and liquidity needs of WesBanco. Loan levels are also subject to various factors including construction demand, business financing needs, consumer spending and interest rates, as well as loan terms offered by competing lenders.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

WesBanco's critical accounting policies involving the significant judgments and assumptions used in the preparation of the Consolidated Financial Statements as of March 31, 2012 have remained unchanged from the disclosures presented in WesBanco's Annual Report on Form 10-K for the year ended December 31, 2011 under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RESULTS OF OPERATIONS

EARNINGS SUMMARY

Net income for the three months ended March 31, 2012 was \$12.0 million as compared to \$10.2 million for the first quarter of 2011, representing an increase of 17.1%, while diluted earnings per share were \$0.45, as compared to \$0.39 per share for the first quarter of 2011, representing an increase of 15.4%. The increased earnings improved the return on average assets by 10 basis points from the first quarter of last year to 0.87% and the return on average equity grew by 73 basis points to 7.54%.

Net interest income increased \$0.4 million or 0.9% in the first quarter compared to the first quarter of 2011. This increase was due to an increase in average earning assets of \$152.3 million or 3.2%. Primarily through balance sheet management strategies, WesBanco was able to increase net interest income in spite of the low interest rate environment. In addition, cost of funds continued to improve due to lower offered rates on

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maturing certificates of deposit, an increase in balances of lower-cost products and lower balances of higher cost FHLB borrowings which were reduced through scheduled maturities. The average balance for FHLB borrowings, which have an average interest cost of 3.38% and represent 11.6% of interest expense, decreased by \$76.1 million or 31.7% compared to the first quarter of 2011. The net interest margin was relatively unchanged in the first quarter compared to the fourth quarter of 2011, but declined by 10 basis points compared to the first quarter of 2011 as the low interest rate environment has resulted in reduced rates earned on the securities and loan portfolios and a decline in rates on interest bearing liabilities. In addition, the margin declined compared to the first quarter due to a change in asset mix towards more securities as a result of the significant increase in deposits over the past two years.

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The provision for credit losses decreased \$1.8 million in the first quarter of 2012 compared to the same quarter of 2011, and decreased \$3.4 million compared to the fourth quarter of 2011. The decrease in the provision was due to significant improvement in all major credit quality metrics in the current quarter. Net charge-offs for the first quarter decreased 20.3% compared to the first quarter of 2011 and 33.3% compared to the fourth quarter of 2011. In the last twelve months classified and criticized loans decreased 23.4% and non-performing loans decreased 15.8%, primarily due to principal reductions, orderly exits of certain loans, and charge-offs. In addition, loans past due 30 days or more and accruing interest at March 31, 2012 decreased 33.3% compared to March 31, 2011. All of these measures of credit quality were at their lowest level in the last five quarters. The improvement in credit quality resulted in the strengthening of coverage ratios while also supporting the lower provision for credit losses in the current quarter. The allowance for loan losses to non-performing loans, and the allowance for loan losses to the total of non-performing loans and loans past due, were both at their highest levels in the last five quarters.

Non-interest income increased \$0.8 million or 5.6% as compared to the first quarter of 2011. This increase was principally due to a \$0.5 million increase in electronic banking fees due to increased transaction volume and a \$0.6 million improvement in the net gain / (loss) on other real estate owned, partially offset by a \$0.3 million decrease in net gains on sale of mortgage loans. While mortgage loan originations increased from the prior year, WesBanco retained more loans with terms of 15 years or less for our portfolio resulting in the decline in gains on sale of mortgage loans. Non-interest expense was nearly unchanged in the first quarter as compared to the first quarter of 2011. Reduced FDIC insurance of \$0.6 million, due to a new calculation by the FDIC effective in April of 2011, and reductions in many other expense categories were offset by increased salaries and wages due to routine annual adjustments to compensation and increased pension plan expense.

NET INTEREST INCOME**TABLE 1. NET INTEREST INCOME**

| | For the Three Months Ended March 31, | |
|---|---|-------------|
| | 2012 | 2011 |
| <i>(unaudited, dollars in thousands)</i> | | |
| Net interest income | \$ 41,830 | \$ 41,476 |
| Taxable equivalent adjustments to net interest income | 1,658 | 1,608 |
| Net interest income, fully taxable equivalent | \$ 43,488 | \$ 43,084 |
| Net interest spread, non-taxable equivalent | 3.26% | 3.33% |
| Benefit of net non-interest bearing liabilities | 0.17% | 0.20% |
| Net interest margin | 3.43% | 3.53% |
| Taxable equivalent adjustment | 0.14% | 0.14% |
| Net interest margin, fully taxable equivalent | 3.57% | 3.67% |

Net interest income, which is WesBanco's largest source of revenue, is the difference between interest income on earning assets, primarily loans and securities, and interest expense on liabilities, comprised of deposits and short and long-term borrowings. Net interest income is affected by the general level of and changes in interest rates, the steepness of the yield curve, changes in the amount and composition of interest earning assets and interest bearing liabilities, as well as the frequency of repricing and turnover of those assets and liabilities. Net interest income increased \$0.4 million or 0.9% in the first quarter of 2012 compared to the first quarter of 2011. This increase was due to an increase in average earning assets of \$152.3 million or 3.2%, primarily through increased investments in taxable securities funded by deposit increases. Total average deposits increased by \$220.5 million or 5.3% compared to the first quarter of 2011, primarily through increases in demand deposit accounts as a result of marketing campaigns, customer incentives and wealth management and business initiatives. In addition, cost of funds continued to improve due to lower offered rates on maturing certificates of deposit, an increase in balances of lower-cost products and lower balances of higher-cost FHLB borrowings. The net interest margin was relatively unchanged in the first quarter compared to the fourth quarter of 2011, but declined by 10 basis points to 3.57% compared to the first quarter of 2011. Over the last four quarters the low interest rate environment resulted in reduced rates earned on the securities and loan portfolios and a decrease in average rates paid on interest bearing liabilities. The average rate on earning assets decreased by 38 basis points while the rate on interest bearing liabilities declined by 30 basis points. In addition, the 2012 first quarter reflects a change in asset mix, with a higher percentage of shorter duration investments.

Interest income decreased \$2.4 million or 4.3% in the first quarter of 2012 compared to the same quarter in 2011 due to the lower yields, partially offset by the increase in average earning assets. Rates decreased on all significant earning asset categories from reduced rates on new and repriced assets due to competition and the lower interest rate environment. In addition, the percentage of earning assets invested in lower-yielding securities increased, as compared to typically higher-yielding loans. Securities yields decreased, primarily due to the

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reinvestment of funds from investment maturities and calls at current lower available interest rates. Taxable securities yields decreased 43 basis points in the first quarter while tax-exempt securities yields declined only 20 basis points due to the longer average life of the tax-exempt portfolio and limited additions to this portfolio. In addition, rate spread opportunities were available in collateralized mortgage securities, offsetting significant calls of other government agencies and resulting in an increase in average taxable securities. Repricing of loans and the competitive necessity of offering lower rates on quality credits in an increasingly competitive and lower interest rate environment caused a decline in loan yields of 32 basis points in the first quarter of 2012. In addition, proceeds from loan maturities, payoffs and principal reductions have been reinvested at lower yields, thus reducing the overall yield of earning assets.

Loan production increased 62% in the first quarter of 2012 compared to the first quarter of 2011 with increases in all loan categories. In addition, the Bank continued to retain more residential mortgage loans in the portfolio, rather than selling them to the secondary market. However, due to payoffs of performing commercial real estate loans due to property sales by borrowers or refinancing in the secondary market, bank sales or charge-offs of non-performing loans, and reduced usage of our customers' commercial lines of credit, average loan balances decreased slightly in the first quarter compared to the first quarter of 2011.

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In the first quarter of 2012, interest expense decreased \$2.8 million or 19.0% compared to the first quarter of 2011 due to decreases in rates paid and a change in the liability mix towards less expensive sources of funding, partially offset by an increase in the average balances. The average rate paid on interest bearing liabilities decreased to 1.14% in the 2012 quarter from 1.44% in the first quarter of 2011, while interest bearing liabilities increased 1.2%. Rates paid on deposits declined by 28 basis points due to declines in rates paid in all deposit categories. These declines were due to management reducing offered interest rates in all categories of deposits. Improvements in the deposit funding mix also lower the cost of funds, with average CDs decreasing to 36.1% of total average deposits from 40.1% in the first quarter of 2011, while all other account types increased to 63.9%. The overall increase in average interest bearing liabilities was primarily due to the increases in average interest bearing deposits of \$113.2 million or 3.2% in the first quarter of 2012, partially offset by decreases in FHLB borrowings. In addition, average non-interest bearing demand deposits increased by \$107.3 million. Deposit increases were used to pay down higher-cost maturing FHLB borrowings, significantly contributing to the reduced cost of funds. FHLB borrowings were 3.9% of average interest bearing liabilities in 2012 compared to 5.8% in the 2011 first quarter. Average deposits increased significantly in every product category other than CDs, even as offered rates were reduced. CDs decreased by \$88.1 million due to reductions in rate offerings, a focus on customers with multiple banking relationships as opposed to single service CD customers and customer demand for other shorter-term deposit products.

TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

| | For the Three Months Ended March 31, | | | |
|--|--------------------------------------|--------------|-----------------|--------------|
| | 2012 | | 2011 | |
| | Average Balance | Average Rate | Average Balance | Average Rate |
| <i>(unaudited, dollars in thousands)</i> | | | | |
| ASSETS | | | | |
| Due from banks - interest bearing | \$ 44,389 | 0.19% | \$ 53,396 | 0.15% |
| Loans, net of unearned income ⁽¹⁾ | 3,251,637 | 5.19% | 3,264,097 | 5.51% |
| Securities: ⁽²⁾ | | | | |
| Taxable | 1,269,255 | 2.71% | 1,108,599 | 3.14% |
| Tax-exempt ⁽³⁾ | 310,617 | 6.10% | 291,747 | 6.30% |
| Total securities | 1,579,872 | 3.37% | 1,400,346 | 3.80% |
| Other earning assets | 21,920 | 0.47% | 27,650 | 0.52% |
| Total earning assets ⁽³⁾ | 4,897,818 | 4.54% | 4,745,489 | 4.92% |
| Other assets | 651,344 | | 617,876 | |
| Total Assets | \$ 5,549,162 | | \$ 5,363,365 | |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | |
| Interest bearing demand deposits | \$ 702,418 | 0.23% | \$ 591,292 | 0.43% |
| Money market accounts | 790,181 | 0.38% | 769,939 | 0.76% |
| Savings deposits | 612,547 | 0.19% | 542,593 | 0.36% |
| Certificates of deposit | 1,587,353 | 1.77% | 1,675,482 | 1.95% |
| Total interest bearing deposits | 3,692,499 | 0.92% | 3,579,306 | 1.20% |
| Federal Home Loan Bank borrowings | 164,070 | 3.38% | 240,144 | 3.42% |
| Other borrowings | 200,232 | 2.37% | 187,761 | 2.55% |
| Junior subordinated debt | 106,070 | 3.31% | 106,038 | 3.06% |
| Total interest bearing liabilities | 4,162,871 | 1.14% | 4,113,249 | 1.44% |
| Non-interest bearing demand deposits | 708,570 | | 601,270 | |
| Other liabilities | 38,541 | | 38,769 | |
| Shareholders Equity | 639,180 | | 610,077 | |
| Total Liabilities and Shareholders Equity | \$ 5,549,162 | | \$ 5,363,365 | |
| Taxable equivalent net interest spread | | 3.40% | | 3.47% |
| Taxable equivalent net interest margin | | 3.57% | | 3.67% |

(1)Gross of allowance for loan losses and net of unearned income. Includes non-accrual and loans held for sale. Loan fees included in interest income on loans totaled \$1.0 million and \$0.9 million for the three months ended March 31, 2012 and 2011.

(2)Average yields on available-for-sale securities are calculated based on amortized cost.

(3)Taxable equivalent basis is calculated on tax-exempt securities using a tax rate of 35% for each year presented.

Table of Contents**TABLE 3. RATE/VOLUME ANALYSIS OF CHANGES IN INTEREST INCOME AND INTEREST EXPENSE**

| <i>(unaudited, in thousands)</i> | Three Months Ended March 31, 2012 Compared to March 31, 2011 | | |
|--|---|------------|----------------------------|
| | Volume | Rate | Net Increase (Decrease) |
| Increase (decrease) in interest income: | | | |
| Due from banks - interest bearing | \$ (3) | \$ 4 | \$ 1 |
| Loans, net of unearned income | (147) | (2,237) | (2,384) |
| Taxable securities | 1,173 | (1,291) | (118) |
| Tax-exempt securities ⁽¹⁾ | 291 | (148) | 143 |
| Other earning assets | (6) | (4) | (10) |
| Total interest income change ⁽¹⁾ | 1,308 | (3,676) | (2,368) |
| Increase (decrease) in interest expense: | | | |
| Interest bearing demand deposits | 105 | (332) | (227) |
| Money market accounts | 38 | (739) | (701) |
| Savings deposits | 58 | (251) | (193) |
| Certificates of deposit | (388) | (683) | (1,071) |
| Federal Home Loan Bank borrowings | (623) | (26) | (649) |
| Other borrowings | 81 | (85) | (4) |
| Junior subordinated debt | - | 73 | 73 |
| Total interest expense change | (729) | (2,043) | (2,772) |
| Net interest income increase (decrease) ⁽¹⁾ | \$ 2,037 | \$ (1,633) | \$ 404 |

(1) Taxable equivalent basis is calculated on tax-exempt securities using a tax rate of 35% for each year presented.

PROVISION FOR CREDIT LOSSES

The provision for credit losses is the amount to be added to the allowance for credit losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb probable losses inherent in the loan portfolio. The provision for credit losses decreased \$1.8 million in the first quarter of 2012 compared to the same quarter of 2011, and decreased \$3.4 million compared to the fourth quarter of 2011. The decrease in the provision was due to significant improvement in all major credit quality metrics in the current quarter as a result of a consistent focus on improving credit quality in both new loan origination and administration of existing loans. Net charge-offs for the first quarter decreased \$1.7 million or 20.3% compared to the first quarter of 2011 and \$3.3 million or 33.3% compared to the fourth quarter of 2011. In the last twelve months classified and criticized loans decreased 23.4% and non-performing loans decreased 15.8% due to principal reductions, orderly exits of certain loans including the sale of \$17.1 million of non-performing loans in the third quarter of 2011, and charge-offs. In addition, loans past due 30 days or more and accruing interest, excluding TDRs at March 31, 2012 decreased \$9.1 million or 33.3% compared to March 31, 2011. All of these measures of credit quality were at their lowest level in the last five quarters. The improvement in credit quality resulted in the strengthening of coverage ratios and supported a lower overall allowance and a lower provision for credit losses in the current quarter. The allowance for loan losses to non-performing loans, and the allowance for loan losses to the total of non-performing loans and loans past due, were both at their highest levels in the last five quarters. (Please see the Allowance for Credit Losses section of this MD&A for additional discussion).

Table of Contents**NON-INTEREST INCOME****TABLE 4. NON-INTEREST INCOME**

| <i>(unaudited, dollars in thousands)</i> | For the Three Months Ended | | | |
|--|-----------------------------------|-------------|------------------|-----------------|
| | March 31, | | \$ Change | % Change |
| | 2012 | 2011 | | |
| Trust fees | \$ 4,753 | \$ 4,762 | \$ (9) | (0.2%) |
| Service charges on deposits | 3,993 | 4,222 | (229) | (5.4%) |
| Electronic banking fees | 2,763 | 2,284 | 479 | 21.0% |
| Net securities brokerage revenue | 1,075 | 1,096 | (21) | (1.9%) |
| Bank-owned life insurance | 880 | 895 | (15) | (1.7%) |
| Net gains on sales of mortgage loans | 268 | 582 | (314) | (54.0%) |
| Net securities gains | 100 | 17 | 83 | 488.2% |
| Net gains/losses on other real estate owned and other assets | 32 | (545) | 577 | 105.9% |
| <i>Other income:</i> | | | | |
| Net insurance services revenue | 688 | 625 | 63 | 10.1% |
| Other | 770 | 566 | 204 | 36.0% |
| Total non-interest income | \$ 15,322 | \$ 14,504 | \$ 818 | 5.6% |

Non-interest income is a significant source of revenue and an important part of WesBanco's results of operations. WesBanco offers its customers a wide range of retail, commercial, investment and electronic banking services, which are viewed as a vital component of WesBanco's ability to attract and maintain customers, as well as providing additional fee income beyond normal spread-related income to WesBanco. In the first quarter of 2012 non-interest income increased \$0.8 million as compared to the first quarter of 2011 due to a \$0.5 million increase in electronic banking fees from increased transaction volume, and a decrease in losses on other real estate owned of \$0.6 million. These improvements were partially offset by a \$0.3 million decrease in net gains on sales of mortgage loans as more loans with terms of 15 years and less are being retained in 2012, and a \$0.2 million decrease in service charges on deposits.

Trust fees were nearly unchanged from the first quarter of 2011. Trust assets at March 31, 2012 increased to \$3.2 billion from \$3.1 billion at March 31, 2011. At March 31, 2012, trust assets include managed assets of \$2.5 billion and non-managed (custodial) assets of \$0.7 billion. Assets managed for the WesMark funds, a proprietary group of mutual funds that are advised by WesBanco's trust and investment services group, were \$791.4 million as of March 31, 2012 and \$772.0 million at March 31, 2011 and are included in trust managed assets.

Electronic banking fees, which include debit card interchange fees, improved by \$0.5 million in the first quarter of 2012 as compared to the same period in the prior year, due to a higher volume of debit card transactions during the period which have continued to grow as customers move more towards electronic transactions from checks and other forms of payment. Regulatory changes, which became effective October 1, 2011 for card issuers with more than \$10 billion in assets, place a cap on debit card interchange fees. WesBanco anticipates some market-related long-term impact on its electronic banking fees in the future from these changes even though it is not directly subject to the new regulations.

Service charges on deposits, which are primarily customer overdraft fees, were 5.4% lower in the first three months of 2012 as compared to the same period in 2011 due to changes in customer behavior. Higher overall customer deposit balances, usage of mobile and internet banking technologies by our customers, and changes in marketing strategies may have also had an impact.

Net losses on the sale of other real estate owned and other assets decreased by \$0.6 million for the three months ended March 31, 2012 as compared to the same period in 2011 due to ongoing property liquidation efforts. Other real estate owned balances have increased slightly since December 31, 2011, but have been reduced by almost 45% since March 31, 2011.

Gains on the sale of mortgage loans decreased by 54.0% in 2012 as compared to the same period in 2011 primarily from a strategic decision to retain more residential mortgage loans, with terms of 15 years or less, in the portfolio instead of selling most of these originations to the secondary market.

Table of Contents**NON-INTEREST EXPENSE****TABLE 5. NON-INTEREST EXPENSE**

| <i>(unaudited, dollars in thousands)</i> | For the Three Months Ended | | | |
|--|----------------------------|-----------|-----------|----------|
| | March 31, | | \$ Change | % Change |
| | 2012 | 2011 | | |
| Salaries and wages | \$ 14,315 | \$ 13,653 | \$ 662 | 4.8% |
| Employee benefits | 5,618 | 5,156 | 462 | 9.0% |
| Net occupancy | 2,776 | 2,921 | (145) | (5.0%) |
| Equipment | 2,174 | 2,300 | (126) | (5.5%) |
| Marketing | 771 | 1,005 | (234) | (23.3%) |
| FDIC Insurance | 1,045 | 1,654 | (609) | (36.8%) |
| Amortization of intangible assets | 537 | 618 | (81) | (13.1%) |
| <i>Other operating expenses:</i> | | | | |
| Miscellaneous, franchise, and other taxes | 1,452 | 1,363 | 89 | 6.5% |
| Postage | 728 | 873 | (145) | (16.6%) |
| Consulting, regulatory, accounting and advisory fees | 1,037 | 905 | 132 | 14.6% |
| Other real estate owned and foreclosure expenses | 393 | 730 | (337) | (46.2%) |
| Legal fees | 687 | 639 | 48 | 7.5% |
| Communications | 658 | 668 | (10) | (1.5%) |
| ATM and interchange expenses | 833 | 671 | 162 | 24.1% |
| Supplies | 625 | 592 | 33 | 5.6% |
| Other | 2,016 | 1,743 | 273 | 15.7% |
| Total other operating expenses | 8,429 | 8,184 | 245 | 3.0% |
| Total non-interest expense | \$ 35,665 | \$ 35,491 | \$ 174 | 0.5% |

Non-interest expense increased \$0.2 million or 0.5% in the first quarter, as compared to the same period in 2011 due to higher salaries and wages and employee benefits, which were offset by decreased FDIC insurance, marketing and other real estate owned and foreclosure expenses. Expense reductions were achieved in many other expense categories. WesBanco's efficiency ratio improved to 60.6% in the first quarter of 2012 as compared to 61.6% in the first quarter of 2011.

Salaries and wages increased 4.8% for the three months ended March 31, 2012 compared 2011, primarily due to regular employee compensation increases and higher stock compensation expense. Employee benefits increased 9.0% primarily due to higher pension expense resulting from a higher projected benefit obligation due to expected lower pension asset growth and lower discount rate assumptions.

FDIC insurance decreased \$0.6 million due to the new calculation of FDIC insurance expense, effective April 1, 2011. FDIC insurance expense is expected to normalize quarter-over-quarter beginning in the second quarter 2012.

Marketing expenses decreased \$0.2 million in the first quarter of 2012 compared to 2011 primarily due to higher free checking incentives and advertising expenses due to timing of marketing campaigns early in 2011.

Other real estate owned and foreclosure expenses decreased due to ongoing liquidation efforts including the sale of a hospitality property in the fourth quarter of 2011 which operated at a loss in the first quarter of 2011.

ATM and interchange expenses, which include debit card processing fees, increased \$0.2 million or 24.1% due to a higher volume of debit card transactions during the period, which have continued to grow as customers move more towards electronic transactions.

INCOME TAXES

The provision for federal and state income taxes increased to \$3.3 million in 2012 compared to \$2.2 million in 2011. The increase in income tax expense was due to a \$2.8 million increase in pre-tax income, and a higher effective tax rate of 21.6% compared to 17.7% for 2011. The increase in the effective tax rate was primarily due to higher expected 2012 pre-tax income resulting in a lower percentage of tax-exempt income to total

income.

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Total assets increased 1.2% in the first three months of 2012 primarily as a result of a 4.2% increase in investment securities and cash and due from banks, which was funded by a 1.8% increase in deposits. Loan production increased significantly during the quarter, however, the net loan portfolio declined 0.5% from December 31, 2011 as the low interest rate environment and continued competition for high quality credits resulted in payoffs of certain performing commercial real estate loans that were refinanced in the secondary market or as a result of borrowers selling properties, and pay-downs on commercial lines of credit. The increase in deposits was primarily due to a 6.2% increase in savings deposits, which, combined with a 4.6% increase in money market deposits, and a 3.7% increase in demand deposits, more than offset a 2.9% decrease in CDs. The reduction in CDs was due to anticipated reductions through lower offered rates for new and rollover CDs, and customers' desire to shorten interest rate maturities. FHLB borrowings decreased 12.1% from December 31, 2011 as higher cost FHLB borrowings were paid down using available funding provided by the increase in deposits. Total shareholders' equity increased by approximately \$8.2 million, or 1.3%, as compared to December 31, 2011 due to net income exceeding dividends for the period by \$7.5 million, coupled with a \$0.8 million increase in unrealized gains in the available-for-sale portfolio, which are included net of the tax effect in accumulated other comprehensive income.

TABLE 6. COMPOSITION OF SECURITIES (1)

| <i>(unaudited, dollars in thousands)</i> | March 31, 2012 | December 31, 2011 | \$ Change | % Change |
|---|---------------------------|------------------------------|------------------|-----------------|
| Available-for-sale (at fair value) | | | | |
| Other government agencies | \$ 147,397 | \$ 198,720 | \$ (51,323) | (25.8%) |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | 711,408 | 588,092 | 123,316 | 21.0% |
| Obligations of states and political subdivisions | 180,914 | 180,433 | 481 | 0.3% |
| Corporate debt securities | 42,424 | 44,066 | (1,642) | (3.7%) |
| Total debt securities | 1,082,143 | 1,011,311 | 70,832 | 7.0% |
| Equity securities | 5,693 | 5,029 | 664 | 13.2% |
| Total available-for-sale securities | \$ 1,087,836 | \$ 1,016,340 | \$ 71,496 | 7.0% |
| Held-to-maturity (at amortized cost) | | | | |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies | 222,811 | 247,938 | (25,127) | (10.1%) |
| Other residential collateralized mortgage obligations | 679 | 783 | (104) | (13.3%) |
| Obligations of states and political subdivisions | 352,981 | 342,752 | 10,229 | 3.0% |
| Corporate debt securities | 1,452 | 1,452 | - | 0.0% |
| Total held-to-maturity securities | 577,923 | 592,925 | (15,002) | (2.5%) |
| Total securities | \$ 1,665,759 | \$ 1,609,265 | \$ 56,494 | 3.5% |
| Available-for-sale securities: | | | | |
| Weighted average yield at the respective period end ⁽²⁾ | 2.63% | 2.86% | | |
| As a % of total securities | 65.3% | 63.2% | | |