WESBANCO INC
Form 10-K
February 29, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2011

.. **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	**55-0571723**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
1 Bank Plaza, Wheeling, WV	**26003**
(Address of principal executive offices)	**(Zip Code)**

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

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

Title of each class	Name of each Exchange on which registered
Common Stock $2.0833 Par Value	**NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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 (Check one):

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

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

The aggregate market value of the registrant s outstanding voting common stock held by non-affiliates on June 30, 2011, determined using a per share closing price on that date of $19.66, was $488,957,569.

As of February 27, 2012, there were 26,628,181 shares of WesBanco, Inc. common stock $2.0833 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain specifically designated portions of WesBanco, Inc. s definitive proxy statement which will be filed by April 29, 2012 for its 2011 Annual Meeting of Shareholders (the Proxy Statement) are incorporated by reference into Part III of this Form 10-K.

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WESBANCO, INC.

ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS
GENERAL

WesBanco, Inc. (WesBanco), a bank holding company incorporated in 1968 and headquartered in Wheeling, West Virginia, offers a full range of financial services including retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco offers these services through two reportable segments, community banking and trust and investment services. For additional information regarding WesBanco s business segments, please refer to Note 23, Business Segments in the Consolidated Financial Statements.

At December 31, 2011, WesBanco operated one commercial bank, WesBanco Bank, Inc., (WesBanco Bank or the Bank) through 112 offices, one loan production office and 122 ATM machines located in West Virginia, Ohio, and Western Pennsylvania. Total assets of WesBanco Bank as of December 31, 2011 approximated $5.5 billion. WesBanco Bank also offers trust and investment services and various alternative investment products including mutual funds and annuities. The market value of assets under management of the trust and investment services segment was approximately $3.0 billion as of December 31, 2011. These assets are held by WesBanco Bank in fiduciary or agency capacities for its customers and therefore are not included as assets on WesBanco s Consolidated Balance Sheets.

WesBanco offers additional services through its non-banking subsidiaries, WesBanco Insurance Services, Inc. (WesBanco Insurance), a multi-line insurance agency specializing in property, casualty and life insurance, and benefit plan sales and administration for personal and commercial clients; and WesBanco Securities, Inc. (WesBanco Securities), a full service broker-dealer, which also offers discount brokerage services.

WesBanco Asset Management, Inc., which was incorporated in 2002, holds certain investment securities in a Delaware-based subsidiary.

WesBanco Properties, Inc. holds certain commercial real estate properties. The commercial property is leased to WesBanco Bank and to non-related third parties.

WesBanco, Inc. has eight capital trusts, which are all wholly-owned trust subsidiaries of WesBanco formed for the purpose of issuing trust preferred securities (Trust Preferred Securities) and lending the proceeds to WesBanco. For more information regarding WesBanco s issuance of trust preferred securities please refer to Note 12, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

WesBanco Bank s Investment Department also serves as investment adviser to a family of mutual funds, namely the WesMark Funds . The fund family is composed of the WesMark Growth Fund, the WesMark Balanced Fund, the WesMark Small Company Growth Fund, the WesMark Government Bond Fund, and the WesMark West Virginia Municipal Bond Fund.

As of December 31, 2011, none of WesBanco s subsidiaries were engaged in any operations in foreign countries, and none had transactions with customers in foreign countries.

EMPLOYEES

There were 1,368 full-time equivalent employees employed by WesBanco and its subsidiaries at December 31, 2011. None of the employees were represented by collective bargaining agreements. WesBanco believes its employee relations to be satisfactory.

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WEB SITE ACCESS TO WESBANCO S FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION

All of WesBanco s electronic filings for 2011 filed with the Securities and Exchange Commission (the SEC), including this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are made available at no cost on WesBanco s website, www.wesbanco.com, in the About Us section through the Investor Relations link as soon as reasonably practicable after WesBanco files such material with, or furnishes it to, the SEC. WesBanco s SEC filings are also available through the SEC s website at www.sec.gov.

Upon written request of any shareholder of record on December 31, 2011, WesBanco will provide, without charge, a printed copy of its 2011 Annual Report on Form 10-K, including financial statements and schedules, as required to be filed with the SEC. To obtain a copy of the 2011 Annual Report on Form 10-K, contact: Linda Woodfin, WesBanco, Inc., 1 Bank Plaza, Wheeling, WV 26003 (304) 234-9201.

COMPETITION

Competition in the form of price and service from other banks, including local, regional and national banks and financial companies such as savings and loans, internet banks, credit unions, finance companies, brokerage firms and other non-banking companies providing various regulated and non-regulated financial services and products, is intense in most of the markets served by WesBanco and its subsidiaries. WesBanco s trust and investment services segment receives competition from commercial banks, trust companies, mutual fund companies, investment advisory firms, law firms, brokerage firms and other financial services companies. As a result of consolidation within the financial services industry, mergers between, and the expansion of, financial institutions both within and outside West Virginia have provided significant competitive pressure in WesBanco s major markets. Some of WesBanco s competitors have greater resources and, as such, may have higher lending limits and may offer other products and services that are not provided by WesBanco. WesBanco generally competes on the basis of customer service and responsiveness to customer needs, available loan and deposit products, rates of interest charged on loans, rates of interest paid for deposits, and the availability and pricing of trust, brokerage and insurance services. As WesBanco has expanded into new, larger Ohio metropolitan markets, it faces entrenched large bank competitors with an already existing customer base that may far exceed WesBanco s initial entry position into those markets. As a result, WesBanco may be forced to compete more aggressively for loans, deposits, trust and insurance products in order to grow its market share, potentially reducing its current and future profit potential from such markets.

SUPERVISION AND REGULATION

As a bank holding company and a financial holding company under federal law, WesBanco is subject to supervision and examination by the Board of Governors of the Federal Reserve System (Federal Reserve Board) under the Bank Holding Company Act of 1956 (the BHCA), as amended, and is required to file with the Federal Reserve Board reports and other information regarding its business operations and the business operations of its subsidiaries. WesBanco also is required to obtain Federal Reserve Board approval prior to acquiring, directly or indirectly, ownership or control of certain voting shares of other banks, as described below. Since WesBanco is both a bank holding company and a financial holding company, WesBanco can offer customers virtually any type of service that is financial in nature or incidental thereto, including banking and activities closely related to banking, securities underwriting, insurance (both underwriting and agency) and merchant banking.

As indicated above, WesBanco presently operates one bank subsidiary, WesBanco Bank. The Bank is a West Virginia banking corporation and is not a member bank of the Federal Reserve System. It is subject to examination and supervision by the Federal Deposit Insurance Corporation (the FDIC) and the West Virginia Division of Banking. The deposits of WesBanco Bank are insured by the Deposit Insurance Fund of the FDIC.

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WesBanco s nonbank subsidiaries are subject to examination and supervision by the Federal Reserve Board and examination by other federal and state agencies, including, in the case of certain securities activities, regulation by the SEC, the Financial Institution Regulatory Authority (FINRA), Municipal Securities Rulemaking Board and the Securities Investors Protection Corporation. WesBanco Bank maintains one designated financial subsidiary, WesBanco Insurance Services, Inc., which, as indicated above, is a multi-line insurance agency specializing in property, casualty and life insurance, and benefit plan sales and administration, for personal and commercial clients.

WesBanco is also under the jurisdiction of the SEC and certain state securities commissions for matters relating to the offering and sale of its securities. WesBanco is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, as administered by the SEC. WesBanco is listed on the NASDAQ Global Select Market (the NASDAQ) under the trading symbol WSBC and is subject to the rules of the NASDAQ for listed companies.

Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the Riegle-Neal Act), as amended, a bank holding company may acquire banks in states other than its home state, subject to certain limitations. The Riegle-Neal Act also authorizes banks to merge across state lines, thereby creating interstate banking. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), banks are also permitted to establish de novo branches across state lines to the same extent that a state-chartered bank in each host state would be permitted to open branches.

Under the BHCA, prior Federal Reserve Board approval is required for WesBanco to acquire more than 5% of the voting stock of any bank. In determining whether to approve a proposed bank acquisition, federal banking regulators will consider, among other factors, the effect of the acquisition on competition, the public benefits expected to be received from the acquisition, the projected capital ratios and levels on a post-acquisition basis, and the acquiring institution s record of addressing the credit needs of the communities it serves, including the needs of low and moderate income neighborhoods, consistent with safe and sound operation of the bank, under the Community Reinvestment Act (the CRA) and its amendments.

HOLDING COMPANY REGULATIONS

As indicated above, WesBanco has one state bank subsidiary, WesBanco Bank, as well as nonbank subsidiaries, which are described further in Item 1. Business General section of this Annual Report on Form 10-K. The subsidiary bank is subject to affiliate transaction restrictions under federal law, which limit covered transactions by the subsidiary bank with the parent and any nonbank subsidiaries of the parent, which are referred to in the aggregate in this paragraph as affiliates of the subsidiary bank. Covered transactions include loans or extensions of credit to an affiliate (including repurchase agreements), purchases of or investments in securities issued by an affiliate, purchases of assets from an affiliate, the acceptance of securities issued by an affiliate as collateral for a loan or extension of credit, the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate, certain transactions that involve borrowing or lending securities, and certain derivative transactions with an affiliate. Such covered transactions between the subsidiary bank and any single affiliate are limited in amount to 10% of the subsidiary bank s capital and surplus, respectively, and, with respect to covered transactions with all affiliates in the aggregate, are limited in amount to 20% of the subsidiary bank s capital and surplus, respectively. Furthermore, such loans or extensions of credit, guarantees, acceptances and letters of credit, and any credit exposure resulting from securities borrowing or lending transactions or derivatives transactions, are required to be secured by collateral at all times in amounts specified by law. In addition, all covered transactions must be conducted on terms and conditions that are consistent with safe and sound banking practices.

The Dodd-Frank Act requires a bank holding company to act as a source of financial strength to its subsidiary bank. Under this source of strength requirement, the Federal Reserve Board may require a bank holding company to make capital infusions into a troubled subsidiary bank, and may charge the bank holding

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company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. A capital infusion conceivably could be required at a time when WesBanco may not have the resources to provide it.

PAYMENT OF DIVIDENDS

Dividends from the subsidiary bank are a significant source of funds for payment of dividends to WesBanco s shareholders. For the year ended December 31, 2011, WesBanco declared cash dividends to its common shareholders of approximately $16.5 million.

As of December 31, 2011, WesBanco Bank was well capitalized under the definition in Section 325.103 of the FDIC Regulations. Therefore, as long as the Bank remains well capitalized or even becomes adequately capitalized, there would be no basis under Section 325.105 to limit the ability of the Bank to pay dividends because it had not become undercapitalized, significantly undercapitalized or critically undercapitalized.

All financial institutions are subject to the prompt corrective action provisions set forth in Section 38 of the Federal Deposit Insurance Act (the FDI Act) and the provisions set forth in Section 325.105 of the FDIC Regulations. Immediately upon a state non-member bank receiving notice, or being deemed to have notice, that the bank is undercapitalized, significantly undercapitalized, or critically undercapitalized, as defined in Section 325.103 of the FDIC Regulations, the bank is precluded from being able to pay dividends to its shareholders based upon the requirements in Section 38(d) of the FDI Act, 12. U.S.C. § 1831o(d).

In addition, with respect to possible dividends by the Bank, under Section 31A-4-25 of the West Virginia Code, the prior approval of the West Virginia Commissioner of Banking would be required if the total of all dividends declared by the Bank in any calendar year would exceed the total of the Bank s net profits for that year combined with its retained net profits of the preceding two years. In addition, Section 31A-4-25 limits the ability of a West Virginia banking institution to pay dividends until the surplus fund of the banking institution equals the common stock of the banking institution and if certain specified amounts of recent profits of the banking institution have not been carried to the surplus fund.

If, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice which, depending on the financial condition of the bank, could include the payment of dividends, such authority may require, after notice and hearing, that such bank cease and desist from such practice. The Federal Reserve Board has issued policy statements which provide that insured banks and bank holding companies should generally only pay dividends out of current operating earnings. Additional information regarding dividend restrictions is set forth in Note 21, Regulatory Matters in the Consolidated Financial Statements.

On February 24, 2009 the Federal Reserve Division of Banking Supervision and Regulation issued a letter providing direction to bank holding companies on the payment of dividends, capital repurchases and capital redemptions. Although the letter largely reiterates longstanding Federal Reserve supervisory policies, it emphasizes the need for a bank holding company to review various factors when considering the declaration of a dividend or taking action that would reduce regulatory capital provided by outstanding financial instruments. These factors include the potential need to increase loan loss reserves, write down assets and reflect declines in asset values in equity. In addition, the bank holding company should consider its past and anticipated future earnings, the dividend payout ratio in relation to earnings, and adequacy of regulatory capital before any action is taken. The consideration of capital adequacy should include a review of all known factors that may affect capital in the future.

In certain circumstances, defined by regulation relating to levels of earnings and capital, advance notification to, and in some circumstances, approval by the regulator could be required to declare a dividend or repurchase or redeem capital instruments.

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FDIC INSURANCE

FDIC insurance premiums are assessed by the FDIC using a risk-based approach by placing insured institutions into categories based on capital and risk profile. In 2011, WesBanco Bank paid deposit insurance premiums that were significantly less than those paid in 2010. The decrease was largely due to the FDIC changing how deposit insurance premiums are calculated effective April 1, 2011 as required by the Dodd-Frank Act. The assessment base was expanded to include all liabilities (i.e. all assets minus tangible equity) rather than deposits only and the assessment rates were reduced. This change was advantageous to WesBanco Bank as assessments dropped from $6.2 million in 2010 to $4.4 million in 2011.

In May 2009, the FDIC imposed its final rule on a special assessment as of June 30, 2009. This special assessment was collected September 30, 2009 and impacted the Bank s 2009 second quarter expenses by $2.6 million.

In November 2009, the FDIC adopted a final rule requiring banks to prepay their estimated quarterly assessments for the fourth quarter of 2009, as well as all of 2010, 2011 and 2012, on December 30, 2009 along with their regular third quarter assessment. The assessment rate was based on the bank s total base assessment rate as of September 30, 2009. The rate was increased for 2011 and 2012, and a 5% annual growth rate in the deposit base was assumed. WesBanco Bank paid $24.1 million on December 30, 2009 to satisfy the requirements of this rule, with the portion related to the years 2010 2012 recorded as a prepaid expense, to be amortized on an actual, pro rata basis over those three years. Although the actual assessments corresponding to 2010 of $6.2 million did not materially differ from the prepaid estimates, the 2011 actual assessments were $3.6 million less due to the new calculation requirements enacted by the Dodd-Frank Act.

WesBanco s prepaid assessment balance at December 31, 2011 was approximately $12.1 million which is $3.7 million greater than that of the 2009 estimation model. The difference is expected to increase throughout 2012. Any unused prepaid assessment is expected to be refunded in the second quarter of 2013 or utilized to pay assessments in the first half of 2013.

CAPITAL REQUIREMENTS

The Federal Reserve Board has issued risk-based capital ratio and leverage ratio guidelines for bank holding companies. The risk-based capital ratio guidelines establish a systematic analytical framework that makes regulatory capital requirements more sensitive to differences in risk profiles among banking organizations, takes off-balance sheet exposures into explicit account in assessing capital adequacy, and minimizes disincentives to holding liquid, low-risk assets. Under the guidelines and related policies, bank holding companies must maintain capital sufficient to meet both a risk-based asset ratio test and a leverage ratio test on a consolidated basis. The risk-based ratio is determined by allocating assets and specified off-balance sheet commitments into four weighted categories, with higher weightings being assigned to categories perceived as representing greater risk. A bank holding company s capital is then divided by total risk-weighted assets to yield the risk-based ratio. The leverage ratio is determined by relating core capital to total assets adjusted as specified in the guidelines. The bank is subject to substantially similar capital requirements.

Generally, under the applicable guidelines, a financial institution s capital is divided into three tiers. Tier 1, or core capital, includes common equity, noncumulative perpetual preferred stock excluding auction rate issues, and minority interests in equity accounts of consolidated subsidiaries, less goodwill and, with certain limited exceptions, all other intangible assets. Certain bank holding companies, however, may include certain trust preferred securities that underlie junior subordinated debt in their Tier 1 capital. (See below within this section for more information regarding the capital treatment of trust preferred securities.) In addition, bank holding companies may include cumulative preferred stock in their Tier 1 capital, up to a limit of 25% of such Tier 1 capital.

Tier 2, or supplementary capital, includes, among other things, portions of trust preferred securities and cumulative preferred stock not otherwise counted in Tier 1 capital, as well as limited-life preferred stock, hybrid capital instruments, mandatory convertible securities, qualifying subordinated debt, and the allowance for loan and lease losses, subject to certain limitations. Institutions that must incorporate market risk exposure into their risk-based capital requirements may also have a third tier of capital in the form of restricted short-term unsecured subordinated debt.

Tier 3 capital consists of subordinated debt that meets certain conditions, including being unsecured, being fully paid up, having an original maturity of at least two years, and not being redeemable before maturity without prior Federal Reserve Board approval. The Federal Reserve Board requires bank holding companies that engage in trading activities to adjust their risk-based capital ratios to take into consideration market risks that may result from movements in market prices of covered trading positions in trading accounts, or from foreign exchange or commodity positions, whether or not in trading accounts, including changes in interest rates, equity prices, foreign exchange rates or commodity prices. Any capital required to be maintained under these provisions may consist of new Tier 3 capital. Total capital is the sum of Tier 1, Tier 2 and Tier 3 capital.

The Federal Reserve Board and the other federal banking regulators require that all intangible assets, with certain limited exceptions, be deducted from Tier 1 capital. Under the Federal Reserve Board s rules, the only types of intangible assets that may be included in (i.e., not deducted from) a bank holding company s capital are originated or purchased mortgage servicing rights, non-mortgage servicing assets, and purchased credit card relationships, provided that, in the aggregate, the amount of these items included in capital does not exceed 100% of Tier 1 capital.

Under the risk-based guidelines, financial institutions are required to maintain a risk-based ratio, which is total capital to risk-weighted assets, of at least 8%, of which at least 4% must be Tier 1 capital. The appropriate regulatory authority may set higher capital requirements when an institution s circumstances warrant.

The Federal Reserve Board has established a minimum ratio of Tier 1 capital to total assets of 3.0% for strong bank holding companies rated composite 1 under the RFI/C (D) (Risk Management, Financial Condition, Impact, Composite Rating and Depository Institution) compon rating system for bank holding companies, and for certain bank holding companies that have implemented the Federal Reserve Board s risk-based capital measure for market risk. For all other bank holding companies, the minimum ratio of Tier 1 capital to total assets is 4.0%. Banking organizations with supervisory, financial, operational, or managerial weaknesses, as well as organizations that are anticipating or experiencing significant growth are expected to maintain capital ratios well above the minimum levels. Moreover, higher capital ratios may be required for any bank holding company if warranted by its particular circumstances or risk profile. In all cases, bank holding companies should hold capital commensurate with the level and nature of the risks, including the volume and severity of problem loans, to which they are exposed. The Federal Reserve Board has also indicated that it will consider a tangible Tier 1 capital ratio (deducting all intangibles) and other indications of capital strength in evaluating proposals for expansion or new activities. More recently, in its February 24, 2009 supervisory letter, the Federal Reserve Board noted that a bank holding company s predominant form of tangible capital should be common equity.

The bank regulatory agencies have established special minimum capital requirements for equity investments in nonfinancial companies. The requirements consist of a series of marginal capital charges that increase within a range from 8% to 25% of the adjusted carrying value of the equity investments as a financial institution s overall exposure to equity investments increases as a percentage of its Tier 1 capital. At December 31, 2011, capital charges relating to WesBanco s equity investments in nonfinancial companies were immaterial.

Failure to meet applicable capital guidelines could subject a financial institution to a variety of enforcement remedies available to the federal regulatory authorities, including limitations on the ability to pay dividends, the issuance by the regulatory authority of a capital directive to increase capital, and the termination of deposit insurance by the FDIC, as well as to the measures described below under Prompt Corrective Action as applicable to undercapitalized institutions.

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As of December 31, 2011, WesBanco s Tier 1 and total capital to risk-adjusted assets ratios were 12.68% and 13.93%, respectively. As of December 31, 2011, WesBanco Bank also had capital in excess of the minimum requirements. Neither WesBanco nor the Bank had been advised by the appropriate federal banking regulator of any specific leverage ratio applicable to it. As of December 31, 2011, WesBanco s leverage ratio was 8.71%.

As of December 31, 2011, WesBanco had $106.1 million in junior subordinated debt on its Consolidated Balance Sheets presented as a separate category of long-term debt. For regulatory purposes, Trust Preferred Securities totaling $103.0 million underlying such junior subordinated debt were included in Tier 1 capital as of December 31, 2011, in accordance with regulatory reporting requirements. On March 1, 2005, the Federal Reserve Board adopted a rule retaining trust preferred securities in Tier 1 capital, but with stricter quantitative limits and clearer qualitative standards. Under this rule, after a transition period initially set to expire on March 31, 2009 but extended to March 31, 2011, the aggregate amount of trust preferred securities and certain other capital elements would be limited to 25 percent of Tier 1 capital elements, net of goodwill. The amount of trust preferred securities and certain other elements in excess of the limit could be included in Tier 2 capital, subject to restrictions.

The Dodd-Frank Act requires the federal banking agencies to develop consolidated capital requirements applicable to bank holding companies and banks. These new requirements must be at least as stringent as those currently applicable to banks, meaning that trust preferred securities will generally be excluded from Tier 1 capital. A grandfather provision, however, will permit bank holding companies with consolidated assets of less than $15 billion, such as WesBanco, to continue counting existing trust preferred securities as Tier 1 capital until they mature. WesBanco currently believes all of its Trust Preferred Securities will remain in Tier 1 capital. For more information regarding trust preferred securities, please refer to Note 12, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

The risk-based capital standards of the Federal Reserve Board and the FDIC specify that evaluations by the banking agencies of a bank s capital adequacy will include an assessment of the exposure to declines in the economic value of the bank s capital due to changes in interest rates. These banking agencies issued a joint policy statement on interest rate risk describing prudent methods for monitoring such risk that rely principally on internal measures of exposure and active oversight of risk management activities by senior management.

The federal regulatory authorities risk-based capital guidelines are based upon agreements reached by the Basel Committee on Banking Supervision (the Basel Committee). The Basel Committee is a committee of central banks and bank supervisors and regulators from the major industrialized countries that develops broad policy guidelines for use by each country s supervisors in determining the supervisory policies they apply. In December 2010, the Basel Committee issued a strengthened set of international capital and liquidity standards for banks and bank holding companies, known as Basel III. The Basel III reforms are supported by the U.S. federal banking agencies and will increase both the quantity and quality of capital banks and bank holding companies are required to hold. Regulators in each participating country will be expected to implement Basel III beginning January 1, 2013.

When Basel III is fully phased-in on January 1, 2019, banks and bank holding companies will be required to maintain: (i) a minimum Tier 1 common equity ratio of at least 4.5 percent, (ii) a minimum Tier 1 capital ratio of at least 6 percent, (iii) a minimum total capital ratio (Tier 1 and Tier 2 capital) of at least 8 percent; and (iv) a non-risk-based minimum leverage ratio (Tier 1 capital to average consolidated assets) of 3 percent. Although not presented as a minimum requirement, banks and bank holding companies will not be able to pay dividends unless they have an additional capital conservation buffer equal to a Tier 1 common equity ratio of 2.5 percent. Adding the capital conservation buffer on top of the minimums, banks and bank holding companies will generally need a Tier 1 common equity ratio of 7 percent, a Tier 1 capital ratio of 8.5 percent, and a total capital ratio of 10.5 percent. Under Basel III, regulators would also be able to impose a countercyclical capital buffer during periods of excessive credit growth. The countercyclical capital buffer would be an additional Tier 1 common equity ratio of up to 2.5 percent. Under Basel III, regulatory adjustments to common equity

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will generally be eliminated by January 1, 2018, although an exception will permit a portion of mortgage servicing rights to continue being treated as common equity.

WesBanco cannot predict the precise timing or final form of forthcoming capital regulations that could be applicable to WesBanco or their impact on WesBanco. Capital requirements that may arise from regulations issued under the Dodd-Frank Act, Basel III, or some other initiative could increase the minimum capital requirements applicable to WesBanco and its subsidiaries.

PROMPT CORRECTIVE ACTION

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) requires federal banking regulatory authorities to take prompt corrective action with respect to depository institutions that do not meet minimum capital requirements. For these purposes, FDICIA establishes five capital tiers: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.

An institution is deemed to be well-capitalized if it has a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 6% or greater, and a Tier 1 leverage ratio of 5% or greater and is not subject to a regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure. An institution is deemed to be adequately capitalized if it has a total risk-based capital ratio of 8% or greater, a Tier 1 risk-based capital ratio of 4% or greater, and generally a Tier 1 leverage ratio of 4% or greater and the institution does not meet the definition of a well-capitalized institution. An institution that does not meet one or more of the adequately capitalized tests is deemed to be undercapitalized. If the institution has a total risk-based capital ratio that is less than 6%, a Tier 1 risk-based capital ratio that is less than 3%, or a Tier 1 leverage ratio that is less than 3%, it is deemed to be significantly undercapitalized. Finally, an institution is deemed to be critically undercapitalized if it has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2%. At December 31, 2011, WesBanco Bank had capital levels that met the well-capitalized standards under FDICIA and its implementing regulations.

FDICIA generally prohibits a depository institution from making any capital distribution, including payment of a cash dividend, or paying any management fee to its holding company, if the depository institution would thereafter be undercapitalized. Undercapitalized institutions are subject to growth limitations and are required to submit a capital restoration plan. If any depository institution subsidiary of a holding company is required to submit a capital restoration plan, the holding company would be required to provide a limited guarantee regarding compliance with the plan as a condition of approval of such plan by the appropriate federal banking agency. If an undercapitalized institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized. Significantly undercapitalized institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions may not, beginning 60 days after becoming critically undercapitalized, make any payment of principal or interest on their subordinated debt and/or trust preferred securities. In addition, critically undercapitalized institutions are subject to appointment of a receiver or conservator within 90 days of becoming critically undercapitalized.

GRAMM-LEACH-BLILEY ACT

Under the Gramm-Leach-Bliley Act (the GLB Act), banks are no longer prohibited from associating with, or having management interlocks with, a business organization engaged principally in securities activities. By qualifying as a financial holding company, as authorized under the GLB Act, which WesBanco has done, a bank holding company acquires new powers not otherwise available to it. As indicated above, WesBanco has elected to become a financial holding company under the GLB Act. It also has qualified a subsidiary of the Bank as a financial subsidiary under the GLB Act.

Financial holding company powers relate to financial activities that are determined by the Federal Reserve Board, in coordination with the Secretary of the Treasury, to be financial in nature, incidental to an activity that is financial in nature, or complementary to a financial activity, provided that the complementary activity does not pose a safety and soundness risk. The GLB Act itself defines certain activities as financial in nature, including but not limited to: underwriting insurance or annuities; providing financial or investment advice; underwriting, dealing in, or making markets in securities; merchant banking, subject to significant limitations; insurance company portfolio investing, subject to significant limitations; and any activities previously found by the Federal Reserve Board to be closely related to banking.

National and state banks are permitted under the GLB Act, subject to capital, management, size, debt rating, and CRA qualification factors, to have financial subsidiaries that are permitted to engage in financial activities not otherwise permissible. However, unlike financial holding companies, financial subsidiaries may not engage in insurance or annuity underwriting; developing or investing in real estate; merchant banking (for at least five years); or insurance company portfolio investing.

DODD-FRANK ACT

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which contains numerous and wide-ranging reforms to the structure of the U.S. financial system. Portions of the Dodd-Frank Act are effective at different times, and many of the provisions are general statements directing regulators to draft more detailed rules. Although the full scope of the Dodd-Frank Act s impact remains somewhat unclear, management expects that it will, over time, reduce revenue and increase expenses.

As a bank holding company, WesBanco will be subjected to increased capital requirements (discussed above under Item 1. Business Capital Requirements). A provision known as the Volcker Rule will limit WesBanco s ability to engage in proprietary trading, as well as its ability to sponsor or invest in hedge funds or private equity funds. A provision known as the Lincoln Rule will prevent WesBanco Bank from engaging in certain swap transactions unless they are carried out through a separately capitalized affiliate. Increased restrictions also will apply to transactions with and among WesBanco subsidiaries (discussed above under Item 1. Business Holding Company Regulations), and the Federal Reserve Board will have increased authority to examine and take enforcement action against WesBanco and its subsidiaries that are not banks.

The Dodd-Frank Act makes several changes affecting the securitization markets, which may affect WesBanco s ability or desire to use those markets to meet funding or liquidity needs. One of these changes calls for federal regulators to adopt regulations requiring the sponsor of a securitization to retain at least 5 percent of the credit risk, with exceptions for qualified residential mortgages.

As a publicly traded company, WesBanco is required to give shareholders an advisory vote on executive compensation, and, in some cases, golden parachute arrangements. The Dodd-Frank Act also calls for regulators to issue new rules relating to compensation committee independence, incentive-based compensation arrangements deemed excessive, and proxy access by shareholders.

WesBanco Bank and other insured depository institutions will have increased authority to open new branches across state lines (discussed above under Item 1. Business Supervision and Regulation). A provision authorizing insured depository institutions to pay interest on checking accounts will likely increase WesBanco s interest expenses. A new government agency, the Bureau of Consumer Financial Protection (the Consumer Bureau), will have the authority to write rules implementing numerous consumer protection laws applicable to all banks (discussed below under Item 1. Business Consumer Protection Laws).

CONSUMER PROTECTION LAWS

In connection with its lending and leasing activities, WesBanco Bank is subject to a number of federal and state laws designed to protect consumers and promote lending and other financial services to various sectors of the economy and population. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Electronic Fund Transfer Act, and, in some cases, their respective state law counterparts. The new Consumer Bureau created by the Dodd-Frank Act now has consolidated authority to write regulations implementing these and other laws. WesBanco s other subsidiaries that provide services relating to consumer financial products and services will also be subject to the Consumer Bureau s regulations. As an institution with assets of less than $10 billion, WesBanco Bank will continue to be examined by the FDIC for compliance with these rules. Relating to mortgage lending, the Dodd-Frank Act requires new disclosures, verification, and restrictions, some of which are expected to limit the creation of variable-rate mortgages. In addition, the Dodd-Frank Act required the Federal Reserve Board to write rules to limit debit card interchange fees to those reasonable and proportional to the cost of transactions, which were implemented on October 1, 2011. Even though the limits on debit card interchange fees apply only to institutions with more than $10 billion in assets, market forces may over time limit debit card interchange fees as a source of revenue for all banks, including smaller banks like WesBanco Bank.

Federal law currently contains extensive customer privacy protection provisions. Under these provisions, a financial institution must provide to its customers, at the inception of the customer relationship and annually thereafter, the institution s policies and procedures regarding the handling of customers nonpublic personal financial information. These provisions also provide that, except for certain limited exceptions, an institution may not provide such personal information to unaffiliated third parties unless the institution discloses to the customer that such information may be so provided and the customer is given the opportunity to opt out of such disclosure. Federal law makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means.

The CRA requires WesBanco Bank s primary federal bank regulatory agency, the FDIC, to assess WesBanco Bank s record in meeting the credit needs of the communities served by the bank, including low and moderate-income neighborhoods and persons. Institutions are assigned one of four ratings: Outstanding, Satisfactory, Needs to Improve or Substantial Noncompliance. This assessment is reviewed when a bank applies to merge or consolidate with or acquire the assets or assume the liabilities of an insured depository institution, or to open or relocate a branch office. WesBanco Bank s current CRA rating is Outstanding.

SECURITIES REGULATION

WesBanco s full service broker-dealer subsidiary, WesBanco Securities, is registered as a broker-dealer with the SEC and in the states in which it does business. WesBanco Securities also is a member of FINRA. WesBanco Securities is subject to regulation by the SEC, FINRA and the securities administrators of the states in which it is registered. WesBanco Securities is a member of the Securities Investor Protection Corporation, which in the event of the liquidation of a broker-dealer, provides protection for customers securities accounts held by WesBanco Securities of up to $500,000 for each eligible customer, subject to a limitation of $250,000 for claims for cash balances.

In addition, WesBanco Bank s Investment Department serves as an investment adviser to a family of mutual funds and is registered as an investment adviser with the SEC and in some states.

ANTI-MONEY LAUNDERING INITIATIVES AND THE USA PATRIOT ACT

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the USA Patriot Act) substantially broadened the scope of United States anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The United States Treasury Department has issued various implementing regulations which apply various requirements of the USA Patriot Act to financial institutions, such as WesBanco Bank and WesBanco s broker-dealer subsidiary. These regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. Failure of WesBanco and its subsidiaries to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal and reputational consequences for WesBanco and its subsidiaries.

ITEM 1A. RISK FACTORS

The risks described below are not the only ones we face in our business. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition or operating results could be materially harmed.

DUE TO INCREASED COMPETITION, WESBANCO MAY NOT BE ABLE TO ATTRACT AND RETAIN BANKING CUSTOMERS AT CURRENT LEVELS.

WesBanco operates in a highly competitive banking and financial industry that could become even more competitive as a result of legislative, regulatory and technological changes. WesBanco faces banking competition in all the markets it serves from the following:

- local, regional and national banks;
- savings and loans;
- internet banks;
- credit unions;
- finance companies; and
- brokerage firms serving WesBanco s market areas.

In particular, WesBanco Bank s competitors include several major national financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous banking locations and mount extensive promotional and advertising campaigns. Additionally, banks and other financial institutions may have products and services not offered by WesBanco, which may cause current and potential customers to choose those institutions. Areas of competition include interest rates for loans and deposits, efforts to obtain deposits and range and quality of services provided. If WesBanco is unable to attract new and retain current customers, loan and deposit growth could decrease, causing WesBanco s results of operations and financial condition to be negatively impacted.

WESBANCO MAY NOT BE ABLE TO EXPAND ITS TRUST AND INVESTMENT SERVICES SEGMENT AND RETAIN ITS CURRENT CUSTOMERS.

WesBanco may not be able to attract new and retain current investment management clients due to competition from the following:

- commercial banks and trust companies;

mutual fund companies;

investment advisory firms;

law firms;

brokerage firms; and

other financial services companies.

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Its ability to successfully attract and retain investment management clients is dependent upon its ability to compete with competitors investment products, level of investment performance, client services and marketing and distribution capabilities. Due to changes in economic conditions, the performance of the trust and investment services segment may be negatively impacted by the financial markets in which investment clients assets are invested, causing clients to seek other alternative investment options. If WesBanco is not successful, its results from operations and financial position may be negatively impacted.

CUSTOMERS MAY DEFAULT ON THE REPAYMENT OF LOANS WHICH COULD SIGNIFICANTLY IMPACT RESULTS OF OPERATIONS THROUGH INCREASES IN THE PROVISION AND ALLOWANCE FOR LOAN LOSSES.

The Bank s customers may default on the repayment of loans, which may negatively impact WesBanco s earnings due to loss of principal and interest income. Increased operating expenses may result from the allocation of management time and resources to the collection and work-out of the loan. Collection efforts may or may not be successful causing WesBanco to write off the loan or repossess the collateral securing the loan, which may or may not exceed the balance of the loan.

WesBanco maintains an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense, to provide for probable incurred losses in our loan portfolio. Management evaluates the adequacy of the allowance for loan losses at least quarterly, which includes testing certain individual loans as well as collective pools of loans for impairment. This evaluation includes an assessment of actual loss experience within each category of the portfolio, individual commercial and commercial real estate loans that exhibit credit weakness; current economic events, including employment statistics, trends in bankruptcy filings, and other pertinent factors; industry or geographic concentrations; and regulatory guidance.

WesBanco s regulatory agencies periodically review the allowance for loan losses. Based on their assessment the regulatory agencies may require WesBanco to adjust the allowance for loan losses. These adjustments could negatively impact WesBanco s results of operations or financial position.

ECONOMIC CONDITIONS IN WESBANCO S MARKET AREAS COULD NEGATIVELY IMPACT EARNINGS.

WesBanco Bank serves both individuals and business customers throughout West Virginia, Ohio and Western Pennsylvania. The substantial majority of WesBanco s loan portfolio is to individuals and businesses in these markets. As a result, the financial condition, results of operations and cash flows of WesBanco are affected by local and regional economic conditions. A downturn in these economies could have a negative impact on WesBanco and the ability of the Bank s customers to repay their loans. The value of the collateral securing loans to borrowers may also decline as the economy declines. As a result, deteriorating economic conditions in these markets could cause a decline in the overall quality of WesBanco s loan portfolio requiring WesBanco to charge-off a higher percentage of loans and/or increase its allowance for loan losses. A decline in economic conditions in these markets may also force customers to utilize deposits held by WesBanco Bank in order to pay current expenses causing the Bank s deposit base to shrink. As a result the Bank may have to borrow funds at higher rates in order to meet liquidity needs. These events may have a negative impact on WesBanco s earnings and financial condition.

CURRENT MARKET INTEREST RATES AND COST OF FUNDS MAY NEGATIVELY IMPACT WESBANCO S BANKING BUSINESS.

Fluctuations in interest rates may negatively impact the business of the Bank. The Bank s main source of income from operations is net interest income, which is equal to the difference between the interest income received on interest-bearing assets (usually loans and investment securities) and the interest expense incurred in connection with interest-bearing liabilities (usually deposits and borrowings). These rates are highly sensitive to many factors beyond WesBanco s control, including general economic conditions, both domestic and foreign, and the monetary and fiscal policies of various governmental and regulatory authorities. WesBanco Bank s net interest income can be affected significantly by changes in market interest rates. Changes in relative interest rates may reduce the Bank s net interest income as the difference between interest income and interest expense decreases. As a result, the Bank has adopted asset and liability management policies to minimize the potential adverse effects of changes in interest rates on net interest income, primarily by altering the mix and maturity of loans, investments and funding sources. However, even with these policies in place, WesBanco cannot be certain that changes in interest rates or the shape of the interest rate yield curve will not negatively impact its results of operations or financial position.

WesBanco s cost of funds for banking operations may not decrease at the same pace as asset yields, particularly in the current very low interest rate environment, where certain rates are subject to artificial floors or are approaching 0%. Cost of funds also may increase as a result of future general economic conditions, interest rates and competitive pressures. The Bank has traditionally obtained funds principally through deposits and wholesale borrowings. As a general matter, deposits are a cheaper source of funds than borrowings because interest rates paid for deposits are typically less than interest rates charged for borrowings. If, as a result of general economic conditions, market interest rates, competitive pressures or otherwise, the value of deposits at the Bank decreases relative to its overall banking operations, the Bank may have to rely more heavily on borrowings as a source of funds in the future.

SIGNIFICANT DECLINES IN U.S. AND FOREIGN MARKETS COULD HAVE A NEGATIVE IMPACT ON WESBANCO S EARNINGS.

The capital and credit markets have experienced extreme disruption in recent years. These conditions resulted in less liquidity, greater volatility, widening of credit spreads and a lack of price transparency in certain asset types. In many cases, the markets have exerted downward pressure on stock prices, security prices and credit capacity for certain issuers without regard to those issuers underlying financial strength. Sustained weakness in business and economic conditions in any or all of the domestic or foreign financial markets could result in credit deterioration in investment securities held by us, rating agency downgrades for such securities or other market factors that could result in us having to recognize other-than-temporary impairment in the value of such investment securities, with a corresponding charge against earnings. Furthermore, our pension assets are primarily invested in equity and debt securities, and weakness in capital and credit markets could result in deterioration of these assets, and changes in certain key pension assumptions based on current interest rates, long-term rates of return and other economic or actuarial assumptions may increase minimum funding contributions and future pension expense. If the markets deteriorate further, these conditions may be material to WesBanco s ability to access capital and may adversely impact results of operations.

Further, WesBanco s trust and investment services income could be impacted by fluctuations in the securities market. A portion of this revenue is based on the value of the underlying investment portfolios. If the values of those investment portfolios decline, the Bank s revenue could be negatively impacted.

WESBANCO MAY BE REQUIRED TO WRITE DOWN GOODWILL AND OTHER INTANGIBLE ASSETS, CAUSING ITS FINANCIAL CONDITION AND RESULTS TO BE NEGATIVELY AFFECTED.

When WesBanco acquires a business, a portion of the purchase price of the acquisition is allocated to goodwill and other identifiable intangible assets. The amount of the purchase price which is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. Under current accounting standards, if WesBanco determines goodwill or intangible assets are impaired, it is required to write down the carrying value of these assets. WesBanco conducts an annual review to determine whether goodwill and other identifiable intangible assets are impaired. WesBanco completed such an impairment analysis in 2011 and concluded that no impairment charge was necessary for the year ended December 31, 2011. WesBanco cannot provide assurance that it will not be required to take an impairment charge in the future. Any impairment charge would have a negative effect on its stockholders equity and financial results and may cause a decline in our stock price.

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ACQUISITION OPPORTUNITIES MAY NOT BE AVAILABLE TO WESBANCO IN THE FUTURE.

WesBanco continually evaluates opportunities to acquire other businesses. However, WesBanco may not have the opportunity to make suitable acquisitions on favorable terms in the future, which could negatively impact the growth of its business. WesBanco expects that other banking and financial companies, many of which have significantly greater resources, will compete to acquire compatible businesses. This competition could increase prices for acquisitions that WesBanco would likely pursue, and its competitors may have greater resources than it does. Also, acquisitions of regulated businesses such as banks are subject to various regulatory approvals. If WesBanco fails to receive the appropriate regulatory approvals, it will not be able to consummate an acquisition that it believes is in its best interests.

WESBANCO IS SUBJECT TO EXTENSIVE GOVERNMENT REGULATION AND SUPERVISION.

WesBanco is subject to extensive federal and state regulation, supervision and examination. Banking regulations are primarily intended to protect depositors funds, federal deposit insurance funds and the banking system as a whole, not shareholders. These regulations affect WesBanco s lending practices, capital structure, investment practices, dividend policy, operations and growth, among other things. These regulations also impose obligations to maintain appropriate policies, procedure and controls. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect WesBanco in substantial and unpredictable ways. Such changes could subject WesBanco to additional costs, limit the types of financial services and products that could be offered, and/or increase the ability of non-banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil penalties and /or reputation damage, which could have a material adverse effect on WesBanco s business, financial condition and result of operations.

As of December 31, 2011, WesBanco had $106.1 million in junior subordinated debt presented as a separate category of long-term debt on its Consolidated Balance Sheets. For regulatory purposes, Trust Preferred Securities totaling $103.0 million underlying such junior subordinated debt are included in Tier 1 capital in accordance with regulatory reporting requirements. On March 1, 2005, the Federal Reserve Board adopted a rule that retains trust preferred securities in Tier 1 capital, but with stricter quantitative limits and clearer qualitative standards. Under the rule, after a transition period that was originally set to end on March 31, 2009 but has since been extended to March 31, 2011, the aggregate amount of trust preferred securities and certain other capital elements will be limited to 25 percent of Tier 1 capital elements, net of goodwill. The amount of trust preferred securities and certain other elements in excess of the limit can be included in Tier 2 capital, subject to restrictions. The Dodd-Frank Act requires the federal banking agencies to develop new consolidated capital requirements applicable to bank holding companies and banks. These rules will generally exclude trust preferred securities from Tier 1 capital. A grandfather provision will permit bank holding companies with consolidated assets of less than $15 billion, such as WesBanco, to continue counting existing trust preferred securities as Tier 1 capital until they mature.

The rule is not expected to have an impact on WesBanco s Tier 1 capital; but if WesBanco issued additional trust preferred securities, they would not count as Tier 1 capital. Furthermore, if WesBanco incurs material operating losses, WesBanco s Tier 1 capital ratio may be negatively impacted. WesBanco s earnings may also be negatively impacted due to prepayment penalties associated with the redemption of certain of the trust preferred securities.

In addition, new international capital standards known as Basel III are expected to further increase the minimum capital requirements applicable to WesBanco and WesBanco Bank, which may negatively impact WesBanco and the Bank. Additional information about these and other expected changes in capital requirements are described above in Item 1. Business Capital Requirements.

Regulation of WesBanco and its subsidiaries is expected to continue to expand in scope and complexity in the future. These laws are expected to have the effect of increasing WesBanco s costs of doing business, reducing its revenues, and may limit its ability to pursue business opportunities or otherwise adversely affect its business and financial condition. The Dodd-Frank Act and other laws, as well as rules implementing or related to them, may adversely affect WesBanco. Specifically, any governmental or regulatory action having the effect of requiring WesBanco to obtain additional capital could reduce earnings and have a material dilutive effect on current shareholders, including the Dodd-Frank Act source of strength requirement that bank holding companies make capital infusions into a troubled subsidiary bank. Legislation and regulation of debit card fees, credit cards and other bank services, as well as changes in WesBanco s practices relating to those and other bank services, may affect WesBanco s revenue and other financial results. Additional information about increased regulation is provided in Item 1. Business under the headings Supervision and Regulation, Holding Company Regulations, Capital Requirements, Dodd-Frank Act, and Consumer Protection Law

WesBanco is also subject to tax laws and regulations promulgated by the United States government and the states in which it operates. Changes to these laws and regulations or the interpretations of such laws and regulations by taxing authorities could impact future tax expense and the value of deferred tax assets.

LIMITED AVAILABILITY OF BORROWINGS AND LIQUIDITY FROM THE FEDERAL HOME LOAN BANK SYSTEM AND OTHER SOURCES COULD NEGATIVELY IMPACT EARNINGS.

WesBanco Bank is currently a member bank of the Federal Home Loan Bank (FHLB) of Pittsburgh, and retains certain short-term borrowings from the FHLB of Cincinnati from prior bank acquisitions, but is no longer considered a member bank of such FHLB. Membership in this system of quasi-governmental, regional home-loan oriented agency banks allows us to participate in various programs offered by the FHLB. We borrow funds from the FHLB, which are secured by a blanket lien on certain residential mortgage loans or securities with collateral values in excess of the outstanding balances. Current and future earnings shortfalls and minimum capital requirements of the FHLB may impact the collateral necessary to secure borrowings and limit the borrowings extended to their member banks, as well as require additional capital contributions by member banks. Should this occur, WesBanco s short-term liquidity needs could be negatively impacted. Should WesBanco be restricted from using FHLB advances due to weakness in the system or with the FHLB of Pittsburgh, WesBanco may be forced to find alternative funding sources. If WesBanco is required to rely more heavily on higher cost funding sources, revenues may not increase proportionately to cover these costs, which would adversely affect WesBanco s results of operations and financial position.

On February 22, 2012, the FHLB of Pittsburgh announced that it would pay a dividend on the average capital stock balance held during the three month period ended December 31, 2011 at an annualized rate of 0.10% for the first time since late 2008. They also will continue to partially repurchase certain amounts of excess stock held by member banks. Such repurchase was also suspended in late 2008 and partially restored five quarters ago. However, the FHLB also noted future dividend payments and capital stock repurchases will continue to be reviewed on a quarterly basis. The FHLB of Pittsburgh stock owned by WesBanco totaled $20.4 million and $25.0 million at December 31, 2011 and 2010, respectively. If the financial condition of the FHLB of Pittsburgh were to further deteriorate, the corresponding FHLB stock owned by WesBanco may be deemed a non-earning asset and could potentially be evaluated for impairment with any loss recognized through earnings.

WESBANCO S FINANCIAL CONDITION AND RESULTS OF OPERATIONS DEPEND ON THE SUCCESSFUL GROWTH OF ITS SUBSIDIARIES.

WesBanco s primary business activity for the foreseeable future will be to act as the holding company of its banking and other subsidiaries. Therefore, WesBanco s future profitability will depend on the success and growth of these subsidiaries. In the future, part of WesBanco s growth may come from buying other banks and buying or establishing other companies. Such entities may not be profitable after they are purchased or established, and they may lose money or be dilutive to earnings per share, particularly for the first few years. A new bank or company may bring with it unexpected liabilities, bad loans, or poor employee relations, or the new bank or company may lose customers and the associated revenue.

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WESBANCO S ABILITY TO PAY DIVIDENDS IS LIMITED, AND COMMON STOCK DIVIDENDS MAY HAVE TO BE REDUCED OR ELIMINATED.

Holders of shares of WesBanco s common stock are entitled to dividends if, when, and as declared by WesBanco s Board of Directors out of funds legally available for that purpose. Although the Board of Directors has declared cash dividends in the past, the current ability to pay dividends is largely dependent upon the receipt of dividends from the Bank. Federal and state laws impose restrictions on the ability of the Bank to pay dividends, which restrictions are more fully described in Item 1. Business Payment of Dividends. In general, future dividend policy is subject to the discretion of the Board of Directors and will depend upon a number of factors, including WesBanco s and the Bank s future earnings, liquidity and capital requirements, regulatory constraints and financial condition.

WESBANCO MAY ENCOUNTER INTEGRATION DIFFICULTIES OR MAY FAIL TO REALIZE THE ANTICIPATED BENEFITS OF ACQUISITIONS.

WesBanco may not be able to integrate any new acquisitions without encountering difficulties including, without limitation, the loss of key employees and customers, the disruption of ongoing businesses or possible inconsistencies in standards, controls, procedures and policies. Any future acquisitions may also result in other unforeseen difficulties, including integration of the combined companies, which could require significant time and attention from our management that would otherwise be directed at developing our existing business and expenses may be higher than initially projected. In addition, we could discover undisclosed liabilities resulting from any acquisitions for which we may become responsible. Further, benefits such as enhanced earnings that we anticipate from these acquisitions may not develop and future results of the combined companies may be materially lower from those estimated.

HIGHER FDIC DEPOSIT INSURANCE PREMIUMS AND ASSESSMENTS COULD ADVERSELY AFFECT WESBANCO S FINANCIAL CONDITION.

Since 2008, the economic environment caused higher levels of bank failures, which dramatically increased FDIC resolution costs and led to a significant reduction in the deposit insurance fund. In order to restore reserve ratios of the deposit insurance fund, the FDIC has in the past few years significantly increased the assessment rates paid by financial institutions for deposit insurance. In addition, in May 2009, the FDIC imposed a special assessment on all insured institutions, and in November 2009, it adopted a rule requiring banks to prepay their FDIC assessments for years through 2012 which accompanied a rate increase beginning in 2011. While the Deposit Insurance Fund balance has improved recently, and a new assessment base that reduced rates for smaller community banks was adopted in 2011, the FDIC has indicated that future special assessments are possible, although it has not determined the magnitude or timing of any future assessments. Additional increases in FDIC insurance premiums and future special assessments may adversely affect WesBanco s results of operations and financial condition.

INTERRUPTION TO OUR INFORMATION SYSTEMS COULD ADVERSELY AFFECT WESBANCO S OPERATIONS.

WesBanco relies on information systems and communications for operating and monitoring all major aspects of business, as well as internal management functions. Any failure, interruption, intrusion or breach in security of these systems could result in failures or disruptions in the WesBanco customer relationship, management, general ledger, deposit, loan and other systems. While WesBanco has policies, procedures and technical safeguards designed to prevent or limit the effect of any failure, interruption, intrusion or security breach of its information systems, there can be no assurance that the above-noted issues will not occur or, if they do occur, that they will be adequately addressed. Any disruption in the operation of WesBanco s information systems could damage WesBanco s reputation, result in a loss of customer business, subject WesBanco to additional regulatory scrutiny, and expose WesBanco to civil litigation and possible financial liability, any of which could have a material effect on WesBanco s business, results of operations and financial condition.

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LOSS OF KEY EMPLOYEES COULD IMPACT GROWTH AND EARNINGS AND MAY HAVE AN ADVERSE IMPACT ON BUSINESS.

Our operating results and ability to adequately manage our growth are highly dependent on the services, managerial abilities and performance of our key employees, including executive officers and senior management. Our success depends upon our ability to attract and retain highly skilled and qualified management, loan origination, finance, administrative, marketing and technical personnel and upon the continued contributions of this management and personnel. The loss of services, or the inability to successfully complete planned transitions of key personnel approaching normal retirement age, could have an adverse impact on WesBanco s business, operating results and financial condition because of their skills, knowledge of the local markets, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

WESBANCO IS SUBJECT TO LENDING CONCENTRATION RISKS.

As of December 31, 2011, approximately 65% of WesBanco s loan portfolio consisted of commercial loans including commercial real estate. Commercial loans are generally viewed as having more inherent risk of default than residential mortgage or consumer loans. The repayment of these loans often depends on the successful operation of a business or the sale or development of the underlying property and as a result, is more likely to be adversely affected by adverse conditions in the real estate market or the economy in general. Also, the commercial loan balance per borrower is typically larger than that for residential mortgage loans and consumer loans, inferring higher potential losses on an individual loan basis. The deterioration of one or a few of these loans could cause a significant increase in nonperforming loans and a reduction in interest income. An increase in nonperforming loans could result in an increase in the provision for loan losses and an increase in loan charge-offs, both of which could have a material adverse effect on WesBanco s financial condition and results of operations.

WESBANCO MAY NEED TO RAISE CAPITAL IN THE FUTURE, BUT CAPITAL MAY NOT BE AVAILABLE WHEN NEEDED OR AT ACCEPTABLE TERMS.

Federal and state banking regulators require WesBanco and its banking subsidiary, WesBanco Bank, to maintain adequate levels of capital to support its operations. In addition, in the future WesBanco may need to raise additional capital to support its business or to finance acquisitions, if any, or WesBanco may otherwise elect to raise additional capital in anticipation of future growth opportunities. Many financial institutions have sought to raise considerable amounts of capital over the last few years in response to deterioration in their results of operations and financial condition arising from the turmoil in the mortgage loan market, deteriorating economic conditions, declines in real estate values and other factors, including capital requirements that have been or are anticipated to be imposed by new regulations, such as the Basel III reforms or the Dodd-Frank Act. Such overall market demand for capital may diminish WesBanco s ability to raise additional capital if and when it is needed. Future growth in WesBanco s earning assets at rates in excess of the rate at which its capital is increased through retained earnings would result in a reduction of WesBanco s regulatory capital ratios. Also, future unexpected losses, whether resulting from loan losses or other causes, would reduce total capital.

WesBanco s ability to raise additional capital for parent company or banking subsidiary needs will depend on conditions at that time in the capital markets, overall economic conditions, WesBanco s financial performance and condition, and other factors, many of which are outside our control. There is no assurance that, if needed, WesBanco will be able to raise additional capital on favorable terms or at all. An inability to raise additional capital may have a material adverse effect on our ability to expand operations, and on our financial condition, results of operations and future prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

WesBanco s subsidiaries generally own their respective offices, related facilities and any unimproved real property held for future expansion. At December 31, 2011, WesBanco operated 112 banking offices in West Virginia, Ohio and Western Pennsylvania, and one loan production office, of which 87 were owned and 26 were leased under long-term operating leases. These leases expire at various dates through October 2027 and generally include options to renew. The Bank also owns several regional headquarters buildings in various markets that may also house certain back office functions.

The main office of WesBanco is located at 1 Bank Plaza, Wheeling, West Virginia, in a building owned by the Bank. The building contains approximately 100,000 square feet and serves as the main office for both WesBanco s community banking segment and its trust and investment services segment. The Bank s back office operations currently occupy approximately 80% of the space available in an office building adjacent to the main office, which is owned by WesBanco Properties, Inc., a subsidiary of WesBanco, with the remainder of the building leased to unrelated businesses.

At various building locations, WesBanco rents or looks to provide commercial office space to unrelated businesses. Rental income totaled $0.6 million for both 2011 and 2010. For additional disclosures related to WesBanco s properties, other fixed assets and leases, please refer to Note 6, Premises and Equipment in the Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

WesBanco is involved in lawsuits, claims, investigations and proceedings which arise in the ordinary course of business. There are no such matters pending that WesBanco expects to be material in relation to its business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

WesBanco s common stock is quoted on the NASDAQ Global Stock Market under the symbol WSBC. The approximate number of holders of WesBanco s $2.0833 par value common stock as of February 27, 2012 was 4,858, not including shares held in nominee positions. The number of holders does not include WesBanco employees who have had stock allocated to them through WesBanco s KSOP. All WesBanco employees who meet the eligibility requirements of the KSOP are included in the Plan.

The table below presents for each quarter in 2011 and 2010, the high and low sales price per share as reported by NASDAQ and cash dividends declared per share.

	2011			2010		
	High	Low	Dividend Declared	High	Low	Dividend Declared
Fourth quarter	**$ 21.19**	**$ 16.06**	**$ 0.160**	$ 19.98	$ 15.92	$ 0.140
Third quarter	**20.78**	**16.34**	**0.160**	17.90	14.15	0.140
Second quarter	**21.44**	**18.45**	**0.150**	20.18	16.04	0.140
First quarter	**20.99**	**17.76**	**0.150**	17.40	11.90	0.140

WesBanco, Inc. has eight capital trusts, which are all wholly-owned trust subsidiaries of WesBanco formed for the purpose of issuing Trust Preferred Securities and lending the proceeds to WesBanco. The debentures and trust preferred securities issued by the trusts provide that WesBanco has the right to elect to defer the payment of interest on the debentures and trust preferred securities for up to an aggregate of 20 quarterly periods. However, if WesBanco should defer the payment of interest or default on the payment of interest, it may not declare or pay any dividends on its common stock during any such period.

Federal and state laws impose restrictions on the ability of the Bank to pay dividends, which restrictions are more fully described in Item 1. Business Payment of Dividends.

For additional disclosure relating to WesBanco Trust Preferred Securities, refer to Note 12, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

As of December 31, 2011, WesBanco had a stock repurchase plan in which up to one million shares can be acquired. The plan was originally approved by the Board of Directors on March 21, 2007 and provides for shares to be repurchased for general corporate purposes, which may include a subsequent resource for potential acquisitions, shareholder dividend reinvestment and employee benefit plans. The timing, price and quantity of purchases are at the discretion of WesBanco, and the plan may be discontinued or suspended at any time. There were no general open market repurchases in 2011, other than those for KSOP and dividend reinvestment plans. At December 31, 2011, there were 584,325 shares remaining to be purchased under the plan.

Certain information relating to securities authorized for issuance under equity compensation plans is set forth under the heading Equity Compensation Plan Information in Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

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The following table shows the activity in WesBanco s stock repurchase plan and other purchases for the quarter ended December 31, 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
Balance at September 30, 2011				584,325
October 1, 2011 to October 31, 2011				
Open market repurchases		$		584,325
Other transactions (1)	23,476	17.51	N/A	N/A
November 1, 2011 to November 30, 2011				
Open market repurchases				584,325
Other transactions (1)	6,226	19.34	N/A	N/A
December 1, 2011 to December 31, 2011				
Open market repurchases				584,325
Other transactions (1)	2,149	19.63	N/A	N/A
Fourth Quarter 2011				
Open market repurchases				584,325
Other transactions (1)	31,851	18.01	N/A	N/A
Total	31,851	$ 18.01		584,325

(1) Consists of open market purchases transacted in the KSOP and dividend reinvestment plans.
N/A Not applicable

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The following graph shows a comparison of cumulative total shareholder returns for WesBanco, the Russell 2000 Index, and the SNL Small Cap Bank Index. The total shareholder return assumes a $100 investment in the common stock of WesBanco and each index since December 31, 2006 with reinvestment of dividends.

	December 31,					
Index	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
WesBanco, Inc.	$ 100.00	$ 64.03	$ 88.74	$ 42.55	$ 67.60	$ 71.66
Russell 2000	100.00	98.43	65.18	82.89	105.14	100.75
SNL Small Cap Bank Index	100.00	72.30	60.78	42.72	52.19	49.84

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ITEM 6. SELECTED FINANCIAL DATA

The following consolidated selected financial data is derived from WesBanco s audited financial statements as of and for the five years ended December 31, 2011. The following consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and the Consolidated Financial Statements and related notes included elsewhere in this report. WesBanco s acquisitions during the five years ended December 31, 2011, which include Oak Hill Financial, Inc., on November 30, 2007 and five former AmTrust branches on March 27, 2009, are included in results of operations since their respective dates of acquisition.

	For the years ended December 31,				
(dollars in thousands, except shares and per share amounts)	**2011**	**2010**	**2009**	**2008**	**2007**
PER COMMON SHARE INFORMATION					
Earnings per common share basic	**$ 1.65**	$ 1.34	$ 0.70	$ 1.42	$ 2.09
Earnings per common share diluted	**1.65**	1.34	0.70	1.42	2.09
Dividends per common share	**0.62**	0.56	0.84	1.12	1.10
Book value at year end	**23.80**	22.83	22.16	24.82	21.86
Tangible book value at year end (1)	**13.17**	12.09	11.31	14.74	11.44
Average common shares outstanding basic	**26,614,697**	26,579,735	26,566,133	26,551,467	21,359,935
Average common shares outstanding diluted	**26,615,281**	26,580,293	26,567,291	26,563,320	21,392,010
SELECTED BALANCE SHEET INFORMATION					
Securities	**$ 1,609,265**	$ 1,426,191	$ 1,263,254	$ 935,588	$ 937,084
Loans held for sale	**6,084**	10,800	9,441	3,874	39,717
Net portfolio loans	**3,184,558**	3,227,625	3,409,786	3,554,506	3,682,006
Total assets	**5,536,030**	5,361,458	5,397,352	5,222,041	5,384,326
Deposits	**4,393,866**	4,172,423	3,974,233	3,503,916	3,907,930
Total FHLB and other borrowings	**365,073**	440,991	684,915	894,695	735,313
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,066**	106,034	111,176	111,110	111,024
Shareholders equity	**633,790**	606,863	588,716	659,371	580,319
SELECTED RATIOS					
Return on average assets	**0.81%**	0.66%	0.43%	0.73%	1.09%
Return on average tangible assets (1)	**0.88%**	0.73%	0.49%	0.82%	1.17%
Return on average equity	**7.01%**	5.88%	3.73%	6.42%	10.63%
Return on average tangible equity (1)	**13.32%**	11.72%	7.26%	12.58%	17.48%
Return on average common equity	**7.01%**	5.88%	3.16%	6.48%	10.63%
Allowance for loan losses to total loans	**1.69%**	1.86%	1.76%	1.38%	1.03%
Allowance for loan losses to total non-performing loans	**0.63x**	0.63x	0.76x	1.37x	1.94x
Non-performing assets to total assets	**1.62%**	1.95%	1.65%	0.74%	0.44%
Net loan charge-offs to average loans	**1.30%**	1.28%	1.10%	0.58%	0.28%
Shareholders equity to total assets	**11.45%**	11.32%	10.91%	12.63%	10.78%
Tangible equity to tangible assets (1)	**6.68%**	6.33%	5.88%	7.90%	5.94%
Tangible common equity to tangible assets (1)	**6.68%**	6.33%	5.88%	6.44%	5.94%
Tier 1 leverage ratio	**8.71%**	8.35%	7.86%	10.27%	9.90%
Tier 1 capital to risk-weighted assets	**12.68%**	11.94%	11.12%	13.21%	10.43%
Total capital to risk-weighted assets	**13.93%**	13.20%	12.37%	14.46%	11.41%
Dividend payout ratio	**37.58%**	41.79%	120.00%	78.87%	52.63%
Trust assets at market value (2)	**$ 2,973,352**	$ 2,943,786	$ 2,668,610	$ 2,400,211	$ 3,084,145

(1) See non-GAAP Measures with this Item 6. Selected Financial Data for additional information relating to the calculation of this item.
(2) Trust assets are held by the Bank, in fiduciary or agency capacities for its customers and therefore are not included as assets on WesBanco s Consolidated Balance Sheets.

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(dollars in thousands, except per share amounts)	For the years ended December 31, 2011	2010	2009	2008	2007
SUMMARY STATEMENTS OF INCOME					
Interest income	**$ 224,167**	$ 236,528	$ 257,364	$ 281,766	$ 236,393
Interest expense	**54,802**	70,436	98,992	121,229	117,080
Net interest income	**169,365**	166,092	158,372	160,537	119,313
Provision for credit losses	**35,311**	44,578	50,372	32,649	8,516
Net interest income after provision for credit losses	**134,054**	121,514	108,000	127,888	110,797
Non-interest income	**59,888**	59,599	64,589	57,346	52,939
Non-interest expense	**140,295**	141,152	149,648	142,624	111,046
Income before income taxes	**53,647**	39,961	22,941	42,610	52,690
Provision for income taxes	**9,838**	4,350	(992)	4,493	8,021
Net income	**$ 43,809**	$ 35,611	$ 23,933	$ 38,117	$ 44,669
Preferred dividends			5,233	293	
Net income available to common shareholders	**$ 43,809**	$ 35,611	$ 18,700	$ 37,824	$ 44,669
Earnings per common share basic	**$ 1.65**	$ 1.34	$ 0.70	$ 1.42	$ 2.09
Earnings per common share diluted	**$ 1.65**	$ 1.34	$ 0.70	$ 1.42	$ 2.09

Non-GAAP Measures

The following non-GAAP financial measures used by WesBanco provide information that WesBanco believes is useful to investors in understanding WesBanco s operating performance and trends, and facilitates comparisons with the performance of WesBanco s peers. The following tables summarize the non-GAAP financial measures derived from amounts reported in WesBanco s financial statements.

(dollars in thousands)	For the year ended December 31, 2011	2010	2009	2008	2007
Tangible equity to tangible assets:					
Total shareholders equity	**$ 633,790**	$ 606,863	$ 588,716	$ 659,371	$ 580,319
Less: goodwill and other intangible assets	**(283,150)**	(285,559)	(288,292)	(267,883)	(276,730)
Tangible equity	**350,640**	321,304	300,424	391,488	303,589
Total assets	**5,536,030**	5,361,458	5,397,352	5,222,041	5,384,326
Less: goodwill and other intangible assets	**(283,150)**	(285,559)	(288,292)	(267,883)	(276,730)
Tangible assets	**5,252,880**	5,075,899	5,109,060	4,954,158	5,107,596
Tangible equity to tangible assets	**6.68%**	6.33%	5.88%	7.90%	5.94%
Tangible common equity to tangible assets:					
Total shareholders equity	**$ 633,790**	$ 606,863	$ 588,716	$ 659,371	$ 580,319
Less: goodwill and other intangible assets	**(283,150)**	(285,559)	(288,292)	(267,883)	(276,730)

Less: preferred shareholders equity				(72,332)	
Tangible common equity	**350,640**	321,304	300,424	319,156	303,589
Total assets	**5,536,030**	5,361,458	5,397,352	5,222,041	5,384,326
Less: goodwill and other intangible assets	**(283,150)**	(285,559)	(288,292)	(267,883)	(276,730)
Tangible assets	**5,252,880**	5,075,899	5,109,060	4,954,158	5,107,596
Tangible common equity to tangible assets	**6.68%**	6.33%	5.88%	6.44%	5.94%

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(dollars in thousands)	For the year ended December 31, 2011	2010	2009	2008	2007
Tangible book value:					
Total shareholders equity	**$ 633,790**	$ 606,863	$ 588,716	$ 659,371	$ 580,319
Less: goodwill and other intangible assets	**(283,150)**	(285,559)	(288,292)	(267,883)	(276,730)
Tangible equity	**350,640**	321,304	300,424	391,488	303,589
Common shares outstanding	**26,629,360**	26,586,953	26,567,653	26,560,889	26,547,073
Tangible book value at year end	**$ 13.17**	$ 12.09	$ 11.31	$ 14.74	$ 11.44
Return on average tangible equity:					
Net income	**$ 43,809**	$ 35,611	$ 23,933	$ 38,117	$ 44,669
Plus: amortization of intangibles, net of tax	**1,566**	1,774	2,022	2,477	1,615
Net income before amortization of intangibles	**45,375**	37,385	25,955	40,594	46,284
Average total shareholder s equity	**625,061**	605,742	641,537	594,001	420,232
Less: average goodwill and other intangibles	**(284,304)**	(286,875)	(283,963)	(271,396)	(155,511)
Average tangible equity	**340,757**	318,867	357,574	322,605	264,721
Return on average tangible equity	**13.32%**	11.72%	7.26%	12.58%	17.48%
Return on average tangible assets:					
Net income	**$ 43,809**	$ 35,611	$ 23,933	$ 38,117	$ 44,669
Plus: amortization of intangibles, net of tax	**1,566**	1,774	2,022	2,477	1,615
Net income before amortization of intangibles	**45,375**	37,385	25,955	40,594	46,284
Average total assets	**5,440,243**	5,416,470	5,566,183	5,224,442	4,100,797
Less: average goodwill and other intangibles	**(284,304)**	(286,875)	(283,963)	(271,396)	(155,511)
Average tangible assets	**5,155,939**	5,129,595	5,282,220	4,953,046	3,945,286
Return on average tangible assets	**0.88%**	0.73%	0.49%	0.82%	1.17%

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ITEM 7. 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, Inc. 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-Qs for the prior quarters ended March 31, 2011, June 30, 2011 and September 30, 2011 and documents subsequently filed by WesBanco with the 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 under Risk Factors in Part I, Item 1A of this Annual Report on Form 10-K. 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 FDIC, the SEC, FINRA, 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.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

WesBanco s Consolidated Financial Statements are prepared in accordance with GAAP and follow general practices within the industries in which it operates. Application of these principles requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported.

The most significant accounting policies followed by WesBanco are included in Note 1, Summary of Significant Accounting Policies, of the Consolidated Financial Statements. These policies, along with other Notes to the Consolidated Financial Statements and this MD&A, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Management has identified securities valuation, the allowance for loan losses and the evaluation of goodwill and other intangible assets for impairment to be the accounting estimates that require the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available.

Allowance for Credit Losses The allowance for credit losses represents management s estimate of probable losses inherent in the loan portfolio and future advances against loan commitments. Determining the amount of the allowance requires significant judgment about the collectability of loans and the factors that deserve consideration in estimating probable credit losses. The allowance is increased by a provision charged to operating expense and reduced by charge-offs, net of recoveries. Management evaluates the adequacy of the allowance at least quarterly. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change from period to period.

The evaluation includes an assessment of quantitative factors such as actual loss experience within each category of loans and testing of certain loans for impairment. The evaluation also considers qualitative factors such as economic trends and conditions, which includes levels of unemployment, real estate values and the impact on specific industries and geographical markets, changes in lending policies and underwriting standards, delinquency and other credit quality trends, concentrations of credit risk if any, the results of internal loan reviews and examinations by bank regulatory agencies, and regulatory guidance pertaining to the allowance for credit losses. Management relies on observable data from internal and external sources to the extent it is available to evaluate each of these factors and adjusts the actual historical loss rates to reflect the impact these factors may have on probable losses in the portfolio.

Commercial real estate and commercial and industrial loans greater than $1 million that are reported as non-accrual or a troubled debt restructuring (TDR) are tested individually for impairment. Specific reserves are established when appropriate for such loans based on the present value of expected future cash flows of the loan or the estimated realizable value of the collateral, if any.

General reserves are established for loans that are not individually tested for impairment based on historical loss rates adjusted for the impact of qualitative factors as discussed above. Historical loss rates for commercial real estate and commercial and industrial loans are determined for each internal risk grade using a migration analysis that categorizes each charged off loan based on its risk grade twelve months prior to the charge-off. Historical loss rates for residential real estate, home equity and consumer loans that are not risk graded are determined for the total of each of those categories of loans. Historical loss rates for deposit account overdrafts are based on actual losses in relation to average overdrafts for the period.

Management has determined that historical loss rates for the most recent twelve month period are generally the most indicative of probable losses in the portfolio. However, management calculates annualized historical loss rates for multiple periods ranging from the most recent three months to the last five years and periodically evaluates the loss rates for each of the periods to assess trends in loss rates over time. In the event that loss rates for a period other than the most recent twelve months is considered more appropriate due to observable data, the loss rates used in the determination of the allowance for credit losses is adjusted.

Management may also adjust its assumptions to account for differences between estimated and actual incurred losses from period to period. While WesBanco continually refines and enhances the loss estimation models and techniques it uses to determine the appropriateness of the allowance for credit losses, there have been no material substantive changes to such models and techniques compared to prior periods. The variability of management s estimates and assumptions could alter the level of the allowance for credit losses and may have a material impact on WesBanco s future results of operations and financial condition.

Securities Valuation An investment security is considered impaired if its fair value is less than its cost or amortized cost basis. If WesBanco intends to sell or will be required to sell the investment prior to recovery of cost, the entire impairment will be recognized in the Consolidated Statement of Income. If WesBanco does not intend to sell, nor is it more likely than not that it will be required to sell, impaired securities prior to the recovery of their cost, a review is conducted each quarter to determine if the impairment is other-than-temporary due to credit impairment. In estimating other-than-temporary impairment losses, WesBanco considers the financial condition and near-term prospects of the issuer, evaluating any credit downgrades or other indicators of a potential credit problem, the extent and duration of the decline in fair value, the type of security, either fixed or equity, and the receipt of principal and interest according to the contractual terms. If the impairment is to be considered temporary, the impairment is recognized in other comprehensive income in the Consolidated Balance

Sheet. If the impairment is to be considered other-than-temporary based on management s review of the various factors that indicate credit impairment, the impairment must be separated into credit and non-credit portions. The credit portion is recognized in the Consolidated Statement of Income. The non-credit portion is calculated as the difference between the present value of the future cash flows and the fair value of the security and is recognized in other comprehensive income.

Goodwill and Other Intangible Assets WesBanco accounts for business combinations using the acquisition method of accounting. Accordingly, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest of an acquired business are recorded at their estimated fair values as of the date of acquisition with any excess of the cost of the acquisition over the fair value recorded as goodwill. At December 31, 2011, the carrying value of goodwill and other intangible assets was approximately $274.1 million and $9.1 million, respectively, which represents approximately 43.2% and 1.4% of total shareholders equity, respectively. At December 31, 2011, WesBanco had two reporting units, community banking and insurance services, with goodwill balances of $272.6 million and $1.5 million, respectively.

Goodwill and intangible assets with indefinite useful lives are not amortized. Intangible assets with finite useful lives, consisting primarily of core deposit and customer list intangibles, are amortized using straight-line or accelerated methods over their estimated useful lives, ranging from ten to sixteen years.

The carrying value of goodwill is tested at least annually for impairment on November 30^{th} or more frequently if indicators of potential impairment are present. The evaluation for impairment involves comparing the estimated current fair value of each reporting unit to its carrying value, including goodwill. If the estimated current fair value of a reporting unit exceeds its carrying value, no additional testing is required and an impairment loss is not recorded. Otherwise, additional testing is performed and to the extent such additional testing results in a conclusion that the carrying value of goodwill exceeds its implied fair value, an impairment loss is recognized.

WesBanco uses market capitalization, multiples of tangible book value, a discounted cash flow model, and various other market-based methods to estimate the current fair value of its reporting units. The resulting fair values of each method are then weighted based on the relevance and reliability of each respective method in light of the current economic environment to arrive at a weighted average fair value. Negative trends in economic growth and challenges specific to the banking industry in recent years have resulted in fewer comparable acquisitions of healthy banks and has depressed average transaction multiples. As a result, more reliance has been placed on the discounted cash flow model. The discounted cash flow model includes various estimates including assumptions regarding an investors required rate of return on WesBanco common stock, future loan loss provisions, future net interest margins, along with various growth and economic recovery and stabilization assumptions of the economy as a whole. As the volume and level of activity of mergers and acquisitions of healthy banks increase, more reliance may be placed on market-based methods such as price paid to tangible book value and earnings, and less reliance may be placed on discounted cash flow projections.

WesBanco s internal evaluation concluded that goodwill was not impaired as of November 30, 2011 for both reporting units. Based on the evaluation as of November 30, 2011, management believes that the fair value of the community banking reporting unit could decline by approximately 33% before further analysis of goodwill for impairment would be required.

As of December 31, 2011, there were no significant changes in market conditions, WesBanco operating results, or forecasted future results from November 30, 2011, the date of the most recent goodwill impairment evaluation. Therefore, WesBanco has concluded that goodwill is not impaired as of December 31, 2011.

Intangible assets with finite useful lives (primarily core deposit and customer list intangibles) are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset with a finite useful life is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and the fair value of the asset. Intangible assets with finite useful lives at December 31, 2011 are comprised of $8.6 million in core deposit intangibles held at the Bank and customer list intangibles of $0.4 million and $0.1 million held at WesBanco Securities and Insurance Services, respectively. At December 31, 2011 there were no indicators of impairment related to intangible assets with finite useful lives.

EXECUTIVE OVERVIEW

Financial performance improved in 2011 for the second year as WesBanco continued to strengthen after the recession. Net income increased 23.0%, in spite of the continuation of a challenging economic environment of high unemployment, depressed housing prices and low interest rates. Improvement in net interest income and a lower provision for credit losses combined to provide the improved results, while non-interest income and expense both improved slightly in 2011. Somewhat offsetting this improvement was an increase in the provision for income taxes due to higher pre-tax income. Return on average tangible assets(1) increased to 0.88% from 0.73% in 2010, return on average tangible equity(1) was 13.32% compared to 11.72% in the prior year, and the efficiency ratio improved to 59.50% in 2011 from 60.89% in the prior year. WesBanco increased its quarterly dividend to $0.15 per share in February and to $0.16 per share in August, representing a cumulative 14.3% increase over the prior year rate.

Net interest income increased through disciplined pricing of rates for lending and for deposits, through balance sheet management strategies to minimize risk and reduce higher cost interest bearing liabilities, primarily certain certificates of deposit and borrowings, and due to the benefits of reduced interest expense from the lower interest rate environment. Although interest rates again remained low throughout the year, which limited the opportunity for acquiring reasonably priced loans and investments, new and repriced deposits were also significantly less expensive. Lower cost deposits combined with the maturity of higher cost FHLB borrowings significantly reduced interest expense to a greater extent than reductions in interest income, resulting in the 2.0% increase in net interest income. Liquidity provided by increases in low cost deposits was used to avoid replacement of the maturing higher-cost borrowings. As a result, FHLB borrowings decreased by 33.7% in 2011 from December 31, 2010.

Loan quality continued to improve this year which resulted in a significant decline in the 2011 provision for credit losses, which decreased 20.8% compared to 2010. Charge-offs decreased 2.3% during the year, and non-performing assets decreased by 13.8%, including a 9.8% decrease in non-performing loans, from December 31, 2010 to the end of 2011. Criticized and classified loans decreased 19.4% and loans past due 30 days or more and accruing interest decreased 22.9% in 2011. These achievements were the result of initiatives to continue to improve lending practices, loan monitoring, workout strategies, and loss recovery programs, as well as from the sale of similar sized portfolios of non-performing loans in both 2011 and 2010.

Continued increases in trust fees and electronic banking fees, and a significant reduction in losses on other real estate reflecting prior year write-downs on a specific owned hotel property, contributed to non-interest income in 2011. These increases were partially offset by decreases in service charges on deposits due to regulatory changes in 2010 and reduced net securities gains, which provided an overall stable total non-interest income for 2011 compared to 2010. Non-interest expense decreased $0.9 million in 2011. Lower insurance rates from a new calculation by the FDIC, effective in April 2011, and the benefit of a continued organization-wide effort to reduce expense in many categories, more then covered increased salaries and wages from normal annual increases in compensation and increased marketing costs to implement various deposit, wealth management and retail loan campaigns.

Portfolio loan production increased significantly in 2011 with new loan volume at the highest level in the last five years. Categories with increases in loan production included commercial, commercial real estate and consumer loans. In addition, the Bank began retaining more residential real estate loans in the portfolio during the year, rather than selling them to the secondary market. However, total portfolio loans decreased slightly in

2011 primarily due to the third quarter non-performing loan sale of $17.2 million in commercial loan book value, payoffs of 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 driven by the low interest rate environment and steep competition for quality credits.

In 2011, WesBanco continued to strengthen its regulatory capital ratios with Tier 1 leverage at 8.71%, Tier 1 risk-based capital at 12.68%, and total risk-based capital at 13.93%, all of which improved in each of the last nine consecutive quarters. Both consolidated and bank-level regulatory capital ratios are well above the applicable well-capitalized standards promulgated by bank regulators. Total tangible equity to tangible assets[(1)] was 6.68% at December 31, 2011, a 35 basis point increase from 6.33% at December 31, 2010, primarily due to a $26.9 million increase in shareholders equity. The increase in shareholders equity was due to improved operating results net of dividends declared.

(1) See non-GAAP Measures within Item 6. Selected Financial Data for additional information relating to the calculation of this item.

RESULTS OF OPERATIONS

EARNINGS SUMMARY

Net income for 2011 increased 23.0% to $43.8 million from $35.6 million for 2010, while diluted earnings per common share were $1.65, compared to $1.34 per common share for the prior year. The growth in net income was achieved through a 20.8% lower provision for credit losses, a 2.0% improvement in net interest income, higher revenues from trust and electronic banking fees totaling $2.9 million, reduced losses on other real estate owned of $2.8 million, lower FDIC insurance costs from a 2011 revised assessment calculation, and continued cost control throughout the organization resulting in lower expenses in many categories. These improvements were somewhat offset by lower service charges on deposits, reduced net securities gains and increased salaries and wages expenses primarily through normal annual increases.

Net interest income increased $3.3 million or 2.0% in 2011 compared to 2010 due to increases in the net interest margin on relatively flat average earning assets. The margin improvement resulted from WesBanco s disciplined pricing of loans and deposits and significant improvements in the funding mix through increases in lower cost deposit categories and decreases in higher cost CDs and FHLB borrowings. The net interest margin increased 6 basis points in 2011 to 3.66%, compared to the prior year, due to decreases in the average rates on interest bearing liabilities, while rates on earning assets declined at a slower pace. The average rate on interest bearing liabilities decreased by 35 basis points in 2011, while the rate on earning assets declined by 27 basis points. Rates earned on the securities and loan portfolios have declined through reinvestment at current lower interest rates, with competitive pressures resulting in decreasing rates on high quality loans. The improvement in the cost of funds for the year was due to lower offered rates on maturing certificates of deposit, an increase in balances of lower-cost products including checking, money market and savings accounts, and lower balances of higher-cost FHLB borrowings. Average total deposits increased 3.5% in 2011 compared to 2010. The average balance for FHLB borrowings, which have the highest average interest cost at 3.42% representing 13.1% of interest expense, decreased 41.4% in 2011 through scheduled maturities. The FHLB maturities were funded primarily by the increase in deposits. Improvements in the mix of deposit accounts also contributed to the improved cost of funds, with average CDs decreasing to 38.4% of total average deposits from 42.6% in 2010, while total transaction account types increased to 61.6% of total deposits.

For 2011, the provision for credit losses decreased $9.3 million compared to 2010. Net charge-offs decreased $1.0 million, while classified and criticized loans decreased $62.0 million or 19.4% compared to December 31, 2010, of which $17.2 million was attributable to the sale of non-performing loans in the third quarter with the remainder of the decrease resulting from improvements in credit quality, principal reductions or other orderly exits of certain loans, and other charge-offs. Loans past due 30 days or more and accruing interest at December 31, 2011 decreased 22.9% compared to December 31, 2010. Total non-performing loans at December 31, 2011 decreased $9.4 million or 9.8% from December 31, 2010, primarily due to the loan sale. The allowance for loan losses decreased by 10.2% compared to December 31, 2010 due primarily to the reduction in classified and criticized loans, lower delinquency, and the elimination of reserves attributable to loans that were charged-off during the year, including loans that were sold in the third quarter. The allowance for loan losses was 1.69% of total loans at December 31, 2011, compared to 1.86% at December 31, 2010.

Non-interest income increased $0.3 million or 0.5% for the year ended December 31, 2011, primarily due to $1.6 million increase in electronic banking fees due to increased transaction volume, a $1.3 million or 8.5% increase in trust fees through new business and fee increases, and a decrease in losses on other real estate owned of $2.8 million. These improvements were partially offset by a $2.4 million decrease in net securities gains, and a decrease in service charges on deposits of $2.0 million due to regulatory changes effective in the third quarter of last year. Service charges on deposits stabilized in the second half of 2011 compared to both the second half of 2010 and the first six months of 2011. Non-interest expense decreased $0.9 million or 0.6% for 2011 compared to 2010. FDIC insurance decreased $1.9 million due to a new calculation by the FDIC effective in 2011, and equipment expense decreased $1.2 million due to lower service agreement and depreciation expense. These decreases were partially offset by a $1.6 million or 2.9% increase in salaries and wages due to routine annual adjustments to compensation, and a $1.0 million increase in marketing, primarily from customer incentives that were part of promotions focused on growing demand deposits and home equity loans. WesBanco s efficiency ratio was 59.5% for 2011, down from 60.9% for 2010.

The provision for income taxes increased $5.5 million due to the significant increase in pre-tax income and an effective tax rate in 2011 of 18.3% compared to 10.9% in 2010. The higher effective rate was due primarily to a lower percentage of tax-exempt income to total income due to the increase in pre-tax income.

TABLE 1. NET INTEREST INCOME

	For the years ended December 31,		
(dollars in thousands)	**2011**	**2010**	**2009**
Net interest income	**$ 169,365**	$ 166,092	$ 158,372
Taxable-equivalent adjustments to net interest income	**6,520**	6,142	7,544
Net interest income, fully taxable-equivalent	**$ 175,885**	$ 172,234	$ 165,916
Net interest spread, non-taxable-equivalent	**3.34%**	3.27%	2.93%
Benefit of net non-interest bearing liabilities	**0.18%**	0.20%	0.28%
Net interest margin	**3.52%**	3.47%	3.21%
Taxable-equivalent adjustment	**0.14%**	0.13%	0.15%
Net interest margin, fully taxable-equivalent	**3.66%**	3.60%	3.36%

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 (deposits and short and long-term borrowings). Net interest income is affected by the general level and changes in interest rates, the steepness and shape 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 of those assets and liabilities. Net interest income increased $3.3 million or 2.0% in 2011 compared to 2010 due to increases in the net interest margin on relatively flat average earning assets. The margin improvement resulted from WesBanco s disciplined pricing of loans and deposits and significant improvements in the funding mix through increases in lower cost deposit categories and decreases in higher cost CDs and FHLB borrowings. In addition, interest income from the investment portfolio has increased by 2.9% in 2011 due to a 15.0% increase in average outstanding balances partially offset by a decrease in the average rates earned as market rates decreased. The net interest margin increased 6 basis points in 2011 to 3.66%, compared to the prior year due to decreases in the average rates on interest bearing liabilities, while rates on earning assets declined at a slower pace. Lower rates on new deposits, maturities of higher rate certificates of deposit, and an increase in lower-cost transaction account deposits all contributed to the improvement in the cost of funds. In addition, the average balance in 2011 for FHLB borrowings, which have the highest average interest cost at 3.42% representing 13.1% of interest expense, decreased by $148.5 million or 41.4% from 2010 through planned reductions utilizing the liquidity obtained through increased deposits. The margin has also benefited from a 13.7% increase in average non-interest bearing deposit balances in 2011 as a result of marketing campaigns, customer incentives, additional wealth management deposits, and treasury management and other business banking initiatives for commercial customers. However, the low interest rate environment has reduced the opportunities to improve the net interest margin.

Interest income decreased $12.4 million or 5.2% in 2011 compared to 2010 due to lower yields while average earning assets increased only 0.5%. The yield on total average earning assets decreased 27 basis points to 4.80% in 2011 from 5.07% in 2010. Rates decreased on all earning asset categories from reduced rates on new and repriced assets due to the lower interest rate environment throughout the last three years. In addition, the mix of earning assets invested in lower-yielding securities increased, compared to typically higher-yielding loans. Average loans decreased $129.0 million in 2011, primarily due to payoffs and workouts of commercial real estate loans, while total average securities increased $192.4 million for the year, resulting in higher-yielding average loans comprising 67.7% of earning assets in 2011 compared to 70.8% in 2010. 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 19 basis points in 2011. In addition, proceeds from loan maturities, payoffs and principal reductions, have been reinvested at lower yields, thus reducing the overall yield of earning assets. Securities yields decreased 41 basis points in 2011, primarily due to the reinvestment of funds from investment maturities and calls, and from loan prepayments, at current lower available interest rates. Taxable securities yields decreased 42 basis points while tax-exempt securities yields declined only 26 basis points due to the longer average life of tax-exempts. In addition, rate spread opportunities were available in taxable mortgage-backed and collateralized mortgage securities, offsetting significant calls of other government agencies and resulting in an increase in average taxable securities for the year.

Average loan balance decreases were primarily due to payoffs of performing commercial real estate loans that were refinanced in the secondary market or as a result of bank sales or charge-offs of non-performing loans, borrowers selling properties, and pay-downs on commercial lines of credit. Partially offsetting these reductions, portfolio loan production increased significantly in 2011 with new loan volume at the highest level in the last five years. Categories with increases in loan production included commercial, commercial real estate and personal loans. In addition, the Bank began retaining more residential mortgage loans in the portfolio during the year, rather than selling them to the secondary market. As a result, excluding the effect of the loan sale in the third quarter of 2011, period end portfolio loans decreased only 1.0% for the year.

In 2011 interest expense decreased $15.6 million or 22.2% compared to 2010 due to decreases in rates paid, decreases in average interest bearing liability balances, and a change in the liability mix towards less expensive sources of funding. The average rate paid on interest bearing liabilities decreased 35 basis points to 1.32% in 2011, while interest bearing liabilities decreased 1.7%. Rates paid on deposits declined by 29 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, including maturing and new CDs, to realize a lower cost of funds during a period of declining loan yields. Improvements in the deposit funding mix also lower the cost of funds, with average CDs decreasing to 38.4% of total average deposits from 42.6% in 2010, while all other account types increased to 61.6%. The overall reduction in average interest bearing liabilities is primarily due to the decrease in FHLB borrowings, partially offset by increases in average interest bearing deposits of $68.1 million or 1.9% in 2011 compared to 2010. In addition, average non-interest bearing demand deposits increased by $77.1 million. Balance sheet liquidity from the deposit increases was used to pay down higher-cost maturing FHLB borrowings, significantly contributing to the reduced cost of funds. FHLB borrowings were 5.1% of average interest bearing liabilities in 2011 compared to 8.5% in 2010. Average deposits increased significantly in every product category

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other than CDs, including lower cost checking, money market and savings accounts, even as offered rates were reduced. CDs decreased by $118.1 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 years ended December 31,								
	2011			2010			2009		
(dollars in thousands)	**Average Balance**	**Interest**	**Average Rate**	**Average Balance**	**Interest**	**Average Rate**	**Average Balance**	**Interest**	**Average Rate**
ASSETS									
Due from banks-interest bearing	**$ 48,723**	**$ 101**	**0.21%**	$ 82,380	$ 198	0.24%	$ 44,565	$ 87	0.19%
Loans, net of unearned income (1)	**3,256,887**	**175,818**	**5.40%**	3,385,928	189,380	5.59%	3,547,122	204,317	5.76%
Securities: (2)									
Taxable	**1,179,458**	**36,034**	**3.06%**	1,015,643	35,375	3.48%	991,434	38,651	3.90%
Tax-exempt (3)	**299,357**	**18,629**	**6.22%**	270,759	17,550	6.48%	326,735	21,554	6.60%
Total securities	**1,478,815**	**54,663**	**3.70%**	1,286,402	52,925	4.11%	1,318,169	60,205	4.57%
Federal funds sold							2,060	5	0.24%
Other earning assets	**25,030**	**105**	**0.42%**	29,838	167	0.56%	31,849	294	0.92%
Total earning assets (3)	**4,809,455**	**230,687**	**4.80%**	4,784,548	242,670	5.07%	4,943,765	264,908	5.36%
Other assets	**630,788**			631,922			622,418		
Total Assets	**$ 5,440,243**			$ 5,416,470			$ 5,566,183		
LIABILITIES AND SHAREHOLDERS EQUITY									
Interest bearing demand deposits	**$ 528,109**	**$ 1,814**	**0.34%**	$ 474,979	$ 2,561	0.54%	$ 455,151	$ 2,921	0.64%
Money market accounts	**892,493**	**5,148**	**0.58%**	817,272	7,529	0.92%	629,520	6,687	1.06%
Savings deposits	**570,093**	**1,505**	**0.26%**	512,289	2,242	0.44%	470,737	2,385	0.51%
Certificates of deposit	**1,636,753**	**31,054**	**1.90%**	1,754,805	36,817	2.10%	1,887,051	52,827	2.80%
Total interest bearing deposits	**3,627,448**	**39,521**	**1.09%**	3,559,345	49,149	1.38%	3,442,459	64,820	1.88%
Federal Home Loan Bank borrowings	**210,506**	**7,199**	**3.42%**	359,010	12,721	3.54%	570,008	21,849	3.83%
Other borrowings	**194,768**	**4,823**	**2.48%**	183,542	4,774	2.60%	224,649	6,971	3.10%
Junior subordinated debt	**106,050**	**3,259**	**3.07%**	109,552	3,792	3.46%	111,152	5,352	4.82%
Total interest bearing liabilities	**4,138,772**	**54,802**	**1.32%**	4,211,449	70,436	1.67%	4,348,268	98,992	2.28%
Non-interest bearing demand deposits	**639,837**			562,763			524,167		
Other liabilities	**36,573**			36,516			52,211		
Shareholders equity	**625,061**			605,742			641,537		
Total Liabilities and Shareholders Equity	**$ 5,440,243**			$ 5,416,470			$ 5,566,183		
Net interest spread			**3.48%**			3.40%			3.08%
Taxable equivalent net interest margin (3)		**$ 175,885**	**3.66%**		$ 172,234	3.60%		$ 165,916	3.36%

(1) Total loans are gross of the allowance for loan losses, net of unearned income and include loans held for sale. Non-accrual loans were included in the average volume for the entire period. Loan fees included in interest income on loans totaled $4.3 million, $4.2 million and $4.6 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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

(3) The yield on earning assets and the net interest margin are presented on a fully taxable-equivalent (FTE) and annualized basis. The FTE basis adjusts for the tax benefit of income on certain tax-exempt loans and investments using the federal statutory tax rate of 35% for each period presented. WesBanco believes this measure to be the preferred industry measurement of net interest income and provides relevant comparison between taxable and non-taxable amounts.

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TABLE 3. RATE/VOLUME ANALYSIS OF CHANGES IN INTEREST INCOME AND INTEREST EXPENSE (1)

	2011 Compared to 2010			2010 Compared to 2009		
(in thousands)	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:						
Due from banks-interest bearing	**$ (72)**	**$ (25)**	**$ (97)**	$ 86	$ 25	$ 111
Loans, net of unearned income	**(7,086)**	**(6,476)**	**(13,562)**	(9,121)	(5,816)	(14,937)
Taxable securities	**5,308**	**(4,649)**	**659**	925	(4,201)	(3,276)
Tax-exempt securities (2)	**1,801**	**(721)**	**1,080**	(3,634)	(370)	(4,004)
Federal funds sold				(3)	(2)	(5)
Other earning assets	**(24)**	**(38)**	**(62)**	(18)	(109)	(127)
Total interest income change (2)	**(73)**	**(11,909)**	**(11,982)**	(11,765)	(10,473)	(22,238)
Increase (decrease) in interest expense:						
Interest bearing demand deposits	**262**	**(1,009)**	**(747)**	123	(483)	(360)
Money market	**642**	**(3,023)**	**(2,381)**	1,811	(969)	842
Savings deposits	**231**	**(968)**	**(737)**	199	(342)	(143)
Certificates of deposit	**(2,379)**	**(3,384)**	**(5,763)**	(3,499)	(12,511)	(16,010)
Federal Home Loan Bank borrowings	**(5,093)**	**(429)**	**(5,522)**	(7,580)	(1,548)	(9,128)
Other borrowings	**284**	**(235)**	**49**	(1,166)	(1,031)	(2,197)
Junior subordinated debt	**(118)**	**(415)**	**(533)**	(76)	(1,484)	(1,560)
Total interest expense change	**(6,171)**	**(9,463)**	**(15,634)**	(10,188)	(18,368)	(28,556)
Net interest income increase (decrease) (2)	**$ 6,098**	**$ (2,446)**	**$ 3,652**	$ (1,577)	$ 7,895	$ 6,318

(1) Changes to rate/volume are allocated to both rate and volume on a proportionate dollar basis.
(2) The yield on earning assets and the net interest margin are presented on a fully taxable-equivalent (FTE) and annualized basis. The FTE basis adjusts for the tax benefit of income on certain tax-exempt loans and investments using the federal statutory tax rate of 35% for each period presented. WesBanco believes this measure to be the preferred industry measurement of net interest income and provides relevant comparison between taxable and non-taxable amounts.

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 in the loan portfolio. The provision for credit losses for the year ended December 31, 2011 decreased $9.3 million or 20.8% to $35.3 million compared to $44.6 million for the year ended December 31, 2010. Although declining, the provision remains elevated compared to previous historical levels due to the ongoing impact of the weakened economy and resulting recognition of charge-offs on all categories of the portfolio. The decrease in the provision for 2011 compared to 2010 reflects a reduction in non-performing, past due, classified and criticized loans, lower unemployment in the Bank s markets, a 15% reduction in the historical loss rate for commercial real estate loans other than land and construction, and a moderate decline in the historical loss rate for residential real estate, home equity and consumer loans. The provision for 2011 and 2010 includes $5.5 million and $6.6 million, respectively to charge-down certain non-performing loans that were sold in each year, less previously recorded reserves against those loans. The provision for 2011 was $7.2 million less than net charge-offs for the year due to the recognition of losses in the current year that were provided for in prior years. The provision exceeded net charge-offs by approximately $11 million in both 2008 and 2009 due to observable data during those years that indicated a higher level of probable losses than the amount of net charge-offs in those years. The provision approximated net charge-offs in 2010 as economic conditions were somewhat more stable than the two prior years. (Please see the Allowance for Credit Losses section of this MD&A for additional discussion).

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TABLE 4. NON-INTEREST INCOME

(dollars in thousands)	For the Years Ended December 31, 2011	2010	$ Change	% Change
Trust fees	**$ 17,173**	$ 15,835	$ 1,338	8.4%
Service charges on deposits	**18,629**	20,645	(2,016)	(9.8)%
Electronic banking fees	**10,088**	8,482	1,606	18.9%
Net securities brokerage revenue	**4,413**	4,563	(150)	(3.3)%
Bank-owned life insurance	**3,566**	4,505	(939)	(20.8)%
Net gains on sales of mortgage loans	**1,977**	2,885	(908)	(31.5)%
Net securities gains	**963**	3,362	(2,399)	(71.4)%
Net losses on other real estate owned and other assets	**(1,290)**	(4,128)	2,838	68.8%
Other income:				
Net insurance services revenue	**2,442**	2,352	90	3.8%
Other	**1,927**	1,098	829	75.5%
Total non-interest income	**$ 59,888**	$ 59,599	$ 289	0.5%

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. Non-interest income for the year ended December 31, 2011 increased $0.3 million or 0.5% compared to 2010. The increase was primarily due to a $1.6 million increase in electronic banking fees due to increased transaction volume, a $1.3 million increase in trust fees through new business and fee increases, increases in miscellaneous fees and insurance services revenue included in other income, and a decrease in losses on other real estate owned of $2.8 million. These improvements were partially offset by a $2.4 million decrease in net securities gains, a $0.9 million decrease in bank-owned life insurance due to a benefit claim recognized in 2010, and a decrease in service charges on deposits of $2.0 million due to regulatory changes effective in late 2010. Also for the year, net gains on sale of mortgage loans decreased $0.9 million as more loans with terms of 15 years and less were being retained in 2011.

Trust fees improved 8.4% compared to 2010, due to new business and the implementation of a fee increase in October of 2010. Higher average trust assets during 2011 also contributed to the improved fees as the market value of trust assets increased to $3.0 billion as of December 31, 2011. At December 31, 2011, trust assets include managed assets of $2.4 billion and non-managed (custodial) assets of $0.6 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 $748.0 million as of December 31, 2011 and are included in trust managed assets.

Electronic banking fees, which include debit card interchange fees, increased $1.6 million compared to 2010, 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. Marketing campaigns aimed at rewarding customers for debit card transactions have also increased electronic transactions. Regulatory changes, which became effective October 1, 2011 for 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 9.8% lower in 2011 compared to 2010 due to changes in customer behavior and recent regulatory changes that include requirements for customers to opt-in for overdraft coverage of certain types of electronic banking activities. Preceding the

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August 15, 2010 implementation of the new rules on existing accounts, WesBanco experienced lower daily and monthly overdraft usage patterns as average retail demand deposit balances were higher. While an overwhelming majority of WesBanco s heaviest overdraft users have opted-in to continue such coverage, low response rates from infrequent users may have some impact on our ability to earn associated fees, as does continuing higher average customer deposit account balances. Service charges on deposits were relatively unchanged in the second half of 2011 compared to the same period in 2010 as the regulatory changes went into effect in the third quarter of 2010.

Net losses on the sale of other real estate owned and other assets decreased by $2.8 million for the year compared to 2010 due to ongoing property liquidation efforts and a prior year loss taken on a large hospitality-owned property. As a result, real estate owned balances have been reduced by more than 50% over the last year.

Gains on the sale of mortgage loans decreased by 31.5% for the year compared to the same period in 2010 primarily from a strategic effort initiated early in 2011 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 5. NON-INTEREST EXPENSE

	For the Years Ended December 31,			
(dollars in thousands)	**2011**	**2010**	**$ Change**	**% Change**
Salaries and wages	**$ 56,045**	$ 54,452	$ 1,593	2.9%
Employee benefits	**17,949**	18,315	(366)	(2.0)%
Net occupancy	**11,255**	10,728	527	4.9%
Equipment	**8,745**	9,914	(1,169)	(11.8)%
Marketing	**5,142**	4,187	955	22.8%
FDIC Insurance	**4,768**	6,681	(1,913)	(28.6)%
Amortization of intangible assets	**2,410**	2,729	(319)	(11.7)%
Other operating expenses:				
Miscellaneous, franchise, and other taxes	**5,334**	5,784	(450)	(7.8)%
Postage	**3,201**	3,516	(315)	(9.0)%
Consulting, regulatory, accounting and advisory fees	**3,599**	3,423	176	5.1%
Other real estate owned and foreclosure expenses	**3,188**	3,262	(74)	(2.3)%
Legal fees	**2,888**	2,749	139	5.1%
Communications	**2,600**	2,731	(131)	(4.8)%
ATM and interchange expenses	**2,921**	2,669	252	9.4%
Supplies	**2,440**	2,402	38	1.6%
Other	**7,810**	7,610	200	2.6%
Total other operating expenses	**33,981**	34,146	(165)	(0.5)%
Total non-interest expense	**$ 140,295**	$ 141,152	$ (857)	(0.6)%

Non-interest expense decreased $0.9 million or 0.6% for 2011 compared to 2010 primarily due to lower FDIC insurance, equipment and employee benefit expenses. FDIC insurance decreased $1.9 million due to a new calculation and lower overall rate imposed by the FDIC effective in 2011 and equipment expense decreased $1.2 million due to lower service agreement and depreciation expense, while employee benefits decreased $0.4 million due to lower healthcare expenses. These decreases were partially offset by a $1.6 million or 2.9% increase in salaries and wages due to routine annual adjustments to compensation, and a $1.0 million increase in marketing. WesBanco s efficiency ratio improved to 59.5% for 2011, down from 60.9% for 2010. Non-interest expense decreased in each of the last two consecutive years, resulting from effective cost saving strategies.

Salaries and wages increased 2.9% for the year ended December 31, 2011 compared to 2010, primarily due to regular employee compensation increases and higher incentive compensation accruals. Full-time equivalent employees declined slightly from 1,377 at December 31, 2010 to 1,368 at December 31, 2011. Employee benefits decreased 2.0% primarily due to lower employee health care costs and pension expense.

Marketing expenses increased $1.0 million for the year compared to 2010 primarily due to increased customer cash incentives and free checking promotions focused on growing home equity loans, demand deposits and increased debit card usage throughout the year.

Net occupancy for the year increased due to higher depreciation. Equipment declined primarily from depreciation decreases combined with a decline in service agreement expenses.

Miscellaneous taxes decreased 7.8% primarily due to a 7 basis point decrease in West Virginia franchise tax rates in 2011 compared to 2010 and certain filed return adjustments during the year.

Postage decreased 9.0% primarily due to successful marketing campaigns aimed at promoting our online and mobile banking services and electronic bank statements.

ATM and interchange expenses, which include debit card processing fees, increased $0.3 million or 9.4% compared to 2010, 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.

INCOME TAXES

The provision for federal and state income taxes increased to $9.8 million in 2011 compared to 2010. The increase in income tax expense was due to a $13.7 million increase in pre-tax income, and a higher effective tax rate of 18.3% compared to 10.9% for 2010, partially offset by a $0.2 million reduction in income expense related to the elimination of an uncertain tax position in 2011 and certain 2009 filed return adjustments that increased 2010 income tax expense by $0.1 million. The increase in the effective tax rate was due primarily to higher pre-tax income resulting in a lower percentage of tax-exempt income to total income.

FINANCIAL CONDITION

Total assets increased 3.3% in 2011, while total deposits and shareholders equity increased 5.3% and 4.4%, respectively, compared to December 31, 2010. Total borrowings decreased 13.9% in 2011. The increase in total assets was primarily the result of a $183.1 million or 12.8% increase in investment securities, which was funded by the increase in deposits. Portfolio loans decreased $49.3 million or 1.5% in 2011 primarily as a result of the sale or charge-off of certain non-performing loans, payoffs of 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 resulted from a 19.6% increase in demand deposits, a 12.4% increase in savings deposits and a 6.5% increase in money market deposits, which more than offset the 6.4% decrease in certificates of deposit due to planned reductions through lower offered rates for new and rollover certificates of deposit. The increase in demand, savings and money market deposits are primarily a result of marketing campaigns, customer incentives, additional wealth management deposits, and treasury management and other business banking initiatives for commercial customers. The liquidity provided by the increase in deposits and decrease in the loan portfolio was partially utilized to pay down higher cost FHLB advances by $85.4 million or 33.7% compared to December 31, 2010. Total shareholders equity increased by $26.9 million primarily due to net income exceeding dividends paid to common shareholders by $27.3 million for the year, which was partially offset by a $1.0 million decrease in accumulated other comprehensive income. The decrease in accumulated other comprehensive income resulted from unrealized losses in the defined pension plan, which were mostly offset by unrealized gains recorded in the available-for-sale securities portfolio. The tangible equity to tangible assets ratio (non-GAAP measure) increased to 6.68% at December 31, 2011 from 6.33% at December 31, 2010,

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primarily as a result of the increase in shareholders equity somewhat offset by an increase in tangible assets. See non-GAAP Measures within Item 6. Selected Financial Data for additional information relating to the calculation of this item.

SECURITIES

TABLE 6. COMPOSITION OF SECURITIES (1)

(dollars in thousands)	December 31, 2011	2010 (3)	2011-2010 $ Change	% Change	2009
Available-for-sale (at fair value)					
Other government agencies	**$ 198,720**	$ 363,135	$ (164,415)	(45.3)%	$ 190,726
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**588,092**	353,345	234,747	66.4%	698,138
Other residential collateralized mortgage obligations					2,591
Obligations of states and political subdivisions	**180,433**	210,808	(30,375)	(14.4)%	363,619
Corporate debt securities	**44,066**	25,583	18,483	72.2%	2,932
Total debt securities	**1,011,311**	952,871	58,440	6.1%	1,258,006
Equity securities	**5,029**	4,610	419	9.1%	3,798
Total available-for-sale securities	**$ 1,016,340**	$ 957,481	$ 58,859	6.1%	$ 1,261,804
Held-to-maturity (at amortized cost)					
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**247,938**	202,062	45,876	22.7%	
Other residential collateralized mortgage obligations	**783**	1,224	(441)	(36.0)%	
Obligations of states and political subdivisions	**342,752**	263,973	78,779	29.8%	
Corporate debt securities	**1,452**	1,451	1	0.1%	1,450
Total held-to-maturity securities	**592,925**	468,710	124,215	26.5%	1,450
Total securities	**$ 1,609,265**	$ 1,426,191	$ 183,074	12.8%	$ 1,263,254
Available-for-sale securities:					
Weighted average yield at the respective year end (2)	**2.86%**	3.46%			4.57%
As a % of total securities	**63.2%**	67.1%			99.9%
Weighted average life (in years)	**2.8**	4.0			3.7
Held-to-maturity securities:					
Weighted average yield at the respective year end (2)	**4.62%**	4.84%			9.71%
As a % of total securities	**36.8%**	32.9%			0.1%
Weighted average life (in years)	**5.3**	6.8			20.3
Total securities:					
Weighted average yield at the respective year end (2)	**3.51%**	3.91%			4.58%
As a % of total securities	**100.0%**	100.0%			100.0%
Weighted average life (in years)	**3.7**	4.9			3.7

(1)

At December 31, 2011, 2010 and 2009, there were no holdings of any one issuer, other than the U.S. government and certain federal or federally-related agencies, in an amount greater than 10% of WesBanco s shareholders equity.

(2) Weighted average yields have been calculated on a taxable-equivalent basis using the federal statutory tax rate of 35%.

(3) In April 2010, available-for-sale securities with a fair value of $426.7 million were transferred to the held-to-maturity portfolio.

Total investment securities, which represent a source of liquidity for WesBanco as well as a contributor to interest income, increased $183.1 million, or 12.8% from December 31, 2010 to December 31, 2011. The increase in securities in 2011 was funded primarily from increases in deposits. The overall securities increase for the year was primarily due to increases in the mortgage-backed, collateralized mortgages and municipal

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categories, partially offset by a decrease in government agencies, primarily due to calls. WesBanco does not have any material investments in private mortgage-backed securities or those that are collateralized by sub-prime mortgages, nor does WesBanco have any exposure to collateralized debt obligations or government-sponsored enterprise preferred stocks.

The investment portfolio s tax-equivalent yield, combining both the held-to-maturity and available-for-sale portfolios, decreased from 3.91% at December 31, 2010, to 3.51% at December 31, 2011. The decrease in the portfolio yield is directly attributable to the prolonged lower interest rate environment which is affecting the repricing of most fixed income securities. Cash flows from the portfolio due to calls, maturities and prepayments increased in 2011 by 15.6% to $564.7 million, from $488.3 million for 2010. Higher prepayment speeds on mortgage-backed securities in the second half of 2011, coupled with a higher volume of calls on both government agencies and municipal securities in the lower rate environment led to the increased cash flows.

Total gross unrealized securities losses decreased by $11.9 million, from $13.8 million at December 31, 2010 to $1.9 million at December 31, 2011. WesBanco had $192.0 million in investment securities in an unrealized loss position for less than twelve months at December 31, 2011, which was a 63.8% decrease from the $530.8 million for the same category at December 31, 2010. This decrease was due to the lower interest rate environment in 2011. In addition, at December 31, 2011, WesBanco had $15.8 million in investment securities in an unrealized loss position for more than twelve months which was an increase from the $1.0 million for the same category at December 31, 2010, particularly due to increased unrealized losses in corporate debt securities. WesBanco believes that all of the unrealized securities losses at December 31, 2011, were temporary impairment losses. Please refer to Note 3, Securities, of the Consolidated Financial Statements for additional information.

Net unrealized pre-tax gains on available-for-sale securities were $18.0 million at December 31, 2011, compared to $7.8 million at December 31, 2010. These net unrealized pre-tax gains represent temporary fluctuations resulting from changes in market rates in relation to fixed yields in the available-for-sale portfolio, and on an after-tax basis are accounted for as an adjustment to other comprehensive income in shareholders equity. Net unrealized pre-tax gains on the held-to-maturity portfolio, not accounted for in other comprehensive income, increased to $28.5 million at December 31, 2011 from ($2.8) million at December 31, 2010 for similar reasons as those securities accounted for in the available-for-sale category.

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TABLE 7. MATURITY DISTRIBUTION AND YIELD ANALYSIS OF SECURITIES

The following table presents the amortized cost and tax equivalent yields of available-for-sale and held-to-maturity securities by contractual maturity at December 31, 2011. In some instances, the issuers may have the right to call or prepay obligations without penalty prior to the contractual maturity date.

	December 31, 2011							
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years	
(dollars in thousands)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)
Available-for-sale (at amortized cost):								
Other government agencies	$		$ 17,516	2.11%	$ 25,585	1.95%	$ 154,797	2.44%
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2)	13,065	4.52%	549,403	2.05%	15,735	2.96%	1,227	5.60%
Obligations of states and political subdivisions (3)	5,627	4.71%	51,397	6.16%	69,529	6.10%	45,229	5.40%
Corporate debt securities	5,353	1.18%	32,649	1.63%	2,000	6.00%	5,000	3.62%
Equity securities							4,179	6.53%
Total available-for-sale securities	$ 24,045	3.82%	$ 650,965	2.36%	$ 112,849	4.72%	$ 210,432	3.21%
Held-to-maturity (at amortized cost)								
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2)	5,543	4.48%	194,348	3.15%	47,929	3.76%	118	2.55%
Other residential collateralized mortgage obligations (2)			783	4.58%				
Obligations of states and political subdivisions (3)	5,183	6.33%	7,406	5.33%	46,446	5.44%	283,717	5.49%
Corporate debt securities							1,452	9.71%
Total held-to-maturity securities	$ 10,726	5.37%	$ 202,537	3.24%	$ 94,375	4.59%	$ 285,287	5.51%
Total securities	$ 34,771	4.30%	$ 853,502	2.56%	$ 207,224	4.66%	$ 495,719	4.53%

(1) Yields are determined based on the lower of the yield-to-call or yield-to-maturity.
(2) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are assigned to maturity categories based on current estimated average lives.
(3) Average yields on obligations of states and political subdivisions have been calculated on a taxable-equivalent basis using the federal statutory tax rate of 35%.

Cost-method investments consist primarily of FHLB of Pittsburgh and FHLB of Cincinnati stock totaling $21.9 million and $28.0 million at December 31, 2011 and December 31, 2010, respectively, and are included in other assets in the Consolidated Balance Sheets.

On February 22, 2012, the FHLB of Pittsburgh announced that it would pay a dividend on the average capital stock balance held during the three month period ended December 31, 2011 at an annualized rate of 0.10% for the first time since late 2008. They also will continue to partially repurchase certain amounts of excess stock held by member banks. Such repurchase was also suspended in late 2008 and partially restored five quarters ago. However, the FHLB also noted future dividend payments and capital stock repurchases will continue to be reviewed on a quarterly basis. The FHLB of Pittsburgh stock owned by WesBanco totaling $20.4 million and $25.0 million at December 31, 2011 and 2010, respectively, does not have a readily determinable fair value, and is held primarily to serve as collateral on FHLB borrowings. Although the

FHLB of Pittsburgh did not pay a dividend in 2011 and only partially lifted the suspension on the repurchase of excess capital stock, they are meeting their current debt obligations, have continued to exceed all required capital ratios, announced the

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payment of a dividend in 2012, and have remained in compliance with statutory and regulatory requirements. Accordingly, as of December 31, 2011, WesBanco believes that sufficient evidence exists to conclude that its investment in FHLB stock was not impaired. At December 31, 2011, WesBanco held excess capital stock of $5.8 million that remains to be repurchased by the FHLB of Pittsburgh. The FHLB of Pittsburgh stock balance declined from December 31, 2010 to December 31, 2011 due to stock repurchases of $4.6 million.

WesBanco has not recognized any dividend income on FHLB of Pittsburgh stock for the years ended December 31, 2011 or 2010. Additionally, the Bank owned $1.6 million and $2.9 million of FHLB of Cincinnati stock at December 31, 2011 and 2010, respectively, which paid a cash dividend at an annualized rate of 4.25% in 2011 totaling $0.1 million and a cash dividend of $0.2 million in 2010, representing an annualized rate of 4.37%.

TABLE 8. COMPOSITION OF MUNICIPAL SECURITIES

The following table presents the allocation of the municipal bond portfolio based on the combined S&P and Moody s ratings of the individual bonds:

	December 31, 2011		**December 31, 2010**	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**
Municipal bonds (at fair value):				
AAA rating	**$ 52,791**	**9.7%**	$ 44,277	9.4%
AA rating	**388,659**	**71.4%**	311,792	66.3%
A rating	**64,125**	**11.7%**	55,703	11.8%
Below an A rating (1)	**24,351**	**4.5%**	38,321	8.2%
No rating	**14,580**	**2.7%**	20,069	4.3%
Total municipal bond portfolio	**$ 544,506**	**100.0%**	$ 470,162	100.0%

(1) All securities noted as below an A rating are rated as investment grade.

WesBanco s municipal bond portfolio consists of both taxable (primarily Build America Bonds) and tax-exempt general obligation and revenue bonds. The following table presents additional information regarding the municipal bond type and issuer (at fair value):

	December 31, 2011		**December 31, 2010**	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**
Municipal bond type:				
General Obligation	**$ 393,755**	**72.3%**	$ 346,343	73.7%
Revenue	**150,751**	**27.7%**	123,819	26.3%
Total municipal bond portfolio	**$ 544,506**	**100.0%**	$ 470,162	100.0%
Municipal bond issuer:				
State Issued	**$ 60,034**	**11.0%**	$ 54,101	11.5%
Local Issued	**484,472**	**89.0%**	416,061	88.5%
Total municipal bond portfolio	**$ 544,506**	**100.0%**	$ 470,162	100.0%

The amortized cost of the municipal bond portfolio at December 31, 2011 and 2010 was $514.5 million and $472.2 million, respectively. The municipal bond portfolio is broadly spread across the U.S. with 59% of the portfolio s fair value in the top five states of Pennsylvania, Ohio, Illinois, Texas, and West Virginia, respectively.

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WesBanco uses prices from independent pricing services and, to a lesser extent, indicative (non-binding) quotes from independent brokers, to measure the fair value of its securities. WesBanco validates prices received from pricing services or brokers using a variety of methods, including, but not limited to, comparison to secondary pricing services, corroboration of pricing by reference to other independent market data such as secondary broker quotes and relevant benchmark indices, review of pricing by personnel familiar with market liquidity and other market-related conditions, review of pricing service methodologies, review of independent auditor reports received from the pricing service regarding its internal controls, and through review of inputs and assumptions used in pricing certain securities thinly traded or with limited observable data points. The procedures in place provide management with a sufficient understanding of the valuation models, assumptions, inputs and pricing to reasonably measure the fair value of WesBanco s securities. For additional disclosure relating to fair value measurements, refer to Note 16, Fair Value Measurements in the Consolidated Financial Statements.

LOANS AND CREDIT RISK

Loans represent WesBanco s single largest balance sheet asset classification and the largest source of interest income. Business purpose loans consist of commercial real estate (CRE) loans and other commercial and industrial (C&I) loans that are not secured by real estate. CRE loans are further segmented into land and construction loans, and loans for improved property. Consumer purpose loans consist of residential real estate loans, home equity lines of credit and other consumer loans. Loans held for sale generally consist of residential real estate loans originated for sale in the secondary market, but at times may also include other types of loans. The outstanding balance of each major category of the loan portfolio is summarized in Table 9.

TABLE 9. COMPOSITION OF LOANS (1)

	December 31,									
	2011		**2010**		**2009**		**2008**		**2007**	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Commercial real estate:										
Land and construction	**$ 175,867**	**5.4%**	$ 154,841	4.7%	$ 254,637	7.3%	$ 230,865	6.4%	$ 264,560	7.0%
Improved property	**1,509,698**	**46.5%**	1,602,408	48.6%	1,525,584	43.8%	1,468,158	40.7%	1,418,115	37.8%
Total commercial real estate	**1,685,565**	**51.9%**	1,757,249	53.3%	1,780,221	51.2%	1,699,023	47.1%	1,682,675	44.8%
Commercial and industrial	**426,315**	**13.1%**	412,726	12.5%	451,688	13.0%	510,902	14.2%	505,541	13.4%
Residential real estate:										
Land and construction	**9,654**	**0.3%**	7,714	0.2%	8,787	0.3%	15,896	0.4%	26,102	0.7%
Other	**611,729**	**18.9%**	600,979	18.2%	699,610	20.1%	841,103	23.3%	949,049	25.2%
Home equity	**251,785**	**7.8%**	249,423	7.6%	239,784	6.9%	217,436	6.0%	193,209	5.1%
Consumer	**254,320**	**7.8%**	260,585	8.3%	290,856	8.3%	319,949	8.9%	363,973	9.7%
Total portfolio loans	**3,239,368**	**99.8%**	3,288,676	99.7%	3,470,946	99.7%	3,604,309	99.9%	3,720,549	98.9%
Loans held for sale	**6,084**	**0.2%**	10,800	0.3%	9,441	0.3%	3,874	0.1%	39,717	1.1%
Total loans	**$ 3,245,452**	**100.0%**	$ 3,299,476	100.0%	$ 3,480,387	100.0%	$ 3,608,183	100.0%	$ 3,760,266	100.0%

(1) Loans are presented gross of the allowance for loan losses and net of unearned income, credit valuation adjustments, and unamortized deferred loan fee income and loan origination costs.

Total portfolio loans decreased $49 million or 1.5% between December 31, 2010 and December 31, 2011. The Bank experienced significant new loan volume in business loans in 2011; however, this activity was more than offset by unscheduled payoffs, primarily of CRE loans and a reduction in consumer loan demand. Loan growth was also tempered by management s continued focus on obtaining appropriate interest rates and spreads.

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Total CRE loans, which represent over half of the portfolio, decreased $72 million or 4.1% between December 31, 2010 and December 31, 2011. The composition of CRE loans also changed during 2011 as land and construction loans increased $21 million or 13.6% while improved property loans decreased $93 million or 5.8%.

The increase in land and construction loans resulted primarily from new construction of multi-family apartments and other commercial buildings, offset by a $6 million or 17.9% decrease in residential housing development loans and approximately $14 million of loans reclassified during the year to the improved property category upon completion of projects that were started in prior years.

While improved property loans benefited from the reclassification of completed construction projects and a rebound in origination of new loans to purchase or refinance existing properties during 2011 compared to 2010, the decrease in this category is the result of unscheduled payoffs of loans by borrowers who sold properties during the year, a sale of non-performing loans, and a resurgence of refinancing of loans by non-bank lenders offering non-recourse loans at long term fixed rates of interest.

C&I loans increased $14 million or 3.3% as loan demand improved and the Bank focused business development efforts on increasing this category of loans to obtain more diversification in the business loan portfolio.

Residential land and construction loans are not material in relation to total residential real estate loans, but also increased $2 million or 25.1% due to a moderate uptick in new housing starts in some markets. Residential real estate loans other than land and construction increased $11 million or 1.8%. This increase followed four consecutive years of decreases in this category and was primarily due to management s decision to retain new 15 year fixed rate loans in the portfolio compared to an intentional reduction in such loans in prior years. Accordingly, loans held for sale, although not material in amount, decreased $5 million or 43.7%.

Home equity lines of credit increased $2 million or 0.9% despite declining home values and stricter underwriting standards with growth coming from markets where the Bank does not already have significant market share due to successful marketing campaigns to attract new customers.

Consumer loans decreased $6 million or 2.4% primarily due to reduced demand as consumers continued to deleverage, as well as stricter underwriting standards for certain types of consumer loans.

Loan commitments, which are not reported on the balance sheet, consist of available balances on lines of credit, letters of credit, deposit account overdraft protection programs, certain loan guarantee contracts, and approved commitments to extend credit. This includes unused commitments that are available to be advanced to the borrower for CRE construction loans, C&I lines and letters of credit, home equity and other consumer lines of credit. Approved commitments to extend credit are reported net of any WesBanco loan balances that are to be refinanced by the new loans. Loan commitments are summarized in Table 10.

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TABLE 10. COMPOSITION OF LOAN COMMITMENTS

	December 31,									
	2011		2010		2009		2008		2007	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Commercial real estate:										
Land and construction	**$ 122,946**	**14.5%**	$ 61,014	8.8%	$ 77,169	10.3%	$ 117,569	15.3%	$ 119,802	16.1%
Improved property	**102,677**	**12.1%**	72,907	10.5%	109,900	14.7%	74,465	9.7%	90,991	12.2%
Total commercial real estate	**225,623**	**26.6%**	133,921	19.3%	187,069	25.0%	192,034	24.9%	210,793	28.3%
Commercial and industrial	**297,203**	**35.1%**	252,522	36.5%	255,469	34.1%	281,013	36.5%	266,286	35.9%
Residential construction	**11,072**	**1.3%**	6,740	1.0%	3,015	0.4%	5,473	0.7%	7,116	1.0%
Home equity	**209,769**	**24.8%**	200,310	28.9%	195,943	26.1%	193,038	25.1%	177,462	23.9%
Consumer	**15,358**	**1.8%**	14,894	2.2%	21,222	2.8%	21,416	2.8%	22,990	3.1%
Deposit overdraft limits	**85,981**	**10.1%**	81,142	11.7%	81,125	10.8%	74,582	9.7%	52,947	7.1%
Total portfolio commitments	**845,006**	**99.7%**	689,529	99.6%	743,843	99.2%	767,556	99.6%	737,594	99.3%
Loans held for sale	**2,415**	**0.3%**	2,945	0.4%	5,882	0.8%	2,704	0.4%	4,874	0.7%
Total loan commitments	**$ 847,421**	**100.0%**	$ 692,474	100.0%	$ 749,725	100.0%	$ 770,260	100.0%	$ 742,468	100.0%
Letters of credit included above	**$ 37,719**	**4.4%**	$ 35,794	5.2%	$ 34,488	4.6%	$ 36,793	4.8%	$ 55,116	7.4%

Total portfolio loan commitments increased $155 million or 22.6% between December 31, 2010 and December 31, 2011 primarily due to the previously discussed increase in commercial real estate construction, an increase in approved commitments for improved property loans near the end of 2011 and increased C&I lending activity. However, all categories of portfolio commitments increased at December 31, 2011 compared to December 31, 2010 as a result of increasing new loan volume in the latter half of 2011.

CRE construction loan commitments are generally available to the borrower for a period of time that is sufficient to complete construction and allow for the sale, lease-up or occupancy of the project upon completion. Therefore, CRE construction loan commitments generally extend beyond one year depending on the scope of the project and the anticipated sale or lease-up period. C&I lines and letters of credit are generally renewable or may be cancelled annually by the Bank but may also be committed for more than one year when appropriate. Owner-occupied residential real estate construction loan commitments are generally available for one year but may extend beyond one year depending on the size of the dwelling. Home equity and other consumer lines of credit are generally available to the borrower beyond one year. All loan commitments are cancelable by the Bank regardless of their duration under certain circumstances.

Overdraft protection limits are established for demand deposit accounts that meet the criteria for eligibility and represent potential loan balances. While these limits generally permit automatic advances when sufficient collected balances are not available, such advances are subject to the Bank s discretion and may be suspended or cancelled at any time.

Credit Risk The risk that borrowers will be unable or unwilling to repay their obligations and default on loans is inherent in all lending activities. Credit risk arises from many sources including general economic conditions, external events that impact businesses or industries, isolated events that impact a major employer, individual loss of employment or other personal calamities as well as changes in interest rates or the value of collateral. Credit risk is also impacted by a concentration of exposure within a geographic market or to one or more borrowers, industries or collateral types. The primary goal in managing credit risk is to minimize the impact of default by an individual borrower or group of borrowers.

WesBanco extends credit to borrowers that are primarily located within the market areas where the Bank has branch offices. There are no material loans in relation to the total portfolio to commercial borrowers that do not conduct business within the Bank s market or to finance commercial real estate located outside of the Bank s market areas unless the borrower also has significant other loan, deposit, trust or other business relationships with

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the Bank. WesBanco may make consumer loans, including residential real estate and home equity lines of credit to established customers for second residences or vacation homes that are located outside of the Bank s market. The approximate geographic distribution of the loan portfolio excluding deposit overdraft limits is summarized in Table 11.

TABLE 11. GEOGRAPHIC DISTRIBUTION OF LOAN PORTFOLIO

	December 31, 2011						
	Commercial Real Estate Land & Construction	**Commercial Real Estate Improved Property**	**Commercial and Industrial**	**Residential Real Estate**	**Home Equity**	**Consumer**	**Total Portfolio Loans**
Wheeling, WV MSA (1)	6%	11%	27%	19%	22%	18%	16%
Weirton, WV Steubenville, OH MSA	2%	4%	9%	3%	5%	5%	5%
Morgantown, WV MSA	5%	6%	8%	7%	7%	4%	6%
Fairmont-Clarksburg, WV MSA	4%	3%	4%	10%	6%	8%	5%
Parkersburg, WV Marietta, OH MSA	10%	7%	11%	6%	8%	6%	8%
Charleston, WV MSA	1%	3%	4%	4%	4%	3%	3%
West Virginia Other	3%	3%	7%	4%	6%	11%	5%
Columbus, OH MSA	48%	18%	7%	4%	5%	4%	13%
Dayton-Springfield, OH CSA (2)	7%	5%	1%	7%	7%	3%	5%
Cincinnati-Middletown, OH MSA	6%	12%	3%	13%	12%	3%	10%
Southeast, OH Non-MSA	1%	11%	4%	14%	11%	8%	9%
Ohio Other	1%	5%	2%	4%	5%	8%	4%
Pittsburgh, PA MSA-Southwestern PA	2%	10%	12%	2%	2%	5%	7%
Pennsylvania Other	3%	0%	0%	0%	0%	8%	1%
States Adjacent to WV, OH and PA	1%	1%	0%	1%	0%	1%	1%
Outside of Market	0%	1%	1%	2%	0%	5%	2%
Total	100%	100%	100%	100%	100%	100%	100%

(1) Metropolitan Statistical Area (MSA).
(2) Combined Statistical Area (CSA).

Most loans, except for indirect consumer loans originated by automobile and recreational vehicle dealers and other sellers of consumer goods, are originated directly by the Bank. WesBanco may also participate in business purpose loans, including Shared National Credits or purchased pools of residential real estate loans originated by other lending institutions. Shared National Credits are defined as loans in excess of $20 million that are financed by three or more lending institutions. WesBanco conducts its own customary credit evaluation before purchasing or participating in these loans. The risks associated with purchased loans are similar to those originated by the Bank; however, additional risk may arise from limited ability to control actions of the lead, agent or servicing institution.

Credit risk is managed through the initial underwriting process as well as through ongoing monitoring and administration of the portfolio that varies by the type of loan. The Bank s credit policies establish standard underwriting guidelines for each type of loan and require an appropriate evaluation of the credit characteristics of each borrower. This evaluation includes the borrower s primary source of repayment capacity; the adequacy of collateral, if any, to secure the loan; the potential value of personal guarantees as secondary sources of repayment, and other factors unique to each loan that may increase or mitigate its risk. Credit bureau scores are also considered when evaluating consumer purpose loans as well as guarantors of business purpose loans. However, the Bank does not periodically update credit bureau scores subsequent to when loans are made to determine changes in credit history.

Most loans, including renewals and extensions thereof, are approved within a framework of individual lending authorities based on the loan amount for consumer purpose loans and the total credit exposure of the

borrower for business purpose loans. Business purpose loans with total credit exposure up to $500,000 and all consumer purpose loans are approved by underwriters that are not responsible for business development or loan origination. Business purpose loans to borrowers with total credit exposure in excess of $500,000 minimally require the approval of a senior commercial banking officer, and credit exposures of $1.5 million or more require the approval of a credit officer that is not responsible for business development or loan origination. Credit exposures in excess of $10 million require approval of a credit committee comprised of executive managers, directors or other qualified persons that do not have individual lending authority. Loans of all types that contain one or more exceptions to credit policy may only be approved by designated underwriters, senior business unit managers or credit officers within their respective levels of authority. Underwriters and credit officers do not receive incentive compensation based on loan origination. Senior commercial banking officers receive incentive compensation that is based on multiple factors that include both loan production and credit quality.

Consumer purpose loans are a homogeneous group, generally consisting of standardized products that are smaller in amount and spread over a larger number of individual borrowers. WesBanco does not maintain current information about the industry in which consumer borrowers are employed. While such information is obtained when each loan is underwritten, it often becomes inaccurate with the passage of time or if borrowers change employment during the term of their loans. Instead, WesBanco estimates potential exposure based on consumer demographics, market share, and other available information when there is a significant risk of loss of employment within an industry or a significant employer in any of the Bank s markets. The Bank generally does not risk grade consumer purpose loans other than as required by the regulatory uniform classification guidelines. To management s knowledge, there are no concentrations of employment that would have a material adverse impact on consumer purpose loans. However the current economic environment has resulted in higher unemployment throughout the Bank s market which increases the risk in the loan portfolio.

Many smaller business loans have the same risk characteristics as consumer loans; however, business loans can also be significantly larger in amount and contain terms and conditions that are unique to each transaction. The Bank maintains a loan grading system that categorizes business loans according to their level of credit risk. Risk grades are intended to reflect each borrower s ability to repay their loan obligations and other factors that affect the quality of each loan. All business loans are assigned a grade at their inception and adjusted thereafter at any time to reflect changes in the risk profile throughout the life of each loan. Loans to borrowers with total credit exposure of $1 million or more are generally reviewed at least annually to validate the continued appropriateness of the assigned risk grade. Periodic reviews include evaluating the borrower s continued capacity to repay, the continued adequacy of collateral, if any, the ability of guarantors to provide a secondary source of repayment, and verification of compliance with applicable loan covenants. To facilitate regular reviews of repayment capacity, borrowers are required to furnish periodic financial statements and other information depending on the size and type of loan, such as accounts receivable aging reports for a revolving line of credit, rent rolls for investment CRE, and project status reports for land development and construction loans. (Please refer to Note 4 of the Financial Statements for a summary of loans by risk grade and a description of each grade.)

WesBanco generally does not originate sub-prime loans as a business strategy. However, the Bank does at times extend consumer purpose loans to borrowers that may have one or more characteristics of a sub-prime borrower. These loans are generally made only when the credit risk associated with the sub-prime characteristics of the borrower are properly justified and mitigated by other factors such as acceptable co-makers, additional collateral, or deposit and other non-lending relationships of the borrower with the Bank and are made on terms that are appropriate for their higher level of risk. Such loans are not material in relation to the aggregate of all types of consumer loans.

Credit risk is mitigated for all types of loans by continuously monitoring delinquency levels and pursuing collection efforts at the earliest stage of delinquency. The Bank also monitors general economic conditions, including employment, housing activity and real estate values in its market. The Bank also periodically evaluates and changes its underwriting standards when warranted based on market conditions, the historical performance of a category of the portfolio, or other external factors. Credit risk is also regularly evaluated for the impact of adverse economic and other events that increase the risk of default and the potential loss in the event of default to understand their impact on the Bank s earnings and capital. An independent loan review function also performs periodic reviews of the portfolio to assess the adequacy and effectiveness of the Bank s portfolio monitoring systems, the adequacy of loan documents, and the accuracy and timeliness of risk grades assigned to business loans.

Each type of loan may also entail certain distinct elements of risk that impact the manner in which those loans are underwritten, monitored, and administered. Elements that are distinct to the underwriting of each type of loan are further explained throughout this section of MD&A.

Commercial Real Estate CRE is divided into two distinct categories. Land and construction consists of loans to finance land for development, investment, or other purposes such as surface parking for a commercial business enterprise, farming or removal of natural resources from the earth; construction of residential dwellings for resale and construction of commercial buildings that may be owner-occupied or investment purposes. Construction and development loans are generally made only when the Bank also commits to the permanent financing of the project, has a takeout commitment from another lender for the permanent loan, or the loan is expected to be repaid from the sale of subdivided property. Improved property loans consists of loans to purchase or refinance owner-occupied and investment properties. Owner-occupied properties consist of loans to borrowers in a diverse range of industries but may include special purpose or single use types of facilities. Investment properties include 1-to-4 family rental units, multi-family apartment buildings, and other facilities that are rented or leased to unrelated parties of the owner.

Construction and development loans require payment of interest only during the construction or development period, with initial terms that can range from six months to up to three years for larger, multiple phase projects such as residential housing developments and large scale commercial projects. Interest rates may be fully floating based on an appropriate index but may also be structured in the same manner as the interest rate that will apply to the permanent loan upon completion of construction. Interest during the construction or development period is typically included in total project costs and therefore may be funded by loan advances. In the event a project is not completed within the initial term, the loan is underwritten at maturity but loan interest beyond the initial term must be paid by the borrower and in some instances an interest reserve deposit account is required to be established as a condition of extending the term.

TABLE 12. MATURITIES OF COMMERCIAL REAL ESTATE LAND AND CONSTRUCTION LOANS AND COMMITMENTS

	December 31, 2011			
(in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 20,971	$ 12,705	$ 7,660	$ 41,336
Variable rate loans	27,419	33,951	73,161	134,531
Total commercial real estate land and construction loans	$ 48,390	$ 46,656	$ 80,821	$ 175,867
Total commercial real estate land and construction loan commitments	$ 11,097	$ 37,500	$ 74,349	$ 122,946

Improved property loans generally require monthly principal and interest payments based on amortization periods ranging from 10 to 25 years depending on the type, age and condition of the property. However, lines of credit or letters of credit that are secured by real estate require payment of interest only with principal due on demand or at maturity. Loans with amortization periods of more than 20 years typically also have a maturity date or call option of 10 years or less. Lines or letters of credit are typically renewable annually at the Bank s discretion but may also have terms up to three years. Interest rates on term loans generally are adjustable ranging from one to five years based on an appropriate index of comparable duration. Interest rates on lines of credit are generally fully floating based on an appropriate index.

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TABLE 13. MATURITIES OF IMPROVED PROPERTY LOANS AND COMMITMENTS

	December 31, 2011			
(in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 43,611	$ 83,901	$ 64,016	$ 191,528
Variable rate loans	55,028	109,451	1,153,691	1,318,170
Total commercial real estate improved property loans	$ 98,639	$ 193,352	$ 1,217,707	$ 1,509,698
Total commercial real estate improved property loan commitments	$ 19,910	$ 69,959	$ 12,808	$ 102,677

The primary factors that are considered in underwriting construction and development loans are the overall viability of each project, the experience and financial capacity of the developer or builder to successfully complete the project, market absorption rates and property values. Construction loans also have the unique risk that the builder or developer may not complete the project, or not complete it on time or within budget. Construction risk is generally mitigated by making construction loans to developers with established reputations who operate in the Bank s markets and have the necessary capital to absorb unanticipated increases in the cost of a project or longer than anticipated absorption, periodically inspecting construction in progress, and disbursing the loan as specified stages of each project are completed. Certification of completed construction by a licensed architect or engineer and performance and payment bonds may also be required for certain types of projects. Construction and development loans that finance speculative building have inherently higher risk. When appropriate, the Bank may require a specified percentage of a residential development to be pre-sold or a commercial investment property to be pre-leased before construction can begin. Many land development and residential construction projects have experienced decreased absorption of new units compared to original projections for sales at the time the project was undertaken due to the recession and downturn in housing and require repayment periods that are extended beyond their original maturity.

The primary factors that are considered in underwriting investment property are the net rental income generated by the property, the type, quality, industry and mix of tenants and the terms of leases, all of which may vary depending on the specific type of property. Other factors that are considered for investment property include the overall financial capacity of the investors and their experience in owning and managing investment property.

Repayment of owner-occupied loans must come from the cash flow generated by the owner-occupant s business. Therefore, the primary factors that are considered in underwriting are the historical and projected earnings, cash flow, capital resources, liquidity and leverage of the business. Other factors that are also considered for their potential impact on repayment capacity include the borrower s industry, competitive advantages and disadvantages, quality and experience of management, and external influences on the business such as economic conditions.

The type, age, condition and location of the property as well as any environmental risks associated with the property are considered for both owner-occupied and investment properties. Environmental risk is mitigated by requiring assessments performed by qualified inspectors whenever the current or previous uses of the property, or any adjacent properties, are likely to have resulted in contamination of the subject property.

Credit risk is mitigated by limiting total credit exposure to individual borrowers or groups of borrowers and avoiding concentrations by property type or within geographic markets. Credit risk is further mitigated by requiring borrowers to have adequate down payments or cash equity, thereby limiting the loan balance in relation to the lower of the cost or market value of the property, unless there are sufficient mitigating factors that would reduce the risk of a higher loan-to-value ratio. The Bank also makes periodic site visits to financed properties and monitors the factors in the Bank s markets that influence real estate collateral values such as rental rates, occupancy trends, and capitalization rates.

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Market values are determined by obtaining current appraisals or evaluations, whichever is appropriate or required by banking regulations of each property prior to the loan being made and, in some instances when the initial term of a loan is being extended. Loan-to-value ratios are generally limited to the maximum loan-to-value ratios prescribed by banking regulations which range from 65% for raw land to 85% for improved commercial property and are based on the lesser of the cost or market value of the property. Regardless of policy or regulatory guidelines lower ratios may be required for certain types of properties or when other factors exist that may increase the potential volatility of the market value of a particular property type such as single or special use properties that cannot be easily converted to other uses. Conversely, higher loan-to-value ratios may be acceptable when other factors adequately mitigate the risk of a higher loan-to-value. Owner-occupied CRE loans are often also secured by all other business assets in addition to the real estate.

Regulatory guidelines also limit the aggregate of loans with loan-to-value ratios in excess of the prescribed loan-to-value ratios to 30% of risk-based capital. The aggregate of all CRE loans, which includes unfunded commitments, that exceeded the regulatory ratios approximated $108 million or 23% of risk-based capital at December 31, 2011 and $68 million or 15% of risk-based capital at December 31, 2010. The increase is attributable to commercial construction loans originated in 2011 that exceed the regulatory ratios based on the loan-to-cost of the project. Virtually all of these loans, which approximate $52 million at December 31, 2011, will be within the regulatory ratio for improved property based on their appraised values upon completion of the project.

The current downturn in the real estate market has resulted in declines in property values for many properties. The degree of decline in values varies by geographic market with the most significant declines in the Dayton, Ohio market and parts of the Cincinnati, Ohio market. The exact impact of the decline in collateral values cannot be precisely determined but the portfolio is periodically evaluated using ranges of decline in value to determine the impact on the continued adequacy of the collateral. New appraisals are obtained to more accurately assess the current market value when the primary source of repayment may no longer be adequate to repay the loan under its original terms, there is increased dependence on the value of the collateral, or the loan is being extended beyond its original maturity.

The Bank also monitors CRE loans for potential concentrations by geographic location, within a single property type, or dependence on a common tenant for investment property. The geographic distribution of CRE loans is set forth in Table 11. The composition of CRE loans by property or project type is set forth in Table 14. There is no concentration of loans secured by properties that are occupied by a common tenant or a group of tenants in the same industry.

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TABLE 14. COMPOSITION OF COMMERCIAL REAL ESTATE LOANS BY PROPERTY TYPE OR PROJECT TYPE (1)

	December 31, 2011						
(dollars in thousands)	Outstanding Balance	Loan Commitments	Total Exposure	% of Total	% of Capital	Average Loan	Largest Loan
Construction and development:							
Land and land development	$ 67,191	$ 3,978	$ 71,169	3.7%	15.6%	$ 202	$ 3,791
Residential development	27,148	16,715	43,863	2.3%	9.6%	533	6,426
Commercial construction	81,528	102,253	183,781	9.6%	40.2%	3,126	15,120
Total construction and development	175,867	122,946	298,813	15.6%	65.4%	576	15,120
Residential investment property:							
Multi family apartments	208,934	9,023	217,957	11.4%	47.6%	508	10,902
1-to-4 family rentals	121,885	5,368	127,253	6.7%	27.8%	85	1,439
Commercial investment property:							
Shopping centers and retail stores	134,081	22,879	156,960	8.2%	34.3%	972	14,300
Office buildings	115,588	2,631	118,219	6.2%	25.8%	600	5,995
Industrial buildings and warehouses	17,882	3,729	21,611	1.1%	4.7%	480	6,862
Hotels and motels	123,126	9,920	133,046	7.0%	29.1%	2,530	11,550
Senior living facilities	20,566		20,566	1.1%	4.5%	2,057	6,195
Storage buildings	22,239	300	22,539	1.2%	4.9%	512	3,045
Dormitories	17,332	2	17,334	0.9%	3.8%	1,576	9,740
Other special use facilities	33,848	111	33,959	1.8%	7.4%	197	3,560
Mixed or multiple use facilities	91,247	4,375	95,622	5.0%	20.9%	493	8,468
General use facilities	42,906	7,473	50,379	2.6%	11.0%	168	3,560
Total residential and commercial investment property	949,634	65,811	1,015,445	53.2%	221.8%	327	14,300
Total construction, development and investment property	1,125,501	188,757	1,314,258	68.8%	287.2%	362	15,120
Owner-occupied commercial property:							
Retail stores	48,495	1,272	49,767	2.5%	10.9%	325	4,382
Office buildings	75,934	1,583	77,517	4.1%	16.9%	291	5,391
Industrial buildings and warehouses	72,367	4,571	76,938	4.0%	16.8%	469	3,598
Hospitals	20,707	158	20,865	1.1%	4.6%	907	4,867
Senior living facilities	52,940	9,924	62,864	3.3%	13.7%	1,785	11,600
Restaurants	33,423	52	33,475	1.8%	7.3%	286	3,040
Gasoline stations	35,451		35,451	1.9%	7.7%	591	3,171
Carwashes and autocare	25,678	136	25,814	1.4%	5.6%	290	1,870
Recreation facilities	24,245	3,625	27,870	1.5%	6.1%	535	5,967
Houses of worship	25,941	624	26,565	1.4%	5.8%	208	2,043
Other special use facilities	66,125	4,517	70,642	3.7%	15.4%	298	6,000
Mixed or multiple use facilities	44,015	2,279	46,294	2.4%	10.1%	269	5,445
General use facilities	34,743	8,125	42,868	2.1%	9.4%	183	3,173
Total owner-occupied commercial property	560,064	36,866	596,930	31.2%	130.5%	342	11,600
Total commercial real estate	$ 1,685,565	$ 225,623	$ 1,911,188	100.0%	417.7%	$ 356	$ 15,120

(1) Average loan and largest loan represent the average, or largest, contractual obligation of WesBanco, which may or may not be fully funded. Land and land development exposure decreased $9 million or 11.5% and residential development exposure decreased $2 million or 3.6% between December 31, 2010 and December 31, 2011 as the Bank continued to reduce exposure in both of these categories from the sale of units and by limiting funding of additional units. However, the decrease was tempered by slower than anticipated absorption of units on many projects. Conversely, commercial construction exposure increased $94 million or 104.3%. By property type, commercial construction loans at December 31, 2011 consisted of $65 million of multi-family apartments, $31 million of office buildings, $23 million of hotels, $22 million of

retail properties, and $10 million of dormitories with the remaining $32 million comprising a variety of other special or mixed use properties. Many of these loans will migrate to an investment or owner-occupied property category within the next 12 to 18 months. Approximately 25% of land and land development, 50% of residential development, and 60% of commercial construction exposures are in the Columbus, Ohio market at December 31, 2011. There is no land development, residential construction or commercial construction exposure outside of the Bank s defined markets.

Improved investment CRE exposure decreased $18 million or 1.7% with the most significant changes in multi-family apartments and shopping centers and retail stores, which increased $6 million and $17 million, respectively; and 1-to-4 family rentals, office buildings and mixed or multiple use facilities, which decreased $6 million, $13 million and $11 million, respectively. Multi-family apartment and 1-to-4 family rental property loans represent 34% of total improved investment property loans at December 31, 2011 with the Columbus, Ohio market and southwestern Ohio markets in and around the Cincinnati and Dayton metropolitan areas representing approximately 28% and 17% of those property categories, respectively. The remainder of the improved investment CRE exposure is fairly well distributed among property types with the Columbus and southwestern Ohio markets similarly representing approximately 33% and 19% of the total, respectively.

Improved owner-occupied CRE exposure decreased $45 million or 7.1% with the most significant changes in office buildings and restaurants, which increased $7 million and $5 million, respectively; and industrial buildings and warehouses, hospitals, other special use facilities and general use facilities, which decreased $15 million, $6 million, $7 million and $21 million, respectively. A portion of the decrease in general use facilities resulted from a reclassification of properties to one of the other categories to more accurately reflect the composition of the portfolio. Owner-occupied CRE is also generally diversified by property type and is more geographically diverse than improved investment CRE with the upper Ohio Valley market in and around the Wheeling, West Virginia MSA representing approximately 29% of the category and no other market representing more than 20% of the total.

WesBanco also categorizes owner-occupied CRE loans by industry according to standard industry classifications and monitors the portfolio for possible concentrations in one or more industries as well as multiple industries that may be impacted in the same manner by economic events or other external influences. Owner-occupied CRE is not concentrated in any single industry, but reflects a diverse range of businesses from all sectors of the economy with no one sector or industry representing more than 18% of risk-based capital as set forth in Table 15.

No single factor contributed significantly to the changes in the composition of CRE improved property loans during the year. However, the overall reduction in investment and owner-occupied property loans was impacted by unscheduled payoffs of loans that were refinanced by secondary or capital market sources of financing, the sale or charge-off of non-performing loans, and borrowers selling properties when it was to their advantage to do so.

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TABLE 15. OWNER-OCCUPIED COMMERCIAL REAL ESTATE BY OCCUPANT INDUSTRY

	December 31, 2011						
(dollars in thousands)	**Outstanding Balance**	**Loan Commitments**	**Total Exposure**	**% of Total**	**% of Capital**	**Average Loans**	**Largest Loan**
Agriculture & farming	$ 1,638	$	$ 1,638	0.3%	0.4%	$ 234	$ 1,114
Energy oil and gas	901		901	0.2%	0.2%	180	327
Energy mining and utilities	4,134		4,134	0.7%	0.9%	413	2,410
Construction general contracting	5,756	1,013	6,769	1.1%	1.5%	193	706
Construction specialty trades	14,924	958	15,882	2.7%	3.5%	237	1,773
Manufacturing primary metals	3,786	4	3,790	0.6%	0.8%	1,263	3,275
Manufacturing other	33,752	2,503	36,255	6.1%	7.9%	390	3,756
Wholesale and distribution	22,848	1,517	24,365	4.1%	5.3%	348	3,598
Retail automobile sales	16,588	963	17,551	2.9%	3.8%	548	3,212
Retail other products	76,877	3,471	80,348	13.5%	17.6%	374	4,382
Transportation and warehousing	18,258	650	18,908	3.2%	4.1%	473	5,391
Information and communications	3,138	22	3,160	0.5%	0.7%	243	1,555
Finance and insurance	11,865	9	11,874	2.0%	2.6%	322	3,847
Real estate services	20,582	2,471	23,053	3.9%	5.0%	136	1,665
Equipment leasing	4,999		4,999	0.8%	1.1%	385	1,835
Services business and professional	23,903	1,348	25,251	4.2%	5.5%	212	2,062
Services personal and other	67,712	594	68,306	11.4%	14.9%	321	3,767
Schools and educational services	18,019	3,998	22,017	3.7%	4.8%	917	6,000
Healthcare medical practitioners	32,868	295	33,163	5.6%	7.2%	332	2,912
Healthcare hospitals and other	81,387	10,187	91,574	15.3%	20.0%	1,127	11,600
Entertainment and recreation	24,426	269	24,695	4.1%	5.4%	504	5,967
Restaurants and lodging	33,806	53	33,859	5.7%	7.4%	273	3,040
Religious organizations	26,221	624	26,845	4.5%	5.9%	208	2,043
Government organizations	8,123	1,377	9,500	1.6%	2.1%	307	2,100
Unclassified and other industries (1)	3,553	4,540	8,093	1.3%	1.8%	1,497	3,680
Total owner occupied real estate	$ 560,064	$ 36,866	$ 596,930	100.0%	130.5%	$ 343	$ 11,600

(1) Certain approved commitments that have not yet been categorized by industry are included in the total of unclassified and other industries. The five largest CRE customer relationships which may include loans that are identified as the largest loan by property or project type in Table 14 and by industry in Table 15 approximate $147 million at December 31, 2011 compared to $170 million at December 31, 2010. Loans to this group of customers finance multi-family apartments, retail and office investment properties, hotels, and senior living facilities.

Participations in CRE loans originated by other financial institutions approximated $59 million or 3.1% of total CRE credit exposure at December 31, 2011 compared to $70 million or 3.7% at December 31, 2010. Included in this total is approximately $15 million of Shared National Credits at December 31, 2011 compared to $17 million at December 31, 2010. All of this exposure to participations purchased from other institutions is for properties located within the Bank s defined market.

In addition to the methods in which the Bank monitors the CRE portfolio for possible concentrations of risk, the regulatory agencies use a two threshold test to identify whether a bank has an overall concentration of CRE lending. The first threshold measures whether loans for land, land development, residential construction and commercial construction exceed 100% of risk-based capital. The second threshold measures whether the total of loans included in the first threshold plus multi-family and other commercial investment property exceed 300% of risk-based capital. The following table summarizes the Bank s CRE exposure according to the regulatory concentration guidelines.

TABLE 16. COMMERCIAL REAL ESTATE RELATIONSHIP TO RISK BASED CAPITAL

	December 31, 2011		
(dollars in thousands)	Total Exposure	% of Capital	Regulatory Guideline
Land, land development, residential construction and commercial construction loans	$ 280,021	61.2%	100%
Multi-family and other commercial investment property, excluding 1-to-4 family rental property	847,613	185.2%	
Total CRE loans for concentration test purposes	$ 1,127,634	246.4%	300%

WesBanco categorizes 1-to-4 family rental property loans as CRE for financial reporting purposes because those loans are investment property and generally dependent on rental income for their repayment. However, loans secured by 1-to-4 family property are not included in the definition of investment CRE for purposes of the concentration tests. Similarly, loans secured by owner-occupied CRE are also excluded for purposes of the concentration tests.

Additionally, hotels and motels are typically categorized by many banks, including WesBanco, as investment property but possess many of the characteristics of owner-occupied CRE because the owners of many hotel and motel properties are also the operators. If hotels and motels are excluded from the amounts reflected in Table 16, the resulting percentage of capital for total CRE loans would be 217.3%.

Commercial and Industrial Loans C&I loans consist of revolving lines of credit to finance accounts receivable, inventory and other general business purposes, and term loans to finance fixed assets other than real estate for a wide variety of businesses. Most C&I borrowers are privately held companies with annual sales generally not in excess of $50 million. Commercial lines of credit and letters of credit are generally renewable or may be cancelled annually by the Bank. However, lines of credit and letters of credit may also be committed for up to three years when appropriate. Loans secured by equipment and other types of collateral have terms that are consistent with the purpose of the loan and the estimated useful life of the collateral that generally do not exceed ten years. Interest rates on lines of credit are generally variable based on a short-term interest rate index such as the Prime Rate or LIBOR, while interest rates on term loans may be fixed for the entire term of the loan or adjustable ranging from one to five years based on an appropriate index.

TABLE 17. MATURITIES OF COMMERCIAL AND INDUSTRIAL LOANS AND COMMITMENTS

	December 31, 2011			
(in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 11,680	$ 71,308	$ 17,009	$ 99,997
Variable rate loans	163,347	50,576	112,395	326,318
Total commercial and industrial loans	$ 175,027	$ 121,884	$ 129,404	$ 426,315
Total commercial and industrial loan commitments	$ 227,977	$ 55,722	$ 13,504	$ 297,203

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The primary factors that are considered in underwriting C&I loans are the borrower s historical and projected earnings, cash flow, capital resources, liquidity and leverage. Other factors that are also considered for their potential impact on repayment capacity include the borrower s industry, competitive advantages and disadvantages, quality and experience of management, and external influences on the business such as economic conditions.

C&I risk is mitigated by limiting total credit exposure to individual borrowers or groups of borrowers, industries and geographic markets and by requiring collateral where appropriate. The type and amount of the collateral varies from loan to loan depending on the overall financial strength of the borrower, the amount and terms of the loan, and the collateral available to be pledged by the borrower. Unsecured credit is only extended to those borrowers that exhibit consistently strong repayment capacity and the financial condition to withstand a temporary decline in their operating cash flow.

Certain types of collateral that fluctuate with business conditions, such as accounts receivable and inventory, may also be subject to regular reporting and certification by the borrower and, in some instances, independent inspection or verification by the Bank. Readily marketable collateral such as securities, including securities held in WesBanco trust accounts, significantly mitigates credit risk but are subject to fluctuations in market value. Therefore, the current value of marketable securities held as collateral are regularly monitored to evaluate their continued adequacy.

The Bank categorizes C&I loans by industry according to standard industry classifications and monitors the portfolio for possible concentrations in one or more industries as well as multiple industries that may be impacted in the same manner by economic events or other external influences. The C&I portfolio is not concentrated in any single industry, but reflects a diverse range of businesses from all sectors of the economy, with no significant concentration in any single sector or industry as set forth in Table 18. The most significant changes in the composition of C&I loans between December 31, 2010 and December 31, 2011 were in the energy, construction and manufacturing sectors, which increased $17 million, $9 million and $15 million, respectively. Unclassified and other industries in Table 18 include approved loan commitments that had not yet been categorized according to any particular industry at December 31, 2011.

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TABLE 18. COMPOSITION OF COMMERCIAL AND INDUSTRIAL LOANS BY INDUSTRY (1)

	December 31, 2011						
(dollars in thousands)	Outstanding Balance	Loan Commitments	Total Exposure	% of Total	% of Capital	Average Loan	Largest Loan
Agriculture & farming	$ 3,310	$ 1,003	$ 4,313	0.6%	0.9%	$ 39	$ 350
Energy oil and gas	41,841	4,835	46,676	6.5%	10.2%	993	22,915
Energy mining and utilities	7,935	6,429	14,364	2.0%	3.1%	350	5,322
Construction general contracting	24,149	26,546	50,695	7.0%	11.1%	227	6,500
Construction specialty trades	24,058	15,443	39,501	5.5%	8.6%	149	4,310
Manufacturing primary metals	12,627	16,706	29,333	4.1%	6.4%	1,725	6,290
Manufacturing other	19,677	24,855	44,532	6.2%	9.7%	204	6,216
Wholesale and distribution	18,728	15,638	34,366	4.7%	7.5%	181	3,000
Retail automobile sales	18,866	10,695	29,561	4.1%	6.5%	528	6,750
Retail other products	25,106	14,393	39,499	5.5%	8.6%	138	4,000
Transportation and warehousing	14,088	3,168	17,256	2.4%	3.8%	69	1,200
Information and communications	4,894	4,120	9,014	1.2%	2.0%	282	4,500
Finance and insurance	6,649	7,596	14,245	2.0%	3.1%	141	3,500
Real estate services	19,121	6,461	25,582	3.5%	5.6%	94	1,000
Equipment leasing	6,760	12,520	19,280	2.7%	4.2%	297	6,215
Services business and professional	29,898	18,430	48,328	6.7%	10.6%	127	3,500
Services personal and other	32,507	9,253	41,760	5.8%	9.1%	180	12,600
Schools and educational services	3,019	9,157	12,176	1.7%	2.7%	716	5,000
Healthcare medical practitioners	15,080	6,284	21,364	3.0%	4.7%	96	770
Healthcare hospitals and other	15,829	21,809	37,638	5.2%	8.2%	392	9,160
Entertainment and recreation	12,659	2,638	15,297	2.1%	3.3%	264	4,005
Restaurants and lodging	15,467	2,514	17,981	2.5%	3.9%	117	2,500
Religious organizations	30,344	19,186	49,530	6.8%	10.8%	751	15,000
Government organizations	12,324	3,927	16,251	2.2%	3.6%	117	2,925
Unclassified and other industries	11,379	33,597	44,976	6.0%	9.9%	345	10,000
Total commercial and industrial loans	$ 426,315	$ 297,203	$ 723,518	100.0%	158.1%	$ 187	$ 22,915

(1) Average loan and largest loan represent the average, or largest, contractual obligation of WesBanco, which may or may not be fully funded.

The five largest C&I borrowing relationships, which may include loans identified as the largest loan within an industry in Table 18, approximate $161 million at December 31, 2011 compared to $121 million at December 31, 2010. This exposure to the largest borrowing relationships is not concentrated in any one industry. Approximately $50 million of this total is fully secured by marketable securities with an appropriate loan-to-value ratio. The total of loans secured by bank deposit accounts and marketable securities which represent the lowest risk when properly margined and monitored approximate 17% of total C&I exposure at December 31, 2011 compared to 18% at December 31, 2010. Conversely, unsecured loans which represent the highest risk approximate 9% of total C&I exposure at December 31, 2011 compared to 11% and December 31, 2010. The largest unsecured loan is $3 million at December 31, 2011 and $2 million at December 31, 2010 and the average unsecured loan is less than $100,000 at both year-ends.

Approximately 42% of C&I exposure is to borrowers in or around the Wheeling, West Virginia market, up from 30% a year ago, and another 31% is to borrowers in the other West Virginia markets, down from 34% a year ago. No other market represents more than 20% of the C&I portfolio. Refer to Table 11 for the geographic distribution of C&I loans.

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Participations in C&I loans originated by other financial institutions approximated $50 million or 7.0% of total C&I exposure at December 31, 2011 compared to $34 million or 5.1% at December 31, 2010. Included in this total is approximately $32 million of Shared National Credits at December 31, 2011 compared to $27 million at December 31, 2010. All of this exposure to participations purchased from other institutions is to borrowers that are headquartered in or have significant operations within the Bank s defined market.

When the total exposure of owner-occupied CRE by industry set forth in Table 15 is combined with C&I exposure set forth in Table 18, the largest combined exposures are hospitals and other healthcare facilities other than medical practitioners, retail sales other than automobiles, and personal and other services, which approximate $120 million, $120 million and $110 million or 26%, 26% and 24% of risk-based capital, respectively. Each of these sectors is further diversified among the various industries included in the sector with no single industry representing more than 15% of risk based capital.

Residential Real Estate Loans Residential real estate consists of loans to purchase, construct or refinance personal residences, including 1-to-4 family rental properties when the property is also the owner s primary residence or the loans were underwritten by acquired banks as residential real estate loans. The Bank originates conforming and non-conforming mortgages to be held in its portfolio as well as loans for sale in the secondary market. Non-conforming mortgages are those loans that do not meet all of the documentation standards for sale in the secondary market.

The Bank originated approximately $149 million of residential real estate loans for retention in the portfolio in 2011 compared to $57 million in 2010 and approximately $79 million of residential real estate loans for sale in the secondary market in 2011 compared to $148 million in 2010. The offsetting changes in loans originated for the portfolio versus sale in the secondary market is attributable to management s decision in the second half of 2010 to begin retaining higher quality loans in the portfolio instead of allowing the residential real estate portfolio to continue to decrease as older loans are repaid. Residential real estate loans are generally underwritten to secondary market lending standards even when the loan will be retained in the portfolio. The Bank uses automated underwriting systems developed for the secondary market that rely on empirical data to evaluate each loan application and assess credit risk. When appropriate, automated underwriting systems are supplemented by a traditional analysis of the borrowers ability to repay their obligations, their credit history, the amount of their down payment, and the market value or other characteristics of the property.

Conventional residential real estate loans can have terms ranging up to 30 years. Interest rates on residential real estate loans held in the portfolio may be fixed for up to 15 years. The remainder of the portfolio has interest rates that are primarily based on the Treasury Constant Maturity index and generally adjust from between one and five years. Construction loans require payment of interest only during the construction period, which generally ranges from six to twelve months, but may be longer for larger residences. Loans for vacant land generally begin amortizing immediately and are refinanced when the owner begins construction of a residence. The Bank does not originate stated income, interest only or option-adjustable rate mortgages for retention in the portfolio or for sale in the secondary market.

TABLE 19. MATURITIES OF RESIDENTIAL REAL ESTATE LOANS AND COMMITMENTS

	December 31, 2011			
(in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 4,127	$ 12,654	$ 420,845	$ 437,626
Variable rate loans	266	6,001	177,490	183,757
Total residential real estate loans	$ 4,393	$ 18,655	$ 598,335	$ 621,383
Total residential real estate loan commitments	$	$	$ 11,072	$ 11,072

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Credit risk in the residential real estate portfolio is mitigated by requiring borrowers to have adequate down payments or equity in the property, thereby limiting the amount of the loan in relation to the appraised value of the property. The Bank generally does not make residential real estate loans with loan-to-value ratios in excess of 90% and loan requests that exceed 80% of the value of the property are generally also supported by mortgage insurance or additional collateral.

Residential real estate loans include construction loans for residences that are being built under contract for owner occupants and loans to finance vacant land upon which the owner intends to construct a residence at a future date. Loans to contractors to finance speculative residential construction and land for development are categorized as CRE loans. Residential construction loans have the added risk that the builder may not complete the residence, or not complete it on time or within budget. Residential construction loans are typically made with the expectation that they will convert to a permanent mortgage loan upon completion of construction.

Construction risk is mitigated by evaluating the builder s reputation in the market, periodically inspecting construction in progress, and disbursing the loan as specified stages of each project are completed. Residential construction lending activity was relatively flat in 2011 compared to 2010 as the prolonged economic downturn continued to have a negative impact on new housing starts.

The Bank generally does not obtain new appraisals of residential properties unless the borrower requests a modification or refinance of the loan, the loan is in default, or there is otherwise and increased dependence on the value of the collateral. Residential real estate loans that were originated in the five year period from 2002 to 2006 prior to the downturn in housing approximate $306 million or 49% of the total at December 31, 2011 compared to $396 million or 59% at December 31, 2010. The remaining balance of loans originated during this period as a percentage of the original loan amount ranges from 84% for loans originated in 2006 to less than 50% for loans originated in 2002. At December 31, 2011 approximately $258 million or 42% of the total, including loans originated in the current year, were originated after 2006 or subsequent to the beginning of the downturn in housing. Such loans were underwritten to more conservative lending standards and the loan-to-value ratio for most of these loans would have been determined based on newer appraisals that reflected lower property values. This compares to $137 million or 22% of the total at December 31, 2010. Approximately $189 million or 30% of total residential real estate loans were originated within the past two years and consist primarily of 15 year fixed rate mortgages. The average credit bureau score of borrowers whose loans originated in the past two years is over 720, and loans past due 30 days or more for this group of loans was 0.37% at December 31, 2011 compared to 1.41% for all residential real estate loans.

The aggregate of residential real estate loans with loan-to-value ratios in excess of 90% without some form of credit enhancement such as mortgage insurance approximate $18 million of risk-based capital at December 31, 2011 compared to approximately $19 million at December 31, 2010 or less than 4% of risk-based capital at both dates. The housing crisis placed significant pressure on the mortgage insurance industry s ability to satisfy claims. However, to date WesBanco has not experienced any material losses as a result of an inability to collect on a mortgage insurance policy.

Rental properties underwritten as residential real estate loans by acquired banks approximate $25 million or 4% of total residential real estate loans at December 31, 2011 compared to $38 million or 6% of the total at December 31, 2010. These loans are in addition to 1-to-4 family rental property loans that are reported as CRE loans. These properties have generally experienced higher delinquency and greater declines in value than owner-occupied dwellings. The decrease in 2011 is the result of a concentrated effort to exit as many of these loans as possible as well as a reduction due to certain of these loans being foreclosed or charged off during the year.

Approximately $18 million or less than 3% of residential real estate loans at December 31, 2011 consists of pools of mortgages originated by other institutions compared to $24 million or 4% at December 31, 2010. These loans originated primarily in 2004 and have remaining balances that represent less than 20% of their original amounts through scheduled and unscheduled repayments. Approximately 75% of the loans in these pools

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financed properties in the states of West Virginia, Ohio and Pennsylvania or contiguous states. WesBanco has not experienced any material losses on this group of residential real estate loans.

Approximately 45% of residential real estate loans are secured by properties in West Virginia where property values have generally been more stable. Residential real estate values have generally declined since 2007 with the western Ohio markets experiencing the most significant decreases. Approximately 20% of residential real estate loans are secured by properties in the western Ohio markets. Residential real estate loans secured by properties located outside the Bank s defined markets are minimal and typically consist of loans to bank customers for second or vacation homes or loans included in purchased pools of mortgage loans originated by other institutions. Refer to Table 11 for the geographic distribution of residential real estate loans.

Home Equity Lines of Credit Home equity lines of credit consist of revolving lines to consumers that are secured by first or second liens on primary residences generally located within the bank s defined markets. Home equity lines are generally limited to an amount in relation to the market value of the property net of the first mortgage, if any, which generally cannot exceed 90% of the property value. In addition, the maximum loan-to-value ratio is tiered based on the loan amount and the borrower s credit history. Most home equity lines of credit originated prior to 2005 are available to the borrower as a revolving line of credit for up to 15 years, at which time the outstanding balance is required to be repaid over a term of not more than 7 years. Most home equity lines of credit originated since 2005 are available to the borrower for an indefinite period of time as long as the borrower s credit characteristics do not materially or adversely change, but may be cancelled by the Bank under certain circumstances.

TABLE 20. MATURITIES OF HOME EQUITY LINES OF CREDIT AND COMMITMENTS

	December 31, 2011			
(in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 349	$ 25	$ 602	$ 976
Variable rate loans	183,780	33,976	33,053	250,809
Total home equity	$ 184,129	$ 34,001	$ 33,655	$ 251,785
Total home equity commitments	$ 153,104	$ 28,413	$ 28,252	$ 209,769

The primary factors that are considered in underwriting and managing credit risk of home equity lines of credit are similar to residential real estate and consumer loans. The risk associated with the revolving availability of home equity lines is also mitigated by the borrower s periodic reduction of the principal balance of their first mortgage, if any, through regular monthly payments, which increases the residual value of the collateral in relation to the amount of the home equity line. However, declining property values also adversely impact the collateral position of home equity lines of credit. Similarly, if a borrower s first mortgage requires interest only or is a type of loan that can result in negative amortization the risk associated with that borrower s home equity line of credit increases. Sufficient information about each borrower s first mortgage loan is not readily available to fully measure this risk.

Credit risk in the home equity portfolio is managed by monitoring delinquency levels and trends, and economic and other factors that influence real estate collateral values in the Bank s defined markets. Irregular or unusual patterns of usage of available lines of credit may also indicate a change in risk. The average usage of home equity lines of credit has generally ranged between 45 and 65 percent of the available balance over a period of several years and there were no material changes in usage patterns within the portfolio in 2011.

The Bank generally does not obtain new appraisals of residential properties unless the borrower requests a modification or refinance of the loan, the loan is in default, or there is otherwise an increased dependence on the

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value of the collateral. Home equity lines of credit that were originated in the five year period from 2002 to 2006 prior to the downturn in housing approximate 27% of the total at December 31, 2011 compared to over 30% at December 31, 2010. At December 31, 2011 approximately two-thirds of the home equity portfolio, originated after 2006 or subsequent to the beginning of the downturn in housing, was underwritten to more conservative lending standards and the loan-to-value ratio for most of these loans would have been determined based on newer appraisals that reflected lower property values. The average credit bureau score of borrowers whose home equity lines originated within the past two years is well over 700.

Approximately 50% of home equity lines of credit are secured by properties in West Virginia where property values have generally been more stable. As previously stated, residential real estate values have generally declined since 2007 with the western Ohio markets experiencing the most significant decreases. Approximately 20% of home equity lines of credit are secured by properties in the western Ohio markets. Refer to Table 11 for the geographic distribution of home equity lines of credit.

Consumer Loans Consumer loans consist of installment loans originated directly by the Bank and, indirectly through dealers to finance purchases of automobiles, motorcycles, boats, and other recreational vehicles, and lines of credit that are either unsecured or secured by collateral other than motorized vehicles or real estate.

The maximum term for automobile loans and other installment loans is generally 84 months but may be less depending on the age of the automobile and other factors while the maximum term for recreational vehicle loans is generally 180 months. The maximum term for unsecured loans typically does not exceed 60 months. Consumer lines of credit are generally available for an indefinite period of time as long as the borrower s credit characteristics do not materially or adversely change, but may be cancelled by the Bank under certain circumstances. Interest rates on installment obligations are generally fixed for the term of the loan and lines of credit are fully adjustable based on the prime rate.

TABLE 21. MATURITIES OF CONSUMER LOANS AND COMMITMENTS

	December 31, 2011			
(in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 9,503	$ 108,815	$ 108,555	$ 226,873
Variable rate loans	10,417	9,283	7,747	27,447
Total consumer loans	$ 19,920	$ 118,098	$ 116,302	$ 254,320
Total consumer loan commitments	$ 14,832	$ 420	$ 106	$ 15,358

The primary factors that are considered in underwriting consumer loans are the borrowers ability to repay their obligations, which also includes an evaluation of their previous credit history. Credit risk in the consumer portfolio is managed by monitoring delinquency levels and trends, and economic and other factors that may influence consumer repayment capacity.

Approximately $130 million or 51% of consumer loans are secured by a motorized vehicle and $67 million or 26% are secured by recreational vehicles at December 31, 2011, which is comparable to the portfolio composition at December 31, 2010. Loans secured by bank deposits or readily marketable collateral, which represent the lowest risk when properly margined and monitored, approximate $28 million or 11% of total consumer loans at December 31, 2011 compared to approximately $23 million or 9% at December 31, 2010. Conversely, unsecured consumer loans, which represent the highest risk, approximate $21 million or 8% of total consumer loans at December 31, 2011 and December 31, 2010. All other consumer loans which represent approximately 4% of the total are secured by real estate, mobile homes, farm equipment or some other type of

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