WESBANCO INC
Form 10-K
March 13, 2007
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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, 2006

¨ **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 0-8467

WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

WEST VIRGINIA	**55-0571723**
(State or other jurisdiction of	**(IRS Employer**
incorporation or organization)	**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**
Nonredeemable Preferred Stock	

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer as defined by Rule 12b-2 of the Exchange Act.

Larger accelerated filer ¨ Accelerated filer þ Non-accelerated filer ¨

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

The aggregate market value of the Registrant s outstanding voting common stock held by nonaffiliates on June 30, 2006, determined using a per share closing price on that date of $30.99, was $613,168,853.

As of February 28, 2007, there were 21,173,064 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 dated March 16, 2007 for its 2007 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

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, 2006, WesBanco operated a commercial bank, WesBanco Bank, Inc., (Bank) through 78 offices, one loan production office and 112 ATM machines located in West Virginia, Ohio, and Western Pennsylvania. Total assets of the Bank as of December 31, 2006 approximated $4.1 billion. The 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, 2006. These 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.

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

WesBanco Asset Management, Inc. and WesBanco Services, Inc., which were incorporated in 2002, collectively hold certain investment securities and real estate loans of the Bank and assist in managing these assets.

WesBanco Properties, Inc. holds certain residential and commercial real estate properties. The commercial properties are leased to the Bank and to non-related third parties, while the residential properties are considered other real estate owned.

WesBanco, Inc. Capital Trust II, WesBanco, Inc. Capital Statutory Trust III, and WesBanco, Inc. Capital Trusts IV, V and VI, (Trusts), are all wholly-owned trust subsidiaries of WesBanco formed for the purpose of issuing Pooled Trust Preferred Securities (Trust Preferred Securities) and lending the proceeds to WesBanco. WesBanco organized Trusts II and III in June 2003, Trusts IV and V in June 2004 and Trust VI in March 2005. 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 also serves as investment adviser to a family of mutual funds under the name WesMark Funds which includes a growth fund, a balanced fund, a bond fund, a West Virginia municipal bond fund and a small company growth fund.

As of December 31, 2006, none of WesBanco s subsidiaries were engaged in any operations in foreign countries, and none had transactions with customers in foreign countries.

On January 3, 2005, WesBanco completed the acquisition of Winton Financial Corporation (Winton). On August 31, 2004, WesBanco completed the acquisition of Western Ohio Financial Corporation (Western Ohio). The primary reason that WesBanco acquired both companies was to expand its footprint into new higher growth metropolitan markets in the state of Ohio. The results of operations of acquired companies are included in WesBanco s consolidated results of operations from their respective acquisition dates.

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EMPLOYEES

There were approximately 1,168 full-time equivalent employees employed by WesBanco and its subsidiaries at December 31, 2006. None of the employees were represented by collective bargaining agreements. WesBanco believes its employee relations to be satisfactory, and believes its human resources to be a differentiating factor in measured customer service quality metrics.

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

All of WesBanco s electronic filings for 2006 filed with the Securities and Exchange Commission (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*, 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, 2006, WesBanco will provide, without charge, a printed copy of its 2006 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 2006 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 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 bank and trust companies, mutual fund companies, investment advisory firms, law firms, brokerage firms and other financial services companies. As a result of the deregulation of the financial services industry, (see the discussion of the Gramm-Leach-Bliley Act of 1999 in the section of this item so captioned) 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 funds, 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 that market. As a result, WesBanco may be forced to compete more aggressively for loans, deposits, trust and insurance products in order to grow successfully its market share, potentially reducing its current and future profit potential from such markets.

SUPERVISION AND REGULATION

As a registered bank holding company, WesBanco is subject to the supervision of the Board of Governors of the Federal Reserve System (Federal Reserve) under the Bank Holding Company Act of 1956 (BHCA) and is required to file with the Federal Reserve reports and other information regarding its business operations and the business operations of its subsidiaries. WesBanco is also subject to examination by the Federal Reserve and is required to obtain Federal Reserve approval prior to acquiring, directly or indirectly, ownership or control of the voting shares of any bank, if, after such acquisition, it would own or control more than five percent of the voting stock of such bank. In addition, pursuant to federal law and regulations promulgated by the Federal Reserve, WesBanco may only engage in, or own or control companies that engage in, activities deemed by the Federal Reserve to be so closely related to banking as to be a proper incident thereto. Prior to engaging in most new business activities, WesBanco must obtain approval from the Federal Reserve.

The Bank is a West Virginia banking corporation and is a member bank of the Federal Reserve System. It is subject to examination and supervision by the Federal Reserve and the West Virginia Division of Banking, and secondarily by the Federal Deposit Insurance Corporation (FDIC). Its deposits are insured by the Deposit Insurance Fund (DIF) of the FDIC. WesBanco s nonbank subsidiaries are also subject to examination and supervision by the Federal Reserve and examination by other federal and state agencies, including, in the case of certain securities activities, regulation by the SEC. The Bank maintains one designated financial subsidiary, WesBanco Insurance Services, Inc. WesBanco believes its current regulatory relations are satisfactory.

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 (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 (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. Banks are also permitted to acquire and to establish de novo branches in other states where authorized under the laws of those states.

Under the BHCA, prior approval of the Federal Reserve is required for the acquisition of 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 of 1977 and its amendments.

In August 2006, the President signed into law the Pension Protection Act of 2006, which significantly changed pension funding rules. The new rules, which in some instances significantly increase required contributions for underfunded plans, become effective in 2008. Other provisions, including provisions relating to maximum tax deductible contributions, were effective in 2006. Currently, WesBanco s defined benefit pension plan is in an overfunded status. For additional information on WesBanco s defined benefit pension plan, please refer to Note 13, Employee Benefit Plans in the Consolidated Financial Statements.

HOLDING COMPANY ACTIVITIES

WesBanco has one state bank subsidiary, WesBanco Bank, Inc., as well as nonbank subsidiaries, which are described further in Item 1. Business General section of this Annual Report on Form 10-K. The Bank is subject to affiliate transaction restrictions under federal law which limits the transfer of funds by the Bank to the parent and any nonbank subsidiaries of the parent, whether in the form of loans, extensions of credit, investments, or asset purchases. Such transfers by the Bank to its parent corporation or to any individual nonbank subsidiary of the parent are limited in amount to 10% of the Bank s capital and surplus and, with respect to such parent together with all such nonbank subsidiaries of the parent, to an aggregate of 20% of the Bank s capital and surplus. Furthermore, such loans and extensions of credit are required to be secured in amounts specified by law. In addition, all affiliate transactions must be conducted on terms and under circumstances that are substantially the same as such transactions with unaffiliated entities or at least as favorable to the Bank or its subsidiary. As part of its affiliate transactions, WesBanco currently has a $3.5 million line of credit with the Bank, which had an outstanding balance at December 31, 2006 of $3.0 million.

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The Federal Reserve has a policy to the effect that a bank holding company is expected to act as a source of financial and managerial strength to each of its subsidiary banks and to commit resources to support each such subsidiary bank. Under the source of strength doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank, and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. This capital injection may be required at times when WesBanco may not have the resources to provide it. Any loans by a holding company to its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. Moreover, in the event of a bank holding company s bankruptcy, any commitment by such holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

DIVIDEND RESTRICTIONS

Dividends from the Bank are a significant source of funds for payment of dividends to WesBanco s shareholders. For the year ended December 31, 2006, WesBanco declared cash dividends to its shareholders of approximately $23.0 million. There are, however, statutory limits on the amount of dividends that the Bank can pay to WesBanco without regulatory approval.

Under applicable federal and state regulations, appropriate bank regulatory agency approval is required if the total of all dividends declared by a bank in any calendar year exceeds the available retained earnings and exceeds the aggregate of the bank s net profits (as defined by regulatory agencies) for that year and its retained net profits for the preceding two years, less any required transfers to surplus or a fund for the retirement of any preferred stock. At December 31, 2006, the Bank could pay dividends of up to $5.8 million to WesBanco without prior regulatory approval and without adversely affecting its well capitalized status.

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 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.

FDIC INSURANCE

The Bank is classified by the FDIC as a well-capitalized institution in the highest supervisory subcategory, and is therefore not obliged under current FDIC assessment practices to pay deposit insurance premiums on its deposits insured by the DIF. On February 15, 2006, President Bush signed into law H.R. 4636, the Federal Deposit Insurance Reform Conforming Amendments Act of 2005. The signing completed more than five years of work by Congress: to modernize the deposit insurance system and merge the Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF) into the new DIF, which was referred to above; increase the deposit insurance limit for certain retirement accounts to $250,000 and establish indices that limit deposit insurance increases to inflation; allow the FDIC Board to set assessments; and provide the FDIC Board with the discretion to set the Designated Reserve Ratio within a range of 1.15 to 1.50 percent for any given year. The enactment of this legislation should not impact WesBanco detrimentally.

CAPITAL REQUIREMENTS

The Federal Reserve 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. Bank holding companies, however, 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, cumulative and 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. Total capital is the sum of Tier 1, Tier 2 and Tier 3 capital.

The Federal Reserve 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 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 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 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 new RFI/C (D) (Risk Management, Financial Condition, Impact, Composite Rating and Depository Institution) components r system for bank holding companies, and for certain bank holding companies that have implemented the 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 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.

In 2002, the bank regulatory agencies 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% as a financial institution s overall exposure to equity investments increases as a percentage of its Tier 1 capital. At December 31, 2006, capital charges relating to WesBanco s equity investments in nonfinancial companies were immaterial.

Failure to meet applicable capital guidelines could subject the 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, 2006, WesBanco s Tier 1 and total capital to risk-adjusted assets ratios were 12.35% and 13.44%, respectively. As of December 31, 2006, the Bank also had capital in excess of the minimum requirements. Neither WesBanco nor the Bank has been advised by the appropriate federal banking regulator of any specific leverage ratio applicable to it. As of December 31, 2006, WesBanco s leverage ratio was 9.27%. WesBanco currently has $87.6 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 $85 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 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 ends on March 31, 2009, 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 risk-based capital standards of the Federal Reserve 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 the 1988 capital accord of the Basel Committee on Banking Supervision (the BIS). The BIS is a committee of central banks and bank supervisors/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 June 2004, the BIS published a new capital accord to replace its 1988 capital accord. The new capital accord would, among other things, set capital requirements for operational risk and refine the existing capital requirements for credit risk and market risk. Operational risk is defined to mean the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems in connection with external events. The 1988 capital accord does not include separate capital requirements for operational risk. On September 25, 2006, the U.S. banking agencies had published in the Federal Register a notice of proposed rulemaking relating to Basel II, which contained revised regulatory capital rules that would be applicable, it is estimated, only to between one and two dozen particularly large complex financial organizations when Basel II first becomes effective. On December 26, 2006, the same U.S. banking agencies had published in the Federal Register for notice and comment a proposed rulemaking pertaining to amendments to the existing Basel I-based capital rules that would apply to certain financial organizations that would not be subject to the Basel II framework. (This alternative rulemaking initiative is sometimes referred to as Basel IA.) As Basel II and Basel IA have been recently proposed, WesBanco would be subject to Basel IA, but not Basel II. The comment periods for both of these regulatory initiatives will close on March 26, 2007. There is significant uncertainty as to the times at which Basel II and Basel IA as finally implemented will become effective. WesBanco cannot predict the precise timing or final form of the United States rules implementing the new capital accord and their impact on WesBanco. The new capital requirements that may arise from the final rules 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, 2006, the Bank had capital levels that met the well capitalized standards under such 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. 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 OF 1999 (THE GLB ACT)

Under the GLB Act, banks are no longer prohibited by the Glass-Steagall Act from associating with, or having management interlocks with, a business organization engaged principally in securities activities. By qualifying as a new entity known as a financial holding company, a bank holding company may acquire new powers not otherwise available to it. In order to qualify, a bank holding company s depository subsidiaries must all be both well-capitalized and well managed, and must be meeting their Community Reinvestment Act obligations. The bank holding company must also declare its intention to become a financial holding company to the Federal Reserve and certify that its depository subsidiaries meet the capitalization and management requirements. The repeal of the Glass-Steagall Act and the availability of new powers both became effective in 2000. WesBanco has not elected to become a financial holding company under the GLB Act, though it has qualified a subsidiary of its bank as a financial subsidiary under the GLB Act.

Financial holding company powers relate to financial activities that are determined by the Federal Reserve, 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 statute 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 to be closely related to banking.

National and state banks are permitted under the GLB Act, subject to capital, management, size, debt rating, and Community Reinvestment Act 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. Other provisions of the

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GLB Act establish a system of functional regulation for financial holding companies and banks involving the SEC, the Commodity Futures Trading Commission, and state securities and insurance regulators; deal with bank insurance sales and title insurance activities in relation to state insurance regulation; prescribe consumer protection standards for insurance sales; and establish minimum federal standards of privacy to protect the confidentiality of the personal financial information of consumers and regulate its use by financial institutions. Federal bank regulatory agencies have issued certain rules over the past seven years relating to the implementation of the GLB Act.

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 (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 a number of implementing regulations which apply to various requirements of the USA Patriot Act to financial institutions such as WesBanco s bank and broker-dealer subsidiaries. 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 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.

SARBANES-OXLEY ACT OF 2002

The Sarbanes-Oxley Act of 2002 contains important requirements for public companies in the area of financial disclosure and corporate governance. In accordance with section 302(a) of the Sarbanes-Oxley Act, written certifications by WesBanco s chief executive officer and chief financial officer are required. These certifications attest that WesBanco s quarterly and annual reports filed with the SEC do not contain any untrue statement of a material fact. WesBanco has also implemented a program designed to comply with Section 404 of the Sarbanes-Oxley Act, which includes the identification of significant processes and accounts, documentation of the design of control effectiveness over process and entity level controls, and testing of the operating effectiveness of key controls. Also, in response to the Sarbanes-Oxley Act, WesBanco adopted a series of procedures to improve its corporate governance practices. One of these actions included the formation of a Disclosure Committee whose members include the Chief Executive Officer, the Chief Financial Officer and other WesBanco officers. WesBanco also requires signed certifications from managers who are responsible for internal controls throughout WesBanco as to the integrity of the information they prepare. These procedures supplement WesBanco s Code of Ethics policies and procedures that have previously been in place. See Item 9A   Controls and Procedures   for WesBanco s evaluation of its disclosure controls and procedures.

ITEM 1A.   RISK FACTORS

You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this Annual Report on Form 10-K, before making an investment in WesBanco s common stock. 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. In such an event, our common stock could decline in price, and you may lose all or part of your investment.

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

WesBanco faces competition 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, the 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.

As of December 31, 2006, WesBanco had approximately $3.0 billion in assets under management, which provided approximately 9.2% of WesBanco s net revenues. 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.

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 the 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.

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.

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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. Additions to the allowance for loan losses results in an expense for the period.

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 the Bank s results of operations or financial position.

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

A downturn in the local and regional economies could negatively impact WesBanco s banking business. The Bank serves both individuals and business customers throughout West Virginia, Ohio and Western Pennsylvania. The ability of the Bank s customers to repay their loans is strongly tied to the economic conditions in these areas. These economic conditions may also force customers to utilize deposits held by the 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.

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. The 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 increase as a result of 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.

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. At December 31, 2006, WesBanco s goodwill and other identifiable intangible assets were approximately $145.1 million. 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 2006 and concluded that no impairment charge was necessary for the year ended December 31, 2006. 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.

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 with it 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 business 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.

Any future acquisitions may result in 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.

CHANGES IN REGULATORY CAPITAL REGULATIONS BY THE FEDERAL RESERVE MAY NEGATIVELY IMPACT WESBANCO S CAPITAL LEVELS.

WesBanco currently has $87.6 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 $85.0 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 adopted a rule that would retain trust preferred securities in Tier 1 capital, but with stricter quantitative limits and clearer qualitative standards. Under the rule, after a transition period that ends on March 31, 2009, 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. Should WesBanco issue additional trust preferred securities, WesBanco s Tier 1 capital ratio may be limited by the rule adopted by the Board. WesBanco s earnings may also be negatively impacted due to prepayment penalties associated with the redemption of the trust preferred securities.

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

The Bank is currently a member bank of the Federal Home Loan Bank (FHLB) of Pittsburgh. Membership in this system allows the Bank to participate in various programs offered by its member banks. The Bank borrows funds from the FHLB, which are secured by a blanket lien on certain residential mortgage loans or securities with a market value at least equal to the outstanding balances. In prior years, certain FHLB Banks, including Pittsburgh, experienced lower earnings and paid out lower dividends to its members. While earnings and dividends have since improved, future problems may impact the collateral necessary to secure borrowings and limit the borrowings extended to its member banks, as well as require additional capital contributions by its 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. Such alternative funding sources may include the issuance of additional junior subordinated debt within allowed capital guidelines, utilization of existing lines of credit with third party banks along with seeking other lines of credit, borrowings under repurchase agreement lines, increasing deposit rates to attract additional funds, accessing brokered deposits, or selling certain investment securities categorized as available-for-sale in order to maintain adequate levels of liquidity. At December 31, 2006 the Bank owned $15.2 million of FHLB of Pittsburgh stock, which paid a dividend approximating 5.25% for the fourth quarter of 2006, up from 3.00% for the fourth quarter of 2005. Additionally, the Bank owned $6.4 million of FHLB of Cincinnati stock, which paid a stock dividend of 6.00%. Dividend payments may be eliminated by either respective FHLB at anytime in the future in order for it to restore its retained earnings. In such case, the corresponding FHLB stock owned by WesBanco may be deemed a non-earning asset.

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 the Bank 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.

WESBANCO S ABILITY TO PAY DIVIDENDS IS LIMITED.

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. Additional restrictions are placed upon WesBanco by the policies of federal regulators, including Regulation H and the Federal Reserve s November 14, 1985 policy statement, which provides that bank holding companies should pay dividends only out of the past year s net income, and retained net income of the prior two calendar years, unless approved by the Federal Reserve, and then only if their prospective rate of earnings retention appears consistent with their capital needs, asset quality, and overall financial condition. The state of West Virginia requirement limits dividends declared to the total of the Bank s current year net profits plus retained profits of the preceding two years. 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, capital requirements, regulatory constraints and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Registrant s subsidiaries generally own their respective offices, related facilities and any unimproved real property held for future expansion. At December 31, 2006, WesBanco operated 78 banking offices in West Virginia, Ohio and Western Pennsylvania, and 1 loan production office, of which 62 were owned and 17 were leased under long-term operating leases. These leases expire at various dates through November 2026 and generally include options to renew.

The main office of the Registrant 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 two thirds 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 $0.5 million for 2006 compared to $0.6 million for 2005. 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

On March 1, 2002, WesBanco consummated its acquisition of American Bancorporation through a series of corporate mergers. At the time of the consummation of this transaction, American Bancorporation was a defendant in a suit styled Martin, et al. v. The American Bancorporation Retirement Plan, et al., under Civil Action No. 5:2000-CV-168, pending in the United States District Court for the Northern District of West Virginia. WesBanco became the principal defendant in this suit by reason of the merger. This case involves a class action suit against American Bancorporation by certain beneficiaries of the American Bancorporation Defined Benefit Retirement Plan (the Plan) seeking to challenge benefit calculations and methodologies used by the Plan Administrator in determining benefits under the Plan which was frozen by American Bancorporation, as to benefit accruals, in 1992.

A mediation was held in the case which resulted in the execution of a tentative settlement agreement. The parties subsequently entered into a formal settlement agreement which was preliminarily approved by the District Court by Order dated September 29, 2006. A final hearing to approve the settlement of the case was held on November 17, 2006. The settlement was approved and implemented and the case has now been dismissed.

The Bank has also been involved in a case styled Copier Word Processing Supply, Inc. v. WesBanco, Inc., et al. under Civil Action No. 03-C-472, filed in the Circuit Court of Wood County, West Virginia on October 8, 2003. The suit alleges that a former office manager of the plaintiff converted checks payable to the plaintiff by forging the endorsement of its President, endorsing the instruments in her own right, and depositing such checks into her personal account at the Bank. The Complaint alleges such misconduct over an undetermined period and for an undetermined amount. The suit alleges negligence and conversion claims against the Bank over the deposit of the checks. Through continuing discovery, the Bank has identified a number of checks which were deposited to the personal accounts of the former office manager over a period of approximately 10 years. The Circuit Court has applied a three year statute of limitations to the action and the plaintiff sought to extend the applicable statute through a continuing tort analysis and the question was certified to the West Virginia Supreme Court for resolution. The Court upheld the application of the three year statute of limitations. The case has been remanded to the Circuit Court for further proceedings.

The Bank believes that the accounting controls and practices of the plaintiff were primarily at fault and substantially contributed to the loss. The plaintiff s employee had previously been convicted of criminal fraud prior to her employment by the plaintiff, and the Bank believes that the failure of the plaintiff to supervise its employee, especially given her prior record, substantially contributed to the loss. Under a comparative fault analysis, the Bank believes that the plaintiff must bear a substantial portion of the loss. Under West Virginia s comparative fault procedures, if the plaintiff is found to be more than 50% at fault, then the plaintiff may not be permitted a recovery at all in the case.

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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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 NASDAQ under the symbol WSBC. The approximate number of holders of WesBanco s $2.0833 par value common stock as of December 31, 2006 was 5,452. 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 2006 and 2005, the high and low sales price per share as reported by NASDAQ and cash dividends declared per share.

	2006			2005		
	High	**Low**	**Dividend Declared**	**High**	**Low**	**Dividend Declared**
Fourth quarter	**$ 34.00**	**$ 28.41**	**$ 0.265**	$ 32.50	$ 25.59	$ 0.26
Third quarter	**31.16**	**27.89**	**0.265**	32.00	27.17	0.26
Second quarter	**32.92**	**28.03**	**0.265**	31.50	24.80	0.26
First quarter	**32.81**	**29.20**	**0.265**	33.33	25.99	0.26

On March 17, 2005, WesBanco formed a wholly-owned trust subsidiary, WesBanco Capital Trust VI, under the laws of Delaware, by issuing $15.0 million in Fixed/Floating Rate Subordinated Deferrable Interest Debentures due March 17, 2035 to a statutory trust which issued 15,000 shares of trust preferred securities with a liquidation value of $15.0 million, based upon the debenture and a guarantee from WesBanco. In connection with the issuance of the trust preferred securities, WesBanco Capital Trust VI issued 464 shares of common securities to WesBanco with a liquidation value of $0.5 million. The Trust Preferred Securities were issued and sold in a private placement offering to Preferred Term Securities XVII, Ltd. No fee was paid in connection with the private placement. Interest will be paid quarterly at a rate of 6.37% for the first five years, resetting quarterly beginning on March 17, 2010 at a rate equal to the three month London Interbank Offered Rate (LIBOR) index plus 1.77%. The debentures mature on March 17, 2035, and may be redeemed at par on or after March 17, 2010, without penalty. A portion of the proceeds received from the issuance was used to fund the acquisition of Winton with the remainder used for general corporate purposes.

On June 17, 2004, WesBanco formed two wholly-owned trust subsidiaries, WesBanco Capital Trust IV and V, under the laws of Delaware, by issuing $40.0 million in Floating Rate and Fixed/Floating Rate Junior Subordinated Deferrable Interest Debentures due June 17, 2034, to two statutory trusts each of which issued 20,000 shares of trust preferred securities each with a liquidation value of $20.0 million, based upon the debentures and a guarantee for each trust from WesBanco. In connection with the issuance of the trust preferred securities, each trust issued 619 shares of common securities to WesBanco with a liquidation value of $0.6 million. The trust preferred securities were issued and sold in two private placement offerings to Preferred Term Securities XIV, Ltd. with a fee totaling $0.2 million paid to FTN Financial Capital Markets and Keefe, Bruyette & Woods, Inc. in connection with the private placements. For the Floating Rate portion of the issuance totaling $20 million, interest is payable quarterly at a rate equal to the three-month LIBOR index plus 2.65%, resetting quarterly. For the Fixed/Floating Rate portion of the issuance totaling $20 million, interest is payable quarterly at an initial rate of 6.91% for the first five years, resetting quarterly beginning on June 17, 2009 at a rate equal to the three-month LIBOR index plus 2.65%. The debentures mature on June 17, 2034, and may be redeemed at par on or after June 17, 2009, without penalty. A portion of the proceeds received from the issuances were used to fund the acquisition of Western Ohio with the remainder used for general corporate purposes.

The debentures and trust preferred securities issued by the trusts discussed above 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.

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

Information regarding WesBanco s compensation plans under which WesBanco s equity securities are authorized for issuance as of December 31, 2006 is included under Item 12 of this Annual Report on Form 10-K.

As of December 31, 2006, WesBanco had an active one million share repurchase plan approved by the Board on January 19, 2006. The shares are purchased for general corporate purposes, which may include potential acquisitions, 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.

The following table shows the activity in WesBanco s stock repurchase plan for the quarter ended December 31, 2006:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that May Yet Be Purchased Under the Plan
Balance at September 30, 2006				708,898
October 1, 2006 to October 31, 2006	30,000	$ 31.73	30,000	678,898
November 1, 2006 to November 30, 2006	48,900	32.05	48,900	629,998
December 1, 2006 to December 31, 2006				629,998
Total	78,900	$ 31.93	78,900	

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The following graph shows a comparison of cumulative total shareholder returns for WesBanco, the Russell 2000 Index and the Russell 2000 Financial Services Index. The total shareholder return assumes a $100 investment in the common stock of WesBanco and each index since December 31, 2001 with reinvestment of dividends.

	December 31,					
Index	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
WesBanco, Inc.	100.00	115.22	141.41	169.07	166.57	190.15
Russell 2000 Index	100.00	79.52	117.09	138.55	144.86	171.47
Russell 2000 Financial Services Index	100.00	103.47	144.69	175.21	179.06	213.89

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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, 2006. 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. All of WesBanco s acquisitions during the five years ended December 31, 2006, are included in results of operations since their respective dates of acquisition.

(dollars in thousands, except per share amounts)	For the years ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
PER SHARE INFORMATION					
Dividends	**$ 1.06**	$ 1.04	$ 1.00	$ 0.96	$ 0.935
Book value at year end	**19.39**	18.91	17.77	16.13	15.89
Average common shares outstanding basic	**21,762,567**	22,474,645	20,028,248	20,056,849	20,459,122
Average common shares outstanding diluted	**21,816,573**	22,528,262	20,083,718	20,080,415	20,471,216
SELECTED BALANCE SHEET INFORMATION					
Total securities	**$ 736,707**	$ 992,564	$ 1,133,100	$ 1,176,273	$ 1,163,631
Net loans, including loans held for sale	**2,879,404**	2,909,923	2,459,049	1,907,303	1,795,805
Total assets	**4,098,143**	4,422,115	4,011,399	3,445,006	3,297,231
Total deposits	**2,995,547**	3,028,324	2,725,934	2,482,082	2,399,956
Total long term debt and other borrowings	**561,468**	856,994	799,924	578,984	518,958
Junior subordinated debt and trust preferred securities	**87,638**	87,638	72,174	30,936	12,650
Total shareholders equity	**416,875**	415,230	370,181	318,436	325,171
SELECTED RATIOS					
Return on average assets	**0.94%**	0.95%	1.07%	1.08%	1.13%
Return on average equity	**9.35%**	10.13%	11.37%	11.38%	10.95%
Dividend payout	**59.22%**	54.74%	52.63%	53.33%	55.00%
Average equity to average assets	**10.03%**	9.41%	9.37%	9.46%	10.29%
TRUST ASSETS AT MARKET VALUE	**$ 2,976,621**	$ 2,599,463	$ 2,664,795	$ 2,771,656	$ 2,295,737

(dollars in thousands, except per share amounts)	For the years ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
SUMMARY STATEMENTS OF INCOME					
Interest income	**$ 227,269**	$ 224,745	$ 169,436	$ 165,516	$ 176,155
Interest expense	**104,436**	92,434	60,212	62,512	72,555
Net interest income	**122,833**	132,311	109,224	103,004	103,600
Provision for loan losses	**8,739**	8,045	7,735	9,612	9,359
Net interest income after provision for loan losses	**114,094**	124,266	101,489	93,392	94,241
Non-interest income	**40,408**	39,133	35,541	33,230	27,852
Non-interest expense	**106,204**	108,920	89,872	81,810	76,647
Income before income taxes	**48,298**	54,479	47,158	44,812	45,446
Provision for income taxes	**9,263**	11,722	8,976	8,682	10,620
Net income	**$ 39,035**	$ 42,757	$ 38,182	$ 36,130	$ 34,826

Earnings per share basic	**$**	**1.79**	$	1.90	$	1.91	$	1.80	$	1.70
Earnings per share diluted	**$**	**1.79**	$	1.90	$	1.90	$	1.80	$	1.70

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The following tables set forth unaudited consolidated selected quarterly statements of income for the years ended December 31, 2006 and 2005.

CONDENSED QUARTERLY STATEMENTS OF INCOME

	2006 Quarter ended				
(dollars in thousands, except per share amounts)	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual Total**
Interest income	**$ 56,447**	**$ 55,994**	**$ 56,942**	**$ 57,886**	**$ 227,269**
Interest expense	**25,464**	**25,130**	**26,233**	**27,609**	**104,436**
Net interest income	**30,983**	**30,864**	**30,709**	**30,277**	**122,833**
Provision for loan losses	**2,640**	**2,263**	**2,268**	**1,568**	**8,739**
Net interest income after provision for loan losses	**28,343**	**28,601**	**28,441**	**28,709**	**114,094**
Non-interest income	**13,356**	**12,298**	**11,657**	**10,895**	**48,206**
Net securities (losses) gains	**(7,942)**	**92**	**17**	**35**	**(7,798)**
Non-interest expense	**26,812**	**26,988**	**25,929**	**26,475**	**106,204**
Income before income taxes	**6,945**	**14,003**	**14,186**	**13,164**	**48,298**
Provision for income taxes	**1,361**	**2,742**	**2,632**	**2,528**	**9,263**
Net income	**$ 5,584**	**$ 11,261**	**$ 11,554**	**$ 10,636**	**$ 39,035**
Earnings per share basic	**$ 0.25**	**$ 0.52**	**$ 0.53**	**$ 0.49**	**$ 1.79**
Earnings per share diluted	**$ 0.25**	**$ 0.52**	**$ 0.53**	**$ 0.49**	**$ 1.79**

	2005 Quarter ended				
(dollars in thousands, except per share amounts)	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual Total**
Interest income	$ 54,884	$ 56,534	$ 56,231	$ 57,096	$ 224,745
Interest expense	21,383	22,666	23,643	24,742	92,434
Net interest income	33,501	33,868	32,588	32,354	132,311
Provision for loan losses	1,843	1,919	2,141	2,142	8,045
Net interest income after provision for loan losses	31,658	31,949	30,447	30,212	124,266
Non-interest income	8,778	8,872	9,699	9,763	37,112
Net securities gains	753	1,068	141	59	2,021
Non-interest expense	27,129	27,493	27,663	26,635	108,920
Income before income taxes	14,060	14,396	12,624	13,399	54,479
Provision for income taxes	2,980	3,138	2,754	2,850	11,722
Net income	$ 11,080	$ 11,258	$ 9,870	$ 10,549	$ 42,757
Earnings per share basic	$ 0.48	$ 0.50	$ 0.44	$ 0.48	$ 1.90
Earnings per share diluted	$ 0.48	$ 0.50	$ 0.44	$ 0.48	$ 1.90

NON-GAAP MEASURES

The Annual Report on Form 10-K contains financial information other than that provided by accounting principles generally accepted in the United States of America (GAAP). WesBanco s management believes these non-GAAP measures, which exclude the effects of merger-related and restructuring expenses, other-than-temporary impairment losses and gain on sale of branches are essential to a proper understanding of the operating

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results of WesBanco s core business largely because they allow investors to see clearly the performance of WesBanco without these items included in certain key financial ratios. These non-GAAP measures are not a substitute for operating results determined in accordance with GAAP nor do they necessarily conform to non-GAAP performance measures that may be presented by other companies. These non-GAAP measures should not be compared to non-GAAP performance measures of other companies.

NON-GAAP RECONCILIATION

			December 31,		
(dollars in thousands, except per share amounts)	**2006**	**2005**	**2004**	**2003**	**2002**
Net income	**$ 39,035**	$ 42,757	$ 38,182	$ 36,130	$ 34,826
Merger-related and restructuring expenses, net of tax (1)	**324**	918	238	154	1,509
Other-than-temporary impairment losses, net of tax (1)	**4,829**				
Gain on sale of branches, net of tax (1)	**(1,571)**				
Core operating earnings	**$ 42,617**	$ 43,675	$ 38,420	$ 36,284	$ 36,335
Net income per common share basic	**$ 1.79**	$ 1.90	$ 1.91	$ 1.80	$ 1.70
Merger-related and restructuring expenses, net of tax (1)	**0.01**	0.05	0.01	0.01	0.07
Other-than-temporary impairment losses, net of tax (1)	**0.22**				
Gain on sale of branches, net of tax (1)	**(0.07)**				
Core operating earnings per common share basic	**$ 1.95**	$ 1.95	$ 1.92	$ 1.81	$ 1.77
Net income per common share diluted	**$ 1.79**	$ 1.90	$ 1.90	$ 1.80	$ 1.70
Merger-related and restructuring expenses, net of tax (1)	**0.01**	0.05	0.01	0.01	0.07
Other-than-temporary impairment losses, net of tax (1)	**0.22**				
Gain on sale of branches, net of tax (1)	**(0.07)**				
Core operating earnings per common share diluted	**$ 1.95**	$ 1.95	$ 1.91	$ 1.81	$ 1.77
Return on average assets	**0.94%**	0.95%	1.07%	1.08%	1.13%
Merger-related and restructuring expenses, net of tax (1)	**0.01%**	0.02%	0.01%		0.05%
Other-than-temporary impairment losses, net of tax (1)	**0.11%**				
Gain on sale of branches, net of tax (1)	**(0.04)%**				
Core return on average assets	**1.02%**	0.97%	1.08%	1.08%	1.18%
Return on average equity	**9.35%**	10.13%	11.37%	11.38%	10.95%
Merger-related and restructuring expenses, net of tax (1)	**0.08%**	0.22%	0.07%	0.05%	0.47%
Other-than-temporary impairment losses, net of tax (1)	**1.16%**				
Gain on sale of branches, net of tax (1)	**(0.38)%**				
Core return on average equity	**10.21%**	10.35%	11.44%	11.43%	11.42%
Efficiency ratio (2)	**61.78%**	60.09%	58.29%	56.12%	54.73%
Merger-related and restructuring expenses, net of tax (1)	**(0.32)%**	(0.85)%	(0.26)%	(0.18)%	(1.80)%
Other-than-temporary impairment losses, net of tax (1)	**(2.86)%**				
Gain on sale of branches, net of tax (1)	**1.00%**				
Core efficiency ratio	**59.60%**	59.24%	58.03%	55.94%	52.93%

(1) The related income tax expense is calculated using a combined Federal and State income tax rate of 40%.

(2) The yield on earning assets, net interest margin, net interest spread and efficiency ratios 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. WesBanco believes this measure to be the preferred industry measurement of net interest income and provides a relevant comparison between taxable and non-taxable amounts.

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-Q s for the prior quarters ended September 30, 2006, June 30, 2006 and March 31, 2006, filed 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 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 the parent company 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, State of West Virginia Department of Banking, Federal Deposit Insurance Corporation, the SEC, the NASDAQ, the National Association of Securities Dealers and other regulatory bodies; potential legislative and federal and state regulatory actions and reform; competitive conditions in the financial services industry; rapidly changing technology affecting financial services 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. Estimates, assumptions and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility.

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 Management s Discussion and Analysis (MD&A), provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, 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.

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Securities Valuation Investment securities which are composed of debt securities and certain equity securities comprise a significant portion of WesBanco s consolidated balance sheet. Such securities can be classified as Securities Available-for-Trading, Securities Held-to-Maturity or Securities Available-for-Sale.

Securities held-to-maturity are comprised of debt securities, which were purchased with management s positive intent and ability to hold such securities until their maturity. Such securities are carried at cost, adjusted for related amortization of premiums and accretion of discounts through interest income from securities.

Securities that are not classified as trading or held-to-maturity are classified as available-for-sale. The Corporation s available-for-sale securities portfolio is comprised of debt securities and marketable equity securities. Such securities are carried at fair value with net unrealized gains and losses not deemed other-than-temporary reported separately as a component in other comprehensive income, net of tax. Realized gains and losses on the sale of and other-than-temporary impairment charges on available-for-sale securities are recorded on the statement of income. Realized gains and losses on the sale of securities are determined using the specific-identification method.

WesBanco conducts a review each quarter for all securities which have possible indications of impairment, particularly those equaling or exceeding six months in a loss position for equity securities and twelve months for debt securities. WesBanco further reviews the results of the above testing for any security which might be considered to be for an other-than-temporary-impairment write-down. In estimating other-than-temporary impairment losses, WesBanco also considers the financial condition and near-term prospects of the issuer, evaluating any credit downgrades or other indicators of a potential credit problem, the receipt of principal and interest according to the contractual terms and the intent and ability of WesBanco to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Any securities that are deemed to be other-than-temporarily impaired are reflected in current earnings as realized losses, with appropriate adjustment for the portion previously accounted for as an unrealized loss in other comprehensive income.

Allowance for Loan Losses The allowance for loan losses represents management s estimate of probable losses inherent in the loan portfolio. Determining the amount of the allowance is considered a critical accounting estimate because it requires significant judgment about the collectibility 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 for loan losses at least quarterly. This evaluation is inherently subjective, as it requires material estimates based on quantitative and qualitative factors that may be susceptible to significant change. The evaluation of the allowance includes an assessment of actual loss experience within each category of loans and testing of certain individual loans for impairment. The evaluation also considers the impact of economic trends and conditions in specific industries and geographical markets, which includes levels of unemployment, bankruptcy filings, and other pertinent information; an analysis of industry, property type, geographic or other loan concentrations; and regulatory guidance pertaining to the allowance for loan losses.

There are two primary components of the allowance for loan losses. Specific reserves are established for individual commercial and commercial real estate loans over a predetermined amount that are deemed impaired pursuant to Statement of Financial Accounting Standards (SFAS) No. 114, Accounting by Creditors for Impairment of a Loan. The determination of specific reserves takes into consideration anticipated future cash flows from the borrower to repay the loan, the observable market price for the loan, if any, or the estimated realizable value of the collateral, if any. General reserves are established pursuant to SFAS No. 5, Accounting for Contingencies, for loans in each category that are not specifically reserved. General reserves are based on historical loss rates with appropriate adjustments to reflect changing economic conditions, delinquency and non-performing loan trends, and other relevant factors. General reserves for commercial and commercial real estate loans are also supported by a migration analysis, which computes historical loss experience sustained on those loans within each internal risk grade.

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Management relies on observable data from internal and external sources to evaluate each of the factors that are considered in the evaluation of the allowance, adjust assumptions and recognize changing conditions, and reduce differences between estimated and actual observed losses from period to period. The evaluation of the allowance also takes into consideration the inherent imprecision of loss estimation models and techniques and includes general reserves for probable but undetected losses in each category of loans. While WesBanco continually refines and enhances the loss estimation models and techniques it uses to determine the appropriateness of the allowance for loan 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 loan losses and may have a material impact on WesBanco s future financial condition and results of operations. While management allocates the allowance to different loan categories, the allowance is general in nature and is available to absorb credit losses for the entire loan portfolio as well as deposit overdrafts. Please see the Allowance for Loan Losses section of this MD&A for more information.

Goodwill and Other Intangible Assets In accordance with the provisions of SFAS No. 141, Business Combinations, WesBanco accounts for business combinations using the purchase method of accounting. Accordingly, the cost of an acquired business is allocated to each of the individual assets, including separable intangible assets, and liabilities of the business based on their relative fair values at the date of the acquisition, with the excess cost, if any, allocated to goodwill. The difference between the original basis in the asset or liability and the fair market value adjusted basis is amortized or accreted into income over the life of the related asset or liability. At December 31, 2006, the carrying value of goodwill and other intangible assets was approximately $137.3 million and $7.8 million, respectively, which represents approximately 32.9% and 1.9% of total shareholders equity, respectively. As WesBanco continues to acquire additional businesses, goodwill and other intangible assets subject to amortization and/or impairment testing may comprise an even larger percentage of total shareholders equity and in turn, increase the risk that its financial position or results of operations could be adversely impacted as discussed below.

In accordance with the provisions of SFAS No. 142, Goodwill and Other Intangible Assets, goodwill and intangible assets with indefinite useful lives are no longer amortized. Intangible assets with finite useful lives, consisting primarily of core deposit intangibles, are amortized using straight-line and accelerated methods over their estimated weighted-average useful lives, ranging from ten to twelve years.

In the fourth quarter of each year, the carrying value of goodwill is tested for impairment. 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 or an intangible asset exceeds its fair value, an impairment loss is recognized. WesBanco uses market capitalization and multiples of tangible book value methods to determine the estimated current fair value of its reporting units. A number of significant assumptions and estimates are involved in the application of these methods, which may produce results that would be different than the results that could be realized in an actual transaction. Additionally, the application of different methodologies based upon different assumptions could affect the conclusions reached regarding possible impairment.

Intangible assets with finite useful lives (core deposit 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.

In the event WesBanco determined that either its goodwill or finite lived intangible assets were impaired, recognition of an impairment charge could have a significant adverse impact on its financial position or results of operations in the period in which the impairment occurred. Please refer to Note 1, Summary of Significant Accounting Policies and Note 7, Goodwill and Other Intangible Assets of the Consolidated Financial Statements for additional information on goodwill and core deposit intangibles.

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EXECUTIVE OVERVIEW

During 2006, WesBanco, and the banking industry in general, experienced a challenging environment of a flat to inverted yield curve, rising interest rates, and significant competition for loans and deposits. The federal funds rate, controlled by the Federal Reserve, increased 1.0% during the year to 5.25% and longer term rates were often lower then short-term rates. WesBanco employed a strategy in 2006 to reduce the effect of these factors on long term profitability by repositioning the balance sheet. The result was the stabilization of the net interest margin at 3.49% as compared to 3.48% for 2005. Generally, the repositioning strategy was to sell assets with relatively low yields in order to reduce relatively higher cost liabilities. The primary effort was planned and implemented in the first half of the year with the sale of approximately $200 million of taxable available-for-sale securities with the proceeds utilized primarily to reduce FHLB and other short-term borrowings. The approach continued to be followed throughout the year as opportunities arose based on the scheduled maturities of earning assets and interest bearing liabilities. FHLB and other short-term borrowings decreased $295.5 million or 34.5% in 2006.

Loans decreased slightly in 2006 due to an intentional reduction in the retention of fixed rate residential real estate loans and reduced market opportunities for residential real estate and home equity loans, as well as the sale of $25.3 million in loans in connection with the sale of four branches and certain underperforming loans, which offset continued organic growth in commercial real estate lending. The allowance for loan losses increased $1.0 million or 3% to $32.0 million in 2006 to provide for increased risk of loss attributed to higher levels of under-performing loans, higher probable losses associated with WesBanco s deposit account overdraft program introduced in the fourth quarter of 2005, and changes in the distribution of loans among internal risk grades.

WesBanco s marketing strategy in 2006 included programs instituted in the fourth quarter of 2005 to increase retail and small business non-interest bearing checking accounts. The rate of growth in total new non-interest bearing checking accounts increased an additional 56.7% in 2006 following a 99.0% increase in 2005. These new accounts provided low cost funds that supported the net interest margin, and improved the performance of ancillary products, including an overdraft product rolled out in the fourth quarter of 2005. This product increased service charge income, a component of non-interest income, by 44.9% to $16.7 million in 2006.

Improvement in the components of non-interest income also included growth in debit card activity-related fees and trust fees, as well as improved sales in securities and insurance business lines. Combined with cost savings reflected in reductions in non-interest expenses, these benefits offset approximately 86% of a 7.2% decline in net interest income that resulted from decreases in earning assets and the earlier repositioning strategy.

Consistent with its strategy to protect the net interest margin, WesBanco sought to hold down its cost of deposits through control of short-term deposit rates on money market demand accounts, interest-bearing checking accounts and certain savings accounts, while recognizing opportunities for deposit growth when appropriate for market conditions. Competitive certificate of deposit specials in certain non-standard maturities were offered and the Certificate of Deposit Account Registry Service (CDARS®) product was rolled out in the second quarter of 2006. A new money market account for municipal customers was also created in the second quarter and an enhanced premium savings account was established in the third quarter. These programs were structured to retain or grow deposits at reasonable rates.

WesBanco continued its branch optimization program in 2006. The goals of this program were to attract and retain customers by providing upgraded facilities, to enhance WesBanco s market presence and to reduce non-operating expenses through review of offices in slower growth areas for possible sale, combination or closure. In the first quarter of 2006, in the Parkersburg area of West Virginia, four branch offices were sold to another bank and two other offices were closed. In the third quarter, a new banking center was opened in Barnesville, Ohio replacing three existing locations in the same area. Two new banking centers were opened in Ohio in the fourth quarter, in Marietta (near Parkersburg, WV) and Reynoldsburg (near Columbus) replacing three existing locations. Also near Columbus, construction is under way for a banking center to replace an existing

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facility in Gahanna, Ohio. WesBanco will soon begin construction of a banking center in the Highlands development between Wheeling, West Virginia and Washington, Pennsylvania. This development will ultimately include major retail and entertainment facilities that are anticipated to be significant attractions within the tri-state area.

RESULTS OF OPERATIONS

EARNINGS SUMMARY

WesBanco s net income for 2006 was $39.0 million or $1.79 per diluted share as compared to $42.8 million or $1.90 per diluted share in 2005. The 2006 financial performance reflected a slightly improved net interest margin of 3.49% as compared to 3.48% in 2005, achieved in a challenging environment that included a flat to inverted interest rate yield curve for most of 2006 and increasing interest rates throughout the first half of the year. Stability in the net interest margin was the result of the balance sheet repositioning strategy in 2006 which utilized assets with lower yields, primarily securities that were sold or matured, to reduce exposure to higher rate interest bearing liabilities. A net after tax loss of $4.8 million was incurred to accomplish this strategy. The reductions in liabilities were primarily in FHLB and other short-term borrowings. The net interest margin also benefited from the control of increases in deposit costs due to rising rates and competition. Increases in fee income through focused marketing programs and the benefits of cost reduction programs, initiated over the last fifteen months, provided improvements in non-interest income and in non-interest expense in 2006. These improvements nearly offset the 7.2% reduction in net interest income that resulted from the interest rate environment experienced by all banks, and the reduction in the size of the balance sheet due to the repositioning. Included in non-interest income were service charges on deposits which increased $5.2 million or 44.9% from an overdraft product launched in the fourth quarter of 2005 and new checking account customers. Growth in debit card activity-related fees and trust fees, as well as improved sales in securities and insurance business lines also contributed to non-interest income. Results were positively impacted by a 21.0% reduction in the provision for income taxes due to reduced pre-tax income, and a lower effective tax rate in 2006 of 19.2% as compared to 21.5% in 2005 due to a higher percentage of tax-exempt income to total income for the year.

Included in 2006 net income was a pre-tax charge of $8.0 million related to the sale of $200.0 million in available-for-sale securities that were in a loss position, which was partially offset by a pre-tax gain of $2.6 million resulting from the sale of four Ritchie County, West Virginia branch offices. WesBanco s core operating earnings, a non-GAAP measure which excludes the above-noted items and various restructuring and merger related expenses, were $42.6 million for 2006 as compared to $43.7 million for 2005, a 2.5% decrease, with core operating diluted earnings per share unchanged at $1.95 per share for both 2006 and 2005. Earnings per share were positively impacted by a continuing share repurchase program with 508,163 shares repurchased in 2006, following 1,378,482 shares repurchased in 2005. Return on average assets and return on average equity were 0.94% and 9.35%, respectively, for the year ended December 31, 2006, as compared to 0.95% and 10.13%, in 2005 with both ratios impacted by the effects of the repositioning and the interest rate environment in general. For 2006, core return on average assets and core return on average equity were 1.02% and 10.21%, respectively. Please refer to Part II, Item 6, Selected Financial Data for further information about non-GAAP measures and a reconciliation to the appropriate GAAP measure.

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TABLE 1. NET INTEREST INCOME

(dollars in thousands)	For the years ended December 31, 2006	2005	2004
Net interest income	**$ 122,833**	$ 132,311	$ 109,224
Taxable-equivalent adjustments to net interest income	**8,652**	9,828	9,428
Net interest income, fully taxable-equivalent	**$ 131,485**	$ 142,139	$ 118,652
Net interest spread, non-taxable-equivalent	**2.90%**	2.98%	3.06%
Benefit of net non-interest bearing liabilities	**0.36%**	0.26%	0.26%
Net interest margin	**3.26%**	3.24%	3.32%
Taxable-equivalent adjustment	**0.23%**	0.24%	0.28%
Net interest margin, fully taxable-equivalent	**3.49%**	3.48%	3.60%

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 decreased 7.2% in 2006 compared to 2005 due to a 7.9% decrease in average earning assets, partially offset by a higher net interest margin, which increased to 3.49% for 2006 as compared to 3.48% for 2005. This improvement in the net interest margin is due to WesBanco s balance sheet repositioning and continuing efforts to invest in earning assets, primarily loans, with higher returns while reducing exposure to higher rate interest bearing liabilities. Margin improvement has occurred in an environment that included a flat to inverted yield curve, short-term interest rates that were rising through the end of the second quarter and stronger competition for loans and deposits from other banks and financial institutions, and non-bank providers of financial services.

Interest income increased by 1.1% in 2006 due to increases in the average yield on earning assets of 53 basis points partially offset by the decline in average earning assets. The increase in the average yield was primarily due to an increase in the yield for loans and, to a lesser degree, to the sale of lower yielding investment securities. Most of the decrease in average earning assets was due to a reduction in investments in securities, primarily from the taxable portfolio, which is the lowest yielding significant component of earning assets. WesBanco used cash flow from sales and maturities of securities to reduce higher cost interest bearing liabilities in order to improve the net interest margin. The sale of $200.0 million of taxable securities in the second quarter was part of WesBanco s repositioning of the balance sheet.

Average loan balances were relatively flat in 2006 compared to 2005 due to a number of factors. Some potential loan customers have preferred to lock in longer term fixed rate offerings from other market participants, as WesBanco typically does not offer longer term, fixed rate commercial loans and does not originate long term (over 15 years) fixed rate residential mortgages for its balance sheet. Also somewhat limiting growth was WesBanco s desire to reduce interest rate sensitivity and credit risk by selling $67.8 million in 30 year fixed rate residential mortgages in mid-2005, $6.7 million in certain underperforming loans in early 2006, the partial charge off and remaining paydown of a $5.0 million non-performing commercial participation loan, and other risk reduction strategies for certain floor plans and watch list loans. In addition, a total of $19.3 million in loans were sold in connection with the Ritchie County branch sale. A greater portion of residential mortgage production was sold into the secondary market (38.2% for 2006 as compared to 29.7% in 2005) to limit sensitivity to rising rates in the portfolio and to reduce the overall size and percentage to total loans of the mortgage portfolio. In addition, WesBanco focuses loan production efforts on opportunities that offer more profitable spreads, consistent with the overall balance sheet strategy. Finally, contributing to overall slower loan growth has been lower overall market demand, particularly in commercial and residential construction lending and refinancing of mortgages on existing properties.

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Interest expense increased 13.0% in 2006 due to increases in the average rate paid on interest bearing liabilities, partially offset by a reduction in the average balance. The average rate paid on interest bearing liabilities increased in 2006 by 62 basis points, primarily due to WesBanco continuing to increase rates on deposit products in order to remain competitive in a rising rate environment and the continued shift by customers away from lower cost deposit products including money market accounts, to higher cost certificates of deposit and premium savings accounts. In addition, wholesale borrowing rates increased as a result of continued federal funds and other short-term rate increases through the end of the second quarter. These increases have impacted other borrowings, which are primarily short-term in nature, and, although used to a lesser extent, FHLB borrowings as they matured and repriced. Rates paid on interest-bearing liabilities also rose faster than earning asset rates due to a somewhat liability sensitive balance sheet, although such sensitivity was somewhat limited as a result of the balance sheet repositioning. (see Market Risk in Item 7A. Quantitative And Qualitative Disclosures about Market Risk.)

Average interest bearing liabilities decreased by 9.1% in 2006 due to WesBanco s balance sheet repositioning, general efforts to reduce higher rate liabilities and decreases in money market deposits. Funds applied from the balance sheet repositioning and normal cash flows from maturing securities reduced FHLB borrowings and other short-term borrowings by $295.5 million or 34.5% from December 31, 2005 to December 31, 2006, with commensurate decreases in the related average balances. Targeted marketing programs and management of WesBanco s response to increases in product payment rates in the marketplace provided increases in average balances for interest bearing demand deposits, non-interest bearing demand deposits and certificates of deposits of $62.2 million in 2006, as compared to 2005, partially offsetting the decreases in borrowings and money market accounts. Although rates paid on interest bearing deposits and borrowings rose at a faster pace than rates earned on earning assets, the net interest margin increased as a result of average non-interest bearing liabilities being a greater percentage of the total average balance sheet for 2006 as compared to the prior year. This improvement in the balance sheet was due to the repositioning, and marketing programs which increased average non-interest bearing and interest bearing demand deposits.

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TABLE. 2 AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

	For the years ended December 31,								
	2006			2005			2004		
(dollars in thousands)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS									
Due from banks-interest bearing	**$ 2,130**	**$ 48**	**2.25%**	$ 4,165	$ 68	1.63%	$ 3,227	$ 31	0.96%
Loans, net of unearned income (1)	**2,919,480**	**190,081**	**6.51%**	$ 2,950,987	178,291	6.04%	2,134,181	123,270	5.78%
Securities: (2)									
Taxable	**434,959**	**19,235**	**4.42%**	664,656	26,235	3.95%	738,050	28,056	3.80%
Tax-exempt (3)	**369,482**	**24,720**	**6.69%**	418,904	28,080	6.70%	379,175	26,937	7.10%
Total securities	**804,441**	**43,955**	**5.46%**	1,083,560	54,315	5.01%	1,117,225	54,993	4.92%
Federal funds sold	**5,296**	**272**	**5.14%**	1,377	41	2.98%	7,946	114	1.43%
Other earning assets	**30,927**	**1,565**	**5.06%**	46,979	1,858	3.95%	29,700	456	1.54%
Total earning assets (3)	**3,762,274**	**$ 235,921**	**6.27%**	4,087,068	$ 234,573	5.74%	3,292,279	$ 178,864	5.43%
Other assets	**398,947**			399,992			292,175		
Total Assets	**$ 4,161,221**			$ 4,487,060			$ 3,584,454		
LIABILITIES AND SHAREHOLDERS EQUITY									
Interest bearing demand deposits	**$ 341,966**	**$ 3,708**	**1.08%**	$ 329,498	$ 1,700	0.52%	$ 299,746	$ 907	0.30%
Money market accounts	**383,260**	**8,407**	**2.19%**	523,285	10,011	1.91%	575,594	9,731	1.69%
Savings deposits	**459,277**	**5,902**	**1.29%**	457,613	3,411	0.75%	355,678	1,129	0.32%
Certificates of deposit	**1,420,903**	**55,747**	**3.92%**	1,381,090	43,057	3.12%	981,325	27,819	2.83%
Total interest bearing deposits	**2,605,406**	**73,764**	**2.83%**	2,691,486	58,179	2.16%	2,212,343	39,586	1.79%
Federal Home Loan Bank borrowings	**461,712**	**17,130**	**3.71%**	670,157	22,871	3.41%	445,622	15,204	3.41%
Other borrowings	**173,481**	**7,938**	**4.58%**	214,710	6,324	2.95%	176,783	2,482	1.40%
Junior subordinated debt	**87,638**	**5,604**	**6.39%**	84,418	5,060	5.99%	53,242	2,940	5.52%
Total interest bearing liabilities	**3,328,237**	**$ 104,436**	**3.14%**	3,660,771	$ 92,434	2.52%	2,887,990	$ 60,212	2.08%
Non-interest bearing demand deposits	**380,460**			370,448			327,754		
Other liabilities	**35,000**			33,824			32,919		
Shareholders equity	**417,524**			422,017			335,791		
Total Liabilities and Shareholders Equity	**$ 4,161,221**			$ 4,487,060			$ 3,584,454		
Net interest spread			**3.13%**			3.22%			3.35%
Taxable equivalent net interest margin (3)		**$ 131,485**	**3.49%**		$ 142,139	3.48%		$ 118,652	3.60%

(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 $3.5 million, $3.8 million and $2.9 million for the years ended December 31, 2006, 2005 and 2004, 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)

	2006 Compared to 2005			2005 Compared to 2004		
(in thousands)	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:						
Due from banks-interest bearing	**$ (40)**	**$ 20**	**$ (20)**	$ 13	$ 24	$ 37
Loans, net of unearned income	**(1,921)**	**13,711**	**11,790**	49,200	5,821	55,021
Taxable securities	**(11,677)**	**4,677**	**(7,000)**	(2,852)	1,031	(1,821)
Tax-exempt securities (2)	**(3,307)**	**(53)**	**(3,360)**	2,708	(1,565)	1,143
Federal funds sold	**184**	**47**	**231**	(138)	65	(73)
Other earning assets	**(732)**	**439**	**(293)**	376	1,026	1,402
Total interest income change (2)	**(17,493)**	**18,841**	**1,348**	49,307	6,402	55,709
Increase (decrease) in interest expense:						
Interest bearing demand deposits	**67**	**1,941**	**2,008**	96	697	793
Money market	**(2,933)**	**1,329**	**(1,604)**	(933)	1,213	280
Savings deposits	**12**	**2,479**	**2,491**	405	1,877	2,282
Certificates of deposit	**1,273**	**11,417**	**12,690**	12,196	3,042	15,238
Federal Home Loan Bank borrowings	**(7,598)**	**1,857**	**(5,741)**	7,655	12	7,667
Other borrowings	**(1,387)**	**3,001**	**1,614**	625	3,217	3,842
Junior subordinated debt	**198**	**346**	**544**	1,849	271	2,120
Total interest expense change	**(10,368)**	**22,370**	**12,002**	21,893	10,329	32,222
Net interest income increase (decrease) (2)	**$ (7,125)**	**$ (3,529)**	**$ (10,654)**	$ 27,414	$ (3,927)	$ 23,487

(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 LOAN LOSSES

The provision for loan losses is determined by management as the amount to be added to the allowance for loan 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 loan losses for the year ended December 31, 2006 increased 8.6% compared to the year ended December 31, 2005 primarily due to higher levels of under-performing and other impaired loans, higher probable losses associated with the deposit account overdraft program introduced in 2005, and changes in the distribution of commercial and industrial and commercial real estate loans among internal risk grades. The provision for 2006 also included approximately $2.4 million to replenish the allowance for the net loss on a $5.0 million commercial loan participation that was not previously reserved. This loan was first identified as being in default in January 2006, at which time the loan was placed on non-accrual but the estimable loss was minimal. As more information became available about the loan, the estimate of loss increased and a charge-off approximating $3.1 million was recorded in the second quarter of 2006, which was subsequently reduced by recoveries of approximately $0.7 million. For additional information, see the Allowance for Loan Losses section of this MD&A.

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TABLE 4. NON-INTEREST INCOME

(dollars in thousands)	For the years ended December 31, 2006	2005	$ Change	% Change
Trust fees	**$ 15,039**	$ 14,305	$ 734	5.1%
Service charges on deposits	**16,714**	11,534	5,180	44.9%
Bank-owned life insurance	**2,951**	2,844	107	3.8%
Net securities gains (losses)	**(7,798)**	2,021	(9,819)	(485.8)%
Net gains on sale of mortgage loans	**1,084**	1,016	68	6.7%
Other income	**12,418**	7,413	5,005	67.5%
Total non-interest income	**$ 40,408**	$ 39,133	$ 1,275	3.3%

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 strategy of retaining and attracting customers, as well as providing additional fee income to WesBanco. WesBanco s non-interest income, excluding the $8.0 million in other-than-temporary impairment losses recognized in connection with the planned sale of securities and the $2.6 million gain on the sale of four Ritchie County, West Virginia branch offices, increased 17.1% as compared to 2005 and comprised 27.2% of total net revenues compared to 22.8% in 2005. For this purpose, total net revenues are the total of non-interest income and net interest income.

Trust fees increased in 2006 primarily due to an increase in new business and the market value of assets under management to $3.0 billion at December 31, 2006 from $2.6 billion at December 31, 2005. Service charges on deposits increased 44.9% to $16.7 million from $11.5 million in 2005, primarily driven by the fees earned from a new overdraft program introduced in the fourth quarter of 2005, and new checking account customers usage of such product as well as ordinary insufficient funds and other deposit fee increases.

Net securities gains (losses) for 2006 include $8.0 million of other-than-temporary impairment losses, recorded in the first quarter, in connection with the planned sale of approximately $200.0 million of available-for-sale securities that were in an unrealized loss position. This sale of securities was part of the repositioning of the balance sheet and was completed in the second quarter. Net gains in 2005 of $2.0 million were mostly from the sale of securities that were expected to underperform in a period of rising rates, primarily from duration and average maturity extension risk.

Other income was significantly enhanced in 2006 by the $2.6 million gain on the sale of the Ritchie County branch offices. Excluding this gain, other income increased by $2.4 million or 32.2% as compared to 2005. These increases resulted from growth in fee income from debit cards and other electronic banking activity, improved sales in securities and insurance business lines, and gains on early extinguishment of debt of $1.1 million that resulted from the FHLB of Cincinnati exercising call options on certain advances.

TABLE 5. NON-INTEREST EXPENSE

(dollars in thousands)	For the years ended December 31, 2006	2005	$ Change	% Change
Salaries and wages	**$ 40,269**	$ 41,799	$ (1,530)	(3.7)%
Employee benefits	**13,414**	14,491	(1,077)	(7.4)%
Net occupancy	**7,504**	7,167	337	4.7%
Equipment	**7,921**	8,381	(460)	(5.5)%
Marketing	**5,143**	4,535	608	13.4%
Amortization of intangible assets	**2,511**	2,667	(156)	(5.8)%
Restructuring and merger-related expenses	**540**	1,530	(990)	(64.7)%
Other operating	**28,902**	28,350	552	1.9%
Total non-interest expense	**$ 106,204**	$ 108,920	$ (2,716)	(2.5)%

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Non-interest expense decreased $2.7 million or 2.5% in 2006, primarily due to lower employee related expenses. Salaries, wages and employee benefits decreased $2.6 million or 4.6% from $56.3 million in 2005 to $53.7 million in 2006 primarily due to a decrease in full-time equivalent employees (FTEs) to 1,168 at December 31, 2006 from 1,200 at December 31, 2005, reductions in staff during 2005 and lower retirement costs and other benefits expense.

Marketing expense increased 13.4% in 2006 due to programs and customer incentives initiated in the fourth quarter of 2005 and continuing in 2006 designed to increase lower cost demand deposits and grow deposit-based activity fees.

For 2006, restructuring and merger-related expenses represent severance payments and lease termination costs incurred in connection with the restructuring of WesBanco s mortgage business unit and the combination of its Cincinnati and Charleston processing centers. In 2005, such expenses represent costs incurred in connection with the Winton acquisition that was consummated on January 3, 2005 and, in the third quarter, additional restructuring costs were recorded relating to restructuring certain back office operations.

Other operating expenses increased $0.6 million or 1.9% primarily due to a $1.3 million increase in miscellaneous taxes, partially offset by a $0.5 million decrease in telecommunication expenses. Miscellaneous taxes increased due to additional state franchise taxes as operations continue to expand in Ohio and other states. Telecommunication expense decreased due to the implementation of a new company wide, intranet based, communication system.

Non-interest expense for 2006 as compared to 2005, excluding restructuring and merger related-expenses from both periods, was down 1.6%.

INCOME TAXES

The provision for federal and state income taxes decreased by 21.0% to $9.3 million in 2006 as compared to $11.7 million in 2005. The decrease in income tax expense was due to a decrease in pre-tax income and a decrease in the effective tax rate to 19.2% in 2006 as compared to 21.5% in 2005. The lower effective tax rate was due to a higher percentage of tax-exempt income to total income in 2006. Since the loss from securities sales and the gain from the branch sale are not expected to recur in 2007, WesBanco expects to have a slightly higher effective tax rate.

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FINANCIAL CONDITION

TABLE 6. COMPOSITION OF SECURITIES (1)

(dollars in thousands)	December 31, 2006	December 31, 2005	2006- 2005 $ Change	2006- 2005 % Change	2004
Securities available-for-sale (at fair value):					
U.S. Treasury	**$**	$ 11,397	$ (11,397)	(100.0)%	$
Other government agencies and corporations	**117,066**	248,111	(131,045)	(52.8)%	314,399
Mortgage-backed securities	**254,703**	295,822	(41,119)	(13.9)%	397,341
Obligations of states and political subdivisions	**17,586**	36,227	(18,641)	(51.5)%	42,497
Corporate debt and equity securities	**6,165**	11,614	(5,449)	(46.9)%	11,083
Total securities available-for-sale	**395,520**	603,171	(207,651)	(34.4)%	765,320
Securities held-to-maturity (at amortized cost):					
Obligations of states and political subdivisions	**$ 341,187**	$ 389,393	$ (48,206)	(12.4)%	$ 367,780
Total securities held-to-maturity	**341,187**	389,393	(48,206)	(12.4)%	367,780
Total securities	**$ 736,707**	$ 992,564	$ (255,857)	(25.8)%	$ 1,133,100
Available-for-sale securities:					
Weighted average yield at the respective year end	**4.70%**	3.96%			3.95%
As a % of total securities	**53.7%**	60.8%			67.5%
Weighted average life (in years)	**3.4**	3.1			3.0
Held-to-maturity securities:					
Weighted average yield at the respective year end	**6.79%**	6.53%			6.70%
As a % of total securities	**46.3%**	39.2%			32.5%
Weighted average life (in years)	**4.1**	4.8			5.1

(1) At December 31, 2006 and 2005, 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.

Total investment securities, which represent a source of liquidity for WesBanco as well as a contributor to interest income, decreased 25.8% from December 31, 2005 to December 31, 2006. The decrease is attributable to the sale of approximately $200.0 million of investment securities in the second quarter in connection with the balance sheet repositioning. The proceeds from this sale and from prepayments, maturities and calls were used to pay down short-term and FHLB borrowings as rates rose and spreads between securities and wholesale borrowings decreased in a flat to inverted yield curve environment.

For 2006, the investment portfolio s yield on a tax-equivalent basis was 5.46% which was higher than 2005 s yield of 5.01% as a result of the general increase in interest rates. For 2006, cash flows from the portfolio due to calls, maturities and prepayments increased to $337.4 million, from $270.7 million for 2005. As a result of 2006 investment securities sales, and the balance sheet repositioning strategy which reduced the proceeds available for reinvestment, the percentage of investment securities in the available-for-sale category decreased during the year to 53.7% from 60.8% at year-end 2005.

At December 31, 2006, total unamortized premium and discount on the investment portfolio, as a percentage of the total investment portfolio, was 0.41% and 2.21%, respectively, compared to 0.59% and 1.74%

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at December 31, 2005, respectively. The premium amortization on the investment portfolio recorded as a reduction to interest income for 2006 was $1.5 million, down from the $3.4 million experienced in 2005. Premium on mortgage-backed securities, which represent 44.0% of the total premium, is subject to increased amortization in times of accelerated prepayments and decreased amortization as prepayments fall in a rising rate scenario. The discount accretion on the investment portfolio recorded into income was $2.6 million for 2006 and $1.8 million for 2005. The discount primarily relates to obligations of states and political subdivisions, which have longer average maturities, comprising 61.1% of the total discount.

At December 31, 2006, WesBanco had $84.8 million in investment securities in an unrealized loss position for less than 12 months and $331.9 million in investment securities in an unrealized loss position for more than 12 months, compared to $226.1 and $432.8 million for the same categories at December 31, 2005, respectively. WesBanco believes that all of the unrealized securities losses at December 31, 2006, are considered temporary impairment losses due to the securities having lower interest rates than current market interest rates rather than such securities experiencing credit downgrades. Accordingly, no impairment loss has been recorded in the Consolidated Statements of Income in 2006 for securities held at December 31, 2006. Please refer to Note 3, Securities, of the Consolidated Financial Statements for more information.

Unrealized pre-tax gains and losses on available-for-sale securities (fair value adjustments) reflected a $5.1 million market loss as of December 31, 2006, compared to a $12.3 million market loss as of December 31, 2005. These fair value adjustments represent temporary fluctuations resulting from changes in market rates in relation to average 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. WesBanco may impact the magnitude of the fair value adjustment by managing both the volume and average maturities of securities that are classified as available-for-sale as well as the portion of new investments allocated to this category versus the held-to-maturity portfolio. If these securities were held to their respective maturity dates, no fair value gain or loss would be realized. The decline in the net unrealized losses is primarily due to the sales of securities in 2006 which resulted in recognition of an $8.0 million pre-tax realized loss.

TABLE 7. MATURITY DISTRIBUTION AND YIELD ANALYSIS OF SECURITIES

	December 31, 2006							
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years	
(dollars in thousands)	Amount	Yield*	Amount	Yield*	Amount	Yield*	Amount	Yield*
Securities available-for-sale: (2)								
Other government agencies and corporations	$ 16,000	4.23%	$ 79,531	4.37%	$ 22,643	4.68%	$	%
Mortgage-backed securities (3)	6,162	4.21%	239,855	4.81%	11,414	4.43%	3,177	5.12%
Obligations of states and political subdivisions (1)			4,729	4.85%	7,141	5.72%	5,967	4.79%
Corporate debt and equity securities							3,996	4.84%
Total securities available-for-sale	22,162	4.23%	324,115	4.70%	41,198	4.79%	13,140	4.88%
Securities held-to-maturity (at amortized cost):								
Obligations of states and political subdivisions (1)	4,590	7.41%	44,023	6.47%	133,828	6.56%	158,746	6.44%
Total securities	$ 26,752	4.77%	$ 368,138	4.91%	$ 175,026	6.14%	$ 171,886	6.32%

* Yields are calculated using a weighted-average yield to maturity.

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(1) 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%.

(2) Maturity amounts and average yields on securities available-for-sale have been calculated based on amortized cost.

(3) Mortgage-backed securities, which have prepayment provisions, are assigned to maturity categories based on estimated average lives or repricing information.

LOANS AND CREDIT RISK

Loans represent WesBanco s single largest balance sheet asset classification and the largest source of interest income. WesBanco makes loans for business and consumer purposes. Business purpose loans consist of commercial and industrial loans as well as commercial real estate loans, while consumer purpose loans consist of residential real estate loans, home equity and other consumer loans. Loans held for sale may include both business purpose and consumer purpose loans but generally consist of residential real estate loans originated for sale in the secondary market. WesBanco generally extends credit to borrowers that are primarily located within the market areas where WesBanco has branch offices. Recent acquisitions and organic growth in central Ohio have diversified the geographic distribution of the loan portfolio, which was previously more concentrated within West Virginia.

Each type of loan entails certain distinct elements of risk that impact the manner in which those loans are underwritten, monitored, and administered. The elements of risk that are distinct to a particular type of loans are explained further throughout this section of MD&A. The loan portfolio is summarized in Table 8.

TABLE 8. COMPOSITION OF LOANS (1)

	December 31,									
	2006		**2005**		**2004**		**2003**		**2002**	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Commercial and industrial	**$ 409,347**	**14.1%**	$ 417,161	14.2%	$ 409,904	16.5%	$ 369,786	19.1%	$ 306,071	16.8%
Commercial real estate	**1,165,823**	**40.0%**	1,118,342	38.0%	898,140	36.1%	623,243	32.2%	504,902	27.7%
Residential real estate	**896,533**	**30.8%**	929,823	31.6%	771,337	31.0%	577,362	29.9%	569,095	31.3%
Home equity	**161,602**	**5.6%**	175,651	6.0%	148,486	6.0%	111,981	5.8%	117,964	6.5%
Consumer	**274,908**	**9.4%**	271,100	9.2%	257,499	10.3%	249,425	12.9%	318,129	17.4%
Total portfolio loans	**2,908,213**	**99.9%**	2,912,077	99.0%	2,485,366	99.9%	1,931,797	99.9%	1,816,161	99.7%
Loans held for sale	**3,170**	**0.1%**	28,803	1.0%	3,169	0.1%	1,741	0.1%	4,724	0.3%
Total loans	**$ 2,911,383**	**100.0%**	$ 2,940,880	100.0%	$ 2,488,535	100.0%	$ 1,933,538	100.0%	$ 1,820,885	100.0%

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

Total portfolio loans decreased less than 1% between December 31, 2005 and December 31, 2006 due to an intentional reduction in the retention of fixed rate residential real estate loans in the portfolio and reduced market opportunities for residential real estate and home equity loans, which offset continued organic growth in commercial real estate lending. Commercial real estate loan growth was primarily driven by several large new projects in the Upper Ohio Valley, Western Pennsylvania and Columbus, Ohio markets but was also attributable to continued expansion of existing customer relationships, investor optimism about commercial real estate investment, and repositioning of lending staff in those markets with more opportunity for growth. Commercial and industrial loan growth remained tempered by higher short-term interest rates, elevated energy costs, and general economic uncertainty that all contribute to business contraction and fewer new capital expenditures that require financing. Loan growth in 2006 was also impacted by WesBanco s focus on obtaining appropriate interest rate spreads on new loans and maintaining prudent underwriting standards in a very competitive lending environment, and planned exits of certain higher risk commercial and industrial and commercial real estate loans. Consumer loans were relatively unchanged as declines in indirect automobile lending were offset by new opportunities for recreational vehicle loans originated by regional brokers.

Loans held for sale decreased between December 31, 2005 and December 31, 2006 as a result of completing the sale in the first quarter of $19.3 million of loans as part of the sale of the Ritchie County branch offices and $6.0 million of under-performing commercial real estate loans that were classified as held for sale at December 31, 2005.

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, and other approved commitments to extend credit. This includes commercial and industrial lines and letters of credit, home equity and other consumer lines of credit, and commercial and residential real estate construction loans. Loan commitments are summarized in Table 9.

TABLE 9. COMPOSITION OF LOAN COMMITMENTS

	December 31,				
(dollars in thousands)	**2006**	**2005**	**2004**	**2003**	**2002**
Lines of credit:					
Commercial and industrial	**$ 184,625**	$ 187,666	$ 177,316	$ 153,878	$ 118,340
Commercial real estate	**127,554**	122,561	114,551	60,884	43,201
Residential real estate	**9,429**	18,755	10,838	4,796	4,376
Home equity	**144,082**	144,126	118,297	96,350	89,238
Consumer	**13,055**	12,510	10,322	9,814	6,815
Letters of credit	**44,168**	41,351	42,003	31,579	29,088
Deposit account overdraft limits	**50,143**	42,016			
Total portfolio loan commitments	**573,056**	568,985	473,327	357,301	291,058
Loans held for sale		2,595			
Total loan commitments	**$ 573,056**	$ 571,580	$ 473,327	$ 357,301	$ 291,058

Total loan commitments increased less than 1% between December 31, 2005 and December 31, 2006. Expansion of the deposit account overdraft program introduced in 2005 and available balances on new commercial real estate construction loans contributed to the increase, while available balances on residential real estate construction loans decreased significantly as new housing starts slowed in 2006.

Commercial lines of credit and letters of credit are generally renewable or may be cancelled annually by WesBanco. However, lines of credit and letters of credit may also be committed for more than one year when appropriate. Home equity and other consumer lines of credit are generally available to the borrower beyond one year. Construction loan commitments are generally available to the borrower for up to one year for residential construction loans, but may extend beyond one year for certain types of commercial real estate projects. All loan commitments are cancelable by WesBanco 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 WesBanco 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. In addition to the inherent risk of a change in a borrower s repayment capacity, economic conditions and other factors beyond WesBanco s control can adversely impact credit risk. WesBanco s primary goal in managing credit risk is to minimize the impact of default by an individual borrower or group of borrowers. Credit risk is managed through the initial underwriting process as well as through ongoing monitoring and administration that varies by the type of loan. WesBanco 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 repayment capacity; the adequacy of collateral, if any, to secure the loan; and other factors unique to each loan that may increase or mitigate its risk. Unsecured credit is only extended to those borrowers that have the income and financial assets to support the credit without the benefit of collateral.

Business Purpose Loans Most commercial and industrial and commercial real estate loans are originated directly by WesBanco. At times, WesBanco may also participate in loans originated by other lending institutions, including Shared National Credits, which are defined by banking regulatory agencies as lending arrangements with three or more participating financial institutions and credit exceeding $20 million in the aggregate. WesBanco conducts its own customary credit evaluation before purchasing or participating in these loans. The risks associated with these loans are similar to those of directly originated business loans however additional risk may arise from limited ability to control actions of the lead or agent institution that originated the loan.

There are no significant loans to commercial and industrial borrowers or loans to finance commercial real estate located outside of WesBanco s market areas unless the borrower also has significant other loan, deposit, trust or other business relationships with WesBanco.

WesBanco originated approximately $427 million of business purpose loans in 2006 compared to $457 million in 2005. The 6.5% decrease in new business purpose loan originations was attributable to a general slowdown in new lending opportunities as well as WesBanco s focus on pricing discipline to achieve an appropriate rate of return on business loans.

WesBanco maintains a loan grading system that categorizes commercial and industrial and commercial real estate loans according to their level of credit risk. The risk grading system reflects each borrower s ability to repay their loan obligations and other factors that affect the quality of each loan. All commercial and industrial and commercial real estate loans are assigned a grade at their inception, and grades are regularly reviewed and evaluated. To facilitate regular reviews of repayment capacity, borrowers are required to furnish WesBanco with periodic financial statements and other information when appropriate depending on the size and type of loan, such as accounts receivable aging reports and rent rolls for investor-owned commercial real estate. Credit risk is monitored by performing regular periodic reviews of borrowing relationships over a specified amount, which includes verifying each borrower s compliance with applicable loan covenants. When the risk profile of a loan changes its grade is adjusted to reflect the change in risk. The loan grading system allows management to identify adverse trends and evaluate the overall quality of the portfolio, and also facilitates evaluating the adequacy of the allowance for loan losses.

Consumer Purpose Loans Most consumer purpose loans, except for indirect loans originated by automobile and recreational vehicle dealers and other sellers of consumer goods, are originated directly by WesBanco. This includes residential real estate loans and home equity lines of credit. At times, WesBanco also purchases pools of residential real estate loans originated by other lending institutions to maintain an appropriate interest rate risk profile or to better balance the composition of the entire loan portfolio. WesBanco conducts its own customary credit evaluation before purchasing indirect consumer loans and pools of residential real estate loans. Purchased pools of residential real estate loans include properties located within and outside of WesBanco s markets. Consumer purpose loans are a homogeneous group of loans, generally smaller in amount than business purpose loans, which are spread over a larger number of diverse individual borrowers.

WesBanco originated approximately $122 million of residential real estate loans for retention in the portfolio in 2006 compared to $182 million in 2005. WesBanco also originated approximately $73 million of residential real estate loans for sale in the secondary market in 2006 compared to $74 million in 2005. The volume of new residential real estate loans in both years was impacted by a general slowing of homes sales and refinancing activity.

WesBanco originated approximately $40 million of home equity loans in 2006 compared to $36 million in 2005 and approximately $128 million of other types of consumer loans in 2006 compared to $148 million in 2005. Opportunities to extend home equity lines of credit remained strong in 2006 as many consumers continued to consolidate other forms of debt while competition from automobile manufacturers for indirect loans continued to impact new consumer loan activity.

WesBanco generally does not make sub-prime or high loan-to-value consumer purpose loans, as those terms are commonly used in the banking industry. WesBanco does extend credit to borrowers that may have one or more characteristics of a sub-prime loan, such as credit bureau scores that are less than, or debt-to-income ratios that are greater than policy guidelines. 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 obtaining acceptable co-makers or guarantors or requiring additional collateral, or by the deposit and other non-lending relationships of the borrower with WesBanco.

WesBanco does not maintain information about the industry in which consumer borrowers are employed because such information is typically obtained only when each loan is originated and therefore becomes inaccurate as borrowers change employment during the term of their loans. Instead, WesBanco estimates such information 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 WesBanco s markets. To management s knowledge, there are no concentrations of employment that would have a material adverse impact on the risk of consumer purpose loans.

Commercial and Industrial Loans Commercial and industrial 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 of WesBanco s commercial and industrial 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 WesBanco. However, lines of credit and letters of credit may also be committed for more than one year when appropriate. Loans secured by equipment and other types of collateral have terms that are consistent with the purpose of the loan 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 10. MATURITIES OF COMMERCIAL AND INDUSTRIAL LOANS AND COMMITMENTS

	December 31, 2006			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 14,312	$ 71,872	$ 29,526	$ 115,710
Variable rate loans	31,521	143,285	118,831	293,637
Total commercial and industrial loans	$ 45,833	$ 215,157	$ 148,357	$ 409,347
Commercial and industrial lines of credit	$ 27,745	$ 143,404	$ 13,476	$ 184,625
Commercial and industrial letters of credit	32,328	11,617	223	44,168
Total commercial and industrial loan commitments	$ 60,073	$ 155,021	$ 13,699	$ 228,793

The primary factors that are considered in underwriting commercial and industrial borrowers are their 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 of management, and external influences on the business.

Commercial and industrial loan 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 impairment of their cash flow. Unsecured loans approximated 11% of total commercial and industrial loans including commitments at December 31, 2006 and December 31, 2005.

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 WesBanco. 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, readily marketable collateral is also monitored to evaluate its continued adequacy. Loans secured by readily marketable collateral, including bank deposit accounts, approximated 11% of total commercial and industrial loans including commitments at December 31, 2006 and December 31, 2005.

Participation commercial and industrial in loans originated by other lending institutions, most of which were Shared National Credits, approximated 6% of total commercial and industrial loans including commitments at December 31, 2006 compared to 7% at December 31, 2005.

WesBanco categorizes commercial and industrial loans by industry according to the North American Industry Classification System (NAICS) 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 commercial and industrial 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 11.

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TABLE 11. COMMERCIAL AND INDUSTRIAL LOANS BY INDUSTRY SECTOR (1)

	December 31, 2006						
(dollars in thousands)	Outstanding Balance	Loan Commitments	Total Amount	% of Total	% of Capital	Average Loan	Largest Loan
Automobile sales	$ 19,376	$ 11,105	$ 30,481	4.8%	7.3%	$ 500	$ 6,750
Construction and contracting	35,302	33,280	68,582	10.8%	16.5%	121	4,500
Entertainment and recreation	14,501	1,312	15,813	2.5%	3.8%	236	4,918
Finance and insurance	8,558	12,947	21,505	3.4%	5.2%	242	5,000
Government organizations	20,496	5,987	26,483	4.2%	6.4%	147	5,200
Manufacturing	29,306	22,666	51,972	8.1%	12.5%	170	5,424
Mining, energy and utilities	29,422	14,780	44,202	6.9%	10.6%	297	15,000
Other retail sales	34,149	14,590	48,739	7.6%	11.7%	132	3,100
Personal, professional and administrative services	44,980	19,491	64,471	10.1%	15.5%	108	6,232
Physicians and healthcare services	37,177	31,827	69,004	10.8%	16.6%	138	9,160
Real estate and equipment leasing	25,077	12,183	37,260	5.8%	8.9%	87	4,019
Religious organizations	29,053	9,613	38,666	6.1%	9.3%	545	15,000
Restaurants and lodging	12,742	3,913	16,655	2.6%	4.0%	110	2,500
Schools and educational services	12,651	12,490	25,141	3.9%	6.0%	645	6,104
Transportation and warehousing	13,901	1,440	15,341	2.4%	3.7%	54	1,227
Wholesale and distribution	17,139	8,975	26,114	4.1%	6.3%	124	3,000
Unclassified and other industries	25,517	12,194	37,711	5.9%	9.0%	105	2,200
Total commercial and industrial loans	$ 409,347	$ 228,793	$ 638,140	100.0%	153.3%	$ 147	

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

There were no material changes in the distribution of loans among sectors and industries between December 31, 2005 and December 31, 2006. The largest changes in exposure to specific sectors were a 15% increase in religious organizations, a 13% increase in mining, energy and utilities, a 24% decrease in schools and educational services, and an 11% decrease in personal, professional and administrative services.

Commercial Real Estate Commercial real estate consists of loans to purchase, construct or refinance owner-occupied and investor-owned 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. Investor-owned properties include 1-to-4 family rental units, multi-family apartment buildings, and other facilities that are rented or leased to unrelated parties, as well as land and residential or commercial development. Commercial real estate loans generally have repayment terms ranging from 10 to 25 years depending on the type, age and condition of the property. Loans with amortization periods of more than 20 years typically also have a maturity date or call option of 10 years or less. Interest rates generally are adjustable ranging from one to five years based on an appropriate index. Commercial real estate construction loans are generally made only when WesBanco 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. Construction loans require payment of interest only during the construction period, which can range from as short as six months to up to three years for larger, multiple phase projects such as residential housing developments.

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TABLE 12. MATURITIES OF COMMERCIAL REAL ESTATE LOANS AND COMMITMENTS

	December 31, 2006			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 25,253	$ 66,907	$ 100,668	$ 192,828
Variable rate loans	84,290	114,105	774,600	972,995
Total commercial real estate loans	$ 109,543	$ 181,012	$ 875,268	$ 1,165,823
Total commercial real estate loan commitments	$ 25,110	$ 57,605	$ 44,839	$ 127,554

The primary factors that are considered in underwriting owner-occupied commercial real estate loans are identical to the factors used to underwrite commercial and industrial loans since the repayment of those loans must come from the cash flow generated by the business. The primary factors that are considered in determining repayment capacity for investor-owned commercial real estate are the net operating income generated by the property and the type, quality and mix of tenants. The type, age, condition and location of the property are considered for both owner-occupied and investor-owned properties.

Credit risk in the commercial real estate category 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 equity in the property, thereby limiting the loan balance in relation to the market value of the property, unless there are sufficient mitigating factors that would reduce the risk of a higher loan-to-value ratio. Market values are generally determined by current appraisals of the property. Loan-to-value ratios are generally limited to 80% of the market value of the property, but 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 commercial real estate loans also often have other collateral in addition to real estate.

Commercial real estate risk is also managed by periodic site visits to financed properties and monitoring the factors in each of WesBanco s markets that influence real estate collateral values such as rental rates, occupancy trends, and capitalization rates.

Environmental risk is also an important factor that is evaluated for commercial real estate loans. 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.

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 commercial real estate construction loans to developers with established reputations who operate in WesBanco s markets and have the necessary capital to absorb unanticipated increases in the cost of a project, 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.

Participation in commercial real estate loans originated by other lending institutions approximated 5.5% of total commercial real estate loans at December 31, 2006 and December 31, 2005. Approximately 10% of total commercial real estate loan participations are Shared National Credits.

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WesBanco monitors the commercial real estate portfolio for potential concentrations within a single property type or geographic location. Commercial real estate loans are generally diversified with no significant concentration as set forth in Table 13. The distribution of loans among property types did not change materially from December 31, 2005 to December 31, 2006. The largest geographic accumulation of loans for a particular property type is multi-family apartment loans in the Cincinnati market, which represented approximately 3.7% of total commercial real estate loans at December 31, 2006 compared to 5.5% at December 31, 2005. The Cincinnati rental housing market has been relatively stable, new construction of multi-family units has not been excessive, and there has been steady demand for properties when they become available-for-sale in the market. The most significant risk is that property values would decline if income capitalization rates that have been at record lows return to their historical average.

TABLE 13. COMMERCIAL REAL ESTATE LOANS BY PROPERTY TYPE (1)

	December 31, 2006						
(dollars in thousands)	Outstanding Balance	Loan Commitments	Total Amount	% of Total	% of Capital	Average Loan	Largest Loan
1-to-4 family residential rentals	$ 119,918	$ 13,077	$ 132,995	10.3%	31.9%	$ 94	$ 14,250
1-to-4 family residential development	47,354	29,648	77,002	6.0%	18.5%	837	7,300
Multi-family apartments	144,808	6,913	151,721	11.8%	36.5%	379	8,588
Churches and other places of worship	20,476	424	20,900	1.6%	5.0%	218	1,630
Gasoline stations and auto service facilities	18,502	632	19,134	1.5%	4.6%	361	2,871
General purpose commercial buildings	148,610	4,190	152,800	11.8%	36.7%	241	3,107
Hospitals and medical facilities	61,123	7,427	68,550	5.3%	16.4%	1,490	5,000
Hotels and motels	26,192	271	26,463	2.0%	6.3%	1,059	6,549
Industrial buildings and warehouses	69,886	9,630	79,516	6.1%	19.1%	572	7,500
Land and land development	77,485	10,984	88,469	6.8%	21.2%	233	17,700
Mixed or multiple use facilities	90,932	5,934	96,866	7.5%	23.2%	419	14,188
Office buildings	140,840	19,794	160,634	12.4%	38.5%	474	16,000
Restaurants and eating places	16,178	282	16,460	1.3%	3.9%	412	4,452
Schools and education facilities	20,079	2,826	22,905	1.8%	5.5%	1,145	9,937
Shopping centers and other retail	90,153	14,040	104,193	8.1%	25.0%	467	4,250
Special or single use facilities	43,215	1,230	44,445	3.4%	10.7%	269	1,676
Unclassified and other property types	30,072	252	30,324	2.3%	7.3%	115	4,615
Total commercial real estate loans	$ 1,165,823	$ 127,554	$ 1,293,377	100.0%	310.3%	$ 284	

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

Banking regulators are concerned that some financial institutions have high and increasing concentrations of commercial real estate loans and that these concentrations may make such institutions more vulnerable to cyclical commercial real estate markets. As a result, the regulators issued guidelines in 2006 for determining if a bank has a concentration in certain types of commercial real estate loans where the source of repayment

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primarily depends upon rental income or the sale, refinancing, or permanent financing of the property. The guidelines establish two thresholds for measuring whether a concentration exists: (1) 100% of capital for the total of construction, land development, and other land loans; and (2) 300% of capital for total construction, land development, other land loans and loans secured by multi-family apartments and investor-owned commercial properties. WesBanco s commercial real estate exposures for the foregoing thresholds at December 31, 2006 approximated 62% and 128% of capital, respectively, which are well below the levels that would be considered a concentration.

Residential Real Estate Loans Residential real estate consists of loans to consumers to purchase, construct or refinance personal residences as well as some 1-to-4 family rental properties. WesBanco 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.

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 adjust from between one and five years.

TABLE 14. MATURITIES OF RESIDENTIAL REAL ESTATE LOANS AND COMMITMENTS

	December 31, 2006			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	**$ 2,628**	**$ 25,224**	**$ 551,178**	**$ 579,030**
Variable rate loans	**393**	**7,796**	**309,314**	**317,503**
Total residential real estate loans	**$ 3,021**	**$ 33,020**	**$ 860,492**	**$ 896,533**
Total residential real estate loan commitments	**$ 299**	**$**	**$ 9,130**	**$ 9,429**

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. WesBanco generally does not make residential real estate loans with loan to value ratios in excess of 100%, and loan requests that exceed 80% of the value of the property are typically also supported by mortgage insurance. Credit risk is also managed by monitoring delinquency levels and trends, and economic and other factors that influence real estate collateral values in WesBanco s markets.

Residential real estate loans include properties that are being built under contract for the eventual occupant of the residence. Loans to contractors to finance speculative residential construction are categorized as commercial real estate loans. Residential construction loans also have the 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 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. Construction risk is mitigated by evaluating the builder s reputation and capacity to complete each project, periodically inspecting construction in progress, and disbursing the loan as specified stages of each project are completed.

The risks associated with purchased loan pools are generally similar to those of directly originated residential real estate loans, however, the servicing of those loans, including the collecting of payments, maintenance of escrow accounts and if necessary, foreclosure processing is generally performed by another party other than WesBanco. Purchased loan pools approximated 7% of residential real estate loans at December 31, 2006 compared to 8% at December 31, 2005.

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Certain types of higher risk residential real estate loans have become increasingly popular with consumers in recent years. These include loans that require payment of interest-only in the early years of the loan, loans with fixed monthly payments that do not increase when the interest rate changes on an adjustable rate loan, thereby creating the potential for negative amortization, and other similar products that increase credit risk. WesBanco does not originate these types of loans other than through its secondary market residential lending programs.

Home Equity Loans 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 WesBanco s market areas. 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 may not exceed 90% of the property value.

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. More recently, most new home equity lines of credit 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 WesBanco under certain circumstances.

TABLE 15. MATURITIES OF HOME EQUITY LINES OF CREDIT AND COMMITMENTS

	December 31, 2006			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 5	$ 20	$ 130	$ 155
Variable rate loans	2,658	56,562	102,227	161,447
Total home equity	$ 2,663	$ 56,582	$ 102,357	$ 161,602
Total home equity commitments	$ 2,206	$ 62,625	$ 79,251	$ 144,082

Credit risk in the home equity category is similar to and therefore mitigated and monitored in much the same manner as described for residential real estate. 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.

Consumer Loans Consumer loans consists of installment loans originated directly by WesBanco 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 residential real estate.

The maximum term for automobile loans and other installment loans is generally 84 months or 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 WesBanco under certain circumstances. Interest rates on installment obligations are generally fixed for the term of the loan and lines of credit are fully adjustable.

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TABLE 16. MATURITIES OF CONSUMER LOANS AND COMMITMENTS

	December 31, 2006			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	**$ 6,859**	**$ 137,099**	**$ 109,444**	**$ 253,402**
Variable rate loans	**755**	**17,023**	**3,728**	**21,506**
Total consumer loans	**$ 7,614**	**$ 154,122**	**$ 113,172**	**$ 274,908**
Total consumer loan commitments	**$ 25**	**$ 11,577**	**$ 1,453**	**$ 13,055**

Credit risk in the consumer category includes the impact of a general economic downturn, an isolated adverse event that impacts a major employer, individual loss of employment or other personal calamities, and collateral values that depreciate faster than the repayment of the loan balance. Consumer credit risk is mitigated by continuously monitoring delinquency levels and trends, pursuing collection efforts at the earliest stage of delinquency, and continually evaluating underwriting standards to determine to the extent possible those credit characteristics that predict credit performance.

The majority of consumer loans are secured by a motor vehicle, recreational vehicle or consumer goods. Unsecured consumer loans, which represent the highest risk, approximated 12% of total consumer loans at December 31, 2006 compared to 10% at December 31, 2005. Conversely, loans secured by bank deposits or readily marketable collateral, which represent the lowest risk approximated 8% of total consumer loans at December 31, 2006 compared to 7% at December 31, 2005.

Loans Held For Sale Loans held for sale typically consists solely of residential real estate loans originated for sale in the secondary market, which totaled $3.2 million at December 31, 2006 compared to $2.0 million at December 31, 2005. Loans held for sale at December 31, 2005 also included $26.8 million of other loans which are discussed below.

Credit risk associated with residential real estate loans held for sale in the secondary market is mitigated by entering into sales commitments with secondary market purchasers at the time the loans are to be funded. This practice has the effect of minimizing the amount of such loans that are held in the portfolio at any point in time. WesBanco previously did not service these loans after their sale in the secondary market, but began servicing some of these loans in 2005 as a result of the Winton merger.

Loans held for sale at December 31, 2005 also included certain under-performing loans at their fair market value of $6.0 million and $20.8 million of loans attributed to the Ritchie County branch offices. The sale of all of these loans was completed during the first quarter of 2006.

UNDER-PERFORMING ASSETS

Under-performing assets includes non-performing loans that have been place on non-accrual or renegotiated, other real estate and repossessed collateral, certain other loans that are categorized as impaired, and loans that are past due 90 days or more but accruing interest. Other real estate primarily consists of property acquired through or in lieu of foreclosure but may also include bank premises held for sale and residential real estate of relocated WesBanco employees, which are not attributable to lending activities. Repossessed collateral primarily consists of automobiles and other types of collateral acquired to satisfy defaulted consumer loans.

WesBanco seeks to develop individual strategies for under-performing loans that will minimize their probable loss. However, there is no assurance that such strategies will be successful and the loans may ultimately result in a foreclosure or other course of liquidation. WesBanco also seeks to minimize the period for which it holds other real estate and repossessed collateral while also ensuring that it obtains a fair value upon the disposition of those assets.

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TABLE 17. NON-PERFORMING ASSETS

	December 31,				
(dollars in thousands)	2006	2005	2004	2003	2002
Non-accrual loans:					
Commercial and industrial	**$ 4,122**	$ 2,099	$ 2,511	$ 4,093	$ 3,598
Commercial real estate	**11,910**	6,229	4,768	3,901	3,519
Residential real estate	**102**	933	785	266	301
Home equity		17	28		
Consumer	**20**	4	103	2	62
Loans held for sale		638			
Total non-accrual loans	**16,154**	9,920	8,195	8,262	7,480
Renegotiated loans:					
Commercial real estate				653	2,633
Consumer					13
Total renegotiated loans				653	2,646
Total non-performing loans	**16,154**	9,920	8,195	8,915	10,126
Other real estate and repossessed assets	**4,052**	1,868	2,059	2,907	4,213
Total non-performing assets	**$ 20,206**	$ 11,788	$ 10,254	$ 11,822	$ 14,339
Non-performing loans as a percentage of total loans	**0.55%**	0.34%	0.33%	0.46%	0.56%
Non-performing assets as a percentage of total assets	**0.49%**	0.27%	0.26%	0.34%	0.43%
Non-performing assets as a percentage of total loans, other real estate and repossessed assets	**0.69%**	0.40%	0.41%	0.61%	0.79%

Loans are placed on non-accrual status when they become past due 90 days or more unless they are both well secured and in the process of collection. Except for certain consumer and residential real estate loans as discussed in the Notes to the Consolidated Financial Statements, when a loan is placed on non-accrual, interest income may not be recognized as cash payments are received.

Loans are categorized as renegotiated when WesBanco, for economic or legal reasons related to a borrower s financial difficulties, grants a concession to the borrower that it would not otherwise consider. Concessions that may be granted include a reduction of the interest rate, the amount of accrued interest, or the face amount of the loan; as well as an extension of the maturity date or the amortization schedule. Loans may be removed from renegotiated status after they have performed according to the renegotiated terms for a period of time.

Non-accrual loans increased 63% between December 31, 2005 and December 31, 2006. Approximately $5.3 million of the increase consisted of three loans that were previously reported as other impaired loans or loans past due 90 days or more and placed on non-accrual in the fourth quarter of 2006. During 2006, approximately $19.2 million of loans including a $5.0 million commercial loan participation were placed on non-accrual, approximately $8.1 million of non-accrual loans were either paid off or paid down by the borrower, and approximately $4.9 million of non-accrual loans were charged off or charged down.

Other real estate and repossessed collateral increased 117% between December 31, 2005 and December 31, 2006 as a result of an overall increase in foreclosure activity, particularly in Ohio, which had one of the highest foreclosure rates in the United States in 2006. During 2006, approximately $3.8 million of real estate was acquired through foreclosure and $2.4 million of other collateral was repossessed, and approximately $1.4 million of real estate and $2.3 million of other repossessed collateral was sold. Approximately $0.5 million of real estate was written down due to a decline in its market value during the year.

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TABLE 18. OTHER IMPAIRED LOANS

(dollars in thousands)	December 31, 2006	2005	2004	2003	2002
Commercial and industrial	**$ 1,160**	$ 1,500	$ 5,295	$ 3,935	$ 6,965
Commercial real estate	**1,832**	3,065	1,783	2,096	4,284
Total other impaired loans	**$ 2,992**	$ 4,565	$ 7,078	$ 6,031	$ 11,249

Other impaired loans consist of loans that are risk graded as substandard or doubtful and are not fully secured by collateral or the observable market price for the loan is less than its outstanding balance. Other impaired loans continue to accrue interest, have not been renegotiated, and may or may not be delinquent or have a record of delinquent payments.

Other impaired loans decreased 34% between December 31, 2005 and December 31, 2006 as a result of certain loans in that category being placed on non-accrual in 2006 because of further deterioration in their repayment capacity or worsening delinquency. During 2006, approximately $4.4 million of loans were added to other impaired loans, approximately $2.1 million were either paid off or paid down by the borrower, and approximately $3.9 million were placed on non-accrual in the fourth quarter of 2006. Similar to non-accrual loans, WesBanco seeks to develop an appropriate strategy for each impaired loan, however, there is no assurance that such strategies will be successful and the loan may ultimately result in a foreclosure or other course of liquidation.

TABLE 19. LOANS PAST DUE 90 DAYS OR MORE

(dollars in thousands)	December 31, 2006	2005	2004	2003	2002
Commercial and industrial	**$ 693**	$ 488	$ 665	$ 1,349	$ 1,460
Commercial real estate	**2,697**	4,651	3,602	1,100	3,766
Residential real estate	**1,951**	3,707	2,133	3,858	4,688
Home equity	**579**	249	439	290	344
Consumer	**568**	833	745	1,198	1,847
Total portfolio loans	**6,488**	9,928	7,584	7,795	12,105
Loans held for sale		126			
Total loans past due 90 days or more	**$ 6,488**	$ 10,054	$ 7,584	$ 7,795	$ 12,105
Loans past due 90 days or more as a percentage of total loans	**0.22%**	0.34%	0.30%	0.40%	0.66%

Loans past due 90 days or more and accruing interest decreased 35% between December 31, 2005 and December 31, 2006. Approximately $2.2 million of the decrease is attributable to aggressive collection efforts to bring a number of loans current or paid off, and approximately $1.4 million was placed on non-accrual in the fourth quarter of 2006 as collection efforts no longer appeared likely to result in the loan being brought current or paid off.

Participations in loans originated by other lending institutions included in any under-performing loan category were not material at December 31, 2006 and December 31, 2005.

ALLOWANCE FOR LOAN LOSSES

Please refer to Note 1, Summary of Significant Accounting Policies, of the Consolidated Financial Statements and Application of Critical Accounting Policies and Estimates section of this MD&A for additional information about the factors that impact management s estimation of probable losses to determine the appropriate allowance for loan losses.

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The allowance for loan losses increased 3% between December 31, 2005 and December 31, 2006 despite a reduction in total loans to provide for increased risk of loss attributed to higher levels of under-performing loans, higher probable losses associated with WesBanco s deposit account overdraft program introduced in 2005, and changes in the distribution of commercial and industrial and commercial real estate loans among internal risk grades.

TABLE 20. ALLOWANCE FOR LOAN LOSSES

			December 31,		
(dollars in thousands)	**2006**	**2005**	**2004**	**2003**	**2002**
Beginning balance of allowance for loan losses	**$ 30,957**	$ 29,486	$ 26,235	$ 25,080	$ 20,786
Allowance for loan losses of acquired banks		1,947	2,071		3,903
Provision for loan losses	**8,739**	8,045	7,735	9,612	9,359
Charge-offs:					
Commercial and industrial	**4,163**	2,729	1,967	2,613	1,888
Commercial real estate	**1,247**	1,111	937	1,402	2,207
Residential real estate	**313**	335	329	293	328
Home equity	**128**	222	85	43	172
Consumer	**3,822**	6,204	4,850	4,776	5,121
Total loan charge-offs	**9,673**	10,601	8,168	9,127	9,716
Deposit account overdrafts	**1,024**				
Total loan and deposit account overdraft charge-offs	**10,697**	10,601	8,168	9,127	9,716
Recoveries:					
Commercial and industrial	**1,145**	464	403	126	243
Commercial real estate	**55**	87	48	39	37
Residential real estate	**136**	155	68	30	86
Home equity					2
Consumer	**1,484**	1,374	1,094	475	380
Total loan recoveries	**2,820**	2,080	1,613	670	748
Deposit account overdrafts	**160**				
Total loan and deposit account overdraft recoveries	**2,980**	2,080	1,613	670	748
Net loan and deposit account overdraft charge-offs	**7,717**	8,521	6,555	8,457	8,968
Ending balance of allowance for loan losses	**$ 31,979**	$ 30,957	$ 29,486	$ 26,235	$ 25,080
Net charge-offs as a percentage of average total loans:					
Commercial and industrial	**0.74%**	0.53%	0.41%	0.78%	0.55%
Commercial real estate	**0.10%**	0.09%	0.12%	0.25%	0.45%
Residential real estate	**0.02%**	0.02%	0.01%	0.05%	0.04%
Home equity	**0.08%**	0.12%	0.07%	0.04%	0.14%
Consumer	**0.85%**	1.83%	1.48%	1.57%	1.42%
Total loan charge-offs	**0.23%**	0.29%	0.31%	0.46%	0.50%
Allowance for loan losses as a percentage of total loans	**1.10%**	1.05%	1.18%	1.36%	1.38%
Allowance for loan losses to total non-performing loans	**1.98x**	3.12x	3.60x	2.94x	2.48x
Allowance for loan losses to total non-performing loans and loans past due 90 days or more	**1.41x**	1.55x	1.87x	1.57x	1.13x

Allowance for loan losses to total non-performing loans, loans past due 90 days or more and other impaired loans	**1.25x**	1.26x	1.29x	1.15x	0.75x
Provision for loan losses as a percentage of net loan charge-offs	**113.2%**	94.4%	118.0%	113.7%	104.4%

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Total charge-offs for 2006 were comparable to 2005 but total recoveries increased 43% in 2006 compared to 2005. As a result, net charge-offs decreased 9% in 2006. While total charge-offs were relatively unchanged, the composition of losses was significantly different compared to the prior year. Commercial and industrial charge-offs increased 52% with approximately $3.1 million of the total recorded in the second quarter of 2006 on a $5.0 million loan participation secured primarily by equipment. Conversely, consumer charge-offs decreased 38% as losses returned to a more normalized level following the increase in losses attributed to consumer bankruptcies in the fourth quarter of 2005 as a result of anticipated changes in bankruptcy laws in October 2005. Deposit account overdraft losses represent a new loss category in 2006 as these amounts were not material and charged directly to income in prior years. Total recoveries included approximately $0.7 million from the liquidation of collateral securing the commercial loan participation discussed above, reducing the net loss on that loan to approximately $2.4 million. For additional information, see the Provision for Loan Losses section of this MD&A.

TABLE 21. ALLOCATION AND COMPONENTS OF THE ALLOWANCE FOR LOAN LOSSES

			December 31,		
(dollars in thousands)	**2006**	**2005**	**2004**	**2003**	**2002**
Commercial and industrial	**$ 11,728**	$ 11,138	$ 12,957	$ 9,852	$ 9,473
Commercial real estate	**13,915**	13,027	10,521	10,660	9,046
Residential real estate	**1,258**	1,227	1,163	749	800
Home equity	**400**	391	295	223	106
Consumer	**3,773**	5,174	4,550	4,751	5,655
Deposit account overdrafts	**904**				
Total allowance for loan losses	**$ 31,978**	$ 30,957	$ 29,486	$ 26,235	$ 25,080
Components of the allowance for loan losses:					
General reserves pursuant to SFAS No. 5	**$ 30,704**	$ 29,391	$ 27,863	$ 23,674	$ 20,405
Specific reserves pursuant to SFAS No. 114	**1,274**	1,566	1,623	2,561	4,675
Total allowance for loan losses	**$ 31,978**	$ 30,957	$ 29,486	$ 26,235	$ 25,080

The allowance for commercial and industrial loans increased 5% between December 31, 2005 and December 31, 2006 to provide for higher probable losses associated with general economic conditions, external factors such as higher energy costs and rising interest rates, and elevated levels of under-performing loans. The allowance for commercial and industrial loans also reflects the impact of the large commercial and industrial loan loss in 2006 on historical loss rates.

The allowance for commercial real estate loans increased 7% between December 31, 2005 and December 31, 2006 to provide for probable losses attributable to continued growth in commercial real estate loans, weakness in certain types of real estate or in certain markets, the impact of higher interest rates and elevated levels of under-performing loans.

Internal risk grades were changed throughout 2006 on approximately $43 million of commercial and industrial and commercial real estate loans to reflect increased levels of risk on those loans. These changes in risk grades resulted in the application of a higher loss migration rate to estimate probable losses on this group of loans, which also increased the amount of general reserves at December 31, 2006 compared to December 31, 2005.

The allowance for residential real estate and home equity loans increased 2% between December 31, 2005 and December 31, 2006 despite a reduction in total loans in both categories to provide for the impact of higher interest rates and a recent increase in the number of mortgage loans resulting in foreclosure in the latter part of the year. The allowance for consumer loans decreased 27% between December 31, 2005 and December 31, 2006 consistent with the overall decline in consumer losses during the year.

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Specific reserves decreased 19% between December 31, 2005 and December 31, 2006 despite an increase in non-accrual and other impaired loans as most of the loans included in those categories have diminished repayment capacity but appear to be adequately secured by the collateral or have only a minimal probable loss. General reserves increased 4% between December 31, 2005 and December 31, 2006 to reflect the factors discussed in the preceding paragraphs for each category of loans.

A portion of the allowance is attributed to the inherent imprecision of loss estimation models and the variability of management s estimates in each loan category. The allowance for commercial and industrial and commercial real estate loans contain the highest level of imprecision because those loans are the most significant components of the loan portfolio, losses can be for significantly larger amounts when they occur, and probable losses are much less predictable than for residential real estate, home equity and consumer loans. Conversely, consumer loan losses are generally smaller in amount but occur with greater regularity while residential real estate and home equity loan losses occur infrequently and represent the smallest component of historical losses. Therefore, consumer purpose loan losses tend to be more predictable and estimable from period to period. Recent growth in commercial real estate loans also implies a higher risk of loss that is yet to be detected until newer loans become more seasoned, regardless of their apparent quality at the time they are made.

Although the allowance is allocated as described in Table 21, the total allowance is available to absorb actual losses in any category of the loan portfolio. Management believes the allowance for loan losses is appropriate to absorb probable losses at December 31, 2006. In the event that management s estimation of probable losses does not materialize, future adjustments to the allowance may be necessary to reflect differences between original estimates of loss in previous periods and actual observed losses in subsequent periods.

TABLE 22. DEPOSITS

	For the years ended December 31,			
(dollars in thousands)	**2006**	**2005**	**$ Change**	**% Change**
Deposits				
Non-interest bearing demand	**$ 401,909**	$ 392,116	$ 9,793	2.5%
Interest bearing demand	**356,088**	325,582	30,506	9.4%
Money market	**354,082**	444,071	(89,989)	(20.3)%
Savings deposits	**441,226**	462,601	(21,375)	(4.6)%
Certificates of deposit	**1,442,242**	1,403,954	38,288	2.7%
Total deposits	**$ 2,995,547**	$ 3,028,324	$ (32,777)	(1.1)%

Deposits, which represent WesBanco s primary source of funds, are offered in various account forms at various rates through WesBanco s 78 branches in West Virginia, Ohio and Western Pennsylvania. Total deposits decreased by $32.8 million or 1.1% in 2006 as a result of the Ritchie County branch sale totaling $37.3 million in deposits in the first quarter, and decreases in money market and saving deposits, partially offset by increases in demand deposits and certificates of deposits.

WesBanco has minimized the effect of rising interest rates by focusing on growth in non-interest bearing deposits, which increased 2.5% in 2006, after a 9.9% increase in the fourth quarter of 2005. Marketing programs over the last 15 months have resulted in the opening of a significant number of new accounts, increasing deposit levels. These transaction-based accounts are typically viewed as a lower-cost funding source and provided significant ancillary activity fee income in 2006. Non-interest bearing deposits represent 13.4% of total deposits as of December 31, 2006.

A new interest bearing account introduced in the second quarter for municipalities provided an alternative to repurchase agreements for these customers, increasing interest bearing demand deposits by 9.4% in 2006.

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Included in the money market category is the WesBanco Prime Rate Money Market Account, which permits limited check writing and pays interest based on a market index and a tiered structure based on the customer s outstanding balance. These accounts decreased as customers moved their funds into a new higher rate money market product, various certificates of deposit or to other bank and non-bank competitors. WesBanco may adjust its money market deposit account rates paid from time to time on some or all tiers in order to respond to market factors.

Increases in certificates of deposit are due to growth in retail and in the Certificate of Deposit Account Registry Service (CDARS®) product, introduced in the second quarter and marketed as an alternative to certain customer repurchase agreements or to replace other wholesale borrowings when conditions warranted. Certificates of deposit totaling approximately $1.1 billion are scheduled to mature within the next year. In the current interest rate environment, WesBanco may continue increasing its rates on certificates of deposit in order to remain competitive. WesBanco will continue to focus on deposit growth and improving its overall mix of transaction accounts to total deposits, as well as offering special promotions on certain certificates of deposit maturities and savings products, based on competition, sales strategies, liquidity needs and wholesale borrowing costs. Customer preferences in the current interest rate environment have been primarily focused on short-term certificates of deposit and higher rate money market accounts.

TABLE 23. MATURITY DISTRIBUTION OF CERTIFICATES OF DEPOSIT OF $100,000 OR MORE

	December 31,			
(dollars in thousands)	**2006**	**2005**	**$ Change**	**% Change**
Maturity:				
Under three months	**$ 140,224**	$ 82,489	$ 57,735	70.0%
Three to six months	**86,978**	46,173	40,805	88.4%
Six to twelve months	**108,501**	91,373	17,128	18.7%
Over twelve months	**112,292**	206,528	(94,236)	(45.6)%
Total certificates of deposit of $100,000 or more	**$ 447,995**	$ 426,563	$ 21,432	5.0%

Interest expense on certificates of deposit of $100,000 or more was approximately $13,121 in 2006, $12,154 in 2005 and $7,284 in 2004.

TABLE 24. BORROWINGS

	December 31,			
(in thousands)	**2006**	**2005**	**$ Change**	**% Change**
Federal Home Loan Bank Borrowings	**$ 358,907**	$ 612,693	$ (253,786)	(41.4)%
Other short-term borrowings	**202,561**	244,301	(41,740)	(17.1)%
Junior subordinated debt owed to unconsolidated subsidiary trusts	**87,638**	87,638		0.0%
Total	**$ 649,106**	$ 944,632	$ (295,526)	(31.3)%

Borrowings are a significant source of funding for WesBanco, however, in the current flat to inverted yield curve environment, borrowings are often more expensive than other available funding sources. As part of WesBanco s restructuring of the balance sheet, many of the maturities and calls of borrowings, subsequent to the first quarter, were not replaced. This was the principal reason for the decrease in borrowings of $295.5 million in 2006. Funds utilized for these paydowns included the proceeds from the sale and maturities of securities.

WesBanco is a member of the FHLB of Pittsburgh. The FHLB system functions as a borrowing source for regulated financial institutions that are engaged in residential real estate lending. WesBanco uses term FHLB

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borrowings as a general funding source and to more appropriately match certain assets, as an alternative to shorter term wholesale borrowings. FHLB borrowings are secured by a blanket lien on certain residential mortgage loans or securities with a market value at least equal to the outstanding balances. The terms of a security agreement with the FHLB of Pittsburgh include a specific assignment of collateral that requires the maintenance of qualifying first mortgage loans as pledged collateral with unpaid principal amounts at least equal to or greater than the FHLB advances, when discounted at 83% of the unpaid principal balance. FHLB of Pittsburgh and Cincinnati stock, which is recorded at a cost of $21.6 million at December 31, 2006, is also pledged as collateral for these advances. WesBanco s remaining maximum borrowing capacity, subject to the collateral requirements noted, with the FHLB of Pittsburgh at December 31, 2006 is $1,048.5 million compared to $778.4 million at December 31, 2005.

At December 31, 2006, WesBanco had $358.9 million in outstanding FHLB borrowings, from both the FHLB of Pittsburgh and Cincinnati, with a weighted-average interest rate of 3.77%, compared to $612.7 million of FHLB of Pittsburgh and Cincinnati borrowings at December 31, 2005 with a weighted-average interest rate of 3.52%. FHLB borrowings have maturities ranging from the years 2007 to 2027. WesBanco periodically analyzes overall maturities of its FHLB borrowings and may or may not restructure such borrowings through prepayments, which may cause WesBanco to incur a prepayment penalty.

Certain FHLB advances contain call features, which allows the FHLB to convert a fixed rate borrowing to a variable rate advance if the strike rate goes beyond a certain predetermined rate. The probability that these advances and repurchase agreements will be called depends primarily on the level of related interest rates during the call period. Of the $358.9 million outstanding at December 31, 2006, $156.5 million in FHLB convertible fixed rate advances are subject to conversion to a variable rate advance by the respective FHLB issuer. Of these, $62.9 million are from the FHLB of Cincinnati, which upon conversion are subject to call by the FHLB due to WesBanco no longer maintaining its membership in such FHLB. Please refer to Note 10, Federal Home Loan Bank Borrowings, of the Consolidated Financial Statements for additional information.

Other short-term borrowings, which consist of federal funds purchased, securities sold under agreements to repurchase, treasury tax and loan notes and a revolving line of credit were $202.6 million at December 31, 2006 compared to $244.3 million at December 31, 2005. Paydown of some of these borrowings have occurred throughout the year from securities sales and maturities, and a portion of municipal customers repurchase agreements were moved to a new interest-bearing deposit product in the second quarter. The revolving line of credit is a senior obligation of the parent company that provides for maximum borrowings of up to $35 million, accrues interest at the one month LIBOR plus 90 basis points and matures in July 2008. The line contains a financial covenant that WesBanco was in compliance with at period end. At December 31, 2006 the outstanding balance of this line of credit was $8.0 million. At December 31, 2005, a similar line of credit, which was replaced with the current line of credit in July, 2006, had an outstanding balance of $12.5 million. Please refer to Note 11, Other Short-Term Borrowings, and Note 12, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts, of the Consolidated Financial Statements for additional information.

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TABLE 25. CONTRACTUAL OBLIGATIONS

				December 31, 2006		
(in thousands)	Footnote Reference	Less than One Year	One to Three Years	Three to Five Years	More Than Five Years	Total
Deposits without a stated maturity		1,553,305				1,553,305
Certificates of deposit	9	1,070,828	280,382	82,898	8,134	1,442,242
Federal Home Loan Bank borrowings	10	155,480	125,951	60,100	17,376	358,907
Other borrowings	11	202,561				202,561
Junior subordinated debt owed to unconsolidated subsidiary trusts	12				87,638	87,638
Senior executive retirement plans and severance agreements		62	138	186	4,927	5,313
Non-compete and consulting agreements		253	258	150	50	711
Naming rights agreement		225	471	496	250	1,442
Limited partnership funding commitments		2,305	1,966	1,078	599	5,948
Operating leases	6	1,483	2,135	1,573	6,470	11,661
Future benefit payments under pension plans	13	1,679	3,607	4,197	15,195	24,678
Total		$ 2,987,956	$ 414,437	$ 150,182	$ 140,389	$ 3,692,964

Significant fixed and determinable contractual obligations as of December 31, 2006 are presented in the table above by due date. The amounts shown do not include accrued interest, unamortized premiums or discounts, or other similar carrying value adjustments. Additional information related to each obligation is included in the referenced footnote to the Consolidated Financial Statements.

WesBanco s future benefit payments under pension plans are estimated based on actuarial assumptions and do not necessarily represent the actual contractual cash flows that may be required by WesBanco in the future. Please refer to Note 13, Employee Benefit Plans, of the Consolidated Financial Statements for more information on employee benefit plans.

WesBanco entered into certain interest rate swap agreements in 2001 (of which a portion were terminated in 2006), which require quarterly cash payments to counterparties depending on changes in interest rates. Interest rate swap agreements are carried at fair value on the Consolidated Balance Sheets in shareholders equity through other comprehensive income with fair value representing the net present value of expected future cash payments based on market interest rates as of the balance sheet dates. The fair values of the contracts change daily as market interest rates change. Since the interest rate swap liabilities recorded on the balance sheet at December 31, 2006 do not represent the amounts that may ultimately be paid under these contracts, these liabilities are not included in the table of contractual obligations presented above. Please refer to Notes 1 and 19 of the Consolidated Financial Statements for more information on derivatives.

OFF-BALANCE SHEET ARRANGEMENTS

WesBanco enters into financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Since many of these commitments expire unused or partially used, these commitments may not reflect future cash requirements. Please refer to Note 18, Commitments and Contingent Liabilities, of the Consolidated Financial Statements and the Loans and Credit Risk section of this MD&A for additional information.

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CAPITAL RESOURCES

Shareholders equity increased to $416.9 million at December 31, 2006 from $415.2 million at December 31, 2005. The increase was due primarily to current year earnings of $39.0 million and other comprehensive income of $4.7 million, which were offset by the payment of dividends of $23.0 million, the purchase of $15.3 million of treasury shares and a $5.7 million reduction in other comprehensive income resulting from the implementation of the new Statement of Financial Accounting Standard No. 158 relating to recognition of pension liabilities. Please refer to Note 13, Employee Benefit Plans, of the Consolidated Financial Statements for more information on pension liabilities.

In accordance with WesBanco s January 2006 Board of Directors approved share repurchase plan, and the completion of a prior plan, WesBanco purchased 508,163 shares during 2006 at an average price of $30.15 per share. At December 31, 2006, 629,998 shares of WesBanco common stock remained authorized to be purchased under the current one million share repurchase plan. For 2007, WesBanco plans to continue its stock repurchases based on the availability of stock and WesBanco s liquidity and overall capital levels, subject to required blackout periods, although purchases are at the discretion of WesBanco and the plan may be suspended at anytime.

Generally consistent earnings along with a satisfactory level of capital have enabled WesBanco to continue to increase dividends per share. Effective with the first quarter of 2006, WesBanco increased its quarterly dividend per share to $0.265 from $0.26. For 2006, dividends increased to $1.06 per share, or 1.9% on an annualized basis, compared to $1.04 per share in the prior year. This dividend increase represented the twenty-first consecutive year of dividend increases at WesBanco. The 2006 dividend per share payout ratio was 59.2% compared to 54.7% in 2005. WesBanco increased its dividend by 3.8% on February 22, 2008 to $0.275 per quarter, or $1.10 annualized.

WesBanco is subject to risk-based capital guidelines that measure capital relative to risk-weighted assets and off-balance sheet instruments. WesBanco and the Bank maintain Tier 1, Total Capital and Leverage ratios well above minimum regulatory levels. There are various legal limitations under federal and state laws that limit the payment of dividends from the Bank to the parent company. As of December 31, 2006, WesBanco could receive without prior regulatory approval a dividend of up to $5.8 million from the Bank. Please refer to Note 21, Regulatory Matters, of the Consolidated Financial Statements for more information on capital amounts, ratios and minimum regulatory requirements.

LIQUIDITY RISK

Liquidity is defined as the degree of readiness to convert assets into cash with minimum loss. Liquidity risk is managed through WesBanco s ability to provide adequate funds to meet changes in loan demand, unexpected outflows in deposits and other borrowings as well as to take advantage of market opportunities and meet operating cash needs. This is accomplished by maintaining liquid assets in the form of securities, sufficient borrowing capacity and a stable core deposit base. Liquidity is centrally monitored by WesBanco s Asset/Liability Management Committee (ALCO).

WesBanco determines the degree of required liquidity by the relationship of total holdings of liquid assets to the possible need for funds to meet unexpected deposit losses and/or loan demands. The ability to quickly convert assets to cash at a minimal loss is a primary function of WesBanco s investment portfolio management. Federal funds sold and U.S. Treasury and government agency securities maturing within three months are classified as secondary reserve assets. These secondary reserve assets, combined with the cash flow from the loan portfolio and the remaining sectors of the investment portfolio, and other sources, adequately meet the liquidity requirements of WesBanco.

Securities are the principal source of liquidity in total assets. Securities totaled $736.7 million at December 31, 2006, of which $395.5 million were classified as available-for-sale. At December 31, 2006, WesBanco has approximately $26.8 million in securities scheduled to mature within one year compared to $75.4 million in the prior year. Additional cash flows may be anticipated from approximately $108.7 million in callable bonds, which have call dates within the next year, compared to $142.4 million at December 31, 2005, and from loans scheduled to mature within the next year of $168.7 million, compared to $155.4 million at year end 2005. At December 31, 2006, WesBanco had $96.6 million of cash and cash equivalents, a portion of which may also serve as an additional source of liquidity.

Deposit flows are another principal factor affecting overall bank liquidity. Deposits totaled $3.0 billion at December 31, 2006. Deposit flows are impacted by current interest rates, products and rates offered by WesBanco versus its competition, as well as customer behavior. Certificates of deposit scheduled to mature within one year totaled $1.1 billion at December 31, 2006. In addition to the relatively stable core deposit base, the Bank maintains a line of credit with the FHLB as an additional funding source. Available lines of credit with the FHLB at December 31, 2006 and December 31, 2005 approximated $1,048.5 million and $778.4 million, respectively. At December 31, 2006, WesBanco had unpledged available-for-sale securities with a book value of $65.8 million that could be used for collateral or sold, excluding FHLB blanket liens on WesBanco s mortgage-related assets. Alternative funding sources may include the issuance of additional junior subordinated debt within allowed capital guidelines, utilization of existing lines of credit with third party banks along with seeking other lines of credit, borrowings under repurchase agreement lines, increasing deposit rates to attract additional funds, accessing brokered deposits as well as selling certain investment securities categorized as available-for-sale in order to maintain adequate levels of liquidity.

The principal sources of the parent company liquidity are dividends from the Bank, cash and investments on hand, and a revolving line of credit with another bank. There are various legal limitations under federal and state laws that limit the payment of dividends from the Bank to the parent company. As of December 31, 2006, WesBanco could receive without prior regulatory approval a dividend of up to $5.8 million from the Bank. Additional liquidity is provided by the parent company s security portfolio of $5.9 million, and an available line of credit with an independent commercial bank of $35.0 million of which $8.0 million was outstanding at December 31, 2006.

At December 31, 2006, WesBanco had outstanding commitments to extend credit in the ordinary course of business approximating $528.9 million compared to $529.9 million at the end of the prior year. On a historical basis, only a small portion of these commitments will result in an outflow of funds.

Management believes WesBanco has sufficient current liquidity to meet current obligations to borrowers, depositors and others.

COMPARISON OF 2005 VERSUS 2004

Net income for 2005 was $42.8 million or $1.90 per diluted share compared to $38.2 million or $1.90 per diluted share for 2004. The results for 2005 reflect the acquisition of Winton and its subsidiary, Winton Savings and Loan Company from the closing date of the acquisition on January 3, 2005 as well as the full year impact of the Western Ohio acquisition completed on August 31, 2004. Return on average assets was 0.95% for the year ended December 31, 2005, compared to 1.07% in 2004, and return on average equity was 10.13% for 2005, compared to 11.37% in 2004.

Net interest income for 2005 increased $23.1 million or 21.1% compared to 2004 due to a $795.0 million increase in average earning assets, somewhat offset by a lower net interest margin, which decreased to 3.48% for 2005 as compared to 3.60% for 2004. The lower net interest margin in 2005 was due to the average yield on interest bearing liabilities increasing at a faster pace than the increase in average yield on earning assets. Additionally, both Winton and Western Ohio historically had lower net interest margins prior to their acquisition.

Interest income increased $55.3 million or 32.6% in 2005 compared to 2004, primarily due to an increase in the yield on average earning assets. The yield on average earning assets for 2005 increased by 31 basis points to

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5.74% from 5.43% in 2004. The increased yield was due to the realization of higher rates on new earning assets and the repricing of existing earning assets. The increase in average earning assets for 2005 was due primarily to the Winton and Western Ohio acquisitions, and to net organic growth in commercial real estate and mortgage loans, which was partially offset by the sale of approximately $67.8 million of residential mortgage loans.

Interest expense increased $32.2 million or 53.5% in 2005, compared to 2004, due a higher volume of total deposits from the acquisitions and due to the average rate paid on interest bearing liabilities for 2005 increasing 44 basis points to 2.52%, compared to 2.08% for 2004.

The provision for loan losses in 2005 increased to $8.0 million compared to $7.7 million in 2004. This increase primarily reflects the inherent risk of probable loss associated with organic growth during the year and heightened consumer bankruptcies experienced in the third and fourth quarters. Net charge offs increased to $8.5 million compared to $6.6 million for 2004. This increase was due to a $0.7 million fraud loss on a commercial and industrial loan in the second quarter, a $0.7 million write down of certain under-performing commercial real estate loans reclassified to held for sale in the fourth quarter, and approximately $1.2 million of consumer bankruptcy losses in the fourth quarter.

Non-interest income for 2005 increased to $39.1 million compared to $35.5 million for 2004. Trust fees increased $1.2 million or 9.6% compared to 2004. The increase in trust fees was primarily driven by the introduction of a new fee schedule in July 2005 and market-related increased market values. Service charges on deposits for 2005 increased to $11.5 million compared to $9.5 million in 2004, primarily due to growth in deposit accounts as a result of the Winton acquisition and a successful fourth-quarter marketing campaign. Other factors included an increase in certain fees, the introduction of a new overdraft protection product and the full year impact of the Western Ohio acquisition.

Non-interest expenses for 2005 increased $19.0 million or 21.2% over 2004 which includes the effects of the Winton acquisition and the full year impact of the Western Ohio acquisition. Salaries and wages increased to $41.8 million in 2005 from $35.5 million in 2004 due to the acquisition of Winton and normal salary increases. Full-time equivalent employees (FTEs) increased from 1,209 at December 31, 2004 to 1,358 following the acquisition of Winton as of March 31, 2005. During the third and fourth quarters of 2005, WesBanco eliminated a number of positions pursuant to a restructuring plan announced in the third quarter, resulting in FTEs of 1,200 at December 31, 2005. A $1.0 million severance charge was recorded in connection with the restructuring, which was included in merger-related and other restructuring expenses and is the primary reason for the increase. The remainder of the costs in both years was related to the two acquisitions. Employee benefits were $14.5 million in 2005 compared to $11.9 million in 2004 as a direct result of the increase in FTEs discussed above as well as an increase in health insurance costs. The increase consisted primarily of a $0.6 million increase in payroll taxes, $0.6 million increase in retirement benefits and $1.3 million increase in health insurance costs. Net occupancy expense, which is comprised of utility costs, facilities rental, repairs and maintenance and depreciation expenses increased to $7.2 million in 2005 compared to $5.8 million in 2004 due primarily to the Winton acquisition and the full year impact of the Western Ohio acquisition. Marketing expenses increased $1.4 million due to new branding and free checking campaigns introduced in October of 2005. Other increases in expenses were primarily attributable to the acquisitions and included $1.3 million in amortization of core deposit intangibles, $1.0 million in miscellaneous taxes, $1.0 million in communication costs and $0.8 million in professional fees.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The disclosures set forth in this item are qualified by the section captioned Forward-Looking Statements included in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, of this report.

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MARKET RISK

The primary objective of WesBanco s ALCO is to maximize net interest income within established policy parameters. This objective is accomplished through the management of balance sheet composition, market risk exposures arising from changing economic conditions and liquidity risk.

Market risk is defined as the risk of loss due to adverse changes in the fair value of financial instruments resulting from fluctuations in interest rates and equity prices. Management considers interest rate risk WesBanco s most significant market risk. Interest rate risk is the exposure to adverse changes in net interest income due to changes in interest rates. Consistency of WesBanco s net interest income is largely dependent on effective management of interest rate risk. As interest rates change in the market, rates earned on interest rate sensitive assets and rates paid on interest rate sensitive liabilities do not necessarily move concurrently. Differing rate sensitivities may arise because fixed rate assets and liabilities may not have the same maturities or because variable rate assets and liabilities differ in the timing and/or the percentage of rate changes.

WesBanco s ALCO, comprised of senior management, monitors and manages interest rate risk within Board approved policy limits. Interest rate risk is monitored primarily through the use of an earnings simulation model. The model is highly dependent on assumptions, which change regularly as the balance sheet and interest rates change. The key assumptions and strategies employed are analyzed quarterly and reviewed by ALCO.

The earnings simulation model projects changes in net interest income resulting from the effect of changes in interest rates. Certain shortcomings are inherent in the methodologies used in the earnings simulation model. Modeling changes in net interest income requires making certain assumptions regarding prepayment rates, callable bonds, and adjustments to non-time deposit interest rates which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. Prepayment assumptions and adjustments to non-time deposit rates at varying levels of interest rates are based primarily on historical experience and current market rates. Security portfolio maturities and prepayments are assumed to be reinvested in similar instruments and callable bond forecasts are adjusted at varying levels of interest rates. While we believe such assumptions to be reasonable, there can be no assurance that assumed prepayment rates, callable bond forecasts and non-time deposit rate changes will approximate actual future results. Moreover, the net interest income sensitivity chart presented in Table 1, Net Interest Income Sensitivity, assumes the composition of interest sensitive assets and liabilities existing at the beginning of the period remains constant over the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration of the maturity or repricing of specific assets and liabilities. Since the assumptions used in modeling changes in interest rates are uncertain, the simulation analysis should not be relied upon as being indicative of actual results. The analysis may not consider all actions that WesBanco could employ in response to changes in interest rates.

Interest rate risk policy limits are determined by measuring the anticipated change in net interest income over a twelve month period assuming an immediate and sustained 200 basis point increase or decrease in market interest rates compared to a stable rate or base model. WesBanco s current policy limits this exposure to +/- 10.0% of net interest income from the base model for a twelve month period. Table 1, Net Interest Income Sensitivity, shows WesBanco s interest rate sensitivity at December 31, 2006 and December 31, 2005 assuming both a 200 and 100 basis point interest rate change, compared to a base model.

TABLE 1. NET INTEREST INCOME SENSITIVITY

Immediate Change in Interest Rates (basis points)	Percentage Change in Net Interest Income from Base over One Year December 31, 2006	December 31, 2005	ALCO Guidelines
+200	**(6.7)%**	(3.8)%	+/- 10.0%
+100	**(3.3)%**	(1.4)%	N/A
-100	**2.8%**	(0.4)%	N/A
-200	**2.5%**	(2.9)%	+/- 10.0%

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With the federal funds rates at 5.25% at December 31, 2006, unchanged since the end of the second quarter after a 100 basis point increase in the first half of 2006, management believes that rates are directionally flat and the interest rate curve is expected to remain slightly inverted over the near term. The earnings simulation model projects that net interest income for the next twelve month period would decrease by 3.27% and 6.69% if interest rates were to rise immediately by 100 and 200 basis points, respectively. Net interest income would increase by 2.82% and 2.51% if rates declined by 100 and 200 basis points. The increase in liability sensitivity in a rising rate environment between December 31, 2005 and December 31, 2006 is a result of changes in balance sheet composition primarily as customers respond to higher short term rates in an inverted yield curve environment. However, these changes favorably impacted WesBanco s sensitivity to falling interest rates which the ALCO believes is more probable than an increase in rates in 2007.

As an alternative to the immediate rate shock analysis, the ALCO monitors interest rate risk by ramping or increasing interest rates 200 basis points gradually over a twelve month period. WesBanco s current policy limits this exposure to +/- 5.0% of net interest income from the base model for a twelve month period. Management believes that the ramping analysis reflects a more realistic movement of interest rates, whereas the immediate rate shock reflects a worse case scenario. The simulation model using the 200 basis point increasing rate ramp analysis projects that net interest income would decrease 1.82% over the next twelve months, compared to a 0.38% decrease at December 31, 2005.

WesBanco also periodically measures the economic value of equity, which is defined as the market value of equity in various increasing and decreasing rate scenarios. At December 31, 2006, the market value of equity as a percent of base in a 200 basis point rising rate environment would decrease 6.6%, while it would increase 2.9% in a 200 basis point falling rate environment. WesBanco s policy is to limit such change to +/- 30% for a +/- 200 basis point change in interest rates.

WesBanco s ALCO evaluates various strategies to reduce the exposure to interest rate fluctuations. These strategies for much of 2006 emphasized reducing liability sensitivity in anticipation of continued rising interest rates, but more recently have focused on the potential for falling interest rates by late 2007. Among the strategies that are evaluated from time to time are the possible reduction of certain FHLB borrowings, managing the level of WesBanco s fixed rate residential real estate loans maintained in the loan portfolio versus selling them in the secondary market, purchasing or originating adjustable rate loans, remixing of the loan portfolio as residential mortgages paydown into shorter-lived, higher-yielding commercial loans, offering special maturity, competitively priced short-term certificates of deposit to offset runoff in money market deposit accounts, and in certain markets, regionally pricing certain deposit types to increase sales volume. Other strategies include emphasizing marketing programs to grow lower cost transaction accounts, and using the CDARS® program and structured repurchase agreements as alternative wholesale borrowing sources versus federal funds purchased and FHLB borrowings. The potential use of interest rate swap agreements to match fund certain long-term commercial loans or as a fair value or cash flow hedge against certain asset and liability types, and using investment security cash flows to fund realized loan growth or to pay down short-term borrowings are also evaluated as potential strategies by ALCO.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

WesBanco, Inc.

We have audited the accompanying consolidated balance sheets of WesBanco, Inc. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of WesBanco, Inc. and subsidiaries at December 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 2006 WesBanco changed its method for the recognition of stock-based compensation expense in accordance with Financial Accounting Standards Board Statement 123(R), *Share Based Payment*. Also, as discussed in Note 1 to the consolidated financial statements, WesBanco changed its method of accounting for its defined benefit pension and postretirement plans as of December 31, 2006, in accordance with Financial Accounting Standards Board Statement No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of WesBanco, Inc. s internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2007 expressed an unqualified opinion thereon.

Pittsburgh, Pennsylvania

February 28, 2007

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WESBANCO, INC. CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share amounts)	December 31, 2006	2005
ASSETS		
Cash and due from banks, including interest bearing amounts of **$1,217** and $2,432, respectively	**$ 96,605**	$ 110,608
Securities:		
Available-for-sale, at fair value	**395,520**	603,171
Held-to-maturity (fair values of **$347,391** and $397,101, respectively)	**341,187**	389,393
Total securities	**736,707**	992,564
Loans held for sale	**3,170**	28,803
Portfolio loans:		
Commercial	**409,347**	417,161
Commercial real estate	**1,165,823**	1,118,342
Residential real estate	**896,533**	929,823
Home equity	**161,602**	175,651
Consumer	**274,908**	271,100
Total portfolio loans, net of unearned income	**2,908,213**	2,912,077
Allowance for loan losses	**(31,979)**	(30,957)
Net portfolio loans	**2,876,234**	2,881,120
Premises and equipment, net	**67,404**	64,707
Accrued interest receivable	**19,180**	20,426
Goodwill and other intangible assets, net	**145,147**	147,658
Bank-owned life insurance	**82,473**	79,573
Other assets	**71,223**	96,656
Total Assets	**$ 4,098,143**	$ 4,422,115
LIABILITIES		
Deposits:		
Non-interest bearing demand	**$ 401,909**	$ 392,116
Interest bearing demand	**356,088**	325,582
Money market	**354,082**	444,071
Savings deposits	**441,226**	462,601
Certificates of deposit	**1,442,242**	1,403,954
Total deposits	**2,995,547**	3,028,324
Federal Home Loan Bank borrowings	**358,907**	612,693
Other short-term borrowings	**202,561**	244,301
Junior subordinated debt owed to unconsolidated subsidiary trusts	**87,638**	87,638
Total borrowings	**649,106**	944,632
Accrued interest payable	**10,174**	8,932
Other liabilities	**26,441**	24,997

Total Liabilities	**3,681,268**	4,006,885
SHAREHOLDERS EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized; none outstanding		
Common stock, $2.0833 par value; 50,000,000 shares authorized; 23,615,859 shares issued; outstanding: **21,496,793** shares and 21,955,359 shares, respectively	**49,200**	49,200
Capital surplus	**123,170**	122,345
Retained earnings	**316,457**	300,452
Treasury stock (**2,119,066** and 1,660,500 shares, respectively, at cost)	**(61,855)**	(47,769)
Accumulated other comprehensive loss	**(8,863)**	(7,875)
Deferred benefits for directors and employees	**(1,234)**	(1,123)
Total Shareholders Equity	**416,875**	415,230
Total Liabilities and Shareholders Equity	**$ 4,098,143**	$ 4,422,115

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share amounts)	For the Years Ended December 31, 2006	2005	2004
INTEREST AND DIVIDEND INCOME			
Loans, including fees	**$ 190,081**	$ 178,291	$ 123,270
Interest and dividends on securities:			
Taxable	**19,283**	26,303	28,087
Tax-exempt	**16,068**	18,252	17,509
Total interest and dividends on securities	**35,351**	44,555	45,596
Federal funds sold	**272**	41	114
Other interest income	**1,565**	1,858	456
Total interest and dividend income	**227,269**	224,745	169,436
INTEREST EXPENSE			
Interest bearing demand deposits	**3,708**	1,700	907
Money market deposits	**8,407**	10,011	9,731
Savings deposits	**5,902**	3,411	1,129
Certificates of deposit	**55,747**	43,057	27,819
Total interest expense on deposits	**73,764**	58,179	39,586
Federal Home Loan Bank borrowings	**17,130**	22,871	15,204
Other short-term borrowings	**7,938**	6,324	2,482
Junior subordinated debt owed to unconsolidated subsidiary trusts	**5,604**	5,060	2,940
Total interest expense	**104,436**	92,434	60,212
NET INTEREST INCOME	**122,833**	132,311	109,224
Provision for loan losses	**8,739**	8,045	7,735
Net interest income after provision for loan losses	**114,094**	124,266	101,489
NON-INTEREST INCOME			
Trust fees	**15,039**	14,305	13,056
Service charges on deposits	**16,714**	11,534	9,550
Bank-owned life insurance	**2,951**	2,844	2,962
Net securities (losses) gains	**(7,798)**	2,021	2,768
Net gains on sales of mortgage loans	**1,084**	1,016	350
Other income	**12,418**	7,413	6,855
Total non-interest income	**40,408**	39,133	35,541
NON-INTEREST EXPENSE			
Salaries and wages	**40,269**	41,799	35,530
Employee benefits	**13,414**	14,491	11,863
Net occupancy	**7,504**	7,167	5,763
Equipment	**7,921**	8,381	7,728
Marketing	**5,143**	4,535	3,051

Amortization of intangible assets	**2,511**	2,667	1,371
Restructuring and merger-related expenses	**540**	1,530	397
Other operating expenses	**28,902**	28,350	24,169
Total non-interest expense	**106,204**	108,920	89,872
Income before provision for income taxes	**48,298**	54,479	47,158
Provision for income taxes	**9,263**	11,722	8,976
NET INCOME	**$ 39,035**	$ 42,757	$ 38,182
EARNINGS PER SHARE			
Basic	**$ 1.79**	$ 1.90	$ 1.91
Diluted	**$ 1.79**	$ 1.90	$ 1.90
AVERAGE SHARES OUTSTANDING			
Basic	**21,762,567**	22,474,645	20,028,248
Diluted	**21,816,573**	22,528,262	20,083,718
DIVIDENDS DECLARED PER COMMON SHARE	**$ 1.06**	$ 1.04	$ 1.00

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

	For the years ended December 31, 2006, 2005 and 2004							
	Common Stock					Accumulated Other Comprehensive	Deferred Benefits for	
(dollars in thousands, except per share amounts)	**Shares**	**Amount**	**Capital Surplus**	**Retained Earnings**	**Treasury Stock**	**Income (Loss)**	**Directors & Employees**	**Total**
January 1, 2004	19,741,464	$ 44,415	$ 52,900	$ 263,080	$ (38,383)	$ (1,864)	$ (1,712)	$ 318,436
Net income				38,182				38,182
Other comprehensive income (loss)						(551)		(551)
Total comprehensive income								37,631
Dividends declared on common stock ($1.00 per share)				(20,249)				(20,249)
Treasury shares purchased	(144,474)				(4,159)			(4,159)
Treasury shares sold	63,544		(106)		1,526			1,420
Shares issued for acquisition	1,176,935		7,926		28,305			36,231
Allocation of employee benefit plan shares			153					153
Tax benefit from employee benefit plans			250					250
Payment on ESOP debt							325	325
Deferred benefits for directors net			328				(185)	143
December 31, 2004	20,837,469	$ 44,415	$ 61,451	$ 281,013	$ (12,711)	$ (2,415)	$ (1,572)	$ 370,181
Net income				42,757				42,757
Other comprehensive income (loss)						(5,460)		(5,460)
Total comprehensive income								37,297
Dividends delcared on common stock ($1.04 per share)				(23,318)				(23,318)
Treasury shares purchased	(1,378,482)				(39,986)			(39,986)
Treasury shares sold	199,861		(1,564)		4,928			3,364
Shares issued for acquisition	2,296,511	4,785	60,539					65,324
Allocation of employee benefit plan shares			203					203
Tax benefit from employee benefit plans			921					921
Payment on ESOP debt							253	253
Deferred benefits for directors net			795				196	991
December 31, 2005	21,955,359	$ 49,200	$ 122,345	$ 300,452	$ (47,769)	$ (7,875)	$ (1,123)	$ 415,230
Net income				**39,035**				**39,035**
Other comprehensive income (loss)						**4,698**		**4,698**
Total comprehensive income								**43,733**
Dividends declared on common stock ($1.06 per share)				**(23,030)**				**(23,030)**
Treasury shares purchased	**(508,163)**				**(15,320)**			**(15,320)**
Treasury shares sold	**49,597**		**(61)**		**1,234**			**1,173**
Tax benefit from employee benefit plans			**775**					**775**
Adjustment to initially apply FASB Statement No. 158, net of tax						**(5,686)**		**(5,686)**
Deferred benefits for directors net			**111**				**(111)**	
December 31, 2006	**21,496,793**	**$ 49,200**	**$ 123,170**	**$ 316,457**	**$ (61,855)**	**$ (8,863)**	**$ (1,234)**	**$ 416,875**

There was no activity in Preferred Stock during the years ended December 31, 2006, 2005 and 2004.

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	For the Years Ended December 31, 2006	2005	2004
OPERATING ACTIVITIES			
Net income	**$ 39,035**	$ 42,757	$ 38,182
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**5,546**	6,109	5,940
Net amortization	**(1,307)**	(223)	2,895
Provision for loan losses	**8,739**	8,045	7,735
Net securities losses (gains)	**7,798**	(2,021)	(2,768)
Net gains on sales of mortgage loans	**(1,084)**	(1,016)	(350)
Excess tax benefits from stock-based compensation arrangements	**(775)**	(921)	(250)
Deferred income taxes	**(395)**	3,750	1,407
Increase in cash surrender value of bank-owned life insurance	**(2,900)**	(1,387)	(2,843)
Loans originated for sale	**(73,028)**	(74,485)	(28,469)
Proceeds from the sale of loans originated for sale	**72,895**	76,588	27,391
Net change in: other assets and accrued interest receivable	**17,813**	(3,239)	(24,102)
Net change in: other liabilities and interest payable	**3,405**	(11,955)	8,314
Other net	**(2,452)**	1,930	(281)
Net cash provided by operating activities	**73,290**	43,932	32,801
INVESTING ACTIVITIES			
Securities available-for-sale:			
Proceeds from sales	**200,152**	129,034	161,362
Proceeds from maturities, prepayments and calls	**285,908**	248,700	236,704
Purchases of securities	**(278,991)**	(196,863)	(358,855)
Securities held-to-maturity:			
Proceeds from maturities, prepayments and calls	**51,521**	21,969	81,724
Purchases of securities	**(2,187)**	(27,249)	(27,475)
Acquisition, net of cash paid		(37,819)	(26,874)
Sale of branches, net of cash	**(14,379)**		
Net increase in loans	**(2,152)**	(51,534)	(220,608)
Purchases of premises and equipment net	**(5,680)**	(8,492)	(4,967)
Sale of portfolio loans net	**5,974**	66,791	
Net cash provided by (used in) investing activities	**240,166**	144,537	(158,989)
FINANCING ACTIVITIES			
Increase (decrease) in deposits	**2,125**	(55,817)	(11,389)
(Decrease) increase in Federal Home Loan Bank borrowings	**(251,400)**	(119,867)	124,708
(Decrease) increase in other short-term borrowings	**(17,741)**	2,888	(40,341)
(Decrease) increase in federal funds purchased	**(24,000)**	40,900	23,100
Proceeds from the issuance of junior subordinated debt owed to unconsolidated subsidiary trusts		15,464	41,238
Excess tax benefits from stock-based compensation arrangements	**775**	921	250
Dividends paid	**(23,071)**	(22,785)	(19,792)
Treasury shares purchased net	**(14,147)**	(36,622)	(2,739)
Net cash (used in) provided by financing activities	**(327,459)**	(174,918)	115,035
Net (decrease) increase in cash and cash equivalents	**(14,003)**	13,551	(11,153)
Cash and cash equivalents at beginning of the year	**110,608**	97,057	108,210

Cash and cash equivalents at end of the year	**$ 96,605**	$ 110,608	$ 97,057
SUPPLEMENTAL DISCLOSURES			
Interest paid on deposits and other borrowings	**$ 103,194**	$ 89,788	$ 57,995
Income taxes paid	**10,450**	6,425	11,075
Transfers of loans to other real estate owned	**3,827**	1,336	1,132
Transfers of loans to held for sale		26,820	
Summary of Business Acquisition			
Fair value of tangible assets acquired	**$**	$ 547,642	$ 413,806
Fair value of core deposit intangibles acquired		2,905	3,600
Fair value of liabilities assumed		(505,756)	(373,404)
Stock issued for the purchase of acquired company s common stock		(65,324)	(36,231)
Cash paid in the acquisition		(43,787)	(31,663)
Goodwill recognized	**$**	$ (64,320)	$ (23,892)

See Notes to Consolidated Financial Statements.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS WesBanco, Inc. (WesBanco) is a bank holding company offering a full range of financial services, including trust and investment services, mortgage banking, insurance and brokerage services. WesBanco s defined business segments are community banking and trust and investment services. WesBanco s banking subsidiary, WesBanco Bank, Inc. (Bank), headquartered in Wheeling, West Virginia, operates through 78 banking offices, one loan production office and 112 ATM machines in West Virginia, Ohio and Western Pennsylvania. In addition, WesBanco operates an insurance brokerage company, WesBanco Insurance Services, Inc., and a full service broker/dealer, WesBanco Securities, Inc. that also operates Mountaineer Securities, WesBanco s discount brokerage operation.

PRINCIPLES OF CONSOLIDATION The Consolidated Financial Statements include the accounts of WesBanco and those entities in which WesBanco has a controlling financial interest. All material intercompany balances and transactions have been eliminated in consolidation.

WesBanco determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity. Under Accounting Research Bulletin No. 51, Consolidated Financial Statements, a voting interest entity is an entity in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make financial and operating decisions. WesBanco consolidates voting interest entities in which it owns all, or at least a majority (generally, greater than 50%) of the voting interest. Under Financial Accounting Standards Board (FASB) Interpretation No. 46 (FIN No. 46), Consolidation of Variable Interest Entities, variable interest entities (VIE) are entities that in general either do not have equity investors with voting rights or that have equity investors that do not provide sufficient financial resources for the entity to support its activities. A controlling financial interest in a VIE is present when a company absorbs a majority of an entity s expected losses, receives a majority of an entity s expected residual returns, or both. The company with a controlling financial interest, known as the primary beneficiary, is required to consolidate the VIE. WesBanco has five wholly-owned trust subsidiaries, WesBanco, Inc. Capital Trusts II, IV, V and VI and WesBanco, Inc. Capital Statutory Trust III (collectively, the Trusts), for which it does not absorb a majority of expected losses or receive a majority of the expected residual returns. Accordingly, the Trusts and their net assets are not included in the Consolidated Financial Statements. However, the junior subordinated deferrable interest debentures issued by WesBanco to the Trusts (refer to Note 12, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts) and the minority interest in the common stock issued by the Trusts is included in the Consolidated Balance Sheets. WesBanco also owns variable interests of less than twenty-five percent in certain limited partnerships for which it does not absorb a majority of expected losses or receive a majority of expected residual returns. Accordingly, these partnerships and their net assets, which are discussed below under the caption Investments in Limited Partnerships are not included in the Consolidated Financial Statements.

USE OF ESTIMATES The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BUSINESS COMBINATIONS Business combinations are accounted for using the purchase method of accounting. Under the purchase method, the net assets 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 of the net tangible and intangible assets acquired recorded as goodwill. Results of operations of an acquired business are included in the Consolidated Statements of Income from the date of acquisition.

RECLASSIFICATIONS Certain prior year financial information has been reclassified to conform to the presentation in 2006. The reclassifications had no effect on net income.

REVENUE RECOGNITION Interest and dividend income, loan fees, trust fees, fees and charges on deposit accounts, insurance commissions and other ancillary income related to the Bank s deposits and lending activities, as well as income at WesBanco s other subsidiary companies, are accrued as earned.

CASH AND CASH EQUIVALENTS For financial reporting purposes, cash and cash equivalents include cash and due from banks, due from banks interest bearing and federal funds sold. Generally, federal funds are sold for one-day periods.

SECURITIES *Securities Available-for-sale:* Debt securities not classified as held-to-maturity, and marketable equity securities are classified as available-for-sale. These securities may be sold at any time based upon management s assessment of changes in economic or financial market conditions, interest rate or prepayment risks, liquidity considerations and other factors. These securities are stated at fair value, with the fair value adjustment, net of tax, reported as a separate component of accumulated other comprehensive income.

Securities Held-to-maturity: Securities that are purchased with the positive intent and ability to be held until their maturity are stated at cost and adjusted for amortization of premiums and accretion of discounts.

Cost-Method Investments: Securities that do not have readily determinable fair values and for which WesBanco does not exercise significant influence are carried at cost. Cost method investments consisting of Federal Home Loan Bank stock and Federal Reserve Bank stock totaled $23.2 million and $43.5 million at December 31, 2006 and 2005, respectively, and are included in other assets in the Consolidated Balance Sheets. Cost-method investments are evaluated for impairment whenever events or circumstances suggest that their carrying value may not be recoverable. No such events were identified during the periods presented. Accordingly, no impairment testing was performed.

Gains and Losses: Net realized gains and losses on sales of securities are included in non-interest income. The cost of securities sold is based on the specific identification method. The gain or loss is determined as of the trade date. Prior unrealized gains and losses are recorded through other comprehensive income and reversed when gains or losses are realized or an impairment charge is recorded.

Amortization and Accretion: Generally, premiums are amortized to call date and discounts are accreted to maturity, on a constant yield basis.

Other-than-Temporary Impairment Losses: Declines in the fair value of investment securities below cost are evaluated for other-than-temporary impairment losses. Impairment losses for declines in value of fixed maturity investments and equity securities below cost attributable to issuer-specific events are based upon all relevant facts and circumstances for each investment and are recognized when appropriate. Declines in the value of investment securities that are considered other-than-temporary are recorded in net securities gains (losses). For investments with a fixed or final maturity date that have unrealized losses due to market conditions or industry-related events where WesBanco has the positive intent and ability to hold the investment for a period of time sufficient to allow a market recovery, declines in value below cost are not assumed to be other-than-temporary.

WesBanco conducts a review each quarter for all securities which have possible indications of impairment, particularly those equaling or exceeding six months in a loss position for equity securities and twelve months for debt securities. WesBanco further reviews the results of the above testing for any security which might be considered for an other-than-temporary-impairment write-down. In estimating other-than-temporary impairment losses, WesBanco also considers the financial condition and near-term prospects of the issuer, evaluating any credit downgrades or other indicators of a potential credit problem, the receipt of principal and interest according to the contractual terms and the intent and ability of WesBanco to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Any securities that are deemed to be other-than-temporarily impaired are reflected in current earnings as realized losses, with appropriate adjustment for the portion previously accounted for as an unrealized loss in other comprehensive income.

LOANS AND LOANS HELD FOR SALE Loans are generally reported at the principal amount outstanding, net of unearned income. Interest is accrued as earned on loans except where doubt exists as to collectibility, in which case recognition of income is discontinued. Loans originated and intended for sale are carried at the lower of cost or estimated market value in the aggregate.

A loan is considered impaired, based on current information and events, if it is probable that WesBanco will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Impaired loans include all non-accrual and renegotiated loans, as well as certain loans internally classified as substandard or doubtful (as those terms are defined by banking regulations) that meet the definition of impaired loans. WesBanco generally recognizes interest income on non-accrual loans on the cash basis if recovery of principal is reasonably assured. Certain consumer loans are not placed on non-accrual, and instead are charged down to the net realizable value at 120 days past due for closed-end loans and 180 days past due for open-end revolving lines of credit. When repossession of collateral on secured consumer loans is assured and in process, the charged-down balance is reclassified to other assets. Residential real estate loans are generally not placed on non-accrual, and instead are charged down to the net realizable value of the collateral at 180 days past due and reclassified to other assets when the foreclosure occurs.

Loan origination fees and certain direct costs are deferred and accreted or amortized into interest income or expense, as an adjustment to the yield, over the life of the loan using the level yield method. When a loan is paid off, the remaining unaccreted or unamortized net origination fees or costs are immediately recognized into income or expense.

ALLOWANCE FOR LOAN LOSSES The allowance for loan losses represents management s estimate of probable losses inherent in the loan portfolio. Determining the amount of the allowance requires significant judgment about the collectibility 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. Certain amounts from an acquiree s prior allowance for loan losses may also be added. 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.

Larger commercial and commercial real estate loans that exhibit observed credit weaknesses and are deemed to be impaired pursuant to Statement of Financial Accounting Standards (SFAS) No. 114, Accounting by Creditors for Impairment of a Loan are subject to individual review. Where appropriate, for loans in excess of $1.0 million, reserves are established based on the present value of expected future cash flows available to pay the loan and/or the estimated realizable value of the collateral, if any. Reserves are established for the remainder of the commercial and commercial real estate loan portfolio based on a migration analysis, which computes historical loss rates on loans according to their internal risk grade. The risk grading system is intended to identify and measure the credit quality of all commercial and commercial real estate loans. Homogenous loans, such as consumer, residential real estate and home equity loans are not individually risk graded. Reserves for homogenous loans are based on average historical loss rates for each category. Historical loss rates for all categories of loans are calculated for multiple periods of time ranging from the most recent quarter to the past three years. Historical loss rates may be adjusted to reflect factors that, in management s judgment, impact expected loss rates such as changing economic conditions, delinquency and non-performing loan trends, changes in internal lending policies and credit standards, and the results of examinations by bank regulatory agencies and WesBanco s loan review function.

Management relies on observable data from internal and external sources to evaluate each of these factors, adjust assumptions and recognize changing conditions to reduce differences between estimated and actual observed losses from period to period. The evaluation of the allowance also takes into consideration the inherent imprecision of loss estimation models and techniques and includes general reserves for probable but undetected losses in each category of loans based on a judgmental analysis of certain factors such as economic trends, changes in loan staffing, trends in the portfolio itself and other factors. WesBanco continually refines and enhances the loss estimation models and techniques it uses to determine the appropriateness of the allowance for loan losses, however, there have been no material substantive changes to such models and techniques compared to prior periods. While management allocates the allowance to different loan categories, the allowance is general in nature and is available to absorb credit losses for the entire loan portfolio.

MORTGAGE SERVICING RIGHTS Mortgage servicing rights (MSRs) represent the right to service loans for third party investors. MSRs are accounted for pursuant to the provisions of SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, which requires that a company recognize as a separate asset the rights to service mortgage loans for others, regardless of how those servicing rights are acquired. MSRs are recognized upon the sale of mortgage loans to a third party investor with the servicing rights retained by WesBanco. Servicing loans for others generally consists of collecting mortgage payments from borrowers, maintaining escrow accounts, remitting payments to third party investors and when necessary, foreclosure processing. Serviced loans are not included in the Consolidated Balance Sheets. Loan servicing income includes servicing fees received from the third party investors and certain charges collected from the borrowers. Originated MSRs are recorded at allocated fair value at the time of the sale of the loans to the third party investor. MSRs are amortized in proportion to and over the estimated period of net servicing income. MSRs are carried at amortized cost, less a valuation allowance for impairment, if any. Impairment exists if the carrying value of MSRs exceeds the estimated fair value of the MSRs. In calculating the fair value of the MSRs, the serviced loans are segregated into pools using, as pooling criteria, the loan term and the coupon rate. Individual impairment allowances for each pool are established when necessary and then adjusted in subsequent periods to reflect changes in the valuation of the pool. Once pooled, each grouping of loans is evaluated on a discounted earnings basis to determine the present value of future earnings that a purchaser could expect to realize from each portfolio as well as numerous assumptions including servicing income and costs, market discount rates, prepayment speeds and other market driven data. The fair value of MSRs is highly sensitive to changes in assumptions. Changes in prepayment speed assumptions have the most significant impact on the fair value of MSRs. Generally, as interest rates decline, prepayments accelerate due to increased refinance activity, which results in a decrease in the fair value of MSRs. Conversely, as interest rates rise, prepayments slow down generally resulting in an increase in the fair value of MSRs. All assumptions are reviewed on a quarterly basis and adjusted as necessary to reflect current and anticipated market conditions.

PREMISES AND EQUIPMENT Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of owned assets is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated economic useful lives of the leased assets or the remaining terms of the underlying leases. Useful lives range from 3 to 10 years for furniture and equipment, 15 to 35 years for buildings and building improvements, and 15 years for land improvements. Maintenance and repairs are expensed as incurred while major improvements that extend the useful life of an asset are capitalized and depreciated over the estimated remaining useful life of the asset. Gains and losses on premises and equipment retired or otherwise disposed of are charged to operations when incurred.

Long-lived depreciable assets are evaluated periodically for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment exists when the expected undiscounted future cash flows of a long-lived asset are less than its carrying value. In that event, WesBanco recognizes a loss for the difference between the carrying amount and the estimated fair value of the asset based on a market price from a recent appraisal, if applicable, or a discounted cash flow analysis. Any resulting impairment losses are recorded in other non-interest expense in the Consolidated Statements of Income.

OTHER REAL ESTATE OWNED AND REPOSSESSED ASSETS Other real estate owned and repossessed assets, which are reported in other assets, are carried at the lower of cost or their estimated current fair value, less estimated costs to sell. Other real estate owned consists primarily of properties acquired through, or in lieu of, foreclosures. Repossessed assets consist primarily of automobiles and recreational vehicles acquired to satisfy defaulted consumer loans. Subsequent declines in fair value, if any, and gains or losses on the disposition of these assets are charged to current expense.

GOODWILL AND OTHER INTANGIBLE ASSETS Goodwill represents the excess cost of an acquisition over the fair value of the net assets acquired in a business combination. Other intangible assets represent purchased assets that lack physical substance but can be distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged either on its own or in combination with a related contract, asset, or liability.

Goodwill and indefinite-lived intangible assets are not amortized but are tested for impairment annually, or more often if events or circumstances indicate they may be impaired. Finite-lived intangible assets, which consist of core deposit intangibles (long-term customer-relationship intangible assets) are amortized using straight-line and accelerated methods over their weighted-average estimated useful lives, ranging from seven to eleven years, and are tested for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable.

Goodwill is tested for potential impairment using a two-step approach. In the first step, the estimated fair value of each reporting unit is compared to its carrying value, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying amount, the goodwill of that reporting unit is not considered impaired, and no impairment loss is recognized. However, if the carrying amount of the reporting unit exceeds its fair value, step two, which involves comparing the implied fair value of goodwill to its carrying value, is completed and to the extent that the carrying value of goodwill exceeds its implied fair value, an impairment loss is recognized. An indefinite-lived intangible asset is tested for impairment by comparing its fair value to its carrying value. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. A finite-lived intangible asset is tested for impairment by comparing its fair value based on undiscounted cash flow projections to its carrying value. An impairment loss is recognized to the extent that its carrying amount exceeds its fair value.

WesBanco uses market capitalization and multiples of tangible book value methods to determine the estimated current fair value of its reporting units. A number of significant assumptions and estimates are involved in the application of these methods, which may produce results that would be different than the results that could be realized in an actual transaction.

BANK-OWNED LIFE INSURANCE WesBanco has purchased life insurance policies on certain executive officers and employees. WesBanco receives the cash surrender value of each policy upon its termination or benefits are payable upon the death of the insured. These policies are recorded in the Consolidated Balance Sheets at their net cash surrender value. Changes in net cash surrender value are recognized as non-interest income or expense in the Consolidated Statements of Income.

DERIVATIVES From time to time WesBanco enters into derivative financial instruments to manage interest rate risk or to hedge specified assets and liabilities. All derivatives are recorded at fair value in the Consolidated Balance Sheets. To qualify for hedge accounting, a derivative must be designated as a hedge and be highly effective both at inception and on an ongoing basis in achieving offsetting changes in fair value or cash flows for the risk being hedged. Additionally, formal documentation of the hedging relationship and the entity s risk management objective and strategy for undertaking the hedge must be prepared at inception and maintained during the life of the hedge. WesBanco considers a hedge to be highly effective if the change in fair value of a derivative instrument is within 80% to 120% of the offsetting change in the fair value of the hedged item attributable to the hedged risk. If a derivative is designated as a fair value hedge, both the change in the fair value of the hedge and the hedged item are included in current earnings. Fair value adjustments related to cash flow hedges are recorded in other comprehensive income and reclassified to earnings when the hedged transaction is recognized in earnings. Any ineffectiveness is recorded in earnings as it occurs. Actual cash receipts and/or payments and related accruals on derivatives are recorded as adjustments to interest income or interest expense associated with the hedged item. During the life of the hedge, WesBanco formally assesses, on a periodic basis, whether or not the hedge continues to be highly effective. If the hedge ceases to be highly effective, hedge accounting is discontinued prospectively and previous adjustments to the carrying value of the hedge are reversed into earnings in accordance with the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities.

INTEREST RATE LOCK COMMITMENTS In order to attract potential home borrowers, WesBanco offers interest rate lock commitments (IRLC) to such potential borrowers. IRLC are generally for sixty days and guarantee a specified interest rate for a loan if underwriting standards are met, but the commitment does not obligate the potential borrower to close on the loan. Accordingly, some IRLC expire prior to the funding of the related loan. For all IRLC issued in connection with potential loans intended for sale, which consist primarily of originated twenty and thirty year fixed rate residential home mortgage loans, certain 15 year fixed rate loans and all interest only mortgages, the bank enters into one-to-one forward sales contracts on a best efforts basis (if the loan does not close for whatever reason, there is no obligation on WesBanco s part to sell the loan to the investor). WesBanco enters into such contracts in order to control interest rate risk during the period between the IRLC and loan funding. Whenever a customer desires these products, a mortgage originator quotes a secondary market rate, guaranteed for that day by the investor. The IRLC is executed between the mortgagee and WesBanco, and in turn a forward sales contract is executed between WesBanco and an investor. Both the IRLC and the corresponding forward sales contract for each customer are considered derivatives under SFAS No. 133, as amended. As such, changes in the fair value of the derivatives during the commitment period are recorded in current earnings and included in other income in the Consolidated Statements of Income. The fair value of IRLC is the gain or loss that would be realized on the underlying loans assuming exercise of the commitments under current market rates versus the rate incorporated in the commitments, taking into consideration fallout. The fair value of forward sales contracts is based on quoted market prices. Since loans typically close before receipt of funding from an investor, they are accounted for at the lower of cost or market as Loans Held for Sale in the Consolidated Balance Sheets.

INVESTMENTS IN LIMITED PARTNERSHIPS WesBanco accounts for its investments in limited partnerships using the equity method of accounting. Under the equity method of accounting, WesBanco records its initial investment at cost. Subsequently, the carrying amount of the investment is increased or decreased to reflect WesBanco s share of income or loss of the investee. WesBanco s recognition of earnings or losses from an equity method investment is based on WesBanco s ownership percentage in the limited partnership and the investee s earnings on a quarterly basis. Investments in low-income housing partnerships are evaluated for impairment at the end of each reporting period.

All of WesBanco s investments in limited partnerships are privately held, and their market values are not readily available. There are inherent risks associated with WesBanco s investments in limited partnerships which may result in income statement volatility in future periods. WesBanco includes its investments in limited partnerships in other assets in the Consolidated Balance Sheets.

INCOME TAXES The provision for income taxes included in the Consolidated Statements of Income includes both federal and state income taxes and is based on income in the financial statements, rather than amounts reported on WesBanco s income tax returns. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized as income or expense in the period that includes the enactment date.

ADVERTISING COSTS Advertising costs are generally expensed as incurred and totaled $2.9 million, $2.8 million and $2.0 million for the years ended December 31, 2006, 2005 and 2004, respectively.

EARNINGS PER SHARE Basic earnings per share (EPS) are calculated by dividing net income by the weighted-average number of shares of common stock outstanding during each period. For diluted EPS, the weighted-average number of shares for each period is increased by the number of shares which would be issued assuming the exercise of common stock options. Allocated shares held by the employee stock ownership plan (ESOP) are considered outstanding shares. There are no unallocated shares held by the plan.

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TRUST ASSETS Assets held by the Bank in fiduciary or agency capacities for its customers are not included as assets in the Consolidated Balance Sheets. Certain trust assets are held on deposit at the Bank.

COMPREHENSIVE INCOME Sources of comprehensive income not included in net income are net of tax and consist of unrealized gains and losses (net fair value adjustments) on securities available-for-sale and on derivatives, and additional pension liability as defined in SFAS 158, effective as of December 31, 2006.

EMPLOYEE STOCK OWNERSHIP PLAN WesBanco accounts for its leveraged ESOP in accordance with the provisions of American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 93-6, Employers Accounting for Employee Stock Ownership Plans. The cost of unallocated shares held by the ESOP is recorded as a reduction of shareholders equity in the Consolidated Financial Statements. Compensation expense is recognized when shares are committed to be released based on the average fair value of the shares. Shares are released to participants as principal payments are made on the loan owed to the Bank by the ESOP. Dividends on unallocated shares are used to pay interest and principal on the loan. Dividends on allocated shares are added to participants accounts and recorded as a reduction of retained earnings in the Consolidated Financial Statements. As of December 31, 2005, the ESOP paid off the loan to the Bank and all shares held by the ESOP have been released to the participants.

STOCK-BASED COMPENSATION In 2006, WesBanco adopted Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment, using the modified prospective method which requires that compensation cost related to unvested stock awards outstanding at December 31, 2005 be recognized over the remaining service periods of those awards based on their unamortized grant date fair value with no adjustment to prior period financial statements. Awards granted after December 31, 2005 are valued at fair value in accordance with the provisions of SFAS No. 123R and compensation cost is recognized on a straight line basis, net of estimated forfeitures, over the requisite service period of each award.

Prior to 2006, stock-based compensation was accounted for using the intrinsic value method under which compensation expense was generally not recognized if the option exercise price was equal to or exceeded the fair market value of the stock on the grant date of the option and there were no performance features attached to the grants. WesBanco also provided the pro forma disclosures required under SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, as if the fair value method defined by SFAS No. 123 had been applied to its stock-based compensation.

The adoption of SFAS No. 123(R) had no effect on WesBanco s income before income taxes, net income, and basic and diluted earnings per share for the year ended December 31, 2006 and 2005 since options issued prior to 2005 all had vested prior to 2006, and the options issued in both 2005 and 2006 that would have vested in 2006 were instead forfeited due to non-attainment of the performance requirements.

The following table presents the effect on net income and earnings per share as if the fair value based method had been applied to all outstanding and unvested awards in each period:

	December 31,		
(in thousands, except per share amounts)	**2006**	**2005**	**2004**
Net income as reported	**$ 39,035**	$ 42,757	$ 38,182
Stock based compensation expense under fair value method net of tax			430
Pro forma net income	**$ 39,035**	$ 42,757	$ 37,752
Earnings per share as reported basic	**$ 1.79**	$ 1.90	$ 1.91
Earnings per share as reported diluted	**$ 1.79**	$ 1.90	$ 1.90
Pro forma earnings per share basic	**$ 1.79**	$ 1.90	$ 1.88
Pro forma earnings per share diluted	**$ 1.79**	$ 1.90	$ 1.88

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The fair value of stock options granted is estimated at the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. Additionally, there may be other factors that might otherwise have a significant effect on the value of stock options granted that are not considered by the model. Accordingly, while WesBanco believes that the Black-Scholes model provides a reasonable estimate of fair value, it does not necessarily provide the best single measure of fair value for WesBanco s stock options.

The following table sets forth the significant assumptions used in calculating the fair value of the grants:

	For the years ended December 31, 2006	2005	2004
Weighted-average life	**6 Years**	6 Years	6 Years
Risk-free interest rates	**5.04%**	3.80%	4.16%
Dividend yield	**3.60%**	3.65%	3.75%
Volatility factors	**27.01%**	29.33%	29.64%
Fair value of the grants	**$ 6.99**	$ 6.63	$ 6.19

The weighted-average life assumption is an estimate of the length of time that an employee might hold an option before option exercise, option expiration or employment termination. The weighted-average life assumption was developed using historical experience and is meant to approximate the shortcut method prescribed by Staff Accounting Bulletin No. 107. WesBanco used the historical volatility of its common stock price over the weighted average life prior to each issuance as the volatility factor assumption.

DEFINED BENEFIT PENSION PLAN In September 2006, the Financial Accounting Standards Board (FASB) published Statement No. 158 (SFAS 158), Employers Accounting for Defined Benefit Pension and Other Postretirement Plans , an amendment of FASB Statements No. 87, 88, 106, and 132(R). SFAS 158 requires employers to recognize in their statement of financial position an asset for a plan s overfunded status or a liability for a plan s underfunded status. WesBanco is also required to recognize fluctuations in the funded status in the year in which the changes occur through comprehensive income. WesBanco adopted the recognition and disclosure provisions of SFAS 158 on December 31, 2006. The effect of adopting SFAS 158 on WesBanco s financial condition at December 31, 2006 has been included in the accompanying consolidated financial statements. SFAS 158 did not have an effect on WesBanco s consolidated financial condition at December 31, 2005 or 2004. See Note 13 for further discussion of the effect of adopting SFAS 158 on WesBanco s consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments. Under current generally accepted accounting principles an entity that holds a financial instrument with an embedded derivative must bifurcate the financial instrument under certain specified circumstances, resulting in the host and the embedded derivative being accounted for separately. SFAS No. 155 permits, but does not require, entities to account for certain financial instruments with an embedded derivative at fair value thereby eliminating the need to bifurcate the instrument into its host and the embedded derivative. This statement is effective as of the beginning of the first annual reporting period that begins after September 15, 2006 and is not expected to have a significant impact on WesBanco s financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156, Accounting for Servicing of Financial Assets. This statement amends SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, with respect to the accounting for separately recognized servicing assets and servicing liabilities. SFAS No. 156 requires companies to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract. The statement permits a company to choose either the amortized cost method or fair value measurement method for each class of separately recognized servicing assets. This statement is effective as of the first fiscal year beginning after

September 15, 2006, although earlier adoption was permitted, and is not expected to have a significant impact on WesBanco s financial position or results of operations, as WesBanco intends to retain the amortized cost method as its method of accounting for servicing-related assets.

In June 2006, the FASB issued Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109. FIN 48 clarifies the application of SFAS No. 109 to the accounting for income taxes by prescribing the minimum threshold a tax position must meet before being recognized in the financial statements. Under FIN 48, the financial statement effects of a tax position are initially recognized when it is more likely than not (likelihood of occurrence is greater than 50 percent), based on its technical merits, the position will be sustained upon examination. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon ultimate settlement with the taxing authority. This interpretation is effective for fiscal years beginning after December 15, 2006 and is not expected to have a significant impact on WesBanco s financial position or results of operations.

In September, 2006, the FASB issued SFAS No. 157, Fair Value Measurements, which defines, and provides guidance as to the measurement of, fair value. This statement creates a hierarchy of measurement and indicates that, when possible, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. SFAS No. 157 applies when assets or liabilities in the financial statements are to be measured at fair value, but does not require additional use of fair value beyond the requirements in other accounting principles. The statement is effective for fiscal years beginning after November 15, 2007. WesBanco is currently assessing the potential impact of this statement on its financial position and results of operations.

In February, 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which permits companies to report certain financial assets and financial liabilities at fair value. This statement may provide an opportunity for certain companies to reduce volatility in reported earnings caused by differences in the measurement of related assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. WesBanco is currently assessing the potential impact of this statement on its financial position and results of operations.

NOTE 2. EARNINGS PER SHARE

Earnings per share are calculated as follows:

	For the years ended December 31,		
(in thousands, except shares and per share amounts)	**2006**	**2005**	**2004**
Numerator for both basic and diluted earnings per share:			
Net income	**$ 39,035**	$ 42,757	$ 38,182
Denominator:			
Total average basic common shares outstanding	**21,762,567**	22,474,645	20,028,248
Effect of dilutive stock options	**54,006**	53,617	55,470
Total diluted average common shares outstanding	**21,816,573**	22,528,262	20,083,718
Earnings per share basic	**$ 1.79**	$ 1.90	$ 1.91
Earnngs per share diluted	**$ 1.79**	$ 1.90	$ 1.90

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NOTE 3. SECURITIES

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

(in thousands)	December 31, 2006 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	December 31, 2005 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale								
U.S. Treasury	**$**	**$**	**$**	**$**	$ 11,400	$	$ (3)	$ 11,397
Other government agencies and corporations	**118,174**		**(1,108)**	**117,066**	252,437		(4,326)	248,111
Mortgage-backed securities and collateralized mortgage obligations	**260,608**	**37**	**(5,942)**	**254,703**	305,228	17	(9,423)	295,822
Obligations of states and political subdivisions	**17,837**	**38**	**(289)**	**17,586**	36,550	72	(395)	36,227
Corporate securities					6,140		(134)	6,006
Total debt securities	**396,619**	**75**	**(7,339)**	**389,355**	611,755	89	(14,281)	597,563
Equity securities	**3,996**	**2,169**		**6,165**	3,694	1,914		5,608
Total	**$ 400,615**	**$ 2,244**	**$ (7,339)**	**$ 395,520**	$ 615,449	$ 2,003	$ (14,281)	$ 603,171
Held-to-Maturity								
Obligations of states and political subdivisions	**$ 341,187**	**$ 7,011**	**$ (807)**	**$ 347,391**	$ 389,393	$ 9,062	$ (1,354)	$ 397,101

At December 31, 2006 and 2005, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of WesBanco s shareholders equity.

The following table shows amortized cost and estimated fair values of securities by maturity: (1)

(in thousands)	December 31, 2006 Available-for-Sale Amortized Cost	Available-for-Sale Estimated Fair Value	Held-to-Maturity Amortized Cost	Held-to-Maturity Estimated Fair Value
Within one year	**$ 22,162**	**$ 22,079**	**$ 4,590**	**$ 4,613**
After one year, but within five years	**324,115**	**318,273**	**44,023**	**44,624**
After five years, but within ten years	**41,198**	**40,007**	**133,828**	**136,819**
After ten years	**13,140**	**15,161**	**158,746**	**161,335**
Total	**$ 400,615**	**$ 395,520**	**$ 341,187**	**$ 347,391**

(1) Mortgage-backed securities are assigned to maturity categories based on estimated weighted-average lives. Available-for-sale securities in the after ten-year category include securities with no stated maturity. Other securities with prepayment or call provisions are categorized based on contractual maturities.

Securities with aggregate par values of **$329.6** million and $443.5 million and aggregate carrying values of **$329.7** million and $445.7 million at December 31, 2006 and 2005, respectively, were pledged as security for public and trust funds, and securities sold under agreements to repurchase. Proceeds from the sale of available-for-sale securities were **$200.2** million, $129.0 million and $161.4 million for the years ended December 31, 2006, 2005 and 2004, respectively. Gross security gains on available-for-sale securities of **$0.2** million, $2.0 million and $2.8 million and gross security losses on available-for-sale securities of **$8.0 million**, $31 thousand and $46 thousand were realized for the years ended December 31, 2006, 2005 and 2004, respectively.

The following table provides information on unrealized losses on investment securities that have been in an unrealized loss position for less than twelve months and twelve months or more as of December 31, 2006 and 2005:

	December 31, 2006								
	Less than 12 months			12 months or more			Total		
(in thousands)	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities
Other government agencies and corporations	$	$		**$ 102,066**	**$ (1,108)**	**18**	**$ 102,066**	**$ (1,108)**	**18**
Mortgage-backed securities and collateralized mortgage obligations	**80,305**	**(651)**	**10**	**162,053**	**(5,291)**	**69**	**242,358**	**(5,942)**	**79**
Obligations of states and political subdivisions	**4,478**	**(12)**	**8**	**67,772**	**(1,084)**	**166**	**72,250**	**(1,096)**	**174**
Corporate securities									
Total temporarily impaired securities	**$ 84,783**	**$ (663)**	**18**	**$ 331,891**	**$ (7,483)**	**253**	**$ 416,674**	**$ (8,146)**	**271**

	December 31, 2005								
	Less than 12 months			12 months or more			Total		
(in thousands)	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities
U.S. Treasury	$ 7,824	$ (3)	2	$	$		$ 7,824	$ (3)	2
Other government agencies and corporations	95,306	(992)	18	152,805	(3,334)	34	248,111	(4,326)	52
Mortgage-backed securities	58,792	(1,138)	33	235,818	(8,285)	80	294,610	(9,423)	113
Obligations of states and political subdivisions	64,158	(699)	132	38,158	(1,050)	87	102,316	(1,749)	219
Corporate securities				6,006	(134)	3	6,006	(134)	3
Total temporarily impaired securities	$ 226,080	$ (2,832)	185	$ 432,787	$ (12,803)	204	$ 658,867	$ (15,635)	389

WesBanco does not believe any of the securities are impaired due to reasons of credit quality as none of the securities presented above represent securities that have had credit downgrades and all are paying principal and interest according to their contractual terms. The unrealized losses are primarily attributable to changes in interest rates. WesBanco also has the ability and intent to hold the securities classified as held-to-maturity until they mature, at which time WesBanco will receive full value for the securities. Furthermore, management also has the ability and intent to hold the noted loss position securities classified as available-for-sale for a period of time sufficient for a recovery of cost. Accordingly, as of December 31, 2006, management believes the unrealized losses detailed above are temporary and no impairment loss relating to these securities has been recognized in the Consolidated Statements of Income.

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NOTE 4. LOANS AND THE ALLOWANCE FOR LOAN LOSSES

Loans are presented in the Consolidated Balance Sheets net of deferred loan fees and costs of $4.5 million and $4.7 million at December 31, 2006 and 2005, respectively.

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

	For the years ended December 31,		
(in thousands)	**2006**	**2005**	**2004**
Balance at beginning of year	**$ 30,957**	$ 29,486	$ 26,235
Allowance for loan losses of acquired bank		1,947	2,071
Provision for loan losses	**8,739**	8,045	7,735
Charge-offs	**(10,697)**	(10,601)	(8,168)
Recoveries	**2,980**	2,080	1,613
Net charge-offs	**(7,717)**	(8,521)	(6,555)
Balance at end of year	**$ 31,979**	$ 30,957	$ 29,486

The following tables summarize loans classified as impaired:

(in thousands)	**2006**	**2005**
Non-accrual loans	**$ 16,154**	$ 9,920
Other impaired loans	**2,992**	4,565
Total impaired loans	**$ 19,146**	$ 14,485

	December 31,	
(in thousands)	**2006**	**2005**
Balance of impaired loans with no allocated allowance for loan losses	**$ 10,629**	$ 7,793
Balance of impaired loans with an allocated allowance for loan losses	**8,517**	6,692
Total impaired loans	**$ 19,146**	$ 14,485
Allowance for loan losses allocated to impaired loans	**$ 1,274**	$ 1,566

	For the years ended December 31,		
(in thousands)	**2006**	**2005**	**2004**
Average impaired loans	**$ 16,552**	$ 14,555	$ 15,742
Amount of contractual interest income on impaired loans	**1,074**	623	414
Amount of interest income recognized on a cash basis	**442**	147	230

At December 31, 2006, WesBanco had no material commitments to lend additional funds to debtors whose loans were classified as impaired.

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

	December 31,	
(in thousands)	**2006**	**2005**
Other real estate owned	**$ 3,394**	$ 1,371
Repossessed assets	**658**	497
Total other real estate owned and repossessed assets	**$ 4,052**	$ 1,868

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NOTE 5. LOANS SERVICED FOR OTHERS AND MORTGAGE SERVICING RIGHTS

As of December 31, 2006 and 2005, WesBanco serviced loans for others aggregating approximately **$160.1** million and $182.6 million, respectively. Such loans are not included in the Consolidated Balance Sheets. At December 31, 2006, WesBanco held custodial funds of **$2.2** million relating to the servicing of residential real estate loans, which are included in deposits in the Consolidated Balance Sheets. These custodial deposits represent funds due to investors on mortgage loans serviced by WesBanco and customer funds held for real estate taxes and insurance.

At December 31, 2006 and 2005, the unamortized balance of mortgage servicing rights (MSRs) related to these loans was approximately **$1.6** million and $1.9 million of capitalized MSRs, respectively. The fair value of the MSRs was **$2.0** million and $2.3 million at December 31, 2006 and 2005, respectively, which for all pools exceeded carrying value for both periods. Therefore, no valuation allowance was established at either year end. Amortization of MSRs was **$0.2** million, $0.3 million and $21 thousand for the years ended December 31, 2006, 2005 and 2004, respectively.

NOTE 6. PREMISES AND EQUIPMENT

Premises and equipment include:

	December 31,	
(in thousands)	**2006**	**2005**
Land and improvements	**$ 16,338**	$ 16,979
Buildings and improvements	**68,499**	63,947
Furniture and equipment	**51,343**	48,654
Total cost	**136,180**	129,580
Accumulated depreciation and amortization	**(68,776)**	(64,873)
Total premises and equipment, net	**$ 67,404**	$ 64,707

Depreciation and amortization expense of premises and equipment charged to operations for the years ended December 31, 2006, 2005 and 2004 was **$5.5** million, $6.1 million and $5.9 million, respectively.

In 2004, WesBanco sold certain former bank premises for approximately $1.5 million, financing the full amount of the purchase price to the purchaser. Under SFAS No. 66, Accounting for Sales of Real Estate, WesBanco was required to defer the gain of approximately $1.0 million. WesBanco will begin to accrete the gain into income once the collections received exceed WesBanco s original basis in the property. None of the gain was recognized in 2006 or 2005.

WesBanco leases certain premises and equipment under non-cancelable operating leases. Certain leases contain renewal options and rent escalation clauses calling for rent increases over the term of the lease. All leases which contain a rent escalation clause are accounted for on a straight-line basis. Rent expense under operating leases, excluding contingent rental payments, was **$1.6** million, $1.5 million and $0.9 million for the years ended December 31, 2006, 2005 and 2004, respectively. WesBanco also has certain contingent operating leases that have a minimum required payment in addition to a payment based upon usage and transactions, as well as certain contingent operating leases whose payment is solely based on usage. WesBanco s operating lease expense for contingent rentals based on usage or transactions was **$0.6** million, $0.8 million and $0.8, for the years ended December 31, 2006, 2005 and 2004, respectively.

Future minimum lease payments under operating leases with initial or remaining non-cancelable lease terms in excess of one year at December 31, 2006 are as follows: *(in thousands)*

Year	Amount
2007	**$ 1,483**
2008	**1,138**
2009	**997**
2010	**856**
2011	**717**
2012 and thereafter	**6,470**
Total (1)	**$ 11,661**

(1) Includes stipulated minimum payments on contingent rentals and excludes any contingent rentals based solely on usage or transactions.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

WesBanco s Consolidated Balance Sheets include goodwill of **$137.3** million and $137.3 million at December 31, 2006 and 2005, respectively. In 2005, WesBanco capitalized $64.3 million in goodwill and $2.9 million in core deposit intangibles in connection with the Winton acquisition. In 2004, WesBanco capitalized $23.9 million in goodwill, which was decreased by $0.8 million in 2005, and $3.6 million in core deposit intangibles in connection with the Western Ohio acquisition. Goodwill recorded in connection with the Winton and Western Ohio acquisitions was allocated to WesBanco s community banking segment. Core deposit intangibles resulting from the Winton and Western Ohio acquisitions are being amortized over an estimated useful life of approximately 10 years. Substantially all of the remaining goodwill and core deposit intangibles relate to the 2002 acquisition of American Bancorporation (American). Amortization of core deposit intangibles totaled **$2.5** million and $2.7 million for the years ended December 31, 2006 and 2005, respectively. As required, WesBanco completed its annual goodwill impairment test as of November 30, 2006 and determined that goodwill was not impaired.

The following table shows WesBanco s capitalized core deposit intangibles and related accumulated amortization:

	December 31,	
(in thousands)	**2006**	**2005**
Gross carrying amount	**$ 17,625**	$ 17,625
Accumulated amortization	**(9,736)**	(7,225)
Net carrying amount	**$ 7,889**	$ 10,400

The following table shows WesBanco s core deposit intangible amortization for each of the next five years: *(in thousands)*

Year	Amount
2007	**$ 2,360**
2008	**2,209**
2009	**1,139**
2010	**806**
2011	**655**

NOTE 8. INVESTMENTS IN LIMITED PARTNERSHIPS

WesBanco is a limited partner in several tax-advantaged limited partnerships whose purpose is to invest in approved low-income housing investment tax credit projects. At December 31, 2006 and 2005, WesBanco had **$8.7** million and $9.5 million, respectively invested in these partnerships, which are recorded in other assets using the equity method. These amounts also include **$5.9** million and $8.8 million, at December 31, 2006 and 2005, respectively, of unconditional unfunded equity contributions which are recorded in other liabilities. WesBanco included in operations under the equity method of accounting its share of the partnerships losses for the years ended December 31, 2006, 2005 and 2004 totaling **$0.8** million, $0.9 million and $0.6, respectively. Tax benefits attributed to these partnerships include low-income housing and historic tax credits which totaled **$0.9** million, $0.7 million and $0.6 for the years ended December 31, 2006, 2005 and 2004, respectively.

WesBanco is also a limited partner in seven other limited partnerships. Three of the limited partnerships provide seed money and capital to start up companies, another provides media distribution services and the others provide financing to low-income housing projects. At December 31, 2006 and 2005, WesBanco had **$3.0** million and $1.5 million, respectively invested in these partnerships, which are recorded in other assets using the equity method. WesBanco included in operations under the equity method of accounting its share of the partnerships losses for the years ended December 31, 2006, 2005 and 2004 which totaled **$0.1** million, $0.1 million and $0.4 million, respectively.

NOTE 9. CERTIFICATES OF DEPOSIT

Certificates of deposit in denominations of $100 thousand or more were **$448.0** million and $426.6 million as of December 31, 2006 and 2005, respectively. Interest expense on certificates of deposit of $100 thousand or more was **$13.1** million, $12.2 million and $7.3 million for the years ended December 31, 2006, 2005 and 2004, respectively.

At December 31, 2006, the scheduled maturities of total certificates of deposit are as follows: *(in thousands)*

Year	Amount
2007	**$ 1,070,828**
2008	**213,673**
2009	**66,709**
2010	**74,328**
2011	**8,570**
2012 and thereafter	**8,134**
Total	**$ 1,442,242**

NOTE 10. FEDERAL HOME LOAN BANK BORROWINGS

WesBanco is a member of the Federal Home Loan Bank (FHLB) of Pittsburgh. WesBanco s FHLB borrowings are secured by a blanket lien by the FHLB on certain residential mortgage loans or securities with a market value in excess of the outstanding balances of the borrowings. At December 31, 2006 and 2005 WesBanco had FHLB borrowings of **$358.9** million and $612.7 million, respectively, with a weighted-average interest rate of **3.77%** and 3.52%, respectively. Included in WesBanco s FHLB borrowings at December 31, 2006 and 2005 are **$109.4** million and $177.1 million, respectively, in FHLB of Cincinnati advances obtained in conjunction with the Winton and Western Ohio acquisitions. The terms of the security agreement with the FHLB include a specific assignment of collateral that requires the maintenance of qualifying first mortgage loans as pledged collateral with unpaid principal amounts in excess of the FHLB advances, when discounted at 83% of the unpaid principal balance. FHLB stock totaling **$21.6** million at December 31, 2006 and $41.9 million at December 31, 2005 is also pledged as collateral on these advances. The remaining maximum borrowing capacity with the FHLB at December 31, 2006 and 2005 was **$1,048.5** million and $778.4 million, respectively.

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Certain FHLB advances contain call features, which allows the FHLB to convert a fixed rate borrowing to a variable rate advance if the strike rate goes beyond a certain predetermined rate. The probability that these advances and repurchase agreements will be called depends primarily on the level of related interest rates during the call period. Of the **$358.9** million outstanding at December 31, 2006, **$156.5** million in FHLB convertible advances are subject to conversion to a variable rate advance by the FHLB. Of these, $62.9 million are from the FHLB of Cincinnati, which upon conversion are subject to call by the FHLB due to WesBanco no longer maintaining its membership in such FHLB.

The following table summarizes the FHLB maturities at December 31, 2006 based on contractual dates and effective interest rates: *(dollars in thousands)*

Year	Scheduled Maturity	Weighted Average Rate
2007	**$ 155,480**	**3.30%**
2008	**43,949**	**3.32%**
2009	**82,002**	**4.20%**
2010	**49,517**	**4.79%**
2011	**10,583**	**3.50%**
2012 and thereafter	**17,376**	**5.86%**
Total	**$ 358,907**	**3.77%**

NOTE 11. OTHER SHORT-TERM BORROWINGS

Other short-term borrowings are comprised of the following:

	December 31,		
(in thousands)	2006	2005	2004
Federal funds purchased	**$ 50,000**	$ 74,000	$ 33,100
Securities sold under agreements to repurchase	**142,591**	153,536	165,097
Treasury tax and loan notes and other	**1,933**	4,265	2,316
Revolving line of credit	**8,037**	12,500	
Total	**$ 202,561**	$ 244,301	$ 200,513

Information concerning securities sold under agreements to repurchase is summarized as follows:

	December 31,		
(dollars in thousands)	2006	2005	2004
Outstanding balance at year end	**$ 142,591**	$ 153,536	$ 165,097
Average balance during the year	**131,562**	176,828	160,448
Maximum month-end balance during the year	**185,093**	207,877	182,056
Average interest rate at year end	**4.73%**	3.55%	1.82%
Average interest rate during the year	**4.42%**	2.77%	1.40%

Securities sold under agreements to repurchase are generally transacted with the Bank s customers and securities are pledged to these customers at the time of the transaction in an amount at least equal to the outstanding balance. In addition, **$50.0** million of the balance outstanding at December 31, 2006 was transacted with another bank. Such agreements are callable after six months under certain circumstances, have a three-year maturity and float after the initial six-month period based on the three-month LIBOR with an associated floor and cap embedded in the agreements.

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WesBanco has a $35.0 million line of credit with a third-party bank that bears interest at an adjusted LIBOR rate plus 90 basis points as defined in the agreement. The line matures in July 2008 and contains a financial covenant of which WesBanco was in compliance with as of December 31, 2006. At December 31, 2006 the balance outstanding on the line of credit was **$8.0** million.

NOTE 12. JUNIOR SUBORDINATED DEBT OWED TO UNCONSOLIDATED SUBSIDIARY TRUSTS

WesBanco, Inc. Capital Trust II, WesBanco, Inc. Capital Statutory Trust III, and WesBanco, Inc. Capital Trusts IV, V and VI, (Trusts), are all wholly-owned trust subsidiaries of WesBanco formed for the purpose of issuing Pooled Trust Preferred Securities (Trust Preferred Securities) through pooled trust preferred programs and lending the proceeds to WesBanco. The Trust Preferred Securities were issued and sold in private placement offerings. The proceeds from the sale of the securities and the issuance of common stock by the Trusts were invested in Junior Subordinated Deferrable Interest Debentures (Junior Subordinated Debt) issued by WesBanco, which are the sole assets of the Trusts. The Trusts pays dividends on the Trust Preferred Securities at the same rate as the distributions paid by WesBanco on the Junior Subordinated Debt held by the Trusts. The Trusts provide WesBanco with the option to defer payment of interest on the junior subordinated debt for an aggregate of 20 consecutive quarterly periods. Should any of these options be utilized, WesBanco may not declare or pay dividends on its common stock during any such period. Undertakings made by WesBanco with respect to the Trust Preferred Securities for the Trusts constitute a full and unconditional guarantee by WesBanco of the obligations of these Trust Preferred Securities. WesBanco organized Trusts II and III in June 2003, Trusts IV and V in June 2004 and Trust VI in March 2005.

The Junior Subordinated Debt is presented as a separate category of long-term debt on the Consolidated Balance Sheets. For regulatory purposes, the Federal Reserve currently allows bank holding companies to include trust preferred securities up to a certain limit of Tier 1 Capital. The Trust Preferred Securities provide the issuer with a unique capital instrument that has a tax deductible interest feature not normally associated with the equity of a corporation.

The following table shows WesBanco s Trust Subsidiaries with outstanding Trust Preferred Securities as of December 31, 2006:

(in thousands)	Trust Preferred Securities	Common Securities	Junior Subordinated Debt	Stated Maturity Date	Optional Redemption Date
WesBanco, Inc. Capital Trust II (1)	$ 13,000	$ 410	$ 13,410	6/30/2033	6/30/2008(6)
WesBanco, Inc. Capital Statutory Trust III (2)	17,000	526	17,526	6/26/2033	6/26/2008(6)
WesBanco, Inc. Capital Trust IV (3)	20,000	619	20,619	6/17/2034	6/17/2009(6)
WesBanco, Inc. Capital Trust V (4)	20,000	619	20,619	6/17/2034	6/17/2009(6)
WesBanco, Inc. Capital Trust VI (5)	15,000	464	15,464	3/17/2035	3/17/2010(6)
Total trust preferred securities	$ 85,000	$ 2,638	$ 87,638		

(1) Fixed rate of 5.80% through June 30, 2008 and three-month LIBOR plus 3.15% thereafter.

(2) Fixed rate of 5.55% through June 26, 2008 and three-month LIBOR plus 3.10% thereafter.

(3) Variable rate based on the three-month LIBOR plus 2.65% with a current rate of 8.01% through March 17, 2007, adjustable quarterly.

(4) Fixed rate of 6.91% through June 17, 2009 and three-month LIBOR plus 2.65% thereafter.

(5) Fixed rate of 6.37% through March 17, 2010 and three-month LIBOR plus 1.77% thereafter.

(6) Redeemable at par at anytime after the noted date.

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NOTE 13. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION PLAN At December 31, 2006, substantially all employees were participants in the WesBanco Defined Benefit Pension Plan (The Plan). The Plan covers those employees who satisfy minimum age and length of service requirements. Benefits of the Plan are generally based on years of service and the employee s compensation during the last five years of employment. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. WesBanco uses a December 31 measurement date for its Defined Benefit Pension Plan.

The benefit obligations and funded status of the Plan are as follows:

	December 31,	
(in thousands)	**2006**	**2005**
Accumulated benefit obligation at end of year	**$ 42,821**	$ 42,471
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$ 49,400**	$ 45,408
Service cost	**2,339**	2,155
Interest cost	**2,736**	2,657
Actuarial (gain) loss	**(2,979)**	1,568
Benefits paid	**(2,481)**	(2,388)
Change in plan provisions	**391**	
Merger of plan obligation	**755**	
Projected benefit obligation at end of year	**$ 50,161**	$ 49,400
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	**$ 44,339**	$ 39,835
Actual return on plan assets	**4,869**	1,568
Employer contributions	**3,000**	5,324
Benefits paid	**(2,481)**	(2,388)
Merger of plan obligation	**1,357**	
Fair value of plan assets at end of year	**$ 51,084**	$ 44,339
Amounts recognized in the statement of financial position		
Funded status	**$ 923**	$ (5,061)
Unrecognized prior service cost		(627)
Unrecognized net loss		14,683
Net amounts recognized as prepaid pension costs in the consolidated balance sheets	**$ 923**	$ 8,995
Amounts recognized in accumulated other comprehensive income consist of:		
Unrecognized prior service cost	**(92)**	
Unrecognized net loss	**9,490**	
Net amounts recognized in accumulated other comprehensive income:	**$ 9,398**	$
Weighted average assumptions used to determine benefit obligations:		
Discount rate	**6.00%**	5.75%
Rate of compensation increase	**3.50%**	3.50%

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The components of and weighted-average assumptions used to determine net periodic benefit cost are as follows:

(in thousands)	For the years ended December 31, 2006	2005	2004
Components of net periodic benefit cost:			
Service cost	**$ 2,339**	$ 2,155	$ 2,058
Interest cost	**2,736**	2,657	2,611
Expected return on plan assets	**(3,715)**	(3,319)	(2,917)
Amortization of prior service cost	**(143)**	(143)	(143)
Amortization of net loss	**1,038**	918	842
Net periodic pension cost	**$ 2,255**	$ 2,268	$ 2,451
Other changes in plan assets and benefit obligations recognized in other comprehensive income			
Prior service cost (credit) for period	**$ 391**	$	$
Net (gain) loss for period	**(4,133)**		
Amortization of prior service cost	**143**		
Amortization of net loss	**(1,038)**		
Total recognized in other comprehensive income	**$ (4,637)**	$	$
Total recognized in net periodic pension benefit costs and other comprehensive income	**$ (2,382)**	$ 2,268	$ 2,451
Weighted-average assumptions used to determine net periodic benefit cost:			
Discount rate	**5.75%**	6.00%	6.25%
Rate of compensation increase	**3.50%**	3.50%	4.00%
Expected long-term return on assets	**8.50%**	8.50%	8.50%

The estimated net loss and prior service credit for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into the net periodic benefit costs over the next fiscal year are **$730** and **$(117)** respectively. Unrecognized prior service cost and unrecognized net losses are amortized on a straight-line basis. All unrecognized net losses are being amortized.

The following table presents the incremental effect of applying FASB statement No. 158:

(dollars in thousands)	December 31, 2006 Before the Application of Statement 158	Adjustments	After Application of Statement 158
Assets			
Prepaid pension costs	**$ 10,321**	**$ (9,398)**	**$ 923**
Deferred income taxes	**7,876**	**3,712**	**11,588**
Total assets	**4,103,829**	**(5,686)**	**4,098,143**
Stockholders Equity			
Accumulated other comprehensive income	**(3,177)**	**(5,686)**	**(8,863)**
Total stockholders equity	**$ 422,561**	**$ (5,686)**	**$ 416,875**

The expected long-term rate of return for the Plan s total assets is based on the expected return of each of the Plan asset categories, weighted based on the median of the target allocation for each class.

PENSION PLAN INVESTMENT POLICY AND STRATEGY The investment policy as established by the Retirement Plans Committee, to be followed by the Trustee, is to invest assets based on the target allocations shown in the table below. Assets are reallocated periodically by the Trustee based on the ranges set

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forth by the Retirement Plans Committee to meet the target allocations. The investment policy is also subject to review periodically to determine if the policy should be changed. Plan assets are to be invested with the principal objective of maximizing long-term total return without exposing Plan assets to undue risks, taking into account the Plan s funding needs and benefit obligations. Assets are to be invested in a balanced portfolio composed primarily of equities, fixed income and cash or cash equivalent money market investments.

A maximum of 10% may be invested in any one stock. Foreign stocks may be included, either through direct investment or by the purchase of mutual funds which invest in foreign stock. Although most of the portfolio will be invested in large capitalization stocks, up to 25% of the equity portfolio may be invested in NASDAQ stocks. WesBanco common stock can represent up to 10% of the total market value. Corporate bonds selected for purchase must be rated BAA1 or BBB+ or higher. No more than 10% shall be invested in bonds or notes issued by the same corporation. There is no limit on the holdings of U.S. Treasury or Federal Agency Securities. At December 31, 2006 and 2005 the Plan s equity securities included **58,300** and 88,300 shares of WesBanco common stock with a fair market value of **$2.0** million and $2.7 million. Dividends received on WesBanco stock held by the plan were **$0.1** million for each of the years ended December 31, 2006 and 2005.

The following table sets forth the Plan s weighted-average asset allocations by asset category:

	Target Allocation for 2006	December 31, 2006	December 31, 2005
Asset Category:			
Equity securities	50 75%	**61%**	68%
Debt securities	25 50%	**30%**	31%
Cash and cash equivalents	0 25%	**9%**	1%
Total		**100%**	100%

CASH FLOWS WesBanco has no required minimum contribution to the Plan for 2007 and as of December 31, 2006 has not determined the amount of any voluntary contributions it may make in 2007.

The following table presents estimated benefits to be paid in each of next five years and in the aggregate for the five years thereafter: *(in thousands)*

2007	**$ 1,679**
2008	**1,749**
2009	**1,858**
2010	**2,012**
2011	**2,185**
2012 to 2016	**15,195**

On March 1, 2002, WesBanco became the plan administrator of the American non-contributory defined benefit pension plan. As of December 31, 2006 the assets of this plan were merged into the WesBanco Defined Benefit Pension Plan. Prior to the merger, the American plan had assets totaling **$1.4** million.

EMPLOYEE STOCK OWNERSHIP AND 401(K) PLAN (KSOP) WesBanco sponsors a KSOP plan consisting of a non-contributory internally leveraged ESOP and a contributory 401(k) profit sharing plan covering substantially all of its employees. Annual contributions are made to the ESOP as required by the loan agreement discussed below and at the discretion of the Board of Directors. In 2006 the Board of Directors elected to retain an enhanced company match to the 401(k) in lieu of making any further discretionary contributions to the ESOP portion of the plan. Under the provisions of the 401(k) plan, WesBanco matches a portion of eligible employee contributions based on rates established and approved by the Board of Directors. For the year ended

December 31, 2006 and 2005 WesBanco matched 100% of the first 3% and 50% of the next 2% of eligible employee contributions. For the year ended December 31, 2004, WesBanco matched 50% of the first 4% of eligible employee contributions.

As of December 31, 2006, the KSOP held **570,687** shares of WesBanco common stock of which all shares were allocated to specific employee accounts. In previous years shares were released based on a formula, which considers the amount of principal and interest paid on the ESOP loan for the current year over the principal and interest to be paid for that period and all future periods. Dividends earned on unallocated shares were used to pay interest on the ESOP loan and for the three years ended December 31, 2006, 2005 and 2004 totaled **$0,** $20 thousand and $37 thousand, respectively. Dividends on allocated shares are either distributed to employee accounts or paid in cash to the participant, at their election. Total expense for the KSOP for the years ended December 31, 2006, 2005 and 2004 was **$1.3** million, $1.3 million and $1.0 million, respectively. Total expense for the ESOP component of the KSOP for each of the years ended December 31, 2006, 2005 and 2004 was **$0**, $0.5 million, and $0.5 million, respectively.

During 2000, WesBanco s ESOP established a $2.0 million revolving line of credit with the Bank, bearing interest at a rate equal to the Bank s base rate and requiring annual repayments of principal equal to 20% of the balance outstanding at January 1 of each year. The line of credit matured on December 15, 2005, with a final balloon payment equal to all unpaid principal and interest due and payable at that time. The revolving line of credit had no outstanding balance as of December 31, 2006 and 2005 and $0.3 million at December 31, 2004, respectively. Interest paid to the Bank by the ESOP during 2005 and 2004 totaled $12 thousand and $23 thousand, respectively.

Winton maintained a profit sharing 401(k) savings plan. On January 3, 2005 the Winton profit sharing 401(k) savings plan was closed to new participants. Based on eligibility dates all new Winton participants were automatically enrolled in the WesBanco 401(k) plan. At December 31, 2004, Winton s 401(k) plan had assets totaling $14.1 million. Winton s plan was merged into the WesBanco 401(k) plan on April 1, 2005.

Western Ohio maintained a profit sharing 401(k) savings plan. On August 31, 2004 the Western Ohio profit sharing 401(k) savings plan was closed to new participants. Based on eligibility dates all new Western Ohio participants were automatically enrolled in the WesBanco 401(k) plan. At December 31, 2004, Western Ohio s 401(k) plan had assets totaling $1.2 million. Western Ohio s plan was merged into the WesBanco 401(k) plan on January 3, 2005.

KEY EXECUTIVE INCENTIVE BONUS AND STOCK OPTION PLAN The Key Executive Incentive Bonus and Stock Option Plan, which commenced in 1998, is a non-qualified plan that includes three components, an Annual Bonus, a Long-Term Incentive Bonus and a Stock Option component. The three components allow for payments of cash, a mixture of cash and stock, or granting of stock options, depending upon the component of the plan in which the award is earned through the attainment of certain performance goals. Performance goals are established by WesBanco s Compensation Committee.

Compensation expense for the Annual Bonus recorded in 2006, 2005 and 2004 was **$0.8** million for each year, respectively. During 2006, 2005 and 2004, WesBanco deferred a portion of these awards in the amounts of **$95** thousand, $100 thousand and $68 thousand, respectively, to certain officers as an inducement to retain their services. Such deferred bonuses generally are paid, assuming continued service, one-third each year commencing in the third year after they are deferred.

The Stock Option component provides for granting of stock options to eligible employees. The maximum term of all options granted under WesBanco s Stock Option Plan is ten years from the original grant date. At December 31, 2006 and 2005, WesBanco had **309,069** and 398,569 shares remaining for future issuance under equity compensation plans, respectively. During 2006, WesBanco s Board of Directors approved a **89,500** share stock option grant to selected participants, including certain named executive officers. The stock option grants were effective as of May 17, 2006, at a grant price of **$29.86**, which was the closing price of the stock on May 16, 2006. Terms of the options included vesting in three increments of one-third each year, with the first one-third to vest on December 31, 2006, the second one-third to vest on December 31, 2007 and the final one-third to vest on December 31, 2008, with each annual vesting based on WesBanco achieving certain EPS targets. The options that vest will expire ten years from the date of grant, or May 17, 2016. The options scheduled to vest on December 31, 2006 were forfeited since WesBanco did not achieve the specified EPS target. The total intrinsic value of options exercised for the years ended December 31, 2006 and 2005 was **$0.4** million and $2.2 million, respectively. The cash received and related tax benefit realized from stock options exercised at December 31, 2006 and 2005 was **$1.2** million and **$0.2** million and $3.4 million and $0.9 million, respectively. Shares issued in connection with options exercised are issued from treasury shares acquired under WesBanco s share repurchase plans.

In 2005 WesBanco issued 116,500 stock options which also vest based upon Wesbanco achieving certain EPS targets. The options scheduled to vest on December 31, 2006 and 2005 were forfeited since WesBanco did not achieve the specified EPS target for each year. In 2005, WesBanco assumed 132,174 vested stock options, adjusted for the WesBanco common stock exchange ratio, from Winton in conjunction with the January 3, 2005 merger at an average exchange-adjusted option price of $13.29 per share, for certain of their former officers and other employees. In 2004, WesBanco issued 63,001 stock options at an average option price of $26.60 per share and a fair value of $6.19 per share. These options were not performance-based and vested on December 31, 2004. Also in 2004 WesBanco assumed 35,995 vested stock options, adjusted for the WesBanco common stock exchange ratio, from Western Ohio in conjunction with the August 31, 2004 merger at an average exchange-adjusted option price of $17.16 per share, for certain of their former officers. All granted options become immediately vested in the event of a change in control of WesBanco.

The following table shows the share activity in the Option Plan:

	For the years ended December 31,					
	2006	**Weighted Average Exercise Price Per Share**	**2005**	**Weighted Average Exercise Price Per Share**	**2004**	**Weighted Average Exercise Price Per Share**
Outstanding at beginning of the year	**442,052**	**$ 24.25**	439,239	$ 23.31	384,840	$ 22.94
Granted during the year	**89,500**	**29.86**	116,500	29.16	63,001	26.60
Assumed in acquisition			132,174	13.29	35,995	17.16
Exercised during the year	**(49,597)**	**23.64**	(202,361)	16.90	(43,597)	19.70
Expired during the year						
Forfeited during the year	**(78,702)**	**28.49**	(43,500)	28.81	(1,000)	23.96
Outstanding at end of the year	**403,253**	**$ 24.75**	442,052	$ 24.25	439,239	$ 23.31
Exercisable at year end	**305,705**	**$ 23.20**	365,719	$ 23.23	439,239	$ 23.31

The aggregate intrinsic value of the outstanding shares and the shares exercisable at year end was **$3.5** million and **$3.2** million, respectively.

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The following table shows the average remaining life of the stock options at December 31, 2006:

Year Issued	Exerciseable at Year End	Exercise Price Range Per Share	Options Outstanding	Average Exercise Price	Remaining Contractual Life in Years
1998	**7,110**	**$29.50**	**7,110**	**$ 29.50**	**1.12**
2000	**10,500**	**22.00**	**10,500**	**22.00**	**3.32**
2001	**74,107**	**20.74**	**74,107**	**20.74**	**4.30**
2002	**143,500**	**23.96**	**143,500**	**23.96**	**5.89**
2004	**53,500**	**26.60**	**53,500**	**26.60**	**7.39**
2005		**29.16**	**37,846**	**29.16**	**8.38**
2005 (1)	**16,988**	**11.59 to 17.55**	**16,988**	**14.90**	**3.99**
2006		**29.86**	**59,702**	**29.86**	**9.38**
Total	**305,705**	**$ 11.59 to $29.50**	**403,253**	**$ 24.75**	**6.32**

(1) Remaining options assumed in the January 3, 2005 acquisition of Winton.

NOTE 14. OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

(in thousands)	For the years ended December 31, 2006	2005	2004
Professional fees	**$ 5,369**	$ 5,252	$ 4,406
General and administrative	**1,684**	1,710	1,511
Supplies	**1,870**	1,921	1,838
Postage	**3,167**	3,022	2,597
Telecommunications	**2,891**	3,424	2,447
Miscellaneous taxes	**6,133**	4,838	3,840
Other	**7,788**	8,183	7,530
Total other expenses	**$ 28,902**	$ 28,350	$ 24,169

NOTE 15. INCOME TAXES

Reconciliation from the federal statutory income tax rate to the effective tax rate is as follows:

	For the years ended December 31, 2006	2005	2004
Federal statutory tax rate	**35.0%**	35.0%	35.0%
Tax-exempt interest income on securities of state and political subdivisions-net	**(11.4)%**	(11.8)%	(12.9)%
State income taxes, net of federal tax effect	**0.2%**	0.8%	0.7%
Bank-owned life insurance	**(2.2)%**	(1.5)%	(2.1)%
General business credits	**(1.9)%**	(1.2)%	(1.2)%
All other net	**(0.5)%**	0.2%	(0.5)%

Effective tax rate	**19.2%**	21.5%	19.0%

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The provision for income taxes applicable to income before taxes consists of the following:

(in thousands)	For the years ended December 31, 2006	2005	2004
Current:			
Federal	**$ 9,337**	$ 7,958	$ 7,321
State	**314**	14	248
Deferred:			
Federal	**(245)**	3,099	1,183
State	**(143)**	651	224
Total	**$ 9,263**	$ 11,722	$ 8,976

The following income tax amounts were recorded in shareholders equity as elements of other comprehensive income:

(in thousands)	For the years ended December 31, 2006	2005	2004
Securities and derivative transactions	**$ 3,067**	$ (3,565)	$ (360)

Deferred tax assets and liabilities consist of the following:

(in thousands)	December 31, 2006	2005	2004
Deferred tax assets:			
Allowance for loan losses	**$ 12,559**	$ 12,146	$ 11,349
Compensation and benefits	**1,804**		
Deferred loan fees and costs			1,592
Purchase accounting adjustments	**932**	1,419	642
Fair value adjustments on securities available-for-sale and derivatives	**2,087**	5,150	1,628
Tax credit carryforwards	**325**	1,209	130
Other	**765**	500	168
Gross deferred tax assets	**18,472**	20,424	15,509
Deferred tax liabilities:			
Depreciation	**(332)**	(451)	(713)
Accretion on securities	**(2,953)**	(2,365)	(1,778)
FHLB stock dividends	**(1,454)**	(4,143)	(2,016)
Compensation and benefits		(1,489)	(472)
Mortgage servicing rights	**(664)**	(726)	(133)
Deferred loan fees and costs	**(1,481)**	(701)	
Gross deferred tax liabilities	**$ (6,884)**	$ (9,875)	$ (5,112)
Net deferred tax assets	**$ 11,588**	$ 10,549	$ 10,397

WesBanco determined that it was not required to establish a valuation allowance for deferred tax assets since management believes that the deferred tax assets are likely to be realized through a carry back to taxable income in prior years, future reversals of existing taxable temporary differences and, to a lesser extent, future taxable income.

Under the provisions of the Internal Revenue Code, WesBanco has approximately **$0.2** million of general business credit carryforwards which expire in 2025. WesBanco also has **$0.1** million of alternative minimum tax credits that may be carried forward indefinitely.

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As a result of the Western Ohio and Winton acquisitions, retained earnings at December 31, 2006 and 2005 include **$10.5** million for which no provision for income taxes has been recorded. These amounts represent the qualifying and non-qualifying tax bad debt reserves of Western Ohio and Winton as of December 31, 1987, which was the base year of Western Ohio and Winton for calculating the bad debt deduction for tax purposes. The related amount of unrecognized deferred tax liability is **$4.2** million. If this portion of retained earnings is used in the future for any purpose other than to absorb bad debts, it will be added to future taxable income.

For the years ended December 31, 2006, 2005 and 2004, income tax benefits of **$0.8**, $0.9 and $0.3 million, respectively, were credited to shareholders equity related to the exercise of nonqualified stock options and distributions of deferred directors benefits.

Federal and state income taxes applicable to securities transactions totaled **$(3.1)** million, $3.2 million, and $0.8 million for the years ended December 31, 2006, 2005 and 2004, respectively.

NOTE 16. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	December 31,			
	2006		2005	
(in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and short-term investments	**$ 96,605**	**$ 96,605**	$ 110,608	$ 110,608
Securities held-to-maturity	**341,187**	**347,391**	389,393	397,101
Securities available-for-sale	**395,520**	**395,520**	603,171	603,171
Net loans (including loans held for sale)	**2,879,404**	**2,819,405**	2,909,923	2,859,636
Accrued interest receivable	**19,180**	**19,180**	20,426	20,426
Cash surrender value of bank owned life insurance	**82,473**	**82,473**	79,573	79,573
Financial liabilities:				
Deposits	**2,995,547**	**2,991,336**	3,028,324	3,016,372
Federal Home Loan Bank borrowings	**358,907**	**353,356**	612,693	603,966
Other borrowings	**202,561**	**202,537**	244,301	244,287
Junior subordinated debt	**87,638**	**87,930**	87,638	88,203
Accrued interest payable	**10,174**	**10,174**	8,932	8,932
Derivatives:				
Interest rate swaps	**(97)**	**(97)**	(690)	(690)

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

CASH AND SHORT-TERM INVESTMENTS The carrying amount for cash and short-term investments is a reasonable estimate of fair value. Short-term investments consist of federal funds sold.

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

LOANS HELD FOR SALE The fair value of loans originated for sale in the secondary market is based on the present value of the expected future cash flows using current market rates. The fair value of portfolio loans transferred to held for sale is based on net realizable value.

NET LOANS Fair values for loans with interest rates that fluctuate as current rates change are generally valued at carrying amounts. The fair values for residential mortgage loans are based on quoted market prices of securitized financial instruments, adjusted for remaining maturity and differences in loan characteristics. Fair values of commercial real estate, construction and personal loans are based on a discounted value of the estimated future cash flows expected to be received. The current interest rates applied in the discounted cash flow method reflect rates used to price new loans of similar type, adjusted for relative risk and remaining maturity. For non-accrual loans, fair value is estimated by discounting expected future principal cash flows only.

ACCRUED INTEREST RECEIVABLE The carrying amount of accrued interest receivable approximates its fair value.

CASH SURRENDER VALUE OF BANK-OWNED LIFE INSURANCE The carrying value of bank-owned life insurance represents the net cash surrender value of the underlying insurance policies, should these policies be terminated. Management believes that the carrying value approximates fair value.

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

FEDERAL HOME LOAN BANK BORROWINGS For FHLB borrowings, fair value is based on rates currently available to WesBanco for borrowings with similar terms and remaining maturities.

OTHER BORROWINGS For federal funds purchased and repurchase agreements, which represent short-term borrowings, the carrying amount is a reasonable approximation of fair value.

JUNIOR SUBORDINATED DEBT OWED TO UNCONSOLIDATED SUBSIDIARY TRUSTS Due to the pooled nature of these instruments, which are not actively traded on an equity market, estimated fair value is based on a price obtained from a broker on a recent similar transaction.

ACCRUED INTEREST PAYABLE The carrying amount of accrued interest payable approximates its fair value.

DERIVATIVES Fair values for interest rate swaps are estimated by obtaining quotes from brokers. The fair value adjustments, recorded in the other liabilities section of the Consolidated Balance Sheets, represent the amount WesBanco would receive or pay to terminate the agreement considering current interest rates.

INTEREST RATE LOCK COMMITMENTS ON MORTGAGE LOANS AND FORWARD SALES CONTRACTS The estimated fair value of interest rate lock commitments and forward sales contracts on mortgage loans are insignificant and therefore not presented in the above table.

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS Off-balance sheet financial instruments consist of commitments to extend credit and letters of credit. Fair values for commitments to extend credit are

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estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit standing of the counterparties. The estimated fair value of the commitments to extend credit and letters of credit are insignificant and therefore not presented in the above table.

NOTE 17. COMPREHENSIVE INCOME

The components of other comprehensive income are as follows:

	For the years ended December 31,		
(in thousands)	2006	2005	2004
Net income	**$ 39,035**	$ 42,757	$ 38,182
Securities available for sale:			
Net change in unrealized gains (losses) on securities available-for-sale	**(615)**	(8,751)	18
Related income tax benefit (expense) (1)	**243**	3,457	(7)
Net securities losses (gains) reclassified into earnings	**7,797**	(1,954)	(2,577)
Related income tax (benefit) expense (1)	**(3,080)**	772	1,018
Net effect on other comprehensive income for the period	**4,345**	(6,476)	(1,548)
Cash flow hedge derivatives:			
Net change in unrealized gains (losses) on derivatives	**593**	1,779	1,807
Related income tax (expense) benefit (1)	**(234)**	(703)	(714)
Net derivative (gains) losses reclassified into earnings	**(10)**	(99)	(159)
Related income tax expense (benefit) (1)	**4**	39	63
Net effect on other comprehensive income for the period	**353**	1,016	997
Total other comprehensive income (loss)	**4,698**	(5,460)	(551)
Comprehensive income	**$ 43,733**	$ 37,297	$ 37,631

(1) Related income tax expense (benefit) is calculated using a combined Federal and State income tax rate approximating 40%.

The activity in accumulated other comprehensive income for the years ended December 31, 2006, 2005 and 2004 is as follows:

(in thousands)	Unrealized Gains (Losses) on Securities Available-for-Sale	Net Unrealized Gains (Losses) on Derivative Instruments Used in Cash Flow Hedging Relationships	Total Before Adjustment to Initially Apply FASB 158, Net of Tax	Defined Benefit Pension Plan	Total
Balance at January 1, 2004	$ 561	$ (2,425)	$ (1,864)	$	$ (1,864)
Period change, net of tax	(1,548)	997	(551)		(551)
Balance at December 31, 2004	$ (987)	$ (1,428)	$ (2,415)	$	$ (2,415)
Period change, net of tax	(6,476)	1,016	(5,460)		(5,460)
Balance at December 31, 2005	$ (7,463)	$ (412)	$ (7,875)	$	$ (7,875)
Period change, net of tax	**4,345**	**353**	**4,698**	**(5,686)**	**(988)**

Balance at December 31, 2006	**$**	**(3,118)**	**$**	**(59)**	**$**	**(3,177)**	**$ (5,686)**	**$ (8,863)**

NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS In the normal course of business, WesBanco offers off-balance sheet credit arrangements to enable its customers to meet their financing objectives. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

WesBanco s exposure to credit losses in the event of non-performance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is limited to the contractual amount of those instruments. WesBanco uses the same credit policies in making commitments and conditional obligations as for all other lending. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. No expected losses on such commitments were recorded as of December 31, 2006 and 2005.

Letters of credit are conditional commitments issued by banks to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including normal business activities, bond financing and similar transactions. Standby letters of credit are considered guarantees in accordance with the criteria specified by FIN No. 45, which was adopted on January 1, 2003. After that date, WesBanco issued new or modified standby letters of credit with an aggregate contract amount of **$30.2** million. The guarantee liability associated with these new or modified standby letters of credit is carried at the estimated fair value of **$0.2** million and $0.1 million as of December 31, 2006 and 2005, respectively. The guarantee liability is included in other liabilities on the Consolidated Balance Sheets.

The following table presents total commitments and letters of credit outstanding:

	December 31,	
(in thousands)	**2006**	**2005**
Commitments to extend credit	**$ 528,888**	$ 529,869
Standby letters of credit	**44,168**	41,711

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

NOTE 19. DERIVATIVES

WesBanco may from time to time enter into derivative financial instruments, primarily interest rate swap agreements, to manage its own risks arising from movements in interest rates and to facilitate asset/liability management strategies.

During 2001, WesBanco entered into interest rate swap agreements, designated as cash flow hedges that effectively converted $125.0 million of its variable rate prime based money market deposit accounts to a fixed-rate basis with an average term of seven years, thus reducing the impact of rising interest rates on future interest expense. During 2006, interest rate swap agreements with a total notional amount of **$43.3** million were terminated resulting in a loss of **$47** thousand. For the years ended December 31, 2006, 2005 and 2004, WesBanco recorded interest expense on swap agreements totaling **$0.2** million, $1.0 million and $2.0 million, respectively. At December 31, 2006 the net fair value adjustments on interest rate swap agreements recorded as a liability on the Consolidated Balance Sheets reflected unrealized pretax net losses of **$0.1** million. These unrealized net losses may be reclassified from accumulated other comprehensive income to earnings during 2007 as interest payments are made to the counterparties based on current market rates. Fair value adjustments represent temporary fluctuations resulting from changes in market rates in relation to the average fixed pay rate and projected variable receive rate over the remaining term of the derivative. If derivatives are held to their respective dates, no fair value gain or loss is realized. For 2006 and 2005 there was no hedge ineffectiveness recorded in the Consolidated Statements of Income for these transactions.

The following table details the interest rate swaps and their associated hedged liability outstanding at December 31, 2006 and 2005:

(dollars in thousands)

Derivative type	Maturity	Hedged Liability	Swap Notional Amount	Fair value	Swap Fixed Interest rate Range	Swap Variable Interest rate Range
December 31, 2006						
Interest Rate Swap	**2008**	**Prime based money market deposit accounts**	**$ 27,551**	**$ (97)**	**3.96% to 4.73%**	**3.71% to 4.54%**
December 31, 2005						
Interest Rate Swap	2008	Prime based money market deposit accounts	$ 77,357	$ (690)	3.85% to 4.73%	3.26% to 3.99%

NOTE 20. TRANSACTIONS WITH RELATED PARTIES

Certain directors and officers (including their affiliates, families and entities in which they are principal owners) of WesBanco and its subsidiaries are customers of those subsidiaries and have had, and are expected to have, transactions with the subsidiaries in the ordinary course of business. In addition, certain directors are also directors or officers of corporations, which are customers of the Bank and have had, and are expected to have, transactions with the Bank in the ordinary course of business. In the opinion of management, such transactions are consistent with prudent banking practices and are within applicable banking regulations. Indebtedness of related parties aggregated approximately **$19.0** million, $21.7 million and $23.4 million as of December 31, 2006, 2005, and 2004, respectively. During 2006, **$2.7** million in related party loans were funded, **$3.4** million were repaid and **$2.0** million were no longer considered related party interests. At December 31, 2006, 2005 and 2004, none of the outstanding related party loans were past due 90 days or more, renegotiated or considered to be non-accrual.

NOTE 21. REGULATORY MATTERS

WesBanco is a legal entity separate and distinct from its subsidiaries and is dependent upon dividends from its subsidiary Bank to provide funds for the payment of dividends to shareholders, fund its current stock repurchase plan and to provide for other cash requirements. The payment of dividends by a bank to a parent holding company is subject to federal and state banking regulations. Under applicable federal regulations, appropriate bank regulatory agency approval is required if the total of all dividends declared by a bank in any calendar year exceeds the available retained earnings and exceeds the aggregate of the bank s net profits (as defined by regulatory agencies) for that year and its retained net profits for the preceding two years, less any required transfers to surplus or a fund for the retirement of any preferred stock. At December 31, 2006, the Bank could pay dividends of up to **$5.8** million to WesBanco without obtaining prior regulatory approval and without adversely affecting its well capitalized status, as defined below.

WesBanco and its banking subsidiary are also required to maintain non-interest bearing reserve balances with the Federal Reserve Bank. Average required reserve balances during 2006 and 2005 were approximately **$9.6** million and $7.7 million, respectively.

Additionally, WesBanco and the Bank are subject to various regulatory capital requirements (risk-based capital ratios) administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by the regulators that, if undertaken, could have a material effect on WesBanco s financial results.

All bank holding companies and banking subsidiaries are required to have core capital (Tier 1) of at least 4% of risk-weighted assets, total capital of at least 8% of risk-weighted assets, and for banking subsidiaries a minimum Tier 1 leverage ratio of 3% of adjusted quarterly average assets. Tier 1 capital consists principally of shareholders equity, excluding items recorded in accumulated other comprehensive income, less goodwill and other intangibles. Total capital consists of Tier 1 capital plus the allowance for loan losses subject to limitation. The regulations also define well-capitalized levels of Tier 1, total capital, and Tier 1 leverage as 6%, 10%, and

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5%, respectively. WesBanco and the Bank were categorized as well-capitalized under the Federal Deposit Insurance Corporation Improvement Act at December 31, 2006 and 2005. There are no conditions or events since December 31, 2006 that management believes have changed WesBanco s well-capitalized category.

On March 1, 2005, the Federal Reserve issued final rules retaining Tier 1 capital treatment for trust preferred securities but with stricter limits. Under the final rules, after a transition period that ends on March 31, 2009, the aggregate amount of trust preferred securities and certain other capital elements will retain its current limit of 25% 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 final rules did not have an impact on WesBanco s Tier 1 capital.

WesBanco currently has **$87.6** million in junior subordinated debt in its Consolidated Balance Sheets presented as a separate category of long-term debt. For regulatory purposes, trust preferred securities totaling **$85.0** million, issued by WesBanco, Inc. Capital Trusts II, IV, V and VI and WesBanco, Inc. Capital Statutory Trust III, underlying such junior subordinated debt is included in Tier 1 capital in accordance with current regulatory reporting requirements.

The following table summarizes risk-based capital amounts and ratios for WesBanco and the Bank:

	Minimum	Well	December 31, 2006		December 31, 2005	
(dollars in thousands)	**Value (1)**	**Capitalized (2)**	**Amount**	**Ratio**	**Amount**	**Ratio**
WesBanco, Inc.						
Tier 1 Leverage	4.00%(3)	N/A	**$ 365,591**	**9.27%**	$ 360,260	8.46%
Tier 1 Capital to Risk-Weighted Assets	4.00%	6.00%	**365,591**	**12.35%**	360,260	11.94%
Total Capital to Risk-Weighted Assets	8.00%	10.00%	**397,741**	**13.44%**	391,337	12.97%
WesBanco Bank, Inc.						
Tier 1 Leverage	4.00%	5.00%	**$ 363,647**	**9.24%**	$ 361,177	8.51%
Tier 1 Capital to Risk-Weighted Assets	4.00%	6.00%	**363,647**	**12.35%**	361,177	12.00%
Total Capital to Risk-Weighted Assets	8.00%	10.00%	**395,796**	**13.44%**	392,251	13.03%

(1) Minimum requirements to remain adequately capitalized.

(2) Well capitalized under prompt corrective action regulations.

(3) Minimum requirement is 3% for certain highly-rated bank holding companies.

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NOTE 22. CONDENSED PARENT COMPANY FINANCIAL STATEMENTS

Presented below are the Condensed Balance Sheets, Statements of Income and Statements of Cash Flows for the Parent Company:

BALANCE SHEETS

	December 31,	
(in thousands)	2006	2005
ASSETS		
Cash and short-term investments	**$ 2,135**	$ 2,695
Investment in subsidiaries Banking	**498,654**	499,977
Investment in subsidiaries Nonbank	**4,599**	4,734
Securities available-for-sale, at fair value	**5,873**	5,608
Other assets	**9,626**	11,973
Total Assets	**$ 520,887**	$ 524,987
LIABILITIES		
Borrowings	**$ 11,036**	$ 15,500
Junior subordinated debt owed to unconsolidated subsidiary trusts	**87,638**	87,638
Dividends payable and other liabilities	**5,338**	6,619
Total Liabilities	**104,012**	109,757
SHAREHOLDER S EQUITY	**416,875**	415,230
Total Liabilities and Shareholders Equity	**$ 520,887**	$ 524,987

STATEMENTS OF INCOME

	For the years ended December 31,		
(in thousands)	2006	2005	2004
Dividends from subsidiaries Banking	**$ 43,000**	$ 40,500	$ 34,000
Dividends from subsidiaries Nonbank		735	400
Income from securities	**179**	166	300
Net securities gains	**30**	575	855
Other income	**270**	147	159
Total income	**43,479**	42,123	35,714
Total expense	**7,146**	6,842	4,147
Income before income tax benefit and undistributed net income of subsidiaries	**36,333**	35,281	31,567
Income tax benefit	**(2,818)**	(2,464)	(1,240)
Income before undistributed net income of subsidiaries	**39,151**	37,745	32,807
(Excess dividends) undistributed net income of subsidiaries	**(116)**	5,012	5,375
NET INCOME	**$ 39,035**	$ 42,757	$ 38,182

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STATEMENTS OF CASH FLOWS

(in thousands)	For the years ended December 31, 2006	2005	2004
OPERATING ACTIVITIES			
Net income	**$ 39,035**	$ 42,757	$ 38,182
Adjustments to reconcile net income to net cash provided by operating activities:			
Excess dividends (undistributed net income) of subsidiaries	**116**	(5,012)	(5,375)
Gains on sale of securities	**(30)**	(575)	(855)
(Decrease) increase in other assets	**(63)**	201	(8,127)
Other net	**1,845**	1,489	1,044
Net cash provided by operating activities	**40,903**	38,860	24,869
INVESTING ACTIVITIES			
Securities available for sale:			
Proceeds from sales	**30**	945	2,211
Proceeds from maturities and calls			750
Payments for purchases	**(10)**	(144)	(693)
Acquisitions and additional capitalization of subsidiaries		(36,489)	(30,249)
Net cash provided by (used in) investing activities	**20**	(35,688)	(27,981)
FINANCING ACTIVITIES			
Payments on ESOP debt		(253)	(325)
(Decrease) increase in borrowings	**(4,464)**	15,500	
Issuance of junior subordinated debt owed to unconsolidated subsidiary trusts		15,464	41,238
Purchases of treasury stock net	**(14,147)**	(36,622)	(2,739)
Dividends paid	**(23,071)**	(22,785)	(19,792)
Other	**199**		
Net cash (used in) provided by financing activities	**(41,483)**	(28,696)	18,382
Net (decrease) increase in cash and cash equivalents	**(560)**	(25,524)	15,270
Cash and short-term investments at beginning of year	**2,695**	28,219	12,949
Cash and short-term investments at end of year	**$ 2,135**	$ 2,695	$ 28,219

NOTE 23. BUSINESS SEGMENTS

WesBanco operates two reportable segments: community banking and trust and investment services. WesBanco s community banking segment offers services traditionally offered by full-service commercial banks, including commercial demand, individual demand and time deposit accounts, as well as commercial, mortgage and individual installment loans. The trust and investment services segment offers trust services as well as various alternative investment products including mutual funds. The market value of assets of the trust and investment services segment was approximately **$3.0** billion, $2.6 billion and $2.7 billion at December 31, 2006, 2005, and 2004, respectively. These assets are held by the Bank, in fiduciary or agency capacities for their customers and therefore are not included as assets on WesBanco s Consolidated Balance Sheets.

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Condensed Financial Information by business segment is presented below:

(in thousands)	Community Banking	Trust and Investment Services	Consolidated
For the year ended December 31, 2006:			
Interest income	$ 227,269		$ 227,269
Interest expense	104,436		104,436
Net interest income	122,833		122,833
Provision for loan losses	8,739		8,739
Net interest income after provision for loan losses	114,094		114,094
Non-interest income	25,369	$ 15,039	40,408
Non-interest expense	97,237	8,967	106,204
Income before provision for income taxes	42,226	6,072	48,298
Provision for income taxes	6,834	2,429	9,263
Net income	$ 35,392	$ 3,643	$ 39,035