

WESBANCO INC
Form 10-Q
October 25, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

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

For the transition period from to

Commission File Number 000-08467

WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

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WEST VIRGINIA
(State of incorporation)

55-0571723
(IRS Employer Identification No.)

1 Bank Plaza, Wheeling, WV
(Address of principal executive offices)

26003
(Zip Code)

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

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of October 23, 2012, there were 26,665,519 shares of WesBanco, Inc. common stock, \$2.0833 par value, outstanding.

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WESBANCO, INC.

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

<i>(unaudited, in thousands, except shares)</i>	September 30, 2012	December 31, 2011
ASSETS		
Cash and due from banks, including interest bearing amounts of \$18,675 and \$10,929, respectively	\$ 116,411	\$ 140,325
Securities:		
Available-for-sale, at fair value	993,754	1,016,340
Held-to-maturity (fair values of \$598,854 and \$621,472, respectively)	559,156	592,925
Total securities	1,552,910	1,609,265
Loans held for sale	14,225	6,084
Portfolio loans, net of unearned income	3,352,966	3,239,368
Allowance for loan losses	(53,476)	(54,810)
Net portfolio loans	3,299,490	3,184,558
Premises and equipment, net	80,176	82,204
Accrued interest receivable	19,171	19,268
Goodwill and other intangible assets, net	281,570	283,150
Bank-owned life insurance	112,720	110,074
Other assets	100,286	101,102
Total Assets	\$ 5,576,959	\$ 5,536,030
LIABILITIES		
Deposits:		
Non-interest bearing demand	\$ 760,308	\$ 705,415
Interest bearing demand	784,748	698,114
Money market	778,121	789,036
Savings deposits	649,959	596,549
Certificates of deposit	1,515,076	1,604,752
Total deposits	4,488,212	4,393,866
Federal Home Loan Bank borrowings	91,617	168,186
Other short-term borrowings	186,886	196,887
Junior subordinated debt owed to unconsolidated subsidiary trusts	106,091	106,066
Total borrowings	384,594	471,139
Accrued interest payable	4,628	4,975
Other liabilities	40,203	32,260

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Total Liabilities	4,917,637	4,902,240
SHAREHOLDERS EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized; none outstanding		
Common stock, \$2.0833 par value; 50,000,000 shares authorized; 26,667,739 and 26,633,848 shares issued in 2012 and 2011, respectively; outstanding: 26,665,519 and 26,629,360 shares in 2012 and 2011, respectively	55,558	55,487
Capital surplus	192,159	191,679
Retained earnings	411,853	388,818
Treasury stock (2,220 and 4,488 shares in 2012 and 2011, respectively, at cost)	(44)	(96)
Accumulated other comprehensive income (loss)	1,019	(902)
Deferred benefits for directors	(1,223)	(1,196)
Total Shareholders Equity	659,322	633,790
Total Liabilities and Shareholders Equity	\$ 5,576,959	\$ 5,536,030

See Notes to Consolidated Financial Statements.

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

<i>(unaudited, in thousands, except shares and per share amounts)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
INTEREST AND DIVIDEND INCOME				
Loans, including fees	\$ 41,423	\$ 44,191	\$ 124,345	\$ 133,051
Interest and dividends on securities:				
Taxable	7,722	9,032	24,784	27,171
Tax-exempt	3,113	3,019	9,270	9,051
Total interest and dividends on securities	10,835	12,051	34,054	36,222
Other interest income	30	45	115	154
Total interest and dividend income	52,288	56,287	158,514	169,427
INTEREST EXPENSE				
Interest bearing demand deposits	397	462	1,132	1,673
Money market deposits	487	1,121	1,786	3,693
Savings deposits	202	332	697	1,169
Certificates of deposit	6,450	7,728	20,050	23,707
Total interest expense on deposits	7,536	9,643	23,665	30,242
Federal Home Loan Bank borrowings	1,020	1,714	3,684	5,743
Other short-term borrowings	1,169	1,220	3,503	3,590
Junior subordinated debt owed to unconsolidated subsidiary trusts	869	809	2,598	2,421
Total interest expense	10,594	13,386	33,450	41,996
NET INTEREST INCOME	41,694	42,901	125,064	127,431
Provision for credit losses	4,497	10,836	16,602	25,680
Net interest income after provision for credit losses	37,197	32,065	108,462	101,751
NON-INTEREST INCOME				
Trust fees	4,379	3,941	13,390	12,975
Service charges on deposits	4,362	4,881	12,574	13,992
Electronic banking fees	2,846	2,679	8,529	7,486
Net securities brokerage revenue	1,131	1,182	3,319	3,365
Bank-owned life insurance	891	908	2,646	2,703
Net gains on sales of mortgage loans	993	327	1,860	1,298
Net securities gains	316	67	1,711	97
Net loss on other real estate owned and other assets	(48)	(162)	(298)	(978)
Other income	1,092	776	3,447	3,182
Total non-interest income	15,962	14,599	47,178	44,120
NON-INTEREST EXPENSE				
Salaries and wages	14,758	14,427	43,028	42,040
Employee benefits	5,000	3,462	15,538	12,866

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Net occupancy	2,654	3,068	8,133	8,450
Equipment	2,300	2,107	6,617	6,552
Marketing	795	1,214	3,282	3,861
FDIC insurance	951	1,091	2,962	3,760
Amortization of intangible assets	519	599	1,580	1,822
Restructuring and merger-related expense	1,518		1,518	
Other operating expenses	8,295	7,639	25,880	25,450
Total non-interest expense	36,790	33,607	108,538	104,801
Income before provision for income taxes	16,369	13,057	47,102	41,070
Provision for income taxes	3,463	2,044	10,208	7,898
NET INCOME	\$ 12,906	\$ 11,013	\$ 36,894	\$ 33,172
EARNINGS PER COMMON SHARE				
Basic	\$ 0.48	\$ 0.41	\$ 1.38	\$ 1.25
Diluted	\$ 0.48	\$ 0.41	\$ 1.38	\$ 1.25
AVERAGE COMMON SHARES OUTSTANDING				
Basic	26,664,882	26,629,360	26,646,719	26,609,755
Diluted	26,672,849	26,629,543	26,651,322	26,610,347
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.18	\$ 0.16	\$ 0.52	\$ 0.46
COMPREHENSIVE INCOME	\$ 14,768	\$ 15,425	\$ 38,815	\$ 39,328

See Notes to Consolidated Financial Statements.

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For the Nine Months Ended September 30, 2012 and 2011

<i>(unaudited, in thousands, except shares and per share amounts)</i>	Common Stock		Capital	Retained	Treasury	Accumulated Other Comprehensive Income	Deferred Benefits for Directors	Total
	Shares	Amount	Surplus	Earnings	Stock	(Loss)		
December 31, 2011	26,629,360	\$ 55,487	\$ 191,679	\$ 388,818	\$ (96)	\$ (902)	\$ (1,196)	\$ 633,790
Net income				36,894				36,894
Other comprehensive income:								
Unrealized gain on available-for-sale securities						1,622		1,622
Amortization of unrealized gain on transferred securities						(745)		(745)
Defined benefit pension plan						1,044		1,044
Comprehensive income								38,815
Common dividends declared (\$0.52 per share)				(13,859)				(13,859)
Stock options exercised	875				17			17
Restricted stock granted (1)	40,050	71	(198)		127			
Treasury shares acquired	(4,766)		22		(92)			(70)
Stock compensation expense			629					629
Deferred benefits for directors-net			27				(27)	
September 30, 2012	26,665,519	\$ 55,558	\$ 192,159	\$ 411,853	\$ (44)	\$ 1,019	\$ (1,223)	\$ 659,322

(1) An additional **33,891** common shares were issued in 2012 resulting from the restricted stock grant.

December 31, 2010	26,586,953	\$ 55,487	\$ 191,987	\$ 361,513	\$ (1,063)	\$ 131	\$ (1,192)	\$ 606,863
Net income				33,172				33,172
Other comprehensive income:								
Unrealized gain on available-for-sale securities						6,478		6,478
Amortization of unrealized gain on transferred securities						(1,019)		(1,019)
Defined benefit pension plan						697		697
Comprehensive income								39,328
Common dividends declared (\$0.46 per share)				(12,243)				(12,243)
Stock options exercised	1,775		(13)		39			26
Restricted stock granted	40,632		(928)		928			
Stock compensation expense			428					428
Deferred benefits for directors-net			(3)				3	

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September 30, 2011	26,629,360	\$ 55,487	\$ 191,471	\$ 382,442	\$ (96)	\$ 6,287	\$ (1,189)	\$ 634,402
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See Notes to Consolidated Financial Statements.

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<i>(unaudited, in thousands)</i>	For the Nine Months Ended September 30,	
	2012	2011
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 64,009	\$ 78,866
INVESTING ACTIVITIES:		
Net (increase) decrease in loans	(142,536)	7,467
Securities available-for-sale:		
Proceeds from sales	48,068	5,014
Proceeds from maturities, prepayments and calls	335,918	334,871
Purchases of securities	(360,600)	(327,179)
Securities held-to-maturity:		
Proceeds from maturities, prepayments and calls	83,552	62,248
Purchases of securities	(52,626)	(201,235)
Purchases of premises and equipment net	(2,504)	(1,947)
Sale of portfolio loans - net	7,883	6,902
Net cash used in investing activities	(82,845)	(113,859)
FINANCING ACTIVITIES:		
Increase in deposits	94,339	184,071
Repayment of Federal Home Loan Bank borrowings	(76,400)	(76,757)
(Decrease) increase in other short-term borrowings	(9,644)	5,739
Dividends paid to common shareholders	(13,320)	(11,704)
Treasury shares (purchased) sold net	(53)	26
Net cash (used in) provided by financing activities	(5,078)	101,375
Net (decrease) increase in cash and cash equivalents	(23,914)	66,382
Cash and cash equivalents at beginning of the period	140,325	79,136
Cash and cash equivalents at end of the period	\$ 116,411	\$ 145,518
SUPPLEMENTAL DISCLOSURES:		
Interest paid on deposits and other borrowings	\$ 33,797	\$ 42,783
Income taxes paid	8,370	9,200
Transfers of loans to other real estate owned	3,452	1,767
Transfer of loans to held for sale	10,163	17,192

See Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION The accompanying unaudited interim financial statements of WesBanco, Inc. and its consolidated subsidiaries (WesBanco) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2011.

WesBanco's interim financial statements have been prepared following the significant accounting policies disclosed in Note 1 of the Notes to the Consolidated Financial Statements of its 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the accompanying interim financial information reflects all adjustments, including normal recurring adjustments, necessary to present fairly WesBanco's financial position and results of operations for each of the interim periods presented. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year.

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

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

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

In June 2011, the FASB issued an accounting pronouncement that requires all non-owner changes in shareholders' equity to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Under the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. In December 2011, an amendment to the June 2011 accounting pronouncement was issued which deferred the requirement that entities present reclassification adjustments for each component of accumulated other comprehensive income in both net income and other comprehensive income on the face of the financial statements. Entities should continue to report reclassifications relating to accumulated other comprehensive income consistent with the presentation requirements in effect before the June 2011 accounting pronouncement. The disclosures in the original June 2011 pronouncement that were not deferred in the December 2011 pronouncement should be applied retrospectively effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. WesBanco has adopted a single continuous statement of comprehensive income for interim periods and intends to use two separate but consecutive statements for its 2012 year-end reporting.

In May 2011, the FASB issued an accounting pronouncement which amends the fair value measurement and disclosure requirements to achieve common disclosure requirements between U.S. GAAP and International Financial Reporting Standards. The accounting pronouncement requires certain disclosures about transfers between Level 1 and Level 2 of the fair value hierarchy, sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, and categorization by level of items that are reported at cost but are required to be disclosed at fair

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value. The disclosures are to be applied prospectively effective in the first interim and annual periods beginning after December 15, 2011. The adoption of this pronouncement did not have a material impact on WesBanco's consolidated financial statements.

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On July 19, 2012, WesBanco and Fidelity Bancorp, Inc. (Fidelity), a Pittsburgh-based bank with \$0.7 billion in assets and 13 branches, jointly announced that a definitive Agreement and Plan of Merger was executed providing for the merger of Fidelity with and into WesBanco. Under the terms of the Agreement and Plan of Merger, WesBanco will exchange 0.8275 shares of its common stock and \$4.50 in cash for each share of Fidelity common stock. The receipt by Fidelity shareholders of shares of WesBanco common stock in exchange for their shares of Fidelity common stock is anticipated to qualify as a tax-free exchange. The transaction, approved by the directors of both companies, currently is valued at \$68.7 million. The acquisition is subject to the approvals of the appropriate banking regulatory authorities and the shareholders of Fidelity. The Fidelity shareholders' meeting is scheduled for November 27, 2012. It is currently anticipated that the transaction will be completed on or about December 31, 2012.

NOTE 3. EARNINGS PER COMMON SHARE

Earnings per common share are calculated as follows:

<i>(unaudited, in thousands, except shares and per share amounts)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator for both basic and diluted earnings per common share:				
Net income	\$ 12,906	\$ 11,013	\$ 36,894	\$ 33,172
Denominator:				
Total average basic common shares outstanding	26,664,882	26,629,360	26,646,719	26,609,755
Effect of dilutive stock options	7,967	183	4,603	592
Total diluted average common shares outstanding	26,672,849	26,629,543	26,651,322	26,610,347
Earnings per common share - basic	\$ 0.48	\$ 0.41	\$ 1.38	\$ 1.25
Earnings per common share - diluted	\$ 0.48	\$ 0.41	\$ 1.38	\$ 1.25

NOTE 4. SECURITIES

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

<i>(unaudited, in thousands)</i>	September 30, 2012				December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale								
Other government agencies	\$ 85,674	\$ 503	\$ (55)	\$ 86,122	\$ 197,898	\$ 834	\$ (12)	\$ 198,720
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	697,249	9,624	(247)	706,626	579,430	9,244	(582)	588,092
Obligations of state and political subdivisions	153,619	9,802	(7)	163,414	171,782	8,664	(13)	180,433
Corporate debt securities	31,644	181	(127)	31,698	45,002	107	(1,043)	44,066
Total debt securities	\$ 968,186	\$ 20,110	\$ (436)	\$ 987,860	\$ 994,112	\$ 18,849	\$ (1,650)	\$ 1,011,311
Equity securities	5,016	878		5,894	4,179	851	(1)	5,029

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Total available-for-sale securities	\$ 973,202	\$ 20,988	\$ (436)	\$ 993,754	\$ 998,291	\$ 19,700	\$ (1,651)	\$ 1,016,340
Held-to-maturity								
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	\$ 174,966	\$ 7,747	\$ (83)	\$ 182,630	\$ 247,938	\$ 7,223	\$ (87)	\$ 255,074
Other residential collateralized mortgage obligations	400	10		410	783	9	(1)	791
Obligations of state and political subdivisions	383,790	32,175	(151)	415,814	342,752	21,459	(138)	364,073
Corporate debt securities					1,452	82		1,534
Total held-to-maturity securities	\$ 559,156	\$ 39,932	\$ (234)	\$ 598,854	\$ 592,925	\$ 28,773	\$ (226)	\$ 621,472
Total securities	\$ 1,532,358	\$ 60,920	\$ (670)	\$ 1,592,608	\$ 1,591,216	\$ 48,473	\$ (1,877)	\$ 1,637,812

At September 30, 2012, and December 31, 2011, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of WesBanco's shareholders' equity.

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The following table presents the fair value of available-for-sale and held-to-maturity securities by contractual maturity at September 30, 2012. In many instances, the issuers may have the right to call or prepay obligations without penalty prior to the contractual maturity date.

<i>(unaudited, in thousands)</i>	September 30, 2012					Mortgage-backed and Equity	Total
	One Year or less	One to Five Years	Five to Ten Years	After Ten Years			
Available-for-sale							
Other government agencies	\$ 2,544	\$ 15,125	\$ 35,881	\$ 32,572	\$		\$ 86,122
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (1)						706,626	706,626
Obligations of states and political subdivisions	6,167	48,015	53,236	55,996			163,414
Corporate debt securities	3,280	21,451	1,997	4,970			31,698
Equity securities (3)						5,894	5,894
Total available-for-sale securities	\$ 11,991	\$ 84,591	\$ 91,114	\$ 93,538	\$	712,520	\$ 993,754
Held-to-maturity (2)							
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (1)	\$	\$	\$	\$	\$	182,630	\$ 182,630
Other residential collateralized mortgage obligations (1)						410	410
Obligations of states and political subdivisions	1,162	7,384	69,166	338,102			415,814
Total held-to-maturity securities	\$ 1,162	\$ 7,384	\$ 69,166	\$ 338,102	\$	183,040	\$ 598,854
Total securities	\$ 13,153	\$ 91,975	\$ 160,280	\$ 431,640	\$	895,560	\$ 1,592,608

(1) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds.

(2) The held-to-maturity portfolio is carried at an amortized cost of \$559.2 million.

(3) Equity securities, which have no stated maturity, are not assigned a maturity category.

Securities with aggregate fair values of \$775.6 million and \$691.8 million at September 30, 2012 and December 31, 2011, respectively, were pledged as security for public and trust funds, and securities sold under agreements to repurchase. Proceeds from the sale of available-for-sale securities were \$48.1 million and \$5.0 million for the nine months ended September 30, 2012 and 2011, respectively. Net unrealized gains on available-for-sale securities included in accumulated other comprehensive income, net of tax, as of September 30, 2012 and December 31, 2011 were \$12.9 million and \$11.3 million, respectively. For the nine months ended September 30, 2012 and 2011, gross security gains recognized in income were \$1.7 million and \$0.1 million, respectively. For the same periods, gross security losses recognized in income were immaterial.

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The following table provides information on unrealized losses on investment securities that have been in an unrealized loss position for less than twelve months and twelve months or more as of September 30, 2012 and December 31, 2011:

	Less than 12 months			September 30, 2012 12 months or more			Total		
	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities
<i>(unaudited, dollars in thousands)</i>									
Other government agencies	\$ 4,744	\$ (55)	1	\$	\$		\$ 4,744	\$ (55)	1
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	55,214	(272)	10	6,604	(58)	9	61,818	(330)	19
Obligations of states and political subdivisions	11,512	(156)	13	451	(2)	2	11,963	(158)	15
Corporate debt securities	2,985	(15)	1	7,955	(112)	4	10,940	(127)	5
Total temporarily impaired securities	\$ 74,455	\$ (498)	25	\$ 15,010	\$ (172)	15	\$ 89,465	\$ (670)	40

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

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

WesBanco does not believe the securities presented above are impaired due to reasons of credit quality, as all debt securities are of investment grade quality and all are paying principal and interest according to their contractual terms. WesBanco does not intend to sell, nor is it more likely than not that it will be required to sell, loss position securities prior to recovery of their cost, and therefore, management believes the unrealized losses detailed above are temporary and no impairment loss relating to these securities has been recognized.

Securities that do not have readily determinable fair values and for which WesBanco does not exercise significant influence are carried at cost. Cost method investments consist primarily of FHLB of Pittsburgh and FHLB of Cincinnati stock totaling \$18.0 million and \$21.9 million at September 30, 2012 and December 31, 2011, respectively, and are included in other assets in the Consolidated Balance Sheets. Cost method investments are evaluated for impairment whenever events or circumstances suggest that their carrying value may not be recoverable.

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The recorded investment in loans is presented in the Consolidated Balance Sheets net of deferred loan fees and costs of \$2.5 million at September 30, 2012 and \$3.1 million at December 31, 2011.

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

<i>(unaudited, in thousands)</i>	September 30, 2012	December 31, 2011
Commercial real estate:		
Land and construction	\$ 170,200	\$ 175,867
Improved property	1,547,041	1,509,698
Total commercial real estate	1,717,241	1,685,565
Commercial and industrial	447,767	426,315
Residential real estate	684,016	621,383
Home equity	255,787	251,785
Consumer	248,155	254,320
Total portfolio loans	3,352,966	3,239,368
Loans held for sale	14,225	6,084
Total loans	\$ 3,367,191	\$ 3,245,452

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

<i>(unaudited, in thousands)</i>	Allowance for Credit Losses By Category For the Nine Months Ended September 30, 2012 and 2011							
	Commercial Real Estate - Land and Construction	Commercial Real Estate - Improved Property	Commercial & Industrial	Residential Real Estate	Home Equity	Consumer	Deposit Overdraft	Total
Balance at December 31, 2011:								
Allowance for loan losses	\$ 4,842	\$ 24,748	\$ 11,414	\$ 5,638	\$ 1,962	\$ 5,410	\$ 796	\$ 54,810
Allowance for loan commitments	74	21	323	4	33	13		468
Total beginning allowance for credit losses	4,916	24,769	11,737	5,642	1,995	5,423	796	55,278
Provision for credit losses:								
Provision for loan losses	2,089	4,573	2,619	3,629	1,192	2,330	222	16,654
Provision for loan commitments	(11)	5	(65)		12	7		(52)
Total provision for credit losses	2,078	4,578	2,554	3,629	1,204	2,337	222	16,602
Charge-offs	(3,777)	(5,749)	(3,862)	(3,296)	(898)	(2,732)	(641)	(20,955)
Recoveries	591	755	288	288	17	804	224	2,967
Net charge-offs	(3,186)	(4,994)	(3,574)	(3,008)	(881)	(1,928)	(417)	(17,988)

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Balance at September 30, 2012:

Allowance for loan losses	3,745	24,327	10,459	6,259	2,273	5,812	601	53,476
Allowance for loan commitments	63	26	258	4	45	20		416
Total ending allowance for credit losses	\$ 3,808	\$ 24,353	\$ 10,717	\$ 6,263	\$ 2,318	\$ 5,832	\$ 601	\$ 53,892

Balance at December 31, 2010:

Allowance for loan losses	\$ 4,701	\$ 30,836	\$ 10,793	\$ 5,950	\$ 2,073	\$ 5,641	\$ 1,057	\$ 61,051
Allowance for loan commitments	1,037	285	65	1	14	2		1,404
Total beginning allowance for credit losses	5,738	31,121	10,858	5,951	2,087	5,643	1,057	62,455

Provision for credit losses:

Provision for loan losses	5,898	10,921	4,832	2,496	530	1,820	117	26,614
Provision for loan commitments	(930)	(276)	234	3	23	12		(934)

Total provision for credit losses	4,968	10,645	5,066	2,499	553	1,832	117	25,680
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Charge-offs	(6,485)	(15,673)	(6,194)	(3,115)	(642)	(2,909)	(685)	(35,703)
Recoveries	33	930	733	342	10	849	239	3,136

Net charge-offs	(6,452)	(14,743)	(5,461)	(2,773)	(632)	(2,060)	(446)	(32,567)
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Balance at September 30, 2011:

Allowance for loan losses	4,147	27,014	10,164	5,673	1,971	5,401	728	55,098
Allowance for loan commitments	107	9	299	4	37	14		470

Total ending allowance for credit losses	\$ 4,254	\$ 27,023	\$ 10,463	\$ 5,677	\$ 2,008	\$ 5,415	\$ 728	\$ 55,568
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The following tables present the allowance for credit losses and recorded investments in loans by category:

<i>(unaudited, in thousands)</i>	Allowance for Credit Losses and Recorded Investment in Loans							
	Commercial Real Estate-Land and Construction	Commercial Real Estate-Improved Property	Commercial and Industrial	Residential Real Estate	Home Equity	Consumer	Over-draft	Total
September 30, 2012								
Allowance for credit losses:								
Allowance for loans individually evaluated for impairment	\$ 626	\$ 1,259	\$	\$	\$	\$	\$	\$ 1,885
Allowance for loans collectively evaluated for impairment	3,119	23,068	10,459	6,259	2,273	5,812	601	51,591
Allowance for loan losses	3,745	24,327	10,459	6,259	2,273	5,812	601	53,476
Allowance for loan commitments	63	26	258	4	45	20		416
Total allowance for credit losses	\$ 3,808	\$ 24,353	\$ 10,717	\$ 6,263	\$ 2,318	\$ 5,832	\$ 601	\$ 53,892
Portfolio loans:								
Individually evaluated for impairment ⁽¹⁾	\$ 4,433	\$ 11,064	\$	\$	\$	\$	\$	\$ 15,497
Collectively evaluated for impairment	165,767	1,535,977	447,767	684,016	255,787	248,155		3,337,469
Total portfolio loans	\$ 170,200	\$ 1,547,041	\$ 447,767	\$ 684,016	\$ 255,787	\$ 248,155	\$	\$ 3,352,966
December 31, 2011								
Allowance for credit losses:								
Allowance for loans individually evaluated for impairment	\$ 1,788	\$ 1,565	\$	\$	\$	\$	\$	\$ 3,353
Allowance for loans collectively evaluated for impairment	3,054	23,183	11,414	5,638	1,962	5,410	796	51,457
Allowance for loan losses	4,842	24,748	11,414	5,638	1,962	5,410	796	54,810
Allowance for loan commitments	74	21	323	4	33	13		468
Total allowance for credit losses	\$ 4,916	\$ 24,769	\$ 11,737	\$ 5,642	\$ 1,995	\$ 5,423	\$ 796	\$ 55,278
Portfolio loans:								
Individually evaluated for impairment ⁽¹⁾	\$ 10,815	\$ 18,028	\$	\$	\$	\$	\$	\$ 28,843
Collectively evaluated for impairment	165,052	1,491,670	426,315	621,383	251,785	254,320		3,210,525
Total portfolio loans	\$ 175,867	\$ 1,509,698	\$ 426,315	\$ 621,383	\$ 251,785	\$ 254,320	\$	\$ 3,239,368

(1) Commercial loans greater than \$1 million that are reported as non-accrual or as a troubled debt restructuring (TDR) are individually evaluated for impairment.

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

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

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

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Fair or acceptable risk loans have a somewhat higher credit risk profile due to specific weaknesses or uncertainties that could adversely impact repayment capacity. Loans in this category generally warrant additional attention or monitoring, or a more rigid loan structure. These loans represent the maximum level of risk accepted in the normal course of lending. Specific issues that may warrant this grade include financial results that are less favorable than the average for the borrower's industry or type of real estate, cyclical financial results, loans based on projections that have a reasonable probability of being achieved, start-up businesses, construction projects, and other external factors that indicate a higher level of credit risk. Loans that are underwritten primarily on the basis of the repayment capacity or financial condition of guarantors may also be assigned this grade.

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

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

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

	Commercial Loans by Internally Assigned Risk Grade			
	Commercial Real Estate- Land and Construction	Commercial Real Estate- Improved Property	Commercial & Industrial	Total Commercial Loans
<i>(unaudited, in thousands)</i>				
As of September 30, 2012				
Excellent - minimal risk	\$ 1,192	\$ 806	\$ 57,967	\$ 59,965
Good - desirable risk	25,638	629,319	160,326	815,283
Fair - acceptable risk	120,747	766,315	205,293	1,092,355
Criticized - marginal	14,431	74,835	13,526	102,792
Classified - substandard	8,192	75,766	10,655	94,613
Classified - doubtful				
Total	\$ 170,200	\$ 1,547,041	\$ 447,767	\$ 2,165,008
As of December 31, 2011				
Excellent - minimal risk	\$ 625	\$ 448	\$ 51,923	\$ 52,996
Good - desirable risk	40,278	593,563	185,745	819,586
Fair - acceptable risk	97,077	727,594	156,459	981,130
Criticized - marginal	19,701	107,433	14,061	141,195
Classified - substandard	18,186	80,660	18,127	116,973
Classified - doubtful				
Total	\$ 175,867	\$ 1,509,698	\$ 426,315	\$ 2,111,880

Residential real estate, home equity and consumer loans are not assigned internal risk grades other than as required by regulatory guidelines that are based primarily on the age of past due loans. WesBanco primarily evaluates the credit quality of residential real estate, home equity and consumer loans based on repayment performance and historical loss rates. The aggregate amount of residential real estate, home equity and consumer loans classified as substandard in accordance with regulatory guidelines were \$12.5 million at September 30, 2012 and \$18.2 million at December 31, 2011, of which \$3.0 and \$4.2 million were accruing, for each period, respectively.

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

	Age Analysis of Loans						90 Days or More Past Due and Accruing (1)
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Loans	
<i>(unaudited, in thousands)</i>							
As of September 30, 2012							
Commercial real estate:							
Land and construction	\$ 166,818	\$ 171	\$ 10	\$ 3,201	\$ 3,382	\$ 170,200	\$ 416
Improved property	1,525,683	6,131	2,668	12,559	21,358	1,547,041	48
Total commercial real estate	1,692,501	6,302	2,678	15,760	24,740	1,717,241	464
Commercial and industrial	443,671	1,031	139	2,926	4,096	447,767	141
Residential real estate	669,412	4,909	1,705	7,990	14,604	684,016	2,050
Home equity	252,456	1,523	315	1,493	3,331	255,787	621
Consumer	242,824	4,192	728	411	5,331	248,155	284
Total portfolio loans	3,300,864	17,957	5,565	28,580	52,102	3,352,966	3,560
Loans held for sale	14,225					14,225	
Total loans	\$ 3,315,089	\$ 17,957	\$ 5,565	\$ 28,580	\$ 52,102	\$ 3,367,191	\$ 3,560
Non-performing loans included above are as follows:							
Non-accrual loans	\$ 7,805	\$ 1,254	\$ 1,467	\$ 23,764	\$ 26,485	\$ 34,290	
TDRs accruing interest ⁽¹⁾	20,133	3,200	269	1,256	4,725	24,858	
As of December 31, 2011							
Commercial real estate:							
Land and construction	\$ 166,322	\$ 1,391	\$ 127	\$ 8,027	\$ 9,545	\$ 175,867	\$
Improved property	1,486,001	4,485	3,446	15,766	23,697	1,509,698	18
Total commercial real estate	1,652,323	5,876	3,573	23,793	33,242	1,685,565	18
Commercial and industrial	417,341	1,624	333	7,017	8,974	426,315	939
Residential real estate	601,541	5,742	1,186	12,914	19,842	621,383	2,881
Home equity	247,771	1,843	447	1,724	4,014	251,785	498
Consumer	247,736	4,469	1,030	1,085	6,584	254,320	799
Total portfolio loans	3,166,712	19,554	6,569	46,533	72,656	3,239,368	5,135
Loans held for sale	6,084					6,084	
Total loans	\$ 3,172,796	\$ 19,554	\$ 6,569	\$ 46,533	\$ 72,656	\$ 3,245,452	\$ 5,135
Non-performing loans included above are as follows:							
Non-accrual loans	\$ 12,377	\$ 1,629	\$ 2,818	\$ 40,668	\$ 45,115	\$ 57,492	
TDRs accruing interest ⁽¹⁾	26,893	1,434	354	730	2,518	29,411	

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

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

Loans are generally placed on non-accrual status when they become past due 90 days or more unless they are both well-secured and in the process of collection. Loans may also be placed on non-accrual when full collection of principal is in doubt even if payments on such loans remain current or remain on non-accrual if they were 90 days or more past due but subsequently brought current and maintained current for at least six consecutive months.

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

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The following tables summarize impaired loans:

	Impaired Loans					
	September 30, 2012			December 31, 2011		
	Unpaid Principal Balance (1)	Recorded Investment	Related Allowance	Unpaid Principal Balance (1)	Recorded Investment	Related Allowance
<i>(unaudited, in thousands)</i>						
With no related allowance recorded:						
Commercial real estate:						
Land and construction	\$ 9,992	\$ 6,464	\$	\$ 19,733	\$ 14,731	\$
Improved property	26,905	23,357		38,629	34,352	
Commercial and industrial	6,164	5,223		11,536	9,078	
Residential real estate	13,689	12,237		18,038	16,221	
Home equity	1,220	1,107		1,465	1,331	
Consumer	187	162		344	289	
Total impaired loans without a related allowance	58,157	48,550		89,745	76,002	
With an allowance recorded:						
Commercial real estate:						
Land and construction	1,626	1,626	626	2,813	2,813	1,788
Improved property	9,088	8,972	1,259	8,388	8,088	1,565
Total impaired loans with an allowance	10,714	10,598	1,885	11,201	10,901	3,353
Total impaired loans	\$ 68,871	\$ 59,148	\$ 1,885	\$ 100,946	\$ 86,903	\$ 3,353

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

	Impaired Loans							
	For the Three Months Ended				For the Nine Months Ended			
	September 30, 2012		September 30, 2011		September 30, 2012		September 30, 2011	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
<i>(unaudited, in thousands)</i>								
With no related allowance recorded:								
Commercial real estate:								
Land and construction	\$ 7,865	\$ 21	\$ 12,028	\$ 42	\$ 9,923	\$ 193	\$ 10,744	\$ 159
Improved Property	25,636	160	33,632	293	29,503	442	33,330	621
Commercial and industrial	5,683	37	9,695	32	7,005	96	9,090	129
Residential real estate	13,022	64	14,018	113	14,588	198	14,286	182
Home equity	1,008	4	1,130	2	1,104	6	1,033	2
Consumer	169		187	1	221	1	228	3
Total impaired loans without a related allowance	53,383	286	70,690	483	62,344	936	68,711	1,096
With an allowance recorded:								
Commercial real estate:								

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Land and construction	2,211	40	4,582	55	3,204	40	4,776	137
Improved Property	8,040	45	15,165	(221)	8,239	225	19,635	232
Commercial and industrial			920				920	
Total impaired loans with an allowance	10,251	85	20,667	(166)	11,443	265	25,331	369
Total impaired loans	\$ 63,634	\$ 371	\$ 91,357	\$ 317	\$ 73,787	\$ 1,201	\$ 94,042	\$ 1,465

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

<i>(unaudited, in thousands)</i>	Non-accrual Loans (1)	
	September 30, 2012	December 31, 2011
Commercial real estate:		
Land and construction	\$ 2,004	\$ 10,135
Improved Property	18,307	25,122
Total commercial real estate	20,311	35,257
Commercial and industrial	4,397	8,238
Residential real estate	8,313	12,377
Home equity	1,107	1,331
Consumer	162	289
Total	\$ 34,290	\$ 57,492

(1) Total non-accrual loans include loans that are also restructured. Such loans are also set forth in the following table as non-accrual TDRs.

<i>(unaudited, in thousands)</i>	TDRs					
	September 30, 2012			December 31, 2011		
	Accruing	Non-Accrual	Total	Accruing	Non-accrual	Total
Commercial real estate:						
Land and construction	\$ 6,086	\$ 689	\$ 6,775	\$ 7,410	\$ 5,662	\$ 13,072
Improved Property	14,021	7,361	21,382	17,318	8,398	25,716
Total commercial real estate	20,107	8,050	28,157	24,728	14,060	38,788
Commercial and industrial	826	570	1,396	839	2,514	3,353
Residential real estate	3,925	829	4,754	3,844	713	4,557
Home equity						
Consumer						
Total	\$ 24,858	\$ 9,449	\$ 34,307	\$ 29,411	\$ 17,287	\$ 46,698

As of September 30, 2012, there were eight TDRs greater than \$1.0 million representing \$14.1 million or 41.0% of total TDRs, composed of two commercial real estate land and construction loans and six commercial real estate improved property loans, with specific reserves of \$1.9 million. The concessions granted for the majority of the eight largest TDRs primarily consist of extensions of maturity, reverting from payment of principal and interest to interest only for up to one year, or a reduction in the amount of the principal and interest payment by lengthening the amortization period by not more than five years.

The following table presents details related to loans identified as new TDRs during the three and nine months ended September 30, 2012:

<i>(unaudited, dollars in thousands)</i>	New TDRs (1)					
	For the Three Months Ended September 30, 2012			For the Nine Months Ended September 30, 2012		
	Number of Contracts	Pre-Modification Outstanding Recorded	Post-Modification Outstanding Recorded	Number of Contracts	Pre-Modification Outstanding Recorded	Post-Modification Outstanding Recorded

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		Investment	Investment		Investment	Investment
Commercial real estate:						
Land and construction		\$	\$	1	\$ 516	\$ 516
Improved Property	1	1,073	917	9	2,741	2,162
Total commercial real estate	1	1,073	917	10	3,257	2,678
Commercial and industrial				2	40	37
Residential real estate	1	323	323	7	883	896
Home equity						
Consumer						
Total	2	\$ 1,396	\$ 1,240	19	\$ 4,180	\$ 3,611

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

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The following table summarizes TDRs which defaulted (defined as past due 90 days or more) during the three and nine months ended September 30, 2012 that had been previously restructured within the last twelve months prior to September 30, 2012:

<i>(unaudited, dollars in thousands)</i>	Defaulted TDRs ⁽¹⁾			
	For the Three Months Ended September 30, 2012		For the Nine Months Ended September 30, 2012	
	Number of Defaults	Recorded Investment	Number of Defaults	Recorded Investment
Commercial real estate:				
Land and construction		\$		\$
Improved property			8	2,018
Total commercial real estate			8	2,018
Commercial and industrial	1	45	2	211
Residential real estate				
Home equity				
Consumer				
Total	1	\$ 45	10	\$ 2,229

(1) Excludes loans that were either charged-off or cured by period end. The recorded investment is as of September 30, 2012. TDRs that defaulted during the nine month period and that have been previously restructured within the last twelve months represented 6.5% of the balance at September 30, 2012. Generally these loans are placed on non-accrual status unless they are both well-secured and in the process of collection. At September 30, 2012, none of the loans in the table above were accruing interest.

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

<i>(unaudited, in thousands)</i>	September 30, 2012	December 31, 2011
Other real estate owned	\$ 3,759	\$ 2,786
Repossessed assets	192	243
Total other real estate owned and repossessed assets	\$ 3,951	\$ 3,029

Table of Contents**NOTE 6. FEDERAL HOME LOAN BANK BORROWINGS**

WesBanco is a member of the FHLB System. WesBanco's FHLB borrowings, which consist of borrowings from both the FHLB of Pittsburgh and the FHLB of Cincinnati, are secured by a blanket lien of the FHLB on certain residential mortgages and other loan types or securities with a market value in excess of the outstanding balances of the borrowings. At September 30, 2012 and December 31, 2011, WesBanco had FHLB borrowings of **\$91.6 million** and \$168.2 million, with a weighted-average interest rate of **3.54%** and 3.58%, respectively. The decline in borrowings from December 31, 2011 was due to scheduled maturities. The terms of the security agreement with the FHLB include a specific assignment of collateral that requires the maintenance of qualifying mortgage and other types of loans as pledged collateral with unpaid principal amounts in excess of the FHLB advances, when discounted at certain pre-established percentages of the loans' unpaid principal balances. FHLB stock owned by WesBanco totaling **\$18.0 million** at September 30, 2012 and \$21.9 million at December 31, 2011 is also pledged as collateral on these advances. The remaining maximum borrowing capacity by WesBanco with the FHLB at September 30, 2012 and December 31, 2011 was estimated to be approximately **\$1.2 billion** and \$1.0 billion, respectively.

Certain FHLB advances contain call features, which allow the FHLB to call the outstanding balance or convert a fixed rate borrowing to a variable rate advance if the strike rate goes beyond a certain predetermined rate. The probability that these advances will be called depends primarily on the level of related interest rates during the call period. Of the **\$91.6 million** outstanding at September 30, 2012, **\$56.0 million** in FHLB convertible advances are subject to call or conversion to a variable rate advance by the FHLB.

The following table presents the aggregate annual maturities and weighted-average interest rates of FHLB borrowings at September 30, 2012 based on their contractual maturity dates and effective interest rates:

(unaudited, dollars in thousands)

Year	Scheduled Maturity	Weighted Average Rate
2012	\$ 726	6.23%
2013	50,168	3.27%
2014	16,123	3.40%
2015	910	4.69%
2016	114	4.35%
2017 and thereafter	23,576	4.09%
Total	\$ 91,617	3.54%

There were \$50.0 million in FHLB advances that matured in the third quarter of 2012, and most of the 2013 maturities noted above are in the first quarter.

NOTE 7. PENSION PLAN

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

(unaudited, in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Service cost – benefits earned during year	\$ 688	\$ 650	\$ 2,049	\$ 1,929
Interest cost on projected benefit obligation	976	917	2,907	2,720
Expected return on plan assets	(1,393)	(1,427)	(4,149)	(4,235)
Amortization of prior service cost	11	15	34	44
Amortization of net loss	575	321	1,712	954
Net periodic pension cost	\$ 857	\$ 476	\$ 2,553	\$ 1,412

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

A minimum required contribution of **\$5.3** million is due for 2012 which will be partially funded by the Plan's **\$2.1** million available credit balance. No decision has been made as of September 30, 2012 relative to the level of contribution in excess of the required minimum that will be made to the Plan, if any.

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NOTE 8. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

Other real estate owned and repossessed assets: Other real estate owned and repossessed assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs. The use of independent appraisals and management's best judgment are significant inputs in arriving at the fair value measure of the underlying collateral and therefore other real estate owned and repossessed assets are classified within Level 3 of the fair value hierarchy.

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

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

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The following tables set forth WesBanco's financial assets and liabilities that were accounted for at fair value on a recurring and nonrecurring basis by level within the fair value hierarchy as of September 30, 2012:

	September 30, 2012			
	Fair Value Measurements Using:			
<i>(unaudited, in thousands)</i>	September 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring fair value measurements				
Securities - available-for-sale				
Other government agencies	\$ 86,122	\$	\$ 86,122	\$
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	706,626		706,626	
Obligations of state and political subdivisions	163,414		163,390	24
Corporate debt securities	31,698		31,698	
Equity securities	5,894	4,159	1,735	
Total securities - available-for-sale	\$ 993,754	\$ 4,159	\$ 989,571	\$ 24
Total recurring fair value measurements	\$ 993,754	\$ 4,159	\$ 989,571	\$ 24
Nonrecurring fair value measurements				
Impaired loans	\$ 8,713	\$	\$	\$ 8,713
Other real estate owned and repossessed assets	3,951			3,951
Mortgage servicing rights	874			874
Loans held for sale	14,225		14,225	
Total nonrecurring fair value measurements	\$ 27,763	\$	\$ 14,225	\$ 13,538

WesBanco's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2012. For the nine months ended September 30, 2012, the category of loans held for sale was transferred from Level 3 to Level 2 due to improvements in the valuation model, which utilizes quoted prices for similar loans.

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

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

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

<i>(unaudited, in thousands)</i>	Fair Value Estimate	Quantitative Information about Level 3 Fair Value Measurements		
		Valuation Techniques	Unobservable Input	Range / Weighted Average
September 30, 2012:				
Impaired loans	\$ 8,713	Appraisal of collateral (1)	Appraisal adjustments (2) Liquidation expenses (2)	0% to (30.5%) / (4.6%) (6.2%) to (8.0%) / (7.7%)
Other real estate owned and repossessed assets	3,951	Appraisal of collateral (1), (3)		
Mortgage servicing rights	874	Discounted cash flow	Remaining term Discount rate	2.9 yrs to 27.1 yrs / 15.5 yrs 9.0% to 12.0% / 9.8%

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

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

<i>(unaudited, in thousands)</i>	Carrying Amount	Fair Value Estimate	Fair Value Measurements at September 30, 2012		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets					
Cash and due from banks	\$ 116,411	\$ 116,411	\$ 116,411	\$	\$
Securities available-for-sale	993,754	993,754	4,159	989,571	24
Securities held-to-maturity	559,156	598,854		598,040	814
Net loans	3,299,490	3,274,821			3,274,821
Loans held for sale	14,225	14,225		14,225	
Accrued interest receivable	19,171	19,171	19,171		
Bank owned life insurance	112,720	112,720	112,720		
Financial Liabilities					
Deposits	4,488,212	4,513,056	2,973,135	1,539,921	
Federal Home Loan Bank borrowings	91,617	95,658		95,658	
Other borrowings	186,886	186,860	89,011	97,849	
Junior subordinated debt	106,091	56,092		56,092	
Accrued interest payable	4,628	4,628	4,628		

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

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

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

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

Net loans: Fair values for loans are estimated using a discounted cash flow methodology. The discount rates take into account interest rates currently being offered to customers for loans with similar terms, the credit risk associated with the loan and market factors, including liquidity. The valuation of the loan portfolio reflects discounts that WesBanco believes are consistent with transactions occurring in the marketplace for both performing and distressed loan types. The carrying value that fair value is compared to is net of the allowance for loan losses and other associated premiums and discounts. Due to the significant judgment involved in evaluating credit quality, loans are classified within Level 3 of the fair value hierarchy.

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

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

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

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

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

Junior subordinated debt owed to unconsolidated subsidiary trusts: Due to the pooled nature of these instruments, which are not actively traded, estimated fair value is based on broker prices from recent similar sales.

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

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

Table of Contents**NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES**

Commitments In the normal course of business, WesBanco offers off-balance sheet credit arrangements to enable its customers to meet their financing objectives. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements. WesBanco's exposure to credit losses in the event of non-performance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is limited to the contractual amount of those instruments. WesBanco uses the same credit policies in making commitments and conditional obligations as for all other lending. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The allowance for credit losses associated with commitments was \$0.4 million and \$0.5 million as of September 30, 2012 and December 31, 2011, respectively, and is included in other liabilities on the Consolidated Balance Sheets.

Letters of credit are conditional commitments issued by banks to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including normal business activities, bond financing and similar transactions. Letters of credit are considered guarantees. The liability associated with letters of credit is recorded at its estimated fair value of \$0.1 million and \$0.1 million as of September 30, 2012 and December 31, 2011, respectively, and is included in other liabilities on the Consolidated Balance Sheets.

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

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

<i>(unaudited, in thousands)</i>	September 30, 2012	December 31, 2011
Lines of credit	\$ 669,326	\$ 602,923
Loans approved but not closed	190,994	113,113
Overdraft limits	80,601	85,981
Letters of credit	15,729	37,719
Contingent obligations to purchase loans funded by other entities	7,036	7,685

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

Table of Contents**NOTE 10. BUSINESS SEGMENTS**

WesBanco operates two reportable segments: community banking and trust and investment services. WesBanco's community banking segment offers services traditionally offered by full-service commercial banks, including commercial demand, individual demand and time deposit accounts, as well as commercial, mortgage and individual installment loans, and certain non-traditional offerings, such as insurance and securities brokerage services. The trust and investment services segment offers trust services as well as various alternative investment products including mutual funds. The market value of assets managed or held in custody by the trust and investment services segment was approximately \$3.2 billion and \$2.8 billion at September 30, 2012 and 2011, respectively. These assets are held by WesBanco in fiduciary or agency capacities for their customers and therefore are not included as assets on WesBanco's Consolidated Balance Sheets.

Condensed financial information by business segment is presented below:

<i>(unaudited, in thousands)</i>	Community Banking	Trust and Investment Services	Consolidated
<u>For the Three Months ended September 30, 2012:</u>			
Interest income	\$ 52,288	\$	\$ 52,288
Interest expense	10,594		10,594
Net interest income	41,694		41,694
Provision for credit losses	4,497		4,497
Net interest income after provision for credit losses	37,197		37,197
Non-interest income	11,583	4,379	15,962
Non-interest expense	34,134	2,656	36,790
Income before provision for income taxes	14,646	1,723	16,369
Provision for income taxes	2,773	690	3,463
Net income	\$ 11,873	\$ 1,033	\$ 12,906
<u>For the Three Months ended September 30, 2011:</u>			
Interest income	\$ 56,287	\$	\$ 56,287
Interest expense	13,386		13,386
Net interest income	42,901		42,901
Provision for credit losses	10,836		10,836
Net interest income after provision for credit losses	32,065		32,065
Non-interest income	10,658	3,941	14,599
Non-interest expense	30,972	2,635	33,607
Income before provision for income taxes	11,751	1,306	13,057
Provision for income taxes	1,522	522	2,044
Net income	\$ 10,229	\$ 784	\$ 11,013
<u>For the Nine Months ended September 30, 2012:</u>			
Interest income	\$ 158,514	\$	\$ 158,514
Interest expense	33,450		33,450
Net interest income	125,064		125,064
Provision for credit losses	16,602		16,602

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Net interest income after provision for credit losses	108,462		108,462
Non-interest income	33,788	13,390	47,178
Non-interest expense	100,387	8,151	108,538
Income before provision for income taxes	41,863	5,239	47,102
Provision for income taxes	8,112	2,096	10,208
Net income	\$ 33,751	\$ 3,143	\$ 36,894

For the Nine Months ended September 30, 2011:

Interest income	\$ 169,427	\$	\$ 169,427
Interest expense	41,996		41,996
Net interest income	127,431		127,431
Provision for credit losses	25,680		25,680
Net interest income after provision for credit losses	101,751		101,751
Non-interest income	31,145	12,975	44,120
Non-interest expense	97,094	7,707	104,801
Income before provision for income taxes	35,802	5,268	41,070
Provision for income taxes	5,791	2,107	7,898
Net income	\$ 30,011	\$ 3,161	\$ 33,172

Total non-fiduciary assets of the trust and investment services segment were \$2.8 million and \$2.7 million at September 30, 2012 and 2011, respectively. All goodwill and other intangible assets were allocated to the community banking segment.

Table of Contents**NOTE 11. SUBSEQUENT EVENTS**

On October 18, 2012, Mordechai Nagel, a purported shareholder of Fidelity, filed a purported shareholder class and derivative action in the Court of Common Pleas of Allegheny County, Pennsylvania, Civil Action Case No. 12-019908. The lawsuit names as defendants each of the current members of Fidelity's board of directors (the Director Defendants), WesBanco and Fidelity. The complaint alleges, among other things, that the Director Defendants breached their fiduciary duties as a result of the price and certain other terms of the merger agreed to by Fidelity. The lawsuit also claims that the Director Defendants breached their fiduciary duties because the registration statement on Form S-4 filed by WesBanco with the SEC on September 14, 2012, allegedly contained misstatements and omitted information material to the merger and to a decision by Fidelity's shareholders on the merger. The lawsuit also alleges that WesBanco aided and abetted the Director Defendants' alleged breaches of fiduciary duties. The lawsuit seeks, among other things, an injunction against WesBanco's acquisition of Fidelity, as well as the payment of the fees and expenses of the plaintiffs' attorneys. WesBanco and Fidelity each believe that all of the allegations are without merit and intend to vigorously defend themselves against the allegations in this complaint.

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

Management's Discussion and Analysis (MD&A) represents an overview of the results of operations and financial condition of WesBanco for the three and nine months ended September 30, 2012. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this report relating to WesBanco's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The information contained in this report should be read in conjunction with WesBanco's Form 10-K for the year ended December 31, 2011 and documents subsequently filed by WesBanco with the Securities and Exchange Commission (SEC), including WesBanco's Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012, respectively, which are available at the SEC's website, www.sec.gov or at WesBanco's website, www.wesbanco.com. Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed in WesBanco's most recent Annual Report on Form 10-K filed with the SEC under Risk Factors in Part I, Item 1A. Such statements are subject to important factors that could cause actual results to differ materially from those contemplated by such statements, including, without limitation, that the businesses of WesBanco and Fidelity may not be integrated successfully or such integration may take longer to accomplish than expected; the expected cost savings and any revenue synergies from the merger of WesBanco and Fidelity may not be fully realized within the expected timeframes; disruption from the merger of WesBanco and Fidelity may make it more difficult to maintain relationships with clients, associates, or suppliers; the effects of changing regional and national economic conditions; changes in interest rates, spreads on earning assets and interest-bearing liabilities, and associated interest rate sensitivity; sources of liquidity available to WesBanco and its related subsidiary operations; potential future credit losses and the credit risk of commercial, real estate, and consumer loan customers and their borrowing activities; actions of the Federal Reserve Board, the Federal Deposit Insurance Corporation, the SEC, the Financial Institution Regulatory Authority, the Municipal Securities Rulemaking Board, the Securities Investors Protection Corporation, and other regulatory bodies; potential legislative and federal and state regulatory actions and reform, including, without limitation, the impact of the implementation of the Dodd-Frank Act; adverse decisions of federal and state courts; fraud, scams and schemes of third parties; internet hacking; competitive conditions in the financial services industry; rapidly changing technology affecting financial services; marketability of debt instruments and corresponding impact on fair value adjustments; and/or other external developments materially impacting WesBanco's operational and financial performance. WesBanco does not assume any duty to update forward-looking statements.

OVERVIEW

WesBanco is a multi-state bank holding company operating through 112 branches, one loan production office and 104 ATM machines in West Virginia, Ohio and Western Pennsylvania, offering retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco's businesses are significantly impacted by economic factors such as market interest rates, federal monetary and regulatory policies, local and regional economic conditions and the competitive environment's effect upon WesBanco's business activities. WesBanco's deposit levels are affected by numerous factors including personal savings rates, personal income, and competitive rates on alternative investments, as well as competition from other financial institutions within the markets we serve and liquidity needs of WesBanco. Loan levels are also subject to various factors including construction demand, business financing needs, consumer spending and interest rates, as well as loan terms offered by competing lenders.

On July 19, 2012, WesBanco and Fidelity, a Pittsburgh-based bank with \$0.7 billion in assets and 13 branches, jointly announced that a definitive Agreement and Plan of Merger was executed providing for the merger of Fidelity with and into WesBanco. The transaction, approved by the directors of both companies, currently is valued at \$68.7 million. The acquisition is subject to the approvals of the appropriate banking

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regulatory authorities and the shareholders of Fidelity. The Fidelity shareholders meeting is scheduled for November 27, 2012. It is currently anticipated that the transaction will be completed on or about December 31, 2012. Please see Note 2, Mergers and Acquisitions in the notes to the consolidated financial statements for additional discussion.

Table of Contents**APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

WesBanco's critical accounting policies involving the significant judgments and assumptions used in the preparation of the Consolidated Financial Statements as of September 30, 2012 have remained unchanged from the disclosures presented in WesBanco's Annual Report on Form 10-K for the year ended December 31, 2011 under the section Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS**EARNINGS SUMMARY**

Net income for the quarter ended September 30, 2012 was \$12.9 million compared to \$11.0 million for the same period of 2011, representing an increase of 17.2%, while diluted earnings per share were \$0.48, as compared to \$0.41 per share for the third quarter of 2011. For the nine month period ended September 30, 2012, net income was \$36.9 million as compared to \$33.2 million for the same period in 2011, representing an increase of 11.2%, while diluted earnings per share were \$1.38, as compared to \$1.25 per share for the nine months ended September 30, 2011.

Net interest income increased 0.4% to \$41.7 million in the third quarter of 2012 compared to the second quarter of 2012 due to portfolio loan growth in both the second and third quarters of the current year. Average loans increased \$79.6 million or 2.4% in the third quarter compared to the second quarter of 2012. Net interest income decreased \$1.2 million or 2.8% in the third quarter of 2012 and \$2.4 million in the first nine months of 2012 compared to the same periods in 2011 due to the low interest rate environment. However, average earning assets increased \$102.5 million or 2.1% in the third quarter and 2.5% in the year-to-date period, including the growth in portfolio loans, while the cost of funds continued to decline as a result of lower rates paid on deposit accounts, growth in non-interest bearing and lower-cost demand deposits, and a reduction in higher-cost FHLB borrowings. The net interest margin was 3.51% in the third quarter of 2012 and was relatively stable in the first three quarters of 2012 compared to the fourth quarter of 2011, but declined by 16 basis points compared to the first nine months of 2011, as the low interest rate environment resulted in reduced rates earned on the securities and loan portfolios.

The provision for credit losses was \$4.5 million and \$16.6 million for the third quarter and first nine months of 2012, respectively, compared to \$10.8 million and \$25.7 million for the same periods of 2011. The decrease in the provision is supported by reductions in net charge-offs, and non-performing, classified and criticized loans. Total non-performing loans represented 1.76% of total loans at September 30, 2012 compared to 2.08% at June 30, 2012 and 2.60% at September 30, 2011. The allowance for loan losses to non-performing loans, loans past due and classified and criticized loans at September 30, 2012 is at the highest level in over two years. The allowance for loan losses to non-performing loans was 90% at September 30, 2012 compared to 66% at September 30, 2010. Total non-performing loans at September 30, 2012 decreased \$25.1 million or 29.8% from September 30, 2011. Classified and criticized loans decreased \$73.3 million or 27.1% from September 30, 2011. From September 30, 2011, loan sales decreased non-performing loans by \$9.3 million and classified and criticized loans by \$10.2 million. Loans past due 30 days or more and accruing interest represented 0.62% of total portfolio loans at September 30, 2012 compared to 0.93% at September 30, 2011. Net charge-offs for the third quarter of 2012 were \$4.6 million compared to \$17.4 million for the third quarter of 2011. Net charge-offs for the first nine months of 2012 were \$18.0 million compared to \$32.6 million for the same period of 2011. Annualized net charge-offs for the third quarter and first nine months of 2012 represent 0.54% and 0.73% of average portfolio loans, respectively, compared to 2.11% and 1.33% for the same periods of 2011.

Non-interest income increased \$1.4 million or 9.3% in the third quarter of 2012 and \$3.1 million or 6.9% in the nine month period ended September 30, 2012 compared to the same periods in 2011. For the third quarter of 2012, trust fees increased 11.1% as an organization-wide coordination of trust and investment development activities increased assets under management. Net gains on sales of mortgage loans increased \$0.7 million in the third quarter and \$0.6 million year-to-date due to increased volume and margins on loans sold. Electronic banking fees increased 6.2% in the third quarter and 13.9% in the first nine months of 2012 due to increased transaction volumes. The net gain (loss) on other real estate owned improved \$0.7 million in the year-to-date period. Net security gains were \$0.3 million in the third quarter and \$1.7 million year-to-date. These improvements were partially offset by decreases in service charges on deposits of \$0.5 million in the third quarter and \$1.4 million in the first nine months of 2012, primarily from decreases in customer overdraft fees.

Non-interest expense increased by 3.6% in the first nine months of 2012 compared to the same period in 2011 due primarily to \$1.5 million recorded in the third quarter of 2012 for restructuring and merger-related expenses. Expenses related to the Fidelity merger were \$0.7 million and restructuring costs associated with the pending closure of six branch offices in the fourth quarter were \$0.8 million. In addition, salaries and wages increased \$1.0 million due to routine annual adjustments to compensation, and employee benefits expense increased \$2.7 million from increased pension and employee health insurance costs. Partially offsetting these increases were reduced FDIC insurance of \$0.8 million, and reductions in many other expense categories.

Table of Contents**NET INTEREST INCOME****TABLE 1. NET INTEREST INCOME**

<i>(unaudited, dollars in thousands)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Net interest income	\$ 41,694	\$ 42,901	\$ 125,064	\$ 127,431
Taxable equivalent adjustments to net interest income	1,676	1,626	4,992	4,874
Net interest income, fully taxable equivalent	\$ 43,370	\$ 44,527	\$ 130,056	\$ 132,305
Net interest spread, non-taxable equivalent	3.20%	3.37%	3.22%	3.36%
Benefit of net non-interest bearing liabilities	0.17%	0.17%	0.17%	0.19%
Net interest margin	3.37%	3.54%	3.39%	3.55%
Taxable equivalent adjustment	0.14%	0.13%	0.14%	0.14%
Net interest margin, fully taxable equivalent	3.51%	3.67%	3.53%	3.69%

Net interest income, which is WesBanco's largest source of revenue, is the difference between interest income on earning assets, primarily loans and securities, and interest expense on liabilities, comprised of deposits and short and long-term borrowings. Net interest income is affected by the general level of and changes in interest rates, the steepness of the yield curve, changes in the amount and composition of interest earning assets and interest bearing liabilities, as well as the frequency of repricing and turnover of those assets and liabilities. Net interest income increased 0.4% to \$41.7 million in the third quarter of 2012 compared to the second quarter of 2012 due to portfolio loan growth in both the second and third quarters of the current year, while the net interest margin was relatively stable for the first nine months of 2012 in the range of 3.5% to 3.6%. Net interest income decreased \$1.2 million or 2.8% in the third quarter of 2012 and \$2.4 million in the first nine months of 2012 compared to the same periods in 2011 due to the low interest rate environment resulting in decreasing rates earned on interest earning assets. However, average earning assets increased \$102.5 million or 2.1% in the third quarter and \$121.3 million or 2.5% in the year-to-date period, including growth in average portfolio loan balances in both the third quarter and year-to-date periods. In addition to the increase in portfolio loans, the increase in average earning assets was also due to increased investments in securities funded by deposit increases. Total average deposits increased by \$160.4 million or 3.8% in the third quarter and 4.4% in the year-to-date periods of 2012, primarily through increases in demand deposit accounts as a result of marketing campaigns, customer incentives, wealth management and business initiatives, although savings accounts also increased by \$69.3 million in the third quarter of 2012. In addition, cost of funds continued to improve due to lower offered rates on maturing certificates of deposit, an increase in balances of lower-cost products and lower balances of higher-cost FHLB borrowings. The net interest margin declined by 16 basis points in both the third quarter and year-to-date periods of 2012 to 3.51% and 3.53%, respectively, compared to the same periods of 2011. The low interest rate environment continues to result in reduced rates earned on the securities and loan portfolios, but with a smaller decrease in lower average rates paid on interest bearing liabilities. The average rate on earning assets decreased by 41 basis points while the rate on interest bearing liabilities declined by 25 basis points in the third quarter of 2012.

Interest income decreased \$4.0 million or 7.1% in the third quarter and \$10.9 million or 6.4% in the first nine months of 2012 compared to the same periods in 2011 due to the lower yields, partially offset by the increase in average earning assets. Rates decreased on all significant earning asset categories from reduced rates on new and repriced assets due to competition and the lower interest rate environment. Repricing of loans and the competitive necessity of offering lower rates on quality credits in an increasingly competitive and lower interest rate environment caused a decline in loan yields of 40 basis points in the third quarter of 2012, although the average loan balance increased by 1.6%, compared to the third quarter of 2011. Securities yields decreased due to the reinvestment of funds from investment maturities, calls and sales, and investment of additions to the portfolio, at current lower available interest rates. Taxable securities yields decreased 57 basis points in the third quarter of 2012, while tax-exempt securities yields declined only 38 basis points due to the longer average life of the tax-exempt portfolio and limited maturities, calls, repricings or additions to this portfolio. In addition, spread opportunities were available in lower premium collateralized mortgage securities, offsetting significant calls of other government agencies and prepayments in mortgage-backed securities, which when combined with limited availability of tax exempts, resulting in a larger increase in average taxable securities than in tax exempts.

Portfolio loans increased \$77.1 million or 2.4% in the third quarter compared to the second quarter of 2012 and \$113.6 million or 3.5% compared to the prior year-end primarily as a result of growth in commercial, commercial real estate and residential real estate lending. The

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Bank continued to retain more residential mortgage loans in the portfolio, rather than selling them to the secondary market. In the third quarter of 2012, all loan classifications increased compared to the second quarter of 2012. Loan production increased 29.6% in the first nine months of 2012 compared to the same 2011 period.

In the third quarter of 2012, interest expense decreased \$2.8 million or 20.9% and, in the first nine months of 2012, decreased \$8.5 million or 20.4% compared to the same 2011 periods due to decreases in rates paid and a change in the liability mix towards less expensive sources of funding, while total average interest bearing balances were little changed. The average rate paid on interest bearing liabilities decreased to 1.03% in the third quarter and 1.08% in the year-to-date period of 2012 from 1.28% and 1.36% in the respective periods of 2011. Rates paid on deposits declined by 24 basis points in the third quarter of 2012 due to declines in rates paid in all deposit categories, caused by management reducing offered interest rates in all categories. Improvements in the deposit funding mix also lowered the cost of funds, with average certificates of deposit decreasing to 34.0% of total average deposits from 37.9% in the third quarter of 2011. Average interest bearing deposits in the third quarter of 2012 increased by \$53.6 million and non-interest bearing demand deposits increased by \$106.8 million from the same 2011 period. Deposit increases were used to pay down higher-cost maturing FHLB borrowings, significantly contributing to the reduced cost of funds. Average FHLB borrowings decreased \$79.5 million or 40.0% in the third quarter of 2012 compared to the same quarter of 2011, and were 2.9% of average interest bearing liabilities in the third quarter of 2012 compared to 4.8% in the same period of 2011. Average deposits increased significantly in demand and savings product categories, even as

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offered rates on interest bearing accounts were reduced. Total average demand deposits, including interest bearing and non-interest bearing, increased \$241.1 million or 19.0% in the third quarter of 2012. Average certificates of deposit decreased by \$112.6 million in the third quarter of 2012 due to the reductions in rate offerings, a focus on growing customers with multiple banking relationships as opposed to single service certificates of deposit customers, and customer demand for other shorter-term deposit products as well as non-bank investment products such as annuities.

TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

<i>(unaudited, dollars in thousands)</i>	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012		2011		2012		2011	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
ASSETS								
Due from banks - interest bearing	\$ 23,504	0.17%	\$ 51,860	0.18%	\$ 28,407	0.23%	\$ 47,280	0.19%
Loans, net of unearned income ⁽¹⁾	3,327,666	4.95%	3,276,095	5.35%	3,275,987	5.07%	3,263,317	5.45%
Securities: ⁽²⁾								
Taxable	1,226,207	2.52%	1,170,868	3.09%	1,268,739	2.60%	1,156,706	3.13%
Tax-exempt ⁽³⁾	326,722	5.86%	297,595	6.24%	318,210	5.98%	297,412	6.24%
Total securities	1,552,929	3.22%	1,468,463	3.73%	1,586,949	3.28%	1,454,118	3.77%
Other earning assets	18,904	0.42%	24,087	0.36%	20,448	0.44%	25,748	0.45%
Total earning assets ⁽³⁾	4,923,003	4.37%	4,820,505	4.78%	4,911,791	4.44%	4,790,463	4.86%
Other assets	633,380		632,749		642,838		624,988	
Total Assets	\$ 5,556,383		\$ 5,453,254		\$ 5,554,629		\$ 5,415,451	
LIABILITIES AND SHAREHOLDERS EQUITY								
Interest bearing demand deposits	\$ 753,966	0.21%	\$ 619,721	0.30%	\$ 736,144	0.21%	\$ 610,860	0.37%
Money market accounts	768,527	0.25%	805,919	0.55%	775,192	0.31%	790,353	0.62%
Savings deposits	649,231	0.12%	579,901	0.23%	633,829	0.15%	563,789	0.28%
Certificates of deposit	1,511,330	1.70%	1,623,908	1.89%	1,543,703	1.73%	1,645,866	1.93%
Total interest bearing deposits	3,683,054	0.81%	3,629,449	1.05%	3,688,868	0.86%	3,610,868	1.12%
Federal Home Loan Bank borrowings	119,464	3.40%	198,986	3.42%	142,734	3.45%	223,277	3.44%
Other borrowings	195,109	2.38%	200,025	2.42%	195,810	2.39%	191,552	2.51%
Junior subordinated debt	106,087	3.26%	106,054	3.03%	106,079	3.27%	106,046	3.05%
Total interest bearing liabilities	4,103,714	1.03%	4,134,514	1.28%	4,133,491	1.08%	4,131,743	1.36%
Non-interest bearing demand deposits	756,782		649,956		734,248		626,088	
Other liabilities	40,221		37,610		39,241		37,141	
Shareholders Equity	655,666		631,174		647,649		620,479	
Total Liabilities and Shareholders Equity	\$ 5,556,383		\$ 5,453,254		\$ 5,554,629		\$ 5,415,451	
Taxable equivalent net interest spread		3.34%		3.50%		3.36%		3.50%
Taxable equivalent net interest margin		3.51%		3.67%		3.53%		3.69%

(1)

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Gross of allowance for loan losses and net of unearned income. Includes non-accrual and loans held for sale. Loan fees included in interest income on loans totaled \$1.0 million for the three months ended both September 30, 2012 and 2011, and \$3.1 million and \$3.3 million for the nine months ended September 30, 2012 and 2011, respectively.

- (2) Average yields on available-for-sale securities are calculated based on amortized cost.
- (3) Taxable equivalent basis is calculated on tax-exempt securities using a tax rate of 35% for each year presented.

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

<i>(unaudited, in thousands)</i>	Three Months Ended September 30, 2012 Compared to September 30, 2011			Nine Months Ended September 30, 2012 Compared to September 30, 2011		
	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:						
Due from banks - interest bearing	\$ (12)	\$ (1)	\$ (13)	\$ (31)	\$ 11	\$ (20)
Loans, net of unearned income	664	(3,432)	(2,768)	522	(9,228)	(8,706)
Taxable securities	411	(1,721)	(1,310)	2,470	(4,857)	(2,387)
Tax-exempt securities ⁽¹⁾	438	(294)	144	948	(610)	338
Other earning assets	(5)	3	(2)	(18)	(1)	(19)
Total interest income change ⁽¹⁾	1,496	(5,445)	(3,949)	3,891	(14,685)	(10,794)
Increase (decrease) in interest expense:						
Interest bearing demand deposits	87	(152)	(65)	296	(837)	(541)
Money market accounts	(50)	(584)	(634)	(69)	(1,838)	(1,907)
Savings deposits	36	(166)	(130)	131	(603)	(472)
Certificates of deposit	(521)	(757)	(1,278)	(1,408)	(2,249)	(3,657)
Federal Home Loan Bank borrowings	(684)	(10)	(694)	(2,074)	15	(2,059)
Other borrowings	(32)	(19)	(51)	80	(167)	(87)
Junior subordinated debt		60	60	1	176	177
Total interest expense change	(1,164)	(1,628)	(2,792)	(3,043)	(5,503)	(8,546)
Net interest income increase (decrease) ⁽¹⁾	\$ 2,660	\$ (3,817)	\$ (1,157)	\$ 6,934	\$ (9,182)	\$ (2,248)

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

PROVISION FOR CREDIT LOSSES

The provision for credit losses is the amount to be added to the allowance for credit losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb probable losses inherent in the loan portfolio. The provision for credit losses decreased \$6.3 million for the third quarter and \$9.1 million for the first nine months of 2012 compared to the same periods of 2011, and \$1.4 million compared to the second quarter of 2012. The decrease in the provision is supported by reductions in net charge-offs, as well as decreases in non-performing, classified and criticized loans. Total non-performing loans represented 1.76% of total loans at September 30, 2012 compared to 2.08% at June 30, 2012 and 2.6% at September 30, 2011. The allowance for loan losses to non-performing loans, loans past due and classified and criticized loans at September 30, 2012 is at the highest level in over two years. The allowance for loan losses to non-performing loans was 90% at September 30, 2012 compared to 66% at September 30, 2010. Net charge-offs in the 2012 third quarter of \$4.6 million decreased \$12.8 million from the third quarter of 2011 and \$2.2 million from the second quarter of 2012. Year-to-date net charge-offs decreased \$14.6 million to \$18.0 million compared to \$32.6 million in the same period in 2011. Included in net charge-offs were \$2.3 million and \$10.3 million, respectively, related to the sale of \$10.2 million and \$17.2 million of loans in the first nine months of 2012 and 2011, most of which were non-performing. Classified and criticized loans decreased \$60.8 million or 23.5%, non-performing loans decreased \$27.8 million or 31.9%, and loans past due 30 days or more and accruing interest, excluding non-performing loans decreased \$4.1 million or 16.5% from December 31, 2011 to September 30, 2012. (Please see the Allowance for Credit Losses section of this MD&A for additional discussion).

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NON-INTEREST INCOME

TABLE 4. NON-INTEREST INCOME

<i>(unaudited, dollars in thousands)</i>	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012	2011	\$ Change	% Change	2012	2011	\$ Change	% Change
Trust fees	\$ 4,379	\$ 3,941	\$ 438	11.1%	\$ 13,390	\$ 12,975	\$ 415	3.2%
Service charges on deposits	4,362	4,881	(519)	(10.6%)	12,574	13,992	(1,418)	(10.1%)
Electronic banking fees	2,846	2,679	167	6.2%	8,529	7,486	1,043	13.9%
Net securities brokerage revenue	1,131	1,182	(51)	(4.3%)	3,319	3,365	(46)	(1.4%)
Bank-owned life insurance	891	908	(17)	(1.9%)	2,646	2,703	(57)	(2.1%)
Net gains on sales of mortgage loans	993	327	666	203.7%	1,860	1,298	562	43.3%
Net securities gains	316	67	249	371.6%	1,711	97	1,614	1663.9%
Net losses on other real estate owned and other assets	(48)	(162)	114	70.4%	(298)	(978)	680	69.5%
<i>Other income:</i>								
Net insurance services revenue	612	521	91	17.5%	1,893	1,752	141	8.0%
Other	480	255	225	88.2%	1,554	1,430	124	8.7%
Total non-interest income	\$ 15,962	\$ 14,599	\$ 1,363	9.3%	\$ 47,178	\$ 44,120	\$ 3,058	6.9%

Non-interest income is a significant source of revenue and an important part of WesBanco's results of operations. WesBanco offers its customers a wide range of retail, commercial, investment and electronic banking services, which are viewed as a vital component of WesBanco's ability to attract and maintain customers, as well as providing additional fee income beyond normal spread-related income to WesBanco. Non-interest income increased \$1.4 million or 9.3% in the third quarter and \$3.1 million or 6.9% in the first nine months of 2012 compared to the same periods in 2011. For the third quarter of 2012, trust fees increased 11.1% as an organization-wide coordination of trust and investment development activities increased assets under management. Net gains on sales of mortgage loans increased \$0.7 million in the third quarter and \$0.6 million year-to-date due to increased volume and margins on loans sold. Electronic banking fees increased 6.2% in the third quarter and 13.9% in the first nine months of 2012 due to increased transaction volumes. The net gain (loss) on other real estate owned improved \$0.7 million in the year-to-date period. Net security gains were \$0.3 million in the third quarter and \$1.7 million year-to-date. These improvements were partially offset by decreases in service charges on deposits of \$0.5 million in the third quarter and \$1.4 million in the first nine months of 2012, primarily from decreases in customer overdraft fees.

Trust fees improved 11.1% in the third quarter and 3.2% year-to-date, as compared to the respective periods in 2011, due to new business and higher average trust assets from overall market improvements and the implementation of the organization-wide trust and investment development program. Trust assets at September 30, 2012 increased to \$3.2 billion from \$2.8 billion at September 30, 2011. At September 30, 2012, trust assets include managed assets of \$2.5 billion and non-managed (custodial) assets of \$0.7 billion. Assets managed for the WesMark funds, a proprietary group of mutual funds that is advised by WesBanco's trust and investment services group, were \$800.5 million as of September 30, 2012 and \$708.2 million at September 30, 2011 and are included in trust managed assets.

Service charges on deposits, which are primarily customer overdraft fees, were 10.1% lower year-to-date compared to the same period in 2011 due to changes in customer behavior. Higher average customer deposit balances, usage of mobile and internet banking technologies by our customers, and changes in marketing strategies may have also had an impact.

Electronic banking fees, which include debit card interchange fees, improved by \$0.2 million and \$1.0 million in the third quarter and year-to-date compared to the same periods in the prior year, due to a higher volume of debit card transactions which have continued to grow as customers move more towards electronic transactions. Regulatory changes, which became effective October 1, 2011 for card issuers with more than \$10 billion in assets, place a cap on debit card interchange fees. Although not directly subject to the new regulations, WesBanco anticipates some market-related long-term impact on its electronic banking fees in the future from these changes.

Gains on the sale of mortgage loans increased \$0.7 million and \$0.6 million in the third quarter and year-to-date compared to the same periods in 2011 primarily from increased volume and margins on sold loans. Overall mortgage production during the nine months ended September 30, 2012 increased 61% over the comparable 2011 period.

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Net losses on other real estate owned and other assets decreased \$0.7 million for the nine months ended September 30, 2012 compared to the same period in 2011 due to improved pricing for liquidated property. Other real estate owned balances have remained flat compared to the second quarter of 2012, but have been reduced by almost 16% since September 30, 2011.

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

<i>(unaudited, dollars in thousands)</i>	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2012	2011	\$ Change	% Change	2012	2011	\$ Change	% Change
Salaries and wages	\$ 14,758	\$ 14,427	\$ 331	2.3%	\$ 43,028	\$ 42,040	\$ 988	2.4%
Employee benefits	5,000	3,462	1,538	44.4%	15,538	12,866	2,672	20.8%
Net occupancy	2,654	3,068	(414)	(13.5%)	8,133	8,450	(317)	(3.8%)
Equipment	2,300	2,107	193	9.2%	6,617	6,552	65	1.0%
Marketing	795	1,214	(419)	(34.5%)	3,282	3,861	(579)	(15.0%)
FDIC insurance	951	1,091	(140)	(12.8%)	2,962	3,760	(798)	(21.2%)
Amortization of intangible assets	519	599	(80)	(13.4%)	1,580	1,822	(242)	(13.3%)
Restructuring & merger-related expenses	1,518		1,518	100.0%	1,518		1,518	100.0%
<i>Other operating expenses:</i>								
Miscellaneous, franchise, and other taxes	1,430	1,560	(130)	(8.3%)	4,278	4,324	(46)	(1.1%)
Postage	784	813	(29)	(3.6%)	2,269	2,500	(231)	(9.2%)
Consulting, regulatory, accounting and advisory fees	873	782	91	11.6%	2,919	2,701	218	8.1%
Other real estate owned and foreclosure expenses	308	767	(459)	(59.8%)	1,519	2,268	(749)	(33.0%)
Legal fees	588	567	21	3.7%	1,904	1,941	(37)	(1.9%)
Communications	614	641	(27)	(4.2%)	1,895	1,978	(83)	(4.2%)
ATM and interchange expenses	977	736	241	32.7%	2,735	2,156	579	26.9%
Supplies	568	593	(25)	(4.2%)	1,838	1,807	31	1.7%
Other	2,153	1,180	973	82.5%	6,523	5,775	748	13.0%
Total other operating expenses	8,295	7,639	656	8.6%	25,880	25,450	430	1.7%
Total non-interest expense	\$ 36,790	\$ 33,607	\$ 3,183	9.5%	\$ 108,538	\$ 104,801	\$ 3,737	3.6%

Non-interest expense increased \$3.2 million or 9.5% in the third quarter and \$3.7 million or 3.6% in the first nine months of 2012, compared to the same periods in 2011 primarily due to employee related expenses and restructuring and merger expenses related to the Fidelity acquisition and the pending closure of six branch offices in the fourth quarter, while FDIC insurance, marketing, net occupancy and other real estate owned and foreclosure expense decreased during the same period. Expense reductions were also achieved in many other expense categories.

Salaries and wages increased 2.3% and 2.4% for the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011, primarily due to routine annual adjustments to compensation, anticipated incentive compensation expense and higher stock compensation expense, offset somewhat by higher deferred loan origination costs. Employee benefits increased 44.4% and 20.8% for the quarter and year-to-date, respectively, compared to the same periods in 2011 primarily due to higher healthcare expenses, a market adjustment related to the deferred compensation plan and higher pension expense from lower discount rate assumptions.

Net occupancy for the three and nine months ended September 30, 2012 decreased over the same periods in 2011 due to normal seasonal factors.

FDIC insurance in the third quarter of 2012 decreased slightly compared to the same period in 2011 and decreased \$0.8 million year-to-date due to the new calculation of FDIC insurance expense, effective April 1, 2011.

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

ATM and interchange expenses, which include debit card processing fees, increased \$0.2 million and \$0.6 million or 33% and 27% for the three and nine months ended September 30, 2012 compared to 2011, due to a higher volume of debit card transactions during the period, which have continued to grow as customers continue to move more towards electronic transactions.

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Restructuring and merger-related expenses include \$0.7 million related to the Fidelity acquisition and \$0.8 million related to a branch optimization initiative which will result in the pending closure of six branches in the fourth quarter. The branch restructuring charges are primarily related to asset write-downs and severance.

Other operating expenses in the third quarter of 2012 increased \$1.0 million compared to the same period in 2011 primarily due to a recovery in the third quarter of 2011 of funds previously written off in a retail customer fraud case. Year-to-date other operating expenses have increased due to accelerated amortization and impairment on low income housing projects and higher electronic bill pay expense.

Table of Contents**INCOME TAXES**

The provision for federal and state income taxes increased to \$10.2 million in the first nine months of 2012 compared to \$7.9 million for the same period in 2011 due to a \$6.0 million increase in pre-tax income, and a higher effective tax rate of 21.7% compared to 19.2% for the same period in 2011. The increase in the effective tax rate was primarily due to improved taxable income caused by higher earnings and less non-taxable income.

FINANCIAL CONDITION

Total assets increased 0.7% in the first nine months of 2012, while stockholders' equity increased 4.0% as compared to December 31, 2011. Loan production continued to increase during the quarter, which exceeded loan payoffs and pay-downs on residential mortgages and commercial lines of credit, resulting in a net loan portfolio increase of 3.6% during the first nine months of 2012, while investment securities and cash and due from banks decreased 4.6%. Deposits increased 2.1% from December 31, 2011 primarily due to a 10.1% increase in demand deposits, which, combined with a 9.0% increase in savings deposits, more than offset the 1.4% decrease in money market deposits and the 5.6% decrease in CDs. The reduction in certificates of deposit was due to reductions caused by lower offered rates for new and rollover certificates of deposit, and customers' desire to shorten interest rate maturities. FHLB borrowings decreased 45.5% from December 31, 2011 as higher cost maturing FHLB borrowings were paid down using available funding. The decrease in investment securities and the growth in deposits were used to support the increase in the loan portfolio and the pay-down of FHLB borrowings. Total shareholders' equity increased by approximately \$25.5 million compared to December 31, 2011, primarily due to net income exceeding dividends for the period.

SECURITIES**TABLE 6. COMPOSITION OF SECURITIES (1)**

<i>(unaudited, dollars in thousands)</i>	September 30, 2012	December 31, 2011	\$ Change	% Change
Available-for-sale (at fair value)				
Other government agencies	\$ 86,122	\$ 198,720	\$ (112,598)	(56.7%)
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	706,626	588,092	118,534	20.2%
Obligations of states and political subdivisions	163,414	180,433	(17,019)	(9.4%)
Corporate debt securities	31,698	44,066	(12,368)	(28.1%)
Total debt securities	987,860	1,011,311	(23,451)	(2.3%)
Equity securities	5,894	5,029	865	17.2%
Total available-for-sale securities	\$ 993,754	\$ 1,016,340	\$ (22,586)	(2.2%)
Held-to-maturity (at amortized cost)				
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	174,966	247,938	(72,972)	(29.4%)
Other residential collateralized mortgage obligations	400	783	(383)	(48.9%)
Obligations of states and political subdivisions	383,790	342,752	41,038	12.0%
Corporate debt securities		1,452	(1,452)	(100.0%)
Total held-to-maturity securities	559,156	592,925	(33,769)	(5.7%)
Total securities	\$ 1,552,910	\$ 1,609,265	\$ (56,355)	(3.5%)
Available-for-sale securities:				
Weighted average yield at the respective period end ⁽²⁾	2.46%	2.86%		
As a % of total securities	64.0%	63.2%		
Weighted average life (in years)	3.1	2.8		

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Held-to-maturity securities:

Weighted average yield at the respective period end ⁽²⁾	4.69%	4.62%
As a % of total securities	36.0%	36.8%
Weighted average life (in years)	5.0	5.3

Total securities:

Weighted average yield at the respective period end ⁽²⁾	3.26%	3.51%
As a % of total securities	100.0%	100.0%
Weighted average life (in years)	3.8	3.7

- (1) At September 30, 2012 and December 31, 2011, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of WesBanco's shareholders' equity.
- (2) Weighted average yields have been calculated on a taxable-equivalent basis using the federal statutory tax rate of 35%.

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Total investment securities, which are a source of liquidity for WesBanco as well as a contributor to interest income, decreased by \$56.4 million or 3.5% from December 31, 2011 to September 30, 2012, and by \$42.9 million or 2.7% from June 30, 2012. The overall portfolio decrease was due to calls of other government agencies in the available-for-sale portfolio and paydowns on mortgage-backed securities in the held-to-maturity portfolio. For the nine months ended September 30, 2012, security sales totaled \$48.1 million, and maturities, pay-downs, and calls totaled \$419.5 million. These were offset by security purchases that totaled \$413.2 million.

TABLE 7. COMPOSITION OF MUNICIPAL SECURITIES

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

<i>(unaudited, dollars in thousands)</i>	September 30, 2012		December 31, 2011	
	Amount	% of Total	Amount	% of Total
Municipal bonds (at fair value):				
AAA rating	\$ 54,627	9.4%	\$ 52,791	9.7%
AA rating	422,710	73.0%	388,659	71.4%
A rating	72,439	12.5%	64,125	11.7%
Below an A rating (1)	14,923	2.6%	24,351	4.5%
No rating	14,529	2.5%	14,580	2.7%
Total municipal bond portfolio	\$ 579,228	100.0%	\$ 544,506	100.0%

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

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

<i>(unaudited, dollars in thousands)</i>	September 30, 2012		December 31, 2011	
	Amount	% of Total	Amount	% of Total
Municipal bond type:				
General obligation	\$ 412,847	71.3%	\$ 393,755	72.3%
Revenue	166,381	28.7%	150,751	27.7%
Total municipal bond portfolio	\$ 579,228	100.0%	\$ 544,506	100.0%
Municipal bond issuer:				
State issued	\$ 43,235	7.5%	\$ 45,993	8.4%
Local issued	535,993	92.5%	498,513	91.6%
Total municipal bond portfolio	\$ 579,228	100.0%	\$ 544,506	100.0%

The amortized cost of the municipal bond portfolio at September 30, 2012 and December 31, 2011 was \$537.4 million and \$514.5 million, respectively. The municipal bond portfolio is broadly spread across the U.S. with 61% of the portfolio's fair value in the top five states of Pennsylvania, Ohio, Texas, Illinois, and Michigan, respectively.

WesBanco uses prices from independent pricing services and, to a lesser extent, indicative (non-binding) quotes from independent brokers, to measure the fair value of its securities. WesBanco validates prices received from pricing services or brokers using a variety of methods, including, but not limited to, comparison to secondary pricing services, corroboration of pricing by reference to other independent market data such as secondary broker quotes and relevant benchmark indices, review of pricing by personnel familiar with market liquidity and other market-related conditions, review of pricing service methodologies, review of independent auditor reports received from the pricing service

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regarding its internal controls, and through review of inputs and assumptions used in pricing certain securities thinly traded or with limited observable data points. Additionally, a review of the credit and capacity to repay of certain non-rated securities is performed by an independent third party. The procedures in place provide management with a sufficient understanding of the valuation models, assumptions, inputs and pricing to reasonably measure the fair value of WesBanco's securities. For additional disclosure relating to fair value measurements, refer to Note 8, Fair Value Measurements, in the Consolidated Financial Statements.

Table of Contents**LOANS AND CREDIT RISK**

Loans represent WesBanco's single largest balance sheet asset classification and the largest source of interest income. Business purpose loans consist of commercial real estate (CRE) loans and other commercial and industrial (C&I) loans that are not secured by real estate. CRE loans are further segmented into land and construction loans, and loans for improved property. Consumer purpose loans consist of residential real estate loans, home equity lines of credit and other consumer loans. Loans held for sale generally consist of residential real estate loans originated for sale in the secondary market, but at times may also include other types of loans. The outstanding balance of each major category of the loan portfolio is summarized in Table 8.

The risk that borrowers will be unable or unwilling to repay their obligations and default on loans is inherent in all lending activities. Credit risk arises from many sources including general economic conditions, external events that impact businesses or industries, isolated events that impact a major employer, individual loss of employment or other personal hardships as well as changes in interest rates or the value of collateral. Credit risk is also impacted by a concentration of exposure within a geographic market or to one or more borrowers, industries or collateral types. The primary goal in managing credit risk is to minimize the impact of default by an individual borrower or group of borrowers. Credit risk is managed through the initial underwriting process as well as through ongoing monitoring and administration of the portfolio that varies by the type of loan. The Bank's credit policies establish standard underwriting guidelines for each type of loan and require an appropriate evaluation of the credit characteristics of each borrower. This evaluation includes the borrower's primary source of repayment capacity; the adequacy of collateral, if any, to secure the loan; the potential value of personal guarantees as secondary sources of repayment, and other factors unique to each loan that may increase or mitigate its risk. Credit bureau scores are also considered when evaluating consumer purpose loans as well as guarantors of business purpose loans. However, the Bank does not periodically update credit bureau scores subsequent to when loans are made to determine changes in credit history.

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

TABLE 8. COMPOSITION OF LOANS (1)

<i>(unaudited, dollars in thousands)</i>	September 30, 2012		December 31, 2011	
	Amount	% of Loans	Amount	% of Loans
Commercial real estate:				
Land and construction	\$ 170,200	5.1%	\$ 175,867	5.4%
Improved property	1,547,041	45.9%	1,509,698	46.5%
Total commercial real estate	1,717,241	51.0%	1,685,565	51.9%
Commercial and industrial	447,767	13.3%	426,315	13.1%
Residential real estate:				
Land and construction	10,788	0.3%	9,654	0.3%
Other	673,228	20.0%	611,729	18.9%
Home equity	255,787	7.6%	251,785	7.8%
Consumer	248,155	7.4%	254,320	7.8%
Total portfolio loans	3,352,966	99.6%	3,239,368	99.8%
Loans held for sale	14,225	0.4%	6,084	0.2%
Total loans	\$ 3,367,191	100.0%	\$ 3,245,452	100.0%

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

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Total loans increased 3.8% from December 31, 2011 to September 30, 2012 as loan production increased 29.6% in the first nine months of 2012 compared to the same period of 2011. CRE land and construction loans decreased \$5.7 million or 3.2% as completed projects outpaced new construction loans funded during the period. CRE improved property loans increased \$37.3 million or 2.5% as a result of the reclassification of construction loans and new originations, net of unscheduled principal reductions or payoffs. C&I loans increased \$21.5 million or 5.0% due to an increase in the usage of lines of credit and new originations. Residential real estate loans, excluding land and construction, increased \$61.5 million or 10.1% primarily due to increased loan production. Overall mortgage production during the nine months ended September 30, 2012 increased 61% over the comparable 2011 period. Additionally, approximately 66% of all mortgage originations were retained in the portfolio in the first nine months of 2012, compared to 64% in the comparable 2011 period. Home equity lines of credit increased slightly by 1.6% from December 31, 2011, while consumer loans decreased \$6.2 million or 2.4% due to reduced loan demand as consumers continued to deleverage, as well as tighter underwriting standards for certain types of consumer loans. Loans held for sale increased \$8.1 million due to timing differences on scheduled closings, increased production and management's strategy to sell more loans into the secondary market late in the third quarter of 2012. All loan categories were also impacted by a continued focus on improving the overall profitability and quality of the loan portfolio through disciplined underwriting and pricing practices, as well as the current highly competitive lending market for high quality borrowers.

Table of Contents**NON-PERFORMING ASSETS, IMPAIRED LOANS AND LOANS PAST DUE 90 DAYS OR MORE**

Non-performing assets consist of non-accrual loans and TDRs, other real estate acquired through or in lieu of foreclosure, bank premises held for sale, and repossessed automobiles acquired to satisfy defaulted consumer loans.

TABLE 9. NON-PERFORMING ASSETS

<i>(unaudited, dollars in thousands)</i>	September 30, 2012	December 31, 2011
Non-accrual loans:		
Commercial real estate - land and construction	\$ 2,004	\$ 10,135
Commercial real estate - improved property	18,307	25,122
Commercial and industrial	4,397	8,238
Residential real estate	8,313	12,377
Home equity	1,107	1,331
Consumer	162	289
 Total non-accrual loans	 34,290	 57,492
TDRs accruing interest:		
Commercial real estate - land and construction	6,086	7,410
Commercial real estate - improved property	14,021	17,318
Commercial and industrial	826	839
Residential real estate	3,925	3,844
Home equity		
Consumer		
 Total TDRs accruing interest (1)	 24,858	 29,411
 Total non-performing loans	 \$ 59,148	 \$ 86,903
 Other real estate owned and repossessed assets	 3,951	 3,029
 Total non-performing assets	 \$ 63,099	 \$ 89,932
 Non-performing loans/total loans	 1.76%	 2.68%
Non-performing assets/total assets	1.13%	1.62%
Non-performing assets/total loans, other real estate and repossessed assets	1.88%	2.77%

(1) TDRs on non-accrual of \$9.4 million and \$17.3 million at September 30, 2012 and December 31, 2011, respectively, are included in total non-accrual loans.

Non-performing loans, which consist of non-accrual loans and TDRs, decreased \$27.8 million or 31.9% from December 31, 2011 to September 30, 2012 and \$9.0 million from June 30, 2012 primarily due to principal reductions and charge-offs exceeding the migration of loans into those categories and the sale of \$5.1 million of non-performing loans during the second quarter and \$4.2 million in the third quarter of 2012. At September 30, 2012, non-performing loans were at their lowest level since 2008. (Please see the Notes to the Consolidated Financial Statements for additional discussion.)

Other real estate owned and repossessed assets increased \$0.9 million from December 31, 2011 to September 30, 2012, primarily due to the addition of one commercial property during the period.

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The following table presents non-performing asset activity.

TABLE 10. NON-PERFORMING ASSET ACTIVITY

<i>(unaudited, in thousands)</i>	For the Nine Months Ended September 30, 2012					Total Non-Performing Assets
	TDRs	Non-Accrual Loans Other	Total	Accruing TDRs	Other Real Estate and Reposessed Assets	
Beginning balance	\$ 17,287	\$ 40,205	\$ 57,492	\$ 29,411	\$ 3,029	\$ 89,932
Activity during the period:						
Additions to non-accrual or TDR	95	8,441	8,536	1,716		10,252
Foreclosed real estate					3,452	3,452
Reposessed other collateral					2,057	2,057
Charge-offs or charge-downs	(5,229)	(9,491)	(14,720)		(479)	(15,199)
Loans returned to accrual	(197)	(992)	(1,189)			(1,189)
Other real estate sold					(2,002)	(2,002)
Reposessed assets sold					(2,108)	(2,108)
Transfer between categories	1,621		1,621	(1,621)		
Payments from loan sales	(2,372)	(2,607)	(4,979)	(2,268)		(7,247)
Principal payments / other changes, net	(1,756)	(10,715)	(12,471)	(2,380)	2	(14,849)
Ending balance	\$ 9,449	\$ 24,841	\$ 34,290	\$ 24,858	\$ 3,951	\$ 63,099

TABLE 11. PAST DUE AND ACCRUING LOANS EXCLUDING TDRs

<i>(unaudited, dollars in thousands)</i>	September 30, 2012	December 31, 2011
Loans past due 90 days or more:		
Commercial real estate - land and construction	\$ 416	\$
Commercial real estate - improved property	48	18
Commercial and industrial	141	939
Residential real estate	2,050	2,881
Home equity	621	498
Consumer	284	799
Total portfolio loans	3,560	5,135
Loans held for sale		
Total loans past due 90 days or more	\$ 3,560	\$ 5,135
Loans past due 30 to 89 days:		
Commercial real estate - land and construction	\$ 140	\$ 180
Commercial real estate - improved property	4,746	4,599
Commercial and industrial	774	1,442
Residential real estate	5,041	5,902
Home equity	1,711	2,266
Consumer	4,920	5,499
Total portfolio loans	17,332	19,888
Loans held for sale		

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Total loans past due 30 to 89 days	\$ 17,332	\$ 19,888
Loans past due 90 days or more and accruing to total loans	0.11%	0.16%
Loans past due 30-89 days to total loans	0.52%	0.61%

Loans past due 90 days or more and accruing interest excluding TDRs decreased \$1.6 million or 30.7% from December 31, 2011. These loans continue to accrue interest because they are both well secured and in the process of collection. Loans past due 30-89 days decreased \$2.6 million or 12.9% between December 31, 2011 and September 30, 2012 as a result of a continued focus on controlling early stage delinquency and moderate improvement in economic conditions.

Table of Contents**ALLOWANCE FOR CREDIT LOSSES**

The allowance for credit losses decreased \$1.4 million from December 31, 2011 to September 30, 2012. The allowance represented 1.59% of total loans, down from 1.69% at December 31, 2011 and 1.64% at June 30, 2012. The allowance for loans individually evaluated decreased by \$1.5 million to \$1.9 million from December 31, 2011 to September 30, 2012 while the allowance for loans collectively evaluated remained relatively unchanged at \$51.6 million as lower delinquency and net charge-offs, and reduced levels of non-performing, classified and criticized loans, were offset by loan growth. Coverage ratios such as the allowance for loan losses to non-performing loans, and the allowance for loan losses to the total of non-performing loans and loans past due, were at their highest levels in the last eight quarters. The improvement in credit quality resulted in the strengthening of coverage ratios and supported a lower overall allowance and a lower provision for credit losses for the three and nine months ended September 30, 2012 compared to 2011.

The allowance for loan commitments from December 31, 2011 to September 30, 2012 was relatively unchanged.

The allowance for credit losses by loan category, presented in Note 5 to the Consolidated Financial Statements, summarizes the impact of changes in various factors that affect the allowance for loan losses in each segment of the portfolio. The allowance for all segments is impacted by changes in loan balances as well as changes in historical loss rates adjusted for qualitative factors such as economic conditions. The CRE and C&I segments of the portfolio are also impacted by changes in the risk grading distribution of the portfolio as well as the reclassification of CRE loans from land and construction to improved property upon the completion of construction.

Net charge-offs for the third quarter of 2012 were \$4.6 million compared to \$6.8 million for the previous quarter and \$17.4 million for the third quarter of 2011. Net charge-offs for the first nine months of 2012 were \$18.0 million compared to \$32.6 million for the same period of 2011. The decline in net charge-offs in the first nine months of 2012 and improvements in credit quality enabled a decrease in the provision for credit losses of \$6.3 million and \$9.1 million for the three and nine months ended September 30, 2012 compared to the same periods in 2011. Net annualized loan charge-offs to average loans for the third quarter and first nine months of 2012 were 0.54% and 0.73% compared to 2.11% and 1.33% for the same periods of 2011.

The internal risk rating is the primary factor for establishing the allowance for all commercial loans and portfolio segment loss history is the primary factor for establishing the allowance for residential real estate, home equity and consumer loans. The categorization of loans as non-performing is not as significant a factor as is the internal risk grade of the loan, although certain non-performing loans carry established specific reserves and are also typically considered classified under the Bank's risk grading system. Classified and criticized loans decreased \$73.3 million or 27.1% from September 30, 2011, and \$60.8 million or 23.5% from December 31, 2011 from principal reductions, charge-offs, migration of certain loans back to a pass grade as a result of improved risk profiles, and orderly exits of certain loans including the sale of classified and criticized loans in the second and third quarters of 2012 with a carrying balance of \$10.2 million.

Table 12 summarizes the allocation of the allowance for credit losses to each category of the loan portfolio. The allowance for CRE land and construction loans decreased primarily as a result of the sale of one non-performing loan which eliminated a \$1 million specific reserve. The allowance for CRE improved property loans was relatively unchanged despite an increase in loans in this category due to overall improvement in credit quality and reduced delinquency. The allowance for C&I loans declined due to improvement in credit quality, and lower net charge-offs. The allowance for residential real estate loans increased primarily due to growth in this category of loans and the allowance for home equity loans increased due to continued declines in property values in certain markets. The allowance for consumer loans increased due to a slight increase in early stage delinquencies in the third quarter of 2012, while the allowance for deposit overdrafts was relatively unchanged.

Table of Contents**TABLE 12. ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES**

<i>(unaudited, dollars in thousands)</i>	September 30, 2012	Percent of Total	December 31, 2011	Percent of Total
Allowance for loan losses:				
Commercial real estate - land and construction	\$ 3,745	7.0%	\$ 4,842	8.8%
Commercial real estate - improved property	24,327	45.1%	24,748	44.8%
Commercial and industrial	10,459	19.4%	11,414	20.7%
Residential real estate	6,259	11.6%	5,638	10.2%
Home equity	2,273	4.2%	1,962	3.5%
Consumer	5,812	10.8%	5,410	9.8%
Deposit account overdrafts	601	1.1%	796	1.4%
Total allowance for loan losses	\$ 53,476	99.2%	\$ 54,810	99.2%
Allowance for loan commitments:				
Commercial real estate - land and construction	\$ 63	0.1%	\$ 74	0.1%
Commercial real estate - improved property	26	0.0%	21	0.0%
Commercial and industrial	258	0.6%	323	0.6%
Residential real estate	4	0.0%	4	0.0%
Home equity	45	0.1%	33	0.1%
Consumer	20	0.0%	13	0.0%
Total allowance for loan commitments	416	0.8%	468	0.8%
Total allowance for credit losses	\$ 53,892	100.0%	\$ 55,278	100.0%

Although the allowance for credit losses is allocated as described in Table 12, the total allowance is available to absorb actual losses in any category of the loan portfolio. However, differences between management's estimation of probable losses and actual incurred losses in subsequent periods for any category may necessitate future adjustments to the provision for loan losses applicable to the category. Management believes the allowance for credit losses is appropriate to absorb probable losses at September 30, 2012.

DEPOSITS**TABLE 13. DEPOSITS**

<i>(unaudited, dollars in thousands)</i>	September 30, 2012	December 31, 2011	\$ Change	% Change
Non-interest bearing demand	\$ 760,308	\$ 705,415	\$ 54,893	7.8%
Interest bearing demand	784,748	698,114	86,634	12.4%
Money market	778,121	789,036	(10,915)	(1.4%)
Savings deposits	649,959	596,549	53,410	9.0%
Certificates of deposit	1,515,076	1,604,752	(89,676)	(5.6%)
Total deposits	\$ 4,488,212	\$ 4,393,866	\$ 94,346	2.1%

Deposits, which represent WesBanco's primary source of funds, are offered in various account forms at various rates through WesBanco's 112 branches in West Virginia, Ohio and Western Pennsylvania. Total deposits increased by \$94.3 million or 2.1% during the nine months ended September 30, 2012.

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Demand deposits and savings deposits increased by 10.1% and 9.0%, respectively, in the first nine months of 2012 due to marketing, incentive compensation and focused retail and business banking strategies to obtain more account relationships and customers preference for short-term maturities.

The decline in certificates of deposit of 5.6% and money market deposits of 1.4% is due to the effects of an overall corporate strategy designed to re-mix retail deposit relationships with a focus on overall products that can be offered at a lower cost to the Bank. The decline in certificates of deposit is also impacted by customer preferences in the current low interest rate environment and other alternatives in the marketplace. WesBanco does not typically solicit brokered or other deposits out-of-market or over the internet, but does participate in the CDARS[®] program, which had \$245.3 million in total outstanding balances at September 30, 2012 of which \$170.8 million represented one-way buys, compared to \$276.6 million in total outstanding balances at December 31, 2011. Certificates of deposit greater than \$250,000 were approximately \$191.7 million at September 30, 2012 compared to \$162.5 million at December 31, 2011. Certificates of deposit of \$100,000 or more were approximately \$787.1 million at September 30, 2012 compared to \$797.0 million at December 31, 2011. Certificates of deposit totaling approximately \$716.9 million at September 30, 2012 at an average cost of 1.10% are scheduled to mature within the next year. WesBanco will continue to focus on its core deposit strategies and improving its overall mix of transaction accounts to total deposits. From time to time the Bank may offer special promotions on certain certificates of deposit maturities and savings products based on competition, sales strategies, liquidity needs and wholesale borrowing costs, although in the current interest rate environment, certificates of deposit rate offerings are generally lower for all maturities and types compared to rates paid on existing certificates of deposit and the Bank has also recently lowered its money market and savings account rates to further improve its cost of deposits.

Table of Contents**BORROWINGS****TABLE 14. BORROWINGS**

<i>(unaudited, dollars in thousands)</i>	September 30, 2012	December 31, 2011	\$ Change	% Change
Federal Home Loan Bank borrowings	\$ 91,617	\$ 168,186	\$ (76,569)	(45.5%)
Other short-term borrowings	186,886	196,887	(10,001)	(5.1%)
Junior subordinated debt owed to unconsolidated subsidiary trusts	106,091	106,066	25	0.0%
Total borrowings	\$ 384,594	\$ 471,139	\$ (86,545)	(18.4%)

Borrowings are currently a less significant source of funding for WesBanco compared to total deposits. During the first nine months of 2012, WesBanco reduced other short-term borrowings and paid down Federal Home Loan Bank borrowings scheduled to mature utilizing funds provided by lower cost deposits or other available cash flows. Additional maturities of Federal Home Loan Bank borrowings of \$0.7 million with a weighted average rate of 6.23% are scheduled for the remainder of the year, and \$50.2 million with a weighted average rate of 3.27% are scheduled to mature in early 2013, which will result in a further lowering of the cost of wholesale borrowings as these borrowings are paid off with available funds or renewed at lower market rates.

Other short-term borrowings, which consist primarily of federal funds purchased and securities sold under agreements to repurchase were \$186.9 million at September 30, 2012 compared to \$196.9 million at December 31, 2011. The decrease in these borrowings has occurred primarily as a result of a \$6.9 million decrease in securities sold under agreements to repurchase, coupled with a \$3.1 million decrease in the treasury tax and loan borrowing category. Repurchase agreements of \$50.0 million are scheduled to mature in the fourth quarter of 2012. A revolving line of credit, which is a senior obligation of the parent company, matured on July 31, 2012 and was subsequently renewed with the same correspondent bank on August 6, 2012. The revolving line of credit, which accrues interest at an adjusted LIBOR rate, provides for aggregate borrowings secured by a pledge of WesBanco's banking subsidiary common stock of up to \$25.0 million. There were no outstanding balances as of September 30, 2012 or December 31, 2011.

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, letters of credit, loans approved but not closed, overdraft limits and contingent obligations to purchase loans funded by other entities. Since many of these commitments expire unused or partially used, these commitments may not reflect future cash requirements. Please refer to Note 9, Commitments and Contingent Liabilities, of the Consolidated Financial Statements and the Loans and Credit Risk section of this MD&A for additional information.

Table of Contents**CAPITAL RESOURCES**

Shareholders' equity was \$659.3 million at September 30, 2012 compared to \$633.8 million at December 31, 2011. Total equity increased due to net income during the current nine month period of \$36.9 million, which was partially offset by the declaration of common shareholder dividends totaling \$13.9 million for the nine months ended September 30, 2012.

WesBanco is subject to regulatory-promulgated leverage and risk-based capital guidelines that measure capital relative to risk-weighted assets and off-balance sheet instruments. The Bank and WesBanco 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 WesBanco. As of September 30, 2012, under FDIC and state of West Virginia regulations, WesBanco could receive, without prior regulatory approval, a dividend of approximately \$27.7 million from the Bank. WesBanco seeks to continue improving its consolidated and Bank capital ratios primarily from retaining a majority of its increasing earnings.

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

<i>(unaudited, dollars in thousands)</i>	Value ⁽¹⁾	Capitalized ⁽²⁾	Amount	Ratio	Amount ⁽¹⁾	Amount	Ratio	Amount ⁽¹⁾
<u>WesBanco, Inc.</u>								
Tier 1 leverage	4.00% ⁽³⁾	N/A	\$ 482,233	9.11%	\$ 211,774	\$ 457,568	8.71%	\$ 210,108
Tier 1 capital to risk-weighted assets	4.00%	6.00%	482,233	13.20%	146,162	457,568	12.68%	144,335
Total capital to risk-weighted assets	8.00%	10.00%	528,011	14.45%	292,324	502,800	13.93%	288,669
<u>WesBanco Bank, Inc.</u>								
Tier 1 leverage	4.00%	5.00%	\$ 431,344	8.18%	\$ 210,984	\$ 417,241	7.97%	\$ 209,339
Tier 1 capital to risk-weighted assets	4.00%	6.00%	431,344	11.88%	145,242	417,241	11.62%	143,672
Total capital to risk-weighted assets	8.00%	10.00%	476,838	13.13%	290,485	462,268	12.87%	287,344

(1) Minimum to remain adequately capitalized.

(2) Well capitalized under prompt corrective action regulations.

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

In June 2012, the Board of Governors of the Federal Reserve System announced Notices of Proposed Rulemaking (NPRs) that, if adopted, would result in higher risk-based and leverage capital requirements consistent with the Basel Committee on Banking Supervision capital rules, commonly referred to as Basel III. The rules would be effective as of January 1, 2013 with most of the rules being phased in through January 1, 2019. Management continues to evaluate the potential impact of the NPRs on both WesBanco's and the Bank's capital levels, recognizing that the final rules may differ significantly from those in the NPRs. If the rules are adopted as proposed, WesBanco anticipates that it will continue to be well-capitalized based on its current strong capital position as the rules are phased-in for community banks over the next few years.

Table of Contents**LIQUIDITY RISK**

Liquidity is defined as a financial institution's capacity to meet its cash and collateral obligations at a reasonable cost. Liquidity risk is the risk that an institution's financial condition or overall safety and soundness is adversely affected by an inability, or perceived inability, to meet its obligations. An institution's obligations, and the funding sources to meet them, depend significantly on its business mix, balance sheet structure, and the cash flows of its on- and off-balance sheet obligations. Institutions confront various internal and external situations that can give rise to increased liquidity risk including funding mismatches, market constraints on funding sources, contingent liquidity events, changes in economic conditions, and exposure to credit, market, operation, legal and reputation risk. WesBanco actively manages liquidity risk through its 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 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.

The following table lists the sources of liquidity expected within the next year:

<i>(unaudited, dollars in thousands)</i>	September 30, 2012
	Less than one year
Cash and cash equivalents	\$ 116,411
Securities with a maturity date within the next year	13,057
Projected prepayments on mortgage-backed securities and collateralized mortgage obligations (1)	142,427
Callable securities	94,017
Loans held for sale	14,225
Accruing loans scheduled to mature	517,500
Normal loan repayments	711,118
 Total sources of liquidity expected within the next year	 \$ 1,608,755

(1) Projected prepayments are based on current prepayment speeds.

Deposit flows are another principal factor affecting overall WesBanco liquidity. Deposits totaled \$4.5 billion at September 30, 2012. Deposit flows are impacted by current interest rates, products and rates offered by WesBanco versus various forms of competition, as well as customer behavior. Certificates of deposit scheduled to mature within one year totaled \$716.9 million at September 30, 2012 which includes jumbo regular certificates of deposit totaling \$216.3 million with a weighted-average cost of 1.36% and jumbo CDARS[®] deposits of \$117.5 million with a cost of 0.90%.

WesBanco maintains a line of credit with the FHLB as an additional funding source. Available lines of credit with the FHLB at September 30, 2012 approximated \$1.2 billion, compared to \$1.0 billion at December 31, 2011. At September 30, 2012, the Bank had unpledged available-for-sale securities with an amortized cost of \$400.3 million, a portion of which is an available liquidity source, or could be pledged to secure additional FHLB borrowings. The FHLB requires securities to be specifically pledged to the FHLB and maintained in a FHLB-approved custodial arrangement if the member wishes to include such securities in the maximum borrowings capacity calculation. WesBanco has elected not to specifically pledge to the FHLB otherwise unpledged securities.

WesBanco participates in the Federal Reserve Bank's Borrower-in-Custody Program (BIC) whereby WesBanco pledges certain consumer loans as collateral for borrowings. At September 30, 2012, WesBanco had a BIC line of credit totaling \$147.5 million, none of which was outstanding. Alternative funding sources may include the utilization of existing overnight lines of credit with third party banks totaling \$165.0 million, none of which was outstanding at September 30, 2012, along with seeking other lines of credit, borrowings under repurchase agreement lines, increasing deposit rates to attract additional funds, accessing brokered deposits, or selling securities available-for-sale or certain types of loans.

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Other short-term borrowings of \$186.9 million at September 30, 2012 consisted of callable repurchase agreements and several overnight sweep checking accounts for large commercial customers. There has not been a significant fluctuation in the average deposit balance of these overnight sweep checking accounts during 2012. The repurchase agreements require securities to be pledged equal to or greater than the instrument's purchase price and may be called within the next year. The overnight sweep checking accounts require securities to be pledged equal to or greater than the deposit balance. During 2011, new regulatory guidelines permitted, for the first time, the payment of interest on certain corporate checking accounts. These regulations did not significantly impact sweep account and related deposit account balances.

The principal sources of parent company liquidity are dividends from the Bank, \$37.1 million in cash and investments on hand, and a \$25 million revolving line of credit with another bank, which did not have an outstanding balance at September 30, 2012. WesBanco is in compliance with all loan covenants. 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 September 30, 2012, under FDIC and State of West Virginia regulations, WesBanco could receive, without prior regulatory approval, dividends of approximately \$27.7 million from the Bank.

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At September 30, 2012, WesBanco had outstanding commitments to extend credit in the ordinary course of business approximating \$963.7 million, compared to \$847.4 million at December 31, 2011. On a historical basis, only a small portion of these commitments will result in an outflow of funds. Please refer to Note 9, Commitments and Contingent Liabilities, of the Consolidated Financial Statements and the Loans and Credit Risk section of this MD&A for additional information.

Federal financial regulatory agencies issued guidance in 2010 to provide sound practices for managing funding and liquidity risk and strengthening liquidity risk management practices. The guidance recommends that financial institutions maintain a comprehensive management process for identifying, measuring, monitoring, and controlling liquidity risk and that liquidity risk management be fully integrated into its risk management process. WesBanco has completed the implementation of these policies, and management believes WesBanco has sufficient current liquidity to meet current obligations to borrowers, depositors and others as of September 30, 2012 and that WesBanco's current liquidity risk management policies and procedures adequately address the recently issued guidance.

ITEM 3. 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 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, of this report.

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 to be 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. The relative 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 from various functional areas, 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 various assumptions, which change regularly as the balance sheet and market interest rates change. The key assumptions and strategies employed are analyzed bi-monthly and reviewed and documented by the ALCO.

The earnings simulation model projects changes in net interest income resulting from the effect of changes in interest rates. Forecasting changes in net interest income requires management to make certain assumptions regarding loan and security prepayment rates, bond call dates, and adjustments to non-maturing deposit rates, which may not necessarily reflect the manner in which actual yields and costs respond to changes in market interest rates. Assumptions used 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 management believes such assumptions to be reasonable, there can be no assurance that assumed prepayment rates, callable bond forecasts and non-maturing deposit rates 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 re-pricing of specific assets and liabilities. Since the assumptions used in the model relative to changes in interest rates are uncertain, the simulation analysis may not be indicative of actual results. In addition, the analysis may not consider all actions that management could employ in response to changes in interest rates and various earning asset and costing liability balances.

Management is aware of the significant effect inflation or deflation has upon interest rates and ultimately upon financial performance. WesBanco's ability to cope with inflation or deflation is best determined by analyzing its capability to respond to changing market interest rates, as well as its ability to manage the various elements of non-interest income and expense during periods of increasing or decreasing inflation or deflation. WesBanco monitors the level and mix of interest-rate sensitive assets and liabilities through ALCO in order to reduce the impact of inflation or deflation on net interest income. Management also controls the effects of inflation or deflation by conducting periodic reviews of the prices and terms of its various products and services, both in terms of the costs to offer the services as well as outside market influences upon

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such pricing, by introducing new products and services or reducing the availability of existing products and services, and by controlling overhead expenses.

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 100 and 200 basis point increase or decrease in market interest rates compared to a stable rate environment or base model. WesBanco's current policy limits this exposure to a reduction of 5.0% and 12.5% or less, respectively, of net interest income from the base model over a twelve month period. The table below shows WesBanco's interest rate sensitivity at September 30, 2012 and December 31, 2011 assuming both a 100 and 200 basis point interest rate change, compared to a base model. Due to the current low interest rate environment, particularly for short-term rates, the 200 basis point decreasing change is not calculated; however, a 300 basis point rising rate environment is shown. The policy limit for an increasing 300 basis point rising rate environment is a negative 25% of net interest income.

Table of Contents**TABLE 1. NET INTEREST INCOME SENSITIVITY**

Immediate Change in Interest Rates	Percentage Change in Net Interest Income from Base over One Year		ALCO Guidelines
	September 30, 2012	December 31, 2011	
(basis points)			
+300	0.4%	0.5%	- 25.0%
+200	0.9%	1.3%	- 12.5%
+100	0.9%	1.7%	- 5.0%
-100	(3.7%)	(3.5%)	- 5.0%

As per the table above, the earnings simulation model at September 30, 2012 currently projects that net interest income for the next twelve month period would decrease by 3.7% if interest rates were to fall immediately by 100 basis points, compared to a decrease of 3.5% for the same scenario as of December 31, 2011.

For rising rate scenarios, net interest income would increase by 0.9%, 0.9%, and 0.4% if rates increased by 100, 200 and 300 basis points, respectively, as of September 30, 2012 compared to increases of 1.7%, 1.3% and 0.5% in a 100, 200 and 300 basis point increasing rate environment as of December 31, 2011.

The balance sheet is slightly less asset sensitive as of September 30, 2012 compared to December 31, 2011 due to duration extension as well as higher average balances in the loan portfolio, and continued changes in the deposit mix and the overall level and term of short-term borrowings. Should rates rise more rapidly and by a higher amount, which is not currently anticipated in the short to intermediate term, the asset sensitivity may be somewhat neutralized due to slower anticipated prepayment speeds and extension risk associated with residential mortgages and mortgage-backed securities. In addition, variable rate commercial loans with rate floors approximated \$1.0 billion at September 30, 2012, which represented approximately 46% of commercial loans, with an average floor of 4.73%. In a 100 basis point rising rate environment, these loans would not significantly reprice from their current floor level. In the current flat to decreasing interest rate environment, WesBanco expects that the net interest margin may be somewhat negatively impacted through the remainder of 2012 and into 2013, as short term interest rates are not anticipated to increase until 2015, and loan runoff and investment security maturities are reinvested at lower rates. Partially offsetting those negative factors are maturities of higher-cost borrowings and certificates of deposit scheduled over the next year, which should assist somewhat in mitigating margin compression from loan yield decreases and investment security reinvestments. The bank continues to experience pricing competition for new loans which may result in reduced loan yields that may be mitigated by current loan growth.

The Bank has significant additional borrowing capacity with the FHLB of Pittsburgh, the Federal Reserve Bank of Cleveland, and various correspondent banks, and may utilize these funding sources as necessary to mitigate the impact on our balance sheet of embedded options in commercial and residential loans and to lengthen liabilities to help offset mismatches in various asset maturities, as well as to manage short term cash needs. CDARS® deposits also continue to be used to lengthen maturities in certificates of deposit.

Current balance sheet strategies to reduce the impact of decreasing margins in a low rate environment, where asset yields continue to reduce as reinvestment of cash flows occur and liability costs are not able to be reduced in the same proportion, include:

increasing total loans; primarily commercial and residential with fixed rate periods of between 3-15 years;

investing non-essential available short-term liquidity;

marketing programs to increase the mix of certain types of transaction accounts versus short-term certificates of deposit;

reinvestment of securities cash flows into a mix of short to intermediate term collateralized mortgage obligations and 10-15 year state and municipal securities while minimizing portfolio average life and duration extension;

paying down maturities of FHLB and other short-term borrowings with available cash, or re-borrowing at lower rates; and

extending certain CD maturities through the CDARS[®] program and continuing to decrease offered rates on CDs and other costing deposit types.

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 less likely scenario. The simulation model at September 30, 2012, using the 200 basis point increasing rate ramp analysis, projects that net interest income would increase 1.1% over the next twelve months, compared to a 2.0% increase at December 31, 2011. This lower rate of increase has been impacted by similar factors to those noted above.

WesBanco also periodically measures the economic value of equity, which is defined as the market value of tangible equity in various increasing and decreasing rate scenarios. At September 30, 2012, the market value of tangible equity as a percent of base in a 200 basis point rising rate environment indicates an increase of 18.3%, compared to an increase of 12.4% at December 31, 2011. In a 100 basis point falling rate environment, the model indicates an increase of 11.5%, compared to an increase of 5.3% as of December 31, 2011. WesBanco's policy is to limit such change to minus 25% for a 200 basis point change in interest rates, as long as the Tier 1 leverage capital ratio is not forecasted to decrease below 5.0% as a result of the change. Duration extension strategies in loan and securities portfolios, continued maturities of borrowings and certificates of deposit, and adding more transaction-type deposits has resulted in the reduction in equity market value. In a rising rate environment, non-interest bearing deposits and other low cost transaction accounts are worth more than in the current low interest rate environment. For liabilities, this equates to a below cost fair market value as rates rise, which results in increased equity fair value.

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ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES WesBanco's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have concluded that WesBanco's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of the end of the period covered by this Form 10-Q, are effective at the reasonable assurance level as discussed below to ensure that information required to be disclosed by WesBanco in the reports it files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to WesBanco's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS WesBanco's management, including the CEO and CFO, does not expect that WesBanco's disclosure controls and internal controls will prevent all errors and all fraud. While WesBanco's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objective, no control system, no matter how well conceived and operated, can provide absolute assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

CHANGES IN INTERNAL CONTROLS There were no changes in WesBanco's internal control over financial reporting that occurred during our fiscal quarter ended September 30, 2012 as required to be reported by paragraph (d) of Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, that materially affected, or are reasonably likely to materially affect, WesBanco's internal control over financial reporting.

Table of Contents**PART II OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS****Litigation Related to the Merger**

On October 18, 2012, Mordechai Nagel, a purported shareholder of Fidelity, filed a purported shareholder class and derivative action in the Court of Common Pleas of Allegheny County, Pennsylvania, Civil Action Case No. 12-019908. The lawsuit names as defendants each of the current members of Fidelity's board of directors (the Director Defendants), WesBanco and Fidelity. The complaint alleges, among other things, that the Director Defendants breached their fiduciary duties as a result of the price and certain other terms of the merger agreed to by Fidelity. The lawsuit also claims that the Director Defendants breached their fiduciary duties because the registration statement on Form S-4 filed by WesBanco with the SEC on September 14, 2012, allegedly contained misstatements and omitted information material to the merger and to a decision by Fidelity's shareholders on the merger. The lawsuit also alleges that WesBanco aided and abetted the Director Defendants' alleged breaches of fiduciary duties. The lawsuit seeks, among other things, an injunction against WesBanco's acquisition of Fidelity, as well as the payment of the fees and expenses of the plaintiffs' attorneys. WesBanco and Fidelity each believe that all of the allegations are without merit and intend to vigorously defend themselves against the allegations in this complaint.

WesBanco is also involved in lawsuits, claims, investigations and proceedings which arise in the ordinary course of business. There are none of these matters pending that WesBanco expects to be material in relation to its business, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As of September 30, 2012, WesBanco had a current stock repurchase plan in which up to one million shares can be acquired. The plan was originally approved by the Board of Directors on March 21, 2007 and provides for shares to be repurchased for general corporate purposes, which may include a subsequent resource for potential acquisitions, shareholder dividend reinvestment and employee benefit plans. The timing, price and quantity of purchases are at the discretion of WesBanco, and the plan may be discontinued or suspended at any time. There were no repurchases during the third quarter of 2012, other than those for the KSOP and dividend reinvestment plans.

The following table presents the monthly share purchase activity during the quarter ended September 30, 2012:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
Balance at June 30, 2012				580,837
July 1, 2012 to July 31, 2012				
Open market repurchases				580,837
Other transactions (1)	19,843	\$ 21.64	N/A	N/A
August 1, 2012 to August 31, 2012				
Open market repurchases				580,837
Other transactions (1)	2,785	\$ 20.76	N/A	N/A
September 1, 2012 to September 30, 2012				
Open market repurchases				580,837
Other transactions (1)	5,452	21.07	N/A	N/A
Third Quarter 2012				
Open market repurchases				580,837
Other transactions (1)	28,080	21.44	N/A	N/A
Total	28,080	\$ 21.44		580,837

- (1) Consists of open market purchases transacted in the KSOP and dividend reinvestment plans.

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ITEM 6. EXHIBITS

- 31.1 Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-15(e) or Rule 15d-15(e).
- 31.2 Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-15(e) or Rule 15d-15(e).
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from WesBanco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets at September 30, 2012 and December 31, 2011, (ii) the Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2012 and 2011, (iii) the Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2012 and 2011, (iv) the Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011, and (v) the Notes to Consolidated Financial Statements.*

* Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESBANCO, INC.

Date: October 25, 2012

/s/ Paul M. Limbert
Paul M. Limbert
President and Chief Executive Officer

(Principal Executive Officer)

Date: October 25, 2012

/s/ Robert H. Young
Robert H. Young
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)