WESBANCO INC
Form 10-K
March 09, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

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

For the transition period from to

Commission File Number 000-08467

WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the registrant s outstanding voting common stock held by non-affiliates on June 30, 2009, determined using a per share closing price on that date of $14.54, was $359,380,193.

As of February 28, 2010, there were 26,567,653 shares of WesBanco, Inc. common stock $2.0833 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain specifically designated portions of WesBanco, Inc. s definitive proxy statement which will be filed by April 30, 2010 for its 2010 Annual Meeting of Shareholders (the Proxy Statement) are incorporated by reference into Part III of this Form 10-K.

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WESBANCO, INC.

ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS
GENERAL

WesBanco, Inc. (WesBanco), a bank holding company incorporated in 1968 and headquartered in Wheeling, West Virginia, offers a full range of financial services including retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco offers these services through two reportable segments, community banking and trust and investment services. For additional information regarding WesBanco s business segments, please refer to Note 26, Business Segments in the Consolidated Financial Statements.

At December 31, 2009, WesBanco operated one commercial bank, WesBanco Bank, Inc., (WesBanco Bank or the Bank) through 114 offices, one loan production office and 138 ATM machines located in West Virginia, Ohio, and Western Pennsylvania. Total assets of WesBanco Bank as of December 31, 2009 approximated $5.4 billion. WesBanco Bank also offers trust and investment services and various alternative investment products including mutual funds and annuities. The market value of assets under management of the trust and investment services segment was approximately $2.7 billion as of December 31, 2009. These assets are held by WesBanco Bank in fiduciary or agency capacities for its customers and therefore are not included as assets on WesBanco s Consolidated Balance Sheets.

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

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

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

WesBanco, Inc. has nine capital trusts, which are all wholly-owned trust subsidiaries of WesBanco formed for the purpose of issuing trust preferred securities (Trust Preferred Securities) and lending the proceeds to WesBanco. For more information regarding WesBanco s issuance of trust preferred securities please refer to Note 14 Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

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

As of December 31, 2009, none of WesBanco s subsidiaries were engaged in any operations in foreign countries, and none had transactions with customers in foreign countries.

On November 30, 2007, WesBanco completed the acquisition of Oak Hill Financial, Inc. (Oak Hill), a $1.3 billion bank holding company based in Jackson, Ohio. The primary reason that WesBanco acquired the company was to expand its footprint into new higher growth metropolitan markets and various regional markets in the state of Ohio. On April 25, 2008, WesBanco merged the separate banking subsidiary of Oak Hill, Oak Hill Banks, into WesBanco Bank. The results of operations of acquired companies are included in WesBanco s consolidated results of operations from their respective acquisition dates.

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On January 21, 2009, WesBanco Bank entered into a Branch Purchase and Assumption Agreement (the Purchase Agreement) with AmTrust Bank (AmTrust) pursuant to which WesBanco Bank agreed to purchase all five of AmTrust s Columbus, Ohio, branches. WesBanco Bank assumed all of the deposit liabilities and purchased the related fixed assets but did not acquire any loans except for certain deposit related loans. WesBanco Bank paid a blended deposit premium of 3.5% on deposits of approximately $600 million for an aggregate purchase price of $21.2 million, net of cash and other assets received. The transaction closed on March 27, 2009.

EMPLOYEES

There were 1,393 full-time equivalent employees employed by WesBanco and its subsidiaries at December 31, 2009. None of the employees were represented by collective bargaining agreements. WesBanco believes its employee relations to be satisfactory.

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

All of WesBanco s electronic filings for 2009 filed with the Securities and Exchange Commission (the SEC), including this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are made available at no cost on WesBanco s website, www.wesbanco.com, through the Investor Relations link as soon as reasonably practicable after WesBanco files such material with, or furnishes it to, the SEC. WesBanco s SEC filings are also available through the SEC s website at www.sec.gov.

Upon written request of any shareholder of record on December 31, 2009, WesBanco will provide, without charge, a printed copy of its 2009 Annual Report on Form 10-K, including financial statements and schedules, as required to be filed with the SEC. To obtain a copy of the 2009 Annual Report on Form 10-K, contact: **Linda Woodfin, WesBanco, Inc., 1 Bank Plaza, Wheeling, WV 26003 (304) 234-9201.**

COMPETITION

Competition in the form of price and service from other banks, including local, regional and national banks and financial companies such as savings and loans, internet banks, credit unions, finance companies, brokerage firms and other non-banking companies providing various regulated and non-regulated financial services products, is intense in most of the markets served by WesBanco and its subsidiaries. WesBanco s trust and investment services segment receives competition from commercial bank and trust companies, mutual fund companies, investment advisory firms, law firms, brokerage firms and other financial services companies. As a result of the deregulation of the financial services industry (see the discussion of the Gramm-Leach-Bliley Act of 1999 herein), mergers between, and the expansion of, financial institutions both within and outside West Virginia have provided significant competitive pressure in WesBanco s major markets. Some of WesBanco s competitors have greater resources and, as such, may have higher lending limits and may offer other products and services that are not provided by WesBanco. WesBanco generally competes on the basis of customer service and responsiveness to customer needs, available loan and deposit products, rates of interest charged on loans, rates of interest paid for funds, and the availability and pricing of trust, brokerage and insurance services. As WesBanco has expanded into new, larger Ohio metropolitan markets, it faces entrenched large bank competitors with an already existing customer base that may far exceed WesBanco s initial entry position into those markets. As a result, WesBanco may be forced to compete more aggressively for loans, deposits, trust and insurance products in order to grow its market share, potentially reducing its current and future profit potential from such markets.

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SUPERVISION AND REGULATION

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

As indicated above, WesBanco presently operates one bank subsidiary, WesBanco Bank. The Bank is a West Virginia banking corporation and is not a member bank of the Federal Reserve System. It is subject to examination and supervision by the Federal Deposit Insurance Corporation (FDIC) and the West Virginia Division of Banking. The deposits of WesBanco Bank are insured by the Deposit Insurance Fund (DIF) of the FDIC. WesBanco s nonbank subsidiaries are subject to examination and supervision by the Federal Reserve Board and examination by other federal and state agencies, including, in the case of certain securities activities, regulation by the SEC, the Financial Institution Regulatory Authority, Municipal Securities Rulemaking Board and the Securities Investors Protection Corporation. WesBanco Bank maintains one designated financial subsidiary, WesBanco Insurance Services, Inc., which, as indicated above, is a multi-line insurance agency specializing in property, casualty and life insurance, and benefit plan sales and administration, for personal and commercial clients.

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

Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Riegle-Neal Act), as amended, a bank holding company may acquire banks in states other than its home state, subject to certain limitations. The Riegle-Neal Act also authorizes banks to merge across state lines, thereby creating interstate banking. Banks are also permitted to acquire and to establish de novo branches in other states where authorized under the laws of those states.

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

HOLDING COMPANY REGULATIONS

As indicated above, WesBanco has one state bank subsidiary, WesBanco Bank, as well as nonbank subsidiaries, which are described further in Item 1. Business General section of this Annual Report on Form 10-K. The subsidiary bank is subject to affiliate transaction restrictions under federal law, which limit covered transactions by the subsidiary bank with the parent and any nonbank subsidiaries of the parent, which are referred to in the aggregate in this paragraph as affiliates of the subsidiary bank. Covered transactions include loans or extensions of credit to an affiliate, purchases of or investments in securities issued by an

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affiliate, the acceptance of securities issued by an affiliate as collateral for a loan or extension of credit, and the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. Such covered transactions between the subsidiary bank and any single affiliate are limited in amount to 10% of the subsidiary bank s capital and surplus, respectively, and, with respect to covered transactions with all affiliates in the aggregate, are limited in amount to 20% of the subsidiary bank s capital and surplus, respectively. Furthermore, such loans or extensions of credit and such guarantees, acceptances and letters of credit are required to be secured by collateral in amounts specified by law. In addition, all covered transactions must be conducted on terms and conditions that are consistent with safe and sound banking practices.

The Federal Reserve Board applies a policy to the effect that a bank holding company is expected to act as a source of financial and managerial strength to its subsidiary bank and to commit resources to support such subsidiary bank. Under the source of strength doctrine, the Federal Reserve Board may require a bank holding company to make capital infusions into a troubled subsidiary bank, and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. A capital infusion conceivably could be required at times under this policy when WesBanco may not have the resources to provide it.

PAYMENT OF DIVIDENDS

Dividends from the subsidiary bank are a significant source of funds for payment of dividends to WesBanco s shareholders. For the year ended December 31, 2009, WesBanco declared cash dividends to its common shareholders of approximately $22.3 million.

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

However, as indicated elsewhere in this discussion, as of December 31, 2009, WesBanco Bank was well capitalized under the definition in Section 325.103 of the FDIC Regulations. Therefore, as long as the Bank remains well capitalized or even becomes adequately capitalized, there would be no basis under Section 325.105 to limit the ability of the Bank to pay dividends because it had not become either undercapitalized, significantly undercapitalized or critically undercapitalized.

In addition, with respect to possible dividends by the Bank, under Section 31A-4-25 of the West Virginia Code, the prior approval of the West Virginia Commissioner of Banking would be required if the total of all dividends declared by the Bank in any calendar year would exceed the total of the Bank s net profits for that year combined with its retained net profits of the proceeding two years. In addition, Section 31A-4-25 limits the ability of a West Virginia banking institution to pay dividends until the surplus fund of the banking institution equals the common stock of the banking institution and if certain specified amounts of recent profits of the banking institution have not been carried to the surplus fund. The Bank did receive approval to pay a special dividend beyond current and prior net profits, as defined, in July, 2009 from the FDIC, its primary Bank regulator, and the West Virginia Department of Banking, in the amount of $60 million.

If, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice which, depending on the financial condition of the bank, could include the payment of dividends, such authority may require, after notice and hearing, that such bank cease and desist from such practice. The Federal Reserve Board has issued policy statements which provide that insured banks and bank holding companies should generally only pay dividends out of current operating earnings. Additional information regarding dividend restrictions is set forth in Note 24, Regulatory Matters in the Consolidated Financial Statements.

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

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

FDIC INSURANCE

FDIC insurance premiums are assessed using a risk-based approach by placing all insured institutions into one of four categories based on their level of capital and risk profile. WesBanco Bank is classified by the FDIC as a well-capitalized and a well-run institution, as a result, WesBanco Bank was assigned to the lowest risk category and paid deposit insurance premiums of between 13 and 15 cents per $100 of assessable deposits in 2009. These rates are up from 2008 when the Bank, in the lowest risk category, paid roughly 6 cents per $100 of assessable deposits. The rate increase is largely due to the FDIC raising rates for the first quarter of 2009 by 7 cents per $100 of assessable deposits and then, effective April 1, raising rates again by setting rates for institutions in the lowest risk category at 12 to 16 cents per $100 of assessable deposits. The Bank also exhausted the remaining balance of its one-time assessment credit with its payment for the first quarter 2009.

In May 2009, the FDIC imposed its final rule on a special assessment as of June 30. The rule changed the basis of calculating the assessment from 20 cents per $100 of assessable deposits, as proposed in the interim rule, to 5 basis points on total assets minus tier 1 capital as reported in the June 30 report of condition. This special assessment was collected September 30, 2009 and impacted the Bank s second quarter expenses by $2.6 million.

In November 2009, the FDIC adopted a final rule requiring banks to prepay their estimated quarterly assessments for the fourth quarter of 2009, as well as all of 2010, 2011 and 2012 on December 30, 2009 along with their regular third quarter assessment. The assessment rate was based on the bank s total base assessment rate as of September 30, 2009. The rate was increased by 3 basis points for 2011 and 2012, and a 5% annual growth rate in the deposit base was assumed. WesBanco Bank paid $24.1 million on December 30, 2009 to satisfy the requirements of this rule, with the portion related to the years 2010 2012 recorded as a prepaid expense, to be amortized on an actual, pro rata basis over the next three years. At December 31, 2009, the remaining prepaid amount was $22.6 million which is included in other assets in the Consolidated Balance Sheet.

CAPITAL REQUIREMENTS

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

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Generally, under the applicable guidelines, a financial institution s capital is divided into three tiers. Tier 1, or core capital, includes common equity, noncumulative perpetual preferred stock excluding auction rate issues, and minority interests in equity accounts of consolidated subsidiaries, less goodwill and, with certain limited exceptions, all other intangible assets. Bank holding companies, however, may include trust preferred securities that underlie junior subordinated debt in their Tier I capital. In addition, they may include cumulative preferred stock in their Tier 1 capital, up to a limit of 25% of such Tier 1 capital. Tier 2, or supplementary capital, includes, among other things, the portion of trust preferred securities and cumulative preferred stock not otherwise counted in Tier I capital, as well as limited-life preferred stock, hybrid capital instruments, mandatory convertible securities, qualifying subordinated debt, and the allowance for loan and lease losses, subject to certain limitations. Institutions that must incorporate market risk exposure into their risk-based capital requirements may also have a third tier of capital in the form of restricted short-term unsecured subordinated debt.

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

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

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

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

The bank regulatory agencies have established special minimum capital requirements for equity investments in nonfinancial companies. The requirements consist of a series of marginal capital charges that increase within a range from 8% to 25% of the adjusted carrying value of the equity investments as a financial institution s overall exposure to equity investments increases as a percentage of its Tier 1 capital. At December 31, 2009, capital charges relating to WesBanco s equity investments in nonfinancial companies were immaterial.

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

As of December 31, 2009, WesBanco s Tier 1 and total capital to risk-adjusted assets ratios were 11.12% and 12.37%, respectively. As of December 31, 2009, WesBanco Bank also had capital in excess of the minimum requirements. Neither WesBanco nor the Bank had been advised by the appropriate federal banking regulator of any specific leverage ratio applicable to it. As of December 31, 2009, WesBanco s leverage ratio was 7.86%.

As of December 31, 2009, WesBanco had $111.2 million in junior subordinated debt on its Consolidated Balance Sheets presented as a separate category of long-term debt. For regulatory purposes, Trust Preferred Securities totaling $107.8 million underlying such junior subordinated debt were included in Tier 1 Capital as of December 31, 2009, in accordance with regulatory reporting requirements. On March 1, 2005, the Federal Reserve Board adopted a rule that retains trust preferred securities in Tier 1 capital, but with stricter quantitative limits and clearer qualitative standards. Under this rule, after a transition period initially set to expire on March 31, 2009 but extended to March 31, 2011, the aggregate amount of trust preferred securities and certain other capital elements would be limited to 25 percent of Tier 1 capital elements, net of goodwill. The amount of trust preferred securities and certain other elements in excess of the limit could be included in Tier 2 capital, subject to restrictions. WesBanco currently believes substantially all of its Trust Preferred Securities will remain in Tier 1 capital as of the adoption date of the new rule.

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

The federal regulatory authorities risk-based capital guidelines are based upon the 1988 capital accord of the Basel Committee on Banking Supervision (the BIS), which is known as Basel I. The BIS is a committee of central banks and bank supervisors/regulators from the major industrialized countries that develops broad policy guidelines for use by each country s supervisors in determining the supervisory policies they apply. In November 2007, the federal bank regulatory agencies approved an interagency final rule (Final Rule) that will implement amendments to Basel I that contain an advanced risk-based capital framework applicable only to very large complex U.S. banking organizations and which is known as Basel II. The limited number of very large banks that will be subject to Basel II will be required to calculate their risk-based capital requirements using their own internal risk parameters for credit risk and operational risk.

The Final Rule is consistent in most respects with the Basel II rules that are being implemented in other jurisdictions. However, the federal bank regulatory agencies also have included in the Final Rule certain safeguards against the possibility that the new rules do not work as intended.

WesBanco and other bank holding companies that are not considered large banking organizations will not be subject to Basel II. The federal bank regulatory agencies have announced that they are currently working on a notice of proposed rulemaking to implement some of the simpler approaches from the Basel II framework referred to as the standardized approach that would be optional for WesBanco and other banking organizations not subject to Basel II. It is expected that this notice of proposed rulemaking will be published in the coming months.

WesBanco cannot predict the precise timing or final form of the forthcoming regulations that could be applicable to WesBanco or their impact on WesBanco. The new capital requirements that may arise from this future regulation could increase the minimum capital requirements applicable to WesBanco and its subsidiaries.

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PROMPT CORRECTIVE ACTION

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

An institution is deemed to be well-capitalized if it has a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 6% or greater, and a Tier 1 leverage ratio of 5% or greater and is not subject to a regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure. An institution is deemed to be adequately capitalized if it has a total risk-based capital ratio of 8% or greater, a Tier 1 risk-based capital ratio of 4% or greater, and generally a Tier 1 leverage ratio of 4% or greater and the institution does not meet the definition of a well-capitalized institution. An institution that does not meet one or more of the adequately capitalized tests is deemed to be undercapitalized. If the institution has a total risk-based capital ratio that is less than 6%, a Tier 1 risk-based capital ratio that is less than 3%, or a Tier 1 leverage ratio that is less than 3%, it is deemed to be significantly undercapitalized. Finally, an institution is deemed to be critically undercapitalized if it has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2%. At December 31, 2009, WesBanco Bank had capital levels that met the well-capitalized standards under FDICIA and its implementing regulations.

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

GRAMM-LEACH-BLILEY ACT

Under the Gramm-Leach-Bliley Act (the GLB Act), banks are no longer prohibited by the Glass-Steagall Act from associating with, or having management interlocks with, a business organization engaged principally in securities activities. By qualifying as a financial holding company, as authorized under the GLB Act, which WesBanco has done, a bank holding company acquires new powers not otherwise available to it. In order to qualify as a financial holding company, a bank holding company s depository subsidiaries all must be both well-capitalized and well managed, and must be meeting their CRA obligations. The bank holding company also must declare its intention to become a financial holding company to the Federal Reserve Board and certify that its depository subsidiaries meet the capitalization and management requirements. As indicated above, WesBanco has elected to become a financial holding company under the GLB Act. It also has qualified a subsidiary of the Bank as a financial subsidiary under the GLB Act.

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

National and state banks are permitted under the GLB Act, subject to capital, management, size, debt rating, and CRA qualification factors, to have financial subsidiaries that are permitted to engage in financial activities not otherwise permissible. However, unlike financial holding companies, financial subsidiaries may not engage in insurance or annuity underwriting; developing or investing in real estate; merchant banking (for at least five years); or insurance company portfolio investing. Other provisions of the GLB Act: establish a system of functional regulation for financial holding companies and banks involving the SEC, the Commodity Futures Trading Commission, and state securities and insurance regulators; deal with bank insurance sales and title insurance activities in relation to state insurance regulation; prescribe consumer protection standards for insurance sales; and establish minimum federal standards of privacy to protect the confidentiality of the personal financial information of consumers and regulate its use by financial institutions. Federal bank regulatory agencies have issued various rules since enactment of the GLB Act relating to its implementation.

CONSUMER PROTECTION LAWS

In connection with its lending and leasing activities, WesBanco Bank is subject to a number of federal and state laws designed to protect borrowers and promote lending to various sectors of the economy and population. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Electronic Funds Transfer Act, the Expedited Funds Availability Act, and, in some cases, their respective state law counterparts.

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

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

SECURITIES REGULATION

WesBanco s full service broker-dealer subsidiary, WesBanco Securities, is registered as a broker-dealer with the SEC and in the states in which it does business. WesBanco Securities also is a member of the Financial Institution Regulatory Authority (FINRA). WesBanco Securities is subject to regulation by the SEC, FINRA and the securities administrators of the states in which it is registered. WesBanco Securities is a member of the Securities Investor Protection Corporation (SIPC), which in the event of the liquidation of a broker-dealer, provides protection for customers securities accounts held by WesBanco Securities of up to $500,000 for each eligible customer, subject to a limitation of $100,000 for claims for cash balances.

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

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ANTI-MONEY LAUNDERING INITIATIVES AND THE USA PATRIOT ACT

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

TROUBLED ASSET RELIEF PROGRAM

WesBanco was a participating institution in the Capital Purchase Program (CPP) under the Troubled Asset Relief Program (TARP) authorized by the Emergency Economic Stabilization Act of 2008 (EESA). On December 5, 2008, WesBanco entered into a Letter Agreement (the Purchase Agreement) with the United States Department of the Treasury (the Treasury), pursuant to which WesBanco agreed to issue and sell (i) 75,000 shares of the Corporation s Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the Series A Preferred Stock) and (ii) a warrant (the Warrant) to purchase 439,282 shares of WesBanco s common stock, par value $2.0833 per share (the Common Stock), for an aggregate purchase price of $75,000,000 in cash. The Series A Preferred Stock had a liquidation preference of $1,000 per share.

The Series A Preferred Stock qualified as Tier 1 capital and paid cumulative dividends at a rate of 5% per annum for the first five years, and 9% per annum thereafter. TARP provided that the Series A Preferred Stock could be redeemed by WesBanco after three years. TARP also provided that prior to the end of three years, the Series A Preferred Stock could be redeemed by WesBanco only with proceeds from the sale of qualifying equity securities of the Corporation (a Qualified Equity Offering). The Warrant had a 10-year term and was immediately exercisable upon its issuance, with an exercise price, subject to anti-dilution adjustments, equal to $25.61 per share of the Common Stock.

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 into law (the ARRA). The ARRA, among other things, amended the terms of TARP and imposed certain additional conditions and requirements on participating institutions. Additionally, however, it also broadened the provisions permitting participating institutions to repay TARP proceeds at any time subject to approval of the primary regulator.

In response to the changes in the public perception of the CPP program and its dilutive effects on WesBanco s earnings, and in light of the changes to the repurchase options available to WesBanco under ARRA, WesBanco requested and received approval from its primary bank regulator and the Treasury to repurchase its Series A Preferred Stock which it completed on September 9, 2009. WesBanco also repurchased its Warrant for the full 439,282 shares of common stock on December 23, 2009 for $950,000. Accordingly, it is no longer a participating institution in the CPP.

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ITEM 1A. RISK FACTORS

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

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

WesBanco faces competition from the following:

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

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

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

As of December 31, 2009, WesBanco had approximately $2.7 billion in total trust assets under management or in custody, which provided approximately 6.2% of WesBanco s net revenues. WesBanco may not be able to attract new and retain current investment management clients due to competition from the following:

- commercial banks and trust companies;
- mutual fund companies;
- investment advisory firms;

law firms;

brokerage firms; and

other financial services companies.

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

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CUSTOMERS MAY DEFAULT ON THE REPAYMENT OF LOANS.

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

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

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

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

A downturn in the local and regional economies could negatively impact WesBanco s banking business. WesBanco Bank serves both individuals and business customers throughout West Virginia, Ohio and Western Pennsylvania. The ability of the Bank s customers to repay their loans is strongly tied to the economic conditions in these areas. These economic conditions may also force customers to utilize deposits held by WesBanco Bank in order to pay current expenses causing the Bank s deposit base to shrink. As a result the Bank may have to borrow funds at higher rates in order to meet liquidity needs. These events may have a negative impact on WesBanco s earnings.

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

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

WesBanco s cost of funds for banking operations may increase as a result of general economic conditions, interest rates and competitive pressures. The Bank has traditionally obtained funds principally through deposits and wholesale borrowings. As a general matter, deposits are a cheaper source of funds than borrowings because interest rates paid for deposits are typically less than interest rates charged for borrowings. If, as a result of general economic conditions, market interest rates, competitive pressures or otherwise, the value of deposits at the Bank decreases relative to its overall banking operations, the Bank may have to rely more heavily on borrowings as a source of funds in the future.

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

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

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

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

When WesBanco acquires a business, a portion of the purchase price of the acquisition is allocated to goodwill and other identifiable intangible assets. The amount of the purchase price which is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. At December 31, 2009, WesBanco s goodwill and other identifiable intangible assets were approximately $288.3 million. Under current accounting standards, if WesBanco determines goodwill or intangible assets are impaired, it is required to write down the carrying value of these assets. WesBanco conducts an annual review to determine whether goodwill and other identifiable intangible assets are impaired. WesBanco completed such an impairment analysis in 2009 and concluded that no impairment charge was necessary for the year ended December 31, 2009. WesBanco cannot provide assurance that it will not be required to take an impairment charge in the future. Any impairment charge would have a negative effect on its stockholders equity and financial results and may cause a decline in our stock price.

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

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

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

WesBanco currently has $111.2 million in junior subordinated debt presented as a separate category of long-term debt on its Consolidated Balance Sheets. For regulatory purposes, Trust Preferred Securities totaling $107.8 million underlying such junior subordinated debt are included in Tier 1 capital in accordance with regulatory reporting requirements. On March 1, 2005, the Federal Reserve adopted a rule that will retain trust preferred securities in Tier 1 capital, but with stricter quantitative limits and clearer qualitative standards. Under the rule, after a transition period that was originally set to end on March 31, 2009 but has since been extended to March 31, 2011, the aggregate amount of trust preferred securities and certain other capital elements will be limited to 25 percent of Tier 1 capital elements, net of goodwill. The amount of trust preferred securities and certain other elements in excess of the limit can be included in Tier 2 capital, subject to restrictions. The rule is not expected to have an impact on WesBanco s Tier 1 capital; however, should WesBanco issue additional trust preferred securities, or incur material operating losses, WesBanco s Tier 1 capital ratio may be limited by the rule adopted by the Board. WesBanco s earnings may also be negatively impacted due to prepayment penalties associated with the redemption of certain of the trust preferred securities.

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

Wesbanco Bank is currently a member bank of the Federal Home Loan Bank (FHLB) of Pittsburgh, and retains certain short-term borrowings from the FHLB of Cincinnati from prior bank acquisitions, but is no longer considered a member bank of such FHLB. Membership in this system of quasi-governmental, regional home-loan oriented agency banks allows us to participate in various programs offered by the FHLB. We borrow funds from the FHLB, which are secured by a blanket lien on certain residential mortgage loans or securities with collateral values in excess of the outstanding balances. Current and future earnings shortfalls and minimum capital requirements of the FHLB may impact the collateral necessary to secure borrowings and limit the borrowings extended to their member banks, as well as require additional capital contributions by member banks. Should this occur, WesBanco s short-term liquidity needs could be negatively impacted. Should WesBanco be restricted from using FHLB advances due to weakness in the system or with the FHLB of Pittsburgh, WesBanco may be forced to find alternative funding sources. Such alternative funding sources may include Federal Reserve discount window and short-term borrowings, the issuance of additional junior subordinated debt within allowed capital guidelines, utilization of existing or new lines of credit with third party banks, borrowings under repurchase agreement lines, increasing deposit rates to attract additional funds, accessing brokered deposits, or selling certain investment securities categorized as available-for-sale in order to maintain adequate levels of liquidity.

On December 23, 2008 the FHLB of Pittsburgh announced that it would suspend dividends and the repurchase of excess capital stock from its member banks. The FHLB of Pittsburgh stock owned by WesBanco totaled $26.3 million at December 31, 2009 and 2008, respectively. Dividend income recognized on FHLB of Pittsburgh stock totaled $0 and $0.4 million for 2009 and 2008, respectively. Additionally, the Bank owned $4.6 million and $5.7 million of FHLB of Cincinnati stock at December 31, 2009 and 2008, respectively, which paid a cash dividend at an annualized rate of 4.63% and a cash and stock dividend at an annualized blended rate of 5.31%. Dividend payments have been eliminated by the FHLB of Pittsburgh and may be eliminated by the FHLB of Cincinnati at anytime in the future in order for these FHLB s to restore their retained earnings and/or overall risk-based capital ratios. In such case, the corresponding FHLB stock owned by WesBanco may be deemed a non-earning asset and could potentially be evaluated for impairment with any loss recognized through earnings.

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

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

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WESBANCO S ABILITY TO PAY DIVIDENDS IS LIMITED.

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

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

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

WESBANCO MAY BE ADVERSELY AFFECTED BY PROPOSED LEGISLATION AND RULEMAKING.

The United States government and WesBanco s regulators have proposed legislation and rules that would impact WesBanco, and increased regulation is expected to continue to expand in scope and complexity in the future. These laws and regulations, as well as restrictions contained in current or future rules implementing or related to them, may adversely affect WesBanco. Specifically, any governmental or regulatory action having the effect of requiring WesBanco to obtain additional capital, whether from governmental or private sources, could have a material dilutive effect on current shareholders. WesBanco may be required to pay significantly higher FDIC premiums because market developments have depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits. Other proposals are pending that would impose significant fees or assessments on large financial institutions, including assessments on past and present TARP recipients, which may impact WesBanco. Legislation and regulation of overdraft fees, credit cards and other bank services, as well as changes in WesBanco s practices relating to those and other bank services, may affect WesBanco s revenue and other financial results. Other laws and regulations are expected to have the effect of increasing WesBanco s costs of doing business and reducing its revenues, and may limit its ability to pursue business opportunities or otherwise adversely affect its business.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

WesBanco s subsidiaries generally own their respective offices, related facilities and any unimproved real property held for future expansion. At December 31, 2009, WesBanco operated 114 banking offices in West Virginia, Ohio and Western Pennsylvania, and one loan production office, of which 86 were owned and 29 were leased under long-term operating leases. These leases expire at various dates through October 2027 and generally include options to renew. The Bank also owns several regional headquarters buildings in various of its markets that may also house certain back office functions.

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

At various building locations, WesBanco rents or looks to provide commercial office space to unrelated businesses. Rental income totaled $0.6 million for both 2009 and 2008. For additional disclosures related to WesBanco s properties, other fixed assets and leases, please refer to Note 8, Premises and Equipment in the Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. RESERVED

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PART II

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

WesBanco s common stock is quoted on the NASDAQ Global Stock Market under the symbol WSBC. The approximate number of holders of WesBanco s $2.0833 par value common stock as of December 31, 2009 was 5,267, not including shares held in nominee positions. The number of holders does not include WesBanco employees who have had stock allocated to them through WesBanco s KSOP. All WesBanco employees who meet the eligibility requirements of the KSOP are included in the Plan.

The table below presents for each quarter in 2009 and 2008, the high and low sales price per share as reported by NASDAQ and cash dividends declared per share.

	2009			**2008**		
	High	**Low**	**Dividend Declared**	**High**	**Low**	**Dividend Declared**
Fourth quarter	**$ 16.00**	**$ 11.95**	**$ 0.140**	$ 28.90	$ 17.32	$ 0.280
Third quarter	**18.91**	**14.28**	**0.140**	35.10	14.28	0.280
Second quarter	**24.40**	**14.52**	**0.280**	26.63	17.06	0.280
First quarter	**27.74**	**13.46**	**0.280**	27.74	17.51	0.280

On December 5, 2008, WesBanco, Inc. issued 75,000 shares of Series A Preferred Stock and a warrant to purchase 439,282 shares of the Company s common stock, par value $2.0833 per share, to the Treasury under TARP for an aggregate purchase price of $75,000,000 in cash. The Series A Preferred Stock paid cumulative dividends at a rate of 5% per annum. On September 9, 2009 the preferred stock was repurchased for $75,000,000 plus a final accrued dividend of $250,000. On December 23, 2009 the warrant was repurchased for $950,000.

For additional disclosure relating to WesBanco s participation in the TARP, please refer to Item 7. Managements Discussion and Analysis of Financial Condition and Results of Operations Troubled Asset Relief Program and Note 3, Repurchase of Preferred Stock and Warrant in the Consolidated Financial Statements.

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

For additional disclosure relating to WesBanco s Trust Preferred Securities, please refer to Note 14, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

As of December 31, 2009, WesBanco had an active plan to repurchase one million shares of stock, with the plan having been approved by the Board of Directors on March 21, 2007, with 584,325 shares available for repurchase under this plan as of December 31, 2009. Shares are repurchased for general corporate purposes, which may include 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. Under the terms of TARP prior to the repurchase of the Series A Preferred Stock and the Warrant, no shares were allowed to be repurchased by the Company except in limited circumstances related to benefit plan issuances; however, such restrictions are no longer in effect.

The following table shows the activity in WesBanco s stock repurchase plan and other purchases for the quarter ended December 31, 2009:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
Balance at September 30, 2009				584,325
October 1, 2009 to October 31, 2009				
Open market repurchases		$		584,325
Other transactions (1)	23,789	15.73	N/A	N/A
November 1, 2009 to November 30, 2009				
Open market repurchases				584,325
Other transactions (1)	34,786	13.09	N/A	N/A
December 1, 2009 to December 31, 2009				
Open market repurchases				584,325
Other transactions (1)	8,772	12.48	N/A	N/A
Fourth Quarter 2009				
Open market repurchases				584,325
Other transactions (1)	67,347	13.94	N/A	N/A
Total	67,347	$ 13.94		584,325

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

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The following graph shows a comparison of cumulative total shareholder returns for WesBanco, the Russell 2000 Index, the SNL Small Cap Bank Index, and the Russell 2000 Financial Services Index. The total shareholder return assumes a $100 investment in the common stock of WesBanco and each index since December 31, 2004 with reinvestment of dividends.

	December 31,					
Index	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
WesBanco, Inc.	100.00	98.52	112.47	72.01	99.81	47.85
Russell 2000 Index	100.00	104.55	123.76	121.82	80.66	102.58
SNL Small Cap Bank Index	100.00	98.49	112.41	81.28	68.32	48.02
Russell 2000 Financial Services Index	100.00	102.20	122.08	101.55	75.78	N/A

The Russell 2000 Financial Services Index, used in prior years as a specific industry index to compare to WesBanco s stock performance, has been modified and the prior index is not comparable to the new index, as of year-end 2009, and thus WesBanco replaced it with a bank stock index that represents banks similar to WesBanco as well as WesBanco itself in the index. The four years ending December 31, 2008 are shown for the prior index.

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ITEM 6. SELECTED FINANCIAL DATA

The following consolidated selected financial data is derived from WesBanco s audited financial statements as of and for the five years ended December 31, 2009. The following consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and the Consolidated Financial Statements and related notes included elsewhere in this report. All of WesBanco s acquisitions during the five years ended December 31, 2009 are included in results of operations since their respective dates of acquisition.

	For the years ended December 31,				
(dollars in thousands, except per share amounts)	**2009**	**2008**	**2007**	**2006**	**2005**
PER COMMON SHARE INFORMATION					
Earnings per common share basic	**$ 0.70**	$ 1.42	$ 2.09	$ 1.79	$ 1.90
Earnings per common share diluted	**0.70**	1.42	2.09	1.79	1.90
Dividends per common share	**0.84**	1.12	1.10	1.06	1.04
Book value at year end	**22.16**	24.82	21.86	19.39	18.91
Tangible book value at year end (1)	**11.31**	14.74	11.44	12.64	12.19
Average common shares outstanding basic	**26,566,133**	26,551,467	21,359,935	21,762,567	22,474,645
Average common shares outstanding diluted	**26,567,291**	26,563,320	21,392,010	21,816,573	22,528,262
SELECTED BALANCE SHEET INFORMATION					
Securities	**$ 1,263,254**	$ 935,588	$ 937,084	$ 736,707	$ 992,564
Loans held for sale	**9,441**	3,874	39,717	3,170	28,803
Net portfolio loans	**3,409,786**	3,554,506	3,682,006	2,876,234	2,881,120
Total assets	**5,397,352**	5,222,041	5,384,326	4,098,143	4,422,115
Deposits	**3,974,233**	3,503,916	3,907,930	2,995,547	3,028,324
Total FHLB and other borrowings	**684,915**	894,695	735,313	561,468	856,994
Junior subordinated debt and trust preferred securities	**111,176**	111,110	111,024	87,638	87,638
Shareholders equity	**588,716**	659,371	580,319	416,875	415,230
SELECTED RATIOS					
Return on average assets	**0.43%**	0.73%	1.09%	0.94%	0.95%
Return on average tangible assets (1)	**0.49%**	0.82%	1.17%	1.01%	1.03%
Return on average equity	**3.73%**	6.42%	10.63%	9.35%	10.13%
Return on average tangible equity (1)	**7.26%**	12.58%	17.48%	15.00%	16.19%
Return on average common equity	**3.16%**	6.48%	10.63%	9.35%	10.13%
Allowance for loan losses to total loans	**1.76%**	1.38%	1.03%	1.10%	1.05%
Allowance for loan losses to total non-performing loans	**0.76x**	1.37x	1.94x	1.98x	3.12x
Non-performing assets to total assets	**1.65%**	0.74%	0.44%	0.49%	0.27%
Net loan charge-offs to average loans	**1.10%**	0.58%	0.28%	0.23%	0.29%
Shareholders equity to total assets	**10.91%**	12.63%	10.78%	10.17%	9.39%
Tangible equity to tangible assets (1)	**5.88%**	7.90%	5.94%	6.87%	6.26%
Tangible common equity to tangible assets (1)	**5.88%**	6.44%	5.94%	6.87%	6.26%
Tier 1 leverage ratio	**7.86%**	10.27%	9.90%	9.27%	8.46%
Tier 1 capital to risk-weighted assets	**11.12%**	13.21%	10.43%	12.35%	11.94%
Total capital to risk-weighted assets	**12.37%**	14.46%	11.41%	13.44%	12.97%
Dividend payout ratio	**118.31%**	78.87%	52.63%	59.22%	54.74%
Trust assets at market value (2)	**$ 2,668,610**	$ 2,400,211	$ 3,084,145	$ 2,976,621	$ 2,599,463

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

(2) Trust assets are held by the Bank, in fiduciary or agency capacities for its customers and therefore are not included as assets on WesBanco s Consolidated Balance Sheets.

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(dollars in thousands, except per share amounts)	For the years ended December 31, 2009	2008	2007	2006	2005
SUMMARY STATEMENTS OF INCOME					
Interest income	**$ 257,364**	$ 281,766	$ 236,393	$ 227,269	$ 224,745
Interest expense	**98,992**	121,229	117,080	104,436	92,434
Net interest income	**158,372**	160,537	119,313	122,833	132,311
Provision for credit losses	**50,372**	32,649	8,516	8,739	8,045
Net interest income after provision for credit losses	**108,000**	127,888	110,797	114,094	124,266
Non-interest income	**64,589**	57,346	52,939	40,408	39,133
Non-interest expense	**149,648**	142,624	111,046	106,204	108,920
Income before income taxes	**22,941**	42,610	52,690	48,298	54,479
Provision for income taxes	**(992)**	4,493	8,021	9,263	11,722
Net income	**$ 23,933**	$ 38,117	$ 44,669	$ 39,035	$ 42,757
Preferred dividends	**5,233**	293			
Net income available to common shareholders	**$ 18,700**	$ 37,824	$ 44,669	$ 39,035	$ 42,757
Earnings per common share basic	**$ 0.70**	$ 1.42	$ 2.09	$ 1.79	$ 1.90
Earnings per common share diluted	**$ 0.70**	$ 1.42	$ 2.09	$ 1.79	$ 1.90

NON-GAAP MEASURES

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

(dollars in thousands)	2009	2008	December 31, 2007	2006	2005
Tangible equity to tangible assets:					
Total shareholders equity	**$ 588,716**	$ 659,371	$ 580,319	$ 416,875	$ 415,230
Less: goodwill and other intangible assets	**(288,292)**	(267,883)	(276,730)	(145,147)	(147,658)
Tangible equity	**300,424**	391,488	303,589	271,728	267,572
Total assets	**5,397,352**	5,222,041	5,384,326	4,098,143	4,422,115
Less: goodwill and other intangible assets	**(288,292)**	(267,883)	(276,730)	(145,147)	(147,658)
Tangible assets	**5,109,060**	4,954,158	5,107,596	3,952,996	4,274,457
Tangible equity to tangible assets	**5.88%**	7.90%	5.94%	6.87%	6.26%
Tangible common equity to tangible assets:					
Total shareholders equity	**$ 588,716**	$ 659,371	$ 580,319	$ 416,875	$ 415,230
Less: goodwill and other intangible assets	**(288,292)**	(267,883)	(276,730)	(145,147)	(147,658)

Less: preferred shareholders equity		(72,332)			
Tangible common equity	**300,424**	319,156	303,589	271,728	267,572
Total assets	**5,397,352**	5,222,041	5,384,326	4,098,143	4,422,115
Less: goodwill and other intangible assets	**(288,292)**	(267,883)	(276,730)	(145,147)	(147,658)
Tangible assets	**5,109,060**	4,954,158	5,107,596	3,952,996	4,274,457
Tangible common equity to tangible assets	**5.88%**	6.44%	5.94%	6.87%	6.26%
Tangible book value:					
Total shareholders equity	**$ 588,716**	$ 659,371	$ 580,319	$ 416,875	$ 415,230
Less: goodwill and other intangible assets	**(288,292)**	(267,883)	(276,730)	(145,147)	(147,658)
Tangible equity	**300,424**	391,488	303,589	271,728	267,572
Common shares outstanding	**26,567,653**	26,560,889	26,547,073	21,496,793	21,955,359
Tangible book value at year end	**$ 11.31**	$ 14.74	$ 11.44	$ 12.64	$ 12.19

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(dollars in thousands)	2009	2008	December 31, 2007	2006	2005
Return on average tangible equity:					
Net income	**$ 23,933**	$ 38,117	$ 44,669	$ 39,035	$ 42,757
Plus: amortization of intangibles	**2,022**	2,477	1,615	1,632	1,734
Net income before amortization of intangibles	**25,955**	40,594	46,284	40,667	44,491
Average total shareholder s equity	**641,537**	594,001	420,232	417,524	422,017
Less: average goodwill and other intangibles	**(283,963)**	(271,396)	(155,511)	(146,364)	(147,280)
Average tangible equity	**357,574**	322,605	264,721	271,160	274,737
Return on average tangible equity	**7.26%**	12.58%	17.48%	15.00%	16.19%
Return on average tangible assets:					
Net income	**$ 23,933**	$ 38,117	$ 44,669	$ 39,035	$ 42,757
Plus: amortization of intangibles	**2,022**	2,477	1,615	1,632	1,734
Net income before amortization of intangibles	**25,955**	40,594	46,284	40,667	44,491
Average total assets	**5,566,183**	5,224,442	4,100,797	4,161,221	4,487,060
Less: average goodwill and other intangibles	**(283,963)**	(271,396)	(155,511)	(146,364)	(147,280)
Average tangible assets	**5,282,220**	4,953,046	3,945,286	4,014,857	4,339,780
Return on average tangible assets	**0.49%**	0.82%	1.17%	1.01%	1.03%

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Management s Discussion and Analysis represents an overview of the results of operations and financial condition of WesBanco, Inc. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this report relating to WesBanco s plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The information contained in this report should be read in conjunction with WesBanco s Form 10-Qs for the prior quarters ended September 30, 2009, June 30, 2009, and March 31, 2009 and documents subsequently filed by WesBanco with the SEC, which are available at the SEC s website www.sec.gov or at WesBanco s website, www.wesbanco.com. Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed under Risk Factors in Part I, Item 1A of this Annual Report on Form 10-K. Such statements are subject to important factors that could cause actual results to differ materially from those contemplated by such statements, including without limitation, the effects of changing regional and national economic conditions; changes in interest rates, spreads on earning assets and interest-bearing liabilities, and associated interest rate sensitivity; sources of liquidity available to WesBanco and its related subsidiary operations; potential future credit losses and the credit risk of commercial, real estate, and consumer loan customers and their borrowing activities; actions of the Federal Reserve Board, Federal Deposit Insurance Corporation, the SEC, Financial Institution Regulatory Authority, Municipal Securities Rulemaking Board, Securities Investors Protection Corporation, and other regulatory bodies; potential legislative and federal and state regulatory actions and reform; 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, greater than expected outflows on recent branch acquisition deposits; marketability of debt instruments and corresponding impact on fair value adjustments; and/or other external developments materially impacting WesBanco s operational and financial performance. WesBanco does not assume any duty to update forward-looking statements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Allowance for Loan Losses and Other Credit Valuation Adjustments The allowance for loan losses represents management s estimate of probable losses inherent in the loan portfolio. Determining the amount of

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the allowance is considered a critical accounting estimate because it requires significant judgment about the collectability of loans and the factors that deserve consideration in estimating probable credit losses. The allowance is increased by a provision charged to operating expense and reduced by charge-offs, net of recoveries.

The liability for loss on loan commitments represents management s estimate of probable losses associated with future advances against loan commitments.

Management evaluates the allowance for loan losses and the liability for loss on loan commitments at least quarterly. This evaluation is inherently subjective, as it requires material estimates based on quantitative and qualitative factors that may be susceptible to significant change. The evaluation includes an assessment of actual loss experience within each category of loans and testing of certain individual loans for impairment. The evaluation also considers the impact of economic trends and conditions in specific industries and geographical markets, which includes levels of unemployment, bankruptcy filings, foreclosures, and other pertinent information; an analysis of industry, property type, geographic or other loan concentrations; and regulatory guidance pertaining to the allowance for loan losses.

There are two primary components of the allowance for loan losses. Specific reserves are established for individual commercial and commercial real estate loans over a predetermined amount that are deemed impaired. The determination of specific reserves takes into consideration anticipated future cash flows from the borrower to repay the loan, or the estimated realizable value of the collateral, if any. General reserves are established for loans in each category that are not impaired. General reserves are based on historical loss rates over the most recent twelve months with appropriate adjustments to reflect changing economic conditions, delinquency and non-performing loan trends, and other relevant factors. General reserves for commercial and commercial real estate loans are also supported by a migration analysis, which computes historical loss experience sustained on those loans within each internal risk grade over the same twelve month period.

Management relies on observable data from internal and external sources to evaluate each of the factors that are considered in the evaluation of the allowance. Management may adjust assumptions to recognize changing conditions, and reduce differences between estimated and actual observed losses from period to period. The evaluation of the allowance also takes into consideration the inherent imprecision of loss estimation models and techniques and includes general reserves for probable but undetected losses in each category of loans. While WesBanco continually refines and enhances the loss estimation models and techniques it uses to determine the appropriateness of the allowance for loan losses, there have been no material substantive changes to such models and techniques compared to prior periods. The variability of management s estimates and assumptions could alter the level of the allowance for loan losses and may have a material impact on WesBanco s future financial condition and results of operations. While management allocates the allowance to different loan categories, the allowance is general in nature and is available to absorb credit losses for the entire loan portfolio as well as deposit overdrafts.

Determination of the liability for loss on loan commitments uses methodology and factors similar to that for the allowance for loan losses.

In addition to the allowance for loan losses and the liability for loss on loan commitments for acquisitions prior to 2009, a credit valuation adjustment is required against purchased loans for which there is, at acquisition, evidence of deterioration of credit quality since origination and for which it is probable, at acquisition, that all contractually required payments would not be collected. The credit valuation adjustment represents a permanent reduction in the carrying value of loans and is not included as part of the allowance for loan losses. The method used to determine the amount of the credit valuation adjustment for purchased loans that require a credit valuation adjustment is similar to that used to determine the specific reserves.

Please see the Allowance for Loan Losses section of this MD&A for more information.

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Securities Valuation WesBanco conducts a review each quarter for all securities which have possible indications of impairment. WesBanco identifies any security which might need to be considered for an other-than-temporary-impairment write-down. In estimating other-than-temporary impairment losses, WesBanco also considers the financial condition and near-term prospects of the issuer, evaluating any credit downgrades or other indicators of a potential credit problem, the receipt of principal and interest according to the contractual terms and WesBanco s intent and ability not to sell or be required to sell its investment prior to recovery of cost. If WesBanco intends to sell or is required to sell the investment prior to recovery of cost, the entire impairment will be recognized in the Consolidated Statements of Income. If there is no intention or requirement to sell the security, and the impairment is considered other-than-temporary, the impairment must be separated into credit and noncredit portions. The credit portion is recognized in the Consolidated Statement of Income. The noncredit portion is calculated as the difference between the present value of the future cash flows and the fair value of the security. This portion of the impairment is recognized in other comprehensive income in the Consolidated Balance Sheet.

Goodwill and Other Intangible Assets WesBanco accounts for business combinations using the acquisition method of accounting. Accordingly, the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest of an acquired business are recorded at their estimated fair values as of the date of acquisition with any excess of the cost of the acquisition over the fair value recorded as goodwill. At December 31, 2009, the carrying value of goodwill and other intangible assets was approximately $274.1 million and $14.2 million, respectively, which represents approximately 46.6% and 2.4% of total shareholders equity, respectively. At December 31, 2009, WesBanco identified two reporting units, community banking and insurance services, with allocated goodwill of $272.6 and $1.5 million, respectively. As WesBanco continues to acquire additional businesses, goodwill and other intangible assets subject to amortization and/or impairment testing may comprise an even larger percentage of total shareholders equity and in turn, increase the risk that its financial position or results of operations could be adversely impacted as discussed below.

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

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

WesBanco uses market capitalization, multiples of tangible book value, a discounted cash flow model, and various other market based methods to estimate the current fair value of its reporting units. The resulting fair values of each method are then weighted based on the relevance and reliability of each respective method in light of the current economic environment to arrive at a weighted average fair value. The recent negative trends in economic growth and challenges specific to the banking industry have depressed WesBanco s stock market price and transaction multiples on tangible book value, particularly since December 31, 2008. Due to the decline in the volume and level of similar recent acquisitions of healthy banks over the past year, more reliance has been placed on the discounted cash flow model in 2009. The discounted cash flow model includes various estimates including assumptions regarding an investors required rate of return on WesBanco common stock, future loan loss provisions, future net interest margins, along with various growth and economic recovery and stabilization assumptions of the economy as a whole. As the volume and level of activity of mergers and acquisitions of healthy banks increase, more reliance will be placed on market based methods such as price paid to tangible book value and less reliance will be placed on discounted cash flow projections.

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WesBanco s internal evaluation concluded that goodwill was not impaired as of November 30, 2009. Based on the evaluations as of November 30, 2009, management believes that the fair value of the community banking reporting unit could decline by approximately 30% before further analysis of goodwill impairment would be required. This decline equates to a decrease of 957 basis points in the assumed earnings growth rate from 2009 through 2014 or an increase in the discount rate assumption of approximately 258 basis points.

As of December 31, 2009 there were no significant changes in market conditions, WesBanco operating results, or forecasted future income from November 30, 2009, the date of the most recent goodwill impairment evaluation. Therefore, WesBanco has concluded that goodwill is not impaired as of December 31, 2009. If weak economic conditions continue or worsen for a prolonged period of time, the fair value of the community banking reporting unit may be adversely affected which may result in impairment of goodwill and other intangible assets in the future.

Intangible assets with finite useful lives (primarily core deposit intangibles) are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset with a finite useful life is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and the fair value of the asset.

In the event WesBanco determined that either its goodwill or finite lived intangible assets were impaired, recognition of an impairment charge could have a significant adverse impact on its financial position or results of operations in the period in which the impairment occurred. Please refer to Note 1, Summary of Significant Accounting Policies and Note 9, Goodwill and Other Intangible Assets of the Consolidated Financial Statements for additional information on goodwill and core deposit intangibles.

EXECUTIVE OVERVIEW

Strengthening of the WesBanco branch network continued in 2009 with the completion of the purchase of all five of AmTrust Bank s Columbus, Ohio branches on March 27, 2009, as noted in the first quarter Form 10-Q. WesBanco assumed all of the deposit liabilities of $599.4 million for a total purchase price of $21.2 million and is now operating the acquired branches under the WesBanco Bank name. In addition to the branch acquisition, on July 1, 2009, WesBanco opened a new 4,300 square foot banking office in the Suncrest Town Center in Morgantown, West Virginia.

However, during 2009, WesBanco and the banking industry in general again experienced a significantly challenging environment related primarily to increased credit losses due to rising unemployment and depressed housing prices from the economic recession. The provision for credit losses increased 54.3% in 2009 as compared to 2008 due to increases in charge-offs and non-performing loans. Some improvement was evident in the fourth quarter of 2009 with the provision decreasing 11.4%, non-performing loans decreasing 2.6% and loans past due 90 days or more and accruing interest decreasing 32.1% from the third quarter of 2009.

Interest rates and loan demand remained low throughout the year, which limited the opportunity for acquiring reasonably priced loans and investments. However, new and repriced deposits were also significantly less expensive which, combined with the maturity of higher cost FHLB and other borrowings, significantly reduced interest expense resulting in only a slight 1.3% decline in net interest income. Liquidity provided by the branch acquisition was used to avoid replacement of the maturing borrowings. As a result, total FHLB and other short-term borrowings decreased by 23.4% in 2009 from December 31, 2008. Improvement in net interest income was also evident in the last three quarters of 2009 through higher earning asset levels also resulting from the branch acquisition. Non-interest income increased 12.6% in 2009 due to significant realized security gains and improvements in many other categories while expenses, excluding FDIC and restructuring and merger-related expense, increased only 0.8%. Expense reductions were achieved in many categories and included the benefit of a 7.2% reduction in full time equivalent employees. In addition, income tax expense decreased by 122.1%.

The Bank continued its strategy in 2009 of selling most new residential mortgages to the secondary market. Residential real estate loans decreased by $148.6 million, while, despite the economic conditions and depressed loan demand, all other portfolio loan categories in total were relatively unchanged with a small increase of $15.2 million. These stable loan levels were achieved while maintaining underwriting standards and credit quality, and a consistent focus on obtaining appropriate interest rates on new loans. Commercial real estate and home equity loan balances increased in 2009 from December 31, 2008 while commercial and consumer loans declined due to low demand levels.

On September 9, 2009 WesBanco repurchased from the U.S. Department of the Treasury 75,000 shares of the Company s Fixed Rate Cumulative Perpetual Preferred Stock, Series A, issued under the TARP program, at a purchase price of $75 million plus a final accrued dividend of $250,000. The funds used to repurchase the preferred stock were derived from security sales and other internal sources, including a special dividend from the Bank paid during the quarter that was previously approved by the Bank s regulators. The repurchase of the preferred stock resulted in WesBanco recording a $2.3 million charge in the third quarter representing the unamortized discount on the preferred stock, as well as certain unamortized issuance costs. These charges are reflected on the income statement after net income. WesBanco received approval from regulatory authorities and the U.S. Treasury to repurchase the preferred stock. WesBanco also repurchased the warrant to purchase 439,282 shares of WesBanco s common stock, issued to the Treasury Department with the preferred stock in December 2008. The warrant was repurchased for a negotiated price of $950,000 on December 23, 2009. WesBanco s consolidated and Bank subsidiary capital ratios continue to be in excess of the well capitalized benchmarks for regulatory purposes after repurchase of the preferred stock and warrant.

The FDIC significantly increased the cost of deposit insurance to all banks in 2009 due to the costs of a large number of failed banks in 2008 and 2009, as well as expectations for additional failures over the near term. FDIC insurance expense in 2009 for WesBanco was $8.8 million, representing an increase of $8.1 million as compared to 2008 expense. This increase was principally due to an increase in the FDIC base rate and a $2.6 million dollar industry-wide special assessment in the second quarter of 2009. In addition, the FDIC required a prepayment by all banks of the estimated amount of insurance that will be due over the next three years. In December, WesBanco paid the FDIC $24.1 million to fulfill this requirement with the portion relating to 2010, 2011 and 2012 recorded as a prepaid asset to be recognized in expense in the appropriate quarters over the next three years.

RESULTS OF OPERATIONS

EARNINGS SUMMARY

Net income available to common shareholders for 2009 was $18.7 million while diluted earnings per common share were $0.70, as compared to $37.8 million or $1.42 per common share for 2008. Net income for 2009 before preferred stock dividends and the third quarter amortization expense related to the TARP preferred stock repurchase was $23.9 million as compared to $38.1 million for 2008. Net income before preferred dividends from the fourth quarter of 2008 through the third quarter of 2009 ranged from $5.4 million to $5.8 million per quarter, but increased to $7.3 million in the fourth quarter of 2009, a 25.4% increase as compared to the fourth quarter of 2008. This increase is primarily due to a 38.4% increase in non-interest income and a 4.6% reduction in the provision for credit losses due primarily to recent decreases in non-performing loans and delinquencies in the fourth quarter of 2009 as compared to the third quarter of 2009. Net interest income in the fourth quarter of 2009, although down slightly from the fourth quarter of 2008, has grown in each of the last three quarters of 2009 and is 6.4% higher than the first quarter of 2009.

The provision for credit losses was $50.4 million in 2009 as compared to $32.6 million in 2008. The provision for 2009 exceeded net charge-offs by approximately $11.2 million, increasing the allowance for loan losses to 1.76% of total loans at December 31, 2009 compared to 1.38% at December 31, 2008. This increase in the provision and allowance for loan losses reflects current economic conditions and their overall adverse impact on credit risk in all segments of the loan portfolio, higher net charge-offs, elevated levels of non-performing loans, record high unemployment in all WesBanco markets, and declining real estate values particularly in the Ohio metropolitan markets of Columbus, Dayton and Cincinnati.

Net interest income decreased slightly by 1.3% for 2009. Average earning assets increased $362.8 million or 7.9% for the year, principally due to the acquisition of the branches, however, the net interest margin decreased by 30 basis points primarily due to reinvesting proceeds from the branch deposit acquisition into lower yielding, short duration securities. Also, the continuation of the low interest environment in 2009 has impacted the margin as lower security and loan yields and a reduction of interest income from the increased non-performing loans have not been fully offset by decreases in deposit and borrowing cost of funds.

Non-interest income improved by $7.2 million or 12.6%, for the year compared to 2008 due to higher security gains of $4.5 million, growth in securities brokerage income of $1.6 million, a bank owned life insurance claim of $1.0 million, and a combined $1.6 million increase in gains on the sale of mortgage loans, service charges on deposits, and electronic banking fees. Additionally, losses recognized on other real estate-owned declined $0.9 million. These improvements in non-interest income were partially offset by lower trust fees of $1.1 million, due to lower average market values of trust assets, and decreased mortgage servicing income of $0.8 million as a result of increased customer refinancing and an impairment charge to mortgage servicing rights during 2009. Non-interest expense increased $7.0 million or 4.9% in 2009; however, expenses only increased $1.1 million or 0.8% excluding FDIC insurance and merger-related expenses. An increase in FDIC insurance of $8.1 million from 2008 results can be attributed to a $2.6 million special assessment in the second quarter of 2009, an increase in the FDIC base rate, usage of certain assessment credits recognized in prior periods and, to a lesser extent, the increase in deposits resulting from the branch acquisition. Efficiency improvements in 2009 resulting in lower expenses were achieved in salaries and wages as full time equivalent employees decreased by 7.2%, in net occupancy and equipment, administrative fees, miscellaneous taxes, supplies and postage, for a total decrease of $4.7 million. However, employee benefits increased $4.0 million due to higher health care costs and higher pension expenses, which, combined with other smaller expense increases resulted in the increase in non-interest expense.

Results were positively impacted by a $5.5 million reduction in the provision for income taxes due to the significant decrease in pre-tax income and a negative effective tax rate in 2009 of (4.3%) as compared to a positive 10.5% in 2008. The lower effective rate was due primarily to a higher percentage of tax-exempt income to total income and the benefit of certain tax credits including New Market Tax Credits awarded to WesBanco Bank through the former Oak Hill Banks, partially offset by certain filed return adjustments during the year.

TABLE 1. NET INTEREST INCOME

	For the years ended December 31,		
(dollars in thousands)	**2009**	**2008**	**2007**
Net interest income	**$ 158,372**	$ 160,537	$ 119,313
Taxable-equivalent adjustments to net interest income	**7,544**	7,822	7,830
Net interest income, fully taxable-equivalent	**$ 165,916**	$ 168,359	$ 127,143
Net interest spread, non-taxable-equivalent	**2.93%**	3.19%	2.79%
Benefit of net non-interest bearing liabilities	**0.28%**	0.32%	0.44%
Net interest margin	**3.21%**	3.51%	3.23%
Taxable-equivalent adjustment	**0.15%**	0.17%	0.21%
Net interest margin, fully taxable-equivalent	**3.36%**	3.68%	3.44%

Net interest income, which is WesBanco s largest source of revenue, is the difference between interest income on earning assets, primarily loans and securities, and interest expense on liabilities (deposits and short and long-term borrowings). Net interest income is affected by the general level and changes in interest rates, the steepness and shape of the yield curve, changes in the amount and composition of interest earning assets and interest bearing liabilities, as well as the frequency of repricing of those assets and liabilities. Net interest income decreased 1.3% in 2009 compared to 2008 due to a 32 basis point decrease in the net interest margin to 3.36% from 3.68% in 2008, primarily due to reinvesting proceeds from the branch deposit acquisition into lower yielding, short duration securities, reductions of interest income from increased non-performing loans and the continuation of the low interest environment. The lower margin was partially offset by an increase in average earning assets of 7.9%, also due to the branch acquisition. Net interest income has increased in each of the last three quarters of 2009 with the net interest margin improving in the last two quarters as the benefit of the branch acquisition was more fully realized in the second half of 2009 and non-performing loans grew only 0.9% in the 2009 third quarter as compared to the second quarter and decreased 2.6% in the fourth quarter as compared to the third. In addition to the increase in earning assets, the resulting increase in liquidity from the branch acquisition was utilized to fund reductions in higher cost borrowings and CDs as they matured in the last three quarters of 2009, improving the net interest margin. The margin also benefited from a 5.3% increase in average non-interest bearing deposit balances in 2009, the result of marketing campaigns focused on checking account products.

Interest income decreased 8.7% in 2009 due to a 96 basis point decrease in the average rate earned on total interest-earning assets to 5.36% as compared to 6.32% in the prior year. Rates decreased on all earning asset categories from reduced rates on new and repriced assets due to the lower interest rate environment throughout 2009. The largest declines in rates were in taxable securities due to the branch acquisition and in loans due to the increase in non-performing loans in the first half of 2009 as compared to December 31, 2008. The lower rates were partially offset by a 7.9% increase in average earning assets due to increases in investments in securities using funds from the branch acquisition.

Average loan balances decreased 2.8% in 2009 as compared to 2008 as management sharpened its focus on credit administration and credit risk management and due to continued strategic reductions in residential mortgage loan balances through the sale of most originations into the secondary market rather than held in the loan portfolio, as management continued to focus on improving overall credit quality. Commercial loans decreased due to reduced line usage. Reduced new commercial and consumer loan demand as well as normal pay-downs on both consumer and residential loans also contributed to the decreases. Declines in consumer demand were primarily related to automobile loans and a strategic reduction in recreational vehicle lending. Commercial real estate increased due to origination volumes and reduced prepayments from property refinancing and sales. Home equity loans also increased through various marketing and targeted sales efforts in our branches.

Interest expense decreased $22.2 million or 18.3% in 2009 as compared to 2008 primarily due to a 80 basis point decline in the average rates paid on deposits. The rate declines were partially offset by a 6.3% increase in average interest bearing balances primarily due to the branch acquisition. In addition, deposit levels unrelated to the acquisition were generally stable in 2009 through growth in competitively priced deposits in certain regions as a result of somewhat reduced competition as compared to prior periods, overall stock market volatility and an increase in the national personal savings rate. The increase in deposits from the branch acquisition and other sources caused a reduction in the loan to deposit ratio from approximately 103% at December 31, 2008 to 87% at December 31, 2009. All categories of interest bearing liabilities experienced declines in rates due to the lower interest rate environment, however the overall decline was principally due to a 111 basis point decline in CDs and a 70 basis point decline in MMDA. The decline in CD rates resulted from the Bank s strategy of allowing certain high rate, single service CDs acquired in the branch acquisition to mature without renewal due to the current rate environment. In addition, management reduced certain interest rates on maturing CDs, MMDA and interest bearing demand deposit accounts in order to realize a lower cost of funds during a period of declining loan yields, while focusing marketing efforts on non-interest bearing demand deposits. (See Market Risk in Item 7A. Quantitative and Qualitative Disclosures about Market Risk.)

FHLB and other short-term borrowings decreased $209.7 million or 23.4% from December 31, 2008 to December 31, 2009 primarily through maturities of these more expensive sources of funds, without replacement,

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through the application of the liquidity from the branch acquisition. Many of these maturities occurred in the second half of 2009, but these changes in the structure of the balance sheet reduced interest expense in 2009 and will benefit future periods. WesBanco plans to continue to reduce higher cost borrowings as they mature which, combined with continued repricing of higher cost certificates of deposit, is expected to continue to improve the net interest margin in the short term.

TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

	For the years ended December 31,								
	2009			2008			2007		
(dollars in thousands)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS									
Due from banks-interest bearing	**$ 44,565**	**$ 87**	**0.19%**	$ 35,702	$ 968	2.71%	$ 1,749	$ 45	2.57%
Loans, net of unearned income (1)	**3,547,122**	**204,317**	**5.76%**	3,648,968	236,923	6.49%	2,906,197	199,044	6.85%
Securities: (2)									
Taxable	**991,434**	**38,651**	**3.90%**	522,523	28,128	5.38%	414,792	20,713	4.99%
Tax-exempt (3)	**326,735**	**21,554**	**6.60%**	328,755	22,348	6.80%	334,332	22,372	6.69%
Total securities	**1,318,169**	**60,205**	**4.57%**	851,278	50,476	5.93%	749,124	43,085	5.75%
Federal funds sold	**2,060**	**5**	**0.24%**	13,512	299	2.21%	16,005	830	5.19%
Other earning assets	**31,849**	**294**	**0.92%**	31,464	922	2.93%	21,766	1,219	5.60%
Total earning assets (3)	**4,943,765**	**264,908**	**5.36%**	4,580,924	289,588	6.32%	3,694,841	244,223	6.61%
Other assets	**622,418**			643,518			405,956		
Total Assets	**$ 5,566,183**			$ 5,224,442			$ 4,100,797		
LIABILITIES AND SHAREHOLDERS EQUITY									
Interest bearing demand deposits	**$ 455,151**	**$ 2,921**	**0.64%**	$ 433,661	$ 4,809	1.11%	$ 357,616	$ 4,695	1.31%
Money market accounts	**629,520**	**6,687**	**1.06%**	472,634	8,341	1.76%	395,017	10,857	2.75%
Savings deposits	**470,737**	**2,385**	**0.51%**	504,335	3,089	0.61%	423,485	5,591	1.32%
Certificates of deposit	**1,887,051**	**52,827**	**2.80%**	1,758,124	68,787	3.91%	1,481,014	68,146	4.60%
Total interest bearing deposits	**3,442,459**	**64,820**	**1.88%**	3,168,754	85,026	2.68%	2,657,132	89,289	3.36%
Federal Home Loan Bank borrowings	**570,008**	**21,849**	**3.83%**	520,636	20,659	3.97%	320,247	13,189	4.12%
Other borrowings	**224,649**	**6,971**	**3.10%**	289,541	8,401	2.90%	181,539	8,754	4.82%
Junior subordinated debt	**111,152**	**5,352**	**4.82%**	111,063	7,143	6.43%	89,623	5,848	6.53%
Total interest bearing liabilities	**4,348,268**	**98,992**	**2.28%**	4,089,994	121,229	2.96%	3,248,541	117,080	3.60%
Non-interest bearing demand deposits	**524,167**			497,681			393,040		
Other liabilities	**52,211**			42,766			38,984		
Shareholders equity	**641,537**			594,001			420,232		
Total Liabilities and Shareholders Equity	**$ 5,566,183**			$ 5,224,442			$ 4,100,797		
Net interest spread			**3.08%**			3.36%			3.01%
Taxable equivalent net interest margin (3)		**$ 165,916**	**3.36%**		$ 168,359	3.68%		$ 127,143	3.44%

(1) Total loans are gross of the allowance for loan losses, net of unearned income and include loans held for sale. Non-accrual loans were included in the average volume for the entire period. Loan fees included in interest income on loans totaled $4.6 million, $4.7 million and $3.7 million for the years ended December 31, 2009, 2008 and 2007, respectively.

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

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

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

	2009 Compared to 2008			2008 Compared to 2007		
(dollars in thousands)	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:						
Due from banks-interest bearing	**$ 194**	**$ (1,075)**	**$ (881)**	$ 907	$ 16	$ 923
Loans, net of unearned income	**(6,465)**	**(26,141)**	**(32,606)**	48,674	(10,795)	37,879
Taxable securities	**19,917**	**(9,395)**	**10,522**	5,739	1,676	7,415
Tax-exempt securities (2)	**(137)**	**(657)**	**(794)**	(376)	351	(25)
Federal funds sold	**(143)**	**(151)**	**(294)**	(113)	(418)	(531)
Other earning assets	**11**	**(638)**	**(627)**	418	(715)	(297)
Total interest income change (2)	**13,377**	**(38,057)**	**(24,680)**	55,249	(9,885)	45,364
Increase (decrease) in interest expense:						
Interest bearing demand deposits	**228**	**(2,116)**	**(1,888)**	883	(769)	114
Money market	**2,268**	**(3,922)**	**(1,654)**	1,863	(4,379)	(2,516)
Savings deposits	**(196)**	**(508)**	**(704)**	917	(3,419)	(2,502)
Certificates of deposit	**4,750**	**(20,710)**	**(15,960)**	11,690	(11,049)	641
Federal Home Loan Bank borrowings	**1,910**	**(720)**	**1,190**	7,968	(498)	7,470
Other borrowings	**(1,983)**	**553**	**(1,430)**	3,965	(4,318)	(353)
Junior subordinated debt	**6**	**(1,797)**	**(1,791)**	1,380	(85)	1,295
Total interest expense change	**6,983**	**(29,220)**	**(22,237)**	28,666	(24,517)	4,149
Net interest income increase (decrease) (2)	**$ 6,394**	**$ (8,837)**	**$ (2,443)**	$ 26,583	$ 14,632	$ 41,215

(1) Changes to rate/volume are allocated to both rate and volume on a proportionate dollar basis.

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

PROVISION FOR LOAN LOSSES

The provision for loan losses is the amount to be added to the allowance for loan losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb probable losses in the loan portfolio. The provision for loan losses for the year ended December 31, 2009 increased $18 million or 55% to $50.5 million compared to $32.5 million for the year ended December 31, 2008. The provision for 2009 exceeded net charge-offs by approximately $11.4 million and increased the allowance for loan losses to 1.76% of total loans at December 31, 2009 compared to 1.38% at December 31, 2008. This increase in the provision and allowance for loan losses reflects current economic conditions and their overall adverse impact on credit risk in all segments of the loan portfolio, higher net charge-offs, elevated levels of non-performing loans, high unemployment in all WesBanco markets, and declining real estate values particularly in the Ohio metropolitan markets of Columbus, Dayton and Cincinnati. (Please see the Allowance for Loan Losses section of this MD&A for additional discussion).

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TABLE 4. NON-INTEREST INCOME

(dollars in thousands)	For the years ended December 31, 2009	2008	$ Change	% Change
Trust fees	**$ 13,746**	$ 14,883	$ (1,137)	(7.6)%
Service charges on deposits	**24,372**	23,986	386	1.6%
Bank-owned life insurance	**4,623**	3,807	816	21.4%
Net securities gains (losses)	**6,046**	1,556	4,490	288.6%
Net gains on sales of loans	**2,094**	1,594	500	31.4%
Other income:				
Service fees on ATM s and debit cards	**7,422**	6,692	730	10.9%
Net securities brokerage revenue	**4,169**	2,592	1,577	60.8%
Net insurance services revenue	**2,329**	2,588	(259)	(10.0)%
Gain (loss) on sale of other real estate owned and repossessed assets	**(645)**	(1,527)	882	57.8%
Other	**433**	1,175	(742)	(63.1)%
Total other income	**13,708**	11,520	2,188	19.0%
Total non-interest income	**$ 64,589**	$ 57,346	$ 7,243	12.6%

Non-interest income is a significant source of revenue and an important part of WesBanco s results of operations. WesBanco offers its customers a wide range of retail, commercial, investment and electronic banking services, which are viewed as a vital component of WesBanco s strategy to attract and maintain customers, as well as providing additional fee income beyond normal spread-related income to WesBanco. WesBanco s non-interest income increased $7.2 million or 12.6% primarily due to increased securities gains, growth in securities brokerage income, increased gains on the sale of mortgage loans, deposit activity fees, electronic banking fees, and a $1.0 million bank owned life insurance claim. Non-interest income comprised 29.0% of total net revenues for 2009 compared to 26.3% for the 2008 period, with net revenue being defined as the total of net interest income and non-interest income.

Net realized gains on the securities portfolio increased $4.5 million as compared to 2008, while trust fees declined $1.1 million due to decreased managed asset market values in the first half of 2009. The market value of trust assets under management at December 31, 2009 and 2008 was $2.7 billion and $2.4 billion, respectively. The decline in trust assets in the first half of 2009 was principally due to the downturn in the markets in late 2008 and early 2009.

Net securities brokerage revenue improved $1.6 million from 2008, due primarily to new customer representatives in the Columbus, Ohio market. Service fees on ATM s and debit cards for the year increased $0.7 million as compared to 2008, due to a higher volume of debit card transactions during the periods, while gains on the sale of mortgage loans and fewer losses on other real estate-owned contributed an additional $0.5 million and $0.9 million, respectively, to the increase in income from 2008.

Other declines in non-interest income for 2009 which mostly occurred in the first half of the year include lower mortgage servicing fees of $0.7 million as a result of increased customer refinancing and an impairment charge to mortgage servicing rights during 2009 and a $0.3 million decrease in net insurance revenue due to lower client revenues from the former Oak Hill Banks insurance division. Other income in 2008 included a gain of $0.4 million in the first quarter relating to the mandatory sale of VISA stock.

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TABLE 5. NON-INTEREST EXPENSE

(dollars in thousands)	For the years ended December 31, 2009	2008	$ Change	% Change
Salaries and wages	**$ 54,399**	$ 56,120	$ (1,721)	(3.1)%
Employee benefits	**19,957**	16,004	3,953	24.7%
Net occupancy	**10,269**	10,462	(193)	(1.8)%
Equipment	**10,726**	10,968	(242)	(2.2)%
Marketing	**5,094**	5,668	(574)	(10.1)%
FDIC Insurance	**8,817**	731	8,086	1106.2%
Amortization of intangible assets	**3,110**	3,810	(700)	(18.4)%
Restructuring and merger-related expenses	**1,815**	3,945	(2,130)	(54.0)%
Other operating expenses:				
Miscellaneous, franchise, and other taxes	**5,425**	6,559	(1,134)	(17.3)%
Consulting, regulatory, and advisory fees	**4,466**	4,867	(401)	(8.2)%
Postage	**3,626**	3,940	(314)	(8.0)%
ATM and interchange expenses	**3,387**	2,805	582	20.7%
Communications	**2,959**	3,008	(49)	(1.6)%
Legal fees	**2,702**	2,039	663	32.5%
Supplies	**2,443**	2,732	(289)	(10.6)%
Other	**10,453**	8,966	1,487	16.6%
Total other operating expenses	**35,461**	34,916	545	1.6%
Total non-interest expense	**$ 149,648**	$ 142,624	$ 7,024	4.9%

For the year ended December 31, 2009, non-interest expense increased $7.0 million or 4.9% compared to the same period in 2008 primarily due to increases in FDIC insurance, employee health care and pension expenses, partially offset by declines in merger-related expenses, salaries and wages, and miscellaneous taxes.

FDIC insurance for the year increased $8.1 million compared to the same period in 2008 due to a mid-2009 $2.6 million special assessment, a reduction in certain prior FDIC credits, an increase in the FDIC rate from approximately 6 basis points to 13 basis points on insured deposits, and, to a lesser extent, the increase in deposits derived from the branch acquisition in March 2009.

Salaries and wages declined $1.7 million or 3.1% in 2009 as compared to 2008, due to a decrease in the number of full time equivalent employees from 1,501 at December 31, 2008 to 1,393 at December 31, 2009, primarily from planned efficiencies created through the Oak Hill Banks merger with WesBanco Bank in 2008, a reduction in overtime and other hours worked in certain retail branches and other departments, a workforce reduction in the fourth quarter in certain Ohio branches, and the company s overall strategy to manage expenses. However, the reduction in salaries was more than offset by increases in employee benefits of $4.0 million compared to the prior year, due to higher defined benefit pension expenses resulting from market declines on pension plan assets experienced in 2008 and overall higher employee health insurance costs.

Marketing expenses declined $0.6 million for the year as compared to 2008. The 2008 marketing expenses reflected higher marketing costs to establish name identity in the former Oak Hill banking markets. This decline was somewhat offset by increased marketing efforts primarily in the Columbus, Ohio market in the second quarter of 2009 to both welcome our new banking customers from the branch acquisition in March 2009 and to establish greater name identity in the market area.

Merger-related expenses declined by $2.1 million in 2009 as compared to 2008 due to Oak Hill acquisition expenses in 2008. Miscellaneous taxes decreased $1.1 million in 2009 as compared to 2008 due to a reduction in certain state franchise taxes from a subsidiary restructuring and adjustments to apportionment factors.

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Net occupancy, equipment, and postage all experienced decreases in 2009 mostly related to the full integration of Oak Hill during 2008 with some additional impact to net occupancy and equipment due to a reduction in ATMs and other building lease expenses from the sale of five former Oak Hill branches. Intangible asset amortization was down due to the completion of certain prior acquisition-related core deposit intangible amortization, offset somewhat by the amortization from the new branches acquired in 2009. These cost reductions were partially offset by increased foreclosure expenses, increased costs related to property management of other real estate owned, higher expenses relating to electronic banking activities and a termination fee related to internet banking software upgrades.

INCOME TAXES

The provision for federal and state income taxes decreased by 122% to ($1.0) million in 2009 as compared to $4.5 million in 2008. The decrease in income tax expense was due to a $19.7 million decrease in pre-tax income, and a lower effective tax rate of (4.3%) as compared to 10.5% for 2008. The decrease in the effective tax rate was due primarily to a higher percentage of tax-exempt income to total income and the benefit of certain tax credits including New Market Tax Credits awarded to WesBanco Bank through the former Oak Hill Bank, partially offset by certain filed return adjustments during the year.

FINANCIAL CONDITION

Total assets increased 3.4% in 2009, while total shareholders equity decreased 10.7% as compared to December 31, 2008. Increases in total assets and deposits were primarily the result of the branch acquisition, which represented an increase of $599.4 million in deposits on March 27, 2009. The liquidity provided by the branch acquisition was partially utilized to pay down higher cost FHLB and other borrowings by 23.4% which improved the net interest margin and reduced the size of the balance sheet, improving WesBanco s already strong regulatory capital position. Total shareholders equity decreased by $70.7 million primarily due to the $76 million repurchase of the TARP preferred stock and the related warrant for common stock. Dividends paid to preferred and common shareholders also contributed to the decline as the dividends exceeded net income by $3.6 million for the year. These decreases were partially offset by a $6.1 million increase in accumulated other comprehensive income due to unrealized gains recorded in the available-for-sale securities portfolio and decreases in unrecognized net losses in the defined pension plan in 2009. Total tangible equity to tangible assets (non-GAAP measure) decreased from 7.90% at December 31, 2008 to 5.88% at December 31, 2009, primarily as a result of the branch acquisition and the TARP repurchase, while total tangible common equity to tangible assets (non-GAAP measure) declined from 6.44% to 5.88%, for the same periods, due primarily to the branch acquisition.

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TABLE 6. COMPOSITION OF SECURITIES (1)

	December 31,		2009-2008		
(dollars in thousands)	2009	2008	$ Change	% Change	2007
Available-for-sale (at fair value)					
Other government agencies	**$ 190,726**	$ 40,009	$ 150,717	376.7%	$ 83,497
Corporate debt securities	**2,932**	3,149	(217)	(6.9)%	
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**698,138**	523,897	174,241	33.3%	456,201
Other residential collateralized mortgage obligations	**2,591**	4,150	(1,559)	(37.6)%	4,821
Obligations of states and political subdivisions	**363,619**	359,425	4,194	1.2%	385,848
Total debt securities	**1,258,006**	930,630	327,376	35.2%	930,367
Equity securities	**3,798**	3,508	290	8.3%	5,268
Total available-for-sale securities	**$ 1,261,804**	$ 934,138	$ 327,666	35.1%	$ 935,635
Held-to-maturity (at amortized cost)					
Corporate debt securities	**1,450**	1,450			1,449
Total securities	**$ 1,263,254**	$ 935,588	$ 327,666	35.0%	$ 937,084
Available-for-sale securities:					
Weighted average yield at the respective year end	**4.57%**	5.51%			5.64%
As a % of total securities	**99.9%**	99.8%			99.8%
Weighted average life (in years)	**3.7**	3.6			3.8
Held-to-maturity securities:					
Weighted average yield at the respective year end	**9.71%**	9.72%			9.70%
As a % of total securities	**0.1%**	0.2%			0.2%
Weighted average life (in years)	**20.3**	21.3			22.3

(1) At December 31, 2009, 2008 and 2007, there were no holdings of any one issuer, other than the U.S. government and certain federal or federally-related agencies, in an amount greater than 10% of WesBanco s shareholders equity.

Total investment securities, which represent a source of liquidity for WesBanco as well as a contributor to interest income, increased $327.7 million, or 35.0% from December 31, 2008 to December 31, 2009. The increase from 2008 was due primarily to the investment of cash received from the branch acquisition in the first quarter of 2009 into other government agencies, mortgage-backed securities, and municipal securities. Investments declined in the second half of 2009 due to sales at net gains that funded the repurchase of TARP, as well as intentional reductions in CDs and certain borrowings. WesBanco does not have any material investments in private mortgage-backed securities or that are collateralized by sub-prime mortgages, nor does WesBanco have exposure to collateralized debt obligations or government sponsored enterprise preferred stocks.

The investment portfolio s yield on a tax-equivalent basis decreased from 5.93% in 2008, to 4.57% in 2009. The decrease is primarily attributable to the continuing lower interest rate environment which affected the repricing of taxable securities, coupled with the investment of cash received from the branch acquisition into lower yielding, shorter term securities. Cash flows from the portfolio due to calls, maturities and prepayments increased to $395.5 million for 2009, from $213.0 million for 2008.

Total gross unrealized securities losses increased by $2.1 million, from $2.0 million to $4.1 million for the years ended December 31, 2008 and 2009, respectively. At December 31, 2009, WesBanco had $292.7 million in investment securities in an unrealized loss position for less than 12 months which was a significant increase from the $47.5 million for the same category at December 31, 2008. In addition at December 31, 2009, WesBanco had $15.9 million in investment securities in an unrealized loss position for more than 12 months which was a significant reduction from the $32.9 million for the same category at December 31, 2008. WesBanco believes that all of the unrealized securities losses at December 31, 2009 were temporary impairment losses due to changes in market rates in relation to fixed yields with no credit impairment issues. In addition, no significant impairment loss was recorded in the consolidated statements of income for either 2009 or 2008. Please refer to Note 5, Securities, of the Consolidated Financial Statements for more information.

Unrealized pre-tax gains and losses on available-for-sale securities (fair value adjustments) reflected a $20.8 million net market gain as of December 31, 2009, compared to a $17.6 million net market gain as of December 31, 2008. These fair value adjustments represent temporary fluctuations resulting from changes in market rates in relation to fixed yields in the available-for-sale portfolio, and on an after-tax basis are accounted for as an adjustment to other comprehensive income in shareholders equity. The increase in the net unrealized gains is primarily due to decreasing interest rates during 2009.

TABLE 7. MATURITY DISTRIBUTION AND YIELD ANALYSIS OF SECURITIES

	December 31, 2009							
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years	
(dollars in thousands)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)	Amount	Yield (1)
Available-for-sale (at amortized cost): (2)								
Other government agencies	$ 96,797	2.38%	$ 78,375	2.72%	$ 10,828	3.83%	$ 5,184	3.70%
Corporate debt securities			2,886	2.30%				
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (3)	57,899	4.85%	508,206	4.19%	109,708	4.07%	8,330	4.87%
Other residential collateralized mortgage obligations			2,541	4.64%			27	4.79%
Obligations of states and political subdivisions (4)	76,260	6.31%	132,383	6.35%	92,586	6.17%	55,464	5.32%
Equity securities							3,508	5.96%
Total available-for-sale securities	230,956	4.29%	724,391	4.42%	213,122	4.97%	72,513	5.18%
Held-to-maturity (at amortized cost)								
Corporate debt securities							1,450	9.71%
Total securities	$ 230,956	4.29%	$ 724,391	4.42%	$ 213,122	4.97%	$ 73,963	5.27%

(1) Yields are calculated using a weighted-average yield to maturity.
(2) Maturity amounts and average yields on securities available-for-sale have been calculated based on amortized cost.
(3) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are assigned to maturity categories based on estimated average lives or repricing information.
(4) Average yields on obligations of states and political subdivisions have been calculated on a taxable-equivalent basis using the federal statutory tax rate of 35%.

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Cost method investments consist primarily of Federal Home Loan Bank stock totaling $30.9 million and $32.0 million at December 31, 2009 and 2008, respectively, and are included in other assets in the Consolidated Balance Sheets. On December 23, 2008 the FHLB of Pittsburgh announced that it would suspend dividends and the repurchase of excess capital stock from its member banks until further notice. The FHLB of Pittsburgh stock owned by WesBanco does not have readily determinable fair value and is recorded as a cost method investment totaling $26.3 million at December 31, 2009 and 2008, and is held primarily to serve as collateral on FHLB borrowings. Although the FHLB of Pittsburgh has suspended dividends and the repurchase of excess capital stock, they are meeting their current debt obligations, have continued to exceed all required capital ratios, and have remained in compliance with statutory and regulatory requirements. Accordingly, as of December 31, 2009, WesBanco believes that sufficient evidence exists to conclude that its investment in FHLB stock was not impaired.

Dividend income recognized on FHLB of Pittsburgh stock totaled $0.4 million for 2008. Additionally, the Bank owned $4.6 million and $5.7 million of FHLB of Cincinnati stock at December 31, 2009 and 2008, respectively, which paid a cash dividend at an annualized rate of 4.63% in 2009 totaling $0.3 million and a cash and stock dividend of $0.3 million and $0.1 million in 2008, respectively representing an annualized rate of 5.32%.

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. 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.

TABLE 8. COMPOSITION OF LOANS (1)

	December 31,									
	2009		**2008**		**2007**		**2006**		**2005**	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Commercial real estate:										
Land and construction	**$ 254,637**	**7.3%**	$ 230,865	6.4%	$ 264,560	7.0%	$ 222,149	7.6%	$ 175,203	6.0%
Other	**1,525,584**	**43.8%**	1,468,158	40.7%	1,418,115	37.8%	943,674	32.4%	943,139	32.0%
Commercial and industrial	**451,688**	**13.0%**	510,902	14.2%	505,541	13.4%	409,347	14.1%	417,161	14.2%
Residential real estate:										
Land and construction	**8,787**	**0.3%**	15,896	0.4%	26,102	0.7%	32,588	1.1%	42,869	1.5%
Other	**699,610**	**20.1%**	841,103	23.3%	949,049	25.2%	863,945	29.7%	886,954	30.1%
Home equity	**239,784**	**6.9%**	217,436	6.0%	193,209	5.1%	161,602	5.6%	175,651	6.0%
Consumer	**290,856**	**8.3%**	319,949	8.9%	363,973	9.7%	274,908	9.4%	271,100	9.2%
Total portfolio loans	**3,470,946**	**99.7%**	3,604,309	99.9%	3,720,549	98.9%	2,908,213	99.9%	2,912,077	99.0%
Loans held for sale	**9,441**	**0.3%**	3,874	0.1%	39,717	1.1%	3,170	0.1%	28,803	1.0%
Total loans	**$ 3,480,387**	**100.0%**	$ 3,608,183	100.0%	$ 3,760,266	100.0%	$ 2,911,383	100.0%	$ 2,940,880	100.0%

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

Total portfolio loans decreased $133 million or 3.7% between December 31, 2008 and December 31, 2009 CRE loans increased $81 million as opportunities to finance quality real estate projects continued to be available despite the downturn in the economy. Retention of existing CRE loans was also aided by a reduction in prepayments from secondary or capital market sources of refinancing of portfolio loans. The inactive secondary market together with other banks needing to decrease real estate loans or change the risk profile of their portfolio also contributed to new opportunities for CRE loans. CRE land and construction loan balances increased $24 million or 10.3% as many

projects progressed through various stages of completion. The increase in land and construction balances was offset by a $40 million or 34.4% decrease in corresponding loan commitments as demand for new construction lending declined and the bank reduced this type of lending other than for high quality owner occupied or pre-leased commercial projects. A reduction in originally anticipated repayments from sales of financed residential development projects also kept land and construction balances at a higher level due to the slumping housing market that stalled or slowed the absorption of new dwellings. C&I loans decreased $59 million or 11.6% as loan demand continued to decrease due to economic conditions and a reduction in business activity. The decrease in C&I balances was accompanied by a $26 million or 9.1% decrease in corresponding loan commitments due to changes in usage of revolving lines of credit as well as market conditions. Residential real estate loans decreased $149 million or 17.3% primarily due to continued intentional reduction in the retention of fixed rate residential real estate loans. Residential land and construction loans decreased $7 million or 44.7% due to reduced demand for construction of new homes. Home equity lines of credit were a source of loan growth despite declining home values and stricter underwriting standards, increasing $22 million or 10.3%. Consumer loans decreased $29 million or 9.1% primarily due to reduced demand for automobile and recreational vehicle loans as well as stricter underwriting standards. Loan growth in all categories was tempered by disciplined underwriting and management s focus on obtaining appropriate interest rates and spreads on new loans. Loans held for sale increased $5 million or 144% due to higher volumes and the Bank s focus on originating most new residential real estate loans for sale in the secondary market instead of for the portfolio.

Loan commitments, which are not reported on the balance sheet, consist of available balances on lines of credit, letters of credit, deposit account overdraft protection programs, certain loan guarantee contracts, and approved commitments to extend credit. This includes unused commitments for CRE construction loans, C&I lines and letters of credit, home equity and other consumer lines of credit. Approved commitments to extend credit are reported net of any WesBanco loan balances that are to be refinanced by the new loans. Loan commitments are summarized in Table 9.

TABLE 9. COMPOSITION OF LOAN COMMITMENTS

					December 31,					
	2009		**2008**		**2007**		**2006**		**2005**	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Commercial real estate:										
Land and construction	**$ 77,169**	**10.3%**	$ 117,569	15.3%	$ 119,802	16.1%	$ 69,341	12.1%	$ 82,122	14.4%
Other	**109,900**	**14.7%**	74,465	9.7%	90,991	12.2%	71,449	12.5%	50,657	8.8%
Commercial and industrial	**255,469**	**34.1%**	281,013	36.5%	266,286	35.9%	215,557	37.6%	218,799	38.3%
Residential real estate	**3,015**	**0.4%**	5,473	0.7%	7,116	1.0%	9,429	1.6%	18,755	3.3%
Home equity	**195,943**	**26.1%**	193,038	25.1%	177,462	23.9%	144,082	25.1%	144,126	25.2%
Consumer	**21,222**	**2.8%**	21,416	2.8%	22,990	3.1%	13,055	2.3%	12,510	2.2%
Deposit overdraft limits	**81,125**	**10.8%**	74,582	9.7%	52,947	7.1%	50,143	8.8%	42,016	7.3%
Total portfolio commitments	**743,843**	**99.2%**	767,556	99.6%	737,594	99.3%	573,056	100.0%	568,985	99.5%
Loans held for sale	**5,882**	**0.8%**	2,704	0.4%	4,874	0.7%		0.0%	2,595	0.5%
Total loan commitments	**$ 749,725**	**100.0%**	$ 770,260	100.0%	$ 742,468	100.0%	$ 573,056	100.0%	$ 571,580	100.0%
Letters of credit included above	**$ 34,488**	**4.6%**	$ 36,793	4.8%	$ 55,116	7.4%	$ 44,168	7.7%	$ 41,351	7.2%

Total portfolio loan commitments decreased $24 million or 3.1% between December 31, 2008 and December 31, 2009 primarily due to advances of CRE land and construction loans on existing projects, reduction of new CRE construction lending, and changes in usage of C&I lines of credit. Total portfolio loan commitments increased $30 million or 4.1% between December 31, 2007 and December 31, 2008 primarily as a result of growth in C&I and home equity lines of credit that were not immediately used by the borrowers.

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Commercial lines of credit and letters of credit are generally renewable or may be cancelled annually by WesBanco. However, lines of credit and letters of credit may also be committed for more than one year when appropriate. Home equity and other consumer lines of credit are generally available to the borrower beyond one year. Construction loan commitments are generally available to the borrower for up to one year for residential construction loans, but may extend beyond one year for certain types of CRE construction projects. All loan commitments are cancelable by WesBanco regardless of their duration under certain circumstances. Overdraft protection limits are established for demand deposit accounts that meet the criteria for eligibility and represent potential loan balances. While these limits generally permit automatic advances when sufficient collected balances are not available, such advances are subject to WesBanco s discretion and may be suspended or cancelled at any time.

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

WesBanco extends credit to borrowers that are primarily located within the market areas where WesBanco has branch offices. There are no material loans in relation to the total portfolio to commercial borrowers or to finance CRE located outside of WesBanco market areas unless the borrower also has significant other loan, deposit, trust or other business relationships with WesBanco. WesBanco may make consumer loans, including residential real estate and home equity lines of credit to established customers for second residences or vacation homes that are located outside of WesBanco markets. The approximate geographic distribution of the loan portfolio excluding deposit overdraft limits is summarized in Table 10.

TABLE 10. GEOGRAPHIC DISTRIBUTION OF LOAN PORTFOLIO

	December 31, 2009							
	Wheeling MSA	West Virginia Other	Columbus MSA	Dayton MSA	Cincinnati MSA	Ohio Other	Western Pennsylvania	Out of Market
Commercial real estate	11.2%	19.6%	21.2%	5.2%	12.1%	17.9%	8.9%	3.9%
Commercial and industrial	34.4%	28.7%	7.8%	1.9%	5.0%	7.8%	12.9%	1.5%
Residential real estate	15.5%	28.4%	3.4%	7.0%	14.5%	21.5%	3.4%	6.3%
Home equity	25.9%	27.9%	4.6%	8.0%	12.7%	18.4%	1.8%	0.7%
Consumer	20.5%	32.6%	3.3%	2.5%	1.7%	17.8%	13.3%	8.3%
Total	18.1%	24.5%	12.6%	5.0%	10.7%	16.9%	8.2%	4.0%

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

Credit risk is managed through the initial underwriting process as well as through ongoing monitoring and administration that varies by the type of loan. WesBanco 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. All loans, including renewals and extensions thereof are approved within a framework of progressive individual lending authorities based on the loan amount for consumer purpose loans and the total credit exposure of the borrower for business purpose loans. Business purpose loans to borrowers with total credit exposure in excess of $1.5 million require approval by a credit officer that is not responsible for loan origination or production. Loans of all types that contain one or more exceptions to credit policy may only be approved by certain designated personnel that are generally senior level managers or credit officers.

Credit bureau scores are also considered when evaluating consumer purpose loans. However, WesBanco has not historically updated credit bureau scores for consumer borrowers subsequent to when loans are made to determine changes in their credit history.

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

Consumer purpose loans are a homogeneous group, generally consisting of standardized products that are smaller in amount and spread over a larger number of individual borrowers. WesBanco does not maintain information about the industry in which consumer borrowers are employed. While such information is obtained when each loan is made, it often becomes inaccurate with the passage of time or as borrowers change employment during the term of their loans. Instead, WesBanco estimates potential exposure based on consumer demographics, market share, and other available information when there is a significant risk of loss of employment within an industry or a significant employer in any WesBanco market. To management s knowledge, there are no concentrations of employment that would have a material adverse impact on consumer purpose loans although the economic environment has resulted in higher unemployment in most WesBanco markets. However, the economic recession that began in 2008 has contributed to increased unemployment in virtually all WesBanco markets and increases the risk in the loan portfolio.

Many smaller business loans have the same risk characteristics as consumer loans; however business loans can also be significantly larger in amount and contain terms and conditions that are unique to each transaction. WesBanco maintains a loan grading system that categorizes business loans according to their level of credit risk. Risk grades reflect each borrower s ability to repay their loan obligations and other factors that affect the quality of each loan. All business loans are assigned a grade at their inception, which is periodically reviewed and evaluated for possible changes in risk. To facilitate regular reviews of repayment capacity, borrowers are required to furnish WesBanco with periodic financial statements and other information when appropriate depending on the size and type of loan, such as accounts receivable aging reports for a revolving line of credit and rent rolls for investment CRE. Credit risk is monitored by performing regular periodic reviews of borrowing relationships over a specified amount, which includes evaluating their continued capacity to repay, the continued adequacy of collateral, if any and verifying compliance with applicable loan covenants. Risk grades are adjusted to reflect changes in the risk profile throughout the life of each loan.

Credit risk is mitigated for all types of loans by continuously monitoring delinquency levels and pursuing collection efforts at the earliest stage of delinquency. WesBanco also monitors general economic conditions, including employment, housing activity and real estate values in each of its markets. WesBanco also periodically evaluates and changes its underwriting standards when conditions indicate that a change may be appropriate based on market conditions 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

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understand their impact on the bank s earnings and capital. An independent loan review function also performs periodic reviews of the portfolio to assess the adequacy and effectiveness of the bank s portfolio monitoring systems, and the accuracy and timeliness of risk grades.

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

Commercial Real Estate CRE consists of loans to purchase, construct or refinance owner-occupied and investment properties. Owner-occupied properties consist of loans to borrowers in a diverse range of industries but may include special purpose or single use types of facilities. Investment properties include 1-to-4 family rental units, multi-family apartment buildings, and other facilities that are rented or leased to unrelated parties of the owner. Construction and development loans include loans to finance land acquisition and development, construction of residential dwellings for resale, and construction of commercial buildings which may be owner-occupied or investor-owned.

CRE loans generally require monthly principal and interest payments based on amortization periods ranging from 10 to 25 years depending on the type, age and condition of the property. Loans with amortization periods of more than 20 years typically also have a maturity date or call option of 10 years or less. Interest rates generally are adjustable ranging from one to five years based on an appropriate index of comparable duration. Construction loans are generally made only when WesBanco also commits to the permanent financing of the project, has a takeout commitment from another lender for the permanent loan, or the loan is expected to be repaid from the sale of subdivided property. Construction loans require payment of interest only during the construction period, which can range from as short as six months to up to three years for larger, multiple phase projects such as residential housing developments and large scale commercial projects. Interest reserves are generally established as part of the initial underwriting of the project to provide for payment of interest during the construction period.

TABLE 11. MATURITIES OF COMMERCIAL REAL ESTATE LOANS AND COMMITMENTS

	December 31, 2009			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 50,894	$ 152,928	$ 94,460	$ 298,282
Variable rate loans	102,767	136,735	1,242,437	1,481,939
Total commercial real estate loans	$ 153,661	$ 289,663	$ 1,336,897	$ 1,780,221
Total commercial real estate loan commitments	$ 45,464	$ 41,701	$ 99,904	$ 187,069

Since repayment of owner-occupied CRE loans must come from the cash flow generated by the business, the primary factors that are considered in underwriting owner-occupied property are the borrower s historical and projected earnings, cash flow, capital resources, liquidity and leverage. Other factors that are also considered for their potential impact on repayment capacity include the borrower s industry, competitive advantages and disadvantages, quality and experience of management, and external influences on the business such as economic conditions. The primary factors that are considered in underwriting investment property are the net rental income generated by the property, the type, quality and mix of tenants and the terms of leases, all of which may vary depending on the specific type of property. Other factors that are considered for investment property include the overall financial capacity of the investors, and their experience in owning and managing investment property, The type, age, condition and location of the property are considered for both owner-occupied and investment properties.

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The primary factors that are considered in underwriting construction and development loans are the overall viability of each project as well as the experience and financial capacity of the developer or builder to successfully complete the project. Market absorption rates and property values are also considered in underwriting construction and development loans.

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

Market values are generally determined by obtaining current appraisals of each property. Loan-to-value ratios are generally limited to 80% of the lesser of the cost or market value of the property, but lower ratios may be required for certain types of properties, or when other factors exist that may increase the potential volatility of the market value of a particular property type such as single or special use properties that cannot be easily converted to other uses. Conversely, higher loan-to-value ratios may be acceptable when other factors adequately mitigate the risk of a higher loan-to-value. Owner-occupied CRE loans are often also secured by all other business assets in addition to the real estate. The current downturn in the real estate market has resulted in a significant decline in property values for most property types and geographic markets. The exact impact of the decline in collateral values cannot be precisely determined but the portfolio is periodically evaluated using ranges of decline in value to determine the impact on the adequacy of collateral. New appraisals may be obtained under certain circumstances to more accurately assess the continued adequacy of a property to secure a loan. This includes loans that are internally classified, placed on non-accrual or required to be renegotiated because the primary source of repayment may no longer be adequate to repay the loan under its original terms.

Environmental risk is also an important factor that is evaluated for CRE loans. Environmental risk is mitigated by requiring assessments performed by qualified inspectors whenever the current or previous uses of the property, or any adjacent properties, are likely to have resulted in contamination of the subject property.

Construction loans also have the unique risk that the builder or developer may not complete the project, or not complete it on time or within budget. Construction risk is generally mitigated by making CRE construction loans to developers with established reputations who operate in WesBanco markets and have the necessary capital to absorb unanticipated increases in the cost of a project, periodically inspecting construction in progress, and disbursing the loan as specified stages of each project are completed. Certification of completed construction by a licensed architect or engineer and performance and payment bonds may also be required for certain types of projects. Construction and development loans that finance speculative building have inherently higher risk. When appropriate, WesBanco may require a specified percentage of a residential development to be pre-sold or a commercial investment property to be pre-leased before construction can begin. Many land development and residential construction projects are experiencing decreased absorption of new units compared to original projections for sales at the time the project was undertaken and will require repayment periods that are extended beyond their original maturity.

WesBanco monitors the CRE portfolio for potential concentrations within a single property type or geographic location. The geographic distribution of CRE loans is set forth in Table 10. The composition of CRE loans by property type is set forth in Table 12.

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TABLE 12. COMPOSITION OF COMMERCIAL REAL ESTATE LOANS BY PROPERTY TYPE (1)

	December 31, 2009						
(dollars in thousands)	Outstanding Balance	Loan Commitments	Total Exposure	% of Total	% of Capital	Average Loan	Largest Loan
Construction and development:							
Land and land development	$ 84,499	$ 7,198	$ 91,697	4.7%	21.0%	$ 218	$ 8,985
Residential development	43,598	11,635	55,233	2.8%	12.6%	547	6,400
Commercial construction	117,490	58,336	175,826	8.9%	40.2%	1,362	12,999
Total construction and development	245,587	77,169	322,756	16.4%	73.8%	465	12,999
Residential investment property:							
Multi family apartments	169,048	21,833	190,881	9.7%	43.6%	430	7,148
1-to-4 family rentals	133,120	3,541	136,661	7.0%	31.2%	92	1,882
Commercial investment property:							
Shopping centers and retail stores	112,135	2,496	114,631	5.8%	26.2%	882	9,808
Office buildings	115,366	4,616	119,982	6.1%	27.4%	592	6,144
Hotels and motels	96,911	2,695	99,606	5.1%	22.8%	2,211	11,435
Industrial buildings and warehouses	30,686	3,534	34,220	1.7%	7.8%	760	7,167
Special use facilities	84,816	3,353	88,169	4.5%	20.1%	534	9,983
Mixed or multiple use facilities	88,542	4,019	92,561	4.7%	21.2%	514	9,123
General use facilities	83,149	7,868	91,017	4.6%	20.8%	239	10,624
Total residential and commercial investment property	913,773	53,955	967,728	49.2%	221.1%	316	11,435
Total construction, development and investment property	1,159,360	131,124	1,290,484	65.6%	294.9%	359	12,999
Owner-occupied commercial property:							
Retail stores	64,634	1,197	65,831	3.4%	15.1%	352	4,862
Office buildings	83,776	1,664	85,440	4.3%	19.5%	295	5,731
Industrial buildings and warehouses	69,623	6,936	76,559	3.9%	17.5%	521	5,130
Hospitals and personal care facilities	70,004	1,662	71,666	3.6%	16.4%	2,471	7,027
Schools and education facilities	22,839	32,514	55,353	2.8%	12.6%	1,334	30,000
Churches and other places of worship	33,810	1,351	35,161	1.8%	8.0%	231	4,200
Gasoline stations and autocare facilities	41,080	292	41,372	2.1%	9.5%	373	2,363
Restaurants and eating places	28,138	25	28,163	1.4%	6.4%	335	4,317
Recreation facilities	23,130	341	23,471	1.2%	5.4%	602	6,069
Other special use facilities	53,169	2,159	55,328	2.8%	12.6%	256	3,193
Mixed or multiple use facilities	60,601	2,123	62,724	3.2%	14.3%	304	5,895
General use facilities	70,057	5,681	75,738	3.9%	17.4%	212	2,039
Total owner-occupied commercial property	620,861	55,945	676,806	34.4%	154.7%	354	30,000
Total commercial real estate	$ 1,780,221	$ 187,069	$ 1,967,290	100.0%	449.6%	$ 327	$ 30,000

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

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Total construction and development exposure decreased $26 million or 7.4% between December 31, 2008 and December 31, 2009. Within this category, land and land development exposure decreased $11 million or 10.6% and residential development decreased $30 million or 35.3% due to intentional reductions in this type of lending. Commercial construction increased $15 million or 9.5% primarily as a result of three multi-family construction loans and approximately $28 million of approved loan commitments that had not closed as of year-end. Approximately $30 million of commercial loans categorized as commercial construction at December 31, 2008 were converted to permanent financing upon completion of the projects in 2009 and are reflected in other categories of commercial real estate loans at December 31, 2009.

Approximately $31 million of residential development exposure at December 31, 2009 is in the Columbus, Ohio market compared to approximately $41 million at December 31, 2008. The Columbus market had seen substantial growth until the overall housing slump that began in 2007. Since then housing inventory absorption rates have slowed dramatically and average home prices have decreased. Approximately $16 million of residential development exposure is for projects in West Virginia markets where the decline in property values has not been as severe as major metropolitan markets and no other WesBanco market represents more than $7 million of that exposure.

Approximately $73 million or 41% of commercial construction loans are also in the Columbus, Ohio market. Approximately $38 million of this total is for multi-family apartments being built by established, financially sound developers that continue to experience strong demand for new units compared to weak demand for residential dwellings for resale. No other WesBanco market or property type represents more than $25 million of commercial construction loan exposure. Excluding multi-family projects, approximately 75% of other commercial construction loans are for investment property at December 31, 2009.

Including projects under construction, multi-family apartment loans represent approximately $367 million or 18.6% of total CRE loans and commitments, 8.7% of total loans and commitments and 84% of WesBanco Bank, Inc. s risk-based capital at December 31, 2009. The largest geographic accumulation of multi-family apartment loans is in the Columbus and Cincinnati, Ohio markets, which represent approximately $75 million and $46 million, respectively, of the total exposure at December 31, 2009.

The regulatory agencies have established guidelines for certain CRE loans in relation to the Bank s risk-based capital. WesBanco classifies 1-to-4 family rental property loans as CRE for financial reporting purposes because those loans are investment property and generally dependent on rental income for their repayment. However, loans secured by 1-to-4 family property are not included in the definition of CRE for purposes of the regulatory guidelines. The following table summarizes WesBanco s CRE exposure in relation to the regulatory guidelines.

TABLE 13. COMMERCIAL REAL ESTATE LOANS IN RELATION TO RISK-BASED CAPITAL

	December 31, 2009		
(dollars in thousands)	**Total Exposure**	**% of Capital**	**Regulatory Guideline**
Land, construction and development	**$ 322,756**	**73.8%**	**100%**
Commercial investment property, excluding 1-to-4 family rentals	**831,067**	**189.9%**	
Construction, development and commercial investment property	**$ 1,153,823**	**263.7%**	**300%**

Owner-occupied CRE is also excluded from the definition of CRE for purposes of determining exposure in relation to risk-based capital. Owner-occupied CRE is diversified by both property type and owner-occupant industry sectors. WesBanco also categorizes owner-occupied CRE loans by industry according to standard industry classifications and monitors the portfolio for possible concentrations in one or more industries as well as multiple industries that may be impacted in the same manner by economic events or other external influences.

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Owner-occupied CRE is not concentrated in any single industry, but reflects a diverse range of businesses from all sectors of the economy with only one sector representing more than 25% of risk-based capital as set forth in Table 14.

TABLE 14. OWNER-OCCUPIED COMMERCIAL REAL ESTATE BY OCCUPANT INDUSTRY

	December 31, 2009						
(dollars in thousands)	Outstanding Balance	Loan Commitments	Total Exposure	% of Total	% of Capital	Average Loan	Largest Loan
Automobile sales	$ 13,078	$ 740	$ 13,818	2.0%	3.2%	$ 432	$ 3,603
Construction and contracting	22,862	1,161	24,023	3.6%	5.5%	245	1,673
Entertainment and recreation	26,056	341	26,397	3.9%	6.0%	518	6,069
Finance and insurance	15,432	69	15,501	2.3%	3.5%	388	4,153
Government organizations	8,161	140	8,301	1.2%	1.9%	251	1,778
Manufacturing	32,730	2,815	35,545	5.3%	8.1%	413	5,130
Mining, energy and utilities	2,271		2,271	0.3%	0.5%	151	363
Other retail sales	65,669	837	66,506	9.8%	15.2%	345	4,862
Personal, professional and administrative services	101,210	2,030	103,240	15.3%	23.6%	343	4,647
Physicians and healthcare services	107,130	3,024	110,154	16.3%	25.2%	701	7,027
Real estate services and equipment leasing	13,746		13,746	2.0%	3.1%	1,375	3,514
Religious organizations	41,862	638	42,500	6.3%	9.7%	241	4,200
Restaurants and lodging	33,052	122	33,174	4.9%	7.6%	274	4,317
Schools and educational services	27,701	32,527	60,228	8.9%	13.8%	2,409	30,000
Transportation and warehousing	9,960	4,213	14,173	2.1%	3.2%	472	5,731
Wholesale and distribution	25,183	1,547	26,730	3.9%	6.1%	361	3,862
Unclassified and other industries	74,758	5,741	80,499	11.9%	18.5%	385	1,708
Total owner occupied commercial real estate	$ 620,861	$ 55,945	$ 676,806	100.0%	154.7%	$ 354	$ 30,000

The five largest CRE customer relationships, which may include loans identified as the largest loan for a property type in Table 14 approximate $125 million at December 31, 2009. These largest relationships primarily consist of loans for commercial investment property but are not concentrated within a single type of property.

Participation in CRE loans originated by other financial institutions approximates $78 million of credit exposure or 4% of total CRE exposure at December 31, 2009 including approximately $23 million of Shared National Credits. Approximately $5 million of the Shared National Credits consist of a commercial construction loan for a property that will be owner-occupied when completed. All of this exposure to participations purchased from other institutions is for properties located within WesBanco markets.

Banking regulations establish certain maximum loan-to-value limits for CRE loans. The aggregate of loans in excess of those limits may not exceed 30% of risk-based capital. The aggregate of total CRE exposure with loan-to-value ratios in excess of regulatory limits approximate $58 million or 12% of risk-based capital at December 31, 2009.

Commercial and Industrial Loans C&I loans consist of revolving lines of credit to finance accounts receivable, inventory and other general business purposes, and term loans to finance fixed assets other than real estate for a wide variety of businesses. Most C&I borrowers are privately held companies with annual sales generally not in excess of $50 million. Commercial lines of credit and letters of credit are generally renewable or

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may be cancelled annually by WesBanco. However, lines of credit and letters of credit may also be committed for more than one year when appropriate. Loans secured by equipment and other types of collateral have terms that are consistent with the purpose of the loan and the estimated useful life of the collateral that generally do not exceed ten years. Interest rates on lines of credit are generally variable based on a short-term interest rate index such as the Prime Rate or LIBOR while interest rates on term loans may be fixed for the entire term of the loan or adjustable ranging from one to five years based on an appropriate index.

TABLE 15. MATURITIES OF COMMERCIAL AND INDUSTRIAL LOANS AND COMMITMENTS

	December 31, 2009			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	$ 28,559	$ 74,797	$ 20,579	$ 123,935
Variable rate loans	143,263	50,220	134,270	327,753
Total commercial and industrial loans	$ 171,822	$ 125,017	$ 154,849	$ 451,688
Total commercial and industrial loan commitments	$ 203,195	$ 39,749	$ 12,525	$ 255,469

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

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

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

WesBanco categorizes C&I loans by industry according to standard industry classifications and monitors the portfolio for possible concentrations in one or more industries as well as multiple industries that may be impacted in the same manner by economic events or other external influences. The C&I portfolio is not concentrated in any single industry, but reflects a diverse range of businesses from all sectors of the economy, with no significant concentration in any single sector or industry, as set forth in Table 16.

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TABLE 16. COMPOSITION OF COMMERCIAL AND INDUSTRIAL LOANS BY INDUSTRY (1)

	December 31, 2009						
(dollars in thousands)	Outstanding Balance	Loan Commitments	Total Exposure	% of Total	% of Capital	Average Loan	Largest Loan
Automobile sales	$ 17,685	$ 12,667	$ 30,352	4.3%	6.9%	$ 422	$ 6,750
Construction and contracting	44,615	35,620	80,235	11.3%	18.3%	136	4,310
Entertainment and recreation	14,583	1,925	16,508	2.3%	3.8%	246	4,393
Finance and insurance	14,066	12,051	26,117	3.7%	6.0%	191	6,163
Government organizations	15,288	4,524	19,812	2.8%	4.5%	125	3,250
Manufacturing	27,933	22,231	50,164	7.1%	11.5%	177	10,200
Mining, energy and utilities	34,986	17,064	52,050	7.4%	11.9%	460	12,750
Other retail sales	27,104	14,558	41,662	5.9%	9.5%	117	4,000
Personal, professional and administrative services	46,326	34,315	80,641	11.4%	18.4%	125	14,331
Physicians and healthcare services	34,417	32,579	66,996	9.5%	15.3%	190	9,160
Real estate services and equipment leasing	49,902	10,274	60,176	8.5%	13.8%	125	5,053
Religious organizations	43,328	7,009	50,337	7.1%	11.5%	541	15,000
Restaurants and lodging	16,872	3,302	20,174	2.9%	4.6%	109	2,475
Schools and educational services	4,999	13,310	18,309	2.6%	4.2%	631	6,068
Transportation and warehousing	15,421	2,937	18,358	2.6%	4.2%	64	1,290
Wholesale and distribution	20,317	11,143	31,460	4.4%	7.2%	146	3,000
Unclassified and other industries	23,846	19,960	43,806	6.2%	10.0%	147	1,069
Total commercial and industrial loans	$ 451,688	$ 255,469	$ 707,157	100.0%	161.6%	$ 156	$ 15,000

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

The composition of C&I loans did not change materially between December 31, 2008 and December 31, 2009 as exposure to most industries decreased consistent with the overall decrease in total C&I exposure.

The five largest C&I borrowing relationships, which may include loans identified as the largest loan within an industry in Table 16 approximate $140 million, approximately $50 million of which is fully secured by marketable securities with a conservative loan-to-value ratio. All five of these largest relationships are in different geographic markets and industries. Approximately 34% of C&I loans are to borrowers in or around the Wheeling, West Virginia market compared to approximately 24% to borrowers in the Ohio markets (refer to Table 10 for the geographic distribution of C&I loans). Loans secured by bank deposit accounts and marketable securities approximate 15% and unsecured loans approximate 11% of total C&I loans at December 31, 2009. The largest unsecured loan is for $3 million and the average unsecured loan is less than $100,000.

Participation in C&I loans originated by other financial institutions approximates $66 million of credit exposure or 9% of total C&I exposure at December 31, 2009 including approximately $45 million of Shared National Credits. All of this credit exposure is to borrowers that are headquartered or have significant operations within WesBanco markets.

When the total exposure of owner-occupied CRE is combined with C&I exposure set forth in Table 16, the largest combined industry exposures are personal, professional and administrative services, physicians and healthcare services, and construction and contracting which approximate $184 million, $177 million and $104 million or 42%, 40% and 24% of risk-based capital, respectively. Personal, professional and administrative services are further diversified among a variety of different types of service businesses, physicians and healthcare services are further diversified among medical fields or healthcare facilities, and construction and contracting is further diversified among general contractors, heavy construction, and specialty trade contractors.

Management does not believe that the distribution of C&I loans represents more than the normal amount of credit risk. However, the current recession has negatively impacted virtually all industry sectors more than any previous economic downturn.

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

WesBanco originated approximately $31 million of residential real estate loans for retention in the portfolio in 2009 compared to $39 million in 2008. WesBanco also originated approximately $158 million of residential real estate loans for sale in the secondary market in 2009 compared to $110 million in 2008. The increase in loans originated for sale in the secondary market is attributable to WesBanco s overall residential real estate lending strategy. New loans originated in 2009 increased because of lower interest rates, despite the overall slowdown in the housing market and a decline in property values that prevented many borrowers from refinancing their homes.

Residential real estate loans are generally underwritten to secondary market lending standards even when the loan will be retained in the portfolio. WesBanco uses automated underwriting systems developed for the secondary market that rely on empirical data to evaluate each loan application and assess credit risk. When appropriate, automated underwriting systems are supplemented by a traditional analysis of the borrowers ability to repay their obligations, their credit history, the amount of their down payment, and the market value or other characteristics of the property.

Credit risk in the residential real estate portfolio is mitigated by requiring borrowers to have adequate down payments or equity in the property, thereby limiting the amount of the loan in relation to the appraised value of the property. WesBanco generally does not make residential real estate loans with loan-to-value ratios in excess of 100%, and loan requests that exceed 80% of the value of the property are generally also supported by mortgage insurance.

Credit risk is also managed by monitoring delinquency levels and trends, and economic and other factors that influence real estate collateral values in WesBanco markets. Residential real estate values generally continued to decline in 2009 with the largest average decreases in the metropolitan markets of Ohio compared to other WesBanco markets.

Residential real estate loans can have terms ranging up to 30 years. Interest rates on residential real estate loans held in the portfolio may be fixed for up to 15 years. The remainder of the portfolio has interest rates that are primarily based on the Treasury Constant Maturity index and generally adjust from between one and five years.

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TABLE 17. MATURITIES OF RESIDENTIAL REAL ESTATE LOANS AND COMMITMENTS

	December 31, 2009			
(dollars in thousands)	In One Year or Less	After One Year Through Five Years	Over Five Years	Total
Fixed rate loans	**$ 10,776**	**$ 21,092**	**$ 430,451**	**$ 462,319**
Variable rate loans	**379**	**9,260**	**236,439**	**246,078**
Total residential real estate loans	**$ 11,155**	**$ 30,352**	**$ 666,890**	**$ 708,397**
Total residential real estate loan commitments	**$ 208**	**$**	**$ 2,807**	**$ 3,015**

Residential real estate loans include construction loans for residences that are being built under contract for owner occupants and loans to finance vacant land upon which the owner intends to construct a residence at a future date. Loans to contractors to finance speculative residential construction and land for development are categorized as CRE loans. Residential construction loans have the added risk that the builder may not complete the residence, or not complete it on time or within budget. Residential construction loans are typically made with the expectation that they will convert to a permanent mortgage loan upon completion of construction. Construction loans require payment of interest only during the construction period, which generally ranges from six to twelve months, but may be longer for larger residences. Loans for vacant land generally begin amortizing immediately and are refinanced when the owner begins construction of a residence.

Construction risk is mitigated by evaluating the builder s reputation and capacity to complete each project, periodically inspecting construction in progress, and disbursing the loan as specified stages of each project are completed. Residential land and construction loans approximated $9 million at December 31, 2009 compared to $16 million at December 31, 2008. The decrease is the result of a general decline in new housing construction.

Approximately $436 million or 61% of residential real estate loans were originated by WesBanco. Another $34 million or 5% consist of purchased pools originated by other institutions and the remaining $240 million or 34% were originated by banks prior to their being acquired by WesBanco. The percentage of loans that are past due 30 days or more or non-performing is 3.10% for loans originated by WesBanco compared to 5.85% for acquired loans. Approximately $177 million or 25% of residential real estate loans are in or around the metropolitan markets of Columbus, Dayton and Cincinnati (refer to Table 10 for the geographic distribution of residential real estate loans).

The average original loan-to-value ratio of loans originated by WesBanco beginning with the year 2000 approximates 77% of the original loan amount based on appraised values when the loans were made. The average current loan-to-value ratio based upon original appraised values range from just under 80% for loans made in 2009 to less than 45% for loans made in 2000. Banking regulations establish maximum loan-to-value limits for residential real estate loans. The aggregate of residential real estate loans with loan-to-value ratios in excess of regulatory limits without some form of credit enhancement such as mortgage insurance approximate $22.5 million or approximately 5% of risk-based capital at December 31, 2009.

Average credit bureau scores at the time the loans were made generally exceed 700 on approximately $441 million or 62% of total residential real estate loans for which scores were obtained or known. Loans to borrowers with sub-prime credit bureau scores approximate $41 million or 6% of total residential real estate loans at December 31, 2009. Approximately 13% of loans to borrowers with sub-prime credit bureau scores are 30 days or more past due or non-performing compared to less than 4% for the total residential real estate portfolio at December 31, 2009.

Purchased pools originated primarily in 2004 or earlier and have remaining balances that represent less than 40% of their original amounts through scheduled and unscheduled repayments. Approximately 75% of the loans