

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)

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 (State or other jurisdiction of incorporation or organization)	55-0571723 (IRS Employer Identification No.)
1 Bank Plaza, Wheeling, WV (Address of principal executive offices)	26003 (Zip Code)
Registrant's telephone number, including area code: 304-234-9000	

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

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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

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

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

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

Indicate by check mark 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

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

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 COMMISSION

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,

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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

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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