WESBANCO INC
Form 10-Q
August 10, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 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 0-8467

WESBANCO, INC.
(Exact name of Registrant as specified in its charter)

WEST VIRGINIA	55-0571723
(State of incorporation)	(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

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 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

Larger 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 by Rule 12b-2 of the Exchange Act. Yes ¨ No þ

As of July 31, 2009, there were 26,567,653 shares of WesBanco, Inc. common stock, $2.0833 par value, outstanding.

WESBANCO, INC.
TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WESBANCO, INC. CONSOLIDATED BALANCE SHEETS

(unaudited, dollars in thousands, except per share amounts)	June 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Cash and due from banks, including interest bearing amounts of $12,235 and $65,145, respectively	$ 91,897	$ 141,170
Securities:		
Available-for-sale, at fair value	1,455,845	934,138
Held-to-maturity (fair values of $931 and $1,214, respectively)	1,450	1,450
Other short-term investments, at fair value	50,039	-
Total securities	1,507,334	935,588
Loans held for sale	9,223	3,874
Portfolio loans:		
Commercial	472,915	510,902
Commercial real estate	1,766,904	1,699,023
Residential real estate	772,606	856,999
Home equity	230,727	217,436
Consumer	298,302	319,949
Total portfolio loans, net of unearned income	3,541,454	3,604,309
Allowance for loan losses	(58,572)	(49,803)
Net portfolio loans	3,482,882	3,554,506
Premises and equipment, net	92,531	93,693
Accrued interest receivable	21,796	19,966
Goodwill and other intangible assets, net	289,893	267,883
Bank-owned life insurance	102,973	101,229
Other assets	138,412	104,132
Total Assets	$ 5,736,941	$ 5,222,041
LIABILITIES		
Deposits:		
Non-interest bearing demand	$ 514,427	$ 486,752
Interest bearing demand	458,148	429,414
Money market	661,705	479,256
Savings deposits	484,236	423,830
Certificates of deposit	1,982,007	1,684,664
Total deposits	4,100,523	3,503,916
Federal Home Loan Bank borrowings	580,544	596,890
Other short-term borrowings	227,800	297,805
Junior subordinated debt owed to unconsolidated subsidiary trusts	111,153	111,110
Total borrowings	919,497	1,005,805
Accrued interest payable	13,148	10,492
Other liabilities	50,053	42,457
Total Liabilities	5,083,221	4,562,670

SHAREHOLDERS' EQUITY		
Fixed Rate Cumulative Perpetual Preferred Stock, Series A, no par value; 1,000,000 shares authorized; 75,000 shares issued and outstanding in 2009 and 2008, respectively	72,560	72,332
Common stock, $2.0833 par value; 50,000,000 shares authorized; 26,633,848 shares issued; 26,567,653 shares and 26,560,889 shares outstanding in 2009 and 2008, respectively	55,487	55,487
Capital surplus	193,196	193,221
Retained earnings	338,610	344,403
Treasury stock (66,195 and 72,959 shares - at cost for 2009 and 2008, respectively)	(1,498)	(1,661)
Accumulated other comprehensive income	(3,379)	(3,182)
Deferred benefits for directors	(1,256)	(1,229)
Total Shareholders' Equity	653,720	659,371
Total Liabilities and Shareholders' Equity	$ 5,736,941	$ 5,222,041

See Notes to Consolidated Financial Statements.

WESBANCO, INC. CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(unaudited, dollars in thousands, except per share amounts)	2009	2008	2009	2008
INTEREST AND DIVIDEND INCOME				
Loans, including fees	$ 51,482	$ 59,436	$ 103,541	$ 122,760
Interest and dividends on securities:				
Taxable	10,791	7,107	18,309	14,319
Tax-exempt	3,698	3,525	7,212	7,324
Total interest and dividends on securities	14,489	10,632	25,521	21,643
Other interest income	108	520	218	966
Total interest and dividend income	66,079	70,588	129,280	145,369
INTEREST EXPENSE				
Interest bearing demand deposits	727	1,062	1,377	3,176
Money market deposits	1,848	2,154	3,094	4,532
Savings deposits	644	741	1,178	1,731
Certificates of deposit	14,755	17,473	28,159	38,950
Total interest expense on deposits	17,974	21,430	33,808	48,389
Federal Home Loan Bank borrowings	5,614	4,665	11,246	9,209
Other short-term borrowings	1,770	2,087	3,838	4,754

Junior subordinated debt owed to unconsolidated subsidiary trusts	1,470	1,747	3,010	3,614
Total interest expense	26,828	29,929	51,902	65,966
NET INTEREST INCOME	39,251	40,659	77,378	79,403
Provision for credit losses	10,269	5,723	19,819	11,148
Net interest income after provision for credit losses	28,982	34,936	57,559	68,255
NON-INTEREST INCOME				
Trust fees	3,288	3,939	6,641	8,063
Service charges on deposits	6,076	6,020	11,294	11,623
Bank-owned life insurance	897	902	1,788	1,762
Net securities gains	2,462	400	2,604	906
Net gains on sales of mortgage loans	297	408	785	464
Other income	3,289	3,122	5,634	7,068
Total non-interest income	16,309	14,791	28,746	29,886
NON-INTEREST EXPENSE				
Salaries and wages	13,998	13,933	27,165	27,871
Employee benefits	5,061	4,290	9,768	8,918
Net occupancy	2,361	2,435	5,105	5,523
Equipment	2,687	2,862	5,229	5,446
Marketing	1,720	1,211	2,476	2,380
FDIC Insurance	4,322	152	5,576	264
Amortization of intangible assets	812	908	1,509	1,922
Restructuring and merger-related expenses	192	1,656	621	2,705
Other operating expenses	8,392	8,623	16,909	17,701
Total non-interest expense	39,545	36,070	74,358	72,730
Income before provision for income taxes	5,746	13,657	11,947	25,411
Provision for income taxes	2	2,373	753	4,624
NET INCOME	$ 5,744	$ 11,284	$ 11,194	$ 20,787
Preferred dividends	1,057	-	2,112	-
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ 4,687	$ 11,284	$ 9,082	$ 20,787
EARNINGS PER COMMON SHARE				
Basic	$ 0.18	$ 0.42	$ 0.34	$ 0.78
Diluted	$ 0.18	$ 0.42	$ 0.34	$ 0.78
AVERAGE SHARES OUTSTANDING				
Basic	26,567,653	26,547,498	26,564,589	26,547,286
Diluted	26,568,752	26,553,724	26,566,516	26,556,832
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.28	$ 0.28	$ 0.56	$ 0.56

See Notes to Consolidated Financial Statements.

WESBANCO, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER

For the Six Months Ended June 30, 2009 and 2008

(unaudited, dollars in thousands, except per share amounts)	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Treasury Stock	Accumu Oth Compreh Income (
January 1, 2009	75,000	$ 72,332	26,560,889	$ 55,487	$ 193,221	$ 344,403	$ (1,661)	$
Net income						11,194		
Other comprehensive income (loss)								
Total comprehensive income								
Preferred dividends and amortization of discount		228				(2,112)		
Common dividends declared (0.56 per share)						(14,875)		
Treasury shares sold			6,764		(52)		163	
Deferred benefits for directors- net					27			
June 30, 2009	75,000	$ 72,560	26,567,653	$ 55,487	$ 193,196	$ 338,610	$ (1,498)	$
January 1, 2008	-	$ -	26,547,073	$ 55,487	$ 190,222	$ 336,317	$ (1,983)	$
Net income						20,787		
Other comprehensive income (loss)								
Total comprehensive income								
Common dividends declared ($0.56 per share)						(14,865)		
Treasury shares sold			624		(3)		14	
					76			

Stock option expense								
Deferred benefits for directors – net					26			
June 30, 2008	- $	-	26,547,697 $	55,487 $	190,321	$ 342,239	$ (1,969)	$

See Notes to Consolidated Financial Statements.

5

WESBANCO, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
(unaudited, in thousands)	2009	2008
OPERATING ACTIVITIES:		
Net income	$ 11,194	$ 20,787
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,905	3,738
Net amortization (accretion)	1,779	(363)
Provision for loan losses	19,950	11,148
Net securities gains	(2,604)	(906)
Net gains on sales of mortgage loans	(785)	(463)
Increase in deferred income taxes	(4,833)	(847)
Increase in cash surrender value of bank-owned life insurance	(1,744)	(1,795)
Loans originated for sale	(88,309)	(62,232)
Proceeds from the sale of loans originated for sale	80,470	60,517
Net change in: other assets and accrued interest receivable	(30,104)	9,150
Net change in: other liabilities and accrued interest payable	6,652	(10,794)
Other – net	1,003	1,340
Net cash (used in) provided by operating activities	(3,426)	29,280
INVESTING ACTIVITIES:		
Securities available-for-sale and other short-term investments:		
Proceeds from sales	283,491	28,970
Proceeds from maturities, prepayments and calls	193,204	130,086
Purchases of securities	(1,049,317)	(125,049)
Net cash received from acquisitions	578,573	-
Net decrease in loans	54,013	78,803
Sale of branches	-	(23,987)
Purchases of premises and equipment – net	(1,821)	(7,242)
Net cash provided by investing activities	58,143	81,581
FINANCING ACTIVITIES:		
Decrease in deposits	(2,714)	(189,291)
Proceeds from Federal Home Loan Bank borrowings	-	153,586
Repayment of Federal Home Loan Bank borrowings	(15,043)	(28,035)
Decrease in other short-term borrowings	(17,794)	(27,760)
(Decrease) Increase in federal funds purchased	(52,000)	52,000

Dividends paid to common and preferred shareholders		(16,550)		(14,865)
Treasury shares sold – net		111		11
Net cash used in financing activities		(103,990)		(54,354)
Net (decrease) increase in cash and cash equivalents		(49,273)		56,507
Cash and cash equivalents at beginning of the period		141,170		130,495
Cash and cash equivalents at end of the period	$	91,897	$	187,002
SUPPLEMENTAL DISCLOSURES:				
Interest paid on deposits and other borrowings	$	49,247	$	66,455
Income taxes paid		4,725		2,000
Transfers of loans to other real estate owned		1,503		486
Summary of business acquistion:				
Fair value of tangible assets acquired (including cash of $599,266)		600,257		-
Fair value of liabilities assumed		(603,086)		-
Cash paid in the acquisition		(20,693)		-
Goodwill and other intangibles recognized	$	(23,522)	$	-

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION—The accompanying unaudited interim financial statements of WesBanco, Inc. (“WesBanco”) have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2008.

WesBanco’s interim financial statements have been prepared following the significant accounting policies disclosed in Note 1 of the Notes to the Consolidated Financial Statements of its 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the accompanying interim financial information reflects all adjustments, including normal recurring adjustments, necessary to present fairly WesBanco’s financial position and results of operations for each of the interim periods presented. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year.

RECENT ACCOUNTING PRONOUNCEMENTS— In April 2009, the FASB issued FASB Staff Position (FSP) FAS 107-1 and Accounting Principles Board (APB) 28-1, “Interim Disclosures about Fair Value of Financial Instruments.” This FSP amends FASB Statement No. 107, “Disclosures about Fair Value of Financial Instruments,” to require disclosures on the fair value of financial instruments in interim financial statements as well as in annual financial statements. This FSP also amends APB Opinion No. 28, “Interim Financial Reporting,” to require those disclosures in all interim financial statements. The disclosures are effective for interim reporting periods ending after June 15, 2009 and did not have a material impact on WesBanco’s consolidated financial statements.

In April 2009, the FASB issued FSP FAS 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly,” which amends SFAS 157, "Fair Value Measurements," to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. The FSP also provides additional guidance on circumstances that may indicate that a transaction is not orderly. It is effective for interim and annual periods ending after June 15, 2009, and should be applied prospectively. The adoption of this statement did not have a material impact on WesBanco's consolidated financial statements.

In April 2009, the FASB issued FSP FAS 115-2, FAS 124-2, and EITF 99-20-2, "Recognition and Presentation of Other-Than-Temporary Impairments," which provides new guidance on the recognition and presentation of an other-than-temporary impairment of debt securities classified as available-for-sale and held-to-maturity, and provides some new disclosure requirements. To avoid considering an impairment to be other-than-temporary management must assert that it does not have the intent to sell the security and it is more likely than not that it will not have to sell the security before recovery of its cost. This FSP also changes the total amount recognized in earnings when other-than-temporary impairment exists to require the estimated credit loss to be recorded in earnings and the noncredit portion of the loss to be recorded in other comprehensive income. It is effective for interim and annual periods ending after June 15, 2009, and should be applied prospectively. The adoption of this statement did not have a material impact on WesBanco's consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events," which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It is effective for interim reporting periods ending after June 15, 2009. The adoption of this statement did not have a material impact on WesBanco's consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets an amendment of FASB Statement No. 140," which removes the concept of a qualifying special-purpose entity from Statement 140 and removes the exception from applying FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," to qualifying special-purpose entities. This statement also requires that a transferor recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. This statement must be applied as of the beginning of the first interim and annual period that begins after November 15, 2009. WesBanco is currently evaluating the impact of adopting SFAS 166 on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" which amends Interpretation 46(R) to, among other things, require an enterprise to perform an analysis to determine whether the entity's variable interest or interests give it a controlling financial interest in a variable interest entity; requires ongoing reassessments of whether an enterprise is the primary beneficiary; eliminates the quantitative approach previously required for determining the primary beneficiary, and requires enhanced disclosures to provide more transparent information about an entity's involvement in a variable interest entity. This statement must be applied as of the beginning of the first interim and annual period that begins after November 15, 2009. WesBanco is currently evaluating the impact of adopting SFAS 167 on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162" which identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements by nongovernmental entities. The objective of this statement is to establish the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. All guidance contained in the codification will carry an equal level of authority. However in addition to the codification rules, all interpretive releases of the SEC under federal securities laws are also sources of authoritative GAAP. It is effective for interim reporting periods ending after September 15, 2009. The adoption of this statement is not expected to have a material impact on WesBanco's consolidated financial statements.

7

NOTE 2. EARNINGS PER COMMON SHARE

Earnings per common share are calculated as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Unaudited, in thousands, except shares and per share amounts)	2009	2008	2009	2008
Numerator for both basic and diluted earnings per share:				
Net Income	$ 5,744	$ 11,284	$ 11,194	$ 20,787
Less: Preferred dividends	$ (1,057)	$ -	$ (2,112)	$ -
Net Income Available to Common Shareholders	$ 4,687	$ 11,284	$ 9,082	$ 20,787
Denominator:				
Total average basic common shares outstanding	26,567,653	26,547,498	26,564,589	26,547,286
Effect of dilutive stock options	1,099	6,226	1,927	9,546
Total diluted average common shares outstanding	26,568,752	26,553,724	26,566,516	26,556,832
Earnings per share - basic	$ 0.18	$ 0.42	$ 0.34	$ 0.78
Earnings per share - diluted	$ 0.18	$ 0.42	$ 0.34	$ 0.78

On December 5, 2008, WesBanco issued 75,000 shares of the Company's Series A Preferred Stock and a warrant to purchase 439,282 shares of the Company's common stock to the Treasury. The warrant is considered in the calculation of diluted earnings per share, but due to its anti-dilutive impact at June 30, 2009, it had no effect on earnings per share.

NOTE 3. BUSINESS COMBINATION

On March 27, 2009, WesBanco completed the purchase of all five of AmTrust Bank's Columbus, Ohio branches. As part of the agreement, WesBanco assumed all of the deposit liabilities of $599.4 million and purchased, or assumed the leases of, the related fixed assets of the branches. WesBanco did not acquire loans as part of the transaction, and is now operating the acquired branches under the WesBanco Bank, Inc., (the "Bank") name. The acquisition was intended to improve WesBanco's competitive position in the Columbus, Ohio market, with a larger market share and broader retail distribution. WesBanco's Consolidated Statements of Income include the results of operations of the AmTrust branches from the closing date of the acquisition. The aggregate purchase price for the five AmTrust branches was $21.2 million, net of cash and other assets received.

Following is a reconciliation of the preliminary purchase price allocation:

(unaudited, in thousands)	Fair Value of Tangible Net Assets

		Acquired
Cash	$	599,265
Other tangible assets		991
Goodwill and other intangibles		23,522
Deposits		(599,353)
Other liabilities		(3,273)
Total purchase price	$	21,152

Goodwill and other intangible assets were allocated to WesBanco's community banking segment. The AmTrust core deposit intangible which has been valued at $2.8 million has a weighted-average useful life of approximately 10 years.

NOTE 4. SECURITIES

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

	June 30, 2009				December 31, 2008			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities								
Other government agencies	$ 210,665	$ 835	$ (592)	$ 210,908	$ 39,241	$ 768	$ -	$ 40,009
Corporate debt securities	37,542	378	(36)	37,884	3,019	130	-	3,149
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	814,056	13,038	(4,138)	822,956	513,942	10,130	(175)	523,897
Other residential collateralized mortgage obligations	3,735	7	(62)	3,680	4,242	19	(111)	4,150
Obligations of state and political subdivisions	370,102	7,782	(1,164)	376,720	352,995	7,834	(1,404)	359,425
Total debt securities	1,436,100	22,040	(5,992)	1,452,148	913,439	18,881	(1,690)	930,630
Equity securities	3,389	345	(37)	3,697	3,143	394	(29)	3,508
Total available-for-sale securities	$1,439,489	$ 22,385	$ (6,029)	$ 1,455,845	$916,582	$ 19,275	$ (1,719)	$934,138
Held-to-maturity securities				-				
Corporate debt securities	1,450	-	(519)	931	1,450	-	(236)	1,214
	$ 1,450	$ -	$ (519)	$ 931	$ 1,450	$ -	$ (236)	$ 1,214

Total held-to-maturity securities								
Other short-term investments	$ 50,039	-	-	50,039	-	-	-	-
Total securities	$1,490,978	$ 22,385	$ (6,548)	$ 1,506,815	$918,032	$ 19,275	$ (1,955)	$935,352

At June 30, 2009, and December 31, 2008, there were no holdings of any one issuer in an amount greater than 10% of WesBanco's shareholders' equity, other than the U.S. government and its agencies.

Securities with aggregate par values of $559.7 million and $551.1 million and aggregate carrying values of $564.3 million and $552.8 million at June 30, 2009 and December 31, 2008, respectively, were pledged as security for public and trust funds, and securities sold under agreements to repurchase. Proceeds from the sale of available-for-sale securities and other short-term investments were $270.8 million and $283.5 million for the three and six months ended June 30, 2009, respectively, compared to $1.1 million and $29.0 million for the same periods in 2008.

For the six months ended June 30, 2009 realized gains on available-for-sale securities were $2.8 million and realized losses were $162 thousand. For the six months ended June 30, 2008 realized gains on available-for-sale securities were $0.9 million and realized losses were $2 thousand.

The following table presents the maturity distribution of available-for-sale and held-to-maturity securities:

	June 30, 2009			
(dollars in thousands)	Within One Year Amount	After One But Within Five Years Amount	After Five But Within Ten Years Amount	After Ten Years Amount
Securities available-for-sale: (1)				
Other government agencies	$ 106,408	$ 93,779	$ 10,721	$ -
Corporate debt securities	4,841	33,043	-	-
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2)	88,268	559,528	153,880	21,280
Other residential collateralized mortgage obligations	-	3,637	-	43
Obligations of states and political subdivisions	79,025	147,521	97,999	52,175
Equity securities	-	-	-	3,697
Total securities available-for-sale	$ 278,542	$ 837,508	$ 262,600	$ 77,195
Securities held-to-maturity (at amortized cost):				
Corporate debt securities	-	-	-	1,450

Total held-to-maturity securities	$ -	$ -	$ -	$ 1,450
Other short-term investments	50,039	-	-	-
Total securities	$ 328,581	$ 837,508	$ 262,600	$ 78,645

(1) Maturity amounts on securities available-for-sale have been calculated based on amortized cost.
(2) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are assigned to maturity categories based on estimated average lives or repricing information.

The following table provides information on unrealized losses on investment securities that have been in an unrealized loss position for less than twelve months and twelve months or more as of June 30, 2009 and December 31, 2008:

	June 30, 2009						
	Less than 12 months			12 months or more			
(unaudited, dollars in thousands)	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value
Other government agencies	$ 87,259	$ (592)	11	$ -	$ -	-	$ 87,259
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	356,179	(4,074)	38	5,663	(64)	5	361,842
Other residential collateralized mortgage obligations	-	-	-	3,638	(62)	5	3,638
Obligations of states and political subdivisions	31,922	(706)	50	23,235	(458)	59	55,157
Corporate debt securities	6,081	(36)	3	931	(519)	1	7,012
Equity securities	184	(37)	2	-	-	-	184
Total temporarily impaired securities	$ 481,625	$ (5,445)	104	$ 33,467	$ (1,103)	70	$515,092

December 31, 2008	
Less than 12 months	12 months or more

(unaudited, dollars in thousands)	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	$ 2,956	$ (6)	12	$ 16,321	$ (169)	10	$ 19,277
Other residential collateralized mortgage obligations	-	-	-	4,095	(111)	5	4,095
Obligations of states and political subdivisions	42,034	(1,171)	72	12,502	(233)	24	54,536
Corporate debt securities	1,214	(236)	1	-	-	-	1,214
Equity securities	1,289	(29)	2	-	-	-	1,289
Total temporarily impaired securities	$ 47,493	$ (1,442)	87	$ 32,918	$ (513)	39	$ 80,411

Unrealized losses in the table represent temporary fluctuations resulting from changes in market rates in relation to fixed yields. Losses in the available-for-sale portfolio are accounted for as an adjustment to other comprehensive income in shareholders' equity. WesBanco may impact the magnitude of the fair value adjustment by managing both the volume and average maturities of securities that are classified as available-for-sale.

WesBanco does not believe any of the securities presented above are impaired due to reasons of credit quality, as all debt securities are of investment grade quality and are paying principal and interest according to their contractual terms. The unrealized losses are primarily attributable to changes in broad interest rate indices. WesBanco does not intend to sell and it is more likely than not that it will not be required to sell loss position securities prior to recovery of their cost. Accordingly, as of June 30, 2009, management believes the unrealized losses detailed above are temporary and no impairment loss relating to these securities has been recognized in the Consolidated Statements of Income.

10

NOTE 5. LOANS AND THE ALLOWANCE FOR LOAN LOSSES

Loans are presented in the Consolidated Balance Sheets net of deferred loan fees and costs of $3.1 million at June 30, 2009 and $3.3 million at December 31, 2008.

The following table presents the changes in the allowance for loan losses and loans classified as impaired:

		For the Six Months Ended June 30,		
(unaudited, in thousands)		2009		2008
Balance at beginning of period	$	49,803	$	38,543
Provision for loan losses		19,950		10,981
Charge-offs		(12,119)		(9,649)
Recoveries		938		1,977
Net charge-offs		(11,181)		(7,672)
Balance at end of period	$	58,572	$	41,852

The following tables summarize loans classified as impaired:

(unaudited, in thousands)		June 30, 2009		December 31, 2008
Balance of impaired loans with no allocated allowance for loan losses	$	60,660	$	25,296
Balance of impaired loans with an allocated allowance for loan losses		36,387		22,202
Total impaired loans	$	97,047	$	47,498
Allowance for loan losses allocated to impaired loans	$	9,215	$	5,113

At June 30, 2009, WesBanco had unfunded commitments to debtors whose loans were classified as impaired or renegotiated of $0.3 million. At December 31, 2008, WesBanco had no material commitments to lend additional funds to debtors whose loans were classified as impaired or renegotiated.

NOTE 6. FEDERAL HOME LOAN BANK BORROWINGS

WesBanco is a member of the Federal Home Loan Bank ("FHLB") System. WesBanco's FHLB borrowings are secured by a blanket lien by the FHLB on certain residential mortgage and other loan types and a specific lien on certain securities if pledged directly with the FHLB with a market value in excess of the outstanding balances of the borrowings. At June 30, 2009 and December 31, 2008, WesBanco had FHLB borrowings of $580.5 million and $596.9 million, respectively, with a weighted-average interest rate of 3.89% and 3.90%, respectively. The terms of the security agreement with the FHLB include a specific assignment of collateral that requires the maintenance of qualifying mortgage and other types of loans as pledged collateral with unpaid principal amounts in excess of the FHLB advances, when discounted at certain pre-established percentages of the loans' unpaid principal balances. FHLB stock owned by WesBanco totaling $31.6 million at June 30, 2009 and $32.1 million at December 31, 2008 is also pledged as collateral on these advances. The remaining maximum borrowing capacity by WesBanco with the FHLB at June 30, 2009 and December 31, 2008 was estimated to be approximately $552.7 million and $848.8 million, respectively.

In December 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 June 30, 2009 and at December 31, 2008, and is held primarily to serve as collateral on FHLB borrowings. Dividend income recognized on FHLB of Pittsburgh stock totaled $0.4 million for 2008. Additionally, WesBanco owned $5.3 million and $5.7 million of FHLB of Cincinnati stock at June 30, 2009 and December 31, 2008, respectively, which paid a cash dividend at an annualized rate of 4.50% and 5.00% in the second quarter of 2009 and the fourth quarter of 2008, respectively.

Certain FHLB advances contain call features, which allow the FHLB to call the outstanding balance or convert a fixed rate borrowing to a variable rate advance if the strike rate goes beyond a certain predetermined rate. The probability that these advances will be called depends primarily on the level of related interest rates during the call period. Of the $580.5 million outstanding at June 30, 2009, $269.3 million in FHLB convertible advances are subject to call or conversion to a variable rate advance by the FHLB.

The following table presents the aggregate annual maturities and weighted-average interest rates of FHLB borrowings at June 30, 2009 based on their contractual maturity dates and effective interest rates:

(unaudited, in thousands) Year	Scheduled Maturity	Weighted Average Rate
2009	$ 82,567	4.22%
2010	261,526	3.84%
2011	85,052	3.76%
2012	56,704	4.45%
2013	51,031	3.28%
2014 and thereafter	43,664	3.86%
Total	$ 580,544	3.89%

NOTE 7. OTHER SHORT-TERM BORROWINGS

Other short-term borrowings are comprised of the following:

(unaudited, in thousands)	June 30, 2009	December 31, 2008
Federal funds purchased	$ -	$ 52,000
Securities sold under agreements to repurchase	224,011	245,165
Treasury tax and loan notes and other	3,789	640
Total	$ 227,800	$ 297,805

NOTE 8. PENSION PLAN

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Unaudited, in thousands)	2009	2008	2009	2008
Service cost – benefits earned during year	$ 599	$ 577	$ 1,199	$ 1,154
Interest cost on projected benefit obligation	837	792	1,674	1,584
Expected return on plan assets	(944)	(1,138)	(1,889)	(2,276)
Amortization of prior service cost	(29)	(29)	(59)	(59)
Amortization of net loss	476	129	952	258
Net periodic pension cost	$ 939	$ 331	$ 1,877	$ 661

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

There is no minimum contribution due for 2009, and no decision has been made as of June 30, 2009 relative to the level of contribution that will be made to the plan, if any.

NOTE 9. FAIR VALUE MEASUREMENTS

On January 1, 2008, WesBanco adopted the provisions of SFAS 157, "Fair Value Measurements" (SFAS 157) which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The following tables set forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy:

		June 30, 2009		
		Fair Value Measurements Using:		
(unaudited - in thousands)	Asset at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities - available for sale	$ 1,455,845	$ 212,786	$ 1,241,323	$ 1,736
Other short-term investments	50,039	50,039	-	-

		December 31, 2008		
		Fair Value Measurements Using:		
(unaudited - in thousands)	Asset at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities - available for sale	$ 934,138	$ 41,818	$ 890,552	$ 1,768

The following tables present additional information about assets measured at fair value on a recurring basis and for which WesBanco has utilized Level 3 inputs to determine fair value:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(unaudited - in thousands)	2009	2008	2009	2008
Balance at beginning of period	$ 1,706	$ 5,801	$ 1,768	$ 5,994
Total gains (losses) - (realized/unrealized):				
Included in earnings	-	-	-	-
Included in other comprehensive income	30	(363)	(7)	(556)
Purchases, issuances, and settlements	-	-	-	-
Transfers in or (out) of Level 3	-	-	(25)	-
Balance at end of period	$ 1,736	$ 5,438	$ 1,736	$ 5,438

We may be required from time to time to measure certain assets at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis, the following tables provide the level of valuation assumptions used to determine each adjustment in the carrying value of the related individual assets or portfolios at quarter end:

		Fair Value Measurements Using:		
(unaudited - in thousands)	Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2009				
Impaired loans (1)	$ 27,172	$ -	$ -	$ 27,172
Mortgage servicing rights (2)	2,655	-	-	2,655
December 31, 2008				
Impaired loans (1)	$ 17,089	$ -	$ -	$ 17,089

(1) Represents the carrying value of loans for which adjustments are based on the appraised value of the collateral.
(2) Represents the carrying value of mortgage servicing rights whose value has been impaired and therefore written down to their fair value as determined from independent valuations.

13

NOTE 10. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	June 30, 2009		December 31, 2008	
(in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and due from banks	$ 91,897	$ 91,897	$ 141,170	$ 141,170
Securities held-to-maturity	1,450	931	1,450	1,214
Securities available-for-sale	1,455,845	1,455,845	934,138	934,138
Other short-term investments	50,039	50,039	-	-
Net loans	3,482,882	3,524,444	3,554,506	3,626,774
Loans held for sale	9,223	9,223	3,874	3,874
Accrued interest receivable	21,796	21,796	19,966	19,966
Bank owned life insurance	102,973	102,973	101,229	101,229

Financial liabilities:				
Deposits	4,100,523	4,117,522	3,503,916	3,508,233
Federal Home Loan Bank borrowings	580,544	591,426	596,890	617,518
Other borrowings	227,800	223,155	297,805	297,741
Junior subordinated debt	111,153	62,377	111,110	53,178
Accrued interest payable	13,148	13,148	10,492	10,492

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

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

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

Loans Held for Sale — The carrying amount of loans held for sale approximates its fair value.

Net Loans —Fair values of commercial real estate, construction, residential mortgage and personal loans are based on a discounted value of the estimated future cash flows expected to be received. The current interest rates applied in the discounted cash flow method reflect rates used to price new loans of similar type, adjusted for relative risk and remaining maturity. Non-performing loans and loans past due 90 days or more and accruing interest are recorded at carrying amount, net of the allowance for loan losses.

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

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

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

Federal Home Loan Bank Borrowings — For FHLB borrowings, fair value is based on rates currently available to WesBanco for borrowings with similar terms and remaining maturities.

Other Borrowings — Fair values for federal funds purchased and repurchase agreements are based on quoted market prices, if available. If market prices are not available, then quoted market prices of similar instruments are used.

Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts — Due to the pooled nature of these instruments, which are not actively traded on an equity market, estimated fair value is based on broker prices from recent similar issuances.

Accrued Interest Payable — The carrying amount of accrued interest payable approximates its fair value.

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

NOTE 11. COMPREHENSIVE INCOME

The components of other comprehensive income are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Unaudited, in thousands)	2009	2008	2009	2008
Net Income	$ 5,744	$ 11,284	$ 11,194	$ 20,787
Securities available-for-sale:				
Net change in unrealized gains (losses) on securities available-for-sale	(4,126)	(13,562)	1,403	(4,029)
Related income tax (expense) benefit (1)	1,541	5,271	(524)	1,565
Net securities (gains) losses reclassified into earnings	(2,462)	(400)	(2,604)	(906)
Related income tax expense (benefit) (1)	920	159	973	359
Net effect on other comprehensive income for the period	(4,127)	(8,532)	(752)	(3,011)
Cash flow hedge derivatives:				
Net change in unrealized gains (losses) on derivatives	-	55	-	58
Related income tax (expense) benefit (1)	-	(22)	-	(23)
Net effect on other comprehensive income for the period	-	33	-	35
Defined benefit pension plan				
Amortization of prior service costs	(29)	(29)	(58)	(58)
Related income tax expense (benefit) (1)	11	12	22	24
Amortization of unrealized loss	475	128	944	256
Related income tax expense (benefit) (1)	(177)	(51)	(353)	(102)
Net effect on other comprehensive income for the period	280	60	555	120
Other comprehensive income	(3,847)	(8,439)	(197)	(2,856)
Total comprehensive income	$ 1,897	$ 2,845	$ 10,997	$ 17,931

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

The activity in accumulated other comprehensive income (loss) for the six months ended June 30, 2009 and 2008 is as follows:

Defined	Unrealized Gains (Losses)	Net Unrealized Gains (Losses) on Derivative Instruments Used in

(unaudited, in thousands)	Benefit Pension Plan	on Securities Available-for-Sale	Cash Flow Hedging Relationships	Total
Balance at January 1, 2009	$ (14,132)	$ 10,950	$ -	$ (3,182)
Period change, net of tax	555	(752)	-	(197)
Balance at June 30, 2009	$ (13,577)	$ 10,198	$ -	$ (3,379)
Balance at January 1, 2008	$ (3,893)	$ 5,379	$ (36)	$ 1,450
Period change, net of tax	120	(3,011)	35	(2,856)
Balance at June 30, 2008	$ (3,773)	$ 2,368	$ (1)	$ (1,406)

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS—In the normal course of business, WesBanco offers off-balance sheet credit arrangements to enable its customers to meet their financing objectives. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the financial statements. WesBanco's exposure to credit losses in the event of non-performance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is limited to the contractual amount of those instruments. WesBanco uses the same credit policies in making commitments and conditional obligations as for all other similar lending. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The allowance for credit losses associated with loan commitments was $0.2 million and $0.4 million as of June 30, 2009 and December 31, 2008, respectively.

Letters of credit are conditional commitments issued by banks to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including normal business activities, bond financing and similar transactions. Standby letters of credit are considered guarantees. The liability associated with standby letters of credit is recorded

15

at its estimated fair value of $0.1 million and $0.1 million as of June 30, 2009 and December 31, 2008, respectively, and is included in other liabilities on the Consolidated Balance Sheets.

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

(unaudited, in thousands)	June 30, 2009	December 31, 2008
Commitments to extend credit	$ 672,146	$ 728,994
Standby letters of credit	33,678	34,209
Commercial letters of credit	182	2,585

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

NOTE 13. STOCK-BASED COMPENSATION

WesBanco sponsors a Key Executive Incentive Bonus and Option Plan (the "Plan") that includes three components, an Annual Bonus, a Long-Term Incentive Bonus and a Stock Option component. The three components allow for payments of cash, a mixture of cash and stock, or the granting of non-qualified stock options, depending upon the component of the plan in which the award is earned. Under the terms of the Plan, 0.2 million shares remain available for issuance. Stock options are granted by, and at the discretion of, the Compensation Committee of the Board of Directors and may be either service or performance based. The maximum term of all options granted under the Stock Option component of the Plan is ten years from the original grant date.

The following table presents stock option activity for the six months ended June 30, 2009:

(unaudited, in thousands, except shares, per share amounts and term)	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life in Years
Outstanding at January 1, 2009	393,127	$ 23.91	
Granted	-	-	
Exercised	(6,764)	14.97	
Forfeited or expired	(14,144)	25.75	
Outstanding at June 30, 2009	372,219	$ 24.00	3.98
Vested and exercisable at June 30, 2009	372,219	$ 24.00	3.98

The aggregate intrinsic value of the outstanding options and the options exercisable at quarter end was $11 thousand. There were no options awarded during the six months ended June 30, 2009.

16

NOTE 14. BUSINESS SEGMENTS

WesBanco operates two reportable segments: community banking and trust and investment services. WesBanco's community banking segment offers services traditionally offered by full-service commercial banks, including commercial demand, individual demand and time deposit accounts, as well as commercial, mortgage and individual installment loans, and certain non-traditional offerings, such as insurance and securities brokerage services. The trust and investment services segment offers trust services as well as various alternative investment products including mutual funds. The market value of assets of the trust and investment services segment was approximately $2.4 billion and $2.9 billion at June 30, 2009 and 2008, respectively. These assets are held by WesBanco in fiduciary or agency capacities for their customers and therefore are not included as assets on WesBanco's Consolidated Balance Sheets.

Condensed financial information by business segment is presented below:

(Unaudited, in thousands)	Community Banking	Trust and Investment Services	Consolidated
Income Statement Data			
For the Three Months ended June 30, 2009:			
Interest income	$ 66,079	$ -	$ 66,079

Interest expense	26,828	-	26,828
Net interest income	39,251	-	39,251
Provision for credit losses	10,269	-	10,269
Net interest income after provision for credit losses	28,982	-	28,982
Non-interest income	13,021	3,288	16,309
Non-interest expense	37,274	2,271	39,545
Income before provision for income taxes	4,729	1,017	5,746
Provision for income taxes	(405)	407	2
Net income	$ 5,134	$ 610	$ 5,744
For the Three Months ended June 30, 2008:			
Interest income	$ 70,588	$ -	$ 70,588
Interest expense	29,929	-	29,929
Net interest income	40,659	-	40,659
Provision for credit losses	5,723	-	5,723
Net interest income after provision for credit losses	34,936	-	34,936
Non-interest income	10,852	3,939	14,791
Non-interest expense	33,190	2,880	36,070
Income before provision for income taxes	12,598	1,059	13,657
Provision for income taxes	1,949	424	2,373
Net income	$ 10,649	$ 635	$ 11,284
For the Six Months ended June 30, 2009:			
Interest income	$ 129,280	$ -	$ 129,280
Interest expense	51,902	-	51,902
Net interest income	77,378	-	77,378
Provision for credit losses	19,819	-	19,819
Net interest income after provision for credit losses	57,559	-	57,559
Non-interest income	22,105	6,641	28,746
Non-interest expense	69,680	4,678	74,358
Income before provision for income taxes	9,984	1,963	11,947
Provision for income taxes	(32)	785	753
Net income	$ 10,016	$ 1,178	$ 11,194
For the Six Months ended June 30, 2008:			
Interest income	$ 145,369	$ -	$ 145,369
Interest expense	65,966	-	65,966
Net interest income	79,403	-	79,403
Provision for credit losses	11,148	-	11,148
Net interest income after provision for credit losses	68,255	-	68,255
Non-interest income	21,823	8,063	29,886
Non-interest expense	67,724	5,006	72,730
Income before provision for income taxes	22,354	3,057	25,411
Provision for income taxes	3,401	1,223	4,624
Net income	$ 18,953	$ 1,834	$ 20,787

Total non-fiduciary assets of the trust and investment services segment were $18.8 million and $16.1 million at June 30, 2009 and 2008, respectively. All goodwill and other intangible assets were allocated to the community banking segment.

NOTE 15. SUBSEQUENT EVENTS

WesBanco has evaluated subsequent events through August 10, 2009, the date that these financial statements were filed with the Securities and Exchange Commission.

On July 29, 2009, management received a new appraisal relating to the value of a hotel property collateralizing a commercial real estate loan of approximately $7.8 million. This loan was moved to non-accrual status from renegotiated status in the second quarter, and prior to the receipt of this additional information, had no specific reserve allocation under FAS 114. The new appraisal was significantly lower than the appraisal obtained at the time the loan was made and management's most recent estimate of the property's current value. The new appraisal contains certain variables and assumptions that will require further analysis and evaluation of their applicability to this property. Based on management's initial evaluation of the new appraisal, the provision for loan losses for the second quarter and the six months ended June 30, 2009 and the allowance for loan losses as of June 30, 2009 each increased by $2 million from the balances reported in the earnings release and Form 8-K on July 22, 2009.

18

ITEM 2. 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. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this report relating to WesBanco's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The information contained in this report should be read in conjunction with WesBanco's Form 10-K for the year ended December 31, 2008 and Form 10-Q as of March 31, 2009 filed with the Securities and Exchange Commission ("SEC"), which is available at the SEC's website www.sec.gov or at WesBanco's website, www.wesbanco.com. Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed in WesBanco's most recent Annual Report on Form 10-K filed with the SEC under Part I, Item 1A. Risk Factors. 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, the Financial Institution Regulatory Authority 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 critical accounting policies involving the significant judgments and assumptions used in the preparation of the Consolidated Financial Statements as of June 30, 2009 have remained unchanged from the disclosures presented in WesBanco's Annual Report on Form 10-K for the year ended December 31, 2008 under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Goodwill - The carrying value of goodwill is tested annually for impairment in the fourth quarter or at the end of other interim periods if indicators of potential impairment are present. The evaluation for impairment involves comparing the estimated current fair value of each reporting unit to its carrying value, including goodwill. If the estimated current fair value of a reporting unit exceeds its carrying value, no additional testing is required and an impairment loss is not recorded. Otherwise, additional testing is performed and to the extent such additional testing results in a conclusion that the carrying value of goodwill exceeds its implied fair value or an intangible asset exceeds its fair value, an impairment loss is recognized. WesBanco uses market capitalization, multiples of tangible book value, and discounted cash flow methods to determine the estimated current fair value of its reporting units. Given the declines in WesBanco's market capitalization during 2009, management performed an impairment test of goodwill related to the community banking reporting unit. As of June 30, 2009, there was $274.1 million of goodwill recorded at the community banking reporting unit level. Management estimated the fair value of the community banking reporting unit at June 30, 2009 using a market approach and an income approach. Based on this analysis, the estimated fair value of the community banking reporting unit could decline by approximately 13% before further analysis of goodwill impairment would be required.

In the event WesBanco determined that its goodwill was 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.

OVERVIEW

As noted last quarter, WesBanco completed the purchase of all five of AmTrust Bank's Columbus, Ohio branches on March 27, 2009. 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 Bank name.

WesBanco is a multi-state bank holding company operating through 114 branches and 144 ATM machines in West Virginia, Ohio and Western Pennsylvania, offering retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco's businesses are significantly impacted by economic factors such as market interest rates, federal monetary and regulatory policies, local and regional economic conditions and the competitive environment effect upon WesBanco's business volumes. WesBanco's deposit levels are affected by numerous factors including personal savings rates, personal income, and competitive rates on alternative investments, as well as competition from other financial institutions within the markets we serve and liquidity needs of WesBanco. Loan levels are also subject to various factors including construction demand, business financing needs, consumer spending and interest rates and loan terms offered by competing lenders.

RESULTS OF OPERATIONS

EARNINGS SUMMARY

WesBanco's net income available to common shareholders for the three months ended June 30, 2009 was $4.7 million, while diluted earnings per common share were $0.18, as compared to $11.3 million or $0.42 per common share for the 2008 quarter. However, net income available to common shareholders increased 6.7% from the first quarter of 2009 primarily due to higher net interest income and higher

19

deposit and other fees resulting from the larger balance sheet provided by the AmTrust acquisition and increased net security gains. For the first six months of 2009 net income available to common shareholders was $9.1 million and diluted earnings per common share were $0.34, as compared to $20.8 million or $0.78 per common share for the 2008 period. Earnings per common share for 2009 included the full effect of the Troubled Asset Relief Program ("TARP") preferred stock dividend of $1.1 million or $0.04 per quarter. The TARP preferred stock transaction under the Capital Purchase Program ("CPP") for healthy banks, was consummated with the U.S. Treasury on December 5, 2008.

Net income decreased by $6.6 million during the second quarter of 2009, as compared to the second quarter of 2008, primarily due to a $4.2 million increase in FDIC insurance expense, which includes a $2.6 million special assessment and increases in the regular assessment rate. The provision for credit losses in the quarter increased $4.5 million due to deterioration of credit quality across all segments of the loan portfolio from the prolonged recession. The provision for loan losses exceeded net charge offs by $4.3 million in the second quarter of 2009 which increased the allowance for loan losses to 1.65% of total loans at June 30, 2009 compared to 1.52% at March 31, 2009 and 1.15% at June 30, 2008. Net interest income decreased by $1.4 million as a result of lower interest rates on available investments for the cash proceeds of the AmTrust acquisition, repricing of earning assets in the lower interest rate environment, lower purchase accounting accretion from the late 2007 Oak Hill Banks acquisition, and higher non-accrual loans resulting in a decrease in the net interest margin to 3.17% from 3.75% in the 2008 second quarter. These decreases were partially offset by an increase in net securities gains of $2.1 million and a lower tax provision of $2.4 million due to lower pre-tax income and a lower effective tax rate.

For the first six months of 2009 the decrease in net income was primarily due to a $5.3 million increase in FDIC insurance, an $8.7 million increase in the provision for credit losses and a $2.0 million decrease in net interest income, partially offset by decreased merger and acquisition costs of $2.1 million and a $3.9 million decrease in the provision for income taxes. The effective tax rate in the 2009 period was 6.3% as compared to 18.2% in the first six months of 2008. In addition, non-interest expenses, excluding FDIC insurance and merger-related expenses, declined $1.6 million which reflects ongoing efficiency improvements throughout WesBanco and in many expense categories. Salaries and wages, net occupancy, equipment expense, amortization of intangibles and miscellaneous taxes were the principal categories where expense reductions were achieved. These improvements were mitigated somewhat in the second quarter by the AmTrust acquisition, which added 30 full time equivalent employees at the end of the first quarter.

NET INTEREST INCOME

TABLE 1. NET INTEREST INCOME

(unaudited, in thousands)	For the Three Months Ended June 30, 2009	2008	For the Six Months Ended June 30, 2009	2008
Net interest income	$ 39,251	$ 40,659	$ 77,378	$ 79,403
Taxable equivalent adjustments to net interest income	1,991	1,898	3,883	3,944
Net interest income, fully taxable equivalent	$ 41,242	$ 42,557	$ 81,261	$ 83,347
Net interest spread, non-taxable equivalent	2.75%	3.28%	2.85%	3.22%
Benefit of net non-interest bearing liabilities	0.27%	0.30%	0.30%	0.29%
Net interest margin	3.02%	3.58%	3.15%	3.51%

Taxable equivalent adjustment	0.15%	0.17%	0.16%	0.17%
Net interest margin, fully taxable equivalent	3.17%	3.75%	3.31%	3.68%

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 of, and changes in interest rates, the steepness of the yield curve, changes in the amount and composition of interest earning assets and interest bearing liabilities, as well as the frequency of repricing of those assets and liabilities. Net interest income for the second quarter increased $1.1 million or 3.0% from the first quarter of 2009 due to an 11.9% increase in average earning assets, partially offset by a 29 basis point decline in the net interest margin. Net interest income decreased 3.5% in the second quarter and 2.6% in the six month period of 2009 as compared to the same periods in 2008 due to decreases in the net interest margin partially offset by increases in average earning assets. The investment of approximately $600 million of cash proceeds from the AmTrust branch acquisition is the primary reason for the increase in earning assets, but it also contributed to the decreases in margin due to lower interest rates on available investment opportunities as a result of the current relatively lower interest rate environment, and from the timing and duration of the initial investment of the funds. In addition, while market interest rates in 2008 generally reduced interest income at a slower pace than the effect on interest bearing liabilities, in 2009 as the lower rates continued, deposit rate floors have impacted WesBanco and repricing of assets is having a larger impact, as well as increases in non-accrual loans and lower Oak Hill Banks-related purchase accounting accretion, reducing the net interest margin. The margin benefited in the 2009 six month period from a 5.8% increase in average non-interest bearing deposit balances, as compared to the first half of 2008 as the result of marketing campaigns focused on checking account products. The increased liquidity provided by the AmTrust branch acquisition will permit WesBanco to reduce higher cost FHLB and other borrowings as they mature which, combined with continued repricing of higher cost certificates of deposit, is expected to improve the net interest margin in the second half of 2009.

Interest income decreased 6.4% in the second quarter and 11.1% in the six month period as compared to the same periods in 2008. These decreases were due to a lower yield on earning assets of 116 basis points to 5.24% in the second quarter and 117 basis points to 5.43% for the first six months of 2009, and was also partially offset by increases in both periods in average earning assets. In addition to the decrease in taxable securities yields from the investment of cash acquired with the AmTrust branches and the resulting overall shorter portfolio average duration, repricing of loans over the last six quarters as a result of a lower interest rate environment and the reduction in interest income related to increases in nonperforming loans caused a decline in loan yields of 75 basis points in the second quarter and 88 basis points in the year-to-date period of 2009. Average earning assets increased by $659.2 million or 14.5% in the second quarter and $382.3 million or 8.4% in the first six months of 2009 as a result of the AmTrust acquisition, and were partially offset by a decrease in average loan balances of $91.1 million and $107.9 million respectively. Proceeds from decreases in residential mortgage loans, which

generally have higher yields than other investment types, have been reinvested at lower yields which also reduces the overall yield of the portfolio.

Average loan balance decreases are primarily due to continued strategic decreases in residential real estate loans through the sale of most originations, partially offset by increases in commercial real estate 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. Consumer loans declined due to reduced demand for automobile loans, and a strategic reduction in recreational vehicle product lending.

Interest expense decreased 10.4% in the second quarter and 21.3% in the six month period as compared to the same periods in 2008 primarily due to a decline in the average rate paid on deposits of 73 basis points to 1.96% for the second quarter and 95 basis points to 2.02% for the first half of 2009. These decreases were partially offset by increases in average interest bearing liabilities of 12.7% in the second quarter and 4.2% in the year-to-date period. The rate decline was due to management reducing 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 reduced loan demand, while focusing marketing efforts on non-interest bearing demand deposits, and, through the first quarter of 2009, utilizing reasonably priced FHLB borrowings and CDARS® certificates of deposit as alternative, cheaper funding sources. The cost of CDs, MMDA and interest bearing demand deposit accounts declined by 129 basis points, 50 basis points and 87 basis points, respectively, in the first six months of 2009. This strategy also resulted in decreases in deposits through most of 2008; however, average deposits increased $465.5 million in the second quarter of 2009 as compared to the second quarter of 2008 and total deposits increased $596.6 million from December 31, 2008 primarily due to the branch acquisition in the first quarter of 2009. In addition, non-AmTrust branch deposit levels have been generally stable in the first six months of 2009 through growth in reasonably 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. Some decreases in CDs are expected in the second half of 2009 due to the Bank's strategy of allowing certain high rate, single service former AmTrust CDs to mature without renewal due to the current rate environment, potentially resulting in an overall reduction in the size of the balance sheet. 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 June 30, 2009.

Borrowing costs have not dropped significantly, as there were fewer maturities in the first half of 2009. Opportunities for reduced borrowing costs should occur in the latter half of 2009 as FHLB borrowings and certain repurchase agreements mature or reprice at lower costs.

21

TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2009		2008		2009		2008	
(unaudited, in thousands)	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
ASSETS								
Due from banks - interest bearing	$ 56,111	0.32%	$ 7,971	7.38%	$ 46,063	0.20%	$ 6,024	5.51%
Loans, net of unearned income (1)	3,563,495	5.79%	3,654,575	6.54%	3,581,004	5.83%	3,688,942	6.71%
Securities: (2)								
Taxable	1,215,980	3.55%	522,162	5.44%	936,302	3.91%	488,910	5.86%
Tax-exempt (3)	343,499	6.63%	329,607	6.58%	335,929	6.61%	320,781	7.03%
Total securities	1,559,479	4.23%	851,769	5.88%	1,272,231	4.62%	809,691	6.32%
Federal funds sold	-	-	8,218	2.24%	4,155	0.24%	19,732	2.71%
Other earning assets	31,918	0.79%	29,256	4.47%	32,129	1.05%	28,898	3.69%
Total earning assets (3)	5,211,003	5.24%	4,551,789	6.40%	4,935,582	5.43%	4,553,287	6.60%

Other assets	637,759		663,014		618,840		714,084	
Total Assets	$ 5,848,762		$ 5,214,803		$ 5,554,422		$ 5,267,371	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Interest bearing demand deposits	$ 468,921	0.62%	$ 440,524	0.97%	$ 450,750	0.62%	$ 428,064	1.49%
Money market accounts	647,623	1.14%	551,266	1.57%	566,475	1.10%	572,847	1.60%
Savings deposits	484,192	0.53%	445,131	0.67%	458,455	0.52%	444,375	0.79%
Certificates of deposit	2,074,433	2.85%	1,772,779	3.96%	1,906,405	2.98%	1,840,031	4.27%
Total interest bearing deposits	3,675,169	1.96%	3,209,700	2.69%	3,382,085	2.02%	3,285,317	2.97%
Federal Home Loan Bank borrowings	584,381	3.85%	465,568	4.03%	588,788	3.85%	458,953	4.05%
Other borrowings	232,467	3.05%	297,255	2.82%	235,253	3.29%	288,997	3.32%
Junior subordinated debt	111,142	5.31%	111,053	6.33%	111,132	5.46%	111,039	6.56%
Total interest bearing liabilities	4,603,159	2.34%	4,083,576	2.95%	4,317,258	2.42%	4,144,306	3.21%
Non-interest bearing demand deposits	526,951		499,875		520,995		492,648	
Other liabilities	56,490		40,018		52,956		43,376	
Shareholders' Equity	662,162		591,334		663,213		587,041	
Total Liabilities and Shareholders' Equity	$ 5,848,762		$ 5,214,803		$ 5,554,422		$ 5,267,371	
Net Interest Spread		2.90%		3.45%		3.01%		3.39%
Taxable equivalent net yield on average earning assets (3)		3.17%		3.75%		3.31%		3.68%

(1) Gross of allowance for loan losses and net of unearned income, includes non-accrual and loans held for sale, loan fees included in interest income on loans are not material.

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

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

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

	Three Months Ended June 30, 2009 Compared to June 30, 2008			Six Months Ended June 30, 2009 Compared to June 30, 2008		
(unaudited, in thousands)	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:						
Due from banks - interest bearing	$ 154	$ (256)	$ (102)	$ 171	$ (292)	$ (121)
Loans, net of unearned income	(1,426)	(6,528)	(7,954)	(3,506)	(15,713)	(19,219)

Taxable securities	6,839	(3,155)	3,684	9,909	(5,919)	3,990
Tax-exempt securities (1)	230	36	266	518	(690)	(172)
Federal funds sold	(23)	(23)	(46)	(122)	(140)	(262)
Other interest income	27	(291)	(264)	54	(419)	(365)
Total interest income change (1)	5,801	(10,217)	(4,416)	7,024	(23,173)	(16,149)
Increase (decrease) in interest expense:						
Interest bearing demand deposits	65	(400)	(335)	157	(1,956)	(1,799)
Money market accounts	340	(646)	(306)	(50)	(1,388)	(1,438)
Savings deposits	62	(159)	(97)	53	(606)	(553)
Certificates of deposit	2,684	(5,402)	(2,718)	1,360	(12,151)	(10,791)
Federal Home Loan Bank borrowings	1,160	(211)	949	2,498	(461)	2,037
Other borrowings	(479)	162	(317)	(877)	(39)	(916)
Junior subordinated debt	1	(278)	(277)	3	(607)	(604)
Total interest expense change	3,833	(6,934)	(3,101)	3,144	(17,208)	(14,064)
Net interest income decrease (1)	$ 1,968	$ (3,283)	$ (1,315)	$ 3,880	$ (5,965)	$ (2,085)

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

PROVISION FOR LOAN LOSSES

The provision for loan losses is determined by management as the amount to be added to the allowance for loan losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb probable losses in the loan portfolio. The provision for loan losses was $10.4 million for the second quarter of 2009, an increase of $4.7 million from the second quarter of 2008. For the year-to date period, the provision was $19.8 million, an increase of $8.7 million from the same 2008 period. Higher provision expense for 2009 compared to 2008 reflects the establishment of a $2 million specific reserve on a $7.8 million commercial real estate loan secured by a hotel property and the general deterioration of credit quality across all segments of the loan portfolio due to the prolonged recession, which has caused increases in non-performing assets and charge offs. Non-performing loans increased $11.1 million or 16% from March 31, 2009 to June 30, 2009, and $45.3 million or 125% from December 31, 2008. This increase in non-performing loans reflects general deterioration of credit quality which has been most prevalent in the commercial and residential real estate portfolios. Net charge-offs for the second quarter of 2009 increased $2.0 million compared to the second quarter of 2008, and $1.0 million compared to the first quarter of 2009. Worsening economic conditions and declining property values have resulted in higher residential and commercial real estate losses while consumer loan losses have been relatively stable. The provision for loan losses exceeded net charge-offs by $4.3 million in the second quarter of 2009 and $8.8 million for the first six months of 2009, which increased the allowance for loan losses to 1.65% of total loans at June 30, 2009 compared to 1.52% at March 31, 2009 and 1.15% at June 30, 2008. For additional information relating to the provision for loan losses, see the “Allowance for Loan Losses” section of “Loans and Credit Risk” included in this MD&A.

NON-INTEREST INCOME

TABLE 4. NON-INTEREST INCOME

(unaudited, dollars in thousands)	For the Three Months Ended June 30, 2009	2008	$ Change	% Change	For the Six Months Ended June 30, 2009	2008	$ Change
Trust fees	$ 3,288	$ 3,939	$ (651)	(16.5%)	$ 6,641	$ 8,063	$ (1,422)
Service charges on deposits	6,076	6,020	56	0.9%	11,294	11,623	(329)
Bank-owned life insurance	897	902	(5)	(0.6%)	1,788	1,762	26
Net securities gains (losses)	2,462	400	2,062	515.5%	2,604	906	1,698
Net gains on sales of loans	297	408	(111)	(27.2%)	785	464	321
Other Income							
Service fees on ATM's and debit cards	1,880	1,631	249	15.3%	3,601	3,256	345
Net securities brokerage revenue	1,175	630	545	86.5%	1,800	1,314	486
Net insurance services revenue	543	763	(220)	(28.8%)	1,126	1,439	(313)
Gain (loss) on sale of other real estate							
owned and repossessed assets	(363)	(230)	(133)	(57.8%)	(478)	(718)	240
Other	54	328	(274)	(83.5%)	(415)	1,777	(2,192)
Total other income	3,289	3,122	167	5.3%	5,634	7,068	(1,434)
Total non-interest income	$ 16,309	$ 14,791	$ 1,518	10.3%	$ 28,746	$ 29,886	$ (1,140)

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. Non-interest income increased $1.5 million or 10.3%, for the second quarter of 2009 compared to the second quarter of 2008 primarily due to increased net security gains partially offset by lower trust fees, and decreased $1.1 million or 3.8% for the year-to-date period 2009 compared to 2008. These decreases were the result of lower trust fee income, declines in service fees on deposits and loans and lower mortgage servicing fees caused primarily by a $0.4 million mortgage servicing rights impairment charge taken in the first quarter of 2009 due to increased customer prepayment speeds. For the three and six months ending June 30, 2009, total non-interest income comprised 34.5% and 32.6% of total net revenues as compared to 29.7% and 30.5% for the same 2008 periods, and 31.4% and 31.2% for the related 2009 periods excluding net securities gains, gain (loss) on sale of other real estate owned and repossessed assets, and mortgage servicing rights impairment.

Net realized gains on the securities portfolio increased $2.1 million and $1.7 million, respectively in the second quarter and year-to-date periods of 2009 as compared to 2008. This was partially offset by declines in trust fees of $0.7 million and $1.4 million during the three and six months ending June 30, 2009 as compared to the prior year due to decreased managed asset values. The market value of total trust assets at June 30, 2009 and 2008, was $2.4 billion and $2.9 billion, respectively. The decline in trust assets was principally due to the downturn in the markets in the last half of 2008.

Net securities brokerage revenue increased $0.5 million from the second quarter and first six months of 2008, due primarily to new customer representatives in the Columbus, Ohio market serving the former AmTrust branches. Service fees on ATM's and debit cards added $0.3 million as compared to the second quarter and first six months of 2008, due to a higher volume of debit card transactions during the periods. However, declines in service fees on deposits and loans for the six months offset the gains.

Other declines in non-interest income in the first half of 2009 included lower mortgage servicing fees of $0.6 million. Other contributing factors to the decline include a $0.5 million loss due to a market adjustment of the deferred compensation plan assets for the period, a $0.3 million decrease in net insurance revenue, primarily from a loss of certain business from the former Oak Hill Banks acquisition, while other income in 2008 included a gain of $0.4 million in the first quarter relating to the mandatory sale of VISA stock.

24

NON-INTEREST EXPENSE

TABLE 5. NON-INTEREST EXPENSE

(unaudited, dollars in thousands)	For the Three Months Ended June 30, 2009	2008	$ Change	% Change	For the Six Months Ended June 30, 2009	2008	$ Change	% Change
Salaries and wages	$ 13,998	$ 13,933	$ 65	0.5%	$ 27,165	$ 27,871	$ (706)	(2.5%)
Employee benefits	5,061	4,290	771	18.0%	9,768	8,918	850	9.5%
Net occupancy	2,361	2,435	(74)	(3.0%)	5,105	5,523	(418)	(7.6%)
Equipment	2,687	2,862	(175)	(6.1%)	5,229	5,446	(217)	(4.0%)
Marketing	1,720	1,211	509	42.0%	2,476	2,380	96	4.0%
FDIC Insurance	4,322	152	4,170	2743.4%	5,576	264	5,312	2012.1%
Amortization of intangible assets	812	908	(96)	(10.6%)	1,509	1,922	(413)	(21.5%)
Restructuring and merger-related expenses	192	1,656	(1,464)	(88.4%)	621	2,705	(2,084)	(77.0%)
Other operating expenses								
Miscellaneous franchise, and other taxes	1,495	1,973	(478)	(24.2%)	2,928	3,837	(909)	(23.7%)
Consulting, regulatory, and advisory fees	1,221	1,128	93	8.2%	2,300	2,645	(345)	(13.0%)
Postage	840	1,102	(262)	(23.8%)	1,766	2,146	(380)	(17.7%)
ATM and interchange expenses	861	669	192	28.7%	1,686	1,269	417	32.9%
Communications	755	726	29	4.0%	1,482	1,413	69	4.9%
Legal fees	636	388	248	63.9%	1,358	911	447	49.1%
Supplies	656	657	(1)	(0.2%)	1,302	1,323	(21)	(1.6%)
Other	1,928	1,980	(52)	(2.6%)	4,087	4,157	(70)	(1.7%)
Total other operating expenses	8,392	8,623	(231)	(2.7%)	16,909	17,701	(792)	(4.5%)
Total non-interest expense	$ 39,545	$ 36,070	$ 3,475	9.6%	$ 74,358	$ 72,730	$ 1,628	2.2%

Non-interest expense increased $3.5 million or 9.6% for the second quarter 2009 compared to the second quarter 2008, and $1.6 million or 2.2% for the year-to-date period 2009 compared to 2008, primarily due to the increase in FDIC insurance as the result of a $2.6 million special assessment effective June 30, 2009, 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 AmTrust branch acquisition.

Salaries and wages were slightly higher in the second quarter due to the additional 30 full time equivalent employees acquired through the AmTrust branch acquisition in late March 2009, but lower year-to-date by $0.7 million as compared to the prior year due to a decrease in the number of full time equivalent employees from 1,539 at June 30, 2008 to 1,473 at June 30, 2009, primarily resulting from planned efficiencies created through the Oak Hill acquisition in late 2007. However, the reduction in salaries was offset by increases in employee benefits of $0.8 million and $0.9 million for the three and six month periods compared to the prior year, due to higher pension expenses resulting from market declines on pension plan assets experienced in 2008 and higher employee health insurance costs.

Marketing expenses increased $0.5 million for the second quarter compared to the comparable prior year quarter reflecting increased marketing efforts primarily in the Columbus, Ohio market to both welcome our new AmTrust banking customers and to establish greater name identity in the former AmTrust branch market area. On a year-to-date basis marketing costs have remained relatively flat year over year due to increased marketing in early 2008 in the former Oak Hill market areas and regular free checking account promotions.

Merger-related expenses declined by $1.5 million and $2.1 million for second quarter and year-to-date periods compared to the prior year due to Oak Hill acquisition expenses in 2008. Miscellaneous taxes decreased $0.5 million and $0.9 million for the three and six months ending June 30, 2009 compared to last year due to a reduction in certain state franchise taxes from a subsidiary restructuring. This reduction may be somewhat offset by higher state income tax levels in the future.

Net occupancy, equipment, postage, and supplies all experienced decreases in the second quarter and for the first six months of 2009 mostly related to the full integration of Oak Hill 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 end of certain prior acquisition-related core deposit intangible amortization, offset somewhat by the new AmTrust-related amortization.

INCOME TAXES

The provision for income taxes decreased $3.9 million or 83.7% in the first half of 2009 compared to the same 2008 period primarily due to a decrease in pre-tax income. For the six months ended June 30, 2009, the effective tax rate was 6.3% compared to 18.2% for the same period in 2008. The decrease in the effective tax rate was due primarily to higher tax-exempt income and certain tax credits as a percentage of total income.

FINANCIAL CONDITION

Total assets increased 9.9% in the first six months of 2009, while total shareholders' equity was slightly down as compared to December 31, 2008. Increases in total assets and deposits were primarily the result of the AmTrust branch acquisition, which represented an increase of $599.4 million in deposits on March 27, 2009. Total shareholders' equity decreased by approximately $5.7 million as dividends paid to preferred and common shareholders exceeded net income for the period. Total tangible equity to tangible assets decreased from 7.90% at December 31, 2008 to 6.68% at June 30, 2009, primarily as a result of the acquisition, while total tangible common equity(1) to tangible assets declined from 6.44% to 5.35%, for the same periods, respectively.

---

(1) Tangible equity is defined as shareholders' equity less goodwill and other intangible assets and tangible assets are defined as total assets less goodwill and other intangible assets. Tangible common equity also excludes preferred stock, net of discount. At June 30, 2009 shareholder's equity was $654 million, goodwill and other intangible assets were $290 million and preferred stock, net of discount was $72 million providing tangible common equity of $292 million.

TABLE 6. COMPOSITION OF SECURITIES (1)

(unaudited, dollars in thousands)	June 30, 2009	December 31, 2008	$ Change	% Change
Securities available-for-sale (at fair value):				
Other government agencies	$ 210,908	$ 40,009	$ 170,899	427.2%
Corporate debt securities	37,884	3,149	34,735	1103.0%
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	822,956	523,897	299,059	57.1%
Other residential collateralized mortgage obligations	3,680	4,150	(470)	(11.3%)
Obligations of states and political subdivisions	376,720	359,425	17,295	4.8%
Equity securities	3,697	3,508	189	5.4%
Total securities available-for-sale	$ 1,455,845	$ 934,138	$ 521,707	55.8%
Securities held-to-maturity (at amortized cost):				
Corporate debt securities	1,450	1,450	-	0.0%
Other short-term investments	50,039	-	50,039	100.0%
Total securities	$ 1,507,334	$ 935,588	$ 571,746	61.1%
Available-for-sale securities:				
Weighted average yield at the respective period end	4.53%	5.51%		
As a % of total securities	96.6%	99.8%		
Weighted average life (in years)	3.7	3.6		
Held-to-maturity securities:				
Weighted average yield at the respective period end	9.72%	9.72%		
As a % of total securities	0.1%	0.2%		
Weighted average life (in years)	20.8	21.3		