WESBANCO INC
Form 10-K
February 28, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

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

For the transition period from to

Commission File Number 000-08467

WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ 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 þ

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ 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:

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

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

The aggregate market value of the registrant s outstanding voting and non-voting common stock held by non-affiliates on June 30, 2013, determined using a per share closing price on that date of $26.43, was $719,402,848.

As of February 20, 2014, there were 29,177,931 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, 2014 for its Annual Meeting of Shareholders (the Proxy Statement) to be held in 2014 are incorporated by reference into Part III of this Form 10-K.

WESBANCO, INC.

ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS

GENERAL

WesBanco, Inc. (WesBanco), a bank holding company incorporated in 1968 and headquartered in Wheeling, West Virginia, offers a full range of financial services including retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco offers these services through two reportable segments, community banking and trust and investment services. For additional information regarding WesBanco s business segments, please refer to Note 21, Business Segments in the Consolidated Financial Statements.

WesBanco operates one commercial bank, WesBanco Bank, Inc. (WesBanco Bank or the Bank), through 120 offices, one loan production office and 105 ATM machines located in West Virginia, Ohio, and western Pennsylvania. Total assets of WesBanco Bank as of December 31, 2013 approximated $6.1 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 $3.7 billion as of December 31, 2013. 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 and loans 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 has eight capital trusts, which are all wholly-owned trust subsidiaries 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 10, 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, the 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, 2013, none of WesBanco s subsidiaries were engaged in any operations in foreign countries, and none had transactions with customers in foreign countries.

EMPLOYEES

There were 1,469 full-time equivalent employees employed by WesBanco and its subsidiaries at December 31, 2013. None of the employees were represented by collective bargaining agreements. WesBanco believes its employee relations to be satisfactory.

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

All of WesBanco s electronic filings for 2013 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, in the About Us section 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, 2013, WesBanco will provide, without charge, a printed copy of this 2013 Annual Report on Form 10-K, including financial statements and schedules, as required to be filed with the SEC. To obtain a copy of this report, 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, payday lenders, money services businesses, credit unions, finance companies, brokerage firms and other non-banking companies providing various regulated and non-regulated financial services and 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 banks, trust companies, mutual fund companies, investment advisory firms, law firms, brokerage firms and other financial services companies. As a result of consolidation within the financial services industry, mergers between, and the expansion of, financial institutions both within and outside of WesBanco s major markets have provided significant competitive pressure in those markets. Many 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 superior customer service and responsiveness to customer needs, available loan and deposit products, rates of interest charged on loans, rates of interest paid for deposits, and the availability and pricing of trust, brokerage and insurance services. As a result of WesBanco s expansion into new, larger Ohio and Pennsylvania metropolitan markets, it has faced entrenched larger 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.

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, as amended (the BHCA), 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 (the FDIC) and the West Virginia Division of Banking. The deposits of WesBanco Bank are insured by the Deposit Insurance Fund of the FDIC.

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WesBanco s non-bank 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 (FINRA), the Municipal Securities Rulemaking Board and the Securities Investors Protection Corporation. WesBanco Bank maintains one designated financial subsidiary, WesBanco Insurance, 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 (the 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, as amended (the Riegle-Neal Act), 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. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), banks are also permitted to establish de novo branches across state lines to the same extent that a state-chartered bank in each host state would be permitted to open branches.

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, as amended (the CRA).

HOLDING COMPANY REGULATIONS

As indicated above, WesBanco has one state bank subsidiary, WesBanco Bank, as well as non-bank 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 non-bank 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 (including repurchase agreements), purchases of or investments in securities issued by an affiliate, purchases of assets from an affiliate, the acceptance of securities issued by an affiliate as collateral for a loan or extension of credit, the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate, certain transactions that involve borrowing or lending securities, and certain derivative transactions with 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, guarantees, acceptances and letters of credit, and any credit exposure resulting from securities borrowing or lending transactions or derivatives transactions, are required to be secured by collateral at all times 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 Dodd-Frank Act requires a bank holding company to act as a source of financial strength to its subsidiary bank. Under this source of strength requirement, 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

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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 a time 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, 2013, WesBanco declared cash dividends to its common shareholders of approximately $22.8 million.

As of December 31, 2013, 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 undercapitalized, significantly undercapitalized or critically undercapitalized. Beginning January 1, 2016, WesBanco Bank and WesBanco will be subject to capital buffer rules, which will require WesBanco and WesBanco Bank to have capital levels above the regulatory minimums in order to pay dividends (discussed below in connection with the Basel III initiative under Item 1. Business Capital Requirements).

All financial institutions are subject to the prompt corrective action provisions set forth in Section 38 of the Federal Deposit Insurance Act (the FDI Act) and the provisions 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).

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 preceding two years. Further, 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.

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. Under applicable law, bank regulatory agency approval is required if the total of all dividends declared by a bank in any calendar year exceeds the available retained earnings or exceeds the aggregate of the bank s net profits (as defined by regulatory agencies) for that year and its retained net profits for the preceding two years. As of December 31, 2013, under FDIC regulations, WesBanco could receive, without prior regulatory approval, a dividend of up to $33.0 million from WesBanco Bank. Additional information regarding dividend restrictions is set forth in Note 19, Regulatory Matters, in the Consolidated Financial Statements.

On February 24, 2009, the Federal Reserve Division of Banking Supervision and Regulation issued a letter providing direction to bank holding companies 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 bank holding company 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 bank holding company 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 by the FDIC using a risk-based approach that places insured institutions into categories based on capital and risk profiles. In 2013, WesBanco Bank paid deposit insurance premiums less than those paid in 2012 and 2011, despite having a higher assessment base. The decrease was due to WesBanco Bank s improving capital, net income and loan quality financial ratios used to calculate the assessment rate which gradually decreased assessment expense from $4.4 million in 2011, to $3.5 million in 2012 and to $3.4 million in 2013 despite an increase in assets related to the acquisition of Fidelity Bancorp, Inc. (Fidelity) in 2012.

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.

Generally, under the applicable guidelines, a financial institution s capital is divided into two tiers. Tier 1, or core capital, includes common equity, qualifying noncumulative perpetual preferred stock, and minority interests in equity accounts of consolidated subsidiaries, less goodwill and, with certain limited exceptions, all other intangible assets. In addition, bank holding companies may include certain restricted capital instruments, including qualifying cumulative perpetual preferred stock and qualifying trust preferred securities, in their Tier 1 capital, up to a limit of 25% of Tier 1 capital. (See below within this section for more information regarding the capital treatment of trust preferred securities.)

Tier 2, or supplementary capital, includes, among other things, portions of trust preferred securities and cumulative perpetual preferred stock not otherwise counted in Tier 1 capital, as well as perpetual preferred stock, intermediate-term preferred stock, hybrid capital instruments, perpetual debt, mandatory convertible debt securities, term subordinated debt, unrealized holding gains on equity securities, and the allowance for loan and lease losses, all subject to certain limitations. Total capital is the sum of Tier 1 and Tier 2 capital. The amount of Tier 2 capital that exceeds the amount of Tier 1 capital must be excluded from the total capital calculation.

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 readily marketable mortgage servicing assets, non-mortgage servicing assets, and purchased credit card

relationships, provided that, in the aggregate, the amount of these items included in capital shall be the lesser of 90% of their fair value or 100% of their book value. The unamortized balance of mortgage servicing rights was approximately $0.8 million at December 31, 2013 and 2012, respectively.

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 RFI/C (D) (Risk Management, Financial Condition, Impact, Composite Rating and Depository Institution) compor rating system for bank holding companies, and for certain bank holding companies that have implemented the Federal Reserve 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. In its February 24, 2009 supervisory letter, the Federal Reserve Board noted that a bank holding company s predominant form of tangible capital should be common equity.

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, 2013, WesBanco s Tier 1 and total capital to risk-adjusted assets ratios were 13.06% and 14.19%, respectively. As of December 31, 2013, 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, 2013, WesBanco s leverage ratio was 9.27%.

As of December 31, 2013, WesBanco had $106.1 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 $102.9 million underlying such junior subordinated debt were included in Tier 1 capital as of December 31, 2013, in accordance with regulatory reporting requirements. On March 1, 2005, the Federal Reserve Board adopted a rule retaining trust preferred securities in Tier 1 capital, but with stricter quantitative limits and clearer qualitative standards. Under this rule, the aggregate amount of trust preferred securities and certain other capital elements is limited to 25% of Tier 1 capital elements, net of goodwill. The amount of trust preferred securities and certain other elements in excess of the limit could be included in Tier 2 capital, subject to restrictions.

In 2013, the federal banking agencies amended capital requirements to generally exclude trust preferred securities from Tier 1 capital. A grandfather provision, however, will permit bank holding companies with consolidated assets of less than $15 billion, such as WesBanco, to continue counting existing trust preferred securities as Tier 1 capital until they mature. For more information regarding trust preferred securities, please refer to Note 10, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

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 agreements reached by the Basel Committee on Banking Supervision (the Basel Committee). The Basel Committee is a committee of central banks and bank supervisors and 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 December 2010, the Basel Committee issued a strengthened set of international capital and liquidity standards for banks and bank holding companies, known as Basel III. In July 2013, the U.S. federal banking agencies issued a joint final rule that implements the Basel III capital standards and establishes the minimum capital levels required under the Dodd-Frank Act. The rule will be effective January 1, 2015 subject to a transition period providing for full implementation on January 1, 2019.

The final capital rule establishes the following minimum capital levels banks and bank holding companies will be required to maintain: (i) Tier 1 common equity ratio of at least 4.5%, (ii) Tier 1 capital ratio of at least 6%, (iii) total capital ratio (Tier 1 and Tier 2 capital) of at least 8%; and (iv) a non-risk-based leverage ratio (Tier 1 capital to average consolidated assets) of 4%. Additionally, when the final capital rule is fully implemented, it will require an institution to maintain a 2.5% common equity Tier 1 capital conservation buffer over the minimum risk-based capital requirements to avoid restrictions on the ability to pay dividends, discretionary bonuses to executive officers, and engage in share repurchases. The final capital rule permanently grandfathers trust preferred securities issued before May 19, 2010 for institutions of less than $15 billion in size, subject to a 25% limit of Tier 1 capital. The final capital rule also increases the required capital for certain categories of assets, including high-volatility construction real estate loans and certain exposures related to securitizations and off-balance sheet instruments; however, the final capital rule maintains the current capital treatment of residential mortgages. Under the final capital rule, an institution may make a one-time, permanent election to continue to exclude accumulated other comprehensive income from capital. If an institution does not make this election, unrealized gains and losses will be included in the calculation of its regulatory capital.

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, 2013, WesBanco Bank had capital levels that met the well-capitalized standards under FDICIA and its implementing regulations. Effective January 1, 2015, the thresholds and definitions described above will change.

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 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. As indicated above, WesBanco has elected to become a financial holding company under the GLB Act. It also has qualified a subsidiary of the Bank as a financial subsidiary under the GLB Act.

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

National and state banks are permitted under the GLB Act, subject to capital, management, size, debt rating, and CRA qualification factors, to have financial subsidiaries that are permitted to engage in financial activities not otherwise permissible. However, unlike financial holding companies, financial subsidiaries may not engage in insurance or annuity underwriting; developing or investing in real estate; merchant banking (for at least five years); or insurance company portfolio investing.

DODD-FRANK ACT

The Dodd-Frank Act contains numerous and wide-ranging reforms to the structure of the U.S. financial system. Portions of the Dodd-Frank Act are effective at different times, and many of the provisions are general statements directing regulators to draft more detailed rules. Although the full scope of the Dodd-Frank Act s impact remains somewhat unclear, management expects that it will, over time, reduce revenue and increase expenses.

Bank holding companies will be subjected to increased capital requirements (discussed above under Item 1. Business Capital Requirements). A provision known as the Volcker Rule limits WesBanco s ability to engage in proprietary trading, as well as its ability to sponsor or invest in hedge funds or private equity funds. In December 2013, U.S. federal banking agencies issued joint final rules implementing this provision. The rules are effective April 1, 2014, and WesBanco is expected to bring its activities and investments into full compliance by July 21, 2015. Additionally, an interim final rule was issued in January 2014 that exempts investments in certain collateralized debt obligations backed primarily by trust preferred securities from the provisions of the Volcker Rule. The interim final rule issued in January 2014 did not have a material impact on WesBanco for the year ended December 31, 2013.

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A provision known as the Lincoln Rule will prevent banks from engaging in certain swap transactions unless they are carried out through a separately capitalized affiliate. Increased restrictions also will apply to transactions with and among bank subsidiaries (discussed above under Item 1. Business Holding Company Regulations), and the Federal Reserve Board will have increased authority to examine and take enforcement action against banks and their subsidiaries that are not banks.

The Dodd-Frank Act makes several changes affecting the securitization markets, which may affect a bank s ability or desire to use those markets to meet funding or liquidity needs. One of these changes calls for federal regulators to adopt regulations requiring the sponsor of a securitization to retain at least 5% of the credit risk, with exceptions for qualified residential mortgages.

Publicly traded companies are required by the Dodd-Frank Act to give shareholders an advisory vote on executive compensation, and, in some cases, golden parachute arrangements. Further, recent SEC and NASDAQ rulemaking under the Dodd-Frank Act will require NASDAQ-listed companies to have a compensation committee composed entirely of independent directors. Although the compensation committee independence requirements are not effective until 2014, WesBanco s compensation committee members currently satisfy the independence criteria. The Dodd-Frank Act also calls for regulators to issue new rules relating to incentive-based compensation arrangements deemed excessive, and proxy access by shareholders.

All banks and other insured depository institutions will have increased authority to open new branches across state lines (discussed above under Item 1. Business Supervision and Regulation). A provision authorizing insured depository institutions to pay interest on checking accounts will likely increase WesBanco s interest expenses. A new government agency, the Consumer Financial Protection Bureau (the Consumer Bureau), will have the authority to write rules implementing numerous consumer protection laws applicable to all banks (discussed below under Item 1. Business Consumer Protection Laws).

CONSUMER PROTECTION LAWS

In connection with its lending and leasing activities, all banks are subject to a number of federal and state laws designed to protect consumers and promote lending and other financial services 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 Fund Transfer Act, and, in some cases, their respective state law counterparts. The new Consumer Bureau created by the Dodd-Frank Act now has consolidated authority to write regulations implementing these and other laws. WesBanco s other subsidiaries that provide services relating to consumer financial products and services will also be subject to the Consumer Bureau s regulations. As an institution with assets of less than $10 billion, WesBanco Bank will continue to be examined by the FDIC for compliance with these rules. Relating to mortgage lending, the Dodd-Frank Act authorized the Consumer Bureau to issue new regulations governing the ability to repay (ATR), qualified mortgages (QM), mortgage servicing, appraisals and compensation of mortgage lenders, all of which have been issued and many of which have taken effect. They will limit the mortgage products offered by the Bank and will have an impact on timely enforcement of delinquent mortgage loans. In addition, the Dodd-Frank Act required the Federal Reserve Board to write rules to limit debit card interchange fees to those reasonable and proportional to the cost of transactions, which were effective on October 1, 2011. Even though the limits on debit card interchange fees apply only to institutions with more than $10 billion in assets, market forces may over time limit debit card interchange fees as a source of revenue for all banks, including smaller banks like WesBanco Bank. These rules were promulgated but recently determined to be invalid by a Federal District Court, which decision is pending appeal.

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 WesBanco Bank s primary federal bank regulatory agency, the FDIC, to assess WesBanco 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. WesBanco Bank s current CRA rating is Outstanding as a result of an FDIC exam in 2013 and a Performance Evaluation dated during the year 2013.

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 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, 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 $250,000 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.

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 (the 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 certain requirements of the USA Patriot Act to financial institutions, such as WesBanco Bank and WesBanco s broker-dealer subsidiary. 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.

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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 operates in a highly competitive banking and financial industry that could become even more competitive as a result of legislative, regulatory and technological changes. WesBanco faces banking competition in all the markets it serves from the following:

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

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

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

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 WHICH COULD SIGNIFICANTLY IMPACT RESULTS OF OPERATIONS THROUGH INCREASES IN THE PROVISION AND ALLOWANCE FOR LOAN LOSSES.

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.

WesBanco maintains an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense, to provide for probable incurred losses in our loan portfolio. 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.

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.

WesBanco Bank serves both individuals and business customers throughout West Virginia, Ohio and western Pennsylvania. The substantial majority of WesBanco s loan portfolio is to individuals and businesses in these markets. As a result, the financial condition, results of operations and cash flows of WesBanco are affected by local and regional economic conditions. A downturn in these economies could have a negative impact on WesBanco and the ability of the Bank s customers to repay their loans. The value of the collateral securing loans to borrowers may also decline as the economy declines. As a result, deteriorating economic conditions in these markets could cause a decline in the overall quality of WesBanco s loan portfolio requiring WesBanco to charge-off a higher percentage of loans and/or increase its allowance for loan losses. A decline in economic conditions in these markets 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 and financial condition.

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

Fluctuations in interest rates may negatively impact the business of the Bank. The Bank s main source of income from operations is net interest income, which is equal to the difference between the interest income received on interest-bearing assets (usually loans and investment securities) and the interest expense incurred in connection with interest-bearing liabilities (usually deposits and borrowings). These rates are highly sensitive to many factors beyond WesBanco s control, including general economic conditions, both domestic and foreign, and the monetary and fiscal policies of various governmental and regulatory authorities. 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.

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WesBanco s cost of funds for banking operations may not decrease at the same pace as asset yields, particularly in the current interest rate environment, where certain rates are subject to artificial floors or are approaching 0%. Cost of funds also may increase as a result of future 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.

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 (such as lack of liquidity for re-sales, absence of reliable pricing information or unanticipated changes in the competitive market) 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 weakness in capital and credit markets could result in deterioration of these assets, and changes in certain key pension assumptions based on current interest rates, long-term rates of return and other economic or actuarial assumptions may increase minimum funding contributions and future pension expense. If the markets deteriorate further, 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.

RISKS INHERENT IN MUNICIPAL BONDS COULD HAVE A NEGATIVE IMPACT ON WESBANCO S EARNINGS.

As of December 31, 2013, 40% of WesBanco s total securities portfolio was invested in municipal bonds. Although WesBanco s municipal portfolio is broadly spread across the U.S., any downturn in the economy of a state or municipality in which WesBanco holds municipal obligations could increase the default risk of the respective debt. In addition, a portion of WesBanco s municipal portfolio is comprised of Build America bonds. Due to the current government sequester reducing the interest subsidy that the government provides to the issuing municipalities, extraordinary redemption provisions (ERP) may be executed by the municipality if it is in their favor to do so. There is a risk that when an ERP is executed, WesBanco may not recover its amortized cost in the bond if it was purchased at a premium. Credit risks are also prevalent when downgrades of credit ratings are issued by major credit rating agencies, which are caused by creditworthiness issues of both bond insurers and the municipality itself. Credit rating downgrades to a non-investment grade level may force WesBanco to sell a municipal bond at a price where amortized cost may not be recovered. Any of the above default risks, early redemption risks and credit risks could cause WesBanco to take impairment charges, which could be significant, that would negatively impact earnings.

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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. Under current accounting standards, if WesBanco determines that 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 2013 and concluded that no impairment charge was necessary for the year ended December 31, 2013. 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 shareholders equity and financial results and may cause a decline in our stock price.

SUITABLE 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 businesses 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.

WESBANCO IS SUBJECT TO EXTENSIVE GOVERNMENT REGULATION AND SUPERVISION.

WesBanco is subject to extensive federal and state regulation, supervision and examination. Banking regulations are primarily intended to protect depositors funds, federal deposit insurance funds and the banking system as a whole, rather than corporate shareholders. These regulations affect WesBanco s lending practices, capital structure, investment practices, dividend policy, operations and growth, among other things. These regulations also impose obligations to maintain appropriate policies, procedure and controls. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect WesBanco in substantial and unpredictable ways. Such changes could subject WesBanco to additional costs, limit the types of financial services and products that could be offered, and/or increase the ability of non-banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil penalties and /or reputation damage, which could have a material adverse effect on WesBanco s business, financial condition and result of operations.

As of December 31, 2013, WesBanco had $106.1 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 $102.9 million underlying such junior subordinated debt are included in Tier 1 capital in accordance with regulatory reporting requirements. On March 1, 2005, the Federal Reserve Board adopted a rule that retains trust preferred securities in Tier 1 capital, but with stricter quantitative limits and clearer qualitative standards. Under the rule, the aggregate amount of trust preferred securities and certain other capital elements is limited to 25% 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 Dodd-Frank Act required the federal banking agencies to develop new consolidated capital requirements applicable to bank holding companies and banks. Rules issued in 2013 will generally exclude trust preferred securities from Tier 1

capital beginning in 2015. A grandfather provision will permit bank holding companies with consolidated assets of less than $15 billion, such as WesBanco, to continue counting existing trust preferred securities as Tier 1 capital until they mature.

In addition, new international capital standards known as Basel III, which were implemented by a U.S. federal banking agencies joint final rule issued in July 2013, will further increase the minimum capital requirements applicable to WesBanco and WesBanco Bank, which may negatively impact WesBanco and the Bank. Additional information about these changes in capital requirements are described above in Item 1. Business Capital Requirements.

Regulation of WesBanco and its subsidiaries is expected to continue to expand in scope and complexity in the future. These laws 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 and financial condition. The Dodd-Frank Act and other laws, as well as 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 could reduce earnings and have a material dilutive effect on current shareholders, including the Dodd-Frank Act source of strength requirement that bank holding companies make capital infusions into a troubled subsidiary bank. Legislation and regulation of debit card 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. Additional information about increased regulation is provided in Item 1. Business under the headings Supervision and Regulation, Holding Company Regulations, Capital Requirements, Dodd-Frank Act, and Consumer Protection Laws.

WesBanco is also subject to tax laws and regulations promulgated by the United States government and the states in which it operates. Changes to these laws and regulations or the interpretations of such laws and regulations by taxing authorities could impact future tax expense and the value of deferred tax assets.

LIMITED AVAILABILITY OF BORROWINGS AND LIQUIDITY FROM THE FEDERAL HOME LOAN BANK SYSTEM AND OTHER SOURCES 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 and commercial mortgage loans, and if applicable, investment 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. If WesBanco was 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. If WesBanco is required to rely more heavily on higher cost funding sources, revenues may not increase proportionately to cover these costs, which would adversely affect WesBanco s results of operations and financial position.

The FHLB of Pittsburgh paid dividends in 2013 at an annualized rate of 0.79% resulting in dividend income of $0.1 million. They also repurchased all remaining amounts of excess stock held by member banks. Both the payment of dividends and repurchase of excess stock were suspended in late 2008 with the stock repurchase restored in late 2010 and the payment of dividends restored in February 2012. The FHLB has noted future dividend payments and capital stock repurchases will continue to be reviewed on a quarterly basis. The FHLB of Pittsburgh stock owned by WesBanco totaled $10.3 million and $20.0 million at December 31, 2013 and 2012, respectively.

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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. Dilution of book and tangible book value may occur as a result of the acquisition that may not be earned back for several years, if at all.

WESBANCO S ABILITY TO PAY DIVIDENDS IS LIMITED, AND COMMON STOCK DIVIDENDS MAY HAVE TO BE REDUCED OR ELIMINATED.

Holders of shares of WesBanco s common stock are entitled to dividends if, when, and as declared by WesBanco s Board of Directors out of funds legally available for that purpose. Although the Board of Directors has declared cash dividends in the past, the current ability to pay dividends is largely dependent upon the receipt of dividends from the Bank. Federal and state laws impose restrictions on the ability of the Bank to pay dividends, which restrictions are 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, liquidity and 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.

HIGHER FDIC DEPOSIT INSURANCE PREMIUMS AND ASSESSMENTS COULD ADVERSELY AFFECT WESBANCO S FINANCIAL CONDITION.

Since 2008, the economic environment caused higher levels of bank failures, which dramatically increased FDIC resolution costs and led to a significant reduction in the deposit insurance fund. In order to restore reserve ratios of the deposit insurance fund, the FDIC has in the past few years significantly increased the assessment rates paid by financial institutions for deposit insurance. In addition, in May 2009, the FDIC imposed a special assessment on all insured institutions, and in November 2009, it adopted a rule requiring banks to prepay their FDIC assessments for years through 2012, which accompanied a rate increase beginning in 2011. While the Deposit Insurance Fund balance has significantly improved since then, and a new assessment base that reduced rates for community banks was adopted in 2011, the FDIC has indicated that future special assessments are possible, although it has not determined the magnitude or timing of any future assessments. Additional increases in FDIC insurance premiums and future special assessments may adversely affect WesBanco s results of operations and financial condition.

INTERRUPTION TO OUR INFORMATION SYSTEMS OR BREACHES IN SECURITY COULD ADVERSELY AFFECT WESBANCO S OPERATIONS.

WesBanco relies on information systems and communications for operating and monitoring all major aspects of business, as well as internal management functions. Any failure, interruption, intrusion or breach in security of these systems could result in failures or disruptions in the WesBanco customer relationship, management, general ledger, deposit, loan and other systems. While WesBanco has policies, procedures and technical safeguards designed to prevent or limit the effect of any failure, interruption, intrusion or security breach of its information systems, there can be no assurance that the above-noted issues will not occur or, if they do occur, that they will be adequately addressed.

There have been several cyber-attacks on websites of large financial services companies. Even if not directed at WesBanco specifically, attacks on other entities with whom we do business or on whom we otherwise rely or attacks on financial or other institutions important to the overall functioning of the financial system could adversely affect, directly or indirectly, aspects of WesBanco s business.

Cyber-attacks on third party retailers or other business establishments that widely accept debit card or check payments could compromise sensitive bank customer information, such as debit card and account numbers. Such an attack could result in significant costs to the bank, such as costs to reimburse customers, reissue debit cards and open new customer accounts.

In addition, there have been efforts on the part of third parties to breach data security at financial institutions, including through the use of social engineering schemes such as phishing. The ability of our customers to bank remotely, including online and through mobile devices, requires secure transmission of confidential information and increases the risk of data security breaches. Because the techniques used to attack financial services company communications and information systems change frequently (and generally increase in sophistication), often attacks are not recognized until launched against a target, may be supported by foreign governments or other well-financed entities, and may originate from less regulated and remote areas around the world, we may be unable to address these techniques in advance of attacks, including by implementing adequate preventative measures.

The occurrence of any such failure, disruption or security breach of WesBanco s information systems, particularly if widespread or resulting in financial losses to our customers, could damage WesBanco s reputation, result in a loss of customer business, subject WesBanco to additional regulatory scrutiny, and expose WesBanco to civil litigation and possible financial liability. In addition, the prevalence of cyber-attacks and other efforts to breach or disrupt our systems has led, and will continue to lead, to costs to WesBanco with respect to prevention and mitigation of these risks, as well as costs reimbursing customers for losses suffered as a result of these actions. Successful attacks or systems failures at other large financial institutions, whether or not WesBanco is included, could lead to a general loss of customer confidence in financial institutions with a potential negative impact on WesBanco s business, additional demands on the part of our regulators, and increased costs to deal with risks identified as a result of the problems affecting others. The risks described above could have a material effect on WesBanco s business, results of operations and financial condition.

LOSS OF KEY EMPLOYEES COULD IMPACT GROWTH AND EARNINGS AND MAY HAVE AN ADVERSE IMPACT ON BUSINESS.

Our operating results and ability to adequately manage our growth are highly dependent on the services, managerial abilities and performance of our key employees, including executive officers and senior management. Our success depends upon our ability to attract and retain highly skilled and qualified management, loan origination, finance, administrative, marketing and technical personnel and upon the continued contributions of this management and personnel. The loss of services, or the inability to successfully complete planned transitions of key personnel approaching normal retirement age, could have an adverse impact on WesBanco s business, operating results and financial condition because of their skills, knowledge of the local markets, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

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WESBANCO IS SUBJECT TO LENDING CONCENTRATION RISKS.

As of December 31, 2013, approximately 63% of WesBanco s loan portfolio consisted of commercial loans, including commercial real estate loans. Commercial loans are generally viewed as having more inherent risk of default than residential mortgage or consumer loans. The repayment of these loans often depends on the successful operation of a business or the sale or development of the underlying property and as a result, is more likely to be adversely affected by adverse conditions in the real estate market or the economy in general. Also, the commercial loan balance per borrower is typically larger than that for residential mortgage loans and consumer loans, inferring higher potential losses on an individual loan basis. The deterioration of one or a few of these loans could cause a significant increase in non-performing loans and a reduction in interest income. An increase in non-performing loans could result in an increase in the provision for loan losses and an increase in loan charge-offs, both of which could have a material adverse effect on WesBanco s financial condition and results of operations.

WESBANCO MAY NEED TO RAISE CAPITAL IN THE FUTURE, BUT CAPITAL MAY NOT BE AVAILABLE WHEN NEEDED OR AT ACCEPTABLE TERMS.

Federal and state banking regulators require WesBanco and its banking subsidiary, WesBanco Bank, to maintain adequate levels of capital to support its operations. In addition, in the future WesBanco may need to raise additional capital to support its business or to finance acquisitions, if any, or WesBanco may otherwise elect to raise additional capital in anticipation of future growth opportunities.

WesBanco s ability to raise additional capital for parent company or banking subsidiary needs will depend on conditions at that time in the capital markets, overall economic conditions, WesBanco s financial performance and condition, and other factors, many of which are outside our control. There is no assurance that, if needed, WesBanco will be able to raise additional capital on favorable terms or at all. An inability to raise additional capital may have a material adverse effect on our ability to expand operations, and on our financial condition, results of operations and future prospects.

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. WesBanco operates 120 banking offices in West Virginia, Ohio and western Pennsylvania and one loan production office, of which 92 were owned and 29 were leased under long-term operating leases. These leases expire at various dates through February 2031 and generally include options to renew. The Bank also owns several regional headquarters buildings in various markets, most of which also house a banking office and/or certain back office functions.

The main office of WesBanco is located at 1 Bank Plaza, Wheeling, West Virginia, in a building owned by the Bank. The building contains approximately 100,000 square feet and serves as the main office for both WesBanco s community banking segment and its trust and investment services segment, as well as its executive offices. The Bank s major back office operations currently occupy approximately 75% of the space available in an office building connected via sky-bridge 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 makes available commercial office space to unrelated businesses. Rental income totaled $0.8 million in 2013 compared to $0.7 million in 2012. For additional disclosures related to WesBanco s properties, other fixed assets and leases, please refer to Note 5, Premises and Equipment in the Consolidated Financial Statements.

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ITEM 3. LEGAL PROCEEDINGS

Litigation Related to the Fidelity Merger

On October 18, 2012, Mordechai Nagel, a purported shareholder of Fidelity, filed a purported shareholder class and derivative action in the Court of Common Pleas of Allegheny County, Pennsylvania, Civil Action No. 12-019908 (the Allegheny County Lawsuit). The lawsuit names as Defendants each of the former members of Fidelity s board of directors (the Director Defendants), as well as WesBanco and Fidelity (collectively with the Director Defendants, the Defendants). The complaint alleges, among other things, that the Director Defendants breached their fiduciary duties as a result of the price and certain other terms of the Fidelity merger (the Fidelity Merger). The lawsuit also claims that the Director Defendants breached their fiduciary duties because the registration statement on Form S-4 filed by WesBanco with the SEC on September 14, 2012 allegedly contained misstatements and omitted information material to the Fidelity Merger and to a decision by Fidelity s shareholders regarding whether or not to approve the Fidelity Merger. The lawsuit also alleges that WesBanco aided and abetted the Director Defendants alleged breaches of fiduciary duties. The lawsuit sought, among other things, an injunction against WesBanco s acquisition of Fidelity, as well as the payment of the fees and expenses of the plaintiffs attorneys.

On November 16, 2012, solely to avoid the costs, risks and uncertainties inherent in litigation and to allow Fidelity shareholders to vote on the proposals required in connection with the Fidelity Merger at the scheduled meeting on November 27, 2012, the Defendants entered into a Memorandum of Settlement (MOS) with the Plaintiff that describes a settlement of the Allegheny County Lawsuit. The settlement is expressly subject to approval by the court. Pursuant to the terms of the MOS, Fidelity and WesBanco agreed to file with the SEC and make publicly available supplemental disclosures. In return, the Plaintiff agreed to stay the Allegheny County Lawsuit, withdraw all requests for interim relief, and not take any action to delay or disrupt the November 27, 2012 Fidelity shareholder meeting. The MOS provides for limited discovery to confirm the fairness of the settlement. The court approved the settlement contemplated in the MOS on November 19, 2013, the Allegheny County Lawsuit has been dismissed with prejudice, and all claims that were or could have been brought relating to the Fidelity Merger, the Merger Agreement, and any disclosure made in connection therewith have been released and barred, other than claims under the federal securities laws with respect to any period prior to the date of the Merger Agreement that are not based upon the foregoing.

The Defendants have denied and continue to deny that they have committed, or aided and abetted in the commission of, any violation of law or duty or engaged in any wrongful acts and that any supplemental disclosure is required under any applicable state or federal law, statute, rule or regulation. The Defendants also expressly maintain that they diligently and scrupulously complied with all applicable fiduciary, disclosure and all other legal duties. The settlement was not material in relation to WesBanco s business, financial condition or results of operations.

Other Litigation

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

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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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 record holders of WesBanco s $2.0833 par value common stock as of February 20, 2014 was 4,751, not including shares held in nominee positions. The number of holders does not include WesBanco employees who have purchased stock or had stock allocated to them through WesBanco s Employee Stock Ownership and 401(k) plan (the KSOP). All WesBanco employees who meet the eligibility requirements of the KSOP are included in this retirement plan.

The table below presents for each quarter in 2013 and 2012, the high and low sales price per share as reported by NASDAQ and cash dividends declared per share.

	2013			2012		
	High	Low	Dividend Declared	High	Low	Dividend Declared
Fourth quarter	**$ 32.58**	**$ 28.00**	**$ 0.200**	$ 22.40	$ 19.75	$ 0.180
Third quarter	**30.55**	**26.00**	**0.200**	22.64	22.06	0.180
Second quarter	**26.69**	**22.58**	**0.190**	21.54	19.08	0.170
First quarter	**24.85**	**21.84**	**0.190**	21.70	18.60	0.170

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

Federal and state laws impose restrictions on the ability of the Bank to pay dividends, which restrictions are more fully described in Item 1. Business Payment of Dividends.

For additional disclosure relating to WesBanco Trust Preferred Securities, refer to Note 10, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

As of December 31, 2013 and 2012, WesBanco had an outstanding stock warrant issued to the U.S. Department of Treasury (UST) to purchase 100,448 shares of WesBanco common stock at a price of $10.45 per share. This warrant was issued in 2012 at the time of the acquisition of Fidelity to convert a Fidelity warrant previously issued with the sale by Fidelity of preferred stock to the UST under the Capital Purchase Program. All preferred stock sold to the UST was repurchased by Fidelity, and the warrant converted, in conjunction with the acquisition.

As of December 31, 2013, WesBanco had a stock repurchase plan pursuant to which up to one million shares may be acquired. The plan was originally approved by the Board of Directors on March 21, 2007 and provides for shares to be repurchased for general corporate purposes, which may include a subsequent resource for potential acquisitions, shareholder dividend reinvestment and employee benefit plans. The timing, price and quantity of purchases are at the discretion of WesBanco, and the plan may be discontinued or suspended at any time. There were no general open market repurchases in 2013, other than those for the KSOP and dividend reinvestment plans, a repurchase to facilitate the liquidation of Fidelity s ESOP plan, and repurchases from employees for the payment of withholding taxes to facilitate the vesting of restricted stock. At December 31, 2013, there were 378,962 shares remaining to be purchased under the plan.

Certain information relating to securities authorized for issuance under equity compensation plans is set forth under the heading Equity Compensation Plan Information in Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

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The following table shows the activity in WesBanco s stock repurchase plan and other purchases for the quarter ended December 31, 2013:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
Balance at September 30, 2013				569,506
October 1, 2013 to October 31, 2013				
Open market repurchases		$		569,506
Other transactions (1)	16,681	30.07	N/A	N/A
November 1, 2013 to November 30, 2013				
Open market repurchases				569,506
Other transactions (1)	1,203	30.18	N/A	N/A
December 1, 2013 to December 31, 2013				
Open market repurchases				569,506
Other repurchases (2)	190,544	31.04	190,544	378,962
Other transactions (1)	2,214	30.84	N/A	N/A
Fourth Quarter 2013				
Open market repurchases				569,506
Other repurchases (2)	190,544	31.04	190,544	378,962
Other transactions (1)	20,098	30.16	N/A	N/A
Total	210,642	$ 30.96		378,962

(1) Consists of open market purchases transacted in the KSOP and dividend reinvestment plans.
(2) Shares purchased to facilitate the liquidation of Fidelity s ESOP plan.
N/A Not applicable

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The following graph shows a comparison of cumulative total shareholder returns for WesBanco, the Russell 2000 Index, and the SNL Small Cap Bank Index. The total shareholder return assumes a $100 investment in the common stock of WesBanco and each index since December 31, 2008 with reinvestment of dividends.

	December 31,					
Index	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
WesBanco, Inc.	100.00	47.94	76.18	80.75	95.40	141.41
Russell 2000	100.00	127.17	161.32	154.59	179.86	249.69
SNL Small Cap Bank Index	100.00	70.29	85.86	82.01	95.53	133.24

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ITEM 6. SELECTED FINANCIAL DATA

The following consolidated selected financial data is derived from WesBanco s audited financial statements as of and for the five years ended December 31, 2013. The following consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and the Consolidated Financial Statements and related notes included elsewhere in this report. WesBanco s acquisitions during the five years ended December 31, 2013 include Fidelity on November 30, 2012 and include the results of operations since the date of acquisition.

	For the years ended December 31,				
(dollars in thousands, except shares and per share amounts)	**2013**	**2012**	**2011**	**2010**	**2009**
PER COMMON SHARE INFORMATION					
Earnings per common share basic	**$ 2.18**	$ 1.84	$ 1.65	$ 1.34	$ 0.70
Earnings per common share diluted	**2.18**	1.84	1.65	1.34	0.70
Dividends per common share	**0.78**	0.70	0.62	0.56	0.84
Book value at year end	**25.59**	24.45	23.80	22.83	22.16
Tangible book value at year end (1)	**14.68**	13.48	13.29	12.24	11.50
Average common shares outstanding basic	**29,270,922**	26,867,227	26,614,697	26,579,735	26,566,133
Average common shares outstanding diluted	**29,344,683**	26,888,847	26,615,281	26,580,293	26,567,291
SELECTED BALANCE SHEET INFORMATION					
Securities	**$ 1,532,906**	$ 1,623,753	$ 1,609,265	$ 1,426,191	$ 1,263,254
Loans held for sale	**5,855**	21,903	6,084	10,800	9,441
Net portfolio loans	**3,847,549**	3,635,063	3,184,558	3,227,625	3,409,786
Total assets	**6,144,773**	6,078,717	5,536,030	5,361,458	5,397,352
Deposits	**5,062,530**	4,944,284	4,393,866	4,172,423	3,974,233
Total FHLB and other borrowings	**190,044**	254,158	365,073	440,991	684,915
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,137**	113,832	106,066	106,034	111,176
Shareholders equity	**746,595**	714,184	633,790	606,863	588,716
SELECTED RATIOS					
Return on average assets	**1.05%**	0.88%	0.81%	0.66%	0.43%
Return on average tangible assets (1)	**1.13**	0.96	0.88	0.73	0.49
Return on average equity	**8.72**	7.54	7.01	5.88	3.73
Return on average tangible equity (1)	**15.79**	13.57	13.18	11.56	7.16
Return on average common equity	**8.72**	7.54	7.01	5.88	3.16
Net interest margin (3)	**3.58**	3.53	3.66	3.60	3.36
Efficiency ratio (1)	**60.99**	60.98	59.50	60.81	64.13
Allowance for loan losses to total loans	**1.22**	1.43	1.69	1.86	1.76
Allowance for loan losses to total non-performing loans	**91.99**	82.79	63.07	63.39	76.20
Non-performing assets to total assets	**0.92**	1.15	1.62	1.95	1.65
Net loan charge-offs to average loans	**0.38**	0.66	1.30	1.28	1.10
Average shareholders equity to average assets	**12.00**	11.71	11.49	11.18	11.53
Tangible equity to tangible assets (1)	**7.35**	6.84	6.73	6.40	5.97
Tier 1 leverage ratio	**9.27**	9.34	8.71	8.35	7.86
Tier 1 capital to risk-weighted assets	**13.06**	12.82	12.68	11.94	11.12
Total capital to risk-weighted assets	**14.19**	14.07	13.93	13.20	12.37
Dividend payout ratio	**35.78**	38.04	37.58	41.79	120.00
Trust assets at market value (2)	**$ 3,688,734**	$ 3,238,556	$ 2,973,352	$ 2,943,786	$ 2,668,610

(1) See non-GAAP Measures with this Item 6. Selected Financial Data for additional information relating to the calculation of this item.
(2) Trust assets are held by the Bank, in fiduciary or agency capacities for its customers and therefore are not included as assets on WesBanco s Consolidated Balance Sheets.
(3) Presented on a fully taxable-equivalent (FTE) and annualized basis. The FTE basis adjusts for the tax benefit of income on certain tax-exempt loans and investments using the federal statutory tax rate of 35% for each period presented. WesBanco believes this measure to be the preferred industry measurement of net interest income and provides relevant comparison between taxable and non-taxable amounts.

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(dollars in thousands, except per share amounts)	For the years ended December 31, 2013	2012	2011	2010	2009
SUMMARY STATEMENTS OF INCOME					
Interest and dividend income	**$ 217,890**	$ 211,686	$ 224,167	$ 236,528	$ 257,364
Interest expense	**32,403**	43,335	54,802	70,436	98,992
Net interest income	**185,487**	168,351	169,365	166,092	158,372
Provision for credit losses	**9,086**	19,874	35,311	44,578	50,372
Net interest income after provision for credit losses	**176,401**	148,477	134,054	121,514	108,000
Non-interest income	**69,285**	64,775	59,888	59,599	64,589
Non-interest expense	**160,998**	150,120	140,295	141,152	149,648
Income before provision for income taxes	**84,688**	63,132	53,647	39,961	22,941
Provision for income taxes	**20,763**	13,588	9,838	4,350	(992)
Net income	**$ 63,925**	$ 49,544	$ 43,809	$ 35,611	$ 23,933
Preferred dividends					5,233
Net income available to common shareholders	**$ 63,925**	$ 49,544	$ 43,809	$ 35,611	$ 18,700
Earnings per common share basic	**$ 2.18**	$ 1.84	$ 1.65	$ 1.34	$ 0.70
Earnings per common share diluted	**$ 2.18**	$ 1.84	$ 1.65	$ 1.34	$ 0.70

Non-GAAP Measures

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

(dollars in thousands)	For the year ended December 31, 2013	2012	2011	2010	2009
Tangible equity to tangible assets:					
Total shareholders equity	**$ 746,595**	$ 714,184	$ 633,790	$ 606,863	$ 588,716
Less: goodwill and other intangible assets, net of deferred tax liability	**(318,161)**	(320,399)	(279,967)	(281,534)	(283,310)
Tangible equity	**428,434**	393,785	353,823	325,329	305,406
Total assets	**6,144,773**	6,078,717	5,536,030	5,361,458	5,397,352
Less: goodwill and other intangible assets, net of deferred tax liability	**(318,161)**	(320,399)	(279,967)	(281,534)	(283,310)
Tangible assets	**5,826,612**	5,758,318	5,256,063	5,079,924	5,114,042
Tangible equity to tangible assets	**7.35%**	6.84%	6.73%	6.40%	5.97%
Tangible book value:					
Total shareholders equity	**$ 746,595**	$ 714,184	$ 633,790	$ 606,863	$ 588,716
Less: goodwill and other intangible assets, net of deferred tax liability	**(318,161)**	(320,399)	(279,967)	(281,534)	(283,310)

Tangible equity	**428,434**	393,785	353,823	325,329	305,406
Common shares outstanding	**29,175,236**	29,214,660	26,629,360	26,586,953	26,567,653
Tangible book value at year end	**$ 14.68**	$ 13.48	$ 13.29	$ 12.24	$ 11.50
Return on average tangible equity:					
Net income	**$ 63,925**	$ 49,544	$ 43,809	$ 35,611	$ 23,933
Plus: amortization of intangibles, net of tax	**1,487**	1,398	1,566	1,774	2,022
Net income before amortization of intangibles	**65,412**	50,942	45,375	37,385	25,955
Average total shareholders equity	**733,249**	656,684	625,061	605,742	641,537
Less: average goodwill and other intangibles, net of deferred tax liability	**(318,913)**	(281,326)	(280,718)	(282,389)	(278,925)
Average tangible equity	**414,336**	375,358	344,343	323,353	362,612
Return on average tangible equity	**15.79%**	13.57%	13.18%	11.56%	7.16%

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(dollars in thousands)	For the year ended December 31, 2013	2012	2011	2010	2009
Return on average tangible assets:					
Net income	**$ 63,925**	$ 49,544	$ 43,809	$ 35,611	$ 23,933
Plus: amortization of intangibles, net of tax	**1,487**	1,398	1,566	1,774	2,022
Net income before amortization of intangibles	**65,412**	50,942	45,375	37,385	25,955
Average total assets	**6,109,311**	5,606,386	5,440,243	5,416,470	5,566,183
Less: average goodwill and other intangibles, net of deferred tax liability	**(318,913)**	(281,326)	(280,718)	(282,389)	(278,925)
Average tangible assets	**5,790,398**	5,325,060	5,159,525	5,134,081	5,287,258
Return on average tangible assets	**1.13%**	0.96%	0.88%	0.73%	0.49%
Efficiency Ratio					
Non-interest expense	**$ 160,998**	$ 150,120	$ 140,295	$ 141,152	$ 149,648
Less: restructuring and merger-related expense	**(1,310)**	(3,888)		(175)	(1,815)
Non-interest expense excluding restructuring and merger-related expense	**159,688**	146,232	140,295	140,977	147,833
Net interest income on a fully taxable equivalent basis	**192,556**	175,027	175,885	172,235	165,916
Non-interest income	**69,285**	64,775	59,888	59,599	64,589
Net interest income on a fully taxable equivalent basis plus non-interest income	**261,841**	239,802	235,773	231,834	230,505
Efficiency Ratio	**60.99%**	60.98%	59.50%	60.81%	64.13%

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

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this report relating to WesBanco s plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The information contained in this report should be read in conjunction with WesBanco s Form 10-Qs for the prior quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, respectively, and documents subsequently filed by WesBanco which are available at the SEC s website, www.sec.gov or at WesBanco s website, www.wesbanco.com. Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed under Risk Factors in Part I, Item 1A of this Annual Report on Form 10-K. Such statements are subject to important factors that could cause actual results to differ materially from those contemplated by such statements, including, without limitation, the effects of changing regional and national economic conditions; changes in interest rates, spreads on earning assets and interest-bearing liabilities, and associated interest rate sensitivity; sources of liquidity available to WesBanco and its related subsidiary operations; potential future credit losses and the credit risk of commercial, real estate, and consumer loan customers and their borrowing activities; actions of the Federal Reserve Board, the FDIC, the SEC, FINRA, the Municipal Securities Rulemaking Board, the Securities Investors Protection Corporation, and other regulatory bodies; potential legislative and federal and state regulatory actions and reform, including, without limitation, the impact of the implementation of the Dodd-Frank Act; adverse decisions of federal and state courts; fraud, scams and schemes of third parties; internet hacking; competitive conditions in the financial services industry; rapidly changing technology affecting financial services; marketability of debt instruments and corresponding impact on fair value adjustments; and/or other external developments materially impacting WesBanco s operational and financial performance. WesBanco does not assume any duty to update forward-looking statements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Allowance for Credit Losses The allowance for credit losses represents management s estimate of probable losses inherent in the loan portfolio and in future advances against loan commitments. Determining the amount of the allowance requires significant judgment about the collectability of loans and the factors that

deserve consideration in estimating probable credit losses. The allowance is increased by a provision charged to operating expense and reduced by charge-offs, net of recoveries. Management evaluates the adequacy of the allowance at least quarterly. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change from period to period.

The evaluation includes an assessment of quantitative factors such as actual loss experience within each category of loans and testing of certain loans for impairment. The evaluation also considers qualitative factors such as economic trends and conditions, which includes levels of unemployment, real estate values and the impact on specific industries and geographical markets, changes in lending policies and underwriting standards, delinquency and other credit quality trends, concentrations of credit risk, if any, the results of internal loan reviews and examinations by bank regulatory agencies, and regulatory guidance pertaining to the allowance for credit losses. Management relies on observable data from internal and external sources to the extent it is available to evaluate each of these factors and adjusts the actual historical loss rates to reflect the impact these factors may have on probable losses in the portfolio.

Commercial real estate and commercial and industrial loans greater than $1 million that are reported as non-accrual or a troubled debt restructuring (TDR) are tested individually for impairment. Specific reserves are established when appropriate for such loans based on the present value of expected future cash flows of the loan or the estimated realizable value of the collateral, if any.

General reserves are established for loans that are not individually tested for impairment based on historical loss rates adjusted for the impact of the qualitative factors discussed above. Historical loss rates for commercial real estate and commercial and industrial loans are determined for each internal risk grade using a migration analysis that categorizes each charged-off loan based on its risk grade twelve months prior to the charge-off. Historical loss rates for residential real estate, home equity and consumer loans that are not risk graded are determined for the total of each category of loans. Historical loss rates for deposit account overdrafts are based on actual losses in relation to average overdrafts for the period.

Management has determined that the greater of the most recent twelve or thirty-six month historical loss rate is generally the most indicative of probable losses in the portfolio because the twelve month loss rate more accurately reflects the adverse impact of current conditions during periods of economic stress while the thirty-six month loss rate more accurately reflects probable losses during normal economic cycles. Historical loss rates for longer periods than thirty-six months are not considered to be as meaningful because of changes in the risk profile and characteristics of the portfolio that can occur over longer periods of time.

Management may also adjust its assumptions to account for differences between estimated and actual incurred losses from period to period. The variability of management s assumptions could alter the level of the allowance for credit losses and may have a material impact on future results of operations and financial condition. The loss estimation models and methods used to determine the allowance for credit losses is continually refined and enhanced; however there have been no material substantive changes compared to prior periods.

Goodwill and Other Intangible Assets WesBanco accounts for business combinations using the acquisition method of accounting. Accordingly, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest of an acquired business are recorded at their estimated fair values as of the date of acquisition with any excess of the cost of the acquisition over the fair value recorded as goodwill. At December 31, 2013, the carrying value of goodwill and other intangible assets was $312.1 million and $9.3 million, respectively, which represents approximately 41.8% and 1.2% of total shareholders equity, respectively. At December 31, 2013, WesBanco had one significant reporting unit with goodwill, community banking.

Goodwill is not amortized but is evaluated for impairment annually on November 30th, or more often if events or circumstances indicate it may be impaired. Finite-lived intangible assets, which consist primarily of

core deposit and customer list intangibles (long-term customer-relationship intangible assets) are amortized using straight-line and accelerated methods over their weighted-average estimated useful lives, ranging from ten to sixteen years, and are tested for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable.

Goodwill is evaluated for impairment by first assessing qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. Under the qualitative assessment, WesBanco assesses qualitative factors to determine whether it is more likely than not that the fair value of its reporting units are less than their carrying amounts, including goodwill. If it is more likely than not, the two-step goodwill impairment test is used to identify potential goodwill impairment and measure the amount of a goodwill impairment loss to be recognized, if any. In the first step, the estimated fair value of each reporting unit is compared to its carrying value, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying amount, the goodwill of that reporting unit is not considered impaired, and no impairment loss is recognized. However, if the carrying amount of the reporting unit exceeds its fair value, step two, which involves comparing the implied fair value of goodwill to its carrying value, is completed and to the extent that the carrying value of goodwill exceeds its implied fair value, an impairment loss is recognized.

WesBanco s qualitative assessment included an evaluation of all relevant events and circumstances. The assessment considered macroeconomic conditions such as the general economic outlook, regional and national unemployment rates and recent trends in equity and credit markets. Additionally, industry and market considerations, such as market-dependent multiples and metrics relative to peers, were evaluated. WesBanco also considered recent trends in credit quality, overall financial performance, stock price appreciation, market capitalization, multiples of tangible book value, internal forecasts, and various other market-based methods to estimate the current fair value of its reporting units.

After assessing the totality of events and circumstances discussed above, WesBanco concluded that as of November 30, 2013 it is not more likely than not that the fair value of its reporting units were less than their carrying amounts, therefore the goodwill impairment test was unnecessary.

As of December 31, 2013, there were no significant changes in market conditions, consolidated operating results, or forecasted future results from November 30, 2013, the date of the most recent goodwill impairment evaluation. Therefore, WesBanco has concluded that goodwill is not impaired as of December 31, 2013.

Intangible assets with finite useful lives (primarily core deposit and customer list intangibles) are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an intangible asset with a finite useful life is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and the fair value of the asset. Intangible assets with finite useful lives at December 31, 2013 are comprised of $8.9 million in core deposit intangibles held at the Bank and customer list intangibles of $0.3 million and $0.1 million held at WesBanco Securities and WesBanco Insurance, respectively. At December 31, 2013 there were no indicators of impairment related to intangible assets with finite useful lives.

EXECUTIVE OVERVIEW

Financial performance improved in 2013 for the fourth consecutive year as WesBanco continued to strengthen operating effectiveness and efficiency. In addition, results were positively impacted by the late 2012 acquisition of Fidelity, which increased total assets by approximately 10%. Net income increased $14.4 million or 29.0% to $63.9 million. Fidelity s acquired net earning assets, loan growth and a reduced cost of funds combined to improve net interest income by $17.1 million or 10.2% and increased the net interest margin by 5 basis points to 3.58%. Continued improvement in credit quality reduced the provision for loan losses by $10.8 million. Growth in the primary fee based components of non-interest income: trust fees, service charges on deposits and electronic banking fees increased by a combined $3.2 million or 6.8%, while revenue from

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securities brokerage operations increased $1.6 million or 35.7%. Increases in expenses were partially due to the recurring costs of operating 13 additional branches acquired in the acquisition and costs related to higher loan originations and other growth areas such as securities brokerage. Due to the increase in net income, return on average assets increased to 1.05% from 0.88% in 2012. Strong earnings and improved total capital have enabled WesBanco to increase the quarterly dividend rate six times over the last three years, including two increases in 2013 to $0.20 per share, cumulatively representing a 43% increase, with a 2013 increase of 11%. The dividend was increased again in February 2014 to $0.22 per share, a $0.02 per share or 10% increase to be paid April 1, 2014.

Total assets at December 31, 2013 increased 1.1% or $66.1 million from December 31, 2012, primarily due to loan growth. Portfolio loans increased $207.2 million or 5.6% in 2013, with $58.4 million of growth coming in the fourth quarter. Loan growth was achieved through $1.6 billion in loan originations in 2013. This represents an increase of 31.5% in loan originations compared to 2012. Growth was centered in commercial real estate construction, commercial and industrial (C&I) lending and residential real estate as a result of improved economic conditions, increased business activity in markets impacted by Marcellus and Utica shale gas drilling, expansion into the Pittsburgh market, additional lending personnel and continued improvement in loan origination processes. In addition, a $117 million increase in unfunded commitments on construction loans will be advanced over the next twelve to eighteen months which should generate higher loan balances in 2014 before considering unanticipated large paydowns or payoffs. Loan growth was funded primarily by growth in deposits and by maturing securities. Deposits increased $118.2 million or 2.4% from December 31, 2012, some of which was the result of initial deposits from bonus and royalty payments for Marcellus and Utica shale gas payments from energy companies operating in our local markets. All deposit types increased except certificates of deposit, which decreased $138.1 million due to lower rate offerings on rollovers of maturities. Available core deposit funding and maturities in the investment portfolio were also used to reduce higher cost borrowings by 19.5%, further reducing cost of funds.

WesBanco continues to maintain strong regulatory capital ratios. At December 31, 2013, Tier I leverage was 9.27%, Tier I risk-based capital was 13.06%, and total risk-based capital was 14.19%, which were similar to or slightly improved from year end 2012. Both consolidated and bank-level regulatory capital ratios are well above the applicable well-capitalized standards promulgated by bank regulators, and, upon implementation beginning in 2015 thru final phase-in of the rules in 2019, are anticipated to be above recently finalized Basel III capital standards. Total tangible equity to tangible assets[1] was 7.35% at December 31, 2013, up from 6.84% at 2012 year-end, despite increased assets, lower other comprehensive income from lower securities valuations and the fourth quarter repurchase of 193,075 shares of WesBanco stock.

WesBanco had numerous operating accomplishments in 2013 that supported the improved financial results for the year:

- Integration of the Fidelity markets, employees and assets, and realization of the related synergies were completed by year end. The primary systems integration and introductory marketing campaign in Pittsburgh were completed in the first quarter.

- Throughout 2013 WesBanco continued to expand customer relationship personnel to support further growth in loan production and improve service to our customers.

- Two branches were opened in the Columbus market and we are constructing an additional branch in an area of major business development south of Pittsburgh.

- Significant upgrades to our data processing and communications infrastructure, including a new mainframe computer, new disaster recovery site, new mobile banking capabilities and other internal infrastructure, including enhanced customer relationship software, were completed during the year.

As WesBanco grows, we continue to improve the processes that support both customers and employees.

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

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RESULTS OF OPERATIONS

EARNINGS SUMMARY

Net income increased 29% for the twelve months ended December 31, 2013 to $63.9 million compared to $49.5 million for 2012, while diluted earnings per share were $2.18, an increase of 18% compared to $1.84 per share for 2012. The increased net income improved the return on average assets to 1.05% in 2013 from 0.88% in 2012, and the return on average tangible equity(1) increased to approximately 16% from 14%. The results for 2013 include the first full year of the November 2012 acquisition of Pittsburgh-based Fidelity that significantly expanded WesBanco s presence in the southwestern Pennsylvania market.

Net interest income increased $17.1 million or 10.2% in 2013 compared to 2012, due to an 8.5% increase in average earning assets, primarily through increased average loan balances. In addition, the net interest margin increased 5 basis points to 3.58%, benefitting from the loan growth, purchase accounting-related accretion and a continued decrease in funding costs. The margin improvement in 2013 was due to lower funding costs resulting from a 36.1% average reduction in higher rate FHLB advances and other borrowings, primarily through maturities, an 11.8% increase in total average deposits, with 88.6% of the increase from lower cost demand, money market or savings accounts and the repricing at lower rates of maturing CDs. Accretion of various purchase accounting adjustments from the acquisition also improved the net interest margin by 9 basis points for the year.

Credit quality has continued to improve over the past year. Net charge-offs for the year were $14.2 million, or 0.38% of average portfolio loans, compared to net charge-offs of $22.1 million or 0.66% for 2012. As a result of an improvement in all measures of credit quality, including delinquent and non-performing loans and classified and criticized loans, the provision for credit losses decreased to $9.1 million year-to-date compared to $19.9 million in 2012.

Non-interest income increased $4.5 million or 7.0% compared to 2012. Trust fees increased 8.5% as assets under management continued to increase from customer development initiatives and overall market improvements. Total trust assets were up 13.9% for the year. Net securities brokerage revenues increased 35.7% due to significant production increases from existing markets, the deployment of an advisor team in the Pittsburgh market, the addition of support and producing staff in several regions, and an increase in referrals and production from a licensed retail banker program. Service charges on deposits and electronic banking fees continued to grow, up 4.6% and 7.6%, respectively for 2013. Securities gains were lower due to reduced portfolio restructuring compared to prior periods as interest rates increased. Mortgage loan sales gains decreased as the percentage of mortgage loans retained for the portfolio increased and loan production declined, beginning in the fourth quarter, as increasing interest rates reduced customer loan refinancings. However, WesBanco overall achieved record mortgage loan production in 2013, up 13% from 2012 to $392 million.

Non-interest expense in 2013 increased $10.9 million or 7.3% compared to 2012. Increases were partially due to recurring expenses related to operating 13 additional branches acquired in the acquisition. Substantially all of the back office and other administrative savings targeted to be obtained from the merger were accomplished by year-end. Lower merger-related costs also benefited 2013. Salaries and wages increased 11.1% for 2013 due to routine annual adjustments to compensation, increased full time equivalent employees (FTEs) in the Pittsburgh market partially offset by the integration efficiencies, increased commissions on higher loan originations and brokerage revenue and higher incentive compensation. Employee benefit expenses increased for the year primarily from increased pension expense and employer taxes. Marketing costs were higher compared to 2012 due to additional marketing initiatives during 2013 and marketing expenses in the new Pittsburgh market.

The provision for income taxes increased to $20.8 million in 2013 compared to $13.6 million in 2012. The increase in income tax expense was due to a $21.6 million increase in pre-tax income, which caused a higher effective tax rate of 24.5% compared to 21.5% for 2012. The increase in the effective tax rate was also affected by a higher percentage of taxable vs. tax-exempt income as pre-tax income grew.

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

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TABLE 1. NET INTEREST INCOME

(dollars in thousands)	For the years ended December 31, 2013	2012	2011
Net interest income	**$ 185,487**	$ 168,351	$ 169,365
Taxable-equivalent adjustments to net interest income	**7,069**	6,676	6,520
Net interest income, fully taxable-equivalent	**$ 192,556**	$ 175,027	$ 175,885
Net interest spread, non-taxable-equivalent	**3.32%**	3.23%	3.34%
Benefit of net non-interest bearing liabilities	**0.13%**	0.17%	0.18%
Net interest margin	**3.45%**	3.40%	3.52%
Taxable-equivalent adjustment	**0.13%**	0.13%	0.14%
Net interest margin, fully taxable-equivalent	**3.58%**	3.53%	3.66%

Net interest income, which is WesBanco s largest source of revenue, is the difference between interest income on earning assets, primarily loans and securities, and interest expense on liabilities (deposits and short and long-term borrowings). Net interest income is affected by the general level and changes in interest rates, the steepness and shape of the yield curve, changes in the amount and composition of interest earning assets and interest bearing liabilities, as well as the frequency of repricing of those assets and liabilities. Net interest income increased by $17.1 million or 10.2% in 2013 compared to 2012 due to an 8.5% increase in earning assets, primarily through increased average loan balances. Average earning assets increased $420.9 million due to growth in average portfolio loan balances of $449.1 million or 13.5%. Approximately 65% of the average loan growth was from the western Pennsylvania region, which includes the loans acquired, and those subsequently originated, relating to the acquired Fidelity market area. The increase in average earning assets was funded primarily by increases in deposits. Total average deposits increased by $529.3 million or 11.8% with approximately 70% of the increase provided by the western Pennsylvania region. Deposit increases occurred primarily in demand deposit, savings and money market accounts, with increases other than through the acquisition resulting from marketing campaigns, customer incentives, wealth management and business initiatives, as well as initial deposits from Marcellus and Utica shale gas bonus and royalty payments which totaled $311 million in 2013 for deposits identified as related to these gas-related companies. In addition, the net interest margin increased 5 basis points in 2013 compared to 2012. Cost of funds continued to decline due to lower offered rates on maturing certificates of deposit, an increase in balances of lower-cost products and lower balances of FHLB and other borrowings. Accretion of purchase accounting adjustments for loans, CDs and borrowings related to the Fidelity acquisition totaling $4.4 million or 9 basis points, also benefited the margin. The low interest rate environment continues to result in reduced rates earned on the securities and loan portfolios, but with a larger decrease in lower average rates paid on interest bearing liabilities. The average rate on interest bearing liabilities declined by 31 basis points while the rate on earning assets decreased by 22 basis points in 2013.

Interest income increased $6.2 million or 2.9% in 2013 compared to 2012 due to the higher average earning assets, partially offset by the lower yields. The increase in average earning assets and interest income is primarily due to the 13.5% increase in average loan balances. This increase more than offset the effect of the low interest rate environment, as loans provide the highest rates for investment in new earning assets. In 2013, average loans represented 70.1% of average earning assets, compared to 66.9% in 2012. Rates on earning assets decreased on all significant categories from reduced rates on new and repriced assets due to lending competition and the lower interest rate environment. Repricing of loans and the necessity of offering lower rates on quality credits caused a decline in loan yields of 37 basis points. Securities yields decreased due to the reinvestment of funds from investment maturities, calls and sales, and additional investment purchases at current lower available interest rates. Taxable securities yields decreased 8 basis points in 2013, while tax-exempt securities yields declined 63 basis points, due to purchases of municipals at lower rates. Because of their relative yield advantage, the average balance of tax-exempt securities increased 18.6% over last year. Average taxable securities decreased due to calls

of government agencies and prepayments in mortgage-backed and collateralized mortgage securities, somewhat offset by purchases of lower-premium collateralized mortgage securities and mortgage pools. Purchases of collateralized mortgage securities minimizes the average life of the portfolio, positioning the Bank for possible future increases in interest rates, while maintaining required levels of pledgable securities. At December 31, 2013, held-to-maturity securities represented approximately 39% of total securities with a weighted average life of 6.7 years, while the 61% of total securities in the available-for-sale category had a weighted average life of 4.2 years.

Portfolio loans increased $207.2 million or 5.6% in 2013, as originations continued to outpace paydowns. Overall loan originations were a record $1.6 billion, an increase of 31.5% in 2013 compared to 2012. Loan growth was centered in commercial real estate construction, C&I and residential real estate lending due to improved economic conditions, the impact of Marcellus and Utica shale gas drilling in certain markets and expansion into the Pittsburgh market as a result of the Fidelity acquisition in November 2012.

In 2013, interest expense decreased $10.9 million or 25.2% due to decreases in rates paid and a continued shift in the liability mix towards less expensive sources of funding, while total average interest bearing balances increased 6.2%. The average rate paid on interest bearing liabilities decreased 31 basis points to 0.73% from 1.04% in 2012. Rates paid on deposits declined by 21 basis points due to rate declines in all deposit categories, as a result of management reducing offered interest rates for most products and mark-to-market accretion of the certificates of deposit acquired from Fidelity. Improvements in the deposit funding mix also lowered the cost of funds, with average certificates of deposit decreasing to 32.1% of total average deposits from 34.5% last year. Average interest bearing deposits increased by $374.8 million from 2012, and non-interest bearing demand deposits increased by $154.6 million. Average deposits increased most significantly in demand and savings product categories, even as offered rates on interest bearing accounts were reduced. Total average demand deposits, including interest bearing and non-interest bearing, increased $257.3 million or 17.1% in 2013 compared to 2012. Average certificates of deposit increased by only 3.9%, primarily due to the acquisition and higher CDARS® balances, as WesBanco continued to focus on reducing rate offerings and growing customers with multiple banking relationships, as opposed to single service certificate of deposit customers. In addition to funding the growth in loans, deposit increases were used to pay down higher-cost maturing FHLB borrowings and certain other borrowings, significantly contributing to the reduced cost of funds. Average total FHLB and other borrowings decreased $116.2 million or 36.1%, due to maturities and paydowns, and were 4.6% of average interest bearing liabilities in 2013 compared to 7.7% in 2012.

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TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

	For the years ended December 31,								
	2013			2012			2011		
(dollars in thousands)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS									
Due from banks-interest bearing	**$ 37,556**	**$ 84**	**0.22%**	$ 26,865	$ 68	0.25%	$ 48,723	$ 101	0.21%
Loans, net of unearned income (1)	**3,772,172**	**175,323**	**4.65%**	3,323,078	166,656	5.02%	3,256,887	175,818	5.40%
Securities: (2)									
Taxable	**1,175,865**	**29,193**	**2.48%**	1,270,446	32,461	2.56%	1,179,458	36,034	3.06%
Tax-exempt (3)	**384,069**	**20,197**	**5.26%**	323,885	19,075	5.89%	299,357	18,629	6.22%
Total securities	**1,559,934**	**49,390**	**3.17%**	1,594,331	51,536	3.23%	1,478,815	54,663	3.70%
Other earning assets	**15,165**	**162**	**1.07%**	19,621	102	0.52%	25,030	105	0.42%
Total earning assets (3)	**5,384,827**	**224,959**	**4.18%**	4,963,895	218,362	4.40%	4,809,455	230,687	4.80%
Other assets	**724,484**			642,491			630,788		
Total Assets	**$ 6,109,311**			$ 5,606,386			$ 5,440,243		
LIABILITIES AND SHAREHOLDERS EQUITY									
Interest bearing demand deposits	**$ 858,679**	**$ 1,415**	**0.16%**	$ 755,908	$ 1,526	0.20%	$ 628,037	$ 2,160	0.34%
Money market accounts	**867,473**	**1,462**	**0.17%**	781,400	2,183	0.28%	792,565	4,802	0.58%
Savings deposits	**770,687**	**525**	**0.07%**	645,310	864	0.13%	570,093	1,505	0.26%
Certificates of deposit	**1,607,918**	**22,010**	**1.37%**	1,547,379	26,371	1.70%	1,636,753	31,054	1.90%
Total interest bearing deposits	**4,104,757**	**25,412**	**0.62%**	3,729,997	30,944	0.83%	3,627,448	39,521	1.09%
Federal Home Loan Bank borrowings	**62,344**	**1,151**	**1.85%**	130,048	4,473	3.44%	210,506	7,199	3.42%
Other borrowings	**142,992**	**2,525**	**1.77%**	191,534	4,480	2.34%	194,768	4,823	2.48%
Junior subordinated debt	**107,665**	**3,315**	**3.08%**	106,727	3,438	3.22%	106,050	3,259	3.07%
Total interest bearing liabilities	**4,417,758**	**32,403**	**0.73%**	4,158,306	43,335	1.04%	4,138,772	54,802	1.32%
Non-interest bearing demand deposits	**905,921**			751,345			639,837		
Other liabilities	**52,383**			40,051			36,573		
Shareholders equity	**733,249**			656,684			625,061		
Total Liabilities and Shareholders Equity	**$ 6,109,311**			$ 5,606,386			$ 5,440,243		
Net interest spread			**3.45%**			3.36%			3.48%
Taxable-equivalent net interest margin (3)		**$ 192,556**	**3.58%**		$ 175,027	3.53%		$ 175,885	3.66%

(1) Total loans are gross of the allowance for loan losses, net of unearned income and include loans held for sale. Non-accrual loans were included in the average volume for the entire period. Loan fees included in interest income on loans totaled $3.8 million, $4.0 million and $4.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. Additionally, loan accretion included in interest income on acquired Fidelity loans was $2.7 million for the year ended December 31, 2013, while accretion on acquired Fidelity interest bearing liabilities was $1.7 million for the year ended December 31, 2013.

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

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

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

	2013 Compared to 2012			2012 Compared to 2011		
(in thousands)	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:						
Due from banks-interest bearing	**$ 24**	**$ (8)**	**$ 16**	$ (52)	$ 19	$ (33)
Loans, net of unearned income	**21,542**	**(12,875)**	**8,667**	3,517	(12,679)	(9,162)
Taxable securities	**(2,367)**	**(901)**	**(3,268)**	2,634	(6,207)	(3,573)
Tax-exempt securities (2)	**3,305**	**(2,183)**	**1,122**	1,477	(1,031)	446
Other earning assets	**(26)**	**86**	**60**	(25)	22	(3)
Total interest income change (2)	**22,478**	**(15,881)**	**6,597**	7,551	(19,876)	(12,325)
Increase (decrease) in interest expense:						
Interest bearing demand deposits	**194**	**(305)**	**(111)**	380	(1,014)	(634)
Money market	**222**	**(943)**	**(721)**	(67)	(2,552)	(2,619)
Savings deposits	**146**	**(485)**	**(339)**	178	(819)	(641)
Certificates of deposit	**981**	**(5,342)**	**(4,361)**	(1,635)	(3,048)	(4,683)
Federal Home Loan Bank borrowings	**(1,758)**	**(1,564)**	**(3,322)**	(2,768)	42	(2,726)
Other borrowings	**(995)**	**(960)**	**(1,955)**	(79)	(264)	(343)
Junior subordinated debt	**30**	**(153)**	**(123)**	21	158	179
Total interest expense change	**(1,180)**	**(9,752)**	**(10,932)**	(3,970)	(7,497)	(11,467)
Net interest income increase (decrease) (2)	**$ 23,658**	**$ (6,129)**	**$ 17,529**	$ 11,521	$ (12,379)	$ (858)

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

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

PROVISION FOR CREDIT LOSSES

The provision for credit losses is the amount to be added to the allowance for credit losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb probable losses in the loan portfolio. The provision for credit losses also includes the amount to be added to the reserve for loan commitments to bring that reserve to a level considered appropriate to absorb probable losses on unfunded commitments. The provision for credit losses for the year ended December 31, 2013 decreased $10.8 million or 54.3% to $9.1 million compared to $19.9 million for the year ended December 31, 2012. This decrease is the result of a 36.0% decrease in net charge-offs, a 19.1% decrease in non-performing loans, including restructured loans, a 37.4% decrease in accruing non-restructured delinquent loans, a 29.8% decrease in classified loans, and improved economic conditions. The provision for credit losses was lower than net charge-offs by $5.1 million in 2013 and $2.2 million in 2012 due to recognition of losses in both years that were provided for in prior years. (Please see the Allowance for Credit Losses section of this MD&A for additional discussion).

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TABLE 4. NON-INTEREST INCOME

(dollars in thousands)	For the Years Ended December 31, 2013	2012	$ Change	% Change
Trust fees	**$ 19,577**	$ 18,044	$ 1,533	8.5
Service charges on deposits	**17,925**	17,138	787	4.6
Electronic banking fees	**12,198**	11,336	862	7.6
Net securities brokerage revenue	**6,248**	4,604	1,644	35.7
Bank-owned life insurance	**4,664**	3,516	1,148	32.7
Net gains on sales of mortgage loans	**2,614**	2,876	(262)	(9.1)
Net securities gains	**684**	2,463	(1,779)	(72.2)
Net losses on other real estate owned and other assets	**(81)**	(305)	224	73.4
Net insurance services revenue	**2,734**	2,600	134	5.2
Other	**2,722**	2,503	219	8.7
Total non-interest income	**$ 69,285**	$ 64,775	$ 4,510	7.0

Non-interest income is a significant source of revenue and an important part of WesBanco s results of operations. WesBanco offers its customers a wide range of retail, commercial, investment and electronic banking services, which are viewed as a vital component of WesBanco s ability to attract and maintain customers, as well as providing additional fee income beyond normal spread-related income to WesBanco. Non-interest income increased $4.5 million or 7.0% compared to 2012. Trust fees increased 8.5% as assets under management continued to increase from customer development initiatives and overall market improvements. Total trust assets were up 13.9% for the year. Net securities brokerage revenues increased 35.7% due to significant production increases from existing markets, the deployment of an advisor team in the Pittsburgh market, the addition of support and producing staff in several regions, and an increase in referrals and production from a licensed retail banker program. Service charges on deposits and electronic banking fees continued to grow, up 4.6% and 7.6%, respectively for 2013. Securities gains were lower due to reduced portfolio restructuring compared to prior periods as interest rates increased. Mortgage loan sales gains decreased as the percentage of mortgage loans retained for the portfolio increased. In addition, 2013 results included a $1.1 million bank-owned life insurance death benefit.

Trust fees increased $1.5 million or 8.5% as assets under management continued to increase from customer development initiatives and overall market improvements. Total trust assets were up 13.9% for the year from $3.2 billion at December 31, 2012 to $3.7 billion at December 31, 2013. At December 31, 2013, trust assets include managed assets of $3.0 billion and non-managed (custodial) assets of $0.7 billion. Assets managed for the WesMark Funds, a proprietary group of mutual funds that is advised by WesBanco s trust and investment services group, were $900.0 million as of December 31, 2013 and $796.0 million at December 31, 2012 and are included in trust managed assets.

Service charges on deposits, which are primarily customer overdraft fees, increased 4.6% for the year compared to 2012 due to a higher number of demand deposit accounts. Growth in deposits was achieved primarily through the Bank s own marketing initiatives, which included two marketing campaigns in 2013 targeting non-interest bearing checking accounts and debit card usage.

Electronic banking fees, which include debit card interchange fees, improved by $0.9 million or 7.6% compared to the prior year, due to a higher volume of debit card transactions, which have continued to grow due to marketing initiatives and as customers move more towards electronic transactions.

Net securities brokerage revenue increased $1.6 million or 35.7% compared to 2012 primarily due to increased production resulting from the implementation of an organization-wide cross-selling program, additional market coverage in the Pittsburgh area and overall improved production in other markets, as well as a new retail licensed banker program throughout our markets.

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Net gains on sales of mortgage loans decreased 9.1% for the year as the percentage of mortgage loans retained for the portfolio increased. Overall mortgage loan production in 2013 was up 13% from 2012 to $392 million. Beginning in the third quarter, refinancing applications decreased due to an industry-wide slowdown as mortgage rates rose particularly affecting refinances. Mortgages sold into the secondary market during the year decreased 1.4% compared to 2012, as management retained 67.1% of mortgage production in 2013 compared to 62.2% in 2012.

Net losses on other real estate owned and other assets improved $0.2 million for the year compared to 2012 due to improved pricing for liquidated property.

TABLE 5. NON-INTEREST EXPENSE

	For the Years Ended December 31,			
(dollars in thousands)	**2013**	**2012**	**$ Change**	**% Change**
Salaries and wages	**$ 65,431**	$ 58,913	$ 6,518	11.1
Employee benefits	**23,255**	21,462	1,793	8.4
Net occupancy	**11,809**	10,905	904	8.3
Equipment	**10,669**	9,221	1,448	15.7
Marketing	**5,174**	4,235	939	22.2
FDIC insurance	**3,725**	3,899	(174)	(4.5)
Amortization of intangible assets	**2,288**	2,150	138	6.4
Restructuring and merger-related expense	**1,310**	3,888	(2,578)	(66.3)
Miscellaneous, franchise, and other taxes	**5,887**	5,629	258	4.6
Consulting, regulatory, accounting and advisory fees	**4,445**	3,971	474	11.9
ATM and interchange expenses	**4,310**	3,748	562	15.0
Postage	**3,317**	3,071	246	8.0
Communications	**2,717**	2,536	181	7.1
Supplies	**2,675**	2,460	215	8.7
Legal fees	**2,549**	2,517	32	1.3
Other real estate owned and foreclosure expenses	**1,753**	2,082	(329)	(15.8)
Other	**9,684**	9,433	251	2.7
Total non-interest expense	**$ 160,998**	$ 150,120	$ 10,878	7.2

Non-interest expense in 2013 increased $10.9 million or 7.2% compared to 2012 partially due to recurring expenses related to operating 13 additional branches acquired in the Fidelity acquisition. Substantially all of the back office and other administrative savings targeted to be obtained from the merger were accomplished by year-end.

Salaries and wages increased 11.1% for 2013 due to routine annual adjustments to compensation, increased FTEs primarily in the Pittsburgh market partially offset by the integration efficiencies, increased commissions on higher loan originations and brokerage revenue and higher incentive compensation. Employee benefit expenses increased 8.4% for the year primarily from increased pension expense and employer taxes.

Net occupancy and equipment increased $2.4 million or 11.7% due to increased depreciation and other maintenance costs resulting from the Fidelity acquisition, which added approximately $9.1 million in depreciable assets at fair value. Significant upgrades to our data processing and communications infrastructure, including a new mainframe computer, new disaster recovery site, new mobile banking capabilities and other internal infrastructure, including enhanced customer relationship software, were also completed during the year. In addition, new teller cash recycling machines were introduced into our branches, which have improved the speed of customer service, improved cash controls and reduced FTEs.

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Marketing expenses of $5.2 million increased 22.2% over the prior year primarily due to the addition of the Pittsburgh metropolitan market. Marketing expenses in 2013 also included multiple marketing campaigns targeting non-interest bearing checking accounts and debit card usage as compared to lower campaign expense in 2012.

Restructuring and merger-related expenses of $1.3 million in 2013 include $0.3 million related to systems conversion, $0.4 million in employee severance, $0.2 million in accounting and valuation expenses and $0.4 million of various other merger-related expenses, as compared to $3.9 million in 2012.

ATM and interchange expenses, which include debit card processing fees, increased $0.6 million or 15.0% in 2013 compared to 2012, due to a higher volume of debit card transactions during the period as demand deposit accounts grew 6.6% in the last twelve months, primarily from the Bank s own marketing initiatives and higher average deposits over the prior year due to the acquisition.

Consulting, regulatory, accounting and advisory expenses increased $0.5 million or 11.9% in 2013 compared to 2012 primarily due to larger operations in 2013 as a result of the acquisition.

Other real estate owned and foreclosure expenses decreased $0.3 million in 2013 compared to 2012 due to lower foreclosure and liquidation activity in the current year. Other real estate owned and repossessed assets were $4.9 million at December 31, 2013, down $1.1 million from December 31, 2012.

INCOME TAXES

The provision for federal and state income taxes increased to $20.8 million in 2013 compared to $13.6 million in 2012. The increase in income tax expense was due to a $21.6 million increase in pre-tax income, which caused a higher effective tax rate of 24.5% compared to 21.5% for 2012. The increase in the effective tax rate was also affected by a higher percentage of taxable vs. tax-exempt income as pre-tax income grew.

FINANCIAL CONDITION

Total assets increased 1.1% in 2013, while total deposits and shareholders equity increased 2.4% and 4.5%, respectively, compared to December 31, 2012. Total borrowings decreased 19.5% in 2013. The increase in total assets was primarily the result of a $207.2 million or 5.6% increase in the loan portfolio. Loan growth was achieved through a 31.5% year-over-year increase in loan originations as a result of a larger market area from the 2012 Fidelity acquisition, more lending resources and continued development and expansion of the loan origination process. Loan growth was funded primarily by growth in deposits and maturing securities. The increase in deposits resulted from an 11.2% increase in money market deposits and a 6.6% increase in both demand deposits and savings deposits, which more than offset the 8.4% decrease in certificates of deposit due to lower rate offerings on maturities. The increases in deposits were attributable to marketing campaigns, continued efforts to obtain more account relationships and customers preferences for short-term maturities, coupled with initial deposits from bonus and royalty payments for Marcellus and Utica shale gas payments from energy companies in WesBanco s southwestern Pennsylvania, eastern Ohio and northern West Virginia markets. The liquidity provided by the increase in deposits was partially utilized to pay down higher cost FHLB advances by $71.7 million and junior subordinated debt by $7.7 million in 2013. Total shareholders equity increased by $32.4 million primarily due to net income exceeding dividends by $41.1 million for the year, which was partially offset by a $6.4 million decrease in accumulated other comprehensive income. The decrease in accumulated other comprehensive income resulted from unrealized losses in the available-for-sale securities portfolio, which was partially offset by unrealized gains in the defined benefit pension plan. The tangible equity to tangible assets ratio (non-GAAP measure) increased to 7.35% at December 31, 2013 from 6.84% at December 31, 2012, primarily as a result of the increase in shareholders equity somewhat offset by an increase in tangible assets. See Item 6. Selected Financial Data Non-GAAP Measures for additional information relating to the calculation of this item.

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SECURITIES

TABLE 6. COMPOSITION OF SECURITIES (1)

(dollars in thousands)	December 31, 2013	December 31, 2012	2013-2012 $ Change	2013-2012 % Change	December 31, 2011
Available-for-sale (at fair value)					
Obligations of government agencies	**$ 73,232**	$ 96,612	$ (23,380)	(24.2)	$ 198,720
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**694,267**	732,210	(37,943)	(5.2)	588,092
Obligations of states and political subdivisions	**116,346**	148,635	(32,289)	(21.7)	180,433
Corporate debt securities	**38,481**	32,685	5,796	17.7	44,066
Total debt securities	**922,326**	1,010,142	(87,816)	(8.7)	1,011,311
Equity securities	**12,060**	11,102	958	8.6	5,029
Total available-for-sale securities	**$ 934,386**	$ 1,021,244	$ (86,858)	(8.5)	$ 1,016,340
Held-to-maturity (at amortized cost)					
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**99,409**	152,872	(53,463)	(35.0)	247,938
Other residential collateralized mortgage obligations		353	(353)	(100.0)	783
Obligations of states and political subdivisions	**496,396**	449,284	47,112	10.5	342,752
Corporate debt securities	**2,715**		2,715	100.0	1,452
Total held-to-maturity securities	**598,520**	602,509	(3,989)	(0.7)	592,925
Total securities	**$ 1,532,906**	$ 1,623,753	$ (90,847)	(5.6)	$ 1,609,265
Available-for-sale securities:					
Weighted average yield at the respective year end (2)	**2.36%**	2.36%			2.86%
As a % of total securities	**61.0%**	62.9%			63.2%
Weighted average life (in years)	**4.2**	3.2			2.8
Held-to-maturity securities:					
Weighted average yield at the respective year end (2)	**4.65%**	4.52%			4.62%
As a % of total securities	**39.0%**	37.1%			36.8%
Weighted average life (in years)	**6.7**	5.2			5.3
Total securities:					
Weighted average yield at the respective year end (2)	**3.26%**	3.16%			3.51%
As a % of total securities	**100.0%**	100.0%			100.0%
Weighted average life (in years)	**5.8**	3.9			3.7

(1) At December 31, 2013, 2012 and 2011, there were no holdings of any one issuer, other than the U.S. government and certain federal or federally-related agencies, in an amount greater than 10% of WesBanco s shareholders equity.
(2) Weighted average yields have been calculated on a taxable-equivalent basis using the federal statutory tax rate of 35%.

Total investment securities, which represent a source of liquidity for WesBanco as well as a contributor to interest income, decreased $90.8 million or 5.6% from December 31, 2012 to December 31, 2013. The overall securities decrease for the year occurred in the residential mortgage-backed and obligations of government agencies categories, partially offset by increases in corporate securities and held-to-maturity municipal obligations. WesBanco does not have any investments in private mortgage-backed securities or those that are collateralized by

sub-prime mortgages, nor does WesBanco have any exposure to collateralized debt obligations or government-sponsored enterprise preferred stocks.

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The investment portfolio s tax-equivalent yield at year end, including both the held-to-maturity and available-for-sale portfolios, increased from 3.16% at December 31, 2012, to 3.26% at December 31, 2013. The increase in the portfolio yield is directly attributable to increased purchases of held-to-maturity tax-exempt municipal obligations, which due to their tax-exempt status generally have a higher tax-equivalent yield than other categories of fixed income investments, and higher yields on new purchases after a mid-year increase in interest rates. Total cash flows from the portfolio of $54.4 million in 2013, decreased $149.9 million from 2012 primarily due to security sales. Significant sales occurred in December 2012 due to the sale of approximately $128.8 million or 58% of Fidelity s acquired investment portfolio as part of a portfolio restructuring. Cash flows from the portfolio due to calls, maturities and prepayments decreased in 2013 by 36.4% to $327.5 million, from $514.9 million for 2012. Reduced prepayment speeds on mortgage-backed securities later in 2013, coupled with reduced calls on other government agencies from 2012 to 2013 due to the lower size of that portion of the portfolio contributed to the overall decrease in cash flows from calls, maturities and prepayments.

Total gross unrealized securities losses increased by $32.4 million, from $1.5 million at December 31, 2012 to $33.9 million at December 31, 2013. WesBanco had $769.4 million in investment securities in an unrealized loss position for less than twelve months at December 31, 2013, which increased from the $134.7 million for the same category at December 31, 2012. This increase was due to the rise in intermediate and long-term market interest rates in 2013. In addition, at December 31, 2013, WesBanco had $92.7 million in investment securities in an unrealized loss position for more than twelve months, which was an increase from the $20.8 million for the same category at December 31, 2012. WesBanco believes that all of the unrealized securities losses at December 31, 2013 were temporary impairment losses. Please refer to Note 3, Securities, of the Consolidated Financial Statements for additional information.

Net unrealized pre-tax losses on available-for-sale securities were $9.7 million at December 31, 2013, compared to net unrealized pre-tax gains of $20.7 million at December 31, 2012. These net unrealized pre-tax losses and gains represent temporary fluctuations resulting from changes in market rates in relation to fixed yields in the available-for-sale portfolio, and on an after-tax basis are accounted for as an adjustment to other comprehensive income in shareholders equity. Net unrealized pre-tax losses in the held-to-maturity portfolio, which are not accounted for in other comprehensive income, were $2.2 million at December 31, 2013, compared to net unrealized pre-tax gains of $36.8 million at December 31, 2012. The unrealized losses related to the held-to-maturity portfolio are for similar reasons as those securities in the available-for-sale category.

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TABLE 7. MATURITY DISTRIBUTION AND YIELD ANALYSIS OF SECURITIES

The following table presents the amortized cost and tax-equivalent yields of available-for-sale and held-to-maturity securities by contractual maturity at December 31, 2013. In some instances, the issuers may have the right to call or prepay obligations without penalty prior to the contractual maturity date.

	December 31, 2013											
	One Year or less		One to Five Years		Five to Ten Years		Over Ten Years		Mortgage-backed and equity		Total	
(dollars in thousands)	**Amount**	**Yield (1)**	**Amount**	**Yield (1)**	**Amount**	**Yield (1)**	**Amount**	**Yield (1)**	**Amount**	**Yield (1)**	**Amount**	**Yield (1)**
Available-for-sale												
Obligations of government agencies	**$**		**$ 24,352**	**0.87%**	**$ 36,966**	**1.82%**	**$ 13,846**	**1.97%**	**$**		**$ 75,164**	**1.54%**
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2)									**707,000**	**1.93%**	**707,000**	**1.93%**
Obligations of states and political subdivisions (3)	**5,075**	**5.91%**	**41,520**	**6.40%**	**21,054**	**5.54%**	**44,887**	**5.02%**			**112,536**	**5.67%**
Corporate debt securities	**6,051**	**1.11%**	**12,043**	**1.61%**	**15,699**	**1.26%**	**4,984**	**3.60%**			**38,777**	**1.65%**
Equity securities (4)									**10,597**	**4.01%**	**10,597**	**4.01%**
Total available-for-sale securities	**$ 11,126**	**3.30%**	**$ 77,915**	**3.93%**	**$ 73,719**	**2.77%**	**$ 63,717**	**4.24%**	**$ 717,597**	**1.96%**	**$ 944,074**	**2.36%**
Held-to-maturity (2)												
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2)	**$**		**$**		**$**		**$**		**$ 99,409**	**3.25%**	**$ 99,409**	**3.25%**
Obligations of states and political subdivisions (3)	**2,285**	**6.19%**	**8,798**	**3.55%**	**134,123**	**4.76%**	**351,190**	**4.98%**			**496,396**	**4.90%**
Corporate debt securities					**2,715**	**2.90%**					**2,715**	**2.90%**
Total held-to-maturity securities	**$ 2,285**	**6.19%**	**$ 8,798**	**3.55%**	**$ 136,838**	**4.72%**	**$ 351,190**	**4.98%**	**$ 99,409**	**3.25%**	**$ 598,520**	**4.65%**
Total securities	**$ 13,411**	**3.79%**	**$ 86,713**	**3.89%**	**$ 210,557**	**4.04%**	**$ 414,907**	**4.86%**	**$ 817,006**	**2.12%**	**$ 1,542,594**	**3.26%**

(1) Yields are determined based on the lower of the yield-to-call or yield-to-maturity.
(2) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds. Projected prepayments based on current speeds within one year, between one and five years, between five and ten years and over ten years are expected to be approximately $173.3 million, $287.1 million, $260.1 million and $85.9 million, respectively.
(3)

Average yields on obligations of states and political subdivisions have been calculated on a taxable-equivalent basis using the federal statutory tax rate of 35%.

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

Cost-method investments consist primarily of FHLB of Pittsburgh and FHLB of Cincinnati stock totaling $11.6 million and $21.3 million at December 31, 2013 and December 31, 2012, respectively, and are included in other assets in the Consolidated Balance Sheets.

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WesBanco s municipal portfolio comprises 40.0% of the overall securities portfolio as of December 31, 2013 as compared to 36.8% as of December 31, 2012, and it carries different risks that are not as prevalent in other security types contained in the portfolio. The following table presents the allocation of the municipal bond portfolio based on the combined S&P and Moody s ratings of the individual bonds:

TABLE 8. MUNICIPAL BOND RATINGS

	December 31, 2013		December 31, 2012	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**
Municipal bonds (at fair value) (1):				
Moody s: Aaa / S&P: AAA	**$ 45,898**	**7.5**	$ 55,225	8.8
Moody s: Aa1 ; Aa2 ; Aa3 / S&P: AA+ ; AA ; AA-	**429,250**	**70.5**	470,259	74.8
Moody s: A1 ; A2 ; A3 / S&P: A+ ; A ; A-	**118,126**	**19.4**	77,071	12.3
Moody s: Baa1 ; Baa2 ; Baa3 / S&P: BBB+ ; BBB ; BBB- (2)	**9,013**	**1.5**	14,005	2.2
Not rated by either agency	**6,707**	**1.1**	11,774	1.9
Total municipal bond portfolio	**$ 608,994**	**100.0**	$ 628,334	100.0

(1) The highest available rating was used when placing the bond into a category in the table.
(2) As of December 31, 2013 and 2012, there are no securities in the municipal portfolio rated below investment grade.

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

TABLE 9. COMPOSITION OF MUNICIPAL SECURITIES

	December 31, 2013		December 31, 2012	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**
Municipal bond type:				
General Obligation	**$ 428,705**	**70.4**	$ 456,405	72.6
Revenue	**180,289**	**29.6**	171,929	27.4
Total municipal bond portfolio	**$ 608,994**	**100.0**	$ 628,334	100.0
Municipal bond issuer:				
State Issued	**$ 51,389**	**8.4**	$ 43,268	6.9
Local Issued	**557,605**	**91.6**	585,066	93.1
Total municipal bond portfolio	**$ 608,994**	**100.0**	$ 628,334	100.0

The amortized cost of the municipal bond portfolio at December 31, 2013 and December 31, 2012 was $608.9 million and $588.8 million, respectively.

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WesBanco s municipal bond portfolio is broadly spread across the United States. The following table presents the top five states of municipal bond concentration based on total fair value at December 31, 2013:

TABLE 10. CONCENTRATION OF MUNICIPAL SECURITIES

	December 31, 2013	
(dollars in thousands)	Fair Value	% of Total
Pennsylvania	**$ 170,511**	**28.0**
Ohio	**82,447**	**13.5**
Texas	**60,594**	**9.9**
Illinois	**35,211**	**5.8**
Michigan	**26,760**	**4.4**
All other states	**233,471**	**38.4**
Total municipal bond portfolio	**$ 608,994**	**100.0**

WesBanco uses prices from independent pricing services and, to a lesser extent, indicative (non-binding) quotes from independent brokers, to measure the fair value of its securities. WesBanco validates prices received from pricing services or brokers using a variety of methods, including, but not limited to, comparison to secondary pricing services, corroboration of pricing by reference to other independent market data such as secondary broker quotes and relevant benchmark indices, review of pricing by personnel familiar with market liquidity and other market-related conditions, review of pricing service methodologies, review of independent auditor reports received from the pricing service regarding its internal controls, and through review of inputs and assumptions used in pricing certain securities thinly traded or with limited observable data points. The procedures in place provide management with a sufficient understanding of the valuation models, assumptions, inputs and pricing to reasonably measure the fair value of WesBanco s securities. For additional disclosure relating to fair value measurements, refer to Note 14, Fair Value Measurements in the Consolidated Financial Statements.

LOANS AND LOAN COMMITMENTS

Loans represent WesBanco s largest balance sheet asset classification and the largest source of interest income. Commercial loans include commercial real estate (CRE), which is further differentiated between land and construction, and improved property loans; as well as C&I loans that are not secured by real estate. Retail loans include residential real estate, home equity lines of credit, and loans for other consumer purposes.

Loan commitments, which are not reported on the balance sheet, represent available balances on commercial and consumer lines of credit, deposit account overdraft protection limits, letters of credit, certain loan guarantee contracts, and approved commitments to extend credit. Approved commitments are included net of any WesBanco loan balances that are to be refinanced by the new commitment. However, typically not all approved commitments will ultimately be funded.

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Loans and loan commitments are summarized in Table 11.

TABLE 11. LOANS AND COMMITMENTS

	December 31, 2013		2012		2011		2010		2009	
(dollars in thousands)	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
LOANS										
Commercial real estate:										
Land and construction	**$ 263,117**	**6.7**	$ 193,004	5.2	$ 175,867	5.4	$ 154,841	4.7	$ 254,637	7.3
Improved property	**1,649,802**	**42.3**	1,665,341	44.9	1,509,698	46.5	1,602,408	48.6	1,525,584	43.8
Total commercial real estate	**1,912,919**	**49.0**	1,858,345	50.1	1,685,565	51.9	1,757,249	53.3	1,780,221	51.1
Commercial and industrial	**556,249**	**14.3**	478,025	12.9	426,315	13.1	412,726	12.5	451,688	13.0
Total commercial loans	**2,469,168**	**63.3**	2,336,370	63.0	2,111,880	65.0	2,169,975	65.8	2,231,909	64.1
Residential real estate:										
Land and construction	**27,559**	**0.7**	11,805	0.3	9,654	0.3	7,714	0.2	8,787	0.3
Other mortgages	**863,245**	**22.1**	781,897	21.0	611,729	18.9	600,979	18.2	699,610	20.1
Home equity lines of credit	**284,687**	**7.3**	277,226	7.5	251,785	7.8	249,423	7.6	239,784	6.9
Total residential real estate	**1,175,491**	**30.1**	1,070,928	28.8	873,168	27.0	858,116	26.0	948,181	27.3
Consumer	**250,258**	**6.4**	280,464	7.6	254,320	7.8	260,585	7.9	290,856	8.3
Total retail loans	**1,425,749**	**36.5**	1,351,392	36.4	1,127,488	34.8	1,118,701	33.9	1,239,037	35.6
Total portfolio loans	**3,894,917**	**99.8**	3,687,762	99.4	3,239,368	99.8	3,288,676	99.7	3,470,946	99.7
Loans held for sale	**5,855**	**0.2**	21,903	0.6	6,084	0.2	10,800	0.3	9,441	0.3
Total loans	**$ 3,900,772**	**100.0**	$ 3,709,665	100.0	$ 3,245,452	100.0	$ 3,299,476	100.0	$ 3,480,387	100.0
LOAN COMMITMENTS										
Commercial real estate:										
Land and construction	**$ 305,600**	**26.4**	$ 188,764	17.0	$ 122,946	14.5	$ 61,014	8.8	$ 77,169	10.3
Improved property	**60,387**	**5.2**	113,164	10.2	102,677	12.1	72,907	10.5	109,900	14.7
Total commercial real estate	**365,987**	**31.6**	301,928	27.2	225,623	26.6	133,921	19.3	187,069	25.0
Commercial and industrial	**383,327**	**33.0**	408,322	36.8	297,203	35.1	252,522	36.5	255,469	34.1
Total commercial commitments	**749,314**	**64.6**	710,250	64.0	522,826	61.7	386,443	55.8	442,538	59.1
Residential real estate:										
Land and construction	**15,661**	**1.4**	5,817	0.6	4,299	0.5	3,109	0.5	1,239	0.2
Other mortgages	**5,461**	**0.5**	10,226	0.9	6,773	0.8	3,631	0.5	1,776	0.2
Home equity lines of credit	**268,302**	**23.1**	256,324	23.1	209,769	24.8	200,310	28.9	195,943	26.1
Total residential real estate	**289,424**	**25.0**	272,367	24.6	220,841	26.1	207,050	29.9	198,958	26.5
Consumer	**23,256**	**2.0**	26,283	2.4	15,358	1.8	14,894	2.2	21,222	2.8
Total retail commitments	**312,680**	**27.0**	298,650	27.0	236,199	27.9	221,944	32.1	220,180	29.3
Total portfolio commitments	**1,061,994**	**91.6**	1,008,900	91.0	759,025	89.6	608,387	87.9	662,718	88.4
Deposit overdraft limits	**96,291**	**8.3**	93,654	8.5	85,981	10.1	81,142	11.7	81,125	10.8
Commitments held for sale	**1,733**	**0.1**	5,902	0.5	2,415	0.3	2,945	0.4	5,882	0.8

Total loan commitments	**$ 1,160,018**	**100.0**	$ 1,108,456	100.0	$ 847,421	100.0	$ 692,474	100.0	$ 749,725	100.0
Letters of credit included above	**$ 20,447**	**1.8**	$ 20,078	1.8	$ 37,719	4.4	$ 35,794	5.2	$ 34,488	4.6

Total portfolio loans increased $207 million or 5.6% from December 31, 2012 to December 31, 2013, primarily due to growth in CRE land and construction, C&I and residential real estate loans. Loan growth was achieved as a result of improved economic conditions that contributed to increased lending activity in all markets, additional lending personnel and business development efforts that led to new commercial customer relationships, new opportunities created by the Fidelity acquisition and expanded presence in the Pittsburgh market, and increased business activity in the markets impacted by Marcellus and Utica shale gas drilling activity. New loan originations in excess of $1.6 billion in 2013 for all types of loans represent a 31.5% increase over 2012 originations.

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CRE land and construction loans increased $70 million or 36.3% driven primarily by new multi-family apartment and hotel projects. Apartment construction was centered in the central Ohio market, fueled by strong demand for new units as well as repurposed older properties in highly desirable parts of Columbus. Hotel construction was driven by increased demand in the markets with shale gas drilling activity. Although originations of CRE improved property loans was strong in 2013, this category decreased $15 million or 0.9% primarily due to unscheduled payoffs from borrowers who sold properties, loans that were refinanced in the secondary market, and to a lesser extent the disposition of non-performing loans during the year. C&I loans increased $78 million or 16.4% as a result of new lending relationships and overall improvement in the economy. However, C&I growth was tempered by a $20 million decrease in the aggregate balances of mortgage warehousing lines of credit due to lower mortgage origination volume.

Residential real estate loans increased $97 million or 12.2% as the Bank retained more loans for the portfolio than it sold in the secondary market. Approximately 55% of residential real estate loan originations in 2013 financed the purchase or construction of a residence with refinancing representing the remaining 45% of total originations compared to 2012 when nearly 60% of new loans were the result of refinancing activity. Home equity lines of credit increased $7 million or 2.7% while consumer loans decreased $30 million or 10.8% due to more rigid underwriting standards to improve the quality of consumer loans, lower demand and adjustments to product offerings.

Total loan commitments increased $52 million or 4.7% from December 31, 2012 to December 31, 2013. CRE land and construction commitments increased $117 million or 61.9% as only 40% of apartment construction loans and 60% of hotel construction loans were advanced through December 31, 2013. The remaining available balance of these loans will be advanced over the next twelve to eighteen months as these projects progress toward completion. However, the increase in CRE land and construction commitments was offset by a $107 million aggregate decrease in approved commitments to extend CRE improved property and C&I credit from December 31, 2012 to December 31, 2013.

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Geographic Distribution WesBanco primarily extends credit within the market areas where the Bank has branch offices. The geographic distribution of the loan portfolio excluding deposit overdraft limits and loans held for sale is summarized in Table 12.

TABLE 12. GEOGRAPHIC DISTRIBUTION OF LOANS

	December 31, 2013									
	Upper Ohio Valley MSAs	Morgantown, WV MSA	Parkersburg, WV-Marietta, OH MSA	Other WV Locations	Pittsburgh MSA and Western Pennsylvania	Columbus, OH MSA	Western Ohio MSAs	Other Ohio Locations	Adjacent States and Outside of Market	Total
Commercial real estate:										
Land and construction	9%	4%	7%	5%	18%	40%	10%	4%	3%	100%
Improved property	12	6	6	9	16	18	17	14	2	100
Commercial and industrial	36	6	6	13	17	8	4	7	3	100
Residential real estate	17	6	4	16	15	9	15	15	3	100
Home equity lines of credit	25	7	7	15	11	5	15	15	0	100
Consumer	25	4	5	19	21	3	4	14	5	100
Total loans	17%	6%	6%	12%	16%	13%	14%	13%	3%	100%

The Upper Ohio Valley Metropolitan Statistical Areas (MSAs or MSA) include the Wheeling, West Virginia and Weirton, West Virginia-Steubenville, Ohio MSAs. Other West Virginia locations include the Fairmont-Clarksburg and Charleston MSAs as well as communities that are not located within an MSA primarily in the northern, central and eastern parts of the state. The Western Ohio MSAs include the Dayton-Springfield and the Cincinnati-Middletown MSAs. Other Ohio locations include communities in Ohio that are not located within an MSA, the majority of which are located in southeastern Ohio. Adjacent states include Indiana, Kentucky and Maryland that are within close proximity to the Bank s markets. Loans outside of market are generally only made to established customers that have other business relationships with the Bank in its markets. Loans outside of the Bank s markets represented less than 2% of total loans at December 31, 2013 and 2012 consisting primarily of residential real estate loans for second residences or vacation homes, consumer purpose lines of credit to wealth management customers, automobile loans to family members of local customers, and recreational vehicle loans originated through broker-dealers from 2004 through 2009. There were no material changes in the geographic distribution of loans from December 31, 2012 to December 31, 2013.

CREDIT RISK

The risk that borrowers will be unable or unwilling to repay their obligations is inherent in all lending activities. Repayment risk can be impacted by external events such as adverse economic conditions, social and political influences that impact entire industries or major employers, individual loss of employment or other personal calamities, and changes in interest rates. This inherent risk may be further exacerbated by the terms and structure of each loan as well as potential concentrations of risk. The primary goal of managing credit risk is to minimize the impact of all of these factors on the quality of the loan portfolio.

Credit risk is managed through the initial underwriting process as well as through ongoing monitoring and administration of the portfolio. Credit policies establish standard underwriting guidelines for each type of loan and require an appropriate evaluation of the credit characteristics of each borrower. This evaluation focuses on the

sufficiency and sustainability of the primary source of repayment, the adequacy of collateral, if any, as a secondary source of repayment, and other factors unique to each type of loan that may increase or mitigate their risk. Monitoring and administration of the portfolio varies by type and size of loan.

Credit risk is also managed by closely monitoring delinquency levels and trends, and initiating collection efforts at the earliest stage of delinquency. The Bank also monitors general economic conditions, including employment, housing activity and real estate values in its market. Underwriting standards are modified when appropriate based on market conditions, the performance of one or more loan categories, and other external factors. An independent loan review function also performs periodic reviews of the portfolio to assess the adequacy and effectiveness of the Bank s underwriting, loan documentation and portfolio administration processes.

Each category of loans contain distinct elements of risk that impact the manner in which those loans are underwritten, structured, documented, administered and monitored. Customary terms and underwriting practices, together with specific risks associated with each category of loans and the Bank s processes for managing those risks are discussed in the remainder of this section.

Commercial Loans The commercial portfolio consists of loans to a wide range of business enterprises. The average commercial loan approximates $361,000 at December 31, 2013 compared to $317,000 at December 31, 2012. However, many commercial loans are for larger amounts and often involve multiple loans to one borrower or a group of related borrowers, therefore the potential for loss on any single transaction can be significantly greater for commercial loans than for retail loans.

Commercial loans are monitored for potential concentrations of loans to one borrower or group of related borrowers. The ten largest commercial relationships approximate $470 million at December 31, 2013 compared to $370 million at December 31, 2012. This increase is the result of the Bank expanding relationships with several of the largest and most credit-worthy customers during the year. The single largest relationship exposure approximates $75 million at December 31, 2013 compared to $53 million at December 31, 2012. These large relationships generally consist of more than one loan to a borrower or their related entities. The largest CRE loan exposure by property type and industry are set forth in tables 14 and 16. The Bank s legal lending limit at December 31, 2013 to a single borrower was $82.4 million.

C&I risk is mitigated by limiting total credit exposure to individual borrowers or groups of borrowers, industries and geographic markets; and by requiring collateral where appropriate.

Commercial loans, including renewals and extensions of maturity, are approved within a framework of individual lending authorities based on the total credit exposure of the borrower. Loans with credit exposure up to $500,000 are approved by underwriters that are not responsible for loan origination. Loans with credit exposure greater than $500,000 minimally require the approval of a senior commercial banking officer, and credit exposures greater than $1.5 million require approval of a credit officer that is not responsible for loan origination. Credit exposures greater than $10 million require approval of a credit committee comprised of executive management, directors, or other qualified persons that do not have individual lending authority. Underwriters and credit officers do not receive incentive compensation based on loan origination volume. Senior commercial banking officers receive incentive compensation based on multiple factors that include loan production, outstanding loan balances and credit quality.

CRE land and construction consists of loans to finance land for development, investment, use in a commercial business enterprise, agricultural or minerals extraction; construction of residential dwellings for resale, multi-family apartments and other commercial buildings that may be owner-occupied or income generating investments for the owner. Construction loans are generally made only when the Bank also commits to the permanent financing of the project, has a takeout commitment from another lender for the permanent loan, or the loan is expected to be repaid from the sale of subdivided property. However, even if the Bank has a takeout commitment, construction loans are underwritten as if the Bank will retain the loan upon completion of construction.

CRE improved property loans consist of loans to purchase or refinance owner-occupied and investment properties. Owner-occupied CRE consists of loans to borrowers in a diverse range of industries for all property types. Investment properties include multi-family apartment buildings, 1-to-4 family rental units, and other facilities that are rented or leased to unrelated parties of the owner.

C&I loans consist of revolving lines of credit to finance accounts receivable, inventory and other general business purposes; term loans to finance fixed assets other than real estate, and letters of credit to support trade, insurance or governmental requirements for a variety of businesses. Most C&I borrowers are privately-held companies with annual sales up to $50 million.

CRE land and construction loans require payment of interest only during the construction period, with initial terms ranging from six months to up to three years for larger, multiple-phase projects such as residential housing developments and large scale commercial projects. Interest rates are often fully floating based on an appropriate index but may also be structured in the same manner as the interest rate that will apply to the permanent loan upon completion of construction. Interest during the construction period is typically included in total project costs and therefore is often funded by loan advances. Advances are monitored by the Bank to ensure that the project is at the appropriate stage of completion with each advance and that interest reserves are not exhausted prior to completion of the project. In the event a project is not completed within the initial term, the loan is underwritten at maturity but interest beyond the initial term must be paid by the borrower and in some instances an additional interest reserve is required as a condition of extending the maturity. Upon completion of construction, the loan is converted to permanent financing and reclassified to CRE improved property.

CRE improved property loans generally require monthly principal and interest payments based on amortization periods ranging from ten to twenty-five years depending on the type, age and condition of the property. Loans with amortization periods exceeding twenty years typically also have a maturity date or call option of ten years or less. Interest rates are generally adjustable ranging from one to five years based on an appropriate index of comparable duration.

C&I term loans secured by equipment and other types of collateral generally require monthly principal and interest payments based on amortization periods up to ten years depending on the estimated useful life of the collateral with interest rates that may be fixed for the term of the loan or adjustable ranging from one to seven years based on an appropriate index.

Lines and letters of credit are categorized as CRE or C&I depending on the collateral. Lines of credit typically require payment of interest only with principal due on demand or at maturity. Interest rates on lines of credit are generally fully adjustable based on an appropriate short-term index. Letters of credit typically require a periodic fee with principal and interest due on demand in the event the beneficiary of the letter requests an advance on the commitment. Lines and letters of credit are generally renewable or may be cancelled annually by the Bank but may also be committed for up to three years when appropriate. Letters of credit may also require the Bank to notify the beneficiary within a specified time in the event the Bank does not intend to renew or extend the commitment.

Table 13 summarizes the distribution of maturities by rate type for all commercial loans.

TABLE 13. MATURITIES OF COMMERCIAL LOANS

	December 31, 2013							
	Fixed Rate Loans				Variable Rate Loans			
(in thousands)	**In One Year or Less**	**After One Year Through Five Years**	**After Five Years**	**Total**	**In One Year or Less**	**After One Year Through Five Years**	**After Five Years**	**Total**
Commercial real estate:								
Land and construction	**$ 8,715**	**$ 45,752**	**$ 4,404**	**$ 58,871**	**$ 40,995**	**$ 73,939**	**$ 89,312**	**$ 204,246**
Improved property	**36,595**	**196,099**	**98,674**	**331,368**	**68,752**	**161,352**	**1,088,330**	**1,318,434**
Commercial and industrial	**30,817**	**85,724**	**38,270**	**154,811**	**203,595**	**74,000**	**123,843**	**401,438**
Total commercial loans	**$ 76,127**	**$ 327,575**	**$ 141,348**	**$ 545,050**	**$ 313,342**	**$ 309,291**	**$ 1,301,485**	**$ 1,924,118**

The primary factors that are considered in underwriting CRE land and construction loans are the overall viability of each project, the experience and financial capacity of the developer or builder to successfully complete the project, market absorption rates and property values. These loans also have the unique risk that the developer or builder may not complete the project, or not complete it on time or within budget. Risk is generally mitigated by extending credit to developers and builders with established reputations who operate in the Bank s markets and have the necessary resources to absorb unanticipated increases in the cost of a project or longer than anticipated absorption, periodically inspecting construction in progress, and disbursing the loan at specified stages of completion. Certification of completed construction by a licensed architect or engineer and performance and payment bonds may also be required for certain types of projects. Speculative land and construction projects are inherently riskier; therefore, the Bank may require a specified percentage of pre-sales for land and residential development projects or pre-lease commitments for investment property before construction can begin.

The primary factors that are considered in underwriting investment real estate are the net rental income generated by the property, the composition of the tenants occupying the property, and the terms of leases all of which may vary depending on the specific type of property. Other factors that are considered include the overall financial capacity of the investors and their experience owning and managing investment property.

Repayment of owner-occupied loans must come from the cash flow generated by the occupant s commercial business. Therefore, the primary factors that are considered in underwriting owner-occupied real estate and C&I loans are the historical and projected earnings, cash flow, capital resources, liquidity and leverage of the business. Other factors that are considered for their potential impact on repayment capacity include the borrower s industry, competitive advantages and disadvantages, demand for the business s products and services, business model viability, quality, experience and depth of management, and external influences that may impact the business such as general economic conditions and social or political changes.

The type, age, condition and location of real estate as well as any environmental risks associated with the property are considered for both owner-occupied and investment CRE. Environmental risk is mitigated by requiring assessments performed by qualified inspectors whenever the current or previous uses of the property or any adjacent properties are likely to have resulted in contamination of the property financed. Risk is further mitigated by requiring borrowers to have adequate down payments or cash equity, thereby limiting the loan amount in relation to the lower of the cost or the market value of the property, unless there are sufficient mitigating factors that would reduce the risk of a higher loan-to-value. Market values are determined by obtaining current appraisals or evaluations, whichever is appropriate or required by banking regulations prior to the loan being made. New appraisals or evaluations may be obtained to more accurately assess current market value when the initial term of a loan is being extended, market conditions indicate that the property value may have declined, and/or the primary source of repayment is no longer adequate to repay the loan under its original terms.

CRE loan-to-value ratios are generally limited to the maximum percentages prescribed by the Bank s credit policy or banking regulations which range from 65% for unimproved land to 85% for improved commercial property. Regulatory guidelines also limit the aggregate of CRE loans that exceed prescribed loan-to-value ratios to 30% of Bank total risk-based capital. The aggregate of all CRE loans and loan commitments that exceeded the regulatory guidelines approximated $142 million or 26% of Bank total risk-based capital at December 31, 2013 compared to $126 million or 24% at December 31, 2012. Regardless of Bank policy or regulatory guidelines, lower loan-to-value ratios may be required for certain types of properties or when other factors exist that increase the risk of volatility in market value such as single or special use property that cannot be easily converted to other uses or may have limited marketability. Conversely, higher loan-to-value ratios may be acceptable when other factors adequately mitigate the risk.

The type and amount of collateral for C&I loans varies depending on the overall financial strength of the borrower, the amount and terms of the loan, and the collateral available to be pledged by the borrower. Loans secured by bank deposit accounts and marketable securities represent the lowest risk. Marketable securities are

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subject to changes in market value and are therefore monitored regularly to ensure they remain appropriately margined. The total of C&I exposure secured by bank deposit accounts and marketable securities approximate $160 million at December 31, 2013 compared to $143 million at December 31, 2012. Conversely, unsecured C&I loans, which represent the highest risk, approximated $100 million at December 31, 2013 compared to $63 million at December 31, 2012. Unsecured credit is only extended to those borrowers that exhibit consistently strong repayment capacity and the financial condition to withstand a temporary decline in their operating cash flow. The single largest unsecured exposure is $20 million extended to a publicly-traded company in the finance and insurance industry. Collateral other than real estate that fluctuates with business activity, such as accounts receivable and inventory, may also be subject to regular reporting and certification by the borrower and, in some instances, independent inspection or verification by the Bank. Approximately $96 million or 10.2% of C&I exposure is secured by accounts receivable and inventory. Another $75 million or 7.9% of C&I exposure is secured by equipment or motorized vehicles. The remainder of the C&I portfolio is secured by multiple types of collateral, which at times includes real estate that is taken as collateral for reasons other than its value.

Most commercial loans are originated directly by the Bank except for participations in commercial loans originated by other lending institutions. Commercial participations include Shared National Credits, which are defined as loans in excess of $20 million that are financed by three or more lending institutions. WesBanco performs its own customary credit evaluation and underwriting before purchasing loan participations. The credit risk associated with these loans is similar to that of loans originated by WesBanco, but additional risk may arise from the Bank s limited ability to control the actions of the lead, agent or servicing institution for commercial participations. Total purchased loan participations represented $177 million or 3.5% of total commercial loans at December 31, 2013 compared to $146 million or 3.0% at December 31, 2012. Included in this total is Shared National Credits of $27 million at December 31, 2013 and $42 million at December 31, 2012.

The commercial portfolio is monitored for potential concentrations of credit risk by market, type of lending, CRE property type, C&I and owner-occupied CRE by industry, and investment CRE dependence on common tenants. Total credit exposure by real estate property type and industry sectors are summarized in Tables 14 and 16.

TABLE 14. CRE EXPOSURE BY PROPERTY TYPE

	December 31, 2013								
	CRE Land and Construction		CRE Improved Investment		CRE Improved Owner Occupied				
(dollars in thousands)	Loan Balance	Loan Commitment	Loan Balance	Loan Commitment	Loan Balance	Loan Commitment	Total Exposure	Largest Loan (1)	% of Capital (2)
Land	$ 64,619	$ 9,902	$	$	$	$	$ 74,521	$ 3,555	13.6
1-to-4 family	13,883	13,255	123,081	4,369			154,588	3,500	28.1
Multi-family	92,653	140,147	256,024	9,023			497,847	30,150	90.6
Retail	24,078	3,210	211,259	5,802	52,141	2,294	298,784	15,274	54.4
Office	5,628	5,150	137,609	4,053	71,995	985	225,420	10,172	41.0
Industrial	132	18	39,621	1,458	62,980	3,202	107,411	6,394	19.5
Lodging	27,331	46,115	143,798	347			217,591	13,881	39.6
Senior living	3,996	6,884	48,348	1,091	37,857	3,326	101,502	21,349	18.5
Self storage	762	2,714	27,765	1,981			33,222	5,100	6.0
Eating place	205	2,000	9,590		34,663	390	46,848	3,929	8.5
Gas station			2,943		42,052		44,995	6,001	8.2
Recreational	84	416	3,232		13,842	213	17,787	5,779	3.2
House of worship	2,832	305			19,652	641	23,430	2,500	4.3
Other special use	5,270	6,352	39,391	3,357	90,390	2,666	147,426	10,654	26.8
Mixed use	21,381	26,542	74,611	7,637	49,868	2,399	182,438	14,160	33.2
Unclassified	263	42,590	28,183	2,570	28,907	2,583	105,096	4,082	19.1
Total	$ 263,117	$ 305,600	$ 1,145,455	$ 41,688	$ 504,347	$ 18,699	$ 2,278,906	$ 30,150	414.7

(1) Largest loan represents the largest contractual obligation of WesBanco, which may not be fully funded.
(2) Bank total risk-based capital.

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CRE land and construction exposure increased from $382 million at December 31, 2012 to $569 million at December 31, 2013, driven primarily by multi-family apartment and hotel construction lending. CRE land and construction loan commitments include approximately $129 million for projects approved late in the year for which construction had not begun as of December 31, 2013. Most of these commitments are expected to be funded in the years 2014 and 2015.

Multi-family apartments represent the single largest category of CRE. Including construction loans, multi-family apartment exposure increased 31.4% from $379 million at December 31, 2012 to $498 at December 31, 2013. Most of the growth in multi-family exposure has been in the Central Ohio market which increased from $142 million or 37% of the total at December 31, 2012 to $247 million or 50% of the total at December 31, 2013. While multi-family exposure has increased significantly in the past year, many of the new construction projects are expected to be refinanced in the secondary market upon stabilization over the next twenty-four months. During 2013, the Bank experienced approximately $59 million of early payoffs of multi-family loans as a result of borrowers selling properties to monetize market value appreciation as well as obtain secondary market long-term nonrecourse refinancing. Certain properties were refinanced immediately upon completion and prior to stabilization. These early payoffs enabled the Bank to finance additional multi-family projects, but also contributed to the net decrease in CRE improved property loan totals from 2012 to 2013. Additionally, another $30 million of multi-family loans are expected to pay off early in 2014.

Retail property, which includes shopping centers, single-tenant buildings, and neighborhood retail store fronts represent the second largest category of CRE. Retail property increased minimally from $296 million at December 31, 2012 to $299 at December 31, 2013. There is no known concentration of loans secured by retail investment property occupied by a common tenant or group of tenants in the same industry, and retail property is not concentrated in any single market.

Lodging experienced the second highest rate of growth of all CRE property types, increasing 36.3% from $160 million at December 31, 2012 to $218 million at December 31, 2013. The majority of the increase occurred in several of the Bank s markets with Marcellus and Utica shale gas drilling activity. More than 75% of the lodging portfolio consists of facilities operated under four high-quality hotel franchises by borrowers who are experienced in the lodging industry.

In addition to the methods in which the Bank monitors the CRE portfolio for possible concentrations of risk, the regulatory agencies use a two-tiered assessment to determine whether a bank has an overall concentration of CRE lending as a percentage of Bank total risk-based capital. The first tier measures loans for land, land development, residential construction and commercial construction. The second tier measures loans included in the first threshold plus multi-family apartments and other commercial investment property. Table 15 summarizes the Bank s CRE exposure according to the regulatory concentration guidelines.

TABLE 15. CRE RELATIONSHIP TO BANK TOTAL RISK-BASED CAPITAL

	December 31, 2013			**December 31, 2012**		
(dollars in thousands)	**Total Exposure**	**% of Bank Total Risk-Based Capital**	**Regulatory Guideline**	**Total Exposure**	**% of Bank Total Risk-Based Capital**	**Regulatory Guideline**
Land and construction	**$ 568,717**	**103.5**	**100.0%**	$ 381,768	72.7	100.0%
Multi-family and commercial investment property	**1,059,693**	**192.8**		1,024,631	195.1	
Total CRE regulatory concentration loans	**1,628,410**	**296.3**	**300.0%**	1,406,399	267.8	300.0%
Owner occupied and 1-to-4 family rental property	**650,496**	**118.4**		753,874	143.6	
Total CRE	**$ 2,278,906**	**414.7**	**N/A**	$ 2,160,273	411.4	N/A

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The regulatory agencies also consider whether a bank s CRE portfolio has increased by 50% or more within the prior thirty-six months of the assessment date. All CRE exposure, including owner-occupied and 1-to-4 family rental property that is excluded from the 300% of Bank total risk-based capital, increased $388 million or 20.5% for the thirty-six month period ended December 31, 2013. Organic growth accounts for $82 million or 4.7% of the increase during this period, with the remainder consisting of CRE exposure acquired from Fidelity.

CRE land and construction increased $187 million or 49.0% from December 31, 2012 to December 31, 2013. However, approximately $76 million of the total exposure at December 31, 2013 consists of projects for which construction was complete and the loans were fully advanced and not yet converted to permanent financing, or the final advance was in process of funding. If these loans are excluded from the total, CRE land and construction loans would approximate 90% of Bank total risk-based capital. Also included in CRE land and construction at December 31, 2013 are commitments approximating $10 million for apartment projects that are being completed in phases with completed phases being rented and not dependent on the completion of the remainder of the project.

TABLE 16. C&I AND OWNER-OCCUPIED CRE EXPOSURE BY INDUSTRY

	December 31, 2013						
	C&I		Occupied Property				
(dollars in thousands)	Loan Balance	Loan Commitment	Loan Balance	Loan Commitment	Total Exposure	Largest Loan (1)	% of Capital (2)
Agriculture and farming	$ 4,788	$ 2,277	$ 1,036	$ 179	$ 8,280	$ 2,500	1.5
Energy oil and gas	21,886	4,055	1,078		27,019	11,456	4.9
Energy mining and utilities	5,664	1,281	3,989		10,934	3,000	2.0
Construction general	37,201	28,789	5,704	1,048	72,742	12,000	13.2
Construction trades	27,176	18,565	15,516	450	61,707	7,500	11.2
Manufacturing primary metals	9,488	21,372	4,519		35,379	9,000	6.4
Manufacturing other	43,704	34,069	19,568	1,494	98,835	12,421	18.0
Wholesale and distribution	24,844	23,229	19,400	840	68,313	3,000	12.4
Retail automobile dealers	21,351	8,272	25,652	2,209	57,484	6,750	10.5
Retail other sales	22,809	16,630	79,074	620	119,133	5,000	21.7
Transportation and warehousing	16,645	7,277	17,830	1,155	42,907	2,000	7.8
Information and communications	2,968	333	2,507		5,808	885	1.1
Finance and insurance	43,723	71,220	7,390	533	122,866	15,000	22.4
Equipment leasing	14,440	11,976	3,939	1,523	31,878	5,784	5.8
Services real estate	27,165	10,238	30,870	2	68,275	3,000	12.4
Services business and professional	31,980	27,931	20,599	624	81,134	3,500	14.8
Services personal and other	16,362	22,360	58,086	845	97,653	18,544	17.8
Schools and education services	31,371	1,882	13,323	174	46,750	6,000	8.5
Healthcare medical practitioners	10,822	6,381	29,709	154	47,066	647	8.6
Healthcare hospitals and other	50,980	18,071	59,565	3,673	132,289	21,673	24.1
Entertainment and recreation	11,044	3,178	17,011	265	31,498	3,581	5.7
Restaurants and lodging	15,256	1,570	39,471	576	56,873	1,027	10.3
Religious organizations	36,574	11,995	19,746	641	68,956	15,000	12.5
Government	17,413	4,795	6,861	177	29,246	3,000	5.3
Unclassified	10,595	25,581	1,904	1,517	39,597	810	7.2
Total commercial real estate	$ 556,249	$ 383,327	$ 504,347	$ 18,699	$ 1,462,622	$ 21,673	266.2

(1) Largest loan represents the largest contractual obligation of WesBanco, which may not be fully funded.
(2) Bank total risk-based capital.

All of the services sectors combined represent the largest industry exposure at 45% of capital; however, these sectors include a variety of service-providing businesses. Combined exposure to the services sectors increased minimally from $243 million at December 31, 2012 to $247 million at December 31, 2013. Approximately $54 million of exposure to death care services is the only service sector category that represents more than 20% of the combined total.

The healthcare sector including medical practitioners represents the second largest industry at 32.7% of capital. However exposure to this sector decreased 17.5% from $217 million at December 31, 2012 to $179 million at December 31, 2013. Virtually all of the decrease was in exposure to general hospitals and senior living facilities.

Retail sales including automobile dealers represent the next largest industry exposure at 32.2% of capital. Total exposure to the retail sector decreased 12.1% from $201 million at December 31, 2012 to $177 million at December 31, 2013. Excluding automobile dealers, gasoline stations and convenience stores represent approximately half of the exposure to the other retail businesses.

The construction and manufacturing sectors both represent 24.4% of capital. Total exposure to the construction sector decreased minimally from $139 million at December 31, 2012 to $134 million at December 31, 2013 while total exposure to the manufacturing sector increased 14.3% from $117 million at December 31, 2012 to $134 million at December 31, 2013. Approximately 55% of the general construction exposure is to commercial contractors with another 24% to heavy construction companies. Metal fabrication, equipment and pottery manufacturing represent nearly 73% of the non-primary metals segment of the manufacturing sector.

The finance and insurance sector is the only other sector that represents more than 20% of capital. Mortgage warehousing lines of credit acquired in the Fidelity acquisition represent $48 million or 39.1% of this sector at December 31, 2013 and $51 million or 43.6% of the total at December 31, 2012. Mortgage warehousing lines of credit are extended to companies that originate residential mortgage loans for sale to third party investors in the secondary market. Advances on these lines are made when the borrowers originate individual mortgage loans and repaid when the loans are sold, with advances being outstanding an average of less than 20 days from the date of each advance. The remainder of this sector consists of loans to other banking institutions, insurance and investment brokerage companies.

Retail Loans Retail loans are a homogenous group, generally consisting of standardized products that are smaller in amount and spread over a larger number of individual borrowers. The average residential real estate loan approximates $81,000 at December 31, 2013 compared to $69,000 at December 31, 2012 while the average of all retail loans approximates $37,000 at December 31, 2013 compared to $32,000 at December 31, 2012. The higher average residential real estate loan at December 31, 2013 is attributable to increased market share in the Bank s metropolitan markets that have higher home values.

Residential real estate consists of loans to purchase, construct or refinance the borrower s primary dwelling, second residence or vacation home. Residential real estate also includes some 1-to-4 family rental properties originated by acquired banks. WesBanco originates residential real estate loans for its portfolio as well as for sale in the secondary market. Portfolio loans also include loans to finance vacant land upon which the owner intends to construct a dwelling at a future date. Except for construction loans that require interest-only during the construction period, portfolio loans require monthly principal and interest payments to amortize the loan within terms up to thirty years. Construction periods range from six to twelve months but may be longer for larger residences. Loans for vacant land generally begin amortizing immediately and are refinanced when the owner begins construction of a dwelling. The Bank does not originate interest-only or option-adjustable rate mortgages. Interest rates on portfolio loans may be fixed for up to fifteen years. Adjustable rate loans are based primarily on the Treasury Constant Maturity index and can adjust annually or in increments up to five years.

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Home equity lines of credit are secured by first or second liens on a borrower s primary residence. Home equity lines are generally limited to an amount which when combined with the first mortgage on the property, if any, does not exceed 90% of the market value. Maximum loan-to-value ratios are also tiered based on the amount of the line and the borrower s credit history. Most home equity lines originated prior to 2005 are available for draws by the borrower for up to fifteen years at which time the outstanding balance is converted to a term loan requiring monthly principal and interest payments sufficient to repay the loan in not more than seven years. Most home equity lines originated since 2005 are available to the borrower for an indefinite period as long as the borrower s credit characteristics do not materially change, but may be cancelled by the Bank under certain circumstances. Certain lines also give borrowers the option to convert portions of the balance of their line into an installment loan requiring monthly principal and interest payments, with availability to draw on the line restored as the installment portions are repaid.

Consumer loans consist of installment loans originated directly by the Bank and, indirectly through dealers to finance purchases of automobiles, trucks, motorcycles, boats, and other recreational vehicles; home equity installment loans, unsecured home improvement loans, and revolving lines of credit that can be secured or unsecured. The maximum term for installment loans is generally eighty-four months for automobiles, trucks, motorcycles and boats; one hundred eighty months for travel trailers; one hundred twenty months for home equity loans; and sixty months if the loan is unsecured but may be less depending on the age of the collateral. Revolving lines of credit are generally available for an indefinite period of time as long as the borrower s credit characteristics do not materially change but may be cancelled by the Bank under certain circumstances. Interest rates on installment obligations are generally fixed for the term of the loan and lines of credit are adjustable daily based on the Prime Rate.

TABLE 17. MATURITIES OF RETAIL LOANS AND COMMITMENTS

	December 31, 2013							
	Fixed Rate Loans				Variable Rate Loans			
(in thousands)	In One Year or Less	After One Year Through Five Years	After Five Years	Total	In One Year or Less	After One Year Through Five Years	After Five Years	Total
Residential real estate	$ 2,823	$ 25,629	$ 673,905	$ 702,357	$ 342	$ 5,668	$ 182,437	$ 188,447
Home equity lines of credit	86	1,721	5,712	7,519	213,223	28,948	34,997	277,168
Consumer	12,333	102,178	103,062	217,573	13,266	10,590	8,829	32,685
Total retail loans	$ 15,242	$ 129,528	$ 782,679	$ 927,449	$ 226,831	$ 45,206	$ 226,263	$ 498,300

The primary factors that are considered in underwriting retail loans are the borrower s credit history and their current and reasonably anticipated ability to repay their obligations as measured by their total debt-to-income ratio. Portfolio residential real estate loans are generally underwritten to secondary market lending standards using automated underwriting systems developed for the secondary market that rely on empirical data to evaluate each loan application and assess credit risk. The amount of the borrower s down payment is an important consideration for residential real estate, as is the borrower s equity in the property for home equity lines of credit. It is common practice to finance the total amount of the purchase price of motor vehicles and other consumer products plus certain allowable additions for tax, title, service contracts and credit insurance.

Risk is further mitigated by requiring residential real estate borrowers to have adequate down payments or cash equity, thereby limiting the loan amount in relation to the lower of the cost or the market value of the property, unless there are sufficient mitigating factors that would reduce the risk of a higher loan-to-value. Market values are determined by obtaining current appraisals or evaluations, whichever is appropriate or required by banking regulations prior to the loan being made. New appraisals or evaluations are not obtained unless the borrower requests a modification or refinance of the loan or there is increased dependence on the value of the collateral because the borrower is in default.

The credit characteristics and performance of residential real estate and home equity loans is evaluated in the aggregate by the year in which loans are originated to assess differences in their risk profile by vintage. Approximately 69% of residential real estate loans were originated in the past five years and therefore do not have the same level of risk associated with loans originated in years when property values were at inflated levels. Non-performing and past due loans originated within this five year period are well below 0.50% of total loans originated during that period.

The Bank does not maintain current information about the industry in which retail borrowers are employed. While such information is obtained when each loan is underwritten, it often becomes inaccurate with the passage of time or if borrowers change employment. Instead, the Bank estimates potential exposure based on consumer demographics, market share, and other available information when there is a significant risk of loss of employment within an industry or a significant employer in the Bank s markets. To management s knowledge there are no concentrations of employment that would have a material adverse impact on the retail portfolio.

Most retail loans are originated directly by the Bank except for indirect consumer loans originated by automobile dealers and other sellers of consumer goods, and purchased pools of residential real estate loans. WesBanco performs its own customary credit evaluation and underwriting before purchasing indirect loans and mortgage pools. The credit risk associated with these loans is similar to that of loans originated by WesBanco, but additional risk may arise from the Bank s limited ability to control a dealer s compliance with applicable consumer lending laws for indirect loans and the actions of the servicing institution for mortgage pools. Indirect consumer loans represented $126 million or 51% of consumer loans at December 31, 2013 compared to $138 million or 49% at December 31, 2012. Loans in residential mortgage pools represent $9 million or 1.1% of total residential real estate loans at December 31, 2013 compared to $13 million or 1.6% at December 31, 2012. There have been no purchases of mortgage pools since 2006.

Loans Held For Sale Loans held for sale consists of residential real estate originated for sale in the secondary market. Credit risk associated with such loans is mitigated by entering into sales commitments with third party investors to purchase the loans when they are originated. This practice has the effect of minimizing the amount of such loans that are unsold and the interest rate risk at any point in time. WesBanco generally does not service these loans after they are sold. While all loans are sold without recourse, the Bank may be required to repurchase loans under certain circumstances. The number and principal balance of loans that the Bank has been required to repurchase has not been material and therefore reserves established for this exposure were not material.

Banks that have been acquired by WesBanco serviced many of the residential real estate loans that were sold to the secondary market prior to being acquired. Although these loans are not carried as an asset on the balance sheet, WesBanco continues to service these loans. As of December 31, 2013 and 2012, WesBanco serviced loans for others aggregating approximately $81.4 million and $116.2 million, respectively. The unamortized balance of mortgage servicing rights related to these loans was approximately $0.8 million at December 31, 2013 and 2012, respectively.

CREDIT QUALITY

Credit quality continued to improve throughout 2013 evidenced by significant reductions in past due, non-performing and classified loans as well as net charge-offs.

Past Due Loans Loans that are past due and continuing to accrue interest and are not TDRs are considered under-performing but have not progressed to the point where they are considered non-performing. Certain loans that are 90 days or more past due continue to accrue interest because they are deemed to be well-secured and in the process of collection. Earlier stage delinquency consists of loans that are between 30 and 89 days past due and require routine collection efforts to prevent them from becoming more seriously delinquent. Early stage delinquency represents potential future non-performing loans if routine collection efforts are unsuccessful. Table 18 summarizes loans that are contractually past due 30 days or more, excluding non-accrual and TDR loans.

TABLE 18. PAST DUE AND ACCRUING LOANS EXLUDING NON-ACCRUAL AND TDR

	December 31,									
	2013		2012		2011		2010		2009	
(dollars in thousands)	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
90 days or more:										
Commercial real estate land and construction	**$ 248**	**0.09**	$		$		$ 277	0.18	$ 76	0.03
Commercial real estate improved property	**318**	**0.02**	338	0.02	18		692	0.04	1,427	0.09
Commercial and industrial			98	0.02	939	0.22	95	0.02	17	
Residential real estate	**1,289**	**0.14**	3,199	0.40	2,881	0.46	4,535	0.75	2,655	0.37
Home equity lines of credit	**411**	**0.14**	722	0.26	498	0.20	1,126	0.45	274	0.11
Consumer	**325**	**0.13**	937	0.33	799	0.31	958	0.37	826	0.28
Total 90 days or more	**2,591**	**0.07**	5,294	0.14	5,135	0.16	7,683	0.23	5,275	0.15
30 to 89 days:										
Commercial real estate land and construction	**2**		750	0.39	180	0.10	252	0.16	828	0.33
Commercial real estate improved property	**2,897**	**0.18**	6,328	0.38	4,599	0.30	4,717	0.29	4,224	0.28
Commercial and industrial	**1,310**	**0.24**	500	0.10	1,442	0.34	4,163	0.94	1,982	0.44
Residential real estate	**4,894**	**0.55**	7,972	1.00	5,902	0.95	7,367	1.21	8,865	1.25
Home equity lines of credit	**1,934**	**0.68**	1,322	0.48	2,266	0.90	2,255	0.90	2,562	1.07
Consumer	**3,794**	**1.52**	5,666	2.02	5,499	2.16	6,020	2.31	6,935	2.38
Total 30 to 89 days	**14,831**	**0.38**	22,538	0.61	19,888	0.61	24,774	0.75	25,396	0.73
Total 30 days or more	**$ 17,422**	**0.45**	$ 27,832	0.75	$ 25,023	0.77	$ 32,457	0.98	$ 30,671	0.88

Loans past due 30 days or more and accruing interest and not reported as TDRs decreased $10.4 million or 37.4% from December 31, 2012 to December 31, 2013. Past due loans represented 0.45% of total portfolio loans at December 31, 2013 compared to 0.75% at December 31, 2012. This significant reduction in delinquency is the result of management s focus on controlling early stage delinquency, reduced delinquency in loans acquired in the Fidelity acquisition, as well as improving economic conditions.

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Non-Performing Assets Non-performing loans consists of non-accrual loans and TDRs. Non-performing assets also include real estate owned and repossessed assets. Table 19 summarizes non-performing assets.

TABLE 19. NON-PERFORMING ASSETS

(dollars in thousands)	2013	2012	December 31, 2011	2010	2009
TDRs accruing interest:					
Commercial real estate land and construction	$	$ 2,537	$ 7,410	$ 10,764	$ 1,829
Commercial real estate improved property	**3,052**	10,198	17,318	33,122	9,639
Commercial and industrial	**415**	632	839	73	552
Residential real estate	**9,850**	9,022	3,844	3,443	2,826
Home equity lines of credit	**902**	1,022			
Consumer	**642**	870		81	142
Total TDRs accruing interest	**14,861**	24,281	29,411	47,483	14,988
Non-accrual loans:					
Commercial real estate land and construction	**2,564**	4,668	10,135	4,391	5,582
Commercial real estate improved property	**17,305**	18,239	25,122	24,833	32,628
Commercial and industrial	**4,380**	3,387	8,238	7,933	12,749
Residential real estate	**10,240**	11,247	12,377	10,688	13,228
Home equity lines of credit	**1,604**	1,184	1,331	755	818
Consumer	**540**	647	289	220	268
Total non-accrual loans	**36,633**	39,372	57,492	48,820	65,273
Total non-performing loans	**51,494**	63,653	86,903	96,303	80,261
Real estate owned and repossessed assets	**4,860**	5,988	3,029	8,069	8,691
Total non-performing assets	**$ 56,354**	$ 69,641	$ 89,932	$ 104,372	$ 88,952
Non-performing loans as a percentage of total portfolio loans	**1.32%**	1.73%	2.68%	2.93%	2.31%
Non-performing assets as a percentage of total assets	**0.92**	1.15	1.62	1.95	1.65
Non-performing assets as a percentage of total portfolio loans, real estate owned and repossessed assets	**1.45**	1.89	2.77	3.17	2.56

The Bank seeks to develop individual strategies for all assets that have adverse risk characteristics in order to minimize potential loss. However, there is no assurance such strategies will be successful and loans may ultimately result in foreclosure or other course of liquidation that does not fully repay the amount of the loan.

During 2013, WesBanco sold non-performing loans with aggregate carrying balances of $9.2 million at a net loss of $3.2 million. At the time of the sale, $7.6 million of the carrying balances were on non-accrual and the remaining $1.6 million were TDRs. All of the loss on these loans was specifically or generally reserved prior to the sale and did not materially impact provision expense in the current year.

TDRs Accruing Interest Loans are categorized as TDRs when the Bank, for economic or legal reasons related to a borrower s financial difficulties, grants a concession to the borrower that it would not otherwise consider unless the modification results in only an insignificant delay in the payments to be received. Concessions include a reduction of the interest rate, the amount of accrued interest, or the principal balance of the loan; an interest rate that is less than the market rate of interest for loans with comparable risk characteristics, as well as an extension of the maturity date or the amortization schedule. Loans reported in this category continue to accrue interest so long as the borrower is able to continue repayment in accordance with the restructured terms. TDRs that are also placed on non-accrual are reported in the non-accrual category and not included with accruing TDRs.

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Accruing TDRs decreased $9.4 million or 38.8% from December 31, 2012 to December 31, 2013. Retail loans represent 61.5% of total TDRs at December 31, 2013, which include loans that were discharged in Chapter 7 bankruptcy in the current or prior year but for which the borrower has continued to make payments for at least six consecutive months after the discharge. There were no TDRs of $1 million or more at December 31, 2013. Two commercial borrowers comprised $4.3 million or 32.2% of commercial TDRs at December 31, 2012. Accruing TDRs are not concentrated in any industry, property or type of loan.

Most accruing TDRs continue to pay in accordance with their modified terms; however, total accruing TDRs with aggregate balances of $1.3 million or 5.2% of total TDRs were past due 30 days or more at December 31, 2013 compared to $2.6 million or 6.7% at December 31, 2012.

Non-accrual Loans Loans are generally placed on non-accrual when they become past due 90 days or more unless they are both well-secured and in the process of collection. Non-accrual loans include certain loans that are also TDRs as set forth in Note 4, Loans and the Allowance for Credit Losses, of the consolidated Financial Statements. Non-accrual loans also include retail loans that were recently discharged in Chapter 7 bankruptcy but for which the borrower has continued to make payments for less than six consecutive months after the discharge.

Non-accrual loans decreased $2.7 million or 7.0% from December 31, 2012 to December 31, 2013. The five largest commercial non-accrual borrowers represent $8.0 million or 21.8% of total non-accrual loans and there were no other commercial or retail loans of $1 million or more on non-accrual at December 31, 2013. Approximately $9.3 million or 25.5% of total non-accrual loans at December 31, 2013 also have restructured terms that would require them to otherwise be reported as a TDR if they were accruing interest compared to $15.0 million at December 31, 2012. Non-accrual loans are not concentrated in any industry, property or type of loan.

Non-accrual loans include loans secured by commercial and residential real estate in Ohio for which foreclosure has been initiated but the properties have not yet gone to public sale because of the protracted timeline of the foreclosure process in that state. It is not possible to estimate what portion of these loans will become real estate owned (REO) because the Bank s decision whether to purchase the property depends on a number of factors including the property s value, condition and the amount other purchasers are willing to pay at the public sale. The Bank makes this determination at the time of the sale for each property.

Real Estate Owned and Repossessed Assets REO consists primarily of property acquired through or in lieu of foreclosure but may also include bank premises held for sale and residences of bank employees purchased to facilitate the relocation of those employees with the Bank. Repossessed assets primarily consist of automobiles and other types of collateral acquired to satisfy defaulted consumer loans. The Bank seeks to minimize the period for which it holds such assets while also attempting to obtain a fair value from their disposition. Therefore, the sales price of these assets is dependent on current market conditions that affect the value of real estate, used automobiles, and other collateral.

REO and repossessed assets decreased $1.1 million or 18.8% from December 31, 2012 to December 31, 2013. One commercial property acquired in the Fidelity acquisition represents $2.9 million or 62.0% of the carrying value of REO at December 31, 2013. Excluding this property, no other REO has a carrying value of $1 million or more and the average holding period of other REO approximated 4 months at December 31, 2013. Repossessed assets are generally sold at auction within 60 days after repossession.

Expense associated with owning REO and repossessed assets that is charged to income was $1.8 million for 2013 compared to $2.1 million for 2012. Net gains or losses on the disposition of REO and repossessed assets are credited or charged to non-interest income and approximated $0.1 million of net loss for 2013 compared to $0.3 million of net loss for 2012.

Classified Loans Please refer to Note 4, Loans and the Allowance for Credit Losses, of the consolidated Financial Statements for a description of each of the Bank s internally assigned risk grades for commercial loans

and a summary of loans by grade. The Bank s classified loan grades are equivalent to the classifications used by banking regulators to identify those loans that expose the Bank to the highest levels of risk. A classified loan grade is assigned to all non-accrual commercial loans and most commercial TDRs; however, TDRs may be upgraded after the borrower has repaid the loan in accordance with the restructured terms for a period of time, but such loans would continue to be TDRs regardless of their grade.

Classified loans decreased $25.6 million or 29.8% from December 31, 2012 to December 31, 2013. Loans that were upgraded as a result of improvement in the borrower s risk profile, or paid off accounted for approximately one-third of the net reduction. Loan sales, including loans that are reported as non-performing and discussed above accounted for $11.2 million of the reduction. The remainder of the reduction resulted from sales of performing and non-performing classified loans, net charge-offs, and other principal repayments net of loans that were classified during the year.

Charge-offs and Recoveries Total charge-offs decreased $8.7 million or 33.4% while total recoveries decreased $0.7 million or 18.8% resulting in a 36.0% reduction in net charge-offs for 2013 compared to 2012. As a percentage of average total loans net charge-offs decreased 43.1% from 2012 to 2013. Table 20 summarizes charge-offs and recoveries as well as net charge-offs as a percentage of average loans for each category of the loan portfolio.

TABLE 20. CHARGE-OFFS AND RECOVERIES

			December 31,		
(dollars in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
Charge-offs:					
Commercial real estate land and construction	**$ 536**	$ 3,879	$ 7,494	$ 3,630	$ 3,809
Commercial real estate improved property	**6,915**	7,693	19,466	22,542	12,836
Commercial and industrial	**1,505**	4,625	9,087	8,588	13,184
Residential real estate	**3,079**	3,902	4,627	4,952	2,874
Home equity lines of credit	**549**	1,144	798	780	1,056
Consumer	**3,819**	3,851	4,037	4,909	6,206
Total loan charge-offs	**16,403**	25,094	45,509	45,401	39,965
Deposit account overdrafts	**880**	871	936	966	1,120
Total charge-offs	**17,283**	25,965	46,445	46,367	41,085
Recoveries:					
Commercial real estate land and construction	**125**	607	199	57	
Commercial real estate improved property	**615**	1,107	993	780	242
Commercial and industrial	**471**	390	909	512	206
Residential real estate	**401**	407	375	111	102
Home equity lines of credit	**116**	30	116	57	33
Consumer	**1,144**	1,035	1,053	1,076	978
Total loan recoveries	**2,872**	3,576	3,645	2,593	1,561
Deposit account overdrafts	**255**	277	312	296	336
Total recoveries	**3,127**	3,853	3,957	2,889	1,897
Net charge-offs	**$ 14,156**	$ 22,112	$ 42,488	$ 43,478	$ 39,188
Net charge-offs as a percentage of average loans:					
Commercial real estate land and construction	**0.18%**	1.81%	4.17%	1.75%	1.59%
Commercial real estate improved property	**0.38**	0.43	1.19	1.40	0.94
Commercial and industrial	**0.20**	1.00	1.94	1.83	2.68
Residential real estate	**0.32**	0.52	0.70	0.73	0.35
Home equity lines of credit	**0.15**	0.44	0.28	0.30	0.45

Consumer	**1.01**	1.13	1.18	1.38	1.73
Total net loan charge-offs	**0.37%**	0.65%	1.29%	1.28%	1.08%

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While all loan categories experienced reductions in charge-offs in 2013, the most significant reductions occurred in CRE land and construction, and C&I loans.

CRE loans experienced the most financial difficulty through the recession that began in 2007 as demand for new development came to an abrupt halt and investment CRE vacancies rose and property values plummeted in certain markets for much of the ensuing five years. The Bank recognized most of the recession-related losses prior to 2013, which accounts for the significant reduction in CRE land and construction, and C&I charge-offs from 2012 to 2013. CRE improved property charge-offs did not decrease significantly from 2012 to 2013, as losses were recognized in 2013 on several loans that appeared to have better prospects for recovery in previous years, including certain non-performing and classified loans that were sold during the year. However, current year CRE improved property charge-offs are on average 67% lower than the peak years of 2010 and 2011.

Office buildings represented $3.7 million or 41.6% of CRE improved property charge-offs in 2013. No single industry sector represented more than 10% of C&I charge-offs in 2013. Geographically, the central and southwestern Ohio markets collectively represented 64% of total commercial charge-offs in 2013.

Decreases in residential real estate and home equity charge-offs reflect an improving housing market and a decline in foreclosures on residential properties. Consumer charge-offs were relatively unchanged despite a decrease in consumer loan balances due to continued losses on recreational vehicle loans that represented 38% of consumer charge-offs in 2013 compared to 28% in 2012. Geographically, the central and southwestern Ohio markets collectively represented 62% of residential real estate charge-offs, respectively, while home equity and consumer charge-offs were not concentrated in any single market.

ALLOWANCE FOR CREDIT LOSSES

The allowance for loan losses (allowance) decreased $5.3 million or 10.1% from December 31, 2012 to December 31, 2013 as a result of a lower provision expense than net charge-offs for the year. A lower provision expense and decrease in the allowance are supported by continued improvement in economic conditions, significantly lower past due, non-performing and classified loans, and a reduction in net charge-offs, all of which are considered when determining the adequacy of the allowance. Table 21 summarizes the allowance together with selected relationships of the allowance and provision for credit losses to total loans and certain categories of loans.

TABLE 21. ALLOWANCE FOR CREDIT LOSSES

			December 31,		
(dollars in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
Balance at beginning of year:					
Allowance for loan losses	**$ 52,699**	$ 54,810	$ 61,051	$ 61,160	$ 49,803
Allowance for loan commitments	**341**	468	1,404	195	368
Total beginning balance	**53,040**	55,278	62,455	61,355	50,171
Provision for credit losses:					
Provision for loan losses	**8,825**	20,001	36,247	43,369	50,545
Provision for loan commitments	**261**	(127)	(936)	1,209	(173)
Total provision for credit losses	**9,086**	19,874	35,311	44,578	50,372
Net charge-offs:					
Total charge-offs	**17,283**	25,965	46,445	46,367	41,085
Total recoveries	**3,127**	3,853	3,957	2,889	1,897
Net charge-offs	**14,156**	22,112	42,488	43,478	39,188
Balance at end of year:					
Allowance for loan losses	**47,368**	52,699	54,810	61,051	61,160
Allowance for loan commitments	**602**	341	468	1,404	195
Total ending balance	**$ 47,970**	$ 53,040	$ 55,278	$ 62,455	$ 61,355
Allowance for loan losses as a percentage of total loans	**1.22%**	1.43%	1.69%	1.86%	1.76%
Allowance for loan losses to non-accrual loans	**1.29x**	1.34x	0.95x	1.25x	0.94x
Allowance for loan losses to total non-performing loans	**0.92x**	0.83x	0.63x	0.63x	0.76x
Allowance for loan losses to total non-performing loans and loans past due 90 days or more	**0.88x**	0.76x	0.6x	0.59x	0.72x

The allowance represented 1.22% of total loans at December 31, 2013 compared to 1.43% at December 31, 2012. While the percentage of the allowance to total loans decreased due to improvement in most of the factors that determine the adequacy of the allowance, differences in accounting for acquired loans compared to organic loans also contributed to the decrease. Accounting standards require purchased loans to be recorded at fair value as of the acquisition date, thereby eliminating the acquired bank s allowance from the acquirer s financial statements. The allowance may include an amount that represents the difference between the amount of allowance that is considered appropriate for acquired loans and the remaining unamortized credit mark associated with those loans in years following any acquisition. Therefore, management believes that combining the unamortized credit mark on acquired loans with the allowance provides a more meaningful comparison. If the credit portion of the fair market value adjustment for acquired loans were included with the allowance, the combined total would approximate 1.34% of total loans at December 31, 2013 and 1.62% at December 31, 2012.

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The allowance consists of specific reserves for certain impaired loans and a general reserve for all other loans. The Bank uses the greater of the most recent twelve month or thirty-six month historical loss rate by risk grade for CRE improved property and C&I loans and for the total of CRE land and construction loans, retail loans and deposit overdrafts as a base loss rate for the general allowance. The base loss rate is adjusted for the impact of qualitative factors which in management s judgment are appropriate to accurately reflect probable loss in each loan category. Qualitative factors include changing economic conditions, delinquency, non-performing and classified loan trends, changes in credit policies and lending standards, concentrations of credit exposure, if any, the results of regulatory examinations and internal loan reviews, and other external factors when appropriate. Table 22 summarizes the components of the allowance.

TABLE 22. COMPONENTS OF THE ALLOWANCE FOR CREDIT LOSSES

			December 31,		
(in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
General allowance:					
Based on historical loss experience	**$ 38,545**	$ 39,761	$ 42,920	$ 42,133	$ 40,862
Based on qualitative factors	**8,091**	11,195	8,537	11,998	14,482
Specific reserves	**732**	1,743	3,353	6,920	5,816
Total allowance for loan losses	**47,368**	52,699	54,810	61,051	61,160
Allowance for loan commitments	**602**	341	468	1,404	195
Total allowance for credit losses	**$ 47,970**	$ 53,040	$ 55,278	$ 62,455	$ 61,355

The general allowance based on historical loss experience decreased $1.2 million or 3.1% from December 31, 2012 to December 31, 2013 as a result of lower net charge-offs. This decrease in the historical loss experience component is directionally consistent with a 27.1% decrease in annualized net charge-offs for the thirty-six month periods ended December 31, 2013 and 2012.

The general allowance based on qualitative factors decreased $3.1 million or 27.7% from December 31, 2012 to December 31, 2013 primarily as a result of improving economic conditions, more stable real estate values, and overall credit quality trends. The higher qualitative factor component in 2012 also reflected a significant amount of uncertainty as to the future direction of the economy and credit quality at that time.

Specific reserves decreased $1.0 million or 58.0% from December 31, 2012 to December 31, 2013 as a result of lower non-performing commercial loans, which reduced the number of loans required to be evaluated for specific reserves, and the sale of two non-performing CRE loans during 2013 that had aggregate reserves of $1.6 million at December 31, 2012.

The allowance for loan commitments, which is not material to the total allowance for credit losses, increased $0.3 million or 76.5% primarily due to the significant growth in CRE construction loans and resulting increase in loan commitments that will be funded in the next year.

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Table 23 summarizes the allocation of the allowance for credit losses to each category of loans.

TABLE 23. ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES

			December 31,		
(dollars in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
Allowance for loan losses:					
Commercial real estate land and construction	**$ 6,056**	$ 3,741	$ 4,842	$ 4,701	$ 4,387
Commercial real estate improved property	**18,157**	23,614	24,748	30,836	28,267
Commercial and industrial	**9,925**	9,326	11,414	10,793	13,659
Residential real estate	**5,673**	7,182	5,638	5,950	4,919
Home equity lines of credit	**2,017**	2,458	1,962	2,073	2,309
Consumer	**5,020**	5,557	5,410	5,641	6,649
Deposit account overdrafts	**520**	821	796	1,057	970
Total allowance for loan losses	**47,368**	52,699	54,810	61,051	61,160
Allowance for loan commitments:					
Commercial real estate land and construction	**301**	27	74	1,037	21
Commercial real estate improved property	**62**	25	21	285	17
Commercial and industrial	**130**	215	323	65	138
Residential real estate	**5**	6	4	1	
Home equity lines of credit	**85**	49	33	14	16
Consumer	**19**	19	13	2	3
Total allowance for loan commitments	**602**	341	468	1,404	195
Total allowance for credit losses	**$ 47,970**	$ 53,040	$ 55,278	$ 62,455	$ 61,355

Please refer to Note 4, Loans and the Allowance for Credit Losses, of the consolidated Financial Statements for a summary of changes in the allowance for credit losses applicable to each category of loans. Changes in the allowance for all categories of loans reflect the net effect of changes in historical loss experience by risk grade for CRE improved property and C&I loans and for the total of CRE land and construction and retail loans; changes in loan balances, the level of non-performing loans, and management s judgment with respect to the impact of economic conditions and other relevant factors on each category of loans.

The allowance for CRE land and construction increased $2.3 million or 61.9% as a result of 36.3% growth in CRE land and construction loans between 2012 and 2013 as well as a change from determining the allowance for CRE land and construction based on historical loss experience by risk grade to total historical loss experience for this category of loans. Management believes this change more accurately reflects the inherent risk in CRE construction loans. The allowance for CRE improved property decreased $5.5 million or 23.1% as a result of a $26.4 million or 38.0% decrease in classified CRE loans, which includes a $7.3 million or 71.3% decrease in TDRs from December 31, 2012 to December 31, 2013, and the reduction in specific reserves discussed above. The allowance for C&I loans increased $0.6 million or 6.4% due to 16.4% growth in C&I loans and a $4.9 million increase in classified C&I loans net of a 41.2% decrease in historical loss experience from December 31, 2012 to December 31, 2013.

The allowance for residential real estate loans decreased $1.5 million or 21.0% despite 12.2% growth in residential real estate loans primarily due to lower qualitative factor adjustments as residential real estate property values stabilized or improved from December 31, 2012 to December 31, 2013. The allowance for home equity lines of credit decreased $0.4 million or 17.9% primarily due to significantly lower historical loss experience while the allowance for consumer loans decreased $0.5 million or 9.7% consistent with a 10.8% decrease in consumer loans. The allowance for deposit account overdrafts, which is not material to the total allowance, decreased as a result of lower overdraft balances between 2012 and 2013.

Although the allowance for credit losses is allocated as described in Table 23, the total allowance is available to absorb losses in any category of loans. However, differences between management s estimation of

probable losses and actual incurred losses in subsequent periods may necessitate future adjustments to the provision for credit losses. Management believes the allowance for credit losses is appropriate to absorb probable losses at December 31, 2013.

DEPOSITS

TABLE 24. DEPOSITS

	December 31,			
(dollars in thousands)	**2013**	**2012**	**$ Change**	**% Change**
Deposits				
Non-interest bearing demand	**$ 960,814**	$ 874,923	$ 85,891	9.8
Interest bearing demand	**857,761**	831,368	26,393	3.2
Money market	**942,768**	847,805	94,963	11.2
Savings deposits	**789,709**	740,568	49,141	6.6
Certificates of deposit	**1,511,478**	1,649,620	(138,142)	(8.4)
Total deposits	**$ 5,062,530**	$ 4,944,284	$ 118,246	2.4

Deposits, which represent WesBanco s primary source of funds, are offered in various account forms at various rates through WesBanco s 120 branches in West Virginia, Ohio and western Pennsylvania. The FDIC insures all deposits up to $250,000 and previously insured all deposits held in non-interest bearing transaction accounts through December 31, 2012.

Total deposits increased by $118.2 million or 2.4% in 2013 due to increases in all deposit categories other than CDs. Money market and non-interest bearing deposits had increases of 11.2% and 9.8%, respectively, while savings and interest bearing demand deposits had smaller increases of 6.6% and 3.2%, respectively. These increases were due to marketing campaigns, coupled with employee incentives and focused retail and business strategies to obtain more account relationships, and customers overall preference for short-term maturities.

Certificates of deposit decreased by 8.4% during 2013 due primarily to lowered offered rates on maturing certificates of deposit and customer preferences for other non-maturity deposit types. The average rate on certificates of deposit decreased 33 basis points from 1.70% for the year ended December 31, 2012 to 1.37% in 2013. WesBanco does not generally solicit brokered or other deposits out-of-market or over the internet, but does participate in the Certificate of Deposit Account Registry Services (CDARS®) program, which had $344.7 million in total outstanding balances at December 31, 2013, of which $234.1 million represented one-way buys, compared to $263.9 million in total outstanding balances at December 31, 2012, of which $182.9 million represented one-way buys. Certificates of deposit greater than $250,000 were approximately $164.8 million at December 31, 2013 compared to $189.9 million at December 31, 2012. Certificates of deposit of $100,000 or more were approximately $809.7 million at December 31, 2013 compared to $827.6 million at December 31, 2012, while certificates of deposit totaling approximately $796.0 million at December 31, 2013 with a cost of 0.87% are scheduled to mature within the next year. The average rate on certificates of deposit of $100,000 or more decreased 50 basis points from 1.88% for the year ended December 31, 2012 to 1.38% in 2013. WesBanco intends to continue to focus on its core deposit strategies and improving its overall mix of transaction accounts to total deposits. From time to time the Bank may offer special promotions on certain certificates of deposit maturities and savings products based on competition, sales strategies, liquidity needs and wholesale borrowing costs, although in the current interest rate environment, CD rate offerings are generally lower for all maturities and types compared to rates paid on existing CDs that were purchased in prior years when rates were higher.

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TABLE 25. MATURITY DISTRIBUTION OF CERTIFICATES OF DEPOSIT OF $100,000 OR MORE

(dollars in thousands)	December 31, 2013	2012	$ Change	% Change
Maturity:				
Within three months	**$ 181,739**	$ 116,498	$ 65,241	56.0
Three to six months	**94,187**	107,304	(13,117)	(12.2)
Seven to twelve months	**126,782**	206,407	(79,625)	(38.6)
Over twelve months	**407,023**	397,358	9,665	2.4
Total certificates of deposit of $100,000 or more	**$ 809,731**	$ 827,567	$ (17,836)	(2.2)

Interest expense on certificates of deposit of $100,000 or more totaled approximately $13.0 million, $14.9 million and $15.9 million in 2013, 2012 and 2011, respectively.

BORROWINGS

TABLE 26. BORROWINGS

(dollars in thousands)	December 31, 2013	2012	$ Change	% Change
Federal Home Loan Bank Borrowings	**$ 39,508**	$ 111,187	$ (71,679)	(64.5)
Other short-term borrowings	**150,536**	142,971	7,565	5.3
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,137**	113,832	(7,695)	(6.8)
Total	**$ 296,181**	$ 367,990	$ (71,809)	(19.5)

Borrowings are a less significant source of funding for WesBanco compared to total deposits. WesBanco has reduced FHLB and junior subordinated debt utilizing funds provided by lower cost deposits or other available cash flows at appropriate maturity dates. During 2013, FHLB borrowings decreased $71.7 million or 64.5% from December 31, 2012, at an average cost of 2.58%. Junior subordinated debt decreased by $7.7 million or 6.8% from December 31, 2012 as WesBanco redeemed Fidelity s issued FB Capital Statutory Trust III Floating Rate Junior Subordinated Deferrable Debentures in 2013.

WesBanco is a member of the FHLB system. The FHLB system functions as a borrowing source for regulated financial institutions that are engaged in residential and commercial real estate lending along with securities investing. WesBanco uses term FHLB borrowings as a general funding source and to more appropriately match interest maturities for certain assets. FHLB borrowings are secured by blanket liens on certain residential and other mortgage loans with a market value in excess of the outstanding borrowing balances. 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 balances. FHLB stock, which is recorded at cost of $11.6 million at December 31, 2013, is also pledged as collateral for these advances. WesBanco s remaining maximum borrowing capacity, subject to the collateral requirements noted, with the FHLB at December 31, 2013 and 2012 was estimated to be approximately $1.6 billion and $1.3 billion, respectively.

At December 31, 2013, WesBanco had $39.5 million in outstanding FHLB borrowings with a weighted-average interest rate of 3.81%, compared to $111.2 million of FHLB borrowings at December 31, 2012 with a weighted-average interest rate of 3.04%. FHLB borrowings have maturities ranging from the years 2014 to 2030. Approximately $16.0 million of such borrowings mature in 2014 at an average cost of 3.40%.

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Certain FHLB advances contain call features, which allows the FHLB to convert a fixed rate borrowing to a variable rate advance if the strike rate goes beyond a certain predetermined rate. The probability that these advances and repurchase agreements will be called depends primarily on the level of related interest rates during the call period. Of the $39.5 million outstanding at December 31, 2013, $6.0 million in FHLB convertible fixed rate advances are subject to conversion to a variable rate advance by the respective FHLB issuer, all of which mature in 2014.

Other short-term borrowings which consist of securities sold under agreements to repurchase and federal funds purchased at December 31, 2013 were $150.5 million compared to $143.0 million at December 31, 2012. The increase in these borrowings has occurred primarily as a result of a $20.0 million increase in federal funds purchased, which was partially offset by a $12.5 million decrease in securities sold under agreements to repurchase. WesBanco also has a revolving line of credit, which is a senior obligation of the parent company and was renewed with a correspondent bank effective on July 22, 2013. The revolving line of credit, which accrues interest at an adjusted LIBOR rate, provides for aggregated secured borrowings of up to $25.0 million. The revolving line of credit also requires WesBanco to maintain at all times a consolidated non-performing asset to primary capital ratio of not greater than 35%, positive net income over two consecutive fiscal quarters, and to maintain at all times on a consolidated basis and for the Bank a Well-Capitalized status as defined by the regulations of the respective primary regulator. WesBanco was in compliance with all terms and conditions at December 31, 2013. There were no outstanding balances as of December 31, 2013 or December 31, 2012.

CONTRACTUAL OBLIGATIONS

TABLE 27. CONTRACTUAL OBLIGATIONS

		December 31, 2013 (1)				
(in thousands)	Footnote Reference	Less than One Year	One to Three Years	Three to Five Years	More Than Five Years	Total
Deposits without a stated maturity	N/A	$ 3,551,052	$	$	$	$ 3,551,052
Certificates of deposit	8	796,009	553,846	137,479	24,144	1,511,478
Federal Home Loan Bank borrowings	9	16,015	957	16,515	6,021	39,508
Other short term borrowings	9	150,536				150,536
Junior subordinated debt owed to unconsolidated subsidiary trusts	10				106,137	106,137
Future benefit payments under pension plans (2)(3)	11	3,121	7,130	8,305	197,297	215,853
Director and executive officer retirement plans (2)	N/A	785	1,717	1,633	5,670	9,805
Consulting agreements (2)	N/A	144	159			303
Leases (2)	5	2,544	4,210	2,695	8,091	17,540
Software licenses and maintenance agreements (2)	N/A	1,043	2,085	2,258		5,386
Naming rights	N/A	250	500	500	1,250	2,500
Limited partnership funding commitments	7	664	325	44	27	1,060
Total		$ 4,522,163	$ 570,929	$ 169,429	$ 348,637	$ 5,611,158

(1) Represents maturities of principal and excludes interest payments.

(2) These payments are recognized as expense in the income statement when incurred and not necessarily at the time of payment.

(3) Pension plan assets of $100.3 million were available at December 31, 2013 to absorb the undiscounted future estimated payments to plan participants.

Significant fixed and determinable contractual obligations as of December 31, 2013 are presented in the table above by due date. The amounts shown do not include future interest payments, accrued interest or other similar carrying value adjustments. Additional information related to each obligation is included in the referenced footnote to the Consolidated Financial Statements.

WesBanco s future benefit payments under pension plans are estimated based on actuarial assumptions and do not necessarily represent the actual contractual cash flows that may be required by WesBanco in the future. Please refer to Note 11, Employee Benefit Plans, of the Consolidated Financial Statements for more information on employee benefit plans.

OFF-BALANCE SHEET ARRANGEMENTS

WesBanco enters into financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, letters of credit, loans approved but not closed, overdraft limits and contingent obligations to purchase loans funded by other entities. Since many of these commitments expire unused or partially used, these commitments may not reflect future cash requirements. Please refer to Note 16, Commitments and Contingent Liabilities, of the Consolidated Financial Statements and the Loans and Loan Commitments section of this MD&A for additional information.

CAPITAL RESOURCES

Shareholders equity increased to $746.6 million at December 31, 2013 from $714.2 million at December 31, 2012. The increase was due primarily to net income of $63.9 million, which was partially offset by the declaration of dividends to common shareholders of $22.8 million and a $6.4 million other comprehensive loss. The other comprehensive loss was due to unrealized losses on the securities portfolio, partially offset by other comprehensive income from the defined benefit pension plan.

For 2013, common dividends increased to $0.78 per share, or 11.4% on an annualized basis, compared to $0.70 per share in 2012. The common dividend per share payout ratio decreased from 38.0% in 2012 to 35.5% in 2013, which is primarily attributable to earnings increasing more rapidly than common dividends year-over-year. A board-approved policy generally targets dividends as a percent of net income in a range of 40% to 60%, subject to capital levels, earnings history and prospects, regulatory concerns, and other factors. The quarterly dividend was increased again in February 2014 to $0.22 per share, or 10%.

In March, 2007 WesBanco s Board of Directors approved a share repurchase plan for up to 1,000,000 shares, after completion of a prior repurchase plan. During 2013, WesBanco purchased 190,544 shares from a terminated former Fidelity benefit plan. At December 31, 2013, 378,962 shares of WesBanco common stock remained authorized to be purchased under the current repurchase plan.

As of December 31, 2013 and 2012, WesBanco had an outstanding stock warrant issued to the U.S. Department of Treasury (UST) to purchase 100,448 shares of WesBanco common stock at a price of $10.45 per share. This warrant was issued in 2012 at the time of the acquisition of Fidelity to convert a Fidelity warrant previously issued with the sale by Fidelity of preferred stock to the UST under the Capital Purchase Program. All preferred stock sold to the UST was repurchased by Fidelity, and the warrant converted, in conjunction with the acquisition.

WesBanco is subject to risk-based capital guidelines that measure capital relative to risk-weighted assets and off-balance sheet instruments. WesBanco and its banking subsidiary WesBanco Bank maintain Tier 1 risk-based, total risk-based and Tier 1 leverage capital ratios significantly above minimum regulatory levels. WesBanco Bank paid $42.0 million in dividends to WesBanco during 2013 or 60.2% of the Bank s net income. There are various legal limitations under federal and state laws that limit the payment of dividends from the Bank to the parent company. As of December 31, 2013, under FDIC and State of West Virginia regulations, WesBanco could receive, without prior regulatory approval, dividends of approximately $33.0 million from the Bank.

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WesBanco currently has $106.1 million in junior subordinated debt in its Consolidated Balance Sheet presented as a separate category of borrowings. For regulatory purposes, trust preferred securities totaling $102.9 million, issued by unconsolidated trust subsidiaries of WesBanco underlying such junior subordinated debt, is included in Tier 1 capital in accordance with current regulatory reporting requirements. A grandfather provision of the Dodd-Frank Act permits bank holding companies with consolidated assets of less than $15 billion, such as WesBanco, to continue counting existing trust preferred securities as Tier 1 capital until they mature. In July 2013, the U.S. federal banking agencies issued a joint final rule that implements the Basel III capital standards effective January 1, 2015 with a phase-in period ending January 1, 2019. The final capital rule establishes the minimum capital levels required under the Dodd-Frank Act, permanently grandfathers trust preferred securities issued before May 19, 2010, and increases the capital required for certain categories of assets.

WesBanco has evaluated the impact of the Basel III final capital rule on its regulatory capital ratios and estimates a reduction of approximately 65 to 75 basis points to the Tier 1 and total risk-based capital ratios, a reduction of approximately 15 to 20 basis points to the leverage ratio, and a new common equity Tier 1 ratio in a range of 9.75% to 10% based on the December 31, 2013 balance sheet composition. These estimates are based on management s current understanding and expectation of the regulatory implementations of the Basel III final capital rule. Management anticipates that capital ratios, on a Basel III basis, will continue to exceed the well-capitalized minimum requirements.

Please refer to Note 19, Regulatory Matters, of the Consolidated Financial Statements for more information on capital amounts, ratios and minimum regulatory requirements. Also refer to Item 1. Business within this Annual Report on Form 10-K for more information on the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III Capital Standards.

LIQUIDITY RISK

Liquidity is defined as a financial institution s capacity to meet its cash and collateral obligations at a reasonable cost. Liquidity risk is the risk that an institution s financial condition or overall safety and soundness is adversely affected by an inability, or perceived inability, to meet its obligations. An institution s obligations, and the funding sources to meet them, depend significantly on its business mix, balance sheet structure, and the cash flows of its on- and off-balance sheet obligations. Institutions confront various internal and external situations that can give rise to increased liquidity risk including funding mismatches, market constraints on funding sources, contingent liquidity events, changes in economic conditions, and exposure to credit, market, operation, legal and reputation risk. WesBanco actively manages liquidity risk through its ability to provide adequate funds to meet changes in loan demand, unexpected outflows in deposits and other borrowings as well as to take advantage of market opportunities and meet operating cash needs. This is accomplished by maintaining liquid assets in the form of securities, sufficient borrowing capacity and a stable core deposit base. Liquidity is centrally monitored by WesBanco s Asset/Liability Committee (ALCO).

WesBanco determines the degree of required liquidity by the relationship of total holdings of liquid assets to the possible need for funds to meet unexpected deposit losses and/or loan demands. The ability to quickly convert assets to cash at a minimal loss is a primary function of WesBanco s investment portfolio management. WesBanco believes its cash flow from the loan portfolio, the investment portfolio, and other sources, adequately meet its liquidity requirements. WesBanco s net loans to assets ratio was 62.6% at December 31, 2013 and deposit balances funded 82.4% of assets.

The following table lists the sources of liquidity from assets at December 31, 2013 expected within the next year:

(in thousands)	
Cash and cash equivalents	**$ 95,551**
Securities with a maturity date within the next year	**13,540**
Projected payments and prepayments on mortgage-backed securities and collateralized mortgage obligations (1)	**173,278**
Callable securities	**112,726**
Loans held for sale	**5,855**
Accruing loans scheduled to mature	**604,355**
Normal loan repayments	**333,916**
Total sources of liquidity expected within the next year	**$ 1,339,221**

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

Deposit flows are another principal factor affecting overall WesBanco liquidity. Deposits totaled $5.1 billion at December 31, 2013. Deposit flows are impacted by current interest rates, products and rates offered by WesBanco versus various forms of competition, as well as customer behavior. Certificates of deposit scheduled to mature within one year totaled $796.0 million at December 31, 2013, which includes jumbo regular certificates of deposit totaling $234.0 million with a weighted-average cost of 1.26%, and jumbo CDARS® deposits of $168.7 million with a cost of 0.46%.

WesBanco maintains a line of credit with the FHLB as an additional funding source. Available credit with the FHLB at December 31, 2013 approximated $1.6 billion, compared to $1.3 billion at December 31, 2012. At December 31, 2013, the Bank had unpledged available-for-sale securities with an amortized cost of $322.0 million, a portion of which is an available liquidity source, or such securities could be pledged to secure additional FHLB borrowings. The FHLB requires securities to be specifically pledged to the FHLB and maintained in a FHLB-approved custodial arrangement if the member wishes to include such securities in the maximum borrowing capacity calculation. WesBanco has elected not to specifically pledge to the FHLB otherwise unpledged securities.

WesBanco participates in the Federal Reserve Bank s Borrower-in-Custody Program (BIC) whereby WesBanco pledges certain consumer loans as collateral for borrowings. At December 31, 2013, WesBanco had a BIC line of credit totaling $140.0 million, none of which was outstanding. Alternative funding sources may include the utilization of existing overnight lines of credit with third party banks totaling $145.0 million, of which $20.0 million was outstanding at December 31, 2013, along with seeking other lines of credit, borrowings under repurchase agreement lines, increasing deposit rates to attract additional funds, accessing brokered deposits, or selling securities available-for-sale or certain types of loans.

Other short-term borrowings of $150.5 million at December 31, 2013 consisted of federal funds purchased, callable repurchase agreements and overnight sweep checking accounts for large commercial customers. There has not been a significant fluctuation in the average deposit balance of the overnight sweep checking accounts during 2013. The term repurchase agreements totaling $42.7 million require securities to be pledged equal to or greater than the instrument s purchase price and may be called at any time by the purchaser, although due to current low interest rates, that is unlikely. The overnight sweep checking accounts require securities to be pledged equal to or greater than the average deposit balance in the related customer accounts.

The principal sources of parent company liquidity are dividends from the Bank, $27.1 million in cash and investments on hand, and a $25 million revolving line of credit with another bank, which did not have an outstanding balance at December 31, 2013. WesBanco is in compliance with all loan covenants. There are various legal limitations under federal and state laws that limit the payment of dividends from the Bank to the

parent company. As of December 31, 2013, under FDIC and State of West Virginia regulations, WesBanco could receive, without prior regulatory approval, dividends of approximately $33.0 million from the Bank. Management believes these are appropriate levels of cash for WesBanco given the current environment. Management continuously monitors the adequacy of parent company cash levels and sources of liquidity through the use of metrics that relate current cash levels to historical and forecasted cash inflows and outflows.

At December 31, 2013, WesBanco had outstanding commitments to extend credit in the ordinary course of business approximating $1.2 billion, compared to $1.1 billion at December 31, 2012. On a historical basis, only a small portion of these commitments will result in an outflow of funds. Please refer to Note 16, Commitments and Contingent Liabilities, of the Consolidated Financial Statements and the Loans and Loan Commitments section of this MD&A for additional information.

Federal financial regulatory agencies previously have issued guidance to provide for sound practices for managing funding and liquidity risk and strengthening liquidity risk management practices. WesBanco maintains a comprehensive management process for identifying, measuring, monitoring, and controlling liquidity risk which is fully integrated into its risk management process. Management believes WesBanco has sufficient current liquidity to meet current obligations to borrowers, depositors and others as of December 31, 2013 and that WesBanco s current liquidity risk management policies and procedures adequately address this guidance.

COMPARISON OF 2012 VERSUS 2011

Net income for 2012 increased 13.1% to $49.5 million from $43.8 million for 2011, while diluted earnings per common share were $1.84, compared to $1.65 per common share for the prior year. The growth in net income was achieved through a 43.7% decrease in the provision for credit losses through significant improvement in credit quality in 2012, and an 8.2% improvement in non-interest income, partially offset by a 7.0% increase in non-interest expense. Non-interest income grew through higher revenues from trust and electronic banking, reduced losses on other real estate owned, higher net gains on sales of mortgage loans and increased security gains. These improvements were somewhat offset by lower service charges on deposits. The increase in non-interest expense is due to restructuring and merger-related expenses in 2012, higher compensation, health insurance and pension expenses, and Fidelity expenses for the month of December.

Net interest income decreased by $1.0 million or 0.6% in 2012 compared to 2011 due to the continued low interest rate environment resulting in decreasing rates earned on interest earning assets. However, average earning assets increased $154.4 million or 3.2% including growth in average portfolio loan balances of $66.2 million or 2.0%, most of which was from loan growth separate from the Fidelity acquisition. In addition to the increase in portfolio loans, the increase in average earning assets was also due to increased average investments in securities funded by deposit increases. Total average deposits increased by $214.1 million or 5.0% in 2012 primarily through increases in demand deposit accounts as a result of marketing campaigns, customer incentives, wealth management and business initiatives. In addition, cost of funds continued to improve due to lower offered rates on maturing certificates of deposit, an increase in balances of lower-cost products and lower balances of certain higher-cost borrowings. The net interest margin declined by 13 basis points in 2012 to 3.53% compared to 2011. The low interest rate environment continued to result in reduced rates earned on the securities and loan portfolios, but with a smaller decrease in lower average rates paid on interest bearing liabilities.

WesBanco continued to improve credit quality over 2011. As a result of this improvement in all measures of credit quality, the provision for credit losses was $19.9 million for 2012 compared to $35.3 million for 2011. Total non-performing loans, which include loans acquired with the Fidelity transaction, were $63.7 million or 1.73% of total loans at December 31, 2012, which represents a 26.7% decrease from $86.9 million or 2.68% at December 31 of the prior year. The 2012 ending balance includes accruing and non-accrual TDRs totaling $9.4 million related to the implementation during the fourth quarter of a regulatory requirement for primarily mortgage, home equity and consumer loans discharged in bankruptcy, which the borrower has continued to repay after the discharge. Classified and criticized loans decreased $85.4 million or 33.1% from December 31, 2011.

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Sales of commercial loans during 2012 decreased non-performing loans by $9.4 million and classified and criticized loans by $10.3 million compared to December 31, 2011. Additionally, $11.3 million of non-performing commercial loans acquired in the Fidelity acquisition, with a fair value of $6.9 million, were sold concurrent with the acquisition in the fourth quarter.

Net charge-offs for 2012 were $22.1 million, or 0.67% of average portfolio loans, compared to $42.5 million or 1.30% for 2011. The allowance for loan losses represented 1.43% of total portfolio loans at year end; however, if the credit portion of the fair market value adjustment on Fidelity loans of $7.1 million at December 31, 2012 were to be included, the allowance would approximate 1.62% of loans.

Non-interest income increased $4.9 million or 8.2% for the year ended December 31, 2012, primarily due to a $1.2 million increase in electronic banking fees caused by increased transaction volume, a $0.9 million increase in trust fees through new business and increases in market value of managed securities, a decrease in losses on other real estate owned of $1.0 million and increased net gains on sale of mortgage loans of $1.0 million from increased loan production. Net securities gains increased $1.5 million in 2012. These improvements were partially offset by a decrease in service charges on deposits of $1.5 million due to decreases in customer usage of overdraft lines of credit.

Non-interest expense increased 7.0% in 2012 compared to 2011 partially due to restructuring and merger-related expenses of $3.9 million. Merger expenses in 2012 related to the Fidelity acquisition were $3.2 million, while restructuring costs associated with the closure of six branch offices were $0.7 million. Total non-interest expense would have increased 4.2% for the year without these charges. Salaries and wages increased $2.2 million in 2012 due to routine annual adjustments to compensation, increases in incentive compensation expense, and an increase in FTEs of 139 primarily due to the acquisition of Fidelity in the fourth quarter. Employee benefits expense increased $4.1 million year-to-date primarily from increased pension and employee health insurance costs. Partially offsetting these increases were reduced marketing expense of $0.9 million and reduced FDIC insurance of $0.9 million.

The provision for income taxes increased $3.8 million due to the significant increase in pre-tax income and the effective tax rate in 2012 increasing to 21.5% compared to 18.3% in 2011. The higher effective rate was also affected by the increase in the proportion of taxable income to tax-exempt income as pre-tax income grew.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

MARKET RISK

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

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

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

The earnings simulation model projects changes in net interest income resulting from the effect of changes in interest rates. Forecasting changes in net interest income requires management to make certain assumptions regarding loan and security prepayment rates, bond call dates, and adjustments to non-maturing deposit rates, which may not necessarily reflect the manner in which actual yields and costs respond to changes in market interest rates. Assumptions used are based primarily on historical experience and current market rates. Security portfolio maturities and prepayments are assumed to be reinvested in similar instruments and callable bond forecasts are adjusted at varying levels of interest rates. While management believes such assumptions to be reasonable, there can be no assurance that assumed prepayment rates, callable bond forecasts and non-maturing deposit rates will approximate actual future results. Moreover, the net interest income sensitivity chart presented in Table 1, Net Interest Income Sensitivity, assumes the composition of interest sensitive assets and liabilities existing at the end of the period remains constant over the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve, regardless of the duration of the maturity or re-pricing of specific assets and liabilities. Since the assumptions used in the model relative to changes in interest rates are uncertain, the simulation analysis may not be indicative of actual results. In addition, the analysis may not consider all actions that management could employ in response to changes in interest rates and various earning asset and costing liability balances.

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

Interest rate risk policy limits are determined by measuring the anticipated change in net interest income over a twelve month period assuming an immediate and sustained 100, 200 and 300 basis point increase or decrease in market interest rates compared to a stable rate environment or base model. WesBanco s current policy limits this exposure to a reduction of 5.0%, 12.5% and 25% or less, respectively, of net interest income from the base model over a twelve month period. The table below shows WesBanco s interest rate sensitivity at December 31, 2013 and 2012 assuming a 100, 200 and 300 basis point interest rate increase, compared to a base model. Due to the current low interest rate environment, particularly for short-term rates, the 200 and 300 basis point decreasing change is not calculated.

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TABLE 1. NET INTEREST INCOME SENSITIVITY

Immediate Change in Interest Rates (basis points)	Percentage Change in Net Interest Income from Base over One Year December 31, 2013	December 31, 2012	ALCO Guidelines
+300	0.2%	0.4%	(25.0%)
+200	1.7%	0.9%	(12.5%)
+100	1.6%	0.9%	(5.0%)
-100	(2.0%)	(4.1%)	(5.0%)

As per the table above, the earnings simulation model at December 31, 2013 currently projects that net interest income for the next twelve month period would decrease by 2.0% if interest rates were to fall immediately by 100 basis points, compared to a decrease of 4.1% for the same scenario as of December 31, 2012.

For rising rate scenarios, net interest income would increase by 1.6%, 1.7%, and 0.2% if rates increased by 100, 200 and 300 basis points, respectively, as of December 31, 2013 compared to increases of 0.9%, 0.9% and 0.4% in a 100, 200 and 300 basis point increasing rate environment as of December 31, 2012.

The balance sheet is asset sensitive as of December 31, 2013, similar to December 31, 2012, based upon changes in the mix of various earning assets and costing liabilities, new loan growth, transaction deposit account growth and borrowings reduction, as well as certain changes in modeling assumptions. Should rates rise more rapidly and by a higher amount than currently anticipated in the short to intermediate term, overall asset sensitivity may be somewhat neutralized due to slower anticipated prepayment speeds and extension risk associated with residential mortgages and mortgage-backed securities. In addition, variable rate commercial loans with rate floors approximated $1.1 billion at December 31, 2013, which represented approximately 44% of commercial loans, with an average floor of 4.36%. In a 100 basis point rising rate environment, these loans would not significantly reprice from their current floor level. However, not all such loans are currently priced at their floor. In the current yield curve environment, WesBanco expects that the net interest margin will slightly increase in 2014. A short term rate increase would cause the margin to improve by a greater amount assuming no earning asset or costing liability changes, although short term interest rates are not currently anticipated to increase until later in 2015. It is also anticipated that accretion from loans acquired from Fidelity will have a reduced impact on net interest income in 2014. However, offsetting those negative factors are maturities of higher-cost borrowings and certificates of deposit scheduled over the next year, which should mitigate potential compression from lower loan spreads in a more competitive loan environment, and anticipated loan growth. The Bank continues to experience significant pricing competition for new loans, particularly for new commercial real estate and construction loans, which may result in reduced loan spreads mitigated by growth in balances. Certificates of deposit totaling approximately $796.0 million mature within the next year at an average cost of 0.87%.

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

Current balance sheet strategies to reduce the potential for margin compression in a low short-term rate environment include:

- increasing total loans; primarily commercial and residential with fixed rate periods of between 3-15 years, or variable to a published index;

- investing available short-term liquidity;

implementing marketing programs to increase consumer loan balances and transaction deposit accounts versus certificates of deposit;

reinvestment of securities cash flows into new loans as balances grow, or back into the investment portfolio into a mix of short and intermediate CMO pay structures and state and municipal securities;

paying down maturities of term borrowings with available cash, or borrowing at lower rates; and

extending a portion of CD maturities through the CDARS® program and continuing to decrease offered rates on CDs and other costing deposit types.

As an alternative to the immediate rate shock analysis, the ALCO monitors interest rate risk by ramping or increasing interest rates 200 basis points gradually over a twelve month period. WesBanco s current policy limits this exposure to 5.0% of net interest income from the base model for a twelve month period. Management believes that the ramping analysis reflects a more realistic movement of interest rates, whereas the immediate rate shock reflects a less likely scenario. The simulation model at December 31, 2013, using the 200 basis point increasing rate ramp analysis, projects that net interest income would increase 1.1% over the next twelve months, compared to a 1.2% increase at December 31, 2012.

WesBanco also periodically measures the economic value of equity, which is defined as the market value of tangible equity in various increasing and decreasing rate scenarios. At December 31, 2013, the market value of tangible equity as a percent of base in a 200 basis point rising rate environment indicates a decrease of 2.8%, compared to an increase of 15.4% at December 31, 2012. In a 100 basis point falling rate environment, the model indicates a decrease of 5.3%, compared to an increase of 5.2% as of December 31, 2012. WesBanco s policy is to limit such change to minus 20% for a 200 basis point change in interest rates, as long as the Tier 1 leverage capital ratio is not forecasted to decrease below 5.0% as a result of the change. Balance sheet changes in loan and securities portfolios, continued maturities of borrowings and certificates of deposit, and adding certain transaction-type deposits, as well as certain other modeling assumptions, have resulted in the change in equity market value from 2012.

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MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of WesBanco is responsible for establishing and maintaining adequate internal control over financial reporting. WesBanco s internal control over financial reporting is a process designed under the supervision of WesBanco s chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of WesBanco s financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

WesBanco s management assessed the effectiveness of WesBanco s internal control over financial reporting as of December 31, 2013 based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework (the COSO criteria). Based on the assessment, management determined that, as of December 31, 2013, WesBanco s internal control over financial reporting is effective, based on the COSO criteria. The effectiveness of WesBanco s internal control over financial reporting as of December 31, 2013 has been audited by Ernst & Young LLP, WesBanco s independent registered public accounting firm, as stated in their attestation report appearing below.

/s/ Paul M. Limbert	/s/ Robert H. Young
Paul M. Limbert	Robert H. Young
President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of WesBanco, Inc.

We have audited WesBanco, Inc. s (the Company s) internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework (the COSO criteria). The Company s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, WesBanco, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of WesBanco, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2013 of WesBanco, Inc. and our report dated February 28, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
February 28, 2014

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of WesBanco, Inc.

We have audited the accompanying consolidated balance sheets of WesBanco, Inc. (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders equity and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of WesBanco, Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), WesBanco, Inc. s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 1992 framework and our report dated February 28, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania
February 28, 2014

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WESBANCO, INC. CONSOLIDATED BALANCE SHEETS

(in thousands, except shares)	December 31, 2013	2012
ASSETS		
Cash and due from banks, including interest bearing amounts of **$15,550** and $33,889, respectively	**$ 95,551**	$ 125,605
Securities:		
Available-for-sale, at fair value	**934,386**	1,021,244
Held-to-maturity (fair values of **$596,308** and $639,273, respectively)	**598,520**	602,509
Total securities	**1,532,906**	1,623,753
Loans held for sale	**5,855**	21,903
Portfolio loans, net of unearned income	**3,894,917**	3,687,762
Allowance for loan losses	**(47,368)**	(52,699)
Net portfolio loans	**3,847,549**	3,635,063
Premises and equipment, net	**93,157**	88,866
Accrued interest receivable	**18,960**	19,354
Goodwill and other intangible assets, net	**321,426**	324,465
Bank-owned life insurance	**121,390**	119,671
Other assets	**107,979**	120,037
Total Assets	**$ 6,144,773**	$ 6,078,717
LIABILITIES		
Deposits:		
Non-interest bearing demand	**$ 960,814**	$ 874,923
Interest bearing demand	**857,761**	831,368
Money market	**942,768**	847,805
Savings deposits	**789,709**	740,568
Certificates of deposit	**1,511,478**	1,649,620
Total deposits	**5,062,530**	4,944,284
Federal Home Loan Bank borrowings	**39,508**	111,187
Other short-term borrowings	**150,536**	142,971
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,137**	113,832
Total borrowings	**296,181**	367,990
Accrued interest payable	**2,354**	3,856
Other liabilities	**37,113**	48,403
Total Liabilities	**5,398,178**	5,364,533
SHAREHOLDERS EQUITY		
Preferred Stock, no par value; 1,000,000 shares authorized; none outstanding		
Common stock, $2.0833 par value; 50,000,000 shares authorized; issued: **29,367,511** and 29,214,660 in 2013 and 2012; outstanding: **29,175,236** shares and 29,214,660 shares in 2013 and 2012, respectively	**61,182**	60,863
Capital surplus	**244,974**	241,672

Retained earnings	**460,351**	419,246
Treasury stock (**192,275** shares and 0 shares in 2013 and 2012, respectively, at cost)	**(5,969)**	
Accumulated other comprehensive loss	**(12,734)**	(6,365)
Deferred benefits for directors	**(1,209)**	(1,232)
Total Shareholders Equity	**746,595**	714,184
Total Liabilities and Shareholders Equity	**$ 6,144,773**	$ 6,078,717

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except shares and per share amounts)	For the years ended December 31, 2013	2012	2011
INTEREST AND DIVIDEND INCOME			
Loans, including fees	**$ 175,323**	$ 166,656	$ 175,818
Interest and dividends on securities:			
Taxable	**29,193**	32,461	36,034
Tax-exempt	**13,128**	12,399	12,109
Total interest and dividends on securities	**42,321**	44,860	48,143
Other interest income	**246**	170	206
Total interest and dividend income	**217,890**	211,686	224,167
INTEREST EXPENSE			
Interest bearing demand deposits	**1,415**	1,526	2,160
Money market deposits	**1,462**	2,183	4,802
Savings deposits	**525**	864	1,505
Certificates of deposit	**22,010**	26,371	31,054
Total interest expense on deposits	**25,412**	30,944	39,521
Federal Home Loan Bank borrowings	**1,151**	4,473	7,199
Other short-term borrowings	**2,525**	4,480	4,823
Junior subordinated debt owed to unconsolidated subsidiary trusts	**3,315**	3,438	3,259
Total interest expense	**32,403**	43,335	54,802
NET INTEREST INCOME	**185,487**	168,351	169,365
Provision for credit losses	**9,086**	19,874	35,311
Net interest income after provision for credit losses	**176,401**	148,477	134,054
NON-INTEREST INCOME			
Trust fees	**19,577**	18,044	17,173
Service charges on deposits	**17,925**	17,138	18,629
Electronic banking fees	**12,198**	11,336	10,088
Net securities brokerage revenue	**6,248**	4,604	4,413
Bank-owned life insurance	**4,664**	3,516	3,566
Net gains on sales of mortgage loans	**2,614**	2,876	1,977
Net securities gains	**684**	2,463	963
Net losses on other real estate owned and other assets	**(81)**	(305)	(1,290)
Other income	**5,456**	5,103	4,369
Total non-interest income	**69,285**	64,775	59,888
NON-INTEREST EXPENSE			
Salaries and wages	**65,431**	58,913	56,673
Employee benefits	**23,255**	21,462	17,321
Net occupancy	**11,809**	10,905	11,255
Equipment	**10,669**	9,221	8,745
Marketing	**5,174**	4,235	5,142
FDIC insurance	**3,725**	3,899	4,768
Amortization of intangible assets	**2,288**	2,150	2,410
Restructuring and merger-related expense	**1,310**	3,888	
Other operating expenses	**37,337**	35,447	33,981

Total non-interest expense	**160,998**	150,120	140,295
Income before provision for income taxes	**84,688**	63,132	53,647
Provision for income taxes	**20,763**	13,588	9,838
NET INCOME	**$ 63,925**	$ 49,544	$ 43,809
EARNINGS PER COMMON SHARE			
Basic	**$ 2.18**	$ 1.84	$ 1.65
Diluted	**$ 2.18**	$ 1.84	$ 1.65
AVERAGE COMMON SHARES OUTSTANDING			
Basic	**29,270,922**	26,867,227	26,614,697
Diluted	**29,344,683**	26,888,847	26,615,281
DIVIDENDS DECLARED PER COMMON SHARE	**$ 0.78**	$ 0.70	$ 0.62

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31,		
(in thousands)	**2013**	**2012**	**2011**
Net income	**$ 63,925**	$ 49,544	$ 43,809
Securities available-for-sale:			
Net change in unrealized (losses) gains on securities available-for-sale	**(30,288)**	4,833	11,226
Related income tax benefit (expense)	**11,186**	(1,747)	(4,209)
Net securities gains reclassified into earnings	**(89)**	(2,142)	(963)
Related income tax expense	**33**	796	359
Net effect on other comprehensive income for the period	**(19,158)**	1,740	6,413
Securities held-to-maturity:			
Amortization of unrealized gain transferred from available-for-sale	**(1,029)**	(1,534)	(2,060)
Related income tax expense	**383**	577	733
Net effect on other comprehensive income for the period	**(646)**	(957)	(1,327)
Defined benefit pension plan:			
Amortization of net loss and prior service costs	**3,579**	2,332	1,335
Related income tax benefit	**(1,368)**	(918)	