

WESBANCO INC
Form 10-Q
October 27, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **September 30, 2011**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 000-08467

WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

WEST VIRGINIA
(State of incorporation)

55-0571723
(IRS Employer Identification No.)

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

26003
(Zip Code)

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

NOT APPLICABLE

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

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

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

As of October 25, 2011, there were 26,629,360 shares of WesBanco, Inc. common stock, \$2.0833 par value, outstanding.

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WESBANCO, INC.

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

<i>(unaudited, in thousands, except shares)</i>	September 30, 2011	December 31, 2010
ASSETS		
Cash and due from banks, including interest bearing amounts of \$19,081 and \$21,894, respectively	\$ 145,518	\$ 79,136
Securities:		
Available-for-sale, at fair value	952,065	957,481
Held-to-maturity (fair values of \$631,405 and \$465,902, respectively)	604,994	468,710
Total securities	1,557,059	1,426,191
Loans held for sale	8,139	10,800
Portfolio loans, net of unearned income	3,240,378	3,288,676
Allowance for loan losses	(55,098)	(61,051)
Net portfolio loans	3,185,280	3,227,625
Premises and equipment, net	83,198	85,928
Accrued interest receivable	20,837	20,536
Goodwill and other intangible assets, net	283,737	285,559
Bank-owned life insurance	109,204	106,502
Other assets	109,186	119,181
Total Assets	\$ 5,502,158	\$ 5,361,458
LIABILITIES		
Deposits:		
Non-interest bearing demand	\$ 676,724	\$ 591,052
Interest bearing demand	571,736	481,129
Money market	903,724	854,836
Savings deposits	587,263	530,701
Certificates of deposit	1,616,961	1,714,705
Total deposits	4,356,408	4,172,423
Federal Home Loan Bank borrowings	176,581	253,606
Other short-term borrowings	192,780	187,385
Junior subordinated debt owed to unconsolidated subsidiary trusts	106,058	106,034
Total borrowings	475,419	547,025
Accrued interest payable	5,772	6,559
Other liabilities	30,157	28,588
Total Liabilities	4,867,756	4,754,595
SHAREHOLDERS EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized; none outstanding	-	-
Common stock, \$2.0833 par value; 50,000,000 shares authorized; 26,633,848 shares issued in 2011 and 2010; outstanding: 26,629,360 and 26,586,953 shares in 2011 and 2010, respectively	55,487	55,487
Capital surplus	191,471	191,987
Retained earnings	382,442	361,513
Treasury stock (4,488 and 46,895 shares in 2011 and 2010, respectively, at cost)	(96)	(1,063)
Accumulated other comprehensive income	6,287	131
Deferred benefits for directors	(1,189)	(1,192)
Total Shareholders Equity	634,402	606,863
Total Liabilities and Shareholders Equity	\$ 5,502,158	\$ 5,361,458

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See Notes to Consolidated Financial Statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(unaudited, in thousands, except shares and per share amounts)</i>				
INTEREST AND DIVIDEND INCOME				
Loans, including fees	\$ 44,191	\$ 46,753	\$ 133,051	\$ 143,038
Interest and dividends on securities:				
Taxable	9,032	8,957	27,171	26,792
Tax-exempt	3,019	2,763	9,051	8,609
Total interest and dividends on securities	12,051	11,720	36,222	35,401
Other interest income	45	103	154	299
Total interest and dividend income	56,287	58,576	169,427	178,738
INTEREST EXPENSE				
Interest bearing demand deposits	394	650	1,397	1,957
Money market deposits	1,189	1,821	3,969	5,949
Savings deposits	332	533	1,169	1,758
Certificates of deposit	7,728	8,817	23,707	28,299
Total interest expense on deposits	9,643	11,821	30,242	37,963
Federal Home Loan Bank borrowings	1,714	2,576	5,743	10,477
Other short-term borrowings	1,220	1,207	3,590	3,558
Junior subordinated debt owed to unconsolidated subsidiary trusts	809	986	2,421	2,974
Total interest expense	13,386	16,590	41,996	54,972
NET INTEREST INCOME	42,901	41,986	127,431	123,766
Provision for credit losses	10,836	11,778	25,680	34,953
Net interest income after provision for credit losses	32,065	30,208	101,751	88,813
NON-INTEREST INCOME				
Trust fees	3,941	3,765	12,975	11,459
Service charges on deposits	4,881	4,897	13,992	15,914
Electronic banking fees	2,679	2,230	7,486	6,335
Net securities brokerage and insurance services revenue	1,703	1,874	5,117	5,341
Bank-owned life insurance	908	879	2,703	2,789
Net gains on sales of mortgage loans	327	985	1,298	2,079
Net securities gains	67	981	97	3,284
Net losses on other real estate owned and other assets	(162)	(654)	(978)	(3,499)
Other income	255	19	1,430	900
Total non-interest income	14,599	14,976	44,120	44,602
NON-INTEREST EXPENSE				
Salaries and wages	14,227	13,749	41,612	40,326
Employee benefits	3,662	4,671	13,294	14,016
Net occupancy	3,068	2,534	8,450	8,133
Equipment	2,107	2,460	6,552	7,440
Marketing	1,214	1,223	3,861	3,008
FDIC insurance	1,091	1,740	3,760	5,028
Amortization of intangible assets	599	676	1,822	2,060
Other operating expenses	7,639	8,628	25,450	25,629
Total non-interest expense	33,607	35,681	104,801	105,640
Income before provision for income taxes	13,057	9,503	41,070	27,775
Provision for income taxes	2,044	350	7,898	2,473
NET INCOME	\$ 11,013	\$ 9,153	\$ 33,172	\$ 25,302
EARNINGS PER COMMON SHARE				
Basic	\$ 0.41	\$ 0.34	\$ 1.25	\$ 0.95
Diluted	\$ 0.41	\$ 0.34	\$ 1.25	\$ 0.95

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AVERAGE SHARES OUTSTANDING				
Basic	26,629,360	26,586,953	26,609,755	26,577,302
Diluted	26,629,543	26,587,281	26,610,347	26,577,827
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.16	\$ 0.14	\$ 0.46	\$ 0.42

See Notes to Consolidated Financial Statements.

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For the Nine Months Ended September 30, 2011 and 2010

<i>(unaudited, in thousands, except shares and per share amounts)</i>	Common Stock		Capital	Retained	Treasury	Accumulated Other Comprehensive Income	Deferred Benefits for Directors	Total
	Shares	Amount	Surplus	Earnings	Stock	(Loss)		
December 31, 2010	26,586,953	\$ 55,487	\$ 191,987	\$ 361,513	\$ (1,063)	\$ 131	\$ (1,192)	\$ 606,863
Net income				33,172				33,172
Other comprehensive income (1)						6,156		6,156
Total comprehensive income								39,328
Common dividends declared (\$0.46 per share)				(12,243)				(12,243)
Stock options exercised	1,775		(13)		39			26
Restricted stock granted	40,632		(928)		928			-
Stock compensation expense			428					428
Deferred benefits for directors- net			(3)				3	-
September 30, 2011	26,629,360	\$ 55,487	\$ 191,471	\$ 382,442	\$ (96)	\$ 6,287	\$ (1,189)	\$ 634,402
December 31, 2009	26,567,653	\$ 55,487	\$ 192,268	\$ 340,788	\$ (1,498)	\$ 2,949	\$ (1,278)	\$ 588,716
Net income				25,302				25,302
Other comprehensive income (1)						5,272		5,272
Total comprehensive income								30,574
Common dividends declared (\$0.42 per share)				(11,165)				(11,165)
Stock options exercised	2,050		(14)		44			30
Restricted stock granted	17,250		(391)		391			-
Stock compensation expense			132					132
Deferred benefits for directors- net			(93)				93	-
September 30, 2010	26,586,953	\$ 55,487	\$ 191,902	\$ 354,925	\$ (1,063)	\$ 8,221	\$ (1,185)	\$ 608,287

(1) The net change in other comprehensive income in 2010 and 2011 consists primarily of the net change in unrealized gains and losses in available-for-sale securities.

See Notes to Consolidated Financial Statements.

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	For the Nine Months Ended	
	September 30, 2011	2010
<i>(unaudited, in thousands)</i>		
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 78,866	\$ 70,037
INVESTING ACTIVITIES:		
Net decrease in loans, excluding sales	7,467	106,070
Securities available-for-sale:		
Proceeds from sales	5,014	114,809
Proceeds from maturities, prepayments and calls	334,871	326,123
Purchases of securities	(327,179)	(511,795)
Securities held-to-maturity:		
Proceeds from maturities, prepayments and calls	62,248	28,721
Purchases of securities	(201,235)	(67,420)
Purchases of premises and equipment net	(1,947)	(1,666)
Sale of portfolio loans net	6,902	4,408
Net cash used in investing activities	(113,859)	(750)
FINANCING ACTIVITIES:		
Net increase in deposits	184,071	197,079
Proceeds from Federal Home Loan Bank borrowings	-	20,000
Repayment of Federal Home Loan Bank borrowings	(76,757)	(256,378)
Increase (decrease) in other short-term borrowings	5,739	(2,769)
Decrease in federal funds purchased	-	(5,000)
Repayment of junior subordinated debt	-	(5,000)
Dividends paid to common shareholders	(11,704)	(11,162)
Treasury shares sold net	26	30
Net cash provided by (used in) financing activities	101,375	(63,200)
Net increase in cash and cash equivalents	66,382	6,087
Cash and cash equivalents at beginning of the period	79,136	82,867
Cash and cash equivalents at end of the period	\$ 145,518	\$ 88,954
SUPPLEMENTAL DISCLOSURES:		
Interest paid on deposits and other borrowings	\$ 42,783	\$ 57,292
Income taxes paid	9,200	4,285
Transfers of loans to other real estate owned	1,767	6,058
Transfer to loans held for sale	17,192	15,437
Transfers of available-for-sale securities to held-to-maturity securities at fair value	-	426,723