

WESBANCO INC
Form 10-Q
November 02, 2018
Table of Contents

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, 2018

**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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 22, 2018, there were 54,598,186 shares of WesBanco, Inc. common stock, \$2.0833 par value, outstanding.

Table of Contents

WESBANCO, INC.

TABLE OF CONTENTS

ITEM

PART I FINANCIAL INFORMATION

Financial Statements

Consolidated Balance Sheets at September 30, 2018 (unaudited) and December 31, 2017

Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2018 and 2017 (unaudited)

Consolidated Statements of Changes in Shareholders' Equity for the nine months ended September 30, 2018 and 2017 (unaudited)

Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017 (unaudited)

Notes to Consolidated Financial Statements (unaudited)

Management's Discussion and Analysis of Financial Condition and Results of Operations

Quantitative and Qualitative Disclosures About Market Risk

Controls and Procedures

PART II OTHER INFORMATION

Legal Proceedings

Unregistered Sales of Equity Securities and Use of Proceeds

Exhibits

Signatures

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, 2018	December 31, 2017
ASSETS		
Cash and due from banks, including interest bearing amounts of \$88,854 and \$19,826, respectively	\$ 273,680	\$ 117,572
Securities:		
Equity securities, at fair value	12,784	13,457
Available-for-sale debt securities, at fair value	2,008,232	1,261,865
Held-to-maturity debt securities (fair values of \$1,014,361 and \$1,023,784, respectively)	1,025,538	1,009,500
Total securities	3,046,554	2,284,822
Loans held for sale	55,913	20,320
Portfolio loans, net of unearned income	7,726,423	6,341,441
Allowance for loan losses	(48,902)	(45,284)
Net portfolio loans	7,677,521	6,296,157
Premises and equipment, net	159,284	130,722
Accrued interest receivable	39,465	29,728
Goodwill and other intangible assets, net	928,083	589,264
Bank-owned life insurance	223,995	192,589
Other assets	194,984	155,004
Total Assets	\$ 12,599,479	\$ 9,816,178
LIABILITIES		
Deposits:		
Non-interest bearing demand	\$ 2,411,862	\$ 1,846,748
Interest bearing demand	2,187,662	1,625,015
Money market	1,178,950	1,024,856
Savings deposits	1,649,684	1,269,912
Certificates of deposit	1,513,600	1,277,057
Total deposits	8,941,758	7,043,588
Federal Home Loan Bank borrowings	1,131,253	948,203
Other short-term borrowings	294,281	184,805

Subordinated debt and junior subordinated debt	189,745	164,327
Total borrowings	1,615,279	1,297,335
Accrued interest payable	6,623	3,178
Other liabilities	108,550	76,756
Total Liabilities	10,672,210	8,420,857
SHAREHOLDERS EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized; none outstanding		
Common stock, \$2.0833 par value; 100,000,000 shares authorized in 2018 and 2017, respectively; 54,604,294 and 44,043,244 shares issued, respectively; 54,603,967 and 44,043,244 shares outstanding, respectively	113,758	91,756
Capital surplus	1,165,006	684,730
Retained earnings	709,477	651,357
Treasury stock (327 and 0 shares at cost, respectively)	(15)	
Accumulated other comprehensive loss	(59,873)	(31,495)
Deferred benefits for directors	(1,084)	(1,027)
Total Shareholders Equity	1,927,269	1,395,321
Total Liabilities and Shareholders Equity	\$ 12,599,479	\$ 9,816,178

See Notes to Consolidated Financial Statements.

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

<i>(unaudited, in thousands, except shares and per share amounts)</i>	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
INTEREST AND DIVIDEND INCOME				
Loans, including fees	\$ 86,605	\$ 70,342	\$ 234,276	\$ 202,600
Interest and dividends on securities:				
Taxable	14,964	9,711	40,702	28,682
Tax-exempt	5,326	4,862	15,216	14,617
Total interest and dividends on securities	20,290	14,573	55,918	43,299
Other interest income	1,498	574	3,402	1,674
Total interest and dividend income	108,393	85,489	293,596	247,573
INTEREST EXPENSE				
Interest bearing demand deposits	3,501	1,814	9,174	4,413
Money market deposits	1,360	751	3,332	1,970
Savings deposits	352	189	768	555
Certificates of deposit	3,276	2,610	8,789	7,512
Total interest expense on deposits	8,489	5,364	22,063	14,450
Federal Home Loan Bank borrowings	6,691	3,628	17,142	9,608
Other short-term borrowings	965	394	2,497	954
Subordinated debt and junior subordinated debt	2,315	1,849	6,425	5,449
Total interest expense	18,460	11,235	48,127	30,461
NET INTEREST INCOME	89,933	74,254	245,469	217,112
Provision for credit losses	1,035	2,516	4,911	7,610
Net interest income after provision for credit losses	88,898	71,738	240,558	209,502
NON-INTEREST INCOME				
Trust fees	6,265	5,358	18,520	17,073
Service charges on deposits	6,313	5,320	16,282	15,254
Electronic banking fees	6,139	4,883	16,697	14,395
Net securities brokerage revenue	1,836	1,721	5,315	5,164
Bank-owned life insurance	1,232	1,164	5,116	3,671
Mortgage banking income	1,521	1,103	4,297	3,511
Net securities gains	84	6	403	511
Net gain/(loss) on other real estate owned and other assets	150	(298)	641	9
Other income	2,684	1,642	6,444	6,318

Total non-interest income	26,224	20,899	73,715	65,906
NON-INTEREST EXPENSE				
Salaries and wages	30,335	24,957	82,213	71,575
Employee benefits	7,905	7,728	22,782	23,670
Net occupancy	4,957	4,132	13,715	12,969
Equipment	4,488	3,905	12,532	12,043
Marketing	1,446	1,599	3,967	4,482
FDIC insurance	789	945	2,315	2,677
Amortization of intangible assets	1,821	1,223	4,218	3,736
Restructuring and merger-related expense	10,811		16,468	491
Other operating expenses	13,568	11,265	36,024	34,380
Total non-interest expense	76,120	55,754	194,234	166,023
Income before provision for income taxes	39,002	36,883	120,039	109,385
Provision for income taxes	6,516	10,527	20,855	30,801
NET INCOME	\$ 32,486	\$ 26,356	\$ 99,184	\$ 78,584
EARNINGS PER COMMON SHARE				
Basic	\$ 0.65	\$ 0.60	\$ 2.11	\$ 1.79
Diluted	\$ 0.64	\$ 0.60	\$ 2.11	\$ 1.78
AVERAGE COMMON SHARES OUTSTANDING				
Basic	50,277,847	44,031,813	46,965,095	43,992,017
Diluted	50,432,112	44,086,881	47,107,829	