WESBANCO INC
Form 10-K
February 26, 2016
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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, 2015

¨ **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	**(IRS Employer**
incorporation or organization)	**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, 2015, determined using a per share closing price on that date of $34.02, was $1,225,414,314.

As of February 18, 2016, there were 38,342,535 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, 2016 for its Annual Meeting of Shareholders (the Proxy Statement) to be held in 2016 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 22, Business Segments in the Consolidated Financial Statements.

At December 31, 2015, WesBanco operated one commercial bank, Wesbanco Bank, Inc. (WesBanco Bank or the Bank), through 141 offices, one loan production office and 129 ATM machines located in West Virginia, Ohio, and western Pennsylvania. Total assets of WesBanco Bank as of December 31, 2015 approximated $8.5 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 $3.6 billion as of December 31, 2015. 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.

On February 10, 2015, WesBanco completed the acquisition of ESB Financial Corporation (ESB), a Pennsylvania thrift holding company based in Ellwood City, Pennsylvania with $1.9 billion in assets and 23 branches. The transaction has expanded WesBanco s franchise in the Pittsburgh and western Pennsylvania region.

WesBanco offers additional services through its non-banking subsidiaries, WesBanco Insurance Services, Inc. (WesBanco Insurance), a multi-line insurance agency specializing in property, casualty, life and title insurance, with 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 certain 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 11, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

In connection with WesBanco s acquisition of ESB on February 10, 2015, WesBanco acquired ESB s wholly owned subsidiary AMSCO, Inc., (AMSCO). AMSCO engages in the management of certain real estate development and construction of 1-4 family residential units through seven joint venture partnerships. For more information please refer to Note 8, Investments in Limited Partnerships 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 comprised 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, 2015, 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 1,633 full-time equivalent employees employed by WesBanco and its subsidiaries at December 31, 2015. None of the employees were represented by collective bargaining agreements. WesBanco believes its employee relations to be satisfactory.

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

All of WesBanco s electronic filings for 2015 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, 2015, WesBanco will provide, without charge, a printed copy of this 2015 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 certain 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.

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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 Financial Institutions. The deposits of WesBanco Bank are insured by the Deposit Insurance Fund of the FDIC. 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, life and title insurance, with 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, 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. 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.

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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 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, 2015, WesBanco declared cash dividends to its common shareholders of approximately $35.4 million.

As of December 31, 2015, 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, 2015, under FDIC regulations, WesBanco could receive, without prior regulatory approval, a dividend of up to $51.3 million from WesBanco Bank. Additional information regarding dividend restrictions is set forth in Note 20, 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

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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 2015, WesBanco Bank paid deposit insurance premiums of $4.1 million, compared to $3.0 million and $3.4 million in 2014 and 2013, respectively. The increase from prior years was due to a larger assessment base from the ESB acquisition. WesBanco Bank s capital, net income and loan quality financial ratios used to calculate the assessment rate have continually improved, leading to a decrease in the assessment rate.

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.

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 was effective January 1, 2015 subject to a transition period providing for full implementation on January 1, 2019.

Generally, under the applicable guidelines, a financial institution s capital is divided into common equity Tier 1 (CET1), total Tier 1 and Tier 2. CET1 includes common shares and retained earnings less goodwill, intangible assets subject to limitation and certain deferred tax assets subject to limitation. In addition 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 CET1. Total Tier 1 is comprised of CET1 and 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,

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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 has established the following minimum capital levels banks and bank holding companies are required to maintain: (i) CET1 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.

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, 2015, WesBanco s CET1, Tier 1 and total capital to risk-adjusted assets ratios were 11.66%, 13.35% and 14.11%, respectively. As of December 31, 2015, 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, 2015, WesBanco s leverage ratio was 9.38%.

As of December 31, 2015, WesBanco had $106.2 million in junior subordinated debt on its Consolidated Balance Sheets presented as a separate category of long-term debt. For regulatory purposes, Trust Preferred Securities totaling $103.0 million underlying such junior subordinated debt were included in Tier 1 capital as of December 31, 2015, in accordance with regulatory reporting requirements. In 2013, the federal banking agencies amended capital requirements to generally exclude trust preferred securities from Tier 1 capital. A grandfather provision, however, 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. The final Basel III 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 amount of trust preferred securities and certain other elements in excess of the limit could be included in Tier 2 capital, subject to restrictions. For more information regarding trust preferred securities, please refer to Note 11, 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.

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 8% or greater, a Tier 1 leverage ratio of 5% or greater, and a new common equity Tier 1 ratio of 6.5% or greater, and is not subject to a regulatory order, agreement, or directive to meet and

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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 6% or greater, generally a Tier 1 leverage ratio of 4% or greater, and a common equity Tier 1 ratio of 4.5% 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 4%, 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, 2015, WesBanco Bank had capital levels that met the well-capitalized standards under FDICIA and its implementing regulations.

FDICIA generally prohibits a depository institution from making any capital distribution, including payment of a cash dividend, or paying any management fee to its holding company, if the depository institution would thereafter be undercapitalized. Undercapitalized institutions are subject to growth limitations and are required to submit a capital restoration plan. If any depository institution subsidiary of a holding company is required to submit a capital restoration plan, the holding company would be required to provide a limited guarantee regarding compliance with the plan as a condition of approval of such plan by the appropriate federal banking agency. If an undercapitalized institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized. Significantly undercapitalized institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions may not, beginning 60 days after becoming critically undercapitalized, make any payment of principal or interest on their subordinated debt and/or trust preferred securities. In addition, critically undercapitalized institutions are subject to appointment of a receiver or conservator within 90 days of becoming critically undercapitalized.

GRAMM-LEACH-BLILEY ACT

Under the Gramm-Leach-Bliley Act (the GLB Act), banks are no longer prohibited 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

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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 were effective April 1, 2014, and WesBanco is expected to bring its activities and investments into full compliance by July 21, 2017. 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. This interim final rule issued in January 2014 did not have a material impact on WesBanco for the year ended December 31, 2015.

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, SEC and NASDAQ rulemaking under the Dodd-Frank Act requires NASDAQ-listed companies to have a compensation committee composed entirely of independent directors. 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. The Consumer Financial Protection Bureau (the CFPB), created by the Dodd-Frank Act, has 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 (TILA), the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act (RESPA), the Electronic Fund Transfer Act, and, in some cases, their respective state law counterparts. The new CFPB 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 CFPB 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 CFPB 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 have taken effect. They limit the mortgage products offered by the Bank and 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.

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.

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.

The Dodd-Frank Act also directed the CFPB to integrate the mortgage loan disclosures under TILA and RESPA. The CFPB issued new integrated disclosures rules (TRID) which became effective October 3, 2015, and which have combined the prior good faith estimate and truth in lending disclosure form into a new form, the loan estimate. They have also combined the HUD-1 and final truth in lending disclosure forms into a new form, the closing disclosure. The new rule is extremely complex (approximately 1900 pages), contains significant uncertainties as to penalties, some of which can be quite material, contains prohibitions against correcting even technical mistakes, creates uncertainty regarding last minute changes in the transaction and has triggered significant ambiguity in compliance. Thus for covered transactions and most closed-end consumer credit transactions secured by real property, the TRID rules have presented significant and ongoing challenges to real estate lenders.

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.

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. Lower oil and gas prices have reduced shale gas activity in the region which may negatively impact local and regional economic conditions and affect both commercial and retail customers, resulting in lower deposits and credit deterioration in the loan portfolio. 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.

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 close to 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 GLOBAL MARKETS COULD HAVE A NEGATIVE IMPACT ON WESBANCO S EARNINGS.

The capital and credit markets could experience extreme disruption. These conditions result in less liquidity, greater volatility, widening of credit spreads and a lack of price transparency in certain asset types. In many cases, markets could exert 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, 2015, approximately 35% 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.

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 2015 and concluded that no impairment charge was necessary for the year ended December 31, 2015. 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, 2015, WesBanco had $106.2 million in junior subordinated debt presented as a separate category of long-term debt on its Consolidated Balance Sheets. For regulatory purposes, Trust Preferred Securities totaling $103.0 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 generally exclude trust preferred securities from Tier 1

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capital beginning in 2015, however, 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, and effective January 1, 2015, further increases the minimum capital requirements applicable to WesBanco and the Bank, which may negatively impact both entities. 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.

ADDITIONAL GROWTH WILL SUBJECT WESBANCO TO ADDITIONAL REGULATION AND INCREASED SUPERVISION.

The Dodd-Frank Act imposes additional regulatory requirements on institutions with $10 billion or more in assets. WesBanco had $8.5 billion in assets as of December 31, 2015. Additional growth that results in WesBanco having assets of $10 billion or more would subject WesBanco to the following:

- Supervision, examination and enforcement by the CFPB with respect to consumer financial protection laws;
- Regulatory stress testing requirements, whereby WesBanco would be required to conduct an annual stress test (using assumptions for baseline, adverse and severely adverse scenarios);
- A modified methodology for calculating FDIC insurance assessments and potentially higher assessment rates as a result of institutions with $10 billion or more in assets being required to bear a greater portion of the cost of raising the reserve ratio;
- Heightened compliance standards under the Volcker Rule;
- Reduced debit card interchange revenue from applicability of the Durbin Amendment; and
- Enhanced supervision as a larger financial institution.

The imposition of these regulatory requirements and increased supervision may require additional commitment of financial resources to regulatory compliance and may increase WesBanco s cost of operations. Further, the results of the stress testing process may lead WesBanco to retain additional capital or alter the mix of its capital components.

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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 while it retains certain short-term borrowings from the FHLB of Cincinnati from prior bank acquisitions, it 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. 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. The FHLB s rating assigned to WesBanco Bank may also negatively impact the amount of term collateral and other conditions imposed by the FHLB upon WesBanco Bank. Should these situations 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.

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 an 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.

FUTURE EXPANSION BY WESBANCO MAY ADVERSELY AFFECT OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS WELL AS DILUTE THE INTERESTS OF OUR SHAREHOLDERS AND NEGATIVELY AFFECT THE PRICE OF OUR COMMON STOCK.

WesBanco may acquire other financial institutions, or branches or assets of other financial institutions, in the future. WesBanco may also open new branches and enter into new lines of business or offer new products or services. Any such expansion of our business will involve a number of expenses and risks, which may include:

- the time and expense associated with identifying and evaluating potential expansions;
- the potential inaccuracy of estimates and judgments used to evaluate credit, operations, management and market risk with respect to target institutions;

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the time and costs of evaluating new markets, hiring local management and opening new offices, and the delay between commencing these activities and the generation of profits from the expansion;

the risk we could discover undisclosed liabilities resulting from any acquisitions for which we may become responsible;

our financing of the expansion;

the diversion of management s attention to the negotiation of a transaction and the integration of the operations and personnel of the combining businesses;

entry into unfamiliar markets;

the introduction of new products and services into our existing business;

the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse short-term effects on our results of operations;

the risk that benefits such as enhanced earnings that we anticipate from any new acquisitions may not develop and future results of the combined companies may be materially lower from those estimated; and

the risk of loss of key employees and customers.

We can give no assurance that integration efforts for any future acquisitions will be successful. We may issue equity securities in connection with acquisitions, which could dilute the economic and voting interests of our existing shareholders. WesBanco completed the acquisition of ESB on February 10, 2015 and integration issues such as those described above could be experienced in the future as a result.

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. Additionally, as WesBanco s total assets approach $10 billion, under the Dodd Frank Act, to the extent the FDIC increases reserves against future losses, the increased assessments are to be borne primarily by institutions with assets of greater than $10 billion. 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.

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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 or unplanned 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.

A HIGH PERCENTAGE OF WESBANCO S LOAN PORTFOLIO IS IN WEST VIRGINIA, OHIO, AND PENNSYLVANIA AND IN COMMERCIAL AND RESIDENTIAL REAL ESTATE. DETERIORATIONS IN ECONOMIC CONDITIONS IN THIS AREA OR IN THE REAL ESTATE MARKET GENERALLY COULD BE MORE HARMFUL TO THE COMPANY COMPARED TO MORE DIVERSIFIED INSTITUTIONS.

As of December 31, 2015, approximately 25% of WesBanco s loan portfolio was comprised of residential real estate loans, and 45% was comprised of commercial real estate loans.

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Inherent risks of commercial real estate (CRE) lending include the cyclical nature of the real estate market, construction risk and interest rate risk. The cyclical nature of real estate markets can cause CRE loans to suffer considerable distress. During these times of distress, a property s performance can be negatively affected by tenants deteriorating credit strength and lease expirations in times of softening demand caused by economic deterioration or over-supply conditions. Even if borrowers are able to meet their payment obligations, they may find it difficult to refinance their full loan amounts at maturity due to declines in property value. Other risks associated with CRE lending include regulatory changes and environmental liability. Regulatory changes in tax legislation, zoning or similar external conditions including environmental liability may affect property values and the economic feasibility of existing and proposed real estate projects.

The company s CRE loan portfolio is concentrated in West Virginia, Ohio and Pennsylvania. There are a wide variety of economic conditions within the local markets of the three states in which most of the company s CRE loan portfolio will be situated. Rates of employment, consumer loan demand, household formation, and the level of economic activity can vary widely from state to state and among metropolitan areas, cities and towns. Metropolitan markets comprise various submarkets where property values and demand can be affected by many factors, such as demographic makeup, geographic features, transportation, recreation, local government, school systems, utility infrastructure, tax burden, building-stock age, zoning and building codes, and available land for development. As a result of the high concentration of the company s loan portfolio, it may be more sensitive, as compared to more diversified institutions, to future disruptions in and deterioration of this market, which could lead to losses which could have a material adverse effect on the business, financial condition and results of operations of the company.

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. At December 31, 2015, WesBanco operated 141 banking offices in West Virginia, Ohio and western Pennsylvania, of which 112 were owned and 29 were leased. WesBanco also operated one loan production office leased in western Pennsylvania. These leases expire at various dates through April 2034 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

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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. This adjacent back office building 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 $0.6 million, $0.7 million and $0.8 million in 2015, 2014 and 2013, respectively. For additional disclosures related to WesBanco s properties, other fixed assets and leases, please refer to Note 6, Premises and Equipment in the Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

Litigation Related to the ESB Merger

On October 29, 2014, ESB and WesBanco entered into an Agreement and Plan of Merger (the Merger Agreement), providing for the merger of ESB with and into WesBanco, with WesBanco as the surviving corporation (the Merger). Each of ESB and WesBanco filed a definitive joint proxy statement/prospectus, dated as of December 11, 2014 (the Joint Proxy Statement/Prospectus), with the Securities and Exchange Commission in connection with the Merger. The Merger was consummated on February 10, 2015.

As previously reported by each of ESB and WesBanco on Current Reports on Form 8-K, each dated December 15, 2014 and filed on December 19, 2014, two putative class action complaints were filed by purported shareholders of ESB with respect to the Merger. One complaint was filed in the United States District Court for the Western District of Pennsylvania (the Federal District Court), and captioned and numbered James Elliott vs. ESB Financial, Inc., et al., Case No. 2:14-cv-01689-MRH (the Federal Lawsuit). The other complaint was filed in the Court of Common Pleas of Lawrence County, Pennsylvania, and captioned and numbered Randall Kress v. ESB Bank, Case No. 11185/14 CA (the Lawrence County Lawsuit). Both complaints alleged generally, among other things, that each member of ESB s board of directors (the Director Defendants) breached their fiduciary duties in approving the Merger Agreement, that ESB and WesBanco aided and abetted such breaches of fiduciary duty and that the disclosure regarding the Merger contained in the Joint Proxy Statement/Prospectus was materially deficient.

On January 15, 2015, solely to avoid the costs, risks and uncertainties inherent in litigation, ESB, ESB Bank, WesBanco and the Director Defendants (ESB, ESB Bank, WesBanco and the Director Defendants, collectively the Defendants) entered into a Memorandum of Settlement (the MOS) with the respective plaintiffs (collectively, the Plaintiffs) regarding the settlement of both the Federal Lawsuit and the Lawrence County Lawsuit. Pursuant to the MOS, ESB and WesBanco agreed to file with the SEC and make publicly available to shareholders of ESB and WesBanco supplemental disclosures provided on Form 8-K and the Plaintiffs agreed to release ESB, ESB Bank, WesBanco and the Director Defendants from all claims related to the Merger Agreement and the Merger, subject to approval of the Federal District Court. The court approved the settlement contemplated in the MOS on September 21, 2015, and both the Federal Lawsuit and the Lawrence County Lawsuit were dismissed with prejudice, and all claims that were or could have been brought challenging any aspect of the Merger, the Merger Agreement, and any disclosure made in connection therewith were released and barred. ESB or its successor or insurer paid the fees and expenses awarded by the court. The parties prepared a stipulation of settlement which was entered into by the parties and filed with the court on April 28, 2015. By Order dated July 2, 2015, the Federal district Court made preliminary determinations regarding (i) certification of a class of ESB shareholders such that notice could be disseminated to class members relating to, among other things, the Federal Lawsuit, the Lawrence County Lawsuit, the settlement contemplated in the MOS (the Settlement), a final hearing to approve the Settlement and the right of class members to participate in such hearing, and (ii) the role of Mr. Elliott and his counsel as Class Representative and Class Counsel, respectively. A final hearing was held on September 21, 2015, the Settlement was approved by the Court and the matter has now been dismissed.

The settlement did not affect the timing of the special meeting of shareholders of ESB held January 22, 2015 in Ellwood City, Pennsylvania to vote upon a proposal to adopt the Merger Agreement. Similarly, the settlement did not affect the timing of the special meeting of shareholders of WesBanco held January 22, 2015 in Wheeling, West Virginia to vote on a proposal to approve the issuance of shares of WesBanco common stock in connection with the Merger. The shareholders of both corporations approved the Merger. ESB and the other Defendants denied all of the allegations in the lawsuits and believed the disclosures previously included in the Joint Proxy Statement/Prospectus were appropriate under the law. Nevertheless, ESB and the other Defendants agreed to settle the putative class action lawsuits in order to avoid the costs, disruptions and distraction of further litigation.

ESB and the other Defendants vigorously denied, and continue to vigorously deny, that they committed or aided and abetted in the commission of any violation of law or engaged in any of the wrongful acts that were alleged in the lawsuits, and expressly maintain that, to the extent applicable, they diligently and scrupulously complied with their fiduciary and other legal burdens and entered into the MOS solely to eliminate the burden and expense of further litigation and to put the claims that were or could have been asserted to rest. Nothing in the MOS or any stipulation of settlement shall be deemed an admission of the legal necessity or materiality under applicable laws of any of the disclosures set forth therein.

Other Litigation

WesBanco is also involved in lawsuits, claims, investigations and proceedings which arise in the ordinary course of business. While any litigation contains an element of uncertainty, WesBanco does not believe that a material loss related to such proceedings or claims pending or known to be threatened is reasonably possible.

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 17, 2016 was 6,224, 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 2015 and 2014, the high and low sales price per share as reported by NASDAQ and cash dividends declared per share.

	2015			2014		
	High	Low	Dividend Declared	High	Low	Dividend Declared
Fourth quarter	**$ 34.32**	**$ 29.49**	**$ 0.230**	$ 35.70	$ 29.71	$ 0.220
Third quarter	**36.11**	**29.26**	**0.230**	32.11	28.87	0.220
Second quarter	**35.39**	**30.75**	**0.230**	32.49	28.27	0.220
First quarter	**35.08**	**30.11**	**0.230**	32.38	26.77	0.220

In April 2015, WesBanco shareholders approved an increase in the number of authorized shares of common stock from 50,000,000 shares to 100,000,000 shares.

In May 2015, WesBanco repurchased from the United States Department of the Treasury (Treasury) a warrant to purchase 101,320.6 shares of the Company s common stock. This warrant was acquired through WesBanco s acquisition of Fidelity Bancorp, Inc. (Fidelity) in 2012 and was originally issued by Fidelity pursuant to the Treasury s Capital Purchase Program established as part of the Troubled Asset Relief Program. The purchase price paid by WesBanco to the Treasury for the warrant was $2.2 million.

At December 31, 2015, WesBanco had 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. For additional disclosure relating to WesBanco Trust Preferred Securities, refer to Note 11, Junior Subordinated Debt Owed to Unconsolidated Subsidiary Trusts in the Consolidated Financial Statements.

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.

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As of December 31, 2015, WesBanco had two active one million share stock repurchase plans. The first plan was originally approved by the Board of Directors on March 21, 2007 and the second, which is incremental to the first, was approved October 22, 2015. Each 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.

Repurchases in the fourth quarter include those for the KSOP and dividend reinvestment plans, repurchases to facilitate stock compensation transactions, and repurchases for general corporate purposes.

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.

The following table shows the activity in WesBanco s stock repurchase plan and other purchases for the quarter ended December 31, 2015:

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, 2015				313,564
October 1, 2015 to October 31, 2015				
Open market repurchases		$		313,564
Other repurchases (1)	5,530	31.81	5,530	308,034
Other transactions (2), (3)	17,711	31.71	N/A	1,308,034
November 1, 2015 to November 30, 2015				
Open market repurchases				1,308,034
Other repurchases (1)	32	31.41	32	1,308,002
Other transactions (2)	2,258	29.38	N/A	N/A
December 1, 2015 to December 31, 2015				
Open market repurchases	55,000	30.07	55,000	1,253,002
Other repurchases (1)	742	33.95	742	1,252,260
Other transactions (2)	1,489	30.89	N/A	N/A
Fourth Quarter 2015				
Open market repurchases	55,000	30.07	55,000	N/A
Other repurchases (1)	6,304	32.06	6,304	N/A
Other transactions (2)	21,458	31.41	N/A	N/A
Total	82,762	$ 30.57	61,304	1,252,260

(1) Consists of shares purchased to facilitate in the termination of ESB s ESOP plan and from employees for the payment of withholding taxes to facilitate in the vesting of various stock compensation plans.
(2) Consists of open market purchases transacted in the KSOP and dividend reinvestment plans.
(3) Reflects the impact of an additional 1.0 million shares approved on October 22, 2015.
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, 2010 with reinvestment of dividends.

	Period Ending					
Index	**12/31/10**	**12/31/11**	**12/31/12**	**12/31/13**	**12/31/14**	**12/31/15**
WesBanco, Inc.	100.00	106.01	125.23	185.63	207.58	184.32
Russell 2000	100.00	95.82	111.49	154.78	162.35	155.18
SNL Small Cap Bank Index	100.00	95.51	111.26	155.17	163.56	179.12

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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, 2015. 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, 2015 include ESB on February 10, 2015 and 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)	**2015**	**2014**	**2013**	**2012**	**2011**
PER COMMON SHARE INFORMATION					
Earnings per common share basic	**$ 2.15**	$ 2.39	$ 2.18	$ 1.84	$ 1.65
Earnings per common share diluted	**2.15**	2.39	2.18	1.84	1.65
Dividends declared per common share	**0.92**	0.88	0.78	0.70	0.62
Book value at year end	**29.18**	26.90	25.59	24.45	23.80
Tangible book value at year end (1)	**16.51**	16.09	14.68	13.48	13.29
Average common shares outstanding basic	**37,488,331**	29,249,499	29,270,922	26,867,227	26,614,697
Average common shares outstanding diluted	**37,547,127**	29,333,876	29,344,683	26,888,847	26,615,281
SELECTED BALANCE SHEET INFORMATION					
Securities	**$ 2,422,450**	$ 1,511,094	$ 1,532,906	$ 1,623,753	$ 1,609,265
Loans held for sale	**7,899**	5,865	5,855	21,903	6,084
Net portfolio loans	**5,024,132**	4,042,112	3,847,549	3,635,063	3,184,558
Total assets	**8,470,298**	6,296,565	6,144,773	6,078,717	5,536,030
Deposits	**6,066,299**	5,048,983	5,062,530	4,944,284	4,393,866
Total FHLB and other borrowings	**1,123,106**	303,816	190,044	254,158	365,073
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,196**	106,176	106,137	113,832	106,066
Shareholders equity	**1,122,132**	788,190	746,595	714,184	633,790
SELECTED RATIOS					
Return on average assets	**0.99%**	1.12%	1.05%	0.88%	0.81%
Return on average tangible assets (1)	**1.08**	1.20	1.13	0.96	0.88
Return on average equity	**7.62**	8.97	8.72	7.54	7.01
Return on average tangible equity (1)	**13.41**	15.39	15.79	13.57	13.18
Net interest margin (2)	**3.41**	3.61	3.58	3.53	3.66
Efficiency ratio (1)	**57.05**	59.59	60.99	60.98	59.50
Average loans to average deposits	**78.53**	76.89	75.28	74.15	76.32
Allowance for loan losses to total loans	**0.82**	1.09	1.22	1.43	1.69
Allowance for loan losses to total non-performing loans	**92.84**	87.76	91.99	82.79	63.07
Non-performing assets to total assets	**0.60**	0.89	0.92	1.15	1.62
Net loan charge-offs to average loans	**0.23**	0.23	0.38	0.66	1.30
Average shareholders equity to average assets	**13.04**	12.48	12.00	11.71	11.49
Tangible equity to tangible assets (1)	**7.95**	7.88	7.35	6.84	6.73
Tier 1 leverage ratio	**9.38**	9.88	9.27	9.34	8.71
Tier 1 capital to risk-weighted assets	**13.35**	13.76	13.06	12.82	12.68
Total capital to risk-weighted assets	**14.11**	14.81	14.19	14.07	13.93
Common equity tier 1 capital ratio (CET 1)	**11.66**	N/A	N/A	N/A	N/A
Dividend payout ratio	**42.79**	36.82	35.78	38.04	37.58
Trust assets at market value (3)	**$ 3,625,411**	$ 3,840,540	$ 3,688,734	$ 3,238,556	$ 2,973,352

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

(2) 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.

(3) 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.

N/A not applicable

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(dollars in thousands, except per share amounts)	2015	2014	2013	2012	2011
		For the years ended December 31,			
SUMMARY STATEMENTS OF INCOME					
Interest and dividend income	**$ 261,712**	$ 215,991	$ 217,890	$ 211,686	$ 224,167
Interest expense	**24,725**	22,763	32,403	43,335	54,802
Net interest income	**236,987**	193,228	185,487	168,351	169,365
Provision for credit losses	**8,353**	6,405	9,086	19,874	35,311
Net interest income after provision for credit losses	**228,634**	186,823	176,401	148,477	134,054
Non-interest income	**74,466**	68,504	69,285	64,775	59,888
Non-interest expense	**193,923**	161,633	160,998	150,120	140,295
Income before provision for income taxes	**109,177**	93,694	84,688	63,132	53,647
Provision for income taxes	**28,415**	23,720	20,763	13,588	9,838
Net income	**$ 80,762**	$ 69,974	$ 63,925	$ 49,544	$ 43,809
Earnings per common share basic	**$ 2.15**	$ 2.39	$ 2.18	$ 1.84	$ 1.65
Earnings per common share diluted	**$ 2.15**	$ 2.39	$ 2.18	$ 1.84	$ 1.65

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, except per share amounts)	2015	2014	2013	2012	2011
			For the years ended December 31,		
Tangible equity to tangible assets:					
Total shareholders equity	**$ 1,122,132**	$ 788,190	$ 746,595	$ 714,184	$ 633,790
Less: goodwill and other intangible assets, net of deferred tax liability	**(487,270)**	(316,914)	(318,161)	(320,399)	(279,967)
Tangible equity	**634,862**	471,276	428,434	393,785	353,823
Total assets	**8,470,298**	6,296,565	6,144,773	6,078,717	5,536,030
Less: goodwill and other intangible assets, net of deferred tax liability	**(487,270)**	(316,914)	(318,161)	(320,399)	(279,967)
Tangible assets	**7,983,028**	5,979,651	5,826,612	5,758,318	5,256,063
Tangible equity to tangible assets	**7.95%**	7.88%	7.35%	6.84%	6.73%
Tangible book value:					
Total shareholders equity	**$ 1,122,132**	$ 788,190	$ 746,595	$ 714,184	$ 633,790
Less: goodwill and other intangible assets, net of deferred tax liability	**(487,270)**	(316,914)	(318,161)	(320,399)	(279,967)
Tangible equity	**634,862**	471,276	428,434	393,785	353,823
Common shares outstanding	**38,459,635**	29,298,188	29,175,236	29,214,660	26,629,360
Tangible book value at year end	**$ 16.51**	$ 16.09	$ 14.68	$ 13.48	$ 13.29

Return on average tangible equity:					
Net income	**$ 80,762**	$ 69,974	$ 63,925	$ 49,544	$ 43,809
Add: amortization of intangibles, net of tax	**2,038**	1,248	1,487	1,398	1,566
Net income before amortization of intangibles	**82,800**	71,222	65,412	50,942	45,375
Average total shareholders equity	**1,059,490**	780,423	733,249	656,684	625,061
Less: average goodwill and other intangibles, net of deferred tax liability	**(442,215)**	(317,523)	(318,913)	(281,326)	(280,718)
Average tangible equity	**617,275**	462,900	414,336	375,358	344,343
Return on average tangible equity	**13.41%**	15.39%	15.79%	13.57%	13.18%

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(dollars in thousands, except per share amounts)	2015	2014	2013	2012	2011
	For the years ended December 31,				
Return on average tangible assets:					
Net income	**$ 80,762**	$ 69,974	$ 63,925	$ 49,544	$ 43,809
Add: amortization of intangibles, net of tax	**2,038**	1,248	1,487	1,398	1,566
Net income before amortization of intangibles	**82,800**	71,222	65,412	50,942	45,375
Average total assets	**8,123,981**	6,253,253	6,109,311	5,606,386	5,440,243
Less: average goodwill and other intangibles, net of deferred tax liability	**(442,215)**	(317,523)	(318,913)	(281,326)	(280,718)
Average tangible assets	**7,681,766**	5,935,730	5,790,398	5,325,060	5,159,525
Return on average tangible assets	**1.08%**	1.20%	1.13%	0.96%	0.88%
Efficiency Ratio					
Non-interest expense	**$ 193,923**	$ 161,633	$ 160,998	$ 150,120	$ 140,295
Less: restructuring and merger-related expense	**(11,082)**	(1,309)	(1,310)	(3,888)	
Non-interest expense excluding restructuring and merger-related expense	**182,841**	160,324	159,688	146,232	140,295
Net interest income on a fully taxable equivalent basis	**246,014**	200,545	192,556	175,027	175,885
Non-interest income	**74,466**	68,504	69,285	64,775	59,888
Net interest income on a fully taxable equivalent basis plus non-interest income	**320,480**	269,049	261,841	239,802	235,773
Efficiency Ratio	**57.05%**	59.59%	60.99%	60.98%	59.50%
Net income, excluding after-tax merger-related expenses:					
Net income	**$ 80,762**	$ 69,974	$ 63,925	$ 49,544	$ 43,809
Add: after-tax merger-related expenses (1)	**7,203**	851	851	2,527	
Net income, excluding after-tax merger-related expenses	**$ 87,965**	$ 70,825	$ 64,776	$ 52,071	$ 43,809
Net income, excluding after-tax merger-related expenses per diluted share:					
Net income per diluted share	**$ 2.15**	$ 2.39	$ 2.18	$ 1.84	$ 1.65
Add: after-tax merger-related expenses per diluted share (1)	**0.19**	0.03	0.03	0.09	
Net income, excluding after-tax merger-related expenses per diluted share	**$ 2.34**	**$ 2.42**	**$ 2.21**	**$ 1.93**	**$ 1.65**
Return on average tangible equity, excluding after-tax merger-related expenses:					
Net income	**$ 80,762**	$ 69,974	$ 63,925	$ 49,544	$ 43,809
Add: after-tax merger-related expenses (1)	**7,203**	851	851	2,527	
Add: amortization of intangibles, net of tax	**2,038**	1,248	1,487	1,398	1,566
Net income before amortization of intangibles	**90,003**	72,073	66,263	53,469	45,375
Average total shareholders equity	**1,059,490**	780,423	733,249	656,684	625,061
Less: average goodwill and other intangibles, net of deferred tax liability	**(442,215)**	(317,523)	(318,913)	(281,326)	(280,718)

Average tangible equity	**617,275**	462,900	414,336	375,358	344,343
Return on average tangible equity, excluding after-tax merger-related expenses	**14.58%**	15.57%	15.99%	14.24%	13.18%

(1) Tax effected at 35%

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, June 30 and September 30, 2015, 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 commercial 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, the volatility of historical loss rates, the velocity of changes in historical loss rates, 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 or group of pass grades using a migration analysis. Historical loss rates for commercial real estate land and construction, 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 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 are 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, 2015, the carrying value of goodwill and other intangible assets was $480.6 million and $10.3 million, respectively, which represents approximately 42.8% and 0.9% of total shareholders equity, respectively. At December 31, 2015, WesBanco had one significant reporting unit with goodwill, community banking.

WesBanco evaluated goodwill for impairment by performing the two-step goodwill impairment test. WesBanco uses market capitalization, multiples of tangible book value, a discounted cash flow model, and various other market-based methods to estimate the current fair value of its reporting units. In particular, the discounted cash flow model includes various assumptions regarding an investors required rate of return on WesBanco common stock, future loan loss provisions, future net interest margins, along with various growth and economic recovery and stabilization assumptions of the economy as a whole. The resulting fair values of each method are then weighted based on the relevance and reliability of each respective method in light of the current

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economic environment to arrive at a weighted average fair value. The evaluation also 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, internal forecasts and various other market-based methods to estimate the current fair value of its reporting units.

WesBanco concluded that goodwill at the reporting units was not impaired as of November 30, 2015 and determined that goodwill was not impaired as of December 31, 2015 as there were no significant changes in market conditions, consolidated operating results, or forecasted future results from November 30, 2015, the date of the most recent goodwill impairment evaluation.

Intangible assets with finite useful lives 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, 2015 are comprised of $10.2 million in core deposit intangibles held at the Bank and customer list intangibles of $0.1 million held at WesBanco Securities. At December 31, 2015 there were no indicators of impairment related to intangible assets with finite useful lives.

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EXECUTIVE OVERVIEW

On February 10, 2015, WesBanco completed the acquisition of ESB, a Pennsylvania thrift holding company based in Ellwood City, Pennsylvania with approximately $1.9 billion in assets and 23 branches in southwestern Pennsylvania. As a result of organic growth and the acquisition, for the sixth consecutive year, financial performance improved in 2015 as WesBanco continued to achieve significant loan growth in the legacy markets and through the acquisition, maintained credit quality as the loan portfolio expanded, increased interest and non-interest income and enhanced operating efficiency through cost management programs.

Net income increased $10.8 million or 15.4% to $80.8 million. Net income excluding after-tax, merger related expenses(1) increased 24.2% to $88.0 million compared to $70.8 million for 2014. Net interest income improved $43.8 million or 22.6%, primarily through a 29.9% increase in earning assets from the acquisition and from 6.8% of organic loan growth, partially offset by a lower net interest margin of 3.41% compared to 3.61% in 2014. The margin decrease was from changes in asset mix, primarily through the transfer and restructuring of the ESB securities portfolio, as well as loan growth in the continued low interest rate environment, somewhat offset by continued lower funding costs as older higher rate CDs mature and are replaced by other lower cost deposits and FHLB loans. The provision for credit losses increased 30.4% due to organic loan growth in and stability or improvement in the quality inherent in the portfolio and associated credit quality metrics. Growth was achieved in certain categories of non-interest income: trust fees increased $0.8 million, service charges on deposits increased $0.6 million, electronic banking fees increased $1.7 million and securities brokerage revenue increased $0.8 million. In 2014, net gains / losses on other assets included a charge of $1.4 million to prepay a higher-rate repurchase agreement with another bank to reduce funding costs. Excluding merger related costs, non-interest expenses increased 14.0%, primarily in salaries and wages, employee benefits, net occupancy and equipment, relating primarily to the cost of ESB employees and facilities added to WesBanco operations in 2015. Overall WesBanco s costs were well controlled in 2015 as WesBanco achieved the best efficiency ratio in the last five years of 57.05%(1).

Total assets at December 31, 2015 increased 34.5% or $2.2 billion compared to December 31, 2014, with approximately $1.9 billion from the acquisition of ESB and $0.2 billion from organic growth exclusive of ESB. Portfolio loans increased $979.1 million, with $701.0 million from the acquisition and $278.1 million from loan growth exclusive of ESB. Organic loan growth in 2015 was 6.8%, primarily achieved through $1.8 billion in loan originations compared to $1.4 billion last year. Organic loan growth occurred in all loan categories, with approximately 15.2% of the growth in commercial and industrial loans and 22.0% in home equity loans. Loan growth was driven by increased business activity, additional commercial and residential lending personnel in our urban markets, focused marketing efforts and continued improvement in loan origination processes. Deposits increased $1.0 billion compared to December 31, 2014, due to the acquisition. Non-interest bearing deposits, excluding $128.0 million from the acquisition, were up 11.5% over the last year. Excluding certificates of deposit and acquired deposits from ESB, deposits increased $166.8 million or 4.5% from December 31, 2014, with deposits from Marcellus and Utica shale gas customers contributing $140.9 million to the increase. Certificates of deposit, excluding $645.1 million from ESB, decreased $392.4 million from December 31, 2014 due to lower rate offerings for single service maturing CDs and customer preferences for other deposit types as we remix our deposits to emphasize multiple relationship customers.

WesBanco continues to maintain strong regulatory capital ratios after the ESB acquisition and implementation of the new BASEL III capital standards. At December 31, 2015, Tier I leverage was 9.38%, Tier I risk-based capital was 13.35%, and total risk-based capital was 14.11%. Both consolidated and bank-level regulatory capital ratios are well above the applicable, revised well-capitalized standards promulgated by bank regulators, as well as the recently finalized BASEL III capital standards. As required by BASEL III, a new ratio for 2015, the common equity Tier 1 capital ratio, was 11.66% for the fourth quarter of 2015, significantly above the requirement of 4.5%. Total tangible equity to tangible assets(1) was 7.95% at December 31, 2015, increasing from pre-acquisition 7.88% at December 31, 2014, and improved throughout 2015.

(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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Strong earnings and improved total capital have enabled WesBanco to increase the quarterly dividend rate, at $0.23 per share for the fourth quarter, eight times over the last five years, cumulatively representing a 64% increase, with a 2015 increase of 5%. The dividend was increased again in February 2016 to $0.24 per share, a $0.01 per share or 4.3% increase to be paid April 1, 2016.

WesBanco had numerous operating accomplishments in 2015 including:

- The ESB acquisition, effective on February 10, 2015, was the largest in our history. We are now the 10th largest full service financial institution in western Pennsylvania, which is also our largest market area.

- We continuously improved the payment card environment for our customers. We can now provide the convenience of new or replacement debit cards within minutes at every WesBanco location. In February 2016 we begin a phased replacement of all existing debit cards with new cards that include chip technology, significantly improving security and mitigation of card fraud events.

- Expense management continues to be a priority and has supported continued improvement of financial results. We have avoided excessive expense growth that often accompanies organizational growth, through structured project review programs, reasonable and effective day to day expense approval processes and a cost sensitive culture developed over many years. The 2015 efficiency ratio was 57.05%, an improvement of over 250 basis points compared to 2014.

Consistent enhancement of the products and processes that support customers and employees expands WesBanco s growth opportunities and improves operating efficiency.

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RESULTS OF OPERATIONS

EARNINGS SUMMARY

Net income for 2015 was $80.8 million or $2.15 per diluted share compared to $70.0 million or $2.39 per diluted share for 2014. Net income excluding after-tax merger-related expenses (non-GAAP measure) increased 24.2% to $88.0 million compared to $70.8 million for 2014, while diluted earnings per share, excluding after-tax merger-related expenses (non-GAAP measure), totaled $2.34, compared to $2.41 per share for 2014.

Net interest income increased $43.8 million or 22.6% in 2015 compared to 2014 due to a 29.9% increase in average earning assets, primarily through the acquisition, and through a 6.7% increase in average loan balances, exclusive of ESB, partially offset by a 20 basis point decrease in the net interest margin. The net interest margin decreased to 3.41% in 2015 compared to 3.61% in 2014. The decrease in the net interest margin is primarily due to a change in the mix of investments to total average earning assets from 28.1% in 2014 to 32.3% in 2015, a 41 basis point decline in the average rate earned on securities due to lower yields from a restructuring of the ESB portfolio and a decrease of 14 basis points for total loans due to repricing of existing loans and competitive pricing on new loans. The lower rates were due to the low interest rate environment and were somewhat mitigated by a reduction in funding costs of 9 basis points.

The provision for credit losses increased 30.4% due to organic loan growth in 2015. Net charge-offs for 2015 as a percentage of average portfolio loans of 0.23% were unchanged from 2014. Non-performing loans, including TDRs, as well as criticized and classified loans, improved as a percentage of total portfolio loans from their pre-acquisition levels in the fourth quarter of 2014.

For 2015, non-interest income increased $6.0 million or 8.7% compared to 2014. Trust fees increased $0.8 million or 3.9% from customer and revenue development initiatives. Service charges on deposits increased $0.6 million or 3.8% from the addition of ESB and an overall evaluation of the fee schedule. Electronic banking fees increased $1.7 million or 13.0% from increases in transaction volume. Net securities brokerage revenue increased by $0.8 million or 11.1% through the addition of support and sales staff in several regions. Net gains on sales of mortgage loans increased $0.5 million or 29.1% from increases in originations and a larger percentage of originations being sold in the secondary market. Net losses on other assets improved by $1.4 million, due to a $1.4 million charge in the third quarter of 2014 relating to the prepayment of certain repurchase agreements.

Non-interest expense increased $32.3 million or 20.0% in 2015, principally from the ESB acquisition which increased assets by $1.9 billion, excluding goodwill, and added 23 offices to our branch network. Salaries and wages increased $9.9 million or 14.7%, due to a 13.0% increase in average full-time equivalent employees from the merger and routine annual adjustments to compensation, partially offset by increased deferrals of compensation costs on new loan originations. Employee benefits expense increased $5.4 million or 25.0%, primarily from increased pension, health insurance, social security contributions and other benefit plan costs. Net occupancy increased $1.5 million principally due to increased building-related costs including utilities, lease expense, and depreciation. Equipment costs increased $1.7 million related to continuous improvements in computer system infrastructure, and origination and customer support systems. Amortization of intangible assets increased $1.2 million from additional ESB intangible assets related to core deposits and non-compete agreements.

The provision for federal and state income taxes increased to $28.4 million in 2015 compared to $23.7 million in 2014. The increase in income tax expense was due to a $15.5 million increase in pre-tax income, which caused a higher effective tax rate of 26.0% compared to 25.3% for 2014.

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TABLE 1. NET INTEREST INCOME

(dollars in thousands)	For the years ended December 31, 2015	2014	2013
Net interest income	**$ 236,987**	$ 193,228	$ 185,487
Taxable-equivalent adjustments to net interest income	**9,027**	7,317	7,069
Net interest income, fully taxable-equivalent	**$ 246,014**	$ 200,545	$ 192,556
Net interest spread, non-taxable-equivalent	**3.19%**	3.37%	3.32%
Benefit of net non-interest bearing liabilities	**0.09%**	0.11%	0.13%
Net interest margin	**3.28%**	3.48%	3.45%
Taxable-equivalent adjustment	**0.13%**	0.13%	0.13%
Net interest margin, fully taxable-equivalent	**3.41%**	3.61%	3.58%

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 $43.8 million or 22.6% in 2015 compared to 2014 due to a 29.9% increase in average earning assets, primarily through the acquisition, and through a 6.7% increase in average loan balances, exclusive of the ESB acquisition, partially offset by a 20 basis point decrease in the net interest margin. Average loan balances increased $886.8 million or 22.4% in 2015, of which $264.6 million of the increase was from organic loan growth. Total average deposits increased by $1.0 billion or 19.9% from 2014 due to the acquisition as all major categories within deposits increased. Overall, excluding CDs and acquired deposits from ESB, average deposits increased 5.5% in 2015 compared to 2014 with a decrease in total rate of 10 basis points on interest bearing deposits. These lower-cost and non-interest bearing deposit increases resulted from marketing campaigns, customer incentives, wealth management and business initiatives, as well as from Marcellus and Utica shale gas bonus and royalty payments. The net interest margin decreased to 3.41% in 2015 from 3.61% in 2014 due to an asset mix shift post-ESB, with investments comprising 32.3% of total average earning assets in 2015 compared to 28.1% in 2014, a 41 basis point decline in the average rate earned on securities due to lower yields from a restructuring of the ESB portfolio, and a decrease of 14 basis points for total loans. The cost of funds continued to improve in 2015, declining 9 basis points from 2014 due to maturities of higher rate CDs, increases in the percentage of lower-cost and non-interest bearing deposit balances to total deposits and from lower rates on FHLB and other borrowings. Excluding accretion of various purchase accounting adjustments related to recent acquisitions and the interest recognized on a tax refund in 2014, the net interest margin would have been 3.31% and 3.57%, respectively, for 2015 and 2014.

Interest income increased in 2015 by $45.7 million or 21.2% compared to 2014 due to higher average balances of earning assets from both the ESB acquisition and organic growth, partially offset by lower yields on loans and the investment portfolio. Loan yields decreased 14 basis points in 2015 from reduced rates on acquired, newly-originated and contractually-repricing assets due to the necessity of offering lower rates on quality credits in an increasingly competitive and low interest rate environment. However, the increase in average loan balances helped to mitigate the effect of the lower rates, as rates earned on loans are higher than those on securities and offer the highest rates for investment in earning assets. In 2015, average loans represented 67.1% of average earning assets, decreasing from 71.2% in 2014 due to the acquired ESB loan portfolio being smaller than the acquired and restructured investment portfolio. Total securities yields decreased in 2015 by 41 basis points from

3.21% to 2.80% due to lower yields on ESB s retained securities portfolio and other purchased securities at current lower available rates. The former ESB securities portfolio was also restructured and not fully invested until June which accounted for approximately $0.8 million in potential lost interest income. Within the investment portfolio, the average rate on taxable and tax-exempt securities declined by 28 and 65 basis points, respectively, from 2014. The average balance of tax-exempt securities, which provide the highest yield within securities, increased $165.6 million or 41.1% over the last year, but were 24.4% of total average securities in 2015 compared to 25.8% in 2014, further contributing to the lower yield on securities. Average taxable securities balances increased by $598.6 million or 51.7% in 2015 as a significant portion of the acquired securities consisted of 10-15 year residential mortgage pools. Shorter-term mortgage pools reduce the average life of the portfolio, particularly for the portion accounted for as available-for-sale, positioning the Bank for possible future increases in interest rates, while maintaining required levels of pledgeable securities.

Portfolio loans increased $979.1 million or 24.0% in 2015, with $701.0 million from the acquisition and $278.1 million from loan growth exclusive of ESB. Organic loan growth in 2015 was 6.8%, primarily achieved through $1.8 billion in loan originations compared to $1.4 billion last year. Organic loan growth occurred in all loan categories, with approximately 15.2% of the growth in commercial and industrial loans and 22.0% in home equity loans. Loan growth was driven by increased business activity, additional commercial and residential lending personnel in our urban markets, focused marketing efforts and continued improvement in loan origination processes.

Interest expense in 2015 increased $2.0 million or 8.6% from 2014, due to a $1.3 billion or 29.8% increase in average interest bearing liabilities, offset somewhat by a continued reduction in the rate paid. Total average interest bearing liabilities increased due to deposits from the ESB acquisition, increased organic deposits and increased FHLB borrowings, generally medium term. The average rate paid on interest bearing liabilities decreased 9 basis points to 0.43% in 2015 from 0.52% in 2014. Rates paid on interest bearing deposits were unchanged in all categories except certificates of deposit, which declined by 29 basis points from maturities on higher-rate CDs, combined with management reducing offered rates and the repricing of acquired CDs through purchase accounting on the acquisition date at lower market rates. Changes in the deposit funding mix partially offset the decrease in rates paid, with average certificates of deposit increasing to 34.8% of total average interest bearing deposits compared to 34.5% in 2014, due exclusively to the acquisition of ESB. WesBanco continued to focus on reducing rate offerings and growing customers with multiple banking relationships, as opposed to single service certificate of deposit customers. To replace funding from the runoff of higher cost CDs, the average balance of FHLB borrowings increased in 2015 by $510.3 million compared to 2014 and was 10.4% of total average interest bearing liabilities as compared to 1.8% last year. The average rate on FHLB borrowings decreased 26 basis points from 1.19% in 2014 to 0.93% in 2015, due to the new borrowings having shorter term lengths and lower rates than maturing or prepaid borrowings.

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TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS

	For the years ended December 31,								
	2015			2014			2013		
(dollars in thousands)	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS									
Due from banks interest bearing	**$ 15,467**	**$ 27**	**0.17%**	$ 25,713	$ 60	0.23%	$ 37,556	$ 84	0.22%
Loans, net of unearned income (1)	**4,840,637**	**203,993**	**4.21%**	3,953,823	172,182	4.35%	3,772,172	175,323	4.65%
Securities: (2)									
Taxable	**1,757,288**	**39,314**	**2.24%**	1,158,738	29,233	2.52%	1,175,865	29,193	2.48%
Tax-exempt (3)	**568,671**	**25,791**	**4.54%**	403,088	20,906	5.19%	384,069	20,197	5.26%
Total securities	**2,325,959**	**65,105**	**2.80%**	1,561,826	50,139	3.21%	1,559,934	49,390	3.17%
Other earning assets (4)	**28,721**	**1,614**	**5.61%**	11,726	927	7.91%	15,165	162	1.07%
Total earning assets (3)	**7,210,784**	**270,739**	**3.75%**	5,553,088	223,308	4.02%	5,384,827	224,959	4.18%
Other assets	**913,197**			700,165			724,484		
Total Assets	**$ 8,123,981**			$ 6,253,253			$ 6,109,311		
LIABILITIES AND SHAREHOLDERS EQUITY									
Interest bearing demand deposits	**$ 1,143,965**	**$ 1,943**	**0.17%**	$ 899,887	$ 1,568	0.17%	$ 858,679	$ 1,415	0.16%
Money market accounts	**1,003,980**	**1,914**	**0.19%**	972,496	1,877	0.19%	867,473	1,462	0.17%
Savings deposits	**1,044,079**	**640**	**0.06%**	822,221	532	0.06%	770,687	525	0.07%
Certificates of deposit	**1,704,871**	**11,033**	**0.65%**	1,418,459	13,286	0.94%	1,607,918	22,010	1.37%
Total interest bearing deposits	**4,896,895**	**15,530**	**0.32%**	4,113,063	17,263	0.42%	4,104,757	25,412	0.62%
Federal Home Loan Bank borrowings	**591,506**	**5,510**	**0.93%**	81,159	968	1.19%	62,344	1,151	1.85%
Other borrowings	**109,165**	**370**	**0.34%**	101,291	1,333	1.32%	142,992	2,525	1.77%
Junior subordinated debt	**115,088**	**3,315**	**2.88%**	106,156	3,199	3.01%	107,665	3,315	3.08%
Total interest bearing liabilities	**5,712,654**	**24,725**	**0.43%**	4,401,669	22,763	0.52%	4,417,758	32,403	0.73%
Non-interest bearing demand deposits	**1,267,158**			1,029,370			905,921		
Other liabilities	**84,679**			41,791			52,383		
Shareholders equity	**1,059,490**			780,423			733,249		
Total Liabilities and Shareholders Equity	**$ 8,123,981**			$ 6,253,253			$ 6,109,311		
Net interest spread			**3.32%**			3.50%			3.45%
Taxable-equivalent net interest margin (3)		**$ 246,014**	**3.41%**		$ 200,545	3.61%		$ 192,556	3.58%

(1) Total loans are gross of the allowance for loan losses, include loans held for sale, and are adjusted for net deferred loan fees comprised of unearned income net of deferred loan costs.

Non-accrual loans were included in the average volume for the entire period. Net loan fees included in interest income on loans totaled $1.5 million, $3.5 million and $3.8 million for the years ended December 31, 2015, 2014 and 2013, respectively. Additionally, loan accretion included in interest income on loans acquired from prior acquisitions was $3.9 million, $1.4 million and $2.7 million for the years ended December 31, 2015, 2014 and 2013, respectively, while accretion on interest bearing liabilities from prior acquisitions was $3.4 million, $0.7 million and $1.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(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.

(4) Interest income on other earning assets includes $0.6 million of a special dividend from FHLB Pittsburgh for the year ended December 31, 2015 and $0.5 million of interest on a federal income tax refund for the year ended December 31, 2014.

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

	2015 Compared to 2014			2014 Compared to 2013		
(in thousands)	Volume	Rate	Net Increase (Decrease)	Volume	Rate	Net Increase (Decrease)
Increase (decrease) in interest income:						
Due from banks interest bearing	**$ (26)**	**$ (5)**	**$ (31)**	$ (28)	$ 4	$ (24)
Loans, net of unearned income	**37,529**	**(5,718)**	**31,811**	8,212	(11,353)	(3,141)
Taxable securities	**13,699**	**(3,618)**	**10,081**	(428)	468	40
Tax-exempt securities (2)	**7,763**	**(2,878)**	**4,885**	990	(280)	710
Other earning assets	**1,019**	**(334)**	**685**	(45)	810	765
Total interest income change (2)	**59,984**	**(12,553)**	**47,431**	8,701	(10,351)	(1,650)
Increase (decrease) in interest expense:						
Interest bearing demand deposits	**416**	**(41)**	**375**	70	83	153
Money market	**60**	**(23)**	**37**	190	225	415
Savings deposits	**137**	**(29)**	**108**	33	(26)	7
Certificates of deposit	**2,355**	**(4,608)**	**(2,253)**	(2,371)	(6,353)	(8,724)
Federal Home Loan Bank borrowings	**4,799**	**(257)**	**4,542**	291	(474)	(183)
Other borrowings	**96**	**(1,059)**	**(963)**	(635)	(557)	(1,192)
Junior subordinated debt	**261**	**(145)**	**116**	(46)	(70)	(116)
Total interest expense change	**8,124**	**(6,162)**	**1,962**	(2,468)	(7,172)	(9,640)
Net interest income increase (decrease) (2)	**$ 51,860**	**$ (6,391)**	**$ 45,469**	$ 11,169	$ (3,179)	$ 7,990

(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 loan losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb probable losses in the loan portfolio. The provision for 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, 2015 increased $1.9 million or 30.4% to $8.4 million. This increase is primarily the result of overall loan growth as historical loss rates and other credit quality indicators either improved or were stable. The provision for credit losses was lower than net charge-offs by $2.8 million in 2015 and $2.9 million in 2014 due to recognition of losses in both years that were provided for in prior years as well as improved credit quality metrics. (Please see the Credit Quality and Allowance for Credit Losses sections of this MD&A for additional discussion).

TABLE 4. NON-INTEREST INCOME

(dollars in thousands)	For the Years Ended December 31, 2015	2014	$ Change	% Change
Trust fees	**$ 21,900**	$ 21,069	$ 831	3.9
Service charges on deposits	**16,743**	16,135	608	3.8
Electronic banking fees	**14,361**	12,708	1,653	13.0
Net securities brokerage revenue	**7,692**	6,922	770	11.1
Bank-owned life insurance	**4,863**	4,614	249	5.4
Net gains on sales of mortgage loans	**2,071**	1,604	467	29.1
Net securities gains	**948**	903	45	5.0
Net gain / (loss) on other real estate owned and other assets	**356**	(1,006)	1,362	135.4
Net insurance services revenue	**3,083**	2,733	350	12.8
Other	**2,449**	2,822	(373)	(13.2)
Total non-interest income	**$ 74,466**	$ 68,504	$ 5,962	8.7

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 $6.0 million or 8.7% compared to 2014.

Trust fees increased $0.8 million or 3.9% from customer and revenue development initiatives. Total trust assets of $3.6 billion at December 31, 2015 decreased 5.6% from $3.8 billion at December 31, 2014 due to market value declines. At December 31, 2015, trust assets include managed assets of $2.9 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 $903.6 million as of December 31, 2015 and $952.1 million at December 31, 2014 and are included in trust managed assets.

Service charges on deposits increased $0.6 million or 3.8% compared to the prior year due to the larger customer deposit base from the addition of ESB and an overall higher fee schedule, somewhat offset by lower customer usage patterns.

Electronic banking fees, which include debit card interchange fees, continued to grow, increasing $1.7 million or 13.0% compared to 2014, due to a higher volume of debit card transactions from the acquisition and WesBanco s legacy customers. The volume increase is due to both marketing and process initiatives as well as a higher volume of customers using these products.

Net securities brokerage revenue increased $0.8 million or 11.1% compared to 2014 from additional market coverage in the western Pennsylvania market, the addition of support and producing staff in several regions, as well as an increase in referrals and production from a licensed retail banker program.

Net gains on sales of mortgage loans increased $0.5 million or 29.1% compared to the prior year from increases in originations and a larger percentage of originations being sold in the secondary market. Total mortgage production was $305.5 million in 2015, up 7.8% from 2014. Mortgages sold into the secondary market represented $136.1 million or 44.5% of overall mortgage loan production in 2015 compared to $101.7 million or 35.9% in 2014.

Net gain/(loss) on other assets improved by $1.4 million due to a $1.4 million charge in the third quarter of 2014 relating to the prepayment of a repurchase agreement with another bank.

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TABLE 5. NON-INTEREST EXPENSE

(dollars in thousands)	For the Years Ended December 31, 2015	2014	$ Change	% Change
Salaries and wages	**$ 77,340**	$ 67,408	$ 9,932	14.7
Employee benefits	**26,896**	21,518	5,378	25.0
Net occupancy	**13,635**	12,122	1,513	12.5
Equipment	**13,194**	11,542	1,652	14.3
Marketing	**5,646**	5,242	404	7.7
FDIC insurance	**4,107**	3,376	731	21.7
Amortization of intangible assets	**3,136**	1,920	1,216	63.3
Restructuring and merger-related expenses	**11,082**	1,309	9,773	746.6
Franchise and other miscellaneous taxes	**5,924**	6,748	(824)	(12.2)
Consulting, regulatory, accounting and advisory fees	**4,959**	4,405	554	12.6
ATM and electronic banking interchange expenses	**4,463**	4,222	241	5.7
Postage and courier expenses	**3,720**	3,373	347	10.3
Supplies	**2,841**	2,425	416	17.2
Legal fees	**2,418**	2,531	(113)	(4.5)
Communications	**1,537**	1,555	(18)	(1.2)
Other real estate owned and foreclosure expenses	**546**	1,101	(555)	(50.4)
Other	**12,479**	10,836	1,643	15.2
Total non-interest expense	**$ 193,923**	$ 161,633	$ 32,290	20.0

Non-interest expense in 2015 increased $32.3 million or 20.0% compared to 2014, principally from the ESB acquisition which increased assets by $1.9 billion, excluding goodwill, and added 23 offices to our branch network, and from $11.1 million of merger-related expenses in 2015 compared to $1.3 million in 2014.

Salaries and wages increased $9.9 million or 14.7%, due to a 13.0% increase in average full-time equivalent employees from the merger and routine annual adjustments to compensation, partially offset by increased deferrals of compensation costs on new loan originations. Salaries and wages in 2015 also include $0.8 million related to temporary post-merger personnel costs incurred as a result of the timing of the April 24 weekend systems and branch conversions. Employee benefits expense increased $5.4 million or 25.0%, primarily from increased pension, health insurance, social security contributions and other benefit plan costs.

Net occupancy increased $1.5 million in 2015 principally due to increased building-related costs including utilities, lease expense, depreciation and other maintenance costs resulting primarily from the additional ESB offices.

Equipment increased $1.7 million in 2015 due to improvements in computer system infrastructure, and loan origination and customer support systems. In addition, teller cash recycling machines introduced into our branches have improved the speed of customer service, improved cash controls and reduced full-time equivalent employees.

Marketing expenses, which include multiple marketing campaigns targeting non-interest bearing checking accounts and debit card usage, as well as home equity and other consumer loans, increased $0.4 million in 2015 from additional market coverage in the western Pennsylvania market from the ESB acquisition.

FDIC insurance increased $0.7 million or 21.7% compared to 2014 due to an increase in the assessment base primarily from the ESB acquisition.

Amortization of intangible assets increased $1.2 million in 2015 due to the ESB acquisition, which added approximately $5.3 million in core deposit intangibles and $2.2 million in non-compete agreements with former ESB executives with contracts ranging from one to four years.

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Restructuring and merger-related expenses of $11.1 million in 2015 related to the ESB acquisition include $7.8 million in executive change-in-control and employee severance expenses, $1.7 million in investment banking services, $0.5 million in audit and valuation services, $0.4 million in marketing expenses, $0.3 million in legal expenses and $0.4 million of various other merger-related expenses.

Miscellaneous taxes decreased $0.8 million or 12.2% in 2015 due to the elimination of WV business franchise tax which became effective January 1, 2015.

Other real estate owned and foreclosure expenses decreased $0.6 million in 2015 compared to 2014 due to lower foreclosure and liquidation activity even as related assets increased. Other real estate owned and repossessed assets increased $0.7 million from 2014 to $5.8 million primarily due to the ESB acquisition.

Other non-interest expense increased $1.6 million in 2015 compared to 2014 due to customer fraud losses recognized totaling $0.5 million, higher electronic bill pay expenses and other miscellaneous operating expenses.

INCOME TAXES

The provision for federal and state income taxes increased to $28.4 million in 2015 compared to $23.7 million in 2014. The increase in income tax expense was primarily due to a $15.5 million increase in pre-tax income, which caused a higher effective tax rate of 26.0% compared to 25.3% for 2014.

FINANCIAL CONDITION

Total assets increased 34.5% in 2015, while deposits and shareholders equity increased 20.1% and 42.4%, respectively, compared to December 31, 2014, primarily due to the acquisition of ESB. Total portfolio loans increased $979.1 million or 24.0% with $701.0 million from the ESB acquisition and the remaining $278.1 million from WesBanco s originations outpacing pay downs, which were a result of increased business activity, additional lending personnel, focused marketing efforts, an expanded presence in larger urban markets, and continued improvement in the loan origination process. Deposits increased $1.0 billion primarily from the ESB acquisition. Organic deposits were virtually unchanged as demand and savings deposits increased 8.0% and 5.3%, respectively, while money market deposits and certificates of deposits decreased 1.6% and 15.4% respectively. The increase in demand deposits and savings deposits were attributable to marketing, incentives paid to customers, focused retail and business strategies to obtain more account relationships, and customers preference 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. Total borrowings increased $819.3 million during 2015. FHLB borrowings increased $818.6 million from December 31, 2014, due primarily to $426.5 million in new borrowings, coupled with $392.1 million in FHLB borrowings provided from the ESB acquisition. New borrowings were utilized to manage WesBanco s normal liquidity needs, including loan and investment funding, as well as certificates of deposit runoff. Total shareholders equity increased by approximately $333.9 million or 42.4%, compared to December 31, 2014, primarily due to $293.6 million of common stock issued in the ESB acquisition and net income exceeding dividends for the period by $45.3 million, which was partially offset by a $2.1 million decrease in accumulated other comprehensive income. The decrease in accumulated other comprehensive income resulted from $7.3 million in unrealized losses in the securities portfolio, which was partially offset by a $5.2 million unrealized gain in the defined benefit pension plan during the year. The tangible equity to tangible assets ratio (non-GAAP measure) increased to 7.95% at December 31, 2015 from 7.88% at December 31, 2014, primarily as a result of the increase in shareholders equity at a faster pace than the increase in tangible assets, net of the accumulated other comprehensive income decrease. 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, 2015	December 31, 2014	2015-2014 $ Change	2015-2014 % Change	December 31, 2013
Available-for-sale (at fair value)					
Obligations of government agencies	**$ 83,505**	$ 87,736	$ (4,231)	(4.8)	$ 73,232
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**1,176,080**	701,113	474,967	67.7	694,267
Obligations of states and political subdivisions	**80,265**	91,433	(11,168)	(12.2)	116,346
Corporate debt securities	**58,593**	25,996	32,597	125.4	38,481
Total debt securities	**$ 1,398,443**	$ 906,278	$ 492,165	54.3	$ 922,326
Equity securities	**11,077**	11,146	(69)	(0.6)	12,060
Total available-for-sale securities	**$ 1,409,520**	$ 917,424	$ 492,096	53.6	$ 934,386
Held-to-maturity (at amortized cost)					
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**$ 216,419**	$ 79,004	$ 137,415	173.9	$ 99,409
Obligations of states and political subdivisions	**762,039**	507,927	254,112	50.0	496,396
Corporate debt securities	**34,472**	6,739	27,733	412	2,715
Total held-to-maturity securities	**$ 1,012,930**	$ 593,670	$ 419,260	70.6	$ 598,520
Total securities	**$ 2,422,450**	$ 1,511,094	$ 911,356	60.3	$ 1,532,906
Available-for-sale securities:					
Weighted average yield at the respective year end (2)	**2.14%**	2.34%			2.36%
As a % of total securities	**58.2%**	60.7%			61.0%
Weighted average life (in years)	**4.1**	4.0			4.2
Held-to-maturity securities:					
Weighted average yield at the respective year end (2)	**3.94%**	4.67%			4.65%
As a % of total securities	**41.8%**	39.3%			39.0%
Weighted average life (in years)	**5.0**	5.1			6.7
Total securities:					
Weighted average yield at the respective year end (2)	**2.90%**	3.27%			3.26%
As a % of total securities	**100.0%**	100.0%			100.0%
Weighted average life (in years)	**4.5**	4.4			5.2

(1) At December 31, 2015, 2014 and 2013, 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, increased $911.4 million or 60.3% from December 31, 2014 to December 31, 2015. The overall securities increase for the year was attributable to the ESB acquisition, from both acquired securities of $486.9 million and newly purchased securities in the three to four month period after the merger totaling $604.6 million to replace those securities sold from ESB s portfolio prior to closing. ESB s total pre-merger investment portfolio of $1.0 billion was restructured through a specific sale strategy with replacement purchases occurring after the merger to achieve specific overall portfolio characteristics as to weighted average life, duration and tax equivalent yield. The replacement purchases were not completed until June which accounted for approximately $0.8 million in lost potential interest income.

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The portfolio s tax-equivalent yield decreased from 3.27% at December 31, 2014, to 2.90% at December 31, 2015. The decrease in the portfolio yield is attributable to the acquired ESB investment portfolio and the replacement purchases, which were all at lower market rates. Incoming cash flows from calls, maturities and prepayments increased in 2015 to $394.7 million, from $262.8 million in 2014. This increase was due to the larger portfolio balances following the ESB acquisition, as well as the lower interest rate environment. These incoming cash flows were offset by the previously mentioned replacement purchases associated with the ESB portfolio restructuring totaling $604.6 million as well as other investment purchases in the second half of 2015 totaling $312.6 million.

Total gross unrealized securities losses increased by $9.2 million, from $8.5 million at December 31, 2014 to $17.7 million at December 31, 2015. WesBanco had $1.2 billion in investment securities in an unrealized loss position for less than twelve months at December 31, 2015, which increased from $113.7 million in the same category at December 31, 2014. This increase was due to a late 2015 increase in intermediate and long-term market interest rates and higher investment balances from the prior year. In addition, at December 31, 2015, WesBanco had $171.8 million in investment securities in an unrealized loss position for more than twelve months, which was a decrease from the $325.9 million for the same category at December 31, 2014. WesBanco believes that all of the unrealized securities losses at December 31, 2015 were temporary impairment losses. Please refer to Note 4, Securities, of the Consolidated Financial Statements for additional information. 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.

Net unrealized pre-tax (losses) gains on available-for-sale securities were ($6.6) million at December 31, 2015, compared to $4.6 million at December 31, 2014. 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 gains in the held-to-maturity portfolio, which are not accounted for in other comprehensive income, were $25.3 million at December 31, 2015, compared to $25.9 million at December 31, 2014.

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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, 2015. In some instances, the issuers may have the right to call or prepay obligations without penalty prior to the contractual maturity date.

	December 31, 2015											
	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	$		$ 16,998	1.16%	$ 37,451	2.63%	$ 28,276	2.66%	$		$ 82,725	2.34%
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2)									1,188,256	1.92%	1,188,256	1.92%
Obligations of states and political subdivisions (3)	7,524	6.20%	20,181	6.12%	35,522	5.51%	12,879	3.88%			76,106	5.46%
Corporate debt securities	13,246	1.54%	29,275	1.68%	14,238	2.05%	1,986	3.66%			58,745	1.80%
Equity securities (4)									10,263	1.38%	10,263	1.38%
Total available-for-sale securities	$ 20,770	3.23%	$ 66,454	2.89%	$ 87,211	3.71%	$ 43,141	3.07%	$ 1,198,519	1.92%	$ 1,416,095	2.14%
Held-to-maturity												
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (2)	$		$		$		$		$ 216,419	2.51%	$ 216,419	2.51%
Obligations of states and political subdivisions (3)	1,693	3.95%	38,301	3.26%	350,560	4.54%	371,485	4.26%			762,039	4.34%
Corporate debt securities			995	2.76%	33,477	3.50%					34,472	3.40%
Total held-to-maturity securities	$ 1,693	3.95%	$ 39,296	3.24%	$ 384,037	4.45%	$ 371,485	4.26%	$ 216,419	2.51%	$ 1,012,930	3.94%
Total securities	$ 22,463	3.29%	$ 105,750	3.02%	$ 471,248	4.32%	$ 414,626	4.14%	$ 1,414,938	2.01%	$ 2,429,025	2.90%

(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 maturities 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 $1.4 million, $1,039.9 million, $350.7 million and $12.7 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 $45.5 and $11.6 million at December 31, 2015 and 2014, respectively, and are included in other assets in the Consolidated Balance Sheets.

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WesBanco s municipal portfolio, comprised of both tax-exempt and taxable securities, totals 34.8% of the overall securities portfolio as of December 31, 2015, 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, 2015		December 31, 2014	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**
Municipal bonds (at fair value) (1):				
Moody s: Aaa / S&P: AAA	**$ 82,005**	**9.5**	$ 50,205	8.1
Moody s: Aa1 ; Aa2 ; Aa3 / S&P: AA+ ; AA ; AA-	**652,198**	**75.1**	449,219	72.1
Moody s: A1 ; A2 ; A3 / S&P: A+ ; A ; A-	**127,243**	**14.7**	117,398	18.9
Moody s: Baa1 ; Baa2 ; Baa3 / S&P: BBB+ ; BBB ; BBB- (2)	**1,820**	**0.2**	1,958	0.3
Not rated by either agency	**4,433**	**0.5**	3,454	0.6
Total municipal bond portfolio	**$ 867,699**	**100.0**	$ 622,234	100.0

(1) The highest available rating was used when placing the bond into a category in the table.

(2) As of December 31, 2015 and 2014, 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, 2015		December 31, 2014	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**
Municipal bond type:				
General Obligation	**$ 613,436**	**70.7**	$ 432,967	69.6
Revenue	**254,263**	**29.3**	189,267	30.4
Total municipal bond portfolio	**$ 867,699**	**100.0**	$ 622,234	100.0
Municipal bond issuer:				
State Issued	**$ 77,952**	**9.0**	$ 53,931	8.7
Local Issued	**789,747**	**91.0**	568,303	91.3
Total municipal bond portfolio	**$ 867,699**	**100.0**	$ 622,234	100.0

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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, 2015:

TABLE 10. CONCENTRATION OF MUNICIPAL SECURITIES

	December 31, 2015	
(dollars in thousands)	Fair Value	% of Total
Pennsylvania	**$ 199,779**	**23.0**
Texas	**109,422**	**12.6**
Ohio	**94,672**	**10.9**
Illinois	**42,143**	**4.9**
Kentucky	**28,756**	**3.3**
All other states (1)	**392,927**	**45.3**
Total municipal bond portfolio	**$ 867,699**	**100.0**

(1) WesBanco s municipal bond portfolio contains obligations in the State of West Virginia totaling $23.8 million or 2.7% of the total municipal portfolio.

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 measurement, refer to Note 15, Fair Value Measurement in the Consolidated Financial Statements.

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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 other commercial and industrial (C&I) loans that are not secured by real estate. Retail loans include residential real estate mortgage loans, home equity lines of credit (HELOC), 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, commercial letters of credit, deposit account overdraft protection limits, certain loan guarantee contracts, and approved commitments to extend credit. Approved commitments, which have been accepted by the customer, 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.

Loans and loan commitments are summarized in Table 11.

TABLE 11. LOANS AND COMMITMENTS

	December 31,									
	2015		2014		2013		2012		2011	
(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	**$ 344,748**	**6.8**	$ 262,643	6.4	$ 263,117	6.7	$ 193,004	5.2	$ 175,867	5.4
Improved property	**1,911,633**	**37.7**	1,682,817	41.1	1,649,802	42.3	1,665,341	44.9	1,509,698	46.5
Total commercial real estate	**2,256,381**	**44.5**	1,945,460	47.5	1,912,919	49.0	1,858,345	50.1	1,685,565	51.9
Commercial and industrial	**737,878**	**14.5**	638,410	15.6	556,249	14.3	478,025	12.9	426,315	13.1
Total commercial loans	**2,994,259**	**59.0**	2,583,870	63.1	2,469,168	63.3	2,336,370	63.0	2,111,880	65.0
Residential real estate:										
Land and construction	**40,261**	**0.8**	19,681	0.5	27,559	0.7	11,805	0.3	9,654	0.3
Other mortgages	**1,207,539**	**23.8**	909,089	22.2	863,245	22.1	781,897	21.0	611,729	18.9
Home equity lines of credit	**416,889**	**8.2**	330,031	8.1	284,687	7.3	277,226	7.5	251,785	7.8
Total residential real estate	**1,664,689**	**32.8**	1,258,801	30.8	1,175,491	30.1	1,070,928	28.8	873,168	27.0
Consumer	**406,894**	**8.0**	244,095	6.0	250,258	6.4	280,464	7.6	254,320	7.8
Total retail loans	**2,071,583**	**40.8**	1,502,896	36.8	1,425,749	36.5	1,351,392	36.4	1,127,488	34.8
Total portfolio loans	**5,065,842**	**99.8**	4,086,766	99.9	3,894,917	99.8	3,687,762	99.4	3,239,368	99.8
Loans held for sale	**7,899**	**0.2**	5,865	0.1	5,855	0.2	21,903	0.6	6,084	0.2
Total loans	**$ 5,073,741**	**100.0**	$ 4,092,631	100.0	$ 3,900,772	100.0	$ 3,709,665	100.0	$ 3,245,452	100.0
LOAN COMMITMENTS										
Commercial real estate:										
Land and construction	**$ 380,704**	**24.6**	$ 276,075	22.5	$ 305,600	26.4	$ 188,764	17.0	$ 122,946	14.5
Improved property	**130,415**	**8.5**	81,715	6.7	60,387	5.2	113,164	10.2	102,677	12.1
Total commercial real estate	**511,119**	**33.1**	357,790	29.2	365,987	31.6	301,928	27.2	225,623	26.6
Commercial and industrial	**482,799**	**31.2**	420,577	34.2	383,327	33.0	408,322	36.8	297,203	35.1
Total commercial commitments	**993,918**	**64.3**	778,367	63.4	749,314	64.6	710,250	64.0	522,826	61.7

Residential real estate:										
Land and construction	**17,369**	**1.1**	17,402	1.4	15,661	1.4	5,817	0.6	4,299	0.5
Other mortgages	**17,191**	**1.1**	9,227	0.8	5,461	0.5	10,226	0.9	6,773	0.8
Home equity lines of credit	**369,152**	**23.9**	297,888	24.2	268,302	23.1	256,324	23.1	209,769	24.8
Total residential real estate	**403,712**	**26.1**	324,517	26.4	289,424	25.0	272,367	24.6	220,841	26.1
Consumer	**35,360**	**2.3**	26,115	2.1	23,256	2.0	26,283	2.4	15,358	1.8
Total retail commitments	**439,072**	**28.4**	350,632	28.5	312,680	27.0	298,650	27.0	236,199	27.9
Total portfolio commitments	**1,432,990**	**92.7**	1,128,999	91.9	1,061,994	91.6	1,008,900	91.0	759,025	89.6
Deposit overdraft limits	**106,252**	**6.9**	95,965	7.8	96,291	8.3	93,654	8.5	85,981	10.1
Commitments held for sale	**6,865**	**0.4**	3,784	0.3	1,733	0.1	5,902	0.5	2,415	0.3
Total loan commitments	**$ 1,546,107**	**100.0**	$ 1,228,748	100.0	$ 1,160,018	100.0	$ 1,108,456	100.0	$ 847,421	100.0
Letters of credit included above	**$ 27,408**	**1.8**	$ 23,362	1.9	$ 20,447	1.8	$ 20,078	1.8	$ 37,719	4.4

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Total portfolio loans increased $979.1 million or 24.0% from December 31, 2014 to December 31, 2015, primarily due to the acquisition of ESB that represented $701.0 million or 17.2% in growth, along with organic growth of $278.1 million or 6.8%. On the merger date ESB s loans were recorded at their estimated fair value of $701.0 million, with $690.1 million purchased without deteriorated credit quality from origination. Loans acquired with deteriorated credit quality having a book value of $16.1 million and contractually required payments of $21.8 million were recorded at their estimated fair value of $10.9 million. The difference between the amount of loan growth attributed to ESB at year-end and the recorded amount on the merger date represents scheduled amortization, refinancings and payoffs. The acquisition of ESB also changed the composition of loans as ESB had a higher percentage of residential real estate and consumer loans than WesBanco.

CRE represents a significant component of the loan portfolio, although it continues to decline as a percentage of the entire loan portfolio in accordance with management s goal. CRE improved property loans increased $228.8 million or 13.6% from December 31, 2014 to December 31, 2015, primarily from the acquisition of ESB which contributed $188.5 million or 11.2% and organic growth of $40.3 million or 2.4%. CRE improved property growth was also tempered by periodic unscheduled payoffs of loans that were refinanced primarily in the secondary market for longer terms, some of which occurred shortly after completion of construction, and property sales. CRE land and construction loan balances increased $82.1 million or 31.3% from December 31, 2014 to December 31, 2015. The ESB acquisition accounted for $16.6 million or 6.4% of this growth while organic growth was $65.5 million or 24.9%.

C&I loans increased $99.5 million or 15.6% from December 31, 2014 to December 31, 2015. C&I growth was achieved through the addition of lending personnel and increased business development efforts that resulted in obtaining new customer relationships, new opportunities created by the Fidelity acquisition in November 2012 and the acquisition of ESB in February 2015, both of which resulted in an expanded presence in the greater Pittsburgh MSA and western Pennsylvania market. The portfolio benefited from increased business activity due to generally improved economic conditions in all markets. ESB contributed $57.2 million or 9.0% of the growth, and $42.3 million or 6.6% was organic growth.

Residential real estate mortgage loans increased $319.0 million or 34.3% from December 31, 2014 to December 31, 2015. The vast majority of this growth came from ESB, providing $302.1 million or 32.5% while organic growth was $16.9 million or 1.8%. Positive organic growth was achieved despite a difficult mortgage lending environment due to new, complex mortgage lending regulations and a decline in mortgage refinancing activity. Only 25% of mortgages originated in 2015 were refinances of existing mortgages compared to 28% in 2014. WesBanco retained approximately 56% of mortgages originated in 2015 for the portfolio compared to 64% in 2014.

HELOC loans increased $86.9 million or 26.3% from December 31, 2014 to December 31, 2015. ESB provided $25.6 million or 7.8% of this growth while organic growth was $61.3 million or 18.5%. This growth was achieved primarily through regular marketing activities and a competitive HELOC product containing features that customers found desirable, although underwriting criteria was tightened in the second half of the year.

Consumer loans increased $162.8 million or 66.7% from December 31, 2014 to December 31, 2015. The majority of this increase was due to ESB at $110.8 million or 45.4% with $52.0 million or 21.3% representing organic growth. The majority of the organic growth was in the indirect loan portfolio for new and used auto and truck financing.

Total loan commitments increased $317 million or 25.8% from December 31, 2014 to December 31, 2015. Commitments in CRE-land and construction increased approximately $105 million, primarily for multi-family apartments, as development of new projects continued to be robust, while home equity and C&I commitments increased approximately $71 million and $62 million, respectively, due to WesBanco s emphasis on growing those categories of loans.

Geographic Distribution WesBanco extends credit primarily within the market areas where it has branch offices. Loans outside of these markets are generally only made to established customers that have other business relationships with WesBanco in its markets. Loans outside of WesBanco s markets represented less than 2% of

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total loans at December 31, 2015 and 2014. These loans consist primarily of residential real estate loans for second residences or vacation homes, consumer purpose lines of credit to wealth management customers and automobile loans to family members of local customers. Management has no current plans to significantly increase out-of-market loans.

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, 2015 (1)						
	Commercial Real Estate						
(percentage of exposure, rounded to nearest whole percent)	**Land and Construction**	**Improved Property**	**Commercial and Industrial**	**Residential Real Estate**	**Home Equity Lines**	**Consumer**	**Total**
Upper Ohio Valley MSAs	**5%**	**11%**	**32%**	**12%**	**19%**	**20%**	**15%**
Morgantown, WV MSA	**5**	**6**	**6**	**4**	**6**	**5**	**5**
Parkersburg, WV-Marietta, OH MSA	**2**	**6**	**3**	**3**	**7**	**6**	**5**
Other West Virginia Locations	**8**	**7**	**9**	**12**	**13**	**20**	**10**
Pittsburgh, PA MSA & Western Pennsylvania	**20**	**26**	**26**	**34**	**20**	**32**	**28**
Columbus, OH MSA	**36**	**16**	**10**	**9**	**7**	**2**	**13**
Western Ohio MSAs	**14**	**15**	**4**	**12**	**13**	**2**	**11**
Other Ohio Locations	**6**	**11**	**7**	**12**	**14**	**9**	**11**
Adjacent States & Outside-of-Market	**4**	**2**	**3**	**2**	**1**	**4**	**2**
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Real estate secured loans are categorized based on the address of the collateral. All other loans are categorized based on the borrower s address.

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 parts of Indiana, Kentucky and Maryland that are within close proximity to WesBanco s markets. Outside-of-market loans consist of loans in all other locations not included in any of the other defined areas and have remained relatively unchanged overall from 2014.

The only significant changes in the geographic distributions of loans from December 31, 2014 to December 31, 2015 was the overall increase in loans within the Pittsburgh, PA MSA and Western Pennsylvania market due to the acquisition of ESB, which transformed that market into WesBanco s largest at 28% of total loans and commitments at December 31, 2015 compared to 16% at December 31, 2014.

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. The manner and degree of 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. WesBanco also monitors general economic conditions, including unemployment, housing activity and real estate values in its markets. 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 underwriting, loan documentation and portfolio administration.

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 WesBanco 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 $412,000 at December 31, 2015 compared to $388,000 at December 31, 2014. 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 loan risk is mitigated by limiting total credit exposure to individual borrowers or groups of borrowers, industries and geographic markets and by requiring appropriate collateral or guarantors.

Commercial loans are monitored for potential concentrations of loans to any one borrower or group of related borrowers. At December 31, 2015, WesBanco s legal lending limit to any single borrower or their related interests approximated $109 million. The ten largest commercial relationships in total ranged from $450 million to $500 million throughout 2015 and 2014, but only two relationships exceeded $50 million at December 31, 2015. These large relationships generally consist of more than one loan to a borrower or their related entities. The single largest relationship exposure approximated $79 million at December 31, 2015 and consists of multiple loans to a customer in the retail sector. The largest CRE loan exposure by property type and industry are set forth in tables 14 and 16.

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, and other qualified persons that do not have individual lending authority and are not responsible for loan origination. 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 origination, net growth in outstanding loan balances, fees, credit quality, and portfolio administration requirements.

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 generally are made only when WesBanco 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 WesBanco has a takeout commitment, construction loans are underwritten as if WesBanco will retain the loan upon completion of construction. In recent years, due to the low interest rate environment and low property capitalization rates, many construction loans that did not have a takeout commitment when the loan originated have been sold or refinanced in the secondary market immediately upon completion of construction at times, resulting in significant unscheduled payoffs of loans.

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 and property types. Investment properties include multi-family apartment buildings, 1-to-4 family rental units, and various types of commercial buildings 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 $100 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 the project costs and therefore is often funded by loan advances. Advances are monitored 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 re-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. Interest rates may also be fixed for longer than five years but the borrower may be required to enter into an interest rate derivative contract that converts WesBanco s rate to an adjustable rate.

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.

Commercial lines and letters of credit are generally categorized as C&I but may also be categorized as CRE improved property loans if they are secured primarily by real estate. 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 of credit may also include a fee based on the amount of the line that is not advanced. Lines and letters of credit are generally renewable or may be cancelled annually by WesBanco but may also be committed for up to three years when appropriate. Letters of credit may also require WesBanco to notify the beneficiary within a specified time in the event WesBanco does not intend to renew or extend the commitment.

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

TABLE 13. MATURITIES OF COMMERCIAL LOANS

	December 31, 2015							
	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	$ 7,512	$ 22,086	$ 14,847	$ 44,445	$ 42,857	$ 169,061	$ 88,385	$ 300,303
Improved property	28,418	192,149	271,350	491,917	139,315	218,005	1,062,396	1,419,716
Commercial and industrial	40,513	124,774	100,686	265,973	274,133	55,493	142,279	471,905
Total commercial loans	$ 76,443	$ 339,009	$ 386,883	$ 802,335	$ 456,305	$ 442,559	$ 1,293,060	$ 2,191,924

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 WesBanco s markets and have the liquidity or other 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. Since speculative projects are inherently riskier, WesBanco may require a specified percentage of pre-sales for land and residential development 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 CRE 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 based on the amount financed prior to the loan being made. New appraisals or evaluations may be obtained throughout the life of each loan 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 (LTV) ratios are generally limited to the maximum percentages prescribed by WesBanco 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 LTV ratios to 30% of the Bank s total risk-based capital. The aggregate of all CRE loans and loan commitments that exceeded the regulatory guidelines approximated $99 million or 13% of the Bank s total risk-based capital at December 31, 2015 compared to $82 million or 15% at December 31, 2014. The 2% decrease in the percent of total risk-based capital from 2014 is primarily the result of scheduled principal reductions that have reduced LTVs to within the guidelines, refinancing in the secondary market of certain loans that had higher LTVs, and management s efforts to restrict the amount of high LTV loans. Regardless of credit policy or regulatory guidelines, lower LTV ratios may be required for certain types of properties or when other factors exist that increase the risk of volatility in market values such as single or special use properties that cannot be easily converted to other uses or may have limited marketability. Conversely, higher LTV ratios may be acceptable when there are other factors to 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 available collateral or guarantors. Loans secured by bank deposit accounts and marketable securities represent the lowest risk. Marketable securities are subject to changes in market value and are monitored regularly to ensure they remain appropriately margined. The total of C&I exposure secured by bank deposit accounts and marketable securities approximate $163 million at December 31, 2015 compared to $157 million at December 31, 2014. Unsecured C&I loans, which represent the highest risk, approximated $113 million at December 31, 2015 compared to $100 million at December 31, 2014. 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 flows. The single largest unsecured exposure is $6.9 million. 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 WesBanco. Approximately $98 million or 8.6% of C&I exposure at December 31, 2015 is secured solely by accounts receivable and inventory compared to $86 million or 8.8% at December 31, 2014. Another $110 million or 9.7% of C&I exposure is secured by equipment or motorized vehicles at December 31, 2015 compared to $82 million or 8.4% at December 31, 2014. The increase in accounts receivable, inventory and equipment financing is a result of the Bank s emphasis on growing the C&I category of loans in 2015. 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 WesBanco. Participation in loans originated by other financial institutions represent $225 million or 5.6% of total commercial loans at December 31, 2015 compared to $222 million or 8.6% at December 31, 2014. Included in this total are Shared National Credits of $71 million at December 31, 2015 and $73 million at December 31, 2014. Shared National Credits 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 limited ability to control the actions of the lead, agent or servicing institution.

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, investment CRE dependence on common tenants and industries or property types that are similarly impacted by external factors. Total credit exposure by real estate property type and industry sectors are summarized in Tables 14 and 16.

The continued global decline in coal, oil and natural gas prices will have both a positive impact on the commercial portfolio by lowering all borrowers energy costs but may also result in a reduction in coal, oil and gas activity that will adversely impact certain industries or property types. At December 31, 2015, total exposure to core energy industries such as drilling, extraction, pipeline construction, mining equipment, investment real estate with energy-related tenants and other related support activities approximated $73 million or 1.10% of the

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total loan portfolio. Exposure to ancillary industries such as utility distribution and transportation, engineering services, manufacturers and retailers of other heavy equipment used in core energy industries, approximates an additional $57 million in exposure or 0.9% of the total loan portfolio. Lodging properties located in the shale gas markets represents an additional $148 million of exposure that may be impacted by a reduction in shale gas activities. The largest exposure to any one borrower in either core energy or ancillary industries was $22.3 million to a company that provides supporting products and services to the coal industry. Not all borrowers in these categories will be impacted to the same magnitude by a reduction in energy sector activity and some may not be at all dependent on or may be able to replace revenue associated with this industry.

TABLE 14. CRE EXPOSURE BY PROPERTY TYPE

	December 31, 2015								
	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	$ 68,417	$ 14,652	$ 12,136	$ 4,032	$ 1,532	$ 82	$ 100,851	$ 3,901	13.5
1-to-4 family	22,299	20,458	170,996	6,031	504	23	220,311	5,000	29.6
Multi-family	132,263	190,447	332,473	24,268			679,451	26,025	91.3
Retail	32,217	11,310	223,754	14,027	41,450	1,336	324,094	16,480	43.5
Office	38,360	19,759	170,078	2,566	58,853	4,609	294,225	12,158	39.5
Industrial	1,019	1,147	43,729	590	57,110	1,485	105,080	4,493	14.1
Lodging	23,867	49,789	182,748	7,068			263,472	20,700	35.4
Senior living	8,282	21,731	49,740	435	38,044	2,806	121,038	20,651	16.3
Hospital			682	594	24,470	51	25,797	11,506	3.5
Self-storage	1,107	496	21,648	1,000	2,954	657	27,862	4,749	3.7
Eating place	3,140	6,000	8,502	1,455	25,827	54	44,978	3,880	6.0
Gas station	498	4	5,433	102	57,673	158	63,868	5,807	8.6
Recreational	9	4,800	1,771		15,206	235	22,021	5,585	3.0
Dormitory	8,727	20,296	17,842	428			47,293	16,000	6.4
House of worship	70	1	294	305	25,197	738	26,605	3,327	3.6
Other special use	349	90	17,904	200	63,336	19,999	101,878	15,289	13.7
Mixed use	1,024	11,043	136,149	16,266	57,683	3,802	225,967	14,839	30.4
Unclassified	3,100	8,681	25,267	12,979	20,648	2,034	72,709	5,680	9.9
Total	$ 344,748	$ 380,704	$ 1,421,146	$ 92,346	$ 490,487	$ 38,069	$ 2,767,500	$ 26,025	372.0

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

Multi-family apartments represent the single largest category of CRE. Including construction loans, multi-family apartment exposure increased 41.0% from $482 million at December 31, 2014 to $679 million at December 31, 2015. The majority of this increase is due to continued growth in our metropolitan markets. Approximately 47% of the total multi-family exposure is for new construction projects that are expected to be refinanced in the secondary market over the next twenty-four months. During 2015, a number of properties were refinanced in the secondary market immediately upon completion and prior to stabilization. These early payoffs enable WesBanco to finance additional multi-family projects without unduly increasing multi-family exposure. As a result, the central Ohio market now represents approximately 37% of the total multi-family apartment exposure compared to over 50% last year, which is consistent with efforts to reduce that exposure by allowing certain loans to be refinanced in the secondary market upon completion of construction.

Retail property, which includes shopping centers, single-tenant buildings, and neighborhood retail store fronts represent the second largest category of CRE. Retail property exposure increased 6.4% from $305 million at December 31, 2014 to $324 million at December 31, 2015. 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.

Office buildings represent the third largest category of CRE. Office building exposure increased 6.0% from $277 million at December 31, 2014 to $294 million at December 31, 2015. Most of the increase came from new development in the western Pennsylvania market but the total exposure is not concentrated in any single market.

Lodging represents the next largest category of CRE, that in 2015 was actively managed to limit its growth, increasing 2.4% from $257 million at December 31, 2014 to $263 million at December 31, 2015. The increase occurred outside of the markets with shale gas driven new hotel construction. Approximately 56% of the total lodging exposure consists of facilities located in the shale gas markets compared to 70% last year. More than 85% of the lodging exposure consists of facilities operated under high-quality hotel franchises by borrowers who are experienced in the lodging industry.

Mixed use properties include various combinations of other property types such as retail and office in one facility. Approximately $56 million of mixed use properties also include multi-family apartments in addition to the multi-family exposure summarized above. Other special use properties consist of facilities that have a unique purpose other than those identified in Table 14, and includes properties such as funeral homes, carwashes, other auto care facilities, fire stations, parking garages, other municipal service facilities and school buildings. Unclassified properties are generally smaller, general purpose buildings and store fronts that can typically be adapted to any number of potential commercial uses.

In addition to the methods in which WesBanco 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 WesBanco s CRE exposure according to the regulatory concentration guidelines.

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

	December 31, 2015			December 31, 2014		
(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	**$ 725,452**	**97.5**	**100.0%**	$ 538,718	96.0	100.0%
Multi-family and commercial investment property	**1,336,465**	**179.7**		1,121,536	199.8	
Total CRE regulatory concentration loans	**2,061,917**	**277.2**	**300.0%**	1,660,254	295.8	300.0%
Owner occupied and 1-to-4 family rental property	**705,583**	**94.8**		642,996	114.5	
Total CRE	**$ 2,767,500**	**372.0**	**N/A**	$ 2,303,250	410.3	N/A

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 $607 million or 28.1% for the thirty-six month period ended December 31, 2015. Organic growth accounts for $461 million of the increase in CRE exposure during this period, with the remainder consisting of acquired exposure.

Basel III requires banks to identify High Volatility Commercial Real Estate (HVCRE) loans in their portfolios. These loans are subject to 150% weighting in the risk-based capital calculation effective January 1, 2015. These new regulations require, among other things, that all CRE loans (either investment or owner-

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occupied) for acquisition, development or construction that are not in permanent amortizing loan status, meet the statutory LTV guidelines, have a minimum contributed equity of 15% and the loan documentation must contain a requirement that the initial capital injection remain in the project until the loan has converted to permanent financing or is paid in full. The bank has approximately $409 million in HVCRE exposure representing 14.8% of total CRE exposure and 55% of total risk-based capital at December 31, 2015. These loans were classified as HVCRE primarily for legal documentation reasons rather than contributed equity being less that 15%.

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

	December 31, 2015						
	C&I		CRE Improved Owner Occupied Property				
(dollars in thousands)	Loan Balance	Loan Commitment	Loan Balance	Loan Commitment	Total Exposure	Largest Loan (1)	% of Capital (2)
Agriculture and farming	$ 5,666	$ 1,357	$ 1,408	$ 168	$ 8,599	$ 2,500	1.2
Energy oil and gas	11,921	4,332	4,632		20,885	3,827	2.8
Energy mining and utilities	36,595	2,228	157		38,980	15,000	5.2
Construction general	32,417	39,446	9,024	2,410	83,297	6,000	11.2
Construction trades	28,751	28,157	13,066	1,579	71,553	7,040	9.6
Manufacturing primary metals	1,367	10,328	5,981		17,676	9,000	2.4
Manufacturing other	67,724	87,001	24,244	1,778	180,747	16,364	24.3
Wholesale and distribution	41,622	25,922	14,456	371	82,371	6,000	11.1
Retail automobile dealers	30,536	17,776	14,234	856	63,402	10,000	8.5
Retail other sales	23,274	18,426	80,445	1,979	124,124	15,000	16.7
Transportation and warehousing	19,832	7,932	8,794	323	36,881	4,458	5.0
Information and communications	2,757	221	2,046		5,024	1,199	0.7
Finance and insurance	50,912	53,826	6,828	419	111,985	15,000	15.1
Equipment leasing	34,696	6,539	10,021	2	51,258	6,000	6.9
Services real estate	37,554	17,951	41,079	3,213	99,797	4,809	13.4
Services business and professional	28,988	36,125	12,240	2,471	79,824	4,000	10.7
Services personal and other	14,389	5,122	51,216	16,357	87,084	15,289	11.7
Schools and education services	64,251	14,695	11,199	151	90,296	12,926	12.1
Healthcare medical practitioners	16,093	6,904	21,774	343	45,114	5,045	6.1
Healthcare hospitals and other	64,469	14,235	69,288	3,472	151,464	26,683	20.4
Entertainment and recreation	3,709	3,357	16,574	255	23,895	5,585	3.2
Restaurants and lodging	19,004	4,363	36,219	434	60,020	5,886	8.1
Religious organizations	32,302	16,675	25,169	738	74,884	15,000	10.1
Government	49,623	11,387	7,541	674	69,225	6,815	9.3
Unclassified	19,426	48,494	2,852	76	70,848	5,000	9.3
Total	$ 737,878	$ 482,799	$ 490,487	$ 38,069	$ 1,749,233	$ 26,683	235.1

(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 35.8% of capital; however, these sectors include a variety of service-providing businesses. Combined exposure to the services sectors increased $14 million from December 31, 2014 to December 31, 2015. Approximately $49 million of exposure to mortuary services is the single largest industry group exposure in the services sectors and represents approximately 18% of the combined total.

The manufacturing sectors represent the second largest industry exposure at 26.7% of capital, decreasing from 29.4% at the end of the previous year. Although it now represents a lower percentage of capital, total exposure to manufacturing increased 20.3% from $165 million at December 31, 2014 to $198 million at December 31, 2015 as a result of successful business development efforts to expand lending to manufacturing industries. Metal fabrication, products made from minerals along with machinery and equipment collectively, represent 58% of the other manufacturing sector, down from 60% at December 31, 2014, as growth in the sector was more diverse.

The healthcare sector including medical practitioners represents the third largest industry at 26.5% of capital, decreasing from 39.2% at the end of the previous year. Total exposure to healthcare decreased 10.6% from $220 million at December 31, 2014 to $197 million at December 31, 2015. The decrease in healthcare exposure came primarily from the refinance of loans in the general hospitals category.

The retail sales sectors including automobile dealers represent the fourth largest industry exposure at 25.2% of capital. Total exposure to the retail sectors increased $15.2 million or 8.8% from December 31, 2014. Excluding automobile dealers, gasoline stations and convenience stores represent approximately 68% of the exposure to the other retail businesses.

Construction, both general construction and trades, is the next largest industry exposure at $155 million and is the only other sector that represents more than 20% of capital. Total exposure to this sector increased 6.5% from $145 million at December 31, 2014 to $155 million at December 31, 2015. Approximately 44% of the general construction exposure is to commercial contractors, up from 38% at December 31, 2014 with another 32% to heavy construction companies in 2015 compared to 25% in 2014.

Retail Loans Retail loans are a homogenous group, generally consisting of standardized products that are smaller in amount and distributed over a larger number of individual borrowers. The average residential real estate loan approximates $103,000 at December 31, 2015 compared to $89,000 at December 31, 2014 while the average of all retail loans approximates $43,000 at December 31, 2015 compared to $40,000 at December 31, 2014. The higher average retail loan at December 31, 2015 is attributable to increased lending in WesBanco s metropolitan markets that have higher home values for residential mortgage loans and higher priced new cars for other consumer loans.

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 approximately $19 million of 1-to-4 family rental properties, half of which were originated primarily in western Ohio markets by acquired banks prior to their acquisition by WesBanco.

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. 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.

HELOC loans are secured by first or second liens on a borrower s primary residence. HELOCs 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 LTV ratios are also tiered based on the amount of the line and the borrower s credit history. Most HELOCs 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 HELOCs originated since 2005 through

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2013 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 WesBanco under certain circumstances. Generally, lines originated since 2013 have a 15 year draw period, a ten year repayment period and 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. HELOCs that originated prior to 2000 began reaching the end of their availability period starting in 2015 and years thereafter. These lines have the additional risk that the borrower will not have the capacity to make higher payments of interest and principal or may not qualify for a new line of credit. The amount of such lines that will reach the end of their availability period in 2016 represents less than 1% of the total HELOC exposure.

Consumer loans consist of installment loans originated directly by WesBanco 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/improvement loans; and sixty months if the loan is unsecured. Maximum terms may be less depending on age of 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 WesBanco 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

	December 31, 2015							
	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	$ 2,008	$ 34,813	$ 809,616	$ 846,437	$ 299	$ 4,027	$ 397,037	$ 401,363
Home equity lines of credit	627	6,520	25,339	32,486	154,415	17,510	212,478	384,403
Consumer	15,236	115,599	231,019	361,854	25,980	10,634	8,426	45,040
Total retail loans	$ 17,871	$ 156,932	$ 1,065,974	$ 1,240,777	$ 180,694	$ 32,171	$ 617,941	$ 830,806

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 HELOCs. 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.

Effective January 10, 2014 underwriting of residential real estate loans also became subject to new regulations promulgated by the Consumer Financial Protection Bureau (CFPB) which among other things defined the characteristics of a qualified mortgage and imposed new standards for determining and documenting a borrower s ability to repay. One impact of these regulations is the risk of liability to a borrower at a future date if the borrower claims the institution had knowledge when the loan was made that the borrower did not have the ability to repay.

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 based on the amount financed 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.

WesBanco 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, WesBanco 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 WesBanco 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 WesBanco except for indirect consumer loans originated by automobile dealers and other sellers of consumer goods. WesBanco performs its own customary credit evaluation and underwriting before purchasing indirect loans. The credit risk associated with these loans is similar to that of loans originated by WesBanco, but additional risk may arise from WesBanco s limited ability to control a dealer s compliance with applicable consumer lending laws. Indirect consumer loans represented $240 million or 59% of consumer loans at December 31, 2015 compared to $129 million or 53% at December 31, 2014 with the increase primarily attributed to organic growth.

Loans Held For Sale Loans held for sale consist 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, WesBanco may be required to repurchase loans under certain circumstances for contractual periods of generally up to one year or less. The number and principal balance of loans that WesBanco 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, 2015 and 2014, WesBanco serviced loans for others aggregating approximately $50.6 million and $63.1 million, respectively. The unamortized balance of mortgage servicing rights related to these loans is less than $1 million.

CREDIT QUALITY

The quality of the loan portfolio is measured by various factors, including the amount of loans that are past due, required to be reported as non-performing, or are adversely graded in accordance with internal risk classifications that are consistent with regulatory adverse risk classifications. Non-performing loans consists of non-accrual loans and troubled debt restructurings (TDRs). Non-performing assets also include real estate owned (REO) and repossessed assets. Net charge-offs are also an important measure of credit quality. WesBanco 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 proceed to foreclosure or other course of liquidation that does not fully repay the amount of the loan.

Past Due Loans Loans that are past due but not reported as non-performing generally consists of loans that are between 30 and 89 days contractually past due. Certain loans that are 90 days or more past due also continue to accrue interest because they are deemed to be well-secured and in the process of collection. Earlier

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stage delinquency requires 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,									
	2015		**2014**		**2013**		**2012**		**2011**	
(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	**$**		$ 71	0.03	$ 248	0.09	$		$	
Commercial real estate improved property					318	0.02	338	0.02	18	
Commercial and industrial	**33**		22				98	0.02	939	0.22
Residential real estate	**2,159**	**0.17**	1,306	0.14	1,289	0.14	3,199	0.40	2,881	0.46
Home equity lines of credit	**407**	**0.10**	570	0.17	411	0.14	722	0.26	498	0.20
Consumer	**527**	**0.13**	319	0.13	325	0.13	937	0.33	799	0.31
Total 90 days or more	**3,126**	**0.06**	2,288	0.06	2,591	0.07	5,294	0.14	5,135	0.16
30 to 89 days:										
Commercial real estate land and construction					2		750	0.39	180	0.10
Commercial real estate improved property	**318**	**0.02**	480	0.03	2,897	0.18	6,328	0.38	4,599	0.30
Commercial and industrial	**275**	**0.04**	216	0.03	1,310	0.24	500	0.10	1,442	0.34
Residential real estate	**3,216**	**0.26**	3,105	0.33	4,894	0.55	7,972	1.00	5,902	0.95
Home equity lines of credit	**2,470**	**0.59**	2,524	0.76	1,934	0.68	1,322	0.48	2,266	0.90
Consumer	**4,726**	**1.16**	3,022	1.24	3,794	1.52	5,666	2.02	5,499	2.16
Total 30 to 89 days	**11,005**	**0.22**	9,347	0.23	14,831	0.38	22,538	0.61	19,888	0.61
Total 30 days or more	**$ 14,131**	**0.28**	$ 11,635	0.29	$ 17,422	0.45	$ 27,832	0.75	$ 25,023	0.77

Loans past due 30 days or more and accruing interest and not reported as TDRs increased $2.5 million due to the ESB acquisition and growth in consumer loans but improved as a percentage of total loans to 0.28% of total loans at December 31, 2015 compared to 0.29% at December 31, 2014. This low level of delinquency is the result of management s continued focus on sound initial underwriting, timely collection of loans at their earliest stage of delinquency, stable unemployment and generally improved economic conditions.

Non-Performing Assets Non-performing assets consists of non-accrual loans, TDRs, REO and repossessed assets.

Loans are categorized as TDRs when WesBanco, 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 may include a reduction of either the interest rate, the amount of accrued interest, or the principal balance of the loan. Other possible concessions are an interest rate that is less than the market rate for loans with comparable risk characteristics, an extension of the maturity date or an extension of 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.

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 5, 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.

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 WesBanco. Repossessed assets primarily consist of automobiles and other types of collateral acquired to satisfy defaulted consumer loans.

Table 19 summarizes non-performing assets.

TABLE 19. NON-PERFORMING ASSETS

			December 31,		
(dollars in thousands)	**2015**	**2014**	**2013**	**2012**	**2011**
TDRs accruing interest:					
Commercial real estate land and construction	**$ 967**	$	$	$ 2,537	$ 7,410
Commercial real estate improved property	**2,064**	2,437	3,052	10,198	17,318
Commercial and industrial	**205**	329	415	632	839
Residential real estate	**7,227**	8,215	9,850	9,022	3,844
Home equity lines of credit	**642**	740	902	1,022	
Consumer	**443**	345	642	870	
Total TDRs accruing interest	**11,548**	12,066	14,861	24,281	29,411
Non-accrual loans:					
Commercial real estate land and construction	**1,023**	1,488	2,564	4,668	10,135
Commercial real estate improved property	**11,507**	20,227	17,305	18,239	25,122
Commercial and industrial	**8,148**	4,110	4,380	3,387	8,238
Residential real estate	**9,461**	10,329	10,240	11,247	12,377
Home equity lines of credit	**2,391**	1,923	1,604	1,184	1,331
Consumer	**851**	741	540	647	289
Total non-accrual loans	**33,381**	38,818	36,633	39,372	57,492
Total non-performing loans	**44,929**	50,884	51,494	63,653	86,903
Real estate owned and repossessed assets	**5,825**	5,082	4,860	5,988	3,029
Total non-performing assets	**$ 50,754**	$ 55,966	$ 56,354	$ 69,641	$ 89,932
Non-performing loans as a percentage of total portfolio loans	**0.89%**	1.25%	1.32%	1.73%	2.68%
Non-performing assets as a percentage of total assets	**0.60**	0.89	0.92	1.15	1.62
Non-performing assets as a percentage of total portfolio loans, real estate owned and repossessed assets	**1.00**	1.37	1.45	1.89	2.77

Accruing TDRs decreased $0.5 million or 4.3% from December 31, 2014 to December 31, 2015. There were no TDRs greater than $1 million or more at December 31, 2015, 2014 or 2013. Accruing TDRs are not concentrated in any industry, property or type of loan; however, retail loans represent 72.0% of accruing TDR s at December 31, 2015 compared to 77.1% at December 31, 2014. This includes 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. Most accruing TDRs continue to pay in accordance with their modified terms; however, total accruing TDRs with aggregate balances of $0.8 million or 7.3% of total accruing

TDRs were past due 30 days or more at December 31, 2015, which is an improvement compared to $1.1 million or 8.7% at December 31, 2014.

Non-accrual loans decreased $5.4 million or 14.0% from December 31, 2014 to December 31, 2015 as WesBanco successfully reduced or exited a number of non-accrual loans throughout 2015. Approximately $4.6 million or 13.8% of total non-accrual loans at December 31, 2015 also have restructured terms that would require them to be reported as a TDR if they were accruing interest, compared to $5.4 million or 14.0% of the total at December 31, 2014. Commercial loans of $1 million or more represent over 27% and all retail loans represent almost 38% of the total non-accrual loans at December 31, 2015. These non-accrual loans are not concentrated in any industry, property or type of loan.

REO and repossessed assets increased $0.7 million or 14.6% from December 31, 2014 to December 31, 2015. One commercial property acquired in the Fidelity acquisition represents $2.9 million or 49.9% of the total carrying value of REO at December 31, 2015 compared to 56.9% at December 31, 2014. Consummation of a sale of this property pursuant to a purchase agreement executed in 2013 was expected to take some time due to the complexity of the proposed purchaser s development plans but has been further delayed by other external factors. Excluding this property, only one other REO property has a carrying value of $1 million or more. WesBanco seeks to minimize the period for which it holds REO and repossessed 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. The average holding period of other REO other than the property described above approximated 7 months at December 31, 2015 compared to 8 months at December 31, 2014. Repossessed assets are generally sold at auction within 60 days after repossession. Expenses associated with owning REO and repossessed assets charged to other expenses were $0.5 million for 2015 compared to $1.1 million for 2014. Net gains or losses on the disposition of REO and repossessed assets are credited or charged to non-interest income and approximated $0.2 million of net gains in 2015 compared to $0.4 million of net gains for 2014.

Classified Loans Please refer to Note 5, Loans and the Allowance for Credit Losses, of the consolidated Financial Statements for a description of internally assigned risk grades for commercial loans and a summary of loans by grade. WesBanco s classified loan grades are equivalent to the classifications used by banking regulators to identify those loans that have significant adverse characteristics. 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 reported as TDRs regardless of their grade. Classified loans increased $6.6 million or 14.0% from December 31, 2014 to December 31, 2015, and represented 1.1% of total loans on both December 31, 2015 and 2014. The increase in the dollar amount of classified loans is primarily attributable to loans acquired from ESB.

Charge-offs and Recoveries Total charge-offs increased $1.8 million or 14.3% to $14.7 million, while total recoveries held steady at $3.6 million, resulting in a 20.2% increase in net charge-offs for 2015 compared to 2014. The increase in charge-offs was primarily due to a partial charge-off of $1.3 million for the non-energy C&I credit noted above, the remainder of which is included in non-accrual loans at December 31, 2015 as discussed above, and a CRE investment property loan for a medical office building that had previously been specifically reserved totaling $1.7 million. The total net loan charge-off rate of 0.23% of average loans is consistent with the overall percentage reduction in delinquency, criticized and classified loans, non-performing loans, lower unemployment, and a return of commercial and residential real estate values to pre-recession levels. 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.

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TABLE 20. CHARGE-OFFS AND RECOVERIES

			December 31,		
(dollars in thousands)	**2015**	**2014**	**2013**	**2012**	**2011**
Charge-offs:					
Commercial real estate land and construction	**$**	$	$ 536	$ 3,879	$ 7,494
Commercial real estate improved property	**4,915**	2,426	6,915	7,693	19,466
Commercial and industrial	**2,785**	3,485	1,505	4,625	9,087
Residential real estate	**1,803**	2,437	3,079	3,902	4,627
Home equity lines of credit	**1,502**	652	549	1,144	798
Consumer	**2,892**	3,120	3,819	3,851	4,037
Total loan charge-offs	**13,897**	12,120	16,403	25,094	45,509
Deposit account overdrafts	**846**	779	880	871	936
Total charge-offs	**14,743**	12,899	17,283	25,965	46,445
Recoveries:					
Commercial real estate land and construction	**1**		125	607	199
Commercial real estate improved property	**840**	603	615	1,107	993
Commercial and industrial	**435**	1,194	471	390	909
Residential real estate	**604**	454	401	407	375
Home equity lines of credit	**262**	115	116	30	116
Consumer	**1,240**	1,034	1,144	1,035	1,053
Total loan recoveries	**3,382**	3,400	2,872	3,576	3,645
Deposit account overdrafts	**222**	233	255	277	312
Total recoveries	**3,604**	3,633	3,127	3,853	3,957
Net charge-offs	**$ 11,139**	$ 9,266	$ 14,156	$ 22,112	$ 42,488
Net charge-offs as a percentage of average loans:					
Commercial real estate land and construction	**%**	%	0.18%	1.81%	4.17%
Commercial real estate improved property	**0.22**	0.11	0.38	0.43	1.19
Commercial and industrial	**0.33**	0.39	0.20	1.00	1.94
Residential real estate	**0.10**	0.22	0.32	0.52	0.70
Home equity lines of credit	**0.33**	0.18	0.15	0.44	0.28
Consumer	**0.45**	0.88	1.01	1.13	1.18
Total net loan charge-offs	**0.23**	0.22	0.37	0.65	1.29

ALLOWANCE FOR CREDIT LOSSES

While the provision for credit losses increased in 2015 compared to 2014 as a result of growth in the loan portfolio, the allowance for loan losses (allowance) decreased $2.8 million or 6.2% from December 31, 2014 to December 31, 2015. This decrease in the amount of the allowance is attributable to lower historical loss rates, improved credit quality, improvement in most of the qualitative factors that determine the adequacy of the allowance, and charge-offs of loans that were specifically reserved in prior years with replacement of such specific reserves not being warranted.

The allowance represented 0.82% of total portfolio loans at December 31, 2015 compared to 1.09% at December 31, 2014. However, the allowance does not include the credit portion of the fair market value adjustment for acquired loans. The decrease in the allowance as a percentage of loans is primarily attributable to acquired loans recorded at fair value for ESB in 2015 and Fidelity in 2012. If these acquired loans were excluded from total loans, the allowance as a percentage of the legacy portfolio and organic loan growth would approximate 0.97% of total loans at December 31, 2015 and 1.14% at December 31, 2014.

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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)	**2015**	**2014**	**2013**	**2012**	**2011**
Balance at beginning of year:					
Allowance for loan losses	**$ 44,654**	$ 47,368	$ 52,699	$ 54,810	$ 61,051
Allowance for loan commitments	**455**	602	341	468	1,404
Total beginning balance	**45,109**	47,970	53,040	55,278	62,455
Provision for credit losses:					
Provision for loan losses	**8,195**	6,552	8,825	20,001	36,247
Provision for loan commitments	**158**	(147)	261	(127)	(936)
Total provision for credit losses	**8,353**	6,405	9,086	19,874	35,311
Net charge-offs:					
Total charge-offs	**(14,743)**	(12,899)	(17,283)	(25,965)	(46,445)
Total recoveries	**3,604**	3,633	3,127	3,853	3,957
Net charge-offs	**(11,139)**	(9,266)	(14,156)	(22,112)	(42,488)
Balance at end of year:					
Allowance for loan losses	**41,710**	44,654	47,368	52,699	54,810
Allowance for loan commitments	**613**	455	602	341	468
Total ending balance	**$ 42,323**	$ 45,109	$ 47,970	$ 53,040	$ 55,278
Allowance for loan losses as a percentage of total loans	**0.82%**	1.09%	1.22%	1.43%	1.69%
Allowance for loan losses to non-accrual loans	**1.25x**	1.15x	1.29x	1.34x	0.95x
Allowance for loan losses to total non-performing loans	**0.93x**	0.88x	0.92x	0.83x	0.63x
Allowance for loan losses to total non-performing loans and loans past due 90 days or more	**0.87x**	0.84x	0.88x	0.76x	0.60x

The allowance consists of specific reserves for certain impaired loans and a general reserve for all other loans. WesBanco uses historical loss rates by risk grade for CRE improved property and C&I loans, and the historical loss rates 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 the impact of historical loss rates for the most recent sixty months, the volatility and velocity with which historical loss rates have changed during the economic cycle, economic conditions, delinquency levels and trends, non-performing and classified loan levels and 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.

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TABLE 22. COMPONENTS OF THE ALLOWANCE FOR CREDIT LOSSES

(in thousands)	December 31, 2015	2014	2013	2012	2011
General allowance:					
Based on historical loss experience	**$ 28,490**	$ 29,359	$ 38,545	$ 39,761	$ 42,920
Based on qualitative factors	**11,699**	11,497	8,091	11,195	8,537
Specific reserves	**1,521**	3,798	732	1,743	3,353
Total allowance for loan losses	**41,710**	44,654	47,368	52,699	54,810
Allowance for loan commitments	**613**	455	602	341	468
Total allowance for credit losses	**$ 42,323**	$ 45,109	$ 47,970	$ 53,040	$ 55,278

The general allowance based on historical loss experience decreased $0.9 million or 3.0% from December 31, 2014 to December 31, 2015, which is consistent with decreasing historical loss rates for the past twelve and thirty-six month periods. However, net charge-offs decreased rapidly following the recession that impacted the periods prior to the past thirty-six months. Therefore, the general allowance based on qualitative factors increased $0.2 million or 1.8% from December 31, 2014 to December 31, 2015 primarily due to consideration of higher loss rates experienced through the longer economic cycle and management s uncertainty about the sustainability of recent improvement in general economic conditions. Specific reserves decreased $2.3 million from December 31, 2014 to December 31, 2015 primarily as a result of the partial charge-off of a CRE loan that had a $1.7 million specific reserve. The allowance for loan commitments, which is not material to the total allowance for credit losses, increased $0.2 million or 34.7% from December 31, 2014 to December 31, 2015.

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

(in thousands)	December 31, 2015	2014	2013	2012	2011
Allowance for loan losses:					
Commercial real estate land and construction	**$ 4,390**	$ 5,654	$ 6,056	$ 3,741	$ 4,842
Commercial real estate improved property	**14,748**	17,573	18,157	23,614	24,748
Commercial and industrial	**10,002**	9,063	9,925	9,326	11,414
Residential real estate	**4,582**	5,382	5,673	7,182	5,638
Home equity lines of credit	**2,883**	2,329	2,017	2,458	1,962
Consumer	**4,763**	4,078	5,020	5,557	5,410
Deposit account overdrafts	**342**	575	520	821	796
Total allowance for loan losses	**41,710**	44,654	47,368	52,699	54,810
Allowance for loan commitments:					
Commercial real estate land and construction	**157**	194	301	27	74
Commercial real estate improved property	**26**	10	62	25	21
Commercial and industrial	**260**	112	130	215	323
Residential real estate	**7**	9	5	6	4
Home equity lines of credit	**117**	90	85	49	33
Consumer	**46**	40	19	19	13
Total allowance for loan commitments	**613**	455	602	341	468
Total allowance for credit losses	**$ 42,323**	$ 45,109	$ 47,970	$ 53,040	$ 55,278

Please refer to Note 5, 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 also reflect the net effect of changes in historical loss rates, loan balances, specific reserves and management s judgment with respect to the impact of qualitative factors on each category of loans. Decreases in the allowances for all loan categories generally reflect lower historical loss rates and reductions in non-performing and classified commercial loans. The decrease in the allowance for all CRE loans of $4.1 million was due primarily to lower specific reserves of $2.1 million, decreasing historical loss rates, the overall credit quality of the CRE portfolio and stable market conditions. However, the allowance for CRE loans includes approximately $3.0 million attributable to management s consideration of higher historical loss rates over the longer economic cycle. The allowance for C&I loans increased due primarily to portfolio growth and the impact of one charge-off on loss rates. The allowance for residential real estate loans decreased as a result of decreasing historical loss rates and a more stable residential real estate market. The allowance for HELOCs increased due to loan growth and repayment risk associated with lines that are nearing the end of their availability period. The allowance for consumer loans increased due to management s qualitative adjustments based on the variability of net historical losses, an increased probability that future losses may approach longer term loss rates and organic growth in the legacy portfolio. The allowance for deposit account overdrafts decreased but is not material to the total allowance. 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, 2015.

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DEPOSITS

TABLE 24. DEPOSITS

(dollars in thousands)	December 31, 2015	2014	$ Change	% Change
Deposits				
Non-interest bearing demand	**$ 1,311,455**	$ 1,061,075	$ 250,380	23.6
Interest bearing demand	**1,152,071**	885,037	267,034	30.2
Money market	**967,561**	954,957	12,604	1.3
Savings deposits	**1,077,374**	842,818	234,556	27.8
Certificates of deposit	**1,557,838**	1,305,096	252,742	19.4
Total deposits	**$ 6,066,299**	$ 5,048,983	$ 1,017,316	20.1

Deposits, which represent WesBanco s primary source of funds, are offered in various account forms at various rates through WesBanco s 141 branches in West Virginia, Ohio and western Pennsylvania. The FDIC insures all deposits up to $250,000 per account.

Total deposits increased by $1.0 billion or 20.1% in 2015 due to the ESB acquisition, which provided $1.0 billion of additional deposits, while organic deposits were relatively unchanged from December 31, 2014. Interest-bearing demand and non-interest bearing demand deposits increased 30.2% and 23.6%, respectively, while savings and money market deposits increased 27.8% and 1.3%, respectively, due to the ESB acquisition and corresponding marketing initiatives, incentive compensation paid to customers and employees, focused retail and business strategies to obtain more account relationships and customers overall preference for shorter-term maturities. Deposit balances were also impacted by bonus and royalty payments from Marcellus and Utica shale energy companies in WesBanco s southwestern Pennsylvania, eastern Ohio and northern West Virginia markets totaling $140.9 million and $237.1 million for the years ended December 31, 2015 and 2014, respectively. At December 31, 2015, demand deposits, savings deposits and money market deposits at former ESB branches were $361.2 million, $189.6 million and $28.1 million, respectively, compared to $373.3 million, $186.9 million and $37.6 million, respectively, at the date of acquisition.

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Certificates of deposit increased by $252.7 million due primarily to the ESB acquisition. Certificates of deposit remaining from the ESB acquisition totaled $454.1 million, while organic deposits decreased by 15.4% and acquired balances decreased 29.6% from the acquisition date due to the effects of an overall corporate strategy designed to increase and remix retail deposit relationships with a focus on overall products that can be offered at a lower cost to the Bank. The decrease is also impacted by lower offered rates on maturing certificates of deposit and customer preferences for other non-maturity deposit types. 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 and the Insured Cash Sweep (ICS®) money market deposit program. CDARS® balances totaled $243.7 million in total outstanding balances at December 31, 2015, of which $182.7 million represented one-way buys, compared to $283.0 million in total outstanding balances at December 31, 2014, of which $172.3 million represented one-way buys. ICS® balances totaled $147.3 million and $117.1 million at December 31, 2015 and 2014, respectively. Certificates of deposit greater than $250,000 were approximately $232.6 million at December 31, 2015 compared to $174.7 million at December 31, 2014. Certificates of deposit of $100,000 or more were approximately $780.1 million at December 31, 2015 compared to $706.1 million at December 31, 2014. Certificates of deposit totaling approximately $922.8 million at December 31, 2015 with a cost of 0.61% are scheduled to mature within the next year. The average rate on certificates of deposit decreased 29 basis points from 0.94% for the year ended December 31, 2014 to 0.65% in 2015 with a similar decrease experienced for jumbo certificates of deposit. WesBanco will continue to focus on its core deposit strategies and improving its overall mix of transaction accounts to total deposits, which includes offering special promotions on certain certificates of deposit maturities and savings products based on competition, sales strategies, liquidity needs and wholesale borrowing costs.

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

	December 31,			
(dollars in thousands)	**2015**	**2014**	**$ Change**	**% Change**
Maturity:				
Within three months	**$ 208,791**	$ 182,097	$ 26,694	14.7
Over three to six months	**134,465**	134,180	285	0.2
Over six to twelve months	**149,599**	118,791	30,808	25.9
Over twelve months	**287,216**	271,068	16,148	6.0
Total certificates of deposit of $100,000 or more	**$ 780,071**	$ 706,136	$ 73,935	10.5

Interest expense on certificates of deposit of $100,000 or more totaled approximately $4.9 million, $7.5 million and $13.0 million in 2015, 2014 and 2013, respectively.

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BORROWINGS

TABLE 26. BORROWINGS

(dollars in thousands)	December 31, 2015	2014	$ Change	% Change
Federal Home Loan Bank Borrowings	**$ 1,041,750**	$ 223,126	$ 818,624	366.9
Other short-term borrowings	**81,355**	80,690	665	0.8
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,196**	106,176	20	
Total	**$ 1,229,301**	$ 409,992	$ 819,309	199.8

Borrowings are a less significant source of funding for WesBanco as compared to total deposits. During 2015, FHLB borrowings increased $818.6 million from December 31, 2014. The acquisition of ESB provided $392.1 million in FHLB borrowings, and $426.5 million in new borrowings were utilized to manage WesBanco s normal liquidity needs, including loan and investment funding, as well as CD runoff. A portion of the replacement investment securities were funded by the new FHLB borrowings.

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 $45.5 million at December 31, 2015, 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, 2015 and 2014 was estimated to be approximately $1.1 billion and $1.5 billion, respectively.

Other short-term borrowings, which may consist of federal funds purchased, callable repurchase agreements, overnight sweep checking accounts and borrowings on a revolving line of credit at December 31, 2015 were $81.4 million compared to $80.7 million at December 31, 2014. The small increase in these borrowings has occurred as a result of a $0.7 million increase in securities sold under agreements to repurchase.

On September 2, 2015, WesBanco renewed a revolving line of credit, which is a senior obligation of the parent company, with another financial institution. This revolving line of credit replaced another correspondent bank revolving line of credit that matured on July 31, 2014. The new revolving line of credit, which accrues interest at an adjusted LIBOR rate, provides for aggregate unsecured borrowings of up to $25.0 million. The new revolving line of credit also requires WesBanco to maintain at all times a consolidated four quarter average return on average assets of ≥ 0.70%, a Texas ratio of less than 25% (broadly defined as the ratio of non-performing assets to tangible common equity and the allowance for loan losses), unencumbered cash and marketable securities of at least $12.0 million, and to maintain at all times on a consolidated basis and for the Bank a total risk-based capital ratio of ≥ 12.0%, a Tier 1 risk-based capital ratio of ≥ 10.0% and a Tier 1 leverage ratio of ≥ 7.0%. WesBanco was in compliance with all terms and conditions at December 31, 2015. There was no outstanding balance as of December 31, 2015 or 2014.

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CONTRACTUAL OBLIGATIONS

TABLE 27. CONTRACTUAL OBLIGATIONS

		December 31, 2015 (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	$ 4,508,461	$	$	$	$ 4,508,461
Certificates of deposit	9	922,773	400,559	206,230	28,276	1,557,838
Federal Home Loan Bank borrowings	10	213,052	820,784	5,497	2,417	1,041,750
Other short term borrowings	10	81,356				81,356
Junior subordinated debt owed to unconsolidated subsidiary trusts	11				106,196	106,196
Future benefit payments under pension plans (2)(3)	12	3,301	8,006	9,190	244,301	264,798
Director and executive officer retirement plans (2)	N/A	1,476	2,709	2,251	5,751	12,187
Consulting agreements (2)	N/A	75	50	50	25	200
Leases (2)	6	2,872	4,475	3,165	12,507	23,019
Software licenses and maintenance agreements (2)	N/A	1,043	2,258			3,301
Naming rights	N/A	250	500	500	750	2,000
Limited partnership funding commitments	8	767	715	206	451	2,139
Total		$ 5,735,426	$ 1,240,056	$ 227,089	$ 400,674	$ 7,603,245

(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 $113.3 million were available at December 31, 2015 to absorb the undiscounted future estimated payments to plan participants.

Significant fixed and determinable contractual obligations as of December 31, 2015 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 12, 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 17, Commitments and Contingent Liabilities, of the Consolidated Financial Statements and the Loans and Loan Commitments section of this MD&A for additional information.

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CAPITAL RESOURCES

Shareholders equity increased to $1.1 billion at December 31, 2015 from $788.2 million at December 31, 2014. The increase was due primarily to $293.6 million of common stock issued in the ESB acquisition, coupled with net income of $80.8 million, which was partially offset by the declaration of dividends to common shareholders of $35.4 million and a $2.1 million other comprehensive loss. The other comprehensive loss was due to an unrealized loss in the securities portfolio, which was partially offset by an unrealized gain in the defined benefit pension plan.

For 2015, common dividends increased to $0.92 per share, or 4.5% on an annualized basis, compared to $0.88 per share in 2014. The common dividend per share payout ratio increased to 42.8% in 2015 from 36.8% in 2014, which is primarily attributable to common dividends increasing more rapidly than earnings year-over-year. A board-approved policy generally targets dividends as a percent of net income in a range of 35% to 55%, subject to capital levels, earnings history and prospects, regulatory concerns, and other factors. The quarterly dividend was increased again in February 2016 to $0.24 per share, or 4.3%.

In May 2015, WesBanco repurchased from the United States Department of the Treasury (Treasury) a warrant to purchase 101,320.6 shares of the Company s common stock. This warrant was acquired through WesBanco s acquisition of Fidelity Bancorp, Inc. (Fidelity) in 2012 and was originally issued by Fidelity pursuant to the Treasury s Capital Purchase Program established as part of the Troubled Asset Relief Program. The purchase price paid by WesBanco to the Treasury for the warrant was $2.2 million.

In October 2015, WesBanco s Board of Directors approved a share repurchase plan for up to 1,000,000 shares in addition to the existing share repurchase plan approved in March, 2007. At December 31, 2015, 1,252,260 shares of WesBanco common stock remained authorized to be purchased under the current repurchase plans.

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 $60.0 million in dividends to WesBanco during 2015, or 70.0% 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, 2015, under FDIC and State of West Virginia regulations, WesBanco could receive, without prior regulatory approval, dividends of approximately $51.3 million from the Bank.

WesBanco currently has $106.2 million in junior subordinated debt in its Consolidated Balance Sheet presented as a separate category of borrowings. For regulatory purposes, trust preferred securities totaling $103.0 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.

Please refer to Note 20, 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.

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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 59.3% at December 31, 2015 and deposit balances funded 71.6% of assets.

The following table lists the sources of liquidity from assets at December 31, 2015 expected within the next year:

(in thousands)	
Cash and cash equivalents	**$ 86,685**
Securities with a maturity date within the next year	**22,465**
Projected payments and prepayments on mortgage-backed securities and collateralized mortgage obligations (1)	**242,662**
Callable securities	**131,301**
Loans held for sale	**7,899**
Accruing loans scheduled to mature	**706,408**
Normal loan repayments	**645,281**
Total sources of liquidity expected within the next year	**$ 1,842,701**

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

Deposit flows are another principal factor affecting overall WesBanco liquidity. Deposits totaled $6.1 billion at December 31, 2015. 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 $922.8 million at December 31, 2015, which includes jumbo regular certificates of deposit totaling $343.3 million with a weighted-average cost of 0.62%, and jumbo CDARS® deposits of $149.6 million with a weighted-average cost of 0.63%.

WesBanco maintains a line of credit with the FHLB as an additional funding source. Available credit with the FHLB at December 31, 2015 approximated $1.1 billion, compared to $1.5 billion at December 31, 2014. At December 31, 2015, the Bank had unpledged available-for-sale securities with an amortized cost of $471.8 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, 2015, WesBanco had a BIC line of credit totaling $225.8 million, none of which was outstanding. Alternative funding sources may include the utilization of existing overnight lines of credit with third party banks totaling $225.0 million, none of which was outstanding at December 31, 2015, 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 $81.4 million at December 31, 2015 consisted of 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 2015. The overnight sweep checking accounts require U.S. Government 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, $35.1 million in cash and investments on hand, and a $25.0 million revolving line of credit with another bank, which did not have an outstanding balance at December 31, 2015. 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, 2015, under FDIC and State of West Virginia regulations, WesBanco could receive, without prior regulatory approval, dividends of approximately $51.3 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.

WesBanco had outstanding commitments to extend credit in the ordinary course of business approximating $1.5 billion and $1.2 billion at December 31, 2015 and 2014, respectively. On a historical basis, only a small portion of these commitments will result in an outflow of funds. Please refer to Note 17, 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, 2015 and that WesBanco s current liquidity risk management policies and procedures adequately address this guidance.

COMPARISON OF 2014 VERSUS 2013

Net income increased 10% for the twelve months ended December 31, 2014, to $70.0 million compared to $63.9 million for 2013, while diluted earnings per share were $2.39, an increase of 10% compared to $2.18 per share for 2013. The increased net income improved the return on average assets to 1.12% in 2014 from 1.05% in 2013.

Net interest income increased $7.7 million or 4.2% in 2014 compared to 2013 due to a 3.1% increase in average earning assets, primarily through a 4.8% increase in average loan balances, and improvement in the net interest margin. The net interest margin improved by 3 basis points to 3.61% in 2014 compared to 3.58% in 2013. Accretion of various purchase accounting adjustments from the 2012 Fidelity acquisition benefited the net interest margin throughout 2013 and 2014, but at a decreasing rate. Excluding this benefit from both years, the net interest margin increased by 8 basis points from 3.49% in 2013 to 3.57% in 2014. The improved net interest margin in the low interest rate environment resulted partially from the aforementioned loan growth as the average rate on loans is higher than the average rate on securities. In addition, funding costs continued to decrease in 2014 as a result of a 9.4% increase in lower-cost demand, money market and savings account deposits, while higher-cost CDs decreased by 11.8%. The average rate on CDs declined by 43 basis points as higher rate CDs matured. In addition, a 29.2% reduction in higher-rate average other borrowings improved funding costs through the prepayment of a higher-rate $22.0 million repurchase agreement with another bank in the third quarter, and through maturities. Overall, average deposits increased by 2.6% in 2014 compared to 2013.

Credit quality continued to improve over 2013. Total non-performing loans, including TDRs, decreased 1.2% from December 31, 2013 to $50.9 million, while criticized and classified loans decreased 40.2% over the last twelve months to $81.1 million at December 31, 2014. Net charge-offs for 2014 were $9.3 million or 0.23% of average portfolio loans compared to $14.2 million or 0.38% in 2013. Lower charge-offs and continued improvement in delinquent, non-performing and classified and criticized loans resulted in a provision for credit losses of $6.4 million in 2014 compared to $9.1 million in 2013. The allowance for loan losses represented 1.09% of total portfolio loans at December 31, 2014, compared to 1.22% at the end of 2013.

Non-interest income decreased $0.8 million or 1.1% for 2014 compared to 2013. The third quarter of 2014 included a $1.4 million charge related to the prepayment of certain repurchase agreements. Non-interest income, excluding this charge, increased $0.6 million or 0.9% for the year. Trust fees increased 7.6% for the year as assets under management continued to increase from customer development initiatives and overall market improvements. Total trust assets were $3.8 billion at December 31, 2014, representing an increase of 4.1% from $3.7 billion at December 31, 2013. Net securities brokerage revenues increased $0.7 million or 10.8%, due to significant production increases from the addition of support and sales staff in several regions, as well as an increase in referrals and production from a licensed retail banker program. Service charges on deposits decreased 10.0% compared to 2013 due to lower overdraft fees that are affected by consistent increases in deposit levels and higher average deposits per account. Mortgage loan sale gains decreased 38.6% as the weak housing market reduced mortgage demand resulting in lower mortgage activity, which was also impacted by the new 2014 Qualified Mortgage and Ability-to-Repay rules, somewhat limiting the Bank s product offerings.

Non-interest expense increased $0.6 million or 0.4% for 2014 compared to 2013. Salaries and wages increased 3.0%, due to routine annual adjustments to compensation, increased commissions on higher brokerage revenue and incentive and stock-related compensation granted in 2014, partially offset by lower average full time employees (FTEs). In 2014, employee benefits expense decreased 7.5%, primarily from decreased pension and other benefits expense, partially offset by higher health insurance costs. In addition, net occupancy and equipment expense increased due to higher weather-related expenses, the opening of three branches over the last five quarters and investment in internal infrastructure in the second half of last year. Other expenses increased $1.0 million primarily due to customer fraud losses recognized totaling $0.6 million, increased franchise taxes and other miscellaneous fees and costs, partially offset by reduced communication expenses.

The provision for federal and state income taxes increased to $23.7 million in 2014 compared to $20.8 million in 2013. The increase in income tax expense was due to a $9.0 million increase in pre-tax income, which caused a higher effective tax rate of 25.3% compared to 24.5% for 2013.

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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

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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, 2015 and 2014 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.

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, 2015	December 31, 2014	ALCO Guidelines
+300	**6.2%**	0.9%	(25.0%)
+200	**5.5%**	2.1%	(12.5%)
+100	**3.6%**	1.9%	(5.0%)
-100	**(2.7%)**	(1.8%)	(5.0%)

As per the table above, the earnings simulation model at December 31, 2015 currently projects that net interest income for the next twelve month period would decrease by 2.7% if interest rates were to fall immediately by 100 basis points, compared to a decrease of 1.8% for the same scenario as of December 31, 2014.

For rising rate scenarios, net interest income would increase by 3.6%, 5.5%, and 6.2% if rates increased by 100, 200 and 300 basis points, respectively, as of December 31, 2015 compared to increases of 1.9%, 2.1% and 0.9% in a 100, 200 and 300 basis point increasing rate environment as of December 31, 2014.

The balance sheet is asset sensitive as of December 31, 2015, and significantly more so than at December 31, 2014, based upon changes in the mix of various earning assets and costing liabilities, current year loan and transaction deposit account growth, particularly in non-interest bearing accounts, the impact of the first federal funds rate increase since 2006 of 25 basis points in December, an increase in FHLB borrowings versus short-term certificates of deposit and adjustments in modeling assumptions such as deposit beta rates. In the latter half of the year, certain FHLB short-term borrowings were extended to terms between one and three year maturities, while additional FHLB borrowings were obtained to replace the above-noted short-term CD runoff. Loan growth in the fourth quarter was also primarily concentrated in LIBOR and prime-adjustable loans, which typically increase asset sensitivity. Overall asset sensitivity in non-parallel rising rate scenarios may be somewhat neutralized due to slower prepayment speeds and extension risk associated with residential mortgages and mortgage-backed securities, as well as other earning asset and costing liability differences to the currently modeled assumptions. In addition, variable rate commercial loans with rate floors averaging 4.15% approximated $1.0 billion at December 31, 2015, which represented approximately 34% of commercial loans, as compared to $1.1 billion or 42% of commercial loans at December 31, 2014. Approximately 52% or $526.6 million of these loans are currently priced at their floor, as compared to 62% or $668.0 million at December 31, 2014. In a 100 basis point rising rate environment, these rate floor loans may not re-price at all or may not as significantly re-price from their current floor level as compared to non-floor loans. As a result of the December rate increase, more commercial loans with floors are now scheduled to experience a rate increase in a rising rate environment of 100 basis points than at the end of the prior year, assisting asset sensitivity overall.

Given the current low interest rate environment and flatter yield curve affecting the repricing of loans and investments, WesBanco expects that the base case net interest margin in the near term may remain at relatively

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similar or slightly lower levels as was reported in the fourth quarter. Management currently anticipates that two additional short-term federal funds rate increases may occur in 2016, in addition to the first one in December, 2015 of 25 basis points each. While many economists and Federal Reserve Board member commentators have suggested another two to four 25 basis points federal funds rate increases are possible in 2016, with an additional two to four increases in 2017, market turmoil after the end of 2015 now suggests a lower probability of such number of increases occurring. A delay in implementing further rate increases may have a negative impact on management s estimates of the future direction and level of the net interest margin.

Maturities and repricing of higher-costing certificates of deposit serve to mitigate compression from lower loan spreads and general loan re-pricing at lower spreads in the current competitive loan environment, along with anticipated loan growth in most loan categories. However, with current CDs costing an average of 0.64% in the fourth quarter, this factor is not expected to be as significant in the near term as it was in prior periods when maturing CD rates were higher. Many customers have been electing to move maturing CD balances to lower-costing transaction accounts such as MMDAs until rates rise further, which assists in lowering the cost of deposits in the short run, but may result in a portion of these balances moving back to more expensive CDs upon a significant short-term rate increase. Additional CD runoff over the past year has been replaced with FHLB borrowings, which have increased from $223.1 million at December 31, 2014 to $1.0 billion at December 31, 2015, also reflecting funding obtained from the ESB acquisition or acquired shortly thereafter to fund the investment portfolio restructuring that occurred in conjunction with the acquisition. Certificates of deposit totaling approximately $922.8 million mature within the next year at an average cost of 0.61%. The increase in FHLB borrowings overall in 2015, and lengthening of their associated maturities, primarily in the second half of the year, has also assisted in the improving asset sensitive position, as approximately $820.8 million of FHLB borrowings have been extended to over one to three year maturities.

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 or interest rate swaps as necessary to lengthen liabilities, help offset mismatches in various asset maturities, and manage short-term cash needs. CDARS® and ICS® deposits also continue to be used to lengthen maturities in certificates of deposit, and for customers seeking higher-yielding instruments and/or to maintain their total deposit levels below FDIC insurance limits.

Current balance sheet strategies to reduce the potential for margin compression in the current low rate and flatter yield curve environment include:

- increasing total loans; primarily commercial and home equity loans that have variable or adjustable rates;
- selling a majority of new residential mortgage loan production into the secondary market:
- investing available short-term liquidity;
- continuing marketing programs to increase consumer and home equity loans, and non-interest bearing or low-cost interest bearing checking accounts;
- re-mixing securities prepayment and maturity cash flows into loans as demand warrants, or to a lesser degree into new investments such as short-to-intermediate duration MBS and CMO securities and intermediate term tax-exempt municipal securities;
- extending or renewing FHLB term borrowings as necessary to balance asset/liability mismatches, and/or use derivatives to accomplish a similar purpose, and
- extending a portion of CD maturities through the CDARS® program.

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

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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, 2015, using the 200 basis point increasing rate ramp analysis, projects that net interest income would increase 3.0% over the next twelve months, compared to a 1.9% increase at December 31, 2014. In addition, management creates a Most Likely forecast scenario which is periodically updated and reviewed at each ALCO meeting, incorporating current budget or re-forecast assumptions into the model such as estimated loan and deposit growth, asset and liability remixing, competitive market rates for various products and marketing promotions, and other assumptions. Such model helps to predict changes in forecasted outcomes and necessary adjustments to the plan to achieve management s earnings goals.

WesBanco 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, 2015, the market value of tangible equity as a percent of base in a 200 basis point rising rate environment indicates an increase of 1.9%, compared to an increase of 6.0% at December 31, 2014. In a 100 basis point falling rate environment, the model indicates a decrease of 8.8%, compared to a decrease of 11.0% as of December 31, 2014. 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, new borrowings, transaction deposits and certificates of deposit, as well as certain other modeling assumptions, resulted in the change in equity market value from 2014.

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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, 2015 based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Based on the assessment, management determined that, as of December 31, 2015, 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, 2015 has been audited by Ernst & Young LLP, WesBanco s independent registered public accounting firm, as stated in their attestation report appearing below.

/s/ Todd F. Clossin
Todd F. Clossin
President and Chief Executive Officer

/s/ Robert H. Young
Robert H. Young
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 internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). WesBanco, Inc. 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, 2015, 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, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders equity and cash flows for each of the three years in the period ended December 31, 2015, of WesBanco, Inc. and our report dated February 26, 2016, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania

February 26, 2016

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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. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders equity and cash flows for each of the three years in the period ended December 31, 2015. 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, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, 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, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania

February 26, 2016

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WESBANCO, INC. CONSOLIDATED BALANCE SHEETS

(in thousands, except shares)	December 31, 2015	December 31, 2014
ASSETS		
Cash and due from banks, including interest bearing amounts of **$10,978** and $8,405, respectively	**$ 86,685**	$ 94,002
Securities:		
Available-for-sale, at fair value	**1,409,520**	917,424
Held-to-maturity (fair values of **$1,038,207** and $619,617, respectively)	**1,012,930**	593,670
Total securities	**2,422,450**	1,511,094
Loans held for sale	**7,899**	5,865
Portfolio loans, net of unearned income	**5,065,842**	4,086,766
Allowance for loan losses	**(41,710)**	(44,654)
Net portfolio loans	**5,024,132**	4,042,112
Premises and equipment, net	**112,203**	93,135
Accrued interest receivable	**25,759**	18,481
Goodwill and other intangible assets, net	**490,888**	319,506
Bank-owned life insurance	**150,980**	123,298
Other assets	**149,302**	89,072
Total Assets	**$ 8,470,298**	$ 6,296,565
LIABILITIES		
Deposits:		
Non-interest bearing demand	**$ 1,311,455**	$ 1,061,075
Interest bearing demand	**1,152,071**	885,037
Money market	**967,561**	954,957
Savings deposits	**1,077,374**	842,818
Certificates of deposit	**1,557,838**	1,305,096
Total deposits	**6,066,299**	5,048,983
Federal Home Loan Bank borrowings	**1,041,750**	223,126
Other short-term borrowings	**81,356**	80,690
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,196**	106,176
Total borrowings	**1,229,302**	409,992
Accrued interest payable	**1,715**	1,620
Other liabilities	**50,850**	47,780
Total Liabilities	**7,348,166**	5,508,375
SHAREHOLDERS EQUITY		
Preferred Stock, no par value; 1,000,000 shares authorized; none outstanding		
Common stock, $2.0833 par value; **100,000,000** and 50,000,000 shares authorized in 2015 and 2014, respectively; **38,546,042** and 29,367,511 shares issued in 2015 and 2014, respectively; **38,459,635** and 29,298,188 shares outstanding in 2015 and 2014, respectively	**80,304**	61,182

Capital surplus	**516,294**	244,661
Retained earnings	**549,921**	504,578
Treasury stock (**86,407** shares and 69,323 shares in 2015 and 2014, respectively, at cost)	**(2,640)**	(2,151)
Accumulated other comprehensive loss	**(20,954)**	(18,825)
Deferred benefits for directors	**(793)**	(1,255)
Total Shareholders Equity	**1,122,132**	788,190
Total Liabilities and Shareholders Equity	**$ 8,470,298**	$ 6,296,565

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF INCOME

	For the years ended December 31,		
(in thousands, except shares and per share amounts)	**2015**	**2014**	**2013**
INTEREST AND DIVIDEND INCOME			
Loans, including fees	**$ 203,993**	$ 172,182	$ 175,323
Interest and dividends on securities:			
Taxable	**39,314**	29,233	29,193
Tax-exempt	**16,764**	13,589	13,128
Total interest and dividends on securities	**56,078**	42,822	42,321
Other interest income	**1,641**	987	246
Total interest and dividend income	**261,712**	215,991	217,890
INTEREST EXPENSE			
Interest bearing demand deposits	**1,943**	1,568	1,415
Money market deposits	**1,914**	1,877	1,462
Savings deposits	**640**	532	525
Certificates of deposit	**11,033**	13,286	22,010
Total interest expense on deposits	**15,530**	17,263	25,412
Federal Home Loan Bank borrowings	**5,510**	968	1,151
Other short-term borrowings	**370**	1,333	2,525
Junior subordinated debt owed to unconsolidated subsidiary trusts	**3,315**	3,199	3,315
Total interest expense	**24,725**	22,763	32,403
NET INTEREST INCOME	**236,987**	193,228	185,487
Provision for credit losses	**8,353**	6,405	9,086
Net interest income after provision for credit losses	**228,634**	186,823	176,401
NON-INTEREST INCOME			
Trust fees	**21,900**	21,069	19,577
Service charges on deposits	**16,743**	16,135	