

## Section 1: 10-Q (10-Q)

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **September 30, 2019**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-08467

# WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

**WEST VIRGINIA**

(State of incorporation)

**1 Bank Plaza, Wheeling, WV**

(Address of principal executive offices)

**55-0571723**

(IRS Employer Identification No.)

**26003**

(Zip Code)

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

**NOT APPLICABLE**

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

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

| Title of each class             | Trading Symbol | Name of each exchange on which registered |
|---------------------------------|----------------|---|
| Common Stock \$2.0833 Par Value | WSBC           | NASDAQ Global Select Market               |

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

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

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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

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

As of October 23, 2019, there were 54,691,225 shares of WesBanco, Inc. common stock, \$2.0833 par value, outstanding.

**WESBANCO, INC.**  
**TABLE OF CONTENTS**

| <b>Item<br/>No.</b>                   | <b>ITEM</b>   | <b>Page<br/>No.</b> |
|---------------------------------------|---|---------------------|
| <b>PART I - FINANCIAL INFORMATION</b> |   |                     |
| 1                                     | <u>Financial Statements</u>   | 2                   |
|                                       | <u>Consolidated Balance Sheets at September 30, 2019 (unaudited) and December 31, 2018</u>  | 2                   |
|                                       | <u>Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2019 and 2018 (unaudited)</u>            | 3                   |
|                                       | <u>Consolidated Statements of Changes in Shareholders' Equity for the three and nine months ended September 30, 2019 and 2018 (unaudited)</u> | 4                   |
|                                       | <u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2019 and 2018 (unaudited)</u>                                | 5                   |
|                                       | <u>Notes to Consolidated Financial Statements (unaudited)</u>   | 6                   |
| 2                                     | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>  | 32                  |
| 3                                     | <u>Quantitative and Qualitative Disclosures About Market Risk</u>   | 47                  |
| 4                                     | <u>Controls and Procedures</u>  | 50                  |
| <b>PART II – OTHER INFORMATION</b>    |   |                     |
| 1                                     | <u>Legal Proceedings</u>  | 51                  |
| 2                                     | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>  | 51                  |
| 6                                     | <u>Exhibits</u>   | 52                  |
|                                       | <u>Signatures</u>   | 53                  |

## PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS  
WESBANCO, INC. CONSOLIDATED BALANCE SHEETS

| <i>(unaudited, in thousands, except shares)</i>  | September 30,<br>2019 | December 31,<br>2018 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>  |                       |                      |
| Cash and due from banks, including interest bearing amounts of <b>\$34,727</b> and \$44,536, respectively  | \$ 244,333            | \$ 169,186           |
| Securities:  |                       |                      |
| Equity securities, at fair value   | 11,644                | 11,737               |
| Available-for-sale debt securities, at fair value  | 2,209,199             | 2,114,129            |
| Held-to-maturity debt securities (fair values of <b>\$877,809</b> and \$1,020,743, respectively)   | 852,824               | 1,020,934            |
| Total securities   | 3,073,667             | 3,146,800            |
| Loans held for sale  | 20,715                | 8,994                |
| Portfolio loans, net of unearned income  | 7,756,752             | 7,656,281            |
| Allowance for loan losses  | (54,317)              | (48,948)             |
| Net portfolio loans  | 7,702,435             | 7,607,333            |
| Premises and equipment, net  | 178,344               | 166,925              |
| Accrued interest receivable  | 37,156                | 38,853               |
| Goodwill and other intangible assets, net  | 914,705               | 918,850              |
| Bank-owned life insurance  | 229,349               | 225,317              |
| Other assets   | 193,183               | 176,374              |
| <b>Total Assets</b>  | <b>\$ 12,593,887</b>  | <b>\$ 12,458,632</b> |
| <b>LIABILITIES</b>   |                       |                      |
| Deposits:  |                       |                      |
| Non-interest bearing demand  | \$ 2,476,392          | \$ 2,441,041         |
| Interest bearing demand  | 2,128,581             | 2,146,508            |
| Money market   | 1,085,732             | 1,142,925            |
| Savings deposits   | 1,698,125             | 1,645,549            |
| Certificates of deposit  | 1,275,533             | 1,455,610            |
| Total deposits   | 8,664,363             | 8,831,633            |
| Federal Home Loan Bank borrowings  | 1,161,092             | 1,054,174            |
| Other short-term borrowings  | 325,247               | 290,522              |
| Subordinated debt and junior subordinated debt   | 156,632               | 189,842              |
| Total borrowings   | 1,642,971             | 1,534,538            |
| Accrued interest payable   | 5,273                 | 4,627                |
| Other liabilities  | 180,011               | 109,007              |
| <b>Total Liabilities</b>   | <b>10,492,618</b>     | <b>10,479,805</b>    |
| <b>SHAREHOLDERS' EQUITY</b>  |                       |                      |
| Preferred stock, no par value; 1,000,000 shares authorized; none outstanding   | —                     | —                    |
| Common stock, \$2.0833 par value; <b>100,000,000</b> shares authorized in 2019 and 2018, respectively; <b>54,698,250</b> and 54,604,294 shares issued, respectively; <b>54,691,225</b> and 54,598,134 shares outstanding, respectively | 113,954               | 113,758              |
| Capital surplus  | 1,169,595             | 1,166,701            |
| Retained earnings  | 809,332               | 737,581              |
| Treasury stock (7,025 and 6,160 shares - at cost, respectively)  | (252)                 | (274)                |
| Accumulated other comprehensive income (loss)  | 9,922                 | (37,871)             |
| Deferred benefits for directors  | (1,282)               | (1,068)              |
| <b>Total Shareholders' Equity</b>  | <b>2,101,269</b>      | <b>1,978,827</b>     |
| <b>Total Liabilities and Shareholders' Equity</b>  | <b>\$ 12,593,887</b>  | <b>\$ 12,458,632</b> |

See Notes to Consolidated Financial Statements.

**WESBANCO, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|   | For the Three Months<br>Ended September 30, |                  | For the Nine Months<br>Ended September 30, |                  |
|---|---|------------------|--|------------------|
|   | 2019  | 2018             | 2019                                       | 2018             |
| <i>(unaudited, in thousands, except shares and per share amounts)</i> |   |                  |  |                  |
| <b>INTEREST AND DIVIDEND INCOME</b>                                   |   |                  |  |                  |
| Loans, including fees   | \$ 95,369                                   | \$ 86,605        | \$ 287,287                                 | \$ 234,276       |
| Interest and dividends on securities:                                 |   |                  |  |                  |
| Taxable   | 15,887                                      | 14,964           | 49,061                                     | 40,702           |
| Tax-exempt  | 4,759                                       | 5,326            | 15,443                                     | 15,216           |
| Total interest and dividends on securities                            | 20,646                                      | 20,290           | 64,504                                     | 55,918           |
| Other interest income   | 1,333                                       | 1,498            | 4,153                                      | 3,402            |
| Total interest and dividend income                                    | 117,348                                     | 108,393          | 355,944                                    | 293,596          |
| <b>INTEREST EXPENSE</b>   |   |                  |  |                  |
| Interest bearing demand deposits                                      | 4,489                                       | 3,501            | 12,749                                     | 9,174            |
| Money market deposits   | 1,973                                       | 1,360            | 5,881                                      | 3,332            |
| Savings deposits  | 861   | 352              | 2,061                                      | 768              |
| Certificates of deposit   | 3,830                                       | 3,276            | 11,831                                     | 8,789            |
| Total interest expense on deposits                                    | 11,153                                      | 8,489            | 32,522                                     | 22,063           |
| Federal Home Loan Bank borrowings                                     | 6,645                                       | 6,691            | 19,269                                     | 17,142           |
| Other short-term borrowings   | 1,353                                       | 965              | 4,392                                      | 2,497            |
| Subordinated debt and junior subordinated debt                        | 2,077                                       | 2,315            | 6,820                                      | 6,425            |
| Total interest expense  | 21,228                                      | 18,460           | 63,003                                     | 48,127           |
| <b>NET INTEREST INCOME</b>  | <b>96,120</b>                               | <b>89,933</b>    | <b>292,941</b>                             | <b>245,469</b>   |
| Provision for credit losses   | 4,121                                       | 1,035            | 9,375                                      | 4,911            |
| Net interest income after provision for credit losses                 | 91,999                                      | 88,898           | 283,566                                    | 240,558          |
| <b>NON-INTEREST INCOME</b>  |   |                  |  |                  |
| Trust fees  | 6,425                                       | 6,265            | 19,880                                     | 18,520           |
| Service charges on deposits   | 7,056                                       | 6,313            | 19,803                                     | 16,282           |
| Electronic banking fees   | 5,253                                       | 6,139            | 18,299                                     | 16,697           |
| Net securities brokerage revenue                                      | 1,765                                       | 1,836            | 5,597                                      | 5,315            |
| Bank-owned life insurance   | 1,373                                       | 1,232            | 4,032                                      | 5,116            |
| Mortgage banking income   | 2,588                                       | 1,521            | 5,262                                      | 4,297            |
| Net securities gains  | 235   | 84               | 3,800                                      | 403              |
| Net gain on other real estate owned and other assets                  | 158   | 150              | 670  | 641              |
| Other income  | 2,097                                       | 2,684            | 8,535                                      | 6,444            |
| Total non-interest income   | 26,950                                      | 26,224           | 85,878                                     | 73,715           |
| <b>NON-INTEREST EXPENSE</b>   |   |                  |  |                  |
| Salaries and wages  | 32,915                                      | 30,335           | 95,501                                     | 82,213           |
| Employee benefits   | 9,726                                       | 7,905            | 29,419                                     | 22,782           |
| Net occupancy   | 5,392                                       | 4,957            | 16,343                                     | 13,715           |
| Equipment   | 5,273                                       | 4,488            | 14,924                                     | 12,532           |
| Marketing   | 1,505                                       | 1,446            | 4,002                                      | 3,967            |
| FDIC insurance  | (1,221)                                     | 789              | 1,287                                      | 2,315            |
| Amortization of intangible assets                                     | 2,446                                       | 1,821            | 7,424                                      | 4,218            |
| Restructuring and merger-related expense                              | 1,688                                       | 10,811           | 4,876                                      | 16,468           |
| Other operating expenses  | 15,544                                      | 13,568           | 45,876                                     | 36,024           |
| Total non-interest expense  | 73,268                                      | 76,120           | 219,652                                    | 194,234          |
| Income before provision for income taxes                              | 45,681                                      | 39,002           | 149,792                                    | 120,039          |
| Provision for income taxes  | 8,334                                       | 6,516            | 27,295                                     | 20,855           |
| <b>NET INCOME</b>   | <b>\$ 37,347</b>                            | <b>\$ 32,486</b> | <b>\$ 122,497</b>                          | <b>\$ 99,184</b> |
| <b>EARNINGS PER COMMON SHARE</b>                                      |   |                  |  |                  |
| Basic   | \$ 0.68                                     | \$ 0.65          | \$ 2.24                                    | \$ 2.11          |
| Diluted   | \$ 0.68                                     | \$ 0.64          | \$ 2.24                                    | \$ 2.11          |
| <b>AVERAGE COMMON SHARES OUTSTANDING</b>                              |   |                  |  |                  |
| Basic   | 54,695,578                                  | 50,277,847       | 54,641,057                                 | 46,965,095       |
| Diluted   | 54,751,344                                  | 50,432,112       | 54,705,761                                 | 47,107,829       |
| <b>DIVIDENDS DECLARED PER COMMON SHARE</b>                            | <b>\$ 0.31</b>                              | <b>\$ 0.29</b>   | <b>\$ 0.93</b>                             | <b>\$ 0.87</b>   |
| <b>COMPREHENSIVE INCOME</b>   | <b>\$ 43,156</b>                            | <b>\$ 25,965</b> | <b>\$ 170,290</b>                          | <b>\$ 71,869</b> |

See Notes to Consolidated Financial Statements.

**WESBANCO, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

| <i>(unaudited, in thousands, except shares and per share amounts)</i> | For the Three Months Ended September 30, 2019 and 2018 |            |                 |                   |                |   |                                 |              |
|---|--|------------|-----------------|-------------------|----------------|---|---------------------------------|--------------|
|   | Common Stock   |            | Capital Surplus | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Deferred Benefits for Directors | Total        |
|   | Shares Outstanding                                     | Amount     |                 |                   |                |   |                                 |              |
| June 30, 2019   | 54,697,199   | \$ 113,952 | \$ 1,168,212    | \$ 788,900        | \$ (2)         | \$ 4,113                                      | \$ (1,059)                      | \$ 2,074,116 |
| Net income  | —  | —          | —               | 37,347            | —              | —   | —                               | 37,347       |
| Other comprehensive income  | —  | —          | —               | —                 | —              | 5,809   | —                               | 5,809        |
| Comprehensive income  | —  | —          | —               | —                 | —              | —   | —                               | 43,156       |
| Common dividends declared (\$0.31 per share)                          | —  | —          | —               | (16,915)          | —              | —   | —                               | (16,915)     |
| Treasury shares acquired  | (6,974)  | —          | 42              | —                 | (250)          | —   | —                               | (208)        |
| Restricted stock granted  | 1,000  | 2          | (2)             | —                 | —              | —   | —                               | —            |
| Stock compensation expense  | —  | —          | 1,333           | —                 | —              | —   | —                               | 1,333        |
| Deferred benefits for directors- net                                  | —  | —          | 10              | —                 | —              | —   | (223)                           | (213)        |
| September 30, 2019  | 54,691,225   | \$ 113,954 | \$ 1,169,595    | \$ 809,332        | \$ (252)       | \$ 9,922                                      | \$ (1,282)                      | \$ 2,101,269 |
| June 30, 2018   | 46,643,250   | \$ 97,197  | \$ 789,038      | \$ 692,820        | \$ (555)       | \$ (53,352)                                   | \$ (1,042)                      | \$ 1,524,106 |
| Net income  | —  | —          | —               | 32,486            | —              | —   | —                               | 32,486       |
| Other comprehensive loss  | —  | —          | —               | —                 | —              | (6,521)                                       | —                               | (6,521)      |
| Comprehensive income  | —  | —          | —               | —                 | —              | —   | —                               | 25,965       |
| Common dividends declared (\$0.29 per share)                          | —  | —          | —               | (15,829)          | —              | —   | —                               | (15,829)     |
| Shares issued for FFKT acquisition                                    | 7,920,387  | 16,487     | 374,465         | —                 | 315            | —   | —                               | 391,267      |
| Treasury shares acquired  | (330)  | —          | —               | —                 | (15)           | —   | —                               | (15)         |
| Stock options exercised   | 21,975   | 35         | 431             | —                 | 240            | —   | —                               | 706          |
| Restricted stock granted  | 18,685   | 39         | (39)            | —                 | —              | —   | —                               | —            |
| Stock compensation expense  | —  | —          | 1,094           | —                 | —              | —   | —                               | 1,094        |
| Deferred benefits for directors- net                                  | —  | —          | 17              | —                 | —              | —   | (42)                            | (25)         |
| September 30, 2018  | 54,603,967   | \$ 113,758 | \$ 1,165,006    | \$ 709,477        | \$ (15)        | \$ (59,873)                                   | \$ (1,084)                      | \$ 1,927,269 |
|   | For the Nine Months Ended September 30, 2019 and 2018  |            |                 |                   |                |   |                                 |              |
| December 31, 2018   | 54,598,134   | \$ 113,758 | \$ 1,166,701    | \$ 737,581        | \$ (274)       | \$ (37,871)                                   | \$ (1,068)                      | \$ 1,978,827 |
| Net income  | —  | —          | —               | 122,497           | —              | —   | —                               | 122,497      |
| Other comprehensive income  | —  | —          | —               | —                 | —              | 47,793  | —                               | 47,793       |
| Comprehensive income  | —  | —          | —               | —                 | —              | —   | —                               | 170,290      |
| Common dividends declared (\$0.93 per share)                          | —  | —          | —               | (50,746)          | —              | —   | —                               | (50,746)     |
| Treasury shares acquired  | (26,358)   | —          | 170             | —                 | (967)          | —   | —                               | (797)        |
| Stock options exercised   | 6,000  | 8          | 12              | —                 | 101            | —   | —                               | 121          |
| Restricted stock granted  | 113,449  | 188        | (1,076)         | —                 | 888            | —   | —                               | —            |
| Stock compensation expense  | —  | —          | 3,772           | —                 | —              | —   | —                               | 3,772        |
| Deferred benefits for directors- net                                  | —  | —          | 16              | —                 | —              | —   | (214)                           | (198)        |
| September 30, 2019  | 54,691,225   | \$ 113,954 | \$ 1,169,595    | \$ 809,332        | \$ (252)       | \$ 9,922                                      | \$ (1,282)                      | \$ 2,101,269 |
| December 31, 2017   | 44,043,244   | \$ 91,756  | \$ 684,730      | \$ 651,357        | \$ —           | \$ (31,495)                                   | \$ (1,027)                      | \$ 1,395,321 |
| Net income  | —  | —          | —               | 99,184            | —              | —   | —                               | 99,184       |
| Other comprehensive loss  | —  | —          | —               | —                 | —              | (27,315)                                      | —                               | (27,315)     |
| Comprehensive income  | —  | —          | —               | —                 | —              | —   | —                               | 71,869       |
| Common dividends declared (\$0.87 per share)                          | —  | —          | —               | (42,127)          | —              | —   | —                               | (42,127)     |
| Adoption of accounting standard ASU 2016-01                           | —  | —          | —               | 1,063             | —              | (1,063)                                       | —                               | —            |
| Shares issued for FTSB acquisition                                    | 2,498,761  | 5,206      | 102,141         | —                 | —              | —   | —                               | 107,347      |
| Shares issued for FFKT acquisition                                    | 7,920,387  | 16,487     | 374,464         | —                 | 316            | —   | —                               | 391,267      |
| Treasury shares acquired  | (15,489)   | —          | 34              | —                 | (730)          | —   | —                               | (696)        |
| Stock options exercised   | 58,763   | 104        | 1,346           | —                 | 399            | —   | —                               | 1,849        |
| Restricted stock granted  | 98,301   | 205        | (205)           | —                 | —              | —   | —                               | —            |
| Stock compensation expense  | —  | —          | 2,933           | —                 | —              | —   | —                               | 2,933        |
| Deferred benefits for directors- net                                  | —  | —          | (437)           | —                 | —              | —   | (57)                            | (494)        |
| September 30, 2018  | 54,603,967   | \$ 113,758 | \$ 1,165,006    | \$ 709,477        | \$ (15)        | \$ (59,873)                                   | \$ (1,084)                      | \$ 1,927,269 |

See Notes to Consolidated Financial Statements.

**WESBANCO, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS**

| <i>(unaudited, in thousands)</i>   | <b>For the Nine Months<br/>Ended September 30,</b> |                   |
|--|--|-------------------|
|  | <b>2019</b>  | <b>2018</b>       |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                   | <b>\$ 148,095</b>                                  | <b>\$ 122,291</b> |
| <b>INVESTING ACTIVITIES</b>  |  |                   |
| Net (increase) decrease in loans held for investment                               | (84,688)   | 52,411            |
| Available-for-sale debt securities:  |  |                   |
| Proceeds from sales  | 125,239  | 82,134            |
| Proceeds from maturities, prepayments and calls                                    | 287,515  | 188,020           |
| Purchases of securities  | (384,890)  | (688,020)         |
| Held-to-maturity debt securities:  |  |                   |
| Proceeds from maturities, prepayments and calls                                    | 112,182  | 51,973            |
| Purchases of securities  | (15,005)   | (66,058)          |
| Equity securities:   |  |                   |
| Proceeds from sales  | 3,567  | 1,511             |
| Proceeds from bank-owned life insurance  | —  | 4,772             |
| Purchases of premises and equipment – net  | (8,342)  | (2,400)           |
| Net cash received from acquisitions  | —  | 278,654           |
| Sale of portfolio loans- net   | —  | 12,996            |
| Net cash provided by (used in) investing activities                                | 35,578   | (84,007)          |
| <b>FINANCING ACTIVITIES</b>  |  |                   |
| Decrease in deposits   | (165,800)  | (20,443)          |
| Proceeds from Federal Home Loan Bank borrowings                                    | 470,000  | 575,000           |
| Repayment of Federal Home Loan Bank borrowings                                     | (363,313)  | (447,381)         |
| Increase in other short-term borrowings  | 5,725  | 90,043            |
| Principal repayments of finance lease obligations                                  | (300)  | (278)             |
| Increase (decrease) in federal funds purchased                                     | 29,000   | (25,000)          |
| Repayment of junior subordinated debt  | (33,506)   | (17,519)          |
| Dividends paid to common shareholders  | (49,656)   | (37,751)          |
| Issuance of common stock   | 71   | 1,578             |
| Treasury shares sold - net   | (747)  | (425)             |
| Net cash (used in) provided by financing activities                                | (108,526)  | 117,824           |
| Net increase in cash and cash equivalents  | 75,147   | 156,108           |
| Cash and cash equivalents at beginning of the period                               | 169,186  | 117,572           |
| Cash and cash equivalents at end of the period                                     | \$ 244,333   | \$ 273,680        |
| <b>SUPPLEMENTAL DISCLOSURES</b>  |  |                   |
| Interest paid on deposits and other borrowings                                     | \$ 63,300  | \$ 46,524         |
| Income taxes paid  | 27,015   | 13,050            |
| Transfers of loans to other real estate owned                                      | 684  | 393               |
| Transfers of loans to held for sale  | —  | 12,996            |
| Non-cash transactions related to FTSB acquisition                                  | —  | 107,347           |
| Non-cash transactions related to FFKT acquisition                                  | —  | 391,267           |
| Transfer of held-to-maturity debt securities to available-for-sale debt securities | 67,393   | —                 |
| Right of use assets obtained in exchange for lease obligations                     | 19,827   | —                 |

See Notes to Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation** — The accompanying unaudited interim financial statements of WesBanco, Inc. and its consolidated subsidiaries (“WesBanco”) have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2018.

WesBanco’s interim financial statements have been prepared following the significant accounting policies disclosed in Note 1 of the Notes to the Consolidated Financial Statements of its 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the accompanying interim financial information reflects all adjustments, including normal recurring adjustments, necessary to present fairly WesBanco’s financial position and results of operations for each of the interim periods presented. Certain prior period amounts have been reclassified to conform to the current period presentation. Such reclassifications had no impact on WesBanco’s net income and stockholders’ equity. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year.

**Recent accounting pronouncements** — In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-15, “Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.” This ASU specifically aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software and hosting arrangements that include an internal-use software license. The ASU does not affect the accounting for the service element of a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. WesBanco is currently assessing the impact of ASU 2018-15 on WesBanco’s Consolidated Financial Statements.

#### **ASU 2018-14 Compensation—Retirement Benefits—Defined Benefit Plans—General (Topic 715-20)**

In August 2018, the FASB issued ASU 2018-14, “Compensation—Retirement Benefits—Defined Benefit Plans—General (Topic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans.” This ASU modifies Accounting Standards Codification (“ASC”) 715-20 to improve disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The guidance is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. WesBanco is currently assessing the impact of ASU 2018-14 on WesBanco’s Consolidated Financial Statements.

#### **ASU 2018-13 Fair Value Measurement – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement**

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.” This ASU modifies the disclosure objective paragraphs of ASC 820 to eliminate (1) “at a minimum” from the phrase “an entity shall disclose at a minimum” and (2) other similar “open ended” disclosure requirements to promote the appropriate exercise of discretion of entities. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. WesBanco is currently assessing the impact of ASU 2018-13 on WesBanco’s Consolidated Financial Statements.

#### **ASU 2016-13 Financial Instruments – Credit Losses (Topic 326)**

In September 2016, the FASB issued ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326),” which will require entities to use a new forward-looking “expected loss” model also referred to as the current expected credit loss model (“CECL”) on trade and other receivables, held-to-maturity debt securities, loans and other instruments that generally will result in the earlier recognition of allowances for credit losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similarly to current procedures, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. Entities will have to disclose significantly more information, including information they use to track credit quality by year of origination for most financing receivables. In April 2019, the FASB issued ASU 2019-04, “Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging and Topic 825, Financial Instruments” and in May 2019 the FASB issued ASU 2019-05, “Financial Instruments – Credit Losses (Topic 326), Targeted Transition Relief. Public business entities must apply the new requirements for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, which for WesBanco will be effective for the fiscal year beginning January 1, 2020. Early adoption is permitted for fiscal years beginning after December 15, 2018. In December 2018, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (“FDIC”) and the Office of Comptroller of the Currency (“OCC”) approved a final rule to address changes to credit loss accounting under GAAP, including banking organizations’ adoption of the CECL methodology. The final rule provides banking organizations the option to phase-in, over a three-year period, the day-one adverse effects on regulatory capital that may result from the adoption of the new accounting standard. WesBanco is continuing to analyze the impact of the adoption of this standard on the company’s regulatory capital to determine the best course of action regarding immediate or delayed recognition of the day-one adoption adjustment upon regulatory capital.

Under CECL, acquired loans or pools of loans that have experienced more-than-insignificant credit deterioration are deemed to be purchased credit deteriorated (“PCD”) loans, and are grossed-up on day 1 by the initial credit estimate through the allowance as opposed to a reduction in the loan’s amortized cost. The credit mark on acquired loans deemed not to be PCD loans will be reflected as a reduction in the loan’s amortized cost, with an allowance and corresponding provision for credit losses recorded in the first reporting period after acquisition through current period earnings, while the loan mark will accrete through interest income over the life of such loans. At acquisition, WesBanco will consider several factors as indicators that an acquired loan or pool of loans has experienced more-than-insignificant credit deterioration. These factors may include loans 30 days or more past due, loans with an internal risk grade of below average or lower, loans classified as non-accrual by the acquired institution,

materiality of the credit and loans that have been previously modified in a troubled debt restructuring (“TDR”). Upon adoption of this standard, acquired loans from prior acquisitions that meet the guidelines under ASC 310-30 (formerly known as “purchased credit impaired”) will be reclassified as PCD loans. The accretible portion of the loan mark as of adoption date will continue to accrete into interest income. However, the non-accretible portion of the loan mark will be added to the allowance upon adoption, and any reversals of such mark will flow through the allowance in future periods. The loan mark on ASC 310-20 loans (“non-purchased credit impaired”) from prior acquisitions will continue to accrete through interest income over the life of such loans.

WesBanco formed a cross-functional team in 2016 to oversee the implementation of CECL. The team was responsible for completing an initial data gap assessment, determining if additional data was needed or current data could be improved upon, finalizing the loan segmentation procedures, analyzing the methodology options regarding the calculation of expected credit losses and concluding why the selected methodology is reasonable and in-line with accounting guidance. WesBanco has completed a parallel run for the third quarter of 2019 to ensure the various forecasting and modeling assumptions are reasonable and supportable, including certain qualitative factors that have been developed to estimate the initial current expected credit loss allowance. WesBanco will continue to perform parallel runs throughout the remainder of 2019 prior to adoption of the ASU. Based on preliminary analysis performed during 2019, using forecasts and macroeconomic conditions and exposures during that time and with qualitative factors and model validation still in process, the overall Day 1 range of potential outcomes is estimated to result in an increase of up to 30% in the CECL allowance for credit losses for the loan portfolio. This estimation is derived from the selected assumption of a one-year reasonable and supportable forecast. After the forecast period, WesBanco reverts back over a three year period to historical loss rates adjusting for prepayments and curtailments, to estimate losses over the remaining life of loans. The most sensitive assumptions include the length of the forecast and reversion periods, forecast of unemployment and interest rate spreads and prepayment speeds. The ultimate impact will depend on the composition of the loan portfolio, credit quality of the loan portfolio and the macroeconomic conditions and forecasts utilized in the calculation of the allowance of credit losses for loans. WesBanco has engaged a third-party to validate the data inputs and the models utilized in the CECL calculation. The final results of the model validation, as well as further refinement of judgmental factors are still in process and could materially impact the estimated range of potential outcomes noted above. The Company has prepared documentation of the accounting policy decisions, changes to the business processes and procedures, and the control environment under the adoption of this standard, and has drafted the format of the initial, upon adoption footnote disclosure, to be included in the Form 10-Q for the first quarterly period after adoption, or as of March 31, 2020. Upon adoption, the Company estimates the impact on the Tier 1 risk-based capital ratio would be up to a 15 basis point reduction, based on the assumptions noted above, without a phase-in assumed of the regulatory capital impact over three years.

None of the above noted evaluation assumptions and initial estimates include the acquired loans from Old Line Bancshares, Inc. (“Old Line”) or any related allowance impact. If the acquisition of Old Line closes before year-end, the acquired loan portfolio will be accounted for under existing acquired loan portfolio and allowance rules; however, if the acquisition closes after December 31, 2019, the new CECL rules will apply as noted above for PCD and non-PCD loans.

WesBanco will recognize an allowance for credit losses for held-to-maturity (“HTM”) debt securities. Based on the credit quality of WesBanco’s HTM debt securities’ portfolio, WesBanco does not expect the allowance for credit losses to be significant for HTM securities.

#### **ASU 2016-02 Leases (Topic 842)**

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” which requires entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. The principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases were not previously recognized in the balance sheet. Public business entities must apply the new requirements for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For WesBanco, this update was effective for the fiscal year beginning January 1, 2019. In January 2018, the FASB issued ASU 2018-01, which allows entities the option to apply the provisions of the new lease guidance at the effective date without adjusting the comparative periods presented. In July 2018, the FASB issued ASU 2018-10, which provides narrow-scope improvements to the lease standard and ASU 2018-11, which allows entities to choose an additional transition method, under which an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Under this transitional method, the entity shall recognize and measure the leases that exist at the adoption date and the prior comparative periods are not adjusted. WesBanco adopted this ASU as of January 1, 2019 using the transitional method. In addition, WesBanco utilized certain practical expedients including the following - retained the classifications of existing leases, no re-assessment to determine if existing leases have initial direct costs and utilized hindsight when determining the lease term and assessment of impairment in existing leases. WesBanco initially capitalized \$20 million upon adoption for right-of-use assets and lease liabilities, net of existing straight-line lease liabilities and unfavorable acquired lease liabilities. See additional disclosures in Note 6, “Leases.”

#### **ASU 2017-12 Targeted Improvements to Accounting for Hedging Activities**

In August 2017, the FASB issued ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities.” The new guidance makes more financial and nonfinancial hedging strategies eligible for hedge accounting. It also amended the presentation and disclosure requirements and changed how companies assess effectiveness. It was intended to more closely align hedge accounting with companies’ risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. The guidance was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For WesBanco, this update was effective for the fiscal year beginning January 1, 2019. Upon adoption, WesBanco reclassified \$67.3 million of callable held-to-maturity municipal debt securities to available-for-sale debt securities.



**ASU 2018-16 Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes**

In October 2018, the FASB issued ASU 2018-16, “Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes.” This ASU modifies ASC 815 for eligible benchmark interest rates. Due to concerns about the sustainability of the London Interbank Offered Rate (LIBOR), the Federal Reserve Board initiated an effort to introduce an alternative reference rate in the United States. The Overnight Index Swap (OIS) rate, which is based on SOFR is permitted as a U.S. benchmark interest rate for hedge accounting purposes. The guidance was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For WesBanco, this update was effective for the fiscal year beginning January 1, 2019. The adoption of this pronouncement did not have a material impact on WesBanco’s Consolidated Financial Statements.

**NOTE 2. MERGERS AND ACQUISITIONS**

**Farmers Capital Bank Corporation (“FFKT”)**

On August 20, 2018, WesBanco completed its acquisition of Farmers Capital Bank Corp., a bank holding company headquartered in Frankfort, KY. On the acquisition date, FFKT had approximately \$1.6 billion in assets, excluding goodwill, which included approximately \$1.0 billion in loans and \$239.3 million in securities. The FFKT acquisition was valued at \$428.9 million, based on WesBanco’s closing stock price on August 20, 2018, of \$49.40, and resulted in WesBanco issuing 7,920,387 shares of its common stock and \$37.6 million in cash in exchange for all of the outstanding shares of FFKT common stock. The assets and liabilities of FFKT were recorded on WesBanco’s Balance Sheet at their fair values as of August 20, 2018, the acquisition date, and FFKT’s results of operations have been included in WesBanco’s Consolidated Statements of Income since that date. Based on the final purchase price allocation, WesBanco recorded \$223.3 million in goodwill and \$37.4 million in core deposit intangibles in its community banking segment and \$2.6 million in trust customer relationship intangibles in its trust and investment services segment. None of the goodwill is deductible for income tax purposes, as the acquisition is accounted for as a tax-free exchange for tax purposes. As a result of the full integration of the operations of FFKT, it is not practicable to determine revenue or net income included in WesBanco’s operating results relating to FFKT since the date of acquisition, as FFKT’s results cannot be separately identified.

For the nine months ended September 30, 2019, WesBanco recorded merger-related expenses of \$3.2 million associated with the FFKT acquisition.

The final purchase price of the FFKT acquisition and resulting goodwill is summarized as follows:

| <i>(unaudited, in thousands)</i>                  | <b>August 20, 2018</b> |
|---|------------------------|
| Purchase price:                                   |                        |
| Fair value of WesBanco shares issued              | \$ 391,267             |
| Cash consideration for outstanding FFKT shares    | 37,634                 |
| Total purchase price                              | \$ 428,901             |
| Fair value of:                                    |                        |
| Tangible assets acquired                          | \$ 1,370,245           |
| Core deposit and other intangible assets acquired | 39,992                 |
| Liabilities assumed                               | (1,434,779)            |
| Net cash received in the acquisition              | 230,139                |
| Fair value of net assets acquired                 | 205,597                |
| Goodwill recognized                               | \$ 223,304             |

The following table presents the allocation of the purchase price of the assets acquired and the liabilities assumed at the date of acquisition.

| <i>(unaudited, in thousands)</i>       | <b>August 20, 2018</b> |
|--|------------------------|
| Assets acquired                        |                        |
| Cash and due from banks                | \$ 230,139             |
| Securities                             | 239,321                |
| Loans                                  | 1,025,800              |
| Goodwill and other intangible assets   | 263,296                |
| Accrued income and other assets        | 105,124                |
| Total assets acquired                  | \$ 1,863,680           |
| Liabilities assumed                    |                        |
| Deposits                               | \$ 1,330,328           |
| Borrowings                             | 71,780                 |
| Accrued expenses and other liabilities | 32,671                 |
| Total liabilities assumed              | \$ 1,434,779           |
| Net assets acquired                    | \$ 428,901             |

The following table presents the changes in the allocation of the purchase price of the assets acquired and the liabilities assumed at the date of the acquisition previously reported as of June 30, 2019:

| <i>(unaudited, in thousands)</i>             | <b>August 20, 2018</b> |                |
|--|------------------------|----------------|
| Goodwill recognized as of June 30, 2019      | \$                     | <b>220,897</b> |
| Change in fair value of net assets acquired: |                        |                |
| Assets                                       |                        |                |
| Accrued income and other assets              |                        | <b>709</b>     |
| Liabilities                                  |                        |                |
| Accrued expenses and other liabilities       |                        | <b>(3,116)</b> |
| Fair value of net assets acquired            | \$                     | <b>(2,407)</b> |
| Increase in goodwill recognized              |                        | <b>2,407</b>   |
| Goodwill recognized as of September 30, 2019 | \$                     | <b>223,304</b> |

The adjustments to goodwill noted above to other assets and other liabilities related to the Company's finalization of purchase accounting for FFKT.

#### **Old Line Bancshares, Inc. ("OLBK")**

On July 23, 2019, WesBanco and Old Line Bancshares, Inc., a bank holding company headquartered in Bowie, MD, jointly announced the execution of a definitive Agreement and Plan of Merger providing for the merger of OLBK with and into WesBanco ("Agreement"). OLBK has approximately \$3.1 billion in assets, \$2.4 billion in loans, \$2.4 billion in deposits, \$0.4 billion in stockholders' equity and 37 branches. On the date of the announcement, the transaction was valued at approximately \$500.1 million. Under the terms of the Agreement, WesBanco will exchange its common stock for OLBK common stock at closing, subject to customary conditions. OLBK options will be exchanged for WesBanco options, as adjusted as to exercise price and number of options to take into account the fixed exchange ratio stated in the Agreement. OLBK stockholders will be entitled to receive 0.7844 shares of WesBanco common stock per each share of OLBK common stock, which had a total value of \$29.22 per share, as of the date of the announcement. The receipt by OLBK stockholders of shares of WesBanco common stock in exchange for their shares of OLBK common stock is anticipated to qualify as a tax-free exchange. The acquisition is subject to the approvals of the appropriate banking regulatory authorities. It has received the approval of the West Virginia Department of Financial Institutions and the shareholders of both companies. It is currently expected that the transaction will be completed in the fourth quarter of 2019. For the nine months ended September 30, 2019, WesBanco recorded merger-related expenses of \$1.7 million related to the OLBK acquisition.

#### **NOTE 3. EARNINGS PER COMMON SHARE**

Earnings per common share are calculated as follows:

| <i>(unaudited, in thousands, except shares and per share amounts)</i> | <b>For the Three Months<br/>Ended September 30,</b> |             | <b>For the Nine Months<br/>Ended September 30,</b> |             |
|---|---|-------------|--|-------------|
|   | <b>2019</b>   | <b>2018</b> | <b>2019</b>  | <b>2018</b> |
| Numerator for both basic and diluted earnings per common share:       |   |             |  |             |
| Net income  | \$ 37,347   | \$ 32,486   | \$ 122,497   | \$ 99,184   |
| Denominator:  |   |             |  |             |
| Total average basic common shares outstanding                         | 54,695,578  | 50,277,847  | 54,641,057   | 46,965,095  |
| Effect of dilutive stock options and other stock compensation         | 55,766  | 154,265     | 64,704   | 142,734     |
| Total diluted average common shares outstanding                       | 54,751,344  | 50,432,112  | 54,705,761   | 47,107,829  |
| Earnings per common share - basic                                     | \$ 0.68   | \$ 0.65     | \$ 2.24  | \$ 2.11     |
| Earnings per common share - diluted                                   | \$ 0.68   | \$ 0.64     | \$ 2.24  | \$ 2.11     |

Options to purchase 352,250 shares and 0 shares at September 30, 2019 and 2018, respectively, were not included in the computation of net income per diluted share for the three months ended September 30, 2019, because the exercise price was greater than the average market price of the common share, therefore, the effect would be antidilutive. Options to purchase 352,250 and 117,600 shares at September 30, 2019 and 2018, respectively, were not included in the computation of net income per diluted share for the nine months ended September 30, 2019 and 2018, because the exercise price was greater than the average market price of the common share, therefore, the effect would be antidilutive.

As of September 30, 2019, no contingently issuable shares were estimated to be awarded under the 2019, 2018 and 2017 total shareholder return plans, as stock performance targets were not met and are therefore not included in the calculation because the effect would be antidilutive. As of September 30, 2018, 45,840 contingently issuable shares were estimated to be awarded under the 2018 and 2017 total shareholder return plans, as stock performance targets had been met to date and were included in the diluted calculation. Performance-based restricted stock compensation totaling 30,137 and 17,081 shares were estimated to be awarded as of September 30, 2019 and 2018, respectively, and are included in the diluted calculation.

#### NOTE 4. SECURITIES

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

|  | September 30, 2019 |                        |                         |                      | December 31, 2018 |                        |                         |                      |
|--|--------------------|------------------------|-------------------------|----------------------|-------------------|------------------------|-------------------------|----------------------|
|  | Amortized Cost     | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value | Amortized Cost    | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| <i>(unaudited, in thousands)</i>   |                    |                        |                         |                      |                   |                        |                         |                      |
| Available-for-sale debt securities   |                    |                        |                         |                      |                   |                        |                         |                      |
| U.S. Treasury  | \$ 29,817          | \$ 61                  | \$ —                    | \$ 29,878            | \$ 19,882         | \$ 3                   | \$ (7)                  | \$ 19,878            |
| U.S. Government sponsored entities and agencies  | 116,508            | 4,012                  | (79)                    | 120,441              | 142,852           | 556                    | (1,756)                 | 141,652              |
| Residential mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 1,663,942          | 21,469                 | (4,346)                 | 1,681,065            | 1,585,864         | 2,912                  | (27,521)                | 1,561,255            |
| Commercial mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies  | 183,634            | 4,716                  | (45)                    | 188,305              | 171,671           | 264                    | (2,963)                 | 168,972              |
| Obligations of states and political subdivisions   | 145,593            | 5,771                  | (1)                     | 151,363              | 184,057           | 2,039                  | (982)                   | 185,114              |
| Corporate debt securities  | 37,684             | 592                    | (129)                   | 38,147               | 37,730            | 87                     | (559)                   | 37,258               |
| Total available-for-sale debt securities   | \$2,177,178        | \$ 36,621              | \$ (4,600)              | \$2,209,199          | \$2,142,056       | \$ 5,861               | \$ (33,788)             | \$2,114,129          |
| Held-to-maturity debt securities   |                    |                        |                         |                      |                   |                        |                         |                      |
| U.S. Government sponsored entities and agencies  | \$ 9,854           | \$ 53                  | \$ (46)                 | \$ 9,861             | \$ 10,823         | \$ 6                   | \$ (329)                | \$ 10,500            |
| Residential mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 129,797            | 1,273                  | (155)                   | 130,915              | 148,300           | 204                    | (4,170)                 | 144,334              |
| Obligations of states and political subdivisions   | 679,932            | 22,244                 | (170)                   | 702,006              | 828,520           | 8,771                  | (4,012)                 | 833,279              |
| Corporate debt securities  | 33,241             | 1,786                  | —                       | 35,027               | 33,291            | 12                     | (673)                   | 32,630               |
| Total held-to-maturity debt securities   | \$ 852,824         | \$ 25,356              | \$ (371)                | \$ 877,809           | \$1,020,934       | \$ 8,993               | \$ (9,184)              | \$1,020,743          |
| Total debt securities  | \$3,030,002        | \$ 61,977              | \$ (4,971)              | \$3,087,008          | \$3,162,990       | \$ 14,854              | \$ (42,972)             | \$3,134,872          |

At September 30, 2019 and December 31, 2018, there were no holdings of any one issuer, other than U.S. government sponsored entities and its agencies, in an amount greater than 10% of WesBanco's shareholders' equity.

Equity securities, of which \$8.5 million consist of investments in various mutual funds held in grantor trusts formed in connection with the Company's deferred compensation plan, are recorded at fair value, and totaled \$11.6 million and \$11.7 million at September 30, 2019 and December 31, 2018, respectively.

The following table presents the amortized cost and fair value of available-for-sale and held-to-maturity debt securities by contractual maturity date at September 30, 2019. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay debt obligations with or without prepayment penalties. Mortgage-backed securities and collateralized mortgage obligations are classified in the table below based on their contractual maturity date; however, principal payments are received on a monthly basis.

| <i>(unaudited, in thousands)</i>          | Amortized Cost |                  | Fair Value |                  |
|---|----------------|------------------|------------|------------------|
| <b>Available-for-sale debt securities</b> |                |                  |            |                  |
| Less than one year                        | \$             | 61,932           | \$         | 61,992           |
| 1-5 years                                 |                | 116,281          |            | 117,740          |
| 5-10 years                                |                | 407,897          |            | 416,454          |
| Over 10 years                             |                | 1,591,068        |            | 1,613,013        |
| Total available-for-sale debt securities  | \$             | 2,177,178        | \$         | 2,209,199        |
| <b>Held-to-maturity debt securities</b>   |                |                  |            |                  |
| Less than one year                        | \$             | 18,138           | \$         | 18,201           |
| 1-5 years                                 |                | 127,140          |            | 130,634          |
| 5-10 years                                |                | 328,315          |            | 338,075          |
| Over 10 years                             |                | 379,231          |            | 390,899          |
| Total held-to-maturity debt securities    | \$             | 852,824          | \$         | 877,809          |
| <b>Total debt securities</b>              | <b>\$</b>      | <b>3,030,002</b> | <b>\$</b>  | <b>3,087,008</b> |

Securities with aggregate fair values of \$2.0 billion at both September 30, 2019 and December 31, 2018 were pledged as security for public and trust funds, and securities sold under agreements to repurchase. Proceeds from the sale of available-for-sale securities were \$125.2 million and \$82.1 million for the nine months ended September 30, 2019 and 2018, respectively. Net unrealized gains (losses) on available-for-sale securities included in accumulated other comprehensive income, net of tax, as of September 30, 2019 and December 31, 2018 were \$24.7 million and (\$21.5) million, respectively.

The following table presents the gross realized gains and losses on sales and calls of available-for-sale and held-to-maturity debt securities, as well as gains and losses on equity securities from both sales and market adjustments from the adoption of ASU 2016-01 effective January 1, 2018, for the three and nine months ended September 30, 2019 and 2018, respectively.

| <i>(unaudited, in thousands)</i>                                  | For the Three Months<br>Ended September 30, |       | For the Nine Months<br>Ended September 30, |        |
|---|---|-------|--|--------|
|   | 2019  | 2018  | 2019                                       | 2018   |
| <b>Debt securities:</b>   |   |       |  |        |
| Gross realized gains  | \$ 1,096                                    | \$ 88 | \$ 1,443                                   | \$ 100 |
| Gross realized losses   | (741)                                       | (13)  | (950)                                      | (31)   |
| Net gains (losses) on debt securities                             | \$ 355                                      | \$ 75 | \$ 493                                     | \$ 69  |
| <b>Equity securities:</b>   |   |       |  |        |
| Net unrealized gains (losses) recognized on securities still held | \$ (120)                                    | \$ 11 | \$ 748                                     | \$ 330 |
| Net realized gains (losses) recognized on securities sold         | —   | (2)   | 2,559                                      | 4      |
| Net gains (losses) on equity securities                           | \$ (120)                                    | \$ 9  | \$ 3,307                                   | \$ 334 |
| Net securities gains  | \$ 235                                      | \$ 84 | \$ 3,800                                   | \$ 403 |

The following tables provide information on unrealized losses on debt securities that have been in an unrealized loss position for less than twelve months and twelve months or more as of September 30, 2019 and December 31, 2018, respectively:

|  | September 30, 2019  |                   |                 |                   |                   |                 |            |                   |                 |
|--|---------------------|-------------------|-----------------|-------------------|-------------------|-----------------|------------|-------------------|-----------------|
|  | Less than 12 months |                   |                 | 12 months or more |                   |                 | Total      |                   |                 |
|  | Fair Value          | Unrealized Losses | # of Securities | Fair Value        | Unrealized Losses | # of Securities | Fair Value | Unrealized Losses | # of Securities |
| <i>(unaudited, dollars in thousands)</i>   |                     |                   |                 |                   |                   |                 |            |                   |                 |
| U.S. Government sponsored entities and agencies  | \$ 5,383            | \$ (17)           | 4               | \$ 6,781          | \$ (108)          | 2               | \$ 12,164  | \$ (125)          | 6               |
| Residential mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 347,848             | (1,515)           | 70              | 306,696           | (2,986)           | 128             | 654,544    | (4,501)           | 198             |
| Commercial mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies  | 11,066              | (38)              | 3               | 3,729             | (7)               | 2               | 14,795     | (45)              | 5               |
| Obligations of states and political subdivisions   | 12,650              | (39)              | 21              | 7,581             | (132)             | 17              | 20,231     | (171)             | 38              |
| Corporate debt securities  | —                   | —                 | —               | 7,896             | (129)             | 3               | 7,896      | (129)             | 3               |
| Total temporarily impaired securities  | \$376,947           | \$ (1,609)        | 98              | \$332,683         | \$ (3,362)        | 152             | \$709,630  | \$ (4,971)        | 250             |

|  | December 31, 2018   |                   |                 |                   |                   |                 |             |                   |                 |
|--|---------------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------|-------------------|-----------------|
|  | Less than 12 months |                   |                 | 12 months or more |                   |                 | Total       |                   |                 |
|  | Fair Value          | Unrealized Losses | # of Securities | Fair Value        | Unrealized Losses | # of Securities | Fair Value  | Unrealized Losses | # of Securities |
| <i>(unaudited, dollars in thousands)</i>   |                     |                   |                 |                   |                   |                 |             |                   |                 |
| U.S. Treasury  | \$ 9,972            | \$ (7)            | 1               | \$ —              | \$ —              | —               | \$ 9,972    | \$ (7)            | 1               |
| U.S. Government sponsored entities and agencies  | 18,926              | (148)             | 8               | 76,385            | (1,937)           | 14              | 95,311      | (2,085)           | 22              |
| Residential mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 285,534             | (1,862)           | 44              | 922,698           | (29,829)          | 291             | 1,208,232   | (31,691)          | 335             |
| Commercial mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies  | 9,186               | (18)              | 6               | 111,068           | (2,945)           | 14              | 120,254     | (2,963)           | 20              |
| Obligations of states and political subdivisions   | 104,469             | (439)             | 207             | 303,681           | (4,555)           | 513             | 408,150     | (4,994)           | 720             |
| Corporate debt securities  | 38,791              | (898)             | 18              | 11,452            | (334)             | 5               | 50,243      | (1,232)           | 23              |
| Total temporarily impaired securities  | \$466,878           | \$ (3,372)        | 284             | \$1,425,284       | \$ (39,600)       | 837             | \$1,892,162 | \$ (42,972)       | 1,121           |

Unrealized losses on debt securities in the tables represent temporary fluctuations resulting from changes in market rates in relation to fixed yields. Unrealized losses in the available-for-sale portfolio are accounted for as an adjustment, net of taxes, to other comprehensive income in shareholders' equity.

WesBanco does not believe the securities presented above are impaired due to reasons of credit quality, as substantially all debt securities are rated above investment grade and all are paying principal and interest according to their contractual terms. WesBanco does not intend to sell, nor is it more likely than not that it will be required to sell, loss position securities prior to recovery of their cost; therefore, management believes the unrealized losses detailed above are temporary and no impairment loss relating to these securities has been recognized.

Securities that do not have readily determinable fair values and for which WesBanco does not exercise significant influence are carried at cost. Cost method investments consist primarily of FHLB of Pittsburgh, Cincinnati and Indianapolis stock totaling \$56.3 million and \$50.8 million at September 30, 2019 and December 31, 2018, respectively, and are included in other assets in the Consolidated Balance Sheets. Cost method investments are evaluated for impairment whenever events or circumstances suggest that their carrying value may not be recoverable.

**NOTE 5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES**

The recorded investment in loans is presented in the Consolidated Balance Sheets net of deferred loan fees and costs, and discounts on purchased loans. Net deferred loan costs were \$4.5 million and \$3.2 million at September 30, 2019 and December 31, 2018, respectively. The unamortized discount on purchased loans from acquisitions was \$36.8 million at September 30, 2019, including \$16.9 million related to FFKT, and \$49.3 million at December 31, 2018, including \$23.4 million related to FFKT.

| <i>(unaudited, in thousands)</i> | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|----------------------------------|-------------------------------|------------------------------|
| Commercial real estate:          |                               |                              |
| Land and construction            | \$ 510,404                    | \$ 528,072                   |
| Improved property                | 3,344,249                     | 3,325,623                    |
| Total commercial real estate     | 3,854,653                     | 3,853,695                    |
| Commercial and industrial        | 1,332,275                     | 1,265,460                    |
| Residential real estate          | 1,638,574                     | 1,611,607                    |
| Home equity                      | 587,745                       | 599,331                      |
| Consumer                         | 343,505                       | 326,188                      |
| Total portfolio loans            | 7,756,752                     | 7,656,281                    |
| Loans held for sale              | 20,715                        | 8,994                        |
| Total loans                      | \$ 7,777,467                  | \$ 7,665,275                 |

The following tables summarize changes in the allowance for credit losses applicable to each category of the loan portfolio:

| <b>Allowance for Credit Losses By Category</b>               |   |  |  |                                    |                        |                 |                               |                  |  |
|--|---|--|--|------------------------------------|------------------------|-----------------|-------------------------------|------------------|--|
| <b>For the Nine Months Ended September 30, 2019 and 2018</b> |   |  |  |                                    |                        |                 |                               |                  |  |
| <i>(unaudited, in thousands)</i>                             | <b>Commercial<br/>Real Estate -<br/>Land and<br/>Construction</b> | <b>Commercial<br/>Real Estate-<br/>Improved<br/>Property</b> | <b>Commercial<br/>&amp; Industrial</b> | <b>Residential<br/>Real Estate</b> | <b>Home<br/>Equity</b> | <b>Consumer</b> | <b>Deposit<br/>Overdrafts</b> | <b>Total</b>     |  |
| <b>Balance at December 31, 2018</b>                          |   |  |  |                                    |                        |                 |                               |                  |  |
| Allowance for loan losses                                    | \$ 4,039  | \$ 20,848  | \$ 12,114                              | \$ 3,822                           | \$ 4,356               | \$ 2,797        | \$ 972                        | \$ 48,948        |  |
| Allowance for loan commitments                               | 169   | 33   | 262                                    | 12                                 | 226                    | 39              | —                             | 741              |  |
| <b>Total beginning allowance for credit losses</b>           | <b>4,208</b>  | <b>20,881</b>  | <b>12,376</b>                          | <b>3,834</b>                       | <b>4,582</b>           | <b>2,836</b>    | <b>972</b>                    | <b>49,689</b>    |  |
| <b>Provision for credit losses:</b>                          |   |  |  |                                    |                        |                 |                               |                  |  |
| Provision for loan losses                                    | (207)   | 2,939  | 2,549                                  | 561                                | 727                    | 405             | 1,503                         | 8,477            |  |
| Provision for loan commitments                               | 26  | (9)  | 842                                    | 3                                  | 37                     | (1)             | —                             | 898              |  |
| <b>Total provision for credit losses</b>                     | <b>(181)</b>  | <b>2,930</b>   | <b>3,391</b>                           | <b>564</b>                         | <b>764</b>             | <b>404</b>      | <b>1,503</b>                  | <b>9,375</b>     |  |
| Charge-offs  | (45)  | (515)  | (1,420)                                | (870)                              | (859)                  | (1,886)         | (1,273)                       | (6,868)          |  |
| Recoveries   | 255   | 621  | 545                                    | 272                                | 341                    | 1,432           | 294                           | 3,760            |  |
| Net charge-offs  | 210   | 106  | (875)                                  | (598)                              | (518)                  | (454)           | (979)                         | (3,108)          |  |
| <b>Balance at September 30, 2019</b>                         |   |  |  |                                    |                        |                 |                               |                  |  |
| Allowance for loan losses                                    | 4,042   | 23,893   | 13,788                                 | 3,785                              | 4,565                  | 2,748           | 1,496                         | 54,317           |  |
| Allowance for loan commitments                               | 195   | 24   | 1,104                                  | 15                                 | 263                    | 38              | —                             | 1,639            |  |
| <b>Total ending allowance for credit losses</b>              | <b>\$ 4,237</b>   | <b>\$ 23,917</b>   | <b>\$ 14,892</b>                       | <b>\$ 3,800</b>                    | <b>\$ 4,828</b>        | <b>\$ 2,786</b> | <b>\$ 1,496</b>               | <b>\$ 55,956</b> |  |
| <b>Balance at December 31, 2017</b>                          |   |  |  |                                    |                        |                 |                               |                  |  |
| Allowance for loan losses                                    | \$ 3,117  | \$ 21,166  | \$ 9,414                               | \$ 3,206                           | \$ 4,497               | \$ 3,063        | \$ 821                        | \$ 45,284        |  |
| Allowance for loan commitments                               | 119   | 26   | 173                                    | 7                                  | 212                    | 37              | —                             | 574              |  |
| <b>Total beginning allowance for credit losses</b>           | <b>3,236</b>  | <b>21,192</b>  | <b>9,587</b>                           | <b>3,213</b>                       | <b>4,709</b>           | <b>3,100</b>    | <b>821</b>                    | <b>45,858</b>    |  |
| <b>Provision for credit losses:</b>                          |   |  |  |                                    |                        |                 |                               |                  |  |
| Provision for loan losses                                    | 789   | (721)  | 2,538                                  | 1,106                              | (292)                  | 541             | 840                           | 4,801            |  |
| Provision for loan commitments                               | 67  | (3)  | 32                                     | 2                                  | 9                      | 3               | —                             | 110              |  |
| <b>Total provision for credit losses</b>                     | <b>856</b>  | <b>(724)</b>   | <b>2,570</b>                           | <b>1,108</b>                       | <b>(283)</b>           | <b>544</b>      | <b>840</b>                    | <b>4,911</b>     |  |
| Charge-offs  | (137)   | (719)  | (871)                                  | (873)                              | (745)                  | (2,465)         | (941)                         | (6,751)          |  |
| Recoveries   | 400   | 1,098  | 970                                    | 336                                | 830                    | 1,657           | 277                           | 5,568            |  |
| Net charge-offs  | 263   | 379  | 99                                     | (537)                              | 85                     | (808)           | (664)                         | (1,183)          |  |
| <b>Balance at September 30, 2018</b>                         |   |  |  |                                    |                        |                 |                               |                  |  |
| Allowance for loan losses                                    | 4,169   | 20,824   | 12,051                                 | 3,775                              | 4,290                  | 2,796           | 997                           | 48,902           |  |
| Allowance for loan commitments                               | 186   | 23   | 205                                    | 9                                  | 221                    | 40              | —                             | 684              |  |
| <b>Total ending allowance for credit losses</b>              | <b>\$ 4,355</b>   | <b>\$ 20,847</b>   | <b>\$ 12,256</b>                       | <b>\$ 3,784</b>                    | <b>\$ 4,511</b>        | <b>\$ 2,836</b> | <b>\$ 997</b>                 | <b>\$ 49,586</b> |  |

The following tables present the allowance for credit losses and recorded investments in loans by category:

| (unaudited, in thousands)                                 | Allowance for Credit Losses and Recorded Investment in Loans |  |                           |                         |                   |                   |                     |                     |
|---|--|--|---------------------------|-------------------------|-------------------|-------------------|---------------------|---------------------|
|   | Commercial Real Estate-Land and Construction                 | Commercial Real Estate-Improved Property | Commercial and Industrial | Residential Real Estate | Home Equity       | Consumer          | Deposit Over-drafts | Total               |
| <b>September 30, 2019</b>                                 |  |  |                           |                         |                   |                   |                     |                     |
| Allowance for credit losses:                              |  |  |                           |                         |                   |                   |                     |                     |
| Allowance for loans individually evaluated for impairment | \$ —   | \$ 1,471                                 | \$ 10                     | \$ 12                   | \$ 7              | \$ 1              | \$ —                | \$ 1,501            |
| Allowance for loans collectively evaluated for impairment | 4,042  | 22,422                                   | 13,778                    | 3,773                   | 4,558             | 2,747             | 1,496               | 52,816              |
| Allowance for loan commitments                            | 195  | 24                                       | 1,104                     | 15                      | 263               | 38                | —                   | 1,639               |
| <b>Total allowance for credit losses</b>                  | <b>\$ 4,237</b>  | <b>\$ 23,917</b>                         | <b>\$ 14,892</b>          | <b>\$ 3,800</b>         | <b>\$ 4,828</b>   | <b>\$ 2,786</b>   | <b>\$ 1,496</b>     | <b>\$ 55,956</b>    |
| Portfolio loans:  |  |  |                           |                         |                   |                   |                     |                     |
| Individually evaluated for impairment <sup>(1)</sup>      | \$ —   | \$ 5,388                                 | \$ 185                    | \$ 4,662                | \$ 746            | \$ 61             | \$ —                | \$ 11,042           |
| Collectively evaluated for impairment                     | 510,162  | 3,330,959                                | 1,331,248                 | 1,632,348               | 586,999           | 343,444           | —                   | 7,735,160           |
| Acquired with deteriorated credit quality                 | 242  | 7,902                                    | 842                       | 1,564                   | —                 | —                 | —                   | 10,550              |
| <b>Total portfolio loans</b>                              | <b>\$ 510,404</b>  | <b>\$ 3,344,249</b>                      | <b>\$ 1,332,275</b>       | <b>\$ 1,638,574</b>     | <b>\$ 587,745</b> | <b>\$ 343,505</b> | <b>\$ —</b>         | <b>\$ 7,756,752</b> |
| <b>December 31, 2018</b>                                  |  |  |                           |                         |                   |                   |                     |                     |
| Allowance for credit losses:                              |  |  |                           |                         |                   |                   |                     |                     |
| Allowance for loans individually evaluated for impairment | \$ —   | \$ —                                     | \$ —                      | \$ —                    | \$ —              | \$ —              | \$ —                | \$ —                |
| Allowance for loans collectively evaluated for impairment | 4,039  | 20,848                                   | 12,114                    | 3,822                   | 4,356             | 2,797             | 972                 | 48,948              |
| Allowance for loan commitments                            | 169  | 33                                       | 262                       | 12                      | 226               | 39                | —                   | 741                 |
| <b>Total allowance for credit losses</b>                  | <b>\$ 4,208</b>  | <b>\$ 20,881</b>                         | <b>\$ 12,376</b>          | <b>\$ 3,834</b>         | <b>\$ 4,582</b>   | <b>\$ 2,836</b>   | <b>\$ 972</b>       | <b>\$ 49,689</b>    |
| Portfolio loans:  |  |  |                           |                         |                   |                   |                     |                     |
| Individually evaluated for impairment <sup>(1)</sup>      | \$ —   | \$ —                                     | \$ —                      | \$ —                    | \$ —              | \$ —              | \$ —                | \$ —                |
| Collectively evaluated for impairment                     | 527,737  | 3,319,672                                | 1,264,560                 | 1,609,177               | 599,331           | 326,063           | —                   | 7,646,540           |
| Acquired with deteriorated credit quality                 | 335  | 5,951                                    | 900                       | 2,430                   | —                 | 125               | —                   | 9,741               |
| <b>Total portfolio loans</b>                              | <b>\$ 528,072</b>  | <b>\$ 3,325,623</b>                      | <b>\$ 1,265,460</b>       | <b>\$ 1,611,607</b>     | <b>\$ 599,331</b> | <b>\$ 326,188</b> | <b>\$ —</b>         | <b>\$ 7,656,281</b> |

<sup>(1)</sup> Commercial loans greater than \$1 million that are reported as non-accrual or as a TDR are individually evaluated for impairment.

WesBanco is transitioning to a more objective internal loan grading system to reflect the credit quality of commercial loans. Commercial loan risk grades are determined based on an evaluation of the relevant characteristics of each loan, assigned at inception and adjusted thereafter at any time to reflect changes in the risk profile throughout the life of each loan. The primary factors used to determine the risk grade are the sufficiency, reliability and sustainability of the primary source of repayment and overall financial strength of the borrower. The rating system more heavily weights the debt service coverage, leverage and loan to value factors to derive the risk grade. Other factors that are considered at a lesser weighting include management, industry or property type risks, payment history, collateral or guarantees.

Commercial real estate – land and construction consists of loans to finance investments in vacant land, land development, construction of residential housing, and construction of commercial buildings. Commercial real estate – improved property consists of loans for the purchase or refinance of all types of improved owner-occupied and investment properties. Factors that are considered in assigning the risk grade vary depending on the type of property financed. The risk grade assigned to construction and development loans is based on the overall viability of the project, the experience and financial capacity of the developer or builder to successfully complete the project, project specific and market absorption rates and comparable property values, and the amount of pre-sales for residential housing construction or pre-leases for commercial investment property. The risk grade assigned to commercial investment property loans is based primarily on the adequacy of the net operating income generated by the property to service the debt, the loan to appraised value, the type, quality, industry and mix of tenants, and the terms of leases. The risk grade assigned to owner-occupied commercial real estate is based primarily on global debt service coverage and the leverage of the business, but may also consider the industry in which the business operates, the business' specific competitive advantages or disadvantages, collateral margins and the quality and experience of management



Commercial and industrial (“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. Primary factors that are considered in risk rating C&I loans include debt service coverage and leverage. Other factors including operating trends, collateral coverage along with management experience are also considered.

Pass loans are those that exhibit a history of positive financial results that are at least comparable to the average for their industry or type of real estate. The primary source of repayment is acceptable and these loans are expected to perform satisfactorily during most economic cycles. Pass loans typically have no significant external factors that are expected to adversely affect these borrowers more than others in the same industry or property type. Any minor unfavorable characteristics of these loans are outweighed or mitigated by other positive factors including but not limited to adequate secondary or tertiary sources of repayment.

Criticized assets have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the bank's credit position at some future date. Criticized assets are not adversely classified and do not expose the bank to sufficient risk to warrant adverse classification.

Substandard and doubtful loans are equivalent to the classifications used by banking regulators. Substandard loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected. These loans may or may not be reported as non-accrual. Doubtful loans have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable. These loans are reported as non-accrual.

The following tables summarize commercial loans by their assigned risk grade:

|                                  | <b>Commercial Loans by Internally Assigned Risk Grade</b>        |  |  |                                       |
|----------------------------------|--|--|--|---------------------------------------|
|                                  | <b>Commercial<br/>Real Estate-<br/>Land and<br/>Construction</b> | <b>Commercial<br/>Real Estate-<br/>Improved<br/>Property</b> | <b>Commercial<br/>&amp; Industrial</b> | <b>Total<br/>Commercial<br/>Loans</b> |
| <i>(unaudited, in thousands)</i> |  |  |  |                                       |
| <b>As of September 30, 2019</b>  |  |  |  |                                       |
| Pass                             | \$ 503,021   | \$ 3,217,475   | \$ 1,292,481                           | \$ 5,012,977                          |
| Criticized - compromised         | 5,742  | 54,441   | 18,697                                 | 78,880                                |
| Classified - substandard         | 1,641  | 72,333   | 21,097                                 | 95,071                                |
| Classified - doubtful            | —  | —  | —                                      | —                                     |
| Total                            | \$ 510,404   | \$ 3,344,249   | \$ 1,332,275                           | \$ 5,186,928                          |
| <b>As of December 31, 2018</b>   |  |  |  |                                       |
| Pass                             | \$ 523,707   | \$ 3,267,304   | \$ 1,245,190                           | \$ 5,036,201                          |
| Criticized - compromised         | 2,297  | 35,566   | 13,847                                 | 51,710                                |
| Classified - substandard         | 2,068  | 22,753   | 6,423                                  | 31,244                                |
| Classified - doubtful            | —  | —  | —                                      | —                                     |
| Total                            | \$ 528,072   | \$ 3,325,623   | \$ 1,265,460                           | \$ 5,119,155                          |

Residential real estate, home equity and consumer loans are not assigned internal risk grades other than as required by regulatory guidelines that are based primarily on the age of past due loans. WesBanco primarily evaluates the credit quality of residential real estate, home equity and consumer loans based on repayment performance and historical loss rates. The aggregate amount of residential real estate, home equity and consumer loans classified as substandard in accordance with regulatory guidelines was \$23.3 million at September 30, 2019 and \$22.9 million at December 31, 2018, of which \$3.5 and \$3.9 million were accruing, for each period, respectively. The aggregate amount of residential real estate, home equity and consumer loans classified as substandard are not included in the tables above.

**Acquired FFKT Loans** – In conjunction with the FFKT acquisition, WesBanco acquired loans with a book value of \$1,064.8 million as of August 20, 2018. These loans were recorded at the fair value of \$1,025.8 million, with \$988.3 million categorized as ASC 310-20 loans. The fair market value adjustment on these loans of \$26.0 million at the acquisition date is expected to be recognized into interest income on a level yield basis over the remaining expected life of the loans. Loans acquired with deteriorated credit quality with a book value of \$5.3 million were recorded at the fair value of \$4.6 million, of which \$2.4 million were accounted for under the cost recovery method in accordance with ASC 310-30 as cash flows cannot be reasonably estimated, and categorized as non-accrual. The carrying amount of loans acquired with deteriorated credit quality at September 30, 2019 was \$3.0 million, while the outstanding customer balance was \$3.5 million. At September 30, 2019, no allowance for loan losses has been recognized related to the FFKT-acquired impaired loans. Certain acquired underperforming loans with an acquired book value of \$45.2 million were sold during the fourth quarter of 2018 for \$32.9 million. The acquisition date fair value of the acquired loans was adjusted to the sale price resulting in no recognized gain or loss.

The following table provides changes in accretable yield for loans acquired with deteriorated credit quality:

| <i>(unaudited, in thousands)</i>                | For the Nine Months Ended |                       |
|---|---------------------------|-----------------------|
|   | September 30,<br>2019     | September 30,<br>2018 |
| Balance at beginning of period                  | \$ 6,203                  | \$ 1,724              |
| Acquisitions                                    | 1,300                     | 695                   |
| Reduction due to change in projected cash flows | (979)                     | (86)                  |
| Reclass from non-accretable difference          | 839                       | 6,287                 |
| Transfers out                                   | —                         | —                     |
| Accretion                                       | (2,475)                   | (902)                 |
| Balance at end of period                        | \$ 4,888                  | \$ 7,718              |

The following tables summarize the age analysis of all categories of loans:

| <i>(unaudited, in thousands)</i>              | Age Analysis of Loans |                           |                           |                                |                   |                |  |
|---|-----------------------|---------------------------|---------------------------|--------------------------------|-------------------|----------------|--|
|   | Current               | 30-59<br>Days<br>Past Due | 60-89<br>Days<br>Past Due | 90 Days<br>or More<br>Past Due | Total<br>Past Due | Total<br>Loans | 90 Days<br>or More<br>Past Due and<br>Accruing (1) |
| <b>As of September 30, 2019</b>               |                       |                           |                           |                                |                   |                |  |
| Commercial real estate:                       |                       |                           |                           |                                |                   |                |  |
| Land and construction                         | \$ 509,062            | \$ 127                    | \$ 84                     | \$ 1,131                       | \$ 1,342          | \$ 510,404     | \$ 834   |
| Improved property                             | 3,326,426             | 3,901                     | 2,032                     | 11,890                         | 17,823            | 3,344,249      | 935  |
| Total commercial real estate                  | 3,835,488             | 4,028                     | 2,116                     | 13,021                         | 19,165            | 3,854,653      | 1,769  |
| Commercial and industrial                     | 1,329,043             | 675                       | 215                       | 2,342                          | 3,232             | 1,332,275      | 229  |
| Residential real estate                       | 1,620,684             | 3,560                     | 3,789                     | 10,541                         | 17,890            | 1,638,574      | 2,724  |
| Home equity                                   | 580,598               | 2,328                     | 748                       | 4,071                          | 7,147             | 587,745        | 420  |
| Consumer                                      | 340,640               | 1,678                     | 805                       | 382                            | 2,865             | 343,505        | 283  |
| Total portfolio loans                         | 7,706,453             | 12,269                    | 7,673                     | 30,357                         | 50,299            | 7,756,752      | 5,425  |
| Loans held for sale                           | 20,715                | —                         | —                         | —                              | —                 | 20,715         | —  |
| Total loans                                   | \$ 7,727,168          | \$ 12,269                 | \$ 7,673                  | \$ 30,357                      | \$ 50,299         | \$ 7,777,467   | \$ 5,425   |
| Impaired loans included above are as follows: |                       |                           |                           |                                |                   |                |  |
| Non-accrual loans                             | \$ 8,107              | \$ 656                    | \$ 1,156                  | \$ 24,882                      | 26,694            | \$ 34,801      |  |
| TDRs accruing interest (1)                    | 5,566                 | 64                        | 160                       | 50                             | 274               | 5,840          |  |
| Total impaired                                | \$ 13,673             | \$ 720                    | \$ 1,316                  | \$ 24,932                      | \$ 26,968         | \$ 40,641      |  |
| <b>As of December 31, 2018</b>                |                       |                           |                           |                                |                   |                |  |
| Commercial real estate:                       |                       |                           |                           |                                |                   |                |  |
| Land and construction                         | \$ 526,660            | \$ 62                     | \$ 1,350                  | \$ —                           | \$ 1,412          | \$ 528,072     | \$ —   |
| Improved property                             | 3,314,765             | 2,266                     | 2,250                     | 6,342                          | 10,858            | 3,325,623      | 175  |
| Total commercial real estate                  | 3,841,425             | 2,328                     | 3,600                     | 6,342                          | 12,270            | 3,853,695      | 175  |
| Commercial and industrial                     | 1,261,536             | 323                       | 594                       | 3,007                          | 3,924             | 1,265,460      | 13   |
| Residential real estate                       | 1,593,519             | 2,717                     | 5,001                     | 10,370                         | 18,088            | 1,611,607      | 2,820  |
| Home equity                                   | 591,623               | 2,500                     | 1,273                     | 3,935                          | 7,708             | 599,331        | 705  |
| Consumer                                      | 322,584               | 2,084                     | 1,007                     | 513                            | 3,604             | 326,188        | 364  |
| Total portfolio loans                         | 7,610,687             | 9,952                     | 11,475                    | 24,167                         | 45,594            | 7,656,281      | 4,077  |
| Loans held for sale                           | 8,994                 | —                         | —                         | —                              | —                 | 8,994          | —  |
| Total loans                                   | \$ 7,619,681          | \$ 9,952                  | \$ 11,475                 | \$ 24,167                      | \$ 45,594         | \$ 7,665,275   | \$ 4,077   |
| Impaired loans included above are as follows: |                       |                           |                           |                                |                   |                |  |
| Non-accrual loans                             | \$ 8,910              | \$ 337                    | \$ 1,370                  | \$ 20,083                      | 21,790            | \$ 30,700      |  |
| TDRs accruing interest (1)                    | 5,586                 | 59                        | 92                        | 7                              | 158               | 5,744          |  |
| Total impaired                                | \$ 14,496             | \$ 396                    | \$ 1,462                  | \$ 20,090                      | \$ 21,948         | \$ 36,444      |  |

(1) Loans 90 days or more past due and accruing interest exclude TDRs 90 days or more past due and accruing interest.

The following tables summarize impaired loans:

|   | Impaired Loans                     |                        |                      |                                    |                        |                      |
|---|------------------------------------|------------------------|----------------------|------------------------------------|------------------------|----------------------|
|   | September 30, 2019                 |                        |                      | December 31, 2018                  |                        |                      |
|   | Unpaid<br>Principal<br>Balance (1) | Recorded<br>Investment | Related<br>Allowance | Unpaid<br>Principal<br>Balance (1) | Recorded<br>Investment | Related<br>Allowance |
| <i>(unaudited, in thousands)</i>                    |                                    |                        |                      |                                    |                        |                      |
| <b>With no related specific allowance recorded:</b> |                                    |                        |                      |                                    |                        |                      |
| Commercial real estate:                             |                                    |                        |                      |                                    |                        |                      |
| Land and construction                               | \$ 606                             | \$ 554                 | \$ —                 | \$ —                               | \$ —                   | \$ —                 |
| Improved property                                   | 14,162                             | 7,982                  | —                    | 14,038                             | 9,293                  | —                    |
| Commercial and industrial                           | 3,724                              | 2,374                  | —                    | 4,610                              | 3,428                  | —                    |
| Residential real estate                             | 15,090                             | 13,303                 | —                    | 20,270                             | 18,016                 | —                    |
| Home equity   | 5,866                              | 5,030                  | —                    | 5,924                              | 5,036                  | —                    |
| Consumer  | 442                                | 356                    | —                    | 846                                | 671                    | —                    |
| Total impaired loans without a specific allowance   | 39,890                             | 29,599                 | —                    | 45,688                             | 36,444                 | —                    |
| <b>With a specific allowance recorded:</b>          |                                    |                        |                      |                                    |                        |                      |
| Commercial real estate:                             |                                    |                        |                      |                                    |                        |                      |
| Land and construction                               | —                                  | —                      | —                    | —                                  | —                      | —                    |
| Improved property                                   | 5,435                              | 5,388                  | 1,471                | —                                  | —                      | —                    |
| Commercial and industrial                           | 187                                | 185                    | 10                   | —                                  | —                      | —                    |
| Residential real estate                             | 5,096                              | 4,662                  | 12                   | —                                  | —                      | —                    |
| Home equity   | 774                                | 746                    | 7                    | —                                  | —                      | —                    |
| Consumer  | 99                                 | 61                     | 1                    | —                                  | —                      | —                    |
| Total impaired loans with a specific allowance      | 11,591                             | 11,042                 | 1,501                | —                                  | —                      | —                    |
| Total impaired loans                                | \$ 51,481                          | \$ 40,641              | \$ 1,501             | \$ 45,688                          | \$ 36,444              | \$ —                 |

(1) The difference between the unpaid principal balance and the recorded investment generally reflects amounts that have been previously charged-off and fair market value adjustments on acquired impaired loans.

|   | Impaired Loans                    |                                  |                                   |                                  |                                   |                                  |                                   |                                  |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|   | For the Three Months Ended        |                                  |                                   |                                  | For the Nine Months Ended         |                                  |                                   |                                  |
|   | September 30, 2019                |                                  | September 30, 2018                |                                  | September 30, 2019                |                                  | September 30, 2018                |                                  |
|   | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized |
| <i>(unaudited, in thousands)</i>                    |                                   |                                  |                                   |                                  |                                   |                                  |                                   |                                  |
| <b>With no related specific allowance recorded:</b> |                                   |                                  |                                   |                                  |                                   |                                  |                                   |                                  |
| Commercial real estate:                             |                                   |                                  |                                   |                                  |                                   |                                  |                                   |                                  |
| Land and construction                               | \$ 425                            | \$ —                             | \$ —                              | \$ —                             | \$ 284                            | \$ —                             | \$ 260                            | \$ —                             |
| Improved property                                   | 7,647                             | —                                | 10,409                            | 15                               | 7,962                             | —                                | 11,000                            | 383                              |
| Commercial and industrial                           | 2,614                             | —                                | 3,181                             | 5                                | 2,931                             | —                                | 2,985                             | 9                                |
| Residential real estate                             | 12,600                            | —                                | 18,336                            | 68                               | 13,752                            | —                                | 18,207                            | 195                              |
| Home equity   | 4,740                             | —                                | 4,924                             | 8                                | 4,760                             | —                                | 4,997                             | 19                               |
| Consumer  | 334                               | —                                | 692                               | 3                                | 425                               | —                                | 776                               | 8                                |
| Total impaired loans without a specific allowance   | 28,360                            | —                                | 37,542                            | 99                               | 30,114                            | —                                | 38,225                            | 614                              |
| <b>With a specific allowance recorded:</b>          |                                   |                                  |                                   |                                  |                                   |                                  |                                   |                                  |
| Commercial real estate:                             |                                   |                                  |                                   |                                  |                                   |                                  |                                   |                                  |
| Land and construction                               | —                                 | —                                | —                                 | —                                | —                                 | —                                | —                                 | —                                |
| Improved property                                   | 5,273                             | 35                               | —                                 | —                                | 3,170                             | 63                               | 1,052                             | —                                |
| Commercial and industrial                           | 189                               | 4                                | —                                 | —                                | 171                               | 11                               | —                                 | —                                |
| Residential real estate                             | 4,792                             | 51                               | —                                 | —                                | 3,666                             | 169                              | —                                 | —                                |
| Home equity   | 834                               | 8                                | —                                 | —                                | 616                               | 23                               | —                                 | —                                |
| Consumer  | 68                                | 1                                | —                                 | —                                | 60                                | 3                                | —                                 | —                                |
| Total impaired loans with a specific allowance      | 11,156                            | 99                               | —                                 | —                                | 7,683                             | 269                              | 1,052                             | —                                |
| Total impaired loans                                | \$ 39,516                         | \$ 99                            | \$ 37,542                         | \$ 99                            | \$ 37,797                         | \$ 269                           | \$ 39,277                         | \$ 614                           |

The following tables present the recorded investment in non-accrual loans and TDRs:

| <i>(unaudited, in thousands)</i> | Non-accrual Loans <sup>(1)</sup> |                   |
|----------------------------------|----------------------------------|-------------------|
|                                  | September 30, 2019               | December 31, 2018 |
| Commercial real estate:          |                                  |                   |
| Land and construction            | \$ 554                           | \$ —              |
| Improved property                | 12,036                           | 8,413             |
| Total commercial real estate     | 12,590                           | 8,413             |
| Commercial and industrial        | 2,374                            | 3,260             |
| Residential real estate          | 14,171                           | 13,831            |
| Home equity                      | 5,299                            | 4,610             |
| Consumer                         | 367                              | 586               |
| Total                            | \$ 34,801                        | \$ 30,700         |

<sup>(1)</sup> At September 30, 2019, there were three borrowers with loans greater than \$1.0 million totaling \$8.2 million, as compared to one borrower with a loan greater than \$1.0 million totaling \$3.4 million at December 31, 2018. Total non-accrual loans include loans that are also restructured. Such loans are also set forth in the following table as non-accrual TDRs.

| <i>(unaudited, in thousands)</i> | TDRs               |             |          |                   |             |          |
|----------------------------------|--------------------|-------------|----------|-------------------|-------------|----------|
|                                  | September 30, 2019 |             |          | December 31, 2018 |             |          |
|                                  | Accruing           | Non-Accrual | Total    | Accruing          | Non-Accrual | Total    |
| Commercial real estate:          |                    |             |          |                   |             |          |
| Land and construction            | \$ —               | \$ —        | \$ —     | \$ —              | \$ —        | \$ —     |
| Improved property                | 1,334              | 197         | 1,531    | 880               | 1,529       | 2,409    |
| Total commercial real estate     | 1,334              | 197         | 1,531    | 880               | 1,529       | 2,409    |
| Commercial and industrial        | 185                | —           | 185      | 168               | 169         | 337      |
| Residential real estate          | 3,794              | 868         | 4,662    | 4,185             | 921         | 5,106    |
| Home equity                      | 477                | 269         | 746      | 426               | 198         | 624      |
| Consumer                         | 50                 | 11          | 61       | 85                | 38          | 123      |
| Total                            | \$ 5,840           | \$ 1,345    | \$ 7,185 | \$ 5,744          | \$ 2,855    | \$ 8,599 |

As of September 30, 2019 and December 31, 2018, there were no TDRs greater than \$1.0 million. The concessions granted in the majority of loans reported as accruing and non-accrual TDRs are extensions of the maturity date or the amortization period, reductions in the interest rate below the prevailing market rate for loans with comparable characteristics, and/or permitting interest-only payments for longer than three months. WesBanco had unfunded commitments to debtors whose loans were classified as impaired of \$0.2 million and \$0.1 million as of September 30, 2019 and December 31, 2018, respectively.

The following tables present details related to loans identified as TDRs during the three and nine months ended September 30, 2019 and 2018, respectively:

| <i>(unaudited, dollars in thousands)</i> | New TDRs <sup>(1)</sup>    |  |   |                         |  |   |
|--|----------------------------|--|---|-------------------------|--|---|
|  | For the Three Months Ended |  |   |                         |  |   |
|  | September 30, 2019         |  |   | September 30, 2018      |  |   |
|  | Number of Modifications    | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment | Number of Modifications | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment |
| Commercial real estate:                  |                            |  |   |                         |  |   |
| Land and construction                    | —                          | \$ —   | \$ —  | —                       | \$ —   | \$ —  |
| Improved Property                        | 1                          | 605  | 604   | —                       | —  | —   |
| Total commercial real estate             | 1                          | 605  | 604   | —                       | —  | —   |
| Commercial and industrial                | —                          | —  | —   | —                       | —  | —   |
| Residential real estate                  | —                          | —  | —   | —                       | —  | —   |
| Home equity                              | —                          | —  | —   | —                       | —  | —   |
| Consumer                                 | —                          | —  | —   | 1                       | 19   | 18  |
| Total                                    | 1                          | \$ 605   | \$ 604  | 1                       | \$ 19  | \$ 18   |

<sup>(1)</sup> Excludes loans that were either paid off or charged-off by period end. The pre-modification balance represents the balance outstanding at the beginning of the period. The post-modification balance represents the outstanding balance at period end.

**New TDRs (1)**  
**For the Nine Months Ended**

|  | September 30, 2019         |   |  | September 30, 2018         |   |  |
|--|----------------------------|---|--|----------------------------|---|--|
|  | Number of<br>Modifications | Pre-<br>Modification<br>Outstanding<br>Recorded<br>Investment | Post-<br>Modification<br>Outstanding<br>Recorded<br>Investment | Number of<br>Modifications | Pre-<br>Modification<br>Outstanding<br>Recorded<br>Investment | Post-<br>Modification<br>Outstanding<br>Recorded<br>Investment |
| <i>(unaudited, dollars in thousands)</i> |                            |   |  |                            |   |  |
| Commercial real estate:                  |                            |   |  |                            |   |  |
| Land and construction                    | —                          | \$ —  | \$ —   | —                          | \$ —  | \$ —   |
| Improved Property                        | 1                          | 610   | 604  | —                          | —   | —  |
| Total commercial real estate             | 1                          | 610   | 604  | —                          | —   | —  |
| Commercial and industrial                | 1                          | 44  | 37   | 1                          | 10  | 8  |
| Residential real estate                  | 4                          | 194   | 183  | 5                          | 203   | 176  |
| Home equity                              | 2                          | 187   | 184  | 1                          | 20  | 19   |
| Consumer                                 | 1                          | 15  | 12   | 4                          | 65  | 52   |
| <b>Total</b>                             | <b>9</b>                   | <b>\$ 1,050</b>   | <b>\$ 1,020</b>  | <b>11</b>                  | <b>\$ 298</b>   | <b>\$ 255</b>  |

<sup>(1)</sup> Excludes loans that were either paid off or charged-off by period end. The pre-modification balance represents the balance outstanding at the beginning of the period. The post-modification balance represents the outstanding balance at period end.

The following table summarizes TDRs which defaulted (defined as past due 90 days) during the nine months ended September 30, 2019 and 2018, respectively, that were restructured within the last twelve months prior to September 30, 2019 and 2018, respectively:

|  | <b>Defaulted TDRs (1)</b>        |                        |                           |                        |
|--|----------------------------------|------------------------|---------------------------|------------------------|
|  | <b>For the Nine Months Ended</b> |                        |                           |                        |
|  | <b>September 30, 2019</b>        |                        | <b>September 30, 2018</b> |                        |
| <i>(unaudited, dollars in thousands)</i> | Number of<br>Defaults            | Recorded<br>Investment | Number of<br>Defaults     | Recorded<br>Investment |
| Commercial real estate:                  |                                  |                        |                           |                        |
| Land and construction                    | —                                | \$ —                   | —                         | \$ —                   |
| Improved property                        | —                                | —                      | —                         | —                      |
| Total commercial real estate             | —                                | —                      | —                         | —                      |
| Commercial and industrial                | —                                | —                      | —                         | —                      |
| Residential real estate                  | 1                                | 96                     | 2                         | 172                    |
| Home equity                              | 1                                | 100                    | 1                         | 6                      |
| Consumer                                 | 1                                | 12                     | —                         | —                      |
| <b>Total</b>                             | <b>3</b>                         | <b>\$ 208</b>          | <b>3</b>                  | <b>\$ 178</b>          |

<sup>(1)</sup> Excludes loans that were either charged-off or cured by period end. The recorded investment is as of September 30, 2019 and 2018, respectively.

TDRs that default are placed on non-accrual status unless they are both well-secured and in the process of collection. The loans in the table above were not accruing interest.

The following table summarizes other real estate owned and repossessed assets included in other assets:

| <i>(unaudited, in thousands)</i>                            | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|---|-------------------------------|------------------------------|
| Other real estate owned                                     | \$ 3,662                      | \$ 7,173                     |
| Repossession assets   | 16                            | 92                           |
| <b>Total other real estate owned and repossessed assets</b> | <b>\$ 3,678</b>               | <b>\$ 7,265</b>              |

Residential real estate included in other real estate owned at September 30, 2019 and December 31, 2018 was \$0.6 million and \$1.3 million, respectively. At September 30, 2019 and December 31, 2018, formal foreclosure proceedings were in process on residential real estate loans totaling \$4.7 million and \$6.0 million, respectively.

## NOTE 6. LEASES

Operating leases are recorded as a right of use (“ROU”) asset and operating lease liability, included in premises and equipment, net and other liabilities, respectively, on the consolidated balance sheet beginning January 1, 2019 when WesBanco adopted ASU 2016-02 prospectively. Operating lease ROU assets represent the right to use an underlying asset during the lease term and operating lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at lease commencement based on the present value of the remaining lease payments using a discount rate that represents our incremental borrowing rate at the lease commencement date. Operating lease expense, which is comprised of amortization of the ROU asset and the implicit interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term, and is recorded primarily in net occupancy expense in the consolidated statements of comprehensive income.

Operating leases relate primarily to bank branches, office space and license agreements with remaining lease terms of generally 1 to 21 years, which include options for multiple five- and ten- year extensions, with a weighted-average lease term of 9 years. As of September 30, 2019, operating lease ROU assets and liabilities were \$17.6 million and \$20.5 million, respectively. The lease expense for operating leases was \$0.6 million and \$1.9 million for the three and nine months ended September 30, 2019, respectively. The weighted average discount rate was 3.29% as of September 30, 2019.

Future minimum lease payments under non-cancellable leases with initial or remaining lease terms in excess of one year at September 30, 2019 are as follows (unaudited, in thousands):

| Year                               | Amount    |
|------------------------------------|-----------|
| 2020                               | \$ 5,174  |
| 2021                               | 3,490     |
| 2022                               | 2,682     |
| 2023                               | 2,076     |
| 2024 and thereafter                | 10,803    |
| Total lease payments               | \$ 24,225 |
| Less: Interest                     | (3,694)   |
| Present value of lease liabilities | \$ 20,531 |

## NOTE 7. DERIVATIVES AND HEDGING ACTIVITIES

### Risk Management Objective of Using Derivatives

WesBanco is exposed to certain risks arising from both its business operations and economic conditions. WesBanco principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. WesBanco manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities. WesBanco’s existing interest rate derivatives result from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk in WesBanco’s assets or liabilities. WesBanco manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions. A matched book is when the Bank’s assets and liabilities are equally distributed but also have similar maturities.

### Loan Swaps

WesBanco executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that WesBanco executes with a third party, so that WesBanco minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements of ASC 815, changes in the fair value of both the customer swaps and the offsetting third-party swaps are recognized directly in earnings. As of September 30, 2019 and December 31, 2018, WesBanco had 54 and 43, respectively, interest rate swaps with an aggregate notional amount of \$315.7 million and \$229.8 million related to this program. During the nine months ended September 30, 2019 and 2018, WesBanco recognized net losses of \$1.6 million and \$0.1 million, respectively, related to the changes in fair value of these swaps. Additionally, WesBanco recognized \$2.1 million and \$1.4 million of income for the related swap fees for the nine months ended September 30, 2019 and 2018, respectively.

### Mortgage Loans Held for Sale and Loan Commitments

Certain residential mortgage loans are originated for sale in the secondary mortgage loan market. These loans are classified as held for sale and carried at fair value as WesBanco has elected the fair value option. Fair value is determined based on rates obtained from the secondary market for loans with similar characteristics. WesBanco sells loans to the secondary market on a mandatory or best efforts basis. The loans sold on a mandatory basis are not committed to an investor until the loan is closed with the borrower. WesBanco enters into forward TBA contracts to manage the interest rate risk between the loan commitment and the closing of the loan. The loans sold on a best efforts basis are committed to an investor simultaneous to the interest rate commitment with the borrower.

## Fair Values of Derivative Instruments on the Balance Sheet

All derivatives are carried on the consolidated balance sheet at fair value. Derivative assets are classified in the consolidated balance sheet under other assets, and derivative liabilities are classified in the consolidated balance sheet under other liabilities. Changes in fair value are recognized in earnings. None of WesBanco's derivatives is designated in a qualifying hedging relationship under ASC 815.

The table below presents the fair value of WesBanco's derivative financial instruments as well as their classification on the Balance Sheet as of September 30, 2019 and December 31, 2018:

| <i>(unaudited, in thousands)</i> | September 30, 2019             |                   |                       | December 31, 2018              |                   |                       |
|----------------------------------|--------------------------------|-------------------|-----------------------|--------------------------------|-------------------|-----------------------|
|                                  | Notional or Contractual Amount | Asset Derivatives | Liability Derivatives | Notional or Contractual Amount | Asset Derivatives | Liability Derivatives |
| <b>Derivatives</b>               |                                |                   |                       |                                |                   |                       |
| Loan Swaps:                      |                                |                   |                       |                                |                   |                       |
| Interest rate swaps              | \$ 315,657                     | \$ 18,672         | \$ 20,721             | \$ 229,778                     | \$ 4,650          | \$ 5,081              |
| Other contracts:                 |                                |                   |                       |                                |                   |                       |
| Interest rate loan commitments   | 45,727                         | —                 | 8                     | 16,113                         | 125               | —                     |
| Forward TBA contracts            | 73,000                         | 208               | —                     | 20,000                         | —                 | 234                   |
| <b>Total derivatives</b>         |                                | <b>\$ 18,880</b>  | <b>\$ 20,729</b>      |                                | <b>\$ 4,775</b>   | <b>\$ 5,315</b>       |

## Effect of Derivative Instruments on the Income Statement

The table below presents the change in the fair value of the Company's derivative financial instruments reflected within the other non-interest income line item of the consolidated income statement for the three and nine months ended September 30, 2019 and 2018, respectively.

| <i>(unaudited, in thousands)</i> | Location of Gain/(Loss) | For the Three Months Ended September 30, |                 | For the Nine Months Ended September 30, |               |
|----------------------------------|-------------------------|--|-----------------|---|---------------|
|                                  |                         | 2019                                     | 2018            | 2019                                    | 2018          |
| Interest rate swaps              | Other income            | \$ (556)                                 | \$ (293)        | \$ (1,619)                              | \$ (82)       |
| Interest rate loan commitments   | Mortgage banking income | (66)                                     | (111)           | (133)                                   | 32            |
| Forward TBA contracts            | Mortgage banking income | (465)                                    | 131             | (1,317)                                 | 530           |
| <b>Total</b>                     |                         | <b>\$ (1,087)</b>                        | <b>\$ (273)</b> | <b>\$ (3,069)</b>                       | <b>\$ 480</b> |

## Credit-risk-related Contingent Features

WesBanco has agreements with its derivative counterparties that contain a provision, which provides that if WesBanco defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then WesBanco could also be declared in default on its derivative obligations.

WesBanco also has agreements with certain of its derivative counterparties that contain a provision where if WesBanco fails to maintain its status as either a well or adequately capitalized institution, then the counterparty could terminate the derivative positions and WesBanco would be required to settle its obligations under the agreements.

WesBanco has minimum collateral posting thresholds with certain of its derivative counterparties and has posted collateral with a market value of \$31.7 million as of September 30, 2019. If WesBanco had breached any of these provisions at September 30, 2019, it could have been required to settle its obligations under the agreements at the termination value and would have been required to pay any additional amounts due in excess of amounts previously posted as collateral with the respective counterparty.

## NOTE 8. BENEFIT PLANS

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

| <i>(unaudited, in thousands)</i>              | For the Three Months Ended September 30, |               | For the Nine Months Ended September 30, |               |
|---|--|---------------|---|---------------|
|   | 2019                                     | 2018          | 2019                                    | 2018          |
| Service cost – benefits earned during year    | \$ 567                                   | \$ 715        | \$ 1,681                                | \$ 2,121      |
| Interest cost on projected benefit obligation | 1,327                                    | 1,242         | 3,938                                   | 3,684         |
| Expected return on plan assets                | (2,235)                                  | (2,416)       | (6,633)                                 | (7,169)       |
| Amortization of prior service cost            | 7  | 6             | 20                                      | 19            |
| Amortization of net loss                      | 817                                      | 766           | 2,424                                   | 2,274         |
| <b>Net periodic pension cost</b>              | <b>\$ 483</b>                            | <b>\$ 313</b> | <b>\$ 1,430</b>                         | <b>\$ 929</b> |

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

A minimum required contribution of \$4.8 million is due for 2019, which can be offset in whole or in part by the Plan's \$52.5 million available credit balance. WesBanco made a voluntary contribution of \$3.0 million to the Plan in June 2019 .

#### **NOTE 9. FAIR VALUE MEASUREMENT**

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

Fair value is determined at one point in time and is not representative of future value. These amounts do not reflect the total value of a going concern organization. Management does not have the intention to dispose of a significant portion of its assets and liabilities, and therefore the unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows.

The following is a discussion of assets and liabilities measured at fair value on a recurring basis and valuation techniques applied:

Investment securities: The fair value of investment securities which are measured on a recurring basis are determined primarily by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other similar securities. These securities are classified within level 1 or 2 in the fair value hierarchy. Positions that are not traded in active markets for which valuations are generated using assumptions not observable in the market or management's best estimate are classified within level 3 of the fair value hierarchy. This includes certain specific municipal debt issues for which the credit quality and discount rate must be estimated.

Loans held for sale: Loans held for sale are carried, in aggregate, at fair value as WesBanco has elected the fair value option as of October 1, 2017. The use of a valuation model using quoted prices of similar instruments are significant inputs in arriving at the fair value and therefore loans held for sale are classified within level 2 of the fair value hierarchy.

Derivatives: WesBanco enters into interest rate swap agreements with qualifying commercial customers to meet their financing, interest rate and other risk management needs. These agreements provide the customer the ability to convert from variable to fixed interest rates. The credit risk associated with derivatives executed with customers is essentially the same as that involved in extending loans and is subject to normal credit policies and monitoring. Those interest rate swaps are economically hedged by offsetting interest rate swaps that WesBanco executes with derivative counterparties in order to offset its exposure on the fixed components of the customer interest rate swap agreements. The interest rate swap agreement with the loan customer and with the counterparty is reported at fair value in other assets and other liabilities on the consolidated balance sheet with any resulting gain or loss recorded in current period earnings as other income and other expense.

WesBanco enters into forward TBA contracts to manage the interest rate risk between the loan commitments to the customer and the closing of the loan for loans that will be sold on a mandatory basis to secondary market investors. The forward TBA contract is reported at fair value in other assets and other liabilities on the consolidated balance sheet with any resulting gain or loss recorded in current period's earnings as mortgage banking income.

WesBanco determines the fair value for derivatives using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. WesBanco incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements.

We may be required from time to time to measure certain assets and liabilities at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower of cost or market accounting or write-downs of individual assets and liabilities.

Other real estate owned and repossessed assets: Other real estate owned and repossessed assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs. The use of independent appraisals and management's best judgment are significant inputs in arriving at the fair value measure of the underlying collateral, and therefore other real estate owned and repossessed assets are classified within level 3 of the fair value hierarchy.



The fair value amounts presented in the table below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. The following tables set forth WesBanco's financial assets and liabilities that were accounted for at fair value on a recurring and nonrecurring basis by level within the fair value hierarchy as of September 30, 2019 and December 31, 2018:

|   | September 30, 2019             |  |   |  |
|---|--------------------------------|--|---|--|
|   | Fair Value Measurements Using: |  |   |  |
| <i>(unaudited, in thousands)</i>  | September 30,<br>2019          | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(level 2) | Significant<br>Unobservable<br>Inputs<br>(level 3) |
| <b>Recurring fair value measurements</b>  |                                |  |   |  |
| Equity securities   | \$ 11,644                      | \$ 11,644  | \$ —  | \$ —   |
| Available-for-sale debt securities  |                                |  |   |  |
| U.S. Treasury   | 29,878                         | —  | 29,878  | —  |
| U.S. Government sponsored entities and agencies   | 120,441                        | —  | 120,441   | —  |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies                       | 1,681,065                      | —  | 1,681,065   | —  |
| Commercial mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 188,305                        | —  | 188,305   | —  |
| Obligations of state and political subdivisions   | 151,363                        | —  | 149,729   | 1,634  |
| Corporate debt securities   | 38,147                         | —  | 38,147  | —  |
| Total available-for-sale debt securities  | \$ 2,209,199                   | \$ —   | \$ 2,207,565  | \$ 1,634   |
| Loans held for sale   | 20,715                         | —  | 20,715  | —  |
| Other assets - interest rate derivatives agreements   | 18,672                         | —  | 18,672  | —  |
| Total assets recurring fair value measurements  | \$ 2,260,230                   | \$ 11,644  | \$ 2,246,952  | \$ 1,634   |
| Other liabilities - interest rate derivatives agreements  | \$ 20,721                      | \$ —   | \$ 20,721   | \$ —   |
| Total liabilities recurring fair value measurements   | \$ 20,721                      | \$ —   | \$ 20,721   | \$ —   |
| <b>Nonrecurring fair value measurements</b>   |                                |  |   |  |
| Impaired Loans  | \$ 2,488                       | —  | —   | \$ 2,488   |
| Other real estate owned and repossessed assets  | 3,678                          | —  | —   | 3,678  |
| Total nonrecurring fair value measurements  | \$ 6,166                       | \$ —   | \$ —  | \$ 6,166   |

|   | December 31, 2018              |  |   |  |
|---|--------------------------------|--|---|--|
|   | Fair Value Measurements Using: |  |   |  |
| <i>(in thousands)</i>   | December 31,<br>2018           | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(level 2) | Significant<br>Unobservable<br>Inputs<br>(level 3) |
| <b>Recurring fair value measurements</b>  |                                |  |   |  |
| Equity securities   | \$ 11,737                      | \$ 11,737  | \$ —  | \$ —   |
| Available-for-sale debt securities  |                                |  |   |  |
| U.S. Treasury   | 19,878                         | —  | 19,878  | —  |
| U.S. Government sponsored entities and agencies   | 141,652                        | —  | 141,652   | —  |
| Residential mortgage-backed securities and collateralized mortgage obligations of government agencies                       | 1,561,255                      | —  | 1,561,255   | —  |
| Commercial mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 168,972                        | —  | 168,972   | —  |
| Obligations of state and political subdivisions   | 185,114                        | —  | 183,611   | 1,503  |
| Corporate debt securities   | 37,258                         | —  | 37,258  | —  |
| Total available-for-sale debt securities  | \$ 2,114,129                   | \$ —   | \$ 2,112,626  | \$ 1,503   |
| Loans held for sale   | 8,994                          | —  | 8,994   | —  |
| Other assets - interest rate derivatives agreements   | 4,650                          | —  | 4,650   | —  |
| Total assets recurring fair value measurements  | \$ 2,139,510                   | \$ 11,737  | \$ 2,126,270  | \$ 1,503   |
| Other liabilities - interest rate derivatives agreements  | \$ 5,081                       | \$ —   | \$ 5,081  | \$ —   |
| Total liabilities recurring fair value measurements   | \$ 5,081                       | \$ —   | \$ 5,081  | \$ —   |
| <b>Nonrecurring fair value measurements</b>   |                                |  |   |  |
| Other real estate owned and repossessed assets  | 7,265                          | —  | —   | 7,265  |
| Total nonrecurring fair value measurements  | \$ 7,265                       | \$ —   | \$ —  | \$ 7,265   |

WesBanco's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances that caused the transfer. There were no significant transfers between level 1, 2 or 3 for the three and nine months ended September 30, 2019 or for the year ended December 31, 2018.

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which WesBanco has utilized level 3 inputs to determine fair value:

|  | Quantitative Information about Level 3 Fair Value Measurements |   |   |                             |
|--|--|---|---|-----------------------------|
|  | Fair Value<br>Estimate   | Valuation<br>Techniques                     | Unobservable<br>Input                   | Range (Weighted<br>Average) |
| <i>(unaudited, in thousands)</i>               |  |   |   |                             |
| <b>September 30, 2019</b>                      |  |   |   |                             |
| Impaired loans                                 | \$ 2,488   | Appraisal of collateral <sup>(1)</sup>      | Appraisal<br>adjustments <sup>(2)</sup> | (29.1%)/(29.1%)             |
|  |  |   | Liquidation expenses<br><sup>(2)</sup>  | (5.2%)/(5.2%)               |
| Other real estate owned and repossessed assets | \$ 3,678   | Appraisal of collateral <sup>(1), (3)</sup> |   |                             |
| <b>December 31, 2018</b>                       |  |   |   |                             |
| Other real estate owned and repossessed assets | \$ 7,265   | Appraisal of collateral <sup>(1), (3)</sup> |   |                             |

<sup>(1)</sup> Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various level 3 inputs, which are not identifiable.

<sup>(2)</sup> Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of appraisal adjustments and liquidation expense are presented as a percent of the appraisal.

<sup>(3)</sup> Includes estimated liquidation expense and numerous dissimilar qualitative adjustments by management, which are not identifiable.

The estimated fair values of WesBanco's financial instruments are summarized below:

|  | Carrying Amount | Fair Value Estimate | Fair Value Measurements at<br>September 30, 2019               |   |   |
|--|-----------------|---------------------|--|---|---|
|  |                 |                     | Quoted Prices in Active Markets for Identical Assets (level 1) | Significant Other Observable Inputs (level 2) | Significant Unobservable Inputs (level 3) |
| <i>(unaudited, in thousands)</i>               |                 |                     |  |   |   |
| <b>Financial Assets</b>                        |                 |                     |  |   |   |
| Cash and due from banks                        | \$ 244,333      | \$ 244,333          | \$ 244,333   | \$ —  | \$ —                                      |
| Equity securities                              | 11,644          | 11,644              | 11,644   | —   | —   |
| Available-for-sale debt securities             | 2,209,199       | 2,209,199           | —  | 2,207,565                                     | 1,634                                     |
| Held-to-maturity debt securities               | 852,824         | 877,809             | —  | 877,258                                       | 551                                       |
| Net loans                                      | 7,702,435       | 7,741,859           | —  | —   | 7,741,859                                 |
| Loans held for sale                            | 20,715          | 20,715              | —  | 20,715  | —   |
| Other assets - interest rate derivatives       | 18,672          | 18,672              | —  | 18,672  | —   |
| Accrued interest receivable                    | 37,156          | 37,156              | 37,156   | —   | —   |
| <b>Financial Liabilities</b>                   |                 |                     |  |   |   |
| Deposits                                       | 8,664,363       | 8,671,246           | 7,388,830  | 1,282,416                                     | —   |
| Federal Home Loan Bank borrowings              | 1,161,092       | 1,167,912           | —  | 1,167,912                                     | —   |
| Other borrowings                               | 325,247         | 325,663             | 322,295  | 3,368   | —   |
| Subordinated debt and junior subordinated debt | 156,632         | 144,998             | —  | 144,998                                       | —   |
| Other liabilities - interest rate derivatives  | 20,721          | 20,721              | —  | 20,721  | —   |
| Accrued interest payable                       | 5,273           | 5,273               | 5,273  | —   | —   |

|  | Carrying Amount | Fair Value Estimate | Fair Value Measurements at<br>December 31, 2018                |   |   |
|--|-----------------|---------------------|--|---|---|
|  |                 |                     | Quoted Prices in Active Markets for Identical Assets (level 1) | Significant Other Observable Inputs (level 2) | Significant Unobservable Inputs (level 3) |
| <i>(in thousands)</i>                          |                 |                     |  |   |   |
| <b>Financial Assets</b>                        |                 |                     |  |   |   |
| Cash and due from banks                        | \$ 169,186      | \$ 169,186          | \$ 169,186   | \$ —  | \$ —                                      |
| Equity securities                              | 11,737          | 11,737              | 11,737   | —   | —   |
| Available-for-sale debt securities             | 2,114,129       | 2,114,129           | —  | 2,112,626                                     | 1,503                                     |
| Held-to-maturity debt securities               | 1,020,934       | 120,743             | —  | 120,195                                       | 548                                       |
| Net loans                                      | 7,607,333       | 7,422,825           | —  | —   | 7,422,825                                 |
| Loans held for sale                            | 8,994           | 8,994               | —  | 8,994   | —   |
| Other assets - interest rate derivatives       | 4,650           | 4,650               | —  | 4,650   | —   |
| Accrued interest receivable                    | 38,853          | 38,853              | 38,853   | —   | —   |
| <b>Financial Liabilities</b>                   |                 |                     |  |   |   |
| Deposits                                       | 8,831,633       | 8,836,390           | 7,376,023  | 1,460,367                                     | —   |
| Federal Home Loan Bank borrowings              | 1,054,174       | 1,051,401           | —  | 1,051,401                                     | —   |
| Other borrowings                               | 290,522         | 290,854             | 288,918  | 1,936   | —   |
| Subordinated debt and junior subordinated debt | 189,842         | 174,448             | —  | 174,448                                       | —   |
| Other liabilities - interest rate derivatives  | 5,081           | 5,081               | —  | 5,081   | —   |
| Accrued interest payable                       | 4,627           | 4,627               | 4,627  | —   | —   |

The following methods and assumptions were used to measure the fair value of financial instruments recorded at cost on WesBanco's consolidated balance sheets:

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

*Held-to-maturity debt securities:* Fair values for debt securities held-to-maturity are determined in the same manner as investment securities, which are described above.

*Net loans:* Fair values for loans are estimated using a discounted cash flow methodology. The discount rates take into account interest rates currently being offered to customers for loans with similar terms, the credit risk associated with the loan and other market factors, including liquidity. WesBanco believes the discount rates are consistent with transactions occurring in the marketplace for both performing and distressed loan types. The carrying value is net of the allowance for loan losses and other associated premiums and discounts. Due to the significant judgment involved in evaluating credit quality, loans are classified within level 3 of the fair value hierarchy.

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

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

*Federal Home Loan Bank borrowings:* The fair value of FHLB borrowings is based on rates currently available to WesBanco for borrowings with similar terms and remaining maturities.

*Other borrowings:* The carrying amount of federal funds purchased and overnight sweep accounts generally approximate fair value. Other repurchase agreements are based on quoted market prices if available. If market prices are not available, for certain fixed and adjustable rate repurchase agreements, then quoted market prices of similar instruments are used.

*Subordinated debt and junior subordinated debt:* The fair value of subordinated debt is estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements. Due to the pooled nature of junior subordinated debt owed to unconsolidated subsidiary trusts, which are not actively traded, estimated fair value is based on recent similar transactions of single-issuer trust preferred securities.

*Accrued interest payable:* The carrying amount of accrued interest payable approximates its fair value.

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

#### **NOTE 10. REVENUE RECOGNITION**

WesBanco adopted ASU 2014-09 as of January 1, 2018 under the modified retrospective approach and there was no material impact on WesBanco's Consolidated Financial statements. Interest income, net securities gains (losses) and bank-owned life insurance are not in scope of ASC 606, *Revenue from Contracts with Customers*. For the revenue streams in scope of ASC 606 - trust fees, service charges on deposits, net securities brokerage revenue, payment processing fees, electronic banking fees, mortgage banking income and net gain or loss on sale of other real estate owned – there are no significant judgements related to the amount and timing of revenue recognition.

*Trust fees:* Fees are earned over a period of time between monthly and annually, per the related fee schedule. The fees are earned ratably over the period for investment, safekeeping and other services performed by WesBanco. The fees are accrued when earned based on the daily asset value on the last day of the quarter. In most cases, the fees are directly debited from the customer account.

*Service charges on deposits:* There are monthly service charges for both commercial and personal banking customers, which are earned over the month per the related fee schedule based on the customers' deposits. There are also transaction-based fees, which are earned based on specific transactions or customer activity within the customers' deposit accounts. These are earned at the time the transaction or customer activity occurs. The fees are debited from the customer account.

*Net securities brokerage revenue:* Commission income is earned based on customer transactions and management of investments. The commission income from customers' transactions is recognized when the transaction is complete. The commission income from the management of investments is earned continuously over a quarterly period.

*Payment processing fees:* Payment processing fees are fees earned from the bill payment and electronic funds transfer ("EFT") services provided under the name FirstNet. The fees are derived from both the individual consumer banking transactions and from businesses or service providers through monthly billing for total transactions occurring. These fees are earned at the time the transaction or customer activity occurs. The fees are debited from the customers' deposit accounts or charged directly to the business or service provider.

*Electronic banking fees:* Interchange and ATM fees are earned based on customer and ATM transactions. Revenue is recognized when the transaction is settled.

*Mortgage banking income:* Income is earned when WesBanco-originated loans are sold to an investor on the secondary market. The investor bids on the loans. If the price is accepted, WesBanco delivers the loan documents to the investor. Once received and approved by the investor, revenue is recognized and the loans are derecognized from the Consolidated Balance Sheet. Prior to the loans being sold, they are classified as loans held for sale. Additionally, the changes in the fair value of the loans held for sale, loan commitments and related derivatives are included in mortgage banking income.

*Net gain or loss on sale of other real estate owned:* Net gain or loss is recorded when other real estate is sold to a third party and the Bank collects substantially all of the consideration to which WesBanco is entitled in exchange for the transfer of the property.

The following table summarizes the point of revenue recognition and the income recognized for each of the revenue streams for the three and nine months ended September 30, 2019 and 2018, respectively:

| <i>(unaudited, in thousands)</i>                     | Point of Revenue Recognition   | For the Three Months Ended September 30, |          | For the Nine Months Ended September 30, |           |
|--|--------------------------------|--|----------|---|-----------|
|  |                                | 2019                                     | 2018     | 2019                                    | 2018      |
| <b>Revenue Streams</b>                               |                                |  |          |   |           |
| Trust fees   |                                |  |          |   |           |
| Trust account fees                                   | Over time                      | \$ 4,265                                 | \$ 4,006 | \$ 13,529                               | \$ 11,856 |
| WesMark fees   | Over time                      | 2,160                                    | 2,259    | 6,351                                   | 6,664     |
| Total trust fees                                     |                                | 6,425                                    | 6,265    | 19,880                                  | 18,520    |
| Service charges on deposits                          |                                |  |          |   |           |
| Commercial banking fees                              | Over time                      | 513                                      | 563      | 1,480                                   | 1,406     |
| Personal service charges                             | At a point in time & over time | 6,543                                    | 5,750    | 18,323                                  | 14,876    |
| Total service charges on deposits                    |                                | 7,056                                    | 6,313    | 19,803                                  | 16,282    |
| Net securities brokerage revenue                     |                                |  |          |   |           |
| Annuity commissions                                  | At a point in time             | 1,204                                    | 1,326    | 4,018                                   | 3,836     |
| Equity and debt security trades                      | At a point in time             | 151                                      | 116      | 356                                     | 304       |
| Managed money  | Over time                      | 153                                      | 173      | 484                                     | 477       |
| Trail commissions                                    | Over time                      | 257                                      | 221      | 739                                     | 698       |
| Total net securities brokerage revenue               |                                | 1,765                                    | 1,836    | 5,597                                   | 5,315     |
| Payment processing fees (1)                          |                                |  |          |   |           |
|  | At a point in time & over time | 709                                      | 311      | 2,142                                   | 311       |
| Electronic banking fees                              | At a point in time             | 5,253                                    | 6,139    | 18,299                                  | 16,697    |
| Mortgage banking income                              | At a point in time             | 2,588                                    | 1,521    | 5,262                                   | 4,297     |
| Net gain on other real estate owned and other assets | At a point in time             | 158                                      | 150      | 670                                     | 641       |

(1) Payment processing fees are included in other non-interest income.

#### NOTE 11. COMPREHENSIVE INCOME/(LOSS)

The activity in accumulated other comprehensive income for the nine months ended September 30, 2019 and 2018 is as follows:

| <i>(unaudited, in thousands)</i>                                 | Accumulated Other Comprehensive Income/(Loss) (1) |   |   |             | Total |
|--|---|---|---|-------------|-------|
|  | Defined Benefit Plans                             | Unrealized Gains (Losses) on Debt Securities Available-for-Sale | Unrealized Gains on Debt Securities Transferred from Available-for-Sale to Held-to-Maturity |             |       |
| Balance at December 31, 2018                                     | \$ (16,542)                                       | \$ (21,522)   | \$ 193  | \$ (37,871) |       |
| Other comprehensive income before reclassifications              | —   | 46,450  | —   | 46,450      |       |
| Amounts reclassified from accumulated other comprehensive income | 1,721   | (199)   | (179)   | 1,343       |       |
| Period change  | 1,721   | 46,251  | (179)   | 47,793      |       |
| Balance at September 30, 2019                                    | \$ (14,821)                                       | \$ 24,729   | \$ 14   | \$ 9,922    |       |
| Balance at December 31, 2017                                     | \$ (18,626)                                       | \$ (13,250)   | \$ 381  | \$ (31,495) |       |
| Other comprehensive income before reclassifications              | —   | (33,013)  | —   | (33,013)    |       |
| Acquired FFKT Medical benefit plan                               | 4,235   | —   | —   | 4,235       |       |
| Amounts reclassified from accumulated other comprehensive income | 1,621   | (9)   | (149)   | 1,463       |       |
| Period change  | 5,856   | (33,022)  | (149)   | (27,315)    |       |
| Adoption of Accounting Standard ASU 2016-01                      | —   | (1,063)   | —   | (1,063)     |       |
| Balance at September 30, 2018                                    | \$ (12,770)                                       | \$ (47,335)   | \$ 232  | \$ (59,873) |       |

(1) All amounts are net of tax. Related income tax expense or benefit is calculated using a combined Federal and State income tax rate approximating 23%.

The following table provides details about amounts reclassified from accumulated other comprehensive income for the three and nine months ended September 30, 2019 and 2018:

| Details about Accumulated Other Comprehensive Income/(Loss) Components<br><i>(unaudited, in thousands)</i> | For the Three Months Ended September 30, |         | For the Nine Months Ended September 30, |          | Affected Line Item in the Statement of Net Income                   |
|--|--|---------|---|----------|---|
|  | 2019                                     | 2018    | 2019                                    | 2018     |   |
| Debt securities available-for-sale <sup>(1)</sup> :  |  |         |   |          |   |
| Net securities gains reclassified into earnings  | \$ (219)                                 | \$ (11) | \$ (258)                                | \$ (11)  | Net securities gains (Non-interest income)                          |
| Related income tax expense   | 50                                       | 2       | 59                                      | 2        | Provision for income taxes  |
| Net effect on accumulated other comprehensive income for the period  | (169)                                    | (9)     | (199)                                   | (9)      |   |
| Debt securities held-to-maturity <sup>(1)</sup> :  |  |         |   |          |   |
| Amortization of unrealized gain transferred from available-for-sale  | (88)                                     | (64)    | (237)                                   | (195)    | Interest and dividends on securities (Interest and dividend income) |
| Related income tax expense   | 20                                       | 15      | 58                                      | 46       | Provision for income taxes  |
| Net effect on accumulated other comprehensive income for the period  | (68)                                     | (49)    | (179)                                   | (149)    |   |
| Defined benefit plans <sup>(2)</sup> :   |  |         |   |          |   |
| Amortization of net loss and prior service costs   | 767                                      | 772     | 2,275                                   | 2,293    | Employee benefits (Non-interest expense)                            |
| Related income tax benefit   | (175)                                    | (177)   | (554)                                   | (672)    | Provision for income taxes  |
| Net effect on accumulated other comprehensive income for the period  | 592                                      | 595     | 1,721                                   | 1,621    |   |
| Total reclassifications for the period   | \$ 355                                   | \$ 537  | \$ 1,343                                | \$ 1,463 |   |

<sup>(1)</sup> For additional detail related to unrealized gains on securities and related amounts reclassified from accumulated other comprehensive income, see Note 4, "Securities."

<sup>(2)</sup> Included in the computation of net periodic pension cost. See Note 8, "Benefit Plans" for additional detail.

## NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

**Commitments** — In the normal course of business, WesBanco offers off-balance sheet credit arrangements to enable its customers to meet their financing objectives. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements. WesBanco's exposure to credit losses in the event of non-performance by the other parties to the financial instruments for commitments to extend credit and standby letters of credit is limited to the contractual amount of those instruments. WesBanco uses the same credit policies in making commitments and conditional obligations as for all other lending. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The allowance for credit losses associated with commitments was \$1.6 million and \$0.7 million as of September 30, 2019 and December 31, 2018, respectively, and is included in other liabilities on the Consolidated Balance Sheets.

Letters of credit are conditional commitments issued by banks to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including normal business activities, bond financing and similar transactions. Letters of credit are considered guarantees. The liability associated with letters of credit was \$0.2 million as of September 30, 2019 and December 31, 2018.

Contingent obligations to purchase loans funded by other entities include affordable housing plan guarantees, credit card guarantees, loans sold with recourse as well as obligations to the FHLB. Affordable housing plan guarantees are performance guarantees for various building project loans. The guarantee amortizes as the loan balances decrease. Credit card guarantees are credit card balances not owned by WesBanco, whereby the Bank guarantees the performance of the cardholder.

The following table presents total commitments to extend credit, guarantees and various letters of credit outstanding:

| <i>(unaudited, in thousands)</i>            | <u>September 30,</u> | <u>December 31,</u> |
|---|----------------------|---------------------|
|   | <u>2019</u>          | <u>2018</u>         |
| Lines of credit                             | \$ 2,013,085         | \$ 1,894,030        |
| Loans approved but not closed               | 391,885              | 258,778             |
| Overdraft limits                            | 150,684              | 153,572             |
| Letters of credit                           | 44,370               | 42,841              |
| Contingent obligations and other guarantees | 68,450               | 61,509              |

**Contingent Liabilities** — WesBanco is a party to various legal and administrative proceedings and claims. While any litigation contains an element of uncertainty, management does not believe that a material loss related to such proceedings or claims pending or known to be threatened is reasonably possible.

#### **NOTE 13. BUSINESS SEGMENTS**

WesBanco operates two reportable segments: community banking and trust and investment services. WesBanco's community banking segment offers services traditionally offered by full-service commercial banks, including commercial demand, individual demand and time deposit accounts, as well as commercial, mortgage and individual installment loans, and certain non-traditional offerings, such as insurance and securities brokerage services. The trust and investment services segment offers trust services as well as various alternative investment products including mutual funds. The market value of assets managed or held in custody by the trust and investment services segment was approximately \$4.4 billion and \$4.7 billion at September 30, 2019 and 2018, respectively. These assets are held by WesBanco in fiduciary or agency capacities for their customers and therefore are not included as assets on WesBanco's Consolidated Balance Sheets.

Condensed financial information by business segment is presented below:

| <i>(unaudited, in thousands)</i>                      | Community<br>Banking | Trust and<br>Investment<br>Services | Consolidated |
|---|----------------------|-------------------------------------|--------------|
| <b>For The Three Months Ended September 30, 2019</b>  |                      |                                     |              |
| Interest and dividend income                          | \$ 117,348           | \$ —                                | \$ 117,348   |
| Interest expense                                      | 21,228               | —                                   | 21,228       |
| Net interest income                                   | 96,120               | —                                   | 96,120       |
| Provision for credit losses                           | 4,121                | —                                   | 4,121        |
| Net interest income after provision for credit losses | 91,999               | —                                   | 91,999       |
| Non-interest income                                   | 20,525               | 6,425                               | 26,950       |
| Non-interest expense                                  | 69,068               | 4,200                               | 73,268       |
| Income before provision for income taxes              | 43,456               | 2,225                               | 45,681       |
| Provision for income taxes                            | 7,866                | 468                                 | 8,334        |
| Net income  | \$ 35,590            | \$ 1,757                            | \$ 37,347    |
| <b>For The Three Months Ended September 30, 2018</b>  |                      |                                     |              |
| Interest and dividend income                          | \$ 108,393           | \$ —                                | \$ 108,393   |
| Interest expense                                      | 18,460               | —                                   | 18,460       |
| Net interest income                                   | 89,933               | —                                   | 89,933       |
| Provision for credit losses                           | 1,035                | —                                   | 1,035        |
| Net interest income after provision for credit losses | 88,898               | —                                   | 88,898       |
| Non-interest income                                   | 19,959               | 6,265                               | 26,224       |
| Non-interest expense                                  | 72,378               | 3,742                               | 76,120       |
| Income before provision for income taxes              | 36,479               | 2,523                               | 39,002       |
| Provision for income taxes                            | 5,986                | 530                                 | 6,516        |
| Net income  | \$ 30,493            | \$ 1,993                            | \$ 32,486    |
| <b>For the Nine Months Ended September 30, 2019</b>   |                      |                                     |              |
| Interest and dividend income                          | \$ 355,944           | \$ —                                | \$ 355,944   |
| Interest expense                                      | 63,003               | —                                   | 63,003       |
| Net interest income                                   | 292,941              | —                                   | 292,941      |
| Provision for credit losses                           | 9,375                | —                                   | 9,375        |
| Net interest income after provision for credit losses | 283,566              | —                                   | 283,566      |
| Non-interest income                                   | 65,998               | 19,880                              | 85,878       |
| Non-interest expense                                  | 207,299              | 12,353                              | 219,652      |
| Income before provision for income taxes              | 142,265              | 7,527                               | 149,792      |
| Provision for income taxes                            | 25,714               | 1,581                               | 27,295       |
| Net income  | \$ 116,551           | \$ 5,946                            | \$ 122,497   |
| <b>For the Nine Months Ended September 30, 2018</b>   |                      |                                     |              |
| Interest and dividend income                          | \$ 293,596           | \$ —                                | \$ 293,596   |
| Interest expense                                      | 48,127               | —                                   | 48,127       |
| Net interest income                                   | 245,469              | —                                   | 245,469      |
| Provision for credit losses                           | 4,911                | —                                   | 4,911        |
| Net interest income after provision for credit losses | 240,558              | —                                   | 240,558      |
| Non-interest income                                   | 55,195               | 18,520                              | 73,715       |
| Non-interest expense                                  | 183,298              | 10,936                              | 194,234      |
| Income before provision for income taxes              | 112,455              | 7,584                               | 120,039      |
| Provision for income taxes                            | 19,262               | 1,593                               | 20,855       |
| Net income  | \$ 93,193            | \$ 5,991                            | \$ 99,184    |

Total non-fiduciary assets of the trust and investment services segment were \$4.0 million (including \$2.5 million of trust customer intangibles) and \$5.1 million (including \$2.6 million of trust customer intangibles) at September 30, 2019 and 2018, respectively. All other assets, including goodwill and the remainder of other intangible assets, were allocated to the Community Banking segment.



## **ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Management’s Discussion and Analysis (“MD&A”) represents an overview of the results of operations and financial condition of WesBanco for the three and nine months ended September 30, 2019. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

### **FORWARD-LOOKING STATEMENTS**

Forward-looking statements in this report relating to WesBanco’s plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The information contained in this report should be read in conjunction with WesBanco’s Form 10-K for the year ended December 31, 2018 and documents subsequently filed by WesBanco with the Securities and Exchange Commission (“SEC”), including WesBanco’s Form 10-Q’s for the quarters ended March 31 and June 30, 2019, which are available at the SEC’s website, [www.sec.gov](http://www.sec.gov) or at WesBanco’s website, [www.wesbanco.com](http://www.wesbanco.com). Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed in WesBanco’s most recent Annual Report on Form 10-K filed with the SEC under “Risk Factors” in Part I, Item 1A. Such statements are subject to important factors that could cause actual results to differ materially from those contemplated by such statements, including, without limitation, that the proposed merger with Old Line Bancshares, Inc. (“Old Line”) may not close when expected, that the businesses of WesBanco and Old Line may not be integrated successfully or such integration may take longer to accomplish than expected; the expected cost savings and any revenue synergies from the merger of WesBanco and Old Line may not be fully realized within the expected timeframes; disruption from the merger of WesBanco and Old Line may make it more difficult to maintain relationships with clients, associates, or suppliers; 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 Federal Deposit Insurance Corporation, the SEC, the Financial Institution Regulatory Authority, 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; cyber-security breaches; 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.

### **OVERVIEW**

WesBanco is a multi-state bank holding company operating through 199 branches and 193 ATM machines in West Virginia, Ohio, western Pennsylvania, Kentucky, and southern Indiana, offering retail banking, corporate banking, personal and corporate trust services, brokerage services, mortgage banking and insurance. WesBanco’s businesses are significantly impacted by economic factors such as market interest rates, federal monetary and regulatory policies, local and regional economic conditions and the competitive environment’s effect upon WesBanco’s business volumes. WesBanco’s deposit levels are affected by numerous factors including personal savings rates, personal income, and competitive rates on alternative investments, as well as competition from other financial institutions within the markets we serve and liquidity needs of WesBanco. Loan levels are also subject to various factors including construction demand, business financing needs, consumer spending and interest rates, as well as loan terms offered by competing lenders.

### **APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

WesBanco’s critical accounting policies involving the significant judgments and assumptions used in the preparation of the Consolidated Financial Statements as of September 30, 2019 have remained unchanged from the disclosures presented in WesBanco’s Annual Report on Form 10-K for the year ended December 31, 2018 within the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

## RESULTS OF OPERATIONS

### EARNINGS SUMMARY

Net income for the three months ended September 30, 2019 was \$37.3 million, with diluted earnings per share of \$0.68, compared to \$32.5 million and \$0.64 per diluted share, respectively, for the third quarter of 2018. Net income for the nine months ended September 30, 2019 was \$122.5 million, with diluted earnings per share of \$2.24, compared to \$99.2 million and \$2.11 per diluted share, respectively for the nine months ended September 30, 2018. Excluding after-tax merger-related expenses (non-GAAP measure) in both periods, net income and diluted earnings per share would have decreased 5.7% to \$38.7 million, or \$0.71 per diluted share for the three months ended September 30, 2019, as compared to the prior year quarter; and net income for the nine months ended September 30, 2019 increased 12.6% year-over-year to \$126.3 million, or \$2.31 per diluted share.

|  | <i>For The Three Months Ended September 30,</i> |                                   |                   |                                   | <i>For the Nine Months Ended September 30,</i> |                                   |                   |                                   |
|--|---|-----------------------------------|-------------------|-----------------------------------|--|-----------------------------------|-------------------|-----------------------------------|
|  | <i>2019</i>                                     |                                   | <i>2018</i>       |                                   | <i>2019</i>                                    |                                   | <i>2018</i>       |                                   |
| <i>(unaudited, dollars in thousands, except per share amounts)</i> | <i>Net Income</i>                               | <i>Diluted Earnings Per Share</i> | <i>Net Income</i> | <i>Diluted Earnings Per Share</i> | <i>Net Income</i>                              | <i>Diluted Earnings Per Share</i> | <i>Net Income</i> | <i>Diluted Earnings Per Share</i> |
| Net income (Non-GAAP) <sup>(1)</sup>                               | \$ 38,681                                       | \$ 0.71                           | \$ 41,027         | \$ 0.81                           | \$ 126,349                                     | \$ 2.31                           | \$ 112,194        | \$ 2.38                           |
| Less: After tax merger-related expenses                            | (1,334)   | (0.03)                            | (8,541)           | (0.17)                            | (3,852)  | (0.07)                            | (13,010)          | (0.27)                            |
| Net income (GAAP)  | \$ 37,347                                       | \$ 0.68                           | \$ 32,486         | \$ 0.64                           | \$ 122,497                                     | \$ 2.24                           | \$ 99,184         | \$ 2.11                           |

<sup>(1)</sup> Non-GAAP net income excludes after-tax merger-related expenses. The above non-GAAP financial measures used by WesBanco provide information useful to investors in understanding WesBanco's operating performance and trends, and facilitate comparisons with the performance of WesBanco's peers.

Net interest income increased \$6.2 million or 6.9% in the third quarter of 2019 compared to the same quarter of 2018 due to a 4.2% increase in average earning assets. In addition, the yield on earning assets has increased a total of 13 basis points since the third quarter of 2018 while there was somewhat of an offset by a 14 basis points increase in the cost of interest bearing liabilities, producing a slight decrease in the net spread on earning assets of 1 basis point year-over-year. The net interest margin increased by 6 basis points to 3.56% in the third quarter of 2019 compared to 3.50% in the third quarter of 2018. The margin benefited from increases in the Federal Reserve's target federal funds rate during 2018 and higher margins on the acquired FFKT assets, partially offset by higher funding costs and a flattening of the yield curve in 2019. The increase in the cost of interest bearing liabilities is primarily due to higher rates for interest bearing public funds, higher certificates of deposit costs and certain Federal Home Loan Bank and other borrowings. Accretion from acquisitions benefited the third quarter net interest margin by 13 basis points, as compared to 11 basis points in the prior year period.

The provision for credit losses increased to \$4.1 million in the third quarter of 2019, of which \$2.1 million was due to certain borrower downgrades to criticized and classified status due to recent adjustments to the internal loan classification system which impacted risk grades. Net charge-offs, as a percentage of average portfolio loans was 0.04% and (0.02)% for the third quarters of 2019 and 2018, respectively.

For the third quarter of 2019, non-interest income increased \$0.7 million or 2.8% compared to the third quarter of 2018, driven by mortgage banking income, service charges on deposit and trust fees. Mortgage banking income increased due to a 29.9% increase in mortgage production for the first nine months of 2019 compared to the same period in 2018. Electronic banking fees decreased \$0.9 million or 14.4% due to the negative \$1.9 million impact of the Durbin amendment to the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. Swap fee and valuation income decreased \$1.0 million for the third quarter of 2019 compared to the third quarter in 2018 due to the decline in the fair value of existing swaps resulting from lower rates and the inverted yield curve during 2019. Non-interest income increased \$12.2 million or 16.5% for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018.

Non-interest expense in the third quarter of 2019 decreased by \$2.9 million or 3.7%, compared to the third quarter of 2018, which is primarily due to the FDIC assessment credit received in the third quarter of 2019. Salaries and wages increased \$2.6 million or 8.5% and employee benefit expense increased \$1.8 million or 23.0% compared to last year's third quarter as due to additions to key revenue-producing positions throughout the markets and annual merit increases for 2019. For the third quarter of 2019, merger-related expenses were \$1.7 million related to the OLBK merger as compared to \$10.8 million for the third quarter of 2018 related to the FTSB and FFKT mergers.

During the third quarter, the effective tax rate was 18.2% as compared to 16.7% last year, while the provision for income taxes increased \$1.8 million to \$8.3 million due to higher year-over-year pre-tax income.

## NET INTEREST INCOME

TABLE 1. NET INTEREST INCOME

| <i>(unaudited, dollars in thousands)</i>             | For the Three Months<br>Ended September 30, |           | For the Nine Months<br>Ended September 30, |            |
|--|---|-----------|--|------------|
|  | 2019  | 2018      | 2019                                       | 2018       |
| Net interest income                                  | \$ 96,120                                   | \$ 89,933 | \$ 292,941                                 | \$ 245,469 |
| Taxable equivalent adjustment to net interest income | 1,265                                       | 1,415     | 4,105                                      | 4,045      |
| Net interest income, fully taxable equivalent        | \$ 97,385                                   | \$ 91,348 | \$ 297,046                                 | \$ 249,514 |
| Net interest spread, non-taxable equivalent          | 3.20%                                       | 3.21%     | 3.29%                                      | 3.16%      |
| Benefit of net non-interest bearing liabilities      | 0.31%                                       | 0.24%     | 0.30%                                      | 0.22%      |
| Net interest margin                                  | 3.51%                                       | 3.45%     | 3.59%                                      | 3.38%      |
| Taxable equivalent adjustment                        | 0.05%                                       | 0.05%     | 0.05%                                      | 0.06%      |
| Net interest margin, fully taxable equivalent        | 3.56%                                       | 3.50%     | 3.64%                                      | 3.44%      |

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, primarily deposits and short and long-term borrowings. Net interest income is affected by the general level of, 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 existing assets and liabilities. Net interest income increased \$6.2 million or 6.9% in the third quarter of 2019 compared to the third quarter of 2018, due to a 4.8% increase in average earning asset balances, primarily driven by the acquisition of FFKT, which closed midway through the third quarter of 2018. For the first nine months of 2019, net interest income increased \$47.5 million or 19.3%. Average loan balances increased 7.2% in the third quarter of 2019 primarily from the acquisition of FFKT compared to the third quarter of 2018. Portfolio loans increased slightly by 0.4% from last year which growth occurred in commercial and industrial, residential real estate and consumer loan categories. Overall loan growth was mitigated by lower home equity loan balances from lower demand as a result of tax changes, elevated levels of commercial real estate loans moving to the secondary market and continued deleveraging by commercial customers reflective of the current operating environment and higher cash levels from tax reform. Total average deposits increased in the third quarter of 2019 by \$459.3 million or 5.6% compared to the third quarter of 2018, due to organic growth and partially from the deposits acquired from FFKT. The net interest margin increased by six basis points to 3.56% in the third quarter of 2019 from the same quarter of 2018. The margin benefited from increases in the Federal Reserve's target federal funds rate during 2018 and higher margins on the acquired FFKT assets, partially offset by higher funding costs and a flattening of the yield curve in 2019. Yields increased for all earning asset categories in 2019. The cost of interest bearing liabilities increased by 14 basis points from the third quarter of 2018 to the third quarter of 2019. The increase in the cost is primarily due to rate increases for larger balance customers in interest bearing demand deposits, which include public funds, and higher rates for certificates of deposit, customer repurchase agreements, short to medium-term Federal Home Loan Bank borrowings and junior subordinated debentures. Approximately 13 basis points of accretion from FFKT and other prior acquisitions was included in the third quarter 2019 net interest margin compared to 11 basis points in the 2018 third quarter net interest margin.

Interest income increased \$9.0 million or 8.3% in the third quarter of 2019 and \$62.3 million or 21.2% in the first nine months of 2019 compared to the same periods of 2018 due to higher overall earning assets, particularly from the FTSB and FFKT acquisitions, and higher yields in every earning asset category. Earning asset yields were influenced positively in the third quarter of 2019 compared to the third quarter of 2018 due to federal funds rate increases occurring through the first nine months of 2018. Average loan balances increased \$523.9 million or 7.2% in the third quarter of 2019 compared to the third quarter of 2018, due primarily to the acquisition of FFKT. Loan yields increased by 13 basis points during this same period to 4.88% from the previously mentioned federal funds rate increases and accretion from purchase accounting from the FFKT acquisition. Loans provide the greatest impact on interest income and the yield on earning assets as they have the largest balance and the highest yield within major earning asset categories. In the third quarter of 2019, average loans represented 71.4% of average earning assets, an increase from 69.7% in the third quarter of 2018. Average taxable securities balances increased \$107.2 million or 4.9% from the third quarter of 2018, due to the securities acquired in the FFKT acquisition and increased purchases in 2019. Taxable securities yields increased by three basis points and tax-exempt securities yields increased by nine basis points in the third quarter of 2019 from the third quarter of 2018 due to higher average market rates on all securities acquired and purchased at the end of 2018 and beginning of 2019. The recent flat and inverted yield curve has slightly mitigated yield increases over the third quarter of 2019. The average balance of tax-exempt securities, which have the highest yields within securities, decreased to 22.9% of total average securities in the third quarter of 2019 compared to 26.4% in the third quarter of 2018, primarily due to the sale of certain lower-yielding tax-exempt municipal securities late in the first quarter of 2019 and increased calls on tax-exempt securities in the third quarter as market rates began to decrease.

Total portfolio loans increased \$30.3 million or 0.4% over the last twelve months, as originations continued to outpace paydowns. Loan growth was achieved through \$2.6 billion in total loan originations, led by \$1.6 billion in business loan originations for the past twelve months. Loan growth was driven by expanded market areas and additional commercial personnel in our core markets, and was partially offset by significant loan paydowns or payoffs as some loans moved into the secondary lending market by customers who refinanced their commercial real estate mortgages, and some financed projects were sold by their developers.

Interest expense increased \$2.8 million or 15.0% in the third quarter of 2019 and \$14.9 million or 30.9% for the nine months ended September 30, 2019 as compared to the same periods in 2018, due primarily to increases in the balances of interest bearing liabilities from the acquisitions of FTSB and FFKT and increases in the rates paid on all interest bearing liability categories. The cost of interest bearing liabilities increased by 14 basis points from the third quarter of 2018 to 1.09% in 2019. Average interest bearing deposits increased \$187.2 million or 3.1% from the third quarter of 2018, due to the acquisition of FFKT and increases in organic deposits. The rate on interest bearing deposits increased 15 basis points from the third quarter of 2018, primarily from increases in rates on interest bearing public funds and for certain larger balance customers. Average non-interest bearing demand deposit balances increased from the third quarter of 2018 to the third quarter of 2019 by \$272.1 million or 12.3% and were 28.5% of total average deposits at September 30, 2019, compared to 26.8% at September 30, 2018, partially reflecting the acquired FFKT non-interest bearing demand deposits and ongoing checking account marketing strategies. The increase in non-interest bearing deposits reflects positively on the net interest margin, as the benefit of non-interest bearing liabilities increased by seven basis points from the third quarter of 2018 to 2019. The average balance of FHLB borrowings decreased \$146.5 million from the third quarter of 2018 to 2019; however, the average rate paid increased by 29 basis points to 2.51% over this same time period due to higher interest rates on new borrowings and the maturity of some legacy lower-rate borrowings in the first half of 2019. Average other borrowings and junior subordinated debt balances increased \$25.1 million or 5.6% from the third quarter of 2018 to 2019, partially due to the acquisition of FFKT, and their average rates paid increased by 27 and 16 basis points, respectively, over this same time period due to increases in LIBOR, the index upon which most of this variable-rate type of borrowing is priced. However, the increase was partially offset by a decrease in junior subordinated debt average balances due to the early redemption of \$33.5 million of such debt during 2019.

**TABLE 2. AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS**

|   | For The Three Months Ended September 30, |              |                      |              | For the Nine Months Ended September 30, |              |                      |              |
|---|--|--------------|----------------------|--------------|---|--------------|----------------------|--------------|
|   | 2019                                     |              | 2018                 |              | 2019                                    |              | 2018                 |              |
|   | Average Balance                          | Average Rate | Average Balance      | Average Rate | Average Balance                         | Average Rate | Average Balance      | Average Rate |
| <i>(unaudited, dollars in thousands)</i>          |  |              |                      |              |   |              |                      |              |
| <b>ASSETS</b>                                     |  |              |                      |              |   |              |                      |              |
| Due from banks - interest bearing                 | \$ 71,163                                | 2.41 %       | \$ 94,337            | 2.29 %       | \$ 73,617                               | 2.50 %       | \$ 50,686            | 2.28 %       |
| Loans, net of unearned income <sup>(1)</sup>      | 7,751,724                                | 4.88 %       | 7,227,835            | 4.75 %       | 7,704,212                               | 4.99 %       | 6,787,565            | 4.61 %       |
| Securities: <sup>(2)</sup>                        |  |              |                      |              |   |              |                      |              |
| Taxable   | 2,301,933                                | 2.76 %       | 2,194,708            | 2.73 %       | 2,330,439                               | 2.81 %       | 2,038,978            | 2.66 %       |
| Tax-exempt <sup>(3)</sup>                         | 684,164                                  | 3.52 %       | 785,699              | 3.43 %       | 744,949                                 | 3.50 %       | 751,403              | 3.42 %       |
| Total securities                                  | 2,986,097                                | 2.93 %       | 2,980,407            | 2.91 %       | 3,075,388                               | 2.97 %       | 2,790,381            | 2.87 %       |
| Other earning assets                              | 53,181                                   | 6.80 %       | 60,783               | 6.26 %       | 51,954                                  | 7.12 %       | 56,182               | 6.02 %       |
| Total earning assets <sup>(3)</sup>               | 10,862,165                               | 4.34 %       | 10,363,362           | 4.21 %       | 10,905,171                              | 4.41 %       | 9,684,814            | 4.11 %       |
| Other assets                                      | 1,625,988                                |              | 1,375,434            |              | 1,590,847                               |              | 1,238,728            |              |
| <b>Total Assets</b>                               | <b>\$ 12,488,153</b>                     |              | <b>\$ 11,738,796</b> |              | <b>\$ 12,496,018</b>                    |              | <b>\$ 10,923,542</b> |              |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |  |              |                      |              |   |              |                      |              |
| Interest bearing demand deposits                  | \$ 2,126,720                             | 0.84 %       | \$ 1,983,340         | 0.70 %       | \$ 2,131,887                            | 0.80 %       | \$ 1,844,423         | 0.67 %       |
| Money market accounts                             | 1,097,930                                | 0.71 %       | 1,111,341            | 0.49 %       | 1,122,665                               | 0.70 %       | 1,051,104            | 0.42 %       |
| Savings deposits                                  | 1,686,267                                | 0.20 %       | 1,511,075            | 0.09 %       | 1,674,262                               | 0.16 %       | 1,389,613            | 0.07 %       |
| Certificates of deposit                           | 1,321,696                                | 1.15 %       | 1,439,658            | 0.90 %       | 1,385,349                               | 1.14 %       | 1,366,109            | 0.86 %       |
| Total interest bearing deposits                   | 6,232,613                                | 0.71 %       | 6,045,414            | 0.56 %       | 6,314,163                               | 0.69 %       | 5,651,249            | 0.52 %       |
| Federal Home Loan Bank borrowings                 | 1,048,401                                | 2.51 %       | 1,194,940            | 2.22 %       | 1,036,464                               | 2.49 %       | 1,138,350            | 2.01 %       |
| Other borrowings                                  | 317,931                                  | 1.69 %       | 269,342              | 1.42 %       | 321,976                                 | 1.82 %       | 249,030              | 1.34 %       |
| Subordinated debt and junior subordinated debt    | 156,561                                  | 5.26 %       | 180,074              | 5.10 %       | 169,944                                 | 5.37 %       | 172,518              | 4.98 %       |
| Total interest bearing liabilities <sup>(1)</sup> | 7,755,506                                | 1.09 %       | 7,689,770            | 0.95 %       | 7,842,547                               | 1.07 %       | 7,211,147            | 0.89 %       |
| Non-interest bearing demand deposits              | 2,481,384                                |              | 2,209,235            |              | 2,463,076                               |              | 2,040,292            |              |
| Other liabilities                                 | 153,729                                  |              | 120,302              |              | 139,761                                 |              | 127,699              |              |
| Shareholders' equity                              | 2,097,534                                |              | 1,719,489            |              | 2,050,634                               |              | 1,544,404            |              |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 12,488,153</b>                     |              | <b>\$ 11,738,796</b> |              | <b>\$ 12,496,018</b>                    |              | <b>\$ 10,923,542</b> |              |
| Taxable equivalent net interest spread            |  | 3.25 %       |                      | 3.26 %       |   | 3.34 %       |                      | 3.22 %       |
| Taxable equivalent net interest margin            |  | 3.56 %       |                      | 3.50 %       |   | 3.64 %       |                      | 3.44 %       |

<sup>(1)</sup> Gross of allowance for loan losses and net of unearned income. Includes non-accrual and loans held for sale. Loan fees included in interest income on loans are \$0.4 million and \$0.8 million for the three months ended September 30, 2019 and 2018, respectively, and \$1.3 million and \$2.1 million for the nine months ended September 30, 2019 and 2018, respectively. Additionally, loan accretion included in interest income on loans acquired from prior acquisitions was \$3.4 million and \$2.4 million for the three months ended September 30, 2019 and 2018, respectively, and \$13.0 million and \$5.9 million for the nine months ended September 30, 2019 and 2018, respectively. Accretion on interest bearing liabilities acquired from prior acquisitions was \$0.3 million and \$0.6 million for the three months ended September 30, 2019 and 2018, respectively, and \$0.9 million and \$1.5 million for the nine months ended September 30, 2019 and 2018, respectively.

<sup>(2)</sup> Average yields on available-for-sale debt securities are calculated based on amortized cost.

<sup>(3)</sup> Taxable equivalent basis is calculated on tax-exempt securities using a rate of 21% for each period presented.

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

| <i>(unaudited, in thousands)</i>                       | For The Three Months Ended<br>September 30, 2019<br>Compared to September 30, 2018 |          |                            | For the Nine Months Ended September 30,<br>2019<br>Compared to September 30, 2018 |          |                            |
|--|--|----------|----------------------------|---|----------|----------------------------|
|  | Volume   | Rate     | Net Increase<br>(Decrease) | Volume  | Rate     | Net Increase<br>(Decrease) |
| Increase (decrease) in interest income:                |  |          |                            |   |          |                            |
| Due from banks - interest bearing                      | \$ (139)   | \$ 28    | \$ (111)                   | \$ 423  | \$ 91    | \$ 514                     |
| Loans, net of unearned income                          | 6,400  | 2,364    | 8,764                      | 33,132  | 19,879   | 53,011                     |
| Taxable securities                                     | 738  | 185      | 923                        | 6,048   | 2,311    | 8,359                      |
| Tax-exempt securities <sup>(1)</sup>                   | (889)  | 173      | (716)                      | (166)   | 453      | 287                        |
| Other earning assets                                   | (126)  | 71       | (55)                       | (201)   | 438      | 237                        |
| Total interest income change <sup>(1)</sup>            | 5,984  | 2,821    | 8,805                      | 39,236  | 23,172   | 62,408                     |
| Increase (decrease) in interest expense:               |  |          |                            |   |          |                            |
| Interest bearing demand deposits                       | 266  | 722      | 988                        | 1,556   | 2,019    | 3,575                      |
| Money market accounts                                  | (17)   | 630      | 613                        | 241   | 2,308    | 2,549                      |
| Savings deposits                                       | 45   | 464      | 509                        | 185   | 1,108    | 1,293                      |
| Certificates of deposit                                | (285)  | 839      | 554                        | 125   | 2,917    | 3,042                      |
| Federal Home Loan Bank borrowings                      | (873)  | 827      | (46)                       | (1,634)   | 3,761    | 2,127                      |
| Other borrowings                                       | 190  | 198      | 388                        | 850   | 1,045    | 1,895                      |
| Subordinated debt and junior subordinated debt         | (310)  | 72       | (238)                      | (97)  | 492      | 395                        |
| Total interest expense change                          | (984)  | 3,752    | 2,768                      | 1,226   | 13,650   | 14,876                     |
| Net interest income increase (decrease) <sup>(1)</sup> | \$ 6,968   | \$ (931) | \$ 6,037                   | \$ 38,010   | \$ 9,522 | \$ 47,532                  |

<sup>(1)</sup> Taxable equivalent basis is calculated on tax-exempt securities using a tax rate of 21%.

#### PROVISION FOR CREDIT LOSSES

The provision for credit losses is the amount to be added to the allowance for credit losses after net charge-offs have been deducted to bring the allowance to a level considered appropriate to absorb losses incurred within 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 losses incurred on unfunded commitments. The provision for credit losses increased to \$4.1 million in the third quarter of 2019 compared to \$1.0 million in the third quarter of 2018 due primarily to the increase in the provision for commercial real estate – improved property. Non-performing loans were 0.52% of total loans as of September 30, 2019, increasing from 0.49% of total loans at the end of the third quarter of 2018. Non-performing assets were 0.57% of total loans and other real estate and repossessed assets as of September 30, 2019, decreasing from 0.58% at the end of the third quarter of 2018. Criticized and classified loans were 2.24% of total loans, increasing from 1.01% as of September 30, 2018 primarily due to recent adjustments to the internal loan classification system which impacted risk grades. Past due loans at September 30, 2019 were 0.30% of total loans, compared to 0.26% at September 30, 2018. Annualized net loan charge-offs increased to 0.04% as of September 30, 2019 compared to (0.02)% as of September 30, 2018. (Please see the Allowance for Credit Losses section of this MD&A for additional discussion).

#### NON-INTEREST INCOME

TABLE 4. NON-INTEREST INCOME

| <i>(unaudited, dollars in thousands)</i>             | For The Three Months<br>Ended September 30, |           |           |          | For the Nine<br>Months<br>Ended<br>September 30, |           |           |          |
|--|---|-----------|-----------|----------|--|-----------|-----------|----------|
|  | 2019  | 2018      | \$ Change | % Change | 2019   | 2018      | \$ Change | % Change |
| Trust fees   | \$ 6,425                                    | \$ 6,265  | \$ 160    | 2.6      | \$ 19,880  | \$ 18,520 | \$ 1,360  | 7.3      |
| Service charges on deposits                          | 7,056                                       | 6,313     | 743       | 11.8     | 19,803   | 16,282    | 3,521     | 21.6     |
| Electronic banking fees                              | 5,253                                       | 6,139     | (886)     | (14.4)   | 18,299   | 16,697    | 1,602     | 9.6      |
| Net securities brokerage revenue                     | 1,765                                       | 1,836     | (71)      | (3.9)    | 5,597  | 5,315     | 282       | 5.3      |
| Bank-owned life insurance                            | 1,373                                       | 1,232     | 141       | 11.4     | 4,032  | 5,116     | (1,084)   | (21.2)   |
| Mortgage banking income                              | 2,588                                       | 1,521     | 1,067     | 70.2     | 5,262  | 4,297     | 965       | 22.5     |
| Payment processing fees                              | 709   | 311       | 398       | 128.0    | 2,142  | 311       | 1,831     | 588.7    |
| Net securities gains                                 | 235   | 84        | 151       | 179.8    | 3,800  | 403       | 3,397     | 842.9    |
| Net gain on other real estate owned and other assets | 158   | 150       | 8         | 5.3      | 670  | 641       | 29        | 4.5      |
| Net insurance services revenue                       | 812   | 806       | 6         | 0.7      | 2,507  | 2,409     | 98        | 4.1      |
| Swap fee and valuation income                        | (381)                                       | 627       | (1,008)   | (160.8)  | 499  | 1,322     | (823)     | (62.3)   |
| Other  | 957   | 940       | 17        | 1.8      | 3,387  | 2,402     | 985       | 41.0     |
| Total non-interest income                            | \$ 26,950                                   | \$ 26,224 | \$ 726    | 2.8      | \$ 85,878  | \$ 73,715 | \$ 12,163 | 16.5     |

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. For the third quarter of 2019, non-interest income increased \$0.7 million or 2.8% compared to the third quarter of 2018 primarily due to the acquisition of FFKT, a \$0.7 million increase in service charges on deposits and a \$1.1 million increase in mortgage banking income. The increases were somewhat mitigated by a \$0.9 million decrease in electronic banking fees and a \$1.0 million decrease in swap fee and valuation income. For the nine months ended September 30, 2019, non-interest income increased \$12.1 million or 16.5% from the first nine months of 2018 for similar reasons for the three months ended, coupled with a \$3.4 million increase in net securities gains.

Trust fees increased \$0.2 million or 2.6% compared to the third quarter of 2018 due to the acquisition of FFKT and customer and revenue development initiatives, and were partially offset by a decrease in the market value of trust assets. Total trust assets have decreased \$0.3 billion from \$4.7 billion at September 30, 2018 to \$4.4 billion at September 30, 2019. At September 30, 2019, trust assets include managed assets of \$3.6 billion and non-managed (custodial) assets of \$0.8 billion. Assets managed for the WesMark Funds, a proprietary group of mutual funds that is advised by WesBanco Trust and Investment Services, were \$914.6 million as of September 30, 2019 and \$963.7 million at September 30, 2018 and are included in managed assets. Trust fees increased \$1.4 million or 7.3% for the first nine months of 2019 compared to the same period in 2018.

Service charges on deposits increased \$0.7 million or 11.8% for the third quarter of 2019 compared to the prior year period primarily because of the increased customer base from the FFKT acquisition. Included in service charges on deposits for the nine months ended September 30, 2019 is a \$0.6 million negative adjustment for dormancy fees that will be remitted to the State of Kentucky for accounts that management has determined should have been escheated in prior periods by FFKT.

Electronic banking fees, which include debit card interchange fees, decreased \$0.9 million or 14.4% compared to the third quarter of 2018 as this quarter reflected the beginning of the ongoing limitation on interchange fees for debit card processing that resulted from the Durbin amendment to the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. This limitation only applies to banks with greater than \$10 billion in total assets. Slightly offsetting the effect of the Durbin amendment is a higher volume of debit card transactions, mostly from the increased customer base from the FFKT acquisition.

Mortgage banking income increased \$1.1 million or 70.2% from the third quarter of 2018 to the third quarter of 2019 and \$1.0 million or 22.5% in the year-to-date period. For the first nine months of 2019, mortgage production was \$452.4 million, which was an increase of 29.9% from the comparable 2018 period. For the nine months ended September 30, 2019, \$205.0 million in mortgages were sold into the secondary market at a net margin of 2.7% as compared to \$162.7 million at a net margin of 2.7% in the comparable 2018 period. Included in mortgage banking income and the calculation of net margin noted above is a \$1.5 million loss and a \$0.6 million gain from the fair value adjustments on loans held for sale, loan commitments and related derivatives for the nine months ended September 30, 2019 and 2018, respectively.

Payment processing fees are earned from the bill payment and electronic funds transfer ("EFT") services provided under the name FirstNet, which was acquired from FFKT on August 20, 2018. Payment processing fee income was \$0.7 million and \$2.1 million for the quarter and nine months ended September 30, 2019, respectively.

Swap fee and valuation income decreased \$1.0 million or 160.8% for the third quarter of 2019 compared to the third quarter of 2018 and also decreased \$0.8 million or 62.3% in the first nine months of 2019 compared to the first nine months of 2018 due to a decrease in the fair value of existing swaps resulting from the lower and inverted yield curve during 2019. The notional amount of existing loan swaps was \$315.7 million and \$234.4 million as of September 30, 2019 and 2018, respectively.

Net securities gains increased \$3.4 million in the first nine months of 2019 compared to the same period of 2018, due to a gain of \$2.6 million on the sale of WesBanco's Visa Class B stock in the second quarter of 2019, which was held at a zero cost basis. WesBanco holds no additional shares of Visa Class B stock. Other gains contributing to the overall increase from 2018 are due to sales and calls of debt securities as well as higher market value adjustments on the deferred compensation portfolio.

## NON-INTEREST EXPENSE

TABLE 5. NON-INTEREST EXPENSE

| <i>(unaudited, dollars in thousands)</i>             | For The Three Months<br>Ended September 30, |           |            |          | For the Nine<br>Months<br>Ended<br>September 30, |            |           |          |
|--|---|-----------|------------|----------|--|------------|-----------|----------|
|  | 2019  | 2018      | \$ Change  | % Change | 2019   | 2018       | \$ Change | % Change |
| Salaries and wages                                   | \$ 32,915                                   | \$ 30,335 | \$ 2,580   | 8.5      | \$ 95,501  | \$ 82,213  | \$ 13,288 | 16.2     |
| Employee benefits                                    | 9,726                                       | 7,905     | 1,821      | 23.0     | 29,419   | 22,782     | 6,637     | 29.1     |
| Net occupancy  | 5,392                                       | 4,957     | 435        | 8.8      | 16,343   | 13,715     | 2,628     | 19.2     |
| Equipment  | 5,273                                       | 4,488     | 785        | 17.5     | 14,924   | 12,532     | 2,392     | 19.1     |
| Marketing  | 1,505                                       | 1,446     | 59         | 4.1      | 4,002  | 3,967      | 35        | 0.9      |
| FDIC insurance                                       | (1,221)                                     | 789       | (2,010)    | (254.8)  | 1,287  | 2,315      | (1,028)   | (44.4)   |
| Amortization of intangible assets                    | 2,446                                       | 1,821     | 625        | 34.3     | 7,424  | 4,218      | 3,206     | 76.0     |
| Restructuring and merger-related expenses            | 1,688                                       | 10,811    | (9,123)    | (84.4)   | 4,876  | 16,468     | (11,592)  | (70.4)   |
| Franchise and other miscellaneous taxes              | 3,203                                       | 2,928     | 275        | 9.4      | 9,405  | 7,246      | 2,159     | 29.8     |
| Consulting, regulatory, accounting and advisory fees | 2,212                                       | 1,664     | 548        | 32.9     | 6,267  | 4,942      | 1,325     | 26.8     |
| ATM and electronic banking interchange expenses      | 1,804                                       | 1,544     | 260        | 16.8     | 5,239  | 4,060      | 1,179     | 29.0     |
| Postage and courier expenses                         | 1,299                                       | 1,138     | 161        | 14.1     | 4,045  | 3,083      | 962       | 31.2     |
| Legal fees   | 628   | 696       | (68)       | (9.8)    | 2,243  | 2,053      | 190       | 9.3      |
| Communications                                       | 898   | 679       | 219        | 32.3     | 2,723  | 1,733      | 990       | 57.1     |
| Supplies   | 1,055                                       | 828       | 227        | 27.4     | 3,301  | 2,293      | 1,008     | 44.0     |
| Other real estate owned and foreclosure expenses     | 176   | 151       | 25         | 16.6     | 339  | 600        | (261)     | (43.5)   |
| Other  | 4,269                                       | 3,940     | 329        | 8.4      | 12,314   | 10,014     | 2,300     | 23.0     |
| Total non-interest expense                           | \$ 73,268                                   | \$ 76,120 | \$ (2,852) | (3.7)    | \$ 219,652                                       | \$ 194,234 | \$ 25,418 | 13.1     |

Non-interest expense in the third quarter of 2019 decreased \$2.9 million or 3.7% compared to the same quarter in 2018. Excluding merger-related expenses, non-interest expense increased \$6.3 million or 9.6%, primarily due to the FFKT acquisition. For the third quarter, salaries and wages increased \$2.6 million, employee benefits increased \$1.8 million, equipment increased \$0.8 million and amortization of intangible assets increased \$0.6 million, offset by a decrease of \$2.0 million in FDIC insurance and \$9.1 million in restructuring and merger-related expenses. For the nine months ended September 30, 2019, non-interest expense increased \$25.4 million or 13.1% from the first nine months of 2018 for similar reasons as for the three months ended.

Salaries and wages increased \$2.6 million or 8.5% from the third quarter of 2018 due to increased compensation expense related to an increase in full-time equivalent (“FTE”) employees from the FFKT acquisition and from annual merit increases in the second quarter of 2019. Employee benefits expense increased \$1.8 million compared to the third quarter of 2018, due to a \$3.3 million increase in health care costs.

Equipment costs increased \$0.8 million or 17.5% compared to the third quarter of 2018, due to increases in service agreements expense from continuous improvements in technology and communication infrastructure, software costs and origination and customer support centers combined with the FFKT acquisition.

FDIC insurance expense decreased \$2.0 million in the third quarter of 2019 as compared to the third quarter of 2018 and totaled an overall credit of (\$1.2) million for the third quarter of 2019. During September, the banking industry was notified by the FDIC that its deposit insurance fund (“DIF”) reached the required minimum reserve ratio of 1.38%, permitting the FDIC to offset current bank assessments with prior credits from 2016 through 2018 earned by banks with less than \$10 billion in assets during that time period. WesBanco recorded a credit of \$2.4 million from WesBanco’s total DIF credit of \$3.1 million, covering the FDIC insurance expense assessable at approximately \$1.2 million per quarter for the second and third quarters. The remaining credit of \$0.7 million is anticipated to be recorded in the fourth quarter.

Amortization of intangible assets increased \$0.6 million or 34.3% compared to the third quarter of 2018. The FFKT acquisition added approximately \$37.4 million in core deposit intangibles and \$2.6 million in trust customer relationship intangibles.

Merger-related expenses in the third quarter of 2019 totaled \$1.7 million, all of which were related to the OLBK acquisition that is anticipated to close in the fourth quarter of 2019, and decreased \$9.1 million from the third quarter of 2018 during which the FFKT acquisition closed.

## INCOME TAXES

The provision for income taxes increased \$1.8 million or 27.9% in the third quarter of 2019 compared to the third quarter of 2018, primarily due to a \$6.7 million or 17.1% increase in pre-tax income. The effective tax rate increased to 18.2% compared to 16.7% in the third quarter of 2018. For the nine months ended September 30, 2019, the provision for income taxes increased \$6.4 million or 30.9% as compared to the prior year period. The effective tax rate for the first nine months of 2019 was 18.2% compared to 17.4% in the prior year period.

## FINANCIAL CONDITION

Total assets and shareholders' equity increased 1.1% and 6.2%, respectively, while deposits decreased 1.9%, compared to December 31, 2018. Total securities decreased \$73.1 million or 2.3% from December 31, 2018 to September 30, 2019, primarily driven by the sale of lower yielding municipal securities and prepayments of mortgage-backed securities, and collateralized mortgage obligations, which were partially offset by a \$60.0 million increase in unrealized gains in the available-for-sale portfolio. Total portfolio loans increased \$100.5 million or 1.3%. Deposits decreased \$167.3 million from year-end resulting from a 12.4% and a 5.0% decrease in certificates of deposit and money market deposits, respectively, which were partially offset by a 3.2% and a 0.4% increase in savings and demand deposits, respectively. The decrease in certificates of deposit is a result of periodically offering lower than median competitive rates for maturing certificates of deposit, primarily for single-service customers, and customer preferences for other deposit types, coupled with a \$14.0 million decrease in CDARS® balances. The increase in demand deposits and savings deposits is primarily attributable to marketing, customer incentives, focused retail and business strategies to obtain more account relationships and customers' preferences for shorter-term maturities. Total borrowings increased 7.1% or \$108.4 million during the first nine months of 2019 as new FHLB borrowings exceeded maturities by \$106.9 million and other short-term borrowings increased \$29.1 million, which were partially offset by \$33.2 million of junior subordinated debentures redeemed during the first nine months of 2019. Total shareholders' equity increased approximately \$122.4 million or 6.2%, compared to December 31, 2018, primarily due to net income exceeding dividends for the period by \$71.8 million and a \$47.8 million other comprehensive income gain.

**TABLE 6. COMPOSITION OF SECURITIES (1)**

| <i>(unaudited, dollars in thousands)</i>   | September 30,<br>2019 | December 31,<br>2018 | \$ Change   | % Change |
|--|-----------------------|----------------------|-------------|----------|
| Equity securities (at fair value)  | \$ 11,644             | \$ 11,737            | \$ (93)     | (0.8)    |
| Available-for-sale debt securities (at fair value)   |                       |                      |             |          |
| U.S. Treasury  | 29,878                | 19,878               | 10,000      | 50.3     |
| U.S. Government sponsored entities and agencies  | 120,441               | 141,652              | (21,211)    | (15.0)   |
| Residential mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 1,681,065             | 1,561,255            | 119,810     | 7.7      |
| Commercial mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies  | 188,305               | 168,972              | 19,333      | 11.4     |
| Obligations of states and political subdivisions   | 151,363               | 185,114              | (33,751)    | (18.2)   |
| Corporate debt securities  | 38,147                | 37,258               | 889         | 2.4      |
| Total available-for-sale debt securities   | \$ 2,209,199          | \$ 2,114,129         | \$ 95,070   | 4.5      |
| Held-to-maturity debt securities (at amortized cost)   |                       |                      |             |          |
| U.S. Government sponsored entities and agencies  | \$ 9,854              | \$ 10,823            | \$ (969)    | (9.0)    |
| Residential mortgage-backed securities and collateralized mortgage obligations of government sponsored entities and agencies | 129,797               | 148,300              | (18,503)    | (12.5)   |
| Obligations of states and political subdivisions   | 679,932               | 828,520              | (148,588)   | (17.9)   |
| Corporate debt securities  | 33,241                | 33,291               | (50)        | (0.2)    |
| Total held-to-maturity debt securities   | 852,824               | 1,020,934            | (168,110)   | (16.5)   |
| Total securities   | \$ 3,073,667          | \$ 3,146,800         | \$ (73,133) | (2.3)    |
| Available-for-sale and equity securities:  |                       |                      |             |          |
| Weighted average yield at the respective period end <sup>(2)</sup>   | 2.71%                 | 2.78%                |             |          |
| As a % of total securities   | 72.3%                 | 67.6%                |             |          |
| Weighted average life (in years)   | 4.0                   | 5.0                  |             |          |
| Held-to-maturity securities:   |                       |                      |             |          |
| Weighted average yield at the respective period end <sup>(2)</sup>   | 3.53%                 | 3.47%                |             |          |
| As a % of total securities   | 27.7%                 | 32.4%                |             |          |
| Weighted average life (in years)   | 3.6                   | 4.6                  |             |          |
| Total securities:  |                       |                      |             |          |
| Weighted average yield at the respective period end <sup>(2)</sup>   | 2.94%                 | 3.00%                |             |          |
| As a % of total securities   | 100.0%                | 100.0%               |             |          |
| Weighted average life (in years)   | 3.9                   | 4.2                  |             |          |

(1) At September 30, 2019 and December 31, 2018, there were no holdings of any one issuer, other than U.S. government sponsored entities and its 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 21%.

Total investment securities, which are a source of liquidity for WesBanco as well as a contributor to interest income, decreased \$73.1 million or 2.3% from December 31, 2018 to September 30, 2019. Through the first nine months of 2019, the available-for-sale portfolio increased \$95.1 million or 4.5%, while the held-to-maturity portfolio decreased \$168.1 million or 16.5% due to calls of municipal securities in the current lower rate environment and the transfer of \$67.4 million of held-to-maturity callable municipal securities to available-for-sale, with the adoption of ASU 2017-12 on January 1, 2019. WesBanco elected to use the one-time transition election to transfer these securities as they were some of the lower yielding securities in the municipal portfolio, and subsequently sold \$66.1 million of these securities at a \$51 thousand net gain. The weighted average yield of the portfolio decreased by 6 basis points from 3.00% at December 31, 2018 to 2.94% at September 30, 2019, primarily due to increased prepayment speeds on mortgage-backed securities as market rates declined in the second and third quarters. During the second quarter of 2019, WesBanco recorded a \$2.6 million gain on the sale of its Visa class B stock, which was held at zero cost basis. WesBanco holds no additional shares of Visa class B stock.



Net unrealized gains (losses) on available-for-sale securities included in accumulated other comprehensive income, net of tax, as of September 30, 2019 and December 31, 2018 were \$24.7 million and (\$21.5) million, respectively. With approximately 28% of the investment portfolio in the held-to-maturity category, the recent volatility in interest rates does not have as much impact on other comprehensive income as if the entire portfolio were included in the category available-for-sale.

Equity securities, of which a portion consist of investments in various mutual funds held in grantor trusts formed in connection with a key officer and director deferred compensation plan, are recorded at fair value. Gains and losses due to fair value fluctuations on equity securities are included in net securities gains or losses. For those equity securities relating to the key officer and director deferred compensation plan, the corresponding change in the obligation to the employee is recognized in employee benefits expense.

WesBanco's municipal portfolio comprises 27.0% of the overall securities portfolio as of September 30, 2019 compared to 32.2% as of December 31, 2018, 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 individual bonds in the municipal bond portfolio based on the combined ratings of two major bond credit rating agencies (at fair value):

**TABLE 7. MUNICIPAL BOND RATINGS**

| <i>(unaudited, dollars in thousands)</i>         | September 30, 2019 |            | December 31, 2018 |            |
|--|--------------------|------------|-------------------|------------|
|  | Amount             | % of Total | Amount            | % of Total |
| Municipal bonds (at fair value) <sup>(1)</sup> : |                    |            |                   |            |
| Investment Grade - Prime                         | \$ 85,652          | 10.0       | \$ 101,557        | 10.0       |
| Investment Grade - High                          | 562,212            | 65.9       | 654,787           | 64.3       |
| Investment Grade - Upper Medium                  | 192,575            | 22.6       | 237,847           | 23.4       |
| Investment Grade - Lower Medium                  | 3,695              | 0.4        | 7,607             | 0.7        |
| Not rated by either agency                       | 9,235              | 1.1        | 16,595            | 1.6        |
| Total municipal bond portfolio                   | \$ 853,369         | 100.0      | \$ 1,018,393      | 100.0      |

<sup>(1)</sup> The lowest available rating was used when placing the bond into a category in the table.

<sup>(2)</sup> As of September 30, 2019 and December 31, 2018, there are no securities in the municipal portfolio rated below investment grade.

WesBanco's municipal bond portfolio at September 30, 2019 consists of \$180.0 million taxable (primarily Build America Bonds) and \$673.4 million of tax-exempt general obligation and revenue bonds. The following table presents additional information regarding the municipal bond type and issuer (at fair value):

**TABLE 8. COMPOSITION OF MUNICIPAL SECURITIES**

| <i>(unaudited, dollars in thousands)</i> | September 30, 2019 |            | December 31, 2018 |            |
|--|--------------------|------------|-------------------|------------|
|  | Amount             | % of Total | Amount            | % of Total |
| <b>Municipal bond type:</b>              |                    |            |                   |            |
| General Obligation                       | \$ 580,374         | 68.0       | \$ 690,463        | 67.8       |
| Revenue                                  | 272,995            | 32.0       | 327,930           | 32.2       |
| Total municipal bond portfolio           | \$ 853,369         | 100.0      | \$ 1,018,393      | 100.0      |
| <b>Municipal bond issuer:</b>            |                    |            |                   |            |
| State Issued                             | \$ 81,067          | 9.5        | \$ 98,468         | 9.7        |
| Local Issued                             | 772,302            | 90.5       | 919,925           | 90.3       |
| Total municipal bond portfolio           | \$ 853,369         | 100.0      | \$ 1,018,393      | 100.0      |

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 September 30, 2019:

**TABLE 9. CONCENTRATION OF MUNICIPAL SECURITIES**

| <i>(unaudited, dollars in thousands)</i> | September 30, 2019 |            |
|--|--------------------|------------|
|  | Fair Value         | % of Total |
| Pennsylvania                             | \$ 176,360         | 20.7       |
| Ohio                                     | 98,140             | 11.5       |
| Texas                                    | 85,178             | 10.0       |
| Kentucky                                 | 45,389             | 5.3        |
| Illinois                                 | 41,159             | 4.8        |
| All other states <sup>(1)</sup>          | 407,143            | 47.7       |
| Total municipal bond portfolio           | \$ 853,369         | 100.0      |

<sup>(1)</sup> WesBanco's municipal bond portfolio contains obligations in the State of West Virginia totaling \$37.7 million or 4.4% 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 measurements, refer to Note 9, "Fair Value Measurement" in the Consolidated Financial Statements.

## LOANS AND CREDIT RISK

Loans represent WesBanco's single largest balance sheet asset classification and the largest source of interest income. Business purpose loans consist of commercial real estate ("CRE") loans and other commercial and industrial ("C&I") loans that are not secured by real estate. CRE loans are further segmented into land and construction loans, and loans for improved property. Consumer purpose loans consist of residential real estate loans, home equity lines of credit and other consumer loans. Loans held for sale generally consist of residential real estate loans originated for sale in the secondary market, but at times may also include other types of loans. The outstanding balance of each major category of the loan portfolio is summarized in Table 10.

The risk that borrowers will be unable or unwilling to repay their obligations and default on loans is inherent in all lending activities. Credit risk arises from many sources including general economic conditions, external events that impact businesses or industries, isolated events that impact a major employer, individual loss of employment or other personal hardships as well as changes in interest rates or the value of collateral. Credit risk is also impacted by a concentration of exposure within a geographic market or to one or more borrowers, industries or collateral types. The primary goal in managing credit risk is to minimize the impact of default by an individual borrower or group of borrowers. Credit risk is managed through the initial underwriting process as well as through ongoing monitoring and administration of the portfolio that varies by the type of loan. The Bank's 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 includes the borrower's primary source of repayment capacity; the adequacy of collateral, if any, to secure the loan; the potential value of personal guarantees as secondary sources of repayment; and other factors unique to each loan that may increase or mitigate its risk. Credit bureau scores are also considered when evaluating consumer purpose loans as well as guarantors of business purpose loans. However, the Bank does not periodically update credit bureau scores subsequent to when loans are made to determine changes in credit history.

Credit risk is mitigated for all types of loans by continuously monitoring delinquency levels and pursuing collection efforts at the earliest stage of delinquency. The Bank also monitors general economic conditions, including employment, housing activity and real estate values in its market. The Bank also periodically evaluates and changes its underwriting standards when warranted based on market conditions, the historical performance of a category of the portfolio, or other external factors. Credit risk is also regularly evaluated for the impact of adverse economic and other events that increase the risk of default and the potential loss in the event of default to understand their impact on the Bank's earnings and capital.

WesBanco is transitioning to a more objective internal loan grading system to reflect the credit quality of commercial loans. Commercial loan risk grades are determined based on an evaluation of the relevant characteristics of each loan, assigned at inception and adjusted thereafter at any time to reflect changes in the risk profile throughout the life of each loan. The primary factors used to determine the risk grade are the sufficiency, reliability and sustainability of the primary source of repayment and overall financial strength of the borrower. The rating system more heavily weights the debt service coverage, leverage and loan to value factors to derive the risk grade. Other factors that are considered at a lesser weighting include management, industry or property type risks, payment history, collateral or guarantees.

**TABLE 10. COMPOSITION OF LOANS (1)**

| <i>(unaudited, dollars in thousands)</i> | September 30, 2019 |            | December 31, 2018 |            |
|--|--------------------|------------|-------------------|------------|
|  | Amount             | % of Loans | Amount            | % of Loans |
| Commercial real estate:                  |                    |            |                   |            |
| Land and construction                    | \$ 510,404         | 6.6        | \$ 528,072        | 6.9        |
| Improved property                        | 3,344,249          | 43.0       | 3,325,623         | 43.4       |
| Total commercial real estate             | 3,854,653          | 49.6       | 3,853,695         | 50.3       |
| Commercial and industrial                | 1,332,275          | 17.1       | 1,265,460         | 16.5       |
| Residential real estate                  | 1,638,574          | 21.1       | 1,611,607         | 21.0       |
| Home equity                              | 587,745            | 7.5        | 599,331           | 7.8        |
| Consumer                                 | 343,505            | 4.4        | 326,188           | 4.3        |
| Total portfolio loans                    | 7,756,752          | 99.7       | 7,656,281         | 99.9       |
| Loans held for sale                      | 20,715             | 0.3        | 8,994             | 0.1        |
| Total loans                              | \$ 7,777,467       | 100.0      | \$ 7,665,275      | 100.0      |

(1) Loans are presented gross of the allowance for loan losses and net of unearned income, credit valuation adjustments, and unamortized net deferred loan fee income and loan origination costs.

Total loans increased \$112.2 million or 1.5% from December 31, 2018 while portfolio loans increased \$30.3 million or 0.4% over the last twelve months. Total loan growth over the last twelve months was driven by strategic focus categories with 3.1% growth in commercial and industrial and 2.5% growth in residential real estate. Home equity loan balances were down due to lower demand as a result of higher interest rates earlier in 2019 and tax changes. Commercial real estate decreased due to elevated levels of commercial real estate loans that moved to the secondary financing market, and continued deleveraging by commercial customers reflective of the current operational environment and higher cash levels from tax reform.

Total loan commitments of \$2.7 billion, including loans approved but not closed, increased \$257.7 million or 10.7% from December 31, 2018 due primarily to loans approved but not closed and lines of credit. The line utilization percentage for the commercial portfolio was 44.6% at September 30, 2019 and 47.6% at December 31, 2018.

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.

#### NON-PERFORMING ASSETS, IMPAIRED LOANS AND LOANS PAST DUE 90 DAYS OR MORE

Non-performing assets consist of non-accrual loans and TDRs, other real estate acquired through or in lieu of foreclosure, bank premises held for sale, and repossessed automobiles acquired to satisfy defaulted consumer loans.

**TABLE 11. NON-PERFORMING ASSETS**

| <i>(unaudited, dollars in thousands)</i>  | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|---|-------------------------------|------------------------------|
| <b>Non-accrual loans:</b>   |                               |                              |
| Commercial real estate - land and construction  | \$ 554                        | \$ —                         |
| Commercial real estate - improved property  | 12,036                        | 8,413                        |
| Commercial and industrial   | 2,374                         | 3,260                        |
| Residential real estate   | 14,171                        | 13,831                       |
| Home equity   | 5,299                         | 4,610                        |
| Consumer  | 367                           | 586                          |
| <b>Total non-accrual loans <sup>(1)</sup></b>   | <b>34,801</b>                 | <b>30,700</b>                |
| <b>TDRs accruing interest:</b>  |                               |                              |
| Commercial real estate - land and construction  | —                             | —                            |
| Commercial real estate - improved property  | 1,334                         | 880                          |
| Commercial and industrial   | 185                           | 168                          |
| Residential real estate   | 3,794                         | 4,185                        |
| Home equity   | 477                           | 426                          |
| Consumer  | 50                            | 85                           |
| <b>Total TDRs accruing interest <sup>(1)</sup></b>                                    | <b>5,840</b>                  | <b>5,744</b>                 |
| <b>Total non-performing loans</b>   | <b>\$ 40,641</b>              | <b>\$ 36,444</b>             |
| <b>Other real estate owned and repossessed assets</b>                                 | <b>3,678</b>                  | <b>7,265</b>                 |
| <b>Total non-performing assets</b>  | <b>\$ 44,319</b>              | <b>\$ 43,709</b>             |
| Non-performing loans/total portfolio loans  | 0.52%                         | 0.48%                        |
| Non-performing assets/total assets  | 0.35%                         | 0.35%                        |
| Non-performing assets/total portfolio loans, other real estate and repossessed assets | 0.57%                         | 0.57%                        |

<sup>(1)</sup> TDRs on nonaccrual of \$1.3 million and \$2.9 million at September 30, 2019 and December 31, 2018, respectively, are included in total nonaccrual loans.

Non-performing loans, which consist of non-accrual loans and TDRs, increased \$4.2 million or 11.5%, from December 31, 2018, primarily due to WesBanco's normal loan review process transferring two relationships in our acquired portfolio to non-accrual. TDRs increased slightly by \$0.1 million due to additions to the category being slightly higher than normal repayments. (Please see the Notes to the Consolidated Financial Statements for additional discussion.)

Other real estate owned and repossessed assets decreased \$3.6 million from December 31, 2018 primarily due to continued efforts to liquidate properties as well as additional write-downs on other real estate owned properties acquired from FFKT.

The following table presents past due and accruing loans excluding non-accrual and TDRs:

**TABLE 12. PAST DUE AND ACCRUING LOANS EXCLUDING NON-ACCRUAL AND TDRs**

| <i>(unaudited, dollars in thousands)</i>                             | September 30,<br>2019 | December 31,<br>2018 |
|--|-----------------------|----------------------|
| Loans past due 90 days or more:                                      |                       |                      |
| Commercial real estate - land and construction                       | \$ 834                | \$ —                 |
| Commercial real estate - improved property                           | 935                   | 175                  |
| Commercial and industrial  | 229                   | 13                   |
| Residential real estate  | 2,724                 | 2,820                |
| Home equity  | 420                   | 705                  |
| Consumer   | 283                   | 364                  |
| Total loans past due 90 days or more                                 | 5,425                 | 4,077                |
| Loans past due 30 to 89 days:  |                       |                      |
| Commercial real estate - land and construction                       | 211                   | 1,412                |
| Commercial real estate - improved property                           | 5,728                 | 4,439                |
| Commercial and industrial  | 838                   | 878                  |
| Residential real estate  | 6,073                 | 6,542                |
| Home equity  | 2,664                 | 3,344                |
| Consumer   | 2,392                 | 2,954                |
| Total loans past due 30 to 89 days                                   | 17,906                | 19,569               |
| Total 30 days or more  | \$ 23,331             | \$ 23,646            |
| Loans past due 90 days or more and accruing to total portfolio loans | 0.07%                 | 0.05%                |
| Loans past due 30-89 days and accruing to total portfolio loans      | 0.23%                 | 0.26%                |

Loans past due 30 days or more and accruing interest excluding non-accruals and TDRs decreased \$0.3 million or 1.3% from December 31, 2018. These loans continue to accrue interest because they are both well-secured and in the process of collection. The decrease in the 30 to 89 days past due status was primarily due to a decrease in commercial real estate – land and construction, home equity and consumer. These decreases were partially offset by an increase in commercial real estate – improved property category. The 30 – 89 days past due represented 0.23% of total loans at September 30, 2019 and 0.26% at December 31, 2018. Loans past due 90 days or more increased \$1.3 million compared to December 31, 2018 and represented 0.07% of total loans at September 30, 2019 compared to 0.05% at December 31, 2018. The continued low levels of delinquency are 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.

#### ALLOWANCE FOR CREDIT LOSSES

The allowance for loan losses of \$54.3 million represented 0.70% of total portfolio loans at September 30, 2019 compared to 0.64% as of December 31, 2018 and 0.63% as of September 30, 2018. Included in the ratio is an allowance for acquired loans of \$5.3 million at September 30, 2019, recorded since acquisition.

The allowance for loans individually-evaluated increased \$1.5 million from December 31, 2018 to September 30, 2019. The allowance for loans collectively-evaluated increased from December 31, 2018 to September 30, 2019 by \$3.9 million.

The allowance for loan commitments was \$1.6 million at September 30, 2019 as compared to \$0.7 million at December 31, 2018, and is included in other liabilities on the Consolidated Balance Sheets. The increase in the allowance for loan commitments is due to one unfunded commitment of \$7.5 million with a credit relationship that was downgraded to classified status in the first quarter.

The allowance for credit losses by loan category, presented in Note 5, “Loans and the Allowance for Credit Losses” of the Consolidated Financial Statements, summarizes the impact of changes in various factors that affect the allowance for loan losses in each segment of the portfolio. The allowance for all segments is impacted by changes in loan balances, as well as changes in historical loss rates adjusted for qualitative factors such as economic conditions. The CRE and C&I segments of the portfolio are also impacted by changes in the risk grading distribution of the portfolio as well as the migration of CRE loans from land and construction to improved property upon the completion of construction.

The loss migration rate by internal risk grade is the primary factor for establishing the allowance for all commercial loans, and the portfolio segment loss history is the primary factor for establishing the allowance for residential real estate, home equity and consumer loans. The categorization of loans as non-performing is not as significant a factor as the loss migration rate by risk grade or the segment loss history, although certain non-performing loans that carry specific reserves are also typically considered classified under the internal risk grading system. Criticized and classified loans were 2.24% of total loans, increasing from 1.08% at December 31, 2018. Criticized and classified loans increased \$91.0 million from December 31, 2018 to \$174.0 million at September 30, 2019 primarily due to recent adjustments to the internal loan classification system which impacted risk grades on \$49.5 million of commercial loans.

Table 13 summarizes the allocation of the allowance for credit losses to each category of the loan portfolio. The overall allowance for loans increased due to the reasons noted in the above paragraph. The allowance for commercial and industrial loan commitments increased due to the downgrade of a commercial and industrial loan (as previously noted) with a remaining undrawn commitment balance.

**TABLE 13. ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES**

| <i>(unaudited, dollars in thousands)</i>       | September 30,<br>2019 | Percent of<br>Total | December 31,<br>2018 | Percent of<br>Total |
|--|-----------------------|---------------------|----------------------|---------------------|
| Allowance for loan losses:                     |                       |                     |                      |                     |
| Commercial real estate - land and construction | \$ 4,042              | 7.2                 | \$ 4,039             | 8.1                 |
| Commercial real estate - improved property     | 23,893                | 42.7                | 20,848               | 42.0                |
| Commercial and industrial                      | 13,788                | 24.6                | 12,114               | 24.4                |
| Residential real estate                        | 3,785                 | 6.8                 | 3,822                | 7.7                 |
| Home equity                                    | 4,565                 | 8.2                 | 4,356                | 8.8                 |
| Consumer                                       | 2,748                 | 4.9                 | 2,797                | 5.6                 |
| Deposit account overdrafts                     | 1,496                 | 2.7                 | 972                  | 1.8                 |
| <b>Total allowance for loan losses</b>         | <b>\$ 54,317</b>      | <b>97.1</b>         | <b>\$ 48,948</b>     | <b>98.4</b>         |
| Allowance for loan commitments:                |                       |                     |                      |                     |
| Commercial real estate - land and construction | \$ 195                | 0.3                 | \$ 169               | 0.4                 |
| Commercial real estate - improved property     | 24                    | 0.0                 | 33                   | 0.1                 |
| Commercial and industrial                      | 1,104                 | 2.0                 | 262                  | 0.5                 |
| Residential real estate                        | 15                    | 0.0                 | 12                   | 0.0                 |
| Home equity                                    | 263                   | 0.5                 | 226                  | 0.5                 |
| Consumer                                       | 38                    | 0.1                 | 39                   | 0.1                 |
| <b>Total allowance for loan commitments</b>    | <b>1,639</b>          | <b>2.9</b>          | <b>741</b>           | <b>1.6</b>          |
| <b>Total allowance for credit losses</b>       | <b>\$ 55,956</b>      | <b>100.0</b>        | <b>\$ 49,689</b>     | <b>100.0</b>        |

Although the allowance for credit losses is allocated as described in Table 13, the total allowance is available to absorb actual losses in any category of the loan portfolio. However, differences between management's estimation of probable losses and actual incurred losses in subsequent periods for any category may necessitate future adjustments to the provision for loan losses applicable to the category. Management believes the allowance for credit losses is appropriate to absorb probable losses at September 30, 2019.

## DEPOSITS

**TABLE 14. DEPOSITS**

| <i>(unaudited, dollars in thousands)</i> | September 30,<br>2019 | December 31,<br>2018 | \$ Change           | % Change     |
|--|-----------------------|----------------------|---------------------|--------------|
| <b>Deposits</b>                          |                       |                      |                     |              |
| Non-interest bearing demand              | \$ 2,476,392          | \$ 2,441,041         | \$ 35,351           | 1.4          |
| Interest bearing demand                  | 2,128,581             | 2,146,508            | (17,927)            | (0.8)        |
| Money market                             | 1,085,732             | 1,142,925            | (57,193)            | (5.0)        |
| Savings deposits                         | 1,698,125             | 1,645,549            | 52,576              | 3.2          |
| Certificates of deposit                  | 1,275,533             | 1,455,610            | (180,077)           | (12.4)       |
| <b>Total deposits</b>                    | <b>\$ 8,664,363</b>   | <b>\$ 8,831,633</b>  | <b>\$ (167,270)</b> | <b>(1.9)</b> |

Deposits, which represent WesBanco's primary source of funds, are offered in various account forms at various rates through WesBanco's 199 financial centers. The FDIC insures deposits up to \$250,000 per account.

Total deposits decreased by \$167.3 million or 1.9% during the first nine months of 2019. Money market deposits and interest bearing demand deposits decreased 5.0% and 0.8%, respectively, which were partially offset by savings and non-interest bearing demand deposits increasing by 3.2% and 1.4%, respectively. The growth in non-interest bearing demand deposits and savings deposits is primarily attributable to marketing, customer incentives, focused retail and business strategies to obtain more account relationships and customers' preferences for shorter-term maturities. Deposit balances were also impacted by 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. Money market deposits were influenced through WesBanco's participation in the Insured Cash Sweep (ICS®) money market deposit program. ICS® reciprocal balances totaled \$57.5 million at September 30, 2019 compared to \$61.4 million at December 31, 2018.

Certificates of deposit decreased \$180.1 million due primarily to the effects of an overall corporate strategy designed to increase and remix retail deposit relationships and reduce single-service customers with a focus on overall products that can be offered at a lower cost to WesBanco. The decline was also impacted by customer run-off from the FTSB and FFKT acquisitions. 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. CDARS® balances totaled \$35.4 million in outstanding balances at September 30, 2019, of which \$14.0 million represented one-way buys, compared to \$49.4 million in total outstanding balances at December 31, 2018, of which \$22.0 million represented one-way buys. Certificates of deposit greater than \$250,000 were approximately \$273.3 million at September 30, 2019 compared to \$323.2 million at December 31, 2018. Certificates of deposit of \$100,000 or more were approximately \$582.3 million at September 30, 2019 compared to \$684.6 million at December 31, 2018. Certificates of deposit totaling approximately \$764.4 million at September 30, 2019 with a cost of 1.22% are scheduled to mature within the next 12 months. WesBanco intends to continue to focus on its core deposit strategies and improving its overall mix of transaction accounts to total deposits. From time to time, the Bank may offer special promotions or match competitor rates on certain certificates of deposit maturities and savings products based on competition, sales strategies, liquidity needs and wholesale borrowing costs.

## BORROWINGS

TABLE 15. BORROWINGS

| <i>(unaudited, dollars in thousands)</i>       | September 30,<br>2019 | December 31,<br>2018 | \$ Change  | % Change |
|--|-----------------------|----------------------|------------|----------|
| Federal Home Loan Bank Borrowings              | \$ 1,161,092          | \$ 1,054,174         | \$ 106,918 | 10.1     |
| Other short-term borrowings                    | 325,247               | 290,522              | 34,725     | 12.0     |
| Subordinated debt and junior subordinated debt | 156,631               | 189,842              | (33,211)   | (17.5)   |
| Total  | \$ 1,642,970          | \$ 1,534,538         | \$ 108,432 | 7.1      |

While borrowings are a significant source of funding for WesBanco, they are less significant as compared to total deposits. During the first nine months of 2019, FHLB borrowings increased \$106.9 million, as \$470.0 million in new advances offset \$363.1 million in maturities, other principal paydowns and purchase accounting amortization. WesBanco extended the maturities of approximately \$470.0 million of maturing FHLB borrowings in the first nine months with a prior cost of approximately 1.24%, at current short-term FHLB rates approximating 1.87% - 2.06%.

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, were \$325.2 million at September 30, 2019 compared to \$290.5 million at December 31, 2018. The increase is primarily due to a \$28.5 million increase in overnight sweep checking accounts, coupled with a \$29.0 million increase in federal funds purchased, which were partially offset by a \$22.7 million decrease in callable repurchase agreements.

Subordinated debt and junior subordinated debt were \$156.6 million at September 30, 2019 compared to \$189.8 million at December 31, 2018. The decrease is primarily a result of the redemption of \$33.5 million in junior subordinated debt during the first nine months of 2019, which were assumed in the FFKT acquisition.

WesBanco renewed and increased a revolving line of credit in August 2019, which is a senior obligation of the parent company, with another financial institution. This line of credit, which accrues interest at an adjusted LIBOR rate, provides for aggregate unsecured borrowings of up to \$30.0 million. There were no outstanding balances at either September 30, 2019 or December 31, 2018.

## 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 12, "Commitments and Contingent Liabilities," of the Consolidated Financial Statements and the "Loans and Credit Risk" section of this MD&A for additional information.

## CAPITAL RESOURCES

Shareholders' equity increased \$122.4 million or 6.2% from \$2.0 billion at December 31, 2018. The increase resulted primarily from net income during the current nine-month period of \$122.5 million and a \$47.8 million other comprehensive income gain, which was partially offset by the declaration of common shareholder dividends totaling \$50.7 million for the nine months ended September 30, 2019. WesBanco also increased its quarterly dividend rate \$0.02 per quarter to \$0.31 per share in February, representing a 6.9% increase over the prior quarterly rate and a cumulative 121% increase since 2010.

WesBanco purchased 21,535 shares during the nine-month period ended September 30, 2019 under the current share repurchase plans. The shares were repurchased from employees for the payment of withholding taxes to facilitate stock compensation transactions. At September 30, 2019, the remaining shares authorized to be purchased under the current repurchase plans totaled 1,071,000 shares. It is anticipated that as capital continue to grow, WesBanco may become more active in utilizing its existing board share repurchase authority.

On February 27, 2019, WesBanco granted 12,000 Total Shareholder Return Plan ("TSR") shares for the performance period beginning January 1, 2019 and ending December 31, 2021 to certain executives. The award is determined at the end of the three-year period if the TSR of WesBanco common stock is equal to or greater than the 50<sup>th</sup> percentile of the TSR of the peer group. The number of shares to be earned by the participant shall be 200% of the grant-date award if the TSR of WesBanco common stock is equal to or greater than the 75<sup>th</sup> percentile of the TSR of the peer group. Upon achieving the market-based metric, shares determined to be earned by the participant become time-based and vest in three equal annual installments.

On May 15, 2019, WesBanco granted 129,850 stock options to selected officers at an exercise price of \$38.93. These options are service-based and vest 50% at December 31, 2019 and 50% at December 31, 2020. On the same date, WesBanco also issued 105,545 shares of time-based restricted stock to selected officers and 16,056 shares of performance-based restricted stock to selected officers. The time-based restricted shares are service-based and cliff-vest 36 months from the date of grant. The performance-based restricted shares have a three-year performance period, beginning January 1, 2020, based on WesBanco's return on average assets and return on average tangible common equity measured for each year, compared to a national peer group of peer financial institutions with total assets between approximately \$11 billion and \$25 billion. Earned performance-based restricted shares are also subject to additional service-based vesting with 50% vesting on May 15, 2023 after the completion of the three-year performance period and the final 50% vesting on May 15, 2024.

Regulatory guidelines require bank holding companies and commercial banks to maintain certain minimum capital ratios and define companies as "well capitalized" that sufficiently exceed the minimum ratios. At September 30, 2019, regulatory capital levels for both the Bank and WesBanco were substantially greater than the minimum amounts needed to be considered "well capitalized" under the regulations. There are various legal limitations under federal and state laws that limit the payment of dividends from the Bank to WesBanco. As of September 30, 2019, under FDIC regulations, WesBanco could receive, without prior regulatory approval, a dividend of approximately \$154.7 million from the Bank. WesBanco expects to continue to improve its consolidated and Bank capital ratios as necessary over time, to fund organic growth and acquisitions, primarily from retaining a majority of its earnings.

The following table summarizes risk-based capital amounts and ratios for WesBanco and the Bank for the periods indicated:

| <i>(unaudited, dollars in thousands)</i> | Minimum<br>Value <sup>(1)</sup> | Well<br>Capitalized<br><sup>(2)</sup> | September 30, 2019 |        | December 31, 2018 |             | Minimum<br>Amount<br><sup>(1)</sup> | Minimum<br>Amount<br><sup>(1)</sup> |
|--|---------------------------------|---------------------------------------|--------------------|--------|-------------------|-------------|-------------------------------------|-------------------------------------|
|  |                                 |                                       | Amount             | Ratio  | Amount            | Ratio       |                                     |                                     |
| <b>WesBanco, Inc.</b>                    |                                 |                                       |                    |        |                   |             |                                     |                                     |
| Tier 1 leverage                          | 4.00%                           | 5.00%                                 | \$1,305,760        | 11.30% | \$ 462,303        | \$1,258,605 | 10.74%                              | \$ 468,824                          |
| Common equity Tier 1                     | 4.50%                           | 6.50%                                 | 1,175,760          | 13.87% | 381,553           | 1,096,105   | 13.14%                              | 375,254                             |
| Tier 1 capital to risk-weighted assets   | 6.00%                           | 8.00%                                 | 1,305,760          | 15.40% | 508,737           | 1,258,605   | 15.09%                              | 500,338                             |
| Total capital to risk-weighted assets    | 8.00%                           | 10.00%                                | 1,386,955          | 16.36% | 678,317           | 1,333,503   | 15.99%                              | 667,118                             |
| <b>WesBanco Bank, Inc.</b>               |                                 |                                       |                    |        |                   |             |                                     |                                     |
| Tier 1 leverage                          | 4.00%                           | 5.00%                                 | \$1,166,677        | 10.11% | \$ 461,587        | \$1,108,600 | 9.48%                               | \$ 467,939                          |
| Common equity Tier 1                     | 4.50%                           | 6.50%                                 | 1,166,677          | 13.64% | 384,987           | 1,108,600   | 13.30%                              | 375,117                             |
| Tier 1 capital to risk-weighted assets   | 6.00%                           | 8.00%                                 | 1,166,677          | 13.64% | 513,316           | 1,108,600   | 13.30%                              | 500,156                             |
| Total capital to risk-weighted assets    | 8.00%                           | 10.00%                                | 1,247,872          | 14.59% | 684,421           | 1,183,498   | 14.20%                              | 666,874                             |

<sup>(1)</sup> Minimum requirements to remain adequately capitalized.

<sup>(2)</sup> Well-capitalized under prompt corrective action regulations.

## 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 61.2% at September 30, 2019 and deposit balances funded 68.8% of assets.

The following table lists the sources of liquidity from assets at September 30, 2019 expected within the next year:

| <i>(unaudited, in thousands)</i>  |    |           |
|---|----|-----------|
| Cash and cash equivalents   | \$ | 244,333   |
| Securities with a maturity date within the next year and callable securities  |    | 314,890   |
| Projected payments and prepayments on mortgage-backed securities and collateralized mortgage obligations <sup>(1)</sup> |    | 357,229   |
| Loans held for sale   |    | 20,715    |
| Accruing loans scheduled to mature  |    | 969,322   |
| Normal loan repayments  |    | 1,990,562 |
| Total sources of liquidity expected within the next year  | \$ | 3,897,051 |

<sup>(1)</sup> Projected prepayments are based on current prepayment speeds.

Deposit flows are another principal factor affecting overall WesBanco liquidity. Deposits totaled \$8.7 billion at September 30, 2019. 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 \$764.4 million at September 30, 2019, which includes jumbo regular certificates of deposit totaling \$346.5 million with a weighted-average cost of 1.67%, and jumbo CDARS® deposits of \$23.5 million with a weighted-average cost of 1.68%.

WesBanco maintains a line of credit with the FHLB as an additional funding source. Available credit with the FHLB approximated \$2.2 billion and \$2.3 billion at September 30, 2019 and December 31, 2018, respectively. 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. At September 30, 2019, the Bank had unpledged available-for-sale securities with an amortized cost of \$423.0 million. A portion of these securities could be sold for additional liquidity, or such securities could be pledged to secure additional FHLB borrowings. Available liquidity through the sale of investment securities is currently limited, as only approximately 19.9% of the available-for-sale portfolio is unpledged, due to the pledging agreements that WesBanco has with their public deposit customers. Public deposit balances have increased significantly through the ESB, YCB, FTSB and FFKT acquisitions. WesBanco's held-to-maturity portfolio currently contains \$580.0 million of unpledged securities. Most of these securities are tax-exempt municipal securities, which can only be pledged in limited circumstances. Except for certain limited, special circumstances, these securities cannot be sold without tainting the remainder of the held-to-maturity portfolio. If tainting occurs, all remaining securities with the held-to-maturity designation would be required to be reclassified as available-for-sale, and the held-to-maturity designation would not be available to WesBanco for some time, less dividends declared ad share repurchased.

WesBanco participates in the Federal Reserve Bank's Borrower-in-Custody Program ("BIC") whereby WesBanco pledges certain consumer loans as collateral for borrowings. At September 30, 2019, WesBanco had a BIC line of credit totaling \$193.7 million, none of which was outstanding. Alternative funding sources may include the utilization of existing overnight lines of credit with third party banks totaling \$275.0 million, of which \$29.0 million was outstanding at September 30, 2019, 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 \$325.2 million at September 30, 2019 consisted of callable repurchase agreements, overnight sweep checking accounts for large commercial customers, and federal funds purchased. There has not been a significant fluctuation in the average deposit balances of the overnight sweep checking accounts during the first nine months of 2019. 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, \$116.3 million in cash and investments on hand, and a \$30.0 million revolving line of credit with another bank, which did not have an outstanding balance at September 30, 2019. 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 September 30, 2019, under FDIC and State of West Virginia regulations, WesBanco could receive, without prior regulatory approval, dividends of approximately \$154.7 million from the Bank. Management believes these are appropriate levels of cash for the parent company 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 \$2.7 billion and \$2.5 billion at September 30, 2019 and December 31, 2018, respectively. On a historical basis, only a portion of these commitments will result in an outflow of funds. Please refer to Note 12, "Commitments and Contingent Liabilities," of the Consolidated Financial Statements and the "Loans and Credit Risk" section of this MD&A for additional information.

Federal financial regulatory agencies previously issued guidance in 2009 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 and that WesBanco's current liquidity risk management policies and procedures adequately address this guidance.

### **ITEM 3. 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 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of this report.

#### **MARKET RISK**

The primary objective of WesBanco's Asset/Liability Committee ("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 bond 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 is a Board-level committee with both Board and executive management representation. It is responsible for monitoring and managing interest rate risk within Board-approved policy limits, utilizing earnings sensitivity simulation and shareholders' equity economic value-at-risk models. These models are 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, reviewed and documented at least quarterly by the ALCO.

The earnings sensitivity 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, call dates, changes to deposit product betas and non-maturity deposit decay rates, which may not necessarily reflect the manner in which actual cash flows, yields, and costs respond to changes in market interest rates. Assumptions are based on historical experience, current market rates and economic forecasts and are internally back-tested and periodically reviewed by a third-party consultant. The net interest income sensitivity results presented in Table 1, "Net Interest Income Sensitivity," assumes that the balance sheet 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, this analysis does not consider actions that management might employ in response to changes in interest rates, as well as changes in earning asset and costing liability balances.



Management is aware of the significant effect that 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, costs and terms of its various products and services, as well as competitive factors by approving new products and services or adjusting the availability of existing products and services.

Interest rate risk policy limits are determined by measuring the anticipated change in net interest income over a twelve-month period, assuming immediate and sustained market interest rate increases and decreases of 100 - 400 basis points across the entire yield curve, as compared to a stable rate environment or base model. WesBanco's current policy limits this exposure for the noted interest rate changes to a reduction of between 10% - 20% or less of net interest income from the stable rate base model over a twelve-month period. The table below shows WesBanco's interest rate sensitivity at September 30, 2019 and December 31, 2018, assuming the above-noted interest rate increases as compared to a base model. In the current interest rate environment, particularly for short-term rates, the 200 - 400 basis point decreasing changes for September 30, 2019 and the 300 - 400 basis point decreasing changes for December 31, 2018 are not shown due to the unrealistic nature of results associated with short-term negative rates.

**TABLE 1. NET INTEREST INCOME SENSITIVITY**

| Immediate Change in<br>Interest Rates<br>(basis points) | Percentage Change in<br>Net Interest Income from Base over One Year |                   | ALCO<br>Guidelines |
|---|---|-------------------|--------------------|
|   | September 30, 2019  | December 31, 2018 |                    |
| +400  | 10.8%   | 7.6%              | (20.0%)            |
| +300  | 8.7%  | 6.4%              | (15.0%)            |
| +200  | 6.2%  | 3.9%              | (12.5%)            |
| +100  | 3.6%  | 2.1%              | (10.0%)            |
| -100  | (5.9%)  | (2.1%)            | (10.0%)            |
| -200  | N/A   | (5.8%)            | (12.5%)            |

As per the table above, the earnings sensitivity simulation model at September 30, 2019 currently projects that net interest income for the next twelve-month period would decrease by 5.9% if interest rates were to fall immediately by 100 basis points, compared to a decrease of 2.1% - 5.8% if rates were to fall between 100 - 200 basis points as of December 31, 2018. For rising rate scenarios, net interest income would increase by between 3.6% - 10.8% if rates were to increase by between 100 - 400 basis points as of September 30, 2019, compared to increases of between 2.1% - 7.6% as of December 31, 2018. The higher asset sensitivity is due to the impact of the lower rate and yield curve environment on base case net interest income and the related calculation of parallel rate shock changes in rising and falling rate scenarios.

In addition to the aforementioned parallel rate shock earnings sensitivity simulation model, ALCO also reviews a "dynamic" forecast scenario to project net interest income over a rolling two-year time period. This forecast is updated at least quarterly, incorporating revisions and updated assumptions into the model for estimated loan and deposit growth, expected balance sheet re-mixing strategies, changes in forecasted rates for various maturities, competitive market spreads for various products and other assumptions. Such modeling assists in predicting changes in forecasted outcomes and potential adjustments to the plan to assist in achieving earnings goals.

The balance sheet shows somewhat higher asset sensitivity as of September 30, 2019, as compared to December 31, 2018, with differences resulting from changes in the mix of, and growth in, various earning assets and costing liabilities, as well as adjustments for various modeling assumptions such as deposit beta rates, decay rates for non-maturity deposits and loan prepayment speeds. Generally, deposit betas utilized in the parallel rate shock and "most likely" models are estimated at a higher percentage for potential rate increase scenarios than has been the Bank's experience to date through nine federal funds rate increases from 2015 - 2018, in acknowledgement of competitive factors in our market areas and as public funds and institutional contract terms are renewed upon customer request or at maturity. The total deposit beta for interest-bearing transaction accounts, other than certificates of deposit, was 40% or 10 basis points for the trailing twelve months, reflecting a lag for the several rate increases experienced in 2018 to the first half of 2019. Deposit decay rates and loan prepayment speeds are adjusted periodically for loans and non-maturity deposit products. Indicated model asset sensitivity in rising rate scenarios may be less than anticipated due to slower prepayment speeds, rate floors, below forecast loan yields, spread compression between new asset yields and funding costs, mortgage-related extension risk and other factors. In a decreasing rate environment, the Company's asset sensitivity may have greater impact on the margin than currently modeled as prepayment speeds increase, customers refinancing or request rate reductions on existing loans, estimated deposit betas do not perform as modeled, or for other reasons. Commercial loans with floors currently average 4.26% on approximately \$1.4 billion or 28% of total commercial loans at September 30, 2019, as compared to \$1.5 billion averaging 4.27% or 29% of commercial loans at December 31, 2018. Approximately 38% or \$538.8 million of these loans are currently priced at their floor, as compared to 38% or \$570.5 million at December 31, 2018. These loans typically do not adjust as rapidly from their current floor level as compared to loans without floors, due to the amount of the rate change as compared to the floor rate, or for reasons related to next repricing dates, although some customers may request rates below existing contractual floors, which we may grant for competitive reasons.

WesBanco also periodically measures the economic value of equity (“EVE”), which is defined as the market value of tangible equity in various rate scenarios. Generally, changes in the economic value of equity relate to changes in various assets and liabilities, changes in the yield curve, as well as changes in loan prepayment speeds and deposit decay rates. The following table presents these results and WesBanco’s policy limits as of September 30, 2019 and December 31, 2018, with the change since year-end related to significant changes in interest rates and their impact upon the fair values of earning assets and costing liabilities:

| Immediate Change in<br>Interest Rates<br>(basis points) | Percentage Change in<br>Economic Value of Equity from Base over One Year |                   | ALCO<br>Guidelines |
|---|--|-------------------|--------------------|
|   | September 30, 2019   | December 31, 2018 |                    |
| +400  | 5.9%   | (17.2%)           | (40.0%)            |
| +300  | 6.2%   | (12.6%)           | (30.0%)            |
| +200  | 6.3%   | (10.8%)           | (20.0%)            |
| +100  | 5.3%   | (4.8%)            | (10.0%)            |
| -100  | (9.7%)   | 2.7%              | (10.0%)            |
| -200  | N/A  | 2.3%              | (20.0%)            |

The net interest margin increased 20 basis points for the first nine months of 2019 to 3.64% as compared to the same period last year and 6 basis points for the third quarter to 3.56% compared to last year, while it was 11 basis points below the second quarter’s net interest margin of 3.67%. The increase from last year’s first nine months and third quarter was primarily due to higher non-interest bearing deposits, lower than projected deposit betas and the contribution from FFKT’s higher margin assets post-acquisition, plus higher purchase accounting from acquisitions. The core net interest margin, net of purchase accounting-related accretion, was 3.43% and 3.47% for the three and nine month periods, respectively, as compared to 3.39% and 3.34% last year. It was six basis points lower than the second quarter’s 3.49%. Currently, the federal funds market is anticipating that the Federal Reserve Board may decrease short-term rates by 25 - 50 basis points prior to year-end or in the first quarter of 2020, which if such scenario occurs, would result in lower net interest income and margin, as the Company remains asset sensitive, suggesting that earning assets repricing downward may occur at a faster pace than reductions in deposit or borrowing rates. The current flat-to-inverted yield curve environment has reduced our base case assumption about net interest income and margin for the balance of the year as compared to expectations in the fourth quarter of 2018, which anticipated a continuing rising rate environment and a higher core margin. It is currently expected that the core net interest margin will slightly decline by a few basis points over the remainder of the year, excluding purchase accounting. On a total margin basis including purchase accounting accretion, the margin may decline several basis points as such accretion diminishes over time. Management’s modeling currently includes one 25 basis point decrease in the federal funds rate over the remainder of the year. The shape of the yield curve, changes to deposit betas or rates beyond current modeling assumptions as well as an inability to lower deposit rates in a declining rate scenario, or adjustments to the mix of earning assets and costing liabilities, may have a negative impact on management’s estimates of the future direction and level of the net interest margin.

Certificates of deposit totaling approximately \$764.4 million mature within the next year at an average cost of 1.22%; replacement borrowings are currently more expensive than the average runoff rate of these certificates of deposit. Maturing borrowings’ replacement rates are generally slightly lower than the cost of the maturing borrowings’ average rate as short-term rates decline; however, management may elect to lengthen the maturing borrowings’ terms at a higher cost for liquidity and/or asset/liability management purposes. Transaction account growth helps to control such factors and limit overall deposit costs.

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 swap strategies as necessary to lengthen liabilities, offset mismatches in various asset maturities and manage liquidity. CDARS® and ICS® deposits also may be utilized for similar purposes for certain customers seeking higher-yielding instruments or maintaining deposit levels below FDIC insurance limits. Significant balance sheet strategies to assist in managing the net interest margin in the current interest rate environment include:

- increasing total loans, particularly commercial and home equity loans that have variable or adjustable features;
- selling a percentage of longer-term residential mortgage loan production into the secondary market;
- growing demand deposit account types to increase the relative portion of these account types to total deposits;
- employing back-to-back loan swaps for certain commercial loan customers desiring a term fixed rate loan equivalent with the Bank receiving a variable rate;
- adjusting FHLB short-term maturing borrowings to balance asset/liability mismatches;
- using the CDARS® and ICS® deposit programs to manage funding needs and overall liability mix, and
- adjusting the size, mix or duration of the investment portfolio as part of liquidity and balance sheet management strategies.

In anticipation of the potential discontinuance of the London Interbank Offered Rate (LIBOR) at the end of 2021, WesBanco has created a LIBOR transition committee, which has broken the Company’s transition efforts into two phases. The first phase is adding additional language to new loans that allows WesBanco to replace LIBOR with an equivalent rate index and adjust the margin to ensure the resulting interest rate is the same as it previously was using LIBOR. Also included in the first phase is WesBanco transitioning from the LIBOR swap curve to treasury rates when repricing certain loans. The second phase is transitioning current variable loans tied to LIBOR or on a LIBOR swap curve. WesBanco is currently quantifying the dollar amount and number of loans that extend beyond 2021.

#### ITEM 4. CONTROLS AND PROCEDURES

**EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**— WesBanco’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have concluded that WesBanco’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), based on their evaluation of these controls and procedures as of the end of the period covered by this Form 10-Q, are effective to ensure that information required to be disclosed by WesBanco in the reports it files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to WesBanco’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

**LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS**— WesBanco’s management, including the CEO and CFO, does not expect that WesBanco’s disclosure controls and internal controls will prevent all errors and all fraud. While WesBanco’s disclosure controls and procedures are designed to provide reasonable assurance of achieving their objective, no control system, no matter how well conceived and operated, can provide absolute assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

**CHANGES IN INTERNAL CONTROLS**—There were no changes in WesBanco’s internal control over financial reporting that occurred during our fiscal quarter ended September 30, 2019 as required to be reported by paragraph (d) of Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, that materially affected, or are reasonably likely to materially affect, WesBanco’s internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Old Line Bancshares, Inc. (“Old Line”) and its individual directors were named as defendants in a suit filed on October 1, 2019, styled *Gabriel v. Old Line Bancshares, Inc.*, Case No. 19-CV-9095, in the United States District Court for the Southern District of New York, alleging violations of the Securities Exchange Act of 1934 in connection with the proposed transactions contemplated by the previously announced Agreement and Plan of Merger, dated as of July 23, 2019, by and among Wesbanco, Inc. (“Wesbanco”), Wesbanco Bank, Inc., Old Line, and Old Line Bank, pursuant to which Old Line will merge with and into Wesbanco (the “Merger”). The complaint alleges, among other things, that the proxy material filed by Old Line Bancshares in connection with the special meeting of Old Line stockholders to consider the Merger contained materially misleading and incomplete information. The complaint seeks injunctive relief and damages. By Order entered October 7, 2019, the District Court established a deadline of October 10, 2019, for the filing of a request for a preliminary injunction and no such motion was timely filed. Wesbanco does not believe that a material risk to the proposed Merger related to such proceeding is reasonably possible. However, at this time, it is not possible to predict the outcome of the lawsuit or the impact, if any, on Wesbanco, Old Line Bancshares or the Merger.

WesBanco is involved in various 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As of September 30, 2019, 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.

The following table presents the monthly share purchase activity during the quarter ended September 30, 2019:

| Period   | Total Number<br>of Shares<br>Purchased | Average<br>Price Paid<br>per Share | Total Number<br>of Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans | Maximum<br>Number of<br>Shares that<br>May Yet<br>Be Purchased<br>Under the<br>Plans |
|--|--|------------------------------------|--|--|
| Balance at June 30, 2019                       |  |                                    |  | 1,076,780  |
| <b>July 1, 2019 to July 31, 2019</b>           |  |                                    |  |  |
| Open market repurchases                        | —                                      | —                                  | —  | 1,076,780  |
| Other transactions (1)                         | 21,661                                 | \$ 38.82                           | N/A  | N/A  |
| <b>August 1, 2019 to August 31, 2019</b>       |  |                                    |  |  |
| Open market repurchases                        | —                                      | —                                  | —  | 1,076,780  |
| Other transactions (1)                         | 1,867                                  | \$ 34.56                           | N/A  | N/A  |
| <b>September 1, 2019 to September 30, 2019</b> |  |                                    |  |  |
| Open market repurchases                        | —                                      | —                                  | —  | 1,076,780  |
| Other repurchases (2)                          | 5,780                                  | \$ 36.02                           | 5,780  | 1,071,000  |
| Other transactions (1)                         | 1,589                                  | 36.72                              | N/A  | N/A  |
| <b>Third Quarter 2019</b>                      |  |                                    |  |  |
| Open market repurchases                        | —                                      | —                                  | —  | 1,076,780  |
| Other repurchases (2)                          | 5,780                                  | \$ 36.02                           | 5,780  | 1,071,000  |
| Other transactions (1)                         | 25,117                                 | 38.37                              | —  | —  |
| Total  | 30,897                                 | \$ 37.93                           | 5,780  | 1,071,000  |

(1) Consists of open market purchases transacted for employee benefit and dividend reinvestment plans.

(2) Consists of shares purchased from employees for the payment of withholding taxes to facilitate a vested restricted stock compensation transaction.

N/A – Not applicable

## ITEM 6. EXHIBITS

- 2.1 [Agreement and Plan of Merger dated July 23, 2019 by and between Wesbanco, Inc., Wesbanco Bank, Inc., Old Line Bancshares, Inc. and Old Line Bancshares, Inc. \(incorporated by reference to Exhibit 2.1 of Form 8-K filed by Wesbanco, Inc. with the Securities and Exchange Commission on July 23, 2019\).](#)
- 10.1 [Amendment to Loan Documents between Wesbanco, Inc. and PNC Bank, National Association \(incorporated by reference to Exhibit 10.1 of Form 8-K filed by Wesbanco, Inc. with the Securities and Exchange Commission on September 6, 2019\).](#)
- 10.2 [Amended and Restated Committed Line of Credit Note between Wesbanco, Inc. and PNC Bank, National Association \(incorporated by reference to Exhibit 10.2 of Form 8-K filed by Wesbanco, Inc. with the Securities and Exchange Commission on September 6, 2019\).](#)
- 31.1 [Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-15\(e\) or Rule 15d-15\(e\).](#)
- 31.2 [Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-15\(e\) or Rule 15d-15\(e\).](#)
- 32.1 [Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### WESBANCO, INC.

Date: October 31, 2019

/s/ Todd F. Clossin  
Todd F. Clossin  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: October 31, 2019

/s/ Robert H. Young  
Robert H. Young  
Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

53

[\(Back To Top\)](#)

## Section 2: EX-31.1 (EX-31.1)

EXHIBIT 31.1

### CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF PERIODIC REPORT PURSUANT TO RULE 13a-15(e) or RULE 15d-15(e)

I, Todd F. Clossin, certify that:

1. I have reviewed this Report on Form 10-Q of WesBanco, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing similar functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2019

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

[\(Back To Top\)](#)

## Section 3: EX-31.2 (EX-31.2)

EXHIBIT 31.2

### CERTIFICATION OF CHIEF FINANCIAL OFFICER OF PERIODIC REPORT PURSUANT TO RULE 13a-15(e) or RULE 15d-15(e)

I, Robert H. Young, certify that:

1. I have reviewed this Report on Form 10-Q of WesBanco, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing similar functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2019

/s/ Robert H. Young

Robert H. Young

Executive Vice President and Chief Financial Officer

[\(Back To Top\)](#)

## Section 4: EX-32.1 (EX-32.1)

EXHIBIT 32.1

### CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of WesBanco, Inc. on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of WesBanco, Inc.

Date: October 31, 2019

/s/ Todd F. Clossin

Todd F. Clossin

President and Chief Executive Officer

Date: October 31, 2019

/s/ Robert H. Young

Robert H. Young

Executive Vice President and Chief Financial Officer

The forgoing certifications are being furnished solely pursuant to Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

[\(Back To Top\)](#)