**Table of Contents**

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**For the quarterly period ended September 30, 2010**

**or**

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**For the transition period ______**

**Commission File Number: 0-13322**

# United Bankshares, Inc.

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **West Virginia** | **55-0641179** |
| **(State or other jurisdiction of** | **(I.R.S. Employer** |
| **incorporation or organization)** | **Identification No.)** |
| **300 United Center** | **25301** |

**500 Virginia Street, East**

**Charleston, West Virginia**
**(Address of Principal Executive Offices)** **Zip Code**
**Registrant s Telephone Number, including Area Code: (304) 424-8800**

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 x No ¨

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

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

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

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class - Common Stock, $2.50 Par Value; **43,605,957** shares outstanding as of **October 31, 2010**.

Table of Contents

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

**FORM 10-Q**

**TABLE OF CONTENTS**

**Table of Contents**

## PART I - FINANCIAL INFORMATION

### Item 1. FINANCIAL STATEMENTS (UNAUDITED)

The September 30, 2010 and December 31, 2009, consolidated balance sheets of United Bankshares, Inc. and Subsidiaries ( United or the Company ), consolidated statements of income for the three and nine months ended September 30, 2010 and 2009, the related consolidated statement of changes in shareholders equity for the nine months ended September 30, 2010, the related condensed consolidated statements of cash flows for the nine months ended September 30, 2010 and 2009, and the notes to consolidated financial statements appear on the following pages.

**Table of Contents**

**CONSOLIDATED BALANCE SHEETS**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

**(Dollars in thousands, except par value)**

| | September 30 2010 (Unaudited) | December 31 2009 (Note 1) |
|---|---|---|
| **Assets** | | |
| Cash and due from banks | $ 125,295 | $ 134,605 |
| Interest-bearing deposits with other banks | 586,550 | 314,445 |
| Federal funds sold | 717 | 717 |
| Total cash and cash equivalents | 712,562 | 449,767 |
| Securities available for sale at estimated fair value (amortized cost-$810,630 at September 30, 2010 and $879,542 at December 31, 2009) | 745,079 | 811,777 |
| Securities held to maturity (estimated fair value-$64,890 at September 30, 2010 and $70,535 at December 31, 2009) | 67,496 | 77,421 |
| Other investment securities | 78,413 | 77,722 |
| Loans held for sale | 1,788 | 5,284 |
| Loans | 5,327,215 | 5,740,778 |
| Less: Unearned income | (3,197) | (3,969) |
| Loans net of unearned income | 5,324,018 | 5,736,809 |
| Less: Allowance for loan losses | (70,923) | (67,853) |
| Net loans | 5,253,095 | 5,668,956 |
| Bank premises and equipment | 55,989 | 57,527 |
| Goodwill | 311,834 | 312,069 |
| Accrued interest receivable | 24,388 | 27,158 |
| Other assets | 322,376 | 317,420 |
| TOTAL ASSETS | $ 7,573,020 | $ 7,805,101 |
| **Liabilities** | | |
| Deposits: | | |
| Noninterest-bearing | $ 1,156,167 | $ 1,108,157 |
| Interest-bearing | 4,542,216 | 4,862,943 |
| Total deposits | 5,698,383 | 5,971,100 |
| Borrowings: | | |
| Federal funds purchased | 22,765 | 7,835 |
| Securities sold under agreements to repurchase | 304,576 | 211,659 |
| Federal Home Loan Bank borrowings | 511,955 | 587,213 |
| Other short-term borrowings | 2,194 | 3,450 |
| Other long-term borrowings | 184,403 | 184,722 |
| Allowance for lending-related commitments | 1,883 | 2,157 |
| Accrued expenses and other liabilities | 62,234 | 75,415 |
| TOTAL LIABILITIES | 6,788,393 | 7,043,551 |

| | | |
|---|---|---|
| **Shareholders Equity** | | |
| Preferred stock, $1.00 par value; Authorized-50,000,000 shares, none issued | | |
| Common stock, $2.50 par value; Authorized-100,000,000 shares; issued-44,319,157 at September 30, 2010 and December 31, 2009, including 721,650 and 881,419 shares in treasury at September 30, 2010 and December 31, 2009, respectively | 110,798 | 110,798 |
| Surplus | 93,658 | 95,284 |
| Retained earnings | 667,057 | 653,613 |
| Accumulated other comprehensive loss | (62,206) | (68,383) |
| Treasury stock, at cost | (24,680) | (29,762) |
| TOTAL SHAREHOLDERS EQUITY | 784,627 | 761,550 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | $ 7,573,020 | $ 7,805,101 |

See notes to consolidated unaudited financial statements.

Table of Contents

**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

**(Dollars in thousands, except per share data)**

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| **Interest income** | | | | |
| Interest and fees on loans | $ 70,121 | $ 77,484 | $ 214,580 | $ 233,971 |
| Interest on federal funds sold and other short-term investments | 347 | 60 | 910 | 106 |
| Interest and dividends on securities: | | | | |
| Taxable | 8,303 | 10,696 | 27,063 | 36,801 |
| Tax-exempt | 1,118 | 2,187 | 3,621 | 6,786 |
| Total interest income | 79,889 | 90,427 | 246,174 | 277,664 |
| **Interest expense** | | | | |
| Interest on deposits | 13,255 | 19,843 | 43,675 | 65,001 |
| Interest on short-term borrowings | 57 | 46 | 134 | 599 |
| Interest on long-term borrowings | 7,595 | 9,215 | 22,740 | 27,615 |
| Total interest expense | 20,907 | 29,104 | 66,549 | 93,215 |
| Net interest income | 58,982 | 61,323 | 179,625 | 184,449 |
| Provision for credit losses | 6,123 | 8,067 | 19,391 | 39,346 |
| Net interest income after provision for credit losses | 52,859 | 53,256 | 160,234 | 145,103 |
| **Other income** | | | | |
| Fees from trust and brokerage services | 3,215 | 3,142 | 9,948 | 10,242 |
| Fees from deposit services | 10,098 | 10,566 | 29,439 | 30,124 |
| Bankcard fees and merchant discounts | 1,093 | 1,104 | 3,213 | 3,085 |
| Other service charges, commissions, and fees | 508 | 470 | 1,356 | 1,447 |
| Income from bank-owned life insurance | 1,282 | 1,051 | 3,495 | 2,289 |
| Income from mortgage banking | 118 | 172 | 359 | 476 |
| Other income | 1,108 | 896 | 3,447 | 4,204 |
| Total other-than-temporary impairment losses | (10,364) | (15,903) | (24,347) | (17,135) |
| Portion of loss recognized in other comprehensive income | 8,500 | 4,943 | 19,901 | 4,943 |
| Net other-than-temporary impairment losses | (1,864) | (10,960) | (4,446) | (12,192) |
| Net gains on sales/calls of investment securities | 132 | 82 | 2,036 | 88 |
| Net investment securities losses | (1,732) | (10,878) | (2,410) | (12,104) |
| Total other income | 15,690 | 6,523 | 48,847 | 39,763 |
| **Other expense** | | | | |
| Employee compensation | 14,613 | 14,735 | 44,362 | 44,433 |
| Employee benefits | 4,128 | 4,818 | 12,954 | 14,441 |

| | | | | |
|---|---|---|---|---|
| Net occupancy expense | 4,187 | 4,124 | 13,132 | 12,830 |
| Other real estate owned (OREO) expense | 2,001 | 1,576 | 6,269 | 3,682 |
| Equipment expense | 1,517 | 1,544 | 4,335 | 4,458 |
| Data processing expense | 2,594 | 2,761 | 8,161 | 8,043 |
| Bankcard processing expense | 765 | 793 | 2,336 | 2,381 |
| FDIC insurance expense | 2,456 | 2,004 | 7,304 | 6,871 |
| Other expense | 11,637 | 11,319 | 33,984 | 34,047 |
| Total other expense | 43,898 | 43,674 | 132,837 | 131,186 |
| Income before income taxes | 24,651 | 16,105 | 76,244 | 53,680 |
| Income taxes | 7,335 | 4,040 | 23,587 | 3,826 |
| Net income | $ 17,316 | $ 12,065 | $ 52,657 | $ 49,854 |

5

**Table of Contents**

**CONSOLIDATED STATEMENTS OF INCOME (Unaudited) (continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

**(Dollars in thousands, except per share data)**

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| Earnings per common share: | | | | |
| Basic | $ 0.40 | $ 0.28 | $ 1.21 | $ 1.15 |
| Diluted | $ 0.40 | $ 0.28 | $ 1.21 | $ 1.15 |
| Dividends per common share | $ 0.30 | $ 0.29 | $ 0.90 | $ 0.87 |
| Average outstanding shares: | | | | |
| Basic | 43,588,021 | 43,410,532 | 43,528,210 | 43,404,920 |
| Diluted | 43,645,653 | 43,455,723 | 43,607,091 | 43,457,258 |

See notes to consolidated unaudited financial statements.

6

Table of Contents

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

**(Dollars in thousands, except per share data)**

| | Nine Months Ended September 30, 2010 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Accumulated Other | | |
| | Shares | Par Value | Surplus | Retained Earnings | Comprehensive Income (Loss) | Treasury Stock | Total Shareholders Equity |
| Balance at January 1, 2010 | 44,319,157 | $ 110,798 | $ 95,284 | $ 653,613 | ($ 68,383) | ($ 29,762) | $ 761,550 |
| Comprehensive income: | | | | | | | |
| Net income | | | | 52,657 | | | 52,657 |
| Other comprehensive income, net of tax | | | | | 6,177 | | 6,177 |
| Total comprehensive income, net of tax | | | | | | | 58,834 |
| Stock based compensation expense | | | 774 | | | | 774 |
| Purchase of treasury stock (4,953 shares) | | | | | | (139) | (139) |
| Distribution of treasury stock for deferred compensation plan (28,466 shares) | | | | | | 520 | 520 |
| Cash dividends ($0.90 per share) | | | | (39,213) | | | (39,213) |
| Common stock options exercised (136,256 shares) | | | (2,400) | | | 4,701 | 2,301 |
| Balance at September 30, 2010 | 44,319,157 | $ 110,798 | $ 93,658 | $ 667,057 | ($ 62,206) | ($ 24,680) | $ 784,627 |

See notes to consolidated unaudited financial statements.

Table of Contents

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

**(Dollars in thousands)**

| | Nine Months Ended September 30 2010 | 2009 |
|---|---|---|
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $ 70,660 | $ 50,317 |
| **INVESTING ACTIVITIES** | | |
| Proceeds from maturities and calls of securities held to maturity | 6,016 | 14,751 |
| Proceeds from sales of securities held to maturity | 3,018 | |
| Proceeds from sales of securities available for sale | 55,340 | 4,851 |
| Proceeds from maturities and calls of securities available for sale | 695,007 | 320,883 |
| Purchases of securities available for sale | (686,014) | (141,376) |
| Net purchases of bank premises and equipment | (2,368) | (4,030) |
| Net change in other investment securities | 1,925 | (161) |
| Net change in loans | 396,735 | 193,107 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 469,659 | 388,025 |
| **FINANCING ACTIVITIES** | | |
| Cash dividends paid | (39,174) | (37,783) |
| Excess tax benefits from stock-based compensation arrangements | 389 | 168 |
| Acquisition of treasury stock | (12) | (1,167) |
| Proceeds from exercise of stock options | 2,137 | 449 |
| Repayment of long-term Federal Home Loan Bank borrowings | (75,258) | (241) |
| Distribution of treasury stock for deferred compensation plan | 520 | 536 |
| Changes in: | | |
| Deposits | (272,717) | 374,712 |
| Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings | 106,591 | (410,843) |
| NET CASH USED IN FINANCING ACTIVITIES | (277,524) | (74,169) |
| Increase in cash and cash equivalents | 262,795 | 364,173 |
| Cash and cash equivalents at beginning of year | 449,767 | 213,534 |
| Cash and cash equivalents at end of period | $ 712,562 | $ 577,707 |

See notes to consolidated unaudited financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

**1. GENERAL**

The accompanying unaudited consolidated interim financial statements of United Bankshares, Inc. and Subsidiaries ( United or the Company ) have been prepared in accordance with accounting principles for interim financial information generally accepted in the United States and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, the financial statements do not contain all of the information and footnotes required by accounting principles generally accepted in the United States. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements presented as of September 30, 2010 and 2009 and for the three-month and nine-month periods then ended have not been audited. The consolidated balance sheet as of December 31, 2009 has been extracted from the audited financial statements included in United s 2009 Annual Report to Shareholders. The accounting and reporting policies followed in the presentation of these financial statements are consistent with those applied in the preparation of the 2009 Annual Report of United on Form 10-K. In the opinion of management, all adjustments necessary for a fair presentation of financial position and results of operations for the interim periods have been made. Such adjustments are of a normal and recurring nature.

On June 29, 2009, the Financial Accounting Standards Board (FASB) issued an accounting pronouncement that established the Accounting Standards Codification (ASC). The accounting pronouncement stated that the FASB Accounting Standards Codification (ASC) becomes the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by all nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also source of authoritative GAAP for SEC registrants. This pronouncement, which was subsequently codified as ASC topic 105, Generally Accepted Accounting Principles, was effective for financial statements issued for interim and annual periods after September 15, 2009. On the effective date, the Codification superseded all then-existing non-SEC accounting and reporting standards and references herein to authoritative accounting pronouncements have been updated accordingly.

The accompanying consolidated interim financial statements include the accounts of United and its wholly owned subsidiaries. United considers all of its principal business activities to be bank related. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. Dollars are in thousands, except per share and share data or unless otherwise noted.

***New Accounting Standards***

In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-01, Equity (ASC topic 505): Accounting for Distributions to Shareholders With Components of Stock and Cash a consensus of the FASB Emerging Issues Task Force. ASU 2010-01 clarifies that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend. ASU 2010-01 is effective for interim and annual periods ending on or after December 15, 2009 and should be applied on a retrospective basis. United adopted ASU 2010-01 as required. The adoption did not have a material impact on United s consolidated financial statements.

In January 2010, the FASB issued ASU 2010-02, Consolidation (ASC topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary a Scope Clarification. ASU 2010-02 amends ASC subtopic 810-10 to address implementation issues related to changes in ownership provisions, including clarifying the scope of the

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

decrease in ownership and additional disclosures. ASU 2010-02 is effective beginning in the period that an entity adopts Statement 160. If an entity has previously adopted Statement 160, ASU 2010-02 is effective beginning in the first interim or annual reporting period ending on or after December 15, 2009, and should be applied retrospectively to the first period Statement 160 was adopted. United adopted ASU 2010-02 on January 1, 2010 as required. The adoption did not have a material impact on United s consolidated financial statements.

In January 2010, the FASB issued ASU 2010-04, Accounting for Various Topics Technical Corrections to SEC Paragraphs. ASU 2010-04 makes technical corrections to existing SEC guidance, including the following topics: accounting for subsequent investments, termination of an interest rate swap, issuance of financial statements subsequent events, use of residential method to value acquired assets other than goodwill, adjustments in assets and liabilities for holding gains and losses, and selections of discount rate used for measuring defined benefit obligation. United adopted ASU 2010-04 during the first quarter of 2010. The adoption did not have a material impact on United s consolidated financial statements.

In January 2010, the FASB issued ASU 2010-05, Compensation Stock Compensation (ASC topic 718): Escrowed Share Arrangements and the Presumption of Compensation. ASU 2010-05 updates existing guidance to address the SEC staff s views on overcoming the presumption that for certain shareholders escrowed share arrangements represent compensation. United adopted ASU 2010-05 during the first quarter of 2010. The adoption did not have a material impact on United s consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, Fair Value Measurements and Disclosures (ASC topic 820): Improving Disclosures About Fair Value Measurements. ASU 2010-06 amends ASC subtopic 820-10 to clarify existing disclosures, require new disclosures, and include conforming amendments to guidance on employers disclosures about postretirement benefit plan assets. ASU 2010-06 is effective for interim and annual periods beginning after December 15, 2009, except for disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. United adopted the provisions of ASU 2010-06 which were required to be adopted in the first quarter of 2010. The adoption did not have a material impact on United s consolidated financial statements. United does not expect the adoption of the remaining provisions of ASU 2010-06 to have a material impact on its consolidated financial statements.

In February 2010, the FASB issued ASU 2010-08, Technical Corrections to Various Topics. ASU 2010-08 clarifies guidance on embedded derivatives and hedging. ASU 2010-08 is effective for interim and annual periods beginning after December 15, 2009. United adopted ASU 2010-08 on January 1, 2010 as required. The adoption did not have a material impact on United s consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09, Subsequent Events (ASC topic 855): Amendments to Certain Recognition and Disclosure Requirements. This guidance removes the requirement for a SEC filer to disclose a date through which subsequent events have been evaluated in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of GAAP. ASU 2010-09 is intended to remove potential conflicts with the SEC s literature and all of the amendments are effective upon issuance, except for the use of the issued date for conduit debt obligors, which will be effective for interim or annual periods ending after June 15, 2010. United adopted ASU 2010-09 during the second quarter of 2010. The adoption did not have a material impact on United s consolidated financial statements.

In March 2010, the FASB issued ASU 2010-10, Amendments for Certain Investment Funds , to indefinitely defer the effective date for applying FASB Statement 167, Amendments to FASB Interpretation No. 46(R) (included in ASC topic 810, Consolidation in the Variable Interest Entities subsections), for certain investment funds.

Table of Contents

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

In March 2010, the FASB issued ASU 2010-11, Derivatives and Hedging (ASC topic 815): Scope Exception Related to Embedded Credit Derivatives , to address questions raised in practice about the intended breadth of the embedded credit derivative scope exception in ASC topic 815. The amended guidance clarifies that the scope exception does not apply to contracts that contain an embedded credit derivative related to the transfer of credit risk that is not only in the form of subordination of one financial instrument to another. ASU 2010-11 was effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. United adopted ASU 2010-11 on July 1, 2010 as required. The adoption did not have a material impact on United s consolidated financial statements.

In April 2010, the FASB issued ASU No. 2010-18, Receivables (ASC topic 310): Effect of a Loan Modification When the Loan Is Part of a Pool That is Accounted for as a Single Asset . This ASU clarifies that modifications of loans that are accounted for within a pool under ASC topic 310 do not result in the removal of those loans from the pool even if the modification of those loans would otherwise be considered a troubled debt restructuring. An entity will continue to be required to consider whether the pool of assets in which the loan is included is impaired if expected cash flows for the pool change. No additional disclosures are required with this ASU. The amendments in this ASU are effective for modifications of loans accounted for within pools under ASC topic 310 occurring in the first interim or annual period ending on or after July 15, 2010. The amendments are to be applied prospectively and early application is permitted. Upon initial adoption of the guidance in this ASU, an entity may make a onetime election to terminate accounting for loans as a pool under ASC topic 310. This election may be applied on a pool-by-pool basis and does not preclude an entity from applying pool accounting to subsequent acquisitions of loans with credit deterioration. United does not expect the ASU 2010-18 to have a material impact on its consolidated financial statements.

In July 2010, the FASB issued ASU No. 2010-20, Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses, which requires significant new disclosures about the allowance for credit losses and the credit quality of financing receivables. The requirements are intended to enhance transparency regarding credit losses and the credit quality of loan and lease receivables. Under this statement, allowance for credit losses and fair value are to be disclosed by portfolio segment, while credit quality information, impaired financing receivables and nonaccrual status are to be presented by class of financing receivable. Disclosure of the nature and extent, the financial impact and segment information of troubled debt restructurings will also be required. The disclosures are to be presented at the level of disaggregation that management uses when assessing and monitoring the portfolio s risk and performance. ASU 2010-20 is effective for interim and annual reporting periods after December 15, 2010. United will include these disclosures in the notes to the financial statements of its December 31, 2010 Form 10-K. As ASU 2010-20 amends only the disclosure requirements for loans and leases and the allowance for credit losses, the adoption will have no impact on United s consolidated financial statements.

**2. INVESTMENT SECURITIES**

Securities held for indefinite periods of time and all marketable equity securities are classified as available for sale and carried at estimated fair value. The amortized cost and estimated fair values of securities available for sale are summarized on the following page.

Table of Contents

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

| | September 30, 2010 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| U.S. Treasury securities and obligations of U.S. Government corporations and agencies | $ 125,946 | $ 25 | $ | $ 125,971 |
| State and political subdivisions | 83,503 | 4,809 | 17 | 88,295 |
| Residential mortgage-backed securities | | | | |
| Agency | 354,761 | 16,708 | 6 | 371,463 |
| Non-agency | 96,658 | 1,433 | 5,713 | 92,378 |
| Trust preferred collateralized debt obligations | 128,247 | | 78,699 (1) | 49,548 |
| Single issue trust preferred securities | 15,583 | 312 | 4,319 | 11,576 |
| Marketable equity securities | 5,932 | 90 | 174 | 5,848 |
| Total | $ 810,630 | $ 23,377 | $ 88,928 | $ 745,079 |

| | December 31, 2009 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| U.S. Treasury securities and obligations of U.S. Government corporations and agencies | $ 4,960 | $ 54 | $ | $ 5,014 |
| State and political subdivisions | 96,900 | 3,389 | 167 | 100,122 |
| Residential mortgage-backed securities | | | | |
| Agency | 478,916 | 18,924 | | 497,840 |
| Non-agency | 145,480 | 55 | 11,690 | 133,845 |
| Trust preferred collateralized debt obligations | 132,457 | | 73,162 (1) | 59,295 |
| Single issue trust preferred securities | 15,552 | 49 | 5,214 | 10,387 |
| Marketable equity securities | 5,277 | 159 | 162 | 5,274 |
| Total | $ 879,542 | $ 22,630 | $ 90,395 | $ 811,777 |

(1) Includes noncredit-related other-than-temporary impairment of $33,089 at September 30, 2010 and $19,186 at December 31, 2009.
Provided below is a summary of securities available for sale which were in an unrealized loss position at September 30, 2010 and December 31, 2009.

| | Less than 12 months | | 12 months or longer | |
|---|---|---|---|---|
| | Market Value | Unrealized Losses | Market Value | Unrealized Losses |
| **September 30, 2010** | | | | |
| U.S. Treasury securities and obligations of U.S. Government corporations and agencies | | | | |
| State and political subdivisions | $ 924 | $ 6 | $ 1,156 | $ 11 |

| | | | | |
|---|---|---|---|---|
| Residential mortgage-backed securities | | | | |
| Agency | 1,043 | 6 | | |
| Non-agency | | | 32,083 | 5,713 |
| Trust preferred collateralized debt obligations | | | 49,548 | 78,699 |
| Single issue trust preferred securities | | | 6,919 | 4,319 |
| Marketable equity securities | 436 | 58 | 378 | 116 |
| Total | $ 2,403 | $ 70 | $ 90,084 | $ 88,858 |

Table of Contents

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

| | Less than 12 months | | 12 months or longer | |
|---|---|---|---|---|
| | Market Value | Unrealized Losses | Market Value | Unrealized Losses |
| **December 31, 2009** | | | | |
| U.S. Treasury securities and obligations of U.S. Government corporations and agencies | | | | |
| State and political subdivisions | $ 3,443 | $ 53 | $ 2,649 | $ 114 |
| Residential mortgage-backed securities | | | | |
| Agency | 163 | | | |
| Non-agency | 26,181 | 209 | 85,138 | 11,481 |
| Trust preferred collateralized debt obligations | | | 59,295 | 73,162 |
| Single issue trust preferred securities | 115 | 19 | 9,239 | 5,195 |
| Marketable equity securities | 244 | 17 | 448 | 145 |
| Total | $ 30,146 | $ 298 | $ 156,769 | $ 90,097 |

Marketable equity securities consist mainly of equity securities of financial institutions and mutual funds within a rabbi trust for the payment of benefits under a deferred compensation plan for certain key officers of United and its subsidiaries. The following table shows the proceeds from maturities, sales and calls of available for sale securities and the gross realized gains and losses on sales and calls of those securities that have been included in earnings as a result of any sales and calls. Gains or losses on sales and calls of available for sale securities were recognized by the specific identification method. The realized losses relate to the sales of the securities within the rabbi trust.

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Proceeds from maturities, sales and calls | $ 371,488 | $ 145,617 | $ 750,347 | $ 325,734 |
| Gross realized gains | 212 | 151 | 807 | 660 |
| Gross realized losses | 51 | 24 | 435 | 540 |

At September 30, 2010, gross unrealized losses on available for sale securities were $88,928 on 74 securities of a total portfolio of 343 available for sale securities. Securities in an unrealized loss position at September 30, 2010 consisted primarily of pooled trust preferred collateralized debt obligations (TRUP CDOs), single issue trust preferred securities and non-agency residential mortgage-backed securities. The TRUP CDOs and the single issue trust preferred securities relate mainly to securities of financial institutions.

The unrealized loss on the non-agency residential mortgage-backed securities portfolio relates primarily to AAA securities of various private label issuers. The Company has no exposure to real estate investment trusts (REITS) in its investment portfolio. The majority of the non-agency residential mortgage-backed securities in an unrealized loss position remain AAA rated. Approximately 69% of the portfolio includes collateral that was originated during the year of 2005 or before. The remaining 31% includes collateral that was produced in the years of 2006 and 2007. Ninety-seven percent of the non-agency residential mortgage securities are either the senior or super-senior tranches of their respective structure. In determining whether or not the non-agency mortgage-backed securities were other-than-temporarily impaired, management performs an in-depth analysis on each non-agency residential mortgage-backed security on a monthly basis. The analysis includes a review of the following factors: weighted average loan to value, weighted average maturity, average FICO scores, historical collateral performance, geographic concentration, credit subordination, cross-collateralization, coverage ratios, origination year, full documentation percentage, event risk (repricing), and collateral type. Management completes a monthly stress test to determine the level of loss protection remaining in each individual security and compares the protection remaining to the future expected performance of the

Table of Contents

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

underlying collateral. Additionally, management utilizes a third-party cash flow model to perform a cash flow test on each bond. The model produces a bond specific set of cash flows based upon assumptions input by management. The input assumptions that are incorporated include the projected constant default rate (CDR) of the underlying mortgages, the loss severity upon default, and the prepayment rate on the underlying mortgage collateral. At September 30, 2010, United determined that certain non-agency mortgage-backed securities were other-than-temporary impaired. The credit-related other-than-temporary impairment recognized in earnings for the third quarter of 2010 related to these securities was $698 thousand. The noncredit-related other-than-temporary impairment recognized in the third quarter on these securities, which are not expected to be sold, was $4.73 million. Noncredit-related other-than-temporary impairment, net of deferred taxes, of $3.08 million was recognized during the third quarter in accumulated other comprehensive income (loss) (OCI).

The majority of United s single-issue trust preferred portfolio consists of obligations from large cap banks (i.e. banks with market capitalization in excess of $10 billion). Management reviews each issuer s current and projected earnings trends, asset quality, capitalization levels, TARP participation status, and other key factors. Upon completing the review for the third quarter of 2010, it was determined that none of the single issue securities were other-than-temporarily impaired. With the exception of two securities, all single-issue trust preferred securities are currently receiving interest payments. The two securities that are deferring interest payments are from the same issuer with a total amortized cost of $634 thousand. The issuer has the contractual ability to defer interest payments for up to 5 years.

In determining whether or not the TRUP CDOs were other-than-temporarily impaired, management considered the severity and the duration of the loss in conjunction with United s positive intent and the more likely than not ability to hold these securities to recovery of their cost basis or maturity. In analyzing the duration and severity of the losses, management considered the following: (1) the market for these securities was not active as evidenced by the lack of trades and the severe widening of the bid/ask spread; (2) the markets for TRUP CDOs ultimately became dysfunctional with no significant transactions to report; (3) low market prices for certain bonds, in the overall debt markets, were evidence of credit stress in the general markets and not necessarily an indication of credit problems with a particular issuer; and (4) the general widening in overall risk premiums in the broader markets was responsible for a significant amount of the price decline in the TRUP CDO portfolio.

At September 30, 2010, United determined that certain TRUP CDOs were other-than-temporarily impaired. Management completed an in-depth analysis of the collateral pool, cash flow waterfall structure, and expected cash flows of the TRUP CDO portfolio. To determine a net realizable value and assess whether other-than-temporary impairment existed, management performed detailed cash flow analysis to determine whether, in management s judgment, it was more likely than not that United would not recover the entire amortized cost basis of the security. Management s cash flow analysis was performed for each issuer and considered the current deferrals and defaults, the likelihood that current deferrals would cure or ultimately default, potential future deferrals and defaults, subordination, cash reserves, excess interest spread, credit analysis of the underlying collateral and the priority of payments in the cash flow structure. Management also spoke with analysts who covered specific companies, particularly when those companies were deferring or experiencing financial difficulties. The underlying collateral analysis for each issuer took into consideration several factors including TARP participation, capital adequacy, earnings trends and asset quality. Management also performed a stress test analysis to determine what level of defaults would have to occur before United would experience a break in yield or principal. After completing its analysis of estimated cash flows, management determined that an adverse change in cash flows had occurred for certain TRUP CDOs as the expected discounted cash flows from these particular securities were less than the discounted cash flows originally expected at purchase or from the previous date of other-than-temporary impairment. Therefore, based upon management s analysis and judgment, certain TRUP CDOs were determined to be other-than-temporarily impaired. The credit-related other-than-temporary impairment recognized in earnings for the third quarter of 2010 related to these securities was $1.17 million. The noncredit-related other-than-temporary impairment recognized in the third quarter on these securities, which are not expected to be sold, was $3.77 million. The noncredit-related other-than-temporary impairment, net of deferred taxes, of $2.45 million was recognized during the third quarter in accumulated other comprehensive income (loss) (OCI). At September 30, 2010, the balance of the noncredit-related other-than-temporary impairment recognized on United s TRUP CDO portfolio was $33.09 million as compared to $19.19 million at December 31, 2009.

Table of Contents

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

The amortized cost of available for sale TRUP CDOs in an unrealized loss position for twelve months or longer as of September 30, 2010 consisted of $10.00 million in investment grade bonds, $5.00 million in split-rated bonds and $113.25 million in below investment grade bonds. The amortized cost of available for sale single issue trust preferred securities in an unrealized loss position for twelve months or longer as of September 30, 2010 consisted of $4.48 million in investment grade bonds, $500 thousand in split-rated bonds, and $6.26 million in below investment grade bonds.

The following is a summary of the available for sale TRUP CDOs and single issue trust preferred securities in an unrealized loss position twelve months or greater as of September 30, 2010:

| | | | | Amortized Cost | | |
|---|---|---|---|---|---|---|
| **Class** | **Amortized Cost** | **Fair Value** | **Unrealized Loss** | **Investment Grade** | **Split Rated** | **Below Investment Grade** |
| Senior | $ 23,662 | $ 12,895 | $ 10,767 | $ 10,000 | $ 5,000 | $ 8,662 |
| Mezzanine (now in Senior position) | 19,079 | 7,535 | 11,544 | | | 19,079 |
| Mezzanine | 85,506 | 29,118 | 56,388 | | | 85,506 |
| Single Issue Trust Preferred | 11,238 | 6,919 | 4,319 | 4,481 | 500 | 6,257 |
| Totals | $ 139,485 | $ 56,467 | $ 83,018 | $ 14,481 | $ 5,500 | $ 119,504 |

Management also considered the ratings of the Company s bonds in its portfolio and the extent of downgrades in United s impairment analysis. However, due to historical discrepancies in ratings from the various rating agencies, management considered it imperative to independently perform its own credit analysis based on cash flows as described above and exercise management s professional judgment in evaluating whether it was expected that United would be unable to realize all principal and interest expected at purchase.

Except for the securities that have already been deemed to be other-than-temporarily impaired, management does not believe any other individual security with an unrealized loss as of September 30, 2010 is other-than-temporarily impaired. For debt securities, United believes the decline in value resulted from changes in market interest rates, credit spreads and liquidity, not a change in the expected contractual cash flows. Based on a review of each of the securities in the investment portfolio, management concluded that it expected to recover the amortized cost basis of the investment in such securities. As of September 30, 2010, United does not intend to sell any impaired debt security nor is it anticipated that it would be required to sell any impaired debt security before the recovery of its amortized cost basis. For equity securities, United has evaluated the near-term prospects of the investment in relation to the severity and duration of any impairment and based on that evaluation, management does not believe any individual equity security is other-than-temporarily impaired. As of September 30, 2010, United has the ability and intent to hold these equity securities until a recovery of their fair value to at least the cost basis of the investment.

During the third quarter of 2010, United evaluated all of its cost method investments to identify any events or changes in circumstances which could have a significant adverse effect on the fair value of certain cost method securities. United determined that no such events or changes in circumstances had occurred during the third quarter of 2010. Therefore, United did not record any impairment in the third quarter of 2010 on these cost method securities.

Below is a progression of the anticipated credit losses on securities which United has recorded other-than-temporary charges on through earnings and other comprehensive income.

| | |
|---|---|
| Balance of cumulative credit losses at December 31, 2009 | $ 25,509 |
| Additions for credit losses on securities for which OTTI was not previously recognized | 2,390 |
| Additions for additional credit losses on securities for which OTTI was previously recognized | 2,056 |
| Balance of cumulative credit losses at September 30, 2010 | $ 29,955 |

Table of Contents

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)**

**UNITED BANKSHARES, INC. AND SUBSIDIARIES**

The amortized cost and estimated fair value of securities available for sale at September 30, 2010 and December 31, 2009 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations without penalties.

| | September 30, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |
| Due in one year or less | $ 127,918 | $ 127,956 | $ 10,560 | $ 10,613 |
| Due after one year through five years | 52,218 | 54,728 | 62,537 | 64,514 |
| Due after five years through ten years | 164,118 | 171,957 | 179,564 | 183,417 |
| Due after ten years | 460,444 | 384,590 | 621,604 | 547,959 |
| Marketable equity securities | 5,932 | 5,848 | 5,277 | 5,274 |
| Total | $ 810,630 | $ 745,079 | $ 879,542 | $ 811,777 |

The amortized cost and estimated fair values of securities held to maturity are summarized as follows:

| | September 30, 2010 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| U.S. Treasury securities and obligations of U.S. Government corporations and agencies | $ 11,234 | $ 2,636 | $ | $ 13,870 |
| State and political subdivisions | 20,709 | 595 | 3 | 21,301 |
| Residential mortgage-backed securities | | | | |
| Agency | 97 | 13 | | 110 |
| Non-agency | 2 | | | 2 |
| Single issue trust preferred securities | 32,122 | | 5,847 | 26,275 |
| Other corporate securities | 3,332 | | | 3,332 |