

UNITED BANKSHARES INC/WV

Form 10-Q

November 07, 2011

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2011

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)

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

West Virginia
(State or other jurisdiction of
incorporation or organization)

55-0641179
(I.R.S. Employer
Identification No.)

300 United Center
500 Virginia Street, East

Charleston, West Virginia
(Address of Principal Executive Offices)

25301
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 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 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 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

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; 50,205,691 shares outstanding as of October 31, 2011.

Table of Contents

UNITED BANKSHARES, INC. AND SUBSIDIARIES

FORM 10-Q

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Balance Sheets (Unaudited) September 30, 2011 and (Audited) December 31, 2010</u>	4
<u>Consolidated Statements of Income (Unaudited) for the Three and Nine Months Ended September 30, 2011 and 2010</u>	5
<u>Consolidated Statement of Changes in Shareholders' Equity (Unaudited) for the Nine Months Ended September 30, 2011</u>	7
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2011 and 2010</u>	8
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	47
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	67
<u>Item 4. Controls and Procedures</u>	70
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	71
<u>Item 1A. Risk Factors</u>	71
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	71
<u>Item 3. Defaults Upon Senior Securities</u>	72
<u>Item 4. (Removed and Reserved)</u>	72
<u>Item 5. Other Information</u>	72
<u>Item 6. Exhibits</u>	72
<u>Signatures</u>	74
<u>Exhibits Index</u>	75

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

The September 30, 2011 and December 31, 2010, 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, 2011 and 2010, the related consolidated statement of changes in shareholders' equity for the nine months ended September 30, 2011, the related condensed consolidated statements of cash flows for the nine months ended September 30, 2011 and 2010, 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 2011 (Unaudited)	December 31 2010 (Note 1)
Assets		
Cash and due from banks	\$ 126,294	\$ 115,352
Interest-bearing deposits with other banks	541,020	345,319
Federal funds sold	1,210	718
Total cash and cash equivalents	668,524	461,389
Securities available for sale at estimated fair value (amortized cost-\$799,735 at September 30, 2011 and \$717,797 at December 31, 2010)	738,226	653,276
Securities held to maturity (estimated fair value-\$61,657 at September 30, 2011 and \$62,315 at December 31, 2010)	62,114	67,036
Other investment securities	71,558	74,403
Loans held for sale	7,378	6,869
Loans	6,264,494	5,263,351
Less: Unearned income	(5,266)	(3,025)
Loans net of unearned income	6,259,228	5,260,326
Less: Allowance for loan losses	(73,509)	(73,033)
Net loans	6,185,719	5,187,293
Bank premises and equipment	76,282	55,378
Goodwill	372,979	311,765
Accrued interest receivable	27,443	23,564
Other assets	367,663	314,746
TOTAL ASSETS	\$ 8,577,886	\$ 7,155,719
Liabilities		
Deposits:		
Noninterest-bearing	\$ 1,613,672	\$ 1,203,255
Interest-bearing	5,314,303	4,510,279
Total deposits	6,927,975	5,713,534
Borrowings:		
Federal funds purchased	20,440	8,542
Securities sold under agreements to repurchase	239,655	183,097
Federal Home Loan Bank borrowings	151,904	202,181
Other short-term borrowings	225	1,575
Other long-term borrowings	203,529	184,277
Reserve for lending-related commitments	1,985	2,006
Accrued expenses and other liabilities	59,420	67,495
TOTAL LIABILITIES	7,605,133	6,362,707
Shareholders Equity		
Preferred stock, \$1.00 par value; Authorized-50,000,000 shares, none issued	0	0
Common stock, \$2.50 par value; Authorized-100,000,000 shares; issued-50,867,630 and 44,319,157 at September 30, 2011 and December 31, 2010, respectively, including 661,939 and 697,522 shares in treasury	127,169	110,798

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

at September 30, 2011 and December 31, 2010, respectively

Surplus	238,519	93,431
Retained earnings	687,357	673,260
Accumulated other comprehensive loss	(57,669)	(60,656)
Treasury stock, at cost	(22,623)	(23,821)
TOTAL SHAREHOLDERS EQUITY	972,753	793,012
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 8,577,886	\$ 7,155,719

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	
	2011	2010	2011	2010
Interest income				
Interest and fees on loans	\$ 77,632	\$ 70,121	\$ 208,812	\$ 214,580
Interest on federal funds sold and other short-term investments	366	347	942	910
Interest and dividends on securities:				
Taxable	5,686	8,303	18,206	27,063
Tax-exempt	1,017	1,118	3,033	3,621
Total interest income	84,701	79,889	230,993	246,174
Interest expense				
Interest on deposits	9,667	13,255	29,918	43,675
Interest on short-term borrowings	53	57	106	134
Interest on long-term borrowings	4,229	7,595	12,233	22,740
Total interest expense	13,949	20,907	42,257	66,549
Net interest income	70,752	58,982	188,736	179,625
Provision for loan losses	3,637	6,123	12,873	19,391
Net interest income after provision for credit losses	67,115	52,859	175,863	160,234
Other income				
Fees from trust and brokerage services	3,280	3,215	10,027	9,948
Fees from deposit services	10,462	10,098	30,434	29,439
Bankcard fees and merchant discounts	1,237	1,093	2,475	3,213
Other service charges, commissions, and fees	455	508	1,290	1,356
Income from bank-owned life insurance	1,544	1,282	3,947	3,495
Income from mortgage banking	205	118	570	359
Other income	1,272	1,108	2,722	3,447
Total other-than-temporary impairment losses	(3,453)	(10,364)	(7,339)	(24,347)
Portion of loss recognized in other comprehensive income	(4,469)	8,500	(6,789)	19,901
Net other-than-temporary impairment losses	(7,922)	(1,864)	(14,128)	(4,446)
Net gains on sales/calls of investment securities	445	132	1,626	2,036
Net investment securities losses	(7,477)	(1,732)	(12,502)	(2,410)
Total other income	10,978	15,690	38,963	48,847
Other expense				
Employee compensation	16,970	14,613	46,855	44,362
Employee benefits	4,361	4,128	12,870	12,954
Net occupancy expense	5,051	4,187	13,578	13,132
Other real estate owned (OREO) expense	2,129	2,001	5,129	6,269
Equipment expense	2,230	1,517	5,341	4,335
Data processing expense	2,941	2,594	8,618	8,161
Bankcard processing expense	274	765	749	2,336
FDIC insurance expense	2,308	2,456	6,972	7,304

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

Other expense	12,609	11,637	33,907	33,984
Total other expense	48,873	43,898	134,019	132,837
Income before income taxes	29,220	24,651	80,807	76,244
Income taxes	9,204	7,335	25,454	23,587
Net income	\$ 20,016	\$ 17,316	\$ 55,353	\$ 52,657

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	
	2011	2010	2011	2010
Earnings per common share:				
Basic	\$ 0.40	\$ 0.40	\$ 1.21	\$ 1.21
Diluted	\$ 0.40	\$ 0.40	\$ 1.21	\$ 1.21
Dividends per common share	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.90
Average outstanding shares:				
Basic	49,628,087	43,588,021	45,656,304	43,528,210
Diluted	49,636,382	43,645,653	45,692,106	43,607,091

See notes to consolidated unaudited financial statements.

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, 2011						Total Shareholders Equity
	Common Stock		Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	
	Shares	Par Value					
Balance at January 1, 2011	44,319,157	\$ 110,798	\$ 93,431	\$ 673,260	(\$60,656)	(\$ 23,821)	\$ 793,012
Comprehensive income:							
Net income	0	0	0	55,353	0	0	55,353
Other comprehensive income, net of tax	0	0	0	0	2,987	0	2,987
Total comprehensive income, net of tax							58,340
Acquisition of Centra Financial Holdings, Inc.	6,548,473	16,371	145,049	0	0	0	161,420
Stock based compensation expense	0	0	797	0	0	0	797
Distribution of treasury stock for deferred compensation plan (3,066 shares)	0	0	0	0	0	74	74
Purchase of treasury stock (490 shares)	0	0	0	0	0	(13)	(13)
Cash dividends (\$0.90 per share)	0	0	0	(41,256)	0	0	(41,256)
Common stock options exercised (33,007 shares)	0	0	(758)	0	0	1,137	379
Balance at September 30, 2011	50,867,630	\$ 127,169	\$ 238,519	\$ 687,357	(\$57,669)	(\$ 22,623)	\$ 972,753

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	
	2011	2010
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 78,923	\$ 70,660
INVESTING ACTIVITIES		
Proceeds from maturities and calls of securities held to maturity	4,837	6,016
Proceeds from sales of securities held to maturity	0	3,018
Proceeds from sales of securities available for sale	23,860	55,340
Proceeds from maturities and calls of securities available for sale	1,049,184	695,007
Purchases of securities available for sale	(1,044,536)	(686,014)
Redemption of bank-owned life insurance policies	822	0
Net purchases of bank premises and equipment	(5,317)	(2,368)
Acquisition of Centra Financial Holdings, Inc., net of cash paid	49,085	0
Net change in other investment securities	6,733	1,925
Net change in loans	10,710	396,735
NET CASH PROVIDED BY INVESTING ACTIVITIES	95,378	469,659
FINANCING ACTIVITIES		
Cash dividends paid	(39,280)	(39,174)
Excess tax benefits from stock-based compensation arrangements	159	389
Acquisition of treasury stock	(13)	(12)
Proceeds from exercise of stock options	379	2,137
Repayment of long-term Federal Home Loan Bank borrowings	(50,277)	(75,258)
Distribution of treasury stock for deferred compensation plan	74	520
Changes in:		
Deposits	83,252	(272,717)
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	38,540	106,591
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	32,834	(277,524)
Increase in cash and cash equivalents	207,135	262,795
Cash and cash equivalents at beginning of year	461,389	449,767
Cash and cash equivalents at end of period	\$ 668,524	\$ 712,562

See notes to consolidated unaudited financial statements.

Table of Contents

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, 2011 and 2010 and for the three-month and nine-month periods then ended have not been audited. The consolidated balance sheet as of December 31, 2010 has been extracted from the audited financial statements included in United s 2010 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 2010 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.

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 or unless otherwise noted.

New Accounting Standards

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income , which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in ASC 220 and requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. ASU 2011-05 does not change the items that must be reported in other comprehensive income. The amendments of ASU 2011-05 are effective for fiscal years and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The adoption of ASU 2011-05 is not expected to have a material impact on United s financial condition or results of operations.

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs , to substantially converge the guidance in U.S. GAAP and IFRS on fair value measurements and disclosures. The amended guidance changes several aspects of the fair value measurement guidance ASC 820, Fair Value Measurement , and includes several new fair value disclosure requirements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 is not expected to have a material impact on United s financial condition or results of operations.

In April 2011, the FASB issued ASU 2011-03, Consideration of Effective Control on Repurchase Agreements , which deals with the accounting for repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. ASU 2011-03 changes the rules for determining when these transactions should be accounted for as financings, as opposed to sales. The guidance in ASU 2011-03 is effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The adoption of ASU 2011-03 is not expected to have a material impact on United s financial condition or results of operation.

Table of Contents

In April 2011, the FASB issued ASU 2011-02, A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring, which clarifies when creditors should classify loan modifications as troubled debt restructurings. The guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructurings occurring on or after the beginning of the year. The guidance on measuring the impairment of a receivable restructured in a troubled debt restructuring is effective on a prospective basis. A provision in ASU 2011-02 also ends the FASB's deferral of the additional disclosures about troubled debt restructurings as required by ASU 2010-20. The adoption of ASU 2011-02 did not have a material impact on United's financial condition or results of operations.

2. MERGERS AND ACQUISITIONS

At the close of business on July 8, 2011, United acquired 100% of the outstanding common stock of Centra Financial Holdings, Inc. (Centra), a West Virginia corporation headquartered in Morgantown, West Virginia. The acquisition of Centra affords United the opportunity to enhance its existing footprint in Maryland and West Virginia, as well as provide an entry into Pennsylvania. The results of operations of Centra are included in the consolidated results of operations from the date of acquisition.

At consummation, Centra had assets of approximately \$1.31 billion, loans of \$1.04 billion, deposits of \$1.13 billion and shareholders' equity of \$131 million. The transaction was accounted for under the purchase method of accounting and accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the acquisition date.

The aggregate purchase price was approximately \$170 million, including common stock valued at \$161.4 million and \$8.6 million of cash paid for vested stock options and fractional shares. The number of shares issued in the transaction was 6,548,473, which were valued based on the closing market price of \$24.65 for United's common shares on July 8, 2011. The preliminary purchase price has been allocated to the identifiable tangible and intangible assets resulting in preliminary additions to goodwill and core deposit intangibles of approximately \$61 million and \$10 million, respectively. Because the consideration paid was greater than the net fair value of the acquired assets and liabilities, the Company recorded goodwill as part of the acquisition. None of the goodwill from the Centra acquisition is expected to be deductible for tax purposes. As a result of the merger, United assumed approximately \$621 thousand of liabilities to provide severance benefits to terminated employees of Centra which still remained as of September 30, 2011. The estimated fair values of the acquired assets and assumed liabilities, including identifiable intangible assets, are subject to refinement as additional information becomes available. Any subsequent adjustments to the fair values of acquired assets and liabilities assumed, identifiable intangible assets, or other purchase accounting adjustments will result in adjustments to goodwill within the first 12 months following the date of acquisition.

In many cases, determining the estimated fair value of the acquired assets and assumed liabilities required United to estimate cash flows expected to result from those assets and liabilities and to discount those cash flows at appropriate rates of interest. The most significant of those determinations related to the fair valuation of acquired loans. The fair value of the acquired loans was based on the present value of the expected cash flows. Periodic principal and interest cash flows were adjusted for expected losses and prepayments, then discounted to determine the present value and summed to arrive at the estimated fair value. For such loans, the excess of cash flows expected at acquisition over the estimated fair value is recognized as interest income over the remaining lives of the loans. The difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition reflects the impact of estimated credit losses and other factors, such as prepayments. In accordance with GAAP, there was no carry-over of Centra's previously established allowance for credit losses. As a result, standard industry coverage ratios with regard to the allowance for credit losses are less meaningful after the acquisition of Centra.

Table of Contents

The acquired loans were divided into loans with evidence of credit quality deterioration which are accounted for under ASC topic 310-30 (acquired impaired) and loans that do not meet this criteria, which are accounted for under ASC topic 310-20 (acquired performing). Acquired impaired loans have experienced a deterioration of credit quality from origination to acquisition for which it is probable that the investor will be unable to collect all contractually required payments receivable, including both principal and interest. Subsequent decreases in the expected cash flows require United to evaluate the need for additions to the Company's allowance for credit losses. Subsequent improvements in expected cash flows generally result in the recognition of additional interest income over the then remaining lives of the loans.

In conjunction with the Centra merger, the acquired loan portfolio was accounted for at fair value as follows:

	July 8, 2011
Contractually required principal and interest at acquisition	\$ 1,377,186
Contractual cash flows not expected to be collected	(33,879)
Expected cash flows at acquisition	1,343,307
Interest component of expected cash flows	(321,297)
Basis in acquired loans at acquisition – estimated fair value	\$ 1,022,010

Included in the above table is information related to acquired impaired loans. Specifically, contractually required principal and interest, cash flows expected to be collected and estimated fair value of acquired impaired loans were \$72,647, \$48,112 and \$46,446, respectively.

The consideration paid for Centra's common equity and the amounts of acquired identifiable assets and liabilities assumed as of the acquisition date were as follows:

Purchase price:	
Value of common shares issued (6,548,473 shares)	\$ 161,420
Cash for stock options and fractional shares	8,576
Total purchase price	169,996
Identifiable assets:	
Cash and cash equivalents	57,661
Investment securities	128,078
Loans held for sale	2,062
Loans	1,022,010
Premises and equipment	20,126
Core deposit intangibles	10,445
Other assets	52,403
Total identifiable assets	1,292,785
Identifiable liabilities:	
Deposits	1,132,885
Short-term borrowings	28,566
Long-term borrowings	19,436
Other liabilities	3,273
Total identifiable liabilities	1,184,160
Net assets acquired including identifiable intangible assets	108,625

Resulting goodwill	\$ 61,371
--------------------	-----------

Table of Contents

The following table provides a reconciliation of goodwill:

	September 30, 2011
Goodwill at December 31, 2010	\$ 311,765
Reductions:	
Options exercised from previous acquisitions	(157)
Additions:	
Goodwill from Centra acquisition	61,371
 Goodwill at September 30, 2011	 \$ 372,979

The following table discloses the impact of Centra since the acquisition on July 8, 2011 through the end of the third quarter of 2011. The table also presents certain unaudited pro forma information for the results of operations for the nine months ended September 30, 2011 and 2010, as if the Centra merger had occurred on January 1, 2010. These results combine the historical results of Centra into United's consolidated statement of income and, while certain adjustments were made for the estimated impact of certain fair valuation adjustments and other acquisition-related activity, they are not indicative of what would have occurred had the acquisition taken place on the indicated date nor are they intended to represent or be indicative of future results of operations. In particular, no adjustments have been made to eliminate the amount of Centra's provision for credit losses for 2011 and 2010 that may not have been necessary had the acquired loans been recorded at fair value as of the beginning of 2010. Additionally, United expects to achieve operating cost savings and other business synergies as a result of the acquisition which are not reflected in the pro forma amounts.

	Centra actual since acquisition through September 30, 2011	Proforma Nine Months Ended September 30	
		2011	2010
Total Revenues ⁽¹⁾	\$ 14,529	\$ 260,843	\$ 273,896
Net Income	5,366	50,689	61,340

⁽¹⁾ Represents net interest income plus other income

3. 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 as follows.

Table of Contents

	September 30, 2011				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cumulative OTTI in AOCI ⁽¹⁾
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 304,513	\$ 40	\$ 6	\$ 304,547	\$ 0
State and political subdivisions	96,629	3,804	89	100,344	0
Residential mortgage-backed securities					
Agency	215,805	9,891	151	225,545	0
Non-agency	47,472	705	4,610	43,567	2,750
Trust preferred collateralized debt obligations	110,574	0	66,501	44,073	39,316
Single issue trust preferred securities	15,230	341	4,074	11,497	0
Other corporate securities	4,994	6	0	5,000	0
Marketable equity securities	4,518	0	865	3,653	0
Total	\$ 799,735	\$ 14,787	\$ 76,296	\$ 738,226	\$ 42,066

	December 31, 2010				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cumulative OTTI in AOCI ⁽¹⁾
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 103,851	\$ 14	\$ 0	\$ 103,865	\$ 0
State and political subdivisions	81,801	2,711	199	84,313	0
Residential mortgage-backed securities					
Agency	308,601	15,132	0	323,733	0
Non-agency	77,524	880	4,648	73,756	3,835
Trust preferred collateralized debt obligations	124,632	0	74,724	49,908	45,021
Single issue trust preferred securities	15,594	287	4,155	11,726	0
Marketable equity securities	5,794	297	116	5,975	0
Total	\$ 717,797	\$ 19,321	\$ 83,842	\$ 653,276	\$ 48,856

(1) Other-than-temporary impairment in accumulated other comprehensive income. Amounts are before-tax.

Provided below is a summary of securities available for sale which were in an unrealized loss position at September 30, 2011 and December 31, 2010.

	Less than 12 months		12 months or longer	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
September 30, 2011				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 208,838	\$ 6	\$ 0	\$ 0
State and political subdivisions	6,052	37	920	52
Residential mortgage-backed securities				
Agency	15,181	151	0	0
Non-agency	565	1	13,651	4,609
Trust preferred collateralized debt obligations	0	0	44,073	66,501
Single issue trust preferred securities	404	96	6,665	3,978
Marketable equity securities	1,989	544	423	321

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

Total	\$ 233,029	\$ 835	\$ 65,732	\$ 75,461
-------	------------	--------	-----------	-----------

Table of Contents

	Less than 12 months		12 months or longer	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
December 31, 2010				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 0	\$ 0	\$ 0	\$ 0
State and political subdivisions	7,373	160	624	39
Residential mortgage-backed securities				
Agency	91	0	0	0
Non-agency	5,127	15	23,716	4,633
Trust preferred collateralized debt obligations	0	0	49,908	74,724
Single issue trust preferred securities	0	0	7,093	4,155
Marketable equity securities	339	52	389	64
Total	\$ 12,930	\$ 227	\$ 81,730	\$ 83,615

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 those 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 sales of securities within a rabbi trust for the payment of benefits under a deferred compensation plan for certain key officers of United and its subsidiaries.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2011	2010	2011	2010
Proceeds from sales and calls	\$ 362,048	\$ 371,488	\$ 1,073,045	\$ 750,347
Gross realized gains	451	212	1,673	807
Gross realized losses	5	51	26	435

At September 30, 2011, gross unrealized losses on available for sale securities were \$76,296 on 104 securities of a total portfolio of 393 available for sale securities. Securities in an unrealized loss position at September 30, 2011 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. In determining whether or not a security is 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.

Non-agency residential mortgage-backed securities

The majority of the non-agency residential mortgage-backed security portfolio remains AAA rated. The unrealized loss on the non-agency residential mortgage-backed securities portfolio relates primarily to below investment grade securities of various private label issuers. The Company has no exposure to real estate investment trusts (REITS) in its investment portfolio. Approximately 65% of the portfolio includes collateral that was originated during the year of 2005 or before. The remaining 35% includes collateral that was originated 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 quarterly basis. The analysis includes a review of the following factors: weighted average loan to value,

Table of Contents

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 underlying collateral. Additionally, management utilizes a third-party cash flow model to perform a cash flow test on each bond that is below investment grade. 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. CDR and loss severities are forecasted by management after full evaluation of the underlying collateral including recent performance statistics. At September 30, 2011, United determined that one non-agency mortgage-backed security was deemed to have additional other-than-temporary-impairment. The specific assumptions utilized for this particular security included a constant default rate ranging from 3.5% to 6.5%, a loss severity upon default range of 20.0% to 35.0%, and a constant prepayment rate of 20.0%. The credit-related other-than-temporary impairment recognized in earnings for the third quarter of 2011 on this non-agency residential mortgage-backed security, which is not expected to be sold, was \$359 thousand.

Single issue trust preferred securities

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 2011, 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.

Trust preferred collateralized debt obligations (TRUP CDOs)

In analyzing the duration and severity of the losses on TRUP CDOs, 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 are 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, 2011, 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 that United would not recover the entire amortized cost basis of the security. Management's cash flow analysis was performed for each security and considered the current deferrals and defaults within the underlying collateral, the likelihood that current deferrals would cure or ultimately default, potential future deferrals and defaults, potential prepayments, cash reserves, excess interest spread, credit analysis of the underlying collateral and the priority of payments in the cash flow structure. The underlying collateral analysis for each issuer took into consideration multiple factors including TARP participation, capital adequacy, earnings trends and asset quality. 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.

Table of Contents

(cash flows are discounted at the contractual coupon rate for purposes of assessing OTTI). 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 2011 related to these securities, which are not expected to be sold, was \$7.56 million.

The amortized cost of available for sale TRUP CDOs in an unrealized loss position for twelve months or longer as of September 30, 2011 consisted of \$10.00 million in investment grade bonds, \$5.00 million in split-rated bonds and \$95.57 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, 2011 consisted of \$5.01 million in split-rated bonds and \$5.63 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, 2011:

Class	Amortized Cost	Fair Value	Unrealized Loss	Amortized Cost		
				Investment Grade	Split Rated	Below Investment Grade
Senior Bank	\$ 11,411	\$ 6,013	\$ 5,398	\$ 0	\$ 5,000	\$ 6,411
Senior Insurance	10,000	7,250	2,750	10,000	0	0
Mezzanine Bank (now in senior position)	15,711	7,140	8,571	0	0	15,711
Mezzanine Bank	60,924	18,860	42,064	0	0	60,924
Mezzanine Insurance	6,500	3,315	3,185	0	0	6,500
Mezzanine Bank & Insurance (combination)	6,028	1,495	4,533	0	0	6,028
Single issue trust preferreds	10,643	6,665	3,978	0	5,012	5,631
Totals	\$ 121,217	\$ 50,738	\$ 70,479	\$ 10,000	\$ 10,012	\$ 101,205

Management also considered the ratings of the 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. The ratings of the investment grade pooled trust preferred securities in the table above range from a low of BBB to a high of A+. The ratings of the split-rated pooled trust preferred securities range from a low of CCC to a high of Baa2, while the below investment grade pooled trust preferred securities range from a low of D to a high of Ba1. The available for sale single issue trust preferred securities' ratings range from a low of CC to a high of BBB.

United has recognized cumulative credit-related other-than-temporary impairment of \$26.14 million on fourteen pooled trust preferred securities since the third quarter of 2009. Of the remaining ten securities that have not been deemed to be other-than-temporarily impaired, the collateralization ratios range from a low of 69.5% to a high of 290.0%, with a median of 95.1%, and a weighted average of 119.46%. The collateralization ratio is defined as the current performing collateral in a deal, divided by the current balance of the specific tranche United owns, plus any debt which is senior or pari passu with United's security's priority level. Performing collateral excludes the balance of any issuer that has either defaulted or has deferred its interest payment.

Table of Contents

The following schedule reflects data and certain assumptions that are utilized in the other-than-temporary impairment analysis of the TRUP CDO s at September 30, 2011:

Class	Amortized Cost	% of issuers currently performing (1)	% of original collateral defaulted (2)	% of original collateral deferring (3)	Projected Prepayment Rate (4)	Lifetime additional projected loss from performing collateral (5)	Credit Related OTTI (6)
Senior Bank	\$ 11,411	80.9 - 90.9%	12.9 - 13.3%	6.3 - 14.2%	0.3 - 0.5%	4.1 - 6.5%	\$ 793
Senior Insurance	10,000	83.2 - 95.1%	0.0 - 0.0%	3.5 - 9.3%	1.0 - 1.0%	6.2 - 6.6%	0
Mezzanine Bank (now in senior position)	15,711	73.7 - 80.7%	2.7 - 9.1%	1.9 - 3.9%	0.5 - 1.0%	7.0 - 10.6%	5,342
Mezzanine Bank	60,924	59.4 - 91.6%	7.5 - 20.6%	6.9 - 29.1%	0.3 - 1.0%	7.3 - 12.5%	18,031
Mezzanine Insurance	6,500	83.2 - 85.1%	0.0 - 2.2%	9.3 - 9.5%	0.0 - 1.0%	6.2 - 8.6%	0
Mezzanine Bank & Ins.	6,028	60.4 - 79.8%	10.8 - 17.9%	14.3 - 32.0%	0.3 - 0.5%	7.0 - 9.8%	1,977

- (1) Represents performing collateral as a percent of non-defaulted, current collateral outstanding. In the Mezzanine Bank line, the percentage of issuers currently performing ranges from 59.4% to 91.6%. The weighted average percentage of performing collateral is 77.9%.
- (2) Defaulted collateral is identified as defaulted when the issuer has been closed by a regulator. All defaults are assumed to have a zero percent recovery in the OTTI cash flow model.
- (3) Deferring collateral is identified when the Company becomes aware that an issuer has announced or elected to defer interest payments on its trust preferred debt. The Company utilizes issuer specific loss assumptions on deferring collateral that range from 100% cure to 100% loss.
- (4) Management utilizes an annual prepayment rate in its assumptions to calculate OTTI. The prepayment rate is pool specific and is assigned based upon management s estimate of potential prepayments over the life of the security.
- (5) Management applied an annual constant default rate to the performing collateral balance for each pool ranging from 0.38% to 1.2%. The calculation in the chart above represents the sum of the incremental projected losses over the remaining life of the security as a percentage of the performing collateral.
- (6) Credit related OTTI represents the cumulative credit-related other-than-temporary impairment recognized over the life of the security. 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, 2011 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, 2011, 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, 2011, 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.

Below is a progression of the 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, 2010	\$ 35,324
Additions for credit losses on securities for which OTTI was not previously recognized	500
Additions for additional credit losses on securities for which OTTI was previously recognized	13,628
Balance of cumulative credit losses at September 30, 2011	\$ 49,452

The amortized cost and estimated fair value of securities available for sale at September 30, 2011 and December 31, 2010 by contractual maturity are shown as follows. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations without penalties.

Table of Contents

	September 30, 2011		December 31, 2010	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 263,527	\$ 263,652	\$ 107,419	\$ 107,498
Due after one year through five years	123,678	126,479	44,849	47,035
Due after five years through ten years	97,442	102,526	148,551	154,657
Due after ten years	310,570	241,916	411,184	338,110
Marketable equity securities	4,518	3,653	5,794	5,976
Total	\$ 799,735	\$ 738,226	\$ 717,797	\$ 653,276

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

	September 30, 2011			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 11,098	\$ 2,807	\$ 0	\$ 13,905
State and political subdivisions	15,582	188	42	15,728
Residential mortgage-backed securities				
Agency	79	13	0	92
Non-agency	0	0	0	0
Single issue trust preferred securities	32,116	0	3,423	28,693
Other corporate securities	3,239	0	0	3,239
Total	\$ 62,114	\$ 3,008	\$ 3,465	\$ 61,657

	December 31, 2010			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 11,200	\$ 2,069	\$ 0	\$ 13,269
State and political subdivisions	20,288	399	109	20,578
Residential mortgage-backed securities				
Agency	92	13	0	105
Non-agency	2	0	0	2
Single issue trust preferred securities	32,122	0	7,093	25,029
Other corporate securities	3,332	0	0	3,332
Total	\$ 67,036	\$ 2,481	\$ 7,202	\$ 62,315

Even though the market value of the held-to-maturity investment portfolio is less than its cost, the unrealized loss has no impact on the net worth or regulatory capital requirements of United. As of September 30, 2011, the Company's three largest held-to-maturity single-issue trust preferred exposures were to Wells Fargo (\$9.88 million), SunTrust Bank (\$7.38 million), and Peoples Bancorp Inc. (\$7.25 million). Other corporate securities consist mainly of bonds of corporations.

Table of Contents

The following table shows the gross realized gains and losses on calls and a sale of held to maturity securities that have been included in earnings as a result of those calls and sale. During the first nine months of 2010, a corporate bond with a carrying value of \$1.00 million and classified as held-to-maturity was sold as a result of a limited opportunity to divest in this issuer, which had filed bankruptcy in 2008. United realized a gain of \$1.24 million on the sale of the bond. Gains or losses on calls and sale of held to maturity securities are recognized by the specific identification method.

	Three Months		Nine Months	
	Ended		Ended	
	September 30	September 30	September 30	September 30
	2011	2010	2011	2010
Gross realized gains	0	0	1	1,297
Gross realized losses	0	29	0	29

The amortized cost and estimated fair value of debt securities held to maturity at September 30, 2011 and December 31, 2010 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, 2011		December 31, 2010	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 819	\$ 837	\$ 1,962	\$ 1,981
Due after one year through five years	8,750	9,922	5,048	5,168
Due after five years through ten years	13,144	14,840	20,513	22,628
Due after ten years	39,401	36,058	39,513	32,538
Total	\$ 62,114	\$ 61,657	\$ 67,036	\$ 62,315

The carrying value of securities pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes as required or permitted by law, approximated \$665,022 and \$586,510 at September 30, 2011 and December 31, 2010, respectively.

4. LOANS

Major classifications of loans are as follows:

	September 30, 2011	December 31, 2010
Commercial, financial and agricultural:		
Owner-occupied commercial real estate	\$ 700,140	\$ 574,909
Nonowner-occupied commercial real estate	1,558,978	1,224,481
Other commercial loans	1,194,890	1,038,302
Total commercial, financial & agricultural	3,454,008	2,837,692
Residential real estate	1,948,001	1,700,380
Construction & land development	583,679	470,934
Consumer:		
Bankcard	11,201	12,025
Other consumer	267,605	242,320

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

Total gross loans	\$ 6,264,494	\$ 5,263,351
-------------------	--------------	--------------

The outstanding balances in the table above include acquired impaired loans from the Centra merger with a recorded investment of \$46,446, or less than 1% of total gross loans, at September 30, 2011. The contractual obligation in these acquired impaired loans was \$72,647 at September 30, 2011. There were no acquired impaired loans at December 31,

Table of Contents

2010. The balances on the previous page do not include future accretable net interest (i.e. the difference between the undiscounted expected cash flows and the recorded investment in the loan) on the acquired impaired loans. Activity for the accretable yield for the third quarter of 2011 follows.

Accretable yield at the beginning of the period	\$ 0
Additions	2,478
Accretion (including cash recoveries)	(44)
Net reclassifications to accretable from non-accretable	0
Disposals	0
Accretable yield at the ending of the period	\$ 2,434

The table above does not include loans held for sale of \$7,378 and \$6,869 at September 30, 2011 and December 31, 2010, respectively. Loans held for sale consist of single-family residential real estate loans originated for sale in the secondary market.

United's subsidiary banks have made loans, in the normal course of business, to the directors and officers of United and its subsidiaries, and to their affiliates. Such related party loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and did not involve more than normal risk of collectibility. The aggregate dollar amount of these loans was \$211,336 and \$92,902 at September 30, 2011 and December 31, 2010, respectively. Centra added approximately \$49 million.

5. CREDIT QUALITY

Management monitors the credit quality of its loans on an ongoing basis. Measurement of delinquency and past due status are based on the contractual terms of each loan.

For all loan classes, past due loans are reviewed on a monthly basis to identify loans for nonaccrual status. Generally, when collection in full of the principal and interest is jeopardized, the loan is placed on nonaccrual. The accrual of interest income on commercial and most consumer loans generally is discontinued when a loan becomes 90 to 120 days past due as to principal or interest. However, regardless of delinquency status, if a loan is fully secured and in the process of collection and resolution of collection is expected in the near term (generally less than 90 days), then the loan will not be placed on nonaccrual. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and unpaid interest accrued in prior years is charged to the allowance for loan losses. United's method of income recognition for loans that are classified as nonaccrual is to recognize interest income on a cash basis or apply the cash receipt to principal when the ultimate collectibility of principal is in doubt. Management may elect to continue the accrual of interest when the estimated net realizable value of collateral exceeds the principal balance and accrued interest, and the loan is in the process of collection. Nonaccrual loans will not normally be returned to accrual status unless all past due principal and interest has been paid and the borrower has evidenced their ability to meet the contractual provisions of the note.

A loan is categorized as a troubled debt restructuring (TDR) if a significant concession is granted to provide for a reduction of either interest or principal due to a deterioration in the financial condition of the borrower. TDRs can take the form of a reduction of the stated interest rate, splitting a loan into separate loans with market terms on one loan and concessionary terms on the other loan, receipts of assets from a debtor in partial or full satisfaction of a loan, the extension of the maturity date or dates at a stated interest rate lower than the current market rate for new debt with similar risk, the reduction of the face amount or maturity amount of the debt as stated in the instrument or other agreement, the reduction of accrued interest or any other concessionary type of renegotiated debt. As of September 30, 2011, United had TDRs of \$3,624 as compared to \$437 as of December 31, 2010. Of the \$3,624 aggregate balance of TDRs at September 30, 2011, \$1,549 was on nonaccrual status and included in the Loans on Nonaccrual Status on the following page. The TDR amount of \$437 at December 31, 2010 was past due 90 days or more and is included in the 90 Days or more Past Due and the Recorded Investment >90 Days & Accruing categories in the following Age Analysis of Past Due Loans table. As of September 30, 2011, there were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in TDRs.

Table of Contents

A loan acquired and accounted for under ASC topic 310-30 Loans and Debt Securities Acquired with Deteriorated Credit Quality is reported as an accruing loan and a performing asset.

The following table sets forth United's troubled debt restructurings that have been restructured during the three months ended September 30, 2011, segregated by class of loans:

Troubled Debt Restructurings**For the Three Months Ended September 30, 2011**

(In thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial real estate:			
Owner-occupied	0	\$ 0	\$ 0
Nonowner-occupied	2	2,075	2,075
Other commercial	0	0	0
Residential real estate			
Construction & land development	0	0	0
Consumer:			
Bankcard	0	0	0
Other consumer	0	0	0
Total	2	\$ 2,075	\$ 2,075

The following table sets forth United's troubled debt restructurings that have been restructured during the nine months ended September 30, 2011, segregated by class of loans:

Troubled Debt Restructurings**For the Nine Months Ended September 30, 2011**

(In thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial real estate:			
Owner-occupied	0	\$ 0	\$ 0
Nonowner-occupied	2	2,075	2,075
Other commercial	0	0	0
Residential real estate			
Construction & land development	0	0	0
Consumer:			
Bankcard	0	0	0
Other consumer	0	0	0
Total	4	\$ 4,054	\$ 3,624

The restructured loans during the third quarter of 2011 in the amount of \$2,075 were modified by a reduction in the interest rate. In addition to these loans, the remaining \$1,979 of restructured loans for the first nine months of 2011 was modified by a combination of a reduction in the interest rate and the principal. The loans were evaluated individually for allocation within United's allowance for loan losses. The modifications had an immaterial impact on the financial condition and results of operations for United.

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

The following table presents troubled debt restructurings, by class of loan, that had charge-offs during the three and nine months ended September 30, 2011. These loans were restructured during the last twelve months and subsequently defaulted, resulting in a principal charge-off during the respective time periods. Loans modified in a troubled debt restructuring that defaulted with a recorded investment of zero were fully paid down through the sale of foreclosed real estate property prior to period end.

Table of Contents

(In thousands)	Three Months Ended September 30 Number of Contracts	Recorded Investment	Nine Months Ended September 30 Number of Contracts	Recorded Investment
Troubled Debt Restructurings				
Commercial real estate:				
Owner-occupied	0	\$ 0	0	\$ 0
Nonowner-occupied	0	0	0	0
Other commercial	0	0	0	0
Residential real estate	1	0	2	0
Construction & land development	0	0	0	0
Consumer:				
Bankcard	0	0	0	0
Other consumer	0	0	0	0
Total	1	\$ 0	2	\$ 0

The following table sets forth United's age analysis of its past due loans, segregated by class of loans:

(In thousands)	00,000,000 30-89 Days Past Due	00,000,000 90 Days or more Past Due	00,000,000 Total Past Due	00,000,000 Current	00,000,000 Total Loans	00,000,000 Recorded Investment >90 Days & Accruing
Age Analysis of Past Due Loans As of September 30, 2011						
Commercial real estate:						
Owner-occupied	\$ 6,791	\$ 5,830	\$ 12,621	\$ 687,519	\$ 700,140	\$ 72
Nonowner-occupied	16,830	8,017	24,847	1,534,131	1,558,978	1,849
Other commercial	8,824	10,807	19,631	1,175,259	1,194,890	606
Residential real estate	45,939	29,325	75,264	1,872,737	1,948,001	10,290
Construction & land development	9,436	17,087	26,523	557,156	583,679	3,113
Consumer:						
Bankcard	304	136	440	10,761	11,201	136
Other consumer	4,939	446	5,385	262,220	267,605	274
Total	\$ 93,063	\$ 71,648	\$ 164,711	\$ 6,099,783	\$ 6,264,494	\$ 16,340

(In thousands)	00,000,000 30-89 Days Past Due	00,000,000 90 Days or more Past Due	00,000,000 Total Past Due	00,000,000 Current	00,000,000 Total Loans	00,000,000 Recorded Investment >90 Days & Accruing
Age Analysis of Past Due Loans As of December 31, 2010						
Commercial real estate:						
Owner-occupied	\$ 7,525	\$ 11,570	\$ 19,095	\$ 555,814	\$ 574,909	\$ 1,481
Nonowner-occupied	12,827	5,014	17,841	1,206,640	1,224,481	204
Other commercial	14,687	8,942	23,629	1,014,673	1,038,302	841
Residential real estate	49,758	20,383	70,141	1,630,239	1,700,380	3,814
Construction & land development	6,803	20,387	27,190	443,744	470,934	254
Consumer:						
Bankcard	409	124	533	11,492	12,025	124
Other consumer	4,660	811	5,471	236,849	242,320	517

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

Total	\$	96,669	\$	67,231	\$	163,900	\$	5,099,451	\$	5,263,351	\$	7,235
-------	----	--------	----	--------	----	---------	----	-----------	----	-----------	----	-------

Table of Contents

The following table sets forth United's nonaccrual loans, segregated by class of loans:

Loans on Nonaccrual Status		
	September 30, 2011	December 31, 2010
Commercial real estate:		
Owner-occupied	\$ 5,758	\$ 10,089
Nonowner-occupied	6,168	4,810
Other commercial	10,201	8,101
Residential real estate	19,035	16,569
Construction & land development	13,974	20,133
Consumer:		
Bankcard	0	0
Other consumer	172	294
Total	\$ 55,308	\$ 59,996

United assigns credit quality indicators of pass, special mention, substandard and doubtful to its loans. For United's loans with a corporate credit exposure, United internally assigns a grade based on the creditworthiness of the borrower. For loans with a consumer credit exposure, United internally assigns a grade based upon an individual loan's delinquency status. United updates these grades on a quarterly basis.

For loans with a corporate credit exposure, special mention loans 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 loans or in the Company's credit position at some future date. Borrowers may be experiencing adverse operating trends (declining revenues or margins) or an ill proportioned balance sheet (e.g., increasing inventory without an increase in sales, high leverage, tight liquidity). Adverse economic or market conditions, such as interest rate increases or the entry of a new competitor, may also support a special mention rating. Nonfinancial reasons for rating a credit exposure special mention include management problems, pending litigation, an ineffective loan agreement or other material structural weakness, and any other significant deviation from prudent lending practices. For loans with a consumer credit exposure, loans that are past due 30-89 days are considered special mention.

A substandard loan with a corporate credit exposure is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt by the borrower. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. They require more intensive supervision by management. Substandard loans are generally characterized by current or expected unprofitable operations, inadequate debt service coverage, inadequate liquidity, or marginal capitalization. Repayment may depend on collateral or other credit risk mitigants. For some substandard loans, the likelihood of full collection of interest and principal may be in doubt and thus, placed on nonaccrual. For loans with a consumer credit exposure, loans that are 90 days or more past due or that have been placed on nonaccrual are considered substandard.

A loan with corporate credit exposure is classified as doubtful if it has all the weaknesses inherent in one classified as substandard with the added characteristic that the weaknesses make collection in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. A doubtful loan has a high probability of total or substantial loss, but because of specific pending events that may strengthen the loan, its classification as loss is deferred. Doubtful borrowers are usually in default, lack adequate liquidity or capital, and lack the resources necessary to remain an operating entity. Pending events can include mergers, acquisitions, liquidations, capital injections, the perfection of liens on additional collateral, the valuation of collateral, and refinancing. Generally, there are not any loans with a consumer credit exposure that are classified as doubtful. Usually, they are charged-off prior to such a classification. Loans classified as doubtful are also considered impaired.

Table of Contents

The following tables set forth United's credit quality indicators information, by class of loans:

Credit Quality Indicators

Corporate Credit Exposure

As of September 30, 2011

	Commercial Real Estate			Construction & Land Development
	Owner- occupied	Nonowner- occupied	Other Commercial	
Grade:				
Pass	\$ 642,976	\$ 1,415,487	\$ 1,050,449	\$ 480,401
Special mention	29,500	69,831	85,554	37,728
Substandard	27,664	73,660	58,770	64,550
Doubtful	0	0	117	1,000
Total	\$ 700,140	\$ 1,558,978	\$ 1,194,890	\$ 583,679

As of December 31, 2010

	Commercial Real Estate			Construction & Land Development
	Owner- occupied	Nonowner- occupied	Other Commercial	
Grade:				
Pass	\$ 502,228	\$ 1,133,186	\$ 897,196	\$ 366,358
Special mention	27,156	59,159	80,015	47,183
Substandard	45,525	32,136	61,083	51,282
Doubtful	0	0	8	6,111
Total	\$ 574,909	\$ 1,224,481	\$ 1,038,302	\$ 470,934

Credit Quality Indicators

Consumer Credit Exposure

As of September 30, 2011

	Residential Real Estate	Bankcard	Other Consumer
Grade:			
Pass	\$ 1,845,589	\$ 10,761	\$ 262,261
Special mention	50,099	304	4,787
Substandard	52,178	136	557
Doubtful	135	0	0
Total	\$ 1,948,001	\$ 11,201	\$ 267,605

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

As of December 31, 2010

	Residential Real Estate	Bankcard	Other Consumer
Grade:			
Pass	\$ 1,605,589	\$ 11,492	\$ 236,888
Special mention	47,538	409	4,621
Substandard	47,008	124	811
Doubtful	245	0	0
Total	\$ 1,700,380	\$ 12,025	\$ 242,320

Table of Contents

Loans are designated as impaired when, in the opinion of management, based on current information and events, the collection of principal and interest in accordance with the loan contract is doubtful. Typically, United does not consider loans for impairment unless a sustained period of delinquency (i.e. 90-plus days) is noted or there are subsequent events that impact repayment probability (i.e. negative financial trends, bankruptcy filings, eminent foreclosure proceedings, etc.). Impairment is evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. Consistent with United's existing method of income recognition for loans, interest on impaired loans, except those classified as nonaccrual, is recognized as income using the accrual method. Impaired loans, or portions thereof, are charged-off when deemed uncollectible.

The following table sets forth United's impaired loans information by class of loans:

Impaired Loans
For the Nine Months Ended September 30, 2011

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial real estate:					
Owner-occupied	\$ 7,589	\$ 10,057	\$ 0	\$ 12,475	\$ 98
Nonowner-occupied	26,203	27,073	0	12,621	911
Other commercial	4,129	6,157	0	11,317	198
Residential real estate	14,082	15,523	0	15,081	384
Construction & land development	13,273	23,888	0	26,915	342
Consumer:					
Bankcard	0	0	0	0	0
Other consumer	501	501	0	529	21
With an allowance recorded:					
Commercial real estate:					
Owner-occupied	\$ 0	\$ 0	\$ 0	\$ 499	\$ 0
Nonowner-occupied	2,448	2,868	569	4,113	139
Other commercial	21,326	22,290	6,131	8,495	1,276
Residential real estate	10,663	12,811	1,889	15,627	328
Construction & land development	9,754	11,050	2,220	8,542	188
Consumer:					
Bankcard	0	0	0	0	0
Other consumer	0	0	0	0	0
Total:					
Commercial real estate:					
Owner-occupied	\$ 7,589	\$ 10,057	\$ 0	\$ 12,974	\$ 98
Nonowner-occupied	28,651	29,941	569	16,734	1,050
Other commercial	25,455	28,447	6,131	19,812	1,474
Residential real estate	24,745	28,334	1,889	30,708	712
Construction & land development	23,027	34,938	2,220	35,457	530
Consumer:					
Bankcard	0	0	0	0	0
Other consumer	501	501	0	529	21

Table of Contents

For the Year Ended December 31, 2010

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial real estate:					
Owner-occupied	\$ 10,837	\$ 11,970	\$ 0	\$ 4,229	\$ 323
Nonowner-occupied	3,365	3,579	0	5,444	239
Other commercial	4,512	4,718	0	5,480	376
Residential real estate	6,650	7,971	0	6,742	301
Construction & land development	19,275	22,506	0	14,743	569
Consumer:					
Bankcard	0	0	0	0	0
Other consumer	0	0	0	47	0
With an allowance recorded:					
Commercial real estate:					
Owner-occupied	\$ 0	\$ 0	\$ 0	\$ 4,462	\$ 0
Nonowner-occupied	2,924	3,124	918	1,881	80
Other commercial	3,923	4,304	2,147	2,961	244
Residential real estate	9,195	10,694	1,920	5,228	488
Construction & land development	8,360	8,785	3,408	13,876	358
Consumer:					
Bankcard	0	0	0	0	0
Other consumer	1,320	1,320	200	273	1
Total:					
Commercial real estate:					
Owner-occupied	\$ 10,837	\$ 11,970	\$ 0	\$ 8,691	\$ 323
Nonowner-occupied	6,289	6,703	918	7,325	319
Other commercial	8,435	9,022	2,147	8,441	620
Residential real estate	15,845	18,665	1,920	11,970	789
Construction & land development	27,635	31,291	3,408	28,619	927
Consumer:					
Bankcard	0	0	0	0	0
Other consumer	1,320	1,320	200	320	1

6. ALLOWANCE FOR CREDIT LOSSES

The allowance for loan losses is management's estimate of the probable credit losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance for loan losses and the appropriate provision for credit losses is based upon a quarterly evaluation of the portfolio. This evaluation is inherently subjective and requires significant estimates, including the amounts and timing of estimated future cash flows, estimated losses on pools of loans based on historical loss experience, and consideration of current economic trends, all of which are susceptible to constant and significant change. Allocations are made for specific commercial loans based upon management's estimate of the borrowers ability to repay and other factors impacting collectibility. Other commercial loans not specifically reviewed are segregated by class and allocations are made based upon historical loss percentages adjusted for current environmental factors. Allocations for loans other than commercial loans are made based upon historical loss experience adjusted for current environmental conditions. The environmental factors considered for each of the portfolios includes estimated probable inherent but undetected losses within the portfolio due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition, the difficulty in identifying triggering events that correlate perfectly to subsequent loss rates, and risk factors that have not yet fully manifested themselves in loss allocation factors. In addition, a portion of the allowance accounts for the inherent imprecision in the allowance for credit losses analysis.

Table of Contents

For purposes of determining the general allowance, the loan portfolio is segregated by product type to recognize differing risk profiles among categories. It is further segregated by credit grade for risk-rated loan pools and delinquency for homogeneous loan pools. The outstanding principal balance within each pool is multiplied by historical loss data and certain qualitative factors to derive the general loss allocation per pool. Specific loss allocations are calculated for loans in excess of \$250 thousand in accordance with ASC topic 310. Risk characteristics of owner-occupied commercial real estate loans and other commercial loans are similar in that they are normally dependent upon the borrower's internal cash flow from operations to service debt. Nonowner-occupied commercial real estate loans differ in that cash flow to service debt is normally dependent on external income from third parties for use of the real estate such as rents, leases and room rates. Residential real estate loans are dependent upon individual borrowers who are affected by changes in general economic conditions, demand for housing and resulting residential real estate valuation. Construction and land development loans are impacted mainly by demand whether for new residential housing or for retail, industrial, office and other types of commercial construction within a given area. Consumer loan pool risk characteristics are influenced by general, regional and local economic conditions. During the first nine months of 2011, there were no material changes to the accounting policy or methodology related to the allowance for loan losses.

Loans deemed to be uncollectible are charged against the allowance for loan losses, while recoveries of previously charged-off amounts are credited to the allowance for loan losses. For commercial loans, when a loan or a portion of a loan is identified to contain a loss, a charge-off recommendation is directed to management to charge-off all or a portion of that loan. Generally, any unsecured commercial loan more than six months delinquent in payment of interest must be charged-off in full. If secured, the charge-off is generally made to reduce the loan balance to a level equal to the liquidation value of the collateral when payment of principal and interest is six months delinquent. Any commercial loan, secured or unsecured, on which a principal or interest payment has not been made within 90 days, is reviewed monthly for appropriate action.

For consumer loans, closed-end retail loans that are past due 120 cumulative days delinquent from the contractual due date and open-end loans 180 cumulative days delinquent from the contractual due date are charged-off. Any consumer loan on which a principal or interest payment has not been made within 90 days is reviewed monthly for appropriate action. For a one-to-four family open-end or closed-end residential real estate loan, home equity loan, or high-loan-to-value loan that has reached 180 or more days past due, management evaluates the collateral position and charge-offs any amount that exceeds the value of the collateral. Retail credits for which the borrower is in bankruptcy, all amounts deemed unrecoverable are charged off within 60 days of the receipt of the notification. On retail credits effected by fraud, a loan is charged-off within 90 days of the discovery of the fraud. In the event of the borrower's death and if repayment within the required timeframe is uncertain, the loan is generally charged-off as soon as the amount of the loss is determined.

United maintains an allowance for loan losses and a reserve for lending-related commitments such as unfunded loan commitments and letters of credit. The reserve for lending-related commitments of \$1,985 and \$2,006 at September 30, 2011 and December 31, 2010, respectively, is separately classified on the balance sheet and is included in other liabilities. The combined allowance for loan losses and reserve for lending-related commitments are referred to as the allowance for credit losses.

Table of Contents

A progression of the allowance for loan losses, by portfolio segment, for the nine months ended September 30, 2011 is summarized as follows:

**Allowance for Loan Losses and Carrying Amount of Loans
For the Nine Months Ended September 30, 2011
Commercial Real Estate**

	Owner-occupied	Nonowner-occupied	Other Commercial	Residential Real Estate	Construction & Land Development	Consumer	Allowance for Estimated Imprecision	Total
Allowance for Loan Losses:								
Beginning balance	\$ 3,116	\$ 12,456	\$ 21,918	\$ 11,653	\$ 18,738	\$ 2,161	\$ 2,991	\$ 73,033
Charge-offs	1,227	790	1,513	5,211	5,517	949	0	15,207
Recoveries	0	624	1,676	175	66	269	0	2,810
Provision	1,776	499	(2,272)	6,856	6,000	672	(658)	12,873
Ending balance	\$ 3,665	\$ 12,789	\$ 19,809	\$ 13,473	\$ 19,287	\$ 2,153	\$ 2,333	\$ 73,509
Ending Balance: individually evaluated for impairment	\$ 0	\$ 569	\$ 6,131	\$ 1,889	\$ 2,220	\$ 0	\$ 0	\$ 10,809
Ending Balance: collectively evaluated for impairment	\$ 3,665	\$ 12,220	\$ 13,678	\$ 11,584	\$ 17,067	\$ 2,153	\$ 2,333	\$ 62,700
Financing receivables:								
Ending balance	\$ 700,140	\$ 1,558,978	\$ 1,194,890	\$ 1,948,001	\$ 583,679	\$ 278,806	\$ 0	\$ 6,264,494
Ending Balance: individually evaluated for impairment	\$ 4,971	\$ 26,946	\$ 22,383	\$ 17,209	\$ 19,125	\$ 0	\$ 0	\$ 90,634
Ending Balance: collectively evaluated for impairment	\$ 695,169	\$ 1,532,032	\$ 1,172,507	\$ 1,930,792	\$ 564,554	\$ 278,806	\$ 0	\$ 6,173,860

7. INTANGIBLE ASSETS

The following is a summary of intangible assets subject to amortization and those not subject to amortization:

	As of September 30, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Core deposit intangible assets	\$ 41,440	(\$ 29,653)	\$ 11,787
Goodwill not subject to amortization			\$ 372,979

Table of Contents

	As of December 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Core deposit intangible assets	\$ 30,995	(\$ 28,055)	\$ 2,940
Goodwill not subject to amortization			\$ 311,765

United incurred amortization expense of \$860 and \$1,597 for the quarter and nine months ended September 30, 2011, respectively, and \$448 and \$1,473 for the quarter and nine months ended September 30, 2010, respectively, related to intangible assets. The table presented below sets forth the anticipated amortization expense for intangible assets for each of the next five years:

Year	Amount
2011	\$ 2,258
2012	2,534
2013	1,728
2014	1,273
2015 and thereafter	5,592

8. SHORT-TERM BORROWINGS

Federal funds purchased and securities sold under agreements to repurchase are a significant source of funds for the Company. United has various unused lines of credit available from certain of its correspondent banks in the aggregate amount of \$274,000. These lines of credit, which bear interest at prevailing market rates, permit United to borrow funds in the overnight market, and are renewable annually subject to certain conditions. At September 30, 2011, federal funds purchased were \$20,440 while securities sold under agreements to repurchase were \$239,655. The securities sold under agreements to repurchase were accounted for as collateralized borrowings. They were recorded at the amounts at which the securities were acquired or sold plus accrued interest.

United has a \$10,000 line of credit with an unrelated financial institution to provide for general liquidity needs. The line is an unsecured, revolving line of credit. The line is renewable on a 360 day basis and carries an indexed, floating-rate of interest. The line requires compliance with various financial and nonfinancial covenants. At September 30, 2011, United had no outstanding balance under this line of credit.

United Bank (VA) participates in the Treasury Investment Program, which is essentially the U.S. Treasury's savings account for companies depositing employment and other tax payments. The bank retains the funds in an open-ended interest-bearing note until the Treasury withdraws or calls the funds. A maximum note balance is established and that amount must be collateralized at all times. All tax deposits or a portion of the tax deposits up to the maximum balance are generally available as a source of short-term investment funding. As of September 30, 2011, United Bank (VA) had an outstanding balance of \$225 and had additional funding available of \$4,775.

9. LONG-TERM BORROWINGS

United's subsidiary banks are members of the Federal Home Loan Bank (FHLB). Membership in the FHLB makes available short-term and long-term borrowings from collateralized advances. All FHLB borrowings are collateralized by a mix of single-family residential mortgage loans, commercial loans and investment securities. At September 30, 2011, United had an unused borrowing amount of approximately \$1,990,549 available subject to delivery of collateral after certain trigger points.

Advances may be called by the FHLB or redeemed by United based on predefined factors and penalties.

Table of Contents

At September 30, 2011, \$151,904 of FHLB advances with a weighted-average interest rate of 4.18% is scheduled to mature within the next eight years.

The scheduled maturities of these FHLB borrowings are as follows:

Year	Amount
2011	\$ 10,000
2012	55,000
2013	29,242
2014	26,625
2015 and thereafter	31,037
Total	\$ 151,904

United has a total of twelve statutory business trusts that were formed for the purpose of issuing or participating in pools of trust preferred capital securities (Capital Securities) with the proceeds invested in junior subordinated debt securities (Debentures) of United. The Debentures, which are subordinate and junior in right of payment to all present and future senior indebtedness and certain other financial obligations of United, are the sole assets of the trusts and United's payment under the Debentures is the sole source of revenue for the trusts. At September 30, 2011 and December 31, 2010, the outstanding balances of the Debentures were \$203,529 and \$184,277 respectively, and were included in the category of long-term debt on the Consolidated Balance Sheets entitled "Other long-term borrowings". The Capital Securities are not included as a component of shareholders' equity in the Consolidated Balance Sheets. United fully and unconditionally guarantees each individual trust's obligations under the Capital Securities.

Under the provisions of the subordinated debt, United has the right to defer payment of interest on the subordinated debt at any time, or from time to time, for periods not exceeding five years. If interest payments on the subordinated debt are deferred, the dividends on the Capital Securities are also deferred. Interest on the subordinated debt is cumulative.

As part of the acquisition of Centra on July 8, 2011, United assumed all the obligations of Centra and its subsidiaries. Centra had a total of two statutory business trusts that were formed for the purpose of issuing or participating in Capital Securities with the proceeds invested in Debentures of Centra. At merger, the outstanding balance of Centra's Debentures was \$20 million.

The Trust Preferred Securities currently qualify as Tier I capital to United for regulatory purposes.

10. COMMITMENTS AND CONTINGENT LIABILITIES

United is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to alter its own exposure to fluctuations in interest rates. These financial instruments include loan commitments, standby letters of credit, and commercial letters of credit. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

United's maximum exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument for the loan commitments and standby letters of credit is the contractual or notional amount of those instruments. United uses the same policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Collateral may be obtained, if deemed necessary, based on management's credit evaluation of the counterparty.

Table of Contents

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the commitment contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily, and historically do not, represent future cash requirements. The amount of collateral obtained, if deemed necessary upon the extension of credit, is based on management's credit evaluation of the counterparty. United had approximately \$1,715,402 and \$1,562,371 of loan commitments outstanding as of September 30, 2011 and December 31, 2010, respectively, the majority of which expire within one year.

Commercial and standby letters of credit are agreements used by United's customers as a means of improving their credit standing in their dealings with others. Under these agreements, United guarantees certain financial commitments of its customers. A commercial letter of credit is issued specifically to facilitate trade or commerce. Typically, under the terms of a commercial letter of credit, a commitment is drawn upon when the underlying transaction is consummated as intended between the customer and a third party. United has issued commercial letters of credit of \$285 and \$1,469 as of September 30, 2011 and December 31, 2010, respectively. A standby letter of credit is generally contingent upon the failure of a customer to perform according to the terms of an underlying contract with a third party. United has issued standby letters of credit of \$128,093 and \$117,705 as of September 30, 2011 and December 31, 2010, respectively. In accordance with the Contingencies Topic of the FASB Accounting Standards Codification, United has determined that substantially all of its letters of credit are renewed on an annual basis and the fees associated with these letters of credit are immaterial.

In April, 2011, United Bankshares, Inc. and United Bank, Inc. of West Virginia were named as defendants in two putative class actions. In the first putative class action, the plaintiffs seek to represent a national class of United Bank, Inc. of West Virginia customers allegedly harmed by United Bank's overdraft practices relating to debit card transactions. In the second putative class action, the plaintiff seeks to represent a class of West Virginia residents allegedly harmed by United Bank's overdraft practices relating to debit card transactions.

These lawsuits are substantially similar to class action lawsuits being filed against financial institutions nationwide. With respect to the second putative class action, in September of 2011, the West Virginia state court ruled on a motion to dismiss filed by United Bankshares, Inc. and United Bank, Inc. of West Virginia. Although the West Virginia state court denied the motion as to United Bank, Inc. of West Virginia, the motion was granted, without prejudice, as to United Bankshares, Inc. Otherwise, at this stage of the proceedings, it is too early to determine if these matters would be reasonably expected to have a material adverse effect on United's financial condition. United believes there are meritorious defenses to the claims asserted in both proceedings.

11. DERIVATIVE FINANCIAL INSTRUMENTS

United uses derivative instruments to aid against adverse prices or interest rate movements on the value of certain assets or liabilities and on future cash flows. These derivatives may consist of interest rate swaps, caps, floors, collars, futures, forward contracts, written and purchased options. United also executes derivative instruments with its commercial banking customers to facilitate its risk management strategies.

United accounts for its derivative financial instruments in accordance with the Derivatives and Hedging topic of the FASB Accounting Standards Codification. The Derivatives and Hedging topic requires all derivative instruments to be carried at fair value on the balance sheet. United has designated certain derivative instruments used to manage interest rate risk as hedge relationships with certain assets, liabilities or cash flows being hedged. Certain derivatives used for interest rate risk management are not designated in a hedging relationship.

Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges.

Table of Contents

Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. As of September 30, 2011, United only has fair value hedges. United's cash flow hedge matured in December of 2010.

For a fair value hedge, the fair value of the interest rate swap is recognized on the balance sheet as either a freestanding asset or liability with a corresponding adjustment to the hedged financial instrument. Subsequent adjustments due to changes in the fair value of a derivative that qualifies as a fair value hedge are offset in current period earnings. For a cash flow hedge, the fair value of the interest rate swap is recognized on the balance sheet as either a freestanding asset or liability with a corresponding adjustment to other comprehensive income within shareholders' equity, net of tax. Subsequent adjustments due to changes in the fair value of a derivative that qualifies as a cash flow hedge are offset to other comprehensive income, net of tax. The portion of a hedge that is ineffective is recognized immediately in earnings.

At inception of a hedge relationship, United formally documents the hedged item, the particular risk management objective, the nature of the risk being hedged, the derivative being used, how effectiveness of the hedge will be assessed and how the ineffectiveness of the hedge will be measured. United also assesses hedge effectiveness at inception and on an ongoing basis using regression analysis. Hedge ineffectiveness is measured by using the change in fair value method. The change in fair value method compares the change in the fair value of the hedging derivative to the change in the fair value of the hedged exposure, attributable to changes in the benchmark rate. The portion of a hedge that is ineffective is recognized immediately in earnings. Prior to January 1, 2006, United used the shortcut method for interest rate swaps that met the criteria as defined under the Derivatives and Hedging topic. Effective January 1, 2006, United adopted an internal policy of accounting for all new derivative instruments entered thereafter whereby the shortcut method would no longer be used.

The derivative portfolio also includes derivative financial instruments not included in hedge relationships. These derivatives consist of interest rate swaps used for interest rate management purposes and derivatives executed with commercial banking customers to facilitate their interest rate management strategies. For derivatives that are not designated in a hedge relationship, changes in the fair value of the derivatives are recognized in earnings in the same period as the change in fair value. Gains and losses on other derivative financial instruments are included in noninterest income and noninterest expense, respectively.

The following table sets forth certain information regarding the interest rate derivatives portfolio used for interest-rate risk management purposes and designated as accounting hedges under the Derivatives and Hedging topic at September 30, 2011:

Derivative Classifications and Hedging Relationships

September 30, 2011

	Notional Amount	Average Receive Rate	Average Pay Rate
Fair Value Hedges:			
Pay Fixed Swap (Hedging Commercial Loans)	\$ 13,130	0.00%	6.27%
Total Derivatives Used in Fair Value Hedges	\$ 13,130		
Total Derivatives Used for Interest Rate Risk Management and Designated as Hedges	\$ 13,130		

Table of Contents

The following tables summarize the fair value of United's derivative financial instruments:

	Asset Derivatives			
	September 30, 2011		December 31, 2010	
	Balance		Balance	
	Sheet	Fair Value	Sheet	Fair Value
	Location		Location	Fair Value
Derivatives not designated as hedging instruments				
Interest rate contracts	Other assets	\$ 4,236	Other assets	\$ 4,360
Total derivatives not designated as hedging instruments		\$ 4,236		\$ 4,360
Total asset derivatives		\$ 4,236		\$ 4,360
	Liability Derivatives			
	September 30, 2011		December 31, 2010	
	Balance		Balance	
	Sheet	Fair Value	Sheet	Fair Value
	Location		Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts	Other liabilities	\$ 1,395	Other liabilities	\$ 1,581
Total derivatives designated as hedging instruments		\$ 1,395		\$ 1,581
Derivatives not designated as hedging instruments				
Interest rate contracts	Other liabilities	\$ 4,236	Other liabilities	\$ 4,360
Total derivatives not designated as hedging instruments		\$ 4,236		\$ 4,360
Total liability derivatives		\$ 5,631		\$ 5,941

Derivative contracts involve the risk of dealing with both bank customers and institutional derivative counterparties and their ability to meet contractual terms. Credit risk arises from the possible inability of counterparties to meet the terms of their contracts. United's exposure is limited to the replacement value of the contracts rather than the notional amount of the contract. The Company's agreements generally contain provisions that limit the unsecured exposure up to an agreed upon threshold. Additionally, the Company attempts to minimize credit risk through certain approval processes established by management.

Table of Contents

The effect of United's derivative financial instruments on its unaudited Consolidated Statements of Income for the three and nine months ended September 30, 2011 and 2010 are presented as follows:

	Income Statement Location	Three Months Ended	
		September 30, 2011	September 30, 2010
Derivatives in fair value hedging relationships			
Interest rate contracts	Interest income/ (expense)	\$ 20	\$ 22
Total derivatives in fair value hedging relationships		\$ 20	\$ 22
Derivatives not designated as hedging instruments			
Interest rate contracts ⁽¹⁾	Other income	\$ 557	\$ 763
Interest rate contracts ⁽²⁾	Other expense	\$ (557)	\$ (763)
Total derivatives not designated as hedging instruments		\$ 0	\$ 0
Total derivatives		\$ 20	\$ 22

	Income Statement Location	Nine Months Ended	
		September 30, 2011	September 30, 2010
Derivatives in fair value hedging relationships			
Interest rate contracts	Interest income/ (expense)	\$ 61	\$ 65
Total derivatives in fair value hedging relationships		\$ 61	\$ 65
Derivatives not designated as hedging instruments			
Interest rate contracts ⁽¹⁾	Other income	\$ 1,363	\$ 2,476
Interest rate contracts ⁽²⁾	Other expense	\$ (1,363)	\$ (2,476)
Total derivatives not designated as hedging instruments		\$ 0	\$ 0
Total derivatives		\$ 61	\$ 65

(1) Represents net gains from derivative assets not designated as hedging instruments.

(2) Represents net losses from derivative liabilities not designated as hedging instruments.

12. FAIR VALUE MEASUREMENTS

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

United determines the fair values of its financial instruments based on the fair value hierarchy established by ASC topic 820, which also clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

ASC topic 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect United's market assumptions.

Table of Contents

The three levels of the fair value hierarchy based on these two types of inputs are as follows:

- Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.
- Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.
- Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

When determining the fair value measurements for assets and liabilities, United looks to active and observable markets to price identical assets or liabilities whenever possible and classifies such items in Level 1. When identical assets and liabilities are not traded in active markets, United looks to market observable data for similar assets and liabilities and classifies such items as Level 2. Nevertheless, certain assets and liabilities are not actively traded in observable markets and United must use alternative valuation techniques using unobservable inputs to determine a fair value and classifies such items as Level 3. For assets and liabilities that are not actively traded, the fair value measurement is based primarily upon estimates that require significant judgment. Therefore, the results may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there are inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values. The level within the fair value hierarchy is based on the lowest level of input that is significant in the fair value measurement.

In accordance with ASC topic 820, the following describes the valuation techniques used by United to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities available for sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Using a market approach valuation methodology, third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that considers observable market data (Level 2). Management internally reviews the fair values provided by third party vendors on a monthly basis. Management's review consists of comparing fair values assigned by third party vendors to trades and offerings observed by management. The review requires some degree of judgment as to the number or percentage of securities to review on the part of management which could fluctuate based on results of past reviews and in comparison to current expectations. Exceptions that are deemed to be material are reviewed by management. Prices obtained from third party vendors that do not reflect forced liquidation or distressed sales are not adjusted by management. Management utilizes a number of factors to determine if a market is inactive, all of which may require a significant level of judgment. Factors that management considers include: a significant widening of the bid-ask spread, a considerable decline in the volume and level of trading activity in the instrument, a significant variance in prices among market participants, and a significant reduction in the level of observable inputs. Any securities available for sale not valued based upon quoted market prices or third party pricing models that consider observable market data are considered Level 3. Currently, United considers its valuation of available-for-sale TRUP CDOs as Level 3. The Fair Value Measurements and Disclosures topic assumes that fair values of financial assets are determined in an orderly transaction and not a forced liquidation or distressed sale at the measurement date. Based on financial market conditions, United feels that the fair values obtained from its third party vendor reflects forced liquidation or distressed sales for these TRUP CDOs due to decreased volume and trading activity. Additionally, management held discussions with institutional traders to identify trends in the number and type of transactions related to the TRUP CDOs sector. Based upon management's review of the market conditions for TRUP CDOs, it was determined that an income approach valuation technique (present value technique) that maximizes the use

Table of Contents

of relevant observable inputs and minimizes the use of unobservable inputs is more representative of fair value than the market approach valuation technique used by United's third party vendor. The present value technique discounts expected future cash flows of a security to arrive at a present value. Management considers the following items when calculating the appropriate discount rate: the implied rate of return when the market was last active, changes in the implied rate of return as markets moved from very active to inactive, recent changes in credit ratings, and recent activity showing that the market has built in increased liquidity and credit premiums. Management's internal credit review of each security was also factored in to determine the appropriate discount rate. The credit review considered each security's collateral, subordination, excess spread, priority of claims, principal and interest. Discount margins used in the valuation at September 30, 2011 ranged from LIBOR plus 6.00% to LIBOR plus 30.00%.

Derivatives: United utilizes interest rate swaps in order to hedge exposure to interest rate risk and variability of cash flows associated to changes in the underlying interest rate of the hedged item. These hedging interest rate swaps are classified as either a fair value hedge or a cash flow hedge. United's derivative portfolio also includes derivative financial instruments not included in hedge relationships. These derivatives consist of interest rate swaps used for interest rate management purposes and derivatives executed with commercial banking customers to facilitate their interest rate management strategies. United utilizes third-party vendors for derivative valuation purposes. These vendors determine the appropriate fair value based on a net present value calculation of the cash flows related to the interest rate swaps using primarily observable market inputs such as interest rate yield curves (Level 2). Valuation adjustments to derivative fair values for liquidity and credit risk are also taken into consideration, as well as the likelihood of default by United and derivative counterparties, the net counterparty exposure and the remaining maturities of the positions. Values obtained from third party vendors are typically not adjusted by management. Management internally reviews the derivative values provided by third party vendors on a quarterly basis. All derivative values are tested for reasonableness by management utilizing a net present value calculation.

For a fair value hedge, the fair value of the interest rate swap is recognized on the balance sheet as either a freestanding asset or liability with a corresponding adjustment to the hedged financial instrument. Subsequent adjustments due to changes in the fair value of a derivative that qualifies as a fair value hedge are offset in current period earnings either in interest income or interest expense depending on the nature of the hedged financial instrument. For a cash flow hedge, the fair value of the interest rate swap is recognized on the balance sheet as either a freestanding asset or liability with a corresponding adjustment to other comprehensive income within shareholders' equity, net of tax. Subsequent adjustments due to changes in the fair value of a derivative that qualifies as a cash flow hedge are offset to other comprehensive income, net of tax. The portion of a hedge that is ineffective is recognized immediately in earnings.

For derivatives that are not designated in a hedge relationship, changes in the fair value of the derivatives are recognized in earnings in the same period as the change in the fair value. Unrealized gains and losses due to changes in the fair value of other derivative financial instruments not in hedge relationship are included in noninterest income and noninterest expense, respectively.

Table of Contents

The following tables present the balances of financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2011 and December 31, 2010, segregated by the level of the valuation inputs within the fair value hierarchy.

Description	Fair Value at September 30, 2011 Using			
	Balance as of September 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available for sale debt securities:				
U.S. Treasury securities and obligations of U.S.				
Government corporations and agencies	\$ 304,547	\$ 0	\$ 304,547	\$ 0
State and political subdivisions	100,344	0	100,344	0
Residential mortgage-backed securities				
Agency	225,545	0	225,545	0
Non-agency	43,567	420	43,147	0
Trust preferred collateralized debt obligations	44,073	0	0	44,073
Single issue trust preferred securities	11,497	431	11,066	0
Other corporate securities	5,000	0	5,000	0
Total available for sale debt securities	734,573	851	689,649	44,073
Available for sale equity securities:				
Financial services industry	2,017	1,624	393	0
Equity mutual funds (1)	847	847	0	0
Other equity securities	789	789	0	0
Total available for sale equity securities	3,653	3,260	393	0
Total available for sale securities	738,226	4,111	690,042	44,073
Derivative financial assets:				
Interest rate contracts	4,236	0	4,236	0
Liabilities				
Derivative financial liabilities:				
Interest rate contracts	5,631	0	5,631	0

- (1) The equity mutual funds are within a rabbi trust for the payment of benefits under a deferred compensation plan for certain key officers of United and its subsidiaries.

Table of Contents

Description	Fair Value at December 31, 2010 Using			
	Balance as of December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available for sale debt securities:				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 103,865	\$ 0	\$ 103,865	\$ 0
State and political subdivisions	84,313	0	84,313	0
Residential mortgage-backed securities				
Agency	323,733	0	323,733	0
Non-agency	73,756	408	73,348	0
Trust preferred collateralized debt obligations	49,908	0	0	49,908
Single issue trust preferred securities	11,726	446	11,280	0
Total available for sale debt securities	647,301	854	596,539	49,908
Available for sale equity securities:				
Financial services industry	1,942	1,942	0	0
Equity mutual funds (1)	3,054	3,054	0	0
Other equity securities	979	979	0	0
Total available for sale equity securities	5,975	5,975	0	0
Total available for sale securities	653,276	6,829	596,539	49,908
Derivative financial assets:				
Interest rate contracts	4,360	0	4,360	0
Liabilities				
Derivative financial liabilities:				
Interest rate contracts	5,941	0	5,941	0

(1) The equity mutual funds are 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 presents additional information about financial assets and liabilities measured at fair value at September 30, 2011 and December 31, 2010 on a recurring basis and for which United has utilized Level 3 inputs to determine fair value:

	Available-for-sale Securities	
	September 30, 2011	December 31, 2010
Balance, beginning of year	\$ 49,908	\$ 59,294
Total gains or losses (realized/unrealized):		
Included in earnings (or changes in net assets)	(13,451)	(7,322)
Included in other comprehensive income	7,616	(2,064)
Purchases	0	0

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

Issuances	0	0
Settlements	0	0
Transfers into Level 3	0	0
Transfers out of Level 3	0	0

Balance, ending of period	\$ 44,073	\$ 49,908
---------------------------	-----------	-----------

The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at reporting date	0	0
---	---	---

Table of Contents

Certain financial assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The following describes the valuation techniques used by United to measure certain financial assets recorded at fair value on a nonrecurring basis in the financial statements.

Loans held for sale: Loans held for sale are carried at the lower of cost or fair value. These loans currently consist of one-to-four family residential loans originated for sale in the secondary market. Fair value is based on the price secondary markets are currently offering for similar loans using observable market data which is not materially different than cost due to the short duration between origination and sale (Level 2). As such, United records any fair value adjustments on a nonrecurring basis. No nonrecurring fair value adjustments were recorded on loans held for sale during the quarter ended September 30, 2011. Gains and losses on the sale of loans are recorded within income from mortgage banking on the unaudited Consolidated Statements of Income.

Impaired Loans: Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. Impairment is measured based upon the present value of expected future cash flows from the loan discounted at the loan's effective rate and the loan's observable market price or the fair value of collateral, if the loan is collateral dependent. Fair value is measured using a market approach based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the collateral is real estate. The value of real estate collateral is determined utilizing an appraisal conducted by an independent, licensed appraiser outside of the Company using comparable property sales (Level 2). However, if the collateral is a house or building in the process of construction or if an appraisal of the real estate property is over two years old, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business' financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). Impaired loans allocated to the Allowance for Loan Losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for credit losses expense on the unaudited Consolidated Statements of Income.

OREO: OREO consists of real estate acquired in foreclosure or other settlement of loans. Such assets are carried on the balance sheet at the lower of the investment in the assets or the fair value of the assets less estimated selling costs. Fair value is determined by one of two market approach methods depending on whether the property has been vacated and an appraisal can be conducted. If the property has yet to be vacated and thus an appraisal cannot be performed, a Brokers Price Opinion (i.e. BPO), is obtained. A BPO represents a best estimate valuation performed by a realtor based on knowledge of current property values and a visual examination of the exterior condition of the property. Once the property is subsequently vacated, a formal appraisal is obtained and the recorded asset value appropriately adjusted. On the other hand, if the OREO property has been vacated and an appraisal can be conducted, the fair value of the property is determined based upon the appraisal using a market approach. An authorized independent appraiser conducts appraisals for United. Appraisals for property other than ongoing construction are based on consideration of comparable property sales (Level 2). In contrast, valuation of ongoing construction assets requires some degree of professional judgment. In conducting an appraisal for ongoing construction property, the appraiser develops two appraised amounts: an "as is" appraised value and a "completed" value. Based on professional judgment and their knowledge of the particular situation, management determines the appropriate fair value to be utilized for such property (Level 3). As a matter of policy, valuations are reviewed at least annually and appraisals are generally updated on a bi-annual basis with values lowered as necessary.

Intangible Assets: For United, intangible assets consist of goodwill and core deposit intangibles. Goodwill is tested for impairment at least annually or sooner if indicators of impairment exist. Goodwill impairment would be defined as the

Table of Contents

difference between the recorded value of goodwill (i.e. book value) and the implied fair value of goodwill. In determining the implied fair value of goodwill for purposes of evaluating goodwill impairment, United determines the fair value of the reporting unit using a market approach and compares the fair value to its carrying value. If the carrying value exceeds the fair value, a step two test is performed whereby the implied fair value is computed by deducting the fair value of all tangible and intangible net assets from the fair value of the reporting unit. Core deposit intangibles relate to the estimated value of the deposit base of acquired institutions. Management reviews core deposit intangible assets on an annual basis, or sooner if indicators of impairment exist, and evaluates changes in facts and circumstances that may indicate impairment in the carrying value. No fair value measurement of intangible assets was made during the first nine months of 2011.

The following table summarizes United's financial assets that were measured at fair value on a nonrecurring basis during the period:

Description	Fair Value Measurements at September 30, 2011 Using					YTD Losses
	Balance as of September 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets						
Impaired Loans	\$ 44,191	\$ 0	\$ 23,111	\$ 21,080		\$ 1,764
OREO	52,657	0	46,630	6,027		1,692

Description	Fair Value Measurements at December 31, 2010 Using					YTD Losses
	Balance as of December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets						
Impaired Loans	\$ 25,722	\$ 0	\$ 9,741	\$ 15,981		\$ 7,545
OREO	44,770	0	42,705	2,065		3,364

The following methods and assumptions were used by United in estimating its fair value disclosures for other financial instruments:

Cash and Cash Equivalents: The carrying amounts reported in the balance sheet for cash and cash equivalents approximate those assets' fair values.

Securities held to maturity and other securities: The estimated fair values of held to maturity are based on quoted market prices, where available. If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that considers observable market data. Any securities held to maturity not valued based upon the methods above are valued based on a discounted cash flow methodology using appropriately adjusted discount rates reflecting nonperformance and liquidity risks. Other securities consist mainly of shares of Federal Home Loan Bank and Federal Reserve Bank stock that do not have readily determinable fair values and are carried at cost.

Table of Contents

Loans: The fair values of certain mortgage loans (e.g., one-to-four family residential), credit card loans, and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. The fair values of other loans (e.g., commercial real estate and rental property mortgage loans, commercial and industrial loans, financial institution loans and agricultural loans) are estimated using discounted cash flow analyses, using market interest rates currently being offered for loans with similar terms to borrowers of similar creditworthiness, which include adjustments for liquidity concerns.

Deposits: The fair values of demand deposits (e.g., interest and noninterest checking, regular savings and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values of fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-term Borrowings: The carrying amounts of federal funds purchased, borrowings under repurchase agreements and other short-term borrowings approximate their fair values.

Long-term Borrowings: The fair values of United's Federal Home Loan Bank borrowings and trust preferred securities are estimated using discounted cash flow analyses, based on United's current incremental borrowing rates for similar types of borrowing arrangements.

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

	September 30, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 668,524	\$ 668,524	\$ 461,389	\$ 461,389
Securities available for sale	738,226	738,226	653,276	653,276
Securities held to maturity	62,114	61,657	67,036	62,315
Other securities	71,558	68,460	74,403	73,901
Loans held for sale	7,378	7,378	6,869	6,869
Loans	6,259,228	6,178,078	5,260,326	5,178,765
Derivative financial assets	4,236	4,236	4,360	4,360
Deposits	6,927,975	6,958,446	5,713,534	5,742,452
Short-term borrowings	260,320	260,320	193,214	193,214
Long-term borrowings	355,433	366,049	386,458	393,994
Derivative financial liabilities	5,631	5,631	5,941	5,941

13. STOCK BASED COMPENSATION

On May 16, 2011, United's shareholders approved the 2011 Long-Term Incentive Plan (2011 LTI Plan). The 2011 LTI Plan became effective as of July 1, 2011. An award granted under the 2011 LTI Plan may consist of any non-qualified stock options or incentive stock options, stock appreciation rights, restricted stock, or restricted stock units. These awards all relate to the common stock of United. The maximum number of shares of United common stock which may be issued under the 2011 LTI Plan is 1,500,000. Any and all shares may be issued in respect of any of the types of awards, provided that (1) the aggregate number of shares that may be issued in respect of restricted stock awards, and restricted stock units awards which are settled in shares is 350,000, and (2) the aggregate number of shares that may be issued pursuant to stock options is 1,150,000. The shares to be offered under the 2011 LTI Plan may be authorized and unissued shares or treasury shares. With respect to awards that are intended to satisfy the requirements for performance-based compensation under Code Section 162(m), the maximum number of options and stock appreciation rights, in the aggregate, which may be awarded pursuant to the 2011 LTI Plan to any individual participant

Table of Contents

during any calendar year is 100,000, and the maximum number of shares of restricted stock and/or shares subject to a restricted stock units award that may be granted pursuant to the 2011 LTI Plan to any individual participant during any calendar year is 50,000 shares. A participant may be any key employee of United or its affiliates or a non-employee member of United's Board of Directors. Subject to certain change in control provisions, stock options, SARs, restricted stock and restricted stock units will vest in 25% increments over the first four anniversaries of the awards unless the Committee specifies otherwise in the award agreement. No award will vest sooner than 1/3 per year over the first three anniversaries of the award. A Form S-8 was filed on September 2, 2011 with the Securities and Exchange Commission to register all the shares which were available for the 2011 LTI Plan.

The 2011 LTI Plan replaces the 2006 Stock Option Plan which expired during the second quarter of 2011. A total of 887,650 shares were granted under the 2006 Stock Option Plan resulting in the recognition of compensation expense of \$336 and \$797 for the third quarter and first nine months of 2011, respectively, which was included in salaries and employee benefits expense in the unaudited Consolidated Statement of Income. A Form S-8 was filed on October 25, 2006 with the Securities and Exchange Commission to register all the shares which were available for the 2006 Stock Option Plan.

United currently has options outstanding from various option plans other than the 2011 Stock Option Plan (the "Prior Plans"); however, no common shares of United stock are available for grants under the Prior Plans as these plans have expired. Awards outstanding under the Prior Plans will remain in effect in accordance with their respective terms. The maximum term for options granted under the plans is ten (10) years.

A summary of option activity under the Plans as of September 30, 2011, and the changes during the first nine months of 2011 are presented below:

	Nine Months Ended September 30, 2011			
	Shares	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Yrs.)	Exercise Price
Outstanding at January 1, 2011	1,597,032			\$ 28.91
Granted	311,300			28.64
Exercised	33,007			11.51
Forfeited or expired	62,747			23.92
Outstanding at September 30, 2011	1,812,578	\$ 118,145	5.0	\$ 29.36
Exercisable at September 30, 2011	1,204,978	\$ 118,145	3.1	\$ 31.29

The following table summarizes the status of United's nonvested awards during the first nine months of 2011:

	Shares	Weighted-Average Grant Date Fair Value Per Share	
Nonvested at January 1, 2011	311,800	\$	6.25
Granted	311,300		7.91
Vested	0		0.00
Forfeited or expired	15,500		6.62
Nonvested at September 30, 2011	607,600	\$	7.09

Cash received from options exercised under the Plans for the nine months ended September 30, 2011 and 2010 was \$379 thousand and \$2.14 million, respectively. During the nine months ended September 30, 2011 and 2010, 33,007 and 136,256 shares, respectively, were issued in connection with stock option exercises. All shares issued in connection with stock option exercises were issued from available treasury stock for both the six months ended September 30, 2011 and 2010. The total intrinsic value of options exercised under the Plans during the nine months

ended September 30, 2011 and 2010 was \$473 thousand and \$1.54 million, respectively.

Table of Contents

The benefits of tax deductions in excess of recognized compensation cost are reported as a financing cash flow, rather than as an operating cash flow as required under previous standards. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. While the Company cannot estimate what those amounts will be in the future (because they depend on, among other things, the date employees exercise stock options), United recognized cash flows from financing activities of \$159 thousand and \$389 thousand from excess tax benefits related to share-based compensation for the nine months ended September 30, 2011 and 2010, respectively.

14. EMPLOYEE BENEFIT PLANS

United has a defined benefit retirement plan covering a majority of employees. Pension benefits are based on years of service and the average of the employee's highest five consecutive plan years of basic compensation paid during the ten plan years preceding the date of determination. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In September of 2007, after a recommendation by United's Pension Committee and approval by United's Board of Directors, the United Bankshares, Inc. Pension Plan (the Plan) was amended to change the participation rules. The decision to change the participation rules for the Plan follows current industry trends, as many large and medium size companies have taken similar steps. The amendment provides that employees hired on or after October 1, 2007, will not be eligible to participate in the Plan. However, new employees will continue to be eligible to participate in United's Savings and Stock Investment 401(k) plan. This change had no impact on current employees hired prior to October 1, 2007 as they will continue to participate in the Plan, with no change in benefit provisions, and will continue to be eligible to participate in United's Savings and Stock Investment 401(k) Plan.

Included in accumulated other comprehensive income at December 31, 2010 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service costs of \$5 (\$3 net of tax) and unrecognized actuarial losses of \$31,773 (\$19,064 net of tax). The amortization of these items expected to be recognized in net periodic pension cost during the fiscal year ended December 31, 2011 is \$1 (\$1 net of tax) and \$2,280 (\$1,368 net of tax), respectively.

Net periodic pension cost for the three and nine months ended September 30, 2011 and 2010 included the following components:

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
Service cost	\$ 625	\$ 595	\$ 1,855	\$ 1,765
Interest cost	1,134	1,087	3,366	3,224
Expected return on plan assets	(2,101)	(1,739)	(6,234)	(5,161)
Amortization of transition asset	0	(33)	0	(98)
Recognized net actuarial loss	574	582	1,705	1,728
Amortization of prior service cost	1	1	1	1
Net periodic pension (benefit) cost	\$ 233	\$ 493	\$ 693	\$ 1,459

Weighted-Average Assumptions:

Discount rate	5.75%	6.25%	5.75%	6.25%
Expected return on assets	8.00%	8.00%	8.00%	8.00%
Rate of compensation increase (prior to age 45)	3.75%	3.75%	3.75%	3.75%
Rate of compensation increase	2.75%	2.75%	2.75%	2.75%

Table of Contents**15. INCOME TAXES**

United records a liability for uncertain income tax positions based on a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken on a tax return, in order for those tax positions to be recognized in the financial statements.

As of September 30, 2011, United has provided a liability for \$628 of unrecognized tax benefits related to various federal and state income tax matters. The entire amount of unrecognized tax benefits, if recognized, would impact United's effective tax rate. Over the next 12 months, the statute of limitations will close on certain income tax returns. However, at this time, United cannot reasonably estimate the amount of tax benefits it may recognize over the next 12 months.

United is currently open to audit under the statute of limitations by the Internal Revenue Service and State Taxing authorities for the years ended December 31, 2008 through 2010.

As of September 30, 2011 and 2010, the total amount of accrued interest related to uncertain tax positions was \$171 and \$333, respectively. United accounts for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes.

16. COMPREHENSIVE INCOME

The components of total comprehensive income for the three and nine months ended September 30, 2011 and 2010 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
Net Income	\$ 20,016	\$ 17,316	\$ 55,353	\$ 52,657
Available for sale (AFS) securities:				
AFS securities with OTTI charges during the period	(7,622)	(10,740)	(17,482)	(24,722)
Related income tax effect	2,668	3,759	6,119	8,653
Less : OTTI charges recognized in net income	7,922	1,864	14,128	4,446
Related income tax benefit	(2,773)	(652)	(4,945)	(1,556)
Reclassification of previous noncredit OTTI to credit OTTI	4,169	375	10,143	1,646
Related income tax benefit	(1,459)	(131)	(3,550)	(576)
Net unrealized gains (losses) on AFS securities with OTTI	2,905	(5,525)	4,413	(12,109)
AFS securities all other:				
Net change in unrealized gains on AFS securities arising during the period	(1,988)	10,067	(2,131)	21,217
Related income tax effect	696	(3,524)	746	(7,426)
Net reclassification adjustment for (gains) losses included in net income	(445)	(161)	(1,647)	(372)
Related income tax expense (benefit)	155	56	576	130
	(1,582)	6,438	(2,456)	13,549
Net effect of AFS securities on other comprehensive income	1,323	913	1,957	1,440

Table of Contents

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
Held to maturity (HTM) securities:				
Unrealized loss related to the call of HTM securities transferred from AFS to the HTM portfolio	0	0	0	130
Related income tax expense	0	0	0	(45)
Accretion on the unrealized loss for securities transferred from AFS to the HTM investment portfolio prior to call or maturity	2	1	6	5
Related income tax expense	0	0	(2)	(2)
Net effect of HTM securities on other comprehensive income	2	1	4	88
Cash flow hedge derivatives:				
Unrealized gain on cash flow hedge	0	1,802	0	5,640
Related income tax effect	0	(631)	0	(1,974)
Net effect of cash flow hedge derivatives on other comprehensive income	0	1,171	0	3,666
Pension plan:				
Change in pension asset	0	0	0	0
Related income tax expense	0	0	0	0
Amortization of transition asset	0	(33)	0	(98)
Related income tax expense	0	12	0	38
Amortization of prior service cost	0	1	1	1
Related income tax benefit	0	0	0	0
Recognized net actuarial loss	574	582	1,705	1,728
Related income tax benefit	(234)	(233)	(679)	(686)
Net effect of change in pension plan asset on other comprehensive income	340	329	1,026	983
Total change in other comprehensive income	1,665	2,414	2,987	6,177
Total Comprehensive Income	\$ 21,681	\$ 19,730	\$ 58,340	\$ 58,834

17. EARNINGS PER SHARE

The reconciliation of the numerator and denominator of basic earnings per share with that of diluted earnings per share is presented as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
Basic				
Net Income	\$ 20,016	\$ 17,316	\$ 55,353	\$ 52,657
Average common shares outstanding	49,628,087	43,588,021	45,656,304	43,528,210
Earnings per basic common share	\$ 0.40	\$ 0.40	\$ 1.21	\$ 1.21

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

Diluted

Net Income	\$ 20,016	\$ 17,316	\$ 55,353	\$ 52,657
Average common shares outstanding	49,628,087	43,588,021	45,656,304	43,528,210
Equivalents from stock options	8,295	57,632	35,802	78,881
Average diluted shares outstanding	49,636,382	43,645,653	45,692,106	43,607,091
Earnings per diluted common share	\$ 0.40	\$ 0.40	\$ 1.21	\$ 1.21

Table of Contents**18. VARIABLE INTEREST ENTITIES**

Variable interest entities (VIEs) are entities that either have a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest (i.e., ability to make significant decisions, through voting rights, right to receive the expected residual returns of the entity, and obligation to absorb the expected losses of the entity). VIEs can be structured as corporations, trusts, partnerships, or other legal entities. United's business practices include relationships with certain VIEs. For United, the business purpose of these relationships primarily consists of funding activities in the form of issuing trust preferred securities.

United currently sponsors twelve statutory business trusts that were created for the purpose of raising funds that qualify for Tier I regulatory capital. These trusts, of which several were acquired through bank acquisitions, issued or participated in pools of trust preferred capital securities to third-party investors with the proceeds invested in junior subordinated debt securities of United. The Company, through a small capital contribution owns 100% of the voting equity shares of each trust. The assets, liabilities, operations, and cash flows of each trust are solely related to the issuance, administration, and repayment of the preferred equity securities held by third-party investors. United fully and unconditionally guarantees the obligations of each trust and is obligated to redeem the junior subordinated debentures upon maturity.

The trusts utilized in these transactions are VIEs as the third-party equity holders lack a controlling financial interest in the trusts through their inability to make decisions that have a significant effect on the operations and success of the entities. United does not consolidate these trusts as it is not the primary beneficiary of these entities because United's equity interest does not absorb the majority of the trusts' expected losses or receive a majority of their expected residual returns.

Information related to United's statutory trusts is presented in the table below:

Description	Issuance Date	Amount of Capital Securities Issued	Interest Rate	Maturity Date
Century Trust	March 23, 2000	\$ 8,800	10.875% Fixed	March 8, 2030
Sequoia Trust I	March 28, 2001	\$ 7,000	10.18% Fixed	June 8, 2031
United Statutory Trust III	December 17, 2003	\$ 20,000	3-month LIBOR + 2.85%	December 17, 2033
United Statutory Trust IV	December 19, 2003	\$ 25,000	3-month LIBOR + 2.85%	January 23, 2034
United Statutory Trust V	July 12, 2007	\$ 50,000	6.67% Fixed, until October 2012	October 1, 2037
United Statutory Trust VI	September 20, 2007	\$ 30,000	6.60% Fixed, until October 2012	December 15, 2037
Premier Statutory Trust II	September 25, 2003	\$ 6,000	3-month LIBOR + 3.10%	October 8, 2033
Premier Statutory Trust III	May 16, 2005	\$ 8,000	3-month LIBOR + 1.74%	June 15, 2035
Premier Statutory Trust IV	June 20, 2006	\$ 14,000	3-month LIBOR + 1.55%	September 23, 2036
Premier Statutory Trust V	December 14, 2006	\$ 10,000	6.62% Fixed, until March 2012	March 1, 2037
Centra Statutory Trust I	September 20, 2004	\$ 10,000	3-month LIBOR + 2.29%	September 20, 2034
Centra Statutory Trust II	June 15, 2006	\$ 10,000	3-month LIBOR + 1.65%	July 7, 2036

United, through its banking subsidiaries, also makes limited partner equity investments in various low income housing and community development partnerships sponsored by independent third-parties. United invests in these partnerships to either realize tax credits on its consolidated federal income tax return or for purposes of earning a return on its investment. These partnerships are considered VIEs as the limited partners lack a controlling financial interest in

Table of Contents

the entities through their inability to make decisions that have a significant effect on the operations and success of the partnerships. United's limited partner interests in these entities is immaterial, however; these partnerships are not consolidated as United is not deemed to be the primary beneficiary.

The following table summarizes quantitative information about United's significant involvement in unconsolidated VIEs:

	As of September 30, 2011			As of December 31, 2010		
	Aggregate Assets	Aggregate Liabilities	Risk Of Loss ⁽¹⁾	Aggregate Assets	Aggregate Liabilities	Risk Of Loss ⁽¹⁾
Trust preferred securities	\$ 206,136	\$ 199,518	\$ 6,618	\$ 186,023	\$ 179,536	\$ 6,487

(1) Represents investment in VIEs.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FORWARD-LOOKING STATEMENTS

Congress passed the Private Securities Litigation Act of 1995 to encourage corporations to provide investors with information about the company's anticipated future financial performance, goals, and strategies. The act provides a safe harbor for such disclosure, in other words, protection from unwarranted litigation if actual results are not the same as management expectations.

United desires to provide its shareholders with sound information about past performance and future trends. Consequently, any forward-looking statements contained in this report, in a report incorporated by reference to this report, or made by management of United in this report, in any other reports and filings, in press releases and in oral statements, involves numerous assumptions, risks and uncertainties.

Actual results could differ materially from those contained in or implied by United's statements for a variety of factors including, but not limited to: changes in economic conditions; movements in interest rates; competitive pressures on product pricing and services; success and timing of business strategies; the nature and extent of governmental actions and reforms; and rapidly changing technology and evolving banking industry standards.

INTRODUCTION

The following discussion and analysis presents the significant changes in financial condition and the results of operations of United and its subsidiaries for the periods indicated below. This discussion and the unaudited consolidated financial statements and the notes to unaudited Consolidated Financial Statements include the accounts of United Bankshares, Inc. and its wholly-owned subsidiaries, unless otherwise indicated. Management has evaluated all significant events and transactions that occurred after September 30, 2011, but prior to the date these financial statements were issued, for potential recognition or disclosure required in these financial statements.

In addition, on July 8, 2011, United completed its acquisition of Centra Financial Holdings, Inc. (Centra) of Morgantown, West Virginia. The results of operations of Centra are included in the consolidated results of operations from the date of acquisition. As a result, comparisons for the third quarter and first nine months of 2011 to the same time periods of 2010 are impacted by increased levels of average balances, income, expense, and asset quality results due to the acquisition. At consummation, Centra had assets of approximately \$1.3 billion, loans of \$1.0 billion, deposits of \$1.1 billion and shareholders' equity of \$131 million.

This discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and accompanying notes thereto, which are included elsewhere in this document.

Table of Contents**APPLICATION OF CRITICAL ACCOUNTING POLICIES**

The accounting and reporting policies of United conform with U.S. generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments, which are reviewed with the Audit Committee of the Board of Directors, are based on information available as of the date of the financial statements. Actual results could differ from these estimates. These policies, along with the disclosures presented in the financial statement notes and in this financial review, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has identified the determination of the allowance for credit losses, the valuation of investment securities and the related other-than-temporary impairment analysis, and the calculation of the income tax provision to be the accounting areas that require the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available.

As explained in Note 6, Allowance for Credit Losses to the unaudited consolidated financial statements, allowance for credit losses represents management's estimate of the probable credit losses inherent in the lending portfolio. Determining the allowance for credit losses requires management to make forecasts of losses that are highly uncertain and require a high degree of judgment. At September 30, 2011, the allowance for loan losses was \$73.5 million and is subject to periodic adjustment based on management's assessment of current probable losses in the loan portfolio. Such adjustment from period to period can have a significant impact on United's consolidated financial statements. To illustrate the potential effect on the financial statements of our estimates of the allowance for loan losses, a 10% increase in the allowance for loan losses would have required \$7.4 million in additional allowance (funded by additional provision for credit losses), which would have negatively impacted first nine months of 2011 net income by approximately \$4.8 million, or \$0.10 diluted per common share. Management's evaluation of the adequacy of the allowance for credit losses and the appropriate provision for credit losses is based upon a quarterly evaluation of the loan portfolio and lending related commitments. This evaluation is inherently subjective and requires significant estimates, including estimates related to the amounts and timing of future cash flows, value of collateral, losses on pools of homogeneous loans based on historical loss experience, and consideration of current economic trends, all of which are susceptible to constant and significant change. The allowance allocated to specific credits and loan pools grouped by similar risk characteristics is reviewed on a quarterly basis and adjusted as necessary based upon subsequent changes in circumstances. In determining the components of the allowance for credit losses, management considers the risk arising in part from, but not limited to, charge-off and delinquency trends, current economic and business conditions, lending policies and procedures, the size and risk characteristics of the loan portfolio, concentrations of credit, and other various factors. Additional information relating to United's allowance for credit losses including the methodology used to determine the allowance for credit losses is described in Note 6. A discussion of the factors leading to changes in the amount of the allowance for credit losses is included in the Provision for Credit Losses section of this Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A). Additional information relating to United's loans is included in Note 4, Loans to the unaudited consolidated financial statements.

Accounting estimates are used in the presentation of the investment portfolio and these estimates impact the presentation of United's financial condition and results of operations. United classifies its investments in debt securities as either held to maturity or available for sale and its investments in equity securities as available for sale. Securities held to maturity are accounted for using historical costs, adjusted for amortization of premiums and accretion of discounts. Securities available for sale are accounted for at fair value, with the net unrealized gains and losses, net of income tax effects, presented as a separate component of stockholders' equity. When available, fair values of securities are based on quoted prices or prices obtained from third party vendors. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that consider

Table of Contents

observable market data. Prices obtained from third party vendors that do not reflect forced liquidation or distressed sales are not adjusted by management. Where prices reflect forced liquidation or distressed sales, as is the case with United's portfolio of pooled trust preferred securities, management estimates fair value based on a discounted cash flow methodology using appropriately adjusted discount rates reflecting nonperformance and liquidity risks. Due to the subjective nature of this valuation process, it is possible that the actual fair values of these securities could differ from the estimated amounts, thereby affecting United's financial position, results of operations and cash flows. The potential impact to United's financial position, results of operations or cash flows for changes in the valuation process cannot be reasonably estimated.

If the estimated value of investments is less than the cost or amortized cost, the investment is considered impaired and management evaluates whether an event or change in circumstances has occurred that may have a significant adverse effect on the fair value of the investment. If such an event or change has occurred, management must exercise judgment to determine the nature of the potential impairment (i.e., temporary or other-than-temporary) in order to apply the appropriate accounting treatment. If United intends to sell, or is more likely than not will be required to sell an impaired debt security before recovery of its amortized cost basis less any current period credit loss, other-than-temporary impairment is recognized in earnings. The amount recognized in earnings is equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. If United does not intend to sell, and is not more likely than not they will be required to sell the impaired debt security prior to recovery of its amortized cost basis less any current-period credit loss, the other-than-temporary impairment is separated into the following: 1) the amount representing the credit loss, which is recognized in earnings, and 2) the amount related to all other factors, which is recognized in other comprehensive income. Given the recent disruptions in the financial markets, the decision to recognize other-than-temporary impairment on investment securities has become more difficult as complete information is not always available and market conditions and other relevant factors are subject to rapid changes. Therefore, the other-than-temporary impairment assessment has become a critical accounting policy for United. For additional information on management's consideration of investment valuation and other than temporary impairment, see Note 3, Investment Securities, and Note 12, Fair Value Measurements, to the unaudited consolidated financial statements.

United's calculation of income tax provision is inherently complex due to the various tax laws and jurisdictions in which we operate and requires management's use of estimates and judgments in its determination. The current income tax liability also includes income tax expense related to our uncertain tax positions as required in ASC topic 740, Income Taxes. Changes to the estimated accrued taxes can occur due to changes in tax rates, implementation of new business strategies, resolution of issues with taxing authorities and recently enacted statutory, judicial and regulatory guidance. These changes can be material to the Company's operating results for any particular reporting period. The analysis of the income tax provision requires the assessments of the relative risks and merits of the appropriate tax treatment of transactions, filing positions, filing methods and taxable income calculations after considering statutes, regulations, judicial precedent and other information. United strives to keep abreast of changes in the tax laws and the issuance of regulations which may impact tax reporting and provisions for income tax expense. United is also subject to audit by federal and state authorities. Because the application of tax laws is subject to varying interpretations, results of these audits may produce indicated liabilities which differ from United's estimates and provisions. United continually evaluates its exposure to possible tax assessments arising from audits and records its estimate of probable exposure based on current facts and circumstances. The potential impact to United's operating results for any of the changes cannot be reasonably estimated. See Note 15, Income Taxes, to the unaudited Consolidated Financial Statements for information regarding United's ASC topic 740 disclosures.

Any material effect on the financial statements related to these critical accounting areas are further discussed in this MD&A.

Table of Contents**USE OF FAIR VALUE MEASUREMENTS**

United determines the fair value of its financial instruments based on the fair value hierarchy established in ASC topic 820, whereby the fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC topic 820 establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs in the methodology for determining fair value are observable or unobservable. Observable inputs reflect market-based information obtained from independent sources (Level 1 or Level 2), while unobservable inputs reflect management's estimate of market data (Level 3). For assets and liabilities that are actively traded and have quoted prices or observable market data, a minimal amount of subjectivity concerning fair value is needed. Prices and values obtained from third party vendors that do not reflect forced liquidation or distressed sales are not adjusted by management. When quoted prices or observable market data are not available, management's judgment is necessary to estimate fair value.

At September 30, 2011, approximately 9.78% of total assets, or \$839.31 million, consisted of financial instruments recorded at fair value. Of this total, approximately 91.52% or \$768.13 million of these financial instruments used valuation methodologies involving observable market data, collectively Level 1 and Level 2 measurements, to determine fair value. Approximately 8.48% or \$71.18 million of these financial instruments were valued using unobservable market information or Level 3 measurements. Most of these financial instruments valued using unobservable market information were pooled trust preferred investment securities classified as available-for-sale. At September 30, 2011, only \$5.63 million or less than 1% of total liabilities were recorded at fair value. This entire amount was valued using methodologies involving observable market data. United believes the valuations of its financial instruments mentioned above to be reasonable. See Note 12, Fair Value Measurements, to the unaudited Consolidated Financial Statements for additional information regarding ASC topic 820 and its impact on United's financial statements.

FINANCIAL CONDITION

United's total assets as of September 30, 2011 were \$8.58 billion which was an increase of \$1.42 billion or 19.87% from December 31, 2010, primarily the result of the acquisition of Centra Financial Holdings Inc. (Centra) on July 8, 2011. Portfolio loans increased \$998.90 million or 18.99%, cash and cash equivalents increased \$207.14 million or 44.89%, investment securities increased \$77.18 million or 9.71%, goodwill increased \$61.21 million or 19.63%, other assets increased \$52.92 million or 16.81%, bank premises and equipment increased \$20.90 million or 37.75% and loans available for sale increased \$509 thousand or 7.41% due primarily to the Centra merger. The increase in total assets is reflected in a corresponding increase in total liabilities of \$1.24 billion or 19.53% from year-end 2010. The increase in total liabilities was due mainly to an increase of \$1.21 billion or 21.26% and \$36.08 million or 6.22% in deposits and borrowings, respectively, mainly due to the Centra acquisition. Shareholders' equity increased \$179.74 million or 22.67% from year-end 2010 due primarily to the acquisition of Centra.

The following discussion explains in more detail the changes in financial condition by major category.

Cash and Cash Equivalents

Cash and cash equivalents at September 30, 2011 increased \$207.14 million or 44.89% from year-end 2010. Of this total increase, interest-bearing deposits with other banks increased \$195.70 million or 56.67% as United placed its excess cash in an interest-bearing account with the Federal Reserve while cash and due from banks increased \$10.94 million or 9.49% and federal funds sold increased \$492 thousand or 68.52%. During the first nine months of 2011, net cash of \$78.92 million and \$95.38 million was provided by operating activities and investing activities, respectively, while net cash of \$32.83 million was provided by financing activities. See the unaudited Consolidated Statements of Cash Flows for data on cash and cash equivalents provided and used in operating, investing and financing activities for the first nine months of 2011 and 2010.

Table of Contents**Securities**

Total investment securities at September 30, 2011 increased \$77.18 million or 9.71% from year-end 2010. Centra added approximately \$128.08 million in investment securities, including purchase accounting amounts, at merger. Securities available for sale increased \$84.95 million or 13.00%. This change in securities available for sale reflects \$1.07 billion in sales, maturities and calls of securities, \$1.04 billion in purchases, and a \$2.46 million decrease in market value. Securities held to maturity decreased \$4.92 million or 7.34% from year-end 2010 due to calls and maturities of securities. Other investment securities decreased \$2.85 million or 3.82% from year-end 2010. Centra added approximately \$124.17 million in available for sale securities and \$3.91 million in other investment securities.

The following table summarizes the changes in the available for sale securities since year-end 2010:

<i>(Dollars in thousands)</i>	September 30 2011	December 31 2010	\$ Change	% Change
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 304,547	\$ 103,865	\$ 200,682	193.21%
State and political subdivisions	100,344	84,313	16,031	19.01%
Mortgage-backed securities	269,112	397,488	(128,376)	(32.30%)
Marketable equity securities	3,653	5,976	(2,323)	(38.87%)
Trust preferred collateralized debt obligations	44,073	49,908	(5,835)	(11.69%)
Single issue trust preferred securities	11,497	11,726	(229)	(1.95%)
Corporate securities	5,000	0	5,000	100.00%
Total available for sale securities, at fair value	\$ 738,226	\$ 653,276	\$ 84,950	13.00%

The following table summarizes the changes in the held to maturity securities since year-end 2010:

<i>(Dollars in thousands)</i>	September 30 2011	December 31 2010	\$ Change	% Change
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 11,098	\$ 11,200	\$ (102)	(0.91%)
State and political subdivisions	15,582	20,288	(4,706)	(23.20%)
Mortgage-backed securities	79	94	(15)	(15.96%)
Single issue trust preferred securities	32,116	32,122	(6)	(0.02%)
Other corporate securities	3,239	3,332	(93)	(2.79%)
Total held to maturity securities, at amortized cost	\$ 62,114	\$ 67,036	\$ (4,922)	(7.34%)

At September 30, 2011, gross unrealized losses on available for sale securities were \$76.30 million. Securities in an unrealized loss position at September 30, 2011 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. In determining whether or not a security is 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. As of September 30, 2011, 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.

During the first nine months of 2011, United recognized net other-than-temporary impairment charges totaling \$13.45 million and \$677 thousand, respectively, on certain TRUP CDOs and non-agency residential mortgage-backed securities, which are not expected to be sold. Other than these securities, management does not believe that any other individual security with an unrealized loss as of September 30, 2011 is other-than-temporarily impaired. United

Table of Contents

believes the decline in value resulted from changes in market interest rates, credit spreads and liquidity, not an adverse change in the expected cash flows. Based on a review of each of the securities in the investment portfolio, management concluded that it was not probable that it would be unable to realize the cost basis investment and appropriate interest payments on such securities. United has the intent and the ability to hold these securities until such time as the value recovers or the securities mature. However, United acknowledges that any impaired securities may be sold in future periods in response to significant, unanticipated changes in asset/liability management decisions, unanticipated future market movements or business plan changes.

Further information regarding the amortized cost and estimated fair value of investment securities, including remaining maturities, as well as a more detailed discussion of management's other-than-temporary impairment analysis, is presented in Note 3 to the unaudited Notes to Consolidated Financial Statements.

Loans

Loans held for sale increased \$509 thousand or 7.41% as Centra added \$2.06 million at merger. Partially offsetting the increase from the Centra merger, loan sales exceeded loan originations in the secondary market during the first nine months of 2011.

Portfolio loans, net of unearned income, increased \$998.90 million or 18.99% from year-end 2010 mainly as a result of the Centra acquisition which added approximately \$1.02 billion, including purchase accounting amounts, in portfolio loans. Since year-end 2010, commercial, financial and agricultural loans increased \$616.32 million or 21.72% as commercial real estate loans increased \$459.73 million and commercial loans (not secured by real estate) increased \$156.59 million. In addition, residential real estate loans and construction and land development loans increased \$247.62 million or 14.56% and \$112.75 million or 23.94%, respectively, while other consumer loans increased \$25.29 million or 10.43%. The increases were due primarily to the Centra merger.

The following table summarizes the changes in the loan categories since year-end 2010:

<i>(Dollars in thousands)</i>	September 30 2011	December 31 2010	\$ Change	% Change
Loans held for sale	\$ 7,378	\$ 6,869	\$ 509	7.41%
Commercial, financial, and agricultural:				
Owner-occupied commercial real estate	\$ 700,140	\$ 574,909	\$ 125,231	21.78%
Nonowner-occupied commercial real estate	1,558,978	1,224,481	334,497	27.32%
Other commercial loans	1,194,890	1,038,302	156,588	15.08%
Total commercial, financial, and agricultural	\$ 3,454,008	\$ 2,837,692	\$ 616,316	21.72%
Residential real estate	1,948,001	1,700,380	247,621	14.56%
Construction & land development	583,679	470,934	112,745	23.94%
Consumer:				
Bankcard	11,201	12,025	(824)	(6.85%)
Other consumer	267,605	242,320	25,285	10.43%
Less: Unearned income	(5,266)	(3,025)	(2,241)	(74.08%)
Total Loans, net of unearned income	\$ 6,259,228	\$ 5,260,326	\$ 998,902	18.99%

For a further discussion of loans see Note 4 to the unaudited Notes to Consolidated Financial Statements.

Table of Contents

Other Assets

Other assets increased \$52.92 million or 16.81% from year-end 2010. The Centra merger added approximately \$52.40 million in other assets plus an additional \$10.45 million in core deposit intangibles. The cash surrender value of bank-owned life insurance policies increased \$24.27 million as approximately \$19.61 million was acquired from Centra while the remaining increase was due to an increase in the cash surrender value. The remainder of the increase in other assets is the result of an \$11.45 million increase in deferred tax assets and an increase of \$7.89 million in OREO.

Deposits

Deposits represent United's primary source of funding. Total deposits at September 30, 2011 increased \$1.21 billion or 21.26% from year-end 2010 as a result of the Centra acquisition. Centra added approximately \$1.13 billion in deposits, including purchase accounting amounts. In terms of composition, noninterest-bearing deposits increased \$410.42 million or 34.11% while interest-bearing deposits increased \$804.02 million or 17.83% from December 31, 2010.

The increase in noninterest-bearing deposits was due mainly to increases in commercial noninterest-bearing deposits of \$230.96 million or 26.08%, noninterest-bearing public funds of \$101.16 million or 768.49%, and personal noninterest-bearing deposits of \$75.95 million or 26.68% as a result of the Centra acquisition.

The increase in interest-bearing deposits was due mainly to the Centra merger as all major categories of interest-bearing deposits, except interest-bearing checking accounts. Interest-bearing money market accounts (MMDAs) increased \$511.09 million or 30.27%, time deposits over \$100,000 increased \$166.59 million or 16.83%, time deposits under \$100,000 increased \$98.82 million or 8.57%, and regular savings balances increased \$76.12 million or 19.60%. The \$511.09 million increase in interest-bearing MMDAs is due to a \$321.10 million and a \$232.61 million increase in personal MMDAs and commercial MMDAs, respectively. Public funds MMDAs, on the other hand, decreased \$42.62 million. The \$166.59 million increase in time deposits over \$100,000 is the result of a \$151.24 million increase in fixed rate certificates of deposits (CDs) and an \$18.50 million increase in Certificate of Deposit Account Registry Service (CDARS) balances. The \$98.82 million increase in time deposits under \$100,000 is due to fixed rate CDs increasing \$109.31 million while variable rate CDs decreased \$23.40 million. Partially offsetting these increases in interest-bearing deposits was a decrease of \$48.59 million or 16.75% in interest-bearing checking deposits mainly due to a \$26.43 million decrease in commercial interest-bearing checking accounts, a \$14.83 million decrease in personal interest-bearing checking accounts, and a \$7.34 million decrease in state and municipal interest-bearing checking accounts.

The following table summarizes the changes in the deposit categories since year-end 2010:

<i>(Dollars In thousands)</i>	September 30 2011	December 31 2010	\$ Change	% Change
Demand deposits	\$ 866,555	\$ 657,395	\$ 209,160	31.82%
Interest-bearing checking	241,567	290,153	(48,586)	(16.75%)
Regular savings	464,449	388,332	76,117	19.60%
Money market accounts	2,946,598	2,234,252	712,347	31.88%
Time deposits under \$100,000	1,252,152	1,153,337	98,815	8.57%
Time deposits over \$100,000	1,156,654	990,065	166,589	16.83%
Total deposits	\$ 6,927,975	\$ 5,713,534	\$ 1,214,442	21.26%

Borrowings

Total borrowings at September 30, 2011 increased \$36.08 million or 6.22% during the first nine months of 2011. Centra added approximately \$48 million at merger. Since year-end 2010, short-term borrowings increased \$67.11 million or 34.73% due to a \$56.56 million increase in securities sold under agreements to repurchase and an \$11.90 million increase in federal funds purchased. Centra added approximately \$28.57 million in short-term borrowings at merger. Long-term borrowings decreased \$31.03 million or 8.03% since year-end 2010 as long-term FHLB advances decreased \$50.28 million or 24.87% due to repayments. In addition, United assumed \$20 million of junior subordinated debt securities in the Centra merger.

Table of Contents

The table below summarizes the change in the borrowing categories since year-end 2010:

<i>(Dollars in thousands)</i>	September 30 2011	December 31 2010	\$ Change	% Change
Federal funds purchased	\$ 20,440	\$ 8,542	\$ 11,898	139.29%
Securities sold under agreements to repurchase	239,655	183,097	56,558	30.89%
TT&L note option	225	1,575	(1,350)	(85.71%)
Long-term FHLB advances	151,904	202,181	(50,277)	(24.87%)
Trust preferred capital securities	203,529	184,277	19,252	10.45%
 Total borrowings	 \$ 615,753	 \$ 579,672	 \$ 36,081	 6.22%

For a further discussion of borrowings see Notes 8 and 9 to the unaudited Notes to Consolidated Financial Statements.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at September 30, 2011 decreased \$8.08 million or 11.96% from year-end 2010. The majority of the decrease was due to a \$9.08 million decrease in income taxes payable due to a timing difference in payments and a \$735 thousand decrease in interest payable. Partially offsetting these decreases was an increase of \$1.98 million in dividends payable. Centra added approximately \$3.27 million at merger.

Shareholders Equity

Shareholders equity at September 30, 2011 increased \$179.74 million or 22.67% from December 31, 2010 mainly as a result of the Centra acquisition. The Centra transaction added approximately \$161 million as 6,548,473 shares were issued from United's authorized but unissued shares for the merger at a cost of \$170 million. Earnings net of dividends for the first nine months of 2011 were \$14.10 million.

Accumulated other comprehensive income increased \$2.99 million due mainly to an increase of \$4.41 million, net of deferred taxes, in the non-credit portion of OTTI losses and amortization of pension costs of \$1.03 million, net of deferred taxes. Partially offsetting these increases was a decrease of \$2.46 million, net of deferred income taxes, in the fair value of United's available for sale investment portfolio.

RESULTS OF OPERATIONS**Overview**

Net income for the first nine months of 2011 was \$55.35 million or \$1.21 per diluted share as compared to \$52.66 million or \$1.21 per diluted share for the first nine months of 2010. Net income for the third quarter of 2011 was \$20.02 million or \$0.40 per diluted share, as compared to \$17.32 million or \$0.40 per diluted share reported for the prior year third quarter. As previously mentioned, United completed its acquisition of Centra during the third quarter of 2011. The financial results of Centra are included in United's results from the July 8, 2011 acquisition date.

The results for the first nine months and third quarter of 2011 included before-tax, other-than-temporary impairment charges of \$14.13 million and \$7.92 million, respectively, on certain investment securities. Results for the first nine months and third quarter of 2010 included before-tax, other-than-temporary impairment charges of \$4.45 million and \$1.86 million, respectively, on certain investment securities. In addition, results for the first nine months of 2011 and 2010 included before-tax, net gains of \$1.63 million and \$2.04 million, respectively, on the sale of investment securities.

Table of Contents

United's annualized return on average assets for the first nine months of 2011 was 0.98% and return on average shareholders' equity was 8.62% as compared to 0.93% and 9.04% for the first nine months of 2010. For the third quarter of 2011, United's annualized return on average assets was 0.95% and return on average shareholders' equity was 8.26% as compared to 0.91% and 8.73% for the third quarter of 2010. United's returns compare favorably to its most recently reported Federal Reserve peer group's (bank holding companies with total assets between \$3 and \$10 billion) average return on assets of 0.72% and average return on equity of 6.56% for the first six months of 2011.

Net interest income for the first nine months of 2011 was \$188.74 million, an increase of \$9.11 million or 5.07% from the prior year's first nine months. Net interest income for the third quarter of 2011 was \$70.75 million, an increase of \$11.77 million or 19.96% from prior year's third quarter. The provision for credit losses was \$12.87 million and \$3.64 million for the first nine months and third quarter of 2011, respectively, as compared to \$19.39 million and \$6.12 million for the first nine months and third quarter of 2010, respectively.

Noninterest income for the first nine months of 2011 was \$38.96 million which was a decrease of \$9.88 million or 20.23% from the first nine months of 2010. For the third quarter of 2011, noninterest income was \$10.98 million, a decrease of \$4.71 million or 30.03% from the third quarter of 2010. Included in noninterest income were the previously mentioned net gains on the sale of securities and other-than-temporary impairment charges on investment securities. For the first nine months of 2011, noninterest expense was flat from the first nine months of 2010, increasing \$1.18 million or less than 1%. For the third quarter of 2011, noninterest expense increased \$4.98 million or 11.33% from the third quarter of 2010.

For the first nine months of 2011 and 2010, income tax expense was \$25.45 million and \$23.59 million, respectively. The effective tax rate for the first nine months of 2011 and 2010 was 31.50% and 30.94%, respectively. Income taxes for the third quarter of 2011 were \$9.20 million as compared to \$7.34 million for the third quarter of 2010. For the quarters ended September 30, 2011 and 2010, United's effective tax rates were 31.50% and 29.76%, respectively.

The following discussion explains in more detail the results of operations by major category.

Net Interest Income

Net interest income represents the primary component of United's earnings. It is the difference between interest income from earning assets and interest expense incurred to fund these assets. Net interest income is impacted by changes in the volume and mix of interest-earning assets and interest-bearing liabilities, as well as changes in market interest rates. Such changes, and their impact on net interest income in 2011 and 2010, are presented below.

Net interest income for the first nine months of 2011 was higher than the first nine months of 2010 due mainly to a lower amount of average interest-bearing liabilities due to the net repayment of FHLB advances since September 30, 2010. Net interest income for the third quarter of 2011 increased from the third quarter of 2010 due primarily to an increase in average earning assets as a result of the Centra merger. Generally, prior to the Centra merger, net interest income had declined in 2011 from the same time periods in 2010 as interest income has declined more than interest expense. The lower amount of net interest income had been due largely to a decrease in average earning assets as a result of less loan demand due to current economic conditions and a lack of desirable reinvestment options for securities as they mature or are called. Yields on earning assets have also declined from last year due to lower reinvestment rates on loans and securities as a result of historically low market interest rates. United has been able to lower its funding costs on deposits and short-term borrowings from last year due to these lower market interest rates even to the point of outpacing the decline in the yield on earning assets.

Table of Contents

Net interest income for the first nine months of 2011 was \$188.74 million, an increase of \$9.11 million or 5.07% from the first nine months of 2010. The \$9.11 million increase in net interest income occurred because total interest income declined \$15.18 million while total interest expense declined \$24.29 million from the first nine months of 2010. Net interest income for the third quarter of 2011 was \$70.75 million, an increase of \$11.77 million or 19.96% from the third quarter of 2010. The \$11.77 million increase in net interest income occurred because total interest income increased \$4.81 million while total interest expense declined \$6.96 million from the third quarter of 2010. On a linked-quarter basis, net interest income for the third quarter of 2011 increased \$12.13 million or 20.69% from the second quarter of 2011. The \$12.13 million increase in net interest income occurred because total interest income increased \$12.27 million while total interest expense only increased \$135 thousand from the second quarter of 2011. For the purpose of this remaining discussion, net interest income is presented on a tax-equivalent basis to provide a comparison among all types of interest earning assets. The tax-equivalent basis adjusts for the tax-favored status of income from certain loans and investments. Although this is a non-GAAP measure, United's management believes this measure is more widely used within the financial services industry and provides better comparability of net interest income arising from taxable and tax-exempt sources. United uses this measure to monitor net interest income performance and to manage its balance sheet composition.

Tax-equivalent net interest income for the first nine months of 2011 was \$193.59 million, an increase of \$9.48 million or 5.15% from the first nine months of 2010. This increase in tax-equivalent net interest income was primarily attributable to a decline in average interest-bearing liabilities of \$421.72 million or 7.49% due mainly to the net repayment of approximately \$360 million in FHLB advances since September 30, 2010. Average earning assets were relatively flat, decreasing \$65.18 million or less than 1% from the first nine months of 2010. Average net loans were also flat, increasing \$13.09 million or less than 1% for the first nine months of 2011 while average investments decreased \$111.27 million or 12.16%. In addition, the average cost of funds declined 50 basis points from the first nine months of 2010. Partially offsetting the increases to tax-equivalent net interest income for the first nine months of 2011 was a decline of 25 basis points in the average yield on earning assets for the first nine months of 2011 as compared to the first nine months of 2010. The net interest margin for the first nine months of 2011 was 3.87%, which was an increase of 22 basis points from a net interest margin of 3.65% for the first nine months of 2010.

Tax-equivalent net interest income for the third quarter of 2011 was \$72.52 million, an increase of \$12.09 million or 20.01% from the third quarter of 2010. This increase in tax-equivalent net interest income was primarily attributable to an increase in average earning assets from the Centra acquisition. Average earning assets increased \$770.86 million or 11.53% from the third quarter of 2010. Average net loans increased \$776.98 million or 14.60% for the third quarter of 2011. In addition, the average cost of funds declined 55 basis points from the third quarter of 2010. Partially offsetting the increases to tax-equivalent net interest income for the third quarter of 2011 was a decline of 23 basis points in the average yield on earning assets for the third quarter of 2011 as compared to the same quarter in 2010. The net interest margin for the third quarter of 2011 was 3.87%, which was an increase of 27 basis points from a net interest margin of 3.60% for the third quarter of 2010.

On a linked-quarter basis, United's tax-equivalent net interest income for the third quarter of 2011 increased \$12.13 million or 20.69% from the second quarter of 2011 due mainly to an increase in average earning assets as a result of the Centra merger. Average earning assets increased \$1.15 billion or 18.25% from the second quarter of 2011 as average investment securities and average net loans increased \$45.69 million or 5.79% and \$952.88 million or 18.52% for the quarter, respectively. In addition, the average cost of funds declined 18 basis points from the second quarter of 2011. Partially offsetting the increases to tax-equivalent net interest income for the third quarter of 2011 was a decrease of 10 basis points in the average yield on earning assets from the second quarter of 2011. The net interest margin of 3.87% for the third quarter of 2011 was an increase of 4 basis points from the net interest margin of 3.83% for the second quarter of 2011.

Table of Contents

The following tables reconcile the difference between net interest income and tax-equivalent net interest income for the three months ended September 30, 2011, September 30, 2010 and June 30, 2011 and the nine months ended September 30, 2011 and September 30, 2010.

<i>(Dollars in thousands)</i>	Three Months Ended		
	September 30 2011	September 30 2010	June 30 2011
Net interest income, GAAP basis	\$ 70,752	\$ 58,982	\$ 58,621
Tax-equivalent adjustment (1)	1,765	1,444	1,637
Tax-equivalent net interest income	\$ 72,517	\$ 60,426	\$ 60,258

<i>(Dollars in thousands)</i>	Nine Months Ended	
	September 30 2011	September 30 2010
Net interest income, GAAP basis	\$ 188,736	\$ 179,625
Tax-equivalent adjustment (1)	4,855	4,491
Tax-equivalent net interest income	\$ 193,591	\$ 184,116

- (1) The tax-equivalent adjustment combines amounts of interest income on federally nontaxable loans and investment securities using the statutory federal income tax rate of 35%. All interest income on loans and investment securities was subject to state income taxes.

Table of Contents

The following tables show the unaudited consolidated daily average balance of major categories of assets and liabilities for the three-month and nine-month periods ended September 30, 2011 and 2010, respectively, with the interest and rate earned or paid on such amount. The interest income and yields on federally nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory federal income tax rate of 35%. Interest income on all loans and investment securities was subject to state income taxes.

	Three Months Ended September 30, 2011			Three Months Ended September 30, 2010		
	Average Balance	Interest (1)	Avg. Rate (1)	Average Balance	Interest (1)	Avg. Rate (1)
<i>(Dollars in thousands)</i>						
ASSETS						
Earning Assets:						
Federal funds sold and securities repurchased under agreements to resell and other short-term investments	\$ 528,718	\$ 366	0.27%	\$ 482,365	\$ 347	0.28%
Investment Securities:						
Taxable	725,005	5,686	3.14%	784,007	8,303	4.24%
Tax-exempt	109,188	1,565	5.73%	102,658	1,720	6.70%
Total Securities	834,193	7,251	3.48%	886,665	10,023	4.52%
Loans, net of unearned income (2)	6,170,974	78,849	5.08%	5,390,078	70,963	5.23%
Allowance for loan losses	(73,504)			(69,588)		
Net loans	6,097,470		5.14%	5,320,490		5.30%
Total earning assets	7,460,381	\$ 86,466	4.61%	6,689,520	\$ 81,333	4.84%
Other assets	922,191			825,813		
TOTAL ASSETS	\$ 8,382,572			\$ 7,515,333		
LIABILITIES						
Interest-Bearing Funds:						
Interest-bearing deposits	\$ 5,217,555	\$ 9,667	0.74%	\$ 4,513,180	\$ 13,255	1.17%
Short-term borrowings	248,829	53	0.08%	316,066	57	0.07%
Long-term borrowings	354,482	4,229	4.73%	696,459	7,595	4.33%
Total Interest-Bearing Funds	5,820,866	13,949	0.95%	5,525,705	22,907	1.50%
Noninterest-bearing deposits	1,557,654			1,150,999		
Accrued expenses and other liabilities	42,340			52,054		
TOTAL LIABILITIES	7,420,860			6,728,758		
SHAREHOLDERS EQUITY	961,712			786,575		
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 8,382,572			\$ 7,515,333		
NET INTEREST INCOME		\$ 72,517			\$ 60,426	
INTEREST SPREAD			3.66%			3.34%
NET INTEREST MARGIN			3.87%			3.60%

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

- (1) The interest income and the yields on federally nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory federal income tax rate of 35%.
- (2) Nonaccruing loans are included in the daily average loan amounts outstanding.

Table of Contents

	Nine Months Ended September 30, 2011			Nine Months Ended September 30, 2010		
	Average Balance	Interest (1)	Avg. Rate (1)	Average Balance	Interest (1)	Avg. Rate (1)
<i>(Dollars in thousands)</i>						
ASSETS						
Earning Assets:						
Federal funds sold and securities repurchased under agreements to resell and other short-term investments	\$ 407,700	\$ 942	0.31%	\$ 374,701	\$ 910	0.32%
Investment Securities:						
Taxable	706,212	18,206	3.44%	806,720	27,063	4.47%
Tax-exempt	97,908	4,667	6.36%	108,671	5,571	6.84%
Total Securities	804,120	22,873	3.79%	915,391	32,634	4.75%
Loans, net of unearned income (2)	5,541,356	212,033	5.11%	5,523,738	217,121	5.25%
Allowance for loan losses	(73,120)			(68,593)		
Net loans	5,468,236		5.18%	5,455,145		5.32%
Total earning assets	6,680,056	\$ 235,848	4.72%	6,745,237	\$ 250,665	4.97%
Other assets	854,463			824,257		
TOTAL ASSETS	\$ 7,534,519			\$ 7,569,494		
LIABILITIES						
Interest-Bearing Funds:						
Interest-bearing deposits	\$ 4,619,519	\$ 29,918	0.87%	\$ 4,638,579	\$ 43,675	1.26%
Short-term borrowings	246,748	106	0.06%	288,646	134	0.06%
Long-term borrowings	342,758	12,233	4.77%	703,519	22,740	4.32%
Total Interest-Bearing Funds	5,209,025	42,257	1.08%	5,630,744	66,549	1.58%
Non-interest bearing deposits	1,418,784			1,103,727		
Accrued expenses and other liabilities	48,326			56,190		
TOTAL LIABILITIES	6,676,135			6,790,661		
SHAREHOLDERS EQUITY	858,384			778,833		
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 7,534,519			\$ 7,569,494		
NET INTEREST INCOME		\$ 193,591			\$ 184,116	
INTEREST SPREAD			3.64%			3.39%
NET INTEREST MARGIN			3.87%			3.65%

(1) The interest income and the yields on federally nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory federal income tax rate of 35%.

(2) Nonaccruing loans are included in the daily average loan amounts outstanding.

Provision for Loan Losses

Edgar Filing: UNITED BANKSHARES INC/WV - Form 10-Q

The provision for credit losses for the first nine months of 2011 and 2010 was \$12.87 million and \$19.39 million, respectively. For the quarters ended September 30, 2011 and 2010, the provision for credit losses was \$3.64 million and \$6.12 million, respectively. Net charge-offs for the first nine months of 2011 were \$12.40 million as compared to \$16.60 million for the first nine months of 2010. Net charge-offs were \$3.26 million for the third quarter of 2011 as compared to net charge-offs of \$4.68 million for the same quarter in 2010. The lower amounts of provision expense and net charge-offs for 2011 compared to 2010 were primarily due to a decrease in commercial loan charge-offs and an increase in commercial loan recoveries. Annualized net charge-offs as a percentage of average loans were 0.21% and

Table of Contents

0.27% for the third quarter and first nine months of 2011, respectively. This ratio compares favorably to United's most recently reported Federal Reserve peer group's net charge-offs to average loans percentage of 1.01% for the first half of 2011. On a linked-quarter basis, United's provision for credit losses decreased \$1.16 million while net charge-offs decreased \$1.38 million from the second quarter of 2011. The decrease from the second quarter of 2011 was due to a \$1.3 million recovery on a previously charged off loan.

At September 30, 2011, nonperforming loans were \$73.72 million or 1.18% of loans, net of unearned income, up from nonperforming loans of \$67.23 million or 1.28% of loans, net of unearned income, at December 31, 2010. Since year-end 2010, United has experienced a higher level of 90 day delinquencies. In addition, Centra added \$1.19 million of nonperforming loans. The components of nonperforming loans include: 1) nonaccrual loans, 2) loans which are contractually past due 90 days or more as to interest or principal, but have not been put on a nonaccrual basis and 3) loans whose terms have been restructured for economic or legal reasons due to financial difficulties of the borrowers.

Loans past due 90 days or more were \$16.34 million at September 30, 2011, an increase of \$9.54 million or 140.36% from \$6.80 million at year-end 2010. There have been several commercial and consumer relationships with balances in excess of \$1 million which have experienced delinquencies of greater than 90 days since December 31, 2010. In addition, Centra added \$969 thousand in loans past due 90 days or more. At September 30, 2011, nonaccrual loans were \$53.76 million, a decrease of \$6.24 million or 10.39% from \$60.00 million at year-end 2010. The decrease in nonaccrual loans occurred within both commercial and consumer loans. During the first nine months of 2011, United received payoffs on several large loans with balances in excess of \$500 thousand. United also foreclosed on several properties which were then transferred to other real estate owned. Centra added only \$222 thousand in nonaccrual loans. Restructured loans were \$3.62 million at September 30, 2011 as compared to \$437 thousand restructured loans at year-end 2010. The increase in restructured loans was mainly due to the restructure of a \$1.09 million apartment complex loan and a \$982 thousand office building loan. The loss potential on these loans has been properly evaluated and allocated within United's allowance for loan losses.

Nonperforming assets include nonperforming loans and real estate acquired in foreclosure or other settlement of loans (OREO). Total nonperforming assets of \$126.38 million, including OREO of \$52.66 million at September 30, 2011, represented 1.47% of total assets which compares favorably to United's most recently reported Federal Reserve peer group banking companies' (bank holding companies with total assets between \$3 and \$10 billion) percentage of 3.24% at June 30, 2011.

Loans are designated as impaired when, in the opinion of management, the collection of principal and interest in accordance with the loan contract is doubtful. At September 30, 2011, impaired loans were \$109.97 million, which was an increase of \$39.61 million or 56.29% from the \$70.36 million in impaired loans at December 31, 2010. This increase in impaired loans was due mainly to increased impairments associated with loans in United's real estate construction and development portfolio primarily as a result of charge-offs recognized on impaired loans and subsequent transfers to OREO. In addition, Centra added \$14.32 million at September 30, 2011. Based on current information and events, United believes it is probable that the borrowers will not be able to repay all amounts due according to the contractual terms of the loan agreements. The loss potential on these loans has been properly evaluated and allocated within United's allowance for loan losses. For further details regarding impaired loans, see Note 5 to the unaudited Consolidated Financial Statements.

United maintains an allowance for loan losses and a reserve for lending-related commitments. The combined allowance for loan losses and reserve for lending-related commitments are referred to as the allowance for credit losses. At September 30, 2011, the allowance for credit losses was \$75.49 million which was comparable to \$75.04 million at December 31, 2010.

At September 30, 2011, the allowance for loan losses was \$73.51 million which was comparable to \$73.03 million at December 31, 2010. As a percentage of loans, net of unearned income, the allowance for loan losses was 1.17% at

Table of Contents

September 30, 2011 and December 31, 2010. The ratio of the allowance for loan losses to nonperforming loans or coverage ratio was 99.71% and 108.63% at September 30, 2011 and December 31, 2010, respectively. The coverage ratio for United's Federal Reserve peer group was 83.55% at June 30, 2011. The decline in United's ratio at September 30, 2011 from December 31, 2010 was mainly because United was unable to carry-over Centra's previously established allowance for loan losses in accordance with accounting rules. In addition, nonperforming loans increased \$6.49 million or 9.66% from year-end 2010. Adjustments to risk grades and qualitative risk factors within the allowance for loan loss analysis were based on delinquency and loss trends of such loans and resulted in increased allowance allocations of \$1.13 million. The increased allocations did not significantly increase the overall level of the reserve because of a decrease in the estimate for imprecision of \$658 thousand. This increase in allocations coincided with the increase of 9.66% in nonperforming loans in comparison with year-end 2010. The Company's detailed methodology and analysis indicated only a slight increase in the allocated allowance for loan losses primarily because of the offsetting factors of lower loans outstanding, changes within historical loss rates and increased loss allocations on impaired loans.

Allocations are made for specific commercial loans based upon management's estimate of the borrowers' ability to repay and other factors impacting collectibility. Other commercial loans not specifically reviewed on an individual basis are evaluated based on historical loss percentages applied to loan pools that have been segregated by risk. Allocations for loans other than commercial loans are made based upon historical loss experience adjusted for current environmental conditions. The allowance for credit losses includes estimated probable inherent but undetected losses within the portfolio due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition, the difficulty in identifying triggering events that correlate perfectly to subsequent loss rates, and risk factors that have not yet fully manifested themselves in loss allocation factors. In addition, a portion of the allowance accounts for the inherent imprecision in the analysis of the allowance for credit losses. Over the past several years, United has grown through acquisition, and accordingly, expanded the geographic area in which it operates. As a result, historical loss experience data used to establish allocation estimates might not precisely correspond to the current portfolio in these other geographic areas.

United's formal company-wide review of the allowance for loan losses at September 30, 2011 produced increased allocations in four of the six loan categories. The allowance allocated to commercial real estate owner-occupied loans increased by \$549 thousand primarily due to an increase in historical loss rates. The allowance for commercial real estate nonowner-occupied loans increased by \$333 thousand primarily due to an increase in loans outstanding within the segments having higher historical loss rates. The residential real estate allocation increased by \$1.82 million due to higher historical loss rates. The real estate construction and development loan pool experienced an increase in allocation of \$550 thousand primarily due to an increase in historical loss rates. Offsetting these increases was a decrease in the other commercial loan pool of \$2.11 million. The decrease was driven by a combination of lower loan outstandings and lower historical loss rates which were partially offset by an increase in specific allocations for impaired loans of \$4.0 million. The remaining loan pool with decreased allowance allocations occurred in the consumer loan pool which reflected decreased allocations of \$8 thousand as a result of lower loan outstandings. In summary, the overall level of the allowance for loan losses was stable in comparison from year-end 2010 as a result of offsetting factors within the portfolio as described in the narrative. The increased allocations in the commercial and residential real estate pools recognize the continuing economic problems and elevated risk factors for that sector of the economy. The reserve for lending-related commitments at September 30, 2011 was \$1.99 million, an increase of \$21 thousand or 1.05% from December 31, 2010. Changes to the reserve for lending-related commitments are recorded in other expense in the unaudited Consolidated Statements of Income.

An allowance is established for probable losses on impaired loans via specific allocations. Nonperforming commercial loans and leases are regularly reviewed to identify impairment. A loan or lease is impaired when, based on current information and events, it is probable that the Company will not be able to collect all amounts contractually due. Measuring impairment of a loan requires judgment and estimates, and the eventual outcomes may differ from those estimates. Impairment is measured based upon the present value of expected future cash flows from the loan discounted at the loan's effective rate, the loan's observable market price or the fair value of collateral if the loan is collateral

Table of Contents

dependent. When the selected measure is less than the recorded investment in the loan, an impairment has occurred. The allowance for impaired loans was \$10.81 million at September 30, 2011 and \$8.59 million at December 31, 2010. Compared to the prior year-end, this element of the allowance increased by \$2.22 million primarily due to increased other commercial loan pool specific allocations.

An allowance is also recognized for imprecision inherent in loan loss migration models and other estimates of loss. There are many factors affecting the allowance for loan losses and reserve for lending-related commitments; some are quantitative while others require qualitative judgment. Although management believes its methodology for determining the allowance adequately considers all of the potential factors to identify and quantify probable losses in the portfolio, the process includes subjective elements and is therefore susceptible to change. This estimate for imprecision has been established to recognize the variance, within a reasonable margin, of the loss estimation process. The estimate for imprecision decreased by \$658 thousand at September 30, 2011 to \$2.33 million. The estimate for imprecision of \$2.33 million at September 30, 2011 represents 3.09% of the Company's total allowance for loan losses and in as much as this variance approximates a pre-determined narrow parameter, the methodology has confirmed that the Company's allowance for loan losses is at an appropriate level.

Management believes that the allowance for credit losses of \$75.49 million at September 30, 2011 is adequate to provide for probable losses on existing loans and lending-related commitments based on information currently available. Note 6 to the accompanying unaudited Notes to Consolidated Financial Statements provides a progression of the allowance for loan losses by portfolio segment.

United's loan administration policies are focused on the risk characteristics of the loan portfolio in terms of loan approval and credit quality. The commercial loan portfolio is monitored for possible concentrations of credit in one or more industries. Management has lending limits as a percentage of capital per type of credit concentration in an effort to ensure adequate diversification within the portfolio. Most of United's commercial loans are secured by real estate located in West Virginia, southeastern Ohio, Virginia and Maryland and the District of Columbia. It is the opinion of management that these commercial loans do not pose any unusual risks and that adequate consideration has been given to these loans in establishing the allowance for credit losses.

Management is not aware of any potential problem loans, trends or uncertainties, which it reasonably expects, will materially impact future operating results, liquidity, or capital resources which have not been disclosed. Additionally, management has disclosed all known material credits, which cause management to have serious doubts as to the ability of such borrowers to comply with the loan repayment schedules

Other Income

Other income consists of all revenues, which are not included in interest and fee income related to earning assets. Noninterest income has been and will continue to be an important factor for improving United's profitability. Recognizing the importance, management continues to evaluate areas where noninterest income can be enhanced.

Noninterest income was \$38.96 million for the first nine months of 2011 which was a decrease of \$9.88 million or 20.23% from the first nine months of 2010. For the third quarter of 2011, noninterest income was \$10.98 million, a decrease of \$4.71 million or 30.03% from the third quarter of 2010.

Net losses on investment securities transactions for the first nine months of 2011 were \$12.50 million as compared to net losses of \$2.41 million for the first nine months of 2010. Included in net losses on investment securities for the first nine months of 2011 were before-tax other-than-temporary impairment charges of \$14.13 million on certain investment securities and a before-tax, net gain of \$1.63 million on the sale of investment securities. Included in net losses on investment securities for the first nine months of 2010 were before-tax, other-than-temporary impairment charges of \$4.45 million on certain investment securities and a before-tax, net gain of \$2.04 million on the sale of investment

Table of Contents

securities. Excluding the results of security transactions, noninterest income for the first nine months of 2011 would have decreased \$208 thousand or less than 1% from the same period in 2010. For the third quarter of 2011, net losses on investment securities transactions were \$7.48 million as compared to net losses of \$1.73 million for the third quarter of 2010. Included in net losses on investment securities transactions for the third quarter of 2011 were before-tax other-than-temporary impairment charges of \$7.92 million on certain investment securities. Included in net losses on investment securities transactions for the third quarter of 2010 were before-tax, other-than-temporary impairment charges of \$1.86 million on certain investment securities. Excluding the results of security transactions, noninterest income for the third quarter of 2011 would have increased \$1.03 million or 5.93% from the third quarter of 2010.

Revenue from trust and brokerage services for the first nine months of 2011 was flat from the first nine months of 2010, increasing \$79 thousand or less than 1%. Revenue from trust and brokerage services was \$10.03 million for the first nine months of 2011 as compared to \$9.95 million for the first nine months of 2010. For the third quarter of 2011, revenue from trust and brokerage services from the prior year's third quarter increased \$65 thousand or 2.02% from the prior year's third quarter. Revenue from trust and brokerage services was \$3.28 million for the third quarter of 2011 as compared to \$3.22 million for the third quarter of 2010.

Fees from deposit services for the first nine months of 2011 were \$30.43 million, an increase of \$995 thousand or 3.38% from the first nine months of 2010. For the third quarter of 2011, fees from deposit services were \$10.46 million, an increase of \$364 thousand or 3.60% as compared to the same period in 2010. In particular, service charges increased \$440 thousand and \$443 thousand, respectively, while ATM fees increased \$945 thousand and \$283 thousand during the first nine months and third quarter of 2011, respectively. In addition, debit card income increased \$576 thousand and \$168 thousand, respectively, for the first nine months and third quarter of 2011. Partially offsetting these increases were decreases in overdraft fees of \$1.10 million and \$495 thousand, respectively, for the first nine months and third quarter of 2011.

Income from bank-owned life insurance increased \$452 thousand or 12.93% and \$262 thousand or 20.44%, respectively, for the first nine months and third quarter of 2011 as compared the first nine months and third quarter of 2010. These increases in income as compared to the same time period in 2010 were due to increases in the cash surrender values of the insurance policies as well as additional policies acquired in the Centra merger.

Mortgage banking income increased \$211 thousand or 58.77% and \$87 thousand or 73.73% for the first nine months and third quarter of 2011 from the same periods in 2010. These increases were due primarily to increased mortgage loan sales in the secondary market. Mortgage loan sales were \$41.03 million in the first nine months of 2011 as compared to \$28.13 million in the first nine months of 2010. Mortgage loan sales were \$19.75 million in the third quarter of 2011 as compared to \$8.52 million in the third quarter of 2010.

Fees from bankcard services decreased \$738 thousand or 22.97% for the first nine months of 2011 while increasing \$144 thousand or 13.17% for the third quarter of 2011. Fees from bankcard services were \$2.48 million and \$1.24 million for the first nine months and third quarter of 2011, respectively, as compared to \$3.21 million and \$1.09 million, respectively, for the first nine months and third quarter of 2010. The decrease for the first nine months of 2011 was due mainly to the sale of United's merchant business in the fourth quarter of 2010. A similar amount of expense reduction in bankcard processing costs is included in other expense in the income statement as a result of the sale of United's merchant business. The increase for the third quarter of 2011 was due to higher volume.

Other income decreased \$725 thousand or 21.03% for the first nine months of 2011. This decrease in other income is due mainly to a decrease of \$1.11 million from derivatives not in a hedging relationship as a result of a change in value. A corresponding amount of expense is included in other expense in the income statement. For the third quarter of 2011, other income increased \$164 thousand or 14.80%.

Table of Contents

On a linked-quarter basis, noninterest income for the third quarter of 2011 decreased \$2.36 million from the second quarter of 2011. Included in the results for the third quarter and second quarter of 2011 were before-tax, other-than-temporary impairment charges of \$7.92 million and \$4.10 million, respectively. Excluding the results of the other-than-temporary impairment charges as well as net gains and losses from sales and calls of investment securities, noninterest income would have increased \$1.66 million or 9.85% on a linked-quarter basis due primarily to increases of \$554 thousand in fees from bankcard services, \$316 thousand in income from bank-owned life insurance policies, \$268 thousand in income from derivatives not in hedge relationships due to a change in the fair value, and \$121 thousand in fees from deposit services. A similar amount of expense related to the change in the fair value of other derivative financial instruments is included in other expense in the income statement.

Other Expenses

Just as management continues to evaluate areas where noninterest income can be enhanced, it strives to improve the efficiency of its operations to reduce costs. Other expenses include all items of expense other than interest expense, the provision for loan losses, and income taxes. For the first nine months of 2011, noninterest expense was relatively flat from the first nine months of 2010, increasing \$1.18 million or less than 1%. Noninterest expense increased \$4.98 million or 11.33% for the third quarter of 2011 compared to the same period in 2010.

Employee compensation increased \$2.49 million or 5.62% for the first nine months of 2011 when compared to the first nine months of 2010. Employee compensation for the third quarter of 2011 increased \$2.36 million or 16.13% from the third quarter of 2010. These increases were due mainly to the additional employees from the Centra merger.

Employee benefits expense for the first nine months of 2011 was relatively flat from the first nine months of 2010, decreasing \$84 thousand or less than 1%. Employee benefits expense for the third quarter of 2011 increased \$233 thousand or 5.64% from the third quarter of 2010 due mainly to the additional employees from the Centra merger. Specifically within employee benefits expense, FICA expense increased \$198 thousand and \$95 thousand for the first nine months and third quarter of 2011, respectively, from the same periods last year. Pension expense decreased \$271 thousand and \$16 thousand for the first nine months and third quarter of 2011, respectively. For the first nine months of 2011, health insurance expense decreased \$107 thousand from the first nine months of 2010 while increasing \$127 thousand for the third quarter of 2011 as compared to the third quarter of 2010.

Net occupancy expense for the first nine months and third quarter of 2011 increased \$446 thousand or 3.40% and \$864 thousand or 20.64%, respectively, from the first nine months and third quarter of 2010. The increase was due mainly to the additional offices acquired from Centra. In particular, building rental expense increased \$263 thousand and \$362 thousand for the first nine months and third quarter of 2011, respectively, while building depreciation increased \$230 thousand and \$222 thousand, respectively, during the same time periods in 2011.

Other real estate owned (OREO) expense for the first nine months of 2011 decreased \$1.14 million or 18.18% from the first nine months of 2010. The decrease was due mainly to fewer reductions to the fair values of OREO properties and fewer losses on sales. OREO expense for the third quarter of 2011 increased \$128 thousand or 6.40% from the third quarter of 2010 due mainly to increased losses on the sales of OREO properties.

Equipment expense for the first nine months of 2011 increased \$1.01 million or 23.21% from the first nine months of 2010. Equipment expense for the third quarter of 2011 increased \$713 thousand or 47.00% from the third quarter of 2010. These increases were due to higher depreciation and maintenance expense as a result of the Centra merger.

Data processing expense increased \$457 thousand or 5.60% for the first nine months of 2011 as compared to the first nine months of 2010. For the third quarter of 2011, data processing expense increased \$347 thousand or 13.38% from the third quarter of 2010. These increases were due to the additional processing as a result of the Centra merger.

Table of Contents

Bankcard processing expense for the first nine months and third quarter of 2011 declined \$1.59 million or 67.94% and \$491 thousand or 64.18%, respectively, from the first nine months and third quarter of 2010. The decreases were the result of the sale of United's merchant business.

FDIC insurance expense for the first nine months and third quarter of 2011 decreased \$332 thousand or 4.55% and \$148 thousand or 6.03%, respectively, from the first nine months and third quarter of 2010. The decreases were due to lower premiums.

Other expense for the first nine months of 2011 was flat from the first nine months of 2010, decreasing \$77 thousand or less than 1%. Expense from derivatives not in hedge relationships decreased \$1.11 million for the first nine months of 2011 due to a change in their fair value. Virtually offsetting this decrease were merger expenses United incurred for the first nine months of 2011 of \$667 thousand, additional ATM expense of \$286 thousand and increased amortization expense on intangibles of \$124 thousand. Other expense for the third quarter of 2011 increased \$972 thousand or 8.35% from the third quarter of 2010 due mainly to increased amortization expense on intangibles of \$411 thousand, merger expenses of \$303 thousand and additional franchise taxes of \$228 thousand.

On a linked-quarter basis, noninterest expense for the third quarter of 2011 increased \$7.20 million or 17.27% from the second quarter of 2011 due mainly to the Centra merger. Accordingly, most major categories of noninterest expense showed increases. In particular, employee compensation expense increased \$1.96 million, employee benefits expense increased \$230 thousand, net occupancy expense increased \$911 thousand, equipment expense increased \$771 thousand, intangibles amortization increased \$505 thousand and data processing fees increased \$189 thousand mainly the result of the Centra merger. In addition, OREO expense increased \$896 thousand due to a decline in the fair values of OREO properties and expense from derivatives not in hedge relationships increased \$268 thousand due to a change in the fair value.

Income Taxes

Income tax expense for the first nine months of 2011 and 2010 was \$25.45 million and \$23.59 million, respectively. For the first nine months of 2011 and 2010, United's effective tax rate was 31.50% and 30.94%, respectively. Income taxes for the third quarter of 2011 were \$9.20 million as compared to \$7.34 million for the third quarter of 2010. For the quarters ended September 30, 2011 and 2010, United's effective tax rate was 31.50% and 29.76%, respectively. For further details related to income taxes, see Note 15 of the unaudited Notes to Consolidated Financial Statements contained within this document.

Contractual Obligations, Commitments, Contingent Liabilities and Off-Balance Sheet Arrangements

United has various financial obligations, including contractual obligations and commitments, that may require future cash payments. Please refer to United's Annual Report on Form 10-K for the year ended December 31, 2010 for disclosures with respect to United's fixed and determinable contractual obligations. As previously mentioned, United completed its acquisition of Centra Financial Holdings, Inc. (Centra) on July 8, 2011. As such, United assumed the financial obligations, including contractual obligations and commitments, that also may require future payments. Please refer to Centra's Annual Report of Form 10-K for the year ended December 31, 2010 for disclosures regarding the fixed and determinable contractual obligations acquired by United. Otherwise, there have been no material changes outside the ordinary course of business since year-end 2010 in the specified contractual obligations disclosed in United's Annual Report on Form 10-K.

As of September 30, 2011, United recorded a liability for uncertain tax positions, including interest and penalties, of \$628 thousand in accordance with ASC topic 740. This liability represents an estimate of tax positions that United has taken in its tax returns which may ultimately not be sustained upon examination by tax authorities. Since the ultimate amount and timing of any future cash settlements cannot be predicted with reasonable certainty, this estimated liability is excluded from the contractual obligations table in the 2010 10-K report.

Table of Contents

United also enters into derivative contracts, mainly to protect against adverse interest rate movements on the value of certain assets or liabilities, under which it is required to either pay cash to or receive cash from counterparties depending on changes in interest rates. Derivative contracts are carried at fair value and not notional value on the consolidated balance sheet. Because the derivative contracts recorded on the balance sheet at September 30, 2011 do not present the amounts that may ultimately be paid under these contracts, they are excluded from the contractual obligations table in the 2010 10-K report. Further discussion of derivative instruments is presented in Note 11 to the unaudited Notes to Consolidated Financial Statements.

United is a party to 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 loan commitments and standby letters of credit. United's maximum exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument for the loan commitments and standby letters of credit is the contractual or notional amount of those instruments. United uses the same policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Since many of the commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. Further discussion of off-balance sheet commitments is included in Note 10 to the unaudited Notes to Consolidated Financial Statements.

Liquidity

In the opinion of management, United maintains liquidity that is sufficient to satisfy its depositors' requirements and the credit needs of its customers. Like all banks, United depends upon its ability to renew maturing deposits and other liabilities on a daily basis and to acquire new funds in a variety of markets. A significant source of funds available to United is core deposits. Core deposits include certain demand deposits, statement and special savings and NOW accounts. These deposits are relatively stable, and they are the lowest cost source of funds available to United. Short-term borrowings have also been a significant source of funds. These include federal funds purchased and securities sold under agreements to repurchase as well as advances from the FHLB. Repurchase agreements represent funds which are obtained as the result of a competitive bidding process.

Liquid assets are cash and those items readily convertible to cash. All banks must maintain sufficient balances of cash and near-cash items to meet the day-to-day demands of customers and United's cash needs. Other than cash and due from banks, the available for sale securities portfolio and maturing loans are the primary sources of liquidity.

The goal of liquidity management is to ensure the ability to access funding which enables United to efficiently satisfy the cash flow requirements of depositors and borrowers and meet United's cash needs. Liquidity is managed by monitoring funds availability from a number of primary sources. Substantial funding is available from cash and cash equivalents, unused short-term borrowing and a geographically dispersed network of branches providing access to a diversified and substantial retail deposit market.

Short-term needs can be met through a wide array of outside sources such as correspondent and downstream correspondent federal funds and utilization of Federal Home Loan Bank advances.

Other sources of liquidity available to United to provide long-term as well as short-term funding alternatives, in addition to FHLB advances, are long-term certificates of deposit, lines of credit, borrowings that are secured by bank premises or stock of United's subsidiaries and issuances of trust preferred securities. In the normal course of business, United through its Asset Liability Committee evaluates these as well as other alternative funding strategies that may be utilized to meet short-term and long-term funding needs.

Table of Contents

For the nine months ended September 30, 2011, cash of \$78.92 million was provided by operating activities due mainly to net income of \$55.35 million for the first nine months of 2011. Net cash of \$95.38 million was provided by investing activities which was mainly due to net cash received of \$49.09 million for the acquisition of Centra. In addition, net cash of \$33.35 million was received for excess of net proceeds from sales, calls and maturities of investment securities over purchases. During the first nine months of 2011, net cash of \$32.83 million was provided by financing activities. Cash provided by financing activities included an increase in deposits and short-term borrowings of \$83.25 million and \$38.54 million, respectively. Uses of cash for financing activities included the repayment of FHLB borrowings in the amount of \$50.28 million and the payment of cash dividends in the amount of \$39.28 million for the first nine months of 2011. The net effect of the cash flow activities was an increase in cash and cash equivalents of \$207.14 million for the first nine months of 2011.

United anticipates it can meet its obligations over the next 12 months and has no material commitments for capital expenditures. There are no known trends, demands, commitments, or events that will result in or that are reasonably likely to result in United's liquidity increasing or decreasing in any material way. United also has lines of credit available. See Notes 8 and 9 to the accompanying unaudited Notes to Consolidated Financial Statements for more details regarding the amounts available to United under lines of credit.

The Asset Liability Committee monitors liquidity to ascertain that a liquidity position within certain prescribed parameters is maintained. No changes are anticipated in the policies of United's Asset Liability Committee.

Capital Resources

United's capital position is financially sound. United seeks to maintain a proper relationship between capital and total assets to support growth and sustain earnings. United has historically generated attractive returns on shareholders' equity. Based on regulatory requirements, United and its banking subsidiaries are categorized as well capitalized institutions. United's risk-based capital ratios of 13.64% at September 30, 2011 and 13.65% at December 31, 2010, were both significantly higher than the minimum regulatory requirements. United's Tier I capital and leverage ratios of 12.39% and 10.40%, respectively, at September 30, 2011, are also well above regulatory minimum requirements.

Total shareholders' equity was \$972.75 million at September 30, 2011, which was an increase of \$179.74 million or 22.67% from December 31, 2010 primarily due to the Centra merger and the retention of earnings. United's equity to assets ratio was 11.34% at September 30, 2011 as compared to 11.08% at December 31, 2010. The primary capital ratio, capital and reserves to total assets and reserves, was 12.11% at September 30, 2011 as compared to 12.00% at December 31, 2010. United's average equity to average asset ratio was 11.47% and 10.47% for the quarters ended September 30, 2011 and 2010, respectively. For the first nine months of 2011 and 2010, the average equity to average assets ratio was 11.39% and 10.29%, respectively. All of these financial measurements reflect a financially sound position.

During the third quarter of 2011, United's Board of Directors declared a cash dividend of \$0.30 per share. Cash dividends were \$0.90 per common share for the first nine months of 2011. Total cash dividends declared were \$15.06 million for the third quarter of 2011 and \$41.26 million for the first nine months of 2011 which were relatively flat from \$13.08 million and \$39.21 million, respectively, for the third quarter and first nine months of 2010.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The objective of United's Asset Liability Management function is to maintain consistent growth in net interest income within United's policy guidelines. This objective is accomplished through the management of balance sheet liquidity and interest rate risk exposures due to changes in economic conditions, interest rate levels and customer preferences.

Table of Contents**Interest Rate Risk**

Management considers interest rate risk to be United's most significant market risk. Interest rate risk is the exposure to adverse changes in United's net interest income as a result of changes in interest rates. United's earnings are largely dependent on the effective management of interest rate risk.

Management of interest rate risk focuses on maintaining consistent growth in net interest income within Board-approved policy limits. United's Asset Liability Management Committee (ALCO), which includes senior management representatives and reports to the Board of Directors, monitors and manages interest rate risk to maintain an acceptable level of change to net interest income as a result of changes in interest rates. Policy established for interest rate risk is stated in terms of the change in net interest income over a one-year and two-year horizon given an immediate and sustained increase or decrease in interest rates. The current limits approved by the Board of Directors are structured on a staged basis with each stage requiring specific actions.

United employs a variety of measurement techniques to identify and manage its exposure to changing interest rates. One such technique utilizes an earnings simulation model to analyze the sensitivity of net interest income to movements in interest rates. The model is based on actual cash flows and repricing characteristics for on and off-balance sheet instruments and incorporates market-based assumptions regarding the impact of changing interest rates on the prepayment rate of certain assets and liabilities. The model also includes executive management projections for activity levels in product lines offered by United. Assumptions based on the historical behavior of deposit rates and balances in relation to changes in interest rates are also incorporated into the model. Rate scenarios could involve parallel or nonparallel shifts in the yield curve, depending on historical, current, and expected conditions, as well as the need to capture any material effects of explicit or embedded options. These assumptions are inherently uncertain and, as a result, the model cannot precisely measure net interest income or precisely predict the impact of fluctuations in interest rates on net interest income. Actual results will differ from simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and management's strategies.

Interest sensitive assets and liabilities are defined as those assets or liabilities that mature or are repriced within a designated time frame. The principal function of interest rate risk management is to maintain an appropriate relationship between those assets and liabilities that are sensitive to changing market interest rates. The difference between rate sensitive assets and rate sensitive liabilities for specified periods of time is known as the GAP. Earnings-simulation analysis captures not only the potential of these interest sensitive assets and liabilities to mature or reprice but also the probability that they will do so. Moreover, earnings-simulation analysis considers the relative sensitivities of these balance sheet items and projects their behavior over an extended period of time. United closely monitors the sensitivity of its assets and liabilities on an on-going basis and projects the effect of various interest rate changes on its net interest margin.

The following table shows United's estimated earnings sensitivity profile as of September 30, 2011 and December 31, 2010:

Change in Interest Rates (basis points)	Percentage Change in Net Interest Income	
	September 30, 2011	December 31, 2010
+200	7.44%	6.87%
+100	3.22%	2.71%
-100	-2.09%	1.80%

At September 30, 2011, given an immediate, sustained 100 basis point upward shock to the yield curve used in the simulation model, net interest income for United is estimated to increase by 3.22% over one year as compared to an increase of 2.71% at December 31, 2010. A 200 basis point immediate, sustained upward shock in the yield curve would increase net interest income by an estimated 7.44% over one year as of September 30, 2011, as compared to an

Table of Contents

increase of 6.87% as of December 31, 2010. A 100 basis point immediate, sustained downward shock in the yield curve would decrease net interest income by an estimated 2.09% over one year as of September 30, 2011 as compared to an increase of 1.80%, over one year as of December 31, 2010. With the federal funds rate at 0.25% at September 30, 2011 and December 31, 2010, management believed a 200 basis point immediate, sustained decline in rates was highly unlikely.

This analysis does not include the potential increased refinancing activities, which should lessen the negative impact on net income from falling rates. While it is unlikely market rates would immediately move 100 or 200 basis points upward or downward on a sustained basis, this is another tool used by management and the Board of Directors to gauge interest rate risk. All of these estimated changes in net interest income are and were within the policy guidelines established by the Board of Directors.

To further aid in interest rate management, United's subsidiary banks are members of the Federal Home Loan Bank (FHLB). The use of FHLB advances provides United with a low risk means of matching maturities of earning assets and interest-bearing funds to achieve a desired interest rate spread over the life of the earning assets. In addition, United uses credit with large regional banks and trust preferred securities to provide funding.

As part of its interest rate risk management strategy, United may use derivative instruments to protect against adverse price or interest rate movements on the value of certain assets or liabilities and on future cash flows. These derivatives commonly consist of interest rate swaps, caps, floors, collars, futures, forward contracts, written and purchased options. Interest rate swaps obligate two parties to exchange one or more payments generally calculated with reference to a fixed or variable rate of interest applied to the notional amount. United accounts for its derivative activities in accordance with the provisions of ASC topic 815, Derivatives and Hedging.

United previously sold residential mortgage loans in a securitization transaction and retained an interest-only strip, and lower-rated subordinated classes of asset-backed securities, all of which are subordinated interests in the securitized assets. United recognized the excess of all cash flows attributable to the subordinated interests using the effective yield method. However, because the carrying value of United's subordinated interest has been zero since June 30, 2005, the difference between the cash flows associated with these underlying mortgages and amounts owed to third party investors has been recognized in interest income as cash is received by United over the remaining life of the loans. During the first nine months of 2011, United received cash of \$110 thousand on the retained interest in the securitization and recognized income of the same amount in the period. However, the securitization trust (the Trust) is subject to an adverse judgment arising from a class action suit. An order granting supplemental damages and entry of final judgment was entered March 5, 2010. Subsequent to the order, the Trust entered into a settlement with all members of the Settlement Class wherein the Trust agreed not to appeal the case and the plaintiffs agreed to accept reduced and limited damages in settlement and dismissal of their claims with prejudice. The settlement will be strictly paid from the residual cash flows from the Trust and not the Company. Because the future payments and prepayments of loans in the Trust cannot be predicted, United cannot currently determine the amounts of residual cash flows that will be received.

Extension Risk

A key feature of most mortgage loans is the ability of the borrower to repay principal earlier than scheduled. This is called a prepayment. Prepayments arise primarily due to sale of the underlying property, refinancing, or foreclosure. In general, declining interest rates tend to increase prepayments, and rising interest rates tend to slow prepayments. Like other fixed-income securities, when interest rates rise, the value of mortgage-related securities generally declines. The rate of prepayments on underlying mortgages will affect the price and volatility of mortgage-related securities and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If interest rates rise, United's holdings of mortgage-related securities may experience reduced returns if the borrowers of the underlying mortgages pay off their mortgages later than anticipated. This is generally referred to as extension risk.

Table of Contents

At September 30, 2011, United's mortgage related securities portfolio had an amortized cost of \$263 million, of which approximately \$174 million or 66% were fixed rate collateralized mortgage obligations (CMOs). These fixed rate CMOs consisted primarily of planned amortization class (PACs), sequential-pay and accretion directed (VADMs) bonds having an average life of approximately 1.3 years and a weighted average yield of 5.21%, under current projected prepayment assumptions. These securities are expected to have very little extension risk in a rising rate environment. Current models show an immediate, sustained upward shock of 300 basis points, the average life of these securities would only extend to 2.8 years. The projected price decline of the fixed rate CMO portfolio in rates up 300 basis points would be 1.2%, less than the price decline of a 1 year treasury note. By comparison, the price decline of a 30-year current coupon mortgage backed security (MBS) in rates higher by 300 basis points would be approximately 19%.

United had approximately \$45 million in 15-year mortgage backed securities with a projected yield of 4.81% and a projected average life of 3.1 years as of September 30, 2011. This portfolio consisted of seasoned 15-year mortgage paper with a weighted average loan age (WALA) of 6.3 years and a weighted average maturity (WAM) of 8.3 years.

United had approximately \$6 million in 20-year mortgage backed securities with a projected yield of 4.78% and a projected average life of 2.7 years on September 30, 2011. This portfolio consisted of seasoned 20-year mortgage paper with a weighted average loan age (WALA) of 8.7 years and a weighted average maturity (WAM) of 10.8 years.

United had approximately \$7 million in 30-year mortgage backed securities with a projected yield of 6.54% and a projected average life of 3.8 years on September 30, 2011. This portfolio consisted of seasoned 30-year mortgage paper with a weighted average loan age (WALA) of 11.5 years and a weighted average maturity (WAM) of 17.5 years.

The remaining 11% of the mortgage related securities portfolio at September 30, 2011, included adjustable rate securities (ARMs), balloon securities, and 10-year mortgage backed pass-through securities.

Item 4. CONTROLS AND PROCEDURES

As of September 30, 2011, an evaluation was performed under the supervision of and with the participation of United's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of United's disclosure controls and procedures. Based on that evaluation, United's management, including the CEO and CFO, concluded that United's disclosure controls and procedures as of September 30, 2011 were effective in ensuring that information required to be disclosed in the Quarterly Report on Form 10-Q was recorded, processed, summarized and reported within the time period required by the Securities and Exchange Commission's rules and forms. There have been no changes in United's internal control over financial reporting that occurred during the quarter ended September 30, 2011, or in other factors that have materially affected or are reasonably likely to materially affect United's internal control over financial reporting.

Table of Contents**PART II - OTHER INFORMATION****Item 1. LEGAL PROCEEDINGS**

In April, 2011, United Bankshares, Inc. and United Bank, Inc. of West Virginia were named as defendants in two putative class actions. In the first putative class action, the plaintiffs seek to represent a national class of United Bank, Inc. of West Virginia customers allegedly harmed by United Bank's overdraft practices relating to debit card transactions. In the second putative class action, the plaintiff seeks to represent a class of West Virginia residents allegedly harmed by United Bank's overdraft practices relating to debit card transactions.

These lawsuits are substantially similar to class action lawsuits being filed against financial institutions nationwide. With respect to the second putative class action, in September of 2011, the West Virginia state court ruled on a motion to dismiss filed by United Bankshares, Inc. and United Bank, Inc. of West Virginia. Although the West Virginia state court denied the motion as to United Bank, Inc. of West Virginia, the motion was granted, without prejudice, as to United Bankshares, Inc. Otherwise, at this stage of the proceedings, it is too early to determine if these matters would be reasonably expected to have a material adverse effect on United's financial condition. United believes there are meritorious defenses to the claims asserted in both proceedings.

In the normal course of business, United and its subsidiaries are currently involved in other various legal proceedings. Management is vigorously pursuing all its legal and factual defenses and, after consultation with legal counsel, believes that all other such litigation will be resolved with no material effect on United's financial position.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, please refer to United's Annual Report on Form 10-K for the year ended December 31, 2010 for disclosures with respect to United's risk factors which could materially affect United's business, financial condition or future results. The risks described in the Annual Report on Form 10-K are not the only risks facing United. Additional risks and uncertainties not currently known to United or that United currently deems to be immaterial also may materially adversely affect United's business, financial condition and/or operating results. There are no material changes from the risk factors disclosed in United's Annual Report on Form 10-K for the year ended December 31, 2010.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There have been no United equity securities sales during the quarter ended September 30, 2011 that were not registered. The table below includes certain information regarding United's purchase of its common shares during the quarter ended September 30, 2011:

Period	Total Number of Shares Purchased (1) (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans (3)	Maximum Number of Shares that May Yet be Purchased Under the Plans (3)
7/01 7/31/2011				322,200
8/01 8/31/2011	180	\$ 24.72		322,200
9/01 9/30/2011				322,200
Total	180	\$ 24.72		

Table of Contents

- (1) Includes shares exchanged in connection with the exercise of stock options under United's stock option plans. Shares are purchased pursuant to the terms of the applicable stock option plan and not pursuant to a publicly announced stock repurchase plan. For the three months ended September 30, 2011, no shares were exchanged by participants in United's stock option plans.
- (2) Includes shares purchased in open market transactions by United for a rabbi trust to provide payment of benefits under a deferred compensation plan for certain key officers of United and its subsidiaries. For the quarter ended September 30, 2011, the following shares were purchased for the deferred compensation plan: August 2011 180 shares at an average price of \$24.72.
- (3) In May of 2006, United's Board of Directors approved a repurchase plan to repurchase up to 1.7 million shares of United's common stock on the open market (the 2006 Plan). The timing, price and quantity of purchases under the plan are at the discretion of management and the plan may be discontinued, suspended or restarted at any time depending on the facts and circumstances.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. (REMOVED AND RESERVED)

None.

Item 5. OTHER INFORMATION

(a) None.

(b) No changes were made to the procedures by which security holders may recommend nominees to United's Board of Directors.

Item 6. EXHIBITS

Exhibits required by Item 601 of Regulation S-K

Exhibit 3.1	Articles of Incorporation
Exhibit 3.2	Bylaws
Exhibit 10.1	Summary of Compensation Paid to Named Executive Officers
Exhibit 10.2	Summary of Amendment to Richard M. Adams' Employment Contract
Exhibit 10.3	Summary of Amendments to Supplemental Executive Retirement Agreement (Tier 1 SERP) for Richard M. Adams, Steven E. Wilson, and James B. Hayhurst, Jr.
Exhibit 31.1	Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer
Exhibit 31.2	Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer

Table of Contents

- 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 by Chief Executive Officer
- Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer

Table of Contents

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.

UNITED BANKSHARES, INC.

(Registrant)

Date: November 4, 2011

/s/ Richard M. Adams

Richard M. Adams, Chairman of the Board and Chief Executive Officer

Date: November 4, 2011

/s/ Steven E. Wilson

Steven E. Wilson, Executive Vice President, Treasurer, Secretary and Chief Financial Officer

Table of Contents**EXHIBIT INDEX**

Exhibit No.	Description	Page Number
3.1	Articles of Incorporation	(a)
3.2	Bylaws	(b)
10.1	Summary of Compensation Paid to Named Executive Officers	(c)
10.2	Summary of Amendment to Richard M. Adams Employment Contract	(c)
10.3	Summary of Amendments to Supplemental Executive Retirement Agreement (Tier 1 SERP) for Richard M. Adams, Steven E. Wilson, and James B. Hayhurst, Jr.	(c)
10.4	Summary of Compensation Paid to Directors	(d)
31.1	Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer	76
31.2	Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer	77
32.1	* Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer	78
32.2	* Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer	79
101	Interactive data file (XBRL)	(e)

Footnotes:

* Furnished not filed.

- (a) Incorporated by reference to a Current Report on Form 8-K dated December 23, 2008 and filed December 31, 2008 for United Bankshares, Inc., File No. 0-13322.
- (b) Incorporated into this filing by reference to a Current Report on Form 8-K dated January 25, 2010 and filed January 29, 2010 for United Bankshares, Inc., File No. 0-13322.
- (c) Incorporated into this filing by reference to a Current Report on Form 8-K dated February 28, 2011 and filed March 4, 2011 for United Bankshares, Inc., File No. 0-13322.
- (d) Incorporated into this filing by reference to a Current Report on Form 8-K dated July 26, 2011 and filed August 1, 2011 for United Bankshares, Inc., File No. 0-13322.
- (e) Exhibit not provided herein. The interactive data file (XBRL) exhibit is available through United's corporate website at www.ubsi-inc.com.