UNITED BANKSHARES INC/WV
Form 10-K
February 29, 2016
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# FORM 10-K

## UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[ X ] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the Fiscal Year Ended **December 31, 2015**

**OR**

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the transition period from ______to ______

Commission File Number: **0-13322**

# United Bankshares, Inc.

(Exact name of registrant as specified in its charter)

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

**300 United Center**

**500 Virginia Street, East**

| | |
|---|---|
| **Charleston, West Virginia** | **25301** |
| (Address of principal executive offices) | (Zip Code) |

Registrant s telephone number, including area code: **(304) 424-8716**

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

| | |
|---|---|
| **Common Stock, $2.50 Par Value** | **NASDAQ Global Select Market** |
| (Title of class) | (Name of exchange on which registered) |

Securities registered pursuant to 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes [ X ]** No [    ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [    ] **No [ X ]**

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **[ ]**

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

| | |
|---|---|
| Large accelerated filer **[ X ]** | Accelerated filer [ ] |
| Non-accelerated filer [ ]<br>(Do not check if a smaller reporting company) | Smaller reporting company [ ] |

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

The aggregate market value of United Bankshares, Inc. common stock, representing all of its voting stock that was held by non-affiliates on June 30, 2015, was approximately **$2,599,611,186**.

As of January 31, 2016, United Bankshares, Inc. had **69,631,392** shares of common stock outstanding with a par value of **$2.50**.

Documents Incorporated By Reference

Definitive Proxy Statement dated April 4, 2016 for the 2016 Annual Shareholders Meeting to be held on May 18, 2016, portions of which are incorporated by reference in Part III of this Form 10-K.

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As of the date of filing this Annual report, neither the annual shareholders report for the year ended December 31, 2015, nor the proxy statement for the annual United shareholders meeting has been mailed to shareholders.

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## UNITED BANKSHARES, INC.

## FORM 10-K, PART I

**Item 1. BUSINESS**

Organizational History and Subsidiaries

United Bankshares, Inc. (United) is a West Virginia corporation registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended. United was incorporated on March 26, 1982, organized on September 9, 1982, and began conducting business on May 1, 1984 with the acquisition of three wholly-owned subsidiaries. Since its formation in 1982, United has acquired twenty-nine banking institutions including its recent acquisition of Virginia Commerce Bancorp, Inc. which consummated after the close of business on January 31, 2014. As of December 31, 2015, United has two banking subsidiaries (the Banking Subsidiaries) doing business under the name of United Bank, one operating under the laws of West Virginia referred to as United Bank (WV) and the other operating under the laws of Virginia referred to as United Bank (VA). United s Banking Subsidiaries offer a full range of commercial and retail banking services and products. United also owns nonbank subsidiaries which engage in other community banking services such as asset management, real property title insurance, financial planning, and brokerage services.

Employees

As of December 31, 2015, United and its subsidiaries had approximately 1,701 full-time equivalent employees and officers. None of these employees are represented by a collective bargaining unit and management considers employee relations to be excellent.

Web Site Address

United s web site address is www.ubsi-inc.com . United makes available free of charge on its web site the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments thereto, as soon as reasonably practicable after United files such reports with the Securities and Exchange Commission (SEC). The reference to United s web site does not constitute incorporation by reference of the information contained in the web site and should not be considered part of this document. These reports are also available at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Business of United

As a bank holding company registered under the Bank Holding Company Act of 1956, as amended, United s present business is community banking. As of December 31, 2015, United s consolidated assets approximated $12.6 billion and total shareholders equity approximated $1.7 billion.

United is permitted to acquire other banks and bank holding companies, as well as thrift institutions. United is also permitted to engage in certain non-banking activities which are closely related to banking under the provisions of the Bank Holding Company Act and the Federal Reserve Board s Regulation Y. Management continues to consider such opportunities as they arise, and in this regard, management from time to time makes inquiries, proposals, or expressions of interest as to potential opportunities, although no agreements or understandings to acquire other banks or bank holding companies or nonbanking subsidiaries or to engage in other nonbanking activities, other than those identified herein, presently exist. See Note B Notes to Consolidated Financial Statements for a discussion of United s announced merger with Bank of Georgetown and its completed merger with Virginia Commerce Bancorp, Inc.

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Business of Banking Subsidiaries

United, through its subsidiaries, engages primarily in community banking and offers most banking products and services permitted by law and regulation. Included among the banking services offered are the acceptance of deposits in checking, savings, time and money market accounts; the making and servicing of personal, commercial, floor plan and student loans; and the making of construction and real estate loans. Also offered are individual retirement accounts, safe deposit boxes, wire transfers and other standard banking products and services. As part of their lending function, the Banking Subsidiaries offer credit card services.

United Bank (WV) and United Bank (VA) each maintain a trust department which acts as trustee under wills, trusts and pension and profit sharing plans, as executor and administrator of estates, and as guardian for estates of minors and incompetents, and in addition performs a variety of investment and security services. Trust services are available to customers of affiliate banks. United Bank (WV) provides services to its correspondent banks such as check clearing, safekeeping and the buying and selling of federal funds.

United Brokerage Services, Inc., a wholly-owned subsidiary of United Bank (WV), is a fully-disclosed broker/dealer and a registered Investment Advisor with the National Association of Securities Dealers, Inc., the Securities and Exchange Commission, and a member of the Securities Investor Protection Corporation. United Brokerage Services, Inc. offers a wide range of investment products as well as comprehensive financial planning and asset management services to the general public.

United Bank (WV) and United Bank (VA) are members of a network of automated teller machines known as the New York Currency Exchange (NYCE) ATM network. The NYCE is an interbank network connecting the ATMs of various financial institutions in the United States and Canada.

United through its Banking Subsidiaries offers an Internet banking service, Smart Touch Online Banking, which allows customers to perform various transactions using a computer or tablet from any location or from a mobile device such as a smart phone or other cellular device as long as they have access to the Internet, applicable software and a secure browser. Specifically, customers can check personal account balances, receive information about transactions within their accounts, make transfers between accounts, stop payment on a check, and reorder checks. Customers may also pay bills online and can make payments to virtually any business or individual. Customers can set up recurring fixed payments, one-time future payments or a one-time immediate payment. Customers can also set up their own merchants, view and modify that merchant list, view pending transactions and view their bill payment history with approximately three (3) months of history.

United also offers an automated telephone banking system, Telebanc, which allows customers to access their personal account(s) or business account(s) information from a touch-tone telephone.

Lending Activities

United s loan portfolio, net of unearned income, increased $279.4 million or 3.07% in 2015. The loan portfolio is comprised of commercial, real estate and consumer loans including credit card and home equity loans. Commercial, financial and agricultural loans increased $72.3 million or 1.35% as commercial real estate loans increased $47.6 million or 1.26% and commercial loans (not secured by real estate) increased $24.8 million or 1.57%. In addition, consumer loans increased $62.0 million or 16.80% while construction and land development loans increased $139.8 million or 12.34%. Residential real estate loans were relatively flat.

Commercial Loans

The commercial loan portfolio consists of loans to corporate borrowers primarily in small to mid-size industrial and commercial companies, as well as automobile dealers, service, retail and wholesale merchants. Collateral securing these loans includes equipment, machinery, inventory, receivables, vehicles and commercial real estate. Commercial loans are considered to contain a higher level of risk than other loan types although care is taken to minimize these risks. Numerous risk factors impact this portfolio including industry specific risks such as economy, new technology, labor rates and cyclicality, as well as customer specific factors, such as cash flow, financial structure, operating controls and asset quality. United diversifies risk within this portfolio by closely monitoring industry concentrations and portfolios to ensure that it does not exceed established lending guidelines. Diversification is intended to limit the risk of loss from any single unexpected economic event or trend. Underwriting standards require a comprehensive credit analysis and independent evaluation of virtually all larger balance commercial loans by the loan committee prior to approval.

Real Estate Loans

Commercial real estate loans consist of commercial mortgages, which generally are secured by nonresidential and multi-family residential properties. Also included in this portfolio are loans that are secured by owner-occupied real estate, but made for purposes other than the construction or purchase of real estate. Commercial real estate loans are to many of the same customers and carry similar industry risks as the commercial loan portfolio. Real estate mortgage loans to consumers are secured primarily by a first lien deed of trust. These loans are traditional one-to-four family residential mortgages. The loans generally do not exceed an 80% loan to value ratio at the loan origination date and most are at a variable rate of interest. These loans are considered to be of normal risk. Also included in the category of real estate mortgage loans are home equity loans.

As of December 31, 2015, approximately $391.9 million or 4.18% of United s loan portfolio were real estate loans that met the regulatory definition of a high loan-to-value loan. A high loan-to-value real estate loan is defined as any loan, line of credit, or combination of credits secured by liens on or interests in real estate that equals or exceeds a certain percentage established by United s primary regulator of the real estate s appraised value, unless the loan has other appropriate credit support. The certain percentage varies depending on the loan type and collateral. Appropriate credit support may include mortgage insurance, readily marketable collateral, or other acceptable collateral that reduces the loan-to-value ratio below the certain percentage.

Consumer Loans

Consumer loans are secured by automobiles, boats, recreational vehicles, and other personal property. Personal loans, student loans and unsecured credit card receivables are also included as consumer loans. United monitors the risk associated with these types of loans by monitoring such factors as portfolio growth, lending policies and economic conditions. Underwriting standards are continually evaluated and modified based upon these factors.

Underwriting Standards

United s loan underwriting guidelines and standards are updated periodically and are presented for approval by the respective Boards of Directors of each of its subsidiary banks. The purpose of the standards and guidelines is to grant loans on a sound and collectible basis; to invest available funds in a safe, profitable manner; to serve the legitimate credit needs of the communities of United s primary market area; and to ensure that all loan applicants receive fair and equal treatment in the lending process. It is the intent of the underwriting guidelines and standards to: minimize loan losses by carefully investigating the credit history of each applicant, verify the source of repayment and the ability of the applicant to repay, collateralize those loans in which collateral is deemed to be required, exercise care in the documentation of the application, review, approval, and origination process, and administer a comprehensive loan collection program.

United s underwriting standards and practices are designed to originate both fixed and variable rate loan products in a manner which is consistent with the prudent banking practices applicable to these exposures. Typically, both fixed and variable rate loan underwriting practices incorporate conservative methodology, including the use of stress testing for commercial loans, and other product appropriate measures designed to provide an adequate margin of safety for the full collection of both principal and interest within contractual terms. Consumer real estate secured loans are underwritten to the initial rate, and to a higher assumed rate commensurate with normal market conditions. Therefore, it is the intent of United s underwriting standards to insure that adequate primary repayment capacity exists to address both future increases in interest rates, and fluctuations in the underlying cash flows available for repayment. Historically, and at December 31, 2015, United has not offered teaser rate loans, and had no loan portfolio products which were specifically designed for sub-prime borrowers. Management defines sub-prime borrowers as consumer borrowers with a credit score of less than 660.

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The above guidelines are adhered to and subject to the experience, background and personal judgment of the loan officer assigned to the loan application. A loan officer may grant, with justification, a loan with variances from the underwriting guidelines and standards. However, the loan officer may not exceed his or her respective lending authority without obtaining the prior, proper approval as outlined in United s loan policy from a superior, a regional supervisor or market president (dual approval per policy) or the Loan Committee, whichever is deemed appropriate for the nature of the variance.

Loan Concentrations

United has commercial loans, including real estate and owner-occupied, income-producing real estate and land development loans, of approximately $6.6 billion as of December 31, 2015. These loans are primarily secured by real estate located in West Virginia, southeastern Ohio, southwestern Pennsylvania, Virginia, Maryland and the District of Columbia. United categorizes these commercial loans by industry according to the North American Industry Classification System (NAICS) to monitor the portfolio for possible concentrations in one or more industries. As of the most recent fiscal year-end, United has one such industry classification that exceeded 10% of total loans. As of December 31, 2015, approximately $3.6 billion or 38.8% of United s total loan portfolio were for the purpose of renting or leasing real estate. The loans were originated by United s subsidiary banks using underwriting standards as set forth by management. United s loan administration policies are focused on the risk characteristics of the loan portfolio, including commercial real estate loans, in terms of loan approval and credit quality. It is the opinion of management that these loans do not pose any unusual risks and that adequate consideration has been given to the above loans in establishing the allowance for loan losses.

United does not have a loan classification concentration in the mining, quarrying and oil and gas extraction industry. As of December 31, 2015, approximately $75.5 million or 0.8% of United s total loan portfolio were for the purpose of mining, quarrying and oil and gas extraction.

Secondary Markets

United generally originates loans within the primary market area of its banking subsidiaries. United may from time to time make loans to borrowers and/or on properties outside of its primary market area as an accommodation to its existing customers. As of December 31, 2015, the balance of mortgage loans being serviced by United for others was insignificant.

United engages in the origination and acquisition of residential real estate loans for resale. These loans are for single-family, owner-occupied residences with either adjustable or fixed rate terms, with a variety of maturities tailored to effectively serve its markets. Mortgage loan originations are generally intended to be sold in the secondary market on a best efforts basis.

During 2015, United originated $145.8 million of real estate loans for sale in the secondary market and sold $143.8 million of loans designated as held for sale in the secondary market. Net gains on the sales of these loans during 2015 were $2.5 million.

The principal sources of revenue from United s mortgage banking business are: (i) loan origination fees; (ii) gains or losses from the sale of loans; and (iii) interest earned on mortgage loans during the period that they are held by United pending sale, if any.

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Investment Activities

United s investment policy stresses the management of the investment securities portfolio, which includes both securities held to maturity and securities available for sale, to maximize return over the long-term in a manner that is consistent with good banking practices and relative safety of principal. United currently does not engage in trading account activity. The Asset/Liability Management Committee of United is responsible for the coordination and evaluation of the investment portfolio.

Sources of funds for investment activities include 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, securities sold under agreements to repurchase and FHLB borrowings. Repurchase agreements represent funds that are generally obtained as the result of a competitive bidding process.

United s investment portfolio is comprised of a significant amount of U.S. Treasury securities and obligations of U.S. Agencies and Corporations as well as mortgage-backed securities. Obligations of States and Political Subdivisions are comprised of primarily investment grade rated municipal securities. Interest and dividends on securities for the years of 2015, 2014, and 2013 were $34.3 million, $33.9 million, and $19.5 million, respectively. For the years of 2015, 2014 and 2013, United realized net gains on sales of securities of $202 thousand, $3.4 million and $1.5 million, respectively. In the year 2015, United recognized other-than-temporary impairment (OTTI) charges of $47 thousand, consisting of OTTI on an equity security and a pooled trust preferred collateralized debt obligation (TRUP CDO). In the year 2014, United recognized other-than-temporary impairment (OTTI) charges of $6.5 million, all consisting of OTTI on pooled trust preferred collateralized debt obligations (TRUP CDOs). In the year 2013, United recognized other-than-temporary impairment (OTTI) charges of $7.3 million consisting primarily of $7.2 million on pooled trust preferred collateralized debt obligations (TRUP CDOs) and $137 thousand on equity securities.

Competition

United faces a high degree of competition in all of the markets it serves. United considers all of West Virginia to be included in its market area. This area includes the five largest West Virginia Metropolitan Statistical Areas (MSA): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Morgantown MSA and the Wheeling MSA. United serves the Ohio counties of Lawrence, Belmont, Jefferson and Washington and Fayette county in Pennsylvania primarily because of their close proximity to the Ohio and Pennsylvania borders and United banking offices located in those counties or in nearby West Virginia. United s Virginia markets include the Maryland, northern Virginia and Washington, D.C. MSA, the Winchester MSA, the Harrisonburg MSA, and the Charlottesville MSA. United considers all of the above locations to be the primary market area for the business of its banking subsidiaries.

With prior regulatory approval, West Virginia and Virginia banks are permitted unlimited branch banking throughout each state. In addition, interstate acquisitions of and by West Virginia and Virginia banks and bank holding companies are permissible on a reciprocal basis, as well as reciprocal interstate acquisitions by thrift institutions. These conditions serve to intensify competition within United s market.

As of December 31, 2015, there were 65 bank holding companies operating in the State of West Virginia registered with the Federal Reserve System and the West Virginia Board of Banking and Financial Institutions and 102 bank holding companies operating in the Commonwealth of Virginia registered with the Federal Reserve System and the Virginia Corporation Commission. These holding companies are headquartered in various states and control banks throughout West Virginia and Virginia, which compete for business as well as for the acquisition of additional banks.

Economic Characteristics of Primary Market Area

As of December 2015, West Virginia s seasonally adjusted unemployment rate was 6.3% according to information from West Virginia s Bureau of Employment Programs. The national unemployment rate was 5.0%. The number of unemployed state residents fell 1,800 to 49,300 for the month of December as compared to the month of November. Total unemployment was up 3,600 over the year of 2014. The state unemployment rate of

6.3% for December 2015 was a decrease from a rate of 6.5% for the month of November 2015 and up from the rate of 5.9% for the month of December 2014. Total nonfarm payroll employment increased 700 in December, with an increase of 2,300 in the goods-producing sector offset by a decrease of 1,600 in the service-providing sector. West Virginia s not seasonally adjusted unemployment rate was 5.9% in December 2015. West Virginia s economy has struggled over the past year, primarily driven by the state s energy sector, where losses in coal jobs have been coupled with a recent slowdown in the natural gas industry. According to the latest forecast from the West Virginia University College of Business and Economics, employment in West Virginia is estimated to increase 0.5% per year on average through 2020, compared to an expectation of 1.2% nationally. The state s seasonally adjusted unemployment rate is expected to remain at or above 6.5% through early-2016, but will fall over much of the outlook period, declining to the upper-5% range by 2019. Per capita personal income is expected to grow at an annual average rate of 1.8% over the next five years, below the national rate of 2.3%. West Virginia s population has declined over the past two years and is projected to lose around 23,000 residents over the next 20 years. While the state overall is expected to lose population in coming years, 18 counties are expected to add residents. Population gains will be heavily concentrated in North-Central West Virginia and the Eastern Panhandle.

United s Virginia subsidiary banking offices are located in markets that historically have reflected low unemployment rate levels. According to information available from the Virginia Employment Commission, Virginia s seasonally adjusted unemployment rate did increase 0.1% for the month of December 2015 to 4.2% as compared to 4.1% for November of 2015. December s slight increase followed five consecutive months of decline. Over the year of 2015, the seasonally adjusted unemployment rate was down 0.6% from December 2014. Virginia s seasonally adjusted unemployment rate continues to be below the national rate of 5.0%. Seasonally adjusted nonfarm employment was up 6,800 jobs between November 2015 and December 2015 to 3,856,100. The December gain was the fourth consecutive monthly job gain. From November 2015 to December 2015, seasonally adjusted employment increased in six major industry divisions, decreased in four and remained unchanged in one. In Virginia s official forecast, economic growth in the state is projected to moderately accelerate in 2016 relative to 2015. The forecast is for Virginia to grow slower than the nation in terms of employment and personal income. Personal income growth is expected to be 3.7% in 2016 with increases to 3.8% in 2017 and 4.2% by 2018. Total nonagricultural employment is expected to increase 1.5% in 2016. Employment in the professional and business sector is forecast to increase by 2.7% in 2016. Construction employment is expected to grow by 3% in 2016. Employment in trade, transportation and utilities is expected to increase by 0.9% in 2016. Overall, employment is expected to increase 1.3% in 2017.

Regulation and Supervision

United, as a bank holding company, is subject to the restrictions of the Bank Holding Company Act of 1956, as amended, and is registered pursuant to its provisions. As such, United is subject to the reporting requirements of and examination by the Board of Governors of the Federal Reserve System (Board of Governors).

The Bank Holding Company Act prohibits the acquisition by a bank holding company of direct or indirect ownership of more than five percent of the voting shares of any bank within the United States without prior approval of the Board of Governors. With certain exceptions, a bank holding company also is prohibited from acquiring direct or indirect ownership or control of more than five percent of the voting shares of any company which is not a bank, and from engaging directly or indirectly in business unrelated to the business of banking, or managing or controlling banks.

The Board of Governors, in its Regulation Y, permits bank holding companies to engage in preapproved non-banking activities closely related to banking or managing or controlling banks. Approval of the Board of Governors is necessary to engage in certain other non-banking activities which are not preapproved or to make acquisitions of corporations engaging in these activities. In addition, on a case-by-case basis, the Board of Governors may approve other non-banking activities.

As a bank holding company doing business in West Virginia, United is also subject to regulation and examination by the West Virginia Board of Banking and Financial Institutions (the West Virginia Banking Board) and must submit annual reports to the West Virginia Banking Board. Further, any acquisition application that United must submit to the Board of Governors must also be submitted to the West Virginia Banking Board for approval.

The Board of Governors has broad authority to prohibit activities of bank holding companies and their non-banking subsidiaries that represent unsafe and unsound banking practices or which constitute violations of laws or regulations. The Board of Governors also can assess civil money penalties for certain activities conducted on a knowing and reckless basis, if those activities caused a substantial loss to a depository institution. The penalties can be as high as $1 million for each day the activity continues.

United Bank (WV) and United Bank (VA), as state member banks, are subject to supervision, examination and regulation by the Federal Reserve System, and as such, are subject to applicable provisions of the Federal Reserve Act and regulations issued thereunder. United Bank (WV) is subject to West Virginia banking statutes and regulations, and is primarily regulated by the West Virginia Division of Financial Institutions. United Bank (VA) is subject to the Virginia banking statutes and regulations, and is primarily regulated by the Virginia Bureau of Financial Institution. As members of the Federal Deposit Insurance Corporation ( FDIC ), United s Banking Subsidiaries deposits are insured as required by federal law. Bank regulatory authorities regularly examine revenues, loans, investments, management practices, and other aspects of United s Banking Subsidiaries. These examinations are conducted primarily to protect depositors and not shareholders. In addition to these regular examinations, United s Banking Subsidiaries must furnish to regulatory authorities quarterly reports containing full and accurate statements of its affairs.

United is also under the jurisdiction of the SEC and certain state securities commissions in regard to the offering and sale of its securities. Generally, United must file under the Securities Exchange Act of 1933, as amended, to issue additional shares of its common stock. United is also registered under and is subject to the regulatory and disclosure requirements of the Securities Exchange Act of 1934, as amended, as administered by the SEC. United is listed on the NASDAQ Global Select Market under the quotation symbol UBSI, and is subject to the rules of the NASDAQ for listed companies.

SEC regulations require us to disclose certain types of business and financial data on a regular basis to the SEC and to our shareholders. We are required to file annual, quarterly and current reports with the SEC. We prepare and file an annual report on Form 10-K with the SEC that contains detailed financial and operating information, as well as a management response to specific questions about the our operations. SEC regulations require that our annual reports to shareholders contain certified financial statements and other specific items such as management s discussion and analysis of our financial condition and results of operations. We must also file quarterly reports with the SEC on Form 10-Q that contain detailed financial and operating information for the prior quarter and we must file current reports on Form 8-K to provide the pubic with information on recent material events.

In addition to periodic reporting to the SEC, we are subject to proxy rules and tender offer rules issued by the SEC. Our officers, directors and principal shareholders (holding 10% or more of our stock) must also submit reports to the SEC regarding their holdings of our stock and any changes to such holdings, and they are subject to short-swing profit liability.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), into law. The Dodd-Frank Act significantly changes regulation of financial institutions and the financial services industry. The Dodd-Frank Act includes, among other things, provisions creating a Financial Services Oversight Council to identify emerging systemic risks and improve interagency cooperation; centralizing the responsibility for consumer financial protection by creating a new agency, the Consumer Financial Protection Bureau, which is responsible for implementing, examining and enforcing compliance with federal consumer financial laws; permanently raising the current standard maximum deposit insurance amount to $250,000; establishing strengthened capital standards for banks, and disallowing trust preferred securities as qualifying for Tier 1 capital (subject to certain grandfather provisions for existing trust preferred securities); establishing new minimum mortgage underwriting standards; granting the Federal Reserve Board the power to regulate debit card interchange fees; and implementing corporate governance changes.

On December 10, 2013, the banking agencies issued a final rule implementing Section 619 of the Dodd-Frank Act, commonly referred to as the Volcker Rule . The Federal Reserve issued an order on December 18, 2014 extending the period which banking entities have to divest disallowed securities under the Volker Rule to July 21, 2016. The Federal Reserve also announced its intention to grant an additional one year extension of the conformance period until July 21, 2017. On January 14, 2014, the banking agencies approved an interim final rule to permit banking entities to retain interests in certain collateralized debt obligations backed primarily by trust preferred securities (Trup Cdos) from the prohibitions under the Volcker Rule. During the third quarter of 2014 United sold four Trup Cdos for a net gain of $1.3 million in response to the Volcker Rule. Under the Volcker Rule, these four securities were identified by United as covered funds and were required to be divested of before July 21, 2017. United believes the remaining Trup Cdo portfolio is excluded from the scope of the Volcker Rule.

Deposit Insurance

The deposits of United s Banking Subsidiaries are insured by the FDIC to the extent provided by law. Accordingly, these Banking Subsidiaries are also subject to regulation by the FDIC. The Banking Subsidiaries are subject to deposit insurance assessments to maintain the Deposit Insurance Fund (DIF) of the FDIC. The FDIC utilizes a risk-based assessment system that imposes insurance premiums based upon a risk matrix that takes into account a bank s capital level and supervisory rating (CAMELS rating) and certain financial measures to assess an institution s ability to withstand asset-related stress and funding-related stress. The risk matrix utilizes four risk categories which are distinguished by capital levels and supervisory ratings.

In October 2010, the FDIC adopted a new DIF restoration plan to ensure that the fund reserve ratio reaches 1.35% by September 30, 2020, as required by the Dodd-Frank Act. Under the new restoration plan, the FDIC will update its loss and income projections at least semi-annually for the fund and, if needed, will increase or decrease assessment rates, following notice-and-comment rulemaking if required.

In April 2011, the FDIC implemented rulemaking under the Dodd-Frank Act to reform the deposit insurance assessment system. The final rule redefined the assessment base used for calculating deposit insurance assessments. Specifically, the rule bases assessments on an institution s total assets less tangible capital, as opposed to total deposits. Since the new base is larger than the prior base, the FDIC also proposed lowering assessment rates so that the rules would not significantly alter the total amount of revenue collected from the industry. The new assessment scale ranges from 2.5 basis points for the least risky institutions to 45 basis points for the riskiest.

United s FDIC insurance expense totaled $8.4 million, $7.6 million and $6.2 million in 2015, 2014 and 2013, respectively.

Capital Requirements

As a bank holding company, United is subject to consolidated regulatory capital requirements administered by the Federal Reserve Board. United s Banking Subsidiaries are also subject to the capital requirements administered by the Federal Reserve Board. On July 2, 2013, the Federal Reserve, United s and its banking subsidiaries primary federal regulator, published final rules (the Basel III Capital Rules) establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee s December 2010 framework known as Basel III for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Basel III Capital Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, including United and its banking subsidiaries, compared to the current U.S. risk-based capital rules. The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions regulatory capital ratios. The Basel III Capital Rules also address risk weights and other issues affecting the denominator in banking institutions regulatory capital ratios and replace the existing risk-weighting approach, which was derived from

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Basel I capital accords of the Basel Committee, with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee s 2004 Basel II capital accords. The Basel III Capital Rules also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal banking agencies rules. The Basel III Capital Rules were effective for United and its banking subsidiaries on January 1, 2015 (subject to a phase-in period).

The Basel III Capital Rules, among other things, (i) introduce a new capital measure called Common Equity Tier 1 (CET1), (ii) specify that Tier 1 capital consist of CET1 and Additional Tier 1 capital instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments from capital as compared to existing regulations.

When fully phased in on January 1, 2019, the Basel III Capital Rules will require United and its banking subsidiaries to maintain (i) a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer (which is added to the 4.5% CET1 ratio as that buffer is phased in, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7% upon full implementation), (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio as that buffer is phased in, effectively resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation), (iii) a minimum ratio of Total capital (that is, Tier 1 plus Tier 2) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (which is added to the 8.0% total capital ratio as that buffer is phased in, effectively resulting in a minimum total capital ratio of 10.5% upon full implementation) and (iv) a minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to average assets (as compared to a current minimum leverage ratio of 3% for banking organizations that either have the highest supervisory rating or have implemented the appropriate federal regulatory authority s risk-adjusted measure for market risk).

The Basel III Capital Rules also provide for a countercyclical capital buffer that is applicable to only certain covered institutions and is not expected to have any current applicability to United and its banking subsidiaries.

The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

Under the Basel III Capital Rules, the initial minimum capital ratios as of January 1, 2015 are as follows:

- 4.5% CET1 to risk-weighted assets.
- 6.0% Tier 1 capital to risk-weighted assets.
- 8.0% Total capital to risk-weighted assets.

The Basel III Capital Rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, deferred tax assets dependent upon future taxable income and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. Under current capital standards, the effects of accumulated other comprehensive income items included in capital are excluded for the purposes of determining regulatory capital ratios. Under the Basel III Capital Rules, the effects of certain accumulated other comprehensive items are not excluded; however, non-advanced approaches banking organizations, including United and its banking subsidiaries, may make a one-time permanent election to continue to exclude these items. United and its banking subsidiaries expect to make this election in order to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of United s securities portfolio. The Basel III Capital Rules also preclude certain hybrid securities, such as trust preferred securities, as Tier 1 capital of bank holding companies, subject to phase-out. However, the Basel III Capital Rules grandfathers non-qualifying capital instruments in the Tier 1 capital of bank holding companies with total consolidated assets of less than $15 billion as of December 31, 2009 (subject to limits). Non-qualifying capital instruments under the final rule include trust preferred securities and cumulative perpetual preferred stock issued before May 19, 2010 that bank holding companies included in Tier 1 capital under the limitations for restricted capital elements in the general risk-based capital rules. As a result, beginning in 2015, United s and its banking subsidiaries trust preferred securities will be subject to a limit of 25 percent of Tier 1 capital elements excluding any non-qualifying capital instruments and after all regulatory capital deductions and adjustments applied to Tier 1 capital, which is substantially similar to the limit in the general risk-based capital rules. Trust preferred securities no longer included in United s and its banking subsidiaries Tier 1 capital may be included as a component of Tier 2 capital on a permanent basis without phase-out.

Implementation of the deductions and other adjustments to CET1 began on January 1, 2015 and will be phased-in over a 4-year period (beginning at 40% on January 1, 2015 and an additional 20% per year thereafter). The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and be phased in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019).

The Basel III Capital Rules prescribe a standardized approach for risk weightings that expand the risk-weighting categories from the current four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities, to 600% for certain equity exposures, and resulting in higher risk weights for a variety of asset categories. Specific changes to current rules impacting United s determination of risk-weighted assets include, among other things:

Applying a 150% risk weight instead of a 100% risk weight for certain high volatility commercial real estate acquisition, development and construction loans.

Assigning a 150% risk weight to exposures (other than residential mortgage exposures) that are 90 days past due.

Providing for a 20% credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable (currently set at 0%).

Providing for a risk weight, generally not less than 20% with certain exceptions, for securities lending transactions based on the risk weight category of the underlying collateral securing the transaction.

Providing for a 100% risk weight for claims on securities firms.

Eliminating the current 50% cap on the risk weight for OTC derivatives.

In addition, the Basel III Capital Rules also provide more advantageous risk weights for derivatives and repurchase-style transactions cleared through a qualifying central counterparty and increases the scope of eligible guarantors and eligible collateral for purposes of credit risk mitigation.

The Basel III liquidity framework also requires banks and bank holding companies to measure their liquidity against specific liquidity tests. One test, referred to as the Liquidity Coverage Ratio ( LCR ), is designed to ensure that the banking entity maintains an adequate level of unencumbered high-quality liquid assets equal to the entity s expected net cash outflow for a 30-day time horizon (or, if greater, 25% of its expected total cash outflow) under an acute liquidity stress scenario. The other test, referred to as the Net Stable Funding Ratio ( NSFR ), is designed to promote more medium- and long-term funding of the assets and activities of banking entities over a one-year time horizon. These requirements will incent banking entities to increase their holdings of

U.S. Treasury securities and other sovereign debt as a component of assets and increase long-term debt as a funding source. On September 3, 2014, the federal banking agencies finalized rules implementing the LCR for advanced approaches banking organizations and a modified version of the LCR for bank holding companies with at least $50 billion in total consolidated assets that are not advanced approaches banking organizations, neither of which would apply to United or its banking subsidiaries. The federal banking agencies have not yet proposed rules to implement the NSFR.

As of December 31, 2015, United and its banking subsidiaries meet all capital adequacy requirements under the Basel III Capital Rules on a fully phased-in basis if such requirements were currently effective.

The Basel III Capital Rules adopted in July of 2013 do not address the proposed Liquidity Coverage Ratio Test and Net Stable Funding Ratio Test called for by the proposed Basel III framework.

Failure to meet statutorily mandated capital guidelines or more restrictive ratios separately established for a financial institution could subject United to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on accepting or renewing brokered deposits, limitations on the rates of interest that the institution may pay on its deposits and other restrictions on its business. As described below, significant additional restrictions can be imposed on United if it would fail to meet applicable capital requirements.

Prompt Corrective Action

The Federal Deposit Insurance Corporation Improvement Act of 1991 ( FDICIA ) establishes a new regulatory scheme, which ties the level of supervisory intervention by bank regulatory authorities primarily to a depository institution s capital category. Among other things, FDICIA authorizes regulatory authorities to take prompt corrective action with respect to depository institutions that do not meet minimum capital requirements. FDICIA establishes five capital tiers: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

Effective January 1, 2015, under the Basel III Capital Rules, the current prompt corrective action requirements for an institution to be well-capitalized is a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 8% or greater, a CET1 ratio of 6.5% or greater and a Tier 1 leverage ratio of 5 percent or greater.

United s Banking Subsidiaries were well capitalized institutions as of December 31, 2015. Well-capitalized institutions are permitted to engage in a wider range of banking activities, including among other things, the accepting of brokered deposits, and the offering of interest rates on deposits higher than the prevailing rate in their respective markets.

Community Reinvestment Act

The Community Reinvestment Act of 1977 ( CRA ) requires depository institutions to assist in meeting the credit needs of their market areas consistent with safe and sound banking practice. Under the CRA, each depository institution is required to help meet the credit needs of its market areas by, among other things, providing credit to low- and moderate-income individuals and communities. Depository institutions are periodically examined for compliance with the CRA and are assigned ratings. Banking regulators take into account CRA ratings when considering approval of a proposed transaction. Each of United s Banking Subsidiaries received a rating of satisfactory in their most recent CRA examination.

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Cybersecurity

In March 2015, federal regulators issued two related statements regarding cybersecurity. One statement indicates that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. The other statement indicates that a financial institution s management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution s operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution or its critical service providers fall victim to this type of cyber-attack. If United fails to observe the regulatory guidance, United could be subject to various regulatory sanctions, including financial penalties.

In the ordinary course of business, United relies on electronic communications and information systems to conduct its operations and to store sensitive data. United employs an in-depth, layered, defensive approach that leverages people, processes and technology to manage and maintain cybersecurity controls. United employs a variety of preventative and detective tools to monitor, block, and provide alerts regarding suspicious activity, as well as to report on any suspected advanced persistent threats. Notwithstanding the strength of its defensive measures, the threat from cyber-attacks is severe, attacks are sophisticated and increasing in volume, and attackers respond rapidly to changes in defensive measures. While to date, United and its Banking Subsidiaries have not experienced a significant compromise, significant data loss or any material financial losses related to cybersecurity attacks, United s systems and those of its customers and third-party service providers are under constant threat and it is possible that United could experience a significant event in the future. Risks and exposures related to cybersecurity attacks are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of Internet banking, mobile banking and other technology-based products and services by United and its customers. See Item 1A. Risk Factors for a further discussion of risk related to cybersecurity.

Deposit Acquisition Limitation

Under West Virginia banking law, an acquisition or merger is not permitted if the resulting depository institution or its holding company, including its affiliated depository institutions, would assume additional deposits to cause it to control deposits in the State of West Virginia in excess of twenty five percent (25%) of such total amount of all deposits held by insured depository institutions in West Virginia. This limitation may be waived by the Commissioner of Banking by showing good cause.

Consumer Laws and Regulations

In addition to the banking laws and regulations discussed above, bank subsidiaries are also subject to certain consumer laws and regulations that are designed to protect consumers in transactions with banks. Among the more prominent of such laws and regulations are the Truth in Lending Act, the Truth in Savings Act, the Electronic Funds Transfer Act, the Expedited Funds Availability Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, and the Fair Housing Act. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits or making loans to such customers. Bank subsidiaries must comply with the applicable provisions of these consumer protection laws and regulations as part of their ongoing customer relations.

As discussed above, the Dodd-Frank Act centralized responsibility for consumer financial protection by creating the CFPB, and giving it responsibility for implementing, examining and enforcing compliance with federal consumer protection laws. The CFPB has broad rulemaking, supervisory and enforcement authority over consumer financial products and services, including deposit products, residential mortgages, home-equity loans, and credit cards. The CFPB s functions include investigating consumer complaints, rulemaking, supervising and examining banks consumer transactions, and enforcing rules related to consumer financial products and services. Banks with less than $10 billion in assets, such as United s Banking Subsidiaries, will be subject to these federal consumer financial laws, but will continue to be examined for compliance by the Federal Reserve, its primary federal banking regulator.

Incentive Compensation

The Federal Reserve Board reviews, as part of its regular, risk-focused examination process, the incentive compensation arrangements of banking organizations, such as United, that are not large, complex banking organizations. These reviews are tailored to each organization based on the scope and complexity of the organization s activities and the prevalence of incentive compensation arrangements. The findings of this supervisory initiative will be included in reports of examination. Deficiencies will be incorporated into the organization s supervisory ratings, which can affect the organization s ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the organization s safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

In June 2010, the Federal Reserve Board, OCC and FDIC issued comprehensive final guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization s incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization s ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization s board of directors.

In April 2011, the Federal Reserve Board, other federal banking agencies and the SEC jointly published proposed rulemaking designed to implement provisions of the Dodd-Frank Act prohibiting incentive compensation arrangements that would encourage inappropriate risk taking at a covered institution, which includes a bank or bank holding company with $1 billion or more of assets, such as United. The proposed rule (i) prohibits incentive-based compensation arrangements that encourage executive officers, employees, directors or principal shareholders to expose the institution to inappropriate risks by providing excessive compensation (based on the standards for excessive compensation adopted pursuant to the FDIA) and (ii) prohibits incentive-based compensation arrangements for executive officers, employees, directors or principal shareholders that could lead to a material financial loss for the institution. The proposed rule requires covered institutions to establish policies and procedures for monitoring and evaluating their compensation practices. The comment period ended in May 2011. Although final rules have not been adopted as of February 2016, officials from the Federal Reserve have recently indicated that the U.S. banking regulators are in the process of preparing for public comment a new rule on incentive compensation. If these or other regulations are adopted in a form similar to that initially proposed, they will impose limitations on the manner in which we may structure compensation for our executives.

The scope and content of the U.S. banking regulators policies on incentive compensation are continuing to develop. It cannot be determined at this time whether or when a final rule will be adopted and whether compliance with such a final rule will adversely affect the ability of United and its Banking Subsidiaries to hire, retain and motivate their key employees.

**Item 1A. RISK FACTORS**

United is subject to risks inherent to the Company s business. The material risks and uncertainties that management believes affect the Company are described below. Before making an investment decision, you should carefully consider the risks and uncertainties described below together with all of the other information included or incorporated by reference in this report. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair United s business operations. This report is qualified in its entirety by these risk factors.

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*RISKS RELATING TO UNITED S BUSINESS*

Changes in economic and political conditions could adversely affect our earnings, as our borrowers ability to repay loans and the value of the collateral securing our loans decline.

United s success depends, to a certain extent, upon local and national economic and political conditions, as well as governmental monetary policies. Conditions such as an economic recession, rising unemployment, changes in interest rates, money supply and other factors beyond its control may adversely affect United s and its Banking Subsidiaries asset quality, deposit levels and loan demand and, therefore, its earnings. Because United has a significant amount of real estate loans, decreases in real estate values could adversely affect the value of property used as collateral. Adverse changes in the economy may also have a negative effect on the ability of our borrowers to make timely repayments of their loans, which could have an adverse impact on our earnings. Consequently, declines in the economy in our market area could have a material adverse effect on our financial condition and results of operations.

The value of certain investment securities is volatile and future declines or other-than-temporary impairments could have a materially adverse effect on future earnings and regulatory capital.

Continued volatility in the fair value for certain investment securities, whether caused by changes in market conditions, interest rates, credit risk of the issuer, the expected yield of the security, or actual defaults in the portfolio could result in significant fluctuations in the value of the securities as well as any regulatory rulemaking such as the Volcker Rule which could exclude or limit the holdings of certain investment securities. This could have a material adverse impact on United s accumulated other comprehensive income and shareholders equity depending on the direction of the fluctuations. Furthermore, future downgrades, defaults or prepayments, including the liquidation of the underlying collateral in certain securities, could result in future classifications as other-than-temporarily impaired. This could have a material impact on United s future earnings, although the impact on shareholders equity will be offset by any amount already included in other comprehensive income for securities that were temporarily impaired.

There are no assurances as to adequacy of the allowance for loan losses.

United believes that its allowance for loan losses is maintained at a level appropriate to absorb any probable losses in its loan portfolio given the current information known to management.

Management establishes the allowance based upon many factors, including, but not limited to:

- historical loan loss experience;
- industry diversification of the commercial loan portfolio;
- the effect of changes in the local real estate market on collateral values;
- the amount of nonperforming loans and related collateral security;
- current economic conditions that may affect the borrower s ability to pay and value of collateral;
- volume, growth and composition of the loan portfolio; and
- other factors management believes are relevant.

These determinations are based upon estimates that are inherently subjective, and their accuracy depends on the outcome of future events, so ultimate losses may differ from current estimates. Changes in economic, operating and other conditions, including changes in interest rates, that are generally beyond United s control, can affect United s loan losses. Continuing deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of United s control, may require an increase in the allowance for credit losses. United can provide no assurance that its allowance is sufficient to cover actual loan losses should such losses differ substantially from our current estimates.

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In addition, federal and state regulators, as an integral part of their respective supervisory functions, periodically review United s allowance for loan losses, and may require an increase in the provision for loan losses or the recognition of further loan charge-offs, based on judgments different than those of management. Furthermore, if charge-offs in future periods exceed the allowance for loan losses, United will need additional provisions to increase the allowance for loan losses. Any increases in the allowance for loan losses will result in a decrease in net income and, possibly, capital, and may have a material adverse effect on United s business, financial condition and results of operations.

Changes in interest rates may adversely affect United s business.

United s earnings, like most financial institutions, are significantly dependent on its net interest income. Net interest income is the difference between the interest income United earns on loans and other assets which earn interest and the interest expense incurred to fund those assets, such as on savings deposits and borrowed money. Therefore, changes in general market interest rates, such as a change in the monetary policy of the Board of Governors of the Federal Reserve System or otherwise beyond those which are contemplated by United s interest rate risk model and policy, could have an effect on net interest income. For more information concerning United s interest rate risk model and policy, see the discussion under the caption Quantitative and Qualitative Disclosures About Market Risk under Item 7A.

United is subject to credit risk.

There are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks resulting from changes in economic and industry conditions, risks inherent in dealing with individual borrowers and risks resulting from uncertainties as to the future value of collateral. United seeks to mitigate the risk inherent in its loan portfolio by adhering to prudent loan approval practices. Although United believes that its loan approval criteria are appropriate for the various kinds of loans the Company makes, United may incur losses on loans that meet our loan approval criteria. Due to recent economic conditions affecting the real estate market, many lending institutions, including United, have experienced substantial declines in the performance of their loans, including construction, land development and land loans. The value of real estate collateral supporting many construction and land development loans, land loans, commercial and multi-family loans have declined and may continue to decline. United cannot assure that the economic conditions affecting customers and the quality of the loan portfolio will improve and thus, United s financial condition and results of operations could continue to be adversely affected.

Loss of United s Chief Executive Officer or other executive officers could adversely affect its business.

United s success is dependent upon the continued service and skills of its executive officers and senior management. If United loses the services of these key personnel, it could have a negative impact on United s business because of their skills, years of industry experience and the difficulty of promptly finding qualified replacement personnel. The services of Richard M. Adams, United s Chief Executive Officer, would be particularly difficult to replace. United and Mr. Adams are parties to an Employment Agreement providing for his continued employment by United through March 31, 2019.

United operates in a highly competitive market.

United faces a high degree of competition in all of the markets it serves. United considers all of West Virginia to be included in its market area. This area includes the five largest West Virginia Metropolitan Statistical Areas (MSA): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Morgantown MSA and the Wheeling MSA. United serves the Ohio counties of Lawrence, Belmont, Jefferson and Washington and Fayette county in Pennsylvania primarily because of their close proximity to the Ohio and Pennsylvania borders and United banking offices located in those counties or in nearby West Virginia. United s Virginia markets include the Maryland, northern Virginia and Washington, D.C. MSA, the Winchester MSA, the Harrisonburg MSA, and the Charlottesville MSA. United considers all of the above locations to be the primary market area for the business of its banking subsidiaries.

There is a risk that aggressive competition could result in United controlling a smaller share of these markets. A decline in market share could lead to a decline in net income which would have a negative impact on stockholder value.

United may be adversely affected by the soundness of other financial institutions.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. United has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, or other institutional clients. Recent defaults by financial services institutions, and even rumors or questions about a financial institution or the financial services industry in general, have led to marketwide liquidity problems and could lead to losses or defaults by United or other institutions. Any such losses could adversely affect United s financial condition or results of operations.

United is subject to extensive government regulation and supervision.

United is subject to extensive federal and state regulation, supervision and examination. Banking regulations are primarily intended to protect depositors funds, federal deposit insurance funds and the banking system as a whole, not shareholders. These regulations affect United s lending practices, capital structure, investment practices, dividend policy, operations and growth, among other things. These regulations also impose obligations to maintain appropriate policies, procedures and controls, among other things, to detect, prevent and report money laundering and terrorist financing and to verify the identities of United s customers. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. The Dodd-Frank Act, enacted in July 2010, instituted major changes to the banking and financial institutions regulatory regimes. Other changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect United in substantial and unpredictable ways. Such changes could subject the Company to additional costs, limit the types of financial services and products United may offer and/or increase the ability of nonbanks to offer competing financial services and products, among other things. United expends substantial effort and incurs costs to improve its systems, audit capabilities, staffing and training in order to satisfy regulatory requirements, but the regulatory authorities may determine that such efforts are insufficient. Failure to comply with relevant laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputation damage, which could have a material adverse effect on United s business, financial condition and results of operations. While the Company has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

In the normal course of business, United and its subsidiaries are routinely subject to examinations and challenges from federal and state tax authorities regarding the amount of taxes due in connection with investments that the Company has made and the businesses in which United has engaged. Recently, federal and state taxing authorities have become increasingly aggressive in challenging tax positions taken by financial institutions. These tax positions may relate to tax compliance, sales and use, franchise, gross receipts, payroll, property and income tax issues, including tax base, apportionment and tax credit planning. The challenges made by tax authorities may result in adjustments to the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in the Company s favor, they could have a material adverse effect on United s financial condition and results of operations.

The Consumer Financial Protection Bureau (CFPB) may reshape the consumer financial laws through rulemaking and enforcement of the prohibitions against unfair, deceptive and abusive business practices. Compliance with any such change may impact the business operations of depository institutions offering consumer financial products or services, including United s Banking Subsidiaries.

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The CFPB has broad rulemaking authority to administer and carry out the provisions of the Dodd-Frank Act with respect to financial institutions that offer covered financial products and services to consumers. The CFPB has also been directed to write rules identifying practices or acts that are unfair, deceptive or abusive in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. The concept of what may be considered to be an abusive practice is relatively new under the law. Moreover, United s Banking Subsidiaries will be supervised and examined by the CFPB for compliance with the CFPB s regulations and policies. The costs and limitations related to this additional regulatory reporting regimen have yet to be fully determined, although they may be material and the limitations and restrictions that will be placed upon United s Banking Subsidiaries with respect to its consumer product offering and services may produce significant, material effects on United s Banking Subsidiaries (and United s) profitability.

United may elect or be compelled to seek additional capital in the future, but capital may not be available when it is needed.

United is required by federal and state regulatory authorities to maintain adequate levels of capital to support the Company s operations. In addition, United may elect to raise additional capital to support the Company s business or to finance acquisitions, if any, or United may otherwise elect to raise additional capital. In that regard, a number of financial institutions have recently raised considerable amounts of capital as a result of deterioration in their results of operations and financial condition arising from the turmoil in the mortgage loan market, deteriorating economic conditions, declines in real estate values and other factors, which may diminish United s ability to raise additional capital.

United s ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside the Company s control, and on United s financial performance. Accordingly, United cannot be assured of its ability to raise additional capital if needed or on terms acceptable to the Company. If United cannot raise additional capital when needed, it may have a material adverse effect on the Company s financial condition, results of operations and prospects.

United s information systems may experience an interruption or breach in security.

United relies heavily on communications and information systems to conduct its business. In addition, as part of its business, United collects, processes and retains sensitive and confidential client and customer information. United s facilities and systems, and those of our third party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. Any failure, interruption or breach in security of these systems could result in failures or disruptions in the Company s customer relationship management, general ledger, deposit, loan and other systems. While United has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of the Company s information systems could damage United s reputation, result in a loss of customer business, subject United to additional regulatory scrutiny, or expose the Company to civil litigation and possible financial liability, any of which could have a material adverse effect on United s financial condition and results of operations.

United is subject to higher regulatory capital requirements and failure to comply with these standards may impact dividend payments, equity repurchases and executive compensation.

On July 2, 2013, the Federal Reserve published final rules that substantially amend the regulatory risk-based capital rules applicable to United, United Bank (West Virginia) and United Bank (Virginia). The rules implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank Act, or the Basel III Capital Rules. The new rules were effective for United and its banking subsidiaries on January 1, 2015 (subject to a phase-in period for certain of the new rules).

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The Basel III Capital Rules, among other things, (i) introduce a new capital measure called Common Equity Tier 1 , or CET1, (ii) specify that Tier 1 capital consists of CET1 and Additional Tier 1 Capital instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/ adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments from capital as compared to existing regulations, and particularly as applied to CET1.

Under the Basel III Capital Rules, the initial minimum capital and leverage ratios as of January 1, 2015 are as follows:

4.5% CET1 to risk-weighted assets.

6.0% Tier 1 capital to risk-weighted assets.

8.0% Total capital to risk-weighted assets.

4.0% Tier 1 capital to average assets.

In addition to raising minimum capital and leverage ratios, the Basel III Capital Rules also establish a capital conservation buffer that is designed to absorb losses during periods of economic stress. The capital conservation buffer will be phased in from January 1, 2016 to January 1, 2019 in equal annual installments, and when fully implemented the capital conservation buffer will effectively add 2.5% to each of the minimum capital ratios. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

With respect to United s banking subsidiaries, the Basel III Capital Rules also revise the prompt corrective action regulations pursuant to Section 38 of the Federal Deposit Insurance Act, by (i) introducing a CET1 ratio requirement at each level (other than critically undercapitalized), with the required CET1 ratio being 6.5% for well-capitalized status; (ii) increasing the minimum Tier 1 capital ratio requirement for each category, with the minimum Tier 1 capital ratio for well-capitalized status being 8% (as compared to the current 6%); and (iii) eliminating the current provision that provides that a bank with a composite supervisory rating of 1 may have a 3% leverage ratio and still be adequately capitalized. The Basel III Capital Rules do not change the total risk-based capital requirement for any prompt corrective action category.

The Basel III Capital Rules prescribe a standardized approach for risk weightings that expand the risk-weighting categories from the current four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities, to 600% for certain equity exposures, and resulting in higher risk weights for a variety of asset categories. In particular, the Basel III Capital Rules increase risk weights that apply to past-due exposures and high volatility commercial real estate loans.

The Basel III changes have resulted in generally higher minimum capital ratios that require United and its subsidiaries to maintain capital buffers above minimum requirements to avoid restrictions on capital distributions and executive bonus payments. In addition, the application of more stringent capital requirements for United, United Bank (West Virginia) and United Bank (Virginia) could, among other things, result in lower returns on invested capital, require the raising of additional capital and result in additional regulatory actions if United were to be unable to comply with such requirements. Implementation of changes to asset risk weightings for risk based capital calculations, items included or deducted in calculating regulatory capital and/or additional capital conservation buffers could result in management modifying its business strategy and could limit United s ability to make distributions, including paying dividends.

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In addition, in the current economic and regulatory environment, regulators of banks and bank holding companies have become more likely to impose capital requirements on bank holding companies and banks that are more stringent than those required by applicable existing regulations.

Failure to maintain effective internal controls over financial reporting in the future could impair United s ability to accurately and timely report its financial results or prevent fraud, resulting in loss of investor confidence and adversely affecting United s business and stock price.

Effective internal controls over financial reporting are necessary to provide reliable financial reports and prevent fraud. Management believes that United s internal controls over financial reporting are currently effective. Management will continually review and analyze the Company s internal controls over financial reporting for Sarbanes-Oxley Section 404 compliance. Any failure to maintain, in the future, an effective internal control environment could impact United s ability to report its financial results on an accurate and timely basis, which could result in regulatory actions, loss of investor confidence, and adversely impact United s business and stock price.

United could face unanticipated environmental liabilities or costs related to real property owned or acquired through foreclosure. Compliance with federal, state and local environmental laws and regulations, including those related to investigation and clean-up of contaminated sites, could have a negative effect on expenses and results of operations.

A significant portion of United s loan portfolio is secured by real property. During the ordinary course of business, United may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, United may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require United to incur substantial expenses and may materially reduce the affected property s value or limit United s ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase exposure to environmental liability. Although United has policies and procedures to perform an environmental review before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on results of operations.

United s earnings are significantly affected by the fiscal and monetary policies of the federal government and its agencies.

The policies of the Federal Reserve impact United significantly. The Federal Reserve regulates the supply of money and credit in the United States. Its policies directly and indirectly influence the rate of interest earned on loans and paid on borrowings and interest-bearing deposits and can also affect the value of financial instruments we hold. Those policies determine to a significant extent our cost of funds for lending and investing. Changes in those policies are beyond our control and are difficult to predict. Federal Reserve policies can also affect our borrowers, potentially increasing the risk that they may fail to repay their loans. For example, a tightening of the money supply by the Federal Reserve could reduce the demand for a borrower s products and services. This could adversely affect the borrower s earnings and ability to repay its loan, which could have a material adverse effect on our financial condition and results of operations.

New accounting or tax pronouncements or interpretations may be issued by the accounting profession, regulators or other government bodies which could change existing accounting methods. Changes in accounting methods could negatively impact United s results of operations and financial condition.

Current accounting and tax rules, standards, policies and interpretations influence the methods by which financial institutions conduct business, implement strategic initiatives and tax compliance, and govern financial reporting and disclosures. These laws, regulations, rules, standards, policies, and interpretations are constantly

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evolving and may change significantly over time. Events that may not have a direct impact on United, such as the bankruptcy of major U.S. companies, have resulted in legislators, regulators and authoritative bodies, such as the Financial Accounting Standards Board, the SEC, the Public Company Accounting Oversight Board, and various taxing authorities, responding by adopting and/or proposing substantive revision to laws, regulations, rules, standards, policies, and interpretations. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. A change in accounting standards may adversely affect reported financial condition and results of operations.

Unauthorized disclosure of sensitive or confidential client or customer information, whether through a cyber-attack, other breach of our computer systems or otherwise, could severely harm our business.

In the normal course of our business, we collect, process and retain sensitive and confidential client and customer information on our behalf and on behalf of other third parties. Despite the security measures we have in place, our facilities and systems may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and / or human errors, or other similar events.

Information security risks for financial institutions like us have increased recently in part because of new technologies, the use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. In addition to cyber-attacks or other security breaches involving the theft of sensitive and confidential information, hackers have engaged in attacks against large financial institutions, particularly denial of service attacks, designed to disrupt key business services such as customer-facing web sites. We are not able to anticipate or implement effective preventive measures against all security breaches of these types. Although we employ detection and response mechanisms designed to contain and mitigate security incidents, early detection may be thwarted by persistent sophisticated attacks and malware designed to avoid detection.

We also face risks related to cyber-attacks and other security breaches in connection with card transactions that typically involve the transmission of sensitive information regarding our customers through various third parties. Some of these parties have in the past been the target of security breaches and cyber-attacks, and because the transactions involve third parties and environments that we do not control or secure, future security breaches or cyber-attacks affecting any of these third parties could impact us through no fault of our own, and in some cases we may have exposure and suffer losses for breaches or attacks relating to them. We also rely on numerous other third party service providers to conduct other aspects of our business operations and face similar risks relating to them. While we conduct security assessments on our higher risk third parties, we cannot be sure that their information security protocols are sufficient to withstand a cyber-attack or other security breach.

Any cyber-attack or other security breach involving the misappropriation, loss or other unauthorized disclosure of confidential customer information could severely damage our reputation, erode confidence in the security of our systems, products and services, expose us to the risk of litigation and liability, disrupt our operations and have a material adverse effect on our business.

United s business continuity plans or data security systems could prove to be inadequate, resulting in a material interruption in, or disruption to, its business and a negative impact on results of operations.

United relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems, whether due to severe weather, natural disasters, cyber-attack, acts of war or terrorism, criminal activity or other factors, could result in failures or disruptions in general ledger, deposit, loan, customer relationship management and other systems. While United has disaster recovery and other policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of United s information systems could damage its reputation, result in a loss of customer business, subject it to additional regulatory scrutiny or expose it to civil litigation and possible financial liability, any of which could have a material adverse effect on results of operations.

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The negative economic effects caused by terrorist attacks, including cyber-attacks, potential attacks and other destabilizing events would likely contribute to the deterioration of the quality of United s loan portfolio and could reduce its customer base, level of deposits, and demand for its financial products such as loans.

High inflation, natural disasters, acts of terrorism, including cyber-attacks, an escalation of hostilities or other international or domestic occurrences, and other factors could have a negative impact on the economy of the Mid-Atlantic regions in which United operates. An additional economic downturn in its markets would likely contribute to the deterioration of the quality of United s loan portfolio by impacting the ability of its customers to repay loans, the value of the collateral securing loans, and may reduce the level of deposits in its bank and the stability of its deposit funding sources. An additional economic downturn could also have a significant impact on the demand for United s products and services. The cumulative effect of these matters on United s results of operations and financial condition would likely be adverse and material.

United s vendors could fail to fulfill their contractual obligations, resulting in a material interruption in, or disruption to, its business and a negative impact on results of operations.

United is dependent upon third parties for certain information system, data management and processing services and to provide key components of its business infrastructure. United has entered into subcontracts for the supply of current and future services, such as data processing, mortgage loan processing and servicing, and certain property management functions. These services must be available on a continuous and timely basis and be in compliance with any regulatory requirements. Failure to do so could substantially harm United s business.

United often purchases services from vendors under agreements that typically can be terminated on a periodic basis. There can be no assurance, however, that vendors will be able to meet their obligations under these agreements or that United will be able to compel them to do so. Risks of relying on vendors include the following:

- If an existing agreement expires or a certain service is discontinued by a vendor, then United may not be able to continue to offer its customers the same breadth of products and its operating results would likely suffer unless it is able to find an alternate supply of a similar service.

- Agreements United may negotiate in the future may commit it to certain minimum spending obligations. It is possible United will not be able to create the market demand to meet such obligations.

- If market demand for United s products increases suddenly, its current vendors might not be able to fulfill United s commercial needs, which would require it to seek new arrangements or new sources of supply, and may result in substantial delays in meeting market demand.

- United may not be able to control or adequately monitor the quality of services it receives from its vendors. Poor quality services could damage United s reputation with its customers.

In addition, these third party service providers are sources of operational and informational security risk to United, including risks associated with operational errors, information system interruptions or breaches, and unauthorized disclosures of sensitive or confidential client or customer information. If third party service providers encounter any of these issues, or if United has difficulty communicating with them, United could be exposed to disruption of operations, loss of service or connectivity to customers, reputational damage, and litigation risk that could have a material adverse effect on our results of operations or our business.

Potential problems with vendors such as those discussed above could have a significant adverse effect on United s business, lead to higher costs and damage its reputation with its customers and, in turn, have a material adverse effect on its financial condition and results of operations.

Regulatory approvals may not be received, may take longer than expected or impose conditions that are not presently anticipated.

On November 9, 2015, United and Bank of Georgetown announced a strategic business combination in which Georgetown will merge with and into United Bank, an indirect wholly-owned subsidiary of United. Before the merger with the Bank of Georgetown may be completed, United must obtain various approvals or consents from the Federal Reserve and various bank regulatory and other authorities. These regulators may impose conditions on the completion of the merger or require changes to the terms of the merger. Although United and Bank of Georgetown do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of United following the merger. There can be no assurance as to whether the regulatory approvals will be received, the timing of those approvals, or whether any conditions will be imposed. The merger agreement contains a condition to the obligation of each of United and Bank of Georgetown to close the merger that the required regulatory approvals not contain any conditions, restrictions or requirements applicable either before or after the effective time of the merger that the United board of directors reasonably determines in good faith would have a material adverse effect on United and its Banking Subsidiaries taken as a whole taking into account the consummation of the merger in making such determination.

The integration of the operations of United and Bank of Georgetown may be more difficult, costly or time-consuming than anticipated.

The success of the merger will depend, in part, on United s ability to realize the anticipated benefits and cost savings from successfully combining the businesses of United and Bank Georgetown and to combine the businesses of United and Bank of Georgetown in a manner that permits growth opportunities and cost savings to be realized without materially disrupting the existing customer relationships of Bank of Georgetown or decreasing revenues due to loss of customers. If United is not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

It is possible that the integration process could result in the loss of key employees, the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company s ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. The loss of key employees could adversely affect United s ability to successfully conduct its business in the markets in which Bank of Georgetown now operates, which could have an adverse effect on United s financial results and the value of its common stock. If United experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause Bank of Georgetown to lose customers or cause customers to remove their accounts from Bank of Georgetown and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Bank Georgetown and United during this transition period and for an undetermined period after consummation of the merger.

The success of the merger with Bank of Georgetown will also depend on United s ability to:

- Retain and attract qualified personnel to, United and Georgetown;
- Maintain existing relationships with depositors of Bank of Georgetown to minimize withdrawals of deposits prior to and subsequent to the merger;
- Maintain and enhance existing relationships with borrowers to limit unanticipated losses from loans of Bank of Georgetown;
- Control the incremental non-interest expense from United to maintain overall operating efficiencies; and
- Compete effectively in the communities served by United and Bank of Georgetown and in nearby communities.

United may fail to realize the cost savings estimated for the merger.

Although United estimates that it will realize cost savings of approximately $18 million annually (excluding one-time costs and expenses associated with the merger with Bank of Georgetown) from the merger when fully phased in, it is possible that the estimates of the potential cost savings could turn out to be incorrect. For example, the combined purchasing power may not be as strong as expected, and therefore the cost savings could be reduced. In addition, future business developments may require United to continue to operate or maintain some facilities or support functions that are currently expected to be combined or reduced. The cost savings estimates also depend on United s ability to combine the businesses of United and Bank of Georgetown in a manner that permits those costs savings to be realized. If the estimates turn out to be incorrect or United is not able to combine the two companies successfully, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

United s potential inability to integrate companies it may acquire in the future could have a negative effect on its expenses and results of operations.

In addition to the Bank of Georgetown merger, United may engage in a strategic acquisition when it believes there is an opportunity to strengthen and expand its business. To fully benefit from such acquisition, however, United must integrate the administrative, financial, sales, lending, collections and marketing functions of the acquired company. If United is unable to successfully integrate an acquired company, it may not realize the benefits of the acquisition, and its financial results may be negatively affected. A completed acquisition may adversely affect United s financial condition and results of operations, including its capital requirements and the accounting treatment of the acquisition. Completed acquisitions may also lead to significant unexpected liabilities after the consummation of these acquisitions.

*RISKS ASSOCIATED WITH UNITED S COMMON STOCK*

United s stock price can be volatile.

Stock price volatility may make it more difficult for United shareholders to resell their common stock when they want and at prices they find attractive. United s stock price can fluctuate significantly in response to a variety of factors, including, among other things:

Actual or anticipated negative variations in quarterly results of operations;

Negative recommendations by securities analysts;

Poor operating and stock price performance of other companies that investors deem comparable to United;

News reports relating to negative trends, concerns and other issues in the financial services industry or the economy in general;

Negative perceptions in the marketplace regarding United and/or its competitors;

New technology used, or services offered, by competitors;

Adverse changes in interest rates or a lending environment with prolonged low interest rates;

Adverse changes in the real estate market;

Negative economic news;

Failure to integrate acquisitions or realize anticipated benefits from acquisitions;

Adverse changes in government regulations; and

Geopolitical conditions such as acts or threats of terrorism or military conflicts.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause United s stock price to decrease regardless of operating results.

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Dividend payments by United s subsidiaries to United and by United to its shareholders can be restricted.

The declaration and payment of future cash dividends will depend on, among other things, United s earnings, the general economic and regulatory climate, United s liquidity and capital requirements, and other factors deemed relevant by United s board of directors. Federal Reserve Board policy limits the payment of cash dividends by bank holding companies, without regulatory approval, and requires that a holding company serve as a source of strength to its banking subsidiaries.

United s principal source of funds to pay dividends on its common stock is cash dividends from its subsidiaries. The payment of these dividends by its subsidiaries is also restricted by federal and state banking laws and regulations. As of December 31, 2015, an aggregate of approximately $69.7 million and $55.6 million was available for dividend payments from United Bank (WV) and United Bank (VA), respectively, to United without regulatory approval.

An investment in United common stock is not an insured deposit.

United common stock is not a bank deposit and, therefore, is not insured against loss by the Federal Deposit Insurance Corporation, any other deposit insurance fund or by any other public or private entity. Investment in United common stock is inherently risky for the reasons described in this section and elsewhere in this prospectus and joint proxy statement and is subject to the same market forces that affect the price of common stock in any company. As a result, someone who acquires United common stock, could lose some or all of their investment.

Certain banking laws may have an anti-takeover effect.

Provisions of federal banking laws, including regulatory approval requirements, could make it more difficult to be acquired by a third party, even if perceived to be beneficial to United s shareholders. These provisions effectively inhibit a non-negotiated merger or other business combination, which could adversely affect the market price of United s common stock.

**Item 1B. UNRESOLVED STAFF COMMENTS**

None

**Item 2. PROPERTIES**

Offices

United is headquartered in the United Center at 500 Virginia Street, East, Charleston, West Virginia. United s executive offices are located in Parkersburg, West Virginia at Fifth and Avery Streets. United operates one hundred and twenty-nine (129) full service offices fifty-six (56) offices located throughout West Virginia, sixty-eight (68) offices in the Shenandoah Valley region of Virginia and the Northern Virginia, Maryland and Washington, D.C. metropolitan area, four (4) in southwestern Pennsylvania and one (1) in southeastern Ohio. United owns all of its West Virginia facilities except for three in the Wheeling area, two in the Charleston area, two in the Beckley area, and one each in Morgantown, Parkersburg, Charles Town, and Clarksburg, all of which are leased under operating leases. United owns most of its facilities in the Shenandoah Valley region of Virginia except for ten offices, two in Winchester, one each in Charlottesville, Front Royal, Harrisonburg, Stanardsville, Staunton, Waynesboro, Weyers Cave and Woodstock, all of which are leased under operating leases. United leases all of its facilities under operating lease agreements in the Northern Virginia, Maryland and Washington, D.C. areas except for five offices, two in Arlington, one each in Alexandria, Fairfax and Vienna, Virginia, which are owned facilities. United owns all of its Pennsylvania facilities. In Ohio, United owns its one facility in Bellaire. United leases operations centers in the Charleston and Morgantown, West Virginia and Chantilly, Virginia areas.

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**Item 3. LEGAL PROCEEDINGS**

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

**Item 4. MINE SAFETY DISCLOSURES**

Not applicable.

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## UNITED BANKSHARES, INC.

## FORM 10-K, PART II

### Item 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock

As of January 31, 2016, 100,000,000 shares of common stock, par value $2.50 per share, were authorized for United, of which 69,655,617 were issued, including 24,225 shares held as treasury shares. The outstanding shares are held by approximately 6,668 shareholders of record, as well as 42,191 shareholders in street name as of January 31, 2016. The unissued portion of United s authorized common stock (subject to registration approval by the SEC) and the treasury shares are available for issuance as the Board of Directors determines advisable. United offers its shareholders the opportunity to invest dividends in shares of United stock through its dividend reinvestment plan. United has also established stock option plans and a stock bonus plan as incentive for certain eligible officers. In addition to the above incentive plans, United is occasionally involved in certain mergers in which additional shares could be issued and recognizes that additional shares could be issued for other appropriate purposes.

In May of 2006, United s Board of Directors approved a stock repurchase plan, whereby United could buy up to 1,700,000 shares of its common stock in the open market. During 2015 and 2014, no shares were repurchased under the plan.

The Board of Directors believes that the availability of authorized but unissued common stock of United is of considerable value if opportunities should arise for the acquisition of other businesses through the issuance of United s stock. Shareholders do not have preemptive rights, which allow United to issue additional authorized shares without first offering them to current shareholders.

Currently, United has only one voting class of stock issued and outstanding and all voting rights are vested in the holders of United s common stock. On all matters subject to a vote of shareholders, the shareholders of United will be entitled to one vote for each share of common stock owned. Shareholders of United have cumulative voting rights with regard to election of directors.

On December 23, 2008, the shareholders of United authorized the issuance of preferred stock up to 50,000,000 shares with a par value of $1.00 per share. The authorized preferred stock may be issued by the Company s Board of Directors in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors. Currently, no shares of preferred stock have been issued.

The authorization of preferred stock will not have an immediate effect on the holders of the Company s common stock. The actual effect of the issuance of any shares of preferred stock upon the rights of the holders of common stock cannot be stated until the Board of Directors determines the specific rights of any shares of preferred stock. However, the effects might include, among other things, restricting dividends on common stock, diluting the voting power of common stock, reducing the market price of common stock or impairing the liquidation rights of the common stock without further action by the shareholders. Holders of the common stock will not have preemptive rights with respect to the preferred stock.

There are no preemptive or conversion rights or, redemption or sinking fund provisions with respect to United s stock. All of the issued and outstanding shares of United s stock are fully paid and non-assessable.

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Dividends

The shareholders of United are entitled to receive dividends when and as declared by its Board of Directors. Dividends have been paid quarterly. Dividends were $1.29 per share in 2015, $1.28 per share in 2014 and $1.25 per share in 2013. See Market and Stock Prices of United for quarterly dividend information.

The payment of dividends is subject to the restrictions set forth in the West Virginia Corporation Act and the limitations imposed by the Federal Reserve Board. Payment of dividends by United is dependent upon receipt of dividends from its Banking Subsidiaries. Payment of dividends by United s state member Banking Subsidiaries is regulated by the Federal Reserve System and generally, the prior approval of the Federal Reserve Board (FRB) is required if the total dividends declared by a state member bank in any calendar year exceeds its net profits, as defined, for that year combined with its retained net profits for the preceding two years. Additionally, prior approval of the FRB is required when a state member bank has deficit retained earnings but has sufficient current year s net income, as defined, plus the retained net profits of the two preceding years. The FRB may prohibit dividends if it deems the payment to be an unsafe or unsound banking practice. The FRB has issued guidelines for dividend payments by state member banks emphasizing that proper dividend size depends on the bank s earnings and capital. See Note T, Notes to Consolidated Financial Statements.

Market and Stock Prices of United

United Bankshares, Inc. stock is traded over the counter on the National Association of Securities Dealers Automated Quotations System, Global Select Market (NASDAQ) under the trading symbol UBSI. The closing sale price reported for United s common stock on February 22, 2016, the last practicable date, was $35.11.

The high and low prices listed below are based upon information available to United s management from NASDAQ listings. No attempt has been made by United s management to ascertain the prices for every sale of its stock during the periods indicated. However, based on the information available, United s management believes that the prices fairly represent the amounts at which United s stock was traded during the periods reflected.

The following table presents the dividends and high and low prices of United s common stock during the periods set forth below:

| 2016 | Dividends | High | Low |
|---|---|---|---|
| First Quarter through February 22, 2016 | $ [1] | $ 36.80 | $ 32.22 |
| 2015 | | | |
| Fourth Quarter | $ 0.33 | $ 43.13 | $ 35.78 |
| Third Quarter | $ 0.32 | $ 43.43 | $ 35.60 |
| Second Quarter | $ 0.32 | $ 40.70 | $ 36.58 |
| First Quarter | $ 0.32 | $ 38.88 | $ 33.25 |
| 2014 | | | |
| Fourth Quarter | $ 0.32 | $ 38.00 | $ 30.39 |
| Third Quarter | $ 0.32 | $ 33.60 | $ 30.89 |
| Second Quarter | $ 0.32 | $ 32.50 | $ 28.19 |
| First Quarter | $ 0.32 | $ 32.08 | $ 28.23 |

(1) On February 29, 2016, United declared a dividend of $0.33 per share, payable April 1, 2016, to shareholders of record as of March 11, 2016.

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Stock Performance Graph

*The following Stock Performance Graph and related information shall not be deemed  soliciting material  or to be  filed  with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that United specifically incorporates it by reference into such filing.*

The following graph compares United s cumulative total shareholder return (assuming reinvestment of dividends) on its common stock for the five-year period ending December 31, 2015, with the cumulative total return (assuming reinvestment of dividends) of the Standard and Poor s Midcap 400 Index and with the NASDAQ Bank Index. The cumulative total shareholder return assumes a $100 investment on December 31, 2010 in the common stock of United and each index and the cumulative return is measured as of each subsequent fiscal year-end. There is no assurance that United s common stock performance will continue in the future with the same or similar trends as depicted in the graph.

| | Period Ending | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 | 12/31/14 | 12/31/15 |
| United Bankshares, Inc. | 100.00 | 101.69 | 91.83 | 123.99 | 153.52 | 156.83 |
| NASDAQ Bank Index | 100.00 | 89.54 | 106.20 | 150.41 | 157.75 | 171.67 |
| S&P Mid-Cap Index | 100.00 | 98.28 | 115.76 | 154.43 | 169.43 | 165.78 |

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Issuer Repurchases

The table below includes certain information regarding United s purchase of its common shares during the three months ended December 31, 2015:

| 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) |
|---|---|---|---|---|
| 10/01 10/31/2015 | 0 | $ 00.00 | 0 | 322,200 |
| 11/01 11/30/2015 | 5 | $ 37.89 | 0 | 322,200 |
| 12/01 12/31/2015 | 0 | $ 00.00 | 0 | 322,200 |
| Total | 5 | $ 37.89 | | |

(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 quarter ended December 31, 2015, 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 December 31, 2015, the following shares were purchased for the deferred compensation plan: November 2015 5 shares at an average price of $37.89.

(3) In May of 2006, United s Board of Directors approved a repurchase plan to repurchase up to 1,700,000 shares of United s common stock on the open market (the 2006 Plan). The timing, price and quantity of purchases under the plans are at the discretion of management and the plan may be discontinued, suspended or restarted at any time depending on the facts and circumstances.

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**Item 6. SELECTED FINANCIAL DATA**

The following consolidated selected financial data is derived from United s audited financial statements as of and for the five years ended December 31, 2015. The selected financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and related notes contained elsewhere in this report.

| | Five Year Summary | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands, except per share data) | **2015** | **2014** | **2013** | **2012** | **2011** |
| **Summary of Operations:** | | | | | |
| Total interest income | $ 423,630 | $ 418,542 | $ 306,154 | $ 323,897 | $ 316,522 |
| Total interest expense | 39,506 | 42,834 | 36,313 | 46,190 | 55,794 |
| Net interest income | 384,124 | 375,708 | 269,841 | 277,707 | 260,728 |
| Provision for loan losses | 22,574 | 21,937 | 19,267 | 17,862 | 17,141 |
| Other income | 73,626 | 80,962 | 66,506 | 64,842 | 49,055 |
| Other expense | 231,687 | 239,847 | 192,036 | 203,206 | 182,266 |
| Income taxes | 65,530 | 64,998 | 39,416 | 38,874 | 34,766 |
| Net income | 137,959 | 129,888 | 85,628 | 82,607 | 75,610 |
| Cash dividends | 89,667 | 88,522 | 62,981 | 62,351 | 56,827 |
| **Per common share:** | | | | | |
| Net income: | | | | | |
| Basic | 1.99 | 1.93 | 1.70 | 1.64 | 1.62 |
| Diluted | 1.98 | 1.92 | 1.70 | 1.64 | 1.61 |
| Cash dividends | 1.29 | 1.28 | 1.25 | 1.24 | 1.21 |
| Book value per share | 24.61 | 23.90 | 20.66 | 19.74 | 19.29 |
| **Selected Ratios:** | | | | | |
| Return on average shareholders equity | 8.10% | 8.13% | 8.43% | 8.35% | 8.50% |
| Return on average assets | 1.12% | 1.11% | 1.02% | 0.98% | 0.97% |
| Dividend payout ratio | 65.00% | 68.15% | 73.55% | 75.48% | 75.16% |
| **Selected Balance Sheet Data:** | | | | | |
| Average assets | $ 12,265,115 | $ 11,652,776 | $ 8,419,456 | $ 8,399,513 | $ 7,780,836 |
| Investment securities | 1,204,182 | 1,316,040 | 889,342 | 729,402 | 824,219 |
| Loans held for sale | 10,681 | 8,680 | 4,236 | 17,762 | 3,902 |
| Total loans | 9,384,080 | 9,104,652 | 6,704,583 | 6,511,416 | 6,230,777 |
| Total assets | 12,577,944 | 12,328,811 | 8,735,324 | 8,420,013 | 8,451,470 |
| Total deposits | 9,341,527 | 9,045,485 | 6,621,571 | 6,752,986 | 6,819,010 |
| Long-term borrowings | 1,015,249 | 1,105,314 | 575,697 | 284,926 | 345,366 |
| Total liabilities | 10,865,309 | 10,672,651 | 7,693,592 | 7,427,762 | 7,482,626 |
| Shareholders equity | 1,712,635 | 1,656,160 | 1,041,732 | 992,251 | 968,844 |

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**Item 7. 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 haven 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, involve 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; business conditions in the banking industry; 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.

**RECENT DEVELOPMENTS**

On July 1, 2015, the Durbin Amendment became effective for United. The Durbin Amendment, passed as part of the Dodd-Frank financial reform legislation, limits fees for debit card processing paid by merchants to banking companies with assets in excess of $10 billion. The Durbin Amendment significantly affected United s fees from deposit services for the year of 2015 as discussed in the Other Income section of this Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

On January 1, 2015, the Basel III Capital Rules became effective for United and its banking subsidiaries (subject to a phase-in period). The Basel III Capital Rules establishes a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee s December 2010 framework known as Basel III for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. The Basel III Capital Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, including United and its banking subsidiaries, compared to the current U.S. risk-based capital rules. The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions regulatory capital ratios. The Basel III Capital Rules also address risk weights and other issues affecting the denominator in banking institutions regulatory capital ratios and replace the existing risk-weighting approach, which was derived from Basel I capital accords of the Basel Committee, with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee s 2004 Basel II capital accords. The Basel III Capital Rules also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal banking agencies rules.

**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 consolidated financial statements and the notes to 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 December 31, 2014, but prior to the date these financial statements were issued, for potential recognition or disclosure required in these financial statements.

In addition, after the close of business on January 31, 2014, United acquired 100% of the outstanding common stock of Virginia Commerce Bancorp, Inc. (Virginia Commerce), a Virginia corporation headquartered in Arlington, Virginia. The results of operations of Virginia Commerce are included in the consolidated results of operations from the date of acquisition. The acquisition of Virginia Commerce enhances United s existing footprint in the Washington, D.C. MSA. Virginia Commerce was merged with and into George Mason Bankshares, Inc., a wholly-owned subsidiary of United (the Merger) in a transaction accounted for under the acquisition method of accounting. At consummation, Virginia Commerce had assets of approximately $2.77 billion, loans of $2.10 billion, and deposits of $2.02 billion. In addition, on February 20, 2014, United sold a former branch building for approximately $11.1 million and recognized a before-tax gain of $8.98 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.

**USE OF NON-GAAP FINANCIAL MEASURES**

This discussion and analysis contains certain financial measures that are not recognized under GAAP. Under SEC Regulation G, public companies making disclosures containing financial measures that are not in accordance with GAAP must also disclose, along with each non-GAAP financial measure, certain additional information, including a reconciliation of the non-GAAP financial measure to the closest comparable GAAP financial measure, as well as a statement of the company s reasons for utilizing the non-GAAP financial measure.

Generally, United has presented these non-GAAP financial measures because it believes that these measures provide meaningful additional information to assist in the evaluation of United s results of operations or financial position. Presentation of these non-GAAP financial measures is consistent with how United s management evaluates its performance internally and these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the banking industry. Specifically, this discussion contains certain references to financial measures identified as tax-equivalent net interest income, the allowance for loan losses as a percentage of non-acquired loans and noninterest income excluding a net gain on the sale of bank premises, noncash, other-than-temporary impairment charges on certain investment securities and net gains and losses from sales and calls of investment securities. Management believes these non-GAAP financial measures to be helpful in understanding United s results of operations or financial position. However, this non-GAAP information should be considered supplemental in nature and not as a substitute for related financial information prepared in accordance with GAAP.

Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as reconciliation to that comparable GAAP financial measure, as well as a statement of the company s reasons for utilizing the non-GAAP financial measure, can be found within this discussion and analysis. Investors should recognize that United s presentation of these non-GAAP financial measures might not be comparable to similarly titled measures at other companies.

**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. The most significant accounting policies followed by United are presented in Note A, Notes to Consolidated Financial Statements.

*Allowance for Loan Losses*

The allowance for loan losses represents management s estimate of the probable credit losses inherent in the lending portfolio. Determining the allowance for loan losses requires management to make estimates of losses that are highly uncertain and require a high degree of judgment. At December 31, 2015, the allowance for loan losses was $75.7 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 $7.6 million in additional allowance (funded by additional provision for credit losses), which would have negatively impacted the year of 2015 net income by approximately $4.8 million, after-tax or $0.07 diluted per common share. Management s evaluation of the adequacy of the allowance for loan losses and the appropriate provision for loan losses is based upon a quarterly evaluation of the loan portfolio. 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 loan 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. The methodology used to determine the allowance for loan losses is described in Note A, Notes to Consolidated Financial Statements. A discussion of the factors leading to changes in the amount of the allowance for loan losses is included in the Provision for Loan Losses section of this Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A). For a discussion of concentrations of credit risk, see Item 1, under the caption of Loan Concentrations in this Form 10-K.

*Investment Securities*

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 as either held to maturity or available for sale and its 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 shareholders 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 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 trust preferred securities (Trup Cdos), 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 they 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. For additional information on management s consideration of investment valuation and other-than-temporary impairment, see Note C and Note U, Notes to Consolidated Financial Statements.

*Accounting for Acquired Loans*

Loans acquired are initially recorded at their acquisition date fair values. The fair value of the acquired loans are based on the present value of the expected cash flows, including principal, interest and prepayments. Periodic principal and interest cash flows are adjusted for expected losses and prepayments, then discounted to determine the present value and summed to arrive at the estimated fair value. Fair value estimates involve assumptions and judgments as to credit risk, interest rate risk, prepayment risk, liquidity risk, default rates, loss severity, payment speeds, collateral values and discount rate.

Acquired loans are 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 United will be unable to collect all contractually required payments receivable, including both principal and interest. In the assessment of credit quality, numerous assumptions, interpretations and judgments must be made, based on internal and third-party credit quality information and ultimately the determination as to the probability that all contractual cash flows will not be able to be collected. This is a point in time assessment and inherently subjective due to the nature of the available information and judgment involved.

Subsequent to the acquisition date, United continues to estimate the amount and timing of cash flows expected to be collected on acquired impaired loans. Increases in expected cash flows will generally result in a recovery of any previously recorded allowance for loan losses, to the extent applicable, and/or a reclassification from the nonaccretable difference to accretable yield, which will be recognized prospectively. The present value of any decreases in expected cash flows after the acquisition date will generally result in an impairment charge recorded as a provision for loan losses, resulting in an increase to the allowance for loan losses.

For acquired performing loans, the difference between the acquisition date fair value and the contractual amounts due at the acquisition date represents the fair value adjustment. Fair value adjustments may be discounts (or premiums) to a loan s cost basis and are accreted (or amortized) to interest income over the loan s remaining life using the level yield method. Subsequent to the acquisition date, the methods utilized to estimate the required allowance for loan losses for these loans is similar to originated loans.

See Note B and D, Notes to Consolidated Financial Statements for additional information regarding United s acquired loans disclosures.

*Income Taxes*

United s calculation of income tax provision is inherently complex due to the various different 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 M, Notes to Consolidated Financial Statements for information regarding United s ASC topic 740 disclosures.

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*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 December 31, 2015, approximately 9.31% of total assets, or $1.17 billion, consisted of financial instruments recorded at fair value. Of this total, approximately 93.61% or $1.10 billion of these financial instruments used valuation methodologies involving observable market data, collectively Level 1 and Level 2 measurements, to determine fair value. Approximately 6.39% or $74.87 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 Trup Cdos classified as available-for-sale. At December 31, 2015, only $4.12 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 does not believe that any changes in the unobservable inputs used to value the financial instruments mentioned above would have a material impact on United s results of operations, liquidity, or capital resources. See Note U for additional information regarding ASC topic 820 and its impact on United s financial statements.

Any material effect on the financial statements related to these critical accounting areas is further discussed in this Management s Discussion and Analysis of Financial Condition and Results of Operations.

**2015 COMPARED TO 2014**

**FINANCIAL CONDITION SUMMARY**

United s total assets as of December 31, 2015 were $12.58 billion which was an increase of $249.13 million or 2.02% from December 31, 2014. Cash and cash equivalents increased $104.27 million or 13.85%, loans held for sale increased $2.00 million or 23.05% and portfolio loans increased $279.43 million or 3.07%, while investment securities decreased $111.86 million or 8.50% and other assets decreased $24.01 million or 5.97%. Total liabilities increased $192.66 million or 1.81% from year-end 2014. This increase in total liabilities was due mainly to a $296.04 million or 3.27% increase in deposits while borrowings decreased $102.69 million or 6.66%. Shareholders equity increased $56.48 million or 3.41% from year-end 2014.

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

**Cash and Cash Equivalents**

Cash and cash equivalents at December 31, 2015 increased $104.27 million or 13.85% from year-end 2014. Of this total increase, interest-bearing deposits with other banks increased $143.29 million or 24.85% as United placed more cash in an interest-bearing account with the Federal Reserve. Partially offsetting this increase in interest-bearing deposits with other banks is a decrease of $39.02 million or 22.21% in cash and due from banks. Federal funds sold were flat. During the year of 2015, net cash of $178.29 million and $115.69 million was provided by operating activities and financing activities, respectively, while $189.71 million was used in investing activities. Further details related to changes in cash and cash equivalents are presented in the Consolidated Statements of Cash Flows.

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**Securities**

Total investment securities at December 31, 2015 decreased $111.86 million or 8.50% from year-end 2014. Securities available for sale decreased $114.05 million or 9.66%. This change in securities available for sale reflects $191.13 million in sales, maturities and calls of securities, $85.25 million in purchases, and a decrease of $6.81 million in market value. Securities held to maturity were flat, decreasing $211 thousand or less than 1% from year-end 2014 due to calls and maturities of securities. Other investment securities increased $2.41 million or 2.50% from year-end 2014 due to the purchase of Federal Reserve Bank (FRB) stock.

The following is a summary of available for sale securities at December 31:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| | | (In thousands) | |
| U.S. Treasury and obligations of U.S. Government corporations and agencies | $ 71,993 | $ 88,559 | $ 172,324 |
| States and political subdivisions | 130,685 | 133,730 | 60,861 |
| Mortgage-backed securities | 788,218 | 876,006 | 474,104 |
| Asset-backed securities | 3,404 | 8,004 | 9,257 |
| Marketable equity securities | 4,844 | 3,631 | 3,299 |
| Trust preferred collateralized debt obligations | 49,386 | 51,328 | 73,862 |
| Single issue trust preferred securities | 13,811 | 13,760 | 14,346 |
| Corporate securities | 9,999 | 4,998 | 4,996 |
| TOTAL AVAILABLE FOR SALE SECURITIES, at amortized cost | $ 1,072,340 | $ 1,180,016 | $ 813,049 |
| TOTAL AVAILABLE FOR SALE SECURITIES, at fair value | $ 1,066,334 | $ 1,180,386 | $ 775,284 |

The following is a summary of held to maturity securities at December 31:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| | | (In thousands) | |
| U.S. Treasury and obligations of U.S. Government corporations and agencies | $ 10,425 | $ 10,599 | $ 10,762 |
| States and political subdivisions | 9,321 | 9,369 | 10,367 |
| Mortgage-backed securities | 35 | 41 | 50 |
| Single issue trust preferred securities | 19,298 | 19,281 | 19,766 |
| Other corporate securities | 20 | 20 | 20 |
| TOTAL HELD TO MATURITY SECURITIES, at amortized cost | $ 39,099 | $ 39,310 | $ 40,965 |
| TOTAL HELD TO MATURITY SECURITIES, at fair value | $ 36,319 | $ 36,784 | $ 38,293 |

At December 31, 2015, gross unrealized losses on available for sale securities were $20.39 million. Securities in an unrealized loss position at December 31, 2015 consisted primarily of Trup Cdos, single issue trust preferred securities and agency commercial mortgage-backed securities. The Trup Cdos and the single issue trust preferred securities relate mainly to underlying securities of financial institutions. The agency commercial mortgage-backed securities relate to income-producing multifamily properties and provide a guaranty of full and timely payments of principal and interest by the issuing agency.

As of December 31, 2015, United s mortgage-backed securities had an amortized cost of $788.25 million, with an estimated fair value of $793.53 million. The portfolio consisted primarily of $473.14 million in agency residential mortgage-backed securities with a fair value of $478.02 million, $9.12 million in non-agency residential mortgage-backed securities with an estimated fair value of $9.57 million, and $305.99 million in commercial agency mortgage-backed securities with an estimated fair value of $305.94 million. As of December 31, 2015, United s asset-backed securities had an amortized cost of $3.40 million, with an estimated fair value of $3.40 million.

As of December 31, 2015, United s corporate securities had an amortized cost of $97.36 million, with an estimated fair value of $77.79 million. The portfolio consisted primarily of $49.39 million in Trup Cdos with a fair value of $34.69 million and $33.11 million in single issue trust preferred securities with an estimated fair value of $27.58 million. In addition to the trust preferred securities, the Company held positions in various other corporate securities, including marketable equity securities, with an amortized cost of $4.84 million and a fair value of $5.46 million, only one of which was individually significant.

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The Trup Cdos consisted of pools of trust preferred securities issued by trusts related primarily to financial institutions and to a lesser extent, insurance companies. The Company has no exposure to Real Estate Investment Trusts (REITs) in its investment portfolio. The Company owns both senior and mezzanine tranches in the Trup Cdos; however, the Company does not own any income notes. The senior and mezzanine tranches of Trup Cdos generally have some protection from defaults in the form of over-collateralization and excess spread revenues, along with waterfall structures that redirect cash flows in the event certain coverage test requirements have failed. Generally, senior tranches have the greatest protection, with mezzanine tranches subordinated to the senior tranches, and income notes subordinated to the mezzanine tranches. The fair value of senior tranches represents $5.85 million of the Company s pooled securities, while mezzanine tranches represent $28.84 million. Of the $28.84 million in mezzanine tranches, $8.56 million are now in the Senior position as the Senior notes have been paid to a zero balance. As of December 31, 2015, Trup Cdos with a fair value of $3.75 million were investment grade, and the remaining $30.94 million were below investment grade. In terms of capital adequacy, the Company allocates additional risk-based capital to the below investment grade securities. As of December 31, 2015, United s single issue trust preferred securities had a fair value of $27.58 million. Of the $27.58 million, $12.43 million or 45.06% were investment grade; $8.83 million or 32.02% were split rated; and $6.32 million or 22.92% were below investment grade. The two largest exposures accounted for 53.08% of the $27.58 million. These included Wells Fargo at $8.55 million and SunTrust Bank at $6.09 million. All single-issue trust preferred securities are currently receiving full scheduled principal and interest payments.

The following two tables provide a summary of Trup Cdos as of December 31, 2015:

| Description (1) | Tranche | Class | Moodys | S&P | Fitch | Amortized Cost Basis | Fair Value | Unrealized Loss (Gain) | Cumulative Credit-Related OTTI |
|---|---|---|---|---|---|---|---|---|---|
| SECURITY 1 | Senior | Sr | Ca | NR | WD | $ 2,141 | $ 2,100 | $ 41 | $ 1,219 |
| SECURITY 2 | Senior (org Mezz) | B | Ca | NR | WD | 6,428 | 3,396 | 3,032 | 7,398 |
| SECURITY 4 | Mezzanine | C | C | NR | C | 1,299 | 1,204 | 95 | 1,546 |
| SECURITY 5 | Mezzanine | C-2 | Caa3 | NR | C | 1,978 | 1,061 | 917 | 184 |
| SECURITY 6 | Mezzanine | C-1 | Ca | NR | C | 1,916 | 1,276 | 640 | 1,316 |
| SECURITY 7 | Mezzanine | B-1 | Caa1 | NR | C | 4,489 | 2,908 | 1,581 | 41 |
| SECURITY 8 | Mezzanine | B-1 | Ca | NR | C | 3,676 | 2,422 | 1,254 | 1,651 |
| SECURITY 12 | Senior (org Mezz) | Mez | Caa1 | NR | C | 1,256 | 1,736 | (480) | 588 |
| SECURITY 13 | Senior (org Mezz) | Mez | Caa1 | NR | C | 858 | 1,013 | (155) | 406 |
| SECURITY 14 | Mezzanine | B-1 | Caa1 | NR | CC | 3,300 | 2,100 | 1,200 | 422 |
| SECURITY 15 | Mezzanine | B | Caa3 | NR | C | 6,436 | 4,200 | 2,236 | 3,531 |
| SECURITY 16 | Mezzanine | B-2 | Ca | NR | C | 3,439 | 2,150 | 1,289 | 1,561 |
| SECURITY 17 | Mezzanine | B-1 | Caa2 | NR | C | 2,250 | 1,500 | 750 | 750 |
| SECURITY 18 | Senior | A-3 | Aaa | BBB- | AA | 4,573 | 3,750 | 823 | 0 |
| SECURITY 19 | Senior (org Mezz) | B | Ba1 | NR | BB | 2,847 | 2,420 | 427 | 0 |
| SECURITY 22 | Mezzanine | B-1 | B2 | NR | C | 2,500 | 1,450 | 1,050 | 0 |
| | | | | | | $ 49,386 | $ 34,686 | $ 14,700 | $ 20,613 |

(1) Securities that are no longer owned by the Company have been removed from the tables.

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| Desc. | # of Issuers Currently Performing (1) | Deferrals as % of Original Collateral | Defaults as a % of Original Collateral | Expected Deferrals and Defaults as a % of Remaining Performing Collateral (2) | Projected Recovery/ Cure Rates on Deferring Collateral | Excess Subordination as % of Performing Collateral | Amortized Cost as a % of Par Value | Discount as a % of Par Value (3) |
|---|---|---|---|---|---|---|---|---|
| 1 | 6 | 8.5% | 13.3% | 8.3% | 25 - 85% | (91.2)% | 61.2% | 38.8% |
| 2 | 5 | 0.7% | 11.9% | 6.4% | 90% | (125.8)% | 45.4% | 54.6% |
| 4 | 38 | 18.9% | 12.1% | 6.8% | 0 - 90% | (7.2)% | 43.1% | 56.9% |
| 5 | 41 | 4.4% | 13.8% | 6.7% | 60 - 90% | (3.3)% | 91.3% | 8.7% |
| 6 | 42 | 6.9% | 19.0% | 7.2% | 0 - 90% | (19.4)% | 58.5% | 41.5% |
| 7 | 20 | 0.0% | 18.1% | 6.5% | N/A | (11.2)% | 84.9% | 15.1% |
| 8 | 25 | 1.5% | 22.4% | 6.5% | 75% | (26.9)% | 68.3% | 31.7% |
| 12 | 5 | 0.0% | 14.5% | 5.3% | N/A | (3.8)% | 73.4% | 26.6% |
| 13 | 5 | 0.0% | 14.5% | 5.3% | N/A | (3.8)% | 86.0% | 14.0% |
| 14 | 44 | 8.3% | 9.6% | 6.6% | 0 - 90% | 6.1% | 88.0% | 12.0% |
| 15 | 19 | 0.8% | 19.7% | 8.5% | 90% | (32.1)% | 64.4% | 35.6% |
| 16 | 15 | 0.0% | 18.8% | 6.1% | N/A | (28.4)% | 68.8% | 31.2% |
| 17 | 29 | 3.0% | 12.1% | 7.0% | 75% | (4.4)% | 75.0% | 25.0% |
| 18 | 28 | 3.2% | 14.6% | 6.0% | 15% | 68.4% | 100.0% | 0.0% |
| 19 | 5 | 0.0% | 4.6% | 5.6% | N/A | 35.5% | 100.0% | 0.0% |
| 22 | 31 | 3.7% | 9.3% | 6.5% | 50% | 1.4% | 100.0% | 0.0% |

(1) Performing refers to all outstanding issuers less issuers that have either defaulted or are currently deferring their interest payment.

(2) Expected Deferrals and Defaults refers to projected future defaults on performing collateral and does not include the projected defaults on deferring collateral.

(3) The Discount in the table above represents the Par Value less the Amortized Cost. This metric generally approximates the level of OTTI that has been incurred on these securities.

The Company defines Excess Subordination as all outstanding collateral less the sum of (i) 100% of the defaulted collateral, (ii) the sum of the projected net loss amounts for each piece of the deferring but not defaulted collateral and (iii) the amount of each Trup Cdo s debt that is either senior to or pari passu with our security s priority level.

The calculation of excess subordination in the above table does not consider the OTTI the Company has recognized on these securities. While the ratio of excess subordination provides some insight on overall collateralization levels, the Company completes an expected cash flow analysis each quarter to determine whether an adverse change in future cash flows has occurred under ASC 320. The standard specifies that a cash flow projection should be present-valued at the security specific effective interest rate and the resulting present value compared to the amortized cost in order to quantify the credit component of impairment. The Company utilizes the cash flow models to determine the net realizable value and assess whether additional OTTI has occurred.

While the ratio of excess subordination provides some insight on overall collateralization levels, the Company does not utilize this ratio to calculate OTTI. The ratio of excess subordination represents only one component of the projected cash flow. The Company believes the excess subordination is limited as it does not consider the following:

- Waterfall structure and redirection of cash flows

- Excess interest spread

- Cash reserves

The collateral backing of a particular tranche can be increased by decreasing the more senior liabilities of the Trup Cdo tranche. This occurs when collateral deterioration due to defaults and deferrals triggers alternative waterfall provisions of the cash flow. The waterfall structure of the bond requires the excess spread to be rerouted away from the most junior classes of debt (which includes the income notes) in order to pay down the principal of the most senior liabilities. As these senior liabilities are paid down, the senior and mezzanine tranches become better secured (due to the rerouting away from the income notes). Therefore, variances will exist between the calculated excess subordination measure and the amount of OTTI recognized due to the impact of the specific structural features of each bond as it relates to the cash flow models.

The following is a summary of available for sale single-issue trust preferred securities as of December 31, 2015:

| Security | Moodys | S&P | Fitch | Amortized Cost | Fair Value | Unrealized Loss/(Gain) |
|---|---|---|---|---|---|---|
| | | | | *(Dollars in thousands)* | | |
| Emigrant | NR | NR | B+ | $ 5,683 | $ 3,720 | $ 1,963 |
| Bank of America | Ba1 | NR | BBB- | 4,629 | 4,225 | 404 |
| M&T Bank | NR | BBB- | BBB- | 2,999 | 3,246 | (247) |
| Bank of America | Ba1 | BB+ | BBB- | 500 | 502 | (2) |
| | | | | $ 13,811 | $ 11,693 | $ 2,118 |

Additionally, the Company owns two single-issue trust preferred securities that are classified as held-to-maturity and include at least one rating below investment grade. These securities include SunTrust Bank ($7.41 million) and Royal Bank of Scotland ($974 thousand).

During 2015, United recognized net other-than-temporary impairment charges totaling $47 thousand on one Trup Cdo and one equity security, 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 December 31, 2015 is other-than-temporarily impaired. United believes the decline in value resulted from changes in market interest rates, credit spreads and liquidity, not an adverse change in the expected contractual 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 C, Notes to Consolidated Financial Statements.

**Loans**

Loans held for sale increased $2.00 million or 23.05% as loan originations in the secondary market exceeded loan sales during the year of 2015. Portfolio loans, net of unearned income, increased $279.43 million or 3.07% from year-end 2014. Since year-end 2014, commercial, financial and agricultural loans increased $72.34 million or 1.35% as commercial real estate loans increased $47.56 million while commercial loans (not secured by real estate) increased $24.78 million. In addition, construction and land development loans increased $139.80 million or 12.34% and consumer loans increased $61.98 million or 16.80% while residential real estate loans were relatively flat.

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A summary of loans outstanding is as follows:

| | December 31 | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Commercial, financial & agricultural | $ 5,426,335 | $ 5,353,991 | $ 3,911,103 | $ 3,846,409 | $ 3,508,966 |
| Residential real estate | 2,268,685 | 2,263,354 | 1,821,378 | 1,838,252 | 1,891,725 |
| Construction & land development | 1,273,054 | 1,133,251 | 670,364 | 550,677 | 549,877 |
| Consumer | 430,878 | 368,896 | 310,754 | 282,442 | 283,712 |
| Less: Unearned interest | (14,872) | (14,840) | (9,016) | (6,364) | (3,503) |
| Total loans | 9,384,080 | 9,104,652 | 6,704,583 | 6,511,416 | 6,230,777 |
| Allowance for loan losses | (75,726) | (75,529) | (74,198) | (73,901) | (73,874) |
| TOTAL LOANS, NET | $ 9,308,354 | $ 9,029,123 | $ 6,630,385 | $ 6,437,515 | $ 6,156,903 |
| Loans held for sale | $ 10,681 | $ 8,680 | $ 4,236 | $ 17,762 | $ 3,902 |

The following table shows the maturity of commercial, financial, and agricultural loans and real estate construction and land development loans as of December 31, 2015:

| (In thousands) | Less Than One Year | One To Five Years | Over Five Years | Total |
|---|---|---|---|---|
| Commercial, financial & agricultural | $ 1,015,245 | $ 1,646,808 | $ 2,764,282 | $ 5,426,335 |
| Construction & land development | 409,256 | 566,907 | 296,891 | 1,273,054 |
| Total | $ 1,424,501 | $ 2,213,715 | $ 3,061,173 | $ 6,699,389 |

At December 31, 2015, commercial, financial and agricultural loans and real estate construction and land development loans by maturity are as follows:

| (In thousands) | Less Than One Year | One to Five Years | Over Five Years | Total |
|---|---|---|---|---|
| Outstanding with fixed interest rates | $ 459,325 | $ 1,254,667 | $ 1,183,253 | $ 2,897,245 |
| Outstanding with adjustable rates | 965,176 | 959,048 | 1,877,920 | 3,802,144 |
| | $ 1,424,501 | $ 2,213,715 | $ 3,061,173 | $ 6,699,389 |

More information relating to loans is presented in Note D, Notes to Consolidated Financial Statements.

**Other Assets**

Other assets decreased $24.01 million or 5.97% from year-end 2014. Income tax receivable decreased $20.15 million as a result of timing differences, OREO decreased $6.55 million due to write-downs to fair value, and core deposit intangibles decreased $3.42 million due to amortization. Partially offsetting these decreases in other assets is a $3.51 million increase in the cash surrender value of bank-owned life insurance policies, mainly due to an increase in the cash surrender value, a $2.35 million increase in deferred tax assets and a $1.64 million increase in dealer reserve.

**Deposits**

Deposits represent United s primary source of funding. Total deposits at December 31, 2015 increased $296.04 million or 3.27% from year-end 2014. In terms of composition, noninterest-bearing deposits increased $108.34 million or 4.18% while interest-bearing deposits increased $187.70 million or 2.91% from December 31, 2014. Organically, deposits grew $297.74 million from year-end 2014.

The increase in noninterest-bearing deposits was due mainly to increases in commercial noninterest-bearing deposits of $54.15 million or 2.77%, personal noninterest-bearing deposits of $39.07 million or 8.10%, and noninterest-bearing public funds deposits of $15.10 million or 20.52%.

The increase in interest-bearing deposits was due mainly to interest-bearing money market accounts (MMDAs) increasing $302.90 million or 14.67% and regular savings accounts increasing $32.31 million or 4.90%. The $302.90 million increase in interest-bearing MMDAs was due to a $342.18 million increase in commercial MMDAs. Personal MMDAs and public funds MMDAs, on the other hand, decreased $33.83 million and $5.45 million, respectively. Regular savings accounts increased $32.31 million mainly due to a $29.77 million increase in personal savings accounts. Time deposits over $100,000 increased $25.08 million or 2.32%. The $25.08 million increase in time deposits over $100,000 is due to an increase of $103.24 million in public funds certificates of deposits (CDs) while fixed rate CDs over $100,000 decreased $70.84 million. Partially offsetting these increases in interest-bearing deposits were decreases in interest-bearing checking deposits of $11.83 million or less than 1% and time deposits under $100,000 of $160.75 million or 16.83% The $11.83 million decrease in interest-bearing checking deposits is the result of a decrease of $73.43 million in personal interest-bearing checking accounts while interest-bearing public funds checking accounts increased $68.47 million. The $160.75 million decrease in time deposits under $100,000 is the result of a $157.02 million decrease in fixed rate CDs.

The table below summarizes the changes by deposit category since year-end 2014:

| (Dollars In thousands) | December 31 2015 | December 31 2014 | $ Change | % Change |
|---|---|---|---|---|
| Demand deposits | $ 2,699,958 | $ 2,591,619 | $ 108,339 | 4.18% |
| Interest-bearing checking | 1,683,316 | 1,695,146 | (11,830) | (0.70%) |
| Regular savings | 692,079 | 659,773 | 32,306 | 4.90% |
| Money market accounts | 2,368,063 | 2,065,162 | 302,901 | 14.67% |
| Time deposits under $100,000 | 794,428 | 955,178 | (160,750) | (16.83%) |
| Time deposits over $100,000 (1) | 1,103,683 | 1,078,607 | 25,076 | 2.32% |
| Total deposits | $ 9,341,527 | $ 9,045,485 | $ 296,042 | 3.27% |

(1) Includes time deposits of $250,000 or more of $386,484 and $272,059 at December 31, 2015 and 2014, respectively.

At December 31, 2015, the scheduled maturities of time deposits are as follows:

| Year (In thousands) | Amount |
|---|---|
| 2016 | $ 1,231,848 |
| 2017 | 401,950 |
| 2018 | 100,605 |
| 2019 | 77,873 |
| 2020 and thereafter | 85,835 |
| TOTAL | $ 1,898,111 |

Maturities of time certificates of deposit of $100,000 or more outstanding at December 31, 2015 are summarized as follows:

| ( In thousands) | Amount |
|---|---|
| 3 months or less | $ 380,682 |
| Over 3 through 6 months | 160,576 |
| Over 6 through 12 months | 219,179 |

| | | |
|---|---|---|
| Over 12 months | | 343,246 |
| TOTAL | $ | 1,103,683 |

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The average daily amount of deposits and rates paid on such deposits is summarized for the years ended December 31:

| | 2015 | | | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | Interest Expense | Rate | Amount | Interest Expense | Rate | Amount | Interest Expense | Rate |
| | (Dollars in thousands) | | | | | | | | |
| Demand deposits | $ 2,591,501 | $ 0 | 0.00% | $ 2,349,729 | $ 0 | 0.00% | $ 1,782,257 | $ 0 | 0.00% |
| NOW and money market deposits | 3,996,323 | 12,617 | 0.32% | 3,382,418 | 10,093 | 0.30% | 2,403,748 | 7,380 | 0.31% |
| Savings deposits | 703,150 | 955 | 0.14% | 667,307 | 875 | 0.13% | 565,359 | 631 | 0.11% |
| Time deposits | 1,902,503 | 14,451 | 0.76% | 2,091,087 | 16,493 | 0.79% | 1,859,155 | 18,520 | 1.00% |
| TOTAL | $ 9,193,477 | $ 28,023 | 0.30% | $ 8,490,541 | $ 27,461 | 0.32% | $ 6,610,519 | $ 26,531 | 0.40% |

More information relating to deposits is presented in Note I, Notes to Consolidated Financial Statements.

**Borrowings**

Total borrowings at December 31, 2015 decreased $102.69 million or 6.66% during the year of 2015. Since year-end 2014, short-term borrowings decreased $12.62 million or 2.90% due to a $91.01 million decrease in short-term securities sold under agreements to repurchase and a $31.61 million decrease in federal funds purchased. Long-term borrowings decreased $90.07 million or 8.15% since year-end 2014 due to a net repayment of $89.46 million in long-term FHLB advances.

The table below summarizes the changes by borrowing category since year-end 2014:

| | December 31 | | Amount | Percentage |
|---|---|---|---|---|
| | 2015 | 2014 | Change | Change |
| (Dollars in thousands) | | | | |
| Federal funds purchased | $ 22,230 | $ 53,840 | $ (31,610) | (58.71%) |
| Short-term securities sold under agreements to repurchase | 290,798 | 381,812 | (91,014) | (23.84%) |
| Long-term securities sold under agreements to repurchase | 50,863 | 52,343 | (1,480) | (2.83%) |
| Short-term FHLB advances | 110,000 | 0 | 110,000 | 100.00% |
| Long-term FHLB advances | 740,880 | 830,335 | (89,455) | (10.77%) |
| Issuances of trust preferred capital securities | 223,506 | 222,636 | 870 | 0.39% |
| Total borrowings | $ 1,438,277 | $ 1,540,966 | $ (102,689) | (6.66%) |

For a further discussion of borrowings see Notes J and K, Notes to Consolidated Financial Statements.

**Accrued Expenses and Other Liabilities**

Accrued expenses and other liabilities at December 31, 2015 were flat, decreasing $113 thousand or less than 1% from year-end 2014. In particular, incentives payables decreased $1.78 million and other accrued expenses decreased $3.01 million. Both decreases were due to payments. Virtually offsetting these decreases in accrued expenses and other liabilities were increases of $1.84 million in deferred compensation, $1.80 million in the pension liability and $1.39 million in other employee withholdings.

**Shareholders Equity**

Shareholders equity at December 31, 2015 increased $56.48 million or 3.41% from December 31, 2014. Earnings net of dividends for the year of 2015 were $48.29 million. Surplus increased $10.04 million or 1.35% due to stock option exercises.

Accumulated other comprehensive income decreased $2.45 million or 6.84%. United s available for sale investment portfolio, net of deferred income taxes, decreased $4.34 million. The after-tax pension accounting adjustment at year-end 2015 resulted in a decline of $1.46 million. Partially offsetting these decreases to accumulated other comprehensive income was the after-tax accretion of pension costs of $3.07 million for the year of 2015.

**EARNINGS SUMMARY**

Net income for the year 2015 was $137.96 million or $1.98 per diluted share compared to $129.89 million or $1.92 per diluted share for the year of 2014. United s return on average assets for the year of 2015 was 1.12% and return on average shareholders equity was 8.10% as compared to 1.11% and 8.13% for the year of 2014. United s Federal Reserve peer group s (bank holding companies with total assets over $10 billion) most recently reported average return on assets and average return on equity were 0.94% and 8.17%, respectively, for the first nine months of 2015. As previously mentioned, United completed its acquisition of Virginia Commerce after the close of business on January 31, 2014. The financial results of Virginia Commerce are included in United s results from the acquisition date. Therefore, the year of 2015 was impacted for an additional month by increased levels of average balances, income, and expense as compared to the year of 2014 due to the acquisition.

The results for the year of 2015 included noncash, before-tax, other-than-temporary impairment charges of $47 thousand on certain investment securities. The results for year of 2014 included noncash, before-tax, other-than-temporary impairment charges of $6.48 million on certain investment securities.

The results for the year of 2014 also included a before-tax gain of $8.98 million from the sale of a former branch building during the first quarter of 2014, merger related expenses and charges of $5.29 million, and a penalty of $1.97 million to prepay a Federal Home Loan Bank (FHLB) advance with a high interest rate.

Net interest income for the year of 2015 was $384.12 million, an increase of $8.42 million or 2.24% from the prior year. The increase in net interest income occurred because total interest income increased $5.09 million while total interest expense decreased $3.33 million from the year of 2014.

The provision for credit losses was $22.57 million for the year 2015 as compared to $21.94 million for the year of 2014. Noninterest income was $73.63 million for the year of 2015, down $7.34 million or 9.06% when compared to the year of 2014. Included in noninterest income for the year of 2015 and 2014 were the previously mentioned noncash before-tax other-than-temporary impairment charges of $47 thousand and $6.48 million, respectively. Noninterest expense was $231.69 million, a decrease of $8.16 million or 3.40% for the year of 2015 when compared to 2014.

Income tax expense for the year of 2015 was $65.53 million as compared to $65.00 million for the year of 2014. United s effective tax rate was approximately 32.2% and 33.4% for years ended December 31, 2015 and 2014, respectively, as compared to 31.5% for 2013.

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 2015 and 2014, are presented below.

Net interest income for the year of 2015 was $384.12 million, which was an increase of $8.42 million or 2.24% from the year of 2014. The $8.42 million increase in net interest income occurred because total interest income increased $5.09 million while total interest expense decreased $3.33 million from the year of 2014.

Generally, interest income for the year of 2015 increased from prior year because of the earning assets added from the Virginia Commerce acquisition. Likewise, interest expense for the year of 2015 increased from prior year because of the interest-bearing liabilities added from Virginia Commerce. However, the additional interest expense was mitigated by the accretion of fair value premiums recorded on the interest-bearing deposits and long-term securities sold under agreements to repurchase acquired from Virginia Commerce. 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 year of 2015 was $390.61 million, an increase of $8.59 million or 2.25% from the year of 2014. This increase in tax-equivalent net interest income was primarily attributable to an increase in average earning assets from the Virginia Commerce acquisition. Average earning assets increased $608.72 million or 5.91% from the year of 2014. Average net loans increased $405.71 million or 4.69% for the year of 2015 while average short-term investments increased $219.17 million or 57.52%. In addition, the average cost of funds declined 6 basis points from the year of 2014. In particular, the average cost of long-term borrowings declined 34 basis points due mainly to the repayment of certain higher-cost long-term Federal Home Loan Bank (FHLB) advances. Partially offsetting the increases to tax-equivalent net interest income for the year of 2015 was a decline of 18 basis points in the average yield on earning assets as compared to the year of 2014. The net interest margin of 3.58% for the year of 2015 was a decrease of 13 basis points from the net interest margin of 3.71% for the year of 2014.

United s tax-equivalent net interest income also includes the impact of acquisition accounting fair value adjustments.

The following table provides the discount/premium and net accretion impact to tax-equivalent net interest income for the year ended December 31, 2015, 2014 and 2013.

| | | Year Ended | |
|---|---|---|---|
| (Dollars in thousands) | December 31 2015 | December 31 2014 | December 31 2013 |
| Loan Accretion | $ 10,780 | $ 10,261 | $ 2,641 |
| Certificates of deposit | 1,698 | 4,310 | 169 |
| Long-term borrowings | 611 | 143 | (113) |
| Total | $ 13,089 | $ 14,714 | $ 2,697 |

The following table reconciles the difference between net interest income and tax-equivalent net interest income for the year ended December 31, 2015, 2014 and 2013.

| | | Year Ended | |
|---|---|---|---|
| (Dollars in thousands) | December 31 2015 | December 31 2014 | December 31 2013 |
| Net interest income (GAAP) | $ 384,124 | $ 375,708 | $ 269,841 |
| Tax-equivalent adjustment (non-GAAP) (1) | 6,486 | 6,316 | 5,999 |
| Tax-equivalent net interest income (non-GAAP) | $ 390,610 | $ 382,024 | $ 275,840 |

(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.

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The following table shows the consolidated daily average balance of major categories of assets and liabilities for each of the three years ended December 31, 2015, 2014 and 2013 with the consolidated 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 taxes.

| | Year Ended December 31, 2015 | | | Year Ended December 31, 2014 | | | Year Ended December 31, 2013 | | |
|---|---|---|---|---|---|---|---|---|---|
| (Dollars in thousands) | Average Balance | Interest (1) | Avg. Rate (1) | Average Balance | Interest (1) | Avg. Rate (1) | Average Balance | Interest (1) | Avg. Rate (1) |
| **ASSETS** | | | | | | | | | |
| Earning Assets: | | | | | | | | | |
| Federal funds sold, securities repurchased under agreements to resell & other short-term investments | $ 600,218 | $ 1,645 | 0.27% | $ 381,053 | $ 954 | 0.25% | $ 235,880 | $ 613 | 0.26% |
| Investment Securities: | | | | | | | | | |
| Taxable | 1,140,852 | 30,744 | 2.69% | 1,158,869 | 30,426 | 2.63% | 712,582 | 16,646 | 2.34% |
| Tax-exempt | 119,514 | 5,427 | 4.54% | 117,646 | 5,385 | 4.58% | 81,505 | 4,403 | 5.40% |
| Total Securities | 1,260,366 | 36,171 | 2.87% | 1,276,515 | 35,811 | 2.81% | 794,087 | 21,049 | 2.65% |
| Loans, net of unearned Income (2) | 9,126,387 | 392,300 | 4.30% | 8,720,186 | 388,093 | 4.45% | 6,544,104 | 290,491 | 4.44% |
| Allowance for loan losses | (75,451) | | | (74,957) | | | (74,661) | | |
| Net loans | 9,050,936 | | 4.33% | 8,645,229 | | 4.49% | 6,469,443 | | 4.49% |
| Total earning assets | 10,911,520 | $ 430,116 | 3.94% | 10,302,797 | $ 424,858 | 4.12% | 7,499,410 | $ 312,153 | 4.16% |
| Other assets | 1,353,595 | | | 1,349,979 | | | 920,046 | | |
| TOTAL ASSETS | $ 12,265,115 | | | $ 11,652,776 | | | $ 8,419,456 | | |
| **LIABILITIES** | | | | | | | | | |
| Interest-Bearing Funds: | | | | | | | | | |
| Interest-bearing deposits | $ 6,601,976 | $ 28,023 | 0.42% | $ 6,140,812 | $ 27,461 | 0.45% | $ 4,828,262 | $ 26,531 | 0.55% |
| Short-term borrowings | 323,279 | 834 | 0.26% | 509,724 | 1,134 | 0.22% | 360,621 | 895 | 0.25% |
| Long- term borrowings | 985,458 | 10,649 | 1.08% | 1,005,554 | 14,239 | 1.42% | 382,628 | 8,887 | 2.32% |
| Total Interest-Bearing Funds | 7,910,713 | 39,506 | 0.50% | 7,656,090 | 42,834 | 0.56% | 5,571,511 | 36,313 | 0.65% |
| Noninterest-bearing deposits | 2,591,501 | | | 2,349,729 | | | 1,782,257 | | |
| Accrued expenses and other liabilities | 60,411 | | | 49,193 | | | 49,688 | | |
| TOTAL LIABILITIES | 10,562,625 | | | 10,055,012 | | | 7,403,456 | | |
| **SHAREHOLDERS EQUITY** | 1,702,490 | | | 1,597,764 | | | 1,016,000 | | |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | $ 12,265,115 | | | $ 11,652,776 | | | $ 8,419,456 | | |
| **NET INTEREST INCOME** | | $390,610 | | | $382,024 | | | $275,840 | |
| **INTEREST SPREAD** | | | 3.44% | | | 3.56% | | | 3.51% |

| | | | |
|---|---|---|---|
| **NET INTEREST MARGIN** | 3.58% | 3.71% | 3.68% |

(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.

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The following table sets forth a summary for the periods indicated of the changes in consolidated interest earned and interest paid detailing the amounts attributable to (i) changes in volume (change in the average volume times the prior year s average rate), (ii) changes in rate (change in the average rate times the prior year s average volume), and (iii) changes in rate/volume (change in the average volume times the change in average rate).

| | 2015 Compared to 2014 Increase (Decrease) Due to | | | | 2014 Compared to 2013 Increase (Decrease) Due to | | | |
|---|---|---|---|---|---|---|---|---|
| (In thousands) | Volume | Rate | Rate/ Volume | Total | Volume | Rate | Rate/ Volume | Total |
| Interest income: | | | | | | | | |
| Federal funds sold, securities purchased under agreements to resell and other short-term investments | $ 548 | $ 76 | $ 67 | $ 691 | $ 377 | $ (24) | $ (12) | $ 341 |
| Investment securities: | | | | | | | | |
| Taxable | (474) | 695 | 97 | 318 | 10,443 | 2,066 | 1,271 | 13,780 |
| Tax-exempt (1) | 86 | (47) | 3 | 42 | 1,952 | (668) | (302) | 982 |
| Loans (1),(2) | 18,216 | (13,832) | (177) | 4,207 | 97,693 | 0 | (91) | 97,602 |
| TOTAL INTEREST INCOME | 18,376 | (13,108) | (10) | 5,258 | 110,465 | 1,374 | 866 | 112,705 |
| Interest expense: | | | | | | | | |
| Interest-bearing deposits | $ 2,075 | $ (1,842) | $ 329 | $ 562 | $ 7,219 | $ (4,828) | $ (1,461) | $ 930 |
| Short-term borrowings | (410) | 204 | (94) | (300) | 373 | (108) | (26) | 239 |
| Long-term borrowings | (285) | (3,419) | 114 | (3,590) | 14,452 | (3,444) | (5,656) | 5,352 |
| TOTAL INTEREST EXPENSE | 1,380 | (5,057) | 349 | (3,328) | 22,044 | (8,380) | (7,143) | 6,521 |
| NET INTEREST INCOME | $ 16,996 | $ (8,051) | $ (359) | $ 8,586 | $ 88,421 | $ 9,754 | $ 8,009 | $ 106,184 |

(1) Yields and interest income on federally tax-exempt loans and investment securities are computed on a fully 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**

At December 31, 2015, nonperforming loans were $126.71 million or 1.35% of loans, net of unearned income compared to nonperforming loans of $108.96 million or 1.20% of loans, net of unearned income at December 31, 2014. 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 $11.63 million at December 31, 2015 which was relatively flat from $11.67 million at year-end 2014. At December 31, 2015, nonaccrual loans were $91.19 million, an increase of $16.14 million or 21.50% from year-end 2014. The increase was due mainly to the transfer to nonaccrual of a $5.5 million residential real estate loan as well as several significant commercial relationships during 2015. Restructured loans were $23.89 million at December 31, 2015 which was an increase of $1.66 million or 7.44% from $22.23 million of restructured loans at year-end 2014. The increase was due mainly to the restructure of four troubled loans to customers during 2015 in the amount of $3.56 million partially offset by repayments. The loss potential on these loans has been properly evaluated and allocated within the company 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 $158.94 million, including OREO of $32.23 million at December 31, 2015, represented 1.26% of total assets.

Management is not aware of any other significant loans or securities, groups of loans or securities, or segments of the loan or investment portfolio not included below or disclosed elsewhere herein where there are serious doubts as to the ability of the borrowers or issuers to comply with the present repayment terms of the debt. The following table summarizes nonperforming assets for the indicated periods.

| | December 31 | | | | |
|---|---|---|---|---|---|
| | **2015** | **2014** | **2013** | **2012** | **2011** |
| | (In thousands) | | | | |
| Nonaccrual loans | $ 91,189 | $ 75,051 | $ 61,928 | $ 71,559 | $ 59,892 |
| Loans which are contractually past due 90 days or more as to interest or principal, and are still accruing interest | 11,628 | 11,675 | 11,044 | 18,068 | 16,179 |
| Restructured loans (1) | 23,890 | 22,234 | 8,157 | 3,175 | 3,592 |
| Total nonperforming loans | 126,707 | 108,960 | 81,129 | 92,802 | 79,663 |
| Other real estate owned | 32,228 | 38,778 | 38,182 | 49,484 | 51,760 |
| TOTAL NONPERFORMING ASSETS | $ 158,935 | $ 147,738 | $ 119,311 | $ 142,286 | $ 131,423 |

(1) Restructured loans with an aggregate balance of $11.95 million, $4.19 million, and $861 thousand at December 31, 2015, 2014 and 2013, respectively, were on nonaccrual status, but are not included in the Nonaccrual loans category.

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 December 31, 2015, impaired loans were $255.18 million, which was a decrease of $11.90 million or 4.46% from the $267.08 million in impaired loans at December 31, 2014. The decrease was due mainly to a decline in the balance of acquired impaired loans. For further details on impaired loans, see Note E, Notes to 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 December 31, 2015, the allowance for credit losses was $76.66 million as compared to $77.05 million at December 31, 2014.

At December 31, 2015, the allowance for loan losses was $75.73 million as compared to $75.53 million at December 31, 2014. As a percentage of loans, net of unearned income, the allowance for loan losses was 0.81% at December 31, 2015 and 0.83% at December 31, 2014. In accordance with accounting rules, United is unable to carry-over an acquired banking company s previously established allowance for loan losses because acquired loans are recorded at fair value. Therefore, due to this acquisition accounting impact on the allowance for loans losses as well as loans, net of unearned income, management believes that excluding acquired loans in the calculation of the allowance for loan losses as a percentage of loans, net of unearned income separates the difference in the accounting rules for acquired loans and originated loans as well as provides for improved comparability to prior periods and to other financial institutions without acquired loans. The table below presents United s allowance for loan losses as a percentage of non-acquired loans, net of unearned income for the years ended December 31, 2015 and 2014:

| **(Dollars in thousands)** | **December 31, 2015** | **December 31, 2014** |
|---|---|---|
| Allowance for Loan Losses (GAAP) | $ 75,726 | $ 75,529 |
| Loans, net of unearned income (GAAP) | 9,384,080 | |