UNITED BANKSHARES INC/WV
Form 10-Q
August 07, 2008

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For Quarter Ended **June 30, 2008**
Or
[ ] Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the transition period _______
Commission File Number: **0-13322**
United Bankshares, Inc.
(Exact name of registrant as specified in its charter)

West Virginia	**55-0641179**
(State or other jurisdiction of 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) 424-8800**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

Yes [ ] No [X]

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

Class - Common Stock, $2.50 Par Value; **43,277,687** shares outstanding as of **July 31, 2008**.

UNITED BANKSHARES, INC. AND SUBSIDIARIES
FORM 10-Q
TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Balance Sheets (Unaudited) June 30, 2008 and December 31, 2007	4
Consolidated Statements of Income (Unaudited) for the Three and Six Months Ended June 30, 2008 and 2007	5
Consolidated Statement of Changes in Shareholders Equity (Unaudited) for the Six Months Ended June 30, 2008	6
Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2008 and 2007	7
Notes to Consolidated Financial Statements	8
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	30
Item 3. Quantitative and Qualitative Disclosures about Market Risk	48
Item 4. Controls and Procedures	51
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	52
Item 1A. Risk Factors	52
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	52
Item 3. Defaults Upon Senior Securities	53
Item 4. Submission of Matters to a Vote of Security Holders	53
Item 5. Other Information	54
Item 6. Exhibits	54
Signatures	56
Exhibits EX-31.1 EX-31.2 EX-32.1	57

EX-32.2

2

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

The June 30, 2008 and December 31, 2007, consolidated balance sheets of United Bankshares, Inc. and Subsidiaries (United or the Company), consolidated statements of income for the three and six months ended June 30, 2008 and 2007, the related consolidated statement of changes in shareholders equity for the six months ended June 30, 2008, the related condensed consolidated statements of cash flows for the six months ended June 30, 2008 and 2007, and the notes to consolidated financial statements appear on the following pages.

Table of Contents

CONSOLIDATED BALANCE SHEETS
UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except par value)	June 30 2008 (Unaudited)	December 31 2007 (Note 1)
Assets		
Cash and due from banks	$ 190,121	$ 202,586
Interest-bearing deposits with other banks	26,645	10,559
Federal funds sold	10,484	17,506
Total cash and cash equivalents	227,250	230,651
Securities available for sale at estimated fair value (amortized cost-$1,203,090 at June 30, 2008 and $1,163,014 at December 31, 2007)	1,174,929	1,156,561
Securities held to maturity (estimated fair value-$137,111 at June 30, 2008 and $158,165 at December 31, 2007)	139,805	157,228
Other investment securities	82,154	80,975
Loans held for sale	4,199	1,270
Loans	5,852,718	5,800,561
Less: Unearned income	(6,734)	(7,077)
Loans net of unearned income	5,845,984	5,793,484
Less: Allowance for loan losses	(57,033)	(50,456)
Net loans	5,788,951	5,743,028
Bank premises and equipment	60,149	61,680
Goodwill	312,371	312,111
Accrued interest receivable	33,939	38,238
Other assets	224,725	212,997
TOTAL ASSETS	$8,048,472	$7,994,739
Liabilities		
Deposits:		
Noninterest-bearing	$ 877,940	$ 913,427
Interest-bearing	4,595,039	4,436,323
Total deposits	5,472,979	5,349,750
Borrowings:		
Federal funds purchased	92,155	97,074
Securities sold under agreements to repurchase	519,601	499,989
Federal Home Loan Bank borrowings	934,108	1,012,272
Other short-term borrowings	1,307	5,000
Other long-term borrowings	185,363	195,890
Allowance for lending-related commitments	2,128	8,288

Accrued expenses and other liabilities	67,967	65,277
TOTAL LIABILITIES	7,275,608	7,233,540
Shareholders Equity		
Common stock, $2.50 par value; Authorized-100,000,000 shares; issued-44,320,832 at June 30, 2008 and December 31, 2007, including 1,050,555 and 1,086,106 shares in treasury at June 30, 2008 and December 31, 2007, respectively	110,802	110,802
Surplus	97,900	98,405
Retained earnings	626,732	602,185
Accumulated other comprehensive loss	(26,095)	(12,480)
Treasury stock, at cost	(36,475)	(37,713)
TOTAL SHAREHOLDERS EQUITY	772,864	761,199
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$8,048,472	$7,994,739

See notes to consolidated unaudited financial statements.

Table of Contents

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Interest income				
Interest and fees on loans	$88,405	$84,559	$183,266	$167,871
Interest on federal funds sold and other short-term investments	220	599	492	1,104
Interest and dividends on securities:				
Taxable	14,868	13,184	30,021	26,614
Tax-exempt	2,926	3,360	6,186	6,735
Total interest income	106,419	101,702	219,965	202,324
Interest expense				
Interest on deposits	30,183	34,228	65,312	67,398
Interest on short-term borrowings	3,750	7,124	10,580	14,626
Interest on long-term borrowings	9,334	7,530	18,643	14,818
Total interest expense	43,267	48,882	94,535	96,842
Net interest income	63,152	52,820	125,430	105,482
Provision for credit losses	4,351	850	6,451	1,200
Net interest income after provision for credit losses	58,801	51,970	118,979	104,282
Other income				
Fees from trust and brokerage services	4,553	3,763	8,492	7,309
Fees from deposit services	10,002	7,869	19,085	15,047
Bankcard fees and merchant discounts	1,734	1,444	3,292	2,806
Other service charges, commissions, and fees	589	347	1,077	678
Income from bank-owned life insurance	1,012	1,327	2,321	2,786
Income from mortgage banking	156	162	249	323
Security (losses) gains	(46)	165	909	322
Gain on termination of interest rate swaps associated with prepayment of FHLB advances	---	787	---	787
Other income	1,183	661	2,368	1,383
Total other income	19,183	16,525	37,793	31,441
Other expense				
Salaries and employee benefits	18,941	14,794	37,969	29,648
Net occupancy expense	3,974	3,114	8,271	6,570
Equipment expense	2,488	1,357	4,282	2,808
Data processing expense	2,397	2,232	5,200	3,953
Bankcard processing expense	1,469	1,221	2,818	2,412

Prepayment penalty on FHLB advance	---	786	---	786
Other expense	12,208	8,992	24,295	17,814
Total other expense	41,477	32,496	82,835	63,991
Income before income taxes	36,507	35,999	73,937	71,732
Income taxes	11,360	11,487	23,094	22,813
Net income	$ 25,147	$ 24,512	$ 50,843	$ 48,919
Earnings per common share:				
Basic	$0.58	$0.60	$1.18	$1.20
Diluted	$0.58	$0.60	$1.17	$1.19
Dividends per common share	$0.29	$0.28	$0.58	$0.56
Average outstanding shares:				
Basic	43,264,809	40,677,396	43,255,830	40,811,074
Diluted	43,419,616	40,935,684	43,419,276	41,103,158

See notes to consolidated unaudited financial statements.

Table of Contents

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)
UNITED BANKSHARES, INC. AND SUBSIDIARIES
(Dollars in thousands, except per share data)

	Six Months Ended June 30, 2008						
	Common Stock				Accumulated Other Comprehensive		Total
		Par		Retained	Income	Treasury	Shareholders
	Shares	Value	Surplus	Earnings	(Loss)	Stock	Equity
Balance at January 1, 2008	44,320,832	$110,802	$98,405	$602,185	($12,480)	($37,713)	$761,199
Cumulative effect of adopting EITF 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements				(936)			(936)
Effect of changing pension plan measurement date pursuant to SFAS 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans , net of tax				(270)			(270)
Comprehensive income:							
Net income				50,843			50,843
Other comprehensive income, net of tax:							
Unrealized loss on securities of $13,519 net of reclassification adjustment for gains included in net income of $591					(14,110)		(14,110)
					(1,065)		(1,065)

Unrealized loss on cash flow hedge, net of tax of $573							
Accretion of the unrealized loss for securities transferred from the available for sale to the held to maturity investment portfolio					92		92
Pension plan s amortization of transition asset, prior service cost, and actuarial loss, net of tax of $3					6		6
Change in pension asset, net of tax of $788					1,462		1,462
Total comprehensive income							37,228
Stock based compensation expense			277				277
Purchase of treasury stock (617 shares)						(7)	(7)
Distribution of treasury stock for deferred compensation plan (209 shares)						6	6
Cash dividends ($0.58 per share)				(25,090)			(25,090)
Common stock options exercised (35,959 shares)			(782)			1,239	457
Balance at June 30, 2008	44,320,832	$110,802	$97,900	$626,732	($26,095)	($36,475)	$772,864

See notes to consolidated unaudited financial statements

Table of Contents

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
UNITED BANKSHARES, INC. AND SUBSIDIARIES
(Dollars in thousands)

	Six Months Ended June 30	
	2008	**2007**
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 50,032	$ 45,675
INVESTING ACTIVITIES		
Proceeds from maturities and calls of securities held to maturity	17,533	47,607
Purchases of securities held to maturity	---	(363)
Proceeds from sales of securities available for sale	536	996
Proceeds from maturities and calls of securities available for sale	336,025	224,986
Purchases of securities available for sale	(376,577)	(224,732)
Net purchases of bank premises and equipment	(768)	(1,365)
Net change in other investment securities	(294)	3,574
Net change in loans	(51,677)	(8,317)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(75,222)	42,386
FINANCING ACTIVITIES		
Cash dividends paid	(25,081)	(22,968)
Excess tax benefits from stock-based compensation arrangements	315	435
Acquisition of treasury stock	(7)	(21,577)
Proceeds from exercise of stock options	408	1,149
Proceeds from issuance of long-term Federal Home Loan Bank borrowings	200,000	253,900
Repayment of long-term Federal Home Loan Bank borrowings	(60,164)	(229,053)
Redemption of debt related to trust preferred securities	(10,310)	---
Distribution of treasury stock for deferred compensation plan	6	---
Changes in:		
Deposits	123,622	(121,201)
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	(207,000)	11,320
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	21,789	(127,995)
Decrease in cash and cash equivalents	(3,401)	(39,934)
Cash and cash equivalents at beginning of year	230,651	259,013
Cash and cash equivalents at end of period	$227,250	$219,079

See notes to consolidated unaudited financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
UNITED BANKSHARES, INC. AND SUBSIDIARIES
1. GENERAL
The accompanying unaudited consolidated interim financial statements of United Bankshares, Inc. and Subsidiaries (United) have been prepared in accordance with accounting principles for interim financial information generally accepted in the United States and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, the financial statements do not contain all of the information and footnotes required by accounting principles generally accepted in the United States. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements presented as of June 30, 2008 and 2007 and for the three-month and six-month periods then ended have not been audited. The consolidated balance sheet as of December 31, 2007 has been extracted from the audited financial statements included in United s 2007 Annual Report to Shareholders. The accounting and reporting policies followed in the presentation of these financial statements are consistent with those applied in the preparation of the 2007 Annual Report of United on Form 10-K. In the opinion of management, all adjustments necessary for a fair presentation of financial position and results of operations for the interim periods have been made. Such adjustments are of a normal and recurring nature.
The accompanying consolidated interim financial statements include the accounts of United and its wholly owned subsidiaries. United considers all of its principal business activities to be bank related. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements. Dollars are in thousands, except per share and share data or unless otherwise noted.
New Accounting Standards
In March 2008, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 161 (SFAS 161), Disclosures about Derivative Instruments and Hedging Activities which amends FASB Statement No. 133. SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity s financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early adoption encouraged. United is currently assessing the impact this statement will have on its consolidated financial statements.
In December 2007, the FASB issued FASB Statement No. 141-revised 2007 (SFAS 141R), Business Combinations which amends FASB Statement 141 (SFAS 141). SFAS 141R aims to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141R is effective for business combinations for which the acquisition date is on or after fiscal years beginning after December 15, 2008. Early adoption is not permitted.
In December 2007, the FASB issued FASB Statement No. 160, Noncontrolling Interests in Consolidated

Financial Statements (SFAS 160). SFAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 will be effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. Based on management s preliminary analysis, the adoption of SFAS 160 is not expected to have a significant impact on United s consolidated financial statements.

In September 2006, the FASB issued EITF Issue No. 06-4 (EITF 06-4), Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements , which will require employers with endorsement split-dollar arrangements that provide a post-retirement life insurance benefit to record an obligation for this benefit and recognize an ongoing expense. EITF 06-4 applies for fiscal years beginning after December 15, 2007, with an earlier adoption permitted. United adopted EITF 06-4 on January 1, 2008, as required and a cumulative effect adjustment was recorded in retained earnings.

In March 2007, the Emerging Issues Task Force (EITF) of the FASB ratified EITF Issue No. 06-10, Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements. EITF 06-10 provides guidance for determining a liability for the postretirement benefit obligation as well as recognition and measurement of the associated asset on the basis of the terms of the collateral assignment agreement. EITF 06-10 was effective for fiscal years beginning after December 31, 2007. United adopted EITF 06-10 as of January 1, 2008, as required. The adoption of this standard did not have an impact on United s financial statements since United does not have any collateral assignment split-dollar life insurance agreements.

In February 2007, the FASB issued Statement No. 159 (SFAS 159), The Fair Value Option for Financial Assets and Financial Liabilities which provides companies with an option to report selected financial assets and liabilities at fair value. With this Standard, the FASB expects to reduce both the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate the comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The Statement does not eliminate disclosure requirements included in accounting standards. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. United decided to not report any existing financial assets or liabilities at fair value that are not already reported, thus the adoption of this statement did not have a material impact on United s consolidated financial statements.

In September 2006, the FASB published Statement No. 158 (SFAS 158), Employers Accounting for Defined Benefit Pension and Other Postretirement Plans , an amendment of FASB Statements No. 87, 88, 106, and 132(R). SFAS 158 requires employers to recognize in their statement of financial position an asset for a plan s overfunded status or a liability for a plan s underfunded status. United is also required to recognize fluctuations in the funded status in the year in which the changes occur through comprehensive income. United adopted the recognition and disclosure provisions of SFAS 158 on December 31, 2006. The effect of adopting SFAS 158 on United s financial condition at December 31, 2006 has been included in the accompanying consolidated financial statements. SFAS 158 also requires employers to measure the funded

status of a plan as of the end of the employers fiscal year. On January 1, 2008, United changed the measurement date for its defined pension plan from September 30 to December 31 for its 2008 financial statements as required. As a result, United recorded a cumulative effect adjustment of $270 to retained earnings. See Note 14 for additional information regarding United s adoption of SFAS 158.

In September 2006, the FASB also issued Statement No. 157 (SFAS 157), Fair Value Measurements which provides enhanced guidance for using fair value to measure assets and liabilities. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. United adopted SFAS 157 on January 1, 2008. The adoption of this statement did not have a material impact on United s consolidated financial statements. See Note 12 for additional information regarding United s adoption of SFAS 157.

2. MERGERS & ACQUISITIONS

On July 14, 2007, United acquired 100% of the outstanding common stock of Premier Community Bankshares, Inc. (Premier) of Winchester, Virginia. The results of operations of Premier, which are not significant, are included in the consolidated results of operations from the date of acquisition. Because the results of operations of Premier are not significant, pro forma information is not provided. The acquisition of Premier expanded United s presence in the rapidly growing and economically attractive Metro DC area and afforded United the opportunity to enter new Virginia markets in the Winchester, Harrisonburg and Charlottesville areas.

The preliminary purchase price has been allocated to the identifiable tangible and intangible assets resulting in preliminary additions to goodwill and core deposit intangibles of approximately $148 million and $11 million, respectively. The estimated fair values of the acquired assets and liabilities, including identifiable intangible assets, are subject to refinement as additional information becomes available. Any subsequent adjustments to the fair values of assets and liabilities acquired, identifiable intangible assets, or other purchase accounting adjustments will result in adjustments to goodwill within the first 12 months following the date of acquisition.

As a result of the merger, United assumed approximately $2.5 million of liabilities to provide severance benefits to terminated employees of Premier. A balance of $811 thousand remains as of June 30, 2008 for the assumed liabilities to provide severance benefits to terminated employees of Premier.

Statement of Position 03-3 (SOP 03-3), Accounting for Certain Loans or Debt Securities Acquired in a Transfer requires acquired impaired loans for which it is probable that the investor will be unable to collect all contractually required payments receivable to be recorded at the present value of amounts expected to be received and prohibits carrying over or creating valuation allowances in the initial accounting for these loans. Loans carried at fair value, mortgage loans held for sale, and loans to borrowers in good standing under revolving credit agreements are excluded from the scope of SOP 03-3. The impact of recording the impaired loans acquired from Premier on July 14, 2007 at fair value was not significant. Additional disclosures required by SOP 03-3 are not provided because of the insignificant impact.

Table of Contents

3. INVESTMENT SECURITIES

The amortized cost and estimated fair values of securities available for sale are summarized below:

	June 30, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 28,420	$ 106	$ 9	$ 28,517
State and political subdivisions	116,523	1,815	319	118,019
Mortgage-backed securities	896,656	4,187	14,114	886,729
Marketable equity securities	7,165	12	999	6,178
Corporate securities	154,326	2,043	20,883	135,486
Total	$1,203,090	$8,163	$36,324	$1,174,929

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 42,689	$ 188	$ 8	$ 42,869
State and political subdivisions	117,713	2,349	53	120,009
Mortgage-backed securities	846,037	4,173	4,105	846,105
Marketable equity securities	6,752	85	521	6,316
Corporate securities	149,823	2,572	11,133	141,262
Total	$1,163,014	$9,367	$15,820	$1,156,561

Provided below is a summary of securities available-for-sale which were in an unrealized loss position at June 30, 2008 and December 31, 2007:

	Less than 12 months		12 months or longer	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
June 30, 2008				
Treasuries and agencies	$21,484	$ 9	---	---
State and political	24,461	319	---	---
Mortgage-backed	501,820	13,010	26,046	$ 1,104
Marketable equity securities	1,605	650	294	349
Corporate securities	84,926	16,042	19,662	4,841

Total	$634,296	$30,030	$46,002	$6,294

11

Table of Contents

	Less than 12 months		12 months or longer	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
December 31, 2007				
Treasuries and agencies	---	---	$ 2,989	$ 8
State and political	$ 1,815	$ 5	9,776	48
Mortgage-backed	58,244	594	407,397	3,511
Marketable equity securities	1,338	422	101	99
Corporate securities	85,849	10,132	14,504	1,001
Total	$147,246	$11,153	$434,767	$ 4,667

Gross unrealized losses on available for sale securities were $36,324 at June 30, 2008. Securities in a continuous unrealized loss position for twelve months or more at June 30, 2008 consisted primarily of corporate securities. These corporate securities were mainly investment grade single issuer or pooled trust preferred securities of financial institutions. The Company had no exposure to real estate investment trusts (REITS) in its investment portfolio. The unrealized loss on the mortgage-backed securities portfolio relates primarily to AAA securities issued by FHMLC, FNMA, GNMA, and various other private label issuers. Management does not believe any individual security with an unrealized loss as of June 30, 2008 is other than temporarily impaired. United believes the decline in value is attributable to tight market liquidity, distressed sales, and changes in market interest rates, not the credit quality of the issuers. 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.

At June 30, 2008, United s mortgage-related available for sale securities portfolio had an amortized cost of $896,656. Approximately $670 million or 75% of these securities were FHLMC and FNMA mortgage-backed securities and collateralized mortgage obligations (CMOs). The remainder of the portfolio consisted of approximately $216 million in whole-loan CMOs and approximately $10 million in GNMA securities. The whole-loan CMO portfolio consisted entirely of senior class certificates, with approximately 69% of the loans originated prior to 2005 and 73% of the loans originated prior to 2006. Whole-loan CMOs are private label pooled mortgage loans that do not meet certain size and credit criteria to be guaranteed by government sponsored agencies with credit enhancements to ensure investors receive timely interest payments. The whole-loan CMO portfolio includes Alt-A loan securities. Alt-A loan securities totaled approximately $24 million at June 30, 2008, 90% of which represented the super-senior tranches. Alt-A loans are a classification of mortgages where the risk profile falls between prime and subprime. United did not invest in subprime whole-loan securities.

The amortized cost and estimated fair value of securities available for sale at June 30, 2008 and December 31, 2007 by contractual maturity are shown on the following page. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations without penalties.

Table of Contents

	June 30, 2008		December 31, 2007	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 27,802	$ 27,832	$ 40,627	$ 40,668
Due after one year through five years	67,139	67,641	82,214	82,315
Due after five years through ten years	198,900	197,988	195,981	196,808
Due after ten years	902,084	875,290	837,440	830,454
Marketable equity securities	7,165	6,178	6,752	6,316
Total	$1,203,090	$1,174,929	$1,163,014	$1,156,561

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

	June 30, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 11,514	$1,169	---	$ 12,683
State and political subdivisions	42,527	873	$ 11	43,389
Mortgage-backed securities	146	9	---	155
Corporate securities	85,618	163	4,897	80,884
Total	$139,805	$2,214	$4,908	$137,111

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 11,572	$1,316	---	$ 12,888
State and political subdivisions	59,466	1,043	$ 4	60,505
Mortgage-backed securities	165	10	---	175
Corporate securities	86,025	564	$1,992	84,597
Total	$157,228	$2,933	$1,996	$158,165

The amortized cost and estimated fair value of debt securities held to maturity at June 30, 2008 and December 31, 2007 by contractual maturity are shown on the following page. Expected maturities may differ from contractual

maturities because the issuers may have the right to call or prepay obligations without penalties.

Table of Contents

	June 30, 2008		December 31, 2007	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 15,409	$ 15,421	$ 8,624	$ 8,652
Due after one year through five years	21,829	22,148	35,964	36,623
Due after five years through ten years	20,632	21,382	26,568	27,495
Due after ten years	81,935	78,160	86,072	85,395
Total	$139,805	$137,111	$157,228	$158,165

The carrying value of securities pledged to secure public deposits, securities sold under agreements to repurchase, and for other purposes as required or permitted by law, approximated $1,169,516 and $1,002,234 at June 30, 2008 and December 31, 2007, respectively.

4. LOANS

Major classifications of loans are as follows:

	June 30, 2008	December 31, 2007
Commercial, financial and agricultural	$1,201,191	$1,210,049
Real estate:		
Single-family residential	1,873,971	1,882,498
Commercial	1,581,838	1,507,541
Construction	622,416	601,323
Other	236,375	239,907
Installment	336,927	359,243
Total gross loans	$5,852,718	$5,800,561

The table above does not include loans held for sale of $4,199 and $1,270 at June 30, 2008 and December 31, 2007, respectively. Loans held for sale consist of single-family residential real estate loans originated for sale in the secondary market.

United s subsidiary banks have made loans, in the normal course of business, to the directors and officers of United and its subsidiaries, and to their affiliates. Such related party loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and did not involve more than normal risk of collectibility. The aggregate dollar amount of these loans was $140,556 and $126,432 at June 30, 2008 and December 31, 2007, respectively.

5. ALLOWANCE FOR CREDIT LOSSES

United maintains an allowance for loan losses and an allowance for lending-related commitments such as unfunded loan commitments and letters of credit. The allowance for lending-related commitments of $2,128 and $8,288 at June 30, 2008 and December 31, 2007, respectively, is separately classified as a liability on the balance sheet. The methodology for calculation of the unfunded commitments liability was changed to be more consistent with the historical utilization of unfunded commitments which resulted in a decrease of $6,160 from year-end 2007. The combined allowances for loan losses and lending-related commitments are

Table of Contents

referred to as the allowance for credit losses.

The allowance for credit losses is management s estimate of the probable credit losses inherent in the lending portfolio. Management s evaluation of the adequacy of the allowance for credit losses and the appropriate provision for credit losses is based upon a quarterly evaluation of the loan portfolio and lending-related commitments. This evaluation is inherently subjective and requires significant estimates, including the amounts and timing of future cash flows, value of collateral, losses on pools of homogeneous loans based on historical loss experience, and consideration of current economic trends, all of which are susceptible to constant and significant change. The allowance allocated to specific credits and loan pools grouped by similar risk characteristics is reviewed on a quarterly basis and adjusted as necessary based upon subsequent changes in circumstances. In determining the components of the allowance for credit losses, management considers the risk arising in part from, but not limited to, charge-off and delinquency trends, current economic and business conditions, lending policies and procedures, the size and risk characteristics of the loan portfolio, concentrations of credit, and other various factors. Loans deemed to be uncollectible are charged against the allowance for credit losses, while recoveries of previously charged-off amounts are credited to the allowance for credit losses. Credit expenses related to the allowance for credit losses and the allowance for lending-related commitments are reported in the provision for credit losses in the income statement.

A progression of the allowance for credit losses, which includes the allowance for credit losses and the allowance for lending-related commitments, for the periods presented is summarized as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2008	**2007**	**2008**	**2007**
Balance at beginning of period	$ 59,050	$ 52,385	$ 58,744	$ 52,371
Provision	4,351	850	6,451	1,200
	63,401	53,235	65,195	53,571
Loans charged-off	(4,484)	(2,231)	(6,517)	(2,848)
Less: Recoveries	244	216	483	497
Net Charge-offs	(4,240)	(2,015)	(6,034)	(2,351)
Balance at end of period	$ 59,161	$ 51,220	$ 59,161	$ 51,220

6. RISK ELEMENTS

Nonperforming assets include loans on which no interest is currently being accrued, principal or interest has been in default for a period of 90 days or more and for which the terms have been modified due to deterioration in the financial position of the borrower. Loans are designated as nonaccrual when, in the opinion of management, the collection of principal or interest is doubtful. This generally occurs when a loan becomes 90 days past due as to principal or interest unless the loan is both well secured and in the process of collection. When interest accruals are discontinued, unpaid interest credited to income in the current year is reversed, and unpaid interest accrued in prior years is charged to the allowance for credit losses. Other real estate owned consists of property acquired through foreclosure and is stated at the lower of cost or fair value less estimated selling costs.

Table of Contents

Nonperforming assets are summarized as follows:

	June 30, 2008	December 31, 2007
Nonaccrual loans	$ 33,676	$ 14,115
Loans past due 90 days or more and still accruing interest	15,696	14,210
Total nonperforming loans	49,372	28,325
Other real estate owned	9,618	6,365
Total nonperforming assets	$ 58,990	$ 34,690

Loans are designated as impaired when, in the opinion of management, the collection of principal and interest in accordance with the contractual terms of the loan agreement is not probable. At June 30, 2008, the recorded investment in loans that were considered to be impaired was $54,351 (of which $33,676 were on a nonaccrual basis). Included in this amount is $32,217 of impaired loans for which the related allowance for credit losses is $5,121 and $22,134 of impaired loans that do not have an allowance for credit losses due to management s estimate that the fair value of the underlying collateral of these loans is sufficient for full repayment of the loan and interest. At December 31, 2007, the recorded investment in loans that were considered to be impaired was $30,952 (of which $14,115 were on a nonaccrual basis). Included in this amount were $24,097 of impaired loans for which the related allowance for credit losses was $3,615, and $6,855 of impaired loans that did not have an allowance for credit losses. The average recorded investment in impaired loans during the six months ended June 30, 2008 and for the year ended December 31, 2007 was approximately $42,718 and $28,908, respectively.

United recognized interest income on impaired loans of approximately $341 and $678 for the quarter and six months ended June 30, 2008, respectively, and $378 and $654 for the quarter and six months ended June 30, 2007, respectively. Substantially all of the interest income was recognized using the accrual method of income recognition. The amount of interest income that would have been recorded under the original terms for the above loans and nonaccrual loans was $850 and $1,632 for the quarter and six months ended June 30, 2008, respectively, and $551 and $1,015 for the quarter and six months ended June 30, 2007, respectively.

7. INTANGIBLE ASSETS

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

	As of June 30, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Core deposit intangible assets	$ 30,995	($22,075)	$ 8,920
Goodwill not subject to amortization			$312,371

Table of Contents

	As of December 31, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Core deposit intangible assets	$ 30,995	($20,117)	$ 10,878
Goodwill not subject to amortization			$312,111

United incurred amortization expense of $940 and $1,958 for the quarter and six months ended June 30, 2008, respectively, and $383 and $790 for the quarter and six months ended June 30, 2007, respectively, related to intangible assets. The table presented below sets forth the anticipated amortization expense for intangible assets for each of the next five years:

Year	Amount
2008	$ 3,494
2009	2,561
2010	1,884
2011	1,362
2012 and thereafter	1,577

8. SHORT-TERM BORROWINGS

Federal funds purchased and securities sold under agreements to repurchase are a significant source of funds for the Company. United has various unused lines of credit available from certain of its correspondent banks in the aggregate amount of $250,000. These lines of credit, which bear interest at prevailing market rates, permit United to borrow funds in the overnight market, and are renewable annually subject to certain conditions. At June 30, 2008, federal funds purchased were $92,155 while securities sold under agreements to repurchase were $519,601.

United has available funds of $70,000 with two unrelated financial institutions to provide for general liquidity needs. Both are unsecured revolving lines of credit. One has a one-year renewable term while the other line of credit has a two-year renewable term. Each line of credit carries an indexed floating rate of interest. At June 30, 2008, United had no outstanding balance under these lines of credit.

United Bank (VA) participates in the Treasury Investment Program, which is essentially the U.S. Treasury s savings account for companies depositing employment and other tax payments. The bank retains the funds in an open-ended interest-bearing note until the Treasury withdraws or calls the funds. A maximum note balance is established and that amount must be collateralized at all times. All tax deposits or a portion of the tax deposits up to the maximum balance are generally available as a source of short-term investment funding. As of June 30, 2008, United Bank (VA) had an outstanding balance of $1,307 and had additional funding available of $3,693.

9. LONG-TERM BORROWINGS

United s subsidiary banks are members of the Federal Home Loan Bank (FHLB). Membership in the FHLB makes available short-term and long-term borrowings from collateralized advances. All FHLB borrowings

are collateralized by a mix of single-family residential mortgage loans, commercial loans and investment securities. At June 30, 2008, United had an unused borrowing amount of $1,180,194 available subject to delivery of collateral after certain trigger points.

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

At June 30, 2008, $934,108 of FHLB advances with a weighted-average interest rate of 3.09% is scheduled to mature within the next eleven years.

The scheduled maturities of borrowings are as follows:

Year	Amount
2008	$ 216,415
2009	180,000
2010	384,685
2011	60,000
2012 and thereafter	93,008
Total	$ 934,108

United has a total of ten statutory business trusts that were formed for the purpose of issuing or participating in pools of trust preferred capital securities (Capital Securities) with the proceeds invested in junior subordinated debt securities (Debentures) of United. The Debentures, which are subordinate and junior in right of payment to all present and future senior indebtedness and certain other financial obligations of United, are the sole assets of the trusts and United s payment under the Debentures is the sole source of revenue for the trusts. At June 30, 2008 and December 31, 2007, the outstanding balances of the Debentures were $185,363 and $195,890 respectively, and were included in the category of long-term debt on the Consolidated Balance Sheets entitled Other long-term borrowings . The Capital Securities are not included as a component of shareholders equity in the Consolidated Balance Sheets. United fully and unconditionally guarantees each individual trust s obligations under the Capital Securities.

In January of 2008, United redeemed the Capital Securities of United Statutory Trust II. As part of the redemption, United retired the $10,310 principal amount of 8.59% Junior Subordinated Debentures issued by United Statutory Trust II.

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

10. COMMITMENTS AND CONTINGENT LIABILITIES

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

recognized in the financial statements.

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

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the commitment contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily, and historically do not, represent future cash requirements. The amount of collateral obtained, if deemed necessary upon the extension of credit, is based on management s credit evaluation of the counterparty. United had approximately $1,914,470 and $1,945,818 of loan commitments outstanding as of June 30, 2008 and December 31, 2007, respectively, the majority of which expire within one year.

Commercial and standby letters of credit are agreements used by United s customers as a means of improving their credit standing in their dealings with others. Under these agreements, United guarantees certain financial commitments of its customers. A commercial letter of credit is issued specifically to facilitate trade or commerce. Typically, under the terms of a commercial letter of credit, a commitment is drawn upon when the underlying transaction is consummated as intended between the customer and a third party. United has issued commercial letters of credit of $3,159 and $1,580 as of June 30, 2008 and December 31, 2007, respectively. A standby letter of credit is generally contingent upon the failure of a customer to perform according to the terms of an underlying contract with a third party. United has issued standby letters of credit of $129,563 and $144,314 as of June 30, 2008 and December 31, 2007, respectively. In accordance with FIN 45, United has determined that substantially all of its letters of credit are renewed on an annual basis and that the fair value of these letters of credit is immaterial.

11. DERIVATIVE FINANCIAL INSTRUMENTS

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

United accounts for its derivative financial instruments in accordance with FASB Statement No. 133 (SFAS No. 133), Accounting for Derivative Instruments and Hedging Activities , as amended. SFAS No. 133 requires all derivative instruments to be carried at fair value on the balance sheet. United usually designates derivative instruments used to manage interest rate risk as hedge relationships with certain assets, liabilities or cash flows being hedged. Certain derivatives used for interest rate risk management are not designated in a SFAS No. 133 relationship.

Under the provisions of SFAS No. 133, United has both fair value hedges and cash flow hedges as of June 30, 2008. Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the

fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivative instruments designated in hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

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

At inception of a hedge relationship, United formally documents the hedged item, the particular risk management objective, the nature of the risk being hedged, the derivative being used, how effectiveness of the hedge will be assessed and how the ineffectiveness of the hedge will be measured. United also assesses hedge effectiveness at inception and on an ongoing basis using regression analysis. Hedge ineffectiveness is measured by using the change in fair value method. The change in fair value method compares the change in the fair value of the hedging derivative to the change in the fair value of the hedged exposure, attributable to changes in the benchmark rate. The portion of a hedge that is ineffective is recognized immediately in earnings. Prior to January 1, 2006, United used the shortcut method for interest rate swaps that met the criteria as defined under SFAS No. 133. Effective January 1, 2006, United adopted an internal policy of accounting for all new derivative instruments entered thereafter whereby the shortcut method would no longer be used.

For derivatives that are not designated in a hedge relationship, changes in the fair value of the derivatives are recognized in earnings in the same period as the change in the fair value.

The tables on the following page set forth certain information regarding the interest rate derivatives portfolio used for interest-rate risk management purposes and designated as accounting hedges under SFAS 133 at June 30, 2008.

Table of Contents

Derivative Classifications and Hedging Relationships
June 30, 2008

	Notional Amount	Derivative Asset	Derivative Liability
Derivatives Designated as Fair Value Hedges:			
Hedging Commercial Loans	$ 14,500	---	$ 555
Total Derivatives Designated as Fair Value Hedges:	$ 14,500	---	$ 555
Derivatives Designated as Cash Flow Hedges:			
Hedging FHLB Borrowings	$ 234,685	---	$ 981
Total Derivatives Designated as Cash Flow Hedges:	$ 234,685	---	$ 981
Total Derivatives Used in Interest Rate Risk Management and Designated in SFAS 133 Relationships:	$ 249,185	---	$ 1,536

Derivative Instruments
June 30, 2008

	Notional Amount	Average Receive Rate	Average Pay Rate	Estimated Fair Value
Fair Value Hedges:				
Pay Fixed Swap (Commercial Loans)	$ 14,500	---	6.27%	$ (555)
Total Derivatives Used in Fair Value Hedges	$ 14,500			$ (555)
Cash Flow Hedges:				
Pay Fixed Swap (FHLB Borrowing)	$ 234,685	---	3.79%	$ (981)
Total Derivatives Used in Cash Flow Hedges	$ 234,685			$ (981)
Total Derivatives Used for Interest Rate Risk Management and Designated in SFAS 133 Relationships	$ 249,185			$ (1,536)

The derivative portfolio also includes derivative financial instruments not included in hedge relationships. These derivatives consist of interest rate swaps used for interest rate management purposes and derivatives executed with commercial banking customers to facilitate their interest rate management strategies. Gains and losses on other derivative financial instruments are included in noninterest income and noninterest expense, respectively.

Table of Contents

A summary of derivative financial instruments not in hedge relationships by type of activity is as follows:

	Other Derivative Instruments June 30, 2008	
	Net Derivative Asset (Liability)	Net Gains (Losses)
Other Derivative Instruments:		
Interest Rate Risk Management	$ (599)	$ (599)
Customer Risk Management	599	599
Total Other Derivative Instruments	$ ---	$ ---

12. FAIR VALUE MEASUREMENTS

United adopted SFAS No. 157, Fair Value Measurements (SFAS 157), on January 1, 2008 to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. SFAS 157 clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In February of 2008, the FASB issued Staff Position No. 157-2 (FSP 157-2) which delayed the effective date of SFAS 157 for certain nonfinancial assets and nonfinancial liabilities except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis. FSP 157-2 defers the effective date of SFAS 157 for such nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. Thus, United has only partially applied SFAS 157. Those items affected by FSP 157-2 include other real estate owned (OREO), goodwill and core deposit intangibles.

SFAS 157 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect United s market assumptions. The three levels of the fair value hierarchy under SFAS 157 based on these two types of inputs are as follows:

Level 1 Valuation is based on quoted prices in active markets for identical assets and liabilities.

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

Level 3 Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

When determining the fair value measurements for assets and liabilities, United looks to active and observable markets to price identical assets or liabilities whenever possible and classifies such items in Level 1. When identical assets and liabilities are not traded in active markets, United looks to market observable data for similar assets and liabilities and classifies such items as Level 2. Nevertheless, certain assets and liabilities are not actively traded in observable markets and United must use alternative valuation techniques

Table of Contents

using unobservable inputs to determine a fair value and classifies such items as Level 3. The level within the fair value hierarchy is based on the lowest level of input that is significant in the fair value measurement.

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

Securities available for sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that considers observable market data (Level 2). Any securities available for sale not valued based upon the methods above are considered Level 3.

Derivatives: United utilizes interest rate swaps in order to hedge exposure to interest rate risk and variability of cash flows associated to changes in the underlying interest rate of the hedged item. United utilizes third-party vendors for derivative valuation purposes. These vendors determine the appropriate fair value based on a net present value calculation of the cash flows related to the interest rate swaps using primarily observable market inputs such as interest rate yield curves (Level 2). Valuation adjustments to derivative fair values for liquidity and credit risk are also taken into consideration, as well as the likelihood of default by United and derivative counterparties, the net counterparty exposure and the remaining maturities of the positions.

The following table presents the balances of financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2008:

		Fair Value Measurements at June 30, 2008 Using		
Description	**Balance as of June 30, 2008**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Available-for-sale securities	$1,174,929	$ 52,117	$ 1,117,812	$ 5,000
Derivative financial assets	599	---	599	---
Liabilities				
Derivative financial liabilities	2,135	---	2,135	---

Table of Contents

The following table presents additional information about financial assets and liabilities measured at fair value at June 30, 2008 on a recurring basis and for which United has utilized Level 3 inputs to determine fair value:

	Available-for-sale securities
Beginning Balance	$ 5,504
Total gains or losses (realized/unrealized):	
Included in earnings (or changes in net assets)	---
Included in other comprehensive income	---
Purchases, issuances, and settlements	---
Transfers in and/or out of Level 3	(504)
Ending Balance	$ 5,000
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at reporting date	---

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

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

Loans held for sale: Loans held for sale are carried at the lower of cost or market value. These loans currently consist of one-to-four family residential loans originated for sale in the secondary market. Fair value is based on the price secondary markets are currently offering for similar loans using observable market data which is not materially different than cost due to the short duration between origination and sale (Level 2). As such, United records any fair value adjustments on a nonrecurring basis. No nonrecurring fair value adjustments were recorded on loans held for sale during the quarter ended June 30, 2008. Gains and losses on the sale of loans are recorded within income from mortgage banking on the Consolidated Statements of Income.

Impaired Loans: Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. The measurement of loss associated with impaired loans can be based on either the observable market price of the loan or the fair value of the collateral. Fair value is measured based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the collateral is real estate. The value of real estate collateral is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Company using observable market data (Level 2). However, if the collateral is a house or building in the process of construction or if an appraisal of the real estate property is over two years old, then the fair value is

Table of Contents

considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). Impaired loans allocated to the Allowance for Loan Losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for credit losses expense on the Consolidated Statements of Income.

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

		Carrying value at June 30, 2008			
Description	**Balance as of June 30, 2008**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**YTD Losses**
Assets					
Impaired Loans	$ 32,217		$ 1,131	$ 31,086	$ 863

13. STOCK BASED COMPENSATION

On May 15, 2006, United s shareholders approved the 2006 Stock Option Plan. A total of 1,500,000 shares of United s authorized but unissued common stock are allocated for the 2006 Stock Option Plan. Each plan year, 400,000 options will be available for award to eligible employees; however, not all 400,000 options are required to be awarded in that year. All options granted under the 2006 Stock Option Plan will be non-statutory stock options (NSOs), i.e. options that do not qualify as incentive stock options under Section 422 of the Internal Revenue Code. Subject to certain change in control provisions, recipients of options will be fully vested in and permitted to exercise options granted under the 2006 Stock Option Plan three years from the grant date. As of June 30, 2008, 254,550 shares have been granted under the 2006 Stock Option Plan resulting in the recognition of compensation expense of $277 thousand for the first six months of 2008 which was included in salaries and employee benefits expense in the Consolidated Statement of Income. A Form S-8 was filed on October 25, 2006 with the Securities and Exchange Commission to register all the shares available for the 2006 Stock Option Plan.

United currently has options outstanding from various option plans other than the 2006 Stock Option Plan (the Prior Plans); however, no common shares of United stock are available for grants under the Prior Plans as these plans have expired. Awards outstanding under the Prior Plans will remain in effect in accordance with their respective terms. The maximum term for options granted under the plans is ten (10) years.

The fair value of the options for 2007 was estimated at the date of grant using a binomial lattice option pricing model with the following weighted-average assumptions: risk-free interest rates of 4.09%; dividend yield of 3.00%; volatility factors of the expected market price of United s common stock of 0.2954; and a weighted-average expected option life of 5.89 years, respectively. The fair value of the 10,000 options

granted during the second quarter of 2008 was estimated at the date of grant using a binomial lattice option pricing model with the following weighted-average assumptions: risk-free interest rates of 3.14%; dividend yield of 3.00%; volatility factors of the expected market price of United s common stock of 0.3297; and a weighted-average expected option life of 5.89 years, respectively. SFAS 123R defines a lattice modal as a model that produces an estimated fair value based on the assumed changes in prices of a financial instrument over successive periods of time. A binomial lattice model assumes at least two price movements are possible in each period of time.

A summary of option activity under the Plans as of June 30, 2008, and the changes during the first six months of 2008 are presented below:

	Six Months Ended June 30, 2008			
			Weighted Average	
	Shares	Aggregate Intrinsic Value	Remaining Contractual Term (Yrs.)	Exercise Price
Outstanding at January 1, 2008	1,921,457			$27.38
Granted	10,000			28.23
Exercised	35,959			11.59
Forfeited or expired	9,773			29.24
Outstanding at June 30, 2008	1,885,725	$3,441	5.2	$27.68
Exercisable at June 30, 2008	1,631,175	$3,441	4.5	$27.66

The following table summarizes the status of United s nonvested awards during the first six months of 2008:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2008	244,550	$7.06
Granted	10,000	7.25
Vested	---	---
Forfeited or expired	---	---
Nonvested at June 30, 2008	254,550	$7.07

In addition to the stock options detailed above, United has outstanding stock options related to a deferred compensation plan assumed in the 1998 merger with George Mason Bankshares, Inc. (GMBS). The stock options granted under this deferred compensation plan were to former directors of GMBS. These options carry no exercise cost, contain no expiration date, and are eligible for dividends. Other than additional options granted through reinvestment of dividends received, United does not issue additional options under this deferred compensation plan. Options outstanding at June 30, 2008 were 20,125. Options granted through the reinvestment of dividends during the first six months of 2008 were 408. No options were exercised during the first six months of 2008. United records compensation expense for this plan based on the number of options outstanding and United s quoted market price of its common stock with an equivalent adjustment to the associated liability.

Table of Contents

Cash received from options exercised under the Plans for the six months ended June 30, 2008 and 2007 was $408 thousand and $1.15 million, respectively. During the six months ended June 30, 2008 and 2007, 35,959 and 105,773 shares, respectively, were issued in connection with stock option exercises. All shares issued in connection with stock option exercises were issued from available treasury stock for the six months ended June 30, 2008 and 2007. The total intrinsic value of options exercised under the Plans during the six months ended June 30, 2008 and 2007 was $526 thousand and $1.63 million, respectively.

SFAS 123R also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under previous standards. While the company cannot estimate what those amounts will be in the future (because they depend on, among other things, the date employees exercise stock options), United recognized cash flows from financing activities of $315 thousand and $435 thousand from excess tax benefits related to share-based compensation for the six months ended June 30, 2008 and 2007, respectively.

14. EMPLOYEE BENEFIT PLANS

United has a defined benefit retirement plan covering substantially all employees. Pension benefits are based on years of service and the average of the employee s highest five consecutive plan years of basic compensation paid during the ten plan years preceding the date of determination. United s funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

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

Included in accumulated other comprehensive income at December 31, 2007 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized transition asset of $526 ($319 net of tax), unrecognized prior service costs of $8 ($5 net of tax) and unrecognized actuarial losses of $10,899 ($6,604 net of tax). The amortization of these items expected to be recognized in net periodic pension cost during the fiscal year ended December 31, 2008 is $175 ($105 net of tax), $1 ($1 net of tax), and $193 ($119 net of tax), respectively.

In September 2006, the FASB published Statement No. 158 (SFAS 158), Employers Accounting for Defined Benefit Pension and Other Postretirement Plans , an amendment of FASB Statements No. 87, 88, 106, and 132R. The measurement date provisions of SFAS 158 require employers to measure the funded status of a plan as of the end of the employers fiscal year, with limited exceptions. United adopted the measurement date provisions of SFAS 158 as of January 1, 2008, as required. As a result, United recognized

Table of Contents

a net periodic pension cost of $270, net of tax, for the period between the prior measurement date of September 30, 2007 and December 31, 2007 as a separate adjustment of the opening balance of retained earnings on January 1, 2008. Net periodic pension cost for the three and six months ended June 30, 2008 and 2007 included the following components:

(In thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2008	**2007**	**2008**	**2007**
Service cost	$ 539	$ 537	$ 1,077	$ 1,068
Interest cost	925	866	1,850	1,723
Expected return on plan assets	(1,913)	(1,798)	(3,825)	(3,577)
Amortization of transition asset	(43)	(44)	(87)	(87)
Recognized net actuarial loss	48	148	96	294
Amortization of prior service cost	---	---	---	---
Net periodic pension (benefit) cost	$ (444)	$ (291)	$ (889)	$ (579)
Weighted-Average Assumptions:				
Discount rate	6.25%	6.00%	6.25%	6.00%
Expected return on assets	8.50%	8.50%	8.50%	8.50%
Rate of compensation increase	3.25%	3.25%	3.25%	3.25%

15. INCOME TAXES

In accordance with FASB Interpretation (FIN) No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes , United records a liability for uncertain income tax positions based on a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken on a tax return, in order for those tax positions to be recognized in the financial statements.

As of June 30, 2008, United has provided a liability for $8,284 of unrecognized tax benefits related to various federal and state income tax matters. The entire amount of unrecognized tax benefits, if recognized, would impact United s effective tax rate. Over the next 12 months, the statute of limitations will close on certain income tax returns. However, at this time, United cannot reasonably estimate the amount of tax benefits it may recognize over the next 12 months.

United is currently open to audit under the statute of limitations by the Internal Revenue Service and State Taxing authorities for the years ended December 31, 2004 through 2006. As of June 30, 2008, the total amount of accrued interest related to uncertain tax positions was $785. United accounts for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes.

Table of Contents

16. COMPREHENSIVE INCOME

The components of total comprehensive income for the three and six months ended June 30, 2008 and 2007 are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	**2008**	**2007**	**2008**	**2007**
Net Income	$ 25,147	$ 24,512	$ 50,843	$ 48,919
Securities available for sale:				
Net change in unrealized losses on available for sale securities arising during the period	(23,647)	(7,220)	(20,798)	(4,195)
Related income tax effect	8,276	2,527	7,279	1,468
Net reclassification adjustment for losses (gains) included in net income	46	(252)	(909)	(322)
Related income tax expense	(16)	88	318	113
Net effect on other comprehensive loss	(15,341)	(4,857)	(14,110)	(2,936)
Securities held to maturity:				
Unrealized loss related to the call of securities previously transferred from the available for sale to the held to maturity investment portfolio	---	927	---	1,168
Related income tax benefit	---	(325)	---	(409)
Accretion on the unrealized loss for securities transferred from the available for sale to the held to maturity investment portfolio prior to call or maturity	71	100	142	242
Related income tax expense	(25)	(35)	(50)	(85)
Net effect on other comprehensive income	46	667	92	916
Cash flow hedge derivatives:				
Unrealized gain (loss) on cash flow hedge	6,279	61	(1,638)	(554)
Related income tax (benefit) expense	(2,198)	(21)	573	194
Termination of cash flow hedge	---	2,952	---	2,952
Related income tax expense	---	(1,033)	---	(1,033)
Net effect on other comprehensive income	4,081	1,959	(1,065)	1,559
FASB 158 pension plan:				
Change in pension asset	---	---	2,250	---
Related income tax expense	---	---	(788)	---
Amortization of transition asset	(44)	(44)	(87)	(87)
Related income tax expense	17	18	35	36
Recognized net actuarial loss	48	148	96	294
Related income tax benefit	(18)	(59)	(38)	(117)
Net effect on other comprehensive income	3	63	1,468	126

Total change in other comprehensive income	(11,211)	(2,168)	(13,615)	(335)
Total Comprehensive Income	$ 13,936	$ 22,344	$ 37,228	$ 48,584

Table of Contents

17. EARNINGS PER SHARE

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

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Basic				
Net Income	$25,147	$24,512	$50,843	$48,919
Average common shares outstanding	43,264,809	40,677,396	43,255,830	40,811,074
Earnings per basic common share	$0.58	$0.60	$1.18	$1.20
Diluted				
Net Income	$25,147	$24,512	$50,843	$48,919
Average common shares outstanding	43,264,809	40,677,396	43,255,830	40,811,074
Equivalents from stock options	154,807	258,288	163,446	292,084
Average diluted shares outstanding	43,419,616	40,935,684	43,419,276	41,103,158
Earnings per diluted common share	$0.58	$0.60	$1.17	$1.19

Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

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

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

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

INTRODUCTION

The following discussion and analysis presents the significant changes in financial condition and the results

Table of Contents

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.

On July 14, 2007, United acquired 100% of the outstanding common stock of Premier Community Bankshares, Inc. (Premier) of Winchester, Virginia. The results of operations of Premier, which are not significant, are included in the consolidated results of operations from the date of acquisition. However, comparisons for the second quarter and first half of 2008 to the second quarter and first half of 2007 are impacted by increased levels of reported average balance sheet, income, and expense results due to the acquisition. At consummation, Premier had assets of approximately $911 million, loans of $759 million, deposits of $716 million and shareholders equity of $71 million. The transaction was accounted for under the purchase method of accounting.

On January 1, 2008, United adopted SFAS No. 157, Fair Value Measurements (SFAS 157) to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. SFAS 157 clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FAS 157 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. When quoted prices or observable market data are not available, management s judgment is necessary to estimate fair value.

At June 30, 2008, approximately 15.01% of total assets, or $1.21 billion, consisted of financial instruments recorded at fair value. Of this total, approximately 97.01% or $1.17 billion of these financial instruments used valuation methodologies involving observable market data, collectively Level 1 and Level 2 measurements, to determine fair value. Approximately 2.99% or $36.09 million of these financial instruments were valued using unobservable market information or Level 3 measurements. At June 30, 2008, only $2.14 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 consider its use of unobservable inputs in determining fair value to be significant and thus, does not believe that any changes in these inputs would have a material impact on United s results of operations, liquidity, or capital resources. See Note 12 for additional information regarding SFAS 157 and its impact on United s financial statements.

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

APPLICATION OF CRITICAL ACCOUNTING POLICIES

The accounting and reporting policies of United conform with accounting principles generally accepted in the United States. 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 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 other 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 derivative instruments, 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 allowance for credit losses is management s estimate of the probable credit losses inherent in the loan portfolio. Management s evaluation of the adequacy of the allowance for credit losses and the appropriate provision for credit losses is based on a quarterly evaluation of the portfolio. This evaluation is inherently subjective and requires significant estimates, including the amounts and timing of estimated future cash flows, estimated losses on pools of loans based on historical loss experience, and consideration of current economic trends, all of which are susceptible to constant and significant change. The amounts allocated to specific credits and loan pools grouped by similar risk characteristics are reviewed on a quarterly basis and adjusted as necessary based upon subsequent changes in circumstances. In determining the components of the allowance for credit losses, management considers the risk arising in part from, but not limited to, charge-off and delinquency trends, current economic and business conditions, lending policies and procedures, the size and risk characteristics of the loan portfolio, concentrations of credit, and other various factors. Loans deemed to be uncollectible are charged against the allowance for loan losses, while recoveries of previously charged-off amounts are credited to the allowance for loan losses. The methodology used to determine the allowance for credit losses is described in Note 5 to the unaudited consolidated financial statements. A discussion of the factors leading to changes in the amount of the allowance for credit losses is included in the Provision for Credit Losses section of this Management s Discussion and Analysis of Financial Condition and Results of Operations.

United uses derivative instruments as part of its risk management activities to help protect the value of certain assets and liabilities against adverse price or interest rate movements. All derivative instruments are carried at fair value on the balance sheet. The valuation of these derivative instruments is considered critical because carrying assets and liabilities at fair value inherently results in more financial statement volatility. The fair values and the information used to record valuation adjustments for certain assets and liabilities are provided by third party sources. Because the majority of the derivative instruments are used to protect the value of other assets and liabilities on the balance sheet, changes in the value of the derivative instruments are typically offset by changes in the value of the assets and liabilities being hedged, although income statement volatility can occur if the derivative instruments are not effective in hedging changes in the value of those assets and liabilities.

United s calculation of income tax provision is complex and requires the use of estimates and judgments in its determination. As part of United s analysis and implementation of business strategies, consideration is given to tax laws and regulations which may affect the transaction under evaluation. This analysis includes the amount and timing of the realization of income tax liabilities or benefits. 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.

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

The following is a broad overview of the financial condition and results of operations and is not intended to replace the more detailed discussion, which is presented under specific headings on the following pages.

FINANCIAL CONDITION

United s total assets as of June 30, 2008 were $8.05 billion which was relatively flat from year-end 2007, increasing $53.73 million or less than 1%. The small increase was primarily the result of growth in portfolio loans of $52.50 million or slightly less than 1% and an increase in other assets of $11.73 million or 5.51%. These increases were partially offset by decreases in cash and cash equivalents and investment securities of $3.40 million and $2.12 million, respectively. The slight increase in total assets is reflected in a corresponding increase in total liabilities of $42.07 million or less than 1% from year-end 2007. The increase in total liabilities was due mainly to growth in deposits of $123.23 million or 2.30% which more than offset a reduction of $77.69 million or 4.29% in borrowings. Shareholders equity increased $11.67 million or 1.53% from year-end 2007. The following discussion explains in more detail the changes in financial condition by major category.

Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2008 decreased $3.40 million or 1.47%. Of this total decrease, cash and due from banks and federal funds sold decreased $12.47 million or 6.15% and $7.02 million or 40.11%, respectively, while interest-bearing deposits with other banks increased $16.09 million. During the first six months of 2008, net cash of $50.03 million and $21.79 million was provided by operating activities and financing activities, respectively. Net cash of $75.22 million was used in investing activities. See the unaudited Consolidated Statements of Cash Flows for data on cash and cash equivalents provided and used in operating, investing and financing activities for the first six months of 2008 and 2007.

Securities

Total investment securities at June 30, 2008 were relatively flat, increasing $2.12 million or less than 1% from year-end 2007. Securities available for sale increased $18.37 million or 1.59%. This change in securities available for sale reflects $336.49 million in sales, maturities and calls of securities, $376.58 million in purchases, and a decrease of $21.71 million in market value. Securities held to maturity decreased $17.42 million or 11.08% from year-end 2007 due to calls and maturities of securities. Other investment securities increased $1.18 million or 1.46%. The amortized cost and estimated fair value of investment securities, including types and remaining maturities, is presented in Note 3 to the unaudited Notes to Consolidated Financial Statements.

Table of Contents

Loans

Loans held for sale increased $2.93 million or 230.63% as loan originations exceeded loan sales in the secondary market during the first six months of 2008. Portfolio loans, net of unearned income, were relatively flat, increasing $52.50 million or slightly less than 1% from year-end 2007 due to increases in commercial real estate loans of $74.30 million or 4.93% and construction loans of $21.09 million or 3.51%. These increases were partially offset by decreases from year-end 2007 in installment loans of $22.32 million or 6.21% and other real estate loans of $3.53 million or 1.47%. Commercial loans (not secured by real estate) and single-family residential real estate loans were relatively flat from year-end 2007, declining $8.86 million and $8.53 million, respectively. Both declines were less than 1%.

The following table summarizes the changes in the loan categories since year-end 2007:

(Dollars in thousands)	June 30 2008	December 31 2007	$ Change	% Change
Loans held for sale	$ 4,199	$ 1,270	$ 2,929	230.63%
Commercial, financial, and agricultural	$ 1,201,191	$ 1,210,049	$ (8,858)	(0.73%)
Real Estate:				
Single family residential	1,873,971	1,882,498	(8,527)	(0.45%)
Commercial	1,581,838	1,507,541	74,297	4.93%
Construction	622,416	601,323	21,093	3.51%
Other	236,375	239,907	(3,532)	(1.47%)
Consumer	336,927	359,243	(22,316)	(6.21%)
Less: Unearned income	(6,734)	(7,077)	343	(4.85%)
Total Loans, net of unearned income	$ 5,845,984	$ 5,793,484	$ 52,500	0.91%

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

Other Assets

Other assets increased $11.73 million or 5.51% from year-end 2007 due mainly to increases of $9.07 million in deferred tax assets, $3.25 million in other real estate owned (OREO), $2.87 million in the funded status of United s pension plan, and $2.32 million in the cash surrender value of bank-owned life insurance policies. Partially offsetting these increases from year-end 2007 were decreases in accounts receivable of $1.64 million, income taxes receivable of $1.39 million and core deposit intangibles of $1.96 million.

Deposits

Total deposits at June 30, 2008 increased $123.23 million or 2.30% since year-end 2007. In terms of composition, noninterest-bearing deposits decreased $35.49 million or 3.89% while interest-bearing deposits increased $158.72 million or 3.58% from December 31, 2007. The decrease in noninterest-bearing deposits was due mainly to a decrease in official checks of $8.61 million due to a large amount of loan proceeds checks at year-end 2007 and commercial noninterest bearing deposits of $9.05 million as customers shifted money into interest-bearing products. Personal noninterest bearing deposits were relatively flat from year-end 2007, increasing $1.56 million or less than 1%.

Table of Contents

The increase in interest-bearing deposits was due mainly to a growth in time deposits under $100,000 of $97.51 million or 6.26% and time deposits over $100,000 of $59.21 million or 6.21%. Regular savings balances increased $11.01 million or 3.39%. Interest-bearing checking account balances increased $19.73 million or 11.29%. Interest bearing money market accounts (MMDAs) decreased $28.74 million or 2.02%. This increase in interest-bearing deposits was due likely to the volatility in the stock market as well as aggressive pricing on large commercial time deposits

The following table summarizes the changes in the deposit categories since year-end 2007:

	June 30 2008	December 31 2007	$ Change	% Change
(Dollars In thousands)				
Demand deposits	$ 373,562	$ 409,109	$ (35,547)	(8.69%)
Interest-bearing checking	194,392	174,666	19,726	11.29%
Regular savings	335,735	324,728	11,007	3.39%
Money market accounts	1,901,302	1,929,985	(28,683)	(1.49%)
Time deposits under $100,000	1,654,990	1,557,478	97,512	6.26%
Time deposits over $100,000	1,012,998	953,784	59,214	6.21%
Total deposits	$ 5,472,979	$ 5,349,750	$ 123,229	2.30%

Borrowings

Total borrowings at June 30, 2008 decreased $77.69 million or 4.29% during the first six months of 2008. Since year-end 2007, short-term borrowings decreased $207.00 million or 19.98% due to a $218 million reduction in overnight FHLB borrowings. Federal funds purchased decreased $4.92 million or 5.07% while securities sold under agreements to repurchase increased $19.61 million or 3.92% since year-end 2007. Long-term borrowings increased $129.31 million or 16.70% due to an increase of $139.84 million or 24.18% in long-term FHLB advances.

The table below summarizes the change in the borrowing categories since year-end 2007:

	June 30 2008	December 31 2007	$ Change	% Change
(Dollars In thousands)				
Federal funds purchased	$ 92,155	$ 97,074	$ (4,919)	(5.07%)
Securities sold under agreements to repurchase	519,601	499,989	19,612	3.92%
Overnight FHLB advances	216,000	434,000	(218,000)	(50.23%)
TT&L note option	1,307	5,000	(3,693)	(73.86%)
Long-term FHLB advances	718,108	578,272	139,836	24.18%
Issuances of trust preferred capital securities	185,363	195,890	(10,527)	(5.37%)
Total borrowings	$ 1,732,534	$ 1,810,225	$ (77,691)	(4.29%)

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

Table of Contents

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at June 30, 2008 increased $2.69 million or 4.12% from year-end 2007 mainly as a result of an increase in income taxes payable of $4.61 million due to a timing difference in payments. In addition, derivative liabilities increased $1.35 million due to a change in value and a liability of $1.53 million was recorded for split dollar life insurance policies based on the adoption of EITF 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements . Interest payable decreased $2.22 million due to a decline in borrowings and interest rates and other accrued expenses declined $1.05 million due to payments.

Shareholders Equity

Shareholders equity at June 30, 2008 increased $11.67 million or 1.53% from December 31, 2007 as United continued to balance capital adequacy and the return to shareholders. The increase in shareholders equity was due mainly to earnings net of dividends declared which equaled $25.75 million for the first half of 2008.

Accumulated other comprehensive income decreased $13.62 million due mainly to a decline of $14.11 million, net of deferred taxes, in the fair value of United s available for sale investment portfolio. The fair value of cash flow hedges decreased $1.06 million, net of deferred taxes.

RESULTS OF OPERATIONS

Overview

Net income for the first six months of 2008 was $50.84 million or $1.17 per diluted share compared to $48.92 million or $1.19 per share for the first six months of 2007. Net income for the second quarter of 2008 was $25.15 million or $0.58 per diluted share, as compared to $24.51 million or $0.60 per diluted share reported for the prior year second quarter.

United s annualized return on average assets for the first six months of 2008 was 1.29% and return on average shareholders equity was 13.12% as compared to 1.50% and 15.33% for the first six months of 2007. For the second quarter of 2008, United s annualized return on average assets was 1.27% while the return on average equity was 12.90% as compared to 1.50% and 15.22%, respectively, for the second quarter of 2007.

Tax-equivalent net interest income for the first six months of 2008 increased $19.45 million or 17.12% from the prior year s first six months. Tax-equivalent net interest income for the second quarter of 2008 increased $9.88 million or 17.37% as compared to the same period of 2007. The provision for credit losses was $6.45 million for the first six months of 2008 as compared to $1.20 million for the first six months of 2007. For the quarters ended June 30, 2008 and 2007, the provision for credit losses was $4.35 million and $850 thousand, respectively.

Noninterest income for the first six months of 2008 increased $6.35 million or 20.20% from the first six months of 2007. For the second quarter of 2008, noninterest income increased $2.66 million or 16.08% from the second quarter of 2007. The largest increase came from fees from deposit services. Noninterest expense for the first half of 2008 increased $18.84 million or 29.45% from the same period in 2007. For the second quarter of 2008, noninterest expense increased $8.98 million or 27.64% from the second quarter of

2007. United s effective tax rate was 31.23% and 31.80% for the first six months of 2008 and 2007, respectively, and 31.12% and 31.91% for the second quarter of 2008 and 2007, respectively.

Net Interest Income

Tax-equivalent net interest income for the first six months of 2008 was $133.03 million, an increase of $19.45 million or 17.12% from the prior year s first six months. This increase in tax-equivalent net interest income was primarily attributable to a $1.17 billion or 19.46% increase in average earning assets resulting primarily from the Premier acquisition. Average net loans increased $1.04 billion or 22.04% while average investment securities increased $133.26 million or 10.61%. Additionally, the average cost of funds for the first six months of 2008 declined 84 basis points from the first six months of 2007 due to a decrease in market interest rates and the refinancing of long-term debt during the second and fourth quarters of 2007. However, the average yield on earning assets declined 68 basis points due to the decrease in market interest rates. The net interest margin for the first six months of 2008 was 3.72% as compared to 3.79% for the first six months of 2007.

Tax-equivalent net interest income for the second quarter of 2008 was $66.79 million, an increase of $9.88 million or 17.37% from the second quarter of 2007 due mainly to a $1.21 billion or 20.12% increase in average earning assets for the quarter resulting primarily from the Premier acquisition. Average net loans grew $1.05 billion or 22.26% while average investment securities increased $160.35 million or 12.94%. Additionally, the average cost of funds declined 112 basis points in the second quarter of 2008 as compared to the second quarter of 2007 due to a decrease in market interest rates and the Company s refinancing of long-term debt in the fourth quarter of 2007. Partially offsetting these increases to net interest income was a decrease of 93 basis points in the second quarter of 2008 average yield on earning assets due to the decline in market interest rates. The net interest margin for the second quarter of 2008 was 3.71% as compared to 3.80% for the second quarter of 2007.

On a linked-quarter basis, United s tax-equivalent net interest income for the second quarter of 2008 was relatively stable as it increased $552 thousand or slightly less than 1% from the first quarter of 2008. The increase was due mainly to a 53 basis point decline in the average cost of funds from the first quarter of 2008. Average earning assets increased $71.05 million or 1.00% as average net loans grew $41.48 million or less than 1% and average investments increased $21.94 million or 1.59% for the quarter. The net interest margin of 3.71% for the second quarter of 2008 was relatively stable as compared to the net interest margin of 3.72% for the first quarter of 2008.

Table of Contents

Tables 1 and 2 below show the unaudited consolidated daily average balance of major categories of assets and liabilities for the three-month and six-month periods ended June 30, 2008 and 2007, respectively, with the interest and rate earned or paid on such amount. The interest income and yields on federally nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory federal income tax rate of 35%. The interest income and yield on state nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory state income tax rate of 8.75% in 2008 and 9% in 2007.

Table 1

	Three Months Ended June 30, 2008			Three Months Ended June 30, 2007		
(Dollars in thousands)	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
ASSETS						
Earning Assets:						
Federal funds sold and securities repurchased under agreements to resell and other short-term investments	$ 42,861	$ 220	2.07%	$ 45,560	$ 599	5.27%
Investment Securities:						
Taxable	1,184,433	14,868	5.02%	1,017,997	13,184	5.18%
Tax-exempt (1) (2)	215,523	4,002	7.43%	221,611	4,530	8.18%
Total Securities	1,399,956	18,870	5.39%	1,239,608	17,714	5.72%
Loans, net of unearned income (1) (2) (3)	5,822,175	90,967	6.28%	4,759,710	87,475	7.37%
Allowance for loan losses	(56,780)			(43,928)		
Net loans	5,765,395		6.34%	4,715,782		7.44%
Total earning assets	7,208,212	$110,057	6.13%	6,000,950	$105,788	7.06%
Other assets	777,390			556,767		
TOTAL ASSETS	$7,985,602			$6,557,717		
LIABILITIES						
Interest-Bearing Funds:						
Interest-bearing deposits	$4,507,731	30,183	2.69%	$3,868,096	$ 34,228	3.55%
Short-term borrowings	918,710	3,750	1.64%	645,705	7,124	4.43%
Long-term borrowings	854,010	9,334	4.40%	523,878	7,530	5.77%
Total Interest-Bearing Funds	6,280,451	43,267	2.77%	5,037,679	48,882	3.89%
Noninterest-bearing deposits	854,850			806,711		
Accrued expenses and other liabilities	66,521			67,522		
TOTAL LIABILITIES	7,201,822			5,911,912		
SHAREHOLDERS EQUITY	783,780			645,805		

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$7,985,602			$6,557,717		
NET INTEREST INCOME		$ 66,790			$ 56,906	
INTEREST SPREAD			3.36%			3.17%
NET INTEREST MARGIN			3.71%			3.80%

(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) The interest income and the yields on state nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory state income tax rate of 8.75% in 2008 and 9% in 2007.
(3) Nonaccruing loans are included in the daily average loan amounts outstanding.

Table of Contents

Table 2

	Six Months Ended June 30, 2008			Six Months Ended June 30, 2007		
(Dollars in thousands)	**Average Balance**	**Interest**	**Avg. Rate**	**Average Balance**	**Interest**	**Avg. Rate**
ASSETS						
Earning Assets:						
Federal funds sold and securities repurchased under agreements to resell and other short-term investments	$ 39,043	$ 492	2.53%	$ 41,022	$ 1,104	5.43%
Investment Securities:						
Taxable	1,166,198	30,021	5.15%	1,033,828	26,614	5.15%
Tax-exempt (1) (2)	222,789	8,413	7.55%	221,902	9,082	8.19%
Total Securities	1,388,987	38,434	5.53%	1,255,730	35,696	5.69%
Loans, net of unearned income (1) (2) (3)	5,798,360	188,637	6.53%	4,751,075	173,621	7.36%
Allowance for loan losses	(53,705)			(43,767)		
Net loans	5,744,655		6.60%	4,707,308		7.42%
Total earning assets	7,172,685	$227,563	6.37%	6,004,060	$210,421	7.05%
Other assets	781,439			555,476		
TOTAL ASSETS	$7,954,124			$6,559,536		
LIABILITIES						
Interest-Bearing Funds:						
Interest-bearing deposits	$4,491,321	$ 65,312	2.92%	$3,862,037	$ 67,398	3.52%
Short-term borrowings	955,028	10,580	2.23%	662,109	14,626	4.45%
Long-term borrowings	816,945	18,643	4.59%	515,236	14,818	5.80%
Total Interest-Bearing Funds	6,263,294	94,535	3.04%	5,039,382	96,842	3.88%
Non-interest bearing deposits	847,647			809,224		
Accrued expenses and other liabilities	64,051			67,522		
TOTAL LIABILITIES	7,174,992			5,916,128		
SHAREHOLDERS EQUITY	779,132			643,408		
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$7,954,124			$6,559,536		

NET INTEREST INCOME	$133,028	$113,579
INTEREST SPREAD	3.33%	3.17%
NET INTEREST MARGIN	3.72%	3.79%

(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) The interest income and the yields on state nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory state income tax rate of 8.75% in 2008 and 9% in 2007.
(3) Nonaccruing loans are included in the daily average loan amounts outstanding.

Provision for Credit Losses

The provision for credit losses for the first six months of 2008 and 2007 was $6.45 million and $1.20 million, respectively. For the quarters ended June 30, 2008 and 2007, the provision for credit losses was $4.35 million and $850 thousand, respectively. Net charge-offs for the first six months of 2008 were $6.03 million as compared to $2.35 million for the first six months of 2007. Net charge-offs were $4.24 million for

the second quarter of 2008 as compared to net charge-offs of $2.02 million for the same quarter in 2007. Annualized net charge-offs as a percentage of average loans were 0.29% and 0.21% for the second quarter and first half of 2008, respectively. These ratios compare favorably to United s most recently reported peer group banking companies net charge-offs to average loans percentage of 0.47% which was for the first quarter of 2008. Most of the increase in net charge-offs from last year was due a $2.75 million charge-off on an automobile floor plan credit.

At June 30, 2008, nonperforming loans were $49.37 million or 0.84% of loans, net of unearned income compared to nonperforming loans of $28.33 million or 0.49% of loans, net of unearned income at December 31, 2007, respectively. The components of nonperforming loans include nonaccrual loans and loans, which are contractually past due 90 days or more as to interest or principal, but have not been put on a nonaccrual basis. At June 30, 2008, nonaccrual loans were $33.68 million, an increase of $19.56 million or 138.58% from $14.12 million at year-end 2007. The increase in nonaccrual loans was due mainly to $15.92 million of loans to nine customers being on nonaccrual status as of June 30, 2008. These loans are not of one particular portfolio, but rather represent several segments including automobile floor plans, commercial loans, commercial real estate development loans, mortgage loans and residential real estate construction loans. The loss potential on these loans has been properly evaluated and allocated within the Company s allowance for loan losses. Loans past due 90 days or more were $15.70 million at June 30, 2008, an increase of $1.49 million or 10.46% from $14.21 million at year-end 2007. The increase was mainly due to one large residential real estate credit of $1.14 million past due 90 days or more at June 30, 2008. Total nonperforming assets of $58.99 million, including OREO of $9.62 million at June 30, 2008, represented 0.73% of total assets at the end of the second quarter which compares favorably to the most recently reported percentage of 0.95% at March 31, 2008 for United s peer group. For a summary of nonperforming assets, see Note 6 to the unaudited Notes to Consolidated Financial Statements.

At June 30, 2008, impaired loans were $54.35 million, which was an increase of $23.40 million or 75.60% from the $30.95 million in impaired loans at December 31, 2007. This increase in impaired loans was due in large part to the addition of $6.36 million of commercial loans to an automobile dealer. Most of these credits are collateralized by motor vehicle inventory. In addition, several residential real estate construction loans totaling approximately $3.43 million were added during the first half of 2008. The loans are collateralized by land, some with partially completed homes. The remainder of the increase is primarily to six large commercial credits totaling $10.94 million that were added during the first six months of 2008. Based on current information and events, United believes it is probable that the borrowers will not be able to repay all amounts due according to the contractual terms of the loan agreements. The loss potential on these loans has been properly evaluated and allocated within the company s allowance for loan losses. For further details regarding impaired loans, see Note 6 to the unaudited Consolidated Financial Statements.

United maintains an allowance for loan losses and an allowance for lending-related commitments. The combined allowances for loan losses and lending-related commitments are referred to as the allowance for credit losses. United evaluates the adequacy of the allowance for credit losses and its loan administration policies are focused upon the risk characteristics of the loan portfolio. United s process for evaluating the allowance is a formal company-wide process that focuses on early identification of potential problem credits and procedural discipline in managing and accounting for those credits. This process determines the appropriate level of the allowance for credit losses, allocation among loan types and lending-related commitments, and the resulting provision for credit losses.

Table of Contents

At June 30, 2008, the allowance for credit losses was $59.16 million as compared to $58.74 million at December 31, 2007. As a percentage of loans, net of unearned income, the allowance for credit losses was 1.01% at both June 30, 2008 and December 31, 2007. The ratio of the allowance for credit losses to nonperforming loans was 119.83% and 207.39% at June 30, 2008 and December 31, 2007, respectively.

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

United s formal company-wide process at June 30, 2008 produced increased allocations in all of the four loan categories. The components of the allowance allocated to commercial loans increased by $3.30 million due to the impact of an increase in historical loss rates, increased outstandings in the watch loan pool, an increase in qualitative factors for business and economic conditions and higher specific allocations on impaired loans. The real estate loan pool allocations increased $1.02 million also as a result of increases in historical loss rates. The real estate construction loan pool allocations rose during the quarter by $1.69 million primarily due to a new allocation of approximately $1.4 million to recognize increased risk inherent in the present real estate market environment as well as higher specific allocations on impaired loans. The components of the allowance allocated to consumer loans increased by $104 thousand due to increases in historical loss rates. The methodology for calculation of the unfunded commitments liability was changed to be more consistent with the historical utilization of unfunded commitments and this resulted in a decrease of $6.16 million to $2.13 million.

An allowance is established for probable credit losses on impaired loans via specific allocations. Nonperforming commercial loans and leases are regularly reviewed to identify impairment. A loan or lease is impaired when, based on current information and events, it is probable that the bank will not be able to collect all amounts contractually due. Measuring impairment of a loan requires judgment and estimates, and the eventual outcomes may differ from those estimates. Impairment is measured based upon the present value of expected future cash flows from the loan discounted at the loan s effective rate, the loan s observable market price or the fair value of collateral, if the loan is collateral dependent. When the selected measure is less than the recorded investment in the loan, an impairment has occurred. The allowance for impaired loans was $5.12 million at June 30, 2008 and $3.61 million at December 31, 2007. Compared to the prior year-end, this element of the allowance increased by $1.51 million due to the combination of increased commercial and real estate construction and development loan pool allocations.

An allowance is also recognized for imprecision inherent in loan loss migration models and other estimates of loss. There are many factors affecting the allowance for loan losses and allowance for lending-related commitments; some are quantitative while others require qualitative judgment. Although management believes its methodology for determining the allowance adequately considers all of the potential factors to identify and quantify probable losses in the portfolio, the process includes subjective elements and is therefore susceptible to change. This estimate for imprecision has been established to recognize the variance, within a reasonable margin, of the loss estimation process. The estimate for imprecision increased at June 30, 2008 by $459 thousand to $1.57 million. This represents 2.65% of the bank s total allowance for credit loss and in as much as this variance approximates a predetermined narrow parameter, the methodology has confirmed that the Bank s allowance for credit loss is at an appropriate level.

Management believes that the allowance for credit losses of $59.16 million at June 30, 2008 is adequate to provide for probable losses on existing loans and loan-related commitments based on information currently available. Note 5 to the accompanying unaudited Notes to Consolidated Financial Statements provides a progression of the allowance for credit losses.

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

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

Other Income

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

Noninterest income was $37.79 million for the first six months of 2008, up $6.35 million or 20.20% when compared to the first six months of 2007. For the second quarter of 2008, noninterest income was $19.18 million, an increase of $2.66 million or 16.08% from the second quarter of 2007.

The rise in noninterest income in the first six months of 2008 from the same period in 2007 was due in large part to an increase of $4.04 million or 26.84% in fees from deposit services mainly as a result of United s High Performance Checking program and the Premier acquisition. For the second quarter of 2008, fees from deposit services increased $2.13 million or 27.11% as compared to the same period in 2007. In particular, insufficient funds (NSF) fees increased $2.80 million and $1.47 million during the first six months and

second quarter of 2008, respectively, and check card fees increased $838 thousand and $434 thousand, respectively. In addition, account analysis fees increased $331 thousand and $217 thousand, respectively, for the first six months and second quarter of 2008 as compared to the same periods in 2007.

Revenue from trust and brokerage services for the first half of 2008 grew $1.18 million or 16.19% from the first half of 2007. For the second quarter of 2008, revenue from trust and brokerage services grew $790 thousand or 20.99% from the prior year s second quarter. The increase in trust and brokerage services is the result of increased volume. United continues its efforts to broaden the scope and activity of its trust and brokerage service areas, especially in the northern Virginia market, to provide additional sources of fee income that complement United s traditional banking products and services. The northern Virginia market provides a relatively large number of potential customers with high per capita incomes.

Income from bank-owned life insurance decreased $465 thousand or 16.69% and $315 thousand or 23.74% for the first half and second quarter of 2008, respectively, as compared to last year s income during the same periods due to a decrease in the cash surrender value.

Mortgage banking income decreased $74 thousand or 22.91% and $6 thousand or 3.70% for the first half and second quarter of 2008 from the same periods in 2007 due to fewer sales. Mortgage loan sales were $3.95 million in the first half of 2008 as compared to $22.72 million in the first half of 2007. Mortgage loan sales were $2.19 million in the second quarter of 2008 as compared to $12.23 million in the second quarter of 2007.

Gains on investment securities transactions for the first half of 2008 increased $587 thousand from the first half of 2007. The increase is due mainly to a $917 thousand gain related to Visa s initial public offering and the subsequent partial redemption during the first quarter of 2008 of Visa shares held by United. A net loss of $46 thousand on securities transactions was incurred for the second quarter of 2008 as compared to a net gain of $165 thousand for the second quarter of 2007. Included in noninterest income for the first half and second quarter of 2007 was a before-tax gain of $787 thousand on two interest rate swap terminations.

Other income increased $985 thousand and $522 thousand for the first half and second quarter of 2008, respectively. This increase in other income is due mainly to an increase of $1.35 million and $755 thousand for the first half and second quarter of 2008, respectively, from derivatives not in a hedging relationship. A corresponding amount of expense is included in other expense in the income statement. Income from the outsourcing of official checks processing for the first half and second quarter of 2008 decreased $286 thousand and $164 thousand, respectively, over the same periods last year.

On a linked-quarter basis, noninterest income for the second quarter of 2008 increased $573 thousand from the first quarter of 2008. Included in the results for the first quarter of 2008 was the previously mentioned $917 thousand gain related to the partial redemption of Visa shares. Excluding the results of securities transactions (which includes the partial redemption of the Visa shares), noninterest income would have increased $1.57 million or 8.92% on a linked-quarter basis. This increase primarily resulted from an increase in fees from deposit services of $919 thousand or 10.12% due mainly to the High Performance Checking program and an increase of $614 thousand or 15.59% in revenue from trust and brokerage services due to more volume.

Table of Contents

Other Expenses

Just as management continues to evaluate areas where noninterest income can be enhanced, it strives to improve the efficiency of its operations to reduce costs. Other expenses include all items of expense other than interest expense, the provision for loan losses, and income taxes. For the first six months of 2008, noninterest expenses increased $18.84 million or 29.45% from the first six months of 2007. Noninterest expenses increased $8.98 million or 27.64% for the second quarter of 2008 compared to the same period in 2007. Noninterest expense for the first half and second quarter of 2007 included a before-tax penalty of $786 thousand to prepay approximately $28.9 million of a $100 million long-term convertible FHLB advance.

Salaries and benefits expense for the first half and second quarter of 2008 increased $8.32 million or 28.07% and $4.15 million or 28.03%, respectively, from the same time periods last year. The increase in salaries and benefits expense was due mainly to the additional employees from the Premier merger. Of this total increase, salaries and employee incentives increased $7.08 million and $3.68 million for the first half and second quarter of 2008, respectively, while benefits expense increased $1.18 million and $555 thousand. Specifically within benefits expense were increases in health insurance costs of $608 thousand and $290 thousand and in employment taxes of $463 thousand and $225 thousand for the first half and second quarter of 2008, respectively. Also included in salaries and benefits expense for the first six months and second quarter of 2008 was expense for stock options of $277 thousand and $141 thousand, respectively. No expense for stock options was incurred in the first half of 2007.

Net occupancy expense for the first six months of 2008 increased $1.70 million or 25.89% and $860 thousand or 27.62% from the first six months and second quarter of 2007, respectively. The increase was due mainly to additional building depreciation, building rental expense, and building maintenance from the branches added in the Premier merger. Equipment expense including other real estate owned (OREO), increased $1.47 million or 52.49% and $1.13 million or 83.35% during the same time periods due mainly to an increase in losses due to a deterioration in property values associated with OREO. In addition, depreciation and maintenance expenses on equipment increased primarily as a result of the Premier acquisition.

Data processing expense increased $1.25 million or 31.55% and $165 thousand or 7.39% for the first half and second quarter of 2008, respectively, as compared to the first half and second quarter of 2007. The increase was primarily due to additional outsourcing of processing functions and a change in processing procedures in addition to the Premier merger. The outsourcing of functions was partially offset by a reduction in personnel expense while the change in processing procedures is expected to result in future cost savings as United meets the requirements of Check 21.

Other expenses increased $6.48 million or 36.38% and $3.22 million and 35.77% for the first six months and second quarter of 2008, respectively, as compared to the first half and second quarter of 2007. Several general operating expenses such as postage, telephone, ATM processing, office supplies, advertising, armored car and business franchise taxes increased as a result of the additional branches from the Premier merger. None of the increases were individually significant. Amortization of core deposit intangibles for the first half and second quarter of 2008 increased $1.17 million and $557 thousand, respectively, from the first half and second quarter of 2007 as a result of the Premier merger.

On a linked-quarter basis, noninterest expense for the second quarter of 2008 was relatively flat from the first quarter of 2008, increasing $119 thousand or less than 1%. Salaries and employee benefits expense was flat, decreasing $87 thousand or less than 1%. Equipment expense increased $694 thousand or 38.68% due to increased OREO losses as a result of a decline in property values. Net occupancy expense declined $323 thousand or 7.52% and data processing expense decreased $406 thousand or 14.48%.

Income Taxes

For the first six months of 2008 and 2007, income taxes were $23.09 million and $22.81 million, respectively. For the second quarter of 2008, income taxes were $11.36 million as compared to $11.49 million for the second quarter of 2007. United s effective tax rates for the first six months of 2008 and 2007 were 31.23% and 31.80%, respectively. For the quarters ended June 30, 2008 and 2007, United s effective tax rates were 31.12% and 31.91%, respectively.

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

United has various financial obligations, including contractual obligations and commitments, that may require future cash payments. Please refer to United s Annual Report on Form 10-K for the year ended December 31, 2007 for disclosures with respect to United s fixed and determinable contractual obligations. There have been no material changes outside the ordinary course of business since year-end 2007 in the specified contractual obligations disclosed in the Annual Report on Form 10-K.

On January 1, 2007, United adopted the provisions of FIN 48. As of June 30, 2008, United recorded a liability for uncertain tax positions, including interest and penalties, of $8.28 million in accordance with FIN 48. This liability represents an estimate of tax positions that United has taken in its tax returns which may ultimately not be sustained upon examination by tax authorities. Since the ultimate amount and timing of any future cash settlements cannot be predicted with reasonable certainty, this estimated liability is excluded from the contractual obligations table.

United also enters into derivative contracts, mainly to protect against adverse interest rate movements on the value of certain assets or liabilities, under which it is required to either pay cash to or receive cash from counterparties depending on changes in interest rates. Derivative contracts are carried at fair value and not notional value on the consolidated balance sheet. Further discussion of derivative instruments is presented in Note 11 to the unaudited Notes to Consolidated Financial Statements.

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

Table of Contents

Liquidity

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

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

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

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

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

For the six months ended June 30, 2008, cash of $50.03 million was provided by operating activities. Net cash of $75.22 million was used in investing activities which was primarily due to loan growth of $51.68 million and net purchases of investment securities of $22.48 million. During the first six months of 2008, net cash of $21.79 million was provided by financing activities due primarily to net advances of $139.84 million in long-term FHLB borrowings and growth of $123.62 million in deposits. Uses of cash for financing activities included the repayment of $207.00 million in short-term borrowings, the payment of $25.08 million for cash dividends and the redemption of a trust preferred issuance in the amount of $10.31 million. The net effect of the cash flow activities was a decrease in cash and cash equivalents of $3.40 million for the first half of 2008.

United anticipates it can meet its obligations over the next 12 months and has no material commitments for

capital expenditures. There are no known trends, demands, commitments, or events that will result in or that are reasonably likely to result in United s liquidity increasing or decreasing in any material way. United also has significant lines of credit available. See Notes 8 and 9 to the accompanying unaudited Notes to Consolidated Financial Statements for more details regarding the amounts available to United under line of credit.

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

Capital Resources

United s capital position is financially sound. United seeks to maintain a proper relationship between capital and total assets to support growth and sustain earnings. United has historically generated attractive returns on shareholders equity. Based on regulatory requirements, United and its banking subsidiaries are categorized as well capitalized institutions. United s risk-based capital ratios of 10.96% at June 30, 2008 and 10.76% at December 31, 2007, were both significantly higher than the minimum regulatory requirements. United s Tier I capital and leverage ratios of 9.92% and 8.43%, respectively, at June 30, 2008, are also well above regulatory minimum requirements.

Total shareholders equity was $772.86 million, an increase of $11.67 million or 1.53% from December 31, 2007. United s equity to assets ratio was 9.60% at June 30, 2008 as compared to 9.52% at December 31, 2007. The primary capital ratio, capital and reserves to total assets and reserves, was 10.26% at June 30, 2008 as compared to 10.18% at December 31, 2007. United s average equity to average asset ratio was 9.82% and 9.85% for the quarters ended June 30, 2008 and 2007, respectively. For the first six months of 2008 and 2007, the average equity to average assets ratio was 9.80% and 9.81%, respectively. All of these financial measurements reflect a financially sound position.

During the second quarter of 2008, United s Board of Directors declared a cash dividend of $0.29 per share. Cash dividends were $0.58 per common share for the first six months of 2008. Total cash dividends declared were approximately $12.55 million for the second quarter of 2008 and $25.09 million for the first six months of 2008, an increase of 10.38% and 9.95% over comparable periods of 2007. The year 2008 is expected to be the thirty-fifth consecutive year of dividend increases to United shareholders.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

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

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

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

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

Table of Contents

margin.

The following table shows United s estimated earnings sensitivity profile as of June 30, 2008 and December 31, 2007:

Change in Interest Rates (basis points)	Percentage Change in Net Interest Income	
	June 30, 2008	December 31, 2007
+200	3.12%	2.37%
+100	1.48%	1.71%
-100	-1.00%	-0.60%
-200	-7.81%	-3.33%

At June 30, 2008, given an immediate, sustained 100 basis point upward shock to the yield curve used in the simulation model, net interest income for United is estimated to increase by 1.48% over one year as compared to an increase of 1.71% at December 31, 2007. A 200 basis point immediate, sustained upward shock in the yield curve would increase net interest income by an estimated 3.12% over one year as of June 30, 2008, as compared to an increase of 2.37% as of December 31, 2007. A 100 basis point immediate, sustained downward shock in the yield curve would decrease net interest income by an estimated 1.00% over one year as of June 30, 2008, as compared to a decrease of 0.60% as of December 31, 2007. A 200 basis point immediate, sustained downward shock in the yield curve would decrease net interest income by an estimated 7.81% over one year as compared to a decrease of 3.33% over one year as of December 31, 2007.

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

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

As part of its interest rate risk management strategy, United may use derivative instruments to protect against adverse price or interest rate movements on the value of certain assets or liabilities and on future cash flows. These derivatives commonly consist of interest rate swaps, caps, floors, collars, futures, forward contracts, written and purchased options. Interest rate swaps obligate two parties to exchange one or more payments generally calculated with reference to a fixed or variable rate of interest applied to the notional amount. United accounts for its derivative activities in accordance with the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. During the year of 2007, United realized a net loss of $8.11 million in connection with the termination of interest rate swaps. This was done to improve future earnings.

During 1999, to better manage risk, United sold fixed-rate residential mortgage loans in a securitization transaction. In that securitization, United retained a subordinated interest that represented United s right to

future cash flows arising after third party investors in the securitization trust have received the return for which they contracted. United does not receive annual servicing fees from this securitization because the loans are serviced by an independent third-party. The investors and the securitization trust have no recourse to United s other assets for failure of debtors to pay when due; however, United s retained interests are subordinate to investors interests. The book value and fair value of the subordinated interest are subject to credit, prepayment, and interest rate risks on the underlying fixed-rate residential mortgage loans in the securitization.

At the date of securitization, key economic assumptions used in measuring the fair value of the subordinated interest were as follows: a weighted average life of 5.3 years, expected cumulative default rate of 15%, and residual cash flows discount rates of 8% to 18%. At June 30, 2008 and December 31, 2007, the fair values of the subordinated interest and the cost of the available for sale securities was zero.

At June 30, 2008, the principal balances of the residential mortgage loans held in the securitization trust were approximately $6.5 million. Principal amounts owed to third party investors and to United in the securitization were approximately $2.5 million and $4.0 million, respectively, at June 30, 2008. The weighted average term to maturity of the underlying mortgages approximated 9.1 years as of June 30, 2008. During the three and six months ended June 30, 2008, United received cash of $446 thousand and $1.09 million, respectively, from its subordinated interest in the securitization.

The amount of future cash flows from United s subordinated interest is highly dependent upon future prepayments and defaults. Accordingly, the amount and timing of future cash flows to United is uncertain at this time.

The following table presents quantitative information about delinquencies, net credit losses, and components of the underlying securitized fixed-rate residential mortgage loans:

	June 30, 2008	**December 31, 2007**
Total principal amount of loans	$6,539	$ 7,393
Principal amount of loans 60 days or more past due	172	86
Year-to-date average balances	7,014	8,817
Year-to-date net credit (recoveries) losses	(201)	(66)

Extension Risk

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

mortgages later than anticipated. This is generally referred to as extension risk.

At June 30, 2008, United s mortgage related securities portfolio had an amortized cost of $897 million, of which approximately $703 million or 78% were fixed rate collateralized mortgage obligations (CMOs). These fixed rate CMOs consisted primarily of planned amortization class (PACs), sequential-pay and accretion directed (VADMs) bonds having an average life of approximately 2.4 years and a weighted average yield of 4.87%, under current projected prepayment assumptions. These securities are expected to have very little extension risk in a rising rate environment. Current models show that given an immediate, sustained upward shock of 300 basis points, the average life of these securities would only extend to 2.6 years. The projected price decline of the fixed rate CMO portfolio in rates up 300 basis points would be 6.5%, less than the price decline of a 3 year treasury note. By comparison, the price decline of a 30-year current coupon mortgage backed security (MBS) in rates higher by 300 basis points would be approximately 19%.

United had approximately $86 million in 15-year mortgage backed securities with a projected yield of 4.72% and a projected average life of 4.2 years as of June 30, 2008. This portfolio consisted of seasoned 15-year mortgage paper with a weighted average loan age (WALA) of over 3 years and a weighted average maturity (WAM) of 11.4 years.

United had approximately $34 million in 20-year mortgage backed securities with a projected yield of 4.78% and a projected average life of 5.3 years on June 30, 2008. This portfolio consisted of seasoned 20-year mortgage paper with a weighted average loan age (WALA) of 4.4 years and a weighted average maturity (WAM) of 15.2 years.

United had approximately $15 million in 30-year mortgage backed securities with a projected yield of 6.49% and a projected average life of 5.0 years on June 30, 2008. This portfolio consisted of seasoned 30-year mortgage paper with a weighted average loan age (WALA) of over 8.5 years and a weighted average maturity (WAM) of 19.5 years.

The remaining 6% of the mortgage related securities portfolio at June 30, 2008, included adjustable rate securities (ARMs), balloon securities, and 10-year mortgage backed pass-through securities.

Item 4. CONTROLS AND PROCEDURES

As of June 30, 2008, an evaluation was performed under the supervision of and with the participation of United s management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of United s disclosure controls and procedures. Based on that evaluation, United s management, including the CEO and CFO, concluded that United s disclosure controls and procedures as of June 30, 2008 were effective in ensuring that information required to be disclosed in the Quarterly Report on Form 10-Q was recorded, processed, summarized and reported within the time period required by the Securities and Exchange Commission s rules and forms. There have been no changes in United s internal control over financial reporting that occurred during the quarter ended June 30, 2008, or in other factors that have materially affected or are reasonably likely to materially affect United s internal control over financial reporting.

Table of Contents

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the normal course of business, United and its subsidiaries are currently involved in various legal proceedings. 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 1A. RISK FACTORS

In addition to the other information set forth in this report, please refer to United s Annual Report on Form 10-K for the year ended December 31, 2007 for disclosures with respect to United s risk factors which could materially affect United s business, financial condition or future results. The risks described in the Annual Report on Form 10-K are not the only risks facing United. Additional risks and uncertainties not currently known to United or that United currently deems to be immaterial also may materially adversely affect United s business, financial condition and/or operating results. There are no material changes from the risk factors disclosed in United s Annual Report on Form 10-K for the year ended, December 31, 2007.

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

There have been no United equity securities sales during the first six months of 2008 that were not registered. The table below includes certain information regarding United s purchase of its common shares during the quarter ended June 30, 2008:

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)
4/01 4/30/2008	34	$ 27.18		322,200
5/01 5/31/2008	414	$ 26.36		322,200
6/01 6/30/2008	31	$ 30.42		322,200
Total	479	$ 26.68		

(1) Includes shares exchanged in connection with the exercise of stock options under United s stock option plans. Shares are purchased pursuant to the terms of the applicable stock option plan and not pursuant to a publicly announced stock repurchase plan. For the three months ended June 30, 2008, the following shares were exchanged by participants in United s stock option plans: May 2008 381 shares at an average price of $26.23.

Table of Contents

(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 three months ended June 30, 2008, the following shares were purchased for the deferred compensation plan: April 2008 34 shares at an average price of $27.18; May 2008 33 shares at an average price of $27.83; and June 2008 31 shares at an average price of $30.42.

(3) In May of 2006, United s Board of Directors approved a repurchase plan to repurchase up to 1.7 million shares of United s common stock on the open market (the 2006 Plan). The timing, price and quantity of purchases under the plan are at the discretion of management and the plan may be discontinued, suspended or restarted at any time depending on the facts and circumstances.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Annual Meeting of Shareholders was held on Monday, May 19, 2008.

(b) Not applicable as to election of directors because: i) proxies for the meeting were solicited pursuant to Regulation 14 under the Securities and Exchange Act of 1934; ii) there was no solicitation in opposition to the nominees as listed in the proxy statement; iii) all of such nominees, as listed in the proxy statement, were elected.

(c) Two proposals were voted upon at the annual meeting, which included: (1) the election of thirteen (13) persons to serve as directors of United for a one-year term expiring at the 2009 Annual Meeting; and (2) the ratification of the selection of Ernst & Young, Charleston, West Virginia, as independent registered public accountants for the fiscal year ending December 31, 2008. The results of the proposals appear on the following page.

(d) None.

Table of Contents

Proposal 1. Election of Directors:

	Votes For	Votes Withheld
Richard M. Adams	35,093,656	1,253,845
Robert G. Astorg	35,088,855	1,258,646
W. Gaston Caperton, III	35,057,281	1,290,220
Lawrence K. Doll	35,062,740	1,284,761
Theodore J. Georgelas	28,962,021	7,385,480
F. T. Graff, Jr.	34,923,694	1,423,807
John M. McMahon	35,205,447	1,142,054
J. Paul McNamara	35,080,811	1,266,690
G. Ogden Nutting	35,762,301	585,200
William C. Pitt, III	35,115,753	1,231,748
Donald L. Unger	35,040,855	1,306,646
Mary K. Weddle	35,232,684	1,114,817
P. Clinton Winter, Jr.	35,164,368	1,183,133

Proposal 2. Ratification of the selection of Ernst & Young LLP as independent registered public accountants:

For	Against	Abstain
35,962,278	257,850	127,371

Item 5. OTHER INFORMATION

(a) None.

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

Item 6. EXHIBITS

Exhibits required by Item 601 of Regulation S-K

Exhibit 3.1 Articles of Incorporation (incorporated by reference to Exhibits to the 1989 Form 10-K of United Bankshares, Inc., File No. 0-13322)

Exhibit 3.2 Bylaws (incorporated by reference to Exhibits to the 1990 Form 10-K of United Bankshares, Inc., File No. 0-13322)

Exhibit 31.1 Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer

Exhibit 31.2	Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer
Exhibit 32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer
Exhibit 32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer

Table of Contents

SIGNATURES

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

UNITED BANKSHARES, INC.
(Registrant)

Date: August 7, 2008

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

Date: August 7, 2008

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