UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

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

For the transition period from ______ to ______

Commission File Number: 0-13322

United Bankshares, Inc.

(Exact name of registrant as specified in its charter)

West Virginia **(State or other jurisdiction of incorporation or organization)**	**55-0641179** **(I.R.S. Employer Identification No.)**
300 United Center **500 Virginia Street, East** **Charleston, West Virginia** **(Address of principal executive offices)**	**25301** **Zip Code**

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

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

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

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

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 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; **69,448,088** shares outstanding as of **April 30, 2015**.

UNITED BANKSHARES, INC. AND SUBSIDIARIES

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

The March 31, 2015 and December 31, 2014, consolidated balance sheets of United Bankshares, Inc. and Subsidiaries (United or the Company), consolidated statements of income, comprehensive income, consolidated statement of changes in shareholders equity and the condensed consolidated statements of cash flows for the three months ended March 31, 2015 and 2014, and the notes to consolidated financial statements appear on the following pages.

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CONSOLIDATED BALANCE SHEETS

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except par value)

	March 31 2015 (Unaudited)	December 31 2014 (Note 1)
Assets		
Cash and due from banks	$ 158,100	$ 175,713
Interest-bearing deposits with other banks	508,673	576,630
Federal funds sold	721	721
Total cash and cash equivalents	667,494	753,064
Securities available for sale at estimated fair value (amortized cost-$1,155,911 at March 31, 2015 and $1,180,016 at December 31, 2014)	1,165,136	1,180,386
Securities held to maturity (estimated fair value-$36,959 at March 31, 2015 and $36,784 at December 31, 2014)	39,091	39,310
Other investment securities	90,137	96,344
Loans held for sale	8,881	8,680
Loans	9,057,539	9,119,492
Less: Unearned income	(14,428)	(14,840)
Loans net of unearned income	9,043,111	9,104,652
Less: Allowance for loan losses	(75,573)	(75,529)
Net loans	8,967,538	9,029,123
Bank premises and equipment	76,898	77,520
Goodwill	710,252	709,794
Accrued interest receivable	34,084	32,334
Other assets	382,008	402,256
TOTAL ASSETS	$ 12,141,519	$ 12,328,811
Liabilities		
Deposits:		
Noninterest-bearing	$ 2,568,342	$ 2,591,619
Interest-bearing	6,508,302	6,453,866
Total deposits	9,076,644	9,045,485
Borrowings:		
Federal funds purchased	48,115	53,840
Securities sold under agreements to repurchase	325,838	434,155
Federal Home Loan Bank borrowings	705,000	830,335
Other long-term borrowings	222,854	222,636
Reserve for lending-related commitments	1,475	1,518
Accrued expenses and other liabilities	83,535	84,682
TOTAL LIABILITIES	10,463,461	10,672,651
Shareholders Equity		
Preferred stock, $1.00 par value; Authorized-50,000,000 shares, none issued		
	173,643	173,286

Common stock, $2.50 par value; Authorized-100,000,000 shares; issued-69,457,353 and 69,314,407 at March 31, 2015 and December 31, 2014, respectively, including 20,012 and 18,548 shares in treasury at March 31, 2015 and December 31, 2014, respectively		
Surplus	746,033	742,960
Retained earnings	788,727	776,311
Accumulated other comprehensive loss	(29,661)	(35,764)
Treasury stock, at cost	(684)	(633)
TOTAL SHAREHOLDERS EQUITY	1,678,058	1,656,160
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 12,141,519	$ 12,328,811

See notes to consolidated unaudited financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Three Months Ended March 31	
	2015	**2014**
Interest income		
Interest and fees on loans	$ 95,149	$ 87,614
Interest on federal funds sold and other short-term investments	331	167
Interest and dividends on securities:		
Taxable	8,189	6,529
Tax-exempt	880	854
Total interest income	104,549	95,164
Interest expense		
Interest on deposits	6,885	6,401
Interest on short-term borrowings	231	353
Interest on long-term borrowings	2,684	3,108
Total interest expense	9,800	9,862
Net interest income	94,749	85,302
Provision for loan losses	5,354	4,679
Net interest income after provision for loan losses	89,395	80,623
Other income		
Fees from trust and brokerage services	4,892	4,593
Fees from deposit services	9,773	9,559
Bankcard fees and merchant discounts	814	746
Other service charges, commissions, and fees	478	427
Income from bank-owned life insurance	1,273	1,251
Income from mortgage banking	545	259
Net gain on the sale of bank premises	0	8,976
Other income	404	391
Total other-than-temporary impairments	(100)	1,046
Portion of loss recognized in other comprehensive income	66	(1,685)
Net other-than-temporary impairment losses	(34)	(639)
Net gains on sales/calls of investment securities	46	824
Net investment securities gains	12	185
Total other income	18,191	26,387
Other expense		
Employee compensation	20,268	25,007
Employee benefits	6,803	5,624
Net occupancy expense	6,529	6,435
Other real estate owned (OREO) expense	1,113	2,113
Equipment expense	2,124	1,901

Data processing expense	3,743	3,237
Bankcard processing expense	349	324
FDIC insurance expense	2,094	1,507
Other expense	14,632	14,878
Total other expense	57,655	61,026
Income before income taxes	49,931	45,984
Income taxes	15,304	15,860
Net income	$ 34,627	$ 30,124

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CONSOLIDATED STATEMENTS OF INCOME (Unaudited) - continued

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Three Months Ended March 31	
	2015	**2014**
Earnings per common share:		
Basic	$ 0.50	$ 0.48
Diluted	$ 0.50	$ 0.48
Dividends per common share	$ 0.32	$ 0.32
Average outstanding shares:		
Basic	69,207,508	62,434,749
Diluted	69,476,844	62,707,328

See notes to consolidated unaudited financial statements

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands)

	Three Months Ended March 31	
	2015	**2014**
Net income	$ 34,627	$ 30,124
Change in net unrealized gain on of available-for-sale (AFS) securities, net of tax	5,334	8,395
Accretion of the net unrealized loss on the transfer of AFS securities to held-to-maturity (HTM) securities, net of tax	1	1
Change in defined benefit pension plan, net of tax	768	309
Comprehensive income, net of tax	$ 40,730	$ 38,829

See notes to consolidated unaudited financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Three Months Ended March 31, 2015						
	Common Stock				Accumulated Other Comprehensive Income		Total Shareholders
	Shares	Par Value	Surplus	Retained Earnings	(Loss)	Treasury Stock	Equity
Balance at January 1, 2015	69,314,407	$ 173,286	$ 742,960	$ 776,311	($ 35,764)	($ 633)	$ 1,656,160
Comprehensive income:							
Net income	0	0	0	34,627	0	0	34,627
Other comprehensive income, net of tax:	0	0	0	0	6,103	0	6,103
Total comprehensive income, net of tax							40,730
Stock based compensation expense	0	0	631	0	0	0	631
Purchase of treasury stock (4 shares)	0	0	0	0	0	0	0
Cash dividends ($0.32 per share)	0	0	0	(22,211)	0	0	(22,211)
Grant of restricted stock (53,071 shares)	53,071	132	(132)	0	0	0	0
Forfeiture of restricted stock (1,460 shares)	0	0	51	0	0	(51)	0
Common stock options exercised (89,875 shares)	89,875	225	2,523	0	0	0	2,748
Balance at March 31, 2015	69,457,353	$ 173,643	$ 746,033	$ 788,727	($ 29,661)	($ 684)	$ 1,678,058

See notes to consolidated unaudited financial statements

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands)

	Three Months Ended March 31	
	2015	**2014**
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 53,891	$ 35,286
INVESTING ACTIVITIES		
Proceeds from maturities and calls of securities held to maturity	182	174
Proceeds from sales of securities available for sale	1,721	79,153
Proceeds from maturities and calls of securities available for sale	34,366	181,279
Purchases of securities available for sale	(12,514)	(252,104)
Purchases of bank premises and equipment	(1,500)	(1,739)
Proceeds from sales of bank premises and equipment	0	11,414
Proceeds from sales and redemptions of other investment securities	11,578	28,159
Purchases of other investment securities	(5,371)	(24,935)
Acquisition of Virginia Commerce Bancorp, Inc., net of cash paid	0	97,298
Net change in loans	58,360	(54,417)
NET CASH PROVIDED BY INVESTING ACTIVITIES	86,822	64,282
FINANCING ACTIVITIES		
Cash dividends paid	(22,166)	(16,139)
Excess tax benefits from stock-based compensation arrangements	214	311
Acquisition of treasury stock	0	(1)
Proceeds from exercise of stock options	2,799	3,916
Distribution of treasury stock for deferred compensation plan	0	79
Repayment of long-term Federal Home Loan Bank borrowings	(615,335)	(420,665)
Proceeds from issuance of long-term Federal Home Loan Bank borrowings	490,000	525,000
Changes in:		
Deposits	31,877	(63,653)
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	(113,672)	34,334
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(226,283)	63,182
(Decrease) Increase in cash and cash equivalents	(85,570)	162,750
Cash and cash equivalents at beginning of year	753,064	416,617
Cash and cash equivalents at end of period	$ 667,494	$ 579,367

See notes to consolidated unaudited financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

1. GENERAL

The accompanying unaudited consolidated interim financial statements of United Bankshares, Inc. and Subsidiaries (United or the Company) have been prepared in accordance with accounting principles for interim financial information generally accepted in the United States (GAAP) 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 March 31, 2015 and 2014 and for the three-month periods then ended have not been audited. The consolidated balance sheet as of December 31, 2014 has been extracted from the audited financial statements included in United s 2014 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 2014 Annual Report of United on Form 10-K. To conform to the 2015 presentation, certain reclassifications have been made to prior period amounts, which had no impact on net income, comprehensive income, or stockholders equity. In the opinion of management, all adjustments necessary for a fair presentation of financial position and results of operations for the interim periods have been made. Such adjustments are of a normal and recurring nature.

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

New Accounting Standards

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis. ASU 2015-02 improves targeted areas of the consolidation guidance and reduces the number of consolidation models. The new consolidation standard eliminates the deferral of FAS 167 and makes changes to both the variable interest model and the voting model in ASC 810. ASU 2015-02 affects all entities, could change consolidation conclusions and may trigger additional disclosures. ASU 2015-02 is effective for United on January 1, 2016. Management is currently evaluating this guidance to determine the impact on the Company s financial condition or results of operation.

In January 2015, the FASB issued ASU 2015-01, Income Statement, Extraordinary and Unusual Items (Subtopic 225-20). ASU 2015-01 eliminates the separate presentation of extraordinary items but does not change the requirement to disclose material items that are unusual or infrequent in nature. Eliminating the concept of extraordinary items will allow entities to no longer have to assess whether a particular event or transaction is both unusual in nature and infrequent in occurrence. ASU 2015-01 is effective for United on January 1, 2016 and is not expected to have a significant impact on the Company s financial condition or results of operation.

In June 2014, the FASB issued ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. ASU 2014-12 amends the guidance in FASB ASC 718, Compensation-Stock Compensation , to bring consistency to the accounting for share-based payment awards that require a specific performance target to be achieved in order for employees to become eligible to vest in the awards. The amendments affect all entities that grant their employees share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. ASU 2014-12 is effective for United on January 1, 2016, and is not expected to have a significant impact on the Company s financial condition or results of operation.

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In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, Revenue Recognition , and most industry-specific guidance throughout the Accounting Standards Codification. The amendments require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The new revenue recognition standard sets forth a five step principle-based approach for determining revenue recognition. ASU 2014-09 is effective for United on January 1, 2017. Management is currently evaluating this guidance to determine the impact on the Company s financial condition or results of operation.

2. MERGERS AND ACQUISITIONS

At the close of business on January 31, 2014 (Acquisition Date), United acquired 100% of the outstanding common stock of Virginia Commerce Bancorp, Inc. (Virginia Commerce), a Virginia corporation headquartered in Arlington, Virginia. The acquisition of Virginia Commerce significantly enhances United s existing footprint in the Washington, D.C. Metropolitan Statistical Area. The results of operations of Virginia Commerce are included in the consolidated results of operations from the date of acquisition.

At consummation, Virginia Commerce had assets of $2,769,716, loans of $2,065,490 and deposits of $2,018,962. The transaction was accounted for under the purchase acquisition method of accounting and accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the Acquisition Date.

The aggregate purchase price was $585,533 including common stock issued valued at $547,894, stock options exchanged valued at $4,368, cash paid of $33,263 to redeem the warrant held by the U.S. Department of the Treasury (the Treasury) issued by Virginia Commerce in connection with the TARP Capital Purchase Program and $8 paid in cash to holders of Virginia Commerce common stock and restricted stock in lieu of fractional shares of United common stock. The cash portion of the purchase price was funded by cash on hand. The purchase price of the warrant was based on its fair market as agreed upon by United and the Treasury. As a result of the purchase by United, the warrant has been canceled. The number of shares issued in the transaction was 18,330,347, which were valued based on the closing market price of $29.89 for United s common shares on January 31, 2014. The purchase price has been allocated to the identifiable tangible and intangible assets resulting in additions to goodwill and core deposit intangibles of $336,102 and $17,143, respectively. The core deposit intangibles are being amortized over ten years. Because the consideration paid was greater than the net fair value of the acquired assets and liabilities, the Company recorded goodwill as part of the acquisition. None of the goodwill from the Virginia Commerce acquisition is deductible for tax purposes. As a result of the merger, United recorded a downward fair value adjustment of $88,129 on the loans acquired from Virginia Commerce, a downward fair value adjustment of $1,708 on certain other real estate owned properties, a premium on interest-bearing deposits of $6,007, a premium on term securities sold under agreements to repurchase of $3,700 and a discount of $16,384 on junior subordinated debt securities. The discount and premium amounts are being amortized or accreted on an accelerated basis over each asset s or liability s estimated remaining life at the time of acquisition. At March 31, 2015, the premium on the interest-bearing deposits and the securities sold under agreements to repurchase has an estimated remaining life of nine months and 1.33 years, respectively, while the discount on the junior subordinated debt securities has an estimated remaining life of 19.33 years. United assumed $109 of liabilities to provide severance benefits to terminated employees of Virginia Commerce which has no remaining balance as of March 31, 2015.

In many cases, determining the estimated fair value of the acquired assets and assumed liabilities required United to estimate cash flows expected to result from those assets and liabilities and to discount those cash flows at appropriate rates of interest. The most significant of those determinations related to the fair valuation of acquired loans. The fair value of the acquired loans was based on the present value of the expected cash flows. Periodic principal and interest cash flows were adjusted for expected losses and prepayments, then discounted to determine the present value and summed to arrive at the estimated fair value. For such loans, the excess of cash flows expected at acquisition over the

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estimated fair value is recognized as interest income over the remaining lives of the loans. The difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition reflects the impact of estimated credit losses and other factors, such as prepayments. In accordance with GAAP, there was no carry-over of Virginia Commerce s previously established allowance for loan losses. As a result, standard industry coverage ratios with regard to the allowance for credit losses are less meaningful after the acquisition of Virginia Commerce.

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

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

	January 31, 2014
Contractually required principal and interest at acquisition	$ 2,685,339
Contractual cash flows not expected to be collected	(396,024)
Expected cash flows at acquisition	2,289,315
Interest component of expected cash flows	(274,539)
Basis in acquired loans at acquisition estimated fair value	$ 2,014,776

Included in the above table is information related to acquired impaired loans. Specifically, contractually required principal and interest, cash flows expected to be collected and estimated fair value of acquired impaired loans were $427,858, $189,277, and $179,199, respectively.

The following table shows the consideration paid for Virginia Commerce s common equity and the amounts of acquired identifiable assets and liabilities assumed as of the Acquisition Date.

Purchase price:	
Value of common shares issued (18,330,347 shares)	$ 547,894
Fair value of stock options assumed	4,368
Cash to redeem the Treasury warrant	33,263
Cash for fractional shares	8
Total purchase price	585,533
Identifiable assets:	
Cash and cash equivalents	130,569
Investment securities	476,541
Loans	2,014,776
Premises and equipment	10,786
Core deposit intangibles	17,143
Other assets	104,131
Total identifiable assets	$ 2,753,946

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Identifiable liabilities:	
Deposits	$ 2,024,969
Short-term borrowings	263,816
Long-term borrowings	204,335
Other liabilities	11,395
Total identifiable liabilities	2,504,515
Net assets acquired including identifiable intangible assets	249,431
Resulting goodwill	$ 336,102

The following table provides a reconciliation of goodwill:

Goodwill at December 31, 2014	$ 709,794
Addition to goodwill from Virginia Commerce acquisition	458
Goodwill at March 31, 2015	$ 710,252

3. INVESTMENT SECURITIES

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

	March 31, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cumulative OTTI in AOCI (1)
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 88,619	$ 2,736	$ 1	$ 91,354	$ 0
State and political subdivisions	132,992	3,254	44	136,202	0
Residential mortgage-backed securities					
Agency	530,545	12,684	41	543,188	0
Non-agency	10,935	629	0	11,564	458
Commercial mortgage-backed securities					
Agency	311,176	4,814	443	315,547	0
Asset-backed securities	8,004	0	1	8,003	0
Trust preferred collateralized debt obligations	50,453	998	13,990	37,461	25,952
Single issue trust preferred securities	13,773	243	2,374	11,642	0
Other corporate securities	4,998	121	0	5,119	0
Marketable equity securities	4,416	646	6	5,056	0
Total	$ 1,155,911	$ 26,125	$ 16,900	$ 1,165,136	$ 26,410

	December 31, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cumulative OTTI in AOCI [1]
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 88,559	$ 1,425	$ 3	$ 89,981	$ 0
State and political subdivisions	133,730	3,165	32	136,863	0
Residential mortgage-backed securities					
Agency	547,825	8,407	547	555,685	0
Non-agency	11,474	544	0	12,018	458
Commercial mortgage-backed securities					
Agency	316,707	2,393	2,001	317,099	0
Asset-backed securities	8,004	23	0	8,027	0
Trust preferred collateralized debt obligations	51,328	922	12,692	39,558	25,886
Single issue trust preferred securities	13,760	173	2,189	11,744	0
Other corporate securities	4,998	137	0	5,135	0
Marketable equity securities	3,631	648	3	4,276	0
Total	$ 1,180,016	$ 17,837	$ 17,467	$ 1,180,386	$ 26,344

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

The following is a summary of securities available-for-sale which were in an unrealized loss position at March 31, 2015 and December 31, 2014.

	Less than 12 months		12 months or longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2015				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 69	$ 1	$ 0	$ 0
State and political subdivisions	5,751	44	0	0
Residential mortgage-backed securities				
Agency	16,474	41	0	0
Commercial mortgage-backed securities				
Agency	46,229	79	45,050	364
Asset-backed securities	8,003	1	0	0
Trust preferred collateralized debt obligations	0	0	30,854	13,990
Single issue trust preferred securities	0	0	7,905	2,374
Marketable equity securities	21	6	0	0
Total	$ 76,547	$ 172	$ 83,809	$ 16,728

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	Less than 12 months		12 months or longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2014				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 7,142	$ 3	$ 0	$ 0
State and political subdivisions	11,637	32	0	0
Residential mortgage-backed securities				
Agency	96,550	547	0	0
Commercial mortgage-backed securities				
Agency	21,674	56	146,897	1,945
Asset-backed securities	0	0	0	0
Trust preferred collateralized debt obligations	0	0	32,241	12,692
Single issue trust preferred securities	0	0	8,080	2,189
Marketable equity securities	23	3	0	0
Total	$ 137,026	$ 641	$ 187,218	$ 16,826

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

	Three Months Ended March 31	
	2015	2014
Proceeds from sales and calls	$ 36,087	$ 260,432
Gross realized gains	50	1,049
Gross realized losses	4	225

At March 31, 2015, gross unrealized losses on available for sale securities were $16,900 on 44 securities of a total portfolio of 449 available for sale securities. Securities in an unrealized loss position at March 31, 2015 consisted primarily of pooled trust preferred collateralized debt obligations (Trup Cdos), single issue trust preferred securities and agency commercial mortgage-backed securities. The Trup Cdos and the single issue trust preferred securities relate mainly to securities of financial institutions. The agency commercial mortgage-backed securities relate to income-producing multifamily properties and provide a guaranty of full and timely payments of principal and interest by the issuing agency. In determining whether or not a security is other-than-temporarily impaired (OTTI), management considered the severity and the duration of the loss in conjunction with United s positive intent and the more likely than not ability to hold these securities to recovery of their cost basis or maturity.

Agency mortgage-backed securities

United s agency mortgage-backed securities portfolio relates to securities issued by Fannie Mae, Freddie Mac, and Ginnie Mae. The total amortized cost of available for sale agency mortgage securities was $841,721 at March 31, 2015. Of the $841,721, $311,176 was related to agency commercial mortgage securities and $530,545 was related to agency residential mortgage securities. Each of the agency mortgage securities provides a guarantee of full and timely payments of principal and interest by the issuing agency. Based upon management s analysis and judgment, it was determined that none of the agency mortgage-backed securities were other-than-temporarily impaired at March 31, 2015.

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Non-agency residential mortgage-backed securities

United s non-agency residential mortgage-backed securities portfolio relates to securities of various private label issuers. The Company has no exposure to real estate investment trusts (REITS) in its investment portfolio. The total amortized cost of available for sale non-agency residential mortgage securities was $10,935 at March 31, 2015. Of the $10,935, $2,624 was rated above investment grade and $8,311 was rated below investment grade. Approximately 33% of the portfolio includes collateral that was originated during the year of 2005 or before. The remaining 67% includes collateral that was originated in the years of 2006 and 2007. The entire portfolio of the non-agency residential mortgage securities are either the senior or super-senior tranches of their respective structure. In determining whether or not the non-agency mortgage-backed securities are other-than-temporarily impaired, management performs an in-depth analysis on each non-agency residential mortgage-backed security on a quarterly basis. The analysis includes a review of the following factors: weighted average loan to value, weighted average maturity, average FICO scores, historical collateral performance, geographic concentration, credit subordination, cross-collateralization, coverage ratios, origination year, full documentation percentage, event risk (repricing), and collateral type. Management completes a quarterly stress test to determine the level of loss protection remaining in each individual security and compares the protection remaining to the future expected performance of the underlying collateral. Additionally, management utilizes a third-party cash flow model to perform a cash flow test for each bond below investment grade. The model produces a bond specific set of cash flows based upon assumptions input by management. The input assumptions that are incorporated include the projected constant default rate (CDR) of the underlying mortgages, the loss severity upon default, and the prepayment rate on the underlying mortgage collateral. CDR and loss severities are forecasted by management after full evaluation of the underlying collateral including recent performance statistics. Therefore, based upon management s analysis and judgment, there was no additional credit-related or noncredit-related other-than-temporary impairment recognized on the non-agency residential mortgage-backed securities at March 31, 2015.

Single issue trust preferred securities

The majority of United s single-issue trust preferred portfolio consists of obligations from large cap banks (i.e. banks with market capitalization in excess of $10 billion). Management reviews each issuer s current and projected earnings trends, asset quality, capitalization levels, TARP participation status, and other key factors. Upon completing the review for the first quarter of 2015, it was determined that none of the single issue securities were other-than-temporarily impaired. All single-issue trust preferred securities are currently receiving interest payments. The available for sale single issue trust preferred securities ratings ranged from a low of B+ to a high of BBB-. The amortized cost of available for sale single issue trust preferred securities as of March 31, 2015 consisted of $2,994 in split-rated bonds and $10,779 in below investment grade bonds. Of the $10,779 in below investment grade bonds, $10,279 was in an unrealized loss position for twelve months or longer as of March 31, 2015.

Trust preferred collateralized debt obligations (Trup Cdos)

At March 31, 2015, United determined that a certain Trup Cdo was other-than-temporarily impaired. In order to determine how and when the Company recognizes OTTI, the Company first assesses its intentions regarding any sale of securities as well as the likelihood that it would be required to sell prior to recovery of the amortized cost. As of March 31, 2015, the Company has determined that it does not intend to sell any pooled trust preferred security and that it is not more likely than not that the Company will be required to sell such securities before recovery of their amortized cost.

To determine a net realizable value and assess whether other-than-temporary impairment existed, management performed detailed cash flow analysis to determine whether, in management s judgment, it was more likely that

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United would not recover the entire amortized cost basis of the security. The Company discounts the security-specific cash flow projection at the security-specific interest rate and compares the present value to the amortized cost. Management s cash flow analysis was performed for each security and considered the current deferrals and defaults within the underlying collateral, the likelihood that current deferrals would cure or ultimately default, potential future deferrals and defaults, potential prepayments, cash reserves, excess interest spread, credit analysis of the underlying collateral and the priority of payments in the cash flow structure. The underlying collateral analysis for each issuer took into consideration multiple factors including TARP participation, capital adequacy, earnings trends and asset quality. After completing its analysis of estimated cash flows, management determined that a certain Trup Cdo experienced an adverse change in cash flow during the first quarter of 2015, as the expected discounted cash flow from this particular security was less than the discounted cash flow originally expected at purchase or from the previous date of other-than-temporary impairment (cash flows are discounted at the contractual coupon rate for purposes of assessing OTTI).

The total credit-related other-than-temporary impairment recognized in earnings for the first quarter of 2015 related to this Trup Cdo was $34. The noncredit-related other-than-temporary impairment recognized in accumulated other comprehensive income (loss) in the first quarter on this security was $66, or $43, net of taxes. At March 31, 2015, the balance of the noncredit-related other-than-temporary impairment recognized on United s Trup Cdo portfolio was $25,952 as compared to $25,886 at December 31, 2014.

The amortized cost of available for sale Trup Cdos in an unrealized loss position for twelve months or longer as of March 31, 2015 consisted of $5,000 in investment grade bonds and $39,843 in below investment grade bonds.

The following is a summary of the available for sale Trup Cdos as of March 31, 2015:

				Amortized Cost		
Class	**Amortized Cost**	**Fair Value**	**Unrealized Loss**	**Investment Grade**	**Split Rated**	**Below Investment Grade**
Senior Bank	$ 7,212	$ 6,162	$ 1,050	$ 5,000	$ 0	$ 2,212
Mezzanine Bank (now in senior position)	11,940	9,243	2,697	0	0	11,940
Mezzanine Bank	26,126	17,974	8,152	0	0	26,126
Mezzanine Bank & Insurance (combination)	5,175	4,083	1,092	0	0	5,175
Totals	$ 50,453	$ 37,462	$ 12,991	$ 5,000	$ 0	$ 45,453

While a large difference remains between the fair value and amortized cost, the Company believes the remaining unrealized losses are related to the illiquid market for Trup Cdos rather than an adverse change in expected cash flows. The expected future cash flow substantiates the return of the remaining amortized cost of the security. The Company believes the following evidence supports the position that the remaining unrealized loss is related to the illiquid market for Trup Cdos:

The market for new issuance of Trup Cdos was robust from 2000 to 2007 with an estimated $60 billion in new issuance. The new market issuances came to an abrupt halt in 2007.

The secondary market for Trup Cdos ultimately became illiquid and although the market has improved, trading activity remains limited on these securities. In making this determination, the Company holds discussions with institutional traders to identify trends in the number and type of transactions related to the Trup Cdos.

The presence of a below-investment grade rating severely limits the pool of available buyers and contributes to the illiquidity of the market.

Trup Cdos have a more complex structure than most debt instruments, making projections of tranche returns difficult for non-specialists in the product. Deferral features available to the underlying

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issuers within each pool are unique to these securities. Additionally, it can be difficult for market participants to predict whether deferrals will ultimately cure or ultimately default. Due to the lack of transparency, market participants will require a higher risk premium, thus resulting in higher required discount rates.

The variability of cash flows at the time the securities were originated was expected to be very limited. Due to the financial crisis, Trup Cdos have experienced more substantive variability of cash flows compared to expectations, resulting in a higher risk premium when evaluating discount rates.

The limited, yet relevant, observable inputs indicate that market yield requirements for Trup Cdos, on a credit-adjusted basis, remained very high relative to discount rates at purchase and compared to other similarly rated debt securities.

Overall, the Company believes the lack of new issuances, illiquid secondary market, limited pool of buyers, below investment grade ratings, complex structures and high market discount rates are the key drivers of the remaining unrealized losses in the Company s Trup Cdos and the robust expected cash flow analysis substantiates the return of the remaining amortized cost under ASC 320.

Management also considered the ratings of the Company s bonds in its portfolio and the extent of downgrades in United s impairment analysis. However, management considered it imperative to independently perform its own credit analysis based on cash flows as described. The ratings of the investment grade Trup Cdos in the table above range from a low of BBB- to a high of Aa1. The below investment grade Trup Cdos range from a low of Ca to a high of Ba1.

On the Trup Cdos that have not been deemed to be other-than-temporarily impaired, the collateralization ratios range from a low of 97.7% to a high of 309.3%, with a median of 136.7%, and a weighted average of 207.0%. The collateralization ratio is defined as the current performing collateral in a security, divided by the current balance of the specific tranche the Company owns, plus any debt which is senior or pari passu with the Company s security s priority level. Performing collateral excludes the balance of any issuer that has either defaulted or has deferred its interest payment. It is not uncommon for the collateralization of a security that is not other-than-temporarily impaired to be less than 100% due to the excess spread built into the securitization structure.

Except for the debt security that has already been deemed to be other-than-temporarily impaired, management does not believe any other individual security with an unrealized loss as of March 31, 2015 is other-than-temporarily impaired. For these securities, United believes the decline in value resulted from changes in market interest rates, credit spreads and liquidity, not a change in the expected contractual cash flows. Based on a review of each of the securities in the investment portfolio, management concluded that it expected to recover the amortized cost basis of the investment in such securities.

Equity securities

The amortized cost of United s equity securities was $4,416 at March 31, 2015. For equity securities, management has evaluated the near-term prospects of the investment in relation to the severity and duration of any impairment and based on that evaluation, management determined that no equity securities were other-than-temporarily impaired at March 31, 2015. These securities were in an unrealized net gain position of $640 at March 31, 2015.

Other investment securities (cost method)

During the first quarter of 2015, United also evaluated all of its cost method investments to determine if certain events or changes in circumstances during the first quarter of 2015 had a significant adverse effect on the fair value of any of

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its cost method securities. United determined that there were no events or changes in circumstances during the first quarter which would have an adverse effect on the fair value of any of its cost method securities. Therefore, no impairment was recorded.

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

	Three Months Ended March 31	
	2015	2014
Balance of cumulative credit losses at beginning of period	$ 23,739	$ 40,663
Additions for credit losses recognized in earnings during the period:		
Additional credit losses on securities for which OTTI was previously recognized	34	603
Reductions for securities sold or paid off during the period	0	(7,605)
Balance of cumulative credit losses at end of period	$ 23,773	$ 33,661

The amortized cost and estimated fair value of securities available for sale at March 31, 2015 and December 31, 2014 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations without penalties.

	March 31, 2015		December 31, 2014	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 36,649	$ 36,882	$ 38,358	$ 38,727
Due after one year through five years	200,775	203,083	180,821	181,930
Due after five years through ten years	284,946	293,006	313,863	317,663
Due after ten years	629,125	627,109	643,343	637,790
Marketable equity securities	4,416	5,056	3,631	4,276
Total	$ 1,155,911	$ 1,165,136	$ 1,180,016	$ 1,180,386

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

	March 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 10,557	$ 1,301	$ 0	$ 11,858
State and political subdivisions	9,189	32	281	8,940
Residential mortgage-backed securities				
Agency	40	8	0	48
Single issue trust preferred securities	19,285	0	3,192	16,093
Other corporate securities	20	0	0	20
Total	$ 39,091	$ 1,341	$ 3,473	$ 36,959

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	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 10,599	$ 1,329	$ 0	$ 11,928
State and political subdivisions	9,369	32	294	9,107
Residential mortgage-backed securities				
Agency	41	7	0	48
Single issue trust preferred securities	19,281	0	3,600	15,681
Other corporate securities	20	0	0	20
Total	$ 39,310	$ 1,368	$ 3,894	$ 36,784

Even though the market value of the held-to-maturity investment portfolio is less than its cost, the unrealized loss has no impact on the net worth or regulatory capital requirements of United. As of March 31, 2015, the Company s two largest held-to-maturity single-issue trust preferred exposures were to Wells Fargo ($9,909) and SunTrust Bank ($7,403). The two held-to-maturity single-issue trust preferred exposures with at least one rating below investment grade included SunTrust Bank ($7,403) and Royal Bank of Scotland ($973). Other corporate securities consist mainly of bonds of corporations.

There were no gross realized gains or losses on calls and sales of held to maturity securities included in earnings for the first quarter of 2015 and 2014.

The amortized cost and estimated fair value of debt securities held to maturity at March 31, 2015 and December 31, 2014 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations without penalties.

	March 31, 2015		December 31, 2014	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 180	$ 180	$ 360	$ 361
Due after one year through five years	14,458	15,778	14,499	15,848
Due after five years through ten years	4,293	4,021	4,293	4,007
Due after ten years	20,160	16,980	20,158	16,568
Total	$ 39,091	$ 36,959	$ 39,310	$ 36,784

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 $1,057,326 and $1,081,299 at March 31, 2015 and December 31, 2014, respectively.

4. LOANS

Major classes of loans are as follows:

	March 31, 2015	December 31, 2014
Commercial, financial and agricultural:		
Owner-occupied commercial real estate	$ 999,920	$ 1,016,364
Nonowner-occupied commercial real estate	2,761,853	2,760,189
Other commercial loans	1,570,335	1,577,438
Total commercial, financial & agricultural	5,332,108	5,353,991
Residential real estate	2,257,995	2,263,354
Construction & land development	1,089,222	1,133,251
Consumer:		
Bankcard	9,901	10,437
Other consumer	368,313	358,459
Total gross loans	$ 9,057,539	$ 9,119,492

The table above does not include loans held for sale of $8,881 and $8,680 at March 31, 2015 and December 31, 2014, respectively. Loans held for sale consist of single-family residential real estate loans originated for sale in the secondary market.

The outstanding balances in the table above include acquired impaired loans with a recorded investment of $172,711 or 1.91% of total gross loans at March 31, 2015 and $176,339 or 1.93% of total gross loans at December 31, 2014. The contractual principal in these acquired impaired loans was $239,375 and $252,759 at March 31, 2015 and December 31, 2014, respectively. The balances above do not include future accretable net interest (i.e. the difference between the undiscounted expected cash flows and the recorded investment in the loan) on the acquired impaired loans.

Activity for the accretable yield for the first quarter of 2015 follows:

Accretable yield at the beginning of the period	$ 11,339
Accretion (including cash recoveries)	(2,975)
Net reclassifications to accretable from non-accretable	3,474
Disposals (including maturities, foreclosures, and charge-offs)	(144)
Accretable yield at the end of the period	$ 11,694

United s subsidiary banks have made loans to the directors and officers of United and its subsidiaries, and to their affiliates. The aggregate dollar amount of these loans was $190,507 and $188,516 at March 31, 2015 and December 31, 2014, respectively.

5. CREDIT QUALITY

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

For all loan classes, past due loans are reviewed on a monthly basis to identify loans for nonaccrual status. Generally, when collection in full of the principal and interest is jeopardized, the loan is placed on nonaccrual status. The accrual of interest income on commercial and most consumer loans generally is discontinued when a loan becomes 90 to 120 days past due as to principal or interest. However, regardless of delinquency status, if a loan is fully secured and in the process of collection and resolution of collection is expected in the near term (generally less than 90 days), then the loan will not be placed on nonaccrual status. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and unpaid interest accrued in prior years is charged to the allowance for loan

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losses. United s method of income recognition for loans that are classified as nonaccrual is to recognize interest income on a cash basis or apply the cash receipt to principal when the ultimate collectibility of principal is in doubt. Nonaccrual loans will not normally be returned to accrual status unless all past due principal and interest has been paid and the borrower has evidenced their ability to meet the contractual provisions of the note.

A loan is categorized as a troubled debt restructuring (TDR) if a concession is granted and there is deterioration in the financial condition of the borrower. TDRs can take the form of a reduction of the stated interest rate, splitting a loan into separate loans with market terms on one loan and concessionary terms on the other loan, receipts of assets from a debtor in partial or full satisfaction of a loan, the extension of the maturity date or dates at a stated interest rate lower than the current market rate for new debt with similar risk, the reduction of the face amount or maturity amount of the debt as stated in the instrument or other agreement, the reduction of accrued interest or any other concessionary type of renegotiated debt. As of March 31, 2015, United had TDRs of $22,191 as compared to $22,234 as of December 31, 2014. Of the $22,191 aggregate balance of TDRs at March 31, 2015, $9,716 was on nonaccrual status and included in the Loans on Nonaccrual Status on the following page. Of the $22,234 aggregate balance of TDRs at December 31, 2014, $4,194 was on nonaccrual status and included in the Loans on Nonaccrual Status on the following page. As of March 31, 2015, there were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in TDRs. At March 31, 2015, United had restructured loans in the amount of $3,951 that were modified by a reduction in the interest rate, $8,423 that were modified by a combination of a reduction in the interest rate and the principal and $9,817 that was modified by a change in terms.

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

The following table sets forth United s troubled debt restructurings that were restructured during the three months ended March 31, 2015, segregated by class of loans. No loans were restructured during the first quarter of 2014.

	Troubled Debt Restructurings For the Three Months Ended March 31, 2015		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial real estate:			
Owner-occupied	0	$ 0	$ 0
Nonowner-occupied	0	0	0
Other commercial	1	240	240
Residential real estate	0	0	0
Construction & land development	0	0	0
Consumer:			
Bankcard	0	0	0
Other consumer	0	0	0
Total	1	$ 240	$ 240

During the first quarter of 2015, $240 of restructured loans were modified by a change in terms. In some instances, the post-modification balance on the restructured loans is larger than the pre-modification balance due to the advancement of monies for items such as delinquent taxes on real estate property. The loans were evaluated individually for allocation within United s allowance for loan losses. The modifications had an immaterial impact on the financial condition and results of operations for United.

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No loans restructured during the twelve-month periods ended March 31, 2015 and 2014 subsequently defaulted, resulting in a principal charge-off during the first quarters of 2015 and 2014, respectively.

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

Age Analysis of Past Due Loans

As of March 31, 2015

	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other (1)	Total Financing Receivables	Recorded Investment >90 Days & Accruing
Commercial real estate:						
Owner-occupied	$ 6,198	$ 13,392	$ 19,590	$ 980,330	$ 999,920	$ 0
Nonowner-occupied	20,694	15,578	36,272	2,725,581	2,761,853	820
Other commercial	18,307	23,970	42,277	1,528,058	1,570,335	3,718
Residential real estate	36,820	30,381	67,201	2,190,794	2,257,995	9,658
Construction & land development	958	17,066	18,024	1,071,198	1,089,222	981
Consumer:						
Bankcard	262	168	430	9,471	9,901	168
Other consumer	7,254	1,321	8,575	359,738	368,313	943
Total	$ 90,493	$ 101,876	$ 192,369	$ 8,865,170	$ 9,057,539	$ 16,288

(1) Other includes loans with a recorded investment of $172,711 acquired and accounted for under ASC topic 310-30 Loans and Debt Securities Acquired with Deteriorated Credit Quality .

Age Analysis of Past Due Loans

As of December 31, 2014

	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other (1)	Total Financing Receivables	Recorded Investment >90 Days & Accruing
Commercial real estate:						
Owner-occupied	$ 4,158	$ 13,582	$ 17,740	$ 998,624	$ 1,016,364	$ 1,039
Nonowner-occupied	10,627	14,859	25,486	2,734,703	2,760,189	45
Other commercial	17,348	17,975	35,323	1,542,115	1,577,438	3,034
Residential real estate	40,793	25,544	66,337	2,197,017	2,263,354	5,417
Construction & land development	5,329	17,119	22,448	1,110,803	1,133,251	648
Consumer:						
Bankcard	471	114	585	9,852	10,437	114
Other consumer	8,992	1,727	10,719	347,740	358,459	1,378

Total	$ 87,718	$ 90,920	$ 178,638	$ 8,940,854	$ 9,119,492	$ 11,675

(1) Other includes loans with a recorded investment of $176,339 acquired and accounted for under ASC topic 310-30 Loans and Debt Securities Acquired with Deteriorated Credit Quality .

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

Loans on Nonaccrual Status

	March 31, 2015	December 31, 2014
Commercial real estate:		
Owner-occupied	$ 13,392	$ 12,543
Nonowner-occupied	14,758	14,814
Other commercial	20,252	14,941
Residential real estate	20,723	20,127
Construction & land development	16,085	16,471
Consumer:		
Bankcard	0	0
Other consumer	378	349
Total	$ 85,588	$ 79,245

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

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

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

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

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

Credit Quality Indicators

Corporate Credit Exposure

As of March 31, 2015

	Commercial Real Estate Owner-occupied	Commercial Real Estate Nonowner-occupied	Other Commercial	Construction & Land Development
Grade:				
Pass	$ 904,838	$ 2,581,732	$ 1,401,617	$ 913,500
Special mention	16,452	67,268	22,003	64,593
Substandard	78,630	112,853	145,404	111,129
Doubtful	0	0	1,311	0
Total	$ 999,920	$ 2,761,853	$ 1,570,335	$ 1,089,222

As of December 31, 2014

	Commercial Real Estate Owner-occupied	Commercial Real Estate Nonowner-occupied	Other Commercial	Construction & Land Development
Grade:				
Pass	$ 920,981	$ 2,592,783	$ 1,407,853	$ 966,335
Special mention	26,181	48,382	20,776	64,597
Substandard	69,202	119,024	147,494	102,319
Doubtful	0	0	1,315	0
Total	$ 1,016,364	$ 2,760,189	$ 1,577,438	$ 1,133,251

Credit Quality Indicators

Consumer Credit Exposure

As of March 31, 2015

	Residential Real Estate	Bankcard	Other Consumer
Grade:			
Pass	$ 2,174,670	$ 9,471	$ 359,496
Special mention	17,884	262	7,378
Substandard	63,962	168	1,439
Doubtful	1,479	0	0
Total	$ 2,257,995	$ 9,901	$ 368,313

As of December 31, 2014

	Bankcard

	Residential Real Estate		Other Consumer
Grade:			
Pass	$ 2,176,655	$ 9,852	$ 347,442
Special mention	18,254	471	9,113
Substandard	66,973	114	1,904
Doubtful	1,472	0	0
Total	$ 2,263,354	$ 10,437	$ 358,459

Loans are designated as impaired when, in the opinion of management, based on current information and events, the collection of principal and interest in accordance with the loan contract is doubtful. Typically, United does not consider loans for impairment unless a sustained period of delinquency (i.e. 90 days or more) is noted or there are

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subsequent events that impact repayment probability (i.e. negative financial trends, bankruptcy filings, eminent foreclosure proceedings, etc.). Impairment is evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. Consistent with United s existing method of income recognition for loans, interest on impaired loans, except those classified as nonaccrual, is recognized as income using the accrual method. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

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

	Impaired Loans					
	March 31, 2015			December 31, 2014		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded:						
Commercial real estate:						
Owner-occupied	$ 43,875	$ 44,087	$ 0	$ 37,811	$ 37,811	$ 0
Nonowner-occupied	62,799	63,249	0	48,126	48,462	0
Other commercial	35,642	37,354	0	38,521	40,329	0
Residential real estate	30,366	31,184	0	31,262	31,930	0
Construction & land development	39,945	44,245	0	64,945	68,799	0
Consumer:						
Bankcard	0	0	0	0	0	0
Other consumer	40	0	0	41	41	0
With an allowance recorded:						
Commercial real estate:						
Owner-occupied	$ 4,961	$ 4,961	$ 948	$ 5,014	$ 5,014	$ 776
Nonowner-occupied	6,967	6,967	960	6,994	6,994	797
Other commercial	19,836	22,836	10,479	17,554	20,554	7,168
Residential real estate	6,689	8,010	3,272	6,028	7,349	2,578
Construction & land development	9,795	13,205	3,291	10,779	14,189	3,627
Consumer:						
Bankcard	0	0	0	0	0	0
Other consumer	0	0	0	0	0	0
Total:						
Commercial real estate:						
Owner-occupied	$ 48,836	$ 49,048	$ 948	$ 42,825	$ 42,825	$ 776
Nonowner-occupied	69,766	70,216	960	55,120	55,456	797
Other commercial	55,478	60,190	10,479	56,075	60,883	7,168
Residential real estate	37,055	39,194	3,272	37,290	39,279	2,578
Construction & land development	49,740	57,450	3,291	75,724	82,988	3,627
Consumer:						
Bankcard	0	0	0	0	0	0
Other consumer	40	0	0	41	41	0

	Impaired Loans For the Three Months Ended			
	March 31, 2015		March 31, 2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:				
Commercial real estate:				
Owner-occupied	$ 40,843	$ 62	$ 20,597	$ 63
Nonowner-occupied	55,463	163	33,295	56
Other commercial	37,081	100	25,141	11
Residential real estate	30,814	49	18,106	53

Construction & land development	52,445	79	31,533	69

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	Impaired Loans For the Three Months Ended			
	March 31, 2015		March 31, 2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Consumer:				
Bankcard	0	0	0	0
Other consumer	40	0	13	0
With an allowance recorded:				
Commercial real estate:				
Owner-occupied	$ 4,988	$ 38	$ 4,041	$ 41
Nonowner-occupied	6,981	39	8,731	46
Other commercial	18,695	64	13,303	6
Residential real estate	6,359	11	9,119	64
Construction & land development	10,287	35	10,376	4
Consumer:				
Bankcard	0	0	0	0
Other consumer	0	0	152	0
Total:				
Commercial real estate:				
Owner-occupied	$ 45,831	$ 100	$ 24,638	$ 104
Nonowner-occupied	62,444	202	42,026	102
Other commercial	55,776	164	38,444	17
Residential real estate	37,173	60	27,225	117
Construction & land development	62,732	114	41,909	73
Consumer:				
Bankcard	0	0	0	0
Other consumer	40	0	165	0

At March 31, 2015 and December 31, 2014, other real estate owned (OREO) included in other assets in the Consolidated Balance Sheets was $37,550 and $38,778, respectively. OREO consists of real estate acquired in foreclosure or other settlement of loans. Such assets are carried at the lower of the investment in the assets or the fair value of the assets less estimated selling costs. Any adjustment to the fair value at the date of transfer is charged against the allowance for loan losses. Any subsequent valuation adjustments as well as any costs relating to operating, holding or disposing of the property are recorded in other expense in the period incurred. At March 31, 2015 and December 31, 2014, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process was $389 and $311, respectively.

6. ALLOWANCE FOR CREDIT LOSSES

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

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For purposes of determining the general allowance, the loan portfolio is segregated by loan product type to recognize differing risk profiles among loan categories. It is further segregated by credit grade for risk-rated loan pools and delinquency for homogeneous loan pools. The outstanding principal balance within each pool is multiplied by historical loss data and certain qualitative factors to derive the general loss allocation per pool. Specific loss allocations are calculated for loans in excess of $500 thousand in accordance with ASC topic 310. Risk characteristics of owner-occupied commercial real estate loans and other commercial loans are similar in that they are normally dependent upon the borrower s internal cash flow from operations to service debt. Nonowner-occupied commercial real estate loans differ in that cash flow to service debt is normally dependent on external income from third parties for use of the real estate such as rents, leases and room rates. Residential real estate loans are dependent upon individual borrowers who are affected by changes in general economic conditions, demand for housing and resulting residential real estate valuation. Construction and land development loans are impacted mainly by demand whether for new residential housing or for retail, industrial, office and other types of commercial construction within a given area. Consumer loan pool risk characteristics are influenced by general, regional and local economic conditions. During the first quarter of 2015, there were no material changes to the accounting policy or methodology related to the allowance for loan losses.

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

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

For loans acquired through the completion of a transfer, including loans acquired in a business combination, that have evidence of deterioration of credit quality since origination and for which it is probable, at acquisition, that United will be unable to collect all contractually required payment receivable are initially recorded at fair value (as determined by the present value of expected future cash flows) with no valuation allowance. The difference between the undiscounted cash flows expected at acquisition and the investment in the loan, or the accretable yield, is recognized as interest income on a level-yield method over the life of the loan. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the nonaccretable difference, are not recognized as a yield adjustment or as a loss accrual or a valuation allowance. Increases in expected cash flows subsequent to the initial investment are recognized prospectively through adjustment of the yield on the loan over its remaining life. Decreases in expected cash flows are recognized as impairment. Valuation allowances on these impaired loans reflect only losses incurred after the acquisition (meaning the present value of all cash flows expected at acquisition that ultimately are not to be received). The amount of provision for loan losses related to loans acquired that have evidence of deterioration of credit quality was $3,364 and $72 for the three months ended March 31, 2015 and 2014, respectively.

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United maintains an allowance for loan losses and a reserve for lending-related commitments such as unfunded loan commitments and letters of credit. The reserve for lending-related commitments of $1,475 and $1,518 at March 31, 2015 and December 31, 2014, respectively, is separately classified on the balance sheet and is included in other liabilities. The combined allowance for loan losses and reserve for lending-related commitments are referred to as the allowance for credit losses.

A progression of the allowance for loan losses, by loan portfolio segment, for the three months ended March 31, 2015 is summarized as follows:

Allowance for Loan Losses and Carrying Amount of Loans

For the Three Months Ended March 31, 2015

	Commercial Real Estate							
	Owner-occupied	Nonowner-occupied	Other Commercial	Residential Real Estate	Construction & Land Development	Consumer	Allowance for Estimated Imprecision	Total
Allowance for Loan Losses:								
Beginning balance	$ 4,041	$ 8,167	$ 26,931	$ 13,835	$ 19,402	$ 3,083	$ 70	$ 75,529
Charge-offs	1,699	170	2,498	610	462	669	0	6,108
Recoveries	102	18	111	63	325	179	0	798
Provision	1,962	(345)	4,043	1,269	(2,320)	658	87	5,354
Ending balance	$ 4,406	$ 7,670	$ 28,587	$ 14,557	$ 16,945	$ 3,251	$ 157	$ 75,573
Ending Balance: individually evaluated for impairment	$ 948	$ 960	$ 10,479	$ 3,272	$ 3,291	$ 0	$ 0	$ 18,950
Ending Balance: collectively evaluated for impairment	$ 3,458	$ 6,710	$ 18,108	$ 11,285	$ 13,654	$ 3,251	$ 157	$ 56,623
Ending Balance: loans acquired with deteriorated credit quality	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Financing receivables:								
Ending balance	$ 999,920	$ 2,761,853	$ 1,570,335	$ 2,257,995	$ 1,089,222	$ 378,214	$ 0	$ 9,057,539
Ending Balance: individually evaluated for impairment	$ 13,413	$ 13,590	$ 28,160	$ 16,209	$ 17,571	$ 0	$ 0	$ 88,943
Ending Balance: collectively evaluated for impairment	$ 955,476	$ 2,694,398	$ 1,515,599	$ 2,223,097	$ 1,029,150	$ 378,165	$ 0	$ 8,795,885
Ending Balance: loans acquired with deteriorated credit quality	$ 31,031	$ 53,865	$ 26,576	$ 18,689	$ 42,501	$ 49	$ 0	$ 172,711

Allowance for Loan Losses and Carrying Amount of Loans

For the Year Ended December 31, 2014

	Commercial Real Estate							
	Owner-occupied	Nonowner-occupied	Other Commercial	Residential Real Estate	Construction & Land Development	Consumer	Allowance for Estimated Imprecision	Total
Allowance for Loan Losses:								
Beginning balance	$ 5,653	$ 8,992	$ 20,917	$ 16,694	$ 18,953	$ 2,945	$ 44	$ 74,198
Charge-offs	3,073	2,097	4,947	5,027	7,476	2,621	0	25,241
Recoveries	2,372	268	294	573	685	443	0	4,635
Provision	(911)	1,004	10,667	1,595	7,240	2,316	26	21,937
Ending balance	$ 4,041	$ 8,167	$ 26,931	$ 13,835	$ 19,402	$ 3,083	$ 70	$ 75,529
Ending Balance: individually evaluated for impairment	$ 776	$ 797	$ 7,168	$ 2,578	$ 3,627	$ 0	$ 0	$ 14,946
Ending Balance: collectively evaluated for impairment	$ 3,265	$ 7,370	$ 19,763	$ 11,257	$ 15,775	$ 3,083	$ 70	$ 60,583
Ending Balance: loans acquired with deteriorated credit quality	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Financing receivables:								
Ending balance	$ 1,016,364	$ 2,760,189	$ 1,577,438	$ 2,263,354	$ 1,133,251	$ 368,896	$ 0	$ 9,119,492
Ending Balance: individually evaluated for impairment	$ 12,869	$ 13,733	$ 27,491	$ 16,189	$ 17,168	$ 0	$ 0	$ 87,450
Ending Balance: collectively evaluated for impairment	$ 971,408	$ 2,692,374	$ 1,523,504	$ 2,227,605	$ 1,071,966	$ 368,846	$ 0	$ 8,855,703
Ending Balance: loans acquired with deteriorated credit quality	$ 32,087	$ 54,082	$ 26,443	$ 19,560	$ 44,117	$ 50	$ 0	$ 176,339

7. INTANGIBLE ASSETS

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

	As of March 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Core deposit intangible assets	$ 60,577	($ 40,172)	$ 20,405
Goodwill not subject to amortization			$ 710,252

	As of December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Core deposit intangible assets	$ 60,577	($ 39,317)	$ 21,260
Goodwill not subject to amortization			$ 709,794

United incurred amortization expense of $855 and $809 for the quarters ended March 31, 2015 and 2014, respectively.

The following table sets forth the anticipated amortization expense for intangible assets for the years subsequent to 2014:

Year	Amount
2015	$ 3,420
2016	2,981
2017	2,767
2018	2,574
2019 and thereafter	9,518

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 $234,000. 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 March 31, 2015, federal funds purchased were $48,115 while securities sold under agreements to repurchase (REPOs) were $273,865. Excluded from the $273,865 of total REPOs were wholesale REPOs of $51,973, including purchase accounting amounts, assumed in the Virginia Commerce merger. These wholesale REPOs are scheduled to mature in May of 2018. The securities sold under agreements to repurchase were accounted for as collateralized financial transactions. They were recorded at the amounts at which the securities were acquired or sold plus accrued interest.

United has a $20,000 line of credit with an unrelated financial institution to provide for general liquidity needs. The line is an unsecured, revolving line of credit. The line will be renewable on a 360 day basis and will carry an indexed, floating-rate of interest. The line requires compliance with various financial and nonfinancial covenants. At March 31, 2015, United had no outstanding balance under this line of credit.

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 March 31, 2015, United had an unused borrowing amount of approximately $2,509,031 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.

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At March 31, 2015, $705,000 of FHLB advances with a weighted-average interest rate of 0.38% are scheduled to mature within the next five years. No overnight funds are included in the $705,000 above at March 31, 2015. The scheduled maturities of these FHLB borrowings are as follows:

Year	Amount
2015	$ 669,047
2016	637
2017	316
2018	0
2019 and thereafter	35,000
Total	$ 705,000

At March 31, 2015, United had a total of thirteen 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 March 31, 2015 and December 31, 2014, the outstanding balance of the Debentures was $222,854 and $222,636, respectively, and was included in the category of long-term debt on the Consolidated Balance Sheets entitled Other long-term borrowings. The Capital Securities are not included as a component of shareholders equity in the Consolidated Balance Sheets. United fully and unconditionally guarantees each individual trust s obligations under the Capital Securities.

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

During the fourth quarter of 2014, United redeemed the Capital Securities of Sequoia Capital Trust I. As part of the redemption, United retired the $2,000 principal of 10.18% Junior Subordinated Debentures issued by Sequoia Capital Trust I. During the fourth quarter of 2014, United redeemed the Capital Securities of VCBI Capital Trust IV. As part of the redemption, United retired the $25,000 principal amount of 10.20% Junior Subordinated Debentures issued by VCBI Capital Trust IV. The redemptions were funded with excess cash available to United.

In July of 2013, United s primary federal regulator, the Federal Reserve, published final rules (the Basel III Capital Rules) establishing a new comprehensive capital framework for U.S. banking organizations which were effective for United on January 1, 2015. The Basel III Capital Rules permit bank holding companies such as United with less than $15 billion in total consolidated assets as of December 31, 2009 to include in additional Tier 1 Capital trust preferred securities and cumulative perpetual preferred stock issued and included in Tier 1 Capital prior to May 19, 2010 on a permanent basis, without any phase-out. However, United s Trust Preferred Securities are subject to a limit of 25 percent of Tier 1 capital elements excluding any non-qualifying capital instruments and after all regulatory capital deductions and adjustments applied to Tier 1 capital. Trust Preferred Securities no longer included in United s Tier 1 capital may be included as a component of Tier 2 capital on a permanent basis without phase-out. As of March 31, 2015, all of United s Trust Preferred Securities qualify as Tier 1 Capital.

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 interest rate swap agreements. 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 $2,687,430 and $2,763,129 of loan commitments outstanding as of March 31, 2015 and December 31, 2014, respectively, approximately half 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. As of March 31, 2015 and December 31, 2014, United had $226 and $216, respectively, of outstanding commercial letters of credit. 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 $149,245 and $160,230 as of March 31, 2015 and December 31, 2014, respectively. In accordance with the Contingencies Topic of the FASB Accounting Standards Codification, United has determined that substantially all of its letters of credit are renewed on an annual basis and the fees associated with these letters of credit are immaterial.

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Derivative instruments designated in a hedge relationship to mitigate exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivative instruments designated in a hedge relationship to mitigate exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. As of March 31, 2015, United has only fair value hedges.

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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.

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

The following table sets forth certain information regarding the interest rate derivatives portfolio used for interest-rate risk management purposes and designated as accounting hedges under the Derivatives and Hedging topic at March 31, 2015.

Derivative Classifications and Hedging Relationships

March 31, 2015

	Notional Amount	Average Pay Rate
Fair Value Hedges:		
Pay Fixed Swaps (Hedging Commercial Loans)	$ 37,121	5.07%
Total Derivatives Used in Fair Value Hedges	$ 37,121	
Total Derivatives Used for Interest Rate Risk Management and Designated as Hedges	$ 37,121	

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

	Asset Derivatives			
	March 31, 2015		December 31, 2014	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts	Other assets	$ 0	Other assets	$ 90
Total derivatives designated as hedging instruments		$ 0		$ 90

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	Asset Derivatives			
	March 31, 2015		December 31, 2014	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments				
Interest rate contracts	Other assets	$ 3,775	Other assets	$ 3,704
Total derivatives not designated as hedging instruments		$ 3,775		$ 3,704
Total asset derivatives		$ 3,775		$ 3,794

	Liability Derivatives			
	March 31, 2015		December 31, 2014	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts	Other liabilities	$ 1,090	Other liabilities	$ 432
Total derivatives designated as hedging instruments		$ 1,090		$ 432
Derivatives not designated as hedging instruments				
Interest rate contracts	Other liabilities	$ 3,775	Other liabilities	$ 3,704
Total derivatives not designated as hedging instruments		$ 3,775		$ 3,704
Total liability derivatives		$ 4,865		$ 4,136

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

The effect of United s derivative financial instruments on it Consolidated Statement of Income for the first three months ended March 31, 2015 and 2014 is presented below:

		Three Months Ended	
	Income Statement Location	March 31, 2015	March 31, 2014
Derivatives in fair value hedging relationships			
Interest rate contracts	Interest income/ (expense)	$ (424)	$ (251)
Total derivatives in fair value hedging relationships		$ (424)	$ (251)
Derivatives not designated as hedging instruments			
Interest rate contracts (1)	Other income	$ 0	$ 0

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	Income Statement Location	Three Months Ended March 31, 2015	March 31, 2014
Total derivatives not designated as hedging instruments		$ 0	$ 0
Total derivatives		$ (424)	$ (251)

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

For the first three months ended March 31, 2015 and 2014, changes in the fair value of any interest rate swaps attributed to hedge ineffectiveness were recorded, but were not significant to United s Consolidated Statements of Income.

12. FAIR VALUE MEASUREMENTS

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

The Fair Value Measurements and Disclosures topic 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, based on these two types of inputs, are as follows:

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

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

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

Securities available for sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Using a market approach valuation methodology, third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that considers observable market data (Level 2). Management internally reviews the fair values provided by third party vendors on a monthly basis. Management s review consists of comparing fair values assigned by third party vendors to trades and offerings observed by management. The review requires some degree of judgment as to the number or percentage of securities to review on the part of management which could fluctuate based on results of past reviews and in comparison to current expectations. Exceptions that are deemed to be material are reviewed by management. Additionally, to assess the reliability of the information received from third party vendors, management obtains documentation from third party vendors related to the sources, methodologies, and inputs utilized in valuing securities classified as Level 2. Management analyzes this information to ensure the underlying assumptions appear reasonable. Management also obtains an independent service auditor s report from third party vendors to provide reasonable assurance that appropriate controls are in place over the valuation process. Upon completing its review of the pricing from third party vendors at March 31, 2015, management determined that the prices provided by its third party pricing source were reasonable and in line with management s expectations for the market values of these securities. Therefore, prices obtained from third party vendors that did not reflect forced liquidation or distressed sales were not adjusted by management at March 31, 2015. Management utilizes a number of factors to determine if a market is inactive, all of which may require a significant level of judgment. Factors that management considers include: a significant widening of the bid-ask spread, a considerable decline in the volume and level of trading activity in the instrument, a significant variance in prices among market participants, and a significant reduction in the level of observable inputs. Any securities available for sale not valued based upon quoted market prices or third party pricing models that consider observable market data are considered Level 3. Currently, United considers its valuation of available-for-sale Trup Cdos as Level 3. The Fair Value Measurements and Disclosures topic assumes that fair values of financial assets are determined in an orderly transaction and not a forced liquidation or distressed sale at the measurement date. Based on financial market conditions, United feels that the fair values obtained from its third party vendor reflect forced liquidation or distressed sales for these Trup Cdos due to decreased volume and trading activity. Additionally, management held discussions with institutional traders to identify trends in the number and type of transactions related to the Trup Cdos sector. Based upon management s review of the market conditions for Trup Cdos, it was determined that an income approach valuation technique (present value technique) that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs is more representative of fair value than the valuation technique used by United s third party vendor. The present value technique discounts expected future cash flows of a security to arrive at a present value. Management considers the following items when calculating the appropriate discount rate: the implied rate of return when the market was last active, changes in the implied rate of return as markets moved from very active to inactive, recent changes in credit ratings, and recent activity showing that the market has built in increased liquidity and credit premiums. Management s internal credit review of each security was also factored in to determine the appropriate discount rate. The credit review considered each security s collateral, subordination, excess spread, priority of claims, principal and interest. Discount margins used in the valuation at March 31, 2015 ranged from LIBOR plus 4.00% to LIBOR plus 9.75%. Management completed a sensitivity analysis on the fair value of its Trup Cdos. Given a comprehensive 200 basis point increase in the discount rates, the total fair value of these securities would decline by approximately 19%, or $7,241.

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

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

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

The following tables present the balances of financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2015 and December 31, 2014, segregated by the level of the valuation inputs within the fair value hierarchy.

		Fair Value at March 31, 2015 Using		
Description	**Balance as of March 31, 2015**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Available for sale debt securities:				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 91,354	$ 0	$ 91,354	$ 0
State and political subdivisions	136,202	0	136,202	0
Residential mortgage-backed securities				
Agency	543,188	0	543,188	0
Non-agency	11,564	0	11,564	0
Asset-backed securities	8,003	0	8,003	0
Commercial mortgage-backed securities				
Agency	315,547	0	315,547	0
Trust preferred collateralized debt obligations	37,461	0	0	37,461
Single issue trust preferred securities	11,642	0	11,642	0
Other corporate securities	5,119	0	5,119	0
Total available for sale debt securities	1,160,080	0	1,122,619	37,461
Available for sale equity securities:				

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		Fair Value at March 31, 2015 Using		
Description	Balance as of March 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial services industry	3,235	746	2,489	0
Equity mutual funds (1)	620	620	0	0
Other equity securities	1,201	1,201	0	0
Total available for sale equity securities	5,056	2,567	2,489	0
Total available for sale securities	1,165,136	2,567	1,125,108	37,461
Derivative financial assets:				
Interest rate contracts	3,775	0	3,775	0
Liabilities				
Derivative financial liabilities:				
Interest rate contracts	4,865	0	4,865	0

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

		Fair Value at December 31, 2014 Using		
Description	Balance as of December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available for sale debt securities:				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 89,981	$ 0	$ 89,981	$ 0
State and political subdivisions	136,863	0	136,863	0
Residential mortgage-backed securities				
Agency	555,685	0	555,685	0
Non-agency	12,018	0	12,018	0
Asset-backed securities	8,027	0	8,027	0
Commercial mortgage-backed securities				
Agency	317,099	0	317,099	0
Trust preferred collateralized debt obligations	39,558	0	0	39,558
Single issue trust preferred securities	11,744	0	11,744	0
Other corporate securities	5,135	0	5,135	0
Total available for sale debt securities	1,176,110	0	1,136,552	39,558
Available for sale equity securities:				
Financial services industry	2,533	759	1,774	0

Equity mutual funds (1)	560	560	0	0
Other equity securities	1,183	1,183	0	0
Total available for sale equity securities	4,276	2,502	1,774	0
Total available for sale securities	1,180,386	2,502	1,138,326	39,558
Derivative financial assets:				
Interest rate contracts	3,794	0	3,794	0

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Description	Balance as of December 31, 2014	Fair Value at December 31, 2014 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities				
Derivative financial liabilities:				
Interest rate contracts	4,136	0	4,136	0

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

The following table presents additional information about financial assets and liabilities measured at fair value at March 31, 2015 and December 31, 2014 on a recurring basis and for which United has utilized Level 3 inputs to determine fair value:

	Available-for-sale Securities Trust preferred collateralized debt obligations	
	March 31, 2015	December 31, 2014
Balance, beginning of period	$ 39,558	$ 43,449
Total gains or losses (realized/unrealized):		
Included in earnings (or changes in net assets)	(34)	(4,034)
Included in other comprehensive income	(2,063)	12,312
Purchases, issuances, and settlements	0	(12,169)
Transfers in and/or out of Level 3	0	0
Balance, end of period	$ 37,461	$ 39,558
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at reporting date	0	0

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 non-recurring basis in the financial statements.

Loans held for sale: Loans held for sale are carried at the lower of cost or fair value. These loans currently consist of one-to-four family residential loans originated for sale in the secondary market. Fair value is based on the price secondary markets are currently offering for similar loans using observable market data which is not materially different than cost due to the short duration between origination and sale (Level 2). As such, United records any fair value adjustments on a nonrecurring basis. No nonrecurring fair value adjustments were recorded on loans held for sale during the quarter ended March 31, 2015. Gains and losses on 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. Impairment is measured based upon the present value of expected future cash flows from the loan discounted at the loan s effective rate and the loan s observable market price or the fair value of collateral, if the loan is collateral dependent. Fair value is measured using a market approach based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the collateral is real estate. The value of real estate collateral is determined utilizing an appraisal conducted by an independent, licensed appraiser outside of the Company using comparable property sales (Level 2). However, if the collateral is a house or building in the process of construction or if an appraisal of the real estate property is over two years old, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). For impaired loans, a specific reserve is established through the Allowance for Loan Losses, if necessary, by estimating the fair value of the underlying collateral 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.

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

Intangible Assets: For United, intangible assets consist of goodwill and core deposit intangibles. Goodwill is tested for impairment at least annually or sooner if indicators of impairment exist. Goodwill impairment would be defined as the difference between the recorded value of goodwill (i.e. book value) and the implied fair value of goodwill. In determining the implied fair value of goodwill for purposes of evaluating goodwill impairment, United determines the fair value of the reporting unit using a market approach and compares the fair value to its carrying value. If the carrying value exceeds the fair value, a step two test is performed whereby the implied fair value is computed by deducting the fair value of all tangible and intangible net assets from the fair value of the reporting unit. Core deposit intangibles relate to the estimated value of the deposit base of acquired institutions. Management reviews core deposit intangible assets on an annual basis, or sooner if indicators of impairment exist, and evaluates changes in facts and circumstances that may indicate impairment in the carrying value. Other than those intangible assets recorded in the acquisition of Virginia Commerce, no fair value measurement of intangible assets was made during the first quarter of 2015 and 2014.

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

		Carrying value at March 31, 2015			
Description	**Balance as of March 31, 2015**	**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	$ 48,248	$ 0	$ 6,815	$ 41,433	$ 2,360
OREO	37,550	0	37,550	0	495

		Carrying value at December 31, 2014			
Description	**Balance as of December 31, 2014**	**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	$ 46,369	$ 0	$ 8,518	$ 37,851	$ 7,349
OREO	38,778	0	38,778	0	3,307

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

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

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