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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended **December 31, 2021**

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: **002-86947**

United Bankshares, Inc.
(Exact name of registrant as specified in its charter)

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

300 United Center **500 Virginia Street, East** **Charleston, West Virginia**	**25301**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $2.50 per share	UBSI	NASDAQ Global Select Market

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

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

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

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

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(Continued)

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). **Yes** ☒ No ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of United Bankshares, Inc. common stock, representing all of its voting stock that was held by non-affiliates on June 30, 2021, was approximately **$4,519,329,000**.

As of January 31, 2022, United Bankshares, Inc. had **136,521,531** shares of common stock outstanding with a par value of **$2.50**.

Auditor Firm PCAOB ID: 42 Auditor Name: Ernst & Young LLP Auditor Location: Charleston, WV, USA

Documents Incorporated By Reference

Certain specifically designated portions of the Definitive Proxy Statement for the United Bankshares, Inc. 2022 Annual Shareholders' Meeting to be held on May 11, 2022 are incorporated by reference in Part III of this Form 10-K.

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As of the date of filing this Annual report, neither the annual shareholders' report for the year ended December 31, 2021, nor the proxy statement for the annual United shareholders' meeting has been mailed to shareholders.

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UNITED BANKSHARES, INC.
FORM 10-K, PART I

Item 1. BUSINESS

Organizational History and Subsidiaries

United Bankshares, Inc. (“United,” “we,” “us,” “our,” or the “Company”) is a West Virginia corporation registered as a financial holding company pursuant to the Bank Holding Company Act of 1956, as amended. United was incorporated on March 26, 1982, organized on September 9, 1982, and began conducting business on May 1, 1984 with the acquisition of three wholly-owned subsidiaries. Since its formation in 1982, United has acquired thirty-three banking institutions. United has one banking subsidiary “doing business” under the name of United Bank, operating under the laws of Virginia. United Bank offers a full range of commercial and retail banking services and products. United also owns nonbank subsidiaries which engage in other community banking services such as asset management, real property title insurance, financial planning, mortgage banking, and brokerage services.

Web Site Address

United’s web site address is “www.ubsi-inc.com”. United makes available free of charge on its web site the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments thereto, as soon as reasonably practicable after United files such reports with the Securities and Exchange Commission (“SEC”). The reference to United’s web site does not constitute incorporation by reference of the information contained in the web site and should not be considered part of this document. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Business of United

As a financial holding company, United's present businesses are community banking and mortgage banking. As of December 31, 2021, United's consolidated assets approximated $29.3 billion and total shareholders' equity approximated $4.7 billion.

United is permitted to acquire other banks and bank holding companies, as well as thrift institutions. United is also permitted to engage in certain non-banking activities which are closely related to banking under the provisions of the Bank Holding Company Act and the Federal Reserve Board's Regulation Y. Management continues to consider such opportunities as they arise, and in this regard, management from time to time makes inquiries, proposals, or expressions of interest as to potential opportunities, although no agreements or understandings to acquire other banks or bank holding companies or non-banking subsidiaries or to engage in other nonbanking activities, other than those identified herein, presently exist.

On December 3, 2021, United completed its acquisition of Community Bankers Trust Corporation (“Community Bankers Trust”), the parent company of Essex Bank (“Essex”) with $1.8 billion in assets, headquartered in Richmond, Virginia. The acquisition of Community Bankers Trust enhanced United’s existing presence in the DC Metro MSA and took United into new markets including Baltimore, Annapolis, Lynchburg, Richmond, and the Northern Neck of Virginia. It also strategically connects our Mid-Atlantic and Southeast footprints. On May 1, 2020, United completed its acquisition of Carolina Financial Corporation (“Carolina Financial”), the parent company of CresCom Bank (“CresCom”) with $5.0 billion in assets, headquartered in Charleston, South Carolina. The acquisition of Carolina Financial broadened United’s footprint in the Southeast region with some of the most desirable banking markets in the nation. See Note B - Notes to Consolidated Financial Statements for a discussion of United’s mergers with Community Bankers Trust and Carolina Financial. Prior to Carolina Financial, United more than doubled its size through three acquisitions in less than three and a half years. In January 2014, United closed its acquisition of Virginia Commerce Bancorp, Inc., followed by the November 2015 announcement of the Bank of Georgetown transaction which closed June 2016. In August 2016, United announced the Cardinal Financial Corporation acquisition which closed April 2017.

Business of Subsidiaries

United, through its subsidiaries, engages primarily in community banking and mortgage banking offering most

types of business permitted by law and regulation. Included among the banking services offered are the acceptance of deposits in checking, savings, time and money market accounts; the making and servicing of personal, commercial, and floor plan loans; and the making of construction and real estate loans. Also offered are individual retirement accounts, safe deposit boxes, wire transfers and other standard banking products and services. As part of its lending function, United Bank offers credit card services.

United Bank maintains a trust department which acts as trustee under wills, trusts and pension and profit sharing plans, as executor and administrator of estates, and as guardian for estates of minors and incompetents, and in addition performs a variety of investment and security services. United Bank provides services to its correspondent banks such as the buying and selling of federal funds.

George Mason Mortgage, LLC ("George Mason"), a wholly-owned subsidiary of United Bank, is engaged in the operation of a general mortgage and agency business, including the origination and acquisition of residential real estate loans for resale and generally the activities commonly conducted by a mortgage banking company. Residential real estate loans are sold without the servicing rights retained. These loans are for single-family, owner-occupied residences with either adjustable or fixed rate terms, with a variety of maturities tailored to effectively serve its markets.

Crescent Mortgage Company ("Crescent"), a wholly-owned subsidiary of United Bank, is primarily a correspondent/wholesale mortgage company approved to originate loans in 48 states partnering with community banks, credit unions and mortgage brokers. Much like George Mason, Crescent is also engaged in the operation of a general mortgage and agency business, including the origination and acquisition of residential real estate loans for resale and the activities commonly conducted by a mortgage banking company. However, depending on the pricing of residential real estate loans sold, Crescent may retain the servicing rights. In addition, at certain times, Crescent may purchase rights to service mortgage loans from third parties.

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

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

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

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

Lending Activities

United's loan and lease portfolio, net of unearned income, increased $432.2 million or 2.46% in 2021 due mainly to the acquisition of Community Bankers Trust partially offset by a decline in Payment Protection Program ("PPP") loans. The loan and lease portfolio is mainly comprised of commercial, real estate and consumer loans including credit card and home equity loans. Commercial, financial and agricultural loans and leases increased $458.0 million or 4.28% as commercial real estate loans increased $1.1 billion or 15.81% while commercial loans and leases (not secured by real estate) decreased $592.1 million or 14.60%. Construction and land development loans increased $187.8 million or 10.28%. Residential real

estate loans decreased $208.3 million or 5.34%. Consumer loans were flat, decreasing $8.8 million or less than 1%.

Commercial Loans and Leases

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

Real Estate Loans

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

As of December 31, 2021, approximately $366.7 million or 2.03% of United's loan portfolio were real estate loans that met the regulatory definition of a high loan-to-value loan. A high loan-to-value real estate loan is defined as any loan, line of credit, or combination of credits secured by liens on or interests in real estate that equals or exceeds a certain percentage established by United's primary regulator of the real estate's appraised value, unless the loan has other appropriate credit support. The certain percentage varies depending on the loan type and collateral. Appropriate credit support may include mortgage insurance, readily marketable collateral, or other acceptable collateral that reduces the loan-to-value ratio below the certain percentage.

Consumer Loans

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

Underwriting Standards

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

United's underwriting standards and practices are designed to originate both fixed and variable rate loan products in a manner which is consistent with the prudent banking practices applicable to these exposures. Typically, both fixed and variable rate loan underwriting practices incorporate conservative methodology, including the use of stress testing for commercial loans, and other product appropriate measures designed to provide an adequate margin of safety for the full

collection of both principal and interest within contractual terms. Consumer real estate secured loans are underwritten to the initial rate, and to a higher assumed rate commensurate with normal market conditions. Therefore, it is the intent of United's underwriting standards to ensure that adequate primary repayment capacity exists to address both future increases in interest rates, and fluctuations in the underlying cash flows available for repayment. Historically, and at December 31, 2021, United has not offered "teaser rate" loans, and had no loan portfolio products which were specifically designed for "sub-prime" borrowers. Management defines "sub-prime" borrowers as consumer borrowers with a credit score of less than 660.

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

Loan Concentrations

United has commercial loans, including real estate and owner-occupied, income-producing real estate and land development loans, of approximately $13.0 billion as of December 31, 2021. These loans are primarily secured by real estate located in West Virginia, southeastern Ohio, southwestern Pennsylvania, Virginia, Maryland, North Carolina, South Carolina and the District of Columbia. United categorizes these commercial loans by industry according to the North American Industry Classification System ("NAICS") to monitor the portfolio for possible concentrations in one or more industries. As of the most recent fiscal year-end, United has one such industry classification that exceeded 10% of total loans. As of December 31, 2021, approximately $8.7 billion or 48.22% of United's total loan portfolio were for real estate and construction. The loans were originated by United's subsidiary bank using underwriting standards as set forth by management. United's loan administration policies are focused on the risk characteristics of the loan portfolio, including commercial real estate loans, in terms of loan approval and credit quality. It is the opinion of management that these loans do not pose any unusual risks and that adequate consideration has been given to the above loans in establishing the allowance for loan losses.

United does not have a loan classification concentration in the restaurants, hotel and accommodations industry. As of December 31, 2021, approximately $1.0 billion or 5.66% of United's total loan portfolio were to hotels and other traveler accommodations. In addition, United does not have a loan classification concentration in the mining, quarrying and oil and gas extraction industry. As of December 31, 2021, approximately $157.9 million or less than 1% of United's total loan portfolio were for the purpose of extracting, manufacturing and distributing oil, coal and natural gas.

Secondary Markets

United generally originates loans within the primary market area of United Bank. United may from time to time make loans to borrowers and/or on properties outside of its primary market area as an accommodation to its existing customers.

United Bank, George Mason, and Crescent originate and acquire residential real estate loans for resale in the secondary market. Mortgage loan originations are generally intended to be sold in the secondary market on a best efforts or mandatory basis. Depending on the pricing in the marketplace, servicing rights are either sold or retained.

During 2021, United originated $6.2 billion of real estate loans for sale in the secondary market and sold $6.4 billion of loans designated as held for sale in the secondary market. Net gains on the sales of these loans during 2021 were $171.7 million.

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

Loan Servicing

United through its mortgage banking subsidiary, Crescent, may retain the rights to service a portion of the loans

sold in the third-party market, as part of its mortgage banking activities, for which United receives service fee income. In addition, at certain times United may purchase rights to service from third parties. These rights are known as mortgage servicing rights, or MSRs, where the owner of the MSR acts on behalf of the mortgage loan owner and has the contractual right to receive a stream of cash flows in exchange for performing specified mortgage servicing functions. These duties typically include, but are not limited to, performing loan administration, collection, and default activities, including the collection and remittance of loan payments, responding to customer inquiries, accounting for principal and interest, holding custodial (impound) funds for the payment of property taxes and insurance premiums, counseling delinquent mortgagors, modifying loans and supervising foreclosures and property dispositions. United subservices the duties and responsibilities obligated to the owner of the MSR to a third party provider for which we pay a fee.

Investment Activities

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

Sources of funds for investment activities include "core deposits". Core deposits include certain demand deposits, savings and NOW accounts. These deposits are relatively stable and they are the lowest cost source of funds available to United. Short-term borrowings have also been a significant source of funds. These include federal funds purchased, securities sold under agreements to repurchase and FHLB borrowings.

United's investment portfolio is comprised of a significant amount of mortgage-backed securities, asset-backed securities and corporate securities. Obligations of States and Political Subdivisions are comprised of primarily "investment grade" rated municipal securities. Interest and dividends on securities for the years of 2021, 2020, and 2019 were $61.9 million, $66.8 million, and $74.3 million, respectively. For the year of 2021, United realized net gains on sales of securities of $2.8 million. For the years of 2020 and 2019, United realized net gains on sales of securities of $3.2 million and $373 thousand, respectively. In the year 2019, United recognized other-than-temporary impairment ("OTTI") charges of $198 thousand.

Human Capital

At United, one of our key competitive advantages is our people. Investment in our human capital is a top priority for the Company. As of December 31, 2021, United and its subsidiaries had approximately 2,966 employees and officers. Of the 2,966 employees and officers, approximately 2,342 are employed in the community banking segment, 557 are employed in the mortgage banking segment and 67 are in a general support and administrative function for the Company. None of these employees are represented by a collective bargaining unit and management considers employee relations to be excellent. We emphasize positive attitudes, communication, teamwork, goal attainment, personal growth, and the pursuit of excellence when it comes to delivering high-quality service to our customers and fellow employees.

Our human capital management strategy focuses on recruiting, developing, and engaging a talented and diverse workforce. We emphasize embodying our core values of integrity, teamwork, hard work, and caring, and foster positive attitudes, communication, goal attainment, personal growth, and the pursuit of United's mission of excellence in service to our shareholders, our customers, our communities, and our employees.

Focusing on talent selection and developing top talent remains a strong pillar of our organization. Our primary focus is to attract and advance the careers of employees with different backgrounds, experiences, ideas, and skills.

We host exceptional college recruiting and internship programs that attract candidates from a variety of colleges and universities within our footprint. These two programs build a continuous talent pipeline and prioritize these individuals for internal openings.

Our Leadership Development Program provides an opportunity for the Company's rising talent from across our footprint and various business lines to strengthen their leadership and communication skills, increase their visibility within

the organization, and establish internal networks, helping to cultivate a future pipeline of leaders across the institution. Over a period of four years, these individuals are empowered to work on pertinent projects designed to enhance revenue, reduce expenses, and improve risk management functions, while developing the members' leadership, interactive, and managerial skills. Past members now hold key positions across the Company ranging from Department Managers to Line of Business Leaders to Executive Officers.

One of our strategic priorities to ensure leadership continuity is effective succession planning. The Company has a formal plan to identify potential successors and actively develop those employees. The plan includes all critical management positions throughout the organization and is updated annually. This process is dynamic, and we have added additional management positions to the plan as the Company continues to evolve and grow. The Company's executives constantly review and evaluate personnel to identify pools of candidates with high levels of leadership potential and promote their progress by engineering their range of work experiences. We also have an expansive internal and external training platform to ensure our employees have the necessary tools to fill these key positions effectively.

United also has an effective and efficient onboarding program, introducing new team members to the culture and enabling an environment that helps them be engaged in their roles. We have rigorous interdepartmental training and development programs that provide employees with capabilities to perform their job functions, deliver results, and advance their careers.

We partnered with West Virginia University to develop an executive training program aimed at developing the technical, theoretical, and applied skills needed for a successful launch into a career in Business Banking. High-performing employees are given opportunities to attend state and national banking schools, conferences, industry peer groups, and training webinars. All United employees have access to career development and skills-based training through our internal online Human Resources Management System.

United makes every effort to ensure that our compensation and benefits packages are inclusive and competitive to attract and retain talent. Our comprehensive benefit plans are designed to fully support our full-time and eligible part-time employees and their families through every stage of their life cycle, recognizing our employees' individual needs and offering flexible benefit options. We provide comprehensive health and wellness plans for all eligible employees as well as retirees of United. We also provide other paid-time off benefits such as vacation, sick time, personal days, and birthdays. The Company also provides financial wellness benefits to all employees through our 401K Plan in which the Company provides a competitive match of employee contributions. Employees may also take advantage of United's Employee Stock Purchase Plan through payroll deductions.

We are committed to providing a safe and healthy work environment for our employees and offer services to foster the best physical, mental, and social well-being of our workforce. United's comprehensive Employee Assistance Program provides all employees a comprehensive and personalized process with a tailored approach to meet employees where they are and supports them through whatever journey they may be facing. The Employee Assistance Program provides unlimited phone access for information, resources, and referrals and provides sessions with a counselor for the employee and their family members. The employee, and their family, can also take advantage of a host of web-based resources the program provides as well.

The commitment to our employees and their family's well-being remains at the forefront for United and allows us to remain competitive in attracting and retaining top talent and ensuring our employee benefits remain competitive when compared with other institutions.

In addition, at United, we are committed to nurturing an inclusive culture that: is reflective of the communities we serve; celebrates diversity of thought, backgrounds, and experience; promotes respect and a shared purpose; and aligns with our core values. United has a cross-functional Diversity, Equity, and Inclusion Council ("DE&I Council") to advise executive and senior leadership on the Company's diversity, equity, and inclusion strategy and to implement and manage programs to accomplish and support these priorities. United added a diversity trainer to the Learning & Talent Development Team who facilitates workshops available to all employees. In 2021, 100% of employees participated in DE&I training on topics such as implicit bias and cultivating inclusive teams.

DE&I employee liaisons were selected through an application process, received training on courageous conversations, and then held open forums with local colleagues related to various DE&I topics. The MIS team has collaborated with the Human Resources department to apply best practices in data governance to the metrics that are so critical to measuring success in DE&I.

To continue to cultivate our inclusive culture, United offers employees a way to report confidential and anonymous issues of concern through our website. Whether it is a compliance or regulatory violation, wrongdoing, improper conduct, or harassment, the confidential report will be instantly and discreetly forwarded for review.

Competition

United faces a high degree of competition in all of the markets it serves. We face strong competition in gathering deposits, making loans and obtaining client assets for management by our investment or trust operations. United considers all of West Virginia to be included in its market area. This area includes the five largest West Virginia Metropolitan Statistical Areas ("MSA"): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Morgantown MSA and the Wheeling MSA. United serves the Ohio counties of Lawrence, Belmont, Jefferson and Washington and Fayette county in Pennsylvania primarily because of their close proximity to the Ohio and Pennsylvania borders and United banking offices located in those counties or in nearby West Virginia. United's Virginia markets include the Maryland, northern Virginia and Washington, D.C. MSA, the Winchester MSA, the Harrisonburg MSA, and the Charlottesville MSA. Through its acquisition of Carolina Financial, United's market also includes the Coastal, Midlands, and Upstate regions of South Carolina, including the Charleston (Charleston, Dorchester and Berkeley Counties), Myrtle Beach (Horry and Georgetown Counties), Columbia (Richland and Lexington Counties), and the Upstate (Greenville and Spartanburg Counties) areas as well as areas in North Carolina including Wilmington (New Hanover County), Raleigh-Durham (Durham and Wake Counties), Charlotte-Concord-Gastonia (NC and SC) and the southeastern coastal region of North Carolina (Bladen, Brunswick, Columbus, Cumberland, Duplin and Robeson Counties). Through its acquisition of Community Bankers Trust, United added new markets in Baltimore and Annapolis, Maryland and Lynchburg and Richmond, Virginia as well as the Northern Neck of Virginia. United considers all of the above locations to be the primary market areas for the business of its banking and mortgage banking subsidiaries.

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

As of December 31, 2021, there were 68 bank holding companies operating in the State of West Virginia registered with the Federal Reserve System and the West Virginia Board of Banking and Financial Institutions, 121 bank holding companies operating in the Commonwealth of Virginia registered with the Federal Reserve System and the Virginia State Corporation Commission, 87 bank holding companies operating in the State of North Carolina registered with the Federal Reserve System and the N.C. Office of the Commissioner of Banks and 75 bank holding companies operating in the State of South Carolina registered with the Federal Reserve System and the South Carolina State Board of Financial Institutions. These holding companies are headquartered in various states and control banks throughout West Virginia, Virginia, North Carolina and South Carolina, which compete for business as well as for the acquisition of additional banks.

Regulation and Supervision

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

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

The Board of Governors, in its Regulation Y, permits financial holding companies to engage in preapproved non-banking activities closely related to banking or managing or controlling banks. Approval of the Board of Governors is necessary to engage in certain other non-banking activities which are not preapproved or to make acquisitions of corporations engaging in these activities. In addition, on a case-by-case basis, the Board of Governors may approve other non-banking activities. A financial holding company may also engage in financial activities, including securities underwriting and dealing, insurance agency and underwriting activities, and merchant banking activities.

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

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

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

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

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

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

Dividends and Stock Repurchases

The principal source of United's liquidity is dividends from United Bank. The prior approval of the Federal Reserve Board is required if the total of all dividends declared by a state-chartered member bank in any calendar year would exceed the sum of the bank's net profits for that year and its retained net profits for the preceding two calendar years, less any required transfers to surplus or to fund the retirement of preferred stock. Federal law also prohibits a state-chartered, member bank from paying dividends that would be greater than the bank's undivided profits. United Bank is also subject to limitations under Virginia state law regarding the level of dividends that may be paid.

In addition, United and United Bank are subject to other regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal regulatory authority is authorized to determine under certain circumstances relating to the financial condition of a bank holding company or a bank that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. The appropriate federal regulatory authorities have stated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsafe and unsound banking practice and that banking organizations should generally pay dividends only out of current operating earnings. In addition, in the current financial and economic environment, the Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policy and has discouraged payment ratios that are at maximum allowable levels unless both asset quality and capital are very strong.

In July 2019, the federal bank regulators adopted final rules (the "Capital Simplifications Rules") that, among other things, eliminated the standalone prior approval requirement in the Basel III Capital Rules for any repurchase of common stock. In certain circumstances, United's repurchases of its common stock may be subject to a prior approval or notice requirement under other regulations, policies or supervisory expectations of the Federal Reserve Board. Any redemption or repurchase of preferred stock or subordinated debt remains subject to the prior approval of the Federal Reserve Board.

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

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

On May 24, 2018, President Trump signed into law the "Economic Growth, Regulatory Relief, and Consumer Protection Act (the EGRRCPA Act)" which provides certain limited amendments to the Dodd-Frank Act, as well as certain targeted modifications to other post-financial crisis regulatory requirements. In addition, the legislation establishes new consumer protections and amends various securities- and investment company-related requirements. The EGRRCPA Act primarily amends several other laws, including the Truth in Lending Act (TILA), Federal Credit Union Act, Federal Deposit Insurance Act, Fair Credit Reporting Act (FCRA) and Securities Act of 1933. The Act is divided into six titles, which aim to: improve consumer access to mortgage credit (Title I); provide regulatory relief and protect consumer access to credit (Title II); protect the credit information of consumers, including veterans and servicemembers (Title III); tailor regulations for certain bank holding companies, including raising the threshold levels for exemption from certain prudential standards and stress testing (Title IV); encourage capital formation by reforming certain Securities and Exchange Commission (SEC) regulations (Title V); and protect student borrowers (Title VI).

Deposit Insurance

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

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

following notice-and-comment rulemaking if required.

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

As part of its changes in April 2011, the FDIC established a new methodology for determining assessment rates for large and highly complex institutions, as defined in the rules. In October 2012, the FDIC announced revised changes to some of the definitions used to determine assessment rates for these large and highly complex insured depository institutions. The rule generally applies to FDIC-regulated banks with assets greater than $10 billion and took effect April 1, 2013. In the second quarter of 2018, United Bank was reclassified as a large institution for deposit insurance assessment purposes. Generally, this new classification resulted in higher FDIC insurance premiums.

On September 30, 2018, the Deposit Insurance Fund Reserve Ratio reached 1.36%, exceeding the statutorily required minimum reserve ratio of 1.35% ahead of the September 30, 2020, deadline required under the Dodd-Frank Act. FDIC regulations provide for two changes to deposit insurance assessments upon reaching the minimum: (1) surcharges on insured depository institutions with total consolidated assets of $10 billion or more (large banks) ceased on December 28, 2018; and (2) small banks will receive assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from between 1.15% and 1.35%, to be applied when the reserve ratio is at or above 1.38%. United benefited from both these changes.

United's FDIC insurance expense totaled $8.3 million, $10.1 million, and $8.1 million in 2021, 2020 and 2019, respectively.

Capital Requirements

United and United Bank are each required to comply with applicable capital adequacy standards established by the Federal Reserve Board (the "Basel III Capital Rules"). Since fully phased in on January 1, 2019, the Basel III Capital Rules require United and United Bank to maintain the following:

- A minimum ratio of Common Equity Tier 1 ("CET1") to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (resulting in a minimum ratio of CET1 to risk-weighted assets of 7.0%);
- A minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (resulting in a minimum Tier 1 capital ratio of 8.5%);
- A minimum ratio of total capital (Tier 1 capital plus Tier 2 capital) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (resulting in a minimum total capital ratio of 10.5%); and
- A minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to average consolidated assets as reported on consolidated financial statements (known as the "leverage ratio").

Banking institutions that fail to meet the effective minimum ratios once the capital conservation buffer is taken into account, as detailed above, will be subject to constraints on capital distributions, including dividends and share repurchases, and certain discretionary executive compensation. The severity of the constraints depends on the amount of the shortfall and the institution's "eligible retained income" (that is, the greater of (i) net income for the preceding four quarters, net of distributions and associated tax effects not reflected in net income and (ii) the average net income over the preceding four quarters).

The Basel III Capital Rules and the Capital Simplification Rules also provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that certain deferred tax assets and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 25% of CET1. Prior to the adoption of the Capital Simplification Rules in July 2019, amounts were deducted from CET1 to

the extent that any one such category exceeded 10% of CET1 or all such items, in the aggregate, exceeded 15% of CET1. The Capital Simplification Rules took effect for United and United Bank as of January 1, 2020. These limitations did not impact our regulatory capital during any of the reported periods.

In addition, under the general risk-based capital rules, the effects of accumulated other comprehensive income items included in capital were excluded for the purposes of determining regulatory capital ratios. Under the Basel III Capital Rules, the effects of certain accumulated other comprehensive income items are not excluded; however, non-advanced approaches banking organizations, including United and United Bank, were able to make a one-time permanent election to continue to exclude these items. Both United and United Bank made this election in order to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of their available-for-sale securities portfolio. Under the Basel III Capital Rules, trust preferred securities no longer included in our Tier 1 capital may nonetheless be included as a component of Tier 2 capital on a permanent basis without phase-out.

In February 2019, the federal bank regulatory agencies issued a final rule (the "2019 CECL Rule") that revised certain capital regulations to account for changes to credit loss accounting under U.S. GAAP. The 2019 CECL Rule included a transition option that allows banking organizations to phase in, over a three-year period, the day-one adverse effects of adopting a new accounting standard related to the measurement of current expected credit losses ("CECL") on their regulatory capital ratios (three-year transition option). In March 2020, the federal bank regulatory agencies issued an interim final rule that maintains the three-year transition option of the 2019 CECL Rule and also provides banking organizations that were required under U.S. GAAP (as of January 2020) to implement CECL before the end of 2020 the option to delay for two years an estimate of the effect of CECL on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period (five-year transition option). We elected to adopt the five-year transition option.

The Basel III Capital Rules prescribe a standardized approach for risk weightings that expanded the risk-weighting categories from the general risk-based capital rules to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. government and agency securities, to 600% for certain equity exposures (and higher percentages for certain other types of interests), and resulting in higher risk weights for a variety of asset categories. In November 2019, the federal banking agencies adopted a rule revising the scope of commercial real estate mortgages subject to a 150% risk weight.

In December 2017, the Basel Committee published standards that it described as the finalization of the Basel III post-crisis regulatory reforms (the standards are commonly referred to as "Basel IV"). Among other things, these standards revise the Basel Committee's standardized approach for credit risk (including by recalibrating risk weights and introducing new capital requirements for certain "unconditionally cancellable commitments," such as unused credit card lines of credit) and provides a new standardized approach for operational risk capital. Under the Basel framework, these standards generally became effective on January 1, 2022, with an aggregate output floor phasing in through January 1, 2027. Under the current U.S. capital rules, operational risk capital requirements and a capital floor apply only to advanced approaches institutions, and not to United or United Bank. The impact of Basel IV on us will depend on the manner in which it is implemented by the federal bank regulators.

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

Prompt Corrective Action

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

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

United Bank was considered a "well capitalized" institution as of December 31, 2021. Well-capitalized institutions are permitted to engage in a wider range of banking activities, including among other things, the accepting of "brokered deposits," and the offering of interest rates on deposits higher than the prevailing rate in their respective markets.

Community Reinvestment Act

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

In December 2019, the FDIC and the Office of the Comptroller of the Currency ("OCC") jointly proposed rules that would significantly change existing CRA regulations. The proposed rules are intended to increase bank activity in low- and moderate-income communities where there is significant need for credit, more responsible lending, greater access to banking services, and improvements to critical infrastructure. The proposals change four key areas: (i) clarifying what activities qualify for CRA credit; (ii) updating where activities count for CRA credit; (iii) providing a more transparent and objective method for measuring CRA performance; and (iv) revising CRA-related data collection, record keeping, and reporting. The OCC issued a final rule effective October 1, 2020; however, the FDIC did not join with the OCC when it issued the final rules. In September 2020, the FRB issued an Advance Notice of Proposed Rulemaking ("ANPR") that invites public comment on an approach to modernize the regulations that implement the CRA by strengthening, clarifying, and tailoring them to reflect the current banking landscape and better meet the core purpose of the CRA. The ANPR sought feedback on ways to evaluate how banks meet the needs of low- and moderate-income communities and address inequities in credit access. In December 2021, the OCC issued a final rule to rescind its June 2020 final rule in favor of working with other agencies to put forward a joint rule. We will continue to evaluate the impact of any changes to the regulations implementing the CRA and their impact to our financial condition, results of operations, and/or liquidity, which cannot be predicted at this time.

The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act")

The CARES Act, which became law on March 27, 2020, provided over $2 trillion to combat the coronavirus ("COVID-19") and stimulate the economy. Many of the CARES Act's programs, including the Paycheck Protection Program ("PPP"), are dependent upon the direct involvement of U.S. financial institutions and have been implemented through rules and guidance adopted by federal departments and agencies, including the U.S. Department of Treasury, the Federal Reserve and other federal banking agencies, including those with direct supervisory jurisdiction over United and United Bank. Furthermore, as the on-going COVID-19 pandemic evolves, federal regulatory authorities continue to issue additional guidance with respect to the implementation, lifecycle, and eligibility requirements for the various CARES Act programs as well as industry-specific recovery procedures for COVID-19.

On December 27, 2020, then President Trump signed into law the 2021 Consolidated Appropriations Act (the "CAA"), an approximately $900 billion bill, which extended several provisions of the CARES Act as well as provided additional COVID-19 relief. In particular, the CAA extended weekly unemployment benefits, provided another round of economic stimulus payments to individuals and families, lengthened temporary suspensions and modifications of several-bank related provisions and provided more aid to small businesses.

On March 11, 2021, newly elected President Joe Biden signed into law the $1.9 trillion American Rescue Plan Act of 2021. The legislation included additional stimulus checks to eligible individuals and an extension of the $300-per-week supplement to federal unemployment benefits through September 6, 2021. The legislation also allocates funding to small businesses, state and local governments, and COVID-19 vaccination and testing and tracing efforts. The legislation also modified the PPP to clarify that the SBA affiliation rules would not apply to certain applicants. Specifically, 501(c)(3)

organizations that employ not more than 500 employees per physical location of the organization would become eligible for the program. The legislation also provided an additional $7.25 billion for the program. However, the legislation did not extend the March 31, 2021 application deadline.

On March 27, 2021, the COVID-19 Bankruptcy Relief Extension Act of 2021 was enacted, extending the bankruptcy relief provisions enacted in the CARES Act of 2020 bill until March 27, 2022. These provisions provide financially distressed small businesses and individuals greater access to bankruptcy relief.

On March 30, 2021, President Biden signed into law the PPP Extension Act of 2021. This bill extended the PPP through June 30, 2021. For the final 30 days of the program (i.e., from June 1 until June 30), the SBA may only process applications submitted prior to June 1, and it may not accept any new loan applications.

On June 24, 2021, President Biden announced that the three federal agencies that back mortgages – the Department of Housing and Urban Development (HUD), Department of Veterans Affairs (VA), and Department of Agriculture (USDA) – extended their respective foreclosure moratorium for one, final month, until July 31, 2021. The Federal Housing Finance Agency (FHFA) also announced that it extended the foreclosure moratorium for mortgages backed by Fannie Mae and Freddie Mac until July 31, 2021. President Biden emphasized that this was the final extension.

The Company continues to assess the impact of the CARES Act and other statues, regulations and supervisory guidance related to the COVID-19 pandemic.

Cybersecurity

In February 2018, the SEC published interpretive guidance to assist public companies in preparing disclosures about cybersecurity risks and incidents. These SEC guidelines, and any other regulatory guidance, are in addition to notification and disclosure requirements under state and federal banking law and regulations.

The federal banking regulators regularly issue new guidance and standards, and update existing guidance and standards, regarding cybersecurity intended to enhance cyber risk management among financial institutions. Financial institutions are expected to comply with such guidance and standards and to accordingly develop appropriate security controls and risk management processes. If we fail to observe such regulatory guidance or standards, we could be subject to various regulatory sanctions, including financial penalties.

Recently, in November 2021, the federal banking agencies adopted a final rule, with compliance required by May 1, 2022, that requires banking organizations to notify their primary banking regulator within 36 hours of determining that a "computer-security incident" has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the banking organization's ability to carry out banking operations or deliver banking products and services to a material portion of its customer base, its businesses and operations that would result in material loss, or its operations that would impact the stability of the United States.

In the ordinary course of business, United relies on electronic communications and information systems to conduct its operations and to store sensitive data. United employs an in-depth, layered, defensive approach that leverages people, processes and technology to manage and maintain cybersecurity controls. United employs a variety of preventative and detective tools to monitor, block, and provide alerts regarding suspicious activity, as well as to report on any suspected advanced persistent threats. Notwithstanding the strength of its defensive measures, the threat from cyber-attacks is severe, attacks are sophisticated and increasing in volume, and attackers respond rapidly to changes in defensive measures. While to date, United and United Bank have not experienced a significant compromise, significant data loss or any material financial losses related to cybersecurity attacks, United's systems and those of its customers and third-party service providers are under constant threat and it is possible that United could experience a significant event in the future.

Risks and exposures related to cybersecurity attacks, including litigation and enforcement risks, are expected to be elevated for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of Internet banking, mobile banking and other technology-based products and services by United and its customers. See Item 1A. Risk Factors for a further discussion of risk related to cybersecurity.

Deposit Acquisition Limitation

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

Consumer Laws and Regulations

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

As discussed above, the Dodd-Frank Act centralized responsibility for consumer financial protection by creating the CFPB, and giving it responsibility for implementing, examining and enforcing compliance with federal consumer protection laws. The CFPB has broad rulemaking, supervisory and enforcement authority over consumer financial products and services, including deposit products, residential mortgages, home-equity loans, and credit cards. The CFPB's functions include investigating consumer complaints, rulemaking, supervising and examining banks' consumer transactions, and enforcing rules related to consumer financial products and services. Banks with more than $10 billion in assets, such as United Bank, are subject to supervision by the CFPB with respect to these federal consumer financial laws.

Anti-Money Laundering and the USA Patriot Act

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001, or the USA Patriot Act, substantially broadened the scope of United States anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. Financial institutions are also prohibited from entering into specified financial transactions and account relationships and must use enhanced due diligence procedures in their dealings with certain types of high-risk customers and implement a written customer identification program. Financial institutions must take certain steps to assist government agencies in detecting and preventing money laundering and report certain types of suspicious transactions. Regulatory authorities routinely examine financial institutions for compliance with these obligations, and failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious financial, legal and reputational consequences for the institution, including causing applicable bank regulatory authorities not to approve merger or acquisition transactions when regulatory approval is required or to prohibit such transactions even if approval is not required. Regulatory authorities have imposed cease and desist orders and civil money penalties against institutions found to be violating these obligations.

The Anti-Money Laundering Act of 2020 ("AMLA"), which amends the Bank Secrecy Act of 1970 ("BSA"), was enacted in January 2021. The AMLA is intended to be a comprehensive reform and modernization to U.S. bank secrecy and anti-money laundering laws. Among other things, it codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the U.S. Department of the Treasury to promulgate priorities for anti-money laundering and countering the financing of terrorism policy; requires the development of standards for testing technology and internal processes for BSA compliance; expands enforcement- and investigation-related authority, including increasing available sanctions for certain BSA violations; and expands BSA whistleblower incentives and protections. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, and the impact of the AMLA will depend on, among other things, rulemaking and implementation guidance. In June 2021, the Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury, issued the priorities for anti-money laundering and countering the financing of terrorism policy required under the AMLA. The priorities include: corruption, cybercrime, terrorist financing, fraud, transnational crime, drug trafficking, human trafficking and proliferation financing.

Incentive Compensation

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

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

In April and May of 2016, the Federal Reserve Board, other federal banking agencies and the SEC (the “Agencies”) jointly published proposed rulemaking designed to implement provisions of the Dodd-Frank Act prohibiting incentive compensation arrangements that would encourage inappropriate risk taking at a covered institution, which includes a bank or bank holding company with $1 billion or more of assets, such as United. The proposed rule expanded beyond the June 2010 principals based guidance and broadened the scope to include community banks. The proposed rules (i) prohibit incentive-based compensation arrangements that encourage executive officers, employees, directors or principal shareholders to expose the institution to inappropriate risks by providing excessive compensation (based on the standards for excessive compensation adopted pursuant to the FDIA) and (ii) prohibit incentive-based compensation arrangements for executive officers, employees, directors or principal shareholders that could lead to a material financial loss for the institution. The proposed rule requires covered institutions to establish policies and procedures for monitoring and evaluating their compensation practices. As of February 2022, final rules have not been adopted. If these or other regulations are adopted in a form similar to that initially proposed, they will impose limitations on the manner in which we may structure compensation for our executives.

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

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Item 1A. RISK FACTORS

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

RISKS RELATED TO THE COVID-19 PANDEMIC

United’s business, financial condition, liquidity and results of operations have been, and will likely continue to be, adversely affected by the COVID-19 pandemic.

The ongoing COVID-19 pandemic has created economic and financial disruptions that have adversely affected, and are likely to continue to adversely affect, United’s business, financial condition, liquidity and results of operations. The

extent to which the COVID-19 pandemic will continue to negatively affect United's business, financial condition, liquidity and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the continued effectiveness of United's business continuity plan, the direct and indirect impact of the pandemic on United's employees, customers, clients, counterparties and service providers, as well as other market participants, and actions taken, or that may yet be taken, by governmental authorities and other third parties in response to the pandemic, and public acceptance of any vaccines for COVID-19.

Although financial markets have largely rebounded from the significant declines that occurred earlier in the pandemic and global economic conditions showed signs of improvement, many of the circumstances that arose or became more pronounced after the onset of the pandemic persist, including:

- Increased unemployment and decreased consumer confidence and business generally, leading to an increased risk of delinquencies, defaults and foreclosures.
- Ratings downgrades, credit deterioration and defaults in many industries, including natural resources, hospitality, transportation and commercial real estate.
- A sudden and significant reduction in the valuation of the equity, fixed-income and commodity markets and the significant increase in the volatility of those markets.
- A decrease in the rates and yields on U.S. Treasury securities, which may lead to decreased net interest income.
- Increased demands on capital and liquidity.
- A reduction in the value of the assets that the Company manages or otherwise administers or services for others, affecting related fee income and demand for the Company's services.
- Heightened cybersecurity, information security and operational risks as a result of work-from-home arrangements.

Governmental authorities have taken unprecedented measures to provide economic assistance to individual households and businesses, stabilize the markets and support economic growth. The success of these measures is unknown and they may not be sufficient to fully mitigate the negative impact of the COVID-19 pandemic. Additionally, some measures, such as a suspension of mortgage and other loan payments and foreclosures, may have a negative impact on United's business, financial condition, liquidity and results of operations. United also faces an increased risk of litigation and governmental and regulatory scrutiny as a result of the effects of COVID-19 on market and economic conditions and actions governmental authorities take in response to those conditions.

The length of the pandemic and the efficacy of the extraordinary measures being put in place to address it are unknown. Until the pandemic subsides, the Company expects continued draws on lines of credit, reduced revenues in our trust operations and other businesses and increased customer and client defaults, including defaults in unsecured loans.

Even after the pandemic subsides, the U.S. economy may experience a recession, and United anticipates the Company's businesses would be materially and adversely affected by a prolonged recession.

As a participating lender in the PPP, United and United Bank are subject to additional risks of litigation from United Bank's customers or other parties regarding United Bank's processing of loans for the PPP and risks that the SBA may not fund some or all PPP loan guarantees.

Under the PPP, small businesses and other entities and individuals applied for loans from existing SBA lenders and other approved regulated lenders that enrolled in the program, subject to numerous limitations and eligibility criteria. United Bank participated as a lender in the PPP. The PPP opened on April 3, 2020; however, because of the short timeframe between the passing of the CARES Act and the opening of the PPP, there was some ambiguity in the laws, rules and guidance regarding the operation of the PPP, which exposed United and United Bank to risks relating to noncompliance with the PPP. In addition, United Bank's participation in the PPP as a lender may adversely affect the Company's revenue and results of operations depending on the timing and amount of forgiveness, if any, to which borrowers are entitled.

Since the opening of the PPP, several other larger banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP and claims related to agent fees. United and United Bank may be exposed to the risk of similar litigation, from both customers and non-customers that approached United Bank regarding PPP loans, regarding its process and procedures used in processing applications for the PPP, or litigation from

agents with respect to agent fees. If any such litigation is filed against United or United Bank and is not resolved in a manner favorable to United or United Bank, it may result in significant financial liability or adversely affect their reputation. In addition, litigation can be costly, regardless of outcome. Any financial liability, litigation costs or reputational damage caused by PPP related litigation could have a material adverse impact on our business, financial condition and results of operations.

United Bank also has credit risk on PPP loans if a determination is made by the SBA that there is a deficiency in the manner in which the loan was originated, funded, or serviced by United Bank, such as an issue with the eligibility of a borrower to receive a PPP loan, which may or may not be related to the ambiguity in the laws, rules and guidance regarding the operation of the PPP. In the event of a loss resulting from a default on a PPP loan and a determination by the SBA that there was a deficiency in the manner in which the PPP loan was originated, funded, or serviced by United Bank, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency from United Bank. Additionally, if a borrower under the PPP loan fails to qualify for loan forgiveness, United Bank is at the heightened risk of holding the loan at an unfavorable interest rate as compared to loans to customers that United Bank would have otherwise extended credit.

CREDIT RISKS

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

The FASB's Accounting Standards Update 2016-13, effective for United as of January 1, 2020, substantially changes the accounting for credit losses on loans, leases and other financial assets held by banks, financial institutions and other organizations. The new standard requires the recognition of credit losses on loans, leases and other financial assets based on an entity's current estimate of expected losses over the lifetime of each loan, lease or other financial asset, referred to as the Current Expected Credit Loss ("CECL") model as opposed to the previous "incurred loss" model, which required recognition of losses on loans, leases and other financial assets only when those losses had incurred. Under the CECL model, United is required to present these certain financial assets, carried at amortized cost, at the net amount expected to be collected over the life of the financial asset. The measurement of expected credit losses is based on information about past events, including credit quality, our historical experience, current conditions, and reasonable and supportable macroeconomic forecasts that may affect the collectability of the reported amount. This measurement will take place at the time a financial asset is first added to the balance sheet and at least quarterly thereafter.

CECL also requires management judgment that is supported by new models and more data elements, including macroeconomic forecasts, than the previous allowance standard. This is expected to increase the complexity and associated risk, particularly in times of economic uncertainty or other unforeseen circumstances, which could impact United’s results of operations and capital levels as well as place stress on our internal controls over financial reporting.

The determination of the appropriate level of allowance for credit losses inherently involves a high degree of subjectivity and requires us to make significant estimates related to current and expected future credit risks and trends, all of which may undergo material changes. Continuing deterioration in economic conditions affecting borrowers and securities issuers; new information regarding existing loans, credit commitments and securities holdings; the continuation of the COVID-19 pandemic or other global pandemics; natural disasters and risks related to climate change; and identification of additional problem loans, ratings down-grades and other factors, both within and outside of our control, may require an increase in the allowances for credit losses on loans, securities and off-balance sheet credit exposures. In addition, federal and state regulators, as an integral part of their respective supervisory functions, periodically review United’s allowance for credit losses on loans, and may require an increase in the provision for credit losses or the recognition of further loan charge-offs, based on judgments different than those of management. Any increases in the allowance for credit losses on loans will result in a decrease in net income and, possibly, capital, and may have a material adverse effect on United’s business, financial condition and results of operations.

See the section captioned “Provision for Credit Losses” in in the Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of this Form 10-K for further discussion related to our process for determining the appropriate level of the allowance for credit losses.

United is subject to credit risk in its loan portfolio.

There are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks resulting from changes in economic and industry conditions, risks inherent in dealing with individual borrowers and risks resulting from uncertainties as to the future value of collateral. United seeks to mitigate the risk inherent in its loan portfolio by adhering to prudent loan approval practices. Although United believes that its loan approval criteria are appropriate for the various kinds of loans the Company makes, United may incur losses on loans that meet our loan approval criteria. A significant decline in general economic conditions caused by inflation or deflation, recession, unemployment, changes in government fiscal and monetary policies, acts of terrorism, or other factors beyond our control could cause our borrowers to default on their loan payments, and the collateral values securing such loans to decline and be insufficient to repay any outstanding indebtedness. In such events, we could experience significant loan losses, which could have a material adverse effect on our financial condition and results of operations.

Certain of our credit exposures are concentrated in industries that may be more susceptible to the long-term risks of climate change, natural disasters or global pandemics. To the extent that these risks may have a negative impact on the financial condition of borrowers, it could also have a material adverse effect on our business, financial condition and results of operations. See the section captioned "Loans" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations elsewhere in this report for further discussion related to commercial and industrial, energy, construction and commercial real estate loans.

OPERATIONAL RISKS

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

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

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

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

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

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

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

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

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

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

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

Our growth-oriented business strategy could be adversely affected if we are not able to attract and retain skilled employees or if we lose the services of our senior management team.

Our ability to manage growth will depend upon our ability to continue to attract, hire and retain skilled employees. The unanticipated loss of members of our senior management team, could have a material adverse effect on our results of operations and ability to execute our strategic goals. Our success will also depend on the ability of our officers and key employees to continue to implement and improve our operational and other systems, to manage multiple, concurrent customer relationships and to hire, train and manage our employees.

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

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

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

- If an existing agreement expires or a certain service is discontinued by a vendor, then United may not be able to continue to offer its customers the same breadth of products and its operating results would likely suffer unless it is able to find an alternate supply of a similar service.
- Agreements United may negotiate in the future may commit it to certain minimum spending obligations. It is possible United will not be able to create the market demand to meet such obligations.
- If market demand for United's products increases suddenly, its current vendors might not be able to fulfill United's commercial needs, which would require it to seek new arrangements or new sources of supply, and may result in substantial delays in meeting market demand.
- United may not be able to control or adequately monitor the quality of services it receives from its vendors. Poor quality services could damage United's reputation with its customers.

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

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

MARKET AND INTEREST RATE RISKS

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

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

While recent economic conditions have seen improving trends since the onset of the COVID-19 pandemic, there can be no assurance that this improvement will continue. Evolving responses from federal and state governments and other regulators, and our customers or our third-party partners or vendors, to new challenges such as climate change have impacted and could continue to impact the economic and political conditions under which we operate. Economic and inflationary pressure on consumers and uncertainty regarding continuing economic improvement could result in changes in

consumer and business spending, borrowing and savings habits. Such conditions could have a material adverse effect on the credit quality of our loans and our business, financial condition and results of operations.

The value of certain investment securities is volatile and future declines in value could have a materially adverse effect on future earnings and regulatory capital.

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

United operates in a highly competitive market.

United faces a high degree of competition in all of the markets it serves. United faces strong competition in gathering deposits, making loans and obtaining client assets for management by its investment or trust operations. United considers all of West Virginia to be included in its market area. This area includes the five largest West Virginia Metropolitan Statistical Areas ("MSA"): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Morgantown MSA and the Wheeling MSA. United serves the Ohio counties of Lawrence, Belmont, Jefferson and Washington and Fayette county in Pennsylvania primarily because of their close proximity to the Ohio and Pennsylvania borders and United banking offices located in those counties or in nearby West Virginia. United's Virginia markets include the Maryland, northern Virginia and Washington, D.C. MSA, the Winchester MSA, the Harrisonburg MSA, and the Charlottesville MSA. Through its acquisition of Carolina Financial, United's market also includes the Coastal, Midlands, and Upstate regions of South Carolina, including the Charleston (Charleston, Dorchester and Berkeley Counties), Myrtle Beach (Horry and Georgetown Counties), Columbia (Richland and Lexington Counties), and the Upstate (Greenville and Spartanburg Counties) areas as well as areas in North Carolina including Wilmington (New Hanover County), Raleigh-Durham (Durham and Wake Counties), Charlotte-Concord-Gastonia (NC and SC) and the southeastern coastal region of North Carolina (Bladen, Brunswick, Columbus, Cumberland, Duplin and Robeson Counties). Through its acquisition of Community Bankers Trust, United added new markets in Baltimore and Annapolis, Maryland and Lynchburg and Richmond, Virginia as well as the Northern Neck of Virginia. United considers all of the above locations to be the primary market area for the business of its banking and mortgage banking subsidiaries.

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

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

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

Changes in interest rates may adversely affect United's business.

United's earnings, like most financial institutions, are significantly dependent on its net interest income. Net interest income is the difference between the interest income United earns on loans and other assets which earn interest and the interest expense incurred to fund those assets, such as on savings deposits and borrowed money. Therefore, changes in

general market interest rates, such as a change in the monetary policy of the Board of Governors of the Federal Reserve System or otherwise beyond those which are contemplated by United's interest rate risk model and policy, could have an effect on net interest income. For more information concerning United's interest rate risk model and policy, see the discussion in Quantitative and Qualitative Disclosures About Market Risk included in Part II, under Item 7A of this Form 10-K.

Uncertainty relating to the LIBOR determination process and LIBOR discontinuance may adversely affect our results of operations.

The London Interbank Offered Rate ("LIBOR") and certain other "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences, which cannot be predicted. On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, publicly announced its intention to stop persuading or compelling banks to submit LIBOR rates after 2021. Since then, regulators, industry groups and certain committees (e.g., the Alternative Reference Rates Committee) have, among other things, published recommended fall-back language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates (e.g., the Secured Overnight Financing Rate ("SOFR") as the recommended alternative to U.S. Dollar LIBOR), and proposed implementations of the recommended alternatives in floating rate instruments. On November 30, 2020, ICE Benchmark Administration Limited ("IBA"), the benchmark administrator for the U.S. Dollar ("USD") LIBOR announced a proposal to extend the publication of the most commonly used USD LIBOR settings until June 30, 2023.

The administrator for LIBOR announced on March 5, 2021 that it will permanently cease to publish most LIBOR settings beginning on January 1, 2022 and cease to publish the overnight, one-month, three-month, six-month and 12-month USD LIBOR settings on July 1, 2023. Accordingly, the FCA has stated that is does not intend to persuade or compel banks to submit to LIBOR after such respective dates. Until such time, however, FCA panel banks have agreed to continue to support LIBOR.

Banking regulators issued guidance strongly encouraging banks to cease entering into new contracts that use USD LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021. Accordingly, United has taken steps to ensure that no new contracts using LIBOR will be originated after December 31, 2021. At this time, United intends to prioritize SOFR and Prime as the preferred alternatives to LIBOR; however, these preferred alternatives could change over time based on market developments. There can be no assurances on which benchmark rate(s) may replace LIBOR or how LIBOR will be determined for purposes of financial instruments that are currently referencing LIBOR when it ceases to exist. The discontinuance of LIBOR may result in uncertainty or differences in the calculation of the applicable interest rate or payment amount depending on the terms of the governing documents, may adversely affect the value of our floating rate obligations, loans, deposits, derivatives, and other financial instruments tied to LIBOR rates and may also increase operational and other risks to the Company and the industry.

In addition, the implementation of LIBOR reform proposals may result in increased compliance costs and operational costs, including costs related to continued participation in LIBOR and the transition to a replacement reference rate or rates. We cannot reasonably estimate the expected cost.

REGULATORY AND LITIGATION RISKS

United is subject to extensive government regulation and supervision.

United is subject to extensive federal and state regulation, supervision and examination which vests significant discretion in the various regulatory authorities. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds and the banking system as a whole, not shareholders. These regulations affect United's lending practices, capital structure, investment practices, dividend policy, operations and growth, among other things. These regulations also impose obligations to maintain appropriate policies, procedures and controls, among other things, to detect, prevent and report money laundering and terrorist financing and to verify the identities of United's customers. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. The Dodd-Frank Act, enacted in July 2010, instituted major changes to the banking and financial institutions regulatory regimes. Other

changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect United in substantial and unpredictable ways. Such changes could subject the Company to additional costs, limit the types of financial services and products United may offer and/or increase the ability of nonbanks to offer competing financial services and products, among other things. United expends substantial effort and incurs costs to improve its systems, audit capabilities, staffing and training in order to satisfy regulatory requirements, but the regulatory authorities may determine that such efforts are insufficient. Failure to comply with relevant laws, regulations or policies could result in enforcement and other legal actions, sanctions by regulatory agencies, civil money and criminal penalties, the loss of FDIC insurance, the revocation of a banking charter, significant fines and/or reputation damage, which could have a material adverse effect on United's business, financial condition and results of operations. In this regard, government authorities, including the bank regulatory agencies, are pursuing aggressive enforcement actions with respect to compliance and other legal matters involving financial activities, which heightens the risks associated with actual and perceived compliance failures. Directives issued to enforce such actions may be confidential and thus, in some instances, we are not permitted to publicly disclose these actions. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. See the section captioned "Regulation and Supervision" included in Item 1. While the Company has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

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

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

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

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

United and United Bank are each required to comply with applicable capital adequacy standards established by the Federal Reserve Board (the "FRB"). From time to time, the FRB changes these capital adequacy standards. In particular, the capital requirements applicable to United under the Basel III rules became fully effective on January 1, 2019. Under the Basel III rules, United is required to maintain a common equity Tier 1 capital ratio of 4.5%, a Tier 1 capital ratio of 6%, a total capital ratio of 8%, and a leverage ratio of 4%. In addition, United must maintain an additional capital conservation buffer of 2.5% of total risk weighted assets.

Banking institutions that fail to meet the effective minimum ratios including the capital conservation buffer will be subject to constraints on capital distributions, including dividends and share repurchases, and certain discretionary executive

compensation. The severity of the constraints depends on the amount of the shortfall and the institution's "eligible retained income" (that is, four quarter trailing net income, net of distributions and tax effects not reflected in net income).

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

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

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

United may be terminated as a servicer of mortgage loans, be required to repurchase a mortgage loan or reimburse investors for credit losses on a mortgage loan, or incur costs, liabilities, fines and other sanctions if we fail to satisfy our servicing obligations, including our obligations with respect to mortgage loan foreclosure actions.

United, through its mortgage banking subsidiary, Crescent, acts as servicer for approximately $3.7 billion of mortgage loans owned by third parties as of December 31, 2021. As a servicer for those loans, United has certain contractual obligations, including foreclosing on defaulted mortgage loans or, to the extent applicable, considering alternatives to foreclosure such as loan modifications or short sales. If United commits a material breach of its obligations as servicer, United may be subject to termination as servicer if the breach is not cured within a specified period of time following notice, causing United to lose servicing income.

In some cases, United may be contractually obligated to repurchase a mortgage loan or reimburse the investor for credit losses incurred on the loan as a remedy for servicing errors with respect to the loan. If United has increased repurchase obligations because of claims that United did not satisfy our obligations as a servicer, or increased loss severity on such repurchases, United may have a significant reduction to net servicing income within its mortgage banking noninterest income. United may incur costs if United is required to, or if United elects to, re-execute or re-file documents or take other action in its capacity as a servicer in connection with pending or completed foreclosures. United may incur litigation costs if the validity of a foreclosure action is challenged by a borrower. If a court were to overturn a foreclosure because of errors or deficiencies in the foreclosure process, United may have liability to the borrower and/or to any title insurer of the property sold in foreclosure if the required process was not followed. These costs and liabilities may not be legally or otherwise reimbursable to United. In addition, if certain documents required for a foreclosure action are missing or defective, United could be obligated to cure the defect or repurchase the loan. United may incur liability to securitization investors relating to delays or deficiencies in its processing of mortgage assignments or other documents necessary to comply with state law governing foreclosures. The fair value of United's mortgage servicing rights may be negatively affected to the extent our servicing costs increase because of higher foreclosure costs. United may be subject to fines and other sanctions imposed by federal or state regulators as a result of actual or perceived deficiencies in our foreclosure practices or in the foreclosure practices of other mortgage loan servicers. Any of these actions may harm United's reputation or negatively affect its home lending or servicing business.

United may be required to repurchase mortgage loans or indemnify buyers against losses in some circumstances, which could harm liquidity, results of operations and financial condition.

When mortgage loans are sold, whether as whole loans or pursuant to a securitization, United is required to make customary representations and warranties to purchasers, guarantors and insurers, including the government sponsored enterprises, about the mortgage loans and the manner in which they were originated. Whole loan sale agreements require repurchase or substitute mortgage loans, or indemnification of buyers against losses, in the event United breaches these representations or warranties. In addition, United may be required to repurchase mortgage loans as a result of early payment default of the borrower on a mortgage loan. With respect to loans that are originated through United's broker or correspondent channels, the remedies available against the originating broker or correspondent, if any, may not be as broad as the remedies available to purchasers, guarantors and insurers of mortgage loans against United. United faces further risk that the originating broker or correspondent, if any, may not have financial capacity to perform remedies that otherwise may be available. Therefore, if a purchaser, guarantor or insurer enforces its remedies against United, it may not be able to recover losses from the originating broker or correspondent. If repurchase and indemnity demands increase and such demands are valid claims and are in excess of United's provision for potential losses, its liquidity, results of operations and financial condition may be adversely affected.

RISKS RELATED TO ACQUISITION ACTIVITY

Potential acquisitions may disrupt our business and dilute stockholder value

We generally seek merger or acquisition partners that are culturally similar and have experienced management and possess either significant market presence or have potential for improved profitability through financial management, economies of scale or expanded services. Acquiring other banks, businesses, or branches involves various risks commonly associated with acquisitions, including, among other things, (i) potential exposure to unknown or contingent liabilities of the target company; (ii) exposure to potential asset quality issues of the target company; (iii) potential disruption to our business; (iv) potential diversion of our management's time and attention; (v) the possible loss of key employees and customers of the target company; (vi) difficulty in estimating the value of the target company; and (vii) potential changes in banking or tax laws or regulations that may affect the target company.

Acquisitions typically involve the payment of a premium over book and market values, and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future transaction. Acquisitions may also result in potential dilution to existing shareholders of our earnings per share if we issue common stock in connection with the acquisition. Furthermore, failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition could have a material adverse effect on our business, financial condition and results of operations. In addition, from time to time, bank regulators may restrict the Company from making acquisitions. See "Regulation and Supervision" in Item 1, "Business," of this Form 10-K for additional detail and further discussion of these matters.

Acquisitions may be delayed, impeded, or prohibited due to regulatory issues

Acquisitions by financial institutions, including us, are subject to approval by a variety of federal and state regulatory agencies (collectively, "regulatory approvals"). The process for obtaining these required regulatory approvals has become substantially more difficult since the global financial crisis, and our ability to engage in certain merger or acquisition transactions depends on the bank regulators' views at the time as to our capital levels, quality of management, and overall condition, in addition to their assessment of a variety of other factors, including our compliance with law. Regulatory approvals could be delayed, impeded, restrictively conditioned or denied due to existing or new regulatory issues we have, or may have, with regulatory agencies, including, without limitation, issues related to Bank Secrecy Act compliance, Community Reinvestment Act issues, fair lending laws, fair housing laws, consumer protection laws, unfair, deceptive, or abusive acts or practices regulations and other laws and regulations. We may fail to pursue, evaluate or complete strategic and competitively significant acquisition opportunities as a result of our inability, or perceived or anticipated inability, to obtain regulatory approvals in a timely manner, under reasonable conditions or at all. Difficulties associated with potential acquisitions that may result from these factors could have a material adverse effect on our business, financial condition and results of operations.

SECURITY OWNERSHIP RISKS

United's stock price can be volatile.

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

- Actual or anticipated negative variations in quarterly results of operations;
- Negative recommendations by securities analysts;
- Poor operating and stock price performance of other companies that investors deem comparable to United;
- News reports relating to negative trends, concerns and other issues in the financial services industry or the economy in general;
- Negative perceptions in the marketplace regarding United and/or its competitors;
- New technology used, or services offered, by competitors;
- Adverse changes in interest rates or a lending environment with prolonged low interest rates;
- Adverse changes in the real estate market;
- Negative economic news;
- Failure to integrate acquisitions or realize anticipated benefits from acquisitions;
- Adverse changes in government regulations; and
- Geopolitical conditions such as acts or threats of terrorism or military conflicts.

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

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

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

United's principal source of funds to pay dividends on its common stock is cash dividends from its subsidiaries. The payment of these dividends by its subsidiaries is also restricted by federal and state banking laws and regulations. As of December 31, 2021, approximately $158.6 million was available for dividend payments from United Bank to United without regulatory approval.

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

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

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

Effective internal controls over financial reporting are necessary to provide reliable financial reports and prevent fraud. Management believes that United's internal controls over financial reporting are currently effective. Management will

continually review and analyze the Company's internal controls over financial reporting for Sarbanes-Oxley Section 404 compliance. Any failure to maintain, in the future, an effective internal control environment could impact United's ability to report its financial results on an accurate and timely basis, which could result in regulatory actions, loss of investor confidence, and adversely impact United's business and stock price.

Certain banking laws may have an anti-takeover effect.

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

GENERAL RISKS

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

United is required by federal and state regulatory authorities to maintain adequate levels of capital to support the Company's operations. In addition, United may elect to raise additional capital to support the Company's business or to finance acquisitions, if any, or United may otherwise elect to raise additional capital.

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

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

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

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

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

Severe weather, natural disasters, public health issues, acts of war or terrorism, and other external events could significantly impact United's ability to conduct business.

Severe weather, natural disasters, public health issues, acts of war or terrorism, and other external events could affect the stability of United's deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, adversely impact United's employee base, cause significant property damage, result in loss of revenue, and / or cause the Company to incur additional expenses. Although management has established disaster recovery policies and procedures, the occurrence of any such event could have a material adverse effect on United's business, which, in turn, could have a material adverse effect on the Company's financial condition and results of operations.

Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to United's environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks.

Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social and governance ("ESG") practices and disclosure. Investor advocacy groups, investment funds and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions and human rights. Increased ESG-related compliance costs for United as well as among our suppliers, vendors and various other parties within our supply chain could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact United's reputation, ability to do business with certain partners, access to capital, and our stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure.

Climate change and related legislative and regulatory initiatives may materially affect United's business and results of operations.

The effects of climate change continue to create an alarming level of concern for the state of the global environment. As a result, the global business community has increased its political and social awareness surrounding the issue, and the United States has entered into international agreements in an attempt to reduce global temperatures, such as reentering the Paris Agreement. Further, the U.S. Congress, state legislatures and federal and state regulatory agencies continue to propose numerous initiatives to supplement the global effort to combat climate change. Similar and even more expansive initiatives are expected under the current administration, including potentially increasing supervisory expectations with respect to banks' risk management practices, accounting for the effects of climate change in stress testing scenarios and systemic risk assessments, revising expectations for credit portfolio concentrations based on climate-related factors and encouraging investment by banks in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change. The lack of empirical data surrounding the credit and other financial risks posed by climate change render it impossible to predict how specifically climate change may impact our financial condition and results of operations; however, the physical effects of climate change may also directly impact us. Specifically, unpredictable and more frequent weather disasters may adversely impact the value of real property securing the loans in our portfolios. Additionally, if insurance obtained by our borrowers is insufficient to cover any losses sustained to the collateral, or if insurance coverage is otherwise unavailable to our borrowers, the collateral securing our loans may be negatively impacted by climate change, which could impact our financial condition and results of operations. Further, the effects of climate change may negatively impact regional and local economic activity, which could lead to an adverse effect on our customers and impact the communities in which we operate.

We are also subject to reputational risk from shareholder concerns about our practices related to climate change, our carbon footprint and our business relationships with customers who operate in carbon-intensive industries. Our business, reputation and ability to attract and retain employees may also be harmed if our response to climate change is perceived to be ineffective or insufficient.

Climate change also exposes us to transition risks associated with the transition to a less carbon-dependent economy. Transition risks may result from changes in policies; laws and regulations; technologies; and/or market

preferences to address climate change. Such changes could materially, negatively impact our business, results of operations, financial condition and/or our reputation, in addition to having a similar impact on our customers. We have customers who operate in carbon-intensive industries like oil and gas that are exposed to climate risks, such as those risks related to the transition to a less carbon-dependent economy, as well as customers who operate in low-carbon industries that may be subject to risks associated with new technologies. Federal and state banking regulators and supervisory authorities, investors and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their customers, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. Given that climate change could impose systemic risks upon the financial sector, either via disruptions in economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon-intensive environment, we face regulatory risk of increasing focus on our resilience to climate-related risks, including in the context of stress testing for various climate stress scenarios. Ongoing legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit and reputational risks and costs.

Item 1B. UNRESOLVED STAFF COMMENTS

None

Item 2. PROPERTIES

Offices

United is headquartered in the United Center at 500 Virginia Street, East, Charleston, West Virginia. United's executive offices are located in Parkersburg, West Virginia at Fifth and Avery Streets. United operates two hundred and twenty-one (221) full service offices—forty-seven (47) offices located throughout West Virginia, one hundred and one (101) offices in the Shenandoah Valley region, the Northern Neck, the Richmond and Lynchburg metropolitan areas of Virginia and the Northern Virginia, Maryland and Washington, D.C. metropolitan area, forty-three (43) offices in the Mountains, Piedmont, Coastal Plains and Tidewater regions of North Carolina, twenty-five (25) offices in the Coastal, Midlands, and Upstate regions of South Carolina, four (4) offices in southwestern Pennsylvania and one (1) office in southeastern Ohio. United owns forty-one (41) of its West Virginia facilities while leasing six (6) of its offices under operating leases. In Virginia, United leases forty-five (45) of its branches under operating leases while owning thirty-eight (38) branches. United owns three (3) branches and leases eight (8) of its branches under operating leases in Maryland. In Washington, DC, United leases all seven (7) of it branch facilities under operating leases. United leases twenty-five (25) of its branch offices in North Carolina under operating leases while owning eighteen (18) branches. In South Carolina, United owns twenty (20) of its facilities while leasing under operating leases five (5) branch offices. United owns all four (4) of its Pennsylvania facilities. In Ohio, United owns its one branch. United leases operations centers in the Charleston, West Virginia and Chantilly, Virginia areas and owns two operations centers in the Morgantown, West Virginia area and Washington, North Carolina.

Item 3. LEGAL PROCEEDINGS

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

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

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

Stock

As of January 31, 2022, 200,000,000 shares of common stock, par value $2.50 per share, were authorized for United, of which 141,489,812 were issued, including 4,968,281 shares held as treasury shares. The outstanding shares are held by approximately 9,378 shareholders of record, as well as 45,805 shareholders in street name as of January 31, 2022. The unissued portion of United' s authorized common stock (subject to registration approval by the SEC) and the treasury shares are available for issuance as the Board of Directors determines advisable. United offers its shareholders the opportunity to invest dividends in shares of United stock through its dividend reinvestment plan. United has also established stock option plans and a stock bonus plan as incentive for certain eligible officers. In addition to the above incentive plans, United is occasionally involved in certain mergers in which additional shares could be issued and recognizes that additional shares could be issued for other appropriate purposes.

In November of 2018, United's Board of Directors approved a stock repurchase plan, whereby United could buy up to 3,352,000 shares of the Company's common stock on the open market at prevailing prices through November 7, 2019. United repurchased 1,879,150 under this plan prior to its expiration. The Board of Directors approved a new plan in October of 2019 to repurchase up to 4,000,000 shares of the Company's common stock on the open market at prevailing prices. During 2021 and 2020, United repurchased 306,204 and 660,000 shares, respectively, under this repurchase plan. As of December 31, 2021, United still has 3,033,796 shares available for repurchase under the plan.

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

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

United's common stock is traded over the counter on the National Association of Securities Dealers Automated Quotations System, Global Select Market ("NASDAQ") under the trading symbol UBSI. The closing sale price reported for United's common stock on February 22, 2022, the last practicable date, was $36.26.

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

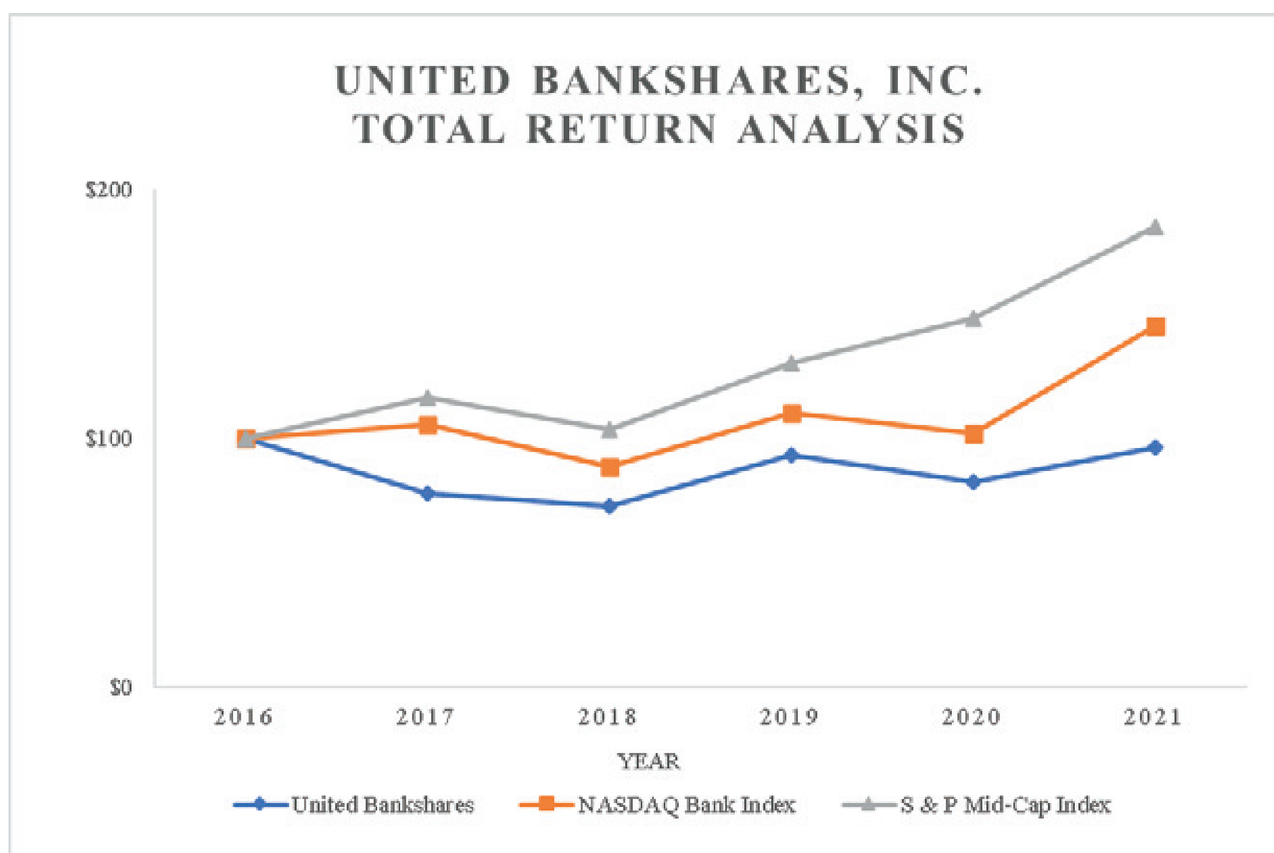
The authorization of preferred stock will not have an immediate effect on the holders of the Company's common stock. The actual effect of the issuance of any shares of preferred stock upon the rights of the holders of common stock cannot be stated until the Board of Directors determines the specific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

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

Stock Performance Graph

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

The following graph compares United's cumulative total shareholder return (assuming reinvestment of dividends) on its common stock for the five-year period ending December 31, 2021, with the cumulative total return (assuming reinvestment of dividends) of the Standard and Poor's Midcap 400 Index and with the NASDAQ Bank Index. The cumulative total shareholder return assumes a $100 investment on December 31, 2016 in the common stock of United and each index and the cumulative return is measured as of each subsequent fiscal year-end. There is no assurance that United's common stock performance will continue in the future with the same or similar trends as depicted in the graph.



	Period Ending					
	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
United Bankshares, Inc.	100.00	77.87	72.39	93.25	82.56	96.06
NASDAQ Bank Index	100.00	105.46	88.40	109.95	101.70	145.34
S&P Mid-Cap Index	100.00	116.23	103.33	130.37	148.16	184.81

Issuer Repurchases

The table below includes certain information regarding United's purchase of its common shares during the three months ended December 31, 2021:

Period	Total Number of Shares Purchased (1) (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans (3)	Maximum Number of Shares that May Yet be Purchased Under the Plans (3)
10/01 – 10/31/2021	0	$ 00.00	0	3,033,796
11/01 – 11/30/2021	4	$ 36.70	0	3,033,796
12/01 – 12/31/2021	0	$ 00.00	0	3,033,796
Total	4	$ 36.70		

(1) Includes shares exchanged in connection with the exercise of stock options under United's stock option plans. Shares are purchased pursuant to the terms of the applicable stock option plan and not pursuant to a publicly announced stock repurchase plan. For the quarter ended December 31, 2021, no shares were exchanged by participants in United's stock option plans.

(2) Includes shares purchased in open market transactions by United for a rabbi trust to provide payment of benefits under a deferred compensation plan for certain key officers of United and its subsidiaries. For the quarter ended December 31, 2021, the following shares were purchased for the deferred compensation plan: November 2021 –4 shares at an average price of $36.70.

(3) In October of 2019, United's Board of Directors approved a repurchase plan to repurchase up to 4,000,000 shares of United's common stock on the open market (the 2019 Plan). The timing, price and quantity of purchases under the plans are at the discretion of management and the plan may be discontinued, suspended or restarted at any time depending on the facts and circumstances.

Item 6. [RESERVED]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

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

United desires to provide its shareholders with sound information about past performance and future trends. Consequently, any forward-looking statements contained in this report, in a report incorporated by reference to this report, or made by management of United in this report, in any other reports and filings, in press releases and in oral statements, involve numerous assumptions, risks and uncertainties. Forward-looking statements can be identified by the use of the words "expect," "may," "could," "intend," "project," "estimate," "believe," "anticipate," and other words of similar meaning. Such forward-looking statements are based on assumptions and estimates, which although believed to be reasonable, may turn out to be incorrect, such as statements about the potential impacts of the COVID-19 pandemic. Therefore, undue reliance should not be placed upon these estimates and statements. United cannot assure that any of these statements, estimates, or beliefs will be realized and actual results may differ from those contemplated in these "forward-

looking statements." United undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

The discussion in Item 1A, "Risk Factors," lists some of the factors that could cause United's actual results to vary materially from those expressed or implied by any forward-looking statements, and such discussion is incorporated into this discussion by reference.

CORONAVIRUS ("COVID-19") PANDEMIC

During 2020, and to a lesser extent in 2021, the COVID-19 pandemic had a severe disruptive impact on the U.S. and global economy. As the pandemic is ongoing and dynamic in nature, there are many uncertainties related to COVID-19 including, among other things, the ongoing impact to our customers, employees and vendors; the impact to the financial services and banking industry; and the impact to the economy as a whole as well as the effect of actions taken, or that may yet be taken, or inaction by governmental authorities to contain the outbreak or to mitigate its impact (both economic and health-related). Refer to our 2020 Form 10-K and our Form 10-Q for the quarter ended June 30, 2021 for further information regarding (i) the impact of the COVID-19 pandemic on our operations and our results thereof, as well as the impact on our financial position and (ii) legislative and regulatory actions taken related to the COVID-19 pandemic, particularly as they relate to the banking and financial services industry.

The CARES Act was enacted in March 2020 and, among other provisions, authorized the Small Business Administration ("SBA") to guarantee loans under the Paycheck Protection Program ("PPP") for small businesses that meet eligibility requirements in order to keep their workers on the payroll and fund specified operating expenses. Subsequent legislation extended the authority of the SBA to guaranty loans under the PPP through August 8, 2020. In December 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act reauthorized the SBA to guarantee loans under the PPP through March 31, 2021, and the PPP Extension Act of 2021 extended that authorization through June 30, 2021 for applications received by the SBA prior to June 1, 2021.

On March 11, 2021, the American Rescue Plan Act of 2021 (the "ARP Act") was enacted, implementing a $1.9 trillion package of stimulus and relief proposals. Among other things, the ARP Act provides (i) additional funding for the PPP program and an expansion of the program for the benefit of certain nonprofits, (ii) funding for the SBA to make targeted grants for restaurants and similar establishments, (iii) direct cash payments of up to $1,400 to individuals, subject to income provisions, (iv) an increase in the maximum annual Child Tax Credit, subject to income limitation provisions, (v) $300 a week in expanded unemployment insurance lasting through September 6, 2021 and makes $10,200 in unemployment benefits tax free for households, subject to income limitation provisions, (vi) tax relief making any student loan forgiveness incurred between December 31, 2020, and January 1, 2026 non-taxable income, and (vii) funding to support state and local governments; K-12 schools and higher education; the Centers for Disease Control; public transit; rental assistance; child care; and airline industry workers.

On March 27, 2021, the COVID-19 Bankruptcy Relief Extension Act of 2021 was enacted, extending the bankruptcy relief provisions enacted in the CARES Act of 2020 bill until March 27, 2022. These provisions provide financially distressed small businesses and individuals greater access to bankruptcy relief. We are continuing to monitor the potential development of additional legislation and further actions taken by the U.S. government.

The above-mentioned significant fiscal stimulus and monetary policy actions of the U.S. government and Federal Reserve have been contributing factors to an inflationary surge during most of 2021. As a result, in December 2021, the Federal Reserve released projections whereby the midpoint of the projected appropriate target range for the federal funds rate would rise to 0.9% by the end of 2022, to 1.6% by the end of 2023 and to 2.1% by the end of 2024. While there can be no such assurance that any increases in the federal funds rate will occur, these projections imply three 25 basis point increases in the federal funds rate in 2022, followed by three in 2023 and two in 2024.

Impact on our Operations. In the states where United operates, many jurisdictions declared health emergencies due to the COVID-19 pandemic. The resulting closures of non-essential businesses and related economic disruption impacted our operations as well as the operations of our customers. Financial services were identified as a Critical Infrastructure Sector by the Department of Homeland Security. Accordingly, our business remained open. To address the issues arising as

a result of COVID-19, United implemented several policies in order to facilitate the continued delivery of essential services while maintaining a high level of safety for our customers as well as our employees.

As of December 31, 2021, United does not anticipate significant challenges to our ability to maintain our systems and controls in light of the measures we have taken regarding the COVID-19 pandemic. The Company does not currently face any material resource constraint through the implementation of our business continuity plans.

United is currently unable to fully assess or predict the extent of the effects of COVID-19 on its operations in the future as the ultimate impact will depend on factors that are currently unknown and/or beyond our control.

Impact on our Financial Position and Results of Operations. Although economic conditions improved in the year of 2021, our business continued to be impacted by the COVID-19 pandemic. In addition, significant uncertainties related to the COVID-19 pandemic still exist including, among other things, the ongoing impact to our customers, employees, vendors, counterparties and service providers; the impact to the financial services and banking industry; and the impact to the economy as a whole as well as the effect of actions taken, or that may yet be taken, or inaction by governmental authorities to contain the COVID-19 outbreak and its variants or to mitigate its impact. Certain industries continue to be impacted more severely than others, although all businesses were impacted by the COVID-19 pandemic to some degree during the year of 2021 as they were in 2020. The economic pressures, existing and forecasted, as of end of each quarter during 2020, coupled with the implementation of an expected loss methodology for determining United's provision for credit losses as required by CECL contributed to an increased provision for credit losses for the year of 2020. Due to better performance trends within the loan portfolio and the improved reasonable and supportable forecasts for future macroeconomic scenarios used in the estimated of expected credit losses under the CECL accounting standard, since December 31, 2020, our provision for credit losses significantly decreased for the year of 2021 resulting in a net benefit of $23.97 million as compared to an expense of $106.56 million for the year of 2020. The sustainability of the economic recovery observed in 2021 remains unclear and significant volatility could continue for a prolonged period as the potential exists for additional variants of COVID-19, including the recent Omicron variant, to impede the global economic recovery and exacerbate geographic differences in the spread of, and response to, COVID-19.

The Company's fee income was reduced due to COVID-19. In keeping with guidance from regulators, the Company actively worked with COVID-19 affected customers during 2020 and 2021 to waive fees from a variety of sources, such as, but not limited to, insufficient funds and overdraft fees, ATM fees, account maintenance fees, etc. Should the pandemic and the global response escalate further as outbreaks and variants occur, it is possible that the Company could reduce such fees in future periods; however, at this time, the Company is unable to project the materiality of such an impact on the results of operations in future periods.

The Company's interest income has and could continue to be reduced due to COVID-19. In keeping with guidance from regulators, the Company continues to work with COVID-19 affected borrowers to defer their payments, interest, and fees. While interest and fees continue to accrue to income, through normal GAAP accounting, should eventual credit losses on these deferred payments emerge, the related loans would be placed on nonaccrual status and interest income and fees accrued would be reversed. In such a scenario, interest income in future periods could be negatively impacted. The Company assessed the collectability of the accrued interest receivables on the loans deferred under the CARES Act as of December 31, 2021. Based on this assessment, the Company released reserves of $242 thousand for the year of 2021 resulting in the allowance for accrued interest receivables not expected to be collected of $8 thousand as of December 31, 2021 as compared to $250 thousand as of December 31, 2020. At this time, the Company is unable to project the materiality of such an impact on any possible future deferrals under new guidance related to COVID-19 affected borrowers, but recognizes the breadth of the economic impact may affect its borrowers' ability to repay in future periods.

Capital and liquidity. As of December 31, 2021, all of our capital ratios, and our subsidiary bank's capital ratios, were in excess of all regulatory requirements. While we believe that we have sufficient capital to withstand a second economic recession brought about by COVID-19, our reported and regulatory capital ratios could be adversely impacted by further credit loss expense. We rely on cash on hand as well as dividends from our subsidiary bank to service our debt. If our capital deteriorates such that our subsidiary bank is unable to pay dividends to us for an extended period of time, we may not be able to service our debt.

We maintain access to multiple sources of liquidity. Wholesale funding markets have remained open to us. Rates

for short-term funding were volatile throughout 2020, but were more stable in 2021. If funding costs become elevated for an extended period of time, it could have an adverse effect on our net interest margin. If an extended recession caused large numbers of our deposit customers to withdraw their funds, we might become more reliant on volatile or more expensive sources of funding.

For a discussion of the United's liquidity and capital resources in light of the COVID-19 pandemic please refer to the sections with the captions of "Liquidity and Capital Resources" included in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

Lending operations and accommodations to borrowers. In keeping with regulatory guidance to work with borrowers during this unprecedented situation and as outlined in the CARES Act, the Company executed a payment deferral program for its customers that are adversely affected by the pandemic. Depending on the demonstrated need of the client and within the guidance of the CARES Act, the Company deferred either the full loan payment or the principal component of the loan payment for stated period of time. As of December 31, 2021, United has 188 eligible loan modifications in deferral on $18.04 million of loans outstanding under section 4013, "Temporary Relief from Troubled Debt Restructurings," of the CARES Act, down from 1,002 eligible loan modifications in deferral on $399.86 million of loans outstanding at December 31, 2020. In accordance with the CARES Act, these deferrals are not considered troubled debt restructurings. It is possible that these deferrals could be extended further under any future guidance; however, the volume of these future potential extensions is unknown. It is also possible that in spite of our best efforts to assist our borrowers and achieve full collection of our investment, these deferred loans could result in future charge-offs with additional credit loss expense charged to earnings; however, the amount of any future charge-offs on deferred loans is unknown.

With the passage and extensions of the PPP, administered by the SBA, the Company has actively participated in assisting its customers with applications for resources through the program. PPP loans generally have a two-year or five-year term and earn interest at 1%. The Company believes that the majority of these loans will ultimately be forgiven by the SBA in accordance with the terms of the program. As of December 31, 2021, the Company had 2,959 of PPP loans with a balance of approximately $302.30 million. The Company recognized approximately $33.22 million in net fees on PPP loans during the year of 2021 as compared to $16.26 million year of 2020. At December 31, 2021, remaining fees due from the SBA of $10.41 million will be amortized and recognized over the life of the associated loans. It is the Company's understanding that loans funded through the PPP program are fully guaranteed by the U.S. government. Should those circumstances change, the Company could be required to establish an allowance for credit loss through additional credit loss expense charged to earnings.

The national public health crisis arising from the COVID-19 pandemic (and public expectations about it), combined with other factors, including, but not limited to, inflation, labor shortages, supply chain disruption and further oil price volatility, could, despite improvements in 2021, again destabilize the financial markets and geographies in which we operate. The resulting economic pressure on consumers and uncertainty regarding the sustainability of any economic improvements could further impact the creditworthiness of potential and current borrowers. Borrower loan defaults that adversely affect our earnings correlate with deteriorating economic conditions, which, in turn, are likely to impact our borrowers' creditworthiness and our ability to make loans. See further information related to the risk exposure of our loan portfolio under the caption "Provision for Credit Losses" elsewhere in this discussion.

Retail operations. The Company has been committed to assisting our customers and communities during the COVID-19 pandemic. For much of 2020 and the first part of 2021, most branch locations were converted to drive-thru only in order to ensure the health and safety of our customers and team members. We continued to serve our customers that needed emergency branch access for account issues, safe deposit access and similar items by appointment. The Company was able to open and close accounts effectively, through its drive through facility, and our customer service center was successful in managing the volume of incoming calls. We introduced temporary changes to help with the financial hardship caused by COVID-19 for both our customers and non-customers, including waiving select deposit account fees including overdraft fees, ATM fees and excessive withdrawal fees for savings and money market accounts.

From mid-May to mid-June in 2021, we used a phased-in approach to reopen our lobbies throughout our footprint. We have returned to full-service at all retail locations throughout our footprint. The customer service centers continue to operate at full capacity with more normalized call volumes. We have continued to offer fee waivers for select deposit accounts to help with the financial hardship caused by the pandemic.

The Company continues to place the utmost importance on the health and safety of our employees and customers. We also continue to follow the applicable Centers for Disease Control and Prevention ("CDC") guidance and comply with any local or state mandates. The Company continues to closely monitor the pandemic and COVID-19 variants and will adjust its retail operations accordingly, as necessary.

As the COVID-19 pandemic continues to be on-going, there continues to be uncertainties related to its magnitude, duration and persistent effects. This is particularly the case with the emergence, contagiousness and threat of new and different strains of the virus as well as the availability, acceptance and effectiveness of vaccines. As such, the COVID-19 pandemic could still, among other things, greatly affect our routine and essential operations due to staff absenteeism, particularly among key personnel; resulting in limited access to or closures of our branch facilities and other physical offices; exacerbate operational, technical or security-related risks arising from a remote workforce; and result in adverse government or regulatory agency orders. Additionally, we are experiencing an increasingly competitive labor market due to an on-going labor shortage which has been impacted and could continue to impact or ability to staff open positions and/or retain existing employees and has resulted in and could continue to result in an increase in our staffing costs. The business and operations of our third-party service providers, many of whom perform critical services for our business, could also be significantly impacted by many of these same issues, which in turn could impact us. As a result, we continue to be unable to fully assess or predict the extent of the effects of COVID-19 on our operations as the ultimate impact will depend on factors that are currently unknown and/or beyond our control.

ACQUISITIONS

On December 3, 2021, United acquired 100% of the outstanding common stock of Community Bankers Trust Corporation ("Community Bankers Trust"), a Virginia corporation headquartered in Richmond, Virginia. Immediately following the Merger, Essex Bank, a wholly-owned subsidiary of Community Bankers Trust, merged with and into United Bank, a wholly-owned subsidiary of United. United Bank survived the Bank Merger and continues to exist as a Virginia banking corporation. The acquisition of Community Bankers Trust enhanced United's existing presence in the DC Metro MSA and took United into new markets including Baltimore, Annapolis, Lynchburg, Richmond, and the Northern Neck of Virginia. It also strategically connected our Mid-Atlantic and Southeast footprints. The Community Bankers Trust merger was accounted for under the acquisition method of accounting. At consummation, Community Bankers Trust had assets of $1.79 billion, loans and leases, net of unearned income of $1.28 billion and deposits of $1.52 billion.

On May 1, 2020, United acquired 100% of the outstanding common stock of Carolina Financial Corporation ("Carolina Financial"), headquartered in Charleston, South Carolina. Immediately following the Merger, CresCom Bank, a wholly-owned subsidiary of Carolina Financial, merged with and into United Bank, a wholly-owned subsidiary of United (the "Bank Merger)". United Bank survived the Bank Merger and continues to exist as a Virginia banking corporation. The acquisition of Carolina Financial afforded United the opportunity to expand its existing footprint in North Carolina and South Carolina. The merger resulted in a combined company with more than 200 locations in some of the best banking markets in the United States. CresCom Bank owned and operated Crescent Mortgage Company ("Crescent"), which is based in Atlanta. Crescent is approved to originate loans in 48 states partnering with community banks, credit unions and mortgage brokers. As a result of the merger, Crescent became an indirectly-owned subsidiary of United. The Carolina Financial merger was accounted for under the acquisition method of accounting. At consummation, Carolina Financial had assets of $5.00 billion, loans and leases, net of unearned income of $3.29 billion and deposits of $3.87 billion.

The results of operations of Community Bankers Trust and Carolina Financial are included in the consolidated results of operations from their date of acquisition. As a result of the Community Bankers Trust and Carolina Financial acquisitions, the year of 2021 was impacted by increased levels of average balances, income, and expense as compared to the year of 2020. In addition, the year of 2021 included $21.42 million of merger-related expenses from Community Bankers Trust acquisition as compared to $54.24 million of merger-related expenses from the Carolina Financial acquisition in the year of 2020.

TRANSITION FROM THE LONDON INTERBANK OFFERED RATE (LIBOR)

In 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, publicly announced its

intention to stop persuading or compelling banks to submit the rates used to calculate LIBOR after 2021. ICE Benchmark Administration (the publisher of LIBOR) discontinued publication of the one-week and two-month U.S. Dollar LIBOR settings on December 31, 2021, and plans to discontinue publication of overnight, one-month, three-month, six-month, and twelve-month U.S. Dollar LIBOR settings on June 30, 2023. It is assumed that LIBOR will either cease to be provided by any administrator or will no longer be representative of an acceptable market benchmark after these respective dates. Additionally, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have issued joint supervisory guidance encouraging banks to cease entering into any new contracts using LIBOR by December 31, 2021. Accordingly, United has taken steps to ensure that no new contracts using LIBOR will be originated after December 31, 2021.

Working groups comprised of various regulators and other industry groups have been formed in the United States and other countries in order to provide guidance on this topic. In particular, the Alternative Reference Rates Committee ("ARRC") has been formed in the United States by the Federal Reserve Board and the Federal Reserve Bank of New York. The ARRC has identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative reference rate for U.S. Dollar LIBOR. The ARRC has also published recommended fall-back language for LIBOR-linked financial instruments, among numerous other areas of guidance. At this time, however, it is unclear to what extent these recommendations will be broadly accepted by industry participants, whether they will continue to evolve, and what other alternatives may be adopted by the broader markets that utilize LIBOR as a reference rate. United has formed a project team comprised of individuals across various lines of business throughout the company to identify risks, monitor market developments, evaluate replacement benchmark alternatives, and manage the company's transition away from LIBOR. At this time, United intends to prioritize SOFR and Prime as the preferred alternatives to LIBOR; however, these preferred alternatives could change over time based on market developments.

United has loans, derivative contracts, borrowings, and other financial instruments that are directly or indirectly dependent on LIBOR. The transition from LIBOR will cause changes to payment calculations for existing contracts that use LIBOR as the reference rate. These changes will create various risks surrounding the financial, operational, compliance and legal aspects associated with changing certain elements of existing contracts. United will also be subject to risks surrounding changes to models and systems that currently use LIBOR reference rates, as well as market and strategic risks that could arise from the use of alternative reference rates. Additionally, United could face reputational risks if this transition is not managed appropriately with its customers. While the full impact of the transition is not yet known, failure to adequately manage the transition could have a material adverse effect on our business, financial condition and results of operations.

INTRODUCTION

The following discussion and analysis presents the more significant changes in financial condition as of December 31, 2021 and 2020 and the results of operations of United and its subsidiaries for each of the years then ended. This discussion and the consolidated financial statements and the notes to Consolidated Financial Statements include the accounts of United Bankshares, Inc. and its wholly-owned subsidiaries, unless otherwise indicated. Management has evaluated all significant events and transactions that occurred after December 31, 2021, but prior to the date these financial statements were issued, for potential recognition or disclosure required in these financial statements. Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K filed with the SEC on March 1, 2021 (the 2020 Form 10-K) for a discussion and analysis of the more significant factors that affected periods prior to 2020.

This discussion and analysis should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes thereto, which are included elsewhere in this document.

USE OF NON-GAAP FINANCIAL MEASURES

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

statement of the company's reasons for utilizing the non-GAAP financial measure.

Generally, United has presented a non-GAAP financial measure because it believes that this measure provides meaningful additional information to assist in the evaluation of United's results of operations or financial position. Presentation of a non-GAAP financial measure is consistent with how United's management evaluates its performance internally and this non-GAAP financial measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the banking industry. Specifically, this discussion contains certain references to financial measures identified as tax-equivalent ("FTE") net interest income and return on average tangible equity. Management believes these non-GAAP financial measures to be helpful in understanding United's results of operations or financial position.

Net interest income is presented in this discussion on a tax-equivalent basis. The tax-equivalent basis adjusts for the tax-favored status of income from certain loans and investments. Although this is a non-GAAP measure, United's management believes this measure is more widely used within the financial services industry and provides better comparability of net interest income arising from taxable and tax-exempt sources. United uses this measure to monitor net interest income performance and to manage its balance sheet composition.

Average tangible equity is calculated as GAAP total shareholders' equity minus total intangible assets. Tangible equity can thus be considered a more conservative valuation of the company. When considering net income, a return on average tangible equity can be calculated. Management provides a return on average equity to facilitate the understanding of as well as to assess the quality and composition of United's capital structure. This measure, along with others, is used by management to analyze capital adequacy and performance.

However, this non-GAAP information should be considered supplemental in nature and not as a substitute for related financial information prepared in accordance with GAAP. Where the non-GAAP financial measure is used, the comparable GAAP financial measure, as well as reconciliation to that comparable GAAP financial measure, as well as a statement of the company's reasons for utilizing the non-GAAP financial measure, can be found within this discussion and analysis. Investors should recognize that United's presentation of this non-GAAP financial measure might not be comparable to a similarly titled measure at other companies.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

The accounting and reporting policies of United conform with U.S. generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments, which are reviewed with the Audit Committee of the Board of Directors, are based on information available as of the date of the financial statements. Actual results could differ from these estimates. These policies, along with the disclosures presented in the financial statement notes and in this financial review, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has identified the determination of the allowance for loan and lease losses, the calculation of the income tax provision, and the use of fair value measurements to account for certain financial instruments to be the accounting areas that require the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available. The most significant accounting policies followed by United are presented in Note A, Notes to Consolidated Financial Statements.

Allowance for Loan and Lease Losses

The allowance for loan and lease losses is an estimate of the expected credit losses on financial assets measured at amortized cost to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term). Determining the allowance for loan losses requires management to make estimates of expected credit losses that are highly uncertain and require a high degree of judgment. At December 31, 2021, the allowance for loan losses was $216.02 million and is subject to periodic adjustment based on management's assessment of expected credit losses in the loan portfolio. Such adjustment from period to period

can have a significant impact on United's consolidated financial statements. To illustrate the potential effect on the financial statements of our estimates of the allowance for loan losses, a 10% increase in the allowance for loan losses would have required $21.60 million in additional allowance (funded by additional provision for loan losses), which would have negatively impacted the year of 2021 net income by approximately $17.07 million, after-tax or $0.13 diluted per common share. Management's evaluation of the adequacy of the allowance for loan losses and the appropriate provision for loan losses is based upon a quarterly evaluation of the loan portfolio. This evaluation is inherently subjective and requires significant estimates, including estimates related to the amounts and timing of future cash flows, value of collateral, losses on pools of homogeneous loans and leases based on historical loss experience, and consideration of qualitative factors such as current economic trends, all of which are susceptible to constant and significant change. The allowance allocated to specific credits and loan pools grouped by similar risk characteristics is reviewed on a quarterly basis and adjusted as necessary based upon subsequent changes in circumstances. In determining the components of the allowance for loan losses, management considers the risk arising in part from, but not limited to, qualitative factors which include charge-off and delinquency trends, current business conditions and reasonable and supportable economic forecasts, lending policies and procedures, the size and risk characteristics of the loan portfolio, concentrations of credit, and other various factors. The methodology used to determine the allowance for loan losses is described in Note A, Notes to Consolidated Financial Statements. A discussion of the factors leading to changes in the amount of the allowance for loan losses is included in the Provision for Credit Losses section of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"). For a discussion of concentrations of credit risk, see Item 1, under the caption of Loan Concentrations in this Form 10-K.

Income Taxes

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

Use of Fair Value Measurements

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

At December 31, 2021, approximately 16.02% of total assets, or $4.70 billion, consisted of financial instruments recorded at fair value. Of this total, approximately 88.70% or $4.17 billion of these financial instruments used valuation

methodologies involving observable market data, collectively Level 1 and Level 2 measurements, to determine fair value. Approximately 11.30% or $531.18 million of these financial instruments were valued using unobservable market information or Level 3 measurements. Most of these financial instruments valued using unobservable market information were loans held for sale at our mortgage banking segment. At December 31, 2021, only $3.73 million or less than 1% of total liabilities were recorded at fair value. This entire amount was valued using methodologies involving observable market data. United does not believe that any changes in the unobservable inputs used to value the financial instruments mentioned above would have a material impact on United's results of operations, liquidity, or capital resources. See Note W for additional information regarding ASC Topic 820 and its impact on United's financial statements.

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

2021 COMPARED TO 2020

United's total assets as of December 31, 2021 were $29.33 billion, which was an increase of $3.14 billion or 12.01% from December 31, 2020. The acquisition of Community Bankers Trust on December 3, 2021 added $1.80 billion in total assets, including purchase accounting amounts. Portfolio loans and leases increased $432.24 million or 2.46%, cash and cash equivalents increased $1.55 billion or 70.12%, investment securities increased $1.11 billion or 34.82%, goodwill increased $89.65 million or 4.99%, other assets increased $125.13 million or 21.41%, bank premises and equipment increased $21.40 million or 12.17%, and operating lease right-of-use assets increased $12.42 million or 17.87%. Partially offsetting these increases was a decrease of $214.52 million or 29.84% in loans held for sale and a $2.56 million or 3.82% decrease in interest receivable. Total liabilities increased $2.72 billion or 12.44% from year-end 2020. This increase in total liabilities was due mainly to an increase of $2.77 billion or 13.43% in deposits mainly due to organic growth and the Community Bankers Trust acquisition. In addition, operating lease right-of-lease liabilities increased $13.49 million or 18.43% mainly due to the Community Bankers Trust acquisition. Partially offsetting these increases was a decrease of $60.43 million or 6.00% in borrowings. Shareholders' equity increased $421.01 million or 9.80% from year-end 2020 due primarily to the acquisition of Community Bankers Trust and earnings net of dividends.

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

Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2021 increased $1.55 billion or 70.12% from year-end 2020. Community Bankers Trust added $39.44 million upon consummation of the acquisition. Interest-bearing deposits with other banks increased $1.56 billion or 81.82% as United increased its liquidity due to the COVID-19 pandemic by placing excess cash in an interest-bearing account with the Federal Reserve. Cash and due from banks decreased $14.49 million or 4.87% due to a $40.86 million decrease in cash-in-process with the Federal Reserve which was partially offset by a $24.37 million increase in cash. Federal funds increased $104 thousand or 12.64%. During the year of 2021, net cash of $609.54 million and $15.65 million were provided by operating activities and investing activities, respectively, while net cash of $923.91 million was provided by financing activities. Further details related to changes in cash and cash equivalents are presented in the Consolidated Statements of Cash Flows.

Securities

Total investment securities at December 31, 2021 increased $1.11 billion or 34.82% from year-end 2020. Community Bankers Trust added $395.25 million in investment securities, including purchase accounting amounts, upon consummation of the acquisition. Securities available for sale increased $1.09 billion or 36.88%. This change in securities available for sale reflects $387.20 million acquired from Community Bankers Trust, $730.35 million in sales, maturities and calls of securities, $1.52 billion in purchases, and a decrease of $73.81 million in market value. Securities held to maturity declined $211 thousand or 17.41% from year-end 2020 due to maturities and calls of securities. Equity securities were $12.40 million at December 31, 2021, an increase of $1.69 million or 15.73% due mainly to net purchases. Other investment securities increased $18.75 million or 8.49% from year-end 2020 due to increases of $14.05 million in investment tax credits and $4.63 million in Federal Reserve Bank ("FRB") stock due to Community Bankers Trust merger. Partially offsetting these increases was a decline of $5.90 million in Federal Home Loan Bank ("FHLB") stock.

The following table summarizes the changes in the available for sale securities since year-end 2020:

(Dollars in thousands)	December 31 2021	December 31 2020	$ Change	% Change
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 81,850	$ 66,344	$ 15,506	23.37%
State and political subdivisions	847,298	565,160	282,138	49.92%
Mortgage-backed securities	1,828,244	1,625,812	202,432	12.45%
Asset-backed securities	656,572	294,623	361,949	122.85%
Single issue trust preferred securities	16,811	17,027	(216)	(1.27%)
Corporate securities	611,924	384,393	227,531	59.19%
Total available for sale securities, at fair value	$ 4,042,699	$ 2,953,359	$ 1,089,340	36.88%

The following table summarizes the changes in the held to maturity securities since year-end 2020:

(Dollars in thousands)	December 31 2021		December 31 2020		$ Change	% Change
State and political subdivisions	$ 981	(1)	$ 1,192	(2)	$ (211)	(17.70%)
Other corporate securities	20		20		0	0.00%
Total held to maturity securities, at amortized cost	$ 1,001		$ 1,212		$ (211)	(17.41%)

(1) net of allowance for credit losses of $19 thousand.
(2) net of allowance for credit losses of $23 thousand.

At December 31, 2021, gross unrealized losses on available for sale securities were $34.42 million. Securities with the most significant gross unrealized losses at December 31, 2021 consisted primarily of agency residential mortgage-backed securities and agency commercial mortgage-backed securities.

As of December 31, 2021, United's available for sale mortgage-backed securities had an amortized cost of $1.83 billion, with an estimated fair value of $1.83 billion. The portfolio consisted primarily of $1.12 billion in agency residential mortgage-backed securities with a fair value of $1.11 billion, $74.97 million in non-agency residential mortgage-backed securities with an estimated fair value of $74.55 million, and $633.80 million in commercial agency mortgage-backed securities with an estimated fair value of $639.93 million.

As of December 31, 2021, United's available for sale corporate securities had an amortized cost of $1.29 billion, with an estimated fair value of $1.29 billion. The portfolio consisted of $17.29 million in single issue trust preferred securities with an estimated fair value of $16.81 million. In addition to the single issue trust preferred securities, the Company held positions in various other corporate securities, including asset-backed securities with an amortized cost of $659.83 million and a fair value of $656.57 million and other corporate securities, with an amortized cost of $611.55 million and a fair value of $611.92 million.

United's available for sale single issue trust preferred securities had a fair value of $16.81 million as of December 31, 2021. Of the $16.81 million, $8.29 million or 49.32% were investment grade; $3.22 million or 19.13% were split rated; and $5.30 million or 31.55% were unrated. The two largest exposures accounted for 75.34% of the $16.81 million. These included Truist Bank at $7.36 million and Emigrant Bank at $5.30 million. All single issue trust preferred securities are currently receiving full scheduled principal and interest payments.

During 2021, United did not recognize any credit losses on its available for sale investment securities. Management does not believe that any individual security with an unrealized loss as of December 31, 2021 is impaired. United believes the decline in value resulted from changes in market interest rates, credit spreads and liquidity, not a deterioration of credit. Based on a review of each of the securities in the available for sale investment portfolio, management concluded that it was more likely than not that it would be able to realize the cost basis investment and appropriate interest payments on such securities. United has the intent and the ability to hold these securities until such time as the value recovers or the securities mature. As of December 31, 2021, there was no allowance for credit losses related to the Company's available for sale securities. However, United acknowledges that any securities in an unrealized loss position may be sold in future periods in

response to significant, unanticipated changes in asset/liability management decisions, unanticipated future market movements or business plan changes.

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

Loans held for sale

Loans held for sale decreased $214.52 million or 29.84% from year-end 2020. Loan sales in the secondary market exceeded originations during the year of 2021. Originations of loans for the year of 2021 were $6.19 billion while sales of loans were $6.41 billion. Loans held for sale were $504.42 million at December 31, 2021 as compared to $718.94 million at year-end 2020.

Portfolio Loans

Loans and leases, net of unearned income, increased $432.24 million or 2.46% from year-end 2020 mainly as a result of the Community Bankers Trust acquisition which added $1.30 billion, including purchase accounting amounts, in portfolio loans and leases. Otherwise, portfolio loans and leases, net of unearned income, decreased $882.15 million from year-end 2020. Since year-end 2020, commercial, financial and agricultural loans and leases increased $457.99 million or 4.28% as commercial real estate loans increased $1.05 billion or 15.81% while commercial loans and leases (not secured by real estate) decreased $592.06 million or 14.60%. In addition, construction and land development loans increased $187.82 million or 10.28%. Partially offsetting the increases in loans and leases was a decrease of $208.33 million or 5.34% in residential real estate loans. Consumer loans remained flat, decreasing $8.76 million or less than 1% due to a decrease in indirect automobile financing.

The following table summarizes the changes in the major loan classes since year-end 2020:

(Dollars in thousands)	**December 31 2021**	**December 31 2020**	**$ Change**	**% Change**
Loans held for sale	$ 504,416	$ 718,937	$ (214,521)	(29.84%)
Commercial, financial, and agricultural:				
Owner-occupied commercial real estate	$ 1,733,176	$ 1,622,687	$ 110,489	6.81%
Nonowner-occupied commercial real estate	5,957,288	5,017,727	939,561	18.72%
Other commercial loans	3,462,361	4,054,418	(592,057)	(14.60%)
Total commercial, financial, and agricultural	$ 11,152,825	$ 10,694,832	$ 457,993	4.28%
Residential real estate	3,691,560	3,899,885	(208,325)	(5.34%)
Construction & land development	2,014,165	1,826,349	187,816	10.28%
Consumer:				
Bankcard	8,913	8,937	(24)	(0.27%)
Other consumer	1,183,844	1,192,580	(8,736)	(0.73%)
Total gross loans	$ 18,051,307	$ 17,622,583	$ 428,724	2.43%
Less: Unearned income	(27,659)	(31,170)	3,511	(11.26%)
Total Loans, net of unearned income	$ 18,023,648	$ 17,591,413	$ 432,235	2.46%

The following table shows the maturity of loans and leases, outstanding as of December 31, 2021:

(In thousands)	Less Than One Year	One To Five Years	Five to Fifteen Years	Greater than Fifteen Years	Total
Commercial, financial and agricultural:					
Owner-occupied	$ 123,870	$ 697,487	$ 875,471	$ 36,348	$ 1,733,176
Nonowner-occupied	807,598	3,214,142	1,798,851	136,697	5,957,288
Other commercial	955,967	1,850,893	521,777	133,724	3,462,361
Residential real estate	170,692	516,414	708,830	2,295,624	3,691,560
Construction & land development	596,597	1,130,280	229,718	57,570	2,014,165
Consumer:					
Bankcard	209	8,704	0	0	8,913
Other consumer	31,290	632,499	519,489	566	1,183,844
Total	$ 2,686,223	$ 8,050,419	$ 4,654,136	$ 2,660,529	$ 18,051,307

At December 31, 2021, for loans and leases due after one year, interest rate information is as follows:

(In thousands)	One To Five Years	Five to Fifteen Years	Greater than Fifteen Years	Total
Commercial, financial and agricultural:				
Owner-occupied				
Outstanding with fixed interest rates	$ 549,291	$ 390,432	$ 11,265	$ 950,988
Outstanding with adjustable interest rates	148,196	485,039	25,083	658,318
Total owner-occupied	697,487	875,471	36,348	1,609,306
Nonowner-occupied				
Outstanding with fixed interest rates	$ 2,255,557	$ 925,611	$ 6,768	$ 3,187,936
Outstanding with adjustable interest rates	958,585	873,240	129,929	1,961,754
Total non-owner occupied	3,214,142	1,798,851	136,697	5,149,690
Other commercial				
Outstanding with fixed interest rates	$ 1,619,871	$ 323,700	$ 79,786	$ 2,023,357
Outstanding with adjustable interest rates	231,022	198,077	53,938	483,037
Total other commercial	1,850,893	521,777	133,724	2,506,394
Residential real estate				
Outstanding with fixed interest rates	$ 322,802	$ 248,501	$ 766,537	$ 1,337,840
Outstanding with adjustable interest rates	193,612	460,329	1,529,087	2,183,028
Total residential real estate	516,414	708,830	2,295,624	3,520,868
Construction				
Outstanding with fixed interest rates	$ 443,315	$ 86,702	$ 38,541	$ 568,558
Outstanding with adjustable interest rates	686,965	143,016	19,029	849,010
Total construction	1,130,280	229,718	57,570	1,417,568
Consumer:				
Bankcard				
Outstanding with fixed interest rates	$ 956	$ 0	$ 0	$ 956
Outstanding with adjustable interest rates	7,748	0	0	7,748
Total bankcard	8,704	0	0	8,704
Other consumer				
Outstanding with fixed interest rates	$ 632,081	$ 519,295	$ 566	$ 1,151,942
Outstanding with adjustable interest rates	418	194	0	612
Total other consumer	632,499	519,489	566	1,152,554
Total outstanding with fixed interest rates	$ 5,823,873	$ 2,494,241	$ 903,463	$ 9,221,577
Total outstanding with adjustable rates	$ 2,226,546	$ 2,159,895	$ 1,757,066	$ 6,143,507
Total	$ 8,050,419	$ 4,654,136	$ 2,660,529	$ 15,365,084

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

Other Assets

Other assets increased $125.13 million or 21.41% from year-end 2020. The Community Bankers Trust acquisition added $51.83 million in other assets plus an additional $3.40 million in core deposit intangibles. The cash surrender value of bank-owned life insurance policies increased $122.78 million, of which $31.32 million was acquired from Community Bankers Trust while the remaining increase was due to purchases of new policies, totaling $85.00 million. Deferred tax assets increased $10.59 million due mainly to the deferred taxes recorded on the purchase accounting adjustments in the Community Bankers Trust acquisition. The remainder of the increase in other assets is the result of a $17.23 million net pension asset that was recorded in 2021, previously a liability, due to an increase in the discount rate used in the year-end evaluation and an increase in fair value of plan assets during 2021. Partially offsetting these increases were decreases of $7.40 million in income tax receivable, $11.00 million in derivative assets, $7.77 million in other real estate owned properties (”OREO”) due to sales and write downs, and $2.51 million in core deposit intangibles due to amortization.

Deposits

Deposits represent United’s primary source of funding. Total deposits at December 31, 2021 increased $2.77 billion or 13.43%, mainly as the result of the Community Bankers Trust acquisition. Community Bankers Trust added $1.52 billion in deposits, including purchase accounting amounts. In terms of composition, noninterest-bearing deposits increased $1.58 billion or 21.27% ($350.39 million added from Community Bankers Trust acquisition) while interest-bearing deposits increased $1.19 billion or 9.03% ($1.17 billion added from Community Bankers Trust acquisition) from December 31, 2020. Organically, deposits grew $1.24 billion from year-end 2020 due to new customers and the economic stimulus, liquidity concerns as well as a volatile stock market as a result of the COVID-19 pandemic.

Noninterest-bearing deposits consist of demand deposit and noninterest bearing money market (“MMDA”) account balances. The $1.58 billion increase in noninterest-bearing deposits was due to increases in commercial noninterest-bearing deposits of $2.97 billion or 73.04%, personal noninterest-bearing deposits of $407.18 million or 37.04% and public noninterest-bearing deposits of $65.86 million or 50.41%. Partially offsetting these increases in noninterest bearing MMDAs was a $1.98 billion decrease in sweep activity.

Interest-bearing deposits consist of interest-bearing checking (“NOW”), regular savings, interest-bearing MMDA, and time deposit account balances. NOW accounts increased $2.93 billion or 367.01% since year-end 2020 while regular savings accounts increased $357.58 million or 27.85%, partially as the result of the Community Bankers Trust merger. Excluding sweep activity from NOW accounts to interest-bearing MMDAs to reduce United’s reserve requirement at its Federal Reserve Bank, NOW accounts increased $637.21 million or 20.57% mainly due to a $363.05 million increase in personal NOW accounts, a $142.26 million increase in commercial NOW accounts, and a $131.90 million increase in public funds NOW accounts. Partially offsetting these increases in interest-bearing deposits is a $1.83 billion or 22.31% decrease in interest-bearing MMDAs. In particular, personal MMDAs decreased $789.76 million, commercial MMDAs decreased $409.01 million, and public MMDAs decreased $602.52 million. These decreases were due to a $2.30 billion decrease in sweep activity from NOW accounts to interest-bearing MMDAs. The increase of $357.58 million in regular savings was mainly due to a $326.72 million increase in personal savings accounts and a $27.51 million increase in commercial savings accounts.

Time deposits under $100,000 increased $51.02 million or 5.21% from year-end 2020. This increase in time deposits under $100,000 was the result of a $79.50 million increase in fixed Certificates of Deposits (“CDs”) under $100,000 as a result of the Community Bankers Trust acquisition. This increase was partially offset by a $30.50 million decrease in CDs under $100,000 obtained through the use of deposit listing services.

Since year-end 2020, time deposits over $100,000 decreased $326.92 million or 16.96% as fixed rate CDs decreased $34.22 million, brokered certificates of deposits decreased $99.64 million, and public funds CDs over $100,000 decreased $121.19 million. In addition, Certificate of Deposit Account Registry Service (“CDARS”) CDs decreased $74.35 million.

The table below summarizes the changes by deposit category since year-end 2020:

(Dollars in thousands)	December 31 2021	December 31 2020	$ Change	% Change
Demand deposits	$ 8,980,547	$ 5,428,398	$ 3,552,149	65.44%
Interest-bearing checking	3,734,355	799,635	2,934,720	367.01%
Regular savings	1,641,404	1,283,823	357,581	27.85%
Money market accounts	6,361,887	10,165,334	(3,803,447)	(37.42%)
Time deposits under $100,000	1,031,008	979,988	51,020	5.21%
Time deposits over $100,000 [1][2]	1,601,062	1,927,982	(326,920)	(16.96%)
Total deposits	$ 23,350,263	$ 20,585,160	$ 2,765,103	13.43%

(1) Includes time deposits of $250,000 or more of $640,752 and $889,334 at December 31, 2021 and December 31, 2020, respectively.

(2) Includes $375,510 and $645,304 of uninsured time deposits at December 31, 2021 and December 31, 2020, respectively.

At December 31, 2021, the scheduled maturities of time deposits are as follows:

Year *(In thousands)*	Amount
2022	$ 2,093,001
2023	337,252
2024	112,686
2025	59,813
2026 and thereafter	29,318
TOTAL	$ 2,632,070

Maturities of estimated uninsured time deposits of $100,000 or more outstanding at December 31, 2021 are summarized as follows:

(Dollars in thousands)	3 months or less	Over 3 through 6 months	Over 6 through 12 months	Over 12 months
Time deposits in amounts in excess of the FDIC Insurance limit	$ 78,437	$145,134	$ 61,767	$ 90,172

The amounts of uninsured time deposits of $100,000 or more outstanding at December 31, 2021 are based on estimates using the same methodologies and assumptions used for regulatory reporting requirements.

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

	2021			2020			2019		
	Amount	Interest Expense	Rate	Amount	Interest Expense	Rate	Amount	Interest Expense	Rate
					(Dollars in thousands)				
Demand deposits	$ 8,281,268	$ 0	0.00%	$ 6,433,349	$ 0	0.00%	$ 4,388,664	$ 0	0.00%
NOW and money market deposits	9,438,738	23,498	0.25%	7,617,049	40,322	0.53%	6,297,715	88,591	1.41%
Savings deposits	1,455,305	2,085	0.14%	1,149,201	2,087	0.18%	963,954	2,501	0.26%
Time deposits	2,462,044	16,037	0.65%	2,952,944	36,170	1.22%	2,342,969	44,557	1.90%
TOTAL	$ 21,637,355	$ 41,620	0.19%	$18,152,543	$ 78,579	0.43%	$13,993,302	$ 135,649	0.97%

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

Borrowings

Total borrowings at December 31, 2021 decreased $60.43 million or 6.00% since year-end 2020. During the year of

2021, short-term borrowings decreased $13.46 million or 9.46% due to a $13.46 million decrease in securities sold under agreements to repurchase. Community Bankers Trust added $6.76 million in short-term borrowings, which were repaid by December 31, 2021. Long-term borrowings decreased $46.98 million or 5.43% from year-end 2020 due to long-term FHLB advances decreasing $52.33 million as payments exceeded new borrowings while issuances of trust preferred capital securities increased $5.35 million. Including purchase accounting amounts, Community Bankers Trust added $67.79 million in long-term FHLB advances which were repaid prior to year-end and $3.71 million in trust preferred capital securities.

The table below summarizes the change in the borrowing categories since year-end 2020:

(Dollars in thousands)	December 31 2021	December 31 2020	$ Change	% Change
Short-term securities sold under agreements to repurchase	$ 128,844	$ 142,300	$ (13,456)	(9.46%)
Long-term FHLB advances	532,199	584,532	(52,333)	(8.95%)
Subordinated debt	9,872	9,865	7	0.07%
Issuances of trust preferred capital securities	275,323	269,972	5,351	1.98%
Total borrowings	$ 946,238	$ 1,006,669	$ (60,431)	(6.00%)

For a further discussion of borrowings see Notes L and M, Notes to Consolidated Financial Statements.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at December 31, 2021 decreased $6.71 million or 3.31% from year-end 2020. In particular, income tax payable decreased $3.55 million due to timing differences and interest payable decreased $2.21 million due to the net repayment of FHLB advances. In addition, derivative liabilities decreased $9.37 million due to a change in fair value and United's net pension liability decreased $1.75 million due to an increase in the discount rate used in the year-end evaluation and an increase in fair value of plan assets during 2021, resulting in a pension asset at year end. Partially offsetting these decreases were increases of $1.08 million in dividends payable, $7.48 million in deferred compensation, $1.25 million in accrued loan expenses, and $4.65 million in other accrued expenses. Community Bankers Trust added $12.81 million of accrued expenses and other liabilities.

Shareholders' Equity

Shareholders' equity at December 31, 2021 was $4.72 billion, which was an increase of $421.01 million or 9.80% from year-end 2020, mostly as the result of the Community Bankers Trust acquisition and earnings net of dividends. The Community Bankers Trust transaction added approximately $260.28 million in shareholders' equity as 7,135,771 shares were issued from United's authorized but unissued shares for the merger at a cost of approximately $252.32 million.

Retained earnings increased $185.38 million or 15.38% from year-end 2020. Earnings net of dividends for the year of 2021 were $185.38 million.

Accumulated other comprehensive income decreased $27.26 million or 121.85% from year-end 2020 due mainly to a decrease of $56.61 million in the fair value of United's available for sale investment portfolio, net of deferred income taxes. The after-tax accretion of pension costs was $2.55 million for the year of 2021 while the after-tax pension accounting adjustment at year-end 2021 resulted in an increase of $13.80 million. During the year of 2021, United recognized an upward fair value adjustment of $13.00 million on new cash flow hedges.

During the fourth quarter of 2020, United began repurchasing its common stock on the open market under repurchase plans approved by United's Board of Directors. United repurchased 306,204 shares in 2021 at a cost of $9.96 million or an average share price of $32.52.

RESULTS OF OPERATIONS

Overview

Net income for the year 2021 was $367.74 million or $2.83 per diluted share, an increase of $78.72 million or 27.23% from $289.02 million or $2.40 per diluted share for the year of 2020. Higher net income for the year 2021 compared to the year of 2020 was primarily due to lower provision of credit losses due to better performance trends within the loan portfolio and an improved future macroeconomic forecast under the Current Expected Credit Loss ("CECL") accounting standard, as well as the impact from the Community Bankers Trust and Carolina Financial acquisitions.

As previously mentioned, United completed its acquisition of Community Bankers Trust on December 3, 2021, and of Carolina Financial on May 1, 2020. The results of operations for both Community Bankers Trust and Carolina Financial are included in the consolidated results of operations from the date of the acquisition. As a result, the year of 2021 reflected higher average balances, income, and expense as compared to the year of 2020. In addition, the year of 2021 included merger-related expenses of $21.42 million related to the Community Bankers Trust acquisition compared to merger-related expenses of $54.24 million associated with the acquisition of Carolina Financial in 2020.

United's return on average assets for the year of 2021 was 1.35% and the return on average shareholders' equity was 8.30% as compared to 1.20% and 7.30% for the year of 2020. United's Federal Reserve peer group's (bank holding companies with total assets over $10 billion) most recently reported annualized average return on assets and annualized average return on equity were 1.34% and 12.52%, respectively, for the first nine months of 2021. For the year of 2021, United's return on average tangible equity was 14.18%, as compared to 12.90% the year of 2020.

(Dollars in thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
Return on Average Tangible Equity:		
(a) Net Income (GAAP)	$ 367,738	$ 289,023
Average Total Shareholders' Equity (GAAP)	4,430,688	3,956,969
Less: Average Total Intangibles	(1,837,609)	(1,716,738)
(b) Average Tangible Equity (non-GAAP)	$ 2,593,079	$ 2,240,231
Return on Tangible Equity (non-GAAP) [(a) / (b)]	14.18%	12.90%

Net interest income for the year of 2021 was $742.73 million, an increase of $52.96 million or 7.68% from the prior year. The increase in net interest income occurred because total interest income was flat, decreasing $3.27 million while total interest expense decreased $56.23 million from the year of 2020.

The provision for credit losses was a benefit of $23.97 million for the year 2021 as compared to an expense of $106.56 million for the year of 2020. Noninterest income was $278.09 million for the year of 2021 which was a decrease of $76.65 million or 21.61% from the year of 2020. Noninterest expense was $581.94 million which was flat from the year of 2020, increasing $3.73 million or less than 1%.

Income taxes for the year of 2021 were $95.12 million as compared to $70.72 million for the year of 2020. United's effective tax rate was approximately 20.6% and 19.7% for years ended December 31, 2021 and 2020, respectively, as compared to 19.8% for 2019.

Business Segments

United operates in two business segments: community banking and mortgage banking.

Community Banking

Net income attributable to the community banking segment for the year of 2021 was $327.08 million compared to

net income of $190.34 million for the year of 2020. The higher net income within the community banking segment was due primarily to a lower provision for credit losses and higher net interest income. The full year of 2021 was impacted by the Carolina Financial acquisition as compared to eight months in 2020. In addition, the year of 2021 was impacted by one month of the Community Bankers Trust acquisition.

Net interest income increased $53.40 million to $731.31 million for the year of 2021, compared to $677.91 million for the same period of 2020. Generally, net interest income for the year of 2021 increased from the year of 2020 due to an increase in average earning assets as a result of the Carolina Financial acquisition, PPP loan activity and to a larger decline in the average cost of funds as compared to the average yield on earning assets.

Provision for credit losses was a net benefit of $23.97 million for the year of 2021 compared to a provision expense of $106.56 million for the same period of 2020. The decrease for the year of 2021 was due mainly to a provision for credit losses of $28.95 million recorded on purchased non-credit deteriorated ("non-PCD") loans from Carolina Financial during the second quarter of 2020 which was partially offset by the provision for credit losses of $12.29 million recorded on non-PCD loans from Community Bankers Trust, the better performance trends within the loan portfolio as well as improved reasonable and supportable forecasts for future macroeconomic scenarios used in the estimation of expected credit losses under the CECL accounting standard.

Noninterest income for the year of 2021 increased $9.88 million to $99.97 million as compared to $90.09 million for the year of 2020. The increase for the year of 2021 was due mainly to increased fees from trust services, fees from brokerage services, fees from deposit services, bankcard fees and merchant discounts and other miscellaneous income.

Noninterest expense was $443.46 million for the year ended December 31, 2021, compared to $423.93 million for the same period of 2020. The increase of $19.52 million in noninterest expense was primarily attributable to the additional employees and branch offices from the Community Bankers Trust and the Carolina Financial acquisitions as most major categories of noninterest expense showed increases.

Mortgage Banking

The mortgage banking segment reported net income of $43.93 million for the year of 2021 as compared to net income of $116.71 million for the year of 2020. Noninterest income, which consists mainly of realized and unrealized gains associated with the fair value of commitments and loans held for sale, was $183.22 million for the year of 2021 as compared to $276.19 million for the year of 2020. The decrease in 2021 was due mainly to the mark-to-market impact of a declining locked pipeline and a lower margin on loans sold in the secondary market. Noninterest expense was $138.51 million for the year of 2021 as compared to $140.63 million the year of 2020. Noninterest expense consists mainly of salaries, commissions and benefits of mortgage segment employees. The decrease in 2021 was due mainly to lower employee incentives, overtime and commissions expense related to decreased mortgage banking production.

Consolidated Results of Operations by Major Category

The following table sets forth certain consolidated income statement information of United:

	Year Ended		
(Dollars in thousands)	2021	2020	2019
Income Statement Summary:			
Interest income	$ 795,117	$ 798,382	$ 762,562
Interest expense	52,383	108,609	184,640
Net interest income	742,734	689,773	577,922
Provision for credit losses	(23,970)	106,562	21,313
Other income	278,092	354,746	150,484
Other expense	581,943	578,217	382,654
Income before income taxes	462,853	359,740	324,439
Income taxes	95,115	70,717	64,340
Net income	$ 367,738	$ 289,023	$ 260,099

Net Interest Income

Net interest income represents the primary component of United's earnings. It is the difference between interest income from earning assets and interest expense incurred to fund these assets. Net interest income is impacted by changes in the volume and mix of interest-earning assets and interest-bearing liabilities, as well as changes in market interest rates. Such changes, and their impact on net interest income in 2021 and 2020, are presented below.

Net interest income for the year of 2021 was $742.73 million, which was an increase of $52.96 million or 7.68% from the year of 2020. The $52.96 million increase in net interest income occurred because total interest income was flat, decreasing $3.27 million while total interest expense decreased $56.23 million from the year of 2020. Generally, interest income for the year of 2021 decreased slightly from the year of 2020 due mainly to a decline in the yield on average earning assets, mainly as a result a decline in market interest rates, especially on investment securities, while interest expense decreased primarily also due to the decline in market interest rates which resulted in lower funding costs. For the purpose of this remaining discussion, net interest income is presented on a tax-equivalent basis to provide a comparison among all types of interest earning assets. The tax-equivalent basis adjusts for the tax-favored status of income from certain loans and investments. Although this is a non-GAAP measure, United's management believes this measure is more widely used within the financial services industry and provides better comparability of net interest income arising from taxable and tax-exempt sources. United uses this measure to monitor net interest income performance and to manage its balance sheet composition.

Tax-equivalent net interest income for the year of 2021 was $746.95 million, an increase of $53.29 million or 7.68% from the year of 2020. The increase in net interest income and tax-equivalent net interest income was primarily due to an increase in average earning assets from the Carolina Financial acquisition and PPP loans as well as lower interest expense on deposits and borrowings partially offset by lower acquired loan accretion income. Average earning assets for the year of 2021 increased $2.81 billion or 13.15% from the year of 2020 due to a $523.90 million or 3.09% increase in average net loans and leases, including loans held for sale, a $1.66 billion or 110.61% increase in average short-term investments and a $628.01 million or 21.52% increase in average investment securities. The net interest spread for the year of 2021 decreased 2 basis points from the year of 2020 due to a 45 basis point decrease in the average yield on earning assets partially offset by a 43 basis point decrease in the average cost of funds. Loan accretion on acquired loans and leases was $33.86 million and $41.77 million for the year of 2021 and 2020, respectively, a decrease of $7.91 million. The net interest margin of 3.09% for the year of 2021 was a decrease of 15 basis points from the net interest margin of 3.24% for the year of 2020.

United's tax-equivalent net interest income also includes the impact of acquisition accounting fair value adjustments. The following table provides the discount/premium and net accretion impact to tax-equivalent net interest income for the year ended December 31, 2021, 2020 and 2019.

	Year Ended		
(Dollars in thousands)	**December 31 2021**	**December 31 2020**	**December 31 2019**
Loan Accretion	$ 33,857	$ 41,766	$ 38,803
Certificates of deposit	4,305	7,925	791
Long-term borrowings	684	1,278	1,074
Total	$ 38,846	$ 50,969	$ 40,668

The following table reconciles the difference between net interest income and tax-equivalent net interest income for the year ended December 31, 2021, 2020 and 2019.

	Year Ended		
(Dollars in thousands)	**December 31 2021**	**December 31 2020**	**December 31 2019**
Net interest income (GAAP)	$ 742,734	$ 689,773	$ 577,922
Tax-equivalent adjustment (non-GAAP) [1]	4,218	3,888	3,735
Tax-equivalent net interest income (non-GAAP)	$ 746,952	$ 693,661	$ 581,657

(1) The tax-equivalent adjustment combines amounts of interest income on federally nontaxable loans and investment securities using the statutory federal income tax rate of 21% for 2021, 2020, and 2019. All interest income on loans and investment securities was subject to state income taxes.

The following table shows the consolidated daily average balance of major categories of assets and liabilities for each of the three years ended December 31, 2021, 2020 and 2019 with the consolidated interest and rate earned or paid on such amount. The interest income and yields on federally nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory federal income tax rate of 21% for the years ended December 31, 2021, 2020, and 2019. Interest income on all loans and investment securities was subject to state taxes.

	Year Ended December 31, 2021			Year Ended December 31, 2020			Year Ended December 31, 2019		
(Dollars in thousands)	Average Balance	Interest (1)	Avg. Rate (1)	Average Balance	Interest (1)	Avg. Rate (1)	Average Balance	Interest (1)	Avg. Rate (1)
ASSETS									
Earning Assets:									
Federal funds sold, securities repurchased under agreements to resell & other short-term investments	$ 3,162,814	$ 8,734	0.28%	$ 1,501,771	$ 9,780	0.65%	$ 733,865	$ 21,338	2.91%
Investment Securities:									
Taxable	3,193,414	54,678	1.71%	2,700,416	61,808	2.29%	2,485,767	70,789	2.85%
Tax-exempt	352,843	9,129	2.59%	217,836	6,285	2.89%	139,277	4,412	3.17%
Total Securities	3,546,257	63,807	1.80%	2,918,252	68,093	2.33%	2,625,044	75,201	2.86%
Loans and leases, net of unearned income (2)	17,714,288	726,794	4.10%	17,151,291	724,397	4.22%	13,879,662	669,758	4.83%
Allowance for credit losses	(225,740)			(186,640)			(76,731)		
Net loans and leases	17,488,548		4.16%	16,964,651		4.27%	13,802,931		4.85%
Total earning assets	24,197,619	$ 799,335	3.30%	21,384,674	$ 802,270	3.75%	17,161,840	$ 766,297	4.47%
Other assets	3,058,476			2,752,396			2,313,628		
TOTAL ASSETS	$27,256,095			$24,137,070			$19,475,468		
LIABILITIES									
Interest-Bearing Funds:									
Interest-bearing deposits	$13,356,087	$ 41,620	0.31%	$11,719,194	$ 78,579	0.67%	$ 9,604,638	$ 135,649	1.41%
Short-term borrowings	132,489	693	0.52%	145,768	1,027	0.70%	140,483	2,347	1.67%
Long- term borrowings	819,440	10,070	1.23%	1,645,783	29,003	1.76%	1,821,504	46,644	2.56%
Total Interest-Bearing Funds	14,308,016	52,383	0.37%	13,510,745	108,609	0.80%	11,566,625	184,640	1.60%
Noninterest-bearing deposits	8,281,268			6,433,349			4,388,664		
Accrued expenses and other liabilities	236,123			236,007			184,104		
TOTAL LIABILITIES	22,825,407			20,180,101			16,139,393		
SHAREHOLDERS' EQUITY	4,430,688			3,956,969			3,336,075		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$27,256,095			$24,137,070			$19,475,468		
NET INTEREST INCOME		$ 746,952			$ 693,661			$ 581,657	
INTEREST SPREAD			2.93%			2.95%			2.87%
NET INTEREST MARGIN			3.09%			3.24%			3.39%

(1) The interest income and the yields on federally nontaxable loans and investment securities are presented on a tax-equivalent basis using the statutory federal income tax rate of 21% for 2021, 2020 and 2019.

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

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

	2021 Compared to 2020				2020 Compared to 2019			
	Increase (Decrease) Due to				Increase (Decrease) Due to			
(In thousands)	Volume	Rate	Rate/ Volume	Total	Volume	Rate	Rate/ Volume	Total
Interest income:								
Federal funds sold, securities purchased under agreements to resell and other short-term investments	$ 10,797	$ (5,557)	$ (6,286)	$ (1,046)	$ 22,346	$ (16,585)	$ (17,319)	$ (11,558)
Investment securities:								
Taxable	11,290	(15,662)	(2,758)	(7,130)	6,117	(13,920)	(1,178)	(8,981)
Tax-exempt (1)	3,902	(654)	(404)	2,844	2,490	(390)	(227)	1,873
Loans (1),(2)	22,370	(18,661)	(1,312)	2,397	153,343	(80,057)	(18,647)	54,639
TOTAL INTEREST INCOME	48,359	(40,534)	(10,760)	(2,935)	184,296	(110,952)	(37,371)	35,973
Interest expense:								
Interest-bearing deposits	$ 10,967	$ (42,189)	$ (5,737)	$ (36,959)	$ 29,815	$ (71,074)	$ (15,811)	$ (57,070)
Short-term borrowings	(93)	(262)	21	(334)	88	(1,306)	(102)	(1,320)
Long-term borrowings	(14,544)	(8,723)	4,334	(18,933)	(4,498)	(14,572)	1,429	(17,641)
TOTAL INTEREST EXPENSE	(3,670)	(51,174)	(1,381)	(56,226)	25,405	(86,952)	(14,484)	(76,031)
NET INTEREST INCOME	$ 52,029	$ 10,640	$ (9,378)	$ 53,291	$ 158,891	$ (24,000)	$ (22,887)	$ 112,004

(1) Yields and interest income on federally tax-exempt loans and investment securities are computed on a fully tax-equivalent basis using the statutory federal income tax rate of 21% for 2021, 2020 and 2019.
(2) Nonaccruing loans are included in the daily average loan amounts outstanding.

Provision for Credit Losses

United’s provision for credit losses was a net benefit of $23.97 million for the year of 2021 while the provision for credit losses was an expense of $106.56 million for the year of 2020. United’s provision for credit losses relates to its portfolio of loans and leases, held-to-maturity securities and interest receivable on loans which are discussed in more detail in the following paragraphs.

The provision for loan and lease losses for the year of 2021 was a net benefit of $23.72 million as compared to provision expense of $106.29 million for the year of 2020. Net charge-offs for the year of 2021 were $8.72 million as compared to $23.60 million for the year of 2020. The year of 2021 included a provision for loan losses of $12.29 million recorded on purchased non-credit deteriorated (“non-PCD”) loans from Community Bankers Trust. The year of 2020 included a provision for loan losses of $28.95 million recorded on non-PCD loans from Carolina Financial. The decrease in the provision in relation to the year of 2020 was primarily driven by improvements in the reasonable and supportable forecasts of future macroeconomic conditions on the estimate of expected credit losses under CECL. The decrease in the provision in relation to the prior year was also due to the impact of better performance trends within the loan portfolio. Net charge-offs as a percentage of average loans and leases were 0.05% and 0.14% for the year of 2021 and 2020, respectively.

As of December 31, 2021, nonperforming loans and leases were $90.76 million or 0.50% of loans and leases, net of unearned income as compared to $132.21 million or 0.75% of loans and leases, net of unearned income at December 31, 2020. The components of nonperforming loans and leases include: 1) nonaccrual loans and leases, 2) loans and leases which are contractually past due 90 days or more as to interest or principal, but have not been put on a nonaccrual basis and 3) loans and leases whose terms have been restructured for economic or legal reasons due to financial difficulties of the

borrowers.

Loans and leases past due 90 days or more were $18.88 million at December 31, 2021, an increase of $5.05 million or 36.49% from $13.83 million at year-end 2020. This increase was primarily due to several large commercial relationships that have exceeded their stated maturity dates as of December 31, 2021. At December 31, 2021, nonaccrual loans and leases were $36.03 million, which was a decrease of $26.69 million or 42.56% from $62.72 million at year-end 2020. This decrease was due to the repayment of five large commercial nonaccrual loans as well as the charge-off of two commercial relationships and troubled debt restructuring designations for three large commercial nonaccrual loans. Restructured loans were $35.86 million at December 31, 2021, a decrease of $19.80 million or 35.58% from $55.66 million at year-end 2020. The decrease was mainly due to the repayment of six large commercial relationships and charge-off of three commercial restructured loans during the year of 2021. The loss potential on these loans has been properly evaluated and allocated within the Company's allowance for loan losses.

Nonperforming assets include nonperforming loans and leases and real estate acquired in foreclosure or other settlement of loans ("OREO"). Total nonperforming assets of $105.59 million, including OREO of $14.82 million at December 31, 2021, represented 0.36% of total assets.

United maintains an allowance for loan and lease losses and a reserve for lending-related commitments. The combined allowance for loan and lease losses and reserve for lending-related commitments is considered the allowance for credit losses. At December 31, 2021, the allowance for credit losses was $247.46 million as compared to $255.08 million at December 31, 2020.

At December 31, 2021, the allowance for loan and lease losses was $216.02 million as compared to $235.83 million at December 31, 2020. The decrease in the allowance for loan and lease losses was due mainly to improved reasonable and supportable forecasts for future macroeconomic scenarios used in the estimation of expected credit losses offset slightly by the allowance amount recorded for Community Bankers Trust acquisition. As a percentage of loans and leases, net of unearned income, the allowance for loan losses was 1.20% at December 31, 2021 and 1.34% at December 31, 2020. The ratio of the allowance for loan and lease losses to nonperforming loans and leases or coverage ratio was 238.00% and 178.38% at December 31, 2021 and December 31, 2020, respectively. The increase in this ratio was due mainly to a larger decline in nonperforming loans and leases than in the allowance for loan and lease losses.

The following table summarizes United's credit loss experience for loan and leases losses, based on loan categories, for the year of 2021 and 2020:

(Dollars in thousands)	2021	2020
Commercial, financial and agricultural:		
Owner-occupied		
Loans & leases charged off	$ 414	$ 2,195
Recoveries	869	795
Net loans & leases (recovered) charged off	$ (455)	$ 1,400
Average gross loans & leases outstanding	1,612,387	1,360,791
Net (recoveries) charge-offs as a percentage of average gross loans & leases outstanding	(0.03%)	0.10%
Nonowner-occupied		
Loans & leases charged off	$ 3,531	$ 6,134
Recoveries	1,907	1,023
Net loans & leases charged off	$ 1,624	$ 5,111
Average gross loans & leases outstanding	5,045,006	4,400,468
Net charge-offs as a percentage of average gross loans & leases outstanding	0.03%	0.12%
Other Commercial		
Loans & leases charged off	$ 6,182	$ 17,350
Recoveries	4,307	4,461
Net loans & leases charged off	$ 1,875	$ 12,889

(Dollars in thousands)	**2021**	**2020**
Average gross loans & leases outstanding	3,777,988	3,656,586
Net charge-offs as a percentage of average gross loans & leases outstanding	0.05%	0.35%
Residential Real Estate		
Loans & leases charged off	$ 6,016	$ 1,760
Recoveries	2,400	1,063
Net loans & leases charged off	$ 3,616	$ 697
Average gross loans & leases outstanding	3,624,157	4,360,168
Net charge-offs as a percentage of average gross loans & leases outstanding	0.10%	0.02%
Construction		
Loans & leases charged off	$ 560	$ 2,027
Recoveries	604	1,513
Net loans & leases (recovered) charged off	$ (44)	$ 514
Average gross loans & leases outstanding	1,961,661	1,622,820
Net (recoveries) charge-offs as a percentage of average gross loans & leases outstanding	(0.00%)	0.03%
Consumer:		
Bankcard		
Loans & leases charged off	$ 190	$ 221
Recoveries	42	52
Net loans & leases charged off	$ 148	$ 169
Average gross loans & leases outstanding	8,298	8,830
Net charge-offs as a percentage of average gross loans & leases outstanding	1.78%	1.91%
Other consumer		
Loans & leases charged off	$ 2,404	$ 3,296
Recoveries	449	479
Net loans & leases charged off	$ 1,955	$ 2,817
Average gross loans & leases outstanding	1,174,323	1,196,911
Net charge-offs as a percentage of average gross loans & leases outstanding	0.17%	0.24%
Total		
Loans & leases charged off	$ 19,297	$ 32,983
Recoveries	10,578	9,386
Net loans & leases charged off	$ 8,719	$ 23,597
Average gross loans & leases outstanding	17,203,820	16,606,574
Net charge-offs as a percentage of average gross loans & leases outstanding	0.05%	0.14%
Nonaccrual loans & leases	$ 58,449	$ 103,903
Allowance for loan & lease losses	216,016	235,830
Loans & leases (net of unearned income)	18,023,648	17,591,413
Allowance for loan & lease losses as a percentage of loans (net of unearned income)	1.20%	1.34%
Nonaccrual loans as a percentage of loans & leases (net of unearned income)	0.32%	0.59%
Allowance for loan & lease losses as a percentage of nonaccrual loans & leases	369.58%	226.97%

United continues to evaluate risks which may impact its loan and lease portfolios. As a result of the COVID-19 pandemic and resulting economic uncertainty given the rapidly changing economic impact, the Company reviewed its loan and lease portfolio segments, assessing the likely impact of COVID-19 on each segment and established relevant qualitative adjustment factors. Reserves are initially determined based on losses identified from the PD/LGD and Cohort models

which utilize the Company's historical information. Then any qualitative adjustments are applied to account for the Company's view of the future. If current conditions underlying any qualitative adjustment factor were deemed to be materially different than historical conditions, then an adjustment was made for that factor.

The year of 2021 qualitative adjustments include analyses of the following:

- Past events – This includes portfolio trends related to business conditions; past due, nonaccrual, and graded loans and leases; and concentrations.

- Current conditions – United considered the continued impact of COVID-19 on the economy as well as loan deferrals and modifications made in light of the pandemic when making determinations related to factor adjustments, such as changes in economic and business conditions, collateral values, external factors and past due loans and leases.

- Reasonable and supportable forecasts – The forecast is determined on a portfolio-by-portfolio basis by relating the correlation of real GDP and the unemployment rate to loss rates to forecasts of those variables. The reasonable and supportable forecast selection is subjective in nature and requires more judgment compared to the other components of the allowance. Assumptions for the economic variables were the following:

  - The forecast for real GDP and the unemployment rate improved in 2021, 2022 and 2023 as compared to forecasts and expectations at the end of 2020.

  - Greater risk of loss is probable in the hotel and accommodations portfolio due to weakened economic conditions brought on by the pandemic and labor shortages which resulted in a more negative forecast relative to other portfolios and a longer projected recovery period to extend into late 2023 or 2024.

  - Consideration was given to the $1.9 trillion American Rescue Plan (effective March 11, 2021) during the 2021 forecast selection process as the stimulus package had a positive impact on the economy throughout 2021.

  - Reversion to historical loss data occurs via a straight-line method during the year following the one-year reasonable and supportable forecast period.

The following is a summary of loans and leases outstanding as a percent of gross loans at December 31:

	2021	2020
Commercial, financial & agricultural	61.78%	60.69%
Residential real estate	20.45%	22.13%
Construction & land development	11.16%	10.36%
Consumer	6.61%	6.82%
Total	100.00%	100.00%

United's review of the allowance for loan and lease losses at December 31, 2021 produced decreased reserves in three of the four loan categories as compared to December 31, 2020. The allowance related to the commercial, financial & agricultural loan pool decreased $15.61 million. The residential real estate reserve decreased $2.72 million. The consumer loan pool decreased $1.80 million. Each of these decreases were primarily due to improved economic conditions and improved expectations within the reasonable and supportable forecast. The real estate construction and development loan pool reserve increased $318 thousand primarily due to increased outstanding balances in the land and land development segment.

An allowance is established for estimated lifetime losses for loans that are individually assessed. Nonperforming commercial loans and leases are regularly reviewed to identify expected credit losses. A loan is individually assessed for expected credit losses when the loan does not share similar characteristics with other loans in the portfolio. Measuring expected credit losses of a loan requires judgment and estimates, and the eventual outcomes may differ from those estimates. Expected credit losses are measured based upon the present value of expected future cash flows from the loan discounted at the loan's effective rate or the fair value of collateral if the loan is collateral dependent. When the selected measure is less than the recorded investment in the loan, an expected credit loss has occurred. The allowance for loans and leases that were individually assessed was $6.53 million at December 31, 2021 and $7.78 million at December 31, 2020. In

comparison to the prior year-end, this element of the allowance decreased by $1.25 million primarily due to charge-off of previously recognized allocations for probable credit losses on individually assessed loans as well as repayment of individually assessed loans.

Management believes that the allowance for credit losses of $247.46 million at December 31, 2021 is adequate to provide for expected losses on existing loans and lending-related commitments based on information currently available. United's loan administration policies are focused on the risk characteristics of the loan portfolio in terms of loan approval and credit quality. The commercial loan portfolio is monitored for possible concentrations of credit in one or more industries. Management has lending limits as a percentage of capital per type of credit concentration in an effort to ensure adequate diversification within the portfolio. Most of United’s commercial loans are secured by real estate located in West Virginia, southeastern Ohio, Pennsylvania, Virginia, Maryland, North Carolina, South Carolina, and the District of Columbia. It is the opinion of management that these commercial loans do not pose any unusual risks and that adequate consideration has been given to these loans in establishing the allowance for credit losses.

The provision for credit losses related to held to maturity securities for the year of 2021 and 2020 was immaterial. The allowance for credit losses related to held to maturity securities was $19 thousand as of December 31, 2021 as compared to $23 thousand as of December 31, 2020. There was no provision for credit losses recorded on available for sale investment securities for the year of 2021 and 2020 and no allowance for credit losses on available for sale investment securities as of December 31, 2021 and 2020. Due to loan interest payment deferrals granted by United under the CARES Act, United assessed the collectability of the accrued interest receivables on these deferring loans as of December 31, 2021. As a result of this assessment, United released reserves of $242 thousand for the year of 2021. The allowance for accrued interest receivables not expected to be collected as of December 31, 2021 was $8 thousand as compared to $250 thousand at December 31, 2020.

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

Other Income

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

Noninterest income for the year of 2021 was $278.09 million, which was a decrease of $76.65 million or 21.61% from the year of 2020. The decrease was due to a decline in income from mortgage banking activities.

Income from mortgage banking activities totaled $171.69 million for the year of 2021 compared to $266.09 million for the year of 2020. The decrease of $94.40 million or 35.48% for the year of 2021 was due mainly to a decline in the fair value of derivatives associated with a declining pipeline and a lower sales margin. Mortgage loan sales were $6.41 billion in the year of 2021 as compared to $6.26 billion in the year of 2020. Mortgage loans originated for sale were $6.19 billion for the year of 2021 as compared to $6.53 billion for the year of 2020.

Mortgage loan servicing income increased $3.39 million for the year of 2021 due to increased mortgage servicing activity as a result of the Carolina Financial acquisition.

United recognized a net gain of $2.68 million on investment securities’ activity in 2021 as compared to a net gain of $3.16 million on investment securities activity in 2020. In particular, United recognized net gains of $1.55 million on the sales, calls and redemption of available-for-sale securities investment securities, $670 thousand on equity securities and $455 thousand on an equity security without a readily determinable market value for the year of 2021 as compared to a net gains of $2.50 million on the sales, calls and redemption of available-for-sale securities investment securities and $578 thousand on equity securities for the year of 2020. In addition, United did not recognize any impairment on investment securities for the year of 2021 and 2020.

Fees from trust services for the year of 2021 were $16.55 million, an increase of $2.65 million or 19.05% from the year of 2020 due to an increase in managed assets.

Fees from brokerage services for the year of 2021 were $15.56 million, an increase of $3.80 million or 32.33% from the year of 2020 due to increased volume.

Fees from deposit services for the year of 2021 were $38.69 million, an increase of $3.86 million or 11.07% from the year of 2020. Debit card income increased $1.76 million, overdraft fees increased $866 thousand and account analysis fees increased $759 thousand.

United recognized a net gain of $2.23 million in the year of 2020 on the sale-leaseback of a bank premise.

Bankcard fees for the year of 2021 increased $1.42 million or 34.90% from the year of 2020 due to an increase in interchange income from increased volume.

Other miscellaneous income increased $5.32 million or 198.43% mainly due to an increase in prepayment fees received on Delegated Underwriting and Servicing ("DUS") securities.

Other Expense

Just as management continues to evaluate areas where noninterest income can be enhanced, it strives to improve the efficiency of its operations to reduce costs. Other expense includes all items of expense other than interest expense, the provision for credit losses and income tax expense. Noninterest expense for the year of 2021 was $581.94 million, which was flat from the year of 2020, increasing $3.73 million or less than 1%.

Employee compensation for the year of 2021 increased $5.31 million or 1.93% from the year of 2020. This increase was due mainly to additional employees from the Community Bankers Trust and Carolina Financial acquisitions partially offset by lower commissions, overtime and incentives expenses primarily related to decreased mortgage banking production.

Employee benefits expense for the year of 2021 increased $5.00 million or 10.23% as compared to the year of 2020. Federal Insurance Contributions Act ("FICA") expense for the year of 2021 increased $1.07 million due mainly to the additional employees from the Community Bankers Trust and Carolina Financial acquisitions. In addition, health insurance expense for the year of 2021 increased $4.34 million due to higher premiums and additional employees from the Community Bankers Trust and Carolina Financial acquisitions. For the year of 2021, postretirement expense, which includes expense associated with United's pension plan, supplemental early retirement plans ("SERPs") and Savings and Stock Investment Plan ("401K plan"), decreased $942 thousand from the year of 2020. United uses certain valuation methodologies to measure the fair value of the assets within United's pension plan which are presented in Note P, Notes to Consolidated Financial Statements. The funded status of United's pension plan is based upon the fair value of the plan assets compared to the projected benefit obligation. The determination of the projected benefit obligation and the associated periodic benefit expense involves significant judgment and estimation of future employee compensation levels, the discount rate and the expected long-term rate of return on plan assets. If United assumes a 1% increase or decrease in the estimation of future employee compensation levels while keeping all other assumptions constant, the benefit cost associated with the pension plan would increase by approximately $901 thousand and decrease by approximately $826 thousand, respectively. If United assumes a 1% increase or decrease in the discount rate while keeping all other assumptions constant, the benefit cost associated with the pension plan would decrease by approximately $3.13 million and increase by approximately $3.58 million, respectively. If United assumes a 1% increase or decrease in the expected long-term rate of return on plan assets while keeping all other assumptions constant, the benefit cost associated with the pension plan would decrease by approximately $1.90 million and increase by approximately $1.90 million, respectively.

Net occupancy expense increased $731 thousand or 1.77% for the year of 2021 as compared to the prior year. The increase was due mainly to increases of $3.53 million in building maintenance expense and $1.30 million in depreciation due mainly to the offices added in the Community Bankers Trust and Carolina Financial acquisitions partially offset by a

decline of $1.11 million in building rental expense due to the closing of certain leased offices.

Equipment expense increased $5.12 million or 24.53% for the year of 2021 as compared to the year of 2020. The increase was due mainly to increases in equipment maintenance of $3.53 million and depreciation of $1.91 million due mainly to the Community Bankers Trust and Carolina Financial acquisitions.

Data processing expense decreased $3.97 million or 11.22% for the year of 2021 as compared to the year of 2020. The decrease for year of 2021 was due mainly to a $9.66 million penalty to terminate Carolina Financial's data processing contract incurred in 2020 as compared to $3.47 million of merger-related termination and conversion expenses associated with the Community Bankers Trust acquisition in 2021.

Mortgage loan servicing expense and impairment for the year of 2021 increased $2.82 million from the year of 2020. The increase was due to an increase in mortgage servicing activity as a result of the acquisition of Carolina Financial and Crescent Mortgage. In addition, United recorded a temporary impairment charge, net of recoveries of $500 thousand on its mortgage servicing rights during the year of 2021 as compared to a temporary impairment charge on its mortgage servicing rights of $1.38 million during the year of 2020.

During the year of 2021, United incurred penalties of $15 thousand in the year of 2021 to prepay certain long-term FHLB advances assumed in the Community Bankers Trust acquisition. United incurred similar penalties of $10.39 million to prepay three long-term FHLB advances during the year of 2020.

Other expense for the year of 2021 increased $1.27 million or 1.06% from the year of 2020. Included in other expense for the year of 2021 were merger-related expenses of $3.01 million for the Community Bankers Trust acquisition as compared to $13.07 million for the Carolina Financial acquisition for the year of 2020. The expense for the reserve for unfunded commitments for the year of 2021 increased $1.69 million from the year of 2020, excluding amounts that are included in the merger-related expenses above. In addition, the amortization of income tax credits, which reduces the effective tax rate, for the year of 2021 increased $2.90 million and expense on automated teller machine ("ATM") increased $1.22 million. Several other general operating expenses increased as well due mainly to the Community Bankers Trust and Carolina Financial acquisitions.

Income Taxes

For the year ended December 31, 2021, income taxes were $95.12 million, compared to $70.72 million for 2020, an increase of $24.40 million or 34.50%. The increase was due to higher earnings. United's effective tax rate was approximately 20.6% and 19.7% for years ended December 31, 2021 and 2020, respectively, as compared to 19.8% for 2019. For further details related to income taxes, see Note O, Notes to Consolidated Financial Statements.

Quarterly Results

Net income for the first quarter of 2021 was $106.90 million or $0.83 per diluted share as compared to earnings of $40.18 million or $0.40 per diluted share for the first quarter of 2020. Higher net income for the first quarter of 2021 compared to the first quarter of 2020 was primarily due to higher income from mortgage banking activities, driven by an elevated volume of mortgage loan originations and sales in the secondary market, the impact of the Carolina Financial acquisition and a lower provision for credit losses primarily due to better performance trends within the loan portfolio and an improved future macroeconomic forecast under the CECL accounting standard. Net interest income for the first three months of 2021 was $190.96 million, an increase of $49.44 million or 34.94% from net interest income of $141.52 million for the first three months of 2020. The increase of $49.44 million in net interest income occurred because total interest income increased $25.18 million while total interest expense decreased $24.27 million from the first quarter of 2020. The provision for credit losses was $143 thousand for the first three months of 2021 as compared to $27.12 million for the first three months of 2020. This decrease in the provision for credit losses was mainly due to the impact of better performance trends within the loan portfolio as well as improved reasonable and supportable forecasts for future macroeconomic scenarios used in the estimation of expected credit losses under the CECL accounting standard. Noninterest income was $92.57 million for the first three months of 2021, an increase of $55.77 million or 151.52% from the first three months of

2020 due mainly to increased income from mortgage banking activities due to an elevated volume of mortgage loan originations and sales in the secondary market as well as the addition of mortgage banking operations from the Carolina Financial acquisition. Noninterest expense for the first three months of 2021 increased $47.79 million or 47.26% from the first three months of 2020 due mainly to the Carolina Financial acquisition as well as due to higher employee incentives and commissions expense mainly related to higher mortgage banking production. Income taxes increased $17.68 million or 178.74% for the first three months of 2021 as compared to the first three months of 2020. The effective tax rate was 20.50% and 19.75% for the first quarter of 2021 and 2020, respectively.

Net income for the second quarter of 2021 was $94.84 million or $0.73 per diluted share, as compared to $52.69 million or $0.44 per diluted share for the prior year second quarter. Net interest income for the second quarter of 2021 was $186.52 million, which was an increase of $15.92 million, or 9.33%, from the second quarter of 2020. The increase in net interest income occurred because total interest income increased $1.47 million while total interest expense decreased $14.45 million from the second quarter of 2020. The provision for credit losses was a net reduction in expense of $8.88 million for the second quarter of 2021, while the provision for credit losses was an expense of $45.91 million for the second quarter of 2020. This decrease in the provision for credit losses was mainly due to the impact of better performance trends within the loan portfolio as well as improved reasonable and supportable forecasts for future macroeconomic scenarios used in the estimation of expected credit losses under the CECL accounting standard. In addition, a provision for loan losses of $28.95 million was recorded on purchased non-PCD loans from Carolina Financial during the second quarter of 2020. For the second quarter of 2021, noninterest income was $62.85 million, which was a decrease of $25.54 million or 28.90% from the second quarter of 2020 primarily driven by a decrease in income from mortgage banking activities due primarily to the mark-to-market impact of a declining interest rate lock commitment pipeline. For the second quarter of 2021, noninterest expense decreased $10.42 million or 6.98% from the second quarter of 2020 primarily due to a decrease in data processing expense which included a contract termination penalty incurred in the second quarter of 2020 associated with the Carolina Financial acquisition. Income taxes for the second quarter of 2021 were $24.46 million as compared to $11.02 million for the second quarter of 2020. For the quarters ended June 30, 2021 and 2020, United's effective tax rate was 20.50% and 17.30%, respectively.

Net income for the third quarter of 2021 was $92.15 million or $0.71 per diluted share, as compared to $103.78 million or $0.80 per diluted share for the prior year third quarter. Net interest income for the third quarter of 2021 was $181.58 million, which was a decrease of $4.09 million, or 2.20%, from the third quarter of 2020. The decrease in net interest income occurred because total interest income decreased $16.19 million while total interest expense decreased $12.10 million from the third quarter of 2020. The provision for credit losses was a net benefit of $7.83 million for the third quarter of 2021, while the provision for credit losses was an expense of $16.78 million, for the third quarter of 2020. For the third quarter of 2021, noninterest income was $68.62 million, which was a decrease of $66.84 million or 49.34% from the third quarter of 2020 primarily driven by a decrease in income from mortgage banking activities due primarily to a lower mortgage loan origination and sale volume and the mark-to-market impact of a declining locked pipeline. For the third quarter of 2021, noninterest expense decreased $29.32 million or 17.09% from the third quarter of 2020 primarily due to a decrease in employee compensation due to lower employee incentives and commissions related to mortgage banking production as well as a lower employee headcount. For the third quarter of 2021, income tax expense was $23.60 million as compared to $28.97 million for the third quarter of 2020 primarily due to lower earnings and a lower effective tax rate. For the quarters ended September 30, 2021 and 2020, United's effective tax rate was 20.39% and 21.82%, respectively.

Net income for the fourth quarter of 2021 was $73.85 million or $0.56 per diluted share as compared to earnings of $92.37 million or $0.71 per diluted share for the fourth quarter of 2020. Net interest income for the fourth quarter of 2021was $183.68 million, which was a decrease of $8.31 million or 4.33% from the fourth quarter of 2020. The $8.31 million decrease in net interest income occurred because total interest income decreased $13.72 million while total interest expense decreased $5.41 million from the fourth quarter of 2020. Tax-equivalent net interest income, which adjusts for the tax-favored status of income from certain loans and investments, for the fourth quarter of 2021 was $184.71 million, a decrease of $8.32 million or 4.31% from the fourth quarter of 2020. Average earning assets for the fourth quarter of 2021 increased $1.81 billion or 7.84% from the fourth quarter of 2020 due to a $862.00 million or 4.72% increase in average net loans, including loans held for sale, a $1.84 billion or 104.14% increase in average short-term investments and a $833.62 million or 27.07% increase in average investment securities. For the fourth quarter of 2021, the provision for credit losses was a benefit of $7.41 million as compared to an expense of $16.75 million for the fourth quarter of 2020. The decrease in

the provision in relation to the prior year quarter was driven by the impact of improvements in the reasonable and supportable forecasts of future macroeconomic conditions on the estimate of expected credit losses under CECL partially offset by a provision for loan losses of $12.29 million recorded on purchased non-credit deteriorated ("non-PCD") loans from Community Bankers Trust. Noninterest income for the fourth quarter of 2021 was $54.05 million, which was a decrease of $40.03 million or 42.55% from the fourth quarter of 2020. The lower amount of noninterest income was due mainly to a decline of $43.45 million in income from mortgage banking activities due to a lower volume of mortgage loan originations and sales in the secondary market. Noninterest expense for the fourth quarter of 2021 was $151.79 million, a decrease of $4.33 million or 2.77% from the fourth quarter of 2020. In particular, employee compensation decreased $5.46 million due to lower employee commissions, incentives and overtime related to mortgage banking production partially offset by $2.53 million of merger-related expenses from the Community Bankers Trust acquisition as well as additional employees from the acquisition. OREO expense decreased $2.07 million due to a decrease in net losses on the sale of OREO properties and fewer declines in the fair value of OREO properties. Partially offsetting the decreases in noninterest expense were increases in data processing expense of $3.57 million primarily due to $3.47 million of merger-related expenses associated with the Community Bankers Trust acquisition. Other expense increased $1.70 million driven by an increase in the reserve for unfunded loan commitments of $2.80 million, including $844 thousand related to loan commitments acquired from Community Bankers Trust.

Additional quarterly financial data for 2021 and 2020 may be found in Note Z, Notes to Consolidated Financial Statements.

The Effect of Inflation

United's income statements generally reflect the effects of inflation. Since interest rates, loan demand and deposit levels are impacted by inflation, the resulting changes in the interest-sensitive assets and liabilities are included in net interest income. Similarly, operating expenses such as salaries, rents andmaintenance include changing prices resulting from inflation. One item that would not reflect inflationary changes is depreciation expense. Subsequent to the acquisition of depreciable assets, inflation causes price levels to rise; therefore, historically presented dollar values do not reflect this inflationary condition. While recent economic conditions in the United States have seen improving trends since the onset of the COVID-19 pandemic, there can be no assurance that this improvement will continue. Economic and inflationary pressure on consumers and uncertainty regarding continuing economic improvement could result in changes in consumer and business spending, borrowing and savings habits. Such conditions could have a material adverse effect on the credit quality of our loans and our business, financial condition and results of operations. Management will monitor the impact of inflation as conditions warrant.

The Effect of Regulatory Policies and Economic Conditions

United's business and earnings are affected by the monetary and fiscal policies of the United States government, its agencies and various other governmental regulatory authorities. The Federal Reserve Board regulates the supply of money in order to influence general economic conditions. Among the instruments of monetary policy available to the Federal Reserve Board are (i) conducting open market operations in United States government obligations, (ii) changing the discount rate on financial institution borrowings, (iii) imposing or changing reserve requirements against financial institution deposits, and (iv) restricting certain borrowings and imposing or changing reserve requirements against certain borrowings by financial institutions and their affiliates. These methods are used in varying degrees and combinations to affect directly the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits.

United's business and earnings are also affected by general and local economic conditions. Certain credit markets can experience difficult conditions and volatility. Downturns in the credit market can cause a decline in the value of certain loans and securities, a reduction in liquidity and a tightening of credit. A downturn in the credit market often signals a weakening economy that can cause job losses and thus distress on borrowers and their ability to repay loans. Uncertainties in credit markets and the economy present significant challenges for the financial services industry.

Regulatory policies and economic conditions have had a significant effect on the operating results of financial institutions in the past and are expected to continue to do so in the future; however, United cannot accurately predict the nature, timing or extent of any effect such policies or economic conditions may have on its future business and earnings.

Liquidity and Capital Resources

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

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

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

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

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

Cash flows provided by operations in 2021 were $609.54 million due mainly to net income of $367.74 million for the year of 2021. In 2020, cash flows provided by operations were $140.45 million due mainly to net income of $289.02 million for the year of 2020. In 2021, net cash of $15.65 million was provided by investing activities which was primarily due to net loan repayments of $882.15 million and net cash of $39.42 million acquired in the Community Bankers Trust merger partially offset by $813.94 million of purchases of investment securities over proceeds from sales of investment securities and the purchase of $85.00 million of bank-owned life insurance policies. In 2020, net cash of $137.59 million was provided by investing activities which was primarily due to net cash of $629.11 million provided in the acquisition of Carolina Financial and $123.00 million of proceeds from sales of investment securities over purchases. Partially offsetting these cash inflows from investing activities was loan growth of $619.98 million, mainly from the PPP loans. During the year of 2021, net cash of $923.91 million was provided by financing activities due primarily to net growth of $1.25 billion in deposits. This source of cash from funding activities was partially offset by net repayment of $40.21 million in short-term borrowings, net repayment of $97.79 million in long-term FHLB advances and cash dividends paid of $181.28 million for year of 2021. During the year of 2020, net cash of $1.09 billion was provided by financing activities due primarily to net growth of $2.86 billion in deposits. This source of cash from funding activities was partially offset by net repayment of $232.35 million in short-term borrowings, net repayment of $1.35 billion in long-term FHLB advances and cash dividends paid of $162.71 million for year of 2020. The net effect of the cash flow activities was an increase in cash and cash equivalents of $1.55 billion for the year of 2021 as compared to an increase in cash and cash equivalents of $1.37 billion for the year of 2020. See the Consolidated Statement of Cash Flows in the Consolidated Financial Statements.

United enters into derivative contracts, mainly to protect against adverse interest rate movements on the value of

certain assets or liabilities, under which it is required to either pay cash to or receive cash from counterparties depending on changes in interest rates. Derivative contracts are carried at fair value and not notional value on the consolidated balance sheet and therefore do not represent the amounts that may ultimately be paid under these contracts. Further discussion of derivative instruments is included in Note S, Notes to Consolidated Financial Statements.

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

The following table details the amounts of significant commitments and letters of credit as of December 31, 2021:

(In thousands)	**Amount**
Commitments to extend credit:	
Revolving open-end secured by 1-4 residential	$ 827,034
Credit card and personal revolving lines	167,799
Commercial	6,424,509
Total unused commitments	$ 7,419,342
Financial standby letters of credit	$ 68,379
Performance standby letters of credit	96,364
Commercial letters of credit	14,774
Total letters of credit	$ 179,517

Commitments generally have fixed expiration dates or other termination clauses, generally within one year, and may require the payment of a fee. Further discussion of commitments is included in Note R, Notes to Consolidated Financial Statements.

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

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

United’s capital position is financially sound. United seeks to maintain a proper relationship between capital and total assets to support growth and sustain earnings. United has historically generated attractive returns on shareholders’ equity. United is well-capitalized based upon regulatory guidelines. United’s risk-based capital ratio is 15.43% at December 31, 2021 while its Common Equity Tier 1 capital, Tier 1 capital and leverage ratios are 13.39%, 13.39% and 10.95%, respectively. The December 31, 2021 ratios reflects United’s election of a five-year transition provision, allowed by the Federal Reserve Board and other federal banking agencies in response to the COVID-19 pandemic, to delay for two years the full impact of CECL on regulatory capital, followed by a three-year transition period. The regulatory requirements for a well-capitalized financial institution are a risk-based capital ratio of 10.0%, a Common Equity Tier 1 capital ratio of 6.5%, a Tier 1 capital ratio of 8.0% and a leverage ratio of 5.0%.

Total shareholders' equity was $4.72 billion at December 31, 2021, increasing $421.01 million or 9.80% from year-end 2020 as a result mainly of the Community Bankers Trust acquisition and earnings net of dividends. Common stock increased $18.88 million or 5.64% due to 7,135,771 shares issued in the Community Bankers Trust acquisition. Surplus increased $255.48 million or 8.83% mainly due to the Community Bankers Trust acquisition. Retained earnings increased $185.38 million or 15.38% due to earnings net of dividends for the year. Accumulated other comprehensive income

decreased $27.26 million due mainly to an after-tax decrease in the fair value of available for sale securities. Treasury stock increased $11.48 million or 7.21% due to the repurchase of 306,204 shares of United common stock under a stock repurchase plan approved by United's Board of directors in November of 2019.

United's equity to assets ratio was 16.09% at December 31, 2021 as compared to 16.41% at December 31, 2020. The primary capital ratio, capital and reserves to total assets and reserves, was 16.79% at December 31, 2021 as compared to 17.22% at December 31, 2020. United's average equity to average asset ratio was 16.26% at December 31, 2021 as compared to 16.39% at December 31, 2020. All of these financial measurements reflect a financially sound position.

During the fourth quarter of 2021, United's Board of Directors declared a cash dividend of $0.36 per share. Dividends per share of $1.41 for the year of 2021 represented an increase over the $1.40 per share paid for 2020. Total cash dividends declared to common shareholders were $182.36 million for the year of 2021 as compared to $171.88 million for the year of 2020. The year 2021 was the forty-eighth consecutive year of dividend increases to United shareholders.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

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

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

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

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

liabilities on an on-going basis and projects the effect of various interest rate changes on its net interest margin.

The following table shows United's estimated earnings sensitivity profile as of December 31, 2021 and December 31, 2020:

Change in Interest Rates (basis points)	Percentage Change in Net Interest Income	
	December 31, 2021	December 31, 2020
+200	4.61%	(4.32%)
+100	2.70%	(2.61%)
-100	(0.98%)	0.03%
-200	(2.42%)	(0.05%)

At December 31, 2021, given an immediate, sustained 100 basis point upward shock to the yield curve used in the simulation model, net interest income for United is estimated to increase by 2.70% over one year as compared to a decrease of 2.61% at December 31, 2020. A 200 basis point immediate, sustained upward shock in the yield curve would increase net interest income by an estimated 4.61% over one year as of December 31, 2021, as compared to a decrease of 4.32% as of December 31, 2020. A 100 basis point immediate, sustained downward shock in the yield curve would decrease net interest income by an estimated 0.98% over one year as of December 31, 2021 as compared to an increase of 0.03%, over one year as of December 31, 2020. A 200 basis point immediate, sustained downward shock in the yield curve would decrease net interest income by an estimated 2.42% over one year as of December 31, 2021 as compared to a decrease of 0.05% over one year as of December 31, 2020.

In addition to the one year earnings sensitivity analysis, a two-year analysis is also performed. Compared to the one year analysis, United is projected to show improved performance in year two within the upward rate shock scenarios. Given an immediate, sustained 100 basis point upward shock to the yield curve used in the simulation model, net interest income for United is estimated to increase by 6.03% in year two as of December 31, 2021. A 200 basis point immediate, sustained upward shock in the yield curve would increase net interest income by an estimated 10.21% in year two as of December 31, 2021. A 100 basis point immediate, sustained downward shock in the yield curve would decrease net interest income by an estimated 6.75% in year two as of December 31, 2021. A 200 basis point immediate, sustained downward shock in the yield curve would decrease net interest income by an estimated 8.71% in year two as of December 31, 2021.

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

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

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

Extension Risk

A key feature of most mortgage loans is the ability of the borrower to repay principal earlier than scheduled. This is called a prepayment. Prepayments arise primarily due to sale of the underlying property, refinancing, or foreclosure. In general, declining interest rates tend to increase prepayments, and rising interest rates tend to slow prepayments. Like other fixed-income securities, when interest rates rise, the value of mortgage- related securities generally declines. The rate of

prepayments on underlying mortgages will affect the price and volatility of mortgage-related securities and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If interest rates rise, United's holdings of mortgage-related securities may experience reduced returns if the borrowers of the underlying mortgages pay off their mortgages later than anticipated. This is generally referred to as extension risk.

At December 31, 2021, United's mortgage related securities portfolio had an amortized cost of $1.8 billion, of which approximately $813.6 million or 44% were fixed rate collateralized mortgage obligations ("CMOs"). These fixed rate CMOs consisted primarily of planned amortization class ("PACs"), sequential-pay and accretion directed ("VADMs") bonds having an average life of approximately 4.4 years and a weighted average yield of 1.76%, under current projected prepayment assumptions. These securities are expected to have moderate extension risk in a rising rate environment. Current models show that an immediate, sustained upward shock of 300 basis points, the average life of these securities would only extend to 6.4 years. The projected price decline of the fixed rate CMO portfolio in rates up 300 basis points would be 15%, or less than the price decline of a 7-year treasury note. By comparison, the price decline of a 30-year 2% coupon mortgage backed security ("MBS") in rates higher by 300 basis points would be approximately 22.8%.

United had approximately $593.2 million in fixed rate Commercial Mortgage Backed Securities (CMBS) with a projected yield of 2.08% and a projected average life of 5.2 years on December 31, 2021. This portfolio consisted primarily of Freddie Mac Multifamily K securities and Fannie Mae Delegated Underwriting and Servicing ("DUS") securities with a weighted average maturity ("WAM") of 8 years.

United had approximately $9 million in 15-year mortgage backed securities with a projected yield of 2.71% and a projected average life of 2.9 years as of December 31, 2021. This portfolio consisted of seasoned 15-year mortgage paper with a weighted average loan age ("WALA") of 9.2 years and a weighted average maturity ("WAM") of 7.8 years.

United had approximately $211.3 million in 20-year mortgage backed securities with a projected yield of 1.51% and a projected average life of 6.2 years on December 31, 2021. This portfolio consisted of seasoned 20-year mortgage paper with a weighted average loan age ("WALA") of 1.6 years and a weighted average maturity ("WAM") of 18.3 years.

United had approximately $132.4 million in 30-year mortgage backed securities with a projected yield of 2.30% and a projected average life of 5 years on December 31, 2021. This portfolio consisted of seasoned 30-year mortgage paper with a weighted average loan age ("WALA") of 4.1 years and a weighted average maturity ("WAM") of 23.4 years.

The remaining 4% of the mortgage related securities portfolio on December 31, 2021, included floating rate CMO, CMBS and mortgage backed securities.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of United Bankshares, Inc. (the "Company") is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 framework). Based on our assessment, we believe that, as of December 31, 2021, the Company's internal control over financial reporting is effective based on those criteria.

Ernst & Young LLP ("Ernst & Young"), the independent registered public accounting firm who audited the Company's consolidated financial statements, has also issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. Ernst & Young's report on the effectiveness of the Company's internal control over financial reporting appears on the following page.

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

W. Mark Tatterson, Executive Vice President
and Chief Financial Officer

March 1, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of United Bankshares, Inc.

Opinion on Internal Control over Financial Reporting

We have audited United Bankshares, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, United Bankshares, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated March 1, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Charleston, West Virginia
March 1, 2022

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of United Bankshares, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of United Bankshares, Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 1, 2022 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Notes A and F to the consolidated financial statements, the Company changed its method of accounting for credit losses as of January 1, 2020. As explained below, auditing the company's allowance for credit losses was a critical audit matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which they relate.

Allowance for Loan Losses

Description of the Matter

The Company's loan portfolio totaled $18 billion as of December 31, 2021, and the associated allowance for loan losses (ALL) for the loan portfolio was $216 million. As discussed above and in Notes A and F to the consolidated financial statements, the ALL is an estimate of the expected credit losses on loans at amortized cost to present the net amount expected to be collected as of the balance sheet date. The ALL is based on the credit losses expected to arise over the life of the asset. Management pools its loans based on similar risk characteristics and assigns an appropriate calculation method to estimate the expected credit losses. For loans that do not share risk characteristics, management evaluates the ALL on an individual basis based on the present value of expected future cash flows using the loan's effective interest rate, or as a practical expedient, the fair value of the collateral if the loan is collateral-dependent. For loans not specifically reviewed on an individual basis, management measures the ALL using a probability of default/loss given default method or cohort method based on portfolio segment. Management also records qualitative adjustments to expected credit losses for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level or term as well as reasonable and supportable forecast adjustments for changes in macroeconomic and environmental conditions, such as changes in unemployment rates, gross domestic product or other relevant factors, that have not been fully captured in the allowance calculation.

Auditing management's estimate used in determining the ALL for the loan portfolio involved a high degree of subjectivity in evaluating management's determination of the forecast selection used to derive the reasonable and supportable forecast qualitative adjustment.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's ALL process for the loan portfolio. Controls tested included, among others, those over the risk rating process, the identification of indicators of impairment, management's review and approval of the calculations used to determine the ALL, including the underlying data and data inputs and outputs of those calculations, and management's evaluation and review of the qualitative adjustments, including the reasonable and supportable forecast qualitative adjustment.

To test the Company's reasonable and supportable forecast qualitative adjustment for the loan portfolio, we tested the underlying data used in the estimate calculation to determine it was accurate, complete and relevant. Further, we evaluated management's basis for the adjustment in relation to changes in economic conditions and forecasts. Our procedures included evaluating management's inputs and assumptions used in determining the qualitative adjustment by comparing the information to internal and external source data including, among others, the economic forecasts utilized by the Company and third-party economic outlook reports. We involved our internal modeling specialists in evaluating the model methodology, performance and governance. In addition, we evaluated the overall ALL amount, inclusive of the qualitative adjustments, and whether the amount appropriately reflects losses expected in the loan portfolios as of the consolidated balance sheet date. For example, we evaluated the Company's analysis of their historical loss experience and peer losses to the Company's recorded ALL to test the ALL in totality. We also reviewed subsequent events and transactions and considered whether they corroborate or contradict the Company's conclusion.

We have served as the Company's auditor since 1986.
Charleston, West Virginia
March 1, 2022

CONSOLIDATED BALANCE SHEETS

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except par value)	**December 31 2021**	**December 31 2020**
Assets		
Cash and due from banks	$ 282,878	$ 297,369
Interest-bearing deposits with other banks	3,474,365	1,910,876
Federal funds sold	927	823
Total cash and cash equivalents	3,758,170	2,209,068
Securities available for sale at estimated fair value (amortized cost-$4,031,494 at December 31, 2021 and $2,868,346 at December 31, 2020, allowance for credit losses of $0 at December 31, 2021 and December 31, 2020)	4,042,699	2,953,359
Securities held to maturity, net of allowance for credit losses of $19 at December 31, 2021 and $23 at December 31, 2020 (estimated fair value-$1,020 at December 31, 2021 and $1,212 at December 31, 2020)	1,001	1,212
Equity securities at estimated fair value	12,404	10,718
Other investment securities	239,645	220,895
Loans held for sale (measured using fair value option-$504,416 at December 31, 2021 and $698,341 at December 31, 2020)	504,416	718,937
Loans and leases	18,051,307	17,622,583
Less: Unearned income	(27,659)	(31,170)
Loans and leases, net of unearned income	18,023,648	17,591,413
Less: Allowance for loan and lease losses	(216,016)	(235,830)
Net loans and leases	17,807,632	17,355,583
Bank premises and equipment	197,220	175,824
Operating lease right-of-use assets	81,942	69,520
Goodwill	1,886,494	1,796,848
Mortgage servicing rights, net of valuation allowance of $883 and $1,383 at December 31, 2021 and 2020, respectively	23,144	20,955
Accrued interest receivable, net of allowance for credit losses of $8 and $250 at December 31, 2021 and 2020, respectively	64,512	66,832
Other assets	709,623	584,496
TOTAL ASSETS	$ 29,328,902	$ 26,184,247
Liabilities		
Deposits:		
Noninterest-bearing	$ 8,980,547	$ 7,405,260
Interest-bearing	14,369,716	13,179,900
Total deposits	23,350,263	20,585,160
Borrowings:		
Securities sold under agreements to repurchase	128,844	142,300
Federal Home Loan Bank ("FHLB") borrowings	532,199	584,532
Other long-term borrowings	285,195	279,837
Reserve for lending-related commitments	31,442	19,250
Operating lease liabilities	86,703	73,213
Accrued expenses and other liabilities	195,628	202,335
TOTAL LIABILITIES	24,610,274	21,886,627
Shareholders' Equity		
Preferred stock, $1.00 par value; Authorized-50,000,000 shares, none issued	0	0
Common stock, $2.50 par value; Authorized-200,000,000 shares; issued-141,360,266 and 133,809,374 at December 31, 2021 and December 31, 2020, respectively, including 4,967,508 and 4,620,867 shares in treasury at December 31, 2021 and December 31, 2020, respectively	353,402	334,523
Surplus	3,149,955	2,894,471
Retained earnings	1,390,777	1,205,395
Accumulated other comprehensive (loss) gain	(4,888)	22,370
Treasury stock, at cost	(170,618)	(159,139)
TOTAL SHAREHOLDERS' EQUITY	4,718,628	4,297,620
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 29,328,902	$ 26,184,247

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME
UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)	Year Ended December 31		
	2021	2020	2019
Interest income			
Interest and fees on loans and leases	$724,493	$ 721,829	$ 666,950
Interest on federal funds sold and other short-term investments	8,734	9,780	21,338
Interest and dividends on securities:			
Taxable	54,678	61,808	70,789
Tax-exempt	7,212	4,965	3,485
Total interest income	795,117	798,382	762,562
Interest expense			
Interest on deposits	41,620	78,579	135,649
Interest on short-term borrowings	693	1,027	2,347
Interest on long-term borrowings	10,070	29,003	46,644
Total interest expense	52,383	108,609	184,640
Net interest income	742,734	689,773	577,922
Provision for credit losses	(23,970)	106,562	21,313
Net interest income after provision for credit losses	766,704	583,211	556,609
Other income			
Fees from trust services	16,552	13,903	13,873
Fees from brokerage services	15,559	11,758	10,136
Fees from deposit services	38,689	34,833	33,768
Bankcard fees and merchant discounts	5,485	4,066	4,674
Other service charges, commissions, and fees	2,990	2,596	2,241
Income from bank-owned life insurance	6,840	7,217	7,339
Income from mortgage banking activities	171,692	266,094	76,951
Mortgage loan servicing income	9,605	6,213	0
Net gain on the sale of bank premises	0	2,229	0
Net investment securities gains	2,676	3,155	175
Other income	8,004	2,682	1,327
Total other income	278,092	354,746	150,484
Other expense			
Employee compensation	279,970	274,661	173,962
Employee benefits	53,871	48,870	35,745
Net occupancy expense	42,034	41,303	34,850
Other real estate owned (“OREO”) expense	5,388	5,748	5,336
Equipment expense	25,979	20,861	14,210
Data processing expense	31,446	35,420	22,232
Mortgage loan servicing expense and impairment	12,246	9,431	423
Bankcard processing expense	1,706	1,735	1,877
FDIC insurance expense	8,346	10,132	8,070
FHLB prepayment penalties	15	10,385	5,105
Other expense	120,942	119,671	80,844
Total other expense	581,943	578,217	382,654
Income before income taxes	462,853	359,740	324,439
Income taxes	95,115	70,717	64,340
Net income	$ 367,738	$ 289,023	$ 260,099

CONSOLIDATED STATEMENTS OF INCOME
UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)	**Year Ended December 31**		
	2021	**2020**	**2019**
Earnings per common share:			
Basic	$ 2.84	$ 2.40	$ 2.55
Diluted	$ 2.83	$ 2.40	$ 2.55
Dividends per common share	$ 1.41	$ 1.40	$ 1.37
Average outstanding shares:			
Basic	129,276,452	120,017,247	101,585,599
Diluted	129,512,853	120,090,232	101,852,577

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands)	Year Ended December 31		
	2021	**2020**	**2019**
Net income	$ 367,738	$ 289,023	$ 260,099
Change in net unrealized (loss) gain on available-for-sale (“AFS”) securities, net of tax	(56,611)	57,249	26,245
Change in net unrealized gain on cash flow hedge, net of tax	13,001	3,358	0
Change in defined benefit pension plan, net of tax	16,352	(3,368)	(4,145)
Comprehensive income, net of tax	$ 340,480	$ 346,262	$ 282,199

See notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Common Stock				Accumulated Other		Total
	Shares	Par Value	Surplus	Retained Earnings	Comprehensive (Loss) Income	Treasury Stock	Shareholders' Equity
Balance at January 1, 2019	105,239,121	$ 263,098	$2,134,462	$ 1,013,037	$ (57,019)	$ (101,954)	$ 3,251,624
Cumulative effect of adopting Accounting Standard Update 2016-02	0	0	0	(1,049)	0	0	(1,049)
Reclass due to adopting Accounting Standard Update 2017-12	0	0	0	0	50	0	50
Comprehensive income:							
Net income	0	0	0	260,099	0	0	260,099
Other comprehensive income, net of tax	0	0	0	0	22,100	0	22,100
Total comprehensive income, net of tax							282,199
Stock based compensation expense	0	0	4,914	0	0	0	4,914
Purchase of treasury stock (1,020,864 shares)	0	0	0	0	0	(35,673)	(35,673)
Distribution of treasury stock for deferred compensation plan (27 shares)	0	0	0	0	0	1	1
Cash dividends ($1.37 per share)	0	0	0	(139,508)	0	0	(139,508)
Grant of restricted stock (126,427 shares)	126,427	316	(316)	0	0	0	0
Forfeiture of restricted stock (4,149 shares)	0	0	162	0	0	(162)	0
Common stock options exercised (128,742 shares)	128,742	322	953	0	0	0	1,275
Balance at December 31, 2019	105,494,290	263,736	2,140,175	1,132,579	(34,869)	(137,788)	3,363,833
Cumulative effect of adopting Accounting Standard Update 2016-13	0	0	0	(44,331)	0	0	(44,331)
Comprehensive income:							
Net income	0	0	0	289,023	0	0	289,023
Other comprehensive income, net of tax	0	0	0	0	57,239	0	57,239
Total comprehensive income, net of tax							346,262
Stock based compensation expense	0	0	5,980	0	0	0	5,980
Acquisition of Carolina Financial Corporation (28,031,501 shares)	28,031,501	70,079	747,751	0	0	0	817,830
Purchase of treasury stock (679,331 shares)	0	0	0	0	0	(21,317)	(21,317)
Distribution of treasury stock for deferred compensation plan (29 shares)	0	0	0	0	0	1	1
Cash dividends ($1.40 per share)	0	0	0	(171,876)	0	0	(171,876)
Grant of restricted stock (182,847 shares)	182,847	457	(457)	0	0	0	0
Forfeiture of restricted stock (946 shares)	0	0	35	0	0	(35)	0
Common stock options exercised (100,736 shares)	100,736	251	987	0	0	0	1,238
Balance at December 31, 2020	133,809,374	334,523	2,894,471	1,205,395	22,370	(159,139)	4,297,620
Comprehensive income:							
Net income	0	0	0	367,738	0	0	367,738
Other comprehensive loss, net of tax	0	0	0	0	(27,258)	0	(27,258)
Total comprehensive income, net of tax							340,480
Stock based compensation expense	0	0	8,018	0	0	0	8,018
Acquisition of Community Bankers Trust Corporation (7,135,771 shares)	7,135,771	17,839	242,440	0	0	0	260,279
Purchase of treasury stock (339,241 shares)	0	0	0	0	0	(11,211)	(11,211)
Cash dividends ($1.41 per share)	0	0	0	(182,356)	0	0	(182,356)
Grant of restricted stock (182,344 shares)	182,344	456	(456)	0	0	0	0
Forfeiture of restricted stock (7,400 shares)	0	0	268	0	0	(268)	0
Common stock options exercised (232,777 shares)	232,777	584	5,214	0	0	0	5,798
Balance at December 31, 2021	141,360,266	$ 353,402	$3,149,955	$ 1,390,777	$ (4,888)	$ (170,618)	$ 4,718,628

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands)	Year Ended December 31		
	2021	**2020**	**2019**
OPERATING ACTIVITIES			
Net income	$ 367,738	$ 289,023	$ 260,099
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	(23,970)	106,562	21,313
Amortization and accretion	(8,672)	(29,900)	(29,771)
Loss on sales of bank premises, OREO, leases and equipment	460	1,214	294
Write-downs on bank premises, OREO, leases and equipment	5,100	3,803	3,618
Depreciation	16,583	13,464	9.329
(Gain) loss on securities	(2,676)	(3,155)	(175)
Loans originated for sale	(6,190,675)	(6,528,080)	(2,574,434)
Proceeds from sales of loans	6,566,304	6,521,198	2,513,717
Gain on sales of loans	(161,108)	(258,784)	(76,951)
Mortgage repurchase loan losses paid, net of recoveries	(1,188)	(888)	0
Stock-based compensation	8,018	5,980	4,914
Excess tax benefits from stock-based compensation arrangements	303	351	223
Deferred income tax expense (benefit)	3,015	(174)	14,205
Amortization of tax credit investments	12,718	9,950	4,271
Originations of mortgage servicing rights	(10,584)	(7,310)	0
Impairment of mortgage servicing rights	629	1,383	0
Increase in cash surrender value of bank-owned life insurance policies	(6,836)	(5,959)	(1,458)
Contribution to pension plan	0	(20,000)	0
Amortization of net periodic pension costs	2,073	3,004	3,635
Changes in:			
Interest receivable	2,562	1,106	2,512
Other assets	42,704	46,267	(23,449)
Accrued expenses and other liabilities	(12,959)	(8,608)	20,073
NET CASH PROVIDED BY OPERATING ACTIVITIES	609,539	140,447	151,965
INVESTING ACTIVITIES			
Proceeds from maturities and calls of held to maturity securities	215	211	7,000
Proceeds from sales of securities available for sale	52,820	192,085	374,764
Proceeds from maturities and calls of securities available for sale	679,082	515,983	337,793
Purchases of securities available for sale	(1,522,076)	(596,923)	(771,290)
Proceeds from sales of equity securities	1,250	1,650	2,011
Purchases of equity securities	(2,266)	(1,379)	(895)
Proceeds from sales and redemptions of other investment securities	11,790	148,766	80,270
Purchases of other investment securities	(34,755)	(137,395)	(129,747)
Purchases of bank-owned life insurance policies	(85,000)	0	0
Redemption of bank-owned life insurance policies	1,114	5,729	2,829
Purchases of bank premises and equipment	(15,380)	(19,025)	(11,083)
Proceeds from sales of bank premises and equipment	1,618	4,354	251
Acquisition of subsidiaries, net of cash paid	39,420	629,107	0
Proceeds from sales of OREO properties	5,675	14,398	10,026
Net change in loans and leases	882,147	(619,976)	(285,248)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	15,654	137,585	(383,319)
FINANCING ACTIVITIES			
Cash dividends paid	(181,277)	(162,713)	(138,939)
Acquisition of treasury stock	(11,211)	(21,317)	(35,673)
Proceeds from exercise of stock options	5,206	1,241	1,272
Distribution of treasury stock for deferred compensation plan	0	1	1
Repayment of long-term Federal Home Loan Bank borrowings	(597,791)	(1,847,000)	(1,135,000)
Proceeds from issuance of long-term Federal Home Loan Bank borrowings	500,000	500,000	1,475,000
Changes in:			
Time deposits	(275,900)	584,175	28,408
Other deposits	1,525,093	2,271,510	(169,945)
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	(40,211)	(232,354)	23,327
NET CASH PROVIDED BY FINANCING ACTIVITIES	923,909	1,093,543	48,451
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,549,102	1,371,575	(182,903)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,209,068	837,493	1,020,396
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,758,170	$ 2,209,068	$ 837,493

CONSOLIDATED STATEMENTS OF CASH FLOWS
UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands)	Year Ended December 31		
	2021	2020	2019
Supplemental information			
Cash paid for:			
Interest on deposits and borrowed funds	$ 54,591	$ 115,347	$ 182,549
Income taxes	101,227	65,378	56,459
Noncash investing activities:			
Transfers of loans to OREO	2,769	28,038	13,185
Transfers of held to maturity debt securities to available for sale debt securities	0	0	11,544
Acquisition of subsidiaries:			
Assets acquired, net of cash	1,763,843	4,172,611	0
Liabilities assumed	1,619,438	4,302,722	0
Goodwill	76,454	318,834	0

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITED BANKSHARES, INC. AND SUBSIDIARIES

December 31, 2021

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: United Bankshares, Inc. (“United”, the “Company”) is a financial holding company headquartered in Charleston, West Virginia. United considers all of West Virginia to be included in its market area. This area includes the five largest West Virginia Metropolitan Statistical Areas (“MSA”): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Morgantown MSA and the Wheeling MSA. United serves the Ohio counties of Lawrence, Belmont, Jefferson and Washington and Fayette county in Pennsylvania primarily because of their close proximity to the Ohio and Pennsylvania borders and United banking offices located in those counties or in nearby West Virginia. United’s Virginia markets include the Maryland, northern Virginia and Washington, D.C. MSA, the Winchester MSA, the Harrisonburg MSA, and the Charlottesville MSA. Through its acquisition of Carolina Financial, United’s market also includes the Coastal, Midlands, and Upstate regions of South Carolina, including the Charleston (Charleston, Dorchester and Berkeley Counties), Myrtle Beach (Horry and Georgetown Counties), Columbia (Richland and Lexington Counties), and the Upstate (Greenville and Spartanburg Counties) areas as well as areas in North Carolina including Wilmington (New Hanover County), Raleigh-Durham (Durham and Wake Counties), Charlotte-Concord-Gastonia (NC and SC) and the southeastern coastal region of North Carolina (Bladen, Brunswick, Columbus, Cumberland, Duplin and Robeson Counties). Through its acquisition of Community Bankers Trust, United added new markets in Baltimore and Annapolis, Maryland and Lynchburg and Richmond, Virginia as well as the Northern Neck of Virginia. United considers all of the above locations to be the primary market areas for the business of its banking and mortgage banking subsidiaries.

Operating Segments: United operates in two business segments: community banking and mortgage banking. Through its community banking segment, United offers a full range of banking products and services through various delivery channels. Included among the banking products and services offered are the acceptance of deposits in checking, savings, time and money market accounts; the making and servicing of personal, credit card, commercial, and floor plan loans; and the making of construction and real estate loans. Also offered are trust and brokerage services, safe deposit boxes, and wire transfers. The mortgage banking segment engages primarily in the origination and acquisition of residential mortgages for sale into the secondary market though George Mason Mortgage, LLC (“George Mason”) and Crescent Mortgage Company (“Crescent”), indirectly owned subsidiaries of United. In addition, United through its mortgage banking subsidiary, Crescent, may retain the rights to service a portion of the loans sold in the third-party market, as part of its mortgage banking activities, for which United receives service fee income. In addition, at certain times United may purchase rights to service from third parties. These rights are known as mortgage servicing rights, or MSRs, where the owner of the MSR acts on behalf of the mortgage loan owner and has the contractual right to receive a stream of cash flows in exchange for performing specified mortgage servicing functions.

Basis of Presentation: The consolidated financial statements and the notes to consolidated financial statements include the accounts of United and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

United determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity (“VIE”) under U.S. generally accepted accounting principles. Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity’s activities. United consolidates voting interest entities in which it has all, or at least a majority of, the voting interest. As defined in applicable accounting standards, VIEs are entities that lack one or more of the characteristics of a voting interest entity. A controlling financial interest in a VIE is present when an enterprise has both the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE. United’s wholly owned and indirect wholly owned statutory trust subsidiaries are VIEs for which United is not the primary beneficiary. Accordingly, its accounts are not included in United’s consolidated financial statements.

The accounting and reporting policies of United conform with U.S. generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. To conform to the 2021 presentation, certain reclassifications have been made to prior period amounts, which had no impact on net income, comprehensive income or shareholders' equity. In the opinion of management, all adjustments necessary for a fair presentation of financial position and results of operations have been made. Such adjustments are of a normal and recurring nature.

The Company has evaluated events and transactions subsequent to December 31, 2021 through the date these financial statements were issued. Based on definitions and requirements of generally accepted accounting principles for "Subsequent Events," the Company has not identified any events that would require adjustments to, or disclosure in the financial statements.

Cash and Cash Equivalents: United considers cash and due from banks, interest-bearing deposits with other banks and federal funds sold as cash and cash equivalents.

Debt securities: The Company accounts for debt securities in two categories: held-to-maturity ("HTM") and available-for-sale ("AFS"). Premiums and discounts on debt securities are deferred and recognized into income over the contractual life of the asset using the effective interest method.

HTM securities are accounted for at amortized cost, but the Company must have both the positive intent and the ability to hold those securities to maturity. There are very limited circumstances under which securities in the HTM category can be sold without jeopardizing the cost basis of accounting for the remainder of the securities in this category. Substantially all of the Company's HTM debt securities are issued by state and political subdivisions (municipalities). As of December 31, 2021, United considers its HTM debt securities portfolio to be immaterial.

AFS securities are accounted for at fair value. Gains and losses realized on the sale of these securities are accounted for based on the specific identification method. Unrealized gains and losses for AFS securities are excluded from earnings and reported net of the related tax effect in the accumulated other comprehensive income component of shareholders' equity.

Allowance for Credit Losses (HTM Debt Securities): For held-to-maturity debt securities, the Company is required to utilize a current expected credit losses ("CECL") methodology to estimate expected credit losses. As of December 31, 2021 and 2020, the Company recorded an allowance for credit losses of $19,000 and $23,000, respectively, on its HTM debt securities portfolio.

Allowance for Credit Losses (AFS Debt Securities): The impairment model for available-for-sale ("AFS") debt securities differs from the CECL methodology applied for HTM debt securities because AFS debt securities are measured at fair value rather than amortized cost. Although ASC Topic 326, "Financial Instruments – Credit Losses" replaced the legacy other-than-temporary impairment ("OTTI") model with a credit loss model, it retained the fundamental nature of the legacy OTTI model. For AFS debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is written down to fair value through income. For AFS debt securities where neither of the criteria are met, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the credit rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any remaining discount that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. An entity may no longer consider the length of time fair value has been less than amortized cost. Changes in the allowance for credit losses are recorded as a provision (or release) for credit losses. Losses are charged against the allowance when management believes the uncollectibility of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met. As of December 31, 2021, the Company determined that the unrealized loss positions in AFS

securities were not the result of credit losses, and therefore, an allowance for credit losses was not recorded.

Equity securities: Investments in equity securities with readily determinable fair values (marketable) are measured at fair value, with changes in the fair value recognized in Net investment securities gains in the Consolidated Statements of Income.

Other investment securities: Certain security investments such as Federal Reserve Bank stock and Federal Home Loan Bank stock that do not have readily determinable fair values (non-marketable) are accounted for at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer, also referred to as the measurement alternative. Any adjustments to the carrying value of these investments are recorded in Other income in the Consolidated Statements of Income.

Securities Purchased Under Resale Agreements and Securities Sold Under Agreements to Repurchase: Securities purchased under agreements to resell and securities sold under agreements to repurchase are accounted for as collateralized financing transactions. They are recorded at the amounts at which the securities were acquired or sold plus accrued interest. Securities, generally U.S. government and federal agency securities, pledged as collateral under these financing arrangements cannot be repledged or sold, unless replaced, by the secured party. The fair value of the collateral either received from or provided to a third party is continually monitored and additional collateral is obtained or is requested to be returned to United as deemed appropriate.

Loans: Loans are reported at the principal amount outstanding, net of unearned income, except loans acquired through transfer (see below). Interest on loans is accrued and credited to operations using methods that produce a level yield on individual principal amounts outstanding. Loan origination and commitment fees and related direct loan origination costs are deferred and amortized as an adjustment of loan yield over the estimated life of the related loan. Loan fees net of costs accreted and included in interest income were $92,545,000, $76,064,000, and $39,026,000, for the years of 2021, 2020 and 2019, respectively. 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. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and interest accrued in prior years is charged to the allowance for loan losses. Management may elect to continue the accrual of interest when the estimated net realizable value of collateral exceeds the principal balance and accrued interest, and the loan is in the process of collection.

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. A loan classified as a TDR will generally retain such classification until the loan is paid in full. However, a one-to-four-family residential mortgage TDR loan that yields a market rate and demonstrates the ability to pay under the terms of the restructured note through a sustained period of repayment performance, which is generally one year, is removed from the TDR classification. Interest income on TDRs is accrued at the reduced rate and the loan is returned to performing status once the borrower demonstrates the ability to pay under the terms of the restructured note through a sustained period of repayment performance, which is generally six months.

TDRs can take the form of a reduction of the stated interest rate, splitting a loan into separate loans and leases 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, or the reduction of accrued interest or any other concessionary type of renegotiated debt. Under United's current loan policy, a loan is not recognized as a TDR until it becomes probable that the loan will be a TDR. In response to the coronavirus ("COVID-19") pandemic and its economic impact on our customers, United implemented a short-term modification program that complied with the Coronavirus Aid, Relief, and Economic Security ("CARES") Act to provide temporary payment relief to those borrowers directly impacted by COVID-19 who were not more than 30 days past due as of December 31, 2019. This program allowed for a deferral of payments from the period beginning March 1, 2020 until January 1, 2022 or the date that is 60 days after the date on which the national emergency concerning the COVID-19 outbreak terminates. As provided for under the CARES Act, these loan modifications were exempt by law from classification as a TDR as defined by GAAP.

Loans Acquired Through Transfer: Acquired loans are recorded at fair value at the date of acquisition based on a discounted cash flow methodology that considers various factors including the type of loan and related collateral, classification status,

fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and a discount rate reflecting the Company's assessment of risk inherent in the cash flow estimates. Certain purchased loans are individually evaluated while certain purchased loans are grouped together according to similar risk characteristics and are treated in the aggregate when applying various valuation techniques. These cash flow evaluations are inherently subjective as they require material estimates, all of which may be susceptible to significant change.

Prior to January 1, 2020, loans acquired in a business combination that had evidence of deterioration of credit quality since origination and for which it was probable, at acquisition, that the Company would be unable to collect all contractually required payments receivable were considered purchased credit impaired ("PCI"). PCI loans were individually evaluated and recorded at fair value at the date of acquisition with no initial valuation allowance based on a discounted cash flow methodology that considered various factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and a discount rate reflecting the Company's assessment of risk inherent in the cash flow estimates. The difference between the undiscounted cash flows expected at acquisition and the investment in the loan, or the "accretable yield," was 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," were not recognized on the balance sheet and did not result in any yield adjustments, loss accruals or valuation allowances. Increases in expected cash flows, including prepayments, subsequent to the initial investment were recognized prospectively through adjustment of the yield on the loan over its remaining life. Decreases in expected cash flows were recognized as impairment. Valuation allowances on PCI loans reflected only losses incurred after the acquisition (meaning the present value of all cash flows expected at acquisition that ultimately were not to be received).

Subsequent to January 1, 2020, loans acquired in a business combination that have experienced more-than-insignificant deterioration in credit quality since origination are considered purchased credit deteriorated ("PCD") loans. At the acquisition date, an estimate of expected credit losses is made for groups of PCD loans with similar risk characteristics and individual PCD loans without similar risk characteristics. This initial allowance for credit losses is allocated to individual PCD loans and added to the purchase price or acquisition date fair values to establish the initial amortized cost basis of the PCD loans. As the initial allowance for credit losses is added to the purchase price, there is no credit loss expense recognized upon acquisition of a PCD loan. Any difference between the unpaid principal balance of PCD loans and the amortized cost basis is considered to relate to noncredit factors and results in a discount or premium. Discounts and premiums are recognized through interest income on a level-yield method over the life of the loans. All loans and leases considered to be PCI prior to January 1, 2020 were converted to PCD on that date.

For loans and leases acquired after the adoption of ASC Topic 326, United will likely take several factors into consideration when determining if loans and leases meet the definition of PCD. ASC Topic 326 lists some, but not all, factors for consideration in the bifurcation of PCD versus non-PCD assets:

- Financial assets that are delinquent as of the acquisition date
- Financial assets that have been downgraded since origination
- Financial assets that have been placed on nonaccrual status

For acquired loans not deemed purchased credit deteriorated at acquisition, the differences between the initial fair value and the unpaid principal balance are recognized as interest income on a level-yield basis over the lives of the related loans.

Loans Held for Sale: Loans held for sale consist of one-to-four family conforming residential real estate loans originated for sale in the secondary market.

Loans held for sale within the mortgage banking segment are recorded under the fair value option at a fair value measured using valuations from investors for loans with similar characteristics adjusted for the Company's actual sales experience versus the investor's indicated pricing.

Loans held for sale within the community banking segment are carried at the lower of cost or fair value. The 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.

Gains and losses on sale of loans are recorded within income from mortgage banking activities.

Allowance for Loan and Lease Losses: On January 1, 2020, the Company adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), so the allowance calculation is based on the CECL methodology. Prior to January 1, 2020, the calculation was based on the incurred loss methodology. The allowance for loan losses is an estimate of the expected credit losses on financial assets measured at amortized cost to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term). Assets are charged off when United determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Charge-offs are recognized as a deduction from the allowance for loan losses. Expected recoveries of amounts previously charged-off, not to exceed the aggregate of the amount previously charged-off, are included in determining the necessary reserve at the balance sheet date.

United made a policy election to present the accrued interest receivable balance separately in its consolidated balance sheets from the amortized cost of a loan. United estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level or term as well as reasonable and supportable forecast adjustments for changes in environmental conditions, such as changes in unemployment rates, property values or other relevant factors. A reversion to historical loss data occurs via a straight-line method during the year following the one-year reasonable and supportable forecast period.

United pools its loans and leases based on similar risk characteristics in estimating expected credit losses. United has identified the following portfolio segments and measures the allowance for credit losses using the following methods:

- Method: Probability of Default/Loss Given Default (PD/LGD)
    - Commercial Real Estate Owner-Occupied
    - Commercial Real Estate Nonowner-Occupied
    - Commercial Other
- Method: Cohort
    - Residential Real Estate
    - Construction & Land Development
    - Consumer
    - Bankcard

Risk characteristics of commercial real estate owner-occupied loans and commercial other loans and leases are similar in that they are normally dependent upon the borrower’s internal cash flow from operations to service debt. Commercial real estate nonowner-occupied 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.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral but may also include other non-performing loans or TDRs, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. These individually evaluated loans are removed from their respective pools and typically represent collateral dependent loans. In addition, the Company individually evaluates “reasonably expected” TDRs, which are identified by the Company as a loan expected to be classified as a TDR.

Expected credit losses are estimated over the contractual term of the loans and leases, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower, or the extension or renewal options are included in the original or modified contract

at the reporting date and are not unconditionally cancelable by United.

For past loans and leases acquired through the completion of a transfer, including loans and leases acquired in a business combination, that had evidence of deterioration of credit quality since origination (“PCI”) and accounted for under ASC Topic 310, an entity did not have to reassess whether any loans and leases previously accounted for as PCI meet the definition of purchased credit deteriorated (“PCD”) loans and leases upon adoption of ASC Topic 326. Any changes in the allowance for credit losses for these loans and leases were accounted for as an adjustment to the loan’s amortized cost basis and not as a cumulative-effect adjustment to an entity’s beginning retained earnings. Non-PCI loans and leases are now classified as non-PCD loans and leases with the adoption of ASC Topic 326. In accordance with ASC Topic 326 guidance, United calculated a PCD rate adjustment for all PCD loans and leases at adoption. Such adjustment created a discount balance for any excess amount not deemed to be credit-related between the PCD recorded balance at the adoption date and the contractual principal and interest balances outstanding.

At the acquisition date, an initial allowance for expected credit losses for non-PCD loans is estimated and recorded as credit loss expense. The subsequent measurement of expected credit losses for all acquired loans is the same as the subsequent measurement of expected credit losses for originated loans. For allowance for credit losses under ASC Topic 326 calculation purposes, United includes its acquired loans and leases in their relevant pool unless they meet the criteria for specific review.

Prior to January 1, 2020, the allowance for loan losses calculation as well as the provision for loan losses was based on the incurred loss methodology. Under the incurred loss model, management estimated the losses on loans and leases when it was "probable" that the Company had already incurred losses based on information available at that time. Once a loss was probable, then the expected value of the estimated loss given default was calculated and incorporated into the allowance.

<u>Bank Premises and Equipment:</u> Bank premises and equipment are stated at cost, less allowances for depreciation and amortization. The provision for depreciation is computed principally by the straight-line method over the estimated useful lives of the respective assets. Useful lives range primarily from three to 15 years for furniture, fixtures and equipment and five to 40 years for buildings and improvements. Leasehold improvements are generally amortized over the lesser of the term of the respective leases or the estimated useful lives of the improvements.

<u>Other Real Estate Owned</u>: At December 31, 2021 and 2020, other real estate owned (“OREO”) included in other assets in the Consolidated Balance Sheets was $14,823,000 and $22,595,000, 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 December 31, 2021, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process was $13,000. At December 31, 2020, there was no recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process.

<u>Intangible Assets:</u> Intangible assets relating to the estimated fair value of the deposit base of the acquired institutions are being amortized on an accelerated basis over a one to ten-year period. Management reviews 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. United incurred amortization expense of $5,908,000, $6,605,000, and $7,016,000, in 2021, 2020, and 2019, respectively, related to all intangible assets.

Goodwill is tested for impairment at least annually or sooner if indicators of impairment exist. United may elect to perform a qualitative analysis to determine whether or not it is more-likely-than not that the fair value of a reporting unit is less than its carrying amount. If United elects to bypass this qualitative analysis, or concludes via qualitative analysis that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, United may use either a market or income quantitative approach, whichever is more practical, to determine the fair value of the reporting unit to compare to its carrying value. If the estimated fair value of the reporting unit is less than its carrying value, an impairment charge would be recorded for the excess, not to exceed the amount of goodwill allocated to the reporting unit. At each reporting date, the Company considers potential indicators of impairment. United utilized a qualitative approach to test goodwill for

impairment as of September 30, 2021. The goodwill impairment test did not identify any indicators of goodwill impairment. As of December 31, 2021, and 2020, total goodwill approximated $1,886,494,000 and $1,796,848,000, respectively.

Mortgage Servicing Rights, Fees and Costs: The Company initially measures servicing assets and liabilities retained related to the sale of residential loans held for sale (“MSRs”) at fair value. For subsequent measurement purposes, the Company measures servicing assets and liabilities using the amortization method.

MSRs are amortized in proportion to, and over the period of, estimated net servicing income. The amortization of the MSRs is analyzed periodically and is adjusted to reflect changes in prepayment rates and other estimates.

The Company evaluates potential impairment of MSRs based on the difference between the carrying amount and current estimated fair value of the servicing rights. In determining impairment, the Company aggregates all servicing rights and stratifies them into tranches based on predominant risk characteristics. If impairment exists, a valuation allowance is established for any excess of amortized cost over the current estimated fair value by a charge to income. If the Company later determines that all or a portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an increase to income.

Service fee income is recorded for fees earned for servicing mortgage loans under servicing agreements with the Federal national Mortgage Association (“FNMA”), the Federal home loan Mortgage Corporation (“FHLMC”), Government national Mortgage Association (“GNMA”) and certain private investors. The fees are based on a contractual percentage of the outstanding principal balance of the loans serviced and are recorded in noninterest income. Amortization of MSRs and mortgage servicing costs are charged to expense when incurred.

Accrued interest receivable: Upon adoption of ASC Topic 326, the Company made the following elections regarding accrued interest receivable ("AIR"):

- Presenting accrued interest receivable balances separately from their underlying instruments within the consolidated statements of financial condition.
- Excluding accrued interest receivable that is included in the amortized cost of financing receivables from related disclosure requirements.
- Continuing our policy to write off accrued interest receivable by reversing interest income in cases where the Company does not reasonably expect to receive payment.
- Generally, not measuring an allowance for credit losses for accrued interest receivable due to the Company's policy of writing off uncollectible accrued interest receivable balances in a timely manner. However, due to loan interest payment deferrals on certain loans and leases granted by United under the CARES Act, United assessed the collectability of the accrued interest receivables on these deferring loans and leases. As a result of this assessment, United recorded an allowance for credit losses of $8,000 at December 31,2021 and $250,000 at December 31, 2020 for accrued interest receivables not expected to be collected.

Revenue Recognition: Interest and dividend income, loans fees, fees from trust and brokerage services, deposit services and bankcard fees are recognized and accrued as earned.

Descriptions of our revenue-generating activities that are within the scope of ASC Topic 606, which are presented in our Consolidated Statements of Income as components of Other Income are discussed below. There are no significant judgements relating to the amount and timing of revenue recognition for those revenue streams under the scope of ASC Topic 606.

Fees from Trust Services

Revenue from trust services primarily is comprised of fees earned from the management and administration of trusts and other customer assets. Trust services include custody of assets, investment management, escrow services, and similar fiduciary activities. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly, based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally received a few days after month end through a direct charge to customers' accounts.

Fees from Brokerage Services

Revenue from brokerage services are recorded as the income is earned at the time the related service is performed. In return for such services, the Company charges a commission for the sales of various securities products primarily consisting of investment company shares, annuity products, and corporate debt and equity securities, for its selling and administrative efforts. For account supervision, advisory and administrative services, revenue is recognized over a period of time as earned based on customer account balances and activity.

Fees from Deposit Services

Service charges on deposit accounts consist of account analysis fees (i.e., net fees earned on analyzed business and public checking accounts), monthly service fees, check orders, ATM activity fees, debit card fees, and other deposit account related fees. Revenue is recognized when our performance obligation is completed which is generally monthly for account maintenance services or when a transaction has been completed (ATM or debit card activity).

Bankcard Fees and Merchant Discounts

Bankcard fees and merchant discounts are primarily comprised of credit card income and merchant services income. Credit card income is primarily comprised of interchange fees earned whenever the Company's credit cards are processed through card payment networks such as Visa. Merchant services income mainly represents fees charged to merchants to process their credit card transactions. The Company's performance obligation for bankcard fees and interchange are largely satisfied, and related revenue recognized at the time services are rendered. Payment is typically received immediately or in the following month.

Advertising Costs: Advertising costs are generally expensed as incurred and included in Other Expense on the Consolidated Statements of Income. Advertising expense was $5,781,000, $5,611,000, and $5,082,000, for the years of 2021, 2020, and 2019, respectively.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities (excluding deferred tax assets and liabilities related to business combinations or components of other comprehensive income). Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the expected amount most likely to be realized. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income and recoverable taxes paid in prior years. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets will be realized. Interest and/or penalties related to income taxes are reported as a component of income tax expense.

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

United files a consolidated income tax return with its subsidiaries. Federal income tax expense or benefit has been allocated to subsidiaries on a separate return basis.

Derivative Financial Instruments: United accounts for its derivative financial instruments in accordance with ASC Topic 815 which requires all derivative instruments to be carried at fair value on the balance sheet. United has designated certain derivative instruments used to manage interest rate risk as hedge relationships with certain assets, liabilities or cash flows being hedged. Certain derivatives used for interest rate risk management are not designated in a 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.

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 accumulated 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 accumulated other comprehensive income, net of tax and reclassified into earnings in the same line associated with the forecasted transaction when the forecasted transaction affects earnings. Prior to 2019, any ineffective portion of a cash flow hedge was 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.

United is subject to the Dodd-Frank Act clearing requirement for eligible derivatives. United has executed and cleared eligible derivatives through the London Clearing House ("LCH"). Variation margin at the LCH is distinguished as settled-to-market and settled daily based on the prior day value, rather than collateralized-to-market.

United through its mortgage banking subsidiaries enters into interest rate lock commitments to finance residential mortgage loans with its customers. These commitments, which contain fixed expiration dates, offer the borrower an interest rate guarantee provided the loan meets underwriting guidelines and closes within the timeframe established by United. Interest rate risk arises on these commitments and subsequently closed loans if interest rates change between the time of the interest rate lock and the delivery of the loan to the investor. Market risk on interest rate lock commitments and mortgage loans held for sale is managed using corresponding forward mortgage loan sales contracts. United is a party to these forward mortgage loan sales contracts to sell loans servicing released and short sales of mortgage-backed securities. When the interest rate is locked with the borrower, the rate lock commitment, forward sale agreement, and mortgage-backed security position are undesignated derivatives and marked to fair value through earnings. The fair value of the rate lock derivative includes the servicing premium and the interest spread for the difference between retail and wholesale mortgage rates. Income from mortgage banking activities includes the gain recognized for the period presented and associated elements of fair value.

United sells mortgage loans on either a best efforts or mandatory delivery basis. For loans sold on a mandatory delivery basis, United enters into forward mortgage-backed securities (the "residual hedge") to mitigate the effect of interest rate risk. Both the rate lock commitment under mandatory delivery and the residual hedge are recorded at fair value through earnings and are not designated as accounting hedges. At the closing of the loan, the loan commitment derivative expires and United records a loan held for sale at fair value and continues to mark these assets to market under the election of fair value option. United closes out of the trading mortgage-backed securities assigned within the residual hedge and replaces the securities with a forward sales contract once a price has been accepted by an investor and recorded at fair value. For those loans selected to be sold under best efforts delivery, at the closing of the loan, the rate lock commitment derivative expires and the Company records a loan held for sale at fair value under the election of fair value option and continues to be obligated under the same forward loan sales contract entered into at inception of the rate lock commitment.

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.

Off-balance-sheet credit exposures**:** United maintains a reserve for lending-related commitments such as unfunded loan commitments and letters of credit. United estimates expected credit losses over the contractual period in which United is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by United. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. Methodology is based on a loss rate approach that starts with the probability of funding based on historical experience. Similar to methodology discussed previously related to the loans and leases receivable portfolio, adjustments are made to the historical losses for current conditions and reasonable and supportable forecast. Adjustments to the reserve for lending-related commitments on off-balance sheet credit exposures is recorded as other expense in the consolidated statements of income. The reserve for lending-related commitments 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 is considered the allowance for credit losses on loans and leases.

Stock-Based Compensation: Compensation expense related to stock options, restricted stock awards ("RSA") and restricted stock units ("RSU") issued to participants is based upon the fair value of the award at the date of grant. The fair value of stock options is estimated at the date of grant using a binomial lattice option pricing model, while the fair value of RSAs is based upon the stock price at the date of grant. RSU grants could be time-vested RSUs, performance-vested RSUs, or a combination of both. The value of the time-vested RSUs and the performance-vested, based on a performance condition, RSUs awarded is established as the fair market value of the stock at the time of the grant. The value of the performance-vested, based on a market condition, RSUs awarded is estimated through the use of a Monte Carlo valuation model as of the grant date. Compensation expense is recognized on a straight-line basis over the vesting period for all stock-based awards and grants.

Stock-based compensation expense was $8,018,000 in 2021, $5,980,000 in 2020, and $4,914,000 in 2019.

Treasury Stock: United records common stock purchased for treasury at cost. At the date of subsequent reissuance, the treasury stock account is reduced by the cost of such stock using the weighted-average cost method.

Trust Assets and Income: Assets held in a fiduciary or agency capacity for customers are not included in the balance sheets since such items are not assets of the company. Trust income is reported on an accrual basis.

Earnings Per Common Share: United calculates earnings per common share in accordance with ASC Topic 260, "Earnings Per Share," which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. United has determined that its outstanding non-vested restricted stock awards are participating securities.

Under the two-class method, basic earnings per common share is computed by dividing net earnings allocated to common stock by the weighted-average number of common shares outstanding during the applicable period, excluding outstanding participating securities. Diluted earnings per common share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method. Antidilutive stock options and restricted stock outstanding of 1,024,612, 1,926,840 and 857,511 for the years ended December 31, 2021, 2020 and 2019, respectively, were excluded from the earnings per diluted common share calculation.

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

	Year Ended December 31		
(Dollars in thousands, except per share)	**2021**	**2020**	**2019**
Distributed earnings allocated to common stock	$ 181,614	$ 171,403	$ 139,167
Undistributed earnings allocated to common stock	185,082	116,879	120,337
Net earnings allocated to common shareholders	$ 366,696	$ 288,282	$ 259,504
Average common shares outstanding	129,276,452	120,017,247	101,585,599
Dilutive effect of stock compensation	236,401	72,985	266,978
Average diluted shares outstanding	129,512,853	120,090,232	101,852,577
Earnings per basic common share	$ 2.84	$ 2.40	$ 2.55
Earnings per diluted common share	$ 2.83	$ 2.40	$ 2.55

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

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

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.

Recent Accounting Pronouncements:

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2021-08, "Business Combinations (Topic 805): Accounting for contract assets and contract liabilities from contracts with customers". ASU 2021-08 amends ASC 805 to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require that an entity acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. As a result of these amendments, it is expected that an acquirer will generally recognize and measure acquired contract assets and contract liabilities in a manner consistent with how the acquiree recognized and measured them in its preacquisition financial statements. ASU No. 2021-08 is effective for public business entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption of the amendments is permitted. ASU No. 2021-08 is not expected to have a material impact on the Company's financial condition or results of operations.

In July 2021, the FASB issued ASU No. 2021-05, "Leases (Topic 842): Lessors-Certain Leases with Variable Lease Payments (Topic 848)". This new guidance requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate as an operating lease at lease commencement if the lease would have been classified as a sales-type lease or direct financing lease in accordance with the classification criteria in ASC 842-10-25-2 and 25-3, respectively and if the lessor would have recognized a selling loss at lease commencement. When applying the guidance in ASC 842-10-24-3A, the lessor would not derecognize the underlying asset over its useful life. ASU No. 2021-05 is effective for public business entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Entities may elect to adopt the amendments through either a retrospective application to leases that commenced or were modified after the beginning of the period in which ASC 842 was adopted or a prospective application to leases that commence or are modified subsequent to the date the amendments in ASU 2021-05 are first applied. ASU No. 2021-05 was adopted by United on January 1, 2022. The adoption did not have a material impact on the Company's financial condition or results of operations

In January 2021, the FASB issued ASU No. 2021-01, "Reference Rate Reform (Topic 848)." This update refines the scope of ASC Topic 848 and permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by change in the interest rates used for discounting cash flows, for computing variation margin settlements, and for calculating price alignment interest in connection with reference rate reform activities under way in global financial markets. ASU No. 2021-01 is effective for public business entities upon issuance through December 31, 2022. United is implementing a transition plan to identify and modify its loans and other

financial instruments with attributes that are either directly or indirectly influenced by LIBOR. The Company is assessing ASU No. 2021-01 and its impact on the Company's transition away from LIBOR for its loan and other financial instruments.

In August 2020, the FASB issued No. 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)." The amendments in the ASU remove certain separation models for convertible debt instruments and convertible preferred stock that require the separation of a convertible debt instrument into a debt component and an equity or derivative component. The ASU also amends the derivative scope exception guidance for contracts in an entity's own equity. The amendments remove three settlement conditions that are required for equity contracts to qualify for the derivative scope exception. In addition, the ASU expands disclosure requirements for convertible instruments and simplifies areas of the guidance for diluted earnings-per-share calculations that are impacted by the amendments. ASU No. 2020-06 is effective for public business entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Entities may elect to adopt the amendments through either a modified retrospective method of transition or a fully retrospective method of transition. ASU No. 2020-06 was adopted by United on January 1, 2022. The adoption did not have a material impact on the Company's financial condition or results of operations.

In March 2020, the FASB issued ASU No. 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU provides "optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued." ASU No. 2020-04 is effective for public business entities on March 12, 2020 through December 31, 2022. United is implementing a transition plan to identify and modify its loans and other financial instruments with attributes that are either directly or indirectly influenced by LIBOR. The Company is assessing ASU No. 2020-04 and its impact on the Company's transition away from LIBOR for its loan and other financial instruments.

In February 2020, FASB issued ASU No. 2020-03, "Codification Improvements to Financial Instruments." This update makes narrow-scope changes that are intended to improve the board's standards for financial instruments accounting, including the credit losses standard issued in 2016, as part of FASB's ongoing project to improve and clarify its Accounting Standards Codification and avoid unintended application. ASU No. 2020-03 was effective for public business entities upon issuance of this final update in March 2020. ASU No. 2020-03 did not have a material impact on the Company's financial condition or results of operations.

In January 2020, the FASB issued ASU No. 2020-01, "Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815." The new guidance addresses accounting for the transition into and out of the equity method and measuring certain purchased options and forward contracts to acquire investments. ASU No. 2020-01 is effective for public companies for fiscal years, and interim fiscal periods within those fiscal years, beginning after December 15, 2020; early adoption is permitted. ASU No. 2020-01 was adopted by United on January 1, 2021. The adoption did not have a material impact on the Company's financial condition or results of operations.

In November 2019, the FASB issued ASU No. 2019-08, "Compensation – Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer." ASU No. 2019-08 requires companies to measure and classify (on the balance sheet) share-based payments to customers by applying the guidance in Topic 718, Compensation—Stock Compensation. As a result, the amount recorded as a reduction in revenue would be measured based on the grant-date fair value of the share-based payment. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2019. ASU No. 2019-08 was adopted by United on January 1, 2020. The adoption did not have a material impact on the Company's financial condition or results of operations.

In April 2019, the FASB issued ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments." The amendments clarify the scope of the credit losses standard and address issues related to accrued interest receivable balances, recoveries, variable interest rates and prepayments. The amendments also address partial-term fair valued hedges, fair value hedge basis adjustments. The amendments to the credit losses and hedging standards have the same effective dates as those standards, unless an entity has already adopted the standards. The amendments to recognition and measurement guidance are effective

for fiscal years beginning after December 15, 2019; early adoption is permitted. ASU No. 2019-04 was adopted by United on January 1, 2020. The adoption did not have a material impact on the Company's financial condition or results of operations.

In August 2018, the FASB issued ASU No. 2018-14, "Compensation – Retirement Benefits - Defined Benefits – General (Topic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans." This update amends ASC Topic 715 to add, remove, and clarify disclosure requirements related to defined benefit pension and other post retirement plans. The ASU's changes related to disclosures are part of the FASB's disclosure framework project, which the FASB launched in 2014 to improve effectiveness of disclosures in notes to financial statements. ASU No. 2018-14 is effective for public companies for fiscal years, and interim fiscal periods within those fiscal years, beginning after December 15, 2020; early adoption is permitted. ASU No. 2018-14 was adopted by United on January 1, 2021. The adoption did not have a material impact on the Company's financial condition or results of operations.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement." This amendment changes the fair value measurement disclosure requirements of ASC Topic 820 and is the result of a broader disclosure project called FASB Concepts Statement, Conceptual Framework for Financial Reporting – Chapter 8: Notes to Financial Statements, which was finalized in August 2018. ASU No. 2018-13 is effective for all entities for fiscal years, and interim fiscal periods within those fiscal years, beginning after December 15, 2019; early adoption is permitted for any eliminated or modified disclosure upon issuance of this ASU. ASU No. 2018-13 was adopted by United on January 1, 2020 and did not have a material impact on the Company's financial condition or results of operations.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles – Goodwill and Other (Topic 350)." ASU No. 2017-04 eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. ASU 2017-04 was adopted by United on January 1, 2020. The adoption of ASU 2017-04 did not have a material impact on the Company's financial condition or results of operations.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses." ASU No. 2016-13 changes the impairment model for most financial assets and certain other instruments that are not measured at fair value through net income. The standard replaces the "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost and requires entities to record allowances for available for sale debt securities rather than reduce the carrying amount under the current other-than-temporary impairment (OTTI) model. ASU No. 2016-13 also simplifies the accounting model for purchased credit-impaired debt securities and loans and leases. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. United engaged a third-party service provider to assist with the implementation of the new accounting standard. ASU No. 2016-13 was adopted by United on January 1, 2020 using a modified retrospective approach. At the January 1, 2020 date of adoption, based on forecasts of macroeconomic conditions and exposures at that time, the aggregate impact to United was a net increase to the allowance for credit losses of $57,442,000 and a decrease to retained earnings of $44,331,000, with the difference being an adjustment to deferred tax assets. United has elected to phase-in the impact to retained earnings using a five-year transition provision, allowed by the Federal Reserve Board and other federal banking agencies in response to the coronavirus (COVID-19) pandemic, to delay for two years the full impact of ASU No. 2016-13 on regulatory capital, followed by a three-year transition period. The adoption of ASU No. 2016-13 had an insignificant impact on the Company's held to maturity and available for sale securities portfolios.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". ASU No. 2016-02 includes a lessee accounting model that recognizes two types of leases, finance leases and operating leases, while lessor accounting will remain largely unchanged from the current GAAP. ASU No. 2016-02 requires, amongst other things, that a lessee recognize on the balance sheet a right-of-use asset and a lease liability for leases with terms of more than twelve months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. In July 2018, the FASB issued ASU No. 2018-11 "Leases (Topic 842), Targeted Improvements." This update creates an additional transition method, and a lessor practical expedient to not separate lease and non-lease components if specified criteria are met. The new transition method allows companies to use the effective date of the new leases standard as the date of initial application transition. Companies that elect this transition option will not adjust their comparative period financial information for the effect of ASC Topic 842, nor will they make the

new required lease disclosure for periods before the effective date. In addition, these companies will carry forward their ASC Topic 840 disclosures for comparative periods. The practical expedient permits lessors to make an accounting policy election by class of underlying asset to not separate lease and non-lease components if specified criteria are met. In July 2018, the FASB issued ASU No. 2018-10 "Codification Improvements to ASC Topic 842, Leases." This update includes narrow amendments to clarify how to apply certain aspects of the new leases standard. The amendments address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments. ASU 2018-10 does not make any substantive changes to the core provisions or principals of the new leases standard. United adopted the standard using the modified retrospective transition method on January 1, 2019. The Company has evaluated and has elected the practical expedients, which allows for existing leases to be accounted for consistent with current guidance, with the exception of the balance sheet recognition for lessees. Adoption of the standard resulted in the recognition of additional net lease assets and lease liabilities of $67,040,000 and $70,692,000, respectively, as of January 1, 2019. Of the difference between these two amounts, $1,049,000 was recorded as an adjustment to retained earnings.

NOTE B--MERGERS AND ACQUISITIONS

Community Bankers Trust Corporation

On December 3, 2021, United completed its acquisition of Community Bankers Trust Corporation ("Community Bankers Trust"). Community Bankers Trust was merged with and into United (the "Merger"), pursuant to the terms of the Agreement and Plan of Reorganization, dated June 2, 2021, by and between United and Community Bankers Trust (the "Agreement").

Under the terms of the Agreement, each outstanding share of common stock of Community Bankers Trust was converted into the right to receive 0.3173 shares of United common stock, par value $2.50 per share. Also, pursuant to the Agreement, at the effective time of the Merger, each outstanding Community Bankers Trust stock option granted under a Community Bankers Trust stock plan, whether vested or unvested as of the date of the Merger, vested as provided pursuant to the terms of such Community Bankers Trust stock plan and converted into an option to acquire United common stock adjusted based on the 0.3173 exchange ratio. Also, at the effective time of the Merger, each restricted stock unit granted under a Community Bankers Trust stock plan that was outstanding immediately prior to the effective time of the Merger vested in accordance with the formula and other terms of the Community Bankers Trust stock plan and converted into the right to receive shares of United common stock based on the 0.3173 exchange ratio.

Immediately following the Merger, Essex Bank, a wholly-owned subsidiary of Community Bankers Trust, merged with and into United Bank, a wholly-owned subsidiary of United (the "Bank Merger") pursuant to an Agreement and Plan of Merger, dated June 2, 2021. United Bank survived the Bank Merger and continues to exist as a Virginia banking corporation.

The Community Bankers Trust Merger was accounted for under the acquisition method of accounting. The results of operations of Community Bankers Trust are included in the consolidated results of operations from the Acquisition Date. The acquisition of Community Bankers Trust will enhance United's existing presence in the DC Metro MSA and will take United into new markets including Baltimore, Annapolis, Lynchburg, Richmond, and the Northern Neck of Virginia. It also strategically connects our Mid-Atlantic and Southeast footprints. As of the Acquisition Date, Community Bankers Trust had $1,788,842,000 in total assets, $1,282,997,000 in loans and leases, net of unearned income and $1,517,502,000 in deposits. For the year of 2021, United recorded acquisition-related costs for the Community Bankers Trust merger of $21,418,000, including a provision for credit losses of $12,288,000 for non-PCD loans.

The aggregate purchase price was approximately $260,304,000, including common stock valued at $252,321,000, stock options assumed valued at $7,958,000, and cash paid for fractional shares of $25,000. The number of shares issued in the transaction was 7,135,771, which were valued based on the closing market price of $35.36 for United's common shares on December 3, 2021. The preliminary purchase price has been allocated to the identifiable tangible and intangible assets resulting in preliminary additions to goodwill, and core deposit intangibles of $76,454,000 and $3,398,000, respectively. The goodwill recognized results from the expected synergies and potential earnings from the combination of United and Community Bankers Trust. The core deposit intangible is expected to be amortized on an accelerated basis 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 Community Bankers Trust acquisition is expected to be deductible for tax purposes. United used an independent third party to help determine the fair values of the assets and liabilities acquired from Community Bankers Trust. As a result of the merger, United recorded preliminary fair value discounts of $8,376,000 on the loans and leases acquired, $230,000 on land acquired, $50,000 on OREO properties acquired and $415,000 on a trust preferred issuance, and premiums of $6,766,000 on investment securities acquired, $492,000 on buildings acquired, $2,741,000 on interest-bearing deposits, and $457,000 on long-term FHLB advances, respectively. United also recorded an allowance for credit losses, including a reserve for unfunded commitments, of $25,920,000 on the loans and commitments acquired split between $12,788,000 for purchased credit deteriorated ("PCD") loans which is part of the acquisition date fair value, and $13,132,000 for non-PCD loans recorded to the provision for credit losses. The discounts and premium amounts, except for discount on the land, OREO and FHLB advances acquired, are being accreted or amortized on an accelerated or straight-line basis, based on the type of asset or liability, over each asset's or liability's estimated remaining life at the time of acquisition. The FHLB advances acquired were subsequently repaid prior to year-end. At December 31, 2021, the discount on the trust preferred issuance had an estimated remaining life of 12.25 years and the premiums on the buildings, and interest-bearing deposits each had an average estimated remaining life of 31.25 years, and 5.25 years, respectively.

Portfolio loans and leases acquired from Community Bankers Trust were recorded at their fair value at the Acquisition Date based on a discounted cash flow methodology. The estimated fair value incorporates adjustments related to market loss assumptions and prevailing market interest rates for comparable assets and other market factors such as liquidity from the perspective of a market participant. Also, acquired portfolio loans and leases were evaluated upon acquisition and classified as either PCD, which indicates that the loan has experienced a more-than-insignificant deterioration in credit quality since origination, or non-PCD. United considered a variety of factors in evaluating the acquired loans and leases for a more-than-insignificant deterioration in credit quality, including but not limited to risk grades, delinquency, nonperforming status, current or previous troubled debt restructurings or bankruptcies, watch list credits and other qualitative factors that indicated a deterioration in credit quality since origination. For PCD loans and leases, an initial allowance is determined based on the same methodology as other portfolio loans and leases. This initial allowance for credit losses is allocated to individual PCD loans and leases and added to the acquisition date fair values to establish the initial amortized cost basis for the PCD loans and leases. The difference between the unpaid principal balance ("UPB"), or par value, of PCD loans and leases and the amortized cost basis is considered to relate to noncredit factors and resulted in a discount of $3,561,000 at Acquisition Date. This discount will be recognized through interest income on a level-yield method over the life of the loans which is estimated to be a weighted-average of 5.5 years. For non-PCD acquired loans and leases, the differences between the initial fair value and the UPB, or par value, are recognized as interest income on a level-yield basis over the lives of the related loans and leases which is estimated to be a weighted-average of 5.6 years. The total fair value mark on the non-PCD loans and leases at the Acquisition Date was $4,815,000. At the Acquisition Date, an initial allowance for expected credit losses of $12,288,000 was recorded with a corresponding charge to the provision for credit losses in the Consolidated Statements of Income. Subsequent changes in the allowance for credit losses related to PCD and non-PCD loans and leases are recognized in the provision for credit losses.

The following table provides a reconciliation of the difference between the purchase price and the par value of portfolio PCD loans and leases acquired from Community Bankers Trust as of the Acquisition Date:

(Dollars in thousands)	
Purchase price of PCD loans and leases at acquisition	$ 360,638
Allowance for credit losses at acquisition	12,629
Non-credit discount at acquisition	3,561
Par value (UPB) of acquired PCD loans and leases at acquisition	$ 376,828

The consideration paid for Community Bankers Trust's common equity and the preliminary amounts of acquired identifiable assets and liabilities assumed as of the Community Bankers Trust Acquisition Date were as follows:

(Dollars in thousands)	
Purchase price:	
Value of common shares issued (7,135,771 shares)	$ 252,321
Fair value of stock options assumed	7,958
Cash for fractional shares	25
Total purchase price	260,304

Identifiable assets:	
Cash and cash equivalents	39,445
Investment securities	395,249
Net loans and leases	1,279,384
Premises and equipment	25,857
Operating lease right-of-use asset	8,127
Core deposit intangible	3,398
Other assets	51,828
Total identifiable assets	$ 1,803,288
Identifiable liabilities:	
Deposits	$ 1,520,243
Short-term borrowings	26,755
Long-term borrowings	51,500
Operating lease liability	8,127
Other liabilities	12,813
Total identifiable liabilities	1,619,438
Preliminary fair value of net assets acquired including identifiable intangible assets	183,850
Preliminary resulting goodwill	$ 76,454

The operating results of United include operating results of acquired assets and assumed liabilities subsequent to the Acquisition Date. The operations of United's central region of Virginia, which includes most of the acquired operations of Community Bankers Trust provided $2,638,000 in total revenues (net interest income plus other income), and $1,008,000 in net income for the year of 2021. These amounts are included in United's consolidated financial statements as of and for the year of 2021. Community Bankers Trust's results of operations prior to the Acquisition Date are not included in United's consolidated results of operations.

The following table presents certain unaudited pro forma information for the results of operations for the years ended December 31, 2021 and 2020, as if the Community Bankers Trust merger had occurred on January 1, 2021 and 2020, respectively. These results combine the historical results of Community Bankers Trust into United's consolidated statement of income and, while certain adjustments were made for the estimated impact of certain fair valuation adjustments and other acquisition-related activity, they are not indicative of what would have occurred had the acquisition taken place on the indicated date nor are they intended to represent or be indicative of future results of operations. In particular, no adjustments have been made to eliminate the amount of Community Bankers Trust's provision for credit losses for 2021 and 2020 that may not have been necessary had the acquired loans and leases been recorded at fair value as of the beginning of 2021 and 2020. Additionally, United expects to achieve operating cost savings and other business synergies as a result of the acquisition which are not reflected in the pro forma amounts.

	Proforma Year Ended December 31	
(Dollars in thousands)	**2021**	**2020**
Total Revenues [(1)]	$ 1,099,946	$ 1,120,497
Net Income	396,022	319,176

[(1)] Represents net interest income plus other income

Carolina Financial Corporation

On May 1, 2020 ("Acquisition Date"), United acquired 100% of the outstanding shares of Carolina Financial Corporation ("Carolina Financial"), a Delaware corporation headquartered in Charleston, South Carolina. Carolina Financial was merged with and into United (the "Merger"), pursuant to the terms of the Agreement and Plan of Merger, dated November 17, 2019, by and between United and Carolina Financial (the "Merger Agreement"). Upon completion of the Merger, Carolina Financial ceased to exist and United survived and continues to exist as a West Virginia corporation.

Under the terms of the Merger Agreement, each outstanding share of common stock of Carolina Financial was converted into the right to receive 1.13 shares of United common stock, par value $2.50 per share. Also pursuant to the Merger Agreement, as of the effective time of the Merger, each outstanding Carolina Financial stock option, whether vested or

unvested as of the date of the Merger, at such option holder's election, (i) vested and converted into an option to acquire United common stock adjusted based on the 1.13 exchange ratio, or (ii) received cash consideration equal to the difference between (a) the option's exercise price and (b) $28.99, representing the volume weighted average trading price of the Carolina Financial common stock on NASDAQ for the twenty full trading days ending on the second trading day immediately preceding the closing date (the "CFC Closing Price") multiplied by the number of shares of Carolina Financial common stock subject to such stock option. Also, at the effective time of the Merger, each restricted stock grant, restricted stock unit grant or any other award of a share of Carolina Financial common stock subject to vesting, repurchase or other lapse restriction under a Carolina Financial stock plan (other than a stock option) (each, a "Stock Award") that was outstanding immediately prior to the effective time of the Merger, vested in accordance with the terms of the Carolina Financial stock plan and at the election of the holder (i) converted into the right to receive shares of United common stock based on the 1.13 exchange ratio or (ii) converted into cash in an amount equal to the CFC Closing Price multiplied by the shares of Carolina Financial common stock subject to the Stock Award.

Immediately following the Merger, CresCom Bank, a wholly-owned subsidiary of Carolina Financial, merged with and into United Bank, a wholly-owned subsidiary of United (the "Bank Merger"). United Bank survived the Bank Merger and continues to exist as a Virginia banking corporation. CresCom Bank owned and operated Crescent Mortgage Company ("Crescent"), which is based in Atlanta, Georgia. As a result of the Bank Merger, Crescent became a wholly-owned subsidiary of United Bank. For the year of 2021, United did not record any acquisition-related costs associated with the Carolina Financial Merger as compared to acquisition-related costs of $54,240,000, including a provision for credit losses of $28,948,000 for non-PCD loans, for the year of 2020.

The Carolina Financial Merger was accounted for under the acquisition method of accounting. The results of operations of Carolina Financial are included in the consolidated results of operations from the Acquisition Date. The acquisition of Carolina Financial provided United the opportunity to expand its existing footprint in North Carolina and South Carolina. Carolina Financial had banking locations in North Carolina and South Carolina. As of the Acquisition Date, Carolina Financial had $5,004,990,000 in total assets, $3,292,635,000 in loans and leases, net of unearned income and $3,873,183,000 in deposits.

The aggregate purchase price was approximately $817,877,000, including common stock valued at $815,997,000, stock options assumed valued at $1,833,000, and cash paid for fractional shares of $47,000. The number of shares issued in the transaction was 28,031,501, which were valued based on the closing market price of $29.11 for United's common shares on May 1, 2020. The purchase price was allocated to the identifiable tangible and intangible assets resulting in additions to goodwill, core deposit intangibles and the Crescent trade name intangible of $332,026,000, $3,408,000 and $196,000, respectively. The goodwill recognized results from the expected synergies and potential earnings from the combination of United and Carolina Financial. The core deposit intangible is being amortized on an accelerated basis over ten years. The Crescent trade name provides a source of market recognition to attract potential clients and retain existing relationships. United believes the Crescent trade name provides a competitive advantage and is likely going to be used into perpetuity and thus will not be subject to amortization, but rather be evaluated for impairment.

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 Carolina Financial acquisition is expected to be deductible for tax purposes. United used an independent third party to help determine the fair values of the assets and liabilities acquired from Carolina Financial. As a result of the merger, United recorded fair value discounts of $47,425,000 on the loans and leases acquired, $620,000 on investment securities, $272,000 on OREO, $4,831,000 on trust preferred issuances and $135,000 on subordinated notes, respectively, and premiums of $5,908,000 on buildings acquired, $4,357,000 on land acquired, $12,818,000 on interest-bearing deposits, and $468,000 on long-term FHLB advances, respectively. United also recorded an allowance for credit losses, including a reserve for unfunded commitments, of $50,562,000 on the loans and commitments acquired split between $19,797,000 for purchased credit deteriorated ("PCD") loans and $30,765,000 for non-PCD loans. The discounts and premium amounts, except for discount on the land and OREO acquired, are being accreted or amortized on an accelerated or straight-line basis, based on the type of asset or liability, over each asset's or liability's estimated remaining life at the time of acquisition. At December 31, 2021, the discounts on subordinated debt and trust preferred issuances had an average estimated remaining life of 6.00 years and 15.25 years, respectively, and the premiums on the buildings, and interest-bearing deposits each had an average estimated remaining life of 30.00 years, and 3.60 years, respectively. The estimated fair values of the acquired assets and assumed liabilities, including identifiable intangible assets and goodwill were considered final as of June 30, 2021.

Portfolio loans and leases acquired from Carolina Financial were recorded at their fair value at the Acquisition Date based on a discounted cash flow methodology. The estimated fair value incorporates adjustments related to market loss assumptions and prevailing market interest rates for comparable assets and other market factors such as liquidity from the perspective of a market participant. Also, acquired portfolio loans and leases were evaluated upon acquisition and classified as either PCD, which indicates that the loan has experienced a more-than-insignificant deterioration in credit quality since origination, or non-PCD. United considered a variety of factors in evaluating the acquired loans and leases for a more-than-insignificant deterioration in credit quality, including but not limited to risk grades, delinquency, nonperforming status, current or previous troubled debt restructurings or bankruptcies, watch list credits and other qualitative factors that indicated a deterioration in credit quality since origination. For PCD loans and leases, an initial allowance is determined based on the same methodology as other portfolio loans and leases. This initial allowance for credit losses is allocated to individual PCD loans and leases and added to the acquisition date fair values to establish the initial amortized cost basis for the PCD loans and leases. The difference between the unpaid principal balance ("UPB"), or par value, of PCD loans and leases and the amortized cost basis is considered to relate to noncredit factors and resulted in a discount of $7,212,000 at Acquisition Date. This discount was recognized through interest income on a level-yield method over the life of the loans which is estimated to be a weighted-average of 4.6 years. For non-PCD acquired loans and leases, the differences between the initial fair value and the UPB, or par value, were recognized as interest income on a level-yield basis over the lives of the related loans and leases which was estimated to be a weighted-average of 7.3 years. The total fair value mark on the non-PCD loans and leases at the Acquisition Date was $40,213,000. At the Acquisition Date, an initial allowance for expected credit losses of $28,948,000 was recorded with a corresponding charge to the provision for credit losses in the Consolidated Statements of Income. Subsequent changes in the allowance for credit losses related to PCD and non-PCD loans and leases are recognized in the provision for credit losses.

The following table provides a reconciliation of the difference between the purchase price and the par value of portfolio PCD loans and leases acquired from Carolina Financial as of the Acquisition Date:

(Dollars in thousands)	
Purchase price of PCD loans and leases at acquisition	$ 1,023,531
Allowance for credit losses at acquisition	18,635
Non-credit discount at acquisition	7,212
Par value (UPB) of acquired PCD loans and leases at acquisition	$ 1,049,378

The consideration paid for Carolina Financial's common equity and the amounts of acquired identifiable assets and liabilities assumed as of the Carolina Financial Acquisition Date were as follows:

(Dollars in thousands)	
Purchase price:	
Value of common shares issued (28,031,501 shares)	$ 815,997
Fair value of stock options assumed	1,833
Cash for fractional shares	47
Total purchase price	817,877
Identifiable assets:	
Cash and cash equivalents	629,154
Investment securities	580,791
Loans held for sale	65,757
Net loans and leases	3,246,940
Premises and equipment	79,127
Operating lease right-of-use asset	9,861
Crescent trade name intangible	196
Core deposit intangible	3,408
Mortgage servicing rights	20,123
Other assets	159,218
Total identifiable assets	$ 4,794,575
Identifiable liabilities:	
Deposits	$ 3,884,977
Short-term borrowings	332,000
Long-term borrowings	42,738

Operating lease liability	9,861
Other liabilities	39,148
Total identifiable liabilities	4,308,724
Fair value of net assets acquired including identifiable intangible assets	485,851
Resulting goodwill	$ 332,026

The operating results of United include operating results of acquired assets and assumed liabilities subsequent to the Acquisition Date. The operations of United's North Carolina and South Carolina geographic area, which includes the acquired operations of Carolina Financial and Crescent Mortgage provided $198,234,000 in total revenues (net interest income plus other income), and $100,242,000 in net income for the year of 2021. These amounts are included in United's consolidated financial statements as of and for the year of 2021. Carolina Financial's results of operations prior to the Acquisition Date are not included in United's consolidated results of operations.

NOTE C--INVESTMENT SECURITIES

Securities Available for Sale

Securities held for indefinite periods of time 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.

	December 31, 2021				
(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance For Credit Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 82,136	$ 51	$ 337	$ 0	$ 81,850
State and political subdivisions	831,499	19,608	3,809	0	847,298
Residential mortgage-backed securities					
Agency	1,120,423	9,173	15,822	0	1,113,774
Non-agency	74,965	306	726	0	74,545
Commercial mortgage-backed securities					
Agency	633,802	12,731	6,608	0	639,925
Asset-backed securities	659,830	49	3,307	0	656,572
Single issue trust preferred securities	17,291	146	626	0	16,811
Other corporate securities	611,548	3,558	3,182	0	611,924
Total	$ 4,031,494	$ 45,622	$ 34,417	$ 0	$ 4,042,699

	December 31, 2020				
(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance For Credit Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 65,804	$ 543	$ 3	$ 0	$ 66,344
State and political subdivisions	538,082	27,330	252	0	565,160
Residential mortgage-backed securities					
Agency	905,230	24,134	473	0	928,891
Non-agency	21,639	137	0	0	21,776
Commercial mortgage-backed securities					
Agency	644,774	31,009	638	0	675,145
Asset-backed securities	297,834	204	3,415	0	294,623
Single issue trust preferred securities	18,230	167	1,370	0	17,027
Other corporate securities	376,753	7,648	8	0	384,393
Total	$ 2,868,346	$ 91,172	$ 6,159	$ 0	$ 2,953,359

For the adoption of ASC Topic 326, "Financial Instruments—Credit Losses," United made a policy election to exclude accrued interest from the amortized cost basis of available-for-sale debt securities and report accrued interest separately in "Accrued interest receivable" in the consolidated balance sheets. Available-for-sale debt securities are placed on non-accrual status when we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on non-accrual status. Accordingly, United does not currently recognize an allowance for credit loss against accrued interest receivable on available-for-sale debt securities. The table above excludes accrued interest receivable of $15,353,000 and $10,663,000 at December 31, 2021 and December 31, 2020, respectively, that is recorded in "Accrued interest receivable."

The following is a summary of securities available for sale which were in an unrealized loss position at December 31, 2021 and December 31, 2020.

	Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2021						
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 75,106	$ 334	$ 213	$ 3	$ 75,319	$ 337
State and political subdivisions	223,754	2,872	24,067	937	247,821	3,809
Residential mortgage-backed securities						
Agency	680,320	13,167	71,392	2,655	751,712	15,822
Non-agency	55,336	726	0	0	55,336	726
Commercial mortgage-backed securities						
Agency	136,071	2,912	70,543	3,696	206,614	6,608
Asset-backed securities	532,373	2,620	82,222	687	614,595	3,307
Trust preferred collateralized debt obligations	0	0	0	0	0	0
Single issue trust preferred securities	0	0	13,594	626	13,594	626
Other corporate securities	307,912	3,182	0	0	307,912	3,182
Total	$ 2,010,872	$ 25,813	$ 262,031	$ 8,604	$ 2,272,903	$ 34,417

	Less than 12 months		12 months or longer		Total	
(Dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2020						
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 297	$ 3	$ 0	$ 0	$ 297	$ 3
State and political subdivisions	30,480	252	0	0	30,480	252
Residential mortgage-backed securities						
Agency	131,114	467	3,867	6	134,981	473
Non-agency	0	0	0	0	0	0
Commercial mortgage-backed securities						
Agency	83,395	638	0	0	83,395	638
Asset-backed securities	0	0	266,104	3,415	266,104	3,415
Trust preferred collateralized debt obligations	0	0	0	0	0	0
Single issue trust preferred securities	0	0	13,804	1,370	13,804	1,370
Other corporate securities	8,494	8	0	0	8,494	8
Total	$ 253,780	$ 1,368	$ 283,775	$ 4,791	$ 537,555	$ 6,159

The following table shows the proceeds from maturities, sales and calls of available for sale securities and the gross realized gains and losses on sales and calls of those securities that have been included in earnings as a result of any sales and calls. Gains or losses on sales and calls of available for sale securities were recognized by the specific identification method.

	Year Ended		
(In thousands)	**2021**	**2020**	**2019**
Proceeds from maturities, sales and calls	$ 731,902	$ 708,068	$ 712,557
Gross realized gains	1,673	4,618	1,542
Gross realized losses	122	2,116	1,445

At December 31, 2021, gross unrealized losses on available for sale securities were $34,417,000 on 562 securities of a total portfolio of 1,489 available for sale securities. Securities with the most significant gross unrealized losses at December 31, 2021 consisted primarily of agency residential mortgage-backed securities and agency commercial mortgage-backed securities.

In determining whether or not a security is impaired, management considered the severity 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.

State and political subdivisions

United’s state and political subdivisions portfolio relates to securities issued by various municipalities located throughout the United States. The total amortized cost of available for sale state and political subdivision securities was $831,499,000 at December 31, 2021. As of December 31, 2021, approximately 53% of the portfolio was supported by the general obligation of the issuing municipality, which allows for the securities to be repaid by any means available to the municipality. The majority of the portfolio was rated AA or higher, and no securities within the portfolio were rated below investment grade as of December 31, 2021. In addition to monitoring the credit ratings of these securities, management also evaluates the financial performance of the underlying issuers on an ongoing basis. Based upon management’s analysis and judgment, it was determined that none of the state and political subdivision securities had credit losses at December 31, 2021.

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-backed securities was $1,754,225,000 at December 31, 2021. Of the $1,754,225,000 amount, $633,802,000 was related to agency commercial mortgage-backed securities and $1,120,423,000 was related to agency residential mortgage-backed securities. Each of the agency mortgage-backed 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 had credit losses at December 31, 2021.

Non-agency residential mortgage-backed securities

United’s non-agency residential mortgage-backed securities portfolio relates to securities of various private label issuers. The total amortized cost of available for sale non-agency residential mortgage-backed securities was $74,965,000 at December 31, 2021. Of the $74,965,000, 100% was rated AAA. Based upon management’s analysis and judgment, it was determined that none of the non-agency residential mortgage-backed securities had credit losses at December 31, 2021.

Asset-backed securities

As of December 31, 2021, United’s asset-backed securities portfolio had a total amortized cost balance of $659,830,000. The entire portfolio was investment grade rated as of December 31, 2021. Approximately 48% of the portfolio relates to securities that are backed by Federal Family Education Loan Program (“FFELP”) student loan collateral which includes a minimum of a 97% government repayment guaranty, as well as additional credit support and subordination in excess of the government guaranteed portion. Approximately 52% of the portfolio relates to collateralized loan obligation securities that are all AAA rated. Upon reviewing this portfolio as of December 31, 2021, it was determined that none of the asset-backed

securities had credit losses.

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). All single issue trust preferred securities are currently receiving interest payments. The amortized cost of available for sale single issue trust preferred securities as of December 31, 2021 consisted of $8,456,000 in investment grade bonds, $3,070,000 in split rated bonds, and $5,765,000 in unrated bonds. Management reviews each issuer's current and projected earnings trends, asset quality, capitalization levels, and other key factors. Upon completing the review for the fourth quarter of 2021, it was determined that none of the single issue trust preferred securities had credit losses.

Corporate securities

As of December 31, 2021, United's Corporate securities portfolio had a total amortized cost balance of $611,548,000. The majority of the portfolio consisted of debt issuances of corporations representing a variety of industries, including financial institutions. Of the $611,548,000, 87% had at least one rating above investment grade, 2% was below investment grade rated, and 11% was unrated. For corporate securities, management has evaluated the near-term prospects of the investment in relation to the severity of any unrealized loss. Based upon management's analysis and judgment, it was determined that none of the corporate securities had credit losses at December 31, 2021.

The amortized cost and estimated fair value of securities available for sale at December 31, 2021 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.

Maturities of mortgage-backed securities with an amortized cost of $1,829,190,000 and an estimated fair value of $1,828,244,000 at December 31, 2021 are included below based upon contractual maturity.

(In thousands)	**Amortized Cost**	**Estimated Fair Value**
Due in one year or less	$ 126,032	$ 126,564
Due after one year through five years	661,627	670,298
Due after five years through ten years	940,031	941,640
Due after ten years	2,303,804	2,304,197
Total	$ 4,031,494	$ 4,042,699

Equity securities at fair value

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 fair value of United's equity securities was $12,404,000 at December 31, 2021 and $10,718,000 at December 31, 2020.

	Year Ended	
(In thousands)	**December 31, 2021**	**December 31, 2020**
Net gains recognized during the period on equity securities sold	$ 788	$ 579
Unrealized gains recognized during the period on equity securities still held at period end	69	147
Unrealized losses recognized during the period on equity securities still held at period end	(187)	(75)
Net gains recognized during the period	$ 670	$ 651

Other investment securities

During the fourth quarter of 2021, United evaluated all of its cost method investments to determine if certain events or changes in circumstances during the fourth quarter of 2021 had a significant adverse effect on the fair value of any of its cost method securities. United determined that there was no individual security that experienced an adverse event during the fourth quarter. There were no other events or changes in circumstances during the fourth quarter which would have an adverse effect on the fair value of its cost method securities.

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 $1,871,328,000 and $1,942,087,000 at December 31, 2021 and December 31, 2020, respectively.

The fair value of mortgage-backed securities is affected by changes in interest rates and prepayment speeds. When interest rates decline, prepayment speeds generally accelerate due to homeowners refinancing their mortgages at lower interest rates. This may result in the proceeds being reinvested at lower interest rates. Rising interest rates may decrease the assumed prepayment speed. Slower prepayment speeds may extend the maturity of the security beyond its estimated maturity. Therefore, investors may not be able to invest at current higher market rates due to the extended expected maturity of the security. United had a net unrealized loss of $946,000 at December 31, 2021 and a net unrealized gain of $54,169,000 at December 31, 2020 on all mortgage-backed securities.

NOTE D—LOANS AND LEASES

Major classes of loans and leases are as follows:

(In thousands)	December 31, 2021	December 31, 2020
Commercial, financial and agricultural:		
Owner-occupied commercial real estate	$ 1,733,176	$ 1,622,687
Nonowner-occupied commercial real estate	5,957,288	5,017,727
Other commercial	3,462,361	4,054,418
Total commercial, financial & agricultural	11,152,825	10,694,832
Residential real estate	3,691,560	3,899,885
Construction & land development	2,014,165	1,826,349
Consumer:		
Bankcard	8,913	8,937
Other consumer	1,183,844	1,192,580
Less: Unearned income	(27,659)	(31,170)
Total gross loans	$ 18,023,648	$ 17,591,413

The table above does not include loans held for sale of $504,416,000 and $718,937,000 at December 31, 2021 and December 31, 2020, respectively. Loans held for sale consist of single-family residential real estate loans originated for sale in the secondary market.

At December 31, 2021 and 2020, loans-in-process of $112,109,000 and $57,214,000 and overdrafts from deposit accounts of $14,270,000 and $42,193,000, respectively, are included within the appropriate loan classifications above. The outstanding loan balances in the table above also include unamortized loan fees of $66,081,000 and $91,562,000 at December 31, 2021 and December 31, 2020, respectively.

United's subsidiary bank has made loans, in the normal course of business, to the directors and officers of United and its subsidiaries, and to their associates. The aggregate dollar amount of these loans was $32,990,000 and $35,756,000 at December 31, 2021 and 2020, respectively. During 2021, $3,435,000 of new loans were made and repayments totaled $6,201,000.

NOTE E--CREDIT QUALITY

Management monitors the credit quality of its loans and leases on an ongoing basis. Measurement of delinquency and past due status are based on the contractual terms of each loan. United considers a loan to be past due when it is 30 days or more past its contractual payment due date.

For all loan classes, past due loans and leases are reviewed on a monthly basis to identify loans and leases 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 credit losses. United's method of income recognition for loans and leases 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 and leases 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. Generally, a loan is categorized as a TDR if a concession is granted and there is deterioration in the financial condition of the borrower. The portfolio of TDR loans is monitored monthly.

In response to the coronavirus ("COVID-19") pandemic and its economic impact on our customers, United implemented a short-term modification program that complied with the Coronavirus Aid, Relief, and Economic Security ("CARES") Act to provide temporary payment relief to those borrowers directly impacted by COVID-19 who were not more than 30 days past due as of December 31, 2019. This program allowed for a deferral of payments from the period beginning March 1, 2020 until the earlier of January 1, 2022 or the date that is 60 days after the date on which the national emergency concerning the COVID-19 outbreak terminates. As provided for under the CARES Act, these loan modifications are exempt by law from classification as a TDR as defined by GAAP. As of December 31, 2021, United has 188 eligible loan modifications in deferral under section 4013, "Temporary Relief from Troubled Debt Restructurings," of the CARES Act on $18,039,000 of loans outstanding, down significantly from 1,002 eligible loan modifications in deferral on $399,857,000 of loans outstanding at December 31, 2020.

As of December 31, 2021, United had TDRs of $35,856,000. Of the $35,856,000 aggregate balance of TDRs at December 31, 2021, $22,421,000 was on nonaccrual and $102,000 was 90 days or more days past due. As of December 31, 2020, United had TDRs of $55,657,000. Of the $55,657,000 aggregate balance of TDRs at December 31, 2020, $41,185,000 was on nonaccrual and $197,000 was 30-89 days past due. All these amounts are included in the appropriate categories in the "Age Analysis of Past Due Loans" table on a subsequent page. As of December 31, 2021, there was a commitment to lend additional funds of $110,000 to a debtor owing a receivable whose terms have been modified in a TDR. During the year of 2021, advances totaling $14,000 were made to this debtor under a loan that had been previously modified. No advances were made to this debtor during the year of 2021 under a loan that had been previously modified.

The following tables sets forth the balances of TDRs at December 31, 2021 and December 31, 2020 and the reasons for modification:

(In thousands)

Reason for modification	**December 31, 2021**	**December 31, 2020**
Interest rate reduction	$ 3,163	$ 10,774
Interest rate reduction and change in terms	1,412	2,346
Forgiveness of principal	0	214
Concession of principal and term	19	22
Extended maturity	4,831	4,414
Transfer of asset	5,407	0
Change in terms	21,024	37,887
Total	$ 35,856	$ 55,657

The following table sets forth United's troubled debt restructurings that have been restructured during the year ended December 31, 2021 and 2020, segregated by class of loans:

	Troubled Debt Restructurings For the Year Ended					
	December 31, 2021			**December 31, 2020**		
(Dollars in thousands)	**Number of Contracts**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**	**Number of Contracts**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**
Commercial real estate:						
Owner-occupied	5	$ 2,155	$ 2,293	21	$ 18,579	$ 16,659
Nonowner-occupied	3	6,362	6,130	7	2,577	2,525
Other commercial	2	328	328	21	3,830	2,858
Residential real estate	9	1,660	1,651	22	4,271	3,284
Construction & land	0	0	0	13	4,607	3,760

(Dollars in thousands)	Troubled Debt Restructurings For the Year Ended December 31, 2021 Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	December 31, 2020 Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
development						
Consumer:						
Bankcard	0	0	0	0	0	0
Other consumer	0	0	0	3	69	20
Total	19	$ 10,505	$ 10,402	87	$ 33,933	$ 29,106

The following table sets forth United's troubled debt restructurings, based on their post-modification outstanding recorded balance, that have been restructured during the year ended December 31, 2021 and 2020, segregated by the reason for modification:

(In thousands) Reason for modification	Year Ended December 31, 2021	Year Ended December 31, 2020
Interest rate reduction	$ 155	$ 9,560
Interest rate reduction and change in terms	1,412	662
Forgiveness of principal	0	214
Concession of principal and term	0	22
Transfer of asset	5,407	0
Extended maturity	2,754	4,414
Change in terms	674	14,234
Total	$ 10,402	$ 29,106

The loans and leases 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.

The following table presents troubled debt restructurings, by class of loan, that had charge-offs during the year ended December 31, 2021 and 2020. These loans were restructured during the twelve months ended December 31, 2021 and 2020 and subsequently defaulted, resulting in principal charge-offs during the year of 2021 and 2020. The recorded investment amounts presented were as of the December 31, 2021 and 2020 balance sheet dates.

(In thousands)	Year Ended December 31, 2021 Number of Contracts	Recorded Investment	Year Ended December 31, 2020 Number of Contracts	Recorded Investment
Troubled Debt Restructurings				
Commercial real estate:				
Owner-occupied	0	$ 0	0	$ 0
Nonowner-occupied	0	0	0	0
Other commercial	0	0	0	0
Residential real estate	1	0	0	0
Construction & land development	2	0	1	690
Consumer:				
Bankcard	0	0	0	0
Other consumer	0	0	0	0
Total	3	$ 0	1	$ 690

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

Age Analysis of Past Due Loans and Leases
As of December 31, 2021

(In thousands)	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other	Total Financing Receivables	90 Days or More Past Due & Accruing
Commercial real estate:						
Owner-occupied	$ 7,522	$ 13,325	$ 20,847	$ 1,712,329	$ 1,733,176	$ 611
Nonowner-occupied	5,791	18,829	24,620	5,932,668	5,957,288	545
Other commercial	21,444	15,883	37,327	3,425,034	3,462,361	6,569
Residential real estate	19,488	23,495	42,983	3,648,577	3,691,560	8,241
Construction & land development	6,599	3,096	9,695	2,004,470	2,014,165	383
Consumer:						
Bankcard	100	187	287	8,626	8,913	187
Other consumer	17,264	2,615	19,879	1,163,965	1,183,844	2,445
Total	$ 78,208	$ 77,430	$ 155,638	$ 17,895,669	$ 18,051,307	$ 18,981

Age Analysis of Past Due Loans and Leases
As of December 31, 2020

(In thousands)	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other	Total Financing Receivables	90 Days or More Past Due & Accruing
Commercial real estate:						
Owner-occupied	$ 4,556	$ 28,479	$ 33,035	$ 1,589,652	$ 1,622,687	$ 0
Nonowner-occupied	6,837	29,292	36,129	4,981,598	5,017,727	1,284
Other commercial	13,796	26,274	40,070	4,014,348	4,054,418	1,001
Residential real estate	32,743	24,892	57,635	3,842,250	3,899,885	8,574
Construction & land development	1,919	5,885	7,804	1,818,545	1,826,349	461
Consumer:						
Bankcard	362	156	518	8,419	8,937	156
Other consumer	14,765	2,757	17,522	1,175,058	1,192,580	2,356
Total	$ 74,978	$ 117,735	$ 192,713	$ 17,429,870	$ 17,622,583	$ 13,832

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

	At December 31, 2021			At December 31, 2020		
(In thousands)	Nonaccruals	With No Related Allowance for Credit Losses	90 Days or More Past Due & Accruing	Nonaccruals	With No Related Allowance for Credit Losses	90 Days or More Past Due & Accruing
Commercial Real Estate:						
Owner-occupied	$ 12,714	$ 12,714	$ 611	$ 28,479	$ 28,479	$ 0
Nonowner-occupied	18,284	18,284	545	28,008	16,070	1,284
Other Commercial	9,314	8,261	6,569	25,273	13,149	1,001
Residential Real Estate	15,254	14,298	8,241	16,318	14,769	8,574
Construction	2,713	2,713	383	5,424	4,484	461
Consumer:		0	0			
Bankcard	0	0	187	0	0	156
Other consumer	170	170	2,445	401	401	2,356
Total	$ 58,449	$ 56,440	$ 18,981	$ 103,903	$ 77,352	$ 13,832

Interest income recognized on nonaccrual loans was insignificant during the year ended December 31, 2021 and 2020.

For the adoption of ASC Topic 326, United elected the practical expedient to measure expected credit losses on collateral dependent loans and leases based on the difference between the loan's amortized cost and the collateral's fair value, adjusted for selling costs. The following table presents the amortized cost basis of collateral-dependent loans and leases in

which repayment is expected to be derived substantially through the operation or sale of the collateral and where the borrower is experiencing financial difficulty, by class of loans and leases as of December 31, 2021 and December 31, 2020:

	Collateral Dependent Loans and Leases At December 31, 2021					
(In thousands)	**Residential Property**	**Business Assets**	**Land**	**Commercial Property**	**Other**	**Total**
Commercial real estate:						
Owner-occupied	$ 0	$ 38	$ 0	$ 9,775	$ 11,223	$ 21,036
Nonowner-occupied	7,085	0	703	8,665	52,299	68,752
Other commercial	2,093	15,225	0	0	732	18,050
Residential real estate	16,749	0	0	0	0	16,749
Construction & land development	0	0	4,770	0	1,103	5,873
Consumer:						
Bankcard	0	0	0	0	0	0
Other consumer	0	0	0	0	0	0
Total	$ 25,927	$ 15,263	$ 5,473	$ 18,440	$ 65,357	$ 130,460

	Collateral Dependent Loans and Leases At December 31, 2020					
(In thousands)	**Residential Property**	**Business Assets**	**Land**	**Commercial Property**	**Other**	**Total**
Commercial real estate:						
Owner-occupied	$ 1,480	$ 138	$ 0	$ 18,097	$ 21,737	$ 41,452
Nonowner-occupied	16,400	0	2,898	10,167	18,230	47,695
Other commercial	5,424	20,429	0	258	2,345	28,456
Residential real estate	21,006	229	34	0	803	22,072
Construction & land development	39	0	17,408	0	746	18,193
Consumer:						
Bankcard	0	0	0	0	0	0
Other consumer	0	0	0	0	1	1
Total	$ 44,349	$ 20,796	$ 20,340	$ 28,522	$ 43,862	$ 157,869

United categorizes loans and leases into risk categories based on relevant information about the ability of borrowers to service their debt: current financial information, historical payment experience, credit documentation, underlying collateral (if any), public information and current economic trends, among other factors.

United uses the following definitions for risk ratings:

- Pass
- Special Mention
- Substandard
- Doubtful

For United's loans with a corporate credit exposure, United analyzes loans individually to classify the loans as to credit risk. Review and analysis of criticized (special mention-rated loans in the amount of $1,000,000 or greater) and classified (substandard-rated and worse in the amount of $500,000 and greater) loans is completed once per quarter. Review of notes with committed exposure of $2,000,000 or greater is completed at least annually. 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 generally 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. 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.

Based on the most recent analysis performed, the risk category of loans and leases by class of loans is as follows:

Commercial Real Estate – Owner-occupied

(In thousands)	Term Loans Origination Year						Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
As of December 31, 2021	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior**			
Internal Risk Grade:									
Pass	$ 319,007	$ 310,893	$ 161,075	$ 135,472	$ 168,874	$ 539,640	$ 39,117	$ 401	$ 1,674,479
Special Mention	0	0	51	5,399	712	20,672	959	0	27,793
Substandard	0	55	38	661	1,304	27,458	839	244	30,599
Doubtful	0	0	0	0	0	305	0	0	305
Total	$ 319,007	$ 310,948	$ 161,164	$ 141,532	$ 170,890	$ 588,075	$ 40,915	$ 645	$ 1,733,176
YTD charge-offs	0	0	0	0	(44)	(370)	0	0	(414)
YTD recoveries	0	0	0	0	13	856	0	0	869
YTD net charge-offs	$ 0	$ 0	$ 0	$ 0	$ (31)	$ 486	$ 0	$ 0	$ 455

(In thousands)	Term Loans Origination Year						Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
As of December 31, 2020	**2020**	**2019**	**2018**	**2017**	**2016**	**Prior**			
Internal Risk Grade:									
Pass	$ 280,779	$ 152,851	$ 162,027	$ 198,610	$ 282,214	$ 443,312	$ 22,303	$ 0	$ 1,542,096
Special Mention	0	1,206	3,772	754	2,013	20,792	0	453	28,990
Substandard	1,935	62	0	1,117	3,788	43,354	864	149	51,269
Doubtful	0	0	0	0	0	332	0	0	332
Total	$ 282,714	$ 154,119	$ 165,799	$ 200,481	$ 288,015	$ 507,790	$ 23,167	$ 602	$ 1,622,687
YTD charge-offs	0	0	0	0	0	(2,195)	0	0	(2,195)
YTD recoveries	0	0	0	0	0	795	0	0	795
YTD net charge-offs	$ 0	$ 0	$ 0	$ 0	$ 0	$ (1,400)	$ 0	$ 0	$ (1,400)

Commercial Real Estate – Nonowner-occupied

(In thousands) As of December 31, 2021	Term Loans Origination Year 2021	2020	2019	2018	2017	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 1,558,474	$ 925,508	$ 707,570	$ 460,660	$ 397,003	$ 1,490,548	$ 102,561	$ 2,039	$ 5,644,363
Special Mention	819	2,953	113,655	5,826	372	40,534	2,793	0	166,952
Substandard	0	714	13,042	28,411	1,095	102,711	0	0	145,973
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 1,559,293	$ 929,175	$ 834,267	$ 494,897	$ 398,470	$ 1,633,793	$ 105,354	$ 2,039	$ 5,957,288
YTD charge-offs	0	0	0	0	0	(3,531)	0	0	(3,531)
YTD recoveries	0	0	0	0	0	1,907	0	0	1,097
YTD net charge-offs	$ 0	$ 0	$ 0	$ 0	$ 0	$ (1,624)	$ 0	$ 0	$ (1,624)

(In thousands) As of December 31, 2020	Term Loans Origination Year 2020	2019	2018	2017	2016	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 929,001	$ 592,109	$ 596,260	$ 481,894	$ 502,417	$ 1,496,135	$ 118,404	$ 2,112	$ 4,718,332
Special Mention	0	105,104	0	391	8,902	78,591	0	0	192,988
Substandard	392	14,620	7,435	1,564	10,824	71,572	0	0	106,407
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 929,393	$ 711,833	$ 603,695	$ 483,849	$ 522,143	$ 1,646,298	$ 118,404	$ 2,112	$ 5,017,727
YTD charge-offs	(38)	0	(300)	0	(3,394)	(2,402)	0	0	(6,134)
YTD recoveries	0	0	0	0	0	1,023	0	0	1,023
YTD net charge-offs	$ (38)	$ 0	$ (300)	$ 0	$ (3,394)	$ (1,379)	$ 0	$ 0	$ (5,111)

Other commercial

(In thousands) As of December 31, 2021	Term Loans and leases Origination Year 2021	2020	2019	2018	2017	Prior	Revolving loans and leases amortized cost basis	Revolving loans and leases converted to term loans	Total
Internal Risk Grade:									
Pass	$ 924,726	$ 557,422	$ 306,945	$ 107,426	$ 87,090	$ 76,032	$ 1,211,865	$ 2,038	$ 3,273,544
Special Mention	1,880	0	31,614	3,012	1,801	3,390	76,987	61	118,745
Substandard	793	11	1,561	4,930	2,146	18,963	41,357	205	69,966
Doubtful	0	0	0	0	0	106	0	0	106
Total	$ 927,399	$ 557,433	$ 340,120	$ 115,368	$ 91,037	$ 98,491	$ 1,330,209	$ 2,304	$ 3,462,361
YTD charge-offs	0	(87)	(31)	(200)	(174)	(5,650)	(40)	0	(6,182)
YTD recoveries	0	3	30	86	34	4,154	0	0	4,307
YTD net charge-offs	$ 0	$ (84)	$ (1)	$ (114)	$ (140)	$ (1,496)	$ (40)	$ 0	$ (1,875)

(In thousands) As of December 31, 2020	Term Loans and leases Origination Year 2020	2019	2018	2017	2016	Prior	Revolving loans and leases amortized cost basis	Revolving loans and leases converted to term loans	Total
Internal Risk Grade:									
Pass	$ 1,702,787	$ 370,059	$ 200,588	$ 112,170	$ 119,582	$ 257,638	$ 1,172,699	$ 2,668	$ 3,938,191
Special Mention	333	384	4,754	1,300	138	8,231	40,048	86	55,274
Substandard	1,649	830	2,241	2,606	6,565	30,308	16,222	360	60,781
Doubtful	0	0	0	0	37	135	0	0	172
Total	$ 1,704,769	$ 371,273	$ 207,583	$ 116,076	$ 126,322	$ 296,312	$ 1,228,969	$ 3,114	$ 4,054,418
YTD charge-offs	0	0	(959)	(23)	(3,525)	(12,843)	0	0	(17,350)
YTD recoveries	94	864	18	12	684	2,789	0	0	4,461
YTD net charge-offs	$ 94	$ 864	$ (941)	$ (11)	$ (2,841)	$ (10,054)	$ 0	$ 0	$ (12,889)

Residential Real Estate

(In thousands) As of December 31, 2021	Term Loans Origination Year 2021	2020	2019	2018	2017	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 815,693	$ 568,323	$ 383,250	$ 315,211	$ 178,101	$ 931,730	$ 455,705	$ 2,972	$ 3,650,985
Special Mention	0	0	0	223	91	12,251	2,339	0	14,904
Substandard	464	0	444	617	2,763	19,773	1,497	113	25,671
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 816,157	$ 568,323	$ 383,694	$ 316,051	$ 180,955	$ 963,754	$ 459,541	$ 3,085	$ 3,691,560
YTD charge-offs	0	0	(37)	(38)	(167)	(5,774)	0	0	(6,016)
YTD recoveries	0	0	0	0	3	2,384	13	0	2,400
YTD net charge-offs	$ 0	$ 0	$ (37)	$ (38)	$ (164)	$ (3,390)	$ 13	$ 0	$ (3,616)

(In thousands) As of December 31, 2020	Term Loans Origination Year 2020	2019	2018	2017	2016	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 603,714	$ 624,142	$ 640,535	$ 292,700	$ 282,547	$ 975,913	$ 436,728	$ 4,224	$ 3,860,503
Special Mention	0	267	0	192	2,325	6,623	800	0	10,207
Substandard	0	282	440	3,263	3,516	20,967	201	227	28,896
Doubtful	0	0	0	0	0	279	0	0	279
Total	$ 603,714	$ 624,691	$ 640,975	$ 296,155	$ 288,388	$ 1,003,782	$ 437,729	$ 4,451	$ 3,899,885
YTD charge-offs	0	0	0	0	(1)	(1,759)	0	0	(1,760)
YTD recoveries	0	0	0	101	0	961	1	0	1,063
YTD net charge-offs	$ 0	$ 0	$ 0	$ 101	$ (1)	$ (798)	$ 1	$ 0	$ (697)

Construction and Land Development

(In thousands) As of December 31, 2021	Term Loans Origination Year 2021	2020	2019	2018	2017	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 767,351	$ 518,291	$ 278,020	$ 152,062	$ 18,371	$ 74,532	$ 192,421	$ 0	$ 2,001,048
Special Mention	0	69	3,261	0	0	1,237	995	0	5,562
Substandard	332	0	280	925	0	5,272	746	0	7,555
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 767,683	$ 518,360	$ 281,561	$ 152,987	$ 18,371	$ 81,041	$ 194,162	$ 0	$ 2,014,165
YTD charge-offs	0	0	0	0	(177)	(383)	0	0	(560)
YTD recoveries	0	0	0	0	133	471	0	0	604
YTD net charge-offs	$ 0	$ 0	$ 0	$ 0	$ (44)	$ 88	$ 0	$ 0	$ 44

(In thousands) As of December 31, 2020	Term Loans Origination Year 2020	2019	2018	2017	2016	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 420,977	$ 663,113	$ 304,579	$ 127,377	$ 83,252	$ 53,713	$ 145,431	$ 0	$ 1,798,442
Special Mention	0	0	4,689	557	0	1,420	995	0	7,661
Substandard	0	250	1,535	0	216	17,499	746	0	20,246
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 420,977	$ 663,363	$ 310,803	$ 127,934	$ 83,468	$ 72,632	$ 147,172	$ 0	$ 1,826,349
YTD charge-offs	0	0	0	0	0	(2,027)	0	0	(2,027)
YTD recoveries	0	0	0	0	0	1,513	0	0	1,513
YTD net charge-offs	$ 0	$ 0	$ 0	$ 0	$ 0	$ (514)	$ 0	$ 0	$ (514)

Bankcard

(In thousands) As of December 31, 2021	Term Loans Origination Year 2021	2020	2019	2018	2017	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,626	$ 0	$ 8,626
Special Mention	0	0	0	0	0	0	100	0	100
Substandard	0	0	0	0	0	0	187	0	187
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,913	$ 0	$ 8,913
YTD charge-offs	0	0	0	0	0	0	(190)	0	(190)
YTD recoveries	0	0	0	0	0	0	42	0	42
YTD net charge-offs	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (148)	$ 0	$ (148)

(In thousands) As of December 31, 2020	Term Loans Origination Year 2020	2019	2018	2017	2016	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,419	$ 0	$ 8,419
Special Mention	0	0	0	0	0	0	362	0	362
Substandard	0	0	0	0	0	0	156	0	156
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 8,937	$ 0	$ 8,937
YTD charge-offs	0	0	0	0	0	0	(221)	0	(221)
YTD recoveries	0	0	0	0	0	0	52	0	52
YTD net charge-offs	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (169)	$ 0	$ (169)

Other Consumer

(In thousands) As of December 31, 2021	Term Loans Origination Year 2021	2020	2019	2018	2017	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 479,933	$ 299,582	$ 237,742	$ 121,924	$ 30,288	$ 10,878	$ 3,475	$ 0	$ 1,183,822
Special Mention	0	0	2	1	0	10	8	0	21
Substandard	0	1	0	0	0	0	0	0	1
Doubtful	0	0	0	0	0	0	0	0	0
Total	$ 479,933	$ 299,583	$ 237,744	$ 121,925	$ 30,288	$ 10,888	$ 3,483	$ 0	$ 1,183,844
YTD charge-offs	(101)	(776)	(709)	(483)	(126)	(203)	(6)	0	(2,404)
YTD recoveries	5	86	51	101	18	186	2	0	449
YTD net charge-offs	$ (96)	$ (690)	$ (658)	$ (382)	$ (108)	$ (17)	$ (4)	$ 0	$ (1,955)

(In thousands) As of December 31, 2020	Term Loans Origination Year 2020	2019	2018	2017	2016	Prior	Revolving loans amortized cost basis	Revolving loans converted to term loans	Total
Internal Risk Grade:									
Pass	$ 419,768	$ 401,958	$ 231,172	$ 74,550	$ 34,435	$ 7,466	$ 6,110	$ 0	$ 1,175,459
Special Mention	0	0	0	0	0	14,763	2	0	14,765
Substandard	3	0	0	0	0	2,352	0	0	2,355
Doubtful	0	0	0	0	0	1	0	0	1
Total	$ 419,771	$ 401,958	$ 231,172	$ 74,550	$ 34,435	$ 24,582	$ 6,112	$ 0	$ 1,192,580
YTD charge-offs	(136)	(1,013)	(1,040)	(393)	(228)	(484)	(2)	0	(3,296)
YTD recoveries	3	74	113	30	43	216	0	0	479
YTD net charge-offs	$ (133)	$ (939)	$ (927)	$ (363)	$ (185)	$ (268)	$ (2)	$ 0	$ (2,817)

NOTE F—ALLOWANCE FOR CREDIT LOSSES

United adopted the CECL methodology for measuring credit losses as of January 1, 2020. All disclosures as of and for the year ended December 31, 2021 and 2020 are presented in accordance with ASC 326. The Company did not recast comparative financial periods and has presented those disclosures under previously applicable GAAP. As a result of the applying ASC 326 for the years of 2021 and 2020, there is a lack of comparability in both the allowance for loan losses and provisions for credit losses to the year of 2019.

The allowance for loan losses is an estimate of the expected credit losses on financial assets measured at amortized cost to present the net amount expected to be collected as of the balance sheet date. For a detailed discussion of the CECL methodology used to estimate the allowance for loan losses, see Note A, "Summary of Significant Accounting Policies."

United made a policy election to present the accrued interest receivable balance separately in its consolidated balance sheets from the amortized cost of a loan. Accrued interest receivable was $49,029,000 (net of an allowance for credit losses of $8,000) and $56,143,000 (net of an allowance for credit losses of $250,000) at December 31, 2021 and December 31, 2020, respectively, related to loans and leases are included separately in “Accrued interest receivable” in the consolidated balance sheets. Due to loan interest payment deferrals granted by United under the CARES Act, United assessed the collectability of the accrued interest receivables on these deferring loans and leases. As a result of this assessment, United recorded an allowance for credit losses of $8,000 and $250,000 for accrued interest receivables not expected to be collected as of December 31, 2021 and 2020, respectively. For all classes of loans and leases receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due, unless the loan is well secured and in the process of collection. Interest received on nonaccrual loans and leases, generally is either applied against principal or reported as interest income, according to management’s judgment as to the collectability of principal.

The following table represents the accrued interest receivable as of December 31, 2021 and December 31, 2020:

	Accrued Interest Receivable	
(In thousands)	**At December 31, 2021**	**At December 31, 2020**
Commercial Real Estate:		
Owner-occupied	$ 4,172	$ 5,001
Nonowner-occupied	14,901	15,989
Other Commercial	9,335	12,320
Residential Real Estate	10,347	12,558
Construction	7,411	7,314
Consumer:		
Bankcard	0	0
Other consumer	2,871	3,211
	$ 49,037	$ 56,393
Less: Allowance for credit losses	(8)	(250)
Total	$ 49,029	$ 56,143

The following table represents the accrued interest receivables written off by reversing interest income for the year ended December 31, 2021 and December 31, 2020:

	Accrued Interest Receivables Written Off by Reversing Interest Income	
(In thousands)	**Year Ended**	
	2021	**2020**
Commercial Real Estate:		
Owner-occupied	$ 33	$ 163
Nonowner-occupied	114	185
Other Commercial	40	87
Residential Real Estate	419	173
Construction	8	509
Consumer:		
Bankcard	0	0
Other consumer	176	125
Total	$ 790	$ 1,242

United maintains an allowance for loan losses and a reserve for lending-related commitments such as unfunded loan commitments and letters of credit. For a detailed discussion of the methodology used to estimate the reserve for lending-related commitments, see Note A, "Summary of Significant Accounting Policies." The reserve for lending-related commitments of $31,442,000 and $19,250,000 at December 31, 2021 and December 31, 2020, 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 is considered the allowance for credit losses.

For the year of December 31, 2021, the allowance for credit losses decreased from December 31, 2020 due to better performance trends within the loan portfolio and improved macroeconomic factors surrounding the COVID-19 pandemic considered in the determination of the allowance for loan and lease losses at December 31, 2021. Reserves are initially determined based on losses identified from the PD/LGD and Cohort models which utilize the Company's historical information. Then any qualitative adjustments are applied to account for the Company's view of the future. If current conditions underlying any qualitative adjustment factor were deemed to be materially different than historical conditions, then an adjustment was made for that factor.

The year of 2021 qualitative adjustments include analyses of the following:

- Past events – This includes portfolio trends related to business conditions; past due, nonaccrual, and graded loans and leases; and concentrations.
- Current conditions – United considered the continued impact of COVID-19 on the economy as well as loan deferrals and modifications made in light of the pandemic when making determinations related to factor adjustments, such as changes in economic and business conditions, collateral values, external factors and past due loans and leases.
- Reasonable and supportable forecasts – The forecast is determined on a portfolio-by-portfolio basis by relating the correlation of real GDP and the unemployment rate to loss rates to forecasts of those variables. The reasonable and supportable forecast selection is subjective in nature and requires more judgment compared to the other components of the allowance. Assumptions for the economic variables were the following:
    - The forecast for real GDP and the unemployment rate improved in 2021, 2022 and 2023 as compared to forecasts and expectations at the end of 2020.
    - Greater risk of loss is probable in the hotel and accommodations portfolio due to weakened economic conditions brought on by the pandemic and labor shortages which resulted in a more negative forecast relative to other portfolios and a longer projected recovery period to extend into late 2023 or 2024.
    - Consideration was given to the $1.9 trillion American Rescue Plan (effective March 11, 2021) during the 2021 forecast selection process as the stimulus package had a positive impact on the economy throughout 2021.
    - Reversion to historical loss data occurs via a straight-line method during the year following the one-year reasonable and supportable forecast period.

A progression of the allowance for loan losses, by portfolio segment, for the periods indicated is summarized as follows:

Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases
For the Year Ended December 31, 2021

	Commercial Real Estate								
(In thousands)	**Owner-occupied**	**Nonowner-occupied**	**Other Commercial**	**Residential Real Estate**	**Construction & Land Development**	**Bankcard**	**Other Consumer**	**Allowance for Estimated Imprecision**	**Total**
Allowance for Loan and Lease Losses:									
Beginning balance	$ 23,354	$ 49,150	$ 78,138	$ 29,125	$ 39,077	$ 322	$ 16,664	$ 0	$ 235,830
Allowance for PCD loans (acquired during the period)	1,241	4,363	5,009	1,192	823	0	1	0	12,629
Charge-offs	(414)	(3,531)	(6,182)	(6,016)	(560)	(190)	(2,404)	0	(19,297)
Recoveries	869	1,907	4,307	2,400	604	42	449	0	10,578
Provision	(10,607)	(9,733)	(2,840)	(297)	(549)	143	159	0	(23,724)
Ending balance	$ 14,443	$ 42,156	$ 78,432	$ 26,404	$ 39,395	$ 317	$ 14,869	$ 0	$ 216,016

Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases
For the Year Ended December 31, 2020

(In thousands)	Commercial Real Estate Owner-occupied	Commercial Real Estate Nonowner-occupied	Other Commercial	Residential Real Estate	Construction & Land Development	Bankcard	Other Consumer	Allowance for Estimated Imprecision	Total
Allowance for Loan and Lease Losses:									
Beginning balance	$ 5,554	$ 8,524	$ 47,325	$ 8,997	$ 3,353	$ 74	$ 2,933	$ 297	$ 77,057
Impact of the adoption of ASU 2016-13 on January 1, 2020	9,737	9,023	(4,829)	13,097	14,817	28	10,745	(297)	52,321
Impact of the adoption of ASU 2016-13 for PCD loans on January 1, 2020	1,843	121	938	174	2,045	0	0	0	5,121
Initial allowance for PCD loans (acquired during the period)	1,955	6,418	7,032	652	2,570	0	8	0	18,635
Charge-offs	(2,195)	(6,134)	(17,350)	(1,760)	(2,027)	(221)	(3,296)	0	(32,983)
Recoveries	795	1,023	4,461	1,063	1,513	52	479	0	9,386
Provision	5,665	30,175	40,561	6,902	16,806	389	5,795	0	106,293
Ending balance	$ 23,354	$ 49,150	$ 78,138	$ 29,125	$ 39,077	$ 322	$ 16,664	$ 0	$ 235,830

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

(In thousands)	Year Ended December 31 2021	2020	2019
Balance of allowance for loan and lease losses at beginning of period	$ 235,830	$ 77,057	$ 76,703
Cumulative effect adjustment for CECL	0	57,442	0
	235,830	134,499	76,703
Initial allowance for acquired PCD loans	12,629	18,635	0
Gross charge-offs	(19,297)	(32,983)	(29,110)
Recoveries	10,578	9,386	8,151
Net charge-offs	(8,719)	(23,597)	(20,959)
Provision for loan and lease losses	(23,724)	106,293	21,313
Balance of allowance for loan and lease losses at end of period	$ 216,016	$ 235,830	$ 77,057
Reserve for lending-related commitments	31,442	19,250	1,733
Balance of allowance for credit losses at end of period	$ 247,458	$ 255,080	$ 78,790

NOTE G--BANK PREMISES AND EQUIPMENT

Bank premises and equipment are summarized as follows:

(In thousands)	December 31 2021	2020
Land	$ 60,551	$ 54,389
Buildings and improvements	194,053	166,926
Leasehold improvements	38,568	39,681
Furniture, fixtures and equipment	105,554	99,277
	398,726	360,273
Less allowance for depreciation and amortization	(201,506)	(184,449)
Net bank premises and equipment	$ 197,220	$ 175,824

Depreciation expense was $16,583,000, $13,464,000, and $9,329,000 for years ending December 31, 2021, 2020 and 2019, respectively, while amortization expense was $331,000, $251,000 and $141,000 for the years ended December 31, 2021, 2020 and 2019, respectively.

NOTE H--LEASES

United determines if an arrangement is a lease at inception. United and certain subsidiaries have entered into various noncancelable-operating leases for branch and loan production offices as well as operating facilities. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the Consolidated Balance Sheets. Operating leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets. Presently, United does not have any finance leases.

United's operating leases are subject to renewal options under various terms. United's operating leases have remaining terms of 1 to 16 years, some of which include options to extend leases generally for periods of 5 years. United rents or subleases certain real estate to third parties. Our sublease portfolio generally consists of operating leases to other organizations for former branch offices.

ROU assets represent United's right to use an underlying asset for the lease term and lease liabilities represent United's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of United's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend the lease when it is reasonably certain that United will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The components of lease expense were as follows:

(In thousands)	**Classification**	**Year Ended December 31, 2021**	**Year Ended December 31, 2020**
Operating lease cost	Net occupancy expense	$ 21,466	$ 22,575
Sublease income	Net occupancy expense	(1,256)	(1,039)
Net lease cost		$ 20,210	$ 21,536

Supplemental balance sheet information related to leases was as follows:

(In thousands)	**Classification**	**December 31, 2021**	**December 31, 2020**
Operating lease right-of-use assets	Operating lease right-of-use assets	$ 81,942	$ 69,520
Operating lease liabilities	Operating lease liabilities	$ 86,703	$ 73,213

Other information related to leases was as follows:

	December 31, 2021
Weighted-average remaining lease term:	
Operating leases	6.99 years
Weighted-average discount rate:	
Operating leases	2.13%

Supplemental cash flow information related to leases was as follows:

	Year Ended	
(In thousands)	**December 31, 2021**	**December 31, 2020**
Cash paid for amounts in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 22,153	$ 22,409
ROU assets obtained in the exchange for lease liabilities	22,719	30,864

Maturities of lease liabilities by year and in the aggregate, under operating leases with initial or remaining terms of one year

or more, for years subsequent to December 31, 2021, consists of the following:

Year	Amount
(Dollars in thousands)	
2022	$ 19,490
2023	16,756
2024	12,191
2025	9,371
2026	8,237
Thereafter	27,002
Total lease payments	93,047
Less: imputed interest	(6,344)
Total	$ 86,703

NOTE I—INTANGIBLE ASSETS

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

	December 31, 2021					
	Community Banking		Mortgage Banking		Total	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:						
Core deposit intangible assets	$ 105,165	($ 82,028)	$ 0	$ 0	$ 105,165	($ 82,028)
Non-amortized intangible assets:						
George Mason trade name	$ 0		$ 1,080		$ 1,080	
Crescent trade name	0		196		196	
Total	$ 0		$ 1,276		$ 1,276	
Goodwill not subject to amortization	$ 1,881,179		$ 5,315		$1,886,494	

	December 31, 2020					
	Community Banking		Mortgage Banking		Total	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:						
Core deposit intangible assets	$ 101,767	($ 76,120)	$ 0	$ 0	$ 101,767	($ 76,120)
Non-amortized intangible assets:						
George Mason trade name	$ 0		$ 1,080		$ 1,080	
Crescent trade name	0		196		196	
Total	$ 0		$ 1,276		$ 1,276	
Goodwill not subject to amortization	$ 1,791,533		$ 5,315		$1,796,848	

The following table provides a reconciliation of goodwill:

(In thousands)	Community Banking	Mortgage Banking	Total
Goodwill at December 31, 2020	$ 1,791,533	$ 5,315	$ 1,796,848
Addition to goodwill from Carolina Financial acquisition	13,192	0	13,192
Preliminary addition to goodwill from Community Bankers Trust acquisition	76,454	0	76,454
Goodwill at December 31, 2021	$ 1,881,179	$ 5,315	$ 1,886,494

For the year of 2021, goodwill of $13,192,000 was recorded for the Carolina Financial acquisition due to measurement period adjustments in current and deferred income taxes.

The following table sets forth the anticipated amortization expense for intangible assets for the years subsequent to 2021:

Year	Amount
(Dollars in thousands)	
2022	$ 5,516
2023	5,116
2024	3,639
2025	3,282
2026	2,758
2027 and thereafter	2,826

NOTE J--MORTGAGE SERVICING RIGHTS

Mortgage loans serviced for others are not included in the accompanying Consolidated Balance Sheets. The value of mortgage servicing rights ("MSRs") is included on the Company's Consolidated Balance Sheets.

The unpaid principal balances of loans serviced for others were approximately $3,698,998,000 and $3,587,953,000 at December 31, 2021 and 2020, respectively.

The estimated fair value of the mortgage servicing rights was $27,355,000 and $20,955,000 at December 31, 2021 and December 31, 2020, respectively. The estimated fair value of servicing rights at December 31, 2021 was determined using a net servicing fee of 0.26%, average discount rates ranging from 10.50% to 11.71% with a weighted average discount rate of 10.60%, average constant prepayment rates ("CPR") ranging from 12.59% to 21.20% with a weighted average prepayment rate of 16.56%, depending upon the stratification of the specific servicing right, and a delinquency rate, including loans on forbearance of 2.09%. The estimated fair value of servicing rights at December 31, 2020 was determined using a net servicing fee of 0.26%, average discount rates ranging from 9.50% to 14.07% with a weighted average discount rate of 10.62%, average constant prepayment rates ("CPR") ranging from 7.98% to 18.42% with a weighted average prepayment rate of 14.60%, depending upon the stratification of the specific servicing right, and a delinquency rate, including loans on forbearance of 2.88%. Please refer to Note W in these Notes to Consolidated Financial Statements for additional information concerning the fair value of MSRs.

As disclosed in Note B of these Notes to Consolidated Financial Statements, the Company acquired $20,123,000 of mortgage servicing rights from its acquisition of Carolina Financial Corporation on May 1, 2020. The following presents the activity in mortgage servicing rights, including their valuation allowance for the year ended December 31, 2021 and 2020:

(In thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
MSRs beginning balance	$ 22,338	$ 0
Addition from acquisition of subsidiary	0	20,123
Amount capitalized	10,584	7,310
Amount amortized	(8,895)	(5,095)
MSRs ending balance	$ 24,027	$ 22,338
MSRs valuation allowance beginning balance	$ (1,383)	$ 0
Aggregate additions charged and recoveries credited to operations	1,129	0
MSRs impairment	(629)	(1,383)
MSRs valuation allowance ending balance	$ (883)	$ (1,383)
MSRs, net of valuation allowance	$ 23,144	$ 20,955

In determining impairment, the Company aggregates all servicing rights and stratifies them into tranches based on predominant risk characteristics. The estimated amortization expense is based on current information regarding future loan payments and prepayments. Amortization expense could change in future periods based on changes in the volume of prepayments and economic factors.

NOTE K--DEPOSITS

The book value of deposits consisted of the following:

	December 31	
(In thousands)	**2021**	**2020**
Demand deposits	$ 8,980,547	$ 5,428,398
Interest-bearing checking	3,734,355	799,635
Regular savings	1,641,404	1,283,823
Money market accounts	6,361,887	10,165,334
Time deposits under $100,000	1,031,008	979,988
Time deposits over $100,000	1,601,062	1,927,982
Total deposits	$ 23,350,263	$ 20,585,160

Included in time deposits over $100,000 at December 31, 2021 and 2020 were time deposits of $250,000 or more of $640,752,000 and $889,334,000, respectively. Interest paid on deposits approximated $43,562,000, $81,080,000, and $136,360,000 in 2021, 2020 and 2019, respectively.

United's subsidiary banks have received deposits, in the normal course of business, from the directors and officers of United and its subsidiaries, and their associates. Such related party deposits were accepted on substantially the same terms, including interest rates and maturities, as those prevailing at the time for comparable transactions with unrelated persons. The aggregate dollar amount of these deposits was $25,889,000 and $15,585,000 at December 31, 2021 and 2020, respectively.

NOTE L--SHORT-TERM BORROWINGS

At December 31, 2021 and 2020, short-term borrowings were as follows:

	December 31	
(In thousands)	**2021**	**2020**
Federal funds purchased	$ 0	$ 0
Securities sold under agreements to repurchase	128,844	142,300
Total short-term borrowings	$ 128,844	$ 142,300

Federal funds purchased and securities sold under agreements to repurchase have been 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 $230,000,000. 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 December 31, 2021, all the repurchase agreements were in overnight accounts. The rates offered on these funds vary according to movements in the federal funds and short-term investment market rates.

United has a $20,000,000 line of credit with an unrelated financial institution to provide for general liquidity needs. The line is an unsecured, revolving line of credit. The line is renewable on a 360 day basis and carries an indexed, floating-rate of interest. The line requires compliance with various financial and nonfinancial covenants. At December 31, 2021, United had no outstanding balance under this credit.

Interest paid on short-term borrowings approximated $693,000, $1,027,000, and $2,359,000 in 2021, 2020 and 2019, respectively.

NOTE M--LONG-TERM BORROWINGS

United's subsidiary bank is a member 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 December 31, 2021, the total carrying value of loans pledged as collateral for FHLB advances approximated $4,515,388,000. United had an unused borrowing amount as of December 31, 2021 of approximately $7,142,780,000 available subject to delivery of collateral after certain trigger points.

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

At December 31, 2021 and 2020, FHLB advances and the related weighted-average interest rates were as follows:

	2021			2020		
(Dollars in thousands)	**Amount**	**Weighted-Average Contractual Rate**	**Weighted-Average Effective Rate**	**Amount**	**Weighted-Average Contractual Rate**	**Weighted-Average Effective Rate**
FHLB advances	$ 532,199	0.35%	0.55%	$ 584,532	0.60%	0.75%

No overnight funds were included in the $532,199,000 and $584,532,000 above at December 31, 2021 and 2020, respectively. The weighted-average effective rate considers the effect of any interest rate swaps designated as fair value hedges outstanding at year-end 2021 and 2020 to manage interest rate risk on its long-term debt. Additional information is provided in Note S, Notes to Consolidated Financial Statements.

At December 31, 2021, United had a total of twenty 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. United assumed $4,124,000 in aggregate principal amount of a LIBOR-indexed floating rate subordinated note in the Community Bankers Trust merger. United also assumed $10,000,000 in aggregate principal amount of fixed-to-floating rate subordinated notes in the Carolina Financial acquisition. At December 31, 2021 and 2020, the outstanding balance of the subordinated notes was $9,872,000 and $9,865,000. At December 31, 2021 and 2020, the outstanding balance of the Debentures was $275,323,000 and $269,972,000, 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.

In accordance with the fully-phased in "Basel III Capital Rules" as published by United's primary federal regulator, the Federal Reserve, United is unable to consider the Capital Securities as Tier 1 capital, but rather the Capital Securities are included as a component of United's Tier 2 capital. United can include the Capital Securities in its Tier 2 capital on a permanent basis.

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

(Dollars in thousands)

Description	Issuance Date	Amount of Capital Securities Issued	Stated Interest Rate	Maturity Date
United Statutory Trust III	December 17, 2003	$ 20,000	3-month LIBOR + 2.85%	December 17, 2033
United Statutory Trust IV	December 19, 2003	$ 25,000	3-month LIBOR + 2.85%	January 23, 2034
United Statutory Trust V	July 12, 2007	$ 50,000	3-month LIBOR + 1.55%	October 1, 2037
United Statutory Trust VI	September 20, 2007	$ 30,000	3-month LIBOR + 1.30%	December 15, 2037
Premier Statutory Trust II	September 25, 2003	$ 6,000	3-month LIBOR + 3.10%	October 8, 2033

Description	Issuance Date	Amount of Capital Securities Issued	Stated Interest Rate	Maturity Date
(Dollars in thousands)				
Premier Statutory Trust III	May 16, 2005	$ 8,000	3-month LIBOR + 1.74%	June 15, 2035
Premier Statutory Trust IV	June 20, 2006	$ 14,000	3-month LIBOR + 1.55%	September 23, 2036
Premier Statutory Trust V	December 14, 2006	$ 10,000	3-month LIBOR + 1.61%	March 1, 2037
Centra Statutory Trust I	September 20, 2004	$ 10,000	3-month LIBOR + 2.29%	September 20, 2034
Centra Statutory Trust II	June 15, 2006	$ 10,000	3-month LIBOR + 1.65%	July 7, 2036
Virginia Commerce Trust II	December 19, 2002	$ 15,000	6-month LIBOR + 3.30%	December 19, 2032
Virginia Commerce Trust III	December 20, 2005	$ 25,000	3-month LIBOR + 1.42%	February 23, 2036
Cardinal Statutory Trust I	July 27, 2004	$ 20,000	3-month LIBOR + 2.40%	September 15, 2034
UFBC Capital Trust I	December 30, 2004	$ 5,000	3-month LIBOR + 2.10%	March 15, 2035
Carolina Financial Capital Trust I	December 19, 2002	$ 5,000	Prime + 0.50%	December 31, 2032
Carolina Financial Capital Trust II	November 5, 2003	$ 10,000	3-month LIBOR + 3.05%	January 7, 2034
Greer Capital Trust I	October 12, 2004	$ 6,000	3-month LIBOR + 2.20%	October 18, 2034
Greer Capital Trust II	December 28, 2006	$ 5,000	3-month LIBOR + 1.73%	January 30, 2037
First South Preferred Trust I	September 26, 2003	$ 10,000	3-month LIBOR + 2.95%	September 30, 2033
BOE Statutory Trust I	December 12, 2003	$ 4,000	3-month LIBOR + 3.00%	December 12, 2033

At December 31, 2021 and 2020, the Debentures and their related weighted-average interest rates were as follows:

(Dollars in thousands)	2021		2020	
	Amount	Weighted-Average Rate	Amount	Weighted-Average Rate
United Statutory Trust III	$ 20,619	3.07%	$ 20,619	3.08%
United Statutory Trust IV	25,774	2.98%	25,774	3.06%
United Statutory Trust V	51,547	1.68%	51,547	1.78%
United Statutory Trust VI	30,928	1.50%	30,928	1.52%
Premier Statutory Trust II	6,186	3.22%	6,186	3.34%
Premier Statutory Trust III	8,248	1.94%	8,248	1.96%
Premier Statutory Trust IV	14,433	1.77%	14,433	1.80%
Premier Statutory Trust V	10,310	1.78%	10,310	1.84%
Centra Statutory Trust I	10,000	2.50%	10,000	2.53%
Centra Statutory Trust II	10,000	1.77%	10,000	1.89%
Virginia Commerce Trust II	12,936	3.57%	12,705	3.57%
Virginia Commerce Trust III	18,320	1.58%	17,794	1.63%
Cardinal Statutory Trust I	15,620	2.60%	15,223	2.62%
UFBC Capital Trust I	3,761	2.30%	3,656	2.32%
Carolina Financial Capital Trust I	5,010	3.75%	4,998	3.75%
Carolina Financial Capital Trust II	9,420	3.17%	9,340	3.29%
Greer Capital Trust I	5,167	3.17%	5,075	2.42%
Greer Capital Trust II	3,983	2.32%	3,876	1.94%
First South Preferred Trust I	9,348	1.86%	9,260	3.19%
BOE Statutory Trust I	3,713	3.22%	0	0.00%
Total	$ 275,323		$ 269,972	

At December 31, 2021, the scheduled maturities of long-term borrowings were as follows:

Year	Amount
(Dollars in thousands)	
2022	$ 519,508
2023	0
2024	0
2025	9,441
2026	8,249
2027 and thereafter	280,196
Total	$ 817,394

Interest paid on long-term borrowings approximated $10,336,000, $33,240,000, and $43,830,000 in 2021, 2020 and 2019, respectively.

NOTE N--OTHER EXPENSE

The following details certain items of other expense for the periods indicated:

(In thousands)	Year Ended December 31		
	2021	2020	2019
Legal, consulting & other professional services	$ 17,616	$ 16,482	$ 12,360
Franchise & other taxes not on income	12,412	12,122	11,330
Expense for reserve on lending-related commitments	12,034	11,315	344
Automated Teller Machine (ATM) expenses	10,519	9,295	7,336

NOTE O--INCOME TAXES

The income tax provisions included in the consolidated statements of income are summarized as follows:

(In thousands)	Year Ended December 31		
	2021	2020	2019
Current expense:			
Federal	$ 76,574	$ 60,508	$ 43,337
State	14,516	10,656	6,798
Deferred expense:			
Federal	2,742	(174)	12,522
Tax Act remeasurement	0	0	0
State	1,283	(273)	1,683
Total income taxes	$ 95,115	$ 70,717	$ 64,340

The following is a reconciliation of income tax expense to the amount computed by applying the statutory federal income tax rate to income before income taxes:

(Dollars in thousands)	Year Ended December 31					
	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Tax on income before taxes at statutory federal rate	$ 97,199	21.0%	$ 75,546	21.0%	$ 68,132	21.0%
Plus: State income taxes net of federal tax benefits	11,520	2.5	8,202	2.3	6,690	2.1
	108,719	23.5	83,748	23.3	74,822	23.1
Increase (decrease) resulting from:						
Tax-exempt interest income	(3,303)	(0.7)	(3,011)	(0.8)	(2,813)	(0.9)
Tax credits	(11,893)	(2.6)	(9,860)	(2.7)	(5,636)	(1.7)
Other items-net	1,592	0.4	(160)	(0.1)	(2,033)	(0.7)
Income taxes	$ 95,115	20.6%	$ 70,717	19.7%	$ 64,340	19.8%

For years ended 2021, 2020 and 2019, United incurred federal income tax expense of $587,000, $663,000, and $54,000, respectively, applicable to the sales and calls of securities. Income taxes paid approximated $101,227,000, $65,378,000, and $56,459,000 in 2021, 2020 and 2019, respectively. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. At December 31, 2021, United had no federal or state net operating loss carryforwards.

Taxes not on income, which consists mainly of business franchise taxes, were $12,412,000, $12,122,000, and $11,330,000, for the years ended December 31, 2021, 2020 and 2019, respectively. These amounts are recorded in other expense in the Consolidated Statements of Income.

Significant components of United's deferred tax assets and liabilities (included in other assets in the Consolidated Balance

Sheets) at December 31, 2021 and 2020 are as follows:

(In thousands)	2021	2020
Deferred tax assets:		
Allowance for credit losses	$ 57,659	$ 59,492
Accrued benefits payable	17,204	14,097
Other accrued liabilities	655	655
Pension plan accruals	0	409
Unrealized loss on securities available for sale	0	0
Other real estate owned	1,706	980
Lease liabilities under operating leases	20,202	17,059
Deferred mortgage points	5,413	6,518
Purchase accounting intangibles	0	820
Total deferred tax assets	102,839	100,030
Deferred tax liabilities:		
Premises and equipment	6,750	5,878
Unrealized gain on securities available for sale	2,890	20,087
Right-of-use assets under operating leases	19,092	16,198
Pension plan accruals	4,497	0
Derivatives	4,970	1,020
Purchase accounting intangibles	6,369	0
Other	957	1,312
Total deferred tax liabilities	45,525	44,495
Net deferred tax assets	$ 57,314	$ 55,535

At December 31, 2021 and 2020, United believes that all of the deferred tax amounts shown above are more likely than not to be realized based on an assessment of all available positive and negative evidence and therefore no valuation allowance has been recorded.

In accordance with ASC Topic 740, "Income Taxes," United records a liability for uncertain income tax positions based on a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken on a tax return, in order for those tax positions to be recognized in the financial statements.

Below is a reconciliation of the total amounts of unrecognized tax benefits:

	December 31	
(In thousands)	2021	2020
Unrecognized tax benefits at beginning of year	$ 2,203	$ 1,568
Increase in unrecognized tax benefits as a result of tax positions taken during the current period	199	1,158
Decreases in the unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(735)	(523)
Unrecognized tax benefits at end of year	$ 1,667	$ 2,203

The entire amount of unrecognized tax benefits, if recognized, would impact United's effective tax rate. Over the next 12 months, the statute of limitations will close on certain income tax returns. However, at this time, United cannot reasonably estimate the amount of tax benefits, if any, it may recognize over the next 12 months.

United is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended December 31, 2018, 2019 and 2020 and certain State Taxing authorities for the years ended December 31, 2018 through 2020.

As of December 31, 2021, and 2020, the total amount of accrued interest related to uncertain tax positions was $727,000 and $668,000, respectively. United accounts for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes. No interest or penalties were recognized in the results of operations for the years of 2021, 2020 and 2019.

NOTE P--EMPLOYEE BENEFIT PLANS

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

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

Net periodic pension costs, except for service cost, are recognized in employee benefits on the consolidated statements of income. Service cost is recognized in employee compensation. Net consolidated periodic pension cost included the following components:

(Dollars in thousands)	**Year Ended December 31,**		
	2021	**2020**	**2019**
Service cost	$ 2,936	$ 2,742	$ 2,173
Interest cost	4,241	5,222	5,931
Expected return on plan assets	(11,874)	(11,010)	(9,434)
Recognized net actuarial loss	6,770	6,050	4,965
Net periodic pension cost	$ 2,073	$ 3,004	$ 3,635
Weighted-Average Assumptions:			
Discount rate	2.81%	3.42%	4.52%
Expected return on assets	6.25%	6.75%	7.00%
Rate of compensation increase (prior to age 40)	5.00%	5.00%	n/a
Rate of compensation increase (ages 40-54)	4.00%	4.00%	n/a
Rate of compensation Increase (prior to age 45)	n/a	n/a	3.50%
Rate of compensation Increase (otherwise)	3.50%	3.50%	3.00%

Amounts related to the Plan recognized as a component of other comprehensive income were as follows:

(In thousands)	**Year Ended December 31,**		
	2021	**2020**	**2019**
Net actuarial (gain) loss	$ (14,286)	$ 10,583	$ 10,324
Amortization of:			
Prior service cost	0	0	0
Actuarial loss	(6,770)	(6,050)	(4,965)
Total recognized in other comprehensive income	$ (21,056)	$ 4,533	$ 5,359

Included in accumulated other comprehensive income at December 31, 2021 are unrecognized actuarial losses of $44,370,000 ($34,032,000 net of tax) that have not yet been recognized in net periodic pension cost.

The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of plan assets for the years ended December 31, 2021 and 2020 and the accumulated benefit obligation at December 31, 2021 and 2020 are as follows:

(Dollars in thousands)	**December 31,**	
	2021	**2020**
Change in Projected Benefit Obligation		
Projected Benefit Obligation at the Beginning of the Year	$ 194,775	$ 173,777
Service Cost	2,936	2,742
Interest Cost	4,241	5,222

(Dollars in thousands)	December 31,	
	2021	**2020**
Actuarial Loss	(2,369)	18,391
Benefits Paid	(6,610)	(5,357)
Projected Benefit at the End of the Year	$ 192,973	$ 194,775
Accumulated Benefit Obligation at the End of the Year	$ 175,953	$ 176,635
Change in Plan Assets		
Fair Value of Plan Assets at the Beginning of the Year	$ 193,022	$ 159,560
Actual Return on Plan Assets	23,792	18,819
Benefits Paid	(6,610)	(5,357)
Employer Contributions	0	20,000
Fair value of plan assets at end of year	$ 210,204	$ 193,022
Net Amount Recognized		
Funded Status	$ 17,230	$ (1,753)
Unrecognized Transition Asset	0	0
Unrecognized Prior Service Cost	0	0
Unrecognized Net Loss	44,370	65,426
Net Amount Recognized	$ 61,600	$ 63,673
Weighted-Average Assumptions at the End of the Year		
Discount Rate	3.08%	2.81%
Rate of compensation Increase (prior to age 40)	5.00%	5.00%
Rate of compensation Increase (ages 40-54)	4.00%	4.00%
Rate of compensation Increase (prior to age 45)	n/a	n/a
Rate of compensation Increase (otherwise)	3.50%	3.50%

Asset allocation for the defined benefit pension plan as of the measurement date, by asset category, is as follows:

Plan Assets	Target Allocation 2022	Allowable Allocation Range	Percentage of Plan Assets at	
			December 31, 2021	December 31, 2020
Equity Securities	60%	50-70%	65%	58%
Debt Securities	39%	20-50%	34%	37%
Other	1%	3-15%	1%	5%
Total			100%	100%

Equity securities include United common stock in the amounts of $3,839,000 (3%) at December 31, 2021 and $3,429,000 (2%) at December 31, 2020.

The policy, as established by the Pension Committee, primarily consisting of United's Executive Management, is to invest assets based upon the target allocations stated above. The assets are reallocated periodically to meet the above target allocations. The investment policy is reviewed at least annually, subject to the approval of the Pension Committee, to determine if the policy should be changed. Prohibited investments include, but are not limited to, futures contracts, private placements, uncovered options, real estate, the use of margin, short sales, derivatives for speculative purposes, and other investments that are speculative in nature. In order to achieve a prudent level of portfolio diversification, the securities of any one company are not to exceed 10% of the total plan assets, and no more than the 15% of total plan assets is to be invested in any one industry (other than securities of U.S. Government or Agencies). Additionally, no more than 15% of the plan assets is to be invested in foreign securities, both equity and fixed. The expected long-term rate of return for the plan's total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class. United uses the corridor approach based on 10% of the greater of the projected benefit obligation and the market-related value of plan assets to amortize actuarial gains and losses.

At December 31, 2021, the benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five years thereafter are as follows:

Year	Amount
(Dollars in thousands)	
2022	$ 6,173
2023	7,084
2024	7,476
2025	7,907
2026	8,313
2027 through 2031	46,569

United made a discretionary contribution of $20,000,000 during the third quarter of 2020. United did not contribute to the plan in 2021 or in 2019 as no contributions were required by funding regulations or law. For 2022, no contributions to the plan are required by funding regulations or law. However, United may make a discretionary contribution in 2022, the amount of which cannot be reasonably estimated at this time.

In accordance with ASC Topic 715 and using the guidance contained in ASC Topic 820, the following is a description of the valuation methodologies used to measure the plan assets at fair value.

Cash and Cash Equivalents: These underlying assets are highly liquid U.S. government obligations. The fair value of cash and cash equivalents approximates cost (Level 1).

Debt Securities: Securities of the U.S. Government, municipalities, private issuers and corporations are valued at the closing price reported in the active market in which the individual security is traded, 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).

Common and Preferred Stock: These securities are valued at the closing price on the respective stock exchange (Level 1).

Mutual Funds: Generally, these securities are valued at the closing price reported in the active market in which the individual mutual fund is traded (Level 1).

The following tables present the balances of the plan assets, by fair value hierarchy level, as of December 31, 2021 and 2020:

(In thousands)		Fair Value Measurements at December 31, 2021 Using		
Description	**Balance as of December 31, 2021**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and Cash equivalents	$ 1,641	$ 1,641	$ 0	$ 0
Fixed Income Mutual Funds:				
Taxable	72,075	72,075	0	0
Equity Securities:				
Common stock	34,198	34,198	0	0
Equity Mutual Funds:				
Global equity	5,407	5,407	0	0
Domestic equity large cap	47,387	47,387	0	0
Domestic equity small cap	30,176	30,176	0	0
International emerging equity	5,435	5,435	0	0
International equity developed	13,885	13,885	0	0
Total	$ 210,204	$ 210,204	$ 0	$ 0

(In thousands)		Fair Value Measurements at December 31, 2020 Using		
Description	**Balance as of December 31, 2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and Cash equivalents	$ 10,285	$ 10,285	$ 0	$ 0
Fixed Income Mutual Funds:				
Taxable	70,331	70,331	0	0
Equity Securities:				
Common stock	28,102	28,102	0	0
Equity Mutual Funds:				
Global equity	4,968	4,968	0	0
Domestic equity large cap	34,186	34,186	0	0
Domestic equity small cap	22,165	22,165	0	0
International emerging equity	8,018	8,018	0	0
International equity developed	14,967	14,967	0	0
Total	$ 193,022	$ 193,022	$ 0	$ 0

Common stock investments are diversified amongst various industries with no industry representing more than 5% of the total plan assets.

The United Bankshares, Inc. Savings and Stock Investment Plan (the Plan) is a defined contribution plan under Section 401(k) of the Internal Revenue Code. Each employee of United, who completes ninety (90) days of qualified service, is eligible to participate in the Plan. Each participant may contribute from 1% to 100% of compensation to his/her account, subject to Internal Revenue Service maximum deferral limits. United matches 100% of the first 5% of salary deferred with United stock. Vesting is 100% for employee deferrals and the company match at the time the employee makes his/her deferral. United's expense relating to the Plan approximated $7,984,000, $6,531,000, and $4,565,000 in 2021, 2020 and 2019, respectively.

The assets of United's defined benefit plan and 401(k) Plan each include investments in United common stock. At December 31, 2021 and 2020, the combined plan assets included 1,578,389 and 1,437,641 shares, respectively, of United common stock with an approximate fair value of $57,264,000 and $46,580,000, respectively. Dividends paid on United common stock held by the plans approximated $2,060,000, $1,776,000, and $1,566,000 for the years ended December 31, 2021, 2020, and 2019, respectively.

United has certain other supplemental deferred compensation plans covering various key employees. Periodic charges are made to operations so that the liability due each employee is fully recorded as of the date of their retirement. Amounts charged to expense have not been significant in any year.

NOTE Q--STOCK BASED COMPENSATION

On May 12, 2020, United's shareholders approved the 2020 Long-Term Incentive Plan ("2020 LTI Plan"). The 2020 LTI Plan became effective May 13, 2020. An award granted under the 2020 LTI Plan may consist of any non-qualified stock options or incentive stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, performance units or other-stock-based award. These awards all relate to the common stock of United. The maximum number of shares of United common stock which may be issued under the 2020 LTI Plan is 2,300,000. The 2020 LTI Plan will be administered by a board committee appointed by United's Board of Directors (the "Board"). Unless otherwise determined by the Board, the Compensation Committee of the Board (the "Committee") shall administer the 2020 LTI Plan. The maximum number of options and stock appreciation rights, in the aggregate, which may be awarded to any individual key employee during any calendar year is 100,000. The maximum number of options and stock appreciation rights, in the aggregate, which may be awarded to any non-employee director during any calendar year is 10,000 or, if such Award is payable in cash, the Fair Market Value equivalent thereof. The maximum number of shares of restricted stock or shares subject to a restricted stock units award that may be granted during any calendar year is 225,000 shares to any individual key employee and 10,000 shares to any individual non-employee director. Subject to certain change in control provisions, the 2020 LTI Plan provides that all awards of will vest as the Committee determines in the award agreement, provided that

no awards will vest sooner than 1/3 per year over the first three anniversaries of the award. United adopted a clawback policy that applies to named executive officers and other executive officers and permits the Committee to cancel certain awards and to recoup gains realized from previous awards should United be required to prepare an accounting restatement due to materially inaccurate performance metrics. A Form S-8 was filed on May 29, 2020 with the Securities and Exchange Commission to register all the shares which were available for the 2020 LTI Plan. The 2020 LTI Plan replaces the 2016 LTI Plan.

During the year of 2021, a total of 182,344 of restricted stock, 136,896 of restricted stock units and 49,978 of non-qualified stock options were granted under the 2020 LTI Plan. Compensation expense of $8,018,000, $5,980,000, and $4,914,000 related to all share-based grants and awards under United's Long-Term Incentive Plans was incurred for the years 2021, 2020 and 2019, respectively. Compensation expense was included in employee compensation in the Consolidated Statements of Income.

Stock Options

United currently has options outstanding from various option plans other than the 2020 LTI Plan (the "Prior Plans"); however, no common shares of United stock are available for grants under the Prior Plans as these plans have expired. Awards outstanding under the Prior Plans will remain in effect in accordance with their respective terms. The maximum term for options granted under the plans is ten (10) years.

The fair value of the options for 2021 was estimated at the date of grant using a binomial lattice option pricing model with the following weighted-average assumptions: risk-free interest rates of 1.33%; dividend yield of 3.00%; volatility factors of the expected market price of United's common stock of 0.2503; and a weighted-average expected option life of 8.30 years, respectively. The estimated fair value of the options at the date of grant was $5.83 for the options granted during 2021. ASC Topic 718, "Compensation – Stock Compensation" defines a lattice model as a model that produces an estimated fair value based on the assumed changes in prices of a financial instrument over successive periods of time. A binomial lattice model assumes at least two price movements are possible in each period of time.

A summary of activity under the United's stock option plans as of December 31, 2021, and the changes during the year of 2021 are presented below:

	Year ended December 31, 2021			
			Weighted Average	
(Dollars in thousands, except per share amounts)	Shares	Aggregate Intrinsic Value	Remaining Contractual Term (Yrs.)	Exercise Price
Outstanding at January 1, 2021	1,904,557			$ 34.14
Assumed in Community Bankers Trust merger	582,162			22.06
Granted	49,978			32.51
Exercised	(232,777)			27.59
Forfeited or expired	(154,803)			27.63
Outstanding at December 31, 2021	2,149,117	$ 12,237	5.2	$ 32.01
Exercisable at December 31, 2021	1,754,083	$ 10,988	4.6	$ 31.56

The following table summarizes the status of United's nonvested awards for the year ended December 31, 2021:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2021	544,905	$ 6.93
Assumed in Community Bankers Trust merger	84,237	13.67
Granted	49,978	5.83
Vested	(240,927)	7.32
Forfeited or expired	(43,159)	12.82
Nonvested at December 31, 2021	395,034	$ 7.33

As of December 31, 2021, the total unrecognized compensation cost related to nonvested option awards was $1,174,000 with a weighted-average expense recognition period of 0.7 years. The total fair value of awards vested during the year ended December 31, 2021, was $1,764,000.

Cash received from options exercised under the Plans for the years ended December 31, 2021, 2020 and 2019 was $5,206,000, $1,241,000, and $1,272,000, respectively. During 2021 and 2020, 232,777 and 100,736 shares, respectively, were issued in connection with stock option exercises. All shares issued in connection with stock option exercises for 2021 and 2020 were issued from authorized and unissued stock. The weighted-average grant-date fair value of options granted in the year of 2021, 2020 and 2019 was $5.83, $5.65, and $7.16, respectively. The total intrinsic value of options exercised under the Plans during the years ended December 31, 2021, 2020, and 2019 was $2,337,000, $1,917,000, and $1,932,000, respectively.

ASC Topic 230, "Statement of Cash Flows," requires the benefits of tax deductions in excess of recognized compensation cost to be reported as an operating cash flow. This requirement reduces net operating cash flows. While the company cannot estimate what those amounts will be in the future (because they depend on, among other things, the date employees exercise stock options), United recognized cash flows used in operating activities of $303,000, $351,000, and $223,000 from excess tax benefits related to share-based compensation arrangements for the year of 2021, 2020 and 2019, respectively.

Restricted Stock

Under the 2020 LTI Plan, United may award restricted common shares to key employees and non-employee directors. Restricted shares granted to participants will vest no sooner than 1/3 per year over the first three anniversaries of the award. Unless determined by the Committee or the Board and provided in the award agreement, recipients of restricted shares do not pay any consideration to United for the shares, have the right to vote all shares subject to such grant and receive all dividends with respect to such shares, whether or not the shares have vested. Presently, these nonvested participating securities have an immaterial impact on diluted earnings per share. As of December 31, 2021, the total unrecognized compensation cost related to nonvested restricted stock awards was $8,015,000 with a weighted-average expense recognition period of 1.0 years.

The following summarizes the changes to United's restricted common shares for the year ended December 31, 2021:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at January 1, 2021	340,976	$ 35.41
Granted	182,344	35.97
Vested	(131,949)	36.72
Forfeited	(7,400)	36.20
Outstanding at December 31, 2021	383,971	$ 35.21

Restricted Stock Units

Under the 2020 LTI Plan, United may grant restricted stock units ("RSUs") to key employees. These awards help align the interests of these employees with the interests of the shareholders of United by providing economic value directly related to the performance of the Company. These RSU grants could be time-vested RSUs, performance-vested RSUs, or a combination of both. Currently, time-vested RSUs vest ratably over three years from the date of grant. Performance-vested RSUs cliff-vest after assessment of the Company's performance over a period of three years. The number of performance-vested RSUs that vest is determined by two metrics measured relative to peers: Return on Average Tangible Common Equity ("ROATCE") and Total Shareholder Return ("TSR"). Based on ASC Topic 718, the ROATCE comparison is considered a performance condition while the TSR comparison is considered a market condition. There will be no payout of the performance-vested awards if the threshold performance is not achieved. United communicates the specific threshold, target, and maximum performance-vested RSU awards and performance targets to the applicable key employees at the beginning of a performance period. Dividends are accrued but not paid in respect to the awards until the RSUs vest. The holder does not have the right to vote the shares during the time and performance periods. The value of the time-vested RSUs and the performance-vested, based on the performance condition, RSUs awarded is established as the fair market value of the stock at the time of the grant. The value of the performance-vested, based on the market condition, RSUs awarded is estimated through the use of a Monte Carlo valuation model as of the grant date. The Company recognizes expense on the RSUs in accordance with ASC Topic 718.

The following table summarizes the status of United's nonvested RSUs during the year ended December 31, 2021:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2021	0	$ 0.00
Granted	136,896	35.65
Vested	0	0.00
Forfeited or expired	0	0.00
Nonvested at December 31, 2021	136,896	$ 35.65

As of December 31, 2021, the total unrecognized compensation cost related to nonvested restricted stock units was $3,234,000 with a weighted-average expense recognition period of 1.2 years.

NOTE R--COMMITMENTS AND CONTINGENT LIABILITIES

Lending-related Commitments

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 $7,419,342,000 and $5,730,876,000 of loan commitments outstanding as of December 31, 2021 and December 31, 2020, respectively, approximately 42% of which contractually expire within one year. Included in the December 31, 2021 and December 31, 2020 amounts are commitments to extend credit of $571,792,000 and $374,003,000, respectively, related to mortgage loan funding commitments of United's mortgage banking segment and are of a short-term nature.

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 December 31, 2021 and December 31, 2020, United had $14,774,000 and $5,092,000 of commercial letters of credit outstanding. 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 $164,743,000 and $134,916,000 as of December 31, 2021 and December 31, 2020, 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.

Mortgage Repurchase Reserve

United's mortgage banking segment provides for its estimated exposure to repurchase loans previously sold to investors for which borrowers failed to provide full and accurate information on their loan application or for which appraisals have not been acceptable or where the loan was not underwritten in accordance with the loan program specified by the loan investor, and for other exposure to its investors related to loan sales activities. United evaluates the merits of each claim and estimates its reserve based on actual and expected claims received and considers the historical amounts paid to settle such claims. United's mortgage banking segment has a reserve of $1,150,000 and $1,216,000 as of December 31, 2021 and 2020,

respectively.

United has derivative counter-party risk that may arise from the possible inability of United's mortgage banking segment's third party investors to meet the terms of their forward sales contracts. United's mortgage banking segment works with third-party investors that are generally well-capitalized, are investment grade and exhibit strong financial performance to mitigate this risk. United does not expect any third-party investor to fail to meet its obligation.

Legal Proceedings

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

Regulatory Matters

A variety of consumer products, including mortgage and deposit products, and certain fees and charges related to such products, have come under increased regulatory scrutiny. It is possible that regulatory authorities could bring enforcement actions, including civil money penalties, or take other actions against United in regard to these consumer products. United could also determine of its own accord, or be required by regulators, to refund or otherwise make remediation payments to customers in connection with these products. It is not possible at this time for management to assess the probability of a material adverse outcome or reasonably estimate the amount of any potential loss related to such matters.

NOTE S--DERIVATIVE FINANCIAL INSTRUMENTS

United uses derivative instruments to help aid against adverse price changes 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.

During the second quarter of 2020, United entered into a new interest rate swap derivative designated as a cash flow hedge. The notional amount of the cash flow hedge derivative totaled $250,000,000. The derivative is intended to hedge the changes in cash flows associated with floating rate FHLB borrowings. United is required to pay-fixed 0.59% and receive-variable 1-month LIBOR with monthly resets. The tenor of the interest rate swap derivative is 10 years with an expiration date in June 2030. During the third quarter of 2020, United entered into an additional interest rate swap derivative designated as a cash flow hedge. The notional amount of the cash flow hedge derivative totaled $250,000,000. The derivative is intended to hedge the changes in cash flows associated with floating rate FHLB borrowings. United is required to pay-fixed 0.19% and receive-variable 1-month LIBOR with monthly resets. The tenor of the interest rate swap derivative is 4 years with an expiration date in August 2024. As of December 31, 2021, United has determined that no forecasted transactions related to its cash flow hedges resulted in gains or losses pertaining to cash flow hedge reclassification from AOCI to income because the forecasted transactions became probable of not occurring. United estimates that $163,000 will be reclassified from AOCI as an increase to interest expense over the next 12-months following December 31, 2021 related to the cash flow hedges. As of December 31, 2021, the maximum length of time over which forecasted transactions are hedged is nine years.

United is subject to the Dodd-Frank Act clearing requirement for eligible derivatives. United has executed and cleared eligible derivatives through the London Clearing House ("LCH"). Variation margin at the LCH is distinguished as settled-to-market and settled daily based on the prior day value, rather than collateralized-to-market. The total notional amount of interest rate swap derivatives cleared through the LCH include $500,000,000 for asset derivatives as of December 31, 2021. The related fair value on a net basis approximate zero.

The following tables disclose the derivative instruments' location on the Company's Consolidated Balance Sheets and the notional amount and fair value of those instruments at December 31, 2021 and December 31, 2020.

	Asset Derivatives					
	December 31, 2021			**December 31, 2020**		
(In thousands)	**Balance Sheet Location**	**Notional Amount**	**Fair Value**	**Balance Sheet Location**	**Notional Amount**	**Fair Value**
Cash Flow Hedges:						
Interest rate swap contracts (hedging FHLB borrowings)	Other assets	$ 500,000	$ 21,328	Other assets	$ 500,000	$ 4,378
Total Cash Flow Hedges		$ 500,000	$ 21,328		$ 500,000	$ 4,378
Total derivatives designated as hedging instruments		$ 500,000	$ 21,328		$ 500,000	$ 4,378
Derivatives not designated as hedging instruments						
Forward loan sales commitments	Other assets	$ 33,349	$ 430	Other assets	$ 62,418	$ 1,581
TBA mortgage-backed securities	Other assets	133,747	127	Other assets	0	0
Interest rate lock commitments	Other assets	467,472	10,380	Other assets	973,350	38,332
Total derivatives not designated as hedging instruments		$ 634,568	$ 10,937		$1,035,768	$ 39,913
Total asset derivatives		$1,134,568	$ 32,265		$1,535,768	$ 44,291

	Liability Derivatives					
	December 31, 2021			**December 31, 2020**		
(In thousands)	**Balance Sheet Location**	**Notional Amount**	**Fair Value**	**Balance Sheet Location**	**Notional Amount**	**Fair Value**
Derivatives designated as hedging instruments						
Fair Value Hedges:						
Interest rate swap contracts (hedging commercial loans)	Other liabilities	$ 72,447	$ 3,197	Other liabilities	$ 77,011	$ 6,782
Total Fair Value Hedges		$ 72,447	$ 3,197		$ 77,011	$ 6,782
Total derivatives designated as hedging instruments		$ 72,447	$ 3,197		$ 77,011	$ 6,782
Derivatives not designated as hedging instruments						
Forward loan sales commitments	Other liabilities	$ 15,005	$ 36	Other liabilities	$ 0	$ 0
TBA mortgage-backed securities		550,000	470		0	0
Interest rate lock commitments	Other liabilities	24,743	25		789,000	6,276
Total derivatives not designated as hedging instruments		$ 589,748	$ 531		$ 789,000	$ 6,276
Total liability derivatives		$ 662,195	$ 3,728		$ 866,011	$ 13,058

The following table represents the carrying amount of the hedged assets/(liabilities) and the cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged assets/(liabilities) that are designated as a fair value accounting relationship as of December 31, 2021 and December 31, 2020.

(In thousands)		**December 31, 2021**		
Derivatives in Fair Value Hedging Relationships	**Location in the Statement of Condition**	**Carrying Amount of the Hedged Assets/(Liabilities)**	**Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)**	**Cumulative Amount of Fair Value Hedging Adjustment Remaining for any Hedged Assets/ (Liabilities) for which Hedge Accounting has been Discontinued**
Interest rate swaps	Loans and leases, net of unearned income	$ 73,232	$ (3,197)	$ 0

(In thousands)		December 31, 2020		
Derivatives in Fair Value Hedging Relationships	**Location in the Statement of Condition**	**Carrying Amount of the Hedged Assets/(Liabilities)**	**Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)**	**Cumulative Amount of Fair Value Hedging Adjustment Remaining for any Hedged Assets/ (Liabilities) for which Hedge Accounting has been Discontinued**
Interest rate swaps	Loans and leases, net of unearned income	$ 77,810	$ (6,782)	$ 0

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 its Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019 is presented as follows:

(In thousands)	Income Statement Location	Year Ended December 31, 2021	December 31, 2020	December 31, 2019
Derivatives in hedging relationships				
Cash Flow Hedges:				
Interest rate swap contracts	Interest on long-term borrowings	$ (1,354)	$ (578)	$ 0
Fair Value Hedges:				
Interest rate swap contracts	Interest and fees on loans and leases	$ (1,744)	$ (1,414)	$ (95)
Total derivatives in hedging relationships		$ (3,098)	$ (1,992)	$ (95)
Derivatives not designated as hedging instruments				
Forward loan sales commitments	Income from Mortgage Banking Activities	(1,187)	(725)	925
TBA mortgage-backed securities	Income from Mortgage Banking Activities	5,932	(3,825)	2,331
Interest rate lock commitments	Income from Mortgage Banking Activities	(22,219)	21,299	3,607
Total derivatives not designated as hedging instruments		$ (17,474)	$ 16,749	$ 6,863
Total derivatives		$ (20,572)	$ 14,757	$ 6,768

For the years ended December 31, 2021, 2020 and 2019, changes in the fair value of any interest rate swaps attributed to hedge ineffectiveness were recorded, but not significant to United's Consolidated Statements of Income.

NOTE T--COMPREHENSIVE INCOME

The changes in accumulated other comprehensive income are as follows:

(In thousands)	For the Years Ended December 31 2021	2020	2019
Net Income	**$ 367,738**	**$ 289,023**	**$ 260,099**
Available for sale ("AFS") securities:			
AFS securities with OTTI charges during the period	0	0	(641)
Related income tax effect	0	0	149
Less : OTTI charges recognized in net income	0	0	198

(In thousands)	2021	2020	2019
	For the Years Ended December 31		
Related income tax effect	0	0	(46)
Reclassification of previous noncredit OTTI to credit OTTI	0	0	2,188
Related income tax effect	0	0	(510)
Net unrealized gains on AFS securities with OTTI	0	0	1,338
AFS securities – all other:			
Change in net unrealized gains (losses) on AFS securities arising during the period	(72,257)	77,142	32,570
Related income tax effect	16,836	(17,974)	(7,589)
Net reclassification adjustment for (gains) losses included in net income	(1,552)	(2,502)	(97)
Related income tax effect	362	583	23
	(56,611)	57,249	24,907
Net effect of AFS securities on other comprehensive income	**(56,611)**	**57,249**	**26,245**
Cash flow hedge derivatives:			
Unrealized gain on cash flow hedge before reclassification to interest expense	15,597	3,800	0
Related income tax effect	(3,634)	(885)	0
Net reclassification adjustment for losses included in net income	1,354	578	0
Related income tax effect	(316)	(135)	0
Net effect of cash flow hedge derivatives on other comprehensive income	**13,001**	**3,358**	**0**
Defined benefit pension plan:			
Net actuarial loss during the period	14,286	(10,583)	(10,324)
Related income tax expense	(483)	3,263	2,384
Amortization of prior service cost recognized in net income	0	0	0
Related income tax effect	0	0	0
Amortization of net actuarial loss recognized in net income	6,770	6,050	4,965
Related income tax effect	(4,221)	(2,098)	(1,170)
Net effect of change in defined benefit pension plan on other comprehensive income	**16,352**	**(3,368)**	**(4,145)**
Total change in other comprehensive income, net of tax	**(27,258)**	**57,239**	**22,100**
Total Comprehensive Income	**$ 340,480**	**$ 346,262**	**$ 282,199**

The components of accumulated other comprehensive income for the year ended December 31, 2021 are as follows:

Changes in Accumulated Other Comprehensive Income (AOCI) by Component [(a)]
For the Year Ended December 31, 2021

(Dollars in thousands)	Unrealized Gains/Losses on AFS Securities	Unrealized Gains/Losses on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at January 1, 2021	$ 65,205	$ 3,358	$(46,193)	$ 22,370
Other comprehensive income before reclassification	(55,421)	11,963	0	(43,458)
Amounts reclassified from accumulated other comprehensive income	(1,190)	1,038	16,352	16,200
Net current-period other comprehensive income, net of tax	(56,611)	13,001	16,352	(27,258)
Balance at December 31, 2021	$ 8,594	$ 16,359	$(29,841)	$ (4,888)

(a) All amounts are net-of-tax.

Reclassifications out of Accumulated Other Comprehensive Income (AOCI)
For the Year Ended December 31, 2021

(In thousands) **Details about AOCI Components**	**Amount Reclassified from AOCI**		**Affected Line Item in the Statement Where Net Income is Presented**
Available for sale ("AFS") securities:			
Net reclassification adjustment for gains included in net income	$ (1,552)		Net investment securities gains
	(1,552)		Total before tax
Related income tax effect	362		Tax expense
	(1,190)		Net of tax
Cash flow hedge:			
Net reclassification adjustment for losses included in net income	$ 1,354		Interest expense
	1,354		Total before tax
Related income tax effect	(316)		Tax expense
	1,038		Net of tax
Pension plan:			
Recognized net actuarial loss	14,286	(a)	
Amortization of net actuarial loss	6,770	(b)	
	21,056		Total before tax
Related income tax effect	(4,704)		Tax expense
	16,352		Net of tax
Total reclassifications for the period	$ 16,200		

(a) This AOCI component is included in the computation of changes in plan assets (see Note P, Employee Benefit Plans)
(b) This AOCI component is included in the computation of net periodic pension cost (see Note P, Employee Benefit Plans)

NOTE U--UNITED BANKSHARES, INC. (PARENT COMPANY ONLY) FINANCIAL INFORMATION

Condensed Balance Sheets

(In thousands)	**December 31**	
	2021	**2020**
Assets		
Cash and due from banks	$ 262,067	$ 158,147
Securities available for sale	5,758	7,138
Securities held to maturity	20	20
Equity securities	6,593	4,737
Other investment securities	13,055	10,725
Investment in subsidiaries:		
Bank subsidiaries	4,784,480	4,466,132
Nonbank subsidiaries	33,449	30,287
Goodwill	(16,715)	(16,397)
Other assets	19,471	14,591
Total Assets	$ 5,108,158	$ 4,675,380
Liabilities and Shareholders' Equity		
Subordinated notes	$ 9,872	$ 9,865
Junior subordinated debentures of subsidiary trusts	275,323	269,972
Accrued expenses and other liabilities	104,335	97,923
Shareholders' equity (including other accumulated comprehensive loss of $4,888 at December 31, 2021 and other accumulated comprehensive gain of $22,370 at December 31, 2020)	4,718,628	4,297,620
Total Liabilities and Shareholders' Equity	$ 5,108,158	$ 4,675,380

Condensed Statements of Income

(In thousands)	Year Ended December 31		
	2021	2020	2019
Income			
Dividends from banking subsidiaries	$ 287,500	$ 232,000	$ 249,000
Net interest income	335	202	126
Management fees:			
Bank subsidiaries	39,678	30,464	27,325
Nonbank subsidiaries	27	27	27
Other income	3,418	556	147
Total Income	330,958	263,249	276,625
Expenses			
Operating expenses	47,273	53,880	38,569
Income Before Income Taxes and Equity in Undistributed Net Income of Subsidiaries	283,685	209,369	238,056
Applicable income tax benefit	(779)	(4,196)	(2,123)
Income Before Equity in Undistributed Net Income of Subsidiaries	284,464	213,565	240,179
Equity in undistributed net income of subsidiaries:			
Bank subsidiaries	83,507	75,054	19,557
Nonbank subsidiaries	(233)	404	363
Net Income	$ 367,738	$ 289,023	$ 260,099

Condensed Statements of Cash Flows

(In thousands)	Year Ended December 31		
	2021	2020	2019
Operating Activities			
Net income	$ 367,738	$ 289,023	$ 260,099
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of subsidiaries	(83,274)	(75,458)	(19,920)
Amortization of net periodic pension costs	203	315	302
Stock-based compensation	8,018	5,980	4,914
Excess tax benefits from stock-based compensation arrangements	303	351	223
Net change in other assets and liabilities	2,519	(7)	1,770
Net Cash Provided by Operating Activities	295,507	220,204	247,388
Investing Activities			
Net proceeds from sales of securities	1,449	380	236
Net (purchases of) proceeds from sales of equity securities	(1,016)	(54)	1,116
Net cash paid in acquisition of subsidiary	1,072	(47)	0
Increase in investment in subsidiaries	(3,500)	(5,573)	(7,000)
Change in other investment securities	(2,310)	(672)	(9,890)
Net Cash Used in Investing Activities	(4,305)	(5,966)	(15,538)
Financing Activities			
Cash dividends paid	(181,277)	(162,713)	(138,939)
Acquisition of treasury stock	(11,211)	(21,317)	(35,673)
Proceeds from sale of treasury stock from deferred compensation plan	0	1	1
Proceeds from exercise of stock options	5,206	1,241	1,272
Net Cash Used in Financing Activities	(187,282)	(182,788)	(173,339)
Increase in Cash and Cash Equivalents	103,920	31,450	58,511
Cash and Cash Equivalents at Beginning of Year	158,147	126,697	68,186
Cash and Cash Equivalents at End of Year	$ 262,067	$ 158,147	$ 126,697

NOTE V--REGULATORY MATTERS

United Bank is required to maintain average reserve balances with its Federal Reserve Bank. The average amount of those consolidated reserve balances maintained for the year ended December 31, 2021 were approximately $3,119,391,000. No reserve balance for the year ended December 31, 2021 was required. The average amount of those consolidated reserve balances maintained and required for the year ended December 31, 2020, was approximately $1,409,598,000 and $71,883,000, respectively.

The primary source of funds for the dividends paid by United to its shareholders is dividends received from United Bank. Dividends paid by United Bank are subject to certain regulatory limitations. Generally, the most restrictive provision requires regulatory approval if dividends declared in any year exceed that year's net income, as defined, plus the retained net profits of the two preceding years.

During 2022, the retained net profits available for distribution to United by United Bank as dividends without regulatory approval, are approximately $158,561,000, plus net income for the interim period through the date of declaration.

Under Federal Reserve regulation, United Bank is also limited as to the amount they may loan to affiliates, including the parent company. Loans from United Bank to the parent company are limited to 10% of the banking subsidiaries' capital and surplus, as defined, or $395,066,000 at December 31, 2021, and must be secured by qualifying collateral.

United’s subsidiary banks are subject to various regulatory capital requirements administered by federal banking agencies. Pursuant to capital adequacy guidelines, United’s subsidiary banks must meet specific capital guidelines that involve various quantitative measures of the banks’ assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. United’s subsidiary banks’ capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

As previously mentioned, the new Basel III Capital Rules became effective for United and United Bank on January 1, 2015 (subject to a phase-in period). These new quantitative measures established by regulation to ensure capital adequacy require United and United Bank to maintain minimum amounts and ratios of total, Tier I capital, and common Tier I capital as defined in the regulations, to risk-weighted assets, as defined, and of Tier I capital, as defined, to average assets, as defined. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on United’s financial statements. As of December 31, 2021, United exceeds all capital adequacy requirements to which it is subject.

At December 31, 2021, the most recent notification from its regulators, United and United Bank were categorized as well-capitalized. To be categorized as well-capitalized, United must maintain minimum total risk-based, Tier I risk-based, Common Tier I risk-based, and Tier I leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes would impact United’s well-capitalized status.

United’s and United Bank’s capital amounts (in thousands of dollars) and ratios are presented in the following table.

(Dollars in thousands)	**Actual**		**For Capital Adequacy Purposes**		**To Be Well-Capitalized**	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2021:						
Total Capital (to Risk-Weighted Assets):						
United Bankshares	$ 3,317,133	15.4%	$ 1,719,342	≥8.0%	$ 2,149,177	≥10.0%
United Bank	3,066,779	14.3%	1,715,234	≥8.0%	2,144,042	≥10.0%
Tier I Capital (to Risk-Weighted Assets):						
United Bankshares	$ 2,877,791	13.4%	$ 1,289,506	≥6.0%	$ 1,719,342	≥8.0%
United Bank	2,925,437	13.6%	1,286,425	≥6.0%	1,715,234	≥8.0%
Common Tier I Capital (to Risk Weighted Assets):						
United Bankshares	$ 2,877,791	13.4%	$ 967,130	≥4.5%	$ 1,396,965	≥6.5%
United Bank	2,925,437	13.6%	964,819	≥4.5%	1,393,627	≥6.5%

(Dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Tier I Capital (to Average Assets):						
United Bankshares	$ 2,877,791	11.0%	$ 1,050,891	≥4.0%	$ 1,313,614	≥5.0%
United Bank	2,925,437	11.2%	1,049,526	≥4.0%	1,311,907	≥5.0%
As of December 31, 2020:						
Total Capital (to Risk-Weighted Assets):						
United Bankshares	$ 2,945,669	15.6%	$ 1,515,403	≥8.0%	$ 1,894,254	≥10.0%
United Bank	2,800,753	14.8%	1,511,961	≥8.0%	1,889,951	≥10.0%
Tier I Capital (to Risk-Weighted Assets):						
United Bankshares	$ 2,519,595	13.3%	$ 1,136,552	≥6.0%	$ 1,515,403	≥8.0%
United Bank	2,669,210	14.1%	1,133,971	≥6.0%	1,511,961	≥8.0%
Common Tier I Capital (to Risk Weighted Assets):						
United Bankshares	$ 2,519,595	13.3%	$ 852,414	≥4.5%	$ 1,231,265	≥6.5%
United Bank	2,669,210	14.1%	850,478	≥4.5%	1,228,468	≥6.5%
Tier I Capital (to Average Assets):						
United Bankshares	$ 2,519,595	10.3%	$ 975,099	≥4.0%	$ 1,218,873	≥5.0%
United Bank	2,669,210	11.0%	974,912	≥4.0%	1,218,640	≥5.0%

United's mortgage banking entities, George Mason and Crescent, are subject to net worth requirements issued by the U.S. Department of Housing and Urban Development ("HUD"). Failure to meet minimum capital requirements of HUD can result in certain mandatory and possibly additional discretionary actions that, if undertaken, could have a direct material effect on George Mason's and Crescent's operations.

For George Mason and Crescent, the maximum net worth requirement of HUD at December 31, 2021 was $2,500,000. George Mason's net worth and Crescent's net worth were $161,595,000 and $101,615,000 at December 31, 2021, which both exceeded the HUD requirements.

NOTE W--FAIR VALUES OF FINANCIAL INSTRUMENTS

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 and equity securities: Securities available for sale and equity securities 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 based on observable market inputs, which include benchmark yields, reported trades, issuer spreads, benchmark securities, and "To Be Announced" prices ("Level 2"). Management internally reviews the fair values provided by third party vendors on a monthly basis. Management also performs a quarterly price testing analysis at the individual security level which compares the pricing provided by the third party vendors to an independent pricing source's valuation of the same securities. Variances that are deemed to be material are reviewed by management. Additionally, to further 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 December 31, 2021, management determined that the prices provided by its third party pricing sources 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 materially by management at December 31, 2021. 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 does not have any available-for-sale securities considered as Level 3.

Loans held for sale: For residential mortgage loans sold in the mortgage banking segment, the loans closed are recorded at fair value using the fair value option which is measured using valuations from investors for loans with similar characteristics as well as considering the probability of the loan closing (i.e. the "pull-through" rate) ("Level 2") with some adjusted for the Company's actual sales experience versus the investor's indicated pricing ("Level 3"). The unobservable input for Level 3 valuations is the Company's historical sales prices. For December 31, 2021, the range of historical sales prices increased the investor's indicated pricing by a range of 0.19% to 0.51% with a weighted average increase of 0.29%.

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 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 accumulated 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 accumulated other comprehensive income, net of tax and reclassified into earnings in the same line associated with the forecasted transaction when the forecasted transaction affects earnings.

The Company records its interest rate lock commitments and forward loan sales commitments at fair value determined as the amount that would be required to settle each of these derivative financial instruments at the balance sheet date. In the normal course of business, United's mortgage banking subsidiaries enter into contractual interest rate lock commitments to extend credit to borrowers with fixed expiration dates. The commitments become effective when the borrowers "lock-in" a specified interest rate within the timeframes established by the mortgage companies. All borrowers are evaluated for credit worthiness prior to the extension of the commitment. Market risk arises if interest rates move adversely between the time of the interest rate lock by the borrower and the sale date of the loan to the investor. To mitigate the effect of the interest rate risk inherent in providing rate lock commitments to borrowers, United's mortgage banking subsidiaries enter into either a forward sales contract to sell loans to investors when using best efforts or a TBA mortgage-backed security under mandatory delivery. Fair values of TBA mortgage-backed securities are measured using valuations from investors for mortgage-backed securities with similar characteristics ("Level 2"). The forward sales contracts lock in an interest rate and price for the sale of loans similar to the specific rate lock commitments. Under the Company's best efforts model, the rate lock commitments to borrowers and the forward sales contracts to investors through to the date the loan closes are undesignated derivatives and accordingly, are marked to fair value through earnings. These valuations fall into a Level 2 category. For residential mortgage loans sold in the mortgage banking segment, the interest rate lock commitments are recorded at fair value which is measured using valuations from investors for loans with similar characteristics ("Level 2") with some adjusted for the Company's actual sales experience versus the investor's indicated pricing ("Level 3"). The unobservable input for Level 3 valuations is the Company's historical sales prices. For December 31, 2021, the range of historical sales prices increased the investor's indicated pricing by a range of 0.19% to 0.51% with a weighted average increase of 0.29%.

For interest rate swap 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 table presents the balances of financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 and 2020, segregated by the level of the valuation inputs within the fair value hierarchy:

(In thousands)		Fair Value at December 31, 2021 Using		
Description	**Balance as of December 31, 2021**	**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	$ 81,850	$ 0	$ 81,850	$ 0
State and political subdivisions	847,298	0	847,298	0
Residential mortgage-backed securities				
Agency	1,113,774	0	1,113,774	0
Non-agency	74,545	0	74,545	0
Commercial mortgage-backed securities				
Agency	639,925	0	639,925	0
Asset-backed securities	656,572	0	656,572	0
Single issue trust preferred securities	16,811	0	16,811	0
Other corporate securities	611,924	5,758	606,166	0
Total available for sale securities	4,042,699	5,758	4,036,941	0
Equity securities:				
Financial services industry	187	187	0	0
Equity mutual funds (1)	6,406	6,406	0	0
Other equity securities	5,811	5,811	0	0
Total equity securities	12,404	12,404	0	0
Loans held for sale	504,416	0	40,307	464,109
Derivative financial assets:				
Interest rate swap contracts	21,328	0	21,328	0
Forward sales commitments	430	0	430	0
TBA mortgage-backed securities	127	0	66	61
Interest rate lock commitments	10,380	0	936	9,444
Total derivative financial assets	32,265	0	22,760	9,505
Liabilities				
Derivative financial liabilities:				
Interest rate swap contracts	3,197	0	3,197	0
Forward sales commitments	36	0	0	36
TBA mortgage-backed securities	470	0	0	470
Interest rate lock commitments	25	0	0	25
Total derivative financial liabilities	3,728	0	3,197	531

(In thousands)		Fair Value at December 31, 2020 Using		
Description	**Balance as of December 31, 2020**	**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	$ 66,344	$ 0	$ 66,344	$ 0

(In thousands) Description	Balance as of December 31, 2020	Fair Value at December 31, 2020 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
obligations of U.S. Government corporations and agencies				
State and political subdivisions	565,160	0	565,160	0
Residential mortgage-backed securities				
Agency	928,891	0	928,891	0
Non-agency	21,776	0	21,776	0
Commercial mortgage-backed securities				
Agency	675,145	0	675,145	0
Asset-backed securities	294,623	0	294,623	0
Single issue trust preferred securities	17,027	0	17,027	0
Other corporate securities	384,393	6,207	378,186	0
Total available for sale securities	2,953,359	6,207	2,947,152	0
Equity securities:				
Financial services industry	134	134	0	0
Equity mutual funds (1)	4,602	4,602	0	0
Other equity securities	5,982	5.982	0	0
Total equity securities	10,718	10,718	0	0
Loans held for sale	698,341	0	43,608	654,733
Derivative financial assets:				
Interest rate swap contracts	4,378	0	4,378	0
Forward sales commitments	1,581	0	1,581	0
TBA mortgage-backed securities	0	0	0	0
Interest rate lock commitments	38,332	0	6,321	32,011
Total derivative financial assets	44,291	0	12,280	32,011
Liabilities				
Derivative financial liabilities:				
Interest rate swap contracts	6,782	0	6,782	0
TBA mortgage-backed securities	6,276	0	6,276	0
Total derivative financial liabilities	13,058	0	13,058	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.

There were no transfers between Level 1, Level 2 and Level 3 for financial assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2021 and 2020.

The following tables present additional information about financial assets and liabilities measured at fair value at December 31, 2021 and 2020 on a recurring basis and for which United has utilized Level 3 inputs to determine fair value. 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 related to assets still held at the reporting date are recorded in Income from mortgage banking activities in the Consolidated Statements of Income.

(In thousands)	Loans held for sale December 31, 2021	December 31, 2020
Balance, beginning of period	$ 654,733	$ 384,375
Originations	4,984,363	5,699,581
Sales	(5,313,758)	(5,652,693)
Total gains or losses during the period recognized in earnings	138,771	223,470
Balance, end of period	$ 464,109	$ 654,733
The amount of total gains 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	$ 10,506	$ 25,194

(In thousands)	Derivative Financial Assets TBA Securities	
	December 31, 2021	December 31, 2020
Balance, beginning of period	$ 0	$ 0
Transfers other	61	0
Balance, end of period	$ 61	$ 0
The amount of total gains 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	$ 61	$ 0

(In thousands)	Derivative Financial Assets Interest Rate Lock Commitments	
	December 31, 2021	December 31, 2020
Balance, beginning of period	$ 32,011	$ 4,518
Transfers other	(22,567)	27,493
Balance, end of period	$ 9,444	$ 32,011
The amount of total gains 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	$ 9,444	$ 32,011

(In thousands)	Derivative Financial Liabilities Forward Sales Commitments	
	December 31, 2021	December 31, 2020
Balance, beginning of period	$ 0	$ 0
Transfers other	36	0
Balance, end of period	$ 36	$ 0
The amount of total gains 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	$ 36	$ 0

(In thousands)	Derivative Financial Liabilities TBA Securities	
	December 31, 2021	December 31, 2020
Balance, beginning of period	$ 0	$ 0
Transfers other	470	0
Balance, end of period	$ 470	$ 0
The amount of total gains 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	$ 470	$ 0

(In thousands)	Derivative Financial Liabilities Interest Rate Lock	
	December 31, 2021	December 31, 2020
Balance, beginning of period	$ 0	$ 0
Transfers other	25	0
Balance, end of period	$ 25	$ 0
The amount of total gains 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	$ 25	$ 0

Fair Value Option

As of January 1, 2021, United elected the fair value option for new loans held for sale originated in its community banking segment after that date to mitigate a divergence between accounting losses and economic exposure. Prior to January 1, 2021, United elected the fair value option only for its loans held for sale in its mortgage banking segment.

The following table reflects the change in fair value included in earnings of financial instruments for which the fair value option has been elected:

(In thousands) **Description**	**Year Ended December 31, 2021**	**Year Ended December 31, 2020**
Income from mortgage banking activities	$ (15,267)	$ 14,947

The following table reflects the difference between the aggregate fair value and the remaining contractual principal outstanding for financial instruments for which the fair value option has been elected:

	December 31, 2021			**December 31, 2020**		
(In thousands) **Description**	**Unpaid Principal Balance**	**Fair Value**	**Fair Value Over/(Under) Unpaid Principal Balance**	**Unpaid Principal Balance**	**Fair Value**	**Fair Value Over/(Under) Unpaid Principal Balance**
Loans held for sale	$ 493,340	$ 504,416	$ 11,076	$ 672,458	$ 698,341	$ 25,883

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

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

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

Loans held for sale: Loans held for sale within the community banking segment that are delivered on a best efforts basis are carried at the lower of cost or fair value. The 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 for these loans held for sale on a nonrecurring basis. No nonrecurring fair value adjustments were recorded on loans held for sale during the year ended December 31, 2021. Gains and losses on sale of loans are recorded within income from mortgage banking activities on the Consolidated Statements of Income.

Individually assessed loans: In the determination of the allowance for loan losses, loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. 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 individually assessed 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. United may elect to perform a qualitative analysis to determine whether or not it is more-likely-than not that the fair value of a reporting unit is less than its carrying amount. If United elects to bypass this qualitative analysis, or concludes via qualitative analysis that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, United may use either a market or income quantitative approach to determine the fair value of the reporting unit. If the fair value of the reporting unit is less than its carrying value, an impairment charge would be recorded for the difference, not to exceed the amount of goodwill allocated to the reporting unit. At each reporting date, the Company considers potential indicators of impairment. United performed its annual goodwill impairment test on the Company's reporting units as of September 30, 2021. The goodwill impairment test did not identify any goodwill impairment. In subsequent periods, economic uncertainty and volatility surrounding COVID-19 and the performance of the Company's stock as well as possible other impairment indicators could cause us to perform a goodwill impairment test which could result in an impairment charge being recorded for that period if the carrying value of goodwill was found to exceed fair value. 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 Community Bankers Trust in the fourth quarter of 2021 and Carolina Financial in the second quarter of 2020, no other fair value measurement of intangible assets was made during the year of 2021 and 2020.

Mortgage Servicing Rights ("MSRs"): A mortgage servicing right asset represents the amount by which the present value of the estimated future net cash flows to be received from servicing loans are expected to more than adequately compensate the Company for performing the servicing. The Company initially measures servicing assets and liabilities retained related to the sale of residential loans held for sale ("mortgage servicing rights") at fair value. For subsequent measurement purposes, the Company measures servicing assets and liabilities using the amortization method on a quarterly basis. The quarterly determination of fair value of servicing rights is provided by a third party and is estimated using a present value cash flow model. The most important assumptions used in the valuation model are the anticipated rate of the loan prepayments and discount rates. Although some assumptions in determining fair value are based on standards used by market participants, some are based on unobservable inputs and therefore are classified in Level 3 of the valuation hierarchy. The unobservable inputs for Level 3 valuations are market discount rates, anticipated prepayment speeds, projected delinquency rates, and ancillary fee income net of servicing costs. For the unobservable inputs used in the valuation of mortgage servicing rights at December 31, 2021 and 2020, refer to Note J of these Notes to Consolidated Financial Statements.

The Company recorded a net recovery of $500,000 on mortgage servicing rights in the year ended December 31, 2021. The Company recorded a $1,383,000 temporary impairment of mortgage servicing rights in the year ended December 31, 2020. The Company does not hedge the mortgage servicing rights positions and the impact of falling long-term interest rates increased prepayment speed assumptions reducing the value of MSRs asset.

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

(In thousands) Description	Balance as of December 31, 2021	Carrying value at December 31, 2021 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	YTD Gains (Losses)
Assets					
Individually assessed loans	$ 65,431	$ 0	$ 46,830	$ 18,601	$ (601)
OREO	14,823	0	3,209	11,614	(4,020)
Mortgage servicing rights	27,355	0	0	27,355	(629)

(In thousands) Description	Balance as of December 31, 2020	Carrying value at December 31, 2020 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	YTD Gains (Losses)
Assets					
Loans held for sale	$ 20,596	$ 0	$ 20,596	$ 0	$ (197)
Individually assessed loans	37,498	0	14,467	23,031	1,318
OREO	22,595	0	22,595	0	(1,618)
Mortgage servicing rights	20,955	0	0	20,955	(1,383)

Fair Value of Other Financial Instruments

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 securities 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 consider observable market data. Any securities held to maturity, not valued based upon the methods above, are valued based on a discounted cash flow methodology using appropriately adjusted discount rates reflecting nonperformance and liquidity risks. Other securities consist mainly of shares of Federal Home Loan Bank and Federal Reserve Bank stock that do not have readily determinable fair values and are carried at cost.

Loans and leases: The fair values of certain mortgage loans (e.g., one-to-four family residential), credit card loans, and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. The fair values of other loans and leases (e.g., commercial real estate and rental property mortgage loans, commercial and industrial loans, financial institution loans and agricultural loans) are estimated using discounted cash flow analyses, using market interest rates currently being offered for loans and leases with similar terms to borrowers of similar creditworthiness, which include adjustments for liquidity concerns. For acquired PCD loans, fair value is assumed to equal United's carrying value, which represents the present value of expected future principal and interest cash flows, as adjusted for any Allowance for Credit Losses recorded for these loans.

Deposits: The fair values of demand deposits (e.g., interest and noninterest checking, regular savings and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values of fixed-rate certificates of deposit are estimated using a

discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

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

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

Summary of Fair Values for All Financial Instruments

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

(In thousands)			Fair Value Measurements		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021					
Cash and cash equivalents	$ 3,758,170	$ 3,758,170	$ 0	$ 3,758,170	$ 0
Securities available for sale	4,042,699	4,042,699	5,758	4,036,941	0
Securities held to maturity	1,001	1,020	0	0	1,020
Equity securities	12,404	12,404	12,404	0	0
Other securities	239,645	227,663	0	0	227,663
Loans held for sale	504,416	504,416	0	40,307	464,109
Net loans	17,807,632	17,119,202	0	0	17,119,202
Derivative financial assets	32,265	32,265	0	22,760	9,505
Mortgage servicing rights	23,144	27,355	0	0	27,355
Deposits	23,350,263	23,334,431	0	23,334,431	0
Short-term borrowings	128,844	128,844	0	128,844	0
Long-term borrowings	817,394	773,291	0	773,291	0
Derivative financial liabilities	3,728	3,728	0	3,197	531
December 31, 2020					
Cash and cash equivalents	$ 2,209,068	$ 2,209,068	$ 0	$ 2,209,068	$ 0
Securities available for sale	2,953,359	2,953,359	6,207	2,947,152	0
Securities held to maturity	1,212	1,212	0	192	1,020
Equity securities	10,718	10,718	10,718	0	0
Other securities	220,895	209,850	0	0	209,850
Loans held for sale	718,937	718,937	0	64,204	654,733
Net loans	17,355,583	16,559,797	0	0	16,559,797
Derivative financial assets	44,291	44,291	0	12,280	32,011
Mortgage servicing rights	20,955	20,955	0	0	20,955
Deposits	20,585,160	20,583,607	0	20,583,607	0
Short-term borrowings	142,300	142,300	0	142,300	0
Long-term borrowings	864,369	815,991	0	815,991	0
Derivative financial liabilities	13,058	13,058	0	13,058	0

NOTE X-- VARIABLE INTEREST ENTITIES

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

issuing trust preferred securities.

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

United does not consolidate these trusts as it is not the primary beneficiary of these entities because United's wholly owned and indirect wholly owned statutory trust subsidiaries do not have a controlling financial interest in the VIEs. A controlling financial interest is present when an enterprise has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE.

United, through its banking subsidiary, also makes limited partner equity investments in various low income housing and community development partnerships sponsored by independent third-parties. United invests in these partnerships to either realize tax credits on its consolidated federal income tax return or for purposes of earning a return on its investment. These partnerships are considered VIEs as the limited partners lack a controlling financial interest in the entities through their inability to make decisions that have a significant effect on the operations and success of the partnerships. United's limited partner interests in these entities is immaterial, however; these partnerships are not consolidated as United is not deemed to be the primary beneficiary.

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

	As of December 31, 2021			As of December 31, 2020		
(In thousands)	**Aggregate Assets**	**Aggregate Liabilities**	**Risk Of Loss [(1)]**	**Aggregate Assets**	**Aggregate Liabilities**	**Risk Of Loss [(1)]**
Trust preferred securities	$ 299,531	$ 288,499	$ 11,032	$ 295,466	$ 284,788	$ 10,678

(1) Represents investment in VIEs.

NOTE Y--SEGMENT INFORMATION

United operates in two business segments: community banking and mortgage banking. Through its community banking segment, United offers a full range of products and services through various delivery channels. In particular, the community banking segment includes both commercial and consumer lending and provides customers with such products as commercial loans, real estate loans, business financing and consumer loans. In addition, this segment provides customers with several choices of deposit products including demand deposit accounts, savings accounts and certificates of deposit as well as investment and financial advisory services to businesses and individuals, including financial planning, retirement/estate planning, and investment management. The mortgage banking segment engages primarily in the origination and acquisition of residential mortgages for sale into the secondary market though United's mortgage banking subsidiaries, George Mason and Crescent. Crescent may retain servicing rights on their mortgage loans sold. At certain times, Crescent may purchase rights to service loans from third parties. These rights are known as mortgage servicing rights provide the owner with the contractual right to receive a stream of cash flows in exchange for performing specified mortgage servicing functions.

The community banking segment provides the mortgage banking segment (George Mason and Crescent) with short-term funds to originate mortgage loans through a warehouse line of credit and charges the mortgage banking segment interest based on the 30-day LIBOR rate. These transactions are eliminated in the consolidation process.

The Company does not have any operating segments other than those reported. The "Other" category consists of financial information not directly attributable to a specific segment, including interest income from investments and net securities gains or losses of parent companies and their non-banking subsidiaries, interest expense related to subordinated notes of

unconsolidated subsidiaries as well as the elimination of non-segment related intercompany transactions such as management fees. The "Other" represents an overhead function rather than an operating segment.

Information about the reportable segments and reconciliation of this information to the consolidated financial statements at and for the years ended December 31, 2021, 2020 and 2019 is as follows:

(In thousands)	At and For the Year Ended December 31, 2021				
	Community Banking	Mortgage Banking	Other	Intersegment Eliminations	Consolidated
Net interest income	$ 731,305	$ 10,497	$ (8,378)	$ 9,310	$ 742,734
Provision for credit losses	(23,970)	0	0	0	(23,970)
Other income	99,974	183,216	3,769	(8,867)	278,092
Other expense	443,457	138,508	(465)	443	581,943
Income taxes	84,715	11,275	(875)	0	95,115
Net income (loss)	$ 327,077	$ 43,930	$ (3,269)	$ 0	$ 367,738
Total assets (liabilities)	$ 29,022,170	$ 691,642	$ 39,182	$ (424,092)	$ 29,328,902
Average assets (liabilities)	26,910,956	659,105	27,445	(341,411)	27,256,095

(In thousands)	At and For the Year Ended December 31, 2020				
	Community Banking	Mortgage Banking	Other	Intersegment Eliminations	Consolidated
Net interest income	$ 677,907	$ 8,853	$ (9,658)	$ 12,671	$ 689,773
Provision for credit losses	106,562	0	0	0	106,562
Other income	90,092	276,185	730	(12,261)	354,746
Other expense	423,934	140,628	13,245	410	578,217
Income taxes	47,162	27,698	(4,143)	0	70,717
Net income (loss)	$ 190,341	$ 116,712	$ (18,030)	$ 0	$ 289,023
Total assets (liabilities)	$ 25,892,396	$ 870,151	$ 31,623	$ (609,923)	$ 26,184,247
Average assets (liabilities)	23,927,889	651,778	7,283	(449,880)	24,137,070

(In thousands)	At and For the Year Ended December 31, 2019				
	Community Banking	Mortgage Banking	Other	Intersegment Eliminations	Consolidated
Net interest income	$ 583,547	$ 916	$ (12,472)	$ 5,931	$ 577,922
Provision for credit losses	21,313	0	0	0	21,313
Other income	74,956	83,884	392	(8,748)	150,484
Other expense	314,710	72,288	(1,527)	(2,817)	382,654
Income taxes	64,080	2,355	(2,095)	0	64,340
Net income (loss)	$ 258,400	$ 10,157	$ (8,458)	$ 0	$ 260,099
Total assets (liabilities)	$ 19,564,036	$ 507,124	$ 17,777	$ (426,613)	$ 19,662,324
Average assets (liabilities)	19,401,397	358,087	8,411	(292,427)	19,475,468

NOTE Z--QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for 2021 and 2020 is summarized below (dollars in thousands, except for per share data):

(Dollars in thousands)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2021				
Interest income	$ 205,657	$ 200,186	$ 194,080	$ 195,194
Interest expense	14,697	13,669	12,501	11,516
Net interest income	190,960	186,517	181,579	183,678
Provision for credit losses	143	(8,879)	(7,829)	(7,405)
Mortgage banking income	65,395	36,943	42,012	27,342
Securities gains (losses), net	2,609	24	82	(39)
Other noninterest income	24,569	25,879	26,530	26,746
Noninterest expense	148,927	138,951	142,276	151,789
Income taxes	27,565	24,455	23,604	19,491
Net income [(1)]	106,898	94,836	92,152	73,852
Per share data:				
Average shares outstanding (000s):				

(Dollars in thousands)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Basic	128,636	128,751	128,763	130,940
Diluted	128,891	129,034	128,960	131,296
Net income per share:				
Basic	$0.83	$0.73	$0.71	$0.56
Diluted	$0.83	$0.73	$0.71	$0.56
Dividends per share	$0.35	$0.35	$0.35	$0.36
2020				
Interest income	$ 180,482	$ 198,717	$ 210,269	$ 208,914
Interest expense	38,964	28,115	24,605	16,925
Net interest income	141,518	170,602	185,664	191,989
Provision for credit losses	27,119	45,911	16,781	16,751
Mortgage banking income	17,631	68,213	109,457	70,793
Securities losses, net	196	1,510	860	589
Other noninterest income	18,979	18,667	25,151	22,700
Noninterest expense	101,133	149,374	171,593	156,117
Income taxes	9,889	11,021	28,974	20,833
Net income [1]	40,183	52,686	103,784	92,370
Per share data:				
Average shares outstanding (000s):				
Basic	101,295	119,824	129,373	129,372
Diluted	101,399	119,888	129,455	129,479
Net income per share:				
Basic	$0.40	$0.44	$0.80	$0.71
Diluted	$0.40	$0.44	$0.80	$0.71
Dividends per share	$0.35	$0.35	$0.35	$0.35

(1) For further information, see the related discussion "Quarterly Results" included in Management's Discussion and Analysis.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

This item is omitted since it is not applicable.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

United Bankshares, Inc. (the Company) maintains controls and procedures designed to ensure that it is able to collect the information it is required to disclose in the reports it files with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this report conducted by the Company's management, with the participation of the Chief Executive and Chief Financial Officer, the Chief Executive and Chief Financial Officer believe that these controls and procedures are effective to ensure that the Company is able to collect, process and disclose the information it is required to disclose in the reports it files with the SEC within the required time periods.

Management's Report on Internal Control over Financial Reporting

Management's Report on internal control over financial reporting and the audit report of Ernst & Young LLP, the Company's independent registered public accounting firm, on internal control over financial reporting is included on pages 68-69 of this report and are incorporated in this Item 9A by reference.

Changes In Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. OTHER INFORMATION

None

Item 9C. DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None

UNITED BANKSHARES, INC.
FORM 10-K, PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding directors and executive officers of the registrant including their reporting compliance under Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference from United's definitive proxy statement for the 2022 Annual Meeting of Shareholders under the caption "Directors Whose Terms Expire in 2022 and Nominees for Directors" under the heading "PROPOSAL 1: ELECTION OF DIRECTORS", under the caption "Delinquent Section 16(a) Reports" under the heading "COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" and under the captions "Executive Officers" and "Family Relationships" under the heading "GOVERNANCE OF THE COMPANY."

United has adopted a code of ethics for its Chief Executive Officer, Chief Financial Officer, Controller and persons performing similar functions of the registrant in accordance with Section 406 of the Sarbanes-Oxley Act of 2002. A copy of the code of ethics is posted on United's web site at www.ubsi-inc.com.

Information related to the registrant's audit committee and its financial expert in accordance with Section 407 of the Sarbanes-Oxley Act of 2002 is incorporated by reference from United's definitive proxy statement for the 2022 Annual Meeting of Shareholders under the captions "The Audit Committee" and the "Audit Committee Financial Expert" under the heading "GOVERNANCE OF THE COMPANY."

Since the disclosure of the procedures in the definitive proxy statement for the 2021 Annual Meeting of Shareholders, United has not adopted any changes to the procedures by which shareholders may recommend nominees to United's Board of Directors as set forth in Article II, Section 5 of the Restated Bylaws of United.

Item 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated by reference from United's definitive proxy statement for the 2022 Annual Meeting of Shareholders under the heading of "EXECUTIVE COMPENSATION", under the heading "COMPENSATION DISCUSSION AND ANALYSIS (CD&A)", and under the heading "REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION."

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and securities authorized under equity compensation plans is incorporated by reference from United's definitive proxy statement for the 2022 Annual Meeting of Shareholders under the caption "Directors Whose Terms Expire in 2022 and Nominees for Directors" under the heading "PROPOSAL 1: ELECTION OF DIRECTORS" and under the captions "Beneficial Ownership of Directors and Named Executive Officers", "Principal Shareholders of United" and "Related Shareholder Matters" under the heading "COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions is incorporated by reference from United's definitive proxy statement for the 2022 Annual Meeting of Shareholders under the captions of "Related Party Transactions" and "Independence of Directors" under the heading "GOVERNANCE OF THE COMPANY."

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding approval of audit and non-audit services by the Audit Committee as well as fees paid to auditors is incorporated by reference from United's definitive proxy statement for the 2022 Annual Meeting of Shareholders under the captions "Pre-Approval Policies and Procedures" and "Independent Registered Public Accounting Firm Fees Information" under the heading "AUDIT COMMITTEE AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM."

UNITED BANKSHARES, INC.
FORM 10-K, PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) List of Documents Filed as Part of This Report:

(1) Financial Statements

United's consolidated financial statements required in response to this Item are incorporated by reference from Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

United is not filing separate financial statement schedules because of the absence of conditions under which they are required or because the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits Required by Item 601

Listing of Exhibits - See the Exhibits' Index on page 151 of this Form 10-K.

(b) Exhibits -- The exhibits to this Form 10-K begin on page # .

(c) Consolidated Financial Statement Schedules -- All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable or pertain to items as to which the required disclosures have been made elsewhere in the financial statements and notes thereto, and therefore have been omitted.

All reports filed electronically by United with the Securities and Exchange Commission (SEC), including the annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, as well as any amendments to those reports, are accessible at no cost on United's web site at www.ubsi-inc.com. These filings are also accessible on the SEC's web site at www.sec.gov.

Filed with United's Annual Report on Form 10-K for fiscal year ended December 31, 2021.

UNITED BANKSHARES, INC.

FORM 10-K

INDEX TO EXHIBITS

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated November 17, 2019, by and between United Bankshares, Inc. and Carolina Financial Corporation (incorporated into this filing by reference to Exhibit 2.1 to the Form 8-K dated November 17, 2019 and filed November 18, 2019 for United Bankshares, Inc., File No. 002-86947)
2.2	Agreement and Plan of Reorganization, dated June 2, 2021, by and between United Bankshares, Inc. and Community Bankers Trust Corporation (incorporated into this filing by reference to Exhibit 2.1 to the Form 8-K dated December 3, 2021 and filed December 3, 2021 for United Bankshares, Inc., File No. 002-86947)
3.1	Amended and Restated Articles of Incorporation (incorporated into this filing by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q dated March 31, 2017 and filed May 9, 2017 for United Bankshares, Inc., File No.002-86947)
3.2	Restated Bylaws (incorporated into this filing by reference to Exhibit 3.1 to the Current Report on Form 8-K dated and filed on March 20, 2020 for United Bankshares, Inc., File No.002-86947)
4.1	Description of Registrant's Securities (incorporated into this filing by reference to the Annual Report on Form 10-K dated December 31, 2019 and filed March 2, 2020 for United Bankshares, Inc., File No.002-86947)
10.1	Fourth Amended Employment Agreement for Richard M. Adams (incorporated into this filing by reference to Exhibit 10.5 to the 2011 Form 10-K dated December 31, 2011 and filed February 29, 2012 for United Bankshares, Inc., File No. 002-86947)
10.2	Third Amended Employment Agreement for Richard M. Adams (incorporated into this filing by reference to Exhibit 10.1 to the Form 8-K dated November 24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.3	Second Amended and Restated Supplemental Retirement Agreement for Richard M. Adams (incorporated into this filing by reference to Exhibit 10.4 to the Form 8-K dated November 24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.4	First Amendment to Second Amended and Restated Supplemental Retirement Agreement for Richard M. Adams (incorporated into this filing by reference to Exhibit 10.6 to the 2011 Form 10-K dated December 31, 2011 and filed February 29, 2012 for United Bankshares, Inc., File No. 002-86947)
10.5	Amended and Restated Change of Control Agreement for Richard M. Adams, Jr. and James J. Consagra, Jr. (incorporated into this filing by reference to Exhibit 10.9 to the Form 8-K dated November 24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.6	Form of 2017 Amendment to Amended and Restated Change of Control Agreement for Richard M. Adams, Jr. and James J. Consagra, Jr. (incorporated into this filing by reference

Exhibit No.	Description
	to Exhibit 10.6 to the 2017 Form 10-K dated December 31, 2017 and filed March 1, 2018 for United Bankshares, Inc. File No.002-86947)
10.7	Form of the Amendment and First Restatement of the United Bankshares, Inc. Supplemental Executive Retirement Agreement (Tier 2 SERP) for Richard M. Adams, Jr. and James J. Consagra, Jr., Executive Vice-President (incorporated into this filing by reference to Exhibit 10.6 to the Form 8-K dated November 24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.8	Form of Second Amendment to 2008 Amended and Restated United Bankshares, Inc. Supplemental Executive Retirement Agreement for Richard M. Adams, Jr. and James J. Consagra, Jr. (incorporated into this filing by reference to Exhibit 10.8 to the 2017 Form 10-K dated December 31, 2017 and filed March 1, 2018 for United Bankshares, Inc. File No.002-86947)
10.9	Employment Agreement with J. Paul McNamara (incorporated into this filing by reference to Exhibit 10.3 to Form S-4 Registration Statement of United Bankshares, Inc., Registration No. 33-106890 filed July 9, 2003)
10.10	Supplemental Executive Retirement Agreement for Craige Smith (incorporated into this filing by reference to Exhibit 10.1 to the 2013 Form 10-K dated December 31, 2013 and filed on March 3, 2014 for United Bankshares, Inc., File No. 002-86947)
10.11	Supplemental Executive Retirement Agreement for Mark Tatterson (incorporated into this filing by reference to Exhibit 10.2 to the 2013 Form 10-K dated December 31, 2013 and filed on March 3, 2014 for United Bankshares, Inc., File No. 002-86947)
10.12	Form of First Amendment to United Bankshares, Inc. Supplemental Executive Retirement Agreement for Craige Smith and Mark Tatterson (incorporated into this filing by reference to Exhibit 10.12 to the 2017 Form 10-K dated December 31, 2017 and filed March 1, 2018 for United Bankshares, Inc. File No.002-86947)
10.13	Form of Independent Contractor Agreement with Peter A. Converse (incorporated into this filing by reference to Exhibit 10.2 to the Form 8-K dated January 31, 2014 and filed February 3, 2014 for United Bankshares, Inc., File No. 002-86947)
10.14	Amended and Restated Employment Agreement by and between United Bankshares, Inc., United Bank and Michael P. Fitzgerald (incorporated into this filing by reference to Exhibit 10.2 to the Form 8-K dated June 3, 2016 and filed June 6, 2016 for United Bankshares, Inc., File No.002-86947)
10.15	Form of Supplemental Executive Retirement Agreement with Darren K. Williams and Douglas B. Ernest (incorporated into this filing by reference to Exhibit 10.15 to the 2017 Form 10-K dated December 31, 2017 and filed March 1, 2018 for United Bankshares, Inc. File No.002-86947)
10.16	Second Amended and Restated United Bankshares, Inc. Non-Qualified Retirement and Savings Plan (incorporated into this filing by reference to Exhibit 10.3 to the Form 8-K dated November 24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.17	Amended and Restated United Bankshares, Inc. Management Stock Bonus Plan (incorporated into this filing by reference to Exhibit 10.10 to the Form 8-K dated November

Exhibit No.	Description
	24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.18	United Bankshares, Inc., United Bank, Inc. and United Bank Deferred Compensation Plan for Directors (incorporated into this filing by reference to Exhibit 10.12 to the Form 8-K dated November 24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.19	United Bankshares, Inc., United Bank, Inc. and United Bank Rabbi Trust Agreement for Deferred Compensation Plan for Directors (incorporated into this filing by reference to Exhibit 10.13 to the Form 8-K dated November 24, 2008 and filed November 26, 2008 for United Bankshares, Inc., File No. 002-86947)
10.20	United Bankshares, Inc. 2011 Long-term Incentive Plan (incorporated into this filing by reference to Exhibit A to 2011 Proxy Statement dated April 8, 2011 and filed April 8, 2011 for United Bankshares, Inc., File No. 002-86947)
10.21	United Bankshares, Inc. 2016 Long-term Incentive Plan (incorporated into this filing by reference to Exhibit A to 2016 Proxy Statement dated April 4, 2016 and filed April 1, 2016 for United Bankshares, Inc., File No. 002-86947)
10.22	United Bankshares, Inc. 2020 Long-term Incentive Plan (incorporated into this filing by reference to Exhibit A to 2020 Proxy Statement dated March 30, 2020 and filed March 30, 2020 for United Bankshares, Inc., File No. 002-86947)
21.1	Subsidiaries of the Registrant (filed herewith)
23.1	Consent of Ernst & Young LLP (filed herewith)
31.1	Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer (filed herewith)
31.2	Certification as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer (filed herewith)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer (furnished herewith)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer (furnished herewith)
101	Interactive data file (Inline XBRL) (filed herewith)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED BANKSHARES, INC.
(Registrant)

/s/ Richard M. Adams
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Richard M. Adams	Chairman of the Board, Director, and Chief Executive Officer	March 1, 2022
/s/ W. Mark Tatterson	Chief Financial Officer Chief Accounting Officer	March 1, 2022
/s/ Theodore J. Georgelas	Director	March 1, 2022
/s/ Mark R. Nesselroad	Director	March 1, 2022
/s/ P. Clinton Winter	Director	March 1, 2022
/s/ J. Paul McNamara	Director	March 1, 2022
/s/ Jerold L. Rexroad	Director	March 1, 2022
/s/ Mary K. Weddle	Director	March 1, 2022
/s/ Peter A. Converse	Director	March 1, 2022
/s/ Charles L. Capito, Jr.	Director	March 1, 2022
/s/ Patrice A. Harris	Director	March 1, 2022
/s/ Michael P. Fitzgerald	Director	March 1, 2022
/s/ Albert H. Small, Jr.	Director	March 1, 2022