UNITED BANKSHARES INC/WV
Form 10-Q
May 09, 2016
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FORM 10-Q

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from ______ to ______

Commission File Number: 0-13322

United Bankshares, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

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

Class - Common Stock, $2.50 Par Value; **69,712,832** shares outstanding as of **April 30, 2016**.

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UNITED BANKSHARES, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

The March 31, 2016 and December 31, 2015, consolidated balance sheets of United Bankshares, Inc. and Subsidiaries (United or the Company), consolidated statements of income, comprehensive income, consolidated statement of changes in shareholders equity and the condensed consolidated statements of cash flows for the three months ended March 31, 2016 and 2015, and the notes to consolidated financial statements appear on the following pages.

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CONSOLIDATED BALANCE SHEETS

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except par value)

	March 31 2016 (Unaudited)	December 31 2015 (Note 1)
Assets		
Cash and due from banks	$ 151,470	$ 136,690
Interest-bearing deposits with other banks	752,648	719,923
Federal funds sold	723	722
Total cash and cash equivalents	904,841	857,335
Securities available for sale at estimated fair value (amortized cost-$1,060,944 at March 31, 2016 and $1,072,340 at December 31, 2015)	1,068,252	1,066,334
Securities held to maturity (estimated fair value-$35,567 at March 31, 2016 and $36,319 at December 31, 2015)	39,058	39,099
Other investment securities	100,000	98,749
Loans held for sale	5,395	10,681
Loans	9,393,200	9,398,952
Less: Unearned income	(14,807)	(14,872)
Loans net of unearned income	9,378,393	9,384,080
Less: Allowance for loan losses	(75,490)	(75,726)
Net loans	9,302,903	9,308,354
Bank premises and equipment	72,012	73,089
Goodwill	710,252	710,252
Accrued interest receivable	36,068	35,801
Other assets	368,103	378,250
TOTAL ASSETS	$ 12,606,884	$ 12,577,944
Liabilities		
Deposits:		
Noninterest-bearing	$ 2,792,571	$ 2,699,958
Interest-bearing	6,531,997	6,641,569
Total deposits	9,324,568	9,341,527
Borrowings:		
Federal funds purchased	27,100	22,230
Securities sold under agreements to repurchase	315,475	341,661
Federal Home Loan Bank borrowings	885,855	850,880
Other long-term borrowings	223,723	223,506
Reserve for lending-related commitments	1,193	936
Accrued expenses and other liabilities	93,933	84,569
TOTAL LIABILITIES	10,871,847	10,865,309
Shareholders Equity		
Preferred stock, $1.00 par value; Authorized-50,000,000 shares, none issued		
	174,334	174,067

Common stock, $2.50 par value; Authorized-100,000,000 shares; issued-69,733,465 and 69,626,932 at March 31, 2016 and December 31, 2015, respectively, including 27,124 and 23,835 shares in treasury at March 31, 2016 and December 31, 2015, respectively		
Surplus	754,317	752,997
Retained earnings	836,308	824,603
Accumulated other comprehensive loss	(28,989)	(38,212)
Treasury stock, at cost	(933)	(820)
TOTAL SHAREHOLDERS EQUITY	1,735,037	1,712,635
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 12,606,884	$ 12,577,944

See notes to consolidated unaudited financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Three Months Ended March 31	
	2016	**2015**
Interest income		
Interest and fees on loans	$ 99,334	$ 95,149
Interest on federal funds sold and other short-term investments	622	331
Interest and dividends on securities:		
Taxable	7,707	8,189
Tax-exempt	833	880
Total interest income	108,496	104,549
Interest expense		
Interest on deposits	6,885	6,885
Interest on short-term borrowings	214	231
Interest on long-term borrowings	3,113	2,684
Total interest expense	10,212	9,800
Net interest income	98,284	94,749
Provision for loan losses	4,035	5,354
Net interest income after provision for loan losses	94,249	89,395
Other income		
Fees from trust and brokerage services	4,869	4,892
Fees from deposit services	7,973	9,773
Bankcard fees and merchant discounts	838	814
Other service charges, commissions, and fees	429	478
Income from bank-owned life insurance	1,180	1,273
Income from mortgage banking	728	545
Other income	371	404
Total other-than-temporary impairments	0	(100)
Portion of loss recognized in other comprehensive income	0	66
Net other-than-temporary impairment losses	0	(34)
Net gains on sales/calls of investment securities	4	46
Net investment securities gains	4	12
Total other income	16,392	18,191
Other expense		
Employee compensation	22,279	20,268
Employee benefits	6,603	6,803
Net occupancy expense	6,253	6,529
Other real estate owned (OREO) expense	649	1,113
Equipment expense	2,007	2,124
Data processing expense	3,551	3,743

Bankcard processing expense	368	349
FDIC insurance expense	2,120	2,094
Other expense	14,226	14,632
Total other expense	58,056	57,655
Income before income taxes	52,585	49,931
Income taxes	17,879	15,304
Net income	$ 34,706	$ 34,627

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CONSOLIDATED STATEMENTS OF INCOME (Unaudited) continued

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Three Months Ended March 31	
	2016	**2015**
Earnings per common share:		
Basic	$ 0.50	$ 0.50
Diluted	$ 0.50	$ 0.50
Dividends per common share	$ 0.33	$ 0.32
Average outstanding shares:		
Basic	69,497,489	69,207,508
Diluted	69,714,121	69,476,844

See notes to consolidated unaudited financial statements

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands)

	Three Months Ended March 31	
	2016	**2015**
Net income	$ 34,706	$ 34,627
Change in net unrealized gain on available-for-sale (AFS) securities, net of tax	8,493	5,334
Accretion of the net unrealized loss on the transfer of AFS securities to held-to-maturity (HTM) securities, net of tax	1	1
Change in defined benefit pension plan, net of tax	729	768
Comprehensive income, net of tax	$ 43,929	$ 40,730

See notes to consolidated unaudited financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Three Months Ended March 31, 2016						
	Common Stock				Accumulated Other Comprehensive Income		Total Shareholders
	Shares	Par Value	Surplus	Retained Earnings	(Loss)	Treasury Stock	Equity
Balance at January 1, 2016	69,626,932	$ 174,067	$ 752,997	$ 824,603	($ 38,212)	($ 820)	$ 1,712,635
Comprehensive income:							
Net income	0	0	0	34,706	0	0	34,706
Other comprehensive income, net of tax:	0	0	0	0	9,223	0	9,223
Total comprehensive income, net of tax							43,929
Stock based compensation expense	0	0	658	0	0	0	658
Purchase of treasury stock (4 shares)	0	0	0	0	0	0	0
Cash dividends ($0.33 per share)	0		0	(23,001)	0	0	(23,001)
Grant of restricted stock (64,092 shares)	64,092	161	(161)	0	0	0	0
Forfeiture of restricted stock (3,288 shares)	0	0	113	0	0	(113)	0
Common stock options exercised (42,441 shares)	42,441	106	710	0	0	0	816
Balance at March 31, 2016	69,733,465	$ 174,334	$ 754,317	$ 836,308	($ 28,989)	($ 933)	$ 1,735,037

See notes to consolidated unaudited financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands)

	Three Months Ended March 31	
	2016	**2015**
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 57,934	$ 53,891
INVESTING ACTIVITIES		
Proceeds from maturities and calls of securities held to maturity	2	182
Proceeds from sales of securities available for sale	33	1,721
Proceeds from maturities and calls of securities available for sale	34,966	34,366
Purchases of securities available for sale	(23,813)	(12,514)
Purchases of bank premises and equipment	(789)	(1,500)
Proceeds from sales and redemptions of other investment securities	6,519	11,578
Purchases of other investment securities	(7,770)	(5,371)
Net change in loans	4,671	58,360
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,819	86,822
FINANCING ACTIVITIES		
Cash dividends paid	(22,968)	(22,166)
Excess tax benefits from stock-based compensation arrangements	831	214
Proceeds from exercise of stock options	820	2,799
Repayment of long-term Federal Home Loan Bank borrowings	(705,025)	(615,335)
Proceeds from issuance of long-term Federal Home Loan Bank borrowings	725,000	490,000
Changes in:		
Deposits	(16,959)	31,877
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	(5,946)	(113,672)
NET USED IN PROVIDED BY FINANCING ACTIVITIES	(24,247)	(226,283)
Increase (Decrease) in cash and cash equivalents	47,506	(85,570)
Cash and cash equivalents at beginning of year	857,335	753,064
Cash and cash equivalents at end of period	$ 904,841	$ 667,494

See notes to consolidated unaudited financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

UNITED BANKSHARES, INC. AND SUBSIDIARIES

1. GENERAL

The accompanying unaudited consolidated interim financial statements of United Bankshares, Inc. and Subsidiaries (United or the Company) have been prepared in accordance with accounting principles for interim financial information generally accepted in the United States (GAAP) and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, the financial statements do not contain all of the information and footnotes required by accounting principles generally accepted in the United States. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements presented as of March 31, 2016 and 2015 and for the three-month periods then ended have not been audited. The consolidated balance sheet as of December 31, 2015 has been extracted from the audited financial statements included in United s 2015 Annual Report to Shareholders. The accounting and reporting policies followed in the presentation of these financial statements are consistent with those applied in the preparation of the 2015 Annual Report of United on Form 10-K. To conform to the 2016 presentation, certain reclassifications have been made to prior period amounts, which had no impact on net income, comprehensive income, or stockholders equity. In the opinion of management, all adjustments necessary for a fair presentation of financial position and results of operations for the interim periods have been made. Such adjustments are of a normal and recurring nature.

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

New Accounting Standards

In March 2016, the FASB issued ASU 2016-09, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 will change certain aspects of accounting for share-based payments to employees. The new guidance, amongst other things, will require all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It also will allow an employer to repurchase more of an employee s shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election to account for forfeitures as they occur. ASU 2016-09 is effective for United on January 1, 2017, and management is currently evaluating the possible impact this standard may have on the Company s financial condition or results of operations.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) . ASU 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 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 lease 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. ASU 2016-02 is effective for United on January 1, 2019 and management is currently evaluating the possible impact this standard may have on the Company s financial condition or results of operations.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 makes changes to the classification and measurement of investments in equity securities, the presentation of certain fair value changes for financial liabilities measured at fair value under the fair value option and disclosure of fair value of instruments. In addition, ASU 2016-01 clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. ASU 2016-01 is effective for United on January 1, 2018 and is not expected to have a significant impact on the Company s financial condition or results of operations.

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In September 2015, the FASB issued ASU 2015-16, Simplifying the Accounting for Measurement-Period Adjustments associated with a business combination, as part of its simplification initiative. ASU 2015-16 requires an acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. In addition, the acquirer must record, in the financial statements for the same period, the effect on earnings of changes in depreciation, amortization, or other income effect, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. Entities must also present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in the current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amount had been recognized as of the acquisition date. ASU 2015-16 was effective for United on January 1, 2016 and did not have a significant impact on the Company s financial condition or results of operations.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investment in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), a consensus of the FASB Emerging Issues Task Force. ASU 2015-07 modifies certain provisions of FASB Accounting Standards Codification Topic 820, Fair Value Measurement (ASC 820). ASU 2015-07 eliminates the requirement to categorize investments in the fair value hierarchy if an investment s fair value is measured based on net asset value (NAV) per share (or its equivalent) using the practical expedient. The reporting entities will no longer be required to provide the related fair value disclosures for these securities but instead, will be required to disclose information to help users understand the nature of the investments as well as risks, including whether it is probable that the amount realized on the sale of the investments would differ from net asset value. ASU 2015-07 was effective for United on January 1, 2016 and did not have a significant impact on the Company s financial condition or results of operations.

In April 2015, the FASB issued ASU 2015-04, Compensation Retirement Benefits: Practical Expedient for the Measurement Date of an Employer s Defined Benefit Obligation and Plan Assets. ASU 2015-04 gives an employer whose fiscal year-end does not coincide with a calendar month-end the ability, as a practical expedient, to measure defined benefit retirement obligations and related plan assets as of the month-end that is closest to its fiscal year-end. ASU 2015-04 also provides guidance on accounting for contributions to the plan and significant events that require a remeasurement that occur during the period between a month-end measurement and the employer s fiscal year-end. ASU 2015-04 was effective for United on January 1, 2016 and did not have a significant impact on the Company s financial condition or results of operations.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. Under ASU 2015-03, debt issuance costs are required to be presented as a direct deduction of debt balances on the statement of financial condition, similar to the presentation of debt discounts. ASU 2015-03 is limited to simplifying the presentation of debt issuance costs and does not change the recognition and measurement guidance for debt issuance costs. ASU 2015-03 was effective for United on January 1, 2016 and did not have a significant impact on the Company s financial condition or results of operations.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis. ASU 2015-02 improves targeted areas of the consolidation guidance and reduces the number of consolidation models. The new consolidation standard eliminates the deferral of FAS 167 and makes changes to both the variable interest model and the voting model in ASC 810. ASU 2015-02 affects all entities, could change consolidation conclusions and may trigger additional disclosures. ASU 2015-02 was effective for United on January 1, 2016 and did not have a significant impact on the Company s financial condition or results of operations.

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

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

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification Topic 605, Revenue Recognition , and most industry-specific guidance throughout the Accounting Standards Codification. The amendments require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The new revenue recognition standard sets forth a five step principle-based approach for determining revenue recognition. In April 2015, the FASB voted to defer the effective date of ASU 2014-09 by one-year for both public and private companies, and gave both public and private companies the option to early adopt using the original effective dates. ASU 2014-09 now will be effective for United on January 1, 2018 with early adoption permitted on January 1, 2017. Management is currently evaluating this guidance to determine the impact on the Company s financial condition or results of operations.

2. MERGERS AND ACQUISITIONS

On November 9, 2015, United announced the signing of a definite merger agreement with Bank of Georgetown, a privately held community bank headquartered in Washington, D.C. Bank of Georgetown had $1.3 billion in assets as of March 31, 2016. With this transaction, United continues to strengthen its franchise and enhance its existing footprint in the D.C. Metro Region. United will acquire 100% of the outstanding shares of Bank of Georgetown in exchange for common shares of United. The exchange ratio will be fixed at 0.9313 of United s shares for each share of Bank of Georgetown which equates to $37.00 per share, based on the 15-day average price of $39.73 for United s stock prior to the announcement.

United has received all regulatory approvals for the merger. In addition, Bank of Georgetown s shareholders have approved the merger. The transaction is expected to close on June 3, 2016.

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3. INVESTMENT SECURITIES

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

	March 31, 2016				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cumulative OTTI in AOCI [(1)]
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 70,152	$ 3,204	$ 0	$ 73,356	$ 0
State and political subdivisions	131,953	3,909	33	135,829	0
Residential mortgage-backed securities					
Agency	465,513	11,840	61	477,292	0
Non-agency	8,585	176	7	8,754	458
Commercial mortgage-backed securities					
Agency	299,095	6,729	22	305,802	0
Asset-backed securities	2,640	0	3	2,637	0
Trust preferred collateralized debt obligations	49,342	686	17,435	32,593	25,952
Single issue trust preferred securities	13,325	234	2,599	10,960	0
Other corporate securities	14,994	87	0	15,081	0
Marketable equity securities	5,345	614	11	5,948	0
Total	$ 1,060,944	$ 27,479	$ 20,171	$ 1,068,252	$ 26,410

	December 31, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cumulative OTTI in AOCI [(1)]
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 71,993	$ 1,793	$ 0	$ 73,786	$ 0
State and political subdivisions	130,685	3,144	51	133,778	0
Residential mortgage-backed securities					
Agency	473,109	5,580	707	477,982	0
Non-agency	9,119	457	5	9,571	458
Commercial mortgage-backed securities					
Agency	305,990	1,843	1,898	305,935	0
Asset-backed securities	3,404	0	5	3,399	0
Trust preferred collateralized debt obligations	49,386	635	15,335	34,686	25,952
Single issue trust preferred securities	13,811	249	2,367	11,693	0
Other corporate securities	9,999	50	0	10,049	0
Marketable equity securities	4,844	637	26	5,455	0
Total	$ 1,072,340	$ 14,388	$ 20,394	$ 1,066,334	$ 26,410

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

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The following is a summary of securities available-for-sale which were in an unrealized loss position at March 31, 2016 and December 31, 2015.

	Less than 12 months		12 months or longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2016				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 0	$ 0	$ 0	$ 0
State and political subdivisions	13,041	33	0	0
Residential mortgage-backed securities				
Agency	12,246	47	10,025	14
Non-agency	299	7	0	0
Commercial mortgage-backed securities				
Agency	0	0	9,424	22
Asset-backed securities	2,637	3	0	0
Trust preferred collateralized debt obligations	1,029	276	26,628	17,159
Single issue trust preferred securities	3,900	736	3,824	1,863
Marketable equity securities	1,377	11	0	0
Total	$ 34,529	$ 1,113	$ 49,901	$ 19,058

	Less than 12 months		12 months or longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2015				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	$ 0	$ 0	$ 0	$ 0
State and political subdivisions	15,550	51	0	0
Residential mortgage-backed securities				
Agency	90,004	707	0	0
Non-agency	348	5	0	0
Commercial mortgage-backed securities				
Agency	170,340	1,650	9,255	248
Asset-backed securities	3,399	5	0	0
Trust preferred collateralized debt obligations	3,304	135	28,633	15,200
Single issue trust preferred securities	4,225	404	3,720	1,963
Marketable equity securities	986	26	0	0
Total	$ 288,156	$ 2,983	$ 41,608	$ 17,411

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

	Three Months Ended March 31	
	2016	2015
Proceeds from sales and calls	$ 34,999	$ 36,087
Gross realized gains	6	50
Gross realized losses	2	4

At March 31, 2016, gross unrealized losses on available for sale securities were $20,171 on 49 securities of a total portfolio of 453 available for sale securities. Securities in an unrealized loss position at March 31, 2016 consisted primarily of pooled trust preferred collateralized debt obligations (Trup Cdos) and single issue trust preferred securities. The Trup Cdos and the single issue trust preferred securities relate mainly to securities of financial institutions. In determining whether or not a security is other-than-temporarily impaired (OTTI), management considered the severity and the duration of the loss in conjunction with United s positive intent and the more likely than not ability to hold these securities to recovery of their cost basis or maturity.

Agency mortgage-backed securities

United s agency mortgage-backed securities portfolio relates to securities issued by Fannie Mae, Freddie Mac, and Ginnie Mae. The total amortized cost of available for sale agency mortgage-backed securities was $764,608 at March 31, 2016. Of the $764,608, $299,095 was related to agency commercial mortgage-backed securities and $465,513 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 were other-than-temporarily impaired at March 31, 2016.

Non-agency residential mortgage-backed securities

United s non-agency residential mortgage-backed securities portfolio relates to securities of various private label issuers. The Company has no exposure to real estate investment trusts (REITS) in its investment portfolio. The total amortized cost of available for sale non-agency residential mortgage-backed securities was $8,585 at March 31, 2016. Of the $8,585, $1,633 was rated above investment grade and $6,952 was rated below investment grade. Approximately 27% of the portfolio includes collateral that was originated during the year of 2005 or before. The remaining 73% includes collateral that was originated in the years of 2006 and 2007. The entire portfolio of the non-agency residential mortgage-backed securities is either the senior or super-senior tranches of their respective structure. In determining whether or not the non-agency mortgage-backed securities are other-than-temporarily impaired, management performs an in-depth analysis on each non-agency residential mortgage-backed security on a quarterly basis. The analysis includes a review of the following factors: weighted average loan to value, weighted average maturity, average FICO scores, historical collateral performance, geographic concentration, credit subordination, cross-collateralization, coverage ratios, origination year, full documentation percentage, event risk (repricing), and collateral type. Management completes a quarterly stress test to determine the level of loss protection remaining in each individual security and compares the protection remaining to the future expected performance of the underlying collateral. Additionally, management utilizes a third-party cash flow model to perform a cash flow test for each bond below investment grade. The model produces a bond specific set of cash flows based upon assumptions input by management. The input assumptions that are incorporated include the projected constant default rate (CDR) of the underlying mortgages, the loss severity upon default, and the prepayment rate on the underlying mortgage collateral. CDR and loss severities are forecasted by management after full evaluation of the underlying collateral including recent performance statistics. Therefore, based upon management s analysis and judgment, there was no additional credit-related or noncredit-related other-than-temporary impairment recognized on the non-agency residential mortgage-backed securities at March 31, 2016.

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Single issue trust preferred securities

The majority of United s single-issue trust preferred portfolio consists of obligations from large cap banks (i.e. banks with market capitalization in excess of $10 billion). Management reviews each issuer s current and projected earnings trends, asset quality, capitalization levels, and other key factors. Upon completing the review for the first quarter of 2016, it was determined that none of the single issue securities were other-than-temporarily impaired. All single-issue trust preferred securities are currently receiving interest payments. The available for sale single issue trust preferred securities ratings ranged from a low of B+ to a high of BBB-. The amortized cost of available for sale single issue trust preferred securities as of March 31, 2016 consisted of $3,002 in investment grade bonds, $4,636 in split-rated bonds and $5,687 in below investment grade bonds. All of the below investment grade bonds were in an unrealized loss position for twelve months or longer as of March 31, 2016.

Trust preferred collateralized debt obligations (Trup Cdos)

In order to determine how and when the Company recognizes OTTI, the Company first assesses its intentions regarding any sale of securities as well as the likelihood that it would be required to sell prior to recovery of the amortized cost. As of March 31, 2016, the Company has determined that it does not intend to sell any pooled trust preferred security and that it is not more likely than not that the Company will be required to sell such securities before recovery of their amortized cost.

To determine a net realizable value and assess whether other-than-temporary impairment existed, management performed detailed cash flow analysis to determine whether, in management s judgment, it was more likely that United would not recover the entire amortized cost basis of the security. The Company discounts the security-specific cash flow projection at the security-specific interest rate and compares the present value to the amortized cost. Management s cash flow analysis was performed for each security and considered the current deferrals and defaults within the underlying collateral, the likelihood that current deferrals would cure or ultimately default, potential future deferrals and defaults, potential prepayments, cash reserves, excess interest spread, credit analysis of the underlying collateral and the priority of payments in the cash flow structure. The underlying collateral analysis for each issuer took into consideration multiple factors including capital adequacy, earnings trends and asset quality. After completing its analysis of estimated cash flows, management determined that none of the Trup Cdos experienced an adverse change in cash flows during the first quarter of 2016, as the expected discounted cash flows from these particular securities were greater than or equal to the discounted cash flows originally expected at purchase or from the previous date of other-than-temporary impairment (cash flows are discounted at the contractual coupon rate for purposes of assessing OTTI).

There was no credit-related other-than-temporary impairment recognized in earnings for the first quarter of 2016 related to these securities. The total credit-related other-than-temporary impairment recognized in earnings during 2015 related to these securities was $34. The balance of noncredit-related other-than-temporary impairment recognized on United s Trup Cdo portfolio was $25,952 at March 31, 2016 and December 31, 2015.

The amortized cost of available for sale Trup Cdos in an unrealized loss position for twelve months or longer as of March 31, 2016 consisted of $4,527 in investment grade bonds and $39,260 in below investment grade bonds.

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The following is a summary of the available for sale Trup Cdos as of March 31, 2016:

				Amortized Cost		
Class	Amortized Cost	Fair Value	Unrealized Loss	Investment Grade	Split Rated	Below Investment Grade
Senior Bank	$ 6,668	$ 5,917	$ 751	$ 4,527	$ 0	$ 2,141
Mezzanine Bank (now in senior position)	11,383	8,263	3,120	0	0	11,383
Mezzanine Bank	26,091	15,285	10,806	0	0	26,091
Mezzanine Bank & Insurance (combination)	5,200	3,128	2,072	0	0	5,200
Totals	$ 49,342	$ 32,593	$ 16,749	$ 4,527	$ 0	$ 44,815

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

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

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

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

Trup Cdos have a more complex structure than most debt instruments, making projections of tranche returns difficult for non-specialists in the product. Deferral features available to the underlying issuers within each pool are unique to these securities. Additionally, it can be difficult for market participants to predict whether deferrals will ultimately cure or ultimately default. Due to the lack of transparency, market participants will require a higher risk premium, thus resulting in higher required discount rates.

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

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

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

On the Trup Cdos that have not been deemed to be other-than-temporarily impaired, the collateralization ratios range from a low of 98.4% to a high of 308.4%, with a median of 156.9%, and a weighted average of 211.5%. The collateralization ratio is defined as the current performing collateral in a security, divided by the current balance of the specific tranche the Company owns, plus any debt which is senior or pari passu with the Company s security s priority level. Performing collateral excludes the balance of any issuer that has either defaulted or has deferred its interest payment. It is not uncommon for the collateralization of a security that is not other-than-temporarily impaired to be less than 100% due to the excess spread built into the securitization structure.

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Except for the debt securities that have already been deemed to be other-than-temporarily impaired, management does not believe any other individual security with an unrealized loss as of March 31, 2016 is other-than-temporarily impaired. For these securities, United believes the decline in value resulted from changes in market interest rates, credit spreads and liquidity, not a change in the expected contractual cash flows. Based on a review of each of the securities in the investment portfolio, management concluded that it expected to recover the amortized cost basis of the investment in such securities.

Equity securities

The amortized cost of United s equity securities was $5,345 at March 31, 2016. For equity securities, management has evaluated the near-term prospects of the investment in relation to the severity and duration of any impairment and based on that evaluation, management determined that no equity securities were other-than-temporarily impaired at March 31, 2016.

Other investment securities (cost method)

During the first quarter of 2016, United also evaluated all of its cost method investments to determine if certain events or changes in circumstances during the first quarter of 2016 had a significant adverse effect on the fair value of any of its cost method securities. United determined that there were no events or changes in circumstances during the first quarter which would have an adverse effect on the fair value of any of its cost method securities. Therefore, no impairment was recorded.

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

	Three Months Ended March 31	
	2016	2015
Balance of cumulative credit losses at beginning of period	$ 23,773	$ 23,739
Additions for credit losses recognized in earnings during the period:		
Additional credit losses on securities for which OTTI was previously recognized	0	34
Reductions for securities sold or paid off during the period	0	0
Balance of cumulative credit losses at end of period	$ 23,773	$ 23,773

The amortized cost and estimated fair value of securities available for sale at March 31, 2016 and December 31, 2015 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations without penalties.

	March 31, 2016		December 31, 2015	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 11,741	$ 11,815	$ 10,448	$ 10,515
Due after one year through five years	268,067	272,458	273,469	274,158
Due after five years through ten years	214,787	223,693	213,274	216,636
Due after ten years	561,004	554,338	570,305	559,570
Marketable equity securities	5,345	5,948	4,844	5,455
Total	$ 1,060,944	$ 1,068,252	$ 1,072,340	$ 1,066,334

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

	March 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized	Estimated Fair