

UNITED BANKSHARES INC/WV

Form 10-K

February 27, 2008

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**FORM 10-K  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

**For the Fiscal Year Ended December 31, 2007**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 0-13322**

**United Bankshares, Inc.**

(Exact name of registrant as specified in its charter)

**West Virginia**

(State or other jurisdiction of  
incorporation or organization)

**55-0641179**

(I.R.S. Employer  
Identification No.)

**300 United Center  
500 Virginia Street, East  
Charleston, West Virginia**

(Address of principal executive offices)

**25301**

(Zip Code)

Registrant's telephone number, including area code: **(304) 424-8704**

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

**Common Stock, \$2.50 Par Value**

(Title of Class)

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

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

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting  
company

(Do not check if a 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

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, 2007, was approximately **\$1,093,779,280**.

As of January 31, 2008, United Bankshares, Inc. had **43,253,638** shares of common stock outstanding with a par value of **\$2.50**.

**Documents Incorporated By Reference**

Definitive Proxy Statement dated April 10, 2008 for the 2008 Annual Shareholders Meeting to be held on May 19, 2008, portions of which are incorporated by reference in Part III of this Form 10-K.

**UNITED BANKSHARES, INC.**  
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As of the date of filing this Annual report, neither the annual shareholders report for the year ended December 31, 2007, nor the proxy statement for the annual United shareholders meeting has been mailed to shareholders.

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**UNITED BANKSHARES, INC.**

**FORM 10-K, PART I**

**Item 1. BUSINESS**

**Organizational History and Subsidiaries**

United Bankshares, Inc. (United) is a West Virginia corporation registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended. United was incorporated on March 26, 1982, organized on September 9, 1982, and began conducting business on May 1, 1984 with the acquisition of three wholly-owned subsidiaries. Since its formation in 1982, United has acquired twenty-seven banking institutions. At December 31, 2007, United has two banking subsidiaries (the Banking Subsidiaries) doing business under the name of United Bank, one operating under the laws of West Virginia referred to as United Bank (WV) and the other operating under the laws of Virginia referred to as United Bank (VA). United's Banking Subsidiaries offer a full range of commercial and retail banking services and products. United also owns nonbank subsidiaries which engage in other community banking services such as asset management, real property title insurance, investment banking, financial planning, and brokerage services.

**Employees**

As of December 31, 2007, United and its subsidiaries had approximately 1,537 full-time equivalent employees and officers. None of these employees are represented by a collective bargaining unit and management considers employee relations to be excellent.

**Web Site Address**

United's web site address is [www.ubsi-inc.com](http://www.ubsi-inc.com). United makes available free of charge on its web site the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments thereto, as soon as reasonably practicable after United files such reports with the Securities and Exchange Commission (SEC). The reference to United's web site does not constitute incorporation by reference of the information contained in the web site and should not be considered part of this document. These reports are also available at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

**Business of United**

As a bank holding company registered under the Bank Holding Company Act of 1956, as amended, United's present business is community banking. As of December 31, 2007, United's consolidated assets approximated \$8.0 billion and total shareholders' equity approximated \$761 million.

United is permitted to acquire other banks and bank holding companies, as well as thrift institutions. United is also permitted to engage in certain non-banking activities which are closely related to banking under the provisions of the Bank Holding Company Act and the Federal Reserve Board's Regulation Y. Management continues to consider such opportunities as they arise, and in this regard, management from time to time makes inquiries, proposals, or expressions of interest as to potential opportunities, although no agreements or understandings to acquire other banks or bank holding companies or nonbanking subsidiaries or to engage in other nonbanking activities, other than those identified herein, presently exist. See Note B - Notes to Consolidated Financial Statements for a discussion of United's acquisition of Premier Community Bankshares, Inc. on July 14, 2007.

**Business of Banking Subsidiaries**

United, through its subsidiaries, engages primarily in community banking and additionally offers most

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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, floor plan and student loans; and the making of construction and real estate loans. Also offered are individual retirement accounts, safe deposit boxes, wire transfers and other standard banking products and services. As part of their lending function, the Banking Subsidiaries offer credit card services.

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

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

United Bank (WV) is a member of a network of automated teller machines known as the STAR ATM network while United Bank (VA) participates in the MOST network. Through STAR and MOST, the Banking Subsidiaries are participants in a network known as Cirrus, which provides banking on a nationwide basis.

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

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

### **Lending Activities**

United's loan portfolio, net of unearned income, increased \$986.7 million to \$5.79 billion in 2007 mainly as a result of the acquisition of Premier Community Bankshares, Inc. which added approximately \$751 million, including purchase accounting amounts, in portfolio loans. The loan portfolio is comprised of commercial, real estate and consumer loans including credit card and home equity loans. Commercial real estate loans and commercial loans (not secured by real estate) increased \$361.5 million or 31.6% and \$256.0 million or 26.8%, respectively. Single-family residential real estate loans increased \$161.7 million or 9.4%, loans secured by other real estate increased \$119.9 million or 100.0%, construction loans increased \$78.3 million or 15.0%, and consumer loans increased \$9.4 million or 2.7%.

### **Commercial Loans**

The commercial loan portfolio consists of loans to corporate borrowers primarily in small to mid-size industrial and commercial companies, as well as automobile dealers, service, retail and wholesale merchants. Collateral securing these loans includes equipment, machinery, inventory, receivables, vehicles and commercial real estate. Commercial loans are considered to contain a higher level of risk than other loan types although care is taken to minimize these risks. Numerous risk factors impact this portfolio including industry specific risks such as economy, new technology, labor rates and cyclicalities, 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

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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, 2007, approximately \$345.8 million or 6.0% of United's loan portfolio were real estate loans that met the regulatory definition of a high loan-to-value loan. A high loan-to-value real estate loan is defined as any loan, line of credit, or combination of credits secured by liens on or interests in real estate that equals or exceeds a certain percentage established by United's primary regulator of the real estate's appraised value, unless the loan has other appropriate credit support. The certain percentage varies depending on the loan type and collateral. Appropriate credit support may include mortgage insurance, readily marketable collateral, or other acceptable collateral that reduces the loan-to-value ratio below the certain percentage.

### **Consumer Loans**

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

### **Underwriting Standards**

United's loan underwriting guidelines and standards are updated periodically and are presented for approval by the respective Boards of Directors of each of its subsidiary banks. The purpose of the standards and guidelines is to grant loans on a sound and collectible basis; to invest available funds in a safe, profitable manner; to serve the legitimate credit needs of the communities of United's primary market area; and to ensure that all loan applicants receive fair and equal treatment in the lending process. It is the intent of the underwriting guidelines and standards to: minimize loan losses by carefully investigating the credit history of each applicant, verify the source of repayment and the ability of the applicant to repay, collateralize those loans in which collateral is deemed to be required, exercise care in the documentation of the application, review, approval, and origination process, and administer a comprehensive loan collection program. 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 from a superior, a regional supervisor, 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 \$3.2 billion as of December 31, 2007. These loans are primarily secured by real estate located in West Virginia, southeastern Ohio, Virginia and Maryland. 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

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has one such industry classification that exceeded 10% of total loans. As of December 31, 2007, approximately \$1.1 billion or 18.1% of United's total loan portfolio were for the purpose of renting and leasing real estate. The loans were originated by United's subsidiary banks using underwriting standards as set forth by management. United's loan administration policies are focused on the risk characteristics of the loan portfolio, including commercial real estate loans, in terms of loan approval and credit quality. It is the opinion of management that these loans do not pose any unusual risks and that adequate consideration has been given to the above loans in establishing the allowance for loan losses.

**Secondary Markets**

United generally originates loans within the primary market area of its banking subsidiaries. United may from time to time make loans to borrowers and/or on properties outside of its primary market area as an accommodation to its customers. Processing of all loans is centralized in the Charleston, West Virginia office. As of December 31, 2007, the balance of mortgage loans being serviced by United for others was insignificant.

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

During 2007, United originated \$37.4 million of real estate loans for sale in the secondary market and sold \$38.2 million of loans designated as held for sale in the secondary market. Net gains on the sales of these loans during 2007 were \$530 thousand.

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

**Investment Activities**

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

Sources of funds for investment activities include core deposits. Core deposits include certain demand deposits, statement and special savings and NOW accounts. These deposits are relatively stable and they are the lowest cost source of funds available to United. Short-term borrowings have also been a significant source of funds. These include federal funds purchased, securities sold under agreements to repurchase and FHLB borrowings. Repurchase agreements represent funds that are generally obtained as the result of a competitive bidding process.

United's investment portfolio is comprised of a significant amount of mortgage-backed securities. United has a small amount of U.S. Treasury securities and obligations of U.S. Agencies and Corporations. Obligations of States and Political Subdivisions are comprised of primarily AAA rated municipal securities. Interest and dividends on securities for the years of 2007, 2006, and 2005 were \$68.3 million, \$72.0 million, and \$69.6 million, respectively. For the year of 2007, United recognized net losses of \$68 thousand. In the year of 2006, United recognized net losses of \$3.2 million due mainly to an other-than-temporary impairment of \$2.9 million on approximately \$86 million of low-yielding fixed rate investment securities which United subsequently sold as part of a balance sheet repositioning in the first quarter of 2006. United recognized net gains of \$695 thousand for the year of 2005.

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United faces a high degree of competition in all of the markets it serves. These markets may generally be defined as Wood, Kanawha, Monongalia, Jackson, Cabell, Brooke, Hancock, Ohio, Marshall, Gilmer, Harrison, Lewis, Webster, Boone, Logan, Nicholas, Fayette, Berkley, Morgan, Jefferson and Raleigh Counties in West Virginia; Lawrence, Belmont, Jefferson and Washington Counties in Ohio; Montgomery County in Maryland and Arlington, Alexandria, Albemarle, Augusta, Clarke, Fairfax, Frederick, Greene, Loudoun, Prince William, Rockingham, Shenandoah, and Warren Counties in Virginia. United competes in Ohio markets because of the close proximity to the Ohio border of certain subsidiary offices. Included in United's West Virginia markets are the five largest West Virginia Metropolitan Statistical Areas (MSA): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Wheeling MSA and the Weirton MSA. United's Virginia markets include the Maryland, northern Virginia and Washington, D.C. MSA, the Winchester MSA, the Harrisonburg MSA, and the Charlottesville MSA. United considers the above counties and MSA's to be the primary market area for the business of its banking subsidiaries.

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

As of December 31, 2007, there were 72 bank holding companies operating in the State of West Virginia registered with the Federal Reserve System and the West Virginia Board of Banking and Financial Institutions and 99 bank holding companies operating in the Commonwealth of Virginia registered with the Federal Reserve System and the Virginia Corporation Commission. These holding companies are headquartered in various states and control banks throughout West Virginia and Virginia, which compete for business as well as for the acquisition of additional banks.

**Economic Characteristics of Primary Market Area**

As of December 2007, West Virginia's unemployment rate was 4.4% while the national rate was 4.8% according to information from West Virginia's Bureau of Employment Programs. The state unemployment rate of 4.4% for December 2007 was an increase of 2 basis points from the month of November 2007 but down 2 basis points from December 2006. The total number of unemployed state residents increased by 1,600 for the month of December as compared to the month of November. However, the total number of unemployed residents was down 1,100 from December 2006. Population outflows that have constrained faster economic growth in West Virginia may be moderating. In 2002, the U.S. Census Bureau estimated that the state's population increased marginally. While substantially less than the national average, the increase was a substantial improvement over the six prior years, during which time the state's population base shrank.

United's Virginia subsidiary banking offices are located in markets that reflect low unemployment rate levels. According to information available from the Virginia Employment Commission, Virginia's unemployment rate as of December 2007 was 3.3% which was below the U.S. December 2007 unemployment level of 4.8%. However, the 3.3% unemployment rate was a 3 basis point increase from November 2007 as the number of unemployed residents grew by 10,900. United's Virginia subsidiary banking offices are located in four of Virginia's ten metropolitan areas. The Northern Virginia metropolitan area's and the Harrisonburg metropolitan area's unemployment rates were both at 2.5% in December 2007, the lowest among Virginia's ten metropolitan areas. The Charlottesville metropolitan area's unemployment rate was at 2.6% in December 2007, the third lowest among Virginia's ten metropolitan areas. The Winchester metropolitan area's unemployment rate was 3.3% in December 2007.

**Regulation and Supervision**

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

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

On July 30, 2002, the President of the United States signed into law the Sarbanes-Oxley Act of 2002 (Act), a broad accounting, auditing, disclosure and corporate governance reform law. The legislation was passed in an effort to increase corporate responsibility by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws and to allow stockholders to more easily and efficiently monitor the performance of companies and directors.

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

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.

The Banking Subsidiaries, as state member banks, are subject to supervision, examination and regulation by the Federal Reserve System, and as such, are subject to applicable provisions of the Federal Reserve Act and regulations issued thereunder. Each bank is subject to regulation by its state banking authority.

The deposits of United's Banking Subsidiaries are insured by the Federal Deposit Insurance Corporation ( FDIC ) to the extent provided by law. Accordingly, these Banking Subsidiaries are also subject to regulation by the FDIC.

**Item 1A. RISK FACTORS**

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

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

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

United's success is dependent upon the continued service and skills of its executive officers and senior management. If United loses the services of these key personnel, it could have a negative impact on United's business because of their skills, years of industry experience and the difficulty of promptly finding qualified replacement personnel. The services of Richard M. Adams, United's Chief Executive Officer, would be particularly difficult to replace. United and Mr. Adams are parties to an Employment Agreement providing for his continued employment by United through March 31, 2013.

**United operates in a highly competitive market**

United faces a high degree of competition in all of the markets it serves. United considers all of West Virginia to be included in its market area. This area includes the five largest West Virginia Metropolitan Statistical Areas (MSA): the Parkersburg MSA, the Charleston MSA, the Huntington MSA, the Wheeling MSA and the Weirton MSA. United serves the Ohio counties of Lawrence, Belmont, Jefferson and Washington primarily because of their close proximity to the Ohio border and United banking offices nearby in West Virginia. In Virginia, United competes in the Northern Virginia counties of Alexandria, Arlington, Loudoun, Prince William, and Fairfax and in the Shenandoah Valley counties of Albemarle, Augusta, Clarke, Frederick, Greene, Rockingham, Shenandoah, and Warren. In addition, United has offices in Washington, D.C. In Maryland, United has offices in Montgomery county. United considers all of the above locations to be the primary market area for the business of its banking subsidiaries.

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

**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, 2007, an aggregate of approximately \$9.49 million and \$15.53 million was available for dividend payments from United Bank (WV) and United Bank (VA), respectively, to United without regulatory approval.

**Downturn in the local economies may adversely affect its business**

United's business is concentrated in the West Virginia, Northern Virginia and Shenandoah Valley Virginia market areas. As a result, its financial condition, results of operations and cash flows are subject to changes if there are changes in the economic conditions in these areas. A prolonged period of economic recession or other adverse economic conditions in one or both of these areas could have a negative impact on United. A significant decline in general economic conditions nationally, caused by inflation, recession, acts of terrorism, outbreak of hostilities or other international or domestic occurrences, unemployment, changes in securities markets, declines in the housing market, a tightening credit environment or other factors could impact these local economic conditions and, in turn, have a material adverse effect on United's financial condition and results of operations. United can provide no assurance that conditions in its market area economies will not deteriorate in the future and that such a deterioration would not have a material adverse effect on United.

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

United believes that its allowance for credit losses is maintained at a level adequate to absorb any probable

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losses in its loan portfolio given the current information known to management.

Management establishes the allowance based upon many factors, including, but not limited to:  
historical loan loss experience;

industry diversification of the commercial loan portfolio;

the effect of changes in the local real estate market on collateral values;

the amount of nonperforming loans and related collateral security;

current economic conditions that may affect the borrower's ability to pay and value of collateral;

sources and cost of funds;

volume, growth and composition of the loan portfolio; and

other factors management believes are relevant.

These determinations are based upon estimates that are inherently subjective, and their accuracy depends on the outcome of future events, so ultimate losses may differ from current estimates. Depending on changes in economic, operating and other conditions, including changes in interest rates, that are generally beyond its control, United's actual loan losses could increase significantly. As a result, such losses could exceed United's current allowance estimates. United can provide no assurance that its allowance is sufficient to cover actual loan losses should such losses differ substantially from our current estimates.

In addition, federal and state regulators, as an integral part of their respective supervisory functions, periodically review United's allowance for credit losses. United's independent auditors also review the allowance as a part of their audit. Any increase in its allowance required by either the regulatory agencies or independent auditors would reduce United's pre-tax earnings.

**Item 1B. UNRESOLVED STAFF COMMENTS**

None

**Item 2. PROPERTIES**

**Offices**

United is headquartered in the United Center at 500 Virginia Street, East, Charleston, West Virginia. United's executive offices are located in Parkersburg, West Virginia at Fifth and Avery Streets. United operates one hundred and fourteen (114) full service offices fifty-four (54) offices located throughout West Virginia, fifty-seven (57) offices in the Shenandoah Valley region of Virginia and the Northern Virginia, Maryland and Washington, D.C. metropolitan area and three (3) in southeastern Ohio. United owns all of its West Virginia facilities except for two in the Wheeling area, two in the Charleston area, two in the Beckley area, two in the Charles Town area and one each in Parkersburg, Morgantown, and Clarksburg, all of which are leased under operating leases. United owns most of its facilities in the Shenandoah Valley region of Virginia except for ten offices, three in Winchester, one each in Charlottesville, Front Royal, Harrisonburg, Staunton, Waynesboro, Weyers Cave and Woodstock which are leased under operating leases. United leases all of its facilities under operating lease agreements in the Northern Virginia, Maryland and Washington, D.C. areas except for four offices, one each in Fairfax, Alexandria, and Vienna, Virginia and one in Bethesda, Maryland which are owned facilities. In Ohio, United leases two of its three facilities, one each in Bellaire and St. Clairsville. United leases an operations center facility in the Charleston area.

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**Item 3. LEGAL PROCEEDINGS**

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

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

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**UNITED BANKSHARES, INC.**

**FORM 10-K, PART II**

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

**Stock**

As of December 31, 2007, 100,000,000 shares of common stock, par value \$2.50 per share, were authorized for United, of which 44,320,832 were issued, including 1,086,106 shares held as treasury shares. The outstanding shares are held by approximately 6,732 shareholders of record, as well as 17,102 shareholders in street name as of January 31, 2008. The unissued portion of United's authorized common stock (subject to registration approval by the SEC) and the treasury shares are available for issuance as the Board of Directors determines advisable. United offers its shareholders the opportunity to invest dividends in shares of United stock through its dividend reinvestment plan. United has also established stock option plans and a stock bonus plan as incentive for certain eligible officers. In addition to the above incentive plans, United is occasionally involved in certain mergers in which additional shares could be issued and recognizes that additional shares could be issued for other appropriate purposes.

In May of 2006, United's Board of Directors approved a new stock repurchase plan, whereby United could buy up to 1,700,000 shares of its common stock in the open market. During 2007, 718,500 shares were repurchased under the plan.

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

United has only one class of stock and all voting rights are vested in the holders of United's 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. At the present time, no senior securities of United are outstanding, nor does the Board of Directors presently contemplate issuing senior securities.

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.

**Dividends**

The shareholders of United are entitled to receive dividends when and as declared by its Board of Directors. Dividends have been paid quarterly. Dividends were \$1.13 per share in 2007, \$1.09 per share in 2006 and \$1.05 per share in 2005. The payment of dividends is subject to the restrictions set forth in the West Virginia Corporation Act and the limitations imposed by the Federal Reserve Board. See Market and Stock Prices of United for quarterly dividend information.

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

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Consolidated Financial Statements.

**Market and Stock Prices of United**

United Bankshares, Inc. stock is traded over the counter on the National Association of Securities Dealers Automated Quotations System, Global Select Market (NASDAQ) under the trading symbol UBSI. The closing sale price reported for United's common stock on February 22, 2008, the last practicable date, was \$28.27.

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

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

	Dividends	High	Low
2008			
First Quarter through January 31, 2008	\$0.29(1)	\$32.50	\$24.00
2007			
Fourth Quarter	\$0.29	\$33.61	\$25.54
Third Quarter	\$0.28	\$32.98	\$25.70
Second Quarter	\$0.28	\$35.37	\$30.88
First Quarter	\$0.28	\$39.50	\$33.60
2006			
Fourth Quarter	\$0.28	\$39.71	\$36.51
Third Quarter	\$0.27	\$38.28	\$34.21
Second Quarter	\$0.27	\$38.41	\$34.46
First Quarter	\$0.27	\$38.50	\$34.46

(1) On January 28, 2008, United declared a dividend of \$0.29 per share, payable April 1, 2008, to shareholders of record as of March 14, 2008.

**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, 2007, 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, 2002 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.

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	Period Ending					
	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
United Bankshares, Inc.	100.00	111.04	139.96	133.24	150.41	113.06
NASDAQ Bank Index	100.00	133.03	151.18	148.26	168.72	135.16
S&P Mid-Cap Index	100.00	135.59	157.93	177.75	196.08	211.71

**Issuer Repurchases**

The table below includes certain information regarding United's purchase of its common shares during the three months ended December 31, 2007:

Period		Total Number of Shares Purchased	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)
		(1) (2)		(3)	(3)
10/01	10/31/2007	29	\$ 32.17		322,200
11/01	11/30/2007	2,867	\$ 32.22		322,200
12/01	12/31/2007	87	\$ 28.94		322,200
Total		2,983	\$ 30.29		

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- (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, 2007, the following shares were exchanged by participants in United's stock option plans: November 2007 2,838 shares at an average price of \$30.30.
  
- (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,

2007, the following shares were purchased for the deferred compensation plan:

October 2007

29 shares at an average price of \$32.17;

November 2007

29 shares at an average price of \$32.16; and

December 2007

87 shares at an average price of \$28.94.

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

**Table of Contents****Item 6. SELECTED FINANCIAL DATA**

The following consolidated selected financial data is derived from United's audited financial statements as of and for the five years ended December 31, 2007. The selected financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and related notes contained elsewhere in this report.

(Dollars in thousands, except per share data)	<b>Five Year Summary</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Summary of Operations:</b>					
Total interest income	\$ 438,729	\$ 400,683	\$ 345,278	\$ 293,350	\$ 272,520
Total interest expense	213,310	181,090	124,451	88,914	95,504
Net interest income	225,419	219,593	220,827	204,436	177,016
Provision for loan losses	5,330	1,437	5,618	4,520	7,475
Other income	57,749	49,033	52,625	54,231	52,084
Other expense	147,929	137,173	121,160	137,061	129,538
Income taxes	39,235	40,767	46,265	33,771	28,010
Income from continuing operations	90,674	89,249	100,409	83,315	64,077
Income from discontinued operations before income taxes				20,780	20,433
Income taxes				6,333	5,745
Income from discontinued operations				14,447	14,688
Net Income	90,674	89,249	100,409	97,762	78,765
Cash dividends	47,446	45,219	44,575	44,228	42,028
<b>Per common share:</b>					
Income from continuing operations:					
Basic	2.16	2.15	2.36	1.92	1.52
Diluted	2.15	2.13	2.33	1.89	1.50
Income from discontinued operations:					
Basic				0.33	0.35
Diluted				0.33	0.35
Net income:					
Basic	2.16	2.15	2.36	2.25	1.87
Diluted	2.15	2.13	2.33	2.22	1.85
Cash dividends	1.13	1.09	1.05	1.02	1.00
Book value per share	17.61	15.44	15.12	14.68	14.08
<b>Selected Ratios:</b>					
Return on average shareholders' equity	12.99%	13.90%	15.66%	15.56%	13.86%
Return on average assets	1.28%	1.34%	1.55%	1.55%	1.36%
Dividend payout ratio	52.33%	50.67%	44.39%	45.24%	53.39%
<b>Selected Balance Sheet Data:</b>					
Average assets	\$7,100,885	\$6,641,224	\$6,465,764	\$6,295,076	\$5,809,131
Investment securities	1,394,764	1,275,470	1,501,966	1,510,442	1,510,610
Loans held for sale	1,270	2,041	3,324	3,981	1,687
Total loans	5,793,484	4,806,747	4,649,829	4,418,276	3,955,234
Assets of discontinued operations					334,340

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Total assets	7,994,739	6,717,598	6,728,492	6,435,971	6,387,730
Total deposits	5,349,750	4,828,192	4,617,452	4,297,563	4,138,487
Long-term borrowings	774,162	499,200	547,731	533,755	459,663
Liabilities of discontinued operations					300,754