

REFINITIV

## DELTA REPORT

### 10-Q

UBSI - UNITED BANKSHARES INC/WV

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 2667

█ **CHANGES** 886

█ **DELETIONS** 1013

█ **ADDITIONS** 768

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**FORM10-Q**

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

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**FORM10-Q**

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

For the quarterly period ended **June 30, 2023** **September 30, 2023**

OR

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

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

Commission File Number:002-86947

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**United Bankshares, Inc.**

(Exact name of registrant as specified in its charter)

**West Virginia**  
(State or other jurisdiction of  
incorporation or organization)  
**incorporation or organization**

**55-0641179**  
(I.R.S. Employer

Identification No.)

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

**25301**  
Zip Code

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

**Not Applicable**  
(Former name, former address and former fiscal year, if changed since last report)

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

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

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**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T(\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes**  **No**

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of **July October 31, 2023**, the registrant had **134,935,049** **134,933,015** shares of common stock, \$2.50 par value per share, outstanding.

## UNITED BANKSHARES, INC. AND SUBSIDIARIES

### FORM 10-Q

#### TABLE OF CONTENTS

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
<a href="#">Item 1. Financial Statements</a>	<b>3</b>
<a href="#">Consolidated Balance Sheets (Unaudited) <b>June 30, 2023 September 30, 2023 and December 31, 2022</b></a>	4
<a href="#">Consolidated Statements of Income (Unaudited) for the Three and Six Nine Months Ended <b>June 30, 2023 September 30, 2023 and 2022</b></a>	5
<a href="#">Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Six Nine Months Ended <b>June 30, 2023 September 30, 2023 and 2022</b></a>	7
<a href="#">Consolidated Statement of Changes in Shareholders' Equity (Unaudited) for the Three and Six Nine Months Ended <b>June 30, 2023 September 30, 2023 and 2022</b></a>	8
<a href="#">Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Nine Months Ended <b>June 30, 2023 September 30, 2023 and 2022</b></a>	10
<a href="#">Notes to Consolidated Financial Statements</a>	11
<a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<b>56</b> <b>57</b>
<a href="#">Item 3. Quantitative and Qualitative Disclosures about Market Risk</a>	<b>78</b> <b>79</b>
<a href="#">Item 4. Controls and Procedures</a>	<b>80</b>
<b>PART II. OTHER INFORMATION</b>	
<a href="#">Item 1. Legal Proceedings</a>	81
<a href="#">Item 1A. Risk Factors</a>	81
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	83
<a href="#">Item 3. Defaults Upon Senior Securities</a>	83
<a href="#">Item 4. Mine Safety Disclosures</a>	82
<a href="#">Item 5. Other Information</a>	82
<a href="#">Item 6. Exhibits</a>	82
<a href="#">Signatures</a>	84
<a href="#">Item 4. Mine Safety Disclosures</a>	84
<a href="#">Item 5. Other Information</a>	84

**PART I - FINANCIAL INFORMATION****Item 1.****Item 1. FINANCIAL STATEMENTS (UNAUDITED)**

The **June 30, 2023** September 30, 2023 and December 31, 2022, consolidated balance sheets of United Bankshares, Inc. and Subsidiaries ("United" or the "Company"), consolidated statements of income and comprehensive income for the three and **six** nine months ended **June 30, 2023** September 30, 2023 and 2022, the related consolidated statement of changes in shareholders' equity for the three and **six** nine months ended **June 30, 2023** September 30, 2023 and 2022, the related condensed consolidated statements of cash flows for the **six** nine months ended **June 30, 2023** September 30, 2023 and 2022, and the notes to consolidated financial statements appear on the following pages.

**CONSOLIDATED BALANCE SHEETS**  
 UNITED BANKSHARES, INC. AND SUBSIDIARIES

	(Dollars in thousands, except par value)		December	
	June 30 2023	31 2022	September 30 2023	December 31 2022
<b>Assets</b>				
Cash and due from banks	\$ 304,337	\$ 294,155	\$ 269,502	\$ 294,155
Interest-bearing deposits with other banks	1,386,902	881,418	913,397	881,418
Federal funds sold	1,118	1,079	1,155	1,079
Total cash and cash equivalents	1,692,357	1,176,652	1,184,054	1,176,652
Securities available for sale at estimated fair value (amortized cost-\$4,443,106 at June 30, 2023 and \$5,011,729 at December 31, 2022, allowance for credit losses of \$0 at June 30, 2023 and December 31, 2022)	4,005,324	4,541,925		
Securities held to maturity, net of allowance for credit losses of \$19 at June 30, 2023 and \$18 at December 31, 2022 (estimated fair value-\$1,020 at June 30, 2023 and December 31, 2022)	1,001	1,002		
Securities available for sale at estimated fair value (amortized cost-\$4,241,930 at September 30, 2023 and \$5,011,729 at December 31, 2022, allowance for credit losses of \$0 at September 30, 2023 and December 31, 2022)			3,749,357	4,541,925
Securities held to maturity, net of allowance for credit losses of \$18 at September 30, 2023 and December 31, 2022 (estimated fair value-\$1,020 at September 30, 2023 and December 31, 2022)			1,002	1,002
Equity securities at estimated fair value	8,443	7,629	8,548	7,629
Other investment securities	327,946	322,048	307,392	322,048
Loans held for sale measured using fair value option	91,296	56,879	59,614	56,879
Loans and leases	20,781,926	20,580,163	21,114,975	20,580,163
Less: Unearned income	(17,635)	(21,997)	(17,092)	(21,997)
Loans and leases, net of unearned income	20,764,291	20,558,166	21,097,883	20,558,166
Less: Allowance for loan and lease losses	(250,721)	(234,746)	(254,886)	(234,746)
Net loans and leases	20,513,570	20,323,420	20,842,997	20,323,420
Bank premises and equipment	194,299	199,161	191,661	199,161
Operating lease right-of-use assets	80,641	71,144	80,259	71,144
Goodwill	1,888,889	1,888,889	1,888,889	1,888,889
Mortgage servicing rights	4,627	21,022	4,616	21,022
Bank-owned life insurance ("BOLI")	483,906	480,184	485,386	480,184
Accrued interest receivable	97,262	94,890	106,771	94,890

Other assets	305,090	304,535	314,248	304,535
<b>TOTAL ASSETS</b>	<b>\$ 29,694,651</b>	<b>\$ 29,489,380</b>	<b>\$ 29,224,794</b>	<b>\$ 29,489,380</b>
<b>Liabilities</b>				
Deposits:				
Noninterest-bearing	\$ 6,450,826	\$ 7,199,678	\$ 6,253,343	\$ 7,199,678
Interest-bearing	15,918,927	15,103,488	16,423,511	15,103,488
Total deposits	22,369,753	22,303,166	22,676,854	22,303,166
Borrowings:				
Securities sold under agreements to repurchase	176,739	160,698	188,274	160,698
Federal Home Loan Bank ("FHLB") borrowings	1,910,631	1,910,775	1,110,559	1,910,775
Other long-term borrowings	277,807	286,881	278,211	286,881
Reserve for lending-related commitments	46,768	46,189	43,766	46,189
Operating lease liabilities	85,038	75,749	84,569	75,749
Accrued expenses and other liabilities	190,872	189,729	193,683	189,729
<b>TOTAL LIABILITIES</b>	<b>25,057,608</b>	<b>24,973,187</b>	<b>24,575,916</b>	<b>24,973,187</b>
<b>Shareholders' Equity</b>				
Preferred stock, \$1.00 par value; Authorized-50,000,000shares, none issued	0	0	0	0
Common stock, \$2.50 par value; Authorized-200,000,000shares; issued-142,240,858and 142,011,560 at June 30, 2023 and December 31, 2022, respectively, including 7,306,000 and 7,266,438 shares in treasury at June 30, 2023 and December 31, 2022, respectively	355,602	355,029		
Common stock, \$2.50 par value; Authorized-200,000,000shares; issued-142,241,408and 142,011,560 at September 30, 2023 and December 31, 2022, respectively, including 7,308,393 and 7,266,438 shares in treasury at September 30, 2023 and December 31, 2022, respectively			355,604	355,029
Surplus	3,175,284	3,168,874	3,178,533	3,168,874
Retained earnings	1,668,844	1,575,426	1,716,295	1,575,426
Accumulated other comprehensive loss	(310,678)	(332,732)	(349,456)	(332,732)
Treasury stock, at cost	(252,009)	(250,404)	(252,098)	(250,404)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4,637,043</b>	<b>4,516,193</b>	<b>4,648,878</b>	<b>4,516,193</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 29,694,651</b>	<b>\$ 29,489,380</b>	<b>\$ 29,224,794</b>	<b>\$ 29,489,380</b>

See notes to consolidated unaudited financial statements.

4

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

(Dollars in thousands, except per share data)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30		June 30		September 30		September 30	
	2023	2022	2023	2022	2023	2022	2023	2022
Interest income								

Interest and fees on loans	\$ 294,358	\$ 196,165	\$ 574,254	\$ 377,002	\$ 308,199	\$ 225,501	\$ 882,453	\$ 602,503
Interest on federal funds sold and other short-term investments	12,706	4,841	23,689	7,170	11,810	6,834	35,499	14,004
Interest and dividends on securities:								
Taxable	36,721	24,558	72,980	42,063	35,730	29,149	108,710	71,212
Tax-exempt	2,147	2,207	4,312	4,331	1,171	2,199	5,483	6,530
<b>Total interest income</b>	<b>345,932</b>	<b>227,771</b>	<b>675,235</b>	<b>430,566</b>	<b>356,910</b>	<b>263,683</b>	<b>1,032,145</b>	<b>694,249</b>
<b>Interest expense</b>								
Interest on deposits	91,577	9,751	160,169	18,312	108,793	17,660	268,962	35,972
Interest on short-term borrowings	1,489	237	2,646	418	1,805	493	4,451	911
Interest on long-term borrowings	25,405	2,880	50,639	5,431	17,859	4,908	68,498	10,339
<b>Total interest expense</b>	<b>118,471</b>	<b>12,868</b>	<b>213,454</b>	<b>24,161</b>	<b>128,457</b>	<b>23,061</b>	<b>341,911</b>	<b>47,222</b>
<b>Net interest income</b>	<b>227,461</b>	<b>214,903</b>	<b>461,781</b>	<b>406,405</b>	<b>228,453</b>	<b>240,622</b>	<b>690,234</b>	<b>647,027</b>
Provision for credit losses	11,440	(1,807)	18,330	(5,217)	5,948	7,671	24,278	2,454
<b>Net interest income after provision for credit losses</b>	<b>216,021</b>	<b>216,710</b>	<b>443,451</b>	<b>411,622</b>	<b>222,505</b>	<b>232,951</b>	<b>665,956</b>	<b>644,573</b>
<b>Other income</b>								
Fees from trust services	4,516	4,294	9,296	8,421	4,514	4,384	13,810	12,805
Fees from brokerage services	3,918	4,115	8,118	8,667	4,433	4,016	12,551	12,683
Fees from deposit services	9,325	10,830	18,687	20,978	9,282	10,069	27,969	31,047
Bankcard fees and merchant discounts	1,707	1,671	3,414	3,050	1,676	1,857	5,090	4,907
Other service charges, commissions, and fees	949	785	2,087	1,544	850	918	2,937	2,462
Income from bank-owned life insurance	2,022	4,120	3,913	6,314	2,562	1,472	6,475	7,786
Income from mortgage banking activities	7,907	12,445	14,291	31,648	7,556	6,422	21,847	38,070
Mortgage loan servicing income	9,841	2,328	12,117	4,715	846	2,302	12,963	7,017
<b>Net investment securities (losses) gains</b>	<b>(7,336)</b>	<b>1,182</b>	<b>(7,741)</b>	<b>931</b>	<b>(181)</b>	<b>(206)</b>	<b>(7,922)</b>	<b>725</b>

Other income	2,329	1,838	3,740	3,365	2,123	1,515	5,863	4,880
Total other income	35,178	43,608	67,922	89,633	33,661	32,749	101,583	122,382
<b>Other expense</b>								
Employee compensation	58,502	62,632	113,916	125,253	59,064	59,618	172,980	184,871
Employee benefits	12,236	12,047	25,671	24,898	12,926	10,750	38,597	35,648
Net occupancy expense	11,409	11,206	23,242	22,393	11,494	11,281	34,736	33,674
Other real estate owned ("OREO") expense	315	46	982	228	185	1,708	1,167	1,936
Net losses (gains) on the sales of OREO properties	16	(454)	(27)	(487)	93	125	66	(362)
Equipment expense	8,026	7,310	15,022	14,645	7,170	7,807	22,192	22,452
Data processing expense	7,256	7,549	14,729	14,920	7,405	7,614	22,134	22,534
Mortgage loan servicing expense and impairment	1,699	1,783	3,583	3,426	1,051	1,847	4,634	5,273
Bankcard processing expense	536	488	1,058	912	559	509	1,617	1,421
FDIC insurance expense	4,570	3,004	9,157	5,677	4,598	3,063	13,755	8,740
Other expense	30,723	35,563	65,374	68,484	30,685	32,874	96,059	101,358
<b>Total other expense</b>	<b>135,288</b>	<b>141,174</b>	<b>272,707</b>	<b>280,349</b>	<b>135,230</b>	<b>137,196</b>	<b>407,937</b>	<b>417,545</b>
Income before income taxes	115,911	119,144	238,666	220,906	120,936	128,504	359,602	349,410
Income taxes	23,452	23,531	47,900	43,629	24,779	25,919	72,679	69,548
<b>Net income</b>	<b>\$ 92,459</b>	<b>\$ 95,613</b>	<b>\$ 190,766</b>	<b>\$ 177,277</b>	<b>\$ 96,157</b>	<b>\$ 102,585</b>	<b>\$ 286,923</b>	<b>\$ 279,862</b>

5

**CONSOLIDATED STATEMENTS OF INCOME (Unaudited) ■ continued**

UNITED BANKSHARES, INC. AND SUBSIDIARIES

(Dollars in thousands, except per share data)	Three Months Ended June 30				Six Months Ended June 30				Three Months Ended September 30		Nine Months Ended September 30	
	2023		2022		2023		2022		2023		2022	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Earnings per common share:												
Basic	\$ 0.68	\$ 0.71	\$ 1.42	\$ 1.31	\$ 0.71	\$ 0.76	\$ 2.13	\$ 2.07				
Diluted	\$ 0.68	\$ 0.71	\$ 1.41	\$ 1.30	\$ 0.71	\$ 0.76	\$ 2.12	\$ 2.06				

Average outstanding shares:								
Basic	134,683,010	134,623,061	134,472,074	135,336,729	134,685,041	134,182,248	134,493,059	134,947,674
Diluted	134,849,818	134,863,650	134,748,868	135,634,398	134,887,776	134,553,565	134,733,055	135,251,299

See notes to consolidated unaudited financial statements

6

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**

UNITED BANKSHARES, INC. ANDSUBSIDIARIES

(Dollars in thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30		June 30		September 30		September 30	
	2023	2022	2023	2022	2023	2022	2023	2022
Net income	\$ 92,459	\$ 95,613	\$ 190,766	\$ 177,277	\$ 96,157	\$ 102,585	\$ 286,923	\$ 279,862
Change in net unrealized (loss) gain onavailable-for-sale("AFS") securities, net of tax	(20,595)	(114,707)	24,562	(269,820)				
Change in net unrealized loss onavailable-for-sale("AFS") securities, net of tax					(42,026)	(117,950)	(17,464)	(387,770)
Change in net unrealized gain (loss) on cash flow hedge, net of tax	3,444	8,402	(3,713)	26,070	2,645	12,287	(1,068)	38,357
Change in pension plan assets, net of tax	603	640	1,205	1,281	603	716	1,808	1,997
Comprehensive income (loss), net of tax	<u>\$ 75,911</u>	<u>\$ (10,052)</u>	<u>\$ 212,820</u>	<u>\$ (65,192)</u>	<u>\$ 57,379</u>	<u>\$ (2,362)</u>	<u>\$ 270,199</u>	<u>\$ (67,554)</u>

See notes to consolidated unaudited financial statements

7

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

UNITED BANKSHARES, INC. ANDSUBSIDIARIES

(Dollars in thousands, except per share data)	Six Months Ended June 30, 2023							(Dollars in thousands, except per share data)	
	Common Stock				Accumulated Other				
	Par	Retained	Comprehensive	Treasury	Shareholders' Total				
	Shares	Value	Surplus	Earnings	Income (Loss)	Stock	Equity	Shares	
Balance at January 1, 2023	142,011,560	\$ 355,029	\$ 3,168,874	\$ 1,575,426	\$ (332,732)	\$ (250,404)	\$ 4,516,193	142,011,560	
Comprehensive income:									
Net income	0	0	0	98,307		0	98,307	0	
Other comprehensive income, net of tax	0	0	0	0	38,602	0	38,602	0	

Total comprehensive income, net of tax								136,909	
Stock based compensation expense	0	0	2,713	0	0	0	2,713	0	
Stock grant forfeiture (1,506 shares)	0	0	58	0	0	(58)	0	0	
Purchase of treasury stock (33,551 shares)	0	0	0	0	0	(1,374)	(1,374)	0	
Cash dividends (\$0.36 per share)	0	0	0	(48,720)	0	0	(48,720)	0	
Net issuance of common stock under stock-based compensation plans (226,486 shares)	226,486	566	250	0	0	0	816	226,486	
Balance at March 31, 2023	142,238,046	355,595	3,171,895	1,625,013	(294,130)	(251,836)	4,606,537	142,238,046	
Comprehensive income:									
Net income	0	0	0	92,459	0	0	92,459	0	
Other comprehensive loss, net of tax	0	0	0	0	(16,548)	0	(16,548)	0	
Total comprehensive income, net of tax							75,911		
Stock based compensation expense	0	0	3,295	0	0	0	3,295	0	
Purchase of treasury stock (60 shares)	0	0	0	0	0	(1)	(1)	0	
Cash dividends (\$0.36 per share)	0	0	0	(48,628)	0	0	(48,628)	0	
Stock grant forfeiture (4,445 shares)	0	0	172	0	0	(172)	0	0	
Net issuance of common stock under stock-based compensation plans (2,812 shares)	2,812	7	(78)	0	0	0	(71)	2,812	
Balance at June 30, 2023	142,240,858	\$ 355,602	\$ 3,175,284	\$ 1,668,844	\$ (310,678)	\$ (252,009)	\$ 4,637,043	142,240,858	
Comprehensive income:									
Net income								0	

Other comprehensive loss, net of tax	0
<b>Total comprehensive income, net of tax</b>	<b>0</b>
Stock based compensation expense	0
Purchase of treasury stock (232 shares)	0
Cash dividends (\$0.36 per share)	0
Stock grant forfeiture (2,161 shares)	0
Net issuance of common stock under stock-based compensation plans (550 shares)	550
<b>Balance at September 30, 2023</b>	<b>142,241,408</b>

See notes to consolidated unaudited financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
UNITED BANKSHARES, INC. AND SUBSIDIARIES

<i>(Dollars in thousands, except per share data)</i>	<i>Six Months Ended June 30, 2022</i>							<i>(Dollars in thousands, except per share data)</i>
	<i>Common Stock</i>				<i>Accumulated Other</i>			
	<i>Par</i>	<i>Retained</i>	<i>Comprehensive</i>	<i>Treasury</i>	<i>Shareholders' Equity</i>	<i>Common</i>		
	<i>Shares</i>	<i>Value</i>	<i>Surplus</i>	<i>Earnings</i>	<i>Income (Loss)</i>	<i>Stock</i>	<i>Equity</i>	<i>Shares</i>
Balance at January 1, 2022	141,360,266	\$ 353,402	\$ 3,149,955	\$ 1,390,777	\$ (4,888)	\$ (170,618)	\$ 4,718,628	141,360,266
Comprehensive income:								
Net income	0	0	0	81,664	0	0	81,664	0
Other comprehensive loss, net of tax	0	0	0	0	(136,804)	0	(136,804)	0
Total comprehensive loss, net of tax								(55,140)

Stock based compensation expense	0	0	2,061	0	0	0	2,061	0
Stock grant forfeiture (6,212 shares)	0	0	223	0	0	(223)	0	0
Purchase of treasury stock (740,873 shares)	0	0	0	0	0	(26,061)	(26,061)	0
Cash dividends (\$0.36 per share)	0	0	0	(49,266)	0	0	(49,266)	0
Net issuance of common stock under stock-based compensation plans (422,766 shares)	422,766	1,056	3,862	0	0	0	4,918	422,766
<b>Balance at March 31, 2022</b>	<b>141,783,032</b>	<b>354,458</b>	<b>3,156,101</b>	<b>1,423,175</b>	<b>(141,692)</b>	<b>(196,902)</b>	<b>4,595,140</b>	<b>141,783,032</b>
Comprehensive income:								
Net income	0	0	0	95,613	0	0	95,613	0
Other comprehensive loss, net of tax	0	0	0	0	(105,665)	0	(105,665)	0
<b>Total comprehensive loss, net of tax</b>							<b>(10,052)</b>	
Stock based compensation expense	0	0	2,543	0	0	0	2,543	0
Purchase of treasury stock (1,548,767 shares)	0	0	0	0	0	(53,391)	(53,391)	0
Cash dividends (\$0.36 per share)	0	0	0	(48,544)	0	0	(48,544)	0
Stock grant forfeiture (2,445 shares)	0	0	88	0	0	(88)	0	0
Net issuance of common stock under stock-based compensation plans (63,419 shares)	63,419	158	1,196	0	0	0	1,354	63,419
<b>Balance at June 30, 2022</b>	<b>141,846,451</b>	<b>\$ 354,616</b>	<b>\$ 3,159,928</b>	<b>\$ 1,470,244</b>	<b>\$ (247,357)</b>	<b>\$ (250,381)</b>	<b>\$ 4,487,050</b>	<b>141,846,451</b>
Comprehensive income:								
Net income								0
Other comprehensive loss, net of tax								0

Total	
comprehensive loss, net of tax	
Stock based compensation expense	0
Purchase of treasury stock (214 shares)	0
Cash dividends (\$0.36 per share)	0
Stock grant forfeiture (207 shares)	0
Net issuance of common stock under stock-based compensation plans (51,422 shares)	<u>51,422</u>
Balance at September 30, 2022	<u>141,897,873</u>

*See notes to consolidated unaudited financial statements.*

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

UNITED BANKSHARES, INC. AND SUBSIDIARIES

*(Dollars in thousands)*

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

*(Dollars in thousands)*

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

**INVESTING ACTIVITIES**

Proceeds from sales of securities available for sale  
Proceeds from maturities and calls of securities available for sale  
Purchases of securities available for sale  
Proceeds from sales of equity securities  
Purchases of equity securities  
Proceeds from sales and redemptions of other investment securities  
Purchases of other investment securities  
Redemption of bank-owned life insurance policies  
Purchases of bank premises and equipment  
Proceeds from sales of bank premises and equipment  
Proceeds from sales of mortgage servicing rights  
Proceeds from the sales of OREO properties  
Net change in loans

**NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**

**FINANCING ACTIVITIES**

Cash dividends paid

Acquisition of treasury stock  
Proceeds from exercise of stock options  
Repayment of long-term Federal Home Loan Bank borrowings  
Proceeds from issuance of long-term Federal Home Loan Bank borrowings  
Redemption of subordinated debt  
Changes in:  
Deposits  
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings  
**NET CASH USED IN FINANCING ACTIVITIES**  
Increase (Decrease) in cash and cash equivalents  
Cash and cash equivalents at beginning of year  
Cash and cash equivalents at end of period  
Supplemental information  
Noncash investing activities:  
Transfers of loans to OREO  
Transfers of loans to bank premises and equipment  
Acquisition of subsidiaries and purchase price adjustments:  
Assets acquired, net of cash  
Liabilities assumed  
Goodwill

*See notes to consolidated unaudited financial statements*

1

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

UNITED BANKSHARES,

## 1. SUMMARY OF SIGNIFICA

### Basis of P

The accompanying unaudited consolidated interim financial statements of United Bankshares, Inc. and Subsidiaries ("United" or "the Company") have been prepared in accordance with 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 of America ("GAAP") to affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements present the Consolidated Financial Statements appearing in United's 2022 Annual Report on Form 10-K, which includes descriptions of significant accounting policies, share position and results of operations for the interim periods have been prepared in accordance with GAAP.

The accompanying consolidated interim financial statements include the accounts of United and its wholly owned subsidiaries. United operates in two business statements. Information is presented in these notes to the unaudited consolidated interim financial statements.

### New Account

In March October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU")2023-06,"Disclosure Improvements: C SEC. For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in prep the date on which the SEC's removal of that related disclosure from RegulationS-Xor RegulationS-Kbecomes effective, with early adoption prohibited. For all oth or results of operations but could change

2023-02, In August 2023, the FASB issued ASU2023-05, "Business Combinations – Joint Venture Formations (Subtopic 805-60)." ASU2023-05 requires a joint venture of the net assets in total is then allocated to individual assets and liabilities by applying Topic 805 with certain exceptions. ASU2023-05 requires certain disclosures with a formation date on or after January 1, 2025. The adoption of ASU 2023-05 is not effective.

In July 2023, the FASB issued ASUNo. 2023-03, "Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin T SEC updates pursuant to SEC Staff A

Announcement at the March 24, 2022 Emerging Issues Task Force ('Series Release 280—General Revision of Regulation S-X: Income or Loss' effective and did not have a significant impact on the Company's financial statements.

In March 2023, the FASB issued Accounting ASU2023-02, "Accounting for Credit Programs that Qualify for Income Tax Credits." ASU2023-02 permits reporting entities to elect a credit program from which the income tax credits are received, using the proportional amortization method. The amendments in this ASU apply to all reporting entities that hold tax credits and account for them using the proportional amortization method or an equivalent method.

through a limited liability entity that is not accounted for using the pro guidance removed from Subtopic 323-740 has been applied. Additionally, income tax credits and other income tax benefits from a tax credit pre-amortization method (including investments within that elected program amortization method). ASU 2023-02 will be effective for United on Jan 1, 2024. This update must be applied on either a modified retrospective or a retrospective basis using the proportional amortization method. The adoption of ASU 2023-02 will not have a material impact on United's financial condition or results of operations.

In December 2022, the FASB issued ASU 2022-06, "Reference Rate Method for Financial Instruments-Credit Risk-Interest Rate Benchmark Reference Rates." ASU 2022-06 extends the period of time financial statement preparers have to adopt the reference rate method for financial instruments with embedded derivatives. The FASB issued ASU 2020-04 to provide temporary, optional expedients for financial instruments with embedded derivatives in transactions as a result of the global markets' anticipated transition away from LIBOR to alternative reference rates. At the time ASU 2020-04 was issued, the FASB established the intent that it would no longer be necessary to persuasively argue that the reference rate method was the most appropriate method to use. As a result, the sunset provision was set for December 31, 2022; 12 months after the effective date of ASU 2020-04. In March 2021, the FASB issued ASU 2021-22, "Reference Rate Method for Financial Instruments-Credit Risk-Interest Rate Benchmark Reference Rates (Topic 323) (Subtopic 323-740)." ASU 2021-22 removed the sunset provision and established a permanent reference rate method for financial instruments with embedded derivatives.

FCA announced that the intended cessation date of LIBOR in the United Kingdom. Accordingly, ASU2022-06 defers the expiration date of ASU transition comprehensive project plan to identify and modify execute the attributes that are either directly or indirectly influenced by LIBOR to ensure that no new contracts using LIBOR were originated after December 31, 2024. The new rate will be called the Secured Overnight Financing Rate ("SOFR") and Prime as the preferred alternative over time based on market developments. LIBOR.

In June 2022, the FASB issued ASU 2022-03, "Fair Value Measurement to Contractual Sale Restrictions." ASU 2022-03 clarifies that a contract of the unit of account of the equity security and, therefore, is not considered an entity. An entity cannot, as a separate unit of account, recognize and measure equity securities subject to contractual sale restrictions. ASU 2022-03 is permitted. The adoption of ASU 2022-03 is not expected to have a material impact on our operations.

In March 2022, the FASB issued ASUNo. 2022-02, "Troubled Debt Re-requirements for accounting for credit losses under ASC 326, eliminates creditors in ASC310-40, and enhances creditors' disclosure requirements experiencing financial difficulty. ASU2022-02also amends the guidance for the year of origination. ASUNo. 2022-02was effective for public business December 15, 2022, including interim periods within those fiscal year ASUNo. 2022-02was adopted by United prospectively for the period impact on the Company's financial condition or results of operations. additional information, see Notes to Consolidated Financial Statement.

In March 2022, the FASB issued ASUNo. 2022-01, "Derivatives and Hedges" (ASU2022-01) further aligns risk management objectives with hedge accounting as was first introduced in ASUNo. 2017-12. The enhanced guidance further clarifies the accounting for financial assets and allows more flexibility in the derivative structures. The guidance on the relationship between the portfolio layer method requires public business entities for fiscal years beginning after December 15, 2023, adoption of the amendment is permitted if an entity has adopted ASU 2017-12 by United on January 1, 2023. The adoption did not have a material impact on the financial statements.

In October 2021, the FASB issued ASUNo. 2021-08, "Business Comt and contract liabilities Contract Liabilities from contracts Contracts wit contract assets and contract liabilities to the list of exceptions to the r combinations and to require that an entity acquirer recognize and me combination in accordance with Topic 606. As a result of these amen measure acquired contract assets and contract liabilities in a manner its preacquisition financial statements. ASUNo. 2021-08is effective fc 15, 2022, including interim periods within those fiscal years. The ame occurring on or after the effective date of the amendments. Early ado by United on January 1, 2023. The adoption did not have a material i

## 2 INVESTMENT SECURITIES

#### Securities Available for Sale

Securities held for indefinite periods of time are classified as available-for-sale, estimated fair values, and allowance for credit losses of securities available for sale.

U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$
State and political subdivisions	
Residential mortgage-backed securities	
Agency	
Non-agency	
Commercial mortgage-backed securities	
Agency	
Asset-backed securities	

	Single issue trust preferred securities	Other corporate securities	Total	
U.S. Treasury securities and obligations of U.S. Government corporations and agencies				\$ 4,421
State and political subdivisions				\$ 12,673
Residential mortgage-backed securities				
Agency				
Non-agency				
Commercial mortgage-backed securities				
Agency				
Asset-backed securities				
Single issue trust preferred securities				
Other corporate securities				
Total				\$ 4,421
				December 31, 2022
				Allowance for
				Gross  Gross  Future
	Amortized	Unrealized	Unrealized	Cr.  Loss
	Cost	Gains	Losses	Loss
U.S. Treasury securities and obligations of U.S.				
Government corporations and agencies	\$ 548,407	\$ 12	\$ 18,927	\$ 4,421
State and political subdivisions	820,167	36	110,673	
Residential mortgage-backed securities				
Agency	1,369,471	4	194,531	
Non-agency	121,336	66	9,429	
Commercial mortgage-backed securities				
Agency	627,768	8	65,223	
Asset-backed securities	943,813	0	32,202	
Single issue trust preferred securities	17,342	88	1,146	
Other corporate securities	563,425	44	37,931	
Total	\$ 5,011,729	\$ 258	\$ 470,062	\$ 4,421

United excludes accrued interest from the amortized cost basis of available-for-sale securities separately in "Accrued interest receivable" in the consolidated balance sheet. We record interest receivable on non-accrual status when we no longer expect to receive all contractual interest. Accrued interest receivable is reversed against interest income when a security is sold or otherwise disposed of. We currently recognize an allowance for credit loss against accrued interest receivable.

excludes accrued interest receivable of \$21,353 \$21,320 and \$23,951 respectively, that is recorded in "Accrued interest receivable."

The following is a summary of securities available for sale which were in the portfolio as of December 31, 2022.

	Less than 12 months		12 months or longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<u>June 30, 2023</u>				
<u>September 30, 2023</u>				
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 150,585	\$ 2,041	\$ 370,238	\$ 13,131
State and political subdivisions	5,196	250	512,473	90
Residential mortgage-backed securities				
Agency	70,306	3,392	1,035,554	189
Non-agency	22,090	778	76,735	9
Commercial mortgage-backed securities				
Agency	7,752	239	474,252	62
Asset-backed securities	49,275	699	822,276	19
Single issue trust preferred securities	2,894	201	12,581	1
Other corporate securities	15,645	951	327,360	42
Total	\$ 323,743	\$ 8,551	\$ 3,631,469	\$ 429

	Less than 12 months		12 months or longer		Fair Value
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	
<u>December 31, 2022</u>					
U.S. Treasury securities and obligations of U.S. Government corporations and agencies	\$ 473,025	\$ 13,628	\$ 48,793	\$ 5,299	\$ 521,816
State and political subdivisions	496,328	63,019	192,234	47,654	688,971
Residential mortgage-backed securities					
Agency	623,587	70,744	550,135	123,787	1,173,406
Non-agency	58,839	2,083	42,901	7,346	101,175
Commercial mortgage-backed securities					
Agency	396,380	27,469	163,226	37,754	559,059
Asset-backed securities	425,482	14,134	486,129	18,068	911,645
Single issue trust preferred securities	0	0	13,109	1,146	13,255
Other corporate securities	195,425	18,064	261,170	19,867	456,956

Total	\$ 2,669,066	\$ 209,141	\$ 1,757,697	\$ 260,921	\$ 4,426,
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 recognized by the specific identification method.					
Proceeds from sales and calls					Three Months Ended June 30
Gross realized gains				2023	2022
Gross realized losses				\$ 477,317	\$ 150,915
				0	0
				7,239	0
Proceeds from sales and calls					
Gross realized gains					
Gross realized losses					
At June 30, 2023, September 30, 2023, gross unrealized losses on available for sale securities of a total portfolio of \$1,179 \$1,148 available for sale securities as of June 30, 2023 September 30, 2023 consisted primarily of agency residential securities, agency commercial mortgage-backed securities, asset-backed securities, and non-agency residential mortgage-backed securities.					
In determining whether or not a security is impaired, management considers the intent and the more likely than not ability to hold these securities to maturity. The amount of gross unrealized losses on available for sale securities at June 30, 2023 September 30, 2023 is used to determine if a security is impaired.					
<i>State and political subdivisions</i>					
United's state and political subdivisions portfolio relates to securities issued by various state and local governments and their political subdivisions. The total amortized cost of available for sale state and political subdivisions as of June 30, 2023 September 30, 2023, as of June 30, 2023 September 30, 2023, approximately 41% of the portfolio is related to agency residential securities, agency commercial mortgage-backed securities, asset-backed securities, and non-agency residential 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 agency residential mortgage-backed securities as of June 30, 2023 September 30, 2023, \$547,847 \$516,345 was related to agency commercial mortgage-backed securities and \$1,298,672 \$1,255,364 was related to agency residential mortgage-backed securities.					
Based upon management's analysis and judgment, it was determined that none of the agency residential mortgage-backed securities had credit losses as of June 30, 2023 September 30, 2023.					
United's non-agency residential mortgage-backed securities portfolio relates to securities of various private label issuers. The total amortized cost of available for sale non-agency residential mortgage-backed securities as of June 30, 2023 September 30, 2023, is \$265,644 \$305,933. Based upon management's analysis and judgment, it was determined that none of the non-agency residential mortgage-backed securities had credit losses as of June 30, 2023 September 30, 2023.					
<i>Asset-backed securities</i>					
As of June 30, 2023 September 30, 2023, United's asset-backed securities portfolio had a total amortized cost balance of \$909,879. \$888,959. 100% of the portfolio is related to student loans under the Federal Family Education Loan Program ("FFELP") student loan collateral which includes a minimum of a 97% government repayment guarantee, as well as additional collateral that is all AAA rated. Upon reviewing this portfolio as of June 30, 2023 September 30, 2023, it was determined that none of the securities had credit losses as of June 30, 2023 September 30, 2023.					
<i>Single issue trust preferred securities</i>					

The majority of United's single issue trust preferred portfolio consists of capitalization in excess of \$10 billion). All single issue trust preferred cost of available for sale single issue trust preferred securities as of investment grade bonds, \$3,095 \$3,100 in split rated bonds, and \$5,7 current and projected earnings trends, asset quality, capitalization level second third quarter of 2023, it was determined that none of the single

#### *Other corporate securities*

As of **June 30, 2023** September 30, 2023, United's other corporate securities \$394,573, \$354,393. The majority of the portfolio consisted of debt of financial institutions. Of the \$394,573, \$354,393, 98% had at least one rating, and 2% were unrated. For other corporate securities, manager relation to the severity of any unrealized loss. Based upon management's assessment, corporate securities had credit losses at **June 30, 2023** September 30, 2023.

The amortized cost and estimated fair value of securities available for by contractual maturity are shown as follows. Expected maturities may differ from contractual maturities due to prepayments, call options, right to call or prepay obligations without penalties.

	June 30, 2023		December 31, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 575,534	\$ 565,154	\$ 384,921	\$ 384,921
Due after one year through five years	450,103	415,861	856,743	856,743
Due after five years through ten years	907,581	785,354	981,983	981,983
Due after ten years	2,509,888	2,238,955	2,788,082	2,788,082
Total	\$ 4,443,106	\$ 4,005,324	\$ 5,011,729	\$ 4,005,324

#### Equity securities at fair value

Equity securities consist mainly of mutual funds of **Community Reinvestment Fund** and a rabbi trust for the payment of benefits under a deferred compensation plan. The estimated fair value of United's equity securities was \$8,443 \$8,548 at **June 30, 2023** September 30, 2023.

	Three Months Ended June 30	
	2023	2022
Net gains recognized during the period on equity securities sold	\$ 0	\$ 0
Unrealized gains recognized during the period on equity securities still held at period end	0	6
Unrealized losses recognized during the period on equity securities still held at period end	(97)	(188)
Net losses recognized during the period	\$ (97)	\$ (182)

#### Other investment securities

During the **second** third quarter of 2023, United evaluated all of its investment securities. The evaluation concluded that the investment circumstances during the **second** third quarter of 2023 had a significant impact on the value of the investment securities. United determined that there was no individual security that had a significant impact on the value of the investment securities. There were no other events or changes in circumstances during the period that had a significant impact on the recorded fair value of its investment securities.

The carrying value of securities pledged to secure public deposits, securities required or permitted by law, approximated \$2,799,341 \$2,327,103 as of December 31, 2022, respectively.

### 3. LOANS AND LEASES

Major classes of loans and leases are as follows:

Commercial, financial and agricultural:  
 Owner-occupied commercial real estate  
 Nonowner-occupied commercial real estate  
 Other commercial  
 Total commercial, financial & agricultural  
 Residential real estate  
 Construction & land development

	June 30, 2023	December 31, 2022
Commercial, financial and agricultural:		
Owner-occupied commercial real estate	\$ 1,707,719	\$ 1,724,927
Nonowner-occupied commercial real estate	6,572,404	6,286,974
Other commercial	3,550,575	3,612,568
Total commercial, financial & agricultural	11,830,698	11,624,469
Residential real estate	4,908,633	4,662,911
Construction & land development	2,817,706	2,926,971
Consumer:		
Bankcard	9,192	9,273
Other consumer	1,215,697	1,356,539
Less: Unearned income	(17,635)	(21,997)
Total gross loans	<u>\$ 20,764,291</u>	<u>\$ 20,558,166</u>
	September 30, 2023	December 31, 2022
Consumer:		
Bankcard	9,122	
Other consumer	1,130,924	1,
Less: Unearned income	(17,092)	
Total gross loans	<u>\$ 21,097,883</u>	<u>\$ 20,</u>

The table above does not include loans held for sale of \$91,296 \$59,614 and \$56,879 at June 30, 2023 September 30, 2023 and December 31, 2022.

United's subsidiary bank has made loans to the directors and officers of United and its subsidiaries, and to their affiliates. The aggregate d

### 4. CREDIT

Management monitors the credit quality of its loans and leases on an ongoing basis. Measurement of delinquency and past due status are base

For all loan classes, past due loans and leases are reviewed on a monthly basis to identify loans and leases for nonaccrual status. Generally, when collection is discontinued, the loan is placed on nonaccrual status. Nonaccrual status is discontinued when a loan becomes 90 to 120 days past due as to principal or interest. However, regardless of delinquency status, if a loan is fully s

nonaccrual status. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and unpaid interest accrued is recognized. Interest income is recognized on a cash basis or applied to principal when the ultimate collectability of principal is in doubt. Nonaccrual loans and leases are contractual prov

The following table sets forth United's age analysis of its past due loans as of September 30, 2023.

Age Analysis of Past Due Loans  
As of September 30, 2023

	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other
Commercial real estate:				
Owner-occupied	\$ 5,779	\$ 11,971	\$ 17,750	\$ 4,613
Nonowner-occupied				
Other commercial				
Residential real estate				
Construction & land development	666			
Consumer:				
Bankcard			32	
Other consumer			31,898	
Total			\$ 81,972	\$ 46,268

Age Analysis of Past Due Loans and Leases  
As of June 30, 2023

	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other
Commercial real estate:				
Owner-occupied	\$ 4,406	\$ 7,739	\$ 12,145	\$ 1,695,574
Nonowner-occupied	5,355	8,406	13,761	6,558,643
Other commercial	4,145	2,705	6,850	3,543,725
Residential real estate	23,003	17,696	40,699	4,867,934
Construction & land development	5,017	576	5,593	2,812,113
Consumer:				
Bankcard	78	67	145	9,047
Other consumer	29,307	4,363	33,670	1,182,027
Total	\$ 71,311	\$ 41,552	\$ 112,863	\$ 20,669,063

18

Age Analysis of Past Due Loans and Leases  
As of December 31, 2022

	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other
Commercial real estate:				
Owner-occupied	\$ 5,643	\$ 12,368	\$ 18,011	\$ 1,706,916
Nonowner-occupied	9,996	8,916	18,912	6,268,062
Other commercial	13,466	5,338	18,804	3,593,764
Residential real estate	25,315	17,735	43,050	4,619,861
Construction & land development	3,060	475	3,535	2,923,436
Consumer:				
Bankcard	63	109	172	9,101
Other consumer	33,993	4,570	38,563	1,317,976
Total	\$ 91,536	\$ 49,511	\$ 141,047	\$ 20,439,116

Age Analysis of Past Due Loans and Leases  
As of December 31, 2022

	30-89 Days Past Due	90 Days or more Past Due	Total Past Due	Current & Other
Commercial real estate:				
Owner-occupied	\$ 5,643	\$ 12,368	\$ 18,011	\$ 1,706,916
Nonowner-occupied	9,996	8,916	18,912	6,268,062
Other commercial	13,466	5,338	18,804	3,593,764
Residential real estate	25,315	17,735	43,050	4,619,861
Construction & land development	3,060	475	3,535	2,923,436
Consumer:				
Bankcard	63	109	172	9,101
Other consumer	33,993	4,570	38,563	1,317,976

Total	\$ 91,536	\$ 49,511	\$ 141,047	\$ 20,439,116
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The following table sets forth United's nonaccrual loan

Commercial Real Estate:  
 Owner-occupied  
 Nonowner-occupied  
 Other Commercial  
 Residential Real Estate  
 Construction  
 Consumer:  
 Bankcard  
 Other consumer  
 Total

Commercial Real Estate:  
 Owner-occupied  
 Nonowner-occupied  
 Other Commercial  
 Residential Real Estate  
 Construction  
 Consumer:  
 Bankcard  
 Other consumer  
 Total

Interest income recognized on nonaccrual loans was insignificant during the t

In some cases, United will modify a loan to a borrower experiencing financial difficulty by providing multiple types of

following table presents the amortized cost of loans and leases to bo  
 1, 2023, the date United adopted ASU2022-02, through **June 30, 202**  
 modification. The percentage of the amortized cost basis of loans and  
 difficulty as compared to the amortized cost basis of each class of fin  
 modified for the three months ended September 30, 2023.

**Amortized Cost Basis of Loan Modifications Made  
 For the Nine Months End**

Commercial real estate:  
 Owner-occupied  
 Nonowner-occupied  
 Other commercial  
 Residential real estate  
 Construction & land development  
 Consumer:  
 Bankcard  
 Other consumer  
 Total

**Amortized Cost Basis of Loan Modifications Made  
 For the Three Months End**

Commercial real estate:  
Owner-occupied  
Nonowner-occupied  
Other commercial  
Residential real estate  
Construction & land development  
Consumer:  
Bankcard  
Other consumer  
Total

Amortized Cost Basis of Loan Modifications Made to  
For the Six Months Ended

Commercial real estate:  
Owner-occupied  
Nonowner-occupied  
Other commercial  
Residential real estate  
Construction & land development  
Consumer:  
Bankcard  
Other consumer  
Total

As of June 30, 2023 September 30, 2023, United did not have any cc  
to the debtors experiencing financial difficulty.

United's estimate of future credit losses uses a lifetime methodology, derived from modeled loan performance based on the extensive historical experience of loan credit loss models includes the impact of loan modifications provided to borrowers experiencing financial difficulty, and also includes the impact of projected loss :

United closely monitors the performance of the loans that are modified. The effectiveness of its modification efforts. The following table presents a financial difficulty modified on or after January 1, 2023 through June 30, 2023 receivable:

Payment Status (An  
As of June 30, 2023)

Commercial real estate:  
Owner-occupied  
Nonowner-occupied  
Other commercial  
Residential real estate  
Construction & land development  
Consumer:  
Bankcard  
Other consumer  
Total

Payment Status (An  
As of September 30, 2023)

Commercial real estate:  
Owner-occupied  
Nonowner-occupied  
Other commercial  
Residential real estate  
Construction & land development

		Consumer: Bankcard Other consumer Total	
The following table presents the financial effect of loan and lease modifications completed on or after January 1, 2023, experiencing financial difficulty had a payment default during the three months ended June 30, 2023. No loans or leases were modified during the three months ended September 30, 2023. No loans or leases were modified during the three months ended December 31, 2022.			
		Commercial Real Estate: Owner-occupied Nonowner-occupied Other Commercial Residential Real Estate Construction & land development Consumer: Bankcard Other consumer Total	
United elected the practical expedient to measure expected credit loss as the difference between the loan's amortized cost and the collateral's fair value at the time of modification, based on the expected cash flows of the collateral at the time of modification, given the operation or sale of the collateral and where the borrower is experiencing financial difficulty had a payment default during the three months ended June 30, 2023 September 30, 2023 and December 31, 2022.			
		Commercial real estate: Owner-occupied Nonowner-occupied Other commercial Residential real estate Construction & land development Consumer: Bankcard Other consumer Total	
			Residential Properties (\$ 1,100) (\$ 1,100)

Commercial real estate:		Resi Pro
Owner-occupied	\$	
Nonowner-occupied		
Other commercial		
Residential real estate	1	2
Construction & land development		Resi Pro
Consumer:		
Bankcard		
Other consumer		
Total	\$ 1	1
Commercial real estate:		Resi Pro
Owner-occupied	\$	
Nonowner-occupied		
Other commercial		
Residential real estate	1	
Construction & land development		
Consumer:		
Bankcard		
Other consumer		
Total	\$ 1	1
Commercial real estate:		Resi Pro
Owner-occupied	\$	
Nonowner-occupied		
Other commercial		
Residential real estate	1	
Construction & land development		
Consumer:		
Bankcard		
Other consumer		
Total	\$ 1	1
United categorizes loans and leases into risk categories based on relevant financial information, historical payment experience, credit default history, current economic trends, among other factors.		
United uses the following definitions for risk ratings:		
<ul style="list-style-type: none"> <li>• Pass</li> <li>• Special Mention</li> <li>• Substandard</li> <li>• Doubtful</li> </ul>		
For United's loans with a corporate credit exposure, United analyzes the risk of the underlying assets. The analysis of criticized (special mention-rated loans in the amount of \$1 million or greater) loans is completed once per quarter. Re		

completed at least annually. For loans with a consumer credit exposure, United reviews and updates, as necessary, these

Special mention loans, with a corporate credit exposure, have potential uncorrected, these potential weaknesses may result in deterioration in position at some future date. Borrowers may be experiencing adverse proportioned balance sheet (e.g., increasing inventory without an increase in market conditions, such as interest rate increases or the entry of a new competitor). Nonfinancial reasons for rating a credit exposure special mention include an agreement or other material structural weakness, and any other significant consumer credit exposure, loans that are past due 30-89 days are generally considered special mention.

A substandard loan with a corporate credit exposure is inadequately capitalized. Repayment may depend on collateral or other credit risk factors.

capacity of the obligor or of the collateral pledged, if any. Loans so classified may jeopardize the liquidation of the debt by the borrower. They are characterized by loss if the deficiencies are not corrected. They require more intensive characterization by current or expected unprofitable operations, inadequate capitalization. Repayment may depend on collateral or other credit risk factors. Collection of interest and principal may be in doubt and thus, placed on nonaccrual after 90 days or more past due or that have been placed on nonaccrual.

A loan with corporate credit exposure is classified as doubtful if it has the added characteristic that the weaknesses make collection in full, questionable. A doubtful loan has a high probability of total or substantial loss of the loan, its classification as loss is deferred. Doubtful borrowers are characterized by resources necessary to remain an operating entity. Pending events such as perfection of liens on additional collateral, the valuation of collateral, and credit exposure that are classified as doubtful. Usually, they are charged off.

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

#### Commercial Real Estate – Owner-occupied

As of September 30, 2023	Term Loans Origination Year			
	2023	2022	2021	2020
<b>Internal Risk Grade:</b>				
Pass	\$ 100,156	\$ 317,749	\$ 255,607	\$ 265,673
Special Mention	0	277	0	0
Substandard	0	141	284	490
Doubtful	0	0	0	0
<b>Total</b>	<b>\$ 100,156</b>	<b>\$ 318,167</b>	<b>\$ 255,891</b>	<b>\$ 266,163</b>
<b>Current-period charge-offs</b>				
	0	0	0	0
<b>Current-period recoveries</b>				
	0	11	0	0
<b>Current-period net recoveries (charge-offs)</b>				
	\$ 0	\$ 11	\$ 0	\$ 0

#### Commercial Real Estate – Owner-occupied

As of June 30, 2023	Term Loans Origination Year					
	2023	2022	2021	2020	2019	Prior
<b>Internal Risk Grade:</b>						
Pass	\$ 64,945	\$ 339,741	\$ 260,113	\$ 272,258	\$ 116,170	\$ 566,784
Special Mention	0	280	0	0	2,508	15,100
Substandard	0	142	293	506	453	36,895
Doubtful	0	0	0	0	0	258
<b>Total</b>	<b>\$ 64,945</b>	<b>\$ 340,163</b>	<b>\$ 260,406</b>	<b>\$ 272,764</b>	<b>\$ 119,131</b>	<b>\$ 619,037</b>
Current-period charge-offs	0	0	0	0	0	(697)

Current-period recoveries	0	7	0	0	0	111
Current-period net recoveries (charge-offs)	\$ 0	\$ 7	\$ 0	\$ 0	\$ 0	\$ (586)
<b>Term Loans</b>						
			Origination Year			
<b>As of December 31, 2022</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Prior</b>
Internal Risk Grade:						
Pass	\$ 339,765	\$ 276,667	\$ 284,091	\$ 122,582	\$ 112,126	\$ 504,485
Special Mention	0	0	0	496	1,158	5,358
Substandard	143	936	522	417	642	41,301
Doubtful	0	0	0	0	0	270
<b>Total</b>	<b>\$ 339,908</b>	<b>\$ 277,603</b>	<b>\$ 284,613</b>	<b>\$ 123,495</b>	<b>\$ 113,926</b>	<b>\$ 551,414</b>
Current-period charge-offs	0	0	0	0	0	(68)
Current-period recoveries	0	0	0	0	0	489
Current-period net recoveries	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 421

#### Commercial Real Estate—Nonowner-occupied

	<b>As of June 30, 2023</b>	<b>2023</b>	<b>2022</b>
Internal Risk Grade:			
Pass	\$ 214,056	\$ 1,426,3	\$ 1,426,3
Special Mention	0	5	5
Substandard	0	0	0
Doubtful	0	0	0
<b>Total</b>	<b>\$ 214,056</b>	<b>\$ 1,426,6</b>	<b>\$ 1,426,6</b>
Current-period charge-offs	0	0	0
Current-period recoveries	0	0	0
Current-period net recoveries	\$ 0	\$ 0	\$ 0

#### As of December 31, 2022

	<b>2022</b>	<b>2021</b>
Internal Risk Grade:		
Pass	\$ 1,415,465	\$ 1,399,0
Special Mention	557	2,4
Substandard	0	0
Doubtful	0	0
<b>Total</b>	<b>\$ 1,416,022</b>	<b>\$ 1,401,4</b>
Current-period charge-offs	0	0
Current-period recoveries	0	0
Current-period net recoveries	\$ 0	\$ 0

#### Other commercial

	<b>As of June 30, 2023</b>	<b>2023</b>	<b>2022</b>
Internal Risk Grade:			
Pass	\$ 234,990	\$ 727,0	\$ 727,0
Special Mention	224	2,3	2,3
Substandard	5	14,5	14,5
Doubtful	0	0	0
<b>Total</b>	<b>\$ 235,219</b>	<b>\$ 743,8</b>	<b>\$ 743,8</b>
Current-period charge-offs	0	0	0
Current-period recoveries	0	0	0
Current-period net (charge-offs) recoveries	\$ 0	\$ 0	\$ 0

		As of December 31, 2022						2022	2021				
		Internal Risk Grade:											
		Pass		\$ 749,919		\$ 581,5							
		Special Mention		14,244		3,6							
		Substandard		4,023		4							
		Doubtful		0		0							
		Total		\$ 768,186		\$ 585,6							
		Current-period charge-offs		0		(3							
		Current-period recoveries		0		0							
		Current-period net (charge-offs) recoveries		\$ 0		\$ (3							
As of December 31, 2022		Term Loans						Revo					
		Origination Year						amo					
		2022	2021	2020	2019	2018	Prior						
		Internal Risk Grade:											
		Pass		\$ 339,765		\$ 276,667		\$ 504,485					
		Special Mention		0		0		5,358					
		Substandard		143		936		41,301					
		Doubtful		0		0		270					
		Total		\$ 339,908		\$ 277,603		\$ 551,414					
		Current-period charge-offs		0		0		(68)					
		Current-period recoveries		0		0		489					
		Current-period net recoveries		\$ 0		\$ 0		\$ 421					
Commercial Real Estate													
As of September 30, 2023		Term Loans						Revolv					
		Origination Year						ing loan					
		2023	2022	2021	2020	2019	Prior	amortized co					
		Internal Risk Grade:						basis					
		Pass		\$ 385,910		\$ 1,402,411		\$ 1,382,941					
		Special Mention		0		468		22,29					
		Substandard		0		0		51,000					
		Doubtful		0		0		0					
		Total		\$ 385,910		\$ 1,402,879		\$ 1,539,407					
		Current-period charge-offs		0		0		(24)					
		Current-period recoveries		0		0		1,222					
		Current-period net recoveries		\$ 0		\$ 0		\$ 1,198					
Other commercial													
As of December 31, 2022		Term Loans						Revolv					
		Origination Year						ing loan					
		2022	2021	2020	2019	2018	Prior	amortized co					
		Internal Risk Grade:						basis					
		Pass		\$ 1,415,465		\$ 1,399,023		\$ 1,297,076					
		Special Mention		557		2,401		183,7					
		Substandard		0		0		3					
		Doubtful		0		0		0					
		Total		\$ 1,416,022		\$ 1,401,424		\$ 1,372,110					
		Current-period charge-offs		0		0		0					
		Current-period recoveries		0		0		234					
		Current-period net recoveries		\$ 0		\$ 0		\$ 234					
Other commercial													
As of September 30, 2023		Term Loans and leases						Revolv					
		Origination Year						ing loan					
		2023	2022	2021	2020	2019	Prior	amortized co					
		Internal Risk Grade:						basis					
		Pass		\$ 447,978		\$ 621,912		\$ 512,545					
		Special Mention		222		5,921		6,474					
		Substandard		5		16,220		12,660					
		Doubtful		0		0		0					

	<u>Total</u>	<u>\$ 448,205</u>	<u>\$ 644,053</u>	<u>\$ 495,596</u>	<u>\$ 267,384</u>	<u>\$ 206,829</u>	<u>\$ 531,679</u>	<u>\$ 511,229</u>
Current-period charge-offs	<u>(88)</u>	<u>(110)</u>	<u>(96)</u>	<u>0</u>	<u>(13)</u>	<u>(517)</u>		
Current-period recoveries	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>1,429</u>		
Current-period net (charge-offs) recoveries	<u>\$ (88)</u>	<u>\$ (110)</u>	<u>\$ (96)</u>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 912</u>		
<hr/>								
<b>Term Loans and leases</b>								
<b>Origination Year</b>								
<u>As of December 31, 2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>				
Internal Risk Grade:								
Pass	\$ 749,919	\$ 581,588	\$ 398,682	\$ 230,209				
Special Mention	14,244	3,652	331	2,115				
Substandard	4,023	432	29	871				
Doubtful	0	0	0	0				
Total	<u>\$ 768,186</u>	<u>\$ 585,672</u>	<u>\$ 399,042</u>	<u>\$ 233,195</u>				
Current-period charge-offs	0	(364)	(202)	(211)				
Current-period recoveries	0	0	84	17				
Current-period net (charge-offs) recoveries	<u>\$ 0</u>	<u>\$ (364)</u>	<u>\$ (118)</u>	<u>\$ (194)</u>				
<hr/>								
<b>Residential Real Estate</b>								
<b>Term Loans</b>								
<b>Origination Year</b>								
<u>As of June 30, 2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>				
Internal Risk Grade:								
Pass	\$ 369,675	\$ 1,566,005	\$ 864,865	\$ 452,585				
Special Mention	0	0	0	0				
Substandard	0	0	0	40				
Doubtful	0	0	0	0				
Total	<u>\$ 369,675</u>	<u>\$ 1,566,005</u>	<u>\$ 865,270</u>	<u>\$ 452,585</u>				
Current-period charge-offs	0	0	0	0				
Current-period recoveries	0	0	0	0				
Current-period net recoveries	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>				
<hr/>								
<b>Term Loans</b>								
<b>Origination Year</b>								
<u>As of September 30, 2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>				
Internal Risk Grade:								
Pass	\$ 513,860	\$ 1,595,629	\$ 855,363	\$ 452,585				
Special Mention	0	0	0	0				
Substandard	0	0	396	64				
Doubtful	0	0	0	0				
Total	<u>\$ 513,860</u>	<u>\$ 1,595,629</u>	<u>\$ 855,759</u>	<u>\$ 453,224</u>				
Current-period charge-offs	0	0	0	0				
Current-period recoveries	0	0	0	6				
Current-period net recoveries (charge-offs)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6</u>	<u>\$ 6</u>				
<hr/>								
<b>Term Loans</b>								
<b>Origination Year</b>								
<u>As of December 31, 2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>				
Internal Risk Grade:								
Pass	\$ 1,525,762	\$ 847,177	\$ 492,628	\$ 250,209				
Special Mention	0	0	0	0				
Substandard	0	1,448	68	68				

Doubtful	0	0	0	0
Total	<u>\$ 1,525,762</u>	<u>\$ 848,625</u>	<u>\$ 492,696</u>	<u>\$ 25</u>
Current-period charge-offs	0	(809)	0	
Current-period recoveries	0	1	0	
Current-period net (charge-offs) recoveries	\$ 0	\$ (808)	\$ 0	\$ 0

#### Construction and Land Development

	Term Loans			
	Origination Year			
As of September 30, 2023	2023	2022	2021	2020
Internal Risk Grade:				
Pass	\$ 452,792	\$ 1,179,421	\$ 886,179	\$ 199,600
Special Mention	0	2,680	0	9,912
Substandard	0	1,244	2,422	2,451
Doubtful	0	0	0	
Total	<u>\$ 452,792</u>	<u>\$ 1,183,345</u>	<u>\$ 888,601</u>	<u>\$ 211,953</u>
Current-period charge-offs	0	0	0	
Current-period recoveries	0	0	0	
Current-period net recoveries	\$ 0	\$ 0	\$ 0	\$ 0
	Term Loans			
	Origination Year			
As of June 30, 2023	2023	2022	2021	
Internal Risk Grade:				
Pass	\$ 227,029	1,052,489	\$ 865,025	\$ 2,290
Special Mention	0	2,172	2,290	
Substandard	0	1,247	161	
Doubtful	0	0	0	
Total	<u>\$ 227,029</u>	<u>1,055,908</u>	<u>\$ 867,476</u>	<u>\$ 2,290</u>
Current-period charge-offs	0	0	0	
Current-period recoveries	0	0	0	
Current-period net recoveries	\$ 0	\$ 0	\$ 0	\$ 0
	Term Loans			
	Origination Year			
As of December 31, 2022	2022	2021	2020	
Internal Risk Grade:				
Pass	\$ 806,442	\$ 1,109,601	\$ 389,751	\$ 1,109,601
Special Mention	0	0	65	
Substandard	0	219	0	
Doubtful	0	0	0	
Total	<u>\$ 806,442</u>	<u>\$ 1,109,820</u>	<u>\$ 389,816</u>	<u>\$ 1,109,601</u>
Current-period charge-offs	0	0	0	
Current-period recoveries	0	0	0	
Current-period net recoveries	\$ 0	\$ 0	\$ 0	\$ 0

	Term Loans			
	Origination Year			
As of December 31, 2022	2022	2021	2020	2019
Internal Risk Grade:				
Pass	\$ 806,442	\$ 1,109,601	\$ 389,751	\$ 133,71
Special Mention	0	0	65	3,42
Substandard	0	219	0	1
Doubtful	0	0	0	
Total	<u>\$ 806,442</u>	<u>\$ 1,109,820</u>	<u>\$ 389,816</u>	<u>\$ 137,14</u>
Current-period charge-offs	0	0	0	
Current-period recoveries	0	0	0	
Current-period net recoveries	\$ 0	\$ 0	\$ 0	\$ 0

## Bankcard

## Bankcard

<b>As of June 30, 2023</b>
Internal Risk Grade:
Pass
Special Mention
Substandard
Doubtful
Total
Current-period charge-offs
Current-period recoveries
Current-period net charge-offs

As of December 31, 2022

Internal Risk Grade:	
Pass	
Special Mention	
Substandard	
Doubtful	
Total	
Current-period charge-offs	
Current-period recoveries	
Current-period net charge-offs	

As of September 30, 2023

Internal Risk Grade:

Pass

Special Mention

Substandard

Doubtful

Total

Current-period charge-offs

Current-period recoveries

Current-period net charge-offs

As of December 31, 2022

Internal Risk Grade:

Pass

Special Mention

Substandard

Doubtful

Total

Current-period charge-offs

Current-period recoveries

Current-period net charge-offs

**Other Consumer**

		As of December 31, 2023	
Internal Risk Grade:			
Pass			
Special Mention			
Substandard			
Doubtful			
Total			
Current-period charge-offs			
Current-period recoveries			
Current-period net charge-offs (recoveries)			
At September 30, 2023, the carrying amount of the assets was \$1.0 million. The assets are carried at the fair value less costs of disposal. Any costs related to the assets will be recognized in 2023 and December 2023 will be formal foreclosures.			
<b>5. ALLOWANCE FOR DOUBTFUL ACCOUNTS</b>			
The allowance for doubtful accounts represents the net amount of receivables expected to be collected over the life of the assets. The allowance is based on regular evaluations of receivable accounts. Expected recoveries are based on historical experience and previously charged-off amounts.			
United made-up assets have an amortized cost of \$1.0 million and a carrying amount of \$0.8 million, respectively. For all classes of assets, the carrying amount has become less than the amortized cost. Leases, generally, are not included in the allowance for doubtful accounts because they are collectable.			
The following table represents the accrued interest on the assets as of June 30, 2023.			
Commercial Real Estate			
Owner-occupied			
Nonowner-occupied			
Other Commercial			
Residential Real Estate			
Construction			
Consumer:			
Bankcard			
Other consumer			
Total			
The following table represents the accrued interest on the assets as of June 30, 2023.			
As of June 30, 2023			
Internal Risk Grade:			
Pass	\$		
Special Mention			
Substandard			

	Doubtful	
	Total	\$
	Current-period charge-offs	
	Current-period recoveries	
	Current-period net (charge- offs) recoveries	\$
		<u>As of December 31, 2022</u>
	Internal Risk Grade:	
	Pass	\$
	Special Mention	
	Substandard	
	Doubtful	
	Total	\$
	Current-period charge-offs	
	Current-period recoveries	
	Current-period net (charge- offs) recoveries	\$
		At June 30, 2023 and December 31, 2022, other real estate owned (
		was \$3,756 and \$2,052, respectively. OREO consists of real estate a
		carried at the lower of the investment in the assets or the fair value o
		estimated selling costs. Any adjustment to the fair value at the date o
		subsequent valuation adjustments as well as any costs relating to op
		expense in the period incurred. At June 30, 2023 and December 31,
		by residential real estate properties for which formal foreclosure proc
		<b>5. ALLOWANCE FOR CREDIT LOSSES</b>
		The allowance for loan losses is an estimate of the expected credit los
		net amount expected to be collected as of the balance sheet date. Si
		life of the asset (contractual term). Assets are charged off when Unite
		based on regulatory requirements, whichever is earlier. Charge-offs a
		Expected recoveries of amounts previously charged-off, not to exceed
		determining the necessary reserve at the balance sheet date.
		United made a policy election to present the accrued interest receivable
		amortized cost of a loan. Accrued interest receivable was \$74,384 ar
		related to loans and leases that are included separately in "Accrued i
		of loans and leases receivable, the accrual of interest is discontinued
		days past due, unless the loan is well secured and in the process of c
		generally is either applied against principal or reported as interest in
		principal.
		The following table represents the accrued interest receivable as of J
		Commercial Real Estate:
		Owner-occupied
		Nonowner-occupied
		Other Commercial
		Residential Real Estate
		Construction

Consumer:  
Bankcard  
Other consumer  
Total

The following table represents the accrued interest receivables written off months ended June 30, 2023 and 2022:

	A	Th
	2023	
Commercial real estate:		
Owner-occupied	\$ 1	
Nonowner-occupied		
Other commercial	1	
Residential real estate	9	
Construction & land development		
Consumer:		
Bankcard		
Other consumer	8	
Total	\$ 21	

Commercial real estate:  
Owner-occupied  
Nonowner-occupied  
Other commercial  
Residential real estate  
Construction & land development  
Consumer:  
Bankcard  
Other consumer  
Total

United estimates the allowance balance using relevant available information, current conditions and reasonable and supportable forecasts. Historical expected credit losses. Adjustments to historical loss information are as differences in underwriting standards, portfolio mix, delinquency levels and adjustments for changes in environmental conditions, such as changes in interest rates. Reversion to historical loss data occurs via a straight-line method during the forecast period.

United pools its loans and leases based on similar risk characteristics, following portfolio segments and measures the allowance for credit losses.

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

Risk characteristics of commercial real estate owner-occupied loans normally dependent upon the borrower's internal cash flow from operating loans differ in that cash flow to service debt is normally dependent on rents, leases and room rates. Residential real estate loans are deeper than general economic conditions, demand for housing and resulting rates are impacted mainly by demand whether for new residential housing construction within a given area. Consumer loan pool risk characteristics are consistent with these conditions.

Loans that do not share risk characteristics are evaluated on an individual collective evaluation. When management determines that foreclosure is expected at the reporting date and repayment is expected to be provided substantially in cash.

operation or sale of the collateral but may also include other non-performing collateral at the reporting date, adjusted for selling costs as appropriate for the respective pools and typically represent collateral dependent loans.

Expected credit losses are estimated over the contractual term of the appropriate. The contractual term excludes expected extensions, renewals and options. The expectation at the reporting date that the extension or renewal option and are not unconditionally cancelable by United.

At the acquisition date, an initial allowance for expected credit losses is determined. The subsequent measurement of expected credit losses for all acquired credit losses for originated loans. For allowance for credit losses under loans and leases in their relevant pool unless they meet the criteria for

United maintains an allowance for loan losses and a reserve for lending letters of credit. The reserve for lending-related commitments of \$46,000,000 as of December 31, 2022, respectively, is separately classified on the balance sheet as a reserve for loan losses and reserve for lending-related commitments is consistent with the allowance for credit losses.

United's allowance for credit losses at June 30, 2023 September 30, 2022. The overall increase in the allowance for loan and lease losses, including nonowner-occupied commercial real estate, residential real estate, and other loans, is primarily due to a change in qualitative factors and those particular segments of the portfolio. The increase is also due to a change in the surrounding collateral values for dependent loans and current and future forecast. This increase was offset slightly due to improvement in historical individually assessed loans.

business conditions.

The second third quarter of 2023 qualitative adjustments include analysis of the following:

- Current conditions— United considered the impact of inflation, rising interest rates, bank failures and geopolitical conflict when making determinations. The analysis also considered portfolio trends related to economic and business conditions, including nonaccrual and graded loans and leases; and concentrations of credit risk.
- Reasonable and supportable forecasts— The forecast is determined by projections of real GDP and the unemployment rate to loss rates. The forecast selection is subjective in nature and requires more judgment. Assumptions for the economic variables were the following:
- The forecast for real GDP in 2023 improved in the second third quarter to 1.00% 2.10% for 2023 with a slight downward shift for 2024. The forecast for real GDP in 2024 in the first quarter to 1.10% for 2024 in the second quarter improved for 2023 between first second and second third quarters. The forecast for real GDP in 2024 improved to 1.40% from 1.20% for 2024 in the first quarter to 1.10% for 2024 in the second quarter. The forecast for real GDP in 2024 improved to 1.40% from 1.20% for 2024 in the first quarter to 1.10% for 2024 in the second quarter. The forecast for real GDP in 2024 improved to 1.40% from 1.20% for 2024 in the first quarter to 1.10% for 2024 in the second quarter.
- Greater risk of loss is probable in the office portfolio due to continuing economic conditions and in the commercial other and construction segments.
- Reversion to historical loss data occurs via a straight-line method over the forecast period.

A progression of the allowance for loan and lease losses, by portfolio category

Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Three Months Ended September 30, 2023						
	Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Three Months Ended September 30, 2023					Description
	Commercial Real Estate		Residential Real Estate		Construction & Land Development	
	Owner-occupied	Nonowner-occupied	Other Commercial	Residential Real Estate	Construction & Land Development	
<b>Allowance for Loan and Lease Losses:</b>						
Beginning balance	\$ 11,987	\$ 48,939	\$ 80,216	\$ 41,425	\$ 1,245	
Charge-offs	(38)	0	(313)	(619)		
Recoveries	8	465	306	73		
Provision	528	2,533	(5,576)	3,088		
Ending balance	<u>\$ 12,485</u>	<u>\$ 51,937</u>	<u>\$ 74,633</u>	<u>\$ 43,967</u>	<u>\$ 1,245</u>	

Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Nine Months Ended September 30, 2023						
	Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Nine Months Ended September 30, 2023					Description
	Commercial Real Estate		Residential Real Estate		Construction & Land Development	
	Owner-occupied	Nonowner-occupied	Other Commercial	Residential Real Estate	Construction & Land Development	
<b>Allowance for Loan and Lease Losses:</b>						
Beginning balance	\$ 13,945	\$ 38,543	\$ 79,706	\$ 36,227	\$ 48,390	
Charge-offs	(735)	(24)	(1,046)	(705)	(14)	
Recoveries	126	1,222	1,450	488	80	
Provision	(851)	12,196	(5,477)	7,957	9,937	
Ending balance	<u>\$ 12,485</u>	<u>\$ 51,937</u>	<u>\$ 74,633</u>	<u>\$ 43,967</u>	<u>\$ 58,393</u>	

Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Three Months Ended June 30, 2023											
	Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Three Months Ended June 30, 2023										Description
	Commercial Real Estate			Residential Real Estate		Construction & Land Development			Other Consumer		
	Owner-occupied	Nonowner-occupied	Other Commercial	Real Estate	Land Development	Bankcard	Other	Consumer	Total		
<b>Allowance for Loan and Lease Losses:</b>											
Beginning balance	\$ 13,547	\$ 42,672	\$ 79,011	\$ 38,476	\$ 50,036	\$ 537	\$ 16,212	\$ 240,493			
Charge-offs	(227)	0	(106)	(46)	0	(79)	(1,816)	(2,271)			
Recoveries	71	16	572	234	17	13	142	1,063			
Provision	(1,404)	6,251	739	2,761	3,205	96	(209)	11,433			
Ending balance	<u>\$ 11,987</u>	<u>\$ 48,939</u>	<u>\$ 80,216</u>	<u>\$ 41,425</u>	<u>\$ 53,258</u>	<u>\$ 567</u>	<u>\$ 14,329</u>	<u>\$ 250,723</u>			

Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Six Months Ended June 30, 2023											
	Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Six Months Ended June 30, 2023										Description
	Commercial Real Estate			Residential Real Estate		Construction & Land Development			Other Consumer		
	Owner-occupied	Nonowner-occupied	Other Commercial	Real Estate	Land Development	Bankcard	Other	Consumer	Total		
<b>Allowance for Loan and Lease Losses:</b>											
Beginning balance	\$ 13,945	\$ 38,543	\$ 79,706	\$ 36,227	\$ 48,390						
Charge-offs	(697)	(24)	(733)	(86)	(14)						
Recoveries	118	757	1,144	415	49						
Provision	(1,379)	9,663	99	4,869	4,833						
Ending balance	<u>\$ 11,987</u>	<u>\$ 48,939</u>	<u>\$ 80,216</u>	<u>\$ 41,425</u>	<u>\$ 53,258</u>	<u>\$ 567</u>	<u>\$ 14,329</u>	<u>\$ 250,723</u>			

Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Year Ended December 31, 2023											
	Allowance for Loan and Lease Losses and Carrying Amount of Loans and Leases For the Year Ended December 31, 2023										Description
	Commercial Real Estate			Residential Real Estate		Construction & Land Development			Other Consumer		
	Owner-occupied	Nonowner-occupied	Other Commercial	Real Estate	Land Development	Bankcard	Other	Consumer	Total		
<b>Allowance for Loan and Lease Losses:</b>											
Beginning balance	\$ 13,945	\$ 38,543	\$ 79,706	\$ 36,227	\$ 48,390						
Charge-offs	(697)	(24)	(733)	(86)	(14)						
Recoveries	118	757	1,144	415	49						
Provision	(1,379)	9,663	99	4,869	4,833						
Ending balance	<u>\$ 11,987</u>	<u>\$ 48,939</u>	<u>\$ 80,216</u>	<u>\$ 41,425</u>	<u>\$ 53,258</u>	<u>\$ 567</u>	<u>\$ 14,329</u>	<u>\$ 250,723</u>			

<b>Allowance for Loan and Lease Losses:</b>						
Beginning balance	\$ 14,443	\$ 42,156	\$ 78,432	\$ 26,404	\$ 39,395	
Charge-offs	(68)	0	(4,308)	(1,546)	(2	
Recoveries	489	234	5,367	1,507	1,414	
Provision	(919)	(3,847)	215	9,862	7,583	
Ending balance	\$ 13,945	\$ 38,543	\$ 79,706	\$ 36,227	\$ 48,390	

## 6. INTANGIBLE ASSETS

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

	June 30, 2023					
	Community Banking		Mortgage Banking		Total	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Amortized intangible assets:</b>						
Core deposit intangible assets	\$ 105,165	(\$ 90,102)	\$ 0	\$ 0	\$ 105,165	(\$
Non-amortized intangible assets:						
George Mason trade name	\$ 0		\$ 1,080		\$ 1,080	
Crescent trade name	0		196		196	
Total	\$ 0		\$ 1,276		\$ 1,276	
Goodwill not subject to amortization	\$ 1,883,574		\$ 5,315		\$ 1,888,889	

	December		
	Community Banking		Mortgage
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount
<b>Amortized intangible assets:</b>			
Core deposit intangible assets	\$ 105,165	(\$ 87,544)	\$ 0
Non-amortized intangible assets:			
George Mason trade name	\$ 0		\$ 1,080
Crescent trade name	0		196
Total	\$ 0		\$ 1,276
Goodwill not subject to amortization	\$ 1,883,574		\$ 5,315

United incurred amortization expense of \$1,279 and \$2,558 \$3,837 for 2023 as compared to \$1,379 and \$2,758 \$4,137 for the three and six

The following table sets forth the anticipated amortization expense for

### Year

2023

2024

2025

2026

2027

2028 and thereafter

Year	Amount
2023	\$ 5,116
2024	3,639

2025	3,282
2026	2,758
2027	1,152
2028 and thereafter	1,674

## 7. MORTGAGE SERVICING RIGHTS

Mortgage loans serviced for others are not included in the accompanying financial statements. Servicing rights ("MSRs") are included on the Company's Consolidated Balance Sheet.

The Company initially measures servicing assets and liabilities retained. For subsequent measurement purposes, the Company measures servicing assets using the amortization method. MSRs are amortized in proportion to, and the amortization of the MSRs is analyzed periodically and is adjusted to reflect

The Company evaluates potential impairment of MSRs based on the value of the servicing rights. In determining impairment, the Company based on predominant risk characteristics. If impairment exists, a valuation is performed to determine the current estimated fair value by a charge to income. If the Company exists for a particular tranche, a reduction of the allowance may be required.

Service fee income is recorded for fees earned for servicing mortgage loans. The Company also receives fees from the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") and the Government National Mortgage Association ("GNMA") for the servicing of their respective mortgage backed securities. These fees are based on a contractual percentage of the outstanding principal balance of the underlying loans. Amortization of MSRs and mortgage servicing costs are charged to expense over the term of the underlying loans.

The unpaid principal balances of loans serviced for others were approximately \$3,381,485 at December 31, 2022.

The estimated fair value of the mortgage servicing rights was \$13.95 December 31, 2022, respectively. The estimated fair value of servicing a net servicing fee of 0.25%, average discount rates ranging from 10.58% 10.60%, average constant prepayment rates ("CPR") ranging prepayment rate of 5.70% 5.41%, depending upon the stratification on forbearance of 2.94% 3.14%. The estimated fair value of servicing fee of 0.25%, average discount rates ranging from 10.50% to 10.74% ranging from 5.66% to 7.62% with a weighted average prepayment rate, servicing right, and a delinquency rate, including loans on forbearance. Financial Statements for additional information concerning the fair value

The following presents the activity in mortgage servicing rights, including June 30, 2023 September 30, 2023 and 2022:

	Three Months Ended June 30		Six M
	2023	2022	202
MSRs beginning balance	\$ 19,987	\$ 23,089	\$ 21,0
Amount sold	(14,766)	0	(15,0
Amount capitalized	150	423	2
Amount amortized	(744)	(919)	(1,0
MSRs ending balance	\$ 4,627	\$ 22,593	\$ 4,0
MSRs valuation allowance beginning balance	\$ 0	\$ 0	\$
Aggregate additions charged and recoveries credited to operations	0	0	
MSRs impairment	0	0	
MSRs valuation allowance ending balance	\$ 0	\$ 0	\$
MSRs, net of valuation allowance	\$ 4,627	\$ 22,593	\$ 4,0

For the three and six nine months ended **June 30, 2023** **September 3, 2023** September 30, 2023 and 2022, the Company did not record any temporary impairment of the sale of MSRs.

The estimated amortization expense is based on current information. Amortization expense could change in future periods based on changes in the volume of amortizable assets.

## 8. LEASES

United determines if an arrangement is a lease at inception. United accounts for operating leases for branch and loan production offices as well as operating lessees right-of-use ("ROU") assets and operating lease liabilities on the basis of 12 months or less are not recorded on the Consolidated Balance Sheet.

United's operating leases are subject to renewal options under various years, some of which include options to extend leases generally for third parties. Our sublease portfolio generally consists of operating le-

## Table of Contents

ROU assets represent United's right to use an underlying asset for the make lease payments arising from the lease. Operating lease ROU assets represent the present value of lease payments over the lease term. As most of the incremental borrowing rate based on the information available at contract inception. The operating lease ROU asset also includes any lease payments that include options to extend the lease when it is reasonably certain that the lease will be exercised. The ROU asset is recognized on a straight-line basis over the lease term.

The components of lease expense were as follows:

	Classification	June 30, 2023	June 30, 2022
Operating lease cost	Net occupancy expense	\$ 10,735	\$ 10,614
Sublease income	Net occupancy expense	(121)	(121)
Net lease cost		\$ 10,614	\$ 10,614

Operating lease cost  
Sublease income

Supplemental balance sheet information related to leases was as follows:

	Classification	June 30, 2022
Operating lessees	Operating lessees	\$ 80
Operating lease liabilities	Operating lease liabilities	\$ 85

Other information related to leases was as follows:

Weighted-average remaining lease term:

Operating leases

Weighted-average discount rate:

Operating leases

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts in the measurement of lease liabilities:

Operating cash flows from operating leases

ROU assets obtained in the exchange for lease liabilities

Cash paid for amounts in the measurement of lease liabilities:

Operating cash flows from operating leases

ROU assets obtained in the exchange for lease liabilities

Cash paid for amounts in the measurement of lease liabilities:

Operating cash flows from operating leases

ROU assets obtained in the exchange for lease liabilities

Cash paid for amounts in the measurement of lease liabilities:

Operating cash flows from operating leases

ROU assets obtained in the exchange for lease liabilities

Maturities of lease liabilities by year and in the aggregate, under operating leases subsequent to December 31, 2022, consists of the following as of June 30, 2022:

Year
2023
2024
2025
2026
2027
Thereafter

Total lease payments

Less: imputed interest

Total

## 9. SHORT-TERM BORROWINGS

At June 30, 2023 September 30, 2023 and December 31, 2022, short-term borrowings were as follows:

	As of June 30, 2023	De 3
Federal funds purchased	\$ 0	\$
Securities sold under agreements to repurchase	<u>176,739</u>	<u> </u>
Total short-term borrowings	<u><u>176,739</u></u>	<u><u> </u></u>

Securities sold under agreements to repurchase have not been a significant source of liquidity. Securities sold under agreements to repurchase were accounted for as collateralized financial assets until the securities were acquired or sold plus accrued interest.

United has various unused lines of credit available from certain of its branches. These lines of credit, which bear interest at prevailing market rates, permit United to borrow annually subject to certain conditions.

United has a \$20,000 line of credit with an unrelated financial institution. This is a revolving line of credit. The line is renewable on a 360 day basis and is subject to compliance with various financial and nonfinancial covenants. At June 30, 2023, \$1,910,631 available under this credit.

## 10. LONG-TERM BORROWINGS

United's subsidiary bank is a member of the Federal Home Loan Bank System and has long-term borrowings from collateralized advances. All FHLB borrowings are in the form of term loans, commercial loans and investment securities. At June 30, 2023, approximately \$6,653,985 \$7,304,090 available subject to delivery of FHLB or redeemed by United based on predefined factors and penalties.

At June 30, 2023 September 30, 2023, \$1,910,631 \$1,110,559 of FHLB borrowings were outstanding. The weighted-average effective interest rate was 5.19% 5.43% and a weighted-average effective interest rate of 3.92% as of June 30, 2023 September 30, 2023 to manage interest rate risk on its long-term debt.

### Table of Contents

The scheduled maturities of these FHLB borrowings are as follows:

Year
2023
2024
2025
2026
2027 and thereafter
Total

Year
2023
2024
2025
2026
2027 and thereafter
Total

At June 30, 2023 September 30, 2023, United had a total of twenty six million, six hundred and fifty three thousand, nine hundred and eighty five dollars participating in pools of trust preferred capital securities ("Capital Securities") of United. The Debentures, which are subordinated to the bank's deposits.

indebtedness and certain other financial obligations of United, are the Debentures is the sole source of revenue for the trusts. United assumed subordinated notes in the Carolina Financial Corporation acquisition, these fixed-to-floating rate subordinated notes. At December 31, 2022 **June 30, 2023** September 30, 2023 and December 31, 2022, the outstanding \$276,999, respectively, and was included in the category of long-term borrowings." The Capital Securities are not included as a component fully and unconditionally guarantees each individual trust's obligation.

Under the provisions of the subordinated debt, United has the right to from time to time, for periods not exceeding five years. If interest pay Capital Securities are also deferred. Interest on the subordinated debt

In accordance with the fully-phased in "Basel III Capital Rules" as published by the Basel Committee on Banking Supervision, United is unable to consider the Capital Securities as Tier 1 capital, but can include the Capital Securities in its United's Tier 2 capital. United can include the Capital Securities in its

## 11. COMMITMENTS AND CONTINGENT LIABILITIES

### *Lending-related Commitments*

United is a party to financial instruments with off-balance-sheet risk in customers and to alter its own exposure to fluctuations in interest rates, letters of credit, and interest rate swap agreements. The instruments in excess of the amount recognized in the financial statements.

United's maximum exposure to credit loss in the event of nonperforming commitments and standby letters of credit is the contractual or notional amount of the commitments and conditional obligations as it does not balance necessary, based on management's credit evaluation of the counterparties.

Commitments to extend credit are agreements to lend to a customer commitment contract. Commitments generally have fixed expiration dates and fees. Since many of the commitments are expected to expire without being drawn upon, they do not represent future cash requirements. The amount of credit is based on management's credit evaluation of the counterparties of loan commitments outstanding as of **June 30, 2023** **September 30**, of which contractually expire within one year. Excluded in the **June 30, 2023** **September 30** are commitments to extend credit of **\$410,696** **\$475,571** and **\$719,84** United's mortgage banking segment which are of a short-term nature.

Commercial and standby letters of credit are agreements used by Ur dealings with others. Under these agreements, United guarantees ce credit is issued specifically to facilitate trade or commerce. Typically, drawn upon when the underlying transaction is consummated as int **2023** September 30, 2023 and December 31, 2022, United had **\$16,3** letter of credit is generally contingent upon the failure of a customer t party. United has issued standby letters of credit of **\$158,193** **\$155,51** December 31, 2022, respectively. In accordance with the Contingenc determined that substantially all of its letters of credit are renewed on are immaterial.

## *Mortgage Banking*

United's mortgage banking segment provides for its estimated expos  
borrowers failed to provide full and accurate information on their loan  
where the loan was not underwritten in accordance with the loan pro  
investors related to loan sales activities. United evaluates the merits  
claims received and considers the historical amounts paid to settle su  
immaterial as of June 30, 2023 September 30, 2023 and December 3

United has derivative counter-party risk that may arise from the possible investors to meet the terms of their forward sales contracts. United's generally well-capitalized, are investment grade and exhibit strong financials. There is a risk that a third-party investor to fail to meet its obligation.

#### *Legal Proceedings*

United and its subsidiaries are currently involved in various legal proceedings. United assesses its liabilities and contingencies in connection with recent information available. On a matter-by-matter basis, an accrual is probable that a loss may be incurred and that the amount of such loss will be adjusted as appropriate to reflect any subsequent developments. Actual losses may be more or less than the current estimate. For matters estimated, no accrual is established.

Management is vigorously pursuing all its legal and factual defenses. Litigation will be resolved with no material effect on United's financial position.

#### *Regulatory Matters*

A variety of consumer products, including mortgage and deposit products, come under increased regulatory scrutiny. It is possible that regulators could impose penalties, or take other actions against United in regard to these consumer products required by regulators, to refund or otherwise make remediation payable. It is not possible at this time for management to assess the probability of a material potential loss related to such matters.

### **12. DERIVATIVE FINANCIAL INSTRUMENTS**

United uses derivative instruments to help hedge against adverse price movements.

certain assets or liabilities and on future cash flows. These derivative instruments include forward contracts, written and purchased options. United also executes these instruments to facilitate its risk management strategies.

Derivative instruments designated in a hedge relationship to mitigate a commitment attributable to a particular risk, such as interest rate risk, are in a hedge relationship to mitigate exposure to variability in expected cash flows. These are considered cash flow hedges.

Fair value hedges may be eligible for offset on the consolidated balance sheet or similar agreements. United has elected not to offset the assets and liabilities on its financial statements.

During 2020, United entered into two interest rate swap derivatives designed to hedge cash flow hedge derivatives totaled \$500,000. The derivatives are intended to hedge FHLB borrowings. As of **June 30, 2023** **September 30, 2023**, United's cash flow hedges resulted in gains or losses pertaining to cash flow hedge reclassifications. It became probable of not occurring. United estimates that **\$24,421** **\$23,200** over the next 12-months following **June 30, 2023** **September 30, 2023** through **June 30, 2024**, the maximum length of time over which the forecasted transaction will occur.

At inception of a hedge relationship, United formally documents the hedge, the risk being hedged, the derivative being used, how effectiveness of the hedge will be measured. United also assesses hedge effectiveness at least quarterly. Hedge ineffectiveness is measured by using the change in fair value of the hedging derivative to the change in the fair value of the hedged item.

United is subject to the Dodd-Frank Act clearing requirement for eligible derivatives through the London Clearing House ("LCH"). Variation margin at the end of the prior day is determined by the LCH, rather than collateralized-to-market. The daily settlement of derivatives is based on the contractual terms of the instrument. The total notional amount of interest rate derivatives through the LCH include \$500,000 for asset derivatives as of **June 30, 2023** as a single unit of account with the fair value of the designated cash flow derivative posted by (with) the applicable counterparty and reported in the following table. The fair value of the hedging derivative approximates zero.

United through its mortgage banking subsidiaries enters into interest rate swap commitments with third-party customers. These commitments, which contain fixed expiration dates, meet underwriting guidelines and closes within the timeframe established by the customer.

subsequently closed loans if interest rates change between the time of the forward commitment and the date of the sale. United is a party to these forward mortgage loan sales and short sales of mortgage-backed securities. When the interest rate agreement, and mortgage-backed security position are undesignated of the rate lock derivative is measured using valuations from investor probability of the loan closing (i.e. the "pull-through" rate) with some investor's indicated pricing. Fair values of TBA mortgage-backed securities with similar characteristics. Income from mortgage presented and associated elements of fair value.

The following tables disclose the derivative instruments' location on t and fair value of those instruments at **June 30, 2023** **September 30, 2**

### Derivatives designated as hedging instruments

### Fair Value Hedges:

#### Interest rate swap contracts (hedging commercial loans)

### Derivatives designated as hedging instruments

## Fair Value Hedges:

## Interest rate swap contracts (hedging commercial loans)

## Total Fair Value Hedges

## Cash Flow Hedges:

## Interest rate swap contracts (hedging FHLB borrowings)

## Interest rate swap contracts

## Total Cash Flow Hedges

#### Total derivatives designated as hedging instruments

#### Derivatives not designated as hedging instruments

Derivatives not designated as
Derivatives not designated as
Forward loan sales commitments
TBA mortgage-backed securities
Interest rate lock commitments

#### Total derivatives not designated as hedging instruments

## Total derivatives II

### Derivatives not designated as hedging instruments

- Forward loan sales commitments
- TBA mortgage-backed securities
- Interest rate lock commitments

### Total derivatives not designated as hedging instruments

#### Total liability: derivatives



		Interest rate lock commitments
		<b>Total derivatives not designated as hedging instrument</b>
		<b>Total derivatives</b>
		Derivatives in hedging relationships
		<b>Cash flow Hedges:</b>
		Interest rate swap contracts
		<b>Fair Value Hedges:</b>
		Interest rate swap contracts
		<b>Total derivatives in hedging relationships</b>
		<b>Derivatives not designated as hedging instruments</b>
		Forward loan sales commitments
		TBA mortgage-backed securities
		Interest rate lock commitments
		<b>Total derivatives not designated as hedging instruments</b>
		<b>Total derivatives</b>
		Derivatives in hedging relationships
		<b>Cash flow Hedges:</b>
		Interest rate swap contracts
		<b>Fair Value Hedges:</b>
		Interest rate swap contracts
		<b>Total derivatives in hedging relationships</b>
		<b>Derivatives not designated as hedging instruments</b>
		Forward loan sales commitments
		TBA mortgage-backed securities
		Interest rate lock commitments
		<b>Total derivatives not designated as hedging instruments</b>
		<b>Total derivatives</b>
	<a href="#">Table of Contents</a>	
		Derivatives in hedging relationships
		<b>Cash flow Hedges:</b>
		Interest rate swap contracts
		<b>Fair Value Hedges:</b>
		Interest rate swap contracts
		<b>Total derivatives in hedging relationships</b>
		<b>Derivatives not designated as hedging instruments</b>
		Forward loan sales commitments
		TBA mortgage-backed securities
		Interest rate lock commitments
		<b>Total derivatives not designated as hedging instruments</b>
		<b>Total derivatives</b>
		For the three and <b>six</b> rate swaps attributed

### 13. FAIR VALUE MEASUREMENTS

United determines the fair value of assets and liabilities paid to transfer a liability.

ASC Topic 820 specifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The three levels of the fair value hierarchy are:

Level 1 — Valued based on quoted prices in active markets.

Level 2 — Valued based on quoted prices in less active markets or based on valuation techniques using observable inputs.

Level 3 — Valued based on unobservable inputs.

When determining the fair value of assets or liabilities which are not traded in active markets, certain valuation techniques using unobservable inputs are not actively traded. These results may not be representative of future cash flows, could have weaknesses in any case, and are the lowest level of input to the fair value hierarchy.

In accordance with ASC 820, assets and liabilities recorded at fair value are:

Securities available for sale: Fair value is determined on a recurring basis. Fair values are determined based on available, fair values of the underlying assets. Assumptions are derived from third party vendors compiling data on benchmark securities. These third party vendors on a monthly basis review the pricing provided by the third party deemed to be material to the third party vendors, management, and the valuation securities classification. Management also obtains an independent review of the appropriate controls and processes.

review of the pricing for the underlying assets and its third party pricing. The fair value of these assets is determined by management at **June 30** of each year, which may require a significant adjustment due to a considerable decline in the fair value of these participants, and a significant change in market prices or third party vendor data. Any available-for-sale assets are measured at fair value.

Loans held for sale: Fair value is determined by using the fair value of the underlying assets, adjusted for the Company's valuation. The valuation is the Company's estimate of the investor's indicated price.

Derivatives: United utilizes derivatives to hedge the underlying interest rate risk. United utilizes derivatives to hedge the underlying interest rate risk.

a net present value consideration, as well as the maturities of the positions. The firm reviews the derivative management utilizing

For a fair value hedge with a corresponding derivative that qualifies on the nature of the hedge balance sheet as either

corresponding adjustment due to changes in the net of tax and reclassification earnings.

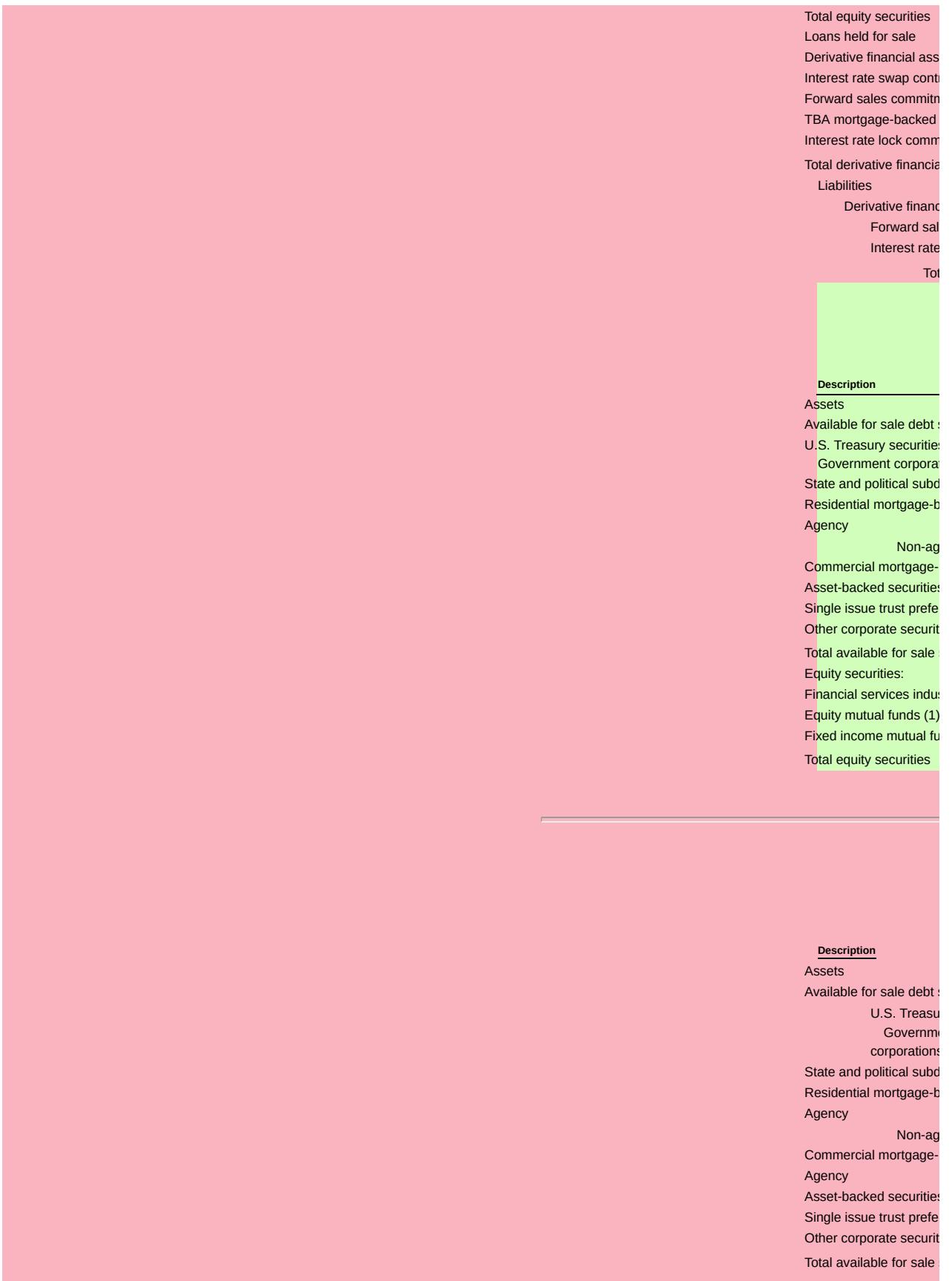
The Company records its interest rate lock commitments and forward date. In the normal course of business, United's mortgage banking subsidiary borrows the borrowers' "lock-in" a specified interest rate within the timeframes entered into by the Company. If interest rates move adversely between the time of the interest rate lock by the Company and the time when the United's mortgage banking subsidiary enters into a forward sale with an investor for mortgage-backed securities with similar characteristics, the Company classifies the interest rate lock commitments as a Level 2 category. The interest rate lock commitments are recorded at the "pull-through" rate ("Level 2") with some adjustment for the Company's credit risk.

unobservable input for historical sales prices increase of 0.22% 0.3

For interest rate swap  
value of the derivative  
Unrealized gains and  
included in noninterest

The following tables p  
2023 September 30, 2023

<u>Description</u>
Assets
Available for sale debt:
U.S. Treasury securities:
Government corpora
State and political subd
Residential mortgage-b
Agency
Non-ag
Commercial mortgage-
Agency
Asset-backed securities:
Single issue trust pref
Other corporate securit
Total available for sale
Equity securities:
Financial services indu
Equity mutual funds (1)
Fixed income mutual fu



	Equity securities:
	Financial services industry
	Equity mutual funds (1)
	Fixed income mutual funds
	Total equity securities
	Loans held for sale
	Derivative financial assets
	Interest rate swap contracts
	Forward sales commitments
	TBA mortgage-backed securities
	Interest rate lock commitments
	Total derivative financial assets
	Liabilities
	Derivative financial liabilities
	TBA mortgage-backed securities
	Interest rate lock commitments
	Total derivative financial liabilities
	<b>Description</b>
	Loans held for sale
	Derivative financial assets
	Interest rate swap contracts
	Forward sales commitments
	TBA mortgage-backed securities
	Interest rate lock commitments
	Total derivative financial assets
	Liabilities
	Derivative financial liabilities
	Forward sales commitments
	Interest rate lock commitments
	Total derivative financial liabilities
	<b>Description</b>
	Assets
	Available for sale debt securities
	U.S. Treasury securities
	Government securities
	Corporate securities
	State and political subdivisions
	Residential mortgage-backed securities
	Agency
	Non-agency
	Commercial mortgage-backed securities
	Agency
	Asset-backed securities
	Single issue trust preferred securities
	Other corporate securities
	Total available for sale debt securities
	Equity securities:
	Financial services industry
	Equity mutual funds (1)
	Fixed income mutual funds
	Total equity securities

	Loans held for sale
	Derivative financial assets
	Interest rate swap contracts
	Forward sales commitments
	TBA mortgage-backed securities
	Interest rate lock commitments
	Total derivative financial assets
	Liabilities
	Derivative financial liabilities
	TBA mortgage-backed securities
	Interest rate lock commitments
	Total derivative financial liabilities
(1)	The equity method of accounting for investments in officers of United States Bancorp
	There were no transfers between periods.
	The following tables present the activity for the period from January 1, 2023, to December 31, 2023, and December 31, 2022. The tables also present the total gains or losses related to assets and liabilities measured at fair value in the Statement of Income.
	<a href="#">Table of Contents</a>
	Balance, beginning of period
	Originations
	Sales
	Transfers to portfolio loans
	Total gains during the period
	Balance, end of period
	The amount of total (loss) gain attributable to the change in date
	Balance, beginning of period
	Transfers other
	Balance, end of period
	The amount of total gain (loss) and change in unrealized gains (losses)
	Balance, beginning of period
	Originations
	Sales

		Transfers to portfolio lo
		Total gains during the p
		Balance, end of period
		The amount of total (los
		changes in net asset
		losses relating to ass
		Balance, beginning of p
		Transfers other
		Balance, end of period
		The amount of total gai
		in net assets) attribut
		relating to assets still
		Balance, beginning of p
		Transfers other
		Balance, end of period
		The amount of total gai
		assets) attributable to
		still held at reporting
		Balance, beginning of p
		Transfers other
		Balance, end of period
		The amount of total gai
		assets) attributable to
		still held at reporting
		Balance, beginning of p
		Transfers other





	such property ("Level abi-annualbasis with		
	<b>Intangible Assets:</b> For annually or sooner if more-likely-than not t analysis, or conclude value, United may us the reporting unit is le goodwill allocated to performed its annual goodwill impairment t performance of the C which could result in Core deposit intangib intangible assets on a may indicate impairment months of 2023 and 2		
	<b>Mortgage Servicing R</b> cash flows to be rece servicing. The Compa ("mortgage servicing using the amortizatio and is estimated usin rate of the loan prepar market participants, s unobservable inputs t ancillary fee income r 2023 September 30, 2 did not record any te 2023 September 30, 2		
	The following table su		
	<table border="1"> <thead> <tr> <th style="text-align: center;"><u>Description</u></th> </tr> </thead> <tbody> <tr> <td>Assets Individually assessed lo OREO</td> </tr> </tbody> </table>	<u>Description</u>	Assets Individually assessed lo OREO
<u>Description</u>			
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<u>Description</u>			
Assets Individually assessed loans OREO			

<u>Description</u>
Assets
Individually assessed loans
OREO
The following method is used to estimate the fair value of these assets:
<u>Cash and Cash Equivalent</u>
<p><b>Securities held to maturity and other securities:</b> The estimated fair value of these securities is based on independent valuation techniques of identical or similar securities for which market data is available. The Company may determine the fair value of identical or similar securities by using the cash flow methodology using appropriately adjusted discount rates reflecting the specific characteristics of the securities.</p>
<u>Table of Contents</u>
<p><b>Loans and leases:</b> The estimated fair value of these loans are based on quoted market prices for similar loans with similar characteristics. The Company uses market interest rates for similar commercial and industrial loans and uses market interest rates for similar consumer loans. The fair value of these loans also includes adjustments for estimated losses that the Company expects to incur. The estimated fair value represents the present value of the cash flows that the Company expects to record for these loans.</p>
<p><b>Deposits:</b> The fair value of these deposits (time deposits and demand deposits) are, by definition, the amount of money deposited. Fair values of fixed-rate deposits are based on rates being offered on certificates of deposit.</p>
<p><b>Short-term Borrowings:</b> The estimated fair value of these short-term borrowings approximates the carrying amount.</p>
<p><b>Long-term Borrowings:</b> The estimated fair value of these long-term borrowings approximates the present value of the discounted cash flows.</p>
<u>Summary of Fair Value</u>
<p>The estimated fair value of the Company's financial assets and financial liabilities is as follows:</p>
<u>June 30, 2023</u>
Cash and cash equivalents
Securities available for sale
Securities held to maturity
Equity securities
Other securities
Loans held for sale
Net loans
Derivative financial assets
Mortgage servicing rights



On May 12, 2020, Ur  
effective May 13, 202  
options, stock apprec  
awards all relate to th  
2020 LT1 Plan is 2,30  
"Board"). Unless othe  
2020 LT1 Plan. The m  
key employee during  
which may be award  
Market Value equivalent  
that may be granted o  
individual non-employ  
the Committee determ

no awards will vest so  
to named executive c  
from previous awards  
A FormS-8was filed c  
2020 LTI Plan. The 2

Compensation exper  
Long-Term Incentive  
compensation expen  
Long-Term Incentive  
was included in empl

## *Stock Options*

United currently has 6.5% shares of United stock. Plans will remain in effect for (10) years.

A summary of activity  
months of 2023 are p

Outstanding at  
January 1, 2023  
Exercised  
Forfeited or expired

Outstanding at June  
30, 2023

Outstanding at  
September 30,  
2023

Exercisable at June  
30, 2023

Exercisable at  
September 30,  
2023

The following table su

	Nonvested at January 1, 2023	Vested	Forfeited or expired	Nonvested at June 30, 2023	Nonvested at September 30, 2023
<b>Restricted Stock</b>					
Under the 2020 LTI F					
granted to participant					
Committee or the Boa					
the shares, have the					
shares have vested.					
<u>June 30, 2023</u>	<u>September 30, 2023</u>	<u>\$196</u>	<u>\$130</u>	<u>\$9,982</u>	<u>\$8,309</u>
The following summary					
<u>2023</u>	<u>September 30, 2023</u>	<u>\$196</u>	<u>\$130</u>	<u>\$9,982</u>	<u>\$8,309</u>
<b>Nonvested at January 1, 2023</b>					
<b>Granted</b>					
<b>Vested</b>					
<b>Forfeited</b>					
Nonvested at June 30,					
<b>Nonvested at January 1, 2023</b>					
<b>Granted</b>					
<b>Vested</b>					
<b>Forfeited</b>					
Nonvested at September 30,					
<b>Restricted Stock Unit</b>					
Under the 2020 LTI F					
these employees with					
Company. These RSU					
RSUs vest ratably ov					
performance over a p					
relative to peers: Ret					
718, the ROATCE co					
will be no payout of t					

		threshold, target, and beginning of a performance period, and the Company have the right to vote on vested, based on the value of the performance valuation model as of the end of the performance period.
		The following table summarizes the changes in the Company's share-based compensation plan as of June 30, 2023.
	Nonvested at January 1, 2023	
	Granted	
	Vested	
	Forfeited or expired	
	Nonvested at June 30, 2023	
	Nonvested at September 30, 2023	
	As of June 30, 2023	\$9,508 \$8,192 with a \$1,316 increase in the number of shares.
<hr/>		
<b>15. EMPLOYEE BENEFITS</b>		
United has a defined benefit pension plan covering years of service since 1990. The plan years preceding 2023 were funded by the Company, and the plan also for those expected to be funded by the Company in 2022.		
Included in accumulated benefits (net of tax) that have not been recognized in the statement of financial position.		
Net periodic pension components:		
<hr/>		
Service cost		
Interest cost		
Expected return on plan assets		
Recognized net actuarial loss		
Net periodic pension cost		
<hr/>		
<b>Weighted-average assumptions</b>		
Discount rate		
Expected return on assets		
Rate of compensation increases		
Rate of compensation increases		
Rate of compensation increases		

	<p>Service cost</p> <p>Interest cost</p> <p>Expected return on plan assets</p> <p>Recognized net actuarial loss</p> <p>Net periodic pension cost</p> <p><b>Weighted-average assets</b></p> <p>Discount rate</p> <p>Expected return on assets</p> <p>Rate of compensation inflation</p> <p>Rate of compensation inflation</p> <p>Rate of compensation inflation</p>
<b>16. INCOME TAXES</b>	<p>United records a liability for all tax positions.</p> <p>As of <b>June 30, 2023</b>, United had \$780, \$807, respectively, for federal and state income taxes.</p> <p>United is currently operating in the U.S. for the years 2020 and 2021 and continues to do so.</p> <p>United's effective tax rates were 21.4% and 21.5%, respectively, as compared to 21.5% and 21.6%, respectively.</p>
<b>17. COMPREHENSIVE INCOME</b>	<p>The components of total comprehensive income are as follows:</p> <p><b>Net Income</b></p> <p><b>Available for sale securities:</b></p> <p>Change in net unrealized gains (losses) on AFS securities for the period</p> <p>Related income tax on unrealized gains (losses)</p> <p>Net reclassification of gains (losses) included in net income</p> <p>Related income tax on reclassification of gains (losses)</p> <p>Change in fair value of available for sale securities arising from foreign currency translation</p>

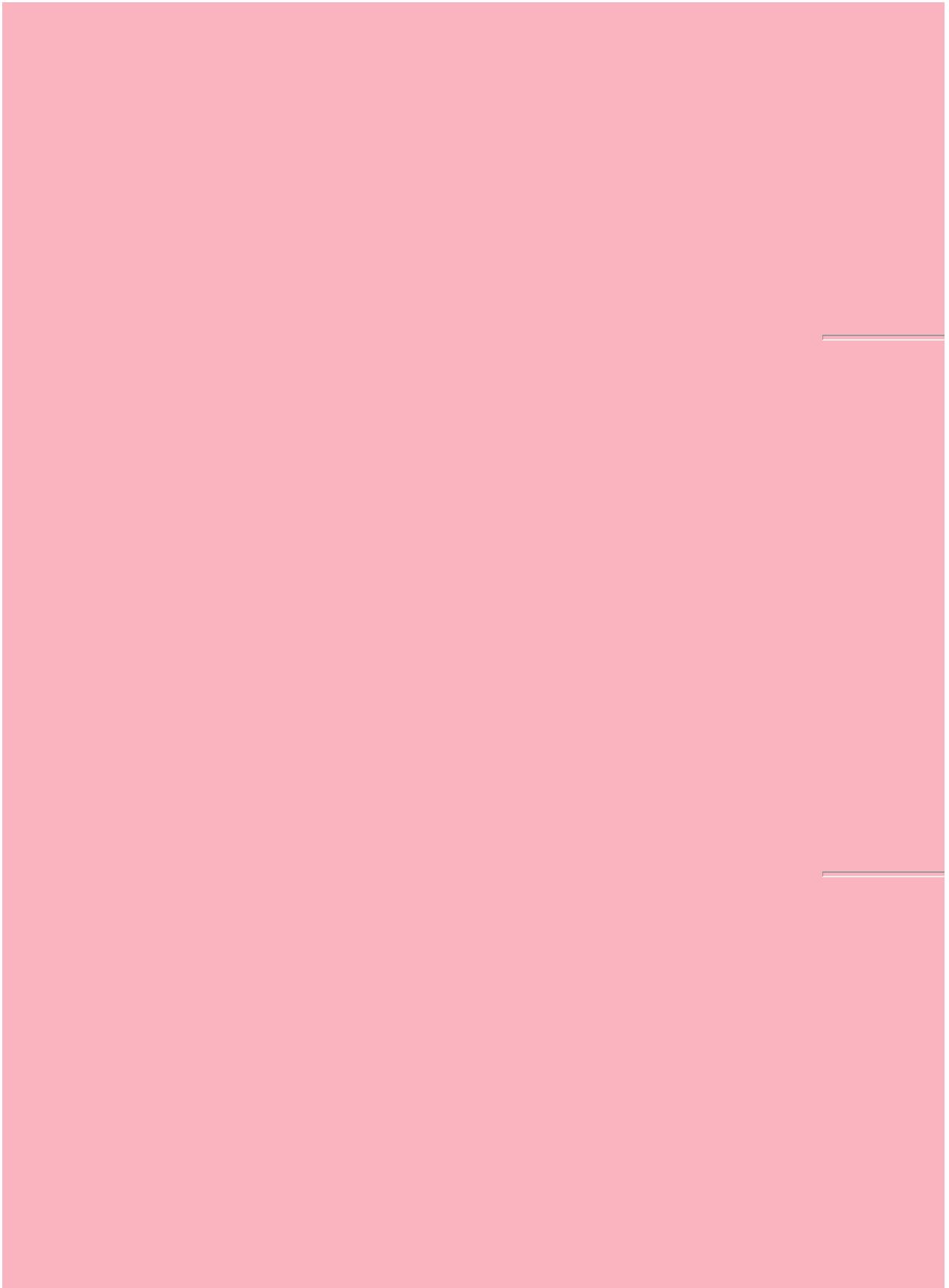


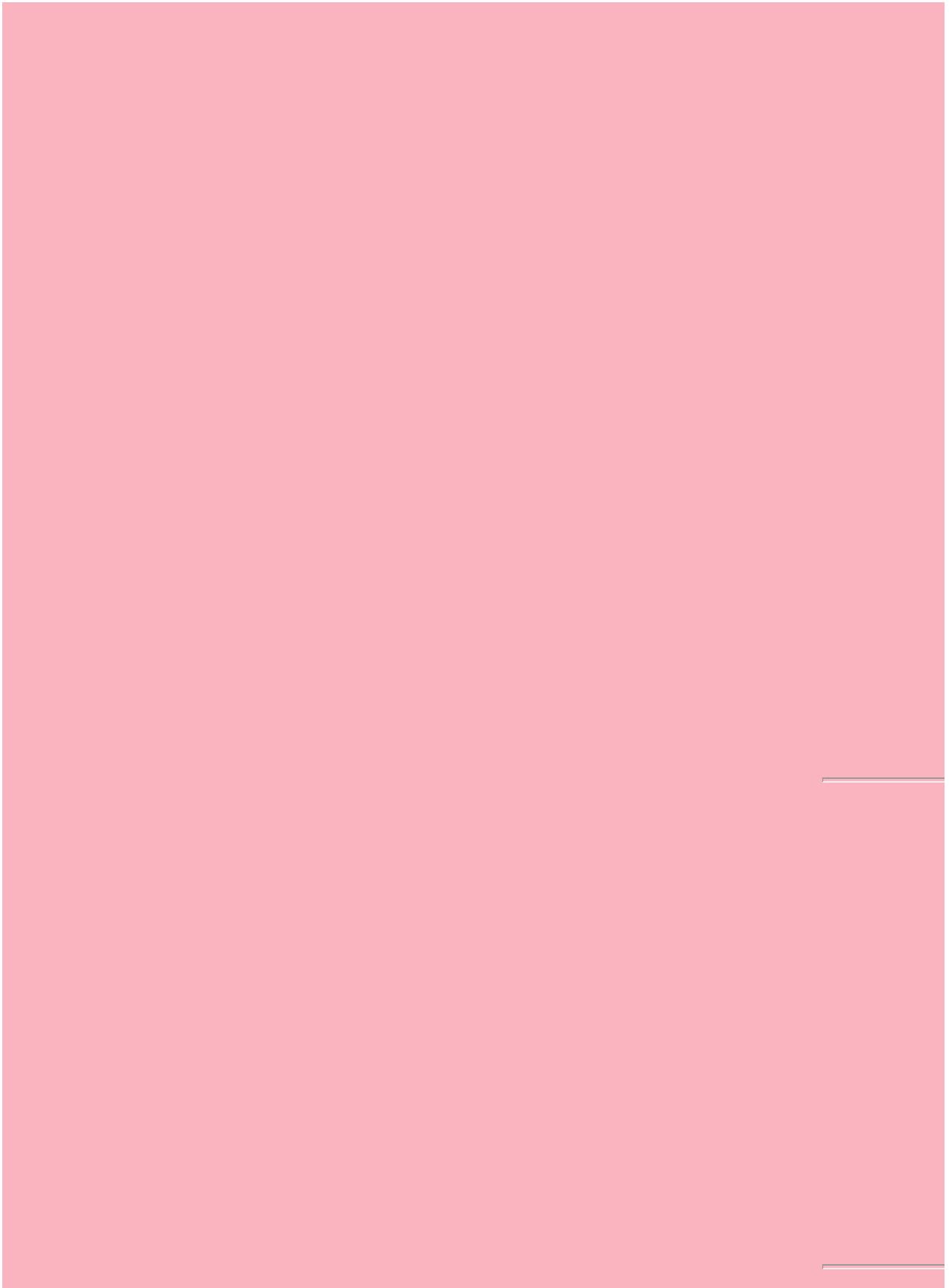
(a) All amounts

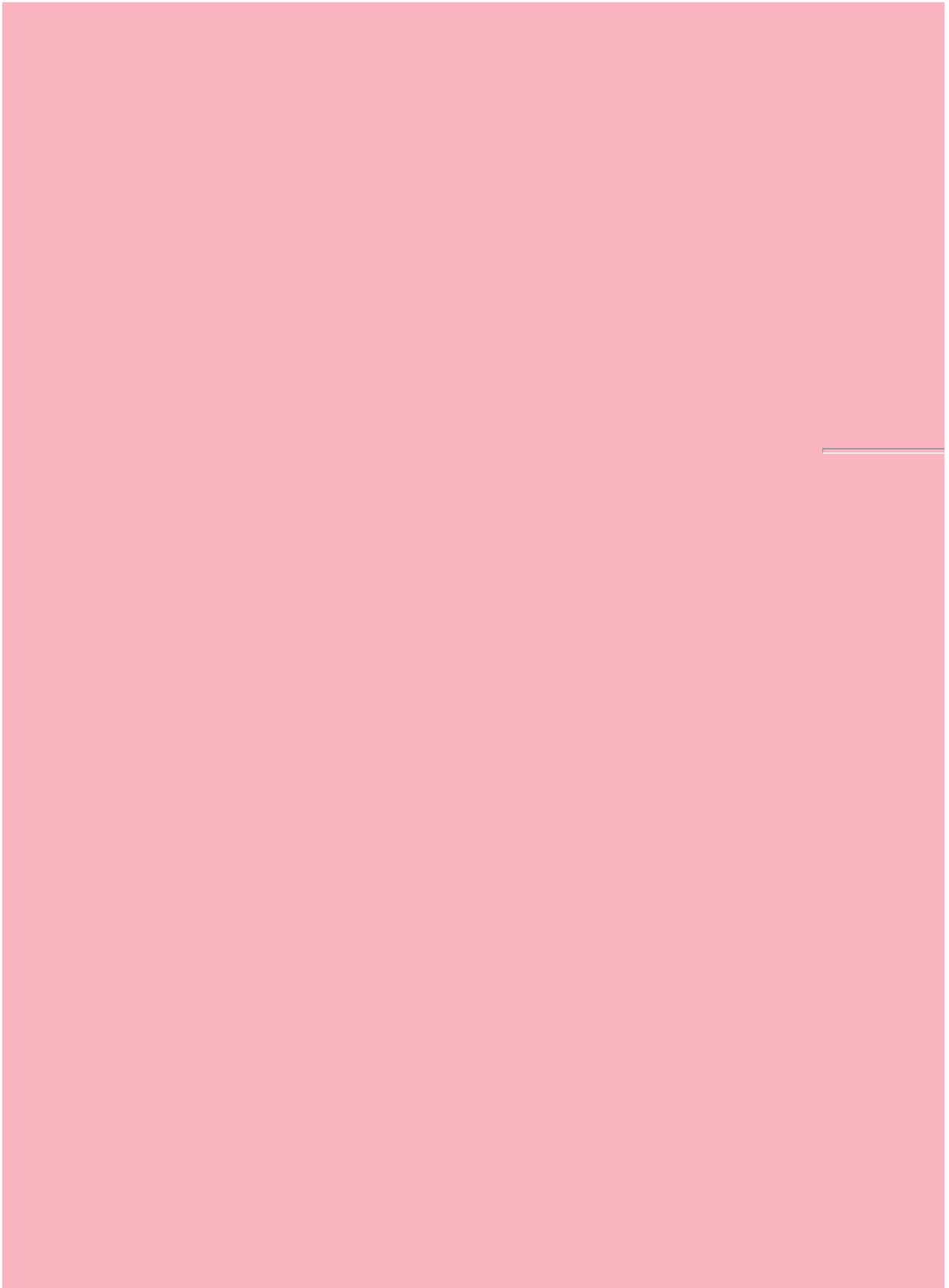
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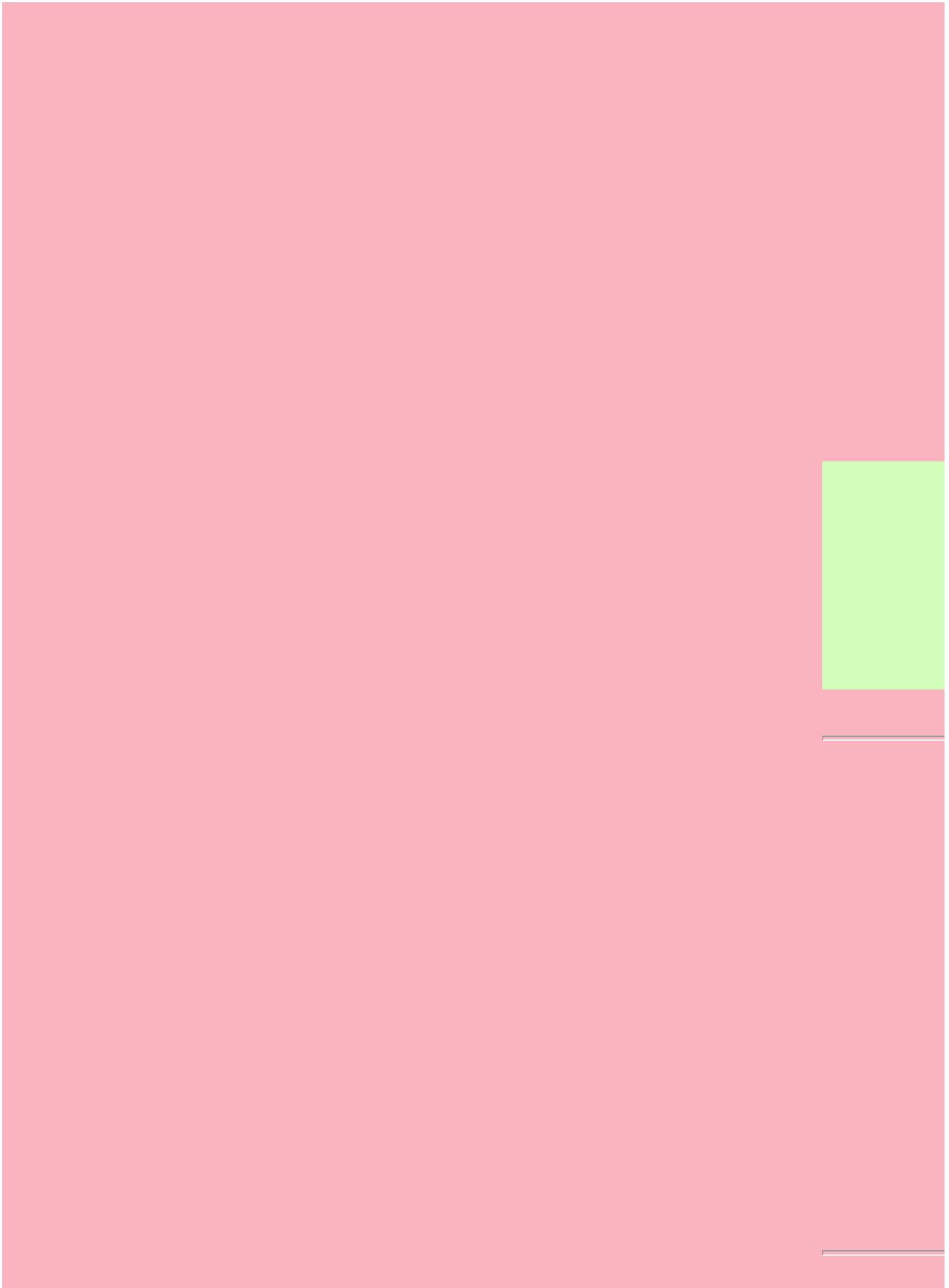
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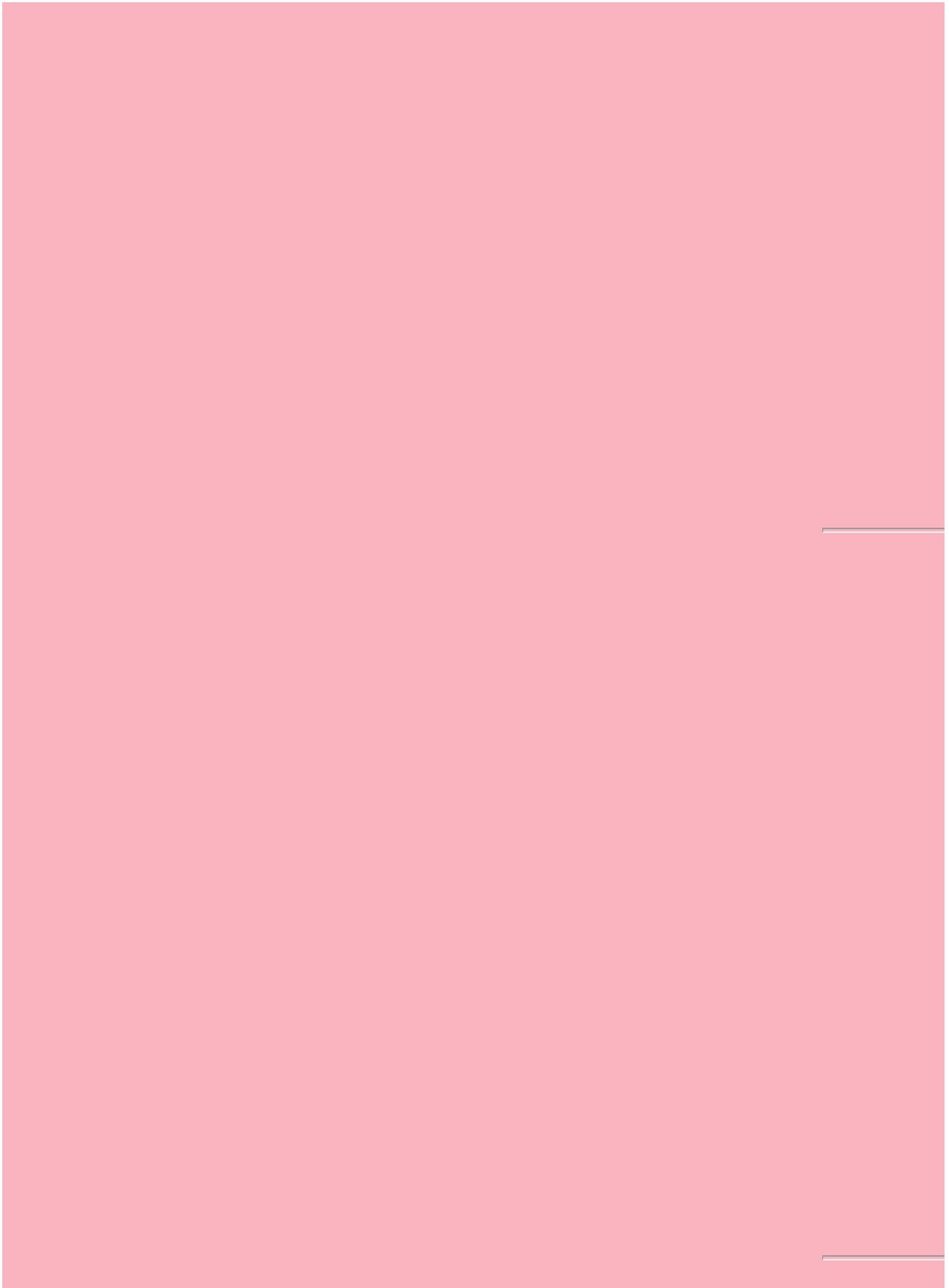
(a) (1) This AOCI

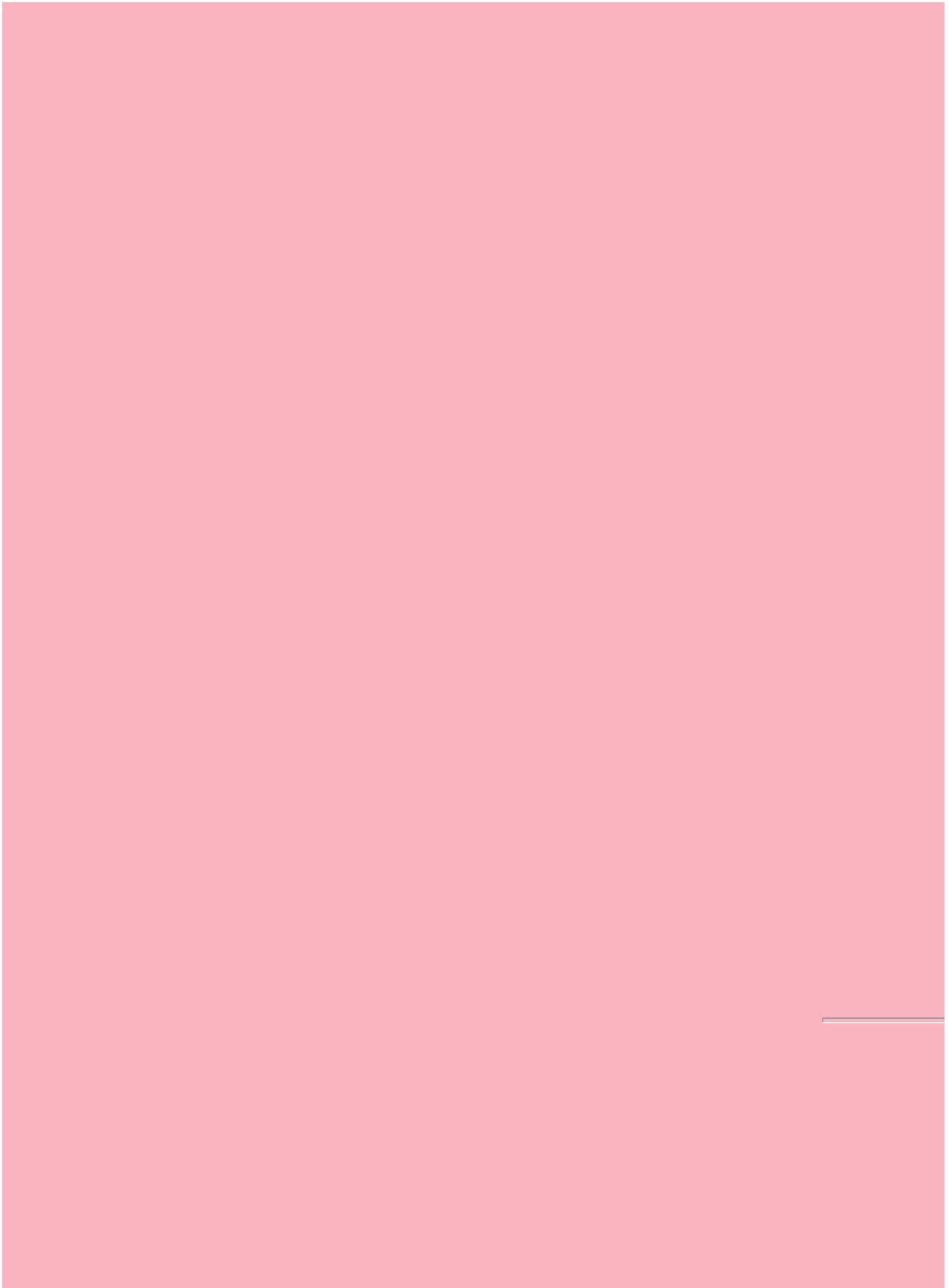


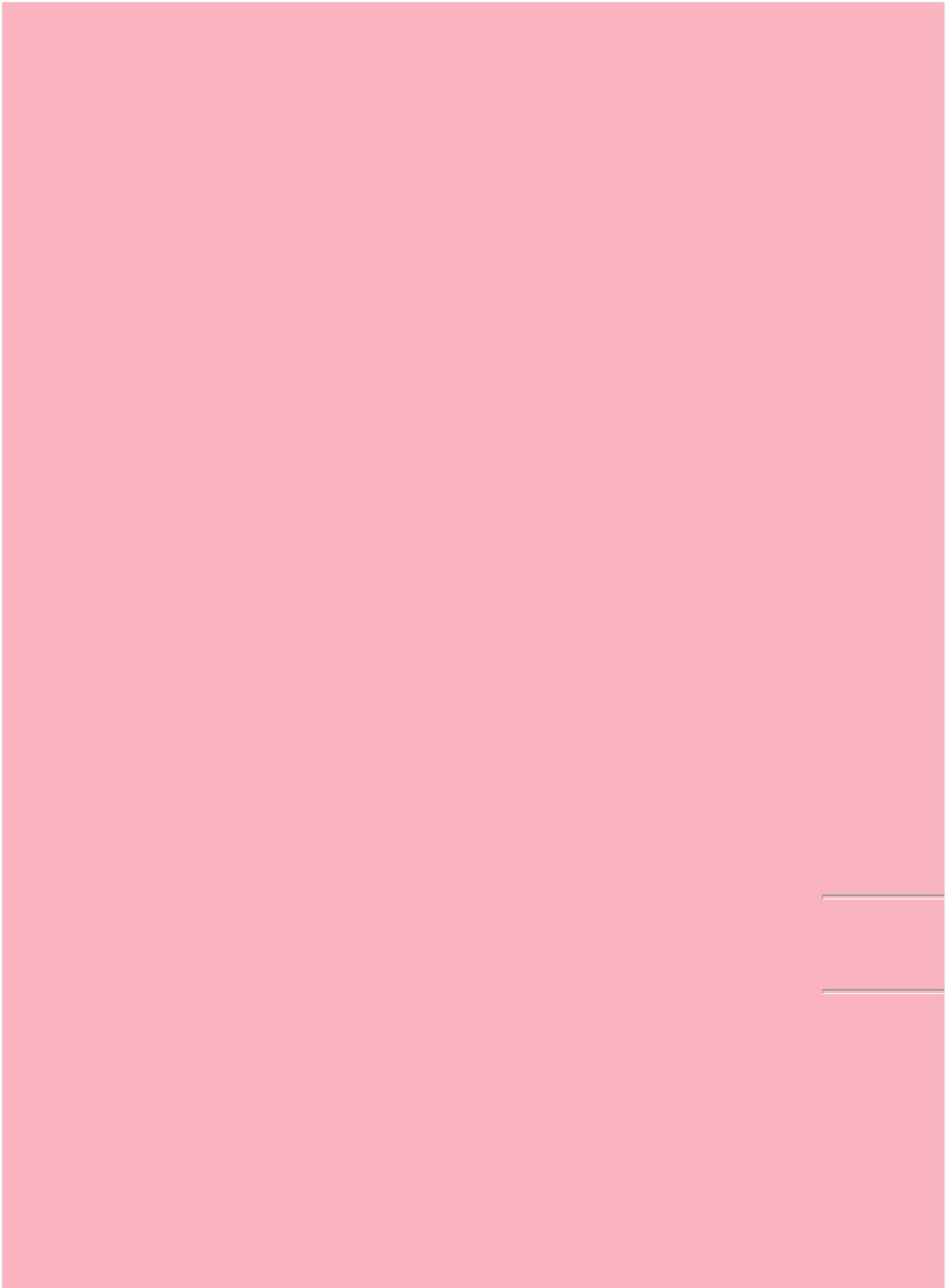


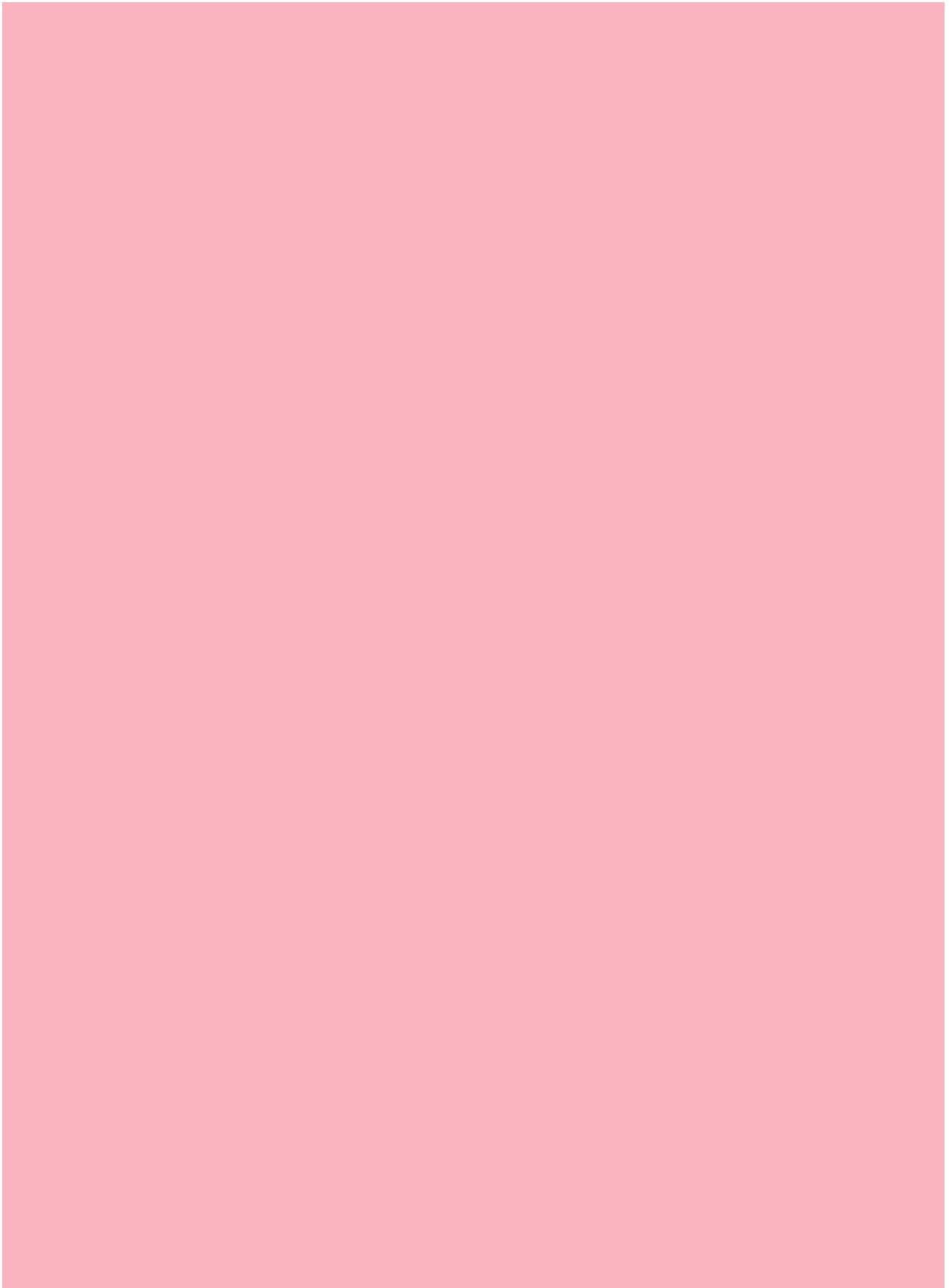


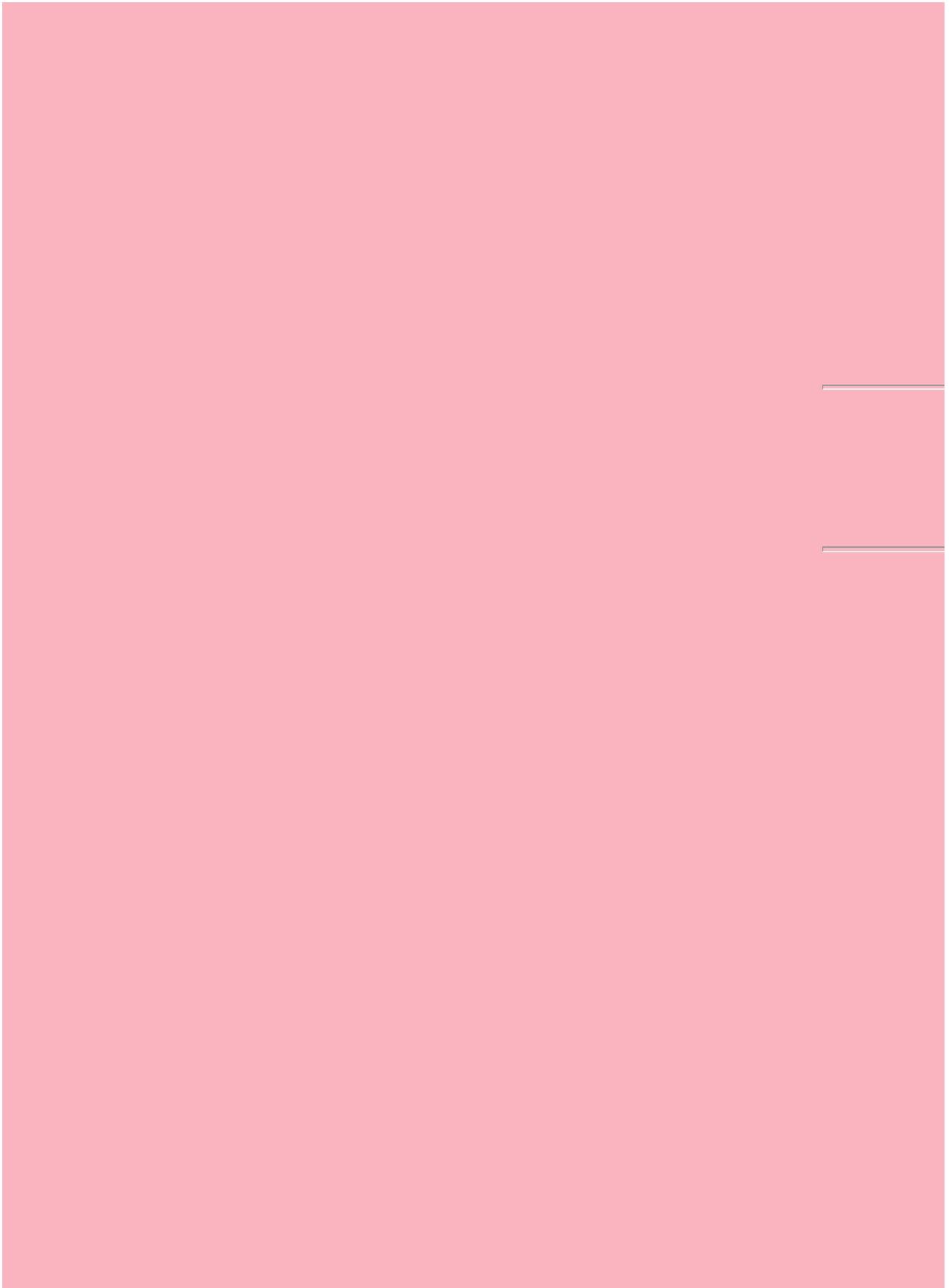


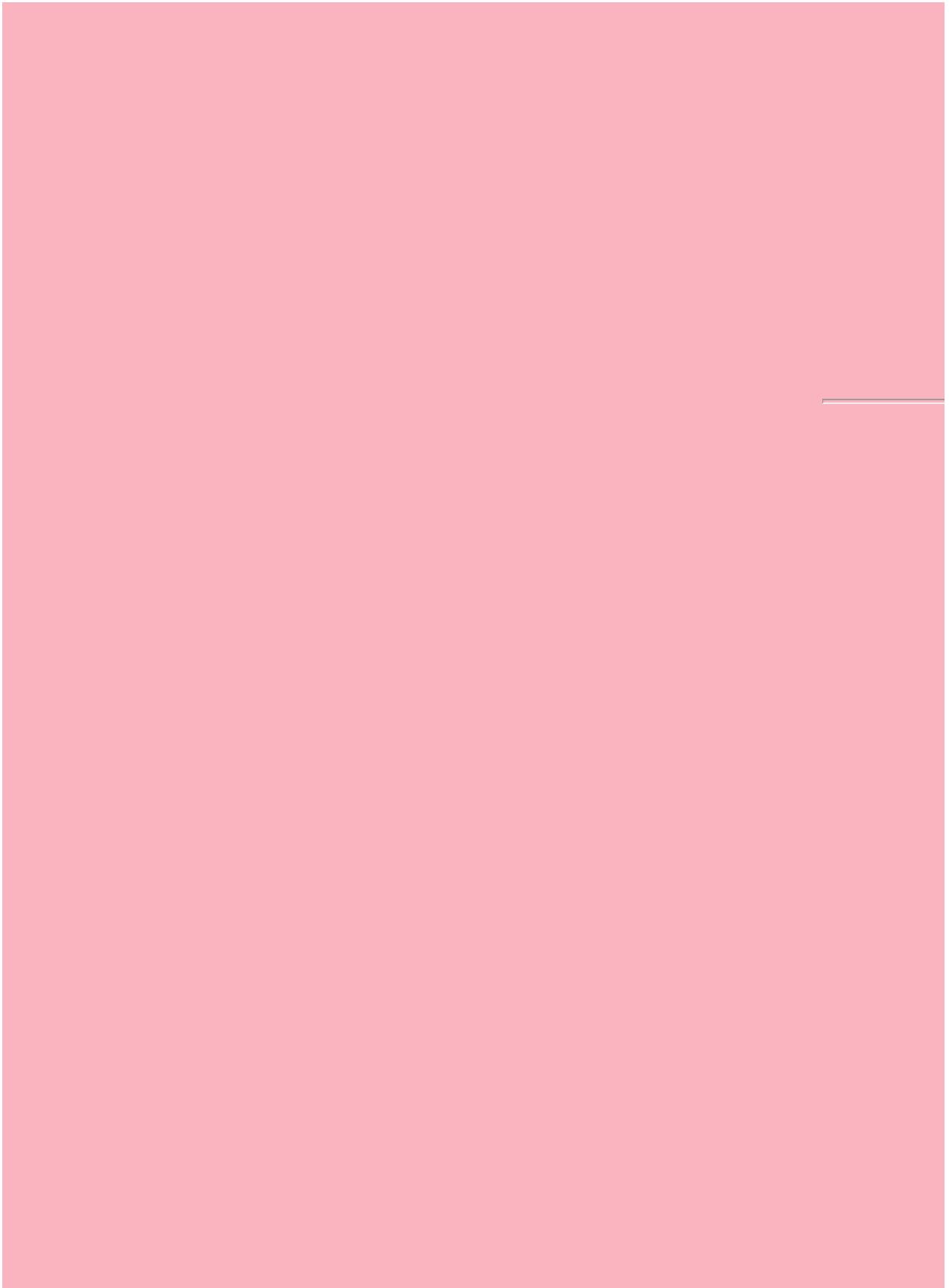


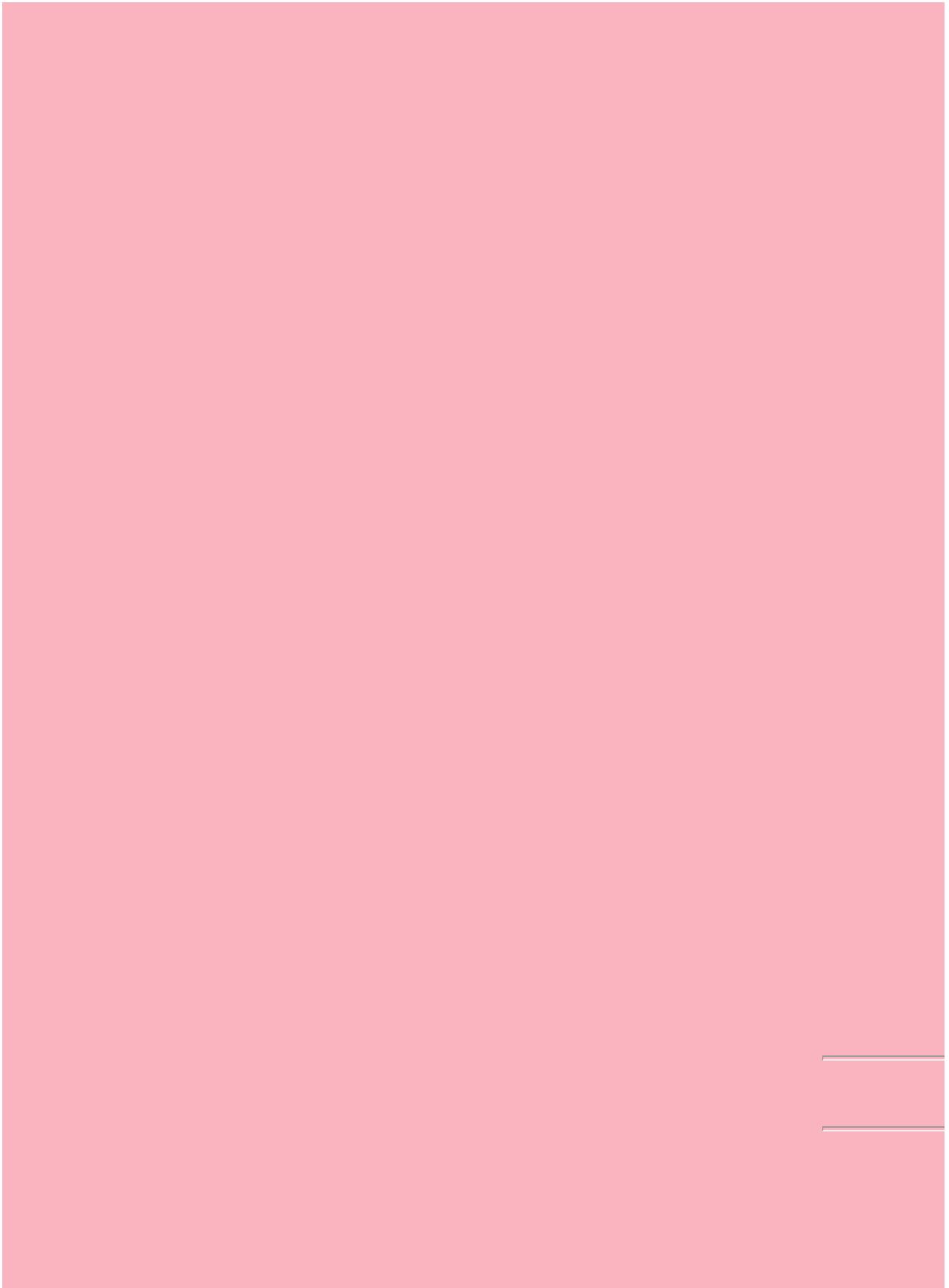


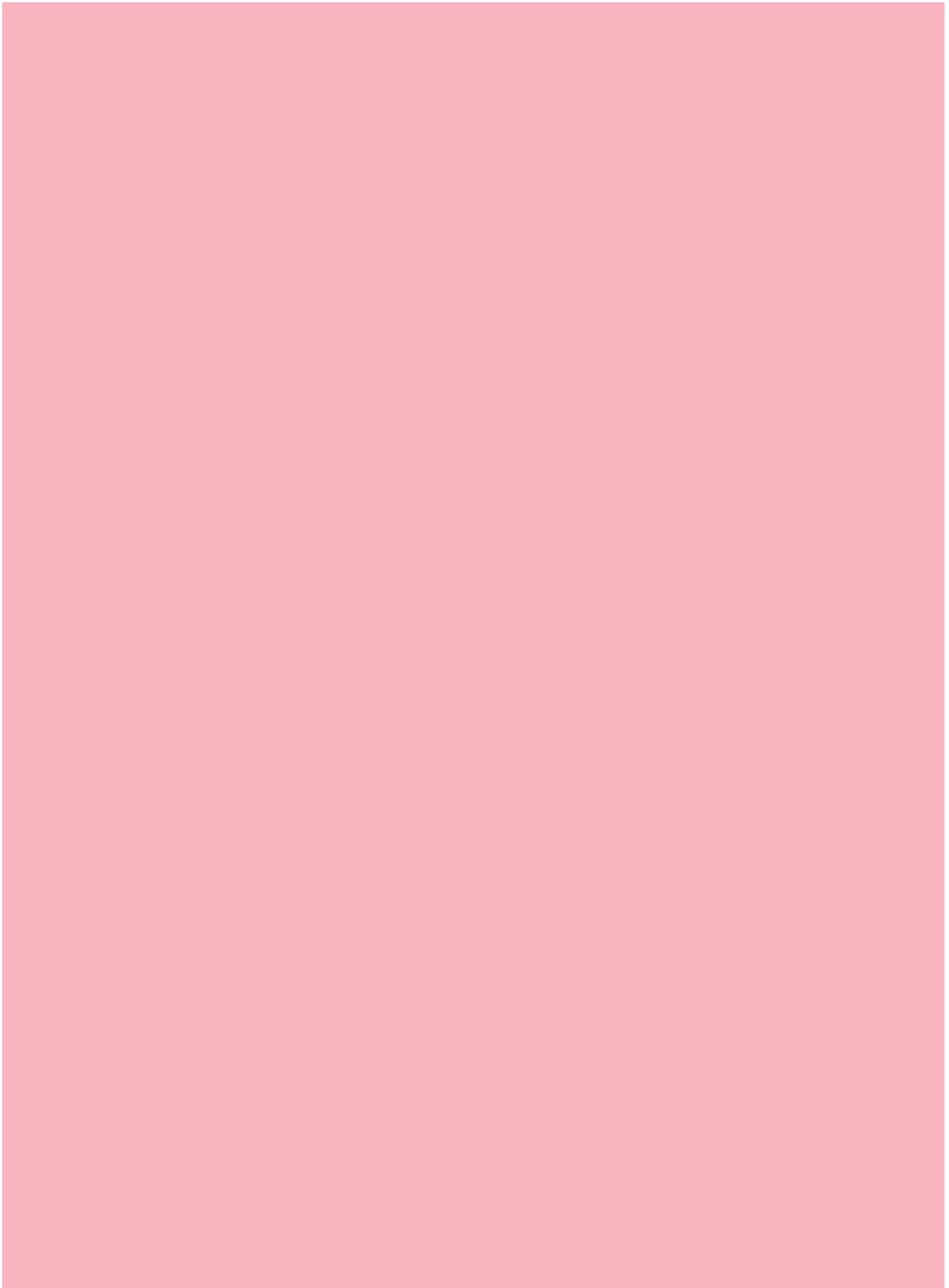


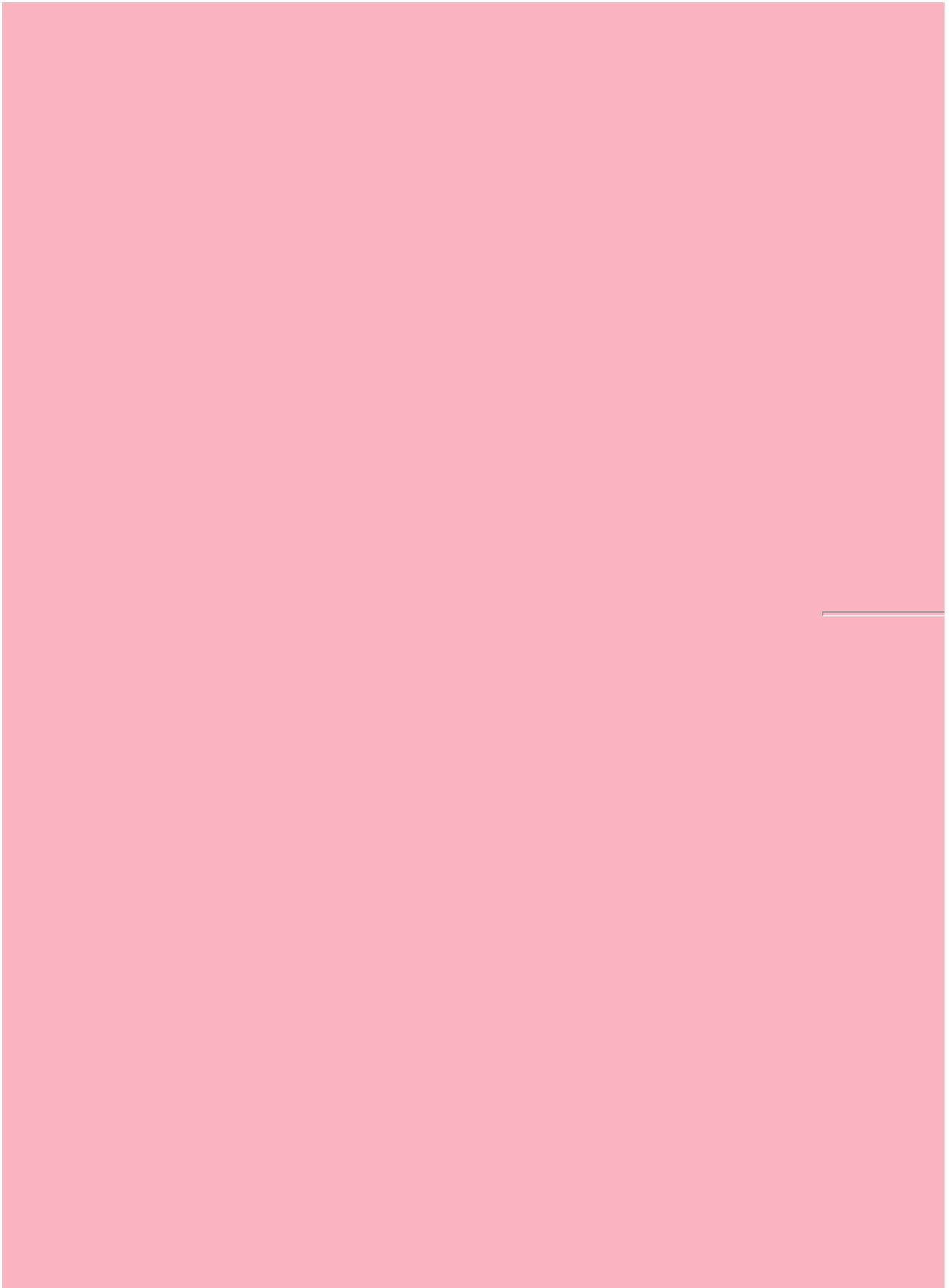


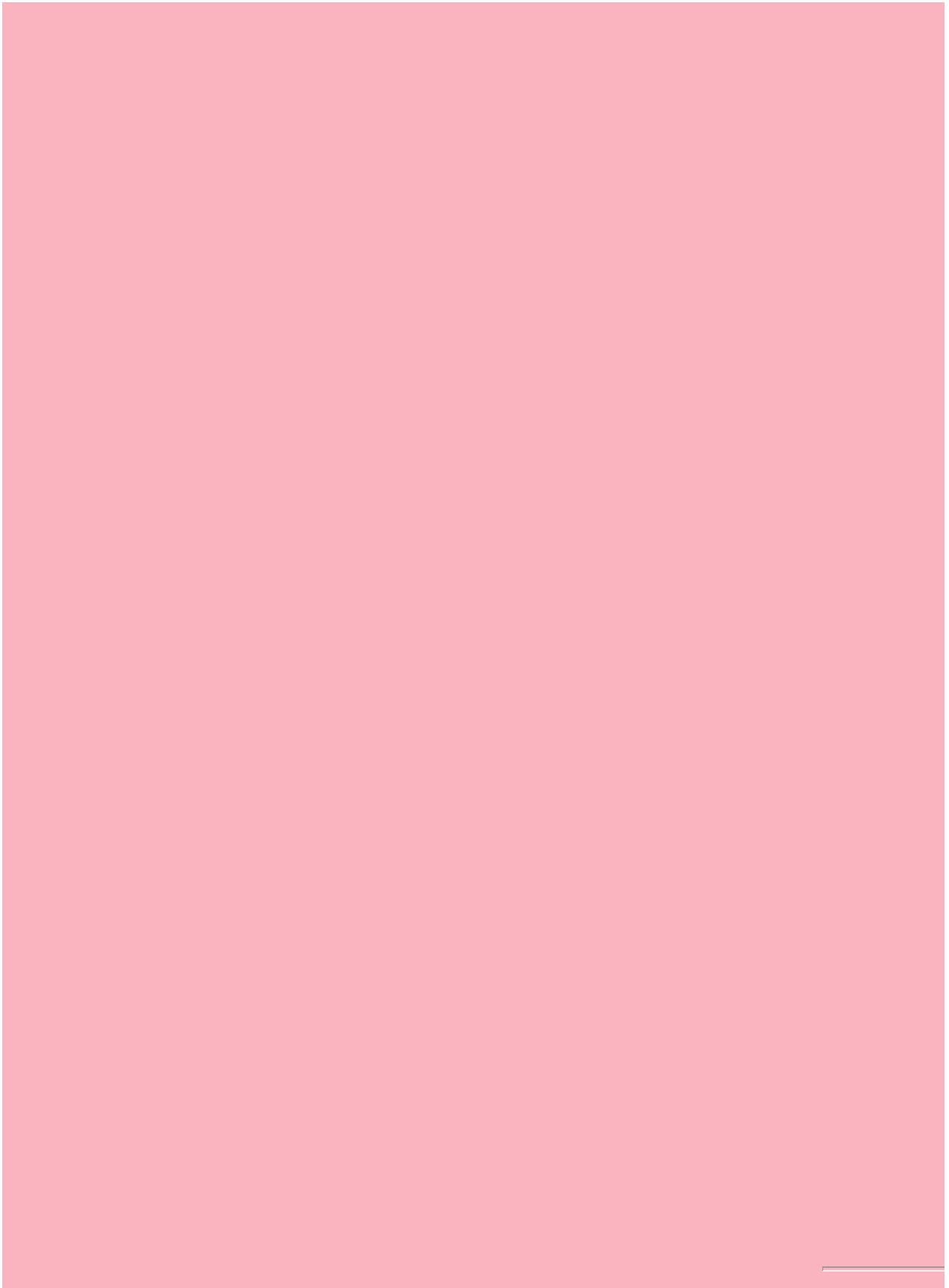


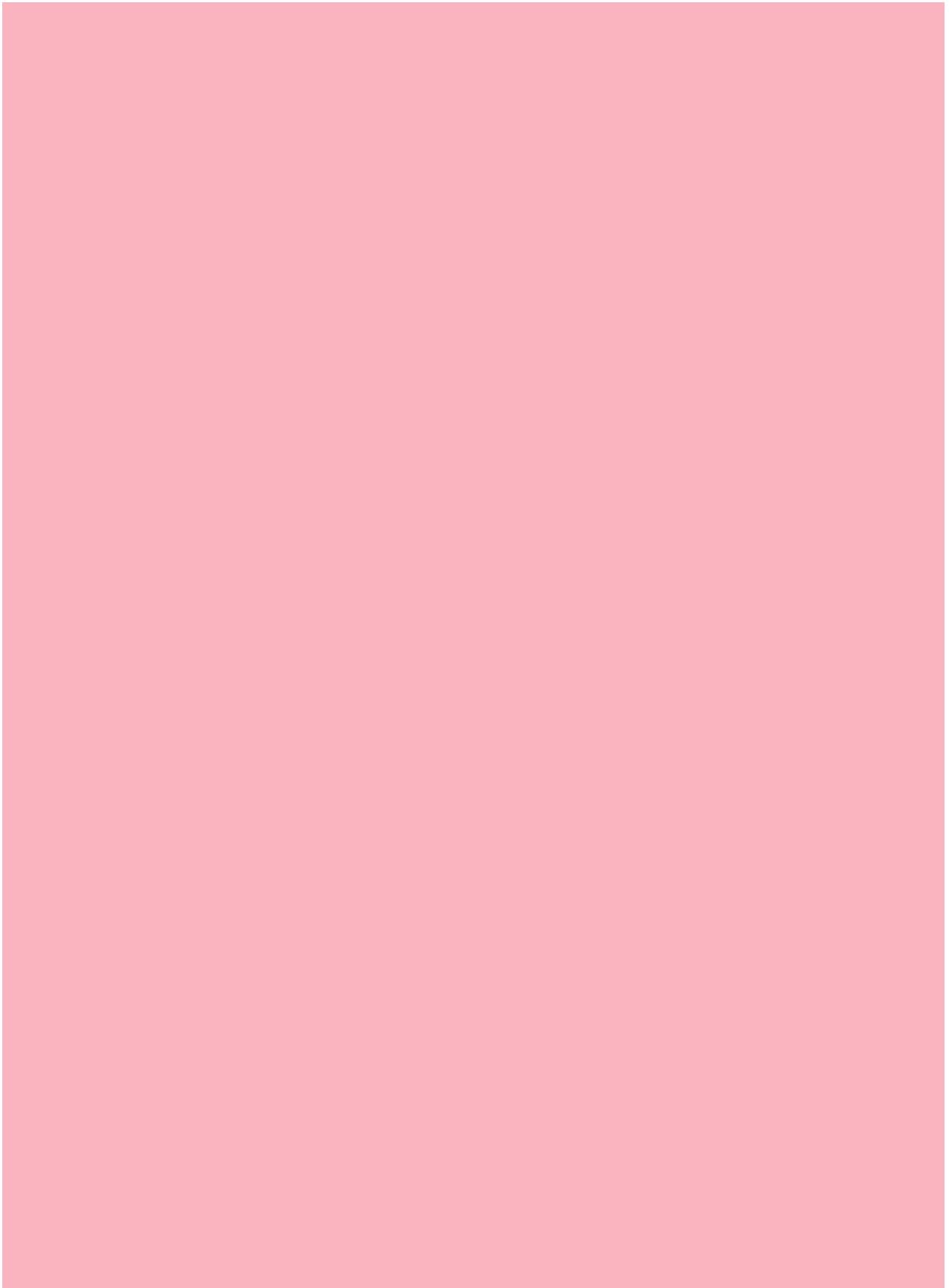


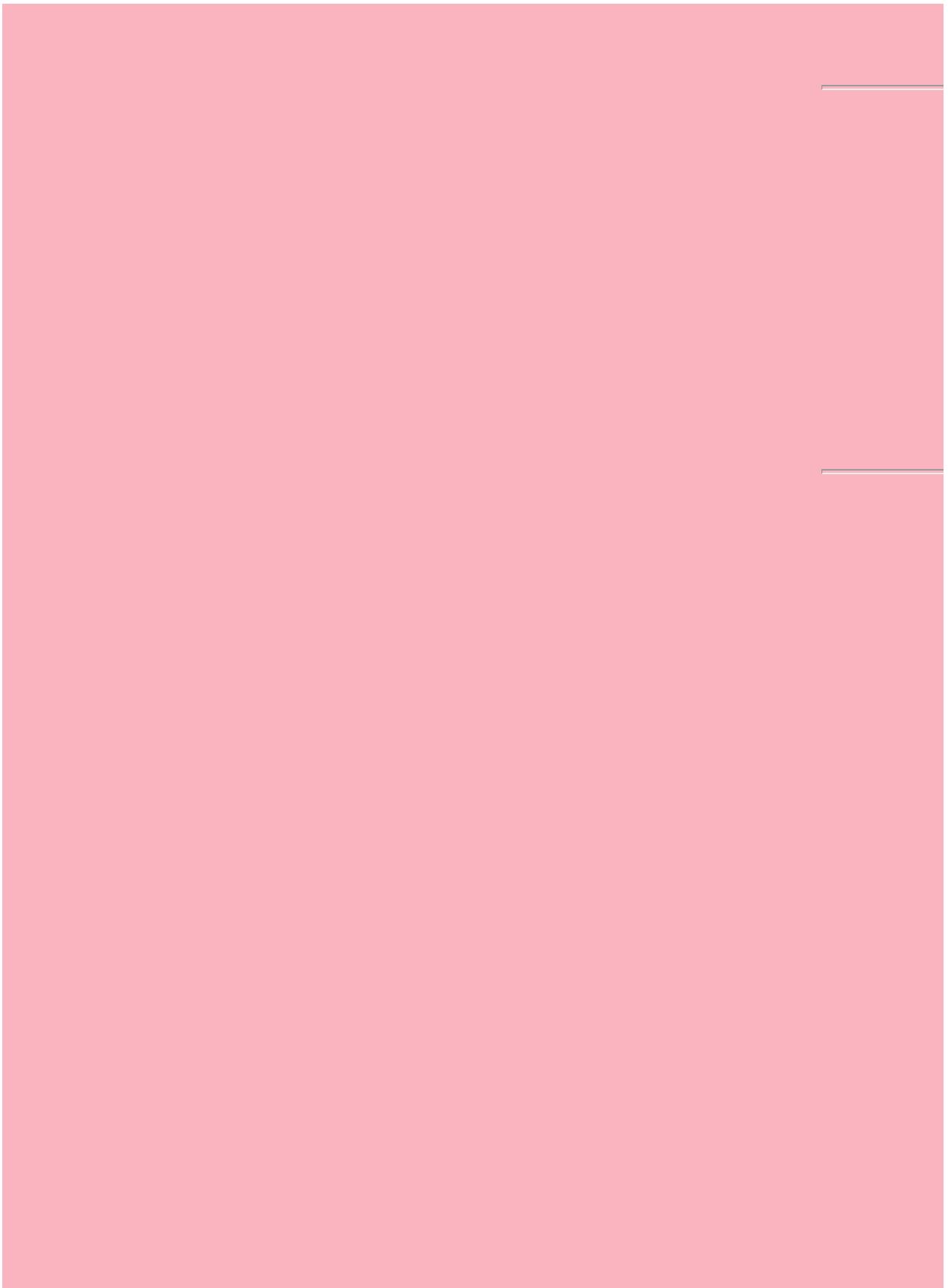


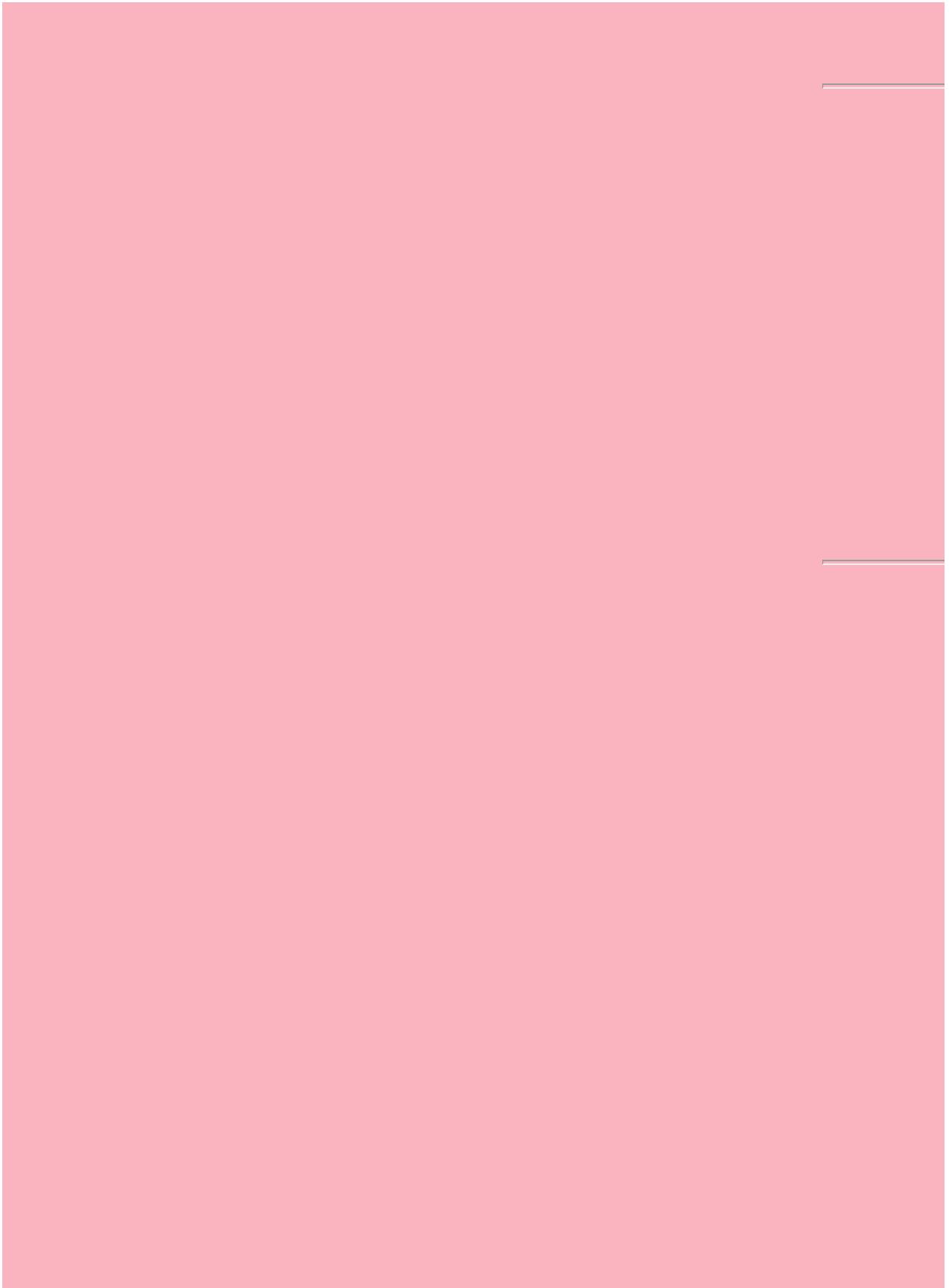


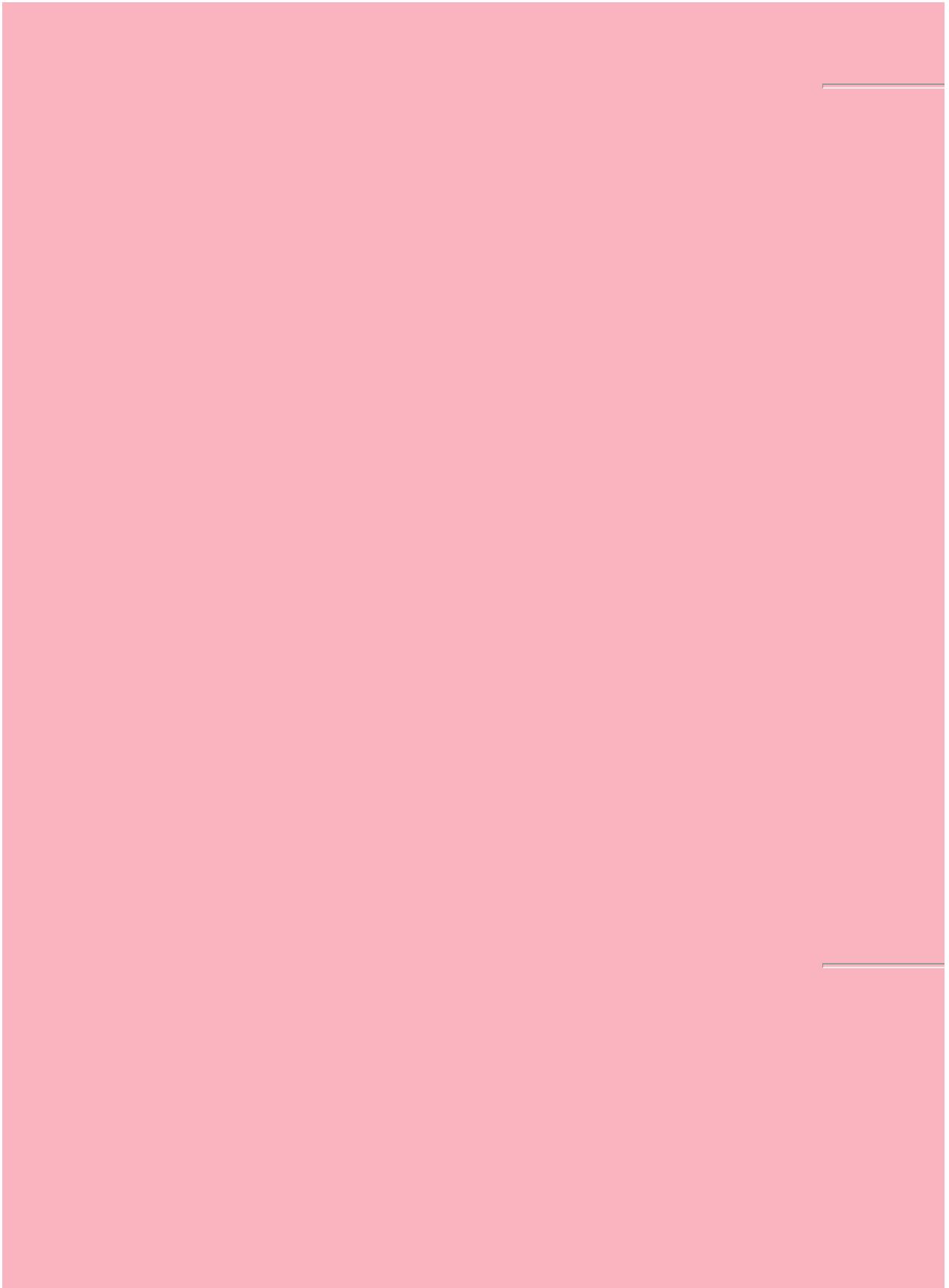


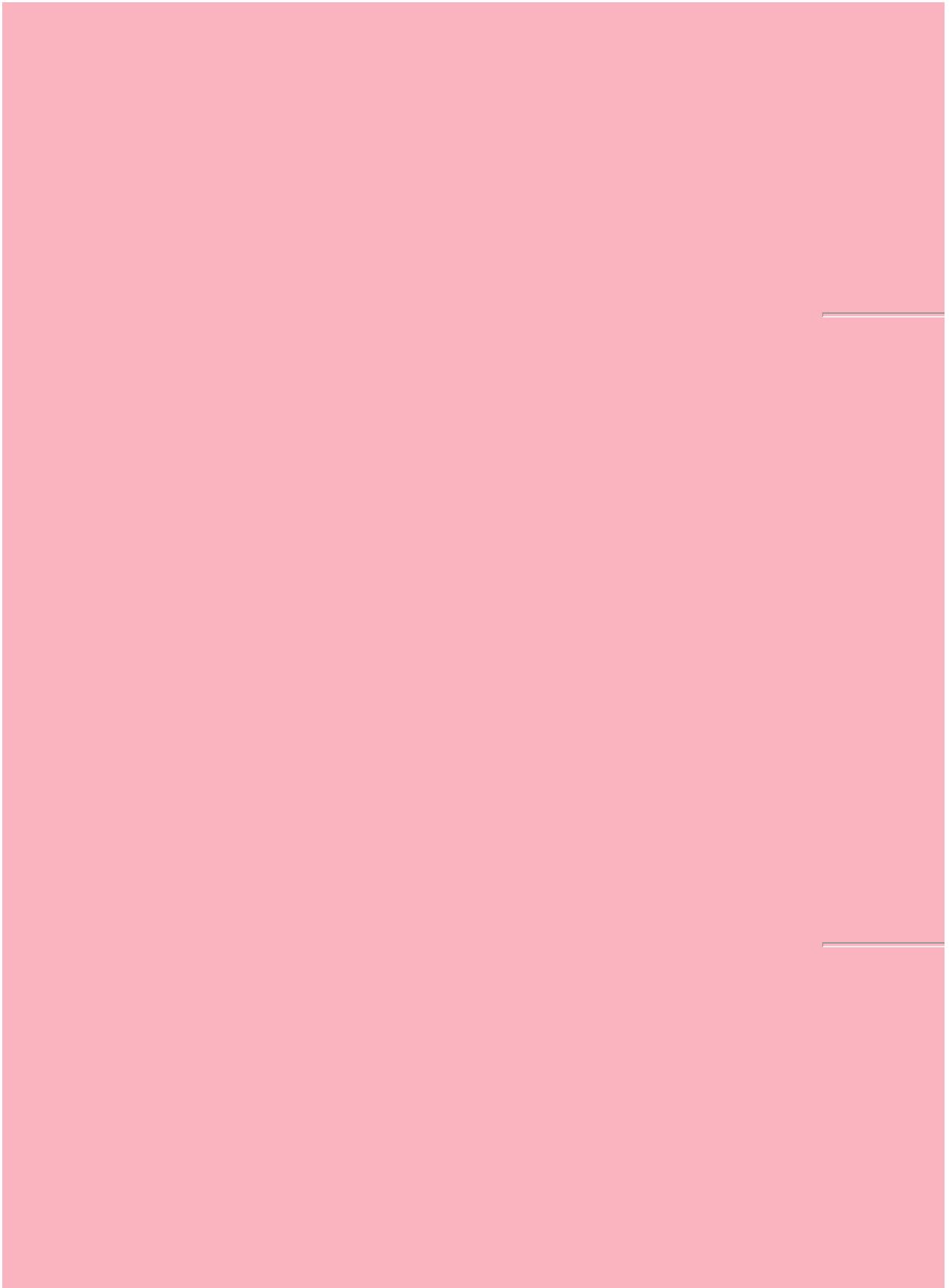


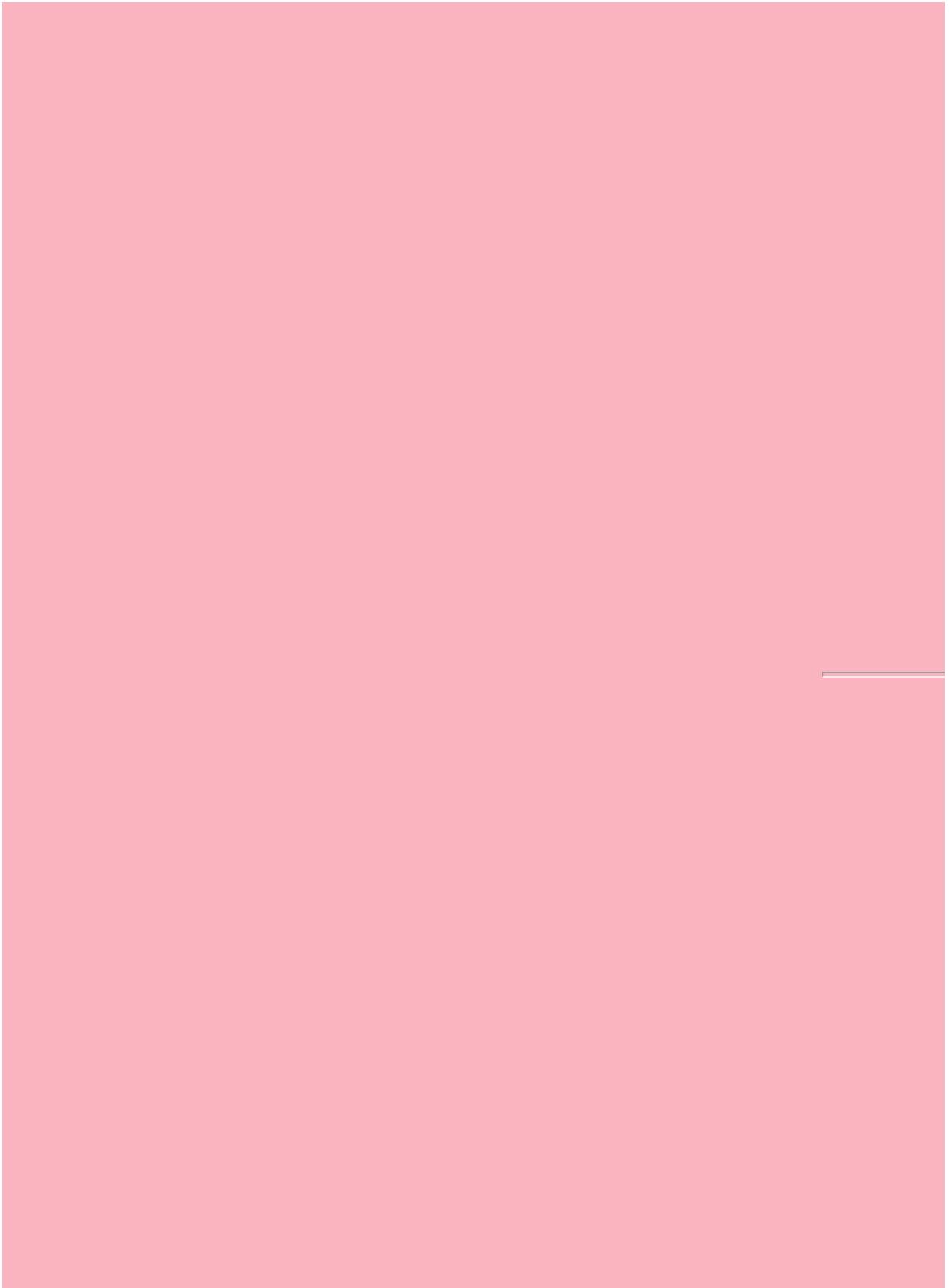


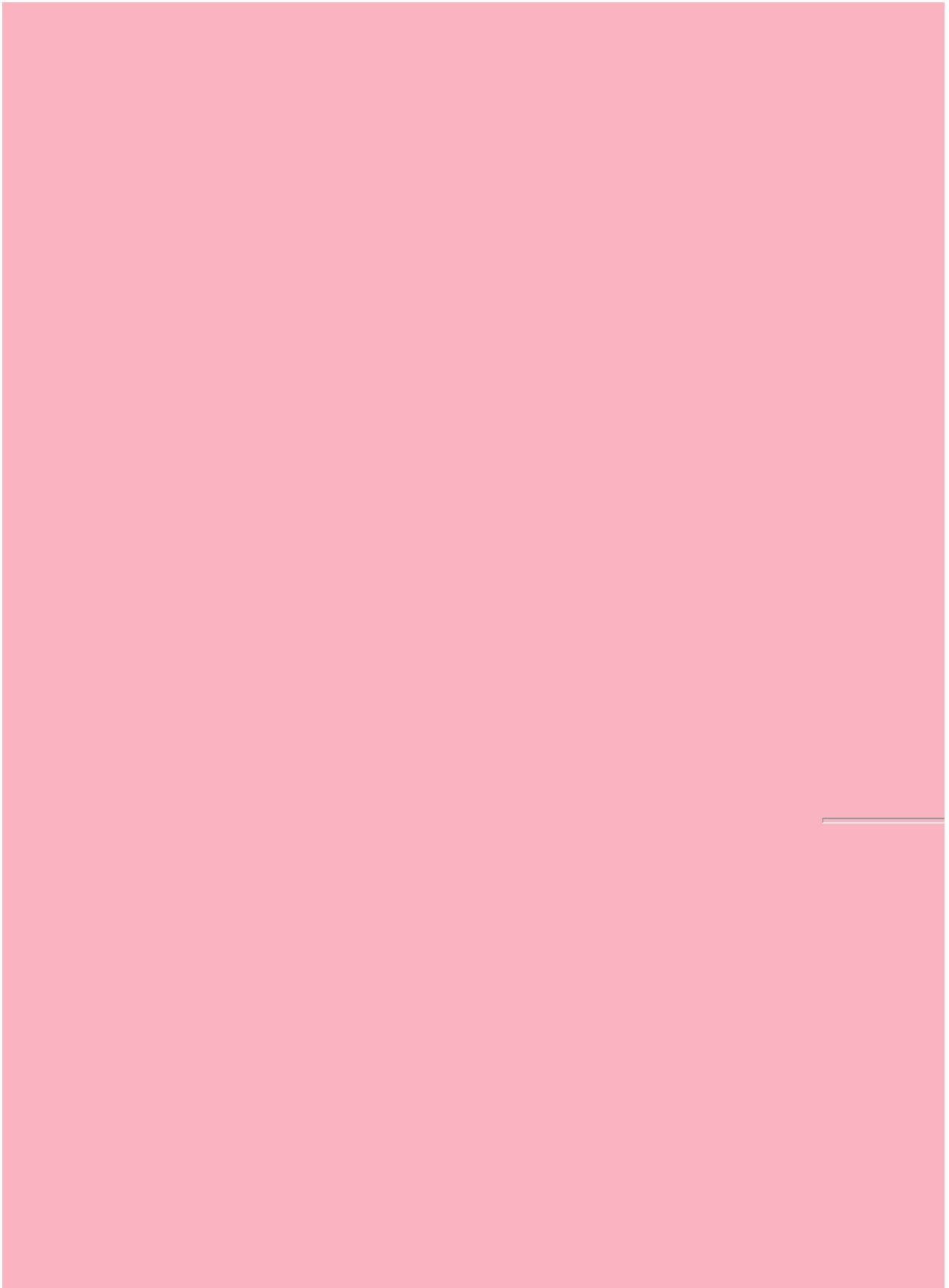


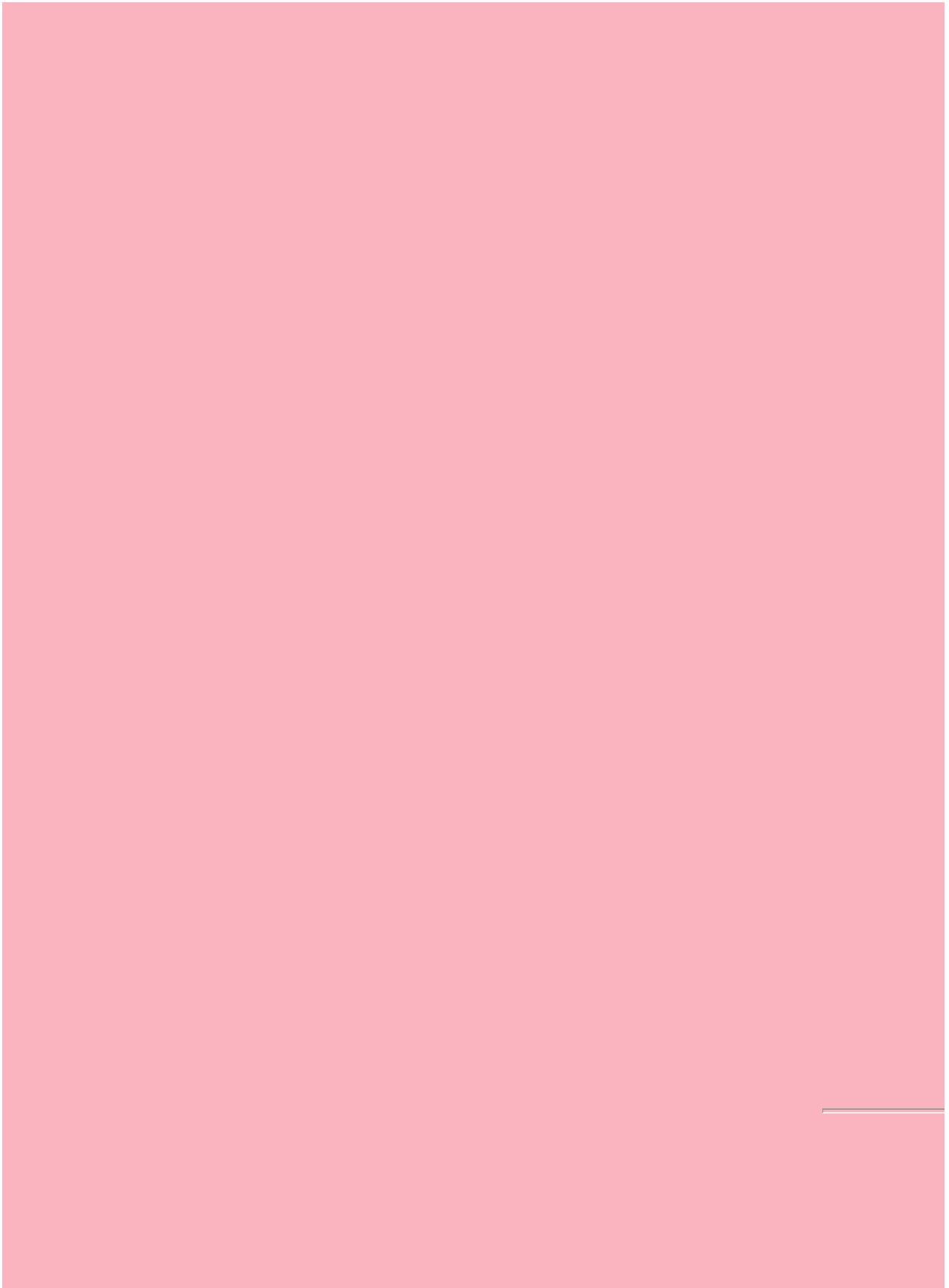


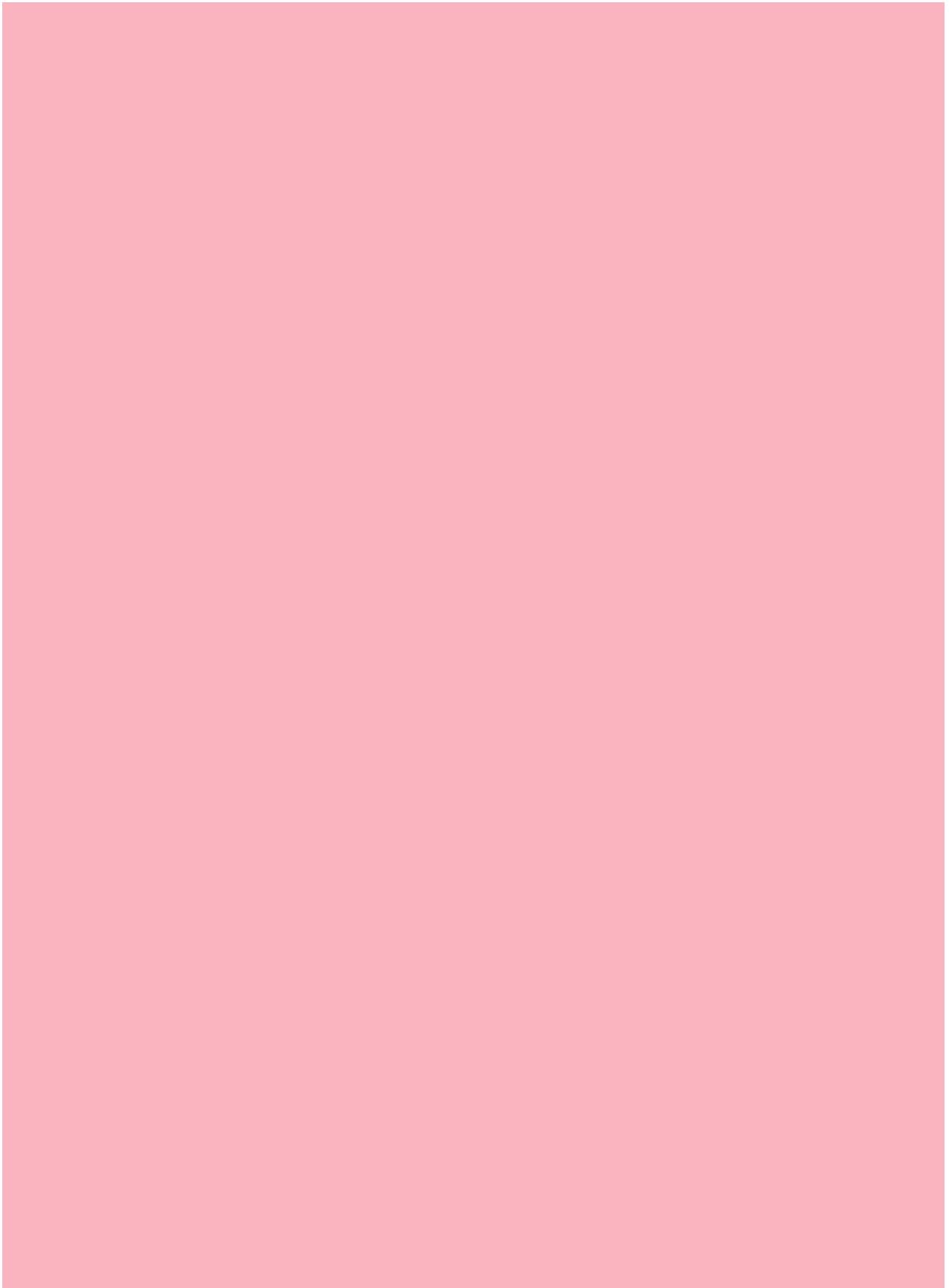


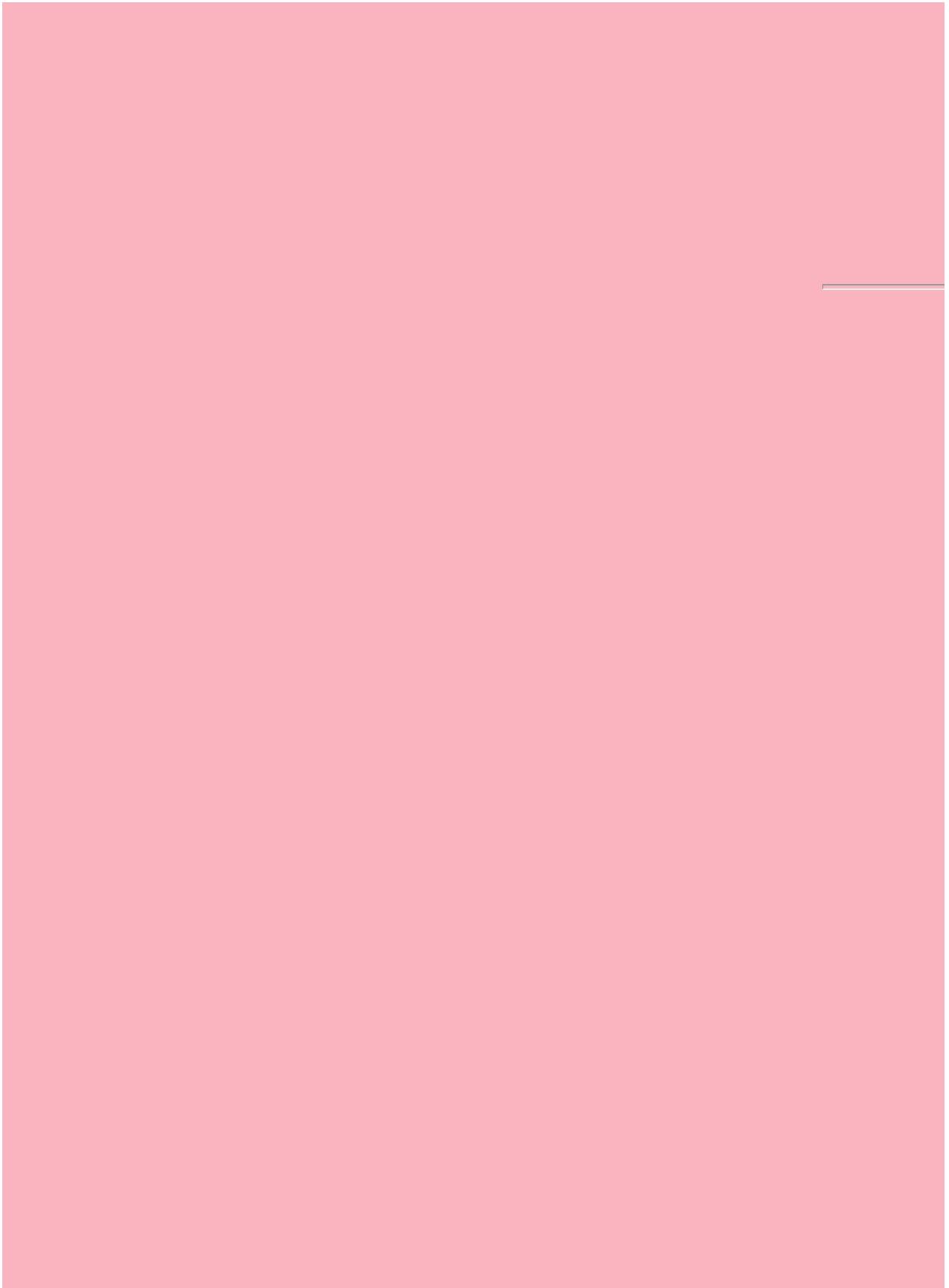


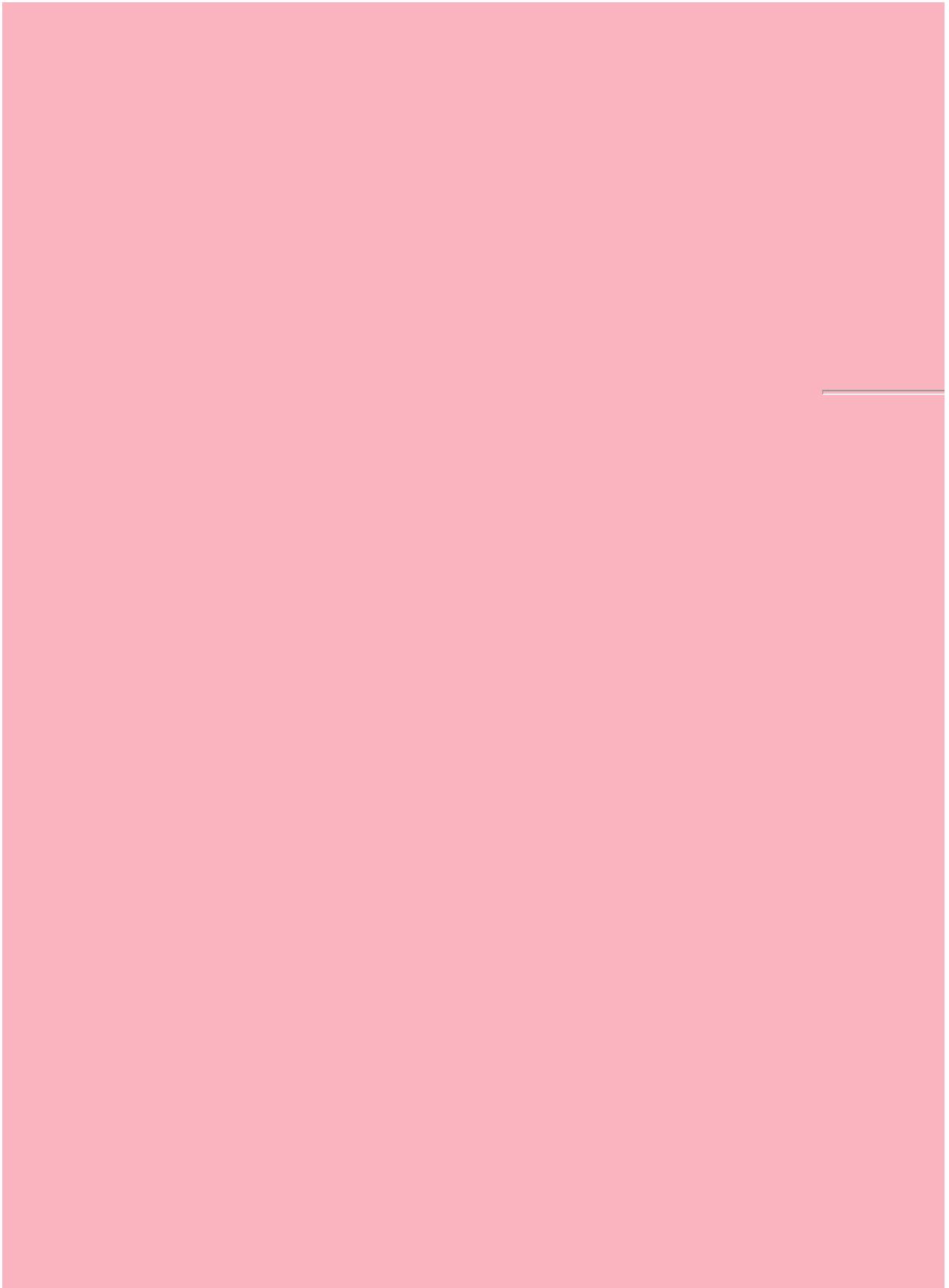


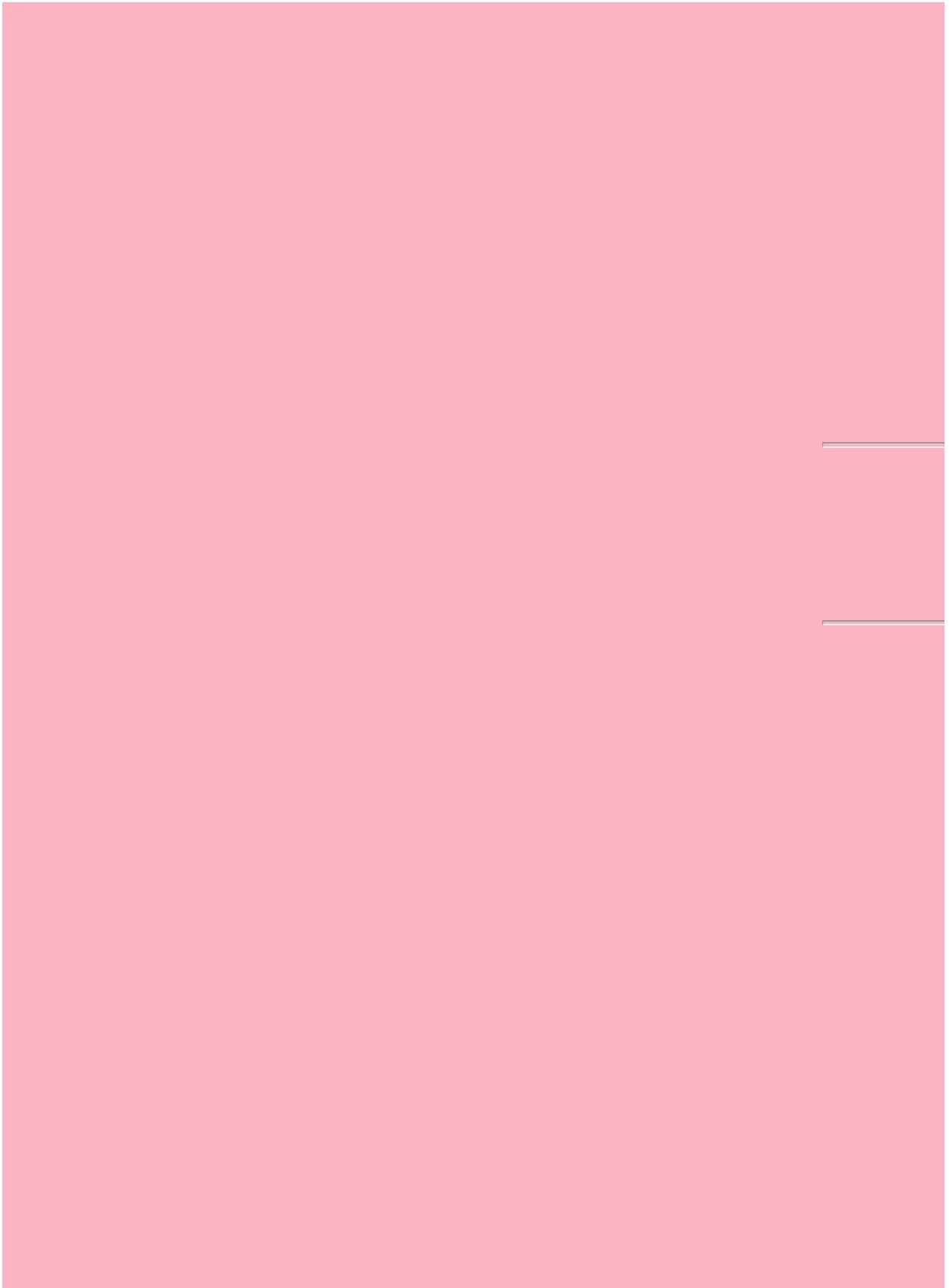


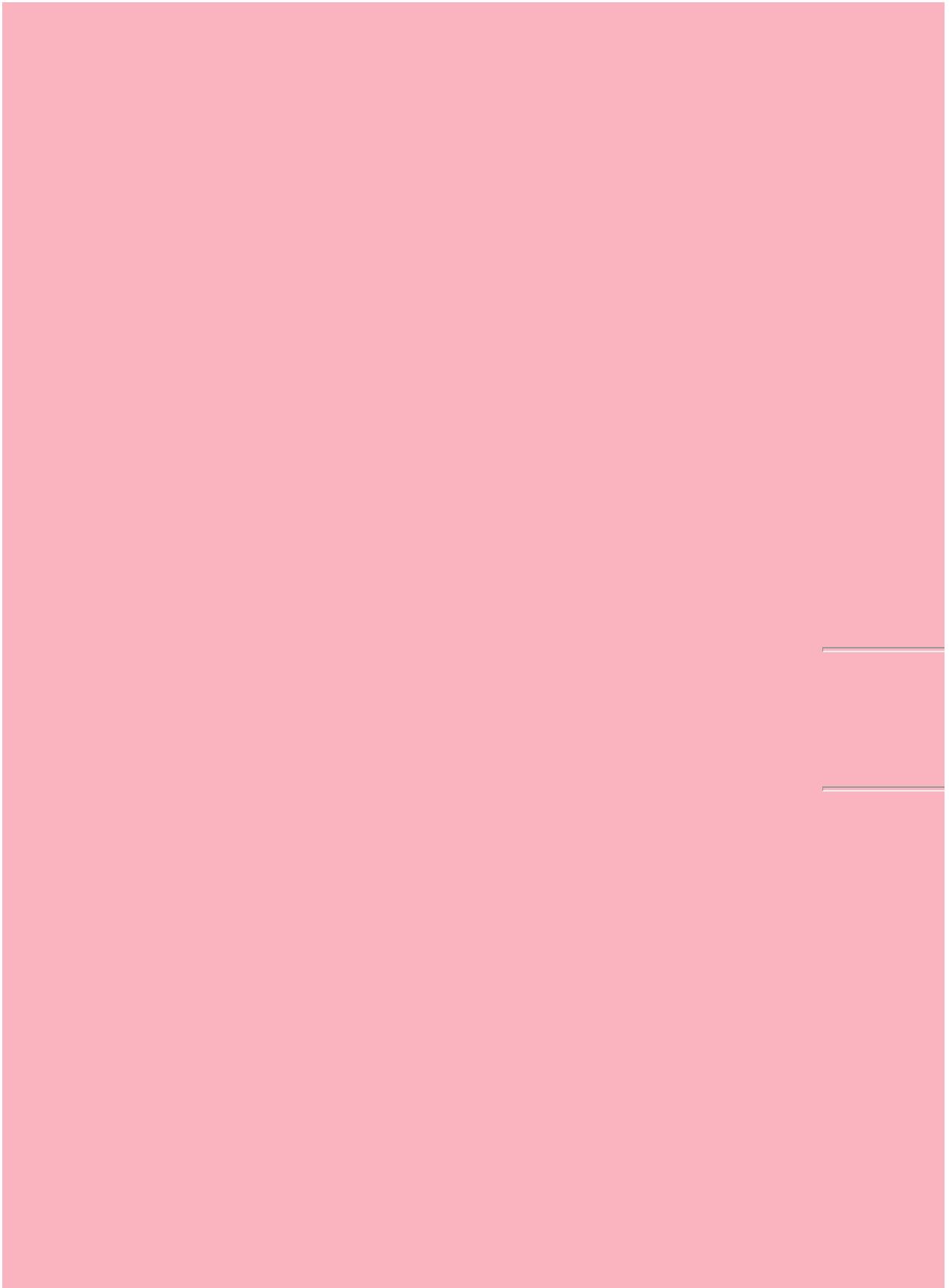


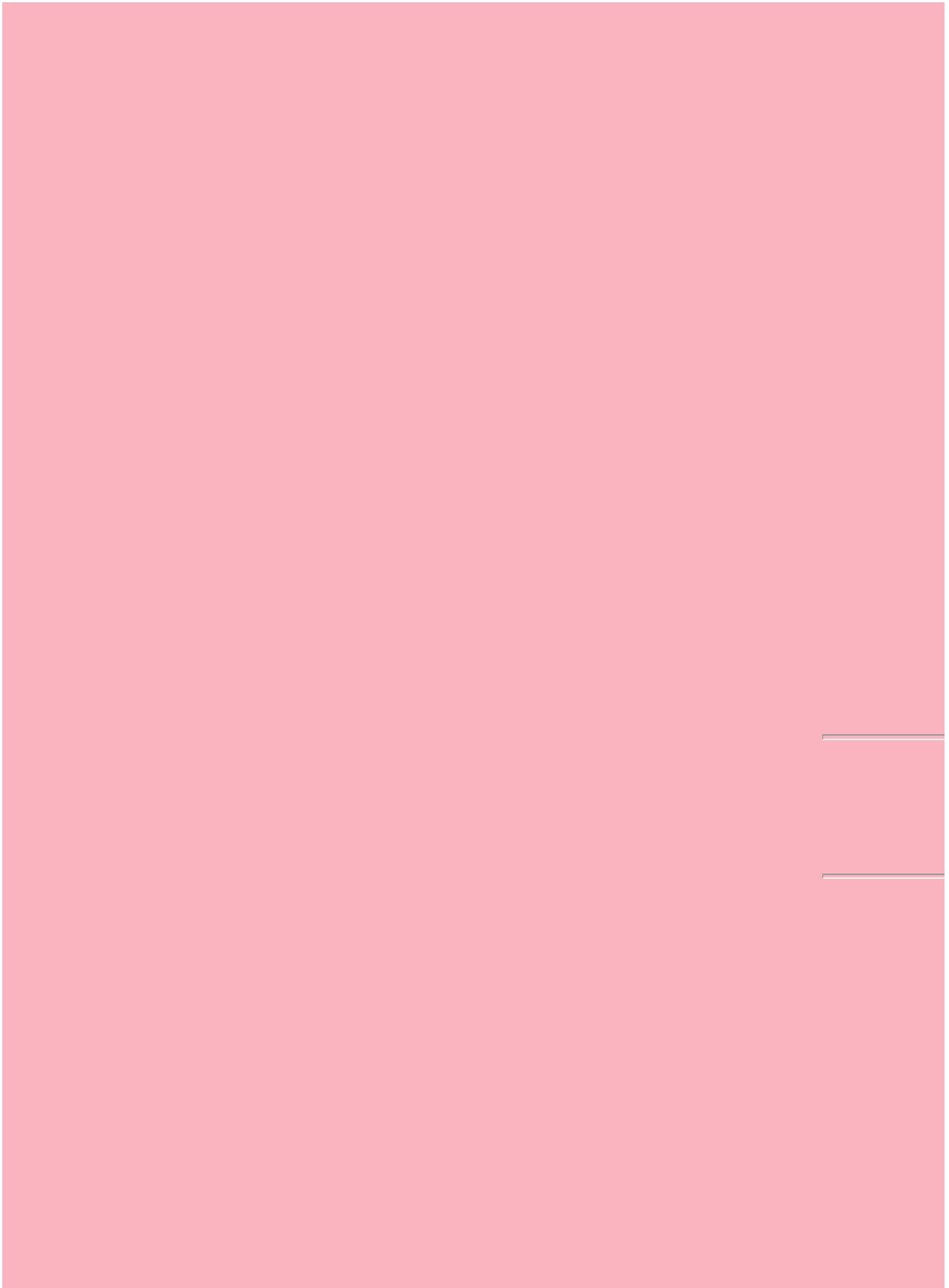


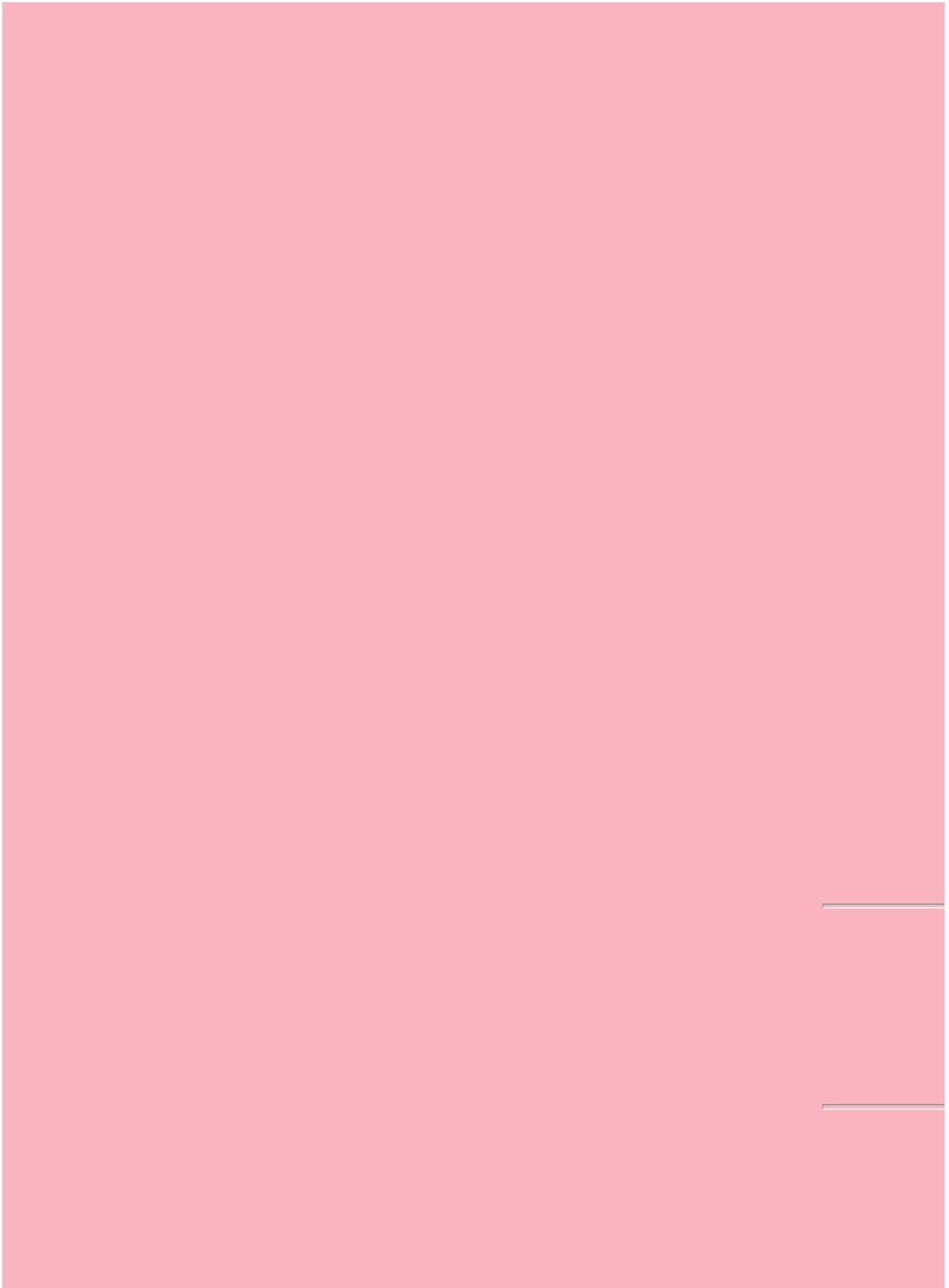


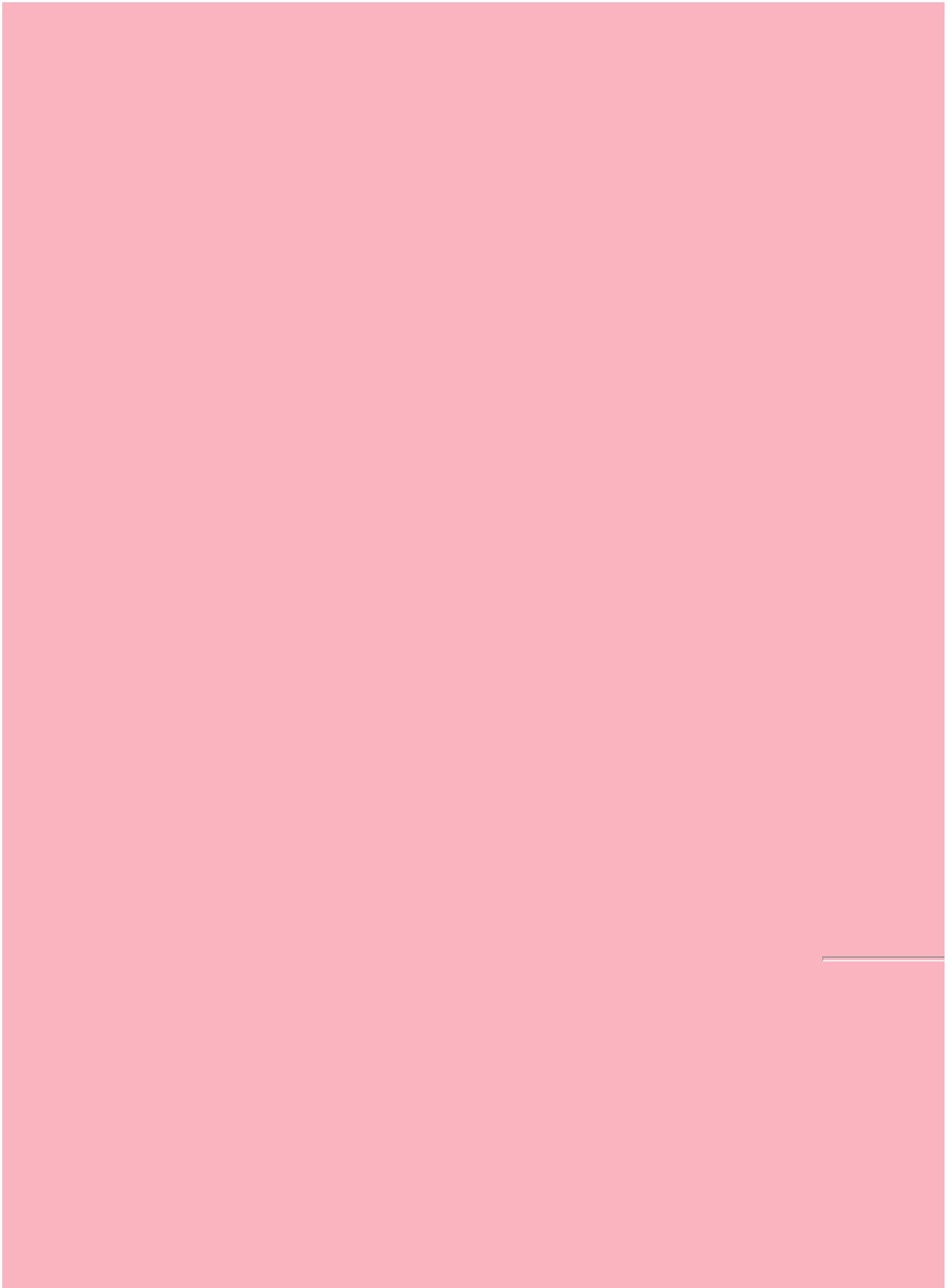


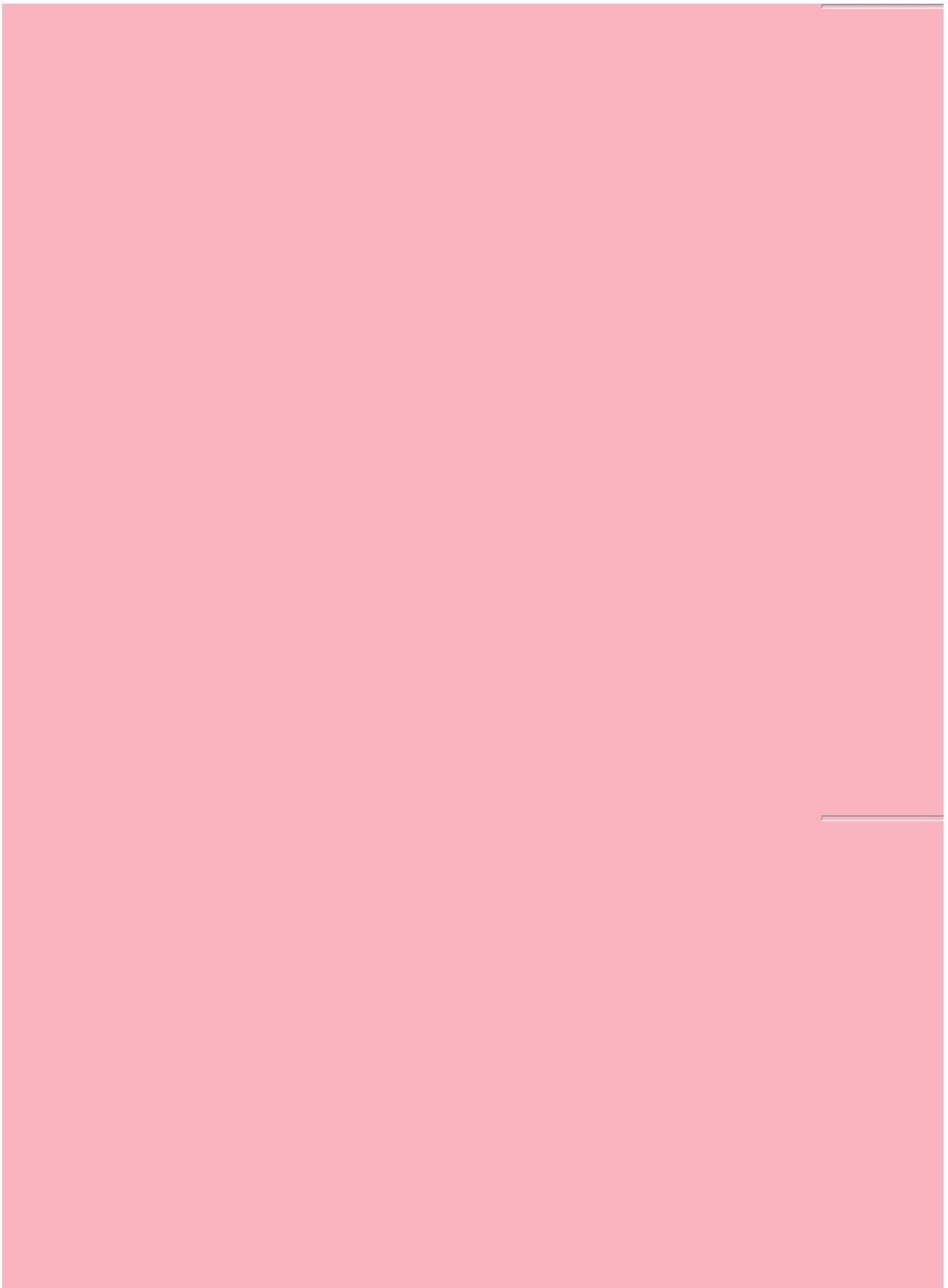


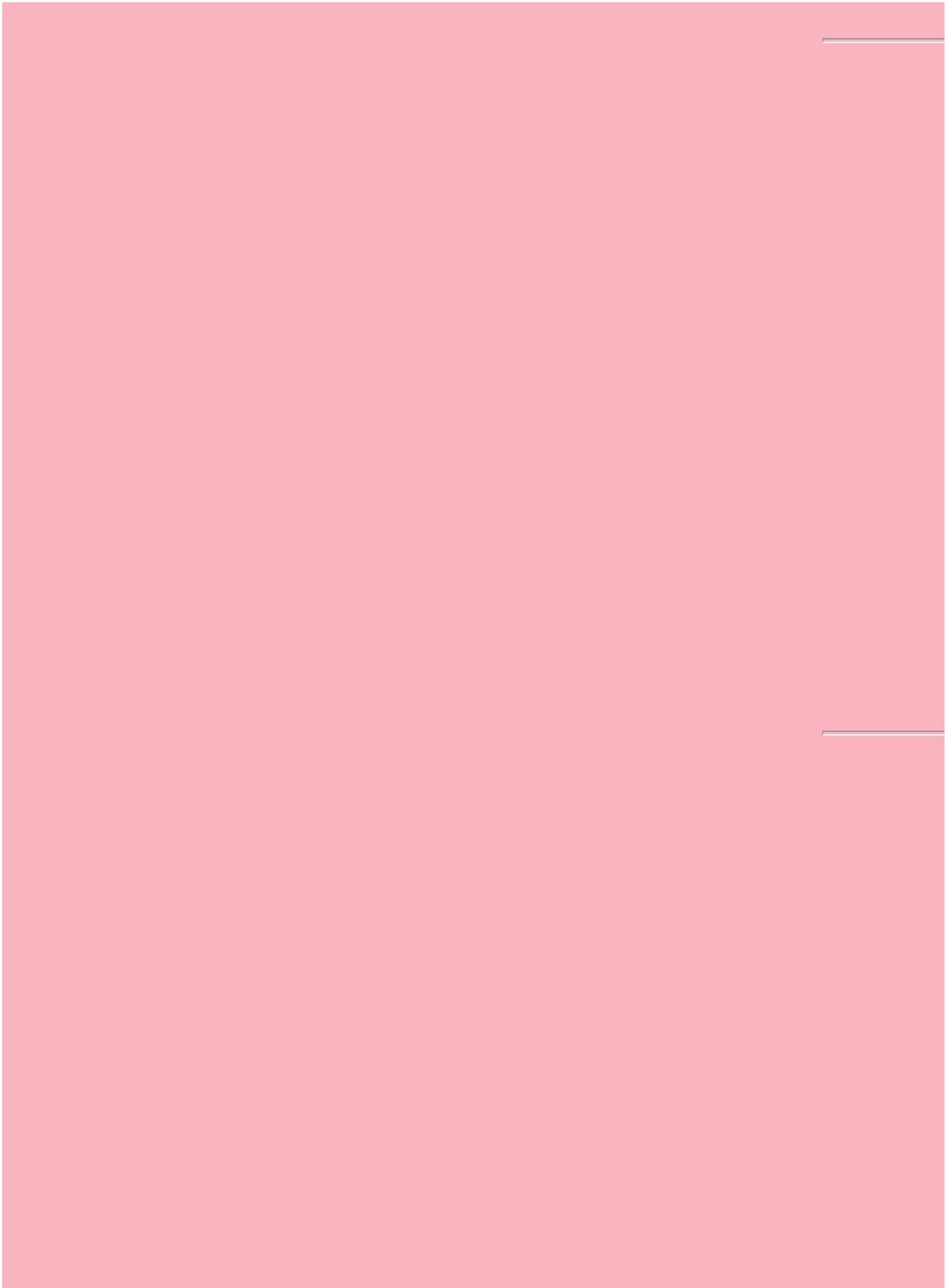


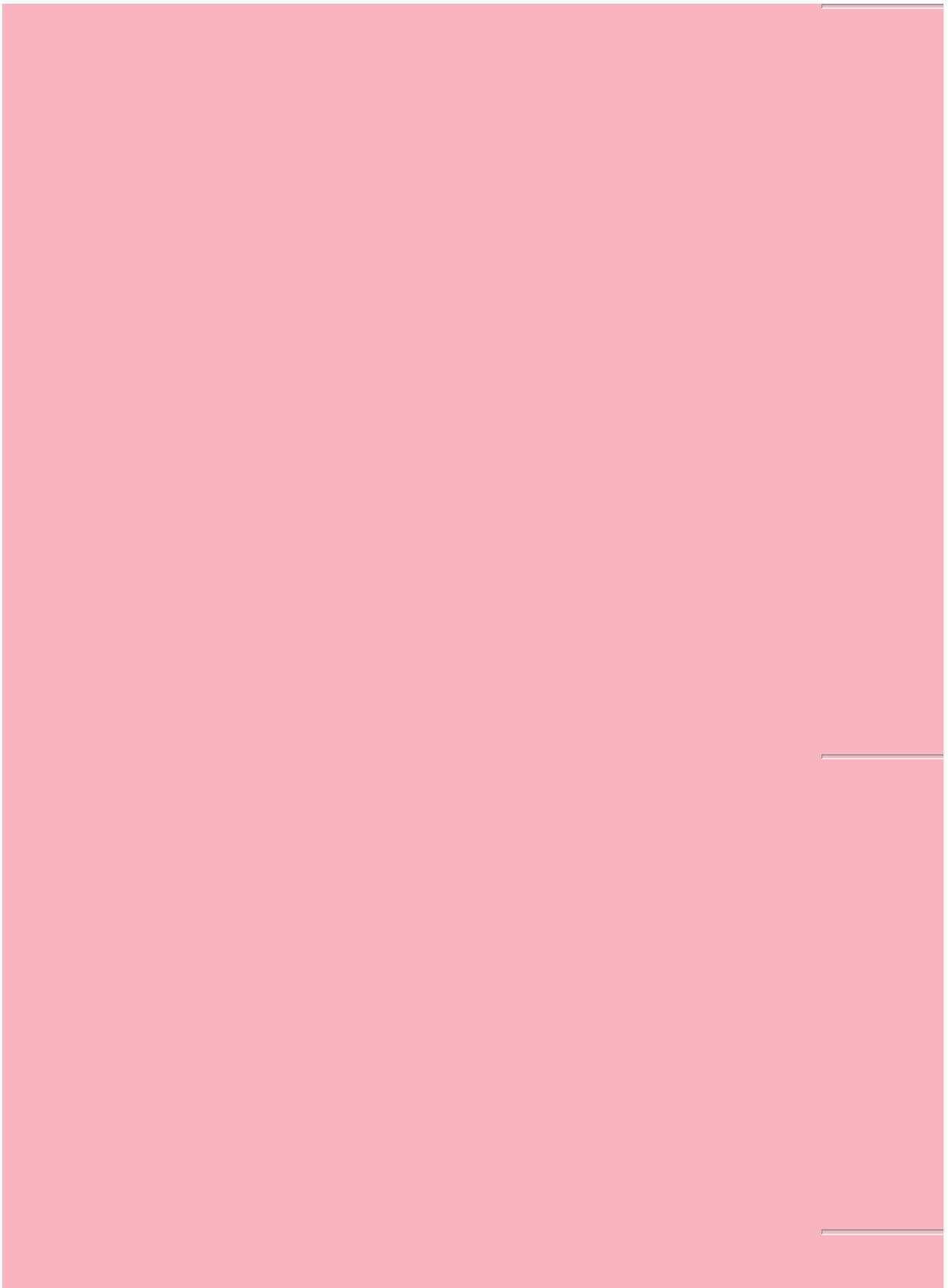


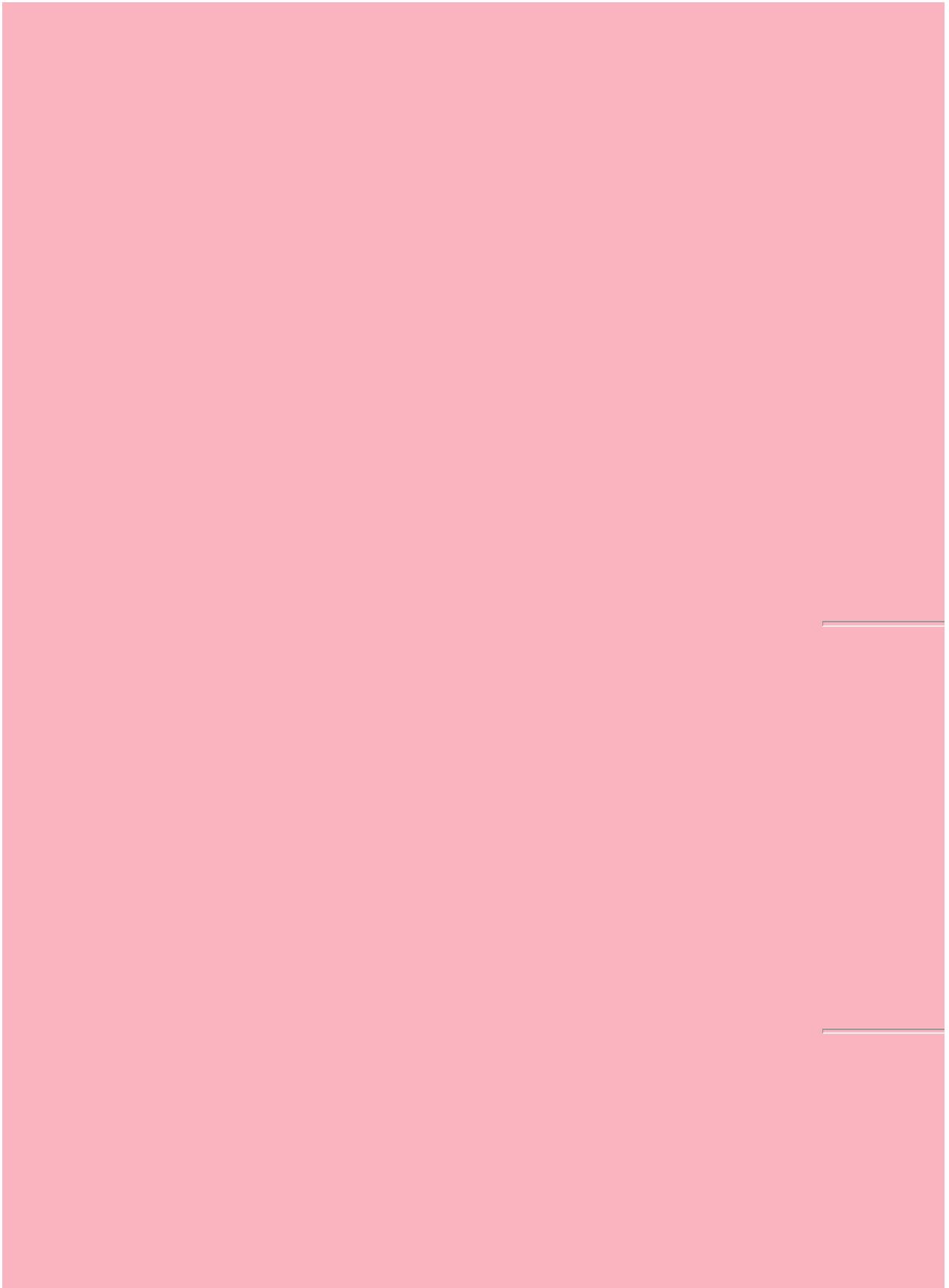




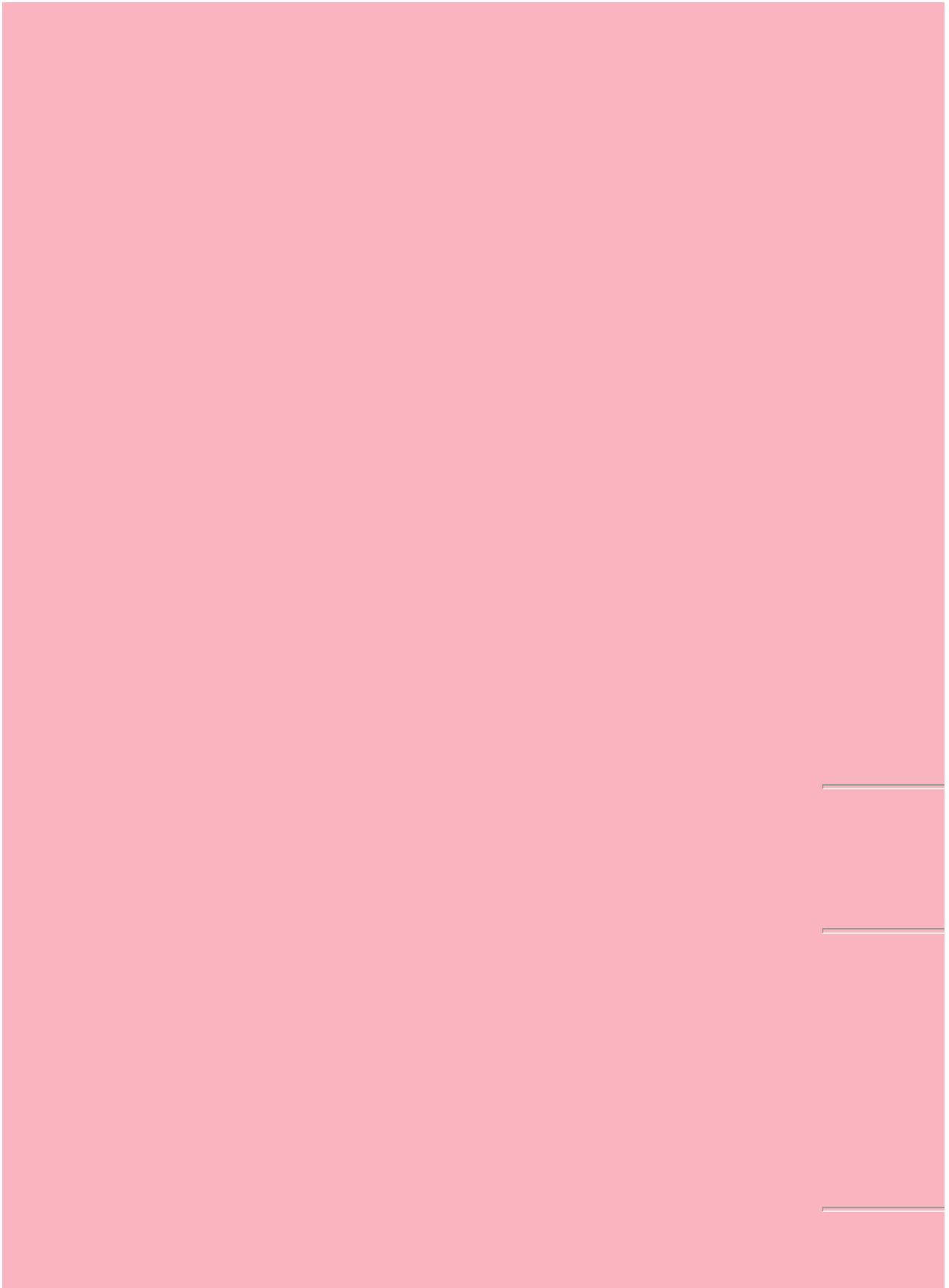


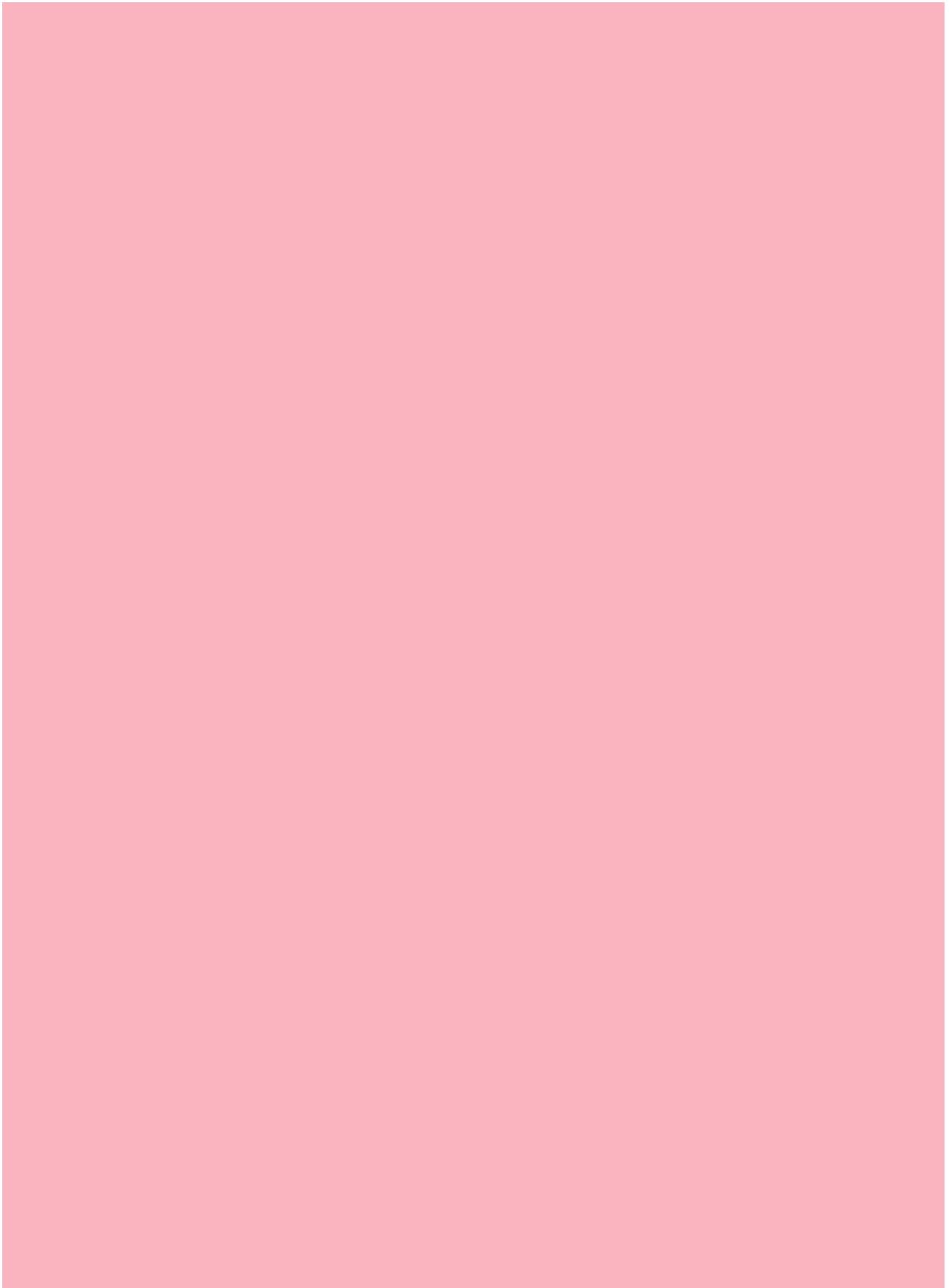


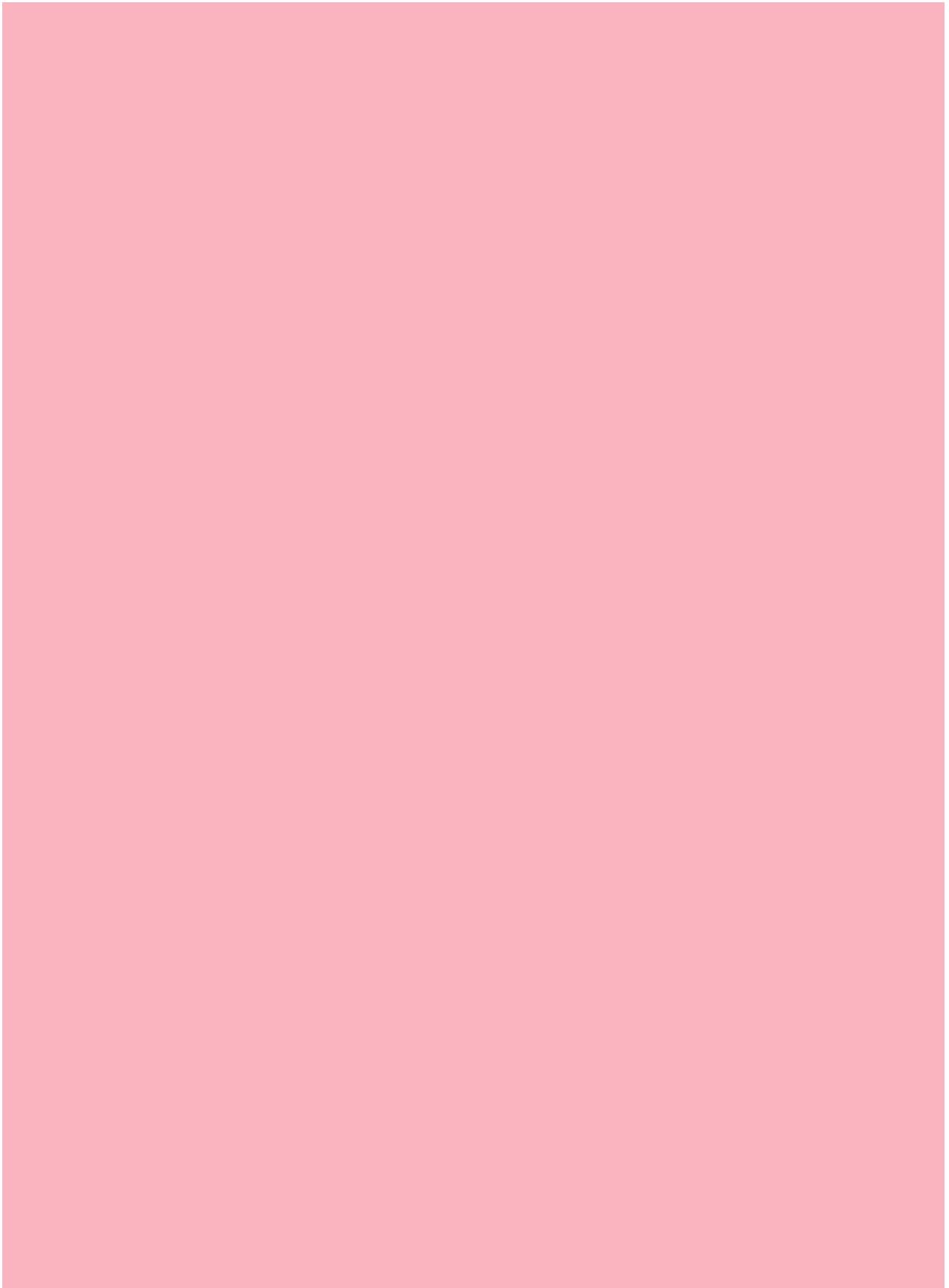


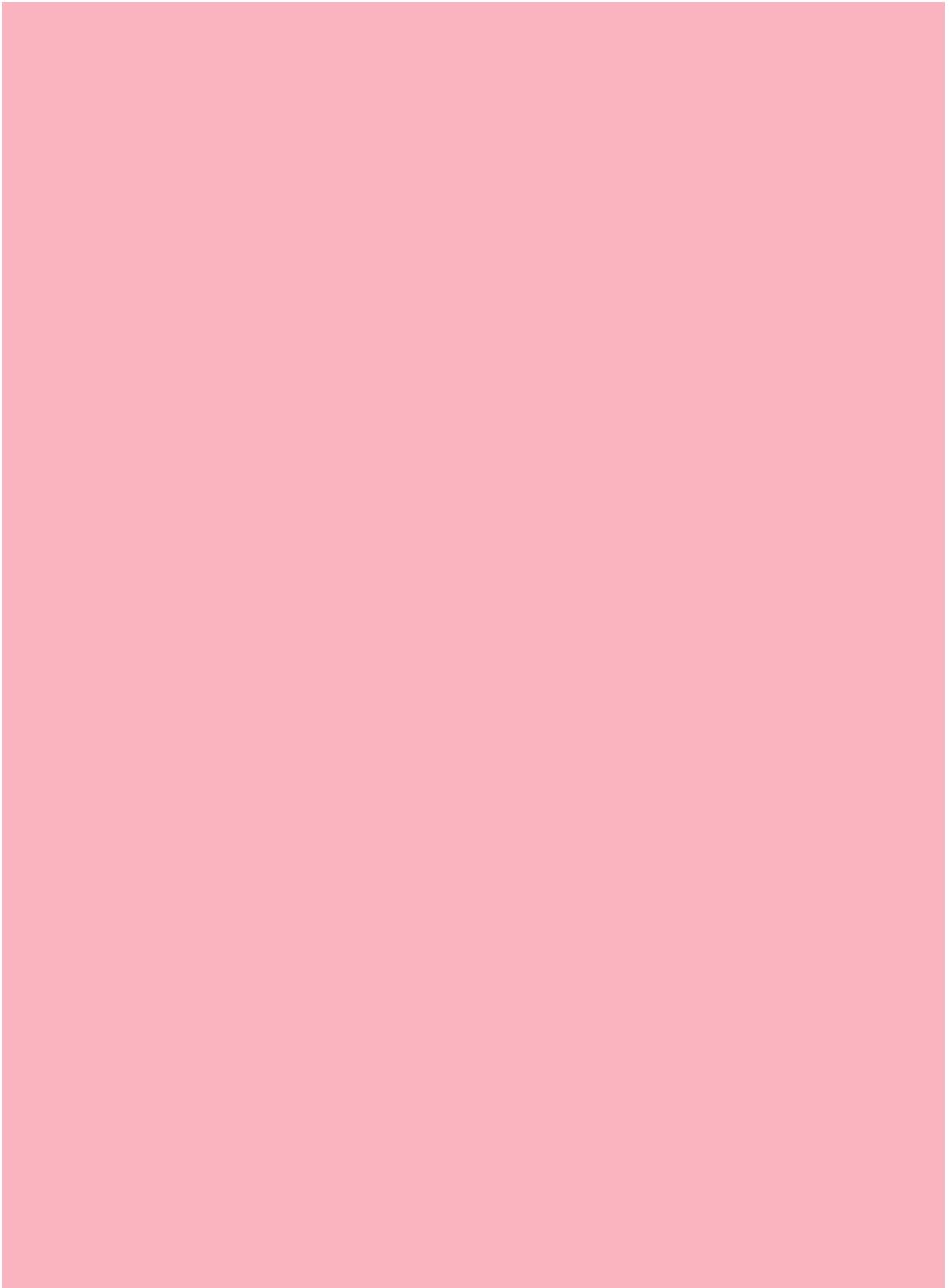


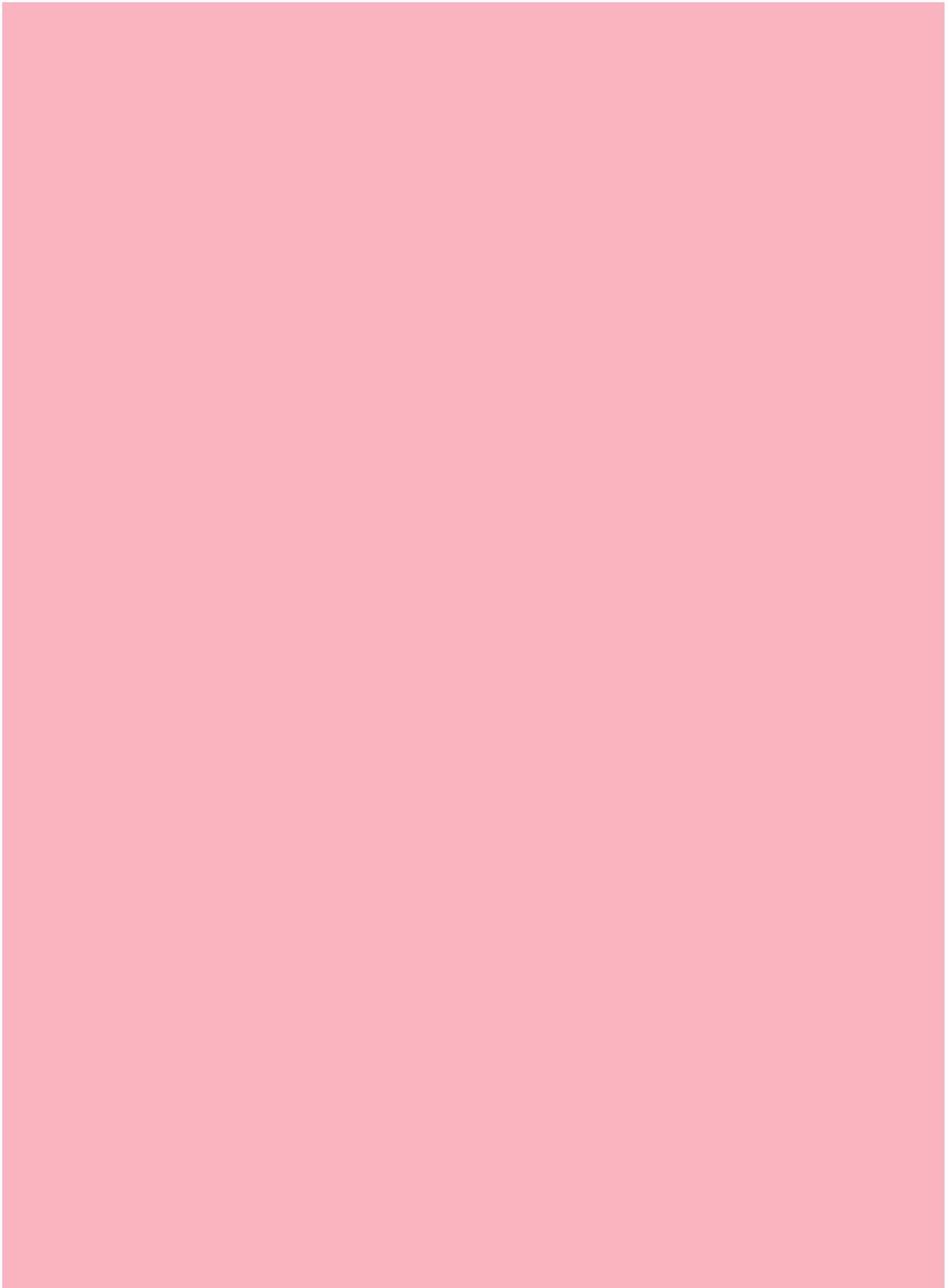
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