

UNITED BANKSHARES INC/WV

Form S-4

July 09, 2003

Table of Contents

As filed with the Securities and Exchange Commission on _____, 2003

Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

**FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

UNITED BANKSHARES, INC.

(Exact Name of Registrant as Specified in Its Charter)

West Virginia
(State or Other Jurisdiction
of Incorporation or Organization)

6711
(Primary Standard Industrial
Classification Code Number)

55-0641179
(I.R.S. Employer
Identification Number)

**500 Virginia Street, East
Charleston, West Virginia 25301
(304) 348-8400**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Richard M. Adams
United Bankshares, Inc.
P. O. Box 393
500 Virginia Street, East
Charleston, West Virginia 25301
(304) 348-8400**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

with copies to:

Sandra M. Murphy, Esq.
Bowles Rice McDavid Graff & Love PLLC
600 Quarrier Street
P.O. Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1131

Aaron M. Kaslow, Esq.
Muldoon Murphy & Faucette LLP
5101 Wisconsin Avenue, N.W.
Washington, DC 20016
(202) 686-4971

Approximate date of commencement of proposed sale to the public: as soon as practicable after this registration statement becomes effective. If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Edgar Filing: UNITED BANKSHARES INC/WV - Form S-4

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee
Common Stock, par value \$2.50 per share	3,088,234 shares	Not applicable	\$9,225,884.61	\$ 746.37

- (1) The number of shares of common stock, par value \$2.50 per share of United Bankshares, Inc. to be registered pursuant to this Registration Statement represents the maximum number of shares issuable by United Bankshares, Inc. upon consummation of the merger with Sequoia Bancshares, Inc.
- (2) Estimated solely for the purposes of determining the registration fee in accordance with Rule 457(f)(2), based upon the book value of Sequoia Bancshares, Inc. common stock on March 31, 2003, less the amount of cash to be paid by United in connection with the transaction.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Table of Contents

[SEQUOIA LOGO]

Prospectus of United Bankshares, Inc.

Proxy Statement of Sequoia Bancshares, Inc.

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of United Bankshares, Inc. and Sequoia Bancshares, Inc. have unanimously approved an Agreement and Plan of Reorganization that provides for the combination of Sequoia and United. The combined company will continue under the name United Bankshares, Inc., with its headquarters in Charleston, West Virginia. We believe the combined company will be able to create substantially more stockholder value than could be achieved by the companies individually.

In the merger, each share of Sequoia common stock will be converted into either (i) 1.4071 shares of United stock or (ii) \$39.40 in cash. Cash will be paid instead of issuing fractional shares of United common stock.

You will be able to elect to receive cash, United common stock or a combination of cash and United common stock for your Sequoia stock. Regardless of your choice, however, elections will be limited by the requirement that 75% of the shares of Sequoia common stock be exchanged for United common stock. Accordingly, the allocation of cash and United common stock you receive will depend on the elections of other Sequoia stockholders. The federal income tax consequences to you will depend on whether you receive cash, stock or a combination of cash and stock in exchange for your shares of Sequoia common stock.

United will issue approximately 2,598,276 shares of United common stock to Sequoia stockholders in the merger, based on Sequoia's outstanding shares on March 31, 2003. These shares will represent approximately 5.86% of the outstanding United common stock after the merger. United shares held by stockholders of United prior to the merger will represent approximately 94.14% of the outstanding United shares after the merger. United's common stock is traded on The NASDAQ National Market System under the symbol UBSI. On _____, 2003, the last reported price per share was \$ _____.

Your vote is important. We are asking the stockholders of Sequoia to approve the merger agreement. We cannot complete the merger unless we receive the approval of the stockholders of Sequoia.

Sequoia's stockholders' meeting will be held on _____, 2003, 9:00 a.m., at the offices of _____, _____, _____.

/s/

James G. Tardiff
Chairman of the Board,
and Chief Executive Officer
Sequoia Bancshares, Inc.

An investment in the United common stock in connection with the merger involves risks. See "Risk Factors" beginning on page _____.

Neither the Securities and Exchange Commission nor any state securities regulators have approved of the merger or the shares of United common stock to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities we are offering through this document are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund, the Bank Insurance Fund or any other governmental agency.

The date of this proxy statement/prospectus is _____, 2003, and it is first being mailed to Sequoia stockholders on or about _____, 2003.

Table of Contents

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about United Bankshares, Inc. from documents filed with the Securities and Exchange Commission that are not included in or delivered with this document. These documents are available without charge upon written or oral request from:

United Bankshares, Inc.
514 Market Street
Parkersburg, West Virginia 26102
(304) 424-8800
Attention: Corporate Secretary

In order to ensure timely delivery of the documents, any request should be made by _____, 2003.

See **Where You Can Find More Information** on page _____.

Table of Contents

[SEQUOIA LOGO]

**NOTICE OF SPECIAL
MEETING OF STOCKHOLDERS
TO BE HELD ON _____, 2003**

To the Stockholders of Sequoia Bancshares, Inc.:

A special meeting of stockholders of Sequoia will be held on _____, 2003, at _____ .m. at the offices of _____, _____, _____, for the following purposes:

1. to consider and vote upon a proposal to approve the Agreement and Plan of Reorganization (merger agreement) dated as of April 4, 2003, pursuant to which Sequoia will become a wholly-owned subsidiary of United and SequoiaBank will merge with and into United Bank. In the merger, among other things, each share of Sequoia common stock will be converted into and become the right to receive, at the election of the holder, either 1.4071 shares of United common stock or \$39.40 in cash. Cash will be paid instead of issuing fractional shares of United common stock; and
2. to transact any other business that may properly come before the meeting or any adjournment or postponement.

Sequoia s board has unanimously approved the merger agreement and recommends that you vote FOR approval and adoption of the merger agreement. Holders of record of Sequoia common stock at the close of business on _____, 2003, will be entitled to vote at the Sequoia meeting or any adjournment or postponement thereof.

Sequoia stockholders have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of Sequoia common stock under applicable provisions of Delaware law (Section 262 of the Delaware General Corporation Law). In order to perfect your dissenters rights, you must file a written notice with Sequoia of your intent to exercise your dissenters rights before the taking of the vote on the merger at the special meeting and you must not vote in favor of the merger. A copy of the applicable Delaware statutory provisions is included as Annex C to the accompanying proxy statement/prospectus and a summary of the provisions can be found under the caption The Merger Appraisal Rights of Sequoia Stockholders.

Please do not send any certificates for your stock at this time.

/s/

Secretary

, 2003

You are cordially invited to attend the special meeting in person. Even if you plan to be present, you are urged to mark, date, sign and return the enclosed proxy at your earliest convenience in the envelope provided, which requires no postage if mailed in the United States. If you attend the special meeting, you may vote either in person or by proxy. If your shares are not registered in your name, you will need additional documentation from your record holder in order to vote personally at the meeting.



TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE MERGER

SUMMARY

The Companies

The Merger

What Sequoia Stockholders Will Receive in The Merger (See Page ___)

How to Choose Stock or Cash for Your Sequoia Shares (See page ___)

Recommendation to Stockholders

Opinion of Sequoia's Financial Advisor

Summary of Risk Factors (See Page ___)

Board of Directors of United and United Bank after the Merger (See Page ___)

Conditions to Completion of the Merger (See Page ___).

Termination of Merger Agreement (See Page ___)

Termination Fee (See Page ___)

Interests of Executive Officers and Directors in the Merger (See Page ___)

Material Federal Income Tax Consequences of the Merger (See Page ___)

Resale of United Shares Received in the Merger (See Page ___)

Appraisal Rights (See Page ___)

Comparative Stockholder Rights (See Page ___)

Regulatory Approvals (See Page ___)

Purchase Accounting Treatment (See Page ___)

SELECTED HISTORICAL FINANCIAL DATA

Selected Consolidated Financial Information of United

Selected Consolidated Financial Information of Sequoia

Summary of Historical and Pro Forma Per Share Selected Financial Data

Comparative Market Prices and Dividend Information

RISK FACTORS

FORWARD-LOOKING INFORMATION

INFORMATION ABOUT THE MEETING AND VOTING

Matters Relating to the Special Meeting of Sequoia Stockholders

Voting and Revocation of Proxies

Solicitation of Proxies; Expenses

Appraisal Rights for Sequoia Stockholders

THE MERGER

General

United's Reasons for the Merger

Background of the Merger

Sequoia's Reasons for the Merger

Recommendation of Sequoia's Board of Directors

Opinion of Sequoia's Financial Advisor

Interest of Directors and Officers in the Merger that Differ from Your Interests

Board of Directors of United After the Merger

Federal Income Tax Consequences of the Merger

Accounting Treatment

Regulatory Approvals

Resales of United Common Stock Issued in the Merger

Appraisal Rights of Sequoia Stockholders

THE MERGER AGREEMENT

Structure of the Merger

Merger Consideration

Timing of Closing

Treatment of Sequoia Stock Options

Exchange of Shares

Election Procedures: Surrender of Stock Certificates

Designation of Directors

Forbearances Regarding Interim Operations of Sequoia and United

Additional Covenants of United and Sequoia

Representations and Warranties

Conditions to Completing the Merger

Termination, Amendment and Waiver

INFORMATION ABOUT UNITED

Regulation

Competition and Economic Characteristics of Primary Market Area

Employees

Legal Proceedings

Interests of Certain Persons

DESCRIPTION OF CAPITAL STOCK OF UNITED

Common Stock

INFORMATION ABOUT SEQUOIA

General

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations of Sequoia Bancshares, Inc. at March 31, 2003

Management's Discussion and Analysis of Financial Condition and Results of Operations of Sequoia Bancshares, Inc. for Years Ended December 31, 2002, and December 31, 2001

Liquidity and Capital Resources

Market Risk Analysis

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

SUMMARY OF MATERIAL DIFFERENCES BETWEEN CURRENT RIGHTS OF SEQUOIA STOCKHOLDERS AND RIGHTS THOSE PERSONS WILL HAVE AS STOCKHOLDERS OF UNITED

LEGAL MATTERS

EXPERTS

WHERE YOU CAN FIND MORE INFORMATION

Sequoia Bancshares, Inc. and Subsidiaries Consolidated Statements of Financial Condition

ANNEX A

ANNEX B

ANNEX C

PART II

Item 20. Indemnification of Directors and Officers.

Item 22. Undertakings.

Signatures

Attorney Consent

Attorney Consent

Attorney Consent

Executive Agreement

Executive Agreement

Employment Agreement

Agreement

Auditors Consent

Auditors Consent

Consent

Consent

Consent

Form of Proxy

Form of Sequoia Affiliate Letter

Table of Contents**TABLE OF CONTENTS**

	Page No.
QUESTIONS AND ANSWERS ABOUT THE MERGER	1
SUMMARY	3
The Companies	3
The Merger	3
What Sequoia Stockholders Will Receive in the Merger	3
How to Choose Stock or Cash for Your Sequoia Shares	4
Recommendation to Stockholders	4
Opinion of Sequoia's Financial Advisor	4
Summary of Risk Factors	4
Board of Directors of United and United Bank After the Merger	5
Conditions to Completion of the Merger	5
Termination of Merger Agreement	5
Termination Fee	6
Interests of Executive Officers and Directors in the Merger	6
Material Federal Income Tax Consequences of the Merger	6
Resale of United Shares Received in the Merger	7
Appraisal Rights	7
Comparative Stockholder Rights	7
Regulatory Approvals	7
Purchase Accounting Treatment	7
SELECTED HISTORICAL FINANCIAL DATA	8
Selected Consolidated Financial Information of United	8
Selected Consolidated Financial Information of Sequoia	10
Summary of Historical and Pro Forma Per Share Selected Financial Data	12
Comparative Market Prices and Dividend Information	14
RISK FACTORS	15
FORWARD-LOOKING INFORMATION	18
INFORMATION ABOUT THE MEETING AND VOTING	20
Matters Relating to the Special Meeting of Sequoia Stockholders	20
Voting and Revocation of Proxies	21
Solicitation of Proxies; Expenses	22
Appraisal Rights for Sequoia Stockholders	22
THE MERGER	23
General	23
United's Reasons for the Merger	23
Background of the Merger	23
Sequoia's Reasons for the Merger	26
Recommendation of Sequoia's Board of Directors	28
Opinion of Sequoia's Financial Advisor	28

Table of Contents**Table of Contents**

	Page No.
Interest of Directors and Officers in the Merger that Differ from Your Interests	37
Board of Directors of United After the Merger	39
Federal Income Tax Consequences of the Merger	39
Accounting Treatment	42
Regulatory Approvals	42
Resales of United Common Stock Issued in the Merger	43
Appraisal Rights of Sequoia Stockholders	43
THE MERGER AGREEMENT	48
Structure of the Merger	48
Merger Consideration	48
Timing of Closing	48
Treatment of Sequoia Stock Options	48
Exchange of Shares	49
Election Procedures; Surrender of Stock Certificates	49
Designation of Directors	51
Forbearances Regarding Interim Operations of Sequoia and United	51
Additional Covenants of United and Sequoia	54
Representations and Warranties	55
Conditions to Completing the Merger	56
Termination, Amendment and Waiver	57
INFORMATION ABOUT UNITED	59
Regulation	59
Competition and Economic Characteristics of Primary Market Area	60
Employees	60
Properties	61
Legal Proceedings	61
Interests of Certain Persons	61
DESCRIPTION OF CAPITAL STOCK OF UNITED	61
Common Stock	61
INFORMATION ABOUT SEQUOIA	63
General	63
Overview	63
Management's Discussion and Analysis of Financial Condition and Results of Operations of Sequoia Bancshares, Inc. at March 31, 2003	63
Management's Discussion and Analysis of Financial Condition and Results of Operations of Sequoia Bancshares, Inc. for Years Ended December 31, 2002 and December 31 2001	67
Liquidity and Capital Resources	71
Market Risk Analysis	72
Voting Securities and Principal Holders Thereof	82

Table of Contents

Table of Contents

	<u>Page No.</u>
SUMMARY OF MATERIAL DIFFERENCES BETWEEN CURRENT RIGHTS OF SEQUOIA STOCKHOLDERS AND RIGHTS THOSE PERSONS WILL HAVE AS STOCKHOLDERS OF UNITED	84
LEGAL MATTERS	89
EXPERTS	89
WHERE YOU CAN FIND MORE INFORMATION	89
INDEX TO FINANCIAL STATEMENTS	F-1
ANNEX A: AGREEMENT AND PLAN OF REORGANIZATION	A-1
ANNEX B: SANDLER O NEILL & PARTNERS, L.P.	B-1
ANNEX C: SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW	C-1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: When and where is the stockholders' meeting?

A: Sequoia's meeting will take place on _____, 2003, at 9:00 a.m. at the offices of _____, _____, _____.

Q: What do I need to do now?

A: Just mail your signed proxy card in the enclosed return envelope, so that your shares may be represented at the meeting. In order to assure that your shares are voted, please mail your proxy as instructed on your proxy card even if you currently plan to attend the meeting in person. The board of directors of Sequoia recommends that its stockholders vote in favor of the merger.

Q: What do I do if I want to change my vote?

A: Just send in a later-dated, signed proxy card to Sequoia's Corporate Secretary before the meeting, or you can attend the meeting in person and vote. If your shares are not registered in your name, you will need additional documentation from your record holder in order to vote in person at the meeting. You may also revoke your proxy by sending a notice of revocation to Sequoia's Corporate Secretary at the address under "The Companies" on page 3.

Q: If my shares are held in _____ street name by my broker, will my broker vote my shares for me?

A: No. If you do not provide your broker with instructions on how to vote your _____ street name shares, your broker will not be permitted to vote them for you. You should therefore be sure to provide your broker with instructions on how to vote your shares.

Q: When do you expect the merger to be completed?

A: We are attempting to complete the merger as quickly as possible. In addition to stockholder approval, we must also obtain regulatory approvals. We expect to complete the merger during the fourth quarter of 2003.

Q: Whom do I call if I have questions about the meeting or the merger?

A: Please contact James G. Tardiff, or J. Paul McNamara of Sequoia at (301) 961-1600 with any questions about the meeting or the merger.

Q: What will I receive in the merger?

A: Under the merger agreement, at your election, each share of Sequoia common stock you own will be exchanged for either 1.4071 shares of United common stock or \$39.40 in cash. You may elect either of these options and, if you desire, you may elect to exchange some of your Sequoia shares for cash and some of your Sequoia shares for United common stock.

Elections will be limited by a requirement that 75% of the total number of outstanding shares of Sequoia common stock be exchanged for United common stock. Therefore, the form of consideration you receive will depend in part on the elections of other Sequoia stockholders.

United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive.

Q: How do I elect to receive cash, stock or a combination of both for my Sequoia stock?

A: A form for making an election will be sent to you separately on or about the date this proxy statement/prospectus is mailed. For your election to be effective, your properly completed election form, along with your Sequoia stock certificates or an appropriate guarantee of delivery, must be sent to and received by Mellon Investor Services, the exchange agent, on or before 5:00 p.m., Eastern Standard Time (EST), on _____, 2003. *Do not send your*

Table of Contents

election form together with your proxy card. Instead, use the separate envelope specifically provided for your election form and your stock certificates. If you do not make a timely election, you will be allocated United common stock and/or cash depending on the elections made by other Sequoia stockholders.

Q: How do I exchange my Sequoia stock certificates?

A: If you make an election, you must return your Sequoia stock certificates or an appropriate guarantee of delivery with your election form. Shortly after the merger, the exchange agent will allocate cash and United common stock among Sequoia stockholders, consistent with their elections and the allocation and proration procedures in the merger agreement. If you do not submit an election form, you will receive instructions on where to surrender your Sequoia stock certificates from the exchange agent after the merger is completed. **In any event, you should not forward your Sequoia stock certificates with your proxy card.**

Table of Contents

SUMMARY

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read this document and the documents we have referred to carefully. See *Where You Can Find More Information* on page .*

The Companies

United Bankshares, Inc.

500 Virginia Street, East
Charleston, West Virginia 25301
(304) 348-8400

United Bankshares, Inc. (United) is a West Virginia corporation registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended. United was incorporated and organized in 1982 and began conducting business in 1984 with the acquisition of three wholly-owned subsidiaries. Since its formation in 1982, United has acquired 24 banking institutions. United has two banking subsidiaries, United Bank West Virginia and United Bank Virginia. United also owns nonbank subsidiaries that engage in mortgage banking, asset management, investment banking and financial planning.

The headquarters of United is located in United Center at 500 Virginia Street, East, Charleston, West Virginia. United's executive offices are located in Parkersburg, West Virginia at Fifth and Avery Streets. United operates 85 branches 52 in West Virginia, 30 in the Northern Virginia, Maryland and Washington, DC areas and 3 in Ohio. As of March 31, 2003, United had total assets of \$5.82 billion, total deposits of \$3.98 billion, and stockholders' equity of \$541.87 million.

Sequoia Bancshares, Inc.

2 Bethesda Metro Center, Suite 1500
Bethesda, Maryland 20814
(301) 961-1600

Sequoia Bancshares, Inc. is the parent company of SequoiaBank, a community bank providing a full range of loans and financial services to individuals and small businesses in the Washington, D.C. metropolitan area. Sequoia operates 12 full-service banking offices. As of March 31, 2003, Sequoia had total assets of \$547.0 million, total deposits of \$407.1 million, and stockholders' equity of \$26.7 million.

The Merger

If Sequoia stockholders approve the merger at the special meeting and regulatory approvals are received, Sequoia will merge into a subsidiary of United and will become a wholly-owned subsidiary of United, and SequoiaBank will be merged into United Bank Virginia. We expect completion of the merger in the fourth quarter of 2003.

The merger agreement is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement as it is the legal document that governs the merger.

What Sequoia Stockholders Will Receive in The Merger (See Page)

Under the merger agreement, at your election, each share of Sequoia common stock you own will be exchanged for either 1.4071 shares of United common stock or \$39.40 in cash. You may elect either of these options and, if you desire, you may elect to exchange some of your Sequoia shares for cash and some of your Sequoia shares for United common stock.

Elections will be limited by a requirement that 75% of the total number of outstanding shares of Sequoia common stock be exchanged for United common stock. Therefore, the form of consideration you receive will depend in part on the elections of other Sequoia stockholders. Because the tax consequences of receiving cash will differ from the tax consequences of receiving stock, you should read carefully the tax information on page and consult your tax advisor.

Table of Contents

United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive.

How to Choose Stock or Cash for Your Sequoia Shares (See page)

You will be sent an election form by the exchange agent on which you may specify whether you wish to receive cash, United common stock or a combination of stock and cash in exchange for your shares of Sequoia common stock. You may also make no election as to whether you receive cash or United common stock as payment for your Sequoia shares. Your choice will be honored to the extent possible, but because of the overall limitation on the number of Sequoia shares that will be exchanged for cash and the number of Sequoia shares that will be exchanged for United common stock, whether you receive the amount of cash and/or stock that you request will depend on what other Sequoia stockholders elect to receive as consideration for their shares. Therefore, you may not receive exactly the form of consideration that you elect. We make no recommendation as to whether you should elect to receive cash or stock in the merger. You must make your own decision with respect to your election.

Recommendation to Stockholders

Sequoia's board believes that the merger is fair to you and in your best interest and recommends that you vote FOR the approval and adoption of the merger agreement.

In connection with the Board's recommendation, you should be aware that Sequoia's directors as a group control the power to vote 49.24% of the issued and outstanding shares of Sequoia and can therefore exert significant influence on the approval of the Merger. For more information on the ownership of insiders, See Voting Securities and Principal Holders Thereof on page .

For a discussion of the circumstances surrounding the merger and the factors considered by Sequoia's board of directors in approving the merger agreement, see page .

Opinion of Sequoia's Financial Advisor

In approving the merger, Sequoia's board considered the opinion of its financial advisor, Sandler O'Neill & Partners, L.P., as to the fairness from a financial point of view of the consideration to be paid by United in the merger as of April 4, 2003, as updated on the date of this document. This opinion is attached as Annex B. We encourage you to read this opinion.

Summary of Risk Factors (See Page)

The merger is subject to risks, some of which are:

United may be unable to manage effectively the new assets it acquires;

changes in interest rates may adversely affect United's business;

United's officers and directors will own a significant number of shares after the merger and could exert significant influence on stockholder votes;

loss of United's Chairman and CEO or other executive officers could adversely affect its business;

United and its subsidiaries operate in highly competitive markets;

dividend payments by United's subsidiaries to United and by United to its stockholders could be restricted;

United's business is concentrated in the West Virginia and Northern Virginia areas, and a downturn in the local economies may adversely affect its business; and

Table of Contents

determination of the adequacy of the allowance for loan losses is based upon estimates that are inherently subjective and dependent on the outcome of future events. Ultimate losses may differ from current estimates. As a result, such losses may increase significantly.

Board of Directors of United and United Bank after the Merger (See Page)

Immediately following the merger, the board of directors of United will have 18 members, including Mr. James G. Tardiff, the current Chairman of the Board and Chief Executive Officer of Sequoia, and Mr. J. Paul McNamara, the current President of Sequoia. Messrs. Tardiff and McNamara will also serve on the board of directors of United Bank Virginia. Mr. McNamara will also serve as Vice Chairman of United Bank Virginia.

Conditions to Completion of the Merger (See Page).

The completion of the merger depends upon meeting a number of conditions, including the following:

approval of the stockholders of Sequoia;

receipt by United of all regulatory approvals without any conditions that would have a material adverse effect on United;

authorization for the listing on The NASDAQ National Market System of the shares of United common stock to be issued in the merger;

absence of any law or court order prohibiting the merger;

receipt of opinions from Sequoia's and United's counsel that the merger will qualify as a reorganization under Section 368 of the Internal Revenue Code; and

the continued accuracy of certain representations and warranties made by the parties in the merger agreement.

Termination of Merger Agreement (See Page)

Sequoia and United may jointly agree to terminate the merger at any time. Additionally:

- (a) Either Sequoia or United may terminate the merger agreement if any of the following occurs:
- either party breaches any of its representations or obligations under the merger agreement, and does not cure the breach within 30 days;
 - the merger is not complete by January 31, 2004, unless the failure of the merger to be consummated arises out of or results from the knowing action or inaction of the party seeking to terminate; or
 - the approval of any governmental entity required for consummation of the merger is denied or the stockholders of Sequoia do not approve the merger agreement;
- (b) United may terminate the merger agreement if Sequoia's board fails to recommend approval of the merger agreement, withdraws its recommendation or modifies its recommendation in a manner adverse to United.
- (c) Sequoia may terminate the merger agreement if the price of United common stock declines by more than 20% and underperforms an index of banking companies by more than 15% over a designated measurement period unless United agrees to increase the number of shares of United common stock to be issued to holders of Sequoia common stock who are to receive shares of United common stock in the merger.

Table of Contents

- (d) Sequoia may terminate the merger agreement in order to enter into an agreement with respect to an unsolicited proposal that if consummated would result in a transaction more favorable to Sequoia's stockholders from a financial point of view, provided that United does not make a counteroffer that is at least as favorable to the other proposal and Sequoia pays the termination fee described below.

Termination Fee (See Page)

In the event the merger agreement is terminated (i) due to failure to obtain Sequoia stockholder approval and at such time a competing acquisition proposal for Sequoia has been made public and not withdrawn or (ii) because the Sequoia board fails to recommend, withdraws, modifies, or changes its recommendation of the merger, then Sequoia must pay United a termination fee of \$1.12 million.

Interests of Executive Officers and Directors in the Merger (See Page)

When you consider the Sequoia board's recommendation that Sequoia stockholders vote in favor of the merger, you should be aware that a number of Sequoia's executive officers and directors may have interests in the merger that may be different from, or in addition to, yours.

These include:

Payments to James G. Tardiff, Chairman of the Board and Chief Executive Officer of Sequoia, and J. Paul McNamara, President and Chief Operating Officer of Sequoia, in consideration of the termination of their employment agreements with Sequoia;

Consideration to be paid to Mr. Tardiff under a consulting agreement with United;

An employment agreement between United and Mr. McNamara, which will go into effect upon completion of the merger;

The appointment of Mr. Tardiff and Mr. McNamara to the boards of directors of United and United Bank-Virginia;

Provisions in the merger agreement relating to the indemnification of directors and officers of Sequoia and insurance for directors and officers of Sequoia for liability for events occurring before the merger; and

The accelerated vesting of stock options as a result of completion of the merger.

Material Federal Income Tax Consequences of the Merger (See Page)

Your federal income tax treatment will depend primarily on whether you exchange your Sequoia common stock solely for United common stock, solely for cash or for a combination of United common stock and cash. If you exchange your Sequoia shares solely for United common stock, you should not recognize gain or loss except with respect to the cash you receive instead of a fractional share. If you exchange your Sequoia shares solely for cash, you should recognize capital gain or loss on the exchange. If you exchange your Sequoia shares for a combination of United common stock and cash, you should recognize capital gain, but not any loss, on the exchange. The actual federal income tax consequences to you of electing to receive cash, United common stock or a combination of cash and stock will not be ascertainable at the time you make your election because we will not know at that time if, or to what extent, the allocation and proration procedures will apply. The companies themselves, will not recognize gain or loss as a result of the merger. It is a condition to the obligations of Sequoia and United to complete the merger that each receive a legal opinion from its outside counsel that the merger will be a reorganization for federal income tax purposes.

The federal income tax consequences described above may not apply to some holders of Sequoia common stock. Your tax consequences will depend on your personal situation. You should consult your tax advisor

Table of Contents

for a full understanding of the tax consequences of the merger to you.

Resale of United Shares Received in the Merger (See Page)

United has registered, under the federal securities laws, the shares of its common stock to be issued in the merger. Therefore, you may sell shares that you receive in the merger without restriction unless you are considered an affiliate of Sequoia or you become an affiliate of United. A director, executive officer or stockholder who beneficially owns 10% or more of the outstanding shares of a company is generally deemed to be an affiliate of that company.

If you are considered an affiliate of Sequoia or become an affiliate of United, you may resell the shares of United common stock you receive pursuant to an effective registration statement under the securities laws, or pursuant to Rule 145 of the SEC's rules, or in transactions otherwise exempt from registration under the securities laws. United is not obligated and does not intend to register for resale the shares issued to affiliates of Sequoia.

Appraisal Rights (See Page)

Under Delaware law, Sequoia stockholders may object to the merger and demand to be paid the fair value of their shares. Under Delaware law, you should know that in determining the fair value of your shares, any appreciation or depreciation resulting from the accomplishment or expectation of the merger will not be considered. To properly exercise your appraisal rights and avoid a waiver of such rights, you must not vote your shares in favor of the merger and you must follow the exact procedures required by Delaware law (see Annex C).

Comparative Stockholder Rights (See Page)

Sequoia is a Delaware corporation governed by Delaware law and United is a West Virginia corporation governed by West Virginia law. Once the merger occurs, Sequoia stockholders who receive shares of United common stock in exchange for their shares of Sequoia common stock will become stockholders of United, and their rights as United stockholders will be governed by West Virginia law and the provisions of the certificate of incorporation, as amended, and bylaws of United. Because of the differences between the laws of the states of Delaware and West Virginia and the respective certificates of incorporation and the bylaws of Sequoia and United, Sequoia stockholders' rights as stockholders will change as a result of the merger.

Regulatory Approvals (See Page)

The merger of United with Sequoia must be approved by the Federal Reserve Bank of Richmond, the Virginia Department of Financial Institutions, and the Maryland Department of Financial Institutions. United filed an application with the Federal Reserve Bank of Richmond to obtain approval of the merger on , 2003. On , 2003, United filed applications for approval of the merger with the Virginia Department of Financial Institutions and the Maryland Department of Financial Institutions. As of the date of this document, we have not received any of the required approvals. While we do not know of any reason why we would not be able to obtain approval in a timely manner, we cannot be certain when or if we will receive the required approvals.

Purchase Accounting Treatment (See Page)

United will account for the merger using the purchase method of accounting. Under this method of accounting, United will record the fair market value of Sequoia's assets and liabilities on its financial statements. The difference between the purchase price paid by United and the fair market value of Sequoia's tangible and identifiable intangible assets net of its liabilities will be recorded on United's books as goodwill.

Table of Contents

SELECTED HISTORICAL FINANCIAL DATA

We are providing the following financial information to aid you in your analysis of the financial aspects of the merger. This information is only a summary and you should read it in conjunction with the consolidated financial statements and related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations of United and Sequoia included in and/or incorporated by reference into this proxy statement/prospectus.

Selected Consolidated Financial Information of United

The following selected historical financial information for each of the years ended December 31, 1998 through 2002 are derived from United's consolidated financial information. The following selected historical financial information for the three months ended March 31, 2003, and March 31, 2002, are derived from the unaudited consolidated financial information of United and include, in the opinion of United's management, all adjustments (consisting only of normal accruals) necessary to present fairly the data of such periods. You should not rely on the three-month information as being indicative of results that may be expected for the entire year or for any future interim period.

Table of Contents

UNITED BANKSHARES, INC.
SELECTED CONSOLIDATED FINANCIAL INFORMATION
(Dollars in Thousands, Except Per Share Information)

	At or for the three months ended March 31,		At or for the year ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
INCOME STATEMENT DATA:							
Interest income	\$ 77,224	\$ 85,238	\$ 339,478	\$ 360,610	\$ 377,847	\$ 354,665	\$ 325,647
Interest expense	29,595	34,590	132,557	175,507	197,766	174,402	155,354
Net interest income	47,629	50,648	206,921	185,103	180,081	180,263	170,293
Provision for loan losses	1,455	2,227	7,937	12,833	15,745	8,800	12,156
Net interest income after provision for loan losses	46,174	48,421	198,984	172,270	164,336	171,463	158,137
Noninterest income	23,595	15,937	73,479	62,205	33,786	51,078	41,752
Noninterest expense	37,565	32,030	144,130	115,745	110,422	117,519	137,964
Income before income taxes	32,204	32,328	128,333	118,730	87,700	105,022	61,925
Income taxes	9,661	10,507	39,400	38,739	28,724	34,774	17,523
Net income	\$ 22,543	\$ 21,821	\$ 88,933	\$ 79,991	\$ 58,976	\$ 70,248	\$ 44,402
COMMON SHARE DATA:							
Net income basic	\$ 0.54	\$ 0.51	\$ 2.09	\$ 1.93	\$ 1.41	\$ 1.63	\$ 1.04
Net income diluted	0.53	0.50	2.06	1.90	1.40	1.61	1.02
Dividends paid per share	0.25	0.23	0.95	0.91	0.84	0.82	0.75
Book value per share	12.98	11.81	12.88	11.80	10.32	9.32	9.74
Common shares outstanding end of period	41,745	42,812	42,032	42,927	41,765	42,474	43,256
Basic weighted-average shares outstanding during the period	41,891	42,899	42,538	41,497	41,959	43,101	42,758
Diluted weighted-average shares outstanding during the period	42,355	43,549	43,113	42,065	42,260	43,722	43,461
BALANCE SHEET DATA:							
Total assets	\$ 5,816,539	\$ 5,557,581	\$ 5,792,019	\$ 5,631,775	\$ 4,904,547	\$ 5,069,160	\$ 4,567,899
Investment securities	1,350,286	1,473,583	1,285,490	1,428,716	1,245,334	1,472,553	927,316
Loans held for sale	478,706	223,388	582,718	368,625	203,831	117,825	720,607
Total loans, net of unearned income	3,495,781	3,491,455	3,573,161	3,502,334	3,192,494	3,170,096	2,652,391
Allowance for loan losses	46,985	47,889	47,387	47,408	40,532	39,599	39,189
Total deposits	3,975,954	3,818,901	3,900,848	3,787,793	3,391,449	3,260,985	3,493,058
Long-term borrowings	708,267	690,048	708,573	809,977	698,204	343,847	240,867
Total borrowings and other liabilities	1,298,712	1,233,044	1,349,632	1,337,453	1,082,228	1,412,245	653,310
Stockholders equity	541,873	505,636	541,539	506,529	430,870	395,930	421,531
Average assets	\$ 5,719,155	\$ 5,479,841	\$ 5,591,267	\$ 5,041,196	\$ 4,936,605	\$ 4,867,521	\$ 4,238,808
PERFORMANCE DATA:							
Return on average assets ⁽¹⁾	1.60%	1.61%	1.59%	1.59%	1.19%	1.44%	1.05%
Return on average stockholders equity ⁽¹⁾	16.67%	17.19%	16.73%	17.51%	14.41%	16.73%	10.77%
Net interest margin ⁽¹⁾	3.76%	4.16%	4.15%	4.12%	4.11%	4.12%	4.37%
Loans to deposits	87.92%	91.43%	91.60%	92.46%	94.13%	97.21%	75.93%
Dividend payout ratio	46.25%	45.23%	45.41%	47.63%	59.83%	50.35%	63.77%
ASSET QUALITY RATIOS:							
Nonperforming assets to total assets	0.36%	0.51%	0.34%	0.54%	0.30%	0.48%	0.49%

Edgar Filing: UNITED BANKSHARES INC/WV - Form S-4

Nonperforming loans to total loans	0.47%	0.41%	0.43%	0.50%	0.40%	0.65%	0.70%
Net loan charge-offs to average loans ⁽¹⁾	0.19%	0.19%	0.23%	0.33%	0.46%	0.28%	0.18%
Allowance for loan losses to total loans	1.34%	1.40%	1.33%	1.35%	1.27%	1.25%	1.48%
Allowance for loan losses to nonperforming loans	283.50%	327.24%	308.69%	269.52%	315.47%	190.91%	209.94%
REGULATORY CAPITAL RATIOS:							
Tier 1 risk-based capital	10.34%	10.31%	10.45%	10.01%	10.68%	10.64%	11.43%
Total risk-based capital	11.60%	11.71%	11.76%	11.37%	11.77%	11.75%	12.63%
Tier 1 leverage	8.12%	7.74%	7.96%	7.95%	8.17%	7.71%	8.52%

⁽¹⁾ Annualized for interim periods.

Table of Contents

Selected Consolidated Financial Information of Sequoia

The following selected consolidated financial information for each of the years ended December 31, 1998 through 2002 are derived from Sequoia's consolidated financial information. The following selected historical financial data for the three months ended March 31, 2003 and March 31, 2002 are derived from the unaudited consolidated financial information of Sequoia and include, in the opinion of Sequoia's management, all adjustments (consisting only of normal accruals) necessary to present fairly the data of such periods. You should not rely on the three-month information as being indicative of results that may be expected for the entire year or for any future interim period.

Table of Contents

SEQUOIA BANCSHARES, INC.
SELECTED CONSOLIDATED FINANCIAL INFORMATION

(Dollars in Thousands, Except Per Share Information)

	At or for the three months ended March 31,		At or for the year ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
INCOME STATEMENT DATA:							
Interest income	\$ 7,318	\$ 5,916	\$ 27,431	\$ 22,204	\$ 19,982	\$ 14,753	\$ 12,184
Interest expense	2,452	2,382	10,285	9,991	8,262	6,058	5,494
Net interest income	4,866	3,534	17,146	12,213	11,720	8,695	6,690
Provision for loan losses	150	195	295	1,005	260		
Net interest income after provision for loan losses	4,716	3,339	16,851	11,208	11,460	8,695	6,690
Noninterest income	1,041	664	3,322	2,225	1,454	1,169	943
Noninterest expense	3,625	3,162	13,402	11,446	9,853	7,635	6,277
Income before income taxes	2,132	841	6,771	1,987	3,061	2,229	1,356
Income taxes	744	295	2,144	586	410	(1,259)	20
Net income	\$ 1,388	\$ 546	\$ 4,627	\$ 1,401	\$ 2,651	\$ 3,488	\$ 1,336
COMMON SHARE DATA:							
Net income basic	\$ 0.56	\$ 0.22	\$ 1.88	\$ 0.55	\$ 1.04	\$ 1.37	\$ 0.52
Net income diluted	0.51	0.20	1.73	0.52	0.98	1.30	0.50
Dividends paid per share	0.025	0.025	0.10	0.10	0.10	0.10	0.00
Book value per share	10.84	7.89	10.47	7.94	7.40	6.09	5.30
Common shares outstanding end of period	2,462	2,496	2,462	2,498	2,554	2,549	2,549
Basic weighted-average shares outstanding during the period	2,462	2,496	2,461	2,529	2,554	2,549	2,549
Diluted weighted-average shares outstanding during the period	2,726	2,716	2,682	2,717	2,711	2,683	2,683
BALANCE SHEET DATA:							
Total assets	\$ 547,010	\$ 408,170	\$ 523,800	\$ 374,920	\$ 267,169	219,137	169,540
Investment securities	149,996	94,656	156,302	85,048	51,489	38,597	32,737
Total loans, net	343,147	251,341	324,341	253,659	188,843	149,222	118,929
Allowance for loan losses	3,762	3,597	3,767	3,291	2,703	2,561	2,368
Total deposits	407,090	305,740	404,966	281,114	215,458	164,368	135,323
Long-term borrowings	57,700	42,700	47,700	42,700	10,000	15,000	5,000
Stockholders equity	26,679	19,686	25,770	19,827	18,892	15,527	13,506
Average assets	\$ 526,200	\$ 375,645	\$ 450,298	\$ 312,896	\$ 242,632	\$ 188,570	\$ 156,488
PERFORMANCE DATA:							
Return on average assets ⁽¹⁾	1.07%	0.59%	1.03%	0.45%	1.09%	1.85%	0.85%
Return on average stockholders equity ⁽¹⁾	21.16	10.65	20.95	7.16	15.75	25.43	10.48
Net interest margin ⁽¹⁾	4.00	4.01	4.05	4.16	5.17	4.82	4.47
Loans to deposits	84.29	82.21	80.09	90.23	87.65	90.79	87.89

Edgar Filing: UNITED BANKSHARES INC/WV - Form S-4

Dividend payout ratio	4.46	11.36	5.32	18.18	9.62	7.30	0.00
ASSET QUALITY RATIOS:							
Nonperforming assets to total assets	0.06%	0.57%	0.06%	0.60%	0.88%	0.12%	0.14%
Nonperforming loans to total loans	0.10	0.93	0.09	0.89	1.24	0.04	0.03
Net loan charge-offs to average loans ⁽¹⁾	0.03	-0.10	-0.07	0.20	0.07	-0.14	-0.22
Allowance for loan losses to total loans	1.10	1.43	1.16	1.30	1.43	1.72	1.99
Allowance for loan losses to nonperforming loans	1,153.99	153.46	1,243.23	145.49	115.51	4,198.36	6,577.78
REGULATORY CAPITAL RATIOS:							
Tier 1 risk-based capital	9.07%	9.54%	9.16%	9.52%	9.18%	9.50%	10.20%
Total risk-based capital	10.38	11.67	10.51	11.70	10.44	10.80	11.40
Tier 1 leverage	6.46	7.26	6.44	7.58	6.80	6.80	7.30

⁽¹⁾ Annualized for interim periods.

Table of Contents

Summary of Historical and Pro Forma Per Share Selected Financial Data

Set forth below are the basic earnings, diluted earnings, cash dividends and book value per common share data for Sequoia and United on a historical basis, on a pro forma combined basis, and on a pro forma equivalent per common share of Sequoia.

The pro forma data was derived by combining the historical consolidated financial information of Sequoia and United using the purchase method of accounting for business combinations and assumes the transaction is completed as contemplated.

The Sequoia pro forma equivalent share information shows the effect of the merger from the perspective of an owner of Sequoia stock. The information was computed by multiplying the pro forma information by an exchange ratio of 1.4071 so that the per share amounts are equated to the respective amounts for one share of Sequoia stock. This represents the United common stock Sequoia shareholders will receive for each share of Sequoia common stock exchanged for stock.

The Sequoia pro forma equivalent share information is equated to the value for each share of Sequoia common stock being acquired. However, under the merger agreement elections will be limited by a requirement that 75% of the total number of outstanding shares of Sequoia common stock be exchanged for United common stock. Some stockholders may elect all cash for some or all of their shares equal to \$39.40 per share. Stockholders of Sequoia may also elect to exchange some of their shares for cash and some of their shares for United common stock. Therefore, the form of actual consideration Sequoia shareholders receive will depend in part on the elections of other Sequoia shareholders. For more information, see **What Sequoia Stockholders Will Receive in the Merger.**

You should read the information below together with historical financial statements and related notes and other information included and incorporated by reference in this proxy statement/prospectus. The unaudited pro forma combined data below is for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the merger, nor should you rely on the three-month information as being indicative of results expected for the entire year or for any future interim period.

Table of Contents

	At or for the Three Months Ended March 31, 2003	At or for the Year Ended December 31, 2002
Basic Earnings Per Common Share		
Sequoia historical	\$ 0.56	\$ 1.88
United historical	\$ 0.54	\$ 2.09
Pro forma combined	\$ 0.56	\$ 2.14
Pro forma equivalent per common share	\$ 0.78	\$ 3.01
Diluted Earnings Per Common Share		
Sequoia historical	\$ 0.51	\$ 1.73
United historical	\$ 0.53	\$ 2.06
Pro forma combined	\$ 0.54	\$ 2.09
Pro forma equivalent per common share	\$ 0.77	\$ 2.95
Cash Dividends Per Common Share		
Sequoia historical	\$0.025	\$ 0.10
United historical	\$ 0.25	\$ 0.95
Pro forma combined ⁽¹⁾	\$ 0.25	\$ 0.95
Pro forma equivalent per common share Sequoia	\$ 0.35	\$ 1.34
Book Value Per Common Share		
Sequoia historical	\$10.84	\$10.47
United historical	\$12.98	\$12.88
Pro forma combined	\$14.22	\$14.18
Pro forma equivalent per common share Sequoia	\$20.01	\$19.95

⁽¹⁾ Pro forma dividends per share represent United's historical dividends per share.

Table of Contents**Comparative Market Prices and Dividend Information**

United common stock is traded on the NASDAQ National Market System under the symbol UBSI. Sequoia's common stock is not listed on any exchange or on the NASDAQ and trades are infrequent. As of the record date for the Sequoia special meeting, there were [] shares of Sequoia common stock outstanding, which were held by approximately [] holders of record.

The following table sets forth during the periods indicated the high and low sales prices of United common stock as reported on the NASDAQ National Market and the dividends declared per share of United and Sequoia common stock.

	United		Sequoia	
	Market Price		Dividends Per Share	Dividends Per Share
	High	Low		
2003				
Second Quarter	\$30.93	\$27.40	\$0.25	\$0.025
First Quarter	\$30.51	\$27.00	\$0.25	\$0.025
2002				
Fourth Quarter	\$31.50	\$26.09	\$0.25	\$0.025
Third Quarter	\$31.65	\$24.88	\$0.24	\$0.025
Second Quarter	\$32.25	\$27.18	\$0.23	\$0.025
First Quarter	\$29.97	\$27.56	\$0.23	\$0.025
2001				
Fourth Quarter	\$29.50	\$26.25	\$0.23	\$0.025
Third Quarter	\$28.33	\$23.20	\$0.23	\$0.025
Second Quarter	\$27.00	\$21.55	\$0.23	\$0.025
First Quarter	\$23.25	\$19.44	\$0.22	\$0.025

The following table shows the closing price per share of United common stock on ⁽¹⁾ April 4, 2003, which was the last trading day preceding public announcement of the merger agreement, and (2) [insert date], which was the last full trading day for which closing prices were available at the time of the printing of this document. The following table also includes the equivalent market value per share of Sequoia common stock on those dates.

	Historical Market Value Per Share	Equivalent Market Value Per Share of Sequoia ⁽¹⁾
	United	
April 4, 2003	\$28.52	\$ 40.13
[insert date]	\$____	\$

⁽¹⁾ The equivalent market value per share of Sequoia is based upon the exchange ratio of 1.4071 multiplied by the closing price per share of the United common stock on the specified date.

You are advised to obtain current market quotations for the United common stock. The market price of the United common stock at the effective time of the merger or at the time stockholders of Sequoia receive certificates evidencing shares of United common stock may be higher or lower than the market price at the time the merger agreement was executed, at the date of mailing of this document or at the time of the special meeting.

Table of Contents

RISK FACTORS

An investment in United's common stock in connection with the merger involves certain risks. In considering the proposal to approve the merger you should carefully consider the following risk factors in addition to the other information contained in this proxy statement/prospectus:

United may be unable to manage effectively the new assets it acquires.

As a result of the merger, United's total assets will increase by approximately 11.0% or \$642.0 million (based on March 31, 2003, balance sheet data). United's ability to integrate Sequoia into United's operations successfully depends on its ability to

control costs;

increase revenue;

maintain positive customer relations;

maintain regulatory compliance; and

attract, assimilate and retain qualified personnel.

If United fails to successfully integrate Sequoia's operations with its own operations, United may experience interruptions in its business which may have an adverse impact on its business, financial condition or results of operations. The significant integration issues that United must address include

Successful integration of these operations could be more expensive than anticipated and take longer than anticipated;

During the integration process, other parts of United's operations could be adversely affected as a result of the diversion of management's attention; and

The failure to integrate Sequoia's operations satisfactorily may also affect United's ability to operate in a manner consistent with safe and sound banking practices.

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

United's earnings, like most financial institutions, are significantly dependent on its net interest income. Net interest income is the difference between the interest income United earns on loans and other assets which earn interest and the interest expense incurred to fund those assets, such as on savings deposits and borrowed money. Therefore, changes in general market interest rates, such as a change in the monetary policy of the Board of Governors of the Federal Reserve System or otherwise beyond those which are contemplated by United's interest rate risk model and policy could have an effect on net interest income. For more information concerning United interest rate risk model and policy, see the discussion under the heading "Market Risk" in United's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, which is incorporated herein by reference.

United's officers and directors will own a substantial number of shares after the merger and could exert significant influence on matters submitted to its stockholders.

After completion of the merger, two of Sequoia's directors will become directors of United. Together with United's current executive officers, directors and principal stockholders, they will beneficially own approximately % of the outstanding shares of United common stock. As a result, these stockholders, if they act together, could significantly influence the outcome of matters submitted to the stockholders for a vote, including the election of directors, the approval of mergers and other business.

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

Table of Contents

United's success is dependent upon the continued service and skills of its executive officers and senior management. If United loses the services of these key personnel, it could have a negative impact on United's business because of their skills, years of industry experience and the difficulty of promptly finding qualified replacement personnel. The services of Richard M. Adams, United's Chief Executive Officer, would be particularly difficult to replace. United and Mr. Adams are parties to an Employment Agreement providing for his continued employment by United through March 31, 2008.

United operates in a highly competitive market.

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

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

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

The declaration and payment of future cash dividends will depend on, among other things, United's earnings, the general economic and regulatory climate, United's liquidity and capital requirements, and other factors deemed relevant by United's board of directors. Federal Reserve Board policy limits the payment of cash dividends by bank holding companies and requires that a holding company serve as a source of strength to its banking subsidiaries.

United's principal source of funds to pay dividends on its common stock is cash dividends from its subsidiaries. The payment of these dividends by its subsidiaries is also restricted by federal and state banking laws and regulations. As of March 31, 2003, an aggregate of approximately \$17,860,000 was available for dividend payments from United Bank - Virginia and none from United Bank - West Virginia to United without regulatory approval.

United's business is concentrated in the West Virginia and Northern Virginia market areas and a downturn in the local economies may adversely affect its business.

United's business is concentrated in the West Virginia and Northern Virginia market areas. As a result, its financial condition, results of operations and cash flows are subject to changes if there are changes in the economic conditions in these areas. A prolonged period of economic recession or other adverse economic conditions in one or both of these areas could have a negative impact on United. United can provide no assurance that conditions in its market area economies will not deteriorate in the future and that such a deterioration would not have a material adverse effect on United.

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

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

Management establishes the allowance based upon many factors, including but not limited to:

Table of Contents

historical loan loss experience;

industry diversification of the commercial loan portfolio;

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

the amount of nonperforming loans and related collateral security;

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

volume, growth and composition of the loan portfolio; and

other factors management believes are relevant.

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

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

Table of Contents

FORWARD-LOOKING INFORMATION

Statements and financial discussion and analysis by United contained in this proxy statement/prospectus that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks and uncertainties. The important factors that could cause actual results to differ materially from the forward-looking statements include, without limitation:

The Merger

The ability to fully realize cost savings from the merger in the expected time frame;

Greater than expected costs of integrating Sequoia into United; and

Unexpected levels of losses of customers, deposits, or revenues.

Interest Rates and Economy

Changes in interest rates and economic conditions;

Changes in the levels of loan prepayments and the resulting effects on the value of United's loan portfolio;

Changes in local economic and business conditions adversely affecting United's borrowers and their ability to repay their loans according to their terms or the value of the related collateral; and

Changes in local economic and business conditions adversely affecting United's customers other than borrowers and their ability to transact profitable business with United.

Competition and Product Availability

Increased competition for deposits and loans adversely affecting rates and terms; and

Various strategic alternatives that United considers from time to time, including acquisitions of other depository institutions, their assets or their liabilities on favorable terms, and United's successful integration of any such acquisitions.

Asset Management

Increased credit risk in United's assets and increased operating risk caused by a material change in commercial, consumer and/or real estate loans as a percentage of the total loan portfolio;

The failure of assumptions underlying the establishment of and provisions made to the allowance for loan losses; and

Incurrence of higher-than-anticipated loan losses at Sequoia after the merger.

Liquidity and Capital

Changes in the availability of funds resulting in increased costs or reduced liquidity;

Table of Contents

Changes in United's ability to pay dividends on its common stock;

Increased asset levels and changes in the composition of assets and the resulting impact on United's capital levels and regulatory capital ratios; and

United's ability to fund its mortgage banking operations.

Systems

United's ability to acquire, operate and maintain cost effective and efficient systems; and

Unexpectedly difficult or expensive, but necessary technological changes.

Personnel

The loss of senior management or operating personnel and the potential inability to hire qualified personnel at reasonable compensation levels.

Tax, Regulatory, Compliance and Legal

Changes in applicable statutes and government regulations or their interpretations;

Claims of United's noncompliance with statutory and regulatory requirements; and

Changes in the status of litigation to which United is a party.

Table of Contents

INFORMATION ABOUT THE MEETING AND VOTING

Sequoia's board is using this proxy statement/prospectus to solicit proxies from the stockholders of record as of _____, 2003, of Sequoia common stock for use at the Sequoia special meeting. In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization dated as of April 4, 2003, among United, a wholly-owned subsidiary, and Sequoia as provided in the merger agreement. Proxies may be voted on other matters that may properly come before the Sequoia special meeting, if any, at the discretion of the proxy holders. Sequoia's board knows of no such other matters except those incidental to the conduct of the meeting. A copy of the merger agreement is attached as Annex A.

Matters Relating to the Special Meeting of Sequoia Stockholders

Time and Place:

____ a.m., Eastern Time

Purpose of Meeting:

To vote on the proposed merger of Sequoia and United pursuant to which Sequoia will merge with a wholly-owned subsidiary of United.

Required Vote:

Approval of the merger requires the affirmative vote of a majority of the outstanding shares of common stock.

Record Date:

The record date for shares entitled to vote is the close of business on _____, 2003.

Outstanding Shares Held Record Date:

On _____, _____ shares of Sequoia common stock were outstanding.

Shares Entitled to Vote:

Shares entitled to vote are Sequoia common stock held at the close of business on the record date, _____. Each share of Sequoia common stock that you own entitles you to one vote. Shares held by Sequoia as treasury stock are not voted.

Quorum Requirements:

A quorum of stockholders is necessary to hold a valid meeting. The presence in person or by proxy at the meeting of holders of shares representing a majority of the shares of the Sequoia common stock outstanding and entitled to vote at the meeting is a quorum. Abstentions and broker non-votes count as present for establishing a quorum. Shares held by Sequoia as treasury stock do not count toward a quorum.

Table of Contents

Broker Non-Votes and Abstentions:

The proposal to approve the merger is a nondiscretionary item, meaning that brokerage firms cannot vote shares in their discretion on behalf of a client if the client has not given voting instructions. Accordingly, broker non-vote shares will not be counted as votes cast on that proposal. Shares with respect to which proxies have been marked as abstentions also will not be counted as votes cast on that proposal. Abstentions and broker non-votes will have the same effect as a vote against the merger agreement.

Beneficial Ownership of Directors and Executive Officers:

As of _____, 2003, directors and executive officers beneficially owned _____ shares of Sequoia common stock, excluding exercisable options. These shares represent in total approximately ____% of the voting power of Sequoia's common stock.

Voting and Revocation of Proxies

The shares of Sequoia common stock represented by properly completed proxies received at or before the time for the meeting (or any adjournment) will be voted as directed by the respective stockholders unless the proxies are revoked as described below. If no instructions are given, executed proxies will be voted FOR the approval of the merger agreement, and executed but unmarked proxies will be voted FOR the approval of the merger agreement. If any other matters are properly presented at the meeting and voted upon, the proxies solicited hereby will be voted on those matters at the discretion of the proxy holders named therein. If your shares are held in street name by a broker or other nominee, you must provide your broker or other holder instructions on how to vote your shares. If you do not provide these instructions, you will not be permitted to vote your shares on the merger.

You may revoke any proxy given pursuant to this solicitation at any time before it is voted. Proxies may be revoked by:

filing with the Secretary of Sequoia, at or before the taking of the vote at the special meeting, a written notice of revocation bearing a later date than the revoked proxy;

properly executing and completing a later-dated proxy relating to the same shares and delivering it to the Secretary before the taking of the vote at the special meeting ; or

attending the special meeting and voting in person, although attendance at the special meeting will not by itself constitute a revocation of a proxy.

If your shares are not registered in your name, you will need additional documentation from your record holder to vote the shares in person.

Table of Contents

You should send any written notice of revocation or subsequent proxy to the address below, or hand deliver it to the Corporate Secretary at or before the taking of the vote at the special meeting.

Sequoia Bancshares, Inc.
2 Bethesda Metro Center, Suite 1500
Bethesda, Maryland 20814
Attention: Corporate Secretary

If your shares are held by a broker in street name and you wish to change the instructions you have given your broker about how to vote your shares, you must follow the instructions provided by the broker in order to change your vote.

Solicitation of Proxies; Expenses

In connection with Sequoia's special meeting, proxies are being solicited by, and on behalf of, Sequoia's board. Sequoia will bear the cost of soliciting proxies from its stockholders. In addition to solicitation by mail, proxies may be solicited from stockholders by directors, officers and employees of Sequoia and SequoiaBank in person or by telephone, facsimile or other means of communication. These directors, officers and employees will not receive additional compensation for soliciting proxies, but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation. Arrangements will be made with brokerage houses, custodians, nominees and fiduciaries for the forwarding of proxy solicitation materials to beneficial owners of shares and Sequoia will reimburse them for their reasonable expenses incurred in forwarding the materials.

Appraisal Rights for Sequoia Stockholders

If the merger agreement is approved and adopted by the Sequoia stockholders, holders of Sequoia common stock who delivered a written demand for appraisal to Sequoia prior to the vote on the merger agreement at Sequoia's special meeting and did not vote in favor of approval and adoption of the merger agreement will be entitled to receive the fair value of their shares under Section 262 of the Delaware General Corporation Law. The text of this law is attached to this proxy statement/prospectus as Annex C.

Table of Contents

THE MERGER

General

In the merger, Sequoia will be merged into a wholly-owned subsidiary of United and will become a wholly-owned subsidiary of United. SequoiaBank, Sequoia's subsidiary bank, will be merged into United Bank, United's Virginia subsidiary bank. If the merger is completed, stockholders of Sequoia will receive, for each share of Sequoia common stock owned, either 1.4071 shares of United common stock or \$39.40 cash, subject to election, allocation and proration procedures contained in the merger agreement. No fractional shares of United common stock will be issued, but an additional cash payment will be made instead. Options to purchase Sequoia common stock will be converted into options to purchase the number of shares of United common stock equal to the number of shares of Sequoia common stock subject to the option multiplied by 1.4071, and no cash will be paid to option holders.

United's Reasons for the Merger

The merger is consistent with United's plan to have operations, offices and distinct capabilities in every market of its choice within its region. The merger should enhance the banking platform for future growth and expansion in the Washington, D.C. metropolitan area. United believes that, in addition to expanding United's presence in very attractive markets, the merger provides an opportunity to enhance United's stockholder value with the prospects of positive long-term performance of United's common stock. United believes that the merger is a strategic fit between United and Sequoia given the compatibility of the management and business philosophy of each company. Enhanced opportunities should result from the merger by eliminating redundant or unnecessary costs and enhancing revenue growth prospects.

Background of the Merger

In late August 2002, an officer of a large regional bank holding company (Company A) contacted James Tardiff, Chairman and Chief Executive Officer of Sequoia, and stated that since he would be in the Washington, D.C. area he would like to meet Mr. Tardiff so that he could introduce himself and Company A. Mr. Tardiff and J. Paul McNamara, the President and Chief Operating Officer of Sequoia, met with the officer of Company A, at which time they had general discussions regarding Company A, Company A's recent acquisitions in Virginia and Company A's prospects for expanding its operations in Northern Virginia.

After this initial meeting, the officer of Company A contacted Mr. Tardiff and suggested discussions regarding a possible business combination between Sequoia and Company A. In mid-September 2002, Mr. Tardiff and Mr. McNamara met with officers of Company A to discuss the possible acquisition of Sequoia by Company A.

From time to time over the past several years, various financial institutions have informally expressed an interest in a business combination with Sequoia and Sequoia's board of directors has considered the possibility of a business combination among the other strategic options available to it. On September 24, 2002, as part of a previously scheduled board retreat at which Sandler O'Neill had been requested to address the Sequoia board of directors on a variety of strategic matters, representatives of Sandler O'Neill discussed Company A's expression of interest in the context of other strategic options available to Sequoia. Sander O'Neill reported to the directors on the status of equity markets for financial institutions, recent mergers and acquisition activity among financial institutions, various strategic alternatives available to Sequoia, and the performance and valuation of Sequoia relative to its peers. In the discussion following Sandler O'Neill's presentation, the board of directors noted that Sequoia's recent rapid

Table of Contents

growth had reduced its regulatory capital ratios and that significant further growth may not be possible without additional capital. The board of directors also noted the increasing level of competition in Sequoia's market area by large regional bank holding companies and considered whether Sequoia had adequate resources, both technical and human, to support additional growth. At the conclusion of its discussions, the board of directors authorized management to pursue further discussions with Company A and to engage Sandler O'Neill to assist Sequoia in such discussions.

In early October 2002, Company A executed a confidentiality agreement and Sandler O'Neill, with the assistance of Sequoia's management, assembled a package of information regarding Sequoia. The information package was delivered to Company A in late October.

Over the next several weeks, officers of Company A and Sequoia discussed the nature of a possible acquisition of Sequoia by Company A. During this period, representatives of Sandler O'Neill also spoke with officers of Company A. The primary focus of the conversations between Sandler O'Neill and Company A was the proposed purchase price.

On November 13 through 15, 2002, officers of Sequoia attended an industry conference in Florida. While at the conference, officers of Sequoia and Company A met for several hours, but did not discuss the specific terms of the proposed business combination between Sequoia and Company A. At the conference, Mr. Tardiff and Mr. McNamara met Richard Adams, the President and Chief Executive Officer of United, at one of the conference functions, where they had the opportunity to become acquainted with each other and their respective companies.

In late November, 2002, representatives of Sandler O'Neill continued discussions with officers of Company A regarding the proposed terms of the acquisition of Sequoia, with particular focus on the price.

On December 3, 2002, Company A delivered to Sequoia a non-binding written offer to acquire Sequoia.

On December 4, 2002, at a meeting of the board of directors, Sandler O'Neill reviewed the proposal from Company A, updated its review of Sequoia, discussed the performance of Company A, presented an imputed valuation analysis of Sequoia and identified a number of other companies that were potential acquirors of Sequoia. The board of directors discussed the information provided by Sandler O'Neill and concluded that the price offered by Company A was inadequate. Based on its experience with Company A, the board of directors concluded that if Sequoia were to delay any further consideration of a business combination until after the first quarter of 2003, it should be able to command a higher price based on the strength of its recent earnings.

Following the board meeting, Sandler O'Neill communicated to Company A that the Sequoia board had found the proposed price to be insufficient. Company A did not respond with an increased offer and made no further effort to resume discussions with Sequoia.

In early February 2003, Mr. Adams contacted Mr. Tardiff to arrange a meeting. On February 25, 2003, Mr. Adams met with Mr. Tardiff and Mr. McNamara, at which time he expressed an interest in acquiring Sequoia. The Sequoia officers told Mr. Adams that the Sequoia board of directors had an upcoming meeting with Sandler O'Neill at which Sandler O'Neill would be addressing Sequoia's strategic options. Mr. Adams expressed a desire to avoid an auction process and told the Sequoia officers that he would contact them after the upcoming board meeting.

On March 10, 2003, the board of directors met with Sandler O'Neill in Sandler O'Neill's offices in New York. At this meeting, representatives of Sandler O'Neill updated the directors on mergers and acquisitions activity among financial institutions and reviewed Sequoia's capital needs. Sandler O'Neill

Table of Contents

also discussed with the Sequoia board of directors an analysis of the most likely purchasers of Sequoia, including an analysis of the capacity of such companies to pay the acquisition price. One of the companies discussed by Sandler O'Neill was United. Following a discussion of Sandler O'Neill's presentation, the Sequoia board of directors authorized management and Sandler O'Neill to update the information provided to Company A to reflect the first quarter of 2003 and to contact the companies discussed with Sandler O'Neill to determine their interest in a business combination with Sequoia. The board of directors was made aware of United's interest and considered the possibility that United would attempt to make a preemptive offer.

On March 11, 2003, before Sandler O'Neill began to initiate contacts on behalf of Sequoia, Mr. Adams contacted Mr. Tardiff to express United's continued interest in acquiring Sequoia. Mr. Adams explained that United did not wish to participate in a bidding process and stated that United would make an offer that fully valued Sequoia if Sequoia would provide United with a brief period during which Sequoia would deal exclusively with United.

Mr. Adams initially offered to exchange each share of Sequoia common stock for 1.0 share of United common stock plus \$10.00 in cash. Based on United's trading price of \$28.00 at that time, United's offer had a value of \$38.00 per share of Sequoia common stock, which was significantly above the amount that had been offered by Company A the previous December. Following discussions with representatives of Sandler O'Neill, United agreed to increase its offer to 1.05 shares of United common stock plus \$10.00 in cash.

On March 20, 2003, United delivered a non-binding written indication of interest to Sandler O'Neill that indicated an offer to acquire Sequoia for a combination of 1.05 shares of United common stock and \$10.00 per share in cash. The letter expressed United's willingness to appoint Mr. Tardiff and Mr. McNamara to its board and to the board of United Bank-Virginia, to honor their existing employment agreements, and to engage Mr. Tardiff as a consultant and employ Mr. McNamara as an officer following the consummation of the merger.

Later on March 20, 2003, the Sequoia board of directors held a meeting at which Mr. Tardiff and a representative of Sandler O'Neill informed the board of the status of discussions with United and the receipt of the written expression of interest. The Sequoia board of directors considered that the value of the consideration offered by United was at the high end of the expected valuation range, that United common stock had performed well in recent years, that United had a history of annual dividend increases, that management considered United to be a good fit with Sequoia, and that several of the other companies discussed with Sandler O'Neill were likely to pass on the opportunity to acquire Sequoia because they were preoccupied with pending acquisitions. As a result of this discussion, the Sequoia board of directors concluded that the proposed transaction with United presented an excellent opportunity that could be lost if Sequoia proceeded with the plan to solicit indications of interest from the companies on Sandler O'Neill's list. The board of directors authorized management to pursue discussions with United and agreed to deal exclusively with United for a period of two weeks.

On March 24, 2003, Sequoia and United executed a confidentiality agreement. On March 24 and 25, 2003, representatives of United conducted a due diligence review of Sequoia at Sequoia's administrative office. Over the following few days, representatives of United and Sequoia continued to discuss the results of United's due diligence review.

On March 27, 2003, United's counsel provided Sequoia and its counsel with a draft of the merger agreement. Representatives of Sequoia and United negotiated the merger agreement and the other ancillary documents over the next few days. At Sequoia's request, United agreed to provide Sequoia stockholders with the opportunity to receive either United common stock or cash rather than exchanging each Sequoia share for 1.05 shares of United plus \$10.00 in cash. Based on a price of \$28.00 per share of United common

Table of Contents

stock, 1.05 shares of United common stock plus \$10.00 had a total value of \$39.40. Based on this value, United agreed to provide Sequoia stockholders the opportunity to receive either 1.4071 shares of United common stock or \$39.40 in cash in exchange for their shares of Sequoia common stock, subject to the requirement that 75% of the Sequoia shares be exchanged for United common stock.

On March 30, 2003, representatives of Sequoia conducted a due diligence examination of United at United's Northern Virginia offices, which included a review of the loan portfolios of both United-Virginia and United-West Virginia.

On April 2, 2003, a special meeting of the Sequoia's board of directors was convened to update the board as to the status of the negotiations. Sequoia's legal counsel reviewed with the board the latest proposed financial terms offered by United. Sequoia's legal counsel then reviewed the board's fiduciary obligations to stockholders and its obligations in reviewing the agreement and in considering the proposed transaction with United.

Also on April 2, 2003, representatives of Sandler O'Neill and Sequoia's legal counsel conducted a due diligence examination of United at United's corporate offices in Parkersburg, West Virginia.

On April 4, 2003, at a special meeting of the board of directors of Sequoia, Sandler O'Neill reviewed with the board Sequoia's and United's financial, operational and stock performance on a historical and pro forma basis under various assumptions, the current mergers and acquisitions market for financial institutions and Sequoia's and United's historical and current market value and projected market value under various scenarios. Sandler O'Neill then reviewed the financial aspects of the proposed transaction that had been negotiated and delivered an oral opinion, later confirmed in writing, that the merger consideration was fair to Sequoia's stockholders from a financial point of view. The board of directors considered this opinion carefully, as well as Sandler O'Neill's experience, qualifications and interest in the transaction. The board of directors was informed of the findings of the due diligence review conducted by management and Sequoia's legal and financial advisors. In addition, Sequoia's board of directors reviewed the merger agreement and ancillary documents at length with legal counsel. After extensive review and discussion, Sequoia's board of directors unanimously approved the transaction and instructed management to execute and deliver the merger agreement.

Sequoia's Reasons for the Merger

The board of directors of Sequoia has determined that the merger is fair to, and in the best interests of, Sequoia and its stockholders. In approving the merger agreement, the Sequoia board consulted with its financial advisor with respect to the financial aspects and fairness of the transaction from a financial point of view and with its legal counsel as to its legal duties and the terms of the merger agreement. In arriving at its determination, the Sequoia board also considered a number of factors, including the following:

The results that could be obtained by continuing to operate independently, and the likely benefits to stockholders, compared with the value of the merger consideration being offered by United.

Information concerning the business, earnings, operations, financial condition and prospects of Sequoia and United, both individually and as combined.

The compatibility of the respective business and management philosophies of Sequoia and United.

The results of the due diligence review conducted on United, including the likelihood of the transaction receiving the requisite regulatory approvals in a timely manner.

Table of Contents

An assessment of United's ability to pay the aggregate merger consideration.

The opinion rendered by Sandler O'Neill, as financial advisor to Sequoia, that the merger consideration is fair, from a financial point of view, to Sequoia's stockholders.

The terms of the merger agreement and the structure of the merger, including the fact that the merger is intended to qualify as a transaction of a type that is generally tax-free for U.S. federal income tax purposes to the extent that United common stock is received.

The option of Sequoia stockholders to satisfy their own investment interests by receiving cash, United common stock or a combination of both cash and United common stock for their shares of Sequoia common stock.

The absence of any trading market for shares of Sequoia common stock compared to the NASDAQ listing and active trading market for shares of United common stock.

The ability of the Sequoia board of directors to terminate the merger agreement if the value of United common stock declines by more than 20% from its price after the announcement of the merger and underperforms by 15% or more an index of banking companies during the same time period.

The receipt of a higher dividend payout and dividend yield from United and United's practice of increasing its dividend on a regular basis.

The appointment of two members of Sequoia's board to the boards of directors of United and United Bank.

United's willingness to honor Sequoia's existing employment agreements and benefit plans.

The current and prospective economic, competitive and regulatory environment facing Sequoia and independent community banking institutions generally, which is characterized by continuing consolidation in metropolitan Washington, D.C. and increased nationwide, statewide and local competition.

The effect of the merger on Sequoia's depositors, customers and the communities served by Sequoia. The acquisition by United was deemed to be an opportunity to provide depositors, customers and the communities served by SequoiaBank with increased financial services and more branch offices.

Table of Contents

The discussion and factors considered by the directors of Sequoia is not intended to be exhaustive, but includes all material factors considered. In approving and recommending the merger, the directors of Sequoia did not assign any specific or relative weights to any of the foregoing factors and individual directors may have weighted factors differently.

Recommendation of Sequoia's Board of Directors

After careful consideration, Sequoia's board of directors has determined that the merger agreement is advisable, in the best interests of Sequoia's stockholders and on terms that are fair to the stockholders of Sequoia. Accordingly, the board of directors of Sequoia has approved the merger agreement and recommends that Sequoia stockholders vote **FOR** approval of the merger agreement.

Opinion of Sequoia's Financial Advisor

Sequoia's board of directors and senior management have consulted periodically with Sandler O'Neill regarding Sequoia's strategic options and related financial matters. By letter dated March 25, 2003, Sequoia retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination with a second party. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Sequoia in connection with the proposed merger and participated in certain of the negotiations leading to the merger agreement. At the April 4, 2003 meeting at which Sequoia's board considered and approved the merger agreement, Sandler O'Neill delivered to the board its oral opinion, subsequently confirmed in writing, that, as of such date, the merger consideration was fair to Sequoia's stockholders from a financial point of view. Sandler O'Neill has also delivered to the board a written opinion dated the date of this proxy statement/prospectus, which is substantially identical to its April 4th opinion. In rendering its updated opinion, Sandler O'Neill confirmed the appropriateness of its reliance on the analyses used to render its earlier opinion by reviewing the assumptions upon which its analyses were based, performing procedures to update certain of its analyses and reviewing the other factors considered in rendering its opinion. **The full text of Sandler O'Neill's updated opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. We urge you to read the entire opinion carefully in connection with your consideration of the proposed merger.**

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the Sequoia board and is directed only to the fairness of the merger consideration to Sequoia stockholders from a financial point of view. It does not address the underlying business decision of Sequoia to engage in the merger or any other aspect of the merger and is not a recommendation to any Sequoia stockholder as to how such stockholder should vote at the special meeting with respect to the merger, the form of consideration a stockholder should elect in the merger or any other matter.

Table of Contents

In connection with rendering its April 4, 2003 opinion, Sandler O'Neill reviewed and considered, among other things:

- (1) the Agreement, together with certain of the annexes and schedules thereto;
- (2) certain financial statements and other historical financial information of Sequoia that it deemed relevant;
- (3) certain publicly available financial statements and other historical financial information of United that it deemed relevant;
- (4) internal earnings projections for Sequoia for the years ending December 31, 2003, 2004 and 2005 prepared by and reviewed with management of Sequoia and the views of senior management of Sequoia, based on discussions with members of senior management, regarding Sequoia's business, financial condition, results of operations and prospects;
- (5) earnings per share estimates for United for the years ending December 31, 2003 and 2004 published by I/B/E/S, and the views of senior management of United, based on limited discussions with members of senior management, regarding United's business, financial condition, results of operations and prospects;
- (6) the pro forma financial impact of the merger on United, based on assumptions relating to earnings projections, transaction expenses, purchase accounting adjustments and cost savings determined by the senior managements of Sequoia and United;
- (7) a comparison of certain financial information of Sequoia with similar publicly available information for certain other companies the securities of which are publicly traded;
- (8) the publicly reported historical price and trading activity for United's common stock, including a comparison of certain financial and stock market information for United with similar publicly available information for certain other companies the securities of which are publicly traded;
- (9) the financial terms of certain recent business combinations in the commercial banking industry, to the extent publicly available;
- (10) the current market environment generally and the banking environment in particular; and
- (11) such other information, financial studies, analyses and investigations and financial, economic and market criteria as it considered relevant.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill assumed and relied upon the accuracy and completeness of all the financial information, analyses and other information that was publicly available or otherwise furnished to, reviewed by or discussed with it and further relied on the assurances of management of Sequoia and United that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Sandler O'Neill was not asked to and did not independently verify the accuracy or completeness of any of such information nor did it assume any responsibility or liability for the accuracy or completeness of any of such information. Sandler O'Neill did not make an independent evaluation or appraisal of the assets, the collateral securing assets or the liabilities, contingent or otherwise, of Sequoia or United or any of their respective subsidiaries, or the collectability of any such assets, nor was it furnished with any such evaluations or appraisals. Sandler O'Neill is not an expert in the evaluation of allowances for loan losses and it did not

Table of Contents

make an independent evaluation of the adequacy of the allowance for loan losses of Sequoia or United, nor did it review any individual credit files relating to Sequoia or United. With Sequoia's consent, Sandler O'Neill assumed that the respective allowances for loan losses for both Sequoia and United were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. In addition, Sandler O'Neill did not conduct any physical inspection of the properties or facilities of Sequoia or United. Sandler O'Neill is not an accounting firm and it relied, with Sequoia's consent, on the reports of the independent accountants of Sequoia and United for the accuracy and completeness of the audited financial statements furnished to them.

Sandler O'Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Sandler O'Neill assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement are true and correct, that each party to the merger agreement will perform all of the covenants required to be performed by such party under the merger agreement and that the conditions precedent in the merger agreement are not waived. Sandler O'Neill also assumed, with Sequoia's consent, that there has been no material change in Sequoia's or United's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that Sequoia and United will remain as going concerns for all periods relevant to its analyses, and that the merger will qualify as a tax-free reorganization for federal income tax purposes.

In rendering its April 4th, 2003 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Sequoia or United and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Sequoia or United and the companies to which they are being compared.

The earnings projections for Sequoia and United used and relied upon by Sandler O'Neill in its analyses were based upon internal projections in the case of Sequoia and on published I/B/E/S consensus earnings estimates in the case of United. With respect to such financial projections and all projections of transaction costs, purchase accounting adjustments and expected cost savings relating to the merger, Sequoia's and United's managements confirmed to Sandler O'Neill that they reflected the best currently available estimates and judgments of such managements of the future financial performance of Sequoia and United, respectively, and Sandler O'Neill assumed for purposes of its analyses that such performances would be achieved. Sandler O'Neill expressed no opinion as to such financial projections or the assumptions on which they were based. The financial projections for Sequoia were prepared for internal purposes only and not with a view towards public disclosure. These projections, as well as the other estimates used by Sandler O'Neill in its analyses, were based on numerous variables and assumptions

Table of Contents

which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Sequoia, United and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Sequoia board at the April 4th meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of Sequoia's or United's common stock or the price at which Sequoia's or United's common stock may be sold at any time.

Summary of Proposal. Sandler O'Neill reviewed the financial terms of the proposed transaction. Based upon the closing price of United's common stock on April 3, 2003 of \$28.27 and assuming 75% of Sequoia's shares are converted into United stock and the remaining 25% are converted into cash in the merger, Sandler O'Neill calculated an implied transaction value of \$39.68 per share. Based upon Sequoia's December 2002 financial information, Sandler O'Neill calculated the following ratios:

Transaction Ratios

Transaction value/LTM earnings	23.61x
Transaction value/ Estimated 2003 earnings ⁽¹⁾	19.03x
Transaction value/Tangible book value per share	379.13%
Transaction value/Stated book value per share	379.13%
Tangible book premium/Core deposits ⁽²⁾	24.54%

(1) Based on internal projections.

(2) Assumes Sequoia's core deposits total \$340.2 million.

The aggregate transaction value was approximately \$109.3 million, based upon 2.46 million shares of Sequoia common stock outstanding and including the intrinsic value of 348,204 stock options outstanding with a weighted average strike price of \$6.51 per share.

Stock Trading History. Sandler O'Neill reviewed the history of the reported trading prices and volume of United's common stock and the relationship between the movements in the prices of United's common stock to movements in certain stock indices, including the Standard & Poor's 500 Index, the S&P Bank Index, the NASDAQ Bank Index and the median performance of a composite peer group of publicly traded regional commercial banks selected by Sandler O'Neill. During the one-year period ended April 2, 2003, United's common stock underperformed the peer group and outperformed each of the other indices to which it was compared.

Table of Contents**United's One-Year Stock Performance**

	Beginning Index Value April 2, 2002	Ending Index Value April 2, 2003
Regional Group	100.00%	101.68%
United	100.00	96.85
NASDAQ Bank Index	100.00	95.27
S&P Bank Index	100.00	87.66
S&P 500 Index	100.00	77.49

During the three-year period ended April 2, 2003, United's stock outperformed the S&P 500 and S&P Bank indices and underperformed the NASDAQ Bank index and the peer group.

United's Three-Year Stock Performance

	Beginning Index Value March 31, 2000	Ending Index Value April 2, 2003
Regional Group	100.00%	148.55%
NASDAQ Bank Index	100.00	145.18
United	100.00	130.00
S&P Bank Index	100.00	104.63
S&P 500 Index	100.00	58.78

Comparable Company Analysis. Sandler O'Neill compared selected financial information for Sequoia and two groups of selected financial institutions for which financial information was publicly available. The first group, or Regional Group, consisted of Sequoia and the following publicly traded regional commercial banks:

Chester Valley Bancorp, Inc.
Bryn Mawr Bank Corp.
Old Point Financial Corp.
Leesport Financial Corp.
C&F Financial Corp.
Eastern Virginia Bankshares Inc.

NSD Bancorp, Inc.
Long Island Financial Corp.
PSB Bancorp, Inc.
Comm Bancorp, Inc.
Penns Woods Bancorp, Inc.

Sandler O'Neill also compared Sequoia to a group of publicly traded commercial banks that had a return on average equity (based on earnings for the twelve months ended December 31, 2002) greater than 17% and a price-to-tangible book value greater than 220%. This second group, or Highly Valued Group, consisted of the following publicly traded institutions:

Virginia Commerce Bancorp, Inc.
First South Bancorp, Inc.
Cascade Bancorp
Bryn Mawr Bank Corp.
C&F Financial Corp.

Columbia Bancorp
United Security Bancshares
Redwood Empire Bancorp
Middleburg Financial Corp.
Vineyard National Bancorp

The analysis compared historical financial information for Sequoia and the median data for each of the Regional Group and the Highly Valued Group as of and for each of the years ended December 31, 1997

Table of Contents

through 2002. The table below sets forth the comparative data as of and for the twelve months ended December 31, 2002, with pricing data as of April 2, 2003.

Comparable Group Analysis

	<u>Sequoia</u>	<u>Regional Group</u>	<u>Highly Valued Group</u>
Total assets (<i>in thousands</i>)	\$523,800	\$540,290	\$548,124
Tangible equity/tangible assets	4.92%	9.10%	7.73%
Intangible assets/total equity	0.00%	0.01%	4.72%
Net loans/total assets	61.20%	64.76%	78.57%
Gross loans/total deposits	80.09%	85.08%	95.07%
Total borrowings/total assets	17.27%	11.18%	5.90%
Non-performing assets/total assets	0.09%	0.23%	0.28%
Loan loss reserve/gross loans	1.16%	1.21%	1.43%
Net interest margin	4.04%	4.09%	4.87%
Non-interest income/average assets	0.74%	1.15%	1.53%
Non-interest expense/average assets	2.98%	3.16%	3.80%
Efficiency ratio	65.48%	65.41%	57.19%
Return on average assets	1.03%	1.09%	1.62%
Return on average equity	20.94%	12.46%	19.34%
Price/tangible book value per share	NA	231.01%	287.93%
Price/LTM earnings per share	NA	15.37x	15.08x

Sandler O'Neill also used publicly available information to compare selected financial and market trading information for United and two groups of selected financial institutions. The first group, or Regional Group, consisted of United and the following publicly traded regional commercial banks:

First Citizens BancShares, Inc.
BancorpSouth, Inc.
South Financial Group, Inc.
Trustmark Corp.
F.N.B. Corp.

Hancock Holding Co.
First Charter Corp.
Alabama National Bancorporation
WesBanco, Inc.
United Community Banks, Inc.

Sandler O'Neill also compared United to a group of publicly traded commercial banks that had a return on average equity (based on earnings for the twelve months ended December 31, 2002) greater than 16% and a price-to-tangible book value greater than 230%. This second group, or Highly Valued Group, consisted of the following publicly traded institutions:

Hudson United Bancorp
Investors Financial Services Inc.
Trustmark Corp.
International Bancshares Corp.
First Midwest Bancorp, Inc.
Community First Bankshares, Inc.

Chittenden Corp.
UCBH Holdings, Inc.
Park National Corp.
Westamerica Bancorporation
Pacific Capital Bancorp

The analysis compared publicly available financial information for United and the median data for each of the Regional Group and the Highly Valued Group as of and for each of the years ended December 31,

Table of Contents

1997 through 2002. The table below sets forth the comparative data as of and for the twelve months ended December 31, 2002, with pricing data as of April 2, 2003.

Comparable Group Analysis

	United	Regional Group	Highly Valued Group
Total assets (<i>in thousands</i>)	\$5,792,019	\$5,531,690	\$5,827,170
Tangible equity/tangible assets	7.82%	7.34%	7.29%
Intangible assets/total equity	17.78%	10.97%	14.18%
Net loans/total assets	70.93%	61.90%	59.15%
Gross loans/total deposits	106.54%	96.14%	75.73%
Total borrowings/total assets	21.98%	16.45%	10.06%
Non-performing assets/total assets	0.19%	0.44%	0.30%
Loan loss reserve/gross loans	1.14%	1.42%	1.62%
Net interest margin	4.15%	4.13%	4.65%
Non-interest income/average assets	1.43%	1.52%	1.26%
Non-interest expense/average assets	2.58%	3.17%	3.22%
Efficiency ratio	50.28%	61.51%	52.04%
Return on average assets	1.59%	1.13%	1.55%
Return on average equity	16.73%	12.06%	18.82%
Price/tangible book value per share	269.98%	217.32%	325.79%
Price/LTM earnings per share	13.88x	14.36x	14.25x
Dividend payout ratio	46.12%	35.91%	35.29%
Dividend yield	3.32%	2.46%	2.53%

Analysis of Selected Merger Transactions. Sandler O'Neill reviewed merger transactions involving publicly traded commercial banks as acquired institutions with transaction values greater than \$15 million. Sandler O'Neill reviewed 85 transactions announced nationwide from January 1, 2002 to April 3, 2003 and 15 transactions in the MidAtlantic region announced from January 1, 2002 to April 3, 2003. Sandler O'Neill reviewed the multiples of transaction value at announcement to last twelve months earnings per share, transaction value to estimated earnings per share, transaction value to book value per share, transaction value to tangible book value per share, transaction value to deposits and tangible book premium to core deposits and computed high, low, mean and median multiples and premiums for both groups of transactions. These multiples were applied to Sequoia's financial information as of and for the twelve months ended December 31, 2002. As illustrated in the following table, Sandler O'Neill derived an imputed range of aggregate values for Sequoia of \$66.2 million to \$103.2 million based upon the median multiples for nationwide transactions and \$56.1 million to \$99.5 million based upon the median multiples for regional transactions. The aggregate transaction value of the merger as calculated by Sandler O'Neill was approximately \$109.3 million.

Table of Contents**Nationwide & Mid-Atlantic Transaction Multiples**

(Dollars in millions)

	Nationwide		Mid Atlantic	
	Median Multiple	Implied Value	Median Multiple	Implied Value
Transaction price/LTM EPS	19.74x	\$ 95.0	20.53x	\$91.3
Transaction price/Estimated EPS	17.34x	\$103.2	17.98x	\$99.5
Transaction price/Book value	217.53%	\$ 66.2	256.77%	\$56.1
Transaction price/Tangible book value	229.29%	\$ 73.2	284.15%	\$59.1
Transaction price/Deposits	22.59%	\$ 97.8	24.83%	\$81.7
Tangible book premium/Core deposits ⁽¹⁾	16.45%	\$100.6	21.16%	\$91.5

(1) Assumes Sequoia's core deposits total \$340.2 million.

Discounted Dividend Stream and Terminal Value Analysis. Sandler O'Neill performed an analysis that estimated the future stream of after-tax dividend flows of Sequoia through December 31, 2006 under various circumstances, assuming Sequoia's projected dividend stream and that Sequoia performed in accordance with the earnings projections reviewed with management. For periods after 2005, Sandler O'Neill assumed an annual growth rate on earning assets of 15%. To approximate the terminal value of Sequoia common stock at December 31, 2006, Sandler O'Neill applied price/earnings multiples ranging from 10x to 25x and multiples of tangible book value ranging from 200% to 450%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9% to 15% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Sequoia common stock. As illustrated in the following tables, this analysis indicated an imputed range of values per share of Sequoia common stock of \$23.25 to \$71.10 when applying the price/earnings multiples and \$27.27 to \$75.16 when applying multiples of tangible book value. The transaction value of the merger as calculated by Sandler O'Neill was \$39.68 per share.

Table of Contents*Earnings Per Share Multiples*

Discount Rate	10x	13x	16x	19x	22x	25x
9.0%	\$28.76	\$37.23	\$45.70	\$54.17	\$62.64	\$71.10
11.0%	26.76	34.63	42.51	50.38	58.25	66.13
13.0%	24.92	32.26	39.59	46.92	54.25	61.58
15.0%	23.25	30.08	36.92	43.75	50.58	57.42

Tangible Book Value Per Share Multiples

Discount Rate	200%	250%	300%	350%	400%	450%
9.0%	\$33.74	\$42.02	\$50.31	\$58.59	\$66.88	\$75.16
11.0%	31.39	39.09	46.79	54.50	62.20	69.90
13.0%	29.24	36.41	43.58	50.75	57.93	65.10
15.0%	27.27	33.95	40.64	47.33	54.01	60.70

Sandler O'Neill performed a similar analysis that estimated the future stream of after-tax dividend flows of United through December 31, 2006 under various circumstances, assuming United's projected dividend stream and that United performed in accordance with median IBES estimates. For periods after 2004, Sandler O'Neill assumed an annual growth rate on earning assets of 10%. To approximate the terminal value of United common stock at December 31, 2006, Sandler O'Neill applied price/earnings multiples ranging from 10x to 25x and multiples of tangible book value ranging from 100% to 350%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9% to 15% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of United common stock. As illustrated in the following table, this analysis indicated an imputed range of values per share of United common stock of \$20.20 to \$56.18 when applying the price/earnings multiples and \$12.67 to \$44.28 when applying multiples of tangible book value.

Earnings Per Share Multiples

Discount Rate	10x	13x	16x	19x	22x	25x
9.0%	\$24.72	\$31.01	\$37.30	\$43.60	\$49.89	\$56.18
11.0%	23.08	28.93	34.78	40.63	46.48	52.33
13.0%	21.58	27.03	32.48	37.92	43.37	48.82
15.0%	20.20	25.28	30.36	35.44	40.52	45.60

Tangible Book Value Per Share Multiples

Discount Rate	100%	150%	200%	250%	300%	350%
9.0%	\$15.38	\$21.16	\$26.94	\$32.72	\$38.50	\$44.28
11.0%	14.40	19.77	25.15	30.52	35.90	41.27
13.0%	13.50	18.50	23.51	28.51	33.52	38.52
15.0%	12.67	17.34	22.00	26.67	31.33	36.00

In connection with its analyses, Sandler O'Neill considered and discussed with the Sequoia board of directors how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to the growth rate of assets, net income and dividend payout ratio.

Table of Contents

Sandler O Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis. Sandler O Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes in the fourth quarter of 2003, (2) 25% of the Sequoia shares are exchanged for cash at a value of \$39.40 per share, (3) 75% of the Sequoia shares are exchanged for United common stock at an exchange ratio of 1.4071, (4) the earnings projections and estimates for Sequoia and United referred to above, and (5) purchase accounting adjustments, charges and transaction costs associated with the merger and cost savings determined by the senior managements of Sequoia and United. The analysis indicated that for the year ending December 31, 2004, the first full year following the merger, the merger would be accretive to the combined company's projected earnings per share and dilutive to tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Pro Forma Merger Analysis

	Stand-alone	Pro Forma
Projected 2004 EPS	\$ 2.38	\$ 2.41
Projected Tangible Book Value <i>(at December 31, 2004)</i>	\$ 13.18	\$ 12.46

Sequoia has agreed to pay Sandler O Neill a transaction fee in connection with the merger of approximately \$1.1 million, of which approximately \$275,000 has been paid to date with the remainder being payable upon closing of the merger. Sequoia will also pay Sandler O Neill a \$100,000 fee for rendering its opinion, which will be credited against the transaction fee due upon closing of the merger. Sequoia has also agreed to reimburse certain of Sandler O Neill's reasonable out-of-pocket expenses incurred in connection with its engagement up to \$15,000 and to indemnify Sandler O Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

Sandler O Neill has in the past provided investment banking services to Sequoia and received compensation for such services. Sandler O Neill has also in the past provided investment banking services to United and may provide, and receive compensation for, such services in the future. In the ordinary course of its business as a broker-dealer, Sandler O Neill may purchase securities from and sell securities to Sequoia and United and their respective affiliates and may actively trade the equity securities of United for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Interest of Directors and Officers in the Merger that Differ from Your Interests

Certain directors and executive officers of Sequoia have interests in the merger that are in addition to their interests as stockholders and option holders of Sequoia and their equity interests in United which will result from the conversion of their shares and options in the merger. Sequoia's board was aware of these interests at the time they approved the merger agreement.

Table of Contents

Employment Agreements with James G. Tardiff and J. Paul McNamara. James G. Tardiff, Chairman and Chief Executive Officer, and J. Paul McNamara, President and Chief Operating Officer of Sequoia and SequoiaBank, currently have employment agreements with Sequoia and SequoiaBank that provide them with a severance payment and continuation of certain employee benefits if they are terminated in connection with a change in control of Sequoia or SequoiaBank. Messrs. Tardiff and McNamara have each entered into executive agreements with United, Sequoia and SequoiaBank, which provide certain termination benefits and will replace their current employment agreements upon completion of the merger.

Executive Agreements with James G. Tardiff and J. Paul McNamara. James G. Tardiff and J. Paul McNamara have entered into separate agreements with United, Sequoia and SequoiaBank, under which they will cease to be directors and executive officers of Sequoia, and their current employment agreements with Sequoia will be terminated, upon completion of the merger. In exchange, United will make a cash payment of \$1,072,500 to each executive and provide three additional years of credited service under their respective salary continuation agreements, which will be assumed by United upon completion of the merger. The salary continuation agreements provide Messrs. Tardiff and McNamara with certain retirement, disability and death benefits. Messrs. Tardiff and McNamara have each agreed that, during the term of the agreement and for two years after its termination, they will not work for or serve as a director of a competing business in Maryland, Virginia or Washington, DC, nor will they disclose confidential business information or solicit United employees to join a competing business entity. If any payments made to Messrs. Tardiff and McNamara are deemed to be excess parachute payments under Section 280G of the Internal Code and thus subject to a 20% excise tax under Section 4999 of the Internal Revenue Code, United will reimburse them for the excise tax and any related taxes and penalties, so that they will receive the same amounts they would have received had they not been subject to the excise tax. Under his agreement, Mr. Tardiff will receive 36 months of continued health, life and disability insurance, and will continue as an employee of United until the latest of January 1, 2004 or the effective time of the merger. After that date he will serve as a consultant to United under a separate consulting arrangement. If Mr. Tardiff is employed by United on an interim basis, after completion of the merger but prior to the start of the consulting arrangement, he will be paid at a base rate of \$250,000 per year for such period and will be entitled to participate in benefit plans open to continuing employees.

Consulting Agreement with James G. Tardiff. United and James G. Tardiff entered into a consulting agreement that is effective on the later of January 2, 2004 or the effective date of the merger, and continues for the following twelve months. During the agreement term, Mr. Tardiff agrees to serve as a consultant to United and a member of its board of directors, providing advice on the promotion of various products and services and assisting with strategic planning and the merger transition process. In exchange for his consulting services, Mr. Tardiff will receive cash compensation of \$250,000, credit for an additional year of service under the salary continuation agreement to be assumed by United, and continued health and welfare benefits. Mr. Tardiff agrees that, during the term of the consulting agreement and for two years after it expires, he will not work for or serve as a director of a competing business in Maryland, Virginia or Washington, DC, nor will he disclose confidential business information or solicit employees of United to work for a competitor.

Employment Agreement with J. Paul McNamara. Mr. McNamara has entered into an employment agreement with United, effective as of the completion of the merger. During the three-year term of the agreement, he will serve as Vice Chairman of United Bank-Virginia and a member of United's Board of Directors. Mr. McNamara will receive an annual base salary of \$250,000 and will be entitled to participate in incentive bonus, retirement, and health and welfare benefit programs and receive certain perquisites, including use of an automobile and paid country club memberships. In addition, upon completion of the merger, United will grant Mr. McNamara 20,000 options to purchase stock under

Table of Contents

United's 2001 Incentive Stock Option Plan. Upon a termination of the employment agreement for any reason, Mr. McNamara will be fully vested in the normal retirement benefit provided for under the salary continuation agreement to be assumed by United following the merger, and United will continue his participation in health and welfare benefits, or provide similar coverage, for a period of 36 months. During his employment and for two years following termination of employment, Mr. McNamara agrees not to work for or serve as a director of a business competitor in Maryland, Virginia or Washington, DC and to refrain from disclosing confidential business information or soliciting employees of United for a competing business.

Director Service and Compensation for Messrs. Tardiff and McNamara. Under the terms of their agreements with United, James G. Tardiff and J. Paul McNamara will be elected or appointed to the boards of directors of United and United Bank Virginia. As members of the boards of directors, Messrs. Tardiff and McNamara are entitled to receive compensation in accordance with United's policy on director compensation. Non-employee directors of United receive a retainer of \$700 per month regardless of meeting attendance. Fees are also paid for committee meeting attendance. United Bank Virginia Board members receive \$500 per meeting attended.

Sequoia Stock Options. Under the terms of the Sequoia 1995 and 2000 stock option plans, all outstanding options to purchase Sequoia common stock become vested upon completion of the merger. Options granted to executive officers of Sequoia are fully vested. Certain unvested stock options granted to directors under the 1995 and 2000 stock option plans will vest upon completion of the merger. As of March 31, 2003, the directors of Sequoia and SequoiaBank held a total of 18,287 unvested options with a weighted average exercise price of \$7.49 per share.

Deferred Compensation Agreements with Sequoia Directors. Sequoia pays its non-employee directors an annual cash retainer plus fees for attendance at board and committee meetings. At various times during their board service, directors of Sequoia and SequoiaBank have elected to defer compensation for a given year instead of receiving the annual retainer in cash. Deferred compensation agreements between Sequoia and these directors generally provide for the payment of a fixed monthly benefit for 180 months payable to the director or his designated beneficiary, commencing on the first day of the month following the director's retirement on his 65th birthday. In the event of a director's death prior to retirement, a reduced sum is payable to the director's designated beneficiary. The retirement benefit attributable to each annual deferral vests ratably over a five year period and, in the event of a change in control of Sequoia, all benefits are fully vested. Accordingly, upon consummation of the merger with United, the directors' benefits will be fully vested, and United will assume Sequoia's obligations under these deferred compensation agreements.

Board of Directors of United After the Merger

Immediately following the merger, the board of directors of United will have 18 members, including the 16 current United directors, plus Messrs. Tardiff and McNamara.

Federal Income Tax Consequences of the Merger

The following discussion describes the material United States federal income tax consequences of the exchange of Sequoia stock for United stock and cash pursuant to the merger. This discussion is based upon the Internal Revenue Code of 1986, as amended, the regulations promulgated under the Internal Revenue Code, Internal Revenue Service rulings, and judicial and administrative rulings in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of federal income taxation that may be relevant to a stockholder in light of the stockholder's particular circumstances or to those Sequoia stockholders subject to special rules, such as

Table of Contents

stockholders who are not citizens or residents of the United States, financial institutions, tax-exempt organizations, insurance companies, dealers in securities, regulated investment companies, pass-through entities, stockholders who acquired their Sequoia stock pursuant to the exercise of options or similar derivative securities or otherwise as compensation, or stockholders who hold their Sequoia stock as part of a straddle, hedge or conversion transaction. This discussion assumes that Sequoia stockholders hold their respective shares of Sequoia stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code (i.e., property held for investment).

It is a condition to the obligations of Sequoia and United to complete the merger that each receive a legal opinion from its counsel that the merger constitutes a reorganization within the meaning of Section 368(a) of the Code. These legal opinions will assume the absence of certain changes in the existing facts and may rely on assumptions, representations and covenants made by Sequoia, United and others, including those contained in certificates of officers of Sequoia and United. If any of these factual assumptions is inaccurate, the tax consequences of the merger could differ from those described here. The opinions regarding the tax-free nature of the merger neither bind the Internal Revenue Service nor preclude the Internal Revenue Service from adopting a contrary position. Neither Sequoia nor United intends to obtain a ruling from the Internal Revenue Service with respect to the tax consequences of the merger.

In addition, in connection with the filing of the registration statement, Bowles Rice McDavid Graff & Love, PLLC, counsel to United, and Muldoon Murphy & Faucette LLP, counsel to Sequoia have delivered to United and Sequoia, respectively, their opinions, dated the date of this proxy statement-prospectus, that the merger will qualify as a reorganization within the meaning of section 368(a) of the Internal Revenue Code.

We intend this discussion to provide only a summary of the material federal income tax consequences of the merger. We do not intend that it be a complete analysis or description of all potential federal income tax consequences of the merger. In addition, we do not address tax consequences which may vary with, or are contingent upon, individual circumstances. Moreover, we do not address any non-income tax or any foreign state or local tax consequences of the merger. Accordingly, we strongly urge you to consult your tax advisor to determine your particular United States federal, state, local or foreign income or other tax consequences resulting from the merger, with respect to your individual circumstances.

As a result of the treatment of the merger as a reorganization described in Section 368(a) of the Internal Revenue Code, neither United nor Sequoia will recognize any taxable gain or loss as a result of the merger; and the federal income tax consequences of the merger to a Sequoia stockholder generally will depend on whether the stockholder receives cash, United common stock or a combination thereof in exchange for the stockholder's shares of Sequoia common stock.

Receipt of Solely United Common Stock (plus any cash in lieu of a fractional share). A Sequoia stockholder who receives solely United common stock in exchange for all of such stockholder's shares of Sequoia common stock in the merger will not recognize gain or loss on the exchange, except to the extent the stockholder receives cash in lieu of a fractional share interest in United common stock. A Sequoia stockholder who receives cash in lieu of a fractional share will be treated as if such stockholder had received a fractional share and then exchanged such fractional share for cash in a redemption by United. A Sequoia stockholder will generally recognize capital gain or loss on such a deemed redemption of the fractional share in an amount equal to the difference between the amount of cash received and the stockholder's tax basis in the fractional share. Such capital gain or loss will be long-term capital gain or loss if the Sequoia common stock exchanged was held for more than one year.

Receipt of Solely Cash. A Sequoia stockholder who receives solely cash in exchange for all of such stockholder's shares of Sequoia common stock pursuant to the merger generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the stockholder's aggregate tax basis for the shares of Sequoia common stock exchanged, which gain or loss will be long-term capital gain or loss if the shares of Sequoia common stock were held for more than one year.

Table of Contents

Receipt of Both United Common Stock and Cash. A Sequoia stockholder who receives both United common stock and cash consideration in exchange for all of such stockholder's shares of Sequoia common stock generally will recognize gain, but not loss, to the extent of the lesser of:

- (1) the total amount of cash received by such stockholder, and
- (2) the difference between (a) the sum of the fair market value of the United common stock received in the merger plus the total amount of cash received in the merger, and (b) the stockholder's aggregate tax basis in the shares of Sequoia common stock surrendered in the merger.

Any gain so recognized will be capital gain, provided that the cash consideration received is neither essentially equivalent to a dividend within the meaning of section 302 of the Internal Revenue Code nor has the effect of a distribution of a dividend within the meaning of section 356(a)(2) of the Internal Revenue Code. Such capital gain will be long-term capital gain if the shares of Sequoia common stock exchanged were held for more than one year.

Basis. A Sequoia stockholder who receives shares of United common stock in the merger will have a tax basis in such shares equal to such stockholder's aggregate tax basis in the Sequoia shares being exchanged, *decreased* by (a) the amount of any cash received by the stockholder and (b) the amount of loss to the stockholder which was recognized on such exchange, and *increased* by (x) the amount which was treated as a dividend, and (y) the amount of gain to the stockholder which was recognized on such exchange (not including any portion of such gain which was treated as a dividend).

Holding Period. The holding period of United common stock received will include the holding period of the shares of Sequoia common stock being exchanged.

Dissenting Stockholders. A holder of Sequoia common stock who dissents with respect to the merger, as discussed under Appraisal Rights of Sequoia Stockholders beginning on page [], and who receives cash in respect of his or her shares of Sequoia common stock generally will be treated in the same manner as a holder who exchanges his or her shares of Sequoia common stock solely for cash in accordance with the above discussion.

Backup Withholding. A non-corporate holder of Sequoia common stock may be subject to information reporting and backup withholding on any cash payments he or she receives. Such a Sequoia stockholder will not be subject to backup withholding, however, if he or she:

furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal; or

is otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a Sequoia stockholder's United States federal income tax liability, provided such stockholder furnishes the required information to the Internal Revenue Service.

Reporting Requirements. A Sequoia stockholder who receives United common stock as a result of the merger will be required to retain records pertaining to the merger and will be required to file with his or her United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

Table of Contents

Accounting Treatment

The Merger will be accounted for under the purchase method of accounting, whereby, the assets and liabilities of Sequoia will be reflected in the consolidated financial statements of United based upon their estimated fair values as of the effective date of the merger. Results of operations will be reflected in the consolidated financial statements of United for all periods subsequent to the effective date of the merger. The excess purchase price over the fair market value of assets will be allocated to identifiable intangible assets. Any remaining excess will be allocated to goodwill and will not be amortized. Instead, goodwill is evaluated for impairment annually, or more frequently if impairment indicators arise.

Regulatory Approvals

The merger of Sequoia with United is subject to the prior approval of the Board of Governors of the Federal Reserve System under the Bank Merger Act and the Bank Holding Company Act. In reviewing applications for transactions of this type, the Federal Reserve Board must consider, among other factors, the financial and managerial resources and future prospects of the existing and resulting institutions, and the convenience and needs of the communities to be served. In addition, the Federal Reserve Board may not approve a transaction if it will result in a monopoly or otherwise be anticompetitive. United filed an application with the Federal Reserve Bank of Richmond on , 2003.

Under the Community Reinvestment Act of 1977, the Federal Reserve Board must take into account the record of performance of United Bank-Virginia and SequoiaBank in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, served by each institution. As part of the review process, bank regulatory agencies frequently receive comments and protests from community groups and others. United Bank-Virginia and SequoiaBank each received a Satisfactory rating during their last Community Reinvestment Act examinations.

In addition, a period of 15 to 30 days must expire following approval by the Federal Reserve Board before completion of the merger is allowed, within which period the United States Department of Justice may file objections to the merger under the federal antitrust laws. While we believe that the likelihood of objection by the Department of Justice is remote in this case, there can be no assurance that the Department of Justice will not initiate proceedings to block the merger, or that the Attorney General of the State of Indiana will not challenge the merger, or if any proceeding is instituted or challenge is made, as to the result of the challenge.

The merger of Sequoia with United is also subject to the prior approval of the Virginia Department of Financial Institutions and the Maryland Department of Financial Institutions.

The merger cannot proceed in the absence of the requisite regulatory approvals. There can be no assurance that the requisite regulatory approvals will be obtained, and if obtained, there can be no assurance as to the date of any approval. There can also be no assurance that any regulatory approvals will not contain a condition or requirement that causes the approvals to fail to satisfy the condition set forth in the merger agreement and described under *The Merger Agreement Conditions to Completing the Merger*.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the cash consideration or the exchange ratio for converting Sequoia common stock to United common stock. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Table of Contents

Resales of United Common Stock Issued in the Merger

United has registered under the federal securities laws the issuance of its shares of common stock in the merger. Therefore, you may sell shares without restriction unless you are considered an affiliate of Sequoia as of the date of Sequoia's special meeting or you become an affiliate of United. A director, executive officer or stockholder who beneficially owns 10% or more of the outstanding shares of a company is generally deemed to be an affiliate of that company.

If you are considered an affiliate of Sequoia or become an affiliate of United, you may resell the shares of United common stock you receive only pursuant to an effective registration statement under the securities laws, or pursuant to Rule 145 of the SEC's rules, or in transactions otherwise exempt from registration under the securities laws. United is not obligated and does not intend to register for resale the shares issued to affiliates of Sequoia.

Appraisal Rights of Sequoia Stockholders

Under the Delaware General Corporation Law (DGCL), Sequoia stockholders may object to the merger and demand in writing to be paid the fair value of their shares. Determination of fair value is based on all relevant factors, but excludes any appreciation or depreciation resulting from the accomplishment or expectation of the merger. Stockholders who elect to exercise appraisal rights must comply with all of the procedures of Section 262 of the DGCL to preserve those rights. A copy of Section 262 is attached as Annex C to this proxy statement/prospectus.

Section 262 sets forth the procedures to be followed by a stockholder electing to demand appraisal of his or her shares. These procedures are complicated and must be followed strictly. Failure to comply with these procedures may cause you to lose your appraisal rights. The following information is only a brief summary of the required procedures under Delaware law and is qualified in its entirety by the provisions of Section 262.

Under Section 262, Sequoia is required to notify stockholders not less than 20 days before the special meeting to vote on the merger that appraisal rights will be available. A copy of Section 262 must be included with that notice. This proxy statement/prospectus constitutes Sequoia's notice to its stockholders of the availability of appraisal rights in connection with the merger in compliance with the requirements of Section 262. If you wish to exercise appraisal rights or wish to preserve your right to do so, you should carefully review Section 262 and are urged to consult a legal advisor before electing or attempting to exercise these rights. If you fail to timely and properly comply with the requirements of Section 262, your appraisal rights under Delaware law may be lost.

Please review Section 262 for the complete procedures. Neither United nor Sequoia will give you any notice of your appraisal rights other than as described in this proxy statement/prospectus and as required by the DGCL.

General Requirements

If you want to object to the merger and be paid the full value of your shares in cash, Section 262 generally requires you to take the following actions:

You must deliver a written demand for appraisal to Sequoia before the vote is taken on the merger agreement at Sequoia's special meeting. This written demand for appraisal must be in addition to and separate from any proxy or vote against the merger agreement. Merely voting against, abstaining from voting or failing to vote in favor of adoption of the merger

Table of Contents

agreement will not constitute a demand for appraisal within the meaning of Section 262. See Requirements for Written Demand for Appraisal below for more details on making a demand for appraisal.

You must not vote in favor of approval and adoption of the merger agreement. A failure to vote will satisfy this requirement, but a vote in favor of the merger agreement will constitute a waiver of your right of appraisal. Accordingly, if you want to maintain your appraisal rights you must either check the Against box or the Abstain box on the proxy card or refrain from executing and returning the enclosed proxy card.

You must continuously hold your shares of Sequoia stock from the date you make the demand for appraisal through the effective date of the merger. A stockholder who is the record holder of shares of Sequoia common stock on the date the written demand for appraisal is made, but who thereafter transfers these shares prior to completion of the merger, will lose any right to appraisal in respect of those shares.

Requirements for Written Demand for Appraisal

Voting against, abstaining from voting on or failing to vote on the proposal to adopt the merger agreement will not constitute a written demand for appraisal within the meaning of Section 262. The written demand for appraisal must be in addition to and separate from any proxy you deliver or vote you cast in person.

A written demand for appraisal of Sequoia stock is only effective if it is signed by, or for, the stockholder of record who owns the shares at the time the demand is made. The demand must be signed as the stockholder's name appears on its Sequoia stock certificate(s). If you are a beneficial owner of Sequoia stock but not a stockholder of record, you must have the stockholder of record for your shares sign a demand for appraisal on your behalf.

If you own Sequoia stock in a fiduciary capacity, such as a trustee, guardian or custodian, you must disclose the fact that you are signing the demand for appraisal in that capacity.

If you own Sequoia stock with one or more other persons, such as in a joint tenancy or tenancy in common, all of the owners must sign, or have signed for them, the demand for appraisal. An authorized agent, which could include one or more of the owners, may sign the demand for appraisal for a stockholder of record; however, the agent must expressly disclose who the stockholder of record is and that he or she is signing the demand as that stockholder's agent.

If you are a record owner, such as a broker, who holds Sequoia stock as a nominee for others, you may exercise a right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising that right for other beneficial owners. In such a case, you should specify in the written demand the number of shares as to which you wish to demand appraisal. If you do not specify the number of shares, it will be assumed that your written demand covers all the shares of Sequoia stock that are in your name.

Sequoia stockholders who wish to exercise their appraisal rights should address written demands to:

Sequoia Bancshares, Inc.,
2 Bethesda Metro Center, Suite 1500
Bethesda, Maryland 20814
Attention: Corporate Secretary

Table of Contents

Sequoia must receive all written demands for appraisal before the vote concerning the merger agreement is taken. As explained above, this written demand should be signed by, or on behalf of, the stockholder of record. The written demand for appraisal should specify the stockholder's name and mailing address, the number of shares of stock owned, and that the stockholder is thereby demanding appraisal of such stockholder's shares.

Written Notice

Within ten days after the effective date of the merger, United, as the surviving corporation in the merger, must give written notice that the merger has become effective to each Sequoia stockholder who has properly sent a written demand for appraisal in accordance with Section 262 and who did not vote in favor of the merger. Except as required by law, United will not notify stockholders of any dates by which appraisal rights must be exercised.

Petition With Chancery Court

Within 120 days after the effective date of the merger, either United or any stockholder who has complied with the requirements of Section 262(a) and (d) may file a petition in the Delaware Court of Chancery demanding a determination of the value of the shares of all stockholders entitled to appraisal. United does not presently intend to file a petition, and if you seek to exercise appraisal rights you should not assume that United will file a petition or that United will initiate any negotiations with respect to the fair value of your shares. If you are a Sequoia stockholder and want to have your Sequoia shares appraised you should be prepared to initiate any petitions necessary for the perfection of your appraisal rights within the time period and in the manner prescribed in Section 262. Since United has no obligation to file a petition, your failure to file a petition within the period specified could result in the loss of your appraisal rights.

Withdrawal of Demand

If you change your mind and decide you no longer want an appraisal, you may withdraw your demand for appraisal at any time within 60 days after the effective date of the merger. If you withdraw your demand for appraisal, your appraisal rights will be terminated and you will receive the merger consideration provided in the merger agreement. Any attempt to withdraw made more than 60 days after the effective date of the merger will require written approval of United and no appraisal proceeding before the Court can be dismissed without the approval of the Court.

Request for Appraisal Rights Statement

If you have complied with the conditions of Section 262, you are entitled, upon written request, to receive from United a statement setting forth the aggregate number of shares for which appraisal rights have been properly exercised and the aggregate number of holders of such shares. United must mail this statement to you by the later of ten days after receipt of the request or ten days after expiration of the period for delivery of demands for appraisals under Section 262. In order to receive this statement, you must send your request within 120 days after the effective date of the merger to United at the following address:

United Bankshares, Inc.
514 Market Street
Parkersburg, West Virginia 26102
Attention: Richard M. Adams

Table of Contents

Chancery Court Procedures

If you properly file a petition for appraisal in the Court and deliver a copy of such petition to United, United will then have 20 days to provide the Court with a list of the names and addresses of all the stockholders who have demanded appraisal of their shares and have not reached an agreement with United as to the value of their shares. If the Court decides it is appropriate, it has the power to conduct a hearing to determine which stockholders have complied with Section 262 and have become entitled to appraisal rights. The Register in Chancery, if ordered to do so by the Court, will then send notice of the time and place of the hearing on the petition to all the stockholders who have demanded appraisal. The Court may also require you to submit your stock certificates to the Register in Chancery so that it can note on the certificates that an appraisal proceeding is pending. If you do not follow the Court's directions, you may be dismissed from the proceeding.

Chancery Court Appraisal of Sequoia Shares

After the Court determines which stockholders are entitled to an appraisal, the Court will appraise the shares, determining their fair value by considering all relevant factors except for any appreciation or depreciation resulting from the accomplishment or expectation of the merger, together with a fair rate of interest, if the payment of interest is deemed appropriate by the Court. After the Court determines the fair value of the shares, it will direct United to pay that value to the stockholders who are entitled to such payment. In order to receive the fair value for your shares, you must surrender your stock certificates.

The Court could determine that the fair value of shares of Sequoia stock is more than, the same as, or less than the merger consideration. In other words, if you demand appraisal rights, you could receive less consideration than you would under the merger agreement.

Costs and Expenses of Appraisal Proceeding

The costs of the appraisal proceeding may be determined by the Court and assessed against the parties as the Court deems equitable under the circumstances. Upon application of a stockholder, the Court may also order that all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including reasonable attorneys' fees and the fees and expenses of experts, be charged pro rata against the value of all the shares entitled to an appraisal.

Loss of Stockholders' Rights

If you demand appraisal, after the effective date of the merger you will not be entitled to:

vote your shares of stock, for any purpose, for which you have demanded appraisal;

receive payment of dividends or other distributions with respect to your shares, except for dividends or distributions, if any, that are payable to the holders of record as of a record date before the effective date of the merger; or

receive the payment of the consideration provided for in the merger agreement.

However, you can regain these rights if no petition for an appraisal is filed within 120 days after the effective date of the merger, or if you deliver to United a written withdrawal of your demand for an appraisal and your acceptance of the merger, either within 60 days after the effective date of the merger or with the written consent of United. As explained above, these actions will also terminate your appraisal

Table of Contents

rights. However, an appraisal proceeding in the Court cannot be dismissed without the Court's approval. The Court may condition its approval upon any terms that it deems just.

If you fail to comply strictly with these procedures you will lose your appraisal rights. Consequently, if you wish to exercise your appraisal rights, you are strongly urged to consult a legal advisor before attempting to exercise your appraisal rights.

Table of Contents

THE MERGER AGREEMENT

The following is a brief summary of the material provisions of the merger agreement. A copy of the merger agreement is attached as Annex A and forms a part of this proxy statement/prospectus. This summary is qualified in its entirety by reference to the merger agreement. We urge all stockholders to read the merger agreement in its entirety for a more complete description of the terms and conditions of the merger.

Structure of the Merger

The merger agreement provides that Sequoia will be merged with and into a wholly-owned subsidiary of United (Merger Sub). Merger Sub will be the surviving corporation in the merger. The merger agreement also provides for the merger of SequoiaBank, Sequoia's subsidiary bank, into United Bank, United's Virginia subsidiary bank. Upon consummation of the merger, the separate corporate existence of both Sequoia and SequoiaBank will terminate.

Merger Consideration

Under the merger agreement, at your election, each share of Sequoia common stock you own will be exchanged for either 1.4071 of United common stock or \$39.40 in cash. You may elect either of these options and, if you desire, you may elect to exchange some of your Sequoia shares for cash and some of your Sequoia shares for United common stock.

Elections will be limited by a requirement that 75% of the total number of outstanding shares of Sequoia common stock be exchanged for United common stock. Therefore, the form of consideration you receive will depend in part on the elections of other Sequoia stockholders.

United Bankshares will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United Bankshares common stock that you would otherwise be entitled to receive.

Timing of Closing

The closing will occur on the fifth business day after the day on which the last of the conditions set forth in the merger agreement has been satisfied or waived (or at United's option, on the last business day of the month in which such fifth business day occurs) or such other date as agreed to by Sequoia and United. The merger of Sequoia into Merger Sub will take effect upon the filing of a certificate of merger with the Secretary of State of the State of Delaware. The merger of SequoiaBank into United Bank Virginia will take effect upon the filing of a certificate of merger with the Secretary of State of Virginia.

Treatment of Sequoia Stock Options

At the effective time, each outstanding and unexercised option granted by Sequoia to purchase shares of Sequoia common stock will be converted automatically into an option to purchase United common stock equal to the number of shares of Sequoia common stock subject to the option multiplied by 1.4071 (the Option Exchange Ratio). The replacement option exercise price shall equal the exercise price per share of the Sequoia stock option divided by the Option Exchange Ratio. As a result, the aggregate exercise price of each option will remain the same.

Table of Contents

Exchange of Shares

Under the terms of the merger agreement, Sequoia stockholders may elect to convert their shares into cash, United common stock or a mixture of cash and United common stock. All elections of Sequoia stockholders are further subject to the allocation and proration procedures described in the merger agreement. These procedures provide that the number of shares of Sequoia common stock to be converted in United common stock in the merger must be 75% of the total number of shares of Sequoia common stock issued and outstanding on the date of the merger. We are not making any recommendation as to whether Sequoia stockholders should elect to receive cash or United common stock in the merger. Each holder of Sequoia common stock must make his or her own decision with respect to such election.

It is unlikely that elections will be made in the exact proportions provided for in the merger agreement. As a result, the merger agreement describes procedures to be followed if Sequoia stockholders in the aggregate elect to receive more or less of the United common stock than United has agreed to issue. These procedures are summarized below:

If Stock is Oversubscribed: If Sequoia stockholders elect to receive more United common stock than United has agreed to issue in the merger, then all Sequoia stockholders who have elected to receive cash or who have made no election will receive cash for their Sequoia shares and all stockholders who elected to receive United common stock will receive a pro rata portion of the available United shares plus cash for those shares not converted into United common stock.

If Stock is Undersubscribed: If Sequoia stockholders elect to receive fewer shares of United common stock than United has agreed to issue in the merger, then all Sequoia stockholders who have elected to receive United common stock will receive United common stock and those stockholders who elected to receive cash or who have made no election will be treated in the following manner:

If the number of shares held by Sequoia stockholders who have made no election is sufficient to make up the shortfall in the number of United shares that United is required to issue, then all Sequoia stockholders who elected to receive cash will receive cash, and those stockholders who made no election will receive both cash and United common stock in whatever proportion is necessary to make up the shortfall.

If the number of shares held by Sequoia stockholders who have made no election is insufficient to make up the shortfall, then all Sequoia stockholders who made no election will receive United common stock and those Sequoia stockholders who elected to receive cash will receive cash and United common stock in whatever proportion is necessary to make up the shortfall.

No guarantee can be made that you will receive the amounts of cash and/or stock you elect. As a result of the allocation procedures and other limitations outlined in this document and in the merger agreement, you may receive United common stock or cash in amounts that vary from the amounts you elect to receive.

Election Procedures; Surrender of Stock Certificates

An election form is being mailed separately from this proxy statement/prospectus to holders of shares of Sequoia common stock on or about the date this proxy statement/prospectus is being mailed. Each election form entitles the holder of the Sequoia common stock to elect to receive cash, United

Table of Contents

common stock, or a combination of cash and stock, or make no election with respect to the merger consideration you wish to receive.

To make an effective election, you must submit a properly completed election form, along with your Sequoia stock certificates representing all shares of Sequoia common stock covered by the election form (or an appropriate guarantee of delivery) to Mellon Investor Services on or before 5:00 p.m., Eastern Standard Time (EST), on [redacted], 2003. Registrar and Transfer company will act as exchange agent in the merger and in that role will process the exchange of Sequoia stock certificates for cash and/or United common stock. Shortly after the merger, the exchange agent will allocate cash and stock among Sequoia stockholders, consistent with their elections and the allocation and proration procedures. If you do not submit an election form, you will receive instructions from the exchange agent on where to surrender your Sequoia stock certificates after the merger is completed. **In any event, do not forward your Sequoia stock certificates with your proxy cards.**

You may change your election at any time prior to the election deadline by written notice accompanied by a properly completed and signed later dated election form received by the exchange agent prior to the election deadline or by withdrawal of your stock certificates by written notice prior to the election deadline. All elections will be revoked automatically if the merger agreement is terminated. If you have a preference for receiving either United stock and/or cash for your Sequoia stock, you should complete and return the election form. If you do not make an election, you will be allocated United common stock and/or cash depending on the elections made by other stockholders.

If the merger is not completed within 15 days following the election deadline, any Sequoia stockholder who made a timely election may change or revoke his or her election during the period beginning on the 16th day following the election deadline and ending on the third business day prior to the closing date.

We make no recommendation as to whether you should elect to receive cash, stock or a combination of cash and stock in the merger. You must make your own decision with respect to your election.

If certificates for Sequoia common stock are not immediately available or you are unable to send the election form and other required documents to the exchange agent prior to the election deadline, Sequoia shares may be properly exchanged, and an election will be effective, if:

such exchanges are made by or through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office, branch or agency in the United States;

the exchange agent receives, prior to the election deadline, a properly completed and duly executed notice of guaranteed delivery substantially in the form provided with the election form (delivered by hand, mail, telegram, telex or facsimile transmission); and

the exchange agent receives, within three business days after the election deadline, the certificates for all exchanged Sequoia shares, or confirmation of the delivery of all such certificates into the exchange agent's account with [redacted] in accordance with the proper procedures for each such transfer, together with a properly completed and duly executed election form and any other documents required by the election form.

Sequoia stockholders who do not submit a properly completed election form or revoke their election form prior to the election deadline will have their shares of Sequoia common stock designated as

Table of Contents

non-election shares. Sequoia stock certificates represented by elections that have been revoked will be promptly returned without charge to the Sequoia stockholder revoking the election upon written request.

After the completion of the merger, the exchange agent will mail to Sequoia stockholders who do not submit election forms or who have revoked such forms a letter of transmittal, together with instructions for the exchange of their Sequoia common stock certificates for the merger consideration. Until you surrender your Sequoia stock certificates for exchange after completion of the merger, you will not be paid dividends or other distributions declared after the merger with respect to any United common stock into which your Sequoia shares have been converted. When you surrender your Sequoia stock certificates, United will pay any unpaid dividends or other distributions, without interest. After the completion of the merger, there will be no further transfers of Sequoia common stock. Sequoia stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration.

If your Sequoia stock certificates have been either lost, stolen or destroyed, you will have to prove your ownership of these certificates and that they were lost, stolen or destroyed before you receive any consideration for your shares. Upon request, our transfer agent, Registrar and Transfer Company, will send you instructions on how to provide evidence of ownership.

Designation of Directors

The merger agreement provides that, at the effective time, United will take actions necessary to cause James G. Tardiff and J. Paul McNamara to be elected or appointed to fill new seats on the United and United Bank boards. Mr. McNamara will also serve as Vice Chairman of United Bank.

Forbearances Regarding Interim Operations of Sequoia and United

The merger agreement contains reciprocal forbearances made by Sequoia and United to each other. Sequoia and United have agreed that, until the effective time of the merger, each of them and each of their subsidiaries, without the prior written consent of the other, will not:

Conduct business other than in the ordinary and usual course or fail to use reasonable efforts to preserve intact their business organizations and assets, or take any action reasonably likely to have an adverse effect upon its ability to perform any of its material obligations under the merger agreement;

Except as required by applicable law or regulation, implement or adopt any material change in its interest rate or other risk management policies, practices or procedures, fail to follow existing policies or practices with respect to managing exposure to interest rate and other risks, or fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to interest rate risk; or

Take any action while knowing that such action would, or is reasonably likely to, prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended, or knowingly take any action that is intended or is reasonably likely to result in any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at any time at or prior to the effective time, any of the conditions to the merger not being satisfied, or a material violation of any provision of the merger agreement except, in each case, as may be required by applicable law or regulation.

Table of Contents

Sequoia has also agreed that, prior to the effective time, without the prior written consent of United it will not:

Other than pursuant to rights previously disclosed and outstanding on the date of the merger agreement, issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of Sequoia common stock or any rights to purchase Sequoia common stock, enter into any agreement with respect to the foregoing, or permit any additional shares of Sequoia common stock to become subject to new grants of employee or director stock options, other rights or similar stock-based employee rights;

Make, declare, pay or set aside for payment any dividend (other than regular quarterly cash dividends at a rate not in excess of \$.025 per share of Sequoia common stock on the record and payment dates consistent with past practice and dividends from wholly-owned subsidiaries to Sequoia, or another wholly-owned subsidiary of Sequoia) on or in respect of, or declare or make any distribution on, any shares of Sequoia stock or directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, any shares of its capital stock;

Enter into or amend or renew any employment, consulting, severance or similar agreements or arrangements with any director, officer or employee of Sequoia or its subsidiaries, or grant any salary or wage increase or increase any employee benefit (including incentive or bonus payments), except for normal individual payments of incentives and bonuses to employees in the ordinary course of business consistent with past practice, not to exceed \$400,000 in the aggregate, for normal individual increases in compensation to employees in the ordinary course of business consistent with past practice, for other changes that are required by applicable law, to satisfy previously disclosed contractual obligations existing as of the date of the merger agreement, or for grants of awards to newly hired employees consistent with past practice;

Enter into, establish, adopt or amend (except as may be required by applicable law or to satisfy previously disclosed contractual obligations existing as of the date of the merger agreement) any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any director, officer or employee of Sequoia or its subsidiaries, or take any action to accelerate the vesting or exercisability of stock options, restricted stock or other compensation or benefits payable thereunder;

Except as previously disclosed, sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposits, business or properties except in the ordinary course of business and in a transaction that is not material to it and its subsidiaries taken as a whole;

Except as previously disclosed, sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposits, business or properties except in the ordinary course of business and in a transaction that is not material to it and its subsidiaries taken as a whole;

Except as previously disclosed, acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice) all or any portion of the assets, business, deposits or properties of any other entity;

Table of Contents

Amend Sequoia's certificate of incorporation, bylaws or certificate of incorporation or bylaws (or similar governing documents) of any of Sequoia's subsidiaries;

Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by generally accepted accounting principles;

Except in the ordinary course of business consistent with past practice, enter into or terminate any material contract or amend or modify in any material respect any of its existing material contracts;

Except in the ordinary course of business consistent with past practice, settle any claim, action or proceeding, except for any claim, action or proceeding which does not involve precedent for other material claims, actions or proceedings and which involve solely money damages in an amount, individually or in the aggregate for all such settlements, that is not material to Sequoia and its subsidiaries, taken as a whole;

Knowingly take any action that would prevent the merger from qualifying as a reorganization within the meaning of Section 368 of the Internal Revenue Code, or knowingly take any action that is reasonably likely to result in (1) any of its representations and warranties set forth in the merger agreement becoming untrue in any material respect at any time prior to the effective time of the merger, (2) any of the conditions set forth in the merger agreement not being satisfied, or (3) a material violation of any provision of the merger agreement, except as may be required by law or regulation.

Incur any indebtedness for borrowed money other than in the ordinary course of business; or

Agree or commit to do any of the foregoing.

United has agreed that, prior to the effective time, without the prior written consent of Sequoia it will not:

Make, declare, pay or set aside for payment any extraordinary dividend, other than in connection with the United Stock Repurchase Program;

Prior to the effective time, enter into, nor permit any United subsidiary to enter into, any agreement, arrangement or understanding with respect to the merger, acquisition, consolidation, share exchange or similar business combination involving United and/or a United subsidiary, where the effect of such agreement, arrangement or understanding, or the consummation or effectuation thereof, would be reasonably likely to result in the termination of the merger agreement, materially delay or jeopardize the receipt of the approval of any regulatory authority or the filing of an application therefore, or cause the anticipated tax treatment of the transactions contemplated in the merger agreement to be unavailable; provided, however, that nothing in such covenant shall prohibit any such transaction that by its terms contemplates the consummation of the merger in accordance with the provisions of the merger agreement and which treats holders of Sequoia common stock, upon completion of the merger and their receipt of United stock, in the same manner as the holders of United stock;

Amend United's articles of incorporation or bylaws in a manner that would materially and adversely effect the benefits of the merger to the stockholders of Sequoia; or

Table of Contents

Agree or commit to do any of the foregoing.

Additional Covenants of United and Sequoia

The merger agreement contains substantially reciprocal additional covenants, the most significant of which are set forth below.

Regulatory Matters

The parties have agreed to cooperate with each other and use their reasonable best efforts to prepare and file promptly all necessary documentation to obtain all approvals, authorizations and consents of all third parties and governmental entities which are necessary or advisable to consummate the merger.

Access to Information

The parties have each agreed to afford the representatives of the other access to all properties, books, personnel and records, and have each also agreed to make available to the other party copies of documents filed by it pursuant to the requirements of federal or state securities laws or banking laws, and all other information concerning its business, properties and personnel as such party may reasonably request. Both parties agreed to hold all information furnished by or on behalf of the other party in confidence.

Sequoia Board's Agreement to Recommend

Sequoia's board has agreed to call a meeting of its stockholders as soon as reasonably practicable and, in this proxy statement/prospectus mailed to the Sequoia stockholders, to unanimously recommend to Sequoia's stockholders that they approve the merger agreement. However, Sequoia's board is permitted not to make this recommendation, to withdraw or to modify it in a manner adverse to United, if Sequoia's board determines in good faith that it is necessary to do so to comply with its fiduciary duty to stockholders under applicable law, after receiving written advice of outside legal counsel.

Employee Benefit Plans

Within a reasonable period after the effective time of the merger, United intends to provide Sequoia employees with benefit plans substantially similar to those provided to similarly situated United employees. Until such time as United has provided such benefit plans, it will maintain Sequoia's existing benefit plans. United will cause any and all pre-existing condition limitations and eligibility waiting periods under group health plans to be waived with respect to Sequoia employees and their eligible dependents. Sequoia employees will receive credit for years of service with Sequoia and its predecessors for purposes of eligibility and vesting under United's benefit plans. Sequoia employees will not be entitled to accrual of benefits or allocation of contributions under United's benefit plans based on years of service with Sequoia and its predecessors prior to the effective date of the merger.

United has agreed that each Sequoia employee who is involuntarily terminated by United (other than for cause) within six months of the effective date of the merger will receive a severance payment equal to two weeks of base pay for each year of service at Sequoia (with credit for partial years of service) with a minimum payment equal to one month base pay for Sequoia employees who have at least one full year of service and maximum payment equal to 30 weeks of base pay.

Immediately prior to the effective time of the merger, Sequoia will terminate its 401(k) plan. Following the receipt of a favorable determination letter from the Internal Revenue Service regarding the

Table of Contents

termination of Sequoia's 401(k) plan, the assets of the plan will be distributed to the participants. In the event a favorable ruling is not issued, the 401(k) plan will not be terminated, but rather will be merged with United's 401(k) Plan.

Acquisition Proposals

Sequoia and its officers, directors, agents advisors and affiliates may not (1) solicit or encourage any inquiries or proposals with respect to an acquisition proposal, (2) engage in any negotiations concerning an acquisition proposal, or (3) provide any confidential information to any person relating to an acquisition proposal. In addition, Sequoia must cease any existing discussions or negotiations with any party other than United regarding an acquisition proposal.

Notwithstanding these prohibitions, Sequoia may provide non-public information to a third party who makes an acquisition proposal and negotiate with such third party regarding an acquisition proposal; but only if (1) the acquisition proposal from the third party was unsolicited or did not otherwise result from a breach of the non-solicitation covenant; and (2) Sequoia's board of directors determines in good faith, after consultation with legal counsel, that failure to take such action is reasonably likely to constitute a breach of its fiduciary duties to Sequoia's stockholders.

Affiliate Agreements

Sequoia has agreed to use its reasonable best efforts to cause each affiliate of Sequoia to execute and deliver affiliate agreements regarding Rule 145 of the Securities Act of 1933 to United.

Current Public Information

United has agreed that it will, for a period of three years following the effective time of the merger, use its best efforts to meet the current public information requirements of Rule 144 under the Securities Act of 1933 and will provide those persons providing affiliate agreements with such other information as reasonably required and otherwise cooperate with such persons to facilitate any sales of United common stock.

Indemnification and Insurance of Sequoia Directors and Officers

United has agreed that:

for six years from the effective time, it will use its reasonable best efforts to cause the officers and directors of Sequoia to be covered by the directors' and officers' liability insurance policy maintained by United with respect to acts or omissions occurring prior to the effective time which were committed by such officers and directors in their capacities as such; and

for a period of six years from the effective time, United shall indemnify former Sequoia directors, officers and employees for liabilities from their acts or omission in those capacities occurring prior to the effective time to the full extent permitted by law.

Representations and Warranties

The merger agreement contains substantially reciprocal representations and warranties made by Sequoia and United to each other. The most significant of these relate to: corporate authorization to enter into the contemplated transaction; governmental and third-party approvals required in connection with the

Table of Contents

contemplated transaction; absence of any breach of organizational documents, law or certain material agreements as a result of the contemplated transaction; capitalization; ownership of subsidiaries; insurance; filings with the SEC; filing of required reports; financial statements; absence of certain changes or events; absence of undisclosed material liabilities; certain contracts; legal proceedings; tax matters; employee benefits matters; compliance with laws; brokerage commissions or finders' fees; environmental matters; and absence of circumstances inconsistent with the intended accounting treatment of the merger.

In addition, Sequoia represents and warrants to United as to certain other matters, including the inapplicability of the Delaware anti-takeover statute to the merger agreement, and Sequoia's receipt of the written opinion from Sandler O'Neill & Partners, L.P. regarding the fairness of the merger consideration to Sequoia stockholders from a financial point of view.

Conditions to Completing the Merger

Closing Conditions

The obligations of Sequoia and United to complete the merger are subject to the satisfaction of the following conditions:

approval of the merger agreement by the stockholders of Sequoia;

authorization for the listing on The Nasdaq National Market System of the shares of United common stock to be issued in the merger;

all regulatory approvals required for the merger being obtained and remaining in full force and effect without unreasonable conditions;

United's registration statement on Form S-4, which includes this proxy statement/prospectus, being effective and not subject to any stop order by the SEC;

absence of any statute, rule, regulation, judgment, decree, injunction or other order being enacted, issued, promulgated, enforced or entered by a governmental authority effectively prohibiting consummation of the merger; and

all permits or other authorizations under state securities laws necessary to consummate the merger and to issue the shares of United common stock to be issued in the merger being obtained and remaining in full force and effect.

Additional Closing Conditions for United's and Sequoia's Benefits

Both parties' obligations to complete the merger are also subject to the receipt of an opinion from each other's counsel regarding the qualification of the merger as a reorganization under the federal income tax laws, to the accuracy as of closing of the representations and warranties made by Sequoia and United in the merger agreement, and to the performance by Sequoia and United in all material respects of the obligations required to be performed by it at or prior to the closing.

Table of Contents

Termination, Amendment and Waiver

Right to Terminate

The merger agreement may be terminated at any time prior to the closing in any of the following ways:

- (a) The merger agreement may be terminated by mutual written consent of Sequoia and United.
- (b) The merger agreement may be terminated by either Sequoia or United if:
 - the approval of any governmental entity required for consummation of the merger is denied by a final nonappealable action of such governmental entity;
 - the merger has not been completed on or before January 31, 2004, unless the failure of the merger to be consummated arises out of or results from the knowing action or inaction of the party seeking to terminate;
 - there has been a breach by the other party of any of its obligations under the merger agreement which breach cannot be or has not been cured within 30 days following written notice to the breaching party of such breach; or
 - the merger agreement is not approved by the stockholders of Sequoia.
- (c) The merger agreement may be terminated by United if Sequoia's board fails to recommend the merger or withdraws, modifies or changes such recommendation in a manner adverse to United.
- (d) Sequoia may terminate the merger agreement if the value of United common stock declines by more than 20% from its price as of the date of the merger agreement and underperforms by more than 15% a group of peers (as defined in the merger agreement), as determined during the five-day period ending on the date all regulatory approvals have been obtained, unless United elects to increase the exchange ratio within five days of receipt of notice from Sequoia of its decision to terminate.
- (e) By Sequoia, if the Sequoia board of directors determines that Sequoia has received an unsolicited proposal that if consummated would result in a transaction more favorable to Sequoia's stockholders from a financial point of view, provided that United does not make a counteroffer that is at least as favorable to the other proposal and Sequoia pays the termination fee described below.

Effect of Termination

The provisions of the merger agreement relating to expenses and termination fees, as well as the confidentiality agreement entered into between Sequoia and United, will continue in effect notwithstanding termination of the merger agreement. If the merger agreement is validly terminated, the agreement will become void without any liability on the part of any party except termination will not relieve a breaching party from liability for any willful breach of the merger agreement.

Waiver; Amendment

Table of Contents

Prior to the effective time, any provision of the merger agreement may be (i) waived by the party benefiting from the provision, or (ii) amended or modified by an agreement in writing between United and Sequoia, except that after the Sequoia meeting, the merger agreement may not be amended if it would violate the DGCL.

Termination Fee

In the event the merger agreement is terminated for failure to obtain the approval of Sequoia's stockholders, and at such time a competing acquisition proposal for Sequoia has been made public and not withdrawn, or the merger agreement is terminated because the Sequoia board fails to recommend, withdraws, modifies, or changes its recommendation of the merger, then Sequoia must pay United a termination fee of \$1.12 million.

Table of Contents

INFORMATION ABOUT UNITED

United Bankshares, Inc. (United) is a West Virginia corporation registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended. United was incorporated on March 26, 1982, organized on September 9, 1982, and began conducting business on May 1, 1984 with the acquisition of three wholly-owned subsidiaries. Since its formation in 1982, United has acquired twenty-five banking institutions. At December 31, 2002, United has two banking subsidiaries (the Banking Subsidiaries) each named United Bank, one operating under the laws of West Virginia, United bank West Virginia and the other operating under the laws of Virginia, United Bank Virginia. United also owns nonbank subsidiaries that engage in mortgage banking and other community banking services, such as asset management, investment banking, financial planning, and brokerage services.

United is headquartered in the United Center at 500 Virginia Street, East, Charleston, West Virginia. United's executive offices are located in Parkersburg, West Virginia at Fifth and Avery Streets. United operates 85 offices 52 offices located throughout West Virginia, 30 offices throughout the Northern Virginia, Maryland and Washington, D.C. areas and three in Ohio. United owns all its West Virginia facilities except for two in the Wheeling area, three in the Charleston area, two in the Beckley area and one each in Parkersburg, Charles Town and Clarksburg, all of which are leased under operating leases. United leases all of its facilities under operating lease agreements in the Northern Virginia, Maryland and Washington, D.C. areas except for four offices, one each in Fairfax, Alexandria, Bethesda and Vienna, Virginia which are owned facilities. In Ohio, United leases two of its three facilities, one each in Bellaire and St. Clairsville.

As a bank holding company registered under the Bank Holding Company Act of 1956, as amended, United's present business is community and mortgage banking. As of March 31, 2003, United's consolidated assets approximated \$5.82 billion and total stockholders' equity approximated \$541.87 million.

Regulation

In addition to the state and federal laws applicable to business and employers generally, United and its subsidiaries are further regulated by special federal and state laws and regulations applicable only to financial institutions and their parent companies. Virtually all aspects of the operations of United, United Bank West Virginia and United Bank Virginia are subject to specific requirements or restrictions and general regulatory oversight, from laws regulating consumer finance transactions, such as the Truth in Lending Act, the Home Mortgage Disclosure Act and the Equal Credit Opportunity Act, to laws regulating collections and confidentiality, such as the Fair Debt Collections Practices Act, the Fair Credit Reporting Act and the Right to Financial Privacy Act. With few exceptions, state and federal banking laws have as their principal objective either the maintenance of the safety and soundness of financial institutions and the federal deposit insurance system or the protection of consumers or classes of consumers, rather than the specific protection of stockholders of United.

New legislation, proposals to overhaul the bank regulatory system and proposals to limit the investments that a depository institution may make with insured funds are from time to time introduced in Congress. Such legislation may change banking statutes and the operating environment of United and its banking subsidiaries in substantial and unpredictable ways. United cannot determine the effect that any new legislation and the related regulations may have upon the financial condition or results of operations of United or its subsidiaries.

Table of Contents

Competition and Economic Characteristics of Primary Market Area

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

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

As of December 31, 2002, there were 47 bank holding companies operating in the State of West Virginia registered with the Federal Reserve System and the West Virginia Board of Banking and Financial Institutions and 60 bank holding companies operating in the Commonwealth of Virginia registered with the Federal Reserve System and the Virginia Corporation Commission. These holding companies are headquartered in various West Virginia and Virginia cities and control banks throughout West Virginia and Virginia that compete for business as well as for the acquisition of additional banks.

West Virginia's seasonally adjusted unemployment rate ended the year of 2002 at 5.5%, which was lower than the national rate of 5.7%, according to available information from the West Virginia Bureau of Employment Programs. The state of West Virginia has a more diversified economy than it had during the peak periods of coal production with services, retail trade and governmental fields providing 66% of the workforce in the state, according to West Virginia state records. The coal mining industry accounts for only 3% of the state's labor force. This diversified economy has contributed to a positive trend in unemployment rates in recent years as the state's overall unemployment rate has declined from 10.5% in 1991 to 5.5% in December 2002. West Virginia's unemployment rate for all of 2002 averaged 6.1%, which was the third lowest average annual unemployment rate since the current statistical system began in 1976, according to available information from the West Virginia Bureau of Employment Programs.

United's northern Virginia subsidiary banking offices are located in markets that reflect very low unemployment rate levels and increased wage levels over a year ago. According to information available from the Virginia Employment Commission, Virginia's unemployment rate as of December 2002 was 3.6%. The 3.6% December 2002 unemployment rate was the lowest in nineteen months and was well below both the Virginia December 2001 unemployment rate of 4.2% and the U.S. December 2002 unemployment level of 5.7%. The Northern Virginia metropolitan area's unemployment rate was at 2.5%, second lowest among Virginia's eight metropolitan areas, as of December 2002.

Employees

As of December 31, 2002, United had approximately 1,460 full-time equivalent employees, eight of whom were executive officers. No collective bargaining unit represents these employees, and management considers employee relations to be excellent.

Table of Contents

Legal Proceedings

The nature of the business of United causes it (and its subsidiaries) to be involved in routine legal proceedings from time to time. Management of United believes that there are no pending or threatened legal proceedings that upon resolution would have a material adverse impact on United.

Interests of Certain Persons

No director or executive officer of United has any material direct or indirect financial interest in Sequoia or the merger except as a director, executive officer or stockholder of United or its subsidiaries.

DESCRIPTION OF CAPITAL STOCK OF UNITED

The authorized capital stock of United consists of 100,000,000 shares of common stock, par value \$2.50 per share. As of June 30, 2003, there were 41,461,389 shares of common stock outstanding, net of treasury shares of 1,920,380, and no shares of preferred stock authorized or outstanding.

Common Stock

Each holder of common stock is entitled to one vote for each share held on all matters with respect to which the holders of common stock are entitled to vote. The common stock has no preemptive or conversion rights and is not subject to redemption. Holders of common stock are entitled to cumulative voting in the election of directors. In the event of dissolution or liquidation, after payment of all creditors, the holders of the common stock will be entitled to receive pro rata any assets distributable to stockholders in respect of the number of shares held by them.

The holders of shares of common stock are entitled to such dividends as the board of directors, in its discretion, may declare out of funds legally available therefore. Under West Virginia law, dividends may not be paid if, after the payment, United's total assets would be less than the sum of its total liabilities and stated capital, or if United would be unable to pay its debts as they become due in the usual course of its business. Payment of future dividends on the common stock will be dependent upon, among other things, the earnings and financial condition of United and its subsidiaries, United's other cash flow requirements and the general economic and regulatory climate.

The transfer agent and registrar for the common stock is Mellon Investor Services LLC. The outstanding shares are held by approximately 12,278 stockholders of record as of .

Table of Contents

The unissued portion of United's authorized common stock (subject to registration approval by the SEC) and the treasury shares are available for issuance as the board of directors determines advisable. United offers its stockholders the opportunity to invest dividends in shares of United stock through its dividend reinvestment plan. United has also established stock option plans and a stock bonus plan as incentive for certain eligible officers. In addition to the above incentive plans, United is occasionally involved in certain mergers in which additional shares could be issued and recognizes that additional shares could be issued for other appropriate purposes.

The board of directors believes that the availability of authorized but unissued common stock of United is of considerable value if opportunities should arise for the acquisition of another business through the issuance of United's stock. Stockholders do not have preemptive rights, which allows United to issue additional authorized shares without first offering them to current stockholders.

United has only one class of stock outstanding and all voting rights are vested in the holders of United's stock. At the present time, no senior securities of United are outstanding, nor does the board of directors presently contemplate issuing senior securities. All of the issued and outstanding shares of United's stock are fully paid and non-assessable.

The stockholders of United are entitled to receive dividends when and as declared by its board of directors. Dividends are paid quarterly. Dividends were \$0.95 per share in 2002, \$0.91 per share in 2001 and \$0.84 per share in 2000. Dividends are paid from funds legally available; therefore, the payment of dividends is subject to the restrictions set forth in the West Virginia Corporation Act. See [-Comparative Market Prices and Dividend Information](#) for quarterly dividend information.

Payment of dividends by United is dependent upon payment of dividends to it by its subsidiary banks. Payment of dividends by United's state member banks is regulated by the Federal Reserve System and generally, the prior approval of the Federal Reserve Board (FRB) is required if the total dividends declared by a state member bank in any calendar year exceeds its net profits, as defined, for that year combined with its retained net profits for the preceding two years. Additionally, prior approval of the FRB is required when a state member bank has deficit retained earnings but has sufficient current year's net income, as defined, plus the retained net profits of the two preceding years. The FRB may prohibit dividends if it deems the payment to be an unsafe or unsound banking practice. The FRB has issued guidelines for dividend payments by state member banks emphasizing that proper dividend size depends on the bank's earnings and capital. See Note O Notes to Consolidated Financial Statements of United's 2002 Annual Report on Form 10-K, which is incorporated herein by reference.

Table of Contents

INFORMATION ABOUT SEQUOIA

General

Sequoia Bancshares, Inc. is the parent company of SequoiaBank, a community bank that offers a variety of banking services to individuals and businesses through its offices in Maryland, Virginia and Washington, D.C.

Sequoia's headquarters are located at Two Bethesda Metro Center, Suite 1500, Bethesda, Maryland 20814. Sequoia has 12 office branches throughout Maryland, Virginia and Washington, D.C.

Management's Discussion and Analysis of Financial Condition and Results of Operations of Sequoia Bancshares, Inc.

This Management Discussion and Analysis of Financial Conditions and Results of Operations of Sequoia, which analyzes the major elements of our consolidated statements of operations and financial condition, should be read in conjunction with the detailed information and consolidated financial statements and the rates related thereto, included elsewhere herein.

Overview

Income. Sequoia has two primary sources of pre-tax income. The first is net interest income. Net interest income is the difference between interest income which is the income that Sequoia earns on its loans and investments and interest expense which is the interest that Sequoia pays on its deposits and borrowings. Sequoia's second principal source of income is fee income the compensation Sequoia receives from providing products and services. Most of Sequoia's fee income comes from service charges on deposit accounts. Sequoia occasionally recognizes gains or losses as a result of sales of investment securities or foreclosed real estate. The gains are not a regular part of Sequoia's income.

Operating Expenses. The operating expenses that Sequoia incurs in its business consist of compensation and employee benefits expense, occupancy and equipment expense and other miscellaneous expenses, such as expenses for data processing services, attorneys, accountants and consultants, insurance, office supplies, postage, telephone and advertising.

The provision for loan losses and taxes on pre-tax income comprise the remaining components of net income.

Management's Discussion and Analysis of Financial Condition and Results of Operations of Sequoia Bancshares, Inc. at March 31, 2003

Comparison of Financial Condition at March 31, 2003

Loans. Sequoia has experienced rapid loan growth in recent years. In the three months ended March 31, 2003, total loans grew 5.8%. Sequoia originates a wide variety of commercial and consumer loans. The largest segment of the loan portfolio, and the segment that accounted for most of the growth of the portfolio, is commercial real estate loans. At March 31, 2003, commercial real estate loans totaled \$175.6 million, or 51.2% of total loans. The growth in this category can be attributed to the positive results of Sequoia's expansion in Northern Virginia and the continuing business development efforts in suburban Maryland and the District of Columbia.

Table of Contents

Commercial business loans represent the second largest segment of the loan portfolio. At March 31, 2003, commercial business loans totaled \$82.3 million, or 24.0% of total loans. Sequoia's continuing focus on relationship banking and customer service has translated into the steady growth of this product.

At March 31, 2003, residential real estate loans accounted for 14.3% of the loan portfolio, construction loans accounted for 7.7% of the loan portfolio, and consumer and other loans accounted for 2.8% of the loan portfolio. During the three months ended March 31, 2003, the residential loan portfolio has shown modest growth as the low interest rate environment has caused a significant increase in refinancings. The construction loan portfolio has increased to approximately \$26.5 million, although it has remained constant as a percentage of the total portfolio. The consumer loan portfolio has grown in response to the growing customer base, but remains a small portion of the total portfolio.

Investments. Sequoia's investment portfolio consists primarily of mortgage-backed and mortgage-related securities and debt obligations of the United States Treasury, United States agencies and states and municipalities. At March 31, 2003, investment securities totaled \$150.0 million, or 27.4 % of total assets. Most of the activity in the investment portfolio has been in mortgage-backed and mortgage-related securities. With interest rates being at historical low levels, Sequoia's strategy has been to invest in short-term cash flow generating securities. The higher than expected loan volume experienced in the first quarter of 2003 has resulted in a shift of funding uses from securities to the loan portfolio. Such strategy has resulted in a decrease of \$6.3 million in total securities from the levels of December 31, 2002.

Allowance for Loan Losses. The allowance for loan losses is a valuation allowance for probable losses inherent in the loan portfolio. Sequoia evaluates the need to establish the allowance against losses on a quarterly basis. When additions to the allowance are necessary, a provision against loan losses is charged to earnings. Management's periodic evaluation of the adequacy of the allowance is based on past loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions. At March 31, 2003, the allowance for loan losses represented 1.10 % of total loans. The allowance for loan losses decreased \$4,000 from December 31, 2002. The change in the allowance reflected improvements in the quality of the loan portfolio as evidenced by the decline in past-due loans.

Although Sequoia believes that it uses the best information available to establish the allowance for loan losses, future adjustments to the allowance for loan losses may be necessary and results of operations could be adversely affected if circumstances differ substantially from the assumptions used in making the determinations. Furthermore, while Sequoia believes it has established the allowance for loan losses in conformity with generally accepted accounting principles, there can be no assurance that regulators, in reviewing the loan portfolio, will not request Sequoia to increase its allowance for loan losses. In addition, because future events affecting borrowers and collateral cannot be predicted with certainty, there can be no assurance that the existing allowance for loan losses is adequate or that increases will not be necessary should the quality of any loans deteriorate as a result of the factors discussed above. Any material increase in the allowance for loan losses may adversely affect Sequoia's financial condition and results of operations.

Deposits. Growth in deposits has funded most of Sequoia's recent asset growth. Sequoia offers a wide variety of deposit products, including checking, savings, money market and time deposits. These deposits are provided primarily by individuals and businesses in Sequoia's market area. Sequoia does not use brokered deposits as a source of funding. During the three months ended March 31, 2003, deposits increased \$2.1 million, or 0.5%.

Table of Contents

Borrowings. Sequoia uses advances from the Federal Home Loan Bank, repurchase agreements and other short-term borrowings to supplement its supply of investable funds. In addition, during 2001, Sequoia, through two wholly-owned subsidiaries, issued \$10.0 million of trust preferred securities. During the three months ended March 31, 2003, Federal Home Loan Bank advances increased \$10 million, to \$47.7 million. These advances have maturities ranging from 2006 through 2013. Short-term borrowings, which consist primarily of repurchase agreements, totaled \$52.5 million at March 31, 2003, compared to \$42.8 million at December 31, 2002.

Stockholders Equity. Stockholders equity increased \$909,000, or 3.5%, in the three months ended March 31, 2003. Net income less dividends declared accounted for \$1.3 million of the increase, while the change in the unrealized gain on investment securities accounted for a \$400 thousand decrease.

Comparison of Results of Operations for the Three Months Ended March 31, 2003 and 2002

Net Income. Net income for the three months ended March 31, 2003 increased \$843,000, or 154.4%, to \$1.4 million, compared to \$546,000 for the same period of the prior year. Return on average assets was 1.07% compared to 0.59% in the same period a year ago. Return on average common equity was 21.16% for the three months ended March 31, 2003 compared to 10.65% for the three months ended March 31, 2002.

Net Interest Income. Interest income for the three months ended March 31, 2003 increased \$1.4 million, or 23.7%, to \$7.3 million from \$5.9 million for the same period in 2002. The growth in interest income reflects the growth in interest-earning assets, offset by a decrease in the average yield that resulted from lower market interest rates earned by these assets. Interest expense for the three months ended March 31, 2003 increased \$69,000, or 2.9%, to \$2.5 million from \$2.4 million for the same period in 2002. The small increase in interest expense reflected growth in deposits and increased borrowings that were mostly offset by lower interest rates paid. The combined effect of the increases in interest income and interest expense resulted in an increase of net interest income for the three months ended March 31, 2003 of \$1.4 million, or 37.7%, to \$4.9 million from \$3.5 million for the same period in 2002.

Provision for Loan Losses. Provision for loan losses was \$150,000 for the three months ended March 31, 2003, compared to \$195,000 in 2002. The lower provision reflected the overall improvement in the quality of the loan portfolio.

Noninterest Income. For the three months ended March 31, 2003, noninterest income increased by \$378,000, or 57.0%, to \$1.0 million from \$664,000 for the same period in 2002. The increase was attributable to gains from sales of securities and improvement in revenue from service charges in deposit accounts. Service charges increased by 16.4% to \$483,000. Gain on sales of securities totaled \$239,000. Other noninterest income increased by \$71,000 to \$320,000.

Noninterest Expense. Noninterest expense for the three months ended March 31, 2003 increased 14.7% to \$3.6 million from \$3.2 million for the same period last year. Compensation and employee benefits expense increased 19.0% as a result of additional staff and increases in benefit costs. Occupancy and equipment expense increased 9.7% as a result of branch expansion and technology. Other noninterest expense increased 8.7% as a result of growth related increases in core processing and business development costs.

Income Taxes. Income tax expense for the three months ended March 31, 2003 was \$744,000 compared to \$295,000 for the same period last year. The effective income tax rate was 34.9% compared to 35.1% in 2002. The decrease in the effective income tax rate was attributable to the purchase of certain tax-exempt municipal securities for the investment portfolio.

Table of Contents**Liquidity and Capital Resources**

Liquidity is the ability to meet current and future financial obligations of a short-term nature. Sequoia's primary sources of funds consist of deposit inflows, loan repayments, maturities and sales of investment securities, borrowings from the Federal Home Loan Bank of Atlanta, fed funds facilities with correspondent banks and other short-term borrowings. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition.

Sequoia regularly adjusts its investments in liquid assets based upon its assessment of (1) expected loan demand, (2) expected deposit flows, (3) yields available on interest-earning deposits and securities, and (4) the objectives of its asset/liability management program. Excess liquid assets are invested generally in fed funds and other interest-earning money market instruments and short- and intermediate-term U.S. Government agency obligations.

Sequoia's most liquid assets are cash and due from banks and federal funds sold. The levels of these assets are dependent on Sequoia's operating, financing, lending and investing activities during any given period. At March 31, 2003, cash and due from banks totaled \$24.1 million and federal funds sold totaled \$18.3 million. Securities classified as available-for-sale, which provide additional sources of liquidity, totaled \$130.6 million at March 31, 2003. In addition, at March 31, 2003, Sequoia had arranged the ability to borrow a total of approximately \$62.5 million from the Federal Home Loan Bank of Atlanta. On that date, Sequoia had advances outstanding of \$47.7 million.

At March 31, 2003, Sequoia had \$105.0 million in loan commitments outstanding. These commitments included \$22.7 million in loans-in-process primarily to fund undisbursed proceeds of construction and commercial loans and \$82.3 million in unused lines of credit. In addition to loan commitments, Sequoia had \$5.5 million in unused standby letters of credit. Certificates of deposit due within one year of March 31, 2003 totaled \$79.6 million. Sequoia believes that, based on past experience, a significant portion of those deposits will remain with Sequoia. Sequoia has the ability to attract and retain deposits by adjusting the interest rates offered.

The following table presents Sequoia's long-term borrowings as of March 31, 2003.

	Total	Payments due by period		
		Less than 1 year	1-3 years	More than 5 years
(In thousands)				
FHLB advances	\$47,700	\$	\$ 7,700	\$40,000
Trust preferred securities	10,000			10,000

Sequoia's primary investing activities are the origination of loans and the purchase of securities. In the three months ended March 31, 2003, Sequoia experienced a net increase in loans of \$18.8 million and purchased \$28.7 million of securities.

Financing activities consist primarily of activity in deposit accounts and Federal Home Loan Bank advances. Sequoia experienced a net increase in total deposits of \$2.1 million in the three months ended March 31, 2003. Deposit flows are affected by the overall level of interest rates, the interest rates and products offered by Sequoia and Sequoia's local competitors and other factors. Sequoia generally manages the pricing of its deposits to be competitive and to increase core deposit relationships.

Table of Contents

Occasionally, Sequoia offers promotional rates on certain deposit products in order to attract deposits. In the three months ended March 31, 2003, Federal Home Loan Bank advances increased by \$10.0 million.

Sequoia is subject to various regulatory capital requirements administered by the Federal Deposit Insurance Corporation, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off-balance sheet items to broad risk categories. At March 31, 2003, Sequoia exceeded all of its regulatory capital requirements and was considered well capitalized under regulatory guidelines.

Management's Discussion and Analysis of Financial Condition and Results of Operations of Sequoia Bancshares, Inc. for Years Ended December 31, 2002, and December 31, 2001

Comparison of Financial Condition at December 31, 2002 and December 31, 2001

Loans. Sequoia has experienced rapid loan growth in recent years. Total loans grew 27.9% in 2002 and 34.3% in 2001. Sequoia originates a wide variety of commercial and consumer loans. The largest segment of the loan portfolio, and the segment that accounted for most of the growth of the portfolio, is commercial real estate loans. Commercial real estate loans totaled \$152.5 million, or 47.0% of total loans, at December 31, 2002 and \$100.9 million, or 39.8% of total loans, at December 31, 2001. The growth in this category can be attributed to the positive results of Sequoia's expansion in Northern Virginia and the continuing business development efforts in suburban Maryland and the District of Columbia.

Commercial business loans totaled \$86.2 million, or 26.6% of total loans, at December 31, 2002 and \$74.9 million, or 29.5% of total loans, at December 31, 2001. Sequoia's continuing focus on relationship banking and customer service has translated into the steady growth of this product.

During the years ended December 31, 2002 and 2001, the residential loan portfolio has shown modest growth as the low interest rate environment has caused a significant increase in refinancings. The construction loan portfolio has increased to approximately \$25.5 million, although it has remained constant as a percentage of the total portfolio. The consumer loan portfolio has grown in response to the growing customer base, but remains a small portion of the total portfolio.

See tables 5, 6 and 7 for additional information about Sequoia's loan portfolio.

Investments. Investment securities totaled \$156.3 million, or 29.8% of total assets at December 31, 2002 and \$85.0 million, or 22.7% of total assets at December 31, 2001. Most of the activity in the investment portfolio has been in mortgage-backed and mortgage-related securities. With interest rates being at historical low levels, Sequoia's strategy has been to invest in short-term cash flow generating securities.

See tables 3 and 4 for additional information about Sequoia's investment portfolio.

Allowance for Loan Losses. The allowance for loan losses is a valuation allowance for probable losses inherent in the loan portfolio. Sequoia evaluates the need to establish the allowance against losses on a quarterly basis. When additions to the allowance are necessary, a provision against loan losses is charged to earnings. Management's periodic evaluation of the adequacy of the allowance is

Table of Contents

based on past loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions. At December 31, 2002, the allowance for loan losses represented 1.16% of total loans. The decline in the allowance as a percentage of total loans reflected improvements in the quality of the loan portfolio as evidenced by the decline in past-due loans as a percentage of total loans. The allowance for loan losses increased \$476,000 from December 31, 2001. The change in the allowance reflected a corresponding increase in the overall loan portfolio.

See tables 8, 9 and 10 for additional information about Sequoia's loss experience and non-performing assets.

Deposits. During 2002, deposits increased \$123.9 million, or 44.1%. The growth in deposits occurred primarily in NOW accounts and certificates of deposit. During 2001, deposits increased \$65.7 million, or 30.5%. The growth during 2001 occurred primarily in checking accounts, as well as in NOW and money market accounts.

Borrowings. Sequoia uses advances from the Federal Home Loan Bank, repurchase agreements and other short-term borrowings to supplement its supply of investable funds. In addition, during 2001, Sequoia, through two wholly owned subsidiaries, issued \$10.0 million of trust preferred securities. Federal Home Loan Bank advances have maturities ranging from 2006 through 2012. FHLB advances totaled \$37.7 million at December 31, 2002 and \$32.7 million at December 31, 2001. Short-term borrowings, which consist primarily of repurchase agreements, totaled \$42.8 million at December 31, 2002 and \$29.5 million at December 31, 2001.

See table 12 for additional information about Sequoia's borrowings.

Stockholders' Equity. Stockholders' equity increased \$5.9 million, or 30.0% in 2002. Net income less dividends declared accounted for \$4.4 million of the increase, while the change in the unrealized gain on investment securities accounted for \$1.9 million of the increase. Stock repurchases of \$400,000 and exercise of stock options of \$80,000 accounted for the balance of the change. During 2002, common stock and capital surplus decreased as a result of stock repurchases, and was partially offset by proceeds from the option exercises.

Table of Contents

Comparison of Results of Operations for Years Ended December 31, 2002, 2001 and 2000

Net Income

2002 v. 2001. Net income for the year ended December 31, 2002 was \$4.6 million, an increase of \$3.2 million, or 230.3%, from \$1.4 million in 2001. The increase was the result of improvement in net interest income and noninterest income, a decline in the provision for loan losses combined with limited increases in noninterest expenses.

2001 v 2000. Net income decreased \$1.2 million, or 47.2%, to \$1.4 million for the year ended December 31, 2001 from \$2.7 million in 2000. The decrease was the result of increased provisions for loan losses and increased noninterest expense.

Net Interest Income

2002 v. 2001. Net interest income increased \$4.9 million, or 40.4%, as Sequoia was able to increase assets without significantly reducing its average yield on interest-earning assets.

Interest income increased \$5.2 million, or 23.5%, as a result of increased income on loans and securities. Interest income on loans increased 19.2% as a result of the 35.1% growth in the average balance of loans. Interest income on securities increased 57.5% as a result of increases in the portfolio from core growth and other leveraging strategies. The average balance of the securities portfolio increased by \$57.0 million, or 84.1%, from 2001.

Despite 48% growth in the average balance of interest-bearing deposits and other funding products, interest expense increased by only \$294,000, or 2.9%, to \$10.3 million. Increased interest on borrowings was partially offset by lower rates and a decrease in interest on deposits. Interest paid on deposits decreased 4.9% as a result of decreases in the interest rates paid. Average cost of deposits decreased by 145 basis points to 2.74%. Interest paid on borrowings increased 27.9% as a result of increases in non-deposit related funding activities.

2001 v. 2000. Net interest income increased \$494,000, or 4.2%, as the increase in interest income was partially offset by an increase in interest expense.

Interest income increased \$2.2 million, or 11.1%, as a result of increased income on loans and securities. Interest income on loans increased 5.5% as the average balance of loans grew 21.7%. The limited increase in interest income from loans was attributed to declining interest rates through 2001. Interest income on securities increased 46.7% as a result of a 55.2% increase in the average balance of investment securities. Interest income on securities was also affected by the decline in market interest rates.

Interest expense increased \$1.7 million, or 20.9%, as a result of increased interest paid on both deposits and borrowings. Interest paid on deposits increased 14.2% as a result of a 24.0% increase in the average balance of interest-bearing deposits. Reductions in interest rates paid on deposits limited the interest expense growth. Interest paid on borrowings increased 48.7% as a result of increased borrowings from the Federal Home Loan Bank of Atlanta and the issuance of the trust preferred securities.

See tables 1 and 2 for further information regarding Sequoia's interest income and expense.

Table of Contents

Provision for Loan Losses

2002 v. 2001. Provision for loan losses was \$295,000 in 2002, compared to \$1.0 million in 2001. The lower provision reflected continuing improvement in the credit quality of the loan portfolio.

2001 v. 2000. Provision for loan losses was \$1.0 million in 2001, compared to \$260,000 in 2000. The larger provision reflected normal additions required in the allowance for loan losses to provide for loan growth.

Noninterest Income

2002 v. 2001. Noninterest income increased \$1.1 million, or 49.3%, primarily as a result of an increase in service charges on deposit accounts. Service charges increased 70.9% as a result of deposit account growth, enhanced usage of bankcard and on-line products, and internal controls aimed to maximizing fee income retention. Gain on sales of securities increased \$187,000 as a result of strategic sales of securities to maximize total return in the portfolio. Other noninterest income increased \$136,000 as a result of miscellaneous income transactions and revenues from bank-owned life insurance policies.

2001 v. 2000. Noninterest income increased \$771,000, or 53.1%, primarily as a result of an increase in service charges on deposit accounts and gain on sales of securities. Service charges increased 44.4% as a result of deposit account growth and internal accounting controls aimed to maximizing fee income retention. Securities were sold for gains of \$329,000 in 2001, compared to no similar gains in 2000. However, in 2000, other real estate owned was sold for gains of \$72,000, with no similar gains in 2001. Other noninterest income increased \$178,000 as a result of miscellaneous income transactions and revenues from bank-owned life insurance policies.

Noninterest Expense

2002 v. 2001. Noninterest expense increased \$2.0 million, or 17.1%, as a result of increases in all categories of expense, reflecting the growth of Sequoia. Compensation and employee benefits expense increased 15.9% as a result of added staff to support franchise expansion and performance-related incentives. Occupancy and equipment expense increased 28.0% as a result of the strategic branch expansion in Northern Virginia and the acquisition of technology needed to provide superb customer delivery systems and to enhance Sequoia's efficiency ratios. Other noninterest expense increased 11.9% as a result of normal increases in core processing and business development costs.

2001 v. 2000. Noninterest expense increased \$1.6 million, or 16.2%, as a result of increases in all categories of expense. Compensation and employee benefits expense increased 20.0% as a result of increases in staff to support the lending and retail expansion in Northern Virginia. Occupancy and equipment expense increased 8.1% as a result of branch expansion. Other noninterest expense increased 14.0% as a result of increases in core processing, business development, and marketing costs associated with Sequoia's growth.

Income Taxes

2002 v. 2001. The effective income tax rate was 31.7% in 2002, compared to 29.5% in 2001. The increase in the effective tax rate was attributable to a change in the valuation allowance.

2001 v. 2000. The effective income tax rate was 29.5% in 2001, compared to 13.4% in 2000. The increase in the effective tax rate was attributable to a change in the valuation allowance.

Table of Contents**Liquidity and Capital Resources**

Sequoia's most liquid assets are cash and due from banks and federal funds sold. The levels of these assets are dependent on Sequoia's operating, financing, lending and investing activities during any given period. Securities classified as available-for-sale, provide additional sources of liquidity. In addition, Sequoia had arranged the ability to borrow from the Federal Home Loan Bank of Atlanta. On December 31, 2002, Sequoia had advances outstanding of \$37.7 million.

At December 31, 2002, Sequoia had \$96.8 million in loan commitments outstanding. These commitments included \$26.4 million in loans-in-process primarily to fund undisbursed proceeds of construction and commercial loans, and \$70.4 million in unused lines of credit. In addition to loan commitments, Sequoia had \$5.6 million in unused standby letters of credit. Certificates of deposit due within one year of December 31, 2002, totaled \$85.2 million.

The following table presents Sequoia's long-term borrowings as of December 31, 2002.

	Total	Payments due by period		
		Less than 1 year	1-3 years	More than 5 years
			(In thousands)	
FHLB advances	\$ 37,700	\$	\$ 2,700	\$ 35,000
Trust preferred securities	10,000			10,000

Sequoia's primary investing activities are the origination of loans and the purchase of securities. In 2002, Sequoia experienced a net increase in loans of \$70.7 million and purchased \$122.3 million of securities. In 2001, Sequoia experienced a net increase in loans of \$64.8 million and purchased \$85.4 million of securities. In 2000, Sequoia originated \$39.8 million of loans and purchased \$14.7 million of securities.

Financing activities consist primarily of activity in deposit accounts and Federal Home Loan Bank advances. Sequoia experienced a net increase in total deposits of \$123.9 million, \$65.7 million and \$51.1 million for 2002, 2001 and 2000, respectively. Deposit flows are affected by the overall level of interest rates, the interest rates and products offered by Sequoia and Sequoia's local competitors and other factors. Sequoia generally manages the pricing of its deposits to be competitive and to increase core deposit relationships. Occasionally, Sequoia offers promotional rates on certain deposit products in order

Table of Contents

to attract deposits. During 2002, Federal Home Loan Bank advances increased \$5.0 million. During 2001, Federal Home Loan Bank advances increased \$22.7 million. During 2000, Federal Home Loan Bank advances decreased \$5.0 million.

Market Risk Analysis

Qualitative Aspects of Market Risk. Sequoia's most significant form of market risk is interest rate risk. Sequoia manages the interest rate sensitivity of its interest-bearing liabilities and interest-earning assets in an effort to minimize the adverse effects of changes in the interest rate environment. Deposit accounts typically react more quickly to changes in market interest rates than mortgage loans because of the shorter maturities of deposits. As a result, sharp increases in interest rates may adversely affect Sequoia's earnings while decreases in interest rates may beneficially affect earnings. To reduce the potential volatility of its earnings, Sequoia has sought to improve the match between asset and liability maturities and rates, while maintaining an acceptable interest rate spread. Pursuant to this strategy, Sequoia's Board of Directors has established a comprehensive interest rate risk management policy, which is administered by the Asset Liability Management Committee (ALCO). The policy establishes limits of risk, which are quantitative measures of the percentage change in net interest income resulting from a hypothetical change in plus or minus 200 basis points in U.S. Treasury interest rates for maturities from one day to thirty years. By employing simulation analysis through the use of a computer model, Sequoia intends to effectively manage the potential adverse impacts that changing interest rates can have on the company's short-term earnings, long-term value, and liquidity. The simulation model captures operational factors such as call features and interest rates caps and floors imbedded in investment and loan portfolio contracts. As of December 31, 2002, Sequoia had the following estimated sensitivity profile for net interest income:

Immediate and Sustained Change in Interest Rates

	<u>+200 bp</u>	<u>-200 bp</u>	<u>Policy Limit</u>
% Change in Net Interest Income	1.15%	(1.62)%	+ or - 15%

As with any method of gauging interest rate risk, there are uncertainties inherent in the interest rate modeling methodology used by the company. When interest rates change, actual movements in different categories of interest-earning assets and interest-bearing liabilities, loan prepayments, and withdrawals of time and other deposits, may deviate significantly from assumptions made in the model. Finally, the methodology does not measure or reflect the impact that higher rates may have on adjustable-rate loan customers' ability to service their debts, or the impact of rate changes on demand for loan and deposit products.

In addition to the potential adverse impact that changing interest rates may have on the Company's net interest margin and operating results, potential adverse impacts on liquidity can occur as a result of changes in estimated cash flows from investments, loans and deposits. Sequoia manages this inherent risk by maintaining a portfolio of available-for-sale investment securities as well as secondary

Table of Contents

sources of liquidity from the Federal Home Loan Bank of Atlanta advances and other bank borrowing arrangements.

Sequoia currently does not participate in hedging programs, interest rate swaps or other activities involving the use of off-balance sheet derivative financial instruments.

Table of Contents**Table 1 Comparative Average Balance Sheets Yields and Rates**

The following table provides information regarding the average balances of the assets and liabilities of Sequoia, the interest income or expense associated with those assets and liabilities, and the resulting average yields and costs. The yields and costs for the periods indicated are derived by dividing income or expense by the average balances of assets or liabilities, respectively, for the periods presented. For purposes of this table, average balances have been calculated using the average of month-end balances. (*Dollars in thousands*)

	Year Ended December 31,								
	2002			2001			2000		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Loans	\$ 276,170	\$ 20,144	7.29%	\$ 204,395	\$ 16,893	8.26%	\$ 168,004	\$ 16,018	9.53%
Securities	124,956	6,932	5.55%	67,888	4,402	6.48%	43,737	3,001	6.86%
Federal funds sold	21,963	355	1.62%	21,315	909	4.26%	14,948	962	6.44%
Total interest-earning assets	423,089	27,431	6.48%	293,598	22,204	7.56%	226,689	19,981	8.81%
Noninterest-earning assets	27,209			19,298			15,943		
Total assets	\$ 450,298			\$ 312,896			\$ 242,632		
Liabilities and Stockholders Equity									
Interest-bearing deposits:									
Savings deposits	\$ 11,521	129	1.12%	\$ 8,412	191	2.27%	\$ 9,546	243	2.55%
NOW	60,523	755	1.25%	27,252	344	1.26%	21,834	412	1.89%
Money market	60,435	776	1.28%	49,435	1,242	2.51%	38,791	1,360	3.51%
Certificate of deposit	131,082	5,564	4.24%	96,221	5,821	6.05%	76,051	4,638	6.10%
Total interest-bearing deposits	263,561	7,224	2.74%	181,320	7,598	4.19%	146,222	6,653	4.55%
Borrowings:									
FHLB advances	\$ 35,015	1,722	4.92%	\$ 20,279	1,023	5.04%	\$ 11,891	\$ 617	5.19%
Other borrowings	52,782	1,339	2.54%	35,309	1,370	3.88%	22,573	992	4.39%
Total borrowings	87,797	3,061	3.49%	55,588	2,393	4.30%	34,464	1,609	4.67%
Total interest-bearing liabilities	351,358	10,285	2.93%	236,908	9,991	4.22%	180,686	8,262	4.57%
Non-interest bearing deposits	74,093			53,961			42,603		
Other liabilities	2,756			2,473			2,516		
Stockholders equity	22,091			19,554			16,827		
Total liabilities and stockholders equity	\$ 450,298			\$ 312,896			\$ 242,632		
Net interest income		\$ 17,146			\$ 12,213			\$ 11,719	
Net interest spread			3.55%			3.34%			4.24%
Net interest margin			4.05%			4.16%			5.17%

Nonaccruing loans have been included in average loan balances and interest collected prior to these loans having been placed on nonaccrual has been included in interest income. Loan fees included in interest income were approximately \$308,000 in 2002, \$360,000 in 2001 and \$367,000 in 2000. Tax-exempt investments have not been reported on a tax equivalent basis.

Table of Contents**Table 2 Volume and Yield/Rate Variance Analysis**

The following table shows the change from year to year for each component of the net interest margin separated into the amount generated by volume changes and the amount generated by changes in the yield or rate. For purposes of this table, changes attributable to changes in both rate and volume that cannot be segregated have been allocated proportionately based on the changes due to rate and the changes due to volume. (Dollars in thousands)

	2002 Compared to 2001 Change Due To:			2001 Compared to 2000 Change Due To:		
	Volume	Rate	Net	Volume	Rate	Net
Interest earned on:						
Loans	\$ 5,932	\$(2,681)	\$ 3,251	\$ 3,470	\$(2,595)	\$ 875
Securities	3,700	(1,170)	2,530	1,657	(256)	1,401
Federal funds sold	28	(582)	(554)	410	(463)	(53)
Total interest-earning assets	9,660	(4,433)	5,227	5,537	(3,314)	2,223
Interest paid on:						
Deposits	2,876	(3,250)	(374)	1,677	(732)	945
Borrowings	1,421	(753)	668	995	(211)	784
Total interest-bearing liabilities	4,297	(4,003)	294	\$ 2,672	(943)	1,729
Net change in interest income	\$ 5,363	\$ (430)	\$ 4,933	\$ 2,865	\$ (2,371)	\$ 494

Table 3 Investment Portfolio

The following table provides information regarding the amortized cost and estimated fair value of Sequoia's available-for-sale and held-to-maturity securities. (Dollars in thousands)

	2002		2001		2000	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Securities available-for-sale:						
U.S. Treasury	\$ 1,000	\$ 1,008	\$ 1,001	\$ 1,023	\$ 9,882	\$ 9,882
U.S. Agency	4,958	5,071	3,909	3,953	22,399	22,181
Government agency issued MBS's	75,153	76,943	51,784	51,943	15,237	15,264
Government agency issued CMO's	18,722	18,973	13,094	13,226		
Private issue CMO's	16,679	16,835	2,000	2,000		
Other	15,316	16,135	11,111	10,768	3,002	2,812
Equity	2,385	2,385	2,135	2,135	1,350	1,350
Total securities available-for-sale	\$ 134,213	\$ 137,350	\$ 85,034	\$ 85,048	\$ 51,870	\$ 51,489
Securities held-to-maturity:						
U.S. Agency	\$ 14,700	\$ 14,881	\$	\$	\$	\$
States and municipalities	4,252	4,278				

Edgar Filing: UNITED BANKSHARES INC/WV - Form S-4

Total securities held-to-maturity	\$ 18,952	\$ 19,159	\$	\$	\$	\$
-----------------------------------	-----------	-----------	----	----	----	----

Table of Contents**Table 4 Maturity Distribution and Yields of Investment Portfolio**

The following table shows the maturities and weighted average yields of investment securities at December 31, 2002. Certain mortgage-backed securities have interest rates that are adjustable and will reprice annually within the various maturity ranges. These repricing schedules are not reflected in the table below. *(Dollars in thousands)*

	Due in One Year or Less	Weighted Average Yield	Due after One Through Five Years	Weighted Average Yield	Due After Five Through Ten Years	Weighted Average Yield	Due After Ten Years	Weighted Average Yield
Securities available-for-sale:								
U.S. Treasury	\$ 1,000	4.09%	\$		\$		\$	
U.S. Agency	998	6.59%	1,993	4.63%	1,967	6.35%		
Government agency issued MBSs	134	6.65%	474	6.68%	877	5.51%	73,668	4.85%
Government agency issued CMOs					2,103	6.00%	16,619	5.23%
Private issue CMOs							16,679	4.87%
Other							15,316	8.41%
Equity							2,385	
Total securities available-for-sale	\$ 2,132		\$ 2,467		\$ 4,947		\$ 124,667	
Securities held-to-maturity:								
U.S. Agency			\$ 4,706	5.21%	\$ 9,994	5.51%	\$	
States and municipalities							4,252	6.15%
Total securities held-to-maturity			\$ 4,706	5.21%	\$ 9,994	5.51%	\$ 4,252	6.15%

Table 5 Composition of the Loan Portfolio

The following table sets forth the composition of Sequoia's loan portfolio at the dates indicated. *(Dollars in thousands)*

	At December 31,				
	2002	2001	2000	1999	1998
Residential real estate	\$ 50,674	\$ 45,490	\$ 42,961	\$ 41,327	\$ 32,510
Commercial real estate	152,460	100,922	59,305	45,433	37,252
Commercial	86,177	74,878	55,858	41,384	29,491
Construction real estate	25,520	25,319	24,785	15,968	14,363
Consumer and other	9,510	7,050	5,934	5,110	5,313
Total loans	324,341	253,659	188,843	149,222	118,929
Less allowance for loan losses	3,767	3,291	2,703	2,561	2,368
Net loans	\$ 320,574	\$ 250,368	\$ 186,140	\$ 146,661	\$ 116,561

Table of Contents**Table 6 Sensitivity of Loans to Changes in Interest Rates**

The following table sets forth, at December 31, 2002, the dollar amount of loans contractually due after December 31, 2003 and whether such loans have fixed interest rates or adjustable interest rates. Adjustable rate loans in the table below refer to loans in which the interest is subject to adjustment prior to the loan's final maturity dates. *(Dollars in thousands)*

	Due After December 31, 2003		
	Fixed	Adjustable	Total
Residential real estate	\$ 31,721	\$ 5,949	\$ 37,671
Commercial real estate	99,340	31,338	130,679
Commercial	6,223	61,539	67,762
Construction real estate	2,614	5,167	7,780
Consumer and other loans	5,839	185	6,023
Total loans	\$ 145,737	\$ 104,178	\$ 249,915

The average life of a loan is substantially less than its contractual term because of prepayments. In addition, due-on-sale clauses on loans generally give Sequoia the right to declare loans immediately due and payable if, among other things, the borrower sells the real property with the mortgage and the loan is not repaid. The average life of a mortgage loan tends to increase, however, when current mortgage loan market rates are substantially higher than rates on existing mortgage loans and, conversely, tends to decrease when rates on existing mortgage loans are substantially higher than current mortgage loan market rates. *(Dollars in thousands)*

Table 7 Loan Maturities

The following table sets forth certain information as of December 31, 2002 regarding the dollar amount of principal loan repayments becoming due during the periods indicated. The table does not include any estimate of prepayments, which significantly shorten the average life of all loans may cause the actual repayment experience to differ from that shown below. Demand loans having no stated schedule of repayments and no stated maturity are reported as due in one year or less. *(Dollars in thousands)*

	Due		
	In One Year or Less	After One Year through Five Years	After Five Years
Residential real estate	\$ 603	\$ 3,110	\$ 46,961
Commercial real estate	24,558	41,510	86,392
Commercial	13,163	19,993	53,021
Construction real estate	17,739	4,298	3,483
Consumer and other loans	3,222	4,765	1,522
Total	\$ 59,285	\$ 73,676	\$ 191,379

Table of Contents**Table 8 Nonperforming Loans and Past Due Loans**

The following table sets forth information regarding nonperforming loans, troubled debt restructurings and other real estate owned at the dates indicated. (*Dollars in thousands*)

	At December 31,				
	2002	2001	2000	1999	1998
Nonaccruing loans:					
Residential real estate	\$ 47	\$	\$	\$	\$
Commercial real estate	126		418		
Commercial	115	693	1,870	61	36
Construction real estate		1,540			
Consumer and other					
Total nonaccruing loans:	288	2,233	2,288	61	36
Accruing loans 90 days or more past due:					
Residential real estate					
Commercial real estate		1	52		
Commercial					
Construction real estate					
Consumer and other	15	28			
Total accruing loans 90 days or more past due:	15	29	52		
Total nonperforming loans	303	2,262	2,340	61	36
Other real estate owned				200	200
Total nonperforming assets	303	2,262	2,340	261	236
Troubled debt restructurings					
Total nonperforming assets and troubled debt restructurings	\$ 303	\$ 2,262	\$ 2,340	\$ 261	\$ 236
Total nonperforming loans and troubled debt restructurings as a percentage of total loans					
	0.09%	.89%	1.24%	0.04%	0.03%
Total nonperforming assets and troubled debt restructurings as a percentage of total assets					
	0.06%	0.60%	0.88%	0.12%	0.14%

The additional interest that would have been recorded in 2002 had nonaccruing loans been current in accordance with their original terms amounted to \$27,000.

Table of Contents**Table 9 Analysis of the Allowance for Loan Losses**

The following table sets forth an analysis of the allowance for loan losses for the periods indicated. *(Dollars in thousands)*

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Allowance at beginning of year	\$3,291	\$2,703	\$2,561	\$2,368	\$2,137
Provision for loan losses	295	1,005	260		
Charge-offs	(412)	(614)	(424)	(119)	(144)
Recoveries	593	197	306	312	375
Allowance at end of year	\$3,767	\$3,291	\$2,703	\$2,561	\$2,368
Net charge-offs to average loans outstanding during the period	(0.07)%	0.20%	0.07%	(0.14)%	(0.22)%

Table 10 Allocation of the Allowance for Loan Losses

The following table is a summary by allocation category of Sequoia's allowance for loan losses at the dates indicated. *(Dollars in thousands)*

		December 31,									
		2002	% Loans in each Category	2001	% Loans in each Category	2000	% Loans in each Category	1999	% Loans in each Category	1998	% Loans in each Category
Real estate	Construction	\$ 561	7.87%	\$ 590	9.98%	\$ 391	13.12%	\$ 312	10.70%	\$ 188	12.07%
Real estate	Residential	118	15.62%	102	17.93%	92	22.75%	209	27.70%	242	15.54%
Real estate	Commercial	1,241	47.01%	800	39.79%	581	31.41%	454	30.45%	323	20.75%
Consumer loans		142	2.93%	152	2.78%	111	3.14%	66	3.42%	131	8.41%
Commercial		1,346	26.57%	1,459	29.52%	1,397	29.58%	747	27.73%	673	43.23%
Unallocated		359		188		131		773		811	
Total		\$3,767		\$3,291		\$2,703		\$2,561		\$2,368	

Table of Contents**Table 11 Time Deposits of \$100,000 or More**

The following table shows maturities on outstanding time deposits of \$100,000 or more at December 31, 2002. *(Dollars in thousands)*

Maturity Period	Amount
3 months or less	\$ 11,984
Over 3 months through 6 months	15,092
Over 6 months through 12 months	10,929
Over 12 months	17,696
Total	\$55,701

Table 12 Borrowings

The following table presents certain information regarding Sequoia's short-term borrowings during the periods and at the dates indicated. *(Dollars in thousands)*

	Year Ended December 31,		
	2002	2001	2000
Maximum amount outstanding at any month end:			
Federal funds borrowed	\$ 5,000	\$ 4,000	\$
Repurchase agreements	45,771	37,051	28,772
Other short-term borrowings	5,000		
Average balance during the period:			
Federal funds borrowed	\$ 682	\$ 63	\$
Repurchase agreements	41,024	29,969	22,573
Other short-term borrowings	1,076		
Weighted average rate during the period:			
Federal funds borrowed	2.03%	1.67%	%
Repurchase agreements	0.98	2.72	4.38
Other short-term borrowings	1.31		
Balance at end of period:			
Federal funds borrowed	\$ 5,000	\$ 4,000	\$
Repurchase agreements	32,764	25,501	20,927
Other short-term borrowings	5,000		
Weighted average rate at end of period:			
Federal funds borrowed	1.57%	1.67%	%
Repurchase agreements	0.56	1.15	4.86
Other short-term borrowings	1.01		

Table of Contents**Table 13 Return on Equity and Assets**

The following table shows operating and equity ratios of Sequoia for each of the last three fiscal years.

	Year Ended December 31,		
	2002	2001	2000
Return on average assets	1.03%	0.45%	1.09%
Return on average equity	20.95%	7.16%	15.75%
Dividend payout ratio	5.32%	18.18%	9.62%
Average equity to average assets	4.91%	6.25%	6.94%

Table of Contents**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The following table provides information as of , 2003 about the persons or entities known to Sequoia to be the beneficial owner of more than 5% of the outstanding shares of Sequoia common stock. A person may be considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investing power.

Name and Address	Number of Shares Owned	Percent of Common Stock Outstanding
J. Paul McNamara Suite 1500, Two Bethesda Metro Center Bethesda, Maryland 20814	640,304 ⁽¹⁾	25.49%
James G. Tardiff Suite 1500, Two Bethesda Metro Center Bethesda, Maryland 20814	489,199 ⁽¹⁾	19.47%
SBI Voting Trust James G. Tardiff, Trustee J. Paul McNamara, Trustee Suite 1500, Two Bethesda Metro Center Bethesda, Maryland 20814	315,501 ⁽²⁾	12.81%
John J. Ryan Charan Industries, Inc. 370 Old Country Road Garden City, New York 11530	272,669 ⁽³⁾	11.31%
Sharad K. Tak 8301 River Road Bethesda, Maryland 20817	141,930	5.76%

- (1) Includes 50,000 shares that may be acquired through the exercise of stock options. Also includes 315,501 shares held by SBI Voting Trust, of which Messrs. McNamara and Tardiff, as trustees, may be deemed to be beneficial owners.
- (2) Does not include shares otherwise held of record or beneficially owned by Mr. Tardiff or Mr. McNamara in their individual capacities.
- (3) Includes 141,930 shares owned by Charan Industries, Inc., of which Mr. Ryan is a director and officer, and 130,739 shares beneficially owned by Mr. Ryan.

Table of Contents

The following table provides information as of , 2003 about the shares of Sequoia common stock that may be considered to be beneficially owned by each director and executive officer of Sequoia and SequoiaBank and by all directors and executive officers as a group.

Name of Beneficial Owner	Number of Shares Owned	Options Exercisable Within 60 Days	Percent of Common Stock Outstanding
A. Scott Bolden	200	2,242	*
Jeffrey Litman	304	5,488	*
King F. Lowe	2,188	5,749	*
Michael M. McCarthy	109,352 ⁽¹⁾	6,579	4.70%
John J. McDonnell	11,827	6,306	*
J. Paul McNamara	590,304 ⁽²⁾	50,000	25.49%
J. D. Murphy, Jr.	7,196	3,477	*
John V. Pollock	12,198	10,000	*
John J. Ryan	272,669 ⁽³⁾	6,411	11.31%
James G. Tardiff	439,199 ⁽⁴⁾	50,000	19.47%
Directors and executive officers as a group (10 persons)	1,131,936	146,252	49.24%

* Less Than 1.0% of shares outstanding.

- (1) Includes 13,800 shares held by Mr. McCarthy as custodian for his children, and 20,552 shares owned by a company [controlled by] Mr. McCarthy.
- (2) Includes 185,837 shares held in various trusts for which Mr. McNamara serves as trustee, 11,919 held by Mr. McNamara's spouse, and 315,501 shares held by the SBI Voting Trust as to which Mr. Tardiff and Mr. McNamara act as trustees and have voting power but no investment power nor pecuniary interest.
- (3) Includes 112,935 shares held in trust by Mr. Ryan and 141,930 shares owned by Charan Industries, Inc., of which Mr. Ryan is a director and officer.
- (4) Includes 8,168 shares held by Mr. Tardiff's spouse, 20,000 shares held in trust by Mr. Tardiff, and 315,501 shares held by the SBI Voting Trust as to which Mr. Tardiff and Mr. McNamara act as trustees and have voting power but no investment power nor pecuniary interest.

Table of Contents

SUMMARY OF MATERIAL DIFFERENCES BETWEEN CURRENT RIGHTS OF SEQUOIA STOCKHOLDERS AND RIGHTS THOSE PERSONS WILL HAVE AS STOCKHOLDERS OF UNITED

	Sequoia	United
Corporate Governance:	The rights of Sequoia stockholders are governed by Delaware law and the certificate of incorporation and bylaws of Sequoia.	The rights of United stockholders are governed by West Virginia law and the articles of incorporation and bylaws of United.
Board of Directors:	The Sequoia board consists of seven directors.	The United board consists of 17 directors, and, immediately following the merger will consist of 18 directors, all of whom are elected annually.
Election of Directors:	Directors are elected by a plurality of the votes cast by the holders entitled to vote at the meeting. Stockholders of Sequoia do not have the right to cumulate votes in election of directors.	United stockholders are allowed to cumulate their votes in the election of directors. Each share of United stock may be voted for as many individuals as there are directors to be elected. Directors are elected by a plurality of the votes cast by the holders entitled to vote at the meeting.
Removal of Directors:	Under Sequoia's certificate of incorporation, any director or the entire board of directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of Sequoia common stock entitled to vote generally in the election of directors.	Under West Virginia law any member of the board may be removed, with or without cause, by the affirmative vote of a majority of all the votes entitled to be cast for the election of directors; provided however, that a director may not be removed if the number of votes sufficient to elect the director under cumulative voting is voted against the director's removal.
Merger:	The DGCL generally requires the approval of the Sequoia board of directors and the holders of at least a majority of the outstanding Sequoia common stock for mergers and consolidations in which Sequoia is a participating corporation and for sales of all or substantially all of Sequoia's assets. Additionally, pursuant to Sequoia's certificate of incorporation, at least 80% of the outstanding shares of voting stock must approve certain business combinations involving an interested stockholder. However, if a majority of directors not affiliated with the related person approves	Under West Virginia law, a merger may become effective without the approval of the surviving corporation's stockholders in certain circumstances. Where stockholder approval is required, the merger must be approved by the stockholders of the corporation by the affirmative vote of at least a majority of all the votes entitled to be cast on the matter unless a different number is specified in the articles of incorporation. The United articles of incorporation do not provide for a different number.

Table of Contents

	Sequoia	United
Vote Required for Certain Stockholder Actions:	<p>the business combination or if the proposed business combination meets certain conditions which are designed to afford stockholders a fair price in consideration for their shares, a majority vote of the outstanding shares is sufficient to approve a business combination with an interested stockholder.</p> <p>The DGCL provides that on matters other than elections of directors and certain extraordinary corporate actions, if a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the vote of a greater number is required by law or the certificate of incorporation or bylaws. An abstention is not considered a vote cast for purposes of the voting requirements, but a stockholder who abstains in person or by proxy is considered present for purposes of the quorum requirement.</p>	<p>West Virginia law provides that on matters other than the election of directors and certain extraordinary corporate actions, if a quorum is present, then action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the vote of a greater number is required by law or the articles of incorporation or bylaws. The articles of incorporation or bylaws of United do not require a greater number. An abstention is not considered a vote cast for purposes of the voting requirements, but a stockholder who abstains in person or by proxy is considered present for purposes of the quorum requirement.</p> <p>Under West Virginia law, a consolidation, merger, share exchange or transfer must be approved by the stockholders of the corporation by the affirmative vote of a majority of all votes entitled to be cast on the matter. The articles of incorporation of United do not provide for a different number.</p>
Amendment of Charter and Bylaws:	<p>Amendments to the certificate of incorporation that would revise the provisions relating to the number, terms and classification, election and removal procedures for directors, the process for calling special meetings of stockholders, stockholder approval of business combinations with related persons, indemnification of directors, officers and employees of Sequoia, and amendment of the bylaws or the certificate of incorporation require approval by at least a majority of the board of directors and 80%</p>	<p>Under West Virginia law, the United articles of incorporation or bylaws may be amended by the affirmative vote of a majority of all votes of stockholders entitled to be cast on the matter, unless a different number is specified in the articles of incorporation or required by the board of directors. The articles of incorporation of United do not specify a different number.</p> <p>Under West Virginia law and United's bylaws, both the board of directors and</p>

Table of Contents

	Sequoia	United
	<p>of the outstanding shares. The bylaws may be amended or repealed only with the approval of at least a majority of the board of directors or by the vote of at least 80% of the outstanding shares entitled to vote.</p>	<p>stockholders have the power to amend the bylaws.</p>
Stockholder Actions Without a Meeting:	<p>Pursuant to Sequoia's certificate of incorporation, no action that requires the approval of the stockholders may be taken without a meeting by the written consent of stockholders</p>	<p>Under West Virginia law, common stockholders may act without a meeting if a written consent which describes the action is signed by all the stockholders entitled to vote on the matter and is filed with the records of stockholder meetings.</p>
Special Meetings of Stockholders:	<p>Only the board of directors may call a special meeting.</p>	<p>A special meeting of stockholders of a West Virginia corporation may be called by the board of directors, at least 10% of the stockholders, or any person designated in the articles of incorporation or bylaws. When a special meeting is called by at least 10% of the stockholders, the stockholders must deliver a written demand to the corporation describing the purpose for the meeting.</p>
Dividends:	<p>Holders of common stock are entitled to receive dividends when declared by the Sequoia board of directors, subject to the rights of holders of preferred stock</p>	<p>A West Virginia corporation generally may pay dividends in cash, property or its own shares except when the corporation is unable to pay its debts as they become due in the usual course of business or the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the dividend, to satisfy any stockholders who have rights superior to those receiving the dividend.</p>
Appraisal Rights:	<p>Under the DGCL, a stockholder of Sequoia generally has the right to dissent from a merger or consolidation in which the corporation is participating or sale of all or substantially all of the assets of the corporation, subject to specified procedural requirements</p>	<p>Under West Virginia law, stockholders are generally entitled to object and receive payment of the fair value of their stock in the event of any of the following corporate actions: merger, transfer of all or substantially all of the corporation's assets, participation in a share exchange as the corporation the stock of which is to be acquired, or an</p>

Table of Contents

	Sequoia	United
Restrictions on Business Combinations:	<p>The DGCL does not contain statutory provisions concerning restrictions on business combinations</p> <p>However, pursuant to Sequoia's certificate of incorporation, at least 80% of the outstanding shares of voting stock must approve certain business combinations involving an interested stockholder. If, however, a majority of directors not affiliated with the related person approves the business combination or if the proposed business combination meets certain conditions which are designed to afford stockholders a fair price in consideration for their shares, a majority vote of the outstanding shares is sufficient to approve a business combination with an interested stockholder.</p>	<p>amendment to the articles of incorporation that reduces the number of shares of a class or series owned by stockholders to a fraction of a share if the corporation has the obligation or right to repurchase the fractional shares.</p> <p>West Virginia corporate law does not contain statutory provisions concerning restrictions on business combinations.</p>
Discharge of Duties; Exculpation and Indemnification:	<p>The DGCL requires directors to discharge duties as a director in good faith, on an informed basis, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the corporation. Sequoia's certificate of incorporation provides that directors and officers will be indemnified by Sequoia to the fullest extent authorized under the DGCL against all expenses, liability and loss reasonably incurred by such person, except where such director or officer has not met the applicable standard for indemnification set forth in the DGCL</p>	<p>West Virginia law requires that a director of a West Virginia corporation discharge duties as a director in good faith, in a manner reasonably believed to be in the best interest of the corporation and with the care that a person in a like position would reasonably believe appropriate under similar circumstances. United's articles of incorporation provide that each director or officer of United shall be indemnified for costs and expenses arising out of any criminal or civil suit or proceeding against the director or officer by reason of being a director or officer of United. However, a director or officer shall not be indemnified if he or she is adjudged in such suit or proceeding to be liable for gross negligence or willful misconduct in performance of a duty owed to the corporation.</p>

Table of Contents

	Sequoia	United
Stockholder Business and Nominations:	<p>The board of directors or any stockholder may nominate directors for election or propose new business. To nominate a director or propose new business, stockholders must give written notice to the Secretary of Sequoia not less than 60 days prior to the anniversary date of the proxy statement for the prior annual meeting, provided notice of the meeting is given to stockholders at least 100 days before the meeting. However, if Sequoia gives less than 100 days' notice of the meeting to the stockholders, written notice of the stockholder proposal or nomination must be delivered to the secretary within ten days of the date notice of the meeting was mailed to stockholders. Each notice given by a stockholder with respect to a nomination to the board of directors or proposal for new business must include certain information regarding the nominee or proposal and the stockholder making the nomination or proposal.</p>	<p>United's bylaws provide that any stockholder entitled to vote at a meeting of stockholders who desires to nominate any person for election as director, must give written notice to United no later than ten (10) days from the date the notice of the meeting of stockholders was mailed; however, if the notice is mailed less than thirteen (13) days prior to the meeting, such nomination(s) must be received no later than three (3) days prior to the meeting. If nomination by the stockholder is not given in proper form, including all required or requested information, and in a timely manner, the nomination will not be considered.</p>

Table of Contents

LEGAL MATTERS

Bowles Rice McDavid Graff & Love PLLC, counsel to United, will pass upon the validity of the shares of United common stock to be issued in connection with the merger, and has passed and will pass on the material federal income tax consequences of the merger to the stockholders of United. F. T. Graff, Jr., a member of the board of directors of United, is a partner in the law firm of Bowles Rice McDavid Graff & Love PLLC in Charleston, West Virginia. Bowles Rice McDavid Graff & Love PLLC rendered legal services to United and its subsidiaries during 2002 and it is expected that the firm will continue to render certain services to both in the future. The fees paid to Bowles Rice McDavid Graff & Love PLLC represent less than 5% of that firm's revenues for 2002.

Muldoon Murphy & Faucette LLP, counsel to Sequoia, has passed and will pass on the material federal income tax consequences of the merger to the stockholders of Sequoia.

EXPERTS

The consolidated financial statements of United incorporated by reference in United's Annual Report on Form 10-K for the year ended December 31, 2002, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report incorporated by reference therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Sequoia and subsidiaries as of December 31, 2002, and 2001, and for each of the years in the three-year period ended December 31, 2002, have been included in this proxy statement/prospectus in reliance upon the report of Reznick Fedder & Silverman, independent certified public accountants, included and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

United has filed with the Securities and Exchange Commission (SEC) a registration statement on Form S-4 to register the United common stock to be issued in the merger. As allowed by SEC rules, this proxy statement/prospectus does not contain all the information you can find in the registration statement or the exhibits thereto. The registration statement, including the attached exhibits and schedules, contains additional relevant information about United and the United common stock. This proxy statement/prospectus is a part of the registration statement and is a prospectus of United in addition to being Sequoia's proxy statement for the special meeting.

In addition to filing this registration statement with the SEC, United files reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934. You may read and copy this information at the following locations of the SEC:

Public Reference Room
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

Chicago Regional Office
500 West Madison Street
Suite 1400
Chicago, Illinois 60661

Table of Contents

You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers, like United, who file electronically with the SEC. The address of that site is <http://www.sec.gov>. Information about United may also be obtained on its website located at www.ubsi-wv.com.

The SEC allows United to incorporate by reference information into this proxy statement/prospectus, which means that the companies can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered part of this proxy statement/prospectus, except for any information superseded by information contained directly in this proxy statement/prospectus or in later filed documents incorporated by reference in this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents set forth below that United has previously filed with the SEC. These documents contain important information about United and its business.

United SEC Filings (SEC File No. 0-13322)

Annual Report of Employee stock purchase, savings and similar plans on Form 11-K, dated June 27, 2003.

Report on Form S-8 dated June 26, 2003, for Securities to be offered to employees in employee benefit plans.

Quarterly Report on Form 10-Q for the quarter ended March 31, 2003;

Annual Report on Form 10-K for the year ended December 31, 2002;

Current Reports on Form 8-K dated May 22, 2003, April 17, 2003, April 9, 2003, January 21, 2003, and October 21, 2002.

United also incorporates by reference additional documents that may be filed under Sections 13(a) and 15(d) of the Securities Exchange Act with the SEC between the date of this proxy statement/prospectus and the completion of the merger or the termination of the merger agreement. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Upon your written or oral request, United will provide you without charge a copy of this proxy statement/prospectus and a copy of any or all of the documents incorporated by reference herein, other than the exhibits to those documents, unless the exhibits are specifically incorporated by reference into the information that this proxy statement/prospectus incorporates. Your written or oral requests for copies of this proxy statement/prospectus and documents United has incorporated by reference should be directed to:

United Bankshares, Inc.
Attn: Investor Relations
514 Market Street
Parkersburg, WV 26102
(304) 424-8800

Table of Contents

To obtain timely delivery, you must make a written or oral request for a copy of such information by .

You should rely only on the information contained in this proxy statement/prospectus. We have not authorized anyone to provide you with information different from that contained in this proxy statement/prospectus. This proxy statement/prospectus is not an offer to sell these securities, nor solicitation of an offer to buy these securities in any state where the offer or sale of these securities is not permitted. The information in this proxy statement/prospectus is delivered to you after the proxy statement/prospectus date.

Table of Contents

Sequoia Bancshares, Inc. and Subsidiaries

INDEX TO INTERIM FINANCIAL STATEMENTS

	<u>PAGE</u>
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION	F-2
CONSOLIDATED STATEMENTS OF OPERATIONS	F-3
CONSOLIDATED STATEMENTS OF CASH FLOWS	F-4
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY	F-6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED	F-7

F-1

Table of Contents**Sequoia Bancshares, Inc. and Subsidiaries****Consolidated Statements of Financial Condition****(Unaudited)**

	March 31, 2003	December 31, 2002
ASSETS	(Unaudited)	(Note A)
Cash and due from banks	\$ 24,145,456	\$ 19,717,235
Federal funds sold	18,296,119	12,438,939
	<hr/>	<hr/>
Total cash and cash equivalents	42,441,575	32,156,174
Investment securities available-for-sale (at fair value) Note E	130,587,452	137,350,354
Investment securities held-to-maturity (at amortized cost) Note E	19,408,805	18,951,977
Loans Note F	343,146,896	324,340,383
Less: Allowance for loan losses	3,762,480	3,766,866
	<hr/>	<hr/>
Net loans	339,384,416	320,573,517
Accrued interest receivable	2,717,625	2,685,573
Premises and equipment, net	3,103,976	3,193,526
Deferred tax asset, net	1,143,793	882,036
Other assets	8,221,922	8,007,276
	<hr/>	<hr/>
TOTAL ASSETS	\$547,009,564	\$523,800,433
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 93,552,450	\$ 92,374,549
Interest-bearing	313,537,103	312,590,996
	<hr/>	<hr/>
Total deposits	\$407,089,553	\$404,965,545
Short-term borrowings	52,449,196	42,764,496
Term borrowings from FHLB	47,700,000	37,700,000
Guaranteed preferred beneficial interests in the Company's subordinated debentures	10,000,000	10,000,000
Accrued interest payable	510,122	264,615
Other liabilities	2,582,151	2,336,241
	<hr/>	<hr/>
Total liabilities	520,331,022	498,030,897
	<hr/>	<hr/>
STOCKHOLDERS EQUITY:		
Common stock \$.01 par value per share; 4,000,000 shares authorized, 2,461,987 shares issued and outstanding at March 31, 2003 and December 31, 2002	24,620	24,620
Capital surplus	5,089,182	5,089,182
Retained earnings	20,056,791	18,730,034
Accumulated other comprehensive income	1,507,949	1,925,700
	<hr/>	<hr/>
Total stockholders' equity	26,678,542	25,769,536
	<hr/>	<hr/>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$547,009,564	\$523,800,433



See notes on consolidated unaudited financial statements.

F-2

Table of Contents**Sequoia Bancshares, Inc. and Subsidiaries****Consolidated Statements of Operations****(Unaudited)**

	Three Months Ended March 31,	
	2003	2002
INTEREST INCOME:		
Interest and fees on loans	\$ 5,600,668	\$ 4,517,171
Interest and dividends on securities	1,671,818	1,323,257
Interest on federal funds sold	45,462	76,057
	<u> </u>	<u> </u>
Total interest income	7,317,948	5,916,485
INTEREST EXPENSE:		
Interest on deposits	1,669,239	1,651,459
Interest on short-term borrowings	62,028	100,682
Interest on long-term borrowings and capital debentures	720,630	630,386
	<u> </u>	<u> </u>
Total interest expense	2,451,897	2,382,527
NET INTEREST INCOME	4,866,051	3,533,958
PROVISION FOR LOAN LOSSES	150,000	195,000
	<u> </u>	<u> </u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,716,051	3,338,958
NONINTEREST INCOME:		
Service charges on deposit accounts	483,366	415,129
Gain on sales of securities	238,660	
Other	319,508	248,438
	<u> </u>	<u> </u>
Total noninterest income	1,041,534	663,567
NONINTEREST EXPENSES:		
Compensation and employee benefits	2,110,902	1,773,963
Occupancy and equipment	674,484	615,107
Other	839,840	772,755
	<u> </u>	<u> </u>
Total noninterest expenses	3,625,226	3,161,825
INCOME BEFORE INCOME TAXES	2,132,359	840,700
INCOME TAX PROVISION	744,052	295,182
	<u> </u>	<u> </u>
NET INCOME	\$ 1,388,307	\$ 545,518
	<u> </u>	<u> </u>
EARNINGS PER COMMON SHARE BASIC	\$ 0.56	\$ 0.22
	<u> </u>	<u> </u>
DILUTED	\$ 0.51	\$ 0.20
	<u> </u>	<u> </u>