

FIRST UNITED CORP/MD/
Form 10-Q
August 09, 2006

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

FORM 10-Q

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

For quarterly period ended June 30, 2006

Commission file number 0-14237

First United Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

52-1380770
(I. R. S. Employer Identification No.)

19 South Second Street, Oakland, Maryland
(Address of principal executive offices)

21550-0009
(Zip Code)

(800) 470-4356

(Registrant's telephone number, including area code)

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 6,129,412 shares of common stock, par value \$.01 per share, as of July 31, 2006.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

FIRST UNITED CORPORATION
Consolidated Statements of Financial Condition
(In thousands, except per share amounts)

	June 30 2006 (Unaudited)	December 31 2005
Assets		
Cash and due from banks	\$ 22,633	\$ 24,610
Interest-bearing deposits in banks	2,585	5,001
Investment securities available-for-sale (at fair value)	233,396	230,095
Federal Home Loan Bank stock, at cost	8,946	8,050
Loans	954,558	960,961
Allowance for loan losses	(6,138)	(6,416)
Net loans	948,420	954,545
Premises and equipment, net	26,721	27,049
Goodwill and other intangible assets, net	14,312	14,591
Bank owned life insurance	24,650	24,239
Accrued interest receivable and other assets	24,347	22,811
Total Assets	\$ 1,306,010	\$ 1,310,991
Liabilities and Shareholders' Equity		
Liabilities:		
Non-interest bearing deposits	\$ 111,712	\$ 114,523
Interest-bearing deposits	833,590	841,331
Total deposits	945,302	955,854
Short-term borrowings	100,386	121,939
Long-term borrowings	154,852	128,373
Accrued interest payable and other liabilities	10,281	11,623
Dividends payable	1,166	1,163
Total Liabilities	1,211,987	1,218,952
Shareholders' Equity		
Preferred stock --no par value;		
Authorized and unissued 2,000 shares		
Capital Stock -- par value \$.01 per share;		
Authorized 25,000 shares; issued and outstanding 6,129		
shares at June 30, 2006 and 6,118 shares at December 31,		
2005	61	61
Surplus	21,196	20,946
Retained earnings	76,532	73,012
Accumulated other comprehensive loss	(3,766)	(1,980)
Total Shareholders' Equity	94,023	92,039
Total Liabilities and Shareholders' Equity	\$ 1,306,010	\$ 1,310,991

FIRST UNITED CORPORATION

Consolidated Statements of Income
(in thousands, except per share data)

Six Months Ended June 30
2006 2005
(Unaudited)

Interest income			
Loans, including fees	\$	33,392	\$ 28,988
Investment securities:			
Taxable		3,411	3,099
Exempt from federal income tax		1,396	573
Total investment income		4,807	3,672
Dividends on FHLB stock		241	189
Federal funds sold and interest bearing deposits		76	127
Total interest income		38,516	32,976
Interest expense			
Deposits		12,403	8,426
Short-term borrowings		1,971	1,058
Long-term borrowings		3,691	3,909
Total interest expense		18,065	13,393
Net interest income		20,451	19,583
Provision for loan losses		80	916
Net interest income after provision for loan losses		20,371	18,667
Other operating income			