

Monaco Albert
Form 4
March 27, 2018

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Monaco Albert

2. Issuer Name and Ticker or Trading Symbol
ENBRIDGE INC [ENB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

C/O ENBRIDGE INC., 200, 425
1ST STREET SW

3. Date of Earliest Transaction (Month/Day/Year)
03/23/2018

Director 10% Owner
 Officer (give title below) Other (specify below)

See Remarks

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

CALGARY, A0 T2P 3L8

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Shares	03/23/2018		M		80,000	A	19.805
							\$
							586,491 ⁽²⁾
							<u>(1)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option (right to buy)	\$ 19.805 (1)	03/23/2018		M	80,000	(3) 02/25/2019	Common Shares	80,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Monaco Albert C/O ENBRIDGE INC. 200, 425 1ST STREET SW CALGARY, A0 T2P 3L8	X		See Remarks	

Signatures

/s/ Michelle Lowther,
attorney-in-fact

03/27/2018

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Exercise price is in Canadian dollars.
Includes 402 Enbridge Common Shares acquired by the Reporting Person between March 10, 2018 and March 23, 2018 under the Enbridge Employee Savings Plan in transactions that were exempt under Rule 16b-3(c), and 7,539 Enbridge Common Shares acquired by the Reporting Person between January 2, 2018 and March 23, 2018 under the Enbridge Dividend Reinvestment and Share Purchase Plan in transactions that were exempt under Rule 16a-11.
- (3) The options are fully vested.

Remarks:

President & Chief Executive Officer

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. c">Subsequent Events, to establish general standards of accounting and disclosure for subsequent events. The guidance, which only applies to the accounting and disclosure of subsequent events that are not addressed in other applicable GAAP, establishes the period through which an entity should evaluate events for possible recognition or disclosure in the financial statements; requires disclosure of the date through which the

subsequent events evaluation ended, and whether it is the issued date or available to be issued date; and provides examples of subsequent events that a company is required to recognize, as well as those that a company is required to disclose, but not recognize. For calendar year entities, the guidance became effective for the quarter ending on June 30, 2009 (See Note 1).

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In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140, which was codified in December 2009 as ASU No. 2009-16, Accounting for Transfers of Financial Assets (“ASU 2009-16”). This statement prescribes the information that a reporting entity must provide in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance and cash flows; and a transferor’s continuing involvement in transferred financial assets. Specifically, among other aspects, ASU 2009-16 amends the guidance found in ASC Topic 860, Transfers and Servicing, by removing the concept of a qualifying special-purpose entity and by modifying the financial-components approach used in Topic 860. The amended guidance is effective for fiscal years beginning after November 15, 2009. The Corporation is currently evaluating the effect that the adoption of ASU 2009-16 may have on its financial position and results of operations.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) which was codified in December 2009 as ASU No. 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (“ASU 2009-17”). This statement amends guidance found in ASC Topic 810, Consolidation, that required an enterprise to determine whether it’s variable interest or interests give it a controlling financial interest in a VIE. Under ASU 2009-17, the primary beneficiary of a VIE is the enterprise that has both (1) the power to direct the activities of a VIE that most significantly impact the entity’s economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. ASU 2009-17 also amends Topic 810 to require ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE. The amended guidance is effective for fiscal years beginning after November 15, 2009 and is not anticipated to have any material effect on the Corporation’s consolidated financial statements.

2. Earnings Per Share

Basic earnings/(loss) per common share is derived by dividing net income/(loss) available to common shareholders by the weighted-average number of common shares outstanding during the period and does not include the effect of any potentially dilutive common stock equivalents. Diluted earnings/(loss) per share is derived by dividing net income/(loss) available to common shareholders by the weighted-average number of shares outstanding, adjusted for the dilutive effect of outstanding common stock equivalents. There is no dilutive effect on the earnings/(loss) per share during loss periods.

The following table sets forth the calculation of basic and diluted earnings/(loss) per common share for the years ended December 31, 2009 and 2008 (in thousands, except for per share amounts):

	December 31, 2009			For the year ended December 31, 2008			December 31, 2007		
	Loss	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount	Income	Average Shares	Per Share Amount
Basic Earnings Per Share:									
Net (loss)/income	\$ (11,324)			\$ 8,871			\$ 12,793		
Accumulated preferred stock dividends	(1,378)			—			—		
Discount accretion on	(52)			—			—		

Explanation of Responses:

preferred stock										
Net (loss)										
attributable										
to/income										
available to										
common										
shareholders	\$ (12,754)	6,122	\$ (2.08)	\$ 8,871	6,113	\$ 1.45	\$ 12,793	6,149	\$ 2.08	
Diluted Earnings										
Per Share:										
Net										
(loss)/income										
available to										
common										
shareholders	\$ (12,754)	6,122	\$ (2.08)	\$ 8,871	6,113	\$ 1.45	\$ 12,793	6,149	\$ 2.08	
Non-vested										
employee stock										
award					18					
Diluted net										
(loss)										
attributable										
to/income										
available to										
common										
shareholders	\$ (12,754)	6,122	\$ (2.08)	\$ 8,871	6,131	\$ 1.45	\$ 12,793	6,149	\$ 2.08	

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3. Regulatory Capital Requirements

The Corporation and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation and the Bank to maintain certain minimum amounts of capital and ratios of total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets (leverage). Management believes, as of December 31, 2009, that the Corporation and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2009, the most recent notification from regulatory agencies categorized the Bank as “well capitalized” under the regulatory framework for prompt corrective action. For a financial institution to be categorized as well capitalized, total risk-based, Tier I risk-based, and Tier I leverage ratios must not fall below the percentages shown in the following table. Management is not aware of any condition or event which has caused the well capitalized position to change.

(Dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2009						
Total Capital (to Risk Weighted Assets)						
Consolidated	\$ 167,762	11.20%	\$ 119,843	8.00%	N/A	N/A
First United Bank	165,256	11.05%	119,679	8.00%	149,599	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	143,843	9.60%	59,922	4.00%	N/A	N/A
First United Bank	146,377	9.78%	59,839	4.00%	89,759	6.00%
Tier 1 Capital (to Average Assets)						
Consolidated	143,843	8.53%	67,423	4.00%	N/A	N/A
First United Bank	146,377	8.73%	67,086	4.00%	83,858	5.00%

(Dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2008						

Explanation of Responses:

Total Capital (to Risk Weighted Assets)								
Consolidated	\$	148,464	12.18%	\$	97,541	8.00%	N/A	N/A
First United Bank		131,572	10.91%		96,521	8.00%	120,652	10.00%
Tier 1 Capital (to Risk Weighted Assets)								
Consolidated		129,117	10.59%		48,771	4.00%	N/A	N/A
First United Bank		117,398	9.73%		48,260	4.00%	72,391	6.00%
Tier 1 Capital (to Average Assets)								
Consolidated		129,117	8.10%		63,751	4.00%	N/A	N/A
First United Bank		117,398	7.43%		63,205	4.00%	79,007	5.00%

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4. Investment Securities

The following table shows a comparison of amortized cost and fair values of investment securities available-for-sale (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI
December 31, 2009					
U.S. government agencies	\$ 68,487	\$ 274	\$ 498	\$ 68,263	\$ —
Residential mortgage-backed agencies	59,640	2,946	13	62,573	—
Collateralized mortgage obligations	40,809		7,612	33,197	1,574
Obligations of states and political subdivisions	95,190	2,501	388	97,303	—
Collateralized debt obligations	44,478	—	32,030	12,448	14,127
Totals	\$ 308,604	\$ 5,721	\$ 40,541	\$ 273,784	\$ 15,701
December 31, 2008					
U.S. government agencies	\$ 111,938	\$ 1,885	\$ 178	\$ 113,645	\$ —
Residential mortgage-backed agencies	80,354	2,222	15	82,561	—
Collateralized mortgage obligations	51,753	—	11,115	40,638	—
Obligations of states and political subdivisions	95,876	705	3,096	93,485	—
Collateralized debt obligations	70,324	—	46,058	24,266	—
Totals	\$ 410,245	\$ 4,812	\$ 60,462	\$ 354,595	\$ —

Proceeds from sales of securities and the realized gains and losses are as follows (in thousands):

	2009	2008	2007
Proceeds	\$ 12,471	\$ 43,008	\$ 71,611
Realized gains	30	727	10
Realized losses	—	—	(1,615)

The following table shows the Corporation's securities available-for-sale with gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized position, at December 31, 2009 and 2008 (in thousands):

	December 31, 2009			
	Less than 12 months Fair Value	Unrealized Losses	12 months or more Fair Value	Unrealized Losses
U.S. government agencies	\$ 36,090	\$ 371	\$ 14,873	\$ 127
Residential mortgage-backed agencies	589	13	—	—
Collateralized mortgage obligations	—	—	33,197	7,612
	12,154	123	8,075	265

Explanation of Responses:

Obligations of states and political subdivisions				
Collateralized debt obligations	—	—	12,448	32,030
	\$ 48,833	\$ 507	\$ 68,593	\$ 40,034

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	December 31, 2008			
	Less than 12 months Fair Value	Unrealized Losses	12 months or more Fair Value	Unrealized Losses
U.S. government agencies	\$ 19,822	\$ 178	\$ —	\$ —
Residential mortgage-backed agencies	806	15	—	—
Collateralized mortgage obligations	37,423	9,927	3,216	1,188
Obligations of states and political subdivisions	66,735	2,781	3,632	315
Collateralized debt obligations	2,159	5,393	21,724	40,665
	\$ 126,945	\$ 18,294	\$ 28,572	\$ 42,168

U.S. Government Agencies – The unrealized losses on the Corporation’s investments in U.S. government agencies of \$498,000 are attributable to the lower interest rate environment and call features associated with the securities with premiums paid at the time of purchase. All of these securities are of the highest investment grade. The fair value of one security has been impaired for over 12 months and the fair value of six securities has been impaired for less than 12 months. Contractually, the issuers are not permitted to settle the securities at a price less than the amortized cost basis of the individual investments. The Corporation does not intend to sell these investments and it is not more likely than not that the Corporation will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity. Accordingly, management does not consider these investments to be other-than-temporarily impaired at December 31, 2009.

Residential Mortgage-Backed Agencies - The residential mortgage-backed agencies were in an unrealized gain position of \$2.9 million at December 31, 2009. All of these securities are of the highest investment grade. The fair value of 13 of these securities has been in an unrealized loss position for less than 12 months. The Corporation does not intend to sell these investments and it is not more likely than not that the Corporation will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity. Management does not believe that other-than-temporary impairment exists at December 31, 2009.

Collateralized Mortgage Obligations – The collateralized mortgage obligations were in an unrealized loss position of \$7.6 million at December 31, 2009. All nine of these securities are private label residential mortgage-backed securities and have been in an unrealized loss position for 12 months or more. These securities are reviewed for factors such as loan to value ratio, credit support levels, borrower FICO scores, geographic concentration, prepayment speeds, delinquencies, coverage ratios and credit ratings. The Corporation purchased all of these securities at a discount relative to their face amounts. All of these securities were of the highest investment grade at the time of purchase. As of December 31, 2009, two have been downgraded to one level below investment grade and five have been downgraded more than one level below investment grade. All of these securities continue to perform as expected at the time of purchase. This class of securities has been reduced by \$10.9 million since December 31, 2008 due to principal paydown. Based upon a review of credit quality and the cash flow tests performed, management determined that one of the private label residential mortgage-backed securities in the Corporation’s portfolio was other-than-temporarily impaired. As a result of this assessment, the Corporation recorded a \$171,000 million other-than-temporary impairment credit loss and \$1.6 million of non-credit related losses in other comprehensive income on this security as of December 31, 2009. The Corporation does not intend to sell these investments and it is not more likely than not that the Corporation will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity. Accordingly, management does not consider the remainder of this portfolio to be other-than-temporarily impaired at December 31, 2009.

Obligations of State and Political Subdivisions – The Corporation’s investments in state and political subdivisions were in an unrealized loss position of \$388,000 at December 31, 2009. Ten securities carried a fair value less than amortized cost basis for over 12 months, and 19 securities have been in an unrealized loss position for less than 12 months. \$2.3 million of the bonds are not rated by rating agencies. Two of those bonds were highly rated investment grade bonds at the time of purchase are no longer being rated by the rating agencies. The remaining investments in states and other political subdivisions are all of investment grade as determined by the major rating agencies. Management reviewed the investment ratings of the underlying issuers and found them to be of high quality. In addition, the portfolio is supported by various forms of underlying insurance. Management believes that this portfolio is well-diversified throughout the United States, and all bonds continue to perform according to their contractual terms. The Corporation does not intend to sell these investments and it is not more likely than not that the Corporation will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity. Accordingly, management does not consider these investments to be other-than-temporarily impaired at December 31, 2009.

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Collateralized Debt Obligations - The \$32.0 million in unrealized losses reported for collateralized debt obligations at December 31, 2009 relates to 22 pooled trust preferred securities. See Note 1 for a discussion of the methodology used by management to determine the fair values of these securities. Based upon a review of credit quality for the fourth quarter of 2009, the cash flow tests performed, and the Corporation's intent with regard to hold the securities, management determined that nine of the collateralized debt obligations in the Corporation's portfolio were other-than-temporarily impaired. As a result of this assessment, the Corporation recorded a \$15.8 million other-than-temporary impairment loss on these securities as of December 31, 2009. For the year, \$26.5 million of non-cash other-than-temporary credit losses have been recognized in earnings on 15 trust preferred securities and \$443,000 of losses have been recognized as a result of moving four securities to trading. The unrealized losses on the remaining investment securities are primarily attributable to factors such as changes in market interest rates, marketability, liquidity and the current economic environment. Non-credit related losses of \$14.1 million are in other comprehensive income. Non-cash other-than-temporary impairment losses for the year ended December 31, 2008 were \$2.7 million.

The following table presents a cumulative roll-forward of the amount of other-than-temporary impairment ("OTTI") related to credit losses which have been recognized in earnings for debt securities held and not intended to be sold (in thousands):

	December 31, 2009		December 31, 2008	
Balance of credit-related OTTI at beginning of period	\$	2,724	\$	—
Additions for credit-related OTTI not previously recognized		16,345		2,724
Additional increases for credit-related OTTI previously recognized when there is no intent to sell and no requirements to sell before recovery of amortized cost basis		—		—
Decreases for previously recognized credit-related OTTI because there is current intent to sell		(8,304)		—
Balance of credit-related OTTI at end of period	\$	10,765	\$	2,724

The amortized cost and estimated fair value of securities available-for-sale by contractual maturity at December 31, 2009 are shown in the following table (in thousands). Actual maturities will differ from contractual maturities because the issuers of the securities may have the right to call or prepay obligations with or without call or prepayment penalties.

Contractual Maturity	Amortized Cost	Fair Value
Due in one year or less	\$ —	\$ —
Due after one year through five years	14,095	14,294
Due after five years through ten years	26,687	27,367
Due after ten years	167,373	136,353
	208,155	178,014
Residential mortgage-backed agencies	59,640	62,573
Collateralized mortgage obligations	40,809	33,197
	\$ 308,604	\$ 273,784

At December 31, 2009 and 2008, investment securities with a fair value of \$153 million and \$235 million, respectively, were pledged as permitted or required to secure public and trust deposits, for securities sold under agreements to repurchase as required or permitted by law and as collateral for borrowing capacity.

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5. Loans

The Corporation, through the Bank, is active in originating loans to customers primarily in Western Maryland and Northeastern West Virginia. The following table is a summary of the loan portfolio and loan commitments by principal categories (in thousands):

	December 31, 2009		December 31, 2008	
	Loans	Loan Commitments	Loans	Loan Commitments
Commercial	\$ 604,410	\$ 33,966	\$ 575,962	\$ 88,640
Real Estate – Mortgage	398,413	46,461	403,768	44,304
Consumer Installment	110,937	3,911	140,234	3,897
Real Estate – Construction	8,124	2,918	14,582	5,441
Commercial letters of credit	—	2,941	—	5,943
Total	\$ 1,121,884	\$ 90,197	\$ 1,134,546	\$ 148,225

Loan commitments are made to accommodate the financial needs of the Corporation's customers. Letters of credit commit the Corporation to make payments on behalf of customers when certain specified future events occur. Letters of credit are issued to customers to support contractual obligations and to insure job performance. Commitments to extend credit generally have fixed expiration dates, may require payment of a fee, and contain cancellation clauses in the event of an adverse change in the customer's credit quality. Historically, most letters of credit expire unfunded, and therefore, cash requirements are substantially less than the total commitment. Loan commitments and letters of credit have credit risk essentially the same as that involved in extending loans to customers and are subject to normal credit policies. Collateral is obtained based on management's credit assessment of the customer. The Corporation considers letters of credit to be guarantees and the amount of liability related to such guarantees was not significant at December 31, 2009 and 2008.

In the ordinary course of business, executive officers and directors of the Corporation, including their families and companies in which certain directors are principal owners, were loan customers of the Bank. Pursuant to the Bank's lending policies, such loans were made on the same terms, including collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than the normal risk of collectability. Changes in the dollar amount of loans outstanding to officers, directors and their associates were as follows for the year ended December 31 (in thousands):

	2009
Balance at January 1	\$ 14,226
Loans or advances	1,177
Repayments	(2,133)
Balance at December 31	\$ 13,270

Activity in the allowance for loan losses is summarized as follows (in thousands):

	2009	2008	2007
Balance at January 1	\$ 14,347	\$ 7,304	\$ 6,530
Gross credit losses	(10,785)	(6,595)	(2,222)
Recoveries	940	713	684
Net credit losses	(9,845)	(5,882)	(1,538)
Provision for loan losses	15,588	12,925	2,312
Balance at December 31	\$ 20,090	\$ 14,347	\$ 7,304

Explanation of Responses:

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Impairment is measured on a loan by loan basis for commercial and construction loans. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Based upon the current economic environment and its effect on the overall real estate markets, the amount of impaired loans has increased significantly from December 31, 2008.

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The following is a summary of information pertaining to impaired and non-accrual loans (in thousands):

	Years Ended December 31,		
	2009	2008	2007
Impaired loans without a valuation allowance	\$ 102,553	\$ 66,816	\$ 6,814
Impaired loans with a valuation allowance	28,677	16,519	176
Total impaired loans	\$ 131,230	\$ 83,335	\$ 6,990
Valuation allowance related to impaired loans	\$ 7,624	\$ 4,759	\$ 176
Average investment in impaired loans	\$ 91,743	\$ 28,180	\$ 1,472
Interest income recognized on an accrual basis on impaired loans	\$ 5,097	\$ 4,658	\$ 225
Interest income recognized on a cash basis on impaired loans	\$ 1,042	\$ 410	\$ 162

Non-accruing loans were \$46.6 million, \$24.6 million, and \$5.4 million at December 31, 2009, 2008 and 2007, respectively. Interest income not recognized as a result of placing loans on a non-accrual status was \$1.3 million during 2009, \$0.4 million during 2008 and \$0.2 million during 2007. Accruing loans past due 90 days or more were \$1.8 million, \$3.5 million and \$3.3 million at the end of 2009, 2008 and 2007, respectively.

The amount of restructured loans increased significantly in 2009 as we have made every effort to work with our borrowers during this distressed economic environment. At December 31, 2009, performing restructured loans are comprised of approximately \$7.4 million of commercial real estate land development loans, \$5.7 million other commercial real estate loans, \$4.5 million of commercial and industrial loans, and \$4.6 million single family mortgage loans. The objective of the restructurings was to increase loan repayments by customers and thereby reduce net charge-offs. Restructured terms can include temporary relief of contractual principal payments, temporary or permanent reductions of the interest rate, and maturity extensions. For loans that were originally interest only credit lines, if the maturity date is extended, the restructured loan is placed on a principal amortization schedule. Restructured loans are considered performing if they have made at least six consecutive payments of their original and modified terms. Restructured loans are evaluated for impairment as required by applicable accounting guidance.

Additional funds of up to \$0.2 million are committed to be advanced in connection with restructured loans. Interest income not recognized due to rate modifications of restructured loans was \$0.1 million in 2009 and none in 2008 and 2007.

6. Premises and Equipment

The composition of premises and equipment at December 31 is as follows (in thousands):

	2009	2008
Land	\$ 8,794	\$ 8,910
Land Improvements	815	322
Premises	23,950	23,058
Furniture and Equipment	21,828	21,071
Capital Lease	535	—
	55,922	53,361
Less accumulated depreciation	(24,203)	(22,237)
Total	\$ 31,719	\$ 31,124

The Corporation recorded depreciation expense of \$2.7 million, \$2.8 million and \$2.6 million in 2009, 2008 and 2007, respectively.

Pursuant to the terms of noncancelable operating lease agreements for banking and subsidiaries' offices and for data processing and telecommunications equipment in effect at December 31, 2009, future minimum rent commitments under these leases for each of the next five years are as follows: \$3.5 million, \$3.5 million, \$3.5 million, \$2.7 million, \$2.6 million and \$12.6 million thereafter. The leases contain options to extend for periods from one to five years, which are not included in the aforementioned amounts.

Total rent expense for offices amounted to \$0.9 million in 2009 and \$0.7 million in 2008 and 2007.

7. Goodwill and Other Intangible Assets

Goodwill resulted from the acquisition of four branch offices and a banking center from The Huntington National Bank in July 2003, one insurance agency in April 1999 and three insurance agencies in December 2008. The Corporation performed its annual impairment test as of December 31, 2009 and determined that goodwill was not impaired. There can be no assurance that goodwill impairment will not occur in the future. The Corporation will continue to evaluate goodwill for impairment on an annual basis and as events occur or circumstances change.

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The estimated goodwill and intangible assets are based upon a preliminary valuation and are subject to change during the allocation period as defined by ASC Topic 350, Intangibles - Goodwill and Other.

The significant components of goodwill and acquired intangible assets at December 31 are as follows (in thousands):

	2009				2008			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Life
Goodwill	\$ 11,900	\$ —	\$ 11,900		\$ 11,900	\$ —	\$ 11,900	
Core deposit intangible assets	4,040	(3,581)	459	.8	4,040	(3,023)	1,017	1.8
Insurance agency book of businesses	3,651	(769)	2,882	8.1	3,651	(246)	3,405	9.1
Total	\$ 19,591	\$ (4,350)	\$ 15,241		\$ 19,591	\$ (3,269)	\$ 16,322	

Amortization expense relating to amortizable intangible assets was \$1.1 million in 2009 and \$0.7 million in 2008 and 2007. Future estimated annual amortization expense is presented below (in thousands):

Year	Annual Amortization
2010	\$ 722
2011	263
2012	263
2013	257
2014	213

8. Deposits

The aggregate amount of time deposits with a minimum denomination of \$100,000 was \$372.7 million and \$334.4 million at December 31, 2009 and December 31, 2008, respectively.

The following is a summary of the scheduled maturities of all time deposits as of December 31, 2009 (in thousands):

2010	\$ 419,114
2011	255,319
2012	29,934
2013	5,906
2014	7,284
Thereafter	0

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9. Borrowed Funds

The following is a summary of short-term borrowings at December 31 with original maturities of less than one year (dollars in thousands):

	2009		2008		2007	
Short-term FHLB advance, Daily borrowings, interest rate of 0.36% (at December 31, 2009)	\$	0	\$	8,500	\$	21,000
Securities sold under agreements to repurchase:						
Outstanding at end of year	\$	47,563	\$	41,995	\$	34,112
Weighted average interest rate at year end		0.66%		1.33%		5.99%
Maximum amount outstanding as of any month end	\$	50,052	\$	47,811	\$	70,746
Average amount outstanding		43,887		38,128		55,140
Approximate weighted average rate during the year		0.71%		1.46%		3.71%

The following is a summary of long-term borrowings at December 31 with original maturities exceeding one year (dollars in thousands):

	2009		2008	
FHLB advances, bearing interest at rates ranging from 2.46% to 4.98% at December 31, 2009	\$	227,423	\$	241,474
Junior subordinated debt, bearing interest at rates ranging from 3.00% to 9.875% at December 31, 2009		43,121		35,929
	\$	270,544	\$	277,403

The contractual maturities of long-term borrowings are as follows:

	December 31, 2009		2008	
	Fixed Rate	Floating Rate	Total	Total
	(in thousands)			
Due in 2010	\$ 31,000	\$ —	\$ 31,000	\$ 14,000
Due in 2011	51,000	—	51,000	31,000
Due in 2012	44,250	—	44,250	51,000
Due in 2013	—	—	—	44,250
Due in 2014	—	—	—	—
Thereafter	113,365	30,929	144,294	137,153
Total long-term debt	\$ 239,615	\$ 30,929	\$ 270,544	\$ 277,403

We have a borrowing capacity agreement with the FHLB in an amount equal to 29% of the Bank's assets. At December 31, 2009, the available line of credit equaled \$506 million. This line of credit, which can be used for both short and long-term funding, can only be utilized to the extent of available collateral. The line is secured by certain qualified mortgage and commercial loans and investment securities, as follows (in thousands):

Explanation of Responses:

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1-4 family mortgage loans	\$ 119,692
Commercial loans	12,888
Multi-family loans	2,130
Home equity loans	10,847
Cash	47,000
Investment securities	39,538
	\$ 232,095

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The collateralized line of credit totaled \$232 million at December 31, 2009, of which \$5 million was available for additional borrowings.

We also have various unsecured lines of credit totaling \$20.0 million with various financial institutions and a \$23 million secured line with the Federal Reserve to meet daily liquidity requirements. As of December 31, 2009, we had no borrowings under these credit facilities. In addition, we had approximately \$97 million of available funding through brokered money market funds.

Repurchase Agreements—We have retail repurchase agreements with customers within its local market areas. Repurchase agreements generally have maturities of one to four days from the transaction date. These borrowings are collateralized with securities that we own and are held in safekeeping at independent correspondent banks.

FHLB Advances—The FHLB advances consist of various borrowings with maturities generally ranging from five to 10 years with initial fixed rate periods of one, two or three years. After the initial fixed rate period the FHLB has one or more options to convert each advance to a LIBOR based, variable rate advance, but we may repay the advance in whole or in part, without a penalty, if the FHLB exercises its option. At all other times, our early repayment of any advance could be subject to a prepayment penalty.

Subordinated Debt— In March 2004, Trust I and Trust II issued preferred securities with an aggregate liquidation amount of \$30.9 million to third-party investors and issued common equity with an aggregate liquidation amount of \$.9 million to First United Corporation. These Trusts used the proceeds of these offerings to purchase an equal amount of junior subordinated debentures of First United Corporation, as follows:

\$20.6 million—floating rate payable quarterly based on floating rate based on three-month LIBOR plus 275 basis points (3.00% at December 31, 2009), maturing in 2034, redeemable five years after issuance at First United Corporation's option.

\$10.3 million—floating rate payable quarterly based on three-month LIBOR plus 275 basis points (3.00% at December 31, 2009) maturing in 2034, redeemable five years after issuance at First United Corporation's option.

In December 2004, First United Corporation issued \$5.0 million of junior subordinated debentures. The debentures have a fixed rate of 5.88% for the first five years, payable quarterly, and convert to a floating rate in March 2010 based on the three month LIBOR plus 185 basis points. The debentures mature in 2014, but are redeemable five years after issuance at First United Corporation's option.

In December 2009, Trust III issued 9.875% fixed-rate preferred securities with an aggregate liquidation amount of approximately \$7.0 million to private investors and issued common securities to First United Corporation with an aggregate liquidation amount of approximately \$.2 million. Trust III used the proceeds of the offering to purchase approximately \$7.2 million of 9.875% fixed-rate junior subordinated debentures of First United Corporation. Interest on the debentures is payable quarterly, and the debentures mature in 2040 but are redeemable five years after issuance at First United Corporation's option.

In January 2010, Trust III issued an additional \$3.5 million of 9.875% fixed-rate preferred securities to private investors and issued common securities to First United Corporation with an aggregate liquidation amount of \$.1 million. Trust III used the proceeds of the offering to purchase \$3.6 million of 9.875% fixed-rate junior subordinated debentures of First United Corporation. Interest on the debentures is payable quarterly, and the debentures mature in 2040 but are redeemable five years after issuance at First United Corporation's option.

The debentures issued to each of the Trusts represent the sole assets of that Trust, and payments of the debentures by First United Corporation are the only sources of cash flow for the Trust. First United Corporation has the right to defer interest on all of the foregoing debentures for up to 20 quarterly periods, in which case distributions on the preferred securities will also be deferred. Should this occur, the Corporation may not pay dividends or distributions on, or repurchase, redeem or acquire any shares of its capital stock. As of December 31, 2009, First United Corporation has not deferred any payments.

10. Preferred Stock

On January 30, 2009, pursuant to the Troubled Asset Relief Program Capital Purchase Program adopted by the United States Department of the Treasury (the "Treasury"), First United Corporation issued the following securities to the Treasury for an aggregate consideration of \$30.0 million: (i) 30,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, having no par per share (the "Series A Preferred Stock"); and (ii) a warrant to purchase 326,323 shares of common stock, par value \$.01 per share, at an exercise price of \$13.79 per share (the "Warrant"). The proceeds from this transaction qualify as Tier 1 capital and the warrant qualifies as tangible common equity. The operative documents relating to this transaction are on file with the SEC and available to the public free of charge.

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Holders of the Series A Preferred Stock are entitled to receive, if and when declared by the Board of Directors, out of assets legally available for payment, cumulative cash dividends at a rate per annum of 5% per share on a liquidation amount of \$1,000 per share of Series A Preferred Stock with respect to each dividend period from January 30, 2009 to, but excluding, February 15, 2014. From and after February 15, 2014, holders of Series A Preferred Stock are entitled to receive cumulative cash dividends at a rate per annum of 9% per share on a liquidation amount of \$1,000 per share with respect to each dividend period thereafter. Under the terms of the Series A Preferred Stock, on and after February 15, 2012, First United Corporation may, at its option, redeem shares of Series A Preferred Stock, in whole or in part, at any time and from time to time, for cash at a per share amount equal to the sum of the liquidation preference per share plus any accrued and unpaid dividends to but excluding the redemption date. The terms of the Series A Preferred Stock further provide that, prior to February 15, 2012, First United Corporation may redeem shares of Series A Preferred Stock only if it has received aggregate gross proceeds of not less than \$7.5 million from one or more qualified equity offerings, and the aggregate redemption price may not exceed the net proceeds received by the Corporation from such offerings. Notwithstanding the foregoing restriction on redemption, the recently-enacted Recovery Act permits First United Corporation to redeem shares of Series A Preferred Stock held by Treasury at any time (subject to a minimum 25% redemption requirement). If First United Corporation redeems shares of Series A Preferred Stock pursuant to the Recovery Act, it may also repurchase a pro rata portion of the Warrant; otherwise, Treasury must liquidate any portion of the Warrant that is not repurchased, at the current market price. Any redemption of the Series A Preferred Stock requires prior regulatory approval.

Until the earlier of (i) January 30, 2012 or (ii) the date on which the Treasury disposes of the Series A Preferred Stock, without the consent of the Treasury, First United Corporation is prohibited from increasing its quarterly cash dividend paid on common stock above \$0.20 per share and from repurchasing or redeeming any shares of its capital stock, and the Trusts are prohibited from redeeming their trust preferred securities.

11. Other Comprehensive Income/(Loss)

Other comprehensive income/(loss) (“OCI”) consists of the changes in unrealized gains (losses) on investment securities available-for-sale, cash flow hedges and pension obligations. Total comprehensive income/(loss), which consists of net income/(loss) plus the changes in other comprehensive income/(loss), was \$3.0 million, (\$26.5) million and \$12.7 million for the years ended December 31, 2009, 2008 and 2007, respectively.

The following tables present the accumulated other comprehensive loss for the years ended December 31, 2009, 2008 and 2007 and the components included therein:

	Investment securities with OTTI	Investment securities – all other	Cash Flow Hedges	Pension Plan	SERP	Total
Accumulated OCI, net:						
Balance – January 1, 2007	\$ —	\$(715)	\$ —	\$(2,901)	\$(1,964)	\$(5,580)
Net gain/(loss) during period	—	(1,815)	—	151	1,589	(75)
Balance – December 31, 2007	\$ —	\$(2,530)	\$ —	\$(2,750)	\$(375)	\$(5,655)
Accumulated OCI, net:						
Net gain/(loss) during period	—	(30,660)	—	(4,636)	(32)	(35,328)
Balance – December 31, 2008	\$ —	\$(33,190)	\$ —	\$(7,386)	\$(407)	\$(40,983)
Accumulated OCI, net:						
Net gain/(loss) during period	(9,364)	21,786	(36)	2,335	(397)	14,324

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Balance – December 31, 2009	\$	(9,364)	\$	(11,404)	\$	(36)	\$	(5,051)	\$	(804)	\$	(26,659)
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	Pre-Tax	Taxes	Net
December 31, 2007:			
Available for sale securities:			
Unrealized holding losses during the period	\$ (4,648)	\$ 1,877	\$ (2,771)
Less: reclassification adjustment for gains recognized in income	(1,605)	649	(956)
Net unrealized losses on AFS investment securities	(3,043)	1,228	(1,815)
Defined benefit plans liability adjustment	2,918	(1,178)	1,740
	\$ (125)	\$ 50	\$ (75)
December 31, 2008:			
Available for sale securities with OTTI:			
Securities with OTTI charges during the period	\$ (2,724)	\$ 1,099	\$ (1,625)
Less: OTTI charges recognized in income	(2,724)	1,099	(1,625)
Net unrealized losses on investments with OTTI	0	0	0
Available for sale securities – all other:			
Unrealized holding losses during the period	(53,405)	21,553	(31,852)
Less: reclassification adjustment for gains recognized in income	727	(294)	433
Less: securities with OTTI charges during the period	(2,724)	1,099	(1,625)
Net unrealized losses on all other AFS securities	(51,408)	20,748	(30,660)
Net unrealized losses on AFS investment securities	(51,408)	20,748	(30,660)
Defined benefit plans liability adjustment	(7,452)	2,784	(4,668)
	\$ (58,860)	\$ 23,532	\$ (35,328)
December 31, 2009:			
Available for sale (AFS) securities with OTTI:			
Securities with OTTI charges during the period	\$ (42,394)	\$ 17,110	\$ (25,284)
Less: OTTI charges recognized in income	(26,693)	10,773	(15,920)
Net unrealized losses on investments with OTTI	(15,701)	6,337	(9,364)
Available for sale securities – all other:			
Unrealized holding losses during the period	(5,733)	2,313	(3,420)
Less: reclassification adjustment for gains recognized in income	131	(53)	78
Less: securities with OTTI charges during the period	(42,394)	17,110	(25,284)
Net unrealized gains on all other AFS securities	36,530	(14,744)	21,786
Net unrealized gains on AFS investment securities	20,829	(8,407)	12,422
Unrealized losses on cash flow hedges	(60)	24	(36)
Defined benefit plans liability adjustment	3,249	(1,311)	1,938
	\$ 24,018	\$ (9,694)	\$ 14,324

12. Income Taxes

The provision for income taxes consists of the following for the years ended December 31 (in thousands):

	2009	2008	2007
Current Tax Provision:			
Federal	\$ 187	\$ 5,337	\$ 4,275
State	357		

Explanation of Responses: