Atlantic Union Bankshares

2019 Annual Report & Form 10-K

Chief Executive Officer's Letter
to Shareholders and Friends

Dear Fellow Shareholders:

A year of progress and change can summarize 2019 and as we begin 2020, I continue to believe Atlantic Union Bankshares Corporation ("Atlantic Union" or the "Company") has a great opportunity to create something uniquely valuable for our customers, shareholders, teammates and the communities we serve.

The low interest rate environment remains challenging for our industry and that is likely to be the case for the foreseeable future. Nevertheless, we believe Atlantic Union is positioned well and our future remains bright as we work to reach the full potential of this powerful franchise. During 2019, the market rewarded our strategy and performance with the total shareholder return on our stock up 37% for the year as compared to the total shareholder return on the Keefe Regional Bank index (KRX), which increased 24%.

Atlantic Union accomplished much in 2019 and here are some highlights.

- Successfully completed the integration of Access National Bank,
- Successfully and seamlessly rebranded the Company and changed the stock trading symbol to "AUB",
- Built out the executive team with leadership hires for Middleburg Financial, Digital Strategy and Consumer Banking,
- Delivered 9% deposit growth while loan growth was 6% for the year on a proforma basis for the full year as if the Access National Bank acquisition closed on January 1,
- Approved and rolled out our new 3-year strategic plan to all teammates,
- Added an established equipment financing team to expand our commercial banking products,
- Launched Zelle (enabling person to person payments) and added nCino (a commercial loan origination system) to address digital product gaps,
- Established a focused initiative to take advantage of the coming market disruption from the merger of BB&T and SunTrust Bank, which will be rebranded as "Truist", and
- Won numerous customer experience awards, including the most prestigious in the industry - the #1 ranking in the Mid-Atlantic region in the J.D. Power 2019 Retail Banking Satisfaction Study℠.

And these are just some of the major accomplishments for the year.

Turning to 2019 financial results, the Company's operating Return on Tangible Common Equity (ROTCE)[1] was 16.14%, our Operating Return on Assets (ROA)[1] was 1.31% and the Operating Efficiency ratio[1] was 53.6%. Operating net income[1] was $221 million, which was an increase of $42.7 million from 2018's $178 million.

In late 2018, we communicated that we had updated our top tier financial targets – targets that we believe would place us in the top 25% of comparable banks - to the following:

- Operating ROTCE between 16% and 18%,
- Operating ROA between 1.4% and 1.6%, and
- Operating Efficiency Ratio at 50% or below.

[1]These are financial measures not calculated in accordance with United States Generally Accepted Accounting Principles (GAAP). For a reconciliation of these non-GAAP measures to the most comparable GAAP measures, as applicable, please refer to the section entitled "Non-GAAP Measures" beginning on page 56 of the accompanying Annual Report on Form 10-K for the year ended December 31, 2019.

We made those updates in 2018 expecting to operate in a rising rate environment and stepped up our targets accordingly to remain top tier in our peer group, recognizing a rising tide of interest rates improves financial performance across the industry. Unfortunately, over the course of 2019, the economic and geopolitical environment changed unexpectedly and the Federal Reserve began to cut rates instead of raising them, negatively impacting our net interest margin (i.e., the difference between what we charge on loans and pay on deposits).

While all of our performance metrics were very good during 2019, the ROA and efficiency ratio were modestly short of our new targets for the reasons discussed above, but we were able to achieve the ROTCE target. Given how interest rates have fallen from a year ago, we have modestly lowered 2020 financial targets to what we believe to be top tier levels in the current environment, this time recognizing an ebbing tide of interest rates lowers the financial performance of the entire industry. Our new targets are operating ROTCE of 15%-17%, operating ROA of 1.2%-1.4% and an operating efficiency ratio of ≤ 53%.

As a reminder, the Access acquisition closed on February 1st. On a pro forma basis as if the Access balances were included for the full year, our loan growth was approximately 6% point-to point, consistent with the expectations we communicated for the full year as we started the fourth quarter of 2019, but lower than the upper single digit growth originally targeted for 2019. We expect full year 2020 loan growth to be in the 6% to 8% range.

On a pro forma basis as if the Access balances were included for the full year 2019, deposit growth was approximately 9% point-to-point, which was at the higher end of our upper single digit growth guidance. Given the current strength, we believe we'll be able to match deposit growth to loan growth for 2020 in the 6%-8% range. The ability to grow deposits in line with loans remains one of the other big industry challenges, and thankfully we performed well in this category. Core deposit growth, and especially checking accounts, will remain an intense area of focus for us in 2020. My commentary on the interest rate environment helps to explain why we can't simply offer high deposit rates to fund Atlantic Union Bank, as that would further lower our net interest margin.

Looking ahead, we rolled out our new 3-year strategic plan in the second half of the year. Our plan stays true to how we like to operate the Company, which is to maintain forward progress, press our advantage where we can and do what we say we will do. The strategic plan continues a logical progression of what we've been working on for some time. Our road map to achieving the outcomes of the strategic plan are our strategic priorities, which are:

- **Diversify Loan Portfolio and Revenue Streams**
- **Grow Core Funding**
- **Manage to Top Tier Financial Performance**
- **Strengthen our Digital Capabilities**
- **Make Banking Easier**
- **Capitalize on Strategic Opportunities**

In summary, Atlantic Union produced solid results in 2019. We continue to make steady progress towards our strategic priorities and delivered financial performance that set us apart from our peers despite headwinds from the adverse interest rate environment. I remain highly confident in what the future holds for us and the potential we have to deliver long-term, sustainable performance for our customers, communities, teammates and shareholders.

I can think of no better way to finish my annual letter than by reiterating – Atlantic Union is a uniquely valuable franchise, dense and compact in great markets with a story unlike any other in our region. We have assembled the right scale, the right markets and the right team to deliver high performance in a franchise that can no longer be replicated in Virginia. We have future growth opportunities in our North Carolina and Maryland markets, which we believe will be enhanced by an anticipated multi-year disruption due to the merger of BB&T and SunTrust, two of our largest competitors.

Thank you for your continued support of Atlantic Union.

Sincerely,

John C. Asbury
President and Chief Executive Officer

This letter to shareholders may contain forward-looking statements and is subject to the legend regarding forward-looking statements beginning on page iv of the accompanying Annual Report on Form 10-K for the year ended December 31, 2019.

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

FORM 10-K

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

For the fiscal year ended December 31, 2019

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

Commission file number: 0-20293

ATLANTIC UNION BANKSHARES CORPORATION

(Exact name of registrant as specified in its charter)

VIRGINIA	**54-1598552**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1051 East Cary Street, Suite 1200, Richmond, Virginia 23219
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (804) 633-5031

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value $1.33 per share	**AUB**	**The NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The aggregate market value of common stock held by non-affiliates of the registrant as of June 28, 2019, the last business day of the second fiscal quarter of 2019, was approximately $2,850,450,474 based on the closing share price on that date of $35.33 per share.

The number of shares of common stock outstanding as of February 19, 2020 was 79,216,981.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be used in conjunction with the registrant's 2020 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

ATLANTIC UNION BANKSHARES CORPORATION
FORM 10-K

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Glossary of Acronyms and Defined Terms

Access	—	Access National Corporation and its subsidiaries
AFS	—	Available for sale
ALCO	—	Asset Liability Committee
ALL	—	Allowance for loan losses
AOCI	—	Accumulated other comprehensive income (loss)
ASC	—	Accounting Standards Codification
ASU	—	Accounting Standards Update
ATM	—	Automated teller machine
the Bank	—	Atlantic Union Bank (formerly, Union Bank & Trust)
BHCA	—	Bank Holding Company Act of 1956
BOLI	—	Bank-owned life insurance
bps	—	Basis points
CCPs	—	Central Counterparty Clearinghouses
CAMELS	—	International rating system bank supervisory authorities use to rate financial institutions
CDARS	—	Certificates of Deposit Account Registry Service
CECL	—	Current expected credit losses
CME	—	Chicago Mercantile Exchange
CFPB	—	Consumer Financial Protection Bureau
CLP	—	Commercial Loan Policy
Code	—	Internal Revenue Code of 1986
the Company	—	Atlantic Union Bankshares Corporation (formerly, Union Bankshares Corporation) and its subsidiaries
CRA	—	Community Reinvestment Act of 1977
DHFB	—	Dixon, Hubard, Feinour & Brown, Inc.
DIF	—	Deposit Insurance Fund
Dodd-Frank Act	—	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
EGRRCPA	—	Economic Growth, Regulatory Relief, and Consumer Protection Act
EPS	—	Earnings per share
ESOP	—	Employee Stock Ownership Plan
Exchange Act	—	Securities Exchange Act of 1934, as amended
FASB	—	Financial Accounting Standards Board
FCMs	—	Futures Commission Merchants
FDIA	—	Federal Deposit Insurance Act
FDIC	—	Federal Deposit Insurance Corporation
FDICIA	—	Federal Deposit Insurance Corporation Improvement Act
Federal Reserve Act	—	Federal Reserve Act of 1913, as amended
Federal Reserve Bank	—	Federal Reserve Bank of Richmond
FHLB	—	Federal Home Loan Bank of Atlanta
FICO	—	Financing Corporation
FMB	—	First Market Bank, FSB
Form 10-K	—	Annual Report on From 10-K for the year ended December 31, 2019
FRB or Federal Reserve	—	Board of Governors of the Federal Reserve System

FTE	—	Fully taxable equivalent
GAAP or U.S. GAAP	—	Accounting principles generally accepted in the United States
HTM	—	Held to maturity
IDC	—	Interactive Data Corporation
LCH	—	London Clearing House
MBS	—	Mortgage-Backed Securities
NOW	—	Negotiable order of withdrawl
LIBOR	—	London Interbank Offered Rate
NOL	—	Net operating losses
NPA	—	Nonperforming assets
OAL	—	Outfitter Advisors, Ltd.
OCI	—	Other comprehensive income
ODCM	—	Old Dominion Capital Management, Inc.
OFAC	—	Office of Foreign Assets Control
OREO	—	Other real estate owned which includes foreclosed properties and former bank premises
OTTI	—	Other than temporary impairment
PCA	—	Prompt Corrective Action
PCI	—	Purchased credit impaired
PSU	—	Performance stock units
REVG	—	Real Estate Valuation Group
ROA	—	Return on average assets
ROE	—	Return on average common equity
ROTCE	—	Return on average tangible common equity
ROU Asset	—	Right of Use Asset
SAB	—	Staff Accounting Bulletin
SCC	—	Virginia State Corporation Commission
SEC	—	U.S. Securities and Exchange Commission
Securities Act	—	Securities Act of 1933, as amended
Shore Premier	—	Shore Premier Finance, a division of the Bank
Shore Premier sale	—	The sale of substantially all of the assets and certain specific liabilities of Shore Premier
Tax Act	—	Tax Cuts and Jobs Act of 2017
TDR	—	Troubled debt restructuring
TFSB	—	The Federal Savings Bank
Topic 606	—	ASU No. 2014-09, "Revenue from Contracts with Customers: Topic 606"
Treasury	—	U.S. Department of the Treasury
UIG	—	Union Insurance Group, LLC
UISI	—	Union Investment Services, Inc.
UMG	—	Union Mortgage Group, Inc.
VFG	—	Virginia Financial Group, Inc.
Xenith	—	Xenith Bankshares, Inc.

FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include, without limitation, projections, predictions, expectations, or beliefs about future events or results or otherwise are not statements of historical fact, are based on certain assumptions as of the time they are made, and are inherently subject to known and unknown risks and uncertainties, some of which cannot be predicted or quantified. Such statements are often characterized by the use of qualified words (and their derivatives) such as "expect," "believe," "estimate," "plan," "project," "anticipate," "intend," "will," "may," "view," "opportunity," "potential," or words of similar meaning or other statements concerning opinions or judgment of the Company and its management about future events. Although the Company believes that its expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual future results, performance, or achievements of, or trends affecting, the Company will not differ materially from any projected future results, performance, achievements or trends expressed or implied by such forward-looking statements. Actual future results, performance, achievements or trends may differ materially from historical results or those anticipated depending on a variety of factors, including, but not limited to, the effects of or changes in:

- changes in interest rates,
- general economic and financial market conditions in the United States generally and particularly in the markets in which the Company operates and which its loans are concentrated, including the effects of declines in real estate values, an increase in unemployment levels, and slowdowns in economic growth,
- the Company's ability to manage its growth or implement its growth strategy,
- the introduction of new lines of business or new products and services,
- the possibility that any of the anticipated benefits of the acquisition of Access will not be realized or will not be realized within the expected time period, the expected revenue synergies and cost savings from the acquisition may not be fully realized or realized within the expected time frame, revenues following the acquisition may be lower than expected, or customer and employee relationships and business operations may be disrupted by the acquisition,
- the Company's ability to recruit and retain key employees,
- the incremental cost and/or decreased revenues associated with exceeding $10 billion in assets,
- real estate values in the Bank's lending area,
- an insufficient ALL,
- the quality or composition of the loan or investment portfolios,
- concentrations of loans secured by real estate, particularly commercial real estate,
- the effectiveness of the Company's credit processes and management of the Company's credit risk,
- demand for loan products and financial services in the Company's market area,
- the Company's ability to compete in the market for financial services,
- technological risks and developments, and cyber-threats, attacks or events,
- performance by the Company's counterparties or vendors,
- deposit flows,
- the availability of financing and the terms thereof,
- the level of prepayments on loans and mortgage-backed securities,
- legislative or regulatory changes and requirements,
- the effects of changes in federal, state or local tax laws and regulations,
- monetary and fiscal policies of the U.S. government including policies of the U.S. Department of the Treasury and the Federal Reserve,
- changes to applicable accounting principles and guidelines, and

- other factors, many of which are beyond the control of the Company.

More information on risk factors that could affect the Company's forward-looking statements is included under the section entitled "Risk Factors" set forth herein. All risk factors and uncertainties described herein should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on the Company or its businesses or operations. Readers are cautioned not to rely too heavily on the forward-looking statements in this Annual Report. Forward-looking statements speak only as of the date they are made. The Company does not intend or assume any obligation to update, revise or clarify any forward-looking statements that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. — BUSINESS.

GENERAL

The Company is a financial holding company and a bank holding company organized under Virginia law and registered under the BHCA. The Company, headquartered in Richmond, Virginia is committed to the delivery of financial services through its subsidiary Atlantic Union Bank and non-bank financial services affiliates. As of February 1, 2020, the Company's bank subsidiary and certain non-bank financial services affiliates were:

Bank Subsidiary	
Atlantic Union Bank	Richmond, Virginia
Non-Bank Financial Services Affiliates	
Dixon, Hubard, Feinour & Brown, Inc.	Roanoke, Virginia
Middleburg Investment Services, LLC	Reston, Virginia
Old Dominion Capital Management, Inc.	Charlottesville, Virginia
Outfitter Advisors, Ltd.	McLean, Virginia
Union Insurance Group, LLC	Richmond, Virginia

History

The Company was formed in connection with the July 1993 merger of Northern Neck Bankshares Corporation and Union Bancorp, Inc. Although the Company was formed in 1993, Union Bank & Trust Company, a predecessor of Atlantic Union Bank, was formed in 1902, and certain other of the community banks that were acquired and ultimately merged to form what is now Atlantic Union Bank were among the oldest in Virginia at the time they were acquired.

The table below indicates the year each community bank was formed, acquired by the Company, and merged into what is now Atlantic Union Bank.

	Formed	Acquired	Merged
Atlantic Union Bank	1902	n/a	2010
Northern Neck State Bank	1909	1993	2010
King George State Bank	1974	1996	1999
Rappahannock National Bank	1902	1998	2010
Bay Community Bank	1999	de novo bank	2008
Guaranty Bank	1981	2004	2004
Prosperity Bank & Trust Company	1986	2006	2008
First Market Bank, FSB	2000	2010	2010
StellarOne Bank	1994	2014	2014
Xenith Bank	1987	2018	2018
Access National Bank	1999	2019	2019

On January 1, 2018, the Company completed its acquisition of Xenith and the merger of Xenith's wholly-owned subsidiary, Xenith Bank, with and into the Bank, with the Bank surviving.

On February 1, 2019, the Company completed its acquisition of Access and the merger of Access' wholly-owned subsidiary, Access National Bank, with and into the Bank, with the Bank surviving. In connection with the foregoing, the Company acquired the former subsidiaries of Access and Access National Bank (as applicable), including, without limitation, Middleburg Investment Services, LLC and Middleburg Trust Company.

The Company's headquarters are located in Richmond, Virginia, and its operations center is located in Ruther Glen, Virginia.

Product Offerings and Market Distribution

The Company is a financial holding company and bank holding company organized under the laws of the Commonwealth of Virginia and headquartered in Richmond, Virginia. The Company provides a full range of financial services through its bank subsidiary, Atlantic Union Bank (formerly, Union Bank & Trust), throughout Virginia and in portions of Maryland and North Carolina. The Bank is a commercial bank chartered under the laws of the Commonwealth of Virginia that provides banking, trust, and wealth management services. As of February 1, 2020, the Bank had 149 branches and approximately 170 ATMs located throughout Virginia, and portions of Maryland and North Carolina. Middleburg Financial is a brand name used by Atlantic Union Bank and certain affiliates when providing trust, wealth management, private banking, and investment advisory products and services. Certain non-bank affiliates of the Company include: Old Dominion Capital Management, Inc., and its subsidiary Outfitter Advisors, Ltd., Dixon, Hubard, Feinour & Brown, Inc., and Middleburg Investment Services LLC, which provide investment advisory and/or brokerage services; and Union Insurance Group, LLC, which offers various lines of insurance products.

The Bank is a full-service bank offering consumers and businesses a wide range of banking and related financial services, including checking, savings, certificates of deposit, and other depository services, as well as loans for commercial, industrial, residential mortgage, and consumer purposes. The Bank offers credit cards through an arrangement with Elan Financial Services and delivers ATM services through the use of reciprocally shared ATMs in the major ATM networks as well as remote ATMs for the convenience of customers and other consumers. The Bank also offers mobile and internet banking services and online bill payment for all customers, whether retail or commercial. Additionally, the Bank's wealth management division offers a wide variety of financial planning, wealth management and trust services.

Middleburg Investment Services, LLC offers brokerage services and executes securities transactions through Raymond James, Inc., an independent broker dealer.

The Bank has loan production offices in North Carolina and Maryland.

In the fourth quarter of 2018, the Bank completed a wind-down of the operations of UMG, the reportable mortgage segment. As a result of the acquisition of Access, the Bank now operates a mortgage business as a division of the Bank under the Atlantic Union Bank Home Loans Division brand. The Atlantic Union Bank Home Loans Division business lends to borrowers nationwide.

On June 29, 2018, the Bank entered into an agreement to sell substantially all of the assets and certain specific liabilities of Shore Premier.

UIG, an insurance agency, is owned by the Bank. This agency operates in an agreement with Bankers Insurance, LLC, a large insurance agency owned by community banks across Virginia and managed by the Virginia Bankers Association. UIG generates revenue through sales of various insurance products through Bankers Insurance LLC, including long-term care insurance and business owner policies. UIG also maintains ownership interests in four title agencies owned by community banks across Virginia and generates revenues through sales of title policies in connection with the Bank's lending activities.

ODCM is a registered investment advisory firm with offices in Charlottesville and Alexandria, Virginia. ODCM and its subsidiary, OAL, offer investment management and financial planning services primarily to families and individuals. Securities are offered through a third-party contractual agreement with Charles Schwab & Co., Inc., an independent broker dealer.

DHFB is a Roanoke, Virginia based investment advisory firm.

Following the Company's acquisition of Access, (i) Capital Fiduciary Advisors, L.L.C., formerly a registered investment advisor, provided wealth management services to high net worth individuals, businesses, and institutions; and (ii) Middleburg Trust Company provided trust services to high net worth individuals, businesses and institutions. Capital Fiduciary Advisors, L.L.C. ceased operations in 2019. During the second quarter of 2019, the business of Middleburg Trust Company, which had provided trust services, was combined into the trust division of the Bank. Middleburg Trust Company was subsequently dissolved.

Additionally, on October 22, 2019, the Bank announced a new division of the Bank, Atlantic Union Equipment Finance, which provides equipment financing to commercial and corporate customers. This business includes providing financing for a wide array of equipment types, including marine, tractors, trailers, buses, construction, manufacturing and medical, among others. Effective January 1, 2020, the Bank transferred this equipment finance business to Atlantic Union Equipment Finance, Inc., a wholly-owned subsidiary of the Bank.

SEGMENTS

The Company has one reportable segment: its traditional full-service community banking business. For more financial data and other information about the Company's operating segment, refer to Note 19 "Segment Reporting & Discontinued Operations" in the "Notes to Consolidated Financial Statements" contained in Item 8 of this Form 10-K.

Effective May 23, 2018, the Bank began winding down the operations of UMG, the reportable mortgage segment. The decision to exit the UMG mortgage business was based on a number of strategic priorities and other factors, including the additional investment in the business required to achieve the necessary scale to be competitive.

EXPANSION AND STRATEGIC ACQUISITIONS

The Company expands its market area and increases its market share through organic growth (internal growth and de novo expansion) and strategic acquisitions. Strategic acquisitions by the Company to date have included whole bank acquisitions, branch and deposit acquisitions, purchases of existing branches from other banks, and registered investment advisory firms. The Company generally considers acquisitions of companies in strong growth markets or with unique products or services that will benefit the entire organization. Targeted acquisitions are priced to be economically feasible with expected minimal short-term drag to achieve positive long-term benefits. These acquisitions may be paid for in the form of cash, stock, debt, or a combination thereof. The amount and type of consideration and deal charges paid could have a short-term dilutive effect on the Company's earnings per share or book value. However, management anticipates that the cost savings and revenue enhancements in such transactions will provide long-term economic benefit to the Company.

On May 31, 2016, the Bank acquired ODCM, which currently operates as a stand-alone direct subsidiary of the Bank from its offices in Charlottesville and Alexandria, Virginia. On July 1, 2018, ODCM completed its acquisition of OAL, a McLean, Virginia based investment advisory firm. Together, ODCM and OAL have an aggregate of approximately $817.8 million in assets under management at December 31, 2019.

On January 1, 2018, the Company acquired Xenith, pursuant to the terms and conditions of the Merger Agreement dated May 19, 2017. Pursuant to the Merger Agreement, Xenith's common shareholders received 0.9354 shares of the Company's common stock in exchange for each share of Xenith's common stock, resulting in the Company issuing 21,922,077 shares of common stock. As a result of the transaction, Xenith Bank, Xenith's wholly-owned bank subsidiary, was merged with and into the Bank.

On April 1, 2018, the Bank completed its acquisition of DHFB, a Roanoke, Virginia based investment advisory firm with approximately $615.4 million in assets under management at December 31, 2019.

On February 1, 2019, the Company acquired Access, pursuant to the Agreement and Plan of Reorganization dated as of October 4, 2018, as amended December 7, 2018, including a related Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, Access's common shareholders received 0.75 shares of the Company's common stock in exchange for each share of Access's common stock, with cash paid in lieu of fractional shares, resulting in the Company issuing 15,842,026 shares of common stock. In connection with the transaction, Access National Bank, Access's wholly-owned bank subsidiary, was merged with and into the Bank.

EMPLOYEES

As of December 31, 2019, the Company had 1,989 full-time equivalent employees, including executive officers, loan and other banking officers, branch personnel, and operations and other support personnel. None of the Company's employees are represented by a union or covered under a collective bargaining agreement. The Company provides employees with a comprehensive employee benefit program which includes the following: group life, health and dental insurance, paid time off, educational opportunities, a cash incentive plan, stock incentive plans, deferred compensation plans for officers and key employees, an ESOP, and a 401(k) plan with employer match.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Name (Age)	Title and Principal Occupation During at Least the Past Five Years
John C. Asbury (54)	Chief Executive Officer of the Company since January 2017 and President since October 2016; Chief Executive Officer of the Bank since October 2016 and President of the Bank from October 2016 until September 2017 and May to September 2018; President and Chief Executive Officer of First National Bank of Santa Fe from February 2015 until August 2016; Senior Executive Vice President and Head of the Business Services Group at Regions Bank from May 2010 until July 2014, after joining Regions Bank in March 2008 as Business Banking Division Executive; Senior Vice President at Bank of America in a variety of roles; joined the Company's Board of Directors in 2016.
Robert M. Gorman (61)	Executive Vice President and Chief Financial Officer of the Company since joining the Company in July 2012; Senior Vice President and Director of Corporate Support Services in 2011, and Senior Vice President and Strategic Financial Officer of SunTrust Banks, Inc., from 2002 to 2011; serves as a member of the Board of Directors of certain of the Company's affiliates, including ODCM and DHFB.
Maria P. Tedesco (59)	Executive Vice President of the Company and President of the Bank since September 2018; Chief Operating Officer for Retail at BMO Harris Bank based in Chicago from 2016 to 2018; Senior Executive Vice President and Managing Director of the Retail Bank at Santander Bank, N.A. from 2013 to 2015; various positions with Citizens Financial Group, Inc. from 1994 to 2013.
David G. Bilko (61)	Executive Vice President and Chief Risk Officer of the Company since joining the Company in January 2014; Chief Risk Officer of StellarOne Corporation from January 2012 to January 2014; Chief Audit Officer of StellarOne Corporation from June 2011 to January 2012; Corporate Operational Risk Officer of SunTrust Banks, Inc. from May 2010 to May 2011; Chief Audit Executive of SunTrust Banks, Inc. from November 2005 to April 2010; various positions with SunTrust Banks, Inc. from 1987 to 2011; serves as a member of the Board of Directors of ODCM and DHFB.
M. Dean Brown (55)	Executive Vice President and Chief Information Officer & Head of Bank Operations since joining the Company in February 2015; Chief Information and Back Office Operations Officer of Intersections Inc. from 2012 to 2014; Chief Information Officer of Advance America from 2009 to 2012; Senior Vice President and General Manager of Revolution Money from 2007 to 2008; Executive Vice President, Chief Information Officer and Chief Operating Officer from 2006 to 2007, and Executive Vice President and Chief Information Officer from 2005 to 2007, of Upromise LLC.
Loreen A. Lagatta (51)	Executive Vice President and Chief Human Resources Officer of the Company since 2015; Senior Vice President and Director of Human Resources of the Bank from 2011 to 2015; Director of Human Resources of Capital One Financial Corporation from June 2008 to October 2011; Vice President, Compensation — Brokerage Division of Wells Fargo Securities (formerly, Wachovia Corporation) from 2006 to June 2008; Vice President, Senior HR Business Partner — Alternative Investments of Citigroup, Inc. from 2000 to 2006, and various positions with Citigroup, Inc. from 1991 to 2000.
Shawn E. O'Brien (48)	Executive Vice President and Consumer Banking Group Executive of the Bank since February 2019; Executive Vice President, Consumer Segment Group and Business Planning for BBVA Compass Bank from 2013 to 2018; various positions at BBVA Compass Bank, including Deposit and Payment Products, Strategic Planning and Corporate Planning and Analysis, from 2005 to 2013; retail brand strategy and product management at Huntington National Bank from 1998 to 2005.

Name (Age)	Title and Principal Occupation During at Least the Past Five Years
David V. Ring (56)	Executive Vice President and Commercial Banking Group Executive since joining the Company in September 2017; Executive Vice President and Executive Managing Director at Huntington National Bank from December 2014 to May 2017; Managing Director and Head of Enterprise Banking at First Niagara Financial Group from April 2011 to December 2014; various positions at Wells Fargo and predecessor banks from January 1996 to April 2011, including Wholesale Banking Executive for Virginia to Massachusetts at Wachovia and Greater New York & Connecticut Region Manager.

COMPETITION

The financial services industry remains highly competitive and is constantly evolving. The Company experiences strong competition in all aspects of its business. In its market areas, the Company competes with large national and regional financial institutions, credit unions, other independent community banks, as well as consumer finance companies, mortgage companies, loan production offices, mutual funds, and life insurance companies. Competition for deposits and loans is affected by various factors including interest rates offered, the number and location of branches and types of products offered, and the reputation of the institution. Credit unions increasingly have been allowed to expand their membership definitions, and because they enjoy a favorable tax status, they have been able to offer more attractive loan and deposit pricing. The Company's non-bank affiliates also operate in highly competitive environments. The Company believes its community bank framework and philosophy provide a competitive advantage, particularly with regard to larger national and regional institutions, allowing the Company to compete effectively. The Company has a strong market share within the markets it serves. The Company's deposit market share in Virginia was 7.0% of total bank deposits as of June 30, 2019, making it the largest regional bank headquartered in Virginia at that time.

ECONOMY

The economies in the Company's market areas are widely diverse and include local and federal government, military, agriculture, and manufacturing. Based on Virginia Employment Commission data, the state's seasonally-adjusted unemployment rate is 2.6% as of December 31, 2019 compared to 2.8% at year-end 2018, and continues to be below the national rate of 3.5% at year-end 2019. The Company's management continues to consider future economic events and their impact on the Company's performance while focusing attention on managing nonperforming assets, controlling costs, and working with borrowers to mitigate and protect against risk of loss.

SUPERVISION AND REGULATION

The Company and the Bank are extensively regulated under both federal and state laws. The following description briefly addresses certain historic and current provisions of federal and state laws and certain regulations, proposed regulations, and the potential impacts on the Company and the Bank. To the extent statutory or regulatory provisions or proposals are described in this report, the description is qualified in its entirety by reference to the particular statutory or regulatory provisions or proposals.

The Company

General. As a financial holding company and a bank holding company registered under the BHCA, the Company is subject to supervision, regulation, and examination by the Federal Reserve. The Company elected to be treated as a financial holding company by the Federal Reserve in September 2013. The Company is also registered under the bank holding company laws of Virginia and is subject to supervision, regulation, and examination by the SCC.

Enacted in 2010, the Dodd-Frank Act has significantly changed the financial regulatory regime in the United States. Since the enactment of the Dodd-Frank Act, U.S. banks and financial services firms, such as the Company and the Bank, have been subject to enhanced regulation and oversight. Several provisions of the Dodd-Frank Act remain subject to further rulemaking, guidance, and interpretation by the federal banking agencies.

The current administration and its appointees to the federal banking agencies have expressed interest in reviewing, revising, and perhaps repealing portions of the Dodd-Frank Act and certain of its implementing regulations. On May 14, 2018, the President signed into law the EGRRCPA which, among other things, amended certain provisions of the Dodd-Frank Act as well as statutes administered by the Federal Reserve and the FDIC. Certain provisions of the Dodd-Frank Act and changes thereto resulting from the enactment of EGRRCPA that may affect the Company and the Bank are discussed below in more detail.

Permitted Activities. The permitted activities of a bank holding company are limited to managing or controlling banks, furnishing services to or performing services for its subsidiaries, and engaging in other activities that the Federal Reserve determines by regulation or order to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In addition, bank holding companies that qualify and elect to be financial holding companies, such as the Company, may engage in any activity, or acquire and retain the shares of a company engaged in any activity, that is either (i) financial in nature or incidental to such financial activity (as determined by the Federal Reserve in consultation with the Secretary of the Treasury) or (ii) complementary to a financial activity and does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally (as solely determined by the Federal Reserve), without prior approval of the Federal Reserve. Activities that are financial in nature include but are not limited to securities underwriting and dealing, insurance underwriting, and making merchant banking investments.

To maintain financial holding company status, a financial holding company and all of its depository institution subsidiaries must be "well capitalized" and "well managed." A depository institution subsidiary is considered to be "well capitalized" if it satisfies the requirements for this status under applicable Federal Reserve capital requirements. A depository institution subsidiary is considered "well managed" if it received a composite rating and management rating of at least "satisfactory" in its most recent examination. A financial holding company's status will also depend upon it maintaining its status as "well capitalized" and "well managed" under applicable Federal Reserve regulations. If a financial holding company ceases to meet these capital and management requirements, the Federal Reserve's regulations provide that the financial holding company must enter into an agreement with the Federal Reserve to comply with all applicable capital and management requirements. Until the financial holding company returns to compliance, the Federal Reserve may impose limitations or conditions on the conduct of its activities, and the company may not commence any of the broader financial activities permissible for financial holding companies or acquire a company engaged in such financial activities without prior approval of the Federal Reserve. If the company does not return to compliance within 180 days, the Federal Reserve may require the financial holding company to divest its depository institution subsidiaries or to cease engaging in any activity that is financial in nature (or incident to such financial activity) or complementary to a financial activity.

In order for a financial holding company to commence any new activity permitted by the BHCA or to acquire a company engaged in any new activity permitted by the BHCA, each insured depository institution subsidiary of the financial holding company must have received a rating of at least "satisfactory" in its most recent examination under the CRA. See below under "The Bank — Community Reinvestment Act."

Despite prior approval, the Federal Reserve may order a bank holding company or its subsidiaries to terminate any activity or to terminate ownership or control of any subsidiary when the Federal Reserve has reasonable cause to believe that a serious risk to the financial safety, soundness, or stability of any bank subsidiary of that bank holding company may result from such an activity.

Banking Acquisitions; Changes in Control. The BHCA and related regulations require, among other things, the prior approval of the Federal Reserve in any case where a bank holding company proposes to (i) acquire direct or indirect ownership or control of more than 5% of the outstanding voting stock of any bank or bank holding company (unless it already owns a majority of such voting shares), (ii) acquire all or substantially all of the assets of another bank or bank holding company, or (iii) merge or consolidate with any other bank holding company. In determining whether to approve a proposed bank acquisition, the Federal Reserve will consider, among other factors, the effect of the acquisition on competition, the public benefits expected to be received from the acquisition, any outstanding regulatory compliance issues of any institution that is a party to the transaction, the projected capital ratios and levels on a post-acquisition basis, the financial condition of each institution that is a party to the transaction and of the combined institution after the transaction, the parties' managerial resources and risk management and governance processes and systems, the parties' compliance with the Bank Secrecy Act and anti-money laundering requirements, and the acquiring institution's performance under the CRA and its compliance with fair housing and other consumer protection laws.

Subject to certain exceptions, the BHCA and the Change in Bank Control Act, together with the applicable regulations, require Federal Reserve approval (or, depending on the circumstances, no notice of disapproval) prior to any person or company's acquiring "control" of a bank or bank holding company. A conclusive presumption of control exists if an individual or company acquires the power, directly or indirectly, to direct the management or policies of an insured depository institution or to vote 25% or more of any class of voting securities of any insured depository institution. A rebuttable presumption of control exists if a person or company acquires 10% or more but less than 25% of any class of voting securities of an insured depository institution and either the institution has registered its securities with the SEC under Section 12 of the Exchange Act or no other person will own a greater percentage of that class of voting securities immediately after the acquisition. The Company's common stock is registered under Section 12 of the Exchange Act.

In addition, Virginia law requires the prior approval of the SCC for (i) the acquisition by a Virginia bank holding company of more than 5% of the voting shares of a Virginia bank or a Virginia bank holding company, or (ii) the acquisition by any other person of control of a Virginia bank holding company or a Virginia bank.

Source of Strength. Federal Reserve policy has historically required bank holding companies to act as a source of financial and managerial strength to their subsidiary banks. The Dodd-Frank Act codified this policy as a statutory requirement. Under this requirement, the Company is expected to commit resources to support the Bank, including times when the Company may not be in a financial position to provide such resources. Any capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to depositors and to certain other indebtedness of such subsidiary banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Safety and Soundness. There are a number of obligations and restrictions imposed on bank holding companies and their subsidiary banks by law and regulatory policy that are designed to minimize potential loss to the depositors of such depository institutions and the DIF in the event of a depository institution insolvency, receivership, or default. For example, under the FDICIA, to avoid receivership of an insured depository institution subsidiary, a bank holding company is required to guarantee the compliance of any subsidiary bank that may become "undercapitalized" with the terms of any capital restoration plan filed by such subsidiary with its appropriate federal bank regulatory agency up to the lesser of (i) an amount equal to 5% of the institution's total assets at the time the institution became undercapitalized, or (ii) the amount that is necessary (or would have been necessary) to bring the institution into compliance with all applicable capital standards as of the time the institution fails to comply with such capital restoration plan.

Under the FDIA, the federal bank regulatory agencies have adopted guidelines prescribing safety and soundness standards. These guidelines establish general standards relating to capital management, internal controls and information systems, internal audit systems, information systems, data security, loan documentation, credit underwriting, interest rate exposure and risk management, vendor management, corporate governance, asset growth and compensation, fees, and benefits. In general, the guidelines require, among other things, appropriate systems and practices to identify and manage the risk and exposures specified in the guidelines.

Capital Requirements. The Federal Reserve imposes certain capital requirements on bank holding companies under the BHCA, including a minimum leverage ratio and a minimum ratio of "qualifying" capital to risk-weighted assets. These requirements are described below under "The Bank — Capital Requirements". Subject to its capital requirements and certain other restrictions, the Company is able to borrow money to make a capital contribution to the Bank, and such loans may be repaid from dividends paid by the Bank to the Company.

Limits on Dividends and Other Payments. The Company is a legal entity, separate and distinct from its subsidiaries. A significant portion of the revenues of the Company result from dividends paid to it by the Bank. There are various legal limitations applicable to the payment of dividends by the Bank to the Company and to the payment of dividends by the Company to its shareholders. The Bank is subject to various statutory and regulatory restrictions on its ability to pay dividends to the Company. Under current regulations, prior approval from the Federal Reserve is required if cash dividends declared by the Bank in any given year exceed net income for that year, plus retained net profits of the two preceding years. The payment of dividends by the Bank or the Company may be limited by other factors, such as requirements to maintain capital above regulatory guidelines. Bank regulatory agencies have the authority to prohibit the Bank or the Company from engaging in an unsafe or unsound practice in conducting its respective business. The payment of dividends, depending on the financial condition of the Bank, or the Company, could be deemed to constitute such an unsafe or unsound practice.

Under the FDIA, insured depository institutions such as the Bank, are prohibited from making capital distributions, including the payment of dividends, if, after making such distributions, the institution would become "undercapitalized" (as such term is used in the statute). Based on the Bank's current financial condition, the Company does not expect that this provision will have any impact on its ability to receive dividends from the Bank. The Company's non-bank subsidiaries pay dividends to the Company periodically, subject to certain statutory restrictions.

In addition to dividends it receives from the Bank, the Company receives management fees from its affiliated companies for expenses incurred related to corporate actions. The fees are eliminated from the financial statements in the consolidation process.

The Bank

General. The Bank is supervised and regularly examined by the Federal Reserve and the SCC. The various laws and regulations administered by the bank regulatory agencies affect corporate practices, such as the payment of dividends, incurrence of debt, and acquisition of financial institutions and other companies; they also affect business practices, such as the payment of interest on deposits, the charging of interest on loans, types of business conducted, and location of offices. Certain of these law and regulations are referenced above under "The Company."

Interchange Fees. Under the Durbin Amendment to the Dodd-Frank Act, the Federal Reserve adopted rules establishing standards for assessing whether the interchange fees that may be charged with respect to certain electronic debit transactions are "reasonable and proportional" to the costs incurred by issuers for processing such transactions.

Interchange fees, or "swipe" fees, are charges that merchants pay to the Bank and other card-issuing banks for processing electronic payment transactions. Under the final rules, which are applicable to financial institutions that have assets of $10.0 billion or more, the maximum permissible interchange fee is equal to the sum of 21 cents plus 5 bps of the transaction value for many types of debit interchange transactions. The rules permit an upward adjustment to an issuer's debit card interchange fee of no more than one cent per transaction if the issuer develops and implements policies and procedures reasonably designed to achieve certain fraud-prevention standards. The Federal Reserve also has rules governing routing and exclusivity that require issuers to offer two unaffiliated networks for routing transactions on each debit or prepaid product.

As the Bank exceeded $10.0 billion in assets on January 1, 2018, effective July 1, 2019 the Bank became subject to the interchange fee cap, and no longer qualifies for the small issuer exemption from the cap. The small issuer exemption applies to any debit card issuer that, together with its affiliates, has total assets of less than $10 billion as of the end of the previous calendar year.

Capital Requirements. The Federal Reserve and the other federal banking agencies have issued risk-based and leverage capital guidelines applicable to U.S. banking organizations. Those regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels because of its financial condition or actual or anticipated growth.

The Federal Reserve has adopted final rules regarding capital requirements and calculations of risk-weighted assets to implement the Basel III regulatory capital reforms from the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act.

Under these updated risk-based capital requirements of the Federal Reserve, the Company and the Bank are required to maintain (i) a minimum ratio of total capital (which is defined as core capital and supplementary capital less certain specified deductions from total capital such as reciprocal holdings of depository institution capital instruments and equity investments) to risk-weighted assets of at least 8.0% (unchanged from the prior requirement), (ii) a minimum ratio of Tier 1 capital (which consists principally of common and certain qualifying preferred shareholders' equity (including grandfathered trust preferred securities) as well as retained earnings, less certain intangibles and other adjustments) to risk-weighted assets of at least 6.0% (increased from the prior requirement of 4.0%), and (iii) a minimum ratio of common equity Tier 1 capital to risk-weighted assets of at least 4.5% (a new requirement). These rules provide that "Tier 2 capital" consists of cumulative preferred stock, long-term perpetual preferred stock, a limited amount of subordinated and other qualifying debt (including certain hybrid capital instruments), and a limited amount of the general loan loss allowance.

The Tier 1, common equity Tier 1, and total capital to risk-weighted asset ratios of the Company were 10.24%, 10.24% and 12.63%, respectively, as of December 31, 2019, thus exceeding the minimum requirements for "well capitalized" status. The Tier 1, common equity Tier 1, and total capital to risk-weighted asset ratios of the Bank were 12.18%, 12.18% and 12.48%, respectively, as of December 31, 2019, also exceeding the minimum requirements for "well capitalized" status.

Each of the federal bank regulatory agencies also has established a minimum leverage capital ratio of Tier 1 capital to average adjusted assets ("Tier 1 leverage ratio"). The guidelines require a minimum Tier 1 leverage ratio of 3.0% for advanced approach banking organizations; all other banking organizations are required to maintain a minimum Tier 1 leverage ratio of 4.0%. In addition, for a depository institution to be considered "well capitalized" under the regulatory framework for PCA, its Tier 1 leverage ratio must be at least 5.0%. Banking organizations that have experienced internal growth or made acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. The Federal Reserve has not advised the Company or the Bank of any specific minimum leverage ratio applicable to either entity. As of December 31, 2019, the Tier 1 leverage ratios of the Company and the Bank were 8.79% and 10.45%, respectively, well above the minimum requirements.

The Federal Reserve's final rules also imposed a capital conservation buffer requirement that began to be phased in beginning January 1, 2016, at 0.625% of risk-weighted assets, and increased by the same amount each year until fully implemented at 2.5% on January 1, 2019. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of common equity Tier 1 to risk-weighted assets above the minimum but below the conservation buffer will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall.

The final rules became fully phased in on January 1, 2019, and require the Company and the Bank to maintain (i) a minimum ratio of common equity Tier 1 to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (which is added to the 4.5% common equity Tier 1 ratio, effectively resulting in a minimum ratio of common equity Tier 1 to risk-weighted assets of at least 7.0%); (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the 2.5% capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio, effectively resulting in a minimum Tier 1 capital ratio of 8.5%); (iii) a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus the 2.5% capital conservation buffer (which is added to the 8.0% total capital ratio, effectively resulting in a minimum total capital ratio of 10.5%); and (iv) a minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to average assets.

With respect to the Bank, the Federal Reserve's final rules also revised the "prompt corrective action" regulations pursuant to Section 38 of the FDIA by (i) introducing a common equity Tier 1 capital ratio requirement at each level (other than critically undercapitalized), with the required ratio being 6.5% for well-capitalized status; (ii) increasing the minimum Tier 1 capital ratio requirement for each category, with the minimum ratio for well-capitalized status being 8.0% (as compared to the prior ratio of 6.0%); and (iii) eliminating the provision that provided that a bank with a composite supervisory rating of 1 may have a 3.0% Tier 1 leverage ratio and still be well-capitalized. These new thresholds were effective for the Bank as of January 1, 2015. The minimum total capital to risk-weighted assets ratio (10.0%) and minimum leverage ratio (5.0%) for well-capitalized status were unchanged by the final rules.

The Federal Reserve's final rules also included changes in the risk weights of assets to better reflect credit risk and other risk exposures. These include a 150% risk weight (up from 100%) for certain high volatility commercial real estate acquisition, development, and construction loans and nonresidential mortgage loans that are 90 days past due or otherwise on nonaccrual status, a 20% (up from 0%) credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable, a 250% risk weight (up from 100%) for mortgage servicing rights and deferred tax assets that are not deducted from capital, and increased risk-weights (from 0% to up to 600%) for equity exposures.

The Federal Reserve's regulatory capital rules also provide that in some circumstances trust preferred securities may not be considered Tier 1 capital of a bank holding company with total consolidated assets of greater than $15 billion, and instead will qualify as Tier 2 capital. The Company has $155.2 million of trust preferred securities outstanding and approximately $17.6 billion in assets as of December 31, 2019.

Deposit Insurance. The deposits of the Bank are insured up to applicable limits by the DIF of the FDIC and are subject to deposit insurance assessments based on average total assets minus average tangible equity to maintain the DIF. The basic limit on FDIC deposit insurance coverage is $250,000 per depositor. Under the FDIA, the FDIC may terminate deposit insurance upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations as an insured depository institution, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC, subject to administrative and potential judicial hearing and review processes.

As required by the Dodd-Frank Act, the FDIC has adopted a large-bank pricing assessment structure, set a target "designated reserve ratio" of 2 percent for the DIF, in lieu of dividends, provides for a lower assessment rate schedule, when the reserve ratio reaches 2 percent and 2.5 percent. An institution's assessment rate is based on a statistical analysis of financial ratios that estimates the likelihood of failure over a three-year period, which considers the institution's weighted average CAMELS component rating, and is subject to further adjustments including related to levels of unsecured debt and brokered deposits (not applicable to banks with less than $10 billion in assets). At December 31, 2019, total base assessment rates for institutions that have been insured for at least five years with assets of $10 billion range from 1.5 to 40 bps. In addition, institutions with assets over $10 billion are subject to a surcharge equal to 4.5 bps of assets that exceed $10 billion, and will apply until the reserve ratio reaches 1.35 percent. In 2019 and 2018, the Company paid $5.4 million and $5.0 million, respectively, in deposit insurance assessments. In 2019, the Company received a $3.8 million FDIC small bank assessment expense credit as the deposit insurance fund reserve ratio exceeded 1.38%.

In addition, all FDIC insured institutions are required to pay assessments to the FDIC at an annual rate of approximately one basis point of insured deposits to fund interest payments on bonds issued by the Financing Corporation, an agency of the federal government established to recapitalize the predecessor to the Savings Association Insurance Fund. These assessments will continue until the FICO bonds mature, with such maturities beginning in 2017 and continuing through 2019.

Transactions with Affiliates. Pursuant to Sections 23A and 23B of the Federal Reserve Act and Regulation W, the authority of the Bank to engage in transactions with related parties or "affiliates," or to make loans to insiders, is limited. Loan transactions with an affiliate generally must be collateralized and certain transactions between the Bank and its affiliates, including the sale of assets, the payment of money or the provision of services, must be on terms and conditions that are substantially the same, or at least as favorable to the Bank, as those prevailing for comparable nonaffiliated transactions. In addition, the Bank generally may not purchase securities issued or underwritten by affiliates.

Loans to executive officers, directors, or to any person who directly or indirectly, or acting through or in concert with one or more persons, owns, controls, or has the power to vote more than 10% of any class of voting securities of a bank ("10% Shareholders"), are subject to Sections 22(g) and 22(h) of the Federal Reserve Act and their corresponding regulations (Regulation O) and Section 13(k) of the Exchange Act relating to the prohibition on personal loans to executives (which exempts financial institutions in compliance with the insider lending restrictions of Section 22(h) of the Federal Reserve Act). Among other things, these loans must be made on terms substantially the same as those prevailing on transactions made to unaffiliated individuals and certain extensions of credit to those persons must first be approved in advance by a disinterested majority of the entire Board of Directors. Section 22(h) of the Federal Reserve Act prohibits loans to any of those individuals where the aggregate amount exceeds an amount equal to 15% of an institution's unimpaired capital and surplus plus an additional 10% of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral, or when the aggregate amount on all of the extensions of credit outstanding to all of these persons would exceed the Bank's unimpaired capital and unimpaired surplus. Section 22(g) of the Federal Reserve Act identifies limited circumstances in which the Bank is permitted to extend credit to executive officers.

Prompt Corrective Action. Federal banking regulators are authorized and, under certain circumstances, required to take certain actions against banks that fail to meet their capital requirements. The federal bank regulatory agencies have additional enforcement authority with respect to undercapitalized depository institutions. "Well capitalized" institutions may generally operate without additional supervisory restriction. With respect to "adequately capitalized" institutions, such banks cannot normally pay dividends or make any capital contributions that would leave it undercapitalized, they cannot pay a management fee to a controlling person if, after paying the fee, it would be undercapitalized, and they cannot accept, renew, or roll over any brokered deposit unless the bank has applied for and been granted a waiver by the FDIC.

Immediately upon becoming "undercapitalized," a depository institution becomes subject to the provisions of Section 38 of the FDIA, which: (i) restrict payment of capital distributions and management fees; (ii) require that the appropriate federal banking agency monitor the condition of the institution and its efforts to restore its capital; (iii) require submission of a capital restoration plan; (iv) restrict the growth of the institution's assets; and (v) require prior approval of certain expansion proposals. The appropriate federal banking agency for an undercapitalized institution also may take any number of discretionary supervisory actions if the agency determines that any of these actions is necessary to resolve the problems of the institution at the least possible long-term cost to the DIF, subject in certain cases to specified procedures. These discretionary supervisory actions include: (i) requiring the institution to raise additional capital; (ii) restricting transactions with affiliates; (iii) requiring divestiture of the institution or the sale of the institution to a willing purchaser; and (iv) any other supervisory action that the agency deems appropriate. These and additional mandatory and permissive supervisory actions may be taken with respect to significantly undercapitalized and critically undercapitalized institutions. The Bank met the definition of being "well capitalized" as of December 31, 2019.

As described above in "The Bank — Capital Requirements," the Federal Reserve's final rules to implement the Basel III regulatory capital reforms incorporate new requirements into the PCA framework.

Community Reinvestment Act. The Bank is subject to the requirements of the CRA. The CRA imposes on financial institutions an affirmative and ongoing obligation to meet the credit needs of the local communities, including low and moderate income neighborhoods. If the Bank receives a rating from the Federal Reserve of less than "satisfactory" under the CRA, restrictions on operating activities would be imposed. In addition, in order for a financial holding company, like the Company, to commence any new activity permitted by the BHCA, or to acquire any company engaged in any new activity permitted by the BHCA, each insured depository institution subsidiary of the financial holding company must have received a rating of at least "satisfactory" in its most recent examination under the CRA. The Bank received a "satisfactory" CRA rating in its most recent examination.

FHLB. The Bank is a member of the FHLB of Atlanta, which is one of 12 regional Federal Home Loan Banks that provide funding to their members for making housing loans as well as for affordable housing and community development loans. Each Federal Home Loan Bank serves as a reserve, or central bank, for the members within its assigned region, and makes loans to its members in accordance with policies and procedures established by the Board of Directors of the applicable Federal Home Loan Bank. As a member, the Bank must purchase and maintain stock in the FHLB. At December 31, 2019, the Bank owned $63.9 million of FHLB stock.

Confidentiality of Customer Information. The Company and the Bank are subject to various laws and regulations that address the privacy of nonpublic personal financial information of customers. A financial institution must provide to its customers information regarding its policies and procedures with respect to the handling of customers' personal information. Each institution must conduct an internal risk assessment of its ability to protect customer information. These privacy laws and regulations generally prohibit a financial institution from providing a customer's personal financial information to unaffiliated parties without prior notice and approval from the customer.

In August 2018, the CFPB published its final rule to update Regulation P pursuant to the amended Gramm-Leach-Bliley Act. Under this rule, certain qualifying financial institutions are not required to provide annual privacy notices to customers. To qualify, a financial institution must not share nonpublic personal information about customers except as described in certain statutory exceptions which do not trigger a customer's statutory opt-out right. In addition, the financial institution must not have changed its disclosure policies and practices from those disclosed in its most recent privacy notice. The rule sets forth timing requirements for delivery of annual privacy notices in the event that a financial institution that qualified for the annual notice exemption later changes its policies or practices in such a way that it no longer qualifies for the exemption.

Although these laws and regulations impose compliance costs and create privacy obligations and, in some cases, reporting obligations, and compliance with all of the laws, regulations, and privacy and reporting obligations may require significant resources of the Company and the Bank, these laws and regulations do not materially affect the Bank's products, services or other business activities.

Required Disclosure of Customer Information. The Company and the Bank are also subject to various laws and regulations that attempt to combat money laundering and terrorist financing. The Bank Secrecy Act requires all financial institutions to, among other things, create a system of controls designed to prevent money laundering and the financing of terrorism, and imposes recordkeeping and reporting requirements. The USA Patriot Act added additional regulations to facilitate information sharing among governmental entities and financial institutions for the purpose of combating terrorism and money laundering, imposes standards for verifying customer identification at account opening, and requires financial institutions to establish anti-money laundering programs. The OFAC, which is a division of the Treasury, is responsible for helping to ensure that United States entities do not engage in transactions with "enemies" of the United States, as defined by various Executive Orders and Acts of Congress. If the Bank finds a name of an "enemy" of the United States on any transaction, account, or wire transfer that is on an OFAC list, it must freeze such account or place transferred funds into a blocked account, and report it to OFAC.

Volcker Rule. The Dodd-Frank Act prohibits insured depository institutions and their holding companies from engaging in proprietary trading except in limited circumstances and prohibits them from owning equity interests in excess of 3% of Tier 1 capital in private equity and hedge funds (known as the "Volcker Rule"). On December 10, 2013, the federal bank regulatory agencies adopted final rules implementing the Volcker Rule. These final rules prohibit banking entities from (i) engaging in short-term proprietary trading for their own accounts, and (ii) having certain ownership interests in and relationships with hedge funds or private equity funds. The final rules are intended to provide greater clarity with respect to both the extent of those primary prohibitions and of the related exemptions and exclusions. The final rules also require each regulated entity to establish an internal compliance program that is consistent with the extent to which it engages in activities covered by the Volcker Rule, which must include (for the largest entities) making regular reports about those activities to regulators. Although the final rules provide some tiering of compliance and reporting obligations based on size, the fundamental prohibitions of the Volcker Rule apply to the Company and the Bank. The EGRRCPA and subsequent promulgation of inter-agency final rules have aimed at simplifying and tailoring requirements related to the Volcker Rule. In August 2019, the FDIC modified the rule to, among other things, eliminate the collection of certain metrics and reduce the compliance burdens associated with the remaining metrics requirements, depending on the banking entity's total consolidated trading assets and liabilities. In October 2019, the Federal Reserve and the SEC approved the Volcker Rule changes. Due to the changing regulatory landscape, the Company will continue to evaluate the implications of the Volcker Rules on its investments, including new impacts as a result of the changes, but does not expect any material financial implications.

Consumer Financial Protection. The Bank is subject to a number of federal and state consumer protection laws that extensively govern its relationship with its customers. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Electronic Fund Transfer Act, the Home Mortgage Disclosure Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Service Members Civil Relief Act, laws governing flood insurance, federal and state laws prohibiting unfair and deceptive business practices, foreclosure laws, and various regulations that implement some or all of the foregoing. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with customers when taking deposits, making loans, collecting loans, and providing other services. If the Bank fails to comply with these laws and regulations, it may be subject to various penalties. Failure to comply with consumer protection requirements may also result in failure to obtain any required bank regulatory approval for merger or acquisition transactions the Bank may wish to pursue or being prohibited from engaging in such transactions even if approval is not required.

The Dodd-Frank Act centralized responsibility for consumer financial protection by creating a new agency, the CFPB, and giving it responsibility for implementing, examining, and enforcing compliance with federal consumer protection laws. The CFPB focuses on (i) risks to consumers and compliance with the federal consumer financial laws, (ii) the markets in which firms operate and risks to consumers posed by activities in those markets, (iii) depository institutions that offer a wide variety of consumer financial products and services, and (iv) non-depository companies that offer one or more consumer financial products or services. The CFPB is responsible for implementing, examining and enforcing compliance with federal consumer financial laws for institutions with more than $10 billion of assets, including, beginning April 1, 2018, the Company and the Bank. The Company and the Bank are subject to federal consumer protection rules enacted by the CFPB.

The CFPB has broad rulemaking authority for a wide range of consumer financial laws that apply to all banks, including, among other things, the authority to prohibit "unfair, deceptive, or abusive" acts and practices. Abusive acts or practices are defined as those that materially interfere with a consumer's ability to understand a term or condition of a consumer financial product or service or take unreasonable advantage of a consumer's (i) lack of financial savvy, (ii) inability to protect himself in the selection or use of consumer financial products or services, or (iii) reasonable reliance on a covered entity to act in the consumer's interests. The CFPB can issue cease-and-desist orders against banks and other entities that violate consumer financial laws. The CFPB may also institute a civil action against an entity in violation of federal consumer financial law in order to impose a civil penalty or injunction. Further, regulatory positions taken by the CFPB may influence how other regulatory agencies apply the subject consumer financial protection laws and regulations.

Mortgage Banking Regulation. In connection with making mortgage loans, the Company and the Bank are subject to rules and regulations that, among other things, establish standards for loan origination, prohibit discrimination, provide for inspections and appraisals of property, require credit reports on prospective borrowers, in some cases restrict certain loan features and fix maximum interest rates and fees, require the disclosure of certain basic information to mortgagors concerning credit and settlement costs, limit payment for settlement services to the reasonable value of the services rendered and require the maintenance and disclosure of information regarding the disposition of mortgage applications based on race, gender, geographical distribution and income level. The Company and the Bank are also subject to rules and regulations that require the collection and reporting of significant amounts of information with respect to mortgage loans and borrowers.

The Company's and the Bank's mortgage origination activities are subject to Regulation Z, which implements the Truth in Lending Act. Certain provisions of Regulation Z require creditors to make a reasonable and good faith determination based on verified and documented information that a consumer applying for a mortgage loan has a reasonable ability to repay the loan according to its terms. Creditors are required to determine consumers' ability to repay in one of two ways. The first alternative requires the creditor to consider the following eight underwriting factors when making the credit decision: (i) current or reasonably expected income or assets; (ii) current employment status; (iii) the monthly payment on the covered transaction; (iv) the monthly payment on any simultaneous loan; (v) the monthly payment for mortgage-related obligations; (vi) current debt obligations, alimony, and child support; (vii) the monthly debt-to-income ratio or residual income; and (viii) credit history. Alternatively, the creditor can originate "qualified mortgages," which are entitled to a presumption that the creditor making the loan satisfied the ability-to-repay requirements. In general, a "qualified mortgage" is a mortgage loan without negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years. In addition, to be a qualified mortgage, the points and fees paid by a consumer cannot exceed 3% of the total loan amount. Qualified mortgages that are "higher-priced" (e.g., subprime loans) garner a rebuttable presumption of compliance with the ability-to-repay rules, while qualified mortgages that are not "higher-priced" (e.g., prime loans) are given a safe harbor of compliance. To meet the mortgage credit needs of a broader customer base, the Company is predominantly an originator of mortgages that are intended to be in compliance with the ability-to-pay requirements. On November 15, 2019, the CFPB issued an interpretive rule providing that loan originators with temporary authority may act as a loan originator for a temporary period of time, as specified in the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, in a state while that state considers their application for a loan originator license, if they meet certain screening and training requirements. The rule was effective November 24, 2019.

Brokered Deposits. Section 29 of the FDIA and FDIC regulations generally limit the ability of any bank to accept, renew or roll over any brokered deposit unless it is "well capitalized" or, with the FDIC's approval, "adequately capitalized." However, as a result of EGRRCPA, the FDIC undertook a comprehensive review of its regulatory approach to brokered deposits, including reciprocal deposits, and interest rate caps applicable to banks that are less than "well capitalized." On December 12, 2019, the FDIC issued a notice of proposed rulemaking to modernize its brokered deposit regulations. At this time, it is difficult to predict what changes, if any, to the brokered deposit regulations will actually be implemented or the effect of such changes on the Company.

Cybersecurity. The federal bank regulatory agencies have adopted guidelines for establishing information security standards and cybersecurity programs for implementing safeguards under the supervision of a financial institution's board of directors.

These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial products and services. The federal bank regulatory agencies expect financial institutions to establish lines of defense and to ensure that their risk management processes address the risk posed by compromised customer credentials, and also expect financial institutions to maintain sufficient business continuity planning processes to ensure rapid recovery, resumption and maintenance of the institution's operations after a cyberattack. If the Company or the Bank fails to meet the expectations set forth in this regulatory guidance, the Company or the Bank could be subject to various regulatory actions and any remediation efforts may require significant resources of the Company or the Bank.

In October 2016, the federal bank regulatory agencies issued proposed rules on enhanced cybersecurity risk-management and resilience standards that would apply to very large financial institutions and to services provided by third parties to these institutions. The comment period for these proposed rules has closed and a final rule has not been published. Although the proposed rules would apply only to bank holding companies and banks with $50 billion or more in total consolidated assets, these rules could influence the federal bank regulatory agencies' expectations and supervisory requirements for information security standards and cybersecurity programs of financial institutions with less than $50 billion in total consolidated assets.

Incentive Compensation. In 2010, the federal bank regulatory agencies issued comprehensive final guidance on incentive compensation policies intended to ensure that the incentive compensation policies of financial institutions do not undermine the safety and soundness of such institutions by encouraging excessive risk-taking. The *Interagency Guidance on Sound Incentive Compensation Policies*, which covers all employees that have the ability to materially affect the risk profile of financial institutions, either individually or as part of a group, is based upon the key principles that a financial institution's incentive compensation arrangements should: (i) provide incentives that do not encourage risk-taking beyond the institution's ability to effectively identify and manage risks; (ii) be compatible with effective internal controls and risk management; and (iii) be supported by strong corporate governance, including active and effective oversight by the financial institution's Board of Directors.

The Federal Reserve will review, as part of the regular, risk-focused examination process, the incentive compensation arrangements of financial institutions, such as the Company and the Bank, that are not "large, complex banking organizations." These reviews will be tailored to each financial institution based on the scope and complexity of the institution's activities and the prevalence of incentive compensation arrangements. The findings of the supervisory initiatives will be included in reports of examination. Deficiencies will be incorporated into the institution's supervisory ratings, which can affect the institution's ability to make acquisitions and take other actions. Enforcement actions may be taken against a financial institution if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the institution's safety and soundness and the financial institution is not taking prompt and effective measures to correct the deficiencies.

In 2016, the SEC and the federal banking agencies proposed rules that prohibit covered financial institutions (including bank holding companies and banks) from establishing or maintaining incentive-based compensation arrangements that encourage inappropriate risk taking by providing covered persons (consisting of senior executive officers and significant risk takers, as defined in the rules) with excessive compensation, fees, or benefits that could lead to material financial loss to the financial institution. The proposed rules outline factors to be considered when analyzing whether compensation is excessive and whether an incentive-based compensation arrangement encourages inappropriate risks that could lead to material loss to the covered financial institution, and establishes minimum requirements that incentive-based compensation arrangements must meet to be considered to not encourage inappropriate risks and to appropriately balance risk and reward. The proposed rules also impose additional corporate governance requirements on the boards of directors of covered financial institutions and impose additional record-keeping requirements. The comment period for these proposed rules has closed and a final rule has not yet been published.

Heightened Requirements for Bank Holding Companies with $10 Billion or More in Assets

Various federal banking laws and regulations, including rules adopted by the Federal Reserve pursuant to the requirements of the Dodd-Frank Act, impose heightened requirements on certain large banks and bank holding companies. Most of these rules apply primarily to bank holding companies with at least $50 billion in total consolidated assets, but certain rules also apply to banks and bank holding companies with at least $10 billion in total consolidated assets. As of January 1, 2018, the Company and the Bank each have total consolidated assets of more than $10 billion.

EGRRCPA. As a result of the Dodd-Frank Act, institutions with assets that exceed $10 billion, were required among other things to: perform annual stress tests and establish a dedicated risk committee of the board of directors responsible for overseeing enterprise-wide risk management policies, which must be commensurate with capital structure, risk profile, complexity, activities, size, and other appropriate risk-related factors, and must include as a member at least one risk management expert. In addition, such institutions (i) may be examined for compliance with federal consumer protection laws primarily by the CFPB; (ii) are subject to increased FDIC deposit insurance assessment requirements; (iii) are subject to a cap on debit card interchange fees; and (iv) may be subject to higher regulatory capital requirements.

However, the amendments to the Dodd-Frank Act made by EGRRCPA provide limited regulatory relief for certain financial institutions and additional tailoring of banking and consumer protection laws, which preserve the existing framework under which U.S. financial institutions are regulated, including the discretionary authority of the Federal Reserve and the FDIC to supervise bank holding companies and insured depository institutions, such as the Company and the Bank.

In particular, following the enactment of EGRRCPA, bank holding companies with less than $100 billion in assets, such as the Company, are exempt from the enhanced prudential standards imposed under Section 165 of the Dodd-Frank Act (including but not limited to resolution planning and enhanced liquidity and risk management requirements). Nonetheless, the capital planning and risk management practices of the Company and the Bank will continue to be reviewed through the regular supervisory processes of the Federal Reserve.

Furthermore, EGRRCPA increased the asset threshold for requiring a bank holding company to establish a separate risk committee of independent directors from $10 billion to $50 billion. Notwithstanding the changes implemented by EGRRCPA increasing this asset threshold, the Company has retained its separate risk committee of independent directors.

In addition to amendments and changes to the Dodd-Frank Act set forth in the interagency statement regarding the impact of EGRRCPA released by the federal banking agencies on July 6, 2018, EGRRCPA includes certain other banking-related, consumer protection, and securities laws-related provisions. Many of EGRRCPA's changes must be implemented through rules adopted by federal agencies, and certain changes remain subject to their substantial regulatory discretion. As a result, the full impact of EGRRCPA will remain unclear for the immediate future. The Company and the Bank expect to continue to evaluate the potential impact of EGRRCPA as it is further implemented by the regulators.

Future Regulation

From time to time, various legislative and regulatory initiatives are introduced in Congress and state legislatures, as well as by regulatory agencies. Such initiatives may include proposals to expand or contract the powers of bank holding companies and depository institutions or proposals to substantially change the financial institution regulatory system. Such legislation could change banking statutes and the operating environment of the Company and the Bank in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities, or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. The Company cannot predict whether any such legislation will be enacted, and, if enacted, the effect that it, or any implementing regulations, would have on the financial condition or results of operations of the Company or the Bank.

Effect of Governmental Monetary Policies

The Company's operations are affected not only by general economic conditions but also by the policies of various regulatory authorities. In particular, the Federal Reserve uses monetary policy tools to impact money market and credit market conditions and interest rates to influence general economic conditions. These policies have a significant impact on overall growth and distribution of loans, investments, and deposits; they affect market interest rates charged on loans or paid for time and savings deposits. Federal Reserve monetary policies have had a significant effect on the operating results of commercial banks, including the Company, in the past and are expected to do so in the future.

Filings with the SEC

The Company files annual, quarterly, and other reports under the Exchange Act with the SEC. These reports and this Form 10-K are posted and available at no cost on the Company's investor relations website, *http://investors.atlanticunionbank.com*, as soon as reasonably practicable after the Company files such documents with the SEC. The information contained on the Company's website is not a part of this Form 10-K or of any other filing with the SEC. The Company's filings are also available through the SEC's website at *http://www.sec.gov*.

ITEM 1A. — RISK FACTORS

An investment in the Company's securities involves risks. In addition to the other information set forth in this report, including the information addressed under "Forward-Looking Statements," investors in the Company's securities should carefully consider the factors discussed below. These factors could materially and adversely affect the Company's business, financial condition, liquidity, results of operations, and capital position and could cause the Company's actual results to differ materially from its historical results or the results contemplated by the forward-looking statements contained in this report, in which case the trading price of the Company's securities could decline.

Risks Related to the Company's Operations

The Company's business may be adversely affected by conditions in the financial markets and economic conditions generally.

The banking industry is directly affected by national, regional, and local economic conditions. The economies in the Company's market areas continued to improve during 2019, though there is no assurance that economic improvements will continue in the future. Management allocates significant resources to mitigate and respond to risks associated with changing economic conditions, however, such conditions cannot be predicted or controlled. Adverse changes in economic conditions, including a reduction in federal government spending, flatter yield curve, extended low interest rates, or negative changes in consumer and business spending, borrowing, and savings habits, could adversely affect the credit quality of the Company's loans, and/or the Company's results of operations and financial condition. The Company's financial performance is dependent on the business environment in the markets where the Company operates, in particular, the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of collateral securing those loans, as well as demand for loans and other products and services the Company offers. In addition, the Company holds securities which can be significantly affected by various factors, including interest rates and credit ratings assigned by third parties. Rising interest rates or an adverse credit rating on securities held by the Company could result in a reduction of the fair value of its securities portfolio and have an adverse impact on the Company's financial condition.

Adverse changes in economic conditions in Virginia, Maryland, or North Carolina or adverse conditions in an industry on which a local market in which the Company does business could hurt the Company's business in a material way.

The Company provides full-service banking and other financial services throughout Virginia and in portions of Maryland and North Carolina. The Company's loan and deposit activities are directly affected by, and the Company's financial success depends on, economic conditions within the local markets in which the Company does business, as well as conditions in the industries on which those markets are economically dependent. A deterioration in local economic conditions or in the condition of an industry on which a local market relies could adversely affect such factors as unemployment rates, business formations and expansions, housing demand, apartment vacancy rates and real estate values in the local market. This could result in, among other things, a decline in loan demand, a reduction in the number of creditworthy borrowers seeking loans, an increase in loan delinquencies, defaults and foreclosures, an increase in classified and nonaccrual loans, a decrease in the value of loan collateral and a decline in the net worth and liquidity of borrowers and guarantors. Any of these factors could hurt the Company's business in a material way.

The Company's operations may be adversely affected by cyber security risks and cyber-attacks.

In the ordinary course of business, the Company collects and stores confidential and sensitive data, including proprietary business information and personally identifiable information of its customers and employees in systems and on networks. The secure processing, maintenance, and use of this information is critical to the Company's operations and business strategy. In addition, the Company relies heavily on communications and information systems to conduct its business. Any failure, interruption, or breach in security or operational integrity of these systems, such as "hacking", "identity theft" and "cyber fraud", could result in failures or disruptions in the Company's customer relationship management, the general ledger, deposits, loans, and other systems. The Company has invested in technologies, and continually reviews its controls, processes and practices that are designed to protect its networks, computers, and data, including customer information from damage or unauthorized access. Despite these security measures, the Company's computer systems and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Because the techniques used to obtain unauthorized access, or to disable or degrade systems change frequently and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement adequate protective measures.

There can be no assurance that the Company will not suffer cyber-attacks or other information security breaches or be impacted by losses from such events in the future. The Company's risk and exposure to these matters remain heightened because of, among other things, the evolving nature of these threats, current use of internet banking and mobile banking channels, expanded operations and third-party information systems. Recent instances of attacks specifically targeting financial services businesses indicate that the risk to the Company's systems remains significant.

A breach of any kind could compromise systems, and the information stored there could be accessed, damaged, or disclosed. A breach in security or other failure could result in legal claims, regulatory penalties, disruption in operations, remediation expenses, costs associated with customer notification and credit monitoring services, increased insurance premiums, fines and costs associated with civil litigation, loss of customers and business partners, loss of confidence in the security of our systems, products and services, and damage to the Company's reputation, which could adversely affect its business and financial condition. Furthermore, as cyber threats continue to evolve and increase, the Company may be required to expend significant additional financial and operational resources to modify or enhance its protective measures, or to investigate and remediate any identified information security vulnerabilities.

The inability of the Company to successfully manage its growth or to implement its growth strategy may adversely affect the Company's results of operations and financial conditions.

The Company may not be able to successfully implement its growth strategy if it is unable to identify and compete for attractive markets, locations, or opportunities to expand in the future. In addition, the ability to manage growth successfully depends on whether the Company can maintain adequate capital levels, maintain cost controls, effectively manage asset quality, and successfully integrate any businesses acquired into the organization.

As consolidation within the financial services industry continues, the competition for suitable strategic acquisition candidates may increase. The Company will compete with other financial services companies for acquisition and expansion opportunities, and many of those competitors will have greater financial resources than the Company does and may be able to pay more for an acquisition than the Company is able or willing to pay. The Company cannot assure that it will have opportunities to acquire other financial institutions, or acquire or establish new branches on attractive terms or at all, or that the Company will be able to negotiate, finance, and complete any opportunities available to it.

If the Company is unable to effectively implement its strategies for organic growth and strategic acquisitions (if any), the business, results of operations, and financial condition may be materially adversely affected.

Difficulties in combining the operations of acquired entities with the Company's own operations may prevent the Company from achieving the expected benefits from acquisitions.

The Company may not be able to fully achieve the strategic objectives and operating efficiencies expected in an acquisition. Inherent uncertainties exist in integrating the operations of an acquired entity. In addition, the markets and industries in which the Company and its potential acquisition targets operate are highly competitive. The Company may lose its customers and/or key personnel, or those of acquired entities, as a result of an acquisition. The Company may also not be able to control the incremental increase in noninterest expense arising from an acquisition in a manner that improves its overall operating efficiencies. These factors could contribute to the Company not achieving the expected benefits from its acquisitions within desired time frames, if at all. Future business acquisitions (if any) could be material to the Company and it may issue additional shares of common stock to pay for those acquisitions, which would dilute current shareholders' ownership interests. Acquisitions also could require the Company to use substantial cash, other liquid assets, or to incur debt; the Company could therefore become more susceptible to economic downturns and competitive pressures. Further, acquisitions typically involve the payment of a premium over book and market values and, therefore, some dilution of the Company's tangible book value and net income per common share may occur in connection with any future acquisitions.

Changes in interest rates could adversely affect the Company's income and cash flows.

The Company's income and cash flows depend to a great extent on the difference between the interest rates earned on interest-earning assets, such as loans and investment securities, and the interest rates paid on interest-bearing liabilities, such as deposits and borrowings. These rates are highly sensitive to many factors beyond the Company's control, including general economic conditions and the policies of the Federal Reserve and other governmental and regulatory agencies. Changes in monetary policy, including changes in interest rates, will influence the origination of loans, the prepayment of loans, the fair value of existing assets and liabilities, the purchase of investments, the retention and generation of deposits, the rates received on loans and investment securities, and the rates paid on deposits or other sources of funding. The impact of these changes may be magnified if the Company does not effectively manage the relative sensitivity of its assets and liabilities to changes in market interest rates. In addition, the Company's ability to reflect such interest rate changes in pricing its products is influenced by competitive pressures. Fluctuations in these areas may adversely affect the Company and its shareholders.

The Company generally seeks to maintain a neutral position in terms of the volume of assets and liabilities that mature or re-price during any period so that it may reasonably maintain its net interest margin; however, interest rate fluctuations, loan prepayments, loan production, deposit flows, and competitive pressures are constantly changing and influence the ability to maintain a neutral position. Generally, the Company's earnings will be more sensitive to fluctuations in interest rates depending upon the variance in volume of assets and liabilities that mature and re-price in any period. The extent and duration of the sensitivity will depend on the cumulative variance over time, the velocity and direction of changes in interest rates, shape and slope of the yield curve, and whether the Company is more asset sensitive or liability sensitive. Accordingly, the Company may not be successful in maintaining a neutral position and, as a result, the Company's net interest margin may be affected.

The Company's ALL may prove to be insufficient to absorb credit losses in its loan portfolio.

Like all financial institutions, the Company maintains an allowance for loan losses to provide for loans that its borrowers may not repay in their entirety. The Company believes that it maintains an allowance for loan losses at a level adequate to absorb probable losses inherent in the loan portfolio as of the corresponding balance sheet date and in compliance with applicable accounting and regulatory guidance. However, the allowance for loan losses may not be sufficient to cover actual loan losses and future provisions for loan losses could materially and adversely affect the Company's operating results. Accounting measurements related to impairment and the loan loss allowance requires significant estimates that are subject to uncertainty and changes relating to new information and changing circumstances. The significant uncertainties surrounding the ability of the Company's borrowers to execute their business models successfully through changing economic environments, competitive challenges, and other factors complicate the Company's estimates of the risk of loss and amount of loss on any loan. Due to the degree of uncertainty and susceptibility of these factors to change, the actual losses may vary from current estimates. The Company expects possible fluctuations in the loan loss provisions due to the uncertain economic conditions.

The Company's banking regulators, as an integral part of their examination process, periodically review the allowance for loan losses and may require the Company to increase its allowance for loan losses by recognizing additional provisions for loan losses charged to expense, or to decrease the allowance for loan losses by recognizing loan charge-offs, net of recoveries. Any such required additional provisions for loan losses or charge-offs could have a material adverse effect on the Company's financial condition and results of operations.

Additionally, the measure of the Company's ALL is dependent on the adoption and interpretation of accounting standards. In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," Under this ASU, the current incurred loss credit impairment methodology will be replaced with the CECL model, a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Accordingly, the implementation of the CECL model will change the Company's current method of providing ALL and may result in material changes in the Company's accounting for credit losses on financial instruments. The CECL model may create more volatility in the Company's level of ALL. If the Company is required to materially increase its level of ALL for any reason, such increase could adversely affect its business, financial condition, and results of operations. The amendment is effective for fiscal years beginning after December 15, 2019. Refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" section "Recent Accounting Pronouncements (Issued But Not Adopted)" of this Form 10-K for information regarding the Company's implementation of CECL.

The Bank's concentration in loans secured by real estate may adversely affect earnings due to changes in the real estate markets.

The Bank offers a variety of secured loans, including commercial lines of credit, commercial term loans, real estate, construction, home equity, consumer, equipment financing, and other loans. Many of the Bank's loans are secured by real estate (both residential and commercial). A major change in the real estate markets or in the local or national economy, resulting in deterioration in the value of this collateral or rental or occupancy rates, could adversely affect borrowers' ability to pay these loans, which in turn could negatively affect the Bank. The Bank tries to limit its exposure to these risks by monitoring extensions of credit carefully; however, risks of loan defaults and foreclosures are unavoidable in the banking industry. As the Bank cannot fully eliminate credit risk; credit losses will occur in the future. Additionally, changes in the real estate market also affect the value of foreclosed assets, and therefore, additional losses may occur when management determines it is appropriate to sell the assets.

The Bank has significant credit exposure in commercial real estate, and loans with this type of collateral are viewed as having more risk of default.

The Bank's commercial real estate portfolio consists primarily of non-owner-operated properties and other commercial properties. These types of loans are generally viewed as having more risk of default than residential real estate loans. They are also typically larger than residential real estate loans and consumer loans and depend on cash flows from the owner's business or the property's tenants to service the debt. Cash flows may be affected significantly by general economic conditions, and a downturn in the local economy or in occupancy rates in the local economy where the property is located could increase the likelihood of default. The Bank's loan portfolio contains a number of commercial real estate loans with relatively large balances, and thus the deterioration of one or a few of these loans could cause a significant increase in the percentage of non-performing loans. An increase in non-performing loans could result in a loss of earnings from these loans, an increase in the provision for loan losses and an increase in charge-offs, all of which could have a material adverse effect on the Bank's financial condition and results of operations.

The Bank's banking regulators generally give commercial real estate lending greater scrutiny and may require banks with higher levels of commercial real estate loans to implement enhanced risk management practices, which could have a material adverse effect on the Bank's results of operations. Such practices include underwriting, internal controls, risk management policies, more granular reporting and portfolio stress testing, as well as possibly higher levels of allowances for losses and capital levels as a result of commercial real estate lending growth and exposures.

The Bank's loan portfolio contains construction and development loans, and a decline in real estate values or economic conditions could adversely affect the value of the collateral securing the loans and have an adverse effect on the Bank's financial condition.

Construction and development loans are generally viewed as having more risk than residential real estate loans because repayment is often dependent on completion of the project and the subsequent financing of the completed project as a commercial real estate or residential real estate loan and, in some instances, on the rent or sale of the underlying project.

Although the Bank's construction and development loans are primarily secured by real estate, the Bank believes that, in the case of the majority of these loans, the real estate collateral by itself may not be a sufficient source for repayment of the loan if real estate values decline. If the Bank is required to liquidate the collateral securing a construction and development loan to satisfy the debt, its earnings and capital may be adversely affected. A period of reduced real estate values may continue for some time, resulting in potential adverse effects on the Bank's earnings and capital.

The Bank has increasing reliance on commercial and industrial loans to fund its loan growth. A weakening of economic conditions could adversely affect the collectability of the loans and underlying collateral.

Commercial & industrial loans are generally made to support the Bank's borrowers' need for short-term or seasonal cash flow and equipment/vehicle purchases. These loans are typically based on the borrowers' ability to repay the loans from the cash flow of their businesses. The assets securing these loans may depreciate over time or can be difficult to appraise and liquidate, and may fluctuate in value based on the success of the business. This type of collateral may not yield substantial recovery in the event a default occurs and the Bank needs to liquidate the business.

The Bank relies upon independent appraisals to determine the value of the real estate which secures a significant portion of its loans, and the values indicated by such appraisals may not be realizable if the Bank is forced to foreclose upon such loans.

A significant portion of the Bank's loan portfolio consists of loans secured by real estate. The Bank relies upon independent appraisers to estimate the value of such real estate. Appraisals are only estimates of value and the independent appraisers may make mistakes of fact or judgment that adversely affect the reliability of their appraisals. In addition, events occurring after the initial appraisal may cause the value of the real estate to increase or decrease. As a result of any of these factors, the real estate securing some of the Bank's loans may be more or less valuable than anticipated at the time the loans were made. If a default occurs on a loan secured by real estate that is less valuable than originally estimated as evidenced by an updated appraisal, the Bank may not be able to recover the outstanding balance of the loan.

The Company's credit standards and its on-going credit assessment processes might not protect it from significant credit losses.

The Company assumes credit risk by virtue of making loans and extending loan commitments and letters of credit. The Company manages credit risk through a program of underwriting standards, heightened review of certain credit decisions, and a continuous quality assessment process of credit already extended. The Company's exposure to credit risk is managed through the use of consistent underwriting standards that emphasize local lending while avoiding highly leveraged transactions and excessive industry and other concentrations. The Company's credit administration function employs risk management techniques to help ensure that problem loans are promptly identified. While these procedures are designed to provide the Company with the information needed to implement policy adjustments where necessary and to take appropriate corrective actions, there can be no assurance that such measures will be effective in avoiding undue credit risk.

The Company's focus on lending to small to mid-sized community-based businesses may increase its credit risk.

Most of the Company's commercial business and commercial real estate loans are made to small business or middle market customers. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities and have a heightened vulnerability to economic conditions. If general economic conditions in the market areas in which the Company operates negatively impact this important customer sector, the Company's results of operations and financial condition may be adversely affected. Moreover, a portion of these loans have been made by the Company in recent years, and the borrowers may not have experienced a complete business or economic cycle. Any deterioration of the borrowers' businesses may hinder their ability to repay their loans with the Company, which could have a material adverse effect on the Company's financial condition and results of operations.

Nonperforming assets take significant time to resolve and adversely affect the Company's results of operations and financial condition.

The Company's nonperforming assets adversely affect its net income in various ways. The Company does not record interest income on nonaccrual loans, which adversely affects its income and increases loan administration costs. When the Company receives collateral through foreclosures and similar proceedings, it is required to mark the related loan to the then fair market value of the collateral less estimated selling costs, which may result in a loss. An increase in the level of nonperforming assets also increases the Company's risk profile and may affect the minimum capital levels regulators believe are appropriate for the Company in light of such risks. The Company utilizes various techniques such as workouts, restructurings, and loan sales to manage problem assets. Increases in or negative adjustments in the value of these problem assets, the underlying collateral, or in the borrowers' performance or financial condition, could adversely affect the Company's business, results of operations, and financial condition. In addition, the resolution of nonperforming assets requires significant commitments of time from management and staff, which can be detrimental to the performance of their other responsibilities, including origination of new loans. There can be no assurance that the Company will avoid further increases in nonperforming assets in the future.

The Company faces substantial competition that could adversely affect the Company's growth and/or operating results.

The Company operates in a competitive market for financial services and faces intense competition from other financial institutions both in making loans and attracting deposits which can greatly affect pricing for its products and services. The Company's primary competitors include community, regional, and national banks as well as credit unions and mortgage companies. Many of these financial institutions are significantly larger and have established customer bases, greater financial resources, and higher lending limits. In addition, credit unions are exempt from corporate income taxes, providing a significant competitive pricing advantage compared to banks. Accordingly, some of the Company's competitors in its market have the ability to offer products and services that it is unable to offer or to offer such products and services at more competitive rates.

The Company's consumers may increasingly decide not to use the Bank to complete their financial transactions, which would have a material adverse impact on the Company's financial condition and operations.

Technology and other changes are allowing parties to complete financial transactions through alternative methods that have historically involved banks. For example, consumers can now maintain funds that would have historically been held as bank deposits in brokerage accounts, mutual funds, or general-purpose reloadable prepaid cards. Consumers can also complete transactions such as paying bills and/or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as "disintermediation," could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost of deposits as a source of funds could have a material adverse effect on the Company's financial condition and results of operations.

The Company's mortgage revenue is cyclical and is sensitive to the level of interest rates, changes in economic conditions, decreased economic activity, and slowdowns in the housing market, any of which could adversely impact the Company's profits.

As a result of the acquisition of Access, the Bank now operates a mortgage business as a division of the Bank under the Atlantic Union Bank Home Loans Division brand. The Atlantic Union Bank Home Loans Division business lends to borrowers nationwide. The success of the Company's mortgage business is dependent upon its ability to originate loans and sell them to investors, in each case at or near current volumes. Loan production levels are sensitive to changes in the level of interest rates and changes in economic conditions. Loan production levels may suffer if the Company experiences a slowdown in the local housing market or tightening credit conditions. Any sustained period of decreased activity caused by fewer refinancing transactions, higher interest rates, housing price pressure, or loan underwriting restrictions would adversely affect the Company's mortgage originations and, consequently, could significantly reduce its income from mortgage activities. As a result, these conditions would also adversely affect the Company's results of operations.

Deteriorating economic conditions may also cause home buyers to default on their mortgages. In certain cases where the Company has originated loans and sold them to investors, the Company may be required to repurchase loans or provide a financial settlement to investors if it is proven that the borrower failed to provide full and accurate information on, or related to, their loan application, if appraisals for such properties have not been acceptable or if the loan was not underwritten in accordance with the loan program specified by the loan investor. In the ordinary course of business, the Company records an indemnification reserve relating to mortgage loans previously sold based on historical statistics and loss rates. If such reserves were insufficient to cover claims from investors, such repurchases or settlements would adversely affect the Company's results of operations.

The carrying value of goodwill and other intangible assets may be adversely affected.

When the Company completes an acquisition, goodwill and other intangible assets are often recorded on the date of acquisition as an asset. Current accounting guidance requires goodwill to be tested for impairment, and the Company performs such impairment analysis at least annually. A significant adverse change in expected future cash flows or sustained adverse change in the Company's common stock could require the asset to become impaired. If impaired, the Company would incur a charge to earnings that would have a significant impact on the results of operations. The Company's carrying value of goodwill was approximately $935.6 million at December 31, 2019.

The Company's risk-management framework may not be effective in mitigating risk and loss.

The Company maintains an enterprise risk management program that is designed to identify, assess, mitigate, monitor, and report the risks that it faces. These risks include: interest-rate, credit, liquidity, operational, reputation, compliance, and legal. While the Company assesses and improves this program on an ongoing basis, there can be no assurance that its approach and framework for risk management and related controls will effectively mitigate all risk and limit losses in its business. If conditions or circumstances arise that expose flaws or gaps in the Company's risk-management program, or if the Company's controls break down, the Company's results of operations and financial condition may be adversely affected.

The Company's exposure to operational, technological, and organizational risk may adversely affect the Company.

Similar to other financial institutions, the Company is exposed to many types of operational and technological risks, including reputation, legal, and compliance risks. The Company's ability to grow and compete is dependent on its ability to build or acquire the necessary operational and technological infrastructure and to manage the cost of that infrastructure while it expands and integrates acquired businesses. Operational risk can manifest itself in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees or persons outside of the Company, and exposure to external events. The Company is dependent on its operational infrastructure to help manage these risks. From time to time, it may need to change or upgrade its technology infrastructure. The Company may experience disruption, and it may face additional exposure to these risks during the course of making such changes. As the Company acquires other financial institutions, it faces additional challenges when integrating different operational platforms. Such integration efforts may be more disruptive to the Company's business and/or more costly or time-intensive than anticipated.

The Company continually encounters technological change which could affect its ability to remain competitive.

The financial services industry is continually undergoing technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. The Company continues to invest in technology and connectivity to automate functions previously performed manually, to facilitate the ability of customers to engage in financial transactions, and otherwise to enhance the customer experience with respect to its products and services. The Company's continued success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that satisfy customer demands and create efficiencies in its operations. A failure to maintain or enhance a competitive position with respect to technology, whether because of a failure to anticipate customer expectations, substantially fewer resources to invest in technological improvements than larger competitors, or because the Company's technological developments fail to perform as desired or are not rolled out in a timely manner, may cause the Company to lose market share or incur additional expense.

New lines of business or new products and services may subject the Company to additional risk.

From time to time, the Company may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, the Company may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as competitive alternatives and shifting market preferences, may also impact the successful implementation of a new line of business and/or a new product or service. Furthermore, strategic planning remains important as the Company adopts innovative products, services, and processes in response to the evolving demands for financial services and the entrance of new competitors, such as out-of-market banks and financial technology firms. Any new line of business and/or new product or service could have a significant impact on the effectiveness of the Company's system of internal controls, so the Company must responsibly innovate in a manner that is consistent with sound risk management and is aligned with the Bank's overall business strategies. Failure to successfully manage these risks in the development and implementation of new lines of business and/or new products or services could have a material adverse effect on the Company's business, results of operations and financial condition.

The operational functions of business counterparties over which the Company may have limited or no control may experience disruptions that could adversely impact the Company.

Multiple major U.S. retailers and a major consumer credit reporting agency have experienced data systems incursions in recent years reportedly resulting in the thefts of credit and debit card information, online account information, and other personal and financial data of hundreds of millions of individuals. Retailer incursions affect cards issued and deposit accounts maintained by many banks, including the Bank. Although neither the Company's nor the Bank's systems are breached in retailer incursions, such incursions can still cause customers to be dissatisfied with the Bank and otherwise adversely affect the Company's and the Bank's reputation. These events can also cause the Bank to reissue a significant number of cards and take other costly steps to avoid significant theft loss to the Bank and its customers. In some cases, the Bank may be required to reimburse customers for the losses they incur. Credit reporting agency intrusions affect the Bank's customers and can require these customers and the Bank to increase account monitoring and take remedial action to prevent unauthorized account activity or access. Other possible points of intrusion or disruption not within the Company's nor the Bank's control include internet service providers, electronic mail portal providers, social media portals, distant-server ("cloud") service providers, electronic data security providers, telecommunications companies, and smart phone manufacturers.

The Company and the Bank rely on other companies to provide key components of their business infrastructure.

Third parties provide key components of the Company's (and the Bank's) business operations such as data processing, recording and monitoring transactions, online banking interfaces and services, internet connections, and network access. While the Company has selected these third-party vendors carefully, it does not control their actions. Any problem caused by these third parties, such as poor performance of services, failure to provide services, disruptions in communication services provided by a vendor, and failure to handle current or higher volumes could adversely affect the Company's ability to deliver products and services to its customers and otherwise conduct its business, and may harm its reputation. Financial or operational difficulties of a third-party vendor could also hurt the Company's operations if those difficulties affect the vendor's ability to serve the Company. Replacing these third-party vendors could also create significant delay and expense. Accordingly, use of such third parties creates an unavoidable inherent risk to the Company's business operations.

The Company depends on the accuracy and completeness of information about clients and counterparties, and its financial condition could be adversely affected if it relies on misleading information.

In deciding whether to extend credit or to enter into other transactions with clients and counterparties, the Company may rely on information furnished to it by or on behalf of clients and counterparties, including financial statements and other financial information, which the Company does not independently verify. The Company also may rely on representations of clients and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to clients, the Company may assume that a customer's audited financial statements conform to GAAP and present fairly, in all material respects, the financial condition, results of operations, and cash flows of the customer. The Company's financial condition and results of operations could be negatively impacted to the extent it relies on financial statements that do not comply with GAAP or are materially misleading.

Negative perception of the Company through social media may adversely affect the Company's reputation and business.

The Company's reputation is critical to the success of its business. The Company believes that its brand image has been well received by customers, reflecting the fact that the brand image, like the Company's business, is based in part on trust and confidence. The Company's reputation and brand image could be negatively affected by rapid and widespread distribution of publicity through social media channels. The Company's reputation could also be affected by the Company's association with clients affected negatively through social media distribution, or other third parties, or by circumstances outside of the Company's control. Negative publicity, whether true or untrue, could affect the Company's ability to attract or retain customers, or cause the Company to incur additional liabilities or costs, or result in additional regulatory scrutiny.

The Company's dependency on its management team and the unexpected loss of any of those personnel could adversely affect operations.

The Company is a customer-focused and relationship-driven organization. Future growth is expected to be driven in large part by the relationships maintained with customers. While the Company has assembled an experienced management team, is building the depth of that team, and has management development plans in place, the unexpected loss of key employees could have a material adverse effect on the Company's business and may result in lower revenues or greater expenses.

Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could have a material adverse effect on the Company's results of operation and financial condition.

Effective internal control over financial reporting and disclosure controls and procedures are necessary for the Company to provide reliable financial reports, to effectively prevent fraud, and to operate successfully as a public company. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results would be harmed. As part of the Company's ongoing monitoring of internal control, it may discover material weaknesses or significant deficiencies in its internal control that require remediation. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company has in the past discovered, and may in the future discover, specific areas of its internal controls that need improvement. In addition, the Company continually works to improve the overall operation of its internal controls. The Company cannot, however, be certain that these measures will ensure that it implements and maintains adequate controls over its financial processes and reporting in the future. Any failure to maintain effective controls or to timely implement any necessary improvement of the Company's internal and disclosure controls could, among other things, result in losses from fraud or error, harm the Company's reputation, or cause investors to lose confidence in the Company's reported financial information, all of which could have a material adverse effect on the Company's results of operation and financial condition and the trading price of the Company's securities.

Limited availability of financing or inability to raise capital could adversely impact the Company.

The amount, type, source, and cost of the Company's funding directly impacts the ability to grow assets. In addition, the Company could need to raise additional capital in the future to provide it with sufficient capital resources and liquidity to meet its commitments and business needs, particularly if the Company's asset quality or earnings were to deteriorate significantly, or if the Company develops an asset concentration that requires the support of additional capital. The ability to raise funds through deposits, borrowings, and other sources could become more difficult, more expensive, or altogether unavailable. A number of factors, many of which are outside the Company's control, could make such financing more difficult, more expensive or unavailable including: the financial condition of the Company at any given time; rate disruptions in the capital markets; the reputation for soundness and security of the financial services industry as a whole; and competition for funding from other banks or similar financial service companies, some of which could be substantially larger or have stronger credit ratings.

The Company is a defendant in a variety of litigation and other actions, which may have a material adverse effect on its financial condition and results of operation.

The Company may be involved from time to time in a variety of litigation arising out of its business. The Company's insurance may not cover all claims that may be asserted against it, and any claims asserted against it, regardless of merit or eventual outcome, may harm the Company's reputation. Should the ultimate judgments or settlements in any litigation exceed the Company's insurance coverage, they could have a material adverse effect on the Company's financial condition and results of operation for any period. In addition, the Company may not be able to obtain appropriate types or levels of insurance in the future, nor may the Company be able to obtain adequate replacement policies with acceptable terms, if at all.

The Company may not be able to generate sufficient taxable income to fully realize its deferred tax assets.

The Company has NOL carryforwards and other tax attributes that relate to its deferred tax assets. The Company's management currently believes that it is more likely than not that the Company will realize its deferred tax assets, based on management's expectation that the Company will generate taxable income in future years sufficient to absorb substantially all of its NOL carryforwards and other tax attributes. If the Company is unable to generate sufficient taxable income, it may not be able to fully realize its deferred tax assets and would be required to record a valuation allowance against these assets. A valuation allowance would be recorded as income tax expense and would adversely affect the Company's net income.

Sales of the Company's common stock in connection with merger or acquisition activity, or other capital transactions may result in an ownership change of control, thus limiting the Company's ability to realize its deferred tax assets.

The Company's ability to utilize its NOLs is subject to the rules of Section 382 of the Code, which generally restricts the use of NOLs after an "ownership change." An ownership change occurs if, among other things, there is a cumulative increase of more than 50 percentage points over the lowest percentage of stock ownership by the shareholders (or specified groups of shareholders) who own or have owned, directly or indirectly, 5% or more of a corporation's common stock or are otherwise treated as 5% shareholders under Section 382 and U.S. Department of Treasury regulations promulgated thereunder because of an increase of these shareholders over a rolling three-year period. In the event of an ownership change, Section 382 imposes an annual limitation on the amount of taxable income a corporation may offset with NOL carryforwards. This annual limitation is generally equal to the product of the value of the corporation's stock on the date of the ownership change multiplied by the long-term tax-exempt rate published monthly by the Internal Revenue Service. This annual limitation may be increased for five years after an ownership change by any "built-in gain," which is the amount of a hypothetical intangible calculated as the value of the corporation less the fair value of tangible assets at the time of the ownership change. Any unused annual limitation may be carried over to later years until the applicable expiration date for the respective NOLs.

Any merger or acquisition activity in which the Company may engage would require it to evaluate whether an ownership change would occur. Given the level of merger and acquisition activity in the Company's target markets, the Company cannot ensure that its ability to use its NOLs to offset income will not become limited in the future. As a result, the Company could pay taxes earlier and in larger amounts than would be the case if its NOLs were available to reduce its income taxes without restriction. If the utilization of the Company's NOLs is restricted, it would be required to record a valuation allowance on its deferred tax assets, which could materially and adversely affect the Company's net income.

The phasing out and ultimate replacement of LIBOR with an alternative reference rate and changes in the manner of calculating other reference rates may adversely impact the value of loans and other financial instruments the Company holds that are linked to LIBOR or other reference rates in ways that are difficult to predict and could adversely impact the Company's financial condition and results of operations.

The United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced in July 2017 that it will no longer persuade or require banks to submit rates for the calculation of LIBOR after 2021. Given LIBOR's extensive use across financial markets, the transition away from LIBOR presents various risks and challenges to financial markets and institutions, including to the Company. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom or elsewhere. While Intercontinental Exchange, Inc., the company that administers LIBOR, currently plans to continue publishing LIBOR after 2021, liquidity in the interbank markets that those LIBOR estimates are based upon has been declining. Accordingly, there is considerable uncertainty regarding the publication of such rates beyond 2021. Efforts in the United States to identify a set of alternative U.S. dollar reference rates include a proposal by the Alternative Reference Rates Committee of the Federal Reserve Board and the Federal Reserve Bank of New York for the market to transition from LIBOR to the Secured Overnight Financing Rate, or SOFR. Whether or not the SOFR attains market acceptance as a LIBOR replacement remains in question and the future of LIBOR at this time is uncertain. The Company has a significant amount of loans and other financial obligations or extensions of credit that may be adversely affected by the discontinuation of LIBOR and uncertainty regarding its replacement. In addition, uncertainty regarding the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for securities on which the interest or dividend is determined by reference to LIBOR, including the Company's outstanding fixed-to-floating rate subordinated notes and trust preferred securities. The discontinuation of LIBOR could also result in operational, legal and compliance risks, and if the Company is unable to adequately manage such risks, they could have a material adverse impact on the Company's reputation and on its business, financial condition, results of operations or future prospects.

Changes in U.S. trade policies and other factors beyond the Company's control, including the imposition of tariffs and retaliatory tariffs, may adversely impact the Company's business, financial condition and results of operations.

There have been changes and discussions with respect to U.S. trade policies, legislation, treaties and tariffs, including trade policies and tariffs affecting other countries, including China, the European Union, Canada and Mexico and retaliatory tariffs by such countries. Tariffs and retaliatory tariffs have been imposed, and additional tariffs and retaliation tariffs have been proposed. Such tariffs, retaliatory tariffs or other trade restrictions on products and materials that our customers import or export could cause the prices of our customers' products to increase which could reduce demand for such products, or reduce our customer's margins, and adversely impact their revenues, financial results and ability to service debt; which, in turn, could adversely affect our financial condition and results of operations. In addition, to the extent changes in the political environment have a negative impact on the Company or on the markets in which the Company operates, results of operations and financial condition could be materially and adversely impacted in the future. It remains unclear what the U.S. administration or foreign governments will or will not do with respect to tariffs already imposed, additional tariffs that may be imposed, or international trade agreements and policies. On October 1, 2018, the United States, Canada and Mexico agreed to a new trade deal — the United States-Mexico-Canada Agreement, or the USMCA — to replace the North American Free Trade Agreement. While ratified by Mexico and approved by the U.S. House of Representatives and Senate, the trade deal is subject to ratification by Canada. The full impact of the USMCA on the Company, its customers and on the economic conditions in the Company's markets is currently unknown. A trade war or other governmental action related to tariffs or international trade agreements or policies has the potential to negatively impact the Company's and its customers' costs, demand for the Company's customers' products, and the U.S. economy or certain sectors thereof and, thus, adversely impact our business, financial condition and results of operations.

Risks Related to the Company's Regulatory Environment

Due to the Company's increased asset size and as a result of recent acquisitions, the Company is subject to additional regulation, increased supervision and increased costs.

Various federal banking laws and regulations, including rules adopted by the Federal Reserve pursuant to the requirements of the Dodd-Frank Act impose additional regulatory requirements on institutions with $10 billion or more in assets. As of December 31, 2019, the Company had $17.6 billion in total assets. As a result, the Company is subject to the additional regulatory requirements, increased supervision and increased costs, including the following: (i) supervision, examination and enforcement by the Consumer Financial Protection Bureau with respect to consumer financial protection laws; (ii) regulatory stress testing requirements, whereby the Company is required to conduct an annual stress test (using assumptions for baseline, adverse and severely adverse scenarios); (iii) a modified methodology for calculating FDIC insurance assessments and potentially higher assessment rates; (iv) enhanced supervision as a larger financial institution; and (v) under the Durbin Amendment to the Dodd-Frank Act, is subject to a cap on the interchange fees that may be charged in certain electronic debit and prepaid card transactions.

In the Company's acquisition of Access, the Company acquired the mortgage division of Access National Bank, which before the acquisition operated on a nationwide basis and subject to federal preemption of certain state laws. This mortgage division is now operating as a division of the Bank and, as a result, is not entitled to any such federal preemption. The Company and the Bank may incur increased costs in order to comply with state laws that apply to the mortgage division's nationwide operations.

The imposition of these regulatory requirements and increased supervision may require commitment of additional financial resources to regulatory compliance, may increase the Company's cost of operations, and may otherwise have a significant impact on the Company's business, financial condition and results of operations. Further, the results of the stress testing process may lead the Company to retain additional capital or alter the mix of its capital components as compared to the Company's current capital management strategy.

Current and proposed regulation addressing consumer privacy and data use and security could increase the Company's costs and impact its reputation.

The Company is subject to a number of laws concerning consumer privacy and data use and security, including information safeguard rules under the Gramm-Leach-Bliley Act. These rules require that financial institutions develop, implement, and maintain a written, comprehensive information security program containing safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities, and the sensitivity of any customer information at issue. The United States has experienced a heightened legislative and regulatory focus on privacy and data security, including requiring consumer notification in the event of a data breach. In addition, most states have enacted security breach legislation requiring varying levels of consumer notification in the event of certain types of security breaches. New regulations in these areas may increase compliance costs, which could negatively impact earnings. In addition, failure to comply with the privacy and data use and security laws and regulations to which the Company is subject, including by reason of inadvertent disclosure of confidential information, could result in fines, sanctions, penalties, or other adverse consequences and loss of consumer confidence, which could materially adversely affect the Company's results of operations, overall business, and reputation.

Legislative or regulatory changes or actions, or significant litigation, could adversely affect the Company or the businesses in which the Company is engaged.

The Company is subject to extensive state and federal regulation, supervision, and legislation that govern almost all aspects of its operations. These regulations affect the Company's lending practices, capital structure, investment practices, dividend policy, and growth, among other things. Laws and regulations change from time to time and are primarily intended for the protection of consumers, depositors, the FDIC's DIF, and the banking system of the whole, rather than shareholders. The impact of any changes to laws and regulations or other actions by regulatory agencies are unpredictable, but may negatively affect the Company or its ability to increase the value of its business. Such changes could include higher capital requirements, increased insurance premiums, increased compliance costs, reductions of noninterest income, limitations on services and products that can be provided, or the increased ability of nonbanks to offer competing financial services and products, among other things. Failure to comply with laws, regulations, and policies could result in actions by regulatory agencies or significant litigation against the Company, which could cause the Company to devote significant time and resources to defend itself and may lead to liability, penalties, reputational damage, or regulatory restrictions that materially adversely affect the Company and its shareholders. Future legislation, regulation, and government policy could affect the banking industry as a whole, including the Company's business and results of operations, in ways that are difficult to predict. In addition, the Company's results of operations also could be adversely affected by changes in the way in which existing statutes and regulations are interpreted or applied by courts and government agencies.

The Company is subject to more stringent capital and liquidity requirements as a result of the Basel III regulatory capital reforms and the Dodd-Frank Act, which could adversely affect its return on equity and otherwise affect its business.

The Company and the Bank are each subject to capital adequacy guidelines and other regulatory requirements specifying minimum amounts and types of capital which each must maintain. From time to time, regulators implement changes to these regulatory capital adequacy guidelines. Under the Dodd-Frank Act, the federal banking agencies have established stricter capital requirements and leverage limits for banks and bank holding companies that are based on the Basel III regulatory capital reforms. These stricter capital requirements were fully-implemented on January 1, 2019. See "Business — Supervision and Regulation — The Bank — Capital Requirements" for further information about the requirements.

The application of more stringent capital requirements could, among other things, result in lower returns on equity, require the raising of additional capital, and result in regulatory actions if the Company were to be unable to comply with such requirements. Furthermore, the imposition of liquidity requirements in connection with the implementation of Basel III could result in the Company having to lengthen the term of its funding, restructure its business models, and/or increase its holdings of liquid assets. Implementation of changes to asset risk weightings for risk-based capital calculations, items included or deducted in calculating regulatory capital and/or additional capital conservation buffers could result in management modifying its business strategy, and could limit the Company's ability to make distributions, including paying out dividends or buying back shares. If the Company and the Bank fail to meet these minimum capital guidelines and/or other regulatory requirements, the Company's financial condition would be materially and adversely affected.

Regulations issued by the CFPB could adversely impact the Company's earnings.

The CFPB has broad rulemaking authority to administer and carry out the provisions of the Dodd-Frank Act with respect to financial institutions that offer covered financial products and services to consumers. Pursuant to the Dodd-Frank Act, the CFPB issued a final rule effective January 10, 2014, requiring mortgage lenders to make a reasonable and good faith determination based on verified and documented information that a consumer applying for a mortgage loan has a reasonable ability to repay the loan according to its terms, or to originate "qualified mortgages" that meet specific requirements with respect to terms, pricing, and fees. The rule also contains additional disclosure requirements at mortgage loan origination and in monthly statements. These requirements could limit the Company's ability to make certain types of loans or loans to certain borrowers, or could make it more expensive and/or time consuming to make these loans, which could adversely impact the Company's profitability.

Changes in accounting standards could impact reported earnings.

The authorities that promulgate accounting standards, including the FASB, SEC, and other regulatory authorities, periodically change the financial accounting and reporting standards that govern the preparation of the Company's consolidated financial statements. These changes are difficult to predict and can materially impact how the Company records and reports its financial condition and results of operations. In some cases, the Company could be required to apply a new or revised standard retrospectively to financial statements for prior periods. Such changes could also require the Company to incur additional personnel or technology costs.

Risks Related to the Company's Securities

The Company relies on dividends from its subsidiaries for substantially all of its revenue.

The Company is a financial holding company and a bank holding company that conducts substantially all of its operations through the Bank and other subsidiaries. As a result, the Company relies on dividends from its subsidiaries, particularly the Bank, for substantially all of its revenues. There are various regulatory restrictions on the ability of the Bank to pay dividends or make other payments to the Company. Also, the Company's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. In the event the Bank is unable to pay dividends to the Company, the Company may not be able to service debt, pay obligations, or pay a cash dividend to the holders of its common stock and the Company's business, financial condition, and results of operations may be materially adversely affected. Further, although the Company has historically paid a cash dividend to the holders of its common stock, holders of the common stock are not entitled to receive dividends, and regulatory or economic factors may cause the Company's Board of Directors to consider, among other things, the reduction of dividends paid on the Company's common stock even if the Bank continues to pay dividends to the Company.

The Company's common stock has less liquidity than stocks for larger publicly-traded companies.

The trading volume in the Company's common stock on the NASDAQ Global Select Market has been relatively low when compared with larger companies listed on the NASDAQ Global Select Market or other stock exchanges. There is no assurance that a more active and liquid trading market for the common stock will exist in the future. Consequently, shareholders may not be able to sell a substantial number of shares for the same price at which shareholders could sell a smaller number of shares. In addition, the Company cannot predict the effect, if any, that future sales of its common stock in the market, or the availability of shares of common stock for sale in the market, will have on the market price of the common stock. Sales of substantial amounts of common stock in the market, or the potential for large amounts of sales in the market, could cause the price of the Company's common stock to decline, or reduce the Company's ability to raise capital through future sales of common stock.

Future issuances of the Company's common stock could adversely affect the market price of the common stock and could be dilutive.

The Company is not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, shares of common stock. Issuances of a substantial number of shares of common stock, or the expectation that such issuances might occur, including in connection with acquisitions by the Company, could materially adversely affect the market price of the shares of common stock and could be dilutive to shareholders. Because the Company's decision to issue common stock in the future will depend on market conditions and other factors, it cannot predict or estimate the amount, timing, or nature of possible future issuances of its common stock. Accordingly, the Company's shareholders bear the risk that future issuances of common stock will reduce the market price of the common stock and dilute their stock holdings in the Company.

Common stock is equity and is subordinate to the Company's existing and future indebtedness and preferred stock and effectively subordinated to all the indebtedness and other non-common equity claims against the Bank and the Company's other subsidiaries.

Shares of the Company's common stock are equity interests and do not constitute indebtedness. As such, shares of the common stock will rank junior to all of the Company's indebtedness and to other non-equity claims against the Company and its assets available to satisfy claims against it, including in the event of the Company's liquidation. Additionally, holders of the Company's common stock are subject to prior dividend and liquidation rights of holders of outstanding preferred stock, if any. The Company's Board of Directors is authorized to issue classes or series of preferred stock without any action on the part of the holders of the Company's common stock, and the Company is permitted to incur additional debt. Upon liquidation, lenders and holders of the Company's debt securities and preferred stock would receive distributions of the Company's available assets prior to holders of the Company's common stock. Furthermore, the Company's right to participate in a distribution of assets upon any of its subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary's creditors, including holders of any preferred stock of that subsidiary.

The Company's governing documents and Virginia law contain anti-takeover provisions that could negatively affect its shareholders.

The Company's Articles of Incorporation and Bylaws and the Virginia Stock Corporation Act contain certain provisions designed to enhance the ability of the Company's Board of Directors to respond to attempts to acquire control of the Company. These provisions and the ability to set the voting rights, preferences, and other terms of any series of preferred stock that may be issued, may be deemed to have an anti-takeover effect and may discourage takeovers (which certain shareholders may deem to be in their best interest). To the extent that such takeover attempts are discouraged, temporary fluctuations in the market price of the Company's common stock resulting from actual or rumored takeover attempts may be inhibited. These provisions also could discourage or make more difficult a merger, tender offer, or proxy contest, even though such transactions may be favorable to the interests of shareholders, and could potentially adversely affect the market price of the Company's common stock.

Economic conditions may cause volatility in the Company's common stock value.

The value of publicly traded stocks in the financial services sector can be volatile, including due to declining or sustained weak economic conditions, which may make it more difficult for a holder to sell the Company's common stock when the holder wants and at prices that are attractive. However, even in a stable economic environment the value of the Company's common stock can be affected by a variety of factors such as expected results of operations, actual results of operations, actions taken by shareholders, news or expectations based on the performance of others in the financial services industry, and expected impacts of a changing regulatory environment. These factors not only impact the value of the Company's common stock but could also affect the liquidity of the stock given the Company's size, geographical footprint, and industry.

ITEM 1B. — UNRESOLVED STAFF COMMENTS.

The Company has no unresolved staff comments to report.

ITEM 2. — PROPERTIES.

The Company, through its subsidiaries, owns or leases buildings that are used in the normal course of business. The Company leases its corporate headquarters, which is located in an office building at 1051 East Cary Street, Suite 1200, Richmond, Virginia. The Company's subsidiaries own or lease various other offices in the counties and cities in which they operate. At December 31, 2019, the Bank operated 149 branches throughout Virginia and in portions of Maryland and North Carolina. The Company owns its operations center, which is located in Ruther Glen, Virginia. See the Note 1 "Summary of Significant Accounting Policies", Note 5 "Premises and Equipment" and Note 7 "Leases" in the "Notes to the Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for information with respect to the amounts at which the Company's premises and equipment are carried and commitments under long-term leases.

ITEM 3. — LEGAL PROCEEDINGS.

In the ordinary course of its operations, the Company and its subsidiaries are parties to various legal proceedings. Based on the information presently available, and after consultation with legal counsel, management believes that the ultimate outcome in such legal proceedings, in the aggregate, will not have a material adverse effect on the business or the financial condition or results of operations of the Company.

ITEM 4. — MINE SAFETY DISCLOSURES.

None.

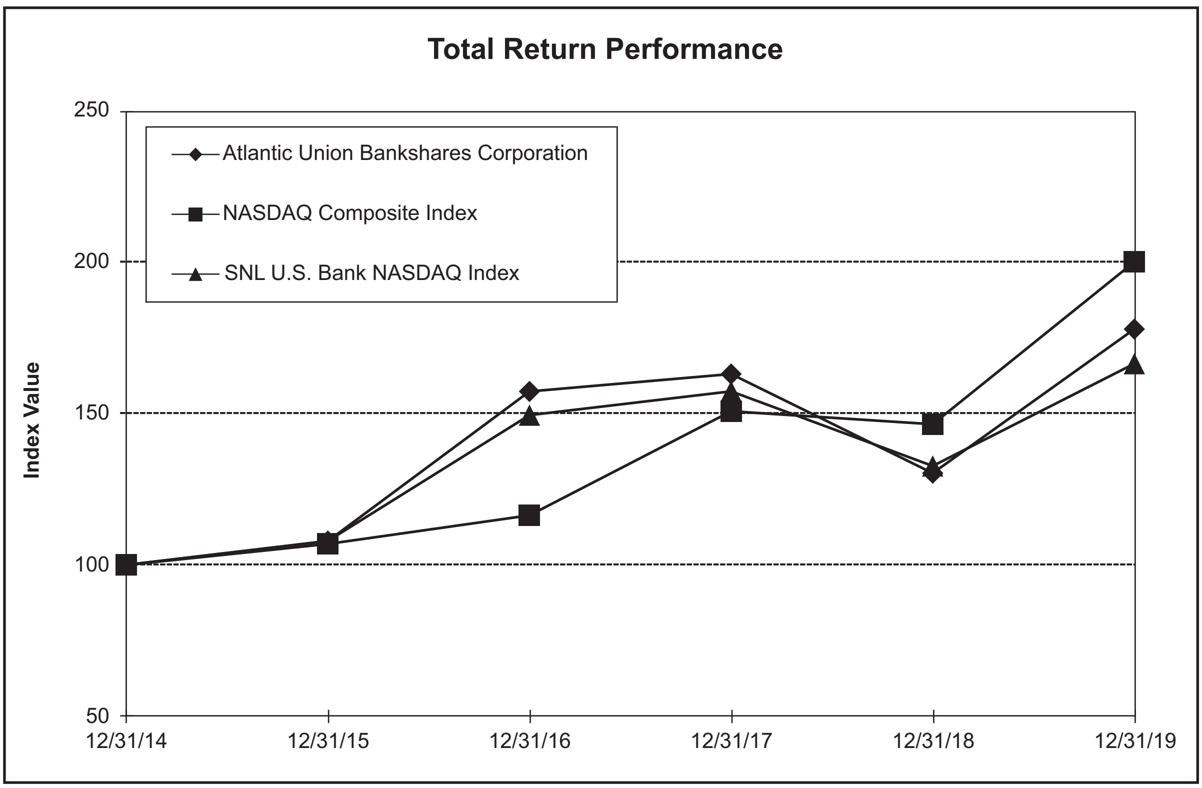
PART II

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

The following performance graph does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates the performance graph by reference therein.

Five-Year Stock Performance Graph

The following chart compares the yearly percentage change in the cumulative shareholder return on the Company's common stock during the five years ended December 31, 2019, with (1) the Total Return Index for the NASDAQ Composite, and (2) the Total Return Index for SNL U.S. Bank NASDAQ. This comparison assumes $100 was invested on December 31, 2014 in the Company's common stock and the comparison groups and assumes the reinvestment of all cash dividends prior to any tax effect and retention of all stock dividends. The Company previously also used the Total Return Index for NASDAQ Bank Stock, which is no longer available from the Company's service provider. Instead, the Company is using the SNL U.S. Bank NASDAQ index as a replacement, which includes many of the same companies that are in the NASDAQ Bank Stock index and are also a part of the Company's peer group.



Index	*Period Ended*					
	12/31/2014	**12/31/2015**	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**
Atlantic Union Bankshares Corporation	$100.00	$107.91	$157.54	$163.32	$130.44	$178.22
NASDAQ Composite	100.00	106.96	116.45	150.96	146.67	200.49
SNL U.S. Bank NASDAQ	100.00	107.95	149.68	157.58	132.82	166.75

Source: S&P Global Market Intelligence (2020)

Information on Common Stock, Market Prices and Dividends

The Company's common stock is listed on the NASDAQ Global Select Market and is traded under the symbol "AUB." There were 80,001,185 shares of the Company's common stock outstanding at the close of business on December 31, 2019. The shares were held by 6,722 shareholders of record. The closing price of the Company's common stock on December 31, 2019 was $37.55 per share compared to $28.23 on December 31, 2018.

Regulatory restrictions on the ability of the Bank to transfer funds to the Company at December 31, 2019 are set forth in Note 21 "Parent Company Financial Information," contained in the "Notes to the Consolidated Financial Statements" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K. A discussion of certain limitations on the ability of the Bank to pay dividends to the Company and the ability of the Company to pay dividends on its common stock, is set forth in Part I, Item 1 "Business" of this Form 10-K under the headings "Supervision and Regulation — The Company — Limits on Dividends and Other Payments."

It is anticipated that dividends will continue to be paid on a quarterly basis. In making its decision on the payment of dividends on the Company's common stock, the Board of Directors considers operating results, financial condition, capital adequacy, regulatory requirements, shareholder returns, and other factors.

Stock Repurchase Program

On July 8, 2019, the Company's Board of Directors authorized a share repurchase program to purchase up to $150 million worth of the Company's common stock in open market transactions or privately negotiated transactions, including pursuant to a trading plan in accordance with Rule 10b5-1 and/or Rule 10b-18 under the Exchange Act. The repurchase program is authorized through June 30, 2021.

The following information provides details of the Company's common stock repurchases for the three months ended December 31, 2019:

Period	Total number of shares purchased[(1)]	Average price paid per share ($)	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
October 1 – October 31, 2019	583,619	36.93	583,546	93,195,000
November 1 – November 30, 2019	358,165	37.74	358,000	79,686,000
December 1 – December 31, 2019	266,702	37.91	261,133	69,786,000
Total	1,208,486	37.38	1,202,679	

(1) *For the three months ended December 31, 2019, 5,807 shares were withheld upon the vesting of restricted shares granted to employees of the Company in order to satisfy tax withholding obligations.*

ITEM 6. — SELECTED FINANCIAL DATA.

The following table sets forth selected financial data for the Company over each of the past five years ended December 31, (dollars in thousands, except per share amounts):

	2019	2018	2017	2016	2015
Results of Operations					
Interest and dividend income	$ 699,332	$ 528,788	$ 329,044	$ 293,736	$ 275,387
Interest expense	161,460	102,097	50,037	29,770	24,937
Net interest income	537,872	426,691	279,007	263,966	250,450
Provision for credit losses	21,092	13,736	10,802	8,883	9,450
Net interest income after provision for credit losses	516,780	412,955	268,205	255,083	241,000
Noninterest income	132,815	104,241	62,429	59,849	54,993
Noninterest expenses	418,340	337,767	225,668	213,090	206,310
Income before income taxes	231,255	179,429	104,966	101,842	89,683
Income tax expense	37,557	30,016	32,790	25,944	23,071
Income from continuing operations	193,698	149,413	72,176	75,898	66,612
Discontinued operations, net of tax	(170)	(3,165)	747	1,578	467
Net income(1)	$ 193,528	$ 146,248	$ 72,923	$ 77,476	$ 67,079
Financial Condition					
Assets	$17,562,990	$13,765,599	$ 9,315,179	$ 8,426,793	$ 7,693,291
Securities available for sale, at fair value	1,945,445	1,774,821	974,222	946,764	903,292
Securities held to maturity, at carrying value	555,144	492,272	199,639	201,526	205,374
Loans held for investment, net of deferred fees and costs	12,610,936	9,716,207	7,141,552	6,307,060	5,671,462
Allowance for loan losses	42,294	41,045	38,208	37,192	34,047
Intangible assets, net	1,009,229	775,853	313,331	318,793	316,832
Tangible assets, net(2)	16,553,761	12,989,746	9,001,848	8,108,000	7,376,459
Deposits	13,304,981	9,970,960	6,991,718	6,379,489	5,963,936
Total borrowings	1,513,748	1,756,278	1,219,414	990,089	680,175
Total liabilities	15,049,888	11,841,018	8,268,850	7,425,761	6,697,924
Common stockholders' equity	2,513,102	1,924,581	1,046,329	1,001,032	995,367
Tangible common stockholders' equity(2)	1,503,873	1,148,728	732,998	682,239	678,535
Ratios					
Net interest margin(1)	3.61%	3.67%	3.48%	3.64%	3.73%
Net interest margin (FTE)(2)	3.69%	3.74%	3.63%	3.80%	3.89%
Return on average assets(1)	1.15%	1.11%	0.83%	0.96%	0.90%
Return on average common stockholders' equity(1)	7.89%	7.85%	7.07%	7.79%	6.76%
Efficiency ratio(1)	62.37%	63.62%	66.09%	65.81%	67.54%
CET1 capital (to risk weighted assets)	10.24%	9.93%	9.04%	9.72%	10.55%
Tier 1 capital (to risk weighted assets)	10.24%	11.09%	10.14%	10.97%	11.93%
Total capital (to risk weighted assets)	12.63%	12.88%	12.43%	13.56%	12.46%
Leverage Ratio	8.79%	9.71%	9.42%	9.87%	10.68%
Common equity to total assets	14.31%	13.98%	11.23%	11.88%	12.94%
Tangible common equity / tangible assets(2)	9.08%	8.84%	8.14%	8.41%	9.20%

	2019	2018	2017	2016	2015
Asset Quality					
Allowance for loan losses	$ 42,294	$ 41,045	$ 38,208	$ 37,192	$ 34,047
Nonaccrual loans	$ 28,232	$ 26,953	$ 21,743	$ 9,973	$ 11,936
Foreclosed property	$ 4,708	$ 6,722	$ 5,253	$ 7,430	$ 11,994
ALL/total outstanding loans	0.34%	0.42%	0.54%	0.59%	0.60%
Nonaccrual loans/total loans	0.22%	0.28%	0.30%	0.16%	0.21%
ALL/nonaccrual loans	149.81%	152.28%	175.73%	372.93%	285.25%
NPAs/total outstanding loans	0.26%	0.35%	0.38%	0.28%	0.42%
Net charge-offs/total average loans	0.17%	0.12%	0.15%	0.09%	0.14%
Provision /total average loans	0.19%	0.15%	0.17%	0.15%	0.17%
Per Share Data					
Earnings per share, basic	$ 2.41	$ 2.22	$ 1.67	$ 1.77	$ 1.49
Earnings per share, diluted(1)	2.41	2.22	1.67	1.77	1.49
Cash dividends paid per share	0.96	0.88	0.81	0.77	0.68
Market value per share	37.55	28.23	36.17	35.74	25.24
Book value per share	31.58	29.34	24.10	23.15	22.38
Tangible book value per share(2)	18.90	17.51	16.88	15.78	15.25
Dividend payout ratio	39.83%	39.64%	48.50%	43.50%	45.64%
Weighted average shares outstanding, basic	80,200,950	65,859,166	43,698,897	43,784,193	45,054,938
Weighted average shares outstanding, diluted	80,263,557	65,908,573	43,779,744	43,890,271	45,138,891

(1) *This performance metric is presented on a GAAP basis; however, there are related supplemental non-GAAP measures that the Company believes may be useful to investors as they exclude non-operating adjustments resulting from acquisitions as well as other nonrecurring tax expenses as applicable and allow investors to see the combined economic results of the organization. These measures are a supplement to GAAP used to prepare the Company's financial statements and should not be viewed as a substitute for GAAP measures. In addition, the Company's non-GAAP measures may not be comparable to non-GAAP measures of other companies. Refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" section "Non-GAAP Measures" of this Form 10-K for operating metrics, which exclude merger-related costs and certain nonrecurring items, including operating earnings, return on average assets, return on average equity, return on average tangible common equity, efficiency ratio, and earnings per share.*

(2) *Non-GAAP; refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" section "Non-GAAP Measures" of this Form 10-K.*

ITEM 7. — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis provides information about the major components of the results of operations and financial condition, liquidity, and capital resources of the Company and its subsidiaries. This discussion and analysis should be read in conjunction with the "Consolidated Financial Statements" and the "Notes to the Consolidated Financial Statements" presented in Item 8 "Financial Statements and Supplementary Data" contained in this Form 10-K.

CRITICAL ACCOUNTING POLICIES

General

The accounting and reporting policies of the Company are in accordance with U.S. GAAP and conform to general practices within the banking industry. The Company's financial position and results of operations are affected by management's application of accounting policies, including estimates, assumptions, and judgments made to arrive at the carrying value of assets and liabilities and amounts reported for revenues, expenses, and related disclosures. Different assumptions in the application of these policies could result in material changes in the Company's consolidated financial position and/or results of operations. The Company evaluates its critical accounting estimates and assumptions on an ongoing basis and updates them as needed. Management has discussed the Company's critical accounting policies and estimates with the Audit Committee of the Board of Directors.

The critical accounting and reporting policies include the Company's accounting for the ALL, impaired loans, business combinations and divestitures, and goodwill and intangible assets. The Company's accounting policies are fundamental to understanding the Company's consolidated financial position and consolidated results of operations. Accordingly, the Company's significant accounting policies are discussed in detail in Note 1 "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

The following is a summary of the Company's critical accounting policies that are highly dependent on estimates, assumptions, and judgments.

Allowance for Loan Losses — The provision for loan losses charged to operations is an amount sufficient to bring the ALL to an estimated balance that management considers adequate to absorb probable incurred losses inherent in the portfolio. Loans are charged against the ALL when management believes the collectability of the principal is unlikely, while recoveries of amounts previously charged-off are credited to the ALL. Management's determination of the adequacy of the ALL is based on an evaluation of the composition of the loan portfolio, the value and adequacy of collateral, current economic conditions, historical loan loss experience, and other risk factors. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions, particularly those affecting real estate values.

The Company performs regular credit reviews of the loan portfolio to review the credit quality and adherence to its underwriting standards. The credit reviews include Annual Loan Reviews performed by Commercial Bankers in accordance with the CLP, relationship reviews that accompany annual loan renewals, and reviews by the Company's Loan Review Group. Upon origination, each commercial loan is assigned a risk rating ranging from one to nine, with loans closer to one having less risk. This risk rating scale is the Company's primary credit quality indicator. Consumer loans are not risk rated unless past due status, bankruptcy or other event results in the assignment of a Substandard or worse risk rating in accordance with the CLP. The Company has various committees that review and ensure that the ALL methodology is in accordance with GAAP and loss factors used appropriately reflect the risk characteristics of the loan portfolio.

Specifically, the Company's Allowance Committee oversees the Company's Allowance for Loan Losses (under the Incurred Loss Model framework) and will oversee the Allowance for Credit Losses (under the CECL framework) processes. The Allowance Committee is the authoritative committee for all quarterly qualitative factors, ALL estimates and changes to the Company's ALL methodology.

The Company's ALL consists of specific, general, and qualitative components.

Specific Reserve Component

The specific reserve component relates to impaired loans. A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Upon being identified as impaired, for loans not considered to be collateral-dependent, an ALL is then established when the discounted cash flows of the impaired loan are lower than the carrying value of that loan. The impairment of significant collateral-dependent loans is measured based on the fair value of the underlying collateral, less selling costs, compared to the carrying value of the loan. If the Company determines that the value of an impaired collateral dependent loan is less than the recorded investment in the loan, it charges off the deficiency if it is determined that such amount represents a confirmed loss.

The Company obtains independent appraisals from a pre-approved list of independent, third party appraisers located in the market in which the collateral is located. The Company's approved appraiser list is continuously maintained to ensure the list only includes such appraisers that have the experience, reputation, character, and knowledge of the respective real estate market. At a minimum, it is ascertained that the appraiser is currently licensed in the state in which the property is located, experienced in the appraisal of properties similar to the property being appraised, has knowledge of current real estate market conditions and financing trends, and is reputable. The Company's internal REVG, which reports to the Enterprise Risk Management group, performs either a technical or administrative review of all appraisals obtained in accordance with the Company's Appraisal Policy. The Appraisal Policy mirrors the Federal Regulations governing appraisals, specifically the Interagency Appraisal and Evaluation Guidelines and FIRREA. A technical review will ensure the overall quality of the appraisal, while an administrative review ensures that all of the required components of an appraisal are present. External appraisals are the primary source to value collateral dependent loans; however, the Company may also utilize values obtained through other valuation sources if it is deemed to be better aligned with the collateral resolution. Independent appraisals or valuations are updated every 12 months for all impaired loans. The Company's impairment analysis documents the date of the appraisal used in the analysis. Adjustments to appraised values are only permitted to be made by the REVG. The impairment analysis is reviewed and approved by senior Credit Administration officers and the Special Assets Loan Committee. Impairment analyses are updated, reviewed, and approved on a quarterly basis at or near the end of each reporting period.

General Reserve Component

The general reserve component covers non-impaired loans and is quantitatively derived from an estimate of credit losses adjusted for various qualitative factors applicable to both commercial and consumer loan segments. The estimate of credit losses is a function of the net charge-off historical loss experience to the average loan balance of the portfolio averaged during a period that management has determined to be adequately reflective of the losses inherent in the loan portfolio. The Company has implemented a rolling 24-quarter look back period, which is re-evaluated on a periodic basis to ensure the reasonableness of the period being used.

The following table shows the types of qualitative factors management considers:

QUALITATIVE FACTORS

Portfolio	National/International	Local
Experience and ability of lending team	Interest rates	Gross state product
Pace of loan growth	Inflation	Unemployment rate
Footprint and expansion	Unemployment	Home prices
Execution of loan risk rating process	Level of economic activity	CRE Prices
Degree of credit oversight	Political and trade uncertainty	
Underwriting standards	Asset prices	
Delinquency levels in portfolio		
Charge-off trends in portfolio		
Credit concentrations/nature and volume of the portfolio		

Impaired Loans — A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

For the consumer loan segment, large groups of smaller balance homogeneous loans are collectively evaluated for impairment. This evaluation subjects each of the Company's homogenous pools to a historical loss factor derived from net charge-offs experienced over the preceding 24 quarters. The Company applies payments received on impaired loans to principal and interest based on the contractual terms until they are placed on nonaccrual status. All payments received are then applied to reduce the principal balance and recognition of interest income is terminated, as discussed in Note 1 "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements" contained in Item 8 of this Form 10-K.

Business Combinations and Divestitures — Business combinations are accounted for under ASC 805, Business Combinations, using the acquisition method of accounting. The acquisition method of accounting requires an acquirer to recognize the assets acquired and the liabilities assumed at the acquisition date measured at their fair values as of that date. To determine the fair values, the Company utilizes third party valuations, appraisals, and internal valuations based on discounted cash flow analysis or other valuation techniques. Under the acquisition method of accounting, the Company will identify the acquiree and the closing date and apply applicable recognition principles and conditions. If they are necessary to implement its plan to exit an activity of an acquiree, costs that the Company expects, but is not obligated, to incur in the future are not liabilities at the acquisition date, nor are costs to terminate the employment or relocate an acquiree's employees. The Company does not recognize these costs as part of applying the acquisition method. Instead, the Company recognizes these costs as expenses in its post-combination financial statements in accordance with other applicable GAAP.

Merger-related costs are costs the Company incurs to effect a business combination. Those costs include advisory, legal, accounting, valuation, and other professional or consulting fees. Some other examples of costs to the Company include systems conversions, integration planning consultants, contract terminations, and advertising costs. The Company will account for merger-related costs as expenses in the periods in which the costs are incurred and the services are received. Except for the costs to issue debt or equity securities in connection with a merger, which will be recognized in accordance with other applicable accounting guidance. These merger-related costs are included on the Company's Consolidated Statements of Income classified within the noninterest expense caption.

Goodwill and Intangible Assets — The Company follows ASC 350, *Goodwill and Other Intangible Assets,* which prescribes the accounting for goodwill and intangible assets subsequent to initial recognition. Goodwill resulting from business combinations prior to January 1, 2009 represents the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill resulting from business combinations after January 1, 2009 is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. The Company has selected April 30th as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives, which range from 4 to 10 years, to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the Company's Consolidated Balance Sheets.

Long-lived assets, including purchased intangible assets subject to amortization, such as the core deposit intangible asset, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. Management concluded that no circumstances indicating an impairment of these assets existed as of the balance sheet date.

RECENT ACCOUNTING PRONOUNCEMENTS (ISSUED BUT NOT ADOPTED)

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.*" This ASU contains significant differences from existing GAAP and is effective for the Company on January 1, 2020. This ASU updates the existing guidance to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. This ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The CECL model will replace the Company's current accounting for PCI and impaired loans. This ASU also amends the debt securities OTTI model. The lifetime expected credit losses will be determined using macroeconomic forecast assumptions and management judgements applicable to and through the expected lives of the portfolios.

While the implementation of the standard changes the measurement of the allowance for credit losses, it does not change the credit risk of the Company's lending portfolios or the losses of these portfolios.

The Company has established a cross-functional governance structure for the implementation of CECL. The final Day 1 allowance for credit losses is subject to completion of the Company's governance and control processes, but is estimated to be within a reasonable range of $95 million. A large portion of the increase from the incurred loss model allowance is driven by the acquired loans portfolio and the consumer loan portfolio. Future estimates of the allowance for credit losses will depend on the characteristics of the Company's portfolios, as well as the macroeconomic conditions and forecasts, changes and enhancements to models and methodologies, and other management judgements.

In December 2019, the FASB issued ASU No. 2019-12, *"Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes."* This guidance was issued to simplify accounting for income taxes by removing specific technical exceptions that often produce information investors have a hard time understanding. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted. The Company is still evaluating the impacts from this standard.

RESULTS OF OPERATIONS

Executive Overview

On February 1, 2019, the Company completed the acquisition of Access, a bank holding company based in Reston, Virginia.

On May 20, 2019, the Company re-branded to Atlantic Union Bankshares Corporation and successfully completed the integration of Access National Bank branches and operations into Atlantic Union Bank. Rebranding-related costs amounted to $6.5 million for the year ended December 31, 2019.

Net Income & Performance Metrics

- Net income was $193.5 million and EPS was $2.41 for the year ended December 31, 2019 compared to net income of $146.2 million and EPS of $2.22 for the year ended December 31, 2018.
- Net operating earnings(1), which excluded $22.3 million in after-tax merger and $5.1 million in after-tax rebranding costs, were $220.9 million and operating EPS(1) was $2.75 for 2019 compared to net operating earnings(1) of $178.3 million and operating EPS(1) of $2.71 for 2018.
- ROA was 1.15% for 2019 compared to 1.11% for 2018; operating ROA(1) was 1.31% for 2019 compared to 1.35% for 2018.
- ROE was 7.89% for 2019 compared to 7.85% for 2018; operating ROE(1) was 9.01% for 2019 compared to 9.57% for 2018.
- Operating ROTCE(1) was 16.14% for 2019 compared to 17.35% for 2018.

Balance Sheet

- Loans held for investment (net of deferred fees and costs) from continuing operations were $12.6 billion at December 31, 2019, an increase of $2.9 billion from December 31, 2018. The increase was primarily a result of the Access acquisition.
- Total deposits from continuing operations at December 31, 2019 were $13.3 billion, an increase of $3.3 billion from December 31, 2018. The increase was primarily a result of the Access acquisition.
- Cash dividends per common share increased to $0.96 during 2019 from $0.88 per common share during 2018.

Net Income

2019 compared to 2018

Net income for the year ended December 31, 2019 increased $47.3 million or 32.3% from $146.2 million to $193.5 million and represented earnings per share of $2.41, compared to $2.22 for the year ended December 31, 2018. The increase was primarily due

(1) *For a reconciliation of these non-GAAP measures, including the non-GAAP operating measures that exclude merger-related costs and nonrecurring tax expenses unrelated to the Company's normal operations, refer to section "Non-GAAP Measures" included within this Item 7.*

to the acquisition of Access. Net operating earnings (non-GAAP) totaled $220.9 million and operating earnings per share (non-GAAP) were $2.75 for the year ended December 31, 2019, which excludes $22.3 million in after-tax merger-related costs and $5.1 million in after-tax rebranding-related costs. For reconciliation of the non-GAAP measures, refer to section "Non-GAAP Measures" included within this Item 7. Included in net income for the year ended December 31, 2019 was a net loss from discontinued operations of $170,000 and approximately $1.0 million in after-tax expenses related to branch closure costs, compared to a net loss from discontinued operations of $3.2 million for the year ended December 31, 2018. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

Net interest income for the year ended December 31, 2019 increased $111.2 million from the prior year, primarily due to higher average loan balances and the acquisition of Access. The provision for credit losses increased $7.4 million from $13.7 million in 2018 to $21.1 million for the year ended December 31, 2019 primarily due to loan growth.

Noninterest income increased $28.6 million from $104.2 million in 2018 to $132.8 million for the year ended December 31, 2019. The increase was primarily driven by the acquisition of Access, a recovery of a Xenith-acquired loan charged off prior to being acquired, and proceeds from the sale of investment securities, which were partially offset by the net gain on Shore Premier sale recognized in 2018.

Noninterest expense increased $80.6 million or 23.9% from $337.8 million in 2018 to $418.3 million for the year ended December 31, 2019. Excluding $34.3 million in merger-related and rebranding costs in 2019 and $39.7 million in merger-related costs in 2018, operating noninterest expense (non-GAAP) increased $86.0 million or 28.9% compared to the year ended December 31, 2018. This increase was primarily driven by the acquisition of Access and losses on debt extinguishment of $16.4 million.

2018 compared to 2017

Net income for the year ended December 31, 2018 increased $73.3 million or 100.6% from $72.9 million to $146.2 million and represented earnings per share of $2.22, compared to $1.67 for the year ended December 31, 2017. The increase was primarily due to the acquisition of Xenith. Excluding $32.1 million in after-tax merger-related costs, net operating earnings (non-GAAP) were $178.3 million and operating earnings per share (non-GAAP) were $2.71 for the year ended December 31, 2018. For reconciliation of the non-GAAP measures, refer to section "Non-GAAP Measures" included within this Item 7. Included in net income for the year ended December 31, 2018 was a net loss from discontinued operations of $3.2 million, compared to net income from discontinued operations of $747,000 for the year ended December 31, 2017. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

Net interest income in 2018 increased $147.7 million from 2017, primarily driven by higher average loan balances and the acquisition of Xenith. The provision for credit losses increased $2.9 million from $10.8 million in 2017 to $13.7 million in 2018, mainly due to loan growth.

Noninterest income increased $41.8 million from $62.4 million in 2017 to $104.2 million in 2018. The increase was driven by the acquisition of Xenith and the Shore Premier sale.

Noninterest expense increased $112.1 million or 49.7% from $225.7 million in 2017 to $337.8 million in 2018. Excluding $39.7 million and $5.4 million in merger-related costs in 2018 and 2017, respectively, operating noninterest expense (non-GAAP) increased $77.8 million or 35.3% compared to the year ended December 31, 2017. This increase was primarily due to the acquisition of Xenith.

Net Interest Income

Net interest income, which represents the principal source of revenue for the Company, is the amount by which interest income exceeds interest expense. The net interest margin is net interest income expressed as a percentage of average earning assets. Changes in the volume and mix of interest-earning assets and interest-bearing liabilities, as well as their respective yields and rates, have a significant impact on the level of net interest income, the net interest margin, and net income.

The information presented excludes discontinued operations. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

The following tables show interest income on earning assets and related average yields, as well as interest expense on interest-bearing liabilities and related average rates paid for the periods indicated:

	For the Year Ended December 31,			
	2019	2018	Change	
	(Dollars in thousands)			
Average interest-earning assets	$14,881,142	$11,620,893	$3,260,249	
Interest and dividend income	$ 699,332	$ 528,788	$ 170,544	
Interest and dividend income (FTE)(1)	$ 710,453	$ 536,981	$ 173,472	
Yield on interest-earning assets	4.70%	4.55%	15	bps
Yield on interest-earning assets (FTE)(1)	4.77%	4.62%	15	bps
Average interest-bearing liabilities	$11,280,822	$ 9,106,716	$2,174,106	
Interest expense	$ 161,460	$ 102,097	$ 59,363	
Cost of interest-bearing liabilities	1.43%	1.12%	31	bps
Cost of funds	1.08%	0.88%	20	bps
Net interest income	$ 537,872	$ 426,691	$ 111,181	
Net interest income (FTE)(1)	$ 548,993	$ 434,884	$ 114,109	
Net interest margin	3.61%	3.67%	(6)	bps
Net interest margin (FTE)(1)	3.69%	3.74%	(5)	bps

(1) *Refer to the "Non-GAAP Measures" section within this Item 7 for more information about these measures, including a reconciliation of these measures to the most directly comparable financial measures calculated in accordance with GAAP.*

For the year ended December 31, 2019, net interest income was $537.9 million, an increase of $111.2 million from 2018. For the year ended December 31, 2019, net interest income (FTE) was $549.0 million, an increase of $114.1 million from the prior year. The increase in both net interest income and net interest income (FTE) were primarily the result of a $3.3 billion increase in average interest-earning assets and a $2.2 billion increase in average interest-bearing liabilities from the impact of the Access acquisition during the first quarter of 2019. Net accretion related to acquisition accounting increased $6.1 million from $19.2 million in 2018 to $25.3 million in 2019. For the year ended December 31, 2019, net interest margin decreased 6 bps and net interest margin (FTE) decreased 5 bps compared to 2018. The net decline in net interest margin and net interest margin (FTE) measures were primarily driven by an increase in the cost of funds, partially offset by a smaller increase in interest-earning asset yields. The increase in cost of funds was primarily attributable to the increase in short-term market interest rates and the composition of interest-bearing liabilities. The increase in interest-earning asset yields was primarily due to the increase in short-term market interest rates.

	For the Year Ended December 31,		
	2018	2017	Change
	(Dollars in thousands)		
Average interest-earning assets	$11,620,893	$8,016,311	$3,604,582
Interest and dividend income	$ 528,788	$ 329,044	$ 199,744
Interest and dividend income (FTE)(1)	$ 536,981	$ 340,810	$ 196,171
Yield on interest-earning assets	4.55%	4.10%	45 bps
Yield on interest-earning assets (FTE)(1)	4.62%	4.25%	37 bps
Average interest-bearing liabilities	$ 9,106,716	$6,262,536	$2,844,180
Interest expense	$ 102,097	$ 50,037	$ 52,060
Cost of interest-bearing liabilities	1.12%	0.80%	32 bps
Cost of funds	0.88%	0.62%	26 bps
Net interest income	$ 426,691	$ 279,007	$ 147,684
Net interest income (FTE)(1)	$ 434,884	$ 290,773	$ 144,111
Net interest margin	3.67%	3.48%	19 bps
Net interest margin (FTE)(1)	3.74%	3.63%	11 bps

(1) *Refer to the "Non-GAAP Measures" section within this Item 7 for more information about these measures, including a reconciliation of these measures to the most directly comparable financial measures calculated in accordance with GAAP.*

For the year ended December 31, 2018, net interest income was $426.7 million, an increase of $147.7 million from 2017. For the year ended December 31, 2018, net interest income (FTE) was $434.9 million, an increase of $144.1 million from the prior year. The increase in both net interest income and net interest income (FTE) were primarily the result of a $3.6 billion increase in average interest-earning assets and a $2.8 billion increase in average interest-bearing liabilities from the impact of the Xenith acquisition. Net accretion related to acquisition accounting increased $12.2 million from $7.0 million in 2017 to $19.2 million in 2018. For the year ended December 31, 2018, net interest margin increased 19 bps and net interest margin (FTE) increased 11 bps compared to 2017. The net increases in net interest margin and net interest margin (FTE) measures were primarily driven by an increase in the yield on earnings assets, partially offset by a smaller increase in cost of funds. The increase in the yield on earning assets was primarily attributable to higher loan portfolio yields due to increased short term market interest rates on variable rate loans and higher accretion income. The increase in cost of funds was primarily due to increased interest-bearing deposits and short-term borrowing rates resulting from increased short-term market interest rates.

The following table shows interest income on earning assets and related average yields as well as interest expense on interest-bearing liabilities and related average rates paid for the years indicated (dollars in thousands):

AVERAGE BALANCES, INCOME AND EXPENSES, YIELDS AND RATES (TAXABLE EQUIVALENT BASIS)

	For the Year Ended December 31,								
	2019			2018			2017		
	Average Balance	Interest Income/ Expense[1]	Yield/ Rate[1][2]	Average Balance	Interest Income/ Expense[1]	Yield/ Rate[1][2]	Average Balance	Interest Income/ Expense[1]	Yield/ Rate[1][2]
Assets:									
Securities:									
Taxable	**$ 1,676,918**	**$ 51,437**	**3.07%**	$ 1,229,038	$ 36,851	3.00%	$ 761,994	$ 20,305	2.66%
Tax-exempt	**986,266**	**40,574**	**4.11%**	647,980	25,262	3.90%	468,111	21,852	4.67%
Total securities	**2,663,184**	**92,011**	**3.45%**	1,877,018	62,113	3.31%	1,230,105	42,157	3.43%
Loans, net[3][4]	**11,949,171**	**612,250**	**5.12%**	9,584,785	471,768	4.92%	6,701,101	296,958	4.43%
Other earning assets	**268,787**	**6,192**	**2.30%**	159,090	3,100	1.95%	85,105	1,695	1.99%
Total earning assets	**14,881,142**	**$710,453**	**4.77%**	11,620,893	$536,981	4.62%	8,016,311	$340,810	4.25%
Allowance for loan losses	**(43,797)**			(41,218)			(38,014)		
Total non-earning assets	**2,002,965**			1,601,934			841,845		
Total assets	**$16,840,310**			$13,181,609			$8,820,142		
Liabilities and Stockholders' Equity:									
Interest-bearing deposits:									
Transaction and money market accounts	**$ 6,249,053**	**$ 62,937**	**1.01%**	$ 4,898,764	$ 32,222	0.66%	$3,396,552	$ 11,892	0.35%
Regular savings	**747,356**	**1,273**	**0.17%**	640,337	847	0.13%	565,901	643	0.11%
Time deposits[5]	**2,627,987**	**50,762**	**1.93%**	2,078,073	26,267	1.26%	1,271,649	13,571	1.07%
Total interest-bearing deposits	**9,624,396**	**114,972**	**1.19%**	7,617,174	59,336	0.78%	5,234,102	26,106	0.50%
Other borrowings[6]	**1,656,426**	**46,488**	**2.81%**	1,489,542	42,761	2.87%	1,028,434	23,931	2.33%
Total interest-bearing liabilities	**11,280,822**	**$161,460**	**1.43%**	9,106,716	$102,097	1.12%	6,262,536	$ 50,037	0.80%
Noninterest-bearing liabilities:									
Demand deposits	**2,891,156**			2,100,489			1,467,373		
Other liabilities	**216,897**			111,189			59,386		
Total liabilities	**14,388,875**			11,318,394			7,789,295		
Stockholders' equity	**2,451,435**			1,863,215			1,030,847		
Total liabilities and stockholders' equity	**$16,840,310**			$13,181,609			$8,820,142		
Net interest income		**$548,993**			$434,884			$290,773	
Interest rate spread			**3.34%**			3.50%			3.45%
Cost of funds			**1.08%**			0.88%			0.62%
Net interest margin			**3.69%**			3.74%			3.63%

(1) *Income and yields are reported on a taxable equivalent basis using the statutory federal corporate tax rate of 21% for the years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017.*

(2) *Rates and yields are annualized and calculated from actual, not rounded amounts in thousands, which appear above.*

(3) *Nonaccrual loans are included in average loans outstanding.*

(4) *Interest income on loans includes $24.8 million, $17.1 million, and $6.8 million for the years ended December 31, 2019, 2018, and 2017, respectively, in accretion of the fair market value adjustments related to acquisitions.*

(5) *Interest expense on time deposits includes $833,000, $2.6 million, and $0 for the years ended December 31, 2019, 2018, and 2017, respectively, in accretion of the fair market value adjustments related to acquisitions.*

(6) *Interest expense on borrowings includes ($360,000), ($506,000), and $170,000 for the years ended December 31, 2019, 2018, and 2017 in accretion (amortization) of the fair market value adjustments related to acquisitions.*

The Volume Rate Analysis table below presents changes in interest income and interest expense and distinguishes between the changes related to increases or decreases in average outstanding balances of interest-earning assets and interest-bearing liabilities (volume), and the changes related to increases or decreases in average interest rates on such assets and liabilities (rate). Changes attributable to both volume and rate have been allocated proportionally. Results, on a taxable equivalent basis, are as follows in this Volume Rate Analysis table for the years ended December 31, (dollars in thousands):

	2019 vs. 2018 Increase (Decrease) Due to Change in:			2018 vs. 2017 Increase (Decrease) Due to Change in:		
	Volume	**Rate**	**Total**	**Volume**	**Rate**	**Total**
Earning Assets:						
Securities:						
Taxable	**$ 13,720**	**$ 866**	**$ 14,586**	$ 13,740	$ 2,806	$ 16,546
Tax-exempt	**13,846**	**1,466**	**15,312**	7,428	(4,018)	3,410
Total securities	**27,566**	**2,332**	**29,898**	21,168	(1,212)	19,956
Loans, net[1]	**120,467**	**20,015**	**140,482**	139,042	35,768	174,810
Other earning assets	**2,446**	**646**	**3,092**	1,443	(38)	1,405
Total earning assets	**$150,479**	**$ 22,993**	**$173,472**	$161,653	$34,518	$196,171
Interest-Bearing Liabilities:						
Interest-Bearing Deposits:						
Transaction and money market accounts	**$ 10,493**	**$ 20,222**	**$ 30,715**	$ 6,808	$13,522	$ 20,330
Regular savings	**157**	**269**	**426**	90	114	204
Time deposits[2]	**8,176**	**16,319**	**24,495**	9,835	2,861	12,696
Total interest-bearing deposits	**18,826**	**36,810**	**55,636**	16,733	16,497	33,230
Other borrowings[3]	**4,701**	**(974)**	**3,727**	12,378	6,452	18,830
Total interest-bearing liabilities	**23,527**	**35,836**	**59,363**	29,111	22,949	52,060
Change in net interest income	**$126,952**	**$(12,843)**	**$114,109**	$132,542	$11,569	$144,111

(1) *The rate-related change in interest income on loans includes the impact of higher accretion of the acquisition-related fair market value adjustments of $7.7 million and $10.4 million for the 2019 vs. 2018 and 2018 vs. 2017 change, respectively.*

(2) *The rate-related change in interest expense on deposits includes the impact of lower accretion of the acquisition-related fair market value adjustments of $1.7 million for the 2019 vs 2018 change, and higher accretion of $2.6 million for the 2018 vs. 2017 change.*

(3) *The rate-related change in interest expense on other borrowings includes the impact of lower amortization of the acquisition-related fair market value adjustments of $146,000 for the 2019 vs. 2018 change, and lower accretion of $676,000 for the 2018 vs. 2017 change.*

The Company's net interest margin (FTE) includes the impact of acquisition accounting fair value adjustments. The impact of net accretion for 2017, 2018, and 2019 are reflected in the following table (dollars in thousands):

	Loans Accretion	Deposit Accretion (Amortization)	Borrowings Accretion (Amortization)	Total
For the year ended December 31, 2017	$ 6,784	$ —	$ 170	$ 6,954
For the year ended December 31, 2018	17,145	2,553	(506)	19,192
For the year ended December 31, 2019	24,846	833	(360)	25,319

Noninterest Income

The following tables exclude discontinued operations. Refer to Note 19 “Segment Reporting & Discontinued Operations” in Item 8 “Financial Statements and Supplementary Data” of this Form 10-K for further discussion regarding discontinued operations.

	For the Year Ended December 31,		Change	
	2019	**2018**	**$**	**%**
	(Dollars in thousands)			
Noninterest income:				
Service charges on deposit accounts	**$ 30,202**	$ 25,439	$ 4,763	18.7%
Other service charges, commissions and fees	**6,423**	5,603	820	14.6%
Interchange fees	**14,619**	18,803	(4,184)	(22.3)%
Fiduciary and asset management fees	**23,365**	16,150	7,215	44.7%
Mortgage banking income	**10,303**	—	10,303	NM
Gains (losses) on securities transactions	**7,675**	383	7,292	NM
Bank owned life insurance income	**8,311**	7,198	1,113	15.5%
Loan-related interest rate swap fees	**14,126**	3,554	10,572	297.5%
Gain on Shore Premier sale	**—**	19,966	(19,966)	(100.0)%
Other operating income	**17,791**	7,145	10,646	149.0%
Total noninterest income	**$132,815**	**$104,241**	**$ 28,574**	**27.4%**

NM — Not meaningful

For the year ended December 31, 2019, noninterest income increased $28.6 million, or 27.4%, to $132.8 million, from $104.2 million for the year ended December 31, 2018, primarily driven by the increase in the gain on sale of investment securities of $7.3 million, approximately $9.3 million in life insurance proceeds received during the third quarter of 2019 related to a Xenith-acquired loan that had been charged off prior to the Company’s acquisition of Xenith, and an increase in loan related interest rate swap income of $10.6 million. Fiduciary and asset management fees increased $7.2 million and mortgage banking income increased $10.3 million primarily related to the acquisition of Access. Partially offsetting these increases was the net gain on sale of Shore Premier of $20.0 million recognized in 2018 and a decline of $4.2 million in net interchange income partially due to reduced debit card interchange transaction fees as a result of the Durbin Amendment which was effective for the Company on July 1, 2019.

	For the Year Ended December 31,		Change	
	2018	**2017**	**$**	**%**
	(Dollars in thousands)			
Noninterest income:				
Service charges on deposit accounts	$ 25,439	$18,850	$ 6,589	35.0%
Other service charges, commissions and fees	5,603	4,593	1,010	22.0%
Interchange fees	18,803	14,974	3,829	25.6%
Fiduciary and asset management fees	16,150	11,245	4,905	43.6%
Gains (losses) on securities transactions	383	800	(417)	(52.1)%
Bank owned life insurance income	7,198	6,144	1,054	17.2%
Loan-related interest rate swap fees	3,554	3,051	503	16.5%
Gain on Shore Premier sale	19,966	—	19,966	NM
Other operating income	7,145	2,772	4,373	157.8%
Total noninterest income	**$104,241**	**$62,429**	**$41,812**	**67.0%**

NM — Not meaningful

For the year ended December 31, 2018, noninterest income increased $41.8 million, or 67.0%, to $104.2 million, from $62.4 million for the year ended December 31, 2017, primarily driven by the net gain on the Shore Premier sale of $20.0 million. Customer-related fee income increased by $11.4 million primarily due to increases in overdraft and debit card interchange fees related to the acquisition of Xenith; fiduciary and asset management fees were $4.9 million higher primarily due to the acquisitions of DHFB and OAL in the second and third quarter of 2018, respectively; BOLI increased $1.1 million primarily due to death benefit proceeds received in 2018; and the increase in other operating income was primarily driven by insurance proceeds of approximately $976,000 and higher income from Bankers Insurance Group.

Noninterest Expense

The following tables exclude discontinued operations. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

	For the Year Ended December 31,		Change	
	2019	2018	$	%
	(Dollars in thousands)			
Noninterest expense:				
Salaries and benefits	$195,349	$159,378	$ 35,971	22.6%
Occupancy expenses	29,793	25,368	4,425	17.4%
Furniture and equipment expenses	14,216	11,991	2,225	18.6%
Printing, postage, and supplies	5,056	4,650	406	8.7%
Technology and data processing	23,686	18,397	5,289	28.7%
Professional services	11,905	10,283	1,622	15.8%
Marketing and advertising expense	11,566	10,043	1,523	15.2%
FDIC assessment premiums and other insurance	6,874	6,644	230	3.5%
Other taxes	15,749	11,542	4,207	36.4%
Loan-related expenses	10,043	7,206	2,837	39.4%
OREO and credit-related expenses	4,708	4,131	577	14.0%
Amortization of intangible assets	18,521	12,839	5,682	44.3%
Training and other personnel costs	6,376	4,259	2,117	49.7%
Merger-related costs	27,824	39,728	(11,904)	(30.0)%
Rebranding expense	6,455	—	6,455	NM
Loss on debt extinguishment	16,397	—	16,397	NM
Other expenses	13,822	11,308	2,514	22.2%
Total noninterest expense	**$418,340**	**$337,767**	**$ 80,573**	**23.9%**

NM — Not meaningful

For the year ended December 31, 2019, noninterest expense increased $80.6 million, or 23.9%, to $418.3 million, from $337.8 million for the year ended December 31, 2018. Excluding merger-related costs, amortization of intangible assets, and rebranding-related costs, operating noninterest expense(1) for the year ended December 31, 2019 increased $80.3 million, or 28.2% compared to the same period in 2018, primarily driven by the acquisition of Access, the recognition of approximately $16.4 million loss on debt extinguishment resulting from the repayment of approximately $140.0 million in FHLB advances, and the termination of the related cash flow hedges.

(1) *Refer to the "Non-GAAP Measures" section within this Item 7 for more information about this non-GAAP measure, including a reconciliation of these measures to the most directly comparable financial measures calculated in accordance with GAAP.*

	For the Year Ended December 31,		Change	
	2018	2017	$	%
	(Dollars in thousands)			
Noninterest expense:				
Salaries and benefits	$159,378	$115,968	$ 43,410	37.4%
Occupancy expenses	25,368	18,558	6,810	36.7%
Furniture and equipment expenses	11,991	10,047	1,944	19.3%
Printing, postage, and supplies	4,650	4,901	(251)	(5.1)%
Technology and data processing	18,397	16,132	2,265	14.0%
Professional services	10,283	7,767	2,516	32.4%
Marketing and advertising expense	10,043	7,795	2,248	28.8%
FDIC assessment premiums and other insurance	6,644	4,048	2,596	64.1%
Other taxes	11,542	8,087	3,455	42.7%
Loan-related expenses	7,206	4,733	2,473	52.3%
OREO and credit-related expenses	4,131	3,764	367	9.8%
Amortization of intangible assets	12,839	6,088	6,751	110.9%
Training and other personnel costs	4,259	3,843	416	10.8%
Merger-related costs	39,728	5,393	34,335	NM
Other expenses	11,308	8,544	2,764	32.4%
Total noninterest expense	**$337,767**	**$225,668**	**$112,099**	**49.7%**

NM — Not meaningful

For the year ended December 31, 2018, noninterest expense increased $112.1 million, or 49.7%, to $337.8 million, from $225.7 million for the year ended December 31, 2017. Excluding merger-related costs and amortization of intangible assets for the years ended December 31, 2018 and December 31, 2017, respectively, operating noninterest expense for the year ended December 31, 2018 increased $71.0 million, or 33.2% compared to the same period in 2017, primarily driven by the acquisitions of Xenith, DHFB and OAL. Salaries and benefits expenses increased $43.4 million primarily due to the Xenith acquisition. Marketing and advertising expense increased $2.2 million due to building brand awareness of the combined companies and increased sponsorships and advertising for new programs and products.

Income Taxes

The provision for income taxes is based upon the results of operations, adjusted for the effect of certain tax-exempt income and non-deductible expenses. In addition, certain items of income and expense are reported in different periods for financial reporting and tax return purposes. The tax effects of these temporary differences are recognized currently in the deferred income tax provision or benefit. Deferred tax assets or liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities using the applicable enacted marginal tax rate.

On December 22, 2017, the Tax Act was signed into law. Among other things, the Tax Act permanently reduced the corporate tax rate to 21% from the prior maximum rate of 35%, effective for tax years including or commencing January 1, 2018. As a result of the reduction of the corporate tax rate to 21%, companies were required to revalue their deferred tax assets and liabilities as of the date of enactment, with resulting tax effects accounted for in the fourth quarter of 2017. During 2017, the Company recorded $6.1 million in additional tax expense based on the Company's analysis of the impact of the Tax Act.

The Bank is not subject to a state income tax in its primary place of business (Virginia). The Company's other subsidiaries are subject to state income taxes and have generated losses for state income tax purposes. Based on its latest analysis, at December 31, 2019, management concluded that it is more likely than not that the Company would be able to fully realize its deferred tax asset related to net operating losses generated at the state level. State net operating loss carryovers will begin to expire after 2026.

The effective tax rate for the years ended December 31, 2019, 2018, and 2017 was 16.2%, 16.7%, and 31.2%, respectively. The change in the effective tax rates in 2018 and 2017 was due primarily to the impact of the Tax Act.

BALANCE SHEET

The following information excludes discontinued operations. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

Assets

At December 31, 2019, total assets were $17.6 billion, an increase of $3.8 billion, from $13.8 billion at December 31, 2018. The increase in assets was primarily related to the acquisition of Access and loan growth.

On February 1, 2019, the Company completed its acquisition of Access. Below is a summary of the transaction and related impact on the Company's Consolidated Balance Sheet.

- The fair value of assets acquired equaled $2.850 billion, and the fair value of liabilities assumed equaled $2.558 billion.
- Total loans acquired totaled $2.217 billion with a fair value of $2.173 billion.
- Total deposits assumed totaled $2.228 billion with a fair value of $2.227 billion.
- Total goodwill arising from the transaction equaled $208.4 million.
- Core deposit intangibles acquired totaled $40.9 million.

Fair values are preliminary and subject to refinement for up to one year after the closing date of the acquisition, in accordance with ASC 805, *Business Combinations.*

Loans held for investment, net of deferred fees and costs, were $12.6 billion at December 31, 2019, an increase of $2.9 billion, or 29.8%, from December 31, 2018. Average loan balances increased $2.4 billion in 2019, or 24.7%, from 2018. The increase from prior year was primarily due to the Access acquisition. For additional information on the Company's loan activity, please refer to section "Loan Portfolio" included within this Item 7 and Note 4 "Loans and Allowance for Loan Losses" in the "Notes to Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

Liabilities and Stockholders' Equity

At December 31, 2019, total liabilities were $15.0 billion, an increase of $3.2 billion, from $11.8 billion at December 31, 2018.

Total deposits at December 31, 2019 were $13.3 billion, an increase of $3.3 billion, or 33.4%, when compared to $10.0 billion at December 31, 2018. The increase from prior year was primarily due to the Access acquisition and the Company's continued growth in low cost deposit accounts, specifically demand deposits and money market accounts. The increase in low cost deposit accounts is driven by the Company's focus on acquiring low cost funding sources and customer preference for liquidity in response to current market conditions. For additional information on this topic, see section "Deposits" included within this Item 7.

Total borrowings at December 31, 2019 were $1.5 billion, a decrease of $242.5 million, or 13.8%, when compared to $1.8 billion at December 31, 2018. The decrease was primarily driven by the repayment of FHLB advances. For additional information on the Company's borrowing activity, please refer to Note 9 "Borrowings" in the "Notes to Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

At December 31, 2019, stockholders' equity was $2.5 billion, an increase of $588.5 million from December 31, 2018. The increase in stockholders' equity was primarily due to the Access acquisition. The Company's capital ratios continue to exceed the minimum capital requirements and is considered "well-capitalized" for regulatory purposes. The following table summarizes the Company's regulatory capital ratios for the periods ended December 31, (dollars in thousands):

	2019	2018
Common equity Tier 1 capital ratio	10.24%	9.93%
Tier 1 capital ratio	10.24%	11.09%
Total capital ratio	12.63%	12.88%
Leverage ratio (Tier 1 capital to average assets)	8.79%	9.71%
Common equity to total assets	14.31%	13.98%
Tangible common equity to tangible assets[1]	9.08%	8.84%

(1) *Refer to "Non-GAAP Measures" included within this item 7.*

During 2019, the Company declared and paid cash dividends of $0.96 per share, an increase of $0.08 per share, or 9.1%, over cash dividends paid in 2018. On July 10, 2019, the Company announced that its Board of Directors has authorized a share repurchase program to purchase up to $150 million of the Company's common stock through June 30, 2021 in open market transactions or privately negotiated transactions. As of December 31, 2019, authority remained to repurchase approximately $70 million of the Company's common stock.

Securities

At December 31, 2019, the Company had total investments in the amount of $2.6 billion, or 15.0% of total assets, as compared to $2.4 billion, or 17.4% of total assets, at December 31, 2018. The Company seeks to diversify its portfolio to minimize risk. It focuses on purchasing mortgage-backed securities for cash flow and reinvestment opportunities and securities issued by states and political subdivisions due to the tax benefits and the higher yield offered from these securities. The majority of the Company's mortgage-backed securities are agency backed which have a government guarantee. During the fourth quarter of 2018, the Company entered into a swap agreement to hedge the interest rate on a portion of its fixed rate AFS securities. For information regarding the hedge transaction related to AFS securities, see Note 11 "Derivatives" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

The table below sets forth a summary of the securities AFS, securities held to maturity, and restricted stock for the following periods (dollars in thousands):

	December 31, 2019	December 31, 2018
Available for Sale:		
U.S. government and agency securities	**$ 4,498**	$ —
Obligations of states and political subdivisions	**442,992**	468,491
Corporate and other bonds	**263,070**	167,696
Mortgage-backed securities	**1,231,806**	1,129,865
Other securities	**3,079**	8,769
Total AFS securities, at fair value	**1,945,445**	1,774,821
Held to Maturity:		
Obligations of states and political subdivisions, at carrying value	**545,148**	492,272
Mortgage-backed securities	**9,996**	—
Total held to maturity securities	**555,144**	492,272
Restricted Stock:		
Federal Reserve Bank stock	**66,964**	52,576
FHLB stock	**63,884**	72,026
Total restricted stock, at cost	**130,848**	124,602
Total investments	**$2,631,437**	$2,391,695

During each quarter and at year end, the Company conducts an assessment of the securities portfolio for OTTI consideration. No OTTI was recognized for the years ended December 31, 2019 and 2018. The Company monitors the portfolio, which is subject to liquidity needs, market rate changes, and credit risk changes, to determine whether adjustments are needed. Expected maturities may differ from contractual maturities because borrowers included in mortgage-backed securities may have the right to call or prepay obligations with or without call or prepayment penalties.

The following table summarizes the contractual maturity of securities AFS at fair value and their weighted average yields as of December 31, 2019 (dollars in thousands):

	1 Year or Less	1 – 5 Years	5 – 10 Years	Over 10 Years	Total
U.S. government and agency securities					
Amortized cost	$ 4,487	$ —	$ —	$ —	$ 4,487
Fair value	4,498	—	—	—	4,498
Weighted average yield(1)	2.53%	—%	—%	—%	2.53%
Mortgage backed securities:					
Amortized cost	$ 9,994	$150,527	$124,537	$ 924,193	$1,209,251
Fair value	10,016	152,632	126,659	942,499	1,231,806
Weighted average yield(1)	2.77%	2.55%	2.67%	2.99%	2.90%
Obligations of states and political subdivisions:					
Amortized cost	$ 7,486	$ 10,411	$ 29,832	$ 369,668	$ 417,397
Fair value	7,574	10,609	30,871	393,938	442,992
Weighted average yield(1)	5.18%	4.48%	3.66%	3.66%	3.70%
Corporate bonds and other securities:					
Amortized cost	$13,079	$ 3,667	$ 95,343	$ 150,203	$ 262,292
Fair value	13,109	3,632	97,260	152,148	266,149
Weighted average yield(1)	4.96%	2.93%	4.32%	3.07%	3.61%
Total AFS securities:					
Amortized cost	$35,046	$164,605	$249,712	$1,444,064	$1,893,427
Fair value	35,197	166,873	254,790	1,488,585	1,945,445
Weighted average yield(1)	4.07%	2.68%	3.42%	3.17%	3.17%

(1) *Yields on tax-exempt securities have been computed on a tax-equivalent basis.*

The following table summarizes the contractual maturity of securities held to maturity at carrying value and their weighted average yields as of December 31, 2019 (dollars in thousands):

	1 Year or Less	1 – 5 Years	5 – 10 Years	Over 10 Years	Total
Obligations of states and political subdivisions:					
Carrying value	$ 502	$ 8,644	$ 569	$535,433	$545,148
Fair value	504	8,908	592	583,418	593,422
Weighted average yield(1)	3.27%	2.58%	3.16%	4.09%	4.07%
Mortgage backed securities:					
Carrying value	$ —	$ 1,614	$1,199	$ 7,183	$ 9,996
Fair value	—	1,631	1,208	7,242	10,081
Weighted average yield(1)	—	4.87%	4.12%	5.61%	5.31%
Total HTM securities:					
Carrying value	$ 502	$10,258	$1,768	542,616	555,144
Fair value	504	10,539	1,800	590,660	603,503
Weighted average yield(1)	3.27%	2.94%	3.81%	4.11%	4.09%

(1) *Yields on tax-exempt securities have been computed on a tax-equivalent basis.*

As of December 31, 2019, the Company maintained a diversified municipal bond portfolio with approximately 63% of its holdings in general obligation issues and the remainder primarily backed by revenue bonds. Issuances within the State of Texas represented 19%; no other state had a concentration above 10%. Substantially all municipal holdings are considered investment grade. When purchasing municipal securities, the Company focuses on strong underlying ratings for general obligation issuers or bonds backed by essential service revenues.

Loan Portfolio

Loans held for investment, net of deferred fees and costs, were $12.6 billion and $9.7 billion at December 31, 2019 and 2018, respectively. Commercial real estate — non-owner occupied loans continue to represent the Company's largest category, comprising 26.1% of the total loan portfolio at December 31, 2019.

The following table presents the Company's composition of loans held for investment, net of deferred fees and costs, in dollar amounts and as a percentage of total gross loans as of December 31, (dollars in thousands):

	2019		**2018**		**2017**		**2016**		**2015**	
Construction and Land Development	**$ 1,250,924**	**9.9%**	$1,194,821	12.3%	$ 948,791	13.3%	$ 751,131	11.9%	$ 749,720	13.2%
Commercial Real Estate – Owner Occupied	**2,041,243**	**16.2%**	1,337,345	13.8%	943,933	13.2%	857,805	13.6%	860,086	15.2%
Commercial Real Estate – Non-Owner Occupied	**3,286,098**	**26.1%**	2,467,410	25.4%	1,713,659	24.0%	1,564,295	24.8%	1,270,480	22.3%
Multifamily Real Estate	**633,743**	**5.0%**	548,231	5.6%	357,079	5.0%	334,276	5.3%	322,528	5.7%
Commercial & Industrial	**2,114,033**	**16.8%**	1,317,135	13.6%	612,023	8.6%	551,526	8.7%	435,365	7.7%
Residential 1-4 Family – Commercial	**724,337**	**5.7%**	640,419	6.6%	551,647	7.7%	494,182	7.8%	457,071	8.1%
Residential 1-4 Family – Consumer	**890,503**	**7.1%**	673,909	6.9%	546,438	7.7%	535,365	8.5%	521,398	9.2%
Residential 1-4 Family – Revolving	**659,504**	**5.2%**	613,383	6.3%	537,521	7.5%	526,884	8.4%	516,726	9.1%
Auto	**350,419**	**2.8%**	301,943	3.1%	282,474	4.0%	262,071	4.2%	234,061	4.1%
Consumer	**372,853**	**3.0%**	379,694	3.9%	408,667	5.7%	278,549	4.4%	169,903	3.0%
Other Commercial	**287,279**	**2.2%**	241,917	2.5%	239,320	3.3%	150,976	2.4%	134,124	2.4%
Total loans held for investment	**$12,610,936**	**100.0%**	$9,716,207	100.0%	$7,141,552	100.0%	$6,307,060	100.0%	$5,671,462	100.0%

The following table presents the remaining maturities, based on contractual maturity, by loan type and by rate type (variable or fixed), as of December 31, 2019 (dollars in thousands):

			Variable Rate			**Fixed Rate**		
	Total Maturities	**Less than 1 year**	**Total**	**1 – 5 years**	**More than 5 years**	**Total**	**1 – 5 years**	**More than 5 years**
Construction and Land Development	**$ 1,250,924**	$ 524,921	$ 426,530	$ 302,424	$ 124,106	$ 299,473	$ 231,453	$ 68,020
Commercial Real Estate – Owner Occupied	**2,041,243**	174,916	546,695	134,025	412,670	1,319,632	698,187	621,445
Commercial Real Estate – Non-Owner Occupied	**3,286,098**	388,051	1,318,911	381,966	936,945	1,579,136	1,139,938	439,198
Multifamily Real Estate	**633,743**	77,950	297,719	84,079	213,640	258,074	203,040	55,034
Commercial & Industrial	**2,114,033**	689,811	872,724	705,242	167,482	551,498	325,744	225,754
Residential 1-4 Family – Commercial	**724,337**	126,228	146,173	17,664	128,509	451,936	385,756	66,180
Residential 1-4 Family – Consumer	**890,503**	29,454	380,846	6,157	374,689	480,203	20,293	459,910
Residential 1-4 Family – Revolving	**659,504**	61,765	588,776	78,929	509,847	8,963	809	8,154
Auto	**350,419**	3,735	—	—	—	346,684	163,889	182,795
Consumer	**372,853**	9,843	19,527	17,251	2,276	343,483	194,305	149,178
Other Commercial	**287,279**	48,170	67,747	1,501	66,246	171,362	69,848	101,514
Total loans held for investment	**$12,610,936**	$2,134,844	$4,665,648	$1,729,238	$2,936,410	$5,810,444	$3,433,262	$2,377,182

The Company remains committed to originating soundly underwritten loans to qualifying borrowers within its markets. The Company is focused on providing community-based financial services and discourages the origination of portfolio loans outside of its principal trade areas. As reflected in the loan table, at December 31, 2019, the largest components of the Company's loan portfolio consisted of commercial real estate, commercial & industrial, and construction and land development loans. The risks attributable to these concentrations are mitigated by the Company's credit underwriting and monitoring processes, including oversight by a centralized credit administration function and credit policy and risk management committee, as well as seasoned bankers focusing their lending to borrowers with proven track records in markets with which the Company is familiar.

Asset Quality

Overview

At December 31, 2019, the Company had lower levels of NPAs compared to December 31, 2018, primarily due to nonaccrual customer payments and sales of foreclosed properties. NPAs as a percentage of total outstanding loans held for investment decreased from December 31, 2018. Past due loan levels as a percentage of total loans held for investment at December 31, 2019 were lower than past due loan levels at December 31, 2018.

Net charge-offs increased for the year ended December 31, 2019, compared to 2018. Total net charge-offs as a percentage of total average loans also increased for the year ended December 31, 2019, compared to the year ended December 31, 2018. The increase in net charge-offs is primarily from the Company's consumer lending portfolio and a construction and land development relationship. For the year ended December 31, 2019, the allowance and the provision for loan losses increased from the year ended December 31, 2018 due to an increase in net charge-offs and loan growth during 2019.

The Company believes that its continued proactive efforts to effectively manage its loan portfolio have contributed to the sustained historically low levels of NPAs. Efforts include identifying existing problem credits as well as generating new business relationships. Through early identification and diligent monitoring of specific problem credits where the uncertainty has been realized, or conversely, has been reduced or eliminated, the Company's management has been able to quantify the credit risk in its loan portfolio, adjust collateral dependent credits to appropriate reserve levels, and further identify those credits that are not recoverable. The Company continues to refrain from originating or purchasing loans from foreign entities. The Company selectively originates loans to higher risk borrowers. The Company's loan portfolio generally does not include exposure to option adjustable rate mortgage products, high loan-to-value ratio mortgages, interest only mortgage loans, subprime mortgage loans or mortgage loans with initial teaser rates, which are all considered higher risk instruments.

All nonaccrual and past due loan metrics discussed below exclude PCI loans totaling $86.7 million (net of fair value mark of $18.2 million) at December 31, 2019.

Nonperforming Assets

At December 31, 2019, NPAs totaled $32.9 million, a decrease of $735,000 or 2.2% from December 31, 2018. NPAs as a percentage of total outstanding loans at December 31, 2019 were 0.26%, a decline of 9 basis points from 0.35% at December 31, 2018.

The following table shows a summary of asset quality balances and related ratios as of and for the years ended December 31, (dollars in thousands):

	2019	2018	2017	2016	2015
Nonaccrual loans, excluding PCI loans	**$ 28,232**	$ 26,953	$ 21,743	$ 9,973	$ 11,936
Foreclosed properties	**4,708**	6,722	5,253	7,430	11,994
Total NPAs	**32,940**	33,675	26,996	17,403	23,930
Loans past due 90 days and accruing interest	**13,396**	8,856	3,532	3,005	5,829
Total NPAs and loans past due 90 days and accruing interest	**$ 46,336**	$ 42,531	$ 30,528	$ 20,408	$ 29,759
Performing TDRs	**$ 15,686**	$ 19,201	$ 14,553	$ 13,967	$ 10,780
PCI loans	**86,681**	90,221	39,021	59,292	73,737
Balances					
Allowance for loan losses	**$ 42,294**	$ 41,045	$ 38,208	$ 37,192	$ 34,047
Average loans, net of deferred fees and costs	**11,949,171**	9,584,785	6,701,101	5,956,125	5,487,367
Loans, net of deferred fees and costs	**12,610,936**	9,716,207	7,141,552	6,307,060	5,671,462

	2019	2018	2017	2016	2015
Ratios					
NPAs to total loans	**0.26%**	0.35%	0.38%	0.28%	0.42%
NPAs & loans 90 days past due to total loans	**0.37%**	0.44%	0.43%	0.32%	0.52%
NPAs to total loans & foreclosed property	**0.26%**	0.35%	0.38%	0.28%	0.42%
NPAs & loans 90 days past due to total loans & foreclosed property	**0.37%**	0.44%	0.43%	0.32%	0.52%
ALL to nonaccrual loans	**149.81%**	152.28%	175.73%	372.93%	285.25%
ALL to nonaccrual loans & loans 90 days past due	**101.60%**	114.62%	151.17%	286.58%	191.65%

Nonperforming assets at December 31, 2019 included $28.2 million in nonaccrual loans, a net increase of $1.3 million or 4.7% from December 31, 2018. The following table shows the activity in nonaccrual loans for the years ended December 31, (dollars in thousands):

	2019	2018	2017	2016	2015
Beginning Balance	**$ 26,953**	$21,743	$ 9,973	$11,936	$ 19,255
Net customer payments	**(14,775)**	(9,642)	(7,976)	(7,159)	(10,240)
Additions	**23,576**	21,441	27,985	13,171	12,517
Charge-offs	**(4,792)**	(4,148)	(6,782)	(4,418)	(7,064)
Loans returning to accruing status	**(2,055)**	(2,021)	(609)	(2,390)	(1,497)
Transfers to foreclosed property	**(675)**	(420)	(848)	(1,167)	(1,035)
Ending Balance	**$ 28,232**	$26,953	$21,743	$ 9,973	$ 11,936
Nonaccrual loans to total loans	**0.22%**	0.28%	0.30%	0.16%	0.21%

The majority of the nonaccrual additions related to construction and land development, commercial real estate-owner occupied, and residential 1-4 family — consumer loans.

The following table presents the composition of nonaccrual loans and the coverage ratio, which is the ALL expressed as a percentage of nonaccrual loans, at the years ended December 31, (dollars in thousands):

	2019	2018	2017	2016	2015
Construction and Land Development	**$ 3,703**	$ 8,018	$ 5,610	$ 2,037	$ 2,113
Commercial Real Estate – Owner Occupied	**6,003**	3,636	2,708	794	3,904
Commercial Real Estate – Non-owner Occupied	**381**	1,789	2,992	—	100
Commercial & Industrial	**1,735**	1,524	316	124	429
Residential 1-4 Family – Commercial	**4,301**	2,481	1,085	1,071	1,566
Residential 1-4 Family – Consumer	**9,292**	7,276	6,269	4,208	1,997
Residential 1-4 Family – Revolving	**2,080**	1,518	2,075	1,279	1,348
Auto	**563**	576	413	169	192
Consumer and all other	**174**	135	275	291	287
Total	**$28,232**	$26,953	$21,743	$ 9,973	$11,936
Coverage Ratio	**149.81%**	152.28%	175.73%	372.93%	285.25%

Nonperforming assets at December 31, 2019 also included $4.7 million in foreclosed property, a decrease of $2.0 million or 30.0% from the prior year. The following table shows the activity in foreclosed property for the years ended December 31, (dollars in thousands):

	2019	2018	2017	2016	2015
Beginning Balance	**$ 6,722**	$ 5,253	$ 7,430	$11,994	$23,058
Additions of foreclosed property	**1,878**	924	1,078	2,062	2,378
Acquisitions of foreclosed property(1)	**—**	4,042	—	—	—
Capitalized Improvements	**—**	—	—	—	308
Valuation Adjustments	**(921)**	(1,324)	(1,552)	(1,017)	(6,002)
Proceeds from sales	**(2,988)**	(2,439)	(1,676)	(5,707)	(7,929)
Gains (losses) from sales	**17**	266	(27)	98	181
Ending Balance	**$ 4,708**	$ 6,722	$ 5,253	$ 7,430	$11,994

(1) *Includes subsequent measurement period adjustments.*

During 2019, the majority of sales of foreclosed property were primarily related to residential real estate.

The following table presents the composition of the foreclosed property portfolio at the years ended December 31, (dollars in thousands):

	2019	2018	2017	2016	2015
Land	**$1,615**	$2,306	$2,755	$3,328	$ 5,731
Land Development	**1,978**	2,809	1,045	2,379	2,918
Residential Real Estate	**721**	1,204	1,314	1,549	2,601
Commercial Real Estate	**394**	403	139	174	744
Total	**$4,708**	$6,722	$5,253	$7,430	$11,994

Past Due Loans

At December 31, 2019 past due loans still accruing interest totaled $76.6 million or 0.61% of total loans held for investment, compared to $61.9 million or 0.64% of total loans held for investment at December 31, 2018. Of the total past due loans still accruing interest $13.4 million or 0.11% of total loans held for investment were loans past due 90 days or more at December 31, 2019, compared to $8.9 million or 0.09% of total loans at December 31, 2018.

Troubled Debt Restructurings

A modification of a loan's terms constitutes a TDR if the creditor grants a concession that it would not otherwise consider to the borrower for economic or legal reasons related to the borrower's financial difficulties. Management strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, extension of terms that are considered to be below market, conversion to interest only, principal forgiveness and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, management measures any impairment on the restructuring accordingly and in accordance with the impaired loan policy.

The total recorded investment in TDRs at December 31, 2019 was $19.5 million, a decrease of $7.1 million or 26.7% from $26.6 million at December 31, 2018. Of the $19.5 million of TDRs at December 31, 2019, $15.7 million or 80.5% were considered performing while the remaining $3.8 million were considered nonperforming. Of the $26.6 million of TDRs at December 31, 2018, $19.2 million or 72.2% were considered performing while the remaining $7.4 million were considered nonperforming. Loans are removed from TDR status in accordance with the established policy described in Note 1 "Summary of Significant Accounting Policies" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

Net Charge-offs

For the year ended December 31, 2019, net charge-offs of loans were $20.9 million or 0.17% of total average loans, compared to $11.1 million or 0.12% for the year ended December 31, 2018. The majority of net charge-offs in 2019 were related to consumer loans and a construction and land development relationship.

Provision for Loan Losses

The provision for loan losses for the year ended December 31, 2019 totaled $22.1million, an increase of $8.0 million or 57.1% from the prior year. The increase in provision for loan losses in the current year compared to the prior year was primarily driven by higher loan balances and an increase in net charge-offs.

Allowance for Loan Losses

The ALL increased $1.2 million from December 31, 2018 to $42.3 million at December 31, 2019, primarily due to loan growth during the year. The current level of the ALL reflects specific reserves related to nonperforming loans, current risk ratings on loans, net charge-off activity, loan growth, delinquency trends and other credit risk factors that the Company considers important in assessing the adequacy of the ALL. The ALL as a percentage of the total loan portfolio was 0.34% at December 31, 2019, compared to 0.42% at December 31, 2018. The decline in the allowance ratio was primarily attributable to the acquisition of Access on February 1, 2019. In acquisition accounting, there is no carryover of previously established ALL.

The following table summarizes activity in the ALL during the years ended December 31, (dollars in thousands):

	2019	2018	2017	2016	2015
Balance, beginning of year	**$41,045**	$38,208	$37,192	$34,047	$32,384
Loans charged-off:					
Commercial	**3,096**	833	2,277	1,920	2,361
Real estate	**7,148**	5,042	5,486	4,125	7,158
Consumer	**17,864**	10,355	5,547	2,510	2,016
Total loans charged-off	**28,108**	16,230	13,310	8,555	11,535
Recoveries:					
Commercial	**1,132**	534	483	483	958
Real estate	**2,845**	2,461	1,130	1,781	2,154
Consumer	**3,255**	2,173	1,642	761	815
Total recoveries	**7,232**	5,168	3,255	3,025	3,927
Net charge-offs	**20,876**	11,062	10,055	5,530	7,608
Provision for loan losses – continuing operations	**22,125**	14,084	11,117	8,458	9,150
Provision for loan losses – discontinued operations	**—**	(185)	(46)	217	121
Balance, end of year	**$42,294**	$41,045	$38,208	$37,192	$34,047
ALL to loans	**0.34%**	0.42%	0.54%	0.59%	0.60%
Net charge-offs to average loans	**0.17%**	0.12%	0.15%	0.09%	0.14%
Provision to average loans	**0.19%**	0.15%	0.17%	0.15%	0.17%

The following table shows the ALL by loan segment and the percentage of the loan portfolio that the related ALL covers as of December 31, (dollars in thousands):

	2019		2018		2017		2016		2015	
	$	%(1)	$	%(1)	$	%(1)	$	%(1)	$	%(1)
Commercial	**$ 8,604**	**16.8%**	$ 7,636	13.6%	$ 4,552	8.6%	$ 4,627	8.7%	$ 3,163	7.7
Real estate	**24,553**	**75.2%**	24,821	76.9%	28,597	78.4%	29,441	80.3%	27,537	82.8
Consumer	**9,137**	**8.0%**	8,588	9.5%	5,059	13.0%	3,124	11.0%	3,347	9.5
Total	**$42,294**	**100.0%**	$41,045	100.0%	$38,208	100.0%	$37,192	100.0%	$34,047	100.0

(1) *The percent represents the loan balance divided by total loans.*

Deposits

As of December 31, 2019, total deposits were $13.3 billion, an increase of $3.3 billion, or 33.4%, compared to December 31, 2018. Total interest-bearing deposits consist of NOW, money market, savings, and time deposit account balances. Total time deposit balances of $2.7 billion accounted for 26.6% of total interest-bearing deposits at December 31, 2019.

The following table presents the deposit balances by major category as of December 31 (dollars in thousands):

	2019		2018	
Deposits:	**Amount**	**% of total deposits**	**Amount**	**% of total deposits**
Non-interest bearing	**$ 2,970,139**	**22.3%**	$2,094,607	21.0%
NOW accounts	**2,905,714**	**21.8%**	2,288,523	23.0%
Money market accounts	**3,951,856**	**29.7%**	2,875,301	28.8%
Savings accounts	**727,847**	**5.5%**	622,823	6.2%
Time deposits of $100,000 and over(1)	**1,618,637**	**12.2%**	1,067,181	10.7%
Other time deposits	**1,130,788**	**8.5%**	1,022,525	10.3%
Total Deposits	**$13,304,981**	**100.0%**	$9,970,960	100.0%

(1) *Includes time deposits of $250,000 and over of $684,797 and $292,224 as of December 31, 2019 and 2018, respectively.*

The Company may also borrow additional funds by purchasing certificates of deposit through a nationally recognized network of financial institutions. The Company utilizes this funding source when rates are more favorable than other funding sources. As of December 31, 2019 and 2018, there were $190.7 million and $188.5 million, respectively, purchased certificates of deposit included in certificates of deposit on the Company's Consolidated Balance Sheets.

Maturities of time deposits of $100,000 or more as of December 31, 2019 were as follows (dollars in thousands):

	Amount
Within 3 Months	**$ 261,592**
3 – 12 Months	**705,185**
Over 12 Months	**651,860**
Total	**$1,618,637**

Capital Resources

Capital resources represent funds, earned or obtained, over which financial institutions can exercise greater or longer control in comparison with deposits and borrowed funds. The adequacy of the Company's capital is reviewed by management on an ongoing basis with reference to size, composition, and quality of the Company's resources and consistency with regulatory requirements and industry standards. Management seeks to maintain a capital structure that will assure an adequate level of capital to support anticipated asset growth and to absorb potential losses, yet allow management to effectively leverage its capital to maximize return to shareholders.

In July 2013, the Federal Reserve issued final rules to include technical changes to its market risk capital rules to align them with the Basel III regulatory capital framework and meet certain requirements of the Dodd-Frank Act. Effective January 1, 2015, the final rules require the Company and the Bank to comply with the following minimum capital ratios: (i) a new common equity Tier 1 capital ratio of 4.5% of risk-weighted assets; (ii) a Tier 1 capital ratio of 6.0% of risk-weighted assets (increased from the prior requirement of 4.0%); (iii) a total capital ratio of 8.0% of risk-weighted assets (unchanged from the prior requirement); and (iv) a leverage ratio of 4.0% of total assets (unchanged from the prior requirement). These capital requirements were phased in over a four-year period. The rules were fully phased in on January 1, 2019, and now require the Company and the Bank to maintain (i) a minimum ratio of common equity Tier 1 to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (which is added to the 4.5% common equity Tier 1 ratio as that buffer is phased in, effectively resulting in a minimum ratio of common equity Tier 1 to risk-weighted assets of at least 7.0% upon full implementation), (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the 2.5% capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio as that buffer is phased in, effectively resulting in a minimum Tier 1 capital ratio of 8.5% upon full implementation), (iii) a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus the 2.5% capital conservation buffer (which is added to the 8.0% total capital ratio as that buffer is phased in, effectively resulting in a minimum total capital ratio of 10.5% upon full implementation), and (iv) a minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to average assets.

Beginning January 1, 2016, the capital conservation buffer requirement began to be phased in at 0.625% of risk-weighted assets, and have increased by the same amount each year until it was fully implemented at 2.5% on January 1, 2019. As of December 31, 2019, the capital conservation buffer was 2.5% of risk-weighted assets. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of common equity Tier 1 to risk-weighted assets above the minimum but below the conservation buffer will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall.

On February 1, 2019, the Company completed its acquisition of Access. As a result, as of December 31, 2019, the Company's assets exceeded $15.0 billion and the trust preferred capital notes qualify for Tier 2 capital for regulatory purposes.

On July 10, 2019, the Company announced that its Board of Directors has authorized a share repurchase program to purchase up to $150 million of the Company's common stock through June 30, 2021 in open market transactions or privately negotiated transactions. As of December 31, 2019, authority remained to repurchase approximately $70 million of the Company's common stock.

The table summarizes the Company's regulatory capital and related ratios for the periods ended December 31, (dollars in thousands):

	2019	2018	2017
Common equity Tier 1 capital	**$ 1,437,908**	$ 1,106,871	$ 737,204
Tier 1 capital	**1,437,908**	1,236,709	826,979
Tier 2 capital	**335,927**	199,002	186,809
Total risk-based capital	**1,773,835**	1,435,711	1,013,788
Risk-weighted assets	**14,042,949**	11,146,898	8,157,174
Capital ratios:			
Common equity Tier 1 capital ratio	**10.24%**	9.93%	9.04%
Tier 1 capital ratio	**10.24%**	11.09%	10.14%
Total capital ratio	**12.63%**	12.88%	12.43%
Leverage ratio (Tier 1 capital to average assets)	**8.79%**	9.71%	9.42%
Capital conservation buffer ratio[(1)]	**4.24%**	4.88%	4.14%
Common equity to total assets	**14.31%**	13.98%	11.23%
Tangible common equity to tangible assets[(2)]	**9.08%**	8.84%	8.14%

(1) *Calculated by subtracting the regulatory minimum capital ratio requirements from the Company's actual ratio results for Common equity, Tier 1, and Total risk-based capital. The lowest of the three measures represents the Company's capital conservation buffer ratio.*

(2) *Refer to "Non-GAAP Measures" within this Item 7.*

During the fourth quarter of 2016, the Company issued $150.0 million of fixed-to-floating rate subordinated notes with a maturity date of December 15, 2026. The notes were sold at par, resulting in net proceeds, after discounts and offering expenses, of approximately $148.0 million. In connection with the acquisition of Xenith on January 1, 2018, the Company acquired $8.5 million of fixed interest rate subordinated notes with a maturity date of June 30, 2025. At December 31, 2019, the aggregate carrying value of the subordinated notes was $157.1 million. The subordinated notes are classified as Tier 2 capital for the Company.

Commitments and Off-Balance Sheet Obligations

In the normal course of business, the Company is a party to financial instruments with off-balance sheet risk to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve elements of credit and interest rate risk in excess of the amount recognized in the Company's Consolidated Balance Sheets. The contractual amounts of these instruments reflect the extent of the Company's involvement in particular classes of financial instruments. For more information pertaining to these commitments, reference Note 10 "Commitments and Contingencies" in the "Notes to the Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and letters of credit written is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Unless noted otherwise, the Company does not require collateral or other security to support off-balance sheet financial instruments with credit risk.

The following table represents the Company's other commitments with balance sheet or off-balance sheet risk as of December 31, (dollars in thousands):

	2019	2018
Commitments with off-balance sheet risk:		
Commitments to extend credit[(1)]	**$4,691,272**	$3,167,085
Standby letters of credit	**209,658**	167,597
Total commitments with off-balance sheet risk	**$4,900,930**	$3,334,682

(1) *Includes unfunded overdraft protection.*

The following table presents the Company's contractual obligations and scheduled payment amounts due at the various intervals over the next five years and beyond as of December 31, 2019 (dollars in thousands):

	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Long-term debt[(1)]	$ 938,500	$ 30,000	$ —	$200,000	$708,500
Trust preferred capital notes[(1)]	155,159	—	—	—	155,159
Operating leases	73,178	13,046	21,665	17,442	21,025
Other short-term borrowings	370,200	370,200	—	—	—
Repurchase agreements	66,053	66,053	—	—	—
Total contractual obligations	$1,603,090	$479,299	$21,665	$217,442	$884,684

(1) *Excludes related premium/discount amortization.*

For more information pertaining to the previous table, reference Note 5 "Premises and Equipment" and Note 9 "Borrowings" in the "Notes to the Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

MARKET RISK

Interest Sensitivity

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates, and equity prices. The Company's market risk is composed primarily of interest rate risk. The ALCO of the Company is responsible for reviewing the interest rate sensitivity position of the Company and establishing policies to monitor and limit exposure to this risk. The Company's Board of Directors reviews and approves the guidelines established by ALCO.

Interest rate risk is monitored through the use of three complementary modeling tools: static gap analysis, earnings simulation modeling, and economic value simulation (net present value estimation). Each of these models measures changes in a variety of interest rate scenarios. While each of the interest rate risk models has limitations, taken together they represent a reasonably comprehensive view of the magnitude of interest rate risk in the Company, the distribution of risk along the yield curve, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships. Static gap, which measures aggregate re-pricing values, is less utilized because it does not effectively measure the options risk impact on the Company and is not addressed here. Earnings simulation and economic value models, which more effectively measure the cash flow and optionality impacts, are utilized by management on a regular basis and are explained below.

The Company determines the overall magnitude of interest sensitivity risk and then formulates policies and practices governing asset generation and pricing, funding sources and pricing, and off-balance sheet commitments. These decisions are based on management's expectations regarding future interest rate movements, the states of the national, regional and local economies, and other financial and business risk factors. The Company uses simulation modeling to measure and monitor the effect of various interest rate scenarios and business strategies on net interest income. This modeling reflects interest rate changes and the related impact on net interest income and net income over specified time horizons.

Earnings Simulation Analysis

Management uses simulation analysis to measure the sensitivity of net interest income to changes in interest rates. The model calculates an earnings estimate based on current and projected balances and rates. This method is subject to the accuracy of the assumptions that underlie the process, but it provides a better analysis of the sensitivity of earnings to changes in interest rates than other analyses, such as the static gap analysis discussed above.

Assumptions used in the model are derived from historical trends and management's outlook and include loan and deposit growth rates and projected yields and rates. These assumptions may not materialize and unanticipated events and circumstances may occur. The model also does not take into account any future actions of management to mitigate the impact of interest rate changes. Such assumptions are monitored by management and periodically adjusted as appropriate. All maturities, calls, and prepayments in the securities portfolio are assumed to be reinvested in like instruments. Mortgage-backed securities prepayment assumptions are based on industry estimates of prepayment speeds for portfolios with similar coupon ranges and seasoning. Different interest rate scenarios and yield curves are used to measure the sensitivity of earnings to changing interest rates. Interest rates on different asset and liability accounts move differently when the prime rate changes and are reflected in the different rate scenarios.

The Company uses its simulation model to estimate earnings in rate environments where rates are instantaneously shocked up or down around a "most likely" rate scenario, based on implied forward rates and futures curves. The analysis assesses the impact on net interest income over a 12-month time horizon after an immediate increase or "shock" in rates, of 100 basis points up to 300 basis points. The model, under all scenarios, does not drop the index below zero.

The following table represents the interest rate sensitivity on net interest income for the Company across the rate paths modeled for balances at the period ended December 31, 2019 and 2018 (dollars in thousands):

	Change In Net Interest Income December 31,			
	2019		2018	
	%	$	%	$
Change in Yield Curve:				
+300 basis points	**12.71**	**69,963**	**8.58**	**38,997**
+200 basis points	**8.77**	**48,259**	**6.26**	**28,464**
+100 basis points	**4.60**	**25,336**	**3.24**	**14,744**
Most likely rate scenario	**—**	**—**	**—**	**—**
-100 basis points	**(4.69)**	**(25,787)**	**(4.38)**	**(19,892)**
-200 basis points	**(7.94)**	**(43,690)**	**(10.03)**	**(45,583)**

Asset sensitivity indicates that in a rising interest rate environment the Company's net interest income would increase and in a decreasing interest rate environment the Company's net interest income would decrease. Liability sensitivity indicates that in a rising interest rate environment the Company's net interest income would decrease and in a decreasing interest rate environment the Company's net interest income would increase.

From a net interest income perspective, the Company was more asset sensitive as of December 31, 2019 compared to its position as of December 31, 2018. This shift is in part due to the changing market characteristics of certain loan and deposit products and in part due to various other off-balance sheet strategies. The Company would expect net interest income to increase with an immediate increase or shock in market rates. In the decreasing interest rate environments, the Company would expect a decline in net interest income as interest-earning assets re-price at lower rates and interest-bearing deposits remain at or near their floors.

Economic Value Simulation

Economic value simulation is used to calculate the estimated fair value of assets and liabilities over different interest rate environments. Economic values are calculated based on discounted cash flow analysis. The net economic value of equity is the economic value of all assets minus the economic value of all liabilities. The change in net economic value over different rate environments is an indication of the longer-term earnings capability of the balance sheet. The same assumptions are used in the economic value simulation as in the earnings simulation. The economic value simulation uses instantaneous rate shocks to the balance sheet.

The following chart reflects the estimated change in net economic value over different rate environments using economic value simulation for the balances at the period ended December 31, 2019 and 2018 (dollars in thousands):

	Change In Economic Value of Equity December 31,			
	2019		2018	
	%	$	%	$
Change in Yield Curve:				
+300 basis points	**(2.98)**	**(97,203)**	**(5.44)**	**(142,691)**
+200 basis points	**(1.82)**	**(59,418)**	**(3.26)**	**(85,657)**
+100 basis points	**(0.73)**	**(23,783)**	**(1.35)**	**(35,425)**
Most likely rate scenario	—	—	—	—
-100 basis points	**(2.52)**	**(82,207)**	**(0.90)**	**(23,496)**
-200 basis points	**(8.07)**	**(263,032)**	**(4.80)**	**(125,969)**

As of December 31, 2019, the Company's economic value of equity is less sensitive in a rising interest rate environment compared to its position as of December 31, 2018 primarily due to the composition of the Consolidated Balance Sheets and due in part to the market characteristics of certain deposits.

Liquidity

Liquidity represents an institution's ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash, interest-bearing deposits with banks, money market investments, federal funds sold, loans held for sale, and securities and loans maturing or re-pricing within one year. Additional sources of liquidity available to the Company include its capacity to borrow additional funds when necessary through federal funds lines with several correspondent banks, a line of credit with the FHLB, the purchase of brokered certificates of deposit, and a corporate line of credit with a large correspondent bank. Management considers the Company's overall liquidity to be sufficient to satisfy its depositors' requirements and to meet its customers' credit needs.

As of December 31, 2019, liquid assets totaled $5.5 billion, or 31.1%, of total assets, and liquid earning assets totaled $5.3 billion, or 34.1% of total earning assets. Asset liquidity is also provided by managing loan and securities maturities and cash flows. As of December 31, 2019, approximately $4.6 billion, or 36.7% of total loans, are scheduled to mature within one year based on contractual maturity, adjusted for expected prepayments, and approximately $343.5 million, or 13.1% of total securities, are scheduled to mature within one year.

Additional sources of liquidity available to the Company include its capacity to borrow additional funds when necessary. For additional information and the available balances on various lines of credit, please refer to Note 9 "Borrowings" in the "Notes to the Consolidated Financial Statements" contained in Items 8 "Financial Statements and Supplementary Data" of this Form 10-K. In addition to lines of credit, the Bank may also borrow additional funds by purchasing certificates of deposit through a nationally recognized network of financial institutions. For additional information and outstanding balances on purchased certificates of deposits, please refer to "Deposits" within this Item 7.

Impact of Inflation and Changing Prices

The Company's financial statements included in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K below have been prepared in accordance with GAAP, which requires the financial position and operating results to be measured principally in terms of historic dollars without considering the change in the relative purchasing power of money over time due to inflation. Inflation affects the Company's results of operations mainly through increased operating costs, but since nearly all of the Company's assets and liabilities are monetary in nature, changes in interest rates affect the financial condition of the Company to a greater degree than changes in the rate of inflation. Although interest rates are greatly influenced by changes in the inflation rate, they do not necessarily change at the same rate or in the same magnitude as the inflation rate. The Company's management reviews pricing of its products and services, in light of current and expected costs due to inflation, to mitigate the inflationary impact on financial performance.

NON-GAAP MEASURES

In reporting the results of December 31, 2019, the Company has provided supplemental performance measures on a tax-equivalent, tangible, and/or operating basis. These measures are a supplement to GAAP used to prepare the Company's financial statements and should not be considered in isolation or as a substitute for comparable measures calculated in accordance with GAAP. In addition, the Company's non-GAAP measures may not be comparable to non-GAAP measures of other companies. The Company uses the non-GAAP measures discussed herein in its analysis of the Company's performance.

Net interest income (FTE), which is used in computing net interest margin (FTE) and efficiency ratio (FTE), provides valuable additional insight into the net interest margin and the efficiency ratio by adjusting for differences in the tax treatment of interest income sources. The entire FTE adjustment is attributable to interest income on earning assets, which is used in computing the yield on earning assets. Interest expense and the related cost of interest-bearing liabilities and cost of funds ratios are not affected by the FTE components.

The Company believes tangible common equity is an important indication of its ability to grow organically and through business combinations as well as its ability to pay dividends and to engage in various capital management strategies. Tangible common equity is used in the calculation of certain profitability, capital, and per share ratios. The Company believes tangible common equity and related ratios are meaningful measures of capital adequacy because they provide a meaningful base for period-to-period and company-to-company comparisons, which the Company believes will assist investors in assessing the capital of the Company and its ability to absorb potential losses.

The Company believes that operating ROTCE is a meaningful supplement to GAAP financial measures and useful to investors because it measures the performance of a business consistently across time without regard to whether components of the business were acquired or developed internally.

Operating measures exclude merger-related costs, rebranding-related costs and nonrecurring tax expenses, which are tax expenses that are unrelated to the Company's normal operations. The Company believes these measures are useful to investors as they exclude certain costs resulting from acquisition activity as well as the impact of the Tax Act and allow investors to more clearly see the combined economic results of the organization's operations.

The operating efficiency ratio (FTE) excludes the amortization of intangible assets and merger-related costs. This measure is similar to the measure utilized by the Company when analyzing corporate performance and is also similar to the measure utilized for incentive compensation. The Company believes this measure is useful to investors as it excludes certain costs resulting from acquisition activity allowing for greater comparability with others in the industry and allowing investors to more clearly see the combined economic results of the organization's operations. In prior periods, the Company has not excluded the amortization of intangibles from noninterest expense when calculating the operating efficiency ratio (FTE). The Company has adjusted its presentation for all periods in this release to exclude the amortization of intangibles from noninterest expense.

The information presented excludes discontinued operations. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

The following table reconciles these non-GAAP measures from their respective GAAP basis measures for the years ended December 31, (dollars in thousands, except per share amounts):

	2019	2018	2017	2016	2015
Interest Income (FTE)					
Interest and Dividend Income (GAAP)	**$ 699,332**	$ 528,788	$ 329,044	$ 293,736	$ 275,387
FTE adjustment	**11,121**	8,195	11,767	11,428	10,463
Interest and Dividend Income FTE (non-GAAP)	**$ 710,453**	$ 536,983	$ 340,811	$ 305,164	$ 285,850
Average earning assets	**$14,881,142**	$11,620,893	$ 8,016,311	$ 7,249,090	$ 6,713,239
Yield on interest-earning assets (GAAP)	**4.70%**	4.55%	4.10%	4.05%	4.10%
Yield on interest-earning assets (FTE) (non-GAAP)	**4.77%**	4.62%	4.25%	4.21%	4.26%
Net Interest Income (FTE)					
Net Interest Income (GAAP)	**$ 537,872**	$ 426,691	$ 279,007	$ 263,966	$ 250,450
FTE adjustment	**11,121**	8,195	11,767	11,428	10,463
Net Interest Income FTE (non-GAAP)	**$ 548,993**	$ 434,886	$ 290,774	$ 275,394	$ 260,913
Average earning assets	**$14,881,142**	$11,620,893	$ 8,016,311	$ 7,249,090	$ 6,713,239
Net interest margin (GAAP)	**3.61%**	3.67%	3.48%	3.64%	3.73%
Net interest margin (FTE) (non-GAAP)	**3.69%**	3.74%	3.63%	3.80%	3.89%
Tangible Assets					
Ending Assets (GAAP)	**$17,562,990**	$13,765,599	$ 9,315,179	$ 8,426,793	$ 7,693,291
Less: Ending goodwill	**935,560**	727,168	298,528	298,191	293,522
Less: Ending amortizable intangibles	**73,669**	48,685	14,803	20,602	23,310
Ending tangible assets (non-GAAP)	**$16,553,761**	$12,989,746	$ 9,001,848	$ 8,108,000	$ 7,376,459
Tangible Common Equity					
Ending Equity (GAAP)	**$ 2,513,102**	$ 1,924,581	$ 1,046,329	$ 1,001,032	$ 995,367
Less: Ending goodwill	**935,560**	727,168	298,528	298,191	293,522
Less: Ending amortizable intangibles	**73,669**	48,685	14,803	20,602	23,310
Ending tangible common equity (non-GAAP)	**$ 1,503,873**	$ 1,148,728	$ 732,998	$ 682,239	$ 678,535
Average equity (GAAP)	**$ 2,451,435**	$ 1,863,216	$ 1,030,847	$ 994,785	$ 991,977
Less: Average goodwill	**912,521**	725,597	298,240	296,087	293,522
Less: Average amortizable intangibles	**79,405**	51,347	17,482	22,044	27,384
Average tangible common equity (non-GAAP)	**$ 1,459,509**	$ 1,086,272	$ 715,125	$ 676,654	$ 671,071
ROE (GAAP)	**7.89%**	7.85%	7.07%	7.79%	6.76%
Common equity to assets (GAAP)	**14.31%**	13.98%	11.23%	11.88%	12.94%
Tangible common equity to tangible assets (non-GAAP)	**9.08%**	8.84%	8.14%	8.41%	9.20%
Book value per share (GAAP)	**$ 31.58**	$ 29.34	$ 24.10	$ 23.15	$ 22.38
Tangible book value per share (non-GAAP)	**$ 18.90**	$ 17.51	$ 16.88	$ 15.78	$ 15.25
Operating Earnings & EPS					
Net Income (GAAP)	**$ 193,528**	$ 146,248	$ 72,923	$ 77,476	$ 67,079
Plus: Merger-related costs, net of tax	**27,395**	32,065	4,405	—	—
Plus: Nonrecurring tax expenses	**—**	—	6,250	—	—
Net operating earnings (non-GAAP)	**$ 220,923**	$ 178,313	$ 83,578	$ 77,476	$ 67,079
Weighted average common shares outstanding, diluted	**80,263,557**	65,908,573	43,779,744	43,890,271	45,138,891
Earnings per common share, diluted (GAAP)	**$ 2.41**	$ 2.22	$ 1.67	$ 1.77	$ 1.49
Operating earnings per common share, diluted (non-GAAP)	**$ 2.75**	$ 2.71	$ 1.91	$ 1.77	$ 1.49

	2019	2018	2017	2016	2015
Operating Performance Metrics					
Average assets (GAAP)	**$16,840,310**	$13,181,609	$ 8,820,142	$ 8,046,305	$ 7,492,895
ROA (GAAP)	**1.15%**	1.11%	0.83%	0.96%	0.90%
Operating ROA (non-GAAP)	**1.31%**	1.35%	0.95%	0.96%	0.90%
Average common equity (GAAP)	**$ 2,451,435**	$ 1,863,216	$ 1,030,847	$ 994,785	$ 991,977
ROE (GAAP)	**7.89%**	7.85%	7.07%	7.79%	6.76%
Operating ROE (non-GAAP)	**9.01%**	9.57%	8.11%	7.79%	6.76%
Average tangible common equity (non-GAAP)	**$ 1,459,509**	$ 1,086,272	$ 715,125	$ 676,654	$ 671,071
Operating ROTCE (non-GAAP)	**16.14%**	17.35%	12.24%	12.14%	10.81%
Operating Noninterest Expense & Efficiency Ratio					
Noninterest expense (GAAP)	**$ 418,340**	$ 337,767	$ 225,668	$ 213,090	$ 206,310
Less: Merger-related costs	**27,824**	39,728	5,393	—	—
Less: Rebranding-related costs	**6,455**	—	—	—	—
Less: Amortization of intangible assets	**18,521**	12,839	6,088	7,210	8,445
Operating noninterest expense (non-GAAP)	**$ 365,540**	$ 285,200	$ 214,187	$ 205,880	$ 197,865
Net interest income (GAAP)	**$ 537,872**	$ 426,691	$ 279,007	$ 263,966	$ 250,450
Net interest income (FTE) (non-GAAP)	**548,993**	434,886	290,774	275,394	260,913
Noninterest income (GAAP)	**132,815**	104,241	62,429	59,849	54,993
Efficiency Ratio (GAAP)	**62.37%**	63.62%	66.09%	65.81%	67.54%
Operating efficiency ratio (FTE) (non-GAAP)	**53.61%**	52.90%	60.64%	61.41%	62.63%
Operating ROTCE					
Operating Net Income (GAAP)	**$ 220,923**	$ 178,313	$ 83,578	$ 77,476	$ 67,079
Plus: Amortization of intangibles, tax effected	**14,632**	10,143	3,957	4,687	5,489
Net Income before amortization of intangibles (non-GAAP)	**$ 235,555**	$ 188,456	$ 87,535	$ 82,163	$ 72,568
Average tangible common equity (non-GAAP)	**$ 1,459,509**	$ 1,086,272	$ 715,125	$ 676,654	$ 671,071
Operating ROTCE (non-GAAP)	**16.14%**	17.35%	12.24%	12.14%	10.81%

QUARTERLY RESULTS

The information presented excludes discontinued operations. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

The following table presents the Company's quarterly performance for the years ended December 31, 2019 and 2018 (dollars in thousands, except per share amounts):

	Quarter			
	First	Second	Third	Fourth
For the Year 2019				
Interest and dividend income	**$ 165,652**	**$ 181,125**	**$ 178,345**	**$ 174,211**
Interest expense	**38,105**	**42,531**	**41,744**	**39,081**
Net interest income	**127,547**	**138,594**	**136,601**	**135,130**
Provision for credit losses	**3,792**	**5,300**	**9,100**	**2,900**
Net interest income after provision for credit losses	**123,755**	**133,294**	**127,501**	**132,230**
Noninterest income(1)	**24,938**	**30,578**	**48,106**	**29,193**
Noninterest expenses	**106,728**	**105,608**	**111,687**	**94,318**
Income before income taxes	**41,965**	**58,264**	**63,920**	**67,105**
Income tax expense	**6,249**	**9,356**	**10,724**	**11,227**
Income from continuing operations	**$ 35,716**	**$ 48,908**	**$ 53,196**	**55,878**
Discontinued operations, net of tax	**(85)**	**(85)**	**42**	**(42)**
Net income	**$ 35,631**	**$ 48,823**	**$ 53,238**	**$ 55,836**
Earnings per share, basic	**$ 0.47**	**$ 0.59**	**$ 0.65**	**$ 0.69**
Earnings per share, diluted	**$ 0.47**	**$ 0.59**	**$ 0.65**	**$ 0.69**
Basic weighted average number of common shares outstanding	**76,472,189**	**82,062,585**	**81,769,193**	**80,439,007**
Diluted weighted average number of common shares outstanding	**76,533,066**	**82,125,194**	**81,832,868**	**80,502,269**
For the Year 2018				
Interest and dividend income	$ 124,379	$ 132,409	$ 131,363	$ 140,636
Interest expense	20,907	24,241	25,400	31,547
Net interest income	103,472	108,168	105,963	109,089
Provision for credit losses	3,524	2,147	3,340	4,725
Net interest income after provision for credit losses	99,948	106,021	102,623	104,364
Noninterest income(1)	20,267	40,597	19,887	23,487
Noninterest expenses	101,743	85,140	76,349	74,533
Income before income taxes	18,472	61,478	46,161	53,318
Income tax expense	1,897	11,678	7,399	9,041
Income from continuing operations	$ 16,575	$ 49,800	$ 38,762	44,277
Discontinued operations, net of tax	$ 64	(2,473)	(565)	(192)
Net income	$ 16,639	$ 47,327	$ 38,197	$ 44,085
Earnings per share, basic	$ 0.25	$ 0.72	$ 0.58	$ 0.67
Earnings per share, diluted	$ 0.25	$ 0.72	$ 0.58	$ 0.67
Basic weighted average number of common shares outstanding	65,554,630	65,919,055	65,974,702	65,982,304
Diluted weighted average number of common shares outstanding	65,636,262	65,965,577	66,013,152	66,013,326

(1) *Third quarter 2019 includes $7.1 million in gains (losses) on securities transactions. All other quarterly results for 2019 and 2018 include an immaterial amount of gains (losses) on securities transactions.*

ITEM 7A. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information is incorporated herein by reference to the information in section "Market Risk" within Item 7. — "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

ITEM 8. — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Atlantic Union Bankshares Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Atlantic Union Bankshares Corporation (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Loan Losses

Description of the Matter	At December 31, 2019, the Company's allowance for loan losses (ALL) was $42.3 million. As discussed further in Note 1 and Note 4, the Company's ALL represents management's best estimate of probable losses inherent in the loan portfolio. Management's determination of the adequacy of the allowance is based on an evaluation of the composition of the loan portfolio, the value and adequacy of collateral, current economic conditions, historical loan loss experience, and other risk factors. Management's process to estimate the ALL consists of specific, general, and qualitative components. The Company recorded a specific ALL for impaired loans, which is calculated at the loan level by comparing the carrying value of the loan to either the underlying value of the collateral, less selling costs, or the discounted cash flows. The general ALL component covers non-impaired loans and is quantitatively derived from an estimate of credit losses applicable to both commercial and consumer loan segments. The determination of the qualitative ALL component includes significant judgments and assumptions to reflect losses inherent in the loan portfolio not quantitatively derived by recent loss history. Qualitative factors include adjustments for current portfolio specific credit risks and local and national economic trends. Auditing the estimate of the qualitative component of the ALL involved a high degree of subjectivity as the estimate requires management to make assumptions on those qualitative factors that cause estimated credit losses associated with the institution's existing portfolio to differ from historical loss experience. Management's identification and measurement of the qualitative component is highly judgmental and could have a significant effect on the ALL.
How We Addressed the Matter in Our Audit	We tested controls that address the risks of material misstatement relating to the measurement of the qualitative component of the ALL. For example, we tested controls over management's identification and measurement of qualitative factors, the reliability and accuracy of data used to calculate the estimate of the ALL, and management's review of the total ALL. To test the qualitative component of the allowance, we performed audit procedures that included, among others, assessing the appropriateness of the methodology and the consistency of its application, comparing certain economic data points used to support the qualitative factors to third party data, re-computing components of the qualitative estimation that were quantitatively derived, and comparing certain measurement ratios to industry peers. We inspected management's documentation supporting the use of qualitative factors, tested the completeness of the data supporting the measurement of those factors, and compared changes in those factors to prior periods to evaluate whether those changes were consistent with changes in the loan portfolio and reflected losses incurred in the loan portfolio. We also compared the collective ALL estimate, inclusive of the qualitative component, to prior periods and industry peers through use of allowance coverage ratios and charge-off experience for potential contrary evidence.

Accounting for Acquisitions

Description of the Matter	The Company completed its acquisition of Access National Corporation (Access), a bank holding company headquartered in Reston, Virginia, on February 1, 2019 for a purchase price of approximately $500.0 million. Access's common stockholders received 0.75 shares of the Company's common stock in exchange for each share of Access's common stock, resulting in the Company issuing 15,842,026 shares of the Company's common stock. As discussed further in Note 1 and Note 2 to the financial statements, the transaction was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at estimated fair values on the acquisition date. The fair value of the acquired loans was determined using market participant assumptions in estimating the amount and timing of both principal and interest cash flows expected to be collected and then applying a market-based discount rate to these cash flows. The acquired loans were segregated into pools based on loan type and credit risk. Credit risk characteristics included risk rating groups and past due status.

Auditing management's estimate of the fair value of acquired loans was complex due to the judgmental nature and sensitivity of the fair value measurement to assumptions used including, among others, the discount rate and credit loss assumptions.

How We Addressed the Matter in Our Audit

We tested the Company's controls over its accounting for acquisitions, including the measurement and valuation of the acquired loans. For example, we tested controls over management's review of the fair value calculations performed by a third party valuation specialist, the key assumptions and inputs used in the fair value measurement, and the data provided to the third party valuation specialist.

To test the estimated fair value of acquired loans, our audit procedures included, among others, involving valuation specialists to assist us in testing management's methodology and significant assumptions used in measuring the fair value of the acquired loan portfolio. For example, we compared the significant assumptions used by management to third party market sources, where available, or independently recalculated the assumption and compared those results to management's assumption. We also evaluated the completeness and accuracy of the underlying data supporting the significant assumptions and fair value estimates by testing the loan data reconciliations, testing the accuracy of assigned risk ratings, and re-performing certain calculations that were derived from historical loss data that was used in the estimate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Richmond, Virginia
February 25, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Atlantic Union Bankshares Corporation

Opinion on Internal Control over Financial Reporting

We have audited Atlantic Union Bankshares Corporation's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Atlantic Union Bankshares Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes, and our report dated February 25, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

Richmond, Virginia
February 25, 2020

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2019 AND 2018
(Dollars in thousands, except share data)

	2019	2018
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	**$ 163,050**	$ 166,927
Interest-bearing deposits in other banks	**234,810**	94,056
Federal funds sold	**38,172**	216
Total cash and cash equivalents	**436,032**	261,199
Securities available for sale, at fair value	**1,945,445**	1,774,821
Securities held to maturity, at carrying value	**555,144**	492,272
Restricted stock, at cost	**130,848**	124,602
Loans held for sale, at fair value	**55,405**	—
Loans held for investment, net of deferred fees and costs	**12,610,936**	9,716,207
Less allowance for loan losses	**42,294**	41,045
Total loans held for investment, net	**12,568,642**	9,675,162
Premises and equipment, net	**161,073**	146,967
Goodwill	**935,560**	727,168
Amortizable intangibles, net	**73,669**	48,685
Bank owned life insurance	**322,917**	263,034
Other assets	**377,587**	250,210
Assets of discontinued operations	**668**	1,479
Total assets	**$17,562,990**	$13,765,599
LIABILITIES		
Noninterest-bearing demand deposits	**$ 2,970,139**	$ 2,094,607
Interest-bearing deposits	**10,334,842**	7,876,353
Total deposits	**13,304,981**	9,970,960
Securities sold under agreements to repurchase	**66,053**	39,197
Other short-term borrowings	**370,200**	1,048,600
Long-term borrowings	**1,077,495**	668,481
Other liabilities	**230,519**	112,093
Liabilities of discontinued operations	**640**	1,687
Total liabilities	**15,049,888**	11,841,018
Commitments and contingencies (Note 10)		
STOCKHOLDERS' EQUITY		
Common stock, $1.33 par value; shares authorized of 200,000,000 and 100,000,000 at December 31, 2019 and December 31, 2018, respectively; 80,001,185 and 65,977,149 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively.	**105,827**	87,250
Additional paid-in capital	**1,790,305**	1,380,259
Retained earnings	**581,395**	467,345
Accumulated other comprehensive income (loss)	**35,575**	(10,273)
Total stockholders' equity	**2,513,102**	1,924,581
Total liabilities and stockholders' equity	**$17,562,990**	$13,765,599

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

(Dollars in thousands, except per share amounts)

	2019	2018	2017
Interest and dividend income:			
Interest and fees on loans	**$ 612,115**	$ 469,856	$ 293,996
Interest on deposits in other banks	**3,733**	2,125	539
Interest and dividends on securities:			
Taxable	**51,437**	36,851	20,305
Nontaxable	**32,047**	19,956	14,204
Total interest and dividend income	**699,332**	528,788	329,044
Interest expense:			
Interest on deposits	**114,972**	59,336	26,106
Interest on short-term borrowings	**15,479**	18,458	6,035
Interest on long-term borrowings	**31,009**	24,303	17,896
Total interest expense	**161,460**	102,097	50,037
Net interest income	**537,872**	426,691	279,007
Provision for credit losses	**21,092**	13,736	10,802
Net interest income after provision for credit losses	**516,780**	412,955	268,205
Noninterest income:			
Service charges on deposit accounts	**30,202**	25,439	18,850
Other service charges, commissions and fees	**6,423**	5,603	4,593
Interchange fees	**14,619**	18,803	14,974
Fiduciary and asset management fees	**23,365**	16,150	11,245
Mortgage banking income	**10,303**	—	—
Gains (losses) on securities transactions	**7,675**	383	800
Bank owned life insurance income	**8,311**	7,198	6,144
Loan-related interest rate swap fees	**14,126**	3,554	3,051
Gain on Shore Premier sale	**—**	19,966	—
Other operating income	**17,791**	7,145	2,772
Total noninterest income	**132,815**	104,241	62,429
Noninterest expenses:			
Salaries and benefits	**195,349**	159,378	115,968
Occupancy expenses	**29,793**	25,368	18,558
Furniture and equipment expenses	**14,216**	11,991	10,047
Printing, postage, and supplies	**5,056**	4,650	4,901
Technology and data processing	**23,686**	18,397	16,132
Professional services	**11,905**	10,283	7,767
Marketing and advertising expense	**11,566**	10,043	7,795
FDIC assessment premiums and other insurance	**6,874**	6,644	4,048
Other taxes	**15,749**	11,542	8,087
Loan-related expenses	**10,043**	7,206	4,733
OREO and credit-related expenses	**4,708**	4,131	3,764
Amortization of intangible assets	**18,521**	12,839	6,088
Training and other personnel costs	**6,376**	4,259	3,843
Merger-related costs	**27,824**	39,728	5,393
Rebranding expense	**6,455**	—	—
Loss on debt extinguishment	**16,397**	—	—
Other expenses	**13,822**	11,308	8,544
Total noninterest expenses	**418,340**	337,767	225,668
Income from continuing operations before income taxes	**231,255**	179,429	104,966
Income tax expense	**37,557**	30,016	32,790
Income from continuing operations	**$ 193,698**	$ 149,413	$ 72,176
Discontinued operations:			
Income (loss) from operations of discontinued mortgage segment	**$ (230)**	$ (4,280)	$ 1,344
Income tax expense (benefit)	**(60)**	(1,115)	597
Income (loss) on discontinued operations	**(170)**	(3,165)	747
Net income	**193,528**	146,248	72,923
Basic earnings per common share	**$ 2.41**	$ 2.22	$ 1.67
Diluted earnings per common share	**$ 2.41**	$ 2.22	$ 1.67
Dividends declared per common share	**$ 0.96**	$ 0.88	$ 0.81
Basic weighted average number of common shares outstanding	**80,200,950**	65,859,165	43,698,897
Diluted weighted average number of common shares outstanding	**80,263,557**	65,908,573	43,779,744

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017
(Dollars in thousands)

	2019	2018	2017
Net income	**$193,528**	$146,248	$72,923
Other comprehensive income (loss):			
Cash flow hedges:			
Change in fair value of cash flow hedges	**(5,103)**	1,087	(44)
Reclassification adjustment for losses included in net income (net of tax, $2,051, $259, and $464 for the years ended December 31, 2019, 2018, 2017 respectively)[1]	**7,714**	975	862
AFS securities:			
Unrealized holding gains (losses) arising during period (net of tax, ($13,262), $2,847, and $1,580 for the years ended December 31, 2019, 2018, 2017 respectively)	**49,890**	(10,711)	2,936
Reclassification adjustment for gains included in net income (net of tax, $1,611, $95, and $280 for the years ended December 31, 2019, 2018, 2017 respectively)[2]	**(6,064)**	(362)	(520)
HTM securities:			
Reclassification adjustment for accretion of unrealized gain on AFS securities transferred to HTM (net of tax, $5, $109, and $362 for the years ended December 31, 2019, 2018, 2017 respectively)[3]	**(20)**	(408)	(672)
Bank owned life insurance:			
Unrealized holding gains (losses) arising during period	**(646)**	—	—
Reclassification adjustment for losses included in net income[4]	**77**	76	363
Other comprehensive income (loss)	**45,848**	(9,343)	2,925
Comprehensive income	**$239,376**	$136,905	$75,848

(1) *The gross amounts reclassified into earnings are reported in the interest income and interest expense sections of the Company's Consolidated Statements of Income with the corresponding income tax effect being reflected as a component of income tax expense.*

(2) *The gross amounts reclassified into earnings are reported as "Gains (losses) on securities transactions, net" on the Company's Consolidated Statements of Income with the corresponding income tax effect being reflected as a component of income tax expense.*

(3) *The gross amounts reclassified into earnings are reported within interest income on the Company's Consolidated Statements of Income with the corresponding income tax effect being reflected as a component of income tax expense.*

(4) *Reclassifications in earnings are reported in "Salaries and benefits" expense on the Company's Consolidated Statements of Income.*

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

(Dollars in thousands, except share amounts)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance – December 31, 2016	**$ 57,506**	**605,397**	**341,938**	**(3,809)**	**$1,001,032**
Net income – 2017			**72,923**		**72,923**
Other comprehensive income (net of taxes of $1,402)				**2,925**	**2,925**
Dividends on common stock ($0.81 per share)			**(35,393)**		**(35,393)**
Issuance of common stock under Equity Compensation Plans (63,476 shares)	**84**	**953**			**1,037**
Issuance of common stock for services rendered (20,857 shares)	**28**	**696**			**724**
Vesting of restricted stock, including tax effects, under Equity Compensation Plans (94,370 shares)	**126**	**(1,693)**			**(1,567)**
Stock-based compensation expense		**4,648**			**4,648**
Balance – December 31, 2017	**57,744**	**610,001**	**379,468**	**(884)**	**1,046,329**
Net income – 2018			**146,248**		**146,248**
Other comprehensive income (net of taxes of $2,792)				**(9,343)**	**(9,343)**
Issuance of common stock in regard to acquisitions (21,922,077 shares)(1)	**29,156**	**765,653**			**794,809**
Dividends on common stock ($0.88 per share)			**(58,001)**		**(58,001)**
Issuance of common stock under Equity Compensation Plans (121,438 shares)	**162**	**2,185**			**2,347**
Issuance of common stock for services rendered (23,581 shares)	**31**	**883**			**914**
Vesting of restricted stock, including tax effects, under Equity Compensation Plans (118,058 shares)	**157**	**(3,065)**			**(2,908)**
Cancellation of Warrants		**(1,530)**			**(1,530)**
Impact of adoption of new guidance			**(370)**	**(46)**	**(416)**
Stock-based compensation expense		**6,132**			**6,132**
Balance – December 31, 2018	**87,250**	**1,380,259**	**467,345**	**(10,273)**	**1,924,581**
Net income – 2019			**193,528**		**193,528**
Other comprehensive income (net of taxes of $13,697)				**45,848**	**45,848**
Issuance of common stock in regard to acquisitions (15,842,026 shares)	**21,070**	**478,904**			**499,974**
Dividends on common stock ($0.96 per share)			**(78,345)**		**(78,345)**
Stock purchased under stock repurchase plan (2,171,944 shares)	**(2,889)**	**(77,391)**			**(80,280)**
Issuance of common stock under Equity Compensation Plans (78,098 shares)	**104**	**1,884**			**1,988**
Issuance of common stock for services rendered (25,744 shares)	**34**	**876**			**910**
Vesting of restricted stock, including tax effects, under Equity Compensation Plans (193,884 shares)	**258**	**(2,559)**			**(2,301)**
Impact of adoption of new guidance			**(1,133)**		**(1,133)**
Stock-based compensation expense		**8,332**			**8,332**
Balance – December 31, 2019	**$105,827**	**$1,790,305**	**$581,395**	**$ 35,575**	**$2,513,102**

(1) *Includes conversion of Xenith warrants to the Company's warrants.*

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017
(Dollars in thousands)

	2019	2018	2017
Operating activities[1]:			
Net income	**$ 193,528**	$ 146,248	$ 72,923
Adjustments to reconcile net income to net cash and cash equivalents provided by (used in) operating activities:			
Depreciation of premises and equipment	**15,032**	13,725	11,183
Writedown of foreclosed properties and former bank premises	**1,906**	1,324	1,891
Amortization, net	**24,944**	12,603	14,021
Amortization (accretion) related to acquisitions, net	**(7,899)**	(6,711)	(866)
Provision for credit losses	**21,092**	13,551	10,756
Gains on securities transactions, net	**(7,675)**	(383)	(800)
BOLI income	**(8,311)**	(7,198)	(5,306)
Deferred tax expense (benefit)	**15,057**	17,821	5,624
Decrease (increase) in loans held for sale, net	**(34,178)**	40,662	(4,175)
Losses (gains) on sales of foreclosed properties and former bank premises, net	**102**	(220)	143
Losses on debt extinguishment	**16,397**	—	—
Gain on sale of Shore Premier loans	**—**	(19,966)	—
Goodwill impairment losses	**—**	864	—
Stock-based compensation expenses	**8,332**	6,132	4,648
Issuance of common stock for services	**910**	914	724
Net decrease (increase) in other assets	**(57,348)**	(26,606)	(5,785)
Net increase in other liabilities	**12,910**	24,005	5,352
Net cash and cash equivalents provided by (used in) operating activities	**194,799**	216,765	110,333
Investing activities:			
Purchases of AFS securities and restricted stock	**(444,398)**	(1,047,611)	(298,958)
Purchases of HTM securities	**(47,217)**	(485,629)	(7,836)
Proceeds from sales of AFS securities and restricted stock	**514,070**	515,764	139,046
Proceeds from maturities, calls and paydowns of AFS securities	**247,770**	173,597	115,124
Proceeds from maturities, calls and paydowns of HTM securities	**3,142**	—	5,048
Proceeds from sale of marketable equity securities	**—**	28,913	—
Proceeds from sale of loans held for investment	**—**	581,324	—
Net increase in loans held for investment	**(741,146)**	(704,582)	(838,668)
Net increase in premises and equipment	**(15,892)**	1,698	(9,261)
Proceeds from BOLI settlements	**—**	—	2,497
Proceeds from sales of foreclosed properties and former bank premises	**12,118**	6,295	2,448
Cash paid in acquisitions	**(12)**	(14,304)	(231)
Cash acquired in acquisitions	**46,164**	174,496	5,038
Net cash and cash equivalents provided by (used in) investing activities	**(425,401)**	(770,039)	(885,753)
Financing activities:			
Net increase in noninterest-bearing deposits	**191,125**	81,028	105,093
Net increase in interest-bearing deposits	**916,656**	351,084	502,018
Net increase (decrease) in short-term borrowings	**(872,229)**	58,645	217,371
Cash paid for contingent consideration	**(565)**	(565)	(3,003)
Proceeds from issuance of long-term debt	**550,000**	225,000	20,000
Repayments of long-term debt	**(220,614)**	(40,000)	(10,000)
Cash dividends paid – common stock	**(78,345)**	(58,001)	(35,393)
Cancellation of warrants	**—**	(1,530)	—
Repurchase of common stock	**(80,280)**	—	—
Issuance of common stock	**1,988**	2,347	1,037
Vesting of restricted stock, net of shares held for taxes	**(2,301)**	(2,908)	(1,567)
Net cash and cash equivalents provided by (used in) financing activities	**405,435**	615,100	795,556
Increase (decrease) in cash and cash equivalents	**174,833**	61,826	20,136
Cash and cash equivalents at beginning of the period	**261,199**	199,373	179,237
Cash and cash equivalents at end of the period	**$ 436,032**	$ 261,199	$ 199,373
Supplemental Disclosure of Cash Flow Information			
Cash payments for:			
Interest	**$ 159,934**	$ 99,227	$ 47,775
Income taxes	**25,058**	10,830	24,000
Supplemental schedule of noncash investing and financing activities			
Transfers from loans (foreclosed properties) to foreclosed properties (loans)	**1,878**	493	910
Stock received as consideration for sale of loans held for investment	**—**	28,913	—
Securities transferred from HTM to AFS	**—**	187,425	—
Issuance of common stock in exchange for net assets in acquisition	**499,974**	794,809	—
Transactions related to acquisitions			
Assets acquired	**2,849,673**	3,253,328	293
Liabilities assumed[2]	**2,558,063**	2,873,718	5,437

(1) *Discontinued operations have an immaterial impact to the Company's Consolidated Statements of Cash Flows. The change in loans held for sale and goodwill impairment losses included in the Operating Activities section above are attributable to discontinued operations.*

(2) *2018 includes contingent consideration related to DHFB and OAL acquisitions.*

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company — Headquartered in Richmond, Virginia, Atlantic Union Bankshares Corporation (Nasdaq: AUB) is the holding company for Atlantic Union Bank. Atlantic Union Bank has 149 branches and approximately 170 ATMs located throughout Virginia, and in portions of Maryland and North Carolina. Middleburg Financial is a brand name used by Atlantic Union Bank and certain affiliates when providing trust, wealth management, private banking, and investment advisory products and services. Certain non-bank affiliates of Atlantic Union Bank include: Old Dominion Capital Management, Inc., and its subsidiary, Outfitter Advisors, Ltd., Dixon, Hubard, Feinour & Brown, Inc., and Middleburg Investment Services, LLC, which provide investment advisory and/or brokerage services; and Union Insurance Group, LLC, which offers various lines of insurance products.

Effective May 17, 2019, Union Bankshares Corporation changed its name to Atlantic Union Bankshares Corporation and Union Bank & Trust changed its name to Atlantic Union Bank.

Principles of Consolidation — The accounting policies and practices of Atlantic Union Bankshares Corporation and subsidiaries conform to GAAP and follow general practices within the banking industry. The consolidated financial statements include the accounts of the Company, which is a financial holding company and a bank holding company that owns all of the outstanding common stock of its banking subsidiary, Atlantic Union Bank, which owns Union Insurance Group, LLC, Old Dominion Capital Management, Inc., and Dixon, Hubard, Feinour & Brown, Inc. Atlantic Union Bank and subsidiary trusts were formed for the purpose of issuing redeemable trust preferred capital notes in connection with two of the Company's acquisitions prior to 2006. ASC 860, *Transfers and Servicing*, precludes the Company from consolidating Statutory Trusts I and II (the Trusts). The subordinated debts payable to the Trusts are reported as liabilities of the Company. All significant inter-company balances and transactions have been eliminated.

Use of Estimates — The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the ALL, the valuation of goodwill and intangible assets, foreclosed property and former bank premises, deferred tax assets and liabilities, other-than-temporary impairment of securities, and the fair value of financial instruments.

Variable Interest Entities — Current accounting guidance states that if a business enterprise is the primary beneficiary of a variable interest entity, the assets, liabilities, and results of the activities of the variable interest entity should be included in the consolidated financial statements of the business enterprise. An entity is deemed to be the primary beneficiary of a variable interest entity if that entity has both the power to direct the activities that most significantly impact its economic performance; and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the variable interest entity. Management has evaluated the Company's investment in variable interest entities. The Company's primary exposure to variable interest entities are the Trusts. This accounting guidance has not had a material impact on the financial condition or operating results of the Company.

***Business Combinations and Divestitures* —** Business combinations are accounted for under ASC 805, *Business Combinations*, using the acquisition method of accounting. The acquisition method of accounting requires an acquirer to recognize the assets acquired and the liabilities assumed at the acquisition date measured at their fair values as of that date. To determine the fair values, the Company utilizes third party valuations, appraisals, and internal valuations based on discounted cash flow analysis or other valuation techniques. Under the acquisition method of accounting, the Company will identify the acquiree and the closing date and apply applicable recognition principles and conditions. If they are necessary to implement its plan to exit an activity of an acquiree, costs that the Company expects, but is not obligated, to incur in the future are not liabilities at the acquisition date, nor are costs to terminate the employment or relocate an acquiree's employees. The Company does not recognize these costs as part of applying the acquisition method. Instead, the Company recognizes these costs as expenses in its post-combination financial statements in accordance with other applicable GAAP.

Merger-related costs are costs the Company incurs to effect a business combination. Those costs include advisory, legal, accounting, valuation, and other professional or consulting fees. Some other examples of costs to the Company include systems conversions, integration planning consultants, contract terminations, and advertising costs. The Company will account for merger-related costs as expenses in the periods in which the costs are incurred and the services are received. There is one exception to the aforementioned policy, which includes the costs to issue debt or equity securities, which will be recognized in accordance with other applicable accounting guidance. These merger-related costs are included on the Company's Consolidated Statements of Income classified within the noninterest expense caption.

Cash and Cash Equivalents — For purposes of reporting cash flows, the Company defines cash and cash equivalents as cash, cash due from banks, interest-bearing deposits in other banks, money market investments, other interest-bearing deposits, and federal funds sold.

Investment Securities — Investment securities held by the Company are classified as either AFS or held to maturity at the time of purchase and reassessed periodically, based on management's intent. Additionally, the Company also holds equity securities and restricted stock with the Federal Reserve Bank and FHLB, which are not subject to the investment security classifications.

Available for Sale — securities classified as AFS are those debt securities that management intends to hold for an indefinite period of time, including securities used as part of the Company's asset/liability strategy, and that may be sold in response to changes in interest rates, liquidity needs, or other factors. Securities AFS are reported at fair value with unrealized gains or losses, net of deferred taxes, included in accumulated other comprehensive income in stockholders' equity.

Held to Maturity — debt securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity and reported at carrying value. Transfers of debt securities into the held to maturity category from the AFS category are made at fair value at the date of transfer. The unrealized holding gain or loss at the date of transfer is retained in other comprehensive income and in the carrying value of the held to maturity securities. Such amounts are amortized over the remaining life of the security.

Equity Investments — Equity investments are accounted for using the equity method of accounting if the investment gives the Company the ability to exercise significant influence, but not control, over an investee. The Company's share of the earnings or losses is reported by equity method investees and is classified as income from equity investees on our consolidated statements of earnings. Equity investments for which the Company does not have the ability to exercise significant influence are accounted for using the cost method of accounting. Under the cost method, investments are carried at cost and are adjusted only for other-than-temporary declines in fair value, certain distributions, and additional investments. Equity investments in unconsolidated entities with a readily determinable fair value that are not accounted for under the equity method will be measured at fair value through net income.

Restricted Stock, at cost — due to restrictions placed upon the Company's common stock investments in the Federal Reserve Bank and FHLB, these securities have been classified as restricted equity securities and carried at cost. The FHLB required the Bank to maintain stock in an amount equal to 4.25% of outstanding borrowings and a specific percentage of the member's total assets at December 31, 2019 and 2018. The Federal Reserve Bank requires the Company to maintain stock with a par value equal to 6% of its outstanding capital.

The Company regularly evaluates all securities whose values have declined below amortized cost to assess whether the decline in fair value represents an OTTI. Declines in the fair value of held to maturity and AFS securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating OTTI losses, an impairment is other-than-temporary if any of the following conditions exist: the entity intends to sell the security; it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis; or, the entity does not expect to recover the security's entire amortized cost basis (even if the entity does not intend to sell). If a credit loss exists, but an entity does not intend to sell the impaired debt security and is not more likely than not to be required to sell before recovery, the impairment is other-than-temporary and should be separated into a credit portion to be recognized in earnings and the remaining amount relating to all other factors recognized as other comprehensive loss. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Purchased premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Loans Held for Sale — The Company records loans held for sale via the fair value option. For further information regarding the fair value method and assumptions, refer to Note 14 "Fair Value Measurements." In addition, the Company requires a firm purchase commitment from an investor before a loan can be closed, thus limiting interest rate risk. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. The change in fair value of loans held for sale is recorded as a component of "Mortgage banking income" within the Company's Consolidated Statements of Income. The Company records loans held for sale per the aforementioned policy as of the acquisition date of Access through the year 2019. During 2018, the Company did not have any loans held for sale, due to the wind down of UMG, as noted in Note 19 "Segment Reporting & Discontinued Operations"; therefore, any activity prior to this point would have been reported in discontinued operations.

Loans Held for Investment — The Company originates commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by commercial and residential real estate loans (including acquisition and development loans and residential construction loans) throughout its market area. The ability of the Company's debtors to honor their contracts on such loans is dependent upon the real estate and general economic conditions in those markets, as well as other factors.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for any charge-offs, the ALL, and any deferred fees and costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

Below is a summary of the current loan segments:

Construction and Land Development — construction loans generally made to commercial and residential developers and builders for specific construction projects. The successful repayment of these types of loans is generally dependent upon (a) a commitment for permanent financing from the Company or other lender, or (b) from the sale of the constructed property. These loans carry more risk than both types of commercial real estate term loans due to the dynamics of construction projects, changes in interest rates, the long-term financing market, and state and local government regulations. As in commercial real estate term lending, the Company manages risk by using specific underwriting policies and procedures for these types of loans and by avoiding excessive concentrations to any one business, industry, property type or market.

Also, included in this category are loans generally made to residential home builders to support their lot and home construction inventory needs. Repayment relies upon the sale of the underlying residential real estate project. This type of lending carries a higher level of risk as compared to other commercial lending. This class of lending manages risks related to residential real estate market conditions, a functioning primary and secondary market in which to finance the sale of residential properties, and the borrower's ability to manage inventory and run projects. The Company manages this risk by lending to experienced builders and developers by using specific underwriting policies and procedures for these types of loans and by avoiding excessive concentrations with any particular customer or geographic region.

Commercial Real Estate — Owner Occupied — term loans made to support owner occupied real estate properties that rely upon the successful operation of the business occupying the property for repayment. General market conditions and economic activity may affect these types of loans. In addition to using specific underwriting policies and procedures for these types of loans, the Company manages risk by avoiding concentrations to any one business or industry.

Commercial Real Estate — Non-Owner Occupied — term loans typically made to borrowers to support income producing properties that rely upon the successful operation of the property for repayment. General market conditions and economic activity may impact the performance of these types of loans. In addition to using specific underwriting policies and procedures for these types of loans, the Company manages risk by diversifying the lending to various property types, such as retail, office, office warehouse, and hotel as well as avoiding concentrations to any one business, industry, property type or market.

Multifamily Real Estate — loans made to real estate investors to support permanent financing for multifamily residential income producing properties that rely on the successful operation of the property for repayment. This management mainly involves property maintenance, re-leasing upon tenant turnover and collection of rents due from tenants. This type of lending carries a lower level of risk, as compared to other commercial lending. In addition, underwriting requirements for multifamily properties are stricter than for other non-owner-occupied property types. The Company manages this risk by avoiding concentrations with any particular customer.

Commercial & Industrial — loans generally made to support the Company's borrowers' need for short-term or seasonal cash flow and equipment/vehicle purchases. Repayment relies upon the successful operation of the business. This type of lending typically carries a lower level of commercial credit risk, as compared to other commercial lending. The Company manages this risk by using general underwriting policies and procedures for these types of loans and by avoiding concentrations to any one business or industry.

Residential 1-4 Family — Commercial — loans made to commercial borrowers where the loan is secured by residential property. The Residential 1-4 Family — Commercial loan portfolio carries risks associated with the creditworthiness of the tenant, the ability to re-lease the property when vacancies occur, and changes in loan-to-value ratios. The Company manages these risks through policies and procedures, such as limiting loan-to-value ratios at origination, requiring guarantees, experienced underwriting, and requiring standards for appraisers.

Residential 1-4 Family — Consumer — loans generally made to consumer residential borrowers. The Residential 1-4 Family — Consumer loan portfolio carries risks associated with the creditworthiness of the borrower and changes in loan-to-value ratios. The Company manages these risks through policies and procedures such as limiting loan-to-value ratios at origination, experienced underwriting, requiring standards for appraisers, and not making subprime loans.

Residential 1-4 Family — Revolving — the consumer portfolio carries risks associated with the creditworthiness of the borrower and changes in loan-to-value ratios. The Company manages these risks through policies and procedures, such as limiting loan-to-value ratios at origination, using experienced underwriting, requiring standards for appraisers, and not making subprime loans.

Auto — the consumer indirect auto lending portfolio generally carries certain risks associated with the values of the collateral that management must mitigate. The Company focuses its indirect auto lending on one to two-year-old used vehicles where substantial depreciation has already occurred thereby minimizing the risk of significant loss of collateral values in the future. This type of lending places reliance on computer-based loan approval systems to supplement other underwriting standards.

Consumer and all other — portfolios carry risks associated with the creditworthiness of the borrower and changes in the economic environment. The Company manages these risks through policies and procedures such as experienced underwriting, maximum debt to income ratios, and minimum borrower credit scores. Loans that support small business lines of credit and agricultural lending are included in this category; however, neither are a material source of business for the Company.

Also included in this category are loans purchased through various third-party lending programs. These portfolios include consumer loans and carry risks associated with the borrower, changes in the economic environment, and the vendors themselves. The Company manages these risks through policies that require minimum credit scores and other underwriting requirements, robust analysis of actual performance versus expected performance, as well as ensuring compliance with the Company's vendor management program.

Nonaccruals, Past Dues, and Charge-offs

The policy for placing commercial loans on nonaccrual status is generally when the loan is 90 days delinquent unless the credit is well secured and in process of collection. Consumer loans are typically charged-off when management judges the loan to be uncollectible but generally no later than 120 days past due for non-real estate secured loans and 180 days for real estate secured loans. Non-real estate secured consumer loans are generally not placed on nonaccrual status prior to charge off. Commercial loans are typically written down to net realizable value when it is determined that the Company will be unable to collect the principal amount in full and the amount is a confirmed loss. Loans in all classes of portfolios are considered past due or delinquent when a contractual payment has not been satisfied. Loans are placed on nonaccrual status or charged off at an earlier date if collection of principal and interest is considered doubtful and in accordance with regulatory requirements. The process for charge-offs of impaired collateral dependent loans is discussed in detail within the "Allowance for Loan Losses" section of this Note.

For both the commercial and consumer loan segments, all interest accrued but not collected for loans placed on nonaccrual status or charged-off is reversed against interest income and accrual of interest income is terminated. Payments and interest on these loans are accounted for using the cost-recovery method by applying all payments received as a reduction to the outstanding principal balance until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. The determination of future payments being reasonably assured varies depending on the circumstances present with the loan; however, the timely payment of contractual amounts owed for six consecutive months is a primary indicator. The authority to move loans into or out of accrual status is limited to senior Special Assets Officers and the Chief Credit Officer, though reclassification of certain loans may require approval of the Special Assets Loan Committee.

Impaired Loans

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral. The impairment loan policy is the same for all segments within the commercial loan segment.

For the consumer loan segment, large groups of smaller balance homogeneous loans are collectively evaluated for impairment. This evaluation subjects each of the Company's homogenous pools to a historical loss factor derived from net charge-offs experienced over the preceding 24 quarters. The Company applies payments received on impaired loans to principal and interest based on the contractual terms until they are placed on nonaccrual status. All payments received are then applied to reduce the principal balance and recognition of interest income is terminated as previously discussed.

Allowance for Loan Losses

The provision for loan losses charged to operations is an amount sufficient to bring the ALL to an estimated balance that management considers adequate to absorb probable losses inherent in the portfolio. Loans are charged against the allowance when management believes the collectability of the principal is unlikely, while recoveries of amounts previously charged-off are credited to the ALL. Management's determination of the adequacy of the ALL is based on an evaluation of the composition of the loan portfolio, the value and adequacy of collateral, current economic conditions, historical loan loss experience, and other risk factors. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions, particularly those affecting real estate values. Management believes that the ALL is adequate.

The Company performs regular credit reviews of the loan portfolio to review the credit quality and adherence to its underwriting standards. The credit reviews include annual commercial loan reviews performed by the Company's commercial bankers in accordance with CLP, relationship reviews that accompany annual loan renewals, and reviews by its Loan Review Group. Upon origination, each commercial loan is assigned a risk rating ranging from one to nine, with loans closer to one having less risk. This risk rating scale is the Company's primary credit quality indicator. Consumer loans are not risk rated unless past due status, bankruptcy, or other event results in the assignment of a Substandard or worse risk rating in accordance with the consumer loan policy. The Company has various committees that review and ensure that the ALL methodology is in accordance with GAAP and loss factors used appropriately reflect the risk characteristics of the loan portfolio.

Specifically, the Company's Allowance Committee oversees the Company's Allowance for Loan Losses (under the Incurred Loss Model framework) and will also oversee the Allowance for Credit Losses (under the CECL framework) processes. The Allowance Committee is the authoritative committee for all quarterly qualitative factors, ALL estimates and changes to the Company's ALL methodology.

The Company's ALL consists of specific, general, and qualitative components.

Specific Reserve Component

The specific reserve component relates to impaired loans. Upon being identified as impaired, for loans not considered to be collateral-dependent, an ALL is established when the discounted cash flows of the impaired loan are lower than the carrying value of that loan. The impairment of significant collateral-dependent loans is measured based on the fair value of the underlying collateral, less selling costs, compared to the carrying value of the loan. If the Company determines that the value of an impaired collateral dependent loan is less than the recorded investment in the loan, the Company charges off the deficiency if it is determined that such amount represents a confirmed loss. Typically, a loss is confirmed when the Company is moving towards foreclosure (or final disposition).

The Company obtains appraisals from a pre-approved list of independent, third party appraisers located in the market in which the collateral is located. The Company's approved appraiser list is continuously maintained by the Company's REVG to ensure the list only includes such appraisers that have the experience, reputation, character, and knowledge of the respective real estate market. At a minimum, it is ascertained that the appraiser is currently licensed in the state in which the property is located, experienced in the appraisal of properties similar to the property being appraised, has knowledge of current real estate market conditions and financing trends, and is reputable. The Company's internal REVG, which reports to the Enterprise Risk Management group, performs either a technical or administrative review of all appraisals obtained in accordance with the Company's Appraisal Policy. The Appraisal Policy mirrors the Federal regulations governing appraisals, specifically the Interagency Appraisal and Evaluation Guidelines and FIRREA. A technical review will ensure the overall quality of the appraisal, while an administrative review ensures that all of the required components of an appraisal are present. Independent appraisals or valuations are updated every 12 months for all impaired loans. The Company's impairment analysis documents the date of the appraisal used in the analysis. Adjustments to real estate appraised values are only permitted to be made by the REVG. The impairment analysis is reviewed and approved by senior Credit Administration officers and the Special Assets Loan Committee. External valuation sources are the primary source to value collateral dependent loans; however, the Company may also utilize values obtained through other valuation sources. These alternative sources of value are used only if deemed to be more representative of value based on updated information regarding collateral resolution. Impairment analyses are updated, reviewed, and approved on a quarterly basis at or near the end of each reporting period.

General Reserve Component

The general reserve component covers non-impaired loans and is quantitatively derived from an estimate of credit losses adjusted for various qualitative factors applicable to both commercial and consumer loan segments. The estimate of credit losses is a function of the net charge-off historical loss experience to the average loan balance of the portfolio averaged during a period that management has determined to be adequately reflective of the losses inherent in the loan portfolio. The Company has implemented a rolling 24-quarter look back period, which is re-evaluated on a periodic basis to ensure the reasonableness of the period being used.

The following table shows the types of qualitative factors management considers:

QUALITATIVE FACTORS

Portfolio	National / International	Local
Experience and ability of lending team	Interest rates	Gross state product
Pace of loan growth	Inflation	Unemployment rate
Footprint and expansion	Unemployment	Home prices
Execution of loan risk rating process	Level of economic activity	CRE prices
Degree of credit oversight	Political and trade uncertainty	
Underwriting standards	Asset prices	
Delinquency levels in portfolio		
Charge-off trends in portfolio		
Credit concentrations / nature and volume of the portfolio		

Acquired Loans — Acquired loans are recorded at their fair value at acquisition date without carryover of the acquiree's previously established ALL, as credit discounts are included in the determination of fair value. The fair value of the loans is determined using market participant assumptions in estimating the amount and timing of both principal and interest cash flows expected to be collected on the loans and then applying a market-based discount rate to those cash flows. During evaluation upon acquisition, acquired loans are also classified as either acquired impaired (or PCI) or acquired performing.

Acquired performing loans are accounted for under ASC 310-20, *Receivables — Nonrefundable Fees and Other Costs*. The difference between the fair value and unpaid principal balance of the loan at acquisition date (premium or discount) is amortized or accreted into interest income over the life of the loans. If the acquired performing loan has revolving privileges, it is accounted for using the straight-line method; otherwise, the effective interest method is used.

Acquired impaired loans reflect credit quality deterioration since origination, as it is probable at acquisition that the Company will not be able to collect all contractually required payments. These PCI loans are accounted for under ASC 310-30, *Receivables — Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The PCI loans are segregated into pools based on loan type and credit risk. Loan type is determined based on collateral type, purpose, and lien position. Credit risk characteristics include risk rating groups, nonaccrual status, and past due status. For valuation purposes, these pools are further disaggregated by maturity, pricing characteristics, and re-payment structure. PCI loans are written down at acquisition to fair value using an estimate of cash flows deemed to be collectible. Accordingly, such loans are no longer classified as nonaccrual even though they may be contractually past due because the Company expects to fully collect the new carrying values of such loans, which is the new cost basis arising from purchase accounting.

Quarterly, management performs a recast of PCI loans based on updated future expected cash flows, which are updated through reassessment of default rates, loss severity, and prepayment speed assumptions. The excess of the cash flows expected to be collected over a pool's carrying value is considered to be the accretable yield and is recognized as interest income over the estimated life of the loan or pool using the effective yield method. The accretable yield may change due to changes in the timing and amounts of expected cash flows; these changes are disclosed in Note 4 "Loans and Allowance for Loan Losses."

The excess of the undiscounted contractual balances due over the cash flows expected to be collected is considered to be the nonaccretable difference, which represents the estimate of credit losses expected to occur and was considered in determining the fair value of loan at the acquisition date. Any subsequent increases in expected cash flows over those expected at the acquisition date in excess of fair value are adjusted through an increase in the accretable yield on a prospective basis; any decreases in expected cash flows attributable to credit deterioration are recognized by recording a provision for loan losses.

The PCI loans are and will continue to be subject to the Company's internal and external credit review and monitoring. If further credit deterioration is experienced, such deterioration will be measured and the provision for loan losses will be increased. A loan will be removed from a pool (at its carrying value) only if the loan is sold, foreclosed, or assets are received in full satisfaction of the loan.

Troubled Debt Restructurings — In situations where for economic or legal reasons related to a borrower's financial condition, the Company grants a concession in the loan structure to the borrower that it would not otherwise consider, the related loan is classified as a TDR. The Company strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms as early as possible. These modified terms may include extension of terms that are considered to be below market, conversion to interest only, and other actions intended to minimize the economic loss to avoid foreclosure or repossession of the collateral, rate reductions, and principal or interest forgiveness. Restructured loans for which there was no rate concession, and therefore make at market rate of interest, may subsequently be eligible to be removed from reportable TDR status in periods subsequent to the restructuring depending on the performance of the loan. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, management measures any impairment on the restructuring as noted above for impaired loans. The Company reviews previously restructured loans quarterly in order to determine whether any have performed, subsequent to the restructure, at a level that would allow for them to be removed from reportable TDR status. The Company generally would consider a change in this classification if the borrower is no longer experiencing financial difficulty, the loan is current or less than 30 days past due at the time the status change is being considered, the loan has performed under the restructured terms for a consecutive twelve-month period, and is no longer considered to be impaired. A loan may also be considered for removal from TDR status as a result of a subsequent restructure under certain restrictive circumstances. The removal of TDR designations must be approved by the Company's Special Asset Loan Committee.

Loans removed from reportable TDR status continue to be evaluated for impairment. The significant majority of these loans have been subject to new credit decisions due to the improvement in the expected future cash flows, the financial condition of the borrower, and other factors considered during the re-underwriting.

Premises and Equipment — Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method based on the type of asset involved. The Company's policy is to capitalize additions and improvements and to depreciate the cost thereof over their estimated useful lives ranging from 3 to 50 years. Leasehold improvements are amortized over the shorter of the life of the related lease or the estimated life of the related asset. Maintenance and repairs are expensed as they are incurred.

Goodwill and Intangible Assets — The Company has an aggregate goodwill balance of $935.6 million associated with previous merger transactions, which is primarily associated with commercial banking.

Goodwill resulting from business combinations prior to January 1, 2009 represents the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill resulting from business combinations after January 1, 2009 is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. The Company has selected April 30th as the date to perform the annual impairment test.

Intangible assets with definite useful lives are amortized over their estimated useful lives, which range from 4 to 10 years, to their estimated residual values. Goodwill is the only intangible asset with an indefinite life included on the Company's Consolidated Balance Sheets.

Long-lived assets, including purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented on the Company's Consolidated Balance Sheets and reported at the lower of the carrying amount or fair value less costs to sell, would no longer depreciated. Management concluded that no circumstances indicating an impairment of these assets existed as of the balance sheet date.

The Company performed its annual impairment testing on April 30, 2019 and determined that there was no impairment to its goodwill. Management performed a review through December 31, 2019 and concluded that no impairment existed as of the balance sheet date.

Foreclosed Properties — Assets acquired through or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less selling costs at the date of foreclosure, establishing a new cost basis. When the carrying amount exceeds the acquisition date fair value less selling costs, the excess is charged off against the ALL. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell, any valuation adjustments occurring from post-acquisition reviews are charged to expense as incurred. Revenue and expenses from operations and changes in the valuation allowance are included in OREO and credit-related expenses, disclosed in a separate line item on the Company's Consolidated Statements of Income.

Transfers of Financial Assets — Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company — put presumptively beyond reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Bank Owned Life Insurance — The Company has purchased life insurance on certain key employees and directors. These policies are recorded at their cash surrender value and are included in a separate line item on the Company's Consolidated Balance Sheets. Income generated from policies is recorded as noninterest income. At December 31, 2019 and 2018, the Company also had liabilities for post-retirement benefits payable to other partial beneficiaries under some of these life insurance policies of $12.1 million and $10.5 million, respectively. The Company is exposed to credit risk to the extent an insurance company is unable to fulfill its financial obligations under a policy.

Derivatives — Derivatives are recognized as assets and liabilities on the Company's Consolidated Balance Sheets and measured at fair value. The Company's derivatives are interest rate swap agreements and interest rate lock commitments. The Company's hedging policies permit the use of various derivative financial instruments to manage interest rate risk or to hedge specified assets and liabilities. All derivatives are recorded at fair value on the Consolidated Balance Sheets. The Company may be required to recognize certain contracts and commitments as derivatives when the characteristics of those contracts and commitments meet the definition of a derivative. To qualify for hedge accounting, derivatives must be highly effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the derivative contract. The Company considers a hedge to be highly effective if the change in fair value of the derivative hedging instrument is within 80% to 125% of the opposite change in the fair value of the hedged item attributable to the hedged risk. If derivative instruments are designated as hedges of fair values, and such hedges are highly effective, both the change in the fair value of the hedge and the hedged item are included in current earnings. Fair value adjustments related to cash flow hedges are recorded in other comprehensive income and are reclassified to earnings when the hedged transaction is reflected in earnings. Ineffective portions of hedges are reflected in earnings as they occur. Actual cash receipts and/or payments and related accruals on derivatives related to hedges are recorded as adjustments to the interest income or interest expense associated with the hedged item. During the life of the hedge, the Company formally assesses whether derivatives designated as hedging instruments continue to be highly effective in offsetting changes in the fair value or cash flows of hedged items. If it is determined that a hedge has ceased to be highly effective, the Company will discontinue hedge accounting prospectively. At such time, previous adjustments to the carrying value of the hedged item are reversed into current earnings and the derivative instrument is reclassified to a trading position recorded at fair value.

During the normal course of business, the Company enters into commitments to originate mortgage loans whereby the interest rate on the loan is determined prior to funding ("rate lock commitments"). The Company commits to deliver the loan if settlement occurs ("best efforts") or commits to deliver the locked loan in a binding ("mandatory") delivery program with an investor. Certain loans under interest rate lock commitments are covered under forward sales contracts of MBS. Rate lock commitments on mortgage loans that are intended to be sold in the secondary market and commitments to deliver loans to investors are considered to be derivatives. The Company uses these derivatives as part of an overall strategy to manage market risk primarily due to fluctuations in interest rates, and to capture improved margins resulting from the mandatory delivery of loans. As of December 31, 2018, there were no mortgage banking derivatives due to the wind down of Union Mortgage Group. Mortgage banking derivatives as of December 31, 2019 did not have a material impact on the Company's Consolidated Financial Statements.

The market values of rate lock commitments and best efforts forward delivery commitments is not readily ascertainable with precision because rate lock commitments and best efforts contracts are not actively traded in stand-alone markets. The Company determines the fair value of rate lock commitments, delivery contracts, and forward sales contracts of MBS by measuring the change in the value of the underlying asset, while taking into consideration the probability that the rate lock commitments will close or will be funded. Certain risks arise from the forward delivery contracts in that the counterparties to the contracts may not be able to meet the terms of the contracts. Additional risks inherent in mandatory delivery programs include the risk that, if the Company does not close the loans subject to rate lock commitments, it will still be obligated to deliver MBS to the counterparty under the forward sales agreement.

Affordable Housing Entities — The Company invests in private investment funds that make equity investments in multifamily affordable housing properties that provide affordable housing tax credits and historic tax credits for these investments. The activities of these entities are financed with a combination of invested equity capital and debt. For the years ended December 31, 2019 and 2018, the Company recognized amortization of $1.9 million and $922,000, respectively, and tax credits of $2.9 million and $1.1 million, respectively, associated with these investments within "Income tax expense" on the Company's Consolidated Statements of Income. The carrying value of the Company's investments in these qualified affordable housing projects for the years ended December 31, 2019 and 2018 were $29.6 million and $10.8 million, respectively. At December 31, 2019 and 2018, the Company's recorded liability totaled $12.0 million and $9.9 million, respectively, for the related unfunded commitments, which are expected to be paid from 2020 to 2036.

Loan Fees — Fees collected and certain costs incurred related to loan originations are deferred and amortized as an adjustment to interest income over the life of the related loans. Deferred fees and costs are recorded as an adjustment to loans outstanding using a method that approximates a constant yield.

Stock Compensation Plan — The Company issues equity awards to employees and directors through either stock options, RSUs, or PSUs. The Company complies with ASC 718, *Compensation — Stock Compensation*, which requires the costs resulting from all stock-based payments to employees be recognized in the financial statements.

The Company did not issue stock options in 2018 or 2019; however, the Company assumed additional stock options with the acquisition of Access. For the options assumed, the fair value of the stock options is estimated based on the date of acquisition, using the Black-Scholes option valuation. The converted option price of the Company's common stock at acquisition was used for determining the associated compensation expense for nonvested stock awards. The valuation was used in 2019 to determine the valuation of the stock options. The valuation employs the following assumptions:

- Dividend yield — calculated as the ratio of forecasted dividend yield per share of common stock;
- Expected life (term of the option) — based on the contractual life and vesting schedule for the respective option;
- Expected volatility — based on the monthly historical volatility of the Company's stock price over the expected life of the options; and
- Risk-free interest rate — based upon the U. S. Department of the Treasury (the "Treasury") bill yield curve, for periods within the contractual life of the option, in effect at the time of grant.

The fair value of PSUs granted in 2019 and 2018 is determined and fixed on the grant date based on the Company's stock price, adjusted for the exclusion of dividend equivalents. The Monte Carlo simulation valuation was used to determine the grant date fair value of PSUs granted in 2019 and 2018.

The fair value of restricted stock is based on the trading price of the Company's stock on the date of the grant.

ASC 718 requires the Company to estimate forfeitures when recognizing compensation expense and that this estimate of forfeitures be adjusted over the requisite service period or vesting schedule based on the extent to which actual forfeitures differ from such estimates. Changes in estimated forfeitures are recognized through a cumulative catch-up adjustment, which is recognized in the period of change, and also will affect the amount of estimated unamortized compensation expense to be recognized in future periods.

For more information and tables refer to Note 16 "Employee Benefits and Stock Based Compensation."

Income Taxes — Deferred income tax assets and liabilities are determined using the asset and liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. Deferred taxes are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits on the Company's Consolidated Balance Sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes on the Company's Consolidated Statements of Income. The Company did not record any material interest or penalties for the periods ending December 31, 2019, 2018, or 2017 related to tax positions taken. As of December 31, 2019 and 2018, there were no accruals for uncertain tax positions. The Company and its wholly-owned subsidiaries file a consolidated income tax return. Each entity provides for income taxes based on its contribution to income or loss of the consolidated group.

On December 22, 2017, the Tax Act was signed into law. Refer to Note 17 "Income Taxes" for additional information on the impact of the Tax Act.

Advertising Costs — The Company expenses advertising costs as incurred.

Earnings Per Common Share — Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per common share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options and restricted stock and are determined using the treasury stock method.

Comprehensive Income — Comprehensive income represents all changes in equity that result from recognized transactions and other economic events of the period. Other comprehensive income (loss) refers to revenues, expenses, gains, and losses under GAAP that are included in comprehensive income but excluded from net income, such as unrealized gains and losses on certain investments in debt and equity securities and interest rate swaps.

Off Balance Sheet Credit Related Financial Instruments — In the ordinary course of business, the Company has entered into commitments to extend credit and standby letters of credit. Such financial instruments are recorded when they are funded. For more information and tables refer Note 10 "Commitments and Contingencies."

Fair Value — The Company follows ASC 820, *Fair Value Measurements and Disclosures*, to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. This codification clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The three levels of the fair value hierarchy under ASC 820 based on these two types of inputs are as follows: Level 1 valuation is based on quoted prices in active markets for identical assets and liabilities; Level 2 valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the markets; and Level 3 valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market. These unobservable inputs reflect the Company's assumptions about what market participants would use and information that is reasonably available under the circumstances without undue cost and effort.

For more specific information on the valuation techniques used by the Company to measure certain financial assets and liabilities recorded at fair value in the financial statements refer to Note 14 "Fair Value Measurements."

Concentrations of Credit Risk — Most of the Company's activities are with customers located in the Commonwealth of Virginia. Securities AFS, loans, and financial instruments with off balance sheet risk also represent concentrations of credit risk and are discussed in Note 3 "Securities," Note 4 "Loans and Allowance for Loan Losses," and Note 12 "Stockholders' Equity," respectively.

Reclassifications — The accompanying consolidated financial statements and notes reflect certain reclassifications in prior periods to conform to the current presentation. Specifically, the Company reclassified Communication Expense from being separately presented to being contained within Other Expenses on the Consolidated Statements of Income. In addition, the Company reclassified loans from Residential 1-4 Family — Commercial to Residential 1-4 — Consumer based on a more accurate way to determine the segmentation of mortgage loans.

Adoption of New Accounting Standards — On January 1, 2019, the Company adopted ASU No. 2016-02, "*Leases (Topic 842).*" The adoption of this standard required lessees to recognize right of use assets and lease liabilities on the Consolidated Balance Sheets and disclose key information about leasing arrangements. The Company adopted this ASU on January 1, 2019 under the modified retrospective approach. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Company to not reassess the lease classification of existing leases, as well as not reassess whether any expired or existing contracts are or contain a lease; and maintain consistent treatment of initial direct costs on existing leases. In addition, the Company elected the short-term lease exemption practical expedient in which leases with an initial term of twelve months or less are not recorded on the Consolidated Balance Sheets. The Company also elected the practical expedient related to accounting for lease and non-lease components as a single lease component. Adoption of this standard resulted in the Company recording a lease liability of $53.2 million and right of use assets of $48.9 million as of January 1, 2019. Operating leases have been included within other assets and other liabilities on the Company's Consolidated Balance Sheets. The implementation of this standard resulted in a $1.1 million decrease to retained earnings. There was no impact on the Company's Consolidated Statements of Cash Flows. Refer to Note 7 "Leases" for further discussion regarding the adoption.

In August 2018, the FASB issued ASU No. 2018-15, "*Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.*" This ASU amends the Intangibles — Goodwill and Other Topic of the Accounting Standards Codification to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This ASU is effective for fiscal years beginning after December 15, 2019; however, early adoption is permitted. The Company adopted this standard in the first quarter of 2019 using the prospective approach. The adoption of ASU 2018-15 did not have a material impact on the Company's consolidated financial statements.

2. ACQUISITIONS

Access Acquisition

On February 1, 2019, the Company completed its acquisition of Access National Corporation (and its subsidiaries), a bank holding company based in Reston, Virginia. Holders of shares of Access's common stock received 0.75 shares of the Company's common stock in exchange for each share of Access's common stock, resulting in the Company issuing 15,842,026 shares of the Company's common stock at a fair value of approximately $500.0 million. In addition, the Company paid cash of approximately $12,000 in lieu of fractional shares.

The transaction was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at estimated fair values on the acquisition date. Fair values are preliminary and subject to refinement for up to one year after the closing date of the acquisition in accordance with ASC 350, *Intangibles — Goodwill and Other*. Measurement period adjustments that were made in 2019 include immaterial changes to the fair value of loans, premises and equipment, deferred tax assets, and other liabilities. The Company will continue to keep the measurement period open for certain accounts, including loans, real estate, and deferred tax assets, where its review procedures of any updated information related to the transaction are ongoing. If considered necessary, additional adjustments to the fair value measurement of these accounts will be made until all information is finalized, the Company's review procedures are complete, when the measurement period is closed. The goodwill is not expected to be deductible for tax purposes.

The following table provides a preliminary assessment of the consideration transferred, assets acquired, and liabilities assumed as of the date of the acquisition (dollars in thousands):

Purchase Price:		
Fair value of shares of the Company's common stock issued		$499,974
Cash paid for fractional shares		12
Total purchase price		$499,986
Fair value of assets acquired:		
Cash and cash equivalents	$ 46,164	
Investments	464,742	
Loans	2,173,060	
Premises and equipment	24,198	
Core deposit intangibles	40,860	
Other assets	100,649	
Total assets	$2,849,673	
Fair value of liabilities assumed:		
Deposits	$2,227,073	
Short-term borrowings	220,685	
Long-term borrowings	70,535	
Other liabilities	39,770	
Total liabilities	$2,558,063	
Net assets acquired		$291,610
Preliminary goodwill		$208,376

The acquired loans were recorded at fair value at the acquisition date without carryover of Access's previously established ALL. The fair value of the loans was determined using market participant assumptions in estimating the amount and timing of both principal and interest cash flows expected to be collected on the loans and leases and then applying a market-based discount rate to those cash flows. In this regard, the acquired loans were segregated into pools based on loan type and credit risk. Loan type was determined based on collateral type, purpose, and lien position. Credit risk characteristics included risk rating groups (pass rated loans and adversely classified loans) and past due status. For valuation purposes, these pools were further disaggregated by maturity, pricing characteristics (e.g., fixed-rate, adjustable-rate) and re-payment structure (e.g., interest only, fully amortizing, balloon). If new information is obtained about facts and circumstances about expected cash flows that existed as of the acquisition date, management will adjust fair values in accordance with accounting for business combinations.

The acquired loans were divided into loans with evidence of credit quality deterioration which are accounted for under ASC 310-30, *Receivables — Loans and Debt Securities Acquired with Deteriorated Credit Quality*, (acquired impaired) and loans that do not meet these criteria, which are accounted for under ASC 310-20, *Receivables — Nonrefundable Fees and Other Costs*, (acquired performing). The fair values of the acquired performing loans were $2.1 billion and the fair values of the acquired impaired loans were $33.3 million. The gross contractually required principal and interest payments receivable for acquired performing loans was $2.5 billion. The best estimate of contractual cash flows not expected to be collected related to the acquired performing loans is $17.9 million.

The following table presents the acquired impaired loans receivable at the acquisition date (dollars in thousands):

Contractually required principal and interest payments	$44,429
Nonaccretable difference	(6,062)
Cash flows expected to be collected	38,367
Accretable difference	(5,060)
Fair value of loans acquired with a deterioration of credit quality	$33,307

The following table presents certain pro forma information as if Access had been acquired on January 1, 2017. These results combine the historical results of Access in the Company's Consolidated Statements of Income and, while certain adjustments were made for the estimated impact of certain fair value adjustments and other acquisition-related activity, they are not indicative of what would have occurred had the acquisition taken place on January 1, 2017. In particular, no adjustments have been made to eliminate the amount of Access' provision for credit losses that would not have been necessary had the acquired loans been recorded at fair value as of January 1, 2017. Pro forma adjustments below include the net impact of accretion as well as the elimination of merger-related costs. The Company expects to achieve further operating cost savings and other business synergies, including branch closures, as a result of the acquisition which are not reflected in the pro forma amounts below (dollars in thousands):

	For the years ended December 31,		
	2019	2018	2017
Total revenues	$681,306	$666,921	$468,840
Net income	$217,075	$185,698	$ 91,270
Earnings per share	$ 2.53	$ 2.28	$ 1.59

Merger-related costs associated with the acquisition of Access were $26.2 million and $1.8 million for the years ended December 31, 2019 and 2018, respectively. Such costs include legal and accounting fees, lease and contract termination expenses, system conversion, and employee severances, which have been expensed as incurred. The Company completed the conversion of the core information systems during May 2019 which combined the former Access assets and results of operations into those of the Company. Therefore, reporting segregated Access revenue during 2019 is impracticable.

Fair Value Premiums and Discounts

The net effect of the amortization and accretion of premiums and discounts associated with the Company's acquisition accounting adjustments, which includes previous acquisitions in addition to Access, had the following impact on the Consolidated Statements of Income during the years ended December 31, 2019, 2018, and 2017 (dollars in thousands):

	For the years ended December 31,		
	2019	2018	2017
Loans(1)	$ 24,846	$ 17,145	$ 6,784
Buildings(2)	50	228	—
Core deposit intangible(3)	(16,755)	(11,464)	(5,603)
Other amortizable intangibles(3)	(1,766)	(1,375)	(485)
Borrowings(4)	(360)	(506)	170
Time deposits(5)	833	2,553	—
Leases(2)	1,051	130	—
Net impact to income before taxes	$ 7,899	$ 6,711	$ 866

(1) *Loan acquisition-related fair value adjustments accretion is included in "Interest and fees on loans" in the "Interest and dividend income" section of the Company's Consolidated Statements of Income.*

(2) *Building and lease acquisition-related fair value adjustments amortization is included in "Occupancy expenses" in the "Noninterest expense" section of the Company's Consolidated Statements of Income.*

(3) *Core deposit and other intangible premium amortization is included in "Amortization of intangible assets" in the "Noninterest expense" section of the Company's Consolidated Statements of Income.*

(4) *Borrowings acquisition-related fair value adjustments (amortization) accretion is included in "Interest on long-term borrowings" in the "Interest Expense" section of the Company's Consolidated Statements of Income.*

(5) *Certificate of deposit acquisition-related fair value adjustments accretion is included in "Interest on deposits" in the "Interest expense" section of the Company's Consolidated Statements of Income.*

3. SECURITIES

Available for Sale

The amortized cost, gross unrealized gains and losses, and estimated fair values of securities AFS as of December 31, 2019 and 2018 are summarized as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2019				
U.S. government and agency securities	**$ 4,487**	**$ 11**	**$ —**	**$ 4,498**
Obligations of states and political subdivisions	**417,397**	**25,624**	**(29)**	**442,992**
Corporate and other bonds[1]	**259,213**	**4,403**	**(546)**	**263,070**
Mortgage-backed securities	**1,209,251**	**23,880**	**(1,325)**	**1,231,806**
Other securities	**3,079**	**—**	**—**	**3,079**
Total AFS securities	**$1,893,427**	**$53,918**	**$ (1,900)**	**$1,945,445**
December 31, 2018				
Obligations of states and political subdivisions	$ 466,588	$ 3,844	$ (1,941)	$ 468,491
Corporate and other bonds[1]	167,561	1,118	(983)	167,696
Mortgage-backed securities	1,138,034	4,452	(12,621)	1,129,865
Other securities	8,769	—	—	8,769
Total AFS securities	$1,780,952	$ 9,414	$(15,545)	$1,774,821

(1) *Other bonds includes asset-backed securities.*

The following table shows the gross unrealized losses and fair value (dollars in thousands) of the Company's AFS securities with unrealized losses that are not deemed to be other-than-temporarily impaired as of December 31, 2019 and 2018. These are aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position.

	Less than 12 months		More than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2019						
Obligations of states and political subdivisions	**$ 4,526**	**$ (29)**	**$ —**	**$ —**	**$ 4,526**	**$ (29)**
Corporate and other bonds[1]	**44,567**	**(255)**	**19,902**	**(291)**	**64,469**	**(546)**
Mortgage-backed securities	**149,255**	**(920)**	**55,133**	**(405)**	**204,388**	**(1,325)**
Total AFS securities	**$198,348**	**$(1,204)**	**$ 75,035**	**$ (696)**	**$273,383**	**$ (1,900)**
December 31, 2018						
Obligations of states and political subdivisions	$133,513	$(1,566)	$ 10,145	$ (375)	$143,658	$ (1,941)
Corporate and other bonds[1]	35,478	(315)	33,888	(668)	69,366	(983)
Mortgage-backed securities	306,038	(3,480)	341,400	(9,141)	647,438	(12,621)
Total AFS securities	$475,029	$(5,361)	$385,433	$(10,184)	$860,462	$(15,545)

(1) *Other bonds includes asset-backed securities*

As of December 31, 2019, there were $75.0 million, or 47 issues, of individual AFS securities that had been in a continuous loss position for more than 12 months. These securities had an unrealized loss of $696,000 and consisted of mortgage-backed securities, corporate bonds, and other securities. As of December 31, 2018, there were $385.4 million, or 138 issues, of individual securities that had been in a continuous loss position for more than 12 months. These securities had an unrealized loss of $10.2 million and consisted of municipal obligations, mortgage-backed securities, corporate bonds, and other securities. The Company has determined that these securities are temporarily impaired at December 31, 2019 and 2018 for the reasons set out below:

Mortgage-backed securities. This category's unrealized losses are primarily the result of interest rate fluctuations. Because the decline in market value is attributable to changes in interest rates and not credit quality, the Company does not intend to sell the investments, and it is not likely that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired. Also, the majority of the Company's mortgage-backed securities are agency-backed securities, which have a government guarantee.

Obligations of state and political subdivisions. This category's unrealized losses are primarily the result of interest rate fluctuations and also a certain few ratings downgrades brought about by the impact of the credit crisis on states and political subdivisions. The contractual terms of the investments do not permit the issuer to settle the securities at a price less than the cost basis of each investment. Because the Company does not intend to sell any of the investments and the accounting standard of "more likely than not" has not been met for the Company to be required to sell any of the investments before recovery of its amortized cost basis, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired.

Corporate and other bonds. The Company's unrealized losses in corporate debt securities are related to both interest rate fluctuations and ratings downgrades for a limited number of securities. The majority of the securities remain investment grade and the Company's analysis did not indicate the existence of a credit loss. The contractual terms of the investments do not permit the issuer to settle the securities at a price less than the cost basis of each investment. Because the Company does not intend to sell any of the investments and the accounting standard of "more likely than not" has not been met for the Company to be required to sell any of the investments before recovery of its amortized cost basis, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired.

The following table presents the amortized cost and estimated fair value of AFS securities as of December 31, 2019 and 2018, by contractual maturity (dollars in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 2019		December 31, 2018	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	**$ 35,046**	**$ 35,197**	$ 22,653	$ 22,789
Due after one year through five years	**164,605**	**166,873**	191,003	188,999
Due after five years through ten years	**249,712**	**254,790**	218,211	217,304
Due after ten years	**1,444,064**	**1,488,585**	1,349,085	1,345,729
Total AFS securities	**$1,893,427**	**$1,945,445**	$1,780,952	$1,774,821

For information regarding the estimated fair value of AFS securities which were pledged to secure public deposits, repurchase agreements, and for other purposes as permitted or required by law as of December 31, 2019 and 2018, see Note 10 "Commitments and Contingencies."

Held to Maturity

During the second quarter of 2018, the Company adopted ASU No. 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.*" As part of this adoption, the Company made a one-time election to transfer eligible HTM securities to the AFS category in order to optimize the investment portfolio management for capital and risk management considerations. These securities had a carrying value of $187.4 million on the date of the transfer.

The Company reports HTM securities on the Consolidated Balance Sheets at carrying value. Carrying value is amortized cost which includes any unamortized unrealized gains and losses recognized in accumulated other comprehensive income prior to reclassifying the securities from securities AFS to securities held to maturity. Investment securities transferred into the HTM category from the AFS category are recorded at fair value at the date of transfer. The unrealized holding gain or loss at the date of transfer is retained in accumulated other comprehensive income and in the carrying value of the HTM securities. Such unrealized gains or losses are accreted over the remaining life of the security with no impact on future net income.

The carrying value, gross unrealized gains and losses, and estimated fair values of securities held to maturity as of December 31, 2019 and 2018 are summarized as follows (dollars in thousands):

	Carrying Value	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2019				
Obligations of states and political subdivisions	**$545,148**	**$48,274**	**$ —**	**$593,422**
Mortgage-backed securities	**9,996**	**85**	**—**	**10,081**
Total held-to-maturity securities	**$555,144**	**$48,359**	**$ —**	**$603,503**
December 31, 2018				
Obligations of states and political subdivisions	$492,272	$ 7,375	$(146)	$499,501

The following table shows the gross unrealized losses and fair value (dollars in thousands) of the Company's held to maturity securities with unrealized losses that are not deemed to be other-than-temporarily impaired as of December 31, 2019 and 2018. These are aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position.

	Less than 12 months		More than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2019						
Obligations of states and political subdivisions	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
December 31, 2018						
Obligations of states and political subdivisions	$43,206	$(146)	$ —	$ —	$43,206	$(146)

The following table presents the amortized cost and estimated fair value of HTM securities as of December 31, 2019 and 2018, by contractual maturity (dollars in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 2019		December 31, 2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	**$ 502**	**$ 504**	$ —	$ —
Due after one year through five years	**10,258**	**10,539**	3,893	3,900
Due after five years through ten years	**1,768**	**1,800**	3,480	3,507
Due after ten years	**542,616**	**590,660**	484,899	492,094
Total HTM securities	**$555,144**	**$603,503**	$492,272	$499,501

For information regarding the estimated fair value of HTM securities which were pledged to secure public deposits, repurchase agreements, and for other purposes as permitted or required by law as of December 31, 2019 and 2018, see Note 10 "Commitments and Contingencies."

Restricted Stock, at cost

Due to restrictions placed upon the Bank's common stock investment in the Federal Reserve Bank and the FHLB, these securities have been classified as restricted equity securities and carried at cost. These restricted securities are not subject to the investment security classifications and are included as a separate line item on the Company's Consolidated Balance Sheets. At both December 31, 2019 and 2018, the FHLB required the Bank to maintain stock in an amount equal to 4.25% of outstanding borrowings and a specific percentage of the Bank's total assets. The Federal Reserve Bank required the Bank to maintain stock with a par value equal to 6% of its outstanding capital at both December 31, 2019 and 2018. Restricted equity securities consist of Federal Reserve Bank stock in the amount of $67.0 million and $52.6 million for December 31, 2019 and 2018 and FHLB stock in the amount of $63.9 million and $72.0 million as of December 31, 2019 and 2018, respectively.

Other-Than-Temporary Impairment

During each quarter and at year end the Company conducts an assessment of the securities portfolio for OTTI consideration. The assessment considers factors such as external credit ratings, delinquency coverage ratios, market price, management's judgment, expectations of future performance, and relevant industry research and analysis. An impairment is other-than-temporary if any of the following conditions exist: the entity intends to sell the security; it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis; or the entity does not expect to recover the security's entire amortized cost basis (even if the entity does not intend to sell). If a credit loss exists, but an entity does not intend to sell the impaired debt security and is not more likely than not to be required to sell before recovery, the impairment is other-than-temporary and should be separated into a credit portion to be recognized in earnings and the remaining amount relating to all other factors recognized as other comprehensive loss. Based on the assessments during the years ended December 31, 2019 and 2018, and in accordance with the guidance, no OTTI was recognized.

Realized Gains and Losses

The following table presents the gross realized gains and losses on and the proceeds from the sale of securities during the years ended December 31, 2019, 2018, and 2017 (dollars in thousands):

	2019	2018	2017
Realized gains (losses):			
Gross realized gains	**$ 9,530**	$ 4,221	$ 1,170
Gross realized losses	**(1,855)**	(3,838)	(370)
Net realized gains	**$ 7,675**	$ 383	$ 800
Proceeds from sales of securities	**$514,070**	$515,764	$139,046

4. LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans are stated at their face amount, net of deferred fees and costs, and consist of the following at December 31, 2019 and 2018 (dollars in thousands):

	2019	2018
Construction and Land Development	**$ 1,250,924**	$1,194,821
Commercial Real Estate – Owner Occupied	**2,041,243**	1,337,345
Commercial Real Estate – Non-Owner Occupied	**3,286,098**	2,467,410
Multifamily Real Estate	**633,743**	548,231
Commercial & Industrial	**2,114,033**	1,317,135
Residential 1-4 Family – Commercial	**724,337**	640,419
Residential 1-4 Family – Consumer	**890,503**	673,909
Residential 1-4 Family – Revolving	**659,504**	613,383
Auto	**350,419**	301,943
Consumer	**372,853**	379,694
Other Commercial	**287,279**	241,917
Total loans held for investment, net	**$12,610,936**	$9,716,207

The following table shows the aging of the Company's loan portfolio, by segment, at December 31, 2019 (dollars in thousands):

	30 – 59 Days Past Due	60 – 89 Days Past Due	Greater than 90 Days and still Accruing	PCI	Nonaccrual	Current	Total Loans
Construction and Land Development	$ 4,563	$ 482	$ 189	$10,944	$ 3,703	$ 1,231,043	$ 1,250,924
Commercial Real Estate – Owner Occupied	3,482	2,184	1,062	27,438	6,003	2,001,074	2,041,243
Commercial Real Estate – Non-Owner Occupied	457	—	1,451	14,565	381	3,269,244	3,286,098
Multifamily Real Estate	223	—	474	94	—	632,952	633,743
Commercial & Industrial	8,698	1,598	449	1,579	1,735	2,099,974	2,114,033
Residential 1-4 Family – Commercial	1,479	2,207	674	12,205	4,301	703,471	724,337
Residential 1-4 Family – Consumer	16,244	3,072	4,515	14,713	9,292	842,667	890,503
Residential 1-4 Family – Revolving	10,190	1,784	3,357	4,127	2,080	637,966	659,504
Auto	2,525	236	272	4	563	346,819	350,419
Consumer	2,128	1,233	953	668	77	367,794	372,853
Other Commercial	464	—	—	344	97	286,374	287,279
Total loans held for investment	$50,453	$12,796	$13,396	$86,681	$28,232	$12,419,378	$12,610,936

The following table shows the aging of the Company's loan portfolio, by segment, at December 31, 2018 (dollars in thousands):

	30 – 59 Days Past Due	60 – 89 Days Past Due	Greater than 90 Days and still Accruing	PCI	Nonaccrual	Current	Total Loans
Construction and Land Development	$ 759	$ 6	$ 180	$ 8,654	$ 8,018	$1,177,204	$1,194,821
Commercial Real Estate – Owner Occupied	8,755	1,142	3,193	25,644	3,636	1,294,975	1,337,345
Commercial Real Estate – Non-Owner Occupied	338	41	—	17,335	1,789	2,447,907	2,467,410
Multifamily Real Estate	—	146	—	88	—	547,997	548,231
Commercial & Industrial	3,353	389	132	2,156	1,524	1,309,581	1,317,135
Residential 1-4 Family – Commercial	6,619	1,577	1,409	13,601	2,481	614,732	640,419
Residential 1-4 Family – Consumer	12,049	5,143	2,437	16,872	7,276	630,132	673,909
Residential 1-4 Family – Revolving	4,611	1,644	440	5,115	1,518	600,055	613,383
Auto	3,320	403	195	7	576	297,442	301,943
Consumer	1,504	1,096	870	32	135	376,057	379,694
Other Commercial	126	—	—	717	—	241,074	241,917
Total loans held for investment	$41,434	$11,587	$8,856	$90,221	$26,953	$9,537,156	$9,716,207

Nonaccrual loans totaled $28.2 million, $27.0 million, and $21.7 million at December 31, 2019, 2018 and 2017, respectively. Had these loans performed in accordance with their original terms, interest income of approximately $1.8 million, $2.3 million, and $698,000 would have been recorded in 2019, 2018, and 2017, respectively. All nonaccrual loans were included in the impaired loan disclosure in 2019 and 2018.

The following table shows the PCI loan portfolios, by segment and their delinquency status, at December 31, 2019 (dollars in thousands):

	30 – 89 Days Past Due	Greater than 90 Days	Current	Total
Construction and Land Development	$ 136	$ 343	$10,465	$10,944
Commercial Real Estate – Owner Occupied	480	6,884	20,074	27,438
Commercial Real Estate – Non-Owner Occupied	848	987	12,730	14,565
Multifamily Real Estate	—	—	94	94
Commercial & Industrial	—	989	590	1,579
Residential 1-4 Family – Commercial	543	1,995	9,667	12,205
Residential 1-4 Family – Consumer	927	1,781	12,005	14,713
Residential 1-4 Family – Revolving	287	205	3,635	4,127
Auto	—	—	4	4
Consumer	—	9	659	668
Other Commercial	—	—	344	344
Total	$3,221	$13,193	$70,267	$86,681

The following table shows the PCI loan portfolios, by segment and their delinquency status, at December 31, 2018 (dollars in thousands):

	30 – 89 Days Past Due	Greater than 90 Days	Current	Total
Construction and Land Development	$ 108	$ 1,424	$ 7,122	$ 8,654
Commercial Real Estate – Owner Occupied	658	4,281	20,705	25,644
Commercial Real Estate – Non-Owner Occupied	61	1,810	15,464	17,335
Multifamily Real Estate	—	—	88	88
Commercial & Industrial	47	1,092	1,017	2,156
Residential 1-4 Family – Commercial	871	3,454	9,276	13,601
Residential 1-4 Family – Consumer	1,959	2,422	12,491	16,872
Residential 1-4 Family – Revolving	498	252	4,365	5,115
Auto	—	—	7	7
Consumer	5	9	18	32
Other Commercial	57	—	660	717
Total	$4,264	$14,744	$71,213	$90,221

The Company measures the amount of impairment by evaluating loans either in their collective homogeneous pools or individually. The following table shows the Company's impaired loans, excluding PCI loans, by segment at December 31, 2019 and 2018 (dollars in thousands):

	December 31, 2019			December 31, 2018		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Loans without a specific allowance						
Construction and Land Development	$ 5,877	$ 7,174	$ —	$10,290	$12,038	$ —
Commercial Real Estate – Owner Occupied	8,801	9,296	—	8,386	9,067	—
Commercial Real Estate – Non-Owner Occupied	3,510	4,059	—	6,578	6,929	—
Commercial & Industrial	3,668	3,933	—	3,059	3,251	—
Residential 1-4 Family – Commercial	4,047	4,310	—	3,378	3,439	—
Residential 1-4 Family – Consumer	8,420	9,018	—	9,642	10,317	—
Residential 1-4 Family – Revolving	862	865	—	1,150	1,269	—
Consumer	—	—	—	30	102	—
Other Commercial	—	—	—	478	478	—
Total impaired loans without a specific allowance	$35,185	$38,655	$ —	$42,991	$46,890	$ —
Loans with a specific allowance						
Construction and Land Development	$ 984	$ 1,032	$ 49	$ 372	$ 491	$ 63
Commercial Real Estate – Owner Occupied	2,820	3,093	146	4,304	4,437	359
Commercial Real Estate – Non-Owner Occupied	335	383	2	391	391	1
Commercial & Industrial	2,568	2,590	619	1,183	1,442	752
Residential 1-4 Family – Commercial	1,726	1,819	162	2,120	2,152	89
Residential 1-4 Family – Consumer	12,026	12,670	1,242	6,389	6,645	470
Residential 1-4 Family – Revolving	2,186	2,369	510	724	807	188
Auto	563	879	221	576	830	231
Consumer	168	336	46	178	467	64
Other Commercial	562	567	30	—	—	—
Total impaired loans with a specific allowance	$23,938	$25,738	$3,027	$16,237	$17,662	$2,217
Total impaired loans	$59,123	$64,393	$3,027	$59,228	$64,552	$2,217

The following table shows the average recorded investment and interest income recognized for the Company's impaired loans, excluding PCI loans, by segment for the years ended December 31, 2019, 2018 and 2017 (dollars in thousands):

	December 31, 2019		December 31, 2018		December 31, 2017	
	Average Investment	Interest Income Recognized	Average Investment	Interest Income Recognized	Average Investment	Interest Income Recognized
Construction and Land Development	$ 6,764	$ 110	$11,648	$ 234	$17,080	$ 590
Commercial Real Estate – Owner Occupied	12,258	323	13,383	499	6,580	306
Commercial Real Estate – Non-Owner Occupied	4,775	147	7,157	246	6,083	172
Commercial & Industrial	6,438	293	4,672	232	3,208	150
Residential 1-4 Family – Commercial	6,145	120	5,667	180	4,422	162
Residential 1-4 Family – Consumer	20,963	308	16,977	236	12,812	222
Residential 1-4 Family – Revolving	3,256	82	2,000	23	2,659	36
Auto	788	15	824	20	579	19
Consumer	187	5	263	5	428	14
Other Commercial	584	22	486	27	382	22
Total impaired loans	$62,158	$1,425	$63,077	$1,702	$54,233	$1,693

The Company considers TDRs to be impaired loans. A modification of a loan's terms constitutes a TDR if the creditor grants a concession that it would not otherwise consider to the borrower for economic or legal reasons related to the borrower's financial difficulties. All loans that are considered to be TDRs are evaluated for impairment in accordance with the Company's allowance for loan loss methodology and are included in the preceding impaired loan tables. For the year ended December 31, 2019, the recorded investment in TDRs prior to modifications was not materially impacted by the modifications.

The following table provides a summary, by segment, of TDRs that continue to accrue interest under the terms of the restructuring agreement, which are considered to be performing, and TDRs that have been placed in nonaccrual status, which are considered to be nonperforming, as of December 31, 2019 and 2018 (dollars in thousands):

	December 31, 2019			December 31, 2018		
	No. of Loans	Recorded Investment	Outstanding Commitment	No. of Loans	Recorded Investment	Outstanding Commitment
Performing						
Construction and Land Development	**4**	**$ 1,114**	**$—**	5	$ 2,496	$ —
Commercial Real Estate – Owner Occupied	**6**	**2,228**	**26**	8	2,783	—
Commercial Real Estate – Non-Owner Occupied	**1**	**1,089**	**—**	4	4,438	—
Commercial & Industrial	**4**	**1,020**	**—**	4	978	—
Residential 1-4 Family – Commercial	**5**	**290**	**—**	8	1,075	—
Residential 1-4 Family – Consumer	**69**	**9,396**	**—**	52	6,882	—
Residential 1-4 Family – Revolving	**2**	**56**	**—**	2	58	—
Consumer	**4**	**29**	**—**	1	13	—
Other Commercial	**1**	**464**	**—**	1	478	—
Total performing	**96**	**$15,686**	**$26**	85	$19,201	$ —
Nonperforming						
Construction and Land Development	**—**	**$ —**	**$—**	2	$ 3,474	$ —
Commercial Real Estate – Owner Occupied	**2**	**176**	**—**	2	198	—
Commercial & Industrial	**1**	**55**	**—**	6	461	—
Residential 1-4 Family – Commercial	**—**	**—**	**—**	1	60	—
Residential 1-4 Family – Consumer	**19**	**3,522**	**—**	15	3,135	—
Residential 1-4 Family – Revolving	**2**	**57**	**—**	2	62	—
Consumer	**—**	**—**	**—**	1	7	—
Total nonperforming	**24**	**$ 3,810**	**$—**	29	$ 7,397	$ —
Total performing and nonperforming	**120**	**$19,496**	**$26**	114	$26,598	$ —

The Company considers a default of a TDR to occur when the borrower is 90 days past due following the restructure or a foreclosure and repossession of the applicable collateral occurs. During the years ended December 31, 2019 and 2018, the Company did not have any material loans that went into default that had been restructured in the twelve-month period prior to the time of default.

The following table shows, by segment and modification type, TDRs that occurred during the years ended December 31, 2019 and 2018 (dollars in thousands):

	All Restructurings			
	2019		2018	
	No. of Loans	Recorded Investment at Period End	No. of Loans	Recorded Investment at Period End
Modified to interest only, at a market rate				
Total interest only at market rate of interest	—	$ —	—	$ —
Term modification, at a market rate				
Construction and Land Development	—	$ —	4	$ 4,675
Commercial Real Estate – Owner Occupied	—	—	5	1,365
Commercial Real Estate – Non-Owner Occupied	—	—	1	1,089
Commercial & Industrial	1	376	3	334
Residential 1-4 Family – Commercial	1	72	1	71
Residential 1-4 Family – Consumer	7	1,688	9	1,079
Consumer	3	24	1	13
Total loan term extended at a market rate	12	$2,160	24	$ 8,626
Term modification, below market rate				
Construction and Land Development	3	$ 193	—	$ —
Commercial Real Estate – Non-Owner Occupied	—	—	1	2,782
Residential 1-4 Family – Consumer	22	2,658	19	2,783
Residential 1-4 Family – Revolving	—	—	2	46
Consumer	1	5	—	—
Total loan term extended at a below market rate	26	$2,856	22	$ 5,611
Interest rate modification, below market rate				
Residential 1-4 Family – Commercial	—	$ —	1	$ 265
Total interest only at below market rate of interest	—	$ —	1	$ 265
Total	**38**	**$5,016**	**47**	**$14,502**

The following tables show the allowance for loan loss activity by segment for the year ended December 31, 2019, 2018, and 2017. The tables below include the provision for loan losses. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories (dollars in thousands):

	Year Ended December 31, 2019				
	Allowance for loan losses				
	Balance, beginning of the year	Recoveries credited to allowance	Loans charged off	Provision charged to operations	Balance, end of period
Construction and Land Development	$ 6,803	$ 665	$ (4,218)	$ 2,508	$ 5,758
Commercial Real Estate – Owner Occupied	4,023	456	(1,346)	786	3,919
Commercial Real Estate – Non-Owner Occupied	8,865	109	(270)	839	9,543
Multifamily Real Estate	649	85	—	(102)	632
Commercial & Industrial	7,636	1,132	(3,096)	2,932	8,604
Residential 1-4 Family – Commercial	1,692	372	(472)	(227)	1,365
Residential 1-4 Family – Consumer	1,492	466	(144)	199	2,013
Residential 1-4 Family – Revolving	1,297	692	(698)	32	1,323
Auto	1,443	549	(1,282)	743	1,453
Consumer and all other(1)	7,145	2,706	(16,582)	14,415	7,684
Total	**$41,045**	**$7,232**	**$(28,108)**	**$22,125**	**$42,294**

(1) *Consumer and Other Commercial are grouped together as Consumer and all other for reporting purposes.*

	Year Ended December 31, 2018				
	Allowance for loan losses				
	Balance, beginning of the year	Recoveries credited to allowance	Loans charged off	Provision charged to operations	Balance, end of period
Construction and Land Development	$ 9,709	$ 447	$ (2,005)	$ (1,348)	$ 6,803
Commercial Real Estate – Owner Occupied	2,931	610	(709)	1,191	4,023
Commercial Real Estate – Non-Owner Occupied	7,544	100	(94)	1,315	8,865
Multifamily Real Estate	1,092	5	—	(448)	649
Commercial & Industrial	4,552	534	(833)	3,383	7,636
Residential 1-4 Family – Commercial	4,437	353	(176)	(2,922)	1,692
Residential 1-4 Family – Consumer	1,524	310	(852)	510	1,492
Residential 1-4 Family – Revolving	1,360	636	(1,206)	507	1,297
Auto	975	436	(1,074)	1,106	1,443
Consumer and all other(1)	4,084	1,737	(9,281)	10,605	7,145
Total	**$38,208**	**$5,168**	**$(16,230)**	**$13,899**	**$41,045**

(1) *Consumer and Other Commercial are grouped together as Consumer and all other for reporting purposes.*

	Year Ended December 31, 2017				
	Allowance for loan losses				
	Balance, beginning of the year	Recoveries credited to allowance	Loans charged off	Provision charged to operations	Balance, end of period
Construction and Land Development	$10,055	$ 206	$ (2,190)	$ 1,638	$ 9,709
Commercial Real Estate – Owner Occupied	3,801	171	(46)	(995)	2,931
Commercial Real Estate – Non-Owner Occupied	6,622	2	(1,180)	2,100	7,544
Multifamily Real Estate	1,236	—	—	(144)	1,092
Commercial & Industrial	4,627	483	(2,277)	1,719	4,552
Residential 1-4 Family – Commercial	3,698	329	(463)	873	4,437
Residential 1-4 Family – Consumer	2,701	102	(588)	(691)	1,524
Residential 1-4 Family – Revolving	1,328	314	(1,019)	737	1,360
Auto	946	459	(1,038)	608	975
Consumer and all other[1]	2,178	1,189	(4,509)	5,226	4,084
Total	**$37,192**	**$3,255**	**$(13,310)**	**$11,071**	**$38,208**

(1) *Consumer and Other Commercial are grouped together as Consumer and all other for reporting purposes.*

The following tables show the loan and allowance for loan loss balances based on impairment methodology by segment as of December 31, 2019 and 2018 (dollars in thousands):

	December 31, 2019							
	Loans individually evaluated for impairment		Loans collectively evaluated for impairment		Loans acquired with deteriorated credit quality		Total	
	Loans	ALL	Loans	ALL	Loans	ALL	Loans	ALL
Construction and Land Development	$ 6,861	$ 49	$ 1,233,119	$ 5,709	$10,944	$ —	$ 1,250,924	$ 5,758
Commercial Real Estate – Owner Occupied	11,621	146	2,002,184	3,773	27,438	—	2,041,243	3,919
Commercial Real Estate – Non-Owner Occupied	3,845	2	3,267,688	9,541	14,565	—	3,286,098	9,543
Multifamily Real Estate	—	—	633,649	632	94	—	633,743	632
Commercial & Industrial	6,236	619	2,106,218	7,768	1,579	217	2,114,033	8,604
Residential 1-4 Family – Commercial	5,773	162	706,359	1,203	12,205	—	724,337	1,365
Residential 1-4 Family – Consumer	20,446	1,242	855,344	771	14,713	—	890,503	2,013
Residential 1-4 Family – Revolving	3,048	510	652,329	813	4,127	—	659,504	1,323
Auto	563	221	349,852	1,232	4	—	350,419	1,453
Consumer and all other[1]	730	76	658,390	7,608	1,012	—	660,132	7,684
Total loans held for investment, net	**$59,123**	**$3,027**	**$12,465,132**	**$39,050**	**$86,681**	**$217**	**$12,610,936**	**$42,294**

(1) *Consumer and Other Commercial are grouped together as Consumer and all other for reporting purposes.*

	December 31, 2018							
	Loans individually evaluated for impairment		Loans collectively evaluated for impairment		Loans acquired with deteriorated credit quality		Total	
	Loans	ALL	Loans	ALL	Loans	ALL	Loans	ALL
Construction and Land Development	$10,662	$ 63	$1,175,505	$ 6,740	$ 8,654	$ —	$1,194,821	$ 6,803
Commercial Real Estate – Owner Occupied	12,690	359	1,299,011	3,664	25,644	—	1,337,345	4,023
Commercial Real Estate – Non-Owner Occupied	6,969	1	2,443,106	8,864	17,335	—	2,467,410	8,865
Multifamily Real Estate	—	—	548,143	649	88	—	548,231	649
Commercial & Industrial	4,242	752	1,310,737	6,884	2,156	—	1,317,135	7,636
Residential 1-4 Family – Commercial	5,498	89	621,320	1,603	13,601	—	640,419	1,692
Residential 1-4 Family – Consumer	16,031	470	641,006	1,022	16,872	—	673,909	1,492
Residential 1-4 Family – Revolving	1,874	188	606,394	1,109	5,115	—	613,383	1,297
Auto	576	231	301,360	1,212	7	—	301,943	1,443
Consumer and all other(1)	686	64	620,176	7,081	749	—	621,611	7,145
Total loans held for investment, net	**$59,228**	**$2,217**	**$9,566,758**	**$38,828**	**$90,221**	**$ —**	**$9,716,207**	**$41,045**

(1) *Consumer and Other Commercial are grouped together as Consumer and all other for reporting purposes.*

The Company uses a risk rating system and past due status as the primary credit quality indicators for the loan categories. The risk rating system on a scale of 0 through 9 is used to determine risk level as used in the calculation of the allowance for loan losses; on those loans without a risk rating, the Company uses past due status to determine risk level. The risk levels, as described below, do not necessarily follow the regulatory definitions of risk levels with the same name. A general description of the characteristics of the risk levels follows:

Pass is determined by the following criteria:

- Risk rated 0 loans have little or no risk and are with General Obligation Municipal Borrowers;
- Risk rated 1 loans have little or no risk and are generally secured by cash or cash equivalents;
- Risk rated 2 loans have minimal risk to well qualified borrowers and no significant questions as to safety;
- Risk rated 3 loans are satisfactory loans with strong borrowers and secondary sources of repayment;
- Risk rated 4 loans are satisfactory loans with borrowers not as strong as risk rated 3 loans and may exhibit a greater degree of financial risk based on the type of business supporting the loan; or
- Loans that are not risk rated but that are 0 to 29 days past due.

Watch & Special Mention is determined by the following criteria:

- Risk rated 5 loans are watch loans that warrant more than the normal level of supervision and have the possibility of an event occurring that may weaken the borrower's ability to repay;
- Risk rated 6 loans have increasing potential weaknesses beyond those at which the loan originally was granted and if not addressed could lead to inadequately protecting the Company's credit position; or
- Loans that are not risk rated but that are 30 to 89 days past due.

Substandard is determined by the following criteria:

- Risk rated 7 loans are substandard loans and are inadequately protected by the current sound worth or paying capacity of the obligor or the collateral pledged; these have well defined weaknesses that jeopardize the liquidation of the debt with the distinct possibility the Company will sustain some loss if the deficiencies are not corrected; or
- Loans that are not risk rated but that are 90 to 149 days past due.

Doubtful is determined by the following criteria:

- Risk rated 8 loans are doubtful of collection and the possibility of loss is high but pending specific borrower plans for recovery, its classification as a loss is deferred until its more exact status is determined;
- Risk rated 9 loans are loss loans which are considered uncollectable and of such little value that their continuance as bankable assets is not warranted; or
- Loans that are not risk rated but that are over 149 days past due.

The following table shows the recorded investment in all loans, excluding PCI loans, by segment with their related risk level as of December 31, 2019 (dollars in thousands):

	Pass	Watch & Special Mention	Substandard	Doubtful	Total
Construction and Land Development	$ 1,197,066	$ 37,182	$ 5,732	$ —	$ 1,239,980
Commercial Real Estate – Owner Occupied	1,916,492	87,004	10,309	—	2,013,805
Commercial Real Estate – Non-Owner Occupied	3,205,463	62,368	3,608	94	3,271,533
Multifamily Real Estate	613,844	19,396	409	—	633,649
Commercial & Industrial	2,043,903	60,495	8,048	8	2,112,454
Residential 1-4 Family – Commercial	680,894	24,864	6,374	—	712,132
Residential 1-4 Family – Consumer	841,408	13,592	20,534	256	875,790
Residential 1-4 Family – Revolving	641,069	6,373	7,935	—	655,377
Auto	345,960	2,630	1,825	—	350,415
Consumer	371,315	550	320	—	372,185
Other Commercial	284,914	1,863	158	—	286,935
Total	$12,142,328	$316,317	$65,252	$358	$12,524,255

The following table shows the recorded investment in all loans, excluding PCI loans, by segment with their related risk level as of December 31, 2018 (dollars in thousands):

	Pass	Watch & Special Mention	Substandard	Doubtful	Total
Construction and Land Development	$1,130,577	$ 43,894	$11,696	$ —	$1,186,167
Commercial Real Estate – Owner Occupied	1,231,422	50,939	29,340	—	1,311,701
Commercial Real Estate – Non-Owner Occupied	2,425,500	17,648	6,927	—	2,450,075
Multifamily Real Estate	537,572	10,571	—	—	548,143
Commercial & Industrial	1,273,549	34,864	6,566	—	1,314,979
Residential 1-4 Family – Commercial	606,955	14,876	4,987	—	626,818
Residential 1-4 Family – Consumer	624,346	17,065	15,626	—	657,037
Residential 1-4 Family – Revolving	598,444	6,316	3,508	—	608,268
Auto	296,907	3,590	1,439	—	301,936
Consumer	378,873	547	242	—	379,662
Other Commercial	239,857	864	479	—	241,200
Total	$9,344,002	$201,174	$80,810	$ —	$9,625,986

The following table shows the recorded investment in only PCI loans by segment with their related risk level as of December 31, 2019 (dollars in thousands):

	Pass	Watch & Special Mention	Substandard	Doubtful	Total
Construction and Land Development	$ 1,092	$ 3,692	$ 6,160	$ —	$10,944
Commercial Real Estate – Owner Occupied	8,264	10,524	8,650	—	27,438
Commercial Real Estate – Non-Owner Occupied	3,826	9,415	1,324	—	14,565
Multifamily Real Estate	—	94	—	—	94
Commercial & Industrial	127	25	1,427	—	1,579
Residential 1-4 Family – Commercial	6,000	2,693	3,512	—	12,205
Residential 1-4 Family – Consumer	9,947	557	4,209	—	14,713
Residential 1-4 Family – Revolving	2,887	707	533	—	4,127
Auto	2	—	2	—	4
Consumer	657	—	11	—	668
Other Commercial	120	224	—	—	344
Total	$32,922	$27,931	$25,828	$ —	$86,681

The following table shows the recorded investment in only PCI loans by segment with their related risk level as of December 31, 2018 (dollars in thousands):

	Pass	Watch & Special Mention	Substandard	Doubtful	Total
Construction and Land Development	$ 1,835	$ 1,308	$ 5,511	$ —	$ 8,654
Commercial Real Estate – Owner Occupied	8,347	6,685	10,612	—	25,644
Commercial Real Estate – Non-Owner Occupied	4,789	7,992	4,554	—	17,335
Multifamily Real Estate	—	88	—	—	88
Commercial & Industrial	762	134	1,260	—	2,156
Residential 1-4 Family – Commercial	6,476	2,771	4,354	—	13,601
Residential 1-4 Family – Consumer	9,930	1,030	5,912	—	16,872
Residential 1-4 Family – Revolving	3,438	1,031	646	—	5,115
Auto	7	—	—	—	7
Consumer	17	—	15	—	32
Other Commercial	57	660	—	—	717
Total	$35,658	$21,699	$32,864	$ —	$90,221

Loans acquired are originally recorded at fair value, with certain loans being identified as impaired at the date of purchase. The fair values were determined based on the credit quality of the portfolio, expected future cash flows, and timing of those expected future cash flows.

The following shows changes in the accretable yield for loans accounted for under ASC 310-30, *Receivables — Loans and Debt Securities Acquired with Deteriorated Credit Quality*, for the periods presented (dollars in thousands):

	For the Year Ended December 31,	
	2019	**2018**
Balance at beginning of period	$ 31,201	$14,563
Additions	5,060	12,225
Accretion	(13,432)	(8,654)
Reclass of nonaccretable difference due to improvement in expected cash flows	4,485	1,876
Measurement period adjustment	631	3,974
Other, net(1)	3,329	7,217
Balance at end of period	$ 31,274	$31,201

(1) *This line item represents changes in the cash flows expected to be collected due to the impact of non-credit changes such as prepayment assumptions, changes in interest rates on variable rate PCI loans, and discounted payoffs that occurred in the year.*

The carrying value of the Company's PCI loan portfolio, accounted for under ASC 310-30, totaled $86.7 million at December 31, 2019 and $90.2 million at December 31, 2018. The outstanding balance of the Company's PCI loan portfolio totaled $104.9 million at December 31, 2019 and $113.5 million at December 31, 2018. The carrying value of the Company's acquired performing loan portfolio, accounted for under ASC 310-20, *Receivables — Nonrefundable Fees and Other Costs*, totaled $3.0 billion and $2.0 billion at December 31, 2019 and 2018, respectively; the remaining discount on these loans totaled $50.1 million and $30.3 million, respectively.

5. PREMISES AND EQUIPMENT

Amounts presented exclude discontinued operations. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

The Company's premises and equipment as of December 31, 2019 and 2018 are as follows (dollars in thousands):

	2019	**2018**
Land	**$ 44,578**	$ 41,494
Land improvements and buildings	**123,189**	119,649
Leasehold improvements	**20,597**	10,266
Furniture and equipment	**71,469**	62,154
Construction in progress	**3,549**	6,956
Total	**263,382**	240,519
Less accumulated depreciation and amortization	**102,309**	93,552
Bank premises and equipment, net	**$161,073**	$146,967

Depreciation expense for the years ended December 31, 2019, 2018, and 2017 was $15.0 million, $13.6 million, and $10.9 million, respectively. Refer to Note 7: "Leases" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding the Company's leasing arrangements.

6. INTANGIBLE ASSETS

The Company's intangible assets consist of core deposits, goodwill, and other intangibles arising from acquisitions. The Company has determined that core deposit intangibles have finite lives and amortizes them over their estimated useful lives. Core deposit intangibles are being amortized over the period of expected benefit, which ranges from 4 to 10 years, using an accelerated method. Other amortizable intangible assets are being amortized over the period of expected benefit, which ranges from 4 to 10 years, using various methods. Refer to Note 2 "Acquisitions" for further information regarding intangible assets.

In accordance with ASC 350, *Intangibles — Goodwill and Other,* the Company reviews the carrying value of indefinite lived intangible assets at least annually or more frequently if certain impairment indicators exist. The Company performed its annual impairment testing in the second quarter of 2019 and determined that there was no impairment to its goodwill or intangible assets. In the second quarter of 2018 the Company wrote off goodwill in the amount of $864,000 related to the wind down of UMG, which is now included in discontinued operations.

Information concerning intangible assets with a finite life is presented in the following table (dollars in thousands):

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
December 31, 2019			
Core deposit intangibles	$135,300	$73,336	$61,964
Other amortizable intangibles	15,349	3,644	11,705
December 31, 2018			
Core deposit intangibles	$ 95,152	$57,293	$37,859
Other amortizable intangibles	12,695	1,870	10,825

Amortization expense of intangibles for the years ended December 31, 2019, 2018, and 2017 totaled $18.5 million, $12.8 million, and $6.1 million, respectively. As of December 31, 2019, the estimated remaining amortization expense of intangibles for the years ended is as follows (dollars in thousands):

2020	**$16,483**
2021	**13,874**
2022	**11,490**
2023	**9,687**
2024	**7,819**
Thereafter	**14,316**
Total estimated amortization expense	**$73,669**

7. LEASES

The Company leases branch locations, office space, land, and equipment. The Company determines if an arrangement is a lease at inception. As of December 31, 2019, all leases have been classified as operating leases with approximately 160 non-cancellable operating leases where the Company is the lessee. The Company does not have any material arrangements where the Company is the lessor or in a sublease contract. Leases where the Company is a lessee are primarily for real estate leases with remaining lease terms of up to 14 years. The Company's real estate lease agreements do not contain residual value guarantees and most agreements do not contain restrictive covenants.

Operating leases have been reported on the Company's Consolidated Balance Sheets as an operating ROU Asset within Other Assets and an operating lease liability within Other Liabilities. The ROU Asset represents the Company's right to use an underlying asset over the course of the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized at the commencement date based on the present value of the remaining lease payments, discounted using the incremental borrowing rate. As most of the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating ROU Asset is recognized at commencement date based on the initial measurement of the lease liability, any lease payments made excluding lease incentives, and any initial direct costs incurred. At December 31, 2019 the total ROU Asset was $54.9 million and total operating lease liabilities were $66.1 million. Most of the Company's leases include one or more options to renew, however, the Company is not reasonably certain to exercise those options and therefore does not include the renewal options in the measurement of the ROU Asset and lease liabilities

Total lease expenses are recorded in Occupancy Expense within noninterest expense on the Company's Consolidated Statements of Income. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Total operating lease expenses for the year ended December 31, 2019 were $11.5 million.

As of December 31, 2019 the Company had no material sales leaseback transactions or operating leases that have not yet commenced that create significant rights and obligations.

Maturities of operating lease liabilities as of December 31, 2019 are as follows for the years ending (dollars in thousands):

2020	$13,046
2021	11,321
2022	10,344
2023	9,377
2024	8,065
Thereafter	21,025
Total future lease payments	73,178
Less: Interest	7,126
Present value of lease liabilities	$66,052

Other lease information is as follows (dollars in thousands):

	December 31, 2019
Lease Term and Discount Rate of Operating leases:	
Weighted-average remaining lease term (years)	7.36
Weighted-average discount rate(1)	2.69%
Cash paid for amounts included in measurement of lease liabilities:	
Operating Cash Flows from Operating Leases	$13,697
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	8,065

(1) *An incremental borrowing rate is used based on information available at commencement date of lease.*

8. DEPOSITS

The major types of interest-bearing deposits are as follows for the years ended December 31, (dollars in thousands):

	2019	2018
Interest-bearing deposits:		
NOW accounts	**$ 2,905,714**	$2,288,523
Money market accounts	**3,951,856**	2,875,301
Savings accounts	**727,847**	622,823
Time deposits of $250,000 and over	**684,797**	292,224
Other time deposits	**2,064,628**	1,797,482
Total interest-bearing deposits	**$10,334,842**	$7,876,353

As of December 31, 2019, the scheduled maturities of time deposits are as follows for the years ended December 31, (dollars in thousands):

2020	**$1,626,492**
2021	**621,567**
2022	**199,507**
2023	**140,722**
2024	**160,465**
Thereafter	**672**
Total scheduled maturities of time deposits	**$2,749,425**

The amount of time deposits held in CDARS accounts was $73.9 million and $118.3 million as of December 31, 2019 and 2018, respectively.

The Company classifies deposit overdrafts as loans held for investment within the "Other Commercial" category. As of December 31, 2019 and 2018, these deposits totaled $2.6 million and $2.0 million, respectively.

9. BORROWINGS

Short-term Borrowings

The Company classifies all borrowings that will mature within a year from the date on which the Company enters into them as short-term borrowings. Total short-term borrowings consist primarily of advances from the FHLB, federal funds purchased (which are secured overnight borrowings from other financial institutions), and other lines of credit. Also included in total short-term borrowings are securities sold under agreements to repurchase, which are secured transactions with customers and generally mature the day following the date sold.

Total short-term borrowings consist of the following as of December 31, 2019 and 2018 (dollars in thousands):

	2019	2018
Securities sold under agreements to repurchase	**$ 66,053**	**$ 39,197**
FHLB advances	**370,200**	**1,043,600**
Other short-term borrowings	**—**	**5,000**
Total short-term borrowings	**$436,253**	**$1,087,797**
Average outstanding balance during the period	**$673,116**	**$ 968,014**
Average interest rate (during the period)	**2.30%**	**1.91%**
Average interest rate at end of period	**1.52%**	**2.43%**

The Bank maintains federal funds lines with several correspondent banks; the remaining available balance was $682.0 million and $382.0 million at December 31, 2019 and 2018 respectively. The Company maintains an alternate line of credit at a correspondent bank; the available balance was $25.0 million at both December 31, 2019 and 2018. The Company has certain restrictive covenants related to certain asset quality, capital, and profitability metrics associated with these lines and is considered to be in compliance with these covenants as of December 31, 2019. Additionally, the Company had a collateral dependent line of credit with the FHLB of up to $5.2 billion and $4.0 billion at December 31, 2019 and 2018, respectively.

Long-term Borrowings

In connection with several previous bank acquisitions, the Company issued and acquired trust preferred capital notes of $58.5 million and $87.0 million, respectively. Most recently, in connection with the acquisition of Access on February 1, 2019, the Company acquired additional trust preferred capital notes totaling $5.0 million. The remaining fair value discount on all acquired trust preferred capital notes was $14.9 million at December 31, 2019. The trust preferred capital notes currently qualify for Tier 2 capital of the Company for regulatory purposes. The Company's trust preferred capital notes consist of the following as of December 31, 2019:

	Trust Preferred Capital Securities(1)	Investment(1)	Spread to 3-Month LIBOR	Rate(2)	Maturity
Trust Preferred Capital Note – Statutory Trust I	$ 22,500,000	$ 696,000	2.75%	4.66%	6/17/2034
Trust Preferred Capital Note – Statutory Trust II	36,000,000	1,114,000	1.40%	3.31%	6/15/2036
VFG Limited Liability Trust I Indenture	20,000,000	619,000	2.73%	4.64%	3/18/2034
FNB Statutory Trust II Indenture	12,000,000	372,000	3.10%	5.01%	6/26/2033
Gateway Capital Statutory Trust I	8,000,000	248,000	3.10%	5.01%	9/17/2033
Gateway Capital Statutory Trust II	7,000,000	217,000	2.65%	4.56%	6/17/2034
Gateway Capital Statutory Trust III	15,000,000	464,000	1.50%	3.41%	5/30/2036
Gateway Capital Statutory Trust IV	25,000,000	774,000	1.55%	3.46%	7/30/2037
MFC Capital Trust II	5,000,000	155,000	2.85%	4.76%	1/23/2034
Total	$150,500,000	$4,659,000			

(1) *The total of the trust preferred capital securities and investments in the respective trusts represents the principal asset of the Company's junior subordinated debt securities with like maturities and like interest rates to the capital securities. The Company's investment in the trusts is reported in "Other Assets" on the Consolidated Balance Sheets.*

(2) *Rate as of December 31, 2019.*

During the fourth quarter of 2016, the Company issued $150.0 million of fixed-to-floating rate subordinated notes with an initial fixed interest rate of 5.00% through December 15, 2021. The interest rate then changes to a floating rate of LIBOR plus 3.175% through its maturity date on December 15, 2026. In connection with the acquisition of Xenith on January 1, 2018, the Company acquired $8.5 million of subordinated notes with a fair value premium of $259,000, which was $51,000 at December 31, 2019. The acquired subordinated notes have a fixed interest rate of 6.75% and a maturity date of June 30, 2025. At December 31, 2019 and 2018, the contractual principal reported for all subordinated notes was $158.5 million; remaining issuance discount as of December 31, 2019 and 2018 was $1.4 million and $1.6 million, respectively. The subordinated notes qualify as Tier 2 capital for the Company for regulatory purposes. The Company has certain restrictive covenants related to certain asset quality, capital, and profitability metrics associated with the acquired subordinated notes and was considered to be in compliance with these covenants as of December 31, 2019.

On August 23, 2012, the Company modified its fixed rate FHLB advances to floating rate advances, which resulted in reducing the Company's FHLB borrowing costs. In connection with this modification, the Company incurred a prepayment penalty of $19.6 million on the original advances which was deferred and to be amortized over the term of the modified advances using the effective rate method. On August 29, 2019, the Company repaid the floating rate FHLB advances. In connection with this repayment, the remaining unamortized prepayment penalty of $7.4 million was immediately recognized as a component of noninterest expense.

As of December 31, 2019, the Company had long-term advances from the FHLB consisting of the following (dollars in thousands):

Long-term Type	Spread to 3-Month LIBOR	Interest Rate(1)	Maturity Date	Advance Amount
Convertible Flipper	(0.75)%	1.16%	8/17/2029	**$ 50,000**
Convertible Flipper	(0.50)%	1.41%	5/15/2024	**200,000**
Convertible Flipper	(0.75)%	1.16%	5/22/2029	**150,000**
Convertible Flipper	(0.75)%	1.16%	5/30/2029	**50,000**
Convertible Flipper	(0.75)%	1.16%	6/21/2029	**100,000**
Fixed Rate Convertible	—	1.78%	10/26/2028	**200,000**
Fixed Rate Hybrid	—	1.58%	5/18/2020	**20,000**
Fixed Rate Credit	—	1.54%	10/2/2020	**10,000**
				$780,000

(1) *Interest rates calculated using non-rounded numbers.*

As of December 31, 2018, the Company had long-term advances from the FHLB consisting of the following (dollars in thousands):

Long-term Type	Spread to 3-Month LIBOR	Interest Rate(1)	Maturity Date	Advance Amount
Adjustable Rate Credit	0.44%	3.25%	8/23/2022	**$ 55,000**
Adjustable Rate Credit	0.45%	3.26%	11/23/2022	**65,000**
Adjustable Rate Credit	0.45%	3.26%	11/23/2022	**10,000**
Adjustable Rate Credit	0.45%	3.26%	11/23/2022	**10,000**
Fixed Rate Convertible	—	1.78%	10/26/2028	**200,000**
Fixed Rate Hybrid	—	2.37%	10/10/2019	**25,000**
Fixed Rate Hybrid	—	1.58%	5/18/2020	**20,000**
				$385,000

(1) *Interest rates calculated using non-rounded numbers.*

For information on the carrying value of loans and securities pledged as collateral on FHLB advances as of December 31, 2019 and 2018, refer to Note 10 "Commitments and Contingencies".

As of December 31, 2019, the contractual maturities of long-term debt are as follows for the years ending (dollars in thousands):

	Trust Preferred Capital Notes	Subordinated Debt	FHLB Advances	Fair Value Premium (Discount)(1)	Total Long-term Borrowings
2020	$ —	$ —	$ 30,000	$ (834)	**$ 29,166**
2021	—	—	—	(1,008)	**(1,008)**
2022	—	—	—	(1,030)	**(1,030)**
2023	—	—	—	(1,053)	**(1,053)**
2024	—	—	200,000	(1,078)	**198,922**
Thereafter	155,159	158,500	550,000	(11,161)	**852,498**
Total long-term borrowings	$155,159	$158,500	$780,000	$(16,164)	**$1,077,495**

(1) *Includes discount on issued subordinated notes.*

10. COMMITMENTS AND CONTINGENCIES

Litigation Matters

In the ordinary course of its operations, the Company and its subsidiaries are parties to various legal proceedings. Based on the information presently available, and after consultation with legal counsel, management believes that the ultimate outcome in such proceedings, in the aggregate, will not have a material adverse effect on the business, financial condition, or results of operations of the Company.

Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve elements of credit and interest rate risk in excess of the amount recognized on the Company's Consolidated Balance Sheets. The contractual amounts of these instruments reflect the extent of the Company's involvement in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and letters of credit written is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Unless noted otherwise, the Company does not require collateral or other security to support off-balance sheet financial instruments with credit risk. The Company considers credit losses related to off-balance sheet commitments by undergoing a similar process in evaluating losses for loans that are carried on the balance sheet. The Company considers historical loss rates, current economic conditions, risk ratings, and past due status among other factors in the consideration of whether credit losses are inherent in the Company's off-balance sheet commitments to extend credit. The Company also records an indemnification reserve that includes balances relating to mortgage loans previously sold based on historical statistics and loss rates. As of December 31, 2019 and 2018, the Company's reserves for off-balance sheet credit risk and indemnification were $2.6 million and $1.4 million, respectively.

Commitments to extend credit are agreements to lend to customers as long as there are no violations of any conditions established in the contracts. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments may expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Letters of credit are conditional commitments issued by the Company to guarantee the performance of customers to third parties. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

The following table presents the balances of commitments and contingencies as of December 31, (dollars in thousands):

	2019	2018
Commitments with off-balance sheet risk:		
Commitments to extend credit(1)	**$4,691,272**	$3,167,085
Standby letters of credit	**209,658**	167,597
Total commitments with off-balance sheet risk	**$4,900,930**	$3,334,682

(1) *Includes unfunded overdraft protection.*

The Company must maintain a reserve against its deposits in accordance with Regulation D of the Federal Reserve Act. For the final weekly reporting period in the periods ended December 31, 2019 and 2018, the aggregate amount of daily average required reserves were approximately $6.3 million and $58.0 million, respectively, and was satisfied by deposits maintained with the Federal Reserve Bank.

As of December 31, 2019, the Company had approximately $131.4 million in deposits in other financial institutions, of which $116.8 million served as collateral for cash flow and loan swap derivatives. The Company had approximately $11.6 million and $3.7 million in deposits in other financial institutions that were uninsured at December 31, 2019 and 2018, respectively. At least annually, the Company's management evaluates the loss risk of its uninsured deposits in financial counterparties.

For asset/liability management purposes, the Company uses interest rate swap agreements to hedge various exposures or to modify the interest rate characteristics of various balance sheet accounts. See Note 11 "Derivatives" for additional information.

As part of the Company's liquidity management strategy, it pledges collateral to secure various financing and other activities that occur during the normal course of business. The following tables present the types of collateral pledged, at December 31, 2019 and 2018 (dollars in thousands):

	Pledged Assets as of December 31, 2019				
	Cash	AFS Securities(1)	HTM Securities(1)	Loans(2)	Total
Public deposits	$ —	$467,266	$292,096	$ —	$ 759,362
Repurchase agreements	—	79,299	7,602	—	86,901
FHLB advances	—	63,812	—	3,846,934	3,910,746
Derivatives	116,839	1,260	—	—	118,099
Fed Funds	—	—	—	292,738	292,738
Other purposes	—	122,358	10,654	—	133,012
Total pledged assets	$116,839	$733,995	$310,352	$4,139,672	$5,300,858

(1) *Balance represents market value.*

(2) *Balance represents book value.*

	Pledged Assets as of December 31, 2018				
	Cash	AFS Securities(1)	HTM Securities(1)	Loans(2)	Total
Public deposits	$ —	$293,169	$7,407	$ —	$ 300,576
Repurchase agreements	—	55,269	—	—	55,269
FHLB advances	—	488	—	3,337,289	3,337,777
Derivatives	13,509	1,938	—	—	15,447
Other purposes	—	23,217	—	—	23,217
Total pledged assets	$13,509	$374,081	$7,407	$3,337,289	$3,732,286

(1) *Balance represents book value.*

(2) *Balance represents market value.*

11. DERIVATIVES

The Company is exposed to economic risks arising from its business operations and uses derivatives primarily to manage risk associated with changing interest rates, and to assist customers with their risk management objectives. The Company designates certain derivatives as hedging instruments in a qualifying hedge accounting relationship (cash flow or fair value hedge). The remaining are classified as free-standing derivatives consisting of customer accommodation loan swaps and interest rate lock commitments that do not qualify for hedge accounting.

Derivatives Counterparty Credit Risk

Derivative instruments contain an element of credit risk that arises from the potential failure of a counterparty to perform according to the terms of the contract. The Company's exposure to derivative counterparty credit risk, at any point in time, is equal to the amount reported as a derivative asset on the Company's Consolidated Balance Sheets, assuming no recoveries of underlying collateral.

Effective January 1, 2019, as required under the Dodd-Frank Act, the Company clears eligible derivative transactions through CCPs such as the CME and LCH, which are often referred to as "central clearinghouses". The Company clears certain OTC derivatives with central clearinghouses through FCMs as part of the regulatory requirement. The use of the CCPs and the FCMs reduces the Company's bilateral counterparty credit exposures while it increases the Company's credit exposures to CCPs and FCMs. The Company is required by CCPs to post initial and variation margin to mitigate the risk of non-payment through the Company's FCMs. The Company's FCM agreements governing these derivative transactions generally include provisions that may require the Company to post more collateral or otherwise change terms in the Company's agreements under certain circumstances. For CME and LCH-cleared OTC derivatives, the Company characterizes variation margin cash payments as settlements.

The Company also enters into legally enforceable master netting agreements and collateral agreements, where possible, with certain derivative counterparties to mitigate the risk of default on a bilateral basis. These bilateral agreements typically provide the right to offset exposures and require one counterparty to post collateral on derivative instruments in a net liability position to the other counterparty.

Cash Flow Hedges

The Company designates derivatives as cash flow hedges when they are used to manage exposure to variability in cash flows related to forecasted transactions on variable rate borrowings such as trust preferred capital notes, FHLB borrowings and certain prime based and commercial loans. The Company uses interest rate swap agreements as part of its hedging strategy by exchanging a notional amount, equal to the principal amount of the borrowings or commercial loans, for fixed-rate interest based on benchmarked interest rates. The original terms and conditions of the interest rate swaps vary and range in length with a maximum hedging time through January 2021. Amounts receivable or payable are recognized as accrued under the terms of the agreements.

All swaps were entered into with counterparties that met the Company's credit standards, and the agreements contain collateral provisions protecting the at-risk party. The Company believes that the credit risk inherent in the contract is not significant.

The Company assesses the effectiveness of each hedging relationship on a periodic basis using statistical regression analysis. The Company also measures the ineffectiveness of each hedging relationship using the change in variable cash flows method which compares the cumulative changes in cash flows of the hedging instrument relative to cumulative changes in the hedged item's cash flows. In accordance with ASC 815, *Derivatives and Hedging*, the effective portions of the derivatives' unrealized gains or losses are recorded as a component of other comprehensive income. Based on the Company's assessment, its cash flow hedges are highly effective, but to the extent that any ineffectiveness exists in the hedge relationships, the amounts would be recorded in interest income or interest expense on the Company's Consolidated Statements of Income.

During the quarter ended September 30, 2019, the Company terminated four interest rate swaps designated as cash flow hedges prior to their respective maturity dates. The net amount of losses immediately reclassified into earnings as the forecasted transaction will not occur totaled $9.0 million for the quarter ended September 30, 2019.

Fair Value Hedge

Derivatives are designated as fair value hedges when they are used to manage exposure to changes in the fair value of certain financial assets and liabilities, referred to as the hedged items, which fluctuate in value as a result of movements in interest rates.

Loans: During the normal course of business, the Company enters into swap agreements to convert certain long-term fixed-rate loans to floating rates to hedge the Company's exposure to interest rate risk. The Company pays a fixed interest rate to the counterparty and receives a floating rate from the same counterparty calculated on the aggregate notional amount. For the years ended December 31, 2019 and 2018, the aggregate notional amount of the related hedged items for certain long-term fixed rate loans totaled $83.1 million and $87.6 million, respectively, and the fair value of the related hedged items was an unrealized loss of $2.0 million and $1.6 million, respectively.

AFS Securities: During the fourth quarter 2018, the Company entered into a swap agreement to hedge the interest rate risk on a portion of its fixed rate AFS securities. For the years ended December 31, 2019 and 2018, the aggregate notional amount of the related hedged items of the AFS securities totaled $50.0 million and the fair value of the related hedged items was an unrealized loss of $4.1 million and $1.4 million, respectively.

The Company applies hedge accounting in accordance with ASC 815, *Derivatives and Hedging,* and the fair value hedge and the underlying hedged item, attributable to the risk being hedged, are recorded at fair value with unrealized gains and losses being recorded on the Company's Consolidated Statements of Income. Statistical regression analysis is used to assess hedge effectiveness, both at inception of the hedging relationship and on an ongoing basis. The regression analysis involves regressing the periodic change in fair value of the hedging instrument against the periodic changes in fair value of the asset being hedged due to changes in the hedged risk. The Company's fair value hedges continue to be highly effective and had no material impact on the Consolidated Statements of Income, but if any ineffectiveness exists, portions of the unrealized gains or losses would be recorded in interest income or interest expense on the Company's Consolidated Statements of Income.

Loan Swaps

During the normal course of business, the Company enters into interest rate swap loan relationships ("loan swaps") with borrowers to meet their financing needs. Upon entering into the loan swaps, the Company enters into offsetting positions with a third party in order to minimize interest rate risk. These back-to-back loan swaps qualify as financial derivatives with fair values as reported in "Other Assets" and "Other Liabilities" on the Company's Consolidated Balance Sheets.

The following table summarizes key elements of the Company's derivative instruments as of December 31, 2019 and 2018, segregated by derivatives that are considered accounting hedges and those that are not (dollars in thousands):

	December 31, 2019			**December 31, 2018**		
	Notional or Contractual Amount(1)	**Derivative(2)**		**Notional or Contractual Amount(1)**	**Derivative(2)**	
		Assets	**Liabilities**		**Assets**	**Liabilities**
Derivatives designated as accounting hedges:						
Interest rate contracts:						
Cash flow hedges	**$ 100,000**	**$ —**	**$ 1,147**	$152,500	$ —	$ 4,786
Fair value hedges	**133,078**	**182**	**6,256**	137,596	1,872	1,684
Derivatives not designated as accounting hedges:						
Loan Swaps :						
Pay fixed-receive floating interest rate swaps	**1,575,149**	**753**	**53,592**	878,446	10,120	9,306
Pay floating-receive fixed interest rate swaps	**1,575,149**	**53,592**	**753**	878,446	9,306	10,120

(1) *Notional amounts are not recorded on the Company's Consolidated Balance Sheets and are generally used only as a basis on which interest and other payments are determined.*

(2) *Balances represent fair value of derivative financial instruments.*

The following table summarizes the carrying value of the Company's hedged assets in fair value hedges and the associated cumulative basis adjustments included in those carrying values as of December 31, 2019 and 2018 (dollars in thousands):

	December 31, 2019		December 31, 2018	
	Carrying Amount of Hedged Assets/(Liabilities) Amount[(1)]	**Cumulative Amount of Basis Adjustments Included in the Carrying Amount of the Hedged Assets/(Liabilities)**	**Carrying Amount of Hedged Assets/(Liabilities) Amount**[(1)]	**Cumulative Amount of Basis Adjustments Included in the Carrying Amount of the Hedged Assets/(Liabilities)**
Line items on the Consolidated Balance Sheets in which the hedged item is included:				
Securities available-for-sale[(1)(2)]	**$206,799**	**$4,072**	$224,241	$ 1,399
Loans	**83,078**	**1,972**	87,596	(1,572)

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(1) *These amounts include the amortized cost basis of the investment securities designated in hedging relationships for which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. For the periods ended December 31, 2019 and 2018, the amortized cost basis of this portfolio was $207 million and $224 million, respectively, and the cumulative basis adjustment associated with this hedge was $4.1 million and $1.4 million, respectively. The amount of the designated hedged item at December 31, 2019 and 2018 totaled $50 million.*

(2) *Carrying value represents amortized cost.*

12. STOCKHOLDERS' EQUITY

Serial Preferred Stock

The Company has the authority to issue up to 500,000 shares of serial preferred stock with a par value of $10.00 per share. As of December 31, 2019 and December 31, 2018, the Company had no shares issued or outstanding.

Accumulated Other Comprehensive Income (Loss)

The change in accumulated other comprehensive income (loss) for the year ended December 31, 2019 is summarized as follows, net of tax (dollars in thousands):

	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) for AFS Securities Transferred to HTM	Change in Fair Value of Cash Flow Hedges	Unrealized Gains (Losses) on BOLI	Total
Balance – December 31, 2018	$ (5,949)	$ 95	$(3,393)	$(1,026)	$(10,273)
Other comprehensive income (loss):					
Other comprehensive income (loss) before reclassification	49,890	—	(5,103)	(646)	44,141
Amounts reclassified from AOCI into earnings	(6,064)	(20)	7,714	77	1,707
Net current period other comprehensive income (loss)	43,826	(20)	2,611	(569)	45,848
Balance – December 31, 2019	$37,877	$ 75	$ (782)	$(1,595)	$ 35,575

The change in accumulated other comprehensive income (loss) for the year ended December 31, 2018 is summarized as follows, net of tax (dollars in thousands):

	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) for AFS Securities Transferred to HTM	Change in Fair Value of Cash Flow Hedges	Unrealized Gains (Losses) on BOLI	Total
Balance – December 31, 2017	$ 1,874	$ 2,705	$(4,361)	$(1,102)	$ (884)
Transfer of HTM securities to AFS securities[1]	2,785	(2,785)	—	—	—
Cumulative effects from adoption of new accounting standards[2][3]	465	583	(1,094)	—	(46)
Other comprehensive income (loss):					
Other comprehensive income (loss) before reclassification	(10,711)	—	1,087	—	(9,624)
Amounts reclassified from AOCI into earnings	(362)	(408)	975	76	281
Net current period other comprehensive income (loss)	(11,073)	(408)	2,062	76	(9,343)
Balance – December 31, 2018	$ (5,949)	$ 95	$(3,393)	$(1,026)	$(10,273)

(1) *During the second quarter of 2018, the Company adopted ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities". As part of this adoption, the Company made a one-time election to transfer eligible HTM securities to the AFS category. The transfer of these securities resulted in an increase of approximately $400,000 to AOCI and is included as unrealized gains (losses) on AFS securities above.*

(2) *During the second quarter of 2018, the Company adopted ASU No. 2018-02 "Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." As part of this adoption, the Company reclassified approximately $107,000 of these amounts from AOCI to retained earnings.*

(3) *During the first quarter of 2018, the Company adopted ASU No. 2016-01 "Financial Instruments — Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities." As part of this adoption, the Company reclassified approximately $61,000 of these amounts from AOCI to retained earnings.*

The change in accumulated other comprehensive income (loss) for the year ended December 31, 2017 is summarized as follows, net of tax (dollars in thousands):

	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) for AFS Securities Transferred to HTM	Change in Fair Value of Cash Flow Hedges	Unrealized Gains (Losses) on BOLI	Total
Balance – December 31, 2016	$ (542)	$3,377	$(5,179)	$(1,465)	$(3,809)
Other comprehensive income (loss):					
Other comprehensive income (loss) before reclassification	2,936	—	(44)	—	2,892
Amounts reclassified from AOCI into earnings	(520)	(672)	862	363	33
Net current period other comprehensive income (loss)	2,416	(672)	818	363	2,925
Balance – December 31, 2017	$1,874	$2,705	$(4,361)	$(1,102)	$ (884)

13. REGULATORY MATTERS AND CAPITAL

Capital resources represent funds, earned or obtained, over which financial institutions can exercise greater or longer control in comparison with deposits and borrowed funds. Management seeks to maintain a capital structure that will assure an adequate level of capital to support anticipated asset growth and to absorb potential losses, yet allow management to effectively leverage its capital to maximize return to shareholders. 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 financial statements of the Company and the Bank. Under capital adequacy guidelines and the regulatory framework for PCA, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. PCA provisions are not applicable to financial holding companies and bank holding companies, but only to their bank subsidiaries.

As of December 31, 2019, the most recent notification from the Federal Reserve Bank categorized the Bank as "well capitalized" under the regulatory framework for PCA. To be categorized as "well-capitalized," an institution must maintain minimum total risk-based, Tier 1 risk-based, Tier 1 leverage, and common equity Tier 1 ratios as set forth in the following tables. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company and the Bank's capital amounts and ratios are also presented in the following table at December 31, 2019 and 2018 (dollars in thousands):

	Actual		Required for Capital Adequacy Purposes		Required in Order to Be Well Capitalized Under PCA	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2019						
Common equity Tier 1 capital to risk weighted assets:						
Consolidated	**$1,437,908**	**10.24%**	**$ 631,893**	**4.50%**	**NA**	**NA**
Atlantic Union Bank	**1,704,426**	**12.18%**	**629,714**	**4.50%**	**909,587**	**6.50%**
Tier 1 capital to risk weighted assets:						
Consolidated	**1,437,908**	**10.24%**	**842,524**	**6.00%**	**NA**	**NA**
Atlantic Union Bank	**1,704,426**	**12.18%**	**839,619**	**6.00%**	**1,119,492**	**8.00%**
Total capital to risk weighted assets:						
Consolidated	**1,773,835**	**12.63%**	**1,123,569**	**8.00%**	**NA**	**NA**
Atlantic Union Bank	**1,747,620**	**12.48%**	**1,120,269**	**8.00%**	**1,400,337**	**10.00%**
Tier 1 capital to average adjusted assets:						
Consolidated	**1,437,908**	**8.79%**	**654,338**	**4.00%**	**NA**	**NA**
Atlantic Union Bank	**1,704,426**	**10.45%**	**652,412**	**4.00%**	**815,515**	**5.00%**
As of December 31, 2018						
Common equity Tier 1 capital to risk weighted assets:						
Consolidated	$1,106,871	9.93%	$ 501,608	4.50%	NA	NA
Atlantic Union Bank	1,378,039	12.40%	500,224	4.50%	722,546	6.50%
Tier 1 capital to risk weighted assets:						
Consolidated	1,236,709	11.09%	668,817	6.00%	NA	NA
Atlantic Union Bank	1,378,039	12.40%	666,965	6.00%	889,287	8.00%
Total capital to risk weighted assets:						
Consolidated	1,435,711	12.88%	891,753	8.00%	NA	NA
Atlantic Union Bank	1,419,984	12.77%	889,289	8.00%	1,111,612	10.00%
Tier 1 capital to average adjusted assets:						
Consolidated	1,236,709	9.71%	509,678	4.00%	NA	NA
Atlantic Union Bank	1,378,039	10.84%	508,412	4.00%	635,515	5.00%

In July 2013, the FRB issued a final rule that makes technical changes to its market risk capital rules to align them with the Basel III regulatory capital framework and meet certain requirements of the Dodd-Frank Act. The phase-in period for the final rules began on January 1, 2015. Full compliance with the final rules was phased in on January 1, 2019.

14. FAIR VALUE MEASUREMENTS

The Company follows ASC 820, *Fair Value Measurements and Disclosures*, to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. This codification clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The three levels of the fair value hierarchy under ASC 820 based on these two types of inputs are as follows:

- Level 1 Valuation is based on quoted prices in active markets for identical assets and liabilities.
- Level 2 Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the markets.
- Level 3 Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market. These unobservable inputs reflect the Company's assumptions about what market participants would use and information that is reasonably available under the circumstances without undue cost and effort.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following describes the valuation techniques used by the Company to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements.

Derivative instruments

As discussed in Note 11 "Derivatives," the Company records derivative instruments at fair value on a recurring basis. The Company utilizes derivative instruments as part of the management of interest rate risk to modify the re-pricing characteristics of certain portions of the Company's interest-bearing assets and liabilities. The Company has contracted with a third-party vendor to provide valuations for derivatives using standard valuation techniques and therefore classifies such valuations as Level 2. Third party valuations are validated by the Company using Bloomberg Valuation Service's derivative pricing functions. No material differences were identified during the validation as of December 31, 2019 and 2018. The Company has considered counterparty credit risk in the valuation of its derivative assets and has considered its own credit risk in the valuation of its derivative liabilities. Mortgage banking derivatives as of December 31, 2019 did not have a material impact on the Company's Consolidated Financial Statements.

AFS Securities

AFS securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data (Level 2). If the inputs used to provide the evaluation for certain securities are unobservable and/or there is little, if any, market activity, then the security would fall to the lowest level of the hierarchy (Level 3).

The Company's investment portfolio is primarily valued using fair value measurements that are considered to be Level 2. The Company has contracted with a third-party portfolio accounting service vendor for valuation of its securities portfolio. The vendor's primary source for security valuation is IDC, which evaluates securities based on market data. IDC utilizes evaluated pricing models that vary by asset class and include available trade, bid, and other market information. Generally, the methodology includes broker quotes, proprietary models, vast descriptive terms and conditions databases, as well as extensive quality control programs.

The vendor utilizes proprietary valuation matrices for valuing all municipals securities. The initial curves for determining the price, movement, and yield relationships within the municipal matrices are derived from industry benchmark curves or sourced from a municipal trading desk. The securities are further broken down according to issuer, credit support, state of issuance, and rating to incorporate additional spreads to the industry benchmark curves.

The Company primarily uses Bloomberg Valuation Service, an independent information source that draws on quantitative models and market data contributed from over 4,000 market participants, to validate third party valuations. Any material differences between valuation sources are researched by further analyzing the various inputs that are utilized by each pricing source. No material differences were identified during the validation as of December 31, 2019 and 2018.

The carrying value of restricted Federal Reserve Bank and FHLB stock approximates fair value based on the redemption provisions of each entity and is therefore excluded from the following table.

Loans held for sale

Loans held for sale are carried at fair value. These loans currently consist of residential loans originated for sale in the secondary market. Fair value is based on the price secondary markets are currently offering for similar loans using observable market data which is not materially different than cost due to the short duration between origination and sale (Level 2). Gains and losses on the sale of loans are recorded in current period earnings as a component of "Mortgage banking income" on the Company's Consolidated Statements of Income.

The following tables present the balances of financial assets and liabilities measured at fair value on a recurring basis at December 31, 2019 and 2018 (dollars in thousands):

	Fair Value Measurements at December 31, 2019 using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Balance
ASSETS				
AFS securities:				
U.S. government and agency securities	$ —	$ 4,498	$ —	$ 4,498
Obligations of states and political subdivisions	—	442,992	—	442,992
Corporate and other bonds[(1)]	—	263,070	—	263,070
Mortgage-backed securities	—	1,231,806	—	1,231,806
Other securities	—	3,079	—	3,079
Loans held for sale	—	55,405	—	55,405
Derivatives:				
Interest rate swap	—	54,345	—	54,345
Fair value hedges	—	182	—	182
LIABILITIES				
Derivatives:				
Interest rate swap	$ —	$ 54,345	$ —	$ 54,345
Cash flow hedges	—	1,147	—	1,147
Fair value hedges	—	6,256	—	6,256

	Fair Value Measurements at December 31, 2018 using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Balance
ASSETS				
AFS securities:				
Obligations of states and political subdivisions	$ —	$ 468,491	$ —	$ 468,491
Corporate and other bonds[(1)]	—	167,696	—	167,696
Mortgage-backed securities	—	1,129,865	—	1,129,865
Other securities	—	8,769	—	8,769
Derivatives:				
Interest rate swap	—	19,426	—	19,426
Fair value hedges	—	1,872	—	1,872
LIABILITIES				
Derivatives:				
Interest rate swap	$ —	$ 19,426	$ —	$ 19,426
Cash flow hedges	—	4,786	—	4,786
Fair value hedges	—	1,684	—	1,684

(1) *Other bonds includes asset-backed securities.*

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets are measured at fair value on a nonrecurring basis in accordance with U.S. GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets. The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a nonrecurring basis in the financial statements.

Impaired loans

Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreements will not be collected. The measurement of loss associated with impaired loans can be based on either the observable market price of the loan or the fair value of the collateral. Collateral dependent loans are reported at the fair value of the underlying collateral if repayment is solely from the underlying value of the collateral. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the Company's collateral is real estate. The value of real estate collateral is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser using observable market data. When evaluating the fair value, management may discount the appraisal further if, based on their understanding of the market conditions, it is determined the collateral is further impaired below the appraised value (Level 3). For the years ended December 31, 2019 and 2018, the Level 3 weighted average adjustments related to impaired loans were 5.9% and 5.3%, respectively. The value of business equipment is based upon an outside appraisal, of one year or less, if deemed significant, or the net book value on the applicable business's financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). Collateral dependent impaired loans allocated to the ALL are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for loan losses on the Company's Consolidated Statements of Income.

Foreclosed Properties & Former Bank Premises

Foreclosed properties and former bank premises are evaluated for impairment at least quarterly by the Bank's Special Asset Loan Committee and any necessary write downs to fair values are recorded as impairment and included as a component of noninterest expense. Foreclosed properties and former bank premises are carried at fair value less selling costs. Fair value is based upon independent market prices, appraised values of the collateral, or management's estimation of the value of the collateral. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the foreclosed asset as Level 3 valuation. For the years ended December 31, 2019 and 2018, the Level 3 weighted average adjustments related to foreclosed property were approximately 4.5% and 3.7%, respectively. For the years ended December 31, 2019 and 2018, there were no Level 3 weighted average adjustments related to bank premises.

Total valuation expenses related to foreclosed properties for the years ended December 31, 2019, 2018, and 2017 were $921,000, $1.3 million, and $1.6 million, respectively. Total valuation expenses related to former bank premises for the years ended December 31, 2019, 2018 and 2017 were $985,000, $0 and $339,000, respectively.

The following tables summarize the Company's financial assets that were measured at fair value on a nonrecurring basis at December 31, 2019 and 2018 (dollars in thousands):

	Fair Value Measurements at December 31, 2019 using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Balance
ASSETS				
Impaired loans	**$ —**	**$ —**	**$3,593**	**$3,593**
Foreclosed properties	**—**	**—**	**4,708**	**4,708**
Former bank premises	**—**	**—**	**3,557**	**3,557**

	Fair Value Measurements at December 31, 2018 using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Balance
ASSETS				
Impaired loans	$ —	$ —	$3,734	$3,734
Foreclosed properties	—	—	6,722	6,722
Former bank premises	—	—	2,090	2,090

Fair Value of Financial Instruments

ASC 825, *Financial Instruments*, requires disclosure about fair value of financial instruments for interim periods and excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Cash and cash equivalents

For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

HTM Securities

The Company's investment portfolio is primarily valued using fair value measurements that are considered to be Level 2. The Company has contracted with a third-party portfolio accounting service vendor for valuation of its securities portfolio. The vendor's primary source for security valuation is IDC, which evaluates securities based on market data. IDC utilizes evaluated pricing models that vary by asset class and include available trade, bid, and other market information. Generally, the methodology includes broker quotes, proprietary models, vast descriptive terms and conditions databases, as well as extensive quality control programs.

The vendor utilizes proprietary valuation matrices for valuing all municipals securities. The initial curves for determining the price, movement, and yield relationships within the municipal matrices are derived from industry benchmark curves or sourced from a municipal trading desk. The securities are further broken down according to issuer, credit support, state of issuance, and rating to incorporate additional spreads to the industry benchmark curves.

The Company primarily uses Bloomberg Valuation Service, an independent information source that draws on quantitative models and market data contributed from over 4,000 market participants, to validate third party valuations. Any material differences between valuation sources are researched by further analyzing the various inputs that are utilized by each pricing source. No material differences were identified during the validation as of December 31, 2019 and 2018. The Company's level 3 securities are a result of the Access acquisition and are comprised of asset-backed securities and municipal bonds. Valuations of the asset-backed securities are provided by a third party vendor specializing in the SBA markets, and are based on underlying loan pool information, market data, and recent trading activity for similar securities. Valuations of the municipal bonds are provided by a third party vendor that specializes in hard-to-value securities, and are based on a discounted cash flow model and considerations for the complexity of the instrument, likelihood it will be called and credit ratings. The Company reviews the valuation of both security types for reasonableness in the context of market conditions and to similar bonds in the Company's portfolio. Any material differences between valuation sources are researched by further analyzing the various inputs that are utilized by each pricing source. No material differences were identified during the validation as of December 31, 2019.

Loans

With the adoption of ASU No. 2016-01 in 2018, the fair value of loans at December 31, 2019 were estimated using an exit price, representing the amount that would be expected to be received if the Company sold the loans. Beginning in the first quarter of 2019, the fair value of performing loans were estimated by utilizing two data sources for the selection of discount rates: either the recent origination rates from the Company over a 12-month period or an index to use recent originations from the market over a three-month period. At December 31, 2018, the fair value of performing loans were estimated by discounting expected future cash flows using a yield curve that was constructed by adding a loan spread to a market yield curve. Loan spreads were based on spreads observed in the market for loans of similar type and structure. Fair value for impaired loans and their respective level within the fair value hierarchy are described in the previous disclosure related to fair value measurements of assets that are measured on a nonrecurring basis.

Bank owned life insurance

The carrying value of BOLI approximates fair value. The Company records these policies at their cash surrender value, which is estimated using information provided by insurance carriers.

Deposits

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of certificates of deposits were valued using a discounted cash flow calculation that includes a market rate analysis of the current rates offered by market participants for certificates of deposits that mature in the same period.

Accrued interest

The carrying amounts of accrued interest approximate fair value.

The carrying values and estimated fair values of the Company's financial instruments as of December 31, 2019 and 2018 are as follows (dollars in thousands):

		Fair Value Measurements at December 31, 2019 using			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value Balance
ASSETS					
Cash and cash equivalents	$ 436,032	$436,032	$ —	$ —	$ 436,032
AFS securities	1,945,445	—	1,945,445	—	1,945,445
HTM securities	555,144	—	585,820	17,683	603,503
Restricted stock	130,848	—	130,848	—	130,848
Loans held for sale	55,405	—	55,405	—	55,405
Net loans	12,568,642	—	—	12,449,505	12,449,505
Derivatives:					
Interest rate swap	54,345	—	54,345	—	54,345
Fair value hedges	182	—	182	—	182
Accrued interest receivable	52,721	—	52,721	—	52,721
BOLI	322,917	—	322,917	—	322,917
LIABILITIES					
Deposits	$13,304,981	$ —	$13,349,943	$ —	$13,349,943
Borrowings	1,513,748	—	1,479,606	—	1,479,606
Accrued interest payable	6,108	—	6,108	—	6,108
Derivatives:					
Interest rate swap	54,345	—	54,345	—	54,345
Cash flow hedges	1,147	—	1,147	—	1,147
Fair value hedges	6,256	—	6,256	—	6,256

	Fair Value Measurements at December 31, 2018 using				
	Carrying Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total Fair Value
		Level 1	Level 2	Level 3	Balance
ASSETS					
Cash and cash equivalents	$ 261,199	$261,199	$ —	$ —	$ 261,199
AFS securities	1,774,821	—	1,774,821	—	1,774,821
HTM securities	492,272	—	499,501	—	499,501
Restricted stock	124,602	—	124,602	—	124,602
Net loans	9,675,162	—	—	9,534,717	9,534,717
Derivatives:					
Interest rate swap	19,426	—	19,426	—	19,426
Fair value hedges	1,872	—	1,872	—	1,872
Accrued interest receivable	46,062	—	46,062	—	46,062
BOLI	263,034	—	263,034	—	263,034
LIABILITIES					
Deposits	$9,970,960	$ —	$9,989,788	$ —	$9,989,788
Borrowings	1,756,278	—	1,742,038	—	1,742,038
Accrued interest payable	5,284	—	5,284	—	5,284
Derivatives:					
Interest rate swap	19,426	—	19,426	—	19,426
Cash flow hedges	4,786	—	4,786	—	4,786
Fair value hedges	1,684	—	1,684	—	1,684

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. Borrowers with fixed rate obligations, however, are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

15. REVENUE

The majority of the Company's noninterest income comes from short term contracts associated with fees for services provided on deposit accounts, credit cards, and wealth management accounts and is being accounted for in accordance with Topic 606. Typically, the duration of a contract does not extend beyond the services performed; therefore, the Company concluded that discussion regarding contract balances is immaterial.

The Company's performance obligations on revenue from interchange fees and deposit accounts are generally satisfied immediately, when the transaction occurs, or by month-end. Performance obligations on revenue from fiduciary and asset management fees are generally satisfied monthly or quarterly. For a majority of fee income on deposit accounts the Company is a principal, controlling the promised good or service before transferring it to the customer. For the majority of income related to wealth management income however, the Company is an agent, responsible for arranging for the provision of goods and services by another party.

Noninterest income disaggregated by major source for the years ended December 31, 2019, 2018, and 2017 consisted of the following (dollars in thousands):

	2019	2018	2017
Noninterest income:			
Deposit Service Charges(1):			
Overdraft fees	**$ 24,092**	$ 21,052	$15,788
Maintenance fees & other	**6,110**	4,387	3,062
Other service charges and fees(1)	**6,423**	5,603	4,593
Interchange fees(1)	**14,619**	18,803	14,974
Fiduciary and asset management fees(1):			
Trust asset management fees	**9,141**	5,536	5,128
Registered advisor management fees	**10,107**	6,589	2,692
Brokerage management fees	**4,117**	4,025	3,425
Mortgage banking income	**10,303**	—	—
Gains (losses) on securities transactions	**7,675**	383	800
Bank owned life insurance income	**8,311**	7,198	6,144
Loan-related interest rate swap fees	**14,126**	3,554	3,051
Gain on Shore Premier sale	**—**	19,966	—
Other operating income(2)	**17,791**	7,145	2,772
Total noninterest income(3)	**$132,815**	$104,241	$62,429

(1) *Income within scope of Topic 606.*

(2) *Includes income within the scope of Topic 606 of $4.0 million, $4.4 million and $2.3 million for the years ended December 31, 2019, 2018, and 2017, respectively. The remaining balance is outside the scope of Topic 606. The December 31, 2019 remaining balance includes $9.8 million in life insurance proceeds related to a Xenith-acquired loan that had been charged off prior to the Company's acquisition of Xenith.*

(3) *Noninterest income for the discontinued mortgage segment is reported in Note 19 "Segment Reporting & Discontinued Operations."*

16. EMPLOYEE BENEFITS AND STOCK BASED COMPENSATION

The Company has a 401(k) Plan designed to qualify under Section 401 of the Code that allows employees to defer a portion of their salary compensation as savings for retirement. The 401(k) Plan provides for the Company to match employee contributions based on each employee's elected contribution percentage. For each employee's 1% through 3% dollar contributions, the Company will match 100% of such dollar contributions, and for each employee's 4% through 5% dollar contributions, the Company will match 50% of such dollar contributions. All employees are eligible to participate in the 401(k) Plan after meeting minimum age and service requirements. The Company also has an ESOP. All employees of the Company meeting minimum age and service requirements are eligible to participate in the ESOP plan. The Company makes discretionary profit-sharing contributions into the 401(k) Plan, ESOP, and in cash bonus payments. Company discretionary contributions to both the 401(k) Plan and the ESOP are allocated to participant accounts in proportion to each participant's compensation and vest according to the respective plan's vesting schedule. Employee contributions to the ESOP are not allowed.

Amounts presented include discontinued operations. Refer to Note 19 "Segment Reporting & Discontinued Operations" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K for further discussion regarding discontinued operations.

The following 401(k) Plan match and other discretionary contributions were made to the Company's employees, in accordance with the plans described above, in 2019, 2018, and 2017 (dollars in thousands):

	2019	2018	2017
401(k) Plan	**$5,550**	$4,592	$3,505
ESOP	**1,163**	1,005	1,255
Cash	**780**	1,509	1,461
Total	**$7,493**	$7,106	$6,221

The Company maintains certain deferred compensation arrangements with employees and certain current and former members of the Bank's Boards of Directors. Under these deferred compensation plans, the Company had an obligation of $15.7 million at December 31, 2019 and $11.8 million at December 31, 2018. The Company owns life insurance policies on plan beneficiaries as an informal funding vehicle to meet future benefit obligations.

On May 2, 2019, the Company's Board of Directors authorized the name change of the Company's equity compensation plan to the Atlantic Union Bankshares Corporation Stock and Incentive Plan (the "Plan"), which became effective on May 20, 2019. The Company may grant awards under the Plan until April 20, 2025. The Plan was previously called the Union Bankshares Corporation Stock and Incentive Plan (the "Amended and Restated SIP"), which amended and restated the former equity compensation plan (the "2011 Plan"). The Amended and Restated SIP became effective on April 21, 2015 upon shareholder approval. The Amended and Restated SIP amended the 2011 Plan to, among other things, increase the maximum number of shares of the Company's common stock issuable under the plan from 1,000,000 to 2,500,000 and add non-employee directors of the Company and certain subsidiaries, as well as regional advisory boards, as potential participants in the plan. As of December 31, 2019, there were 964,713 shares available for future issuance in the Plan.

The Plan provides for the granting of stock-based awards to key employees and non-employee directors of the Company and its subsidiaries in the form of: (i) stock options; (ii) restricted stock awards ("RSAs"), (iii) restricted stock units ("RSUs"), (iv) stock awards; (v) performance share units ("PSUs"); and performance cash awards. The Company issues new shares to satisfy stock-based awards. For option awards, the option price cannot be less than the fair market value of the stock on the grant date. Stock option awards have a maximum term of ten years from the date of grant, and generally become exercisable over a 5-year period beginning on the first anniversary of the date of grant. No stock options have been granted since February 2012. RSAs and PSUs typically have vesting schedules over three to four-year periods and the expense is recognized over the vesting period.

For the years ended December 31, 2019, 2018, and 2017, the Company recognized stock-based compensation expense (included in salaries and benefits expense) (dollars in thousands, except per share data) as follows:

	Year Ended December 31,		
	2019	2018	2017
Stock-based compensation expense	**$8,332**	$6,132	$4,648
Reduction of income tax expense	**1,750**	1,287	1,467
Per share compensation cost	**$ 0.08**	$ 0.07	$ 0.06

Stock Options

The following table summarizes the stock option activity during the year ended December 31, 2019:

	Stock Options (shares)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding as of December 31, 2018	**47,585**	**$14.44**		
Options assumed in the Access acquisition	448,679	33.45		
Granted	—	—		
Exercised	(56,619)	24.48		
Forfeited	(9,447)	31.94		
Expired	(8,060)	36.78		
Outstanding as of December 31, 2019	**422,138**	**32.48**	**2.55**	**$2,313,739**
Exercisable as of December 31, 2019	**368,146**	**32.57**	**2.33**	**2,006,915**

During the year ended December 31, 2019, there were 56,619 stock options exercised with a total intrinsic value (the amount by which the stock price exceeded the exercise price) and fair value of approximately $684,000 and $2.1 million, respectively. Cash received from the exercise of stock options for the year ended December 31, 2019 was approximately $1.4 million, and the tax benefit realized from tax deductions associated with options exercised during the year was approximately $127,000. The total intrinsic value of all stock options outstanding was $2.3 million as of December 31, 2019.

During the year ended December 31, 2018, there were 72,743 stock options exercised with a total intrinsic value (the amount by which the stock price exceeded the exercise price) and fair value of approximately $1.9 million and $2.8 million, respectively. Cash received from the exercise of stock options for the year ended December 31, 2018 was approximately $983,000, and the tax benefit realized from tax deductions associated with options exercised during the year was approximately $390,000. The total intrinsic value of all stock options outstanding was $656,000 as of December 31, 2018.

During the year ended December 31, 2017, there were 63,476 stock options exercised with a total intrinsic value (the amount by which the stock price exceeded the exercise price) and fair value of approximately $1.2 million and $2.2 million, respectively. Cash received from the exercise of stock options for the year ended December 31, 2017 was approximately $1.0 million, and the tax benefit realized from tax deductions associated with options exercised during the year was approximately $370,000. The total intrinsic value of all stock options outstanding was $2.7 million as of December 31, 2017.

Restricted Stock

The Plan permits the granting of RSAs. Generally, RSAs vest one-third on each of the first, second and third anniversaries from the date of the grant. The value of the restricted stock awards was calculated by multiplying the fair market value of the Company's common stock on the grant date by the number of shares awarded. Employees have the right to vote the shares and to receive cash or stock dividends for RSAs, if any. Nonvested shares of restricted stock are included in the computation of basic earnings per share.

The following table summarizes the restricted stock activity for the year ended December 31, 2019:

	Number of Shares of RSAs	Weighted Average Grant-Date Fair Value
Unvested as of December 31, 2018	**375,414**	**$32.41**
Granted	**273,718**	**35.06**
Net settle for taxes	**(52,253)**	**52.01**
Vested	**(148,584)**	**30.78**
Forfeited	**(16,653)**	**34.31**
Unvested as of December 31, 2019	**431,642**	**34.90**

Performance Stock

PSUs are granted to certain employees at no cost to the recipient and are subject to vesting based on achieving certain performance metrics; the grant of PSUs is subject to approval by the Company's Compensation Committee at its sole discretion. PSUs may be paid in cash or shares of common stock or a combination thereof. Holders of PSUs have no right to vote the shares represented by the units. In 2019, the PSUs awarded were market based awards with the number of PSUs ultimately earned based on the Company's total shareholder return as measured over the performance period.

	Number of Shares of PSUs	Weighted Average Grant-Date Fair Value
Unvested as of December 31, 2018	**150,047**	**$31.67**
Granted	**85,543**	**33.66**
Net settle for taxes	**(15,018)**	**34.63**
Vested	**(69,205)**	**24.27**
Forfeited	**(6,658)**	**36.08**
Unvested as of December 31, 2019	**144,709**	**37.24**

During years ended December 31, 2019, 2018 and 2017 PSUs were awarded with a market based component based on total shareholder return. The fair value of each PSU granted is estimated on the date of grant using the Monte Carlo simulation lattice model that uses the assumptions noted in the following table:

	2019(5)	2018(5)	2017(5)
Dividend yield(1)	**2.57%**	**2.25%**	**2.15%**
Expected life in years(2)	**2.86**	**2.86**	**2.85**
Expected volatility(3)	**24.04%**	**23.47%**	**23.35%**
Risk-free interest rate(4)	**2.48%**	**2.38%**	**1.40%**

(1) *Calculated as the ratio of the current dividend paid per the stock price on the date of grant.*

(2) *Represents the remaining performance period as of the grant date.*

(3) *Based on the historical volatility for the period commensurate with the expected life of the PSUs.*

(4) *Based upon the zero-coupon U.S. Treasury rate commensurate with the expected life of the PSUs on the grant date.*

(5) *Assumptions disclosed represent those used in the primary annual issuance.*

The estimated unamortized compensation expense, net of estimated forfeitures, related to, restricted stock and performance stock issued and outstanding as of December 31, 2019 that will be recognized in future periods is as follows (dollars in thousands):

	Restricted Stock	Performance Stock	Total
2020	**$5,030**	**$1,406**	**$ 6,436**
2021	**3,299**	**887**	**4,186**
2022	**652**	**—**	**652**
2023	**100**	**—**	**100**
Total	**$9,081**	**$2,293**	**$11,374**

At December 31, 2019, there was $11.4 million of total unrecognized compensation cost related to nonvested stock-based compensation arrangements granted under the Plan. The cost is expected to be recognized through 2023.

17. INCOME TAXES

The Company files income tax returns in the U.S., the Commonwealth of Virginia, and other states. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years prior to 2016.

On December 22, 2017, the Tax Act was signed into law. The Company applied the guidance in SAB 118 when accounting for the enactment-date effects of the Tax Act in 2017 and throughout 2018. Among other things, the Tax Act permanently reduced the corporate tax rate to 21% from the prior maximum rate of 35%, effective for tax years including or commencing January 1, 2018. As a result of the reduction of the corporate tax rate to 21%, companies were required to revalue their deferred tax assets and liabilities as of the date of enactment, with resulting tax effects accounted for in the fourth quarter of 2017. During 2017, the Company recorded $6.1 million in additional tax expense based on the Company's analysis of the impact of the Tax Act. As of December 31, 2018, the Company had to complete our accounting for all of the enactment-date income tax effects of the Tax Act. No additional adjustments related the Tax Act were recorded in 2018.

Net deferred tax assets and liabilities consist of the following components as of December 31, 2019 and 2018 (dollars in thousands):

	2019	2018
Deferred tax assets:		
Loan losses	$ 18,938	$ 19,369
Benefit plans	3,507	3,925
Acquisition accounting	16,021	11,788
Lease right-of-use asset	13,507	—
Stock grants	2,032	894
OREO	3,295	2,515
Securities available for sale	1,169	1,577
Net operating losses	55,023	66,037
Nonaccrual loans	3,243	3,990
Other	4,227	4,618
Total deferred tax assets	$120,962	$114,713
Deferred tax liabilities:		
Acquisition accounting	$ 19,815	$ 13,053
Lease right-of-use liability	11,191	—
Premises and equipment	6,696	3,877
Securities available for sale	10,069	25
Other	511	583
Total deferred tax liabilities	48,282	17,538
Net deferred tax asset	$ 72,680	$ 97,175

At December 31, 2019, the Company had federal net operating loss carryforwards of approximately $222.0 million, of which approximately $201.2 million under pre-2018 law can be carried forward 20 years, and $20.8 million that can be carried forward indefinitely. The Company also had state net operating loss carryforwards of approximately $283.6 million, of which approximately $233.2 million will begin to expire after 2026, and $50.4 million that can be carried forward indefinitely. In assessing the ability to realize deferred tax assets, management considers the scheduled reversal of temporary differences, projected future taxable income, and tax planning strategies in accordance with ASC 740-10-30. Based on its latest analysis, at December 31, 2019, management concluded that it is more likely than not that the Company would be able to fully realize its deferred tax asset related to net operating losses generated at the federal and state level. A significant portion of the net operating losses were obtained in the acquisition of Xenith at the beginning of 2018.

The Bank is not subject to a state income tax in its primary place of business (Virginia). The Company's other subsidiaries are subject to state income taxes and historically have generated losses for state income tax purposes.

The Company has analyzed the tax positions taken or expected to be taken in its tax returns and concluded it has no liability related to uncertain tax positions in accordance with applicable ASC 740, *Accounting for Uncertainty in Income Taxes*, regulations.

The provision for income taxes charged to continuing operations for the years ended December 31, 2019, 2018, and 2017 consists of the following (dollars in thousands):

	2019	2018	2017
Current tax expense	**$22,500**	$12,114	$27,255
Deferred tax expense(1)	**15,057**	17,902	5,535
Income tax expense	**$37,557**	$30,016	$32,790

(1) *The deferred tax expense for the year ended December 31, 2017 includes the impact of the Tax Act.*

The income tax expense differs from the amount of income tax determined by applying the U.S. federal income tax rate to pre-tax income for the years ended December 31, 2019, 2018, and 2017, due to the following (dollars in thousands):

	2019	2018	2017
Computed "expected" tax expense	**$48,564**	$37,680	$36,738
(Decrease) in taxes resulting from:			
Tax-exempt interest income, net	**(8,259)**	(5,188)	(6,112)
Valuation allowance adjustment	**—**	—	(2,982)
Impact of the Tax Act	**—**	—	6,105
State income tax benefit	**(1,078)**	(1,133)	—
Other, net	**(1,670)**	(1,343)	(959)
Income tax expense	**$37,557**	$30,016	$32,790

The effective tax rates were 16.2%, 16.7%, and 31.2% for years ended December 31, 2019, 2018, and 2017, respectively. Tax credits totaled approximately $2.9 million, $1.1 million, and $858,000 for the years ended December 31, 2019, 2018, and 2017, respectively. The change in the effective tax rates for 2019 and 2018 are primarily related to the impact of the Tax Act.

18. EARNINGS PER SHARE

Basic EPS is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the weighted average number of common shares outstanding during the period, including the effect of dilutive potential common shares outstanding attributable to stock awards.

The following table presents earnings per share from continuing operations, discontinued operations and total net income available to common shareholders for the years ended December 31, (in thousands except per share data):

	2019	2018	2017
Net Income:			
Income from continuing operations	**$193,698**	$149,413	$72,176
Income (loss) from discontinued operations	**(170)**	(3,165)	747
Net income available to common shareholders	**$193,528**	$146,248	$72,923
Weighted average shares outstanding, basic	**80,201**	65,859	43,699
Dilutive effect of stock awards and warrants	**63**	50	81
Weighted average shares outstanding, diluted	**80,264**	65,909	43,780
Basic EPS:			
EPS from continuing operations	**$ 2.41**	$ 2.27	$ 1.65
EPS from discontinued operations	**—**	(0.05)	0.02
EPS available to common shareholders	**$ 2.41**	$ 2.22	$ 1.67

	2019	2018	2017
Diluted EPS:			
EPS from continuing operations	**$ 2.41**	$ 2.27	$ 1.65
EPS from discontinued operations	**—**	(0.05)	0.02
EPS available to common shareholders	**$ 2.41**	$ 2.22	$ 1.67

19. SEGMENT REPORTING & DISCONTINUED OPERATIONS

On May 23, 2018, the Bank announced that it had entered into an agreement with a third-party mortgage company TFSB to allow TFSB to offer residential mortgages from certain Bank locations on the terms and conditions set forth in the agreement. Concurrently with this arrangement, the Bank began the process of winding down the operations of UMG, the Company's reportable mortgage segment. Effective at the close of business June 1, 2018, UMG was no longer originating mortgages in its name. The decision to wind down the operations of UMG was based on a number of strategic priorities and other factors, including the additional investment in the business required to achieve the necessary scale to be competitive. As a result of this decision, the community bank segment is the only remaining reportable segment and does not require separate reporting disclosures.

On May 30, 2019, the Bank notified TFSB that the Bank was terminating its primary agreement with TFSB and will no longer allow TFSB to offer residential mortgages from Bank locations. UMG operations remain discontinued, although the Company continues to offer residential mortgages through a division of the Bank.

As of December 31, 2019, the Company's Consolidated Balance Sheets included assets and liabilities from discontinued operations of $668,000 and $640,000, respectively. As of December 31, 2018, the Company's Consolidated Balance Sheets included assets and liabilities from discontinued operations of $1.5 million and $1.7 million, respectively. Management believes there are no material on-going obligations with respect to UMG's business that have not been recorded in the Company's consolidated financial statements.

The following table presents summarized operating results of the discontinued mortgage segment at December 31, 2019, 2018 and 2017, respectively (dollars in thousands):

	2019	2018	2017
Net interest income	**$ —**	$ 850	$1,150
Provision for credit losses	**—**	(185)	(46)
Net interest income after provision for credit losses	**—**	1,035	1,196
Noninterest income	**1**	3,882	9,245
Noninterest expenses	**231**	9,197	9,097
Income before income taxes	**(230)**	(4,280)	1,344
Income tax expense (benefit)	**(60)**	(1,115)	597
Net income (loss) on discontinued operations	**$(170)**	$(3,165)	$ 747

20. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company may have loans issued to its executive officers, directors, and principal shareholders. Pursuant to its policy, such loans are issued on the same terms as those prevailing at the time for comparable loans to unrelated persons and do not involve more than the normal risk of collectability.

21. PARENT COMPANY FINANCIAL INFORMATION

The primary source of funds for the dividends paid by Atlantic Union Bankshares Corporation (for this note only, the "Parent Company") is dividends received from its subsidiaries. The payments of dividends by the Bank to the Parent Company are subject to certain statutory limitations which contemplate that the current year earnings and earnings retained for the two preceding years may be paid to the Parent Company without regulatory approval. As of December 31, 2019, the aggregate amount of unrestricted funds that could be transferred from the Bank to the Parent Company without prior regulatory approval totaled approximately $383.7 million, or 15.27%, of the consolidated net assets.

Financial information for the Parent Company is as follows:

PARENT COMPANY
CONDENSED BALANCE SHEETS
AS OF DECEMBER 31, 2019 and 2018
(Dollars in thousands)

	2019	2018
ASSETS		
Cash	**$ 5,283**	$ 3,681
Premises and equipment, net	**10,568**	10,637
Other assets	**27,438**	13,386
Investment in subsidiaries	**2,786,842**	2,202,530
Total assets	**$2,830,131**	$2,230,234
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term borrowings	**—**	5,000
Long-term borrowings	**157,155**	157,057
Trust preferred capital notes	**140,237**	134,342
Other liabilities	**19,637**	9,254
Total liabilities	**317,029**	305,653
Total stockholders' equity	**2,513,102**	1,924,581
Total liabilities and stockholders' equity	**$2,830,131**	$2,230,234

PARENT COMPANY
CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019, 2018, and 2017
(Dollars in thousands)

	2019	2018	2017
Income:			
Interest and dividend income	**$ 3**	$ —	$ 3
Dividends received from subsidiaries	**160,033**	50,750	33,350
Other operating income	**1,484**	2,719	1,308
Total income	**161,520**	53,469	34,661
Expenses:			
Interest expense	**15,935**	15,253	11,423
Other operating expenses	**11,434**	13,782	7,130
Total expenses	**27,369**	29,035	18,553
Income before income taxes and equity in undistributed net income from subsidiaries	**134,151**	24,434	16,108
Income tax benefit	**(6,499)**	(6,176)	(9,169)
Equity in undistributed net income from subsidiaries	**52,878**	115,638	47,646
Net income	**$193,528**	$146,248	$72,923
Comprehensive income	**$239,376**	$136,905	$75,848

PARENT COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019, 2018, and 2017
(Dollars in thousands)

	2019	2018	2017
Operating activities:			
Net income	**$ 193,528**	$ 146,248	$ 72,923
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of subsidiaries	**(52,878)**	(115,638)	(47,646)
Depreciation of premises and equipment	**424**	424	439
Acquisition accounting amortization, net	**662**	636	260
Gain on sale of investment	**—**	(1,416)	—
Issuance of common stock for services	**910**	914	724
Net (increase) decrease in other assets	**(3,256)**	(584)	(4,167)
Net increase in other liabilities	**4,964**	(4,159)	5,283
Net cash and cash equivalents provided by (used in) operating activities	**144,354**	26,425	27,816
Investing activities:			
Net increase in premises and equipment	**(355)**	—	(35)
Proceeds from sale of investment	**—**	3,761	—
Proceeds from (payments for) equity method investment	**—**	—	72
Cash paid in acquisitions	**(12)**	—	—
Cash received in acquisitions	**21,553**	25,976	—
Net cash and cash equivalents provided by (used in) investing activities	**21,186**	29,737	37
Financing activities:			
Net increase (decrease) in short-term borrowings	**(5,000)**	5,000	—
Cash dividends paid – common stock	**(78,345)**	(58,001)	(35,393)
Cancellation of warrants	**—**	(1,530)	—
Issuance (repurchase) of common stock	**(78,292)**	2,347	1,037
Vesting of restricted stock, net of shares held for taxes	**(2,301)**	(2,908)	(1,567)
Net cash and cash equivalents provided by (used in) financing activities	**(163,938)**	(55,092)	(35,923)
Increase (decrease) in cash and cash equivalents	**1,602**	1,070	(8,070)
Cash and cash equivalents at beginning of the period	**3,681**	2,611	10,681
Cash and cash equivalents at end of the period	**$ 5,283**	$ 3,681	$ 2,611
Supplemental schedule of noncash investing and financing activities			
Issuance of common stock in exchange for net assets in acquisition	$ 499,974	$ 794,809	$ —
Transactions related to bank acquisition			
Assets acquired	509,075	859,176	—
Liabilities assumed	9,089	64,367	—

22. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through February 25, 2020, the date the financial statements were available to be issued.

ITEM 9. — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. — CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. The Company maintains "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating its disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Form 10-K, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting. Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019 using the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (2013 framework). Based on the assessment using those criteria, management concluded that the internal control over financial reporting was effective on December 31, 2019.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, the independent registered public accounting firm that also audited the Company's consolidated financial statements included in this Form 10-K. Ernst & Young's report on the Company's internal control over financial reporting is included in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

Changes in Internal Control over Financial Reporting. There was no change in the internal control over financial reporting that occurred during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.

ITEM 9B. — OTHER INFORMATION.

Not applicable.

PART III

ITEM 10. — DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding directors and the Company's audit committee and the audit committee financial experts is incorporated by reference from the Company's definitive proxy statement for the Company's 2020 Annual Meeting of Shareholders to be held May 5, 2020 (the "Proxy Statement"), under the captions "Proposal 1 — Election of Five Class III Directors," "Information About Directors Whose Terms Do Not Expire This Year" and "Corporate Governance, Board Leadership, and Board Diversity." Information about the Company's executives required by this item is included in Part I, Item I of this Form 10-K under the caption "Information about our Executive Officers".

Information on Section 16(a) beneficial ownership reporting compliance for the directors and executive officers of the Company is incorporated by reference from the Proxy Statement under the caption "Delinquent Section 16(a) Reports."

The Company has adopted a *Code of Business Conduct and Ethics* applicable to all employees and directors. The Company has also adopted a *Code of Ethics for Senior Financial Officers and Directors*, which is applicable to directors and senior officers who have financial responsibilities. Both of these codes may be found at *http://investors.atlanticunionbank.com/govdocs*. In addition, a copy of either of the codes may be obtained without charge by written request to the Company's Corporate Secretary.

ITEM 11. — EXECUTIVE COMPENSATION.

This information is incorporated by reference from the Proxy Statement under the captions "Corporate Governance, Board Leadership, and Board Diversity," "Named Executive Officers," "Compensation Discussion and Analysis," "Report of the Compensation Committee," "Ownership of Company Common Stock," "Executive Compensation," and "Director Compensation."

ITEM 12. — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Other than as set forth below, this information is incorporated by reference from the Proxy Statement under the caption "Ownership of Company Common Stock" and from Note 16 "Employee Benefits and Stock Based Compensation" contained in the "Notes to the Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

The following table summarizes information relating to the Company's equity compensation plans, pursuant to which grants of options or other awards to acquire shares of common stock may be awarded from time to time, as of December 31, 2019:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
	(A)[1]	(B)	(C)
Equity compensation plans approved by security holders	36,833	$14.04	964,713
Total	36,833	$14.04	964,713

(1) *The number in column (A) does not include (i) a total of 385,305 shares of common stock that are issuable upon the exercise of stock options assumed in the merger with Access with a weighted average exercise price of $34.24 per share.*

ITEM 13. — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

This information is incorporated by reference from the Proxy Statement under the captions "Corporate Governance, Board Leadership, and Board Diversity" and "Interest of Directors and Officers in Certain Transactions."

ITEM 14. — PRINCIPAL ACCOUNTING FEES AND SERVICES.

This information is incorporated by reference from the Proxy Statement under the caption "Principal Accounting Fees."

PART IV

ITEM 15. — EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(a)(1) Financial Statements

The following consolidated financial statements and reports of independent registered public accountants of the Company are in Part II, Item 8 of this Form 10-K:

- Reports of Independent Registered Public Accounting Firm;
- Consolidated Balance Sheets — December 31, 2019 and 2018;
- Consolidated Statements of Income — Years ended December 31, 2019, 2018, and 2017;
- Consolidated Statements of Comprehensive Income Years ended December 31, 2019, 2018, and 2017;
- Consolidated Statements of Changes in Stockholder's Equity — Years ended December 31, 2019, 2018, and 2017;
- Consolidated Statements of Cash Flows — Years ended December 31, 2019, 2018, and 2017; and
- Notes to Consolidated Financial Statements for the years ended December 31, 2019, 2018, and 2017.

(a)(2) Financial Statement Schedules

All schedules are omitted since they are not required, are not applicable, or the required information is shown in the consolidated financial statements or notes thereto.

(a)(3) Exhibits

The following exhibits are filed as part of this Form 10-K and this list includes the Exhibit Index.

Exhibit No.	Description
2.1	Agreement and Plan of Reorganization, dated as of May 19, 2017, by and between Union Bankshares Corporation and Xenith Bankshares, Inc. (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed on May 23, 2017)
2.2	Agreement and Plan of Reorganization, dated as of October 4, 2018, as amended on December 7, 2018, by and between Union Bankshares Corporation and Access National Corporation (incorporated by reference to Annex A to Form S-4/A Registration Statement filed on December 10, 2018; SEC file no. 333-228455)
3.1	Articles of Incorporation of Atlantic Union Bankshares Corporation, as amended April 25, 2014 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on April 29, 2014)
3.2	Amendment to Articles of Incorporation of Atlantic Union Bankshares Corporation, effective May 17, 2019 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on May 3, 2019)
3.3	Amended and Restated Bylaws of Atlantic Union Bankshares Corporation, effective as of December 5, 2019
4.1	Subordinated Indenture, dated as of December 5, 2016, between Union Bankshares Corporation and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on December 5, 2016)
4.2	First Supplemental Indenture, dated as of December 5, 2016, between Union Bankshares Corporation and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed on December 5, 2016)
4.3	Form of 5.00% Fixed-to-Floating Rate Subordinated Note due 2026 (incorporated by reference to Exhibit A in Exhibit 4.2 to Current Report on Form 8-K filed on December 5, 2016)
	Certain instruments relating to long-term debt not being registered have been omitted in accordance with Item 601(b)(4)(iii) of Regulation S-K. The registrant will furnish a copy of any such instrument to the Securities

Exhibit No.	Description
	and Exchange Commission upon its request.
4.4	Description of the Company's Common Stock
10.1*	Amended and Restated Management Continuity Agreement between Union First Market Bankshares Corporation and Robert M. Gorman, dated July 17, 2012 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on December 11, 2012)
10.2*	Employment Agreement by and between Union First Market Bankshares and Robert M. Gorman, dated July 17, 2012 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on July 20, 2012)
10.3*	Union Bankshares Corporation 2003 Stock Incentive Plan (incorporated by reference to Exhibit 99.0 to Form S-8 Registration Statement filed on March 23, 2004; SEC file no. 333-113839)
10.4*	Union Bankshares Corporation Stock and Incentive Plan (as amended and restated effective April 21, 2015) (incorporated by reference to Exhibit 99.1 to Form S-8 Registration Statement filed on April 23, 2015; SEC file no. 333-203580)
10.4.1*	First Amendment, effective May 20, 2019, to the Atlantic Union Bankshares Corporation Stock and Incentive Plan (as amended and restated effective April 21, 2015) (incorporated by reference to Exhibit 10.01 to Quarterly Report on Form 10-Q filed on August 6, 2019)
10.5*	1995 Supplemental Compensation Agreement between Union Bank and Trust Company and Daniel I. Hansen, as amended, dated July 18, 1995 (incorporated by reference to Exhibit 10.15 to Annual Report on Form 10-K filed on February 27, 2015)
10.6*	Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Executives of Atlantic Union Bankshares Corporation, as restated effective January 1, 2018.
10.6.1*	Amendment to the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Executives of Atlantic Union Bankshares Corporation, effective September 1, 2019
10.6.2*	Adoption Agreement for the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Executives of Atlantic Union Bankshares Corporation, effective January 1, 2020
10.7*	Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Directors of Atlantic Union Bankshares Corporation, as restated effective January 1, 2018
10.7.1*	Amendment to the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Directors of Atlantic Union Bankshares Corporation, effective September 1, 2019
10.7.2*	Adoption Agreement for the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Directors of Atlantic Union Bankshares Corporation, effective January 1, 2020
10.8*	Form of Time-Based Restricted Stock Agreement under Union Bankshares Corporation Stock and Incentive Plan (incorporated by reference to Exhibit 10.23 to Current Report on Form 8-K filed on April 27, 2015)
10.9*	Form of Performance Share Unit Agreement under Union Bankshares Corporation Stock and Incentive Plan (incorporated by reference to Exhibit 10.24 to Current Report on Form 8-K filed on April 27, 2015)
10.10*	Atlantic Union Bankshares Corporation Executive Severance Plan (as amended and restated effective May 20, 2019) (incorporated by reference to Exhibit 10.03 to Quarterly Report on Form 10-Q filed on August 6, 2019)
10.11*	Employment Agreement by and between Union Bankshares Corporation and John C. Asbury, dated August 23, 2016 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 24, 2016)
10.12*	Management Continuity Agreement by and between Union Bankshares Corporation and John C. Asbury, dated August 23, 2016 (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on August 24, 2016)
10.13*	Schedule of Atlantic Union Bankshares Corporation Non-Employee Directors' Annual Compensation
10.14*	Management Incentive Plan
10.15*	Atlantic Union Bankshares Corporation Stock Ownership Policy, adopted January 1, 2018

Exhibit No.	Description
10.16*	Form of Performance Share Unit Agreement under Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 15, 2018) (incorporated by reference to Exhibit 10.35 to Annual Report on Form 10-K filed on February 27, 2018)
10.17*	Form of Time-Based Restricted Stock Agreement under Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 15, 2018) (incorporated by reference to Exhibit 10.36 to Annual Report on Form 10-K filed on February 27, 2018)
10.18*	Separation Agreement, dated January 31, 2019, among Michael W. Clarke, Access National Corporation and Access National Bank (incorporated by reference to Exhibit 10.24 to Annual Report on Form 10-K filed on February 27, 2019)
10.19*	Consulting Agreement, dated as of February 1, 2019, by and between Union Bankshares Corporation and Michael W. Clarke (incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K filed on February 1, 2019)
10.20*	Access National Corporation 2017 Equity Compensation Plan (incorporated by reference to Exhibit 4.2 to Post-Effective Amendment No. 1 on Form S-8 to Form S-4 Registration Statement filed on February 1, 2019; SEC file no. 333-228455)
10.21*	Access National Corporation 2009 Stock Option Plan (incorporated by reference to Exhibit 4.3 to Post-Effective Amendment No. 1 on Form S-8 to Form S-4 Registration Statement filed on February 1, 2019; SEC file no. 333-228455)
10.22*	Form of Time-Based Restricted Stock Agreement under Atlantic Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 14, 2020)
10.23*	Form of Performance Share Unit Agreement under Atlantic Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 14, 2020)
21.1	Subsidiaries of Atlantic Union Bankshares Corporation
23.1	Consent of Ernst & Young LLP
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.0	Interactive data files formatted in Inline eXtensible Business Reporting Language — pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2019 and 2018, (ii) the Consolidated Statements of Income for the years ended December 31, 2019, 2018, and 2017, (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018, and 2017, (iv) the Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2019, 2018, and 2017, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018, and 2017 and (vi) the Notes to the Consolidated Financial Statements for the years ended December 31, 2019, 2018, and 2017.
104.0	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline eXtensible Business Reporting Language (included with Exhibit 101).

* Indicates management contract.

ITEM 16. — FORM 10-K SUMMARY.

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Atlantic Union Bankshares Corporation

By: /s/ John C. Asbury
John C. Asbury
President and Chief Executive Officer

Date: February 25, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 25, 2020.

Signature	Title
/s/ L. Bradford Armstrong L. Bradford Armstrong	Director
/s/ John C. Asbury John C. Asbury	Director, President, and Chief Executive Officer (principal executive officer)
/s/ Michael W. Clarke Michael W. Clarke	Director
/s/ Patrick E. Corbin Patrick E. Corbin	Director
/s/ Beverley E. Dalton Beverley E. Dalton	Director
/s/Frank Russell Ellett Frank Russell Ellett	Director
/s/ Gregory L. Fisher Gregory L. Fisher	Director
/s/ Robert M. Gorman Robert M. Gorman	Executive Vice President and Chief Financial Officer (principal financial and accounting officer)
/s/ Daniel I. Hansen Daniel I. Hansen	Director
/s/ Jan S. Hoover Jan S. Hoover	Director
/s/ Patrick J. McCann Patrick J. McCann	Vice Chairman of the Board of Directors
/s/ W. Tayloe Murphy, Jr. W. Tayloe Murphy, Jr.	Director
/s/ Alan W. Myers Alan W. Myers	Director
/s/ Thomas P. Rohman Thomas P. Rohman	Director

Signature	Title
/s/ Linda V. Schreiner Linda V. Schreiner	Director
/s/ Thomas G. Snead, Jr. Thomas G. Snead, Jr.	Director
/s/ Ronald L. Tillett Ronald L. Tillett	Chairman of the Board of Directors
/s/ Keith L. Wampler Keith L. Wampler	Director
/s/ F. Blair Wimbush F. Blair Wimbush	Director

Exhibit 31.1

CERTIFICATIONS

I, John C. Asbury, certify that:

1. I have reviewed this annual report on Form 10-K of Atlantic Union Bankshares Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ John C. Asbury

John C. Asbury,
President and Chief Executive Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to Atlantic Union Bankshares Corporation and will be retained by Atlantic Union Bankshares Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31.2

CERTIFICATIONS

I, Robert M. Gorman, certify that:

1. I have reviewed this annual report on Form 10-K of Atlantic Union Bankshares Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ Robert M. Gorman

Robert M. Gorman,
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to Atlantic Union Bankshares Corporation and will be retained by Atlantic Union Bankshares Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C.
SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Atlantic Union Bankshares Corporation (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that based on their knowledge and belief: 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ John C. Asbury

John C. Asbury,
President and Chief Executive Officer

February 25, 2020

/s/ Robert M. Gorman

Robert M. Gorman,
Executive Vice President and Chief Financial Officer

February 25, 2020

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Atlantic Union Bankshares Corporation and will be retained by Atlantic Union Bankshares Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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CORPORATE HEADQUARTERS

Atlantic Union Bankshares Corporation
Three James Center
1051 East Cary Street
Suite 1200
Richmond, VA 23219

(804) 633-5031
Fax: (804) 633-1800

www.atlanticunionbank.com

ANNUAL MEETING

All shareholders are cordially invited to attend the Annual Meeting of Shareholders of Atlantic Union Bankshares Corporation. The meeting will be held on Tuesday, May 5, 2020 at 10:00 a.m. at The Westin Richmond, which is located at 6631 West Broad Street, Richmond, Virginia. Directions to the meeting site may be found on the final page of the proxy statement.

COMMON STOCK

The Company's common stock is registered on the NASDAQ Global Select Market where its symbol is AUB (CUSIP # 04911A107).

TRANSFER AGENT

Computershare Investor Services is the transfer agent and registrar for Atlantic Union Bankshares Corporation and maintains shareholder records for the company.
Please contact Computershare at:

Computershare Shareholder Services
P.O. Box 30170
College Station, TX 77842-3170
(800) 368-5948
www.computershare.com/investor

Your account may be managed online via Investor Relations at www.computershare.com, a cost-free web tool for shareholders, where you will be able to view your account details, update your account information and process various transactions.

INDEPENDENT AUDITOR

Ernst & Young LLP
2100 East Cary Street, Suite 201,
Richmond, Virginia 23223

DIVIDEND REINVESTMENT PLAN

The Atlantic Union Bankshares Corporation Dividend Reinvestment and Stock Purchase Plan provides each registered shareholder with an economical and convenient method of investing cash dividends in additional shares of the Company's common stock. For a prospectus on this Plan, contact our Transfer Agent at the address indicated at the left.

INVESTOR RELATIONS

Atlantic Union Bankshares Corporation's Annual Report, Form 10-K and other corporate publications are on the internet at http://investors.atlanticunionbank.com (select the link labeled "SEC Filings" under the "Financials" heading), or available to shareholders without charge by contacting:

Bill Cimino
Vice President and
Director of Investor Relations
Atlantic Union Bankshares Corporation
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