**United States**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): January 23, 2018**

**UNION BANKSHARES CORPORATION**
(Exact name of registrant as specified in its charter)

| **Virginia** | **0-20293** | **54-1598552** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13c-4(c) under the Exchange Act (17 CFR 240.13c-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

**Item 2.02 Results of Operations and Financial Condition.**

On January 23, 2018, Union Bankshares Corporation (the "Company") issued a press release announcing its financial results for the three and twelve months ended December 31, 2017. A copy of the press release is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

**Item 8.01 Other Events.**

On January 23, 2018, the Company announced the declaration of a quarterly dividend of $0.21 per share payable on February 20, 2018 to shareholders of record as of February 6, 2018.

**Item 9.01 Financial Statements and Exhibits.**

*(d)Exhibits.*

| Exhibit No. | Description |
|---|---|
| 99.1 | Union Bankshares Corporation press release dated January 23, 2018. |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNION BANKSHARES CORPORATION

Date: January 23, 2018

By: /s/ Robert M. Gorman

Robert M. Gorman
Executive Vice President and
Chief Financial Officer

**Exhibit 99.1**

**Contact:** Robert M. Gorman - (804) 523-7828
Executive Vice President / Chief Financial Officer

# UNION BANKSHARES REPORTS FOURTH QUARTER AND FULL YEAR RESULTS AND DECLARES QUARTERLY DIVIDEND

Richmond, Va., January 23, 2018 - Union Bankshares Corporation (the "Company" or "Union") (NASDAQ: UBSH) today reported net income of $15.2 million and earnings per share of $0.35 for its fourth quarter ended December 31, 2017. These results represent a decrease of $5.5 million, or 26.5%, and $0.12 per share, or 25.5%, compared to net income and earnings per share, respectively, from the third quarter of 2017. Net operating earnings(1) were $22.8 million and operating earnings per share(1) were $0.52 for its fourth quarter ended December 31, 2017; these operating results exclude $1.4 million in after-tax merger-related costs and $6.3 million in nonrecurring tax expenses related to the Tax Cuts and Jobs Act (the "Tax Act"). The Company's net operating earnings and operating earnings per share for the fourth quarter of 2017 represent increases of $1.5 million, or 7.0%, and $0.03, or 6.1%, respectively, in each case compared to the third quarter of 2017.

For the year ended December 31, 2017, net income was $72.9 million and earnings per share were $1.67. The Company's net income and earnings per share for the year ended December 31, 2017 represent a decrease of 5.9% and 5.6%, respectively, compared to the net income and earnings per share for the year ended December 31, 2016. Net operating earnings(1) were $83.6 million and operating earnings per share (1) were $1.91 for the year ended December 31, 2017; these operating results exclude $4.4 million in after-tax merger-related costs and $6.3 million in nonrecurring tax expenses related to the Tax Act. The Company's net operating earnings and operating earnings per share for 2017 represent increases of $6.1 million, or 7.9%, and $0.14, or 7.9%, respectively, in each case compared to the year ended December 31, 2016.

These fourth quarter and full year results of the Company do not include the financial results of Xenith Bankshares, Inc. ("Xenith"), which the Company acquired on January 1, 2018, and are prior to the effective date of the merger of Xenith into the Company ("the Merger").

Union also declared a quarterly dividend of $0.21 per share payable on February 20, 2018 to shareholders of record as of February 6, 2018.

"*As I look back, 2017 was a year of significant progress and change for Union. We started off 2017 with a well-planned and well-executed CEO transition and added depth and talent to our leadership team as the year progressed. We finished the year with our transformation to Virginia's regional bank upon the closing of the Xenith acquisition on January 1, 2018*," said John C. Asbury, president and chief executive officer of Union Bankshares Corporation. "*The combination of Union and Xenith was perfectly aligned to our previously stated 2017 priorities and gives the Company a growth platform in Virginia, Maryland and North Carolina.*

*Both Union and Xenith also finished the year with a solid fourth quarter performance headlined by strong loan growth, reinforcing our belief that the merger is off to a great start and will unleash the potential of this uniquely valuable franchise.*

*In 2018, the Company is focused on six priorities, three of which continue from 2017. Our 2018 priorities are, 1) integrating Xenith into Union, 2) diversifying our loan portfolio and revenue streams, 3) growing core funding, 4) becoming more efficient, 5) creating a more distinct and enduring brand and 6) managing to higher levels of performance. We are intensely focused on accelerating the achievement of these priorities and generating top-tier financial performance for our shareholders.*"

Select highlights for the fourth quarter of 2017 include:

- Performance metrics linked quarter
  - Return on Average Assets (“ROA”) was 0.66% compared to 0.91% in the third quarter; operating ROA (1) was 1.00% compared to 0.94% in the third quarter.
  - Return on Average Equity (“ROE”) was 5.75% compared to 7.90% in the third quarter; operating ROE (1) was 8.63% compared to 8.15% in the third quarter.
  - Return on Average Tangible Common Equity (“ROTCE”) was 8.20% compared to 11.34% in the third quarter; operating ROTCE (1) was 12.32% compared to 11.70% in the third quarter.
  - Efficiency ratio (FTE) was 64.2% compared to 62.9% in the third quarter; operating efficiency ratio (1) was 62.1%, which was consistent with the third quarter.
- Segment results linked quarter
  - Net income for the community bank segment was $15.0 million, or $0.34 per share, compared to $20.3 million, or $0.46 per share, in the third quarter; operating earnings for the community bank segment were $22.5 million, or $0.51 per share, compared to $21.0 million, or $0.48 per share, in the third quarter.
  - Net income for the mortgage segment was $199,000 compared to $347,000 in the third quarter; operating earnings for the mortgage segment were $329,000 compared to $347,000 in the third quarter.
- Balance sheet linked quarter and prior year
  - Period-end loans held for investment grew $242.8 million, or 14.1% (annualized), from September 30, 2017 and increased $834.4 million, or 13.2%, from December 31, 2016. Average loans held for investment increased $139.8 million, or 8.2% (annualized), from the prior quarter.
  - Period-end deposits increased $109.9 million, or 6.4% (annualized), from September 30, 2017 and grew $612.2 million, or 9.6%, from December 31, 2016. Average deposits increased $158.1 million, or 9.3% (annualized), from the prior quarter.

*(1) For a reconciliation of the non-GAAP operating measures that exclude merger-related costs and nonrecurring tax expenses unrelated to the Company’s normal operations, see Alternative Performance Measures (non-GAAP) section of the Key Financial Results. Such costs were only incurred during 2017; thus each of these operating measures is equivalent to the corresponding GAAP financial measure for the three months and year ended December 31, 2016.*

**NET INTEREST INCOME**

For the fourth quarter of 2017, net interest income was $73.4 million, an increase of $2.2 million from the third quarter of 2017. Tax-equivalent net interest income was $76.2 million in the fourth quarter of 2017, an increase of $2.3 million from the third quarter of 2017. The increases in both net interest income and tax-equivalent net interest income were primarily driven by earning asset growth during the fourth quarter of 2017 as well as higher earning asset yields. The fourth quarter net interest margin increased 5 basis points to 3.51% from 3.46% in the previous quarter, while the tax-equivalent net interest margin also increased 5 basis points to 3.64% from 3.59% during the same periods. The increase in the tax-equivalent net interest margin was principally due to the 7 basis point increase in the tax-equivalent yield on earning assets, partially offset by the 2 basis point increase in tax-equivalent cost of funds.

The Company’s tax-equivalent net interest margin includes the impact of acquisition accounting fair value adjustments. During the fourth quarter of 2017, net accretion related to acquisition accounting increased $425,000, or 24.9%, from the prior quarter to $2.1 million for the quarter ended December 31, 2017. The third and fourth quarters of 2017 as well as the remaining estimated net accretion impact are reflected in the following table (dollars in thousands):

| | Loan Accretion | Borrowings Accretion (Amortization) | Total |
|---|---|---|---|
| For the quarter ended September 30, 2017 | $ 1,662 | $ 47 | $ 1,709 |
| For the quarter ended December 31, 2017 | 2,107 | 27 | 2,134 |
| For the years ending (estimated)[1]: | | | |
| 2018 | 4,544 | (143) | 4,401 |
| 2019 | 3,371 | (286) | 3,085 |
| 2020 | 2,825 | (301) | 2,524 |
| 2021 | 2,259 | (316) | 1,943 |
| 2022 | 1,815 | (332) | 1,483 |
| Thereafter | 6,493 | (4,974) | 1,519 |

[1] *Estimated accretion includes accretion for previously executed acquisitions, except for the Merger. The effects of the Merger are not included in the information above.*

**ASSET QUALITY/LOAN LOSS PROVISION**

*Overview*

During the fourth quarter of 2017, the Company experienced declines in nonperforming asset balances from the prior quarter, primarily related to sales and valuation adjustments of other real estate owned (“OREO”). Past due loan levels at December 31, 2017 improved compared to the past due loans levels at September 30, 2017 and December 31, 2016. The loan loss provision and the allowance for loan losses (“ALL”) increased from the prior quarter due to loan growth in the fourth quarter of 2017.

All nonaccrual and past due loan metrics discussed below exclude purchased credit impaired (“PCI”) loans totaling $39.0 million (net of fair value mark of $8.9 million).

*Nonperforming Assets (“NPAs”)*

At December 31, 2017, NPAs totaled $28.4 million, a decline of $507,000, or 1.8%, from September 30, 2017 and an increase of $8.3 million, or 41.5%, from December 31, 2016. In addition, NPAs as a percentage of total outstanding loans declined 2 basis points from 0.42% at September 30, 2017 and increased 8 basis points from 0.32% at December 31, 2016 to 0.40% at December 31, 2017. As the Company's NPAs have been at historic lows over the last several quarters, certain changes from quarter to quarter might stand out in comparison to one another but have an insignificant impact on the Company's overall asset quality position. The following table shows a summary of asset quality balances at the quarter ended (dollars in thousands):

| | **December 31, 2017** | **September 30, 2017** | **June 30, 2017** | **March 31, 2017** | **December 31, 2016** |
|---|---|---|---|---|---|
| Nonaccrual loans | $ 21,743 | $ 20,122 | $ 24,574 | $ 22,338 | $ 9,973 |
| Foreclosed properties | 5,253 | 6,449 | 6,828 | 6,951 | 7,430 |
| Former bank premises | 1,383 | 2,315 | 2,654 | 2,654 | 2,654 |
| Total nonperforming assets | $ 28,379 | $ 28,886 | $ 34,056 | $ 31,943 | $ 20,057 |

The following table shows the activity in nonaccrual loans for the quarter ended (dollars in thousands):

| | December 31, 2017 | September 30, 2017 | June 30, 2017 | March 31, 2017 | December 31, 2016 |
|---|---|---|---|---|---|
| Beginning Balance | $ 20,122 | $ 24,574 | $ 22,338 | $ 9,973 | $ 12,677 |
| Net customer payments | (768) | (4,642) | (1,498) | (1,068) | (1,451) |
| Additions | 4,335 | 4,114 | 5,979 | 13,557 | 1,094 |
| Charge-offs | (1,305) | (3,376) | (2,004) | (97) | (1,216) |
| Loans returning to accruing status | (448) | — | (134) | (27) | (1,039) |
| Transfers to OREO | (193) | (548) | (107) | — | (92) |
| Ending Balance | $ 21,743 | $ 20,122 | $ 24,574 | $ 22,338 | $ 9,973 |

The following table shows the activity in OREO for the quarter ended (dollars in thousands):

| | December 31, 2017 | September 30, 2017 | June 30, 2017 | March 31, 2017 | December 31, 2016 |
|---|---|---|---|---|---|
| Beginning Balance | $ 8,764 | $ 9,482 | $ 9,605 | $ 10,084 | $ 10,581 |
| Additions of foreclosed property | 325 | 621 | 132 | — | 859 |
| Valuation adjustments | (1,046) | (588) | (19) | (238) | (138) |
| Proceeds from sales | (1,419) | (648) | (272) | (277) | (1,282) |
| Gains (losses) from sales | 12 | (103) | 36 | 36 | 64 |
| Ending Balance | $ 6,636 | $ 8,764 | $ 9,482 | $ 9,605 | $ 10,084 |

*Past Due Loans*
Past due loans still accruing interest totaled $27.8 million, or 0.39% of total loans, at December 31, 2017 compared to $34.3 million, or 0.50% of total loans, at September 30, 2017 and $27.9 million, or 0.44% of total loans, at December 31, 2016. Of the total past due loans still accruing interest, $3.5 million, or 0.05% of total loans, were loans past due 90 days or more at December 31, 2017, compared to $4.5 million, or 0.07% of total loans, at September 30, 2017 and $3.0 million, or 0.05% of total loans, at December 31, 2016.

*Net Charge-offs*
For the fourth quarter of 2017, net charge-offs were $2.7 million, or 0.15% of total average loans on an annualized basis, compared to $4.1 million, or 0.24%, for the prior quarter and $824,000, or 0.05%, for the same quarter last year. Of the net charge-offs in the fourth quarter of 2017, the majority were previously considered impaired. For the year ended December 31, 2017, net charge-offs were $10.1 million, or 0.15% of total average loans, compared to $5.5 million, or 0.09%, for the year ended December 31, 2016.

*Provision for Loan Losses*
The provision for loan losses for the fourth quarter of 2017 was $3.7 million, an increase of $661,000 compared to the previous quarter and an increase of $2.2 million compared to the same quarter in 2016. The increase in provision for loan losses was primarily driven by higher loan balances in the fourth quarter of 2017.

*Allowance for Loan Losses*
The ALL increased $1.0 million from September 30, 2017 to $38.2 million at December 31, 2017 primarily due to loan growth during the quarter. The ALL as a percentage of the total loan portfolio was 0.54% at December 31, 2017, 0.54% at September 30, 2017, and 0.59% at December 31, 2016.

The ratio of the ALL to nonaccrual loans was 175.7% at December 31, 2017, compared to 184.7% at September 30, 2017 and 372.9% at December 31, 2016. The current level of the allowance for loan losses 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 allowance for loan losses.

**NONINTEREST INCOME**

Noninterest income decreased $293,000, or 1.7%, to $17.2 million for the quarter ended December 31, 2017 from $17.5 million in the prior quarter, primarily driven by lower mortgage banking income of $187,000, lower insurance-related income of $127,000, and reduced levels of gains on sales of securities of $166,000, partially offset by increases in customer-related fee income of $214,000.

Mortgage banking income decreased $187,000, or 8.1%, to $2.1 million in the fourth quarter of 2017 compared to $2.3 million in the third quarter of 2017, related to declines in mortgage loan originations and higher unrealized losses on mortgage banking derivatives in the fourth quarter of 2017 compared to the third quarter. Mortgage loan originations declined by $5.4 million, or 4.3%, in the fourth quarter to $121.9 million from $127.3 million in the third quarter of 2017. The majority of the decrease was related to purchase-money mortgage loans, which declined by $11.9 million from the prior quarter. Of the mortgage loan originations in the fourth quarter of 2017, 34.4% were refinances compared with 28.0% in the prior quarter.

**NONINTEREST EXPENSE**

Noninterest expense increased $2.4 million, or 4.3%, to $59.9 million for the quarter ended December 31, 2017 from $57.5 million in the prior quarter. Excluding merger-related costs of $1.9 million and $732,000 in the fourth and third quarters of 2017, respectively, operating noninterest expense increased $1.3 million when compared to the third quarter of 2017. Incentive compensation and profit sharing expenses increased by $420,000 for the fourth quarter of 2017 compared to the prior quarter. OREO and credit-related expenses increased $602,000 primarily due to higher valuation adjustments of $458,000 as well as higher foreclosed property legal costs. During the fourth quarter of 2017, the Company entered into a contract to sell a long-held property that includes developed residential lots, a golf course, and undeveloped land and as a result recorded a valuation adjustment of $980,000. In addition, professional fees increased $205,000 related to higher consulting and legal fees, while technology costs increased $194,000 due to higher data processing fees.

**INCOME TAXES**

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 are 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. The Company continues to evaluate the impact on its 2017 tax expense of the revaluation required by the lower corporate tax rate implemented by the Tax Act, which management has estimated to fall between $5.0 million and $8.0 million. During the fourth quarter of 2017, the Company recorded $6.3 million in additional tax expense based on the Company's preliminary analysis of the impact of the Tax Act. The Company's preliminary estimate of the impact of the Tax Act is based on currently available information and interpretation of its provisions. The actual results may differ from the current estimate due to, among other things, further guidance that may be issued by U.S. tax authorities or regulatory bodies and/or changes in interpretations and assumptions that the Company has preliminarily made. The Company's evaluation of the impact of the Tax Act is subject to refinement for up to one year after enactment.

During the fourth quarter of 2017, the Company recorded other net tax adjustments of $2.5 million as a reduction to tax expense, primarily related to state net operating losses for which it had previously reserved in prior years. In assessing the ability to realize deferred tax assets, management considered the scheduled reversal of temporary differences, projected future taxable income, and tax planning strategies. Based on its latest analysis, at December 31, 2017, 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.

The effective tax rate for the three months ended December 31, 2017 was 44.3% compared to 26.7% for the three months ended September 30, 2017. The increase in the effective tax rate was related to the impact of the Tax Act, tax-exempt interest income being a smaller percentage of pre-tax income in the fourth quarter of 2017 compared to the prior quarter, the impact of additional nondeductible merger-related costs recognized in the fourth quarter of 2017.

**BALANCE SHEET**

At December 31, 2017, total assets were $9.3 billion, an increase of $285.7 million from September 30, 2017 and an increase of $888.4 million from December 31, 2016. The increase in assets was mostly related to loan growth.

At December 31, 2017, loans held for investment (net of deferred fees and costs) were $7.1 billion, an increase of $242.8 million, or 14.1% (annualized), from September 30, 2017, while average loans increased $139.8 million, or 8.2% (annualized), from the prior quarter. Loans held for investment increased $834.4 million, or 13.2%, from December 31, 2016, while year-to-date average loans increased $745.0 million, or 12.5%, from the prior year.

At December 31, 2017, total deposits were $7.0 billion, an increase of $109.9 million, or 6.4% (annualized), from September 30, 2017, while average deposits increased $158.1 million, or 9.3% (annualized), from the prior quarter. Total deposits grew $612.2 million, or 9.6%, from December 31, 2016, while year-to-date average deposits increased $590.7 million, or 9.7%, from the prior year.

At December 31, 2017, September 30, 2017, and December 31, 2016, respectively, the Company had a common equity Tier 1 capital ratio of 9.04%, 9.40%, and 9.72%; a Tier 1 capital ratio of 10.14%, 10.56%, and 10.97%; a total capital ratio of 12.43%, 12.94%, and 13.56%; and a leverage ratio of 9.42%, 9.52%, and 9.87%.

The Company's common equity to total assets ratios at December 31, 2017, September 30, 2017, and December 31, 2016 were 11.23%, 11.53%, and 11.88%, respectively, while its tangible common equity to tangible assets ratio was 8.14%, 8.34%, and 8.41%, respectively.

During the fourth quarter of 2017, the Company declared and paid cash dividends of $0.21 per common share, an increase of $0.01, or 5.0%, compared to both the prior quarter of 2017 and the fourth quarter of 2016.

**XENITH INFORMATION**

Xenith's fourth quarter net loss was $55.8 million, compared to net income of $7.2 million in the third quarter of 2017. Excluding after-tax merger-related costs of $5.5 million and nonrecurring tax expenses related to the preliminary estimated impact of the Tax Act of $57.2 million, Xenith's net operating earnings(2) were $6.9 million for the fourth quarter of 2017, a decrease of $1.2 million compared to $8.1 million, which excludes the $896,000 in after-tax merger-related costs, in the third quarter of 2017. The decline in the net operating earnings, excluding these nonrecurring items, from the prior quarter was primarily driven by higher provision for credit losses and lower gains on sales of securities in the fourth quarter of 2017 compared to the third quarter of 2017. The Company continues to evaluate the impact on its 2017 tax expense of the revaluation required by the lower corporate tax rate implemented by the Tax Act, which management has estimated to fall between $55.0 million and $60.0 million. For more information on the Tax Act and the related accounting considerations, please refer to the "Income Taxes" section above.

Xenith reported a net loss of $36.7 million in 2017, compared to net income of $57.0 million in 2016. Excluding after-tax merger-related costs of $8.3 million and nonrecurring tax expenses related to the Tax Act of $57.2 million, Xenith's 2017 operating earnings(2) were $28.7 million. Excluding after-tax merger-related costs of $12.0 million and a tax benefit of $60.0 million, Xenith's 2016 operating earnings were $9.1 million. The increase in operating earnings, excluding these nonrecurring items, of $19.7 million was driven by the full year impact of the merger between Xenith and Hampton Roads Bankshares, Inc., which was effective July 29, 2016, higher average balances of earnings assets in 2017, and lower provision for credit losses in 2017 compared to 2016.

At December 31, 2017, Xenith's loans held for investment were $2.5 billion, an increase of $82.4 million, or 13.5% (annualized), from September 30, 2017, while average loans increased $40.2 million, or 6.6% (annualized), from the prior quarter. Loans held for investment increased $42.5 million, or 1.7%, from December 31, 2016.

At December 31, 2017, total deposits were $2.5 billion, a decline of $59.8 million, or 9.1% (annualized), from September 30, 2017, while average deposits declined $15.0 million, or 2.3% (annualized), from the prior quarter. Total deposits declined $26.4 million, or 1.0%, from December 31, 2016.

*(2) For a reconciliation of the non-GAAP operating measures that exclude merger-related costs and nonrecurring and unusual tax expenses unrelated to the Company's normal operations, see Alternative Performance Measures (non-GAAP) section of the Key Financial Results.*

* * * * * * *

**ABOUT UNION BANKSHARES CORPORATION**

Headquartered in Richmond, Virginia, Union Bankshares Corporation (NASDAQ: UBSH) is the holding company for Union Bank & Trust, which has 150 banking offices, 39 of which are operated as Xenith Bank, a division of Union Bank & Trust of Richmond, Virginia, and approximately 220 ATMs located throughout Virginia and in portions of Maryland and North Carolina. Union Bank & Trust also operates Shore Premier Finance, a specialty marine lender. Non-bank affiliates of the holding company include: Union Mortgage Group, Inc., which provides a full line of mortgage products, Old Dominion Capital Management, Inc., which provides investment advisory services, and Union Insurance Group, LLC, which offers various lines of insurance products.

Additional information on the Company is available at *http://investors.bankatunion.com*.

Union Bankshares Corporation will hold a conference call on Tuesday, January 23rd, at 9:00 a.m. Eastern Time during which management will review earnings and performance trends. Callers wishing to participate may call toll-free by dialing (877) 668-4908; international callers wishing to participate may do so by dialing (973) 453-3058. The conference ID number is 4764909.

**NON-GAAP MEASURES**

In reporting the results of the quarter ended December 31, 2017, the Company has provided supplemental performance measures on a tax-equivalent, tangible, 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.

**FORWARD-LOOKING STATEMENTS**

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include 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 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 results, performance, or achievements of the Company will not differ materially from any projected future results, performance, or achievements expressed or implied by such forward-looking statements. Actual future results and 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:

- the possibility that any of the anticipated benefits of the Merger with Xenith will not be realized or will not be realized within the expected time period, the businesses of the Company and Xenith may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, the expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame, revenues following the Merger may be lower than expected, or customer and employee relationships and business operations may be disrupted by the Merger,
- changes in interest rates,
- general economic and financial market conditions,
- the Company's ability to manage its growth or implement its growth strategy,
- the incremental cost and/or decreased revenues associated with exceeding $10 billion in assets,
- levels of unemployment in the Bank's lending area,
- real estate values in the Bank's lending area,
- an insufficient allowance for loan losses,
- 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 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 impact of the Tax Act, including, but not limited to, the effect of the lower corporate tax rate, including on the valuation of the Company's tax assets and liabilities,
- any future refinements to the Company's preliminary analysis of the impact of the Tax Act on the Company,
- changes in the effect of the Tax Act due to issuance of interpretive regulatory guidance or enactment of corrective or supplement legislation,
- monetary and fiscal policies of the U.S. government including policies of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System, and
- accounting principles and guidelines.

More information on risk factors that could affect the Company’s forward-looking statements is available on the Company’s website, *http://investors.bankatunion.com* or the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, and other reports filed with the Securities and Exchange Commission. The information on the Company’s website is not a part of this press release. All risk factors and uncertainties described in those documents should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. The Company does not intend or assume any obligation to update or revise any forward-looking statements that may be made from time to time by or on behalf of the Company.

**UNION BANKSHARES CORPORATION AND SUBSIDIARIES**

**KEY FINANCIAL RESULTS**

*(Dollars in thousands, except share data)*

*(FTE - "Fully Taxable Equivalent")*

| | Three Months Ended | | | Year Ended | |
|---|---|---|---|---|---|
| | **12/31/17** | **9/30/17** | **12/31/16** | **12/31/17** | **12/31/16** |
| **Results of Operations** | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* |
| Interest and dividend income | $ 87,482 | $ 84,850 | $ 76,957 | $ 330,194 | $ 294,920 |
| Interest expense | 14,090 | 13,652 | 8,342 | 50,037 | 29,770 |
| Net interest income | 73,392 | 71,198 | 68,615 | 280,157 | 265,150 |
| Provision for credit losses | 3,411 | 3,050 | 1,723 | 10,756 | 9,100 |
| Net interest income after provision for credit losses | 69,981 | 68,148 | 66,892 | 269,401 | 256,050 |
| Noninterest income | 17,243 | 17,536 | 18,050 | 71,674 | 70,907 |
| Noninterest expenses | 59,944 | 57,496 | 56,267 | 234,765 | 222,703 |
| Income before income taxes | 27,280 | 28,188 | 28,675 | 106,310 | 104,254 |
| Income tax expense | 12,095 | 7,530 | 7,899 | 33,387 | 26,778 |
| Net income | $ 15,185 | $ 20,658 | $ 20,776 | $ 72,923 | $ 77,476 |
| Interest earned on earning assets (FTE) (1) | $ 90,263 | $ 87,498 | $ 79,833 | $ 340,810 | $ 305,164 |
| Net interest income (FTE) (1) | 76,173 | 73,846 | 71,491 | 290,774 | 275,394 |
| Net income - community bank segment | $ 14,986 | $ 20,311 | $ 20,394 | $ 71,822 | $ 75,716 |
| Net income - mortgage segment | 199 | 347 | 382 | 1,101 | 1,760 |
| **Key Ratios** | | | | | |
| Earnings per common share, diluted | $ 0.35 | $ 0.47 | $ 0.48 | $ 1.67 | $ 1.77 |
| Return on average assets (ROA) | 0.66% | 0.91% | 0.99% | 0.83% | 0.96% |
| Return on average equity (ROE) | 5.75% | 7.90% | 8.22% | 7.07% | 7.79% |
| Return on average tangible common equity (ROTCE) (2) | 8.20% | 11.34% | 12.05% | 10.20% | 11.45% |
| Efficiency ratio | 66.14% | 64.80% | 64.92% | 66.73% | 66.27% |
| Efficiency ratio (FTE) (1) | 64.17% | 62.92% | 62.84% | 64.77% | 64.31% |
| Net interest margin | 3.51% | 3.46% | 3.63% | 3.49% | 3.66% |
| Net interest margin (FTE) (1) | 3.64% | 3.59% | 3.78% | 3.63% | 3.80% |
| Yields on earning assets (FTE) (1) | 4.32% | 4.25% | 4.23% | 4.25% | 4.21% |
| Cost of interest-bearing liabilities (FTE) (1) | 0.87% | 0.85% | 0.57% | 0.80% | 0.53% |
| Cost of funds (FTE) (1) | 0.68% | 0.66% | 0.45% | 0.62% | 0.41% |
| **Operating Measures (3)** | | | | | |
| Net operating earnings | $ 22,821 | $ 21,319 | $ 20,776 | $ 83,578 | $ 77,476 |
| Operating earnings per share, diluted | $ 0.52 | $ 0.49 | $ 0.48 | $ 1.91 | $ 1.77 |
| Operating ROA | 1.00% | 0.94% | 0.99% | 0.95% | 0.96% |
| Operating ROE | 8.63% | 8.15% | 8.22% | 8.11% | 7.79% |
| Operating ROTCE | 12.32% | 11.70% | 12.05% | 11.69% | 11.45% |
| Operating efficiency ratio (FTE) | 62.12% | 62.12% | 62.84% | 63.28% | 64.31% |
| Community bank segment net operating earnings | $ 22,492 | $ 20,972 | $ 20,394 | $ 82,347 | $ 75,716 |
| Community bank segment operating earnings per share, diluted | $ 0.51 | $ 0.48 | $ 0.47 | $ 1.88 | $ 1.73 |
| Mortgage segment net operating earnings | $ 329 | $ 347 | $ 382 | $ 1,231 | $ 1,760 |
| **Per Share Data** | | | | | |
| Earnings per common share, basic | $ 0.35 | $ 0.47 | $ 0.48 | $ 1.67 | $ 1.77 |
| Earnings per common share, diluted | 0.35 | 0.47 | 0.48 | 1.67 | 1.77 |
| Cash dividends paid per common share | 0.21 | 0.20 | 0.20 | 0.81 | 0.77 |
| Market value per share | 36.17 | 35.30 | 35.74 | 36.17 | 35.74 |
| Book value per common share | 24.10 | 24.00 | 23.15 | 24.10 | 23.15 |
| Tangible book value per common share (2) | 16.88 | 16.76 | 15.78 | 16.88 | 15.78 |
| Price to earnings ratio, diluted | 26.05 | 18.93 | 18.72 | 21.66 | 20.19 |
| Price to book value per common share ratio | 1.50 | 1.47 | 1.54 | 1.50 | 1.54 |
| Price to tangible book value per common share ratio (2) | 2.14 | 2.11 | 2.26 | 2.14 | 2.26 |
| Weighted average common shares outstanding, basic | 43,740,001 | 43,706,635 | 43,577,634 | 43,698,897 | 43,784,193 |
| Weighted average common shares outstanding, diluted | 43,816,018 | 43,792,058 | 43,659,416 | 43,779,744 | 43,890,271 |
| Common shares outstanding at end of period | 43,743,318 | 43,729,229 | 43,609,317 | 43,743,318 | 43,609,317 |

| | As of & For Three Months Ended | | | As of & For Year Ended | |
|---|---|---|---|---|---|
| | 12/31/17 | 9/30/17 | 12/31/16 | 12/31/17 | 12/31/16 |
| **Capital Ratios** | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* |
| Common equity Tier 1 capital ratio (4) | 9.04% | 9.40% | 9.72% | 9.04% | 9.72% |
| Tier 1 capital ratio (4) | 10.14% | 10.56% | 10.97% | 10.14% | 10.97% |
| Total capital ratio (4) | 12.43% | 12.94% | 13.56% | 12.43% | 13.56% |
| Leverage ratio (Tier 1 capital to average assets) (4) | 9.42% | 9.52% | 9.87% | 9.42% | 9.87% |
| Common equity to total assets | 11.23% | 11.53% | 11.88% | 11.23% | 11.88% |
| Tangible common equity to tangible assets (2) | 8.14% | 8.34% | 8.41% | 8.14% | 8.41% |
| **Financial Condition** | | | | | |
| Assets | $ 9,315,179 | $ 9,029,436 | $ 8,426,793 | $ 9,315,179 | $ 8,426,793 |
| Loans held for investment | 7,141,552 | 6,898,729 | 6,307,060 | 7,141,552 | 6,307,060 |
| Earning Assets | 8,513,145 | 8,232,413 | 7,611,098 | 8,513,145 | 7,611,098 |
| Goodwill | 298,528 | 298,191 | 298,191 | 298,528 | 298,191 |
| Amortizable intangibles, net | 14,803 | 16,017 | 20,602 | 14,803 | 20,602 |
| Deposits | 6,991,718 | 6,881,826 | 6,379,489 | 6,991,718 | 6,379,489 |
| Stockholders' equity | 1,046,329 | 1,041,371 | 1,001,032 | 1,046,329 | 1,001,032 |
| Tangible common equity (2) | 732,998 | 727,163 | 682,239 | 732,998 | 682,239 |
| **Loans held for investment, net of deferred fees and costs** | | | | | |
| Construction and land development | $ 948,791 | $ 841,738 | $ 751,131 | $ 948,791 | $ 751,131 |
| Commercial real estate - owner occupied | 943,933 | 903,523 | 857,805 | 943,933 | 857,805 |
| Commercial real estate - non-owner occupied | 1,713,659 | 1,748,039 | 1,564,295 | 1,713,659 | 1,564,295 |
| Multifamily real estate | 357,079 | 368,686 | 334,276 | 357,079 | 334,276 |
| Commercial & Industrial | 612,023 | 554,522 | 551,526 | 612,023 | 551,526 |
| Residential 1-4 Family | 1,098,085 | 1,083,112 | 1,029,547 | 1,098,085 | 1,029,547 |
| Auto | 282,474 | 276,572 | 262,071 | 282,474 | 262,071 |
| HELOC | 537,521 | 535,446 | 526,884 | 537,521 | 526,884 |
| Consumer and all other | 647,987 | 587,091 | 429,525 | 647,987 | 429,525 |
| Total loans held for investment | $ 7,141,552 | $ 6,898,729 | $ 6,307,060 | $ 7,141,552 | $ 6,307,060 |
| **Deposits** | | | | | |
| NOW accounts | $ 1,929,416 | $ 1,851,327 | $ 1,765,956 | $ 1,929,416 | $ 1,765,956 |
| Money market accounts | 1,685,174 | 1,621,443 | 1,435,591 | 1,685,174 | 1,435,591 |
| Savings accounts | 546,274 | 553,082 | 591,742 | 546,274 | 591,742 |
| Time deposits of $100,000 and over | 624,112 | 621,070 | 530,275 | 624,112 | 530,275 |
| Other time deposits | 704,534 | 699,755 | 662,300 | 704,534 | 662,300 |
| Total interest-bearing deposits | $ 5,489,510 | $ 5,346,677 | $ 4,985,864 | $ 5,489,510 | $ 4,985,864 |
| Demand deposits | 1,502,208 | 1,535,149 | 1,393,625 | 1,502,208 | 1,393,625 |
| Total deposits | $ 6,991,718 | $ 6,881,826 | $ 6,379,489 | $ 6,991,718 | $ 6,379,489 |
| **Averages** | | | | | |
| Assets | $ 9,085,211 | $ 8,973,964 | $ 8,312,750 | $ 8,820,142 | $ 8,046,305 |
| Loans held for investment | 6,962,299 | 6,822,498 | 6,214,084 | 6,701,101 | 5,956,125 |
| Loans held for sale | 31,448 | 38,569 | 43,594 | 31,458 | 36,126 |
| Securities | 1,238,663 | 1,243,904 | 1,202,125 | 1,230,105 | 1,202,692 |
| Earning assets | 8,293,366 | 8,167,919 | 7,514,979 | 8,016,311 | 7,249,090 |
| Deposits | 6,955,949 | 6,797,840 | 6,310,025 | 6,701,475 | 6,110,788 |
| Certificates of deposit | 1,335,357 | 1,289,794 | 1,192,253 | 1,271,649 | 1,177,732 |
| Interest-bearing deposits | 5,435,705 | 5,302,226 | 4,885,428 | 5,234,102 | 4,722,572 |
| Borrowings | 1,022,307 | 1,080,226 | 927,218 | 1,028,434 | 877,602 |
| Interest-bearing liabilities | 6,458,012 | 6,382,452 | 5,812,646 | 6,262,536 | 5,600,174 |
| Stockholders' equity | 1,048,632 | 1,037,792 | 1,005,769 | 1,030,847 | 994,785 |
| Tangible common equity (2) | 734,847 | 722,920 | 686,143 | 715,125 | 676,654 |

| | As of & For Three Months Ended | | | As of & For Year Ended | |
|---|---|---|---|---|---|
| | 12/31/17 | 9/30/17 | 12/31/16 | 12/31/17 | 12/31/16 |
| **Asset Quality** | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* |
| **Allowance for Loan Losses (ALL)** | | | | | |
| Beginning balance | $ 37,162 | $ 38,214 | $ 36,542 | $ 37,192 | $ 34,047 |
| Add: Recoveries | 696 | 887 | 1,003 | 3,255 | 3,025 |
| Less: Charge-offs | 3,361 | 4,989 | 1,827 | 13,310 | 8,555 |
| Add: Provision for loan losses | 3,711 | 3,050 | 1,474 | 11,071 | 8,675 |
| Ending balance | $ 38,208 | $ 37,162 | $ 37,192 | $ 38,208 | $ 37,192 |
| ALL / total outstanding loans | 0.54% | 0.54% | 0.59% | 0.54% | 0.59% |
| Net charge-offs / total average loans | 0.15% | 0.24% | 0.05% | 0.15% | 0.09% |
| Provision / total average loans | 0.21% | 0.18% | 0.09% | 0.17% | 0.15% |
| Total PCI Loans | $ 39,021 | $ 51,041 | $ 59,292 | $ 39,021 | $ 59,292 |
| Remaining fair value mark on purchased performing loans | 13,726 | 14,602 | 16,939 | 13,726 | 16,939 |
| **Nonperforming Assets** | | | | | |
| Construction and land development | $ 5,610 | $ 5,671 | $ 2,037 | $ 5,610 | $ 2,037 |
| Commercial real estate - owner occupied | 2,708 | 2,205 | 794 | 2,708 | 794 |
| Commercial real estate - non-owner occupied | 2,992 | 2,701 | — | 2,992 | — |
| Commercial & Industrial | 316 | 1,252 | 124 | 316 | 124 |
| Residential 1-4 Family | 7,354 | 6,163 | 5,279 | 7,354 | 5,279 |
| Auto | 413 | 174 | 169 | 413 | 169 |
| HELOC | 2,075 | 1,791 | 1,279 | 2,075 | 1,279 |
| Consumer and all other | 275 | 165 | 291 | 275 | 291 |
| Nonaccrual loans | $ 21,743 | $ 20,122 | $ 9,973 | $ 21,743 | $ 9,973 |
| Other real estate owned | 6,636 | 8,764 | 10,084 | 6,636 | 10,084 |
| Total nonperforming assets (NPAs) | $ 28,379 | $ 28,886 | $ 20,057 | $ 28,379 | $ 20,057 |
| Construction and land development | $ 1,340 | $ 54 | $ 76 | $ 1,340 | $ 76 |
| Commercial real estate - owner occupied | — | 679 | 35 | — | 35 |
| Commercial real estate - non-owner occupied | 194 | 298 | — | 194 | — |
| Commercial & Industrial | 214 | 101 | 9 | 214 | 9 |
| Residential 1-4 Family | 1,125 | 2,360 | 2,048 | 1,125 | 2,048 |
| Auto | 40 | 143 | 111 | 40 | 111 |
| HELOC | 217 | 709 | 635 | 217 | 635 |
| Consumer and all other | 402 | 188 | 91 | 402 | 91 |
| Loans ≥ 90 days and still accruing | $ 3,532 | $ 4,532 | $ 3,005 | $ 3,532 | $ 3,005 |
| Total NPAs and loans ≥ 90 days | $ 31,911 | $ 33,418 | $ 23,062 | $ 31,911 | $ 23,062 |
| NPAs / total outstanding loans | 0.40% | 0.42% | 0.32% | 0.40% | 0.32% |
| NPAs / total assets | 0.30% | 0.32% | 0.24% | 0.30% | 0.24% |
| ALL / nonaccrual loans | 175.73% | 184.68% | 372.93% | 175.73% | 372.93% |
| ALL / nonperforming assets | 134.63% | 128.65% | 185.43% | 134.63% | 185.43% |
| **Past Due Detail** | | | | | |
| Construction and land development | $ 1,248 | $ 7,221 | $ 1,162 | $ 1,248 | $ 1,162 |
| Commercial real estate - owner occupied | 444 | 1,707 | 1,842 | 444 | 1,842 |
| Commercial real estate - non-owner occupied | 187 | 909 | 2,369 | 187 | 2,369 |
| Multifamily real estate | — | — | 147 | — | 147 |
| Commercial & Industrial | 1,147 | 1,558 | 759 | 1,147 | 759 |
| Residential 1-4 Family | 5,520 | 5,633 | 7,038 | 5,520 | 7,038 |
| Auto | 3,541 | 2,415 | 2,570 | 3,541 | 2,570 |
| HELOC | 2,382 | 1,400 | 1,836 | 2,382 | 1,836 |
| Consumer and all other | 2,404 | 3,469 | 2,522 | 2,404 | 2,522 |
| Loans 30-59 days past due | $ 16,873 | $ 24,312 | $ 20,245 | $ 16,873 | $ 20,245 |

| | As of & For Three Months Ended | | | As of & For Year Ended | |
|---|---|---|---|---|---|
| | 12/31/17 | 9/30/17 | 12/31/16 | 12/31/17 | 12/31/16 |
| **Past Due Detail cont'd** | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* |
| Construction and land development | $ 898 | $ 100 | $ 232 | $ 898 | $ 232 |
| Commercial real estate - owner occupied | 81 | 689 | 109 | 81 | 109 |
| Commercial real estate - non-owner occupied | 84 | 571 | — | 84 | — |
| Commercial & Industrial | 109 | 255 | 858 | 109 | 858 |
| Residential 1-4 Family | 3,241 | 1,439 | 534 | 3,241 | 534 |
| Auto | 185 | 293 | 317 | 185 | 317 |
| HELOC | 717 | 628 | 1,140 | 717 | 1,140 |
| Consumer and all other | 2,052 | 1,445 | 1,431 | 2,052 | 1,431 |
| Loans 60-89 days past due | $ 7,367 | $ 5,420 | $ 4,621 | $ 7,367 | $ 4,621 |
| | | | | | |
| **Troubled Debt Restructurings** | | | | | |
| Performing | $ 14,553 | $ 16,519 | $ 13,967 | $ 14,553 | $ 13,967 |
| Nonperforming | 2,849 | 2,725 | 1,435 | 2,849 | 1,435 |
| Total troubled debt restructurings | $ 17,402 | $ 19,244 | $ 15,402 | $ 17,402 | $ 15,402 |
| | | | | | |
| **Alternative Performance Measures (non-GAAP)** | | | | | |
| **Net interest income (FTE)** | | | | | |
| Net interest income (GAAP) | $ 73,392 | $ 71,198 | $ 68,615 | $ 280,157 | $ 265,150 |
| FTE adjustment | 2,781 | 2,648 | 2,876 | 10,617 | 10,244 |
| Net interest income (FTE) (non-GAAP) (1) | $ 76,173 | $ 73,846 | $ 71,491 | $ 290,774 | $ 275,394 |
| Average earning assets | 8,293,366 | 8,167,919 | 7,514,979 | 8,016,311 | 7,249,090 |
| Net interest margin | 3.51% | 3.46% | 3.63% | 3.49% | 3.66% |
| Net interest margin (FTE) (1) | 3.64% | 3.59% | 3.78% | 3.63% | 3.80% |
| | | | | | |
| **Tangible Assets** | | | | | |
| Ending assets (GAAP) | $ 9,315,179 | $ 9,029,436 | $ 8,426,793 | $ 9,315,179 | $ 8,426,793 |
| Less: Ending goodwill | 298,528 | 298,191 | 298,191 | 298,528 | 298,191 |
| Less: Ending amortizable intangibles | 14,803 | 16,017 | 20,602 | 14,803 | 20,602 |
| Ending tangible assets (non-GAAP) | $ 9,001,848 | $ 8,715,228 | $ 8,108,000 | $ 9,001,848 | $ 8,108,000 |
| | | | | | |
| **Tangible Common Equity** (2) | | | | | |
| Ending equity (GAAP) | $ 1,046,329 | $ 1,041,371 | $ 1,001,032 | $ 1,046,329 | $ 1,001,032 |
| Less: Ending goodwill | 298,528 | 298,191 | 298,191 | 298,528 | 298,191 |
| Less: Ending amortizable intangibles | 14,803 | 16,017 | 20,602 | 14,803 | 20,602 |
| Ending tangible common equity (non-GAAP) | $ 732,998 | $ 727,163 | $ 682,239 | $ 732,998 | $ 682,239 |
| | | | | | |
| Average equity (GAAP) | $ 1,048,632 | $ 1,037,792 | $ 1,005,769 | $ 1,030,847 | $ 994,785 |
| Less: Average goodwill | 298,385 | 298,191 | 298,191 | 298,240 | 296,087 |
| Less: Average amortizable intangibles | 15,400 | 16,681 | 21,435 | 17,482 | 22,044 |
| Average tangible common equity (non-GAAP) | $ 734,847 | $ 722,920 | $ 686,143 | $ 715,125 | $ 676,654 |
| | | | | | |
| **Operating Measures** (3) | | | | | |
| Net income (GAAP) | $ 15,185 | $ 20,658 | $ 20,776 | $ 72,923 | $ 77,476 |
| Plus: Merger-related costs, net of tax | 1,386 | 661 | — | 4,405 | — |
| Plus: Nonrecurring tax expenses | 6,250 | — | — | 6,250 | — |
| Net operating earnings (non-GAAP) | $ 22,821 | $ 21,319 | $ 20,776 | $ 83,578 | $ 77,476 |
| | | | | | |
| Noninterest expense (GAAP) | $ 59,944 | $ 57,496 | $ 56,267 | $ 234,765 | $ 222,703 |
| Less: Merger-related costs | 1,917 | 732 | — | 5,393 | — |
| Operating noninterest expense (non-GAAP) | $ 58,027 | $ 56,764 | $ 56,267 | $ 229,372 | $ 222,703 |
| | | | | | |
| Net interest income (FTE) (non-GAAP) (1) | $ 76,173 | $ 73,846 | $ 71,491 | $ 290,774 | $ 275,394 |
| Noninterest income (GAAP) | 17,243 | 17,536 | 18,050 | 71,674 | 70,907 |
| | | | | | |
| Efficiency ratio | 66.14% | 64.80% | 64.92% | 66.73% | 66.27% |
| Efficiency ratio (FTE) (1) | 64.17% | 62.92% | 62.84% | 64.77% | 64.31% |
| Operating efficiency ratio (FTE) | 62.12% | 62.12% | 62.84% | 63.28% | 64.31% |

| | As of & For Three Months Ended | | | As of & For Year Ended | |
|---|---|---|---|---|---|
| | 12/31/17 | 9/30/17 | 12/31/16 | 12/31/17 | 12/31/16 |
| **Alternative Performance Measures (non-GAAP) cont'd** | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* |
| **Operating Measures cont'd** [3] | | | | | |
| Community bank segment net income (GAAP) | $ 14,986 | $ 20,311 | $ 20,394 | $ 71,822 | $ 75,716 |
| Plus: Merger-related costs, net of tax | 1,386 | 661 | — | 4,405 | — |
| Plus: Nonrecurring tax expenses | 6,120 | — | — | 6,120 | — |
| Community bank segment net operating earnings (non-GAAP) | $ 22,492 | $ 20,972 | $ 20,394 | $ 82,347 | $ 75,716 |
| Community bank segment earnings per share, diluted (GAAP) | $ 0.34 | $ 0.46 | $ 0.47 | $ 1.64 | $ 1.73 |
| Community bank segment operating earnings per share, diluted (non-GAAP) | 0.51 | 0.48 | 0.47 | 1.88 | 1.73 |
| Mortgage segment net income (GAAP) | $ 199 | $ 347 | $ 382 | $ 1,101 | $ 1,760 |
| Plus: Nonrecurring tax expenses | 130 | — | — | 130 | — |
| Mortgage segment net operating earnings (non-GAAP) | $ 329 | $ 347 | $ 382 | $ 1,231 | $ 1,760 |
| **Mortgage Origination Volume** | | | | | |
| Refinance Volume | $ 41,889 | $ 35,678 | $ 71,454 | $ 143,857 | $ 208,674 |
| Construction Volume | 20,186 | 19,966 | 10,621 | 82,731 | 68,026 |
| Purchase Volume | 59,840 | 71,694 | 63,249 | 259,461 | 263,571 |
| Total Mortgage loan originations | $ 121,915 | $ 127,338 | $ 145,324 | $ 486,049 | $ 540,271 |
| % of originations that are refinances | 34.4% | 28.0% | 49.2% | 29.6% | 38.6% |
| **Other Data** | | | | | |
| End of period full-time employees | 1,419 | 1,427 | 1,416 | 1,419 | 1,416 |
| Number of full-service branches | 111 | 111 | 114 | 111 | 114 |
| Number of full automatic transaction machines ("ATMs") | 176 | 173 | 185 | 176 | 185 |

(1) 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 tax treatment of interest income sources. The entire FTE adjustment is attributable to interest income on earning assets, which is used in computing 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.

(2) Tangible common equity is used in the calculation of certain profitability, capital, and per share ratios. The Company believes tangible common equity and the 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.

(3) Operating measures exclude merger-related costs and nonrecurring tax expenses unrelated to the Company's normal operations. Such costs were only incurred during 2017; thus each of these operating measures is equivalent to the corresponding GAAP financial measure for the three months and year ended December 31, 2016. The Company believes these measures are useful to investors as they exclude certain costs resulting from acquisition activity and allow investors to more clearly see the combined economic results of the organization's operations.

(4) All ratios at December 31, 2017 are estimates and subject to change pending the Company's filing of its FR Y9-C. All other periods are presented as filed.

**UNION BANKSHARES CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

*(Dollars in thousands, except share data)*

| | December 31, 2017 *(unaudited)* | December 31, 2016 *(audited)* |
|---|---|---|
| ASSETS | | |
| **Cash and cash equivalents:** | | |
| Cash and due from banks | **$ 117,586** | $ 120,758 |
| Interest-bearing deposits in other banks | **81,291** | 58,030 |
| Federal funds sold | **496** | 449 |
| **Total cash and cash equivalents** | **199,373** | 179,237 |
| **Securities available for sale, at fair value** | **974,222** | 946,764 |
| **Securities held to maturity, at carrying value** | **199,639** | 201,526 |
| **Restricted stock, at cost** | **75,283** | 60,782 |
| **Loans held for sale, at fair value** | **40,662** | 36,487 |
| **Loans held for investment, net of deferred fees and costs** | **7,141,552** | 6,307,060 |
| **Less allowance for loan losses** | **38,208** | 37,192 |
| **Net loans held for investment** | **7,103,344** | 6,269,868 |
| **Premises and equipment, net** | **119,981** | 122,027 |
| **Other real estate owned, net of valuation allowance** | **6,636** | 10,084 |
| **Goodwill** | **298,528** | 298,191 |
| **Amortizable intangibles, net** | **14,803** | 20,602 |
| **Bank owned life insurance** | **182,854** | 179,318 |
| **Other assets** | **99,854** | 101,907 |
| **Total assets** | **$ 9,315,179** | $ 8,426,793 |
| LIABILITIES | | |
| **Noninterest-bearing demand deposits** | **$ 1,502,208** | $ 1,393,625 |
| **Interest-bearing deposits** | **5,489,510** | 4,985,864 |
| **Total deposits** | **6,991,718** | 6,379,489 |
| **Securities sold under agreements to repurchase** | **49,152** | 59,281 |
| **Other short-term borrowings** | **745,000** | 517,500 |
| **Long-term borrowings** | **425,262** | 413,308 |
| **Other liabilities** | **57,718** | 56,183 |
| **Total liabilities** | **8,268,850** | 7,425,761 |
| **Commitments and contingencies** | | |
| STOCKHOLDERS' EQUITY | | |
| **Common stock, $1.33 par value, shares authorized 100,000,000; issued and outstanding, 43,743,318 shares and 43,609,317 shares, respectively** | **57,744** | 57,506 |
| **Additional paid-in capital** | **610,001** | 605,397 |
| **Retained earnings** | **379,468** | 341,938 |
| **Accumulated other comprehensive income** | **(884)** | (3,809) |
| **Total stockholders' equity** | **1,046,329** | 1,001,032 |
| **Total liabilities and stockholders' equity** | **$ 9,315,179** | $ 8,426,793 |

**UNION BANKSHARES CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

*(Dollars in thousands, except share data)*

| | Three Months Ended | | | Year Ended | |
|---|---|---|---|---|---|
| | **December 31, 2017** | **September 30, 2017** | **December 31, 2016** | **December 31, 2017** | **December 31, 2016** |
| **Interest and dividend income:** | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(audited)* |
| Interest and fees on loans | **$ 78,501** | $ 75,948 | $ 68,683 | **$ 295,146** | $ 262,567 |
| Interest on deposits in other banks | **172** | 181 | 67 | **539** | 244 |
| Interest and dividends on securities: | | | | | |
| Taxable | **5,225** | 5,175 | 4,761 | **20,305** | 18,319 |
| Nontaxable | **3,584** | 3,546 | 3,446 | **14,204** | 13,790 |
| **Total interest and dividend income** | **87,482** | 84,850 | 76,957 | **330,194** | 294,920 |
| **Interest expense:** | | | | | |
| Interest on deposits | **7,696** | 7,234 | 4,786 | **26,106** | 17,731 |
| Interest on short-term borrowings | **1,814** | 1,871 | 797 | **6,035** | 2,894 |
| Interest on long-term borrowings | **4,580** | 4,547 | 2,759 | **17,896** | 9,145 |
| **Total interest expense** | **14,090** | 13,652 | 8,342 | **50,037** | 29,770 |
| **Net interest income** | **73,392** | 71,198 | 68,615 | **280,157** | 265,150 |
| **Provision for credit losses** | **3,411** | 3,050 | 1,723 | **10,756** | 9,100 |
| **Net interest income after provision for credit losses** | **69,981** | 68,148 | 66,892 | **269,401** | 256,050 |
| **Noninterest income:** | | | | | |
| Service charges on deposit accounts | **5,266** | 5,153 | 5,042 | **20,212** | 19,496 |
| Other service charges and fees | **4,630** | 4,529 | 4,204 | **18,205** | 17,175 |
| Fiduciary and asset management fees | **2,933** | 2,794 | 2,884 | **11,245** | 10,199 |
| Mortgage banking income, net | **2,118** | 2,305 | 2,629 | **9,241** | 10,953 |
| Gains on securities transactions, net | **18** | 184 | 60 | **800** | 205 |
| Bank owned life insurance income | **1,306** | 1,377 | 1,391 | **6,144** | 5,513 |
| Loan-related interest rate swap fees | **424** | 416 | 1,198 | **3,051** | 4,254 |
| Other operating income | **548** | 778 | 642 | **2,776** | 3,112 |
| **Total noninterest income** | **17,243** | 17,536 | 18,050 | **71,674** | 70,907 |
| **Noninterest expenses:** | | | | | |
| Salaries and benefits | **29,723** | 29,769 | 30,042 | **122,222** | 117,103 |
| Occupancy expenses | **5,034** | 4,939 | 4,901 | **19,594** | 19,528 |
| Furniture and equipment expenses | **2,621** | 2,559 | 2,608 | **10,503** | 10,475 |
| Printing, postage, and supplies | **1,252** | 1,154 | 1,126 | **4,962** | 4,692 |
| Communications expense | **740** | 798 | 887 | **3,319** | 3,850 |
| Technology and data processing | **4,426** | 4,232 | 4,028 | **16,485** | 15,368 |
| Professional services | **2,190** | 1,985 | 1,653 | **7,925** | 8,085 |
| Marketing and advertising expense | **1,876** | 1,944 | 1,946 | **7,838** | 7,784 |
| FDIC assessment premiums and other insurance | **1,255** | 1,141 | 1,403 | **4,048** | 5,406 |
| Other taxes | **2,022** | 2,022 | 1,592 | **8,087** | 5,456 |
| Loan-related expenses | **1,369** | 1,349 | 1,152 | **5,328** | 4,790 |
| OREO and credit-related expenses | **1,741** | 1,139 | 637 | **3,764** | 2,602 |
| Amortization of intangible assets | **1,427** | 1,480 | 1,742 | **6,088** | 7,210 |
| Training and other personnel costs | **1,034** | 887 | 923 | **3,934** | 3,435 |
| Merger-related costs | **1,917** | 732 | — | **5,393** | — |
| Other expenses | **1,317** | 1,366 | 1,627 | **5,275** | 6,919 |
| **Total noninterest expenses** | **59,944** | 57,496 | 56,267 | **234,765** | 222,703 |
| Income before income taxes | **27,280** | 28,188 | 28,675 | **106,310** | 104,254 |
| Income tax expense | **12,095** | 7,530 | 7,899 | **33,387** | 26,778 |
| **Net income** | **$ 15,185** | $ 20,658 | $ 20,776 | **$ 72,923** | $ 77,476 |
| Basic earnings per common share | **$ 0.35** | $ 0.47 | $ 0.48 | **$ 1.67** | $ 1.77 |
| Diluted earnings per common share | **$ 0.35** | $ 0.47 | $ 0.48 | **$ 1.67** | $ 1.77 |

**UNION BANKSHARES CORPORATION AND SUBSIDIARIES**
**SEGMENT FINANCIAL INFORMATION**
*(Dollars in thousands)*

| | Community Bank | Mortgage | Eliminations | Consolidated |
|---|---|---|---|---|
| **Three Months Ended December 31, 2017** *(unaudited)* | | | | |
| **Net interest income** | **$ 72,936** | **$ 456** | **$ —** | **$ 73,392** |
| **Provision for credit losses** | **3,458** | **(47)** | **—** | **3,411** |
| **Net interest income after provision for credit losses** | **69,478** | **503** | **—** | **69,981** |
| **Noninterest income** | **15,040** | **2,329** | **(126)** | **17,243** |
| **Noninterest expenses** | **57,722** | **2,348** | **(126)** | **59,944** |
| **Income before income taxes** | **26,796** | **484** | **—** | **27,280** |
| **Income tax expense** | **11,810** | **285** | **—** | **12,095** |
| **Net income** | **14,986** | **199** | **—** | **15,185** |
| **Plus: Merger-related costs, net of tax** | **1,386** | **—** | **—** | **1,386** |
| **Plus: Nonrecurring tax expenses** | **6,120** | **130** | **—** | **6,250** |
| **Net operating earnings (non-GAAP)** | **$ 22,492** | **$ 329** | **$ —** | **$ 22,821** |
| **Total assets** | **$ 9,305,660** | **$ 111,845** | **$ (102,326)** | **$ 9,315,179** |
| **Three Months Ended September 30, 2017** *(unaudited)* | | | | |
| **Net interest income** | $ 70,718 | $ 480 | $ — | $ 71,198 |
| **Provision for credit losses** | 3,056 | (6) | — | 3,050 |
| **Net interest income after provision for credit losses** | 67,662 | 486 | — | 68,148 |
| **Noninterest income** | 15,121 | 2,527 | (112) | 17,536 |
| **Noninterest expenses** | 55,133 | 2,475 | (112) | 57,496 |
| **Income before income taxes** | 27,650 | 538 | — | 28,188 |
| **Income tax expense** | 7,339 | 191 | — | 7,530 |
| **Net income** | 20,311 | 347 | — | 20,658 |
| **Plus: Merger-related costs, net of tax** | 661 | — | — | 661 |
| **Net operating earnings (non-GAAP)** | $ 20,972 | $ 347 | $ — | $ 21,319 |
| **Total assets** | $ 9,020,486 | $ 97,154 | $ (88,204) | $ 9,029,436 |
| **Three Months Ended December 31, 2016** *(unaudited)* | | | | |
| **Net interest income** | $ 68,205 | $ 410 | $ — | $ 68,615 |
| **Provision for credit losses** | 1,668 | 55 | — | 1,723 |
| **Net interest income after provision for credit losses** | 66,537 | 355 | — | 66,892 |
| **Noninterest income** | 15,368 | 2,823 | (141) | 18,050 |
| **Noninterest expenses** | 53,810 | 2,598 | (141) | 56,267 |
| **Income before income taxes** | 28,095 | 580 | — | 28,675 |
| **Income tax expense** | 7,701 | 198 | — | 7,899 |
| **Net income** | $ 20,394 | $ 382 | $ — | $ 20,776 |
| **Total assets** | $ 8,419,625 | $ 93,581 | $ (86,413) | $ 8,426,793 |
| **Year Ended December 31, 2017** *(unaudited)* | | | | |
| **Net interest income** | **$ 278,470** | **$ 1,687** | **$ —** | **$ 280,157** |
| **Provision for credit losses** | **10,802** | **(46)** | **—** | **10,756** |
| **Net interest income after provision for credit losses** | **267,668** | **1,733** | **—** | **269,401** |
| **Noninterest income** | **62,120** | **10,073** | **(519)** | **71,674** |
| **Noninterest expenses** | **225,366** | **9,918** | **(519)** | **234,765** |
| **Income before income taxes** | **104,422** | **1,888** | **—** | **106,310** |
| **Income tax expense** | **32,600** | **787** | **—** | **33,387** |
| **Net income** | **71,822** | **1,101** | **—** | **72,923** |
| **Plus: Merger-related costs, net of tax** | **4,405** | **—** | **—** | **4,405** |
| **Plus: Nonrecurring tax expenses** | **6,120** | **130** | **—** | **6,250** |
| **Net operating earnings (non-GAAP)** | **$ 82,347** | **$ 1,231** | **$ —** | **$ 83,578** |
| **Total assets** | **$ 9,305,660** | **$ 111,845** | **$ (102,326)** | **$ 9,315,179** |
| **Year Ended December 31, 2016** *(audited)* | | | | |
| **Net interest income** | $ 263,714 | $ 1,436 | $ — | $ 265,150 |
| **Provision for credit losses** | 8,883 | 217 | — | 9,100 |
| **Net interest income after provision for credit losses** | 254,831 | 1,219 | — | 256,050 |
| **Noninterest income** | 59,505 | 12,008 | (606) | 70,907 |
| **Noninterest expenses** | 212,774 | 10,535 | (606) | 222,703 |
| **Income before income taxes** | 101,562 | 2,692 | — | 104,254 |
| **Income tax expense** | 25,846 | 932 | — | 26,778 |
| **Net income** | $ 75,716 | $ 1,760 | $ — | $ 77,476 |
| **Total assets** | $ 8,419,625 | $ 93,581 | $ (86,413) | $ 8,426,793 |

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

| | For the Quarter Ended | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2017 | | | September 30, 2017 | | |
| | Average Balance | Interest Income / Expense (1) | Yield / Rate (1)(2) | Average Balance | Interest Income / Expense (1) | Yield / Rate (1)(2) |
| <u>Assets:</u> | | *(unaudited)* | | | *(unaudited)* | |
| **Securities:** | | | | | | |
| Taxable | **$ 758,189** | **$ 5,225** | **2.73%** | $ 774,513 | $ 5,175 | 2.65% |
| Tax-exempt | **480,474** | **5,513** | **4.55%** | 469,391 | 5,455 | 4.61% |
| Total securities | **1,238,663** | **10,738** | **3.44%** | 1,243,904 | 10,630 | 3.39% |
| Loans, net (3) (4) | **6,962,299** | **79,048** | **4.50%** | 6,822,498 | 76,333 | 4.44% |
| Other earning assets | **92,404** | **477** | **2.05%** | 101,517 | 535 | 2.09% |
| **Total earning assets** | **8,293,366** | **$ 90,263** | **4.32%** | 8,167,919 | $ 87,498 | 4.25% |
| Allowance for loan losses | **(37,449)** | | | (38,138) | | |
| **Total non-earning assets** | **829,294** | | | 844,183 | | |
| **Total assets** | **$ 9,085,211** | | | $ 8,973,964 | | |
| <u>Liabilities and Stockholders' Equity:</u> | | | | | | |
| **Interest-bearing deposits:** | | | | | | |
| Transaction and money market accounts | **$ 3,551,759** | **$ 3,703** | **0.41%** | $ 3,457,279 | $ 3,491 | 0.40% |
| Regular savings | **548,589** | **150** | **0.11%** | 555,153 | 151 | 0.11% |
| Time deposits | **1,335,357** | **3,843** | **1.14%** | 1,289,794 | 3,592 | 1.10% |
| **Total interest-bearing deposits** | **5,435,705** | **7,696** | **0.56%** | 5,302,226 | 7,234 | 0.54% |
| Other borrowings (5) | **1,022,307** | **6,394** | **2.48%** | 1,080,226 | 6,418 | 2.36% |
| **Total interest-bearing liabilities** | **6,458,012** | **14,090** | **0.87%** | 6,382,452 | 13,652 | 0.85% |
| **Noninterest-bearing liabilities:** | | | | | | |
| Demand deposits | **1,520,244** | | | 1,495,614 | | |
| Other liabilities | **58,323** | | | 58,106 | | |
| **Total liabilities** | **8,036,579** | | | 7,936,172 | | |
| Stockholders' equity | **1,048,632** | | | 1,037,792 | | |
| **Total liabilities and stockholders' equity** | **$ 9,085,211** | | | $ 8,973,964 | | |
| **Net interest income** | | **$ 76,173** | | | $ 73,846 | |
| **Interest rate spread** | | | **3.45%** | | | 3.40% |
| **Cost of funds** | | | **0.68%** | | | 0.66% |
| **Net interest margin** | | | **3.64%** | | | 3.59% |

*(1) Income and yields are reported on a taxable equivalent basis using the statutory federal corporate tax rate of 35%.*

*(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 $2.1 million and $1.7 million for the three months ended December 31, 2017 and September 30, 2017, respectively, in accretion of the fair market value adjustments related to acquisitions.*

*(5) Interest expense on borrowings includes $27,000 and $47,000 for the both three months ended December 31, 2017 and September 30, 2017, respectively, in accretion of the fair market value adjustments related to acquisitions.*

**XENITH BANKSHARES, INC.**

**KEY FINANCIAL RESULTS**

*(Dollars in thousands, except share data)*

*(FTE - "Fully Taxable Equivalent")*

| | Three Months Ended | | | Year Ended | |
|---|---|---|---|---|---|
| | **12/31/17** | **9/30/17** | **12/31/16** | **12/31/17** | **12/31/16** |
| **Results of Operations** | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* |
| Interest and dividend income | $ 30,987 | $ 30,412 | $ 28,965 | $ 120,648 | $ 92,417 |
| Interest expense | 5,399 | 5,187 | 4,831 | 20,274 | 15,548 |
| Net interest income | 25,588 | 25,225 | 24,134 | 100,374 | 76,869 |
| Provision for credit losses | 865 | — | 625 | 874 | 11,329 |
| Net interest income after provision for credit losses | 24,723 | 25,225 | 23,509 | 99,500 | 65,540 |
| Noninterest income | 3,563 | 4,172 | 3,130 | 14,688 | 11,124 |
| Noninterest expenses | 25,557 | 18,779 | 18,461 | 83,305 | 80,878 |
| Income before income taxes | 2,729 | 10,618 | 8,178 | 30,883 | (4,214) |
| Income tax expense | 58,634 | 3,453 | 3,066 | 67,632 | (59,728) |
| Net income (loss) | (55,905) | 7,165 | 5,112 | (36,749) | 55,514 |
| Net income (loss) from discontinued operations | 83 | (7) | 61 | 15 | 1,528 |
| Net income (loss) attributable to Company | (55,822) | 7,158 | 5,173 | (36,734) | 57,042 |
| Plus: Merger-related costs, net of tax | 5,511 | 896 | 755 | 8,275 | 11,975 |
| Plus: Nonrecurring tax expenses | 57,200 | — | — | 57,200 | — |
| Plus: Tax benefit | — | — | — | — | (59,950) |
| Net operating earnings (non-GAAP) (1) | $ 6,889 | $ 8,054 | $ 5,928 | $ 28,741 | $ 9,067 |
| Net interest margin | 3.51% | 3.50% | 3.25% | 3.49% | 3.35% |
| Net interest margin (FTE) (2) | 3.53% | 3.51% | 3.27% | 3.51% | 3.38% |
| **Financial Condition** | | | | | |
| Assets | $ 3,270,726 | $ 3,255,771 | $ 3,267,192 | $ 3,270,726 | $ 3,267,192 |
| Loans held for investment | 2,506,589 | 2,424,140 | 2,464,056 | 2,506,589 | 2,464,056 |
| Earning Assets | 2,987,115 | 2,921,542 | 2,924,263 | 2,987,115 | 2,924,263 |
| Goodwill | 26,931 | 26,931 | 26,931 | 26,931 | 26,931 |
| Amortizable intangibles, net | 3,261 | 3,393 | 3,787 | 3,261 | 3,787 |
| Deposits | 2,545,547 | 2,605,390 | 2,571,970 | 2,545,547 | 2,571,970 |
| Stockholders' equity | 429,740 | 484,261 | 463,638 | 429,740 | 463,638 |
| Tangible common equity (3) | 399,548 | 453,937 | 432,920 | 399,548 | 432,920 |
| **Averages** | | | | | |
| Assets | $ 3,223,346 | $ 3,199,595 | $ 3,320,516 | $ 3,210,633 | $ 2,568,744 |
| Loans held for investment | 2,453,025 | 2,412,871 | 2,452,449 | 2,415,868 | 1,965,504 |
| Earning assets | 2,891,879 | 2,861,996 | 2,956,592 | 2,871,979 | 2,296,457 |
| Deposits | 2,541,618 | 2,556,577 | 2,604,622 | 2,573,685 | 2,065,933 |
| Stockholders' equity | 488,269 | 484,282 | 466,254 | 479,637 | 357,552 |
| Tangible common equity (3) | 458,002 | 453,878 | 435,977 | 449,170 | 346,014 |
| **Alternative Performance Measures (non-GAAP)** | | | | | |
| **Net interest income (FTE)** | | | | | |
| Net interest income (GAAP) | $ 25,588 | $ 25,225 | $ 24,134 | $ 100,374 | $ 76,869 |
| FTE adjustment | 166 | 126 | 197 | 477 | 719 |
| Net interest income (FTE) (non-GAAP) (2) | $ 25,754 | $ 25,351 | $ 24,331 | $ 100,851 | $ 77,588 |
| **Tangible Common Equity** (3) | | | | | |
| Ending equity (GAAP) | $ 429,740 | $ 484,261 | $ 463,638 | $ 429,740 | $ 463,638 |
| Less: Ending goodwill | 26,931 | 26,931 | 26,931 | 26,931 | 26,931 |
| Less: Ending amortizable intangibles | 3,261 | 3,393 | 3,787 | 3,261 | 3,787 |
| Ending tangible common equity (non-GAAP) | $ 399,548 | $ 453,937 | $ 432,920 | $ 399,548 | $ 432,920 |
| Average equity (GAAP) | $ 488,269 | $ 484,282 | $ 466,254 | $ 479,637 | $ 357,552 |
| Less: Average goodwill | 26,931 | 26,931 | 26,404 | 26,931 | 9,969 |
| Less: Average amortizable intangibles | 3,336 | 3,473 | 3,873 | 3,536 | 1,569 |
| Average tangible common equity (non-GAAP) | $ 458,002 | $ 453,878 | $ 435,977 | $ 449,170 | $ 346,014 |

(1) Operating earnings excludes after-tax merger-related costs and nonrecurring and unusual tax expenses 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 and allow investors to more clearly see the combined economic results of the organization's operations.

(2) Net interest income (FTE), which is used in computing net interest margin (FTE), provides valuable additional insight into the net interest margin by adjusting for differences in tax treatment of interest income sources. The entire FTE adjustment is attributable to interest income on earning assets, which is used in computing 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.

(3) Tangible common equity is used in the calculation of certain profitability, capital, and per share ratios. The Company believes tangible common equity and the 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.