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 **(State or other jurisdiction of incorporation or organization)**	**54-1598552** **(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.

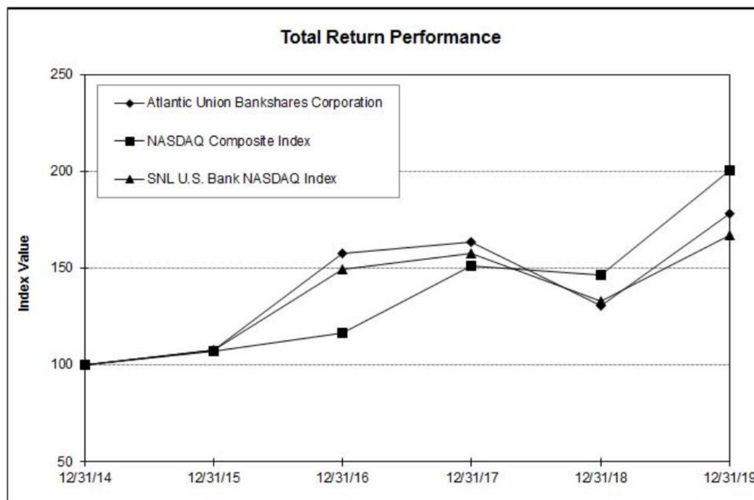
PART II

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.



	Period Ended					
Index	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.*

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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 %
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.

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(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.*

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 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
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
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

	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

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
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

See accompanying notes to consolidated financial statements.

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(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.*

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 4 “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 from4 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 wasno 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 Fair Value	Less than 12 months Unrealized Losses	More than 12 months Fair Value	More than 12 months Unrealized Losses	Total Fair Value	Total 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 $85.4 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 Fair Value	Less than 12 months Unrealized Losses	More than 12 months Fair Value	More than 12 months Unrealized Losses	Total Fair Value	Total 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 Carrying Value	December 31, 2019 Estimated Fair Value	December 31, 2018 Carrying Value	December 31, 2018 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		
		Derivative [2]			Derivative [2]	
	Notional or Contractual Amount [1]	Assets	Liabilities	Notional or Contractual Amount [1]	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	
Line items on the Consolidated Balance Sheets in which the hedged item is included:	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)
Securities available-for-sale [1] [2]	**$ 206,799**	**$ 4,072**	$ 224,241	$ 1,399
Loans	**83,078**	**1,972**	87,596	(1,572)

(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 Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs 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 approximately4.5% and 3.7%, respectively. For the years ended December 31, 2019 and 2018, there wereno 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 Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value 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 of35%, 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
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 $568,000 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 (A)[1]	Weighted-average exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) (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 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
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 Date: February 25, 2020
John C. Asbury
President and Chief Executive Officer

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
/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 3.3

AMENDED AND RESTATED BYLAWS

OF

ATLANTIC UNION BANKSHARES CORPORATION

Effective as of December 5, 2019

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ARTICLE I
MEETINGS OF SHAREHOLDERS

SECTION 1. PLACES OF MEETINGS. All meetings of the shareholders of the Corporation shall be held either at the principal office of the Corporation or at such other place in or outside the Commonwealth of Virginia as may be stated in the notice of any such meeting.

SECTION 2. ANNUAL MEETING. The annual meeting of the shareholders of the Corporation shall be held at a time and place to be determined by the Chairman or Vice Chairman of the Board of Directors (sometimes hereinafter, the "Board"), if any, the Chief Executive Officer (sometimes hereinafter, the "CEO"), the President, the Board of Directors or the Board's Executive Committee, which time and place shall be stated in the notice of the annual meeting.

SECTION 3. SPECIAL MEETINGS. Except as otherwise specifically provided by applicable law, any special meeting of the shareholders shall be held only upon the call of the Chairman or Vice Chairman of the Board, if any, the CEO, the President, the Board of Directors or the Board's Executive Committee.

SECTION 4. NOTICE OF SHAREHOLDER BUSINESS. Except as otherwise provided by applicable law, at any annual or special meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting in accordance with this Section:

(a) To be properly brought before an annual meeting of shareholders, any business (other than director nominations, which is addressed in Section 4(b) below) must be (i) specified in the Corporation's notice of meeting (or any supplement thereto), (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the meeting by a shareholder (A) who is a shareholder of record of the Corporation (and with respect to any beneficial owner, if different, on whose behalf such proposal of business is made, only if such beneficial owner was the beneficial owner of shares of the Corporation) on the date of the notice provided in this Section 4(a) and at the time of the annual meeting, (B) who is entitled to vote at the annual meeting, and (C) who complies with the notice procedures set forth in this Section 4(a).

For business to be considered properly brought before the annual meeting by a shareholder, such shareholder must, in addition to any other applicable requirements, have given timely notice of such shareholder's intent to bring such proposed business before such meeting and any such business must constitute a proper matter for shareholder action. To be timely, a shareholder's notice must be in proper written form and must be delivered or mailed to and received by the Corporate Secretary at the principal office of the Corporation not later than the

close of business on the ninetieth (90th) day, nor earlier than the close of business on the one-hundred twentieth (120th) day, prior to the first anniversary of the commencement of the preceding year's annual meeting of shareholders; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by such shareholder must be so delivered not earlier than the close of business on the one-hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting of shareholders commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

To be in proper form, a shareholder's notice to the Corporate Secretary shall set forth the matters referenced in Section 4(c) below.

For the avoidance of doubt, this Section 4(a) shall be the exclusive means for a shareholder to present proposals (except proposals submitted in accordance with the eligibility and procedural requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's proxy statement) for consideration by the shareholders at any annual meeting of shareholders. The chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that the proposed business was not properly brought before the meeting in accordance with the provisions of this Section 4(a), and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(b) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Articles of Incorporation. To be properly brought before an annual meeting of shareholders, nominations for the election of directors must be (i) specified in the Corporation's notice of meeting (or any supplement thereto), (ii) made by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any shareholder of the Corporation (A) who is a shareholder of record of the Corporation (and with respect to any beneficial owner, if different, on whose behalf such nomination is made, only if such beneficial owner was the beneficial owner of shares of the Corporation) on the date of the notice provided in this Section 4(b) and at the time of the annual meeting, (B) who is entitled to vote at the annual meeting and (C) who complies with the timely notice procedures set forth in this Section 4(b).

To be timely, a shareholder's notice must be in proper written form and must be delivered or mailed to and received by the Corporate Secretary at the principal office of the Corporation, not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one-hundred twentieth (120th) day prior to the first anniversary of the commencement of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by such shareholder must be so delivered not earlier than the close of business on the one-hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the adjournment or postponement of an annual meeting of shareholders, or the announcement thereof, commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

Notwithstanding anything to the contrary in the previous paragraph, in the event that the number of directors to be elected to the Board at an annual meeting of shareholders is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section 4(b) shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Corporate Secretary at the principal office of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(c) To be in proper form for purposes of this Section 4, a shareholder's notice to the Corporate Secretary shall set forth:

(1) if the notice relates to any business other than a nomination of a director or directors that the shareholder proposes to bring before the meeting: (A) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any interest of such shareholder and beneficial owner, if any, in such business, (B) the complete text of any resolutions intended to be presented at the meeting, and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment; and (C) a description of all agreements, arrangements and understandings between such shareholder, beneficial owner, if any, and any (i) affiliate or person acting in concert with such shareholder or beneficial owner and (ii) director, officer, employee, general partner or manager of such shareholder or beneficial owner or any such affiliate or person with which such shareholder or

beneficial owner is acting in concert of such shareholder or beneficial owner, if any (each, an "Associated Person"), and any other person or persons (including their names) in connection with the proposal of such business by such shareholder;

(2) as to each person whom the shareholder proposes to nominate for election as a director, (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person (currently and for the past five (5) years), (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such person, (D) a questionnaire (provided by the Corporate Secretary upon request) completed by the nominee that, among other things, enquires into such person's independence, (E) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, (F) the Agreement, as defined and described in Article II, Section 3(b) of these Bylaws and (G) any other information relating to such person that would be required to be disclosed in connection with a solicitation of proxies for election of directors in a contested election, or is otherwise required, in each case pursuant to and in accordance with Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and the Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee. Notwithstanding the foregoing, no disclosure shall be required with respect to ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is proposing business solely as a result of being the shareholder of record or nominee holder that is directed to prepare and submit the shareholder's notice required by these Bylaws on behalf of a beneficial owner;

(3) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf each proposal or nomination is made: (A) the name and address of such shareholder, as they appear on the Corporation's books, of such beneficial owner, if any, and of each Associated Person; (B)(i) the class or series and number of shares of the Corporation which are, directly or indirectly owned beneficially and of record by such shareholder, such beneficial owner, if any, or any Associated Person, (ii) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of capital stock of the Corporation or with a value derived in whole or in part from the value of any class or series of capital stock of the Corporation, whether or not such instrument or right

shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise directly or indirectly owned beneficially by such shareholder, such beneficial owner and any Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (a "Derivative Instrument"), (iii) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder, such beneficial owner and any Associated Person has a right to vote any shares of any security of the Corporation, (iv) any short interest in any security of the Corporation held, directly or indirectly, by such shareholder, such beneficial owner and any Associated Person (for purposes of this Section 4(c), a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (v) any rights to dividends on the shares of the Corporation owned beneficially by such shareholder, such beneficial owner and any Associated Person that are separated or separable from the underlying shares of the Corporation, (vi) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company in which such shareholder, such beneficial owner and any Associated Person is a general partner or manager or, directly or indirectly, beneficially owns an interest, and (vii) any performance-related fees (other than an asset-based fee) that such shareholder, such beneficial owner and any Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation, any such interests held by members of such shareholder and such beneficial owner's immediate family sharing the same household (which information shall be supplemented by such shareholder and beneficial owner, if any, not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date); (C) any other information relating to such shareholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; (D) a statement whether such shareholder or any other person known to the shareholder will deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or elect the nominee; and (E) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person

or by proxy at the meeting to make the nomination or propose such business specified in the notice from the floor of the meeting; and

(4) The foregoing notice requirements shall be deemed satisfied by a shareholder if the shareholder has notified the Corporation of such shareholder's intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such shareholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(d) Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board, or (ii) provided that the Board has determined that directors shall be elected at such meeting, by any shareholder of the Corporation who is a shareholder of record at the time the notice provided for in this Section 4 is delivered to the Corporate Secretary, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 4. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board, any such shareholder entitled to vote in such election of directors may nominate a person or persons, as the case may be, for election to such position(s) as specified in the Corporation's notice of meeting, if the shareholder's notice required by Section 4(b) is delivered to the Corporate Secretary at the principal office of the Corporation not earlier than the close of business on the one-hundred twentieth (120th) day prior to such special meeting, and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period, or extend any time period, for giving of a shareholder's notice as described above.

(e) Notwithstanding anything in these Bylaws to the contrary, no person shall be eligible for election by the shareholders as a director of the Corporation unless nominated in accordance with the procedures set forth in Section 4(b) and Section 4(c) (or Section 4(d) in the case of a special meeting of shareholders). The chairman at such meeting may, if the facts warrant, determine and declare to the meeting that the nomination was defective and not properly brought before the meeting in accordance with the provisions of Section 4(b) and Section 4(c) (or Section 4(d) in the case of a special meeting of shareholders), and if he or she should

so determine, he or she shall declare to the meeting that such defective nomination shall be disregarded.

(f) General.

(1) Notwithstanding anything in these Bylaws to the contrary, unless otherwise required by law, if the shareholder (or a qualified representative of the shareholder) does not appear at the annual or special meeting of shareholders of the Corporation to present proposed business or a nomination, such proposed business shall not be transacted and such nomination shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 4, to be considered a qualified representative of the shareholder, a person must be a duly authorized officer, manager or partner of such shareholder or must be authorized by a writing executed by such shareholder or an electronic transmission delivered by such shareholder to act for such shareholder as proxy at the meeting of shareholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of shareholders.

(2) For purposes of this Section 4, “public announcement” shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 4, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 4.

(4) A shareholder must further update and supplement the notice required by this Section 4, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining the shareholders entitled to notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Corporate Secretary not later than five (5) business days after the record date for determining the shareholders entitled to notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than five (5) business days prior to the date of the meeting or, if practicable, any

adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof)).

(g) Any matter brought before a meeting of shareholders upon the affirmative recommendation of the Board of Directors where such matter is included in the written notice of the meeting (or any supplement thereto) and accompanying proxy statement given to shareholders of record on the record date for such meeting by or at the direction of the Board of Directors is deemed to be properly before the shareholders for a vote and does not need to be moved or seconded from the floor of such meeting. No business shall be brought before any meeting of shareholders of the Corporation otherwise than as provided in this Section 4.

SECTION 5. NOTICE OF MEETING. Written notice stating the place, date and time of each annual and any special meeting of the shareholders and the purpose or purposes for which any special meeting is called, shall be given not less than ten (10) nor more than sixty (60) days previous thereto (except as otherwise required or permitted by applicable law), either personally, by mail, or by such other manner as permitted or required by applicable law, by or at the direction of the Chairman, Vice Chairman of the Board, if any, the CEO, the President, the Corporate Secretary or by the persons calling the meeting, to each shareholder of record entitled to vote at the meeting.

SECTION 6. WAIVER OF NOTICE. Notice of any meeting may be waived before or after the date and time of the meeting in a writing signed by the shareholder entitled to notice and delivered to the Corporate Secretary, or by the shareholder who attends the meeting in person or by proxy without objecting to the transaction of business.

SECTION 7. QUORUM. Any number of shareholders together holding a majority of the shares issued and outstanding of the Corporation entitled to vote (which shall not include any treasury stock, if any, held by the Corporation), who shall be present in person or represented by proxy at any meeting, shall constitute a quorum for the transaction of business, including the election of directors, except as otherwise provided by applicable law or the Articles of Incorporation. If less than a quorum shall be present or represented by proxy at the time for which a meeting shall have been called, the meeting may be adjourned from time to time by a majority of the shareholders present or represented by proxy, without notice other than by announcement at the meeting, until a quorum shall be present or

represented by proxy. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholder.

SECTION 8. PROXIES. A shareholder may appoint a proxy to vote for him or her or otherwise act for him or her by signing an appointment form or by an electronic transmission, either personally or by his or her duly authorized attorney in fact, and the proxy is effective when received by the Corporate Secretary or other officer or agent authorized to tabulate votes.

SECTION 9. ORGANIZATION. The Chairman of the Board or, in the absence of the Chairman of the Board, the Vice Chairman of the Board, or, in the absence of the Chairman and Vice Chairman of the Board, the CEO or the President, and in the absence of the CEO or the President, a chairman appointed by the Board of Directors, shall call the meeting of the shareholders to order and shall act as chairman of the meeting. A chairman of the meeting cannot be elected by the shareholders present.

SECTION 10. VOTING. At any meeting of the shareholders, each shareholder entitled to vote, who is present in person or by proxy appointed in accordance with Section 8, subscribed by such shareholder or by his or her duly authorized attorney in fact, shall have one vote for each share of common stock registered in his or her name.

SECTION 11. LIST OF SHAREHOLDERS. Beginning two (2) business days after notice of the meeting of shareholders is given for which it is prepared and continuing through the meeting of the shareholders, a full, true and complete list, in alphabetical order, of all the shareholders of record entitled to vote at such meeting, with the number of shares held by each, certified by the Corporate Secretary, any Assistant Corporate Secretary or the Transfer Agent, shall be available for review at the Corporation’s principal office or at a place identified in the notice in the county or city where the meeting will be held.

SECTION 12. CONDUCT OF MEETINGS. The Board of Directors of the Corporation may, to the extent not prohibited by applicable law, adopt by resolution such rules and regulations for the conduct of the meeting of shareholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of shareholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may to the extent not prohibited by applicable law include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at

the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to shareholders of record of the Corporation, their duly authorized and constituted proxies and any such other persons as the chairman of the meeting shall determine; (iv) restrictions on the entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless, and to the extent, determined by the Board of Directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE II
DIRECTORS

SECTION 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors, and, except as otherwise expressly provided by applicable law or the Articles of Incorporation, all of the powers of the Corporation shall be vested in the Board of Directors.

SECTION 2. NUMBER AND QUALIFICATION. The number of directors comprising the Board of Directors shall be fixed from time to time by the Board of Directors and in accordance with the Articles of Incorporation. Within thirty (30) days after election to the Board of Directors, each director, if not already a shareholder of record or beneficial owner of the Corporation, shall become a shareholder of record or beneficial owner. A majority of the directors actually elected and serving immediately before any given meeting shall constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 3. ELECTION OF DIRECTORS.

(a) Except as otherwise specified in the Articles of Incorporation or these Bylaws or provided by applicable law, a nominee for director shall be elected to the Board of Directors at any meeting of shareholders at which a quorum is present if the votes cast for such nominee's election exceed the votes cast against such nominee's election, provided, however, that nominees for director shall be elected by a plurality of the votes cast at any meeting of shareholders for which the number of nominees exceeds the number of directors to be elected. If directors are to be elected by a plurality of the votes cast, the shareholders shall not be permitted to vote against a nominee. If a nominee for director who is an incumbent director is not re-elected to the Board of Directors in accordance with the voting requirements stated above and no successor has been elected at such meeting of shareholders, such

director must promptly tender his or her written offer of resignation in accordance with the Corporation's Director Resignation Policy.

(b) To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice in Article I, Section 4, in the case of a nominee nominated pursuant to Article I, Section 4(b)) to the Corporate Secretary at the principal office of the Corporation a questionnaire with respect to the background and qualification of such person and the background of any other person or entity on which behalf the nomination is being made (which questionnaire shall be provided by the Corporate Secretary upon request) and a written representation and agreement (in the form provided by the Corporate Secretary upon request) (the "Agreement"), which Agreement shall provide that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation (or a subsidiary thereof) with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed Corporate Governance Guidelines, conflict of interest, confidentiality and trading policies of the Company and all federal and state bank regulatory requirements applicable to directors of banks or bank holding companies (copies of which shall be provided by the Corporate Secretary upon written request) (subject to any waivers or exemptions granted pursuant to a resolution of the majority of the disinterested members of the Board of Directors).

SECTION 4. CHAIRMAN OF THE BOARD. At the organizational meeting of the Board of Directors following each annual meeting of shareholders, the Board of Directors shall elect a Chairman and a Vice Chairman from among its members to preside at meetings of the Board. In their absence, the CEO or the President shall perform the duties of the Chairman.

SECTION 5. MEETINGS OF DIRECTORS. An organizational meeting of the Board of Directors shall be held as soon as possible after the annual meeting of shareholders without notice thereof. The Board of Directors may also adopt a schedule of additional meetings, which, together with the organizational meeting

referred to in the preceding sentence, shall be considered the regular meetings of the Board of Directors. Special meetings may be held whenever called by or at the direction of either the Chairman or Vice Chairman of the Board, the CEO, the President, or by any two directors then in office. Unless otherwise specified in any notice thereof, any and all business may be transacted at a special meeting. Meetings of the Board of Directors shall be held at places in or outside the Commonwealth of Virginia and at such times and places as designated by the Board, or by the person or persons calling the meeting. The Corporate Secretary, or officer performing such duties, shall give notice of all special meetings at least forty-eight (48) hours previously thereto if mailed, and twenty-four (24) hours previously thereto if delivered in person, given orally, by telephone, facsimile telecommunication, or electronic communication. Notice need not be given of regular meetings held at such times and places designated by the Board. Meetings may be held at any time without notice if all of the directors are present, or if those not present waive notice either before or after the meeting.

SECTION 6. ACTION WITHOUT A MEETING. Any action which is required or which may be taken at a meeting of the Board of Directors or of a committee, may be taken without a meeting if a consent in writing, setting forth the actions so to be taken, shall be signed before or after such action by all of the directors, or all of the members of the committee, as the case may be. A director's consent may be made and delivered in writing, including by electronic communication or by facsimile telecommunication.

SECTION 7. PARTICIPATION BY CONFERENCE TELEPHONE. The Board of Directors may permit any or all directors to participate in a meeting of the directors by, or conduct the meeting through the use of, conference telephone or any other means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by such means shall be deemed to be present in person at the meeting.

SECTION 8. MAXIMUM AGE FOR DIRECTORS. No person who is age 72 or older shall be eligible to serve on the Board of Directors after the annual meeting of shareholders following his or her 72nd birthday with the exception of those individuals whom the Board of Directors has, from time to time, determined to be exempt from this Section 8.

ARTICLE III
COMMITTEES

SECTION 1. STANDING COMMITTEES. The standing committees of the Board of Directors shall be an Executive Committee, Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and Risk Committee. The purpose and responsibilities of each standing committee shall be

set forth in a written charter approved by the Board of Directors. Each standing committee shall review and assess the adequacy of its charter at least annually and recommend to the Board of Directors any proposed changes to its charter. The Board of Directors shall appoint members of the standing committees at least annually and shall have the power at any time to change the membership of committees and to fill committee vacancies, subject to restrictions imposed by applicable law, the Articles of Incorporation or these Bylaws. The Chairman of the Board shall recommend to the Board committee members at the organizational meeting of the Board of Directors following the annual meeting of shareholders.

SECTION 2. EXECUTIVE COMMITTEE.

(a) The Executive Committee shall consist of not less than three (3) members of the Board. The Executive Committee shall have the power to do any and all acts and to exercise any and all authority during the intervals between the meetings of the Board of Directors which the Board of Directors is authorized and empowered to exercise, except as otherwise limited under applicable law, the Articles of Incorporation, these Bylaws or as may be limited from time to time by the Board of Directors.

(b) The Chairman of the Board of the Corporation shall serve as chairman of the Executive Committee. The chairman shall preside at meetings of the Executive Committee and shall have such other powers and duties as shall be conferred upon him or her from time to time by the Board of Directors.

(c) All actions of the Executive Committee shall be reported to the Board of Directors at its next succeeding meeting.

SECTION 3. OTHER COMMITTEES. The Board of Directors may establish such other committees as the Board of Directors may, from time to time, deem advisable and may delegate to such committees such powers and authority as it shall deem appropriate and as permitted by applicable law, the Articles of Incorporation or these Bylaws. The Board of Directors shall appoint the members of any such committee or shall determine the manner in which such members shall be appointed.

SECTION 4. COMMITTEE MEETINGS. Each committee may fix its own rules of proceeding and meet where and as provided by such rules, provided that such rules do not conflict with the charter of such committee or these Bylaws. Each committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice and quorum and voting requirements as are applicable to the Board of Directors. Regular meetings of any standing or other committee may be held without call or notice at such times or places as such committee from time to time

may fix. Special meetings of any standing or other committee may be called by the Chairman or Vice Chairman of the Board, the CEO, the President, the chairman of the committee or any two members of such committee, upon giving notice of the time, place and purposes of each such meeting to each member at either his or her business or residence address, as shown by the records of the Corporate Secretary, at least forty-eight (48) hours previously thereto if mailed, and twenty-four (24) hours previously thereto if delivered in person, given orally, by telephone, facsimile telecommunication, or electronic communication. Any committee member may waive notice of any meeting and the attendance of a member at a meeting shall constitute a waiver of notice of such meeting except where a member attends for the express purpose of objecting to the transaction of business at the meeting on the grounds that the meeting is not lawfully called or convened.

ARTICLE IV
OFFICERS

SECTION 1. OFFICERS GENERALLY. The officers of the Corporation shall be a CEO, a President, a Corporate Secretary, a Chief Financial Officer, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents and persons elected to such other offices as may be established from time to time by the Board of Directors. All officers shall be elected by the Board of Directors and shall hold office until their successors are elected and qualify. Any number of offices may be held by the same person as the Board of Directors may determine. The CEO may from time to time appoint other officers and any such appointment shall be reported to the Board of Directors at its next regularly scheduled meeting after any such appointment.

SECTION 2. OFFICER VACANCIES. Any vacancy occurring in any office by reason of death, resignation, termination, removal, or otherwise may be filled by the Board of Directors.

SECTION 3. POWERS AND DUTIES. The CEO and the President of the Corporation shall each have the power and responsibility for carrying out the policies of the Board of Directors. The officers of the Corporation shall have such powers and duties as generally pertain to their offices, as well as such powers and duties as may be authorized or conferred upon them from time to time by the Board of Directors, except that in any event each officer shall exercise such powers and perform such duties as may be required by applicable law.

ARTICLE V
CAPITAL STOCK

SECTION 1. EVIDENCE OF SHARES OF CAPITAL STOCK. Shares of the Corporation’s capital stock, when fully paid, may be certificated or uncertificated, as

provided under applicable law, and in the case of certificated shares, in such form as may be prescribed by the Board of Directors and may (but need not) bear the seal of the Corporation or a facsimile thereof. When issued, all certificates shall be signed by the Chairman or Vice Chairman of the Board, or the CEO or the President, and also by the Corporate Secretary or any Assistant Corporate Secretary, which signatures may be facsimiles thereof.

SECTION 2. CERTIFICATES TO BE ENTERED. All certificates shall be consecutively numbered, and shall contain the names of the owners, the number of shares and the date of issue, a record whereof shall be entered in the Corporation's books or the books of the Corporation's transfer agent, if applicable. The Corporation shall be entitled to treat the holder of record of certificated or uncertificated shares as the legal and equitable owner thereof and accordingly shall not be bound to recognize any equitable or other claim with respect thereto on the part of any other person so far as the right to vote and to participate in dividends is concerned.

SECTION 3. TRANSFER OF STOCK. The stock of the Corporation shall be transferable or assignable on the books of the Corporation's transfer agent, if any, or on the books of the Corporation by the holders in person or by attorney on surrender of the certificate or certificates for such shares duly endorsed, and, if sought to be transferred by attorney, accompanied by a written power of attorney to have the same transferred on the books of the Corporation or on the books of the Corporation's transfer agent, if applicable.

SECTION 4. LOST, DESTROYED AND MUTILATED CERTIFICATES. The holder of stock of the Corporation shall immediately notify the Corporation of any loss, destruction, or mutilation of the certificate therefor, and the Board of Directors, or the Corporate Secretary, may in its discretion cause one or more new certificates for the same number of shares in the aggregate to be issued to such shareholder upon the surrender of the mutilated certificate, or upon satisfactory proof of such loss or destruction accompanied by the deposit of a bond in such form and amount and with such surety as the Board of Directors may require.

SECTION 5. REGULATIONS. The Board of Directors may make such rules and regulations as it may deem expedient regulating the issue, transfer and registration of certificated or uncertificated shares of stock of the Corporation.

SECTION 6. DETERMINATION OF SHAREHOLDERS OF RECORD. The share transfer books may be closed by order of the Board of Directors for not more than seventy (70) days for the purpose of determining shareholders entitled to notice of or to vote at any meeting of the shareholders or any adjournment thereof (or entitled to receive any distribution or in order to make a determination of shareholders for any other purpose). In lieu of closing such books, the Board of

Directors may fix in advance as the record date for any such determination a date not more than seventy (70) days before the date on which such meeting is to be held (or such distribution made or other action requiring such determination is to be taken). If the books are not thus closed or the record date is not thus fixed, the record date shall be the close of business on the day before the first notice is delivered to shareholders.

ARTICLE VI
MISCELLANEOUS PROVISIONS

SECTION 1. SEAL. The seal of the Corporation shall contain the name of the Corporation and shall be in such form as shall be approved by the Board of Directors.

SECTION 2. FISCAL YEAR. The fiscal year of the Corporation shall begin on the 1st day of January and end on the 31st day of December.

SECTION 3. EXAMINATION OF BOOKS. The Board of Directors, the CEO, or the President, subject to applicable law, shall have the power to determine from time to time whether and to what extent and under what conditions and limitations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the shareholders.

SECTION 4. STOCK IN OTHER CORPORATIONS. All shares of stock and other securities of other corporations owned or held by the Corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by such officer or officers or other agent of the Corporation as the Board of Directors shall from time to time designate. In the absence of any such designation or, in case of conflicting designation by the Corporation, the Chairman of the Board, the CEO, the President, the Chief Financial Officer and the Corporate Secretary of the Corporation shall be presumed to possess, in that order, authority to vote such shares.

SECTION 5. EXECUTION OF INSTRUMENTS. The CEO, in the ordinary course of business, may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The CEO may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, bonds, notes, corporate obligations and other documents. The Board of Directors or the CEO may authorize management members or any other officer, employee or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization may be general or limited to specific contracts or instruments.

SECTION 6. CONSTRUCTION. In the event of any conflict between the provisions of these Bylaws as in effect from time to time and the provisions of the Articles of Incorporation of the Corporation as in effect from time to time, the provisions of the Articles of Incorporation shall be controlling. As used in these Bylaws, the term "Articles of Incorporation" shall mean the articles of incorporation of the Corporation filed with the Virginia State Corporation Commission pursuant to the Virginia Stock Corporation Act, as amended from time to time. As used herein, unless the context otherwise requires: (i) the terms defined herein shall have the meaning set forth herein for all purposes; (ii) the terms "include," "includes," and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; (iii) "writing," "written" and comparable terms refer to printing, typing, handwriting and other means of reproducing words in a visible form; (iv) "hereof," "herein," and comparable terms refer to the entirety of these Bylaws and not to any particular article, section or other subdivision hereof; and (v) references to any gender include references to all genders, and references to the singular include references to the plural and vice versa.

SECTION 7. AMENDMENT OF BYLAWS. These Bylaws may be amended, altered, or repealed by the Board of Directors. The shareholders shall have the power to rescind, alter, amend, or repeal any Bylaws and to enact Bylaws which, if so expressed by the shareholders, may not be rescinded, altered, amended, or repealed by the Board of Directors.

SECTION 8. REDEMPTION OF CERTAIN SHARES. In accordance with the provisions of Section 13.1-728.7 of Article 14.1 of the Virginia Stock Corporation Act, the Corporation may, but is not required to, redeem shares of its common stock which have been the subject of a control share acquisition (as defined in that Article) under the circumstances set forth in A and B of Section 13.1-728.7.

This is to certify that these Bylaws were adopted by the Board of Directors of the Corporation as the Bylaws of the Corporation with an effective date of December 5, 2019.

Dated this 5th day of December, 2019.

/s/ Rachael R. Lape
Corporate Secretary

SEAL

Exhibit 4.4

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The description of the material features of the common stock, $1.33 par value per share (the "common stock"), of Atlantic Union Bankshares Corporation (the "Company") does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to, the applicable provisions of Virginia law and by our Articles of Incorporation, as amended April 25, 2014 and further amended May 17, 2019 (the "Articles"), and our Amended and Restated Bylaws, effective December 5, 2019 (the "Bylaws"). Our Articles and our Bylaws are included as exhibits to the Annual Report on Form 10-K of which this exhibit is a part.

General

Each share of our common stock has the same relative rights as, and is identical in all respects to, each other share of our common stock. Our common stock is traded on the NASDAQ Global Select Market under the symbol "AUB." All of the outstanding shares of common stock are fully paid and nonassessable.

Dividends

Our shareholders are entitled to receive dividends or distributions that our Board of Directors (also referred to as the "Board") may declare out of funds legally available for those payments. The payment of distributions by the Company is subject to the restrictions of Virginia law applicable to the declaration of distributions by a corporation. A Virginia corporation generally may not authorize and make distributions if, after giving effect to the distribution, it would be unable to meet its debts as they become due in the usual course of business or if the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if it were dissolved at that time, to satisfy the preferential rights of shareholders whose rights are superior to the rights of those receiving the distribution. In addition, the payment of distributions to shareholders is subject to any prior rights of holders of outstanding preferred stock.

As a bank holding company, our ability to pay dividends is affected by the ability of Atlantic Union Bank, our bank subsidiary, to pay dividends to us. The ability of our bank subsidiary, as well as the Company, to pay dividends in the future is, and could be further, influenced by bank regulatory requirements and capital guidelines.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of the Company, the holders of shares of our common stock will be entitled to receive, after payment of all debts and liabilities of the Company and after satisfaction of all liquidation preferences applicable to any preferred stock, all remaining assets of the Company available for distribution in cash or in kind.

Voting Rights

The holders of our common stock are entitled to one vote per share, and in general, a majority of votes cast with respect to a matter is sufficient to authorize action upon routine matters. Directors are elected by a majority of the votes cast in uncontested director elections. The Company maintains a "plurality vote" standard in contested director elections (i.e., where the number of nominees exceeds the number of directors to be elected). The holders of our common stock are not entitled to cumulative voting rights in the election of directors.

Directors and Classes of Directors

Our Board of Directors is divided into three classes, apportioned as evenly as possible, with directors serving staggered three-year terms. Any newly created directorships or any decrease in directorships are apportioned among the classes as evenly as possible. Currently, the Company's Board of Directors consists of 18 directors. Under the Articles, directors may be removed only for cause upon the affirmative vote of at least two-thirds of the outstanding shares entitled to vote.

No Preemptive Rights; Redemption and Assessment

Holders of shares of our common stock will not be entitled to preemptive rights with respect to any shares that may be issued. Our common stock is not subject to redemption or any sinking fund and the outstanding shares are fully paid and nonassessable.

Securities Are Not Insured by the FDIC

Investments in our common stock or any of our equity or debt securities will not qualify as deposits or savings accounts and will not be insured or guaranteed by the FDIC or any other governmental agency and are subject to investment risk, including the possible loss of principal.

Certain Anti-Takeover Provisions of Our Articles and Bylaws and Virginia Law

General. Our Articles and Bylaws and the Virginia Stock Corporation Act (the "Virginia SCA") contain certain provisions designed to enhance the ability of our Board of Directors to deal with 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 our 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 transaction may be favorable to the interests of shareholders, and could potentially adversely affect the market price of our common stock.

The following briefly summarizes protective provisions that are contained in our Articles and Bylaws and provided by the Virginia SCA. This summary is necessarily general and is not intended to be a complete description of all the features and consequences of those provisions, and is qualified in its entirety by reference to our Articles and Bylaws and the statutory provisions contained in the Virginia SCA.

Supermajority Provision. The Virginia SCA provides that, unless a corporation's articles of incorporation provide for a greater or lesser vote, certain significant corporate actions must be approved by the affirmative vote of more than two-thirds of the votes entitled to be cast on the matter. Certain corporate actions requiring a more than two-thirds vote include:

- adoption of plans of merger or share exchange;
- sales of all or substantially all of a corporation's assets other than in the ordinary course of business; and
- adoption of plans of dissolution.

The Virginia SCA provides that a corporation's articles may either increase the vote required to approve those actions or may decrease the vote required to not less than a majority of all the votes cast by each voting group entitled to vote at a meeting at which a quorum of the voting group exists.

Our Articles state that the actions set out above must be approved by a majority of all votes entitled to be cast on the transaction by each voting group entitled to vote at a meeting at which a quorum of the voting group is present, provided that the transaction has been approved and recommended by at least two-thirds of the directors in office at the time of such approval and recommendation. If the transaction is not so approved and recommended, then the transaction must be approved by the vote of 80% or more of all votes entitled to be cast on such transactions by each voting group entitled to vote on the transaction.

The provisions of our Articles and the Virginia SCA could tend to make the acquisition of the Company more difficult to accomplish without the cooperation or favorable recommendation of our Board of Directors.

Staggered Board Terms. Our Articles provide that our Board of Directors be divided into three classes as nearly equal in number as possible, with one class to be elected annually for a term of three years and until their successors are elected and qualified. Vacancies occurring in the Board of Directors by reason of an increase in the number of directors may be filled by the Board of Directors, and any directors so chosen shall hold office until the next election of directors by the shareholders. Any other vacancy in the Board of Directors, whether by reason of death, resignation, removal or otherwise, may be filled by the remaining directors and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors are elected and qualified. Pursuant to our Articles, directors may be removed only for cause and only by a vote of the holders of two-thirds of the outstanding shares entitled to vote.

State Anti-Takeover Statutes. Virginia has two anti-takeover statutes in force, the Affiliated Transactions Statute and the Control Share Acquisitions Statute.

The Affiliated Transaction Statute of the Virginia SCA contains provisions governing “affiliated transactions.” These include various transactions such as mergers, share exchanges, sales, leases, or other dispositions of material assets, issuances of securities, dissolutions, and similar transactions with an “interested shareholder.” An interested shareholder is generally the beneficial owner of more than 10% of any class of a corporation’s outstanding voting shares. During the three years following the date a shareholder becomes an interested shareholder, any affiliated transaction with the interested shareholder must be approved by both a majority (but not less than two) of the “disinterested directors” (those directors who were directors before the interested shareholder became an interested shareholder or who were recommended for election by a majority of the disinterested directors) and by the affirmative vote of the holders of two-thirds of the corporation’s voting shares other than shares beneficially owned by the interested shareholder. These requirements do not apply to affiliated transactions if, among other things, a majority of the disinterested directors approve the interested shareholder’s acquisition of voting shares making such a person an interested shareholder before such acquisition. Beginning three years after the shareholder becomes an interested shareholder, the corporation may engage in an affiliated transaction with the interested shareholder if:

- the transaction is approved by the holders of two-thirds of the corporation’s voting shares, other than shares beneficially owned by the interested shareholder;
- the affiliated transaction has been approved by a majority of the disinterested directors; or
- subject to certain additional requirements, in the affiliated transaction the holders of each class or series of voting shares will receive consideration meeting specified fair price and other requirements designed to ensure that all shareholders receive fair and equivalent consideration, regardless of when they tendered their shares.

Under the Virginia SCA's Control Share Acquisitions Statute, voting rights of shares of stock of a Virginia corporation acquired by an acquiring person or other entity at ownership levels of 20%, 33 1/3%, and 50% of the outstanding shares may, under certain circumstances, be denied. The voting rights may be denied:

- unless conferred by a special shareholder vote of a majority of the outstanding shares entitled to vote for directors, other than shares held by the acquiring person and officers and directors of the corporation; or

- among other exceptions, such acquisition of shares is made pursuant to a merger agreement with the corporation or the corporation's articles of incorporation or bylaws permit the acquisition of such shares before the acquiring person's acquisition thereof.

If authorized in the corporation's articles of incorporation or bylaws, the statute also permits the corporation to redeem the acquired shares at the average per share price paid for such shares if the voting rights are not approved or if the acquiring person does not file a "control share acquisition statement" with the corporation within 60 days of the last acquisition of such shares. If voting rights are approved for control shares comprising more than 50% of the corporation's outstanding stock, objecting shareholders may have the right to have their shares repurchased by the corporation for "fair value."

Corporations may provide in their articles of incorporation or bylaws to opt-out of the Affiliated Transactions Statute or the Control Share Acquisitions Statute. The Company has not opted-out of the Affiliated Transactions Statute or the Control Share Acquisitions Statute, and the Company's bylaws provide that it may, but is not required to, redeem shares of its common stock which have been the subject of a "control share acquisition" as defined in the Control Share Acquisitions Statute.

Authorized Preferred Stock. Our Articles authorize the issuance of preferred stock and our Board of Directors may, subject to application of Virginia law and federal banking regulations, authorize the issuance of preferred stock at such times, for such purposes and for such consideration as the Board may deem advisable without further shareholder approval. The issuance of preferred stock under certain circumstances may have the effect of discouraging an attempt by a third party to acquire control of the Company by, for example, authorizing the issuance of a series of preferred stock with rights and preferences designed to impede the proposed transaction.

Liability and Indemnification of Officers and Directors. The Virginia SCA provides that in any proceeding brought by or in the right of a corporation or brought by or on behalf of shareholders of the corporation, the damages assessed against an officer or director arising out of a single transaction, occurrence or course of conduct may not exceed the lesser of (a) the monetary amount, including the elimination of liability, specified in the articles of incorporation or, if approved by the shareholders, in the bylaws as a limitation on or elimination of the liability of the officer or director, or (b) the greater of (i) $100,000 or (ii) the amount of cash compensation received by the officer or director from the corporation during the twelve months immediately preceding the act or omission for which liability was imposed. The liability of an officer or director is not limited under the Virginia SCA or a corporation's articles of incorporation and bylaws if the officer or director engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law.

The Company's Articles provide that, to the full extent that the Virginia SCA permits the limitation or elimination of liability of directors or officers, a director or officer of the Company is not liable to the Company or its shareholders for monetary damages.

A Virginia corporation generally is authorized to indemnify its directors and officers in civil and criminal actions if they acted in good faith and believed their conduct to be in the best interests of the corporation and, in the case of criminal actions, had no reasonable cause to believe that the conduct was unlawful. The Virginia SCA requires such indemnification when a director or, unless limited by a corporation's articles of incorporation, officer entirely prevails in the defense of any proceeding to which he or she was a party because he or she is or was a director or officer of the corporation, and further provides that a corporation may make any other or further indemnity (including indemnity to a proceeding by or in the right of the corporation), and may make additional provision for advances and reimbursement of expenses, if authorized by its articles of incorporation or shareholder-adopted bylaw or resolution, except an indemnity against willful misconduct or a

knowing violation of the criminal law. The Virginia SCA establishes a statutory limit on liability of officers and directors of a corporation for damages assessed against them in a suit brought by or in the right of the corporation or brought by or on behalf of shareholders of the corporation and authorizes a corporation to specify a lower monetary limit on liability (including the elimination of liability for monetary damages) in the corporation's articles of incorporation or bylaws; however, the liability of an officer or director will not be limited if such officer or director engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law.

The Company's Articles provide that, to the full extent permitted by the Virginia SCA, the Company is required to indemnify a director or officer against liabilities, fines, penalties and claims imposed upon or asserted against him or her by reason of having been a director or officer and against all expenses reasonably incurred by him or her in connection therewith, except in relation to matters as to which he or she is liable by reason of his or her willful misconduct or knowing violation of criminal law.

Dissenters' and Appraisal Rights. The Virginia SCA provides that appraisal or dissenters' rights are not available to holders of shares of any class or series of shares of a Virginia corporation in a merger when the stock is either listed on a national securities exchange, such as the NASDAQ Global Select Market, or is held by at least 2,000 shareholders of record and has a public float of at least $20 million. Despite this exception, appraisal or dissenters' rights will be available to holders of common stock of a Virginia corporation in a merger if:

- the articles of incorporation provide for appraisal or dissenters' rights regardless of an available exception (our Articles do not authorize such special appraisal or dissenters' rights);
- in the case of a merger or share exchange, shareholders are required by the terms of the merger to accept anything for their shares other than cash, shares of the surviving or acquiring corporation, or shares of another corporation that are either listed on a national securities exchange or held by more than 2,000 shareholders of record having a public float of at least $20 million, or a combination of cash or such shares; or
- the merger is an "affiliated transaction," as described under "– State Anti-Takeover Statutes" above, and it has not been approved by a majority of the disinterested directors.

The Company's common stock is listed on the NASDAQ Global Select Market. Therefore, unless one of the exceptions outlined above applies to a given transaction, holders of our common stock are not entitled to appraisal or dissenters' rights.

Amendments to our Articles of Incorporation and Bylaws. The Virginia SCA generally requires that in order for an amendment to the articles of incorporation to be adopted it must be approved by each voting group entitled to vote on the proposed amendment by more than two-thirds of all the votes entitled to be cast by that voting group, unless the Virginia SCA otherwise requires a greater vote, or the articles of incorporation provide for a greater or lesser vote, or a vote by separate voting groups. However, under the Virginia SCA, no amendment to the articles of incorporation may be approved by a vote that is less than a majority of all the votes cast on the amendment by each voting group entitled to vote at a meeting at which a quorum of the voting group exists.

Under the Virginia SCA, unless another process is set forth in the articles of incorporation or bylaws, a majority of the directors (except to the extent authority to amend the bylaws is reserved by the Virginia SCA), or, if a quorum exists at a meeting of shareholders, a majority of the shareholders present and entitled to vote may adopt, amend or repeal the bylaws.

Our Articles state that an amendment to the articles of incorporation must be approved by a majority of all the votes entitled to be cast on the amendment by each voting group entitled to vote at a meeting at which a quorum of the voting group is present, provided that the amendment has been approved and recommended by at least two-thirds of the directors in office at the time of such approval and recommendation. If the amendment is not so approved and recommended by two-thirds of the directors in office, then the amendment must be approved

by the affirmative vote of 80% or more of all of the votes entitled to be cast on such amendment by each voting group entitled to vote.

Our Bylaws may be amended, altered, or repealed by the Board of Directors at any time. Our shareholders have the power to rescind, alter, amend, or repeal any bylaws and to enact bylaws which, if so expressed by the shareholders, may not be rescinded, altered, amended, or repealed by our Board of Directors.

Increasing the Number of Directors. Under Virginia law, a board of directors may amend or repeal bylaws unless its company's articles of incorporation or other provisions of Virginia law reserve such power exclusively in the shareholders or the shareholders, in adopting or amending particular bylaws, expressly prohibit the board of directors from amending or repealing that bylaw. Our Articles do not reserve the power to amend the Bylaws to increase or decrease the number of directors exclusively to the shareholders and no bylaw, and no amendment thereto, expressly prohibits the Board of Directors from amending the Bylaws to increase or decrease the number of directors. Any newly created directorships resulting from an increase in the number of authorized directors shall be filled by the affirmative vote of a majority of the directors then in office. As a result, if faced with an attempt to take control of our Board of Directors, the Board may increase the size of the Board and install directors opposed to the hostile takeover attempt.

Inability of Shareholders to Call Special Meetings. Pursuant to our Bylaws, special meetings of shareholders may be called only by the Chairman or Vice Chairman of the Board, if any, the Chief Executive Officer, the President, the Board of Directors or the Board's Executive Committee. As a result, shareholders are not able to act on matters other than at annual shareholders meetings unless they are able to persuade the Chief Executive Officer, President, the Chairman or the Vice Chairman of the Board of Directors to call a special meeting.

Advance Notification Requirements. Our Bylaws require a shareholder who desires to nominate a candidate for election to the Board of Directors or to raise new business at an annual shareholders meeting to provide us advance notice not later than the close of business on the ninetieth day, nor earlier than the close of business on the one-hundred twentieth day, prior to the first anniversary of the commencement of the preceding year's annual meeting of shareholders, provided, however, that in the event that the date of the annual meeting is more than thirty days before or more than seventy days after such anniversary date, notice by such shareholder must be so delivered not earlier than the close of business on the one-hundred twentieth day prior to such annual meeting and not later than the close of business on the later of the ninetieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made by the Company. In no event shall the public announcement of an adjournment or postponement of an annual meeting of shareholders commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above. Our Bylaws further condition the presentation of shareholder nominations for director or proposals for business on compliance with a number of conditions. In addition, a shareholder must also comply with applicable rules of the Securities and Exchange Commission in order for his or her shareholder proposal to be included in the Company's proxy statement relating to the annual meeting.

Exhibit 10.6

VIRGINIA BANKERS ASSOCIATION

MODEL NON-QUALIFIED DEFERRED COMPENSATION PLAN

FOR EXECUTIVES

(As Restated Effective January 1, 2018)

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VIRGINIA BANKERS ASSOCIATION
MODEL NON-QUALIFIED DEFERRED COMPENSATION PLAN
FOR EXECUTIVES
(As Restated Effective January 1, 2018)

An employer desiring to adopt the Plan should complete the necessary information in the Adoption Agreement. Any plan restatement using the form of this Model Non-Qualified Deferred Compensation Plan affects amounts that were deferred or that became vested on or after January 1, 205. The terms of this document are effective January 1, 2018. Unless otherwise elected in Option 3(b)(2)(C) of the Adoption Agreement, all amounts deferred and vested prior to January 1, 2005 remain subject to the terms of the plan document as in effect on December 31, 2004.

The Virginia Bankers Association cannot guarantee that any Plan adopted by an employer will be deemed to satisfy, or will actually satisfy, the requirements of the Internal Revenue Code or ERISA applicable to non-qualified "top-hat" deferred compensation plans. Employers considering the use of the Plan must recognize that neither the Virginia Bankers Association nor its affiliates or any of their employees or representatives can give any legal advice as to the acceptability or application of the Plan in any particular situation, and that employers should consult their own attorney for such advice. The establishment, operation, and the related tax consequences of the adoption and maintenance of a non-qualified "top-hat" deferred compensation plan are the responsibilities of the employer and its own legal counsel.

ARTICLE I
Definition of Terms

The following words and terms as used in this Plan shall have the meaning set forth below, unless a different meaning is clearly required by the context:

1 . 1 **“Act”**: The Employee Retirement Income Security Act of 1974, as the same may be amended from time to time, or the corresponding sections of any subsequent legislation which replaces it, and, to the extent not inconsistent therewith, the regulations issued thereunder.

1 . 2 **“Administrator”**: The Plan Administrator named and serving in accordance with ARTICLE XIII hereof, and any successor or additional Administrator appointed and serving in accordance herewith, all as selected in Option 2(b) of the Adoption Agreement or as appointed, resigned or removed by separate instrument attached thereto.

1.3 **“Adoption Agreement”**: The adoption agreement, and any amendment thereto, which sets forth certain elections and representations of the Plan Sponsor and any participating Employer and by execution of which the Plan Sponsor and any participating Employer adopt the Plan.

1.4 **“Affiliate”**: Each of the following business entities or other organizations (whether or not incorporated) which during the relevant period is treated (but only for the portion of the period so treated and for the purpose and to the extent required to be so treated) together with the Employer as a single employer pursuant to the following sections of the Code (as modified where applicable by Section 415(h) of the Code):

1.4(a) Any corporation which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) which includes the Employer, and

1.4(b) Any trade or business (whether or not incorporated) which is under common control (as defined in Section 414(c) of the Code) with the Employer.

1.5 **"Beneficiary"**: The person or persons designated by a Participant or otherwise entitled pursuant to ARTICLE VII to receive benefits under the Plan attributable to such Participant after the death of such Participant.

1.6 **"Benefit Commencement Date"**: The date or dates designated or provided for in Option 8(a) of the Adoption Agreement. Notwithstanding the foregoing, the Benefit Commencement Date for the Employer Non-Elective Deferral Account shall be the Participant's Separation from Service. If earlier than any Benefit Commencement Date designated or elected, a Participant's Benefit Commencement Date shall be the date such Participant is determined to be Disabled as that term is defined in subparagraph 8.4(b).

1.7 **"Board"**: The present and any succeeding Board of Directors of the Plan Sponsor, unless such term is used with respect to a particular Employer and its Employees or Participants, in which event it shall mean the present and any succeeding Board of Directors of that Employer.

1.8 "**Change in Control"**: A change in the ownership, change in effective control, or change in the ownership of a substantial portion of the assets of the Plan Sponsor as defined in Treasury Regulation Section 1.409A-3(i)(5) or its successor or as otherwise defined as a special provision in Option 3(b)(3) of the Adoption Agreement.

1.9 **"Code"**: The Internal Revenue Code of 1986, as the same may be amended from time to time, or the corresponding section of any subsequent Internal Revenue Code, and, to the extent not inconsistent therewith, regulations issued thereunder.

1.10 **"Compensation"**: A Participant's (a) annual base salary as more specifically designated in Option 4(a) of the Adoption Agreement (referred to as "Salary") and (b) bonuses and incentive pay as more specifically designated in Option 4(a) of the Adoption Agreement (together, referred to as "Bonus") including that portion of such compensation which is electively deferred under this Plan or any other plan of the Employer such as a 401(k) plan for such Plan Year or reduced pursuant to a salary reduction election permitted under Section 125 of the Code, but excluding any such compensation deferred from a prior period or any expense reimbursements, allowances, or benefits not normally paid in cash to the Participant.

1.11 **"Deferral Account" or "Deferral Accounts"**: The unfunded, bookkeeping account(s) maintained on the books of the Employer for each Participant which reflects his interest in amounts attributable to Deferral Contributions and the deemed earnings or losses thereon determined pursuant to paragraph 5.3, consisting of the following:

1.11(a) **"Employee Deferral Account"**: The account or accounts attributable to Employee Deferral Contributions made pursuant to paragraph 3.1, subtractions pursuant to paragraph 5.4, and deemed earnings or losses thereon determined pursuant to paragraph 5.3. A separate accounting shall be made for Employee Deferral Contributions for each Plan Year and earnings attributable thereto.

1.11(b) **"Employer Deferral Account"**: The account or accounts attributable to contributions made by the Employer, consisting of the following subaccounts, for which a separate accounting shall be made for each contribution type for each Plan Year and earnings attributable thereto:

(i) **"Employer Non-Elective Deferral Account"**: The subaccount attributable to Employer Non-Elective Contributions made pursuant to Option 5(a) of the Adoption Agreement and paragraph 4.1 of the Plan and the earnings attributable thereto. If applicable, a subdivision of the Employer Non-Elective Deferral Account shall be maintained to reflect Employer Non-Elective Contributions and the earnings attributable thereto until such time as the subaccount becomes fully vested.

(ii) **"Employer Matching Deferral Account"**: The subaccount attributable to Employer Matching Contributions made pursuant to Option 5(a) of the Adoption Agreement and paragraph 4.1 of the Plan and the earnings attributable thereto. If applicable, a subdivision of the Employer Matching Deferral

Account shall be maintained to reflect Employer Matching Contributions and the earnings attributable thereto until such time as the subaccount becomes fully vested.

1.11(c) **"Predecessor Plan Account"**: The account or accounts attributable to any elective or non-elective deferral of remuneration by or on behalf of the Participant under any "top-hat" deferred compensation plan previously maintained by the Employer that is merged into or transferred to the Plan.

For purposes of this restatement of the Plan, unless elected in Option 3(b)(2)(C) of the Adoption Agreement, Deferral Accounts do not include accounts under the Plan attributable to amounts deferred and vested before January 1, 2005. Such accounts are considered grandfathered and are subject to the rules of Plan as in effect on December 31, 2004.

1.12 **"Deferral Benefit"**: The sum of the vested balances of Participant's Deferral Accounts as of the most recent Valuation Date (or as otherwise provided herein).

1.13 **"Deferred Compensation Election"**: The election made by the Participant pursuant to paragraph 3.1 of the Plan.

1.14 **"Deferral Contributions"**: That portion of a Participant's Compensation which is deferred under the Plan and/or the non-elective or matching contributions made under the Plan by the Employer.

1.15 **"Effective Date of the Plan":** The date or dates specified in Option 3(a) (or in Option 1(f), in the case of an adopting Employer) of the Adoption Agreement.

1.16 **"Effective Date of the Restatement of the Plan":** The date or dates specified in Option 3(b)(2) of the Adoption Agreement.

1.17 **"Eligible Employee"**: Any Employee included within the definition of Eligible Employee as more specifically designated in Option 4(b) of the Adoption Agreement; provided, however, in order to be an Eligible Employee, the Employee must be in the "highly compensated group". The term "highly compensated group" means a select group of management or highly compensated employees as described and used in Sections 201(2), 301(a)(3), and 401(a)(1) of the Act.

1.18 **"Employee"**: Any individual employed in the service of the Employer as a common law employee of the Employer.

1.19 **"Employer"**: The Plan Sponsor and those Affiliates named in Option 1(f) of the Adoption Agreement as adopting the Plan, collectively, unless the context indicates otherwise.

1.20 **"Fund"**:

1.20(a) If a Rabbi Trust is established and maintained for the Plan, that Rabbi Trust, which shall consist of the Fund divisions described in paragraph 5.1. Notwithstanding the foregoing, any reference to the Fund is intended only for purposes of providing a measurement of Deferral Benefits and Deferral Account balances and is not intended to segregate assets or identify assets that may or must be used to satisfy benefit liabilities under the Plan.

1.20(b) If a Rabbi Trust is not established and maintained for the Plan, that separate bookkeeping account maintained by the Plan Sponsor to make deemed investments of Deferral Contributions, which shall consist of the Fund divisions described in paragraph 5.1.

1.21 **"Participant"**: An Eligible Employee or other person qualified to participate in the Plan for so long as he is considered a Participant as provided in ARTICLE II hereof.

1.22 **"Plan"**: This document, including the Appendices hereto, as contained herein or duly amended all as adopted by the Plan Sponsor through the Adoption Agreement.

1.23 **"Plan Sponsor"**: The employer named in Option 1(a) of the Adoption Agreement.

1.24 **"Plan Year"** : The twelve consecutive month period commencing upon the first day of January of each year; provided, however, in the event that this is a Restated Plan which was maintained previously on the basis of a different plan year, the prior plan year and short plan year needed to effect the plan year change shall be as set forth in Option 4(c) of the Adoption Agreement.

1.25 **"Rabbi Trust"**: A trust fund described in paragraph 12.2 and established or maintained for the Plan.

1.26 **"Restated Plan"**: The Plan, if it is elected in Option 3(b)(2) of the Adoption Agreement that the Plan is adopted as an amendment or restatement of a "top-hat" deferred compensation plan previously maintained by the Employer.

1.27 "**Section 409A"**: Section 409A of the Code, including the regulations promulgated thereunder, and any other applicable published guidance of the Internal Revenue Service for Section 409A of the Code.

1.28 **"Separation from Service"**: The death, retirement or other Termination of Employment with the Employer and all Affiliates (whether or not the Affiliate is an adopting Employer) for reasons other than Disability as defined in subparagraph 8.4(b). For purposes hereof the employment relationship is treated as continuing intact while the individual is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six (6) months, so long as the individual's right to reemployment is provided either by statute or by contract. If the period exceeds six (6) months and the individual's right to reemployment is not provided by contract or statute, then the employment relationship is deemed to terminate on the first date immediately following such six-month period.

1.29 **"Termination of Employment"**: Facts and circumstances indicating a date beyond which the Employer does not intend for the Employee to provide more than insignificant services for the Employer (regardless of whether provided as an Employee or as an independent contractor) and Affiliates (whether or not the Affiliate is a participating Employer). For purposes hereof, whether any services are more than insignificant will be determined in accordance with the provisions of Section 409A. Unless otherwise stated in Option 3(b)(3) of the Adoption Agreement, if the level of bona fide service the Employee would perform after such date will permanently decrease to no more than twenty percent (20%) of the average level of bona fide service over the preceding thirty-six (36) months, such services shall be treated as insignificant and a Termination of Employment will be deemed to occur, unless facts and circumstances indicate that the Employee continues to be treated as an Employee for other purposes. With respect to a Participant who provides services for the Employer both as an Employee and a member of the Board, services as a member of the Board shall not be taken into account in determining whether a Participant has experienced a Separation from Service under this Plan.

1.30 **"Trustee"**: The person(s) serving from time to time as trustee of any Rabbi Trust.

1.31 **"Valuation Date"**: Each business day (based on the days the underlying investment funds are valued and transactions are effectuated in the applicable financial markets) of the Plan Year (which Valuation Date is sometimes referred to as a "daily" valuation date), or such other dates as the Administrator may designate from time to time.

1.32 **"VBA Plan"**: The Virginia Bankers Association Master Defined Contribution Plan and Trust.

ARTICLE II
Eligibility and Participation

2.1 **Eligibility**. Each Eligible Employee shall be eligible to participate in the Plan effective as provided for in Option 4(d) of the Adoption Agreement.

2.2 **Notice Regarding Active Participation.** The Administrator shall give notice of eligibility to each Eligible Employee.

2.3 **Length of Participation**. Each Eligible Employee shall automatically become a Participant upon his timely filing a Deferred Compensation Election or other election to participate and remain a Participant as long as he is entitled to future benefits under the terms of the Plan.

2.4 **Termination of Active Participation**. Subject to compliance with Section 409A and paragraphs 3.4 or 3.5, a Participant who is an active Participant for an applicable contribution election period (that is, the calendar year generally or the period for which Bonuses are determined, as applicable) shall cease to be an active Participant for the applicable year or period, as the case may be, if and when he ceases to be an Eligible Employee during the applicable year or period, in which case he may not again become an active Participant until a subsequent calendar year or period for which Bonuses are determined, as applicable. A leave of absence (whether paid or unpaid) which does not result in a Separation from Service shall not be considered cessation of status as an Eligible Employee for this purpose.

ARTICLE III
Employee Contributions

3.1 **Deferred Compensation Election**.

3.1(a) Subject to the restrictions and conditions hereinafter provided, an Eligible Employee shall be entitled to elect to defer, as an Employee Deferral Contribution with respect to a Plan Year, an amount of his Compensation which is specified by and in accordance with his direction in his Deferred Compensation Election for such Plan Year. Any such election must be filed with the Administrator at the time required under paragraph 3.2.

3.1(b) Deferred Compensation Elections shall be subject to the following rules:

(i) A separate Deferred Compensation Election must be filed for each Plan Year;

(ii) Each Deferred Compensation Election must specify the following:

(A) The Plan Year to which it relates;

(B) The amount or percentage of Compensation to be deferred;

(C) The Compensation from which the Employee Deferral Contribution shall be withheld, if appropriate;

(D) If Option 8(a)(2) of the Adoption Agreement is selected, the Benefit Commencement Date, which date (I) may be one of the dates permitted in Option 8(a)(2)(A) of the Adoption Agreement and (II) shall be irrevocable;

(E) If permitted in Option 8(a)(2)(A)(vi), whether the Benefit Commencement Date shall be accelerated upon a Change in Control, if a Change in Control occurs prior to the Benefit Commencement Date otherwise elected;

(F) If Option 8(b)(2) of the Adoption Agreement is selected, the form of payment (and if periodic installments are elected, the duration and frequency of the installments), which election shall be irrevocable; and

(G) Such other information as the Administrator may require.

(iii) A Participant shall have no unilateral right to change or terminate his Deferred Compensation Election once the annual filing deadline established by the Administrator has passed, which deadline shall be no later than the dates prescribed in paragraph 3.2.

(iv) The Benefit Commencement Date and form of payment election made in the Deferred Compensation Election with respect to the Employee Deferral Account for any Plan Year shall also apply to each subdivision of the Employer Matching Deferral Account for the same Plan Year.

3.1(c) Each Employee Deferral Contribution is intended to be an elective salary reduction amount which shall be deducted from a Participant's Compensation otherwise payable to him for a Plan Year by way of Salary or Bonus. Unless otherwise approved by the Administrator:

(i) Employee Deferral Contribution of Salary shall be withheld from annual salary on a pro rata basis throughout the Plan Year (or remainder of the Plan Year, in the case of an Eligible Employee who first becomes a Participant after the first day of the Plan Year or if the Effective Date of the Plan is after the first day of the Plan Year); and

(ii) Unless otherwise specifically stated in the Deferred Compensation Election filed by the Participant, Employee Deferral Contributions of Bonus shall be withheld on a first dollar basis from the Bonus before any part is paid to the Participant. However, the Deferred Compensation Election filed by the Participant may, if permitted by the Administrator, provide that the Employee Deferral Contribution of Bonus be withheld after a threshold level of Bonus has been paid to the Participant in cash.

3.1(d) Paired Plan. Notwithstanding any provision of the Plan to the contrary, if the Plan Sponsor has elected in Option 3(c) of the Adoption Agreement that this Plan is intended to be paired with a qualified deferred compensation plan (a "**Paired Plan**"), then the Employee Deferral Contribution and any associated Employer Matching Contribution for a Plan Year of a Participant who is also a participant in such Paired Plan shall be transferred to the Paired Plan by the Employer no later than March 15 following the Plan Year, subject to the following provisions:

(i) The election to participate in a paired arrangement must be made in the Deferred Compensation Election for the Plan Year and shall be irrevocable.

(ii) The amount of the Employee Deferral Contribution transferred shall not exceed the lesser of the limit with respect to elective deferrals under Section 402(g)(1)(A), (B) and (C) of the Code, taking into account catch-up contributions allowed under Section 414(v)(2)(B)(i) of the Code, or the amount of the elective deferral permitted after application of the actual deferral percentage limitation or any other applicable limitation in such Paired Plan.

(iii) The amount of the Employer Matching Contribution transferred shall not exceed the lesser of the limit with respect to elective deferrals under Section 402(g)(1)(A), (B) and (C) imposed on

the Paired Plan or the amount of matching contributions permitted after application of the actual contribution percentage limitation or any other applicable limitation in such Paired Plan.

3.1(e) Employment taxes required to be withheld on any Employee Deferral Contributions shall be withheld from Compensation that is not being deferred in a manner determined by the Employer. However, if necessary, the Administrator may reduce the Employee Deferral Contribution as needed to comply with applicable employment tax withholding requirements.

3.2 **Timing of Deferred Compensation Election**.

3.2(a) With respect to the Plan Year in which the Effective Date of the Plan or the effective date of coverage as described in Option 4(d) of the Adoption Agreement occurs ("**first year of eligibility**"), in order to make Employee Deferral Contributions with respect to such Plan Year, an Eligible Employee who is a newly Eligible Employee must file a Deferred Compensation Election with the Administrator within thirty (30) days of such Effective Date of the Plan or effective date of coverage. The Deferred Compensation Election shall be effective to defer Compensation for services performed in pay periods after the pay period in which it is filed. For this purpose:

(i) Compensation based on a performance period (such as an annual bonus) is deemed earned ratably throughout the period for which earned.

(ii) An Eligible Employee's first year of eligibility is the year in which he first becomes eligible to participate in any account balance type deferred compensation plan, within the meaning of Section 409A, maintained by the Employer or any Affiliate.

(iii) If all amounts owed an Employee from all account balance plans maintained by the Plan Sponsor and its Affiliates subject to Section 409A have been paid to the Employee and if the Employee has become ineligible to accrue further benefits, then if he thereafter becomes an Eligible Employee, the year in which he again becomes an Eligible Employee may be treated as his first year of eligibility.

(iv) If a Participant is not an Eligible Employee for at least twenty-four (24) consecutive months, then if he thereafter becomes an Eligible Employee, the year in which he again becomes an Eligible Employee may be treated as his first year of eligibility.

3.2(b) With respect to Plan Years beginning on or after the first year of eligibility, in order to make Employee Deferral Contributions of Salary with respect to such a Plan Year, an Eligible Employee must file a Deferred Compensation Election with the Administrator prior the annual filing deadline established by the Administrator, which deadline must be in the calendar year immediately preceding the year in which the Salary relates. The Deferred Compensation Election for Salary shall be effective as of the first day of the Plan Year in which the services that give rise to the Salary to be deferred are rendered.

3.2(c) With respect to Plan Years beginning on or after the first year of eligibility, in order to make Employee Deferral Contributions of Bonus with respect to the Plan Year, an Eligible Employee must file a Deferred Compensation Election with the Administrator prior to the annual filing deadline established by the Administrator, which deadline must be in the calendar year or, if different and permitted by the Administrator (as evidenced by the applicable Deferred Compensation Election form) where the Bonus is earned on the basis of the Plan Sponsor's fiscal year, the Plan Sponsor's fiscal year immediately preceding the applicable year in which the period to which the Bonus relates commences.

3.2(d) Notwithstanding subparagraph 3.2(c), if elected in Option 4(e) of the Adoption Agreement, the Administrator may permit a Deferred Compensation Election relating to a Bonus which is Performance-Based

Compensation (within the meaning of Section 409A(a)(4)(B)(iii) of the Code) based on services performed over a period of at least twelve (12) consecutive months to be made prior to the annual filing deadline established by the Administrator, which deadline must be not later than six (6) months prior to the end of the period for which the Bonus is earned, so long as the Eligible Employee has been continuously employed by the Employer from the later of the date the performance criteria are established or the performance period begins through the date of the election. For this purpose, performance-based compensation must be based on pre-established organizational or individual performance criteria relating to a performance period of at least twelve (12) consecutive months, provided the criteria are established in writing no later than ninety (90) days after the beginning of the period of service to which the Bonus and performance relate and the outcome is substantially uncertain at the time the performance criteria are established, as more specifically described in Treasury Regulation Section 1.409A-1(e).

3.3 **Crediting of Employee Deferral Contributions.** Employee Deferral Contributions shall be credited to an Employee Deferral Account as of the date an amount equal to each Employee Deferral Contribution is credited on the accounting records of the Plan as directed by the Administrator, which date shall be no later than the end of the calendar month following the month the Compensation from which such contribution is deducted would otherwise have been paid to the Participant and may be as soon as the date as of which the amount would otherwise have been paid to the Participant.

3.4 **Automatic Cancellation of Deferred Compensation Election upon Receipt of Hardship Withdrawal**.

3.4(a) In the event of an Unforeseeable Emergency withdrawal (as described in paragraph 10.1), any Deferred Compensation Election shall be cancelled (rather than postponed or delayed) prospectively so that no further deferrals from Salary or Bonus shall be made during the remainder of the Plan Year in which the withdrawal occurred.

3.4(b) In the event of a 401(k) hardship withdrawal, any Deferred Compensation Election shall be cancelled (rather than postponed or delayed) prospectively so that no further deferrals from Salary or Bonus shall be made during the remainder of the Plan Year in which the withdrawal occurred. Any Deferred Compensation Election for the succeeding Plan Year shall not be effective until the 401(k) required cancellation period ends.

3.4(c) The Participant whose Deferred Compensation Election is cancelled pursuant to this paragraph must file a new Deferred Compensation Election in order to commence or recommence making deferrals under the Plan from his Salary or Bonus.

3.4(d) For purposes hereof, the following terms have the following meanings:

(i) A "**401(k) hardship withdrawal**" is a hardship withdrawal from any 401(k) Plan which requires a suspension of employee contributions and elective deferrals in order to satisfy the regulations under Section 401(k) of the Code.

(ii) The "**401(k) required cancellation period**" means a six-month period (or other stated period in the applicable 401(k) Plan) during which employee contributions and elective deferrals must be suspended as a result of receipt of a 401(k) hardship withdrawal in order to satisfy the regulations under Section 401(k) of the Code.

(iii) A "**401(k) Plan**" means any deferred compensation plan intended to meet the requirements of Section 401(k) of the Code and maintained by the Employer or any Affiliate.

3.5 **Cancellation of Deferred Compensation Election upon Disability**.

3.5(a) If elected in Option 4(f) of the Adoption Agreement, in the event of Disability, any Deferred Compensation Election shall be cancelled (rather than postponed or delayed) prospectively so that no further deferrals from Salary or Bonus shall be made during the remainder of the Plan Year provided such cancellation occurs by the later of the end of the Participant's taxable year or the fifteenth (15th) day of the third (3rd) month following the date the Participant incurs the Disability.

3.5(b) For purposes hereof, "**Disability**" shall mean any medically determinable physical or mental impairment which results in the Participant's inability to perform the duties of his position or any substantially similar position and can be expected to result in death or to last for a continuous period of not less than six (6) months. The determination of Disability shall be made by the Administrator, on the advice of one or more physicians appointed and approved by the Employer, and the Administrator shall have the right to require further medical examinations from time to time to determine whether there has been any change in the Participant's condition.

ARTICLE IV
Employer Contributions

4.1 **Employer Contribution Allocations**.

4.1(a) If elected in Option 5(a)(2) of the Adoption Agreement, the Employer Non-Elective Contributions for each Plan Year shall be allocated to the Employer Non-Elective Deferral Accounts of Participants described in Option 5(a)(2) of the Adoption Agreement in the manner and as of the date set forth in Option 5(a)(2) of the Adoption Agreement.

4.1(b) If elected in Option 5(a)(3) of the Adoption Agreement, the Employer Matching Contributions for each Plan Year shall be allocated to the Employer Matching Deferral Accounts of Participants described in Option 5(a)(3) of the Adoption Agreement in the manner and as of the date set forth in Option 5(a)(3) of the Adoption Agreement.

4.1(c) Notwithstanding anything to the contrary herein, each Deferral Contribution of the Employer is not intended to be an actual contribution by the Employer, but rather is only a bookkeeping amount credited for benefit determination purposes under the Plan.

4.1(d) The Employer may from time to time make a discretionary contribution to the Plan on behalf of one or a group of Participants. At the time the contribution is made the Employer will specify how such amounts are allocated among the Participants accounts and the timing of such allocation.

4 . 2 **Employment Taxes**. Employment taxes required to be withheld on any Employer Contributions shall be withheld from Compensation that is not being deferred in a manner determined by the Employer. However, if necessary, the Administrator may reduce the Employer Contributions needed to comply with applicable employment tax withholding requirements.

ARTICLE V
Deemed Earnings and Accounting

5.1 **Fund Divisions**.

5.1(a) It is contemplated that the Fund will be considered to be held in divisions (sometimes referred to as " **divisions of the Fund**", "**Fund divisions**" or "**investments funds**" herein) as hereinafter provided, and each Participant's Deferral Benefit shall be subdivided to reflect its deemed interest in each Fund division.

5.1(b) The Administrator shall establish from time to time the Fund divisions which shall be maintained in the Fund, which are designed to mirror the investment options available under the VBA Plan, to the extent legally practical, with alternate funds designated where collective investment funds may not be offered under a nonqualified plan.

5.1(c) If the Plan Sponsor permits investment in a Company Stock Fund, the availability, restrictions, limitations, and special rules relating to such investment shall be established by the Plan Sponsor from time to time and communicated to Participants and to the Administrator.

5.2 **Participant Investment Directions**. The Deferral Benefit of a Participant in the Plan shall be divided or allocated to reflect the amount of each such Participant's deemed interest in each Fund division as hereinafter provided for the purpose of determining the earnings or loss to be credited to his Deferral Account, but any such direction shall not give the Participant any right, title or interest in any specific asset or assets of the Fund.

5.2(a) If and to the extent permitted in Option 10(a) of the Adoption Agreement, upon becoming a Participant without a contribution investment direction in force, a Participant may direct that future contributions and Deferral Account balances shall be invested in the funds available for directed investment as selected in Option 10(b) of the Adoption Agreement by filing an "investment direction" with the Administrator in accordance with the procedures established by the Administrator. The Administrator (or its designee) generally will process investment directions on a current basis after received, but shall not be obligated to process any investment directions on a retroactive basis.

5.2(b) If or to the extent a Participant (or if deceased, his Beneficiary) has no investment direction in effect, his Deferral Accounts shall be invested in the default fund designated by the Administrator from time to time.

5.2(c) The Administrator may, on a uniform and non-discriminatory basis from time to time, set or change the advance notice requirement for effecting investment directions, may limit the number of investment direction changes made in a Plan Year, may limit investment directions, if any, which can be made by telephone, electronically or through the internet, may impose blackout periods for changes, may temporarily or permanently suspend the offering of an investment fund, and generally may change any of the investment direction procedures or options from time to time and at any time.

5.3 **Crediting of Deemed Earnings**.

5.3(a) As of each Valuation Date, there shall be credited to each Participant's Deferral Account an amount representing deemed earnings or loss on the "valuation balance" of each such account in accordance with procedures adopted by the Administrator from time to time.

5.3(b) Such deemed earnings or loss shall be determined as follows:

(i) For periods during which a Fund is maintained and Plan benefits may be paid therefrom because the Plan Sponsor or any other Employer is not insolvent, such earnings or loss shall be based on the

net investment rate of return or loss of the Fund division(s) in which the Participant's Deferral Benefit under the Plan is considered invested for the period, determined separately for each Fund division and the portion of the Participant's Deferred Benefit considered invested in each such Fund division, based on the Participant's applicable or deemed investment directions pursuant to paragraph 5.2. The net investment rate of return or loss means earnings or loss (including valuation changes and charges for expenses) for the period of the Fund compared to the aggregate valuation balances sharing in those earnings or loss.

(ii) For periods during which the Fund is not maintained or Plan benefits may not be paid therefrom because the Plan Sponsor or any other Employer is insolvent, such earnings or loss shall be based on an annual rate determined for each Plan Year and equal to the 1 year U.S. Treasury Rate as of the December 31 immediately preceding the Plan Year.

5.3(c) Notwithstanding the other provisions of this ARTICLE V, whenever the Plan accounting is based on daily Valuation Dates, the valuation adjustments to Participants' accounts shall be effected on such basis and subject to such rules and procedures as the Administrator may determine to reflect daily accounting.

5.4 **Subtractions from Deferral Account**. All distributions (including any withheld income or other taxes) and withdrawals shall be subtracted from a Participant's Deferral Account and the applicable subdivision thereof when made.

5.5 **Expenses Charged to Deferral Accounts**. Notwithstanding any other provision of the Plan to the contrary, expenses incurred in the administration of the Plan and the Rabbi Trust may be charged to Deferral Accounts on either a pro rata basis or a per capita basis, and/or may be charged to the Deferral Account of the affected Participant(s) and Beneficiary(ies) (which term is intended to include any alternate payee(s)) on a usage basis (rather than to all Deferral Accounts), as directed by the Administrator. Without limiting the foregoing, some or all of the reasonable expenses attendant to the determinations needed with respect to and making of withdrawals, the calculation of benefits payable under different Plan distribution options and the distribution of Plan benefits may be charged directly to the Deferral Account of the affected Participant and Beneficiary, and different rules (i.e., pro rata, per capita, or direct charge to Deferral Accounts) may apply to different groupings of Participants and Beneficiaries.

5.6 **Equitable Adjustment in Case of Error or Omission**. Where an error or omission is discovered in the Deferral Account of a Participant, the Administrator shall be authorized to make such equitable adjustment as the Administrator deems appropriate.

5.7 **Statement of Benefits**. Within a reasonable time after the end of each calendar quarter and at the date a Participant's Deferral Benefit or death benefit becomes payable under the Plan, the Administrator shall provide to each Participant (or, if deceased, to his Beneficiary) a statement of the benefit under the Plan.

ARTICLE VI
Vesting

6.1 **Vesting in Employee Deferral Account and Predecessor Plan Account**. A Participant's rights to the balance in his Employee Deferral Account and, unless provided otherwise in Option 3(b)(3) of the Adoption Agreement, in his Predecessor Plan Account shall be fully vested and nonforfeitable at all times, and his Separation from Service shall not diminish the amount payable to the Participant or his Beneficiary.

6.2 **Vesting in Employer Non-Elective Deferral Account**. A Participant shall have a vested interest in a percentage of his Employer Non-Elective Deferral Account determined in accordance with the vesting provisions selected in Option 6(a)(1) of the Adoption Agreement.

6.3 **Vesting in Employer Matching Deferral Account**. A Participant shall have a vested interest in a percentage of his Employer Matching Deferral Account determined in accordance with the vesting provisions selected in Option 6(a)(2) of the Adoption Agreement.

6.4 **Forfeiture of Benefits**.

6.4(a) Notwithstanding any contrary provision hereof, a Participant's Employer Deferral Account shall be irrevocably forfeited upon the occurrence of any the following events (as defined in subparagraph 6.4(b)):

(i) The Participant's termination of employment with the Employer for "cause";

(ii) The Participant's entering into "competition", or his making an "unauthorized disclosure of confidential information", after his termination of or retirement from employment with the Employer, in which case all payments to, or with respect to, the Participant shall cease and all payments made to the Participant or his Beneficiary under the Plan since the occurrence of such event of forfeiture shall be returned to the Employer (provided however, forfeiture shall not occur upon a Participant's entering into competition following a Change in Control); or

(iii) The discovery, after the Participant's termination of or retirement from employment with Employer or death, of "cause" for his termination or of his "unauthorized disclosure of confidential information" prior to his termination, retirement or death, in which case all payments under the Plan to, or with respect to, the Participant shall cease and all payments previously made to the Participant or his Beneficiary under the Plan shall be returned to the Employer.

All determinations hereunder shall be made by the Administrator, in its sole and absolute discretion.

6.4(b) For purposes of subparagraph 6.4(a):

(i) "**Cause**" means the willful gross misconduct of the Participant which is materially injurious to the Employer or any Affiliate, including but not limited to the Participant's knowingly or intentionally providing the Employer with materially false reports concerning the Participant's business interests or employment-related activities, making materially false representations relied on by the Employer in furnishing information to shareholders and the Securities Exchange Commission, willfully concealing unauthorized material conflicts of interest in the discharge of duties owed by the Participant to the Employer, willfully causing a serious violation by the Employer of state or federal laws, theft or misappropriation of the assets of the Employer, or conviction of a felony (excluding traffic violations).

(ii) "**Competition**" means engaging by the Participant, without the written consent of the Board or a person authorized thereby, in a business as a more than one percent (1%) stockholder, an officer, a director, an employee, a partner, an agent, a consultant, or any other individual or representative capacity (unless the Participant's duties, responsibilities, and activities, including supervisory activities, for or on behalf of such business, are not related in any way to such "competitive activity") if it involves:

(A) Engaging in, or entering into services or providing advice pertaining to, any line of business that the Employer or any Affiliate actively conducts or develops in the same geographic area (generally, within a one hundred (100) mile radius of the Employer's principal place of business), or

(B) Employing or soliciting for employment any employees of the Employer or any Affiliate.

(iii) "**Unauthorized disclosure of confidential information**" means the disclosure by the Participant, without the written consent of the Board or a person authorized thereby, to any person other than as required by law or court order, or other than to an authorized employee of the Employer or an Affiliate, or to a person to whom disclosure is necessary or appropriate in connection with the performance by the Participant of his duties as an employee or director of the Employer or an Affiliate (including, but not limited to, disclosure to the Employer's or an Affiliate's outside counsel, accountants or bankers of financial data properly requested by such persons and approved by an authorized officer of the Employer), any confidential information of the Employer or any Affiliate with respect to any of the products, services, customers, suppliers, marketing techniques, methods or future plans of the Employer or any Affiliate; provided, however, that:

(A) Confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by the Participant) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Employer or any Affiliate; and

(B) The Participant shall be allowed to disclose confidential information to his attorney solely for the purpose of ascertaining whether such information is confidential within the intent of the Plan, but only so long as the Participant both discloses to his attorney the provisions of this paragraph and agrees not to waive the attorney-client privilege with respect thereto.

6.5 **No Restoration of Forfeited Benefits**. There shall be no restoration of forfeited benefits.

ARTICLE VII
Beneficiary Designation

7.1 **Beneficiary Designation**.

7.1(a) Each Participant shall be entitled to designate a Beneficiary to receive any unpaid Deferral Benefit hereunder by filing a designation in writing with the Administrator on the form provided for such purpose. Any Beneficiary designation shall be effective only if signed and dated by the Participant and delivered to the Administrator prior to the time of the Participant's death. Any Beneficiary designation shall remain effective until changed or revoked hereunder.

7.1(b) Any Beneficiary designation may include multiple, contingent or successive Beneficiaries and may specify the proportionate distribution to each Beneficiary. If multiple Beneficiaries are designated, absent any other provision by the Participant, those named or the survivor of them shall share equally in any amounts payable hereunder.

7.1(c) A Beneficiary designation may be changed by the Participant at any time, or from time to time, by filing a new designation in writing with the Administrator.

7.1(d) If a Participant dies without having designated a Beneficiary, or if the Beneficiary so designated has predeceased the Participant or cannot be located by the Administrator, then the Participant's spouse or, if none, the executor or the administrator of his estate shall be deemed to be his Beneficiary.

7.1(e) If a Beneficiary shall survive the Participant but die before the Participant's remaining benefit under the Plan has been distributed, then, absent any other provision by the Participant, the unpaid balance thereof

shall be distributed to the such other beneficiary named by the deceased Beneficiary to receive his interest or, if none, to the estate of the deceased Beneficiary.

ARTICLE VIII
Retirement Dates

8.1 **Normal Retirement Date**. The Normal Retirement Date designated in Option 7(a) of the Adoption Agreement.

8.2 **Delayed Retirement Date**. A Participant who continues in the active employment of the Employer beyond his Normal Retirement Date shall continue to participate in the Plan, and his Delayed Retirement Date shall be the first day of the calendar month coinciding with or next following the date of his Separation from Service.

8.3 **Early Retirement Date**. If elected in Option 7(b) of the Adoption Agreement, a Participant who has satisfied the age and service requirements selected in Option 7(b) of the Adoption Agreement may retire from the employment of the Employer prior to his Normal Retirement Date and his Early Retirement Date shall be the first day of the calendar month coinciding with or next following the date of such Separation from Service.

8.4 **Disability Retirement Date**.

8.4(a) If elected in Option 7(c) of the Adoption Agreement, a Participant who, while an Eligible Employee, is totally and permanently disabled, as hereinafter determined, and who has satisfied the age and service requirements selected in Option 7(c) of the Adoption Agreement, may retire from the employment of the Employer prior to his Normal Retirement Date and his Disability Retirement Date shall be the first day of the calendar month coinciding with or next following the date as of which he is determined to be totally and permanently disabled.

8.4(b) A Participant shall be totally and permanently disabled if the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. The determination of total and permanent disability shall be made by the Administrator, on the advice of one or more physicians appointed and approved by the Employer, and the Administrator shall have the right to require further medical examinations from time to time to determine whether there has been any change in the Participant's condition. A Participant shall be deemed disabled if determined to be totally disabled by the Social Security Administration.

8.5 **Use of Retirement Date Definitions**. Retirement Date definitions, other than Normal Retirement Date, are set forth in the Plan for the sole purpose of defining Participants entitled to share in Employer Contributions if elected in Option 5(a)(2)(B) or 5(a)(3)(B) of the Adoption Agreement.

ARTICLE IX
Time and Form of Payment

9.1 **Time of Payment**.

9.1(a) A Participant's Deferral Benefit, if any, shall become payable to the Participant, if then alive, on his Benefit Commencement Date.

(i) The Benefit Commencement Date for the Employer Non-Elective Deferral Account shall be the Participant's Separation from Service.

(ii) If Option 8(a)(1) of the Adoption Agreement is selected, the Benefit Commencement Date for all other Deferral Accounts (excluding the Employer Non-Elective Deferral Account) shall be the first day of the calendar quarter next following the date selected in Option 8(a)(1) of the Adoption Agreement.

(iii) If Option 8(a)(2) of the Adoption Agreement is selected, the Participant may select the Benefit Commencement Date for all other Deferral Accounts (excluding the Employer Non-Elective Deferral Account) within the guidelines set forth in Option 8(a)(2) of the Adoption Agreement. The Benefit Commencement Date for any subdivision of the Employer Matching Deferral Account related to a Plan Year shall be the same as that provided for or elected under the Plan for the subdivision of a Participant's Employee Deferral Account related to the same Plan Year.

(iv) In the absence of any valid Benefit Commencement Date election, payment will be made on the Participant's Separation from Service.

9.1(b) In the event of the Participant's death before his Benefit Commencement Date, the Participant's Deferral Benefit shall become payable to the Beneficiary on the first day of the calendar quarter following the date of the Participant's death or as soon as practicable thereafter, but in no case later than December 31 of the first year following the year of the Participant's death.

9.1(c) Notwithstanding the foregoing provisions of this paragraph:

(i) Payment to a Participant shall be delayed as required by Section 409A in the case of a Participant who, with respect to the Employer, is a "specified employee" of a corporation any stock of which is publicly traded on an established securities market or otherwise as provided in Section 409A(2)(B)(i) of the Code. For this purpose, specified employees shall be identified on the date and the identification shall be effective as provided in Option 4(g)(1) of the Adoption Agreement. The delayed payment requirement will be applied as provide in Option 4(g)(2) of the Adoption Agreement.

(ii) Payment may be delayed for a reasonable period in the event the payment is not administratively practical due to events beyond the recipient's control such as where the recipient is not competent to receive the benefit payment, there is a dispute as to amount due or the proper recipient of such benefit payment, additional time is needed to calculate the payment, or the payment would jeopardize the solvency of the Employer.

(iii) Payment shall be delayed in the following circumstances:

(A) Where the Administrator reasonably anticipates that a delay in payment is necessary to comply with Federal securities laws or other applicable laws; or

(B) Where the Administrator reasonably determines that a delay is permissible for other events or conditions under applicable published guidance of the Internal Revenue Service for Section 409A;

provided that any payment delayed by operation of this clause (iii) will be made at the earliest date at which the Administrator reasonably anticipates that the payment will not be limited or will cease to be so delayed.

9.2 **Form of Payment**.

9.2(a) Payment of any Employer Non-Elective Deferral Account will be made in a single lump sum.

9.2(b) If Option 8(b)(1) of the Adoption Agreement is selected, a Participant shall be paid the Deferral Benefit (excluding the Employer Non-Elective Deferral Account), if any, to which he is entitled, commencing at the applicable time provided in paragraph 9.1, in the form selected in Option 8(b)(1) of the Adoption Agreement and, if applicable, over a period selected in Option 8(b)(1) of the Adoption Agreement.

9.2(c) If Option 8(b)(2) of the Adoption Agreement is selected, a Participant shall be paid the Deferral Benefit (excluding the Employer Non-Elective Deferral Account), if any, to which he is entitled, commencing at the applicable time provided in paragraph 9.1, in the form selected by the Participant within the guidelines set forth in Option 8(b)(2) of the Adoption Agreement.

9.2(d) If Option 8(c)(1) of the Adoption Agreement is selected, in the event of the Participant's death before his Benefit Commencement Date, the Beneficiary shall be paid the Deferral Benefit (excluding the Employer Non-Elective Deferral Account), if any, to which he is entitled, commencing at the applicable time provided in paragraph 9.1, in the form selected in Option 8(c)(1) of the Adoption Agreement and, if applicable, over a period selected in Option 8(c)(1) of the Adoption Agreement.

9.2(e) If Option 8(c)(2) of the Adoption Agreement is selected, in the event of the Participant's death before his Benefit Commencement Date, the Beneficiary shall be paid the Deferral Benefit (excluding the Employer Non-Elective Deferral Account), if any, to which he is entitled, commencing at the applicable time provided in paragraph 9.1, in the form selected by the Participant within the guidelines set forth in Option 8(c)(2) of the Adoption Agreement.

9.2(f) In the absence of any valid form of payment election, payment will be made in a single lump sum.

9.3 **Permissible Changes to Benefit Commencement Date and/or Form of Payment**. Any election of a Benefit Commencement Date applicable to a subdivision of a Deferral Account or a form of payment applicable to a subdivision of a Deferral Account may be changed only if the election to change: (a) is not effective until at least twelve (12) months after the date filed, (b) delays the Benefit Commencement Date for at least five (5) years, and (c) is filed at least twelve (12) months before benefits would otherwise commence. Notwithstanding the above, the requirement to delay the Benefit Commencement Date for at least five (5) years in (b) above shall not apply in the case of any election to change a payment on account of Disability (as defined in paragraph 8.4(b)), death or Unforeseeable Emergency (as defined in paragraph 10.1). For purposes of changes to the time or form of payment, in the event a Participant elects to receive payment of his benefit in periodic installments, the installment payment as a whole will be treated as a single payment.

9.4 **Lump-Sum Payments and Periodic Installments**.

9.4(a) If a lump-sum payment is permitted under the Plan, the amount of a lump-sum payment to or with respect to a Participant shall be determined by reference to the Deferral Benefit as of the last Valuation Date (or other time of valuation hereunder) immediately preceding the date of payment.

9.4(b) If periodic installment payments are permitted under the Plan, the amount of each periodic installment payment shall be the lesser of:

(i) The quotient obtained by dividing (A) the amount of such Participant's vested Deferral Account held in the applicable subdivision, determined as though a lump-sum payment were being made

as of the last Valuation Date of the calendar quarter preceding the date of payment of such installment, by (B) the number of installment payments then remaining to be made; or

(ii) The amount of such vested Deferral Benefit at such time.

9.4(c) In the event that a Participant who has begun to receive periodic installment payments again becomes an Employee of the Employer, his periodic installments shall continue regardless of his return to employment with the Employer.

9.5 **Permissible Cash Out by Lump-Sum Payment**. Notwithstanding the time and form of benefit payment provisions of paragraphs 9.1 and 9.2, a Participant's vested Deferral Benefit may be cashed out in a lump-sum payment in an amount equal to the vested balance in the Participant's Deferral Accounts if (a) the payment will constitute a payout of the Participant's entire interest in this Plan and all similar arrangements that are treated as a single plan under Treasury Regulation Section 1.409A-1(c)(2); (b) the payment is made on or before the later of December 31 of the calendar year in which the Participant's Separation from Service occurs, or the fifteenth (15th) day of the third (3rd) month following the Participant's Separation from Service; and (iii) the payment of the entire vested Deferral Benefit is not over the limit set forth in Section 402(g) of the Code applicable to the Plan Year in which the cash out occurs.

9.6 **Benefit Determination and Payment Procedure**.

9.6(a) The Administrator shall make all determinations concerning eligibility for benefits under the Plan, the time or terms of payment, and the form or manner of payment to the Participant or the Participant's Beneficiary, in the event of the death of the Participant. The Administrator shall promptly notify the Employer and, where payments are to be made from a Rabbi Trust, the Trustee thereof of each such determination that benefit payments are due and provide to the Employer and, where applicable, such Trustee all other information necessary to allow the Employer or such Trustee, as the case may be, to carry out said determination, whereupon the Employer or such Trustee, as the case may be, shall pay such benefits in accordance with the Administrator's determination.

9.6(b) Benefit payments shall normally be made from the Fund to such payee(s), in such amounts, at such times and in such manner as the Administrator shall from time to time direct; provided, however, that the Employer may advance any payment due subject to a right of reimbursement from the Fund.

9.6(c) Notwithstanding any other provision of the Plan, the Administrator shall delay any benefit payment (including any withdrawal pursuant to ARTICLE X) if in the Administrator's judgment the payment would not be deductible under Section 162(m) of the Code and the delay will permit the deductibility of the payment, in which case the delayed payment shall be made as soon as it is possible to do so within the deduction limits of Section 162(m) of the Code but in no event later then the end of the Employer's fiscal year in which the Employer or the Administrator reasonably anticipates, or should reasonable anticipate, that the payment would be deductible or, any earlier time required under Section 409A.

9.6(d) The Employer or Trustee may deduct from payments under the Plan such reasonable amount as it shall deem necessary, based upon information provided by the Administrator upon which the payor may rely, to pay any federal, state, or local income, employment, or other taxes attributable to the payment or required to be withheld from the payment.

9.7 **Payments to Minors and Incompetents**. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

9.8 **Distribution of Benefit When Distributee Cannot Be Located**. If any payment made under the Plan is returned unclaimed, the payor shall notify the Administrator and shall dispose of the payment as the Administrator shall direct. The Administrator shall make all reasonable attempts to determine the whereabouts of a Participant or Beneficiary entitled to benefits under the Plan, including the mailing by certified mail of a notice to the last known address shown on the Employer's or the Administrator's records. If the Administrator is unable to locate such a Participant or Beneficiary entitled to benefits hereunder, the Employer will issue a payment in the appropriate amount and in the name of the Participant or Beneficiary, and the Employer will retain such benefit payment on behalf of the Participant or Beneficiary, without any adjustment for interest or deemed earnings, subject to any applicable statute of escheats not preempted by the Act.

ARTICLE X
Withdrawals

10.1 **Hardship Withdrawals**. If permitted in Option 9(a) of the Adoption Agreement, in the event of any Unforeseeable Emergency and upon written request of the Participant (or, if subsequent to his death, his Beneficiary), the Administrator in its sole discretion may direct the payment in one lump sum to the Participant or his Beneficiary of all or any portion of the Participant's vested Deferral Benefit which the Administrator determines is necessary to alleviate the financial need related to the Unforeseeable Emergency. For purposes hereof:

10.1(a) An "**Unforeseeable Emergency**" means an unforeseeable emergency as defined in Section 409A and generally means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)) thereof); loss of the Participant's or the Participant's Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary.

10.1(b) Examples of what may be considered an Unforeseeable Emergency include the imminent foreclosure of or eviction from the Participant's or Participant's Beneficiary's primary residence, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, the need to pay for the funeral expenses of the Participant's spouse, Beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)) thereof). Except as otherwise provided this subparagraph 10.1(b), the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies.

10.1(c) The existence of an Unforeseeable Emergency shall be determined by the Administrator on the basis of the facts and circumstances of each case.

10.1(d) Distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the need (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution), taking in to account the potential that the need is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's, to the extent the liquidation of such assets would not cause an Unforeseeable Emergency, or by cessation of deferrals under the Plan (if the Plan provides for cancellation of a Deferred Compensation Election upon a payment due to an Unforeseeable Emergency). The determination of amounts reasonably necessary to satisfy the need is not required to take into account any additional compensation that, due to the Unforeseeable Emergency, is available under another nonqualified deferred compensation plan but has not actually been paid, or that is available, due to the Unforeseeable Emergency, under another plan that would provide for deferred compensation except due to the application of the effective date provisions of Section 409A.

10.2 **Distributions in the Event of Income Inclusion**. If any portion of a Deferral Account under the Plan is required to be included in income by the Participant or Beneficiary prior to receipt due to a failure of the Plan to comply with the requirements of Section 409A, the Administrator may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (a) the portion of the Deferral Account required to be included in income as a result of such failure or (b) the unpaid vested Deferral Account.

10.3 **No Other Withdrawals Permitted**. No withdrawals or other distributions shall be permitted except as provided in ARTICLE IX or this ARTICLE X.

ARTICLE XI
Claims Procedure

11.1 **Initial Claim**. A Participant or Beneficiary (the " **claimant**") shall have the right to request any benefit under the Plan by filing a written claim for any such benefit with the Administrator on a form provided or approved by the Administrator for such purpose. The Administrator (or a claims administrator appointed by the Administrator) shall give such claim due consideration and shall either approve or deny it in whole or in part. The following procedure shall apply:

11.1(a) The Administrator (or a claims administrator appointed by the Administrator) may schedule and hold a hearing.

11.1(b) If the claim is not a Disability Benefit Claim, within ninety (90) days following receipt of such claim by the Administrator, notice of any approval or denial thereof, in whole or in part, shall be delivered to the claimant or his duly authorized representative or such notice of denial shall be sent by mail (postage prepaid) to the claimant or his duly authorized representative at the address shown on the claim form or such individual's last known address. The aforesaid ninety (90) day response period may be extended to one hundred eighty (180) days after receipt of the claimant's claim if special circumstances exist and if written notice of the extension to one hundred eighty (180) days indicating the special circumstances involved and the date by which a decision is expected to be made is furnished to the claimant or his duly authorized representative within ninety (90) days after receipt of the claimant's claim.

11.1(c) If the claim is a Disability Benefit Claim, within forty-five (45) days following receipt of such claim by the Administrator, notice of any approval or denial thereof, in whole or in part, shall be delivered to the claimant or his duly authorized representative or such notice of denial shall be sent by mail to the claimant or his duly authorized representative at the address shown on the claim form or such individual's last known address. The aforesaid forty-five (45) day response period may be extended to seventy-five (75) days after receipt of the claimant's claim if it is determined that such an extension is necessary due to matters beyond the control of the Plan and if written notice of the extension to seventy-five (75) days indicating the circumstances involved and the date by which a decision is expected to be made is furnished to the claimant or his duly authorized representative within forty-five (45) days after receipt of the claimant's claim. Thereafter, the aforesaid seventy-five (75) day response period may be extended to one hundred five (105) days after receipt of the claimant's claim if it is determined that such an extension is necessary due to matters beyond the control of the Plan and if written notice of the extension to one hundred five (105) days indicating the circumstances involved and the date by which a decision is expected to be made is furnished to the claimant or his duly authorized representative within seventy-five (75) days after receipt of the claimant's claim. In the event of any such extension, the notice of extension shall specifically explain, to the extent applicable, the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least forty-five (45) days within which to provide any specified information which is to be provided by the claimant.

11.1(d) Any notice of denial shall be written in a manner calculated to be understood by the claimant and shall:

(i) Set forth a specific reason or reasons for the denial,

(ii) Make reference to the specific provisions of the Plan document or other relevant documents, records or information on which the denial is based,

(iii) Describe any additional material or information necessary for the claimant to perfect the claim and explain why such material or information is necessary,

(iv) Explain the Plan's claim review procedures, including the time limits applicable to such procedures (which are generally contained in paragraph 11.2), and provide a statement of the claimant's right to bring a civil action in state or federal court under Section 502(a) of the Act following an adverse determination on review of the claim denial,

(v) In the case of a Disability Benefit Claim filed before January 1, 2018 (and thereafter if the final regulation published in 81 Fed. Reg. 92316 (Dec. 19, 2016) is not yet effective for claims filed as of such date):

(A) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either provide the specific rule, guideline, protocol or other similar criterion, or provide a statement that such a rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other criterion will be provided free of charge to the claimant or his duly authorized representative upon request in writing, and

(B) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either provide an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or provide a statement that such explanation will be provided free of charge upon request in writing; and

(vi) In the case of a Disability Benefit Claim filed on or after January 1, 2018 (to the extent the final regulation published in 81 Fed. Reg. 92316 (Dec. 19, 2016) is effective for claims filed on and after such date):

(A) Provide a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (1) the views, presented by the claimant to the Plan, of health care professionals treating the claimant and vocational professionals who evaluated the claimant, (2) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the initial claim, without regard to whether the advice was relied upon in making the benefit determination, and (3) a disability determination regarding claimant, presented by claimant to the Plan, made by the Social Security Administration,

(B) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either provide an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or provide a statement that such explanation will be provided free of charge upon request in writing,

(C) Either provide the specific internal rules, guidelines, protocols, standards or other similar criteria relied upon in making the adverse determination, or, alternatively, provide a statement that such rules, guidelines, protocols, standards or other similar criteria do not exist,

(D) Provide a statement that reasonable access to and copies of, all documents, records and other information relevant to the claimant's claim will be provided free of charge to the claimant or his duly authorized representative upon request in writing, and

(E) Be provided in a culturally and linguistically appropriate manner as described in applicable regulations.

11.2 **Appeals**. A Participant or Beneficiary whose claim filed pursuant to paragraph 11.1 has been denied, in whole or in part, may, within sixty (60) days (or one hundred eighty (180) days in the case of a Disability Benefit Claim) following receipt of notice of such denial, make written application to the Administrator for a review of such claim, which application shall be filed with the Administrator. For purposes of such review, the following procedure shall apply:

11.2(a) The Administrator (or a claims administrator appointed by the Administrator) may schedule and hold a hearing.

11.2(b) The claimant or his duly authorized representative shall be provided the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits.

11.2(c) The claimant or his duly authorized representative shall be provided, upon request in writing and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to such claim and may submit to the Administrator written comments, documents, records, and other information relating to such claim.

11.2(d) The Administrator (or a claims administrator appointed by the Administrator) shall make a full and fair review of any denial of a claim for benefits, which shall include:

(i) Taking into account all comments, documents, records, and other information submitted by the claimant or his duly authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination,

(ii) In the case of a Disability Benefit Claim filed before January 1, 2018 (and thereafter if the final regulation published in 81 Fed. Reg. 92316 (Dec. 19, 2016) is not yet effective for claims filed as of such date):

(A) Providing for a review that does not afford deference to the initial claim denial and that is conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the claim denial that is the subject of the review, nor the subordinate of such individual,

(B) In making its decision on a review of any claim denial that is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, consulting with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment,

(C) Providing to the claimant or his authorized representative, either upon request in writing and free of charge or automatically, the identification of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the claim denial that is the

subject of the review, without regard to whether the advice was relied upon in making the benefit determination, and

(D) Ensuring that the health care professional engaged for purposes of a consultation under clause (iv)(B)(II) of this subparagraph shall be an individual who is neither an individual who was consulted in connection with the claim denial that is the subject of the review, nor the subordinate of any such individual,

(iii) In the case of a Disability Benefit Claim filed on or after January 1, 2018 (to the extent the final regulation published in 81 Fed. Reg. 92316 (Dec. 19, 2016) is effective for claims filed on and after such date):

(A) Provide that before the Plan can issue an adverse benefit determination on review, the Administrator shall provide the claimant, free of charge, with any new or additional evidence considered, relied upon, or generated by the Plan, insurer, or other person making the benefit determination (or at the direction of the Plan, insurer or such other person) in connection with the claim; such evidence must be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided under subparagraph 11.2(f) to give the claimant a reasonable opportunity to respond prior to that date; and

(B) Provide that, before the Plan can issue an adverse benefit determination on review based on a new or additional rationale, the Administrator shall provide the claimant, free of charge, with the rationale; the rationale must be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided under subparagraph 11.2(f) to give the claimant a reasonable opportunity to respond prior to that date.

11.2(e) If the claim is not a Disability Benefit Claim, the decision on review shall be issued promptly, but no later than sixty (60) days after receipt by the Administrator of the claimant's request for review, or one hundred twenty (120) days after such receipt if a hearing is to be held or if other special circumstances exist and if written notice of the extension to one hundred twenty (120) days indicating the special circumstances involved and the date by which a decision is expected to be made on review is furnished to the claimant or his duly authorized representative within sixty (60) days after the receipt of the claimant's request for a review.

11.2(f) If the claim is a Disability Benefit Claim, the decision on review shall be issued promptly, but no later than forty-five (45) days after receipt by the Administrator of the claimant's request for review, or ninety (90) days after such receipt if a hearing is to be held or if other special circumstances exist and if written notice of the extension to ninety (90) days indicating the special circumstances involved and the date by which a decision is expected to be made on review is furnished to the claimant or his duly authorized representative within forty-five (45) days after the receipt of the claimant's request for a review.

11.2(g) The decision on review shall be in writing, shall be delivered or mailed by the Administrator to the claimant or his duly authorized representative in the manner prescribed in subparagraph 11.1 for notices of approval or denial of claims, shall be written in a manner calculated to be understood by the claimant and shall in the case of an adverse determination:

(i) Include the specific reason or reasons for the adverse determination,

(ii) Make reference to the specific provisions of the Plan on which the adverse determination is based,

(iii) Include a statement that the claimant is entitled to receive, upon request in writing and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits,

(iv) Include a statement of the claimant's right to bring a civil action in state or federal court under Section 502(a) of the Act following the adverse determination on review,

(v) In the case of a Disability Benefit Claim filed before January 1, 2018 (and thereafter if the final regulation published in 81 Fed. Reg. 92316 (Dec. 19, 2016) is not yet effective for claims filed as of such date):

(A) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either provide the specific rule, guideline, protocol or other similar criterion, or provide a statement that such a rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other criterion will be provided free of charge to the claimant or his duly authorized representative upon request in writing,

(B) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either provide an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or provide a statement that such explanation will be provided free of charge upon request in writing, and

(vi) In the case of a Disability Benefit Claim filed on or after January 1, 2018 (to the extent the final regulation published in 81 Fed. Reg. 92316 (Dec. 19, 2016) is effective for claims filed on and after such date):

(A) Provide a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (1) the views, presented by the claimant to the Plan, of health care professionals treating the claimant and vocational professionals who evaluated the claimant, (2) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the adverse determination review, without regard to whether the advice was relied upon in making the benefit determination, and (3) a disability determination regarding claimant, presented by claimant to the Plan, made by the Social Security Administration,

(B) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either provide an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or provide a statement that such explanation will be provided free of charge upon request in writing,

(C) Either provide the specific internal rules, guidelines, protocols, standards or other similar criteria relied upon in making the adverse determination, or, alternatively, provide a statement that such rules, guidelines, protocols, standards or other similar criteria do not exist, and

(D) Be provided in a culturally and linguistically appropriate manner as described in applicable regulations.

The Administrator's decision made in good faith shall be final.

11.3 **Time Calculation.** The period of time within which a benefit determination initially or on review is required to be made shall begin at the time the claim or request for review is filed in accordance with the procedures of the Plan, without regard to whether all the information necessary to make a benefit determination accompanies the filing. In the event that a period of time is extended as permitted pursuant to this paragraph due to the failure of a claimant or his duly authorized representative to submit information necessary to decide a claim or review, the period for making the benefit determination shall be tolled from the date on which the notification of the extension is sent to the claimant or his duly authorized representative until the date on which the claimant or his duly authorized representative responds to the request for additional information.

11.4 **Definitions.** For purposes of the Plan's claims procedure:

11.4(a) A "**Disability Benefit Claim**" is a claim for a Plan benefit whose availability is conditioned on a determination of disability and where the Plan's claim's adjudicator must make a determination of disability in order to decide the claim. A claim is not a Disability Benefit Claim where the determination of disability is made by a party (other than the Plan's claim's adjudicator or other fiduciary) outside the Plan for purposes other than making a benefit determination under the Plan (such as a determination of disability by the Social Security Administration or under the Employer's long term disability plan).

11.4(b) A document, record, or other information shall be considered " **relevant**" to a claimant's claim if such document, record, or other information (i) was relied upon in making the benefit determination, (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination, (iii) demonstrates compliance with the administrative processes and safeguards required in making the benefit determination, or (iv) in the case of a Disability Benefit Claim, constitutes a statement of policy or guidance with respect to the Plan concerning the denied treatment option or benefit for the claimant's diagnosis, without regard to whether such advice or statement was relied upon in making the benefit determination.

11.5 **Authorized Representatives.** The Administrator may establish reasonable procedures for determining whether a person has been authorized to act on behalf of a claimant.

ARTICLE XII
Funding

12.1 **Funding**.

12.1(a) The undertaking to pay benefits hereunder shall be an unfunded obligation payable solely from the general assets of the Employer and subject to the claims of the Employer's creditors. The Deferral Accounts shall be maintained as book reserve accounts solely for accounting purposes.

12.1(b) Except as provided in the Rabbi Trust established as permitted in paragraph 12.2, nothing contained in the Plan and no action taken pursuant to the provisions of the Plan shall create or be construed to create a trust of any kind or a fiduciary relationship between the Employer and the Participant or his Beneficiary or any other person. To the extent that any person acquires a right to receive payments from the Employer under the Plan, such rights shall be no greater than the right of any unsecured general creditor of the Employer.

12.1(c) Where more than one Employer participates in the Plan, the funding and payment provisions hereof shall apply separately to each such Employer.

12.1(d) The Plan Sponsor may in its discretion make the payment of any or all benefits under the Plan in lieu of payment by one or more Employer. Where the Plan Sponsor makes payments on behalf of other Employers, the Plan Sponsor may require contributions by participating Employers to the Plan Sponsor at such times (whether before, at or after the time of payment), in such amounts and or such basis as it may from time to time determine in order to defray the cost of benefits and administration of the Plan.

12.2 **Use of Rabbi Trust Permitted**. Notwithstanding any provision herein to the contrary, the Plan Sponsor may in its sole discretion elect to establish and fund a Rabbi Trust for the purpose of providing benefits under the Plan.

ARTICLE XIII
Plan Administrator

13.1 **Appointment of Plan Administrator**. The Plan Sponsor may appoint one or more persons to serve as the Plan Administrator (the "**Administrator**") for the purpose of carrying out the duties specifically imposed on the Administrator by the Plan and the Code. In the event more than one person is appointed, the persons shall form a committee for the purpose of functioning as the Administrator of the Plan. The person or committeemen serving as Administrator shall serve for indefinite terms at the pleasure of the Plan Sponsor, and may, by thirty (30) days prior written notice to the Plan Sponsor, terminate such appointment. The Plan Sponsor shall inform the Trustee of any such appointment or termination, and the Trustee may assume that any person appointed continues in office until notified of any change.

13.2 **Plan Sponsor as Plan Administrator**. In the event that no Administrator is appointed or in office pursuant to paragraph 13.1, the Plan Sponsor shall be the Administrator.

13.3 **Procedure if a Committee**. If the Administrator is a committee, it shall appoint from its members a Chair and a Secretary. The Secretary shall keep records as may be necessary of the acts and resolutions of such committee and be prepared to furnish reports thereof to the Plan Sponsor and the Trustee. Except as otherwise provided, all instruments executed on behalf of such committee may be executed by its Chair or Secretary, and the Trustee may assume that such committee, its Chair or Secretary are the persons who were last designated as such to them in writing by the Plan Sponsor or its Chair or Secretary.

13.4 **Action by Majority Vote if a Committee**. If the Administrator is a committee, its action in all matters, questions and decisions shall be determined by a majority vote of its members qualified to act thereon. They may meet informally or take any action without the necessity of meeting as a group.

13.5 **Appointment of Successors**. Upon the death, resignation or removal of a person serving as, or on a committee which is, the Administrator, the Employer may, but need not, appoint a successor.

13.6 **Duties and Responsibilities of Plan Administrator**. The Administrator shall have the following duties and responsibilities under the Plan:

13.6(a) The Administrator shall be responsible for the fulfillment of all relevant reporting and disclosure requirements set forth in the Plan, the Code, and the Act, the distribution thereof to Participants and their Beneficiaries and the filing thereof with the appropriate governmental officials and agencies.

13.6(b) The Administrator shall maintain and retain necessary records respecting its administration of the Plan and matters upon which disclosure is required under the Plan, the Code, and the Act.

13.6(c) The Administrator shall make any elections for the Plan required to be made by it under the Plan, the Code, and the Act.

13.7 **Power and Authority**.

13.7(a) The Administrator is hereby vested with all the power and authority necessary in order to carry out its duties and responsibilities in connection with the administration of the Plan imposed hereunder. For such purpose, the Administrator shall have the power to adopt rules and regulations consistent with the terms of the Plan.

13.7(b) The Administrator shall exercise its power and authority in its discretion. The Administrator has the discretionary authority to construe the Plan, correct defects, supply omissions, or reconcile inconsistencies to the extent necessary to effectuate the Plan and such action shall be conclusive. It is intended that a court review of the Administrator's exercise of its power and authority with respect to matters relating to claims for benefits by, and to eligibility for participation in and benefits of, Participants and Beneficiaries shall be made only on an arbitrary and capricious standard. Benefits under the Plan will be paid only if the Administrator decides in its discretion that the applicant is entitled to them.

13.7(c) The Administrator is empowered to settle claims against the Plan and to make such equitable adjustments in a Participant's or Beneficiary's rights or entitlements under the Plan as it deems appropriate in the event an error or omission is discovered or claimed in the operation or administration of the Plan.

13.8 **Availability of Records**. The Employer and the Trustee shall, at the request of the Administrator, make available necessary records or other information they possess which may be required by the Administrator in order to carry out its duties hereunder.

13.9 **No Action with Respect to Own Benefit**. No Administrator who is a Participant shall take any part as the Administrator in any discretionary action in connection with his participation as an individual. Such action shall be taken by the remaining Administrator, if any, or otherwise by the Plan Sponsor.

ARTICLE XIV
Amendment and Termination of Plan

14.1 **Amendment or Termination of the Plan**.

14.1(a) The Plan may be terminated at any time by the Board, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A. The Plan may be amended in whole or in part from time to time by the Board effective as of any date specified, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A. No amendment or termination shall operate to decrease a Participant's vested Deferral Benefit as of the earlier of the date on which the amendment or termination is approved by the Board or the date on which an instrument of amendment or termination is signed on behalf of the Plan Sponsor. No amendment shall increase the Trustee's duties or obligations or decrease its compensation unless contained in an amendment of, or document expressly pertaining to, the Rabbi Trust which includes the Trustee's written consent or for which the Trustee's written consent is separately obtained. Any such termination of or amendment to the Plan may provide for the acceleration of payment of benefits under the Plan to one or more Participants or Beneficiaries. Any such termination of or amendment to the Plan shall be in writing and shall be adopted pursuant to action by the Board (including pursuant to any standing authorization for any officer, director or committee to adopt amendments) in accordance with its applicable procedures, including where applicable by majority vote or consent in writing.

14.1(b) In addition, and as an alternative, to amendment of the Plan by action of the Board, but subject to the limitations on amendment contained in subparagraph 14.1(a), the Administrator shall be and is hereby authorized to adopt on behalf of the Board and to execute any technical amendment or amendments to the Plan which in the opinion of counsel for the Plan Sponsor are required by law and are deemed advisable by the Administrator and to

so adopt and execute any other discretionary amendment or amendments to the Plan which are deemed advisable by the Administrator so long as any such amendments do not, in view of the Administrator, materially affect the eligibility, vesting or benefit accrual or allocation provisions of the Plan.

14.1(c) Termination of the Plan shall mean termination of active participation by Participants, but shall not mean immediate payment of all vested Deferral Benefits unless the Plan Sponsor so directs, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A. On termination of the Plan, the Board of the Plan Sponsor may provide for the acceleration of payment of the vested Deferral Benefits of all affected Participants on such basis as it may direct.

14.2 **Effect of Employer Merger, Consolidation, or Liquidation**. Notwithstanding the foregoing provisions of this ARTICLE XIV, the merger or liquidation of any Employer into any other Employer or the consolidation of two (2) or more of the Employers shall not cause the Plan to terminate with respect to the merging, liquidating or consolidating Employers, provided that the Plan has been adopted or is continued by and has not terminated with respect to the surviving or continuing Employer.

ARTICLE XV
Participation by Additional Employers

15.1 **Adoption by Additional Employers**. Any Affiliate of the Plan Sponsor may adopt the Plan with the consent of the Board of the Plan Sponsor and approval by its Board.

15.2 **Termination Events with Respect to Employers Other Than the Plan Sponsor**.

15.2(a) The Plan shall terminate with respect to any Employer other than the Plan Sponsor, and such Employer shall automatically cease to be a participating Employer in the Plan, upon the happening of any of the following events, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A:

(i) The Employer ceasing to be an Affiliate; or

(ii) Action by the Board or Chief Executive Officer of the Plan Sponsor terminating an Employer's participation in the Plan and specifying the date of such termination. Notice of such termination shall be delivered to the Administrator and the former participating Employer.

15.2(b) Termination of the Plan with respect to any Employer shall mean termination of active participation in the Plan of the Participants employed by such Employer, but shall not mean immediate payment of all vested Deferral Benefits with respect to the Employees of such Employer unless the Plan Sponsor so directs consistent with applicable provisions of Section 409A. On termination of the Plan with respect to any Employer, the Administrator may provide for the acceleration of payment of the vested Deferral Benefits of all affected Participants and Beneficiaries of that former participating Employer on such basis as it may direct.

ARTICLE XVI
Miscellaneous

16.1 **Nonassignability**. The interests of each Participant or Beneficiary under the Plan are not subject to claims of the Participant's or Beneficiary's creditors; and neither the Participant, nor his Beneficiary, shall have any right to sell, assign, transfer or otherwise convey the right to receive any payments hereunder or any interest under the Plan,

which payments and interest are expressly declared to be nonassignable and nontransferable and any attempt to assign or transfer any benefit hereunder shall be void *ab initio*.

16.2 **Right to Require Information and Reliance Thereon**. The Employer and Administrator shall have the right to require any Participant, Beneficiary or other person receiving benefit payments to provide it with such information, in writing, and in such form as it may deem necessary to the administration of the Plan and may rely thereon in carrying out its duties hereunder. Any payment to or on behalf of a Participant or Beneficiary in accordance with the provisions of the Plan in good faith reliance upon any such written information provided by a Participant or any other person to whom such payment is made shall be in full satisfaction of all claims by such Participant and his Beneficiary; and any payment to or on behalf of a Beneficiary in accordance with the provision so the Plan in good faith reliance upon any such written information provided by such Beneficiary or any other person to whom such payment is made shall be in full satisfaction of all claims by such Beneficiary.

16.3 **Notices and Elections**.

16.3(a) Except as provided in subparagraph 16.3(b), all notices required to be given in writing and all elections, consents, applications and the like required to be made in writing, under any provision of the Plan, shall be invalid unless made on such forms as may be provided or approved by the Administrator and, in the case of a notice, election, consent or application by a Participant or Beneficiary, unless executed by the Participant or Beneficiary giving such notice or making such election, consent or application.

16.3(b) Subject to limitations under applicable provisions of the Code or the Act, the Administrator is authorized in its discretion to accept other means for receipt of effective notices, elections, consents, applications and/or other forms or communications by Participants and/or Beneficiaries, including but not limited to electronic transmissions through interactive on-line transmissions, e-mail, voice mail, recorded messages on electronic telephone systems, and other permissible methods, on such basis and for such purposes as it determines from time to time.

16.4 **Delegation of Authority**. Whenever the Plan Sponsor or any other Employer is permitted or required to perform any act, such act may be performed by its President or Chief Executive Officer or other person duly authorized by its President or Chief Executive Officer or the Board of the Employer.

16.5 **Service of Process**. The Administrator shall be the agent for service of process on the Plan.

16.6 **Governing Law**. The Plan shall be construed, enforced, and administered in accordance with the laws of the Commonwealth of Virginia, and any federal law which preempts the same.

16.7 **Binding Effect**. The Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns, and the Participant and his Beneficiary (and their heirs, executors, administrators and legal representatives).

16.8 **Severability**. If any provision of the Plan should for any reason be declared invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall nevertheless remain in full force and effect.

16.9 **No Effect on Employment Agreement**. The Plan shall not be considered or construed to modify, amend, or supersede any employment or other agreement between the Employer and the Participant heretofore or hereafter entered into unless so specifically provided.

16.10 **Gender and Number**. In the construction of the Plan, the masculine shall include the feminine or neuter and the singular shall include the plural and vice-versa in all cases where such meanings would be appropriate.

16.11 **Titles and Captions**. Titles and captions and headings herein have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

16.12 **Construction**. The Plan and Fund are intended to be construed as a "plan which is unfunded and is maintained by the employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees," within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of the Act, and shall be interpreted and administered accordingly.

16.13 **Nonqualified Deferred Compensation Plan Omnibus Provision**.

16.13(a) It is intended that any compensation, benefits or other remuneration which is provided pursuant to or in connection with the Plan which is considered to be nonqualified deferred compensation subject to Section 409A shall be provided and paid in a manner, and at such time and in such form, as complies with the applicable requirements of Section 409A to avoid a plan failure described in Section 409A(a)(1) of the Code, including without limitation, deferring payment until the occurrence of a specified payment event described in Section 409A(a)(2) of the Code and to avoid the unfavorable tax consequences provided therein for non-compliance, and that, notwithstanding any other provision thereof or document pertaining to any such compensation, benefit or other remuneration subject to the provisions of Section 409A, each provision of any plan, program or arrangement (including without limitation the Plan) relating to the provision of such compensation, benefit or other remuneration to or with respect to the Eligible Employee, shall be so construed and interpreted.

16.13(b) It is specifically intended that all elections, consents and modifications thereto under the Plan will comply with the requirements of Section 409A (including any transition or grandfather rules thereunder). The Administrator is authorized to adopt rules or regulations deemed necessary or appropriate in connection therewith to anticipate and/or comply the requirements of Section 409A (including any transition or grandfather rules thereunder).

16.13(c) It is also intended that if any compensation, benefits or other remuneration which is provided pursuant to or in connection with the Plan is considered to be nonqualified deferred compensation subject to Section 409A but for being earned and vested as of December 31, 2004, then no material modification of the Plan after October 3, 2004 shall apply to such Plan benefits which are earned and vested as of December 31, 2004 unless such modification expressly so provides.

16.14(d) Notwithstanding the foregoing, the Participant, the Beneficiary, and any successor in interest shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Participant, the Beneficiary, or any successor in interest in connection with this Plan (including any taxes and penalties under Section 409A); and neither the Plan Sponsor, the Employer, the Administrator nor any Affiliate shall have any obligation to indemnify or otherwise hold the Participant, the Beneficiary, or any successor in interest harmless from any or all of such taxes or penalties.

Exhibit 10.6.1

ATLANTIC UNION BANKSHARES CORPORATION
NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR EXECUTIVES
(As Restated Effective January 1, 2017)

AMENDMENT

Atlantic Union Bankshares Corporation (the "Plan Sponsor") has adopted the Virginia Bankers Association Model Non-Qualified Deferred Compensation Plan for Executives (the "Plan"). Pursuant to paragraph 14.1 of the Plan, the Plan Sponsor hereby adopts the following administrative amendments to the Plan:

1. Effective September 1, 2019, subparagraph 9.4(b) of the Plan is amended to read as follows:

9.4(b) If periodic installment payments are permitted under the Plan, the amount of each periodic installment payment shall be the lesser of:

(i) The quotient obtained by dividing (A) the amount of such Participant's vested Deferral Account held in the applicable subdivision, determined, in the case of installment payments made on or after January 1, 2020, as though a lump-sum payment were being made as of the last Valuation Date of the prior Plan Year by (B) the number of installment payments then remaining to be made; or

(ii) The amount of such vested Deferral Benefit at such time.

Notwithstanding the forgoing, for installment payments made on or after September 1, 2019 and before January 1, 2020, the installment payment shall be equal to the August 1, 2019 payment amount.

IN WITNESS WHEREOF, this amendment is hereby adopted on this 18 day of October, 2019.

/s/ Loreen Lagatta
Atlantic Union Bankshares Corporation

By Loreen Lagatta
Its Executive Vice President & Chief HR Officer

Exhibit 10.6.2

NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR EXECUTIVES

(As Restated Effective January 1, 2018)
ADOPTION AGREEMENT

(Updated Form January 1, 2020)

This Adoption Agreement is the companion document that allows an employer to sponsor and adopt the Virginia Bankers Association Model Non-Qualified Deferred Compensation Plan for Executives (the "Plan"). Each Employer named below hereby adopts the Plan through this Adoption Agreement (the "Adoption Agreement"), to be effective as of the date(s) specified below, and elects the following specifications and provides the following information relating thereto.

In completing this Adoption Agreement, if additional space is required, insert additional sheets.

Adoption Agreement Contents

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1. EMPLOYER(S) ADOPTING PLAN.

(a) Name of Plan Sponsor: Atlantic Union Bankshares Corp	(b) Plan Sponsor's Telephone Number: (804) 327-7535
(c) Address of Plan Sponsor: 1051 E. Cary Street, Suite 1200 Richmond, VA 23219	(d) Plan Sponsor's EIN: 80-0463989
	(e) Plan Sponsor's Tax Year End: 12/31

(f) Other Participating Employers Adopting the Plan:

[√] (1) All Affiliates are automatically participating Employers in the Plan, except for the following:
____.

[ ] (2) Each participating Employer is listed individually on the attachment captioned "List of Participating Employers," which shall be updated as needed from time to time in compliance with ARTICLE XV of the basic plan document.

2. GENERAL PLAN INFORMATION.

(a) Name of Plan:

Atlantic Union Bankshares Corporation Executive's Deferred Compensation Plan

(b) Name, Address and EIN of Plan Administrator(s): [If other than Plan Sponsor, appointment must be by resolution]

3. STATUS OF PLAN AND EFFECTIVE DATE(S).

(a) Effective Date of Plan: The Effective Date of the Plan is January 1, 1998.

(b) Plan Status. The adoption of the Plan through this Adoption Agreement is:

[ ] (1) Initial Establishment. The initial adoption and establishment of the Plan.

[√] (2) Restated Plan. An amendment and restatement of the Plan (a Restated Plan).

(A) Effective Date of this Restatement. The Effective Date of this Restatement is January 1, 2020.

(B) Prior Plan. The Plan was last maintained under document dated May 20, 2019 and was known as the Atlantic Union Bankshares Corporation Executive's Deferred Compensation Plan
____.

(C) 409A Transitional Provisions (grandfathering election):

[ ] Election NOT to Grandfather Pre-January 1, 2005 Vested Balances. If this Option is elected, all Deferral Accounts shall be subject to the rules set forth in the post-December 31, 2004 restatements.

If the Option is not elected, the Deferral Accounts attributable to transfers from predecessor plans prior to December 31, 2004 and contributions that are vested as of December 31, 2004 shall be segregated from the Deferral Accounts attributable to contributions that are not vested as of December 31, 2004 and to contributions and transfers made on and after January 1, 2005. The terms of the Plan in effect on and after January 1, 2005 shall only apply to transfers and contributions that are not vested as of December 31, 2004 and to contributions and transfers made on and after January 1, 2005.

[ ] (3) Special or Other Transitional Provisions. [Use attachment if additional space is needed]

[Enter any special provisions including alternate definitions or other transitional provisions relating to any Predecessor Plan Account and the Plan as restated]

____

[ ] (c) If elected, this Plan is intended to be paired with a qualified cash or deferred arrangement as described in subparagraph 3.1(d) of the basic plan document.

If Elected – Name of the paired plan ________________________________

4. DEFINITIONS AND OTHER OPTIONAL PROVISIONS.

(a) Compensation
Paragraph 1.10

Compensation is used throughout the basic plan document for different purposes. The following specific rules apply.

(1) General Definition. The Compensation definition in paragraph 1.10 of the basic plan document is modified as follows:

(A) Salary. Base salary and base wages subject to the following modifications or limitations:

[Consider whether to fix the date for determining Salary. Consider whether to revise to exclude reductions for 401(k) and cafeteria plan contributions. Other revisions may be desired.]

(B) Discretionary or Other Bonus. All discretionary or other Bonuses unless otherwise provided:
Only bonuses or incentive payments that are considered Performance-Based Compensation under Treasury Reg. 409A-1(e) with the exception of 2% bonus in lieu of the terminated Union Pension Plan which is also included as a qualified bonus under the plan.

[List excluded bonus or incentive programs. The Plan Sponsor may elect a Special Deferral Election Period for Performance-Based Compensation.]

(2) Specific Definitions. When used with respect to each type of contribution under the Plan, Compensation shall include:

(A) Employee Deferral Contributions. [Check all that apply]

[√] (a) Salary.

[√] (b) Bonuses.

[√] (c) Commissions

[ ] (d) Other. ______

[Describe – In defining Compensation for deferral purposes, please note that elections to defer compensation generally must be made in the year prior to performance period for which the right to the compensation arises. Plan Sponsors should consult with counsel in determining the types of compensation and any special timing rules.]

(B) Employer Non-Elective Contributions. [Check all that apply]

[ ] (a) Salary.

[ ] (b) Bonuses.

[ ] (c) Commissions

[ ] (d) Other. ______________________________

[Describe – In defining Compensation for deferral purposes, please note that elections to defer compensation generally must be made in the year prior to performance period for which the right to the compensation arises. Plan Sponsors should consult with counsel in determining the types of compensation and any special timing rules.]

(C) Employer Matching Contributions. [Check all that apply]

[ ] (a) Salary.

[ ] (b) Bonuses.

[ ] (c) Commissions

[ ] (d) Other. ______________________________

[Describe – In defining Compensation for deferral purposes, please note that elections to defer compensation generally must be made in the year prior to performance period for which the right to the compensation arises. Plan Sponsors should consult with counsel in determining the types of compensation and any special timing rules.]

(b) Eligible Employee
Paragraph 1.17

Eligible Employee shall mean only the following:

[√] (1) Determination by Board. Any individual who is designated as an Eligible Employee by resolution of the [√] Plan Sponsor's [ ] Employer's Board. A copy of the resolution shall be attached to and incorporated by reference into the Plan.

[ ] (2) Determination by CEO. Any individual who is designated in writing as an Eligible Employee by resolution of the [ ] Plan Sponsor's [ ] Employer's Chief Executive Officer. A copy of the Chief Executive Officer's designation shall be attached to and incorporated by reference into the Plan.

[ ] (3) Determined by Classification or Grade. Any individual who is classified under the Employer's personnel practices and policies as employed in the following grades or classifications:

____
____
____
____
____

			[List executive classification to be included in plan coverage] [ ] (4) Determined by Position or Title. Any individual who is employed in the following positions with the Employer: ____________________________________ ____________________________________ ____________________________________ ____________________________________ ____________________________________ ____________________________________ [List the executive positions to be included in plan coverage]
	(c)	Plan Year Paragraph 1.24	In the case of a Restated Plan which prior to the Effective Date of this Restatement was maintained on the basis of a Plan Year beginning on a date other than January 1, the Plan Year shall begin on ________, ____ and end on __________, ______, with the short Plan Year beginning on ___________________________________, _______ and ending on December 31, ________. Thereafter, the Plan Year shall be the 12-month period beginning each January 1.
	(d)	Effective Date of Coverage Paragraph 2.1	The effective date of coverage for an Eligible Employee shall be [Check one] [ ] (1) Immediate. The first day of the first payroll period beginning on or after the date the individual became an Eligible Employee. [ ] (2) Monthly. The first day of the first payroll period beginning on or after the first day of _________ [Complete with 1st, 2nd, or other] month next following the date the individual became an Eligible Employee. [ ] (3) Semi-Annually. The first day of the Plan Year or the first day of the seventh month of the Plan Year on or next following the date the individual became an Eligible Employee. [√] (4) Annually. The first day of the Plan Year on or next following the date the individual became an Eligible Employee.
[√]	(e)	Special Election Period for Performance-Based Compensation Subparagraph 3.2(d)	If this Option is elected, the Plan Sponsor may permit Eligible Employees to make Deferred Compensation Elections with respect to Performance-Based Compensation prior to the annual filing deadline established by the Administrator which deadline shall be no later than six (6) months prior to the end of the period for which such Bonus is earned, as described in subparagraph 3.2(d) of the basic plan document. Otherwise, except for new participants, all Deferred Compensation Elections for all Bonuses must be made prior to the annual filing deadline established by the Administrator, which deadline shall be no later than the end of the calendar year or end of the Plan Sponsor's fiscal year, immediately preceding the applicable year to which the Bonus relates. In order to be Performance-Based Compensation, (i) the Bonus must be earned over a period of at least twelve (12) months, (ii) the Bonus must be based on pre-established organizational or individual performance criteria for which the outcome is substantially uncertain at the time of establishment, (iii) such criteria

are established in writing no later than ninety (90) days after the beginning of the period of service to which the Bonus and performance relate, and (iv) such criteria are not substantially certain to be met at the time established. See more specific definition in Treas. Reg. 1.409A-1(e).

[√]	(f)	Cancellation of Deferred Compensation Election For Disability Paragraph 3.5	If this Option is elected, the Plan Sponsor: [ ] (1) Mandatory Cancellation. Will cancel the Deferred Compensation Election of an Eligible Employee who experiences a Disability as defined in subparagraph 3.5(b). [√] (2) Optional Cancellation. May permit an Eligible Employee who experiences a Disability as defined in subparagraph 3.5(b) to cancel his Deferred Compensation Election. If this Option is not selected, no cancellation will be required or permitted upon the occurrence of a Disability.
	(g)	Rules Relating to "Specified Employee" Delay Subparagraph 9.1(c)	For purposes of applying the 6-month delay required by Section 409A for a Participant who is a "specified employee" (i.e., a "key employee" of any publicly-traded company): (1) Specified Employee Identification Date. Specified employees shall be identified in the following manner: [Check one of the following and complete, if applicable] [ ] (A) Established By Board Action or Other Document of Plan Sponsor. The identification date and its effective date shall be established by the Plan Sponsor through the document set forth below, which may be an action of its Board or other written document: ____ ____ [Describe document establishing specified employee identification date] [√] (B) Default Dates in Regulations. The identification date shall be December 31 and effective for distributions to be made during the 12-month period beginning on or after the following April 1, as provided in Treas. Reg. 1.409A-1(i). [ ] (C) Alternative Identification Date. The identification date shall be _________________ (identification date) and effective for distributions to be made during the 12-month period beginning on or after the following __________________ [enter date not later than the first day of the 4th month following the identification date] **The Specified Employee Identification Date must be the same date for all deferred compensation plans, programs, and agreements of the Plan Sponsor and its Affiliates.** (2) Compensation to be Used in Determining Specified Employees. Specified employees are (A) the 50 highest paid officers (or if less, the greater of 3 or 10% of employees) with compensation in excess of $175,000 (for 2017) (as adjusted from time to time), (B) 1% owners with compensation in excess of $150,000, or (C) 5% owners. The

definition of compensation for this purpose shall be determined in the following manner: [Check one of the following and complete, if applicable]

[ ] (A) Board Action or Other Document of Plan Sponsor. The compensation used to identify specified employees shall be established by the Plan Sponsor though the document set forth below which may be an action of its Board or other written document that applies to all deferred compensation plans, programs, and agreements of the Plan Sponsor and its Affiliates.

____

____

[Describe document establishing compensation definition]

[√] (B) VBA Plan. The compensation used to identify specified employees shall be the Total Compensation definition elected under the VBA Plan.

[ ] (C) Alternative Compensation Definition. The compensation used to determine specified employees shall be determined in the following manner

____

____

[Describe the document establishing compensation definition or describe compensation based on an acceptable definition under Section 415 of the Code]

(3) Payment Rules Following Required Delay Period. Upon the expiration of the required 6-month delay: [Check one of the following]

[√] (A) Catch-Up Missed Payments. Payments to which a specified employee would otherwise have been entitled during the 6-month delay will be accumulated and paid on the first day of the 7th month following the date of Separation from Service for reasons other than death.

[ ] (B) Each Payment Delayed. Each payment to which a specified employee would otherwise have been entitled during the 6-month delay will be delayed for 6 months.

[√] (h) Rules Relating to Final Check of Year

If this Option is elected, Compensation payable after the last day of the calendar year solely for services performed during the final payroll period which contains the last day of the year will be treated as Compensation for services performed in the taxable year in which the payroll period began.

If this Option is not elected, Compensation payable after the last day of the calendar year solely for services performed during the final payroll period which contains the last day of the year will be treated as Compensation for services performed in the subsequent taxable year in which the payment is made.

Any change in election relating to the final check of the Participant's taxable year may not be effective for 12 months from the date the amendment is adopted and executed.

5. EMPLOYER CONTRIBUTIONS.

(a) Employer Contributions Paragraph 4.1

The following contributions by the Employer are elected:

[√] (1) None. Employer contributions are not permitted.

[ ] (2) Employer Non-Elective Contribution.

(A) Amount. Each Employer shall make an Employer Non-Elective Contribution for each Plan Year in such amount, if any, which the Employer shall determine.

[ ] (i) Flexible Formula - Such amount, if any, which the Board of the Employer shall determine by resolution.

[ ] (ii) Compensation Formula - ______% [Insert percentage] of the Compensation for such Plan Year, plus any additional amount that the Board of the Employer shall determine by resolution.

[ ] (iii) Fixed Amount - $______________________ [Insert amount], plus any additional amount that the Board of the Employer shall determine by resolution.

[ ] (iv) Other - ____
____
____
____
____
____

(B) Participants Entitled to Employer Non-Elective Contribution. The Employer Non-Elective Contribution shall be allocated to the Employer Non-Elective Deferral Account of Participants who [Select applicable provisions which shall apply conjunctively unless otherwise noted]

[ ] (i) Are employed as Eligible Employees for at least ____________________ [Insert number of months] full calendar months in such Plan Year.

[ ] (ii) Are Eligible Employees at any time during such Plan Year.

[ ] (iii) Are Eligible Employees on the last day of such Plan Year.

[ ] (iv) If they died while Eligible Employees or retired on a Disability, Early, Normal or Delayed Retirement Date while an Eligible Employee during such Plan Year [Check one]

[ ] (a) But only if they are employed as an Eligible Employee for at least_________[Insert number of months] full calendar months in such Plan Year.

[ ] (b) Regardless of the number of months employed during such Plan Year.

[ ] (v) Other - : ____
____
____
____
____
____

[ ] (3) Employer Matching Contributions.

(A) Amount. Each Employer shall make an Employer Matching Contribution for each Plan Year in an amount equal to the following percentage(s) of each Participant's Deferral Contribution for such Plan Year [Check one]

[ ] (i) Straight Percentage - ______% [Insert percentage] of his Compensation contributed to the Plan (up to a maximum of ______% of such Compensation).

[ ] (ii) Contribution Weighted Percentages - ______% [Insert percentage] of the first ______% [Insert percentage] of his Compensation contributed to the Plan and ______% of his Compensation contributed to the Plan (up to a maximum of ______% of such Compensation).

[ ] (iii) Other - : ____
____
____
____
____
____

(B) Participants Entitled to Employer Matching Contribution. The Employer Matching Contribution shall be allocated to the Employer Matching Deferral Account of Participants who [Select applicable provisions which shall apply conjunctively unless otherwise noted]

[ ] (i) Are employed as an Eligible Employee for at least ________ [Insert number of months] full calendar months in such Plan Year.

[ ] (ii) Are Eligible Employees at any time during such Plan Year.

[ ] (iii) Are Eligible Employees on the last day of such Plan Year.

[ ] (iv) If they died while an Eligible Employee or retired on a Disability, Early, Normal or Delayed Retirement Date while an Eligible Employee during such Plan Year [Check one]

[ ] (a) But only if they are employed as an Eligible Employee for at least _____ [Insert number of months] full calendar months in such Plan Year.

[ ] (b) Regardless of the number of months employed during such Plan Year.

[ ] (v) Other - : ____
____
____
____
____
____

6. VESTING.

(a) Vesting Schedule
Paragraphs 6.2 and 6.3

The following vesting schedule shall apply to the Employer Deferral Account [Check one, and complete where applicable]

[ ] (1) Employer Non-Elective Deferral Account. The following vesting schedule shall apply to the Employer Non-Elective Deferral Account [Check one, and complete where applicable]

[ ] (A) Apply Rules Described in Qualified Plan. A Participant is vested in his Employer Non-Elective Deferral Account under the Plan in the same manner and applying the same rules applicable to employer profit sharing or other non-matching contributions under the following qualified retirement plan maintained by the Employer:

____
____

[ ] (B) Always 100% Vested. A Participant shall always have a non-forfeitable right to 100% of his Employer Non-Elective Deferral Account.

[ ] (C) Other Applicable Rules. A Participant shall be vested in his Employer Non-Elective Deferral Account in accordance with the following rules:

____
____
____

[Describe vesting provisions, including automatic vesting provisions, applicable schedule and rules for counting service]

[ ] (2) Employer Matching Deferral Account. The following vesting schedule shall apply to the Employer Matching Deferral Account [Check one, and complete where applicable]

[ ] (A) Apply Rules Described in Qualified Plan. A Participant is vested in his Employer Matching Deferral Account under the Plan in the same manner and applying the same rules applicable to matching contributions made under

the following qualified retirement plan maintained by the Employer:

____
____
____

[ ] (B) Always 100% Vested. A Participant shall always have a non-forfeitable right to 100% of his Employer Matching Deferral Account.

[ ] (C) Other Applicable Rules. A Participant shall be vested in his Employer Matching Deferral Account in accordance with the following rules:

____
____
____

[Describe vesting provisions, including automatic vesting provisions, applicable schedule and rules for counting service]

7. RETIREMENT DATES.

(a) Normal Retirement Date
Paragraph 8.1

A Participant's Normal Retirement Date shall be the day the Participant reaches age ____________________.

(b) Early Retirement Date
Paragraph 8.3

[Select and complete applicable provision(s)]

[√] (1) None.

[ ] (2) No age requirement.

[ ] (3) Age requirement of____________________years.

[ ] (4) No service requirement.

[ ] (5) Service requirement of____________________years of continuous full-time service with the Employer.

(c) Disability Retirement Date
Paragraph 8.4

[Select and complete applicable provision(s)]

[√] (1) No age requirement.

[ ] (2) Age requirement of____________________years.

[√] (3) No service requirement.

[ ] (4) Service requirement of____________________years of continuous full-time service with the Employer.

8. TIME AND FORM OF PAYMENTS.

(a) Time of Payment
Paragraph 9.1

The Employer Non-Elective Deferral Account shall be paid on the Participant's Separation from Service. The Benefit Commencement Date for all other benefits will be determined as follows:

[Check one, and complete where applicable]

[ ] (1) Selected By Plan Sponsor. The Plan Sponsor selects the following time of payment: [Select one]

[ ] (A) Normal Retirement Date. The later of the Participant's Normal Retirement Date under the Plan or his Separation from Service (for reasons other than death).

[ ] (B) Separation from Service. The Participant's Separation from Service for whatever reason.

[ ] (C) Six Months Following Separation from Service. Six months following the Participant's Separation from Service (for reasons other than death).

If elected here [ ], the Plan Sponsor elects for payment to be accelerated upon a Change in Control, but only with respect to contributions made after this Adoption Agreement is executed, unless the Plan Sponsor previously made such an election under Option 3(b)(3).

[√] (2) Selected By Participant. The date selected by the Participant in accordance with the following:

(A) Participant's Options. The Participant may elect that his Benefit Commencement Date be based on:

[√] (i) The later of his Normal Retirement Date or his [√] Separation from Service (for reasons other than death) or [ ] six months following his Separation from Service (for reasons other than death). [Select one]

[√] (ii) [√] His Separation from Service (for reasons other than death), or [ ] six months following his Separation from Service (for reasons other than death). [Select one]

[√] (iii) A date certain stated clearly in his Deferred Compensation Election form which shall be without regard to when his employment with the Employer ends.

[√] (iv) The earlier of a date certain or [√] his Separation from Service (for reasons other than death) or [ ] six months following his Separation from Service (for reasons other than death). [Select one]

[√] (v) Change in Control. The Participant may elect to have payment accelerated upon a Change in Control.

(b)	Form of Payment to Participant Paragraph 9.2	The Employer Non-Elective Deferral Account shall be paid in a single lump sum. The form of payment to the Participant for all other benefits will be

determined as follows: [Check one, and complete where applicable]

[ ] (1) Selected By Plan Sponsor. The Plan Sponsor selects the following form of payment: [Select one]

[ ] (A) Lump Sum. Deferral Benefits will be paid to the Participant in a single, lump-sum payment.

[ ] (B) Periodic Installments. Deferral Benefits will be paid to the Participant in annual periodic installment payments made over the following period: [Select one]

[ ] (i) Five (5) years.

[ ] (ii) Ten (10) years.

[ ] (iii) Fifteen (15) years.

[ ] (iv) Twenty (20) years.

[√] (2) Selected By Participant. The Participant may elect from among the following forms of payment [Select options to be available to Participants]

[√] (A) Lump Sum. Deferral Benefits may be paid to the Participant in a single, lump-sum payment.

[√] (B) Periodic Installments. Deferral Benefits may be paid to the Participant in annual periodic installment payments made over the following periods:

[√] (i) Five (5) years.

[√] (ii) Ten (10) years.

[√] (iii) Fifteen (15) years.

[√] (iv) Twenty (20) years.

(c) Form of Payment to Beneficiary Paragraph 9.2

Any unpaid portion of the Employer Non-Elective Deferral Account shall be paid in a single lump sum to the Beneficiary. The form of payment to the Beneficiary for all other unpaid benefits will be determined as follows:
[Check one, and complete where applicable]

[ ] (1) Selected By Plan Sponsor. The Plan Sponsor selects the following form of payment to the Beneficiary: [Select one]

[ ] (A) Lump Sum. Deferral Benefits will be paid to the Beneficiary in a single, lump-sum payment.

[ ] (B) Periodic Installments. Deferral Benefits will be paid to the Beneficiary in annual periodic installment payments made over the following period: [select one]

[ ] (i) Five (5) years.

[ ] (ii) Ten (10) years.

[ ] (iii) Fifteen (15) years.

[ ] (iv) Twenty (20) years.

[√] (2) Selected By Participant. The Participant may elect the form of payment to the Beneficiary from among the following forms of payment [Select options to be available to Participants]

[√] (A) Lump Sum. Deferral Benefits may be paid to the Beneficiary in a single, lump-sum payment.

[√] (B) Periodic Installments. Deferral Benefits may be paid to the Beneficiary in annual periodic installment payments made over the following periods:

[√] (i) Five (5) years.

[√] (ii) Ten (10) years.

[√] (iii) Fifteen (15) years.

[√] (iv) Twenty (20) years.

9. HARDSHIP WITHDRAWALS.

(a) Availability Generally
Paragraph 10.1

A Participant [Check one]

[ ] (1) Not Permitted. May not make Hardship Withdrawals.

[√] (2) Permitted. May make a Hardship Withdrawal for an Unforeseeable Emergency from the following accounts [Check one or more]

[√] (A) Employee Deferral Account.

[ ] (B) Employer Matching Deferral Account.

[ ] (C) Employer Non-Elective Deferral Account.

[ ] (D) Predecessor Plan Account.

10. PARTICIPANT DEEMED INVESTMENT DIRECTION.

(a) Availability Generally
Paragraph 5.2

A Participant [Check one]

[ ] (1) Not Permitted. May not make deemed investment directions.

[√] (2) Permitted. May make deemed investment directions for the following accounts (“directable accounts”) [Check one or more]

[√] (A) Employee Deferral Account.

[ ] (B) Employer Matching Deferral Account.

[ ] (C) Employer Non-Elective Deferral Account.

[ ] (D) Predecessor Plan Account.

(b) Permissible Investments

Unless the Plan Sponsor elects a different option below, a Participant’s directable accounts may be invested in the investment funds which are designed to mirror the investment options available under the VBA Plan as adopted by the Plan Sponsor, to the extent legally practical, with alternate funds designated where collective investment funds may not be offered under a nonqualified plan.

[√] (1) VBA Plan Plus Company Stock. In addition to the funds available under the VBA Plan, a Company Stock Fund will also be available for directed investment.

[ ] (2) VBA Plan Without Company Stock. Regardless of whether a Company Stock Fund is available under the VBA Plan, no Company Stock Fund will be available for directed investment.

[ ] (3) Company Stock Only. In lieu of the funds available under the VBA Plan, a Company Stock Fund will be the only fund available for directed investment.

IN WITNESS WHEREOF, each Employer, by its duly authorized representatives, has executed this Adoption Agreement this 14th day of November, 2019.

Atlantic Union Bankshares Corporation
[Enter Name of Plan Sponsor]

By /s/ Loreen Lagatta
Its Chief Human Resource Officer and EVP

[SEAL]

ATTEST:

/s/ Rachael L. Lape
Its General Counsel and SVP

____
[Enter Name of Employer]

By ______________________
Its ______________________

[SEAL]

ATTEST:

____
Its ______________________

____
[Enter Name of Employer]

By ______________________
Its ______________________

[SEAL]

ATTEST:

____
Its ______________________

Exhibit 10.7

VIRGINIA BANKERS ASSOCIATION

MODEL NON-QUALIFIED DEFERRED COMPENSATION PLAN

FOR DIRECTORS

(As Restated Effective January 1, 2018)

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VIRGINIA BANKERS ASSOCIATION
MODEL NON-QUALIFIED DEFERRED COMPENSATION PLAN
FOR DIRECTORS
(As Restated Effective January 1, 2018)

A corporation desiring to adopt the Plan should complete the necessary information in the Adoption Agreement. Any plan restatement using the form of this Model Non-Qualified Deferred Compensation Plan affects amounts that were deferred or that became vested on or after January 1, 2005. The terms of this document are effective January 1, 2018. Unless otherwise elected in Option 3(b)(2)(C) of the Adoption Agreement, all amounts deferred and vested prior to January 1, 2005 remain subject to the terms of the plan document as in effect on December 31, 2004.

The Virginia Bankers Association cannot guarantee that any Plan adopted by a corporation will be deemed to satisfy, or will actually satisfy, the requirements of the Internal Revenue Code applicable to deferred compensation plans for directors. Corporations considering the use of the Plan must recognize that neither the Virginia Bankers Association nor its affiliates or any of their employees or representatives can give any legal advice as to the acceptability or application of the Plan in any particular situation, and that they should consult their own attorney for such advice. The establishment, operation, and the related tax consequences of the adoption and maintenance of a deferred compensation plan for directors are the responsibilities of the corporation and its own legal counsel.

ARTICLE I
Definition of Terms

The following words and terms as used in this Plan shall have the meaning set forth below, unless a different meaning is clearly required by the context:

1.1 **"Act"**: The Employee Retirement Income Security Act of 1974, as the same may be amended from time to time, or the corresponding sections of any subsequent legislation which replaces it, and, to the extent not inconsistent therewith, the regulations issued thereunder.

1.2 **"Administrator"**: The Plan Administrator named and serving in accordance with ARTICLE XI hereof, and any successor or additional Administrator appointed and serving in accordance herewith, all as selected in Option 2(b) of the Adoption Agreement or as appointed, resigned or removed by separate instrument attached thereto.

1.3 **"Adoption Agreement"**: The adoption agreement, and any amendment thereto, which sets forth certain elections and representations of the Plan Sponsor and any participating Corporation and by execution of which the Plan Sponsor and any participating Corporation adopt the Plan.

1.4 **"Affiliate"**: Each of the following business entities or other organizations (whether or not incorporated) which during the relevant period is treated (but only for the portion of the period so treated and for the purpose and to the extent required to be so treated) together with the Corporation as a single employer pursuant to the following sections of the Code (as modified where applicable by Section 415(h) of the Code):

1.4(a) Any corporation which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) which includes the Corporation, and

1.4(b) Any trade or business (whether or not incorporated) which is under common control (as defined in Section 414(c) of the Code) with the Corporation.

1.5 **“Beneficiary”**: The person or persons designated by a Participant or otherwise entitled pursuant to ARTICLE VI to receive benefits under the Plan attributable to such Participant after the death of such Participant.

1.6 **“Benefit Commencement Date”**: The date or dates designated or provided for in Option 5(a) of the Adoption Agreement.

1.7 **“Board”**: The present and any succeeding Board of Directors of the Plan Sponsor, unless such term is used with respect to a particular Corporation and its Directors or Participants, in which event it shall mean the present and any succeeding Board of Directors of that Corporation.

1.8 **“Change in Control”**: A change in the ownership, change in effective control, or change in the ownership of a substantial portion of the assets of the Plan Sponsor as defined in Treasury Regulation Section 1.409A-3(i)(5) or its successor or as otherwise defined as a special provision in Option 3(b)(3) of the Adoption Agreement.

1.9 **“Code”**: The Internal Revenue Code of 1986, as the same may be amended from time to time, or the corresponding section of any subsequent Internal Revenue Code, and, to the extent not inconsistent therewith, regulations issued thereunder.

1.10 **“Compensation”**: A Participant’s (a) retainers as more specifically designated in Option 4(a) of the Adoption Agreement (referred to as “Retainer”) and (b) fees as more specifically designated in Option 4(a) of the Adoption Agreement (referred to as “Fees”).

1.11 **“Corporation”**: The Plan Sponsor and those Affiliates named in Option 1(f) of the Adoption Agreement as adopting the Plan, collectively, unless the context indicates otherwise.

1.12 **“Deferral Account” or “Deferral Accounts”** : The unfunded, bookkeeping account(s) maintained on the books of the Corporation for each Participant which reflects his interest in amounts attributable to Deferral Contributions and the deemed earnings or losses thereon determined pursuant to paragraph 4.3, consisting of the following:

1.12(a) **“Director Deferral Account”**: The account or accounts attributable to Deferral Contributions made pursuant to paragraph 3.1, subtractions pursuant to paragraph 4.4, and deemed earnings or losses thereon determined pursuant to paragraph 4.3. A separate accounting shall be made for Deferral Contributions for each Plan Year and earnings attributable thereto.

1.12(b) **“Predecessor Plan Account”**: The account or accounts attributable to any elective or non-elective deferral of remuneration by or on behalf of the Participant under any “top hat” deferred compensation plan previously maintained by the Corporation that is merged into or transferred to the Plan.

For purposes of this restatement of the Plan, unless elected in Option 3(b)(2)(C) of the Adoption Agreement, Deferral Accounts do not include accounts under the Plan attributable to amounts deferred and vested before January 1, 2005. Such accounts are considered grandfathered and are subject to the rules of the Plan as in effect on December 31, 2004.

1.13 **“Deferral Benefit”**: The sum of the vested balances of Participant’s Deferral Accounts as of the most recent Valuation Date (or as otherwise provided herein).

1.14 **“Deferred Compensation Election”**: The election made by the Participant pursuant to paragraph 3.1 of the Plan.

1.15 **“Deferral Contributions”**: That portion of a Participant’s Compensation which is deferred under the Plan.

1.16 **"Director"**: An individual who is a member of the Board of the Corporation.

1.17 **"Effective Date of the Plan":** The date or dates specified in Option 3(a) (or in Option 1(f), in the case of an adopting Corporation) of the Adoption Agreement.

1.18 **"Effective Date of the Restatement of the Plan":** The date or dates specified in Option 3(b)(2) of the Adoption Agreement.

1.19 **"Eligible Director"**: Any Director included within the definition of Eligible Director as more specifically designated in Option 4(b) of the Adoption Agreement.

1.20 **"Fund"**:

1.20(a) If a Rabbi Trust is established and maintained for the Plan, that Rabbi Trust, which shall consist of the Fund divisions described in paragraph 4.1. Notwithstanding the foregoing, any reference to the Fund is intended only for purposes of providing a measurement of Deferral Benefits and Deferral Account balances and is not intended to segregate assets or identify assets that may or must be used to satisfy benefit liabilities under the Plan.

1.20(b) If a Rabbi Trust is not established and maintained for the Plan, that separate bookkeeping account maintained by the Plan Sponsor to make deemed investments of Deferral Contributions, which shall consist of the Fund divisions described in paragraph 4.1.

1.21 **"Participant"**: An Eligible Director or other person qualified to participate in the Plan for so long as he is considered a Participant as provided in ARTICLE II hereof.

1.22 **"Plan"**: This document, including the Appendices hereto, as contained herein or duly amended all as adopted by the Plan Sponsor through the Adoption Agreement.

1.23 **"Plan Sponsor"**: The corporation named in Option 1(a) of the Adoption Agreement.

1.24 **"Plan Year"** : The twelve (12) consecutive month period commencing upon the first day of January of each year; provided, however, in the event that this is a Restated Plan which was maintained previously on the basis of a different plan year, the prior plan year and short plan year needed to effect the plan year change shall be as set forth in Option 4(c) of the Adoption Agreement.

1.25 **"Rabbi Trust"**: A trust fund described in paragraph 10.2 and established or maintained for the Plan.

1.26 **"Restated Plan"**: The Plan, if it is indicated in Option 3(b)(2) of the Adoption Agreement that the Plan is adopted as an amendment or restatement of a deferred compensation plan for directors previously maintained by the Corporation.

1.27 "**Section 409A**: Section 409A of the Code, including the regulations promulgated thereunder, and any other applicable published guidance of the Internal Revenue Service for Section 409A of the Code.

1.28 **"Separation from Service"**: The death, resignation, or removal from service as a Director. With respect to a Director who provides services for the Corporation both as an employee and a Director, services as an employee shall not be taken into account in determining whether a Participant has experienced a Separation from Service under this Plan.

1.29 **"Trustee"**: The person(s) serving from time to time as trustee of any Rabbi Trust.

1.30 **"Valuation Date"**: Each business day (based on the days the underlying investment funds are valued and transactions are effectuated in the applicable financial markets) of the Plan Year (which Valuation Date is sometimes referred to as a "daily" valuation date), or such other dates as the Administrator may designate from time to time.

1.31 **"VBA Plan"**: The Virginia Bankers Association Master Defined Contribution Plan and Trust.

ARTICLE II
Eligibility and Participation

2.1 **Eligibility**. Each Eligible Director shall be eligible to participate in the Plan effective as provided for in Option 4(d) of the Adoption Agreement.

2.2 **Notice Regarding Active Participation.** The Administrator shall give notice of eligibility to each Eligible Director.

2.3 **Length of Participation**. Each Eligible Director shall automatically become a Participant in the Plan upon his timely filing a Deferred Compensation Election or other election to participate and remain a Participant as long as he is entitled to future benefits under the terms of the Plan.

2.4 **Termination of Active Participation**. Subject to compliance with Section 409A and paragraphs 3.4 or 3.5, a Participant who is an active Participant for an applicable contribution election period (that is, the calendar year generally or the period for which Retainers are determined, as applicable) shall cease to be an active Participant for the applicable year or period, as the case may be, if and when he ceases to be an Eligible Director during the applicable year or period, in which case he may not again become an active Participant until a subsequent calendar year. A leave of absence (whether paid or unpaid) which does not result in a Separation from Service shall not be considered cessation of status as an Eligible Director for this purpose.

ARTICLE III
Contributions

3.1 **Deferred Compensation Election.**

3.1(a) Subject to the restrictions and conditions hereinafter provided, an Eligible Director shall be entitled to elect to defer, as a Deferral Contribution with respect to a Plan Year, an amount of his Compensation which is specified by and in accordance with his direction in his Deferred Compensation Election for such Plan Year. Any such election must be filed with the Administrator at the time required under paragraph 3.2.

3.1(b) Deferred Compensation Elections shall be subject to the following rules:

(i) A separate Deferred Compensation Election must be filed for each Plan Year;

(ii) Each Deferred Compensation Election must specify the following:

(A) The Plan Year to which it relates;

(B) The amount or percentage of Compensation to be deferred;

(C) The Compensation from which the Deferral Contribution shall be withheld, if appropriate;

(D) If Option 5(a)(2) of the Adoption Agreement is selected, the Benefit Commencement Date, which date (I) may be one of the dates permitted in Option 5(a)(2) of the Adoption Agreement, and (II) shall be irrevocable;

(E) If permitted in Option 5(a)(2)(E), whether the Benefit Commencement Date shall be accelerated upon a Change in Control, if a Change in Control occurs prior to the Benefit Commencement Date otherwise elected;

(F) If Option 5(b)(2) of the Adoption Agreement is selected, the form of payment (and if periodic installments are elected, the duration and frequency of the installments), which (I) shall be the same for all Deferral Contributions made and Deferral Benefits payable with respect to a Plan Year, and (II) shall be irrevocable; and

(G) Such other information as the Administrator may require.

(iii) A Participant shall have no unilateral right to change or terminate his Deferred Compensation Election once the annual filing deadline established by the Administrator has passed, which deadline shall be no later than the dates prescribed in paragraph 3.2.

3.1(c) Each Deferral Contribution is intended to be an elective compensation reduction amount which shall be deducted from a Participant's Compensation otherwise payable to him for a Plan Year by way of Retainers or Fees. Unless otherwise approved by the Administrator, Deferral Contributions shall be withheld on a pro rata basis throughout the Plan Year (or remainder of the Plan Year, in the case of a Director who first becomes a Participant after the first day of the Plan Year or if the Effective Date of the Plan is after the first day of the Plan Year).

3.2 **Timing of Deferred Compensation Election.**

3.2(a) With respect to the Plan Year in which the Effective Date of the Plan or the effective date of coverage as described in Option 4(d) of the Adoption Agreement occurs ("**first year of eligibility**"), in order to make Deferral Contributions with respect to such Plan Year, an Eligible Director who is a newly Eligible Director must file a Deferred Compensation Election with the Administrator within thirty (30) days of such Effective Date of the Plan or effective date of coverage. The Deferred Compensation Election shall be effective to defer Compensation for services performed for periods after the period in which it is filed. For this purpose:

(i) Compensation based on a performance period (such as a Retainer) is deemed earned ratably throughout the period for which earned.

(ii) An Eligible Director's first year of eligibility is the year in which he first becomes eligible to participate in any account balance type deferred compensation plan, within the meaning of Section 409A maintained by the Corporation or any Affiliate.

(iii) If all amounts owed a Director from all account balance plans maintained by the Plan Sponsor and its Affiliates subject to Section 409A have been paid to the Director and if the Director has become ineligible to accrue further benefits, then if he thereafter becomes an Eligible Director, the year in which he again becomes an Eligible Director may be treated as his first year of eligibility.

(iv) If a Participant is not an Eligible Director for at least twenty-four (24) consecutive months, then if he thereafter becomes an Eligible Director, the year in which he again becomes an Eligible Director may be treated as his first year of eligibility.

3.2(b) With respect to Plan Years beginning on or after the first year of eligibility, in order to make Deferral Contributions with respect to a Plan Year, an Eligible Director must file a Deferred Compensation Election with the Administrator prior the annual filing deadline established by the Administrator, which deadline must be in the calendar year immediately preceding the year to which the Compensation relates. The Deferred Compensation Election shall be effective as of the first day of the Plan Year in which the services that give rise to the Compensation to be deferred are rendered.

3.3 **Crediting of Deferral Contributions**. Deferral Contributions shall be credited to a Director Deferral Account as of the date an amount equal to each Deferral Contribution is credited on the accounting records of the Plan as directed by the Administrator, which date shall be no later than the end of the calendar month following the month the Compensation from which such contribution is deducted would otherwise have been paid to the Participant and may be as soon as the date as of which the amount would otherwise have been paid to the Participant.

3.4 **Automatic Cancellation of Deferred Compensation Election upon Receipt of Hardship Withdrawal**. In the event of an Unforeseeable Emergency withdrawal (as described in paragraph 8.1), any Deferred Compensation Election shall be cancelled (rather than postponed or delayed) prospectively so that no further deferrals from Fees or Retainers shall be made during the remainder of the Plan Year in which the withdrawal occurred.

3.5 **Cancellation of Deferred Compensation Election upon Disability**.

3.5(a) If elected in Option 4(e) of the Adoption Agreement, in the event of Disability, any Deferred Compensation Election shall be cancelled (rather than postponed or delayed) prospectively so that no further deferrals from Fees or Retainers shall be made during the remainder of the Plan Year provided such cancellation occurs by the later of the end of the Participant's taxable year or the fifteenth (15th) day of the third (3rd) month following the date the Participant incurs the Disability.

3.5(b) For purposes hereof, "**Disability**" shall mean any medically determinable physical or mental impairment which results in the Participant's inability to perform the duties of his position or any substantially similar position and can be expected to result in death or to last for a continuous period of not less than six (6) months. The determination of Disability shall be made by the Administrator, on the advice of one or more physicians appointed and approved by the Corporation, and the Administrator shall have the right to require further medical examinations from time to time to determine whether there has been any change in the Participant's condition.

ARTICLE IV
Deemed Earnings and Accounting

4.1 **Fund Divisions**.

4.1(a) It is contemplated that the Fund will be considered to be held in divisions (sometimes referred to as " **divisions of the Fund**", "**Fund divisions**" or "**investments funds**" herein) as hereinafter provided, and each Participant's Deferral Benefit shall be subdivided to reflect its deemed interest in each Fund division.

4.1(b) The Administrator shall establish from time to time the Fund divisions which shall be maintained in the Fund, which are designed to mirror the investment options available under the VBA Plan, to the extent legally

practical, with alternate funds designated where collective investment funds may not be offered under a nonqualified plan.

4.1(c) If the Plan Sponsor permits investment in a Company Stock Fund, the availability, restrictions, limitations, and special rules relating to such investment shall be established by the Plan Sponsor from time to time and communicated to Participants and to the Administrator.

4.2 **Participant Investment Directions**. The Deferral Benefit of a Participant in the Plan shall be divided or allocated to reflect the amount of each such Participant's deemed interest in each Fund division as hereinafter provided for the purpose of determining the earnings or loss to be credited to his Deferral Account, but any such direction shall not give the Participant any right, title or interest in any specific asset or assets of the Fund.

4.2(a) If and to the extent permitted in Option 7(a) of the Adoption Agreement, upon becoming a Participant without a contribution investment direction in force, a Participant may direct that future contributions and Deferral Account balances shall be invested in the funds available for directed investment as selected in Option 7(b) of the Adoption Agreement by filing an "investment direction" with the Administrator in accordance with the procedures established by the Administrator. The Administrator (or its designee) generally will process investment directions on a current basis after received, but shall not be obligated to process any investment directions on a retroactive basis.

4.2(b) If or to the extent a Participant (or if deceased, his Beneficiary) has no investment direction in effect, his Deferral Accounts shall be invested in the default fund designated by the Administrator from time to time.

4.2(c) The Administrator may, on a uniform and non-discriminatory basis from time to time, set or change the advance notice requirement for effecting investment directions, may limit the number of investment direction changes made in a Plan Year, may limit investment directions, if any, which can be made by telephone, electronically or through the internet, may impose blackout periods for changes, may temporarily or permanently suspend the offering of an investment fund, and generally may change any of the investment direction procedures or options from time to time and at any time.

4.3 **Crediting of Deemed Earnings**.

4.3(a) As of each Valuation Date, there shall be credited to each Participant's Deferral Account an amount representing deemed earnings or loss on the "valuation balance" of each such account in accordance with procedures adopted by the Administrator from time to time.

4.3(b) Such deemed earnings or loss shall be determined as follows:

(i) For periods during which a Fund is maintained and Plan benefits may be paid therefrom because the Plan Sponsor or any other Corporation is not insolvent, such earnings or loss shall be based on the net investment rate of return or loss of the Fund division(s) in which the Participant's Deferral Benefit is considered invested for the period, determined separately for each Fund division and the portion of the Participant's Deferred Benefit considered invested in each such Fund division, based on the Participant's applicable or deemed investment directions pursuant to paragraph 4.2. The net investment rate of return or loss means earnings or loss (including valuation changes and charges for expenses) for the period of the Fund compared to the aggregate valuation balances sharing in those earnings or loss.

(ii) For periods during which the Fund is not maintained or Plan benefits may not be paid therefrom because the Plan Sponsor or any other Corporation is insolvent, such earnings or loss shall be based on an annual rate determined for each Plan Year and equal to the 1 year U.S. Treasury Rate as of the December 31 immediately preceding the Plan Year.

4.3(c) Notwithstanding the other provisions of this ARTICLE IV, whenever the Plan accounting is based on daily Valuation Dates, the valuation adjustments to Participants' accounts shall be effected on such basis and subject to such rules and procedures as the Administrator may determine to reflect daily accounting.

4.4 **Subtractions from Deferral Account**. All distributions (including any withheld income or other taxes) and withdrawals shall be subtracted from a Participant's Deferral Account and the applicable subdivision thereof when made.

4.5 **Expenses Charged to Deferral Accounts**. Notwithstanding any other provision of the Plan to the contrary, expenses incurred in the administration of the Plan and the Rabbi Trust may be charged to Deferral Accounts on either a pro rata basis or a per capita basis, and/or may be charged to the Deferral Account of the affected Participant(s) and Beneficiary(ies) (which term is intended to include any alternate payee(s)) on a usage basis (rather than to all Deferral Accounts), as directed by the Administrator. Without limiting the foregoing, some or all of the reasonable expenses attendant to the determinations needed with respect to and making of withdrawals, the calculation of benefits payable under different Plan distribution options and the distribution of Plan benefits may be charged directly to the Deferral Account of the affected Participant and Beneficiary, and different rules (i.e., pro rata, per capita, or direct charge to Deferral Accounts) may apply to different groupings of Participants and Beneficiaries.

4.6 **Equitable Adjustment in Case of Error or Omission**. Where an error or omission is discovered in the Deferral Account of a Participant, the Administrator shall be authorized to make such equitable adjustment as the Administrator deems appropriate.

4.7 **Statement of Benefits**. Within a reasonable time after the end of each calendar quarter and at the date a Participant's Deferral Benefit or death benefit becomes payable under the Plan, the Administrator shall provide to each Participant (or, if deceased, to his Beneficiary) a statement of the benefit under the Plan.

ARTICLE V
Vesting

5.1 **Vesting**. A Participant's rights to the balance in his Deferral Accounts and Deferral Benefit shall be fully vested and nonforfeitable at all times, and his Separation from Service shall not diminish the amount payable to the Participant or his Beneficiary.

ARTICLE VI
Beneficiary Designation

6.1 **Beneficiary Designation**.

6.1(a) Each Participant shall be entitled to designate a Beneficiary to receive any unpaid Deferral Benefit hereunder by filing a designation in writing with the Administrator on the form provided for such purpose. Any Beneficiary designation shall be effective only if signed and dated by the Participant and delivered to the Administrator prior to the time of the Participant's death. Any Beneficiary designation shall remain effective until changed or revoked hereunder.

6.1(b) Any Beneficiary designation may include multiple, contingent or successive Beneficiaries and may specify the proportionate distribution to each Beneficiary. If multiple Beneficiaries are designated, absent

any other provision by the Participant, those named or the survivor of them shall share equally in any amounts payable hereunder.

6.1(c) A Beneficiary designation may be changed by the Participant at any time, or from time to time, by filing a new designation in writing with the Administrator.

6.1(d) If a Participant dies without having designated a Beneficiary, or if the Beneficiary so designated has predeceased the Participant or cannot be located by the Administrator, then the Participant's spouse or, if none, the executor or the administrator of his estate shall be deemed to be his Beneficiary.

6.1(e) If a Beneficiary shall survive the Participant but die before the Participant's remaining benefit under the Plan has been distributed, then, absent any other provision by the Participant, the unpaid balance thereof shall be distributed to the such other beneficiary named by the deceased Beneficiary to receive his interest or, if none, to the estate of the deceased Beneficiary.

ARTICLE VII
Time and Form of Payment

7.1 **Time of Payment**.

7.1(a) A Participant's Deferral Benefit, if any, shall become payable to the Participant, if then alive, on his Benefit Commencement Date.

(i) If Option 5(a)(1) of the Adoption Agreement is selected, the Benefit Commencement date shall be the first day of the calendar quarter next following the date selected in Option 5(a)(1) of the Adoption Agreement.

(ii) If Option 5(a)(2) of the Adoption Agreement is selected, the Benefit Commencement dates shall be the first day of the calendar quarter next following the date selected by the Participant within the guidelines set forth in Option 5(a)(2) of the Adoption Agreement. The Benefit Commencement Date for any subdivision of the Deferral Account related to a Plan Year shall be the same as that provided for or elected under the Plan for the subdivision of a Participant's Deferral Account related to the same Plan Year.

(iii) In the absence of any valid Benefit Commencement Date election, payment will be made on the first day of the calendar quarter next following the Participant's Separation from Service.

7.1(b) In the event of the Participant's death before his Benefit Commencement Date, the Participant's Deferral Benefit shall become payable to the Beneficiary on the first day of the calendar quarter following the date of the Participant's death or as soon as practicable thereafter, but in no case later than December 31 of the first year following the year of the Participant's death.

7.2 **Form of Payment**.

7.2(a) If Option 5(b)(1) of the Adoption Agreement is selected, a Participant shall be paid the Deferral Benefit, if any, to which he is entitled, commencing at the applicable time provided in paragraph 7.1, in the form selected in Option 5(b)(1) of the Adoption Agreement and, if applicable, over a period selected in Option 5(b)(1) of the Adoption Agreement.

7.2(b) If Option 5(b)(2) of the Adoption Agreement is selected, a Participant shall be paid the Deferral Benefit, if any, to which he is entitled, commencing at the applicable time provided in paragraph 7.1, in the form selected by the Participant within the guidelines set forth in Option 5(b)(2) of the Adoption Agreement.

7.2(c) If Option 5(c)(1) of the Adoption Agreement is selected, in the event of the Participant's death before his Benefit Commencement Date, the Beneficiary shall be paid the Deferral Benefit, if any, to which he is entitled, commencing at the applicable time provided in paragraph 7.1, in the form selected in Option 5(c)(1) of the Adoption Agreement and, if applicable, over a period selected in Option 5(c)(1) of the Adoption Agreement.

7.2(d) If Option 5(c)(2) of the Adoption Agreement is selected, in the event of the Participant's death before his Benefit Commencement Date, the Beneficiary shall be paid the Deferral Benefit, if any, to which he is entitled, commencing at the applicable time provided in paragraph 7.1, in the form selected by the Participant within the guidelines set forth in Option 5(c)(2) of the Adoption Agreement.

7.2(e) In the absence of any valid form of payment election, payment will be made in a single lump sum.

7.3 **Permissible Changes to Benefit Commencement Date and/or Form of Payment**. Any election of a Benefit Commencement Date applicable to a subdivision of a Deferral Account or a form of payment applicable to a subdivision of a Deferral Account may be changed only if the election to change: (a) is not effective until at least twelve (12) months after the date filed, (b) delays the Benefit Commencement Date for at least five (5) years, and (c) is filed at least twelve (12) months before benefits would otherwise commence. Notwithstanding the above, the requirement to delay the Benefit Commencement Date for at least five (5) years in (b) above shall not apply in the case of any election to change a payment on account of death or Unforeseeable Emergency (as defined in paragraph 8.1). For purposes of changes to the time or form of payment, in the event a Participant elects to receive payment of his benefit in periodic installments, the installment payment as a whole will be treated as a single payment.

7.4 **Lump-Sum Payments and Periodic Installments**.

7.4(a) If a lump-sum payment is permitted under the Plan, the amount of a lump-sum payment to or with respect to a Participant shall be determined by reference to the Deferral Benefit as of the last Valuation Date (or other time of valuation hereunder) immediately preceding the date of payment.

7.4(b) If periodic installment payments are permitted under the Plan, the amount of each periodic installment payment shall be the lesser of:

(i) The quotient obtained by dividing (A) the amount of such Participant's Deferral Account held in the applicable subdivision, determined as though a lump-sum payment were being made as of the last Valuation Date of the calendar quarter preceding the date of payment of such installment, by (B) the number of installment payments then remaining to be made; or

(ii) The amount of such Deferral Benefit at such time.

7.4(c) In the event that a Participant who has begun to receive periodic installment payments again becomes a Director of the Corporation, his periodic installments shall continue regardless of his return to service with the Corporation.

7.5 **Permissible Cash-Out by Lump-Sum Payment**. Notwithstanding the time and form of benefit payment provisions of paragraphs 7.1 and 7.2, a Participant's Deferral Benefit may be cashed out in a lump-sum payment in an amount equal to the balance in the Participant's Deferral Accounts if (a) the payment will constitute a payout of the Participant's entire interest in this Plan and all similar arrangements that are treated as a single plan under Treasury

Regulation Section 1.409A-1(c)(2); (b) the payment is made on or before the later of December 31 of the calendar year in which the Participant's Separation from Service occurs, or the fifteenth (15th) day of the third (3rd) month following the Participant's Separation from Service; and (c) the payment of the entire Deferral Benefit is not over the limit set forth in Section 402(g) of the Code applicable to the Plan Year in which the cash-out occurs.

7.6 **Benefit Determination and Payment Procedure**.

7.6(a) The Administrator shall make all determinations concerning eligibility for benefits under the Plan, the time or terms of payment, and the form or manner of payment to the Participant or the Participant's Beneficiary, in the event of the death of the Participant. The Administrator shall promptly notify the Corporation and, where payments are to be made from a Rabbi Trust, the Trustee thereof of each such determination that benefit payments are due and provide to the Corporation and, where applicable, such Trustee all other information necessary to allow the Corporation or such Trustee, as the case may be, to carry out said determination, whereupon the Corporation or such Trustee, as the case may be, shall pay such benefits in accordance with the Administrator's determination.

7.6(b) Benefit payments shall normally be made from the Fund to such payee(s), in such amounts, at such times and in such manner as the Administrator shall from time to time direct; provided, however, that the Corporation may advance any payment due subject to a right of reimbursement from the Fund.

7.6(c) The Corporation or Trustee may deduct from payments under the Plan such reasonable amount as it shall deem necessary, based upon information provided by the Administrator upon which the payor may rely, to pay any federal, state, or local income, employment, or other taxes attributable to the payment or required to be withheld from the payment.

7.7 **Payments to Minors and Incompetents**. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

7.8 **Distribution of Benefit When Distributee Cannot Be Located**. If any payment made under the Plan is returned unclaimed, the payor shall notify the Administrator and shall dispose of the payment as the Administrator shall direct. The Administrator shall make all reasonable attempts to determine the whereabouts of a Participant or Beneficiary entitled to benefits under the Plan, including the mailing by certified mail of a notice to the last known address shown on the Corporation's or the Administrator's records. If the Administrator is unable to locate such a Participant or Beneficiary entitled to benefits hereunder, the Corporation will issue a payment in the appropriate amount and in the name of the Participant or Beneficiary, and the Corporation will retain such benefit payment on behalf of the Participant or Beneficiary, without any adjustment for interest or deemed earnings, subject to any applicable statute of escheats.

ARTICLE VIII
Withdrawals

8 . 1 **Hardship Withdrawals**. If permitted in Option 6 of the Adoption Agreement, in the event of any Unforeseeable Emergency and upon written request of the Participant (or, if subsequent to his death, his Beneficiary), the Administrator in its sole discretion may direct the payment in one lump sum to the Participant or his Beneficiary of all or any portion of the Participant's Deferral Benefit which the Administrator determines is necessary to alleviate the financial need related to the Unforeseeable Emergency. For purposes hereof:

8.1(a) An "**Unforeseeable Emergency**" means an unforeseeable emergency as defined in Section 409A and generally means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)) thereof); loss of the Participant's or the Participant's Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary.

8.1(b) Examples of what may be considered an Unforeseeable Emergency include the imminent foreclosure of or eviction from the Participant's or Participant's Beneficiary's primary residence, the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication, the need to pay for the funeral expenses of the Participant's spouse, Beneficiary, or the Participant's dependent (as defined in Section 152 of the Code, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)) thereof). Except as otherwise provided in this subparagraph 8.1(b), the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies.

8.1(c) The existence of an Unforeseeable Emergency shall be determined by the Administrator on the basis of the facts and circumstances of each case.

8.1(d) Distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the need (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution), taking in to account the potential that the need is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's, to the extent the liquidation of such assets would not cause an Unforeseeable Emergency, or by cessation of deferrals under the Plan (if the Plan provides for cancellation of a Deferred Compensation Election upon a payment due to an Unforeseeable Emergency). The determination of amounts reasonably necessary to satisfy the need is not required to take into account any additional compensation that, due to the Unforeseeable Emergency, is available under another nonqualified deferred compensation plan but has not actually been paid, or that is available, due to the Unforeseeable Emergency, under another plan that would provide for deferred compensation except due to the application of the effective date provisions of Section 409A.

8.2 **Distributions in the Event of Income Inclusion**. If any portion of a Deferral Account under the Plan is required to be included in income by the Participant or Beneficiary prior to receipt due to a failure of the Plan to comply with the requirements of Section 409A, the Administrator may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (a) the portion of the Deferral Account required to be included in income as a result of such failure or (b) the unpaid Deferral Account.

8 . 3 **No Other Withdrawals Permitted**. No withdrawals or other distributions shall be permitted except as provided in ARTICLE VII or this ARTICLE VIII.

ARTICLE IX
Claims Procedure

9.1 **Initial Claim**. A Participant or Beneficiary (the " **claimant**") shall have the right to request any benefit under the Plan by filing a written claim for any such benefit with the Administrator on a form provided or approved by the Administrator for such purpose. The Administrator (or a claims administrator appointed by the Administrator) shall give such claim due consideration and shall either approve or deny it in whole or in part. The following procedure shall apply:

9.1(a) The Administrator (or a claims administrator appointed by the Administrator) may schedule and hold a hearing.

9.1(b) Within ninety (90) days following receipt of such claim by the Administrator, notice of any approval or denial thereof, in whole or in part, shall be delivered to the claimant or his duly authorized representative or such notice of denial shall be sent by mail (postage prepaid) to the claimant or his duly authorized representative at the address shown on the claim form or such individual's last known address. The aforesaid ninety (90) day response period may be extended to one hundred eighty (180) days after receipt of the claimant's claim if special circumstances exist and if written notice of the extension to one hundred eighty (180) days indicating the special circumstances involved and the date by which a decision is expected to be made is furnished to the claimant or his duly authorized representative within ninety (90) days after receipt of the claimant's claim.

9.1(c) Any notice of denial shall be written in a manner calculated to be understood by the claimant and shall set forth a specific reason or reasons for the denial.

9 . 2 **Appeals**. A Participant or Beneficiary whose claim filed pursuant to paragraph 9.1 has been denied, in whole or in part, may, within sixty (60) days following receipt of notice of such denial, make written application to the Administrator for a review of such claim, which application shall be filed with the Administrator. For purposes of such review, the following procedure shall apply:

9.2(a) The Administrator (or a claims administrator appointed by the Administrator) may schedule and hold a hearing.

9.2(b) The claimant or his duly authorized representative shall be provided the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits.

9.2(c) The claimant or his duly authorized representative shall be provided, upon request in writing and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to such claim and may submit to the Administrator written comments, documents, records, and other information relating to such claim.

9.2(d) The Administrator (or a claims administrator appointed by the Administrator) shall make a full and fair review of any denial of a claim for benefits, which shall take into account all comments, documents, records, and other information submitted by the claimant or his duly authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

9.2(e) The decision on review shall be issued promptly, but no later than sixty (60) days after receipt by the Administrator of the claimant's request for review, or one hundred twenty (120) days after such receipt if a hearing is to be held or if other special circumstances exist and if written notice of the extension to one hundred twenty (120) days indicating the special circumstances involved and the date by which a decision is expected to be made on review is furnished to the claimant or his duly authorized representative within sixty (60) days after the receipt of the claimant's request for a review.

9.2(f) The decision on review shall be in writing, shall be delivered or mailed by the Administrator to the claimant or his duly authorized representative in the manner prescribed in subparagraph 9.1 for notices of approval or denial of claims, shall be written in a manner calculated to be understood by the claimant and shall in the case of

an adverse determination include the specific reason or reasons for the adverse determination. The Administrator's decision made in good faith shall be final.

9.3 **Time Calculation.** The period of time within which a benefit determination initially or on review is required to be made shall begin at the time the claim or request for review is filed in accordance with the procedures of the Plan, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

9.4 **Definitions.** For purposes of the Plan's claims procedure, a document, record, or other information shall be considered "**relevant**" to a claimant's claim if such document, record, or other information (a) was relied upon in making the benefit determination, or (b) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination.

9.5 **Authorized Representatives.** The Administrator may establish reasonable procedures for determining whether a person has been authorized to act on behalf of a claimant.

ARTICLE X
Funding

10.1 **Funding**.

10.1(a) The undertaking to pay benefits hereunder shall be an unfunded obligation payable solely from the general assets of the Corporation and subject to the claims of the Corporation's creditors. The Deferral Accounts shall be maintained as book reserve accounts solely for accounting purposes.

10.1(b) Except as provided in the Rabbi Trust established as permitted in paragraph 10.2, nothing contained in the Plan and no action taken pursuant to the provisions of the Plan shall create or be construed to create a trust of any kind or a fiduciary relationship between the Corporation and the Participant or his Beneficiary or any other person. To the extent that any person acquires a right to receive payments from the Corporation under the Plan, such rights shall be no greater than the right of any unsecured general creditor of the Corporation.

10.1(c) Where more than one Corporation participates in the Plan, the funding and payment provisions hereof shall apply separately to each such Corporation.

10.1(d) The Plan Sponsor may in its discretion make the payment of any or all benefits under the Plan in lieu of payment by one or more Corporation. Where the Plan Sponsor makes payments on behalf of other Corporations, the Plan Sponsor may require contributions by participating Corporations to the Plan Sponsor at such times (whether before, at or after the time of payment), in such amounts and or such basis as it may from time to time determine in order to defray the cost of benefits and administration of the Plan.

10.2 **Use of Rabbi Trust Permitted**. Notwithstanding any provision herein to the contrary, the Plan Sponsor may in its sole discretion elect to establish and fund a Rabbi Trust for the purpose of providing benefits under the Plan.

ARTICLE XI
Plan Administrator

11.1 **Appointment of Plan Administrator**. The Plan Sponsor may appoint one or more persons to serve as the Plan Administrator (the "**Administrator**") for the purpose of carrying out the duties specifically imposed on the Administrator by the Plan and the Code. In the event more than one person is appointed, the persons shall form a committee for the purpose of functioning as the Administrator of the Plan. The person or committeemen serving as Administrator shall serve for indefinite terms at the pleasure of the Plan Sponsor, and may, by thirty (30) days prior written notice to the Plan Sponsor, terminate such appointment. The Plan Sponsor shall inform the Trustee of any such appointment or termination, and the Trustee may assume that any person appointed continues in office until notified of any change.

11.2 **Plan Sponsor as Plan Administrator**. In the event that no Administrator is appointed or in office pursuant to paragraph 11.1, the Plan Sponsor shall be the Administrator.

11.3 **Procedure if a Committee**. If the Administrator is a committee, it shall appoint from its members a Chair and a Secretary. The Secretary shall keep records as may be necessary of the acts and resolutions of such committee and be prepared to furnish reports thereof to the Plan Sponsor and the Trustee. Except as otherwise provided, all instruments executed on behalf of such committee may be executed by its Chair or Secretary, and the Trustee may assume that such committee, its Chair or Secretary are the persons who were last designated as such to them in writing by the Plan Sponsor or its Chair or Secretary.

11.4 **Action by Majority Vote if a Committee**. If the Administrator is a committee, its action in all matters, questions and decisions shall be determined by a majority vote of its members qualified to act thereon. They may meet informally or take any action without the necessity of meeting as a group.

11.5 **Appointment of Successors**. Upon the death, resignation or removal of a person serving as, or on a committee which is, the Administrator, the Corporation may, but need not, appoint a successor.

11.6 **Duties and Responsibilities of Plan Administrator**. The Administrator shall have the following duties and responsibilities under the Plan:

11.6(a) The Administrator shall be responsible for the fulfillment of all relevant reporting and disclosure requirements set forth in the Plan, the Code, and the Act, the distribution thereof to Participants and their Beneficiaries and the filing thereof with the appropriate governmental officials and agencies.

11.6(b) The Administrator shall maintain and retain necessary records respecting its administration of the Plan and matters upon which disclosure is required under the Plan, the Code, and the Act.

11.6(c) The Administrator shall make any elections for the Plan required to be made by it under the Plan, the Code, and the Act.

11.7 **Power and Authority**.

11.7(a) The Administrator is hereby vested with all the power and authority necessary in order to carry out its duties and responsibilities in connection with the administration of the Plan imposed hereunder. For such purpose, the Administrator shall have the power to adopt rules and regulations consistent with the terms of the Plan.

11.7(b) The Administrator shall exercise its power and authority in its discretion. The Administrator has the discretionary authority to construe the Plan, correct defects, supply omissions, or reconcile inconsistencies to the extent necessary to effectuate the Plan and such action shall be conclusive. It is intended that a court review of the Administrator's exercise of its power and authority with respect to matters relating to claims for benefits by, and to eligibility for participation in and benefits of, Participants and Beneficiaries shall be made only on an arbitrary and capricious standard. Benefits under the Plan will be paid only if the Administrator decides in its discretion that the applicant is entitled to them.

11.7(c) The Administrator is empowered to settle claims against the Plan and to make such equitable adjustments in a Participant's or Beneficiary's rights or entitlements under the Plan as it deems appropriate in the event an error or omission is discovered or claimed in the operation or administration of the Plan.

11.8 **Availability of Records**. The Corporation and the Trustee shall, at the request of the Administrator, make available necessary records or other information they possess which may be required by the Administrator in order to carry out its duties hereunder.

11.9 **No Action with Respect to Own Benefit**. No Administrator who is a Participant shall take any part as the Administrator in any discretionary action in connection with his participation as an individual. Such action shall be taken by the remaining Administrator, if any, or otherwise by the Plan Sponsor.

ARTICLE XII
Amendment and Termination of Plan

12.1 **Amendment or Termination of the Plan**.

12.1(a) The Plan may be terminated at any time by the Board, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A. The Plan may be amended in whole or in part from time to time by the Board effective as of any date specified, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A. No amendment or termination shall operate to decrease a Participant's Deferral Benefit as of the earlier of the date on which the amendment or termination is approved by the Board or the date on which an instrument of amendment or termination is signed on behalf of the Plan Sponsor. No amendment shall increase the Trustee's duties or obligations or decrease its compensation unless contained in an amendment of, or document expressly pertaining to, the Rabbi Trust which includes the Trustee's written consent or for which the Trustee's written consent is separately obtained. Any such termination of or amendment to the Plan may provide for the acceleration of payment of benefits under the Plan to one or more Participants or Beneficiaries. Any such termination of or amendment to the Plan shall be in writing and shall be adopted pursuant to action by the Board (including pursuant to any standing authorization for any officer, director or committee to adopt amendments) in accordance with its applicable procedures, including where applicable by majority vote or consent in writing.

12.1(b) In addition, and as an alternative, to amendment of the Plan by action of the Board, but subject to the limitations on amendment contained in subparagraph 12.1(a), the Administrator shall be and is hereby authorized to adopt on behalf of the Board and to execute any technical amendment or amendments to the Plan which in the opinion of counsel for the Plan Sponsor are required by law and are deemed advisable by the Administrator and to so adopt and execute any other discretionary amendment or amendments to the Plan which are deemed advisable by the Administrator so long as any such amendments do not, in view of the Administrator, materially affect the eligibility, vesting or benefit accrual or allocation provisions of the Plan.

12.1(c) Termination of the Plan shall mean termination of active participation by Participants, but shall not mean immediate payment of all Deferral Benefits unless the Plan Sponsor so directs, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A. On termination of the Plan, the Board of the Plan Sponsor may provide for the acceleration of payment of Deferral Benefits of all affected Participants on such basis as it may direct.

12.2 **Effect of Corporation Merger, Consolidation, or Liquidation**. Notwithstanding the foregoing provisions of this ARTICLE XII, the merger or liquidation of any Corporation into any other Corporation or the consolidation of two (2) or more of the Corporations shall not cause the Plan to terminate with respect to the merging, liquidating or consolidating

Corporations, provided that the Plan has been adopted or is continued by and has not terminated with respect to the surviving or continuing Corporation.

ARTICLE XIII
Participation by Additional Corporations

13.1 **Adoption by Additional Corporations**. Any Affiliate of the Plan Sponsor may adopt the Plan with the consent of the Board of the Plan Sponsor and approval by its Board.

13.2 **Termination Events with Respect to Corporations Other Than the Plan Sponsor**.

13.2(a) The Plan shall terminate with respect to any Corporation other than the Plan Sponsor, and such Corporation shall automatically cease to be a participating Corporation in the Plan, upon the happening of any of the following events, subject to the restrictions imposed by and consistent with applicable provisions of Section 409A:

(i) The Corporation's ceasing to be an Affiliate; or

(ii) Action by the Board or Chief Executive Officer of the Plan Sponsor terminating a Corporation's participation in the Plan and specifying the date of such termination. Notice of such termination shall be delivered to the Administrator and the former participating Corporation.

13.2(b) Termination of the Plan with respect to any Corporation shall mean termination of active participation of the Participants employed by such Corporation, but shall not mean immediate payment of all Deferral Benefits with respect to the Directors of such Corporation unless the Plan Sponsor so directs consistent with applicable provisions of Section 409A. On termination of the Plan with respect to any Corporation, the Administrator may provide for the acceleration of payment of Deferral Benefits of all affected Participants and Beneficiaries of that former participating Corporation on such basis as it may direct.

ARTICLE XIV
Miscellaneous

14.1 **Nonassignability**. The interests of each Participant or Beneficiary under the Plan are not subject to claims of the Participant's or Beneficiary's creditors; and neither the Participant, nor his Beneficiary, shall have any right to sell, assign, transfer or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be nonassignable and nontransferable and any attempt to assign or transfer any benefit hereunder shall be void *ab initio*.

14.2 **Right to Require Information and Reliance Thereon**. The Corporation and Administrator shall have the right to require any Participant, Beneficiary or other person receiving benefit payments to provide it with such information, in writing, and in such form as it may deem necessary to the administration of the Plan and may rely thereon in carrying out its duties hereunder. Any payment to or on behalf of a Participant or Beneficiary in accordance with the provisions of the Plan in good faith reliance upon any such written information provided by a Participant or any other person to whom such payment is made shall be in full satisfaction of all claims by such Participant and his Beneficiary; and any payment to or on behalf of a Beneficiary in accordance with the provision so the Plan in good faith reliance upon any such written information provided by such Beneficiary or any other person to whom such payment is made shall be in full satisfaction of all claims by such Beneficiary.

14.3 **Notices and Elections**.

14.3(a) Except as provided in subparagraph 14.3(b), all notices required to be given in writing and all elections, consents, applications and the like required to be made in writing, under any provision of the Plan, shall be invalid unless made on such forms as may be provided or approved by the Administrator and, in the case of a notice, election, consent or application by a Participant or Beneficiary, unless executed by the Participant or Beneficiary giving such notice or making such election, consent or application.

14.3(b) Subject to limitations under applicable provisions of the Code or the Act, the Administrator is authorized in its discretion to accept other means for receipt of effective notices, elections, consents, applications and/or other forms or communications by Participants and/or Beneficiaries, including but not limited to electronic transmissions through interactive on-line transmissions, e-mail, voice mail, recorded messages on electronic telephone systems, and other permissible methods, on such basis and for such purposes as it determines from time to time.

14.4 **Delegation of Authority**. Whenever the Plan Sponsor or any other Corporation is permitted or required to perform any act, such act may be performed by its President or Chief Executive Officer or other person duly authorized by its President or Chief Executive Officer or the Board of the Corporation.

14.5 **Service of Process**. The Administrator shall be the agent for service of process on the Plan.

14.6 **Governing Law**. The Plan shall be construed, enforced, and administered in accordance with the laws of the Commonwealth of Virginia, and any federal law which preempts the same.

14.7 **Binding Effect**. The Plan shall be binding upon and inure to the benefit of the Corporation, its successors and assigns, and the Participant and his Beneficiary (and their heirs, executors, administrators and legal representatives).

14.8 **Severability**. If any provision of the Plan should for any reason be declared invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall nevertheless remain in full force and effect.

14.9 **No Effect on Employment Agreement**. The Plan shall not be considered or construed to modify, amend, or supersede any employment or other agreement between the Corporation and the Participant heretofore or hereafter entered into unless so specifically provided.

14.10 **Gender and Number**. In the construction of the Plan, the masculine shall include the feminine or neuter and the singular shall include the plural and vice-versa in all cases where such meanings would be appropriate.

14.11 **Titles and Captions**. Titles and captions and headings herein have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

14.12 **Nonqualified Deferred Compensation Plan Omnibus Provision**.

14.12(a) It is intended that any compensation, benefits or other remuneration which is provided pursuant to or in connection with the Plan which is considered to be nonqualified deferred compensation subject to Section 409A shall be provided and paid in a manner, and at such time and in such form, as complies with the applicable requirements of Section 409A to avoid a plan failure described in Section 409A(a)(1) of the Code, including without limitation, deferring payment until the occurrence of a specified payment event described in Section 409A(a)(2) of the Code and to avoid the unfavorable tax consequences provided therein for non-compliance, and that, notwithstanding any other provision thereof or document pertaining to any such compensation, benefit or other remuneration subject to the provisions of Section 409A, each provision of any plan, program or arrangement

(including without limitation the Plan) relating to the provision of such compensation, benefit or other remuneration to or with respect to the Eligible Director, shall be so construed and interpreted.

14.12(b) It is specifically intended that all elections, consents and modifications thereto under the Plan will comply with the requirements of Section 409A (including any transition or grandfather rules thereunder). The Administrator is authorized to adopt rules or regulations deemed necessary or appropriate in connection therewith to anticipate and/or comply the requirements of Section 409A (including any transition or grandfather rules thereunder).

14.12(c) It is also intended that if any compensation, benefits or other remuneration which is provided pursuant to or in connection with the Plan is considered to be nonqualified deferred compensation subject to Section 409A but for being earned and vested as of December 31, 2004, then no material modification of the Plan after October 3, 2004 shall apply to such Plan benefits which are earned and vested as of December 31, 2004 unless such modification expressly so provides.

14.12(d) Notwithstanding the foregoing, the Participant, the Beneficiary, and any successor in interest shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Participant, the Beneficiary, or any successor in interest in connection with this Plan (including any taxes and penalties under Section 409A); and neither the Plan Sponsor, the Corporation, the Administrator nor any Affiliate shall have any obligation to indemnify or otherwise hold the Participant, the Beneficiary, or any successor in interest harmless from any or all of such taxes or penalties.

Exhibit 10.7.1

ATLANTIC UNION BANKSHARES CORPORATION
NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR DIRECTORS
(As Restated Effective January 1, 2017)

AMENDMENT

Atlantic Union Bankshares Corporation (the "Plan Sponsor") has adopted the Virginia Bankers Association Model Non-Qualified Deferred Compensation Plan for Directors (the "Plan"). Pursuant to paragraph 12.1 of the Plan, the Plan Sponsor hereby adopts the following administrative amendments to the Plan:

1. Effective September 1, 2019, subparagraph 7.4(b) of the Plan is amended to read as follows:

7.4(b) If periodic installment payments are permitted under the Plan, the amount of each periodic installment payment shall be the lesser of:

(i) The quotient obtained by dividing (A) the amount of such Participant's vested Deferral Account held in the applicable subdivision, determined, in the case of installment payments made on or after January 1, 2020, as though a lump-sum payment were being made as of the last Valuation Date of the prior Plan Year by (B) the number of installment payments then remaining to be made; or

(ii) The amount of such vested Deferral Benefit at such time.

Notwithstanding the forgoing, for installment payments made on or after September 1, 2019 and before January 1, 2020, the installment payment shall be equal to the August 1, 2019 payment amount.

IN WITNESS WHEREOF, this amendment is hereby adopted on this18 day of October, 2019.

/s/ Loreen Lagatta
Atlantic Union Bankshares Corporation

By Loreen Lagatta
Its Executive Vice President & Chief HR Officer

Exhibit 10.7.2

NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR DIRECTORS

(As Restated Effective January 1, 2018)
ADOPTION AGREEMENT

(Updated Form January 1, 2020)

This Adoption Agreement is the companion document that allows a corporation to sponsor and adopt the Virginia Bankers Association Model Non-Qualified Deferred Compensation Plan for Directors (the "Plan"). Each Corporation named below hereby adopts the Plan through this Adoption Agreement (the "Adoption Agreement"), to be effective as of the date(s) specified below, and elects the following specifications and provides the following information relating thereto.

In completing this Adoption Agreement, if additional space is required, insert additional sheets.

Adoption Agreement Contents

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1. CORPORATION(S) ADOPTING PLAN.

(a) Name of Plan Sponsor: Atlantic Union Bankshares Corporation	(b) Plan Sponsor's Telephone Number: (804) 633-5031
(c) Address of Plan Sponsor: 1051 E Cary Street, Suite 1200 Richmond, VA 23219	(d) Plan Sponsor's EIN: 80-0463989
	(e) Plan Sponsor's Tax Year End: 12/31

(f) Other Participating Corporations Adopting the Plan:

[√] (1) All Affiliates are automatically participating Corporations in the Plan, except for the following:

____.

[ ] (2) Each participating Corporation is listed individually on the attachment captioned "List of Participating Corporations," which shall be updated as needed from time to time in compliance with ARTICLE XIII of the basic plan document.

2. GENERAL PLAN INFORMATION.

(a) Name of Plan:

Atlantic Union Bankshares Corporation Director's Deferred Compensation Plan

(b) Name, Address and EIN of Plan Administrator(s): [If other than Plan Sponsor, appointment must be by resolution]

3. STATUS OF PLAN AND EFFECTIVE DATE(S).

(a) Effective Date of Plan: The Effective Date of the Plan is April 23, 1998.

(b) Plan Status. The adoption of the Plan through this Adoption Agreement is:

[ ] (1) Initial Establishment. The initial adoption and establishment of the Plan.

[√] (2) Restated Plan. An amendment and restatement of the Plan (a Restated Plan).

(A) Effective Date of this Restatement. The Effective Date of this Restatement is January 1, 2020.

(B) Prior Plan. The Plan was last maintained under document dated January 1, 2018 , and was known as the Union Bankshares Corporation Director's Deferred Compensation Plan .

(C) 409A Transitional Provisions (grandfathering election):

[ ] Election NOT to Grandfather Pre-January 1, 2005 Vested Balances. If this Option is elected, all Deferral Accounts shall be subject to the rules set forth in the post-December 31, 2004 restatements.

If the Option is not elected, the Deferral Accounts attributable to transfers from predecessor plans prior to December 31, 2004 and contributions that are vested as of December 31, 2004 shall be segregated from the Deferral Accounts attributable to contributions that are not vested as of December 31, 2004 and to contributions and transfers made on and after January 1, 2005. The terms of the Plan in effect on and after January 1, 2005 shall only apply to transfers and contributions that are not vested as of December 31, 2004 and to contributions and transfers made on and after January 1, 2005.

[ ] (3) Special or Other Transitional Provisions. [Use attachment if additional space is needed]

[Enter any special provisions including alternate definitions or other transitional provisions relating to any Predecessor Plan Account and the Plan as restated]

4. DEFINITIONS AND OTHER OPTIONAL PROVISIONS.

(a) Compensation
Paragraph 1.10

Compensation is used throughout the basic plan document for different purposes. The following specific rules apply.

(1) General Definition. The Compensation definition in paragraph 1.10 of the basic plan document is modified as follows:

(A) Retainer. Retainer is more specifically defined to mean:
Retainers paid to board members

(B) Fees. Fees is more specifically defined to mean:
Fees paid to board members

(2) Specific Definitions. When used with respect to Deferral Contributions under the Plan, Compensation shall include: [Check one]

[ ] (A) Retainer.

[ ] (B) Fees.

[√] (C) Retainers and Fees.

(b) Eligible Director
Paragraph 1.19

Eligible Director shall mean only the following:

[√] (1) All Directors. Any individual serving as a Director of the Corporation.

[ ] (2) All Non-Employee Directors. Any individual serving as a Director of the Corporation, except Directors who are also common law employees of the Corporation.

[ ] (3) Determination by Board. Any individual who is designated as an Eligible Director by resolution of the [ ] Plan Sponsor's [ ] Corporation's Board. A copy of the resolution shall be attached to and incorporated by reference into the Plan.

(c) Plan Year
Paragraph 1.24

In the case of a Restated Plan, which prior to the Effective Date of this Restatement was maintained on the basis of a Plan Year beginning on a date other than January 1, the Plan Year shall begin on ____________, ____ and end on __________, ______, with the short Plan Year beginning on ________________________________, ________ and ending on December 31, ________. Thereafter, the Plan Year shall be the 12-month period beginning each January 1.

	(d)	Effective Date of Coverage Paragraph 2.1	The effective date of coverage for an Eligible Director shall be [Check one] [ ] (1) Immediate. The first day of the first payroll period beginning on or after the date the individual became an Eligible Director. [ ] (2) Monthly. The first day of the first payroll period beginning on or after the first day of _________ [Complete with 1st, 2nd, or other] month next following the date the individual became an Eligible Director. [ ] (3) Semi-Annually. The first day of the Plan Year or the first day of the seventh month of the Plan Year on or next following the date the individual became an Eligible Director. [√] (4) Annually. The first day of the Plan Year on or next following the date the individual became an Eligible Director.
[√]	(e)	Cancellation of Deferred Compensation Election For Disability Paragraph 3.5	If this Option is elected, the Plan Sponsor: [ ] (1) Mandatory Cancellation. Will cancel the Deferred Compensation Election of an Eligible Director who experiences a Disability as defined in subparagraph 3.5(b). [√] (2) Optional Cancellation. May permit an Eligible Director who experiences a Disability as defined in subparagraph 3.5(b) to cancel his Deferred Compensation Election. If this Option is not selected, no cancellation will be required or permitted upon the occurrence of a Disability.
[√]	(f)	Rules Relating to Final Check of Year	If this Option is elected, Compensation payable after the last day of the calendar year solely for services performed during the final payroll period which contains the last day of the year will be treated as Compensation for services performed in the taxable year in which the payroll period began. If this Option is not elected, Compensation payable after the last day of the calendar year solely for services performed during the final payroll period which contains the last day of the year will be treated as Compensation for services performed in the subsequent taxable year in which the payment is made. Any change in election relating to the final check of the Participant's taxable year may not be effective for 12 months from the date the amendment is adopted and executed.

5. TIME AND FORM OF PAYMENTS.

(a) Benefit Commencement Date Paragraph 7.1

Benefit Commencement Date shall mean the first day of the calendar quarter coinciding with or next following the designated time or event as follows: [Check one, and complete where applicable]

[ ] (1) Selected By Plan Sponsor. The Plan Sponsor hereby selects payment commencement on the Participant's Separation from Service as a Director of the Corporation for whatever reason.

If elected here [ ], the Plan Sponsor elects for payment to be accelerated upon a Change in Control, but only with respect to contributions made after this Adoption Agreement is executed, unless the Plan Sponsor previously made such an election under Option 3(b)(3).

[√] (2) Selected By Participant. The date selected by the Participant in accordance with the following: [Select options to be available to Participant]

[√] (A) The Participant's Separation from Service as a Director (for reasons other than death).

[√] (B) A date certain stated clearly in the Participant's Deferred Compensation Election form which shall be without regard to when service as a Director ends.

[√] (D) The earlier of a date certain or Separation from Service as a Director (for reasons other than death).

[√] (E) Change in Control. The Participant may elect to have payment accelerated upon a Change in Control.

(b) Form of Payment to Participant Paragraph 7.2

The form of payment to the Participant will be determined as follows: [Check one, and complete where applicable]

[ ] (1) Selected By Plan Sponsor. The Plan Sponsor selects the following form of payment: [Select One]

[ ] (A) Lump Sum. Deferral Benefits will be paid to the Participant in a single, lump-sum payment.

[ ] (B) Periodic Installments. Deferral Benefits will be paid to the Participant in annual periodic installment payments made over the following period: [Select One]

[ ] (i) Five (5) years.

[ ] (ii) Ten (10) years.

[ ] (iii) Fifteen (15) years.

[ ] (iv) Twenty (20) years.

[√] (2) Selected By Participant. The Participant may elect from among the following forms of payment [Select options to be available to Participants]

[√] (A) Lump Sum. Deferral Benefits may be paid to the Participant in a single, lump-sum payment.

[√] (B) Periodic Installments. Deferral Benefits may be paid to the Participant in annual periodic installment payments made over the following period:

[√] (i) Five (5) years.

[√] (ii) Ten (10) years.

[√] (iii) Fifteen (15) years.

[√] (iv) Twenty (20) years.

(c) Form of Payment to Beneficiary Paragraph 7.2

The form of payment to the Beneficiary will be determined as follows: [Check one, and complete where applicable]

[ ] (1) Selected By Plan Sponsor. The Plan Sponsor selects the following form of payment to the Beneficiary: [Select One]

[ ] (A) Lump Sum. Deferral Benefits will be paid to the Beneficiary in a single, lump-sum payment.

[ ] (B) Periodic Installments. Deferral Benefits will be paid to the Beneficiary in annual periodic installment payments made over the following period: [Select One]

[ ] (i) Five (5) years.

[ ] (ii) Ten (10) years.

[ ] (iii) Fifteen (15) years.

[ ] (iv) Twenty (20) years.

[√] (2) Selected By Participant. The Participant may elect the form of payment to the Beneficiary from among the following forms of payment [Select options to be available to Participants]

[√] (A) Lump Sum. Deferral Benefits may be paid to the Beneficiary in a single, lump-sum payment.

[√] (B) Periodic Installments. Deferral Benefits may be paid to the Beneficiary in annual periodic installment payments made over the following periods:

[√] (i) Five (5) years.

[√] (ii) Ten (10) years.

[√] (iii) Fifteen (15) years.

[√] (iv) Twenty (20) years.

6. HARDSHIP WITHDRAWALS.

(a)	Availability Generally Paragraph 8.1	A Participant [Check one] [ ] (1) Not Permitted. May not make Hardship Withdrawals. [√] (2) Permitted. May make a Hardship Withdrawal for an Unforeseeable Emergency.

7. PARTICIPANT DEEMED INVESTMENT DIRECTION.

(a)	Availability Generally Paragraph 4.2	A Participant [Check one] [ ] (1) Not Permitted. May not make deemed investment directions. [√] (2) Permitted. May make deemed investment directions for his Deferral Account.
(b)	Permissible Investments	Unless the Plan Sponsor elects a different option below, a Participant's Deferral Account may be invested in the investment funds which are designed to mirror the investment options available under the VBA Plan as adopted by the Plan Sponsor, to the extent legally practical, with alternate funds designated where collective investment funds may not be offered under a nonqualified plan. [√] (1) VBA Plan Plus Company Stock. In addition to the funds available under the VBA Plan, a Company Stock Fund will also be available for directed investment. [ ] (2) VBA Plan Without Company Stock. Regardless of whether a Company Stock Fund is available under the VBA Plan, no Company Stock Fund will be available for directed investment. [ ] (3) Company Stock Only. In lieu of the funds available under the VBA Plan, a Company Stock Fund will be the only fund available for directed investment.

IN WITNESS WHEREOF, each Corporation, by its duly authorized representatives, has executed this Adoption Agreement this 14th day of November, 2019.

Atlantic Union Bankshares Corporation
[Enter Name of Plan Sponsor]

By /s/ Loreen Lagatta
Its Chief Human Resource Officer and EVP

[SEAL]

ATTEST:

/s/ Rachael L. Lape
Its General Counsel and SVP

[Enter Name of Corporation]

By
Its

[SEAL]

ATTEST:

Its

[Enter Name of Corporation]

By
Its

[SEAL]

ATTEST:

Its

Exhibit 10.13

SCHEDULE OF NON-EMPLOYEE DIRECTORS' ANNUAL COMPENSATION

OF

ATLANTIC UNION BANKSHARES CORPORATION

Effective January 1, 2020

	Amount
Annual Retainer Cash Fees [1]	
Service as a Director	$35,000
Service as Chairman of the Board of Directors	$80,000 (additional)
Service as Vice Chairman of the Board of Directors	$20,000 (additional)
Service as Chairman of Audit Committee	$20,000 (additional)
Service as Chairman of Compensation Committee	$13,500 (additional)
Service as Chairman of Risk Committee	$15,000 (additional)
Service as Chairman of Nominating and Corporate Governance Committee	$10,000 (additional)
Service as Chairman of Trust Committee	$10,000 (additional)
Members of Audit, Compensation, Risk, Nominating and Corporate Governance and Trust Committees	$8,000 (additional)
Meeting Fees Per Meeting	
Executive Committee (in person)	$1,000
Executive Committee (telephonic lasting under an hour)	$500
Meetings above the maximum number of meetings during the year	$1,000

Equity Compensation

In addition to cash compensation, non-employee directors receive an annual stock retainer of $50,000 paid quarterly in advance in unrestricted shares of the Company's common stock.

(1) The retainer fees are payable in advance in quarterly installments.

Atlantic Union Bankshares Corporation
Management Incentive Plan

This document (the "Incentive Document"), together with the Atlantic Union Bankshares Corporation Incentive Plan Terms and Conditions ("T&C") which are incorporated herein by reference, sets forth the Atlantic Union Bankshares Corporation Management Incentive Plan (collectively, the "Plan"). The Plan is offered by Atlantic Union Bankshares Corporation ("Atlantic Union"), its subsidiary Atlantic Union Bank (the "Bank"), to the undersigned eligible executive (the "Participant").

1. Eligible Positions; Participation

Participation is limited to those executives recommended by the Chief Executive Officer (the " Plan Sponsor") and approved by the Committee. The Committee shall retain the discretion to include as a Participant any otherwise-eligible executive hired or promoted after the commencement of a Plan Year.

2. Basis of Incentive Compensation Awards

The Plan is a cash award plan. The Participant's incentive compensation award under the Plan is based on an incentive target that is approved at the beginning of the Plan Year by the Committee in its discretion. The incentive compensation award is expressed as a percentage of the Participant's base salary at the end of the Plan Year, and may be awarded if either or both the Atlantic Union corporate performance goals (the "Corporate Goals") and the Participant's individual performance goals (the "Individual Goals") are achieved. In no event shall a Participant receive payment under the Plan that exceeds 150% of the Participant's base salary as of the end of the Plan Year.

3. Plan Details

The amount of an incentive compensation award that the Participant is entitled to receive under the Plan is determined based on the Participant's incentive target and weighting, achievement of the approved performance goals and taking into account individual performance specifically attributable to each participant and reflective of their role and area of responsibility.

A. ***Award Targets and Weightings***

Each Participant shall be assigned an incentive target, calculated as a percentage of the Participant's base salary, which may be awarded if Atlantic Union and the Participant achieve targeted performance goals.

The incentive compensation award shall be weighted between Corporate Goals and Individual Goals. The weightings for the two goal categories shall be recommended by the Plan Sponsor and approved by the Committee. Threshold, target and superior achievement levels for each Corporate Goal will be recommended by the Plan Sponsor and approved by the Committee. The payout for the threshold achievement level will be not less than 10% of the target payout, and the payout for the superior achievement level will be not more than 150% of the target payout.

B. ***Corporate Goals***

The Corporate Goals for the Plan Year will be recommended by the Plan Sponsor and approved by the Committee.

C. ***Individual Goals***

Individual Goals for the Plan Year will be established for the Participant in conjunction with his or her direct supervisor and approved by the Committee (or its delegee).

D. ***Determination of Incentive Compensation Award***

Following the end of the Plan Year, the Committee will review performance against the Corporate Goals and any Individual Goals established for the Participant, certify in writing that the applicable performance goals were satisfied, and determine the amount of the incentive compensation award, if any, to be paid to each Participant under the Plan. Notwithstanding any provision of the Plan to the contrary, in making this determination, the Committee may, in its discretion, in light of such considerations as it may deem relevant, increase or decrease an incentive compensation award to which a Participant would otherwise be entitled by such amount or percentage as the Committee deems appropriate.

Unless the Committee deems otherwise, an incentive compensation award will not be earned or paid, regardless of Corporate or Individual performance, if 1) any regulatory agency issues a formal, written enforcement action, memorandum of understanding or other negative directive action to Atlantic Union or the Bank and where the Committee considers it imprudent to provide awards under the Plan, or 2) if after a review of the Bank's credit quality measures the Committee considers it imprudent to provide awards under the Plan.

A sample incentive compensation award calculation is set forth on the attached Appendix A.

4. **Payment of Awards**

An incentive compensation award under the Plan will be calculated and paid in cash on an annual basis. Payment of any incentive compensation award, less deferrals and applicable federal, state and local taxes, will be made as soon as practicable following the end of the Plan Year (the "Payment Date"), but in no event before certification of the Committee or later than March 15th following the end of the Plan Year.

Atlantic Union Bankshares Corporation
Management Incentive Plan

APPENDIX A

Example Incentive Award Calculation

The following illustrates a sample incentive compensation award calculation under the Plan. This is offered for illustration only and is not a guarantee of the occurrence or amount of any incentive compensation award to any Participant.

2020 Example Payout Calculation

Assumptions		
Base Salary	$200,000	
Incentive Target	25%	$50,000
Corporate Goal Weighting	60%	$30,000
Individual Goal Weighting	40%	$20,000

Corporate Performance

			Threshold	Target	Superior			
Performance Measure	**Weight**	**Incentive Award Target**	**10%**	**100%**	**150%**	**Actual Performance**	**Payout**	**Calculation**
2020 Operating Net Income	25%	$7,500	$200,104	$219,895	$230,890	$225,393	$9,375	$7,500 * 125% = $9,375
2020 Return on Assets	20%	$6,000	1.11%	1.22%	1.30%	1.22%	$6,000	$6,000 * 100% = $6,000
2020 Return on Tangible Common Equity	30%	$9,000	14.10%	15.50%	16.30%	13.75%	$0	Below threshold = $0
2020 Efficiency Ratio	25%	$7,500	59.60%	54.70%	52.00%	57.15%	$4,125	$7,500 * 55% = $4,125
	100%	$30,000					$19,500	

Individual Performance

Assumes 100% of Goals Met	$20,000

Total Annual Incentive Payout

		% of Opportunity
Corporate	$19,500	65%
Individual	$20,000	100%
	$39,500	79%

Atlantic Union Bankshares Corporation
Management Incentive Plan

PARTICIPANT'S ACKNOWLEDGEMENT FORM

I acknowledge that I have read and understand the T&C and the Incentive Document (collectively, the Plan) described above. I understand that the Plan is not a contract and may be revised, amended, or terminated at any time as more fully set forth above.

PARTICIPANT:

____
Signature

____
Print Name

____
Date

Please read, sign, and return a copy of the Plan to:

Head of Total Rewards
Human Resources Department
Interoffice Location: Richmond HQ/11th Floor

Exhibit 10.15

Atlantic Union Bankshares Corporation

Stock Ownership Policy

Adopted January 1, 2018

Purpose

The Board of Directors (the "Board") of Atlantic Union Bankshares Corporation ("Atlantic Union" or the "Corporation") believes that it is in the best interest of the Corporation to align the financial interests of Atlantic Union executive officers with those of the Corporation's shareholders. In this regard, the Compensation Committee (the "Committee") recommended and the Board adopted minimum stock ownership and retention guidelines as set forth in this Policy. The Committee may modify this Policy and these guidelines in its discretion, to the extent permitted by the Corporation's Bylaws.

Applicability and Effective Date

This Policy is effective January 1, 2018, and supersedes the policy in effect January 31, 2013, and is applicable to any individual who is an executive officer of the Corporation, as defined in Section 16 of the Securities Exchange Act of 1934, as amended (the "Participants"). Questions regarding this Policy should be directed to the Corporation's Chief Human Resource Officer.

Minimum Ownership Guidelines

Participants must own shares of common stock of the Corporation equal in value to the following schedule:

Participant	Value of Shares Owned
Chief Executive Officer	3x Base Salary
President and Chief Financial Officer	2x Base Salary
Other Executive Officers	1x Base Salary

Satisfaction of Guidelines

Participants may satisfy the ownership guidelines with common stock in the following categories:

- Shares owned directly
- Shares owned indirectly (e.g., by a spouse or a trust) if the Participant has a pecuniary interest in such shares
- Time vested restricted stock and/or restricted stock units granted under the Corporation's incentive plans or other equity compensation arrangements
- Time vested phantom stock, payable in shares, granted under the Corporation's incentive plans or other equity compensation arrangements
- Shares held in benefit plans (e.g. ESOP)

Unexercised options and unearned performance shares are not counted toward meeting the guidelines. In addition, the minimum ownership guidelines must be satisfied exclusive of any shares hedged, pledged or held in margin accounts.

Accumulation Period

All Participants must accumulate the minimum number of shares to satisfy the ownership guidelines over a five- year period. The period will be measured using the calendar year. Participants identified or hired in the future shall be required to accumulate the minimum number of shares beginning on January 1st of the year following hiring or promotion.

Valuation

The Committee will review at least annually the value of a Participant's holdings as of a selected date (the "Valuation Date"). The holdings value to be based on the average closing price of a share of the Corporation's common stock for the 90 day period preceding the annual valuation date, the number of shares held in compliance with the guidelines, and the Participant's then current base salary all determined as of the Valuation Date.

Retention Ratio

If a Participant is not in compliance with this Policy at any Valuation Date, such Participant must retain 50 percent of his or her vested full value shares of the Corporation's common stock acquired through the Corporation's incentive plans or other equity compensation arrangements after such Valuation Date.

Stock Option Holding Period

If a Participant is not in compliance with this Policy at any Valuation Date, such Participant is prohibited from selling Corporation common stock acquired after such Valuation Date by exercising stock options. Notwithstanding the preceding sentence, Participants may immediately sell Corporation common stock acquired by exercising stock options for the limited purposes of paying the exercise price of the stock option and any applicable tax withholding.

Reporting and Compliance

Progress and compliance in achieving the minimum ownership guidelines will be reviewed at least annually and reported to the Committee.

Participants not in compliance with the minimum ownership guidelines will receive written notification from the Corporation that the Retention Ratio and Stock Option Holding Period described above will apply until the Participant provides written notification and documentation satisfactory to the Corporation indicating that he or she has come into compliance with this Policy.

The Committee may make changes to this Policy as it deems appropriate. Violations of this Policy may result in adjustments to incentive-based compensation, such as the loss of future grants of incentive plan awards.

Administration

The Committee shall be responsible for monitoring the application of this Policy. In the event of any conflict or inconsistency between this Policy and any other policies, plans, or other materials of the Corporation, this Policy shall govern.

Approved: Atlantic Union Bankshares Corporation, July 30, 2018

Exhibit 10.22

ATLANTIC UNION BANKSHARES CORPORATION
FORM OF
TIME-BASED RESTRICTED STOCK AGREEMENT

Granted <<GRANT DATE>>

This Time-Based Restricted Stock Agreement (this "Agreement") is entered into as of <<GRANT DATE>> pursuant to Article VII of the Atlantic Union Bankshares Corporation Stock and Incentive Plan, as amended from time to time (the "Plan"), and evidences the grant, and the terms, conditions and restrictions pertaining thereto, of Restricted Stock to <<NAME>> (the "Participant").

WHEREAS, Atlantic Union Bankshares Corporation (the "Company") maintains the Plan under which the Committee or the Board may, among other things, award shares of the Company's common stock (the "Common Stock") to such key employees of the Company and its Subsidiaries as the Committee or the Board may determine, subject to terms, conditions and restrictions as it may deem appropriate;

WHEREAS, pursuant to the Plan, the Committee or the Board has awarded to the Participant a restricted stock award conditioned upon the execution by the Company and the Participant of this Agreement setting forth all the terms and conditions applicable to such award;

NOW, THEREFORE, in consideration of the benefits which the Company expects to be derived from the services rendered to it and its subsidiaries by the Participant and of the covenants contained herein, the parties hereby agree as follows:

1. Award of Shares. Under the terms and conditions of the Plan, the Committee or the Board has awarded to the Participant a restricted stock award as of <<GRANT DATE>> ("Award Date"), covering <<NUMBER>> shares of Common Stock (the "Award Shares"), subject to the terms, conditions and restrictions set forth in this Agreement.

2. Period of Restriction.

(a) Subject to accelerated vesting or forfeiture as hereinafter provided, the Participant's interest in the Award Shares shall become transferable and non-forfeitable ("Vested" or "Vesting") on the following vesting dates, provided he remains in employment with the Company or any of its subsidiaries on the applicable date:

Vesting Date	Percent of Award Shares Vesting (in each case, rounded true to a whole share, with the balance on the final installment)
<<VESTING SCHEDULE>>	<<PERCENTAGES >>

(each date, a "Vesting Date" and the period from the Award Date through each Vesting Date being a "Period of Restriction" with respect to the applicable Award Shares).

(b) Notwithstanding any other provision of this Agreement to the contrary:

(i) If the Participant's employment with the Company and its subsidiaries is terminated during the Period of Restriction due to his death or permanent and total disability

(within the meaning of Section 22(e)(3) of the Internal Revenue Code), any remaining unvested Award Shares at the date of such termination of employment shall automatically be Vested.

(ii) If the Participant's employment with the Company and its subsidiaries is involuntarily terminated during the Period of Restriction and the Participant is eligible to receive severance pay under the Atlantic Union Bankshares Corporation Executive Severance Plan and the Participant has signed, submitted and not revoked any release agreement required thereunder, any remaining unvested Award Shares at the date of such termination of employment shall automatically be Vested on the date any such release agreement becomes irrevocable.

(iii) If the Participant's employment with the Company and its subsidiaries is terminated during the Period of Restriction due to retirement at or after age 65 with the consent of the Committee or its delegate and provided no Cause (as defined below) exists to terminate his employment ("Normal Retirement"), or due to retirement that does not meet the standard for Normal Retirement and provided no Cause exists to terminate his employment, then the Committee [for non-Section 16 officers: or its delegate] may, in its sole discretion, waive the automatic forfeiture of any or all unvested Award Shares otherwise provided in Section 6 and provide for such Vesting as its deems appropriate subject to such new restrictions, if any, applicable to the Award Shares as it deems appropriate, which may include requiring the Participant, if not already subject to a non-competition covenant pursuant to an existing agreement with the Company or a subsidiary, to execute and deliver to the Company, no later than the date of such termination of employment, a non-competition agreement in a form acceptable to the Company.

For purposes of this Section 2(b), "Cause" has the meaning set forth in any employment agreement, or, if none, in any change in control agreement, then in effect between the Participant and the Company or a subsidiary, if applicable, and, if the Participant has no such agreement or if such agreement does not define the term, "Cause" means (i) the willful and continued failure of the Participant to substantially perform the Participant's duties with the Company or one of its subsidiaries (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Company, or (ii) the willful engaging by the Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or one of its subsidiaries.

(iv) If a "Change in Control" of the Company occurs during the Period of Restriction and the Participant has remained in employment with the Company or any of its subsidiaries through the date such "Change in Control" occurs:

(A) if the surviving corporation assumes or otherwise equitably converts or substitutes this Agreement and within two (2) years after the date the Change in Control occurs the Participant's employment with the Company and its subsidiaries is involuntarily terminated by the Company without Cause or the Participant resigns for good reason under an applicable employment or change in control agreement, then any remaining unvested Award Shares at the date of such termination of employment shall automatically be Vested; or

(B) if the surviving corporation does not assume or otherwise equitably convert or substitute this Agreement, then any remaining unvested Award Shares at the date such Change in Control occurs shall automatically be Vested.

(c) Except as contemplated in Section 2(a) or 2(b), the Award Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated during the Period of Restriction; provided, however, that this Section 2(c) shall not prevent transfers by will or by the applicable laws of descent and distribution.

3. Stock Certificates. The stock certificate(s) for the Award Shares shall be registered on the Company's stock transfer books in the name of the Participant in book-entry or electronic form or in certificated form as determined by the Committee. If issued in certificated form, physical possession of the stock certificate(s) shall be retained by the Company until such time as the Period of Restriction lapses.

Any Award Shares issued in book-entry or electronic form shall be subject to the following legend, and any certificate(s) evidencing the Award Shares shall bear the following legend, during the Period of Restriction:

> The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer set forth in the Atlantic Union Bankshares Corporation Stock and Incentive Plan, in the rules and administrative procedures adopted pursuant to such Plan, and in a Restricted Stock Agreement dated <<GRANT DATE>>. A copy of the Plan, such rules and procedures, and such restricted stock agreement may be obtained from the Equity Plan Administrator of Atlantic Union Bankshares Corporation.

4. Voting Rights. During the Period of Restriction, the Participant may exercise full voting rights with respect to the Award Shares.

5. Dividends and Other Distributions. During the Period of Restriction, the Participant shall be entitled to receive all dividends and other distributions paid with respect to the Award Shares (other than dividends or distributions that are paid in shares of Common Stock). If, during the Period of Restriction, any such dividends or distributions are paid in shares of Common Stock with respect to the Award Shares, such shares shall be registered in the name of the Participant and, if issued in certificated form, deposited with the Company as provided in Section 3, and such shares shall be subject to the same restrictions on Vesting and transferability as the Award Shares with respect to which they were paid.

6. Forfeiture on Termination of Employment. Except as provided in Section 2(b) or in Section 12.4 of the Plan, the balance of any Award Shares which are not considered Vested by or at the Participant's termination of employment with the Company and its subsidiaries shall be automatically forfeited to the Company.

7. Employment. Nothing under the Plan or in this Agreement shall confer upon the Participant any right to continue in the employ of the Company or its subsidiaries or in any way affect the Company's right to terminate Participant's employment without prior notice at any time for any or no reason (subject to the terms of any employment agreement between the Participant and the Company or a subsidiary).

8. Withholding Taxes. The Company shall have the right to retain and withhold the amount of taxes (at the statutorily required rates) required by any government to be withheld or otherwise deducted and paid

with respect to the Award Shares. At its discretion, the Committee may require the Participant to reimburse the Company for any such taxes required to be withheld by the Company and to withhold any distribution in whole or in part until the Company is so reimbursed. In accordance with procedures established by the Committee, the Participant or any successor in interest is authorized to deliver shares of Common Stock having a Fair Market Value on the date that the amount of tax to be withheld is to be determined and cancel any such shares so delivered in order to satisfy the Company's withholding obligations. In accordance with procedures established by the Committee, the Participant or any successor in interest is also authorized to elect to have the Company retain and withhold shares of Vesting Common Stock having a Fair Market Value on the date that the amount of tax to be withheld is to be determined and cancel any such shares so withheld in order to satisfy the Company's withholding obligations. In the event the Participant does not deliver or elect to have the Company retain and withhold shares of Common Stock as described in this Section 8, the Company shall have the right to withhold from any other cash amounts due to or to become due from the Company or a subsidiary to the Participant an amount equal to such taxes required to be withheld by the Company to reimburse the Company for any such taxes.

9. Administration. The Committee shall have full authority and discretion (subject only to the express provisions of the Plan) to decide all matters relating to the administration and interpretation of the Plan and this Agreement. All such Committee determinations shall be final, conclusive and binding upon the Company and the Participant.

10. Notices. Any notice to the Company required under or relating to this Agreement shall be in writing and addressed to:

    Atlantic Union Bankshares Corporation
    Attention: Equity Plan Administrator
    1051 East Cary Street
    Suite 1200
    Richmond, Virginia 23219

    Any notice to the Participant required under or relating to this Agreement shall be in writing and addressed to the Participant at his address as it appears on the records of the Company.

11. Governing Law. This Agreement shall be construed and administered in accordance with and governed by the laws of the Commonwealth of Virginia.

12. Successors. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, heirs and legal representatives of the respective parties.

13. Entire Agreement. This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing signed by the parties or as otherwise provided in the Plan.

14. Severability. The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

15. Capitalized Terms. Capitalized terms in this Agreement have the meaning assigned to them in the Plan, unless this Agreement provides, or the context requires, otherwise.

To evidence their agreement to the terms, conditions and restrictions hereof, the Company and the Participant have signed this Agreement, either manually or by means of electronic or digital signatures,

which shall have the same force and effect as manual signatures. Participant acknowledges and agrees that accepting this Agreement through the online grant acceptance screen designated by the Company for the Plan has the effect of affixing Participant's electronic signature to this Agreement as of the Award Date.

ATLANTIC UNION BANKSHARES CORPORATION

By: _______________ Date: <<GRANT DATE>>
<<OFFICER NAME>>
<<OFFICER TITLE>>

Exhibit 10.23

ATLANTIC UNION BANKSHARES CORPORATION
FORM OF
PERFORMANCE SHARE UNIT AGREEMENT

Granted <<GRANT DATE>>

This Performance Share Unit Agreement (this "Agreement") is entered into as of <<GRANT DATE>> pursuant to Article X of the Atlantic Union Bankshares Corporation Stock and Incentive Plan, as amended from time to time (the "Plan"), and evidences the grant, and the terms, conditions and restrictions pertaining thereto, of Performance Share Units to <<NAME>> (the "Participant").

WHEREAS, Atlantic Union Bankshares Corporation (the "Company") maintains the Plan under which the Committee or the Board may, among other things, award Performance Share Units to such key employees of the Company and its Subsidiaries as the Committee or the Board may determine, subject to terms, conditions and restrictions as it may deem appropriate;

WHEREAS, pursuant to the Plan, the Committee or the Board has awarded to the Participant a certain number of Performance Share Units, ultimately payable in shares of the Company's common stock ("Common Stock"), which the Participant will have an opportunity to earn over a Performance Period (as defined below) if certain performance goals and additional period of service requirements are met, conditioned upon the execution by the Company and the Participant of this Agreement setting forth all the terms and conditions applicable to such award;

NOW, THEREFORE, in consideration of the benefits which the Company expects to be derived from the services rendered to it and its subsidiaries by the Participant and of the covenants contained herein, the parties hereby agree as follows:

1. Award of Performance Share Units. Subject to the terms and conditions of the Plan, the Committee or the Board has awarded to the Participant as of <<GRANT DATE>> ("Award Date") a certain number of Performance Share Units (the "Performance Share Units") which the Participant will have an opportunity to earn over the Performance Period (as defined below) if certain performance goals are met in accordance with Section 4, and certain vesting requirements are met in accordance with Section 5, subject to the terms, conditions and restrictions set forth in this Agreement. Each Performance Share Unit represents the right to receive one share of Common Stock upon satisfaction of the performance, vesting and other conditions set forth in this Agreement.

2. Target Number of Performance Share Units. The target number of Performance Share Units awarded is <<NUMBER>>. The Participant can earn up to <<%>> of the target number of Performance Share Units or as little as no Performance Share Units, depending upon actual performance during the Performance Period compared to the performance goals established by the Committee.

3. Performance Period. The period during which the performance goals apply (the “Performance Period”) begins << PERFORMANCE PERIOD>>.

4. Performance Goals.

(a) The performance goals and the level of performance for the performance goals that is required to earn the Performance Share Units were established by the Committee. The number of Performance Share Units earned will be determined based on the Company’s achievement of Total Shareholder Return (“TSR”) as compared to the TSR of each of the Peer Companies, with the number earned being equal to the target number of Performance Share Units multiplied by the “Payout as a Percentage of Target” based on such performance as shown below:

Company TSR compared to TSR of the Peer Companies	**Payout as a Percentage of Target**
<<RANK 1>>	<<%>>
<<RANK 2>>	<<%>>
<<RANK 3>>	<<%>>
<<RANK 4>>	<<%>>
<<RANK 5>>	<<%>>

Company TSR performance between the stated percentiles of the Peer Companies will be calculated using straight line interpolation.

Within the sixty (60) day period following the end of the Performance Period, the Committee will determine the extent to which the performance goals have been met and the number of Performance Share Units earned (rounded to the nearest whole Performance Share Unit).

The Committee must certify the performance results in writing following the end of the Performance Period. The Committee may exercise its discretion to reduce the number of Performance Share Units earned in its assessment of performance in relation to the performance goals or in light of other considerations that the Committee deems relevant.

(b) The following terms have the following meanings for purposes hereof:

(i) “Total Shareholder Return” for a company (including the Company) shall be computed as the average closing stock price of the company’s common stock for the last fifteen (15) trading days of the Performance Period minus the average closing stock price of the

company's common stock for the first fifteen (15) trading days of the Performance Period plus the amount of dividends paid by the company per share of common stock during the Performance Period, divided by the average closing stock price of the company's common stock for the first fifteen (15) trading days of the Performance Period.

(ii) "Peer Companies" shall mean <<DESCRIBE PEER COMPANIES>> as of the last day of the Performance Period.

5. Vesting and Payment.

(a) Vesting Determination. Subject to accelerated vesting or forfeiture as hereinafter provided, the Performance Share Units that are earned in accordance with Section 4 shall be vested and non-forfeitable ("Vested" or "Vesting") as of the date the Committee certifies the performance results which certification date shall occur within the sixty (60) day period following the end of the Performance Period (the certification date is defined as the "Payment Date"), but only if the Participant has remained continuously employed with the Company or any of its Subsidiaries through the Payment Date, except as provided in Section 5(b) below, and any unearned or unvested Performance Share Units shall be automatically forfeited to the Company and cancelled. The Performance Shares (as defined below) for the Performance Share Units that become Vested under this Section 5(a) shall be paid on the Payment Date.

(b) Vesting Acceleration.

(i) Death or Disability: If the Participant does not remain continuously employed through the Payment Date due to the Participant's death or permanent and total disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code) ("Disability"), then a Pro-Rata Portion (rounded to the nearest whole Performance Share Unit) of the Performance Share Units earned based on the Committee's determination of the level of achievement for the performance goals for the entire Performance Period in accordance with Section 4 shall become Vested on the later of (A) the last day of the Performance Period or (B) the earlier of the date of the Participant's death or Disability and any unearned or unvested Performance Share Units shall be automatically forfeited to the Company and cancelled. The Performance Shares for the Performance Share Units that become Vested under this Section 5(b)(i) shall be paid to the Participant's designated beneficiary (or, if none, to his estate) or to the Participant, whichever is applicable, on the Payment Date as defined in Section 5(a).

(ii) Normal Retirement:

(A) Existing Non-Competition Agreement: If the Participant does not remain continuously employed through the Payment Date due to the Participant's retirement at or after age 65 with the consent of the Committee or its delegate, provided no Cause (as defined below) exists at the time of retirement for the Company to terminate his employment ("Normal Retirement") and provided, upon such Normal Retirement, the Participant is subject to a non-competition covenant under an agreement with the Company or a subsidiary unrelated to this Agreement, then a Pro-Rata Portion (rounded to the nearest whole Performance Share Unit) of the Performance Share Units earned based on the Committee's determination of the level of achievement for the performance goals for the entire Performance Period in accordance with Section 4 shall become Vested on the last day of the Performance Period and any unearned or unvested Performance Share Units shall be automatically forfeited to the Company and cancelled. The Performance Shares for the Performance Share Units that become Vested under this Section 5(b)(ii)(A) shall be paid to the Participant on the Payment Date as defined in Section 5(a).

(B) No Existing Non-Competition Agreement: If the Participant does not remain continuously employed through the Payment Date due to the Participant's Normal Retirement and provided the Participant is not subject to a non-competition covenant under an agreement with the Company or a subsidiary unrelated to this Agreement, then, except as provided below, for accelerated vesting to apply under this Section 5(b)(ii)(B), the Participant must execute and deliver to the Company, no later than the date of such Normal Retirement, a non-competition agreement in a form acceptable to the Company. If the Participant timely executes and delivers such non-competition agreement, then a Pro-Rata Portion (rounded to the nearest whole Performance Share Unit) of the Performance Share Units earned based on the Committee's determination of the level of achievement for the performance goals for the entire Performance Period in accordance with Section 4 shall become Vested on the later of the last day of the Performance Period or the date the Participant executes and delivers such non-competition agreement, and any unearned or unvested Performance Share Units shall be automatically forfeited to the Company and cancelled. Notwithstanding the first sentence of this Section 5(b)(ii)(B), the Committee [***for non-***

Section 16 officers: or its delegate] may, in its sole discretion, waive the requirement of the non-competition agreement and, in such case, such Pro-Rata Portion shall become Vested on the last day of the Performance Period, and any unearned or unvested Performance Share Units shall be automatically forfeited to the Company and cancelled. The Performance Shares for the Performance Share Units that become Vested under this Section 5(b)(ii)(B) shall be paid to the Participant on the Payment Date as defined in Section 5(a).

(iii) Other Retirements: If the Participant does not remain continuously employed through the Payment Date due to the Participant's retirement that does not meet the standard for Normal Retirement, then, provided no Cause exists for the Company to terminate his employment at such time, the Committee [***for non-Section 16 officers***: or its delegate] may, in its sole discretion, waive the automatic forfeiture of any or all unvested Performance Share Units otherwise provided in Section 7 and provide for such Vesting and other restrictions as its deems appropriate, which may include requiring the Participant, if not already subject to a non-competition covenant pursuant to an existing agreement with the Company or a subsidiary, to execute and deliver to the Company, no later than the date of termination of employment, a non-competition agreement in a form acceptable to the Company; provided, however, that any additional vesting provisions shall not extend Vesting beyond the original Payment Date and such Performance Share Units shall remain subject to the performance criteria set forth in Section 4 for the entire Performance Period and shall be subject to pro-ration. The Pro-Rata Portion (rounded to the nearest whole Performance Share Unit) of the Performance Share Units earned based on the Committee's determination of the level of achievement for the performance goals for the entire Performance Period in accordance with Section 4 shall become Vested as provided by the Committee and any unearned or unvested Performance Share Units shall be automatically forfeited to the Company and cancelled. The Performance Shares for the Performance Share Units that become Vested under this Section 5(b)(iii) shall be paid to the Participant on the Payment Date as defined in Section 5(a).

(iv) Involuntary Termination under Executive Severance Plan: If the Participant's employment with the Company and its subsidiaries is involuntarily terminated prior to the Payment Date and the Participant is eligible to receive severance pay under the Atlantic Union Bankshares Corporation Executive Severance Plan and the Participant has signed, submitted and not revoked any release agreement required thereunder, then a Pro-Rata Portion (rounded to

the nearest whole Performance Share Unit) of the Performance Share Units earned based on the Committee's determination of the level of achievement for the performance goals for the entire Performance Period in accordance with Section 4 shall become Vested on the last day of the Performance Period and any unearned or unvested Performance Share Units shall be automatically forfeited to the Company and cancelled. The Performance Shares for the Performance Share Units that become Vested under this Section 5(b)(iv) shall be paid to the Participant on the Payment Date as defined in Section 5(a).

(v) Change in Control: Notwithstanding any other provision of Section 5, in the event of a Change in Control of the Company, Vesting and payment of the Performance Share Units that have not previously become Vested or have not previously been forfeited under Section 5(a), 5(b)(i)-(iv) or Section 7, shall be determined under this Section 5(b)(v). If a Change in Control occurs on or before the end of the Performance Period, and provided the Participant has remained in employment with the Company or any of its subsidiaries until the Change in Control, the target number of Performance Share Units shall be deemed earned and shall become Vested and shall be paid upon the Change in Control. In the event a Change in Control occurs following the end of the Performance Period but before the Payment Date defined in Section 5(a), and provided the Participant has remained in employment with the Company or any of its subsidiaries until the Change in Control, the Performance Share Units that are earned in accordance with Section 4 shall become Vested upon the Change in Control and shall be paid within thirty (30) days of the Change in Control (or, if earlier, on the Payment Date). For purposes of this Agreement, a Change in Control (as defined in the Plan) will be deemed to have occurred with respect to the Participant only if an event relating to the Change in Control constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treas. Reg. Section 1.409A-3(i)(5) (applied whether or not the Performance Share Units are subject to or exempt from Code Section 409A).

For purposes of this Section 5(b), "Cause" has the meaning set forth in any employment agreement, or, if none, in any change in control agreement, then in effect between the Participant and the Company or a subsidiary, if applicable, and, if the Participant has no such agreement or if such agreement does not define the term, "Cause" means (i) the willful and continued failure of the Participant to substantially perform the Participant's duties with the Company or one of its subsidiaries (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand

for substantial performance is delivered to the Participant by the Company, or (ii) the willful engaging by the Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or one of its subsidiaries.

For purposes of this Section 5(b), a "Pro-Rata Portion" is determined by a fraction (not to exceed one), the numerator of which is the number of months in the Performance Period during which the Participant was continuously in the employment of the Company and the denominator of which is the number of months in the entire Performance Period. The Participant will be deemed to be employed for a month if the Participant's retirement, termination of employment, death or Disability occurs after the fifteenth (15th) day of a month.

(c) Payment; Delivery of Shares of Common Stock. Shares of Common Stock corresponding to the number of Performance Share Units that have been earned and become Vested ("Performance Shares") shall be paid to the Participant, or, if deceased, to the Participant's designated beneficiary (or, if none, to his estate), in settlement of the Performance Share Units, at the times provided in Sections 5(a) and 5(b). Payment only may be delayed by the Company to the extent permitted by Code Section 409A although no interest shall be payable in the event there is a delay for any reason. Such payment shall be accomplished either by delivering a share certificate or by providing evidence of electronic delivery, and the Performance Shares shall be registered in the name of the Participant or, if deceased, the Participant's designated beneficiary (or, if none, his estate). Such Performance Shares shall be fully paid and nonassessable when issued.

6. No Dividend Equivalents. The Participant shall have no right to dividend equivalents or dividends on the Performance Share Units.

7. Termination of Employment. If the Participant's employment with the Company and its subsidiaries ceases prior to the Payment Date and Section 5(b) does not or has not applied, then all Performance Share Units shall be automatically forfeited to the Company and cancelled on the date the Participant's employment terminates and no Performance Shares shall be issued to the Participant.

8. Employment. Nothing under the Plan or in this Agreement shall confer upon the Participant any right to continue in the employ of the Company or its subsidiaries or in any way affect the Company's right to terminate Participant's employment without prior notice at any time for any or no reason (subject to the terms of any employment agreement between the Participant and the Company or a subsidiary).

9. Withholding Taxes. The Company shall have the right to retain and withhold the amount of taxes (at the statutorily required rates) required by any government to be withheld or otherwise deducted and paid with respect to the Performance Share

Units and any such withholding will be accomplished in compliance with Code Section 409A to the extent applicable. At its discretion, the Committee may require the Participant to reimburse the Company for any such taxes required to be withheld by the Company and to withhold any distribution in whole or in part until the Company is so reimbursed. The Participant or any successor in interest is authorized to deliver shares of Common Stock having a Fair Market Value equal to the amount of tax to be withheld on the date that the amount of tax to be withheld is to be determined and cancel any such shares so delivered in order to satisfy the Company's withholding obligations. The Participant or any successor in interest is also authorized to elect to have the Company retain and withhold from any Performance Shares deliverable in payment of the Performance Share Units the number of Performance Shares having a Fair Market Value equal to the amount of tax to be withheld on the date that the amount of tax to be withheld is to be determined and cancel any such shares so withheld in order to satisfy the Company's withholding obligations. In the event the Participant does not deliver or elect to have the Company retain and withhold shares of Common Stock as described in this Section 9, the Company shall have the right to withhold from any other cash amounts due to or to become due from the Company or a subsidiary to the Participant an amount equal to such taxes required to be withheld by the Company to reimburse the Company for any such taxes.

10. Administration. The Committee shall have full authority and discretion (subject only to the express provisions of the Plan) to decide all matters relating to the administration and interpretation of the Plan and this Agreement. All such Committee determinations shall be final, conclusive and binding upon the Company and the Participant.

11. Notices. Any notice to the Company required under or relating to this Agreement shall be in writing and addressed to:

Atlantic Union Bankshares Corporation
Attention: Equity Plan Administrator
1051 East Cary Street
Suite 1200
Richmond, Virginia 23219

Any notice to the Participant required under or relating to this Agreement shall be in writing and addressed to the Participant at his address as it appears on the records of the Company.

12. Governing Law. This Agreement shall be construed and administered in accordance with and governed by the laws of the Commonwealth of Virginia.

13. Successors. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, heirs and legal representatives of the respective parties.

14. Entire Agreement. This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing signed by the parties or as otherwise provided in the Plan.

15. Severability. The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

16. Construction and Capitalized Terms. This Agreement shall be administered, interpreted and construed in accordance with the applicable provisions of the Plan and in accordance with the Performance Share Units being a Performance-Based Compensation Award. Capitalized terms in this Agreement have the meaning assigned to them in the Plan, unless this Agreement provides, or the context requires, otherwise.

17. Rights as Shareholder. The holder of Performance Share Units shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Performance Shares issuable upon the payment of a Vested Performance Share Unit unless and until a certificate or certificates representing such shares of Common Stock shall have been issued by the Company to such holder or a book entry representing such shares of Common Stock has been made by the registrar of the Company.

18. Clawback. As a condition of receiving the Performance Share Units, the Participant acknowledges and agrees that the Participant's rights, payments and benefits with respect to the Performance Share Units and any Performance Shares shall be subject to the terms of the Company's Compensation Clawback Policy or similar policy as such may be in effect from time to time, as well as any similar provisions of applicable federal law or regulation and any applicable listing standard of the national securities exchange on which the Common Stock is listed, which could in certain circumstances require repayment or forfeiture of the Performance Share Units or Performance Shares.

19. Code Section 409A. The provisions of Section 17.15 of the Plan are hereby incorporated by reference. Notwithstanding the foregoing, the Company shall not be liable to the Participant in the event this Agreement fails to be exempt from, or comply with, Code Section 409A.

To evidence their agreement to the terms, conditions and restrictions hereof, the Company and the Participant have signed this Agreement, either manually or by means of electronic or digital signatures, which shall have the same force and effect as manual signatures. Participant acknowledges and agrees that accepting this Agreement through the online grant acceptance screen designated by the Company for the Plan has the effect of affixing Participant's electronic signature to this Agreement as of the Award Date.

ATLANTIC UNION BANKSHARES CORPORATION

By: _______________ Date: <<GRANT DATE>>
<<OFFICER NAME>>
<<OFFICER TITLE>>

Exhibit 21.1

Subsidiaries of Atlantic Union Bankshares Corporation

Subsidiary	State of Incorporation or Organization
Atlantic Union Bank	Virginia
Access Insurance Group L.L.C.	Virginia
Atlantic Union Equipment Finance, Inc.	Virginia
AUB Investments, Inc.	Delaware
Dixon, Hubard, Feinour, & Brown, Inc.	Virginia
Middleburg Investment Services, LLC (formerly, Access Investment Services, L.L.C.)	Virginia
Old Dominion Capital Management, Inc.	Virginia
Outfitter Advisors, Ltd.	Delaware
Union Insurance Group, LLC	Virginia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements, as listed below, of Atlantic Union Bankshares Corporation and in the related Prospectuses, where applicable, of our reports dated February 25, 2020, with respect to the consolidated financial statements of Atlantic Union Bankshares Corporation and the effectiveness of internal control over financial reporting of Atlantic Union Bankshares Corporation, included in this Annual Report (Form 10-K) of Atlantic Union Bankshares Corporation for the year ended December 31, 2019.

Registration Statement Numbers		**Form**		**Description**
333-220398		Form S-3		Common Stock, Preferred Stock, Debt Securities, Warrants, Purchase Contracts, Units
333-156946		Form S-3		Fixed Rate Cumulative Perpetual Preferred Stock, Series A; Warrant to Purchase 422,636 Shares of Common Stock; 422,636 Shares of Common Stock
333-102012		Form S-3		Common stock
333-81199		Form S-3		Common stock
333-203580		Form S-8		Union Bankshares Corporation Stock and Incentive Plan
333-193364		Form S-8		FNB Corporation 2000 Incentive Stock Plan, FNB Corporation 2006 Incentive Stock Plan, StellarOne Corporation Stock Incentive Plan and StellarOne Corporation Stock and Incentive Compensation Plan
333-175808		Form S-8		Union First Market Bankshares Corporation 2011 Stock Incentive Plan
333-113842		Form S-8		Union Bankshares Corporation Non-Employee Directors' Stock Plan
333-113839		Form S-8		Union Bankshares Corporation 2003 Stock Incentive Plan
333-228455		Form S-8 via post-effective amendment to Form S-4		Access National Corporation 2017 Equity Compensation Plan and Access National Corporation 2009 Stock Option Plan

/s/ Ernst & Young LLP

Richmond, Virginia
February 25, 2020

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.