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, 2020

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

Commission file number: 001-39325

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
Depositary Shares, Each Representing a 1/400th Interest in a Share of 6.875% Perpetual Non-Cumulative Preferred Stock, Series A	AUBAP	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

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 30, 2020 was approximately $1,789,465,089 based on the closing share price on that date of $23.16 per share.

The number of shares of common stock outstanding as of February 17, 2021 was 78,798,747.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be used in conjunction with the registrant's 2021 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K

ATLANTIC UNION BANKSHARES CORPORATION
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Glossary of Acronyms and Defined Terms

Access	–	Access National Corporation and its subsidiaries
ACL	–	Allowance for credit losses
AFS	–	Available for sale
ALCO	–	Asset Liability Committee
ALLL	–	Allowance for loan and lease losses, a component of ACL
AOCI	–	Accumulated other comprehensive income (loss)
ASC	–	Accounting Standards Codification
ASC 326	–	ASU 2016-13, *Financial Instruments and Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*
ASC 350	–	ASC 350, *Goodwill and Other Intangible Assets*
ASC 718	–	ASC 718, *Compensation – Stock Compensation*
ASC 805	–	ASC 805, *Business Combinations*
ASC 820	–	ASC 820, *Fair Value Measurements and Disclosures*
ASC 842	–	ASU 2016-02, *Leases (Topic 842)*
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
CAA	–	Consolidated Appropriations Act, 2021
	–	
CARES Act		Coronavirus Aid, Relief, and Economic Security Act
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, as amended
the Company	–	Atlantic Union Bankshares Corporation (formerly, Union Bankshares Corporation) and its subsidiaries
COVID-19	–	COVID-19 global pandemic
CRA	–	Community Reinvestment Act of 1977
DHFB	–	Dixon, Hubard, Feinour & Brown, Inc.
DIF	–	Deposit Insurance Fund
depositary shares	–	Depositary shares, each representing a 1/400th ownership interest in a share of the Company's Series A preferred stock, with a liquidation preference of $10,000 per share of Series A preferred stock (equivalent to $25 per depositary share)
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 common 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
FHLMC	–	Federal Home Loan Mortgage Corporation
FNMA	–	Federal National Mortgage Association
FRB or Federal Reserve	–	Board of Governors of the Federal Reserve System
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
FinCEN	–	Financial Crimes Enforcement Network
FIRREA	–	Financial Institutions Reform, Recovery, and Enforcement Act
Form 10-K	–	Annual Report on Form 10-K for the year ended December 31, 2020
FTE	–	Fully taxable equivalent
GAAP or U.S. GAAP	–	Accounting principles generally accepted in the United States
GNMA	–	Government National Mortgage Association
HTM	–	Held to maturity
IDC	–	Interactive Data Corporation
LCH	–	London Clearing House
LIBOR	–	London Interbank Offered Rate
March 22 Joint Guidance	–	The five federal bank regulatory agencies and the Conference of State Bank Supervisors guidance issued on March 22, 2020 (subsequently revised on April 7, 2020)
MSLP	–	Main Street Lending Program
MBS	–	Mortgage-Backed Securities
NASDAQ	–	National Association of Securities Dealers Automated Quotations exchange
NOW	–	Negotiable order of withdrawal
NOL	–	Net operating losses
NPA	–	Nonperforming assets
NSF	–	Nonsufficient funds
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
PCD	–	Purchased credit deteriorated
PD/LGD	–	Probability of default/loss given default
PPPLF	–	Paycheck Protection Program Liquidity Facility
PPP	–	Paycheck Protection Program
PSU	–	Performance stock unit
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
RSA	–	Restricted stock award
RSU	–	Restricted stock unit
RVI	–	Residual value insurance
SAB	–	Staff Accounting Bulletin
SBA	–	Small Business Administration
SCC	–	Virginia State Corporation Commission
SEC	–	U.S. Securities and Exchange Commission
Securities Act	–	Securities Act of 1933, as amended
Series A preferred stock	–	6.875% Perpetual Non-Cumulative Preferred Stock, Series A, par value $10.00 per share
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
SSFA	–	Simplified supervisory formula approach
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)”
Topic 848	–	ASU No. 2020-01, “Reference rate Reform (Topic 848)”

UIG	–	Union Insurance Group, LLC
UISI	–	Union Investment Services, Inc.
UMG	–	Union Mortgage Group, Inc.
VFG	–	Virginia Financial Group, Inc.
Xenith	–	Xenith Bankshares, Inc. and its subsidiaries

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-K 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. Such forward-looking statements 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, that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. 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, including as a result of the COVID-19 pandemic,
- the quality or composition of the loan or investment portfolios and changes therein,
- demand for loan products and financial services in the Company's market area,
- the Company's ability to manage its growth or implement its growth strategy,
- the effectiveness of expense reduction plans,
- the introduction of new lines of business or new products and services,
- 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 ACL,
- changes in accounting principles relating to the CECL methodology,
- the Company's liquidity and capital positions,
- 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,
- the Company's ability to compete in the market for financial services and increased competition from fintech companies,
- technological risks and developments, and cyber-threats, attacks or events,
- the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts or public health events (such as the COVID-19 pandemic), and of governmental and societal responses thereto; these potential adverse effects may include, without limitation, adverse effects on the ability of the Company's borrowers to satisfy their obligations to the Company, on the value of collateral securing loans, on the demand for the Company's loans or its other products and services, on supply chains and methods used to distribute products and services, on incidents of cyberattack and fraud, on the Company's liquidity or capital positions, on risks posed by reliance on third-party service providers, on other aspects of the Company's business operations and on financial markets and economic growth,
- the effect of steps the Company takes in response to the COVID-19 pandemic, the severity and duration of the pandemic, the uncertainty regarding new variants of COVID-19 that have emerged, the speed and efficacy of vaccine and treatment developments, the impact of loosening or tightening of government restrictions, the pace of recovery when the pandemic subsides and the heightened impact it has on many of the risks described herein,
- the discontinuation of LIBOR and its impact on the financial markets, and the Company's ability to manage operational, legal and compliance risks related to the discontinuation of LIBOR and implementation of one or more alternate reference rates,
- 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, including the impact of the CARES Act, as amended by the CAA, and other legislative and regulatory reactions to the COVID-19 pandemic,
- potential claims, damages, and fines related to litigation or government actions, including litigation or actions arising from the Company's participation in and administration of programs related to the COVID-19 pandemic, including, among other things, under the CARES Act, as amended by the CAA,
- 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, all forward-looking statements made in this Form 10-K are expressly qualified by the cautionary statements contained in this Form 10-K, and undue reliance should not be placed on such forward-looking 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. 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 16, 2021, 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

Atlantic Union Equipment Finance, Inc.	Atlanta, Georgia
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 16, 2021, the Bank had 129 branches and approximately 150 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., which provide investment advisory services; and Middleburg Investment Services LLC, which provides 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 two 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 $876.1 million in assets under management at December 31, 2020.

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 $627.3 million in assets under management at December 31, 2020.

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.

HUMAN CAPITAL RESOURCES

The Company continuously works towards balancing its commitments to its key stakeholders: its teammates, customers, shareholders, regulators and communities. In order to accomplish this, it is crucial that the Company attract and retain talent who desire to enrich the lives of the people and communities the Company serves. To facilitate talent attraction and retention, the Company strives to make itself an inclusive, safe and healthy workplace, providing opportunities for its teammates to grow and develop in their careers, supported by strong compensation, benefits, health and welfare programs.

Employee Profile

As of December 31, 2020, the Company had 1,879 full-time equivalent employees (which the Company refers to as “teammates”), including executive officers, loan and other banking officers, branch personnel, and operations and other support personnel. None of the Company’s teammates are represented by a union or covered under a collective bargaining agreement.

As of December 31, 2020, the Company’s workforce was comprised of approximately 65% women and 20% self-identified minorities. As of December 31, 2020, the Company’s average tenure was 7.6 years.

Compensation and Benefits

The Company’s compensation programs are designed to attract, retain and motivate high performing talent and provide market aligned pay programs in support of the Company’s business strategies and are tied to both individual and Company’s performance. All compensation policies and procedures are designed to ensure proper governance and acceptable levels of risk. Individual teammate total pay is influenced by the nature and scope of the job, what other employers pay for comparable jobs, experience and individual performance. Minimum wage levels are established for all jobs through a formal salary structure that establishes a defined salary range for each position. In addition to base wages, annual merit-based salary increases are provided to eligible teammates. Further, approximately 65% of the Company’s teammates are provided with an incentive opportunity under a formal incentive plan with measurable goals and metrics. All incentive programs have both upside and downside potential and are linked to both individual and Company’s performance. The Company’s benefits program includes a Company-maintained ESOP, healthcare and insurance benefits, paid time off, all-inclusive parental leave, a 401(k) Company match, flexible work arrangements, Employee Assistance Programs and tuition expense reimbursements.

Talent Development and Training

The Company uses the term “teammates” to describe its employees because the Company views itself as one team. The Company believes its human capital is its most important asset and is committed to investing in the growth and development of its teammates. The Company’s performance development program is vital to delivering business results and helps gain greater alignment between strategic goals, business goals and individual goals. The program is based around a culture of coaching and development by means of continuous conversations to ensure alignment on goals, business objectives, personal development, and career aspirations. The program is structured to operate on an annual basis starting with goal setting and development planning and ending with an annual review. Teammates are encouraged to take ownership of their development and seek guidance from their managers on goals and development areas.

The Company also provides training opportunities to foster growth and development, enhance teammate skillsets, and prepare teammates to be successful in their roles. For example, the Company offers specific, targeted training to all new hires. In addition to professional development, role based, and regulatory, the Company also offers the following training resources: leadership, diversity, equity, and inclusion, policies/procedures, information security, anti-bribery, ethics, product training, anti-money-laundering, technical/systems, and compensation/benefits.

All teammates have access to training opportunities through an e-learning management system. The majority of the Company’s training material is regulation based and is managed through a regulatory and compliance program. In addition to job specific training, all teammates are required to complete mandatory annual compliance courses in response to regulatory requirements and changes. In 2020, teammates completed:

- 27,443 hours of required training; and
- 15,600 hours of all other training.

Diversity, Equity and Inclusion

The Company is committed to fostering, cultivating and preserving a culture of a diversity, equity and inclusion. The Company believes that the collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that its teammates invest in their work represents a significant part of not only the Company's culture, but its reputation and achievement as well. The Company strives to foster a culture and workplace that, among other things, is inclusive and welcoming and that promotes diversity of thoughts, ideas, perspective and values. From the Company's community involvement and charitable giving to its teammate hiring and retention strategies and daily interactions, diversity, equity and inclusion is integral to how the Company approaches its business.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Name (Age)	Title and Principal Occupation During at Least the Past Five Years
John C. Asbury (55)	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 (62)	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.
Maria P. Tedesco (60)	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 2017; Senior Executive Vice President and Managing Director of the Retail Bank at Santander Bank, N.A. from 2014 to 2015; various positions with Citizens Financial Group, Inc. from 1994 to 2014.
David G. Bilko (62)	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 (56)	Executive Vice President and Enterprise Operations & Chief Information Officer 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 (52)	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.

Name (Age)	Title and Principal Occupation During at Least the Past Five Years
Shawn E. O'Brien (49)	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.
David V. Ring (57)	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, life insurance companies and fintech companies. Competition for deposits and loans is affected by various factors including, without limitation, interest rates offered, the number and location of branches and types of products offered, digital capabilities, 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 focused banking 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 7.5% of total bank deposits as of June 30, 2020, 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 4.9% as of December 31, 2020, compared to 2.6% at year-end 2019 and continues to be below the national rate of 6.7% at year-end 2020.

The COVID-19 pandemic has had, and is continuing to have, a wide range of economic impacts in the United States and around the world, with the possibility of an extended economic recession. The pandemic has severely disrupted supply chains and adversely affected production, demand, and sales across a range of industries, including in the Company's market areas.

The Company's management continues to consider the COVID-19 pandemic and 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 Form 10-K, the description is qualified in its entirety by reference to the particular statutory or regulatory provisions or proposals.

The Company is subject to additional regulations, increased supervision and increased costs because the Company's assets exceed $10 billion. The Company has invested meaningful financial, human capital and other resources in regulatory compliance processes.

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.

On May 14, 2018, the President of the United States 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 11.39%, 10.26%, and 14.00%, respectively, as of December 31, 2020, 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 12.42%, 12.42%, and 13.09%, respectively, as of December 31, 2020, 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, 2020, the Tier 1 leverage ratios of the Company and the Bank were 8.95% and 9.75%, 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 $19.6 billion in assets as of December 31, 2020.

On August 26, 2020, the federal bank regulatory agencies adopted a final rule that allows the Company to phase in the impact of adopting the CECL methodology up to two years, with a three-year transition period to phase out the cumulative benefit to regulatory capital provided during the two-year delay. This final rule is substantially similar to the interim final rule issued in March 2020 by the federal bank regulatory agencies. Refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" section "Capital Resources" of this Form 10-K for information regarding the impact of this final rule on the Company's regulatory capital.

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, 2020, 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, which is required to be applied until the reserve ratio reaches 1.35 percent. The reserve ratio has exceeded the required minimum level of 1.35 percent since the fourth quarter of 2018; therefore, the Bank has not been required to pay a surcharge as a result. In June 2020, the FDIC adopted a final rule that generally removes the effect of PPP lending when calculating a bank's deposit insurance assessment by providing an offset to the bank's total assessment amount for the increase in the assessment base attributable to the bank's participation in the PPP. This final rule began applying to FDIC deposit insurance assessments during the second quarter of 2020.

For the years ended December 31, 2020, 2019 and 2018, the Company paid $8.4 million, $5.4 million and $5.0 million, respectively, in deposit insurance assessments.

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, 2020.

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, 2020, the Bank owned $27.8 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. Regulations adopted under the Bank Secrecy Act impose on financial institutions customer due diligence requirements, and the federal banking regulators expect that customer due diligence programs will be integrated within a financial institution's broader Bank Secrecy Act and anti-money laundering compliance program. 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.

In December 2020, the U.S. Congress enacted the National Defense Authorization Act (the "NDAA") for fiscal year 2021. Among its many provisions, the NDAA includes the Anti-Money Laundering Act of 2020 (the "AMLA") and the related Corporate Transparency Act of 2019 (the "CTA"). The CTA is a significant update to federal Bank Secrecy Act/Anti-money Laundering ("BSA/AML") regulations. The CTA aims to eliminate the use of shell companies that facilitate the laundering of criminal proceeds and, for that purpose, directs FINCEN to establish and maintain a national registry of beneficial ownership information for corporate entities. Specifically, corporations and limited liability companies (subject to certain exceptions) must disclose to FinCEN their beneficial owners – defined as an individual who, directly or indirectly, exercises substantial control over the entity or owns or controls not less than 25 percent of the ownership interests of the entity. Beneficial ownership must be disclosed at the time of company formation and upon a change in ownership. The national registry will be confidential; the CTA contains criminal penalties for non-compliance as well as for unauthorized disclosure of reported information.

The CTA's disclosure requirements are similar to the current FinCEN-promulgated Customer Due Diligence ("CDD") Rule and related regulations applicable to the entity customers of banks. At this time, the Bank cannot predict how implementation of the new CTA requirements will affect the provisions of the CDD Rule or the Bank's compliance with the CDD Rule and related BSA/AML regulations. No guidance or proposals with respect to either the CTA or revised CDD Rule requirements have yet been proposed by FinCEN or the other federal banking regulators. FinCEN is expected to initiate new CTA-related rulemakings and propose revisions to its CDD rules in the near-term. The Bank continues to monitor legislative, regulatory, and supervisory developments related thereto.

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 or enforcement actions. 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 15, 2020, the FDIC issued final rules that amend the FDIC's methodology for calculating interest rate caps, provide a new process for banks that seek FDIC approval to offer a competitive rate on deposits when the prevailing rate in the bank's local market exceeds the national rate cap, and provides specific exemptions and streamlined application and notice procedures for certain deposit-placement arrangements that are not subject to brokered deposit restrictions. These final rules are effective on April 1, 2021.

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, 2020, 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 some time. 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 and uncertainties. In addition to the other information set forth in this Form 10-K, 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 Form 10-K, in which case the trading price of the Company's securities could decline. The Risk Factor Summary that follows should be read in conjunction with the detailed description of risk factors below.

Risk Factor Summary

These risks and uncertainties include:

Risks Related to the COVID-19 Pandemic

- The COVID-19 pandemic and resulting adverse economic conditions have already adversely impacted the Company's business and results, and could adversely impact its business, financial condition, and results of operations.

Risks Related to the Company's Lending Activities

- The Company's ACL may prove to be insufficient to absorb credit losses in its loan portfolio.
- The Bank's concentration in loans secured by real estate may adversely affect earnings due to changes in the real estate markets.
- 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 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.
- The Bank's commercial and industrial loans have contributed significantly to the Bank's loan growth. A weakening of economic conditions could adversely affect the collectability of the loans and underlying collateral.
- Loans that the Bank has made through federal programs are dependent on the federal government's continuation and support of these programs and on the Bank's compliance with program requirements.
- 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.
- The Company's credit standards and its on-going credit assessment processes might not protect it from significant credit losses.
- The Company's focus on lending to small to mid-sized community-based businesses may increase its credit risk.
- Nonperforming assets take significant time to resolve and may adversely affect the Company's results of operations and financial condition.
- 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.

Risks Related to Market Interest Rates

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

Risks Related to the Company's Business, Industry and Markets

- The Company's business may be adversely affected by conditions in the financial markets and economic conditions generally.
- 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 relies could negatively impact the Company's business in a material way.
- 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.
- The Company faces substantial competition that could adversely affect the Company's growth and/or operating results.
- 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.

Risks Related to the Company's Operations

- The Company's operations may be adversely affected by cyber security risks and cyber-attacks.
- 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.
- 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 carrying value of goodwill and other intangible assets may be adversely affected.
- The Company's risk-management framework may not be effective in mitigating risk and loss.
- The Company's exposure to operational, technological, and organizational risk may adversely affect the Company.
- The Company continually encounters technological change which could affect its ability to remain competitive.
- 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.
- The Company and the Bank rely on other companies to provide key components of their business infrastructure.
- 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.
- The Company's dependency on its management team and the unexpected loss of any of those personnel could adversely affect operations.
- The Company may not be able to generate sufficient taxable income to fully realize its deferred tax assets.
- 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.

Risks Related to the Company's Regulatory Environment

- The Company is subject to additional regulation, increased supervision and increased costs compared to some financial institutions because the Company's assets exceed $10 billion.
- 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 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 Bank is subject to the CFPB's broad regulatory authority and new regulations, or new approaches to regulation or enforcement by the CFPB could adversely impact the Company.
- Failure to comply with the USA Patriot Act, OFAC, the Bank Secrecy Act and related FinCEN guidelines and related regulations could have a material impact on the Company.

Risks Related to the Company's Securities

- The Company relies on dividends from its subsidiaries for substantially all of its revenue.
- An active trading market in the Company's common stock may not be sustained.
- Future issuances of the Company's common stock or preferred stock could adversely affect the market price of the common stock and preferred stock and could be dilutive.
- Common stock and preferred stock are equity and are subordinate to the Company's existing and future indebtedness and effectively subordinated to all the indebtedness and other non- equity claims against the Bank and the Company's other subsidiaries.
- The Company's common stock is subordinate to the Company's existing and future preferred stock.

Risks Related to the COVID-19 Pandemic

The COVID-19 pandemic and resulting adverse economic conditions have already adversely impacted the Company's business and results, and could have a more material adverse impact on its business, financial condition, and results of operations.

The ongoing COVID-19 global and national health emergency has caused significant disruption in the United States and international economies and financial markets. The spread of COVID-19 in the United States has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in commercial activity and financial transactions, supply chain interruptions, increased unemployment, and overall economic and financial market instability. In March 2020, almost all states, including Virginia, where the Company is headquartered, and Maryland and North Carolina, in which the Company has significant operations, issued “stay-at-home orders” and declared states of emergency. Many state and local governments began implementing phased regulations and guidelines for reopening communities and economies, often with reduced capacity and social distancing restrictions. However, recently, many state and local governments have implemented additional restrictions in light of the significant COVID-19 resurgence.

Although banks have generally been permitted to continue operating, the COVID-19 pandemic has caused disruptions tothe Company’s business and could cause material disruptions to its business and operations in the future. Impacts to the business have included increases in costs and reductions in operating effectiveness due to additional health and safety precautions implemented at the Company’s branches and offices and the transition of a portion of its workforce to home locations, decreases in customer traffic in its branches, and increases in requests for and the making of loan modifications. The Company anticipates that additional future impacts to its business will include increases in the Company’s customers’ inability to make scheduled loan payments and increases in requests for forbearance. Further, loan payment deferment programs implemented by the Company or under government stimulus programs, like the PPP, may mask credit deterioration in its loan portfolio by making less applicable standard measures of identifying developing financial weakness in a client or portfolio, such as past due monitoring and non-accrual assessments. To the extent that commercial and social restrictions remain in place or increase, the Company’s expenses, delinquencies, charge-offs, foreclosures, and credit losses may materially increase, and the Company could experience reductions in fee income. In addition, any declines in credit quality could significantly affect the adequacy of the Company’s ACL, which would lead to increases in the provision for credit losses and related declines in its net income.

Unfavorable economic conditions and increasing unemployment figures may also make it more difficult for the Company to maintain deposit levels and loan origination volume and to obtain additional financing. Furthermore, such conditions have and may continue to cause the value of the Company’s investment portfolio and of collateral associated with its existing loans to decline. In addition, in March 2020, the Federal Reserve lowered the target range for the federal funds rate to a range from 0 to 0.25 percent in part as a result of the pandemic. A prolonged period of very low interest rates could reduce the Company’s net interest income and have a material adverse impact on its cash flows.

While the Company has taken and is continuing to take precautions to protect the safety and well-being of its employees and customers, no assurance can be given that the steps being taken will be deemed to be adequate or appropriate, nor can the Company predict the continued level of disruption that will occur to its employee's ability to provide customer support and service. The continued, renewed, or increased spread of COVID-19 could negatively impact the availability of key personnel necessary to conduct the Company’s business, the business and operations of its third-party service providers who perform critical services for the business, or the businesses of many of the Company’s customers and borrowers. If COVID-19 is not successfully contained, the Company could experience a material adverse effect on its business, financial condition, results of operations, and cash flow.

Among the factors outside the Company’s control that are likely to affect the impact the COVID-19 pandemic will ultimately have on its business are, without limitation:

- the pandemic’s duration, nature, and severity;
- the uncertainty regarding new variants of COVID-19 that have emerged;
- the speed and efficacy of vaccine and treatment developments;
- the direct and indirect results of the pandemic, such as recessionary economic trends, including with respect to employment, wages and benefits, commercial activity, the residential housing market, consumer spending and real estate and investment securities market values;
- political, legal, and regulatory actions and policies in response to the pandemic, including the effects of restrictions on commerce and banking, such as temporary or required suspensions of collections, foreclosures, and related obligations;
- the timing, magnitude, and effect of public spending, directly or through subsidies, its direct and indirect effects on commercial activity and incentives of employers and individuals to resume or increase employment, wages and benefits, and commercial activity;
- effects on the Company’s liquidity position due to changes in customers’ deposit and loan activity in response to the pandemic and its economic effects;
- the timing and availability of direct and indirect governmental support for various financial assets, including mortgage loans;

- the long-term effect of the economic downturn on the Company's intangible assets such as its deferred tax asset and goodwill;
- potential longer-term effects of increased government spending on the interest rate environment and borrowing costs for non-governmental parties;
- the ability of the Company's employees to work effectively during the course of the pandemic;
- the ability of the Company's third-party vendors to maintain a high-quality and effective level of service;
- the possibility of increased fraud, cybercrime, and similar incidents, due to vulnerabilities posed by the significant increase in Company employees and customers handling their banking interactions remotely from home, the quick roll-out of various government-sponsored lending programs, like the PPP, or otherwise;
- required changes to the Company's internal controls over financial reporting to reflect a rapidly changing work environment;
- potential longer-term shifts toward mobile banking, telecommuting, and telecommerce;
- short- and long-term health impacts;
- unforeseen effects of the pandemic; and
- geographic variation in the severity and duration of the COVID-19 pandemic, including in states in which the Company operates physically such as Virginia, Maryland, and North Carolina.

The ongoing COVID-19 pandemic has contributed to severe volatility in the financial markets. Depending on the extent and duration of the COVID-19 pandemic and perceptions regarding national and global recovery from the pandemic, the price of the Company's common stock may continue to experience volatility and potential declines.

The Company is continuing to monitor the COVID-19 pandemic and related risks, although the rapid development and fluidity of the situation precludes any specific prediction as to its ultimate impact on the Company. However, if the pandemic continues to spread or otherwise results in a continuation or worsening of the current economic and commercial environments, the Company's business, financial condition, results of operations, and cash flows could be materially adversely affected.

Risks Related to the Company's Lending Activities

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

Like all financial institutions, the Company maintains an ACL to provide for loans that its borrowers may not repay in their entirety. The Company believes that it maintains an ACL at a level adequate to absorb expected losses in the loan portfolio as of the corresponding balance sheet date and in compliance with applicable accounting and regulatory guidance. The ACL, however, may not be sufficient to cover expected loan losses and future provisions for loan losses could materially and adversely affect the Company's operating results. Accounting related to the ACL 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 changes in economic conditions.

The Company's banking regulators, as an integral part of their examination process, periodically review the ACL and may require the Company to increase its ACL by recognizing additional provisions for loan losses charged to expense, or to decrease the ACL 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 ACL is dependent on the interpretation of accounting standards. On January 1, 2020, the Company adopted ASC 326, which replaces the incurred loss credit impairment methodology with the CECL methodology. The CECL methodology 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 changed the Company's current method of providing ACL and resulted 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 ACL, which if the Company is required to materially increase its level of ACL for any reason, such increase could adversely affect its business, financial condition, and results of operations. Refer to 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 for information regarding the Company's accounting policy and summary of adoption implications of ASC 326.

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's commercial and industrial loans have contributed significantly to the Bank's loan growth. A weakening of economic conditions could adversely affect the collectability of the loans and underlying collateral.

Commercial and 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.

Loans that the Bank has made through federal programs are dependent on the federal government's continuation and support of these programs and on the Bank's compliance with program requirements.

The Bank participates in various U.S. government agency loan guarantee programs, including programs operated by the SBA. If the Bank fails to follow any applicable regulations, guidelines or policies associated with a particular guarantee program, any loans the Bank originates as part of that program may lose the associated guarantee, exposing the Bank to credit risk it would not otherwise be exposed to or have underwritten, or result in the Bank's inability to continue originating loans under such programs, either of which could have a material adverse effect on the Company's business, financial condition or results of operations.

Federal and state governments have enacted laws and implemented programs intending to stimulate the economy in light of the business and market disruptions related to COVID-19, including the PPP. The Bank participated as a lender in both rounds of the PPP, providing $1.7 billion in loans to over 11,000 customers. The PPP loans are fully guaranteed as to payment of principal and interest by the SBA and the Bank believes that the majority of these loans will be forgiven. However, there can be no assurance that the borrowers will use or have used the funds appropriately or will have satisfied the staffing or payment requirements to qualify for forgiveness in whole or in part. Any portion of the loan that is not forgiven must be repaid by the borrower. In the event of a loss resulting from a default on a PPP loan and a determination by the SBA that there was a deficiency in the manner in which the PPP loan was originated, funded or serviced by the Bank, which may or may not be related to an ambiguity in the laws, rules or guidance regarding operation of the PPP, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if the Bank has already been paid under the guaranty, seek recovery from the Bank of any loss related to the deficiency. Several large banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP. The Bank may be exposed to the risk of litigation, from both customers and non-customers that approached the Bank regarding PPP loans and the Bank's PPP processes. If any such litigation is filed against the Bank and is not resolved in a manner favorable to the Bank, it may result in significant financial liability or adversely affect the Bank's reputation. Any financial liability, litigation costs or reputational damage caused by PPP related litigation could have a material adverse impact on the Company's business, financial condition and results of operations.

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 may 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'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.

Risks Related to Market Interest Rates

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 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. Intercontinental Exchange, Inc., the company that administers LIBOR, has stated that it intends to cease the publication of one week and two month LIBOR rates immediately after the LIBOR publication on December 31, 2021, and the remaining LIBOR rates immediately following the LIBOR publication on June 30, 2023, and will consult on such intentions. 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, and liquidity in the interbank markets on which those LIBOR estimates are based has been declining. 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. 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.

Risks Related to the Company's Business, Industry and Markets

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. 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 relies could negatively impact 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 negatively impact the Company's business in a material way.

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.

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 Company faces increasing competition from fintech companies, as trends toward digital financial transactions have accelerated during the COVID-19 pandemic. 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.

Risks Related to the Company's Operations

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, effectively manage increasing regulatory compliance requirements, 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 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 share of common stock may occur in connection with any future acquisitions.

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 and net amortizable intangibles were approximately $935.6 million and $57.2 million, respectively, at December 31, 2020.

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.

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 negatively impact 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.

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.

Risks Related to the Company's Regulatory Environment

The Company is subject to additional regulation, increased supervision and increased costs compared to some financial institutions because the Company's assets exceed $10 billion.

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, 2020, the Company had $19.6 billion in total assets. As a result, the Company is subject to additional regulatory requirements, increased supervision and increased costs compared to financial institutions with assets of less than $10 billion, including the following: (i) supervision, examination and enforcement by the Consumer Financial Protection Bureau with respect to consumer financial protection laws; (ii) enhanced supervision as a larger financial institution; (iii) a modified methodology for calculating FDIC insurance assessments and potentially higher assessment rates; and (iv) 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. In addition, regulators may require the Company to maintain higher levels of regulatory capital based on the Company's condition, risk profile, or growth plans or conditions in the banking industry or economy. The capital adequacy standards applicable to the Company and the Bank impose stricter capital requirements and leverage limits than the requirements to which the Company and the Bank were subject in the past.

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.

The Bank is subject to the CFPB's broad regulatory and enforcement authority and new regulations, or new approaches to regulation or enforcement by the CFPB could adversely impact the Company.

The CFPB has examination and enforcement authority over the Bank and has broad rulemaking authority to administer and carry out the purposes and objectives of federal consumer financial protection laws. Among other things, the CFPB is authorized to issue rules identifying and prohibiting acts or practices that are unfair, deceptive or abusing in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. The CFPB has broad discretion to interpret the term "abusive" to cover a wide range of acts or practices. New regulations, or new approaches to regulation or enforcement by the CFPB could adversely impact the Bank's deposit, consumer lending, mortgage lending, loan collection or overdraft coverage programs and, as a result, could have a material adverse effect on the Company's business, financial condition or results of operations.

Failure to comply with the USA Patriot Act, OFAC, the Bank Secrecy Act and related FinCEN guidelines and related regulations could have a material impact on the Company.

Bank regulatory agencies routinely examine financial institutions for compliance with the USA Patriot Act, OFAC, the Bank Secrecy Act and related FinCEN guidelines and related regulations. Failure to maintain and implement adequate programs as required by these obligations to combat terrorist financing, elder abuse, human trafficking, anti-money laundering and other suspicious activity and to fully comply with all of the relevant laws or regulations, could have serious legal, financial and reputational consequences for the Company. Such a failure could cause a bank regulatory agency not to approve a merger or acquisition transaction or to prohibit such a transaction even if formal approval is not required. In addition, such a failure could result in a regulatory authority imposing a formal enforcement action or civil money penalty for regulatory violations.

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 or the holders of its depositary shares, which represent fractional interests in the Company's Series A preferred 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 or the Company's depositary shares even if the Bank continues to pay dividends to the Company.

An active trading market in the Company's common stock may not be sustained.

The trading volume in the Company's common stock on the NASDAQ Global Select Market may fluctuate. It is possible that an active and liquid trading market for the Company's common stock will not be sustained, which would make it difficult for you to sell your shares of common stock at an attractive price (or at all). Additionally, 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.

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

The Company is not restricted from issuing additional shares of common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, shares of common stock or preferred stock. Issuances of a substantial number of shares of common stock or preferred stock, or the issuance of depositary shares representing a significant liquidation amount of preferred 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, preferred stock or depositary shares and could be dilutive to shareholders. Because the Company's decision to issue equity securities in the future will depend on market conditions and other factors, it cannot predict or estimate the amount, timing, or nature of possible future equity issuances. Accordingly, the Company's shareholders bear the risk that future equity issuances will reduce market prices and dilute their stock holdings in the Company.

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

Shares of the Company's common stock and preferred stock are equity interests and do not constitute indebtedness. As such, shares of the common stock and depositary shares, which represent fractional interests in the Company's Series A preferred 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 the Company's depositary shares and other outstanding preferred stock, if any. The Company is permitted to incur additional debt. Upon liquidation, lenders and holders of the Company's debt securities would receive distributions of the Company's available assets prior to holders of the Company's common stock, depositary shares and other outstanding preferred stock, if any. 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 common stock is subordinate to the Company's existing and future preferred stock.

The Company has outstanding Series A preferred stock that is senior to the Company's common stock and could adversely affect the ability of the Company to declare or pay dividends or distributions on common stock. Under the terms of the Series A preferred stock, the Company is prohibited from paying dividends on its common stock unless all full dividends for the latest dividend period on all outstanding shares of Series A preferred stock have been declared and paid in full or declared and a sum sufficient for the payment of those dividends has been set aside. Furthermore, if the Company experiences a material deterioration in its financial condition, liquidity, capital, results of operations or risk profile, the Company's regulators may not permit it to make future payments on its Series A preferred stock, thereby preventing the payment of dividends on the Company's common stock.

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.

General Risk Factors

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.

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.

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.

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, 2020, the Bank operated 134 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.

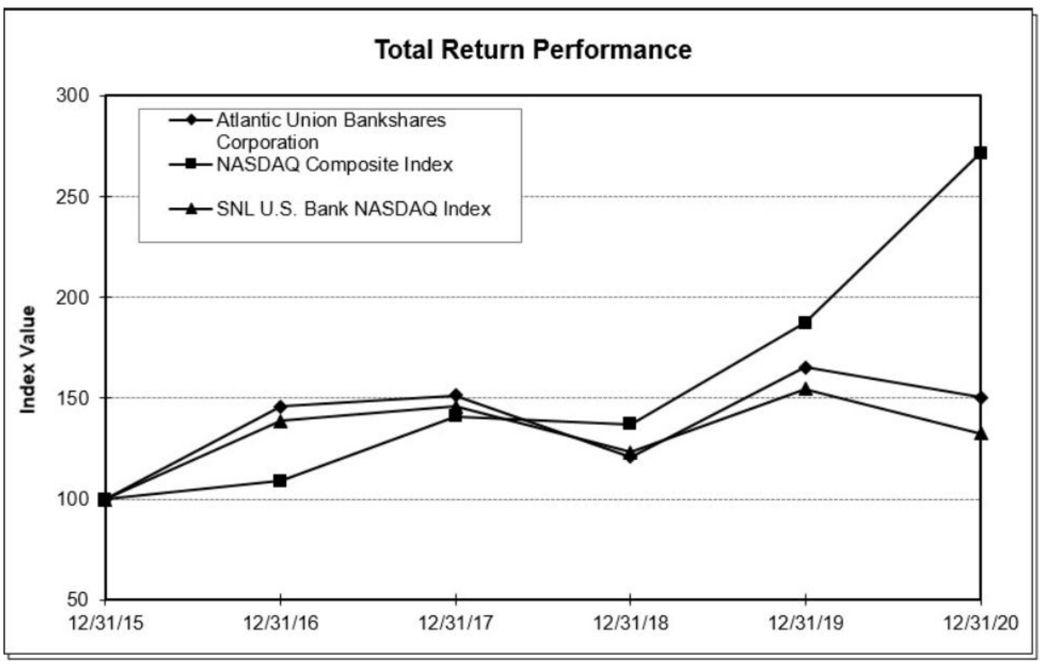
PART II

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, 2020, 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, 2015 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	**12/31/2015**	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**	**12/31/2020**
Atlantic Union Bankshares Corporation	$ 100.00	$ 145.99	$ 151.35	$ 120.88	$ 165.16	**$ 150.46**
NASDAQ Composite	100.00	108.87	141.13	137.12	187.44	**271.64**
SNL U.S. Bank NASDAQ	100.00	138.65	145.97	123.04	154.47	**132.56**

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 78,729,212 shares of the Company's common stock outstanding at the close of business on December 31, 2020. The shares were held by 6,597 shareholders of record. The closing price of the Company's common stock on December 31, 2020 was $32.94 per share compared to $37.55 on December 31, 2019.

Regulatory restrictions on the ability of the Bank to transfer funds to the Company at December 31, 2020 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 was authorized through June 30, 2021, but on March 20, 2020 the Company announced the suspension of the program.

The following information provides details of the Company's common stock repurchases for the three months ended December 31, 2020:

Period	Total number of shares purchased(1)	Average price paid per share ($)	Total number of shares purchased as part of publicly announced plans or programs(2)	Approximate dollar value of shares that may yet be purchased under the plans or programs ($)
October 1 - October 31, 2020	**1,272**	**25.12**	**-**	**19,951,000**
November 1 - November 30, 2020	**331**	**25.29**	**-**	**19,951,000**
December 1 - December 31, 2020	**266**	**31.04**	**-**	**19,951,000**
Total	**1,869**	**25.99**	**-**	

(1) *For the three months ended December 31, 2020, 1,869 shares were withheld upon the vesting of restricted shares granted to employees of the Company in order to satisfy tax withholding obligations.*

(2) *On March 20, 2020, the Company announced the suspension of its share repurchase program, which had approximately $20 million of shares authorized to be purchased under the program remaining when it was suspended.*

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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):

	2020	2019	2018	2017	2016
Results of Operations					
Interest and dividend income	**$ 653,454**	$ 699,332	$ 528,788	$ 329,044	$ 293,736
Interest expense	**98,156**	161,460	102,097	50,037	29,770
Net interest income	**555,298**	537,872	426,691	279,007	263,966
Provision for credit losses	**87,141**	21,092	13,736	10,802	8,883
Net interest income after provision for credit losses	**468,157**	516,780	412,955	268,205	255,083
Noninterest income	**131,486**	132,815	104,241	62,429	59,849
Noninterest expenses	**413,349**	418,340	337,767	225,668	213,090
Income before income taxes	**186,294**	231,255	179,429	104,966	101,842
Income tax expense	**28,066**	37,557	30,016	32,790	25,944
Income from continuing operations	**158,228**	193,698	149,413	72,176	75,898
Discontinued operations, net of tax	—	(170)	(3,165)	747	1,578
Net income	**158,228**	193,528	146,248	72,923	77,476
Dividends on preferred stock	**5,658**	—	—	—	—
Net income available to common shareholders(1)	**$ 152,570**	$ 193,528	$ 146,248	$ 72,923	$ 77,476
Financial Condition					
Assets	**$ 19,628,449**	$ 17,562,990	$ 13,765,599	$ 9,315,179	$ 8,426,793
Securities available for sale, at fair value	**2,540,419**	1,945,445	1,774,821	974,222	946,764
Securities held to maturity, at carrying value	**544,851**	555,144	492,272	199,639	201,526
Loans held for investment, net of deferred fees and costs	**14,021,314**	12,610,936	9,716,207	7,141,552	6,307,060
Allowance for loan and lease losses	**160,540**	42,294	41,045	38,208	37,192
Goodwill and intangible assets, net	**992,745**	1,009,229	775,853	313,331	318,793
Tangible assets, net (2)	**18,635,704**	16,553,761	12,989,746	9,001,848	8,108,000
Deposits	**15,722,765**	13,304,981	9,970,960	6,991,718	6,379,489
Total borrowings	**840,717**	1,513,748	1,756,278	1,219,414	990,089
Total liabilities	**16,919,958**	15,049,888	11,841,018	8,268,850	7,425,761
Total stockholders' equity	**2,708,490**	2,513,102	1,924,581	1,046,329	1,001,032
Tangible common equity(2)	**1,549,388**	1,503,873	1,148,728	732,998	682,239
Ratios					
Net interest margin(1)	**3.26 %**	3.61 %	3.67 %	3.48 %	3.64 %
Net interest margin (FTE)(2)	**3.32 %**	3.69 %	3.74 %	3.63 %	3.80 %
Return on average assets(1)	**0.83 %**	1.15 %	1.11 %	0.83 %	0.96 %
Return on average equity(1)	**6.14 %**	7.89 %	7.85 %	7.07 %	7.79 %
Efficiency ratio(1)	**60.19 %**	62.37 %	63.62 %	66.09 %	65.81 %
CET1 capital (to risk weighted assets)	**10.26 %**	10.24 %	9.93 %	9.04 %	9.72 %
Tier 1 capital (to risk weighted assets)	**11.39 %**	10.24 %	11.09 %	10.14 %	10.97 %
Total capital (to risk weighted assets)	**14.00 %**	12.63 %	12.88 %	12.43 %	13.56 %
Leverage Ratio	**8.95 %**	8.79 %	9.71 %	9.42 %	9.87 %
Common equity to total assets	**12.95 %**	14.31 %	13.98 %	11.23 %	11.88 %
Tangible common equity / tangible assets(2)	**8.31 %**	9.08 %	8.84 %	8.14 %	8.41 %
Asset Quality					
Allowance for loan and lease losses	**$ 160,540**	$ 42,294	$ 41,045	$ 38,208	$ 37,192
Reserve for unfunded commitment	**$ 10,000**	$ 900	$ 900	$ 400	$ 725
Allowance for credit losses	**$ 170,540**	$ 43,194	$ 41,945	$ 38,608	$ 37,917
Nonaccrual loans	**$ 42,448**	$ 28,232	$ 26,953	$ 21,743	$ 9,973
Foreclosed property	**$ 2,773**	$ 4,708	$ 6,722	$ 5,253	$ 7,430
ALLL/total outstanding loans	**1.14 %**	0.34 %	0.42 %	0.54 %	0.59 %
ALLL/total adjusted loans(2)	**1.25 %**	0.34 %	0.42 %	0.54 %	0.59 %
ACL/total outstanding loans	**1.22 %**	0.34 %	0.43 %	0.54 %	0.60 %
ACL/total adjusted loans(2)	**1.33 %**	0.34 %	0.43 %	0.54 %	0.60 %
Nonaccrual loans/total loans	**0.30 %**	0.22 %	0.28 %	0.30 %	0.16 %
ALLL/nonaccrual loans	**378.20 %**	149.81 %	152.28 %	175.73 %	372.93 %
NPAs/total outstanding loans	**0.32 %**	0.26 %	0.35 %	0.38 %	0.28 %
NPAs/total adjusted loans(2)	**0.35 %**	0.26 %	0.35 %	0.38 %	0.28 %
Net charge-offs/total average loans	**0.08 %**	0.17 %	0.12 %	0.15 %	0.09 %
Net charge-offs/total adjusted average loans(2)	**0.09 %**	0.17 %	0.12 %	0.15 %	0.09 %
Provision /total average loans	**0.60 %**	0.19 %	0.15 %	0.17 %	0.15 %
Provision /total adjusted average loans(2)	**0.65 %**	0.19 %	0.15 %	0.17 %	0.15 %
Per Share Data					
Earnings per common share, basic	**$ 1.93**	$ 2.41	$ 2.22	$ 1.67	$ 1.77
Earnings per common share, diluted(1)	**1.93**	2.41	2.22	1.67	1.77
Cash dividends paid per common share	**1.00**	0.96	0.88	0.81	0.77
Market value per share	**32.94**	37.55	28.23	36.17	35.74
Book value per common share	**32.46**	31.58	29.34	24.10	23.15
Tangible book value per common share(2)	**19.78**	18.90	17.51	16.88	15.78
Dividend payout ratio	**51.81 %**	39.83 %	39.64 %	48.50 %	43.50 %
Weighted average common shares outstanding, basic	**78,858,726**	80,200,950	65,859,166	43,698,897	43,784,193
Weighted average common shares outstanding, diluted	**78,875,668**	80,263,557	65,908,573	43,779,744	43,890,271
Preferred shares outstanding	**17,250**	—	—	—	—

(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) These are non-GAAP measures; 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 of the Company.

The critical accounting and reporting policies include the Company's accounting for the allowance for loan and lease losses, acquired 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. The below accounting policies related to the ALLL were updated following the Company's adoption of ASC 326 on January 1, 2020.

Allowance for Loan and Lease Losses -The provision for loan losses is an amount sufficient to bring the ALLL to an estimated balance that management considers adequate to absorb expected losses in the portfolio. The ALLL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the ALLL when management believes the loan balance is no longer collectible. Subsequent recoveries of previously charged off amounts are recorded as increases to the ALLL; however, expected recoveries do not exceed the aggregate of amounts previously charged-off.

Management's determination of the adequacy of the ALLL 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, reasonable and supportable forecasts, and other risk factors. The ALLL is estimated using a loan-level PD/LGD method for all loans with the exception of its auto and third party consumer lending portfolios. For auto and third party consumer lending portfolios, the Company has elected to pool those loans based on similar risk characteristics to determine the ALLL using vintage and loss rate methods.

While management uses available information to estimate expected losses on loans, future changes in the ALLL may be necessary based on changes in portfolio composition, portfolio credit quality, and/or economic conditions.

Determining the Contractual Term

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extensions or renewal options are included in the original or modified contract at the reporting date and are not unconditionally legally cancelable by the Company.

The Company's ALLL measures the expected lifetime loss using pooled assumptions and loan-level details for financial assets that share common risk characteristics and evaluates an individual reserve in instances where the financial assets do not share the same risk characteristics.

Collectively Assessed Reserve Consideration

Loans that share common risk characteristics are considered collectively assessed. Loss estimates within the collectively assessed population are based on a combination of pooled assumptions and loan-level characteristics.

Quantitative loss estimation models have been developed based largely on internal historical data at the loan and portfolio levels from 2005 through the current period and the economic conditions during the same time period. Expected losses for the Company's collectively assessed loan segments are estimated using a number of quantitative methods including PD/LGD, Vintage, and Loss Rate.

As part of its qualitative framework, the Company evaluates its current underwriting standards, geographic footprint, national and international current and forecasted economic conditions, expected government stimulus, and other factors to estimate the impact that changes in these factors may have on expected loan losses.

The Company's ALLL for the current period is based on a two-year reasonable and supportable forecast period with a straight-line reversion over the next two years to long-term average loss factors.

Individually Assessed Reserve Consideration

Loans that do not share risk characteristics are evaluated on an individual basis. The individual reserve component relates to loans that have shown substantial credit deterioration as measured by risk rating and/or delinquency status. In addition, the Company has elected the practical expedient that would include loans for individual assessment consideration if the repayment of the loan is expected substantially through the operation or sale of collateral because the borrower is experiencing financial difficulty. Where the source of repayment is the sale of collateral, the ALLL is based on the fair value of the underlying collateral, less selling costs, compared to the amortized cost basis of the loan. If the ALLL is based on the operation of the collateral, the reserve is calculated based on the fair value of the collateral calculated as the present value of expected cash flows from the operation of the collateral, compared to the amortized cost basis. If the Company determines that the value of a 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 is deemed uncollectible. Typically, a loss is confirmed when the Company is moving toward 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 obtained on all individually assessed loans, as well as updated every twelve months for all individually assessed loans. Adjustments to real estate appraised values are only permitted to be made by the REVG. The individually assessed 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. The ALLL on loans individually assessed is updated, reviewed, and approved on a quarterly basis at or near the end of each reporting period.

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 independent 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.

Governance

The Company's Allowance Committee, which reports to the Audit Committee and contains representatives from both the Company's finance and risk teams, is responsible for approving the Company's estimate of expected credit losses and resulting ALLL. The Allowance Committee considers the quantitative model results and qualitative factors when approving the final ALLL. The Company's ALLL model is subject to the Company's models risk management program which is overseen by the Model Risk Management Committee, which reports to the Company's Board Risk Committee.

Acquired Loans –The Company has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. Acquired loans are recorded at their fair value at acquisition date without carryover of the acquiree's previously established ALLL, 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 PCD or acquired performing. The acquired loans are subject to the Company's ALLL Policy upon acquisition.

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.

PCD loans reflect loans that have experienced more-than-insignificant credit deterioration since origination, as it is probable at acquisition that the Company will not be able to collect all contractually required payments. These PCD loans are accounted for under ASC 326. The PCD 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.

PCD loans are recorded at the amount paid. An ALLL is determined using the same methodology as other loans held for investment. The initial ALLL is determined on a collective basis and is allocated to individual loans. The sum of the loan's purchase price and ALLL becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the ALLL are recorded through provision expense.

Business Combinations and Divestitures - Business combinations are accounted for under ASC 805, 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 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 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 does not expect a material financial statement impact from the adoption of this standard.

In March 2020, the FASB issued ASU No. 2020-04, "*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*." This guidance provides temporary, optional guidance to ease the potential burden in accounting for reference rate reform associated with the LIBOR transition. LIBOR and other interbank offered rates are widely used benchmark or reference rates that have been used in the valuation of loans, derivatives, and other financial contracts. Global capital markets are going to be required to move away from LIBOR and other interbank offered rates and toward rates that are more observable or transaction based and less susceptible to manipulation. Topic 848 provides optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. The ASU is intended to help stakeholders during the global market-wide reference rate transition period. The amendments are effective as of March 12, 2020 through December 31, 2022. The Company is planning to adopt Topic 848; however, does not expect these amendments to have a material impact on the financial statements.

In August 2020, the FASB issued ASU No. 2020-06, "*Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*." This guidance was issued to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The amendments are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those years. The Company evaluated the impacts from this standard and does not expect a material financial statement impact.

RESULTS OF OPERATIONS

Executive Overview

On February 1, 2019, the Company completed the acquisition of Access, a bank holding company based in Reston, Virginia. The Company's results for the first quarter of 2019 include two months of financial results of Access.

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. There were no rebranding costs for the year ended December 31, 2020.

On January 1, 2020, the Company adopted ASC 326, which resulted in an increase of $51.7 million in the ACL on January 1, 2020. The impact of the overall worsening economic forecast related to COVID-19 throughout 2020 and subsequent to the adoption of ASC 326 has led to a further net increase to the ACL. At December 31, 2020 the ACL was $170.5 million, which included an ALLL of $160.5 million and an RUC of $10.0 million.

On June 9, 2020, the Company announced the closing of an offering of 6,900,000 depositary shares, each representing a 1/400th ownership interest in a share of its Series A preferred stock with a liquidation preference of $10,000 per share of Series A preferred stock (equivalent to $25 per depositary share), including 900,000 depositary shares pursuant to the exercise in full by the underwriters of their option to purchase additional depositary shares. The total net proceeds to the Company were approximately $166.4 million, after deducting the underwriting discount and other offering expenses payable by the Company. The Company is using the net proceeds of the offering for general corporate purposes in the ordinary course of its business, such as the repayment of debt, loan funding, acquisitions, additions to working capital, capital expenditures and investments in the Company's subsidiaries.

During 2020, the Company launched several initiatives to reduce expenses in light of the current and expected operating environment, including the consolidation of certain branch locations. The Company completed the consolidation of 15 branches in 2020, and five branches were consolidated in February 2021. These actions resulted in expenses of approximately $6.8 million for the year ended December 31, 2020, primarily related to lease termination costs, severance costs and real estate write-downs.

Net Income & Performance Metrics

- Net income available to common shareholders was $152.6 million and EPS was $1.93 for the year ended December 31, 2020, compared to net income of $193.5 million and EPS of $2.41 for the year ended December 31, 2019.
- Pre-tax pre-provision operating earnings(1) totaled $294.0 million for the year ended December 31, 2020, compared to pre-tax pre-provision operating earnings(1) of $295.2 million for the year ended December 31, 2019.

Balance Sheet

- Loans held for investment (net of deferred fees and costs) were $14.0 billion at December 31, 2020, an increase of $1.4 billion from December 31, 2019. Excluding the effects of the PPP(1), loans held for investment (net of deferred fees and costs) at December 31, 2020 increased $230.9 million from the prior year. This increase was primarily a result of organic loan growth.
- Total deposits at December 31, 2020 were $15.7 billion, an increase of $2.4 billion from December 31, 2019. The increase was primarily due to the impact of PPP loan related deposits and government stimulus.

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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.*

Recent Developments

COVID-19 Pandemic. The Company's financial performance generally, and in particular the ability of its borrowers to repay their loans, the value of collateral securing those loans, as well as demand for loans and other products and services the Company offers, is highly dependent on the business environment in its primary markets where it operates and in the United States as a whole.

On March 13, 2020, the President of the United States issued a proclamation declaring a national state of emergency in response to COVID-19. During the final two weeks of March 2020, the governors of multiple U.S. states, including Virginia, where the Company has its principal place of business, issued stay-at-home orders that directed the closing of non-essential businesses and restricted public gatherings. Beginning in the second quarter of 2020, businesses began to re-open in many areas of the United States under government social distancing and other restrictions. However, recently many states, including Virginia, have issued additional restrictions due to a resurgence of COVID-19 cases and the threat of new COVID-19 variants. The COVID-19 pandemic will likely continue to be a significant health concern in the Company's areas of operation, the United States and across the globe.

The pandemic is having a wide range of economic impacts, involving the possibility of an extended economic recession. The pandemic has severely disrupted supply chains and adversely affected production, demand, sales, and employee productivity across a range of industries. It has dramatically increased unemployment in the Company's areas of operation and nationally. The national economy and economies in the Company's areas of operations continued to be affected through fiscal year 2020, despite the fact that many businesses have re-opened to one degree or another. In addition, the pandemic may have social and other impacts that are not yet known but may affect the Company's customers, employees, and vendors. These events have adversely affected the Company's business, financial condition, and results of operations during the fiscal year 2020. The duration, nature, and severity of the impact of the COVID-19 pandemic on the Company's operational and financial performance will depend on certain developments, including the duration, spread, and severity of the outbreak, the efficacy of vaccine and treatment developments, the uncertainty regarding new variants of COVID-19 that have emerged, the pandemic's impact on its customers, employees, and vendors and the nature and effect of past and future federal and state governmental and private sector responses to the pandemic, all of which are uncertain and cannot be predicted. New information may emerge concerning the severity of the outbreak and the recent actions taken to contain COVID-19 infections.

Future developments with respect to COVID-19 remain highly uncertain and cannot be predicted and new information may emerge concerning the nature and severity of the outbreak, short- and long-term health impacts, the actions to contain the outbreak or treat its impact, and unforeseen effects of the pandemic, among others. Other national health concerns, including the outbreak of other contagious diseases or pandemics, may adversely affect the Company in the future.

During 2020 and into 2021, the Company has taken and is continuing to take precautions to protect the safety and well-being of the Bank's employees and customers during the COVID-19 pandemic. The Bank closed corporate offices and encouraged employees to work from home where possible. Branches remained and continue to remain open for lobby or drive-thru service where possible to serve customer needs; however, the Bank has and will likely continue to intermittently close bank branches in response to potential COVID-19 exposures or confirmed COVID-19 infection in accordance with applicable health and safety guidance and legal requirements, and to help reduce transmission of COVID-19. The Bank has implemented additional safety policies and procedures and follows guidance issued by the Centers for Disease Control and Prevention, state health authorities, and state and local executive orders where our branches and corporate offices are located. The Bank remains very focused on the safety and well-being of its employees and customers during the COVID-19 pandemic, and is committed to safely and responsibly operating its branch network and maintaining appropriate staffing in each branch.

The Bank has been participating in the SBA PPP under the CARES Act, which was intended to provide economic relief to small businesses that have been adversely impacted by COVID-19. The Bank secured funding through the SBA PPP for more than 11,000 loans, totaling approximately $1.7 billion. As of December 31, 2020, the recorded investment of these loans was approximately $1.2 billion and unamortized deferred fees were $17.6 million.

Loans under the PPP generally have a two-year term, earn interest at 1.00%, and are forgivable to the extent that the proceeds are used for payroll costs and other qualifying expenses in accordance with the terms of the program. Lenders participating in the program are scheduled to receive loan processing fees from the SBA ranging from 1.00% to 5.00% of the initial principal amount of the loan. Beginning in the third quarter of 2020, the Bank began working with these borrowers and the SBA to achieve forgiveness and repayment of these loans. In addition to an insignificant amount of PPP loan pay offs, the Company processed the first forgiven loan during the fourth quarter of 2020 and subsequently processed approximately $429.3 million of loan forgiveness on approximately 3,100 PPP loans during the fourth quarter of 2020. Certain provisions of the CARES Act, including additional PPP funding, were extended as a result of the CAA, which was signed into law on December 27, 2020. The Company began accepting applications on January 19, 2021 for additional PPP loans pursuant to the CAA.

The Bank has also implemented a short-term loan modification program that is intended to provide temporary relief for certain of our borrowers who expected to be or may have already been adversely affected by the outbreak of COVID-19 by providing short-term deferrals of loan payments on amortizing loans. The Bank initially offered a three-to six-month full payment deferral option or a three- to six-month interest-only payment option. In certain industries more heavily impacted by the COVID-19 pandemic, the Bank has extended the aforementioned deferral options an additional three to six-months. Section 4013 of the CARES Act, as amended by the CAA, provides banks, savings associations, and credit unions with the ability to make loan modifications related to COVID-19 without categorizing the loans as a TDR. The Company's short-term loan modifications have declined throughout the year from approximately $1.6 billion at June 30, 2020 to approximately $769.6 million at September 30, 2020 to approximately $146.1 million at December 31, 2020. The majority of the remaining modifications at December 31, 2020 are in the commercial real estate portfolio. Most loans that were modified under the Company's short-term loan modification program and whose deferral agreements have expired remain current with only $7.6 million of former COVID-19 loan modifications at December 31, 2020 being more than 30 days past due.

The Bank did not register as a lender under the MSLP. All MSLP facilities expired on January 8, 2021.

Net Income

2020 compared to 2019

Net income available to common shareholders for the year ended December 31, 2020 decreased $41.0 million or 21.2% to $152.6 million for the year ended December 31, 2020 and represented earnings per share of $1.93, compared to $193.5 million and $2.41 for the year ended December 31, 2019. The decrease was primarily due to the economic disruption caused by the COVID-19 pandemic. Adjusted operating earnings available to common shareholders (non-GAAP) totaled $168.8 million for the year ended December 31, 2020, compared to $227.8 million for the year ended December 31, 2019, and diluted operating earnings per common share (non-GAAP) were $2.14 for the year ended December 31, 2020, compared to $2.84 for the year ended December 31, 2019. For reconciliation of the non-GAAP measures, refer to section "Non-GAAP Measures" included within this Item 7. The reduction in net income for the year ended December 31, 2020 included an increase to the provision for credit losses of $66.0 million from $21.1 million for the year ended December 31, 2019 to $87.1 million for the year ended December 31, 2020, primarily due to increases to the Company's ACL estimates driven by the impact of the overall worsening economic forecast related to COVID-19 and its related forecast implications required as a result of the Company's 2020 adoption of CECL. In addition, the Company incurred FHLB prepayment penalties of $31.1 million, expenses of approximately $6.8 million related to branch consolidation costs and other expense reduction actions, and approximately $2.1 million in costs related to the Company's response to COVID-19 during the year ended December 31, 2020.

Net interest income for the year ended December 31, 2020 totaled $555.3 million, which was an increase of $17.4 million from the year ended December 31, 2019, primarily the result of higher average loan balances, an increase in loan accretion recognized on PPP loans, and cost of funds declines, partially offset by a decline in overall loan and investment yields, and lower purchased loan discount accretion.

Noninterest income decreased $1.3 million from $132.8 million for the year ended December 31, 2019 to $131.5 million for the year ended December 31, 2020 due to a decline in service charges on deposit accounts, which were partially offset by an increases in mortgage banking income and loan related interest rate swap income, as well as benefit proceeds on bank owned life insurance.

Noninterest expense decreased $5.0 million or 1.2% from $418.3 million for the year ended December 31, 2019 to $413.3 million for the year ended December 31, 2020. The decrease was primarily driven by the lack of rebranding and merger-related costs for the year ended December 31, 2020, partially offset by increases in debt extinguishment costs, as well as increases in salaries and benefit costs.

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. Adjusted operating earnings (non-GAAP) totaled $227.8 million and adjusted operating earnings per common share (non-GAAP) were $2.84 for the year ended December 31, 2019. 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 2018, 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, driven primarily 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 the year ended December 31, 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 merger-related and rebranding costs, amortization of intangible assets, and losses on balance sheet repositioning, adjusted operating noninterest expense (non-GAAP) increased $63.9 million or 22.4% from $285.2 million in 2018 to $349.1 million for the year ended December 31, 2019. This increase was primarily driven by the acquisition of Access.

For reconciliation of the non-GAAP measures, refer to section "Non-GAAP Measures" included within this Item 7.

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 2019 and 2018 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, 2020	2019	Change	
	(Dollars in thousands)			
Average interest-earning assets	**$ 17,058,795**	$ 14,881,142	$ 2,177,653	
Interest and dividend income	**$ 653,454**	$ 699,332	$ (45,878)	
Interest and dividend income (FTE) [(1)]	**$ 665,001**	$ 710,453	$ (45,452)	
Yield on interest-earning assets	**3.83 %**	4.70 %	(87)	bps
Yield on interest-earning assets (FTE) [(1)]	**3.90 %**	4.77 %	(87)	bps
Average interest-bearing liabilities	**$ 12,243,845**	$ 11,280,822	$ 963,023	
Interest expense	**$ 98,156**	$ 161,460	$ (63,304)	
Cost of interest-bearing liabilities	**0.80 %**	1.43 %	(63)	bps
Cost of funds	**0.58 %**	1.08 %	(50)	bps
Net interest income	**$ 555,298**	$ 537,872	$ 17,426	
Net interest income (FTE) [(1)]	**$ 566,845**	$ 548,993	$ 17,852	
Net interest margin	**3.26 %**	3.61 %	(35)	bps
Net interest margin (FTE) [(1)]	**3.32 %**	3.69 %	(37)	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.*

In the first quarter of 2020, the FRB reduced the upper bound target on the federal funds rate from 1.75% to 0.25%. As a result of the decrease in market rates, loans indexed to short-term market rates, primarily 1-month LIBOR, repriced lower leading to an overall decline in earning assets yield and compression of the Company's net interest margin. The Company reduced the rates it pays on all customer deposits and has repriced most of its wholesale borrowings as a result of the lower interest rate environment.

For the year ended December 31, 2020, net interest income was $555.3 million, an increase of $17.4 million from the year ended December 31, 2019. For the year ended December 31, 2020, net interest income (FTE) (non-GAAP) was $566.8 million, an increase of $17.9 million from the prior year. The increases in both net interest income and net interest income (FTE) were primarily the result of a decline in cost of funds and loan accretion recognized on PPP loans, partially offset by a decline in overall loan and investment yields. For the year ended December 31, 2020, PPP loan accretion totaled $32.5 million. Net accretion related to acquisition accounting decreased $1.5 million from $25.3 million for the year ended December 31, 2019 to $23.8 million for the year ended December 31, 2020. For the year ended December 31, 2020, net interest margin decreased 35 bps and net interest margin (FTE) (non-GAAP) decreased 37 bps, compared to the year ended December 31, 2019. The net decline in net interest margin and net interest margin (FTE) measures were primarily driven by a decrease in the yield on interest-earning assets, partially offset by a decrease in cost of funds and an increase in loan accretion on PPP loans. The decline in the Company's earning asset yields was primarily driven by declines in loan and investment securities yields, as a result of the decrease in market interest rates. The cost of funds decline was driven by lower deposit costs and wholesale borrowing costs driven by lower market interest rates and a favorable funding mix. For reconciliation of the non-GAAP measures, refer to section "Non-GAAP Measures" included within this Item 7.

	For the Year Ended December 31, 2019	For the Year Ended December 31, 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 the year ended December 31, 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 the year ended December 31, 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.

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,								
	2020			2019			2018		
	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	**$ 1,719,795**	**$ 43,585**	**2.53 %**	$ 1,676,918	$ 51,437	3.07 %	$ 1,229,038	$ 36,851	3.00 %
Tax-exempt	**1,106,709**	**42,694**	**3.86 %**	986,266	40,574	4.11 %	647,980	25,262	3.90 %
Total securities	**2,826,504**	**86,279**	**3.05 %**	2,663,184	92,011	3.45 %	1,877,018	62,113	3.31 %
Loans, net (3) (4)	**13,777,467**	**575,575**	**4.18 %**	11,949,171	612,250	5.12 %	9,584,785	471,768	4.92 %
Other earning assets	**454,824**	**3,147**	**0.69 %**	268,787	6,192	2.30 %	159,090	3,100	1.95 %
Total earning assets	**17,058,795**	**$ 665,001**	**3.90 %**	14,881,142	$ 710,453	4.77 %	11,620,893	$ 536,981	4.62 %
Allowance for loan losses	**(147,633)**			(43,797)			(41,218)		
Total non-earning assets	**2,172,691**			2,002,965			1,601,934		
Total assets	**$ 19,083,853**			$ 16,840,310			$ 13,181,609		
Liabilities and Stockholders' Equity:									
Interest-bearing deposits:									
Transaction and money market accounts	**$ 7,569,749**	**$ 29,675**	**0.39 %**	$ 6,249,053	$ 62,937	1.01 %	$ 4,898,764	$ 32,222	0.66 %
Regular savings	**815,191**	**497**	**0.06 %**	747,356	1,273	0.17 %	640,337	847	0.13 %
Time deposits (5)	**2,643,229**	**45,771**	**1.73 %**	2,627,987	50,762	1.93 %	2,078,073	26,267	1.26 %
Total interest-bearing deposits	**11,028,169**	**75,943**	**0.69 %**	9,624,396	114,972	1.19 %	7,617,174	59,336	0.78 %
Other borrowings (6)	**1,215,676**	**22,213**	**1.83 %**	1,656,426	46,488	2.81 %	1,489,542	42,761	2.87 %
Total interest-bearing liabilities	**12,243,845**	**$ 98,156**	**0.80 %**	11,280,822	$ 161,460	1.43 %	9,106,716	$ 102,097	1.12 %
Noninterest-bearing liabilities:									
Demand deposits	**3,922,126**			2,891,156			2,100,489		
Other liabilities	**341,510**			216,897			111,189		
Total liabilities	**16,507,481**			14,388,875			11,318,394		
Stockholders' equity	**2,576,372**			2,451,435			1,863,215		
Total liabilities and stockholders' equity	**$ 19,083,853**			$ 16,840,310			$ 13,181,609		
Net interest income		**$ 566,845**			$ 548,993			$ 434,884	
Interest rate spread			**3.10 %**			3.34 %			3.50 %
Cost of funds			**0.58 %**			1.08 %			0.88 %
Net interest margin			**3.32 %**			3.69 %			3.74 %

(1) *Income and yields are reported on a taxable equivalent basis using the statutory federal corporate tax rate of 21%.*

(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 $24.3 million, $24.8 million, and $17.1 million for the years ended December 31, 2020, 2019, and 2018, respectively, in accretion of the fair market value adjustments related to acquisitions.*

(5) *Interest expense on time deposits includes $132,000, $833,000, and $2.6 million for the years ended December 31, 2020, 2019, and 2018, respectively, in accretion of the fair market value adjustments related to acquisitions.*

(6) *Interest expense on borrowings includes $633,000, $360,000, and $506,000 for the years ended December 31, 2020, 2019, and 2018 in 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):

	2020 vs. 2019 Increase (Decrease) Due to Change in:			2019 vs. 2018 Increase (Decrease) Due to Change in:		
	Volume	**Rate**	**Total**	**Volume**	**Rate**	**Total**
Earning Assets:						
Securities:						
Taxable	$ 1,286	$ (9,138)	$ (7,852)	$ 13,720	$ 866	$ 14,586
Tax-exempt	4,751	(2,631)	2,120	13,846	1,466	15,312
Total securities	6,037	(11,769)	(5,732)	27,566	2,332	29,898
Loans, net (1)	85,839	(122,514)	(36,675)	120,467	20,015	140,482
Other earning assets	2,795	(5,840)	(3,045)	2,446	646	3,092
Total earning assets	$ 94,671	$ (140,123)	$ (45,452)	$ 150,479	$ 22,993	$ 173,472
Interest-Bearing Liabilities:						
Interest-Bearing Deposits:						
Transaction and money market accounts	$ 11,213	$ (44,475)	$ (33,262)	$ 10,493	$ 20,222	$ 30,715
Regular savings	106	(882)	(776)	157	269	426
Time deposits (2)	293	(5,284)	(4,991)	8,176	16,319	24,495
Total interest-bearing deposits	11,612	(50,641)	(39,029)	18,826	36,810	55,636
Other borrowings (3)	(10,501)	(13,774)	(24,275)	4,701	(974)	3,727
Total interest-bearing liabilities	1,111	(64,415)	(63,304)	23,527	35,836	59,363
Change in net interest income	$ 93,560	$ (75,708)	$ 17,852	$ 126,952	$ (12,843)	$ 114,109

(1) *The rate-related change in interest income on loans includes the impact of lower accretion of the acquisition-related fair market value adjustments of $520,000 for the 2020 vs. 2019 change and higher accretion of $7.7 million for the 2019 vs. 2018 change.*

(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 $701,000 and $1.7 million for the 2020 vs. 2019 and 2019 vs 2018 change, respectively.*

(3) *The rate-related change in interest expense on other borrowings includes the impact of higher amortization of the acquisition-related fair market value adjustments of $273,000 for the 2020 vs. 2019 change and lower amortization of $146,000 for the 2019 vs. 2018 change.*

The Company's net interest margin (FTE) includes the impact of acquisition accounting fair value adjustments. The impact of net accretion for 2018, 2019, and 2020 are reflected in the following table (dollars in thousands):

	Loans Accretion	Deposit Accretion	Borrowings Accretion	Total
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
For the year ended December 31, 2020	**24,326**	**132**	**(633)**	**23,825**

Noninterest Income

The 2019 information in the following table 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.

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	Change $	Change %
		(Dollars in thousands)		
Noninterest income:				
Service charges on deposit accounts	**$ 25,251**	$ 30,202	$ (4,951)	(16.4)%
Other service charges, commissions and fees	**6,292**	6,423	(131)	(2.0)%
Interchange fees	**7,184**	14,619	(7,435)	(50.9)%
Fiduciary and asset management fees	**23,650**	23,365	285	1.2 %
Mortgage banking income	**25,857**	10,303	15,554	151.0 %
Gains on securities transactions	**12,294**	7,675	4,619	60.2 %
Bank owned life insurance income	**9,554**	8,311	1,243	15.0 %
Loan-related interest rate swap fees	**15,306**	14,126	1,180	8.4 %
Other operating income	**6,098**	17,791	(11,693)	(65.7)%
Total noninterest income	**$ 131,486**	$ 132,815	$ (1,329)	(1.0)%

For the year ended December 31, 2020, noninterest income decreased $1.3 million or 1.0% to $131.5 million from $132.8 million for the year ended December 31, 2019. Excluding gains on sales of securities and gains related to balance sheet repositioning, adjusted operating noninterest income [(1)] for the year ended December 31, 2020 decreased $4.2 million or 3.3%, compared to the year ended December 31, 2019, primarily driven by 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. In addition, there was a decline in service charges on deposit accounts of $5.0 million primarily due to lower NSF and overdraft fees, and a decline of $7.4 million in interchange fees primarily 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. Partially offsetting these decreases was an increase of $1.2 million in loan related interest rate swap income and an increase in bank owned life insurance income of $1.2 million primarily related to death benefit proceeds received during the third quarter of 2020. In addition, mortgage banking income increased $15.6 million primarily due to increased mortgage loan origination volumes resulting from the current low interest rate environment.

[(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.*

The 2019 and 2018 information in the following table 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.

	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 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. Excluding gains on sales of securities, adjusted operating noninterest income [(1)] for the year ended December 31, 2019 increased $21.3 million or 20.5%, compared to the year ended December 31, 2018, primarily driven by 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, in 2018 the Company recognized a net gain of $20.0 million related to the sale of Shore Premier, as well as had higher net interchange income of $4.2 million partially due to the fact that in 2019 the Company's debit card interchange transaction fees were reduced as a result of the Durbin Amendment, which was effective for the Company on July 1, 2019.

[(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.*

Noninterest Expense

The 2019 information in the following table 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.

	For the Year Ended December 31,		Change	
	2020	2019	$	%
	(Dollars in thousands)			
Noninterest expense:				
Salaries and benefits	**$ 206,662**	$ 195,349	$ 11,313	5.8 %
Occupancy expenses	**28,841**	29,793	(952)	(3.2)%
Furniture and equipment expenses	**14,923**	14,216	707	5.0 %
Technology and data processing	**25,929**	23,686	2,243	9.5 %
Professional services	**13,007**	11,905	1,102	9.3 %
Marketing and advertising expense	**9,886**	11,566	(1,680)	(14.5)%
FDIC assessment premiums and other insurance	**9,971**	6,874	3,097	45.1 %
Other taxes	**16,483**	15,749	734	4.7 %
Loan-related expenses	**9,515**	10,043	(528)	(5.3)%
OREO and credit-related expenses	**2,023**	4,708	(2,685)	(57.0)%
Amortization of intangible assets	**16,574**	18,521	(1,947)	(10.5)%
Merger-related costs	**—**	27,824	(27,824)	(100.0)%
Rebranding expense	**—**	6,455	(6,455)	(100.0)%
Loss on debt extinguishment	**31,116**	16,397	14,719	89.8 %
Other expenses	**28,419**	25,254	3,165	12.5 %
Total noninterest expense	**$ 413,349**	$ 418,340	$ (4,991)	(1.2)%

For the year ended December 31, 2020, noninterest expense decreased $5.0 million or 1.2% to $413.3 million from $418.3 million for the year ended December 31, 2019. Excluding merger-related costs, amortization of intangible assets, rebranding-related costs, and losses related to balance sheet repositioning, adjusted operating noninterest expense [1] for the year ended December 31, 2020 increased $16.5 million or 4.7%, compared to the year ended December 31, 2019, primarily driven by an increase of $11.3 million in salaries and benefits driven by the full year impact of the Access acquisition, annual merit adjustments, and increased costs of benefits. In addition, there was an increase in FDIC assessment premiums of $3.1 million, primarily due to $3.8 million in FDIC small bank assessment expense credits received during 2019. Noninterest expense also included approximately $6.8 million in costs related to the Company's long-term expense reduction plans, including the closure of 15 branches in 2020 and five branches in February 2021, and approximately $2.1 million in costs related to the Company's response to COVID-19 incurred during the year ended December 31, 2020. The increases were partially offset by a decline in OREO and credit-related expenses of approximately $2.7 million due to lower OREO valuation adjustments and a decline in marketing and advertising expense of $1.7 million.

[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.*

The 2019 and 2018 information in the following table 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.

	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 %
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 %
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	25,254	20,217	5,037	24.9 %
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 and rebranding costs, amortization of intangible assets, and losses related to balance sheet repositioning, adjusted operating noninterest expense (1) for the year ended December 31, 2019 increased $63.9 million, or 22.4% compared to the year ended December 31, 2018, primarily driven by the acquisition of Access.

(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.*

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.

The effective tax rate for the years ended December 31, 2020, 2019, and 2018 was 15.1%, 16.2% and 16.7%, respectively.

BALANCE SHEET

Assets

At December 31, 2020, total assets were $19.6 billion, an increase of $2.0 billion from $17.6 billion at December 31, 2019. The increase in assets was primarily a result of both organic and PPP loan growth.

Loans held for investment, net of deferred fees and costs, were $14.0 billion at December 31, 2020, an increase of $1.4 billion or 11.2% from December 31, 2019. Excluding the effects of the PPP [1], loans held for investment (net of deferred fees and costs) at December 31, 2020 increased $230.9 million or 1.8% from December 31, 2019. Average loan balances increased $1.8 billion in 2020 or 15.3%, from December 31, 2019. Excluding the effects of the PPP [1], average loan balances increased $736.4 million or 6.2% from December 31, 2019. The increases from prior year was primarily due to organic and PPP loan growth. 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 and Lease 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, 2020, total liabilities were $16.9 billion, an increase of $1.9 billion from $15.0 billion at December 31, 2019.

Total deposits at December 31, 2020 were $15.7 billion, an increase of $2.4 billion or 18.2% when compared to $13.3 billion at December 31, 2019. Average deposits increased $2.4 billion or 19.5% from the year ended December 31, 2019. The increase from prior year was primarily due to the impact of PPP loan related deposits and government stimulus in response to COVID-19. For additional information on this topic, see section "Deposits" included within this Item 7.

Total borrowings at December 31, 2020 were $840.7 million, a decrease of $673.0 million or 44.5% when compared to $1.5 billion at December 31, 2019. The decrease was primarily driven by the repayment of FHLB advances and redemption of subordinated debt. 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, 2020, stockholders' equity was $2.7 billion, an increase of $195.4 million from December 31, 2019. The increase in stockholders' equity was primarily related to the issuance and sale of Series A preferred stock that took place on June 9, 2020 and earnings retained by the Company during 2020. 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):

	2020	2019
Common equity Tier 1 capital ratio	**10.26 %**	10.24 %
Tier 1 capital ratio	**11.39 %**	10.24 %
Total capital ratio	**14.00 %**	12.63 %
Leverage ratio (Tier 1 capital to average assets)	**8.95 %**	8.79 %
Common equity to total assets	**12.95 %**	14.31 %
Tangible common equity to tangible assets[1]	**8.31 %**	9.08 %

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

On June 9, 2020, the Company issued and sold 6,900,000 depositary shares, each representing a 1/400th ownership interest in a share of the Company's Series A preferred stock, par value $10.00 per share of Series A preferred stock with a liquidation preference of $10,000 per share of Series A preferred stock. The net proceeds received from the issuance of the Series A preferred stock was approximately $166.4 million after deducting the underwriting discount and other offering expenses payable by the Company. The Series A preferred stock is included in Tier 1 capital.

During 2020, the Company declared and paid cash dividends of $1.00 per common share, an increase of $0.04 per share or 4.2% over cash dividends paid in 2019. During 2020, the Company also declared and paid dividends on the outstanding shares of Series A preferred stock of $328.48 per share (equivalent to $0.82 per outstanding depositary share).

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. On March 20, 2020, the Company suspended its share repurchase program, which had $20 million remaining in the authorization when it was suspended. The Company repurchased an aggregate of approximately 3.7 million shares at an average price of $35.48 per share under the authorization prior to the suspension.

Securities

At December 31, 2020, the Company had total investments in the amount of $3.2 billion or 16.2% of total assets, as compared to $2.6 billion or 15.0% of total assets at December 31, 2019. 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 securities, which have a government guarantee. The investment portfolio has a high percentage of municipal securities; therefore, the Company earns a higher taxable equivalent yield on its portfolio as compared to many of its peers. 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 AFS securities, HTM securities, and restricted stock as of the dates indicated (dollars in thousands):

	December 31, 2020	December 31, 2019
Available for Sale:		
U.S. government and agency securities	**$ 13,394**	$ 21,320
Obligations of states and political subdivisions	**837,326**	447,091
Corporate and other bonds	**151,078**	135,959
Mortgage-backed securities		
Commercial	**388,684**	425,047
Residential	**1,148,312**	912,949
Total mortgage-back securities	**1,536,996**	1,337,996
Other securities	**1,625**	3,079
Total AFS securities, at fair value	**2,540,419**	1,945,445
Held to Maturity:		
U.S. government and agency securities	**2,751**	2,813
Obligations of states and political subdivisions	**536,767**	545,148
Mortgage-backed securities		
Commercial	**5,333**	7,183
Residential	**—**	—
Total mortgage-back securities	**5,333**	7,183
Total held to maturity securities, at carrying value	**544,851**	555,144
Restricted Stock:		
Federal Reserve Bank stock	**67,032**	66,964
FHLB stock	**27,750**	63,884
Total restricted stock, at cost	**94,782**	130,848
Total investments	**$ 3,180,052**	$ 2,631,437

The following table summarizes the contractual maturity of AFS securities at fair value and their weighted average yields as of December 31, 2020 (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	$ —	$ —	$ 13,009	$ —	$ 13,009
Fair value	—	—	13,394	—	13,394
Weighted average yield (1)	—%	—%	2.31 %	—%	2.31 %
Obligations of states and political subdivisions:					
Amortized cost	$ 1,384	$ 11,496	$ 42,959	$ 730,627	$ 786,466
Fair value	1,394	11,989	45,551	778,392	837,326
Weighted average yield (1)	5.57 %	3.67 %	2.49 %	2.96 %	2.95 %
Corporate bonds and other securities:					
Amortized cost	$ 1,625	$ 10,075	$ 102,122	$ 36,550	$ 150,372
Fair value	1,625	10,511	103,977	36,590	152,703
Weighted average yield (1)	1.70 %	3.61 %	4.41 %	2.43 %	3.85 %
Mortgage backed securities:					
Commercial					
Amortized cost	$ 16,851	$ 127,063	$ 17,721	$ 210,624	$ 372,259
Fair value	16,963	133,699	18,697	219,325	388,684
Weighted average yield (1)	2.45 %	2.87 %	2.63 %	2.70 %	2.74 %
Residential					
Amortized cost	$ 15	$ 12,814	$ 59,210	$ 1,045,102	$ 1,117,141
Fair value	15	12,904	61,172	1,074,221	1,148,312
Weighted average yield (1)	3.75 %	2.70 %	2.52 %	2.02 %	2.06 %
Total mortgage-backed securities					
Amortized cost	$ 16,866	$ 139,877	$ 76,931	$ 1,255,726	$ 1,489,400
Fair value	16,978	146,603	79,869	1,293,546	1,536,996
Weighted average yield (1)	2.45 %	2.85 %	2.55 %	2.14 %	2.23 %
Total AFS securities:					
Amortized cost	$ 19,875	$ 161,448	$ 235,021	$ 2,022,903	$ 2,439,247
Fair value	19,997	169,103	242,791	2,108,528	2,540,419
Weighted average yield (1)	2.61 %	2.96 %	3.33 %	2.44 %	2.56 %

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

The following table summarizes the contractual maturity of HTM securities at carrying value and their weighted average yields as of December 31, 2020 (dollars in thousands):

	1 Year or Less	1 - 5 Years	5 – 10 Years	Over 10 Years	Total
U.S. government and agency securities					
Carrying value	$ —	$ 1,566	$ 1,185	$ —	$ 2,751
Fair value	—	1,554	1,179	—	2,733
Weighted average yield [1]	—%	4.53 %	4.10 %	—%	4.35 %
Obligations of states and political subdivisions:					
Carrying value	$ 1,443	$ 7,011	$ 559	$ 527,754	$ 536,767
Fair value	1,460	7,339	626	602,320	611,745
Weighted average yield [1]	3.16 %	2.47 %	3.16 %	4.10 %	4.07 %
Mortgage backed securities:					
Commercial					
Amortized cost	$ —	$ —	$ —	$ 5,333	$ 5,333
Fair value	—	—	—	5,287	5,287
Weighted average yield [1]	—%	—%	—%	4.91 %	4.91 %
Residential					
Amortized cost	$ —	$ —	$ —	$ —	$ —
Fair value	—	—	—	—	—
Weighted average yield [1]	—%	—%	—%	—%	—%
Total mortgage-backed securities					
Amortized cost	$ —	$ —	$ —	$ 5,333	$ 5,333
Fair value	—	—	—	5,287	5,287
Weighted average yield [1]	—%	—%	—%	4.91 %	4.91 %
Total HTM securities:					
Carrying value	$ 1,443	$ 8,577	$ 1,744	$ 533,087	$ 544,851
Fair value	1,460	8,893	1,805	607,607	619,765
Weighted average yield [1]	3.16 %	2.85 %	3.80 %	4.10 %	4.08 %

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

As of December 31, 2020, 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 21%; 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 $14.0 billion and $12.6 billion at December 31, 2020 and December 31, 2019, respectively. Commercial & industrial loans and commercial real estate-non-owner occupied loans represented the Company's largest categories at December 31, 2020. Commercial & industrial loans included approximately $1.2 billion in loans from the PPP loan program.

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):

	2020		2019		2018		2017		2016	
Commercial loans:										
Construction and Land Development	**$ 925,798**	**6.6 %**	$ 1,250,924	9.9 %	$ 1,194,821	12.3 %	$ 948,791	13.3 %	$ 751,131	11.9 %
Commercial Real Estate - Owner Occupied	**2,128,909**	**15.2 %**	2,041,243	16.2 %	1,337,345	13.8 %	943,933	13.2 %	857,805	13.6 %
Commercial Real Estate - Non-Owner Occupied	**3,657,562**	**26.1 %**	3,286,098	26.1 %	2,467,410	25.4 %	1,713,659	24.0 %	1,564,295	24.8 %
Multifamily Real Estate	**814,745**	**5.8 %**	633,743	5.0 %	548,231	5.6 %	357,079	5.0 %	334,276	5.3 %
Commercial & Industrial	**3,263,460**	**23.3 %**	2,114,033	16.8 %	1,317,135	13.6 %	612,023	8.6 %	551,526	8.7 %
Residential 1-4 Family - Commercial	**671,949**	**4.8 %**	724,337	5.7 %	640,419	6.6 %	551,647	7.7 %	494,182	7.8 %
Other Commercial	**489,975**	**3.5 %**	287,279	2.2 %	241,917	2.5 %	239,320	3.3 %	150,976	2.4 %
Total Commercial Loans	**$ 11,952,398**	**85.3 %**	$ 10,337,657	81.9 %	$ 7,747,278	79.8 %	$ 5,366,452	75.1 %	$ 4,704,191	74.5 %
Consumer loans:										
Residential 1-4 Family - Consumer	**$ 822,866**	**5.8 %**	890,503	7.1 %	673,909	6.9 %	546,438	7.7 %	535,365	8.5 %
Residential 1-4 Family - Revolving	**596,996**	**4.2 %**	659,504	5.2 %	613,383	6.3 %	537,521	7.5 %	526,884	8.4 %
Auto	**401,324**	**2.9 %**	350,419	2.8 %	301,943	3.1 %	282,474	4.0 %	262,071	4.2 %
Consumer	**247,730**	**1.8 %**	372,853	3.0 %	379,694	3.9 %	408,667	5.7 %	278,549	4.4 %
Total Consumer Loans	**$ 2,068,916**	**14.7 %**	$ 2,273,279	18.1 %	$ 1,968,929	20.2 %	$ 1,775,100	24.9 %	$ 1,602,869	25.5 %
Total loans held for investment	**$ 14,021,314**	**100.0 %**	$ 12,610,936	100.0 %	$ 9,716,207	100.0 %	$ 7,141,552	100.0 %	$ 6,307,060	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, 2020 (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	$ 925,798	$ 405,409	$ 354,296	$ 282,622	$ 71,674	$ 166,093	$ 106,953	$ 59,140
Commercial Real Estate - Owner Occupied	2,128,909	183,327	648,011	118,554	529,457	1,297,571	586,804	710,767
Commercial Real Estate - Non-Owner Occupied	3,657,562	455,374	1,697,064	627,347	1,069,717	1,505,124	1,097,162	407,962
Multifamily Real Estate	814,745	126,814	457,255	118,798	338,457	230,676	161,273	69,403
Commercial & Industrial	3,263,460	418,240	980,678	780,239	200,439	1,864,542	1,555,428	309,114
Residential 1-4 Family - Commercial	671,949	102,223	142,854	22,032	120,822	426,872	333,021	93,851
Residential 1-4 Family - Consumer	822,866	2,687	302,114	2,433	299,681	518,065	16,154	501,911
Residential 1-4 Family - Revolving	596,996	44,461	537,083	56,334	480,749	15,452	1,234	14,218
Auto	401,324	2,976	—	—	—	398,348	167,452	230,896
Consumer	247,730	25,002	21,519	18,282	3,237	201,209	86,844	114,365
Other Commercial	489,975	50,484	83,022	8,429	74,593	356,469	194,855	161,614
Total loans held for investment	$ 14,021,314	$ 1,816,997	$ 5,223,896	$ 2,035,070	$ 3,188,826	$ 6,980,421	$ 4,307,180	$ 2,673,241

The Company remains committed to originating soundly underwritten loans to qualifying borrowers within its markets. For its core loan portfolios, 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, 2020, 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.

The majority of the Company's loan portfolio is comprised of portfolios not disrupted by the COVID-19 pandemic. Of those portfolios disrupted by COVID-19, the hospitality portfolio makes up the largest portion of the Company's portfolio (less than 6% of total loans), followed by health care, retail trade, senior living, and restaurants. The Company has no significant exposure to the energy, cruise, or passenger aviation sectors.

Asset Quality

Overview

At December 31, 2020, the Company experienced increases of NPAs compared to December 31, 2019, primarily due to the Company's adoption of ASC 326, which resulted in a change in the accounting and reporting related to PCI loans which are now defined as PCD and evaluated at the loan level instead of being evaluated in pools under PCI accounting. Past due loan levels as a percentage of total loans held for investment at December 31, 2020 were lower than past due loan levels at December 31, 2019.

Net charge-offs decreased for the year ended December 31,2020, compared to the year ended December 31, 2019. Total net charge-offs as a percentage of total average loans also decreased for the year ended December 31, 2020, compared to the year ended December 31, 2019. For the year ended December 31, 2020, the allowance for credit losses and the provision for loan losses increased from the year ended December 31, 2019 as a result of the adoption of ASC 326 as well as a worsening economic forecast due to the impact of COVID-19.

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.

As discussed within the "Recent Developments" section within this Item 7, the COVID-19 pandemic is having a wide range of economic impacts, including impacts in the Company's area of operations and on the Company's clients and borrowers. While the Company has not yet experienced deterioration in asset quality as compared to pre-pandemic performance, the Company does expect that at some point asset quality will be adversely affected to some degree due to pandemic-related bankruptcies, business closures, unemployment, and other effects. At this time, it is impossible for the Company to estimate either the timing or the magnitude of any such adverse changes in asset quality.

Loan Modifications for Borrowers Affected by COVID-19

The March 22 Joint Guidance encourages banks, savings associations, and credit unions to make loan modifications for borrowers affected by COVID-19 and, importantly, assures those financial institutions that they will not (i) receive supervisory criticism for such prudent loan modifications and (ii) be required by examiners to automatically categorize COVID-19-related loan modifications as TDRs. The federal banking regulators have confirmed with the FASB that short-term loan modifications made on a good faith basis in response to COVID-19 to borrowers who were current (i.e., less than 30 days past due on contractual payments) when the modification program was implemented are not considered TDRs.

In addition, Section 4013 of the CARES Act, as amended by the CAA, provides banks, savings associations, and credit unions with the ability to make loan modifications related to COVID-19 without categorizing the loan as a TDR or conducting the analysis to make the determination, which is intended to streamline the loan modification process. Any such suspension is effective for the term of the loan modification; however, the suspension is only permitted for loan modifications made during the effective period of Section 4013 and only for those loans that were not more than thirty days past due as of December 31, 2019. The relief afforded by Section 4013 of the CARES Act, as amended by the CAA, is available to loans modified between March 1, 2020 and the earlier of 60 days after the date of termination of the COVID-19 national emergency and January 1, 2022.

The Company has made certain loan modifications pursuant to the March 22 Joint Guidance and Section 4013 of the CARES Act (as amended by the CAA) and as of December 31, 2020 approximately $146.1 million, or approximately 1% of total loans, remain under their modified terms. The majority of the Company's modifications as of December 31, 2020 were in the commercial real estate portfolios.

Nonperforming Assets

At December 31, 2020, NPAs totaled $45.2 million, an increase of $12.3 million or 37.3% from December 31, 2019. NPAs as a percentage of total outstanding loans at December 31, 2020 were 0.32%, an increase of 6 basis points from 0.26% at December 31, 2019. Excluding the impact of the PPP loans [(1)], NPAs as a percentage of total outstanding loans were 0.35%, an increase of 9 basis points from 0.26% at December 31, 2019. The Company's adoption of ASC 326 resulted in a change in the accounting and reporting related to PCI loans which are now defined as PCD and evaluated at the loan level instead of being evaluated in pools under PCI accounting. All prior period nonaccrual and past due loan metrics discussed herein have not been restated for CECL accounting and exclude PCI-related loan balances.

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

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):

	2020	2019	2018	2017	2016
Nonaccrual loans[1]	**$ 42,448**	$ 28,232	$ 26,953	$ 21,743	$ 9,973
Foreclosed properties	**2,773**	4,708	6,722	5,253	7,430
Total NPAs	**45,221**	32,940	33,675	26,996	17,403
Loans past due 90 days and accruing interest[1]	**13,634**	13,396	8,856	3,532	3,005
Total NPAs and loans past due 90 days and accruing interest	**$ 58,855**	$ 46,336	$ 42,531	$ 30,528	$ 20,408
Performing TDRs	**$ 13,961**	$ 15,686	$ 19,201	$ 14,553	$ 13,967
Balances					
Allowance for loan and lease losses	**$ 160,540**	$ 42,294	$ 41,045	$ 38,208	$ 37,192
Average loans, net of deferred fees and costs	**13,777,467**	11,949,171	9,584,785	6,701,101	5,956,125
Loans, net of deferred fees and costs	**14,021,314**	12,610,936	9,716,207	7,141,552	6,307,060
Ratios					
Nonaccrual loans to total loans	**0.30 %**	0.22 %	0.28 %	0.30 %	0.16 %
NPAs to total loans	**0.32 %**	0.26 %	0.35 %	0.38 %	0.28 %
NPAs to total adjusted loans[2]	**0.35 %**	0.26 %	0.35 %	0.38 %	0.28 %
NPAs & loans 90 days past due to total loans	**0.42 %**	0.37 %	0.44 %	0.43 %	0.32 %
NPAs to total loans & foreclosed property	**0.32 %**	0.26 %	0.35 %	0.38 %	0.28 %
NPAs & loans 90 days past due to total loans & foreclosed property	**0.42 %**	0.37 %	0.44 %	0.43 %	0.32 %
ALLL to nonaccrual loans	**378.20 %**	149.81 %	152.28 %	175.73 %	372.93 %
ALLL to nonaccrual loans & loans 90 days past due	**286.26 %**	101.60 %	114.62 %	151.17 %	286.58 %

(1) *Amounts are not directly comparable due to the Company's adoption of ASC 326 on January 1, 2020. Prior to January 1, 2020, nonaccrual and past due loan information excluded PCI-related loan balances. These balances also reflect the impact of Section 4013 of the CARES Act and the March 22 Guidance.*

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

Nonperforming assets at December 31, 2020 included $42.4 million in nonaccrual loans, a net increase of $14.2 million or 50.4% from December 31, 2019. The following table shows the activity in nonaccrual loans for the years ended December 31, (dollars in thousands):

	2020	2019	2018	2017	2016
Beginning Balance	**$ 28,232**	$ 26,953	$ 21,743	$ 9,973	$ 11,936
Net customer payments	**(17,418)**	(14,775)	(9,642)	(7,976)	(7,159)
Additions	**20,266**	23,576	21,441	27,985	13,171
Impact of ASC 326 adoption	**14,381**	—	—	—	—
Charge-offs	**(3,021)**	(4,792)	(4,148)	(6,782)	(4,418)
Loans returning to accruing status	**8**	(2,055)	(2,021)	(609)	(2,390)
Transfers to foreclosed property	**—**	(675)	(420)	(848)	(1,167)
Ending Balance	**$ 42,448**	$ 28,232	$ 26,953	$ 21,743	$ 9,973

The majority of the nonaccrual additions related to residential 1-4 family – commercial loans, residential 1-4 family – revolving loans, and commercial and industrial 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):

	2020	2019	2018	2017	2016
Construction and Land Development	**$ 3,072**	$ 3,703	$ 8,018	$ 5,610	$ 2,037
Commercial Real Estate - Owner Occupied	**7,128**	6,003	3,636	2,708	794
Commercial Real Estate - Non-owner Occupied	**2,317**	381	1,789	2,992	—
Multifamily Real Estate	**33**	—	—	—	—
Commercial & Industrial	**2,107**	1,735	1,524	316	124
Residential 1-4 Family - Commercial	**9,993**	4,301	2,481	1,085	1,071
Residential 1-4 Family - Consumer	**12,600**	9,292	7,276	6,269	4,208
Residential 1-4 Family - Revolving	**4,629**	2,080	1,518	2,075	1,279
Auto	**500**	563	576	413	169
Consumer	**69**	77	135	275	291
Other Commercial	**—**	97	—	—	—
Total	**$ 42,448**	$ 28,232	$ 26,953	$ 21,743	$ 9,973
Coverage Ratio	**378.20 %**	149.81 %	152.28 %	175.73 %	372.93 %

Nonperforming assets at December 31, 2020 also included $2.8 million in foreclosed property, a decrease of $1.9 million or 41.1% from the prior year. The following table shows the activity in foreclosed property for the years ended December 31, (dollars in thousands):

	2020	2019	2018	2017	2016
Beginning Balance	**$ 4,708**	$ 6,722	$ 5,253	$ 7,430	$ 11,994
Additions of foreclosed property	**615**	1,878	924	1,078	2,062
Acquisitions of foreclosed property[(1)]	**—**	—	4,042	—	—
Valuation Adjustments	**(79)**	(921)	(1,324)	(1,552)	(1,017)
Proceeds from sales	**(2,520)**	(2,988)	(2,439)	(1,676)	(5,707)
Gains (losses) from sales	**49**	17	266	(27)	98
Ending Balance	**$ 2,773**	$ 4,708	$ 6,722	$ 5,253	$ 7,430

(1) *Includes subsequent measurement period adjustments.*

During 2020, the majority of sales of foreclosed property were primarily related to residential real estate and land.

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

	2020	2019	2018	2017	2016
Land	**$ 1,227**	$ 1,615	$ 2,306	$ 2,755	$ 3,328
Land Development	**1,323**	1,978	2,809	1,045	2,379
Residential Real Estate	**60**	721	1,204	1,314	1,549
Commercial Real Estate	**163**	394	403	139	174
Total	**$ 2,773**	$ 4,708	$ 6,722	$ 5,253	$ 7,430

Past Due Loans

At December 31, 2020 past due loans still accruing interest totaled $49.8 million or 0.36% of total loans held for investment, compared to $76.6 million or 0.61% of total loans held for investment at December 31, 2019. Excluding the impact of the PPP loans [(1)], past due loans still accruing interest were 0.39% of total adjusted loans held for investment at December 31, 2020. Of the total past due loans still accruing interest $13.6 million or 0.10% of total loans held for investment were loans past due 90 days or more at December 31, 2020, compared to $13.4 million or 0.11% of total loans held for investment at December 31, 2019.

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.

The total recorded investment in TDRs at December 31, 2020 was $20.6 million, an increase of $1.1 million or 5.6% from $19.5 million at December 31, 2019. Of the $20.6 million of TDRs at December 31, 2020, $14.0 million or 68.0% were considered performing while the remaining $6.6 million were considered nonperforming. 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. 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.

For loan modifications made under the March 22 Joint Guidance and CARES Act, as amended by the CAA, refer to Note 1 "Summary of Significant Accounting Polices" in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K. this report.

Net Charge-offs

For the year ended December 31, 2020, net charge-offs of loans were $11.4 million or 0.08% of total average loans, compared to $20.9 million or 0.17% for the year ended December 31, 2019. Excluding the impact of the PPP loans [(1)], net charge-offs were 0.09% of total average loans compared to 0.17% for the year ended December 31, 2019. The majority of net charge-offs in 2020 were related to the third-party consumer loan portfolio.

Provision for Credit Losses

The provision for credit losses for the year ended December 31, 2020 totaled $87.1 million, an increase of $66.0 million or 313.2% from the prior year. The provision for credit losses for the year ended December 31, 2020 included $82.2 million in provision for loan losses and $4.9 million in provision for unfunded commitments. The increase in the provision for credit losses in the current year compared to the prior year was primarily due to the impact of the worsening economic forecast due to the impact of COVID-19 under CECL accounting for credit losses.

Allowance for Credit Losses

At December 31, 2020, the ACL was $170.5 million and included an ALLL of $160.5 million and an RUC of $10.0 million. The ACL increased $127.3 million from December 31, 2019 due to the adoption of CECL (the "CECL Day 1 impact") as well as the impact of the worsening economic forecast related to COVID-19 subsequent to the adoption of CECL (the "CECL Day 2 impact").

At December 31, 2020, the ALLL increased $118.2 million from December 31, 2019, due to the CECL Day 1 impact of $47.5 million and the CECL Day 2 impact of $70.7 million. The ALLL as a percentage of the total loan portfolio was 1.14% at December 31, 2020 and 0.34% at December 31, 2019. When excluding PPP loans [(2)], which are 100% guaranteed by the SBA, the ALLL as a percentage of adjusted loans increased 91 bps from December 31, 2019 to 1.25% at December 31, 2020. The ratio of the ALLL to nonaccrual loans was 378.20% at December 31, 2020, compared to 149.81% at December 31, 2019.

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

The ACL as a percentage of the total loan portfolio was 1.22% at December 31, 2020, compared to 0.34% at December 31, 2019. The ACL as a percentage of adjusted loans (2) increased 99 bps from December 31, 2019 to 1.33% at December 31, 2020.

The RUC increased $9.1 million from December 31, 2019, due to the CECL Day 1 impact of $4.2 million and the CECL Day 2 impact of $4.9 million.

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

	2020	2019	2018	2017	2016
ALLL Balance, beginning of year	**$ 42,294**	$ 41,045	$ 38,208	$ 37,192	$ 34,047
Day 1 impact from adoption of CECL	**47,484**	—	—	—	—
Loans charged-off:					
Commercial	**6,671**	9,632	3,817	6,156	4,404
Consumer	**11,522**	18,476	12,413	7,154	4,151
Total loans charged-off	**18,193**	28,108	16,230	13,310	8,555
Recoveries:					
Commercial	**3,517**	2,850	2,178	1,191	1,538
Consumer	**3,238**	4,382	2,990	2,064	1,487
Total recoveries	**6,755**	7,232	5,168	3,255	3,025
Net charge-offs	**11,438**	20,876	11,062	10,055	5,530
Provision for loan losses - continuing operations	**82,200**	22,125	14,084	11,117	8,458
Provision for loan losses - discontinued operations	**—**	—	(185)	(46)	217
ALLL Balance, end of year	**$ 160,540**	$ 42,294	$ 41,045	$ 38,208	$ 37,192
Total RUC	**$ 10,000**	$ 900	$ 900	$ 400	$ 725
Total ACL	**$ 170,540**	$ 43,194	$ 41,945	$ 38,608	$ 37,917
ALLL to loans	**1.14 %**	0.34 %	0.42 %	0.54 %	0.59 %
ALLL to adjusted loans(2)	**1.25 %**	0.34 %	0.42 %	0.54 %	0.59 %
ACL to loans	**1.22 %**	0.34 %	0.43 %	0.54 %	0.60 %
ACL to adjusted loans(2)	**1.33 %**	0.34 %	0.43 %	0.54 %	0.60 %
Net charge-offs to average loans	**0.08 %**	0.17 %	0.12 %	0.15 %	0.09 %
Net charge-offs to adjusted loans(2)	**0.09 %**	0.17 %	0.12 %	0.15 %	0.09 %
Provision for loan losses to average loans	**0.60 %**	0.19 %	0.15 %	0.17 %	0.15 %
Provision for loan losses to adjusted average loans(2)	**0.65 %**	0.19 %	0.15 %	0.17 %	0.15 %

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

	2020		2019		2018		2017		2016	
	$	% (1)	$	%(1)	$	% (1)	$	% (1)	$	% (1)
Commercial	**$ 117,403**	**85.3 %**	$ 30,941	81.9 %	$ 30,566	79.8 %	$ 31,199	75.1 %	$ 30,616	74.5 %
Consumer	**43,137**	**14.7 %**	11,353	18.1 %	10,479	20.2 %	7,009	24.9 %	6,576	25.5 %
Total	**$ 160,540**	**100.0 %**	$ 42,294	100.0 %	$ 41,045	100.0 %	$ 38,208	100.0 %	$ 37,192	100.0 %

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

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

Deposits

As of December 31, 2020, total deposits were $15.7 billion, an increase of $2.4 billion, or 18.2%, compared to December 31, 2019. Total interest-bearing deposits consist of NOW, money market, savings, and time deposit account balances. Total time deposit balances of $2.6 billion accounted for 22.7% of total interest-bearing deposits at December 31, 2020, compared to $2.7 billion and 26.6% at December 31, 2019.

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

	2020		2019	
Deposits:	**Amount**	**% of total deposits**	**Amount**	**% of total deposits**
Non-interest bearing	**$ 4,368,703**	**27.8 %**	$ 2,970,139	22.3 %
NOW accounts	**3,621,181**	**23.0 %**	2,905,714	21.8 %
Money market accounts	**4,248,335**	**27.0 %**	3,951,856	29.7 %
Savings accounts	**904,095**	**5.8 %**	727,847	5.5 %
Time deposits of $100,000 and over [(1)]	**1,532,082**	**9.7 %**	1,618,637	12.2 %
Other time deposits	**1,048,369**	**6.7 %**	1,130,788	8.5 %
Total Deposits	**$ 15,722,765**	**100.0 %**	$ 13,304,981	100.0 %

(1) *Includes time deposits of $250,000 and over of $654,224 and $684,797 as of December 31, 2020 and 2019, 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, 2020 and December 31, 2019, there were $145.9 million and $190.7 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, 2020 were as follows (dollars in thousands):

	Amount
Within 3 Months	**$ 297,206**
3 - 6 Months	**343,913**
6 - 12 Months	**468,961**
Over 12 Months	**422,002**
Total	**$ 1,532,082**

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.

On June 9, 2020, the Company announced the closing of an offering of 6,900,000 depositary shares, each representing a 1/400th ownership interest in a share of its Series A preferred stock, with a liquidation preference of $10,000 per share of Series A preferred stock (equivalent to $25 per depositary share), including 900,000 depositary shares pursuant to the exercise in full by the underwriters of their option to purchase additional depositary shares. The total net proceeds to the Company were approximately $166.4 million, after deducting the underwriting discount and other offering expenses payable by the Company. The Company is using the net proceeds of the offering for general corporate purposes in the ordinary course of its business, such as the repayment of debt, loan funding, acquisitions, additions to working capital, capital expenditures and investments in the Company's subsidiaries.

On January 28, 2021 the Company announced that its Board of Directors declared a quarterly dividend of $0.25 per share of common stock. The common stock dividend is payable on February 26, 2021 to common shareholders on record as of February 12, 2021. The Board also declared a quarterly dividend on the outstanding shares of its Series A preferred stock. The dividend of $171.88 per share (equivalent to $0.43 per outstanding depositary share) is payable on March 1, 2021 to preferred shareholders of record as of February 12, 2021.

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.

The Federal Reserve requires the Company and the Bank to comply with the following minimum capital ratios: (i) a common equity Tier 1 capital ratio of 7.0% of risk-weighted assets; (ii) a Tier 1 capital ratio of 8.5% of risk-weighted assets; (iii) a total capital ratio of 10.5% of risk-weighted assets; and (iv) a leverage ratio of 4.0% of total assets. These ratios, with the exception of the leverage ratio, include a 2.5% capital conservation buffer, which 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 July 10, 2019, the Company announced that its Board of Directors has authorized a share repurchase program to purchase up to $150.0 million of the Company's common stock through June 30, 2021 in open market transactions or privately negotiated transactions. On March 20, 2020, the Company suspended its share repurchase program, which had approximately $20.0 million remaining in authorization at the time of suspension and as of December 31, 2020. The Company repurchased an aggregate of approximately 3.7 million shares, at an average price of $35.48 per share, under the authorization prior to suspension.

On March 27, 2020, the banking agencies issued an interim final rule that allows the Company to phase in the impact of adopting the CECL methodology up to two years, with a three-year transition period to phase out the cumulative benefit to regulatory capital provided during the two-year delay. The Company is allowed to include the impact of the CECL transition, which is defined as the CECL Day 1 impact to capital plus 25% of the Company's provision for credit losses during 2020, in regulatory capital through 2021. The Company elected to phase in the regulatory capital impact as permitted under the aforementioned interim final rule. Beginning in 2022, the transition amount will begin to impact regulatory capital by phasing it in over a three-year period ending in 2024.

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

	2020	2019	2018
Common equity Tier 1 capital	**$ 1,512,507**	$ 1,437,908	$ 1,106,871
Tier 1 capital	**1,678,863**	1,437,908	1,236,709
Tier 2 capital	**384,494**	335,927	199,002
Total risk-based capital	**2,063,356**	1,773,835	1,435,711
Risk-weighted assets	**14,739,253**	14,042,949	11,146,898
Capital ratios:			
Common equity Tier 1 capital ratio	**10.26 %**	10.24 %	9.93 %
Tier 1 capital ratio	**11.39 %**	10.24 %	11.09 %
Total capital ratio	**14.00 %**	12.63 %	12.88 %
Leverage ratio (Tier 1 capital to average assets)	**8.95 %**	8.79 %	9.71 %
Capital conservation buffer ratio (1)	**5.39 %**	4.24 %	4.88 %
Common equity to total assets	**12.95 %**	14.31 %	13.98 %
Tangible common equity to tangible assets (2)	**8.31 %**	9.08 %	8.84 %

(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.*

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, and the Company subsequently redeemed those subordinated notes effective as of November 30, 2020. At December 31, 2020, the aggregate carrying value of the subordinated notes was $148.8 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 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):

	2020	2019
Commitments with off-balance sheet risk:		
Commitments to extend credit [1]	**$ 4,722,412**	$ 4,691,272
Letters of credit	**161,827**	209,658
Total commitments with off-balance sheet risk	**$ 4,884,239**	$ 4,900,930

[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, 2020 (dollars in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt [1]	**$ 350,000**	**$ —**	**$ —**	**$ —**	**$ 350,000**
Trust preferred capital notes [1]	**155,159**	**—**	**—**	**—**	**155,159**
Leases	**76,464**	**13,173**	**23,284**	**18,296**	**21,711**
Other short-term borrowings	**250,000**	**250,000**	**—**	**—**	**—**
Repurchase agreements	**100,888**	**100,888**	**—**	**—**	**—**
Total contractual obligations	**$ 932,511**	**$ 364,061**	**$ 23,284**	**$ 18,296**	**$ 526,870**

[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, 2020 and 2019 (dollars in thousands):

	Change In Net Interest Income December 31,			
	2020		2019	
	%	$	%	$
Change in Yield Curve:				
+300 basis points	**16.20**	**86,946**	12.71	69,963
+200 basis points	**11.15**	**59,868**	8.77	48,259
+100 basis points	**5.63**	**30,226**	4.60	25,336
Most likely rate scenario	**—**	**—**	—	—
-100 basis points	**(2.66)**	**(14,273)**	(4.69)	(25,787)
-200 basis points	**(3.04)**	**(16,300)**	(7.94)	(43,690)

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, 2020 compared to its position as of December 31, 2019. This shift is in part due to the changing market characteristics of certain loan and deposit products and in part due to various other 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, 2020 and 2019 (dollars in thousands):

	Change In Economic Value of Equity December 31,			
	2020		2019	
	%	$	%	$
Change in Yield Curve:				
+300 basis points	**2.78**	**87,594**	(2.98)	(97,203)
+200 basis points	**2.97**	**93,468**	(1.82)	(59,418)
+100 basis points	**2.57**	**80,958**	(0.73)	(23,783)
Most likely rate scenario	**—**	**—**	—	—
-100 basis points	**(4.67)**	**(147,035)**	(2.52)	(82,207)
-200 basis points	**(2.30)**	**(72,356)**	(8.07)	(263,032)

As of December 31, 2020, the Company's economic value of equity is generally more asset sensitive in a rising interest rate environment compared to its position as of December 31, 2019 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 Federal Reserve Discount Window, the PPPLF, the purchase of brokered certificates of deposit, corporate line of credit with a large correspondent bank, and debt and capital issuance. Management considers the Company's overall liquidity to be sufficient to satisfy its depositors' requirements and to meet its customers' credit needs.

On June 9, 2020, the Company announced the closing of an offering of 6,900,000 depositary shares, each representing a 1/400th ownership interest in a share of its Series A preferred stock, with a liquidation preference of $10,000 per share of Series A preferred stock (equivalent to $25 per depositary share), including 900,000 depositary shares pursuant to the exercise in full by the underwriters of their option to purchase additional depositary shares. The total net proceeds to the Company were approximately $166.4 million, after deducting the underwriting discount and other offering expenses payable by the Company.

The Company intends to use the net proceeds of the offering for general corporate purposes in the ordinary course of its business. General corporate purposes may include repayment of debt, loan funding, acquisitions, additions to working capital, capital expenditures and investments in the Company’s subsidiaries.

As a result of adverse market conditions including the impacts of COVID-19, the Company has continued to see elevated customer deposit balances. These increased balances are due primarily to the combination of government stimulus programs, and customer expense and savings habits in response to the pandemic. As a result of the increases in customer deposits, the Company has reduced its wholesale borrowings during 2020. The Company considers a portion of the increases in customer deposits to be temporary, which it expects will result in outflows in subsequent quarters.

Under the terms of the PPPLF, the Company can borrow funds which are secured by the Company’s PPP loans. During 2020, the Company’s borrowings pursuant to the PPPLF fluctuated; however, at its peak, the Company borrowed $200.5 million. As of December 31, 2020, the Company had no outstanding advances under the PPPLF. The Company’s available borrowing capacity under the PPPLF as of December 31, 2020 was $1.2 billion.

In response to the current rate environment, the Company prepaid $550.0 million of long-term FHLB advances throughout 2020, which resulted in prepayment penalties of $31.2 million. Additionally, the Company sold several securities, which resulted in a gain of approximately $10.3 million during the second quarter of 2020, and redeemed $8.5 million in subordinated debt during the fourth quarter of 2020. Also in response to the current rate environment, in February 2021 the Company prepaid a $200.0 million long-term FHLB advance, which resulted in a prepayment penalty of $14.7 million.

As of December 31, 2020, liquid assets totaled $6.5 billion or 32.9% of total assets, and liquid earning assets totaled $6.3 billion or 35.7% of total earning assets. Asset liquidity is also provided by managing loan and securities maturities and cash flows. As of December 31, 2020, approximately $5.4 billion or 38.6% of total loans are scheduled to mature within one year based on contractual maturity, adjusted for expected prepayments, and approximately $447.7 million or 14.1% of total securities are scheduled to mature within one year.

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 this Form 10-K, the Company has provided supplemental performance measures on a tax-equivalent, tangible, operating, adjusted or pre-tax pre-provision 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), total revenue (FTE) and total adjusted revenue (FTE), which are used in computing net interest margin (FTE) and adjusted operating efficiency ratio (FTE), respectively, provide 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 following table reconciles non-GAAP financial measures from the most directly comparable GAAP financial measures for each of the periods presented (dollars in thousands):

	2020	2019	2018	2017	2016
Interest Income (FTE)					
Interest and Dividend Income (GAAP)	**$ 653,454**	$ 699,332	$ 528,788	$ 329,044	$ 293,736
FTE adjustment	**11,547**	11,121	8,195	11,767	11,428
Interest and Dividend Income FTE (non-GAAP)	**$ 665,001**	$ 710,453	$ 536,983	$ 340,811	$ 305,164
Average earning assets	**$ 17,058,795**	$ 14,881,142	$ 11,620,893	$ 8,016,311	$ 7,249,090
Yield on interest-earning assets (GAAP)	**3.83 %**	4.70 %	4.55 %	4.10 %	4.05 %
Yield on interest-earning assets (FTE) (non-GAAP)	**3.90 %**	4.77 %	4.62 %	4.25 %	4.21 %
Net Interest Income (FTE)					
Net Interest Income (GAAP)	**$ 555,298**	$ 537,872	$ 426,691	$ 279,007	$ 263,966
FTE adjustment	**11,547**	11,121	8,195	11,767	11,428
Net Interest Income FTE (non-GAAP)	**$ 566,845**	$ 548,993	$ 434,886	$ 290,774	$ 275,394
Noninterest income (GAAP)	**131,486**	132,815	104,241	62,429	59,849
Total revenue (FTE) (non-GAAP)	**$ 698,331**	$ 681,808	$ 539,127	$ 353,203	$ 335,243
Average earning assets	**$ 17,058,795**	$ 14,881,142	$ 11,620,893	$ 8,016,311	$ 7,249,090
Net interest margin (GAAP)	**3.26 %**	3.61 %	3.67 %	3.48 %	3.64 %
Net interest margin (FTE) (non-GAAP)	**3.32 %**	3.69 %	3.74 %	3.63 %	3.80 %

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 ROTCE is a meaningful supplement to GAAP financial measures and is 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.

The following table reconciles non-GAAP financial measures from the most directly comparable GAAP financial measures for each of the periods presented (dollars in thousands):

	2020	2019	2018	2017	2016
Tangible Assets					
Ending Assets (GAAP)	**$ 19,628,449**	$ 17,562,990	$ 13,765,599	$ 9,315,179	$ 8,426,793
Less: Ending goodwill	**935,560**	935,560	727,168	298,528	298,191
Less: Ending amortizable intangibles	**57,185**	73,669	48,685	14,803	20,602
Ending tangible assets (non-GAAP)	**$ 18,635,704**	$ 16,553,761	$ 12,989,746	$ 9,001,848	$ 8,108,000
Tangible Common Equity					
Ending Equity (GAAP)	**$ 2,708,490**	$ 2,513,102	$ 1,924,581	$ 1,046,329	$ 1,001,032
Less: Ending goodwill	**935,560**	935,560	727,168	298,528	298,191
Less: Ending amortizable intangibles	**57,185**	73,669	48,685	14,803	20,602
Less: Perpetual preferred stock	**166,357**	—	—	—	—
Ending tangible common equity (non-GAAP)	**$ 1,549,388**	$ 1,503,873	$ 1,148,728	$ 732,998	$ 682,239
Average equity (GAAP)	**$ 2,576,372**	$ 2,451,435	$ 1,863,216	$ 1,030,847	$ 994,785
Less: Average goodwill	**935,560**	912,521	725,597	298,240	296,087
Less: Average amortizable intangibles	**65,094**	79,405	51,347	17,482	22,044
Less: Average perpetual preferred stock	**93,658**	—	—	—	—
Average tangible common equity (non-GAAP)	**$ 1,482,060**	$ 1,459,509	$ 1,086,272	$ 715,125	$ 676,654
ROTCE					
Net income available to common shareholders (GAAP)	**$ 152,570**	$ 193,528	$ 146,248	$ 72,923	$ 77,476
Plus: Amortization of intangibles, tax effected	**13,093**	14,632	10,143	3,957	4,687
Net income available to common shareholders before amortization of intangibles (non-GAAP)	**$ 165,663**	$ 208,160	$ 156,391	$ 76,880	$ 82,163
Return on average tangible common equity (ROTCE)	**11.18 %**	14.26 %	14.40 %	10.75 %	12.14 %
ROE (GAAP)	**6.14 %**	7.89 %	7.85 %	7.07 %	7.79 %
Common equity to assets (GAAP)	**12.95 %**	14.31 %	13.98 %	11.23 %	11.88 %
Tangible common equity to tangible assets (non-GAAP)	**8.31 %**	9.08 %	8.84 %	8.14 %	8.41 %
Book value per common share (GAAP)	**$ 32.46**	$ 31.58	$ 29.34	$ 24.10	$ 23.15
Tangible book value per common share (non-GAAP)	**$ 19.78**	$ 18.90	$ 17.51	$ 16.88	$ 15.78

Adjusted 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. In addition, adjusted operating measures now exclude the gains or losses related to balance sheet repositioning (principally composed of gains and losses on debt extinguishment) and gains or losses on sale of securities. 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 following table reconciles non-GAAP financial measures from the most directly comparable GAAP financial measures for each of the periods presented (dollars in thousands, except per share amounts):

	2020	2019	2018	2017	2016
Operating Earnings & EPS					
Net Income (GAAP)	**$ 158,228**	$ 193,528	$ 146,248	$ 72,923	$ 77,476
Plus: Merger and rebranding-related costs, net of tax	**—**	27,395	32,065	4,405	—
Plus: Net loss related to balance sheet repositioning, net of tax	**25,979**	12,953	—	—	—
Less: Gain on sale of securities, net of tax	**9,712**	6,063	303	520	133
Plus: Nonrecurring tax expenses	**—**	—	—	6,250	—
Adjusted operating earnings (non-GAAP)	**$ 174,495**	$ 227,813	$ 178,010	$ 83,058	$ 77,343
Less: Dividends on preferred stock	**5,658**	—	—	—	—
Adjusted operating earnings available to common shareholders (non-GAAP)	**$ 168,837**	$ 227,813	$ 178,010	$ 83,058	$ 77,343
Weighted average common shares outstanding, diluted	**78,875,668**	80,263,557	65,908,573	43,779,744	43,890,271
Earnings per common share, diluted (GAAP)	**$ 1.93**	$ 2.41	$ 2.22	$ 1.67	$ 1.77
Adjusted operating earnings per common share, diluted (non-GAAP)	**$ 2.14**	$ 2.84	$ 2.70	$ 1.90	$ 1.76
Average assets (GAAP)	**$ 19,083,853**	$ 16,840,310	$ 13,181,609	$ 8,820,142	$ 8,046,305
ROA (GAAP)	**0.83 %**	1.15 %	1.11 %	0.83 %	0.96 %
Adjusted operating ROA (non-GAAP)	**0.91 %**	1.35 %	1.35 %	0.94 %	0.96 %
Average common equity (GAAP)	**$ 2,576,372**	$ 2,451,435	$ 1,863,216	$ 1,030,847	$ 994,785
ROE (GAAP)	**6.14 %**	7.89 %	7.85 %	7.07 %	7.79 %
Adjusted operating ROE (non-GAAP)	**6.77 %**	9.29 %	9.55 %	8.06 %	7.78 %

The adjusted operating efficiency ratio (FTE) excludes the amortization of intangible assets, merger and rebranding-related costs and gains or losses related to balance sheet repositioning (principally composed of gains and losses on debt extinguishment). 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 adjusted measure provides investors with important information about the combined economic results of the organization's operations. In prior periods, the Company has not excluded the gains or losses related to balance sheet repositioning 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 gains or losses related to balance sheet repositioning from noninterest expense.

The following table reconciles non-GAAP financial measures from the most directly comparable GAAP financial measures for each of the periods presented (dollars in thousands):

	2020	2019	2018	2017	2016
Adjusted Operating Noninterest Expense & Efficiency Ratio					
Noninterest expense (GAAP)	**$ 413,349**	$ 418,340	$ 337,767	$ 225,668	$ 213,090
Less: Merger-related costs	**—**	27,824	39,728	5,393	—
Less: Rebranding costs	**—**	6,455	—	—	—
Less: Amortization of intangible assets	**16,574**	18,521	12,839	6,088	7,210
Less: Losses related to balance sheet repositioning	**31,116**	16,397	—	—	—
Adjusted operating noninterest expense (non-GAAP)	**$ 365,659**	$ 349,143	$ 285,200	$ 214,187	$ 205,880
Noninterest income (GAAP)	**$ 131,486**	$ 132,815	$ 104,241	$ 62,429	$ 59,849
Less: Gains related to balance sheet repositioning	**(1,769)**	—	—	—	—
Less: Gains on sale of securities	**12,294**	7,675	383	800	205
Adjusted operating noninterest income (non-GAAP)	**$ 120,961**	$ 125,140	$ 103,858	$ 61,629	$ 59,644
Net interest income (FTE) (non-GAAP)	**$ 566,845**	$ 548,993	$ 434,886	$ 290,774	$ 275,394
Adjusted operating noninterest income (non-GAAP)	**120,961**	125,140	103,858	61,629	59,644
Total adjusted revenue (FTE)(non-GAAP)	**$ 687,806**	$ 674,133	$ 538,744	$ 352,403	$ 335,038
Efficiency Ratio (GAAP)	**60.19 %**	62.37 %	63.62 %	66.09 %	65.81 %
Adjusted operating efficiency ratio (FTE) (non-GAAP)	**53.16 %**	51.79 %	52.94 %	60.78 %	61.45 %

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.

The following table reconciles non-GAAP financial measures from the most directly comparable GAAP financial measures for each of the periods presented (dollars in thousands):

	2020	2019	2018	2017	2016
Operating ROTCE					
Adjusted operating earnings available to common shareholders (non-GAAP)	**$ 168,837**	$ 227,813	$ 178,010	$ 83,058	$ 77,343
Plus: Amortization of intangibles, tax effected	**13,093**	14,632	10,143	3,957	4,687
Adjusted operating earnings available to common shareholders before amortization of intangibles (non-GAAP)	**$ 181,930**	$ 242,445	$ 188,153	$ 87,015	$ 82,030
Average tangible common equity (non-GAAP)	**$ 1,482,060**	$ 1,459,509	$ 1,086,272	$ 715,125	$ 676,654
Adjusted operating ROTCE (non-GAAP)	**12.28 %**	16.61 %	17.32 %	12.17 %	12.12 %

Pre-tax pre-provision adjusted operating earnings exclude the provision for credit losses, which can fluctuate significantly from period-to-period under the recently adopted CECL methodology, merger and rebranding-related costs, income tax expense, gains or losses related to balance sheet repositioning (principally composed of gains and losses on debt extinguishment), and gains or losses on sale of securities. The Company believes this adjusted measure provides investors with important information about the combined economic results of the organization's operations.

PPP adjustment impact excludes the SBA guaranteed PPP loans funded during 2020. The Company believes loans held for investment (net of deferred fees and costs), excluding PPP is useful to investors as it provides more clarity on the Company's organic growth. The Company also believes that the related non-GAAP financial measures of past due loans still accruing interest as a percentage of total loans held for investment (net of deferred fees and costs), provision for credit losses as a percentage of average loans held for investment, and net charge-offs as a percentage of average loans held for investment (net of deferred fees and costs), in each case excluding impacts from the PPP, are useful to investors as loans originated under the PPP carry an SBA guarantee. The Company believes that the ALLL and the ACL, each as a percentage of loans held for investment (net of deferred fees and costs), and each excluding impacts from the PPP, are useful to investors because of the size of the Company's PPP loan originations and the impact of the embedded credit enhancement provided by the SBA guarantee.

The following table reconciles non-GAAP financial measures from the most directly comparable GAAP financial measures for each of the periods presented (dollars in thousands, except per share amounts):

	2020	2019	2018	2017	2016
Pre-tax pre-provision adjusted operating earnings					
Net Income (GAAP)	**$ 158,228**	$ 193,528	$ 146,248	$ 72,923	$ 77,476
Plus: Provision for credit losses	**87,141**	21,092	13,736	10,802	8,883
Plus: Income tax expenses	**28,066**	37,497	28,901	33,387	26,779
Plus: Merger and rebranding-related costs	**—**	34,279	39,728	5,393	—
Plus: Net loss related to balance sheet repositioning	**32,885**	16,397	—	—	—
Less: Gain on sale of securities	**12,294**	7,675	383	800	205
Pre-tax pre-provision adjusted operating earnings (non-GAAP)	**$ 294,026**	$ 295,118	$ 228,230	$ 121,705	$ 112,933
Less: Dividends on preferred stock	**5,658**	—	—	—	—
Pre-tax pre-provision operating earnings available to common shareholders (non-GAAP)	**$ 288,368**	$ 295,118	$ 228,230	$ 121,705	$ 112,933
Weighted average common shares outstanding, diluted	**78,875,668**	80,263,557	65,908,573	43,779,744	43,890,271
Pre-tax pre-provision operating earnings per share available to common shareholders, diluted	**$ 3.66**	$ 3.68	$ 3.46	$ 2.78	$ 2.57
Paycheck Protection Program adjustment impact					
Loans held for investment (net of deferred fees and costs)(GAAP)	**$ 14,021,314**	$ 12,610,936	$ 9,716,207	$ 7,141,552	$ 6,307,060
Less: PPP adjustments	**1,179,522**	—	—	—	—
Loans held for investment (net of deferred fees and costs),net adjustments, excluding PPP (non-GAAP)	**$ 12,841,792**	$ 12,610,936	$ 9,716,207	$ 7,141,552	$ 6,307,060
Average loans held for investment (GAAP)	**$ 13,777,467**	$ 11,949,171	$ 9,584,785	$ 6,701,101	$ 5,956,125
Less: Average PPP adjustments	**1,091,921**	—	—	—	—
Average loans held for investment, net adjustments, excluding PPP (non-GAAP)	**$ 12,685,546**	$ 11,949,171	$ 9,584,785	$ 6,701,101	$ 5,956,125
Asset Quality					
Provision for loan losses	**$ 82,200**	$ 22,125	$ 14,084	$ 11,117	$ 8,458
Net charge-offs	**$ 11,438**	$ 20,876	$ 11,062	$ 10,055	$ 5,530
Allowance for loan and lease losses	**$ 160,540**	$ 42,294	$ 41,045	$ 38,208	$ 37,192
Allowance for credit losses	**$ 170,540**	$ 43,194	$ 41,945	$ 38,608	$ 37,917
Total NPAs	**$ 45,221**	$ 32,940	$ 33,675	$ 26,996	$ 17,403
Past due loans still accruing interest	**$ 13,634**	$ 13,396	$ 8,856	$ 3,532	$ 3,005
ALLL/total outstanding loans	**1.14 %**	0.34 %	0.42 %	0.54 %	0.59 %
ALLL/total adjusted loans	**1.25 %**	0.34 %	0.42 %	0.54 %	0.59 %
ACL/total outstanding loans	**1.22 %**	0.34 %	0.43 %	0.54 %	0.60 %
ACL/total adjusted loans	**1.33 %**	0.34 %	0.43 %	0.54 %	0.60 %
NPAs/total outstanding loans	**0.32 %**	0.26 %	0.35 %	0.38 %	0.28 %
NPAs/total adjusted loans	**0.35 %**	0.26 %	0.35 %	0.38 %	0.28 %
Past due loans still accruing interest/total outstanding loans	**0.36 %**	0.61 %	0.64 %	0.39 %	0.44 %
Past due loans still accruing interest/total adjusted loans	**0.39 %**	0.61 %	0.64 %	0.39 %	0.44 %
Net charge-offs/total average loans	**0.08 %**	0.17 %	0.12 %	0.15 %	0.09 %
Net charge-offs/total adjusted average loans	**0.09 %**	0.17 %	0.12 %	0.15 %	0.09 %
Provision for loan losses/total average loans	**0.60 %**	0.19 %	0.15 %	0.17 %	0.15 %
Provision for loan losses/total adjusted average loans	**0.65 %**	0.19 %	0.15 %	0.17 %	0.15 %

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.

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, 2020 and 2019 (dollars in thousands, except per share amounts):

	Quarter			
	First	Second	Third	Fourth
For the Year 2020				
Interest and dividend income	**$ 171,325**	**$ 162,867**	**$ 157,414**	**$ 161,847**
Interest expense	**36,317**	**25,562**	**20,033**	**16,243**
Net interest income	**135,008**	**137,305**	**137,381**	**145,604**
Provision for credit losses	**60,196**	**34,200**	**6,558**	**(13,813)**
Net interest income after provision for credit losses	**74,812**	**103,105**	**130,823**	**159,417**
Noninterest income(1)	**28,907**	**35,932**	**34,407**	**32,241**
Noninterest expenses	**95,645**	**102,814**	**93,222**	**121,668**
Income before income taxes	**8,074**	**36,223**	**72,008**	**69,990**
Income tax expense	**985**	**5,514**	**11,008**	**10,560**
Income from continuing operations	**$ 7,089**	**$ 30,709**	**$ 61,000**	**$ 59,430**
Discontinued operations, net of tax	**—**	**—**	**—**	**—**
Net income	**7,089**	**30,709**	**61,000**	**59,430**
Dividends on preferred stock	**—**	**—**	**2,691**	**2,967**
Net income available to shareholders	**$ 7,089**	**$ 30,709**	**$ 58,309**	**$ 56,463**
Earnings per share, basic	**$ 0.09**	**$ 0.39**	**$ 0.74**	**$ 0.72**
Earnings per share, diluted	**$ 0.09**	**$ 0.39**	**$ 0.74**	**$ 0.72**
Basic weighted average number of common shares outstanding	**79,290,352**	**78,711,765**	**78,714,353**	**78,721,530**
Diluted weighted average number of common shares outstanding	**79,317,382**	**78,722,690**	**78,725,346**	**78,740,351**
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(2)	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
Dividends on preferred stock	—	—	—	—
Net income available to shareholders	$ 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

(1) *Second quarter 2020 includes $10.3 million in gains on securities transactions. All other quarterly results for 2020 include an immaterial amount of gains on securities transactions.*

(2) *Third quarter 2019 includes $7.1 million in gains on securities transactions. All other quarterly results for 2019 include an immaterial amount of gains 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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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, 2021 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 4 to the consolidated financial statements, the Company changed its method of accounting for credit losses in 2020. As explained below, auditing the Company's allowance for loan and lease losses, including adoption of the change in method of accounting for credit losses, was a critical audit matter.

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 and Lease Losses

Description of the Matter	As discussed above and in Note 1 and Note 4 to the consolidated financial statements, the Company changed its method of accounting for credit losses on January 1, 2020 when the Company adopted the Financial Accounting Standards Board Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments,* which resulted in an increase to the allowance for loan and lease losses (ALLL or allowance) of $47.5 million. At December 31, 2020, the Company's ALLL was $160.5 million. As more fully described in Note 1 and Note 4 of the consolidated financial statements, the Company's ALLL represents management's current estimate of expected credit losses over the life of the held for investment (HFI) loan portfolio. The ALLL is estimated by applying statistical loss forecasting models to loan balances pooled by call code and credit risk indicator, with the exception of certain consumer pools that use vintage and loss rate methods. The models use economic forecast assumptions to estimate credit losses over a

two year forecast period before reverting to mean historical loss rates on a straight-line basis over the following two year period. The Company considers qualitative factors to adjust model output when estimating the ALLL to account for model limitations, including uncertainty regarding the extent and duration of current economic conditions and its impact on future credit losses.

Auditing the ALLL was especially challenging and highly judgmental due to qualitative factors management leverages when setting the ALLL to adjust estimated credit losses for economic forecasts and model limitations.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the ALLL process that included, among others, controls over the accuracy of data and key model inputs such as loan risk ratings, the development, operation, and monitoring of the models, and management review controls over the use of qualitative factors.

We involved EY specialists in testing management's statistical models, including evaluating model design and methodology, model performance, and testing key model assumptions and the economic forecast used by the ALLL models. We also used EY specialists to assist us in testing key model inputs, including the accuracy of risk ratings and underlying collateral valuations. 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, and re-computing components of the qualitative estimation that were quantitatively derived. 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. We also compared the collective ALLL 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.

Goodwill Impairment Analysis

Description of the Matter

At December 31, 2020, the Company's goodwill was $935.6 million recorded across one reporting unit. As discussed in Note 1 and Note 6 of the consolidated financial statements, goodwill is tested for impairment at least annually at the reporting unit level by comparing the fair value of the reporting unit to its carrying value. In performing the test, management used both market and income valuation approaches. The income approach includes a discounted cash flow analysis to estimate the fair value of the reporting unit. Management engages a third-party valuation specialist to assist with its impairment analysis. The Company performed its annual impairment testing in the second quarter of 2020 and determined there was no impairment to its goodwill.

Auditing management's annual goodwill impairment test was complex and highly judgmental due to the significant estimation required to determine the fair value of the reporting unit. In particular, the fair value estimate was sensitive to significant assumptions, such as changes in the Company's financial forecast, the discount rate and terminal value, which are affected by expectations about future market or economic conditions, including uncertainty resulting from the COVID-19 pandemic.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over the Company's goodwill impairment analysis process, including controls over management's review of the significant assumptions described above.

To test the appropriateness of management's assessment process, with the support of EY valuation specialists, we performed audit procedures that included, among others, assessing the goodwill impairment methodology and testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. With the support of our specialists, we compared the significant assumptions used by management to current industry and economic trends. We assessed the reasonableness of management's estimates, including current market participant information such as interest rate forecasts. We compared prior year forecasts to current year actual performance. We also tested management's reconciliation of the fair value of the reporting unit to the market capitalization of the Company and then assessed the resulting premium using information from recent industry transactions.

/s/ Ernst & Young LLP

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

Richmond, Virginia

February 26, 2021

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, 2020, 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, 2020, 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, 2020 and 2019, 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, 2020, and the related notes, and our report dated February 26, 2021 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

Richmond, Virginia

February 26, 2021

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2020 AND 2019
(Dollars in thousands, except share data)

	2020	2019
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 172,307	$ 163,050
Interest-bearing deposits in other banks	318,974	234,810
Federal funds sold	2,013	38,172
Total cash and cash equivalents	493,294	436,032
Securities available for sale, at fair value	2,540,419	1,945,445
Securities held to maturity, at carrying value	544,851	555,144
Restricted stock, at cost	94,782	130,848
Loans held for sale, at fair value	96,742	55,405
Loans held for investment, net of deferred fees and costs	14,021,314	12,610,936
Less allowance for loan and lease losses	160,540	42,294
Total loans held for investment, net	13,860,774	12,568,642
Premises and equipment, net	163,829	161,073
Goodwill	935,560	935,560
Amortizable intangibles, net	57,185	73,669
Bank owned life insurance	326,892	322,917
Other assets	514,121	378,255
Total assets	$ 19,628,449	$ 17,562,990
LIABILITIES		
Noninterest-bearing demand deposits	$ 4,368,703	$ 2,970,139
Interest-bearing deposits	11,354,062	10,334,842
Total deposits	15,722,765	13,304,981
Securities sold under agreements to repurchase	100,888	66,053
Other short-term borrowings	250,000	370,200
Long-term borrowings	489,829	1,077,495
Other liabilities	356,477	231,159
Total liabilities	16,919,959	15,049,888
Commitments and contingencies (Note 10)		
STOCKHOLDERS' EQUITY		
Preferred stock, $10.00 par value	173	—
Common stock, $1.33 par value	104,169	105,827
Additional paid-in capital	1,917,081	1,790,305
Retained earnings	616,052	581,395
Accumulated other comprehensive income (loss)	71,015	35,575
Total stockholders' equity	2,708,490	2,513,102
Total liabilities and stockholders' equity	$ 19,628,449	$ 17,562,990
Common shares outstanding	78,729,212	80,001,185
Common shares authorized	200,000,000	200,000,000
Preferred shares outstanding	17,250	—
Preferred shares authorized	500,000	500,000

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018
(Dollars in thousands, except per share amounts)

	2020	2019	2018
Interest and dividend income:			
Interest and fees on loans	$ 574,871	$ 612,115	$ 469,856
Interest on deposits in other banks	1,270	3,733	2,125
Interest and dividends on securities:			
Taxable	43,585	51,437	36,851
Nontaxable	33,728	32,047	19,956
Total interest and dividend income	653,454	699,332	528,788
Interest expense:			
Interest on deposits	75,943	114,972	59,336
Interest on short-term borrowings	1,691	15,479	18,458
Interest on long-term borrowings	20,522	31,009	24,303
Total interest expense	98,156	161,460	102,097
Net interest income	555,298	537,872	426,691
Provision for credit losses	87,141	21,092	13,736
Net interest income after provision for credit losses	468,157	516,780	412,955
Noninterest income:			
Service charges on deposit accounts	25,251	30,202	25,439
Other service charges, commissions and fees	6,292	6,423	5,603
Interchange fees	7,184	14,619	18,803
Fiduciary and asset management fees	23,650	23,365	16,150
Mortgage banking income	25,857	10,303	—
Gains (losses) on securities transactions	12,294	7,675	383
Bank owned life insurance income	9,554	8,311	7,198
Loan-related interest rate swap fees	15,306	14,126	3,554
Gain on Shore Premier sale	—	—	19,966
Other operating income	6,098	17,791	7,145
Total noninterest income	131,486	132,815	104,241
Noninterest expenses:			
Salaries and benefits	206,662	195,349	159,378
Occupancy expenses	28,841	29,793	25,368
Furniture and equipment expenses	14,923	14,216	11,991
Technology and data processing	25,929	23,686	18,397
Professional services	13,007	11,905	10,283
Marketing and advertising expense	9,886	11,566	10,043
FDIC assessment premiums and other insurance	9,971	6,874	6,644
Other taxes	16,483	15,749	11,542
Loan-related expenses	9,515	10,043	7,206
OREO and credit-related expenses	2,023	4,708	4,131
Amortization of intangible assets	16,574	18,521	12,839
Merger-related costs	—	27,824	39,728
Rebranding expense	—	6,455	—
Loss on debt extinguishment	31,116	16,397	—
Other expenses	28,419	25,254	20,217
Total noninterest expenses	413,349	418,340	337,767
Income from continuing operations before income taxes	186,294	231,255	179,429
Income tax expense	28,066	37,557	30,016
Income from continuing operations	$ 158,228	$ 193,698	$ 149,413
Discontinued operations:			
Loss from operations of discontinued mortgage segment	$ —	$ (230)	$ (4,280)
Income tax benefit	—	(60)	(1,115)
Loss on discontinued operations	—	(170)	(3,165)
Net income	158,228	193,528	146,248
Dividends on preferred stock	5,658	—	—
Net income available to common shareholders	$ 152,570	$ 193,528	$ 146,248
Basic earnings per common share	$ 1.93	$ 2.41	$ 2.22
Diluted earnings per common share	$ 1.93	$ 2.41	$ 2.22
Dividends declared per common share	$ 1.00	$ 0.96	$ 0.88
Basic weighted average number of common shares outstanding	78,858,726	80,200,950	65,859,165
Diluted weighted average number of common shares outstanding	78,875,668	80,263,557	65,908,573

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018
(Dollars in thousands)

	2020	2019	2018
Net income	**$ 158,228**	$ 193,528	$ 146,248
Other comprehensive income (loss):			
Cash flow hedges:			
Change in fair value of cash flow hedges	**(699)**	(5,103)	1,087
Reclassification adjustment for losses included in net income (net of tax, $394, $2,051, and $259 for the years ended December 31, 2020, 2019, 2018 respectively)(1)	**1,481**	7,714	975
AFS securities:			
Unrealized holding gains (losses) arising during period (net of tax, $12,227, $13,262, and $2,847 for the years ended December 31, 2020, 2019, 2018 respectively)	**45,996**	49,890	(10,711)
Reclassification adjustment for gains included in net income (net of tax, $2,582, $1,611, and $95 for the years ended December 31, 2020, 2019, 2018 respectively)(2)	**(9,712)**	(6,064)	(362)
HTM securities:			
Reclassification adjustment for accretion of unrealized gain on AFS securities transferred to HTM (net of tax, $5, $5, and $109 for the years ended December 31, 2020, 2019, 2018 respectively) (3)	**(20)**	(20)	(408)
Bank owned life insurance:			
Unrealized holding losses arising during period	**(2,098)**	(646)	—
Reclassification adjustment for losses included in net income(4)	**492**	77	76
Other comprehensive income (loss)	**35,440**	45,848	(9,343)
Comprehensive income	**$ 193,668**	$ 239,376	$ 136,905

(1) *The gross amounts reclassified into earnings for the year ended December 31, 2020 included a $1.8 million loss related to the termination of a cash flow hedge that is reported in "Other operating income" with the corresponding income tax effect being reflected as a component of income tax expense. The remaining gross amounts 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 on securities transactions" 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, 2020, 2019, AND 2018
(Dollars in thousands, except share amounts)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
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, net of shares held for taxes, 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, net of shares held for taxes, 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
Net income - 2020				**158,228**		**158,228**
Other comprehensive income (net of taxes of $ 10,034)					**35,440**	**35,440**
Issuance of preferred stock (17,250 shares)		**173**	**166,183**			**166,356**
Dividends on common stock ($1.00 per share)				**(78,860)**		**(78,860)**
Dividends on preferred stock ($328.48 per share)				**(5,658)**		**(5,658)**
Stock purchased under stock repurchase plan (1,493,472 shares)	**(1,985)**		**(47,894)**			**(49,879)**
Issuance of common stock under Equity Compensation Plans (46,010 shares)	**61**		**952**			**1,013**
Issuance of common stock for services rendered (30,780 shares)	**40**		**764**			**804**
Vesting of restricted stock, net of shares held for taxes, under Equity Compensation Plans (169,587 shares)	**226**		**(2,487)**			**(2,261)**
Impact of adoption of ASC 326				**(39,053)**		**(39,053)**
Stock-based compensation expense			**9,258**			**9,258**
Balance - December 31, 2020	**$ 104,169**	**$ 173**	**$ 1,917,081**	**$ 616,052**	**$ 71,015**	**$ 2,708,490**

(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, 2020, 2019, AND 2018

	2020	2019	2018
Operating activities [1] [3]:			
Net income	**$ 158,228**	$ 193,528	$ 146,248
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation of premises and equipment	**15,218**	15,032	13,725
Writedown of foreclosed properties and former bank premises	**5,526**	1,906	1,324
Amortization, net	**27,888**	24,944	12,603
Accretion related to acquisitions, net	**(8,397)**	(7,899)	(6,711)
Provision for credit losses	**87,141**	21,092	13,551
Gains on securities transactions, net	**(12,294)**	(7,675)	(383)
BOLI income	**(9,554)**	(8,311)	(7,198)
Deferred tax expense	**2,690**	15,057	17,821
Originations and purchases of loans held for sale	**(764,809)**	(345,116)	—
Proceeds from sales of loans held for sale	**723,351**	312,543	—
Losses (gains) on sales of foreclosed properties and former bank premises, net	**29**	102	(220)
Losses on debt extinguishment	**31,116**	16,397	—
Gain on sale of Shore Premier loans	**—**	—	(19,966)
Goodwill impairment losses	**—**	—	864
Stock-based compensation expenses	**9,258**	8,332	6,132
Issuance of common stock for services	**804**	910	914
Decrease (increase) in loans held for sale from discontinued operations, net	**—**	—	40,662
Net increase in other assets	**(138,189)**	(57,859)	(26,606)
Net increase in other liabilities	**103,916**	11,816	24,005
Net cash provided by operating activities	**231,922**	194,799	216,765
Investing activities:			
Purchases of AFS securities, restricted stock, and other investments	**(1,165,302)**	(444,398)	(1,047,611)
Purchases of HTM securities	**—**	(47,217)	(485,629)
Proceeds from sales of AFS securities and restricted stock	**257,945**	514,070	515,764
Proceeds from maturities, calls and paydowns of AFS securities	**395,993**	247,770	173,597
Proceeds from maturities, calls and paydowns of HTM securities	**6,963**	3,142	—
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	**(1,393,424)**	(741,146)	(704,582)
Net increase in premises and equipment	**(29,573)**	(15,892)	1,698
Proceeds from BOLI settlements	**5,029**	—	—
Proceeds from sales of foreclosed properties and former bank premises	**4,063**	12,118	6,295
Cash paid in acquisitions	**—**	(12)	(14,304)
Cash acquired in acquisitions	**—**	46,164	174,496
Net cash used in investing activities	**(1,918,306)**	(425,401)	(770,039)
Financing activities:			
Net increase in noninterest-bearing deposits	**1,398,564**	191,125	81,028
Net increase in interest-bearing deposits	**1,019,352**	916,656	351,084
Net increase (decrease) in short-term borrowings	**(85,365)**	(872,229)	58,645
Cash paid for contingent consideration	**—**	(565)	(565)
Proceeds from issuance of long-term debt	**—**	550,000	225,000
Repayments of long-term debt	**(619,616)**	(220,614)	(40,000)
Cash dividends paid - common stock	**(78,860)**	(78,345)	(58,001)
Cash dividends paid - preferred stock	**(5,658)**	—	—
Cancellation of warrants	**—**	—	(1,530)
Repurchase of common stock	**(49,879)**	(80,280)	—
Issuance of common stock	**1,013**	1,988	2,347
Issuance of preferred stock, net	**166,356**	—	—
Vesting of restricted stock, net of shares held for taxes	**(2,261)**	(2,301)	(2,908)
Net cash provided by financing activities	**1,743,646**	405,435	615,100
Increase in cash and cash equivalents	**57,262**	174,833	61,826
Cash, cash equivalents and restricted cash at beginning of the period	**436,032**	261,199	199,373
Cash, cash equivalents and restricted cash at end of the period	**$ 493,294**	$ 436,032	$ 261,199

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018
(Dollars in thousands)

	2020	2019	2018
Supplemental Disclosure of Cash Flow Information			
Cash payments for:			
Interest	**$ 101,045**	$ 159,934	$ 99,227
Income taxes	**26,103**	25,058	10,830
Supplemental schedule of noncash investing and financing activities			
Transfers from loans to foreclosed properties	**615**	1,878	493
Transfers from bank premises to OREO	**7,949**	—	—
Transfers to LHFI from LHFS	**(1,050)**	—	—
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
Liabilities assumed [2]	**—**	2,558,063	2,873,718

See accompanying notes to consolidated financial statements.

(1) *Discontinued operations have an immaterial impact to the Company's Consolidated Statements of Cash Flows. The change in 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.*

(3) *Loans held for sale activity is included in the Operating Activities section above. Due to the increased mortgage related activity during 2020 and 2019, the loans held for sale activity is segregated between originations and purchases of loans held for sale and proceeds from sales of loans held for sale. 2018 loans held for sale activity is included in the change in loans held for sale and is attributable to discontinued operations which has an immaterial impact on the Company's Consolidated Statements of Cash Flows.*

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018

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 had 134 branches and approximately 155 ATMs located throughout Virginia, and in portions of Maryland and North Carolina as of December 31, 2020. 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., and Dixon, Hubard, Feinour & Brown, Inc., which provide investment advisory services; Middleburg Investment Services, LLC, which provides 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.

Impact of COVID-19 - On March 13, 2020, the United States President declared a national emergency in the face of a growing public health and economic crisis due to the COVID-19 global pandemic. Within a few days of the declaration of a national emergency, governors of states comprising the Company's geographic footprint issued states of emergency in response to the novel COVID-19. As a result of this pandemic, actions were taken around the world to help mitigate the spread of COVID 19, which have impacted the economies and financial markets of many countries, including the geographical area in which the Company operates. On March 27, 2020, the CARES Act was signed into law. The CARES Act is designated to provide financial relief to the American people and American businesses in response to the economic fallout from COVID-19. On March 22, 2020, the five federal bank regulatory agencies and the Conference of State Bank Supervisors issued joint guidance (subsequently revised on April 7, 2020) with respect to loan modifications for borrowers affected by COVID-19. The CARES Act, as well as the March 22 Joint Guidance, provide enhanced guidelines and accounting for COVID-19 related modifications.

The federal banking regulators have confirmed with FASB that short-term loan modifications made on a good faith basis in response to COVID-19 to borrowers who were current (i.e., less than 30 days past due on contractual payments) prior to any loan modification are not considered TDRs.

In addition, Section 4013 of the CARES Act, as amended by the CAA, provides banks, savings associations, and credit unions with the ability to make loan modifications related to COVID-19 without categorizing the loan as a TDR or conducting the analysis to make the determination, which is intended to streamline the loan modification process. Any such suspension is effective for the term of the loan modification; however, the suspension is only permitted for loan modifications made during the effective period of Section 4013 and only for those loans that were not more than thirty days past due as of December 31, 2019. The relief afforded by Section 4013 of the CARES Act, as amended by the CAA, is available to loans modified between March 1, 2020 and the earlier of 60 days after the date of termination of the COVID-19 national emergency and January 1, 2022.

During 2020, the Company participated in the SBA PPP under the CARES Act, which was intended to provide economic relief to small businesses that have been adversely impacted by the COVID-19 global pandemic. The Company processed over 11,000 PPP loans pursuant to the CARES Act, which totaled $1.7 billion with a recorded investment of $1.2 billion and unamortized deferred fees of $17.6 million as of December 31, 2020. The loans carry a 1% interest rate. In addition to an insignificant amount of PPP loan pay offs, the Company began processing PPP loans for forgiveness during the fourth quarter of 2020. In the aggregate, the Company processed forgiveness for approximately 3,100 PPP loans for an aggregate forgiven principal amount of approximately $429.3 million

Certain provisions of the CARES Act, including additional PPP funding, were extended as a result of the CAA, which was signed into law on December 27, 2020. The Company began accepting applications on January 19, 2021 for additional PPP loans pursuant to the CAA.

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., Dixon, Hubard, Feinour & Brown, Inc., and Atlantic Union Equipment Finance, 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. The Company's subsidiary trusts were formed for the purpose of issuing redeemable trust preferred capital notes, including in connection with prior acquisitions by the Company. ASC 860, *Transfers and Servicing*, precludes the Company from consolidating the Company's subsidiary trusts (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 ALLL, the valuation of goodwill and intangible assets, foreclosed property and former bank premises, deferred tax assets and liabilities, the ACL assessment for HTM and AFS 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 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.

Restricted cash is disclosed in Note 10 "Commitments and Contingencies" and is comprised of cash maintained at various correspondent banks as collateral for the Company's derivative portfolio and is included in interest-bearing deposits in other banks on the Company's Consolidated Balance Sheets. In addition, the Company is required to maintain reserve balances with the FRB based on the type and amount of deposits; however, on March 15, 2020 the FRB announced that reserve requirement ratios would be reduced to zero percent effective March 26, 2020 due to economic conditions, which eliminated the reserve requirement for all depository institutions.

Investment Securities - Investment securities held by the Company are classified as either AFS or HTM 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 FRB 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 FRB 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, 2020 and 2019. The FRB requires the Company to maintain stock with a par value equal to 6% of its outstanding capital.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are generally amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Premiums on callable debt securities are amortized to their earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

The Company regularly evaluates all securities whose values have declined below amortized cost to assess whether the decline in fair value is the result of credit impairment. For AFS securities, the Company evaluates the fair value and credit quality of its AFS securities on at least a quarterly basis. In the event the fair value of a security falls below its amortized cost basis, the security will be evaluated to determine whether the decline in value was caused by changes in market interest rates or security credit quality. The primary indicators of credit quality for the Company's AFS portfolio are security type and credit rating, which are influenced by a number of security-specific factors that may include obligor cash flow, geography, seniority, structure, credit enhancement and other factors.

There is currently no ACL held against the Company's AFS securities portfolio at December 31, 2020. See Note 3 "Securities," for additional information on the Company's ACL analysis. If unrealized losses are related to credit quality, the Company estimates the credit related loss by evaluating the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis of the security and a credit loss exists, an ACL shall be recorded for the credit loss, limited by the amount that the fair value is less than amortized cost basis. Non-credit related declines in fair value are recognized in other comprehensive income, net of applicable taxes. Changes in the ACL are recorded as a provision for or reversal of credit loss expense. Charge-offs are recorded against the ACL when management believes the AFS security is no longer collectible. A debt security is placed on nonaccrual status at the time any principal or interest payments become 90 days delinquent.

The Company evaluates the credit risk of its HTM securities on at least a quarterly basis. Management estimates expected credit losses on held-to-maturity debt securities based on an individual basis based on the PD/LGD methodology primarily using security-level credit ratings. Management recorded an immaterial ACL on HTM securities as a result of the adoption of ASC 326, and no additional changes were needed at year ended December 31, 2020.

Loans Held for Sale - Loans held for sale consist of residential real estate loans originated for sale in the secondary market. Credit risk associated with such loans is mitigated by entering into sales commitments with third party investors to purchase the loans when they are originated. This practice has the effect of minimizing the amount of such loans that are unsold and the interest rate risk at any point in time. The Company does not service these loans after they are sold. The Company records loans held for sale via the fair value option. For further information regarding the fair value method and assumptions, refer to Note 14 "Fair Value Measurements." The change in fair value of loans held for sale is recorded as a component of "Mortgage banking income" on the Company's Consolidated Statements of Income.

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 ALLL, 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 portfolios:

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 and, if necessary in any particular submarket.

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 - 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.

Other Commercial - 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.

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. In response to the COVID-19 pandemic, the Company offered short-term loan modifications to assist borrowers. The Company enhanced the monitoring over loans that received modifications, specifically full principal and interest payment deferrals, and considered nonaccrual treatment at which time the Company no longer expected to collect all principal and interest over the life of the loan. The process for charge-offs is discussed in detail within the "Allowance for Loan and Lease Losses" section of this Note 1.

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.

Allowance for Loan and Lease Losses -The provision for loan losses is an amount sufficient to bring the ALLL to an estimated balance that management considers adequate to absorb expected losses in the portfolio. The ALLL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the ALLL when management believes the loan balance is no longer collectible. Subsequent recoveries of previously charged off amounts are recorded as increases to the ALLL; however, expected recoveries do not exceed the aggregate of amounts previously charged-off.

Management's determination of the adequacy of the ALLL 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, reasonable and supportable forecasts, and other risk factors. The ALLL is estimated using a loan-level PD/LGD method for all loans with the exception of its auto and third party consumer lending portfolios. For auto and third party consumer lending portfolios, the Company has elected to pool those loans based on similar risk characteristics to determine the ALLL using vintage and loss rate methods.

While management uses available information to estimate expected losses on loans, future changes in the ALLL may be necessary based on changes in portfolio composition, portfolio credit quality, and/or economic conditions.

Determining the Contractual Term

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extensions or renewal options are included in the original or modified contract at the reporting date and are not unconditionally legally cancelable by the Company.

The Company’s ALLL measures the expected lifetime loss using pooled assumptions and loan-level details for financial assets that share common risk characteristics and evaluates an individual reserve in instances where the financial assets do not share the same risk characteristics.

Collectively Assessed Reserve Consideration

Loans that share common risk characteristics are considered collectively assessed. Loss estimates within the collectively assessed population are based on a combination of pooled assumptions and loan-level characteristics.

Quantitative loss estimation models have been developed based largely on internal historical data at the loan and portfolio levels from 2005 through the current period and the economic conditions during the same time period. Expected losses for the Company’s collectively assessed loan segments are estimated using a number of quantitative methods including PD/LGD, Vintage, and Loss Rate.

As part of its qualitative framework, the Company evaluates its current underwriting standards, geographic footprint, national and international current and forecasted economic conditions, expected government stimulus, and other factors to estimate the impact that changes in these factors may have on expected loan losses.

The Company’s ALLL for the current period is based on a two-year reasonable and supportable forecast period with a straight-line reversion over the next two years to long-term average loss factors.

Individually Assessed Reserve Consideration

Loans that do not share risk characteristics are evaluated on an individual basis. The individual reserve component relates to loans that have shown substantial credit deterioration as measured by risk rating and/or delinquency status. In addition, the Company has elected the practical expedient that would include loans for individual assessment consideration if the repayment of the loan is expected substantially through the operation or sale of collateral because the borrower is experiencing financial difficulty. Where the source of repayment is the sale of collateral, the ALLL is based on the fair value of the underlying collateral, less selling costs, compared to the amortized cost basis of the loan. If the ALLL is based on the operation of the collateral, the reserve is calculated based on the fair value of the collateral calculated as the present value of expected cash flows from the operation of the collateral, compared to the amortized cost basis. If the Company determines that the value of a 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 is deemed uncollectible. Typically, a loss is confirmed when the Company is moving toward 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 obtained on all individually assessed loans, as well as updated every twelve months for all individually assessed loans. Adjustments to real estate appraised values are only permitted to be made by the REVG. The individually assessed 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. The ALLL on loans individually assessed is updated, reviewed, and approved on a quarterly basis at or near the end of each reporting period.

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 independent 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.

Governance

The Company's Allowance Committee, which reports to the Audit Committee and contains representatives from both the Company's finance and risk teams, is responsible for approving the Company's estimate of expected credit losses and resulting ALLL. The Allowance Committee considers the quantitative model results and qualitative factors when approving the final ALLL. The Company's ALLL model is subject to the Company's models risk management program which is overseen by the Model Risk Management Committee which reports to the Company's Board Risk Committee.

Acquired Loans – The Company has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. Acquired loans are recorded at their fair value at acquisition date without carryover of the acquiree's previously established ALLL, 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 or PCD or acquired performing. The acquired loans are subject to the Company's ALLL Policy upon acquisition.

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.

PCD loans reflect loans that have experienced more-than-insignificant credit deterioration since origination, as it is probable at acquisition that the Company will not be able to collect all contractually required payments. These PCD loans are accounted for under ASC 326. The PCD 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.

PCD loans are recorded at the amount paid. An ALLL is determined using the same methodology as other loans held for investment. The initial ALLL is determined on a collective basis and is allocated to individual loans. The sum of the loan's purchase price and ALLL becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan. Subsequent changes to the ALLL are recorded through provision expense.

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. With the exception of loans with interest rate concessions, the ALLL on a TDR is measured using the same method as all other loans held for investment. For loans with interest rate concessions, the Company uses a discounted cash flow approach using the original interest rate. 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 and avoid foreclosure or repossession of the collateral, such as rate reductions, and principal or interest forgiveness. Restructured loans with no rate concession may subsequently be eligible to be removed from reportable TDR status in periods subsequent to the restructuring depending on the performance of the loan.

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, and the loan has performed under the restructured terms for a consecutive twelve-month period. 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.

Loan modifications made under the March 22 Joint Guidance and CARES Act, as amended by the CAA, were suspended from TDR evaluation.

Reserve for Unfunded Commitments - The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The RUC is adjusted as a provision for credit loss expense and is measured using the same measurement objectives as the ALLL. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded and is included in "Other Liabilities" on the Company's Consolidated Balance Sheets.

Accrued Interest Receivable - The Company has elected to exclude accrued interest from the amortized cost basis in its determination of the ALLL, as well as the ACL reserve for securities. Accrued interest receivable totaled $56.7 million on loans held for investment, $6.8 million on HTM securities, and $11.9 million on AFS securities at December 31, 2020 and is included in "Other Assets" on the Company's Consolidated Balance Sheets. The Company's policy is to write off accrued interest receivable through reversal of interest income when it becomes probable the Company will not be able to collect the accrued interest. For the year ended December 31, 2020, accrued interest receivable write offs were not material to the Company's consolidated financial statements.

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 years 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. The Company follows ASC 350, *Goodwill and Other Intangible Assets,* which prescribes the accounting for goodwill and intangible assets subsequent to initial recognition. Goodwill 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. Goodwill is the only intangible asset with an indefinite life included on the Company's Consolidated Balance Sheets.

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.

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 performs the analysis annually on April 30 of each year at the reporting unit level whereby the Company compares the estimated fair value of the reporting unit to its carrying value.

If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is not considered impaired. The Company engaged a third-party valuation specialist to assist management in performing its annual goodwill impairment analysis. The last goodwill impairment analysis was conducted on April 30, 2020.

To determine the fair value of a reporting unit, the Company utilizes a combination of two separate quantitative methods, the market value approach, which considers comparable publicly-traded companies, and the income approach which estimates future cash flows. Critical assumptions that are used as part of these calculations include: the selection of comparable publicly-traded companies and selection of market comparable acquisition transactions. In addition, other key assumptions include the discount rate, the forecast of future earnings and cash flows of the reporting unit, economic conditions, which impact the assumptions related to interest and growth rates, and loss rates, the cost savings expected to be realized by a market participant, the control premium associated with the reporting unit and a relative weight given to the valuations derived by the two valuation methods.

At April 30, 2020, the Company determined that there wasno impairment to its goodwill. The Company performed a sensitivity analysis on key assumptions and noted the 2020 forecast was significantly impacted by the uncertain factors associated with COVID-19, as well as macro-economic factors such as the interest rate forecasts and unemployment factors. Management also performed an additional qualitative review through December 31, 2020, and concluded that no impairment existed as of the balance sheet date.

Foreclosed Properties - Assets acquired through or in lieu of loan foreclosures 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 ALLL. 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, 2020 and 2019, the Company also had liabilities for post-retirement benefits payable to other partial beneficiaries under some of these life insurance policies of $13.8 million and $12.1 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"). For commitments issued in connection with potential loans intended for sale, the Bank enters into positions of forward month mortgage-backed securities to be announced ("TBA") contracts on a mandatory basis or on a one-to-one forward sales contract on a best efforts basis. The Company enters into TBA contracts in order to control interest rate risk during the period between the rate lock commitment and mandatory sale of the mortgage loan. Both the rate lock commitment and the forward TBA contract is considered a derivative. A mortgage loan sold on a best efforts basis is locked into a forward sales contract with a counterparty on the same day as the rate lock commitment to control interest rate risk during the period between the commitment and the sale of the mortgage loan. Both the rate lock commitment and the forward sales contract are considered a derivative. As of December 31, 2018, there were no mortgage banking derivatives due to the wind down of UMG. Mortgage banking derivatives as of December 31, 2020 and 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 and historic tax credits for these investments. The activities of these entities are financed with a combination of invested equity capital and debt. The Company accounts for its affordable housing entities using the proportional amortization method. Under the proportional amortization method, the Company amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received, and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). For the years ended December 31, 2020 and 2019, the Company recognized amortization of $3.0 million and $1.9 million, respectively, and tax credits and tax savings of $3.6 million and $2.9 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 were $38.5 million and $29.6 million for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the Company's recorded liability totaled $19.1 million and $12.0 million, respectively, for the related unfunded commitments, which are expected to be paid throughout the years 2021 - 2033.

Stock Compensation Plan - The Company issues equity awards to employees and directors through either stock awards, RSAs, or PSUs. The Company complies with ASC 718, 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 2020, 2019 or 2018; 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 2020, 2019, and 2018 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 commonstock;
- 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 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 the years ended December 31, 2020, 2019, 2018 are 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 for the years ended December 31, 2020, 2019 and 2018.

The fair value of RSAs and stock awards are 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, 2020, 2019, or 2018 related to tax positions taken. As of December 31, 2020 and 2019, 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.

Advertising Costs - The Company expenses advertising costs as incurred.

Earnings Per Common Share – Basic EPS is computed by dividing net income available to common shareholders 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 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 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 and Lease 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 Printing, Postage and Supplies and Training and Other Personnel costs from being separately presented to being contained within Other Expenses on the Consolidated Statements of Income. The Company updated the AFS and HTM investment category disclosures to align with Regulatory Reporting requirements. In addition, the Company reclassified the Loans Held for Sale activity previously presented as net on the Consolidated Statements of Cash Flow to origination and Purchases, Proceeds from Sales, Other Assets, and Oother Liabilities.

Adoption of New Accounting Standards - On January 1, 2019, the Company adopted ASC 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.

On January 1, 2020, the Company adopted ASC 326. 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 measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to- maturity debt securities. It also applies to unfunded credit exposures not accounted for as insurance (loan commitments, letters of credit, financial guarantees, and other similar instruments). The Company established a cross-functional governance structure to oversee the Company's implementation of the CECL methodology, which included evaluating key assumptions used and assessing the internal controls over financial reporting related to the adoption of ASC 326. The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and unfunded credit exposures. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. As a result of adopting ASC 326, the Company recorded a net decrease to retained earnings of $39.1 million.

ASC 326 also replaced the Company's current accounting for PCI loans. With the adoption of ASC 326, previously classified PCI loans are now classified as PCD loans. In accordance with ASC 326, the Company did not re-assess whether individual modifications were needed to individual acquired financial assets accounted for in the pools with troubled debt restructurings as of the date of adoption. The Company adopted ASC 326 using the prospective transition approach for financial assets with PCD that were previously identified as PCI and accounted for under ASC 310-30. On January 1, 2020, the amortized cost basis of the PCD assets were adjusted to reflect the addition of $2.4 million to the ALLL. The remaining noncredit discount (based on the adjusted amortized cost basis) will be accreted into interest income at the effective interest rate as of January 1, 2020.

The Company adopted ASC 326 using the prospective transition approach for debt securities. The effective interest rate on these debt securities was not changed. Upon adoption of ASC 326, the Company did not have any securities included in its portfolio where OTTI had previously been recognized.

The following table illustrates the impact of ASC 326.

	December 31, 2019	January 1, 2020	January 1, 2020
	As Previously Reported (Incurred Loss)	**Impact of CECL Adoption**	**As Reported Under CECL**
Assets:			
Loans			
Commercial	$ 30,941	$ 6,184	$ 37,125
Consumer	11,353	41,300	52,653
Allowance for loan and lease losses	42,294	47,484	89,778
Liabilities:			
Allowance for credit losses on unfunded credit exposure	900	4,160	5,060
Total Allowance for credit losses	$ **43,194**	$ **51,644**	$ **94,838**

Detailed below are the Company's accounting policies specific to Loans and the Allowance for Loan and Lease Losses and Investment Securities that were in effect prior to the adoption of ASC 326 on January 1, 2020.

Allowance for loan and lease losses – prior to the adoption of ASC 326 - The provision for loan losses charged to operations was an amount sufficient to bring the ALL to an estimated balance that management considered adequate to absorb probable losses inherent in the portfolio. Loans were charged against the allowance when management believed the collectability of the principal was unlikely, while recoveries of amounts previously charged-off were credited to the ALL. Management's determination of the adequacy of the ALL was 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.

A loan was considered impaired when, based on current information and events, it was 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 experienced insignificant payment delays and payment shortfalls generally were not classified as impaired. Management determined 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 was 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 was the same for all segments within the commercial loan segment.

For the consumer loan segment, large groups of smaller balance homogeneous loans were collectively evaluated for impairment. This evaluation subjected 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 applied payments received on impaired loans to principal and interest based on the contractual terms until they were placed on nonaccrual status. All payments received were then applied to reduce the principal balance and recognition of interest income is terminated as previously discussed.

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

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

The general reserve component covered non-impaired loans and was 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 was a function of the net charge-off historical loss experience to the average loan balance of the portfolio averaged during a period that management had determined to adequately reflect the losses inherent in the loan portfolio. The Company had implemented a rolling 24-quarter look back period, which was re-evaluated on a periodic basis to ensure the reasonableness of the period being used. The qualitative component included adjustments for current portfolio specific credit risks and local and national economic trends.

Acquired loans were recorded at their fair value at acquisition date without carryover of the acquiree's previously established ALL, as credit discounts were included in the determination of fair value. The fair value of the loans were 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 were also classified as either acquired impaired (or PCI) or acquired performing.

Acquired performing loans were 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) was amortized or accreted into interest income over the life of the loans. If the acquired performing loan has revolving privileges, it was accounted for using the straight-line method; otherwise, the effective interest method is used.

Acquired impaired loans reflected credit quality deterioration since origination, as it was probable at acquisition that the Company would not be able to collect all contractually required payments. These PCI loans were accounted for under ASC 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality. The PCI 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, nonaccrual status, and past due status. For valuation purposes, these pools were further disaggregated by maturity, pricing characteristics, and re-payment structure. PCI loans were written down at acquisition to fair value using an estimate of cash flows deemed to be collectible. Accordingly, such loans were no longer classified as nonaccrual even though they may be contractually past due because the Company expected to fully collect the new carrying values of such loans, which is the new cost basis arising from purchase accounting.

Quarterly, management performed a recast of PCI loans based on updated future expected cash flows, which was 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 was considered to be the accretable yield and was recognized as interest income over the estimated life of the loan or pool using the effective yield method.

The excess of the undiscounted contractual balances due over the cash flows expected to be collected was considered to be the nonaccretable difference, which represented 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 were 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 were subject to the Company's internal and external credit review and monitoring. If further credit deterioration was experienced, such deterioration was measured and the provision for loan losses was increased. A loan was removed from the pool (at its carrying value) if the loan was sold, foreclosed, or assets were received in full satisfaction of the loan.

Investment securities – prior to the adoption of ASC 326 - The Company regularly evaluated all securities whose values had declined below amortized cost to assess whether the decline in fair value represented OTTI. Declines in the fair value of held to maturity and AFS securities below their cost that were deemed to be other than temporary were reflected in earnings as realized losses. In estimating OTTI losses, an impairment was considered other-than-temporary if any of the following conditions existed: the entity intended to sell the security; it was more likely than not that the entity would be required to sell the security before recovery of its amortized cost basis, or; the entity did not expect to recover the security's entire amortized cost basis (even if the entity did not intend to sell). If a credit loss existed, but an entity did not intend to sell the impaired debt security and it was not more likely than not to be required to sell before recovery, the impairment was other-than-temporary and was separated into a credit portion to be recognized in earnings and the remaining amount relating to all other factors was recognized as other comprehensive loss. Gains and losses on the sale of securities were recorded on the trade date and were determined using the specific identification method. Purchased premiums and discounts were recognized in interest income using the interest method over the terms of the securities.

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. The measurement period was formally closed as of February 1, 2020, and the Company did not make any measurement period adjustments in 2020.

There were no merger-related costs associated with the acquisition of Access for the year ended December 31, 2020. Merger-related costs associated with the acquisition of Access were $26.2 million for the year ended December 31, 2019. Such costs include legal and accounting fees, lease and contract termination expenses, system conversion, and employee severances, which have been expensed as incurred.

3. SECURITIES

On January 1, 2020, the Company adopted ASC 326, which made changes to the accounting for AFS debt securities whereby credit losses should be presented as an allowance, rather than as a write-down when management does not intend to sell and does not believe that it is more likely than not they will be required to sell prior to maturity. In addition, ASC 326 requires financial assets measured at amortized cost, including held-to-maturity debt securities, to measure an expected credit loss under the CECL methodology that requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For further discussion on the Company's accounting policies and policy elections related to the accounting standard update refer to Note 1 "Summary of Significant Accounting Policies".

All securities information presented as of December 31, 2020 is in accordance with ASC 326. All securities information presented prior to January 1, 2020 is in accordance with previous applicable GAAP. See the Company's prior accounting policies in Note 1 "Summary of Significant Accounting Policies" of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Available for Sale

The Company's AFS investment portfolio is generally highly-rated or agency backed. All AFS securities were current withno securities past due or on non-accrual as of December 31, 2020.

The amortized cost, gross unrealized gains and losses, and estimated fair values of AFS securities as of December 31, 2020 are summarized as follows (dollars in thousands):

	Amortized	Gross Unrealized		Estimated
	Cost	Gains	(Losses)	Fair Value
December 31, 2020				
U.S. government and agency securities	**$ 13,009**	**$ 437**	**$ (52)**	**$ 13,394**
Obligations of states and political subdivisions	**786,466**	**50,878**	**(18)**	**837,326**
Corporate and other bonds (1)	**148,747**	**2,430**	**(99)**	**151,078**
Commercial mortgage-backed securities				
Agency	**321,015**	**16,277**	**(2)**	**337,290**
Non-agency	**51,244**	**167**	**(17)**	**51,394**
Total commercial mortgage-backed securities	**372,259**	**16,444**	**(19)**	**388,684**
Residential mortgage-backed securities				
Agency	**1,012,237**	**31,816**	**(1,946)**	**1,042,107**
Non-agency	**104,904**	**1,507**	**(206)**	**106,205**
Total residential mortgage-backed securities	**1,117,141**	**33,323**	**(2,152)**	**1,148,312**
Other securities	**1,625**	**—**	**—**	**1,625**
Total AFS securities	**$ 2,439,247**	**$ 103,512**	**$ (2,340)**	**$ 2,540,419**

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

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

	Amortized	Gross Unrealized		Estimated
	Cost	Gains	(Losses)	Fair Value
December 31, 2019				
U.S. government and agency securities	$ 21,149	$ 209	$ (38)	$ 21,320
Obligations of states and political subdivisions	421,344	25,776	(29)	447,091
Corporate and other bonds (1)	134,342	1,991	(374)	135,959
Commercial mortgage-backed securities				
Agency	405,731	8,786	(619)	413,898
Non-agency	11,173	—	(24)	11,149
Total commercial mortgage-backed securities	416,904	8,786	(643)	425,047
Residential mortgage-backed securities				
Agency	852,300	16,680	(816)	868,164
Non-agency	44,309	476	—	44,785
Total residential mortgage-backed securities	896,609	17,156	(816)	912,949
Other securities	3,079	—	—	3,079
Total AFS securities	$ 1,893,427	$ 53,918	$ (1,900)	$ 1,945,445

(1) Other bonds includes asset-backed securities.

The following table shows the gross unrealized losses and fair value of the Company's AFS securities with unrealized losses for which an ACL has not been recorded at December 31, 2020 and that are not deemed to be OTTI as of December 31, 2019. These are aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position (dollars in thousands).

	Less than 12 months		More than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2020						
U.S. government and agency securities	**$ —**	**$ —**	**$ 5,456**	**$ (52)**	**$ 5,456**	**(52)**
Obligations of states and political subdivisions	**5,091**	**(18)**	**—**	**—**	**5,091**	**$ (18)**
Corporate and other bonds[1]	**17,946**	**(52)**	**10,698**	**(47)**	**28,644**	**(99)**
Commercial mortgage-backed securities						
Agency	**5,893**	**(2)**	**376**	**—**	**6,269**	**(2)**
Non-agency	**17,654**	**(17)**	**—**	**—**	**17,654**	**(17)**
Total commercial mortgage-backed securities	**23,547**	**(19)**	**376**	**—**	**23,923**	**(19)**
Residential mortgage-backed securities						
Agency	**219,388**	**(1,944)**	**1,055**	**(2)**	**220,443**	**(1,946)**
Non-agency	**36,942**	**(206)**	**—**	**—**	**36,942**	**(206)**
Total residential mortgage-backed securities	**256,330**	**(2,150)**	**1,055**	**(2)**	**257,385**	**(2,152)**
Total AFS securities	**$ 302,914**	**$ (2,239)**	**$ 17,585**	**$ (101)**	**$ 320,499**	**$ (2,340)**
December 31, 2019						
U.S. government and agency securities	$ 7,638	$ (38)	$ —	$ —	$ 7,638	$ (38)
Obligations of states and political subdivisions	4,526	(29)	—	—	4,526	(29)
Corporate and other bonds[1]	17,323	(83)	19,901	(291)	37,224	(374)
Commercial mortgage-backed securities						
Agency	43,552	(530)	14,966	(89)	58,518	(619)
Non-agency	11,162	(24)	—	—	11,162	(24)
Total commercial mortgage-backed securities	54,714	(554)	14,966	(89)	69,680	(643)
Residential mortgage-backed securities						
Agency	114,147	(500)	40,168	(316)	154,315	(816)
Non-agency	—	—	—	—	—	—
Total residential mortgage-backed securities	114,147	(500)	40,168	(316)	154,315	(816)
Total AFS securities	$ 198,348	$ (1,204)	$ 75,035	$ (696)	$ 273,383	$ (1,900)

[1] *Other bonds includes asset-backed securities*

As of December 31, 2020, there were $17.6 million or 15 instances of individual AFS securities that had been in a continuous loss position for more than 12 months and had an aggregate unrealized loss of $101,000. As of December 31, 2019, there were $75.0 million or 47 instances of individual securities that had been in a continuous loss position for more than 12 months and had an aggregate unrealized loss of $696,000.

The Company has evaluated AFS securities in an unrealized loss position for credit related impairment at December 31, 2020 and 2019 and concluded no impairment existed based on several factors which included: (1) the majority of these securities are of high credit quality, (2) unrealized losses are primarily the result of market volatility, (3) the contractual terms of the investments do not permit the issuer(s) to settle the securities at a price less than the cost basis of each investment, (4) issuers continue to make timely principal and interest payments, and (5) 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.

Additionally, the majority of the Company's mortgage-backed securities are issued by FNMA, FHLMC, and GNMA and do not have credit risk given the implicit and explicit government guarantees associated with these agencies. In addition, the non-agency mortgage-backed and asset-backed securities generally received a 20% SSFA rating.

The following table presents the amortized cost and estimated fair value of AFS securities as of December 31, 2020 and 2019, 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, 2020		December 31, 2019	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	**$ 19,875**	**$ 19,997**	$ 35,177	$ 35,329
Due after one year through five years	**161,448**	**169,103**	164,605	166,873
Due after five years through ten years	**235,021**	**242,791**	249,713	254,790
Due after ten years	**2,022,903**	**2,108,528**	1,443,932	1,488,453
Total AFS securities	**$ 2,439,247**	**$ 2,540,419**	$ 1,893,427	$ 1,945,445

Refer to Note 10 "Commitments and Contingencies" for information regarding the estimated fair value of AFS securities that were pledged to secure public deposits, repurchase agreements, and for other purposes as permitted or required by law as of December 31, 2020 and 2019.

Held to Maturity

The Company's HTM investment portfolio primarily consists of highly-rated municipal securities. The Company's HTM securities were all current, with no securities past due or on non-accrual at December 31, 2020.

The Company reports HTM securities on the Company's 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 AFS securities to HTM securities. 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 HTM securities as of December 31, 2020 are summarized as follows (dollars in thousands):

	Carrying Value	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2020				
U.S. government and agency securities	**$ 2,751**	**$ —**	**$ (18)**	**$ 2,733**
Obligations of states and political subdivisions	**536,767**	**74,978**	**—**	**611,745**
Commercial mortgage-backed securities				
Agency	**5,333**	**4**	**(50)**	**5,287**
Non-agency	**—**	**—**	**—**	**—**
Total commercial mortgage-backed securities	**5,333**	**4**	**(50)**	**5,287**
Total held-to-maturity securities	**$ 544,851**	**$ 74,982**	**$ (68)**	**$ 619,765**

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

	Carrying Value	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2019				
U.S. government and agency securities	$ 2,813	$ 26	$ —	$ 2,839
Obligations of states and political subdivisions	545,148	48,274	—	593,422
Commercial mortgage-backed securities				
Agency	7,183	59	—	7,242
Non-agency	—	—	—	—
Total commercial mortgage-backed securities	7,183	59	—	7,242
Total held-to-maturity securities	$ 555,144	$ 48,359	$ —	$ 603,503

Credit Quality Indicators & Allowance for Credit Losses - HTM

For HTM securities, the Company evaluates the credit risk of its securities on at least a quarterly basis. The Company estimates expected credit losses on HTM debt securities on an individual basis based on the PD/LGD methodology primarily using security-level credit ratings. The Company's HTM securities ACL was immaterial at the adoption of ASC 326. The Company re-evaluated the HTM securities ACL and concluded no additional reserve was needed at December 31, 2020. The primary indicators of credit quality for the Company's HTM portfolio are security type and credit rating, which is influenced by a number of factors including obligor cash flow, geography, seniority, and others. The Company's only HTM securities with credit risk are obligations of states and political subdivisions

The following table presents the amortized cost of HTM securities as of December 31, 2020 by security type and credit rating (dollars in thousands):

	U.S. Government and Agency securities	Obligations of states and political subdivisions	Mortgage-backed securities	Total HTM securities
Credit Rating:				
AAA/AA/A	$ —	$ **532,157**	$ —	$ **532,157**
Not Rated - Agency[1]	**2,751**	**—**	**5,333**	**8,084**
Not Rated - Non-Agency	**—**	**4,610**	**—**	**4,610**
Total	$ **2,751**	$ **536,767**	$ **5,333**	$ **544,851**

[1] *Generally considered not to have credit risk given the government guarantees associated with these agencies*

The following table presents the amortized cost and estimated fair value of HTM securities as of December 31, 2020 and 2019, 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, 2020		December 31, 2019	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	**$ 1,443**	**$ 1,460**	$ 502	$ 504
Due after one year through five years	**8,577**	**8,893**	10,258	10,539
Due after five years through ten years	**1,744**	**1,805**	1,768	1,800
Due after ten years	**533,087**	**607,607**	542,616	590,660
Total HTM securities	**$ 544,851**	**$ 619,765**	$ 555,144	$ 603,503

Refer to Note 10 "Commitments and Contingencies" for information regarding the estimated fair value of HTM securities that were pledged to secure public deposits as permitted or required by law as of December 31, 2020 and December 31, 2019.

Restricted Stock, at cost

Due to restrictions placed upon the Bank's common stock investment in the FRB 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. Restricted equity securities consist of FRB stock in the amount of $67.0 million for December 31, 2020 and 2019, and FHLB stock in the amount of $27.8 million and $63.9 million as of December 31, 2020 and 2019, respectively.

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, 2020, 2019, and 2018 (dollars in thousands):

	2020	2019	2018
Realized gains (losses):			
Gross realized gains	**$ 12,522**	$ 9,530	$ 4,221
Gross realized losses	**(228)**	(1,855)	(3,838)
Net realized gains	**$ 12,294**	$ 7,675	$ 383
Proceeds from sales of securities	**$ 257,945**	$ 514,070	$ 515,764

4. LOANS AND ALLOWANCE FOR LOAN AND LEASE LOSSES

On January 1, 2020, the Company adopted ASC 326. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables. For further discussion on the Company's accounting policies and policy elections related to the accounting standard update refer to Note 1 "Summary of Significant Accounting Policies" in this Form 10-K. All loan information presented as of December 31, 2020 is in accordance with ASC 326. All loan information presented prior to January 1, 2020 is in accordance with previous applicable GAAP.

During March 2020, the United States President declared a national emergency in response to COVID-19. The CARES Act was passed by the U.S. Congress and the March 22 Joint Guidance was issued, both in March of 2020, and both provided enhanced guidelines and accounting for COVID-19 related modifications, as well as provided relief for TDR designations and also provided guidance on past due reporting for modified loans. On December 27, 2020, certain provisions of the CARES Act were extended as a result of the CAA. For further discussion on the CARES Act, as amended by the CAA, and the March 22 Joint Guidance and related loan impact refer to Note 1 "Summary of Significant Accounting Polices" in this Form 10-K. The information included below reflects the impact of the CARES Act, as amended by the CAA, and the March 22 Joint Guidance.

Loans are stated at their face amount, net of deferred fees and costs, and consist of the following at December 31, 2020 and 2019 (dollars in thousands):

	2020	2019
Construction and Land Development	**$ 925,798**	$ 1,250,924
Commercial Real Estate - Owner Occupied	**2,128,909**	2,041,243
Commercial Real Estate - Non-Owner Occupied	**3,657,562**	3,286,098
Multifamily Real Estate	**814,745**	633,743
Commercial & Industrial(1)	**3,263,460**	2,114,033
Residential 1-4 Family - Commercial	**671,949**	724,337
Residential 1-4 Family - Consumer	**822,866**	890,503
Residential 1-4 Family - Revolving	**596,996**	659,504
Auto	**401,324**	350,419
Consumer	**247,730**	372,853
Other Commercial(1)	**489,975**	287,279
Total loans held for investment, net of deferred fees and costs(2)	**14,021,314**	12,610,936
Allowance for loan and lease losses	**(160,540)**	(42,294)
Total loans held for investment, net	**$ 13,860,774**	$ 12,568,642

(1)*Commercial & industrial and other commercial loans include approximately$1.2 billion and $11.3 million, respectively, in loans from the PPP loan program at December 31, 2020.*

(2)*Total loans include unamortized premiums and discounts, and unamortized deferred fees and costs totaling$69.7 million and $69.8 million as of December 31, 2020 and December 31, 2019, respectively.*

The following table shows the aging of the Company's loan portfolio, by class, at December 31, 2020 (dollars in thousands):

	Current	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days and still Accruing	Nonaccrual	Total Loans
Construction and Land Development	$ 920,276	$ 1,903	$ 547	$ —	$ 3,072	$ 925,798
Commercial Real Estate - Owner Occupied	2,114,804	1,870	1,380	3,727	7,128	2,128,909
Commercial Real Estate - Non-Owner Occupied	3,651,232	2,144	1,721	148	2,317	3,657,562
Multifamily Real Estate	814,095	617	—	—	33	814,745
Commercial & Industrial	3,257,201	1,848	1,190	1,114	2,107	3,263,460
Residential 1-4 Family - Commercial	657,351	2,227	818	1,560	9,993	671,949
Residential 1-4 Family - Consumer	792,852	10,182	1,533	5,699	12,600	822,866
Residential 1-4 Family - Revolving	587,522	2,975	1,044	826	4,629	596,996
Auto	398,206	2,076	376	166	500	401,324
Consumer	245,551	1,166	550	394	69	247,730
Other Commercial	489,959	16	—	—	—	489,975
Total loans held for investment	$ 13,929,049	$ 27,024	$ 9,159	$ 13,634	$ 42,448	$ 14,021,314

The following table shows the Company's amortized cost basis of loans on nonaccrual status as of January 1, 2020 as well as amortized cost basis of loans on nonaccrual status and loans past due 90 days and still accruing as of December 31, 2020 (dollars in thousands):

	Nonaccrual			
	January 1, 2020	December 31, 2020	Nonaccrual With No ALLL	90 Days and still Accruing
Construction and Land Development	$ 4,060	$ 3,072	$ 1,985	$ —
Commercial Real Estate - Owner Occupied	13,889	7,128	1,994	3,727
Commercial Real Estate - Non-Owner Occupied	1,368	2,317	—	148
Multifamily Real Estate	—	33	—	—
Commercial & Industrial	3,037	2,107	1	1,114
Residential 1-4 Family - Commercial	6,492	9,993	6,388	1,560
Residential 1-4 Family - Consumer	13,117	12,600	1,069	5,699
Residential 1-4 Family - Revolving	2,490	4,629	60	826
Auto	565	500	—	166
Consumer	88	69	—	394
Other Commercial	98	—	—	—
Total loans held for investment	$ 45,204	$ 42,448	$ 11,497	$ 13,634

There was no interest income recognized on nonaccrual loans during the year ended December 31, 2020. See Note 1 "Summary of Significant Accounting Policies" for additional information on the Company's policies for nonaccrual loans.

Troubled Debt Restructurings

The CARES Act, as amended by the CAA, permits financial institutions to suspend requirements under GAAP for loan modifications to borrowers affected by COVID-19 that would otherwise be characterized as TDRs and suspend any determination related thereto if (i) the loan modification is made between March 1, 2020 and the earlier of January 1, 2022 or 60 days after the end of the COVID-19 emergency declaration and (ii) the applicable loan was not more than 30 days past due as of December 31, 2019. In addition, federal bank regulatory authorities have issued guidance to encourage financial institutions to make loan modifications for borrowers affected by COVID-19 and have assured financial institutions that they will neither receive supervisory criticism for such prudent loan modifications, nor be required by examiners to automatically categorize COVID-19-related loan modifications as TDRs. As of December 31, 2020, the Company had approximately $146.1 million in loans still under their modified terms. The Company's modification program primarily included payment deferrals and interest only modifications.

In addition to the above mentioned modifications, as of December 31, 2020, the Company has TDRs totaling $20.6 million with an estimated $1.6 million of allowance for those loans for the current period.

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 credit losses in accordance with the Company's ALLL methodology. For the year ended December 31, 2020, the recorded investment in TDRs prior to modifications was not materially impacted by the modifications.

The following table provides a summary, by class, of TDRs that continue to accrue interest under the terms of the applicable restructuring agreement, which are considered to be performing, and TDRs that have been placed on nonaccrual status, which are considered to be nonperforming, as of December 31, 2020 (dollars in thousands):

	December 31, 2020		
	No. of Loans	Recorded Investment	Outstanding Commitment
Performing			
Construction and Land Development	4	$ 215	$ —
Commercial Real Estate - Owner Occupied	6	2,033	176
Commercial Real Estate - Non-Owner Occupied	1	1,089	—
Commercial & Industrial	4	727	—
Residential 1-4 Family - Commercial	3	245	—
Residential 1-4 Family - Consumer	77	8,943	—
Residential 1-4 Family - Revolving	3	277	—
Consumer	3	22	—
Other Commercial	1	410	—
Total performing	102	$ 13,961	$ 176
Nonperforming			
Commercial Real Estate - Owner Occupied	1	$ 20	$ —
Commercial Real Estate - Non-Owner Occupied	1	134	—
Commercial & Industrial	3	237	—
Residential 1-4 Family - Commercial	4	1,296	—
Residential 1-4 Family - Consumer	23	4,865	—
Residential 1-4 Family - Revolving	3	103	—
Total nonperforming	35	$ 6,655	$ —
Total performing and nonperforming	137	$ 20,616	$ 176

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 year ended December 31, 2020, 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 class and modification type, TDRs that occurred during the year ended December 31, 2020 (dollars in thousands):

	All Restructurings 2020	
	No. of Loans	Recorded Investment at Period End
Modified to interest only, at a market rate		
Residential 1-4 Family - Commercial	1	$ 644
Total interest only at market rate of interest	1	$ 644
Term modification, at a market rate		
Commercial & Industrial	3	$ 103
Residential 1-4 Family - Commercial	1	294
Residential 1-4 Family - Consumer	4	320
Consumer	1	9
Total loan term extended at a market rate	9	$ 726
Term modification, below market rate		
Construction and Land Development	1	$ 34
Commercial & Industrial	2	355
Residential 1-4 Family - Commercial	1	287
Residential 1-4 Family - Consumer	18	2,519
Residential 1-4 Family - Revolving	2	275
Total loan term extended at a below market rate	24	$ 3,470
Interest rate modification, below market rate		
Total interest only at below market rate of interest	—	$ —
Total	34	$ 4,840

Allowance for Loan and Lease Losses

ALLL on the loan portfolio is a material estimate for the Company. The Company estimates its ALLL on its loan portfolio on a quarterly basis. The Company models the ALLL using two primary segments, Commercial and Consumer. Within each segment, loan classes are further identified based on similar risk characteristics. The Company has identified the following classes within each segment:

- *Commercial*: Construction and Land Development, Commercial Real Estate – Owner Occupied, Commercial Real Estate – Non-Owner Occupied, Multifamily Real Estate, Commercial & Industrial, Residential 1-4 Family – Commercial, and Other Commercial
- *Consumer*: Residential 1-4 Family – Consumer, Residential 1-4 Family – Revolving, Auto, and Consumer

The following tables show the ALLL activity by segment for the year ended December 31, 2020 (dollars in thousands):

	Year Ended December 31, 2020		
	Commercial	**Consumer**	**Total**
Balance at beginning of period	**$ 30,941**	**$ 11,353**	**$ 42,294**
Impact of ASC 326 adoption on non-PCD loans	**4,432**	**40,666**	**45,098**
Impact of ASC 326 adoption on PCD loans	**1,752**	**634**	**2,386**
Impact of adopting ASC 326	**6,184**	**41,300**	**47,484**
Loans charged-off	**(6,671)**	**(11,522)**	**(18,193)**
Recoveries credited to allowance	**3,517**	**3,238**	**6,755**
Provision charged to operations	**83,432**	**(1,232)**	**82,200**
Balance at end of period	**$ 117,403**	**$ 43,137**	**$ 160,540**

Credit Quality Indicators

Credit quality indicators are utilized to help estimate the collectability of each loan class within the Commercial and Consumer segments. For classes of loans within the Commercial segment, the primary credit quality indicator used for evaluating credit quality and estimating the ALLL is risk rating categories of Pass, Watch, Special Mention, Substandard, and Doubtful. For classes of loans within the Consumer segment, the primary credit quality indicator used for evaluating credit quality and estimating the ALLL is delinquency bands of Current, 30-59, 60-89, 90+, and Nonaccrual. While other credit quality indicators are evaluated and analyzed as part of the Company's credit risk management activities, these indicators are primarily used in estimating the ALLL. The Company evaluates the credit risk of its loan portfolio on at least a quarterly basis.

Commercial Loans

The Company uses a risk rating system as the primary credit quality indicator for classes of loans within the Commercial segment. 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 credit loss. 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.

Watch 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;

Special Mention

- 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.

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.

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.

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The table below details the amortized cost of the classes of loans within the Commercial segment by risk level and year of origination as of December 31, 2020 (dollars in thousands):

	December 31, 2020							
	Term Loans Amortized Cost Basis by Origination Year							
	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total
Construction and Land Development								
Pass	$ 316,585	$ 277,142	$ 116,800	$ 24,770	$ 42,970	$ 54,023	$ 23,324	$ 855,614
Watch	1,873	18,181	8,434	344	2,355	6,372	412	37,971
Special Mention	—	5,532	135	—	—	2,655	—	8,322
Substandard	—	—	17,780	64	2,037	4,010	—	23,891
Total Construction and Land Development	$ 318,458	$ 300,855	$ 143,149	$ 25,178	$ 47,362	$ 67,060	$ 23,736	$ 925,798
Commercial Real Estate - Owner Occupied								
Pass	$ 286,522	$ 375,541	$ 300,583	$ 233,359	$ 128,261	$ 570,361	$ 18,838	$ 1,913,465
Watch	1,942	14,611	22,224	15,623	24,979	41,361	1,648	122,388
Special Mention	988	6,052	5,749	4,198	9,907	30,455	1,121	58,470
Substandard	—	4,858	5,159	914	1,555	21,101	999	34,586
Total Commercial Real Estate - Owner Occupied	$ 289,452	$ 401,062	$ 333,715	$ 254,094	$ 164,702	$ 663,278	$ 22,606	$ 2,128,909
Commercial Real Estate - Non-Owner Occupied								
Pass	$ 381,849	$ 455,427	$ 433,183	$ 403,677	$ 336,630	$ 850,035	$ 30,421	$ 2,891,222
Watch	28,354	142,279	76,838	59,451	79,533	224,944	16,870	628,269
Special Mention	702	11,072	34,905	18,073	40,771	11,211	723	117,457
Substandard	246	—	13,357	—	25	6,986	—	20,614
Total Commercial Real Estate - Non-Owner Occupied	$ 411,151	$ 608,778	$ 558,283	$ 481,201	$ 456,959	$ 1,093,176	$ 48,014	$ 3,657,562
Commercial & Industrial								
Pass	$ 1,730,876	$ 350,618	$ 199,489	$ 67,035	$ 71,799	$ 140,461	$ 590,701	$ 3,150,979
Watch	4,872	32,028	13,073	6,500	3,182	4,906	19,972	84,533
Special Mention	1,009	2,178	3,890	1,150	724	1,234	4,755	14,940
Substandard	534	4,269	1,274	309	560	2,676	3,386	13,008
Total Commercial & Industrial	$ 1,737,291	$ 389,093	$ 217,726	$ 74,994	$ 76,265	$ 149,277	$ 618,814	$ 3,263,460
Multifamily Real Estate								
Pass	$ 144,805	$ 85,740	$ 150,724	$ 117,881	$ 67,984	$ 231,113	$ 2,311	$ 800,558
Watch	—	5,074	475	—	617	560	—	6,726
Special Mention	2,280	—	4,388	—	—	760	—	7,428
Substandard	—	—	—	—	—	33	—	33
Total Multifamily Real Estate	$ 147,085	$ 90,814	$ 155,587	$ 117,881	$ 68,601	$ 232,466	$ 2,311	$ 814,745
Residential 1-4 Family - Commercial								
Pass	$ 104,630	$ 89,332	$ 70,310	$ 79,156	$ 68,915	$ 201,492	$ 2,236	$ 616,071
Watch	666	6,665	8,252	4,141	4,067	9,307	195	33,293
Special Mention	—	—	601	663	468	5,923	—	7,655
Substandard	644	793	4,913	1,995	986	5,111	488	14,930
Total Residential 1-4 Family - Commercial	$ 105,940	$ 96,790	$ 84,076	$ 85,955	$ 74,436	$ 221,833	$ 2,919	$ 671,949
Other Commercial								
Pass	$ 223,490	$ 112,045	$ 9,549	$ 30,314	$ 16,494	$ 42,158	$ 44,180	$ 478,230
Watch	—	—	613	1,299	1,189	3,934	—	7,035
Special Mention	10	—	—	7	—	4,591	102	4,710
Total Other Commercial	$ 223,500	$ 112,045	$ 10,162	$ 31,620	$ 17,683	$ 50,683	$ 44,282	$ 489,975
Total Commercial								
Pass	$ 3,188,757	$ 1,745,845	$ 1,280,638	$ 956,192	$ 733,053	$ 2,089,643	$ 712,011	$ 10,706,139
Watch	37,707	218,838	129,909	87,358	115,922	291,384	39,097	920,215
Special Mention	4,989	24,834	49,668	24,091	51,870	56,829	6,701	218,982
Substandard	1,424	9,920	42,483	3,282	5,163	39,917	4,873	107,062
Total Commercial	$ 3,232,877	$ 1,999,437	$ 1,502,698	$ 1,070,923	$ 906,008	$ 2,477,773	$ 762,682	$ 11,952,398

Consumer Loans

For Consumer loans, the Company evaluates credit quality based on the delinquency status of the loan. The following table details the amortized cost of the classes of loans within the Consumer segment based on their delinquency status and year of origination as of December 31, 2020 (dollars in thousands):

	December 31, 2020							
	Term Loans Amortized Cost Basis by Origination Year							
	2020	**2019**	**2018**	**2017**	**2016**	**Prior**	**Revolving Loans**	**Total**
Residential 1-4 Family - Consumer								
Current	**$ 213,763**	**$ 75,133**	**$ 64,299**	**$ 68,320**	**$ 102,123**	**$ 269,203**	**$ 11**	**$ 792,852**
30-59 Days Past Due	**678**	**181**	**2,243**	**516**	**457**	**6,107**	**—**	**10,182**
60-89 Days Past Due	**156**	**—**	**57**	**679**	**—**	**641**	**—**	**1,533**
90+ Days Past Due	**608**	**1,696**	**23**	**—**	**1,246**	**2,126**	**—**	**5,699**
Nonaccrual	**—**	**—**	**696**	**851**	**887**	**10,166**	**—**	**12,600**
Total Residential 1-4 Family - Consumer	**$ 215,205**	**$ 77,010**	**$ 67,318**	**$ 70,366**	**$ 104,713**	**$ 288,243**	**$ 11**	**$ 822,866**
Residential 1-4 Family - Revolving								
Current	**$ 13,217**	**$ 3,916**	**$ 1,593**	**$ 300**	**—**	**$ 636**	**$ 567,860**	**$ 587,522**
30-59 Days Past Due	**70**	**—**	**—**	**—**	**—**	**—**	**2,905**	**2,975**
60-89 Days Past Due	**53**	**—**	**—**	**—**	**—**	**—**	**991**	**1,044**
90+ Days Past Due	**—**	**—**	**—**	**—**	**—**	**—**	**826**	**826**
Nonaccrual	**—**	**—**	**21**	**—**	**—**	**227**	**4,381**	**4,629**
Total Residential 1-4 Family - Revolving	**$ 13,340**	**$ 3,916**	**$ 1,614**	**$ 300**	**—**	**$ 863**	**$ 576,963**	**$ 596,996**
Consumer								
Current	**$ 26,498**	**$ 68,208**	**$ 67,041**	**$ 22,464**	**$ 9,997**	**$ 15,893**	**$ 35,450**	**$ 245,551**
30-59 Days Past Due	**35**	**252**	**504**	**98**	**15**	**143**	**119**	**1,166**
60-89 Days Past Due	**28**	**176**	**317**	**23**	**—**	**3**	**3**	**550**
90+ Days Past Due	**5**	**84**	**242**	**4**	**—**	**56**	**3**	**394**
Nonaccrual	**—**	**—**	**—**	**—**	**—**	**69**	**—**	**69**
Total Consumer	**$ 26,566**	**$ 68,720**	**$ 68,104**	**$ 22,589**	**$ 10,012**	**$ 16,164**	**$ 35,575**	**$ 247,730**
Auto								
Current	**$ 171,051**	**$ 115,319**	**$ 55,886**	**$ 32,555**	**$ 17,081**	**$ 6,314**	**—**	**$ 398,206**
30-59 Days Past Due	**239**	**467**	**543**	**478**	**197**	**152**	**—**	**2,076**
60-89 Days Past Due	**124**	**150**	**—**	**59**	**26**	**17**	**—**	**376**
90+ Days Past Due	**6**	**23**	**53**	**58**	**15**	**11**	**—**	**166**
Nonaccrual	**30**	**93**	**126**	**101**	**88**	**62**	**—**	**500**
Total Auto	**$ 171,450**	**$ 116,052**	**$ 56,608**	**$ 33,251**	**$ 17,407**	**$ 6,556**	**—**	**$ 401,324**
Total Consumer								
Current	**$ 424,529**	**$ 262,576**	**$ 188,819**	**$ 123,639**	**$ 129,201**	**$ 292,046**	**$ 603,321**	**$ 2,024,131**
30-59 Days Past Due	**1,022**	**900**	**3,290**	**1,092**	**669**	**6,402**	**3,024**	**16,399**
60-89 Days Past Due	**361**	**326**	**374**	**761**	**26**	**661**	**994**	**3,503**
90+ Days Past Due	**619**	**1,803**	**318**	**62**	**1,261**	**2,193**	**829**	**7,085**
Nonaccrual	**30**	**93**	**843**	**952**	**975**	**10,524**	**4,381**	**17,798**
Total Consumer	**$ 426,561**	**$ 265,698**	**$ 193,644**	**$ 126,506**	**$ 132,132**	**$ 311,826**	**$ 612,549**	**$ 2,068,916**

The Company did not have any material revolving loans convert to term during the year ended December 31, 2020.

Acquired Loans

The Company has purchased loans that, at the time of acquisition, exhibited more than insignificant credit deterioration since origination. The Company has elected to treat all loans that were previously identified as PCI as PCD.

Prior to the adoption of ASC 326

The following table shows the aging of the Company's loan portfolio, by class, 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

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

The following table shows the PCI loan portfolios, by class 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

As of December 31, 2019, the Company measured 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 class at December 31, 2019 (dollars in thousands):

	December 31, 2019		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
Loans without a specific allowance			
Construction and Land Development	$ 5,877	$ 7,174	$ —
Commercial Real Estate - Owner Occupied	8,801	9,296	—
Commercial Real Estate - Non-Owner Occupied	3,510	4,059	—
Commercial & Industrial	3,668	3,933	—
Residential 1-4 Family - Commercial	4,047	4,310	—
Residential 1-4 Family - Consumer	8,420	9,018	—
Residential 1-4 Family - Revolving	862	865	—
Total impaired loans without a specific allowance	$ 35,185	$ 38,655	$ —
Loans with a specific allowance			
Construction and Land Development	$ 984	$ 1,032	$ 49
Commercial Real Estate - Owner Occupied	2,820	3,093	146
Commercial Real Estate - Non-Owner Occupied	335	383	2
Commercial & Industrial	2,568	2,590	619
Residential 1-4 Family - Commercial	1,726	1,819	162
Residential 1-4 Family - Consumer	12,026	12,670	1,242
Residential 1-4 Family - Revolving	2,186	2,369	510
Auto	563	879	221
Consumer	168	336	46
Other Commercial	562	567	30
Total impaired loans with a specific allowance	$ 23,938	$ 25,738	$ 3,027
Total impaired loans	$ 59,123	$ 64,393	$ 3,027

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

	December 31, 2019		December 31, 2018	
	Average Investment	Interest Income Recognized	Average Investment	Interest Income Recognized
Construction and Land Development	$ 6,764	$ 110	$ 11,648	$ 234
Commercial Real Estate - Owner Occupied	12,258	323	13,383	499
Commercial Real Estate - Non-Owner Occupied	4,775	147	7,157	246
Commercial & Industrial	6,438	293	4,672	232
Residential 1-4 Family - Commercial	6,145	120	5,667	180
Residential 1-4 Family - Consumer	20,963	308	16,977	236
Residential 1-4 Family - Revolving	3,256	82	2,000	23
Auto	788	15	824	20
Consumer	187	5	263	5
Other Commercial	584	22	486	27
Total impaired loans	$ 62,158	$ 1,425	$ 63,077	$ 1,702

At December 31, 2019, the Company considered 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.

The following table provides a summary, by class, of TDRs that continue to accrue interest under the terms of the applicable 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 (dollars in thousands):

	December 31, 2019		
	No. of Loans	Recorded Investment	Outstanding Commitment
Performing			
Construction and Land Development	4	$ 1,114	$ —
Commercial Real Estate - Owner Occupied	6	2,228	26
Commercial Real Estate - Non-Owner Occupied	1	1,089	—
Commercial & Industrial	4	1,020	—
Residential 1-4 Family - Commercial	5	290	—
Residential 1-4 Family - Consumer	69	9,396	—
Residential 1-4 Family - Revolving	2	56	—
Consumer	4	29	—
Other Commercial	1	464	—
Total performing	96	$ 15,686	$ 26
Nonperforming			
Commercial Real Estate - Owner Occupied	2	$ 176	$ —
Commercial & Industrial	1	55	—
Residential 1-4 Family - Consumer	19	3,522	—
Residential 1-4 Family - Revolving	2	57	—
Total nonperforming	24	$ 3,810	$ —
Total performing and nonperforming	120	$ 19,496	$ 26

The Company considers a default of a TDR to occur when the borrower is 90 days past due following the restructuring or a foreclosure and repossession of the applicable collateral occurs. During the year ended December 31, 2019, 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 class and modification type, TDRs that occurred during the year ended December 31, 2019 (dollars in thousands):

	All Restructurings	
	2019	
	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		
Commercial & Industrial	1	$ 376
Residential 1-4 Family - Commercial	1	72
Residential 1-4 Family - Consumer	7	1,688
Consumer	3	24
Total loan term extended at a market rate	12	$ 2,160
Term modification, below market rate		
Construction and Land Development	3	$ 193
Residential 1-4 Family - Consumer	22	2,658
Consumer	1	5
Total loan term extended at a below market rate	26	$ 2,856
Total	38	$ 5,016

Allowance for Loan and Lease Losses

The following tables show the ALLL activity by class for the year ended December 31, 2019, and 2018. 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.*

The following table shows the loan and ALLL balances based on impairment methodology by segment as of December 31, 2019 (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.*

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 class 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 only PCI loans by class 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

Acquired Loans

Loans acquired were 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 year ended December 31, 2019 (dollars in thousands):

	2019
Balance at beginning of period	$ 31,201
Additions	5,060
Accretion	(13,432)
Reclass of nonaccretable difference due to improvement in expected cash flows	4,485
Measurement period adjustment	631
Other, net [1]	3,329
Balance at end of period	$ 31,274

[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, Receivables -*Loans and Debt Securities Acquired with Deteriorated Credit Quality*, totaled $86.7 million at December 31, 2019. The outstanding balance of the Company's PCI loan portfolio totaled $104.9 million at December 31, 2019. 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 at December 31, 2019; the remaining discount on these loans totaled $50.1 million at December 31, 2019.

5. PREMISES AND EQUIPMENT

Amounts presented as of and for the years ended December 31, 2019 and 2018 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, 2020 and 2019 are as follows (dollars in thousands):

	2020	2019
Land	**$ 39,845**	$ 44,578
Land improvements and buildings	**129,497**	123,189
Leasehold improvements	**24,037**	20,597
Furniture and equipment	**80,191**	71,469
Construction in progress	**2,497**	3,549
Total	**276,067**	263,382
Accumulated depreciation and amortization	**(112,238)**	(102,309)
Bank premises and equipment, net	**$ 163,829**	$ 161,073

Depreciation expense for the years ended December 31, 2020, 2019, and 2018 was $15.2 million, $15.0 million, and $13.6 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. GOODWILL AND 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.

The COVID-19 pandemic has disrupted and adversely impacted the economy and created significant volatility in the financial markets. The volatility in the financial markets adversely affected the Company's expected future cash flows, due to the lower interest rate environment and other factors, and resulted in a decline in the market price of the Company's common stock, along with others in the financial services industry. The forecasted impact from COVID-19 was included in the Company's annual goodwill impairment test in the second quarter of 2020, and while the fair value of the reporting unit declined from the prior test, the Company determined that there was no impairment to its goodwill or intangible assets. In the normal course of business, the Company routinely monitors the impact of the changes in the financial markets and includes these assessments in the Company's goodwill impairment process.

Due to the uncertainties driven by COVID-19, the Company analyzed its intangible assets on a quarterly basis throughout 2020, and concluded no impairment existed as of the balance sheet date. 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, 2020			
Core deposit intangibles	**$ 135,300**	**$ 88,109**	**$ 47,191**
Other amortizable intangibles	**15,240**	**5,246**	**9,994**
December 31, 2019			
Core deposit intangibles	$ 135,300	$ 73,336	$ 61,964
Other amortizable intangibles	15,349	3,644	11,705

Amortization expense of intangibles for the years ended December 31, 2020, 2019, and 2018 totaled $16.6 million, $18.5 million, and $12.8 million, respectively. As of December 31, 2020, the estimated remaining amortization expense of intangibles for the years ended is as follows (dollars in thousands):

2021	**$ 13,874**
2022	**11,490**
2023	**9,688**
2024	**7,818**
2025	**6,221**
Thereafter	**8,094**
Total estimated amortization expense	**$ 57,185**

7. LEASES

On January 1, 2019, the Company adopted ASC 842. The Company enters into both lessor and lessee arrangements and determines if an arrangement is a lease at inception. As both a lessee and lessor, the Company elected the practical expedient permitted under the transition guidance within the standard to account for lease and non-lease components as a single lease component for all asset classes.

Lessor Arrangements

The Company's lessor arrangements consist of sales-type and direct financing leases for equipment. Lease payment terms are fixed and are typically payable in monthly installments with terms ranging from 31 months to 125 months. The lease arrangements may contain renewal options and purchase options that allow the lessee to purchase the leased equipment at the end of the lease term. The leases generally do not contain non-lease components. The Company has no lease transactions with related parties.

At lease inception the Company estimates the expected residual value of the leased property at the end of the lease term by considering both internal and third-party appraisals. In certain cases, the Company obtains lessee-provided residual value guarantees and third-party RVI to reduce its residual asset risk. At December 31, 2020 the carrying value of residual assets covered by residual value guarantees and RVI was $14.7 million.

The net investment in sales-type and direct financing leases consists of the carrying amount of the lease receivables plus unguaranteed residual assets, net of unearned income and any deferred selling profit on direct financing leases. The lease receivables include the lessor's right to receive lease payments and the guaranteed residual asset value the lessor expects to derive from the underlying assets at the end of the lease term. At December 31, 2020, the total net investment in sales-type and direct financing leases was $146.0 million, comprised of $141.2 million in lease receivables and $4.8 million in unguaranteed residuals. There were no significant changes in the balance of the Company's unguaranteed residual assets for the period ending December 31, 2020. The Company's net investment in sales-type and direct financing leases are included in Loans Held for Investment (net of deferred fees and costs) on the Company's Consolidated Balance Sheets. For the year ended December 31, 2020, total lease income was $2.0 million, and is recorded within Interest Income on the Company's Consolidated Statements of Income. There was no lease income for the year ended December 31, 2019.

Lessee Arrangements

The Company's lessee arrangements consist of operating and finance leases; however, the majority of the leases have been classified as non-cancellable operating leases and are primarily for real estate leases with remaining lease terms of up to 25 years. The Company's real estate lease agreements do not contain residual value guarantees and most agreements do not contain restrictive covenants. The Company does not have any material arrangements where the Company is in a sublease contract.

Lessee arrangements with an initial term of twelve months or less are not recorded on the Consolidated Balance Sheets. The ROU Assets and lease liabilities associated with operating and finance leases greater than twelve months are recorded in the Company's Consolidated Balance Sheets; ROU Assets within Other Assets and lease liabilities within Other Liabilities. ROU Assets represent the Company's right to use an underlying asset over the course of the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The initial measurement of lease liabilities and ROU Assets are the same for operating and finance leases. 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. ROU Assets are 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. Most of the Company's operating leases include one or more options to renew. The Company is reasonably certain to exercise those options, they are included in the measurement of the operating ROU Assets and lease liabilities.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term and recorded in Occupancy Expense within noninterest expense on the Company's Consolidated Statements of Income. Finance lease expenses consist of straight-line amortization expense of the ROU Assets recognized over the lease term and interest expense on the lease liability. Total finance lease expenses for the amortization of the ROU Assets are recorded in Occupancy Expense within noninterest expense on the Company's Consolidated Statements of Income and interest expense on the finance lease liability is recorded in Interest Expense on Long-Term Borrowings within total interest expense on the Company's Consolidated Statements of Income.

As of December 31, 2020, the Company had no sales leaseback transactions or leases that have not yet commenced that create significant rights and obligations.

The tables below provide information about the Company's lessee lease portfolio and other supplemental lease information (dollars in thousands):

	December 31, 2020		December 31, 2019
	Operating	Finance	Operating (2)
Right-of-use-assets	**$ 48,051**	**$ 7,425**	$ 54,941
Lease liabilities	**58,901**	**10,621**	66,052
Lease Term and Discount Rate of Operating leases:			
Weighted-average remaining lease term (years)	**7.27**	**8.08**	7.36
Weighted-average discount rate (1)	**2.66 %**	**1.17 %**	2.69 %

(1) *An incremental borrowing rate is used based on information available at commencement date of lease or at remeasurement date.*
(2) *At December 31, 2019, all leases were classified as operating leases.*

	Year ended December 31,	
	2020	2019
Cash paid for amounts included in measurement of lease liabilities:		
Operating Cash Flows from Finance Leases	**$ 72**	$ —
Operating Cash Flows from Operating Leases	**13,491**	13,697
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	**4,577**	8,065
Finance leases	**10,549**	—

	Year ended December 31,	
	2020	2019
Net Operating Lease Cost	**$ 11,006**	$ 11,526
Finance Lease Cost:		
Amortization of right-of-use assets	**536**	—
Interest on lease liabilities	**72**	—
Total Lease Cost	**$ 11,614**	$ 11,526

The maturities of lessor and lessee arrangements outstanding are presented in the table below (dollars in thousands):

	December 31, 2020		
	Lessor	Lessee	
	Sales-type and Direct Financing	Operating	Finance
2021	**$ 30,206**	**$ 11,912**	**$ 1,261**
2022	**30,969**	**10,764**	**1,292**
2023	**29,306**	**9,903**	**1,325**
2024	**27,355**	**8,903**	**1,358**
2025	**18,540**	**6,643**	**1,392**
Thereafter	**14,329**	**17,196**	**4,515**
Total undiscounted cash flows	**150,705**	**65,321**	**11,143**
Less: Adjustments (1)	**9,525**	**6,420**	**522**
Total (2)	**$ 141,180**	**$ 58,901**	**$ 10,621**

(1) *Lessor – unearned income and unearned guaranteed residual value; Lessee – imputed interest.*
(2) *Represents lease receivables for lessor arrangements and lease liabilities for lessee arrangements*

8. DEPOSITS

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

	2020	2019
Interest-bearing deposits:		
NOW accounts	**$ 3,621,181**	$ 2,905,714
Money market accounts	**4,248,335**	3,951,856
Savings accounts	**904,095**	727,847
Time deposits of $250,000 and over	**654,224**	684,797
Other time deposits	**1,926,227**	2,064,628
Total interest-bearing deposits	**$ 11,354,062**	$ 10,334,842

As of December 31, 2020, the scheduled maturities of time deposits are as follows for the years ended December 31, (dollars in thousands):

2021	**$ 1,846,844**
2022	**369,810**
2023	**160,021**
2024	**171,968**
2025	**31,250**
Thereafter	**558**
Total scheduled maturities of time deposits	**$ 2,580,451**

The amount of time deposits held in CDARS accounts was $64.2 million and $73.9 million as of December 31, 2020 and 2019, respectively.

The Company classifies deposit overdrafts as loans held for investment within the "Other Commercial" category. As of December 31, 2020 and 2019, these deposits totaled $2.6 million.

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, 2020 and 2019 (dollars in thousands):

	2020	2019
Securities sold under agreements to repurchase	**$ 100,888**	$ 66,053
Federal Funds Purchased	**150,000**	—
FHLB Advances	**100,000**	370,200
Total short-term borrowings	**$ 350,888**	$ 436,253
Average outstanding balance during the period	**$ 213,932**	$ 673,116
Average interest rate (during the period)	**0.79 %**	2.30 %
Average interest rate at end of period	**0.13 %**	1.52 %

The Bank maintains federal funds lines with several correspondent banks; the remaining available balance was $847.0 million and $682.0 million at December 31, 2020 and 2019 respectively. The Company maintains an alternate line of credit at a correspondent bank; the available balance was $25.0 million at both December 31, 2020 and 2019. 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, 2020 and 2019. Additionally, the Company had a collateral dependent line of credit with the FHLB of up to $6.0 billion and $5.2 billion at December 31, 2020 and 2019, respectively.

Long-term Borrowings

In connection with several previous bank acquisitions, the Company issued $58.5 million and acquired $87.0 million of trust preferred capital notes. 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 $14.1 million and $14.9 million at December 31, 2020 and 2019, respectively.

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 during the third quarter of 2019.

In response to the current rate environment, the Company prepaid $550.0 million of long-term FHLB advances throughout 2020, which resulted in prepayment penalties of $31.2 million. In addition, on November 30, 2020, the Company redeemed $8.5 million in subordinated debt that was originally acquired as part of the Xenith acquisition.

Total long-term borrowings consist of the following as of December 31, 2020 (dollars in thousands):

	Principal	Spread to 3-Month LIBOR	Rate [(1)]	Maturity	Investment [(2)]
Trust Preferred Capital Securities					
Trust Preferred Capital Note - Statutory Trust I	$ 22,500	2.75 %	2.99 %	6/17/2034	$ 696
Trust Preferred Capital Note - Statutory Trust II	36,000	1.40 %	1.64 %	6/15/2036	1,114
VFG Limited Liability Trust I Indenture	20,000	2.73 %	2.97 %	3/18/2034	619
FNB Statutory Trust II Indenture	12,000	3.10 %	3.34 %	6/26/2033	372
Gateway Capital Statutory Trust I	8,000	3.10 %	3.34 %	9/17/2033	248
Gateway Capital Statutory Trust II	7,000	2.65 %	2.89 %	6/17/2034	217
Gateway Capital Statutory Trust III	15,000	1.50 %	1.74 %	5/30/2036	464
Gateway Capital Statutory Trust IV	25,000	1.55 %	1.79 %	7/30/2037	774
MFC Capital Trust II	5,000	2.85 %	3.09 %	1/23/2034	155
Total Trust Preferred Capital Securities	$ 150,500				$ 4,659
FHLB Advances					
Fixed Rate Convertible	200,000	-%	1.78%%	10/26/2028	
Total FHLB Advances	$ 200,000				
Subordinated Debt[(3)(4)]					
2026 Subordinated Debt[(5)]	150,000	-%	5.00 %	12/15/2026	
Total Subordinated Debt	$ 150,000				
Fair Value Premium (Discount)[(6)]	(15,330)				
Investment in Trust Preferred Capital Securities	4,659				
Total Long-term Borrowings	$ 489,829				

(1) Rate as of December 31, 2020. Calculated using non-rounded numbers.
(2) 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 Company's Consolidated Balance Sheets.
(3) The remaining issuance discount as of December 31, 2020 is $1.2 million.
(4) Subordinated notes qualify as Tier 2 capital for the Company for regulatory purposes.
(5) Fixed-to-floating rate notes. On December 15, 2021, the interest rate will change to a floating rate of LIBOR plus 3.175% through its maturity date.
(6) Includes discount on issued subordinated notes.

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

	Principal	Spread to 3-Month LIBOR	Rate (1)	Maturity	Investment (2)
Trust Preferred Capital Securities					
Trust Preferred Capital Note - Statutory Trust I	$ 22,500	2.75 %	4.66 %	6/17/2034	$ 696
Trust Preferred Capital Note - Statutory Trust II	36,000	1.40 %	3.31 %	6/15/2036	1,114
VFG Limited Liability Trust I Indenture	20,000	2.73 %	4.64 %	3/18/2034	619
FNB Statutory Trust II Indenture	12,000	3.10 %	5.01 %	6/26/2033	372
Gateway Capital Statutory Trust I	8,000	3.10 %	5.01 %	9/17/2033	248
Gateway Capital Statutory Trust II	7,000	2.65 %	4.56 %	6/17/2034	217
Gateway Capital Statutory Trust III	15,000	1.50 %	3.41 %	5/30/2036	464
Gateway Capital Statutory Trust IV	25,000	1.55 %	3.46 %	7/30/2037	774
MFC Capital Trust II	5,000	2.85 %	4.76 %	1/23/2034	155
Total Trust Preferred Capital Securities	$ 150,500				$ 4,659
FHLB Advances(3)					
Convertible Flipper	$ 50,000	(0.75)%	1.16 %	8/17/2029	
Convertible Flipper	200,000	(0.50)%	1.41 %	5/15/2024	
Convertible Flipper	150,000	(0.75)%	1.16 %	5/22/2029	
Convertible Flipper	50,000	(0.75)%	1.16 %	5/30/2029	
Convertible Flipper	100,000	(0.75)%	1.16 %	6/21/2029	
Fixed Rate Convertible	200,000	- %	1.78 %	10/26/2028	
Fixed Rate Hybrid	20,000	- %	1.58 %	5/18/2020	
Fixed Rate Credit	10,000	- %	1.54 %	10/2/2020	
Total FHLB Advances	$ 780,000				
Subordinated Debt(4)(5)					
2025 Subordinated Debt	$ 8,500	- %	6.75 %	6/30/2025	
2026 Subordinated Debt(6)	150,000	- %	5.00 %	12/15/2026	
Total Subordinated Debt	$ 158,500				
Fair Value Premium (Discount)(7)	(16,164)				
Investment in Trust Preferred Capital Securities	4,659				
Total Long-term Borrowings	$ 1,077,495				

(1) Rate as of December 31, 2019. Calculated using non-rounded numbers.
(2) 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 Company's Consolidated Balance Sheets.
(3) Convertible Flippers have interest rate floors of 0%.
(4) The remaining issuance discount as of December 31, 2019 is $1.4 million.
(5) Subordinated notes qualify as Tier 2 capital for the Company for regulatory purposes.
(6) Fixed-to-floating rate notes. On December 15, 2021, the interest rate will change to a floating rate of LIBOR plus 3.175% through its maturity date.
(7) Includes discount on issued subordinated notes.

As of December 31, 2020, 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
2021	**$ —**	**$ —**	**$ —**	**$ (1,008)**	**$ (1,008)**
2022	**—**	**—**	**—**	**(1,030)**	**(1,030)**
2023	**—**	**—**	**—**	**(1,053)**	**(1,053)**
2024	**—**	**—**	**—**	**(1,078)**	**(1,078)**
2025	**—**	**—**	**—**	**(1,102)**	**(1,102)**
Thereafter	**155,159**	**150,000**	**200,000**	**(10,059)**	**495,100**
Total long-term borrowings	**$ 155,159**	**$ 150,000**	**$ 200,000**	**$ (15,330)**	**$ 489,829**

(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 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 and funding information, current and future economic conditions, risk ratings, and past due status among other factors in the consideration of expected credit losses 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, 2020 and 2019, the Company's reserves for unfunded commitment and indemnification were $10.8 million and $2.6 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):

	2020	2019
Commitments with off-balance sheet risk:		
Commitments to extend credit [(1)]	**$ 4,722,412**	$ 4,691,272
Letters of credit	**161,827**	209,658
Total commitments with off-balance sheet risk	**$ 4,884,239**	$ 4,900,930

[(1)] *Includes unfunded overdraft protection.*

Prior to the first quarter of 2020, the Company was required to maintain a reserve against its deposits in accordance with Regulation D of the Federal Reserve Act. On March 15, 2020, the Federal Reserve Board announced that reserve requirement ratios would be reduced to zero percent effective March 26, 2020. This action eliminated reserve requirements for all depository institutions.

As of December 31, 2020, the Company had approximately $290.5 million in deposits in other financial institutions, of which $251.0 million served as collateral for cash flow and loan swap derivatives. 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 $36.4 million and $11.6 million in deposits in other financial institutions that were uninsured at December 31, 2020 and 2019, 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, 2020 and 2019 (dollars in thousands):

	Pledged Assets as of December 31, 2020				
	Cash	**AFS Securities (1)**	**HTM Securities (1)**	**Loans (2)**	**Total**
Public deposits	**$ —**	**$ 469,864**	**$ 436,449**	**$ —**	**$ 906,313**
Repurchase agreements	**—**	**116,876**	**—**	**—**	**116,876**
FHLB advances	**—**	**52,323**	**—**	**4,374,383**	**4,426,706**
Derivatives	**251,047**	**785**	**—**	**—**	**251,832**
Fed Funds	**—**	**—**	**—**	**340,847**	**340,847**
Other purposes	**—**	**123,388**	**8,634**	**—**	**132,022**
Total pledged assets	**$ 251,047**	**$ 763,236**	**$ 445,083**	**$ 4,715,230**	**$ 6,174,596**

(1) *Balance represents market value.*

(2) *Balance represents book value.*

	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 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 financial instruments. 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. 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 concluded 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. For the periods ended December 31, 2020 and 2019, the Company's cash flow hedges were highly effective.

During the periods ended December 31, 2020 and 2019, the Company terminated interest rate swaps designated as cash flow hedges prior to their respective maturity dates resulting in net losses of approximately $1.8 million and $9.0 million, respectively, which resulted in the losses being recognized immediately in earnings as the forecasted transactions will not occur. The Company did not have any derivatives designated as cash flow hedges outstanding at December 31, 2020.

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, 2020 and 2019, the aggregate notional amount of the related hedged items for certain long-term fixed rate loans totaled $74.7 million and $83.1 million, respectively, and the fair value of the swaps associated with the derivate related to hedged items was an unrealized loss of $5.1 million and $2.0 million, respectively.

AFS Securities: During 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, 2020 and 2019, the aggregate notional amount of the related hedged items of the AFS securities totaled $50.0 million and the fair value of the swaps associated with the derivative related to hedged items was an unrealized loss of $7.3 million and $4.1 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 help 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, 2020 and 2019, segregated by derivatives that are considered accounting hedges and those that are not (dollars in thousands):

	December 31, 2020			December 31, 2019		
		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
Fair value hedges	**124,726**	**—**	**12,483**	133,078	182	6,256
Derivatives not designated as accounting hedges:						
Loan Swaps :						
Pay fixed - receive floating interest rate swaps	**2,356,453**	**212**	**163,148**	1,575,149	753	53,592
Pay floating - receive fixed interest rate swaps	**2,356,453**	**163,148**	**212**	1,575,149	53,592	753

(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, 2020 and 2019 (dollars in thousands):

	December 31, 2020		December 31, 2019	
	Carrying Amount of Hedged Assets/(Liabilities) Amount [1]	Cumulative Amount of Basis Adjustments Included in the Carrying Amount of the Hedged Assets/(Liabilities)	Carrying Amount of Hedged Assets/(Liabilities) Amount [1]	Cumulative Amount of Basis Adjustments Included in the Carrying Amount of the Hedged Assets/(Liabilities)
Line items on the Consolidated Balance Sheets in which the hedged item is included:				
Securities available-for-sale [1] [2]	**$ 166,413**	**$ 7,297**	$ 206,799	$ 4,072
Loans	**74,726**	**5,088**	83,078	1,972

(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, 2020 and 2019, the amortized cost basis of this portfolio was $166 million and $207 million, respectively, and the cumulative basis adjustment associated with this hedge was $7.3 million and $4.1 million, respectively. The amount of the designated hedged item at December 31, 2020 and 2019 totaled $50 million.*

(2) *Carrying value represents amortized cost.*

12. STOCKHOLDERS' EQUITY

Series A Preferred Stock

On June 9, 2020, the Company issued and sold 6,900,000 depositary shares, each representing a 1/400th ownership interest in a share of its Series A preferred stock, with a liquidation preference of $10,000 per share of Series A preferred stock (equivalent to$25 per depositary share), including 900,000 depositary shares pursuant to the exercise in full by the underwriters of their option to purchase additional depositary shares. The total net proceeds to the Company were approximately $166.4 million, after deducting the underwriting discount and other offering expenses payable by the Company. The Company is using the net proceeds of the offering for general corporate purposes in the ordinary course of its business, such as the repayment of debt, loan funding, acquisitions, additions to working capital, capital expenditures and investments in the Company's subsidiaries.

Accumulated Other Comprehensive Income (Loss)

The change in accumulated other comprehensive income (loss) for the year ended December 31, 2020 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, 2019	$ 37,877	$ 75	$ (782)	$ (1,595)	$ 35,575
Other comprehensive income (loss):					
Other comprehensive income (loss) before reclassification	**45,996**	**—**	**(699)**	**(2,098)**	**43,199**
Amounts reclassified from AOCI into earnings	**(9,712)**	**(20)**	**1,481**	**492**	**(7,759)**
Net current period other comprehensive income (loss)	**36,284**	**(20)**	**782**	**(1,606)**	**35,440**
Balance - December 31, 2020	**$ 74,161**	**$ 55**	**$ —**	**$ (3,201)**	**$ 71,015**

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.*

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, 2020 and 2019, the most recent notification from the FRB 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.

On March 27, 2020, the banking agencies issued an interim final rule that allows the Company to phase in the impact of adopting the CECL methodology up to two years, with a three-year transition period to phase out the cumulative benefit to regulatory capital provided during the two-year delay. The Company is allowed to include the impact of the CECL transition, which is defined as the CECL Day 1 impact to capital plus 25% of the Company's provision for credit losses during 2020, in regulatory capital through 2021. The Company elected to phase in the regulatory capital impact as permitted under the aforementioned interim final rule. Beginning in 2022, the transition amount will begin to impact regulatory capital by phasing it in over a three-year period ending in 2024.

The Company and the Bank's capital amounts and ratios are also presented in the following table at December 31, 2020 and 2019 (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, 2020						
Common equity Tier 1 capital to risk weighted assets:						
Consolidated	**$ 1,512,507**	**10.26 %**	**$ 663,380**	**4.50 %**	**NA**	**NA**
Atlantic Union Bank	**1,824,693**	**12.42 %**	**661,121**	**4.50 %**	**954,952**	**6.50 %**
Tier 1 capital to risk weighted assets:						
Consolidated	**1,678,863**	**11.39 %**	**884,388**	**6.00 %**	**NA**	**NA**
Atlantic Union Bank	**1,824,693**	**12.42 %**	**881,494**	**6.00 %**	**1,175,326**	**8.00 %**
Total capital to risk weighted assets:						
Consolidated	**2,063,356**	**14.00 %**	**1,179,061**	**8.00 %**	**NA**	**NA**
Atlantic Union Bank	**1,924,016**	**13.09 %**	**1,175,869**	**8.00 %**	**1,469,837**	**10.00 %**
Tier 1 capital to average adjusted assets:						
Consolidated	**1,678,863**	**8.95 %**	**750,330**	**4.00 %**	**NA**	**NA**
Atlantic Union Bank	**1,824,693**	**9.75 %**	**748,592**	**4.00 %**	**935,740**	**5.00 %**
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 %

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 to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. ASC 820 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, 2020 and 2019. 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, 2020 and 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 ICE Data Services, which evaluates securities based on market data. ICE Data Services 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, 2020 and 2019.

The carrying value of restricted FRB and FHLB stock approximates fair value based on the redemption provisions of each entity and is therefore excluded from the table below.

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 table presents the balances of financial assets and liabilities measured at fair value on a recurring basis at December 31, 2020 and 2019 (dollars in thousands):

	Fair Value Measurements at December 31, 2020 using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Balance
ASSETS				
AFS securities:				
U.S. government and agency securities	$ —	$ 13,394	$ —	$ 13,394
Obligations of states and political subdivisions	—	837,326	—	837,326
Corporate and other bonds[1]	—	151,078	—	151,078
Mortgage-backed securities	—	1,536,996	—	1,536,996
Other securities	—	1,625	—	1,625
Loans held for sale	—	96,742	—	96,742
Derivatives:				
Interest rate swap	—	163,360	—	163,360
LIABILITIES				
Derivatives:				
Interest rate swap	$ —	$ 163,360	$ —	$ 163,360
Fair value hedges	—	12,483	—	12,483

	Fair Value Measurements at December 31, 2019 using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Balance
ASSETS				
AFS securities:				
U.S. government and agency securities	$ —	$ 21,320	$ —	$ 21,320
Obligations of states and political subdivisions	—	447,091	—	447,091
Corporate and other bonds(1)	—	135,959	—	135,959
Mortgage-backed securities	—	1,337,996	—	1,337,996
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

(1) Other bonds include 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 after they are evaluated for impairment. The primary assets accounted for at fair value on a nonrecurring basis are related to foreclosed properties, former bank premises, and collateral-dependent loans that are individually assessed. When the asset is secured by real estate, the Company measures the fair value utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser using observable market data. Management may discount the value from the appraisal in determining the fair value if, based on its understanding of the market conditions, the collateral had been impaired below the appraised value (Level 3). The assets for which a nonrecurring fair value measurement was recorded during the period ended December 31, 2020 and 2019 was $12.7 million and $11.9 million, respectively. The nonrecurring valuation adjustments for these assets did not have a material impact on the Company's consolidated financial statements.

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 ICE Data Services, which evaluates securities based on market data. ICE Data Services 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, 2020 and 2019. 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, 2020 and 2019.

Loans and Leases
The fair value of loans and leases were estimated using an exit price, representing the amount that would be expected to be received if the Company sold the loans and leases. The fair value of performing loans and leases were estimated through use of discounted cash flows. Credit loss assumptions were based on market PD/LGD for loan and lease cohorts. The discount rate was based primarily on recent market origination rates. Fair value of loans and leases individually assessed and their respective levels within the fair value hierarchy are described in the previous section 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, 2020 and 2019 are as follows (dollars in thousands):

		Fair Value Measurements at December 31, 2020 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	**$ 493,294**	**$ 493,294**	**$ —**	**$ —**	**$ 493,294**
AFS securities	**2,540,419**	**—**	**2,540,419**	**—**	**2,540,419**
HTM securities	**544,851**	**—**	**606,496**	**13,269**	**619,765**
Restricted stock	**94,782**	**—**	**94,782**	**—**	**94,782**
Loans held for sale	**96,742**	**—**	**96,742**	**—**	**96,742**
Net loans	**13,860,774**	**—**	**—**	**13,710,640**	**13,710,640**
Derivatives:					
Interest rate swap	**163,360**	**—**	**163,360**	**—**	**163,360**
Accrued interest receivable	**75,757**	**—**	**75,757**	**—**	**75,757**
BOLI	**326,892**	**—**	**326,892**	**—**	**326,892**
LIABILITIES					
Deposits	**$ 15,722,765**	**$ —**	**$ 15,763,991**	**$ —**	**$ 15,763,991**
Borrowings	**840,717**	**—**	**821,516**	**—**	**821,516**
Accrued interest payable	**2,516**	**—**	**2,516**	**—**	**2,516**
Derivatives:					
Interest rate swap	**163,360**	**—**	**163,360**	**—**	**163,360**
Fair value hedges	**12,483**	**—**	**12,483**	**—**	**12,483**

		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

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 mortgage banking 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, the Company is an agent, responsible for arranging for the provision of goods and services by another party. Mortgage banking income is earned when the originated loans are sold to an investor on the secondary market. The loans are classified as loans held for sale prior to being sold. Additionally, the changes in fair value of the loans held for sale, loan commitments, and related derivatives are included in mortgage banking income.

Noninterest income disaggregated by major source for the years ended December 31, 2020, 2019, and 2018 consisted of the following (dollars in thousands):

	2020	2019	2018
Noninterest income:			
Deposit Service Charges [1]:			
Overdraft fees	**$ 17,792**	$ 24,092	$ 21,052
Maintenance fees & other	**7,459**	6,110	4,387
Other service charges, commissions, and fees [1]	**6,292**	6,423	5,603
Interchange fees [1]	**7,184**	14,619	18,803
Fiduciary and asset management fees [1]:			
Trust asset management fees	**10,804**	9,141	5,536
Registered advisor management fees	**8,657**	10,107	6,589
Brokerage management fees	**4,189**	4,117	4,025
Mortgage banking income	**25,857**	10,303	—
Gains on securities transactions	**12,294**	7,675	383
Bank owned life insurance income	**9,554**	8,311	7,198
Loan-related interest rate swap fees	**15,306**	14,126	3,554
Gain on Shore Premier sale	**—**	—	19,966
Other operating income [2][3]	**6,098**	17,791	7,145
Total noninterest income [4]	**$ 131,486**	$ 132,815	$ 104,241

(1) *Income within scope of Topic 606.*

(2) *Includes income within the scope of Topic 606 of $3.5 million, $4.0 million and $4.4 million for the years ended December 31, 2020, 2019, and 2018, respectively. The remaining balance is outside the scope of Topic 606.*

(3) *For the year ended December 31, 2019, the remaining balance outside the scope of Topic 606 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.*

(4) *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 2020, 2019, and 2018 (dollars in thousands):

	2020	2019	2018
401(k) Plan	**$ 6,265**	$ 5,550	$ 4,592
ESOP	**1,000**	1,163	1,005
Cash	**697**	780	1,509
Total	**$ 7,962**	$ 7,493	$ 7,106

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 $15.8 million at December 31, 2020 and $15.7 million at December 31, 2019. 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, 2020, there were 666,858 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) RSAs, (iii) RSUs, (iv) stock awards; (v) 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. In 2019 the Company assumed additional stock options with the acquisition of Access. The stock option awards have a maximum term of five years from the date of grant, and generally become exercisable over a4 year period beginning on the first anniversary of the date of grant. RSAs and PSUs typically have vesting schedules over three year to four year periods and the expense is recognized over the vesting period.

For the years ended December 31, 2020, 2019, and 2018, the Company recognized stock-based compensation expense, which is included in salaries and benefits expense on the Company's Consolidated Statements of Income (dollars in thousands, except per share data) as follows:

	Year Ended December 31,		
	2020	2019	2018
Stock-based compensation expense	**$ 9,258**	$ 8,332	$ 6,132
Reduction of income tax expense	**1,944**	1,750	1,287
Per share compensation cost	**$ 0.09**	$ 0.08	$ 0.07

Stock Options

The following table summarizes the stock option activity during the year ended December 31, 2020:

	Stock Options (shares)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding as of December 31, 2019	**422,138**	**$ 32.48**		
Granted	**—**	**—**		
Exercised	**(46,278)**	**22.04**		
Forfeited	**(4,582)**	**31.83**		
Expired	**(22,618)**	**33.40**		
Outstanding as of December 31, 2020	**348,660**	**33.81**	**1.76**	**$ 798,340**
Exercisable as of December 31, 2020	**317,237**	**34.00**	**1.63**	**764,501**

During the year ended December 31, 2020, there were46,278 stock options exercised with a total intrinsic value (the amount by which the stock price exceeded the exercise price) and fair value of approximately $555,000 and $1.6 million, respectively. Cash received from the exercise of stock options for the year ended December 31, 2020 was approximately $1.0 million, and the tax benefit realized from tax deductions associated with options exercised during the year was approximately $112,000. The total intrinsic value of all stock options outstanding was $798,000 as of December 31, 2020.

During the year ended December 31, 2019, there were56,619 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 were72,743 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.

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, 2020:

	Number of Shares of RSAs	Weighted Average Grant-Date Fair Value
Unvested as of December 31, 2019	**431,642**	**$ 34.90**
Granted	**208,514**	**33.63**
Net settle for taxes	**(55,336)**	**36.40**
Vested	**(161,445)**	**32.09**
Forfeited	**(16,868)**	**34.19**
Unvested as of December 31, 2020	**406,507**	**35.61**

Performance Stock

The Plan permits the granting of PSUs. 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 2020, 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, 2019	**144,709**	**$ 37.24**
Granted	**108,302**	**33.99**
Net settle for taxes	**(14,186)**	**44.72**
Vested	**(38,922)**	**39.80**
Forfeited	**(2,093)**	**32.50**
Unvested as of December 31, 2020	**197,810**	**34.84**

During years ended December 31, 2020, 2019 and 2018 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:

	2020(5)	2019(5)	2018(5)
Dividend yield(1)	**2.83 %**	2.57 %	2.25 %
Expected life in years(2)	**2.86**	2.86	2.86
Expected volatility(3)	**24.33 %**	24.04 %	23.47 %
Risk-free interest rate(4)	**1.35 %**	2.48 %	2.38 %

(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, performance stock and stock options issued and outstanding as of December 31, 2020 that will be recognized in future periods is as follows (dollars in thousands):

	Restricted Stock	Performance Stock	Stock Options	Total
2021	$ 4,997	$ 1,844	$ 67	$ 6,908
2022	2,579	957	66	3,602
2023	434	—	4	438
2024	42	—	—	42
Total	$ 8,052	$ 2,801	$ 137	$ 10,990

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 2017.

Net deferred tax assets and liabilities consist of the following components as of December 31, 2020 and 2019 (dollars in thousands):

	2020	2019
Deferred tax assets:		
Credit losses	**$ 48,505**	$ 18,938
Benefit plans	**3,332**	3,507
Acquisition accounting	**10,038**	16,021
Lease right-of-use asset	**14,893**	13,507
Stock grants	**2,305**	2,032
OREO	**2,971**	3,295
Securities available for sale	**1,017**	1,169
Net operating losses	**47,463**	55,023
Nonaccrual loans	**2,011**	3,243
Other	**7,287**	4,227
Total deferred tax assets	**$ 139,822**	$ 120,962
Deferred tax liabilities:		
Acquisition accounting	**$ 16,271**	$ 19,815
Lease right-of-use liability	**12,012**	11,191
Premises and equipment	**19,066**	6,696
Securities available for sale	**19,714**	10,069
Other	**674**	511
Total deferred tax liabilities	**67,737**	48,282
Net deferred tax asset	**$ 72,085**	$ 72,680

At December 31, 2020, the Company had federal net operating loss carryforwards of approximately $165.2 million, of which approximately $144.4 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 $334.1 million, of which approximately $226.1 million will begin to expire after 2026, and $108 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, 2020, 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 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, 2020, 2019, and 2018 consists of the following (dollars in thousands):

	2020	2019	2018
Current tax expense	**$ 25,376**	$ 22,500	$ 12,114
Deferred tax expense	**2,690**	15,057	17,902
Income tax expense	**$ 28,066**	$ 37,557	$ 30,016

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, 2020, 2019, and 2018, due to the following (dollars in thousands):

	2020	2019	2018
Computed "expected" tax expense	**$ 39,122**	$ 48,564	$ 37,680
(Decrease) in taxes resulting from:			
Tax-exempt interest income, net	**(8,844)**	(8,259)	(5,188)
State income tax benefit	**(310)**	(1,078)	(1,133)
Other tax exempt income, net	**(1,902)**	(1,670)	(1,343)
Income tax expense	**$ 28,066**	$ 37,557	$ 30,016

The effective tax rates were 15.1%, 16.2% and 16.7% for years ended December 31, 2020, 2019, and 2018, respectively. Tax credits totaled approximately $3.0 million, $2.9 million and $1.1 million for the years ended December 31, 2020, 2019, and 2018, respectively.

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 EPS 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):

	2020	2019	2018
Net Income:			
Income from continuing operations	**$ 158,228**	$ 193,698	$ 149,413
Income (loss) from discontinued operations	**—**	(170)	(3,165)
Net income	**158,228**	193,528	146,248
Preferred Stock Dividends	**5,658**	—	—
Net income available to common shareholders	**$ 152,570**	$ 193,528	$ 146,248
Weighted average shares outstanding, basic	**78,859**	80,201	65,859
Dilutive effect of stock awards and warrants	**17**	63	50
Weighted average shares outstanding, diluted	**78,876**	80,264	65,909
Basic EPS:			
EPS from continuing operations	**$ 1.93**	$ 2.41	$ 2.27
EPS from discontinued operations	**—**	—	(0.05)
EPS available to common shareholders	**$ 1.93**	$ 2.41	$ 2.22
Diluted EPS:			
EPS from continuing operations	**$ 1.93**	$ 2.41	$ 2.27
EPS from discontinued operations	**—**	—	(0.05)
EPS available to common shareholders	**$ 1.93**	$ 2.41	$ 2.22

19. SEGMENT REPORTING & DISCONTINUED OPERATIONS

Operating segments are components of a business about which separate financial information is available and evaluated regularly by the chief operating decision makers in deciding how to allocate resources and assessing performance. The Bank is the Company's only reportable operating segment upon which management makes decisions regarding how to allocate resources and assess performance. While the Company's chief operating decision makers do have some limited financial information about its various financial products and services, that information is not complete since it does not include a full allocation of revenue, costs, and capital from key corporate functions; therefore, the Company evaluates financial performance on the Company-wide basis. Management continues to evaluate these business units for separate reporting as facts and circumstances change.

Prior to the second quarter of 2018, the Company had two reportable operating segments; community banking and mortgage. 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 that 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, 2020, the assets and liabilities, as well as the operating results, of the discontinued mortgage segment were not considered material. As of December 31, 2019, the Company's Consolidated Balance Sheets included assets and liabilities from discontinued operations of $668,000 and $640,000, respectively. 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 and 2018 respectively (dollars in thousands):

	2019	2018
Net interest income	$ —	$ 850
Provision for credit losses	—	(185)
Net interest income after provision for credit losses	—	1,035
Noninterest income	1	3,882
Noninterest expenses	231	9,197
Income before income taxes	(230)	(4,280)
Income tax expense (benefit)	(60)	(1,115)
Net income (loss) on discontinued operations	$ (170)	$ (3,165)

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 made in the ordinary course of business 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, 2020, the aggregate amount of unrestricted funds that could be transferred from the Bank to the Parent Company without prior regulatory approval totaled approximately $370.8 million, or 13.69%, of the consolidated net assets.

Financial information for the Parent Company is as follows:

PARENT COMPANY
CONDENSED BALANCE SHEETS
AS OF DECEMBER 31, 2020 and 2019
(Dollars in thousands)

	2020	2019
ASSETS		
Cash	**$ 116,748**	$ 5,283
Premises and equipment, net	**10,435**	10,568
Other assets	**30,429**	27,438
Investment in subsidiaries	**2,858,608**	2,786,842
Total assets	**$ 3,016,220**	$ 2,830,131
LIABILITIES AND STOCKHOLDERS' EQUITY		
Long-term borrowings	**$ 148,806**	$ 157,155
Trust preferred capital notes	**141,023**	140,237
Other liabilities	**17,901**	19,637
Total liabilities	**307,730**	317,029
Total stockholders' equity	**2,708,490**	2,513,102
Total liabilities and stockholders' equity	**$ 3,016,220**	$ 2,830,131

PARENT COMPANY
CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020, 2019, and 2018
(Dollars in thousands)

	2020	2019	2018
Income:			
Interest and dividend income	**$ —**	$ 3	$ —
Dividends received from subsidiaries	**97,880**	160,033	50,750
Other operating income	**1,338**	1,484	2,719
Total income	**99,218**	161,520	53,469
Expenses:			
Interest expense	**13,506**	15,935	15,253
Other operating expenses	**8,249**	11,434	13,782
Total expenses	**21,755**	27,369	29,035
Income before income taxes and equity in undistributed net income from subsidiaries	**77,463**	134,151	24,434
Income tax benefit	**(5,439)**	(6,499)	(6,176)
Equity in undistributed net income from subsidiaries	**75,326**	52,878	115,638
Net income	**$ 158,228**	$ 193,528	$ 146,248
Comprehensive income	**$ 193,668**	$ 239,376	$ 136,905

PARENT COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020, 2019, and 2018
(Dollars in thousands)

	2020	2019	2018
Operating activities:			
Net income	**$ 158,228**	$ 193,528	$ 146,248
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed net income of subsidiaries	**(75,326)**	(52,878)	(115,638)
Depreciation of premises and equipment	**439**	424	424
Acquisition accounting amortization, net	**735**	662	636
Gain on sale of investment	**—**	—	(1,416)
Issuance of common stock for services	**804**	910	914
Net increase in other assets	**(3,005)**	(3,256)	(584)
Net increase (decrease) in other liabilities	**10,038**	4,964	(4,159)
Net cash provided by (used in) operating activities	**91,913**	144,354	26,425
Investing activities:			
Net increase in premises and equipment	**(306)**	(355)	—
Proceeds from sale of investment	**—**	—	3,761
Increase in equity method investments	**(2,353)**	—	—
Cash paid in acquisitions	**—**	(12)	—
Cash received in acquisitions	**—**	21,553	25,976
Net cash provided by (used in) investing activities	**(2,659)**	21,186	29,737
Financing activities:			
Net increase (decrease) in short-term borrowings	**—**	(5,000)	5,000
Repayments of long-term borrowings	**(8,500)**	—	—
Cash dividends paid - common stock	**(78,860)**	(78,345)	(58,001)
Cash dividends paid - preferred stock	**(5,658)**	—	—
Cancellation of warrants	**—**	—	(1,530)
Issuance (repurchase) of common stock	**(48,866)**	(78,292)	2,347
Issuance of preferred stock, net	**166,356**	—	—
Vesting of restricted stock, net of shares held for taxes	**(2,261)**	(2,301)	(2,908)
Net cash provided by (used in) financing activities	**22,211**	(163,938)	(55,092)
Increase (decrease) in cash and cash equivalents	**111,465**	1,602	1,070
Cash, cash equivalents and restricted cash at beginning of the period	**5,283**	3,681	2,611
Cash, cash equivalents and restricted cash at end of the period	**$ 116,748**	$ 5,283	$ 3,681
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 26, 2021, the date the financial statements were issued.

On January 28, 2021, the Company's Board of Directors declared a quarterly dividend of $0.25 per share of common stock. The common stock dividend is payable on February 26, 2021 to common shareholders of record as of February 12, 2021.

The Company's Board of Directors also declared a quarterly dividend on the outstanding shares of its Series A preferred stock. The Series A preferred stock is represented by depositary shares, each representing a 1/400th ownership interest in a share of Series A preferred stock. The dividend of $171.88 per share (equivalent to $0.43 per outstanding depositary share) is payable on March 1, 2021 to preferred shareholders of record as of February 12, 2021.

The Company consolidated five branch locations in February 2021.

In response to the current rate environment, the Company prepaid a $200.0 million long-term FHLB advance in February 2021, which resulted in a prepayment penalty of $14.7 million.

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, 2020 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, 2020.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2020 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, 2020 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 2021 Annual Meeting of Shareholders to be held May 4, 2021 (the “Proxy Statement”), under the captions “Proposal 1 - Election of Five 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”.

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 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 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 securities are authorized for issuance, as of December 31, 2020:

	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	26,742	$ 14.19	666,858
Total	26,742	$ 14.19	666,858

(1) The number in column (A) does not include (i) a total of 321,918 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 $35.44 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 AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Form 10-K:

(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, 2020 and 2019;
- Consolidated Statements of Income - Years ended December 31, 2020, 2019, and 2018;
- Consolidated Statements of Comprehensive Income-Years ended December 31, 2020, 2019, and 2018;
- Consolidated Statements of Changes in Stockholder's Equity - Years ended December 31, 2020, 2019, and 2018;
- Consolidated Statements of Cash Flows - Years ended December 31, 2020, 2019, and 2018; and
- Notes to Consolidated Financial Statements for the Years ended December 31, 2020, 2019, and 2018.

(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	Amended and Restated Articles of Incorporation of Atlantic Union Bankshares Corporation, effective May 7, 2020 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on May 7, 2020)
3.1.1	Articles of Amendment designating the 6.875% Perpetual Non-Cumulative Preferred Stock, Series A, effective June 9, 2020 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on June 9, 2020).

3.2	Amended and Restated Bylaws of Atlantic Union Bankshares Corporation, effective as of December 5, 2019 (incorporated by reference to Exhibit 3.3 to Annual Report on Form 10-K filed on February 25, 2020)
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)
4.4	Deposit Agreement, dated June 9, 2020, by and among Atlantic Union Bankshares Corporation, Computershare Inc. and Computershare Trust Company, N.A., and the holders from time to time of Depositary Receipts described therein (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on June 9, 2020)
4.5	Form of Depositary Receipt representing Depositary Shares (incorporated by reference to Exhibit A to Exhibit 4.1 to Current Report on Form 8-K filed on June 9, 2020)
	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.
4.6	Description of the Company's Capital 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 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)
10.3.1*	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)
10.4*	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)
10.5*	Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Executives of Atlantic Union Bankshares Corporation, as restated effective January 1, 2018 (incorporated by reference to Exhibit 10.6 to Annual Report on Form 10-K filed on February 25, 2020)
10.5.1*	Amendment to the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Executives of Atlantic Union Bankshares Corporation, effective September 1, 2019 (incorporated by reference to Exhibit 10.6.1 to Annual Report on Form 10-K filed on February 25, 2020)
10.5.2*	Adoption Agreement for the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Executives of Atlantic Union Bankshares Corporation, effective January 1, 2020 (incorporated by reference to Exhibit 10.6.2 to Annual Report on Form 10-K filed on February 25, 2020)

10.6*	Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Directors of Atlantic Union Bankshares Corporation, as restated effective January 1, 2018 (incorporated by reference to Exhibit 10.7 to Annual Report on Form 10-K filed on February 25, 2020)
10.6.1*	Amendment to the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Directors of Atlantic Union Bankshares Corporation, effective September 1, 2019 (incorporated by reference to Exhibit 10.7.1 to Annual Report on Form 10-K filed on February 25, 2020)
10.6.2*	Adoption Agreement for the Restated Virginia Bankers Association Non-Qualified Deferred Compensation Plan for Directors of Atlantic Union Bankshares Corporation, effective January 1, 2020 (incorporated by reference to Exhibit 10.7.2 to Annual Report on Form 10-K filed on February 25, 2020)
10.7*	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)
10.8*	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)
10.9*	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)
10.10*	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)
10.11*	Schedule of Atlantic Union Bankshares Corporation Non-Employee Directors' Annual Compensation
10.12*	Management Incentive Plan
10.13*	Atlantic Union Bankshares Corporation Executive Stock Ownership Policy, adopted December 10, 2020
10.14*	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)
10.15*	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)
10.16*	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)
10.17*	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)
10.18*	Form of Time-Based Restricted Stock Agreement under Atlantic Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 14, 2020) (incorporated by reference to Exhibit 10.22 to Annual Report on Form 10-K filed on February 25, 2020)
10.19*	Form of Performance Share Unit Agreement under Atlantic Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 14, 2020) (incorporated by reference to Exhibit 10.23 to Annual Report on Form 10-K filed on February 25, 2020)
10.20*	Underwriting Agreement, dated June 2, 2020, by and among Atlantic Union Bankshares Corporation, Morgan Stanley & Co. LLC, BofA Securities, Inc., Keefe, Bruyette & Woods, Inc., Raymond James & Associates, Inc., RBC Capital Markets, LLC, UBS

	Securities LLC and Piper Sandler & Co. (incorporated by reference to Exhibit 1.1 to Current Report on Form 8-K filed on June 3, 2020)
10.21*	Atlantic Union Bankshares Corporation Non-Employee Director Stock Ownership Policy, adopted October 29, 2020
10.22*	Form of Performance Share Unit Agreement under Atlantic Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 12, 2021)
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, 2020 and 2019, (ii) the Consolidated Statements of Income for the years ended December 31, 2020, 2019, and 2018, (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2020, 2019, and 2018, (iv) the Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2020, 2019, and 2018, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019, and 2018 and (vi) the Notes to the Consolidated Financial Statements for the years ended December 31, 2020, 2019, and 2018.
104.0	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, 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 26, 2021
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 26, 2021.

Signature	Title
/s/ John C. Asbury John C. Asbury	Director, President, and Chief Executive Officer (principal executive officer)
/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 4.6

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

As of the filing date of the Annual Report on Form 10-K (the "Form 10-K") of which this exhibit (this "Exhibit") is a part, Atlantic Union Bankshares Corporation (the "Company") had the following outstanding securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (i) common stock, $1.33 par value per share (the "Common Stock"), and (ii) depositary shares (the "Depositary Shares"), each representing a 1/400th ownership interest in a share of the Company's 6.875% Perpetual Non-Cumulative Preferred Stock, Series A (the "Series A Preferred Stock").

Description of Common Stock

The following description of the material features of the Common Stock does not purport to be complete and is in all respects subject to, and qualified in its entirety by reference to, the applicable provisions of Virginia law and by the Company's Amended and Restated Articles of Incorporation, effective May 7, 2020, as amended by Articles of Amendment effective June 9, 2020 (the "Articles"), and the Company's Amended and Restated Bylaws, effective December 5, 2019 (the "Bylaws"). The Articles and Bylaws are included as exhibits to the Form 10-K.

General

The Company is authorized to issue 200,000,000 shares of Common Stock. Each share of Common Stock has the same relative rights as, and is identical in all respects to, each other share of Common Stock. All of the outstanding shares of Common Stock are fully paid and nonassessable.

Dividends

The Company's shareholders are entitled to receive dividends or distributions that the Company's Board of Directors (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, the Company's ability to pay dividends is affected by the ability of Atlantic Union Bank, its bank subsidiary, to pay dividends to the Company. The ability of the Company's 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 the 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

Holders of the 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). Holders of the Common Stock are not entitled to cumulative voting rights in the election of directors.

Directors and Classes of Directors

The Board 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 Board 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 the Common Stock will not be entitled to preemptive rights with respect to any shares that may be issued. The 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 the Common Stock or any of the Company's 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 the Company's Articles and Bylaws and Virginia Law

General. The Articles and Bylaws and the Virginia Stock Corporation Act (the "Virginia SCA") contain certain provisions designed to enhance the ability of the Board 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 the 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 the Common Stock.

The following briefly summarizes protective provisions that are contained in the 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 the 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.

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.

The 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 the 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 the Board.

Staggered Board Terms. The Articles provide that the Board 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 by reason of an increase in the number of directors may be filled by the Board, and any directors so chosen shall hold office until the next election of directors by the shareholders. Any other vacancy in the Board, 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 the 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 Bylaws provide that it may, but is not required to, redeem shares of the Common Stock which have been the subject of a "control share acquisition" as defined in the Control Share Acquisitions Statute.

Authorized Preferred Stock. As described below, the Articles authorize the issuance of preferred stock and the Board 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 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 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 (the 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 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 the Common Stock are not entitled to appraisal or dissenters' rights.

Amendments to the Company's 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.

The 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.

The Bylaws may be amended, altered, or repealed by the Board any time. The Company's 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 the Board.

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. The 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 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 the Board, 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 the 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 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 to call a special meeting.

Advance Notification Requirements. The Bylaws require a shareholder who desires to nominate a candidate for election to the Board or to raise new business at an annual shareholders meeting to provide the Company 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. The 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.

Listing of Common Stock

The Common Stock is listed on the NASDAQ Global Select Market under the symbol "AUB."

Description of Preferred Stock

The following description of the material features of the Preferred Stock does not purport to be complete and is in all respects subject to, and qualified in its entirety by reference to, the applicable provisions of Virginia law and by the Articles and the Bylaws.

General

The Series A Preferred Stock is a single series of the Preferred Stock. Shares of the Series A Preferred Stock are fully paid and nonassessable. The depositary is the sole holder of shares of the Series A Preferred Stock. The holders of Depositary Shares are required to exercise their proportional rights in the Series A Preferred Stock through the depositary, as described below under "Description of Depositary Shares."

Shares of the Series A Preferred Stock rank senior to the Common Stock and at least equally with each other series of preferred stock the Company has or may issue if provided for in the articles of amendment relating to such preferred stock or otherwise (except for any senior stock that may be issued with the requisite consent of the holders of the Series A Preferred Stock and all other parity stock, if any), with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up of the Company. See "—Other Preferred Stock" below. In addition, the Company will generally be able to pay dividends and distributions upon liquidation, dissolution or winding up only out of lawfully available assets for such payment (after satisfaction of all claims for indebtedness and other non-equity claims). Further, the Series A Preferred Stock may be fully subordinated to interests held by the U.S. government in the event that the Company enters into a receivership, insolvency, liquidation, or similar proceeding, including a proceeding under the Orderly Liquidation Authority of the Dodd-Frank Act.

The Series A Preferred Stock is not convertible into, or exchangeable for, shares of any other class or series of stock or other securities of the Company. The Series A Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company to redeem or repurchase the Series A Preferred Stock.

The Company reserves the right to reopen the Series A Preferred Stock and issue additional shares of the Series A Preferred Stock either through public or private sales at any time and from time to time that may or may not involve additional Depositary Shares. The additional shares would form a single series with the Series A Preferred Stock already outstanding. In addition, the Company may from time to time, without notice to or consent of holders of the Series A Preferred Stock or the Depositary Shares, issue additional shares of preferred stock that rank equally with or junior to the Series A Preferred Stock.

Dividends

General

Dividends on the Series A Preferred Stock are not cumulative. If the Board or a duly authorized committee of the Board does not declare a dividend on the Series A Preferred Stock in respect of a dividend period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable dividend payment date, or be cumulative, and the Company will have no obligation to pay any dividend for that dividend period, whether or not the Board or a duly authorized committee of the Board declares a dividend on the Series A Preferred Stock for any subsequent dividend period. A dividend period is the period from and including a dividend payment date to but excluding the next dividend payment date.

Holders of Series A Preferred Stock are entitled to receive, when, as, and if declared by the Board or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Virginia law, non-cumulative cash dividends based on the liquidation preference of the Series A Preferred Stock at a rate equal to 6.875% per annum for each quarterly dividend period from the original issue date of the Depositary Shares through the redemption date of the Series A Preferred Stock, if any. In the event that the Company issues additional shares of Series A Preferred Stock after the original issue date, dividends on such shares will accrue from the original issue date of such additional shares.

If declared by the Board or a duly authorized committee of the Board, the Company will pay dividends on the Series A Preferred Stock quarterly in arrears, on March 1, June 1, September 1 and December 1 of each year (each such date, a “dividend payment date”). If any date on which dividends would otherwise be payable is not a business day, then the dividend payment date will be the next business day without any adjustment to the amount of dividends paid. A business day means any weekday that is not a legal holiday in New York, New York, and is not a day on which banking institutions in New York, New York, are closed.

Dividends are payable to holders of record of Series A Preferred Stock as they appear on the Company’s stock register on the applicable record date, which shall be the 15th calendar day before the applicable dividend payment date, or such other record date, not exceeding 30 days before the applicable payment date, as shall be fixed by the Board or a duly authorized committee of the Board. The corresponding record dates for the Depositary Shares will be the same as the record dates for the Series A Preferred Stock.

A dividend period is the period from and including a dividend payment date to but excluding the next dividend payment date. Dividends payable on the Series A Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on the Series A Preferred Stock will cease to accrue on the redemption date, if any, as described below under “— Redemption,” unless the Company defaults in the payment of the redemption price of the shares of the Series A Preferred Stock called for redemption.

Additional Information

The Company’s ability to pay dividends on the Series A Preferred Stock depends on the ability its subsidiaries, including Atlantic Union Bank, to pay dividends to the Company. The ability of the Company and its subsidiaries to pay dividends in the future is subject to bank regulatory requirements and capital guidelines and policies established by the Virginia Bureau of Financial Institutions and the Federal Reserve System (the “Federal Reserve”).

So long as any share of Series A Preferred Stock remains outstanding, (1) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any junior stock (other than (i) a dividend payable solely in junior stock or (ii) any dividend in connection with the implementation of a shareholders’ rights plan, or the redemption or repurchase of any rights under any such plan), (2) no shares of junior stock shall be repurchased, redeemed or otherwise acquired for consideration by the Company, directly or indirectly (other than (i) as a result of a reclassification of junior stock for or into other junior stock, (ii) the exchange or conversion of one share of junior stock for or into another share of junior stock, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock, (iv) purchases, redemptions or other acquisitions of shares of junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of junior stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Company's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in junior stock in the ordinary course of business, (viii) purchases by any of the Company's broker-dealer subsidiaries of the Company's capital stock for resale pursuant to an offering by the Company of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Company or any of its subsidiaries of record ownership in junior stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Company or any of its subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Company and (3) no shares of parity stock, if any, shall be repurchased, redeemed or otherwise acquired for consideration by the Company, directly or indirectly, during a dividend period (other than (i) pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series A Preferred Stock and such parity stock, if any, (ii) as a result of a reclassification of parity stock for or into other parity stock, (iii) the exchange or conversion of parity stock for or into other parity stock or junior stock, (iv) through the use of the proceeds of a substantially contemporaneous sale of other shares of parity stock, (v) purchases of shares of parity stock pursuant to a contractually binding requirement to buy parity stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, (vi) the purchase of fractional interests in shares of parity stock pursuant to the conversion or exchange provisions of such stock or the security being converted or exchanged, (vii) purchases or other acquisitions by any of the Company's broker-dealer subsidiaries solely for the purpose of market making, stabilization or customer facilitation transactions in parity stock in the ordinary course of business, (viii) purchases by any of the Company's broker-dealer subsidiaries of the Company's capital stock for resale pursuant to an offering by the Company of such capital stock underwritten by such broker-dealer subsidiary, or (ix) the acquisition by the Company or any of its subsidiaries of record ownership in parity stock for the beneficial ownership of any other persons (other than for the beneficial ownership by the Company or any of its subsidiaries), including as trustees or custodians), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Company unless, in each case, the full dividends for the preceding dividend period on all outstanding shares of Series A Preferred Stock have been paid in full or declared and a sum sufficient for the payment thereof has been set aside for payment.

The Company will not declare or pay or set apart funds for the payment of dividends on any parity stock, unless the Company has paid or set apart funds for the payment of dividends on the Series A Preferred Stock. When dividends are not paid in full upon the shares of Series A Preferred Stock and parity stock, if any, all dividends declared upon shares of Series A Preferred Stock and parity stock, if any, will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current dividend period per share on the Series A Preferred Stock, and accrued dividends, including any accumulations, if any, on parity stock, if any, bear to each other.

As used in this Exhibit, “junior stock” means the Common Stock and any other class or series of stock of the Company hereafter authorized over which the Series A Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Company. As of the filing date of the Form 10-K, the Common Stock is the only series of junior stock outstanding.

As used in this Exhibit, “parity stock” means any other class or series of stock of the Company that ranks on a parity with the Series A Preferred Stock with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up of the Company. As of the filing date of the Form 10-K, there are no series of parity stock outstanding. See “— Other Preferred Stock” below.

As used in this Exhibit, “senior stock” means any other class or series of stock of the Company ranking senior to the Series A Preferred Stock with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up of the Company. As of the filing date of the Form 10-K, there are no series of senior stock outstanding. See “— Other Preferred Stock” below.

Subject to the considerations described above, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board or a duly authorized committee of the Board, may be declared and paid on the Common Stock and any other stock ranking equally with or junior to the Series A Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Series A Preferred Stock shall not be entitled to participate in any such dividend.

Dividends on the Series A Preferred Stock will not be declared, paid or set aside for payment to the extent such act would cause the Company to fail to comply with applicable laws and regulations, including applicable capital adequacy guidelines.

Redemption

Optional Redemption

The Series A Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. The Company may redeem the Series A Preferred Stock at its option, in whole or in part, from time to time, on any dividend payment date on or after September 1, 2025, at a redemption price equal to $10,000 per share (equivalent to $25 per Depositary Share), plus any declared and unpaid dividends on the shares of Series A Preferred Stock called for redemption up to the redemption date. Neither the holders of Series A Preferred Stock nor holders of Depositary Shares will have the right to require the redemption or repurchase of the Series A Preferred Stock.

Redemption Following a Regulatory Capital Treatment Event

The Company may redeem the Series A Preferred Stock in whole but not in part at any time within 90 days following a regulatory capital treatment event, in whole but not in part, at a redemption price equal to $10,000 per share (equivalent to $25 per Depositary Share), plus any declared and unpaid dividends on the shares of Series A Preferred Stock called for redemption up to the redemption date. A "regulatory capital treatment event" means the good faith determination by the Company that, as a result of (i) any amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series A Preferred Stock; (ii) any proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any share of Series A Preferred Stock; or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series A Preferred Stock, there is more than an insubstantial risk that the Company will not be entitled to treat the full liquidation value of the shares of Series A Preferred Stock then outstanding as "Tier 1 Capital" (or its equivalent) for purposes of the capital adequacy guidelines of Federal Reserve Regulation Y (or, as and if applicable, the capital adequacy guidelines or regulations of any successor appropriate federal banking regulator or agency), as then in effect and applicable, for as long as any share of Series A Preferred Stock is outstanding. Redemption of the Series A Preferred Stock is subject to the Company's receipt of any required prior approvals from the Federal Reserve and to the satisfaction of any conditions set forth in the capital guidelines of the Federal Reserve applicable to the redemption of the Series A Preferred Stock.

Redemption Procedures

If shares of the Series A Preferred Stock are to be redeemed, the notice of redemption shall be sent to the holders of record of the Series A Preferred Stock to be redeemed not less than 15 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the Depositary Shares representing the Series A Preferred Stock are held in book-entry form through DTC, the Company may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth:

- the redemption date;
- the number of shares of Series A Preferred Stock to be redeemed and, if less than all the shares held by the holder are to be redeemed, the number of shares of Series A Preferred Stock to be redeemed from the holder;
- the redemption price; and
- the place or places where the certificates evidencing shares of Series A Preferred Stock are to be surrendered for payment of the redemption price.

On and after the redemption date, dividends will cease to accrue on shares of Series A Preferred Stock, and such shares of Series A Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, including the rights described under "— Voting Rights" below, except the right to receive the redemption price plus any declared and unpaid dividends on the shares of Series A Preferred Stock called for redemption up to the redemption date. See "Description of Depositary Shares" for information about redemption of the Depositary Shares relating to the Series A Preferred Stock.

In case of any redemption of only part of the shares of the Series A Preferred Stock at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot. Subject to the provisions hereof, the Board shall have full power and authority to prescribe the terms and conditions upon which shares of Series A Preferred Stock shall be redeemed from time to time.

Under the Federal Reserve's current risk-based capital guidelines applicable to bank holding companies, any redemption of the Series A Preferred Stock is subject to prior approval by the Federal Reserve. Any redemption of the Series A Preferred Stock is subject to the Company's receipt of any required prior approval by the Federal Reserve and to the satisfaction of any conditions set forth in the capital guidelines or regulations of the Federal Reserve applicable to redemption of the Series A Preferred Stock.

Neither the holders of the Series A Preferred Stock nor the holders of the related Depositary Shares have the right to require the redemption or repurchase of the Series A Preferred Stock.

Liquidation Rights

In the event the Company liquidates, dissolves or wind-ups its business and affairs, either voluntarily or involuntarily, holders of the Series A Preferred Stock are entitled to receive a liquidating distribution of $10,000 per share (equivalent to $25 per Depositary Share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends before the Company makes any distribution of assets to the holders of the Common Stock or any other class or series of shares ranking junior to the Series A Preferred Stock. Holders of the Series A Preferred Stock will not be entitled to any other amounts from the Company after they have received their full liquidating distribution.

In any such distribution, if the assets of the Company are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of the Series A Preferred Stock and all holders of parity stock, if any, as to such distribution with the Series A Preferred Stock, the amounts paid to the holders of Series A Preferred Stock and parity stock, if any, will be paid pro rata in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series A Preferred Stock and parity stock, if any, the holders of the Company's junior stock shall be entitled to receive all remaining assets of the Company according to their respective rights and preferences.

In addition, the Company will generally be able to pay dividends and distributions upon liquidation, dissolution or winding up only out of lawfully available assets for such payment (after satisfaction of all claims for indebtedness and other non-equity claims). Further, the Series A Preferred Stock may be fully subordinated to interests held by the U.S. government in the event that the Company enters into a receivership, insolvency, liquidation, or similar proceeding, including a proceeding under the Orderly Liquidation Authority of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act").

For purposes of this section, the merger or consolidation of the Company with any other entity, including a merger or consolidation in which the holders of Series A Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Company for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Company.

Because the Company is a holding company, the Company's rights and the rights of the Company's creditors and the Company's shareholders, including the holders of the Series A Preferred Stock, to participate in the assets of any of the Company's subsidiaries, including Atlantic Union Bank, upon that subsidiary's liquidation or recapitalization may be subject to the prior claims of that subsidiary's creditors, except to the extent that the Company is a creditor with recognized claims against the subsidiary.

Voting Rights

Except as provided below, the holders of the Series A Preferred Stock will have no voting rights.

Right to Elect Two Directors upon Nonpayment

If the Company fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Series A Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on the Board shall be increased by two at the Company's first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until continuous noncumulative dividends for at least one year on all outstanding shares of Series A Preferred Stock entitled thereto shall have been paid in full, the holders of shares of Series A Preferred Stock shall have the right, voting as a class together with holders of any other equally ranked series of preferred stock that have similar voting rights, if any, to elect such two additional members of the Board to hold office for a term of one year; provided that the Board shall at no time include more than two additional directors elected by holders of shares of Series A Preferred Stock and any other equally ranked series of preferred stock having similar voting rights, if any, voting together as one class. Upon such payment in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by two, and such voting right of the holders of shares of Series A Preferred Stock shall cease, subject to increase in the number of directors as described above and to revesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, whether or not consecutive, as described above. In addition, if and when the rights of holders of Series A Preferred Stock terminate for any reason, including under circumstances described above under "— Redemption," such voting rights shall terminate along with the other rights (except, if applicable, the right to receive the redemption price plus any declared and unpaid dividends), and the terms of any additional directors elected by the holders of Series A Preferred Stock and any other equally ranked series of preferred stock having similar voting rights, if any, shall terminate automatically and the number of directors reduced by two, assuming that the rights of holders of such equally ranked series of preferred stock have similarly terminated.

Under regulations adopted by the Federal Reserve, if the holders of any series of preferred stock are or become entitled to vote separately for the election of directors as a class, such series, along with any other holders of stock that are entitled to vote for the election of directors with that series, will be deemed a class of voting securities. A company holding 25% or more of that class, or less if it otherwise exercises a "controlling influence" over the Company, will be subject to regulation as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). In addition, at the time the series is deemed a class of voting securities, any other bank holding company or systemically significant nonbank financial company will be required to obtain the prior approval of the Federal Reserve under the BHC Act to acquire or retain more than 5% of that class. Any other person (other than a bank holding company or systemically significant nonbank financial company) will be required to obtain the non-objection of the Federal Reserve under the Change in Bank Control Act of 1978, as amended, to acquire or retain 10% or more of that class.

Other Voting Rights

So long as any shares of Series A Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all outstanding shares of the Series A Preferred Stock, voting separately as a class, shall be required to:

- authorize or increase the authorized amount of, or issue shares of, any class or series of senior stock, or issue any obligation or security convertible into or evidencing the right to purchase any such shares;

- amend the provisions of the Articles so as to adversely affect the powers, preferences, privileges or rights of the Series A Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued Series A Preferred Stock or authorized Common Stock or preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with or junior to the Series A Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Company will not be deemed to adversely affect the powers, preferences, privileges or rights of the Series A Preferred Stock; or

- consummate a binding share-exchange or reclassification involving the Series A Preferred Stock, or a merger or consolidation with or into another entity unless (i) the shares of the Series A Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the new surviving entity and (ii) the shares of the remaining Series A Preferred Stock or new preferred securities have terms that are not materially less favorable than the Series A Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series A Preferred Stock shall have been redeemed.

Voting Rights under Virginia Law

Except as expressly set forth in the Articles, the Virginia SCA does not provide any additional voting rights to the holders of the Series A Preferred Stock. Therefore, under the Virginia SCA, the holders of the Series A Preferred Stock will only have those voting rights set forth above under "— Voting Rights."

Other Preferred Stock

The Articles authorize the Board to create and provide for the issuance of one or more series of preferred stock, par value $10.00 per share, without the approval of the Company's shareholders. The Board can also determine the terms, including the designations, powers, preferences and rights (including conversion, voting and other rights) and the qualifications, limitations or restrictions, of any preferred stock. Currently, 500,000 shares of the Company's capital stock are classified as preferred stock under the Articles. As of the filing date of the Form 10-K, the Company has [6,900,000] Depositary Shares issued and outstanding, representing [17,250] shares of Series A Preferred Stock. The representative Depositary Shares are summarized below under "Description of Depositary Shares."

Depositary Agent, Transfer Agent and Registrar

Computershare Trust Company, N.A. is the depositary, and, collectively with Computershare Inc., is the transfer agent and registrar for the Series A Preferred Stock. The Company may, in its sole discretion, remove the depositary in accordance with the Deposit Agreement (as defined below); provided that the Company will appoint a successor depositary who will accept such appointment prior to the effectiveness of its removal.

Information Rights

During any period in which the Company is not subject to Section 13 or 15(d) of the Exchange Act and any shares of the Series A Preferred Stock are outstanding, the Company will use its best efforts to (i) make available on its website at https://www.atlanticunionbank.com copies of the annual and quarterly reports that would be required to be filed with the SEC on Forms 10-K and 10-Q, respectively, if the Company was subject to Section 13 or 15(d) of the Exchange Act (other than any exhibits that would have been required), within the time periods that would apply if the Company was required to file those reports with the SEC if the Company was a "non-accelerated filer" within the meaning of the Exchange Act; and (ii) promptly, upon request, supply copies of such reports to any holder or prospective holder of the Series A Preferred Stock. In addition, the Company will use its best efforts to mail (or otherwise provide) its annual and quarterly reports to all holders of the Series A Preferred Stock, as their names and addresses appear in the Company's record books and without cost to such holders, within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, would have been required to be filed with the SEC, if the Company was subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which the Company would be required to file such periodic reports if it was a "non-accelerated filer" within the meaning of the Exchange Act.

Preemptive and Conversion Rights

The holders of the Series A Preferred Stock do not have any preemptive or conversion rights.

Description of Depositary Shares

The following description of the material features of the Depositary Shares relating to the Series A Preferred Stock does not purport to be complete and is in all respects subject to, and qualified in their entirety by reference to, the applicable provisions of Virginia law and by the Articles and the Bylaws.

General

The Depositary Shares represent proportional fractional interests in shares of the Series A Preferred Stock. Each Depositary Share represents a 1/400th interest in a share of the Series A Preferred Stock, and is evidenced by depositary receipts. The Company has deposited the underlying shares of the Series A Preferred Stock with a depositary pursuant to a deposit agreement among the Company, Computershare Trust Company, N.A., acting as depositary, Computershare Inc. and the holders from time to time of the depositary receipts evidencing the Depositary Shares (the "Deposit Agreement"). Subject to the terms of the Deposit Agreement, each holder of a Depositary Share is entitled, through the depositary, in proportion to the applicable fraction of a share of Series A Preferred Stock represented by such Depositary Share, to all the rights and preferences of the Series A Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

Dividends and Other Distributions

Each dividend payable on a Depositary Share will be in an amount equal to 1/400th of the dividend declared and payable on the related share of the Series A Preferred Stock.

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series A Preferred Stock to the record holders of Depositary Shares relating to the underlying Series A Preferred Stock in proportion to the number of Depositary Shares held by the holders. If the Company makes a distribution other than in cash, the depositary will distribute any property received by it to the record holders of Depositary Shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with the Company's approval, sell the property and distribute the net proceeds from the sale to the holders of the Depositary Shares.

Record dates for the payment of dividends and other matters relating to the Depositary Shares will be the same as the corresponding record dates for the Series A Preferred Stock.

The amounts distributed to holders of Depositary Shares will be reduced by any amounts required to be withheld by the depositary or by the Company on account of taxes or other governmental charges. The depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any Depositary Shares or the shares of the Series A Preferred Stock until such taxes or other governmental charges are paid.

Redemption of Depositary Shares

If the Company redeems the Series A Preferred Stock represented by the Depositary Shares, the Depositary Shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series A Preferred Stock held by the depositary. The redemption price per Depositary Share is expected to be equal to 1/400th of the redemption price per share payable with respect to the Series A Preferred Stock (or $25 per Depositary Share), plus any declared and unpaid dividends.

Whenever the Company redeems shares of Series A Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of Depositary Shares representing shares of Series A Preferred Stock so redeemed. If fewer than all of the outstanding Depositary Shares are redeemed, the depositary will select the Depositary Shares to be redeemed pro rata or by lot. The depositary will send notice of redemption to record holders of the depositary receipts not less than 15 and not more than 60 days prior to the date fixed for redemption of the Series A Preferred Stock and the related Depositary Shares (provided that, if the Depositary Shares representing the Series A Preferred Stock are held in book-entry form through DTC, the depositary may give such notice in any manner permitted by DTC).

Voting the Preferred Stock

Because each Depositary Share represents a 1/400th interest in a share of the Series A Preferred Stock, holders of depositary receipts will be entitled to 1/400th of a vote per Depositary Share under those limited circumstances in which holders of the Series A Preferred Stock are entitled to a vote.

When the depositary receives notice of any meeting at which the holders of the Series A Preferred Stock are entitled to vote, the depositary will send the information contained in the notice to the record holders of the Depositary Shares relating to the Series A Preferred Stock. Each record holder of the Depositary Shares on the record date, which will be the same date as the record date for the Series A Preferred Stock, may instruct the depositary to vote the amount of the Series A Preferred Stock represented by the holder’s Depositary Shares. To the extent possible, the depositary will vote the amount of the Series A Preferred Stock represented by Depositary Shares in accordance with the instructions it receives. The Company has agreed to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Depositary Shares representing the Series A Preferred Stock, it will not vote the amount of the Series A Preferred Stock represented by such Depositary Shares.

Depositary Agent, Transfer Agent and Registrar

Computershare Trust Company, N.A. is the depositary and, collectively with Computershare Inc., is the transfer agent and registrar for the Depositary Shares. The Company may, in its sole discretion, remove the depositary in accordance with the Deposit Agreement; provided that the Company will appoint a successor depositary who will accept such appointment prior to the effectiveness of its removal.

Listing of Depositary Shares

The Depositary Shares are listed on the NASDAQ Global Select Market under the symbol “AUBAP.”

Exhibit 10.11

SCHEDULE OF NON-EMPLOYEE DIRECTORS' ANNUAL COMPENSATION

OF

ATLANTIC UNION BANKSHARES CORPORATION

Effective February 1, 2021

	Amount
Annual Retainer Cash Fees [(1)]	
Service as a Director [(2)]	$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 or telephonic)	$1,000
Executive Committee (telephonic lasting under an hour)	$500
Meetings above the maximum number of meetings during the year	$1,000
Special Purpose Committees	$500

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.

(2) Non-employee directors may elect to receive all or a portion of the Director cash retainer in unrestricted shares of the Company's common stock, beginning with the second quarter in 2021.

Exhibit 10.12

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.

APPENDIX A

[omitted]

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

Atlantic Union Bankshares Corporation
Incentive Plan Terms & Conditions

The terms and conditions ("T&C") set forth herein apply to, are an integral part of and are incorporated into the cash incentive plan document (the "Incentive Document") to which the T&C are attached. Collectively, the T&C and the Incentive Document constitute the "Plan." Capitalized terms used but not defined in the T&C have the meaning assigned to them in the Incentive Document, unless the T&C provides, or the context requires, otherwise.

1. Purpose

The purpose of the Plan is to reward the performance of the Participants in a manner that is consistent with Atlantic Union's strategic plan and the attainment of a growing return to the shareholders of Atlantic Union. The Plan is further intended to assist Atlantic Union and the Bank in their ability to motivate, attract and retain qualified teammates.

2. Effective Date

The Plan is in effect January 1, 2021 through December 31, 2021, and will continue to renew for successive one-year periods (each calendar year being a "Plan Year") unless otherwise terminated or modified in accordance with the Plan.

3. Eligibility

A teammate who is hired into an eligible position, as defined within the Incentive Document, subsequent to the commencement of the Plan Year may be deemed eligible by the Compensation Committee (the "Committee") of the Atlantic Union Board of Directors (the "Board") (or its delegee) for participation in the Plan, in the Committee's discretion (or in the delegee's discretion). The Plan Sponsor will recommend to the Committee (or its delegee) the terms and conditions upon which such employee may participate during his or her partial year of eligibility. The Plan Sponsor shall also recommend to the Committee (or its delegee) the terms and conditions upon which any employee who is hired into or transferred into a new position, which is not defined as an eligible position within the Incentive Document, for which the Plan Sponsor wishes to provide eligibility or partial year eligibility in the Plan.

A Participant who transfers into or out of an eligible position with Atlantic Union or the Bank during the Plan Year, will be treated for purposes of eligibility as being in the position they hold on December 31st of the Plan Year. The Plan Sponsor will recommend to the Committee (or its delegee) the terms and conditions upon which such employee may participate during his or her partial year of eligibility.

For a Participant who is on a performance improvement plan or similar counseling or performance document, the Plan Sponsor, following consultation with the Chief Human Resources Officer, may, in his or her discretion, modify the incentive to result in a zero or reduced award unless and until the Participant's manager documents in writing that the Participant is performing at an appropriate level to be eligible for the incentive compensation.

No Participant will be eligible to participate in other short-term, annual cash incentive plans or programs offered by Atlantic Union or the Bank while he or she is a Participant in the Plan.

4. Active Participation

In the event, during the Plan Year, of the Participant's death, permanent disability (as determined by the Committee in its discretion) or retirement at or after age 65 (each, an "Early Termination Event"), any incentive compensation award shall be based on performance for the Plan Year, but prorated through the end of the month in which the Early Termination Event occurs and shall be paid at the same time as would be otherwise due under the Plan, but in no event later than March 15th following the end of the Plan Year.

In the event the Participant's employment ceases prior to the payment of any incentive compensation award under the Plan for any reason other than an Early Termination Event, including, without limitation, a voluntary termination of employment by the Participant, or an involuntary termination with or without cause, the Participant shall not be entitled to, and shall not have earned, any incentive compensation award under the Plan.

5. Administration

Responsibility for the administration of the Plan rests with its Plan Sponsor and/or the Chief Human Resources Officer. The Plan Sponsor shall monitor for accuracy the performance reporting of the Participant and determine the amount of a Participant's award, if any, under the Plan. Eligibility for incentive compensation awards requires adherence with Atlantic Union's regulatory, risk, audit and compliance programs, as such may be in effect from time to time. In addition, the Committee, and ultimately the Board, is responsible for the overall oversight, supervision and existence of the Plan. The Committee has been delegated the sole discretion to interpret the terms of the Plan. The Committee shall also be empowered to make any and all of the determinations not herein specifically authorized which may be necessary or desirable for the effective administration of the Plan.

Notwithstanding any provision to the contrary contained in the Plan, no incentive compensation award is earned until paid, and the Committee, may withhold (as not earned) or adjust any incentive compensation award in its sole discretion as it deems appropriate and will notify the Participants of its decision to withhold or adjust the Participant's incentive compensation award.

Any decision or interpretation of any provision of the Plan adopted by the Committee shall be final and conclusive.

6. Modification and Termination of the Plan

The Plan may be modified or changed at any time by the Committee (or its delegee) in its discretion, followed by written notification to the Participant as soon as reasonably practicable. The Plan may be terminated at any time by the Committee in its discretion, followed by written notification to the Participant as soon as reasonably practicable. In the event of a Plan termination, a Participant shall continue to be eligible for incentive compensation awards for the Plan Year prorated through the Plan's termination date, unless the Committee determines in its discretion that no incentive compensation should be paid. Any incentive compensation awards shall be calculated through the date of the Plan termination on such basis as the Committee deems appropriate in its discretion and will be payable as soon as practicable after the termination of the Plan but in no event later than March 15th following the end of the Plan Year in which the termination occurs.

7. Participant Rights Not Assignable; Plan not a Contract

Any award made pursuant to the Plan shall not be subject to assignment, pledge or other disposition, nor shall such amounts be subject to garnishment, attachment, transfer by operation of law, or any legal process. Nothing contained in the Plan shall affect an employee's at-will status or confer upon any employee any right to continued employment or to receive or continue to receive any rate of pay or other compensation, nor does the Plan affect the right of Atlantic Union or the Bank to terminate a Participant's employment. Participation in the Plan does not confer rights to participation in other Atlantic Union or Bank programs or plans, including annual or long-term incentive plans or non-qualified retirement or deferred compensation plans.

8. Ethical Statement

The Participant is subject to Atlantic Union's Code of Business Conduct and Ethics. Any violation of this Code or any other policy of Atlantic Union or the Bank, or any breach by the Participant of the provisions of the Plan, as determined by the Committee (or its delegee) in its sole discretion, may result in a reduction of or ineligibility from payments under the Plan and disciplinary action up to and including termination.

The Plan is designed to promote honest and ethical conduct. On occasion, acting in the best interests of clients, customers, the Bank and/or Atlantic Union may not result in the maximum incentive payout for the Participant. Participants must never let potential incentive payments dictate their actions or conduct in disregard of established banking practices, policies and procedures. Any action or conduct performed by the Participant or at the Participant's direction for the <u>sole</u> purpose of earning an incentive may result in disciplinary action up to and including termination.

9. Governing Law and Venue

The parties agree that the interpretation and enforcement of the Plan shall be governed by the laws of the Commonwealth of Virginia, and that any action to enforce or determine any rights under the Plan shall be brought exclusively in the Circuit Court of Caroline County, Virginia or the applicable federal court in Richmond, Virginia, at the option of Atlantic Union and/or the Bank. The Participant consents and waives any objection to personal jurisdiction and venue in such court. The Plan, and any payments thereunder, shall not be subject to the Employee Retirement Income Security Act.

10. Attorney's Fees and Costs

The parties agree that in the event of any legal action arising out of or relating to the interpretation or enforcement of the Plan, Atlantic Union and the Bank shall be entitled to recover their attorney's fees and costs in the event that they are (or any of them is) the prevailing party.

11. No Oral or Written Representations

The parties agree that the terms of the Plan are set forth solely in the T&C and the Incentive Document and the T&C and the Incentive Document collectively constitute the Plan. The Plan constitutes the complete and entire agreement of the parties relating to the subject matter thereof. The parties have relied on no oral or written representation or promises not set forth in the Plan.

12. Clawback

A Participant, while employed by Atlantic Union or the Bank and in the conduct of his or her duties as an employee, shall not expose Atlantic Union or the Bank to any unreasonable or unnecessary risk. All incentive compensation awards under the Plan are subject to the terms of Atlantic Union'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 Atlantic Union's common stock is listed, which could in certain circumstances require repayment of an incentive compensation award or portion thereof.

13. Banking Regulatory Provision

All incentive compensation awards under the Plan are subject to any condition, limitation or prohibition under any financial institution regulatory policy or rule to which Atlantic Union or the Bank is subject.

14. Severability

In the event one or more of the provisions of the Plan shall for any reason be held to be illegal or unenforceable, the remaining provisions of the Plan shall remain in full force and effect.

Exhibit 10.13

Atlantic Union Bankshares Corporation
Executive Stock Ownership Policy
Adopted December 10, 2020

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 December 10, 2020, and supersedes the policy ineffect prior to such date, 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	5x Base Salary
President and Chief Financial Officer	3x 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[1] 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.

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[1] "Pecuniary interest" means the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the subject securities, as defined in Rule 16a-1 under the Securities Exchange Act of 1934, as amended.

If the minimum required stock ownership level required by this Policy is increased, Participants will have until the later of three years from the date of such increase or three years following the end of their accumulation period under the prior policy, to achieve the new required ownership level.

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.

Exceptions

There may be instances where the ownership levels in this Policy would place a severe financial or personal hardship on a Participant. The Committee may, in its discretion, modify or delay application of the minimum ownership requirements in the case of demonstrated severe financial or personal hardship. The Committee will record in its meeting minutes any such action taken to modify or delay application of the minimum ownership requirements, although the Participant need not be named.

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, December 10, 2020

Exhibit 10.21

Atlantic Union Bankshares Corporation
Non-Employee Director Stock Ownership Policy
Adopted October 29, 2020

Purpose

The Board of Directors (the “Board”) of Atlantic Union Bankshares Corporation (“Atlantic Union” or the “Corporation”) believes that it is in the best interests of the Corporation and its shareholders to align the financial interests of Atlantic Union directors with those of the Corporation’s shareholders. In this regard, the Nominating and Corporate Governance Committee (the “Committee”) recommended and the Board adopted minimum stock ownership and retention requirements for non-employee directors as set forth in this Policy.

Applicability and Effective Date

This Policy is effective October 29, 2020 (the “Effective Date”), and supersedes the policy in effect prior to such date, and is applicable to all non-employee directors of the Corporation (the “Participants”).

Minimum Ownership Requirements

Participants must own shares of common stock of the Corporation equal in value to the following schedule:

Participant	Value of Shares Owned
Non-Employee Directors	5x annual board cash retainer*

**Retainer as in effect on the most recent January 1.*

Satisfaction of Requirements

Participants may satisfy the ownership requirements 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 [1] 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 deferred compensation or benefit plans (e.g. ESOP)

Unexercised stock options and unearned performance shares are not counted toward meeting the minimum stock ownership requirements. In addition, the minimum ownership requirements must be satisfied exclusive of any shares hedged, pledged or held in margin accounts.

[1] “Pecuniary interest” means the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the subject securities, as defined in Rule 16a-1 under the Securities Exchange Act of 1934, as amended.

Accumulation Period

Participants serving as of the Effective Date are expected to achieve the required ownership level no later than the Valuation Date in January 2024.

Participants appointed or elected after the Effective Date will have five years from the date of appointment or election to achieve the required ownership level. If the minimum required stock ownership level required by this Policy is increased, Participants will have three years from the date of such increase to achieve the new required ownership level.

Retention Ratio

While Participants are not obligated to purchase shares to achieve compliance with this Policy, until a Participant has achieved the required ownership level 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.

Stock Option Holding Period

Until a Participant has achieved the required ownership level at any Valuation Date, such Participant is prohibited from selling Corporation common stock acquired 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 requirements will be calculated at least annually and reported to the Committee. The Committee will assess compliance with this Policy at its first meeting each calendar year, based on the value of a Participant's holdings as of the most recent January 1 or, if later, the date in January that the Corporation pays the director stock retainer for the quarter (the "Valuation Date"). The holdings value shall be based on the average closing price of a share of the Corporation's common stock for the 90 day period preceding the Valuation Date.

Participants who have not achieved the required ownership level 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 achieved the required ownership level.

Failure to achieve the minimum ownership level required by this Policy within required time periods will be considered by the Committee in determining whether or not to nominate an incumbent director for re-election to the Board.

Exceptions

There may be instances where the ownership levels in this Policy would place a severe financial or personal hardship on a Participant. The Committee may, in its discretion, modify or delay application of the minimum ownership requirements in the case of demonstrated severe financial or personal hardship. The Committee will record in its meeting minutes any such action taken to modify or delay application of the minimum ownership requirements, although the Participant need not be named.

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 relating to director stock ownership, this Policy shall govern.

Questions regarding this Policy should be directed to the Corporation's General Counsel.

Review and Amendment

The Committee shall annually review this Policy and approve any changes to the Policy the Committee deems appropriate.

Last Reviewed: Atlantic Union Bankshares Corporation Board of Directors, October 29, 2020

Exhibit 10.22

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.

(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) <u>No Existing Non-Competition Agreement</u>: 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 and shall be paid upon the Change in Control. 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 26, 2021, 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, 2020.

Registration Statement Numbers	Form	Description
333-248544	Form S-3	Common Stock, Preferred Stock, Debt Securities, Warrants, Purchase Contracts, Units
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 26, 2021

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 26, 2021

/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.

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 26, 2021

/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, 2020 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 26, 2021

/s/ Robert M. Gorman

Robert M. Gorman, Executive Vice President and Chief Financial Officer

February 26, 2021

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.