REFINITIV

DELTA REPORT

10-Q

FULT - FULTON FINANCIAL CORP

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1130
CHANGES	302
DELETIONS	495
ADDITIONS	333

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023 June 30, 2023, or

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

For the transition period from_______to_______

Commission File No. 001-39680

FULTON FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2195389**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One Penn Square	**P. O. Box 4887**	**Lancaster, Pennsylvania**	**17604**
	(Address of principal executive offices)		**(Zip Code)**

(717) 291-2411
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $2.50	FULT	The Nasdaq Stock Market, LLC
Depositary Shares, Each Representing 1/40th Interest in a Share of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A	FULTP	The Nasdaq Stock Market, LLC

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 such files). Yes ☒ No ☐

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, $2.50 Par Value **–165,488,951** **– 164,029,208** **s**hares outstanding as of April 28, 2023 July 28, 2023.

FULTON FINANCIAL CORPORATION
FORM 10-Q FOR THE THREE MONTHS AND SIX MONTHS ENDED MARCH 31, JUNE 30, 2023

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GLOSSARY OF DEFINED ACRONYMS AND TERMS

2023 Repurchase Program	The authorization to repurchase up to $100 million of the Corporation's common stock commencing January 1, 2023 and expiring December 31, 2023
ACL	Allowance for credit losses
AFS	Available for sale
ALCO	Asset/Liability Management Committee
AOCI	Accumulated other comprehensive (loss) income
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BHCA	Bank Holding Company Act of 1956, as amended
bp or bps	Basis point(s)
Capital Rules	Regulatory capital requirements applicable to the Corporation and Fulton Bank
Corporation or Company	Fulton Financial Corporation
COVID-19	Coronavirus
Directors' Plan	Amended and Restated Directors’ Equity Participation Plan
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
Employee Equity Plan	2022 Amended and Restated Equity and Cash Incentive Compensation Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Fed Funds Rate	Target federal funds rate
Federal Reserve Board	Board of Governors of the Federal Reserve System
FHLB	Federal Home Loan Bank
FOMC	Federal Open Market Committee
Foreign Currency Nostro Accounts	Foreign currency with international correspondent banks
FRB	Federal Reserve Bank
FTE	Fully taxable-equivalent
Fulton Bank or the Bank	Fulton Bank, N.A.
GAAP	U.S. generally accepted accounting principles
HTM	Held to maturity
LIBOR	London Interbank Offered Rate
Management's Discussion	Management’s Discussion and Analysis of Financial Condition and Results of Operations
Merger	The acquisition by the Corporation of Prudential Bancorp that was completed effective as of July 1, 2022
Merger Consideration	For each share of Prudential Bancorp common stock, $3.65 in cash and 0.7974 of a share of the Corporation's common stock, with cash paid in lieu of each fractional share of the Corporation's common stock that would otherwise be issued, determined by multiplying such fractional share amount by $18.25
MSRs	Mortgage servicing rights
Net loans	Loan and lease receivables (net of unearned income)
NIM	Net interest margin
N/M	Not meaningful
OBS	Off-balance-sheet
OCI	Other comprehensive income
OREO	Other real estate owned
Pension Plan	Defined Benefit Pension Plan

Pension Plan	Defined Benefit Pension Plan
Postretirement Plan	Postretirement Benefits Plan
PPP	Paycheck Protection Program
Prudential Bancorp	Prudential Bancorp, Inc.
PSU	Performance-based restricted stock unit
RSU	Restricted stock unit
SBA	Small Business Administration
SEC	United States Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
TCI	Tax credit investment
TDR	Troubled debt restructuring
TruPS	Trust Preferred Securities

FORWARD-LOOKING STATEMENTS

The Corporation has made, and may continue to make, certain forward-looking statements with respect to its financial condition, results of operations and business. Do not unduly rely on forward-looking statements. Forward-looking statements can be identified by the use of words such as "may," "should," "will," "could," "estimates," "predicts," "potential," "continue," "anticipates," "believes," "plans," "expects," "future," "intends," "projects," the negative of these terms and other comparable terminology. These forward-looking statements may include projections of, or guidance on, the Corporation's future financial performance, expected levels of future expenses, including future credit losses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in the Corporation's business or financial results.

Forward-looking statements are neither historical facts, nor assurance of future performance. Instead, the statements are based on current beliefs, expectations and assumptions regarding the future of the Corporation's business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Corporation's control, and actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not unduly rely on any of these forward-looking statements. Any forward-looking statement is based only on information currently available and speaks only as of the date when made. The Corporation undertakes no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Many factors could affect future financial results including, without limitation:

- the impact of adverse conditions in the economy and financial markets on the performance of the Corporation's loan portfolio and demand for the Corporation's products and services;
- the potential impacts of recent events affecting the financial services industry on the Corporation, including increased competition for, and costs of, deposits and other funding sources, more stringent regulatory requirements relating to liquidity and interest rate risk management and capital adequacy and increased FDIC insurance expenses;
- the effects of actions by the federal government, including those of the Federal Reserve Board and other government agencies, that impact the money supply and market interest rates;
- the effects of market interest rates, and the relative balances of interest rate-sensitive assets to interest rate-sensitive liabilities, on net interest margin and net interest income;
- the effects of changes in interest rates on demand for the Corporation's products and services;
- the replacement of LIBOR as a benchmark reference rate;
- investment securities gains and losses, including other-than-temporary declines in the value of securities which may result in charges to earnings;
- the effects of changes in interest rates or disruptions in liquidity markets on the Corporation's sources of funding;
- capital and liquidity strategies, including the Corporation's ability to comply with applicable capital and liquidity requirements, and the Corporation's ability to generate capital internally or raise capital on favorable terms;
- the effects of competition on deposit rates and growth, loan rates and growth and NIM;
- possible goodwill impairment charges;

- the impact of operational risks, including the risk of human error, inadequate or failed internal processes and systems, computer and telecommunications systems failures, faulty or incomplete data and an inadequate risk management framework;
- the loss of, or failure to safeguard, confidential or proprietary information;
- the Corporation's failure to identify and adequately and promptly address cybersecurity risks, including data breaches and cyberattacks;
- the impact of failures from third-party vendors upon which the Corporation relies to perform in accordance with contractual arrangements and the effects of concerns about other financial institutions on the Corporation;
- the potential to incur losses in connection with repurchase and indemnification payments related to sold loans;
- the potential effects of climate change on the Corporation's business and results of operations;
- increases in non-performing assets, which may require the Corporation to increase the allowance for credit losses, charge-off loans and incur elevated collection and carrying costs related to such non-performing assets;

- the determination of the ACL, which depends significantly upon assumptions and judgments with respect to a variety of factors, including the performance of the loan portfolio, the weighted-average remaining lives of different classifications of loans within the loan portfolio and current and forecasted economic conditions, among other factors;
- the effects of the extensive level of regulation and supervision to which the Corporation and Fulton Bank are subject;

- changes in regulation and government policy, which could result in significant changes in banking and financial services regulation;
- the continuing impact of the Dodd-Frank Act on the Corporation's business and results of operations;
- the potential for negative consequences resulting from regulatory violations, investigations and examinations, including potential supervisory actions, the assessment of fines and penalties, the imposition of sanctions, the need to undertake remedial actions and possible damage to the Corporation's reputation;
- the effects of adverse outcomes in litigation and governmental or administrative proceedings;
- the effects of changes in U.S. federal, state or local tax laws;
- the effects of the significant amounts of time and expense associated with regulatory compliance and risk management;
- completed and potential acquisitions may affect costs and the Corporation may not be able to successfully integrate the acquired business or realize the anticipated benefits from such acquisitions;
- the possibility that the anticipated benefits of the Merger, including anticipated cost savings and strategic gains, are not realized when expected or at all, including as a result of the impact of, or challenges arising from, the integration of Prudential Bancorp into the Corporation or as a result of the strength of the economy, competitive factors in the areas where the Corporation and Prudential Bancorp do business, or as a result of other unexpected factors or events;
- potential adverse reactions or changes to business or employee relationships, including those resulting from the Merger;
- geopolitical conditions, including acts or threats of terrorism, actions taken by the United States or other governments in response to acts or threats of terrorism and/or military conflicts, including the war between Russia and Ukraine, which could impact business and economic conditions in the United States and abroad;
- public health crises and pandemics, including COVID-19 and their effects on the economic and business environments in which the Corporation operates, including on the Corporation's credit quality and business operations, as well as the impact on general economic and financial market conditions;
- the Corporation's ability to achieve its growth plans;
- the Corporation's ability to attract and retain talented personnel;
- the effects of competition from financial service companies and other companies offering bank services;
- the Corporation's ability to keep pace with technological changes;
- the Corporation's reliance on its subsidiaries for substantially all of its revenues and its ability to pay dividends or other distributions;
- the effects of negative publicity on the Corporation's reputation; and
- other factors that may affect future results of the Corporation.

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per-share data)

		March 31, 2023 (unaudited)	December 31, 2022		**June 30, 2023 (unaudited)**	December 31, 2022
ASSETS	**ASSETS**			**ASSETS**		
Cash and due from banks	Cash and due from banks	**$ 129,003**	$ 126,898	Cash and due from banks	**$ 123,779**	$ 126,898
Interest-bearing deposits with other banks	Interest-bearing deposits with other banks	**437,750**	555,023	Interest-bearing deposits with other banks	**380,923**	555,023
Cash and cash equivalents	*Cash and cash equivalents*	**566,753**	681,921	*Cash and cash equivalents*	**504,702**	681,921
FRB and FHLB stock	FRB and FHLB stock	**107,605**	130,186	FRB and FHLB stock	**124,218**	130,186
Loans held for sale	Loans held for sale	**6,507**	7,264	Loans held for sale	**14,673**	7,264
Investment securities	Investment securities			Investment securities		
AFS, at estimated fair value	AFS, at estimated fair value	**2,642,389**	2,646,767	AFS, at estimated fair value	**2,572,721**	2,646,767
HTM, at amortized cost	HTM, at amortized cost	**1,307,712**	1,321,256	HTM, at amortized cost	**1,294,613**	1,321,256
Net loans	Net loans	**20,670,188**	20,279,547	Net loans	**21,044,685**	20,279,547
Less: ACL - loans	Less: ACL - loans	**(278,695)**	(269,366)	Less: ACL - loans	**(287,442)**	(269,366)
Loans, net	*Loans, net*	**20,391,493**	20,010,181	*Loans, net*	**20,757,243**	20,010,181
Net premises and equipment	Net premises and equipment	**216,059**	225,141	Net premises and equipment	**216,322**	225,141
Accrued interest receivable	Accrued interest receivable	**90,267**	91,579	Accrued interest receivable	**96,991**	91,579
Goodwill and net intangible assets	Goodwill and net intangible assets	**563,502**	560,824	Goodwill and net intangible assets	**561,885**	560,824

Other assets	Other assets	**1,219,889**	1,256,583	Other assets	**1,259,795**	1,256,583
Total Assets	*Total Assets*	**$ 27,112,176**	$ 26,931,702	*Total Assets*	**$ 27,403,163**	$ 26,931,702
LIABILITIES	**LIABILITIES**			**LIABILITIES**		
Deposits:	Deposits:			Deposits:		
Noninterest-bearing	Noninterest-bearing	**$ 6,403,484**	$ 7,006,388	Noninterest-bearing	**$ 5,865,855**	$ 7,006,388
Interest-bearing	Interest-bearing	**14,913,100**	13,643,150	Interest-bearing	**15,340,685**	13,643,150
Total Deposits	*Total Deposits*	**21,316,584**	20,649,538	*Total Deposits*	**21,206,540**	20,649,538
Borrowings:	Borrowings:			Borrowings:		
Federal funds purchased	Federal funds purchased	**525,000**	191,000	Federal funds purchased	**555,000**	191,000
Federal Home Loan Bank advances	Federal Home Loan Bank advances	**747,000**	1,250,000	Federal Home Loan Bank advances	**1,165,000**	1,250,000
Senior debt and subordinated debt	Senior debt and subordinated debt	**539,814**	539,634	Senior debt and subordinated debt	**539,994**	539,634
Other borrowings	Other borrowings	**634,956**	890,573	Other borrowings	**459,120**	890,573
Total borrowings	*Total borrowings*	**2,446,770**	2,871,207	*Total borrowings*	**2,719,114**	2,871,207
Accrued interest payable	Accrued interest payable	**11,892**	10,185	Accrued interest payable	**24,101**	10,185
Other liabilities	Other liabilities	**717,932**	821,015	Other liabilities	**811,256**	821,015
Total Liabilities	*Total Liabilities*	**$ 24,493,178**	$ 24,351,945	*Total Liabilities*	**$ 24,761,011**	$ 24,351,945
SHAREHOLDERS' EQUITY	**SHAREHOLDERS' EQUITY**			**SHAREHOLDERS' EQUITY**		
Preferred stock, no par value, 10.0 million shares authorized; Series A, 0.2 million shares authorized and issued as of March 31, 2023 and December 31, 2022, liquidation preference of $1,000 per share		**192,878**	192,878			
Common stock, $2.50 par value, 600.0 million shares authorized, 224.7 million shares issued as of March 31, 2023 and 224.6 million issued as of December 31, 2022		**561,853**	561,511			
Preferred stock, no par value, 10.0 million shares authorized; Series A, 0.2 million shares authorized and issued as of June 30, 2023 and December 31, 2022, liquidation preference of $1,000 per share				Preferred stock, no par value, 10.0 million shares authorized; Series A, 0.2 million shares authorized and issued as of June 30, 2023 and December 31, 2022, liquidation preference of $1,000 per share	**192,878**	192,878
Common stock, $2.50 par value, 600.0 million shares authorized, 225.7 million shares issued as of June 30, 2023 and 224.6 million issued as of December 31, 2022				Common stock, $2.50 par value, 600.0 million shares authorized, 225.7 million shares issued as of June 30, 2023 and 224.6 million issued as of December 31, 2022	**564,137**	561,511
Additional paid-in capital	Additional paid-in capital	**1,544,758**	1,541,840	Additional paid-in capital	**1,545,706**	1,541,840
Retained earnings	Retained earnings	**1,491,701**	1,450,758	Retained earnings	**1,542,163**	1,450,758
Accumulated other comprehensive (loss) income	Accumulated other comprehensive (loss) income	**(350,992)**	(385,476)	Accumulated other comprehensive (loss) income	**(379,286)**	(385,476)
Treasury stock, at cost, 59.3 million shares as of March 31, 2023 and 57.0 million shares as of December 31, 2022		**(821,200)**	(781,754)			
Treasury stock, at cost, 59.6 million shares as of June 30, 2023 and 57.0 million shares as of December 31, 2022				Treasury stock, at cost, 59.6 million shares as of June 30, 2023 and 57.0 million shares as of December 31, 2022	**(823,446)**	(781,754)

Total Shareholders' Equity	*Total Shareholders' Equity*	**2,618,998**	2,579,757	*Total Shareholders' Equity*	**2,642,152**	2,579,757
Total Liabilities and Shareholders' Equity	*Total Liabilities and Shareholders' Equity*	**$ 27,112,176**	$ 26,931,702	*Total Liabilities and Shareholders' Equity*	**$ 27,403,163**	$ 26,931,702
See Notes to Consolidated Financial Statements	*See Notes to Consolidated Financial Statements*			*See Notes to Consolidated Financial Statements*		

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(dollars in thousands, except per-share data)	**(dollars in thousands, except per-share data)**	**Three months ended March 31**		**(dollars in thousands, except per-share data)**	**Three months ended June 30**		**Six months ended June 30**	
		2023	2022		**2023**	2022	**2023**	2022
Interest Income	**Interest Income**			**Interest Income**				
Loans, including fees	Loans, including fees	**$ 260,651**	$ 149,737	Loans, including fees	**$ 284,690**	$ 164,171	**$ 545,341**	$ 313,908
Investment securities	Investment securities	**25,521**	22,353	Investment securities	**25,362**	24,144	**50,883**	46,497
Other interest income	Other interest income	**3,648**	911	Other interest income	**4,860**	1,984	**8,508**	2,895
Total Interest Income	*Total Interest Income*	**289,820**	173,001	*Total Interest Income*	**314,912**	190,299	**604,732**	363,300
Interest Expense	**Interest Expense**			**Interest Expense**				
Deposits	Deposits	**41,620**	5,605	Deposits	**69,799**	5,796	**111,420**	11,401
Federal funds purchased	Federal funds purchased	**6,035**	—	Federal funds purchased	**9,112**	12	**15,147**	12
Federal Home Loan Bank advances	Federal Home Loan Bank advances	**15,473**	—	Federal Home Loan Bank advances	**11,826**	—	**27,299**	—
Senior debt and subordinated debt	Senior debt and subordinated debt	**5,344**	5,958	Senior debt and subordinated debt	**5,344**	5,468	**10,689**	11,426
Other borrowings and interest-bearing liabilities	Other borrowings and interest-bearing liabilities	**5,761**	128	Other borrowings and interest-bearing liabilities	**5,979**	192	**11,738**	320
Total Interest Expense	*Total Interest Expense*	**74,233**	11,691	*Total Interest Expense*	**102,060**	11,468	**176,293**	23,159
Net Interest Income	*Net Interest Income*	**215,587**	161,310	*Net Interest Income*	**212,852**	178,831	**428,439**	340,141
Provision for credit losses	Provision for credit losses	**24,544**	(6,950)	Provision for credit losses	**9,747**	1,500	**34,291**	(5,450)
Net Interest Income After Provision for Credit Losses	*Net Interest Income After Provision for Credit Losses*	**191,043**	168,260	*Net Interest Income After Provision for Credit Losses*	**203,105**	177,331	**394,148**	345,591
Non-Interest Income	**Non-Interest Income**			**Non-Interest Income**				
Wealth management	Wealth management	**18,062**	19,428	Wealth management	**18,678**	18,274	**36,740**	37,702
Commercial banking	Commercial banking	**17,513**	16,008	Commercial banking	**23,145**	20,359	**40,658**	36,367
Consumer banking	Consumer banking	**11,217**	11,674	Consumer banking	**11,720**	12,472	**22,937**	24,146
Mortgage banking	Mortgage banking	**1,970**	4,576	Mortgage banking	**2,940**	3,768	**4,910**	8,344
Other	Other	**2,968**	3,551	Other	**4,106**	3,510	**7,075**	7,061
Non-Interest Income Before Investment Securities Gains	*Non-Interest Income Before Investment Securities Gains*	**51,730**	55,237	*Non-Interest Income Before Investment Securities Gains*	**60,589**	58,383	**112,320**	113,620
Investment securities gains, net	Investment securities gains, net	**23**	19	Investment securities gains, net	**(4)**	8	**19**	27
Total Non-Interest Income	*Total Non-Interest Income*	**51,753**	55,256	*Total Non-Interest Income*	**60,585**	58,391	**112,339**	113,647
Non-Interest Expense	**Non-Interest Expense**			**Non-Interest Expense**				
Salaries and employee benefits	Salaries and employee benefits	**89,283**	84,464	Salaries and employee benefits	**94,102**	85,404	**183,385**	169,868

Data processing and software	Data processing and software	**15,796**	14,315	Data processing and software	**16,776**	14,685	**32,571**	29,000
Net occupancy	Net occupancy	**14,438**	14,522	Net occupancy	**14,374**	13,587	**28,812**	28,109
Other outside services	Other outside services	**10,126**	8,167	Other outside services	**10,834**	8,764	**20,960**	16,931
FDIC insurance	FDIC insurance	**4,795**	3,209	FDIC insurance	**4,895**	2,961	**9,690**	6,170
State taxes	State taxes	**3,479**	3,037	State taxes	**3,939**	3,568	**7,418**	6,605
Equipment	Equipment	**3,389**	3,423	Equipment	**3,530**	3,422	**6,920**	6,845
Professional fees	Professional fees	**2,392**	1,792	Professional fees	**1,829**	2,013	**4,221**	3,805
Marketing	Marketing	**1,886**	1,320	Marketing	**1,655**	1,326	**3,541**	2,646
Intangible amortization	Intangible amortization	**674**	176	Intangible amortization	**1,072**	177	**1,746**	353
Merger-related expenses	Merger-related expenses	**—**	401	Merger-related expenses	**—**	1,027	**—**	1,428
Other	Other	**13,358**	11,152	Other	**15,012**	12,796	**28,372**	23,948
Total Non-Interest Expense	*Total Non-Interest Expense*	**159,616**	145,978	*Total Non-Interest Expense*	**168,018**	149,730	**327,636**	295,708
Income Before Income Taxes	*Income Before Income Taxes*	**83,180**	77,538	*Income Before Income Taxes*	**95,672**	85,992	**178,851**	163,530
Income taxes	Income taxes	**14,866**	13,250	Income taxes	**16,065**	16,003	**30,931**	29,253
Net Income	*Net Income*	**68,314**	64,288	*Net Income*	**79,607**	69,989	**147,920**	134,277
Preferred stock dividends	Preferred stock dividends	**(2,562)**	(2,562)	Preferred stock dividends	**(2,562)**	(2,562)	**(5,124)**	(5,124)
Net Income Available to Common Shareholders	*Net Income Available to Common Shareholders*	**$ 65,752**	$ 61,726	*Net Income Available to Common Shareholders*	**$ 77,045**	$ 67,427	**$ 142,796**	$ 129,153
PER SHARE:	**PER SHARE:**			**PER SHARE:**				
Net income available to common shareholders (basic)	Net income available to common shareholders (basic)	**$ 0.39**	$ 0.38	Net income available to common shareholders (basic)	**$ 0.46**	$ 0.42	**$ 0.86**	$ 0.80
Net income available to common shareholders (diluted)	Net income available to common shareholders (diluted)	**0.39**	0.38	Net income available to common shareholders (diluted)	**0.46**	0.42	**0.85**	0.80
Cash dividends	Cash dividends	**0.15**	0.15	Cash dividends	**0.16**	0.15	**0.31**	0.30
See Notes to Consolidated Financial Statements	*See Notes to Consolidated Financial Statements*			*See Notes to Consolidated Financial Statements*				

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(dollars in thousands)

		Three months ended March 31			**Three months ended June 30**		**Six months ended June 30**	
		2023	2022		**2023**	2022	**2023**	2022
Net Income	Net Income	**$ 68,314**	$ 64,288	Net Income	**$ 79,607**	$ 69,989	**$ 147,920**	$ 134,277
Other Comprehensive Income/(Loss), net of tax:	Other Comprehensive Income/(Loss), net of tax:			Other Comprehensive Income/(Loss), net of tax:				
Unrealized gains (losses) on AFS investment securities	Unrealized gains (losses) on AFS investment securities			Unrealized gains (losses) on AFS investment securities				
Unrealized gains (losses) on securities	Unrealized gains (losses) on securities	**32,641**	(153,860)	Unrealized gains (losses) on securities	**(31,219)**	(88,352)	**1,422**	(242,211)
Reclassification adjustment for securities net change included in net income	Reclassification adjustment for securities net change included in net income	**18**	15	Reclassification adjustment for securities net change included in net income	**(3)**	6	**14**	21

Amortization of net unrealized gains on AFS securities transferred to HTM		1,477	436								
Amortization of net unrealized gains (losses) on AFS securities transferred to HTM							Amortization of net unrealized gains (losses) on AFS securities transferred to HTM	**1,501**	(48,113)	**2,979**	(47,677)
Net unrealized gains (losses) on AFS investment securities	*Net unrealized gains (losses) on AFS investment securities*	**34,136**	(153,409)	*Net unrealized gains (losses) on AFS investment securities*	**(29,721)**	(136,459)		**4,415**	(289,867)		
Unrealized gains (losses) on interest rate derivatives used in cash flow hedges	Unrealized gains (losses) on interest rate derivatives used in cash flow hedges			Unrealized gains (losses) on interest rate derivatives used in cash flow hedges							
Net unrealized holding losses arising during the period	Net unrealized holding losses arising during the period	**(5,213)**	(31,376)	Net unrealized holding losses arising during the period	**(5,586)**	(8,586)		**(12,406)**	(39,962)		
Reclassification adjustment for net change realized in net income	Reclassification adjustment for net change realized in net income	**5,536**	(1,506)	Reclassification adjustment for net change realized in net income	**7,010**	(335)		**14,153**	(1,842)		
Net unrealized gains (losses) on interest rate derivatives used in cash flow hedges	*Net unrealized gains (losses) on interest rate derivatives used in cash flow hedges*	**323**	(32,882)	*Net unrealized gains (losses) on interest rate derivatives used in cash flow hedges*	**1,424**	(8,921)		**1,747**	(41,804)		
Defined benefit pension plan and postretirement benefits	Defined benefit pension plan and postretirement benefits			Defined benefit pension plan and postretirement benefits							
Amortization of net unrecognized pension and postretirement items	Amortization of net unrecognized pension and postretirement items	**25**	25	Amortization of net unrecognized pension and postretirement items	**3**	25		**28**	50		
Other Comprehensive Income (Loss)	*Other Comprehensive Income (Loss)*	**34,484**	(186,266)	*Other Comprehensive Income (Loss)*	**(28,294)**	(145,355)		**6,190**	(331,621)		
Total Comprehensive Income (Loss)	*Total Comprehensive Income (Loss)*	**$ 102,798**	$ (121,978)	*Total Comprehensive Income (Loss)*	**$ 51,313**	$ (75,366)		**$ 154,110**	$ (197,344)		
See Notes to Consolidated Financial Statements	*See Notes to Consolidated Financial Statements*			*See Notes to Consolidated Financial Statements*							

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(dollars in thousands, except per-share data)

	Preferred Stock		Common Stock		Additional		Accumulated Other			Preferred Stock		Common Stock		Additional
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock	Total	Amount	Shares	Amount	Paid-in Capital	
<u>Three months ended March 31, 2023</u>														

Three months ended June 30, 2023											**Three months ended June 30, 2023**					
Balance at March 31, 2023											Balance at March 31, 2023	**200**	**$192,878**	**165,396**	**$561,853**	**$1,544,758**
Net income											Net income					
Other comprehensive loss											Other comprehensive loss					
Common stock issued											Common stock issued			**701**	**2,284**	**(1,623)**
Stock-based compensation awards											Stock-based compensation awards					**2,571**
Preferred stock dividend											Preferred stock dividend					
Common stock dividends - $0.16 per share											Common stock dividends - $0.16 per share					
Balance at June 30, 2023											Balance at June 30, 2023	**200**	**$192,878**	**166,097**	**$564,137**	**$1,545,706**
Three months ended June 30, 2022											Three months ended June 30, 2022					
Balance at March 31, 2022											Balance at March 31, 2022	200	$192,878	160,669	$560,045	$1,524,110
Net income											Net income					
Other comprehensive loss											Other comprehensive loss					
Common stock issued											Common stock issued			388	1,136	(94)
Stock-based compensation awards											Stock-based compensation awards					3,740
Preferred stock dividend											Preferred stock dividend					
Common stock dividends - $0.15 per share											Common stock dividends - $0.15 per share					
Balance at June 30, 2022											Balance at June 30, 2022	200	$192,878	161,057	$561,181	$1,527,756
Six months ended June 30, 2023											**Six months ended June 30, 2023**					
Balance at December 31, 2022	Balance at December 31, 2022	**200**	**$192,878**	**167,599**	**$561,511**	**$1,541,840**	**$1,450,758**	**$ (385,476)**	**$(781,754)**	**$2,579,757**	Balance at December 31, 2022	**200**	**$192,878**	**167,599**	**$561,511**	**$1,541,840**
Net income	Net income						**68,314**			**68,314**	Net income					
Other comprehensive income (loss)								**34,484**		**34,484**						
Other comprehensive income											Other comprehensive income					
Common stock issued	Common stock issued			**209**	**342**	**1,250**			**1,003**	**2,595**	Common stock issued			**910**	**2,626**	**(374)**

Stock-based compensation awards	Stock-based compensation awards					**1,668**				**1,668**	Stock-based compensation awards					**4,240**
Acquisition of treasury stock	Acquisition of treasury stock			**(2,412)**					**(40,449)**	**(40,449)**	Acquisition of treasury stock			**(2,412)**		
Preferred stock dividend	Preferred stock dividend						**(2,562)**			**(2,562)**	Preferred stock dividend					
Common stock cash dividends - $0.15 per share							**(24,809)**			**(24,809)**						
Balance at March 31, 2023		**200**	**$192,878**	**165,396**	**$561,853**	**$1,544,758**	**$1,491,701**	**$ (350,992)**	**$(821,200)**	**$2,618,998**						
Common stock dividends - $0.31 per share											Common stock dividends - $0.31 per share					
Balance at June 30, 2023											Balance at June 30, 2023	**200**	**$192,878**	**166,097**	**$564,137**	**$1,545,706**
Three months ended March 31, 2022																
Six months ended June 30, 2022											Six months ended June 30, 2022					
Balance at December 31, 2021	Balance at December 31, 2021	200	$192,878	160,490	$559,766	$1,519,873	$1,282,383	$ 27,411	$(869,631)	$2,712,680	Balance at December 31, 2021	200	$192,878	160,490	$559,766	$1,519,873
Net income	Net income						64,288			64,288	Net income					
Other comprehensive income								(186,266)		(186,266)						
Other comprehensive loss											Other comprehensive loss					
Common stock issued	Common stock issued			179	279	1,602			912	2,793	Common stock issued			567	1,415	1,508
Stock-based compensation awards	Stock-based compensation awards					2,635				2,635	Stock-based compensation awards					6,375
Preferred stock dividend	Preferred stock dividend						(2,562)			(2,562)	Preferred stock dividend					
Common stock cash dividends - $0.15 per share							(24,033)			(24,033)						
Balance at March 31, 2022		$ 200	$192,878	160,669	$560,045	$1,524,110	$1,320,076	$ (158,855)	$(868,719)	$2,569,535						
Common stock dividends - $0.30 per share											Common stock dividends - $0.30 per share					
Balance at June 30, 2022											Balance at June 30, 2022	200	$192,878	161,057	$561,181	$1,527,756
See Notes to Consolidated Financial Statements	*See Notes to Consolidated Financial Statements*										*See Notes to Consolidated Financial Statements*					

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(dollars in thousands)	(dollars in thousands)	Three months ended March 31		(dollars in thousands)	Six months ended June 30	
		2023	2022		**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES:	**CASH FLOWS FROM OPERATING ACTIVITIES:**			**CASH FLOWS FROM OPERATING ACTIVITIES:**		
Net income	Net income	**$ 68,314**	$ 64,288	Net income	**$ 147,920**	$ 134,277

Adjustments to reconcile net income to net cash provided by operating activities:						
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				**Adjustments to reconcile net income to net cash provided by (used in) operating activities:**		
Provision for credit losses	Provision for credit losses	**24,544**	(6,950)	Provision for credit losses	**34,291**	(5,450)
Depreciation and amortization of premises and equipment	Depreciation and amortization of premises and equipment	**7,319**	7,510	Depreciation and amortization of premises and equipment	**14,675**	14,963
Net amortization of investment securities premiums	Net amortization of investment securities premiums	**2,981**	3,356	Net amortization of investment securities premiums	**5,829**	7,027
Investment securities gains, net	Investment securities gains, net	**(23)**	(19)	Investment securities gains, net	**(19)**	(27)
Gain on sales of mortgage loans held for sale	Gain on sales of mortgage loans held for sale	**(656)**	(3,026)	Gain on sales of mortgage loans held for sale	**(2,277)**	(5,568)
Proceeds from sales of mortgage loans held for sale	Proceeds from sales of mortgage loans held for sale	**41,928**	169,010	Proceeds from sales of mortgage loans held for sale	**132,609**	297,511
Originations of mortgage loans held for sale	Originations of mortgage loans held for sale	**(40,515)**	(157,891)	Originations of mortgage loans held for sale	**(137,741)**	(273,704)
Intangible amortization	Intangible amortization	**674**	176	Intangible amortization	**1,746**	353
Amortization of issuance costs and discounts on long-term borrowings	Amortization of issuance costs and discounts on long-term borrowings	**180**	206	Amortization of issuance costs and discounts on long-term borrowings	**360**	379
Stock-based compensation	Stock-based compensation	**1,668**	2,635	Stock-based compensation	**4,240**	6,375
Net change in deferred federal income tax	Net change in deferred federal income tax	**28,174**	(55,200)	Net change in deferred federal income tax	**19,232**	(96,703)
Net change in accrued salaries and benefits	Net change in accrued salaries and benefits	**(24,436)**	(15,924)	Net change in accrued salaries and benefits	**(12,163)**	1,274
Net change in life insurance cash surrender value	Net change in life insurance cash surrender value	**(2,830)**	(27,347)	Net change in life insurance cash surrender value	**(20,433)**	(28,742)
Other changes, net	Other changes, net	**(61,359)**	(88,605)	Other changes, net	**28,641**	(67,652)
Total adjustments	Total adjustments	**(22,351)**	(172,069)	Total adjustments	**68,990**	(149,964)
Net cash provided by (used in) operating activities	*Net cash provided by (used in) operating activities*	**45,963**	(107,781)	*Net cash provided by (used in) operating activities*	**216,910**	(15,687)
CASH FLOWS FROM INVESTING ACTIVITIES:	**CASH FLOWS FROM INVESTING ACTIVITIES:**			**CASH FLOWS FROM INVESTING ACTIVITIES:**		
Proceeds from sales of AFS securities	Proceeds from sales of AFS securities	**80,362**	108,961	Proceeds from sales of AFS securities	**80,666**	109,252
Proceeds from principal repayments and maturities of AFS securities	Proceeds from principal repayments and maturities of AFS securities	**28,627**	92,338	Proceeds from principal repayments and maturities of AFS securities	**55,102**	316,037
Proceeds from principal repayments and maturities of HTM securities	Proceeds from principal repayments and maturities of HTM securities	**15,103**	25,688	Proceeds from principal repayments and maturities of HTM securities	**29,815**	67,230
Purchase of AFS securities	Purchase of AFS securities	**(64,996)**	(335,199)	Purchase of AFS securities	**(64,996)**	(501,642)
Purchase of HTM securities	Purchase of HTM securities	**—**	(9,541)	Purchase of HTM securities	**—**	(9,541)

Net change in FRB and FHLB stock	Net change in FRB and FHLB stock	**22,581**	(94)	Net change in FRB and FHLB stock	**5,968**	(4,511)
Net change of federal funds sold				Net change of federal funds sold	**—**	(30,500)
Net change in loans	Net change in loans	**(404,842)**	(149,715)	Net change in loans	**(781,310)**	(590,797)
Net purchases of premises and equipment	Net purchases of premises and equipment	**(2,437)**	(5,410)	Net purchases of premises and equipment	**(11,019)**	(6,245)
Settlement of Bank Owned Life Insurance				Settlement of Bank Owned Life Insurance	**45**	—
Net change in tax credit investments	Net change in tax credit investments	**(12,412)**	(15,951)	Net change in tax credit investments	**(18,436)**	(18,735)
Net cash used in investing activities	*Net cash used in investing activities*	**(338,014)**	(288,923)	*Net cash used in investing activities*	**(704,165)**	(669,452)
CASH FLOWS FROM FINANCING ACTIVITIES:	**CASH FLOWS FROM FINANCING ACTIVITIES:**			**CASH FLOWS FROM FINANCING ACTIVITIES:**		
Net change in demand and savings deposits	Net change in demand and savings deposits	**(390,376)**	38,376	Net change in demand and savings deposits	**(796,291)**	(253,864)
Net change in time deposits		**1,057,432**	(70,701)			
Net change in time deposits and broker deposits				Net change in time deposits and broker deposits	**1,353,293**	(175,769)
Net change in other borrowings	Net change in other borrowings	**(424,617)**	35,676	Net change in other borrowings	**(152,453)**	39,967
Repayments of senior debt and subordinated debt	Repayments of senior debt and subordinated debt	**—**	(65,057)	Repayments of senior debt and subordinated debt	**—**	(65,140)
Net proceeds from issuance of common stock	Net proceeds from issuance of common stock	**2,595**	2,793	Net proceeds from issuance of common stock	**1,009**	2,698
Dividends paid	Dividends paid	**(27,702)**	(25,032)	Dividends paid	**(55,073)**	(51,693)
Acquisition of treasury stock	Acquisition of treasury stock	**(40,449)**	—	Acquisition of treasury stock	**(40,449)**	—
Net cash provided by (used in) financing activities	*Net cash provided by (used in) financing activities*	**176,883**	(83,945)	*Net cash provided by (used in) financing activities*	**310,036**	(503,801)
Net decrease in Cash and Cash Equivalents	Net decrease in Cash and Cash Equivalents	**(115,168)**	(480,649)	Net decrease in Cash and Cash Equivalents	**(177,219)**	(1,188,940)
Cash and Cash Equivalents at Beginning of Period	Cash and Cash Equivalents at Beginning of Period	**681,921**	1,638,614	Cash and Cash Equivalents at Beginning of Period	**681,921**	1,638,614
Cash and Cash Equivalents at End of Period	Cash and Cash Equivalents at End of Period	**$ 566,753**	$ 1,157,965	Cash and Cash Equivalents at End of Period	**$ 504,702**	$ 449,674
Supplemental Disclosures of Cash Flow Information:	**Supplemental Disclosures of Cash Flow Information:**			**Supplemental Disclosures of Cash Flow Information:**		
Cash paid during the period for:	Cash paid during the period for:			Cash paid during the period for:		
Interest	Interest	**$ 72,526**	$ 13,978	Interest	**$ 162,377**	$ 24,149
Income taxes	Income taxes	**7,308**	7,926	Income taxes	**15,183**	15,692
Supplemental Schedule of Certain Noncash Activities:				**Supplemental Schedule of Certain Noncash Activities:**		
Transfer of AFS securities to HTM securities				Transfer of AFS securities to HTM securities	**$ —**	$ 479,008
See Notes to Consolidated Financial Statements	*See Notes to Consolidated Financial Statements*			*See Notes to Consolidated Financial Statements*		

FULTON FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 – Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of the Corporation have been prepared in conformity with GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities as of the date of the financial statements as well as revenues and expenses during the period. Actual results could differ from those estimates. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022. Operating results for the three and six months ended March 31, 2023 June 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The Corporation evaluates subsequent events through the date of filing of this Form 10-Q with the SEC.

Significant Accounting Policies:

The significant accounting policies used in preparation of the Consolidated Financial Statements are disclosed in the Corporation's 2022 Annual Report on Form 10-K. Those significant accounting policies are unchanged at March 31, 2023. June 30, 2023 except for the following:

Effective January 1, 2023, the Corporation adopted ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* ("ASU 2022-02"), which updated the guidance on modifications to financing receivables by effectively replacing the concept of troubled debt restructurings with a new concept, loan modifications to borrowers experiencing financial difficulty. See Note 5 for further detail. Below is a summary of the policy surrounding loan modifications to borrowers experiencing financial difficulty.

A loan modified for a borrower experiencing financial difficulty includes one or more of the following concessions: a reduction of the stated interest rate of the loan, an extension of the term or amortization period of the loan, a more than insignificant payment delay or principal forgiveness of the loan.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the ACL, a change to the ACL is generally not recorded upon modification. When principal forgiveness is provided, the amortized cost basis of the forgiven portion of the loan is written off against the ACL. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis of the loan and a corresponding adjustment to the ACL.

Recently Adopted Accounting Standards

In March 2022, FASB issued *ASU 2022-01 Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method ("*("ASU 2022-01"). This update addresses questions regarding the last-of-layer method arising from the issuance of ASU 2017-12 and permits more flexibility in hedging interest rate risk for both variable-rate and fixed-rate financial instruments and introduces the ability to hedge risk components for non-financial hedges. The Corporation adopted ASU 2022-01 on January 1, 2023 and it did not have a material impact on its consolidated financial statements.

In March 2022, FASB issued *ASU 2022-02 Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures ("ASU 2022-02").* 2022-02. This update reduces the complexity of accounting for TDRs by eliminating certain accounting guidance, enhancing disclosures and improving the consistency of vintage disclosures. The Corporation adopted ASU 2022-02 on January 1, 2023 and it did not have a material impact on its consolidated financial statements.

In September 2022, FASB issued *ASU 2022-04 Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations ("*("ASU 2022-04"). This update enhances transparency in the disclosure of supplier finance programs, which previously had no explicit requirements under GAAP. The Corporation adopted ASU 2022-04 on January 1, 2023 and it did not have a material impact on its consolidated financial statements.

In December 2022, FASB issued *ASU 2022-06 Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848.* This update extends the sunset provision date of *ASU 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of*

Reference Rate Reform on Financial Reporting ("ASU 2020-04") to December 31, 2024. The Corporation will adopt ASU 2020-04 on January 1, 2025. The Corporation does not expect the adoption of ASU 2020-04 to have a material impact on its consolidated financial statements.

In March 2023, FASB issued *ASU 2023-02 Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method ("*("ASU 2023-02"). This update allows any tax credit program that meets certain criteria to use the proportional amortization method. The Corporation early adopted ASU 2023-02 using the modified retrospective method effective upon issuance, and it did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Standards

In June 2022, FASB issued *ASU 2022-03 Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions ("ASU 2022-03").* This update clarifies how the fair value of equity securities subject to contractual sale restrictions is determined and requires additional qualitative and quantitative disclosures for equity securities

with contractual sale restrictions. The Corporation will adopt ASU 2022-03 on January 1, 2024. The Corporation does not expect the adoption of ASU 2022-03 to have a material impact on its consolidated financial statements.

In March 2023, FASB issued *ASU 2023-01 Leases (Topic 842): Common Control Arrangements ("ASU 2023-01").* This update clarifies guidance for leases between related parties under common control. The Corporation will adopt ASU 2023-01 on January 1, 2024. The Corporation does not expect the adoption of ASU 2023-01 to have a material impact on its consolidated financial statements.

Reclassifications

Certain amounts in the 2022 consolidated financial statements and notes have been reclassified to conform to the 2023 presentation.

NOTE 2 – Business Combinations

On July 1, 2022, the Corporation completed its acquisition of Prudential Bancorp, a Pennsylvania chartered bank holding company headquartered in Philadelphia, Pennsylvania that primarily served the Greater Philadelphia region. On that date, the Corporation acquired 100% of the outstanding common stock of Prudential Bancorp, Prudential Bancorp was merged with and into the Corporation, and Prudential Bancorp's wholly-owned wholly owned subsidiary, Prudential Bank, became a wholly owned subsidiary of the Corporation. The Corporation merged Prudential Bank with and into Fulton Bank in the fourth quarter of 2022. Results of the operations of the acquired entity were included in the Corporation's consolidated financial statements beginning on July 1, 2022. As a result of the Merger, the Corporation enhanced its presence in Philadelphia, Pennsylvania, expanded its customer base and leveraged operating costs through economies of scale.

In accordance with the terms of the definitive merger agreement, each share of Prudential Bancorp's common stock issued and outstanding immediately prior to the effective time of the Merger was converted into the right to receive the Merger Consideration. In the aggregate, approximately eighty percent (80%) of the Merger Consideration consisted of the Corporation's common stock with the remaining approximately twenty percent (20%) paid in cash. The receipt of the Corporation's common stock in the Merger qualified as a tax-free exchange for Prudential Bancorp shareholders.

The acquisition of Prudential Bancorp was accounted for as a business combination using the acquisition method of accounting, and accordingly, the assets acquired, the liabilities assumed, and consideration transferred were recorded at their estimated fair values as of the Merger. The $19.6 $19.1 million excess of the Merger Consideration over the fair value of assets acquired was recorded as goodwill and is not amortizable or deductible for tax purposes.

The following table summarizes the consideration transferred and the fair values of identifiable assets acquired and liabilities assumed on July 1, 2022:

(dollars in thousands, except per share data)		Fair Value
Consideration transferred:		
Common stock shares issued (6,208,516)	$	89,713
Cash paid to Prudential Bancorp shareholders		29,343
Value of consideration		119,056
Assets acquired:		
Cash and due from banks		7,533
Investment securities		287,126
Loans		554,091
Premises and equipment		9,538 8,574
Other assets		71,795 73,303
Total assets		930,083 930,627
Liabilities assumed:		
Deposits		532,170
Borrowings(1)		284,000
Other liabilities		14,482
Total liabilities		830,652
Net assets acquired:		99,431 99,975
Goodwill resulting from the Merger	$	19,625 19,081

(1) Included a $30.5 million intercompany borrowing between Prudential Bank and Fulton Bank.

While the valuation of the acquired assets and liabilities is completed, fair value estimates related to the assets and liabilities from Prudential Bancorp are subject to adjustment for up to one year after the closing date of the Merger as additional information becomes available. Included in the above table are adjustments of $3.4 million $(0.5) million and $2.8 million that occurred during the first quarter of 2023, three months and six months ended June 30, 2023, respectively, resulting in an increase a change to goodwill resulting from the Merger.

The amount of goodwill recorded reflects the increased market share and related synergies that are expected to result from the acquisition and represents the excess purchase price over the estimated fair value of the net assets acquired from Prudential Bancorp.

The following table presents information with respect to the fair value and unpaid principal balance of acquired loans and leases at the date of the Merger:

	July 1, 2022	
	Unpaid Principal Balance	Fair Value

	(dollars in thousands)	
Real estate - commercial mortgage	$ 224,904	$ 216,593
Commercial and industrial	63,560	61,873
Real-estate - residential mortgage	177,327	169,098
Real-estate - home equity	6,034	5,812
Real-estate - construction	98,963	98,546
Consumer	2,306	2,286
Total acquired loans	$ 573,094	$ 554,208

The following table presents the carrying amount of loans for which, at the date of Merger, there was evidence of more than insignificant deterioration of credit quality since origination:

	July 1, 2022
	(dollars in thousands)
Book balance of loans with deteriorated credit quality at acquisition	$ 27,057
Allowance for credit losses at acquisition	(1,135)
Non-credit related discount	(130)
Total purchased credit deteriorated loans	$ 25,792

The following table presents the change in goodwill during the period: six months ended June 30, 2023:

	March 31 June 30 2023
	(dollars in thousands)
Goodwill at December 31, 2022	**$ 550,539**
Adjustments to goodwill from the Merger	**3,352 2,807**
Goodwill at March 31, 2023 June 30, 2023	**$ 553,891 553,346**

Pro Forma Income Statement (unaudited)

The table below presents the pro forma results of the operations of the combined institutions as if the Merger occurred on January 1, 2022. The pro forma income statement adjustments are limited to the effects of fair value mark amortization and accretion and intangible asset amortization and do not consider future cost savings the Corporation expects to achieve subsequent to the merger of Prudential Bank with and into the Bank.

	Six months ended June 30	
	2023	2022
	(dollars in thousands)	
Net interest income	**$ 428,439**	$ 357,410
Provision for credit losses	**34,291**	(225)
Net Interest Income After Provision for Credit Losses	**394,148**	357,635
Total noninterest income	**112,339**	118,571
Total noninterest expenses	**327,636**	324,182
Income Before Income Taxes	**178,851**	152,024
Income tax expense	**30,931**	26,468
Net Income	**$ 147,920**	$ 125,556

	Three Months Ended March 31	
	2023	2022
	(dollars in thousands)	
Net interest income	**$ 215,587**	$ 166,998
Provision for credit losses	**24,544**	(4,050)
Net Interest Income After Provision for Credit Losses	**191,043**	171,048
Total noninterest income	**51,753**	55,543
Total noninterest expenses	**159,616**	157,434

Income Before Income Taxes	**83,180**	69,157
Income tax expense	**14,866**	11,384
Net Income	**$ 68,314**	$ 57,773

NOTE 3 – Restrictions on Cash and Cash Equivalents

Cash collateral is posted by the Corporation with counterparties to secure derivatives and other contracts, which is included in "interest-bearing deposits with other banks" on the consolidated balance sheets. The amounts of such collateral as of March 31, 2023 June 30, 2023 and December 31, 2022 were $11.5 million and $13.9 million, respectively.

NOTE 4 – Investment Securities

The following table presents the amortized cost and estimated fair values of investment securities for the periods presented:

		March 31, 2023					June 30, 2023			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available for Sale	**Available for Sale**	(dollars in thousands)				**Available for Sale**	(dollars in thousands)			
U.S. Government securities	U.S. Government securities	**$ 225,844**	**$ —**	**$ (5,791)**	**$ 220,053**	U.S. Government securities	**$ 225,542**	**$ —**	**$ (4,904)**	**$ 220,638**
U.S. Government-sponsored agency securities	U.S. Government-sponsored agency securities	**1,047**	**—**	**(30)**	**1,017**	U.S. Government-sponsored agency securities	**1,044**	**—**	**(45)**	**999**
State and municipal securities	State and municipal securities	**1,211,841**	**967**	**(145,210)**	**1,067,598**	State and municipal securities	**1,206,102**	**252**	**(152,446)**	**1,053,908**
Corporate debt securities	Corporate debt securities	**475,052**	**—**	**(36,018)**	**439,034**	Corporate debt securities	**474,953**	**—**	**(50,574)**	**424,379**
Collateralized mortgage obligations	Collateralized mortgage obligations	**141,587**	**—**	**(11,137)**	**130,450**	Collateralized mortgage obligations	**134,234**	**—**	**(13,776)**	**120,458**
Residential mortgage-backed securities	Residential mortgage-backed securities	**238,775**	**33**	**(26,234)**	**212,574**	Residential mortgage-backed securities	**233,807**	**4**	**(28,923)**	**204,888**
Commercial mortgage-backed securities	Commercial mortgage-backed securities	**651,767**	**—**	**(80,104)**	**571,663**	Commercial mortgage-backed securities	**640,928**	**—**	**(93,477)**	**547,451**
Total	Total	**$ 2,945,913**	**$ 1,000**	**$ (304,524)**	**$ 2,642,389**	Total	**$ 2,916,610**	**$ 256**	**$ (344,145)**	**$ 2,572,721**
Held to Maturity	**Held to Maturity**					**Held to Maturity**				
Residential mortgage-backed securities	Residential mortgage-backed securities	**$ 444,431**	**$ —**	**$ (52,078)**	**$ 392,353**	Residential mortgage-backed securities	**$ 431,704**	**$ —**	**$ (56,114)**	**$ 375,590**
Commercial mortgage-backed securities	Commercial mortgage-backed securities	**863,281**	**—**	**(130,607)**	**732,674**	Commercial mortgage-backed securities	**862,909**	**—**	**(151,807)**	**711,102**
Total	Total	**$ 1,307,712**	**$ —**	**$ (182,685)**	**$ 1,125,027**	Total	**$ 1,294,613**	**$ —**	**$ (207,921)**	**$ 1,086,692**

December 31, 2022

Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(dollars in thousands)			
U.S. Government securities	$ 226,140	$ —	$ (7,655)	$ 218,485
U.S. Government sponsored agency securities	1,050	—	(42)	1,008
State and municipal securities	1,284,245	283	(178,816)	1,105,712
Corporate debt securities	459,792	—	(37,483)	422,309
Collateralized mortgage obligations	147,155	—	(13,122)	134,033
Residential mortgage-backed securities	242,527	18	(29,847)	212,698
Commercial mortgage-backed securities	631,604	—	(79,082)	552,522
Total	$ 2,992,513	$ 301	$ (346,047)	$ 2,646,767
Held to Maturity				
Residential mortgage-backed securities	$ 457,325	$ —	$ (57,480)	$ 399,845
Commercial mortgage-backed securities	863,931	—	(138,727)	725,204
Total	$ 1,321,256	$ —	$ (196,207)	$ 1,125,049

On May 1, 2022, the Corporation transferred certain residential mortgage-backed securities and commercial mortgage-backed securities from AFS to HTM classification as permitted by *ASU 2019-04 Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments. Instruments.* The estimated fair value of the securities transferred was $415.2 million, and the amortized cost of the securities was $479.0 million.

Securities carried at $1.1 billion at March 31, 2023 June 30, 2023 and December 31, 2022 were pledged as collateral to secure public and trust deposits.

The amortized cost and estimated fair values of debt securities as of March 31, 2023 June 30, 2023, by contractual maturity, are shown in the following table. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay with or without call or prepayment penalties.

		March 31, 2023					**June 30, 2023**			
		Available for Sale		Held to Maturity			Available for Sale		Held to Maturity	
		Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value		Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
		(dollars in thousands)					(dollars in thousands)			
Due in one year or less	Due in one year or less	**$ 237,505**	**$ 231,571**	**$ —**	**$ —**	Due in one year or less	**$ 234,224**	**$ 229,237**	**$ —**	**$ —**
Due from one year to five years	Due from one year to five years	**75,121**	**72,835**	**—**	**—**	Due from one year to five years	**90,789**	**87,328**	**—**	**—**
Due from five years to ten years	Due from five years to ten years	**544,101**	**509,791**	**—**	**—**	Due from five years to ten years	**545,358**	**494,049**	**—**	**—**
Due after ten years	Due after ten years	**1,057,057**	**913,505**	**—**	**—**	Due after ten years	**1,037,270**	**889,310**	**—**	**—**
		1,913,784	**1,727,702**	**—**	**—**		**1,907,641**	**1,699,924**	**—**	**—**
Residential mortgage-backed securities[1]	Residential mortgage-backed securities[1]	**238,775**	**212,574**	**444,431**	**392,353**	Residential mortgage-backed securities[1]	**233,807**	**204,888**	**431,704**	**375,590**
Commercial mortgage-backed securities[1]	Commercial mortgage-backed securities[1]	**651,767**	**571,663**	**863,281**	**732,674**	Commercial mortgage-backed securities[1]	**640,928**	**547,451**	**862,909**	**711,102**
Collateralized mortgage obligations[1]	Collateralized mortgage obligations[1]	**141,587**	**130,450**	**—**	**—**	Collateralized mortgage obligations[1]	**134,234**	**120,458**	**—**	**—**
Total	Total	**$ 2,945,913**	**$ 2,642,389**	**$ 1,307,712**	**$ 1,125,027**	Total	**$ 2,916,610**	**$ 2,572,721**	**$ 1,294,613**	**$ 1,086,692**

(1) Maturities for mortgage-backed securities and collateralized mortgage obligations are dependent upon the interest rate environment and prepayments on the underlying loans.

(1)Maturities for mortgage-backed securities and collateralized mortgage obligations are dependent upon the interest rate environment and prepayments on the underlying loans.

The following table presents information related to gross realized gains and losses on the sales of securities for the periods presented:

	Gross Realized Gains	Gross Realized Losses	Net Gains (Losses)
Three months ended		(dollars in thousands)	
March 31, 2023	**$ 283**	**$ (260)**	**$ 23**
March 31, 2022	1,546	(1,527)	19

	Gross Realized Gains	Gross Realized Losses	Net Gains (Losses)
Three months ended		(dollars in thousands)	
June 30, 2023	**$ —**	**$ (4)**	**$ (4)**
June 30, 2022	8	—	8
Six months ended			
June 30, 2023	**$ 283**	**$ (264)**	**$ 19**
June 30, 2022	1,554	(1,527)	27

The following tables present the gross unrealized losses and estimated fair values of investment securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position for the periods presented:

		March 31, 2023							
		Less than 12 months			12 months or longer			Total	
		Number of Securities	Estimated Fair Value	Unrealized Losses	Number of Securities	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Available for Sale	Available for Sale				(dollars in thousands)				
U.S. Government securities	U.S. Government securities	**1**	**$ 97,566**	**$ (2,210)**	**2**	**$ 122,487**	**$ (3,581)**	**$ 220,053**	**$ (5,791)**
U.S. Government-sponsored agency securities	U.S. Government-sponsored agency securities	**1**	**1,017**	**(30)**		**—**	**—**	**1,017**	**(30)**
State and municipal securities	State and municipal securities	**86**	**238,922**	**(6,326)**	**258**	**735,187**	**(138,884)**	**974,109**	**(145,210)**
Corporate debt securities	Corporate debt securities	**45**	**239,873**	**(13,138)**	**27**	**196,406**	**(22,880)**	**436,279**	**(36,018)**
Collateralized mortgage obligations	Collateralized mortgage obligations	**37**	**29,944**	**(1,499)**	**59**	**100,506**	**(9,638)**	**130,450**	**(11,137)**
Residential mortgage-backed securities	Residential mortgage-backed securities	**50**	**80,524**	**(4,743)**	**25**	**129,035**	**(21,491)**	**209,559**	**(26,234)**
Commercial mortgage-backed securities	Commercial mortgage-backed securities	**75**	**138,365**	**(4,501)**	**61**	**433,298**	**(75,603)**	**571,663**	**(80,104)**

	June 30, 2023						
	Less than 12 months			12 months or longer			Tot
	Number of Securities	Estimated Fair Value	Unrealized Losses	Number of Securities	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
Available for Sale				(dollars in thousands)			
U.S. Government securities	**—**	**$ —**	**$ —**	**3**	**$ 220,638**	**$ (4,904)**	**$ 220,638**
U.S. Government-sponsored agency securities	**1**	**999**	**(45)**	**—**	**—**	**—**	**999**
State and municipal securities	**72**	**156,269**	**(3,092)**	**302**	**869,492**	**(149,354)**	**1,025,761**
Corporate debt securities	**29**	**132,631**	**(11,734)**	**42**	**288,993**	**(38,840)**	**421,624**
Collateralized mortgage obligations	**27**	**19,500**	**(1,543)**	**67**	**100,958**	**(12,233)**	**120,458**
Residential mortgage-backed securities	**66**	**57,495**	**(3,864)**	**29**	**146,358**	**(25,059)**	**203,853**
Commercial mortgage-backed securities	**61**	**86,631**	**(4,343)**	**75**	**460,820**	**(89,134)**	**547,451**

Total available for sale	Total available for sale	295	$826,211	$ (32,447)	432	$1,716,919	$(272,077)	$2,543,130	$(304,524)	Total available for sale	256	$453,525	$ (24,621)	518	$2,087,259	$(319,524)	$2,540,784
Held to Maturity	**Held to Maturity**									**Held to Maturity**							
Residential mortgage-backed securities	Residential mortgage-backed securities	106	$238,862	$ (11,981)	14	$ 153,491	$ (40,097)	$ 392,353	$ (52,078)	Residential mortgage-backed securities	99	$221,910	$ (14,592)	21	$ 153,680	$ (41,522)	$ 375,590
Commercial mortgage-backed securities	Commercial mortgage-backed securities	20	257,006	(17,272)	40	475,668	(113,335)	732,674	(130,607)	Commercial mortgage-backed securities	18	237,317	(22,707)	42	473,785	(129,100)	711,102
Total held to maturity	Total held to maturity	126	$495,868	$ (29,253)	54	$ 629,159	$(153,432)	$1,125,027	$(182,685)	Total held to maturity	117	$459,227	$ (37,299)	63	$ 627,465	$(170,622)	$1,086,692

		December 31, 2022									December 31, 2022						
		Less than 12 months			12 months or longer			Total			Less than 12 months			12 months or longer			
		Number of Securities	Estimated Fair Value	Unrealized Losses	Number of Securities	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses		Number of Securities	Estimated Fair Value	Unrealized Losses	Number of Securities	Estimated Fair Value	Unrealized Losses	E F
Available for Sale	Available for Sale	(dollars in thousands)								Available for Sale	(dollars in thousands)						
U.S Government Securities		1	$ 96,906	$ (2,814)	2	$121,579	$ (4,841)	$ 218,485	$ (7,655)								
U.S. Government Securities										U.S. Government Securities	1	$ 96,906	$ (2,814)	2	$121,579	$ (4,841)	$
U.S. Government sponsored agency securities	U.S. Government sponsored agency securities	1	1,008	(42)	—	—	—	1,008	(42)	U.S. Government sponsored agency securities	1	1,008	(42)	—	—	—	
State and municipal securities	State and municipal securities	360	995,122	(157,397)	29	61,089	(21,419)	1,056,211	(178,816)	State and municipal securities	360	995,122	(157,397)	29	61,089	(21,419)	1
Corporate debt securities	Corporate debt securities	66	376,398	(31,333)	6	37,157	(6,150)	413,555	(37,483)	Corporate debt securities	66	376,398	(31,333)	6	37,157	(6,150)	
Collateralized mortgage obligations	Collateralized mortgage obligations	96	113,191	(7,650)	1	20,842	(5,472)	134,033	(13,122)	Collateralized mortgage obligations	96	113,191	(7,650)	1	20,842	(5,472)	
Residential mortgage-backed securities	Residential mortgage-backed securities	81	154,861	(18,301)	5	55,293	(11,546)	210,154	(29,847)	Residential mortgage-backed securities	81	154,861	(18,301)	5	55,293	(11,546)	
Commercial mortgage-backed securities	Commercial mortgage-backed securities	114	371,109	(38,845)	20	181,413	(40,237)	552,522	(79,082)	Commercial mortgage-backed securities	114	371,109	(38,845)	20	181,413	(40,237)	
Total available for sale	Total available for sale	719	$2,108,595	$(256,382)	63	$477,373	$ (89,665)	$2,585,968	$(346,047)	Total available for sale	719	$2,108,595	$(256,382)	63	$477,373	$ (89,665)	$2
Held to Maturity	Held to Maturity									Held to Maturity							
Residential mortgage-backed securities	Residential mortgage-backed securities	106	$ 246,667	$ (14,275)	14	$153,178	$ (43,205)	$ 399,845	$ (57,480)	Residential mortgage-backed securities	106	$ 246,667	$ (14,275)	14	$153,178	$ (43,205)	$

Commercial mortgage-backed securities	Commercial mortgage-backed securities	21	258,255	(24,029)	39	466,949	(114,698)	725,204	(138,727)	Commercial mortgage-backed securities	21	258,255	(24,029)	39	466,949	(114,698)		
Total held to maturity	Total held to maturity	127	$ 504,922	$ (38,304)	53	$620,127	$(157,903)	$1,125,049	$(196,207)	Total held to maturity	127	$ 504,922	$ (38,304)	53	$620,127	$(157,903)	$1	

The Corporation's collateralized mortgage obligations and mortgage-backed securities have contractual terms that generally do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. The change in fair value of these securities is attributable to changes in interest rates and not credit quality. The Corporation does not have the intent to sell and does not believe it will more likely than not be required to sell any of these securities prior to a recovery of their fair value to amortized cost. Therefore, the Corporationdoes not have an ACL for these investments as of March 31, 2023June 30, 2023 and December 31, 2022.

As of March 31, 2023June 30, 2023 and December 31, 2022, no ACL was required for the Corporation's state and municipal securities. The Corporation does not have the intent to sell and does not believe it will more likely than not be required to sell any of these these securities prior to a recovery of their fair value to amortized cost, which may be at maturity.

As of March 31, 2023June 30, 2023 and December 31, 2022, all of the Corporation's corporate debt securities were rated above investment grade. Based on the payment status, rating and management's evaluation of these securities, no ACL was required for corporate debt securities as of March 31, 2023June 30, 2023 or December 31, 2022.

NOTE 5 - Loans and Allowance for Credit Losses

Loans and leases, net of unearned income

Loans and leases, net of unearned income, are summarized as follows:

		March 31, 2023	December 31, 2022		June 30, 2023	December 31, 2022
		(dollars in thousands)			(dollars in thousands)	
Real estate - commercial mortgage	Real estate - commercial mortgage	**$ 7,746,920**	$ 7,693,835	Real estate - commercial mortgage	**$ 7,846,861**	$ 7,693,835
Commercial and industrial	Commercial and industrial	**4,600,696**	4,477,537	Commercial and industrial	**4,602,446**	4,477,537
Real-estate - residential mortgage	Real-estate - residential mortgage	**4,880,919**	4,737,279	Real-estate - residential mortgage	**5,147,262**	4,737,279
Real-estate - home equity	Real-estate - home equity	**1,074,712**	1,102,838	Real-estate - home equity	**1,061,891**	1,102,838
Real-estate - construction	Real-estate - construction	**1,326,754**	1,269,925	Real-estate - construction	**1,308,564**	1,269,925
Consumer	Consumer	**730,775**	699,179	Consumer	**763,530**	699,179
Leases and other loans	Leases and other loans	**340,595**	328,331	Leases and other loans	**346,015**	328,331
Gross loans	Gross loans	**20,701,371**	20,308,924	Gross loans	**21,076,569**	20,308,924
Unearned income	Unearned income	**(31,183)**	(29,377)	Unearned income	**(31,884)**	(29,377)
Net loans	Net loans	**$ 20,670,188**	$ 20,279,547	Net loans	**$ 21,044,685**	$ 20,279,547

The Corporation segments its loan portfolio by "portfolio segments," as presented in the table above. Certain portfolio segments are further disaggregated by "class segment" for the purpose of estimating credit losses.

Allowance for Credit Losses

The ACL consists of loans evaluated collectively and individually for expected credit losses. The ACL represents an estimate of expected credit losses over the expected life of the loans as of the balance sheet date and is recorded as a reduction to net loans. The ACL is increased by charges to expense, through the provision for credit losses, and decreased by charge-offs, net of recoveries. The reserve for OBS credit exposures includes estimated losses on unfunded loan commitments, letters of credit and other OBS credit exposures.

The following table summarizes the ACL - loans balance and the reserve for OBS credit exposures balance as of March 31, 2023June 30, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022

			(dollars in thousands)				(dollars in thousands)		
ACL - loans	ACL - loans	$	**278,695**	$	269,366	ACL - loans	$ **287,442**	$	269,366
Reserve for OBS credit exposures(1)	Reserve for OBS credit exposures(1)	$	**17,539**	$	16,328	Reserve for OBS credit exposures(1)	$ **16,568**	$	16,328

(1) Included in other liabilities on the consolidated balance sheets.

The following table presents the activity in the ACL - loans balances:

		Three months ended March 31			Three months ended June 30			Six months ended June 30			
		2023	2022		**2023**	2022		**2023**	2022		
		(dollars in thousands)			(dollars in thousands)						
Balance at beginning of period	Balance at beginning of period	**$ 269,366**	$ 249,001	Balance at beginning of period	**$ 278,695**	$ 243,705		**$ 269,366**	$ 249,001		
Loans charged off	Loans charged off	**(16,903)**	(1,900)	Loans charged off	**(4,787)**	(1,618)		**(21,690)**	(3,518)		
Recoveries of loans previously charged off	Recoveries of loans previously charged off	**2,899**	2,954	Recoveries of loans previously charged off	**2,816**	5,367		**5,715**	8,321		
Net loans (charged-off) recovered		**(14,004)**	1,054								
Net loans (charged off) recovered							Net loans (charged off) recovered	**(1,971)**	3,749	**(15,975)**	4,803
Provision for credit losses (1)	Provision for credit losses (1)	**23,333**	(6,350)	Provision for credit losses (1)	**10,718**	1,110		**34,051**	(5,240)		
Balance at end of period	Balance at end of period	**$ 278,695**	$ 243,705	Balance at end of period	**$ 287,442**	$ 248,564		**$ 287,442**	$ 248,564		
Provision for OBS credit exposures	Provision for OBS credit exposures	**$ 1,211**	$ (600)	Provision for OBS credit exposures	**$ (971)**	$ 390		**$ 240**	$ (210)		
Reserve for OBS credit exposures	Reserve for OBS credit exposures	**$ 17,539**	$ 13,933	Reserve for OBS credit exposures	**$ 16,568**	$ 14,323		**$ 16,568**	$ 14,323		

(1) Provision included in the table only includes the portion related to net loans.

The following table presents the activity in the ACL by portfolio segment:

	Real Estate Commercial Mortgage	Commercial and Industrial	Real Estate Residential Mortgage	Consumer and Home Equity	Real Estate Construction	Leases and other loans	Total		Real Estate Commercial Mortgage	Commercial and Industrial	Real Estate Residential Mortgage	Consumer and Home Equity	Real Estate Construction	Lease and othe loan
	(dollars in thousands)								(dollars in thousands)					
Three months ended March 31, 2023														
Three months ended June 30, 2023								**Three months ended June 30, 2023**						
Balance at March 31, 2023								Balance at March 31, 2023	**$ 66,256**	**$ 77,126**	**$ 86,209**	**$ 27,303**	**$ 11,646**	**$10,1**

Loans charged off	**(230)**	**(2,017)**	**(62)**	**(1,313)**	**—**	**(1,16**
Recoveries of loans previously charged off	**29**	**988**	**58**	**959**	**569**	**2**
Net loans (charged off) recovered	**(201)**	**(1,029)**	**(4)**	**(354)**	**569**	**(95**
Provision for loan losses(1)	**6,247**	**(908)**	**2,644**	**2,033**	**(1,071)**	**1,77**
Balance at June 30, 2023	**$ 72,302**	**$ 75,189**	**$ 88,849**	**$ 28,982**	**$ 11,144**	**$10,97**
Three months ended June 30, 2022						
Balance at March 31, 2022	$ 79,853	$ 66,511	$ 55,892	$ 20,213	$ 13,303	$ 7,93
Loans charged off	—	(201)	(66)	(877)	—	(47
Recoveries of loans previously charged off	3,536	739	92	762	12	22
Net loans (charged off) recovered	3,536	538	26	(115)	12	(24
Provision for loan and lease losses(1)	(10,784)	5,070	5,717	2,982	(2,687)	81
Balance at June 30, 2022	$ 72,605	$ 72,119	$ 61,635	$ 23,080	$ 10,628	$ 8,49
Six months ended June 30, 2023						
Balance at December 31, 2022	**$ 69,456**	**$ 70,116**	**$ 83,250**	**$ 26,429**	**$ 10,743**	**$ 9,37**
Loans charged off	**(13,592)**	**(2,629)**	**(62)**	**(3,519)**	**—**	**(1,88**
Recoveries of loans previously charged off	**815**	**2,074**	**106**	**1,620**	**771**	**32**

Balance at December 31, 2022	**$ 69,456**	**$ 70,116**	**$ 83,250**	**$ 26,429**	**$ 10,743**	**$ 9,372**	**$269,366**
Loans charged off	**(13,362)**	**(612)**	**—**	**(2,206)**	**—**	**(723)**	**(16,903)**
Recoveries of loans previously charged off	**786**	**1,086**	**48**	**661**	**202**	**116**	**2,899**

Net loans (charged off) recovered	Net loans (charged off) recovered	**(12,576)**	**474**	**48**	**(1,545)**	**202**	**(607)**	**(14,004)**	Net loans (charged off) recovered	**(12,777)**	**(555)**	**44**	**(1,899)**	**771**	**(1,55**
Provision for loan losses(1)	Provision for loan losses(1)	**9,376**	**6,536**	**2,911**	**2,419**	**701**	**1,390**	**23,333**	Provision for loan losses(1)	**15,623**	**5,628**	**5,555**	**4,452**	**(370)**	**3,1**
Balance at March 31, 2023		**$ 66,256**	**$ 77,126**	**$ 86,209**	**$ 27,303**	**$ 11,646**	**$10,155**	**$278,695**							
Three months ended March 31, 2022															
Balance at June 30, 2023									Balance at June 30, 2023	**$ 72,302**	**$ 75,189**	**$ 88,849**	**$ 28,982**	**$ 11,144**	**$10,9**
Six months ended June 30, 2022									**Six months ended June 30, 2022**						
Balance at December 31, 2021	Balance at December 31, 2021	$ 87,970	$ 67,056	$ 54,236	$ 19,749	$ 12,941	$ 7,049	$249,001	Balance at December 31, 2021	$ 87,970	$ 67,056	$ 54,236	$ 19,749	$ 12,941	$ 7,0
Loans charged off	Loans charged off	(152)	(227)	—	(1,052)	—	(469)	(1,900)	Loans charged off	(152)	(428)	(66)	(1,929)	—	(9
Recoveries of loans previously charged off	Recoveries of loans previously charged off	112	1,980	222	454	32	154	2,954	Recoveries of loans previously charged off	3,648	2,719	314	1,216	44	3
Net loans (charged off) recovered	Net loans (charged off) recovered	(40)	1,753	222	(598)	32	(315)	1,054	Net loans (charged off) recovered	3,496	2,291	248	(713)	44	(5
Provision for loan and lease losses(1)		(8,077)	(2,298)	1,434	1,062	330	1,199	(6,350)							
Balance at March 31, 2022		$ 79,853	$ 66,511	$ 55,892	$ 20,213	$ 13,303	$ 7,933	$243,705							
Provision for loan losses(1)									Provision for loan losses(1)	(18,861)	2,772	7,151	4,044	(2,357)	2,0
Balance at June 30, 2022									Balance at June 30, 2022	$ 72,605	$ 72,119	$ 61,635	$ 23,080	$ 10,628	$ 8,4

(1) Provision included in the table only includes the portion related to net loans.

The ACL - loans includes qualitative adjustments, as appropriate, intended to capture the impact of uncertainties not reflected in the quantitative models. Qualitative adjustments include and consider changes in national, regional and local economic and business conditions, an assessment of the lending environment, including underwriting standards and other factors affecting credit quality.

The provision for credit losses for the first second quarter of 2023 was recorded to increase the allowance for credit losses ACL as a result of loan growth and changes to the macroeconomic outlook.

Non-accrual Loans

All loans individually evaluated for impairment are measured for losses on a quarterly basis. As of March 31, 2023 June 30, 2023 and December 31, 2022, substantially all of the Corporation's individually evaluated loans with total commitments greater than or equal to $1.0 million were measured based on the estimated fair value of each loan's collateral, if any. Collateral could be in the form of real estate, in the case of commercial mortgages and construction loans, or business assets, such as accounts receivable receivables or inventory, in the case of commercial and industrial loans. Commercial and industrial loans may also be secured by real estate.

As of March 31, 2023 June 30, 2023 and December 31, 2022, approximately 85% and 91%, respectively, of loans evaluated individually for impairment with principal balances greater than or equal to $1.0 million, whose primary collateral consisted of real estate, were measured at estimated fair value using appraisals performed by state certified third-party appraisers that had been updated in the preceding 12 months.

The following table presents total non-accrual loans, by class segment:

		March 31, 2023			December 31, 2022				June 30, 2023			December 31, 2022		
		With a Related Allowance	Without a Related Allowance	Total	With a Related Allowance	Without a Related Allowance	Total		With a Related Allowance	Without a Related Allowance	Total	With a Related Allowance	Without a Related Allowance	Total
		(dollars in thousands)							(dollars in thousands)					
Real estate - commercial mortgage	Real estate - commercial mortgage	$ 18,878	$ 39,531	$ 58,409	$ 39,722	$ 30,439	$ 70,161	Real estate - commercial mortgage	$ 19,727	$ 34,088	$ 53,815	$ 39,722	$ 30,439	$ 70,161
Commercial and industrial	Commercial and industrial	16,090	15,789	31,879	14,804	12,312	27,116	Commercial and industrial	17,420	12,068	29,488	14,804	12,312	27,116
Real estate - residential mortgage	Real estate - residential mortgage	23,450	977	24,427	25,315	979	26,294	Real estate - residential mortgage	19,675	2,025	21,700	25,315	979	26,294
Real estate - home equity	Real estate - home equity	5,912	122	6,034	5,975	130	6,105	Real estate - home equity	5,711	116	5,827	5,975	130	6,105
Real estate - construction	Real estate - construction	831	447	1,278	866	502	1,368	Real estate - construction	707	392	1,099	866	502	1,368
Consumer	Consumer	25	—	25	92	—	92	Consumer	17	—	17	92	—	92
Leases and other loans	Leases and other loans	2,995	9,256	12,251	4,052	9,255	13,307	Leases and other loans	9,264	2,070	11,334	4,052	9,255	13,307
		$ 68,181	$ 66,122	$ 134,303	$ 90,826	$ 53,617	$ 144,443		$ 72,521	$ 50,759	$ 123,280	$ 90,826	$ 53,617	$ 144,443

As of March 31, 2023 June 30, 2023 and December 31, 2022, there were $66.1 million $50.8 million and $53.6 million, respectively, of non-accrual loans that did not have a related specific valuation allowance for credit losses. The estimated fair values of the collateral securing these loans exceeded their carrying amount, or the loans were previously charged down to realizable collateral values. Accordingly, no specific valuation allowance was considered to be necessary.

Asset Quality

Maintaining an appropriate ACL is dependent on various factors, including the ability to identify potential problem loans in a timely manner. For commercial construction, residential construction, commercial and industrial, and commercial real estate, an internal risk rating process is used. The Corporation believes that internal risk ratings are the most relevant credit quality indicator for these types of loans. The migration of loans through the various internal risk categories is a significant component of the ACL methodology for these loans, under both the CECL and incurred loss models, which bases the probability of default on this migration. Assigning risk ratings involves judgment. The Corporation's loan review officers provide a separate assessment of risk rating accuracy. Risk ratings may be changed based on the ongoing monitoring procedures performed by loan officers or credit administration staff, or if specific loan review assessments identify a deterioration or an improvement in a loan.

The following table summarizes designated internal risk rating categories by portfolio segment and loan class, by origination year, in the current period:

		March 31, 2023										June 30, 2023				
		Term Loans Amortized Cost Basis by Origination Year						Revolving Loans	Revolving Loans converted to Term Loans			Term Loans Amortized Cost Basis by Origination Yea				
		(in thousands)						Amortized Cost Basis				(in thousands)				
		2023	2022	2021	2020	2019	Prior			Total		2023	2022	2021	2020	2019
Real estate - commercial mortgage	**Real estate - commercial mortgage**										**Real estate - commercial mortgage**					
	Pass	$173,387	$1,015,881	$1,077,823	$ 943,188	$ 799,374	$3,170,784	$ 73,033	$ 305	$ 7,253,775	Pass	$ 436,213	$1,014,277	$1,079,313	$ 931,445	$ 761,840
	Special Mention	—	14,438	65,362	19,804	34,352	169,568	2,728	—	306,252	Special Mention	—	17,541	70,283	17,725	38,372

	Substandard or Lower	—	2,668	19,190	48,655	24,531	91,606	243	—	186,893	Substandard or Lower	202	4,889	25,184	45,196	25,257
	Total real estate - commercial mortgage	173,387	1,032,987	1,162,375	1,011,647	858,257	3,431,958	76,004	305	7,746,920	Total real estate - commercial mortgage	436,415	1,036,707	1,174,780	994,366	825,469
Real estate - commercial mortgage	**Real estate - commercial mortgage**										**Real estate - commercial mortgage**					
	Current period gross charge-offs	—	—	—	—	—	(30)	—	(13,332)	(13,362)	Current period gross charge-offs	—	—	—	—	—
Commercial and industrial(1)	**Commercial and industrial(1)**										**Commercial and industrial(1)**					
	Pass	379,383	689,276	444,738	379,630	301,392	748,118	1,394,101	6,517	4,343,155	Pass	461,413	652,086	425,486	365,676	292,754
	Special Mention	150	17,426	16,457	4,958	9,500	31,125	65,596	243	145,455	Special Mention	392	16,804	11,786	5,392	3,522
	Substandard or Lower	206	1,259	754	4,001	13,042	22,863	69,675	286	112,086	Substandard or Lower	205	3,221	1,780	3,063	19,248
	Total commercial and industrial	379,739	707,961	461,949	388,589	323,934	802,106	1,529,372	7,046	4,600,696	Total commercial and industrial	462,010	672,111	439,052	374,131	315,524
Commercial and industrial(1)	**Commercial and industrial(1)**										**Commercial and industrial(1)**					
	Current period gross charge-offs	—	—	—	—	—	—	(53)	(559)	(612)	Current period gross charge-offs	—	—	—	—	—
Real estate - construction(2)	**Real estate - construction(2)**										**Real estate - construction(2)**					
	Pass	49,829	165,351	425,549	218,594	23,387	103,958	39,917	—	1,026,585	Pass	103,193	218,294	432,924	127,131	18,815
	Special Mention	—	1,218	—	—	—	29,283	—	—	30,501	Special Mention	—	26	262	28,037	—
	Substandard or Lower	—	305	2,079	—	2,238	4,148	2,284	—	11,054	Substandard or Lower	—	473	—	—	2,202
	Total real estate - construction	49,829	166,874	427,628	218,594	25,625	137,389	42,201	—	1,068,140	Total real estate - construction	103,193	218,793	433,186	155,168	21,017
Real estate - construction(2)	**Real estate - construction(2)**										**Real estate - construction(2)**					
	Current period gross charge-offs	—	—	—	—	—	—	—	—	—	Current period gross charge-offs	—	—	—	—	—
Total	**Total**										**Total**					
	Pass	$602,599	$1,870,508	$1,948,110	$1,541,412	$1,124,153	$4,022,860	$1,507,051	$ 6,822	$12,623,515	Pass	$1,000,819	$1,884,657	$1,937,723	$1,424,252	$1,073,409
	Special Mention	150	33,082	81,819	24,762	43,852	229,976	68,324	243	482,208	Special Mention	392	34,371	82,331	51,154	41,894
	Substandard or Lower	206	4,232	22,023	52,656	39,811	118,617	72,202	286	310,033	Substandard or Lower	407	8,583	26,964	48,259	46,707
	Total	$602,955	$1,907,822	$2,051,952	$1,618,830	$1,207,816	$4,371,453	$1,647,577	$ 7,351	$13,415,756	Total	$1,001,618	$1,927,611	$2,047,018	$1,523,665	$1,162,010

(1) Loans originated in 2021 and 2020 include $9.8 million of PPP loans that were assigned a rating of Pass based on the existence of a federal government guaranty through the SBA.

(2) Excludes real estate - construction - other.

The following table summarizes designated internal risk rating categories by portfolio segment and loan class, by origination year, in the prior period:

	December 31, 2022								
	Term Loans Amortized Cost Basis by Origination Year (dollars in thousands)						Revolving Loans Amortized Cost Basis	Revolving Loans converted to Term Loans Amortized Cost Basis	
	2022	2021	2020	2019	2018	Prior			Total
Real estate - commercial mortgage									
Pass	$ 1,014,575	$ 1,095,725	$ 969,118	$ 810,850	$ 621,689	$ 2,610,511	$ 80,665	$ 307	$ 7,203,440
Special Mention	95	50,367	23,296	33,735	16,205	181,736	947	—	306,381
Substandard or Lower	1,032	3,039	31,042	38,378	23,112	87,168	243	—	184,014
Total real estate - commercial mortgage	1,015,702	1,149,131	1,023,456	882,963	661,006	2,879,415	81,855	307	7,693,835
Real estate - commercial mortgage									
Current period gross charge-offs	—	—	—	—	—	(53)	—	(12,420)	(12,473)
Commercial and industrial(1)									
Pass	907,390	449,145	397,881	315,605	185,096	604,352	1,387,961	618	4,248,048
Special Mention	11,405	24,479	3,763	8,147	5,218	24,633	56,048	250	133,943
Substandard or Lower	834	418	4,818	13,044	3,081	22,025	51,077	249	95,546
Total commercial and industrial	919,629	474,042	406,462	336,796	193,395	651,010	1,495,086	1,117	4,477,537
Commercial and industrial(1)									
Current period gross charge-offs	—	—	(36)	—	(21)	(365)	(1,192)	(776)	(2,390)
Real estate - construction(2)									
Pass	159,195	390,993	243,406	28,539	24,421	93,511	47,271	—	987,336
Special Mention	—	—	—	—	—	21,603	—	—	21,603
Substandard or Lower	—	—	3,852	2,274	—	4,272	203	—	10,601
Total real estate - construction	159,195	390,993	247,258	30,813	24,421	119,386	47,474	—	1,019,540
Real estate - construction(2)									
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Total									
Pass	$ 2,081,160	$ 1,935,863	$ 1,610,405	$ 1,154,994	$ 831,206	$ 3,308,374	$ 1,515,897	$ 925	$ 12,438,824
Special Mention	11,500	74,846	27,059	41,882	21,423	227,972	56,995	250	461,927
Substandard or Lower	1,866	3,457	39,712	53,696	26,193	113,465	51,523	249	290,161
Total	$ 2,094,526	$ 2,014,166	$ 1,677,176	$ 1,250,572	$ 878,822	$ 3,649,811	$ 1,624,415	$ 1,424	$ 13,190,912

(1) Loans originated in 2021 and 2020 include $20.4 million of PPP loans that were assigned a rating of Pass based on the existence of a federal government guaranty through the SBA.

(2) Excludes real estate - construction - other.

The Corporation considers the performance of the loan portfolio and its impact on the ACL. The Corporation does not assign internal risk ratings to smaller balance, homogeneous loans, such as home equity, residential mortgage, construction loans to individuals secured by residential real estate, consumer and leases and other loans. For these loans, the most relevant credit quality indicator is delinquency status and the Corporation evaluates credit quality based on the aging status of the loan. The following tables present the amortized cost of these loans based on payment activity, by origination year, for the periods shown:

		March 31, 2023								
		Term Loans Amortized Cost Basis by Origination Year (dollars in thousands)						Revolving Loans Amortized Cost Basis	Revolving Loans converted to Term Loans Amortized Cost Basis	
		2023	2022	2021	2020	2019	Prior			Total
Real estate - residential mortgage	**Real estate - residential mortgage**									
	Performing	$139,551	$ 961,137	$1,732,158	$1,041,054	$282,030	$678,413	$ —	$ —	$4,834,343
	Nonperforming	—	706	6,089	7,630	5,335	26,816	—	—	46,576

	June 30, 2023								
	Term Loans Amortized Cost Basis by Origination Year (dollars in thousands)						Revolving Loans Amortized Cost Basis	Revolving Loans converted to Term Loans Amortized Cost Basis	
	2023	2022	2021	2020	2019	Prior			Total
Real estate - residential mortgage									
Performing	$413,908	$1,030,693	$1,715,214	$1,020,426	$276,538	$651,744	$ —	$ —	$5,108,52
Nonperforming	—	658	4,680	4,650	5,239	23,512	—	—	38,73

	Total real estate - residential mortgage	139,551	961,843	1,738,247	1,048,684	287,365	705,229	—	—	4,880,919	Total real estate - residential mortgage	413,908	1,031,351	1,719,894	1,025,076	281,777	675,256	—	—	5,147,26
Real estate - residential mortgage	**Real estate - residential mortgage**										**Real estate - residential mortgage**									
	Current period gross charge-offs	—	—	—	—	—	—	—	—	—	Current period gross charge-offs	—	—	—	—	—	—	—	(62)	(6
Consumer and real estate - home equity	**Consumer and real estate - home equity**										**Consumer and real estate - home equity**									
	Performing	148,247	309,812	95,136	66,377	49,877	162,289	947,347	17,419	1,796,504	Performing	169,479	309,613	94,775	66,026	49,842	284,430	814,043	26,745	1,814,95
	Nonperforming	—	204	155	67	31	2,013	6,460	53	8,983	Nonperforming	60	403	516	418	66	5,301	1,393	2,311	10,46
	Total consumer and real estate - home equity	148,247	310,016	95,291	66,444	49,908	164,302	953,807	17,472	1,805,487	Total consumer and real estate - home equity	169,539	310,016	95,291	66,444	49,908	289,731	815,436	29,056	1,825,42
Consumer and real estate - home equity	**Consumer and real estate - home equity**										**Consumer and real estate - home equity**									
	Current period gross charge-offs	—	—	—	—	—	(325)	—	(1,881)	(2,206)	Current period gross charge-offs	—	—	—	—	—	(374)	—	(3,145)	(3,51
Leases and other loans	**Leases and other loans**										**Leases and other loans**									
	Performing	75,403	99,125	36,559	32,785	25,955	26,891	—	—	296,718	Performing	99,355	94,583	33,981	29,249	22,671	22,958	—	—	302,79
	Nonperforming	—	443	—	—	—	12,251	—	—	12,694	Nonperforming	—	—	—	—	—	11,334	—	—	11,33
	Leases and other loans	75,403	99,568	36,559	32,785	25,955	39,142	—	—	309,412	Leases and other loans	99,355	94,583	33,981	29,249	22,671	34,292	—	—	314,13
Leases and other loans	**Leases and other loans**										**Leases and other loans**									
	Current period gross charge-offs	(59)	(251)	(60)	(45)	(21)	(287)	—	—	(723)	Current period gross charge-offs	(214)	(401)	(133)	(72)	(52)	(417)	—	(599)	(1,88
Construction - other	**Construction - other**										**Construction - other**									
	Performing	8,997	202,286	38,473	8,858	—	—	—	—	258,614	Performing	31,781	173,436	25,814	3,335	—	—	—	—	234,36
	Nonperforming	—	—	—	—	—	—	—	—	—	Nonperforming	—	—	—	—	—	—	—	—	—
	Total construction - other	8,997	202,286	38,473	8,858	—	—	—	—	258,614	Total construction - other	31,781	173,436	25,814	3,335	—	—	—	—	234,36
Construction - other	**Construction - other**										**Construction - other**									
	Current period gross charge-offs	—	—	—	—	—	—	—	—	—	Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Total	**Total**										**Total**									
	Performing	$372,198	$1,572,360	$1,902,326	$1,149,074	$357,862	$867,593	$947,347	$ 17,419	$7,186,179	Performing	$714,523	$1,608,325	$1,869,784	$1,119,036	$349,051	$959,132	$814,043	$ 26,745	$7,460,63
	Nonperforming	—	1,353	6,244	7,697	5,366	41,080	6,460	53	68,253	Nonperforming	60	1,061	5,196	5,068	5,305	40,147	1,393	2,311	60,54
	Total	$372,198	$1,573,713	$1,908,570	$1,156,771	$363,228	$908,673	$953,807	$ 17,472	$7,254,432	Total	$714,583	$1,609,386	$1,874,980	$1,124,104	$354,356	$999,279	$815,436	$ 29,056	$7,521,18

	December 31, 2022								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans	Revolving Loans converted to Term Loans	
	(dollars in thousands)						Amortized	Amortized	
	2022	2021	2020	2019	2018	Prior	Cost Basis	Cost Basis	Total
Real estate - residential mortgage									
Performing	$ 933,903	$ 1,708,703	$ 1,054,126	$ 286,167	$ 87,455	$ 620,416	$ —	$ —	$ 4,690,770
Nonperforming	1,199	5,104	6,597	6,466	4,587	22,556	—	—	46,509
Total real estate - residential mortgage	935,102	1,713,807	1,060,723	292,633	92,042	642,972	—	—	4,737,279
Real estate - residential mortgage									
Current period gross charge-offs	—	—	—	—	—	—	—	(66)	(66)
Consumer and Real estate - home equity									
Performing	416,631	109,724	80,422	52,384	45,642	211,127	842,226	34,061	1,792,217
Nonperforming	292	298	174	36	98	6,512	1,722	668	9,800
Total consumer and real estate - home equity	416,923	110,022	80,596	52,420	45,740	217,639	843,948	34,729	1,802,017
Consumer and Real estate - home equity									
Current period gross charge-offs	—	(587)	(70)	(108)	(16)	(442)	(178)	(3,011)	(4,412)
Construction - other									
Performing	164,924	73,492	10,892	—	1,077	—	—	—	250,385
Nonperforming	—	—	—	—	—	—	—	—	—
Total construction - other	164,924	73,492	10,892	—	1,077	—	—	—	250,385
Construction - other									
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Leases and other loans									
Performing	146,198	39,427	40,024	29,309	15,019	15,670	—	—	285,647
Nonperforming	—	—	—	—	—	13,307	—	—	13,307
Leases and other loans	146,198	39,427	40,024	29,309	15,019	28,977	—	—	298,954
Leases and other loans									
Current period gross charge-offs	(506)	(167)	(140)	(80)	(47)	(1,191)	—	—	(2,131)
Total									
Performing	$ 1,661,656	$ 1,931,346	$ 1,185,464	$ 367,860	$ 149,193	$ 847,213	$ 842,226	$ 34,061	$ 7,019,019
Nonperforming	1,491	5,402	6,771	6,502	4,685	42,375	1,722	668	69,616
Total	$ 1,663,147	$ 1,936,748	$ 1,192,235	$ 374,362	$ 153,878	$ 889,588	$ 843,948	$ 34,729	$ 7,088,635

The following table presents non-performing assets:

		March 31, 2023	December 31, 2022		**June 30, 2023**	December 31, 2022
		(dollars in thousands)			(dollars in thousands)	
Non-accrual loans	Non-accrual loans	**$ 134,303**	$ 144,443	Non-accrual loans	**$ 123,280**	$ 144,443
Loans 90 days or more past due and still accruing(1)	Loans 90 days or more past due and still accruing(1)	**30,336**	27,463	Loans 90 days or more past due and still accruing(1)	**24,415**	27,463
Total non-performing loans	Total non-performing loans	**164,639**	171,906	Total non-performing loans	**147,695**	171,906
OREO(2)	OREO(2)	**3,304**	5,790	OREO(2)	**3,881**	5,790
Total non-performing assets	Total non-performing assets	**$ 167,943**	$ 177,696	Total non-performing assets	**$ 151,576**	$ 177,696

(1) Excludes PPP loans which are fully guaranteed by the federal government of $1.6 million $1.0 million and $7.7 million as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

(2) Excludes $9.6 million $8.4 million and $6.0 million of residential mortgage properties for which formal foreclosure proceedings were in process as of March 31, 2023 June 30, 2023 and December 31, 2022,

December 31, 2022, respectively.

The following tables present the aging of the amortized cost basis of loans, by class segment:

		30-59 Days Past Due	60-89 Days Past Due	≥ 90 Days Past Due and Accruing	Non-Accrual	Current	Total		30-59 Days Past Due	60-89 Days Past Due	≥ 90 Days Past Due and Accruing	Non-Accrual	Current	Total
		(dollars in thousands)							(dollars in thousands)					
March 31, 2023														
June 30, 2023										**June 30, 2023**				
Real estate – commercial mortgage	Real estate – commercial mortgage	**$19,251**	**$ 1,887**	**$ 2,913**	**$ 58,409**	**$ 7,664,460**	**$ 7,746,920**	Real estate – commercial mortgage	**$ 6,566**	**$ 2,671**	**$ 1,233**	**$ 53,815**	**$ 7,782,576**	**$ 7,846,8**
Commercial and industrial(1)	Commercial and industrial(1)	**6,428**	**1,279**	**1,676**	**31,879**	**4,559,434**	**4,600,696**	Commercial and industrial(1)	**3,542**	**1,977**	**1,100**	**29,488**	**4,566,339**	**4,602,4**
Real estate – residential mortgage	Real estate – residential mortgage	**34,483**	**5,779**	**22,149**	**24,427**	**4,794,081**	**4,880,919**	Real estate – residential mortgage	**35,456**	**6,017**	**17,457**	**21,700**	**5,066,632**	**5,147,2**
Real estate – home equity	Real estate – home equity	**6,442**	**2,441**	**2,316**	**6,034**	**1,057,479**	**1,074,712**	Real estate – home equity	**5,865**	**1,567**	**3,902**	**5,827**	**1,044,730**	**1,061,8**
Real estate – construction	Real estate – construction	**13,074**	**751**	**231**	**1,278**	**1,311,420**	**1,326,754**	Real estate – construction	**1,719**	**—**	**—**	**1,099**	**1,305,746**	**1,308,5**
Consumer	Consumer	**5,840**	**1,400**	**608**	**25**	**722,902**	**730,775**	Consumer	**6,482**	**1,382**	**723**	**17**	**754,926**	**763,5**
Leases and other loans(2)	Leases and other loans(2)	**871**	**64**	**443**	**12,251**	**295,783**	**309,412**	Leases and other loans(2)	**462**	**375**	**—**	**11,334**	**301,960**	**314,1**
Total	Total	**$86,389**	**$13,601**	**$ 30,336**	**$134,303**	**$20,405,559**	**$20,670,188**	Total	**$60,092**	**$13,989**	**$ 24,415**	**$123,280**	**$20,822,909**	**$21,044,6**

(1) Excludes delinquent PPP loans 30-59 days past due, 60-89 days past due and 90 days or more past due of $1.2 million $0.1 million, $0.1 million $0.0 million and $1.6 $1.0 million, respectively, which are fully guaranteed by the federal government and are classified as current.

(2) Includes unearned income.

	30-59 Days Past Due	60-89 Days Past Due	≥ 90 Days Past Due and Accruing	Non-accrual	Current	Total
	(dollars in thousands)					
December 31, 2022						
Real estate – commercial mortgage	$ 10,753	$ 4,644	$ 2,473	$ 70,161	$ 7,605,804	$ 7,693,835
Commercial and industrial(1)	6,067	2,289	1,172	27,116	4,440,893	4,477,537
Real estate – residential mortgage	57,061	8,209	20,215	26,294	4,625,500	4,737,279
Real estate – home equity	5,666	2,444	2,704	6,105	1,085,919	1,102,838
Real estate – construction	1,762	1,758	—	1,368	1,265,037	1,269,925
Consumer	6,692	1,339	899	92	690,157	699,179
Leases and other loans(2)	348	122	—	13,307	285,177	298,954
Total	$ 88,349	$ 20,805	$ 27,463	$ 144,443	$ 19,998,487	$ 20,279,547

(1) Excludes delinquent PPP loans 30-59 days past due, 60-89 days past due and 90 days or more past due of $0.1 million, $0.7 million and $7.7 million, respectively, which are fully guaranteed by the federal government and are classified as current.

(2) Includes unearned income.

Collateral-Dependent Loans

A loan or a lease, is considered to be collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. For all classes of loans and leases deemed collateral-dependent, the Corporation elected the practical expedient to estimate expected credit losses based on the collateral's fair value less cost to sell. In most cases, the Corporation records a partial charge-off to reduce the collateral-dependent loan's or lease's carrying value to the collateral's fair value less cost to sell. Substantially all of the collateral supporting collateral-dependent loans or leases consists of various types of real estate, including residential properties, commercial properties, such as retail centers, office buildings, and lodging, agriculture land, and vacant land.

Loan Modifications

On January 1, 2023, the Corporation adopted ASU 2022-02. Loan modifications reported below do not include modifications with insignificant payment delays. ASU 2022-02 lists the following factors when considering if the loan modification has insignificant payment delays: (1) the amount of the restructured payments subject to the delay is insignificant relative to the unpaid principal or collateral value of the debt and will result in an insignificant shortfall in the contractual amount due, and (2) the delay in timing of the restructured payment period is insignificant relative to the frequency of payments due under the debt, the debt's original contractual maturity or the debt's original expected duration.

The ACL incorporates an estimate of lifetime expected credit losses and is recorded upon asset origination or acquisition. The starting point for the estimate of the ACL is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. The Corporation uses a probability of default/loss given default model to determine the allowance for credit losses. ACL. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification.

The Corporation modifies loans by providing a concession when deemed appropriate. Depending on the circumstances, a term extension, interest rate reduction or principal forgiveness may be granted. In certain instances a combination of concessions maybe may be provided to a customer.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the ACL, a change to the ACL is generally not recorded upon modification. When principal forgiveness is provided, the amortized cost basis of the forgiven portion of the asset is written off against the ACL. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the ACL.

The following table presents the amortized cost basis during the three months and six months ended March 31, 2023 June 30, 2023 of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of financing receivable and type of concession granted:

		Term Extension			Term Extension			
		Three months ended March 31, 2023			Three months ended June 30, 2023		Six months ended June 30, 2023	
		Amortization Cost Basis	% of Class of Financing Receivable		Amortization Cost Basis	% of Class of Financing Receivable	Amortization Cost Basis	% of Class of Financing Receivable
		(dollars in thousands)			(dollars in thousands)			
Real estate - commercial mortgage	Real estate - commercial mortgage	$ 1,426	0.02 %	Real estate - commercial mortgage	$ 276	— %	$ 1,478	0.02 %
Commercial and industrial	Commercial and industrial	6,227	0.14	Commercial and industrial	—	—	75	—
Real estate - residential mortgage	Real estate - residential mortgage	1,182	0.02	Real estate - residential mortgage	2,045	0.04	3,423	0.07
Total	Total	$ 8,835		Total	$ 2,321		$ 4,976	

The following table presents the financial effect of the modifications made to borrowers experiencing financial difficulty as of March 31, 2023. for the three months and six months ended June 30, 2023:

	Term Extension
	Financial Effect
Three months ended June 30, 2023	
Real estate - commercial mortgage	Added a weighted-average 1.91 1.25 years to the life of loans, which reduced monthly payment amounts for the borrowers.
Real estate - residential mortgage	Added a weighted-average 3.51 5.29 years to the life of loans, which reduced monthly payment amounts for the borrowers.
Six months ended June 30, 2023	
Real estate - commercial mortgage	Added a weighted-average 2.05 years to the life of loans, which reduced monthly payment amounts for the borrowers.
Commercial and industrial	Added a weighted-average 2.88 years to the life of loans, which reduced monthly payment amounts for the borrowers.
Real estate - residential mortgage	Added a weighted-average 4.64 years to the life of loans, which reduced monthly payment amounts for the borrowers.

During the first quarter of 2023, six months ended June 30, 2023, there were no loans modified due to financial difficulty where there was an interest rate reduction or principal balance forgiveness.

During the first quarter of 2023, six months ended June 30, 2023, there were no loans modified due to financial difficulty that defaulted in the three six months subsequent to modification.

The following table presents the performance of loans that have been modified in the last three six months as of March 31, 2023 June 30, 2023.

	Current	30-89 Days Past Due	90+ Past Due and Accruing	Total Past Due
	(dollars in thousands)			
Real estate - commercial mortgage	$ 1,426 1,478	$ —	$ —	$ —
Commercial and industrial	6,227 75	—	—	—
Real estate - residential mortgage	1,182 3,423	—	—	—
Total	$ 8,835 4,976	$ —	$ —	$ —

There were no commitments to lend additional funds to borrowers with loan modifications as a result of financial difficulty as of March 31, 2023 June 30, 2023.

NOTE 6 – Mortgage Servicing Rights

The following table summarizes the changes in MSRs, which are included in other assets on the consolidated balance sheets, with adjustments to the carrying value included in mortgage banking income on the consolidated statements of income:

		Three months ended March 31			Three months ended June 30		Six months ended June 30	
		2023	2022		**2023**	2022	**2023**	2022
		(dollars in thousands)			(dollars in thousands)			
Amortized cost:	Amortized cost:			Amortized cost:				
Balance at beginning of period	Balance at beginning of period	**$ 34,217**	$ 35,993	Balance at beginning of period	**$ 33,082**	$ 35,624	**$ 34,217**	$ 35,993
Originations of MSRs	Originations of MSRs	**196**	1,355	Originations of MSRs	**688**	1,053	**884**	2,407
Amortization	Amortization	**(1,331)**	(1,724)	Amortization	**(1,312)**	(1,428)	**(2,643)**	(3,151)
Balance at end of period	Balance at end of period	**$ 33,082**	$ 35,624	Balance at end of period	**$ 32,458**	$ 35,249	**$ 32,458**	$ 35,249
Valuation allowance:	Valuation allowance:			Valuation allowance:				
Balance at beginning of period	Balance at beginning of period	**$ —**	$ (600)	Balance at beginning of period	**$ —**	$ —	**$ —**	$ (600)

Reduction (addition) to valuation allowance	Reduction (addition) to valuation allowance	**—**	600	Reduction (addition) to valuation allowance	**—**	—	**—**	600
Balance at end of period	Balance at end of period	**$ —**	$ —	Balance at end of period	**$ —**	$ —	**$ —**	$ —
Net MSRs at end of period	Net MSRs at end of period	**$ 33,082**	$ 35,624	Net MSRs at end of period	**$ 32,458**	$ 35,249	**$ 32,458**	$ 35,249
Estimated fair value of MSRs at end of period	Estimated fair value of MSRs at end of period	**$ 47,223**	$ 47,609	Estimated fair value of MSRs at end of period	**$ 49,444**	$ 49,804	**$ 49,444**	$ 49,804

MSRs represent the economic value of contractual rights to service mortgage loans that have been sold. The total portfolio of mortgage loans serviced by the Corporation for unrelated third parties was $4.1 billion and $4.2 billion as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively. Actual and expected prepayments of the underlying mortgage loans can impact the fair values of the MSRs. The Corporation accounts for MSRs at the lower of amortized cost or fair value.

The fair value of MSRs is estimated by discounting the estimated cash flows from servicing income, net of expense, over the expected life of the underlying loans at a discount rate commensurate with the risk associated with these assets. Expected life is based on the contractual terms of the loans, as adjusted for prepayment projections. The fair values of MSRs were $47.2 million $49.4 million and $50.0 million at March 31, 2023 June 30, 2023 and December 31, 2022 respectively. Based on its fair value analysis as of March 31, 2023 June 30, 2023, the Corporation determined that no valuation allowance was required as of March 31, 2023 June 30, 2023.

NOTE 7 – Derivative Financial Instruments

The Corporation manages its exposure to certain interest rate and foreign currency risks through the use of derivatives. Certain of the Corporation's outstanding derivative contracts are designated as hedges, and none are entered into for speculative purposes. The Corporation enters into derivative contracts that are intended to economically hedge certain of its risks, even if hedge accounting does not apply or the Corporation elects not to apply hedge accounting.

Mortgage Banking Derivatives

In connection with its mortgage banking activities, the Corporation enters into commitments to originate certain fixed-rate residential mortgage loans for customers, also referred to as interest rate locks. In addition, the Corporation enters into forward commitments for the future sales or purchases of mortgage-backed securities to or from third-party counterparties to hedge the effect of changes in interest rates on the values of both the interest rate locks and mortgage loans held for sale. Forward sales commitments may also be in the form of commitments to sell individual mortgage loans at a fixed price at a future date. The amount necessary to settle each interest rate lock is based on the price that secondary market investors would pay for loans with similar characteristics, including interest rate and term, as of the date fair value is measured.

Interest Rate Derivatives - Non-Designated Hedges

The Corporation enters into interest rate derivatives with certain qualifying commercial loan customers to meet their interest rate risk management needs. The Corporation simultaneously enters into interest rate derivatives with dealer counterparties, with identical notional amounts and terms. The net result of these interest rate derivatives is that the customer pays a fixed rate of interest and the Corporation receives a floating rate. As the interest rate derivatives associated with this program do not meet hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

The Corporation's existing credit derivatives result from participation in interest rate derivatives provided by external lenders as part of loan participation arrangements and, therefore, are not used to manage interest rate risk in the Corporation's assets or liabilities.

The Corporation is required to clear all eligible interest rate derivative contracts with a clearing agent and is subject to the regulations of the Commodity Futures Trading Commission.

Cash Flow Hedges of Interest Rate Risk

The Corporation's objectives in using interest rate derivatives are to reduce volatility in net interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Corporation primarily uses interest rate derivatives as part of its interest rate risk management strategy. The Corporation enters into interest rate derivatives designated as cash flow hedges to hedge the variable cash flows associated with existing floating rate loans.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the unrealized gain or loss on the derivatives is recorded in AOCI and subsequently reclassified into interest income in the same period during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest income as interest payments are made on the Corporation's variable-rate loans. During the next twelve months, the Corporation estimates that an additional $28.3 million of unrealized losses will be reclassified as a decrease to interest income.

In January 2023, the Corporation terminated interest rate derivatives designated as cash flow hedges with a combined notional amount of $1.0 billion. As the hedged transaction continues to be probable, the original unrealized loss of $70.6 million included in AOCI will be recognized as a reduction to interest income when the previously forecasted hedged item affects earnings in future periods. During the first quarter of 2023, $5.5 million six months ended June 30, 2023, $12.6 million of these unrealized losses have been reclassified as a reduction of interest income on loans, including fees, on the Corporation's consolidated statements of income.

Foreign Exchange Contracts

The Corporation enters into foreign exchange contracts to accommodate the needs of its customers. Foreign exchange contracts are commitments to buy or sell foreign currency on a specific date at a contractual price. The Corporation limits its foreign exchange exposure with customers by entering into contracts with institutional counterparties to mitigate its foreign exchange risk. The Corporation also holds certain amounts of Foreign Currency Nostro Accounts. The Corporation limits the total overnight net foreign currency open positions, which is defined as an aggregate of all outstanding contracts, to $0.5 million.

The following table presents a summary of the notional amounts and fair values of derivative financial instruments:

		March 31, 2023		December 31, 2022			**June 30, 2023**		December 31, 2022	
		Notional Amount	**Asset (Liability) Fair Value**	Notional Amount	Asset (Liability) Fair Value		**Notional Amount**	**Asset (Liability) Fair Value**	Notional Amount	Asset (Liability) Fair Value
		(dollars in thousands)					(dollars in thousands)			
Interest Rate Locks with Customers	Interest Rate Locks with Customers					Interest Rate Locks with Customers				
Positive fair values	Positive fair values	**$ 95,469**	**$ 420**	$ 70,836	$ 182	Positive fair values	**$ 136,789**	**$ 465**	$ 70,836	$ 182
Negative fair values	Negative fair values	**1,622**	**(11)**	4,939	(51)	Negative fair values	**3,405**	**(11)**	4,939	(51)
Forward Commitments	Forward Commitments					Forward Commitments				
Positive fair values	Positive fair values	**—**	**—**	—	—	Positive fair values	**36,500**	**399**	—	—
Negative fair values	Negative fair values	**8,500**	**(31)**	10,000	(147)	Negative fair values	**—**	**—**	10,000	(147)
Interest Rate Derivatives with Customers	Interest Rate Derivatives with Customers					Interest Rate Derivatives with Customers				
Positive fair values	Positive fair values	**422,891**	**10,324**	171,317	3,337	Positive fair values	**410,749**	**5,655**	171,317	3,337
Negative fair values	Negative fair values	**3,628,451**	**(220,342)**	3,802,480	(280,401)	Negative fair values	**3,925,331**	**(283,189)**	3,802,480	(280,401)
Interest Rate Derivatives with Dealer Counterparties	Interest Rate Derivatives with Dealer Counterparties					Interest Rate Derivatives with Dealer Counterparties				
Positive fair values	Positive fair values	**3,628,451**	**125,932**	3,802,480	161,956	Positive fair values	**3,925,331**	**167,164**	3,802,480	161,956
Negative fair values	Negative fair values	**422,891**	**(10,690)**	171,317	(3,703)	Negative fair values	**410,749**	**(6,022)**	171,317	(3,703)
Interest Rate Derivatives used in Cash Flow Hedges	Interest Rate Derivatives used in Cash Flow Hedges					Interest Rate Derivatives used in Cash Flow Hedges				
Positive fair values	Positive fair values	**1,500,000**	**5,646**	600,000	1,321	Positive fair values	**200,000**	**396**	600,000	1,321
Negative fair values	Negative fair values	**—**	**—**	1,000,000	(12,163)	Negative fair values	**1,300,000**	**(2,002)**	1,000,000	(12,163)
Foreign Exchange Contracts with Customers	Foreign Exchange Contracts with Customers					Foreign Exchange Contracts with Customers				
Positive fair values	Positive fair values	**19,026**	**180**	11,123	571	Positive fair values	**21,527**	**234**	11,123	571
Negative fair values	Negative fair values	**10,290**	**(380)**	3,672	(85)	Negative fair values	**20,839**	**(238)**	3,672	(85)

Foreign Exchange Contracts with Correspondent Banks	Foreign Exchange Contracts with Correspondent Banks					Foreign Exchange Contracts with Correspondent Banks				
Positive fair values	Positive fair values	**12,725**	**435**	4,887	101	Positive fair values	**20,166**	**313**	4,887	101
Negative fair values	Negative fair values	**7,836**	**(56)**	8,280	(499)	Negative fair values	**5,397**	**(37)**	8,280	(499)

The following table presents the effect of fair value and cash flow hedge accounting on AOCI:

		Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Recognized in OCI Included Component	Amount of Gain (Loss) Recognized in OCI Excluded Component	Location of Gain (Loss) Recognized from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income Included Component	Amount of Gain (Loss) Reclassified from AOCI into Income Excluded Component		Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Recognized in OCI Included Component	Amount of Gain (Loss) Recognized in OCI Excluded Component	Location of Gain (Loss) Recognized from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income	
		(dollars in thousands)								(dollars in thousands)					
Derivatives in Cash Flow Hedging Relationships:	Derivatives in Cash Flow Hedging Relationships:								Derivatives in Cash Flow Hedging Relationships:						
Three months ended March 31, 2023															
Three months ended June 30, 2023									**Three months ended June 30, 2023**						
Interest Rate Products	Interest Rate Products	$ **12,535**	$ **12,535**	$ **—**	Interest Income	$ **(7,157)**	$ **(7,157)**	$ **—**	Interest Rate Products	$ **(7,251)**	$ **(7,251)**	$ **—**	Interest Income	$ **(7,032)**	$
Three months ended March 31, 2022															
Three months ended June 30, 2022									**Three months ended June 30, 2022**						
Interest Rate Products	Interest Rate Products	(40,563)	(40,563)	—	Interest Income	1,948	1,948	—	Interest Rate Products	(11,100)	(11,100)	—	Interest Income	434	
Six months ended June 30, 2023									**Six months ended June 30, 2023**						
Interest Rate Products									Interest Rate Products	**5,284**	**5,284**	**—**	Interest Income	**(14,189)**	
Six months ended June 30, 2022									**Six months ended June 30, 2022**						
Interest Rate Products									Interest Rate Products	(51,663)	(51,663)	—	Interest Income	2,382	

The following table presents the effect of fair value and cash flow hedge accounting on the income statement:

	Consolidated Statements of Income Classification		Consolidated Statements of Income Classification
	Interest Income		**Interest Income**

		Three months ended March 31			Three months ended June 30		Six months ended June 30	
		2023	2022		**2023**	2022	**2023**	2022
		(dollars in thousands)			(dollars in thousands)			
Total amounts of income line items presented in the consolidated statements of income in which the effects of fair value or cash flow hedges are recorded	Total amounts of income line items presented in the consolidated statements of income in which the effects of fair value or cash flow hedges are recorded	**$ (7,157)**	$ 1,948	Total amounts of income line items presented in the consolidated statements of income in which the effects of fair value or cash flow hedges are recorded	**$ (7,032)**	$ 434	**$ (14,189)**	$ 2,382
Interest contracts:	Interest contracts:			Interest contracts:				
Amount of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	**(7,157)**	1,948	Amount of gain (loss) reclassified from AOCI into income	**(7,032)**	434	**(14,189)**	2,382
Amount of gain or (loss) reclassified from AOCI into income as a result that a forecasted transaction is no longer probable of occurring	Amount of gain or (loss) reclassified from AOCI into income as a result that a forecasted transaction is no longer probable of occurring	**—**	—	Amount of gain or (loss) reclassified from AOCI into income as a result that a forecasted transaction is no longer probable of occurring	**—**	—	**—**	—
Amount of gain (loss) reclassified from AOCI into income - included component	Amount of gain (loss) reclassified from AOCI into income - included component	**(7,157)**	1,948	Amount of gain (loss) reclassified from AOCI into income - included component	**(7,032)**	434	**(14,189)**	2,382
Amount of gain (loss) reclassified from AOCI into income - excluded component	Amount of gain (loss) reclassified from AOCI into income - excluded component	**—**	—	Amount of gain (loss) reclassified from AOCI into income - excluded component	**—**	—	**—**	—

The following table presents a summary of the net fair value gains (losses) on derivative financial instruments:

		Consolidated Statements of Income Classification	Three months ended March 31			Consolidated Statements of Income Classification	Three months ended June 30		Six months ended June 30	
			2023	2022			**2023**	2022	**2023**	2022
			(dollars in thousands)				(dollars in thousands)			
Mortgage banking derivatives (1)	Mortgage banking derivatives (1)	Mortgage banking income	**$ 394**	$ 385	Mortgage banking derivatives(1)	Mortgage banking income	**$ 475**	$ (2,095)	**$ 869**	$ (1,710)

Interest rate derivatives	Interest rate derivatives	Other expense	—	—	Interest rate derivatives	Other expense	—	—	—	—
Foreign exchange contracts	Foreign exchange contracts	Other income	**91**	47	Foreign exchange contracts	Other income	**93**	(6)	**184**	41
Net fair value gains/(losses) on derivative financial instruments	Net fair value gains/(losses) on derivative financial instruments		**$ 485**	$ 432	Net fair value gains/(losses) on derivative financial instruments		**$ 568**	$ (2,101)	**$ 1,053**	$ (1,669)

(1) Includes interest rate locks with customers and forward commitments.

Fair Value Option

The Corporation has elected to measure mortgage loans held for sale at fair value. The following table presents a summary of mortgage loans held for sale and the impact of the fair value election on the consolidated financial statements as of the periods shown:

		March 31, 2023	December 31, 2022		**June 30, 2023**	December 31, 2022
		(dollars in thousands)			(dollars in thousands)	
Amortized cost (1)	Amortized cost (1)	**$ 6,362**	$ 7,180	Amortized cost(1)	**$ 14,531**	$ 7,180
Fair value	Fair value	**6,507**	7,264	Fair value	**14,673**	7,264

(1) Cost basis of mortgage loans held for sale represents the unpaid principal balance.

Losses related to changes in fair values of mortgage loans held for sale were nominal for the three months ended June 30, 2023 compared to gains of $0.5 million for the three months ended June 30, 2022. Gains related to changes in fair values of mortgage loans held for sale were $0.1 million for the three six months ended March 31, 2023 June 30, 2023 compared to losses of $1.1 million $0.6 million for the three six months ended March 31, 2022 June 30, 2022.

Balance Sheet Offsetting

The fair values of interest rate derivative agreements and foreign exchange contracts the Corporation enters into with customers and dealer counterparties may be eligible for offset on the consolidated balance sheets if they are subject to master netting arrangements or similar agreements. The Corporation has elected to net its financial assets and liabilities designated as cash flow hedges when offsetting is permitted. The following table presents the Corporation's financial instruments that are eligible for offset, and the effects of offsetting, on the consolidated balance sheets:

		Gross Amounts Recognized on the Consolidated Balance Sheets	Gross Amounts Not Offset on the Consolidated Balance Sheets: Financial Instruments(1)	Gross Amounts Not Offset on the Consolidated Balance Sheets: Cash Collateral(2)	Net Amount		Gross Amounts Recognized on the Consolidated Balance Sheets	Gross Amounts Not Offset on the Consolidated Balance Sheets: Financial Instruments(1)	Gross Amounts Not Offset on the Consolidated Balance Sheets: Cash Collateral(2)	Net Amount
		(dollars in thousands)					(dollars in thousands)			
March 31, 2023										
June 30, 2023						**June 30, 2023**				
Interest rate derivative assets	Interest rate derivative assets	**$ 141,902**	**$ —**	**$ —**	**$ 141,902**	Interest rate derivative assets	**$ 173,215**	**$ (9,022)**	**$ —**	**$ 164,193**
Foreign exchange derivative assets with correspondent banks	Foreign exchange derivative assets with correspondent banks	**435**	**(435)**	**—**	**—**	Foreign exchange derivative assets with correspondent banks	**313**	**(313)**	**—**	**—**
Total	Total	**$ 142,337**	**$ (435)**	**$ —**	**$ 141,902**	Total	**$ 173,528**	**$ (9,335)**	**$ —**	**$ 164,193**
Interest rate derivative liabilities	Interest rate derivative liabilities	**$ 231,032**	**$ (5,641)**	**$ (96,102)**	**$ 129,289**	Interest rate derivative liabilities	**$ 291,213**	**$ (7,416)**	**$ (118,789)**	**$ 165,008**

Foreign exchange derivative liabilities with correspondent banks	Foreign exchange derivative liabilities with correspondent banks	**56**	**(435)**	**—**	**(379)**	Foreign exchange derivative liabilities with correspondent banks	**37**	**(313)**	**—**	**(276)**
Total	Total	**$ 231,088**	**$ (6,076)**	**$ (96,102)**	**$ 128,910**	Total	**$ 291,250**	**$ (7,729)**	**$ (118,789)**	**$ 164,732**
December 31, 2022	December 31, 2022					December 31, 2022				
Interest rate derivative assets	Interest rate derivative assets	$ 166,614	$ (8,071)	$ —	$ 158,543	Interest rate derivative assets	$ 166,614	$ (8,071)	$ —	$ 158,543
Foreign exchange derivative assets with correspondent banks	Foreign exchange derivative assets with correspondent banks	101	(101)	—	—	Foreign exchange derivative assets with correspondent banks	101	(101)	—	—
Total	Total	$ 166,715	$ (8,172)	$ —	$ 158,543	Total	$ 166,715	$ (8,172)	$ —	$ 158,543
Interest rate derivative liabilities	Interest rate derivative liabilities	$ 296,267	$ (2,771)	$ (127,638)	$ 165,858	Interest rate derivative liabilities	$ 296,267	$ (2,771)	$ (127,638)	$ 165,858
Foreign exchange derivative liabilities with correspondent banks	Foreign exchange derivative liabilities with correspondent banks	499	(101)	—	398	Foreign exchange derivative liabilities with correspondent banks	499	(101)	—	398
Total	Total	$ 296,766	$ (2,872)	$ (127,638)	$ 166,256	Total	$ 296,766	$ (2,872)	$ (127,638)	$ 166,256

(1) For interest rate derivative assets, amounts represent any derivative liability fair values that could be offset in the event of counterparty or customer default.
For interest rate derivative liabilities, amounts represent any derivative asset fair values that could be offset in the event of counterparty or customer default.

(2) Amounts represent cash collateral received from the counterparty or posted by the Corporation on interest rate derivative transactions and foreign exchange contracts with financial institution counterparties. Interest rate derivatives with customers are collateralized by the same collateral securing the underlying loans to those borrowers. Cash and securities collateral amounts are included in the table only to the extent of the net derivative fair values.

NOTE 8 – Accumulated Other Comprehensive (Loss) Income

The following table presents the components of other comprehensive income (loss):

	Before-Tax Amount	Tax Effect	Net of Tax Amount
		(dollars in thousands)	
Three months ended March 31, 2023			
Net unrealized income on securities	**$ 42,199**	**$ (9,558)**	**$ 32,641**
Reclassification adjustment for securities net change included in net income (1)	**23**	**(5)**	**18**
Amortization of net unrealized gains on AFS securities transferred to HTM (2)	**1,910**	**(433)**	**1,477**
Net unrealized holding losses arising during the period on interest rate derivatives used in cash flow hedges(3)	**12,535**	**(17,748)**	**(5,213)**
Reclassification adjustment for net change realized in net income on interest rate derivatives used in cash flow hedges(3)	**7,157**	**(1,621)**	**5,536**
Amortization of net unrecognized pension and postretirement items (4)	**32**	**(7)**	**25**
Total Other Comprehensive Income	**$ 63,856**	**$ (29,372)**	**$ 34,484**
Three months ended March 31, 2022			
Net unrealized losses on securities	$ (199,068)	$ 45,208	$ (153,860)
Reclassification adjustment for securities net change included in net income (1)	19	(4)	15
Amortization of net unrealized gains on AFS securities transferred to HTM (2)	564	(128)	436
Net unrealized holding losses arising during the period on interest rate derivatives used in cash flow hedges	(40,563)	9,187	(31,376)
Reclassification adjustment for net change realized in net income on interest rate derivatives used in cash flow hedges	(1,948)	442	(1,506)
Amortization of net unrecognized pension and postretirement items (4)	32	(7)	25
Total Other Comprehensive Loss	$ (240,964)	$ 54,698	$ (186,266)

	Before-Tax Amount		Tax Effect		Net of Tax Amount	
Three months ended June 30, 2023		(dollars in thousands)				
Net unrealized losses on securities	**$**	**(40,361)**	**$**	**9,142**	**$**	**(31,219)**
Reclassification adjustment for securities net change included in net income(1)		**(4)**		**1**		**(3)**
Amortization of net unrealized gains on AFS securities transferred to HTM(2)		**1,941**		**(440)**		**1,501**
Net unrealized holding losses arising during the period on interest rate derivatives used in cash flow hedges(3)		**(7,251)**		**1,665**		**(5,586)**
Reclassification adjustment for net change realized in net income on interest rate derivatives used in cash flow hedges(3)		**7,032**		**(22)**		**7,010**
Amortization of net unrecognized pension and postretirement items(4)		**4**		**(1)**		**3**
Total Other Comprehensive Loss	**$**	**(38,639)**	**$**	**10,345**	**$**	**(28,294)**
Three months ended June 30, 2022						
Net unrealized losses on securities	$	(114,312)	$	25,960	$	(88,352)
Reclassification adjustment for securities net change included in net income(1)		8		(2)		6
Amortization of net unrealized gains on AFS securities transferred to HTM(2)		(62,250)		14,137		(48,113)
Net unrealized holding losses arising during the period on interest rate derivatives used in cash flow hedges(3)		(11,100)		2,514		(8,586)
Reclassification adjustment for net change realized in net income on interest rate derivatives used in cash flow hedges(3)		(434)		99		(335)
Amortization of net unrecognized pension and postretirement items(4)		33		(8)		25
Total Other Comprehensive Loss	$	(188,055)	$	42,700	$	(145,355)
Six months ended June 30, 2023						
Unrealized gain on securities	**$**	**1,838**	**$**	**(416)**	**$**	**1,422**
Reclassification adjustment for securities net change included in net income(1)		**18**		**(4)**		**14**
Amortization of net unrealized gains on AFS securities transferred to HTM(2)		**3,851**		**(872)**		**2,979**
Net unrealized holding losses arising during the period on interest rate derivatives used in cash flow hedges(3)		**5,284**		**(17,690)**		**(12,406)**
Reclassification adjustment for net change realized in net income on interest rate swaps used in cash flow hedges(3)		**14,189**		**(36)**		**14,153**
Amortization of net unrecognized pension and postretirement items(4)		**36**		**(8)**		**28**
Total Other Comprehensive Income	**$**	**25,216**	**$**	**(19,026)**	**$**	**6,190**
Six months ended June 30, 2022						
Unrealized loss on securities	$	(313,379)	$	71,168	$	(242,211)
Reclassification adjustment for securities net change included in net income(1)		27		(6)		21
Amortization of net unrealized losses on AFS securities transferred to HTM(2)		(61,686)		14,009		(47,677)
Net unrealized holding losses arising during the period on interest rate derivatives used in cash flow hedges(3)		(51,663)		11,701		(39,962)
Reclassification adjustment for change realized in net income on interest rate swaps used in cash flow hedges(3)		(2,382)		540		(1,842)
Amortization of net unrecognized pension and postretirement items(4)		65		(15)		50
Total Other Comprehensive Loss	$	(429,018)	$	97,397	$	(331,621)

(1) Amounts reclassified out of AOCI. Before-tax amounts included in "Investment securities gains, net" on the Consolidated Statements of Income. See "Note 4 -Investment - Investment Securities," for additional details.

(2) Amounts reclassified out of AOCI. Before-tax amounts included as a reduction to "Interest Income" on the Consolidated Statements of Income.

(3) Tax effect includes reversal of swap interest rate derivatives used in cash flow hedges deferred tax benefit upon termination.

(4) Amounts reclassified out of AOCI. Before-tax amounts included in "Salaries and employee benefits" on the Consolidated Statements of Income. See "Note 12 - Employee Benefit Plans," for additional details.

The following table presents changes in each component of accumulated other comprehensive income (loss), net of tax:

Unrealized Gains (Losses) on Investment Securities	Net Unrealized Gain (Loss) on Interest Rate Derivatives used in Cash Flow Hedges	Unrecognized Pension and Postretirement Plan Income (Costs)	Total	Unrealized Gains (Losses) on Investment Securities	Net Unrealized Gain (Loss) on Interest Rate Derivatives used in Cash Flow Hedges	Unrecognized Pension and Postretirement Plan Income (Costs)	Total
(dollars in thousands)				(dollars in thousands)			

Three months ended March 31, 2023				
Balance at December 31, 2022	$ (316,231)	$ (61,776)	$ (7,469)	$ (385,476)
Three months ended June 30, 2023				
Balance at March 31, 2023	$ (282,095)	$ (61,453)	$ (7,444)	$ (350,992)
OCI before reclassifications	(31,219)	(5,586)	—	(36,805)
Amounts reclassified from AOCI	(3)	7,010	3	7,010
Amortization of net unrealized gains on AFS securities transferred to HTM	1,501	—	—	1,501
Balance at June 30, 2023	$ (311,816)	$ (60,029)	$ (7,441)	$ (379,286)
Three months ended June 30, 2022				
Balance at March 31, 2022	$ (112,968)	$ (37,699)	$ (8,188)	$ (158,855)
OCI before reclassifications	32,641	—	—	32,641
OCI before reclassifications	(88,352)	(8,586)	—	(96,938)
Amounts reclassified from AOCI	18	323	25	366
Amounts reclassified from AOCI	6	(335)	25	(304)
Amortization of net unrealized losses on AFS securities transferred to HTM	1,477	—	—	1,477
Amortization of net unrealized losses on AFS securities transferred to HTM	(48,113)	—	—	(48,113)
Balance at March 31, 2023	$ (282,095)	$ (61,453)	$ (7,444)	$ (350,992)
Three months ended March 31, 2022				
Balance at June 30, 2022	$ (249,427)	$ (46,620)	$ (8,163)	$ (304,210)
Six months ended June 30, 2023				
Balance at December 31, 2022	$ (316,231)	$ (61,776)	$ (7,469)	$ (385,476)
OCI before reclassifications	1,422	(12,406)	—	(10,984)
Amounts reclassified from AOCI	14	14,153	28	14,195

Amortization of net unrealized gains on AFS securities transferred to HTM						Amortization of net unrealized gains on AFS securities transferred to HTM	2,979	—	—	2,979
Balance at June 30, 2023						**Balance at June 30, 2023**	**$ (311,816)**	**$ (60,029)**	**$ (7,441)**	**$ (379,286)**
Six months ended June 30, 2022						Six months ended June 30, 2022				
Balance at December 31, 2021	Balance at December 31, 2021	$ 40,441	$ (4,817)	$ (8,213)	$ 27,411	Balance at December 31, 2021	$ 40,440	$ (4,816)	$ (8,213)	$ 27,411
OCI before reclassifications	OCI before reclassifications	(153,860)	—	—	(153,860)	OCI before reclassifications	(242,211)	(39,962)	—	(282,173)
Amounts reclassified from AOCI	Amounts reclassified from AOCI	15	(32,882)	25	(32,842)	Amounts reclassified from AOCI	21	(1,842)	50	(1,771)
Amortization of net unrealized losses on AFS securities transferred to HTM	Amortization of net unrealized losses on AFS securities transferred to HTM	436	—	—	436	Amortization of net unrealized losses on AFS securities transferred to HTM	(47,677)	—	—	(47,677)
Balance at March 31, 2022		$ (112,968)	$ (37,699)	$ (8,188)	$ (158,855)					
Balance at June 30, 2022						Balance at June 30, 2022	$ (249,427)	$ (46,620)	$ (8,163)	$ (304,210)

NOTE 9 – Fair Value Measurements

FASB ASC Topic 820 establishes a fair value hierarchy for the inputs to valuation techniques used to measure assets and liabilities at fair value using the following three categories (from highest to lowest priority):

- Level 1 – Inputs that represent quoted prices for identical instruments in active markets.
- Level 2 – Inputs that represent quoted prices for similar instruments in active markets or quoted prices for identical instruments in non-active markets. Also includes valuation techniques whose inputs are derived principally from observable market data other than quoted prices, such as interest rates or other market-corroborated means.
- Level 3 – Inputs that are largely unobservable, as little or no market data exists for the instrument being valued.

All assets and liabilities measured at fair value on both a recurring and nonrecurring basis have been categorized into the above three levels. The following tables present assets and liabilities measured at fair value on a recurring basis and reported on the consolidated balance sheets:

		March 31, 2023					June 30, 2023			
		Level 1	**Level 2**	**Level 3**	**Total**		**Level 1**	**Level 2**	**Level 3**	**Total**
		(dollars in thousands)					(dollars in thousands)			
Loans held for sale	Loans held for sale	**$ —**	**$ 6,507**	**$ —**	**$ 6,507**	Loans held for sale	**$ —**	**$ 14,673**	**$ —**	**$ 14,673**
Available for sale investment securities:	Available for sale investment securities:					Available for sale investment securities:				
U.S. Government securities	U.S. Government securities	**220,053**	**—**	**—**	**220,053**	U.S. Government securities	**220,638**	**—**	**—**	**220,638**
U.S. Government-sponsored agency securities	U.S. Government-sponsored agency securities	**—**	**1,017**	**—**	**1,017**	U.S. Government-sponsored agency securities	**—**	**999**	**—**	**999**

State and municipal securities	—	1,067,598	—	1,067,598	—	1,053,908	—	1,053,908
Corporate debt securities	—	439,034	—	439,034	—	424,379	—	424,379
Collateralized mortgage obligations	—	130,450	—	130,450	—	120,458	—	120,458
Residential mortgage-backed securities	—	212,574	—	212,574	—	204,888	—	204,888
Commercial mortgage-backed securities	—	571,663	—	571,663	—	547,451	—	547,451
Total available for sale investment securities	220,053	2,422,336	—	2,642,389	220,638	2,352,083	—	2,572,721
Other assets:								
Investments held in Rabbi Trust	26,211	—	—	26,211	28,046	—	—	28,046
Derivative assets	615	142,322	—	142,937	547	174,079	—	174,626
Total assets	$ 246,879	$ 2,571,165	$ —	$ 2,818,044	$ 249,231	$ 2,540,835	$ —	$ 2,790,066
Other liabilities:								
Deferred compensation liabilities	$ 26,211	$ —	$ —	$ 26,211	$ 28,046	$ —	$ —	$ 28,046
Derivative liabilities	436	231,074	—	231,510	275	291,224	—	291,499
Total liabilities	$ 26,647	$ 231,074	$ —	$ 257,721	$ 28,321	$ 291,224	$ —	$ 319,545

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(dollars in thousands)			
Loans held for sale	$ —	$ 7,264	$ —	$ 7,264
Available for sale investment securities:				
U.S. Government securities	218,485	—	—	218,485
U.S. Government sponsored agency securities	—	1,008	—	1,008
State and municipal securities	—	1,105,712	—	1,105,712
Corporate debt securities	—	422,309	—	422,309
Collateralized mortgage obligations	—	134,033	—	134,033
Residential mortgage-backed securities	—	212,698	—	212,698
Commercial mortgage-backed securities	—	552,522	—	552,522
Total available for sale investment securities	218,485	2,428,282	—	2,646,767
Other assets:				
Investments held in Rabbi Trust	23,435	—	—	23,435
Derivative assets	672	166,796	—	167,468
Total assets	$ 242,592	$ 2,602,342	$ —	$ 2,844,934

Other liabilities:				
Deferred compensation liabilities	$ 23,435	$ —	$ —	$ 23,435
Derivative liabilities	584	296,465	—	297,049
Total liabilities	$ 24,019	$ 296,465	$ —	$ 320,484

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(dollars in thousands)			
Loans held for sale	$ —	$ 7,264	$ —	$ 7,264
Available for sale investment securities:				
U.S. Government securities	218,485	—	—	218,485
U.S. Government sponsored agency securities	—	1,008	—	1,008
State and municipal securities	—	1,105,712	—	1,105,712
Corporate debt securities	—	422,309	—	422,309
Collateralized mortgage obligations	—	134,033	—	134,033
Residential mortgage-backed securities	—	212,698	—	212,698
Commercial mortgage-backed securities	—	552,522	—	552,522
Total available for sale investment securities	218,485	2,428,282	—	2,646,767
Other assets:				
Investments held in Rabbi Trust	23,435	—	—	23,435
Derivative assets	672	166,796	—	167,468
Total assets	$ 242,592	$ 2,602,342	$ —	$ 2,844,934
Other liabilities:				
Deferred compensation liabilities	$ 23,435	$ —	$ —	$ 23,435
Derivative liabilities	584	296,465	—	297,049
Total liabilities	$ 24,019	$ 296,465	$ —	$ 320,484

The valuation techniques used to measure fair value for the items in the preceding tables are as follows:

Loans held for sale – This category includes mortgage loans held for sale that are measured at fair value. Fair values as of March 31, 2023 June 30, 2023 and December 31, 2022 were measured at the price that secondary market investors were offering for loans with similar characteristics.

Available for sale investment securities – Included in this asset category are debt securities. Level 2 investment securities are valued by a third-party pricing service. The pricing service uses pricing models that vary based on asset class and incorporate available market information, including quoted prices of investment securities with similar characteristics. Because many fixed income securities do not trade on a daily basis, pricing models use available information, as applicable, through processes such as benchmark yield curves, benchmarking of like securities, sector groupings and matrix pricing.

Standard market inputs include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data, including market research publications. For certain security types, additional inputs may be used, or some of the standard market inputs may not be applicable.

- U.S. Government securities – These securities are classified as Level 1. Fair values are based on quoted prices with active markets.

- State and municipal securities/Collateralized mortgage obligations/Residential mortgage-backed securities/Commercial mortgage-backed securities – These debt securities are classified as Level 2. Fair values are determined by a third-party pricing service, as detailed above.

- Corporate debt securities – This category consists of subordinated debt and senior debt issued by financial institutions ($432.0 417.4 million at March 31, 2023 June 30, 2023 and $415.4 million at December 31, 2022) and other corporate debt issued by non-financial institutions ($7.0 million at March 31, 2023 June 30, 2023 and $6.9 million at December 31, 2022).

Level 2 investments include subordinated debt and senior debt, and other corporate debt issued by non-financial institutions at March 31, 2023 June 30, 2023 and December 31, 2022. The fair values for these corporate debt securities are determined by a third-party pricing service, as detailed above.

Investments held in Rabbi Trust – This category consists of mutual funds that are held in trust for employee deferred compensation plans that the Corporation has elected to measure at fair value. Shares of mutual funds are valued based on net asset value, which represent quoted market prices for the underlying shares held in the mutual funds, and as such, are classified as Level 1.

Derivative assets – Fair value of foreign currency exchange contracts are classified as Level 1 assets ($0.6 0.5 million at March 31, 2023 June 30, 2023 and $0.7 million at December 31, 2022). The mutual funds and foreign exchange prices used to measure these items at fair value are based on quoted prices for identical instruments in active markets.

Level 2 assets, representing the fair value of mortgage banking derivatives in the form of interest rate locks and forward commitments with secondary market investors ($0.4 0.9 million at March 31, 2023 June 30, 2023 and $0.2 million at December 31, 2022) and the fair value of interest rate derivatives ($141.9 173.2 million at March 31, 2023 June 30, 2023 and $166.6 million at December 31, 2022). The fair values of the interest rate locks, forward commitments and interest rate derivatives represent the amounts that would be required to settle the derivative financial instruments at the balance sheet date. See "Note 7 - Derivative Financial Instruments," for additional information.

Deferred compensation liabilities – Fair value of amounts due to employees under deferred compensation plans, classified as Level 1 liabilities and are included in other liabilities on the consolidated balance sheets. The fair values of these liabilities are determined in the same manner as the related assets, as described under the heading "Investments held in Rabbi Trust" above.

Derivative liabilities – Level 1 liabilities, representing the fair value of foreign currency exchange contracts ($0.4 0.3 million at March 31, 2023 June 30, 2023 and $0.6 million at December 31, 2022).

Level 2 liabilities, representing the fair value of mortgage banking derivatives in the form of interest rate locks and forward commitments with secondary market investors (nominal at March 31, 2023 June 30, 2023 and $0.2 million at December 31, 2022) and the fair value of interest rate derivatives ($231.0 291.2 million at March 31, 2023 June 30, 2023 and $296.3 million at December 31, 2022).

The fair values of these liabilities are determined in the same manner as the related assets, as described under the heading "Derivative assets" above.

Certain financial instruments are not measured at fair value on an ongoing basis but are subject to fair value measurement in certain circumstances, such as upon their acquisition or when there is evidence of impairment. The following table presents Level 3 financial assets measured at fair value on a nonrecurring basis:

		March 31, 2023	December 31, 2022		**June 30, 2023**	December 31, 2022
		(dollars in thousands)			(dollars in thousands)	
Loans, net	Loans, net	**$ 113,799**	$ 121,115	Loans, net	**$ 103,567**	$ 121,115
OREO	OREO	**3,304**	5,790	OREO	**3,881**	5,790
MSRs(1)	MSRs(1)	**47,223**	50,044	MSRs(1)	**49,444**	50,044
Total assets	Total assets	**$ 164,326**	$ 176,949	Total assets	**$ 156,892**	$ 176,949

(1) Amounts shown are estimated fair value. MSRs are recorded on the Corporation's consolidated balance sheets at the lower of amortized cost or fair value. See "Note 6 - Mortgage Servicing Rights" for additional information.

The valuation techniques used to measure fair value for the items in the table above are as follows:

- Loans, net – This category consists of loans that were individually evaluated for impairment and have been classified as Level 3 assets. The amount shown is the balance of non-accrual loans, net of related ACL. See "Note 5 - Loans and Allowance for Credit Losses," for additional details.
- OREO – This category consists of OREO classified as Level 3 assets, for which the fair values were based on estimated selling prices less estimated selling costs for similar assets in active markets.
- MSRs - This category consists of MSRs, which were initially recorded at fair value upon the sale of residential mortgage loans to secondary market investors, and subsequently carried at the lower of amortized cost or fair value. MSRs are amortized as a reduction to servicing income over the estimated lives of the underlying loans. MSRs are stratified by product type and evaluated for impairment by comparing each stratum's carrying amount to its estimated fair value. Fair values are determined at the end of each quarter through a discounted cash flows valuation performed by a third-party valuation expert. Significant inputs to the valuation included expected net servicing income, the discount rate and the expected life of the underlying loans. Expected life is based on the contractual terms of the loans, as adjusted for prepayment projections. The weighted average annual constant prepayment rate and the weighted average discount rate used in the March 31, 2023 June 30, 2023 valuation were 8.2% 7.8% and 9.0%, respectively. Management reviews the reasonableness of the significant inputs to the third-party valuation in comparison to market data. See "Note 6 - Mortgage Servicing Rights," for additional information.

The following tables detail the book values and the estimated fair values of the Corporation's financial instruments as of March 31, 2023 June 30, 2023 and December 31, 2022.

	March 31, 2023					**June 30, 2023**				
		Estimated Fair Value					**Estimated Fair Value**			
	Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
	(dollars in thousands)					(dollars in thousands)				

FINANCIAL ASSETS	**FINANCIAL ASSETS**						**FINANCIAL ASSETS**					
Cash and cash equivalents	Cash and cash equivalents	**$ 566,753**	**$ 566,753**	**$ —**	**$ —**	**$ 566,753**	Cash and cash equivalents	**$ 504,702**	**$ 504,702**	**$ —**	**$ —**	**$ 504,702**
FRB and FHLB stock	FRB and FHLB stock	**107,605**	**—**	**107,605**	**—**	**107,605**	FRB and FHLB stock	**124,218**	**—**	**124,218**	**—**	**124,218**
Loans held for sale	Loans held for sale	**6,507**	**—**	**6,507**	**—**	**6,507**	Loans held for sale	**14,673**	**—**	**14,673**	**—**	**14,673**
AFS securities	AFS securities	**2,642,389**	**220,053**	**2,422,336**	**—**	**2,642,389**	AFS securities	**2,572,721**	**220,638**	**2,352,083**	**—**	**2,572,721**
HTM securities	HTM securities	**1,307,712**	**—**	**1,125,027**	**—**	**1,125,027**	HTM securities	**1,294,613**	**—**	**1,086,692**	**—**	**1,086,692**
Loans, net	Loans, net	**20,391,493**	**—**	**—**	**19,132,951**	**19,132,951**	Loans, net	**20,757,243**	**—**	**—**	**19,233,430**	**19,233,430**
Accrued interest receivable	Accrued interest receivable	**90,267**	**90,267**	**—**	**—**	**90,267**	Accrued interest receivable	**96,991**	**96,991**	**—**	**—**	**96,991**
Other assets	Other assets	**619,022**	**426,173**	**142,322**	**50,527**	**619,022**	Other assets	**675,328**	**447,924**	**174,079**	**53,325**	**675,328**
FINANCIAL LIABILITIES	**FINANCIAL LIABILITIES**						**FINANCIAL LIABILITIES**					
Demand and savings deposits	Demand and savings deposits	**$ 18,461,527**	**$ 18,461,527**	**$ —**	**$ —**	**$ 18,461,527**	Demand and savings deposits	**$ 18,055,623**	**$ 18,055,623**	**$ —**	**$ —**	**$ 18,055,623**
Brokered deposits	Brokered deposits	**960,919**	**161,395**	**798,376**	**—**	**959,771**	Brokered deposits	**949,259**	**150,222**	**797,177**	**—**	**947,399**
Time deposits	Time deposits	**1,894,138**	**—**	**1,858,982**	**—**	**1,858,982**	Time deposits	**2,201,658**	**—**	**2,182,337**	**—**	**2,182,337**
Accrued interest payable	Accrued interest payable	**11,892**	**11,892**	**—**	**—**	**11,892**	Accrued interest payable	**24,101**	**24,101**	**—**	**—**	**24,101**
Federal funds purchased	Federal funds purchased	**525,000**	**525,000**	**—**	**—**	**525,000**	Federal funds purchased	**555,000**	**555,003**	**—**	**—**	**555,003**
Federal Home Loan Bank advances	Federal Home Loan Bank advances	**747,000**	**747,000**	**—**	**—**	**747,000**	Federal Home Loan Bank advances	**1,165,000**	**1,164,991**	**—**	**—**	**1,164,991**
Senior debt and subordinated debt	Senior debt and subordinated debt	**539,814**	**—**	**468,896**	**—**	**468,896**	Senior debt and subordinated debt	**539,994**	**—**	**461,365**	**—**	**461,365**
Other borrowings	Other borrowings	**634,956**	**633,815**	**1,095**	**—**	**634,910**	Other borrowings	**459,120**	**458,087**	**1,010**	**—**	**459,097**
Other liabilities	Other liabilities	**409,353**	**160,740**	**231,074**	**17,539**	**409,353**	Other liabilities	**454,641**	**146,849**	**291,224**	**16,568**	**454,641**

	December 31, 2022				
		Estimated Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
	(dollars in thousands)				
FINANCIAL ASSETS					
Cash and cash equivalents	$ 681,921	$ 681,921	$ —	$ —	$ 681,921
FRB and FHLB stock	130,186	—	130,186	—	130,186
Loans held for sale	7,264	—	7,264	—	7,264
AFS securities	2,646,767	218,485	2,428,282	—	2,646,767
HTM securities	1,321,256	—	1,125,049	—	1,125,049
Loans, net	20,010,181	—	—	18,862,701	18,862,701
Accrued interest receivable	91,579	91,579	—	—	91,579
Other assets	642,049	419,419	166,796	55,834	642,049

FINANCIAL LIABILITIES

Demand and savings deposits	$ 18,851,912	$ 18,851,912	$ —	$ —	$ 18,851,912
Brokered deposits	208,416	188,416	25,085	—	213,501
Time deposits	1,589,210	—	1,574,747	—	1,574,747
Accrued interest payable	10,185	10,185	—	—	10,185
Federal funds purchased	191,000	190,998	—	—	190,998
Federal Home Loan Bank advances	1,250,000	1,249,629	—	—	1,249,629
Senior debt and subordinated debt	539,634	—	456,867	—	456,867
Other borrowings	890,573	889,393	1,180	—	890,573
Other liabilities	467,705	154,912	296,465	16,328	467,705

Fair values of financial instruments are significantly affected by the assumptions used, principally the timing of future cash flows and discount rates. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values could not necessarily be realized in an immediate sale or settlement of the instrument. The aggregate fair value amounts presented do not necessarily represent management's estimate of the underlying value of the Corporation.

For short-term financial instruments, defined as those with remaining maturities of 90 days or less, and excluding those recorded at fair value on the Corporation's consolidated balance sheets, book value was considered to be a reasonable estimate of fair value.

The following instruments are predominantly short-term:

Assets	Liabilities
Cash and cash equivalents	Demand and savings deposits
Accrued interest receivable	Other borrowings
	Accrued interest payable

FRB and FHLB stock represent restricted investments and are carried at cost on the consolidated balance sheets, which is a reasonable estimate of fair value.

As of March 31, 2023June 30, 2023, fair values for loans and time deposits were estimated by discounting future cash flows using the current rates, as adjusted for liquidity considerations, at which similar loans would be made to borrowers and similar deposits would be issued to customers for the same remaining maturities. Fair values of loans also include estimated credit losses that would be assumed in a market transaction, which represents estimated exit prices.

Brokered deposits consist of demand and saving deposits, which are classified as Level 1, and time deposits, which are classified as Level 2. The fair value of these deposits areis determined in a manner consistent with the respective type of deposits discussed above.

NOTE 10 – Net Income Per Share

Basic net income per share is calculated as net income available to common shareholders divided by the weighted average number of shares outstanding.

Diluted net income per share is calculated as net income available to common shareholders divided by the weighted average number of shares outstanding plus the incremental number of shares added as a result of converting common stock equivalents, calculated using the treasury stock method. The Corporation's common stock equivalents consist of outstanding stock options, restricted stock, RSUs, and PSUs. PSUs are required to be included in weighted average diluted shares outstanding if performance measures, as defined in each PSU award agreement, are met as of the end of the period.

A reconciliation of weighted average shares outstanding used to calculate basic and diluted net income per share follows (in thousands, except per share data):

		Three months ended March 31			Three months ended June 30		Six months ended June 30	
		2023	2022		**2023**	2022	**2023**	2022
Weighted average shares outstanding (basic)	Weighted average shares outstanding (basic)	**166,605**	160,588	Weighted average shares outstanding (basic)	**165,854**	160,920	**166,227**	160,755
Impact of common stock equivalents	Impact of common stock equivalents	**1,796**	1,323	Impact of common stock equivalents	**1,337**	1,155	**1,582**	1,260

Weighted average shares outstanding (diluted)	Weighted average shares outstanding (diluted)	**168,401**	161,911	Weighted average shares outstanding (diluted)	**167,191**	162,075	**167,809**	162,015
Per share:	Per share:			Per share:				
Basic	Basic	**$ 0.39**	$ 0.38	Basic	**$ 0.46**	$ 0.42	**$ 0.86**	$ 0.80
Diluted	Diluted	**0.39**	0.38	Diluted	**0.46**	0.42	**0.85**	0.80

NOTE 11 – Stock-Based Compensation

The Corporation grants equity awards to employees in the form of stock options, restricted stock, RSUs or PSUs under its Employee Equity Plan. In addition, employees may purchase stock under the Corporation's Employee Stock Purchase Plan. The fair value of equity awards granted to employees is recognized as compensation expense over the period during which employees are required to provide service in exchange for such awards. Compensation expense for PSUs is also recognized over the period during which employees are required to provide service in exchange for such awards, however, compensation expense may vary based on the expectations for actual performance relative to defined performance measures.

The Corporation also grants equity awards to non-employee members of its board of directors and the Bank board of directors under the Directors' Plan. Under the Directors' Plan, the Corporation can grant equity awards to non-employee Corporation and Bank directors in the form of stock options, restricted stock, RSUs or common stock. Recent grants of equity awards under the Directors' Plan have been limited to RSUs.

Equity awards under the Employee Equity Plan are generally granted annually and generally become fully vested over or after a three-year vesting period. The vesting period for non-performance-based awards represents the period during which employees are required to provide service in exchange for such awards. Equity awards under the Directors' Plan are generally granted annually and become fully vested after a one-year vesting period. Certain events, as defined in the Employee Equity Plan and the Directors' Plan, result in the acceleration of the vesting of equity awards.

Fair values for RSUs and a majority of PSUs are based on the trading price of the Corporation's stock on the date of grant and earn dividend equivalents during the vesting period, which are forfeitable if the awards do not vest. The fair value of certain PSUs are is estimated through the use of the Monte Carlo valuation methodology as of the date of grant.

As of March 31, 2023 June 30, 2023, the Employee Equity Plan had approximately 5.0 million 4.4 million shares reserved for future grants through 2032, and the Directors' Plan had approximately 44,000 406,000 shares reserved for future grants through 2029.

2033.

The following table presents compensation expense and the related tax benefits for equity awards recognized in the consolidated statements of income:

		Three months ended March 31			Three months ended June 30		Six months ended June 30	
		2023	2022		**2023**	2022	**2023**	2022
		(dollars in thousands)			(dollars in thousands)			
Compensation expense	Compensation expense	**$ 1,668**	$ 2,955	Compensation expense	**$ 2,571**	$ 3,846	**$ 4,240**	$ 6,586
Tax benefit	Tax benefit	**(362)**	(603)	Tax benefit	**(565)**	(758)	**(927)**	(1,361)
Total stock-based compensation, net of tax	Total stock-based compensation, net of tax	**$ 1,306**	$ 2,352	Total stock-based compensation, net of tax	**$ 2,006**	$ 3,088	**$ 3,313**	$ 5,225

NOTE 12 – Employee Benefit Plans

The net periodic pension cost for the Pension Plan consisted of the following components:

		Three months ended March 31			Three months ended June 30		Six months ended June 30	
		2023	2022		**2023**	2022	**2023**	2022
		(dollars in thousands)			(dollars in thousands)			
Interest cost	Interest cost	**$ 856**	$ 598	Interest cost	**$ 855**	$ 598	**$ 1,711**	$ 1,196
Expected return on plan assets	Expected return on plan assets	**(877)**	(1,098)	Expected return on plan assets	**(877)**	(1,099)	**(1,754)**	(2,197)
Net amortization and deferral	Net amortization and deferral	**80**	163	Net amortization and deferral	**80**	164	**161**	327

Net periodic pension cost	Net periodic pension cost	**$ 59**	$ (337)	Net periodic pension cost	**$ 58**	$ (337)	**$ 118**	$ (674)

The components of the net benefit for the Postretirement Plan consisted of the following components:

		Three months ended March 31			**Three months ended June 30**		**Six months ended June 30**	
		2023	2022		**2023**	2022	**2023**	2022
		(dollars in thousands)			(dollars in thousands)			
Interest cost	Interest cost	**$ 13**	$ 8	Interest cost	**$ 13**	$ 9	**$ 26**	$ 17
Net accretion and deferral	Net accretion and deferral	**(136)**	(131)	Net accretion and deferral	**(136)**	(131)	**(272)**	(262)
Net periodic benefit	Net periodic benefit	**$ (123)**	$ (123)	Net periodic benefit	**$ (123)**	$ (122)	**$ (246)**	$ (245)

In connection with the Merger, the Corporation assumed the obligations of Prudential Bancorp under a multiemployer defined benefit pension plan that had previously been closed to new Prudential Bancorp participants.

The Corporation recognizes the funded status of its Pension Plan and Postretirement Plan on the consolidated balance sheets and recognizes the change in that funded status through other comprehensive income.

NOTE 13 – Commitments and Contingencies

Commitments

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its borrowers or obligors.

Commitments to extend credit are agreements to lend to a borrower or obligor as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower or obligor. Since a portion of the commitments is expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each borrower's or obligor's creditworthiness on a case-by-case basis. The amount of collateral, if any, obtained upon an extension of credit is based on management's credit evaluation of the borrower or obligor. Collateral held varies but may include accounts receivable, inventory, property, equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued to guarantee the financial or performance obligation of a borrower or obligor to a third party. Commercial letters of credit are conditional commitments issued to facilitate foreign and domestic trade transactions for borrowers or obligors. The credit risk involved in issuing letters of credit is similar to that involved in extending loan facilities. These obligations are underwritten consistent with commercial lending standards. The maximum exposure to loss for standby and commercial letters of credit is equal to the contractual (or notional) amount of the instruments.

The following table presents the Corporation's commitments to extend credit and letters of credit:

		March 31, 2023	December 31, 2022		**June 30, 2023**	December 31, 2022
		(dollars in thousands)			(dollars in thousands)	
Commitments to extend credit	Commitments to extend credit	**$ 8,902,212**	$ 8,695,621	Commitments to extend credit	**$ 8,963,903**	$ 8,695,621
Standby letters of credit	Standby letters of credit	**258,922**	260,829	Standby letters of credit	**259,063**	260,829
Commercial letters of credit	Commercial letters of credit	**57,912**	49,288	Commercial letters of credit	**53,816**	49,288

Residential Lending

The Corporation originates and sells residential mortgages to secondary market investors. The Corporation provides customary representations and warranties to secondary market investors that specify, among other things, that the loans have been underwritten to the standards of the secondary market investor. The Corporation may be required to repurchase specific loans or reimburse the investor for a credit loss incurred on a sold loan if it is determined that the representations and warranties have not been met. Under some agreements with secondary market investors, the Corporation may have additional credit exposure beyond customary representations and warranties, based on the specific terms of those agreements.

The Corporation maintains a reserve for estimated losses related to loans sold to investors. As of March 31, 2023 June 30, 2023 and December 31, 2022, the total reserve for losses on residential mortgage loans sold was $1.4 million and $1.4 million, respectively, including reserves for both representation and warranty and credit loss exposures. In addition, a component of ACL - OBS credit exposures of $6.0 $5.0 million and $6.0 million, as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively, related to additional credit exposures for potential loan repurchases.

Legal Proceedings

The Corporation is involved in various pending and threatened claims and other legal proceedings in the ordinary course of its business activities. The Corporation evaluates the possible impact of these matters, taking into consideration the most recent information available. A loss reserve is established for those matters for which the Corporation believes a loss is both probable and reasonably estimable. Once established, the reserve is adjusted as appropriate to reflect any subsequent developments. Actual losses with respect to any such matter may be more or less than the amount estimated by the Corporation. For matters where a loss is not probable, or the amount of the loss cannot be reasonably estimated by the Corporation, no loss reserve is established.

In addition, from time to time, the Corporation is involved in investigations or other forms of regulatory or governmental inquiry covering a range of possible issues and, in some cases, these may be part of similar reviews of the specified activities of other companies. These inquiries or investigations could lead to administrative, civil or criminal proceedings involving the Corporation, and could result in fines, penalties, restitution, other types of sanctions, or the need for the Corporation to undertake remedial actions, or to alter its business, financial or accounting practices. The Corporation's practice is to cooperate fully with regulatory and governmental inquiries and investigations.

As of the date of this report, the Corporation believes that any liabilities, individually or in the aggregate, that may result from the final outcomes of pending legal proceedings, or regulatory or governmental inquiries or investigations, will not have a material adverse effect on the financial condition of the Corporation. However, legal proceedings, inquiries and investigations are often unpredictable, and it is possible that the ultimate resolution of any such matters, if unfavorable, may be material to the Corporation's results of operations in any future period, depending, in part, upon the size of the loss or liability imposed and the operating results for the period, and could have a material adverse effect on the Corporation's business. In addition, regardless of the ultimate outcome of any such legal proceeding, inquiry or investigation, any such matter could cause the Corporation to incur additional expenses, which could be significant, and possibly material, to the Corporation's results of operations in any future period.

NOTE 14 – Borrowings

On March 16, 2022, $65.0 million of senior notes with a fixed rate of 3.60% were repaid upon their maturity.

The Corporation owned all of the common stock of the Columbia Bancorp Statutory Trust, Columbia Bancorp Statutory Trust II and Columbia Bancorp Statutory Trust III, each of which issued TruPS in conjunction with the Corporation issuing junior subordinated deferrable interest debentures to these trusts. In September 2022, the Corporation redeemed all of the outstanding junior subordinated deferrable interest debentures issued to these trusts, totaling approximately $17.2 million, and these trusts redeemed all of the outstanding TruPS in a like amount, after which the subsidiary trusts were canceled.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion relates to the Corporation, a financial holding company registered under the BHCA and corporation incorporated under the laws of the Commonwealth of Pennsylvania, and its wholly owned subsidiaries. Management's Discussion should be read in conjunction with the consolidated financial statements and other financial information presented in this report.

OVERVIEW

The Corporation is a financial holding company, which, through its wholly owned banking subsidiary, provides a full range of retail and commercial financial services in Pennsylvania, Delaware, Maryland, New Jersey and Virginia.

The Corporation generates the majority of its revenue through net interest income, or the difference between interest earned on loans and investments and interest paid on deposits and borrowings. Growth in net interest income is dependent upon balance sheet growth and maintaining or increasing the net interest margin, which is FTE net interest income as a percentage of average interest-earning assets. The Corporation also generates revenue through fees earned on various services and products offered to its customers and through gains on sales of assets, such as loans, investments and properties. Offsetting these revenue sources are provisions for credit losses on loans and OBS credit risks, non-interest expenses and income taxes.

The following table presents a summary of the Corporation's earnings and selected performance ratios:

		Three months ended March 31			Three months ended June 30		Six months ended June 30	
		2023	2022		**2023**	2022	**2023**	2022
		(dollars in thousands, except per share data)			(dollars in thousands, except per share data)			
Net income	Net income	**$ 68,314**	$ 64,288	Net income	**$ 79,607**	$ 69,989	**$ 147,920**	$ 134,277
Net income available to common shareholders	Net income available to common shareholders	**$ 65,752**	$ 61,726	Net income available to common shareholders	**$ 77,045**	$ 67,427	**$ 142,796**	$ 129,153
Diluted net income available to common shareholders per share	Diluted net income available to common shareholders per share	**$ 0.39**	$ 0.38	Diluted net income available to common shareholders per share	**$ 0.46**	$ 0.42	**$ 0.85**	$ 0.80

Diluted operating net income available to common shareholders per share, annualized(1)											Diluted operating net income available to common shareholders per share, annualized(1)	**$ 0.47**		$ 0.42		**$ 0.86**		$ 0.80	
Return on average assets, annualized	Return on average assets, annualized	**1.03**	**%**	1.02	%	Return on average assets, annualized	**1.17**	**%**	1.10	%		**1.10**	**%**	1.06	%				
Operating return on average assets, annualized(1)											Operating return on average assets, annualized(1)	**1.18**	**%**	1.11	%	**1.11**	**%**	1.07	%
Return on average common shareholders' equity	Return on average common shareholders' equity	**11.02**	**%**	10.03	%	Return on average common shareholders' equity	**12.59**	**%**	11.57	%		**11.81**	**%**	10.78	%				
Return on average common shareholders' equity (tangible), annualized(1)	Return on average common shareholders' equity (tangible), annualized(1)	**14.46**	**%**	12.88	%	Return on average common shareholders' equity (tangible), annualized(1)	**16.52**	**%**	15.23	%		**15.50**	**%**	14.01	%				
Net interest margin(2)	Net interest margin(2)	**3.53**	**%**	2.78	%	Net interest margin(2)	**3.40**	**%**	3.04	%		**3.46**	**%**	2.91	%				
Efficiency ratio(1)	Efficiency ratio(1)	**58.5**	**%**	65.8	%	Efficiency ratio(1)	**60.1**	**%**	61.4	%		**59.3**	**%**	63.5	%				
Non-performing assets to total assets	Non-performing assets to total assets	**0.62**	**%**	0.64	%	Non-performing assets to total assets	**0.55**	**%**	0.71	%		**0.55**	**%**	0.71	%				
Net charge-offs (recoveries) to average loans	Net charge-offs (recoveries) to average loans	**0.27**	**%**	(0.02)	%	Net charge-offs (recoveries) to average loans	**0.04**	**%**	(0.08)	%		**0.15**	**%**	(0.05)	%				

(1) Ratio represents a financial measure derived by methods other than GAAP. See reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure under the "Supplemental Reporting of Non-GAAP Based Financial Measures" section of Management's Discussion.

(2) Presented on a FTE basis, using a 21% federal tax rate and statutory interest expense disallowances. See also the "Net Interest Income" section of the Management's Discussion.

Federal Funds Rate

After maintaining the target range for the Fed Funds Rate at 0.00% to 0.25% from March 16, 2020, as COVID-19 weighed on global economic activity, through Since March 16, 2022, the FOMC increased the target range for the Feds Fund Rate ten eleven times to address elevated levels of inflation, placing the target range for the Fed Funds Rate at 5.00% 5.25% - 5.25% 5.50% as of May 9, 2023 August 8, 2023.

LIBOR Transition

As disclosed in Item 1A. Risk Factors of the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2023, U.S. dollar LIBOR ceased as of June 30, 2023. The Corporation has successfully transitioned substantially all of its products away from LIBOR as of June 30, 2023. For most financial products, the most common alternative reference rates have been SOFR-based benchmarks. This is true for both new originations and legacy LIBOR contracts that were subject to amendment or a transition by their terms.

Financial Highlights

Following is a summary of the financial highlights for the three months and six months ended March 31, 2023 June 30, 2023:

- *Net Income Available to Common Shareholders and Net Income Per Share* - Net income available to common shareholders was $65.8 million $77.0 million for the three months ended March 31, 2023 June 30, 2023, a $4.1 million $9.6 million increase compared to $61.7 million $67.4 million for the same period in 2022. Diluted net income available to common shareholders, per share was $0.39 $0.46 for the three months ended March 31, 2023 June 30, 2023, a $0.01 $0.04 increase compared to the same period in 2022. Net income available to common shareholders was $142.8 million for the six months ended June 30, 2023, a $13.6 million increase compared to $129.2 million for the same period in 2022. Diluted net income available to common shareholders, per share was $0.85 for the six months ended June 30, 2023, a $0.05 increase compared to the same period in 2022.

- *Net Interest Income* - Net interest income was $215.6 million $212.9 million for the three months ended March 31, 2023 June 30, 2023, an increase of $54.3 million $34.0 million, or 33.6% 19.0%, compared to $178.8 million for the same period in 2022. The increase was driven by higher interest rates and an increase in average balances for net loans, and investment securities, partially offset by higher interest rates and an increase in the average balance of higher-cost borrowings and other interest-bearing liabilities and interest-bearing deposits. Net interest income was $428.4 million for the six months ended June 30, 2023, an increase of $88.3 million, or 26.0%, compared to $340.1 million for the same period in 2022. The increase was driven by higher interest rates and an increase in average balances for net loans, partially offset by higher interest rates and an increase in the average balance of higher-cost borrowings and other interest-bearing liabilities and interest-bearing deposits.

  - *Net Interest Margin* - For the three months ended March 31, 2023 June 30, 2023, NIM increased to 3.53% 3.40%, or 75 36 bps, compared to the same period in 2022, driven by a 189 196 bps increase in the yield on net loans, a 31 20 bps increase in the yield on investment securities and a 271 285 bps increase in the yield on other interest-earning assets, partially offset by a 106 150 bps increase in the cost of funds. For the six months ended June 30, 2023, NIM increased to 3.46%, or 55 bps, compared to the same period in 2022, driven by a 192 bps increase in the yield on net loans, a 24 bps increase in the yield on investment securities and a 282 bps increase in the yield on other interest-earning assets, partially offset by a 128 bps increase in the cost of funds.

  - *Loan Growth* - Average net loans increased $2.1 billion $2.2 billion, or 11.3% 12.0%, for the three months ended March 31, 2023 June 30, 2023 compared to the same period in 2022. The increase in average net loans was largely driven by increases in average residential mortgage loans, average commercial and industrial loans, average commercial mortgage loans, average consumer loans and average real estate construction loans of $955.6 million, $474.5 million, $435.0 million, $278.3 million and $117.4 million, respectively. Average net loans increased $2.2 billion, or 11.6%, for the six months ended June 30, 2023 compared to the same period in 2022. The increase in average net loans was largely driven by increases in average residential mortgage loans, average commercial mortgage loans, average commercial and industrial loans, average consumer loans and average real estate construction loans of $903.4 million $929.3 million, $426.1 million $429.9 million, $352.9 million $412.2 million, $250.1 million $281.3 million and $138.5 million $126.5 million, respectively.

  - *Deposit Decrease* - Average deposits decreased $905.9 million $316.6 million, or 4.2% 1.5%, for the three months ended March 31, 2023 June 30, 2023 compared to the same period in 2022. The decrease in average deposits was largely due to a decrease in average noninterest-bearing demand deposits of $1.6 billion, partially offset by increases in average brokered deposits of $710.6 million, average time deposits of $454.8 million and average savings deposits of $206.9 million. Average deposits decreased $609.6 million, 2.8%, for the six months ended June 30, 2023 compared to the same period in 2022. The decrease in average deposits was due to decreases in average noninterest-bearing demand deposits of $789.5 million $1.2 billion and average interest-bearing demand deposits of $338.4 million $199.6 million, partially offset by an increase increases in average brokered deposits of $189.3 million $451.4 million and average time deposits of $228.5 million.

  - *Borrowings and Other Interest-Bearing Liabilities Increase* - Average borrowings and other interest-bearing liabilities increased $2.0 billion $1.8 billion, for the three months ended March 31, 2023 June 30, 2023 compared to the same period in 2022. The increase in borrowings and other interest-bearing liabilities was primarily due to increases in average Federal Home Loan Bank FHLB advances and Federal funds purchased of $1,262 million $880.8 million and $505.1 million $676.5 million, respectively. Average borrowings and other interest-bearing liabilities increased $1.9 billion for the six months ended June 30, 2023 compared to the same period in 2022. The increase in borrowings and other interest-bearing

    liabilities was primarily due to increases in average FHLB advances and Federal funds purchased of $1.1 billion and $591.3 million, respectively.

- *Asset Quality* - Non-performing assets decreased $9.8 million $26.1 million, or 5.5% 14.7%, as of March 31, 2023 June 30, 2023 compared to December 31, 2022, and were 0.62% 0.55% and 0.66% of total assets as of those dates, respectively. Annualized net charge-offs to average loans outstanding was 0.27% 0.04% for the three months ended March 31, 2023 June 30, 2023, compared to annualized recoveries to average loans outstanding of (0.02) (0.08)% for the same period in 2022. Net charge-offs of $16.0 million during the six months ended June 30, 2023 were primarily due to a charge-off of $13.3 million during the first quarter of 2023 for a commercial office loan. The provision for credit losses was $9.7 million for the three months ended June 30, 2023, compared to a provision for credit losses of $1.5 million for the same period in 2022. The provision for credit losses was $24.5 $34.3 million for the three six months ended March 31, 2023 June 30, 2023, compared to a negative provision of $7.0 million $5.5 million for the same period in 2022. The increase increases in provision for credit losses was for the three and six months ended June 30, 2023 were primarily driven by loan growth and changes to the macroeconomic outlook.

- *Non-interest Income* - Non-interest income, excluding investment securities gains, for the three months ended March 31, 2023 June 30, 2023, increased $2.2 million, or 3.8%, compared to the same period in 2022. The increase in non-interest income was primarily due to increases in commercial customer interest rate swap fee income, reflected in capital markets, of $2.1 million. Non-interest income, excluding investment securities gains, for the six months ended June 30, 2023, decreased $3.5 million $1.3 million, or 6.3% 1.2%, compared to the same period in 2022. The decrease in non-interest income was primarily due to decreases of $2.6 million $3.4 million in mortgage banking income, mainly due to lower loan sale volumes $2.2 million in overdraft fees and lower spreads, $1.4 million $1.0 million in wealth management primarily due to market performance and $1.1 million from lower income from equity method investments, reflected in other income, revenues, partially offset by an increase increases of $1.5 million $4.3 million in commercial banking income and $1.0 million in consumer card fee income.

- *Non-interest Expense* - Non-interest expense, excluding merger-related expenses of $0.4 million $1.0 million in the first second quarter of 2022, increased $14.0 million $19.3 million, or 13.0%, or 9.6%. for the three months ended June 30, 2023 compared to the same period in 2022. The increase in non-interest expense, excluding merger-related expenses, was primarily due to increases of $4.8 $8.7 million in salaries and employee benefits expense, $2.0 $2.1 million in other outside services expense, $1.6 million $2.1 million in data processing and software expense, $1.9 million in FDIC insurance expense, primarily due to the adoption of a final rule to increase base deposit insurance assessment rates effective January 1, 2023, $1.5 million $0.9 million in intangible amortization expense and $0.8 million in net occupancy expense. Higher expense levels compared to the second quarter of 2022 are in part due to the Prudential Bancorp acquisition. The $8.7 million increase in salaries and benefits expense was primarily driven by annual merit increases, an increase in the number of employees, higher healthcare claims expenses and higher pension costs. Non-interest expense, excluding merger-related expenses of $1.4 million in the six months ended June 30, 2022, increased $33.4 million, or 11.3%, for the six months ended June 30, 2023. The increase in non-interest expense, excluding merger-related expenses, was primarily due to increases of $13.5 million in salaries and employee benefits expense, $4.0 million in other outside services expense, $3.6 million in data processing and software expense, $0.6 million $3.5 million in professional fees, $0.6 million in marketing FDIC insurance expense, and $0.5 million primarily due to the adoption of a final rule to increase base deposit insurance assessment rates effective January 1, 2023, $1.4 million in intangible amortization expense, $0.9 million in marketing expenses and $0.8 million in state taxes. Higher expense levels compared to the same period in 2022 are in part due to the acquisition of Prudential Bancorp. Bancorp acquisition. Additional drivers of the increase in non-interest expense were an unfavorable change in owned asset expense of $1.8 million due to a $1.5 million gain higher gains on sale recorded on sales of owned assets in the first quarter of 2022, $1.0 million in fraud-related losses and a $0.8 million contingent liability recorded $0.9 million in the first quarter of 2023, travel and entertainment expenses, in each case, reflected in other "other" expense. The $13.5 million increase in salaries and benefits expense was primarily driven by annual merit increases, an increase in the number of employees, higher healthcare claims expenses and higher pension costs.

- *Income Taxes* - The Corporation's ETR was 17.9% 16.8% for the three months ended March 31, 2023, June 30, 2023 and 17.3% for the six months ended June 30, 2023 compared to 17.3% for the full-year of 2022. The ETR is generally lower than the federal statutory rate of 21% due to tax-exempt interest

  income earned on loans, investments in tax-free municipal securities and investments in community development projects that generate tax credits under various programs.

Critical Accounting Policies

The Corporation's accounting policies are fundamental to understanding Management’s Discussion. Critical policies are those that the Corporation considers to be most important to the presentation of its financial condition and results of operations, because they require management's most difficult judgments as a result of the need to make estimates about the effects of matters that are inherently uncertain.

The Corporation's critical accounting policies are described in Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2022.

Supplemental Reporting of Non-GAAP Based Financial Measures

This Quarterly Report on Form 10-Q contains supplemental financial information, as detailed below, that has been derived by methods other than GAAP. The Corporation has presented these non-GAAP financial measures because it believes that these measures provide useful and comparative information to assess trends in the Corporation's results of operations. Presentation of these non-GAAP financial measures is consistent with how the Corporation evaluates its performance internally and these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Corporation's industry. Management believes that these non-GAAP financial measures, in addition to GAAP measures, are also useful to investors to evaluate the Corporation's results. Investors should recognize that the Corporation's presentation of these non-GAAP financial measures might not be comparable to similarly-titled measures of other companies. These non-GAAP financial measures should not be considered a substitute for GAAP basis measures, and the Corporation strongly encourages a review of its consolidated financial statements in their entirety.

Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure follow:

	Three months ended March 31	
	2023	2022
	(dollars in thousands, except per share data)	
Return on average common shareholders' equity (tangible)		
Net income available to common shareholders	**$ 65,752**	$ 61,726
Plus: Intangible amortization	**674**	176
Plus: Merger-related expenses	**—**	401
Less: Tax impact of adjustments	**(142)**	(122)
Operating net income available to common shareholders (numerator)	**$ 66,284**	$ 62,181
Average shareholders' equity	**$ 2,613,316**	$ 2,688,834
Less: Average goodwill and intangible assets	**(561,744)**	(537,976)
Less: Average preferred stock	**(192,878)**	(192,878)
Average tangible common shareholders' equity (denominator)	**$ 1,858,694**	$ 1,957,980
Return on average common shareholders' equity (tangible)	**14.46 %**	12.88 %

Efficiency ratio		
Non-interest expense	**$ 159,616**	$ 145,978
Less: Amortization of tax credit investments	**—**	(696)
Less: Merger-related expenses	**—**	(401)
Less: Intangible amortization	**(674)**	(176)
Non-interest expense (numerator)	**$ 158,942**	$ 144,705
Net interest income	**$ 215,587**	$ 161,310
Tax equivalent adjustment	**4,414**	3,288
Plus: Total non-interest income	**51,753**	55,256
Less: Investment securities (gains) losses, net	**(23)**	(19)
Total revenue (denominator)	**$ 271,731**	$ 219,835
Efficiency ratio	**58.5 %**	65.8 %

	Three months ended June 30		Six months ended June 30	
	2023	2022	**2023**	2022
	(dollars in thousands, except per share data)			
Operating net income available to common shareholders				
Net income available to common shareholders	**$ 77,045**	$ 67,427	**$ 142,796**	$ 129,153
Plus: Core deposit intangible amortization	**912**	—	**1,426**	—
Plus: Merger-related expenses	**—**	1,027	**—**	1,428
Less: Tax impact of adjustments	**(192)**	(216)	**(299)**	(300)
Operating net income available to common shareholders (numerator)	**$ 77,765**	$ 68,238	**$ 143,923**	$ 130,281
Weighted average shares (diluted) (denominator)	**167,191**	162,075	**167,809**	162,015
Operating net income available to common shareholders, per share (diluted)	**$ 0.47**	$ 0.42	**$ 0.86**	$ 0.80
Operating return on average assets, annualized				
Net income	**$ 79,607**	$ 69,989	**$ 147,920**	$ 134,277
Plus: Core deposit intangible amortization	**912**	—	**1,426**	—
Plus: Merger-related expenses	**—**	1,027	**—**	1,428
Less: Tax impact of adjustments	**(192)**	(216)	**(299)**	(300)
Operating net income (numerator)	**$ 80,327**	$ 70,800	**$ 149,047**	$ 135,405
Total average assets (denominator)	**$ 27,235,567**	$ 25,578,432	**$ 27,069,036**	$ 25,600,325
Operating return on average assets	**1.18 %**	1.11 %	**1.11 %**	1.07 %

	Three months ended June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Return on average common shareholders' equity (tangible)				
Net income available to common shareholders	**$ 77,045**	$ 67,427	**$ 142,796**	$ 129,153
Plus: Intangible amortization	**1,072**	177	**1,746**	353

Plus: Merger-related expenses	**—**	1,027	**—**	1,428
Less: Tax impact of adjustments	**(225)**	(253)	**(367)**	(374)
Operating net income available to common shareholders (numerator)	**$ 77,892**	$ 68,378	**$ 144,175**	$ 130,560
Average shareholders' equity	**$ 2,647,464**	$ 2,531,346	**$ 2,630,484**	$ 2,609,655
Less: Average goodwill and intangible assets	**(563,146)**	(537,786)	**(562,449)**	(537,881)
Less: Average preferred stock	**(192,878)**	(192,878)	**(192,878)**	(192,878)
Average tangible common shareholders' equity (denominator)	**$ 1,891,440**	$ 1,800,682	**$ 1,875,157**	$ 1,878,896
Return on average common shareholders' equity (tangible)	**16.52 %**	15.23 %	**15.50 %**	14.01 %
Efficiency ratio				
Non-interest expense	**$ 168,018**	$ 149,730	**$ 327,636**	$ 295,708
Less: Amortization of tax credit investments	**—**	(696)	**—**	(1,391)
Less: Merger-related expenses	**—**	(1,027)	**—**	(1,428)
Less: Intangible amortization	**(1,072)**	(177)	**(1,746)**	(353)
Non-interest expense (numerator)	**$ 166,946**	$ 147,830	**$ 325,890**	$ 292,536
Net interest income	**$ 212,852**	$ 178,831	**$ 428,439**	$ 340,141
Tax equivalent adjustment	**4,405**	3,427	**8,819**	6,716
Plus: Total non-interest income	**60,585**	58,391	**112,339**	113,647
Less: Investment securities (gains) losses, net	**4**	(8)	**(19)**	(27)
Total revenue (denominator)	**$ 277,846**	$ 240,641	**$ 549,578**	$ 460,477
Efficiency ratio	**60.1 %**	61.4 %	**59.3 %**	63.5 %

RESULTS OF OPERATIONS

Three months ended March 31, 2023 June 30, 2023 compared to the three months ended March 31, 2022. June 30, 2022

Net Interest Income

Net interest income was $215.6 million $212.9 million for the three months ended March 31, 2023 June 30, 2023, an increase of $54.3 million $34.0 million, or 33.6% 19.0%, compared to the same period in 2022. For the three months ended March 31, 2023 June 30, 2023, net interest margin increased 36 bps to 3.53%, or 75 bps, 3.40% compared to the same period in 2022. The Corporation manages the risk associated with changes in interest rates through the techniques described within Item 3, "Quantitative and Qualitative Disclosures About Market Risk." Risk" in this Quarterly Report on Form 10-Q. The following table provides a comparative average balance sheet and net interest income analysis for those periods. Interest income and yields are presented on an FTE basis, using a 21% federal tax rate, and statutory interest expense disallowances. The discussion following this table is based on these taxable-equivalent amounts.

		Three months ended March 31					
		2023			2022		
		Average Balance	**Interest**	**Yield/ Rate**	Average Balance	Interest	Yield/ Rate
ASSETS	**ASSETS**	(dollars in thousands)					
Interest-earning assets:	Interest-earning assets:						
Net loans (1)	Net loans (1)	**$ 20,463,096**	**$ 263,065**	**5.21 %**	$ 18,383,118	$ 151,127	3.32 %
Investment securities (2)	Investment securities (2)	**4,289,643**	**27,522**	**2.60**	4,226,352	24,251	2.29
Other interest-earning assets	Other interest-earning assets	**493,130**	**3,648**	**3.00**	1,286,723	912	0.29
Total interest-earning assets	Total interest-earning assets	**25,245,869**	**294,235**	**4.73**	23,896,193	176,290	2.98
Noninterest-earning assets:	Noninterest-earning assets:						

	Three months ended June 30					
	2023			2022		
	Average Balance	**Interest**	**Yield/ Rate**	Average Balance	Interest	Yield/ Rate
ASSETS	(dollars in thousands)					
Interest-earning assets:						
Net loans (1)	**$ 20,866,235**	**$ 287,154**	**5.52 %**	$ 18,637,175	$ 165,682	3.56 %
Investment securities (2)	**4,234,096**	**27,303**	**2.57**	4,398,424	26,061	2.37
Other interest-earning assets	**529,582**	**4,860**	**3.68**	951,504	1,983	0.83
Total interest-earning assets	**25,629,913**	**319,317**	**4.99**	23,987,103	193,726	3.24
Noninterest-earning assets:						

Cash and due from banks	Cash and due from banks	141,254			162,320			Cash and due from banks	129,682			160,240		
Premises and equipment	Premises and equipment	223,025			219,932			Premises and equipment	216,847			216,798		
Other assets	Other assets	1,563,806			1,595,039			Other assets	1,541,657			1,463,332		
Less: ACL - loans (3)	Less: ACL - loans (3)	(273,301)			(251,022)			Less: ACL - loans (3)	(282,532)			(249,041)		
Total Assets	*Total Assets*	$ 26,900,653			$ 25,622,462			*Total Assets*	$ 27,235,567			$ 25,578,432		
LIABILITIES AND SHAREHOLDERS' EQUITY	**LIABILITIES AND SHAREHOLDERS' EQUITY**							**LIABILITIES AND SHAREHOLDERS' EQUITY**						
Interest-bearing liabilities:	Interest-bearing liabilities:							Interest-bearing liabilities:						
Demand deposits	Demand deposits	$ 5,326,566	$ 8,455	0.64 %	$ 5,664,987	$ 728	0.05 %	Demand deposits	$ 5,535,669	$ 14,612	1.06 %	$ 5,597,975	$ 797	0.06 %
Savings and money market deposits	Savings and money market deposits	6,469,468	20,535	1.29	6,436,548	1,021	0.06	Savings and money market deposits	6,632,572	29,289	1.77	6,425,634	1,125	0.07
Brokered deposits	Brokered deposits	439,670	5,173	4.77	250,350	216	0.35	Brokered deposits	954,773	12,135	5.10	244,200	619	1.02
Time deposits	Time deposits	1,696,878	7,458	1.78	1,697,063	3,640	0.87	Time deposits	2,063,038	13,763	2.68	1,608,286	3,255	0.81
Total interest-bearing deposits	Total interest-bearing deposits	13,932,582	41,621	1.21	14,048,948	5,605	0.16	Total interest-bearing deposits	15,186,052	69,799	1.84	13,876,095	5,796	0.17
Borrowings and other interest-bearing liabilities	Borrowings and other interest-bearing liabilities	3,058,684	32,613	4.32 %	1,033,815	6,087	2.39	Borrowings and other interest-bearing liabilities	2,790,860	32,261	4.60	1,003,830	5,672	2.27
Total interest-bearing liabilities	Total interest-bearing liabilities	16,991,266	74,234	1.78	15,082,763	11,692	0.31	Total interest-bearing liabilities	17,976,912	102,060	2.27	14,879,925	11,468	0.31
Noninterest-bearing liabilities:	Noninterest-bearing liabilities:							Noninterest-bearing liabilities:						
Demand deposits	Demand deposits	6,641,741			7,431,235			Demand deposits	6,021,091			7,647,618		
Other liabilities		654,330			419,630									
Other noninterest-bearing liabilities								Other noninterest-bearing liabilities	590,100			519,543		
Total Liabilities	*Total Liabilities*	24,287,337			22,933,628			*Total Liabilities*	24,588,103			23,047,086		
Total Deposits/Cost of deposits	***Total Deposits/Cost of deposits***	20,574,323		0.82	21,480,183		0.11	***Total Deposits/Cost of deposits***	21,207,143		1.32	21,523,713		0.11
Total Interest-bearing liabilities and non-interest bearing deposits/Cost of funds	***Total Interest-bearing liabilities and non-interest bearing deposits/Cost of funds***	23,633,007		1.27	22,513,998		0.21	***Total Interest-bearing liabilities and non-interest bearing deposits/Cost of funds***	23,998,003		1.70	22,527,543		0.20
Shareholders' equity	Shareholders' equity	2,613,316			2,688,834			Shareholders' equity	2,647,464			2,531,346		
Total Liabilities and Shareholders' Equity	*Total Liabilities and Shareholders' Equity*	$ 26,900,653			$ 25,622,462			*Total Liabilities and Shareholders' Equity*	$ 27,235,567			$ 25,578,432		
Net interest income/FTE NIM	Net interest income/FTE NIM		220,001	3.53 %		164,598	2.78 %	Net interest income/FTE NIM		217,257	3.40 %		182,258	3.04 %
Tax equivalent adjustment	Tax equivalent adjustment		(4,414)			(3,288)		Tax equivalent adjustment		(4,405)			(3,427)	
Net interest income	Net interest income		$ 215,587			$ 161,310		Net interest income		$ 212,852			$ 178,831	

(1) Average balance includes non-performing loans.

(2) Balances include amortized historical cost for AFS. The related unrealized holding gains (losses) are included in other assets.

(3) ACL - loans relates to the ACL specifically for net loans and does not include the ACL for OBS credit exposures, which is included in other liabilities.

The following table summarizes the changes in FTE interest income and interest expense resulting from changes in average balances (volume) and changes in yields and rates for the three months ended March 31, 2023 June 30, 2023 in comparison to the same period in 2022:

	2023 vs. 2022 Increase (Decrease) due to change in			2023 vs. 2022 Increase (Decrease) due to change in		
	Volume	Yield/Rate	Net	Volume	Yield/Rate	Net
	(dollars in thousands)			(dollars in thousands)		
FTE Interest income on:						
Net loans (1)	$ 18,559	$ 93,379	$ 111,938	$ 21,679	$ 99,793	$ 121,472
Investment securities	326	2,945	3,271	(965)	2,207	1,242
Other interest-earning assets	(895)	3,631	2,736	(1,217)	4,094	2,877
Total interest income	$ 17,990	$ 99,955	$ 117,945	$ 19,497	$ 106,094	$ 125,591
Interest expense on:						
Demand deposits	$ (44)	$ 7,771	$ 7,727	$ (9)	$ 13,824	$ 13,815
Savings and money market deposits	5	19,509	19,514	37	28,127	28,164
Brokered deposits	280	4,677	4,957	4,850	6,666	11,516
Time deposits	—	3,818	3,818	1,147	9,361	10,508
Borrowings and other interest-bearing liabilities	18,782	7,744	26,526	16,865	9,724	26,589
Total interest expense	$ 19,023	$ 43,519	$ 62,542	$ 22,890	$ 67,702	$ 90,592

(1) Average balance includes non-performing loans.

Note: Changes which are partially attributable to both volume and rate are allocated to the volume and rate components presented above based on the percentage of direct changes that are attributable to each component.

Compared to the first second quarter of 2022, FTE total interest income for the first second quarter of 2023 increased $117.9 million $125.6 million, or 66.9% 64.8%, primarily due to an increase of $100.0 million $106.1 million attributable to changes in yield, of which $93.4 million $99.8 million related to net loans. The yield on average interest-earning assets increased 175 bps in the first second quarter of 2023 compared to the same period in 2022.

In the first second quarter of 2023, interest expense increased $62.5 million $90.6 million compared to the first second quarter of 2022, primarily driven by the increase in rate on interest-bearing liabilities resulting in a $43.5 $67.7 million increase in interest expense. The increase in interest expense attributable to rate was driven by increases in the rates on savings and money market deposits, demand deposits, borrowings and other interest-bearing liabilities, time deposits and brokered deposits. The increase in volume of borrowings and other interest-bearing liabilities contributed an increase of $22.9 million in interest expense, primarily due to an increase in average borrowings and other interest-bearing liabilities and brokered deposits.

Average loans and average FTE yields, by type, are summarized in the following table:

	Three months ended June 30					
	2023		2022		Increase (Decrease)	
	Balance	Yield	Balance	Yield	$	%
	(dollars in thousands)					
Real estate – commercial mortgage	$ 7,775,436	5.93 %	$ 7,340,417	3.46 %	$ 435,019	5.9 %
Commercial and industrial	4,629,919	6.16	4,155,436	3.57	474,483	11.4
Real estate – residential mortgage	5,008,295	3.70	4,052,666	3.31	955,629	23.6

Real estate – home equity	**1,066,615**	**6.93**	1,118,494	4.09	(51,879)	(4.6)
Real estate – construction	**1,306,286**	**6.68**	1,188,932	3.44	117,354	9.9
Consumer	**763,407**	**5.85**	485,095	5.30	278,312	57.4
Leases and other loans(1)	**316,277**	**4.48**	296,135	4.66	20,142	6.8
Total loans	**$ 20,866,235**	**5.52 %**	$ 18,637,175	3.56 %	$ 2,229,060	12.0 %

(1) Consists of equipment lease financing, overdrafts and net origination fees and costs.

During the second quarter of 2023, average loans increased $2.2 billion, or 12.0%, compared to the same period in 2022. The increase in average loans was largely driven by increases in average residential mortgage loans, average commercial and industrial loans, average commercial mortgage loans and average consumer loans of $955.6 million, $474.5 million, $435.0 million and $278.3 million, respectively. The yield on total loans increased 196 bps to 5.52% for the second quarter of 2023, compared to 3.56% for the same period in 2022, primarily due to rising interest rates.

Average deposits and average interest rates, by type, are summarized in the following table:

	Three months ended June 30					
	2023		2022		Increase (Decrease)	
	Balance	**Rate**	Balance	Rate	$	%
			(dollars in thousands)			
Noninterest-bearing demand	**$ 6,021,091**	**— %**	$ 7,647,618	— %	$ (1,626,527)	(21.3)%
Interest-bearing demand	**5,535,669**	**1.06**	5,597,975	0.06	(62,306)	(1.1)
Savings and money market deposits	**6,632,572**	**1.77**	6,425,634	0.07	206,938	3.2
Total demand deposits and savings and money market deposits	**18,189,332**	**0.97**	19,671,227	0.04	(1,481,895)	(7.5)
Brokered deposits	**954,773**	**5.10**	244,200	1.02	710,573	291.0
Time deposits	**2,063,038**	**2.68**	1,608,286	0.81	454,752	28.3
Total deposits	**$ 21,207,143**	**1.32 %**	$ 21,523,713	0.11 %	$ (316,570)	(1.5)%

The cost of total deposits increased 121 bps, to 1.32%, for the second quarter of 2023 compared to 0.11% for the same period in 2022, due to an increase in rates and a change in the mix of deposits. The rate on total demand deposits and savings and money market deposits increased to 0.97% for the second quarter of 2023 compared to 0.04% for the same period in 2022. Average noninterest-bearing demand deposits decreased $1.6 billion for the second quarter of 2023 compared to the same period in 2022.Average brokered deposits and average time deposits increased $710.6 million and $454.8 million, respectively, during the second quarter of 2023 compared to the same period in 2022.

Average borrowings and interest rates, by type, are summarized in the following table:

	Three months ended June 30					
	2023		2022		Increase (Decrease)	
	Balance	**Rate**	Balance	Rate	**$**	**%**
Borrowings and other interest-bearing liabilities:			(dollars in thousands)			
Federal funds purchased	**$ 679,401**	**5.31 %**	$ 2,857	N/M	$ 676,544	N/M
Federal Home Loan Bank advances	**880,811**	**5.34**	11	N/M	880,800	N/M
Senior debt and subordinated debt	**539,906**	**3.96**	555,701	3.94	(15,795)	(2.8)
Other borrowings and other interest-bearing liabilities(1)	**690,742**	**3.47**	445,261	0.19	245,481	55.1
Total borrowings and other interest-bearing liabilities	**$ 2,790,860**	**4.60 %**	$ 1,003,830	2.27 %	$ 1,787,030	N/M

(1) Includes repurchase agreements, short-term promissory notes, capital leases and collateral liabilities.

Average total borrowings and other interest-bearing liabilities increased $1.8 billion in the second quarter of 2023 compared to the same period in 2022. Average total borrowings and other interest-bearing liabilities increased primarily as a result of a decrease in average total deposits and an increase in the average net loan balance. Average FHLB advances, average Federal funds purchased and average other borrowings and other interest-bearing liabilities increased $880.8 million, $676.5 million and $245.5 million, respectively.

Provision for Credit Losses

The provision for credit losses was $9.7 million for the second quarter of 2023 compared to a provision of $1.5 million for the same period in 2022. The increase in provision for credit losses was primarily driven by loan growth and changes to the macroeconomic outlook.

Non-Interest Income

The following table presents the components of non-interest income:

	Three months ended June 30		Increase (Decrease)	
	2023	2022	$	%
	(dollars in thousands)			
Wealth management	**$ 18,678**	$ 18,274	$ 404	2.2 %
Commercial banking:				
Merchant and card	**7,700**	7,355	345	4.7
Cash management	**5,835**	6,062	(227)	(3.7)
Capital markets	**6,092**	3,893	2,199	56.5
Other commercial banking	**3,518**	3,049	469	15.4
Total commercial banking	**23,145**	20,359	2,786	13.7
Consumer banking:				
Card	**6,592**	6,067	525	8.7
Overdraft	**2,696**	3,881	(1,185)	(30.5)
Other consumer banking	**2,432**	2,524	(92)	(3.6)
Total consumer banking	**11,720**	12,472	(752)	(6.0)
Mortgage banking:				
Gains on sales of mortgage loans	**1,621**	2,542	(921)	(36.2)
Mortgage servicing income	**1,319**	1,226	93	7.6
Total mortgage banking	**2,940**	3,768	(828)	(22.0)
Other	**4,106**	3,510	596	17.0
Non-interest income before investment securities gains	**60,589**	58,383	2,206	3.8
Investment securities gains (losses), net	**(4)**	8	(12)	(150.0)
Total Non-Interest Income	**$ 60,585**	$ 58,391	$ 2,194	3.8 %

Excluding net investment securities gains, non-interest income increased $2.2 million, or 3.8%, in the second quarter of 2023 compared to the same period in 2022. The increase in non-interest income was primarily due to increases in commercial customer interest rate swap fee income, reflected in capital markets, of $2.1 million.

Non-Interest Expense

The following table presents the components of non-interest expense:

	Three months ended June 30		Increase (Decrease)	
	2023	2022	$	%
	(dollars in thousands)			
Salaries and employee benefits	**$ 94,102**	$ 85,404	$ 8,698	10.2 %
Data processing and software	**16,776**	14,685	2,091	14.2
Net occupancy	**14,374**	13,587	787	5.8
Other outside services	**10,834**	8,764	2,070	23.6
FDIC insurance	**4,895**	2,961	1,934	65.3
State taxes	**3,939**	3,568	371	10.4
Equipment	**3,530**	3,422	108	3.2
Professional fees	**1,829**	2,013	(184)	(9.1)
Marketing	**1,655**	1,326	329	24.8
Intangible amortization	**1,072**	177	895	N/M
Merger-related expenses	**—**	1,027	(1,027)	N/M
Other	**15,012**	12,796	2,216	17.3
Total non-interest expense	**$ 168,018**	$ 149,730	$ 18,288	12.2 %

Non-interest expense, excluding merger-related expenses of $1.0 million in the second quarter of 2022, increased $19.3 million, or 13.0%, for the three months ended June 30, 2023 compared to the same period in 2022. The increase in non-interest expense, excluding merger-related expenses, was primarily due to increases of $8.7 million in salaries and employee benefits expense, $2.1 million in other outside services expense, $2.1 million in data processing and software expense, $1.9 million in FDIC insurance expense, primarily due to the adoption of a final rule to increase base deposit insurance assessment rates effective January 1, 2023, $0.9 million in intangible amortization expense and $0.8 million in net occupancy expense. Higher expense levels compared to the second quarter of 2022 are in part due to the Prudential Bancorp acquisition. The $8.7 million increase in salaries and benefits expense was primarily driven by annual merit increases, an increase in the number of employees, higher healthcare claims expenses and higher pension costs.

Income Taxes

Income tax expense for the three months ended June 30, 2023 was $16.1 million, a $0.1 million increase from $16.0 million for the same period in 2022. The Corporation's ETR was 16.8% for the three months ended June 30, 2023 compared to 17.3% for the full year in 2022.

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Net Interest Income

FTE net interest income increased $90.4 million to $437.3 millionfor the six months ended June 30, 2023, from $346.9 million for the same period in 2022. NIM increased 55 bps to 3.46%, compared to 2.91% for the same period in 2022. The following table provides a comparative average balance sheet and net interest income analysis for those periods. Interest income and yields are presented on an FTE basis, using a 21% federal tax rate, and statutory interest expense disallowances. The discussion following this table is based on these taxable-equivalent amounts.

	Six months ended June 30					
	2023			2022		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
ASSETS	(dollars in thousands)					
Interest-earning assets:						
Net loans(1)	$ 20,665,779	$ 550,219	5.36 %	$ 18,510,845	$ 316,809	3.44 %
Investment securities (2)	4,261,718	54,824	2.57	4,312,867	50,312	2.33
Other interest-earning assets	511,456	8,508	3.34	1,118,188	2,895	0.52
Total interest-earning assets	25,438,953	613,551	4.85	23,941,900	370,016	3.11
Noninterest-earning assets:						
Cash and due from banks	135,436			161,274		
Premises and equipment	219,920			218,357		
Other assets	1,552,669			1,528,820		
Less: ACL - loans(3)	(277,942)			(250,026)		
Total Assets	$ 27,069,036			$ 25,600,325		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing liabilities:						
Demand deposits	$ 5,431,696	$ 23,067	0.86 %	$ 5,631,296	$ 1,525	0.06 %
Savings and money market deposits	6,551,470	49,824	1.53	6,431,060	2,146	0.07
Brokered deposits	698,644	17,308	5.00	247,258	835	0.68
Time deposits	1,880,970	21,221	2.28	1,652,430	6,895	0.84
Total interest-bearing deposits	14,562,780	111,420	1.54	13,962,044	11,401	0.16
Borrowings and other interest-bearing liabilities	2,928,819	64,873	4.43	1,018,740	11,758	2.31
Total interest-bearing liabilities	17,491,599	176,293	2.03	14,980,784	23,159	0.31
Noninterest-bearing liabilities:						
Demand deposits	6,329,701			7,540,025		
Other noninterest-bearing liabilities	617,252			469,861		
Total Liabilities	24,438,552			22,990,670		
Total Deposits/Cost of deposits	20,892,481		1.08	21,502,069		0.11
Total Interest-bearing liabilities and noninterest-bearing deposits/Cost of funds	23,821,300		1.49	22,520,809		0.21
Shareholders' equity	2,630,484			2,609,655		
Total Liabilities and Shareholders' Equity	$ 27,069,036			$ 25,600,325		
Net interest income/FTE NIM		437,258	3.46 %		346,857	2.91 %
Tax equivalent adjustment		(8,819)			(6,716)	
Net interest income		$ 428,439			$ 340,141	

(1) Average balance includes non-performing loans.

(2) Balances include amortized historical cost for AFS. The related unrealized holding gains (losses) are included in other assets.

(3) ACL - loans relates to the ACL specifically for net loans and does not include the ACL for OBS credit exposures, which is included in other liabilities.

The following table summarizes the changes in FTE interest income and interest expense resulting from changes in average balances (volume) and changes in yields and rates for the six months ended June 30, 2023 in comparison to the same period in 2022:

	2023 vs. 2022 Increase (Decrease) due to change in		
	Volume	**Yield/Rate**	**Net**
	(dollars in thousands)		
FTE interest income on:			
Net loans (1)	**$ 40,282**	**$ 193,128**	**$ 233,410**
Investment securities	**(594)**	**5,106**	**4,512**
Other interest-earning assets	**(2,334)**	**7,947**	**5,613**
Total interest income	**$ 37,354**	**$ 206,181**	**$ 243,535**
Interest expense on:			
Demand deposits	**$ (61)**	**$ 21,603**	**$ 21,542**
Savings and money market deposits	**43**	**47,635**	**47,678**
Brokered deposits	**3,677**	**12,796**	**16,473**
Time deposits	**1,070**	**13,256**	**14,326**
Borrowings and other interest-bearing liabilities	**35,660**	**17,455**	**53,115**
Total interest expense	**$ 40,389**	**$ 112,745**	**$ 153,134**

(1) Average balance includes non-performing loans.

Note: Changes which are partially attributable to both volume and rate are allocated to the volume and rate components presented above based on the percentage of direct changes that are attributable to each component.

Compared to the same period in 2022, FTE total interest income for the six months ended June 30, 2023 increased $243.5 million due to increases of $206.2 million attributable to changes in yield and $37.4 million attributable to changes in volume. The increase due to changes in yield was primarily driven by net loans. The increase due to changes in volume was due to an increase in average net loans, partially offset by decreases in average other interest-earning assets.

The yield on average interest-earning assets increased 174 bps in the six months ended June 30, 2023 compared to the same period in 2022.

For the six months ended June 30, 2023, interest expense increased $153.1 million compared to the same period in 2022, primarily driven by an increase in rate on interest-bearing liabilities resulting in a $112.7 million increase in interest expense. The increase in interest expense attributable to rate was driven by the increases in the rates on savings and money market deposits, demand deposits and borrowings and other interest-bearing liabilities. The increase in interest expense attributable to volume of was $40.4 million primarily driven by an increase in average borrowings and other interest-bearing liabilities, contributed which resulted in an increase of $18.8 million $35.7 million in interest expense, primarily due to a decrease in average noninterest-bearing deposits. expense.

Average loans and average FTE yields, by type, are summarized in the following table:

		Three months ended March 31				Increase (Decrease) in Balance	
		2023		2022			
		Balance	**Yield**	Balance	Yield	$	%
		(dollars in thousands)					
Real estate – commercial mortgage	Real estate – commercial mortgage	**$ 7,720,975**	**5.55 %**	$ 7,294,914	3.19 %	$ 426,061	5.8 %
Commercial and industrial	Commercial and industrial	**4,565,923**	**5.75**	4,213,014	3.06	352,909	8.4
Real estate – residential mortgage	Real estate – residential mortgage	**4,790,868**	**3.58**	3,887,428	3.30	903,440	23.2

	Six months ended June 30				Increase (Decrease)	
	2023		2022			
	Balance	**Yield**	Balance	Yield	$	%
	(dollars in thousands)					
Real estate – commercial mortgage	**$ 7,748,356**	**5.74 %**	$ 7,318,422	3.30 %	$ 429,934	5.9 %
Commercial and industrial	**4,598,097**	**5.97**	4,185,883	3.31	412,214	9.8
Real estate – residential mortgage	**4,900,182**	**3.64**	3,970,877	3.30	929,305	23.4

		2023 Balance	Rate	2022 Balance	Rate	$	%		2023 Balance	Rate	2022 Balance	Rate	$	%
Real estate – home equity	Real estate – home equity	**1,086,032**	**6.37**	1,106,319	3.74	(20,287)	(1.8)	Real estate – home equity	**1,076,270**	**6.65**	1,125,257	3.85	(48,987)	(4.4)
Real estate – construction	Real estate – construction	**1,276,145**	**6.29**	1,137,649	3.05	138,496	12.2	Real estate – construction	**1,291,299**	**6.49**	1,164,785	3.23	126,514	10.9
Consumer	Consumer	**721,248**	**5.38**	471,129	5.15	250,119	53.1	Consumer	**742,445**	**5.62**	461,159	5.38	281,286	61.0
Leases and other loans(1)	Leases and other loans(1)	**301,905**	**4.09**	272,665	3.79	29,240	10.7	Leases and other loans (1)	**309,130**	**4.29**	284,462	5.92	24,668	8.7
Total loans	*Total loans*	**$ 20,463,096**	**5.21 %**	$ 18,383,118	3.32 %	$ 2,079,978	11.3 %	*Total loans*	**$ 20,665,779**	**5.36 %**	$ 18,510,845	3.44 %	$ 2,154,934	11.6 %

(1) Consists of equipment lease financing, overdrafts and net origination fees and costs.

During the first quarter of 2023, six months ended June 30, 2023, average loans increased $2.1 billion, $2.2 billion, or 11.3% 11.6%,compared to the same period in 2022. The increase in average loans was largely driven by increases in average residential mortgage loans, average commercial mortgage loans, average commercial and industrial loans and average consumer loans of $903.4 million $929.3 million, $426.1 million $429.9 million, $352.9 million $412.2 million and $250.1 million $281.3 million, respectively. The yield on total loans increased 189 bps to 5.21% for the first quarter of 2023, compared to 3.32% for the same period in 2022, due to rising market interest rates.

Average deposits and average interest rates, by type, are summarized in the following table:

		Three months ended March 31				Increase (Decrease) in Balance			**Six months ended June 30**				Increase (Decrease)	
		2023		2022					**2023**		2022			
		Balance	**Rate**	Balance	Rate	$	%		**Balance**	**Rate**	Balance	Rate	$	%
		(dollars in thousands)							(dollars in thousands)					
Noninterest-bearing demand	Noninterest-bearing demand	**$ 6,641,741**	**— %**	$ 7,431,235	— %	$ (789,494)	(10.6)%	Noninterest-bearing demand	**$ 6,329,701**	**— %**	$ 7,540,025	— %	$ (1,210,324)	(16.1)%
Interest-bearing demand	Interest-bearing demand	**5,326,566**	**0.64**	5,664,987	0.05	(338,421)	(6.0)	Interest-bearing demand	**5,431,696**	**0.86**	5,631,296	0.06	(199,600)	(3.5)
Savings and money market deposits	Savings and money market deposits	**6,469,468**	**1.29**	6,436,548	0.06	32,920	0.5	Savings and money market deposits	**6,551,470**	**1.53**	6,431,060	0.07	120,410	1.9
Total demand deposits and savings and money market deposits	*Total demand deposits and savings and money market deposits*	**18,437,775**	**0.64**	19,532,770	0.04	(1,094,995)	(5.6)	*Total demand deposits and savings and money market deposits*	**18,312,867**	**0.80**	19,602,381	0.04	(1,289,514)	(6.6)
Brokered deposits	Brokered deposits	**439,670**	**4.77**	250,350	0.35	189,320	75.6	Brokered deposits	**698,644**	**5.00**	247,258	0.68	451,386	N/M
Time deposits	Time deposits	**1,696,878**	**1.78**	1,697,063	0.87	(185)	—	Time deposits	**1,880,970**	**2.28**	1,652,430	0.84	228,540	13.8
Total deposits	*Total deposits*	**$ 20,574,323**	**0.82 %**	$ 21,480,183	0.11 %	$ (905,860)	(4.2)%	*Total deposits*	**$ 20,892,481**	**1.08 %**	$ 21,502,069	0.11 %	$ (609,588)	(2.8)%

The cost of total deposits increased 71 97 bps to 0.82%, 1.08% for the first quarter six months of 2023 compared to 0.11% for the same period in of 2022, primarily due to an increase in rising interest rates and the a change in the mix of deposits. The rate on total demand Average deposits and savings and money market deposits increased to 0.64 bps for the first quarter of 2023 compared to 0.04% for the same period decreased $609.6 million driven by a $1.2 billion decrease in 2022. Average average noninterest-bearing demand deposits, partially offset by increases in average brokered deposits and average interest-bearing demand time deposits decreased $789.5 million of $451.4 million and $338.4 million $228.5 million, respectively, for the first quarter of 2023 compared to the same period in 2022. Average brokered deposits increased $189.3 million during the first quarter of 2023 compared to the same period in 2022. respectively.

Average borrowings and interest rates, by type, are summarized in the following table:

	Three months ended March 31				Increase (Decrease) in Balance	
	2023		2022			
	Balance	**Rate**	Balance	Rate	**$**	**%**
Borrowings and other interest-bearing liabilities:	(dollars in thousands)					
Federal funds purchased	**$ 505,142**	**4.85 %**	$ —	— %	$ 505,142	N/M
Federal Home Loan Bank advances	**1,261,589**	**4.97**	—	—	1,261,589	N/M
Senior debt and subordinated debt	**539,726**	**4.02**	608,961	3.97	(69,235)	(11.4)
Other borrowings and other interest bearing liabilities(1)	**752,227**	**3.11**	424,854	0.12	327,373	77.1
Total borrowings and other interest-bearing liabilities	**$ 3,058,684**	**4.32 %**	$ 1,033,815	2.39 %	$ 2,024,869	N/M

	Six months ended June 30				Increase (Decrease)	
	2023		2022			
	Balance	**Rate**	Balance	Rate	$	%
	(dollars in thousands)					
Federal funds purchased	**$ 592,753**	**5.08 %**	$ 1,436	N/M	$ 591,317	N/M
Federal Home Loan Bank advances	**1,070,148**	**5.11**	6	N/M	1,070,142	N/M
Senior debt and subordinated debt	**539,817**	**3.96**	582,184	3.93	(42,367)	(7.3)
Other borrowings and other interest-bearing liabilities(1)	**726,101**	**3.26**	435,114	0.16	290,987	66.9
Total borrowings	**$ 2,928,819**	**4.43 %**	$ 1,018,740	2.31 %	$ 1,910,079	N/M

(1) Includes repurchase agreements, short-term promissory notes and capital leases and collateral liabilities.leases.

Average total borrowings and other interest-bearing liabilities increased $2.0 billion in $1.9 billion during the first quarter six months of 2023 compared to the same period in 2022. Average total borrowings and other interest-bearing liabilities increased 2022, primarily as a result of a decrease in average total deposits and an increase in the average net loan balance. Average Federal Home Loan Bank FHLB advances, average Federal funds purchased and average other borrowings and other interest-bearing liabilities increased $1.3 billion $1.1 billion, $0.5 billion $591.3 million and $0.3 billion $291.0 million, respectively.

Provision for Credit Losses

The provision for credit losses was $24.5 $34.3 million for the first quarter six months of 2023 compared to a negative provision of $7.0 million $5.5 million for the same period in of 2022.The increase in provision for credit losses was primarily driven by loan growth and changes to the macroeconomic outlook. Net charge-offs of $16.0 million during the six months ended June 30, 2023 were primarily due to a charge-off of $13.3 million during the first quarter of 2023 for a commercial office loan.

Non-Interest Income

The following table presents the components of non-interest income:

		Three months ended March 31		Increase (Decrease)			Six months ended June 30		Increase (Decrease)	
		2023	2022	$	%		**2023**	2022	$	%
		(dollars in thousands)					(dollars in thousands)			
Wealth management	Wealth management	**$ 18,062**	$ 19,428	$ (1,366)	(7.0) %	Wealth management	**$ 36,740**	$ 37,702	$ (962)	(2.6) %
Commercial banking:	Commercial banking:					Commercial banking:				
Merchant and card	Merchant and card	**6,834**	6,097	737	12.1	Merchant and card	**14,534**	13,452	1,082	8.0
Cash management	Cash management	**5,515**	5,428	87	1.6	Cash management	**11,350**	11,490	(140)	(1.2)
Capital markets	Capital markets	**2,344**	1,676	668	39.9	Capital markets	**8,436**	5,569	2,867	51.5
Other commercial banking	Other commercial banking	**2,820**	2,807	13	0.5	Other commercial banking	**6,338**	5,856	482	8.2
Total commercial banking	*Total commercial banking*	**17,513**	16,008	1,505	9.4	*Total commercial banking*	**40,658**	36,367	4,291	11.8

Consumer banking:	Consumer banking:					Consumer banking:				
Card	Card	**6,243**	5,796	447	7.7	Card	**12,835**	11,863	972	8.2
Overdraft	Overdraft	**2,733**	3,772	(1,039)	(27.5)	Overdraft	**5,429**	7,653	(2,224)	(29.1)
Other consumer banking	Other consumer banking	**2,241**	2,106	135	6.4	Other consumer banking	**4,673**	4,630	43	0.9
Total consumer banking	*Total consumer banking*	**11,217**	11,674	(457)	(3.9)	*Total consumer banking*	**22,937**	24,146	(1,209)	(5.0)
Mortgage banking:	Mortgage banking:					Mortgage banking:				
Gains on sales of mortgage loans	Gains on sales of mortgage loans	**656**	3,026	(2,370)	(78.3)	Gains on sales of mortgage loans	**2,277**	5,568	(3,291)	(59.1)
Mortgage servicing income	Mortgage servicing income	**1,314**	1,550	(236)	(15.2)	Mortgage servicing income	**2,633**	2,776	(143)	(5.2)
Total mortgage banking	*Total mortgage banking*	**1,970**	4,576	(2,606)	(56.9)	*Total mortgage banking*	**4,910**	8,344	(3,434)	(41.2)
Other	Other	**2,968**	3,551	(583)	(16.4)	Other	**7,075**	7,061	14	0.2
Non-interest income before investment securities gains	*Non-interest income before investment securities gains*	**51,730**	55,237	(3,507)	(6.3)	*Non-interest income before investment securities gains*	**112,320**	113,620	(1,300)	(1.1)
Investment securities gains (losses), net	Investment securities gains (losses), net	**23**	19	4	21.1	Investment securities gains (losses), net	**19**	27	(8)	N/M
Total Non-Interest Income	*Total Non-Interest Income*	**$ 51,753**	$ 55,256	$ (3,503)	(6.3) %	*Total Non-Interest Income*	**$ 112,339**	$ 113,647	$ (1,308)	(1.2) %

Excluding net investment securities gains, non-interest income decreased $3.5 million $1.3 million, or 6.3% 1.1%, in during the first quarter of 2023 six months ended June 30, 2023 as compared to the same period in 2022. The decrease in non-interest income was primarily due to decreases of $2.6 million $3.4 million in mortgage banking income, mainly due to lower loan sale volumes $2.2 million in overdraft fees and lower spreads, $1.4 million $1.0 million in wealth management primarily due to market performance and $1.1 million from lower income from equity method investments, reflected in other income, revenues, partially offset by an increase increases of $1.5 million $4.3 million in commercial banking income and $1.0 million in consumer card fee income.

Non-Interest Expense

The following table presents the components of non-interest expense:

		Three months ended March 31		Increase (Decrease)			**Six months ended June 30**		Increase (Decrease)	
		2023	2022	$	%		**2023**	2022	$	%
		(dollars in thousands)					(dollars in thousands)			
Salaries and employee benefits	Salaries and employee benefits	**$ 89,283**	$ 84,464	$ 4,819	5.7 %	Salaries and employee benefits	**$ 183,385**	$ 169,868	$ 13,517	8.0 %
Data processing and software	Data processing and software	**15,796**	14,315	1,481	10.3	Data processing and software	**32,571**	29,000	3,571	12.3
Net occupancy	Net occupancy	**14,438**	14,522	(84)	(0.6)	Net occupancy	**28,812**	28,109	703	2.5
Other outside services	Other outside services	**10,126**	8,167	1,959	24.0	Other outside services	**20,960**	16,931	4,029	23.8

		2023	2022	$	%		2023	2022	$	%
FDIC insurance	FDIC insurance	**4,795**	3,209	1,586	49.4	FDIC insurance	**9,690**	6,170	3,520	57.1
State taxes	State taxes	**3,479**	3,037	442	14.6	State taxes	**7,418**	6,605	813	12.3
Equipment	Equipment	**3,389**	3,423	(34)	(1.0)	Equipment	**6,920**	6,845	75	1.1
Professional fees	Professional fees	**2,392**	1,792	600	33.5	Professional fees	**4,221**	3,805	416	10.9
Marketing	Marketing	**1,886**	1,320	566	42.9	Marketing	**3,541**	2,646	895	33.8
Intangible amortization	Intangible amortization	**674**	176	498	N/M	Intangible amortization	**1,746**	353	1,393	N/M
Merger-related expenses	Merger-related expenses	**—**	401	(401)	N/M	Merger-related expenses	**—**	1,428	(1,428)	N/M
Other	Other	**13,358**	11,152	2,206	19.8	Other	**28,372**	23,948	4,424	18.5
Total non-interest expense	*Total non-interest expense*	**$ 159,616**	$ 145,978	$ 13,638	9.3 %	*Total non-interest expense*	**$ 327,636**	$ 295,708	$ 31,928	10.8 %

Non-interestCompared to the first six months of 2022, total non-interest expense excluding merger-related expenses of $0.4 million in the first quarter six months of 2022, 2023, excluding $1.4 million of merger-related expenses, increased $14.0 million $33.4 million, or 9.6% 11.3%. The increase in non-interest expense, excluding merger-related expenses, was primarily due to increases of $4.8 million $13.5 million in salaries and employee benefits expense, primarily due to merit increases and an increase in wages experienced in the banking industry, $2.0 million $4.0 million in other outside services expense, $1.6 million $3.6 million in data processing and software expense, $3.5 million in FDIC insurance expense, primarily due to the adoption of a final rule to increase base deposit insurance assessment rates effective January 1, 2023, $1.5 million in data processing and software expense due to a continued focus on technology initiatives and development, $0.6 million in professional fees, $0.6 million in marketing expense and $0.5 million $1.4 million in intangible amortization expense, $0.9 million in marketing expenses and $0.8 million in state tax expense. Higher expense levels compared to the same period in 2022 are in part due to the acquisition of Prudential Bancorp. Bancorp acquisition. Additional drivers of the increase in non-interest expense were an unfavorable change in owned asset expense of $1.8 million due to a $1.5 million gain higher gains on sale recorded on sales of owned assets in the first quarter of 2022, $1.0 million in fraud-related losses and a $0.8 million contingent liability recorded $0.9 million in the first quarter of 2023, travel and entertainment expenses, in each case, reflected in other "other" expense. The $13.5 million increase in salaries and benefits expense was primarily driven by annual merit increases, an increase in the number of employees, higher healthcare claims experience and higher pension costs.

Income Taxes

Income tax expense for the three six months ended March 31, 2023 June 30, 2023 was $14.9 million $30.9 million, a $1.6 million increase from $13.3 million $29.3 million for the same period in 2022. The Corporation's ETR was 17.9% for the three months ended March 31, 2023 compared to 17.3% for the full-year six months ended June 30, 2023, compared to 17.9% in the same period of 2022.

FINANCIAL CONDITION

The table below presents condensed consolidated ending balance sheets.

		March 31, 2023	December 31, 2022	Increase (Decrease) $	%		June 30, 2023	December 31, 2022	Increase (Decrease) $	%
Assets	**Assets**	(dollars in thousands)				**Assets**	(dollars in thousands)			
Cash and cash equivalents	Cash and cash equivalents	**$ 566,753**	$ 681,921	$ (115,168)	(16.9) %	Cash and cash equivalents	**$ 504,702**	$ 681,921	$ (177,219)	(26.0) %
FRB and FHLB Stock	FRB and FHLB Stock	**107,605**	130,186	(22,581)	(17.3)	FRB and FHLB Stock	**124,218**	130,186	(5,968)	(4.6)
Loans held for sale	Loans held for sale	**6,507**	7,264	(757)	(10.4)	Loans held for sale	**14,673**	7,264	7,409	102.0
Investment securities	Investment securities	**3,950,101**	3,968,023	(17,922)	(0.5)	Investment securities	**3,867,334**	3,968,023	(100,689)	(2.5)
Net loans, less ACL - loans	Net loans, less ACL - loans	**20,391,493**	20,010,181	381,312	1.9	Net loans, less ACL - loans	**20,757,243**	20,010,181	747,062	3.7
Net premises and equipment	Net premises and equipment	**216,059**	225,141	(9,082)	(4.0)	Net premises and equipment	**216,322**	225,141	(8,819)	(3.9)
Goodwill and intangibles	Goodwill and intangibles	**563,502**	560,824	2,678	0.5	Goodwill and intangibles	**561,885**	560,824	1,061	0.2

Other assets	Other assets	**1,310,156**	1,348,162	(38,006)	(2.8)	Other assets	**1,356,786**	1,348,162	8,624	0.6
Total Assets	*Total Assets*	**$ 27,112,176**	$ 26,931,702	$ 180,474	0.7 %	*Total Assets*	**$ 27,403,163**	$ 26,931,702	$ 471,461	1.8 %
Liabilities and Shareholders' Equity	**Liabilities and Shareholders' Equity**					**Liabilities and Shareholders' Equity**				
Deposits	Deposits	**$ 21,316,584**	$ 20,649,538	$ 667,046	3.2 %	Deposits	**$ 21,206,540**	$ 20,649,538	$ 557,002	2.7 %
Borrowings	Borrowings	**2,446,770**	2,871,207	(424,437)	(14.8)	Borrowings	**2,719,114**	2,871,207	(152,093)	(5.3)
Other liabilities	Other liabilities	**729,824**	831,200	(101,376)	(12.2)	Other liabilities	**835,357**	831,200	4,157	0.5
Total Liabilities	*Total Liabilities*	**24,493,178**	24,351,945	141,233	0.6	*Total Liabilities*	**24,761,011**	24,351,945	409,066	1.7
Total Shareholders' Equity	*Total Shareholders' Equity*	**2,618,998**	2,579,757	39,241	1.5	*Total Shareholders' Equity*	**2,642,152**	2,579,757	62,395	2.4
Total Liabilities and Shareholders' Equity	*Total Liabilities and Shareholders' Equity*	**$ 27,112,176**	$ 26,931,702	$ 180,474	0.7 %	*Total Liabilities and Shareholders' Equity*	**$ 27,403,163**	$ 26,931,702	$ 471,461	1.8 %

Cash and Cash Equivalents

Compared to December 31, 2022, cash and cash equivalents at March 31, 2023 June 30, 2023 decreased $115.2 million $177.2 million, or 16.9% 26.0%, primarily due to a $381.3 million $747.1 million increase in net loans.

Other Liabilities

Compared to December 31, 2022, other liabilities decreased $101.4 million at March 31, 2023, primarily due to a decrease in the value of interest rate derivatives.

Shareholders' Equity

Compared to December 31, 2022, shareholders' equity at March 31, 2023 June 30, 2023 increased $39.2 million $62.4 million, primarily due to a $40.9 million $91.4 million increase in retained earnings from net income of $68.3 million $147.9 million, partially offset by common stock dividends of $24.8 million $51.4 million and the preferred stock dividend dividends of $2.6 million $5.1 million. In addition, compared to December 31, 2022, accumulated other comprehensive loss decreased by $34.5 million, The increase in retained earnings was partially offset by an increase in treasury stock of $39.4 million $41.7 million primarily due to the repurchase of 2.4 million shares of the Corporation's common stock for $40.4 million.

See "Note 8 - Accumulated Other Comprehensive (Loss) Income" during the first quarter of the Notes to Consolidated Financial Statements for additional details. 2023.

On December 20, 2022, the Corporation announced that its board of directors approved the 2023 Repurchase Program. Under the 2023 Repurchase Program, the Corporation is authorized to repurchase up to $100.0 million of its common stock through December 31, 2023. During the three months ended March 31, 2023 June 30, 2023, 2.4 million no shares of the Corporation's common stock were repurchased under this program. In March 2023, the Corporation paused its share repurchase program. See Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds" in this Quarterly Report on Form 10-Q for further details on the repurchase program and activity.

In July 2023, the Corporation resumed repurchasing shares of its common stock under the 2023 Repurchase Program, as permitted by securities laws and other legal requirements and subject to market conditions and other factors.

Investment Securities

The following table presents the carrying amount of investment securities:

		March 31, 2023	December 31, 2022	Increase (Decrease) $	Increase (Decrease) %		June 30, 2023	December 31, 2022	Increase (Decrease) $	Increase (Decrease) %
Available for Sale	**Available for Sale**	(dollars in thousands)				**Available for Sale**	(dollars in thousands)			
U.S. Government securities	U.S. Government securities	**$ 220,053**	$ 218,485	$ 1,568	0.7 %	U.S. Government securities	**$ 220,638**	$ 218,485	$ 2,153	1.0 %
U.S. Government-sponsored agency securities	U.S. Government-sponsored agency securities	**1,017**	1,008	9	0.9	U.S. Government-sponsored agency securities	**999**	1,008	(9)	(0.9)
State and municipal securities	State and municipal securities	**1,067,598**	1,105,712	(38,114)	(3.4)	State and municipal securities	**1,053,908**	1,105,712	(51,804)	(4.7)
Corporate debt securities	Corporate debt securities	**439,034**	422,309	16,725	4.0	Corporate debt securities	**424,379**	422,309	2,070	0.5

Collateralized mortgage obligations	Collateralized mortgage obligations	**130,450**	134,033	(3,583)	(2.7)	Collateralized mortgage obligations	**120,458**	134,033	(13,575)	(10.1)
Residential mortgage-backed securities	Residential mortgage-backed securities	**212,574**	212,698	(124)	(0.1)	Residential mortgage-backed securities	**204,888**	212,698	(7,810)	(3.7)
Commercial mortgage-backed securities	Commercial mortgage-backed securities	**571,663**	552,522	19,141	3.5	Commercial mortgage-backed securities	**547,451**	552,522	(5,071)	(0.9)
Total available for sale securities	*Total available for sale securities*	**$ 2,642,389**	$ 2,646,767	$ (4,378)	(0.2) %	*Total available for sale securities*	**$ 2,572,721**	$ 2,646,767	$ (74,046)	(2.8) %
Held to Maturity	**Held to Maturity**					**Held to Maturity**				
Residential mortgage-backed securities	Residential mortgage-backed securities	**$ 444,431**	$ 457,325	$ (12,894)	(2.8) %	Residential mortgage-backed securities	**$ 431,704**	$ 457,325	$ (25,621)	(5.6) %
Commercial mortgage-backed securities	Commercial mortgage-backed securities	**863,281**	863,931	(650)	(0.1)	Commercial mortgage-backed securities	**862,909**	863,931	(1,022)	(0.1)
Total held to maturity securities	*Total held to maturity securities*	**$ 1,307,712**	$ 1,321,256	$ (13,544)	(1.0) %	*Total held to maturity securities*	**$ 1,294,613**	$ 1,321,256	$ (26,643)	(2.0) %
Total Investment Securities	*Total Investment Securities*	**$ 3,950,101**	$ 3,968,023	$ (17,922)	(0.5) %	*Total Investment Securities*	**$ 3,867,334**	$ 3,968,023	$ (100,689)	(2.5) %

Compared to December 31, 2022, total AFS securities at March 31, 2023 June 30, 2023 decreased $4.4 million $74.0 million, or 0.2% 2.8%, primarily due to a decrease of $38.1 million decreases in state and municipal securities, partially offset by increases in commercial collateralized mortgage obligations and residential mortgage-backed securities of $51.8 million, $13.6 million and corporate debt securities of $19.1 million and $16.7 million $7.8 million, respectively.

At March 31, 2023 June 30, 2023, total HTM securities decreased $13.5 million $26.6 million compared to December 31, 2022, primarily driven by a decrease of $12.9 million $25.6 million in residential mortgage-backed securities due to paydowns.

Loans

The following table presents ending loans outstanding by type:

		March 31, 2023	December 31, 2022	Increase (Decrease) $	Increase (Decrease) %		**June 30, 2023**	December 31, 2022	Increase (Decrease) $	Increase (Decrease) %
		(dollars in thousands)					(dollars in thousands)			
Real estate – commercial mortgage	Real estate – commercial mortgage	**$ 7,746,920**	$ 7,693,835	$ 53,085	0.7 %	Real estate – commercial mortgage	**$ 7,846,861**	$ 7,693,835	$ 153,026	2.0 %
Commercial and industrial	Commercial and industrial	**4,600,696**	4,477,537	123,159	2.8	Commercial and industrial	**4,602,446**	4,477,537	124,909	2.8
Real estate – residential mortgage	Real estate – residential mortgage	**4,880,919**	4,737,279	143,640	3.0	Real estate – residential mortgage	**5,147,262**	4,737,279	409,983	8.7
Real estate – home equity	Real estate – home equity	**1,074,712**	1,102,838	(28,126)	(2.6)	Real estate – home equity	**1,061,891**	1,102,838	(40,947)	(3.7)
Real estate – construction	Real estate – construction	**1,326,754**	1,269,925	56,829	4.5	Real estate – construction	**1,308,564**	1,269,925	38,639	3.0
Consumer	Consumer	**730,775**	699,179	31,596	4.5	Consumer	**763,530**	699,179	64,351	9.2
Leases and other loans	Leases and other loans	**340,595**	328,331	12,264	3.7	Leases and other loans	**346,015**	328,331	17,684	5.4
Gross loans	*Gross loans*	**20,701,371**	20,308,924	392,447	1.9	*Gross loans*	**21,076,569**	20,308,924	767,645	3.8
Unearned income	Unearned income	**(31,183)**	(29,377)	(1,806)	(6.1)	Unearned income	**(31,884)**	(29,377)	(2,507)	(8.5)

Net loans	*Net loans*	**$ 20,670,188**	$ 20,279,547	$ 390,641	1.9 %	*Net loans*	**$ 21,044,685**	$ 20,279,547	$ 765,138	3.8 %

During the three six months ended March 31, 2023 June 30, 2023, net loans increased $390.6 million $765.1 million, or 1.9% 3.8%, compared to December 31, 2022, primarily due to increases in residential mortgage loans, commercial mortgage loans, commercial and industrial loans construction loans and commercial mortgage consumer loans of $143.6 million $410.0 million, $123.2 million $153.0 million, $56.8 million $124.9 million and $53.1 million $64.4 million, respectively.

The Corporation does not have a significant concentration of credit risk with any single borrower, industry or geographic location within its footprint. As of March 31, 2023 June 30, 2023, approximately $9.1 billion $9.2 billion, or 43.9% 43.5%, of the loan portfolio was comprised of commercial mortgage loans and construction loans. The Corporation's policies limit the maximum total lending commitment to an individual borrower to $100.0 million as of March 31, 2023 June 30, 2023. In addition, the Corporation has established lower total lending limits for certain types of lending commitments and lower total lending limits based on the Corporation's internal risk rating of an individual borrower at the time the lending commitment is approved.

The following table summarizes the industry concentrations within the commercial mortgage and the commercial and industrial loan portfolios:

		March 31, 2023		December 31, 2022			**June 30, 2023**		December 31, 2022	
Real estate(1)	Real estate(1)	**46.3**	**%**	43.9	%	Real estate(1)	**46.7**	**%**	43.9	%
Health care	Health care	**6.6**		6.5		Health care	**6.8**		6.5	
Manufacturing	Manufacturing	**6.2**		6.8		Manufacturing	**6.5**		6.8	
Agriculture	Agriculture	**5.3**		5.4		Agriculture	**5.3**		5.4	
Other services	Other services	**4.6**		4.7		Other services	**4.5**		4.7	
Construction(2)	Construction(2)	**4.3**		4.7		Construction(2)	**4.1**		4.7	
Hospitality and food services	Hospitality and food services	**3.5**		3.6		Hospitality and food services	**3.6**		3.6	
Retail						Retail	**3.4**		3.1	
Wholesale trade	Wholesale trade	**3.2**		3.1		Wholesale trade	**3.0**		3.1	
Retail		**3.1**		3.1						
Educational services	Educational services	**2.8**		2.8		Educational services	**3.0**		2.8	
Professional, scientific and technical services	Professional, scientific and technical services	**2.2**		1.8		Professional, scientific and technical services	**2.2**		1.8	
Arts, entertainment and recreation	Arts, entertainment and recreation	**2.1**		2.0		Arts, entertainment and recreation	**2.0**		2.0	
Transportation and warehousing	Transportation and warehousing	**1.3**		1.3		Transportation and warehousing	**1.5**		1.3	
Public administration	Public administration	**1.1**		1.2		Public administration	**1.1**		1.2	
Administrative and Support	Administrative and Support	**1.0**		1.1		Administrative and Support	**1.0**		1.1	
Other	Other	**6.4**		8.0		Other	**5.3**		8.0	
Total	Total	**100.0**	**%**	100.0	%	Total	**100.0**	**%**	100.0	%

(1) Includes commercial loans to borrowers engaged in the business of: renting, leasing or managing real estate for others; selling and/or buying real estate for others; and appraising real estate.

(2) Includes commercial loans to borrowers engaged in the construction industry.

The following table presents the changes in non-accrual loans for the three months and six months ended March 31, 2023 June 30, 2023:

	Commercial and Industrial	Real Estate - Commercial Mortgage	Real Estate - Construction	Real Estate - Residential Mortgage	Consumer and Real Estate - Home Equity	Leases and other loans	Total	Commercial and Industrial	Real Estate - Commercial Mortgage	Real Estate - Construction	Real Estate - Residential Mortgage	Consumer and Real Estate - Home Equity	Leases and other loans	Total
	(dollars in thousands)							(dollars in thousands)						
Three months ended March 31, 2023														
Three months ended June 30, 2023								Three months ended June 30, 2023						

Balance at March 31, 2023									Balance at March 31, 2023	$ 31,879	$ 58,409	$ 1,278	$ 24,427	$ 6,059	$12,251	$134,303
Additions									Additions	11,043	5,270	—	711	1,807	606	19,437
Payments									Payments	(11,417)	(9,430)	(179)	(525)	(660)	(358)	(22,569)
Charge-offs									Charge-offs	(2,017)	(230)	—	(62)	(1,313)	(1,165)	(4,787)
Transfers to accrual status									Transfers to accrual status	—	(204)	—	(2,179)	(49)	—	(2,432)
Transfers to OREO									Transfers to OREO	—	—	—	(672)	—	—	(672)
Balance at June 30, 2023									Balance at June 30, 2023	$ 29,488	$ 53,815	$ 1,099	$ 21,700	$ 5,844	$11,334	$123,280
Six months ended June 30, 2023									Six months ended June 30, 2023							
Balance at December 31, 2022	Balance at December 31, 2022	$ 27,116	$ 70,161	$ 1,368	$ 26,294	$ 6,197	$ 13,307	$ 144,443	Balance at December 31, 2022	$ 27,116	$ 70,161	$ 1,368	$ 26,294	$ 6,197	$13,307	$144,443
Additions	Additions	7,715	7,106	—	76	2,553	—	17,450	Additions	18,758	12,376	—	787	4,360	606	36,887
Payments	Payments	(2,340)	(5,724)	(90)	(594)	(485)	(333)	(9,566)	Payments	(13,757)	(15,154)	(269)	(1,119)	(1,145)	(691)	(32,135)
Charge-offs	Charge-offs	(612)	(13,362)	—	—	(2,206)	(723)	(16,903)	Charge-offs	(2,629)	(13,592)	—	(62)	(3,519)	(1,888)	(21,690)
Transfers to accrual status	Transfers to accrual status	—	228	—	(228)	—	—	—	Transfers to accrual status	—	24	—	(2,407)	(49)	—	(2,432)
Transfers to OREO	Transfers to OREO	—	—	—	(1,121)	—	—	(1,121)	Transfers to OREO	—	—	—	(1,793)	—	—	(1,793)
Balance at March 31, 2023		$ 31,879	$ 58,409	$ 1,278	$ 24,427	$ 6,059	$ 12,251	$ 134,303								
Balance at June 30, 2023									Balance at June 30, 2023	$ 29,488	$ 53,815	$ 1,099	$ 21,700	$ 5,844	$11,334	$123,280

During the first quarter of 2023, six months ended June 30, 2023, non-accrual loans decreased approximately $10.1 million, $21.2 million, or 7.0% 14.7%, as a result of higher charge-offs and payments, partially offset by the additions to non-accrual loans.

The following table summarizes non-performing assets as of the periods shown below:

		March 31, 2023	December 31, 2022		**June 30, 2023**	December 31, 2022
		(dollars in thousands)			(dollars in thousands)	
Non-accrual loans	Non-accrual loans	$ **134,303**	$ 144,443	Non-accrual loans	$ **123,280**	$ 144,443
Loans 90 days or more past due and still accruing(1)	Loans 90 days or more past due and still accruing(1)	**30,336**	27,463	Loans 90 days or more past due and still accruing(1)	**24,415**	27,463
Total non-performing loans	*Total non-performing loans*	**164,639**	171,906	*Total non-performing loans*	**147,695**	171,906
OREO (2)	OREO (2)	**3,304**	5,790	OREO(2)	**3,881**	5,790
Total non-performing assets	*Total non-performing assets*	**$ 167,943**	$ 177,696	*Total non-performing assets*	**$ 151,576**	$ 177,696
Non-accrual loans to total loans	Non-accrual loans to total loans	**0.65 %**	0.71 %	Non-accrual loans to total loans	**0.59 %**	0.71 %

Non-performing loans to total loans	Non-performing loans to total loans	**0.80**	**%**	0.85	%	Non-performing loans to total loans	**0.70**	**%**	0.85	%
Non-performing assets to total assets	Non-performing assets to total assets	**0.62**	**%**	0.66	%	Non-performing assets to total assets	**0.55**	**%**	0.66	%
ACL - loans to non-performing loans	ACL - loans to non-performing loans	**169**	**%**	157	%	ACL - loans to non-performing loans	**195**	**%**	157	%

(1) Excludes PPP loans which are fully guaranteed by the federal government of $1.6 million $1.0 million and $7.7 million as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

(2) Excludes $9.6 million $8.4 million and $6.0 million of residential mortgage properties for which formal foreclosure proceedings were in process as of March 31, 2023 June 30, 2023 and December 31, 2022, December 31, 2022, respectively.

Non-performing loans at March 31, 2023 June 30, 2023 decreased $7.3 $24.2 million, or 4.2% 14.1%, compared to $171.9 million as of December 31, 2022. Non-performing loans as a percentage of total loans were 0.80% 0.70% at March 31, 2023 June 30, 2023 and 0.85% at December 31, 2022. See "Note 5 - Loans and Allowance for Credit Losses," in the Notes to Consolidated Financial Statements for further details on non-performing loans.

The ability to identify potential problem loans in a timely manner is important to maintaining an adequate ACL. For commercial and industrial loans, commercial mortgages and commercial construction loans to commercial borrowers, an internal risk rating process is used to monitor credit quality. The evaluation of credit risk for residential mortgages, home equity loans, construction loans to individuals, consumer loans and leases and other loans is based on payment history, through the monitoring of delinquency levels and trends.

Total internally risk-rated loans were $13.4 billion $13.5 billion, of which $0.8 billion were criticized and classified, as of March 31, 2023 June 30, 2023, and $13.2 billion, of which $0.8 billion were criticized and classified, as of December 31, 2022. For a description of the Corporation's risk ratings, see "Allowance for Credit Losses" in the Notes to Consolidated Financial Statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022. The following table presents criticized and classified loans, or those with internal risk ratings of special mention or substandard or lower for commercial mortgages, commercial and industrial loans and construction loans to commercial borrowers, by class segment:

		Special Mention (1)		Increase (Decrease)		Substandard or Lower (2)		Increase (Decrease)		Total Criticized and Classified Loans			Special Mention(1)		Increase (Decrease)		
		March 31, 2023	December 31, 2022	$	%	**March 31, 2023**	December 31, 2022	$	%	**March 31, 2023**	December 31, 2022		**June 30, 2023**	December 31, 2022	$	%	
		(dollars in thousands)															
Real estate - commercial mortgage	Real estate - commercial mortgage	**$ 306,252**	$ 306,381	$ (129)	—%	**$ 186,893**	$ 184,014	$ 2,879	1.6 %	**$ 493,145**	$ 490,395	Real estate - commercial mortgage	**$ 294,367**	$ 306,381	$ (12,014)	(3.9)%	$
Commercial and industrial	Commercial and industrial	**145,455**	133,943	11,512	8.6	**112,086**	95,546	16,540	17.3	**257,541**	229,489	Commercial and industrial	**115,332**	133,943	(18,611)	(13.9)	
Real estate - construction (3)	Real estate - construction (3)	**30,501**	21,603	8,898	41.2	**11,054**	10,601	453	4.3	**41,555**	32,204	Real estate - construction (3)	**39,588**	21,603	17,985	83.3	
Total	*Total*	**$ 482,208**	$ 461,927	$20,281	4.4%	**$ 310,033**	$ 290,161	$19,872	6.8%	**$ 792,241**	$ 752,088	*Total*	**$ 449,287**	$ 461,927	$(12,640)	(2.7)%	$
% of total risk rated loans	% of total risk rated loans	**3.6 %**	3.5 %			**2.3 %**	2.2 %			**5.9 %**	5.7 %	% of total risk rated loans	**3.3 %**	3.5 %			2

(1) Considered "criticized" loans by banking regulators

(2) Considered "classified" loans by banking regulators

(3) Excludes construction - other

Allowance for Credit Losses and Reserve for Off-Balance Sheet Credit Exposures

		March 31, 2023	December 31, 2022		**June 30, 2023**	December 31, 2022
		(dollars in thousands)			(dollars in thousands)	
ACL - loans	ACL - loans	**$ 278,695**	$ 269,366	ACL - loans	**$ 287,442**	$ 269,366
ACL - OBS credit exposure (1)	ACL - OBS credit exposure (1)	**$ 17,539**	$ 16,328	ACL - OBS credit exposure(1)	**$ 16,568**	$ 16,328

(1) Included in "other liabilities" on the consolidated balance sheet.

The following table presents the activity in the ACL:

Three months ended March 31		Three months ended June 30		Six months ended June 30	
2023	2022	**2023**	2022	**2023**	2022

		(dollars in thousands)			(dollars in thousands)			
Average balance of net loans	Average balance of net loans	**$ 20,463,096**	$ 18,383,118	Average balance of net loans	**$ 20,866,235**	$ 18,637,175	**$ 20,665,779**	$ 18,510,845
Balance of ACL at beginning of period	Balance of ACL at beginning of period	**$ 269,366**	$ 249,001	Balance of ACL at beginning of period	**$ 278,695**	$ 243,705	**$ 269,366**	$ 249,001
Loans charged off:	Loans charged off:			Loans charged off:				
Real estate – commercial mortgage	Real estate – commercial mortgage	**(13,362)**	(152)	Real estate – commercial mortgage	**(230)**	—	**(13,592)**	(152)
Commercial and industrial	Commercial and industrial	**(612)**	(227)	Commercial and industrial	**(2,017)**	(201)	**(2,629)**	(428)
Real estate – residential mortgage	Real estate – residential mortgage	**—**	—	Real estate – residential mortgage	**(62)**	(66)	**(62)**	(66)
Consumer and real estate - home equity	Consumer and real estate - home equity	**(2,206)**	(1,052)	Consumer and real estate - home equity	**(1,313)**	(877)	**(3,519)**	(1,929)
Real estate – construction	Real estate – construction	**—**	—	Real estate – construction	**—**	—	**—**	—
Leases and other loans	Leases and other loans	**(723)**	(469)	Leases and other loans	**(1,165)**	(474)	**(1,888)**	(943)
Total loans charged off	*Total loans charged off*	**(16,903)**	(1,900)	*Total loans charged off*	**(4,787)**	(1,618)	**(21,690)**	(3,518)
Recoveries of loans previously charged off:	Recoveries of loans previously charged off:			Recoveries of loans previously charged off:				
Real estate – commercial mortgage	Real estate – commercial mortgage	**786**	112	Real estate – commercial mortgage	**29**	3,536	**815**	3,648
Commercial and industrial	Commercial and industrial	**1,086**	1,980	Commercial and industrial	**988**	739	**2,074**	2,719
Real estate – residential mortgage	Real estate – residential mortgage	**48**	222	Real estate – residential mortgage	**58**	92	**106**	314
Consumer and real estate - home equity	Consumer and real estate - home equity	**661**	454	Consumer and real estate - home equity	**959**	762	**1,620**	1,216
Real estate – construction	Real estate – construction	**202**	32	Real estate – construction	**569**	12	**771**	44
Leases and other loans	Leases and other loans	**116**	154	Leases and other loans	**213**	226	**329**	380
Total recoveries	*Total recoveries*	**2,899**	2,954	*Total recoveries*	**2,816**	5,367	**5,715**	8,321
Net loans charged off/(recoveries)	Net loans charged off/(recoveries)	**(14,004)**	1,054	Net loans charged off/(recoveries)	**(1,971)**	3,749	**(15,975)**	4,803
Provision for credit losses (1)	Provision for credit losses (1)	**23,333**	(6,350)	Provision for credit losses (1)	**10,718**	1,110	**34,051**	(5,240)
Balance of ACL at end of period	Balance of ACL at end of period	**$ 278,695**	$ 243,705	Balance of ACL at end of period	**$ 287,442**	$ 248,564	**$ 287,442**	$ 248,564
Provision for OBS credit exposures	Provision for OBS credit exposures	**$ 1,211**	$ (600)	Provision for OBS credit exposures	**$ (971)**	$ 390	**$ 240**	$ (210)

Reserve for OBS credit exposures(1) (2)	Reserve for OBS credit exposures(1) (2)	$ 17,539	$ 13,933	Reserve for OBS credit exposures(1) (2)	**$ 16,568**	$ 14,323	**$ 16,568**	$ 14,323
Net charge-offs to average loans (annualized)	Net charge-offs to average loans (annualized)	**0.27 %**	(0.02) %	Net charge-offs to average loans (annualized)	**0.04 %**	(0.08) %	**0.15 %**	(0.05) %

(1) Provision included in the table only includes the portion related to net loans.

(2) Reserve for OBS credit exposures is recorded with other liabilities on the consolidated balance sheets.

The provision for credit losses, specific to loans, for the three months ended March 31, 2023 June 30, 2023 was $23.3 million $10.7 million, compared to a negative provision of $6.4 million $1.1 million recorded for the same period in 2022. The ACL includes qualitative loan adjustments, as appropriate, intended to capture the impact of uncertainties not reflected in the quantitative models. See "Note 5 - Loans and Allowance for Credit Losses," in the Notes to Consolidated Financial Statements for further details on the provision for credit losses.

The following table summarizes the allocation of the ACL - loans:

		March 31, 2023		December 31, 2022			**June 30, 2023**			December 31, 2022		
		ACL - loans	**% to Total Net Loans (1)**	ACL - loans	% to Total Net Loans (1)		**ACL - loans**	**% to Total ACL - loans(1)**	**% to Total Net Loans(2)**	ACL - loans	% to Total ACL - loans(1)	% to Total Net Loans(2)
		(dollars in thousands)					(dollars in thousands)					
Real estate - commercial mortgage	Real estate - commercial mortgage	**$ 66,256**	**37.5 %**	$ 69,456	37.9 %	Real estate - commercial mortgage	**$ 72,302**	**25.2 %**	**37.3 %**	$ 69,456	25.8 %	37.9 %
Commercial and industrial	Commercial and industrial	**77,126**	**22.3**	70,116	22.0	Commercial and industrial	**75,189**	**26.2**	**21.9**	70,116	26.0	22.0
Real estate - residential mortgage	Real estate - residential mortgage	**86,209**	**23.6**	83,250	23.3	Real estate - residential mortgage	**88,849**	**30.9**	**24.5**	83,250	30.9	23.3
Consumer, home equity and leases and other loans	Consumer, home equity and leases and other loans	**37,458**	**10.2**	35,801	10.5	Consumer, home equity and leases and other loans	**39,958**	**13.9**	**10.2**	35,801	13.3	10.5
Real estate - construction	Real estate - construction	**11,646**	**6.4**	10,743	6.3	Real estate - construction	**11,144**	**3.9**	**6.2**	10,743	4.0	6.3
Total ACL - loans	*Total ACL - loans*	**$ 278,695**	**100.0 %**	$ 269,366	100.0 %	*Total ACL - loans*	**$ 287,442**	**100.0 %**	**100.0 %**	$ 269,366	100.0 %	100.0 %

(1) Ending ACL - loans balance as a % of total ACL - loans.

(2) Ending loan balances as a % of total net loans for the periods presented.

Deposits and Borrowings

The following table presents ending deposits by type:

				Increase (Decrease)					Increase (Decrease)	
		March 31, 2023	December 31, 2022	$	%		**June 30, 2023**	December 31, 2022	$	%
		(dollars in thousands)					(dollars in thousands)			
Noninterest-bearing demand	Noninterest-bearing demand	**$ 6,403,484**	$ 7,006,388	$ (602,904)	(8.6) %	Noninterest-bearing demand	**$ 5,865,855**	$ 7,006,388	$ (1,140,533)	(16.3) %
Interest-bearing demand	Interest-bearing demand	**5,478,237**	5,410,903	67,334	1.2	Interest-bearing demand	**5,543,320**	5,410,903	132,417	2.4
Savings and money market deposits	Savings and money market deposits	**6,579,806**	6,434,621	145,185	2.3	Savings and money market deposits	**6,646,448**	6,434,621	211,827	3.3

Total demand and savings	*Total demand and savings*	**18,461,527**	18,851,912	(390,385)	(2.1)	*Total demand and savings*	**18,055,623**	18,851,912	(796,289)	(4.2)
Brokered deposits	Brokered deposits	**960,919**	208,416	752,503	N/M	Brokered deposits	**949,259**	208,416	740,843	N/M
Time deposits	Time deposits	**1,894,138**	1,589,210	304,928	19.2	Time deposits	**2,201,658**	1,589,210	612,448	38.5
Total deposits	*Total deposits*	**$ 21,316,584**	$ 20,649,538	$ 667,046	3.2 %	*Total deposits*	**$ 21,206,540**	$ 20,649,538	$ 557,002	2.7 %

During the first quarter of 2023, six months ended June 30, 2023, total deposits increased by $667.0 million $557.0 million, or 3.2% 2.7%, compared to year-end 2022. December 31, 2022. The increase in total deposits was primarily due to increases in brokered deposits, time deposits and savings and money market deposits of $752.5 million $740.8 million, $304.9 million $612.4 million and $145.2 million $211.8 million, respectively, partially offset by a decrease in noninterest-bearing demand deposits of $602.9 million $1.1 billion.

The following table presents ending borrowings by type:

		March 31, 2023	December 31, 2022	Increase (Decrease) $	Increase (Decrease) %		**June 30, 2023**	December 31, 2022	Increase (Decrease) $	Increase (Decrease) %
		(dollars in thousands)					(dollars in thousands)			
Federal funds purchased	Federal funds purchased	**$ 525,000**	$ 191,000	$ 334,000	N/M	Federal funds purchased	**$ 555,000**	$ 191,000	$ 364,000	N/M
Federal Home Loan Bank advances	Federal Home Loan Bank advances	**747,000**	1,250,000	(503,000)	(40.2)	Federal Home Loan Bank advances	**1,165,000**	1,250,000	(85,000)	(6.8)
Senior debt and subordinated debt	Senior debt and subordinated debt	**539,814**	539,634	180	—	Senior debt and subordinated debt	**539,994**	539,634	360	0.1
Other borrowings(1)	Other borrowings(1)	**634,956**	890,573	(255,617)	(28.7)	Other borrowings(1)	**459,120**	890,573	(431,453)	(48.4)
Total borrowings	*Total borrowings*	**$ 2,446,770**	$ 2,871,207	$ (424,437)	(14.8) %	*Total borrowings*	**$2,719,114**	$2,871,207	$(152,093)	(5.3)%

(1) Includes repurchase agreements, short-term promissory notes and capital leases.

During the first quarter of 2023, six months ended June 30, 2023, total borrowings decreased $424.4 million $152.1 million, or 14.8% 5.3%, compared to year-end 2022. December 31, 2022. The decrease in total borrowings was primarily due to decreases in Federal Home Loan Bank advances and other borrowings and FHLB advances of $503.0 million $431.5 million and $255.6 million $85.0 million, respectively, partially offset by an increase in Federal funds purchased of $334.0 million $364.0 million.

<u>Regulatory Capital</u>

The Corporation and its wholly owned subsidiary bank, Fulton Bank, are subject to the Capital Rules administered by banking regulators. Failure to meet minimum capital requirements can trigger certain actions by regulators that could have a material effect on the Corporation's financial statements.

The Capital Rules require the Corporation and Fulton Bank to:

- Meet a minimum Common Equity Tier 1 capital ratio of 4.50% of risk-weighted assets;
- Meet a minimum Tier 1 Leverage capital ratio of 4.00% of average assets;
- Meet a minimum Total capital ratio of 8.00% of risk-weighted assets and a minimum Tier 1 capital ratio of 6.00% of risk-weighted assets;
- Maintain a "capital conservation buffer" of 2.50% above the minimum risk-based capital requirements, which must be maintained to avoid restrictions on capital distributions and certain discretionary bonus payments; and
- Comply with a revised definition of capital to improve the ability of regulatory capital instruments to absorb losses. Certain non-qualifying capital instruments, including cumulative preferred stock and TruPS, are excluded as a component of Tier 1 capital for institutions of the Corporation's size.

The Capital Rules use a standardized approach for risk weightings that expands the risk-weightings for assets and off-balance sheet exposures from the previous 0%, 20%, 50% and 100% categories to a much larger and more risk-sensitive number of categories, depending on the nature of the assets and off-balance sheet exposures, resulting in higher risk weightings for a variety of asset categories.

As of March 31, 2023 June 30, 2023, the Corporation's capital levels met the minimum capital requirements, including the capital conservation buffers, as prescribed in the Capital Rules.

As of March 31, 2023June 30, 2023, Fulton Bank met the well-capitalized requirements under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, a bank must maintain minimum Total risk-based, Tier I risk-based, Common Equity Tier I risk-based and Tier I leverage ratios as set forth in the Capital Rules. There were no other conditions or events since March 31, 2023June 30, 2023 that management believes have changed the Corporation's capital categories.

The following table summarizes the Corporation's capital ratios in comparison to regulatory requirements:

		March 31, 2023	December 31, 2022	Regulatory Minimum for Capital Adequacy	Fully Phased-in, with Capital Conservation Buffers		**June 30, 2023**	**December 31, 2022**	Regulatory Minimum for Capital Adequacy	Fully Phased-in, with Capital Conservation Buffers
Total Risk-Based Capital (to Risk-Weighted Assets)	Total Risk-Based Capital (to Risk-Weighted Assets)	**13.4 %**	13.6 %	8.0 %	10.5 %	Total Risk-Based Capital (to Risk-Weighted Assets)	**13.8 %**	13.6 %	8.0 %	10.5 %
Tier I Risk-Based Capital (to Risk-Weighted Assets)	Tier I Risk-Based Capital (to Risk-Weighted Assets)	**10.6 %**	10.9 %	6.0 %	8.5 %	Tier I Risk-Based Capital (to Risk-Weighted Assets)	**11.0 %**	10.9 %	6.0 %	8.5 %
Common Equity Tier I (to Risk-Weighted Assets)	Common Equity Tier I (to Risk-Weighted Assets)	**9.8 %**	10.0 %	4.5 %	7.0 %	Common Equity Tier I (to Risk-Weighted Assets)	**10.1 %**	10.0 %	4.5 %	7.0 %
Tier I Leverage Capital (to Average Assets)	Tier I Leverage Capital (to Average Assets)	**9.2 %**	9.5 %	4.0 %	4.0 %	Tier I Leverage Capital (to Average Assets)	**9.3 %**	9.5 %	4.0 %	4.0 %

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the exposure to economic loss that arises from changes in the values of certain financial instruments. The types of market risk exposures generally faced by financial institutions include interest rate risk, equity market price risk, debt security market price risk, foreign currency price risk and commodity price risk. Due to the nature of its operations, foreign currency price risk and commodity price risk are not significant to the Corporation.

Interest Rate Risk, Asset/Liability Management and Liquidity

Interest rate risk creates exposure in two primary areas. First, changes in rates have an impact on the Corporation's liquidity position and could affect its ability to meet obligations and continue to grow. Second, movements in interest rates can create fluctuations in the Corporation's net interest income and changes in the economic value of its equity.

The Corporation employs various management techniques to minimize its exposure to interest rate risk. The Corporation's ALCO is responsible for reviewing the interest rate sensitivity and liquidity positions of the Corporation, approving asset and liability management policies, and overseeing the formulation and implementation of strategies regarding balance sheet positions.

The Corporation uses two complementary methods to measure and manage interest rate risk. They are a simulation of net interest income and estimates of economic value of equity. Using these measurements in tandem provides a reasonably comprehensive summary of the magnitude of the Corporation's interest rate risk, level of risk as time evolves, and exposure to changes in interest rates.

Simulation of net interest income is performed for the next 12-month period. A variety of interest rate scenarios are used to measure the effects of sudden and gradual movements upward and downward in the yield curve. These results are compared to the results obtained in a flat or unchanged interest rate scenario. Simulation of net interest income is used primarily to measure the Corporation's short-term earnings exposure to rate movements. The Corporation's policy limits the potential exposure of net interest income, in a non-parallel instantaneous shock, to 10% of the base case net interest income for a 100 bps shock in interest rates, 15% for a 200 bps shock, 20% for a 300 bps shock and 25% for a 400 bps shock. A "shock" is an immediate upward or downward movement of interest rates. The shocks do not take into account changes in customer behavior that could result in changes to mix and/or volumes in the balance sheet, nor does it take into account the potential effects of competition on the pricing of deposits and loans over the forward 12-month period.

Contractual maturities and repricing opportunities of loans are incorporated in the simulation model as are prepayment assumptions, maturity data and call options within the investment portfolio. Assumptions based on past experience are incorporated into the model for non-maturity deposit accounts. The assumptions used are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, amount and frequency of interest rate changes as well as changes in market conditions and the application and timing of various management strategies.

The following table summarizes the expected impact of abrupt interest rate changes, that is, a non-parallel instantaneous shock, on net interest income as of March 31, 2023 June 30, 2023:

Rate Shock(1)	Annual change in net interest income	% change in net interest income
+400 bp	+ $94.3 million $58.9 million	+10.4% 6.5%
+300 bp	+ $73.8 $45.9 million	+8.1% 5.1%
+200 bp	+ $54.0 million $33.3 million	+6.0% 3.7%
+100 bp	+ $32.5 million $20.4 million	+3.6% 2.2%
–100 bp	– $42.8 million $34.2 million	– 4.7% 3.8%
–200 bp	– $85.0 million $69.6 million	– 9.4% 7.7%
–300 bp	– $126.3 million $101.0 million	– 13.9% 11.1%
–400 bp	– $172.1 million $137.7 million	– 19.0% 15.2%

(1) These results include the effect of implicit and explicit interest rate floors that limit further reduction in interest rates.

Economic value of equity estimates the discounted present value of asset and liability cash flows. Discount rates are based upon market prices for like assets and liabilities. Abrupt changes or "shocks" in interest rates, both upward and downward, are used to determine the comparative effect of such interest rate movements relative to the unchanged environment. This measurement tool is used primarily to evaluate the longer-term repricing risks and options in the Corporation's balance sheet. The Corporation's policy limits the economic value of equity that may be at risk, in a non-parallel instantaneous shock, to 10% of the base case economic value of equity for a 100 bps shock in interest rates, 20% for a 200 bps shock, 30% for a 300 bps shock and 40% for a 400 bps shock. As of March 31, 2023 June 30, 2023, the Corporation was within economic value of equity policy limits for every 100 bps shock.

Interest Rate Derivatives

The Corporation enters into interest rate derivatives with certain qualifying commercial loan customers to meet their interest rate risk management needs. The Corporation simultaneously enters into interest rate derivatives with dealer counterparties, with identical notional amounts and terms. The net result of these interest rate derivatives is that the customer pays a fixed rate of interest and the Corporation receives a floating rate. These interest rate derivatives are derivative financial instruments, and the gross fair values are recorded in other assets and liabilities on the consolidated balance sheets, with changes in fair value during the period recorded in other non-interest expense on the consolidated statements of income.

Cash Flow Hedges

The Corporation's objectives in using interest rate derivatives are to reduce volatility in net interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Corporation primarily uses interest rate derivatives as part of its interest rate risk management strategy. The Corporation enters into interest rate derivatives designated as cash flow hedges to hedge the variable cash flows associated with existing floating rate loans. These hedge contracts involve the receipt of fixed-rate amounts from a counterparty in exchange for the Corporation making floating-rate payments over the life of the agreements without exchange of the underlying notional amount.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the unrealized gain or loss on the derivative is recorded in AOCI and subsequently reclassified into interest income in the same period during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest income as interest payments are made on the Corporation's variable-rate liabilities.

In January 2023, the Corporation terminated interest rate derivatives designated as cash flow hedges with a combined notional amount of $1.0 billion. As the hedged transaction continues to be probable, the original unrealized loss of $70.6 million included in AOCI as of June 30, 2023, will be recognized as a reduction to interest income when the previously forecasted hedged item affects earnings in future periods. During the first quarter of 2023, $5.5 million six months ended June 30, 2023, $12.6 million of these unrealized losses have been reclassified as a reduction of interest income on loans, including fees, on the consolidated statements of income.

Liquidity

The Corporation must maintain a sufficient level of liquid assets to meet the cash needs of its customers, who, as depositors, may want to withdraw funds or who, as borrowers, need credit availability. Liquidity is provided on a continuous basis through scheduled and unscheduled principal and interest payments on investments and outstanding loans and through the availability of deposits and borrowings. The Corporation also maintains secondary sources that provide liquidity on a secured and unsecured basis to meet short- and long-term needs.

The Corporation maintains liquidity sources in the form of interest-bearing deposits and customer funding (short-term promissory notes). The Corporation can access additional liquidity from these sources, if necessary, by increasing the rates of interest paid on those instruments. The positive impact to liquidity resulting from paying higher interest rates could have a detrimental impact on the net interest margin and net interest income if rates on interest-earning assets do not experience a proportionate increase. Borrowing availability with the FHLB and the FRB, along with federal funds lines at various correspondent banks, provides the Corporation with additional liquidity.

Fulton Bank is a member of the FHLB and has access to FHLB overnight and term credit facilities. As of March 31, 2023 June 30, 2023, the Bank had total borrowing capacity of approximately $7.8 billion $8.1 billion with $2.3 billion $2.7 billion of advances and letters of credit outstanding, for a remaining available borrowing capacity of approximately

$5.5 $5.3 billion under these facilities. Advances from the FHLB are secured by qualifying commercial real estate and residential mortgage loans, investments and other assets.

As of March 31, 2023 June 30, 2023, the Corporation had aggregate federal funds lines borrowing capacity of $2.5 billion with $0.5 billion $0.6 billion outstanding against that amount. As of March 31, 2023 June 30, 2023, the Corporation had $1.3 billion of collateralized borrowing capacity at the discount window and $1.6 billion of borrowing capacity at the Bank Term Funding Program facility with no amounts outstanding under these programs as of March 31, 2023 June 30, 2023.

Securities carried at $1.1 billion at March 31, 2023 June 30, 2023 and December 31, 2022 were pledged as collateral to secure public and trust deposits.

Liquidity must also be managed at the Corporation's parent company level. For safety and soundness reasons, banking regulations limit the amount of cash that can be transferred from subsidiary banks to the parent company in the form of loans and dividends. Generally, these limitations are based on the subsidiary banks' regulatory capital levels and their net income. Management continues to monitor the liquidity and capital needs of the parent company including monitoring the granularity of the deposit portfolio and level of uninsured deposits. Management will implement appropriate strategies, as necessary, to remain adequately capitalized and to meet its cash needs.

The consolidated statements of cash flows provide additional information. The Corporation's operating activities during the three six months ended March 31, 2023 June 30, 2023 provided $46.0 million $216.9 million of cash. Cash used by investing activities was $0.3 billion $704.2 million and was mainly due to the net increase in loans. Cash provided by financing activities was $176.9 million $310.0 million, and was primarily due to an increase in time deposits, partially offset by decreases in borrowings and demand and savings deposits. deposits and other borrowings.

Debt Security Market Price Risk

Debt security market price risk is the risk that changes in the values of debt securities, unrelated to interest rate changes, could have a material impact on the financial position or results of operations of the Corporation. The Corporation's debt security investments consist primarily of U.S. government-sponsored agency issued mortgage-backed securities and collateralized mortgage obligations, state and municipal securities, and corporate debt securities. All of the Corporation's investments in mortgage-backed securities and collateralized mortgage obligations have principal payments that are guaranteed by U.S. government-sponsored agencies.

State and Municipal Securities

As of March 31, 2023 June 30, 2023, the Corporation owned securities issued by various states and municipalities with a total fair value of $1.1 billion. Uncertainty with respect to the financial strength of state and municipal bond insurers places emphasis on the underlying strength of issuers. Pressure on local tax revenues of issuers due to adverse economic conditions could have an adverse impact on the underlying credit quality of issuers. The Corporation evaluates existing and potential holdings primarily based on the underlying creditworthiness of the issuing state or municipality and then, to a lesser extent, on any credit enhancement. State and municipal securities can be supported by the general obligation of the issuing state or municipality, allowing the securities to be repaid by any means available to the issuing state or municipality. As of March 31, 2023 June 30, 2023, approximately 100% of state and municipal securities were supported by the general obligation of corresponding states or municipalities. Approximately 78% 77% of these securities were school district issuances, which are also supported by the states of the issuing municipalities.

Item 4. Controls and Procedures

The Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures pursuant to Rule 13a-15, promulgated under the Exchange Act. Based upon that evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this quarterly report, the Corporation's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in Corporation reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information presented in the "Legal Proceedings" section of Note 13 "Commitments and Contingencies" of the Notes to Consolidated Financial Statements is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A. Risk Factors of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2022 includes a discussion and Part II, Item 1A. Risk Factors of the material risks and uncertainties that could adversely affect the Corporation's business, results of operations and financial condition.

The information presented below provides an update to, and should be read in conjunction with, the risk factors and other information contained in the Corporation's Annual Quarterly Report on Form 10-K 10-Q for the year quarter ended December 31, 2022 March 31, 2023.

Recent events impacting the financial services industry could adversely affect the Corporation's business.

Recent events affecting the financial services industry, including several recent bank failures, have generated significant market volatility among publicly traded bank holding companies and, in particular, regional banks like the Corporation. These events have negatively impacted customer confidence in the safety and soundness of regional banks. As a result, customers may choose to transfer deposits to larger financial institutions or higher-yielding alternative investments, which could materially adversely impact the Corporation's liquidity, funding costs and NIM. Potentially adverse changes to laws or regulations governing the Corporation in response to these events may, among other things, result in increased regulatory scrutiny and new regulations focused on areas believed to have contributed to these events, including liquidity and interest rate risk management, deposit composition and concentrations and capital adequacy. In addition, the cost of resolving recent bank failures may prompt the FDIC to increase deposit insurance premiums above the recently increased levels or to impose additional special assessments. Any of the foregoing could, among other things, subject the Corporation to additional costs, limit the types of financial services and products the Corporation may offer, and limit the Corporation's future growth, any of which could have a material adverse effect the Corporation's business, results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.
(b) None.

(c)

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	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
January 1, 2023 to January 31, 2023	652,821	$ 16.190	652,821	$ 89,432,435
February 1, 2023 to February 28, 2023	969,203	17.390	969,203	72,582,765
March 1, 2023 to March 31, 2023	789,529	16.510	789,529	59,551,298

(1)Includes 1% excise tax.

(2) On December 20, 2022, the Corporation announced the 2023 Repurchase Program which authorizes the Corporation to repurchase up to $100.0 million of its common stock through December 31, 2023.

(c) On December 20, 2022, the Corporation announced that its board of directors approved the 2023 Repurchase Program. Under the 2023 Repurchase Program, the Corporation is authorized to repurchase up to $100.0 million of its common stock through December 31, 2023. Under the 2023 Repurchase Program, repurchased shares are added to treasury stock at cost. As permitted by securities laws and other legal requirements, and subject to market conditions and other factors, purchases

may be made from time to time in open market or privately negotiated transactions, including, without limitation, through accelerated share repurchase transactions. The 2023 Repurchase Program may be discontinued at any time.

During the three months ended March 31, 2023, 2.4 million shares were repurchased under this program. In March 2023, the Corporation paused repurchasing shares under the 2023 Repurchase Program. During the three months ended June 30, 2023, no shares were repurchased under the 2023 Repurchase Program.

In July 2023, the Corporation resumed repurchasing shares of its share repurchase program. common stock under the 2023 Repurchase Program, as permitted by securities laws and other legal requirements and subject to market conditions and other factors.

Item 5c. Other Information

Except as disclosed below, none of the Corporation's directors or "officers" (as defined in Rule 16a-1(f) (17 C.F.R. § 240.16a-1(f))) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K (17 C.F.R. § 229.408)) during the fiscal quarter ended June 30, 2023.

Curtis J. Myers, Chairman of the Board, Chief Executive Officer and President of the Corporation, terminated a Rule 10b5-1 trading arrangement for the sale of 14,951 shares of the Corporation's common stock on April 27, 2023. Mr. Myers adopted the trading arrangement on November 8, 2022 and the trading arrangement was scheduled to expire on May 3, 2023.

Item 6. Exhibits

2.1 Agreement and Plan of Merger with Prudential Bancorp, Inc. dated March 1, 2022 (Incorporated by reference to Exhibit 2.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on March 2, 2022).

3.1 Articles of Incorporation, as amended and restated, of Fulton Financial Corporation as amended (Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report Form 8-K filed June 24, 2011).

3.2 Statement with Respect to Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A of Fulton Financial Corporation, dated October 23, 2020, filed with the Pennsylvania Department of State (Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020).

3.3 Bylaws of Fulton Financial Corporation as amended (Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on a Form 8-K filed May 14, 2021).

4.1 Statement with Respect to Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A of Fulton Financial Corporation, dated October 23, 2020, filed with the Pennsylvania Department of State (Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020).

4.2 Deposit Agreement, dated October 29, 2020, among Fulton Financial Corporation, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein (Incorporated by reference to Exhibit 4.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020).

4.3 Form of depositary receipt representing the Depositary Shares (Included in Exhibit 4.2) 4.2).

4.4 Stock Certificate (Incorporated (Incorporated by reference as Exhibit 4.14.1 of Fulton Financial Corporation Registration Statement on Form S-4 filed on April 21, 2022).).

10.1 Form of Time-Vested Restricted Non-Employee Director Stock Unit Award Agreement - Filed herewith.

10.2 Form of Performance Restricted Stock Unit Award Agreement Total Shareholder Return ("TSR") Component - Filed herewith.

10.3 Form of Performance Restricted Stock Unit Award Agreement Profit Trigger Component - Filed herewith.

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 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Unaudited Consolidated Balance Sheets, (ii) Unaudited Consolidated Statements of Income, (iii) Unaudited Consolidated Statements of Comprehensive Income, (iv) Unaudited Consolidated Statements of Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.

104 Cover page interactive data file (formatted as inline XBRL and contained in Exhibit 101)

FULTON FINANCIAL CORPORATION AND SUBSIDIARIES

SIGNATURES

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

FULTON FINANCIAL CORPORATION

Date: May 9, August 8, 2023

/s/ Curtis J. Myers
Curtis J. Myers
Chairman and Chief Executive Officer

Date: May 9, August 8, 2023

/s/ Mark R. McCollom
Mark R. McCollom
Senior Executive Vice President and Chief Financial Officer

[Exhibit 10.1] 10.1

FULTON FINANCIAL

CORPORATION

Time-Vested Restricted Non-Employee Director Stock Unit Award Agreement
(“Award Agreement”)

[DATE] GRANT_DATE]

[NAME] PARTICIPANT_NAME]

[ADDRESS] HOME_ADDRESS]

Dear [NAME] [PARTICIPANT_NAME]:

Pursuant to the terms and conditions of the 2022 Amended and Restated 2023 Director Equity and Cash Incentive Compensation Plan (the “2022 “2023 Plan”) of Fulton Financial Corporation (“Fulton”), you are the recipient of a time-vested Restricted Stock Unit (“RSU”) award (the “Award”). The Award has the following terms and conditions as of the Date of Grant. Capitalized terms used herein but not defined shall have the meanings set forth in the 2022 Plan. 2023 Plan, a copy of which has been provided to you and the terms of which are hereby incorporated by reference and made a part of this Award Agreement.

Granted To:	[NAME] PARTICIPANT_NAME]
Date of Grant:	[GRANT DATE] GRANT_DATE]
Number of Time-Vested RSUs Granted:	[TOTAL AWARD] TOTAL_AWARD]
Restricted Period:	Unless your Award is forfeited before the end of the Restricted Period, the Restricted Period will end three years one year after the Date of Grant.
Death, Disability or Retirement:	Your Award will vest and Shares will be delivered to you upon your death, Disability or Retirement; provided, however, if an Award becomes payable upon Retirement (and such Retirement constitutes (unless a separation of service under Section 409A), such Award will not be paid until deferral election has been made with respect to the date that is six months following your Retirement date. Shares).
Change of Control:	In the event of a termination of Continuous Service without Cause during the 12-month period following a Change of Control, the Restricted Period will expire with respect to 100% of your RSUs as of the date of your termination.
Right to Dividend Equivalents:	Each RSU (representing one Share) may be credited with Dividend Equivalents. Shares equivalent to all the dividends paid with respect to the outstanding Common Stock paid by Fulton in respect of one Share.
Clawback:	Your Award is subject to Fulton’s Compensation Recovery Clawback Policy, as amended or restated.
Forfeiture:	Your Award is subject to forfeiture until the expiration of the Restricted Period, including all Dividend Equivalents, pursuant to the terms of the 2022 2023 Plan.
Continuous Service Service:	Except as otherwise set forth in the 2022 2023 Plan, Continuous Service is required for your Award to vest.

Net Settlement of Award:	Upon the lapse of the forfeiture restrictions with respect

Deferral:	[You have not elected to my Award, I authorize the withholding of Shares from my Award for defer the payment of some or all the Shares underlying the RSUs, and you will receive payment of my federal, state or local taxes. the Shares together with the accumulated Dividend Equivalents, in Common Stock at the end of the Restricted Period.] [You have elected to defer payment of the Shares underlying the RSUs at the end of the Restricted Period (together with any accumulated Dividend Equivalents), and you will receive [a single issuance] [three annual installments] of Shares and accrued Dividend Equivalents, in accordance with your deferral election.]
Timing of Award Payment:	Payment Unless otherwise expressly set forth herein, payment will be made no earlier than within thirty (30) days following the end of the Restricted Period.

The vesting of this Award will have tax consequences for you. We recommend that you consult your tax advisor. You have thirty (30) days after the date of this Award Agreement to either accept or decline this Award.

Very Truly Yours,

[Insert Signature]

Curtis J. Myers
Chairman, Chief Executive Officer and President
Fulton Financial Corporation

I hereby acknowledge receipt of this Award made to me on the Date of Grant.

[NAME] [ACCEPTANCE DATE]

[Exhibit 10.2]

FULTON FINANCIAL

CORPORATION

Performance Restricted Stock Unit Award Agreement

Total Shareholder Return ("TSR") Component

("Award Agreement")

[DATE]

[NAME]

[ADDRESS]

Dear [NAME]:

Pursuant to the terms and conditions of the 2022 Amended and Restated Equity and Cash Incentive Compensation Plan (the “2022 Plan”) of Fulton Financial Corporation (“Fulton”), you are the recipient of a Performance Share Award (the “Award”) in the form of performance-based restricted stock units (“PRSUs”). The Award has the following terms and conditions as of the Date of Grant. Capitalized terms used herein but not defined shall have the meanings set forth in the 2022 Plan.

Participant:	[NAME]
Date of Grant:	[GRANT DATE]
Aggregate Total PRSUs for TSR Component Performance:	[TOTAL AWARD] (at target for TSR Component)
Range of Potential PRSUs as a Percentage of Target:	0.00% to 150.00% of target for TSR Component (determined on the Vest Date)
Retirement:	Upon your Retirement prior to the end of a Performance Period, the Committee may (i) determine the extent to which Performance Goals with respect to such Performance Period have been met during or with respect to the period of your employment and (ii) pay to Participant a partial or full Award for future Performance Period(s) based on the Committee's determination of the degree of attainment of Performance Goals. For purposes of the 2022 Plan, Retirement is not a termination of Continuous Service.
Death or Disability:	Upon your death or Disability, your Award will be accelerated and the Committee will determine the extent to which the Performance Goals have been met.
Change in Control:	In the event of a Change in Control, the Committee will determine the extent to which Performance Goals with respect to such Performance Period have been met.
Forfeiture:	If your Continuous Service is terminated for any reason, your Award will not vest and will be forfeited in accordance with the 2022 Plan.
Clawback:	Your Award is subject to Fulton's Compensation Recovery Clawback Policy, as amended or restated.
Net Settlement of Award:	Upon the lapse of the forfeiture restrictions with respect to my Award, I authorize the withholding of Shares from my Award for the payment of some or all of my federal, state and local taxes.
Performance Period:	[DATE] to [DATE]
Performance Goal:	Achievement of a 3-year TSR growth measured on a percentile basis relative to the 2023 peer group.
Shares at Target:	[TOTAL AWARD]
Determination of PRSUs earned:	The Committee will determine no later than [DATE] the extent to which the Performance Goals have been achieved and the level of achievement.
Vest Date:	The later of [DATE] or the date the Committee certifies as to the achievement of the Performance Goal.
Dividend Equivalents:	Each PRSU may be credited with Dividend Equivalents.

The vesting of this Award will have tax consequences for you. We recommend that you consult your tax advisor. You have thirty (30) days after the date of this Award Agreement to either accept or decline this Award.
Very Truly Yours,

[Signature]

Curtis J. Myers
Chairman, Chief Executive Officer and President
Fulton Financial Corporation

I hereby acknowledge receipt of this Award (including Exhibit A) made to me on the Date of Grant.

[NAME] [ACCEPTANCE DATE]

Exhibit A

Post-Employment Restrictive Covenant Agreement

1. **Consideration**. In consideration for the grant of the Performance Restricted Stock Unit Award ("PRSU") to which Participant agrees Participant is not otherwise entitled, Participant agrees as follows.

2. **Effect on Other Restrictive Covenant Agreements**. Participant's obligations under this Award Agreement are in addition to and supplement Participant's obligations under any preexisting agreement between Participant and Fulton regarding non-competition, non-solicitation, and/or non-disclosure of Fulton's confidential information or that of its customers in effect at the time Participant signs this Award Agreement.

3. **Fulton**. For purposes of this Exhibit, Fulton shall mean Fulton, its successors, and all of its present or future subsidiaries or affiliates.

4. **Non-Competition**. Without the prior consent of the Board or one of its committees, until the earlier of: (i) the expiration of the one-year period following Participant's separation of employment due to Retirement or (ii) Participant attaining the age of 65 (the "**Non-Compete** **PARTICIPANT_NAME]** Restricted Period [ACCEPTANCE_DATE]"), Participant shall not, directly or indirectly, own, be employed by or a director of, provide services or consult to, any business, person or entity that is engaged within the geographic market of Fulton, in commercial banking or any other business activity in which Fulton is engaged on the date of Participant's separation. For purposes of the foregoing, the "**geographic market of Fulton**" shall consist of Fulton's CRA assessment areas as publicly available on the date of Participant's separation. Nothing in this Award shall prohibit the Participant from (a) owning as a passive investor, in the aggregate, not more than 5% of the outstanding publicly traded stock of any corporation engaged in a competing business, or (b) accepting a position as an officer, director, employee, agent of, or consultant to another entity during the Non-Compete Restricted Period, in which the Participant's new position or the corporate office of the entity are outside a 275 mile radius from where the Participant was working on the Participant's date of separation from Fulton.

5. **Non-Solicitation**. During the one (1) year period following Participant's separation of employment due to Retirement (the "**Non-Solicitation Restricted Period**"), Participant shall not, directly or indirectly:

(a) call upon, solicit, service or accept business from any customer of Fulton or its subsidiaries or affiliates, or in any way interfere with the relationship between any such customer and Fulton (including, without limitation, making any negative or disparaging statements or communications regarding Fulton or its current, past or future personnel);

(b) request that any customer of Fulton not purchase products or services from Fulton, or curtail or cease its business with Fulton;

(c) solicit, induce or entice or attempt to solicit, induce or entice any employee or independent contractor of Fulton, who was employed or engaged by Fulton as of Participant's separation date or within the twelve months preceding Participant's separation date, to leave the employ or engagement of Fulton, or in any way interfere with the relationship between Fulton and any employee or independent contractor thereof; or

(d) except with the consent of the Board or one of its committees, hire or offer employment or engagement to any employee or independent contractor of Fulton who was employed or engaged by Fulton during the Non-Solicitation Restricted Period.

6. **Confidential Information**. Participant acknowledges that through Participant's employment with Fulton, Participant will have access to, or may contribute to, certain commercially valuable information and trade secrets belonging to Fulton (collectively, "**Confidential Information**," as further defined below). Participant further acknowledges that, to safeguard its legitimate interests, it is necessary for Fulton to protect its Confidential Information by keeping it confidential. Participant acknowledges that Fulton's Confidential Information is vital to its success and was acquired and/or developed by Fulton only after considerable expense, time, and energy.

Participant acknowledges that Fulton would not otherwise disclose Confidential Information to Participant without the existence of the provisions of this Exhibit and that the unauthorized disclosure and/or use of Confidential Information would cause Fulton to suffer substantial and irreparable harm.

(a) Definition of Confidential Information: The term "**Confidential Information**" means any and all data and other information related to the business of Fulton that has value to Fulton and is not generally known to the public (whether or not it constitutes a trade secret). Such Confidential Information includes, but is not limited to: data or information relating to any of Fulton's past, present, or future products or services; customer lists; customer information; fees, costs, and pricing lists or structures; mailing lists; the identity of customers; techniques of doing business; financial and profit information; investment strategies; marketing strategies; competitive information; advertising; compensation information; analysis; reports; formulas; computer software; designs; drawings; trademarks and brand names under development; accounting and business methods; databases; inventions and new developments and methods, whether patentable or reduced to practice; the existence or terms of any contracts or potential contracts; plans for future business; and materials or information embodying or developed by use of any such Confidential Information. Confidential Information does not include information that is or becomes publicly available through no fault of Participant. This provision adds to, and does not limit, Fulton's rights pursuant to any laws generally protecting confidential information and trade secrets.

(b) Prohibited Use or Disclosure of Confidential Information: Participant shall not, at any time during Participant's employment by Fulton or after termination (whether voluntary or involuntary), directly or indirectly, use, cause to be used, or disclose and Confidential Information of which Participant becomes aware, except to the extent a particular disclosure or use is required in the performance of Participant's assigned duties for Fulton. Participant also agrees not to remove any documents, material or equipment containing Confidential Information from Fulton's premises, except as required in the performance of Participant's assigned duties for Fulton, and to immediately return any such documents, materials or equipment at the termination of employment (whether voluntary or involuntary, and regardless of the reason).

(c) All records, files, software, memoranda, reports, price lists, leads, customer lists, drawings, training materials, workflows, phone lists, plans, documents, technical information, and other tangible items (together with all copies of such documents and things) relating to the business of Fulton, which Participant shall use or prepare or come in contact with in the course of, or as a result of, Participant's employment shall, as between the parties to this Agreement, remain the sole property of Fulton. Laptop computers, software and related data, information and things provided to Participant by Fulton or obtained by Participant, directly or indirectly, from Fulton, also shall remain the sole property of Fulton. Upon the termination of Participant's employment for any reason whatsoever, voluntarily or involuntarily (and in all events within 5 days of Participant's date of termination), and at any earlier time Fulton requests, Participant shall immediately return all such materials and things to Fulton and shall not retain any copies or remove or participate in removing any such materials or things from the premises of Fulton after termination or Fulton's request for return. Participant shall not reproduce or appropriate for Participant's own use, or for the use of others, any property, Confidential Information or Fulton inventions, and shall remove from any personal computing or communications equipment all information relating to Fulton.

(d) Notwithstanding anything to the contrary in this Agreement or otherwise, nothing shall limit Participant's rights under applicable law to provide truthful information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity. Notwithstanding the foregoing, Participant agrees to waive Participant's right to recover monetary damages in connection with any charge, complaint or lawsuit filed by Participant or anyone else on Participant's behalf (whether involving a governmental entity or not); provided that Participant is not agreeing to waive, and this Agreement shall not be read as requiring Participant to waive, any right Participant may have to receive an award for information provided to any governmental entity. Participant is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to Participant's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as

any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7. **Clawback.** Participant acknowledges that the Participant is subject to the Clawback Policy and any clawback policy that may be adopted by the Board or any committee thereof. Further, Participant acknowledges and agrees that should Participant violate any of the covenants in this Agreement, Participant shall be required to pay back to Fulton the sum of money equal to the value of the Award paid to Participant.

8. **Injunctive Relief.**

(a) Participant acknowledges and agrees that the covenants contained herein are fair and reasonable in light of the consideration paid hereunder by Fulton granting the Award to the Participant, and that damages alone shall not be an adequate remedy for any breach by Participant of Participant's covenants for non-competition, non-solicitation and confidentiality which then apply and accordingly expressly agrees that, in addition to any other remedies which Fulton may have, Fulton shall be entitled to injunctive relief in any court of competent jurisdiction for any breach or threatened breach of any such covenants by Participant. Nothing contained herein shall prevent or delay Fulton from seeking, in any court of competent jurisdiction, specific performance or other equitable remedies in the event of any breach or intended breach by Participant of any of its obligations hereunder.

(b) In the event Participant breaches Participant's obligations herein, the period specified therein shall be tolled during the period of any such breach and any litigation seeking remedies for such breach and shall resume upon the conclusion or termination of any such breach and any such litigation. The remedies set forth in this Award are cumulative and in addition to any and all other remedies available to Fulton at law or in equity.

[Exhibit 10.3]

FULTON FINANCIAL
CORPORATION

Performance Restricted Stock Unit Award Agreement

Profit Trigger Component

("Award Agreement")

[DATE]

[NAME]

[ADDRESS]

Dear [NAME]:

Pursuant to the terms and conditions of the 2022 Amended and Restated Equity and Cash Incentive Compensation Plan (the "2022 Plan") of Fulton Financial Corporation ("Fulton"), you are the recipient of a Performance Share Award (the "Award") in the form of performance-based restricted stock units ("PRSUs"). The Award has the following terms and conditions as of the Date of Grant. Capitalized terms used herein but not defined shall have the meanings set forth in the 2022 Plan.

Participant:	[NAME]
Date of Grant:	[GRANT DATE]
Aggregate Total PRSUs for Profit Trigger Component Performance:	[TOTAL AWARD] (at target for Profit Component)
Range of Potential PRSUs as a Percentage of Target:	0.00% to 100% of target for Profit Trigger Component (determined on the Vest Date)
Retirement:	Upon your Retirement prior to the end of a Performance Period, the Committee may (i) determine the extent to which Performance Goals with respect to such Performance Period have been met during or with respect to the period of your employment and (ii) pay to Participant a partial or full Award for future Performance Period(s) based on the Committee's determination of the degree of attainment of Performance Goals. For purposes of the 2022 Plan, Retirement is not a termination of Continuous Service.
Death or Disability:	Upon your death or Disability, your Award will be accelerated and the Committee will determine the extent to which the Performance Goals have been met.
Change in Control:	In the event of a Change in Control, the Committee will determine the extent to which Performance Goals with respect to such Performance Period have been met.
Forfeiture:	If your Continuous Service is terminated for any reason, your Award will not vest and will be forfeited in accordance with the 2022 Plan.
Clawback:	Your Award is subject to Fulton's Compensation Recovery Clawback Policy, as amended or restated.
Net Settlement of Award:	Upon the lapse of the forfeiture restrictions with respect to my Award, I authorize the withholding of Shares from my Award for the payment of some or all of my federal, state and local taxes.
Performance Period:	[DATE] to [DATE]

Performance Goal:	Achievement of positive net income sufficient to cover all dividends declared during the last four full calendar quarters prior to the Date of Grant.
Shares at Target:	[TOTAL AWARD]
Determination of PRSUs earned:	The Committee will determine no later than [DATE] the extent to which the Performance Goals have been achieved and the level of achievement.
Vest Date:	The later of [DATE] or the date the Committee certifies as to the achievement of the Performance Goal.
Dividend Equivalents:	Each PRSU may be credited with Dividend Equivalents.

The vesting of this Award will have tax consequences for you. We recommend that you consult your tax advisor. You have thirty (30) days after the date of this Award Agreement to either accept or decline this Award.
Very Truly Yours,

[Signature]

Curtis J. Myers
Chairman, Chief Executive Officer and President
Fulton Financial Corporation

I hereby acknowledge receipt of this Award (including Exhibit A) made to me on the Date of Grant.

[NAME] [ACCEPTANCE DATE]

Exhibit A

Post-Employment Restrictive Covenant Agreement

1. **Consideration**. In consideration for the grant of the Performance Restricted Stock Unit Award ("PRSU") to which Participant agrees Participant is not otherwise entitled, Participant agrees as follows.

2. **Effect on Other Restrictive Covenant Agreements**. Participant's obligations under this Award Agreement are in addition to and supplement Participant's obligations under any preexisting agreement between Participant and Fulton regarding non-competition, non-solicitation, and/or non-disclosure of Fulton's confidential information or that of its customers in effect at the time Participant signs this Award Agreement.

3. **Fulton**. For purposes of this Exhibit, Fulton shall mean Fulton, its successors, and all of its present or future subsidiaries or affiliates.

4. **Non-Competition**. Without the prior consent of the Board or one of its committees, until the earlier of: (i) the expiration of the one-year period following Participant's separation of employment due to Retirement or (ii) Participant attaining the age of 65 (the "**Non-CompeteRestricted Period**"), Participant shall not, directly or indirectly, own, be employed by or a director of, provide services or consult to, any business, person or entity that is engaged within the geographic market of Fulton, in commercial banking or any other business activity in which Fulton is engaged on the date of Participant's separation. For purposes of the foregoing, the "**geographic market of Fulton**" shall consist of Fulton's CRA assessment areas as publicly available on the date of Participant's separation. Nothing in this Award shall prohibit the Participant from (a) owning as a passive investor, in the aggregate, not more than 5% of the outstanding publicly traded stock of any corporation engaged in a competing business, or (b) accepting a position as an officer, director, employee, agent of, or consultant to another entity during the Non-Compete Restricted Period, in which the Participant's new position or the corporate office of the entity are outside a 275 mile radius from where the Participant was working on the Participant's date of separation from Fulton.

5. **Non-Solicitation**. During the one (1) year period following Participant's separation of employment due to Retirement (the "**Non-Solicitation Restricted Period**"), Participant shall not, directly or indirectly:

(a) call upon, solicit, service or accept business from any customer of Fulton or its subsidiaries or affiliates, or in any way interfere with the relationship between any such customer and Fulton (including, without limitation, making any negative or disparaging statements or communications regarding Fulton or its current, past or future personnel);

(b) request that any customer of Fulton not purchase products or services from Fulton, or curtail or cease its business with Fulton;

(c) solicit, induce or entice or attempt to solicit, induce or entice any employee or independent contractor of Fulton, who was employed or engaged by Fulton as of Participant's separation date or within the twelve months preceding Participant's separation date, to leave the employ or engagement of Fulton, or in any way interfere with the relationship between Fulton and any employee or independent contractor thereof; or

(d) except with the consent of the Board or one of its committees, hire or offer employment or engagement to any employee or independent contractor of Fulton who was employed or engaged by Fulton during the Non-Solicitation Restricted Period.

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6. **Confidential Information**. Participant acknowledges that through Participant's employment with Fulton, Participant will have access to, or may contribute to, certain commercially valuable information and trade secrets belonging to Fulton (collectively, "**Confidential Information**," as further defined below). Participant further acknowledges that, to safeguard its legitimate interests, it is necessary for Fulton to protect its Confidential Information by keeping it confidential. Participant acknowledges that Fulton's Confidential Information is vital to its success and was acquired and/or developed by Fulton only after considerable expense, time, and energy. Participant acknowledges that Fulton would not otherwise disclose Confidential Information to Participant without the existence of the provisions of this Exhibit and that the unauthorized disclosure and/or use of Confidential Information would cause Fulton to suffer substantial and irreparable harm.

(a) Definition of Confidential Information: The term "**Confidential Information**" means any and all data and other information related to the business of Fulton that has value to Fulton and is not generally known to the public (whether or not it constitutes a trade secret). Such Confidential Information includes, but is not limited to: data or information relating to any of Fulton's past, present, or future products or services; customer lists; customer information; fees, costs, and pricing lists or structures; mailing lists; the identity of customers; techniques of doing business; financial and profit information; investment strategies; marketing strategies; competitive information; advertising; compensation information; analysis; reports; formulas; computer software; designs; drawings; trademarks and brand names under development; accounting and business methods; databases; inventions and new developments and methods, whether patentable or reduced to practice; the existence or terms of any contracts or potential contracts; plans for future business; and materials or information embodying or developed by use of any such Confidential Information. Confidential Information does not include information that is or becomes publicly available through no fault of Participant. This provision adds to, and does not limit, Fulton's rights pursuant to any laws generally protecting confidential information and trade secrets.

(b) Prohibited Use or Disclosure of Confidential Information: Participant shall not, at any time during Participant's employment by Fulton or after termination (whether voluntary or involuntary), directly or indirectly, use, cause to be used, or disclose and Confidential Information of which Participant becomes aware, except to the extent a particular disclosure or use is required in the performance of Participant's assigned duties for Fulton. Participant also agrees not to remove any documents, material or equipment containing Confidential Information from Fulton's premises, except as required in the performance of Participant's assigned duties for Fulton, and to immediately return any such documents, materials or equipment at the termination of employment (whether voluntary or involuntary, and regardless of the reason).

(c) All records, files, software, memoranda, reports, price lists, leads, customer lists, drawings, training materials, workflows, phone lists, plans, documents, technical information, and other tangible items (together with all copies of such documents and things) relating to the business of Fulton, which Participant shall use or prepare or come in contact with in the course of, or as a result of, Participant's employment shall, as between the parties to this Agreement, remain the sole property of Fulton. Laptop computers, software and related data, information and things provided to Participant by Fulton or obtained by Participant, directly or indirectly, from Fulton, also shall remain the sole property of Fulton. Upon the termination of Participant's employment for any reason whatsoever, voluntarily or involuntarily (and in all events within 5 days of Participant's date of termination), and at any earlier time Fulton requests, Participant shall immediately return all such materials and things to Fulton and shall not retain any copies or remove or participate in removing any such materials or things from the premises of Fulton after termination or Fulton's request for return. Participant shall not reproduce or appropriate for Participant's own use, or for the use of others, any property, Confidential Information or Fulton inventions, and shall remove from any personal computing or communications equipment all information relating to Fulton.

(d) Notwithstanding anything to the contrary in this Agreement or otherwise, nothing shall limit Participant's rights under applicable law to provide truthful information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity. Notwithstanding the foregoing, Participant agrees to waive Participant's right to recover monetary damages in connection with any charge, complaint or lawsuit filed by Participant or anyone else on Participant's behalf (whether involving a governmental entity or not); provided that Participant is not agreeing to waive, and this Agreement shall not be read as requiring Participant to waive, any right Participant may have to receive an award for information provided to any governmental entity. Participant is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to Participant's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

7. **Clawback.** Participant acknowledges that the Participant is subject to the Clawback Policy and any clawback policy that may be adopted by the Board or any committee thereof. Further, Participant acknowledges and agrees that should Participant violate any of the covenants in this Agreement, Participant shall be required to pay back to Fulton the sum of money equal to the value of the Award paid to Participant.

8. **Injunctive Relief.**

(a) Participant acknowledges and agrees that the covenants contained herein are fair and reasonable in light of the consideration paid hereunder by Fulton granting the Award to the Participant, and that damages alone shall not be an adequate remedy for any breach by Participant of Participant's covenants for non-competition, non-solicitation and confidentiality which then apply and accordingly expressly agrees that, in addition to any other remedies which Fulton may have, Fulton shall be entitled to injunctive relief in any court of competent jurisdiction for any breach or threatened breach of any such covenants by Participant. Nothing contained herein shall prevent or delay Fulton from seeking, in any court of competent jurisdiction, specific performance or other equitable remedies in the event of any breach or intended breach by Participant of any of its obligations hereunder.

(b) In the event Participant breaches Participant's obligations herein, the period specified therein shall be tolled during the period of any such breach and any litigation seeking remedies for such breach and shall resume upon the conclusion or termination of any such breach and any such litigation. The remedies set forth in this Award are cumulative and in addition to any and all other remedies available to Fulton at law or in equity.

Exhibit 31.1 – Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Curtis J. Myers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fulton Financial 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: May 9, August 8, 2023

/s/ Curtis J. Myers
Curtis J. Myers
Chairman and Chief Executive Officer

Exhibit 31.2 – Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark R. McCollom, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fulton Financial 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: May 9, August 8, 2023

/s/ Mark R. McCollom
Mark R. McCollom
Senior Executive Vice President and Chief Financial Officer

Exhibit 32.1 - Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Curtis J. Myers, Chief Executive Officer of Fulton Financial Corporation, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, certify that:

The Form10-Q of Fulton Financial Corporation, containing the consolidated financial statements for the quarter ended March 31, 2023 June 30, 2023, fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Fulton Financial Corporation.

Date: May 9, August 8, 2023

/s/ Curtis J. Myers
Curtis J. Myers
Chairman and Chief Executive Officer

Exhibit 32.2 - Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Mark R. McCollom, Chief Financial Officer of Fulton Financial Corporation, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, certify that:

The Form 10-Q of Fulton Financial Corporation, containing the consolidated financial statements for the quarter ended March 31, 2023 June 30, 2023, fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Fulton Financial Corporation.

May 9, August 8, 2023

/s/ Mark R. McCollom
Mark R. McCollom
Senior Executive Vice President and Chief Financial Officer

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