UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2023

OR

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

Commission File Number: 001-39325

ATLANTIC UNION BANKSHARES CORPORATION

(Exact name of registrant as specified in its charter)

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

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

(804) 633-5031
(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 $1.33 per share	**AUB**	**The New York Stock Exchange**
Depositary Shares, Each Representing a 1/400th Interest in a Share of 6.875% Perpetual Non-Cumulative Preferred Stock, Series A	**AUB.PRA**	**The New York Stock Exchange**

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 Exchange Act).

Yes ☐ No ☒

The number of shares of common stock outstanding as of April 27, 2023 was 74,994,600.

ATLANTIC UNION BANKSHARES CORPORATION
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Glossary of Acronyms and Defined Terms

In this Form 10-Q, unless the context suggests otherwise, the terms "we", "us", and "our" refer to Atlantic Union Bankshares Corporation and its direct and indirect subsidiaries, including Atlantic Union Bank.

2022 Form 10-K	–	Annual Report on Form 10-K for the year ended December 31, 2022
ACL	–	Allowance for credit losses
AFS	–	Available for sale
ALLL	–	Allowance for loan and lease losses, a component of ACL
AOCI	–	Accumulated other comprehensive income (loss)
ASC	–	Accounting Standards Codification
ASU	–	Accounting Standards Update
AUB	–	Atlantic Union Bankshares Corporation
the Bank	–	Atlantic Union Bank
BOLI	–	Bank-owned life insurance
bps	–	Basis points
BTFP	–	Bank Term Funding Program
CECL	–	Current expected credit losses
CFPB	–	Consumer Financial Protection Bureau
the Company	–	Atlantic Union Bankshares Corporation and its subsidiaries
depositary shares	–	Depositary shares, each representing a 1/400th ownership interest in a share of the Company's Series A preferred stock, with a liquidation preference of $10,000 per share of Series A preferred stock (equivalent to $25 per depositary share)
DHFB	–	Dixon, Hubard, Feinour & Brown, Inc.
EPS	–	Earnings per common share
Exchange Act	–	Securities Exchange Act of 1934, as amended
FASB	–	Financial Accounting Standards Board
FDIC	–	Federal Deposit Insurance Corporation
Federal Reserve	–	Board of Governors of the Federal Reserve System
FRB	–	Federal Reserve Bank of Richmond
FHLB	–	Federal Home Loan Bank of Atlanta
FHLMC	–	Federal Home Loan Mortgage Corporation
FNB	–	FNB Corporation
FNMA	–	Federal National Mortgage Association
FOMC	–	Federal Open Market Committee
FTE	–	Fully taxable equivalent
FR Y9-C	–	Consolidated financial statements for a U.S. bank holding company, a savings and loan holding company, a U.S. intermediate holding company, and a securities holding company
GAAP	–	Accounting principles generally accepted in the United States
GNMA	–	Government National Mortgage Association
HTM	–	Held to maturity
ICE	–	Intercontinental Exchange Data Services
LHFI	–	Loans held for investment
LHFS	–	Loans held for sale
LIBOR	–	London Interbank Offered Rate
MBS	–	Mortgage-Backed Securities
MFC	–	Middleburg Financial Corporation
NPA	–	Nonperforming assets
NYSE	–	New York Stock Exchange
OCI	–	Other comprehensive (loss) income
OREO	–	Other real estate owned
PD/LGD	–	Probability of default/loss given default

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ROU asset	–	Right of Use Asset
RPAs	–	Risk Participation Agreements
SBA	–	Small Business Administration
SEC	–	Securities and Exchange Commission
Series A preferred stock	–	6.875% Perpetual Non-Cumulative Preferred Stock, Series A, par value $10.00 per share
SOFR	–	Secured Overnight Financing Rate
TLM	–	Troubled loan modification
TDR	–	Troubled debt restructuring
VFG	–	Virginia Financial Group, Inc.

PART I – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022

(Dollars in thousands, except share data)

	March 31, 2023	December 31, 2022
ASSETS	*(unaudited)*	*(audited)*
Cash and cash equivalents:		
Cash and due from banks	$ 187,106	$ 216,384
Interest-bearing deposits in other banks	184,371	102,107
Federal funds sold	719	1,457
Total cash and cash equivalents	372,196	319,948
Securities available for sale, at fair value	2,252,365	2,741,816
Securities held to maturity, at carrying value	855,418	847,732
Restricted stock, at cost	87,616	120,213
Loans held for sale	14,213	3,936
Loans held for investment, net of deferred fees and costs	14,584,280	14,449,142
Less: allowance for loan and lease losses	116,512	110,768
Total loans held for investment, net	14,467,768	14,338,374
Premises and equipment, net	116,466	118,243
Goodwill	925,211	925,211
Amortizable intangibles, net	24,482	26,761
Bank owned life insurance	443,537	440,656
Other assets	544,098	578,248
Total assets	$ 20,103,370	$ 20,461,138
LIABILITIES		
Noninterest-bearing demand deposits	$ 4,578,009	$ 4,883,239
Interest-bearing deposits	11,877,901	11,048,438
Total deposits	16,455,910	15,931,677
Securities sold under agreements to repurchase	163,760	142,837
Other short-term borrowings	245,000	1,176,000
Long-term borrowings	390,150	389,863
Other liabilities	408,314	448,024
Total liabilities	17,663,134	18,088,401
Commitments and contingencies (Note 7)		
STOCKHOLDERS' EQUITY		
Preferred stock, $10.00 par value	173	173
Common stock, $1.33 par value	99,072	98,873
Additional paid-in capital	1,773,118	1,772,440
Retained earnings	929,806	919,537
Accumulated other comprehensive loss	(361,933)	(418,286)
Total stockholders' equity	2,440,236	2,372,737
Total liabilities and stockholders' equity	$ 20,103,370	$ 20,461,138
Common shares outstanding	74,989,228	74,712,622
Common shares authorized	200,000,000	200,000,000
Preferred shares outstanding	17,250	17,250
Preferred shares authorized	500,000	500,000

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Dollars in thousands, except share and per share data)

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
Interest and dividend income:		
Interest and fees on loans	**$ 189,992**	$ 114,200
Interest on deposits in other banks	**1,493**	131
Interest and dividends on securities:		
Taxable	**16,753**	13,666
Nontaxable	**9,308**	10,459
Total interest and dividend income	**217,546**	138,456
Interest expense:		
Interest on deposits	**51,834**	4,483
Interest on short-term borrowings	**7,563**	21
Interest on long-term borrowings	**4,706**	3,021
Total interest expense	**64,103**	7,525
Net interest income	**153,443**	130,931
Provision for credit losses	**11,850**	2,800
Net interest income after provision for credit losses	**141,593**	128,131
Noninterest income:		
Service charges on deposit accounts	**7,902**	7,596
Other service charges, commissions and fees	**1,746**	1,655
Interchange fees	**2,325**	1,810
Fiduciary and asset management fees	**4,262**	7,255
Mortgage banking income	**854**	3,117
Loss on sale of securities	**(13,400)**	—
Bank owned life insurance income	**2,828**	2,697
Loan-related interest rate swap fees	**1,439**	3,860
Other operating income	**1,672**	2,163
Total noninterest income	**9,628**	30,153
Noninterest expenses:		
Salaries and benefits	**60,529**	58,298
Occupancy expenses	**6,356**	6,883
Furniture and equipment expenses	**3,752**	3,597
Technology and data processing	**8,142**	7,796
Professional services	**3,413**	4,090
Marketing and advertising expense	**2,351**	2,163
FDIC assessment premiums and other insurance	**3,899**	2,485
Franchise and other taxes	**4,498**	4,499
Loan-related expenses	**1,552**	1,776
Amortization of intangible assets	**2,279**	3,039
Other expenses	**11,503**	10,695
Total noninterest expenses	**108,274**	105,321
Income from continuing operations before income taxes	**42,947**	52,963
Income tax expense	**7,294**	9,273
Net income	**35,653**	43,690
Dividends on preferred stock	**2,967**	2,967
Net income available to common shareholders	**$ 32,686**	$ 40,723
Basic earnings per common share	**$ 0.44**	$ 0.54
Diluted earnings per common share	**$ 0.44**	$ 0.54
Dividends declared per common share	**$ 0.30**	$ 0.28
Basic weighted average number of common shares outstanding	**74,832,141**	75,544,644
Diluted weighted average number of common shares outstanding	**74,835,514**	75,556,127

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Dollars in thousands)

	Three Months Ended March 31,	
	2023	**2022**
Net income	**$ 35,653**	$ 43,690
Other comprehensive income (loss):		
Cash flow hedges:		
Change in fair value of cash flow hedges (net of tax, $3,645 and $6,197 for the three months ended March 31, 2023 and 2022, respectively)	**13,714**	(23,313)
AFS securities:		
Unrealized holding gains (losses) arising during period (net of tax, $8,525 and $49,700 for the three months ended March 31, 2023 and 2022, respectively)	**32,068**	(186,967)
Reclassification adjustment for losses included in net income (net of tax, $2,814 and $0 for the three months ended March 31, 2023 and 2022, respectively) [1]	**10,586**	—
HTM securities:		
Reclassification adjustment for accretion of unrealized gain on AFS securities transferred to HTM (net of tax, $1 and $1 for the three months ended March 31, 2023 and 2022, respectively) [2]	**(3)**	(5)
Bank owned life insurance:		
Unrealized holding gains arising during the period	**10**	—
Reclassification adjustment for losses included in net income [3]	**(22)**	167
Other comprehensive income (loss):	**56,353**	(210,118)
Comprehensive income (loss)	**$ 92,006**	$ (166,428)

[1] *The gross amounts reclassified into earnings are reported as "Other operating income" on the Company's Consolidated Statements of Income with the corresponding income tax effect being reflected as a component of income tax expense.*

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

[3] *Reclassifications in earnings are reported in "Salaries and benefits" expense on the Company's Consolidated Statements of Income.*

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Dollars in thousands, except share and per share amounts)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance - December 31, 2022	**$ 98,873**	**$ 173**	**$ 1,772,440**	**$ 919,537**	**$ (418,286)**	**$ 2,372,737**
Net Income				**35,653**		**35,653**
Other comprehensive income (net of taxes of $14,983)					**56,353**	**56,353**
Dividends on common stock ($0.30 per share)				**(22,417)**		**(22,417)**
Dividends on preferred stock ($171.88 per share)				**(2,967)**		**(2,967)**
Issuance of common stock under Equity Compensation Plans, stock issuance for services rendered, and vesting of restricted stock, net of shares held for taxes (149,684 shares)	**199**		**(1,654)**			**(1,455)**
Stock-based compensation expense			**2,332**			**2,332**
Balance - March 31, 2023	**$ 99,072**	**$ 173**	**$ 1,773,118**	**$ 929,806**	**$ (361,933)**	**$ 2,440,236**

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance - December 31, 2021	$ 100,101	$ 173	$ 1,807,368	$ 783,794	$ 18,635	$ 2,710,071
Net Income				43,690		43,690
Other comprehensive loss (net of taxes of $49,701)					(210,118)	(210,118)
Dividends on common stock ($0.28 per share)				(21,163)		(21,163)
Dividends on preferred stock ($171.88 per share)				(2,967)		(2,967)
Stock purchased under stock repurchase plan (629,691 shares)	(837)		(24,181)			(25,018)
Issuance of common stock under Equity Compensation Plans, stock issuance for services rendered, and vesting of restricted stock, net of shares held for taxes (291,723 shares)	387		1,044			1,431
Stock-based compensation expense			2,409			2,409
Balance - March 31, 2022	$ 99,651	$ 173	$ 1,786,640	$ 803,354	$ (191,483)	$ 2,498,335

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Dollars in thousands)

	2023	2022
Operating activities:		
Net income	**$ 35,653**	$ 43,690
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of premises and equipment	**3,427**	3,599
Writedown of ROU assets, foreclosed properties and equipment	**112**	4,570
Amortization, net	**6,417**	8,619
Amortization related to acquisitions, net	**1,288**	875
Provision for credit losses	**11,850**	2,800
Losses on securities transactions	**13,400**	—
BOLI income	**(2,828)**	(2,697)
Originations and purchases of LHFS	**(286,526)**	(91,957)
Proceeds from sales of LHFS	**283,316**	91,434
Stock-based compensation expenses	**2,332**	2,409
Issuance of common stock for services	**187**	217
Net decrease in other assets	**18,840**	46,434
Net (decrease) increase in other liabilities	**(27,901)**	1,454
Net cash provided by operating activities	**59,567**	111,447
Investing activities:		
Purchases of AFS securities, restricted stock, and other investments	**(45,633)**	(62,773)
Purchases of HTM securities	**(13,826)**	(130,533)
Proceeds from sales of AFS securities and restricted stock	**558,466**	—
Proceeds from maturities, calls and paydowns of AFS securities	**47,338**	109,974
Proceeds from maturities, calls and paydowns of HTM securities	**5,218**	550
Net increase in LHFI	**(145,260)**	(258,502)
Net increase in premises and equipment	**(1,624)**	(797)
Proceeds from BOLI settlements	**353**	2,068
Proceeds from sales of foreclosed properties and former bank premises	**533**	—
Net cash provided by (used in) investing activities	**405,565**	(340,013)
Financing activities:		
Net (decrease) increase in noninterest-bearing deposits	**(305,230)**	162,739
Net increase (decrease) in interest-bearing deposits	**829,449**	(289,594)
Net decrease in short-term borrowings	**(910,077)**	(2,843)
Cash dividends paid - common stock	**(22,417)**	(21,163)
Cash dividends paid - preferred stock	**(2,967)**	(2,967)
Repurchase of common stock	**—**	(25,018)
Issuance of common stock	**474**	3,804
Vesting of restricted stock, net of shares held for taxes	**(2,116)**	(2,590)
Net cash used in financing activities	**(412,884)**	(177,632)
Increase (decrease) in cash and cash equivalents	**52,248**	(406,198)
Cash, cash equivalents and restricted cash at beginning of the period	**319,948**	802,501
Cash, cash equivalents and restricted cash at end of the period	**$ 372,196**	$ 396,303

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Dollars in thousands)

	2023	2022
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	**$ 58,678**	$ 5,393
Supplemental schedule of noncash investing and financing activities		
Transfer from LHFI to LHFS	**7,087**	—

See accompanying notes to consolidated financial statements.

ATLANTIC UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company
Headquartered in Richmond, Virginia, Atlantic Union Bankshares Corporation (NYSE: AUB) is the holding company for Atlantic Union Bank. Atlantic Union Bank had 109 branches and approximately 125 ATMs located throughout Virginia, and in portions of Maryland and North Carolina as of March 31, 2023. Certain non-bank financial services affiliates of Atlantic Union Bank include: Atlantic Union Equipment Finance, Inc., which provides equipment financing; Atlantic Union Financial Consultants, LLC, which provides brokerage services; and Union Insurance Group, LLC, which offers various lines of insurance products.

The unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and follow general practice within the banking industry. Accordingly, the unaudited consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements; however, in the opinion of management all adjustments necessary for a fair presentation of the results of the interim periods presented have been made. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other period.

The unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Company’s 2022 Form 10-K. Certain prior period amounts have been reclassified to conform to current period presentation.

Adoption of New Accounting Standards
In March 2022, the FASB issued ASU No. 2022-01 *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method* to allow nonprepayable financial assets to be included in a closed portfolio hedge using the portfolio layer method and to allow multiple hedged layers to be designated for a single closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. The amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted ASU No. 2022-01 effective January 1, 2023 and concluded that it did not have significant impact on its consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-02 *Financial Instruments- Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* This ASU eliminates the accounting guidance for TDRs by creditors and instead requires that an entity evaluate whether a loan modification represents a new loan or a continuation of an existing loan, consistent with the accounting for other loan modifications. The amendment also introduces new disclosure requirements for modifications to loans made to a borrower experiencing financial difficulty in the form of principal forgiveness, interest rate reductions, term extensions, or other-than-insignificant payment delays. The Company refers to these modifications to borrowers experiencing financial difficulty as Troubled Loan Modifications, or TLMs. In addition, the amendments require that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20. The amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted the amendments of ASU 2022-02 effective January 1, 2023 on a prospective basis. See below in Note 1 “Summary of Significant Accounting Policies” within this Item 1 of this Quarterly Report for discussion of the Company’s accounting policy for Loan Modifications and Note 3 “Loans and Allowance for Loan and Lease Losses” within this Item 1 of this Quarterly Report for more information.

In March 2020, the FASB issued ASC 848, *Reference Rate Reform*. This guidance provides temporary, optional guidance to ease the potential burden in accounting for reference rate reform associated with the LIBOR transition. LIBOR and other interbank offered rates are widely used benchmark or reference rates that have been used in the valuation of loans, derivatives, and other financial contracts. ASC 848 provides optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. ASC 848 is intended to help stakeholders during the global market-wide reference rate transition period. The amendments are effective as of March 12, 2020 through December 31, 2024 and can be adopted at an instrument level. The Company has elected the practical expedients provided in ASC 848 related to (1) accounting for contract modifications on its loans and securities tied to LIBOR and (2) asserting probability of the hedged item occurring, regardless of any expected modification in terms related to reference rate reform for the newly executed cash flow hedges. The Company may incorporate other components of ASC 848 at a later date. This amendment did not have a significant impact on the Company's consolidated financial statements.

Loan Modifications
The Company evaluates all loan modifications according to the accounting guidance for loan refinancing and restructuring to determine whether the modification should be accounted for as a new loan or a continuation of the existing loan. If the modification meets the criteria to be accounted for as a new loan, any deferred fees and costs remaining prior to the modification are recognized in income and any new deferred fees and costs are recorded on the loan as part of the modification. If the modification does not meet the criteria to be accounted for as a new loan, any new deferred fees and costs resulting from the modification are added to the existing amortized cost basis of the loan.

The Company adopted the accounting guidance in ASU No. 2022-02 on January 1, 2023 that eliminates the recognition and measurement of TDRs. Upon adoption of this guidance, the Company no longer applies its TDR accounting policy and instead accounts for modifications in accordance with its loan modifications policy stated in the preceding paragraph. For the Company's policy for accounting for TDRs prior to the adoption of ASU No. 2022-02, see Note 1 "Summary of Significant Accounting Policies" of the Company's 2022 Form 10-K.

Effective January 1, 2023, the Company refers to modifications to loans where the borrower is experiencing financial difficulty and the modification is in the form of principal forgiveness, interest rate reductions, term extensions, other-than-insignificant payment delays, or a combination of the above modifications, as troubled loan modifications, or TLMs. The Company accounts for TLMs consistently with its accounting policy for accounting for loan modifications. The ALLL on TLMs is measured using the same method as all other LHFI. Refer to Note 3 "Loans and Allowance for Loan and Lease Losses" within this Item 1 of this Quarterly Report for additional disclosures related to TLMs.

Accrued Interest Receivable
The Company has elected to exclude accrued interest from the amortized cost basis in its determination of the ALLL, as well as the ACL reserve for securities. Accrued interest receivable totaled $60.7 million and $58.9 million on LHFI, $6.8 million and $8.6 million on HTM securities, and $9.4 million and $14.2 million on AFS securities at March 31, 2023 and December 31, 2022, respectively, and is included in "Other assets" on the Company's Consolidated Balance Sheets. The Company's policy is to write off accrued interest receivable through reversal of interest income when it becomes probable the Company will not be able to collect the accrued interest. For the quarters ended March 31, 2023 and March 31, 2022, accrued interest receivable write offs were not material to the Company's consolidated financial statements.

2. SECURITIES

Available for Sale

The Company's AFS investment portfolio is generally highly-rated or agency backed. All AFS securities were current with no securities past due or on non-accrual as of March 31, 2023 and December 31, 2022.

The amortized cost, gross unrealized gains and losses, and estimated fair values of AFS securities as of March 31, 2023 are summarized as follows (dollars in thousands):

March 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
U.S. government and agency securities	**$ 69,474**	**$ —**	**$ (6,900)**	**$ 62,574**
Obligations of states and political subdivisions	**650,328**	**20**	**(127,251)**	**523,097**
Corporate and other bonds [1]	**171,899**	**—**	**(19,893)**	**152,006**
Commercial MBS				
Agency	**220,617**	**156**	**(37,729)**	**183,044**
Non-agency	**80,239**	**—**	**(2,636)**	**77,603**
Total commercial MBS	**300,856**	**156**	**(40,365)**	**260,647**
Residential MBS				
Agency	**1,394,464**	**57**	**(207,355)**	**1,187,166**
Non-agency	**71,552**	**—**	**(6,358)**	**65,194**
Total residential MBS	**1,466,016**	**57**	**(213,713)**	**1,252,360**
Other securities	**1,681**	**—**	**—**	**1,681**
Total AFS securities	**$ 2,660,254**	**$ 233**	**$ (408,122)**	**$ 2,252,365**

[1] *Other bonds include asset-backed securities.*

The amortized cost, gross unrealized gains and losses, and estimated fair values of AFS securities as of December 31, 2022 are summarized as follows (dollars in thousands):

December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
U.S. government and agency securities	$ 70,196	$ —	$ (8,253)	$ 61,943
Obligations of states and political subdivisions	959,999	137	(152,701)	807,435
Corporate and other bonds [1]	243,979	—	(17,599)	226,380
Commercial MBS				
Agency	250,186	75	(39,268)	210,993
Non-agency	99,412	—	(4,244)	95,168
Total commercial MBS	349,598	75	(43,512)	306,161
Residential MBS				
Agency	1,510,110	81	(233,961)	1,276,230
Non-agency	68,815	—	(6,812)	62,003
Total residential MBS	1,578,925	81	(240,773)	1,338,233
Other securities	1,664	—	—	1,664
Total AFS securities	$ 3,204,361	$ 293	$ (462,838)	$ 2,741,816

[1] *Other bonds include asset-backed securities.*

The following table shows the gross unrealized losses and fair value of the Company's AFS securities with unrealized losses. These are aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position (dollars in thousands).

	Less than 12 months		More than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value[2]	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2023						
U.S. government and agency securities	**$ —**	**$ —**	**$ 62,541**	**$ (6,900)**	**$ 62,541**	**$ (6,900)**
Obligations of states and political subdivisions	**25,482**	**(1,225)**	**490,011**	**(126,026)**	**515,493**	**(127,251)**
Corporate and other bonds[1]	**62,443**	**(3,586)**	**87,163**	**(16,307)**	**149,606**	**(19,893)**
Commercial MBS						
Agency	**21,945**	**(3,119)**	**150,711**	**(34,610)**	**172,656**	**(37,729)**
Non-agency	**—**	**—**	**77,603**	**(2,636)**	**77,603**	**(2,636)**
Total commercial MBS	**21,945**	**(3,119)**	**228,314**	**(37,246)**	**250,259**	**(40,365)**
Residential MBS						
Agency	**110,848**	**(5,385)**	**1,061,695**	**(201,971)**	**1,172,543**	**(207,356)**
Non-agency	**14,615**	**(138)**	**50,580**	**(6,219)**	**65,195**	**(6,357)**
Total residential MBS	**125,463**	**(5,523)**	**1,112,275**	**(208,190)**	**1,237,738**	**(213,713)**
Total AFS securities	**$ 235,333**	**$ (13,453)**	**$ 1,980,304**	**$ (394,669)**	**$ 2,215,637**	**$ (408,122)**
December 31, 2022						
U.S. government and agency securities	$ 2,594	$ (166)	$ 59,269	$ (8,087)	$ 61,863	$ (8,253)
Obligations of states and political subdivisions	588,668	(86,895)	187,375	(65,806)	776,043	(152,701)
Corporate and other bonds[1]	206,861	(15,019)	17,121	(2,580)	223,982	(17,599)
Commercial MBS						
Agency	73,362	(7,024)	127,193	(32,244)	200,555	(39,268)
Non-agency	66,618	(2,231)	28,550	(2,013)	95,168	(4,244)
Total commercial MBS	139,980	(9,255)	155,743	(34,257)	295,723	(43,512)
Residential MBS						
Agency	328,590	(27,769)	929,581	(206,192)	1,258,171	(233,961)
Non-agency	18,939	(1,288)	43,064	(5,524)	62,003	(6,812)
Total residential MBS	347,529	(29,057)	972,645	(211,716)	1,320,174	(240,773)
Total AFS securities	$ 1,285,632	$ (140,392)	$ 1,392,153	$ (322,446)	$ 2,677,785	$ (462,838)

[1] *Other bonds include asset-backed securities.*
[2] *Comprised of 752 and 363 individual securities as of March 31, 2023 and December 31, 2022, respectively.*

The Company has evaluated AFS securities in an unrealized loss position for credit related impairment at March 31, 2023 and December 31, 2022 and concluded no impairment existed based on several factors which included: (1) the majority of these securities are of high credit quality, (2) unrealized losses are primarily the result of market volatility and increases in market interest rates, (3) the contractual terms of the investments do not permit the issuer(s) to settle the securities at a price less than the cost basis of each investment, (4) issuers continue to make timely principal and interest payments, and (5) the Company does not intend to sell any of the investments and the accounting standard of "more likely than not" has not been met for the Company to be required to sell any of the investments before recovery of its amortized cost basis.

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

In the first quarter of 2023, the Company executed a balance sheet repositioning strategy and sold AFS securities with a total book value of $505.7 million at a pre-tax loss of $13.4 million and used the net proceeds to reduce existing high costing FHLB borrowings. The deleverage strategy provides the Company with improved liquidity, enhanced tangible common equity, and additional run rate earnings.

The following table presents the amortized cost and estimated fair value of AFS securities as of March 31, 2023 and December 31, 2022, by contractual maturity (dollars in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	March 31, 2023		December 31, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	**$ 52,594**	**$ 51,912**	$ 42,447	$ 41,735
Due after one year through five years	**122,772**	**113,380**	158,063	152,523
Due after five years through ten years	**204,347**	**180,610**	343,303	312,935
Due after ten years	**2,280,541**	**1,906,463**	2,660,548	2,234,623
Total AFS securities	**$ 2,660,254**	**$ 2,252,365**	$ 3,204,361	$ 2,741,816

Refer to Note 7 "Commitments and Contingencies" within this Item 1 of this Quarterly Report for information regarding the estimated fair value of AFS securities that were pledged to secure public deposits, repurchase agreements, and for other purposes as permitted or required by law as of March 31, 2023 and December 31, 2022.

Held to Maturity

The Company's HTM investment portfolio primarily consists of highly-rated municipal securities. The Company's HTM securities were all current, with no securities past due or on non-accrual at March 31, 2023 and December 31, 2022.

The Company reports HTM securities on the Company's Consolidated Balance Sheets at carrying value. Carrying value is amortized cost, which includes any unamortized unrealized gains and losses recognized in AOCI prior to reclassifying the securities from AFS securities to HTM securities.

The carrying value, gross unrealized gains and losses, and estimated fair values of HTM securities as of March 31, 2023 are summarized as follows (dollars in thousands):

	Carrying Value	Gross Unrealized		Estimated Fair Value
		Gains	(Losses)	
March 31, 2023				
U.S. government and agency securities	**$ 684**	**$ —**	**$ (50)**	**$ 634**
Obligations of states and political subdivisions	**702,749**	**6,078**	**(26,903)**	**681,924**
Corporate and other bonds[(1)]	**5,033**	**—**	**(37)**	**4,996**
Commercial MBS				
Agency	**28,925**	**—**	**(4,953)**	**23,972**
Non-agency	**27,068**	**57**	**(224)**	**26,901**
Total commercial MBS	**55,993**	**57**	**(5,177)**	**50,873**
Residential MBS				
Agency	**42,302**	**—**	**(5,606)**	**36,696**
Non-agency	**48,657**	**51**	**(732)**	**47,976**
Total residential MBS	**90,959**	**51**	**(6,338)**	**84,672**
Total HTM securities	**$ 855,418**	**$ 6,186**	**$ (38,505)**	**$ 823,099**

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

The carrying value, gross unrealized gains and losses, and estimated fair values of HTM securities as of December 31, 2022 are summarized as follows (dollars in thousands):

	Carrying Value	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2022				
U.S. government and agency securities	$ 687	$ —	$ (56)	$ 631
Obligations of states and political subdivisions	705,990	2,218	(35,957)	672,251
Corporate and other bonds[1]	5,159	—	(10)	5,149
Commercial MBS				
Agency	29,025	—	(4,873)	24,152
Non-agency	13,736	—	(126)	13,610
Total commercial MBS	42,761	—	(4,999)	37,762
Residential MBS				
Agency	42,699	—	(6,427)	36,272
Non-agency	50,436	—	(614)	49,822
Total residential MBS	93,135	—	(7,041)	86,094
Total HTM securities	$ 847,732	$ 2,218	$ (48,063)	$ 801,887

[1] *Other bonds include asset-backed securities.*

Credit Quality Indicators & Allowance for Credit Losses - HTM

For HTM securities, the Company evaluates the credit risk of its securities on at least a quarterly basis. The Company estimates expected credit losses on HTM debt securities on an individual basis based on the PD/LGD methodology primarily using security-level credit ratings. The Company's HTM securities ACL was insignificant at March 31, 2023 and December 31, 2022. The primary indicators of credit quality for the Company's HTM portfolio are security type and credit rating, which is influenced by a number of factors including obligor cash flow, geography, seniority, and others. The majority of the Company's HTM securities with credit risk are obligations of states and political subdivisions.

The following table presents the amortized cost of HTM securities as of March 31, 2023 and December 31, 2022 by security type and credit rating (dollars in thousands):

	U.S. Government and Agency securities	Obligations of states and political subdivisions	Corporate and other bonds	Mortgage-backed securities	Total HTM securities
March 31, 2023					
Credit Rating:					
AAA/AA/A	**$ —**	**$ 701,567**	**$ —**	**$ 10,211**	**$ 711,778**
BBB/BB/B	**—**	**1,182**	**—**	**—**	**1,182**
Not Rated - Agency(1)	**684**	**—**	**—**	**71,227**	**71,911**
Not Rated - Non-Agency(2)	**—**	**—**	**5,033**	**65,514**	**70,547**
Total	**$ 684**	**$ 702,749**	**$ 5,033**	**$ 146,952**	**$ 855,418**
December 31, 2022					
Credit Rating:					
AAA/AA/A	$ —	$ 704,803	$ —	$ 2,702	$ 707,505
BBB/BB/B	—	1,187	—	—	1,187
Not Rated - Agency(1)	687	—	—	71,725	72,412
Not Rated - Non-Agency(2)	—	—	5,159	61,469	66,628
Total	$ 687	$ 705,990	$ 5,159	$ 135,896	$ 847,732

(1) *Generally considered not to have credit risk given the government guarantees associated with these agencies.*
(2) *Non-agency mortgage-backed and asset-backed securities have limited credit risk, supported by most receiving a 20% simplified supervisory formula approach rating.*

The following table presents the amortized cost and estimated fair value of HTM securities as of March 31, 2023 and December 31, 2022, by contractual maturity (dollars in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	March 31, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	**$ 2,051**	**$ 2,044**	$ 2,010	$ 2,006
Due after one year through five years	**36,675**	**36,745**	35,044	35,014
Due after five years through ten years	**28,128**	**28,355**	19,941	20,239
Due after ten years	**788,564**	**755,955**	790,737	744,628
Total HTM securities	**$ 855,418**	**$ 823,099**	$ 847,732	$ 801,887

Refer to Note 7 "Commitments and Contingencies" within this Item 1 of this Quarterly Report for information regarding the estimated fair value of HTM securities that were pledged to secure public deposits as permitted or required by law as of March 31, 2023 and December 31, 2022.

Restricted Stock, at cost

Due to restrictions placed upon the Bank’s common stock investment in the FRB and the FHLB, these securities have been classified as restricted equity securities and carried at cost. These restricted securities are not subject to the investment security classifications and are included as a separate line item on the Company’s Consolidated Balance Sheets. At March 31, 2023 and December 31, 2022, restricted stock consists of FRB stock in the amount of $67.0 million, respectively, and FHLB stock in the amount of $20.6 million and $53.2 million, respectively.

Realized Gains and Losses
The following table presents the gross realized gains and losses on and the proceeds from the sale of securities during the three months ended March 31, 2023 and 2022 (dollars in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Realized (losses) gains[(1)]:		
Gross realized gains	**$ 1,346**	$ —
Gross realized losses	**(14,746)**	—
Net realized losses	**$ (13,400)**	$ —
Proceeds from sales of securities	**$ 558,466**	**$** —

[(1)] *Includes (losses) gains on sales and calls of securities.*

3. LOANS AND ALLOWANCE FOR LOAN AND LEASE LOSSES

During the first quarter of 2023, the Company transferred a nonaccrual commercial real estate loan, totaling $7.1 million, from LHFI to LHFS. The following tables exclude LHFS.

The Company's LHFI are stated at their face amount, net of deferred fees and costs, and consisted of the following at March 31, 2023 and December 31, 2022 (dollars in thousands):

	March 31, 2023	December 31, 2022
Construction and Land Development	$ 1,179,872	$ 1,101,260
Commercial Real Estate - Owner Occupied	1,956,585	1,982,608
Commercial Real Estate - Non-Owner Occupied	3,968,085	3,996,130
Multifamily Real Estate	822,006	802,923
Commercial & Industrial	3,082,478	2,983,349
Residential 1-4 Family - Commercial	522,760	538,063
Residential 1-4 Family - Consumer	974,511	940,275
Residential 1-4 Family - Revolving	589,791	585,184
Auto	600,658	592,976
Consumer	145,090	152,545
Other Commercial	742,444	773,829
Total LHFI, net of deferred fees and costs[1]	14,584,280	14,449,142
Allowance for loan and lease losses	(116,512)	(110,768)
Total LHFI, net	$ 14,467,768	$ 14,338,374

[1] *Total loans included unamortized premiums and discounts, and unamortized deferred fees and costs totaling $47.3 million and $50.4 million as of March 31, 2023 and December 31, 2022, respectively.*

The following table shows the aging of the Company's LHFI portfolio, by class, at March 31, 2023 (dollars in thousands):

	Current	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days and still Accruing	Nonaccrual	Total Loans
Construction and Land Development	$ 1,178,445	$ 815	$ —	$ 249	$ 363	$ 1,179,872
Commercial Real Estate - Owner Occupied	1,945,229	2,251	798	2,133	6,174	1,956,585
Commercial Real Estate - Non-Owner Occupied	3,965,520	52	—	1,032	1,481	3,968,085
Multifamily Real Estate	822,006	—	—	—	—	822,006
Commercial & Industrial	3,075,988	981	61	633	4,815	3,082,478
Residential 1-4 Family - Commercial	518,951	1,399	271	232	1,907	522,760
Residential 1-4 Family - Consumer	951,375	11,579	158	859	10,540	974,511
Residential 1-4 Family - Revolving	582,123	1,384	1,069	1,766	3,449	589,791
Auto	597,853	2,026	295	137	347	600,658
Consumer	144,476	295	176	137	6	145,090
Other Commercial	742,378	—	—	66	—	742,444
Total LHFI, net of deferred fees and costs	$ 14,524,344	$ 20,782	$ 2,828	$ 7,244	$ 29,082	$ 14,584,280
% of total loans	99.59 %	0.14 %	0.02 %	0.05 %	0.20 %	100.00 %

The following table shows the aging of the Company's loan portfolio, by class, at December 31, 2022 (dollars in thousands):

	Current	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days and still Accruing	Nonaccrual	Total Loans
Construction and Land Development	$ 1,099,555	$ 1,253	$ 45	$ 100	$ 307	$ 1,101,260
Commercial Real Estate - Owner Occupied	1,970,323	2,305	635	2,167	7,178	1,982,608
Commercial Real Estate - Non-Owner Occupied	3,993,091	1,121	48	607	1,263	3,996,130
Multifamily Real Estate	801,694	1,229	—	—	—	802,923
Commercial & Industrial	2,980,008	824	174	459	1,884	2,983,349
Residential 1-4 Family - Commercial	534,653	1,231	—	275	1,904	538,063
Residential 1-4 Family - Consumer	919,833	5,951	1,690	1,955	10,846	940,275
Residential 1-4 Family - Revolving	577,993	1,843	511	1,384	3,453	585,184
Auto	589,235	2,747	450	344	200	592,976
Consumer	151,958	351	125	108	3	152,545
Other Commercial	773,738	—	—	91	—	773,829
Total LHFI, net of deferred fees and costs	$ 14,392,081	$ 18,855	$ 3,678	$ 7,490	$ 27,038	$ 14,449,142
% of total loans	99.60 %	0.13 %	0.03 %	0.05 %	0.19 %	100.00 %

The following table shows the Company's amortized cost basis of loans on nonaccrual status and loans past due 90 days and still accruing as of March 31, 2023 (dollars in thousands):

	Nonaccrual	Nonaccrual With No ALLL	90 Days Past due and still Accruing
Construction and Land Development	**$ 363**	**$ —**	**$ 249**
Commercial Real Estate - Owner Occupied	**6,174**	**3,451**	**2,133**
Commercial Real Estate - Non-Owner Occupied	**1,481**	**—**	**1,032**
Commercial & Industrial	**4,815**	**2,647**	**633**
Residential 1-4 Family - Commercial	**1,907**	**—**	**232**
Residential 1-4 Family - Consumer	**10,540**	**—**	**859**
Residential 1-4 Family - Revolving	**3,449**	**—**	**1,766**
Auto	**347**	**—**	**137**
Consumer	**6**	**—**	**137**
Other Commercial	**—**	**—**	**66**
Total LHFI	**$ 29,082**	**$ 6,098**	**$ 7,244**

The following table shows the Company’s amortized cost basis of loans on nonaccrual status and loans past due 90 days and still accruing as of December 31, 2022 (dollars in thousands):

	Nonaccrual	Nonaccrual With No ALLL	90 Days Past due and still Accruing
Construction and Land Development	$ 307	$ —	$ 100
Commercial Real Estate - Owner Occupied	7,178	908	2,167
Commercial Real Estate - Non-Owner Occupied	1,263	—	607
Commercial & Industrial	1,884	1	459
Residential 1-4 Family - Commercial	1,904	—	275
Residential 1-4 Family - Consumer	10,846	—	1,955
Residential 1-4 Family - Revolving	3,453	—	1,384
Auto	200	—	344
Consumer	3	—	108
Other Commercial	—	—	91
Total LHFI	$ 27,038	$ 909	$ 7,490

There was no interest income recognized on nonaccrual loans during the three months ended March 31, 2023 and 2022. See Note 1 “Summary of Significant Accounting Policies” in the “Notes to the Consolidated Financial Statements” contained in Item 8 “Financial Statements and Supplementary Data” in the Company’s 2022 Form 10-K for additional information on the Company’s policies for nonaccrual loans.

Troubled Loan Modifications

The Company adopted ASU 2022-02 effective January 1, 2023 on a prospective basis. See Note 1 "Summary of Significant Accounting Policies" within this Item 1 of this Quarterly Report for information on the Company's accounting policy for loan modifications to borrowers experiencing financial difficulty and how the Company defines TLMs.

As of March 31, 2023, the Company had TLMs with an amortized cost basis of $20.5 million with an estimated $296,000 of allowance for those loans. As of March 31, 2023, unfunded commitments on loans modified and designated as TLMs since January 1, 2023 totaled $4.4 million. For the three months ended March 31, 2023, the change in the recorded investment in TLMs due to modifications was not significant.

The following table shows by class and modification type, the amortized cost basis of TLMs as of March 31, 2023 since January 1, 2023 (dollars in thousands):

	As of March 31, 2023	
	Amortized Cost	% of Total Class of Financing Receivable
Term Extension		
Construction and Land Development	$ 1,344	0.11 %
Commercial Real Estate - Non-Owner Occupied	18,792	0.47 %
Residential 1-4 Family - Consumer	168	0.02 %
Total Term Extension	$ 20,304	
Combination - Term Extension and Interest Rate Reduction		
Residential 1-4 Family - Consumer	$ 237	0.02 %
Total Combination - Term Extension and Interest Rate Reduction	$ 237	
Total	$ 20,541	

The following table describes the financial effects of TLMs on a weighted average basis for TLMs within that loan type for the quarter ended March 31, 2023:

Term Extension

Loan Type	Financial Effect
Construction and Land Development	Added a weighted-average 0.5 years to the life of loans.
Commercial Real Estate - Non-Owner Occupied	Added a weighted-average 0.5 years to the life of loans.
Residential 1-4 Family - Consumer	Added a weighted-average 18.2 years to the life of loans.

Combination - Term Extension and Interest Rate Reduction

Loan Type	Financial Effect
Residential 1-4 Family - Consumer	Added a weighted-average 20.7 years to the life of loans and changed interest rate from variable to fixed rates, which reduced the weighted average contractual interest rate from 7.5% to 7.4%.

The Company considers a default of a TLM to occur when the borrower is 90 days past due following the modification or a foreclosure and repossession of the applicable collateral occurs. During the three months ended March 31, 2023, the Company did not have any significant loans either individually or in the aggregate that went into default that have been modified and designated as TLMs.

The Company monitors the performance of TLMs in order to determine the effectiveness of the modifications. As of March 31, 2023, no loans that have been modified and designated as TLMs are past due.

Allowance for Loan and Lease Losses

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

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

The following tables show the ALLL activity by loan segment for the three months ended March 31, 2023 and 2022 (dollars in thousands):

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Commercial	Consumer	Total	Commercial	Consumer	Total
Balance at beginning of period	**$ 82,753**	**$ 28,015**	**$ 110,768**	$ 77,902	$ 21,885	$ 99,787
Loans charged-off	**(5,007)**	**(719)**	**(5,726)**	(759)	(750)	(1,509)
Recoveries credited to allowance	**515**	**652**	**1,167**	726	787	1,513
Provision charged to operations	**9,825**	**478**	**10,303**	1,902	898	2,800
Balance at end of period	**$ 88,086**	**$ 28,426**	**$ 116,512**	$ 79,771	$ 22,820	$ 102,591

The increase in net charge offs at March 31, 2023 compared to March 31, 2022 is primarily due to charge-offs associated with two commercial loans.

Credit Quality Indicators

The Company's primary credit quality indicator for the Commercial segment is risk rating categories of Pass, Watch, Special Mention, Substandard, and Doubtful. The primary credit quality indicator for the Consumer segment is delinquency bands of Current, 30-59, 60-89, 90+, and Nonaccrual. See Note 3 "Loans and Allowance for Loan and Lease Losses" in the "Notes to the Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" in the Company's 2022 Form 10-K for additional information on the Company's policies for further information on the Company's credit quality indicators.

Commercial Loans

The table below details the amortized cost and gross writeoffs of the classes of loans within the Commercial segment by risk level and year of origination as of March 31, 2023 (dollars in thousands):

	March 31, 2023							
	Term Loans Amortized Cost Basis by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
Construction and Land Development								
Pass	$ 56,060	$ 431,758	$ 461,280	$ 93,920	$ 17,082	$ 52,347	$ 33,793	$ 1,146,240
Watch	—	277	21,347	—	325	1,025	—	22,974
Special Mention	—	3,029	628	—	—	1,350	149	5,156
Substandard	—	1,249	2,605	39	209	1,400	—	5,502
Total Construction and Land Development	$ 56,060	$ 436,313	$ 485,860	$ 93,959	$ 17,616	$ 56,122	$ 33,942	$ 1,179,872
Current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ (10)	$ —	$ (10)
Commercial Real Estate - Owner Occupied								
Pass	$ 21,667	$ 248,670	$ 206,053	$ 252,784	$ 277,820	$ 829,793	$ 25,356	$ 1,862,143
Watch	—	1,050	624	3,377	8,201	37,841	892	51,985
Special Mention	—	—	255	469	434	9,145	546	10,849
Substandard	226	—	2,565	—	4,259	24,558	—	31,608
Total Commercial Real Estate - Owner Occupied	$ 21,893	$ 249,720	$ 209,497	$ 256,630	$ 290,714	$ 901,337	$ 26,794	$ 1,956,585
Current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial Real Estate - Non-Owner Occupied								
Pass	$ 57,700	$ 506,109	$ 668,543	$ 381,043	$ 515,413	$ 1,647,468	$ 37,429	$ 3,813,705
Watch	—	—	—	12,234	6,464	74,783	8	93,489
Special Mention	—	—	2,151	—	19,369	9,294	—	30,814
Substandard	—	231	—	—	6,005	23,841	—	30,077
Total Commercial Real Estate - Non-Owner Occupied	$ 57,700	$ 506,340	$ 670,694	$ 393,277	$ 547,251	$ 1,755,386	$ 37,437	$ 3,968,085
Current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ (2,941)	$ —	$ (2,941)
Commercial & Industrial								
Pass	$ 213,690	$ 825,599	$ 508,969	$ 240,528	$ 150,660	$ 187,067	$ 824,112	$ 2,950,625
Watch	—	810	586	13,416	23,323	4,212	11,927	54,274
Special Mention	—	432	212	6,921	1,346	1,662	45,138	55,711
Substandard	—	135	490	111	3,266	3,988	13,878	21,868
Total Commercial & Industrial	$ 213,690	$ 826,976	$ 510,257	$ 260,976	$ 178,595	$ 196,929	$ 895,055	$ 3,082,478
Current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ —	$ (1,281)	$ (1,281)
Multifamily Real Estate								
Pass	$ 1,193	$ 116,785	$ 110,179	$ 203,176	$ 46,976	$ 278,186	$ 60,282	$ 816,777
Watch	—	—	—	—	348	1,000	—	1,348
Special Mention	—	—	—	—	3,795	86	—	3,881
Total Multifamily Real Estate	$ 1,193	$ 116,785	$ 110,179	$ 203,176	$ 51,119	$ 279,272	$ 60,282	$ 822,006
Current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential 1-4 Family - Commercial								
Pass	$ 6,078	$ 55,830	$ 86,098	$ 75,639	$ 49,757	$ 230,887	$ 616	$ 504,905
Watch	50	—	—	533	840	7,305	112	8,840
Special Mention	—	—	—	—	—	2,503	—	2,503
Substandard	—	—	627	1,585	632	3,369	299	6,512
Total Residential 1-4 Family - Commercial	$ 6,128	$ 55,830	$ 86,725	$ 77,757	$ 51,229	$ 244,064	$ 1,027	$ 522,760
Current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other Commercial								
Pass	$ 1,965	$ 195,697	$ 197,300	$ 140,029	$ 120,288	$ 69,752	$ 8,385	$ 733,416
Watch	102	4,995	—	—	8	3,857	—	8,962
Substandard	—	—	—	—	—	—	66	66
Total Other Commercial	$ 2,067	$ 200,692	$ 197,300	$ 140,029	$ 120,296	$ 73,609	$ 8,451	$ 742,444
Current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ (775)	$ —	$ (775)
Total Commercial								
Pass	$ 358,353	$ 2,380,448	$ 2,238,422	$ 1,387,119	$ 1,177,996	$ 3,295,500	$ 989,973	$ 11,827,811
Watch	152	7,132	22,557	29,560	39,509	130,023	12,939	241,872
Special Mention	—	3,461	3,246	7,390	24,944	24,040	45,833	108,914
Substandard	226	1,615	6,287	1,735	14,371	57,156	14,243	95,633
Total Commercial	$ 358,731	$ 2,392,656	$ 2,270,512	$ 1,425,804	$ 1,256,820	$ 3,506,719	$ 1,062,988	$ 12,274,230
Total current period gross writeoff	$ —	$ —	$ —	$ —	$ —	$ (3,726)	$ (1,281)	$ (5,007)

The table below details the amortized cost of the classes of loans within the Commercial segment by risk level and year of origination as of December 31, 2022 (dollars in thousands):

	December 31, 2022							
	Term Loans Amortized Cost Basis by Origination Year							
	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
Construction and Land Development								
Pass	$ 357,688	$ 499,738	$ 107,559	$ 17,191	$ 33,801	$ 36,335	$ 34,345	$ 1,086,657
Watch	242	1,637	—	—	115	1,669	—	3,663
Special Mention	2,843	411	—	—	—	93	—	3,347
Substandard	1,254	3,148	40	211	1,345	1,595	—	7,593
Total Construction and Land Development	$ 362,027	$ 504,934	$ 107,599	$ 17,402	$ 35,261	$ 39,692	$ 34,345	$ 1,101,260
Commercial Real Estate - Owner Occupied								
Pass	$ 258,953	$ 215,414	$ 257,740	$ 282,110	$ 228,410	$ 624,238	$ 17,190	$ 1,884,055
Watch	1,060	176	2,437	9,567	9,736	31,331	916	55,223
Special Mention	—	256	—	93	1,332	18,766	132	20,579
Substandard	—	2,565	474	4,728	1,591	12,979	414	22,751
Total Commercial Real Estate - Owner Occupied	$ 260,013	$ 218,411	$ 260,651	$ 296,498	$ 241,069	$ 687,314	$ 18,652	$ 1,982,608
Commercial Real Estate - Non-Owner Occupied								
Pass	$ 496,079	$ 661,977	$ 385,084	$ 517,834	$ 373,126	$ 1,389,507	$ 34,804	$ 3,858,411
Watch	—	2,151	2,091	11,915	19,550	20,683	2	56,392
Special Mention	232	—	—	25,578	702	7,381	—	33,893
Substandard	—	—	10,460	3,083	29,012	4,879	—	47,434
Total Commercial Real Estate - Non-Owner Occupied	$ 496,311	$ 664,128	$ 397,635	$ 558,410	$ 422,390	$ 1,422,450	$ 34,806	$ 3,996,130
Commercial & Industrial								
Pass	$ 849,547	$ 536,982	$ 262,093	$ 182,263	$ 67,648	$ 120,326	$ 846,059	$ 2,864,918
Watch	1,399	1,305	18,682	5,039	12,843	1,984	41,836	83,088
Special Mention	—	222	393	2,145	354	1,773	12,380	17,267
Substandard	94	513	112	2,911	1,449	1,339	11,658	18,076
Total Commercial & Industrial	$ 851,040	$ 539,022	$ 281,280	$ 192,358	$ 82,294	$ 125,422	$ 911,933	$ 2,983,349
Multifamily Real Estate								
Pass	$ 111,798	$ 90,952	$ 204,159	$ 47,240	$ 59,883	$ 231,745	$ 52,025	$ 797,802
Watch	—	—	—	350	442	416	—	1,208
Special Mention	—	—	—	3,826	—	87	—	3,913
Total Multifamily Real Estate	$ 111,798	$ 90,952	$ 204,159	$ 51,416	$ 60,325	$ 232,248	$ 52,025	$ 802,923
Residential 1-4 Family - Commercial								
Pass	$ 58,534	$ 86,881	$ 77,110	$ 50,721	$ 38,090	$ 199,783	$ 803	$ 511,922
Watch	500	—	539	852	1,532	5,378	113	8,914
Special Mention	—	—	94	7,771	582	2,630	—	11,077
Substandard	—	632	1,400	463	473	2,883	299	6,150
Total Residential 1-4 Family - Commercial	$ 59,034	$ 87,513	$ 79,143	$ 59,807	$ 40,677	$ 210,674	$ 1,215	$ 538,063
Other Commercial								
Pass	$ 197,454	$ 211,438	$ 149,567	$ 119,795	$ 3,522	$ 69,243	$ 14,177	$ 765,196
Watch	5,095	—	—	12	—	3,435	—	8,542
Substandard	—	—	—	—	—	—	91	91
Total Other Commercial	$ 202,549	$ 211,438	$ 149,567	$ 119,807	$ 3,522	$ 72,678	$ 14,268	$ 773,829
Total Commercial								
Pass	$ 2,330,053	$ 2,303,382	$ 1,443,312	$ 1,217,154	$ 804,480	$ 2,671,177	$ 999,403	$ 11,768,961
Watch	8,296	5,269	23,749	27,735	44,218	64,896	42,867	217,030
Special Mention	3,075	889	487	39,413	2,970	30,730	12,512	90,076
Substandard	1,348	6,858	12,486	11,396	33,870	23,675	12,462	102,095
Total Commercial	$ 2,342,772	$ 2,316,398	$ 1,480,034	$ 1,295,698	$ 885,538	$ 2,790,478	$ 1,067,244	$ 12,178,162

Consumer Loans

The following table details the amortized cost of the classes of loans within the Consumer segment based on their delinquency status and year of origination as of March 31, 2023 (dollars in thousands):

	March 31, 2023							
	Term Loans Amortized Cost Basis by Origination Year							
	2023	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans**	**Total**
Residential 1-4 Family - Consumer								
Current	**$ 32,610**	**$ 221,919**	**$ 268,051**	**$ 158,016**	**$ 34,748**	**$ 236,018**	**$ 13**	**$ 951,375**
30-59 Days Past Due	**—**	**648**	**1,730**	**2,532**	**127**	**6,542**	**—**	**11,579**
60-89 Days Past Due	**—**	**—**	**—**	**—**	**63**	**95**	**—**	**158**
90+ Days Past Due	**—**	**—**	**—**	**—**	**—**	**859**	**—**	**859**
Nonaccrual	**—**	**—**	**585**	**—**	**306**	**9,649**	**—**	**10,540**
Total Residential 1-4 Family - Consumer	**$ 32,610**	**$ 222,567**	**$ 270,366**	**$ 160,548**	**$ 35,244**	**$ 253,163**	**$ 13**	**$ 974,511**
Current period gross writeoff	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ (29)**	**$ —**	**$ (29)**
Residential 1-4 Family - Revolving								
Current	**$ 10,726**	**$ 63,001**	**$ 13,036**	**$ 4,837**	**$ 1,451**	**$ 1,223**	**$ 487,849**	**$ 582,123**
30-59 Days Past Due	**—**	**14**	**—**	**—**	**—**	**—**	**1,370**	**1,384**
60-89 Days Past Due	**—**	**138**	**—**	**—**	**—**	**—**	**931**	**1,069**
90+ Days Past Due	**—**	**—**	**—**	**—**	**—**	**29**	**1,737**	**1,766**
Nonaccrual	**—**	**87**	**149**	**54**	**—**	**—**	**3,159**	**3,449**
Total Residential 1-4 Family - Revolving	**$ 10,726**	**$ 63,240**	**$ 13,185**	**$ 4,891**	**$ 1,451**	**$ 1,252**	**$ 495,046**	**$ 589,791**
Current period gross writeoff	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Auto								
Current	**$ 54,750**	**$ 270,291**	**$ 142,237**	**$ 73,589**	**$ 38,687**	**$ 18,299**	**$ —**	**$ 597,853**
30-59 Days Past Due	**—**	**624**	**595**	**356**	**274**	**177**	**—**	**2,026**
60-89 Days Past Due	**—**	**86**	**103**	**80**	**4**	**22**	**—**	**295**
90+ Days Past Due	**—**	**94**	**33**	**5**	**5**	**—**	**—**	**137**
Nonaccrual	**—**	**98**	**72**	**81**	**94**	**2**	**—**	**347**
Total Auto	**$ 54,750**	**$ 271,193**	**$ 143,040**	**$ 74,111**	**$ 39,064**	**$ 18,500**	**$ —**	**$ 600,658**
Current period gross writeoff	**$ —**	**$ (135)**	**$ (32)**	**$ (69)**	**$ (49)**	**$ (32)**	**$ —**	**$ (317)**
Consumer								
Current	**$ 5,082**	**$ 32,914**	**$ 14,495**	**$ 10,178**	**$ 21,327**	**$ 31,412**	**$ 29,068**	**$ 144,476**
30-59 Days Past Due	**—**	**76**	**42**	**10**	**58**	**101**	**8**	**295**
60-89 Days Past Due	**—**	**35**	**31**	**5**	**67**	**36**	**2**	**176**
90+ Days Past Due	**—**	**49**	**40**	**17**	**20**	**8**	**3**	**137**
Nonaccrual	**—**	**—**	**3**	**—**	**3**	**—**	**—**	**6**
Total Consumer	**$ 5,082**	**$ 33,074**	**$ 14,611**	**$ 10,210**	**$ 21,475**	**$ 31,557**	**$ 29,081**	**$ 145,090**
Current period gross writeoff	**$ —**	**$ —**	**$ (22)**	**$ (182)**	**$ (12)**	**$ (117)**	**$ (40)**	**$ (373)**
Total Consumer								
Current	**$ 103,168**	**$ 588,125**	**$ 437,819**	**$ 246,620**	**$ 96,213**	**$ 286,952**	**$ 516,930**	**$ 2,275,827**
30-59 Days Past Due	**—**	**1,362**	**2,367**	**2,898**	**459**	**6,820**	**1,378**	**15,284**
60-89 Days Past Due	**—**	**259**	**134**	**85**	**134**	**153**	**933**	**1,698**
90+ Days Past Due	**—**	**143**	**73**	**22**	**25**	**896**	**1,740**	**2,899**
Nonaccrual	**—**	**185**	**809**	**135**	**403**	**9,651**	**3,159**	**14,342**
Total Consumer	**$ 103,168**	**$ 590,074**	**$ 441,202**	**$ 249,760**	**$ 97,234**	**$ 304,472**	**$ 524,140**	**$ 2,310,050**
Total current period gross writeoff	**$ —**	**$ (135)**	**$ (54)**	**$ (251)**	**$ (61)**	**$ (178)**	**$ (40)**	**$ (719)**

The following table details the amortized cost of the classes of loans within the Consumer segment based on their delinquency status and year of origination as of December 31, 2022 (dollars in thousands):

	December 31, 2022							
	Term Loans Amortized Cost Basis by Origination Year							
	2022	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving Loans**	**Total**
Residential 1-4 Family - Consumer								
Current	$ 212,697	$ 263,734	$ 162,826	$ 36,197	$ 22,629	$ 221,738	$ 12	$ 919,833
30-59 Days Past Due	174	2,169	89	46	220	3,253	—	5,951
60-89 Days Past Due	—	—	—	—	413	1,277	—	1,690
90+ Days Past Due	—	—	—	64	—	1,891	—	1,955
Nonaccrual	—	423	—	307	940	9,176	—	10,846
Total Residential 1-4 Family - Consumer	$ 212,871	$ 266,326	$ 162,915	$ 36,614	$ 24,202	$ 237,335	$ 12	$ 940,275
Residential 1-4 Family - Revolving								
Current	$ 68,434	$ 13,810	$ 4,997	$ 1,672	$ 801	$ 476	$ 487,803	$ 577,993
30-59 Days Past Due	90	—	—	—	—	—	1,753	1,843
60-89 Days Past Due	—	—	—	—	—	—	511	511
90+ Days Past Due	—	—	—	—	—	—	1,384	1,384
Nonaccrual	—	149	57	—	13	—	3,234	3,453
Total Residential 1-4 Family - Revolving	$ 68,524	$ 13,959	$ 5,054	$ 1,672	$ 814	$ 476	$ 494,685	$ 585,184
Auto								
Current	$ 285,036	$ 154,904	$ 81,710	$ 44,086	$ 15,974	$ 7,525	$ —	$ 589,235
30-59 Days Past Due	808	772	451	456	134	126	—	2,747
60-89 Days Past Due	65	129	146	76	30	4	—	450
90+ Days Past Due	169	—	111	32	12	20	—	344
Nonaccrual	—	113	18	62	2	5	—	200
Total Auto	$ 286,078	$ 155,918	$ 82,436	$ 44,712	$ 16,152	$ 7,680	$ —	$ 592,976
Consumer								
Current	$ 36,513	$ 15,897	$ 11,019	$ 23,838	$ 16,084	$ 19,070	$ 29,537	$ 151,958
30-59 Days Past Due	61	27	36	113	34	61	19	351
60-89 Days Past Due	43	17	10	11	14	21	9	125
90+ Days Past Due	22	—	9	12	32	—	33	108
Nonaccrual	—	3	—	—	—	—	—	3
Total Consumer	$ 36,639	$ 15,944	$ 11,074	$ 23,974	$ 16,164	$ 19,152	$ 29,598	$ 152,545
Total Consumer								
Current	$ 602,680	$ 448,345	$ 260,552	$ 105,793	$ 55,488	$ 248,809	$ 517,352	$ 2,239,019
30-59 Days Past Due	1,133	2,968	576	615	388	3,440	1,772	10,892
60-89 Days Past Due	108	146	156	87	457	1,302	520	2,776
90+ Days Past Due	191	—	120	108	44	1,911	1,417	3,791
Nonaccrual	—	688	75	369	955	9,181	3,234	14,502
Total Consumer	$ 604,112	$ 452,147	$ 261,479	$ 106,972	$ 57,332	$ 264,643	$ 524,295	$ 2,270,980

The Company did not have any significant revolving loans convert to term during the three months ended March 31, 2023 or the year ended December 31, 2022.

Prior to the adoption of ASU 2022-02

Troubled Debt Restructurings

As of December 31, 2022, the Company had TDRs totaling $14.2 million with an estimated $739,000 of allowance for those loans. TDRs that occurred during the quarter ended March 31, 2022 were not significant.

A TDR occurs when a lender, for economic or legal reasons, grants a concession to the borrower related to the borrower's financial difficulties, that it would not otherwise consider. All loans that are considered to be TDRs are evaluated for credit losses in accordance with the Company's ALLL methodology. For the three months ended March 31, 2022, the recorded investment in TDRs prior to modifications was not materially impacted by the modifications.

The following table provides a summary, by class, of TDRs that continue to accrue interest under the terms of the applicable restructuring agreement, which are considered to be performing, and TDRs that have been placed on nonaccrual status, which are considered to be nonperforming, as of December 31, 2022 (dollars in thousands):

	December 31, 2022		
	No. of Loans	Recorded Investment	Outstanding Commitment
Performing			
Construction and Land Development	3	$ 155	$ —
Commercial Real Estate - Owner Occupied	2	997	—
Commercial & Industrial	1	93	—
Residential 1-4 Family - Consumer	83	7,761	—
Residential 1-4 Family - Revolving	3	254	5
Consumer	1	13	—
Total performing	93	$ 9,273	$ 5
Nonperforming			
Commercial Real Estate - Owner Occupied	1	$ 15	$ —
Commercial Real Estate - Non-Owner Occupied	2	233	—
Commercial & Industrial	2	375	—
Residential 1-4 Family - Commercial	3	332	—
Residential 1-4 Family - Consumer	23	3,869	—
Residential 1-4 Family - Revolving	3	93	—
Total nonperforming	34	$ 4,917	$ —
Total performing and nonperforming	127	$ 14,190	$ 5

The Company considers a default of a TDR to occur when the borrower is 90 days past due following the restructure or a foreclosure and repossession of the applicable collateral occurs. During the three months ended March 31, 2022 and the year ended December 31, 2022, the Company did not have any material loans that went into default that had been restructured in the twelve-month period prior to the time of default.

4. GOODWILL AND INTANGIBLE ASSETS

The Company’s intangible assets consist of core deposits, goodwill, and other intangibles arising from acquisitions. The Company has determined that core deposit intangibles have finite lives and amortizes them over their estimated useful lives. Core deposit intangibles are being amortized over the period of expected benefit, which ranges from four years to ten years, using an accelerated method. Other amortizable intangible assets are being amortized over the period of expected benefit, which ranges from four years to ten years, using various methods. The Company concluded there was no impairment to the Company’s goodwill or intangible assets as of the balance sheet date. In the normal course of business, the Company routinely monitors the impact of the changes in the financial markets and includes these assessments in the Company’s impairment process.

Effective January 1, 2023, the Company made an organizational change to move certain lines of business in the wealth management division that primarily serve Wholesale Banking customers from the Consumer Banking segment to the Wholesale Banking segment. As a result, the Company re-allocated $9.6 million and $1.6 million of goodwill and intangible assets, respectively, from the Consumer Banking segment to the Wholesale Banking segment. The Company determined that there was no impairment to the Bank’s goodwill prior to or after re-allocating goodwill. The Company restated its goodwill and intangible assets segment information for the year ended December 31, 2022 based on this organizational change.

The following table presents the Company’s goodwill and intangible assets by operating segment as of March 31, 2023 and December 31, 2022 (dollars in thousands):

	Wholesale Banking	Consumer Banking	Corporate Other	Total
As of March 31, 2023				
Goodwill	**$ 639,180**	**$ 286,031**	**$ —**	**$ 925,211**
Intangible assets	**1,494**	**69**	**22,919**	**24,482**
As of December 31, 2022				
Goodwill	$ 639,180	$ 286,031	$ —	$ 925,211
Intangible assets	1,558	75	25,128	26,761

Refer to Note 12 “Segment Reporting and Revenue” for additional information on the Company’s reportable operating segment changes.

Amortization expense of intangibles for the three months ended March 31, 2023 and 2022 totaled $2.3 million and $3.0 million, respectively.

As of March 31, 2023, the estimated remaining amortization expense of intangibles is as follows for the years ending (dollars in thousands):

For the remaining nine months of 2023	**$ 6,239**
2024	**6,753**
2025	**5,155**
2026	**3,559**
2027	**1,986**
Thereafter	**790**
Total estimated amortization expense	**$ 24,482**

5. LEASES

Lessor Arrangements

The Company's lessor arrangements consist of sales-type and direct financing leases for equipment, including vehicles and machinery, with terms ranging from 14 months to 125 months. At lease inception the Company estimates the expected residual value of the leased property at the end of the lease term by considering both internal and third-party appraisals. In certain cases, the Company obtains lessee-provided residual value guarantees and third-party residual value insurance to reduce its residual asset risk. At March 31, 2023 and December 31, 2022, the carrying value of residual assets covered by residual value guarantees and residual value insurance was $45.9 million and $44.3 million, respectively. For more information on the Company's lessor arrangements, refer to Note 1 "Summary of Significant Accounting Policies" in the Company's 2022 Form 10-K.

Total net investment in sales-type and direct financing leases consists of the following (dollars in thousands):

	March 31, 2023	December 31, 2022
Sales-type and direct financing leases:		
Lease receivables, net of unearned income and deferred selling profit	**$ 257,643**	$ 266,380
Unguaranteed residual values, net of unearned income and deferred selling profit	**15,269**	15,159
Total net investment in sales-type and direct financing leases	**$ 272,912**	$ 281,539

Lessee Arrangements

The Company's lessee arrangements consist of operating and finance leases; however, the majority of the leases have been classified as non-cancellable operating leases and are primarily for real estate leases with remaining lease terms of up to 23 years. For more information on the Company's lessee arrangements, refer to Note 1 "Summary of Significant Accounting Policies" in the Company's 2022 Form 10-K.

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

	March 31, 2023		December 31, 2022	
	Operating	Finance	Operating	Finance
ROU assets	**$ 34,520**	**$ 5,358**	$ 35,729	$ 5,588
Lease liabilities	**45,897**	**7,983**	47,696	8,288
Lease Term and Discount Rate of Operating leases:				
Weighted-average remaining lease term (years)	**6.70**	**5.83**	6.80	6.08
Weighted-average discount rate [(1)]	**2.96 %**	**1.17 %**	2.91 %	1.17 %

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

	Three months ended March 31,	
	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating Cash Flows from Finance Leases	**$ 24**	$ 27
Operating Cash Flows from Operating Leases	**2,812**	2,891
Financing Cash Flows from Finance Leases	**306**	294
ROU assets obtained in exchange for lease obligations:		
Operating leases	**$ 852**	$ 143

	Three months ended March 31,	
	2023	2022
Net Operating Lease Cost	**$ 2,240**	$ 2,309
Finance Lease Cost:		
Amortization of right-of-use assets	**230**	230
Interest on lease liabilities	**24**	27
Total Lease Cost	**$ 2,494**	$ 2,566

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

	March 31, 2023		
	Lessor	Lessee	
	Sales-type and Direct Financing	Operating	Finance
For the remaining nine months of 2023	**$ 49,822**	**$ 8,243**	**$ 996**
2024	**66,025**	**10,394**	**1,358**
2025	**55,221**	**8,214**	**1,392**
2026	**43,834**	**5,711**	**1,427**
2027	**33,152**	**4,450**	**1,462**
Thereafter	**38,814**	**14,129**	**1,626**
Total undiscounted cash flows	**286,868**	**51,141**	**8,261**
Less: Adjustments (1)	**29,225**	**5,244**	**278**
Total (2)	**$ 257,643**	**$ 45,897**	**$ 7,983**

(1) *Lessor – unearned income and unearned guaranteed residual value; Lessee – imputed interest.*

(2) *Represents lease receivables for lessor arrangements and lease liabilities for lessee arrangements.*

6. BORROWINGS

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

Total short-term borrowings consist of the following as of March 31, 2023 and December 31, 2022 (dollars in thousands):

	March 31, 2023	December 31, 2022
Securities sold under agreements to repurchase	**$ 163,760**	$ 142,837
Federal Funds Purchased	**—**	160,000
FHLB Advances	**245,000**	1,016,000
Total short-term borrowings	**$ 408,760**	$ 1,318,837
Average outstanding balance during the period	**$ 724,065**	$ 302,060
Average interest rate during the period	**4.24 %**	1.79 %
Average interest rate at end of period	**4.40 %**	3.89 %

The Bank maintains federal funds lines with several correspondent banks; the available balance was $1.0 billion at March 31, 2023 and December 31, 2022, respectively. The Company maintains an alternate line of credit at a correspondent bank; the available balance was $25.0 million at both March 31, 2023 and December 31, 2022. The Company has certain restrictive covenants related to certain asset quality, capital, and profitability metrics associated with these lines and is in compliance with these covenants as of March 31, 2023 and December 31, 2022. Additionally, the Company has a collateral dependent line of credit with the FHLB of up to $6.1 billion and $6.0 billion at March 31, 2023 and December 31, 2022, respectively. The remaining credit availability on the collateral dependent line of credit with the FHLB was $5.9 billion and $4.9 billion at March 31, 2023 and December 31, 2022, respectively.

Starting in the first quarter of 2023, the Company is eligible to borrow from the Federal Reserve's BTFP, which provides additional contingent liquidity through the pledging of certain qualifying securities. The BTFP is a one-year program ending March 11, 2024, and the Company can borrow any time during the term and can repay the obligation at any time without penalty. As of March 31, 2023, liquidity of $548.6 million was available based on the par-value of qualifying securities from BTFP. The Company did not utilize the available funds from BTFP as of March 31, 2023.

Long-term Borrowings
In connection with several previous bank acquisitions, the Company issued $58.5 million and acquired $92.0 million of trust preferred capital notes. The remaining fair value discount on all acquired trust preferred capital notes was $12.3 million and $12.5 million at March 31, 2023 and December 31, 2022, respectively.

Total long-term borrowings consist of the following as of March 31, 2023 (dollars in thousands):

	Principal	Spread to 3-Month LIBOR	Rate (1)	Maturity	Investment (2)
Trust Preferred Capital Securities					
Trust Preferred Capital Note - Statutory Trust I	$ 22,500	2.75 %	7.94 %	6/17/2034	$ 696
Trust Preferred Capital Note - Statutory Trust II	36,000	1.40 %	6.59 %	6/15/2036	1,114
VFG Limited Liability Trust I Indenture	20,000	2.73 %	7.92 %	3/18/2034	619
FNB Statutory Trust II Indenture	12,000	3.10 %	8.29 %	6/26/2033	372
Gateway Capital Statutory Trust I	8,000	3.10 %	8.29 %	9/17/2033	248
Gateway Capital Statutory Trust II	7,000	2.65 %	7.84 %	6/17/2034	217
Gateway Capital Statutory Trust III	15,000	1.50 %	6.69 %	5/30/2036	464
Gateway Capital Statutory Trust IV	25,000	1.55 %	6.74 %	7/30/2037	774
MFC Capital Trust II	5,000	2.85 %	8.04 %	1/23/2034	155
Total Trust Preferred Capital Securities	$ 150,500				$ 4,659
Subordinated Debt(3)(4)					
2031 Subordinated Debt	250,000	— %	2.875 %	12/15/2031	
Total Subordinated Debt(5)	$ 250,000				
Fair Value Discount(6)	(15,009)				
Investment in Trust Preferred Capital Securities	4,659				
Total Long-term Borrowings	$ 390,150				

(1) *Rate as of March 31, 2023. Calculated using non-rounded numbers.*

(2) *Represents the junior subordinated debentures owned by the Company in trust and is reported in "Other assets" on the Company's Consolidated Balance Sheets.*

(3) *The remaining issuance discount as of March 31, 2023 is $2.7 million.*

(4) *Subordinated notes qualify as Tier 2 capital for the Company for regulatory purposes.*

(5) *Fixed-to-floating rate notes. On December 15, 2026, the interest rate changes to a floating rate of the then current Three-Month Term SOFR plus a spread of 186 bps through its maturity date or earlier redemption. The notes may be redeemed before maturity on any interest payment date occurring on or after December 15, 2026.*

(6) *Remaining discounts of $12.3 million and $2.7 million on Trust Preferred Capital Securities and Subordinated Debt, respectively.*

Total long-term borrowings consist of the following as of December 31, 2022 (dollars in thousands):

	Principal	Spread to 3-Month LIBOR	Rate [(1)]	Maturity	Investment [(2)]
Trust Preferred Capital Securities					
Trust Preferred Capital Note - Statutory Trust I	$ 22,500	2.75 %	7.52 %	6/17/2034	$ 696
Trust Preferred Capital Note - Statutory Trust II	36,000	1.40 %	6.17 %	6/15/2036	1,114
VFG Limited Liability Trust I Indenture	20,000	2.73 %	7.50 %	3/18/2034	619
FNB Statutory Trust II Indenture	12,000	3.10 %	7.87 %	6/26/2033	372
Gateway Capital Statutory Trust I	8,000	3.10 %	7.87 %	9/17/2033	248
Gateway Capital Statutory Trust II	7,000	2.65 %	7.42 %	6/17/2034	217
Gateway Capital Statutory Trust III	15,000	1.50 %	6.27 %	5/30/2036	464
Gateway Capital Statutory Trust IV	25,000	1.55 %	6.32 %	7/30/2037	774
MFC Capital Trust II	5,000	2.85 %	7.62 %	1/23/2034	155
Total Trust Preferred Capital Securities	$ 150,500				$ 4,659
Subordinated Debt[(3)(4)]					
2031 Subordinated Debt	250,000	— %	2.875 %	12/15/2031	
Total Subordinated Debt[(5)]	$ 250,000				
Fair Value Discount[(6)]	(15,296)				
Investment in Trust Preferred Capital Securities	4,659				
Total Long-term Borrowings	$ 389,863				

(1) *Rate as of December 31, 2022. Calculated using non-rounded numbers.*
(2) *Represents the junior subordinated debentures owned by the Company in trust and is reported in "Other assets" on the Company's Consolidated Balance Sheets.*
(3) *The remaining issuance discount as of December 31, 2022 is $2.8 million.*
(4) *Subordinated notes qualify as Tier 2 capital for the Company for regulatory purposes.*
(5) *Fixed-to-floating rate notes. On December 15, 2026, the interest changes to a floating rate of the then current Three-Month Term SOFR plus a spread of 186 bps through its maturity date or earlier redemption. The notes may be redeemed before maturity on any interest payment date occurring on or after December 15, 2026.*
(6) *Remaining discounts of $12.5 million and $2.8 million on Trust Preferred Capital Securities and Subordinated Debt, respectively.*

As of March 31, 2023, the contractual maturities of long-term debt are as follows for the years ending (dollars in thousands):

	Trust Preferred Capital Notes	Subordinated Debt	Fair Value Discount [(1)]	Total Long-term Borrowings
For the remaining nine months of 2023	**$ —**	**$ —**	**$ (875)**	**$ (875)**
2024	**—**	**—**	**(1,187)**	**(1,187)**
2025	**—**	**—**	**(1,211)**	**(1,211)**
2026	**—**	**—**	**(1,236)**	**(1,236)**
2027	**—**	**—**	**(1,263)**	**(1,263)**
Thereafter	**155,159**	**250,000**	**(9,237)**	**395,922**
Total long-term borrowings	**$ 155,159**	**$ 250,000**	**$ (15,009)**	**$ 390,150**

(1) *Includes discount on Trust Preferred Capital Securities and Subordinated Debt.*

7. COMMITMENTS AND CONTINGENCIES

Litigation and Regulatory Matters

In the ordinary course of its operations, the Company and its subsidiaries are subject to loss contingencies related to legal and regulatory proceedings. The Company establishes accruals for those matters when a loss contingency is considered probable and the related amount is reasonably estimable. When it is practicable, the Company estimates possible loss contingencies, whether or not there is an accrued probable loss. When the Company is able to estimate such losses and when it is reasonably possible that the Company could incur losses in excess of the amounts accrued, the Company discloses the aggregate estimation of such possible losses.

As previously disclosed, on February 9, 2022, pursuant to the CFPB's Notice and Opportunity to Respond and Advise process, the CFPB Office of Enforcement notified the Bank that it is considering recommending that the CFPB take legal action against the Bank in connection with alleged violations of Regulation E, 12 C.F.R. § 1005.17, and the Consumer Financial Protection Act, 12 U.S.C. §§ 5531 and 5536, in connection with the Bank's overdraft practices and policies. In March 2023, the CFPB commenced settlement discussions with the Company to resolve the matter.

As of March 31, 2023, the Company has recorded a probable and estimable liability in connection with this matter. In addition, the Company believes that it is reasonably possible that the Company may experience losses in connection with this matter in excess of what the Company has accrued; however, the Company cannot reasonably estimate any loss beyond the estimated liability that has been recorded.

The Company cannot provide assurance whether a settlement will be reached, the final terms or timing of any such settlement, or the final amount of loss (potentially including both restitution and a civil money penalty) with respect to this matter. If the Company and the CFPB do not reach a settlement, the CFPB may commence litigation against the Company.

Financial Instruments with Off-Balance Sheet Risk

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

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and letters of credit written is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Unless noted otherwise, the Company does not require collateral or other security to support off-balance sheet instruments with credit risk. The Company considers credit losses related to off-balance sheet commitments by undergoing a similar process in evaluating losses for loans that are carried on the balance sheet. The Company considers historical loss and funding information, current and future economic conditions, risk ratings, and past due status among other factors in the consideration of expected credit losses in the Company's off-balance sheet commitments to extend credit. The Company also records an indemnification reserve based on historical statistics and loss rates related to mortgage loans previously sold. At both March 31, 2023 and December 31, 2022, the Company's reserve for unfunded commitments and indemnification reserve totaled $15.6 million and $14.1 million, respectively.

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

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

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

	March 31, 2023	December 31, 2022
Commitments with off-balance sheet risk:		
Commitments to extend credit[1]	**$ 5,485,988**	$ 5,229,252
Letters of credit	**155,878**	156,459
Total commitments with off-balance sheet risk	**$ 5,641,866**	$ 5,385,711

[1] *Includes unfunded overdraft protection.*

As of March 31, 2023, the Company had approximately $213.2 million in deposits in other financial institutions of which $162.3 million served as collateral for cash flow and loan swap derivatives. As of December 31, 2022, the Company had approximately $273.5 million in deposits in other financial institutions of which $196.2 million served as collateral for the Company's cash flow and loan swap derivatives. The Company had approximately $47.5 million and $74.0 million in deposits in other financial institutions that were uninsured at March 31, 2023 and December 31, 2022, respectively. At least annually, the Company's management evaluates the loss risk of its uninsured deposits in financial counterparties.

For asset/liability management purposes, the Company uses interest rate contracts to hedge various exposures or to modify the interest rate characteristics of various balance sheet accounts. For the over-the-counter derivatives cleared with the central clearinghouses, the variation margin is treated as a settlement of the related derivatives fair values. Refer to Note 8 "Derivatives" within this Item 1 of this Quarterly Report for additional information.

As part of the Company's liquidity management strategy, it pledges collateral to secure various financing and other activities that occur during the normal course of business. The following tables present the types of collateral pledged at March 31, 2023 and December 31, 2022 (dollars in thousands):

	Pledged Assets as of March 31, 2023				
	Cash	AFS Securities [1]	HTM Securities [1]	Loans [2]	Total
Public deposits	**$ —**	**$ 778,257**	**$ 623,009**	**$ —**	**$ 1,401,266**
Repurchase agreements	**—**	**181,670**	**—**	**—**	**181,670**
FHLB advances	**—**	**58,078**	**—**	**2,598,273**	**2,656,351**
Derivatives	**162,329**	**58,405**	**—**	**—**	**220,734**
Fed Funds [3]	**—**	**440,955**	**18,273**	**485,569**	**944,797**
Other purposes	**—**	**23,399**	**—**	**—**	**23,399**
Total pledged assets	**$ 162,329**	**$ 1,540,764**	**$ 641,282**	**$ 3,083,842**	**$ 5,428,217**

[1] *Balance represents market value.*
[2] *Balance represents book value.*
[3] *Includes AFS and HTM securities pledged under the BTFP program.*

	Pledged Assets as of December 31, 2022				
	Cash	AFS Securities (1)	HTM Securities (1)	Loans (2)	Total
Public deposits	$ —	$ 713,761	$ 579,550	$ —	$ 1,293,311
Repurchase agreements	—	159,221	—	—	159,221
FHLB advances	—	36,039	—	2,679,316	2,715,355
Derivatives	196,180	57,114	—	—	253,294
Fed Funds	—	—	—	458,680	458,680
Other purposes	—	27,311	865	—	28,176
Total pledged assets	$ 196,180	$ 993,446	$ 580,415	$ 3,137,996	$ 4,908,037

(1) *Balance represents market value.*
(2) *Balance represents book value.*

8. DERIVATIVES

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

Derivatives Counterparty Credit Risk

Derivative instruments contain an element of credit risk that arises from the potential failure of a counterparty to perform according to the terms of the contract. The Company's exposure to derivative counterparty credit risk, at any point in time, is equal to the amount reported as a derivative asset on the Company's Consolidated Balance Sheets, assuming no recoveries of underlying collateral. The Company clears certain over-the-counter derivatives with central clearinghouses through futures commission merchants due to applicable regulatory requirements, which reduces the Company's counterparty risk.

The Company also enters into legally enforceable master netting agreements and collateral agreements, where possible, with certain derivative counterparties to mitigate the risk of default on a bilateral basis. These bilateral agreements typically provide the right to offset exposures and require one counterparty to post collateral on derivative instruments in a net liability position to the other counterparty. For the over-the-counter derivatives cleared with central clearinghouses, the variation margin is treated as settlement of the related derivatives fair values.

Cash Flow Hedges

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

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

For derivatives designated and qualifying as cash flow hedges, ineffectiveness is not measured or separately disclosed. Rather, as long as the hedging relationship continues to qualify for hedge accounting, the entire change in the fair value of the hedging instrument is recorded in OCI and recognized in earnings as the hedged transaction affects earnings. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item.

At March 31, 2023 and December 31, 2022, the Company had interest rate swaps designated and qualifying as cash flow hedges of the Company's forecasted variable interest receipts on variable rate loans due to changes in the interest rate with a notional amount of $900 million. For each agreement, the Company receives interest at a fixed rate and pays at a variable rate.

Fair Value Hedges

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

Loans: During the normal course of business, the Company enters into swap agreements to convert certain long-term fixed-rate loans to floating rates to hedge the Company's exposure to interest rate risk. The Company pays a fixed interest rate to the counterparty and receives a floating rate from the same counterparty calculated on the aggregate notional amount. At March 31, 2023 and December 31, 2022, the aggregate notional amount of the related hedged items for certain long-term fixed rate loans totaled $82.0 million and $83.6 million, respectively, and the fair value of the swaps associated with the derivative related to hedged items was an unrealized gain of $9.2 million and $11.0 million, respectively.

AFS Securities: The Company has a swap agreement to hedge the interest rate risk on a portion of its fixed rate AFS securities. At March 31, 2023 and December 31, 2022, the aggregate notional amount of the related hedged items of the AFS securities totaled $50.0 million and the fair value of the swaps associated with the derivative related to hedged items was an unrealized gain of $1.2 million and $1.9 million, respectively.

The Company applies hedge accounting in accordance with ASC 815, *Derivatives and Hedging*, and the fair value hedge and the underlying hedged item, attributable to the risk being hedged, are recorded at fair value with unrealized gains and losses being recorded on the Company's Consolidated Statements of Income. The Company assesses the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows on the derivative hedging instrument with the changes in fair value or cash flows on the designated hedged item or transactions for the risk being hedged. If a hedging relationship ceases to qualify for hedge accounting, the relationship is discontinued and future changes in the fair value of the derivative instrument are recognized in current period earnings. For a discontinued or terminated fair value hedging relationship, all remaining basis adjustments to the carrying amount of the hedged item are amortized to interest income or expense over the remaining life of the hedged item consistent with the amortization of other discounts or premiums. Previous balances deferred in AOCI from discontinued or terminated cash flow hedges are reclassified to interest income or expense as the hedged transactions affect earnings or over the originally specified term of the hedging relationship. The Company's hedges continue to be highly effective and had no material impact on the Consolidated Statements of Income.

Interest Rate Contracts
During the normal course of business, the Company enters into interest rate contracts with borrowers to help meet their financing needs. Upon entering into interest rate contracts, the Company enters into offsetting positions with a third party in order to minimize interest rate risk. These interest rate contracts qualify as financial derivatives with fair values as reported in "Other assets" and "Other liabilities" on the Company's Consolidated Balance Sheets.

RPAs: The Company enters into RPAs where it may either sell or assume credit risk related to a borrower's performance under certain non-hedging interest rate derivative contracts on participated loans. The Company manages its credit risk under RPAs by monitoring the creditworthiness of the borrowers based on the Company's normal credit review process. RPAs are carried at fair value with changes in fair value recorded in "Other operating income" on the Company's Consolidated Statements of Income.

The following table summarizes key elements of the Company's derivative instruments as of March 31, 2023 and December 31, 2022, segregated by derivatives that are considered accounting hedges and those that are not (dollars in thousands):

	March 31, 2023			December 31, 2022		
		Derivative (2)			Derivative (2)	
	Notional or Contractual Amount (1)	Assets	Liabilities	Notional or Contractual Amount (1)	Assets	Liabilities
Derivatives designated as accounting hedges:						
Interest rate contracts: (3)						
Cash flow hedges	**$ 900,000**	**$ 2,838**	**$ 2,158**	$ 900,000	$ 1,163	$ 6,599
Fair value hedges	**131,976**	**2,938**	**—**	133,576	4,117	—
Derivatives not designated as accounting hedges:						
Interest rate contracts (3)(4)	**6,002,395**	**67,954**	**195,375**	5,820,005	75,030	229,401

(1) *Notional amounts are not recorded on the Company's Consolidated Balance Sheets and are generally used only as a basis on which interest and other payments are determined.*
(2) *Balances represent fair value of derivative financial instruments.*
(3) *The Company's cleared derivatives are classified as a single-unit of accounting, resulting in the fair value of the designated swap being reduced by the variation margin, which is treated as settlement of the related derivatives fair value for accounting purposes.*
(4) *Includes RPAs.*

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The following table summarizes the carrying value of the Company's hedged assets in fair value hedges and the associated cumulative basis adjustments included in those carrying values as of March 31, 2023 and December 31, 2022 (dollars in thousands):

	March 31, 2023		December 31, 2022	
	Carrying Amount of Hedged Assets/(Liabilities) Amount [1]	Cumulative Amount of Basis Adjustments Included in the Carrying Amount of the Hedged Assets/(Liabilities)	Carrying Amount of Hedged Assets/(Liabilities) Amount [1]	Cumulative Amount of Basis Adjustments Included in the Carrying Amount of the Hedged Assets/(Liabilities)
Line items on the Consolidated Balance Sheets in which the hedged item is included:				
Securities available-for-sale [1] [2]	**$ 88,891**	**$ (1,226)**	$ 91,388	$ (1,889)
Loans[3]	**81,976**	**(9,007)**	83,576	(10,832)

[1] *These amounts include the amortized cost basis of the investment securities designated in hedging relationships for which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At March 31, 2023 and December 31, 2022, the amortized cost basis of this portfolio was $88.9 million and $91 million, respectively, and the cumulative basis adjustment associated with this hedge was $1.2 million and $1.9 million, respectively. The amount of the designated hedged item at March 31, 2023 and December 31, 2022 totaled $50 million.*
[2] *Carrying value represents amortized cost.*
[3] *The fair value of the swaps associated with the derivative related to hedged items at March 31, 2023 and December 31, 2022 was an unrealized gain of $9.2 million and $11.0 million, respectively.*

9. STOCKHOLDERS' EQUITY

Repurchase Programs

As of March 31, 2023, the Company does not have an active share repurchase program. The Company's prior share repurchase plan expired on December 9, 2022.

Accumulated Other Comprehensive Income (Loss)

The change in AOCI for the three months ended March 31, 2023 is summarized as follows, net of tax (dollars in thousands):

	Unrealized (Losses) on AFS Securities	Unrealized Gains (Losses) for AFS Securities Transferred to HTM	Change in Fair Value of Cash Flow Hedge	Unrealized Gains (Losses) on BOLI	Total
AOCI (loss) - December 31, 2022	**$ (363,919)**	**$ 17**	**$ (54,610)**	**$ 226**	**$ (418,286)**
Other comprehensive income (loss):					
Other comprehensive income before reclassification	**32,068**	**—**	**13,714**	**10**	**45,792**
Amounts reclassified from AOCI into earnings	**10,586**	**(3)**	**—**	**(22)**	**10,561**
Net current period other comprehensive income (loss)	**42,654**	**(3)**	**13,714**	**(12)**	**56,353**
AOCI (loss) - March 31, 2023	**$ (321,265)**	**$ 14**	**$ (40,896)**	**$ 214**	**$ (361,933)**

The change in AOCI for the three months ended March 31, 2022 is summarized as follows, net of tax (dollars in thousands):

	Unrealized Gains (Losses) on AFS Securities	Unrealized Gain (Losses) for AFS Securities Transferred to HTM	Change in Fair Value of Cash Flow Hedge	Unrealized Gains (Losses) on BOLI	Total
AOCI - December 31, 2021	$ 22,763	$ 35	$ (1,567)	$ (2,596)	$ 18,635
Other comprehensive (loss) income:					
Other comprehensive loss before reclassification	(186,967)	—	(23,313)	—	(210,280)
Amounts reclassified from AOCI into earnings	—	(5)	—	167	162
Net current period other comprehensive (loss) income	(186,967)	(5)	(23,313)	167	(210,118)
AOCI (loss) - March 31, 2022	$ (164,204)	$ 30	$ (24,880)	$ (2,429)	$ (191,483)

10. FAIR VALUE MEASUREMENTS

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

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

Level 1 Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the markets.

Level 3 Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market. These unobservable inputs reflect the Company's assumptions about what market participants would use and information that is reasonably available under the circumstances without undue cost and effort.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

Derivative Instruments

As discussed in Note 8 "Derivatives" within this Item 1 of this Quarterly Report, the Company records derivative instruments at fair value on a recurring basis. The Company utilizes derivative instruments as part of the management of interest rate risk to modify the re-pricing characteristics of certain portions of the Company's interest-bearing assets and liabilities, as well as to manage the Company's exposure to credit risk related to borrower's performance under interest rate derivatives. The Company has contracted with a third-party vendor to provide valuations for derivatives using standard valuation techniques and therefore classifies such valuations as Level 2. Third-party valuations are validated by the Company using the Bloomberg Valuation Service's derivative pricing functions. No significant differences were identified during the validation as of March 31, 2023 and December 31, 2022. The Company has considered counterparty credit risk in the valuation of its derivative assets and has considered its own credit risk in the valuation of its derivative liabilities. Mortgage banking derivatives as of March 31, 2023 and December 31, 2022 did not have a significant impact on the Company's Consolidated Financial Statements.

AFS Securities

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

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

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

The Company primarily uses the Bloomberg Valuation Service, an independent information source that draws on quantitative models and market data contributed from over 4,000 market participants, to validate third party valuations. Any significant differences between valuation sources are researched by further analyzing the various inputs that are utilized by each pricing source. No significant differences were identified during the validation as of March 31, 2023 and December 31, 2022.

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

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

The following table presents the balances of financial assets and liabilities measured at fair value on a recurring basis at March 31, 2023 and December 31, 2022 (dollars in thousands):

	Fair Value Measurements at March 31, 2023 using			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance
ASSETS				
AFS securities:				
U.S. government and agency securities	$ **57,906**	$ **4,668**	$ **—**	$ **62,574**
Obligations of states and political subdivisions	**—**	**523,097**	**—**	**523,097**
Corporate and other bonds[1]	**—**	**152,006**	**—**	**152,006**
MBS	**—**	**1,513,007**	**—**	**1,513,007**
Other securities	**—**	**1,681**	**—**	**1,681**
LHFS[3]	**—**	**7,126**	**—**	**7,126**
Financial Derivatives[2]	**—**	**73,730**	**—**	**73,730**
LIABILITIES				
Financial Derivatives[2]	$ **—**	$ **197,533**	$ **—**	$ **197,533**

(1) *Other bonds include asset-backed securities.*
(2) *Includes hedged and non-hedged derivatives.*
(3) *Excludes* a *LHFS measured using a non-recurring basis.*

	Fair Value Measurements at December 31, 2022 using			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance
ASSETS				
AFS securities:				
U.S. government and agency securities	$ 56,606	$ 5,337	$ —	$ 61,943
Obligations of states and political subdivisions	—	807,435	—	807,435
Corporate and other bonds[1]	—	226,380	—	226,380
MBS	—	1,644,394	—	1,644,394
Other securities	—	1,664	—	1,664
LHFS	—	3,936	—	3,936
Financial Derivatives[2]	—	80,310	—	80,310
LIABILITIES				
Financial Derivatives[2]	$ —	$ 236,000	$ —	$ 236,000

[1] *Other bonds include asset-backed securities.*
[2] *Includes hedged and non-hedged derivatives.*

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis
Certain assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets after they are evaluated for impairment. The primary assets accounted for at fair value on a nonrecurring basis are related to foreclosed properties, former bank premises, and collateral-dependent loans that are individually assessed. When the asset is secured by real estate, the Company measures the fair value utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser using observable market data. Management may discount the value from the appraisal in determining the fair value if, based on its understanding of the market conditions, the collateral had been impaired below the appraised value (Level 3). The nonrecurring valuation adjustments for these assets did not have a significant impact on the Company's consolidated financial statements.

Fair Value of Financial Instruments
ASC 825, *Financial Instruments,* requires disclosure about fair value of financial instruments for interim periods and excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Cash and Cash Equivalents
For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

HTM Securities
The Company's HTM investment portfolio is primarily valued using fair value measurements that are considered to be Level 2, utilizes the same valuation approach as described above with the AFS securities portfolio. Any significant differences between valuation sources are researched by further analyzing the various inputs that are utilized by each pricing source. No significant differences were identified during the validation as of March 31, 2023 and December 31, 2022.

The Company's Level 3 HTM securities are a result of a prior acquisition and are comprised of asset-backed securities and municipal bonds. Valuations of the asset-backed securities are provided by a third- party vendor specializing in the SBA markets and are based on underlying loan pool information, market data, and recent trading activity for similar securities. Valuations of the municipal bonds are provided by a third party vendor that specializes in hard-to-value securities and are based on a discounted cash flow model and incorporates considerations for the complexity of the instrument, likelihood it will be called, and credit ratings. The Company reviews the valuations obtained for any material differences between valuation sources by analyzing the various inputs and results utilized by each pricing source. No significant differences were identified during the validation as of March 31, 2023 and December 31, 2022.

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

Bank Owned Life Insurance
The carrying value of BOLI approximates fair value. The Company records these policies at their cash surrender value, which is estimated using information provided by insurance carriers.

Deposits
The fair value of demand deposits, savings accounts, brokered deposits, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of certificates of deposits were valued using a discounted cash flow calculation that includes a market rate analysis of the current rates offered by market participants for certificates of deposits that mature in the same period.

Accrued Interest
The carrying amounts of accrued interest approximate fair value.

The carrying values and estimated fair values of the Company's financial instruments at March 31, 2023 and December 31, 2022 are as follows (dollars in thousands):

		Fair Value Measurements at March 31, 2023 using			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	Balance
ASSETS					
Cash and cash equivalents	$ 372,196	$ 372,196	$ —	$ —	$ 372,196
AFS securities	2,252,365	57,906	2,194,459	—	2,252,365
HTM securities	855,418	—	820,007	3,092	823,099
Restricted stock	87,616	—	87,616	—	87,616
LHFS	14,213	—	14,213	—	14,213
LHFI, net of deferred fees and costs	14,584,280	—	—	14,200,627	14,200,627
Financial Derivatives[1]	73,730	—	73,730	—	73,730
Accrued interest receivable	78,088	—	78,088	—	78,088
BOLI	443,537	—	443,537	—	443,537
LIABILITIES					
Deposits	$ 16,455,910	$ —	$ 16,455,439	$ —	$ 16,455,439
Borrowings	798,910	—	735,301	—	735,301
Accrued interest payable	10,392	—	10,392	—	10,392
Financial Derivatives[1]	197,533	—	197,533	—	197,533

[1] *Includes hedged and non-hedged derivatives.*

	Fair Value Measurements at December 31, 2022 using				
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	Balance
ASSETS					
Cash and cash equivalents	$ 319,948	$ 319,948	$ —	$ —	$ 319,948
AFS securities	2,741,816	56,606	2,685,210	—	2,741,816
HTM securities	847,732	—	798,778	3,109	801,887
Restricted stock	120,213	—	120,213	—	120,213
LHFS	3,936	—	3,936	—	3,936
LHFI, net of deferred fees and costs	14,449,142	—	—	13,974,926	13,974,926
Financial Derivatives(1)	80,310	—	80,310	—	80,310
Accrued interest receivable	81,953	—	81,953	—	81,953
BOLI	440,656	—	440,656	—	440,656
LIABILITIES					
Deposits	$ 15,931,677	$ —	$ 15,927,361	$ —	$ 15,927,361
Borrowings	1,708,700	—	1,645,095	—	1,645,095
Accrued interest payable	5,268	—	5,268	—	5,268
Financial Derivatives(1)	236,000	—	236,000	—	236,000

(1) *Includes hedged and non-hedged derivatives.*

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. Borrowers with fixed rate obligations, however, are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

11. EARNINGS PER SHARE

Basic EPS is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the weighted average number of common shares outstanding during the period, including the effect of dilutive potential common shares outstanding attributable to stock awards.

The following table presents basic and diluted EPS calculations for the three months ended March 31, 2023 and 2022 (dollars in thousands except per share data):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net Income	**$ 35,653**	$ 43,690
Less: Preferred Stock Dividends	**2,967**	2,967
Net income available to common shareholders	**$ 32,686**	$ 40,723
Weighted average shares outstanding, basic	**74,832**	75,545
Dilutive effect of stock awards	**3**	11
Weighted average shares outstanding, diluted	**74,835**	75,556
Earnings per common share, basic	**$ 0.44**	$ 0.54
Earnings per common share, diluted	**$ 0.44**	$ 0.54

12. SEGMENT REPORTING AND REVENUE

Operating Segments

Prior to the third quarter of 2022, the Company had one reportable operating segment, the Bank; however, in the third quarter of 2022, the Company completed system conversions that allow its chief operating decision makers to evaluate the business, establish the overall business strategy, allocate resources, and assess business performance within two reportable operating segments—Wholesale Banking and Consumer Banking—while corporate support functions such as corporate treasury and others will be included in Corporate Other. As a result, the Company restated its segment information for the three months ended March 31, 2022 and under the new basis with two reportable operating segments.

Effective January 1, 2023, the Company made an organizational change to move certain lines of business in the wealth management division that primarily serve Wholesale Banking customers from the Consumer Banking segment to the Wholesale Banking segment. As a result, the Company re-allocated $9.6 million of goodwill from the Consumer Banking segment to the Wholesale Banking segment and restated its prior segment information for the year ended December 31, 2022, based on this organizational change. Goodwill was evaluated for impairment prior to and immediately following the organizational change. Refer to Note 4 "Goodwill and Intangible Assets" within this Item 1 "Financial Statements" of this Quarterly Report for additional information.

As of March 31, 2023, the Company's operating segments include the following:

- **Wholesale Banking**: The Wholesale Banking segment provides loan and deposit services, as well as treasury management, SBA lending, and capital market services to wholesale customers primarily throughout Virginia, Maryland, North Carolina, and South Carolina. These customers include commercial real estate and commercial and industrial customers. This segment also includes the Company's public finance subsidiary and the equipment finance subsidiary, which has nationwide exposure. The private banking and trust businesses also reside in the Wholesale Banking segment.
- **Consumer Banking**: The Consumer Banking segment provides loan and deposit services to consumers and small businesses throughout Virginia, Maryland, and North Carolina. Consumer Banking includes the home loan division and investment management and advisory services businesses.
- **Corporate Other:** Corporate Other includes the Company's Corporate Treasury functions, such as management of the investment securities portfolio, long-term debt, short-term liquidity and funding activities, balance sheet risk management, and other corporate support functions, as well as intercompany eliminations.

Segment Reporting Methodology

The Company's segment reporting is based on a "management approach" as described in Note 1 "Summary of Significant Accounting Policies" of the Company's 2022 Form 10-K. Inter-segment transactions are recorded at cost and eliminated as part of the consolidation process. A management fee for operations and administrative support services is charged to all subsidiaries and eliminated in the consolidated totals. For additional information on the methodologies used in preparing the operating segment results, refer to Note 17 "Segment Reporting and Revenue" in the Company's 2022 Form 10-K.

Segment Results

The following tables present the Company's operating segment results for the three months ended March 31, 2023 and 2022 (dollars in thousands):

	Wholesale Banking	Consumer Banking	Corporate Other	Total
Three Months Ended March 31, 2023				
Net interest income	**$ 67,540**	**$ 63,145**	**$ 22,758**	**$ 153,443**
Provision for credit losses	**10,487**	**1,340**	**23**	**11,850**
Net interest income after provision for credit losses	**57,053**	**61,805**	**22,735**	**141,593**
Noninterest income	**7,414**	**12,178**	**(9,964)**	**9,628**
Noninterest expenses	**42,314**	**57,055**	**8,905**	**108,274**
Income before income taxes	**$ 22,153**	**$ 16,928**	**$ 3,866**	**$ 42,947**
Three Months Ended March 31, 2022				
Net interest income	$ 71,424	$ 48,132	$ 11,375	$ 130,931
Provision for credit losses	1,617	1,183	—	2,800
Net interest income after provision for credit losses	69,807	46,949	11,375	128,131
Noninterest income	9,187	16,619	4,347	30,153
Noninterest expenses	40,008	55,333	9,980	105,321
Income before income taxes	$ 38,986	$ 8,235	$ 5,742	$ 52,963

The following table presents the Company's operating segment results for key balance sheet metrics as of March 31, 2023 and December 31, 2022 (dollars in thousands):

	Wholesale Banking	Consumer Banking	Corporate Other	Total
As of March 31, 2023				
LHFI, net of deferred fees and costs [(1)]	**$ 11,608,884**	**$ 2,991,423**	**$ (16,027)**	**$ 14,584,280**
Goodwill	**639,180**	**286,031**	**—**	**925,211**
Deposits	**6,164,567**	**9,843,565**	**447,778**	**16,455,910**
As of December 31, 2022				
LHFI, net of deferred fees and costs [(1)(2)]	$ 11,476,258	$ 2,990,017	$ (17,133)	$ 14,449,142
Goodwill [(3)]	639,180	286,031	—	925,211
Deposits [(4)]	6,128,729	9,724,598	78,350	15,931,677

[(1)] *Corporate Other includes acquisition accounting fair value adjustments.*
[(2)] *Wholesale Banking includes a $136.6 million reallocation from Consumer Banking due to the January 1, 2023 organizational change discussed above.*
[(3)] *Wholesale Banking includes a $9.6 million reallocation from Consumer Banking due to the January 1, 2023 organizational change discussed above.*
[(4)] *Wholesale Banking includes a $258.7 million reallocation from Consumer Banking due to the January 1, 2023 organizational change discussed above.*

Revenue

The majority of the Company's noninterest income is being accounted for in accordance with ASC 606, *Revenue from Contracts with Customers* and comes from short term contracts associated with fees for services provided on deposit accounts and credit cards from the Consumer and Wholesale Banking segments, as well as fiduciary and asset management fees from the Consumer Banking and Wholesale Banking segments. Refer to Note 17 "Segment Reporting and Revenue" in the Company's 2022 Form 10-K for additional information on the Company's contract balances, performance obligations, and mortgage banking income.

Noninterest income disaggregated by major source for the three months ended March 31, 2023 and 2022, consisted of the following (dollars in thousands):

	Three Months Ended	
	March 31, 2023	March 31, 2022
Noninterest income:		
Deposit Service Charges [1]:		
Overdraft fees	**$ 4,823**	$ 4,994
Maintenance fees & other	**3,079**	2,602
Other service charges, commissions, and fees [1]	**1,746**	1,655
Interchange fees[1]	**2,325**	1,810
Fiduciary and asset management fees [1]:		
Trust asset management fees	**3,107**	3,391
Registered advisor management fees	**—**	2,660
Brokerage management fees	**1,155**	1,204
Mortgage banking income	**854**	3,117
Loss on sale of securities	**(13,400)**	—
Bank owned life insurance income	**2,828**	2,697
Loan-related interest rate swap fees	**1,439**	3,860
Other operating income	**1,672**	2,163
Total noninterest income	**$ 9,628**	$ 30,153

[1] *Income within scope of ASC 606, Revenue from Contracts with Customers.*

The following tables present noninterest income disaggregated by reportable operating segment for the three months ended March 31, 2023 and 2022 (dollars in thousands):

	Wholesale Banking	Consumer Banking	Corporate Other [1]	Total
Three Months Ended March 31, 2023				
Noninterest income:				
Deposit service charges	**$ 1,975**	**$ 5,927**	**$ —**	**$ 7,902**
Other service charges and fees	**445**	**1,301**	**—**	**1,746**
Fiduciary and asset management fees	**3,035**	**1,227**	**—**	**4,262**
Mortgage banking income	**—**	**854**	**—**	**854**
Other income	**1,959**	**2,869**	**(9,964)**	**(5,136)**
Total noninterest income	**$ 7,414**	**$ 12,178**	**$ (9,964)**	**$ 9,628**
Three Months Ended March 31, 2022				
Noninterest income:				
Deposit service charges	$ 1,565	$ 6,031	$ —	$ 7,596
Other service charges and fees	435	1,220	—	1,655
Fiduciary and asset management fees	3,316	3,939	—	7,255
Mortgage banking income	—	3,117	—	3,117
Other income	3,871	2,312	4,347	10,530
Total noninterest income	$ 9,187	$ 16,619	$ 4,347	$ 30,153

[1] *For the three months ended March 31, 2023, other income includes $13.4 million of losses incurred on the sale of AFS securities. In addition to the loss on sale of AFS securities, other income primarily consists of income from BOLI and equity method investments.*

13. SUBSEQUENT EVENTS

The Company’s management has evaluated subsequent events through May 4, 2023, the date the financial statements were issued.

On May 2, 2023, the Company’s Board of Directors declared a quarterly dividend on the outstanding shares of its Series A preferred stock. The Series A preferred stock is represented by depositary shares, each representing a 1/400th ownership interest in a share of Series A preferred stock. The dividend of $171.88 per share (equivalent to $0.43 per outstanding depositary share) is payable on June 1, 2023 to preferred shareholders of record as of May 17, 2023.

The Company’s Board of Directors also declared a quarterly dividend of $0.30 per share of common stock. The common stock dividend is payable on June 2, 2023 to common shareholders of record as of May 19, 2023.

Report of Independent Registered Public Accounting Firm

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

Results of Review of Interim Financial Statements

We have reviewed the accompanying consolidated balance sheet of Atlantic Union Bankshares Corporation (the Company) as of March 31, 2023, the related consolidated statements of income, comprehensive income, and stockholders' equity for the three-month periods ended March 31, 2023 and 2022, the consolidated statements of changes in cash flows for the three-month periods ended March 31, 2023 and 2022, and the related notes (collectively referred to as the "consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2022, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated February 23, 2023, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Richmond, Virginia
May 4, 2023

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis is presented to aid the reader in understanding and evaluating the results of operations, financial condition, liquidity, and capital resources of the Company and its subsidiaries. This discussion and analysis should be read in conjunction with the Company's consolidated financial statements, the notes to the financial statements, and the other financial data included in this report, as well as the Company's 2022 Form 10-K, including under "Management's Discussion and Analysis of Financial Condition and Results of Operations" section therein. Highlighted in the discussion are material changes from prior reporting periods and identifiable trends materially affecting the Company. Results of operations for the interim periods are not necessarily indicative of results that may be expected for the full year or for any other period. Amounts are rounded for presentation purposes; however, some of the percentages presented are computed based on unrounded amounts.

In management's discussion and analysis, the Company provides certain financial information determined by methods other than in accordance with GAAP. These non-GAAP financial measures are a supplement to GAAP, which is used to prepare the Company's financial statements, and should not be considered in isolation or as a substitute for comparable measures calculated in accordance with GAAP. In addition, the Company's non-GAAP financial measures may not be comparable to non-GAAP financial measures of other companies. The Company uses the non-GAAP financial measures discussed herein in its analysis of the Company's performance. The Company's management believes that these non-GAAP financial measures provide additional understanding of ongoing operations, enhance comparability of results of operations with prior periods and show the effects of significant gains and charges in the periods presented without the impact of items or events that may obscure trends in the Company's underlying performance. Non-GAAP financial measures may be identified with the symbol $^{(+)}$ and may be labeled as adjusted. Refer to the "Non-GAAP Financial Measures" section within this Item 2 for more information about these non-GAAP financial measures, including a reconciliation of these measures to the most directly comparable GAAP financial measures.

FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include, without limitation, statements regarding our expectations with regard to our business, financial and operating results, including our deposit base and funding and the impact of future economic conditions, anticipated changes in the interest rate environments and the related impacts on the Company's net interest margin, changes in economic conditions, management's belief regarding liquidity and capital resources, estimates with respect to the earn back period related to our recent balance sheet repositioning, and statements that include other projections, predictions, expectations, or beliefs about future events or results or otherwise are not statements of historical fact. Such forward-looking statements are based on certain assumptions as of the time they are made, and are inherently subject to known and unknown risks, uncertainties, and other factors, some of which cannot be predicted or quantified, that may cause actual results, performance, or achievements to be materially different from those expressed or implied by such forward-looking statements. Forward-looking statements are often characterized by the use of qualified words (and their derivatives) such as "expect," "believe," "estimate," "plan," "project," "anticipate," "intend," "will," "may," "view," "opportunity," "potential," "continue," "confidence," or words of similar meaning or other statements concerning opinions or judgment of the Company and our management about future events. Although we believe that our expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of our existing knowledge of our business and operations, there can be no assurance that actual future results, performance, or achievements of, or trends affecting, us will not differ materially from any projected future results, performance, achievements or trends expressed or implied by such forward-looking statements. Actual future results, performance, achievements or trends may differ materially from historical results or those anticipated depending on a variety of factors, including, but not limited to, the effects of or changes in:

- market interest rates and their related impacts on macroeconomic conditions, customer and client behavior, our funding costs and our loan and securities portfolios;
- inflation and its impacts on economic growth and customer and client behavior;
- adverse developments in the financial industry generally, such as the recent bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer and client behavior;
- the sufficiency of liquidity;

- general economic and financial market conditions, in the United States generally and particularly in the markets in which we operate and which our loans are concentrated, including the effects of declines in real estate values, an increase in unemployment levels and slowdowns in economic growth;
- monetary and fiscal policies of the U.S. government, including policies of the U.S. Department of the Treasury and the Federal Reserve;
- the quality or composition of our loan or investment portfolios and changes therein;
- demand for loan products and financial services in our market areas;
- our ability to manage our growth or implement our growth strategy;
- the effectiveness of expense reduction plans;
- the introduction of new lines of business or new products and services;
- our ability to recruit and retain key employees;
- real estate values in our lending area;
- changes in accounting principles, standards, rules, and interpretations, and the related impact on our financial statements;
- an insufficient ACL or volatility in the ACL resulting from the CECL methodology, either alone or as that may be affected by inflation, changing interest rates, or other factors;
- our liquidity and capital positions;
- concentrations of loans secured by real estate, particularly commercial real estate;
- the effectiveness of our credit processes and management of our credit risk;
- our ability to compete in the market for financial services and increased competition from fintech companies;
- technological risks and developments, and cyber threats, attacks, or events;
- operational, technological, cultural, regulatory, legal, credit, and other risks associated with the exploration, consummation and integration of potential future acquisitions, whether involving stock or cash considerations;
- the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts, geopolitical conflicts or public health events, and of governmental and societal responses thereto; these potential adverse effects may include, without limitation, adverse effects on the ability of our borrowers to satisfy their obligations to us, on the value of collateral securing loans, on the demand for the our loans or our other products and services, on supply chains and methods used to distribute products and services, on incidents of cyberattack and fraud, on our liquidity or capital positions, on risks posed by reliance on third-party service providers, on other aspects of our business operations and on financial markets and economic growth;
- the discontinuation of LIBOR and its impact on the financial markets, and our ability to manage operational, legal, and compliance risks related to the discontinuation of LIBOR and implementation of one or more alternate reference rates;
- performance by our counterparties or vendors;
- deposit flows;
- the availability of financing and the terms thereof;
- the level of prepayments on loans and mortgage-backed securities;
- legislative or regulatory changes and requirements;
- actual or potential claims, damages, and fines related to litigation or government actions, which may result in, among other things, additional costs, fines, penalties, restrictions on our business activities, reputational harm, or other adverse consequences;
- the effects of changes in federal, state or local tax laws and regulations;
- any event or development that would cause us to conclude that there was an impairment of any asset, including intangible assets, such as goodwill; and
- other factors, many of which are beyond our control.

Please also refer to such other factors as discussed throughout Part I, Item 1A, “Risk Factors” and Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the 2022 Form 10-K and related disclosures in other filings, which have been filed with the SEC and are available on the SEC’s website at www.sec.gov. All risk factors and uncertainties described herein and therein should be considered in evaluating forward-looking statements, and all of the forward-looking statements made in this report are expressly qualified by the cautionary statements contained or referred to herein and therein. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on the Company or our businesses or operations. Readers are cautioned not to rely too heavily on the forward-looking statements contained in this Quarterly Report, and undue reliance should not be placed on such forward-looking statements. Forward-looking statements speak only as of the date they are made.

We do not intend or assume any obligation to update, revise or clarify any forward-looking statements that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated financial statements are prepared based on the application of accounting and reporting policies in accordance with GAAP and conform to general practices within the banking industry. The Company's financial position and results of operations are affected by management's application of accounting policies, which require the use of estimates, assumptions, and judgments, which may prove inaccurate or are subject to variations. Changes in underlying factors, estimates, assumptions or judgements could result in material changes in the Company's consolidated financial position and/or results of operations.

Certain accounting policies inherently have a greater reliance on the use of estimates, assumptions and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. The Company has identified the allowance for loan and lease losses and fair value measurements as accounting policies that require the most difficult, subjective or complex judgments and, as such, could be most subject to revision as new or additional information becomes available or circumstances change. Therefore, the Company evaluates these accounting policies and related critical accounting estimates on an ongoing basis and updates them as needed. Management has discussed these accounting policies and critical accounting estimates summarized below with the Audit Committee of the Board of Directors.

The Company provides additional information on its critical accounting estimates in Note 1 "Summary of Significant Accounting Policies" in Part I, Item 1 of this Quarterly Report and under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" in its 2022 Form 10-K. The Company's significant accounting policies are discussed in detail in Note 1 "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements" contained in Item 8 "Financial Statements and Supplementary Data" of the Company's 2022 Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS (ISSUED BUT NOT FULLY ADOPTED)

In March 2023, the FASB issued ASU No. 2023-02 *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method.* Prior to the issuance of ASU 2023-02, companies could only apply the proportional amortization method to low-income-housing tax credit structures. Topic 323 allows for the expansion of use of the proportional amortization method to all tax equity investments that meet certain conditions. Under the proportional amortization method, the initial cost of the investment is amortized in proportion to the income tax credits and other income tax benefits received and presents this net amount as a component of income tax expense (benefit). The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the impact ASU No. 2023-02 will have on its consolidated financial statements.

ABOUT ATLANTIC UNION BANKSHARES CORPORATION

Headquartered in Richmond, Virginia, Atlantic Union Bankshares Corporation (NYSE: AUB) is the holding company for Atlantic Union Bank. Atlantic Union Bank has 109 branches and approximately 125 ATMs located throughout Virginia and in portions of Maryland and North Carolina. Certain non-bank financial services affiliates of Atlantic Union Bank include: Atlantic Union Equipment Finance, Inc., which provides equipment financing; Atlantic Union Financial Consultants, LLC, which provides brokerage services; and Union Insurance Group, LLC, which offers various lines of insurance products.

Shares of the Company's common stock are traded on the New York Stock Exchange under the symbol "AUB". Additional information is available on the Company's website at *https://investors.atlanticunionbank.com*. The information contained on the Company's website is not a part of or incorporated into this Quarterly Report.

RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

Recent Events and Industry Developments

In March 2023, the banking industry experienced significant volatility due to two recent high-profile bank failures, and in April 2023, there was a third bank failure that has contributed to additional volatility during April and May. These recent bank failures have resulted in significant concerns within the banking industry related to liquidity, deposit outflows, and unrealized losses on investment securities. These concerns and volatility in the banking industry may persist if other industry participants experience similar high-profile financial challenges or if other banks are closed by federal or state banking regulators. These recent events in the banking industry have reinforced the importance of maintaining access to diverse sources of funding and the benefits of a robust and stable deposit base, but the continuing impact of the volatility and turmoil in the banking industry on the Company, and its financial condition and results of operations for the remainder of 2023, is uncertain and cannot be predicted.

In light of the recent events in the banking industry, a continued rising interest rate environment and persistent concerns about recessionary conditions in the U.S. economy during 2023 or 2024, the Company continues to actively monitor balance sheet trends, deposit flows, and liquidity needs to ensure that the Company and the Bank are able to meet the needs of the Bank's customers and maintain financial flexibility. During the first quarter of 2023, the Company's LHFI, net of deferred fees and costs, and total deposits increased from the prior quarter by $135.1 million and $524.2 million, respectively, and the Company's short-term borrowings decreased by $910.1 million from the prior quarter largely driven by repayments funded by the Company's sale of $505.7 million of AFS securities during the first quarter of 2023. As of March 31, 2023, the Company estimates that approximately 72.1% of the Company's deposits were insured or collateralized, and that the Company maintained available liquidity sources to cover approximately 130% of uninsured and uncollateralized deposits. In addition, to further bolster the Company's funding position during the first quarter, the Company augmented customer deposit growth by also increasing brokered deposits by approximately $370.5 million from the prior quarter.

Despite the negative developments within the broader banking industry during the first quarter of 2023, the Company's and the Bank's regulatory capital ratios continued to exceed the standards to be considered well-capitalized under regulatory requirements. See "Capital Resources" within this Item 2 for additional information about the Company's regulatory capital.

The Company is continually monitoring the impact of other various global and national events on the Company's results of operations and financial condition, including inflation, rising interest rates, and geopolitical conflicts (such as the ongoing conflict between Russia and Ukraine). Inflation has risen as a result of growth in economic activity and demand for goods and services, as well as labor shortages and global supply chain issues. As a result, market interest rates began to rise during 2022 after an extended period at historical lows, and the FOMC increased the Federal Funds target rates throughout 2022 and 2023 to its current range of 5.00% to 5.25%. The FOMC has noted that it will closely monitor incoming information and assess the implications for monetary policy in determining future actions with respect to the target rates and also confirmed the continued reduction to the Federal Reserve's holdings of U.S. Treasury securities and agency debt and agency MBS. These developments helped drive the meaningful increase in deposit costs and deposit competition that the Company experienced during the first quarter of 2023. The Company anticipates that the net impact of these factors will result in a continued contraction of its net interest margin. The timing and impact of inflation, market interest rates, and the competitive landscape of deposits on the Company's business and results of operations will depend on future developments, which are highly uncertain and difficult to predict. The Company will continue to deploy various asset liability management strategies to seek to manage the Company's risk related to interest rate fluctuations. Refer to "Liquidity" within this Item 2 for additional information about the Company's liquidity and "Quantitative and Qualitative Disclosures about Market Risk" in Part II, Item 3 of this Quarterly Report for additional information about the Company's interest rate sensitivity.

Strategic Initiatives

On January 18, 2023, February 9, 2023, and March 6th through the 9th of 2023, the Company executed a balance sheet repositioning strategy and sold AFS securities with a total book value of $505.7 million at a pre-tax loss of $13.4 million and used the net proceeds to reduce existing high costing FHLB borrowings. The deleverage strategy provides the Company with improved liquidity, enhanced tangible common equity, and additional run rate earnings. The Company estimates the loss will be earned back in approximately two years.

During the first quarter of 2022, the Company closed its operations center and consolidated 16 branches, resulting in restructuring expenses in the first quarter of 2022 of approximately $5.5 million, primarily related to real estate lease and other asset write downs, as well as severance costs. There were no significant branch closing and facility consolidation costs for the first quarter of 2023.

SUMMARY OF FINANCIAL RESULTS

Net Income & Performance Metrics

- Net income available to common shareholders was $32.7 million and basic and diluted EPS was $0.44 for the first quarter of 2023, compared to $40.7 million and $0.54 for the first quarter of 2022.
- Excluding a pre-tax loss on the sale of securities of $13.4 million due to the sale of AFS securities and a $5.0 million legal reserve associated with an ongoing and previously disclosed regulatory matter, the Company reported for the quarter ended March 31, 2023, adjusted operating earnings available to common shareholders(+)of $47.2 million and adjusted diluted operating EPS (+) of $0.63, compared to adjusted operating earnings available to common shareholders(+) of $45.1 million and diluted adjusted operating EPS(+) of $0.60 for the first quarter of 2022.

Balance Sheet

- Total assets were $20.1 billion at March 31, 2023, a decrease of $357.8 million or approximately 7.1% (annualized) from December 31, 2022. Total assets decreased during the first quarter primarily due to a decline in the investment securities portfolio of $514.4 million due to the sale of AFS securities as part of the Company's balance sheet repositioning strategy executed during the quarter. The decrease in assets during the first quarter was partially offset by a $135.1 million increase in LHFI, net of deferred fees and costs, driven by loan growth.
- Total LHFI, net of deferred fees and costs, were $14.6 billion at March 31, 2023, an increase of $135.1 million or 3.8% (annualized) from December 31, 2022.
- Total investments were $3.2 billion at March 31, 2023, a decrease of $514.4 million from December 31, 2022. AFS securities totaled $2.3 billion at March 31, 2023, compared to $2.7 billion at December 31, 2022. At March 31, 2023, total net unrealized losses on the AFS securities portfolio were $407.9 million, an improvement of $54.7 million from total net unrealized losses on AFS securities of $462.6 at December 31, 2022. HTM securities are carried at cost and totaled $855.4 million at March 31, 2023, compared to $847.7 million at December 31, 2022 and have net unrealized losses of $32.3 million at March 31, 2023, an improvement of $13.5 million from net unrealized losses on HTM securities of $45.8 at December 31, 2022, due primarily to changes in interest rates and market conditions during the first quarter.
- At March 31, 2023, total deposits were $16.5 billion, an increase of $524.2 million or approximately 13.3% (annualized) from December 31, 2022, due to a $829.5 million increase in interest-bearing deposits, which includes approximately $377.9 million in brokered deposits, partially offset by a $305.2 million decrease in demand deposits, as customers moved funds from lower to higher yielding deposit products.

Net Interest Income

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

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

	For the Three Months Ended March 31, 2023	2022	Change	
		(Dollars in thousands)		
Average interest-earning assets	**$ 18,238,088**	$ 17,885,018	$ 353,070	
Interest and dividend income	**$ 217,546**	$ 138,456	$ 79,090	
Interest and dividend income (FTE) (+)	**$ 221,334**	$ 141,792	$ 79,542	
Yield on interest-earning assets	**4.84 %**	3.14 %	170	bps
Yield on interest-earning assets (FTE) (+)	**4.92 %**	3.22 %	170	bps
Average interest-bearing liabilities	**$ 12,846,109**	$ 11,797,999	$ 1,048,110	
Interest expense	**$ 64,103**	$ 7,525	$ 56,578	
Cost of interest-bearing liabilities	**2.02 %**	0.26 %	176	bps
Cost of funds	**1.42 %**	0.18 %	124	bps
Net interest income	**$ 153,443**	$ 130,931	$ 22,512	
Net interest income (FTE) (+)	**$ 157,231**	$ 134,267	$ 22,964	
Net interest margin	**3.41 %**	2.97 %	44	bps
Net interest margin (FTE) (+)	**3.50 %**	3.04 %	46	bps

For the first quarter of 2023, net interest income was $153.4 million, an increase of $22.5 million from the first quarter of 2022. For the first quarter of 2023, net interest income (FTE)(+) was $157.2 million, an increase of $23.0 million from the first quarter of 2022. In the first quarter of 2023, net interest margin increased 44 bps to 3.41% from 2.97% in the first quarter of 2022, and net interest margin (FTE)(+) increased 46 bps to 3.50% from 3.04% compared to the same period of 2022. The increases in net interest income and net interest income (FTE)(+) were primarily driven by higher loan yields due to increased short-term interest rates and higher average loans, as well as increases in investment income primarily due to higher yields on taxable securities, driven by the higher short-term interest rates, partially offset by a decrease in the securities portfolio balance due to the sale of $505.7 million of AFS securities in the first quarter of 2023, as the Company executed a balance sheet repositioning strategy. These increases were partially offset by an increase in interest expense due to higher deposit costs and borrowings due to increased market interest rates, as well as changes in the deposit mix as depositors migrated to higher costing interest bearing deposit accounts at the end of 2022 and into the first quarter of 2023.

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

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

	For the Three Months Ended March 31,					
	2023			2022		
	Average Balance	Interest Income / Expense (1)	Yield / Rate (1)(2)	Average Balance	Interest Income / Expense (1)	Yield / Rate (1)(2)
Assets:						
Securities:						
Taxable	**$ 2,038,215**	**$ 16,753**	**3.33 %**	$ 2,617,156	$ 13,666	2.12 %
Tax-exempt	**1,429,346**	**11,782**	**3.34 %**	1,581,426	13,240	3.40 %
Total securities	**3,467,561**	**28,535**	**3.34 %**	4,198,582	26,906	2.60 %
Loans, net (3)	**14,505,611**	**191,178**	**5.35 %**	13,300,789	114,602	3.49 %
Other earning assets	**264,916**	**1,621**	**2.48 %**	385,647	284	0.30 %
Total earning assets	**18,238,088**	**$ 221,334**	**4.92 %**	17,885,018	$ 141,792	3.22 %
Allowance for loan and lease losses	**(112,172)**			(100,342)		
Total non-earning assets	**2,258,435**			2,135,692		
Total assets	**$ 20,384,351**			$ 19,920,368		
Liabilities and Stockholders' Equity:						
Interest-bearing deposits:						
Transaction and money market accounts	**$ 8,344,900**	**$ 38,315**	**1.86 %**	$ 8,376,766	$ 1,324	0.06 %
Regular savings	**1,087,435**	**364**	**0.14 %**	1,142,854	55	0.02 %
Time deposits	**2,291,530**	**13,155**	**2.33 %**	1,766,657	3,104	0.71 %
Total interest-bearing deposits	**11,723,865**	**51,834**	**1.79 %**	11,286,277	4,483	0.16 %
Other borrowings	**1,122,244**	**12,269**	**4.43 %**	511,722	3,042	2.41 %
Total interest-bearing liabilities	**12,846,109**	**$ 64,103**	**2.02 %**	11,797,999	$ 7,525	0.26 %
Noninterest-bearing liabilities:						
Demand deposits	**4,693,347**			5,228,098		
Other liabilities	**421,295**			233,287		
Total liabilities	**17,960,751**			17,259,384		
Stockholders' equity	**2,423,600**			2,660,984		
Total liabilities and stockholders' equity	**$ 20,384,351**			$ 19,920,368		
Net interest income		**$ 157,231**			$ 134,267	
Interest rate spread			**2.90 %**			2.96 %
Cost of funds			**1.42 %**			0.18 %
Net interest margin			**3.50 %**			3.04 %

(1) *Income and yields are reported on a taxable equivalent basis using the statutory federal corporate tax rate of 21%.*
(2) *Rates and yields are annualized and calculated from actual, not rounded amounts in thousands, which appear above.*
(3) *Nonaccrual loans are included in average loans outstanding.*

The Volume Rate Analysis table below presents changes in net interest income (FTE)[(+)] and interest expense and distinguishes between the changes related to increases or decreases in average outstanding balances of interest-earning assets and interest-bearing liabilities (volume), and the changes related to increases or decreases in average interest rates on such assets and liabilities (rate). Changes attributable to both volume and rate have been allocated proportionally. Results, on a taxable equivalent basis, are as follows for the quarters ended March 31, 2023 and 2022 (dollars in thousands):

	Three Months Ended March 31, 2023 vs. March 31, 2022 Increase (Decrease) Due to Change in:		
	Volume	**Rate**	**Total**
Earning Assets:			
Securities:			
Taxable	**$ (3,505)**	**$ 6,592**	**$ 3,087**
Tax-exempt	**(1,257)**	**(201)**	**(1,458)**
Total securities	**(4,762)**	**6,391**	**1,629**
Loans, net[(1)]	**11,184**	**65,392**	**76,576**
Other earning assets	**(116)**	**1,453**	**1,337**
Total earning assets	**$ 6,306**	**$ 73,236**	**$ 79,542**
Interest-Bearing Liabilities:			
Interest-bearing deposits:			
Transaction and money market accounts	**$ (4)**	**$ 36,995**	**$ 36,991**
Regular savings	**(3)**	**312**	**309**
Time deposits[(1)]	**1,164**	**8,887**	**10,051**
Total interest-bearing deposits	**1,157**	**46,194**	**47,351**
Other borrowings[(1)]	**5,418**	**3,809**	**9,227**
Total interest-bearing liabilities	**6,575**	**50,003**	**56,578**
Change in net interest income (FTE)[(+)]	**$ (269)**	**$ 23,233**	**$ 22,964**

[(1)] *The rate-related changes in interest income on loans, deposits, and other borrowings include the impact of lower accretion of the acquisition-related fair market value adjustments, which are detailed below.*

The impact of net accretion related to acquisition accounting fair value adjustments for the first quarters of 2022 and 2023 are reflected in the following table (dollars in thousands):

	Loan Accretion	Deposit Amortization	Borrowings Amortization	Total
For the quarter ended March 31, 2022	$ 2,253	$ (10)	(203)	$ 2,040
For the quarter ended March 31, 2023	**1,106**	**(14)**	**(209)**	**883**

Noninterest Income

	For the Three Months Ended March 31,		Change	
	2023	**2022**	**$**	**%**
	(Dollars in thousands)			
Noninterest income:				
Service charges on deposit accounts	**$ 7,902**	$ 7,596	$ 306	4.0 %
Other service charges, commissions, and fees	**1,746**	1,655	91	5.5 %
Interchange fees	**2,325**	1,810	515	28.5 %
Fiduciary and asset management fees	**4,262**	7,255	(2,993)	(41.3)%
Mortgage banking income	**854**	3,117	(2,263)	(72.6)%
Loss on sale of securities	**(13,400)**	—	(13,400)	100.0 %
Bank owned life insurance income	**2,828**	2,697	131	4.9 %
Loan-related interest rate swap fees	**1,439**	3,860	(2,421)	(62.7)%
Other operating income	**1,672**	2,163	(491)	(22.7)%
Total noninterest income	**$ 9,628**	$ 30,153	$ (20,525)	(68.1)%

Noninterest income decreased $20.5 million to $9.6 million for the quarter ended March 31, 2023, compared to $30.2 million for the quarter ended March 31, 2022. Excluding, the loss on sale of securities of $13.4 million in 2023, adjusted operating noninterest income[(+)] for the quarter ended March 31, 2023 decreased $7.1 million or 23.6% compared to the quarter ended March 31, 2022. The decrease from the prior year quarter was primarily driven by a $3.0 million decrease in fiduciary and asset management fees due to a decrease in assets under management mainly driven by the DHFB sale in the second quarter of 2022, and a $2.4 million decrease in loan-related interest rate swap fees due to lower transaction volumes, and a $2.3 million decrease in mortgage banking income due to a decline in mortgage loan origination volumes driven by the rapid increase in market interest rates. These decreases were partially offset by a $515,000 increase in interchange fees.

Noninterest Expense

	For the Three Months Ended March 31,		Change	
	2023	**2022**	**$**	**%**
		(Dollars in thousands)		
Noninterest expense:				
Salaries and benefits	**$ 60,529**	$ 58,298	$ 2,231	3.8 %
Occupancy expenses	**6,356**	6,883	(527)	(7.7)%
Furniture and equipment expenses	**3,752**	3,597	155	4.3 %
Technology and data processing	**8,142**	7,796	346	4.4 %
Professional services	**3,413**	4,090	(677)	(16.6)%
Marketing and advertising expense	**2,351**	2,163	188	8.7 %
FDIC assessment premiums and other insurance	**3,899**	2,485	1,414	56.9 %
Franchise and other taxes	**4,498**	4,499	(1)	(0.0)%
Loan-related expenses	**1,552**	1,776	(224)	(12.6)%
Amortization of intangible assets	**2,279**	3,039	(760)	(25.0)%
Other expenses	**11,503**	10,695	808	7.6 %
Total noninterest expense	**$ 108,274**	$ 105,321	$ 2,953	2.8 %

Noninterest expense increased $3.0 million or 2.8% to $108.3 million for the quarter ended March 31, 2023, compared to $105.3 million for the quarter ended March 31, 2022. Excluding, amortization of intangible assets ($2.3 million in 2023 and $3.0 million in 2022), the legal reserve associated with an ongoing and previously disclosed regulatory matter, included within other expenses ($5.0 million in 2023), and strategic branch closing and facility consolidation costs, included within other expenses ($5.5 million in 2022), adjusted operating noninterest expense[(+)] for the quarter ended March 31, 2023 increased $4.2 million or 4.4%, compared to the quarter ended March 31, 2022. The increase from the prior year quarter in adjusted operating non-interest expense[(+)] was primarily driven by a $2.2 million increase in salaries and benefits expense driven by increases in salaries and wages, a $1.4 million increase in FDIC assessment premiums and other insurance primarily due to the increase in the FDIC assessment rates, effective January 1, 2023, and a $1.3 million increase in other expenses, primarily due to an increase in teammate and travel costs and other operational expenses. These increases were partially offset by decreases of $677,000 in professional services related to strategic projects that occurred in the prior year quarter and $527,000 in occupancy expenses.

Segment Results

As discussed in Note 12, "Segment Reporting and Revenue," in Part I, Item 1 of this Quarterly Report, effective as of the third quarter of 2022, the Company began segmenting its business into two primary reportable operating segments—Wholesale Banking and Consumer Banking — as these segments reflect how the chief operating decision makers are now evaluating the business, establishing the overall business strategy, allocating resources, and assessing business performance. Included below are the key metrics used by the chief operating decision makers in evaluating the Company's reportable operating segments.

Effective January 1, 2023, the Company made an organizational change to move certain lines of business in the wealth management division that primarily serve Wholesale Banking customers from the Consumer Banking segment to the Wholesale Banking segment. As a result, the Company re-allocated $9.6 million of goodwill from the Consumer Banking segment to the Wholesale Banking segment and restated its prior segment information for the year ended December 31, 2022, based on this organizational change. Refer to Note 4 "Goodwill and Intangible Assets" and Note 12 "Segment Reporting and Revenue" within Part I, Item 1 "Financial Statements" of this Quarterly Report for additional information.

Wholesale Banking

The Wholesale Banking segment provides loan and deposit services, as well as treasury management, SBA lending, and capital market services to wholesale customers primarily throughout Virginia, Maryland, North Carolina and South Carolina. These customers include commercial real estate and commercial and industrial customers. This segment also includes the Company's public finance subsidiary and the equipment finance subsidiary, which has nationwide exposure. The private banking and trust businesses also reside in the Wholesale Banking segment.

The following table presents operating results for the three months ended March 31, 2023 and 2022 for the Wholesale Banking segment (dollars in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net interest income	**$ 67,540**	$ 71,424
Provision for credit losses	**10,487**	1,617
Net interest income after provision for credit losses	**57,053**	69,807
Noninterest income	**7,414**	9,187
Noninterest expense	**42,314**	40,008
Income before income taxes	**$ 22,153**	$ 38,986

Wholesale Banking income before income taxes decreased $16.8 million to $22.2 million for the quarter ended March 31, 2023, compared to $39.0 million for the quarter ended March 31, 2022. The decrease was primarily driven by an $8.9 million increase in the provision for credit losses, due to increasing uncertainty in the economic outlook and loan growth. Net interest income decreased $3.9 million driven by Paycheck Protection Program loan income in the first quarter of 2022, and spread compression on the loan and deposit portfolios driven by the rapid rise in interest rates. This was partially offset by higher income due to higher average loan balances. Noninterest expense increased by $2.3 million primarily due to an increase in salaries and benefits expense driven by increases in salaries and wages, and noninterest income decreased by $1.8 million primarily driven by a decrease in loan-related interest rate swap fees due to lower transaction volumes.

The following table presents the key balance sheet metrics as of March 31, 2023 and December 31, 2022 for the Wholesale Banking segment (dollars in thousands):

	March 31, 2023	December 31, 2022 [1]
LHFI, net of deferred fees and costs	**$ 11,608,884**	$ 11,476,258
Total Deposits	**6,164,567**	6,128,729

[1] *Includes a reallocation of LHFI, net of deferred fees and costs, and total deposits from the Consumer Banking segment of $136.6 million and $258.7 million, respectively, due to the January 1, 2023 organizational change discussed in Note 12, "Segment Reporting and Revenue," in Part I, Item 1 of this Quarterly Report.*

LHFI, net of deferred fees and costs, for the Wholesale Banking segment increased $132.6 million or 4.7% (annualized) to $11.6 billion at March 31, 2023 compared to December 31, 2022; growth primarily occurred across the commercial and industrial and construction and land development loan portfolios.

Wholesale banking deposits increased $35.8 million or 2.4% (annualized) to $6.2 billion at March 31, 2023 compared to December 31, 2022. This increase was primarily driven by an increase in interest checking accounts, partially offset by a decrease in money market balances and demand deposits.

Consumer Banking

The Consumer Banking segment provides loan and deposit services to consumers and small businesses throughout Virginia, Maryland, and North Carolina. Consumer Banking includes the home loan division and investment management and advisory services businesses.

The following table presents operating results for the three months ended March 31, 2023 and 2022 for the Consumer Banking segment (dollars in thousands):

	Three Months Ended March 31,	
	2023	**2022**
Net interest income	**$ 63,145**	$ 48,132
Provision for credit losses	**1,340**	1,183
Net interest income after provision for credit losses	**61,805**	46,949
Noninterest income	**12,178**	16,619
Noninterest expense	**57,055**	55,333
Income before income taxes	**$ 16,928**	$ 8,235

Consumer Banking income before income taxes increased $8.7 million to $16.9 million for the quarter ended March 31, 2023, compared to $8.2 million for the quarter ended March 31, 2022. Net interest income increased $15.0 million primarily due to favorable funding credit on deposits and increased interest income attributable to the higher interest rate environment and higher average loan balances, offset by lower Paycheck Protection Program loan income and spread compression on loans. This increase was partially offset by a $4.4 million decrease in noninterest income primarily due to a decrease in fiduciary and asset management fees due to a decrease in assets under management primarily driven by the sale of DHFB in the second quarter of 2022 and a decrease in mortgage banking income due to a decline in mortgage loan origination volumes driven by the rapid increase in market interest rates during 2022 and continuing into the first quarter of 2023. In addition, noninterest expense increased by $1.7 million primarily due to an increase in FDIC assessment premiums and other insurance due to the increase in the FDIC assessment rates, effective January 1, 2023, and an increase in salaries and benefits expense, partially offset by a decrease in amortization expense due to the sale of DHFB and a decrease in occupancy expenses.

The following table presents the key balance sheet metrics as of March 31, 2023 and December 31, 2022 for the Consumer Banking segment (dollars in thousands):

	March 31, 2023	**December 31, 2022** [1]
LHFI, net of deferred fees and costs	**$ 2,991,423**	$ 2,990,017
Total Deposits	**9,843,565**	9,724,598

[1] *Includes a reallocation of LHFI, net of deferred fees and costs, and total deposits to the Wholesale Banking segment of $136.6 million and $258.7 million, respectively, due to the January 1, 2023 organizational change discussed in Note 12, "Segment Reporting and Revenue," in Part I, Item 1 of this Quarterly Report.*

LHFI, net of deferred fees and costs, for the Consumer Banking segment increased $1.4 million or 0.2% (annualized) to $3.0 billion at March 31, 2023 compared to December 31, 2022.

Consumer Banking deposits increased $119.0 million or 5.0% (annualized) to $9.8 billion at March 31, 2023 compared to December 31, 2022. This increase was primarily due to an increase in time deposits, partially offset by a decrease in demand deposits, interest checking accounts, and savings accounts, as customers moved funds from lower to higher yielding deposit products.

Income Taxes

The Company's effective tax rate for the three months ended March 31, 2023 and 2022 was 17.0% and 17.5%, respectively. The marginal decrease in the effective tax rate is primarily due to the higher proportion of tax-exempt income to pre-tax income in the first quarter of 2023.

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

Overview

Assets

At March 31, 2023, total assets were $20.1 billion, a decrease of $357.8 million or approximately 7.1% (annualized) from December 31, 2022. The decrease in total assets was primarily due to a decline in the investment securities portfolio of $514.4 million, primarily due to the sale of AFS securities as part of the Company's balance sheet repositioning strategy executed during the first quarter of 2023, which was partially offset by an increase in LHFI, net of deferred fees and costs, driven by loan growth.

LHFI, net of deferred fees and costs, were $14.6 billion at March 31, 2023, an increase of $135.1 million or 3.8% (annualized) from December 31, 2022. At March 31, 2023, quarterly average LHFI, net of deferred fees and costs, increased $388.2 million or 11.2% (annualized) from December 31, 2022. Refer to "Loan Portfolio" within this Item 2 and Note 3 "Loans and Allowance for Loan and Lease Losses" in Part I, Item 1 of this Quarterly Report for additional information on our loan activity.

At March 31, 2023, total investments were $3.2 billion, a decrease of $514.4 million from December 31, 2022. AFS securities totaled $2.3 billion at March 31, 2023, a $489.5 million decrease from December 31, 2022. At March 31, 2023, total net unrealized losses on the AFS securities portfolio were $407.9 million, an improvement of $54.7 million from total net unrealized losses on AFS securities of $462.6 at December 31, 2022. HTM securities totaled $855.4 million at March 31, 2023, a $7.7 million increase from December 31, 2022 and have net unrealized losses of $32.3 million at March 31, 2023, an improvement of $13.5 million from net unrealized losses on HTM securities of $45.8 at December 31, 2022.

Liabilities and Stockholders' Equity

At March 31, 2023, total liabilities were $17.7 billion, a decrease of $425.3 million from $18.1 billion at December 31, 2022, which was primarily driven by a decrease in borrowings, partially offset by an increase in deposits.

Total deposits at March 31, 2023 were $16.5 billion, an increase of $524.2 million or approximately 13.3% (annualized) from December 31, 2022. For the quarter ended March 31, 2023, quarterly average deposits decreased $194.5 million or 4.7% (annualized) compared to the prior quarter. Total deposits at March 31, 2023 increased from December 31, 2022 due to a $829.5 million increase in interest-bearing deposits, which includes approximately $377.9 million in brokered deposits, partially offset by a $305.2 million decrease in demand deposits, as customers have moved funds from lower to higher yielding products. Refer to "Deposits" within this Item 2 for additional information on this topic.

Total short-term and long-term borrowings at March 31, 2023 were $798.9 million, a decrease of $909.8 million or 53.2% when compared to $1.7 billion at December 31, 2022 as a result of the Company's execution of the balance sheet repositioning strategy during the first quarter of 2023, which allowed the Company to reduce its short-term borrowings exposure. Refer to Note 6 "Borrowings" in Part I, Item 1, and "Executive Overview" in Part I, Item 2 of this Quarterly Report for additional information on our borrowing activity.

At March 31, 2023, stockholders' equity was $2.4 billion, an increase of $67.5 million from December 31, 2022, primarily due to lower unrealized losses within the AFS securities portfolio. Our consolidated regulatory capital ratios continue to exceed the minimum capital requirements and are considered "well-capitalized" for regulatory purposes. Refer to "Capital Resources" within this Item 2, as well as Note 9 "Stockholders' Equity" in Part I, Item 1 of this Quarterly Report for additional information on our capital resources.

During the first quarter of 2023, the Company declared and paid a quarterly dividend on the outstanding shares of Series A Preferred Stock of $171.88 per share (equivalent to $0.43 per outstanding depositary share), consistent with the fourth quarter of 2022 and the first quarter of 2022. During the first quarter of 2023, the Company also declared and paid cash dividends of $0.30 per common share, consistent with the fourth quarter of 2022 and an increase of $0.02 or approximately 7.1% from the first quarter of 2022 .

At March 31, 2023, the Company had no active share repurchase programs, as the most recent share repurchase program expired on December 9, 2022. Under that repurchase program, the Company repurchased an aggregate of approximately 1.3 million shares (or approximately $48.2 million) in 2022.

Securities

At March 31, 2023, the Company had total investments of $3.2 billion, or 15.9% of total assets, as compared to $3.7 billion, or 18.1% of total assets, at December 31, 2022. This decrease was primarily due to the sale of AFS securities as part of the Company's balance sheet repositioning executed during the first quarter of 2023, which was partially offset by growth in the Company's HTM portfolio. The Company seeks to diversify its portfolio to minimize risk. It focuses on purchasing MBS for cash flow and reinvestment opportunities and securities issued by states and political subdivisions due to the tax benefits and the higher yield offered from these securities. The majority of the Company's MBS are agency-backed securities, which have a government guarantee. For information regarding the hedge transaction related to AFS securities, see Note 8 "Derivatives" in Part I, Item 1 of this Quarterly Report.

The table below sets forth a summary of the AFS securities, HTM securities, and restricted stock as of the dates indicated (dollars in thousands):

	March 31, 2023	December 31, 2022
Available for Sale:		
U.S. government and agency securities	**$ 62,574**	$ 61,943
Obligations of states and political subdivisions	**523,097**	807,435
Corporate and other bonds	**152,006**	226,380
MBS		
Commercial	**260,647**	306,161
Residential	**1,252,360**	1,338,233
Total MBS	**1,513,007**	1,644,394
Other securities	**1,681**	1,664
Total AFS securities, at fair value	**2,252,365**	2,741,816
Held to Maturity:		
U.S. government and agency securities	**684**	687
Obligations of states and political subdivisions	**702,749**	705,990
Corporate and other bonds	**5,033**	5,159
MBS		
Commercial	**55,993**	42,761
Residential	**90,959**	93,135
Total MBS	**146,952**	135,896
Total held to maturity securities, at carrying value	**855,418**	847,732
Restricted Stock:		
FRB stock	**67,032**	67,032
FHLB stock	**20,584**	53,181
Total restricted stock, at cost	**87,616**	120,213
Total investments	**$ 3,195,399**	$ 3,709,761

The following table summarizes the weighted average yields[1] for AFS securities by contractual maturity date of the underlying securities as of March 31, 2023:

	1 Year or Less	1 - 5 Years	5 – 10 Years	Over 10 Years	Total
U.S. government and agency securities	— %	1.41 %	5.47 %	— %	1.56 %
Obligations of states and political subdivisions	3.65 %	3.01 %	1.93 %	2.23 %	2.23 %
Corporate bonds and other securities	4.03 %	7.16 %	3.85 %	5.15 %	4.21 %
MBS:					
Commercial	5.82 %	3.68 %	2.55 %	2.34 %	2.97 %
Residential	2.50 %	2.23 %	2.58 %	2.18 %	2.19 %
Total MBS	5.82 %	3.08 %	2.57 %	2.20 %	2.32 %
Total AFS securities	5.57 %	2.65 %	3.46 %	2.22 %	2.40 %

[1] *Yields on tax-exempt securities have been computed on a tax-equivalent basis.*

The following table summarizes the weighted average yields[1] for HTM securities by contractual maturity date of the underlying securities as of March 31, 2023:

	1 Year or Less	1 - 5 Years	5 – 10 Years	Over 10 Years	Total
U.S. government and agency securities	— %	5.23 %	— %	— %	5.23 %
Obligations of states and political subdivisions	2.38 %	4.05 %	3.48 %	3.49 %	3.49 %
Corporate bonds and other securities	— %	— %	— %	6.72 %	6.72 %
MBS:					
Commercial	— %	— %	— %	4.67 %	4.67 %
Residential	— %	5.43 %	— %	3.57 %	4.06 %
Total MBS	— %	5.43 %	— %	4.07 %	4.29 %
Total HTM securities	2.38 %	4.98 %	3.48 %	3.60 %	3.65 %

[1] *Yields on tax-exempt securities have been computed on a tax-equivalent basis.*

Weighted average yield is calculated as the tax-equivalent yield on a pro rata basis for each security based on its relative amortized cost.

As of March 31, 2023, the Company maintained a diversified municipal bond portfolio with approximately 68% of its holdings in general obligation issues and the majority of the remainder primarily backed by revenue bonds. Issuances within the State of Texas represented 19% of the total municipal portfolio; no other state had a concentration above 10%. Substantially all municipal holdings are considered investment grade. When purchasing municipal securities, the Company focuses on strong underlying ratings for general obligation issuers or bonds backed by essential service revenues.

Liquidity

Liquidity represents an institution’s ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. The Company’s largest source of liquidity on a consolidated basis is the customer deposit base generated by our wholesale and consumer businesses. These deposits provide relatively stable and low-cost funding. Total deposits at March 31, 2023 were $16.5 billion, an increase of $524.2 million or approximately 13.3% (annualized) from December 31, 2022. Total deposits at March 31, 2023 increased from December 31, 2022 due to a $829.5 million increase in interest-bearing deposits, which includes approximately $377.9 million in brokered deposits, partially offset by a $305.2 million decrease in demand deposits, as customers have moved funds from lower to higher yielding products. Refer to “Deposits” within this Item 2 for additional information on this topic.

Liquid assets include cash, interest-bearing deposits with banks, money market investments, federal funds sold, LHFS, and securities and loans maturing or re-pricing within one year. Additional sources of liquidity available to the Company include its capacity to borrow additional funds when necessary through federal funds lines with several correspondent banks, a line of credit with the FHLB, the Federal Reserve Discount Window, the purchase of brokered certificates of deposit, corporate line of credit with a large correspondent bank, and debt and capital issuance. Management believes the Company’s overall liquidity to be sufficient to satisfy its depositors’ requirements and to meet its customers’ credit needs.

Starting in the first quarter of 2023, the Company is eligible to borrow from the Federal Reserve's BTFP, which provides additional contingent liquidity through the pledging of certain qualifying securities. The BTFP is a one-year program ending March 11, 2024, and the Company can borrow any time during the term and can repay the obligation at any time without penalty. As of March 31, 2023, liquidity of $548.6 million was available based on the par-value of qualifying securities from BTFP. The Company did not utilize the available funds from BTFP as of March 31, 2023.

The Company closely monitors changes in the industry and market conditions that may impact the Company’s liquidity and will use other borrowing means or other liquidity and funding strategies sources to fund its liquidity needs as needed. The Company is also closely tracking the potential impacts on the Company’s liquidity of declines in the fair value of the Company’s securities portfolio due to rising market interest rates and developments in the banking industry that may change the availability of traditional sources of liquidity or market expectations with respect to available sources and amounts of additional liquidity.

As of March 31, 2023, liquid assets totaled $6.0 billion or 30.3% of total assets, and liquid earning assets totaled $5.9 billion or 32.4% of total earning assets. Asset liquidity is also provided by managing loan and securities maturities and cash flows. As of March 31, 2023, loan payments of approximately $5.4 billion or 37% of total loans are expected within one year based on contractual terms, adjusted for expected prepayments, and approximately $269.1 million or 8.4% of total securities are scheduled to be paid down within one year based on contractual terms, adjusted for expected prepayments.

For additional information and the available balances on various lines of credit, please refer to Note 6 “Borrowings” in Part I, Item 1 of this Quarterly Report. In addition to lines of credit, the Bank may also borrow additional funds by purchasing certificates of deposit through a nationally recognized network of financial institutions. For additional information and outstanding balances on purchased certificates of deposits, please refer to “Deposits” within this Item 2. For additional information on cash requirements for known contractual and other obligations, please refer to “Capital Resources” within this Item 2.

Cash Requirements

The Company’s cash requirements, outside of lending transactions, consist primarily of borrowings, debt and capital instruments which are used as part of the Company’s overall liquidity and capital management strategy. Cash required to repay these obligations will be sourced from future debt and capital issuances and from other general liquidity sources as described above under “Liquidity” within this Item 2.

The following table presents the Company's contractual obligations related to its major cash requirements and the scheduled payments due at the various intervals over the next year and beyond as of March 31, 2023 (dollars in thousands):

	Total	Less than 1 year	More than 1 year
Long-term debt [1]	$ 250,000	$ —	$ 250,000
Trust preferred capital notes [1]	155,159	—	155,159
Leases [2]	286,868	49,822	237,046
Repurchase agreements	163,760	163,760	—
Total contractual obligations	$ 855,787	$ 213,582	$ 642,205

[1] *Excludes related unamortized premium/discount and interest payments.*
[2] *Represents lease payments due on non-cancellable operating leases at March 31, 2023. Excluded from these tables are variable lease payments or renewals.*

For more information pertaining to the previous table, reference Note 5 "Leases" and Note 6 "Borrowings" in Part I, Item 1 of this Quarterly Report.

Loan Portfolio

LHFI, net of deferred fees and costs, totaled $14.6 billion at March 31, 2023 and $14.4 billion at December 31, 2022. Commercial real estate and commercial and industrial loans represented the Company's largest loan categories at both March 31, 2023 and December 31, 2022.

The following table presents the remaining maturities, based on contractual maturity, by loan type, and by rate type (variable or fixed), net of deferred fees and costs, as of March 31, 2023 (dollars in thousands):

			Variable Rate				Fixed Rate			
	Total Maturities	Less than 1 year	Total	1-5 years	5-15 years	More than 15 years	Total	1-5 years	5-15 years	More than 15 years
Construction and Land Development	$ 1,179,872	$ 368,044	$ 646,171	$ 549,305	$ 93,943	$ 2,923	$ 165,657	$ 83,960	$ 28,277	$ 53,420
Commercial Real Estate - Owner Occupied	1,956,585	141,685	615,763	144,060	457,853	13,850	1,199,137	544,329	644,031	10,777
Commercial Real Estate - Non-Owner Occupied	3,968,085	411,939	2,241,470	1,061,768	1,179,645	57	1,314,676	979,612	326,975	8,089
Multifamily Real Estate	822,006	93,834	515,676	155,298	360,378	—	212,496	159,270	53,226	—
Commercial & Industrial	3,082,478	487,883	1,587,492	1,458,958	124,981	3,553	1,007,103	642,827	358,934	5,342
Residential 1-4 Family - Commercial	522,760	47,395	119,447	40,987	73,067	5,393	355,918	277,164	68,526	10,228
Residential 1-4 Family - Consumer	974,511	1,158	175,979	1,734	28,035	146,210	797,374	8,223	78,099	711,052
Residential 1-4 Family - Revolving	589,791	25,268	471,868	26,150	124,296	321,422	92,655	5,017	32,105	55,533
Auto	600,658	3,384	—	—	—	—	597,274	238,922	358,352	—
Consumer	145,090	12,446	19,948	17,552	2,086	310	112,696	54,087	40,123	18,486
Other Commercial	742,444	19,813	102,824	14,672	64,029	24,123	619,807	224,507	276,433	118,867
Total LHFI	$ 14,584,280	$ 1,612,849	$ 6,496,638	$ 3,470,484	$ 2,508,313	$ 517,841	$ 6,474,793	$ 3,217,918	$ 2,265,081	$ 991,794

The Company remains committed to originating soundly underwritten loans to qualifying borrowers within its markets. The Company seeks to mitigate risks attributable to our most highly concentrated portfolios—commercial real estate, commercial and industrial, and construction and land development—through its credit underwriting and monitoring processes, including oversight by a centralized credit administration function and credit policy and risk management committee, as well as through its seasoned bankers that focus on lending to borrowers with proven track records in markets with which the Company is familiar.

Asset Quality

Overview

At March 31, 2023, NPAs as a percentage of LHFI increased 1 basis point from the prior quarter to 0.20% and included nonaccrual LHFI of $29.1 million. Net charge-offs were $4.6 million for the three months ended March 31, 2023, compared to insignificant net charge offs for the same period in the prior year. The ACL at March 31, 2023 increased $7.3 million from December 31, 2022 to $131.7 million, due to increasing uncertainty in the economic outlook and loan growth during the first quarter of 2023.

The Company continues to experience historically low levels of NPAs, however, the economic environment in the Company's footprint could be impacted as persistent inflation, higher interest rates, and the threat of a recession looms, which could increase NPAs in future periods. The Company continues to refrain from originating or purchasing loans from foreign entities. The Company selectively originates loans to higher risk borrowers. The Company's loan portfolio generally does not include exposure to option adjustable rate mortgage products, high loan-to-value ratio mortgages, interest only mortgage loans, subprime mortgage loans or mortgage loans with initial teaser rates, which are all considered higher risk instruments.

During the first quarter of 2023, the Company transferred a nonaccrual commercial real estate loan, totaling $7.1 million, from LHFI to LHFS, resulting in nonaccrual loans totaling $36.2 million at March 31, 2023. The below amounts exclude LHFS.

Nonperforming Assets

At March 31, 2023, NPAs totaled $29.1 million, an increase of $2.0 million or 7.4% from December 31, 2022. NPAs as a percentage of total outstanding LHFI at March 31, 2023 were 0.20%, an increase of 1 bp from December 31, 2022.

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

	March 31, 2023	December 31, 2022
Nonaccrual LHFI	**$ 29,082**	$ 27,038
Foreclosed properties	**29**	76
Total NPAs	**29,111**	27,114
LHFI past due 90 days and accruing interest	**7,244**	7,490
Total NPAs and LHFI past due 90 days and accruing interest	**$ 36,355**	$ 34,604
Balances		
Allowance for loan and lease losses	**$ 116,512**	$ 110,768
Allowance for credit losses	**131,711**	124,443
Average loans, net of deferred fees and costs	**14,505,611**	13,671,714
LHFI, net of deferred fees and costs	**14,584,280**	14,449,142
Ratios		
Nonaccrual LHFI to total LHFI	**0.20 %**	0.19 %
NPAs to total LHFI	**0.20 %**	0.19 %
NPAs & LHFI 90 days past due and accruing interest to total LHFI	**0.25 %**	0.24 %
NPAs to total LHFI & foreclosed property	**0.20 %**	0.19 %
NPAs & LHFI 90 days past due and accruing interest to total LHFI & foreclosed property	**0.25 %**	0.24 %
ALLL to nonaccrual LHFI	**400.63 %**	409.68 %
ALLL to nonaccrual LHFI & LHFI 90 days past due and accruing interest	**320.74 %**	320.81 %
ACL to nonaccrual LHFI	**452.90 %**	460.25 %

NPAs include nonaccrual LHFI, which totaled $29.1 million at March 31, 2023, a net increase of $2.0 million or 7.6% from December 31, 2022. The following table shows the activity in nonaccrual LHFI for the quarters ended (dollars in thousands):

	March 31, 2023	December 31, 2022
Beginning Balance	**$ 27,038**	$ 26,500
Net customer payments	**(1,755)**	(1,805)
Additions	**4,151**	2,935
Charge-offs	**(39)**	(461)
Loans returning to accruing status	**(313)**	(131)
Ending Balance	**$ 29,082**	$ 27,038

The following table presents the composition of nonaccrual LHFI and the coverage ratio, which is the ALLL expressed as a percentage of nonaccrual LHFI, as of (dollars in thousands):

	March 31, 2023	December 31, 2022
Construction and Land Development	**$ 363**	$ 307
Commercial Real Estate - Owner Occupied	**6,174**	7,178
Commercial Real Estate - Non-owner Occupied	**1,481**	1,263
Commercial & Industrial	**4,815**	1,884
Residential 1-4 Family - Commercial	**1,907**	1,904
Residential 1-4 Family - Consumer	**10,540**	10,846
Residential 1-4 Family - Revolving	**3,449**	3,453
Auto	**347**	200
Consumer	**6**	3
Total	**$ 29,082**	$ 27,038
***Coverage Ratio*[1]**	**400.63 %**	409.68 %

[1] *Represents the ALLL divided by nonaccrual loans.*

Past Due Loans

At March 31, 2023 past due LHFI still accruing interest totaled $30.9 million or 0.21% of total LHFI, compared to $30.0 million or 0.21% of total LHFI at December 31, 2022. Of the total past due LHFI still accruing interest, $7.2 million or 0.05% of total LHFI were loans past due 90 days or more at March 31, 2023, compared to $7.5 million or 0.05% of total LHFI at December 31, 2022.

Troubled Loan Modifications

The Company adopted ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures,* effective January 1, 2023 on a prospective basis. Refer to Note 1 “Summary of Significant Accounting Policies” in Part I, Item 1 of this Quarterly Report for information on the Company’s accounting policy for loan modifications to borrowers experiencing financial difficulty and how the Company defines TLMs. As of March 31, 2023, the Company had TLMs totaling $20.5 million.

Troubled Debt Restructurings

After the adoption of ASU 2022-02, the Company no longer has TDRs. The below information is presented for December 31, 2022, prior to adoption of ASU 2022-02.

A modification of a loan’s terms constitutes a TDR if the creditor grants a concession that it would not otherwise consider to the borrower for economic or legal reasons related to the borrower’s financial difficulties. Management strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, extension of terms that are considered to be below market, conversion to interest only, principal forgiveness and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral.

The total recorded investment in TDRs at December 31, 2022 was $14.2 million. Of the $14.2 million of TDRs at December 31, 2022, $9.3 million or 65.3% were considered performing, while the remaining $4.9 million were considered nonperforming.

Net Charge-offs

For the first quarter of 2023, net charge-offs were $4.6 million or 0.13% of total average LHFI on an annualized basis, compared to net charge-offs of less than 0.01% for the same quarter last year. The majority of net charge-offs in the first quarter of 2023 related to two commercial loans within the commercial and industrial and commercial real estate portfolios.

Provision for Credit Losses

The Company recorded a provision for credit losses of $11.9 million for the first quarter of 2023, an increase of $9.1 million compared to the provision for credit losses of $2.8 million recorded during the same quarter of 2022. The provision for credit losses for the first quarter of 2023 reflected a provision of $10.4 million for loan losses and a $1.5 million provision for unfunded commitments. The increased provision for credit losses is due to increasing uncertainty in the economic outlook and loan growth in the first three months of 2023.

Allowance for Credit Losses

At March 31, 2023, the ACL was $131.7 million and included an ALLL of $116.5 million and a reserve for unfunded commitments of $15.2 million. The ACL at March 31, 2023 increased $7.3 million from December 31, 2022, due to increasing uncertainty in the economic outlook and loan growth during the first quarter of 2023.

The ACL as a percentage of LHFI increased to 0.90% at March 31, 2023, compared to 0.86% at December 31, 2022.

The following table summarizes the ACL during the quarters ended (dollars in thousands):

	March 31, 2023	December 31, 2022
Total ALLL	**$ 116,512**	$ 110,768
Total Reserve for Unfunded Commitments	**15,199**	13,675
Total ACL	**$ 131,711**	$ 124,443
ALLL to total LHFI	**0.80 %**	0.77 %
ACL to total LHFI	**0.90 %**	0.86 %

The following table summarizes net-charge off activity by loan segment for the periods indicated (dollars in thousands):

	Three months ended, March 31, 2023			Three months ended, March 31, 2022		
	Commercial	Consumer	Total	Commercial	Consumer	Total
Loans charged-off	**$ (5,007)**	**$ (719)**	**$ (5,726)**	$ (759)	$ (750)	$ (1,509)
Recoveries	**515**	**652**	**1,167**	726	787	1,513
Net (charge-offs) recoveries	**$ (4,492)**	**$ (67)**	**$ (4,559)**	$ (33)	$ 37	$ 4
Net charge-offs to average loans[1]	**0.15 %**	**0.01 %**	**0.13 %**	0.00 %	(0.01)%	0.00 %

[1] *Annualized*

The following table summarizes the ACL activity by loan segment and the percentage of the LHFI portfolio that the related ACL covers as of the quarters ended (dollars in thousands):

	March 31, 2023			December 31, 2022		
	Commercial	Consumer	Total	Commercial	Consumer	Total
ACL	**$ 102,336**	**$ 29,375**	**$ 131,711**	$ 95,527	$ 28,916	$ 124,443
Loan %[1]	**84.2 %**	**15.8 %**	**100.0 %**	84.3 %	15.7 %	100.0 %
ACL to total LHFI	**0.83 %**	**1.27 %**	**0.90 %**	0.78 %	1.27 %	0.86 %

[1] *The percentage represents the loan balance divided by total loans.*

The increase in the ACL for both loan segments is due to increased uncertainty in the macroeconomic outlook and the impact of loan growth in the first three months of 2023.

Deposits

As of March 31, 2023, total deposits were $16.5 billion, an increase of $524.2 million or 13.3% annualized from December 31, 2022. Total interest-bearing deposits consist of Interest checking accounts, money market, savings, and time deposit account balances. Total time deposit balances of $2.2 billion accounted for 18.4% of total interest-bearing deposits at March 31, 2023, compared to $1.8 billion and 16.4% at December 31, 2022.

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

	March 31, 2023		December 31, 2022	
Deposits:	Amount	% of total deposits	Amount	% of total deposits
Interest checking accounts	**$ 4,714,366**	**28.6 %**	$ 4,186,505	26.3 %
Money market accounts	**3,547,514**	**21.6 %**	3,922,533	24.6 %
Savings accounts	**1,047,914**	**6.4 %**	1,130,899	7.1 %
Customer time deposits of $250,000 and over	**541,447**	**3.3 %**	405,060	2.5 %
Other customer time deposits	**1,648,747**	**10.0 %**	1,396,011	8.8 %
Time Deposits	**2,190,194**	**13.3 %**	1,801,071	11.3 %
Total interest-bearing customer deposits	**11,499,988**	**69.9 %**	11,041,008	69.3 %
Brokered deposits	**377,913**	**2.3 %**	7,430	0.0 %
Total interest-bearing deposits	**$ 11,877,901**	**72.2 %**	$ 11,048,438	69.3 %
Demand deposits	**4,578,009**	**27.8 %**	4,883,239	30.7 %
Total Deposits [1]	**$ 16,455,910**	**100.0 %**	$ 15,931,677	100.0 %

[1] *Includes estimated uninsured deposits of $5.5 billion and $6.5 billion as of March 31, 2023 and December 31, 2022, respectively, and collateralized deposits of $924.0 million and $951.9 million as of March 31, 2023 and December 31, 2022, respectively.*

The Company may also borrow additional funds by purchasing certificates of deposit through a nationally recognized network of financial institutions. The Company utilizes this funding source as part of its overall liquidity management strategy. As of March 31, 2023 and December 31, 2022, there were $135.6 million and $7.5 million, respectively, purchased certificates of deposit included in certificates of deposit on the Company's Consolidated Balance Sheets.

Maturities of time deposits in excess of FDIC insurance limits as of March 31, 2023 and December 31, 2022 were as follows (dollars in thousands):

	March 31, 2023	December 31, 2022
3 Months or Less	**$ 125,840**	$ 14,225
Over 3 Months through 6 Months	**120,931**	36,907
Over 6 Months through 12 Months	**189,297**	88,410
Over 12 Months	**36,292**	78,268
Total	**$ 472,360**	$ 217,810

Capital Resources

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

Under the Basel III capital rules, the Company and the Bank must comply with the following minimum capital ratios: (i) a common equity Tier 1 capital ratio of 7.0% of risk-weighted assets; (ii) a Tier 1 capital ratio of 8.5% of risk-weighted assets; (iii) a total capital ratio of 10.5% of risk-weighted assets; and (iv) a leverage ratio of 4.0% of total assets. These ratios, with the exception of the leverage ratio, include a 2.5% capital conservation buffer, which is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of common equity Tier 1 to risk-weighted assets above the minimum but below the conservation buffer will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall.

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

The table summarizes the Company's regulatory capital and related ratios for the periods presented [2] (dollars in thousands):

	March 31, 2023	December 31, 2022	March 31, 2022
Common equity Tier 1 capital	**1,690,040**	1,684,088	$ 1,557,135
Tier 1 capital	**1,856,396**	1,850,444	1,723,491
Tier 2 capital	**489,827**	468,716	454,002
Total risk-based capital	**2,346,224**	2,319,160	2,177,493
Risk-weighted assets	**17,049,045**	16,930,559	15,795,239
Capital ratios:			
Common equity Tier 1 capital ratio	**9.91%**	9.95%	9.86%
Tier 1 capital ratio	**10.89%**	10.93%	10.91%
Total capital ratio	**13.76%**	13.70%	13.79%
Leverage ratio (Tier 1 capital to average assets)	**9.38%**	9.42%	9.07%
Capital conservation buffer ratio [1]	**4.89%**	4.93%	4.91%
Common equity to total assets	**11.31%**	10.78%	11.79%
Tangible common equity to tangible assets [+]	**6.91%**	6.43%	7.21%

(1) *Calculated by subtracting the regulatory minimum capital ratio requirements from the Company's actual ratio results for Common equity, Tier 1, and Total risk-based capital. The lowest of the three measures represents the Company's capital conservation buffer ratio.*
(2) *All ratios and amounts at March 31, 2023 are estimates and subject to change pending the Company's filing of its FR Y9-C. All other periods are presented as filed.*
(+) *Refer to "Non-GAAP Financial Measures" within this Item 2 for more information about this non-GAAP financial measure, including a reconciliation of this measure to the most directly comparable financial measure calculated in accordance with GAAP.*

For more information about our off-balance sheet obligations and cash requirements, refer to "Liquidity" within this Item 2.

NON-GAAP FINANCIAL MEASURES

In this Quarterly Report, the Company has provided supplemental performance measures on a tax-equivalent, tangible, operating, adjusted or pre-tax pre-provision basis. These non-GAAP financial measures are a supplement to GAAP, which is used to prepare the Company's financial statements and should not be considered in isolation or as a substitute for comparable measures calculated in accordance with GAAP. In addition, the Company's non-GAAP financial measures may not be comparable to non-GAAP financial measures of other companies. The Company uses the non-GAAP financial measures discussed herein in its analysis of the Company's performance. The Company's management believes that these non-GAAP financial measures provide additional understanding of ongoing operations, enhance comparability of results of operations with prior periods and show the effects of significant gains and charges in the periods presented without the impact of items or events that may obscure trends in the Company's underlying performance.

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

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Interest Income (FTE)		
Interest and dividend income (GAAP)	**$ 217,546**	$ 138,456
FTE adjustment	**3,788**	3,336
Interest and dividend income (FTE) (non-GAAP)	**$ 221,334**	$ 141,792
Average earning assets	**$ 18,238,088**	$ 17,885,018
Yield on interest-earning assets (GAAP)	**4.84 %**	3.14 %
Yield on interest-earning assets (FTE) (non-GAAP)	**4.92 %**	3.22 %
Net Interest Income (FTE)		
Net interest income (GAAP)	**$ 153,443**	$ 130,931
FTE adjustment	**3,788**	3,336
Net interest income (FTE) (non-GAAP)	**$ 157,231**	$ 134,267
Noninterest income (GAAP)	**9,628**	30,153
Total revenue (FTE) (non-GAAP)	**$ 166,859**	$ 164,420
Average earning assets	**$ 18,238,088**	$ 17,885,018
Net interest margin (GAAP)	**3.41 %**	2.97 %
Net interest margin (FTE) (non-GAAP)	**3.50 %**	3.04 %

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

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

	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Tangible Assets			
Ending Assets (GAAP)	**$ 20,103,370**	$ 20,461,138	$ 19,782,430
Less: Ending goodwill	**925,211**	925,211	935,560
Less: Ending amortizable intangibles	**24,482**	26,761	40,273
Ending tangible assets (non-GAAP)	**$ 19,153,677**	$ 19,509,166	$ 18,806,597
Tangible Common Equity			
Ending Equity (GAAP)	**$ 2,440,236**	$ 2,372,737	$ 2,498,335
Less: Ending goodwill	**925,211**	925,211	935,560
Less: Ending amortizable intangibles	**24,482**	26,761	40,273
Less: Perpetual preferred stock	**166,357**	166,357	166,357
Ending tangible common equity (non-GAAP)	**$ 1,324,186**	$ 1,254,408	$ 1,356,145
Average equity (GAAP)	**$ 2,423,600**	2,321,208	$ 2,660,984
Less: Average goodwill	**925,211**	925,211	935,560
Less: Average amortizable intangibles	**25,588**	27,909	41,743
Less: Average perpetual preferred stock	**166,356**	166,356	166,356
Average tangible common equity (non-GAAP)	**$ 1,306,445**	$ 1,201,732	$ 1,517,325
Common equity to total assets (GAAP)	**11.31 %**	10.78 %	11.79 %
Tangible common equity to tangible assets (non-GAAP)	**6.91 %**	6.43 %	7.21 %
Book value per common share (GAAP)	**$ 30.53**	$ 29.68	$ 31.12

Adjusted operating measures exclude the losses on sale of securities, a legal reserve associated with an ongoing regulatory matter previously disclosed, as well as strategic branch closure initiatives and related facility consolidation costs (principally composed of real estate, leases, and other assets write downs, as well as severance and expense reduction initiatives). The Company believes these non-GAAP adjusted measures provide investors with important information about the continuing economic results of the organization’s operations.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Adjusted Operating Earnings & EPS		
Net income (GAAP)	$ **35,653**	$ 43,690
Plus: Legal reserve, net of tax	**3,950**	—
Plus: Strategic branch closing and facility consolidation costs, net of tax	—	4,351
Plus: Loss on sale of securities, net of tax	**10,586**	—
Adjusted operating earnings (non-GAAP)	$ **50,189**	$ 48,041
Less: Dividends on preferred stock	**2,967**	2,967
Adjusted operating earnings available to common shareholders (non-GAAP)	$ **47,222**	$ 45,074
Weighted average common shares outstanding, diluted	**74,835,514**	75,556,127
Earnings per common share, diluted (GAAP)	$ **0.44**	$ 0.54
Adjusted operating earnings per common share, diluted (non-GAAP)	$ **0.63**	$ 0.60

Adjusted operating measures exclude the amortization of intangible assets, losses on sale of securities, a legal reserve associated with an ongoing regulatory matter previously disclosed, as well as strategic branch closure initiatives and related facility consolidation costs (principally composed of real estate, leases, and other assets write downs, as well as severance and expense reduction initiatives). The Company believes these adjusted measures provide investors with important information about the continuing economic results of the organization's operations. Net interest income (FTE), which is used in computing net interest margin (FTE) provides valuable additional insight into the net interest margin by adjusting for differences in tax treatment of interest income sources. The entire FTE adjustment is attributable to interest income on earning assets, which is used in computing yield on earning assets. Interest expense is not affected by the FTE components.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Adjusted Operating Noninterest Expense & Noninterest Income		
Noninterest expense (GAAP)	$ **108,274**	$ 105,321
Less: Amortization of intangible assets	**2,279**	3,039
Less: Legal reserve	**5,000**	—
Less: Strategic branch closing and facility consolidation costs	—	5,508
Adjusted operating noninterest expense (non-GAAP)	$ **100,995**	$ 96,774
Noninterest income (GAAP)	$ **9,628**	$ 30,153
Plus: Loss on sale of securities	**13,400**	—
Adjusted operating noninterest income (non-GAAP)	$ **23,028**	$ 30,153

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Sensitivity

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

The Company monitors interest rate risk through the use of three complementary modeling tools: static gap analysis, earnings simulation modeling, and economic value simulation (net present value estimation). Each of these models measures changes in a variety of interest rate scenarios. While each of the interest rate risk models has limitations, taken together, they represent a reasonably comprehensive view of the magnitude of the Company's interest rate risk, the distribution of risk along the yield curve, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships. The Company's static gap analysis, which measures aggregate re-pricing values, is utilized less often because it does not effectively take into account the optionality embedded into many assets and liabilities and, therefore, the Company does not address it here. The Company uses earnings simulation and economic value simulation models on a regular basis, which more effectively measure the cash flow and optionality impacts, and these models are discussed below.

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

Earnings Simulation Modeling

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

The Company derives the assumptions used in the model from historical trends and management's outlook, including expected loan and deposit growth rates and projected yields and rates. These assumptions may not be realized and unanticipated events and circumstances may also occur that cause the assumptions to be inaccurate. The model also does not take into account any future actions of management to mitigate the impact of interest rate changes. The Company monitors the assumptions and periodically adjusts them as deemed appropriate. In the Company's modeling, it is assumed that all maturities, calls, and prepayments in the securities portfolio are reinvested in like instruments, and the Company bases the MBS prepayment assumptions on industry estimates of prepayment speeds for portfolios with similar coupon ranges and seasoning. The Company also uses different interest rate scenarios and yield curves to measure the sensitivity of earnings to changing interest rates. Interest rates on different asset and liability accounts move differently when the prime rate changes and these differences are reflected in the different rate scenarios.

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

The following table represents the interest rate sensitivity on net interest income for the Company across the rate paths modeled for balances as of March 31, 2023, December 31, 2022, and March 31, 2022:

	Change In Net Interest Income		
	March 31, 2023	December 31, 2022	March 31, 2022
	%	%	%
Change in Yield Curve:			
+300 basis points	**7.91**	11.73	15.55
+200 basis points	**5.01**	8.25	10.42
+100 basis points	**2.06**	4.65	5.36
Most likely rate scenario	**—**	—	—
-100 basis points	**(4.75)**	(3.18)	(7.40)
-200 basis points	**(8.94)**	(7.40)	(14.17)
-300 basis points	**(11.46)**	(12.21)	(19.67)

If an institution is asset sensitive its assets reprice more quickly than its liabilities and net interest income would be expected to increase in a rising interest rate environment, and decrease in a falling interest rate environment. If an institution is liability sensitive its liabilities reprice more quickly than its assets and net interest income would be expected to decrease in a rising interest rate environment and increase in a falling interest rate environment.

From a net interest income perspective, the Company was less asset sensitive as of March 31, 2023, compared to its position as of March 31, 2022. This shift is in part due to the changing market characteristics of certain loan and deposit products and in part due to various other balance sheet strategies. The Company would expect net interest income to increase with an immediate increase or shock in market rates. In the decreasing interest rate environments, the Company would expect a decline in net interest income as interest-earning assets re-price more quickly than interest-bearing deposits.

Economic Value Modeling

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

The following chart reflects the estimated change in net economic value over different rate environments using economic value simulation for the balances at the quarterly periods ended March 31, 2023, December 31, 2022, and March 31, 2022:

	Change In Economic Value of Equity		
	March 31, 2023	December 31, 2022	March 31, 2022
	%	%	%
Change in Yield Curve:			
+300 basis points	**(11.44)**	(12.32)	(9.59)
+200 basis points	**(7.91)**	(8.41)	(6.16)
+100 basis points	**(4.05)**	(4.25)	(2.90)
Most likely rate scenario	**—**	—	—
-100 basis points	**3.01**	3.55	0.56
-200 basis points	**5.30**	6.41	(3.93)
-300 basis points	**5.90**	5.71	(12.13)

As of March 31, 2023, the Company's economic value of equity is generally less asset sensitive in a rising interest rate environment compared to its position as of March 31, 2022 primarily due to the composition of the Consolidated Balance Sheets and due in part to the pricing characteristics and assumptions of certain deposits.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2023. The term "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Exchange Act, means controls and other procedures that are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and to ensure that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2023, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating the Company's disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in Internal Control Over Financial Reporting

Management has taken measures to maintain the internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2023. There have been no changes during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

In the ordinary course of our operations, we are party to various legal proceedings. Based on the information presently available, and after consultation with legal counsel, management believes that the ultimate outcome in such proceedings, in the aggregate, will not have a material adverse effect on the business or the financial condition or results of operations of the Company, subject to the potential outcomes of the matter discussed below.

As previously disclosed, on February 9, 2022, pursuant to the CFPB's Notice and Opportunity to Respond and Advise process, the CFPB Office of Enforcement notified us that it is considering recommending that the CFPB take legal action against us in connection with alleged violations of Regulation E, 12 C.F.R. § 1005.17, and the Consumer Financial Protection Act, 12 U.S.C. §§ 5531 and 5536, in connection with our overdraft practices and policies. In March 2023, the CFPB commenced settlement discussions with us to resolve the matter. We cannot provide assurance whether a settlement will be reached, the final terms or timing of any such settlement, or the final amount of loss (potentially including both restitution and a civil money penalty) with respect to this matter. Any final loss could be materially different from our current estimate and accrued amount. If the Company and the CFPB do not reach a settlement, the CFPB may commence litigation against the Company. See Note 7, "Commitments and Contingencies" in the "Notes to the Consolidated Financial Statements" in Part I, Item I of this Form 10-Q for additional information.

ITEM 1A – RISK FACTORS

During the quarter ended March 31, 2023, there have been no material changes from the risk factors previously disclosed under Part I, Item 1A. "Risk Factors" in the Company's 2022 Form 10-K, except as described below.

An investment in the Company's securities involves risks. In addition to the other information set forth in this Quarterly Report, including the information addressed in this Item 1A and under "Forward-Looking Statements," investors in the Company's securities should carefully consider the factors discussed in the Company's 2022 Form 10-K. These factors could materially and adversely affect the Company's business, financial condition, liquidity, results of operations, and capital position and could cause the Company's actual results to differ materially from its historical results or the results contemplated by the forward-looking statements contained in this report, in which case the trading price of the Company's securities could decline.

Risks Related to Our Business, Industry and Markets

Our business, financial condition, and results of operations could be adversely affected by developments impacting the financial services industry, such as recent bank failures or concerns involving liquidity.

Recent events in the financial services industry (including the closures of Silicon Valley Bank, Signature Bank, and First Republic Bank) have caused general uncertainty and concern regarding the adequacy of liquidity of the financial services industry generally. Liquidity is essential to our business. While we rely on different sources of funding to meet potential liquidity demands, our business strategies are largely based on access to funding from customer deposits and supplemental funding provided by wholesale or other secondary liquidity sources. Deposit levels may be affected by various industry factors, including interest rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, conditions in the financial services industry specifically and general economic conditions that impact the amount of liquidity in the economy and savings levels, and also by factors that impact customers' perception of our financial condition and capital and liquidity levels. In response to the closures of Silicon Valley Bank and Signature Bank, the Secretary of the U.S. Treasury approved actions enabling the FDIC to complete its resolution of Silicon Valley Bank and Signature Bank in a manner that fully protected depositors by utilizing the Deposit Insurance Fund, and the Federal Reserve announced it would make available additional funding for eligible depository institutions to help assure banks have the ability to meet the needs of their depositors. It is uncertain whether these steps by the banking regulators will be sufficient to calm the financial markets and financial services industry generally and reduce the risk of deposit outflows, and particularly sudden deposit outflows, from banks. This uncertainty may drive deposit outflows, increased borrowing and funding costs, and increased competition for liquidity, any of which could have a material adverse impact on our business, financial condition and results of operations.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities – None

(b) Use of Proceeds – Not Applicable.

(c) Issuer Purchases of Securities

Stock Repurchase Program; Other Repurchases

On December 10, 2021, our Board of Directors authorized a share repurchase program to purchase up to $100.0 million of our common stock through December 9, 2022 in open market transactions or privately negotiated transactions, including pursuant to a trading plan in accordance with Rule 10b5-1 and /or Rule 10b-18 under the Exchange Act. The repurchase program permitted management to repurchase shares of our common stock from time to time at management's discretion. The repurchase program did not obligate us to purchase any particular number of shares. As part of the repurchase program, approximately 1.3 million shares (or approximately $48.2 million) were repurchased throughout 2022. As of March 31, 2023, the Company does not have an authorized share repurchase program.

The following information describes the Company's common stock repurchases for the three months ended March 31,2023:

Period	Total number of shares purchased[1]	Average price paid per share ($)	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs ($)
January 1 - January 31, 2023	1,101	36.33	—	—
February 1 - February 28, 2023	54,279	37.87	—	—
March 1 - March 31, 2023	576	35.16	—	—
Total	55,956	37.81	—	

[1] *For the three months ended March 31, 2023, 55,956 shares were withheld upon vesting of restricted shares granted to employees of the Company in order to satisfy tax withholding obligations.*

ITEM 6 – EXHIBITS

The following exhibits are filed as part of this Quarterly Report and this list includes the Exhibit Index:

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Atlantic Union Bankshares Corporation, effective May 7, 2020 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on May 7, 2020).
3.1.1	Articles of Amendment designating the 6.875% Perpetual Non-Cumulative Preferred Stock, Series A, effective June 9, 2020 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on June 9, 2020).
3.2	Amended and Restated Bylaws of Atlantic Union Bankshares Corporation, effective as of December 5, 2019 (incorporated by reference to Exhibit 3.3 to Annual Report on Form 10-K filed on February 25, 2020).
10.1	Amended and Restated Virginia Bankers Association Deferred Compensation Plan for Directors and Executives of Atlantic Union Bankshares Corporation, as restated effective January 1, 2023.
10.2	Adoption Agreement for the Restated Virginia Bankers Association Nonqualified Supplemental Deferred Compensation Plan of Atlantic Union Bankshares Corporation (for Directors and Executives), effective January 1, 2023.
10.3	Form of Performance Share Unit Agreement under Atlantic Union Bankshares Corporation Stock and Incentive Plan (for awards on or after February 23, 2023) (incorporated by reference to Exhibit 10.23 to Annual Report on Form 10-K filed on February 24, 2023).

10.4	Management Incentive Plan (incorporated by reference to Exhibit 10.11 to Annual Report on Form 10-K filed on February 24, 2023).
15.1	Letter regarding unaudited interim financial information.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer and Principal Financial and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files formatted in Inline eXtensible Business Reporting Language for the quarter ended March 31, 2023 pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income (unaudited), (iii) the Consolidated Statements of Comprehensive Income (Loss) (unaudited), (iv) the Consolidated Statements of Changes in Stockholders' Equity (unaudited), (v) the Consolidated Statements of Cash Flows (unaudited) and (vi) the Notes to Consolidated Financial Statements (unaudited).
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in Inline eXtensible Business Reporting Language (included with Exhibit 101).

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.

Atlantic Union Bankshares Corporation

(Registrant)

Date: May 4, 2023	By: /s/ John C. Asbury John C. Asbury, President and Chief Executive Officer (principal executive officer)
Date: May 4, 2023	By: /s/ Robert M. Gorman Robert M. Gorman, Executive Vice President and Chief Financial Officer (principal financial and accounting officer)

Exhibit 10.1

NONQUALIFIED

SUPPLEMENTAL DEFERRED COMPENSATION PLAN

- PLAN DOCUMENT –

This document and the accompanying adoption agreement have not been approved by the Department of Labor, Internal Revenue Service, Securities Exchange Commission, or any other governmental entity. Employers may not rely on this document or the accompanying adoption agreement to ensure any particular tax consequences with respect to the Employer's particular situation, nor do these documents constitute legal or tax advice. Pen-Cal and its employees cannot provide legal or tax advice in connection with these documents. Employers must determine the extent to which the Plan is subject to Federal or state securities laws. You should have your attorney review this document and the accompanying adoption agreement before adopting the documents. This document and the accompanying adoption agreement cannot be used in order to avoid penalties that may be imposed on the taxpayer.

NONQUALIFIED
SUPPLEMENTAL DEFERRED COMPENSATION PLAN
- PLAN DOCUMENT -

SECTION 1 INTRODUCTION

1.1 Adoption of Plan and Purpose

This Plan is an unfunded, nonqualified deferred compensation plan. With the consent of the Employer (as defined in subsection 2.16) the plan may be adopted by executing the Adoption Agreement (as defined in subsection 2.3) in the form attached hereto. The Plan contains certain variable features which the Employer has specified in the Adoption Agreement. Only those variable features specified by the Employer in the Adoption Agreement will be applicable to the Employer.

The purpose of the Plan is to provide certain supplemental benefits under the Plan to a select group of management or highly compensated Employees of the Employer (in accordance with Sections 201, 301 and 401 of ERISA), Members of the Board(s) of the Employer, or Other Service Providers to the Employer (as defined below), and to allow such Employees, Board Members or Other Service Providers the opportunity to defer a portion of their salaries, bonuses and other compensation, subject to the terms of the Plan. Participants (and their Beneficiaries) shall have only those rights to payments as set forth in the Plan and shall be considered general, unsecured creditors of the Employer with respect to any such rights. The Plan is designed to comply with Code Section 409A and all guidance issued in connection with Code Section 409A. It is intended that the Plan be interpreted according to a good faith interpretation of Code Section 409A, and consistent with published IRS guidance, including proposed and final IRS regulations under Code Section 409A. Treatment of amounts in the Plan under any transition rules provided under all IRS and other guidance in connection with Code Section 409A shall be expressly authorized hereunder in accordance with procedures developed by the Administrator. In the event of any inconsistency between the terms of the Plan and Code Section 409A (and regulations thereunder), the terms of Code Section 409A (and the regulations thereunder) shall control. The Plan is intended to constitute an account balance plan (as defined in Treasury Regulation Section 1.409A-1(c)).

By becoming a Participant and making deferrals under this Plan, each Participant agrees to be bound by the provisions of the Plan and the determinations of the Employer and the Administrator hereunder.

1.2 Adoption of the Plan

The Employer may adopt the Plan by completing and signing the Adoption Agreement in the form attached hereto.

1.3 Plan Year

The Plan is administered on the basis of a Plan Year, as defined in subsection 2.27.

1.4 Plan Administration

The plan shall be administered by a plan administrator (the "Administrator," as that term is defined in Section 3(16)(A) of ERISA) designated by the Employer in the Adoption Agreement. The

Administrator has full discretionary authority to construe and interpret the provisions of the Plan and make factual determinations thereunder, including the power to determine the rights or eligibility of employees or participants and any other persons, and the amounts of their benefits under the plan, and to remedy ambiguities, inconsistencies or omissions, and such determinations shall be binding on all parties. The Administrator from time to time may adopt such rules and regulations as may be necessary or desirable for the proper and efficient administration of the Plan and as are consistent with the terms of the Plan. The administrator may delegate all or any part of its powers, rights, and duties under the Plan to such person or persons as it may deem advisable, and may engage agents to provide certain administrative services with respect to the Plan. Any notice or document relating to the Plan which is to be filed with the Administrator may be delivered, or mailed by registered or certified mail, postage pre-paid, to the Administrator, or to any designated representative of the Administrator, in care of the Employer, at its principal office.

SECTION 2 DEFINITIONS

2.1 Account

"Account" means all notional accounts and subaccounts maintained for a Participant in order to reflect his interest under the Plan, as described in Section 6.

2.2 Administrator

"Administrator" means the individual or individuals (if any) delegated authority by the Employer to administer the Plan, as defined in subsection 1.4.

2.3 Adoption Agreement

"Adoption Agreement" shall mean the form executed by the Employer and attached hereto, which Agreement shall constitute a part of the Plan.

2.4 Beneficiary

"Beneficiary" means the person or persons to whom a deceased Participant's benefits are payable under subsection 9.5.

2.5 Board

"Board" means the Board of Directors of the Employer (if applicable), as from time to time constituted.

2.6 Board Member

"Board Member" means a member of the Board.

2.7 Bonus

"Bonus" (also referred to herein as a "Non-Performance-Based Bonus") means an award of cash that is not a Performance-Based Bonus (as defined in subsection 2.25) that is payable to an Employee (or Board Member or Other Service Provider, as applicable) in a given year, with respect to the immediately preceding Bonus performance period, which may or may not be contingent upon the achievement of specified performance goals.

2.8 Code

"Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing, or superseding such section.

2.9 Compensation

"Compensation" shall mean the amount of a Participant's remuneration from the Employer designated in the Adoption Agreement for the Plan Year (or, as determined in accordance with procedures established by the Employer, for the period during which the Participant remains an Eligible Individual). Notwithstanding the foregoing, the Compensation of an Other Service Provider (as defined in subsection 2.22) shall mean his remuneration from the Employer pursuant to an agreement to provide services to the Employer. With respect to any Participant who is a Member of the Board (if applicable), "Compensation" means all cash remuneration which, absent a deferral election under the Plan, would have otherwise been received by the Board Member in the taxable year, payable to the Board Member for service on the Board and on Board committees, including any cash payable for attendance at Board meetings and Board committee meetings, but not including any amounts constituting reimbursements of expenses to Board Members. To the extent the Employer has designated "401(k) Refunds" in the Adoption Agreement (and to the extent elected by the Participant), an amount equal to the Participant's "401(k) Refund" shall be deferred from the Participant's Compensation otherwise payable to the Participant in the next subsequent Compensation pay period (or such later pay period in the same calendar year as the Administrator determines shall be administratively feasible), and shall be credited to the Participant's Compensation Deferral Account in accordance with subsection 4.1. For purposes of this subsection, "401(k) Refund" means any amount distributed to the applicable Participant from the Employer's qualified retirement plan intended to comply with Section 401(k) of the Code that is in excess of the maximum deferral for the prior calendar year allowable under such qualified retirement plan. Notwithstanding the foregoing, the definition of compensation for purposes of determining key employees under subsection 9.3 of the Plan shall be determined solely in accordance with subsection 9.3. To the extent not otherwise designated by the Employer in a separate document forming part of the Plan, Compensation payable after December 31 of a given year solely for services performed during the Employer's final payroll period containing December 31, is treated as Compensation payable for services performed in the subsequent year in which the non-deferred portion of the payroll payment is actually made.

2.10 Compensation Deferrals

"Compensation Deferrals" means the amounts credited to a Participant's Compensation Deferral Account pursuant to the Participant's election made in accordance with subsection 4.1.

2.11 Deferral Election

"Deferral Election" means an election by a Participant to make Compensation Deferrals or Performance-Based Bonus Deferrals in accordance with Section 4.

2.12 Disability

"Disability" for purposes of this Plan shall mean the occurrence of an event as a result of which the Participant is considered disabled, as designated by the Employer in the Adoption Agreement.

2.13 Effective Date

"Effective Date" means the Effective Date of the Plan, as indicated in the Adoption Agreement.

2.14 Eligible Individual

"Eligible Individual" means each Board Member, Other Service Provider, or Employee of an Employer who satisfies the eligibility requirements set forth in the Adoption Agreement, for the period during which he is determined by the Employer to satisfy such requirements.

2.15 Employee

"Employee" means a person who is employed by an Employer and is treated and/or classified by the Employer as a common law employee for purposes of wage withholding for Federal income taxes. If a person is not considered to be an Employee of the Employer in accordance with the preceding sentence, a subsequent determination by the Employer, any governmental agency, or a court that the person is a common law employee of the Employer, even if such determination is applicable to prior years, will not have a retroactive effect for purposes of eligibility to participate in the Plan.

2.16 Employer

"Employer" means the business entity designated in the Adoption Agreement, and its successors and assigns unless otherwise herein provided, or any other corporation or business organization which, with the consent of the Employer, or its successors or assigns, assumes the Employer's obligations hereunder, and any affiliate or subsidiary of the Employer or other corporation or business organization in the Employer's "controlled group" (as defined in Subsections 414(b) and (c) of the Code and Section 1.409A-1(h) of the Treasury Regulations), that has adopted the Plan on behalf of its Eligible Individuals with the consent of the Employer.

2.17 Employer Contributions

"Employer Contributions" means the amounts other than Matching Contributions that are credited to a Participant's Employer Contributions Account under the Plan by the Employer in accordance with subsection 4.4.

2.18 ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific section of ERISA shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing, or superseding such section.

2.19 Fiscal Year Compensation

"Fiscal Year Compensation" means Compensation relating to a period of service coextensive with one or more consecutive non-calendar-year fiscal years of the Employer, where no amount of such Compensation is paid or payable during the service period. For example, a Bonus based upon a service period of two consecutive fiscal years payable after the completion of the second fiscal year would be "Fiscal Year Compensation," but periodic salary payments or Bonuses based on service periods other than the Employer's fiscal year would not be Fiscal Year Compensation.

2.20 Investment Funds

"Investment Funds" means the notional funds or other investment vehicles designated pursuant to subsection 5.1.

2.21 Matching Contributions

"Matching Contributions" means the amounts credited to a Participant's Employer Contribution Account under the Plan by the Employer that are based on the amount of Participant Deferrals made by the Participant under the Plan, or that are based upon such other formula as designated by the Employer in the Adoption Agreement, in accordance with subsection 4.3.

2.22 Other Service Providers

"Other Service Providers" shall mean independent contractors, consultants, or other similar providers of services to the Employer, other than Employees and Board Members. To the extent that an Other Service Provider is unrelated to the Employer and satisfies the other requirements of Treasury Regulation Section 1.409A-1(f)(2)(i) as described therein and in Code Section 409A and other applicable regulations, guidance, etc. thereunder, the provisions of such guidance shall not apply. To the extent that an Other Service Provider uses an accrual method of accounting for a given taxable year, amounts deferred under the Plan in such taxable year shall not be subject to Code Section 409A and other applicable guidance thereunder, notwithstanding any provision of the Plan to the contrary.

2.23 Participant

"Participant" means an Eligible Individual who meets the requirements of Section 3 and elects to make Compensation Deferrals pursuant to Section 4, or who receives Employer Contributions or Matching Contributions pursuant to subsection 4.3 or 4.4. A Participant shall cease being a Participant in accordance with subsection 3.2 herein.

2.24 Participant Deferrals

"Participant Deferrals" means all amounts deferred by a Participant under this Plan, including Participant Compensation Deferrals and Participant Performance-Based Bonus Deferrals.

2.25 Performance-Based Bonus

"Performance-Based Bonus" generally means Compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of previously established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months in which the Eligible Individual performs services, pursuant to rules described in Treasury Regulation Section 1.409A-1(e).

2.26 Performance-Based Bonus Deferrals

"Performance-Based Bonus Deferrals" means the amounts credited to a Participant's Compensation Deferral Account from the Participant's Performance-Based Bonus pursuant to the Participant's election made in accordance with subsection 4.2.

2.27 Plan Year

"Plan Year" means each 12-month period specified in the Adoption Agreement, on the basis of which the Plan is administered.

2.28 Retirement

"Retirement" for purposes of this Plan means the Participant's Termination Date, as defined in subsection 2.30, after attaining any age and/or service minimums with respect to Retirement or Early Retirement as designated by the Employer in the Adoption Agreement.

2.29 Spouse

"Spouse" means the person to whom a Participant is legally married under applicable state law at the earlier of the date of the Participant's death or the date payment of the Participant's benefits commenced and who is living on the date of the Participant's death.

2.30 Termination Date

"Termination Date" means (i) with respect to an Employee Participant, the Participant's separation from service (within the meaning of Section 409A of the Code and the regulations, notices and other guidance thereunder, including death or Disability) with the Employer, and any subsidiary or affiliate of the Employer as defined in Sections 414(b) and (c) of the Code and Section 1.409A-1(h) of the Treasury Regulations; (ii) with respect to a Board Member Participant, the Participant's resignation or removal from the Board (for any reason, including death or following Disability); and (iii) with respect to any Other Service Provider, the expiration of all agreements to provide services to the Employer (for any reason, including death or following Disability). The date that an Employee's, Board Member's, or Other Service Provider's performance of services for all the Employers is reduced to a level less than 20% of the average level of services performed in the preceding 36-month period, shall be considered a Termination Date, and the performance of services at a level of 50% or more of the average level of services performed in the preceding 36-month period shall not be considered a Termination Date, based on the parties' reasonable expectations as of the applicable date. A Participant's Termination Date shall not be deemed to have occurred if the Employee's, Board Member's or Other Service Provider's average level of service performed in the preceding 36-month period drops below 50% but not less than 20%, unless the Employer: (i) has designated in a writing forming part of the Plan that a level between 20% and 50% will be deemed to trigger a Termination Date, and (ii) such writing was in place at or prior to the date required under Code Section 409A and the regulations and other guidance thereunder. If such designation is subsequently changed, the change must comply with the rules regarding subsequent deferrals and the acceleration of payments described in Code Section 409A and the regulations, notices, rulings and other guidance thereunder. If a

Participant is both a Board Member Participant and an Employee Participant, “Termination Date” means the date the Participant satisfies both criteria (i) and (ii) above.

2.31 Valuation Date

“Valuation Date” means the last day of each Plan Year and any other date that the Employer, in its sole discretion, designates as a Valuation Date, as of which the value of an Investment Fund is adjusted for notional deferrals, contributions, distributions, gains, losses, or expenses.

2.32 Other Definitions

Other defined terms used in the Plan shall have the meanings given such terms elsewhere in the Plan.

SECTION 3 ELIGIBILITY AND PARTICIPATION

3.1 Eligibility

Each Eligible Individual on the Effective Date of the Plan shall be eligible to become a Participant by properly making a Deferral Election on a timely basis as described in Section 4, or, if applicable and eligible as designated by the Employer in the Adoption Agreement, by receiving a Matching Contribution or other Employer Contribution under the Plan. Each other Eligible Individual may become a Participant by making a Deferral Election on a timely basis as described in Section 4 or, if applicable and eligible as designated by the Employer in the Adoption Agreement, by receiving a Matching Contribution or other Employer Contribution under the Plan. Each Eligible Individual’s decision to become a Participant by making a Deferral Election shall be entirely voluntary. The Employer may require the Participant to complete any necessary forms or other information as it deems necessary or advisable prior to permitting the Eligible Individual to commence participation in the Plan.

3.2 Cessation of Participation

If a Termination Date occurs with respect to a Participant, or if a Participant otherwise ceases to be an Eligible Individual, no further Compensation Deferrals, Performance-Based Bonus Deferrals, Matching Contributions or other Employer Contributions shall be credited to the Participant’s Accounts after the Participant’s Termination Date or date the Participant ceases to be eligible (or as soon as administratively feasible after the date the Participant ceases to be eligible or, if applicable, the end of the then-current Plan Year or performance period with respect to Performance-Based Bonuses), unless he is again determined to be an Eligible Individual, but the balance credited to his Accounts shall continue to be adjusted for notional investment gains and losses under the terms of the Plan and shall be distributed to him at the time and manner set forth in Section 9. An Employee, Board Member or Other Service Provider shall cease to be a Participant after his Termination Date or other loss of eligibility as soon as his entire Account balance has been distributed.

3.3 Eligibility for Matching or Employer Contributions

An Employee Participant who has satisfied the requirements necessary to become an Eligible Individual with respect to Matching Contributions as specified in the Adoption Agreement, and who has made a Compensation Deferral election pursuant to subsection 4.1 herein or who has satisfied such other criteria as specified in the Adoption Agreement, shall be eligible to receive Matching

Contributions described in subsection 4.3. An Employee Participant who has satisfied the requirements necessary to become an Eligible Individual with respect to Employer Contributions other than Matching Contributions as specified in the Adoption Agreement, shall be eligible to receive Employer Contributions described in subsection 4.4.

SECTION 4 DEFERRALS AND CONTRIBUTIONS

4.1 Compensation Deferrals Other Than Performance-Based Bonus Deferrals

Each Plan Year, an Eligible Individual may elect to defer receipt of no less than the minimum and no greater than the maximum percentage or amount selected by the Employer in the Adoption Agreement with respect to each type of Compensation (other than Performance-Based Bonuses) earned with respect to pay periods beginning on and after the effective date of the election; provided, however, that Compensation earned prior to the date the Participant satisfies the eligibility requirements of Section 3 shall not be eligible for deferral under this Plan. Except as otherwise provided in this subsection, a Participant's Deferral Election for a Plan Year under this subsection must be made not later than December 31 of the preceding Plan Year (or such earlier date as determined by the Administrator) with respect to Compensation (other than Performance-Based Bonuses) earned in pay periods beginning on or after the following January 1 in accordance with rules established by the Administrator. An election to defer restricted stock units (RSUs) into the Plan must be made by one of the following deadlines: (i) the end of the calendar year prior to the date of grant of the RSU; (ii) 12 months before the payment date of the RSU (vesting date is treated as the payment date for these purposes), but the election will not take effect for 12 months, and the subsequent payout date must be at least five years later than the original payment date); (iii) within 30 days of the date of grant (but only if the RSU is structured so that vesting is contingent on the Participant performing services for at least an additional 12 months); or (iv) within 6 months of the payment (vesting) date, but only if the RSU is performance-based under Code Section 409A, and only if the performance period must be at least 12 months long and either: (a) the amount of the compensation cannot be reasonably ascertained at the time of the election, or (b) the performance requirement is still not substantially certain to be met at the time of the election. If the Employer allows for deferral of RSUs structured so that a specified portion of the RSU grant vests periodically (for example, an RSU grant over a four-year period vesting 25% annually), then the election to defer may be made separately with respect to each portion of the grant that vests in a given year, if permitted by the Employer. However, each election for each portion of the grant must be made either: (i) within thirty days of the date of grant or each anniversary thereof, and only if the RSU is structured so that vesting is contingent on the employee performing services for at least an additional 12 months subsequent to the election; or (ii) 12 months before the payment date of the RSU (vesting date is treated as the payment date for these purposes), but the election will not take effect for 12 months, and the subsequent payout date must be at least five years later than the previous payment date.

An Employee, Board Member or Other Service Provider who first becomes an Eligible Individual during a Plan Year (by virtue of a promotion, Compensation increase, commencement of employment with the Employer, commencement of Board service, execution of an agreement to provide services to an Employer, or any other reason) shall be provided enrollment documents (including Deferral Election forms) as soon as administratively feasible following such initial notification of eligibility. Such Eligible Individual must make his Deferral Elections within 30 days after first becoming an Eligible Individual, with respect to his Compensation (other than Performance-Based Bonuses) earned on or after the effective date of the Deferral Election (provided, however, that if such Eligible Individual is participating in any other account balance plan maintained by the

Employer or any member of the Employer's "controlled group" (as defined in subsections 414(b) and (c) of the Code), such Eligible Individual must make his Compensation Deferral Election no later than December 31 of the preceding Plan Year (or such earlier date as determined by the Administrator), or he may not elect to make Compensation Deferrals for that initial Plan Year). If an Eligible Individual does not elect to make Compensation Deferrals during that initial 30-day period, he may not later elect to make Compensation Deferrals for that year under this subsection. In the event that an Eligible Individual first becomes eligible during a Plan Year with respect to which Fiscal Year Compensation is payable, such Eligible Individual must make his Fiscal Year Compensation Deferral Election on or before the end of the fiscal year of the Employer immediately preceding the first fiscal year in which any services are performed for which the Fiscal Year Compensation is payable.

In the case of an Employee, Board Member or Other Service Provider who is rehired (or who recommences Board Service or recommences providing services to an Employer as an Other Service Provider) after having previously been an Eligible Individual, the phrase "first becomes an Eligible Individual" in the first sentence of the preceding paragraph shall be interpreted to apply only where the Eligible Individual either (i) previously received payment of his total Account balances under the Plan, or (ii) did not previously receive payment of his total Account balances under the Plan, but is rehired (or recommences Board Service or recommences providing services to an Employer as an Other Service Provider) at least 24 months after his last day as a previously Eligible Individual prior to again becoming such an Eligible Individual. In all other cases such rehired Employee, Board Member or Other Service Provider may not elect to make Compensation Deferrals until the next date determined by the Administrator with respect to Compensation earned after the following January 1. Similarly, in the case of an Employee who recommences status as an Eligible Individual for any other reason after having previously lost his status as an Eligible Individual (due to Compensation fluctuations, transfer from an ineligible location or job classification, or otherwise), the phrase "first becomes an Eligible Individual" shall be interpreted to apply only where the Eligible Individual either: (i) previously received payment of his total Account balances under the Plan, or (ii) did not previously receive payment of his total Account balances under the Plan, but regains his status as an Eligible Individual at least 24 months after his last day as a previously Eligible Individual prior to again becoming such an Eligible Individual. In all other cases such Re-Eligible Participant may not elect to make Compensation Deferrals until the next date determined by the Administrator with respect to Compensation earned after the following January 1.

An election to make Compensation Deferrals under this subsection 4.1 shall remain in effect through the last pay period commencing in the calendar year to which the election applies (except as provided in subsections 2.9 or 4.5), shall apply with respect to the applicable type of Compensation (other than Performance-Based Bonuses) to which the Deferral Election relates earned for pay periods commencing in the applicable calendar year to which the election applies, and shall be irrevocable (provided, however, that a Participant making a Deferral Election under this subsection may change his election at any time prior to December 31 of the year preceding the year for which the Deferral Election is applicable, subject to rules established by the Administrator). If a Participant fails to make a Compensation Deferral election for a given Plan Year, such Participant's Compensation Deferral Election for that Plan Year shall be deemed to be zero; provided, however, that if the Employer has elected in the Adoption Agreement that a Participant's Compensation Deferral Election shall be "evergreen", then such Participant's Compensation Deferral Election shall be deemed to be identical to the most recent applicable Deferral Election on file with the Administrator with respect to the applicable type of Compensation; provided, however, that no In-Service Distribution shall be applicable to any amounts deferred in a year in which the Participant fails to make an affirmative election, and payment of such amounts for such year shall be made in accordance with his most recent election on file with the Administrator (if no election is on file, then such amounts shall be paid to him in a single lump sum).

Compensation Deferrals shall be credited to the Participant's Compensation Deferral Account as soon as administratively feasible after such amounts would have been payable to the Participant.

4.2 Performance-Based Bonus Deferrals

Each Plan Year, an Eligible Individual may elect to defer receipt of no less than the minimum and no greater than the maximum percentage or amount selected by the Employer in the Adoption Agreement with respect to Performance-Based Bonuses earned with respect to the performance period for which the Performance-Based Bonus is earned; provided, however, that the Eligible Individual performed services continuously from a date no later than the date upon which the performance criteria are established through a date no earlier than the date upon which the Eligible Individual makes a Performance-Based Bonus Deferral Election; and further provided that in no event may an election to defer Performance-Based Bonuses be made after such Bonuses have become readily ascertainable. Except as otherwise provided in this subsection, a Participant's Performance-Based Bonus Deferral Election under this subsection must be made not later than six months (or such earlier date as determined by the Administrator) prior to the end of the performance period.

An Employee, Board Member or Other Service Provider who first becomes an Eligible Individual during a Plan Year (by virtue of a promotion, Compensation increase, commencement of employment with the Employer, commencement of Board service, execution of an agreement to provide services to an Employer, or any other reason) shall be provided enrollment documents (including Deferral Election forms) as soon as administratively feasible following such initial notification of eligibility. Such Eligible Individual must make his Performance-Based Bonus Deferral Election within 30 days after first becoming an Eligible Individual (provided, however, that if such Eligible Individual is participating in any other account balance plan maintained by the Employer or any member of the Employer's "controlled group" (as defined in subsections 414(b) and (c) of the Code), such Eligible Individual must perform services continuously from a date no later than the date the performance criteria are established, and must make his Performance-Based Bonus Deferral Election no later than six months (or such earlier date as determined by the Administrator) prior to the end of the performance period, and at a time when the Performance-Based Bonus is not readily ascertainable, or he may not elect to make Performance-Based Bonus Deferrals for such initial Plan Year. In the case of a Deferral Election in the first year of eligibility that is made after the beginning of the Performance-Based Bonus performance period, the Deferral Election will apply to the portion of the Performance-Based Bonus equal to the total amount of the Performance-Based Bonus for the performance period multiplied by the ratio of the number of days remaining in the performance period after the effective date of the Deferral Election over the total number of days in the Performance Period. If an Eligible Individual does not elect to make a Performance-Based Bonus Deferral during that initial 30-day period, he may not later elect to make a Performance-Based Bonus Deferral for that performance period under this subsection. Rules relating to the timing of elections to make a Performance-Based Bonus Deferral with respect to an Employee, Board Member or Other Service Provider who becomes an Eligible Individual (due to rehire or other similar event) after having previously been an Eligible Individual shall be applied in a manner similar to rules described applicable to rehired and other Re-Eligible Participants in subsection 4.1 above.

An election to make Performance-Based Bonus Deferrals under this subsection 4.2 shall remain in effect through the end of the performance period to which the election applies (except as provided in subsection 4.5), and shall be irrevocable (provided, however, that a Participant making a Performance-Based Bonus Deferral Election under this subsection with respect to a Performance-Based Bonus that is not yet readily ascertainable, may change his election at any time prior to the first day of the six-month period ending on the last day of the performance period for which the Performance-Based Bonus Deferral Election is applicable, subject to rules established by the Administrator). If a Participant fails to make a Performance-Based Bonus Deferral Election for a given performance period, such Participant's Performance-Based Bonus Deferral Election for that performance period shall be deemed to be zero; provided, however, that if the Employer has elected in the Adoption Agreement that a Participant's Performance-Based Deferral Election shall be "evergreen", then such Participant's Performance-Based Bonus Deferral Election shall be deemed to be identical to the most recent applicable Performance-Based Bonus Deferral Election on file with the Administrator; provided, however, that no InService Distribution shall be applicable to any amounts deferred in a year in which the Participant fails to make an affirmative election, and payment of such amounts for such year shall be made in accordance with his most recent election on file with the Administrator (if no election is on file, then such amounts shall be paid to him in a single lump sum).

Performance-Based Bonus Deferrals shall be credited to the Participant's Compensation Deferral Account as soon as administratively feasible after such amounts would have been payable to the Participant.

4.3 Matching Contributions

Matching Contributions shall be determined in accordance with the formula specified in the Adoption Agreement, and shall be credited to the Employer Contribution Accounts of Participants who have satisfied the eligibility requirements for Matching Contributions specified in the Adoption Agreement. Matching Contributions under this Plan shall be credited to such Participants' Employer Contribution Accounts as soon as administratively feasible after the Applicable Period selected in the Adoption Agreement, but only with respect to Participants eligible to receive such Matching Contributions as described in the Adoption Agreement.

4.4 Other Employer Contributions

Employer Contributions other than Matching Contributions shall be discretionary from year to year, and shall be credited to the Employer Contribution Accounts of Participants who have satisfied the eligibility requirements for Employer Contributions, all as determined by the Employer and documented in writing, and such writings will form part of the Plan, as specified in the Adoption Agreement. Employer Contributions under this Plan shall be credited to such Participants' Employer Contributions Accounts as soon as administratively feasible.

4.5 No Election Changes During Plan Year

A Participant shall not be permitted to change or revoke his Deferral Elections (except as otherwise described in subsections 4.1 and 4.2), except that, if a Participant's status changes such that he becomes ineligible for the Plan, the Participant's Deferrals under the Plan shall cease as described in subsection 3.2. Notwithstanding the foregoing, in the event the Employer maintains a qualified plan designed to comply with the requirements of Code Section 401(k) that requires the cessation of all deferrals in the event of a hardship withdrawal under such plan, the Participant's Deferrals under this Plan shall cease as soon as administratively feasible upon notification to the Administrator that the participant has taken such a hardship withdrawal. Notwithstanding the foregoing, if the Employer has elected in the Adoption Agreement to permit Unforeseeable Emergency Withdrawals pursuant to subsection 9.8, the Participant's Deferrals under this Plan shall cease as soon as administratively feasible upon approval by the Administrator of a Participant's properly submitted request for an Unforeseeable Emergency Withdrawal under subsection 9.8.

4.6 Crediting of Deferrals

The amount of deferrals pursuant to subsections 4.1 and 4.2 shall be credited to the Participant's Accounts as of a date determined to be administratively feasible by the Administrator.

4.7 Reduction of Deferrals or Contributions

Any Participant Deferrals or Employer Contributions to be credited to a Participant's Account under this Section may be reduced by an amount equal to the Federal or state, local or foreign income, payroll, or other taxes required to be withheld on such deferrals or contributions or to satisfy any necessary contributions under an employee welfare benefit plan described under Section 125 of the Code. A Participant shall be entitled only to the net amount of such deferral or contribution (as adjusted from time to time pursuant to the terms of the Plan). The Administrator may notify a Participant of limitations on his Deferral Election if, as a result of any election, a Participant's Compensation from the Employer would be insufficient to cover taxes, withholding, and other required deductions applicable to the Participant.

SECTION 5 NOTIONAL INVESTMENTS

5.1 Investment Funds

The Employer may designate, in its discretion, one or more Investment Funds for the notional investment of Participants' Accounts. The Employer, in its discretion, may from time to time establish new Investment Funds or eliminate existing Investment Funds. The Investment Funds are for recordkeeping purposes only and do not allow Participants to direct any Employer assets (including, if applicable, the assets of any trust related to the Plan). Each Participant's Accounts shall be adjusted pursuant to the Participant's notional investment elections made in accordance with this Section 5, except as otherwise determined by the Employer or Administrator in their sole discretion.

5.2 Investment Fund Elections

The Employer shall have full discretion in the direction of notional investments of Participants' Accounts under the Plan; provided, however, that if the Employer so elects in the Adoption Agreement, each Participant may elect from among the Investment Funds for the notional investment of such of his Accounts as are permitted under the Adoption Agreement from time to time in accordance with procedures established by the Employer. The Administrator, in its discretion, may adopt (and may modify from time to time) such rules and procedures as it deems necessary or appropriate to implement the notional investment of the Participant's Accounts. Such procedures may differ among Participants or classes of Participants, as determined by the Employer or the Administrator in its discretion. The Employer or Administrator may limit, delay or restrict the notional investment of certain Participants' Accounts, or restrict allocation or reallocation into specified notional investment options, in accordance with rules established in order to comply with Employer policy and applicable law, to minimize regulated filings and disclosures, or under any other circumstances in the discretion of the Employer. Any deferred amounts subject to a Participant's investment election that must be so limited, delayed or restricted under such circumstances may be notionally invested in an Investment Fund designated by the Administrator, or may be credited with earnings at a rate determined by the Administrator, which rate may be zero. A Participant's notional investment election shall remain in effect until later changed in accordance with the rules of the Administrator. If a Participant does not make a notional investment election, all deferrals by the Participant and contributions on his behalf will be deemed to be notionally invested in the Investment Fund designated by the Employer for such purpose, or, at the Employer's election, may remain uninvested until such time as the Administrator receives proper direction, or may be credited with earnings at a rate determined by the Administrator or Employer, which rate may be zero.

5.3 Investment Fund Transfers

A Participant may elect that all or a part of his notional interest in an Investment Fund shall be transferred to one or more of the other Investment Funds. A Participant may make such notional Investment Fund transfers in accordance with rules established from time to time by the Employer or the Administrator, and in accordance with subsection 5.2.

SECTION 6 ACCOUNTING

6.1 Individual Accounts

Bookkeeping Accounts shall be maintained under the Plan in the name of each Participant, as applicable, along with any subaccounts under such Accounts deemed necessary or advisable from time to time, including a subaccount for each Plan Year that a Participant's Deferral Election is in effect. Each such subaccount shall reflect (i) the amount of the Participant's Deferral during that year, any Matching Contributions or Employer Contributions credited during that year, and the notional gains, losses, expenses, appreciation and depreciation attributable thereto.

Rules and procedures may be established relating to the maintenance, adjustment, and liquidation of Participants' Accounts, the crediting of deferrals and contributions and the notional gains, losses, expenses, appreciation, and depreciation attributable thereto, as are considered necessary or advisable.

6.2 Adjustment of Accounts

Pursuant to rules established by the Employer, Participants' Accounts will be adjusted on each Valuation Date, except as provided in Section 9, to reflect the notional value of the various Investment Funds as of such date, including adjustments to reflect any deferrals and contributions, notional transfers between Investment Funds, and notional gains, losses, expenses, appreciation, or depreciation with respect to such Accounts since the previous Valuation Date. The "value" of an Investment Fund at any Valuation Date may be based on the fair market value of the Investment Fund, as determined by the Administrator in its sole discretion.

6.3 Accounting Methods

The accounting methods or formulae to be used under the Plan for purposes of monitoring Participants' Accounts, including the calculation and crediting of notional gains, losses, expenses, appreciation, or depreciation, shall be determined by the Administrator in its sole discretion. The accounting methods or formulae selected by the Administrator may be revised from time to time.

6.4 Statement of Account

At such times and in such manner as determined by the Administrator, but at least annually, each Participant will be furnished with a statement reflecting the condition of his Accounts.

SECTION 7 VESTING

A Participant shall be fully vested at all times in his Compensation Deferral Account (if applicable). A Participant shall be vested in his Matching Contributions and/or Employer Contributions (if applicable), in accordance with the vesting schedule elected by the Employer under the Adoption Agreement. Vesting Years of Service shall be determined in accordance with the election made by the Employer in the Adoption Agreement. Amounts in a Participant's Accounts that are not vested upon the Participant's Termination Date ("forfeitures") may be used to reinstate amounts previously forfeited by other Participants who are subsequently rehired, or may be returned to the Employer, in the discretion of the Employer or the Administrator.

If a Participant has a Termination Date with the Employer as a result of the Participant's Misconduct (as defined by the Employer in the Adoption Agreement), or if the Participant engages in Competition with the Employer (as defined by the Employer in the Adoption Agreement), and the Employer has so elected in the Adoption Agreement, the Participant shall forfeit all amounts allocated to his or her Matching Contribution Account and/or Employer Contribution Accounts (if applicable). Such forfeitures shall be returned to the Employer.

Neither the Administrator nor the Employer in any way guarantee the Participant's Account balance from loss or depreciation. Notwithstanding any provision of the Plan to the contrary, the Participant's Account balance is subject to Section 8.

Vesting Years of Service in the event of the rehire of a Participant shall be reinstated, and amounts previously forfeited by such Participants may be reinstated from forfeitures made by other Participants, or may be reinstated by the Employer.

SECTION 8 FUNDING

No Participant or other person shall acquire by reason of the Plan any right in or title to any assets, funds, or property of the Employer whatsoever, including, without limiting the generality of the foregoing, any specific funds, assets, or other property of the Employer. Benefits under the Plan are unfunded and unsecured. A Participant shall have only an unfunded, unsecured right to the amounts, if any, payable hereunder to that Participant. The Employer's obligations under this Plan are not secured or funded in any manner, even if the Employer elects to establish a trust with respect to the Plan. Even though benefits provided under the Plan are not funded, the Employer may establish a trust to assist in the payment of benefits. All investments under this Plan are notional and do not obligate the Employer (or its delegates) to invest the assets of the Employer or of any such trust in a similar manner.

SECTION 9 DISTRIBUTION OF ACCOUNTS

9.1 Distribution of Accounts

With respect to any Participant who has a Termination Date that precedes his Retirement date, an amount equal to the Participant's vested Account balances shall be distributed to the Participant (or, in the case of the Participant's death, to the Participant's Beneficiary), in the form of a single lump sum payment, or, if subsection 9.2 applies, in the form of installment payments as designated by the Employer in the Adoption Agreement. Subject to subsection 9.3 hereof, distribution of a Participant's Accounts shall be made or begin within the 90-day period following the Participant's Termination Date (provided, however, that if calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant, the payment will be made as soon as administratively practicable for the Administrator to make such payment). Notwithstanding any provision of the Plan to the contrary, for purposes of this subsection, a Participant's Accounts shall be valued as of a Valuation Date as soon as administratively feasible preceding the date such distribution is made, in accordance with rules established by the Administrator. A Participant's Accounts may be offset by any amounts owed by the Participant to the Employer, but such offset shall not occur in excess of or prior to the date distribution of the amount would otherwise be made to the Participant.

Notwithstanding the foregoing, to the extent designated by the Employer in the Adoption Agreement, a Participant may elect, in accordance with this subsection, a distribution date for his Compensation Deferral Accounts and/or his Employer Contributions and Matching Contributions Accounts that is prior to his Termination Date (an "In-Service Distribution"). A Participant's election of an In-Service Distribution date must: (i) be made at the time of his Deferral Election for a Plan Year; and (ii) apply only to amounts deferred pursuant to that election, and any earnings, gains, losses, appreciation, and depreciation credited thereto or debited therefrom with respect to such amounts. To the extent permitted by the Employer, a Participant may elect an In-Service Distribution date with respect to Performance-Based Bonus Deferrals that is separate from an In-Service Distribution date with respect to Compensation Deferrals other than Performance-Based Bonus Deferrals for the same year, provided that the applicable In-Service Distribution date may not be earlier than the number of years designated by the Employer in the Adoption Agreement following the year in which the applicable Compensation would have been paid absent the deferral, or as further determined or limited in accordance with rules established by the Administrator. Payments made pursuant to an InService Distribution election shall be made in a lump sum (or, if elected by the Employer in the Adoption Agreement, any applicable other form of payment to the extent permitted by the Employer and elected by the Participant in accordance with the terms of the Plan). Each such payment shall be made as soon as administratively feasible following January 1 of the calendar year in which the payment was elected to be made, but in no event later than the end of the calendar year in which the payment was elected to be made (provided, however, that if calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant, the payment will be made as soon as administratively practicable for the Administrator to make such payment). For purposes of such payment, the value of the Participant's Accounts for the applicable Plan Year shall be determined as of a Valuation Date preceding the date that such distribution is made, in accordance with rules established by the Administrator. In the event a Participant's Termination Date occurs (or, if elected by the Employer in the Adoption Agreement, in the event a Change in Control of the Employer occurs) prior to the date the Participant had previously elected to have an In-Service Distribution payment made to him, such amount shall be paid to the Participant under the rules applicable for payment on Termination of Employment in accordance with this subsection 9.1 and subsection 9.2. Participants must make an affirmative election with respect to payment of their In-Service Distributions, and no default or evergreen election shall be allowed with respect to In-Service Distributions.

To the extent elected by the Employer in the Adoption Agreement, Participants whose Termination Date has not yet occurred may elect to defer payment of any In-Service Distribution, provided that such election is made in accordance with procedures established by the Administrator, and further provided that any such election must be made no later than 12 calendar months prior to the previously elected In-Service Distribution Date (which for these purposes shall be January 1 of the calendar year in which the payment was elected to be made). Participants may elect any deferred payment date, but such date must be no fewer than five years from the previously elected In-Service Distribution Date (which for these purposes shall be January 1 of the calendar year in which the payment was elected to be made).

9.2 Installment Distributions

To the extent elected by the Employer in the Adoption Agreement, a Participant may elect to receive payments from his Accounts in the form of a single lump sum, as described in Section 9.1, or in annual installments over a period elected by the Employer in the Adoption Agreement. To the extent a Participant fails to make an election, the Participant shall be deemed to have elected to receive his distribution for that Plan Year in the form of a single lump sum. To the extent elected by the Employer in the Adoption Agreement, a Participant may make a separate election with respect to his Performance-Based Bonus Deferrals for each year (as adjusted for gains and losses thereon) that provides for a different method of distribution from the method of distribution he elects with respect to his Compensation Deferrals (as adjusted for gains and losses thereon) for that year. The Participant's Employer Contributions Account attributable to such year, if any (as adjusted for gains and losses thereon), shall be distributed in the same manner as his Compensation Deferral Account for such year (or in a lump sum upon his Termination Date if no election has been made).

(a) Installment Elections. A Participant will be required to make his distribution election prior to the commencement of each calendar year (or, in the event of an election with respect to Performance-Based Bonuses, prior to six months before the end of the applicable performance period), or such earlier date as determined by the Administrator.

(b) Installment Payments. The first installment payment shall generally be within the 90-day period following the Participant's Termination Date (provided, however, that if calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant, the payment will be made as soon as administratively practicable for the Administrator to make such payment). Succeeding payments shall generally be made by January 1 of each succeeding calendar year, but in no event later than the end of each succeeding calendar year (provided, however, that if calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant, the payment will be made as soon as administratively practicable for the Administrator to make such payment). The amount to be distributed in each installment payment shall be determined by dividing the value of the Participant's Accounts being paid in installments as of a Valuation Date preceding the date of each distribution by the number of installment payments remaining to be made, in accordance with rules established by the Administrator. In the event of the death of the Participant prior to the full payment of his Accounts being paid in installments, payments will continue to be made to his Beneficiary in the same manner and at the same time as would have been payable to the Participant.

To the extent elected by the Employer in the Adoption Agreement, Participants who have elected payment in installments may make a subsequent election to elect payment of that amount in the form of a lump sum, if payment of installments with respect to that year's deferrals has not yet commenced. Such election must be made in accordance with procedures established by the Administrator, and any such election must be made no later than 12 calendar months prior to the originally elected payment date of the first installment. The new payment date for the installment with respect to which such election is made must be deferred to the later of: (i) five years from the date such payment would otherwise have been made, or (ii) the last payment date of the last installment with respect to that year's deferrals. To the extent elected by the Employer in the Adoption Agreement, Participants who have elected payment in installments may make a subsequent election to change the number of such installment payments so long as no acceleration of distribution payments occurs (but no fewer than the minimum number, and not to exceed the maximum number of installments elected by the Employer in the Adoption Agreement), if payment of installments with respect to that year's Deferral Elections has not yet commenced. Such election must be made in accordance with procedures established by the Administrator, and any such election must be made no later than 12 calendar months prior to the originally elected payment date of the first installment. The new payment date for any installment with respect to which such election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been made. In the event payment has been elected by the Participant in the form of installments (to the extent elected by the Employer in the Adoption Agreement), each installment payment shall be considered a separately identifiable payment. In the event payment has been elected by the Participant in the form of a lump sum (or in the event payment shall be made to the Participant in the form of a lump sum under the terms of the Plan in the absence of or in lieu of the Participant's election), then the lump sum form shall be deemed to be a separately identifiable form of payment, and the Participant may make a subsequent deferral election to elect payment of that amount in the form of installments (to the extent elected by the Employer in the Adoption Agreement) in accordance with the procedures described above for changing installment payment elections. Participants will be permitted to make such a change only once with respect to any year's Deferral Elections.

9.3 Key Employees

Notwithstanding anything herein to the contrary, and subject to Code Section 409A, except in the case of the Participant's death, payment under the Plan shall not be made or commence as a result of the Participant's Termination Date to any Participant who is a key employee (defined below) before the date that is not less than six months after the Participant's Termination Date. For this purpose, a key employee includes a "specified employee" (as defined in Treasury Regulation Section 1.409A-1(i)) during the entire 12-month period determined by the Administrator ending with the annual date upon which key employees are identified by the Administrator, and also including any Employee identified by the Administrator in good faith with respect to any distribution as belonging to the group of identified key employees, to a maximum of 200 such key employees, regardless of whether such Employee is subsequently determined by the Employer, any governmental agency, or a court not to be a key employee. In the event amounts are payable to a key employee in installments in accordance with subsection 9.2, the first installment shall be delayed by six months, with all other installment payments payable as originally scheduled. To the extent not otherwise designated by the Employer in a separate document forming a part of the Plan applicable to all its nonqualified deferred compensation plans, the identification date for determining the Employer's key employees is each December 31 (and the new key employee list is updated and effective each subsequent April 1). To the extent not otherwise designated by the Employer in a separate document forming a part of the Plan, the definition of compensation used to determine key employee status shall be determined under Treasury Regulation Section 1.415(c)-2(a). This subsection 9.3 is applicable only with respect to Employers whose stock is publicly traded on an "established securities market" (as defined in Treasury Regulation Section 1.409A-1(k)), and is not applicable to privately held Employers unless and until such Employers become publicly traded as defined in the Treasury regulations.

9.4 Mandatory Cash-Outs of Small Amounts

If the value of a Participant's total Accounts at his Termination Date (or his death or other applicable distribution date), or at any time thereafter, together with the value of the Participant's accounts under any other account balance plan maintained by the Employer or any member of the Employer's controlled group (as defined in subsections 414(b) and (c) of the Code) is equal to or less than such amount as stated in the Adoption Agreement (which amount shall not exceed the limit described in Section 402(g) of the Code from time to time), the Accounts will be paid to the Participant (or, in the event of his death, his Beneficiary) in a single lump sum, notwithstanding any election by the Participant otherwise. Payments made under this subsection 9.4 on account of the Participant's Termination Date shall be made within the 90-day period following the Participant's Termination Date (provided, however, that if calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant, the payment will be made as soon as administratively practicable for the Administrator to make such payment).

9.5 Designation of Beneficiary

Each Participant from time to time may designate any individual, trust, charity or other person or persons to whom the value of the Participant's Accounts (plus any applicable Survivor Benefit, if elected by the Employer in the Adoption Agreement) will be paid in the event the Participant dies before receiving the value of all of his Accounts. A Beneficiary designation must be made in the manner required by the Administrator for this purpose. Primary and secondary Beneficiaries are permitted. A married participant designating a Beneficiary other than his Spouse must obtain the consent of his Spouse to such designation (in accordance with rules determined by the Administrator). Payments to the Participant's Beneficiary(ies) shall be made in accordance with subsection 9.1, 9.2 or 9.4, as applicable, after the Administrator has received proper notification of the Participant's death.

A Beneficiary designation will be effective only when the Beneficiary designation is filed with the Administrator while the Participant is alive, and a subsequent Beneficiary designation will cancel all of the Participant's Beneficiary designations previously filed with the Administrator. Any designation or revocation of a Beneficiary shall be effective as only if it is received by the Administrator. Once received, such designation shall be effective as of the date the designation was executed, but without prejudice to the Administrator on account of any payment made before the change is recorded by the Administrator. If a Beneficiary dies before payment of the Participant's Accounts have been made, the Participant's Accounts shall be distributed in accordance with the Participant's Beneficiary designation and pursuant to rules established by the Administrator. If a deceased Participant failed to designate a Beneficiary, or if the designated Beneficiary predeceases the Participant, the value of the Participant's Accounts shall be payable to the Participant's Spouse or, if there is none, to the Participant's estate, or in accordance with such other equitable procedures as determined by the Administrator.

9.6 Reemployment

If a former Participant is rehired by an Employer, or any affiliate or subsidiary of the Employer described in Section 414(b) and (c) of the Code and Treasury Regulation Section 1.409A-1(h), regardless of whether he is rehired as an Eligible Individual (with respect to an Employee Participant), or a former Participant returns to service as a Board member, any payments being made to such Participant hereunder by virtue of his previous Termination Date shall continue to be made to him without regard to such rehire. If a former Participant is rehired by the Employer (with respect to an

Employee Participant) or returns to service as a Board member, and in either case any payments to be made to the Participant by virtue of his previous Termination Date have not been made or commenced, any payments being made to such Participant hereunder by virtue of his previous Termination Date shall continue to be made to him without regard to such rehire or return to service. See subsections 4.1 and 4.2 of the Plan for special rules applicable to deferral elections for rehired or Re-Eligible Participants.

9.7 Special Distribution Rules

Except as otherwise provided herein and in Section 12, Account balances of Participants in this Plan shall not be distributed earlier than the applicable date or dates described in this Section 9. Notwithstanding the foregoing, in the case of payments: (i) the deduction for which would be limited or eliminated by the application of Section 162(m) of the Code; (ii) that would violate securities or other applicable laws; or (iii) that would jeopardize the ability of the Employer to continue as a going concern in accordance with Code Section 409A and the regulations thereunder, deferral of such payments on a reasonably consistent basis for similarly situated Participants may be made by the Employer at the Employer's discretion. In the case of a payment described in (i) above, the payment must be deferred either to a date in the first year in which the Employer or Administrator reasonably anticipates that a payment of such amount would not result in a limitation of a deduction with respect to the payment of such amount under Section 162(m), or the year in which the Participant's Termination Date occurs. In the case of a payment described in (ii) or (iii) above, payment will be made at the earliest date in the first taxable year of the Employer in which the Employer or Administrator reasonably anticipates that the payment would not jeopardize the ability of the Employer to continue as a going concern in accordance with Code Section 409A and the regulations thereunder, or the payment would not result in a violation of securities or other applicable laws. Payments intended to pay employment taxes or payments made as a result of income inclusion of an amount in a Participant's Accounts as a result of a failure to satisfy Section 409A of the Code shall be permitted at the Employer or Administrator's discretion at any time and to the extent provided in Treasury Regulations under Section 409A of the Code and IRS Notice 2005-1, Q&A-15, and any applicable subsequent guidance. "Employment taxes" shall include Federal Insurance Contributions Act (FICA) tax imposed under Sections 3101, 3121(a) and 3121(v)(2) of the Code on compensation deferred under the Plan (the "FICA Amount"), the income tax imposed under Section 3401 of the Code or corresponding provisions of applicable state, local or foreign tax laws on the FICA Amount, and to pay the additional income tax under Section 3401 of the Code or corresponding provisions of applicable state, local or foreign tax laws attributable to the pyramiding Section 3401 wages and taxes. A distribution may be accelerated as may be necessary to comply with certain conflict of interest rules in accordance with Treasury Regulation Section 1.409A-3(j)(4)(iii). With respect to a subchapter S corporation, a distribution may be accelerated to avoid a nonallocation year under Code Section 409(p) in the discretion of the Employer or Administrator, provided that the amount distributed does not exceed 125 percent of the minimum amount of distribution necessary to avoid the occurrence of a nonallocation year, in accordance with Treasury Regulation Section 1.409A-3(j)(4)(x).

9.8 Distribution on Account of Unforeseeable Emergency

If elected by the Employer in the Adoption Agreement, if a Participant or Beneficiary incurs a severe financial hardship of the type described below, he may request an Unforeseeable Emergency Withdrawal, provided that the withdrawal is necessary in light of severe financial needs of the Participant. To the extent elected by the Employer in the Adoption Agreement, the ability to apply for an Unforeseeable Emergency Withdrawal may be restricted to Participants whose Termination Date has not yet occurred. Such a withdrawal shall not exceed the amount required (including anticipated taxes on the withdrawal) to meet the severe financial need and not reasonably available from other resources of the Participant (including reimbursement or compensation by insurance, cessation of deferrals under this Plan for the remainder of the Plan Year, and liquidation of the Participant's assets, to the extent liquidation itself would not cause severe financial hardship; provided, however, that the Participant is not required to take into account for these purposes any available distribution or loan from a qualified plan or another nonqualified deferred compensation plan). Each such withdrawal election shall be made at such time and in such manner as the Administrator shall determine, and shall be effective in accordance with such rules as the Administrator shall establish and publish from time to time. Severe financial needs are limited to amounts necessary for:

(a) A sudden unexpected illness or accident incurred by the Participant, his Spouse, Beneficiary under the Plan, or dependents (as defined in Code Section 152(a)).

(b) Uninsured casualty loss pertaining to property owned by the Participant.

(c) Other similar extraordinary and unforeseeable circumstances involving an uninsured loss arising from an event outside the control of the Participant.

Withdrawals of amounts under this subsection shall be paid to the Participant in a lump sum as soon as administratively feasible following receipt of the appropriate forms and information required by and acceptable to the Administrator.

9.9 Distribution Upon Change in Control

In the event of the occurrence of a Change in Control of the Employer or a member of the Employer's controlled group (as designated by the Employer in the Adoption Agreement) to the extent permitted under Section 409A of the Code and the regulations and other guidance thereunder, distributions shall be made to Participants to the extent elected by the Employer in the Adoption Agreement, in the form elected by the Participants as if a Termination Date had occurred with respect to each Participant, or as otherwise specified by the Employer in the Adoption Agreement. The Change in Control shall relate to: (i) the corporation for whom the Participant is performing services at the time of the Change in Control event; (ii) the corporation that is liable for the payment from the Plan to the Participant (or all corporations so liable if more than one corporation is liable); (iii) a corporation that is a majority shareholder of a corporation described in (i) or (ii) above; or (iv) any corporation in a chain of corporations in which each such corporation is a majority shareholder of another corporation in the chain, ending in a corporation described in (i) or (ii) above, as elected by the Employer in the Adoption Agreement. A "majority shareholder" for these purposes is a shareholder owning more than 50% of the total fair market value and total voting power of such corporation. Attribution rules described in section 318(a) of the Code apply to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option. Notwithstanding the foregoing, if a vested option is exercisable for stock that is not substantially vested (as defined in section 1.83-3(b) and (j) of the Code), the stock underlying the option is not treated as owned by the individual who holds the option. If plan payments are made on account of a Change in Control and are calculated by reference to the value of the Employer's stock, such payments shall be completed not later than 5 years after the Change in Control event. To the extent designated by the Employer in the Adoption Agreement, the Change in Control shall occur upon the date that: (v) a person or "Group" (as defined in Treasury Regulation Sections 1.409A-3(i)(5)(v)(B) and (vi)(D)) acquires more than 50% of the total fair market value or voting power of stock of the corporation designated in (i) through

(iv) above; (vi) a person or Group acquires ownership ("effective control") of stock of the corporation with at least 30% of the total voting power of the corporation designated in (i) through (iv) above and as further limited by Treasury Regulation Section 1.409A-3(i)(5)(vi)); (vii) a majority of the board of directors of any corporation designated in (i) through (iv) above in which no other corporation is a majority shareholder is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the board as constituted prior to the appointment or election; or (viii) a person or Group acquires assets from the corporation designated in (i) through (iv) above having a total fair market value of at least 40% of the value of all assets of the corporation immediately prior to such acquisition; as designated by the Employer in the Adoption Agreement. For purposes of (vi) above, if any one person, or more than one person acting as a Group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of a corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the corporation (or to cause a change in the effective control of the corporation under (vi) above). An increase in the percentage of stock owned by any one person, or persons acting as a Group, as a result of a transaction in which the corporation acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection. For purposes of (v) through (viii) above, a Change in Control shall be further limited in accordance with Treasury Regulation Sections 1.409A-3(i)(5)(v), (vi) and (vii). Distributions under this subsection shall be made as soon as administratively feasible following such Change in Control.

9.10 Supplemental Survivor Death Benefit

A supplemental survivor death benefit shall be paid to the Beneficiary of an eligible Participant who has satisfied the following criteria prior to his death:

(a) The Participant is eligible to participate in the Plan and, at the time of his death, had a current Account balance (regardless of whether or not the Participant actually was making Compensation Deferrals at the time of his death);

(b) The Participant was an active Employee with the Employer at the time of his death;

(c) The Participant completed and submitted an insurance application to the Administrator; and

(d) The Employer subsequently purchased an insurance policy on the life of the Participant, with a death benefit payable, which policy is in effect at the time of the Participant's death.

Notwithstanding any provision of this Plan or any other document to the contrary, the supplemental survivor death benefit payable pursuant to this Subsection 9.10 shall be paid only if an insurance policy has been issued on the Participant's life and such policy is in force at the time of the Participant's death and the Employer shall have no obligation with respect to the payment of the supplemental survivor death benefit, or to maintain an insurance policy for any Participants.

SECTION 10 GENERAL PROVISIONS

10.1 Interests Not Transferable

The interests of persons entitled to benefits under the Plan are not subject to their debts or other obligations and, except as may be required by the tax withholding provisions of the Code or any state's income tax act, may not be voluntarily or involuntarily sold, transferred, alienated, assigned, or encumbered; provided, however, that a Participant's interest in the Plan may be transferable pursuant to a qualified domestic relations order, as defined in Section 414(p) of the Code to the extent designated by the Employer in the Adoption Agreement.

10.2 Employment Rights

The Plan does not constitute a contract of employment, and participation in the Plan shall not give any Employee the right to be retained in the employ of an Employer, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. The Employer expressly reserves the right to discharge any Employee at any time.

10.3 Litigation by Participants or Other Persons

If a legal action begun against the Administrator (or any member or former member thereof), an Employer, or any person or persons to whom an Employer or the Administrator has delegated all or part of its duties hereunder, by or on behalf of any person results adversely to that person, or if a legal action arises because of conflicting claims to a Participant's or other person's benefits, the cost to the Administrator (or any member or former member thereof), the Employer or any person or persons to whom the Employer or the Administrator has delegated all or part of its duties hereunder of defending the action may be charged to the extent permitted by law to the sums, if any, which were involved in the action or were payable to the Participant or other person concerned.

10.4 Indemnification

To the extent permitted by law, the Employer shall indemnify each member of the Administrator committee, and any other employee or member of the Board with duties under the Plan, against losses and expenses (including any amount paid in settlement) reasonably incurred by such person in connection with any claims against such person by reason of such person's conduct in the performance of duties under the Plan, except in relation to matters as to which such person has acted fraudulently or in bad faith in the performance of duties. Notwithstanding the foregoing, the Employer shall not indemnify any person for any expense incurred through any settlement or compromise of any action unless the Employer consents in writing to the settlement or compromise.

10.5 Evidence

Evidence required of anyone under the Plan may be by certificate, affidavit, document, or other information which the person acting on it considers pertinent and reliable, and signed, made, or presented by the proper party or parties.

10.6 Waiver of Notice

Any notice required under the Plan may be waived by the person entitled to such notice.

10.7 Controlling Law

Except to the extent superseded by laws of the United States, the laws of the state indicated by the Employer in the Adoption Agreement shall be controlling in all matters relating to the Plan.

10.8 Statutory References

Any reference in the Plan to a Code section or a section of ERISA, or to a section of any other Federal law, shall include any comparable section or sections of any future legislation that amends, supplements, or supersedes that section.

10.9 Severability

In case any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if such illegal and invalid provision had never been set forth in the Plan.

10.10 Action By the Employer or the Administrator

Any action required or permitted to be taken by the Employer under the Plan shall be by resolution of its Board of Directors (which term shall include any similar governing body for any Employer that is not a corporation), by resolution or other action of a duly authorized committee of its Board of Directors, or by action of a person or persons authorized by resolution of its Board of Directors or such committee. Any action required or permitted to be taken by the Administrator under the Plan shall be by resolution or other action of the Administrator or by a person or persons duly authorized by the Administrator.

10.11 Headings and Captions

The headings and captions contained in this Plan are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge, or describe the scope or intent of the Plan, nor in any way shall affect the construction of any provision of the Plan.

10.12 Gender and Number

Where the context permits, words in the masculine gender shall include the feminine and neuter genders, the singular shall include the plural, and the plural shall include the singular.

10.13 Examination of Documents

Copies of the Plan and any amendments thereto are on file at the office of the Employer where they may be examined by any Participant or other person entitled to benefits under the Plan during normal business hours.

10.14 Elections

Each election or request required or permitted to be made by a Participant (or a Participant’s Spouse or Beneficiary) shall be made in accordance with the rules and procedures established by the Employer or Administrator and shall be effective as determined by the Administrator. The Administrator’s rules and procedures may address, among other things, the method and timing of any elections or requests required or permitted to be made by a Participant (or a Participant's Spouse or Beneficiary). All elections under the Plan shall comply with the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended ("USERRA").

10.15 Manner of Delivery

Each notice or statement provided to a Participant shall be delivered in any manner established by the Administrator and in accordance with applicable law, including, but not limited to, electronic delivery.

10.16 Facility of Payment

When a person entitled to benefits under the Plan is a minor, under legal disability, or is in any way incapacitated so as to be unable to manage his financial affairs, the Administrator may cause the benefits to be paid to such person's guardian or legal representative. If no guardian or legal representative has been appointed, or if the Administrator so determines in its sole discretion, payment may be made to any person as custodian for such individual under any applicable state law, or to the legal representative of such person for such person's benefit, or the Administrator may direct the application of such benefits for the benefit of such person. Any payment made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such payment under the Plan.

10.17 Missing Persons

The Employer and the Administrator shall not be required to search for or locate a Participant, Spouse, or Beneficiary. Each Participant, Spouse, and Beneficiary must file with the Administrator, from time to time, in writing the Participant's, Spouse's, or Beneficiary's post office address and each change of post office address. Any communication, statement, or notice addressed to a Participant, Spouse, or Beneficiary at the last post office address filed with the Administrator, or if no address is filed with the Administrator, then in the case of a Participant, at the Participant's last post office address as shown on the Employer's records, shall be considered a notification for purposes of the Plan and shall be binding on the Participant and the Participant's Spouse and Beneficiary for all purposes of the Plan.

If the Administrator is unable to locate the Participant, Spouse, or Beneficiary to whom a Participant's Accounts are payable, the Participant's Accounts shall be frozen as of the date on which distribution would have been completed under the terms of the Plan, and no further notional investment returns shall be credited thereto.

If a Participant whose Accounts were frozen (or his Beneficiary) files a claim for distribution of the Accounts within 7 years after the date the Accounts are frozen, and if the Administrator or Employer determines that such claim is valid, then the frozen balance that has become payable shall be paid by the Employer to the Participant or Beneficiary in a lump sum cash payment as soon as practicable thereafter. If the Administrator notifies a Participant, Spouse, or Beneficiary of the provisions of this Subsection, and the Participant, Spouse, or Beneficiary fails to claim the Participant's, Spouse's, or Beneficiary's benefits or make such person's whereabouts known to the Administrator within 7 years after the date the Accounts are frozen, the benefits of the Participant, Spouse, or Beneficiary may be disposed of, to the extent permitted by applicable law, by one or more of the following methods:

(a) By retaining such benefits in the Plan.

(b) By paying such benefits to a court of competent jurisdiction for judicial determination of the right thereto.

(c) By forfeiting such benefits in accordance with procedures established by the Administrator. If a Participant, Spouse, or Beneficiary is subsequently located, such benefits may be restored (without adjustment) to the Participant, Spouse, or Beneficiary under the Plan.

(d) By any equitable manner permitted by law under rules adopted by the Administrator.

10.18 Recovery of Benefits

In the event a Participant, Spouse, or Beneficiary receives a benefit payment from the Plan that is in excess of the benefit payment that should have been made to such Participant, Spouse, or Beneficiary, or in the event a person other than a Participant, Spouse, or Beneficiary receives an erroneous payment from the Plan, the Administrator or Employer shall have the right, on behalf of the Plan, to recover the amount of the excess or erroneous payment from the recipient. To the extent permitted under applicable law, the Administrator or Employer may, at its option, deduct the amount of such excess or erroneous payment from any future benefits payable to the applicable Participant, Spouse, or Beneficiary.

10.19 Effect on Other Benefits

Except as otherwise specifically provided under the terms of any other employee benefit plan of the Employer, a Participant's participation in this Plan shall not affect the benefits provided under such other employee benefit plan.

10.20 Tax and Legal Effects

The Employer, the Administrator, and their representatives and delegates do not in any way guarantee the tax treatment of benefits for any Participant, Spouse, or Beneficiary, and the Employer, the Administrator, and their representatives and delegates do not in any way guarantee or assume any responsibility or liability for the legal, tax, or other implications or effects of the Plan. In the event of any legal, tax, or other change that may affect the Plan, the Employer may, in its sole discretion, take any actions it deems necessary or desirable as a result of such change.

SECTION 11 THE ADMINISTRATOR

11.1 Information Required by Administrator

Each person entitled to benefits under the Plan must file with the Administrator from time to time in writing such person's mailing address and each change of mailing address. Any communication, statement, or notice addressed to any person at the last address filed with the Administrator will be binding upon such person for all purposes of the Plan. Each person entitled to benefits under the Plan also shall furnish the Administrator with such documents, evidence, data, or information as the Administrator considers necessary or desirable for the purposes of administering the Plan. The Employer shall furnish the Administrator with such data and information as the Administrator may deem necessary or desirable in order to administer the Plan. The records of the

Employer as to an Employee's or Participant's period of employment or membership on the Board, termination of employment or membership and the reason therefor, leave of absence, reemployment, and Compensation will be conclusive on all persons unless determined to the Administrator's or Employer's satisfaction to be incorrect.

11.2 Uniform Application of Rules

The Administrator shall administer the Plan on a reasonable basis. Any rules, procedures, or regulations established by the Administrator shall be applied uniformly to all persons similarly situated.

11.3 Review of Benefit Determinations

Benefits will be paid to Participants and their beneficiaries without the necessity of formal claims. Participants or their beneficiaries, however, may make a written request to the Administrator for any Plan benefits to which they may be entitled. Participants' written request for Plan benefits will be considered a claim for Plan benefits, and will be subject to a full and fair review. If the claim is wholly or partially denied, the Administrator will furnish the claimant with a written notice of this denial. This written notice will be provided to the claimant within 90 days after the receipt of the claim by the Administrator. If notice of the denial of a claim is not furnished to the claimant in accordance with the above within 90 days, the claim will be deemed denied. The claimant will then be permitted to proceed to the review stage described in the following paragraphs.

Upon the denial of the claim for benefits, the claimant may file a claim for review, in writing, with the Administrator. The claim for review must be filed no later than 60 days after the claimant has received written notification of the denial of the claim for benefits or, if no written denial of the claim was provided, no later than 60 days after the deemed denial of the claim. The claimant may review all pertinent documents relating to the denial of the claim and submit any issues and comments, in writing, to the Administrator. If the claim is denied, the Administrator must provide the claimant with written notice of this denial within 60 days after the Administrator's receipt of the claimant's written claim for review. The Administrator's decision on the claim for review will be communicated to the claimant in writing and will include specific references to the pertinent Plan provisions on which the decision was based. If the Administrator's decision on review is not furnished to the claimant within the time limitations described above, the claim will be deemed denied on review. If the claim for Plan benefits is finally denied by the Administrator (or deemed denied), then the claimant may bring suit in federal court. The claimant may not commence a suit in a court of law or equity for benefits under the Plan until the Plan's claim process and appeal rights have been exhausted and the Plan benefits requested in that appeal have been denied in whole or in part. However, the claimant may only bring a suit in court if it is filed within 90 days after the date of the final denial of the claim by the Administrator.

With respect to claims for benefits payable as a result of a Participant being determined to be disabled, the Administrator will provide the claimant with notice of the status of his claim for disability benefits under the Plan within a reasonable period of time after a complete claim has been filed, but no later than 45 days after receipt of the claim for benefits. The Administrator may request an additional 30-day extension if special circumstances warrant by notifying the claimant of the extension before the expiration of the initial 45-day period. If a decision still cannot be made within this 30-day extension period due to circumstances outside the Plan's control, the time period may be extended for an additional 30 days, in which case the claimant will be notified before the expiration of the original 30-day extension.

If the claimant has not submitted sufficient information to the Administrator to process his disability benefit claim, he will be notified of the incomplete claim and given 45 days to submit additional information. This will extend the time in which the Administrator has to respond to the claim from the date the notice of insufficient information is sent to the claimant until the date the claimant responds to the request. If the claimant does not submit the requested missing information to the Administrator within 45 days of the date of the request, the claim will be denied.

If a disability benefit claim is denied, the claimant will receive a notice which will include: (i) the specific reasons for the denial, (ii) reference to the specific Plan provisions upon which the decision is based, (iii) a description of any additional information the claimant might be required to provide with an explanation of why it is needed, and (iv) an explanation of the Plan's claims review and appeal procedures, and (v) a statement regarding the claimant's right to bring a civil action under Section 502(a) of ERISA following a denial on appeal.

The claimant may appeal a denial of a disability benefit claim by filing a written request with the Administrator within 180 days of the claimant's receipt of the initial denial notice. In connection with the appeal, the claimant may request that the Plan provide him, free of charge, copies of all documents, records and other information relevant to the claim. The claimant may also submit written comments, records, documents and other information relevant to his appeal, whether or not such documents were submitted in connection with the initial claim. The Administrator may consult with medical or vocational experts in connection with deciding the claimant's claim for benefits.

The Administrator will conduct a full and fair review of the documents and evidence submitted and will ordinarily render a decision on the disability benefit claim no later than 45 days after receipt of the request for review on appeal. If there are special circumstances, the decision will be made as soon as possible, but not later than 90 days after receipt of the request for review on appeal. If such an extension of time is needed, the claimant will be notified in writing prior to the end of the first 45-day period. The Administrator's final written decision will set forth: (i) the specific reasons for the decision, (ii) references to the specific Plan provisions on which the decision is based, (iii) a statement that the claimant is entitled to receive, upon request and free of charge, access to and copies of all documents, records and other information relevant to the benefit claim, and (iv) a statement regarding the claimant's right to bring a civil action under Section 502(a) of ERISA following a denial on appeal. The Administrator's decision made in good faith will be final and binding.

11.4 Administrator's Decision Final

Benefits under the Plan will be paid only if the Administrator decides in its sole discretion that a Participant or Beneficiary (or other claimant) is entitled to them. Subject to applicable law, any interpretation of the provisions of the Plan and any decisions on any matter within the discretion of the Administrator made by the Administrator or its delegate in good faith shall be binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known and the Administrator shall make such adjustment on account thereof as it considers equitable and practicable.

SECTION 12 AMENDMENT AND TERMINATION

While the Employer expects and intends to continue the Plan, the Employer and the Administrator each reserve the right to amend the Plan at any time and for any reason, including the right to amend this Section 12 and the Plan termination rules herein; provided, however, that each Participant will be entitled to the amount credited to his Accounts immediately prior to such amendment. The power to amend the Plan includes (without limitation) the power to change the Plan provisions regarding eligibility, contributions, notional investments, vesting, and distribution forms, and timing of payments, including changes applicable to benefits accrued prior to the effective date of any such amendment; provided, however, that amendments to the Plan (other than amendments relating to Plan termination) shall not cause the Plan to provide for acceleration of distributions in violation of Section 409A of the Code and applicable regulations thereunder.

The Employer reserves the right to terminate the Plan at any time and for any reason; provided, however, that each Participant will be entitled to the amount credited to his Accounts immediately prior to such termination (as adjusted for notional income, losses, expenses, appreciation and depreciation occurring from the date of such termination until the date of distribution).

In the event that the Plan is terminated pursuant to this Section 12, the balances in affected Participants' Accounts shall be distributed at the time and in the manner set forth in Section 9. Notwithstanding the foregoing, the Employer and the Administrator reserve the right to make all such distributions within the second twelve-month period commencing with the date of termination of the Plan; provided, however, that no such distribution will be made during the first twelve-month period following such date of Plan termination other than those that would otherwise be payable under Section 9 absent the termination of the Plan. In the event of a Plan termination due to a Change in Control of the Employer, distributions shall be made within 12 months of the date of the termination of the Plan.

Exhibit 10.2

NONQUALIFIED SUPPLEMENTAL

DEFERRED COMPENSATION PLAN

ADOPTION AGREEMENT

This adoption agreement and the accompanying plan document have not been approved by the Department of Labor, Internal Revenue Service, Securities Exchange Commission, or any other governmental entity. Employers may not rely on this document or the accompanying plan document to ensure any particular tax consequences with respect to the Employer's particular situation, nor do these documents constitute legal or tax advice. Pen-Cal and its employees cannot provide legal or tax advice in connection with these documents. Employers must determine the extent to which the Plan is subject to Federal or state securities laws. You should have your attorney review this document and the accompanying plan document before adopting the documents. This adoption agreement and accompanying plan document cannot be used in order to avoid penalties that may be imposed on the taxpayer.

NONQUALIFIED SUPPLEMENTAL
DEFERRED COMPENSATION PLAN
ADOPTION AGREEMENT

ADOPTION OF PLAN -- *[Select one]*

□ **Adoption** - The undersigned **_________** (the "Employer") hereby adopts as a Nonqualified Deferred Compensation Plan for the individuals identified in Item 5 herein the form of Plan known as the Nonqualified Supplemental Deferred Compensation Plan.

☒ **Amendment of Previous Nonqualified Deferred Compensation Plan** – With "Grandfathered" Amounts – **Atlantic Union Bankshares Corp** (the "Employer") previously has adopted a Nonqualified Deferred Compensation Plan, known as the **Atlantic Union Bankshares Corporation Director's Deferred Compensation Plan and Atlantic Union Bankshares Corporation Executive's Deferred Compensation Plan** ***[enter name of previous plan],*** and the execution of this Adoption Agreement constitutes an amendment to that Plan, effective only for Deferrals, Contributions, earnings, gains, losses, depreciation and appreciation vested and credited thereto or debited therefrom on and after the Effective Date listed in Section 2 below, or, if otherwise determined by the Employer, on and after January 1, 2005 with respect to Plan provisions required under Section 409A of the Internal Revenue Code and the regulations thereunder. All other amounts in the plan shall be subject to the provisions of the previous plan document. This option is appropriate if the previous plan contains grandfathered amounts not subject to Section 409A of the Internal Revenue Code. Grandfathered amounts were contributed to the plan prior to January 1, 2005 under the terms of the plan in effect prior to October 4, 2004, and those plan terms have not since been materially modified. Grandfathered amounts and earnings will be administered under the terms of the prior plan document.

□ **Restatement of Previous Nonqualified Deferred Compensation Plan** – **_________** (the "Employer") previously has adopted a Nonqualified Deferred Compensation Plan, known as the **_________** ***[enter name of previous plan],*** and the execution of this Adoption Agreement constitutes a restatement of that Plan, effective as of the Effective Date listed in Section 2 below for all funds under the Plan. This option is appropriate if the previous plan does not contain "grandfathered" amounts (see description above), or if Employer wishes to apply Section 409A rules to all amounts in the plan (even pre-2005 amounts), or if previous plan has been materially modified and thus become subject to Section 409A.

NAME OF PLAN

The name of this Plan as adopted by the Employer is the [***enter name of Plan]*** **Atlantic Union Bankshares Corporation Director's Deferred Compensation Plan and Atlantic Union Bankshares Corporation Executive's Deferred Compensation Plan** (the "Plan").

INDIVIDUALIZED PLAN INFORMATION

With respect to the variable features contained in the Plan, the Employer hereby makes the following selections granted under the provisions of the Plan:

1. **Adopting Entity**. The Employer adopts the Plan as:

List type of business entity (corporation, partnership, controlled group of corporations, etc.) Corporation

List each Employer adopting the Plan and Employer Identification Number (EIN):

Name of Employer:	Atlantic Union Bankshares Corp	EIN:	80-0463989
Name of Employer:	Atlantic Union Bank	EIN:	80-0463989
Name of Employer:	Atlantic Union Equipment Finance	EIN:	84-3551305
Name of Employer:	Atlantic Union Financial Consultants, LLC	EIN:	45-1683049
Name of Employer:	Dixon, Hubard, Feinour & Brown	EIN:	54-1156665
Name of Employer:	Old Dominion Capital Management	EIN:	56-1639508

(attach additional lists as necessary)

The adopting Employers and the Employer are referred to herein collectively as the "Employer."

Select state of controlling law (see Section 10.7 of Plan Document):

☒ State of incorporation; VA

☐ State of domicile ______

2. **Effective Date**. The "Effective Date" of the adoption of this Plan, this Plan amendment or this Plan restatement is ***[enter date]*** January 1, 2023.

3. **Plan Year**. The "Plan year" of the Plan shall be ***[select one]***:

☒ (a) the calendar year.

☐ (b) the fiscal year or other 12- month period ending on the last day of ***[specify month]***.

☐ a short Plan year beginning on , and ending on , ; and thereafter the Plan year shall be as indicated in (a) or (b) above.

4. **Plan Administrator**. The "Administrator" of the Plan is Chief Human Resources Officer of Atlantic Union Bank

[fill in the name(s) of the individual(s) or job title(s) or entity (such as a committee) that is (are) responsible for administration of the Plan], and such other person(s) or entity as the Employer shall appoint from time to time.

5. **Eligible Individuals**. The following shall be eligible to participate in the Plan: ***[select all that apply - do not list individual names]:***

☐ A select group of management or highly-compensated Employees as designated by the Employer in separate resolutions or agreements;

☐ Employee Board Members;

☒ Non-Employee Board Members;

☐ Other Service Providers (i.e., independent contractors, consultants, etc.)

☐ Employees or other Service Providers above the following Compensation threshold: ***[enter dollar amount]*** $ ______

☐ Employees with the following job titles: ***[enter job title(s); for example, "Vice President and above"]*** ______

☒ Other: ***[enter description]*** Employee who is an officer of an Employer and either (1) has an annual base salary equal to or greater than the Key Employee Threshold or (2) during the prior 12 months, earned commissions that are equal to or greater than the Key Employee Threshold; Threshold shall mean the dollar threshold under Code Section 416(i)(1)(A)(i) that has been established by the IRS for a calendar year (For 2019 Plan Year, $180,000), provided, however, that such threshold shall in no event be less than $175,000. An Employee who deferred Compensation under the Plan prior to January 1, 2019 and who continues to meet the prior definition of "Eligible Employee" for a Plan Year beginning on or after January 1, 2019, shall also be considered an "Eligible Employee" under the Plan (referred to as "grandfathered eligibility").

6. **Eligibility Timing**. Eligibility timing selected below shall apply uniformly to all Participant Deferrals (including Performance-Based Bonus Deferrals), as well as Employer Matching Contributions and Other Employer Contributions, unless otherwise indicated. If the Employer wishes to provide for separate eligibility rules for different types of Compensation (for example, Salary vs. Bonus), or for types of Contributions (for example, Employer Matching Contributions vs. Participant Deferrals), mark "Other" below and attach exhibits as necessary ***[select one]:***

☐ Eligible immediately upon properly completed designation by the Plan administrator or Employer;

☐ Eligible after the following period of employment, Board service, etc. ***[enter number of days, months or years, for example, 90 days]*** ______;

☒ Other ***[enter description]: Individuals are eligible following designation by the sponsor or in the case of a board member following appointment. Plan entry/participation will commence on the first of the plan year following eligibility.***

7. **Types and Amounts of Participant Deferrals [*select all that apply and enter mini mum and maximum percentages in increments of one percent (for example, Salary minimum 0% maximum 100'%). Note that no Deferral election can reduce a Participant's Compensation below the amount necessary to satisfy required withholding for FICA/Medicare/income taxes, required Participant Contributions into another Employer-sponsored benefit plan such as medical insurance, 401(k) loan repayments, etc.]:***

☒ Salary [select one]:

☒ percentage [enter minimum 0% and maximum 100%]
or
☒ fixed dollar amount ***[enter minimum $________]***.

☐ Non-Performance-Based Bonus ***[select one]***:

☐ percentage [enter minimum ___% and maximum ___%]
or
☐ fixed dollar amount [enter minimum $________].

☒ Performance-Based Bonus ***[select one and enter performance period (for ex ample, 12-month period ending each March 31]***: performance period from 1/1 to 12/1.

☒ percentage ***[enter minimum*** 0% ***and maximum*** 100%***]***
or
☒ fixed dollar amount ***[enter minimum $________]***.

☒ Commissions ***[select one]:***

☒ percentage ***[enter minimum*** 0% ***and, maximum*** 100%***]***
or
☒ fixed dollar amount ***[enter minimum $________]***.

☒ Board of Directors Fees/Retainer (note – should not include expense reimbursements):

☒ percentage [***enter minimum*** 0% ***and, maximum*** 100%]
or
☒ fixed dollar amount ***[enter minimum $________]***.

☐ Other Service Provider Fees or other earned income from the Employer:

☐ percentage ***[enter minimum ___% and, maximum ___%]***
or
☐ fixed dollar amount ***[enter minimum $________]***.

☐ 401(k) Refund *(amount deferred from Participant's regular Compensation equal in value to any refund paid to Participant in that year resulting from excess deferrals in Employer's 401(k) plan - see Subsection 2.9 of Plan document for definition.)*

☐ Social Security Trigger *(amount deferred pursuant to an election by the Participant to defer a separate percentage of Compensation only from that portion of Compensation that exceeds the Social Security Taxable Wage Base for the upcoming year).*

☐ Other ***[enter description]:*** ________

☐ Deferral of restricted stock units.

NOTE: Special Rules for Multi-Year RSU Grants Structured To Provide For Annual Vesting of a Specified Portion of the Total Grant:

◻ *Check this box if the Employer wishes to allow for deferral of restricted stock units that are structured so that a specified portion of the RSU grant vests annually (for example, an RSU grant over a four-year period vesting 25% annually). Under this type of grant, the election to defer may be made separately with respect to each portion of the grant that vests in a given year. However, each election for each portion of the grant must be made either: (i) within 30 days of the date of grant or each anniversary thereof, and only if the RSU is structured so that vesting is contingent on the employee performing services for at least an additional 12 months subsequent to the election; or (ii) 12 months before the payment date of the RSU (vesting date is treated as the payment date for these purposes), but the election will not take effect for 12 months, and the subsequent payout date must be at least five years later than the previous payment date).*

8. **Definition of Compensation for Purposes of Making Plan Contributions *[select one]:***

◻ Same definition of Compensation as in Employer's 401(k) or other applicable qualified retirement plan.

☒ Participant's total wages, salary, commissions, overtime, bonus, etc. for a given year which the Employer is required to report on Form W-2 or other appropriate form, (or, in the case of Board members, Board fees and retainer only, but not including expense reimbursements)(or, in the case of Other Service Providers, the Participant' s total remuneration from the Employer for a given year pursuant to the agreement to provide services to the Employer), earned while the Participant is an Eligible Individual as determined by the Employer.

◻ Other ***[enter description]:* ________**

9. **Expiration of Participant's Deferral Elections *[select all that apply]:***

☒ **Renewed Each Year:** Participant's Deferral Elections must be renewed each year during the open enrollment period ending no later than December 31 prior to the effective Plan year (or, in the case of Performance-Based Bonuses, no less than 6 months prior to the end of the applicable performance period).

☒ For all types of Compensation Deferrals.

◻ For Salary Deferrals only -- other types of Deferrals are "evergreen."

◻ For Performance-Based Bonus only -- other types of Deferrals are "evergreen."

◻ Other: ***[specify]* ________**

◻ **Evergreen:** Participant's Deferral Elections will be "evergreen" (i.e., will continue indefinitely until the Participant' s Termination Date unless changed by the Participant - so each year the Participant will be deemed to have the same election in place as the prior year unless actively changed by the Participant during the open enrollment period ending no later than December 31 prior to the effective Plan year or, in the case of Performance-Based Bonuses, no less than 6 months prior to the end of the applicable performance period).

◻ For all types of Compensation Deferrals.

☐ For Salary Deferrals only -- other types of Deferrals are renewed each year.

☐ For Performance-Based Bonus only -- other types of Deferrals are renewed each year.

☐ Other: ***[specify]*** ________

10. **Employer Contributions** ***[select all that apply]:***

☒ (a) No Employer Contributions.

☐ (b) Matching Contributions ***[enter description of matching formula below and also complete Items 11 and 12]***

____

☐ (c) Employer Contributions other than Matching Contributions ***[enter description of Employer Contribution formula below and complete Item 13]***

____

11. **Employees Eligible to Receive Employer Matching Contributions**. Matching Contributions made for each Plan Year (if applicable) shall be allocated and credited to the Accounts of the following Participants: ***[Select one if applicable]***

☐ Participants who were employed by the Employer (or, in the case of non-Employee Board Members, served on the Board) during that Plan Year, or, in the case of Other Service Providers, who provided services to the Employer during that Plan Year.

☐ Participants who were employed by the Employer (or, in the case of non-Employee Board Members, served on the Board) on the last day of the Plan Year, or, in the case of Other Service Providers, who provided services to the Employer on the last day of the Plan Year.

☐ Participants who were employed by the Employer (or, in the case of non-Employee Board Members, served on the Board) on the last day of the Plan Year or who retired, died or were Disabled during the Plan Year, or, in the case of Other Service Providers, who provided services to the Employer on the last day of the Plan Year or who died or were Disabled during the Plan Year. ***[If this option is selected, complete Item 29 -- definition of "Disability".]***

12. **Vesting Schedule of Employer Matching Contributions**. If Matching Contributions are made to the Plan, select the rate at which such Contributions will vest ***[select one]***:

☐ Immediate 100% vesting for all Participants.

☐ "Cliff" vesting (0% up to cliff; 100% after cliff) ***[select one]***:

☐ 1 year cliff (less than 1 year 0%; 1 or more years 100%)

☐ 2 year cliff (less than 2 years 0%; 2 or more years 100%)

☐ Other cliff (***enter number of years:*** less than ______ years 0%; ______ or more years 100%)

☐ "Graded" vesting ***[enter vesting percentages]***:

1 year _______%	6 years _______%	11 years_______%
2 years_______%	7 years _______%	12 years_______%
3 years_______%	8 years _______%	13 years_______%
4 years_______%	9 years _______%	14 years_______%
5 years_______%	10 years_______%	15 years_______%

☐ Other vesting schedule: ***[describe schedule - subject to approval]*** **_____**

13. **Vesting Schedule of Employer Contributions (Other Than Matching Contributions)**. If Employer Contributions (other than Matching Contributions) are made to the Plan, select the rate at which such Contributions will vest ***[select one]***:

☐ Immediate 100% vesting for all Participants.

☐ "Cliff" vesting (0% up to cliff; 100% after cliff) ***[select one]***:

☐ 1 year cliff (less than 1 year 0%; 1 or more years 100%)

☐ 2 year cliff (less than 2 years 0%; 2 or more years 100%)

☐ Other cliff (***enter number of years:*** less than ______ years 0%; ______ or more years 100%)

☐ "Graded" vesting ***[enter vesting percentages]***:

1 year _______%	6 years _______%	11 years_______%
2 years_______%	7 years _______%	12 years_______%
3 years_______%	8 years _______%	13 years_______%
4 years_______%	9 years _______%	14 years_______%
5 years_______%	10 years_______%	15 years_______%

☐ Other vesting schedule: ***[describe schedule - subject to approval]*** **_____**

14. **Vesting Years**. A "Vesting Year" described above for purposes of determining vesting under the Plan shall be computed in accordance with: ***[select one - if this is an amendment or restatement of a prior plan, definition from prior plan will override this definition.]***

◻ Years of service (12-consecutive-month periods) with the Employer since date of hire (or date of commencement of Board service).

◻ Years of participation in the Plan (12-consecutive-month period between date Participant enters Plan and anniversary of such date) (if this is an amendment or restatement of a prior Plan, years of participation in prior plan will be included) (additional fees will apply if this item is selected).

◻ Plan Years since each Plan Year's total Contributions were made ("rolling vesting") (additional fees will apply if this item is selected). [***If this option is selected, select either (a) or (b) below:]***

◻ (a) Vesting will be credited/updated on the last day of the Plan year.

◻ (b) Vesting will be credited/updated on the anniversary of the date the Contribution is credited.

15. **Full Vesting Upon Occurrence of Specific Event**. ***[select all that apply]***

◻ 100% vesting upon Normal Retirement ***[describe criteria such as age (can be partial year), years of service with the Employer (must be whole years of service), or years of participation in the Plan (must be whole years of participation)]*** _____

◻ 100% vesting upon Early Retirement ***[describe criteria such as age (must be whole years), years of service with the Employer (must be whole years of service), or years of participation in the Plan (must be whole years of participation)]*** _____

◻ 100% vesting upon Death.

◻ 100% vesting upon Disability ***[complete Item 29 - definition of "Disability"]***.

◻ 100% vesting upon Change in Control of the Employer ***[complete Items 27 and 28 - definition of "Change in Control"]***

◻ 100% vesting upon occurrence of other event: ***[describe event]*** _____

16. **Service Before Plan's Establishment Excluded**. Years of service earned prior to establishment of the Plan shall be disregarded for purposes of determining vesting under the Plan:

◻ Yes (this may be elected only if this is the establishment of a new Plan).

⊠ No.

17. **Forfeitures for Misconduct or Violation of Non-Compete**. Participants terminating employment prior to becoming 100% vested will forfeit the forfeitable percentage of their

Accounts as indicated in accordance with the vesting schedule selected in Items 12 and/or 13. Participants may also forfeit 100% of their Matching and Employer Contribution Accounts (if applicable) under the following circumstances: ***[select any that apply]***:

☐ Misconduct (termination for Cause). ***[enter definition of Misconduct or Cause below]***

____

☐ Engaging in competition with the Employer. ***[enter definition of engaging in competition below]***

____

18. **Employer Stock as Deemed Investment Option**. If Employer stock will be a deemed investment option, indicate below how shares are to be tracked: ***[select one]***

☒ Partial and whole shares.

☐ Unitized fund.

19. **In-Service Distributions.** If the Employer elects below, the Plan will allow distributions of Participant Deferral Contributions to be made to Participants while they are still employed ("In-Service Distributions"), if they elect a fixed distribution date during the regular election period. ***[Select one]***

☐ No, In-Service Distributions will not be permitted.

☒ Yes, In-Service Distributions will be permitted. ***[select one].***

☒ For All Participant Deferral Contributions

☐ For Participant Compensation Deferral Contributions (other than Performance-Based Bonus) only.

☐ For Participant Performance-Based Bonus Deferral Contributions.

☐ For Employer Contributions. ***[if selected, employer contributions must be 100% vested, and additional fees may apply]. If Employer wishes to limit in-service withdrawals to specific types of Employer Contributions, enter details below:***

____

[Note - if "Yes" is elected above and the Plan will allow In-Service Distributions, please indicate if Participant will be permitted to make a "pushback" subsequent election to defer the original distribution date at least five years in accordance with Plan provisions (see subsection 9.1 of Plan document - note that election must be made 12 months prior to original distribution date and election will not take effect for 12 months) ☒ Yes ☐ No]

Please indicate the number of years a Participant must defer payment(s) until In-Service Distribution(s) may begin:

☐ 2 Years after the Calendar Year for which the deferral is effective

☒ 1 Years after the Calendar Year for which the deferral is effective

Please indicate if separate In-Service Distribution Dates are allowed for each Type of Participant Deferral selected in Item 7:

☒ No (single distribution date allowed per Plan Year)

☐ Yes (requires additional tracked sources per Plan Year)

20. **In-Service Distributions – Form and Timing of Payment**. In-Service Distributions shall be made to Participants in the following form: ***[Select one]***

☐ Lump Sums Only (allows a percentage up to 100% to be elected for distribution)

☒ Either 100% in Lump Sums or 100% in Installments.

[Note - if Installments are elected above, please indicate if Participant will be permitted to make a subsequent election to change the installments in accordance with Plan provisions (see subsection 9.2 of Plan document) ☒ ***Yes*** ☐ ***No]***

21. **Unforeseeable Emergency Distributions Dates**. If the Employer elects below, the Plan will allow distributions to be made to Participants while they are still employed if they meet the criteria for an unforeseeable emergency financial hardship ("Unforeseeable Emergency Distributions"). Both Participant Deferral Contributions and Vested Employer Contributions can be distributed in the event of an eligible Unforeseeable Emergency Distribution event. ***[Select one]***

☐ No, Unforeseeable Emergency Distributions will not be permitted.

☒ Yes, Unforeseeable Emergency Distributions will be permitted. ***[select one below].***

☐ For active Participants only.

☒ For active Participants, terminated Participants and Beneficiaries.

22. **Form of Distributions (at Termination of Employment or Death)**. Distributions will be made to Participants upon Termination of Employment with the Employer or Death of the Participant as follows ***[select one]***

☐ Lump sum only.

☐ Lump sum unless installments elected, but can only receive installments if Participant meets the following criteria ***[select all that apply- if item not selected below, then Participants in that category will receive lump sum only]***:

☐ Retirement ***[describe criteria such as age (can be partial year), years of service with the Employer (must be whole years of service), or years of participation in the Plan (must be whole years of participation)]*** _____

☐ Early Retirement ***[describe criteria such as age (must be whole years), years of service with the Employer (must be whole years of service), or years of participation in the Plan (must be whole years of participation)]*** _____

☐ Termination (other than for Misconduct, Cause or Violation of Non-Compete)

☒ Lump sum unless installments elected, and Participant may receive installments regardless of reason for Termination of Employment.

[Note - if Installments are elected above, please complete Item 26 and indicate if Participant will be permitted to make a subsequent election to change the number of installments in accordance with Plan provisions (see subsection 9.2 of Plan document) ☒ ***Yes*** ☐ ***No]***

23. **Distribution Upon Disability**. If the Employer selects below, the Plan will allow distributions to be made to Participants upon Disability but while they are still employed if they meet the criteria for Disability in Item 29 below. The form of distribution will be the same as for Termination of Employment, or as elected by the Participant.

☐ No, distribution upon Disability will not be permitted.

☒ Yes, distributions upon Disability will be permitted. ***[complete Item 29 - definition of "Disability"].***

24. **Expiration of Participant's Distribution Elections** ***[select one]:***

☒ **Renewed Each Year:** Participant's Distribution Election must be selected each year during the open enrollment period for the following year's contributions - if no new election is made, that year's contributions default to payment in the form of a lump sum. In-Service Distribution Elections must be made by participants each year.

☐ **Evergreen:** Participant's Distribution Election will be "evergreen" (i.e., will continue indefinitely for each year's contributions until the Participant' s Termination Date unless changed by the Participant - so each year the Participant will be deemed to have the same distribution election in place as the prior year unless actively changed by the Participant at open enrollment, and the change will only be applicable to future contributions). In-Service Distribution Elections may not be treated as evergreen.

25. **Distributions Upon Change in Control:** If Employer elects below, distributions will be made to Participants upon Change in Control of the Employer (without a termination of employment of the Participant), as follows ***[select one, and complete Items 27 and 28 below (definition of "Change in Control")]***

☐ No, Distributions upon Change in Control will not be permitted.

☐ Yes, Distributions upon Change in Control will be permitted, in a lump sum only.

☒ Yes, Distributions upon Change in Control will be permitted, in a lump sum or in installments as elected by the Participant**.**

26. **Length of Installments (if Installment Distributions permitted in Item 20, 22 and/or Item 25 above)** ***[indicate length below]:***

Annual installments over no fewer than 2 ***[enter minimum number of years - must be at least 2]*** and no more than 20 years at Participant's election ***[enter maximum number of years].***

27. **"Change in Control" - Dates of Distribution**. Distributions upon a Change in Control shall occur upon the date that ***[select all that apply - see Subsection 9.9 of the Plan document for more details]:***

☒ A person or group acquires more than 50% of the total fair market value or voting power of the stock of the corporation (select definition of "corporation" in Item 28 below).

☒ A person or group acquires ownership of stock of the corporation with at least 30% of the total voting power of the corporation (select definition of "corporation" in Item 28 below)**.**

☒ A person or group acquires assets from the corporation having a total fair market value of at least 40% of the value of all assets of the corporation immediately prior to such acquisition. (select definition of "corporation" in Item 28 below).

☒ A majority of the corporation's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the board as constituted prior to the appointment or election (select definition of "corporation" in Item 28 below).

28. **"Change in Control" - Which Corporation the Change Relates**. Distributions upon a Change in Control shall be made only if the Change in Control relates to the corporation selected below: ***[select all that apply]:***

☒ (a) The corporation for whom the Participant is performing services at the time of the Change In Control event.

☐ (b) The corporation liable for payments from the Plan to the Participant.

☐ (c) A corporation that is a majority shareholder of a corporation described in (a) or (b) above.

☐ (d) Any corporation in the chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation described in (a) or (b) above.

29. **Definition of "Disability." A Participant shall be considered "Disabled" if *[select one]:***

- ☐ by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of at least 12 months, the Participant is receiving income replacement benefits for at least 3 months under accident and health plans of the Employer;

- ☐ the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months;

- ☐ the Participant is deemed to be totally disabled by the Social Security Administration;

- ☒ the Participant is determined to be disabled in accordance with a disability insurance program, provided that the definition of disability under such disability insurance program complies with the requirements of one of the three preceding definitions above.

30. **Distributions to "Key Employees" -- Investment**. In order to comply with Internal Revenue Code Section 409A, distributions to "key employees" (see subsection 9.3 of the Plan Document for definition) of publicly traded companies made due to employment termination cannot be made within 6 months of the employment termination date. If distribution to a key employee must be delayed to comply with this 6-month rule, indicate below how Account balances of such a Participant will be invested during the period of delay ***[select one]***:

- ☐ Valued as of most recent Valuation Date and held at the Employer without allocation of additional gains or losses after such Valuation Date until payment can be made.

- ☒ Remain invested as if termination date had not occurred, then valued as of most recent Valuation Date and distributed.

31. **QDRO Distributions**. The Employer may elect whether distributions from a Participant's Account shall be permitted upon receipt by the Plan Administrator of a Qualified Domestic Relations Order relating to a marital dissolution or separation that provides for payment of all or a portion of a Participant's Accounts to an alternate payee (spouse, former spouse, children, etc.). ***[Indicate below whether QDRO distributions will be permitted]:***

- ☐ No, QDRO Distributions will not be permitted.

- ☒ Yes, QDRO Distributions will be permitted.

32. **Additional Survivor Death Benefit from Life Insurance**. In the event that life insurance is utilized as a funding vehicle for the Plan, the Employer may wish to provide additional Survivor Benefit from the following options: ***[select one]***

- ☒ No additional Survivor Benefit offered, but rather Participant's vested Account balance.

- ☐ Face value of life insurance policy of Participant, if any.

☐ Greater of (a) face value of life insurance policy of Participant, if any, or (b) Participant's vested Account balance.

☐ Other: ***[enter amount or formula]*** _____

33. **Payment of Plan Expenses**. Plan expenses may be paid as follows: ***[select one]***

☐ Directly by the Employer.

☒ Deducted from the Participant accounts and Plan's trust or other custodial account (mutual fund plans only, if applicable).

34. **"De Minimis" Small Amount Cashouts**. If selected by the Employer, Participant account balances that do not exceed a certain threshold amount will be automatically cashed out upon the Participant's Termination of Employment or Death, as provided below *[select one]*

☒ Yes, amounts that do not exceed a threshold dollar amount will automatically be cashed out ***[$10,000 limit for a given year]***

☐ No, no "de minimis" small amounts will be cashed out.

By signing this Adoption Agreement, the Employer certifies that it has consulted with legal counsel regarding the effects of the Plan, as applicable, on all parties. The Employer further certifies that it has and will limit participation in the Plan to a select group of management or highly compensated Employees, Board Members or Other Service Providers, as determined by the Employer in consultation with legal counsel. The Employer further certifies that it is the Employer's sole responsibility to ensure that each Participant with the right to direct deemed investments under the Plan that are based on securities issued by the Employer or a member of its controlled group (as defined in Code Section 414(b) and (c)) will receive a prospectus for any such deemed investment option based on such Employer securities.

The Employer is solely responsible for its compliance with applicable laws, including Federal and state securities and other applicable laws.

Only those elections that are completed shall be considered as provisions applicable to and forming a part of the Plan.

This Adoption Agreement may only be used in conjunction with the Plan document. All selections in the Adoption Agreement providing for customized or "other" plan provisions are subject to review for administrative feasibility, and may be subject to additional fees.

Terms used in this Adoption Agreement which are defined in the Plan document shall have the meaning given them therein.

The Employer hereby acknowledges that it is adopting this Nonqualified Supplemental Deferred Compensation Plan. Federal legislation or other changes in the law relating to nonqualified deferred compensation or other employee benefit plans may require that the Plan be amended.

* * *

The undersigned duly authorized owner, or officer of the Employer hereby executes the Plan on behalf of the Employer.

Dated this 18th day of August, 2022.

Atlantic Union Bankshares Corporation_____________
Employer

By /s/ Clare Miller_______________________
Its EVP, CHRO__________________________

Exhibit 15.1

The Shareholders and Board of Directors of Atlantic Union Bankshares Corporation:

We are aware of the incorporation by reference in the Registration Statements (Form S-3 No. 333-248544, Form S-3 No. 333-102012, Form S-3 No. 333-81199, Form S-8 No. 333-255994, Form S-8 No. 333-203580, Form S-8 No. 333-193364, Form S-8 No. 333-175808, Form S-8 No. 333-113842, Form S-8 No. 333-113839 and Form S-8 No. 333-228455) of Atlantic Union Bankshares Corporation of our report dated May 4, 2023 relating to the unaudited consolidated interim financial statements of Atlantic Union Bankshares Corporation that are included in its Form 10-Q for the quarter ended March 31, 2023.

/s/ Ernst & Young LLP

Richmond, Virginia
May 4, 2023

Exhibit 31.1

CERTIFICATIONS

I, John C. Asbury, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic Union Bankshares Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

/s/ John C. Asbury

John C. Asbury,
President and Chief Executive Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to Atlantic Union Bankshares Corporation and will be retained by Atlantic Union Bankshares Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31.2

CERTIFICATIONS

I, Robert M. Gorman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic Union Bankshares Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2023

/s/ Robert M. Gorman

Robert M. Gorman,

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to Atlantic Union Bankshares Corporation and will be retained by Atlantic Union Bankshares Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Atlantic Union Bankshares Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that based on their knowledge and belief: 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ John C. Asbury

John C. Asbury, President and Chief Executive Officer

May 4, 2023

/s/ Robert M. Gorman

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

May 4, 2023

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Atlantic Union Bankshares Corporation and will be retained by Atlantic Union Bankshares Corporation and furnished to the Securities and Exchange Commission or its staff upon request.